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ABN 98 153 219 848

ANNUAL REPORT

For the year ended 30 June 2019

CORPORATE DIRECTORY

DIRECTORS

Executive Director
Executive Director
Executive Director
Non-Executive Director

Mr Anthony Ho
Mr Michael Lynn
Mr Nicholas Karl Smithson
Mr Robert Ang

COMPANY SECRETARY

Mr Kim Hogg

REGISTERED OFFICE

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SOLICITOR

Bellanhouse
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58 Mounts Bay Road
PERTH WA 6000

AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

STOCK EXCHANGE

ASX Limited
Central Park
152-158 St George Terrace
PERTH WA 6000

ASX Code: NWF

BANKER

National Australia Bank
197 St Georges Terrace
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CONTENTS

	PAGE
Corporate Directory	1
Review of Activities	3
Directors' Report	8
Financial Statements	17
Directors' Declaration	55
Independent Auditor's Report	56
Auditor's Independence Declaration	60
Additional Information	61
Summary of Tenements	63

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REVIEW OF ACTIVITIES

Tongo Diamond Project (Sierra Leone)

Bulk sampling processing and diamond exports

During previous bulk sampling campaigns on the Tongo Project, samples of kimberlite were extracted from selected Lando, Kundu and Pandebu kimberlite bulk sample sites. This material comprised a highly diluted mixture of kimberlite, saprolite, country rock granite and overburden which had previously been stockpiled at the Tonguma camp. A total of some 2,170.50 carats were recovered from processing of the stockpiled bulk samples of the Kundu, Lando and Pandebu kimberlites.

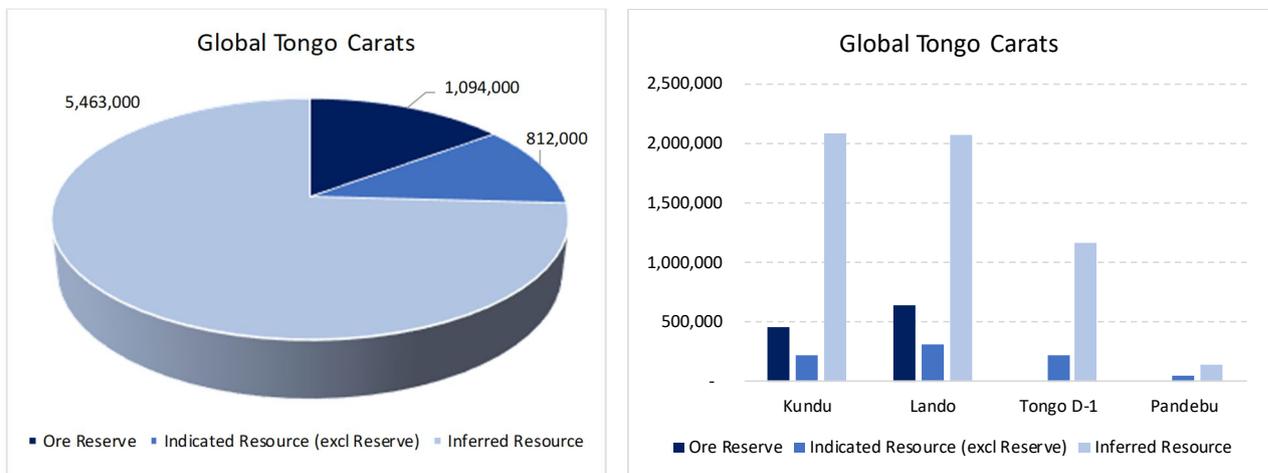
In 4Q 2018, two diamond parcels totalling approximately 1,626 carats (post acid cleaning) were exported to Antwerp for assortment and valuation, comprising Lando (958.33cts), Kundu (300.19cts) and Pandebu (367.33cts) stones. This brought the total bulk sample parcel from the Tongo Project to 9,796.5cts. These parcels contain an unusually high proportion of “collection goods” (D to G colours), including 48% in the case of Lando, which is particularly encouraging. All diamonds exported are fully Kimberley Process Certified and all required taxes and royalties were paid to the Government of Sierra Leone upon export.

Front End Engineering and Design (FEED) Study Overview

The FEED Study was completed by lead consultants Paradigm Project Management (PPM) in April 2019. Other key contributors to components of the FEED Study included MPH Consulting, Z-Star Mineral Resource Consultants, SRK Consulting and Datamine. This section should be read in conjunction with the announcement “Tongo Ore Reserves and FEED Study Outcomes” dated 9th May 2019.

Alongside the FEED Study, an initial Ore Reserve estimate was undertaken for portions of the Indicated Resource of the Kundu and Lando kimberlite dykes within the Tongo Mine development (these total approx. 1.1 Mct, +1.18mm cut-off). These dykes are the first kimberlites targeted for commercial production and the Ore Reserve lies at the shallower levels of the dykes. The considerable body of Indicated and Inferred Resources at the Kundu, Lando, Tongo Dyke-1 and Kpandebu kimberlites (totalling approx. 5.5 Mct, +1.18mm cut-off) exclusive of the Ore Reserves) remains capable of potential conversion to Ore Reserves upon future upgrade to their current levels of confidence.

Figure 1: Global Tongo carat classification (Reserves at +1.18mm cut-off, Resources at +1.00mm)



For internal planning purposes, the FEED Study produced a detailed life-of-mine schedule comprising Ore Reserves, Indicated Mineral Resources not yet considered for conversion to Ore Reserves, and Inferred Mineral Resources, together comprising the global resource inventory of the Kundu, Lando and Tongo Dyke-1 kimberlites. Within this schedule, Ore Reserves are naturally at shallower depths and expected to be mined preferentially in earlier years of the schedule.

In accordance with the current regulatory framework, the FEED Study results which were announced outline a life-of-mine schedule, production forecasts, and capital and operating cost estimates restricted to solely Ore Reserves. Newfield confirms that the technical and economic viability of the Tongo Mine development is based solely on Ore Reserves. However, Newfield has also considered the potential to substantially expand and extend the project through the upgrade and conversion of current and potential future Mineral Resources.

REVIEW OF ACTIVITIES

Ore Reserve Estimate

An initial Probable Ore Reserve estimate of 1.1 Mcts (+1.18 mm cut-off) has been estimated for the Kundu and Lando dykes. This estimate is based on material classified as Indicated Mineral Resources with dilution and mining losses applied. Consideration of all JORC modifying factors supported the declaration of an Ore Reserve estimate.

Table 1: Ore Reserve estimate for Kundu and Lando kimberlite dykes (+1.18 mm bottom size cut-off)

Kimberlite dyke	Classification	Tonnes (Mt)	Diluted grade (cpt)	Carats (Mcts)	Diamond value (US\$/ct)
Kundu	Probable	0.496	0.92	0.457	222
Lando	Probable	0.589	1.08	0.637	222
TOTAL	PROBABLE	1.085	1.00	1.093	222

Notes: All Ore Reserve estimates are reported on a 100% basis and assume extraction by underground mining methods. The reference point for the definition of Ore Reserves is at point of delivery to the process plant.

Figure 2: Tongo rough diamond export parcels (recovered from processing of stockpiled bulk sample material from Kundu, Lando and Kpandebu in 2018; see Newfield ASX release dated 15 January 2019)



Box Cut Blasting

Based on the detailed engineering design and mine plan for Tongo, a single portal entrance has been designed to access the high-grade Kundu and Lando kimberlites. (Figure 3) This entrance is situated at a site on the side of a hill that is located between the two kimberlites. A box cut in the hill side has been designed to enable the portal access to be established.

The drilling, blasting and excavation of the box cut has been completed. Five blasts were undertaken in total and some 52,000 cubic metres of blasted granite have been removed to the waste dump stockpile, where Newfield has recently established a crushing plant to produce aggregate for the mine construction. The box cut is now at the elevation required based on the geotechnical studies to ensure that the 6m x 4m portal entry for the decline to access both the Kundu and Lando kimberlites can be drilled and blasted. A consulting rock engineer has visited the site and undertaken a geotechnical study to make recommendations on the required support for the box cut and the initial development of the portal and decline to ensure a safe working environment.

REVIEW OF ACTIVITIES

Figures 3 & 4: Photos of Box Cut Development



Panguma Kimberlite Resource Drilling

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 Tongo Mine Development, including the Panguma kimberlite which is located in the west of the Tongo 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.*

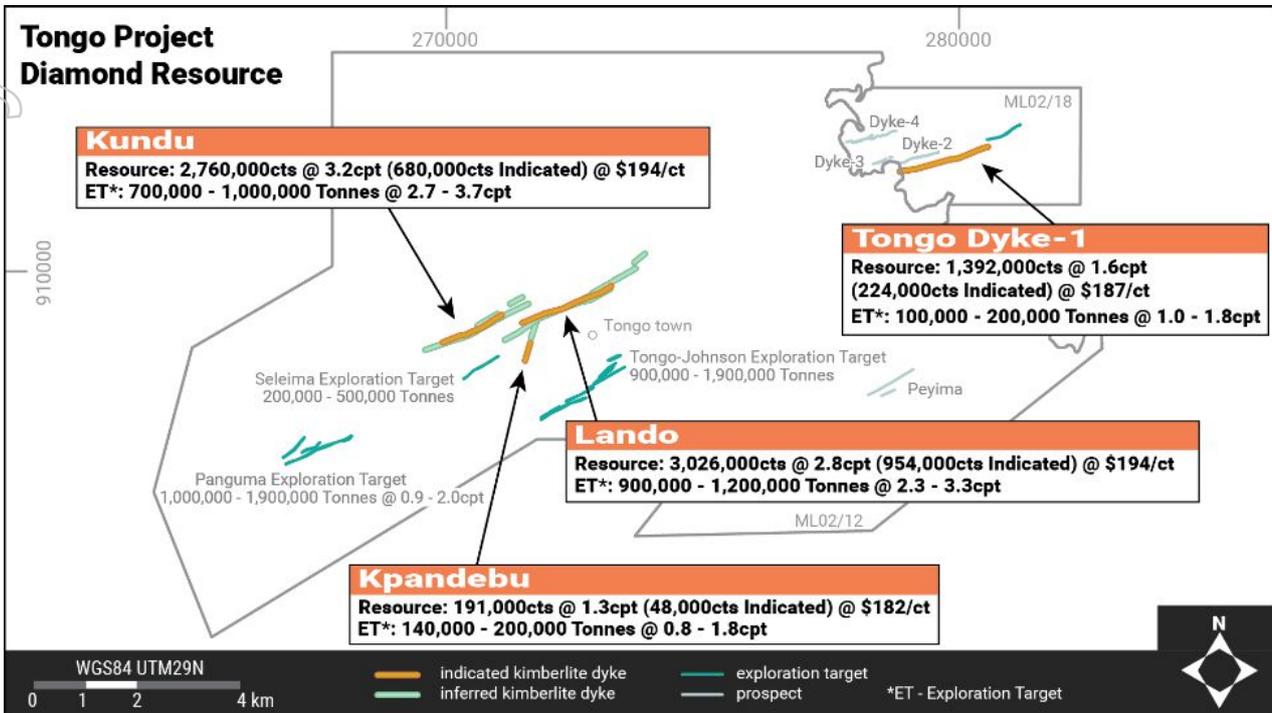
Drilling, using an in-house diamond drill rig, has commenced on the Panguma kimberlite to provide a better density of drilling along strike of the kimberlite. So far seven holes (for 507m) have been drilled to approximately 80m depth each and all have intersected the Panguma kimberlite. Furthermore, samples of kimberlite drill core and rock samples from the previous drilling and bulk sampling programmes have been consigned to the Saskatchewan Research Council Geoanalytical Laboratories (SRC) in Canada for microdiamond recovery by caustic fusion.

The objective of this additional drilling and evaluation work is to enable a JORC compliant inferred resource to be declared for the Panguma kimberlite, which can in turn increase the overall JORC resource of the Tongo Mine Development.

** 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.*

REVIEW OF ACTIVITIES

Figure 5: Tongo Diamond Resources and Exploration Targets (at a +1.0mm cut off)



Project Funding and FID

Following completion and release of the FEED Study, and subsequent to the end of the year, the board of Newfield resolved to adopt a positive Financial Investment Decision (FID) for Tongo. The FID is aligned with the successful completion of agreements to raise approximately US\$30.5m by way of the issue of unlisted, unsecured corporate bonds. The positive FID and funding agreements has enabled the commencement of mine development at Tongo. Further details of the funding agreements are outlined in Note 35 Subsequent Events to this Financial Report.

Kumbgo Kimberlite Project (Liberia)

The Kumbgo 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.

A number of kimberlitic indicator minerals have been selected for microprobe analysis. A detailed follow up programme will be designed and anomalies prioritized in order to isolate areas that potentially host as yet undiscovered kimberlites.

The two licences were renewed for a further two-year period, expiring in February 2021.

REVIEW OF ACTIVITIES

Allotropes Alluvial Diamond Project (Sierra Leone)

The project was placed on care and maintenance in December 2018.

A total of 269.69ct of diamonds were sold in March 2019 at an average value of US\$470/ct.

Newfield Gold Project

The Newfield gold project comprises two licences in Western Australia. In the June 2019 quarter Newfield announced that an option agreement had been signed with Syndicated Minerals Limited (ASX:SMD) to allow Syndicated to earn up to an 85% interest in the Newfield gold project. A cash consideration of A\$50,000 has been paid to Newfield and Newfield has been issued 30 million shares and 10 million options (exercisable at A\$0.03 each) in Syndicate.

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DIRECTORS' REPORT

*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 2019 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 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 Lynn will retire by rotation and will be seeking re-election by shareholders at the 2019 Annual General Meeting.

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 Smithson will be seeking re-election by shareholders at the 2019 Annual General Meeting.

Mr Robert Ang

Non-Executive Director – appointed 30 January 2018

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.

DIRECTORS' REPORT

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	-	-
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	522,000	1,500,000
N K Smithson (appointed 7 November 2018)	3,904,359	-
R Ang	7,413,922	-

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	Attended
A Ho	4	4
M Lynn	4	4
N K Smithson (appointed 7 November 2018)	3	3
R Ang	4	4

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 mineral exploration.

DIRECTORS' REPORT

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 \$2,446,019 after income tax for the financial year (2018: loss of \$27,451,951) which included an impairment loss on exploration and evaluation assets of \$3,256,246 (2018: \$25,875,775). The impairment loss was recognised on the Group's gold exploration projects in Western Australia and the Allotropes diamond exploration project in Sierra Leone, as the Group shifts its focus to the development of the Tongo Project in Sierra Leone.

As at 30 June 2019 the Group had net assets of \$61,270,794 (2018: \$63,716,812) including cash and cash equivalents of \$491,413 (2018: \$14,970,438).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No shares or options were issued during the year.

Total shares on issue at 30 June 2019 are 581,299,552 (2018: 581,299,552).

LIKELY DEVELOPMENTS

The Group will continue to pursue its principal activity of mineral exploration, in particular, in its diamond project in Sierra Leone. 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.

DIRECTORS' REPORT

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

On 25 July 2019 the Group announced the decision to mine with the execution of binding agreement to issue two tranches of unlisted, unsecured corporate bonds to entities associated with existing significant shareholders. The bonds total up to approximately US \$30.5 million in 2 tranches and the terms of the bonds are outlined in Note 35 Subsequent Events to this Financial Report.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED

The remuneration report for the year ended 30 June 2019, 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 (appointed 7 November 2018)
Mr Robert Ang	Non-executive Director

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.

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (continued)

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. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options 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.

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 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.

There were no performance related remuneration transactions during the financial year.

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

	2019	2018	2017	2016	2015
Net loss for the year	\$6,458,879	\$27,451,951	\$1,399,735	\$4,188,563	\$1,522,992
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	\$0.04	(\$0.18)	(\$0.05)	(\$0.49)	\$0.61
Share price at beginning of the period	\$0.17	\$0.35	\$0.40	\$0.89	\$0.28
Share price at end of the period	\$0.21	\$0.17	\$0.35	\$0.40	\$0.89
Loss per share	1.11 cents	9.04 cents	0.62 cents	2.17 cents	0.95 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 2018 Annual General Meeting ('AGM')

At the 2018 AGM, more than 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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**
A Ho <i>Executive Director</i>	12 months fixed term	3 months	AUD144,984	3 months
M Lynn <i>Executive Director</i>	12 months fixed term	3 months	USD180,000	3 months
N K Smithson <i>Executive Director</i>	12 months fixed term	6 months	GBP150,000	6 months
R Ang <i>Non-Executive Director</i>	12 months fixed term	-	AUD24,000	-

DIRECTORS' REPORT

* 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 2019

		SHORT-TERM		POST-EMPLOYMENT	SHARE-BASED PAYMENTS	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Annual Leave	Superannuation benefits	Options			
		\$	\$	\$	\$	\$	%	%
Directors								
<i>Non-executive</i>								
Mr R Ang ¹	2019	24,000	-	-	-	24,000	-	-
	2018	10,065	-	-	-	10,065	-	-
Mr S Jahja ²	2019	-	-	-	-	-	-	-
	2018	13,935	-	-	-	13,935	-	-
<i>Executive</i>								
Mr A Ho	2019	144,984	-	-	-	144,984	-	-
	2018	99,000	(1,663)	-	-	97,337	-	-
Mr M Lynn	2019	251,658	-	-	-	251,658	-	-
	2018	239,058	(1,834)	-	-	237,224	-	-
Mr N K Smithson ³	2019	278,166	-	-	-	278,166	-	-
	2018	-	-	-	-	-	-	-
Total, all KMPs	2019	698,808	-	-	-	698,808	-	-
	2018	362,058	(3,497)	-	-	358,561	-	-

1. Appointed 30 January 2018
2. Resigned 30 January 2018
3. Appointed 7 November 2018

Share-based remuneration

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

A total of 2,400,000 options over ordinary shares were granted in the previous financial years, all of which vested immediately. None of these options were exercised or forfeited 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 \$60,000 (2018: \$60,000).

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 during the financial year relating to these transactions was \$4,875 (2018: Nil).

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED (continued)

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 2018	Held at date of appointment	Acquired during the year	Held at 30 June 2019
Mr A Ho	-	-	-	-
Mr M Lynn	522,000	-	-	522,000
Mr N K Smithson ¹	-	3,904,359	-	3,904,359
Mr R Ang	7,238,922	-	175,000	7,413,922

1. Appointed 7 November 2018

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 2018	Held at date of appointment	Change during the year	Held at 30 June 2019	Vested during the year	Vested and exercisable at 30 June 2019
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 ¹	-	-	-	-	-	-
Mr R Ang	-	-	-	-	-	-

1. Appointed 7 November 2018

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.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF AUDITORS

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:

	2019 \$	2018 \$
Services other than audit and review of financial statements:		
Tax compliance services	8,600	19,983
Total remuneration for non-audit services	8,600	19,983

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 60 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 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Other income	7	930,259	254,347
Exploration and evaluation expenses		(274,298)	(570,422)
Corporate and administrative expenses	7	(1,078,026)	(866,003)
Business combination costs	24	-	(316,557)
Exploration and evaluation assets written off	15	-	401
Impairment losses on exploration and evaluation assets	15	(3,256,246)	(25,875,775)
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		(496,307)	-
Finance costs		(486,248)	(77,942)
Loss before income tax		(6,458,879)	(27,451,951)
Income tax benefit / (expense)	8	-	-
Net loss after income tax for the year		(6,458,879)	(27,451,951)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences	21	4,012,860	1,413,701
Other comprehensive income for the year, net of tax		4,012,860	1,413,701
Total comprehensive loss for the year		(2,446,019)	(26,038,250)
Loss attributable to:			
Owners of the Company		(6,457,602)	(27,451,951)
Non-controlling interest		(1,277)	-
		(6,458,879)	(27,451,951)
Total comprehensive loss attributable to:			
Owners of the Company		(2,444,714)	(26,038,250)
Non-controlling interest		(1,305)	-
		(2,446,019)	(26,038,250)
Basic loss per share (cents)	27	(1.11)	(9.04)

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 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	9	491,413	14,970,438
Trade and other receivables	10	373,407	46,410
Inventory	11	107,620	204,182
Financial assets at amortised cost	12	6,747,593	7,066,171
Other current assets	13	517,438	309,930
Total Current Assets		8,237,471	22,597,131
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss		30,196	-
Property, plant & equipment	14	4,073,912	6,627,001
Exploration and evaluation assets	15	74,325,756	57,612,303
Total Non-Current Assets		78,429,864	64,239,304
TOTAL ASSETS		86,667,335	86,836,435
CURRENT LIABILITIES			
Trade and other payables	16	3,457,280	3,541,786
Employee benefits	18	38,537	86,286
Loans and borrowings	17	47,150	15,593
Total Current Liabilities		3,542,967	3,643,665
NON-CURRENT LIABILITIES			
Income tax payable		32,896	32,772
Deferred tax liabilities	8	12,052,013	11,186,216
Financial liability at amortised cost	19	5,506,571	4,761,711
Financial liability at fair value through profit or loss	25	4,262,094	3,495,259
Total Non-Current Liabilities		21,853,574	19,475,958
TOTAL LIABILITIES		25,396,541	23,119,623
NET ASSETS		61,270,794	63,716,812
EQUITY			
Contributed equity	20	102,090,022	102,090,022
Reserves	21	1,777,296	(2,235,593)
Accumulated losses	22	(42,595,285)	(36,137,683)
Non-controlling interest		(1,239)	66
TOTAL EQUITY		61,270,794	63,716,812

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 2019

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
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)
<i>Transactions with equity holders in their capacity as equity holders:</i>						
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
Balance at 30 June 2017	38,964,752	(3,849,294)	(8,685,732)	26,429,726	66	26,429,792
Loss for the year	-	-	(27,451,951)	(27,451,951)	-	(27,451,951)
Other comprehensive income/(loss)	-	1,413,701	-	1,413,701	-	1,413,701
Total comprehensive loss for the year	-	1,413,701	(27,451,951)	(26,038,250)	-	(26,038,250)
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Issue of ordinary shares, net of transaction costs	63,325,270	-	-	63,325,270	-	63,325,270
Underwriting fees settled by issue of options	(200,000)	200,000	-	-	-	-
Balance at 30 June 2018	102,090,022	(2,235,593)	(36,137,683)	63,716,746	66	63,716,812

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 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,165,627)	(3,712,646)
Interest received		630,809	113,830
Interest paid		(4,717)	(2,235)
Net cash (outflow) from operating activities	30	<u>(539,535)</u>	<u>(3,601,051)</u>
Cash flows from investing activities			
Payments for investment in financial assets at fair value through profit or loss		(1,900,000)	-
Distributions received from financial assets at fair value through profit or loss		120,169	-
Proceeds from disposal of financial assets at fair value through profit or loss		1,900,000	-
Proceeds from farm out arrangement		50,000	-
Proceeds from disposal of property, plant and equipment		50,838	20,941
Payments for purchase of property, plant and equipment		(111,848)	(99,269)
Payments for exploration and evaluation assets – capitalised costs		(14,692,727)	(8,764,032)
Proceeds from sales of diamonds from exploration activities		174,104	612,704
Loans advanced to other entities	12	(3,400,000)	(10,837,740)
Loan repayment from other entity	12	3,700,000	1,500,000
Net cash (outflow) from investing activities		<u>(14,109,464)</u>	<u>(17,567,396)</u>
Cash flows from financing activities			
Proceeds from the issue of share capital	20	-	40,034,750
Payments of share issue costs		-	(580,618)
Proceeds from borrowings	31	128,527	30,362
Repayment of borrowings	31	(96,970)	(4,445,408)
Net cash inflow from financing activities		<u>31,557</u>	<u>35,039,086</u>
Net increase/(decrease) in cash and cash equivalents		(14,617,442)	13,870,639
Cash and cash equivalents at 1 July		14,970,438	1,068,249
Effects of exchange rate changes on cash and cash equivalents		138,417	31,550
Cash and cash equivalents at 30 June	9	<u>491,413</u>	<u>14,970,438</u>

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2019

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 2019.

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 2020 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 \$491,413 as at 30 June 2019 (30 June 2018: \$14,970,438).
- The Company has the ability to adjust its development expenditure to conserve cash.
- Subsequent to balance date, the Company secured project funding by way of a bonds issue totalling approximately US\$30.5m (refer Note 35) to develop the initial phase of the Project.
- Subsequent to 30 June 2019, the Company has received repayments totalling \$4.3m from loans advanced to other entities.
- 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.

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. Subsequent to balance date, the Company has secured its initial project funding by way of a bonds issue totalling approximately US\$30.5m (refer Note 35). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2019

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 23 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 balance sheet 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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

From 1 July 2018, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

From 1 July 2018, 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.

Mining assets

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2019

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 24 for details). The liability for royalty payments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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 the its development and or exploration assets.

Interest

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

Leases

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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

The Group did not have to make any retrospective adjustments as a result of adopting these standards. The adoption of AASB 15 did not have any material impact on the Group's accounting policies. The impact of adoption of AASB 9 and the new accounting policies are disclosed in Note 34.

New accounting standards and interpretations that are not yet mandatory

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have not been applied in preparing this financial report:

(i) AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 removes the classification of lease as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. An entity will be required to recognise a lease liability and a right of use of asset in the statement of financial position for most leases. Lessor accounting remains similar to current practice. Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, the impact is not expected to be material.

(ii) AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle Amendments - Disclosure Initiative: Amendments to AASB 3, 112 and 123

This standard and the amendments are applicable to annual reporting periods beginning on or after 1 January 2019 and an entity will be required to clarify if the entity remeasures its previously held interest in a joint operation when it obtains control of the business in a business combination, to clarify income tax consequences of payments on financial instruments classified as equity and that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Consolidated Entity is yet to fully assess the impact of this standard.

(iii) AASB Interpretation 23, and relevant amending standards - Uncertainty over Income Tax Treatments

This standard and the amendments are applicable to annual reporting periods beginning on or after 1 January 2019 and the Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The Consolidated Entity is yet to fully assess the impact of this interpretation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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:

	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	491,413	14,970,438
Trade and other receivables	373,408	46,410
Financial assets at amortised cost	6,747,593	7,066,171
Financial assets at fair value through profit or loss	30,196	-
	7,642,610	22,083,019
Financial liabilities		
Trade and other payables	3,457,280	3,541,786
Loans and borrowings	47,150	15,593
Financial liabilities at amortised cost	5,506,571	4,761,711
Financial liabilities at fair value through profit or loss	4,262,094	3,495,259
	13,273,095	11,814,349

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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	
	2019 \$	2018 \$	2019 \$	2018 \$
US dollars	399,950	900,124	11,219,464	11,132,111
British pound	1,123	37,095	22,801	226,496
Euro	-	-	-	5,043
South African rand	-	-	4,334	153,862
Sierra Leonean leone	31,603	83,122	294,603	106,518
	<u>432,676</u>	<u>1,020,341</u>	<u>11,541,202</u>	<u>11,624,030</u>

The Group had net monetary liability denominated in foreign currencies of \$11,108,526 (assets \$432,676 less liabilities \$11,542,202) as at 30 June 2019 (2018: net liability of \$10,603,689). Based on this exposure, had the Australian dollar strengthened/weakened by 10% (2018: 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 \$1,110,853 higher/lower (2018: \$1,060,369 higher/lower) and equity would have been \$1,110,583 lower/higher (2018: \$1,060,369 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 2019 was \$156,045 (2018: gain of \$18,428).

Cash flow and interest rate risk

Apart from the term deposits held at fixed rates and loan receivable (7% fixed rate), 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:

	2019 \$	2018 \$
Variable rate instruments		
Cash at bank	212,023	10,918,220
Fixed rate instruments		
Loans to other entities (Note 12)	6,700,000	7,000,000
Loans and borrowings (Note 17)	(47,150)	(15,593)
	<u>6,864,873</u>	<u>17,902,627</u>

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 \$2,120 (2018: \$109,182), 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, diamonds and base metals. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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:

	2019	2018
	\$	\$
Cash at bank	491,413	14,970,438
Other receivables	7,121,001	7,112,581
	7,612,414	22,083,019

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:

	Counterparties with external credit rating ¹ AA-(S&P)	Other third parties without external credit rating No default	Total
Credit quality of financial assets			
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
At 30 June 2018			
Cash at bank ²	13,950,094	1,020,344	14,970,438
Other receivables from once-off transactions with third parties ³	-	7,112,581	7,112,581
	13,950,094	8,132,925	22,083,019

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

From 1 July 2018, 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 (2018: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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 on an undiscounted basis, 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 \$
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)	-
2018					
Trade and other payables	3,541,786	(3,541,786)	(3,541,786)	-	-
Loans and borrowings	15,593	(16,087)	(16,087)	-	-
Other non-current payables	8,256,970	(14,168,133)	-	(14,168,133)	-
	11,814,349	(17,726,006)	(3,557,873)	(14,168,133)	-
				2019	2018
				\$	\$

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	70,196	55,000
Network firms of BDO Audit (WA) Pty Ltd	73,698	39,838
Other auditors	-	59,855
Audit and review of financial statements	143,894	154,693

Other Services

Auditors' related practice – BDO Corporate Tax (WA) Pty Ltd - in relation to taxation services	8,600	6,630
Network firms of BDO Audit (WA) Pty Ltd - in relation to taxation services		13,353
	8,600	19,983

7. REVENUE, OTHER INCOME AND CORPORATE AND ADMINISTRATIVE EXPENSES

Other income

Interest income	573,850	220,412
Gain on sale of assets	80,196	15,507
Distribution income	120,169	-
Foreign exchange gain	156,044	18,428
	930,259	254,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

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

	2019	2018
	\$	\$
Corporate and administrative expenses include the following specific expenses:		
(a) Depreciation		
Furniture & Fittings	5,198	3,525
(b) Employee benefits expenses		
Wages and salaries	14,082	110,284
	14,082	110,284
(c) Occupancy expenses	14,033	189,676

8. INCOME TAX

(a) Income tax expense

Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>

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

Loss before income tax expense	(6,458,879)	(27,451,951)
Income tax benefit calculated at rates at 30% (2018:27.5%)	(1,937,663)	(7,549,287)
Effect of non-deductible items	580,033	203,257
Timing difference and tax losses not recognised	1,351,134	7,915,608
Differences in tax rate of subsidiaries operating in other jurisdictions	6,496	(569,578)
Income tax expense	<u>-</u>	<u>-</u>

(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	3,475,455	2,984,474
Capital raising costs	68,722	130,303
Provisions and accruals	10,615	18,866
Other	7,918,764	6,724,133
	<u>11,473,556</u>	<u>9,857,776</u>

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	-	-
	<u>-</u>	<u>-</u>

(d) Deferred tax liabilities recognised

Exploration and evaluation assets (Note 24)	12,052,013	11,186,216
	<u>12,052,013</u>	<u>11,186,216</u>

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<u>491,413</u>	<u>14,970,438</u>
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The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
10. TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	6,053	7,211
Sundry debtors	367,355	39,199
	373,408	46,410

There was no expected credit loss booked to trade and other receivables for the financial year (2018: 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	107,620	204,182
	107,620	204,182

The Group carries its inventory at the lower of cost and net realisable value. An impairment loss of \$138,177 was booked to inventory for the financial year as a result of writing down the inventory to its net realisable value (2018: nil).

12. FINANCIAL ASSETS AT AMORTISED COST (30 JUNE 2018: TRADE AND OTHER RECEIVABLES)

Current		
Loans to other entities	(i) 6,700,000	7,000,000
Interest receivable	38,548	56,959
Loans/cash advance to employees	9,045	9,212
	6,747,593	7,066,171

(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 Group received a total of \$4,300,000 in cash subsequent to 30 June 2019. The remaining balance of loans had their repayment terms extended to 31 October 2019.

The Company has reviewed the financial information available to its Counterparty to the loan as at the date of this report and has assessed that the loan is fully recoverable. The counterparty is currently finalising its refinancing activities and is expects to repay the loan within the next month.

There was no expected credit loss booked to financial assets at amortised cost for the financial year (2018: 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	123,758	84,759
Prepaid rent	18,852	149,197
Staff salary advance	135	1,534
Other advance payment to suppliers and contractor	374,693	74,440
	517,438	309,930

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
14. PROPERTY, PLANT & EQUIPMENT		
Furniture & fittings – at cost	62,716	150,632
Less: Accumulated depreciation	<u>(52,177)</u>	<u>(107,625)</u>
	10,539	43,007
Motor vehicles – at cost	209,723	614,413
Less: Accumulated depreciation	<u>(185,535)</u>	<u>(443,405)</u>
	24,188	171,008
Plant & equipment – at cost	5,522,658	7,785,156
Less: Accumulated depreciation	<u>(1,483,473)</u>	<u>(1,514,955)</u>
	4,039,185	6,270,201
Capital spares	-	13,880
Capital work in progress	-	128,905
	<u>4,073,912</u>	<u>6,627,001</u>

Reconciliations of carrying amount	Furniture & Fittings \$	Motor vehicles \$	Plant & equipment \$	Capital spares & WIP \$	Total \$
Balance at 1 July 2017	51,047	226,392	2,761,433	131,909	3,170,781
Acquired in business combination (Note 24)	1,281	11,288	3,648,674	-	3,661,243
Additions	15,650	33,039	135,708	6,550	190,947
Disposals	(1,506)	(5,818)	(99,257)	(584)	(107,165)
Depreciation	(24,906)	(102,568)	(358,784)	-	(486,258)
Foreign exchange differences	1,441	8,675	182,427	4,910	197,453
Balance at 30 June 2018	<u>43,007</u>	<u>171,008</u>	<u>6,270,201</u>	<u>142,785</u>	<u>6,627,001</u>
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	<u>10,539</u>	<u>24,188</u>	<u>4,039,185</u>	<u>-</u>	<u>4,073,912</u>

*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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
15. EXPLORATION AND EVALUATION ASSETS		
Exploration and evaluation costs carried forward in respect of areas of interest	74,325,756	57,612,303
Reconciliation		
Carrying amount at beginning of the year	57,612,303	20,300,092
Exploration and evaluation	13,077,871	10,213,977
Sale of diamonds from exploration activities	(174,104)	(314,766)
Exploration and evaluation assets acquired through business combination (Note 24)	-	52,250,897
Exploration and evaluation assets written off (Australian gold project)	-	401
Impairment loss (Australian gold projects and Allotropes diamond project)	(3,256,246)	(25,875,775)
Foreign exchange differences	7,065,931	1,037,478
Carrying amount at end of the year	74,325,756	57,612,303

The value of the exploration and evaluation costs carried forward is dependent upon the continuance of the Group's rights to tenure of the areas of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale. On completion of impairment testing of the exploration and evaluation assets, the Group has made a decision to fully impair the carrying value of the Allotropes diamond exploration project in Sierra Leone. The Group is not planning any substantive expenditure on this project in the foreseeable future. In the absence of any offers, it also cannot determine the value that it may ultimately recover from any farm-out or joint venture arrangements and has therefore made the decision to fully impair the carrying value of this project for financial reporting purposes. As a result, an impairment loss of \$3,078,709 (2018: \$24,451,393) was recognised on the Allotropes diamond exploration project in Sierra Leone.

16. TRADE AND OTHER PAYABLES

Trade creditors and accruals	3,457,280	3,541,786
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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.

17. LOANS & BORROWINGS

Insurance premium funding	47,150	15,593
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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 4.75% (2018: 5.97%) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
18. EMPLOYEE BENEFITS		
Provision for annual leave entitlements	12,359	8,010
Provision for employment termination benefits	26,178	78,276
	<u>38,537</u>	<u>86,286</u>

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.

19. FINANCIAL LIABILITIES AT AMORTISED COST

Contractual liability acquired through business combination	<u>5,506,571</u>	<u>4,761,711</u>
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During the previous 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. Refer to Note 24 for further details of non-current payables acquired through the business combination.

The fair value of this non-current liability was based on discounted cash flows using an estimated current borrowing rate of 10% (2018: 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 \$481,530 (2018: \$75,707). The Group's exposure to various risks associated with other non-current payables are disclosed in Note 5.

20. CONTRIBUTED EQUITY

581,299,552 fully paid ordinary shares (2018: 581,299,552 fully paid ordinary shares)	<u>102,090,022</u>	<u>102,090,022</u>
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(a) Ordinary shares

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

	2019 Number	2018 Number	2019 \$	2018 \$
Balance at the beginning of the year	581,299,522	235,583,335	102,090,022	38,964,752
Issue of shares at \$0.20 each for cash	-	35,000,000	-	7,000,000
Issue of shares at \$0.20 each for cash	-	15,000,000	-	3,000,000
Issue of shares at \$0.15 each for cash	-	200,231,668	-	30,034,750
Issue of shares as consideration for the acquisition of Stellar Diamonds Plc (Note 24)	-	50,313,270	-	12,578,317
Issue of shares for settlement of financial liabilities acquired through business combination (Note 24)	-	45,171,279	-	11,292,820
Share issue costs	-	-	-	(780,617)
Balance at the end of the year	<u>581,299,552</u>	<u>581,299,552</u>	<u>102,090,022</u>	<u>102,090,022</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

20. 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.

21. OTHER RESERVES

Share Based Payments Reserve

	2019 \$	2018 \$
Balance at beginning of year	313,933	113,933
Grant of options to underwriters of the Rights Issue (Note 32)	-	200,000
Balance at end of year	<u>313,933</u>	<u>313,933</u>

Foreign Currency Translation Reserve

Balance at beginning of year	(2,549,526)	(3,963,227)
Currency translation differences on translation of foreign operations	4,012,889	1,413,701
Balance at end of year	<u>1,463,363</u>	<u>(2,549,526)</u>

Total	<u>1,777,296</u>	<u>(2,235,593)</u>
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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 32 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 23 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 2019 was AUD1 = USD0.7029 (at 30 June 2018 was AUD1 = USD0.7411). The income and expenses of foreign operations are translated into AUD at the dates of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
22. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	(36,137,683)	(8,685,732)
Net loss for the year	(6,457,602)	(27,451,951)
Accumulated losses at the end of the year	<u>(42,595,285)</u>	<u>(36,137,683)</u>

23. 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		Principal activities
		2019	2018	
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		Principal activities
		2019	2018	
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.

24. BUSINESS COMBINATION

On 25 April 2018 the Company acquired 100% of the issued and to be issued shares in Stellar Diamonds Plc (**Stellar**), an AIM-listed diamond explorer, through the issue of 50,313,270 fully paid ordinary shares in the Company.

Details of the purchase consideration and provisionally accounted net assets acquired are as follows:

	2018 \$
Purchase consideration	
Ordinary shares issued (Note 20)	12,578,317
Total purchase consideration	<u>12,578,317</u>

The fair value of the 50,313,270 shares issued as consideration was based on the published share price of the Company on date of acquisition (\$0.25 per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

24. BUSINESS COMBINATION (continued)

The Group has assessed the fair values of the assets and liabilities acquired to be as follows:

	Fair value
	\$
Trade and other receivables	46,369
Plant and equipment	3,661,243
Exploration and evaluation assets (i)	52,250,897
Trade and other payables	(4,482,696)
Bank overdraft	(19,396)
Convertible notes	(4,357,361)
Derivative financial liabilities (ii)	(11,292,820)
Loan from the Company	(3,961,587)
Other non-current financial liability (iii)	(4,584,857)
Deferred tax liability	(11,186,216)
Financial liability (iv)	(3,495,259)
Net assets acquired	<u><u>12,578,317</u></u>

(i) accounting on fair value of assets acquired

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 Ocea Limited (together as "**Ocea Group**") which allowed Stellar to bring both projects together into production under the same production infrastructure (**Combined Project**). As consideration, Stellar would pay Ocea Group cash US\$5.5 million by February 2023. Furthermore, under the terms and conditions of the TMA & RSA, Stellar would pay to Ocea Group cash US\$5 million and GBP85,346 (**Ocea 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 Ocea 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 Ocea Initial Payment had been paid in full (**Ocea Royalty Payment**).

Newfield has recognised the exploration and evaluation asset acquired in relation to the right to mine the Tonguma Project pursuant to the TMA and RSA. The Group has fair valued the assets acquired using the fair value of consideration paid as at the date of acquisition based on the residual value method.

(ii) Settlement of derivative financial liabilities through further issue of shares

As at the date of acquisition, Stellar has certain warrants and share rights on issue associated with the convertible notes issued. These warrants and share rights have been recognised as derivative financial liabilities in Stellar. As part of the business combination transaction, the Group agreed to issue 45,171,279 fully paid ordinary shares in the Company to the warrants and share rights holders as consideration for these warrants and share rights. This was completed on 3 May 2018 and as a result this liability was settled on that date. All the warrants and share rights in Stellar were cancelled immediately after the acquisition by the Group. As a result, the Group recorded an additional investment of \$11,292,820 in Stellar.

(iii) Other non-current financial liability

As discussed in note (i) above, under the terms and conditions of the TMA & RSA, Stellar is required to pay Ocea Group cash US\$5.5 million by February 2023. This payable has been recognised as a non-current financial liability in Stellar with a fair value of AUD4,584,857 as at date of acquisition. The fair value was based on discounted cash flows using an estimated current borrowing rate of 10%.

(iv) Financial liability

A financial liability of \$3,495,259 was recognised on the acquisition of Stellar for the Ocea Initial Payment and Ocea Royalty Payment (refer note (i) above) pursuant to the TMA & RSA which are dependent upon the financial performance of the Combined Project. The timing and amount of the Ocea Royalty Payment 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 contingent liability as at the date of acquisition was calculated using discounted cash flows based on inputs from a preliminary economic study on the Combined Project, taking into consideration of management's assessment of the likelihood of these cash flows. The following table gives the main assumptions made in determining the fair value of financial liability as at date of acquisition:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

24. BUSINESS COMBINATION (continued)

ITEM	UNIT	VALUE
COMMERCIAL		
Revenue per carat	\$/ct	209-279
Kimberlite grade	cpht	100-260
Capex contingency	%	0%
Opex contingency	%	0%
Diamond price escalation	%	3.0%
Capex and Opex escalation	%	0.0%
Marketing fee	%	1.5%
Discount rate used for NPV of cash flows	%	50%
Project life		2018-2037
MANPOWER		
Burden	%	10%
TECHNICAL		
Recovery Efficiency	%	100%
Manned Hours per day	Hours	24
Manned Hours per month	Hours	648
Manned Hours per year	Hours	7,776

TTM SALARIES (EXPATRIATES)
US\$ ANNUAL
36k – 200k

TTM SALARIES (NATIONALS)
US\$ ANNUAL
1.9k – 120k

Based on the above assumptions the Group estimated that the Ocea Initial Payment (US\$5 million plus GBP85,346) will be paid over the first 4 years and the Ocea Royalty Payment (10% on all sales revenue generated from the Combined Project after paying any Sierra Leone government royalties) will commence immediately after the Ocea Initial Payment is paid in full.

(v) Significant estimates and judgements

a) Business combination versus asset acquisition

The Group has made a judgement that the acquisition of Stellar Diamonds Plc should be classified as a business combination rather than asset acquisition based on the facts and circumstances.

b) Fair value of assets and liabilities acquired

The group has made significant estimates and judgements when assessing the fair value of assets and liabilities acquired through this business combination transaction. Details of the estimates and judgements made are included in note (iii) and (iv) above.

(vi) Acquisition-related costs

Acquisition-related costs of \$316,557 have been expensed in the Statement of Profit or Loss and Other Comprehensive Income and included in operating cash flows in the Statement of Cash Flows.

(vii) Loss contributed by Stellar

Since date of acquisition Stellar contributed a loss of \$132,976 to the Group's total loss for the year ended 30 June 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

25. FINANCIAL LIABILITY

A financial liability of \$3,495,259 was recognised on the acquisition of Stellar for the Ocea Initial Payment and Ocea Royalty Payment (refer note 24 above) 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.

	2019	2018
	\$	\$
Financial liability	4,262,094	3,495,259
	<u>4,262,094</u>	<u>3,495,259</u>

The following table gives the main assumptions made in determining the fair value of financial liability as at 30 June 2019. The valuation uses a number of inputs which are considered to be level 3 unobservable market data. The key inputs are:

Items	Unit	Value	Commentary
Revenue per carat	\$/ct	US222	Part of the external consultants FEED study which determined the estimated quality of the diamonds using the data from the resource to reserve upgrade process and the observable market data for diamond sales over the last 2 years.
Kimberlite grade	cpht	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	%	50.53	Rate determined using external support for the risk free rate (10 yr Australian government bonds), market premium rates (Australia long term average premium rate and investor premium rate), country risk premium rate, (Sierra Leone default credit swap rate) and operational risk rating (based on a weighted average of the operation risk register).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

26. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

The Group has 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:

	2019 \$	2018 \$
Payable within one year	1,161,671	-

Operating lease commitments

The Group leases various offices and accommodation houses under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019 \$	2018 \$
Within one year	-	63,419
After one year but not more than five years	-	-
	-	63,419

Service commitments

The Group has entered into various agreements with service providers to provide secretarial and accounting services in connection with the operations of the Group. One of these service providers is an entity associated with a Director of the Company and the agreement was entered on normal commercial terms. Future payables arising from these service agreements as at 30 June are as follow:

	2019 \$	2018 \$
Within one year	-	298,449
After one year but not more than five years	-	-
	-	298,449

The Group also entered into a consulting service agreement with a service provider in relation to the front-end-engineering-design programme carried out at its Tongo Project in Sierra Leone. Future payables arising from this service agreement as at 30 June are as follow:

	2019 \$	2018 \$
Within one year	-	719,132
After one year but not more than five years	-	-
	-	719,132

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

26. COMMITMENTS AND CONTINGENCIES (continued)

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:

	2019	2018
	\$	\$
Within one year	2,241,950	1,624,216
After one year but not more than five years	10,633,184	158,960
More than five years	24,132,772	130,000
	37,007,906	1,913,176

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 Ocea Group Limited, the Group agreed to pay to Ocea Group cash USD5 million and GBP85,346 (**Ocea 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 Ocea 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 Ocea Initial Payment has been paid in full (**Ocea Royalty Payment**). Refer to Note 24 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 \$4,262,094 at 30 June 2019 (2018: \$3,495,249).

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

27. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

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

	2019	2018
	\$	\$
Loss attributable to ordinary shareholders of Newfield Resources Limited		
Net loss for the year	(6,458,879)	(27,451,951)
Weighted average number of ordinary shares	Number	Number
Balance at beginning of year	581,299,552	235,583,335
Effect of shares issued during the financial year	-	68,133,279
Weighted average numbers of ordinary shares on issue during the year	581,299,552	303,716,614

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

28. 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.

	Mineral Exploration Australia \$	Mineral Exploration Africa \$	Corporate \$	Group \$
2019				
Segment income	-	-	930,259	<u>930,259</u>
Impairment loss	(177,537)	(4,876,722)	-	<u>(5,054,259)</u>
Segment result	(177,537)	(5,632,550)	(648,792)	<u>(6,458,879)</u>
Segment assets	59,238	79,312,275	7,295,822	<u>86,667,335</u>
Segment liabilities	(3,232)	(24,969,134)	(424,175)	<u>(25,396,541)</u>
2018				
Segment income	-	30,775	223,572	<u>254,347</u>
Impairment loss	(1,424,382)	(24,451,393)	-	<u>(25,875,775)</u>
Segment result	(1,423,981)	(25,066,747)	(961,223)	<u>(27,451,951)</u>
Segment assets	-	65,771,922	21,064,513	<u>86,836,435</u>
Segment liabilities	(4,917)	(22,969,893)	(144,813)	<u>(23,119,623)</u>

Geographical information

	Income		Geographical non-current assets	
	2019 \$	2018 \$	2019 \$	2018 \$
Australia	930,259	223,572	99,972	12,165
Liberia	-	-	556,552	61,475
Sierra Leone	-	30,775	77,773,340	64,165,664
	<u>930,259</u>	<u>254,347</u>	<u>78,429,864</u>	<u>64,239,304</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

29. RELATED PARTY TRANSACTIONS

(a) Parent entity

The Group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			2019	2018
Newfield Resources Limited	Ultimate Australian parent entity	Australia	100%	100%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel compensation

	2019 \$	2018 \$
Short-term employee benefits	698,808	358,561
Total compensation	698,808	358,561

Detailed remuneration disclosures are provided in the Remuneration Report on pages 12 to 15.

(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.

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		Balance outstanding as at 30 June	
		2019 \$	2018 \$	2019 \$	2018 \$
Mr A Ho	Fees for company secretarial services provided	60,000	60,000	16,500	5,500
Mr N K Smithson	Fees for administrative and secretarial services provided	4,875	-	-	-

Outstanding balances are unsecured and are repayable in cash.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

	2019 \$	2018 \$
30. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES		
(a) Cash flows from operating activities		
Loss for the year	(6,458,879)	(27,451,951)
Adjustments of non-cash/non-operating items:		
Depreciation	14,914	3,525
Interest amortisation	481,531	75,707
Gain on sale of assets	(80,196)	(15,507)
Investment distributions	(120,169)	-
Unrealised foreign exchange losses	(117,247)	13,077
Exploration expenditure written off	-	(401)
Fair value adjustment of financial liability	496,307	-
Impairment of property plant & equipment	1,659,836	-
Impairment of exploration and evaluation assets	3,256,246	25,875,775
Write down of inventory	138,177	-
Other exploration and evaluation expenditure	242,260	570,422
Operating loss before changes in working capital and provisions	<u>(487,220)</u>	<u>(929,353)</u>
Change in trade and other receivables	22,703	53,189
Change in other assets	169,437	26,238
Change in trade and other payables	(282,995)	(2,738,410)
Change in provisions	38,540	(12,715)
Net cash used in operating activities	<u><u>(539,535)</u></u>	<u><u>(3,601,051)</u></u>

(b) Non-cash investing/financing activities

On 3 May 2018 the Company issued a total of 50,313,270 fully paid ordinary shares as consideration for acquisition of Stellar Diamonds Plc (**Acquisition**). Refer Note 24 for further details of the shares issued.

On 3 May 2018, the Company issued 45,171,279 fully paid ordinary shares for settlement of derivative financial liabilities acquired through the Acquisition of Stellar. Refer Note 24 for further details of the shares issued.

On 4 May 2018 the Company issued 50,000,000 options exercisable at \$0.30 each on or before 31 March 2021 to the underwriters of a rights issue in lieu of a cash payment to satisfy the underwriting fee due to the underwriter.

31. 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
		Acquired in business combination	Settlement through issue of shares	Foreign exchange movements			
	\$	\$	\$	\$	\$	\$	\$
2019							
Long-term borrowings	-	-	-	-	-	-	-
Short-term borrowings	15,593	-	-	-	128,527	(96,970)	47,150
Total	<u>15,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,527</u>	<u>(96,970)</u>	<u>47,150</u>
2018							
Long-term borrowings	-	15,650,181	(11,292,820)	50,977	-	(4,408,338)	-
Short-term borrowings	22,301	-	-	-	30,362	(37,070)	15,593
Total	<u>22,301</u>	<u>15,650,181</u>	<u>(11,292,820)</u>	<u>50,977</u>	<u>30,362</u>	<u>(4,445,408)</u>	<u>15,593</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

32. SHARE BASED PAYMENTS

On 4 May 2018 the Company issued 50,000,000 options exercisable at \$0.30 each on or before 31 March 2021 to the underwriter of a rights issue in lieu of a cash payment to satisfy the \$200,000 underwriting fee. These options have no vesting conditions attached to them and are expensed in full on issue. As a result \$200,000 was recognised as share issue costs during 2018 for these options.

Set out below are summaries of options granted by the Company:

Grant date	Exercise price	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised/lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2019							
30 November 2016	\$0.50	30 December 2020	6,000,000	-	-	6,000,000	6,000,000
4 May 2018	\$0.30	31 March 2021	50,000,000	-	-	50,000,000	50,000,000
			<u>56,000,000</u>	<u>-</u>	<u>-</u>	<u>56,000,000</u>	<u>56,000,000</u>
	Weighted Average exercise price		\$0.32	-	-	\$0.32	\$0.32
2018							
30 November 2016	\$0.50	30 December 2020	6,000,000	-	-	6,000,000	6,000,000
4 May 2018	\$0.30	31 March 2021	-	50,000,000	-	50,000,000	50,000,000
			<u>6,000,000</u>	<u>50,000,000</u>	<u>-</u>	<u>56,000,000</u>	<u>56,000,000</u>
	Weighted Average exercise price		\$0.50	\$0.30	-	\$0.32	\$0.32

The options outstanding at 30 June 2019 have a weighted average remaining contractual life of 20.68 months (2018: 32.68 months).

33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2019 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	
	2019 \$	2018 \$
Profit/(Loss) after income tax	502,246	(37,322,213)
Total comprehensive profit/(loss)	<u>502,246</u>	<u>(37,322,213)</u>

Statement of financial position

Current assets	7,581,690	21,380,072
Total assets	52,422,408	51,688,053
Current liabilities	422,596	190,488
Total liabilities	422,596	190,488
Net assets	<u>51,999,812</u>	<u>51,497,565</u>
Shareholder's equity		
Issued capital	102,090,022	102,090,022
Share based payments reserves	313,933	313,933
Accumulated losses	(50,404,143)	(50,906,390)
Total equity	<u>51,999,812</u>	<u>51,497,565</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

33. PARENT ENTITY DISCLOSURES (continued)

(b) Guarantees entered into by the parent entity

The parent entity did not provide any guarantees during the financial year (2018: nil).

(c) Contingent liabilities of the parent entity

Other than the contingencies disclosed in Note 26, the parent entity did not have any other contingent liabilities at year end (2018: nil).

(d) 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 (2018: nil).

34. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

AASB 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group did not have to make any retrospective adjustments to its financial statements as a result of adopting this standard. The reclassifications are therefore only recognised in the opening balance sheet on 1 July 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Consolidated Statement of Financial Position (extract)	30 June 2018 As originally presented \$	Adjustment per AASB 9 \$	1 July 2018 Restated \$
Current assets			
Trade and other receivables	7,112,581	(7,066,171)	46,410
Financial assets at amortised costs	-	7,066,171	7,066,171
Total assets	7,112,581	-	7,112,581
Non current liabilities			
Financial liability at amortised cost	-	4,761,711	4,761,711
Financial liability at FVTPL	-	3,495,259	3,495,259
Other non-current payables	4,761,711	(4,761,711)	-
Provisions	3,495,259	(3,495,259)	-
Total non current liabilities	8,256,970	-	8,256,970

Impairment of financial assets

The Group has two types of financial assets that are subject to AASB 9's new expected credit loss model:

- Trade and other receivables
- Financial assets at amortised cost

The group was required to revise its impairment methodology under AASB 9 for each of these classes of assets. The change in impairment methodology did not have any impact on the Group's retained earnings or equity.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no impairment loss.

Trade receivables

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. Applying the expected credit loss model resulted in the recognition of loss allowance of nil on 1 July 2018 (previous loss allowance was nil). No loss allowance was recognised during the year.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

34. CHANGES IN ACCOUNTING POLICIES (continued)

Financial assets at amortised cost

Financial assets at amortised cost include loans to other entities, interest receivable and loans to employees. Applying the expected credit loss model resulted in the recognition of loss allowance of nil on 1 July 2018 (previous loss allowance was nil). No loss allowance was recognised during the year.

Significant estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) New accounting policies applied from 1 July 2018

Refer to note 4, *Investments and other financial assets*.

35. EVENTS SUBSEQUENT TO REPORTING DATE

On 25 July 2019 the Group issued two tranches of unlisted, unsecured corporate bonds for the funding of its Tongo Diamond Project. The bonds total approximately US \$30.5 million in 2 tranches and have the following terms:

Particulars	Terms
Issuer	Newfield Resources Limited
Instrument	Unlisted commercial bonds
Issuees	Tranche A: Rustiyan Oen Tranche B: Anrinza Future Pty Ltd
Issue price	Tranche A: US\$1.00 at 100% of par value Tranche B: A\$1.00 at 100% of par value
Total Issuance	Tranche A: up to a maximum of 20,000,000 bonds (US\$20M) Tranche B: 15,000,000 bonds (A\$15M)
Drawdown dates	Tranche A: Two-year availability period for US\$20m funds, with drawdowns occurring on the last date of each calendar quarter (subject to Newfield issuing a drawdown notice); first drawdown expected on 30 September 2019; maximum quarterly drawdown of US\$5M and no minimum drawdown Tranche B: 25 July 2019 (A\$4.5M; received), 15 October 2019 (A\$2.0M), 6 December 2019 (A\$8.5M)
Coupon rate	12% per annum; payable semi-annually on 30 June and 31 December each year
Maturity date	Three years post each Drawdown Date
Repayment date	Repayment is due on the later of the Maturity Date and the Repayment Date. The Repayment Date is the earlier of: (i) 12 months after the Company first releases an ASX announcement declaring Commercial Production; or (ii) five years after the first Drawdown Date (Tranche A: expected to be 30 September 2019; Tranche B: 25 July 2019). Commercial Production is represented by two consecutive calendar quarters of positive net cash flow (inclusive of all capital expenditures and taxes, but exclusive of intra-Group financing costs) from operation of the Tongo Diamond Project as a producing mine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

35. EVENTS SUBSEQUENT TO REPORTING DATE (continued)

Bond terms cont'd

Particulars	Terms
Security	Unsecured
Fees	Broker fee of 2.0% of total issuance across both tranches
Early redemption	Newfield can seek early redemption for all or part of any Tranche A or Tranche B bonds at any point after six months from First Drawdown Date; an early redemption fee of 2% of the principal amount redeemed applies to any redemptions prior to Maturity Date
Covenants	Covenants limited to maintaining title and interests in the Tongo Diamond Project and compliance with environmental laws, with restrictive pledges around further indebtedness and disposal of assets
Law	Western Australia

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

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DIRECTORS' DECLARATION

In the opinion of the Directors of Newfield Resources Limited:

- (a) the financial statements and notes set out on pages 17 to 54, 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 2019 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 2019
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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2019 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.

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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.

Recoverability of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 15 to the Financial Report, the carrying value of the exploration and evaluation assets represents a significant asset of the Group.</p> <p>Refer to Note 4 to the Financial Report for a description of the accounting policy and significant judgements applied to exploration and evaluation assets.</p> <p>Judgement is applied in determining the treatment of exploration and evaluation assets in accordance with <i>AASB Exploration for and Evaluation of Mineral Resources</i> (AASB 6). In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment. <p>As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Reviewing the basis of impairment recorded by management for compliance with AASB 6; and • Assessing the adequacy of the related disclosures in Note 4 and Note 15 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 2019, 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 at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Newfield Resources Limited, for the year ended 30 June 2019, 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


Glyn O'Brien

Director

Perth, 30 September 2019

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

As lead auditor of Newfield Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2019

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SHAREHOLDER INFORMATION

Details of shares and options as at 24 September 2019:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 24 September 2019 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.	CITICORP NOMINEES PTY LIMITED	25,884,923	4.45
8.	PT GRIYAINSANI CAKRASADAYA	25,000,000	4.3
9.	KA BIO ONG	18,200,000	3.13
10.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,268,913	2.97
11.	SURYANDY JAHJA	15,068,848	2.59
12.	ASIA PACIFIC HORIZON CAPITAL LTD	12,380,080	2.13
13.	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	10,000,000	1.72
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,408,295	1.45
15.	CHEWKART SUPER PTY LTD	7,500,000	1.29
16.	ROBERT ANG	7,413,922	1.28
17.	CREDITFORCE LIMITED	7,124,838	1.23
18.	KINGSFIELD PTY LTD	7,015,472	1.21
19.	ELRICH HOLDINGS PTY LTD	6,666,666	1.15
20.	SERNG YEE LIEW	6,127,912	1.05
		495,526,346	85.26

Registered holders holding 20% or more of each class of unquoted equity security as at 24 September 2019 were:

Options exercisable at \$0.50 on or before 30 December 2020 – unquoted

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

Options exercisable at \$0.30 on or before 31 March 2021 – unquoted

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

Distribution schedules

A distribution schedule of each class of equity security as at 24 September 2019:

Fully paid ordinary shares

	Range	Holders	Units	%
	1 - 1,000	979	125,010	0.02
	1,001 - 5,000	141	346,530	0.06
	5,001 - 10,000	102	856,345	0.15
	10,001 - 100,000	156	5,532,524	0.95
	100,001 - Over	127	574,439,143	98.82
	Total	1,505	581,299,552	100.00

SHAREHOLDER INFORMATION

Distribution schedules (continued)

<i>Options exercisable at \$0.50 on or before 30 December 2020</i>					<i>Options exercisable at \$0.30 on or before 31 March 2021</i>				
Range		Holders	Units	%	Range		Holders	Units	%
1	- 1,000	0	0	0	1	- 1,000	0	0	0
1,001	- 5,000	0	0	0	1,001	- 5,000	0	0	0
5,001	- 10,000	0	0	0	5,001	- 10,000	0	0	0
10,001	- 100,000	5	500,000	8.33	10,001	- 100,000	0	0	0
100,001	- Over	14	5,500,000	91.67	100,001	- Over	15	50,000,000	100.00
Total		19	6,000,000	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
Rustiyani Oen	151,793,028
Sparkle Capital Pty Ltd	55,037,467
Deutsche Balaton Aktiengesellschaft	38,518,073
QP & Co Pty Ltd <Quppi Family A/C>	37,813,875
Wonder Holding Pty Ltd	29,385,849

Restricted securities or securities subject to voluntary escrow

As at 24 September 2019, the Company had no restricted securities on issue.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,631 shares as at 24 September 2019):

Holders	Units
1,069	271,183

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.

S U M M A R Y O F T E N E M E N T S
Schedule of Tenements at 24 September 2019

PROJECT	TENEMENT NUMBER	TENEMENT NAME	AREA (km ²)	STATUS	NEWFIELD'S INTEREST
<u>SIERRA LEONE</u>					
TONGO KIMBERLITE MINE	ML02/2018	Tongo	9.98	Granted	100%
	ML02/2012	Tonguma	124	Granted	Nil but subject to the tribute mining agreement
ALLOTROPES DIAMOND PROJECT	EL15/2012	Baoma	101.50	Granted	100%
<u>LIBERIA</u>					
KUMBGO PROJECT	MEL1157/15	Kungbo	300.00	Granted	90%
	MEL1158/14	Kungbo	370.54	Granted	90%
<u>WESTERN AUSTRALIA</u>					
NEWFIELD GOLD PROJECT	M77/0422*	Newfield	0.85	Granted	100%
	M77/0846*	Woongaring Hills	0.39	Granted	100%

* Subject to farm-out agreement with Syndicated Metals Limited.

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