NEWFIELD
RESOURCES LIMITED

ABN 98 153 219 848

ANNUAL REPORT

For the year ended 30 June 2020

CORPORATE DIRECTORY

DIRECTORS

Executive Director	Mr Anthony Ho
Executive Director	Mr Michael Lynn
Executive Director	Mr Nicholas Karl Smithson
Non-Executive Director	Mr Chris Burton (appointed 1 November 2019)
Non-Executive Director	Mr Robert Ang (resigned 1 November 2019)

COMPANY SECRETARY

Mr Kim Hogg

REGISTERED OFFICE

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SOLICITOR

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AUDITOR

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38 Station Street
SUBIACO WA 6008

STOCK EXCHANGE

ASX Limited
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197 St Georges Terrace
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CONTENTS

Tongo Diamond Mine Development (Sierra Leone)

Boxcut and Underground Development

Based on the detailed Front-End Engineering Design (FEED) and mine plan for Tongo, a single underground portal entrance was designed to access the high-grade Kundu and Lando kimberlite dyke Mineral Ore Reserves. The underground portal is located on the side of a granite hill between the two kimberlite dykes for geotechnical stability. Excavation and blasting of the box cut in the hillside for portal access was completed in 1Q of 2020 and underground blasting commenced in March.

Since then, underground drill and blast operations have continued, and to date the 6 m x 4 m joint ramp decline development was completed, having advanced some 152 m, including one joint ramp cubby (10m of development) which is used as a space for underground equipment and a sump for pumping out underground water seepage. From the end of the joint ramp decline, the two 4 m x 4 m access ramps split away to the Kundu Ore Reserve in the north-west, and the Lando Ore Reserve in the south-east (Figure 1). Development of the Kundu ramp will commence in 3Q, leading to production of first ore in 4Q of this year. Development of the Lando ramp is now scheduled to commence in mid-2021.

The geotechnical conditions underground remain very stable since the host rock is competent granite-gneiss. The entire roof (hanging wall) of the decline has been supported with the use of 1.5 m interval split set bolts and mesh to ensure stability over the life of mine. The decline is also remarkably dry, with almost no water ingress reported, even though the wet season has commenced in Sierra Leone. This is a very encouraging sign, since it reduces the geotechnical risks significantly, and will lead to lower operating costs if large volumes of water do not need to be continuously pumped out of the mine workings. Figure 2 shows underground drill and blast work underway.

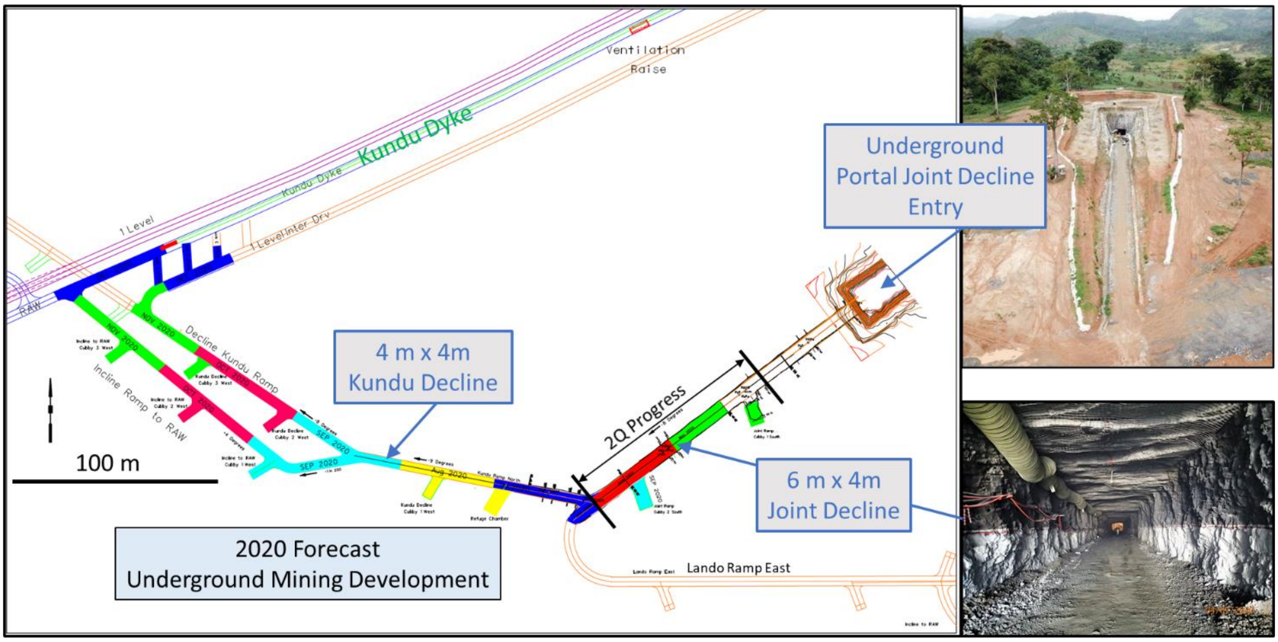

Figure 1: *Map of the underground development showing monthly progress and scheduled progress. Top right is an aerial view of the portal entrance to the decline, and bottom right shows the 6 m x 4 m decline underground.*

Figure 2: *Underground drill and blast work underway. Top right and bottom right: drilling blast holes on a regular grid pattern; Top left: cleaning drilled holes; Bottom left: charging blast holes.*

Mine Infrastructure Construction

Mine infrastructure construction continued, but at a reduced rate, as the supply of materials has been impacted due to COVID-19 lockdowns. Nevertheless, good progress was made on various infrastructure elements, including expansion of the stores, administrative offices, change houses, ablutions and dining area at the portal, and storm water drainage at various locations around the mine. Construction of the mine clinic has also been completed and it is now fully operational.

Processing Plant

Although the manufacture of the 100 tph plant has been temporarily suspended due to the Covid-19 related lockdown in South Africa, preparation of the earthworks on site continued. The filling and compacting at the ROM Tip wall area was completed, and the rest of the main plant foundations was 80% completed during the quarter. In addition, the steelwork for the wall reinforcement and service tunnel commenced.

To mitigate the delay in construction and commissioning of the 100 tph plant during 2020, the 5 tph bulk sample plant was relocated from its previous location adjacent to the Tongo Dyke-1 kimberlite, some 11 km away, to the main plant area adjacent to the camp, to support the overall project objective of achieving first diamond production by year's end (Figure 4). This plant has sufficient capacity to process the first ore deliveries as stopes are gradually added to the production capacity.

The Company is also assessing the design of a stand-alone 20tph plant that can be used to process the increasing ore output from the underground during 2021 and perhaps into 2022 whilst the 100tph plant manufacturing is ongoing. This 20tph plant can be constructed from existing processing plant and materials on site for very little cost and provide an interim processing solution for the mine production. The Board will consider this option during the next quarter.

Figure 3. *The foundation for the 100 tonne per hour (tph) made good progress during the quarter and is 80% complete.*

Figure 4: *The 5 tph bulk sample plant has been relocated from its position adjacent to Tongo Dyke-1, to the main plant site adjacent to the main camp in readiness to process bulk samples from Peyima and other Resource expansion programmes, and the first tonnes from underground at Kundu. The erection of the 100 tph plant has been delayed because of manufacturing delays in South Africa brought about by the Covid-19 pandemic, so the 5 tph bulk sample plant will be used to process the first production tonnes before the end of this year. The 5 tph plant comprises a primary crusher (not in picture), secondary crushers, dense media separation, and a dual Flowsort X-ray diamond recovery system.*

COVID-19 Impact on the Project Schedule

Emergency measures implemented by the Government of Sierra Leone (GoSL) to combat the COVID-19 pandemic included curfews and international and in-country travel restrictions. However, the Group was granted permission to continue work within the constraints of the various lockdown measures. The local and international lockdown measures designed to mitigate the spread of Covid-19 had a significant and ongoing impact on the Mine Construction Project schedule. These include:

- Delays imposed upon the supply chain. The impact of this has been widespread, and includes the delay on completion of the manufacture of the 100 tph plant in South Africa, and the shipping of spare parts for the underground mining equipment from China, as well as maintenance spares on other mining and non-mining equipment. The lack of maintenance spares has had a particularly damaging impact on underground development progress, where drilling consumables have been difficult to procure.
- The rotation of expatriate staff has been hampered by the closure of commercial flights around the world which prevented the move to double shift operations on the underground development at the end of the reporting year, and significantly slowed progress towards the achievement of first carats.
- The fixed costs of operating in Sierra Leone (salaries, license fees, general operating expenses) have remained approximately constant whilst the project has fallen behind schedule, which means that the original project budget now faces a shortfall which will have to be addressed through rescheduling.

These impacts are clearly of a serious nature. Furthermore, the Covid-19 pandemic is not yet over, and continues to impact operations. However, the Company has formulated strategies to overcome each challenge, such that the Project will get back on track. These include:

- The sourcing of drilling consumables and other spares, as well as the rotation of expatriate staff, was recently improved by the use of charter flights from South Africa and Ghana. These flights were arranged in conjunction with other mining companies operating in Sierra Leone (to share costs), and have assisted in bringing urgently required freight and manpower to the Project. more recently commercial flights have opened resumed from South Africa which will help expedite the supply chain form mining and engineering equipment.
- Underground development has continued albeit at a slower than planned pace. The Company has recently decided to focus on development only towards the Kundu Kimberlite Ore Reserve in 2020, delaying development of the Lando Kimberlite Ore Reserve until mid-2021. This strategy will ensure that the first carats are produced by the end of the 2020 calendar year, and that a gradual increase in carats produced can continue through 2021.

Environmental Audit

The Company hosted the Sierra Leone Environmental Protection Agency (EPA) for their annual environmental audit during June (Figure 5). The EPA team comprised 7 auditors, including the Executive Chairman of the EPA Dr Bondi Gevao. The team undertook a thorough audit of the entire site, including kitchens, office, accommodation blocks, boreholes, waste segregation areas, the plant site, garage, fuel depot and workshops, clinic, incinerator and the portal and underground mining areas. The EPA's findings were minor and overall they were very impressed with the Company's efforts both in maintaining high environmental standards, and in training staff in the importance of maintaining high standards. Findings included recommendations on establishing a sewage plant, which is already planned for later in the project development.

Figure 5. *The Company hosted the EPA for the annual environmental audit during June*

Community Development

The three building contractors appointed to construct schools in the Project area all made good progress during the Quarter. Pictures of the school at Lowoma village are shown in Figure 6. Until the mine is in production (and a royalty-based community contribution is initiated), the Company is committing U$100,000 per annum into community projects which are selected and overseen by the community themselves, as well as the District Council and Civil Society.

Figure 6. *Progress at the school at Lowoma Village within the Tonguma Mining Licence. Left, the front of the school after painting; right, and hand pump well for clean, fresh water. Education is one of the key pillars of the community development programme identified jointly by the Company and community.*

Figure 7. *Mine engineer interns.*

Figure 8: *Storm water drainage construction*

Panguma Kimberlite Resource Estimation

As previously reported, the combined Tongo JORC compliant Mineral Resource has been established at 6.6 million carats (+1.18mm cut off) or 7.4 million carats (+1.0mm cut off). In addition, an Exploration Target was reported for the project, including the Panguma kimberlite which is located in the west of the Tonguma mining licence area. Based on the previous drilling and bulk sampling data, the Panguma kimberlite has an estimated tonnage range of between 1,000,000 and 1,900,000 tonnes and a +1.0mm grade range of 0.9 and 2.0 carats per tonne.

(The potential quantity and quality of the Exploration Target is conceptual in nature. Insufficient exploration has been undertaken to estimate a Mineral Resource and it is uncertain that further exploration will result in the estimation of a Mineral Resource.)

As part of the resource estimation exercise, Newfield completed a drilling programme during the year. A total of 15 holes were drilled (1,051m) with all holes intersecting the Panguma kimberlite. Including previous drilling, a total of 43 holes (10,857m) have been drilled over Panguma. In addition, a total of 486kg of kimberlite from both bulk samples and drill core have been assayed by the Saskatchewan Research Council (SRC) for microdiamond analysis. These samples yielded a total of 1,439 diamonds for a total of 2.50 carats. A total of 70 diamonds measure >0.85mm in size.

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 microdiamond core drilling sampling programme combined with the processing of existing core and grab microdiamond samples and the re-pricing of an historical 200 carat diamond parcel from the Panguma kimberlite has allowed for a review of the grade and revenue estimates of the Panguma dykes by Zstar Mineral Resource Consultants (Pty) Ltd (Cape Town). A number of dyke domains and segments have sufficient data for grade and revenue analysis at an Inferred level of Mineral Resource classification. Therefore, a further selection of microdiamond samples (weighing 458 dry kilogrammes) from along strike of the kimberlite have been collected and consigned to SRC in Canada which await analysis. It is expected that the results of these samples will contribute to the overall database to enable a maiden JORC complaint resource to be declared for Panguma

Peyima Kimberlite sampling

The Peyima kimberlites comprise a dyke system situated on the southern margin of the Tongo kimberlite cluster, comprising at least two segments and possibly a small blow (based on historical reports). It is the least sampled, and least known kimberlite within the Tongo cluster. A total of only three drill intercepts are recorded from previous exploration work, and, whilst artisanal mining has taken place on surface, no information is available on grade or diamond quality. During the quarter, a small bulk sample comprising 10.4 wet tonnes of kimberlite was collected for processing through the 5 tph bulk sample plant, to provide an initial indication of grade and diamond quality. This information will in turn confirm the decision on whether to undertake a full evaluation programme. The sample will be processed once the relocated 5 tph plant has been re-commissioned.

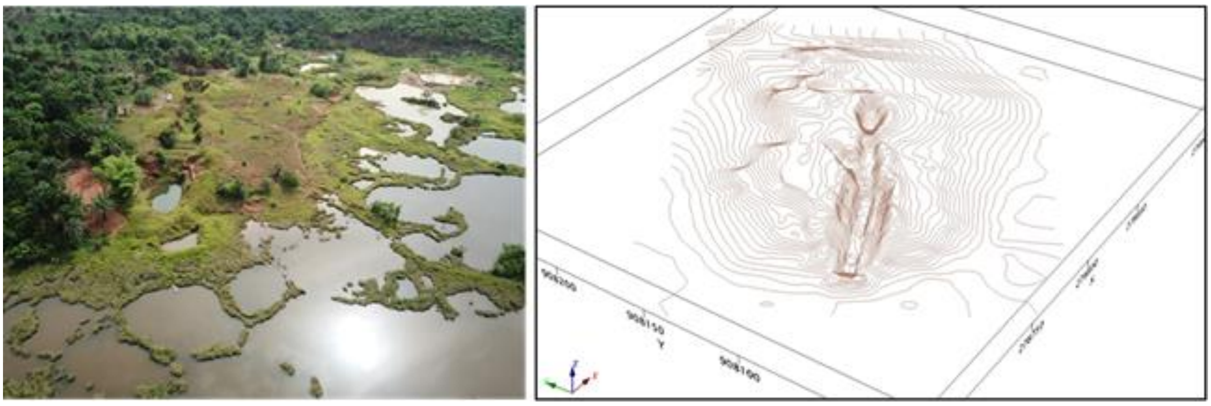

Figure 9: *Left: Aerial view of the Peyima kimberlite locality showing flooded artisanal mine workings surrounding the dykes at surface; Right: Excavated trench for bulk sampling at Peyima.*

<u>Kumgbo Kimberlite Project (Liberia)</u>

The Kumgbo kimberlite project comprises two exploration licences that cover a total of 670 square kilometres in the west of Liberia. The area has historically been known to yield large and high value diamonds from artisanal diamond diggings. A number of kimberlites are known in the area, mainly discovered in the 1970's.

Reconnaissance sampling was completed with the collection of 195 stream sediment sampling throughout the licence areas. These samples were submitted to a specialised kimberlite indicator mineral recovery laboratory in South Africa.

Sample analysis has been completed and reveal that many samples yielded abundant kimberlitic indicator minerals of ilmenite and high interest spinel. Furthermore, a kimberlitic pyrope garnet has been recovered from one sample (with supporting ilmenite in abundance). The significance of the garnet is that in deep tropical weathering environments like Liberia garnets do not survive any distance of travel, so the kimberlite source is likely to be proximal to the garnet recovery. It is also noted that a number of ilmenites exhibit fresh surface textures, also indicating lack of transport from their source kimberlites.

Exploration work on the Kumgbo Kimberlite Project focussed on second phase reconnaissance and follow up stream sampling within the more interesting western part of the licence where the probable southern extensions of the known Kumgbo kimberlites dykes extend. Laboratory results previously confirmed many positive samples with probe confirmed kimberlitic ilmenite. A total of 42 stream samples were collected in April and were consigned to The MSA Group laboratory in South Africa.

Field observations from follow up sample concentrates show that many samples have significantly high abundances of ilmenite. A number of these strong anomalies that coincided with geomorphological features, such as low lying swamp areas, have been trenched and revealed the presence of five kimberlite dykes in three discrete areas, designated K1 to K5, with widths ranging from 10cm (K2) to 250cm (K3) and mapped strike lengths of up to 600m (K1). Furthermore, a blow of 9.5m x 5.6m has been identified with dyke K1 and a blow or enlargement of 12.2m x 5.2m has been delineated along dyke K4.

In order to confirm whether the kimberlite blow on K1 is diamondiferous a sample totalling a dry weight of 137.8kg was collected and consigned to the Saskatchewan Research Council (SRC) for microdiamond analysis. Some five diamonds were recovered from the sample which would imply that the blow, although diamondiferous, is likely to be low grade. Exploration will continue to focus on other priority anomalies in an effort to identify and test kimberlites within the licence areas.

Figure 10. *Location of the Company's licences in Liberia and Sierra Leone.*

Allotropes Alluvial Diamond Project (Sierra Leone)

The project continues to be in care and maintenance for the year.

Newfield Gold Project

The Newfield gold project comprises two licences in Western Australia. These licences are still subject to a farm-out agreement with Discovex Resources Ltd (ASX:DCX) (previously named Syndicated Minerals Limited).

*The Directors present their report together with the consolidated financial statements of the Group comprising of Newfield Resources Limited (the **Company** or **Newfield**) and its subsidiaries (the **Group** or **Consolidated Entity**) for the year ended 30 June 2020 and the Auditor's report thereon.*

DIRECTORS AND KEY PERSONNEL

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Anthony Ho
Executive Director – appointed 14 September 2011

Mr Ho is a commerce graduate of the University of Western Australia. He qualified as a Chartered Accountant in 1983 with Deloitte and is presently the principal of a firm, Anthony Ho and Associates, specialising in providing corporate and financial services to ASX-listed companies.

Prior to establishing his firm in 1991, he spent 7 years in a senior corporate role with a major investment and resource group in Western Australia. He is currently a director of a number of companies listed on the ASX.

Mr Ho will retire by rotation and will be seeking re-election by shareholders at the 2020 Annual General Meeting.

Mr Michael Lynn
Executive Director – appointed 24 August 2015

Mr Lynn is a diamond geologist with over 30 years' experience in the African Continent (including Sierra Leone, DRC, Tanzania, Guinea, and South Africa), as well as India, Canada and Brazil.

After his undergraduate degree in geology in the UK, Mr Lynn gained a Masters in Geology (with distinction) from Rhodes University in South Africa. He is the author and co-author of numerous technical publications related to diamond exploration and mining. His career included 11 years of senior exploration and management roles with the De Beers Group and 12 years with Anglo American Corporation.

Mr Lynn is a Fellow of the Geological Society of South Africa and a member of the Society of Economic Geologists in South Africa. He was a member of the Committee for the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Mr Nicholas Karl Smithson
Executive Director – appointed 7 November 2018

Mr Smithson has over 30 years of experience in the resources industry in Africa having held senior management roles at DeBeers, SouthernEra Resources, Mano River Resources and Stellar Diamonds. He is a graduate in Geology (with honours) of Kingston University, London and holds a MBA from the Graduate School of Business in Cape Town. Mr Smithson has an in-depth knowledge and experience in diamond exploration, evaluation and production. His career has involved establishing strong and positive relationships with governmental and local stakeholders with mining projects in Africa.

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

Mr Chris Burton is a chartered accountant and registered company auditor with over 22 years of finance sector experience from roles in both public practice and the private sector. He is a former partner of accounting firm BDO where he spent eight years in audit and assurance services focusing on ASX-listed companies in a wide range of industries including exploration and mining companies.

Mr Burton currently provides corporate, financial and compliance services to ASX listed and private clients to strengthen their reporting, risk and governance practices. He is a facilitator with the Institute of Company Directors in Australia (AICD) where he delivers the finance modules for the company directors course.

Mr Burton will offer himself for election by shareholders at the 2020 Annual General Meeting.

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

Mr Robert Ang is a graduate in banking and finance from Monash University. His banking career included being Vice President of the Bank of America in Jakarta as the Head of the Foreign Exchange Desk between 1994 and 1997. Between 1998 and 2003 he was posted to Singapore as the Director of the Bank of America of its Foreign Exchange Trading division. Mr Ang then joined Credit Suisse Bank in Singapore between 2003 and 2006 as a Director managing its Asian Currencies trading division. He returned to the Singapore office of Bank of America-Merrill Lynch where he was a Director between 2006 and 2010. Mr Ang was also a Director of UniCredit Bank AG based in Hong Kong in 2012/13. His career included being the Director of Forex Trading of The Toronto-Dominion Bank based in Singapore in 2013/14.

He presently is a Portfolio Manager of ESW Manage Pte Ltd in Singapore responsible for trades in foreign exchange currencies, commodities and stock indices futures.

Company Secretary

Mr Kim Hogg – appointed 14 September 2011

Mr Hogg completed his Bachelor of Commerce in 1984 at the University of Western Australia and has worked in a number of diverse industries in various senior management and accounting roles. He has been a principal of an accounting firm for more than 20 years with a specialist involvement in the preparation of prospectuses, coordinating listing and due diligence processes and acting as company secretary for listed entities.

Mr Hogg is currently the secretary of a number of ASX-listed companies and provides corporate and accounting advice and services to those clients.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship	
		From	To
A Ho	Alchemy Resources Limited	November 2011	Present
	Australian Agricultural Projects Limited	April 2003	Present
	Mustera Property Group Ltd	April 2014	Present
M Lynn	Not Applicable	-	-
N K Smithson	Not Applicable	-	-
C Burton	Not Applicable	-	-
R Ang	Not Applicable	-	-

DIRECTORS' INTERESTS

The relevant interests of each Director in the securities of the Company at the date of this report are as follows:

Director	Shares	Options
A Ho	-	400,000
M Lynn	972,000	1,500,000
N K Smithson	4,354,359	-
C Burton (appointed 1 November 2019)	-	-
R Ang (resigned 1 November 2019)	-	-

DIRECTORS' MEETINGS

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings Held while Director	Board Meetings Attended
A Ho	5	5
M Lynn	5	5
N K Smithson	5	5
C Burton (appointed 1 November 2019)	3	3
R Ang (resigned 1 November 2019)	2	2

Due to its size, the Company presently does not have an Audit and Risk Committee nor a Nomination and Remuneration Committee. The Board, as a whole, currently serves as both committees. Additional details are available in the Company's Corporate Governance Statement, which can be found on the Company's website at www.newfieldresources.com.au.

PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was mine development and mineral exploration.

OPERATING AND FINANCIAL REVIEW

Operating review

A review of the operating activities undertaken by the Group during the year is contained in the section entitled "Review of Activities" in this Annual Report.

Financial review

The Group incurred a loss of $9,257,547 after income tax for the financial year (2019: loss of $2,446,019) which included a fair value adjustment to financial liabilities of $6,301,157 (2019: $496,307) and finance costs of $2,204,699 (2019: $486,248).

As at 30 June 2020 the Group had net assets of $52,013,246 (2019: $61,270,794) including cash and cash equivalents of $1,002,547 (2019: $491,413).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No shares or options were issued during the year.

Total shares on issue at 30 June 2020 are 581,299,552 (2019: 581,299,552).

LIKELY DEVELOPMENTS

The Group will continue to develop the Tongo mine with a view to producing diamonds in 2021. More information on the Group's near-term developments is included in the Review of Activities in this Annual Report.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

OPTIONS

No options were granted during the year or since the end of the year.

No options were exercised during the year or since the end of the year.

Options on issue

At the date of this report, unissued ordinary shares of the Company under option are:

Class	Grant Date	Expiry Date	Exercise Price	Number of Options
Unlisted Options	30 November 2016	30 December 2020	$0.50	6,000,000
Unlisted Options	4 May 2018	31 March 2021	$0.30	50,000,000

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

ENVIRONMENTAL REGULATION

The Group's exploration and mining activities in Australia are governed by a range of environmental legislation and regulations including the *National Greenhouse and Energy Reporting Act 2007* and *Mining Act 1978*. As the Group is still in the development phase of its interests in exploration projects, it is not yet subject to the public reporting requirements of environmental legislation and regulations.

The Group's exploration and mining activities in Sierra Leone are governed by Sierra Leone environmental legislation and regulations, including *Mines and Minerals Act, 2009*.

Environmental performance is reported from each site to management on a regular basis. Compliance with the requirements of environmental regulations was substantially achieved across all operations with no instance of non-compliance noted.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than what has been disclosed in the accounts, no other matter or circumstances have arisen since 30 June 2020 that have significantly affected the Group's operations, results or state of affairs, or may do so in future financial years.

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

REMUNERATION REPORT - AUDITED

The remuneration report for the year ended 30 June 2020, which has been audited, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key management personnel

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire year:

Name	Position held
Mr Anthony Ho	Executive Director
Mr Michael Lynn	Executive Director
Mr Nicholas Karl Smithson	Executive Director
Mr Christopher Burton	Non-executive Director (appointed 1 November 2019)
Mr Robert Ang	Non-executive Director (resigned 1 November 2019)

Principles of remuneration

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel; and
- the key management personnel's ability to control the achievement of strategic objectives.

Given the evaluation and developmental nature of the Group's principal activity, the overall level of remuneration is not linked to the financial performance of the Group.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives. Remuneration is determined by the Board as a whole as the Company has not yet established a remuneration committee.

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders in general meeting. Total remuneration for all non-executive directors, last voted upon by shareholders at a meeting held in December 2011, is not to exceed $350,000 per annum. Directors' fees cover all main board activities and membership of committees if applicable.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation, nor do they receive any performance-related compensation.

Executive remuneration

Remuneration for executives is set out in service agreements. Details of the service agreements with Executive Directors are provided below.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any Fringe Benefits Tax charges related to employee benefits) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the Group.

REMUNERATION REPORT - AUDITED (continued)

Short-term incentives

Included in the executive directors contracts is the ability to pay up to a 50% bonus based on a set criteria. These key performance indicators are agreed at the start of the year and monitored by the board before a score is given which will dictate the bonus payable.

Feature	Description
Max opportunity	Management: 50% of fixed remuneration.
Performance metrics	Operational KPIs for leadership, achieving strategic goals, financial management and control of funds, health and safety, and compliance with company policies.
Delivery of STI	Paid in cash.
Board discretion	Subject to Board review and approval.

Long-term incentive

Long-term incentives (**LTI**) may be provided to key management personnel in the form of options over ordinary shares of the Company or performance rights. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options and rights may only be issued to directors subject to approval by shareholders at a general meeting.

Following shareholder approval at the Company's 2016 AGM, all directors were granted options over ordinary shares in November 2016, details of which are shown later in this Remuneration Report. No options were granted to directors or employees during this financial year.

Following shareholder approval at the Company's 2019 AGM, the Company adopted a performance rights plan. To date, no rights have been issued.

The Company has introduced a policy that prohibits employees and Directors of the Company from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Company securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Group performance and link to remuneration

The Group's main activities are mine development and mineral exploration in Africa and Australia. The Group's financial results are not considered to be a principal performance indicator. However, the overall level of key management personnel remuneration will take into account the achievement of strategic objectives, service criteria and growth in share price.

The executive directors in Sierra Leone were paid a performance bonus during the year.

The earnings of the Group for the current financial year and the previous four financial years are summarised below:

	2020	2019	2018	2017	2016
Net loss for the year	$9,928,326	$6,458,879	$27,451,951	$1,399,735	$4,188,563
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	($0.01)	$0.04	($0.18)	($0.05)	($0.49)
Share price at beginning of the period	$0.21	$0.17	$0.35	$0.40	$0.89
Share price at end of the period	$0.20	$0.21	$0.17	$0.35	$0.40
Loss per share	1.71 cents	1.11 cents	9.04 cents	0.62 cents	2.17 cents

Use of remuneration consultants

The Group did not engage the services of a remuneration consultant during the year.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, more than 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT - AUDITED (continued)

Service agreements

Remuneration and other terms of engagement for the executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Other major provisions of the agreements relating to remuneration are set out below.

Termination benefits are within the limits set by the Corporations Act 2001 such that they do not require shareholder approval.

Name	Term of agreement	Notice period*	Base salary/fees including superannuation	Termination payments**
Executive Directors				
A Ho *Executive Director*	12 months fixed term	3 months	AUD144,984	3 months
M Lynn *Executive Director*	12 months fixed term	3 months	USD180,000	3 months
N K Smithson *Executive Director*	12 months fixed term	6 months	GBP150,000	6 months
Non-Executive Directors				
C Burton[1] *Non-Executive Director*	On-going	N/A	AUD36,000	N/A
R Ang[2] *Non-Executive Director*	On-going	N/A	AUD24,000	N/A

* The notice period applies equally to either party.
**Base amount payable if the Company terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

Remuneration of key management personnel for the year ended 30 June 2020

		SHORT-TERM	POST-EMPLOYMENT	BONUS	SHARE-BASED PAYMENTS			
		Salary & fees $	Superannuation benefits $	Bonus $	Options $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors								
Non-executive								
Mr C Burton[1]	2020	24,000	-	-	-	24,000	-	-
	2019	N/A	-	-	-	N/A	-	-
Mr R Ang[2]	2020	8,000	-	-	-	8,000	-	-
	2019	24,000	-	-	-	24,000	-	-
Executive								
Mr A Ho	2020	144,984	-	-	-	144,984	-	-
	2019	144,984	-	-	-	144,984	-	-
Mr M Lynn	2020	268,054	-	87,353	-	355,407	24.6	-
	2019	251,658	-	-	-	251,658	-	-
Mr N K Smithson	2020	296,288	-	99,577	-	395,865	25.2	-
	2019	278,166	-	-	-	278,166	-	-
Total, all KMPs	**2020**	**741,326**	**-**	**186,930**	**-**	**928,256**	20.1	**-**
	2019	**698,808**	**-**	**-**	**-**	**698,808**	-	**-**

1. Appointed 1 November 2019
2. Resigned 1 November 2019

REMUNERATION REPORT - AUDITED (continued)

Share-based remuneration

The Company did not provide any share-based remuneration during the financial year.

Loans to key management personnel

There were no loans provided to key management personnel of the Group or their close family members or entities related to them during the financial year.

Other transactions with key management personnel

A Director, Mr A Ho, is a director of the firm Anthony Ho & Associates. Anthony Ho & Associates has provided company secretarial services to the Company during the financial year on normal commercial terms and conditions. The total amount recognised during the financial year relating to these transactions was $30,000 (2019: $60,000). The amount outstanding as at 30 June 2020 was $11,000.

Mr C Burton provided advisory services during the financial year on normal commercial terms and conditions. The total amount recognised during the financial year relating to these transactions was $63,003. The amount outstanding as at 30 June 2020 was $46,998.

Mr N K Smithson's spouse provided administrative and secretarial services to a subsidiary of the Company during the financial year on normal commercial terms and conditions. The total amount recognised and paid during the financial year relating to these transactions was $9,725 (2019: $4,875).

Key management personnel equity holdings

Fully paid ordinary shares

The movement during the reporting period in the number of ordinary shares in Newfield Resources Limited held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2019	Held at date of appointment	Acquired during the year	Held at 30 June 2020
Mr A Ho	-	-	-	-
Mr M Lynn	522,000	-	450,000	972,000
Mr N K Smithson	3,904,359	-	450,000	4,354,359
Mr C Burton[1]	-	-	-	-
Mr R Ang[2]	7,413,922	-	-	N/A

1. Appointed 1 November 2019
2. Resigned 1 November 2019

Options over ordinary shares

The movement during the reporting period in the number of options exercisable at $0.50 each on or before 30 December 2020 held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2019	Held at date of appointment	Change during the year	Held at 30 June 2020	Vested during the year	Vested and exercisable at 30 June 2020
Mr A Ho	400,000	-	-	400,000	-	400,000
Mr M Lynn	1,500,000	-	-	1,500,000	-	1,500,000
Mr N K Smithson	-	-	-	-	-	-
Mr C Burton[1]	-	-	-	-	-	-
Mr R Ang[2]	-	-	-	-	-	-

1. Appointed 1 November 2019
2. Resigned 1 November 2019

This concludes the remuneration report, which has been audited.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors and company secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against liability incurred by the auditor.

During the financial year, the Company did not pay a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

During the year the Group's auditor, BDO Audit (WA) Pty Ltd, has performed certain other services in addition to the audit and review of the financial statements.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Details of the amount paid to the auditor of the parent entity, BDO Audit (WA) Pty Ltd, and its network firms for audit and non-audit services provided during the year are set out below:

	2020 $	2019 $
Services other than audit and review of financial statements:		
Tax compliance services	15,900	8,600
Total remuneration for non-audit services	15,900	8,600

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 63 and forms part of the Directors' Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

This Directors' Report is made out in accordance with a resolution of the Directors:

Anthony Ho
Executive Director
Dated at Perth this 30th day of September 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 $	2019 $
Other income	7	846,342	930,259
Exploration and evaluation expenses		(238,969)	(274,298)
Corporate and administrative expenses	7	(2,029,843)	(1,078,026)
Impairment losses on exploration and evaluation assets	16	-	(3,256,246)
Impairment losses on property, plant & equipment	14	-	(1,659,836)
Write-down of inventory to net realisable value	11	-	(138,177)
Fair value adjustment to financial liability		(6,301,157)	(496,307)
Finance costs		(2,204,699)	(486,248)
Loss before income tax		(9,928,327)	(6,458,879)
Income tax benefit / (expense)	8	-	-
Net loss after income tax for the year		**(9,928,326)**	**(6,458,879)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences	24	670,779	4,012,860
Other comprehensive income for the year, net of tax		670,779	4,012,860
Total comprehensive loss for the year		**(9,257,547)**	**(2,446,019)**
Loss attributable to:			
Owners of the Company		(9,925,979)	(6,457,602)
Non-controlling interest		(2,347)	(1,277)
		(9,928,326)	**(6,458,879)**
Total comprehensive loss attributable to:			
Owners of the Company		(9,255,227)	(2,444,714)
Non-controlling interest		(2,320)	(1,305)
		(9,257,547)	**(2,446,019)**
Basic loss per share (cents)	28	(1.71)	(1.11)

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 30 June 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	9	1,002,547	491,413
Trade and other receivables	10	401,415	373,407
Inventory	11	259,983	107,620
Financial assets at amortised cost	12	3,340	6,747,593
Other current assets	13	226,875	517,438
Total Current Assets		1,894,160	8,237,471
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss		270,000	30,196
Property, plant & equipment	14	6,444,356	4,073,912
Development asset	17	69,925,518	-
Exploration and evaluation assets	16	28,647,924	74,325,756
Total Non-Current Assets		105,287,798	78,429,864
TOTAL ASSETS		107,181,958	86,667,335
CURRENT LIABILITIES			
Trade and other payables	18	6,412,656	3,457,280
Employee benefits	20	62,802	38,537
Lease liability	15	766,307	-
Loans and borrowings	19	137,271	47,150
Total Current Liabilities		7,379,036	3,542,967
NON-CURRENT LIABILITIES			
Income tax payable		-	32,896
Deferred tax liabilities	8	12,316,622	12,052,013
Lease liability	15	1,205,841	-
Loans and borrowings	19	17,486,372	-
Financial liability at amortised cost	21	6,124,013	5,506,571
Financial liability at fair value through profit or loss	22	10,656,828	4,262,094
Total Non-Current Liabilities		47,789,676	21,853,574
TOTAL LIABILITIES		55,168,712	25,396,541
NET ASSETS		**52,013,246**	**61,270,794**
EQUITY			
Contributed equity	23	102,090,022	102,090,022
Reserves	24	2,448,048	1,777,296
Accumulated losses	25	(52,521,264)	(42,595,285)
Non-controlling interest		(3,560)	(1,239)
TOTAL EQUITY		**52,013,246**	**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 year ended 30 June 2020

	Contributed Equity $	Other Reserves $	Accumulated Losses $	Total $	Non-controlling interests $	Total Equity $
Balance at 30 June 2019	102,090,022	1,777,296	(42,595,285)	61,272,033	(1,239)	61,270,794
Loss for the year	-	-	(9,925,979)	(9,925,979)	(2,347)	(9,928,326)
Other comprehensive income/(loss)	-	670,752	-	670,752	27	670,779
Total comprehensive loss for the year	-	670,752	(9,925,979)	(9,255,227)	(2,320)	(9,257,547)
Transactions with equity holders in their capacity as equity holders:	-	-	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-	-	-
Balance at 30 June 2020	102,090,022	**2,448,048**	**(52,521,264)**	**52,016,806**	**(3,560)**	**52,013,246**
Balance at 30 June 2018	102,090,022	(2,235,593)	(36,137,683)	63,716,746	66	63,716,812
Loss for the year	-	-	(6,457,602)	(6,457,602)	(1,277)	(6,458,879)
Other comprehensive income/(loss)	-	4,012,889	-	4,012,889	(28)	4,012,861
Total comprehensive loss for the year	-	4,012,889	(6,457,602)	(2,444,713)	(1,305)	(2,446,018)
Transactions with equity holders in their capacity as equity holders:	-	-	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-	-	-
Balance at 30 June 2019	**102,090,022**	**1,777,296**	**(42,595,285)**	**61,272,033**	**(1,239)**	**61,270,794**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,481,124)	(1,165,627)
Interest and distributions received		230,411	630,809
Interest paid		(481,567)	(4,717)
Net cash (outflow) from operating activities	31	(1,732,280)	(539,535)
Cash flows from investing activities			
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		50,650	120,169
Proceeds from disposal of financial assets at fair value through profit or loss		750,000	1,900,000
Proceeds from farm out arrangement		-	50,000
Proceeds from disposal of property, plant and equipment		-	50,838
Payments for purchase of property, plant and equipment		(1,188,728)	(111,848)
Payments for exploration and evaluation assets – capitalised costs		(4,069,143)	(14,692,727)
Payments for mine development		(16,827,561)	-
Proceeds from sales of diamonds from exploration activities		-	174,104
Loans advanced to other entities		-	(3,400,000)
Loan repayment from other entity	12	6,700,000	3,700,000
Net cash (outflow) from investing activities		(15,334,782)	(14,109,464)
Cash flows from financing activities			
Proceeds from borrowings	32	18,497,465	128,527
Repayment of borrowings	32	(159,359)	(96,970)
Payment of borrowing costs		(975,200)	-
Payment of lease liabilities		(204,695)	-
Net cash inflow from financing activities		17,158,211	31,557
Net increase/(decrease) in cash and cash equivalents		91,149	(14,617,442)
Cash and cash equivalents at 1 July		491,413	14,970,438
Effects of exchange rate changes on cash and cash equivalents		419,985	138,417
Cash and cash equivalents at 30 June	9	**1,002,547**	**491,413**

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 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 30 September 2020.

The nature of the operations and principal activities of the Group is described in the Directors' Report.

2. BASIS OF PREPARATION

Statement of compliance

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Newfield is a for profit entity for the purpose of preparing the financial statements.

The financial statements of the Group also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of measurement

These consolidated financial statements are prepared on the accruals basis and the historical cost basis, unless otherwise stated.

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 annual 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 September 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 $1,002,547 as at 30 June 2020 (30 June 2019: $491,413).
- The Company has the ability to adjust its development expenditure to conserve cash and the ability to raise additional funds via debt/equity.
- During the year, the Company secured project funding by way of a bonds issue totalling approximately US$30.5m to develop the initial phase of the Project. Approximately US$17.8m of the facility is unused as at 30 June 2020.
- The directors are confident in the Company's ability to raise an appropriate level of funding to execute its plans and continue its activities.
- COVID-19 has had an impact on the mine construction project schedule, including supply chain delays, and barriers to expatriate staff rotations. The Company continues to adapt and formulate strategies to reach production of first diamonds.

Current assessment of going concern

The annual 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. As the Company is only in the early stages of its development activity it may require additional longer-term funding to reach commercial production.

2. BASIS OF PREPARATION (continued)

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 annual report.

The annual 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 annual report.

3. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The group has subsidiaries whose operations are located outside of Australia (refer Note 26 for details of subsidiaries). The functional currency for the Group's parent entity is Australian dollars (AUD). The functional currency for the Group's subsidiaries operating outside of Australia is U.S. dollars (USD). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's presentational currency. All values are rounded to the nearest dollar unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group throughout the periods presented in these consolidated financial statements, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvements with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to business combination policy below).

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Foreign currency translation

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into AUD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AUD at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

Acquisition of assets

Acquisition of an asset or a group of assets (including any liabilities assumed) that does not constitute a business are accounted for as asset acquisition under which the Group measure the assets and liabilities acquired, and the corresponding increase in equity, directly, at the fair value of the assets and liabilities acquired, unless that fair value cannot be estimated reliably.

Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost less any expected credit losses recognised. Collectability of trade receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Profit or Loss and Other Comprehensive Income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Statement of Profit or Loss and Other Comprehensive Income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the Statement of Profit or Loss and Other Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Inventory

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Depreciation of property, plant and equipment used for the purpose of exploration, evaluation and development activities are also capitalised as part of the exploration, evaluation and development costs and subsequently amortised over the life of the area.

Small amount of diamonds may be recovered from the Group's exploration activities. Income from sales of diamonds produced prior to the Group commencing production (pre-production revenue) will be offset against the carrying value of exploration and evaluation assets and not recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to mining assets.

Mine properties

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Furniture & fittings 5-10 years
- Motor vehicles 3-5 years
- Plant and equipment 2-12 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to accumulated losses.

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 60 days. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Other long-term employee benefit obligation

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Royalty Obligation

On the acquisition of Stellar Diamonds plc, Newfield acquired an obligation to pay royalty payments on sales from the combined project (refer Note 22 for details). The liability for royalty payments is classified as a financial liability at fair value through profit or loss, and is measured at fair value, being the present value of the estimated future cash outflows to be made under the royalty agreement with remeasurement being recognised in profit or loss.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting periods but may impact profit or loss and equity.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

All revenue is stated net of the amount of goods and services tax. Revenue is recognised when a performance obligation in the contract with a customer is satisfied or when control of the goods or services underlying the particular performance obligation is transferred to a customer.

Sale of goods

Revenue from the sale of diamonds is recognised when the Company sells the product and control has passed to the customer.

The Group engages a marketing agent to facilitate the sale of diamonds in Antwerp, the leading market in the world for rough diamonds. The Company delivers diamonds to the agent where they are cleaned, graded and sorted into parcels in an appropriate manner for sale. The agent arranges appointments with each buyer to view selected parcels of the diamonds during a week of opening. The sale is conducted by way of tenders or auctions. All buyers are credit-qualified and on notification of their successful bid a buyer has a contractual obligation to settle. Settlement to the agent is within 48 hours of closing of the tender/auction. Upon clearance of funds, diamonds are collected by the buyer and the sale is recognised.

Pre-production sales

The Company records all pre-production sales as a reduction of its development and or exploration assets.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Leases

The Group has changed its accounting policy for leases where the Group is the lessee. The impact of the change is described in note 35.

Until 30 June 2019, leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.
When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred.

Lease assets are depreciated using the straight-line method over the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and impairment losses, assessed in accordance with the Group's impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated profit or loss and other comprehensive income statement.

Short term leases (lease term of 12 months or less) and leases of low value assets are recognised as incurred as an expense in the consolidated profit or loss and other comprehensive income statement. Low value assets comprise plant and equipment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to members of the Company for the reporting period by the weighted average number of ordinary shares of the Company.

Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

(a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

(a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

The Group has unused tax losses. However, no deferred tax assets have been recognised as it is not considered probable that future taxable profits will be available against which they could be utilised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Adoption of new or revised accounting standards and interpretations

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Group has updated its accounting policies as a result of adopting the following standards from 1 July 2019:

- AASB 16 *Leases*
- Interpretation 23 *Uncertainty over Income Tax Treatments*
- AASB 2017-7 *Amendments to Australian Accounting Standards - Long term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement*

The Group did not have to make any retrospective adjustments as a result of adopting these standards. The impact of adoption of AASB 16 and the new accounting policies are disclosed in Note 35.

New accounting standards and interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.
AASB 2020-3 Amendments to AASB 116 proceeds before intended use will change the Group's accounting policies.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business
- Definition of Material
- IFRS 17 Insurance Contracts

5. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies set by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas. A copy of the Group's risk management policy can be found on the Company's website at www.newfieldresources.com.au.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Group. The Group's activities include exposure to market risk, credit risk and liquidity risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance and where appropriate adopting hedging strategies. Risk management is carried out under the direction of the Board.

The Group holds the following financial instruments as at 30 June:

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	1,002,547	491,413
Trade and other receivables	401,415	373,408
Financial assets at amortised cost	3,340	6,747,593
Financial assets at fair value through profit or loss	270,000	30,196
	1,667,302	7,642,610
Financial liabilities		
Trade and other payables	6,412,656	3,457,280
Loans and borrowings	17,623,643	47,150
Financial liabilities at amortised cost	6,124,013	5,506,571
Financial liabilities at fair value through profit or loss	10,656,828	4,262,094
	40,817,140	13,273,095

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Group's market risk management policies from previous years.

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

5. FINANCIAL RISK MANAGEMENT (continued)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	$	$	$	$
US dollars	18,465	399,950	19,972,552	11,219,464
British pound	309	1,123	62,175	22,801
South African rand	-	-	343,900	4,334
Sierra Leonean leone	4,858	31,603	853,002	294,603
	23,632	432,676	21,231,629	11,541,202

The Group had net monetary liability denominated in foreign currencies of $21,207,997 (assets $23,632 less liabilities $21,231,629) as at 30 June 2020 (2019: net liability of $11,108,526). Based on this exposure, had the Australian dollar strengthened/weakened by 10% (2019: strengthened/weakened by 10%) against these foreign currencies with all other variables held constant, the Group's loss before tax for the year would have been $2,120,800 higher/lower (2019: $1,110,853 higher/lower) and equity would have been $2,120,800 lower/higher (2019: $1,110,583 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2020 was $355,250 (2019: gain of $156,045).

Cash flow and interest rate risk

Apart from the term deposits held at fixed rates, the Group also receives interest on its cash management accounts based on daily balances at variable rates. The Group's operating accounts do not attract interest.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2020	2019
	$	$
Variable rate instruments		
Cash at bank	40,621	212,023
Fixed rate instruments		
Loans to other entities (Note 12)	-	6,700,000
Loans and borrowings (Note 19)	(18,269,865)	(47,150)
Lease liabilities	(1,972,148)	-
	(20,201,392)	**6,864,873**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would increase or decrease the Group's loss by $406 (2019: $2,120), based on the cash at bank at reporting date and calculated on an annual basis. The Board assessed a 100 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant.

Market price risk

The Group is involved in the exploration and development of mining tenements for minerals, including gold and diamonds. Should the Group successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

There is a credit risk relating to the cash and cash equivalents that the Group holds in deposits and loan receivable.

The Group does not presently have customers and consequently does not have credit exposure to trade receivables. The Group may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

Exposure to credit risk

The Group's maximum exposure to credit risk at the reporting date was:

	2020 $	2019 $
Cash at bank	1,002,547	491,413
Other receivables	401,415	7,121,001
	1,403,962	7,612,414

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Credit quality of financial assets	Counterparties with external credit rating[1] AA-(S&P)	Other third parties without external credit rating No default	Total
At 30 June 2020			
Cash at bank[2]	985,289	17,258	1,002,547
Other receivables from once-off transactions with third parties[3]	-	401,415	401,415
	985,289	**418,673**	**1,403,962**
At 30 June 2019			
Cash at bank[2]	426,736	64,677	491,413
Other receivables from once-off transactions with third parties[3]	-	7,121,001	7,121,001
	426,736	**7,185,678**	**7,612,414**

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
2. Some of the Group's subsidiaries operate in Africa and held cash at African financial institutions. No external credit rating was available for these African financial institutions as at the reporting date.
3. Other receivables represent security deposit, sundry debtors and loan to other entities.

Allowance for expected credit loss

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's individual assessment of an ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

For loans and other receivables, the Group assesses the contractual requirements of the loan and assesses the counter party's performance under the instrument terms. Where there is significant variation between the contractual cash flows and actual cash flows, the Group will assess the counterparties ability to repay the debts by requesting financial information and performing an assessment of the credit worthiness of the Counterparty. Where objective evidence shows that the counterparty may be unable to repay part or all of the debt, the Group will record an expected credit loss up to the level of the expected loss taking into account the Groups ability to recover its debts through the operation of guarantees and or security.

No expected credit loss was recognised by the Group for the financial year (2019: $Nil).

5. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments: Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	Carrying amount $	Contractual cash flows $	1 year $	2-5 years $	>5 years $
2020					
Trade and other payables	6,412,656	(6,412,656)	(6,412,656)	-	-
Loans and borrowings	18,407,136	(23,476,014)	(2,329,655)	(21,146,359)	-
Lease liabilities	1,972,148	(2,683,887)	(1,201,951)	(1,481,936)	-
Other non-current payables	16,780,841	(43,463,615)	-	(26,649,871)	(16,813,744)
	43,572,781	(76,036,172)	(9,944,262)	(49,278,166)	(16,813,744)
2019					
Trade and other payables	3,457,280	(3,457,280)	(3,457,280)	-	-
Loans and borrowings	47,150	(48,613)	(48,613)	-	-
Other non-current payables	9,768,665	(14,938,728)	-	(14,938,728)	-
	13,273,095	(18,444,621)	(3,505,893)	(14,938,728)	-

	2020 $	2019 $
6. AUDITOR'S REMUNERATION		
The following fees were paid or payable to the auditors and the auditors' related practices:		
Audit and review services		
Auditors of the Company - BDO Audit (WA) Pty Ltd	66,075	70,196
Network firms of BDO Audit (WA) Pty Ltd	48,014	73,698
Other auditors	26,423	-
Audit and review of financial statements	**140,512**	**143,894**
Other Services		
Auditors' related practice – BDO Corporate Tax (WA) Pty Ltd		
- in relation to taxation services	15,900	8,600
Network firms of BDO Audit (WA) Pty Ltd		
- in relation to taxation services	-	-
	15,900	8,600

7. REVENUE, OTHER INCOME AND CORPORATE AND ADMINISTRATIVE EXPENSES

Other income		
Interest income	191,863	573,850
Gain on sale of assets	8,775	80,196
Fair value gain on investments held at fair value through profit or loss	239,804	-
Distribution income	50,650	120,169
Foreign exchange gain	355,250	156,044
	846,342	930,259

7. REVENUE, OTHER INCOME AND CORPORATE AND ADMINISTRATIVE EXPENSES (continued)

Corporate and administrative expenses include the following specific expenses:	**2020 $**	**2019 $**
Accounting and administration expenses	470,299	361,586
Employee benefits expenses	220,516	210,891

8. INCOME TAX

(a) Income tax expense

Current tax expense	-	-
Deferred tax expense	-	-
	-	-

(b) Numerical reconciliation between tax expense and pre-tax net loss

Loss before income tax expense	(9,928,327)	(6,458,879)
Income tax benefit calculated at rates at 30% (2019:30%)	(2,978,498)	(1,937,663)
Effect of non-deductible items	1,963,029	580,033
Timing difference and tax losses not recognised	850,941	1,351,134
Differences in tax rate of subsidiaries operating in other jurisdictions	164,527	6,496
Income tax expense	-	-

(c) Deferred tax assets and liabilities not brought to account

The potential tax benefit for the following items for which no deferred tax asset has been recognised is as follows:

Carry forward tax losses	4,508,085	3,475,455
Capital raising costs	10,600	68,722
Provisions and accruals	-	10,615
Lease asset	591,644	-
Lease liability	(630,282)	-
Other	7,898,349	7,918,764
	12,378,395	11,473,556

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the Group continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

The temporary difference relating to the following item for which no deferred tax liability has been recognised is as follows:

Other	-	-
Exploration, evaluation and development costs	-	-
	-	-

(d) Deferred tax liabilities recognised

Exploration and evaluation assets (Note 16)	12,316,622	12,052,013
	12,316,622	12,052,013

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**1,002,547**	**491,413**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5.

		2020 $	2019 $
10. TRADE AND OTHER RECEIVABLES			
Current			
GST receivable		13,876	6,053
Sundry debtors		387,539	367,354
		401,415	**373,407**

There was no expected credit loss booked to trade and other receivables for the financial year (2019: nil).

No receivables were past due but not impaired.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 5.

11. INVENTORY

Current			
Spare parts for processing plant		259,983	107,620
		259,983	**107,620**

The Group carries its inventory at the lower of cost and net realisable value. Nil impairment loss was booked to inventory for the financial year as a result of writing down the inventory to its net realisable value (2019: $138,177).

12. FINANCIAL ASSETS AT AMORTISED COST

Current			
Loans to other entities	(i)	-	6,700,000
Interest receivable		-	38,548
Loans/cash advance to employees		3,340	9,045
		3,340	**6,747,593**

(i) The Group lent funds to other entities for interest earning purposes. The loans earn a fixed interest rate of 7% p.a. with interest payable monthly. The loans were secured by general security over all the present and after acquired property of the borrowers and personal guarantee of the Guarantors and were repayable by 30 June 2019. The loans had their repayment terms extended to 31 October 2019 and the balance was repaid during the year ended 30 June 2020.

There was no expected credit loss booked to financial assets at amortised cost for the financial year (2019: nil).

The Group's exposure to credit risk related to financial assets at amortised cost is disclosed in Note 5.

13. OTHER CURRENT ASSETS

Prepaid Insurance		157,896	123,758
Prepaid rent		41,133	18,852
Staff salary advance		881	135
Other advance payment to suppliers and contractor		26,965	374,693
		226,875	**517,438**

	2020 $	2019 $
14. PROPERTY, PLANT & EQUIPMENT		
Furniture & fittings – at cost	63,538	62,716
Less: Accumulated depreciation	(55,741)	(52,177)
	7,798	10,539
Motor vehicles – at cost	591,847	209,723
Less: Accumulated depreciation	(237,658)	(185,535)
	354,189	24,188
Plant & equipment – at cost	8,795,614	5,522,658
Less: Accumulated depreciation	(2,713,245)	(1,483,473)
	6,082,369	4,039,185
	6,444,356	**4,073,912**

Reconciliations of carrying amount	**Furniture & Fittings $**	**Motor vehicles $**	**Plant & equipment $**	**Capital spares & WIP $**	**Total $**
Balance at 1 July 2018	43,007	171,008	6,270,201	142,785	6,627,001
Additions & transfers	22,638	-	1,291,535	5,150	1,319,323
Disposals	-	(2,803)	(213,481)	(12,054)	(228,338)
Depreciation	(22,706)	(56,836)	(1,089,499)	-	(1,169,041)
Impairment losses*	(17,589)	(82,210)	(1,416,390)	(143,647)	(1,659,836)
Foreign exchange differences	(14,811)	(4,971)	(803,181)	7,766	(815,197)
Balance at 30 June 2019	10,539	24,188	4,039,185	-	4,073,912
Balance at 1 July 2019	10,539	24,188	4,039,185	-	4,073,912
Recognition of right of use asset on initial application of AASB 16	-	-	35,771	-	35,771
Additions & transfers	-	386,663	3,276,965	-	3,663,628
Disposals	-	-	(42,497)	-	(42,497)
Depreciation	(2,741)	(49,213)	(1,319,280)	-	(1,371,234)
Foreign exchange differences	-	(7,449)	92,225	-	84,776
Balance at 30 June 2020	7,798	354,189	6,082,369	-	6,444,356

*Impairment losses on property, plant & equipment during the period was mainly due to the relinquishment of the Group's Allotropes diamond project as the Group shifts its focus to the development of the Tongo Project acquired during the previous year.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Leases
Judgement is required when assessing whether a contract is or contains a lease at inception by assessing whether the Group has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset.

14. PROPERTY, PLANT & EQUIPMENT (continued)

Determination of construction completion date
The Group assessed when an item of capital work in progress is deemed available for use, being when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
The Group considers various factors when considering when the asset is deemed available for use, including when the asset can be substantially operate as intended.

15. LEASE LIABILITY

	2020 $	2019 $
Current	766,307	-
Non current	1,205,841	-
Total	**1,972,148**	**-**
Reconciliation of movements in the balance		
Opening balance	-	-
Amounts recognised on transition	35,771	-
Additions	2,446,290	-
Less: amount repaid	(979,224)	-
Interest	394,104	-
Foreign exchange movements	75,207	-
Closing balance at end of period	**1,972,148**	**-**

The Group has assessed the new leasing standard, AASB 16 Leases, and has determined that it is applicable for inputs to the calculation as follows:

Office Space
Time Period: 41 months
Rate: 8% PA
Fair Value at transition date: $35,771

Mining Equipment
Time Period: 36 months
Rate: 24.91%
Fair Value at commencement of lease: $2,446,290

The right of use assets are disclosed as plant & equipment in Note 14.

	2020 $	2019 $
Reconciliation of movements in Right of Use Assets		
Opening balance	-	-
Amounts recognised on transition	35,771	-
Additions	2,446,290	-
Depreciation	(381,119)	-
Closing balance at end of period	**2,100,942**	**-**

16. EXPLORATION AND EVALUATION ASSETS

	2020 $	2019 $
Exploration and evaluation costs carried forward in respect of areas of interest	**28,647,924**	**74,325,756**
Reconciliation		
Carrying amount at beginning of the year	74,325,756	57,612,303
Exploration and evaluation	1,892,858	13,077,871
Sale of diamonds from exploration activities	-	(174,104)
Exploration and evaluation assets written off (Australian gold project)	(70,594)	-
Impairment loss (Australian gold projects and Allotropes diamond project)	-	(3,256,246)
Transfer to mine development	(47,948,678)	-
Foreign exchange differences	448,582	7,065,931
Carrying amount at end of the year	**28,647,924**	**74,325,756**

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. The decision to mine was based on a positive final investment decision and funding sourced.

17. MINE PROPERTIES

	2020 $	2019 $
Mine property development costs carried forward in respect of mine development	**69,925,518**	**-**
Reconciliation		
Transfer from exploration and evaluation assets	47,948,678	-
Development expenditure	21,308,905	-
Capitalised depreciation from property, plant & equipment	946,111	-
Transfers to property, plant & equipment	(1,188,728)	-
Foreign exchange differences	910,552	-
Carrying amount at end of the year	**69,925,518**	**-**

Impairment of mine properties
The Group undertakes an impairment review to determine whether any indicators of impairment are present. Where indicators of impairment exist, an estimate of the recoverable amount of the Cash Generating Unit (CGU) is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

During the year the Group has assessed the recoverable amount of exploration and evaluation assets transferred to mine properties and as a result no impairment was recognised.

Development start date
The Group assesses the stage of each exploration project to determine when a project moves into the development phase from the exploration and evaluation phase, this being when management determine the decision to develop has been executed.

18. TRADE AND OTHER PAYABLES

Trade creditors and accruals	**6,412,656**	**3,457,280**

Trade payables are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature. The Group's exposure to various risks associated with trade and other payables are disclosed in Note 5.

19. LOANS & BORROWINGS

Current

Insurance premium funding	**137,271**	**47,150**

The Group has an insurance premium funding arrangement under which the principal and interests will be repaid by ten equal monthly instalments. A flat interest rate of 4.50% (2019: 4.75%) was charged by the lender. The Group's exposure to various risks associated with loans and borrowings are disclosed in Note 5. The carrying amount of loans and borrowings approximates its fair value.

Non Current

Bonds	**18,269,865**	**-**
Less amortised borrowing costs	**(783,493)**	**-**
	17,486,372	**-**

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 project covenants that have not been breached during the reporting period.

	2020 $	2019 $
20. EMPLOYEE BENEFITS		
Provision for annual leave entitlements	21,394	12,359
Provision for employment termination benefits	41,408	26,178
	62,802	**38,537**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

21. FINANCIAL LIABILITIES AT AMORTISED COST

Contractual liability acquired through business combination	**6,124,013**	**5,506,571**

During the 2018 financial year the Group acquired 100% interest in Stellar Diamonds Plc (**Stellar**), an AIM-listed diamond explorer. Stellar, through its wholly owned subsidiary, own the Tongo Project in Sierra Leone which lay adjacent to the Tonguma Project owned by Tonguma Limited. Stellar and its wholly owned subsidiaries entered into a Tribute Mining Agreement (**TMA**) and Revenue Share Agreement (**RSA**) with Tonguma Limited and its parent entity Octea Limited (together as "**Octea Group**") which allowed Stellar to bring both projects together into production under the same production infrastructure (**Combined Project**). Under the terms and conditions of the TMA and RSA, as consideration, Stellar would pay Octea Group cash US$5.5 million by February 2023, which has been recognised as a non-current payable in Stellar's accounts.

The fair value of this non-current liability was based on discounted cash flows using an estimated current borrowing rate of 10% (2019: 10%). This non-current liability is carried at amortised cost. Total interest expense recognised for the year in relation to this non-current payable is $508,567 (2019: $481,530). The Group's exposure to various risks associated with other non-current payables are disclosed in Note 5.

22. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

Stellar, through its wholly owned subsidiary, owned the Tongo Project in Sierra Leone which lay adjacent to the Tonguma Project owned by Tonguma Limited. Stellar and its wholly owned subsidiaries entered into a Tribute Mining Agreement (**TMA**) and Revenue Share Agreement (**RSA**) with Tonguma Limited and its parent entity Octea Limited (together as "**Octea Group**") which allowed Stellar to bring both projects together into production under the same production infrastructure (**Combined Project**). As consideration, Stellar would pay Octea Group cash US$5.5 million by February 2023. Furthermore, under the terms and conditions of the TMA & RSA, Stellar would pay to Octea Group cash US$5 million and GBP85,346 (**Octea Initial Payment**) as soon as any revenue generated from the Combined Projects were not required for working capital for the following 3 months. Stellar would also pay to Octea Group 10% royalty on all sales revenue generated from the Combined Project (after paying any Sierra Leone government royalties) from the date on which the Octea Initial Payment had been paid in full (**Octea Royalty Payment)**.

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 diamonds 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.

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

	2020 $	2019 $
Financial liability	10,656,828	4,262,094
	10,656,828	4,262,094

The following table gives the main assumptions made in determining the fair value of financial liability as at 30 June 2020. 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	US207-209	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	120-240	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	%	25.11	Rate determined using external support for the risk free rate (Sierra Leone equity risk premium), and counterparty expected rate of return.

	2020 $	2019 $
23. CONTRIBUTED EQUITY		
581,299,552 fully paid ordinary shares (2019: 581,299,552 fully paid ordinary shares)	**102,090,022**	**102,090,022**

(a) Ordinary shares

The following movements in ordinary share capital occurred during the financial year:

	2020 Number	2019 Number	2020 $	2019 $
Balance at the beginning of the year	581,299,522	581,299,522	102,090,022	102,090,022
Balance at the end of the year	581,299,552	581,299,552	102,090,022	102,090,022

23. CONTRIBUTED EQUITY (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Capital risk management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

24. OTHER RESERVES

	2020 $	2019 $
Share Based Payments Reserve		
Balance at beginning of year	313,933	313,933
Balance at end of year	313,933	313,933
Foreign Currency Translation Reserve		
Balance at beginning of year	1,463,363	(2,549,526)
Currency translation differences on translation of foreign operations	670,752	4,012,889
Balance at end of year	2,134,115	1,463,363
Total	**2,448,048**	**1,777,296**

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. Refer to Note 33 for details of share based payments in prior year.

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. The group has subsidiaries whose operations are located outside of Australia (refer Note 26 for details of subsidiaries). The functional currency for the Group's subsidiaries operating outside of Australia is U.S. dollars (USD). In accordance with the Group's accounting policies as disclosed in Note 4, the assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into AUD at the exchange rates at the reporting date. Exchange rate used by the Group for translation as at 30 June 2020 was AUD1 = USD0.6878 (at 30 June 2019 was AUD1 = USD0.7029). The income and expenses of foreign operations are translated into AUD at the dates of the transactions.

	2020 $	2019 $
25. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	**(42,595,285)**	(36,137,683)
Net loss for the year	(9,925,979)	(6,457,602)
Accumulated losses at the end of the year	**(52,521,264)**	**(42,595,285)**

26. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 4:

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group 2020	2019	Principal activities
Allotropes Diamonds Pty Ltd	Australia	100%	100%	Mineral Exploration
Allotropes Diamond Company Ltd	Sierra Leone	100%	100%	Mineral Exploration
Stellar Diamonds Limited	United Kingdom	100%	100%	Holding company
Stellar Diamonds Limited	Guernsey	100%	100%	Holding company
Basama Diamonds Ltd	Republic of Seychelles	100%	100%	Prospecting and exploration of diamonds
Basama Diamonds Ltd (Sierra Leone Branch)	Sierra Leone	100%	100%	Prospecting and exploration of diamonds
Sierra Diamonds Limited	British Virgin Islands	100%	100%	Prospecting and exploration of diamonds
Sierra Diamonds Limited (Sierra Leone Branch)	Sierra Leone	100%	100%	Prospecting and exploration of diamonds

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in Note 4:

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group 2020	2019	Principal activities
Allotropes Mining Company Ltd*	Sierra Leone	100%	100%	Mineral Exploration
Stellar Diamonds (Liberia) Incorporated	Liberia	90%	90%	Prospecting and exploration of diamonds

* The non-controlling interest holds 25% of the voting rights of Allotropes Mining Company Ltd.

27. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

In the prior period, the Group entered into a contract with a supplier for the supply of a diamond extraction machine with a gross contract value of $1.45 million. Capital expenditure contracted for in relation to this at the end of the reporting period but not recognised as liabilities is as follows:

	2020 $	2019 $
Payable within one year	1,097,737	1,161,671

Exploration and project commitments

The Group has certain obligations to perform minimum exploration work on mining tenements held. These obligations may vary over time, depending on the Group's exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements.

As at reporting date, total exploration expenditure commitments in relation to tenements held by the Group which have not been provided for in the financial statements are as follows:

	2020 $	2019 $
Within one year	2,296,327	2,241,950
After one year but not more than five years	10,753,121	10,633,184
More than five years	22,651,241	24,132,772
	35,700,689	**37,007,906**

Contingencies

Pursuant to a tenement acquisition agreement entered into with Anthony John Woodhill. Anthony William Kiernan, Archaean Exploration Services Pty Ltd, Woodline Pty Ltd, Plato Prospecting Pty Ltd, Carterton Holdings Pty Ltd and Newfield Central Pty Ltd (together, the **Newfield Vendors**), the Company has agreed to pay the Newfield Vendors a 2% net smelter royalty in respect of all minerals produced from the tenements acquired. In addition, a royalty of $10 per ounce of gold and 2% net smelter royalty on non-gold commodities produced on M77/422 and M77/846 is payable to Carterton Holdings Pty Ltd pursuant to a previous agreement in respect of those tenements.

Pursuant to the Tribute Mining Agreement and Revenue Share Agreement entered into with Octea Group Limited, the Group agreed to pay to Octea Group cash USD5 million and GBP85,346 (**Octea Initial Payment**) as soon as any revenue generated from the Combined Project are not required for working capital for the following 3 months. The Group must also pay to Octea Group 10% royalty on all sales revenue generated from the Combined Project (after paying any Sierra Leone government royalties) from the date on which the Octea Initial Payment has been paid in full (**Octea Royalty Payment**). Refer to Note 21 for further details of contingent liabilities arising under the Tribute Mining Agreement and Revenue Share Agreement which have been recognised as liabilities on acquisition of Stellar. The fair value of this obligation was determined to be $3,495,249 at the date of acquisition, and $8,517,966 at 30 June 2020 (2019: $4,262,094).

A Community Development Agreement was signed in November 2019 which includes a 0.3% gross revenue royalty on diamond export valuation to be paid into a community development fund.

The Group does not have any other contingent liabilities at balance and reporting dates.

28. EARNINGS/(LOSS) PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share was based on the following:

	2020 $	2019 $
Loss attributable to ordinary shareholders of Newfield Resources Limited		
Net loss for the year	(9,928,326)	(6,458,879)
Weighted average number of ordinary shares	**Number**	**Number**
Balance at beginning of year	581,299,552	581,299,552
Effect of shares issued during the financial year	-	-
Weighted average numbers of ordinary shares on issue during the year	**581,299,552**	**581,299,552**

Diluted earnings/(loss) per share must be calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share, they are not considered dilutive, and not shown.

29. SEGMENT REPORTING

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

	Mine Development Africa $	Mineral Exploration Australia $	Mineral Exploration Africa $	Corporate $	Group $
2020					
Segment income	8,774	-	-	837,568	846,432
Impairment loss	-	-	-	-	-
Segment result	7,054,617	70,594	168,375	2,634,740	9,928,326
Segment assets	69,925,518	-	33,720,533	3,535,907	107,181,958
Segment liabilities	(27,316,645)	-	(7,872,642)	(19,979,425)	(55,168,712)
2019					
Segment income	-	-	-	930,259	930,259
Impairment loss	-	(177,537)	(4,876,722)	-	(5,054,259)
Segment result	-	(177,537)	(5,632,550)	(648,792)	(6,458,879)
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)

Geographical information

	Income		Geographical non-current assets	
	2020 $	**2019 $**	**2020 $**	**2019 $**
Australia	837,568	930,259	2,378,739	99,972
Liberia	-	-	3,987,870	556,552
Sierra Leone	8,774	-	75,880,517	77,773,340
	846,432	930,259	82,247,126	78,429,864

30. RELATED PARTY TRANSACTIONS

(a) Parent entity

The Group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest 2020	Ownership interest 2019
Newfield Resources Limited	Ultimate Australian parent entity	Australia	100%	100%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 26.

(c) Key management personnel compensation

	2020 $	2019 $
Short-term employee benefits	741,326	698,808
Bonus	186,930	-
Total compensation	**928,256**	**698,808**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 18.

(d) Other transactions with key management personnel

A Director, Mr A Ho, is a director of the firm Anthony Ho & Associates. Anthony Ho & Associates has provided secretarial services to the Company during the financial year on normal commercial terms and conditions.

Mr N K Smithson's spouse also provided administrative and secretarial services to a subsidiary of the Group during the financial year on normal commercial terms and conditions.

Mr N K Smithson paid for transactions on an as required basis during the year on behalf of the Group.

The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. The aggregate amounts recognised during the year relating to those transactions were as follows:

Director	Transaction	Transactions value year ended 30 June 2020 $	Transactions value year ended 30 June 2019 $	Balance outstanding as at 30 June 2020 $	Balance outstanding as at 30 June 2019 $
Mr A Ho	Fees for company secretarial services provided	30,000	60,000	11,000	16,500
Mr N K Smithson	Fees for administrative and secretarial services provided	9,725	4,875	-	-
	Reimbursement- payment for expenses via personal account	14,619	-	14,273	-
Mr C Burton	Fees for advisory services	63,003	-	46,998	-

Outstanding balances are unsecured and are repayable in cash.

31. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	2020 $	2019 $
Cash flows from operating activities		
Loss for the year	(9,928,326)	(6,458,879)
Adjustments of non-cash/non-operating items:		
Depreciation	383,859	14,914
Interest amortisation	191,707	481,531
Gain on sale of assets	(8,775)	(80,196)
Investment distributions	(50,650)	(120,169)
Fair value adjustment of financial assets	(239,804)	-
Unrealised foreign exchange losses	(349,158)	(117,247)
Exploration expenditure written off	70,594	-
Fair value adjustment of financial liability	6,301,157	496,307
Impairment of property plant & equipment	-	1,659,836
Impairment of exploration and evaluation assets	-	3,256,246
Write down of inventory	-	138,177
Other exploration and evaluation expenditure	144,903	242,260
Operating loss before changes in working capital and provisions	(3,484,493)	(487,220)
Change in trade and other receivables	38,548	22,703
Change in other assets	(75,266)	169,437
Change in trade and other payables	1,788,931	(282,995)
Change in provisions	-	38,540
Net cash used in operating activities	(1,732,280)	(539,535)

Non-cash investing and financing activities

	2020 $	2019 $
Acquisition of right of use assets (Note 15)	2,482,061	-

32. RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows a reconciliation of the Group's liabilities whose cash flow movements are disclosed as part of financing activities in the Consolidated Statement of Cash Flows.

	Opening balance	Non-cash changes				Cash inflows	Cash outflows	Closing balance
		Recognised on transition/ Additions	Interest accrued	Amortisation	Foreign exchange movements			
	$	$	$	$	$	$	$	$
2020								
Long-term borrowings	-	-	-	-	21,880	18,247,985	-	18,269,865
Short-term borrowings	47,150	-	-	-	-	249,480	(159,359)	137,271
Lease liabilities	-	2,482,061	394,104	(625,541)	75,207	-	(353,683)	1,972,148
Total	**47,150**	**2,482,061**	**394,104**	**(625,541)**	**97,087**	**18,497,465**	**(159,359)**	**20,379,284**
2019								
Long-term borrowings	-	-	-	-	-	-	-	-
Short-term borrowings	15,593	-	-	-	-	128,527	(96,970)	47,150
Total	**15,593**	**-**	**-**	**-**	**-**	128,527	(96,970)	47,150

33. SHARE BASED PAYMENTS

No share based payments were issued to directors of the Company as part of their compensation during the financial year.

34. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2020 the parent entity of the Group was Newfield Resources Limited.

(a) Summary financial information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2020 $	Parent 2019 $
Profit/(Loss) after income tax	(2,751,097)	502,246
Total comprehensive profit/(loss)	(2,751,097)	502,246

Statement of financial position

	2020 $	2019 $
Current assets	1,484,785	7,581,690
Total assets	71,161,273	52,422,408
Current liabilities	3,220,346	422,596
Total liabilities	21,912,558	422,596
Net assets	49,248,715	51,999,812
Shareholder's equity		
Issued capital	102,090,022	102,090,022
Share based payments reserves	313,933	313,933
Accumulated losses	(53,155,240)	(50,404,143)
Total equity	49,248,715	51,999,812

(a) Guarantees entered into by the parent entity

The parent entity did not provide any guarantees during the financial year (2019: nil).

(b) Contingent liabilities of the parent entity

Other than the contingencies disclosed in Note 27, the parent entity did not have any other contingent liabilities at year end (2019: nil).

(c) Contractual commitments for capital expenditure

The parent entity did not have any commitment in relation to capital expenditure contracted but not recognised as liabilities as at reporting date (2019: nil).

35. 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 4, 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 retained earnings being 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 statement of financial position 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 statement of financial position. 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.

35. CHANGES IN ACCOUNTING POLICIES (continued)

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.

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 as current and non current lease liabilities.

36. EVENTS SUBSEQUENT TO REPORTING DATE

Other than what has been disclosed in the accounts, no matters or events have arisen since 30 June 2020 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial years.

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

DIRECTORS' DECLARATION

In the opinion of the Directors of Newfield Resources Limited:

(a) the financial statements and notes set out on pages 21 to 57, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance, for the financial year ended on that date; and

  (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Anthony Ho
Executive Director

30th September 2020
Perth

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INDEPENDENT AUDITOR'S REPORT

To the members of Newfield Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Newfield Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Fair value of financial liability through profit or loss

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 22 to the Financial Report, the fair value of the financial liability through profit or loss represents a significant liability of the Group and is impacted by various key estimates and judgements, in particular the following: • Diamond pricing; • Kimberlite grade; • Timing of cash flows including repayment period for capital expenditure; and • Discount rate. Due to the significant estimates and judgements involved in estimating the fair value of this liability, we consider this to be a key audit matter.	Our procedures included, but were not limited to: • Reviewing the Revenue Share Agreement and Tribute Mining Agreement to understand the terms and conditions of the Group's contractual obligations; • Assessing the basis of the fair value calculation prepared by management in accordance with the requirements of AASB 13 Fair Value; • Assessing the appropriateness of management's fair value calculation by assessing the significant assumptions, methods and source data used within the valuation model; • Assessing the appropriateness of management's discount rate used to calculate the fair value in conjunction with our internal valuation experts; • Reviewing the mathematical accuracy and integrity of the fair value model; and • Assessing the adequacy of the related disclosures in Note 22 to the Financial Report.

Carrying value of mine properties

Key audit matter	How the matter was addressed in our audit

During the year the Group transitioned its Tongo Diamond Project from the exploration to development phase. As outlined in Note 17 to the financial report, following the decision to enter development the Group transferred a significant balance of exploration and evaluation assets to mine properties. On transition the Group was required to undertake impairment testing on the carrying value of the assets.
 	
Further to this, the Group was required to assess for indicators of impairment of Mine Properties at 30 June 2020.
 	
The carrying value of mine properties was determined to be a key audit matter due to key estimates and judgements involved in undertaking the impairment test on transition and assessing for indicators of impairment at 30 June 2020.
	Our procedures included, but were not limited to:
	
	• Reviewing management's basis of allocation of exploration and evaluation assets to mine properties;
	
	• Reviewing Board minutes and ASX announcements to confirm the date of transfer to mine properties;
	
	• Evaluating management's impairment assessment through:
	
	    • Engaging third party experts to assist in the technical review of key inputs used in the life-of-mine model;
	
	    • In conjunction with our technical expert, we obtained an understanding of the work performed by the company in developing their inputs into the life-of-mine model, including considering the external specialists engaged by the Group to assist with developing the life-of-mine model;
	
	    • We have evaluating the reasonableness of the diamond pricing with reference to external reports reviewed by our technical experts;
	
	    • Comparing the carrying value of the net assets of the group to the market capitalisation upon transition and as at 30 June 2020;
	
	    • Assessing the appropriateness of management's discount rate used in the calculation of recoverable amount at transition; and
	
	    • Reviewing the impairment model for mathematical accuracy.
	
	• Evaluating management's assessment of indicators of impairment as at 30 June 2020 under the Australian Accounting Standards, including consideration of the impacts of COVID-19; and
	
	• Assessing the adequacy of the related disclosures in Note 4 and Note 17 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Newfield Resources Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

30 September 2020

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

As lead auditor of Newfield Resources Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 September 2020

Details of shares and options as at 22 September 2020:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 22 September 2020 were:

Fully paid ordinary shares – quoted

	Name	No. of Shares	%
1.	Rustiyan Oen	151,793,028	26.11
2.	Sparkle Capital Pty Ltd <Sparkle Investment A/C>	47,537,467	8.18
3.	QP & Co Pty Ltd <Quppi Family A/C>	37,813,875	6.51
4.	Wonder Holding Pty Ltd	29,385,849	5.06
5.	Deutsche Balaton Aktiengesellschaft	28,518,073	4.91
6.	Anrinza Future Pty Ltd	26,418,185	4.54
7.	PT Griyainsani Cakrasadaya	25,000,000	4.3
8.	Ka Bio Ong	18,200,000	3.13
9.	J P Morgan Nominees Australia Pty Limited	17,801,840	**3.06**
10.	Suryandy Jahja	15,068,848	2.59
11.	Citicorp Nominees Pty Limited	14,784,506	**2.54**
12.	Asia Pacific Horizon Capital Ltd	12,380,080	2.13
13.	Delphi Unternehmensberatung Aktiengesellschaft	10,200,000	1.75
14.	Michael Steven + Ingrid Kusumodjojo	10,000,000	1.72
15.	Kingsfield Pty Ltd	7,685,076	1.32
16.	Chewkart Super Pty Ltd	7,500,000	1.29
17.	Mr Robert Ang	7,442,922	1.28
18.	Creditforce Limited	7,124,838	1.23
19.	Elrich Holdings Pty Ltd	6,500,000	1.12
20.	Serng Yee Liew	6,238,796	1.07
		487,393,383	83.84

Registered holders holding 20% or more of each class of unquoted equity security as at 22 September 2020 were:

Unquoted Options exercisable at $0.50 on or before 30 December 2020

Name	No. of Options	%
Michael David Lynn	1,500,000	25.00

Unquoted Options exercisable at $0.30 on or before 31 March 2021

Name	No. of Options	%
Rustiyan Oen	25,000,000	50.00

Distribution schedules

A distribution schedule of each class of equity security as at 22 September 2020:

Fully paid ordinary shares

Range			Holders	Units	%
1	-	1,000	87	12,940	0.00
1,001	-	5,000	62	225,067	0.04
5,001	-	10,000	109	907,363	0.16
10,001	-	100,000	163	5,703,092	0.98
100,001	-	Over	132	574,451,090	98.82
Total			553	581,299,552	100.00

Options exercisable at $0.50 on or before 30 December 2020

Range			Holders	Units	%
1	-	1,000	0	0	0
1,001	-	5,000	0	0	0
5,001	-	10,000	0	0	0
10,001	-	100,000	5	500,000	8.33
100,001	-	Over	14	5,500,000	91.67
Total			19	6,000,000	100.00

Options exercisable at $0.30 on or before 31 March 2021

Range			Holders	Units	%
1	-	1,000	0	0	0
1,001	-	5,000	0	0	0
5,001	-	10,000	0	0	0
10,001	-	100,000	0	0	0
100,001	-	Over	15	50,000,000	100.00
Total			15	50,000,000	100.00

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Rustiyan Oen	151,793,028
Sparkle Capital Pty Ltd	53,037,467
QP & Co Pty Ltd <Quppi Family A/C>	37,813,875
Wonder Holding Pty Ltd	28,858,334

Restricted securities or securities subject to voluntary escrow

As at 22 September 2020, the Company had no restricted securities on issue.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,272 shares as at 22 September 2020):

Holders	Units
93	21,998

Voting Rights

The voting rights attaching to ordinary shares are:

- On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Principles of Good Corporate Governance and Recommendations

The Board has adopted and approved the Company's Corporate Governance Statement, which can be found on the Company's website at www.newfieldresources.com.au.

Schedule of Tenements at 23 September 2020

PROJECT	TENEMENT NUMBER	TENEMENT NAME	AREA (km^2)	STATUS	NEWFIELD'S INTEREST
SIERRA LEONE					
TONGO KIMBERLITE MINE	ML02/2018	Tongo	9.98	Granted	100%
	ML02/2012	Tonguma	124	Granted	Nil but subject to the tribute mining agreement
LIBERIA					
KUMBGO PROJECT	MEL1157/14	Kumgbo	300.00	Granted	90%
	MEL1158/14	Kumgbo	370.54	Granted	90%
WESTERN AUSTRALIA					
NEWFIELD GOLD PROJECT	M77/0422*	Newfield	0.85	Granted	100%
	M77/0846*	Woongaring Hills	0.39	Granted	100%

* Subject to farm-out agreement with DiscovEx Resources Limited (previously named Syndicated Metals Limited).