



**ABN 98 153 219 848**

## **INTERIM FINANCIAL REPORT**

**31 December 2020**

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## DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Newfield Resources Limited (the **Company** or **Newfield**) and its subsidiaries (the **Group** or **Consolidated Entity**) for the half-year ended 31 December 2020 and the Auditor's Review Report thereon.

### DIRECTORS

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

**Mr Anthony Ho**  
Executive Director

**Mr Michael Lynn**  
Executive Director

**Mr Nicholas Karl Smithson**  
Executive Director

**Mr Chris Burton**  
Non-Executive Director

### REVIEW OF OPERATIONS

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

##### Underground development

During the period the progress of the underground development was hampered by ongoing Covid-19 related issues such as supply chain challenges, intermittent country lock downs and reduced flight schedules with which to rotate critical staff. Nevertheless, some 389m of underground decline, return airway (RAW) and cross-cut development was achieved, bringing total development metres to 500m at the end of the report period. Post period the development had increased to a total of 601m by the end of February 2021.

As a summary, initial development of the 6m x 4m joint decline from the portal entrance at surface reached 152m before the drive was split into two separate 4m x 4m declines that will be developed separately towards the Kundu and Lando ore reserves respectively. Development has focussed on the Kundu decline which continued from the split of the joint decline for a distance of 114m where it then split into two development tunnels, being:

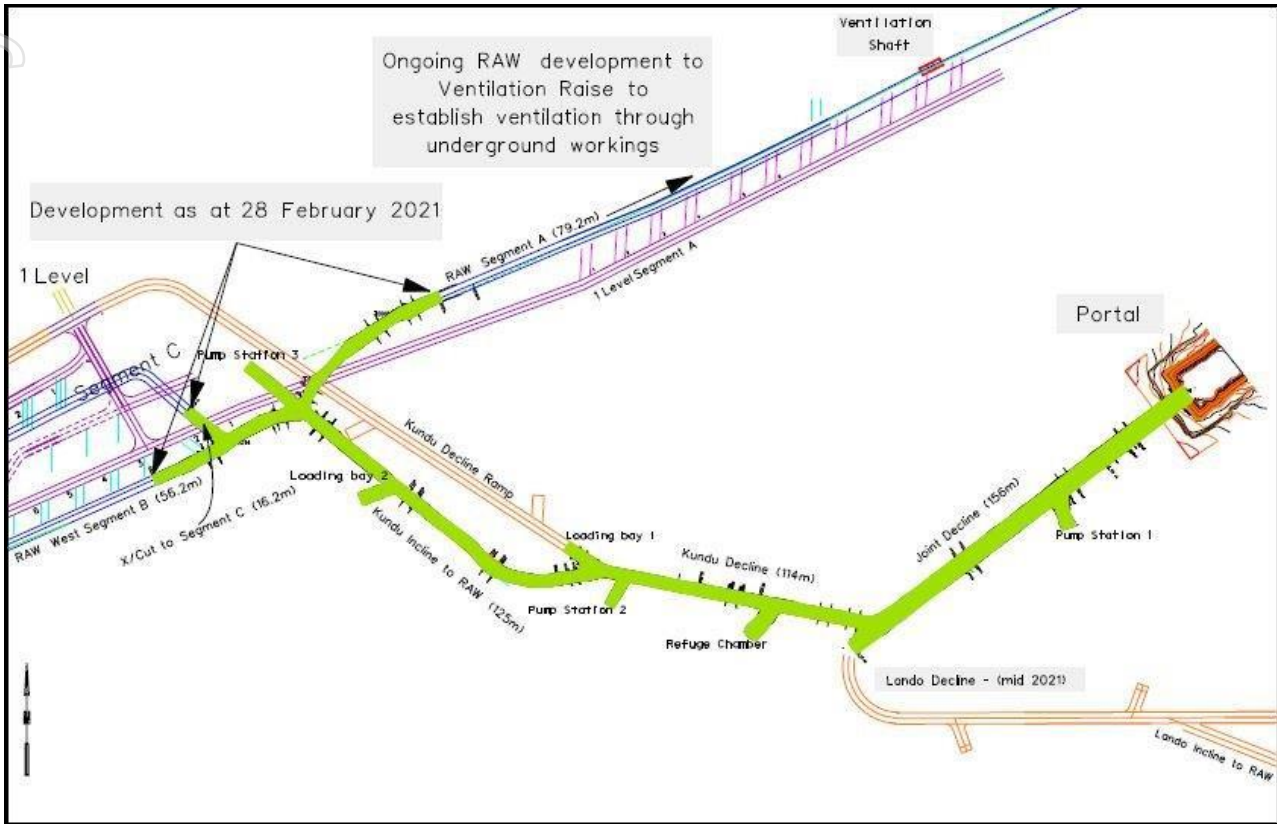
- a. the decline continuing to the first stope production level,
- b. the incline to the Segment A RAW which will be developed along the Kundu kimberlite fissure and will be connected to surface via a ventilation shaft, thus allowing circulation of air through the underground workings.

Development is currently focussed on establishing the RAW and some 125m of development along the incline was achieved before unexpectedly intersecting an unmapped easterly extension of the Kundu kimberlite (Segment B). Therefore, RAW development of Segment B commenced from this position (56m now advanced) and this yielded first kimberlite for processing (see later section on First Diamonds). Simultaneously, the incline was further advanced and a cross-cut developed to the planned RAW drive of Segment A (79m now advanced), which is being developed to the location of the ventilation shaft, as well as a cross-cut to develop towards the planned intersection of Kundu Segment C kimberlite RAW (16m now advanced).

Throughout the decline developments, two loading cubbies, three pump stations and a refuge bay (to be used in an underground emergency) have all been constructed. The majority of the underground development so far is through extremely stable and homogenous granitic rock. However, some narrow-faulted zones and some dolerite dyke zones have been intersected which have required additional support.

## DIRECTORS' REPORT

**Figure 1: Plan of Underground Development (green shade is development completed to date)**



### Pictures of Underground Mine Development





## DIRECTORS' REPORT

### Tongo Mine Infrastructure Construction

Work continued on key infrastructure construction projects around the mine, notably on completion of the administration offices, lamp room, first aid station and security buildings. In addition, a waste sorting belt to upgrade the diluted ore recovered from the RAW development has been manufactured in-house from existing plant and steel materials. Diluted ore is loaded into the feed bin and the +50mm material is passed over a picking belt where kimberlite is sorted from the waste and is then conveyed directly into a haul truck. The -50mm material is also directly conveyed into the haul truck whereafter it is hauled to the processing plant. This process significantly reduces the amount of waste hauled to be processed via the current bulk sample plant.

**Figure 2: Aerial view of the Mine Site showing newly completed infrastructure**



**Figure 3: Kimberlite Waste Sorting Belt**



### Processing Plant Capacity Strategy

The 5th plant construction was completed during the period and was commissioned in Q4-20 in readiness to process kimberlite produced from the underground RAW development. This plant comprises crushing, dense media separation and X-ray recovery circuits, and has sufficient capacity to process the expected volume of kimberlite expected to be produced through the first two



## DIRECTORS' REPORT

quarters of 2021. As mine development continues, the volume of run of mine material from the RAW will increase and its processing as well as underground surveying of volumes, will allow reconciliation of the Kundu kimberlite grade versus the ore reserve grade estimate. Progressive build up in kimberlite tonnes and carat recoveries is expected over the coming months as development continues. Additional plant capacity will be progressively brought on stream using plant components already on site to build a 25tph capacity plant, with fully integrated final recovery and security building, in order to meet the demand for processing capacity as increasing volumes of kimberlite are mined through development of the various RAW segments and scheduled stoping of Kundu mine faces in late Q4-21. The planned future 100tph plant is fully designed and partly fabricated, however the completion of this will be deferred until mining volumes require the increased plant capacity.

**Figure 4: 5tph Plant**



### First Diamonds from Underground

As announced on 23 December 2020 the Tongo Mine produced its first diamonds from the underground mine, from the RAW of Kundu Segment B. The material was processed via the 5tph plant with diamond recovery by X-Ray Flowsort machines. The quality of diamonds yielded is consistent with previous bulk sampling diamonds recovered from the Kundu kimberlite in terms of exhibiting excellent colour and clarity.

Independent diamond expert Ray Ferraris has studied the Kundu and Lando bulk sample diamonds (2,160 carats) and issued Newfield with a report in July 2019; he commented "all samples have a generous population of white goods with a very small population of yellows and browns...the level of top colour or Collection is very high...Lando has a 50% population of Collection stones...Kundu has a 43% population of Collection stones...the gem to near-gem to industrial ratio of Lando is very high for a kimberlite and is similar to some of the higher value kimberlites known...".

**Figure 5: First Diamonds from the Kundu Kimberlite (Segment B RAW)**



## DIRECTORS' REPORT

### Panguma Maiden JORC Resource

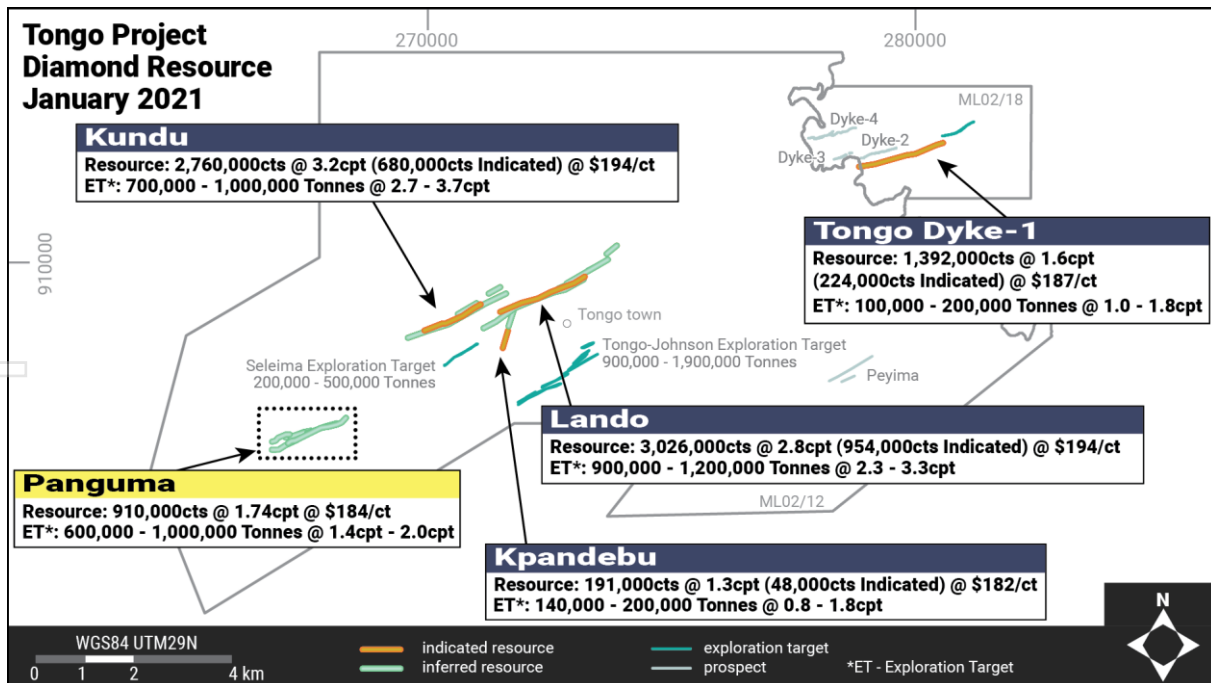
During the period further microdiamond results were received from the Panguma kimberlite which is located in the west of the mining concession (Figure 6). These results were combined with previous microdiamond and bulk sample results and all drilling data across the Panguma kimberlite by independent consultants MPH Consulting (Toronto) and Z-Star (South Africa) who prepared a JORC compliant mineral resource estimate and which was announced by Newfield on the 27<sup>th</sup> January 2021.

In summary, an inferred diamond resource of 910,000 carats at a grade of 1.7 carats per tonne and modelled diamond value of U\$184 per carat (all at a +1mm cut off) has been declared for the upper 100m of the Panguma kimberlite (Table 1). This brings the total inferred and indicated JORC compliant diamond resource for the Tongo project to 8.3 million carats (Table 2).

**Table 1: Summary of the Panguma Inferred Diamond Resource (+1.0mm cut off, rounded)\*\***

Kimberlite	Dyke Segment	Depth from surface (m)	Resource Category	Tonnes Kimberlite	+1.0mm Grade (cpt)	Total Carats	Diamond Value (US\$/ct)
Panguma	A	-100m	Inferred	159,000	1.8	286,000	184
Panguma	B	-100m	Inferred	81,000	1.5	122,000	184
Panguma	C	-100m	Inferred	63,000	1.8	113,000	184
Panguma	D	-100m	Inferred	43,000	1.8	77,000	184
Panguma	E	-100m	Inferred	54,000	1.8	97,000	184
Panguma	A	-100 to -200m	Inferred	140,000	1.5	210,000	184
<b>TOTAL</b>			<b>INFERRED</b>	<b>540,000</b>	<b>1.7</b>	<b>910,000</b>	<b>184</b>

**Figure 6: Tongo Diamond Resource Map**



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

## DIRECTORS' REPORT

**Table 2: Summary of the Global Tongo Project Mineral Resource Estimates (+1.0mm cut off, rounded)\*\***

Kimberlite	Depth (metres above sea level)	Dyke Segment	Resource Category	Tonnes Kimberlite	+1.0mm Grade (cpt)	Total Carats	Diamond Value (US\$/c)
<b>INDICATED</b>							
Kundu	245-110masl	B(K1)	Indicated	200.000	3.4	680.000	194
Lando	245-110masl	C(L1)	Indicated	220.000	3.2	704.000	194
Lando	245-110masl	G(L2)	Indicated	100.000	2.5	250.000	194
Pandebu	245-110masl	KP1(A)	Indicated	60.000	0.8	48.000	182
Tonao D-1	200-060masl	T(D1)	Indicated	160.000	1.4	224.000	187
<b>TOTAL</b>			<b>INDICATED</b>	<b>740.000</b>		<b>1,906.000</b>	
<b>INFERRED</b>							
Kundu	245-110masl	various	Inferred	290.000	3.2	928.000	194
Lando	245-110masl	various	Inferred	270.000	2.8	756.000	194
Pandebu	245-110masl	various	Inferred	30.000	1.3	39.000	182
Kundu	110-0masl	various	Inferred	360.000	3.2	1,152.000	194
Lando	110-0masl	various	Inferred	470.000	2.8	1,316.000	194
Pandebu	110-0masl	various	Inferred	80.000	1.3	104.000	182
Tonao D-1	200-060masl	T(D2/D3)	Inferred	120.000	1.6	192.000	187
Tonao D-1	060 - -040masl	T(D1/2/3)	Inferred	280.000	1.6	448.000	187
Tonao D-1	-040- -200masl	T(D1/2/3)	Inferred	330.000	1.6	528.000	187
Panduma	360-230masl	A to E	Inferred	400.000	1.7	695.000	184
Panduma	250-150masl	A	Inferred	140.000	1.5	210.000	184
<b>TOTAL</b>			<b>INFERRED</b>	<b>2,770,000</b>		<b>6,368,000</b>	
<b>TOTAL</b>			<b>IND. &amp; INF.</b>	<b>3,510,000</b>		<b>8,274,000</b>	

**\*\* Refer to Resource Statement Announcement dated 27 January 2021.**

(Newfield confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 27 January 2021, and all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed).

### Health and Safety

Newfield continues to emphasise a focus on safety and risk mitigation in its operations and this has resulted in a total of 408 days without a single lost time injury (LTI) to the end of December 2020 (the last LTI on the Tongo Project was in November 2019). This is particularly pleasing to note in the context of the construction phase of the mine. The calculated lost-time injury frequency rate (LTIFR) for the Tongo Project stood at 0.7 at the end of the report period, with 1.2 million man hours having been worked since mine development commenced.

Post period to the end of February 2021 the LTIFR improved to 0.6, with 467 LTI free days having been recorded.

## 2. Kumbgo Kimberlite Project (Liberia – 90%)

Exploration work in the two licences in Liberia has so far led to the discovery of five kimberlites with numerous anomalies suggesting the presence of yet more undiscovered kimberlites. The analysis of mineral concentrate samples from two of the kimberlite discoveries within the Zoi reconnaissance licence reported high interest garnet mineral chemistry. The sample concentrates were collected by crushing pieces of kimberlite and manually concentrating the crushed and sieved rock to produce heavy mineral concentrates rich in kimberlitic indicator minerals such as ilmenite, garnet and chromite. These were sent to The MSA Group in South Africa for indicator mineral recovery and microprobe analysis of garnets at the University of Johannesburg. A total of 89 garnets from K4, and 10 garnets from K5 were recovered in the +0.5mm, -1.0mm fraction and analysed by electron microprobe.

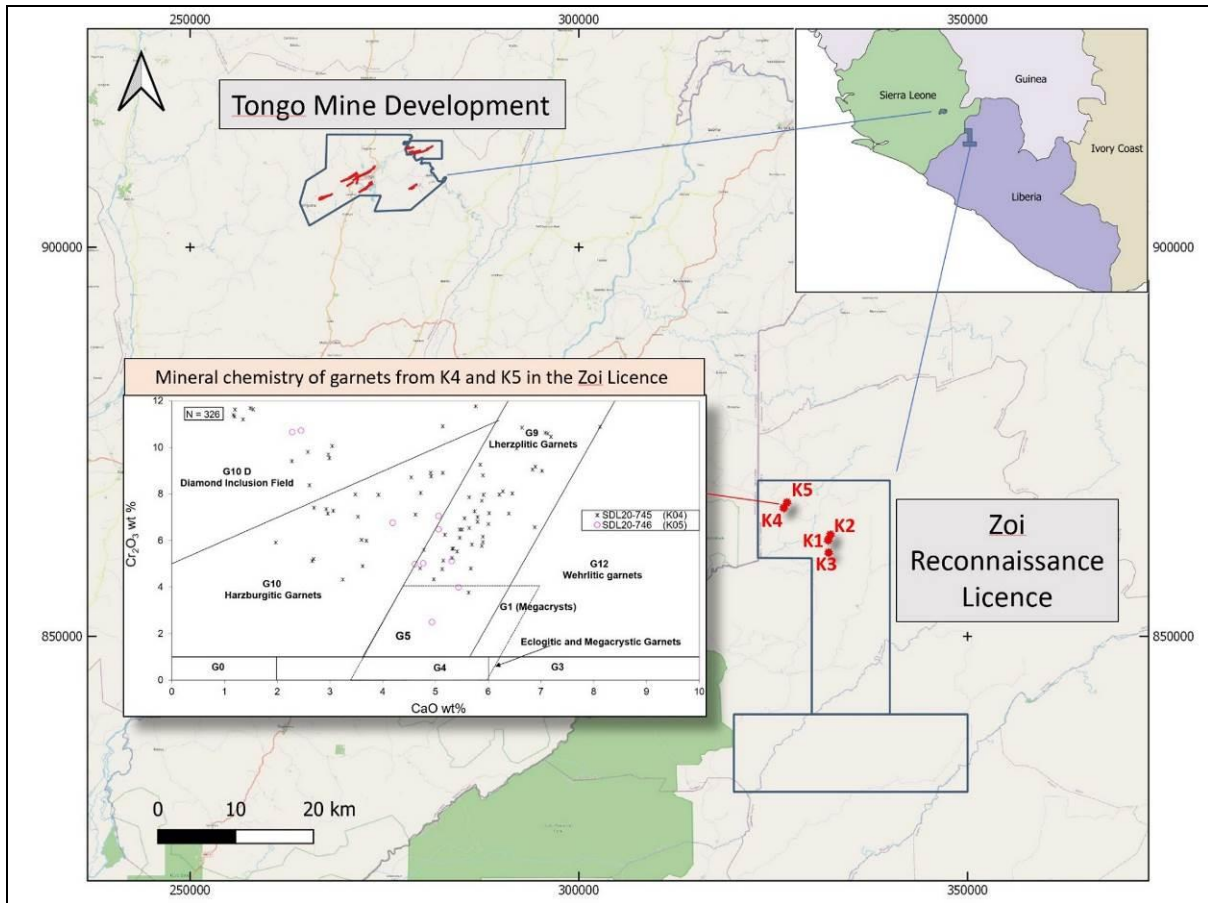
A total of 37 (42%) reported as G10 garnets, which is important because these garnets are known to have originated in the Earth's upper mantle at the same temperature and pressure conditions as diamond (Figure 7). This result is encouraging, and microdiamond samples have been collected from K4 for further processing to confirm whether the kimberlite is diamondiferous, and to establish a preliminary grade estimate.



## DIRECTORS' REPORT

Applications were submitted to extend the two licences, as allowed for by the Mining Code (2000), for a further two year period from February 2021, and these are currently under consideration by the Ministry of Mines. The two licences have been reduced in size from a combined 670 sq. kms to a combined 170sq. kms through the relinquishment of the areas considered to have low potential for diamonds and the retention of areas considered to have high potential for diamonds. The retained areas will be subject to further low cost-high impact exploration in order to identify high priority kimberlites for testing.

**Figure 7: Kumgbo Project and Garnet Mineral Chemistry**



### 3. Impairments

No impairments were recorded in the half year.

### 4. Corporate activities

During the half-year period the Group drew down bonds of \$8.6 million.

The Company issued performance rights to directors on 30 November 2020. Refer to Note 13.

## RESULTS

The Group incurred a loss of \$6,266,429 after income tax for the half-year (2019: \$9,702,664). Major expenditure items have been separately disclosed in the statement of profit or loss.

## DIRECTORS' REPORT

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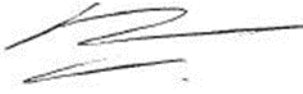
### COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Karl Smithson, Executive Director of Newfield and Chief Executive Officer of Newfield's subsidiary company Sierra Diamonds Limited, a qualified geologist and Fellow of the Institute of Materials, Metals, Mining, with 31 years' experience in the diamond and natural resources sector. Mr Smithson has sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Smithson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 23 and forms part of this Directors' report for the half-year ended 31 December 2020.

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



Anthony Ho

Executive Director

Dated at Perth, Western Australia this 16<sup>th</sup> day of March 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the half-year ended 31 December 2020**

	<b>Note</b>	<b>31 Dec 2020</b> \$	<b>31 Dec 2019</b> \$
Other income		11,310	140,686
Exploration and evaluation expenses		(771)	(298,447)
Corporate and administrative expenses		(999,314)	(800,259)
Share based payment expense	13	(24,972)	-
Fair value adjustments to financial liability	14	(4,976,658)	(8,387,544)
Foreign exchange gain		1,548,213	27,904
Finance income		1	191,647
Finance costs		(1,824,238)	(576,651)
<b>Loss before income tax</b>		<b>(6,266,429)</b>	<b>(9,702,664)</b>
Income tax expense		-	-
<b>Net loss for the half-year</b>		<b>(6,266,429)</b>	<b>(9,702,664)</b>
<b>Other comprehensive (loss)</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(7,220,295)	(232,112)
<b>Other comprehensive (loss) for the half-year, net of tax</b>		<b>(7,220,295)</b>	<b>(232,112)</b>
<b>Total comprehensive (loss) for the half-year</b>		<b>(13,486,724)</b>	<b>(9,934,776)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(6,266,352)	(9,701,193)
Non-controlling interest		(77)	(1,471)
		<b>(6,266,429)</b>	<b>(9,702,664)</b>
<b>Total comprehensive (loss) attributable to:</b>			
Owners of the Company		(13,487,043)	(9,933,334)
Non-controlling interest		319	(1,442)
		<b>(13,486,724)</b>	<b>(9,934,776)</b>
Basic loss per share (cents) for loss attributable to the ordinary equity holders of the Company:		(1.08)	(1.67)

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

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2020**

	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		41,475	1,002,547
Trade and other receivables		354,344	401,415
Inventory		599,202	259,983
Financial assets at amortised cost		2,865	3,340
Other current assets		550,802	226,875
<b>Total Current Assets</b>		<b>1,548,688</b>	<b>1,894,160</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		271,231	270,000
Property, plant and equipment	5	5,103,757	6,444,356
Development asset	7	69,744,095	69,925,518
Exploration and evaluation assets	8	25,687,488	28,647,924
<b>Total Non-Current Assets</b>		<b>100,806,571</b>	<b>105,287,798</b>
<b>TOTAL ASSETS</b>		<b>102,355,259</b>	<b>107,181,958</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,436,417	6,412,656
Employee benefits		57,519	62,802
Lease liability	6	709,433	766,307
Loans and borrowings	9	-	137,271
<b>Total Current Liabilities</b>		<b>7,203,379</b>	<b>7,379,036</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		10,988,409	12,316,622
Lease liability	6	716,842	1,205,841
Loans and borrowings	9	25,035,807	17,486,372
Financial liability at amortised cost	14	5,685,103	6,124,013
Financial liability at fair value through profit or loss	15	14,174,224	10,656,828
<b>Total Non-current Liabilities</b>		<b>56,600,385</b>	<b>47,789,676</b>
<b>TOTAL LIABILITIES</b>		<b>63,803,764</b>	<b>55,168,712</b>
<b>NET ASSETS</b>		<b>38,551,495</b>	<b>52,013,246</b>
<b>EQUITY</b>			
Contributed equity		102,090,022	102,090,022
Reserves		(4,747,670)	2,488,048
Accumulated losses		(58,787,616)	(52,521,264)
Non-controlling interest		(3,241)	(3,560)
<b>TOTAL EQUITY</b>		<b>38,551,495</b>	<b>52,013,246</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the half-year ended 31 December 2020**

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
<b>Balance as at 1 July 2019</b>	102,090,022	1,777,296	(42,595,285)	61,272,033	(1,239)	61,270,794
Loss for the half year	-	-	(9,701,193)	(9,701,193)	(1,471)	(9,702,664)
Other comprehensive income	-	(232,141)	-	(232,141)	29	(232,112)
<b>Total comprehensive loss for the half year</b>	-	(232,141)	(9,701,193)	(9,933,334)	(1,442)	(9,934,776)
<b>Balance as at 31 December 2019</b>	<b>102,090,022</b>	<b>1,545,155</b>	<b>(52,296,478)</b>	<b>51,338,699</b>	<b>(2,681)</b>	<b>51,336,018</b>
<b>Balance as at 1 July 2020</b>	102,090,022	2,448,048	(52,521,264)	52,016,806	(3,560)	52,013,246
Loss for the half year	-	-	(6,266,352)	(6,266,352)	(77)	(6,266,429)
Other comprehensive income	-	(7,220,690)	-	(7,220,690)	396	(7,220,294)
<b>Total comprehensive loss for the half year</b>	-	(7,220,690)	(6,266,352)	(13,487,042)	319	(13,486,723)
Recognition of share based payments	-	24,972	-	24,972	-	24,972
<b>Balance as at 31 December 2020</b>	<b>102,090,022</b>	<b>(4,747,670)</b>	<b>(58,787,616)</b>	<b>38,554,736</b>	<b>(3,241)</b>	<b>38,551,495</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the half-year ended 31 December 2020**

	31 Dec 2020 \$	31 Dec 2019 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(93,554)	(906,362)
Interest received	1	81,757
Interest paid	(1,334,916)	(426,320)
<b>Net cash (outflow) used in operating activities</b>	<u>(1,428,469)</u>	<u>(1,250,925)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation assets – capitalised costs	(145,942)	(3,430,277)
Payments for mine development	(7,410,479)	(8,693,538)
Payments for investment in financial assets at fair value through profit or loss	-	(750,000)
Distributions received from financial assets at fair value through profit or loss	10,079	19,638
Repayment of loan from other entities	-	6,700,000
<b>Net cash (outflow) used in investing activities</b>	<u>(7,546,342)</u>	<u>(6,154,177)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	8,606,247	9,600,000
Payment of borrowing costs	-	(975,200)
Repayment of borrowings/leases	(748,054)	(179,768)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>7,858,193</u>	<u>8,445,032</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(1,116,618)	1,039,930
<b>Cash and cash equivalents at the beginning of the half year</b>	1,002,547	491,413
Effects of exchange rate changes on cash and cash equivalents	155,546	(6,770)
<b>Cash and cash equivalents at the end of the half year</b>	<u><u>41,475</u></u>	<u><u>1,524,573</u></u>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the half-year ended 31 December 2020

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#### 1. REPORTING ENTITY

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

These consolidated financial statements comprise the Company and its subsidiaries (collectively the “Group” and individually “Group companies”). They were authorised for issue by the Board of Directors on 16 March 2021.

The annual financial report of the Group as at and for the financial period ended 30 June 2020 is available upon request from the Company’s registered office or may be viewed on the Company’s website, [www.newfieldresources.com.au](http://www.newfieldresources.com.au).

#### 2. BASIS OF PREPARATION

This interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2020 and considered together with any public announcements made by Newfield Resources Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

##### *Going concern*

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

The directors have prepared a cash flow forecast for the period to March 2022 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 the ability to adjust its development and exploration expenditure to conserve cash.
- The Company secured project funding by way of a bonds issue to develop the initial phase of the Project. As at 31 December 2020 the Company has drawn down A\$25.7m and has unused facility of approximately A\$15.2m available.
- The directors anticipate the support of its major shareholders and lenders and are confident in the Company’s ability to raise an appropriate level of funding to execute its plans and continue its activities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**2. BASIS OF PREPARATION (continued)**

*Current assessment of going concern*

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

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

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

The Company's auditors have referred to this section when completing their report on the Company's half year report.

*Adoption of new and revised Accounting Standards*

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new or amended standards has not resulted in any change to the entity's accounting policies.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

**3. ESTIMATES**

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

In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2020.

**4. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the financial year ended 30 June 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**5. PROPERTY, PLANT & EQUIPMENT**

	<b>Furniture &amp; fittings \$</b>	<b>Motor vehicles \$</b>	<b>Property, Plant &amp; equipment \$</b>	<b>Total \$</b>
<b>At 30 June 2020</b>				
Cost	63,538	591,847	8,795,614	9,450,999
Accumulated depreciation	(55,740)	(237,658)	(2,713,245)	(3,006,643)
Net book amount	<u>7,798</u>	<u>354,189</u>	<u>6,082,369</u>	<u>6,444,356</u>
<b>Half-year ended 31 December 2020</b>				
Opening net book amount	7,798	354,189	6,082,369	6,444,356
Exchange differences	-	(35,140)	(404,393)	(439,533)
Transfers	-	-	54,124	54,124
Depreciation charges	(1,370)	(49,048)	(904,772)	(955,190)
Disposals	-	-	-	-
Closing net book amount	<u>6,428</u>	<u>270,001</u>	<u>4,827,328</u>	<u>5,103,757</u>
<b>At 31 December 2020</b>				
Cost	59,408	528,023	8,165,519	8,752,950
Accumulated depreciation	(52,981)	(258,022)	(3,338,190)	(3,649,193)
Net book amount	<u>6,428</u>	<u>270,001</u>	<u>4,827,329</u>	<u>5,103,757</u>

	<b>31 Dec 2020 \$</b>	<b>30 Jun 2020 \$</b>
<b>6. LEASE LIABILITY</b>		
Current	709,443	766,307
Non current	716,842	1,205,841
Total	<u>1,426,285</u>	<u>1,972,148</u>
<b>Reconciliation of movements in the balance</b>		
Opening balance	1,972,148	-
Amounts recognised on transition	-	35,771
Additions	-	2,446,290
Less: amounts paid or payable	(614,120)	(979,224)
Interest	218,483	394,104
Foreign exchange movements	(150,226)	75,207
Closing balance at end of period	<u>1,426,285</u>	<u>1,972,148</u>

The right of use assets are disclosed as plant & equipment in Note 5.

**Reconciliation of movements in Right of Use Assets**

Opening balance	2,100,942	-
Amounts recognised on transition	-	35,771
Additions	-	2,446,290
Depreciation	(450,015)	(381,119)
Closing balance at end of period	<u>1,650,927</u>	<u>2,100,942</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

	31 Dec 2020 \$	30 Jun 2020 \$
<b>7. MINE PROPERTIES</b>		
Mine property development costs carried forward in respect of mine development	69,744,095	69,925,518
<b>Movements for half year ended 31 December</b>		
Carrying amount at beginning of period	69,925,518	-
Transfer from exploration and evaluation assets	-	47,948,678
Development expenditure	7,245,453	21,308,905
Capitalised depreciation from property, plant & equipment	-	946,111
Transfers to property, plant & equipment	(54,124)	(1,188,728)
Foreign exchange differences	(7,372,752)	910,552
Carrying amount at end of period	<b>69,744,095</b>	<b>69,925,518</b>

	31 Dec 2020 \$	30 Jun 2020 \$
<b>8. EXPLORATION AND EVALUATION ASSETS</b>		
Exploration, evaluation and development costs carried forward in respect of areas of interest	<b>25,687,488</b>	<b>28,647,924</b>
<b>Movements for half-year ended 31 December</b>		
Carrying amount at beginning of period	28,647,924	74,325,756
Exploration and evaluation expenditure	137,493	1,892,858
Exploration expenditure written off	-	(70,594)
Transfer to mine development	-	(47,948,678)
Foreign exchange differences	(3,097,929)	448,582
Carrying amount at end of period	<b>25,687,488</b>	<b>28,647,924</b>

Estimates and judgements

*Assumptions used to carry forward the exploration assets*

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

	31 Dec 2020 \$	30 Jun 2020 \$
<b>9. LOANS AND BORROWINGS</b>		
Bonds	25,721,780	18,269,865
Capitalised borrowing costs	(685,973)	(783,493)
	<b>25,035,807</b>	<b>17,486,372</b>

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**10. SEGMENT INFORMATION**

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

	Mine Development Africa \$	Mineral Exploration Australia \$	Mineral Exploration Africa \$	Corporate \$	Group \$
<b>Half-year ended 31 December 2020</b>					
Segment income	-	-	-	13,110	<u>13,110</u>
Segment result	(5,328,911)	-	(771)	(626,706)	<u>(5,956,388)</u>
<b>As at 31 December 2020</b>					
Segment assets	76,252,212	-	25,714,145	388,902	<u>102,355,259</u>
Segment liabilities	(28,311,582)	-	(7,023,664)	(28,468,518)	<u>(63,803,764)</u>
<b>Half-year ended 31 December 2019</b>					
Segment income	-	-	1,049	331,284	<u>332,333</u>
Segment result	-	(70,649)	(226,749)	(9,405,266)	<u>(9,702,664)</u>
<b>As at 30 June 2020</b>					
Segment assets	69,925,518	-	33,720,533	3,535,907	<u>107,181,958</u>
Segment liabilities	(27,316,645)	-	(7,872,642)	(19,979,425)	<u>(55,168,712)</u>

**11. COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies remain consistent with those disclosed in the 2020 annual report.

Exploration and project commitments	31 Dec 2020 \$	30 Jun 2020 \$
Payable within one year	2,004,197	2,296,327
After one year but not more than five years	9,270,198	10,753,121
More than five years	<u>17,833,402</u>	<u>22,651,241</u>
	<u>29,157,797</u>	<u>35,700,689</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**12. RELATED PARTY TRANSACTIONS**

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

	Transactions value for the half-year ended		Balance outstanding as at	
	31 Dec 2020 \$	31 Dec 2019 \$	31 Dec 2020 \$	30 June 2020 \$
Payment for secretarial services from Anthony Ho & Associates (director-related entity of Mr Anthony Ho)	-	30,000	-	16,500
Payment for consulting services from Omnia Corporate Pty Ltd (director-related entity of Mr Chris Burton)	9,144	9,844	53,033	-
Payment for administrative services provided by Mrs Sara Smithson (spouse of Mr Nicholas Karl Smithson)	714	5,732	-	-

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

Share-based payments consisting of performance rights were issued to directors. Refer to Note 13.

**13. SHARE BASED PAYMENTS**

At the annual general meeting held on 30 November 2020, shareholders approved the grant of 4,250,000 performance rights to the directors.

Holder	Class	Number	Grant Date	Probability	Expiry Date of milestone achievement	Fair value per right	Total Fair Value
Nicholas Karl Smithson	A	675,000	30/11/2020	100%	30/11/2023	\$0.23	\$155,250
	B	675,000	30/11/2020	100%	30/11/2023	\$0.23	\$155,250
Michael Lynn	A	550,000	30/11/2020	100%	30/11/2023	\$0.23	\$126,500
	B	550,000	30/11/2020	100%	30/11/2023	\$0.23	\$126,500
Anthony Ho	A	450,000	30/11/2020	100%	30/11/2023	\$0.23	\$103,500
	B	450,000	30/11/2020	100%	30/11/2023	\$0.23	\$103,500
Christopher Burton	A	450,000	30/11/2020	100%	30/11/2023	\$0.23	\$103,500
	B	450,000	30/11/2020	100%	30/11/2023	\$0.23	\$103,500

The performance rights were valued at 23 cents a share being the share price on approval date 30 November 2020. Vesting occurs at the end of the performance period dated 30 November 2023, if the following performance conditions are met:

- A) Upon announcement by the Company on the ASX market announcements platform that it has achieved
  - i. at least a further 250 metres of underground development on the Kundu kimberlite dyke (when compared to the underground development as at the date of the Meeting), with all associated underground electrical, pumping and rescue bay infrastructure fully incorporated; and
  - ii. the establishment of underground Level-1 development and return airway development on the Kundu kimberlite dyke.
- B) Upon announcement by the Company on the ASX market announcements platform that it has achieved
  - i. at least a further 250 metres of underground development on the Kundu kimberlite dyke (when compared to the underground development as at the date of the Meeting), with all associated underground electrical, pumping and rescue bay infrastructure fully incorporated;
  - ii. the establishment of underground Level-1 development and return airway development on the Kundu kimberlite dyke; and
  - iii. diamond production from the Kundu kimberlite dyke of not less than 5,000 carats.

A share-based payment expense of \$24,972 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**14. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

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

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	<b>\$</b>	<b>\$</b>
Financial liability	14,174,224	10,656,828
	<u>14,174,224</u>	<u>10,656,828</u>
<i>Reconciliation</i>		
Carrying amount at beginning of the period	10,656,828	4,262,094
Fair value adjustment	4,976,658	6,301,157
Foreign exchange differences	(1,459,262)	93,577
Carrying amount at end of the period	<u>14,174,224</u>	<u>10,656,828</u>

The following table gives the main assumptions made in determining the fair value of financial liability as at 31 December 2020. The valuation uses a number of inputs which are considered to be level 3 unobservable market data. Movements in the period were largely attributable to a change in discount rate. 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	%	20.09	Rate determined using external support for the risk free rate (Sierra Leone equity risk premium), and counterparty expected rate of return.

**15. FINANCIAL LIABILITY AT AMORTISED COST**

Contractual liability acquired through business combination	<u><b>5,685,103</b></u>	<u><b>6,124,013</b></u>
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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 Ocea Limited (together as "**Ocea 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 Ocea 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2020**

**16. FAIR VALUE MEASUREMENT**

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

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

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Australian listed equity securities	271,231	-	-	271,231
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Contingent liability (Note 14)	-	-	14,174,224	14,174,224
Financial liabilities at amortised cost				
- Contractual liability (Note 15)	-	-	5,685,103	5,685,103
			19,859,327	19,859,327

**Valuation techniques used to determine fair values**

The group has estimated the fair value of its Australian unlisted equity securities using recent market transaction prices and dealer quotes for identical assets. Refer to Note 14 for valuation of the financial liability.

**Transfers between levels 2 and 3 and changes in valuation techniques**

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

**17. EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 January 2021, the group announced an increase to the JORC-compliant Inferred Diamond Resource estimate of 910,000 carats for the Panguma kimberlite, which forms part of the Tongo Diamond Project. This brings the combined Indicated and Inferred Diamond Resources for the Tongo Project to 8.3 million carats.

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

## DIRECTORS' DECLARATION

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In the opinion of the Directors of Newfield Resources Limited:

- (a) the financial statements and notes set out on pages 10 to 21 are in accordance with the Corporations Act 2001, including:
- i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - ii. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
- (b) 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 the Directors.



Anthony Ho  
*Executive Director*

Perth, Western Australia  
16<sup>th</sup> March 2021

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

As lead auditor for the review of Newfield Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Phillip Murdoch**

**BDO Audit (WA) Pty Ltd**

Perth, 16 March 2021



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Newfield Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Newfield Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### **Responsibility of the directors for the financial report**

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

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**

BDO  
A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

**Phillip Murdoch**

**Director**

Perth, 16 March 2021