NEWFIELD RESOURCES LIMITED

ABN 98 153 219 848

ANNUAL REPORT

For the year ended 30 June 2022

DIRECTORS

Executive Director	Mr Karl Smithson
Non-Executive Director	Mr Chris Burton
Non-Executive Director	Mr Jack Spencer Cotton
Non-Executive Director	Mr Alistair Croll

COMPANY SECRETARY

Ms Joan Dabon

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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152-158 St George Terrace
PERTH WA 6000

ASX Code: NWF

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Highlights

Safety

- **1 LTI (Fatality) recorded for the year**
- **37 Lost Time Injury Free Days recorded to end of year**
- **Life of Mine LTIFR year end at 0.53 (per 200,000 hours worked)**

Mine Development

- **776m of underground development achieved in year (1,514m to date)**
- **Return Airway and Ventilation Shaft completed**
- **First production Level-1 mine stope face opened**

Production and Sales

- **4,530 carats recovered from processing of underground and surface bulk samples**
- **First Tongo Mine diamond sale achieved U$262 per carat**
- **Grade reconciliation work shows a higher recovered grade than the resource grade**

Surface Bulk Sampling and Exploration

- **Kundu bulk sample yields 1,062 carats at +1.2mm grade of 2.24 carats per tonne**
- **Lando bulk sample yields 1,637 carats at a +1.2mm grade of 2.15 carats per tonne**
- **Peyima bulk sample yields 110 carats at a +1.2mm grade of 1.02 carats per tonne**

ESG and Community

- **First annual ESG Report submitted**
- **Board and senior management appointments strengthen corporate and operational governance**
- **Fully compliant on environmental management, reporting and audits**
- **Microfinance and agricultural project support to local communities provided**

Corporate

- **Non-renounceable rights issue raised A$24.97 million through issue of 71.36 million shares at A$0.35 per share**
- **A$40 million of corporate bond debt retired significantly strengthening balance sheet**
- **Accrued bond interest of A$2.1 million settled by issue of 24.74 million options exercisable at A$0.50 each on or before 4 January 2024**
- **Further capital raise of A$7.26 million pursuant to a placement and underwriting agreement at A$0.35 per share over the 6 months ended 30 June 2022.**

1. Safety

The Company experienced one lost time injury (**LTI**), which was a fatality, during the year which was announced in May. The Company completed the necessary regulatory reports and submissions and has subsequently closed out the incident. The Company provided the family of the deceased and the affected employees with support during this difficult time. As a consequence of the incident, the two year record of zero Lost Time Injuries was lost and by the year end the number of LTI free days was reduced to 37 (2021: 589 LTI free days). The life of mine Lost Time Injury Frequency Rate (**LTIFR**) has reduced to 0.53, having been 0.43 prior to the LTI (2021: 0.6 LTIFR). The reporting calculation is based on 200,000 hours worked.

2. Mine Development

Underground Development

During the year the development has focussed on:

a. Completion of the Kundu A return air way
b. The ventilation raise and ventilation shaft equipping on Kundu A
c. The Kundu Decline
d. The first level mining rock and ore drives
e. The establishment of the first mining stope face

A total of 776m was developed in the year bringing the total development for the project to1,514m. Figure 1 shows the underground mine development to date (green). The planned development for both the Kundu and Lando Kimberlites to the end of Calendar Year 2022 is shown in blue and red respectively. The mine development face positions are shown in purple. The ongoing development for the current year will focus on the Kundu and Lando declines as well as stope mining on Level-1 Kundu.

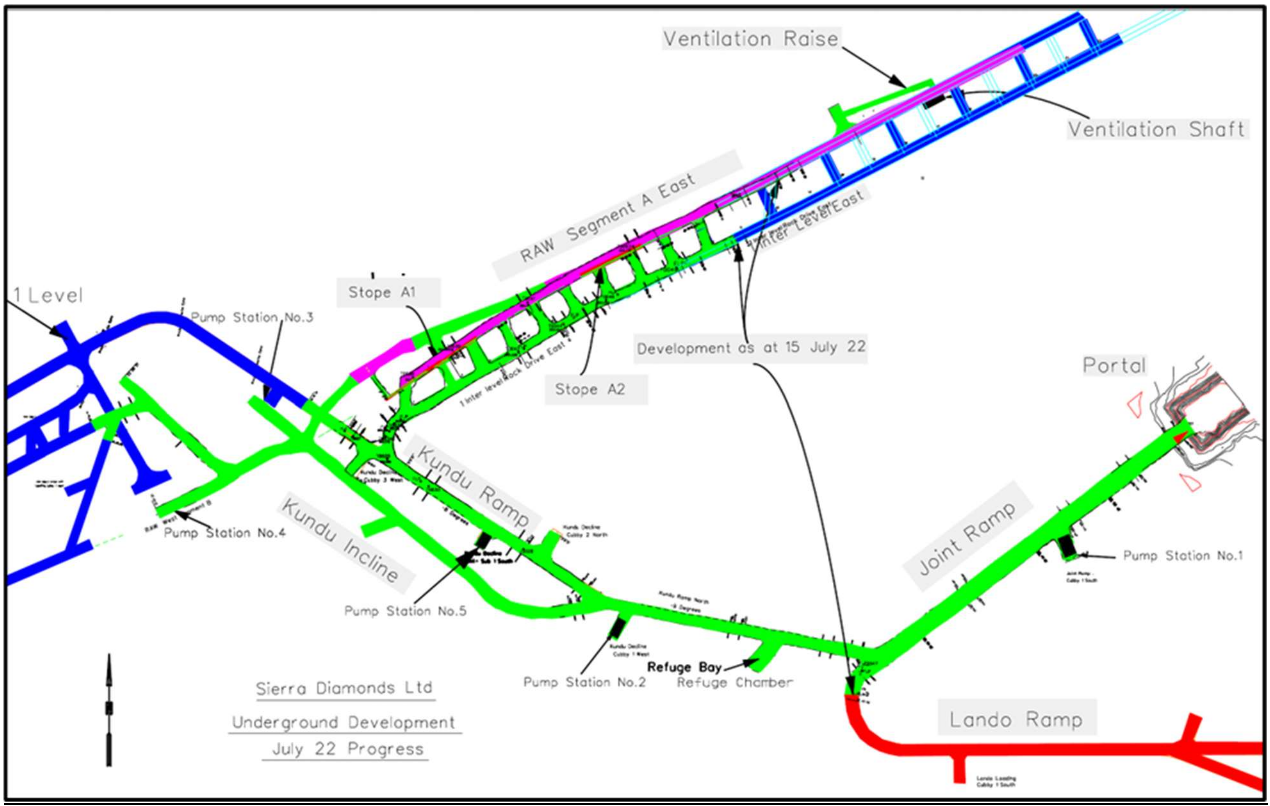

Figure 1: Mine development to 30 June 2022

Ventilation Raise and Shaft

The 2m x 2m ventilation raise holed into the ventilation shaft in mid-April. This holing now connects the the underground workings to surface enabling the establishment of a second means of egress from the underground workings to surface. The ventilation shaft has been equipped with a steel ladder to enable this as the means of egress. A second means of egress from the mine is a legal requirement which has now been fulfilled. In addition, the ventilation shaft will be equipped with a 75kW fan which will draw air from the portal entrance, through the underground workings and out through the ventilation raise and shaft (i.e. the ventilation shaft serves as the return airway for the mine (RAW).

In addition, a water dam will be constructed at the foot of the ventilation raise to capture any water ingress from surface. Any water collected at this point will be pumped to surface and thus keep the ventilation raise and shaft dry.

Level-1 Rock and Kimberlite (Reef) Drives and Stope Mining

The first level of mining has been developed with parallel rock and reef (ore) drives that have advanced away from the Kundu decline and along the Kundu A dyke some 17m below the Kundu A RAW. From the rock drive a series of nine cross-cuts spaced at 10m intervals have been developed into the Kundu kimberlite dyke, From the 2nd cross cut the first diagonal reef raise has been completed from the Level-1 drive to the RAW above (Figure 2) to establish the first mining stope face. This stope is now being mined in an easterly direction. Ore blasted from the stope falls under gravity to the floor of the reef drive to be loaded and hauled to the process plant for treatment and diamond recovery.

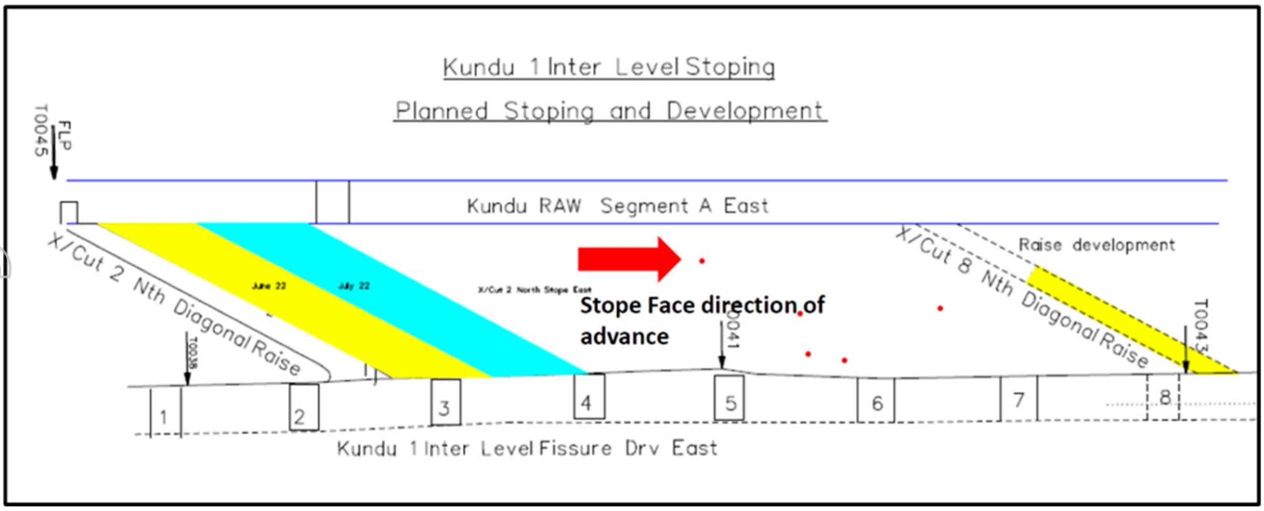

Figure 2: Level-1 Stope Mining

3. Production, Diamond Sale and Grade Reconciliation

Production

During the second half of the year, once the first mining level had been established, plant production and diamond recovery increased. At the end of the year a total of 4,530 carats had been produced via the established 5tph DMS plant, with diamond recovery by Flowsort machines. The quality of the diamonds is high with on-site classification determining that the gem diamond content is estimated at 80% of the run of mine production (see photos below).

Diamond Sale

The Company conducted its first diamond tender of Tongo goods in May through established tender house Bonas Group in Antwerp. The sale comprised 5,330 carats offered across 15 individual lots. The lots ranged in sizes from -7 DTC sieve to up to 9 carats of run of mine production. A total of 100 companies viewed the goods with 411 bids being received across the 15 lots, demonstrating the strong demand for the goods on offer. All lots were sold which realised U$1,435,405 in gross revenue at an average price of U$269 per carat.

The parcel sold included 203 carats of goods from previously mined (but not sold) from a now discontinued alluvial operation in Sierra Leone. Excluding these goods, a total of 5,128 carats were sold from the Tongo Diamond Mine, realising U$1,343,889 at an average price of U$262 per carat.

This average price per carat comfortably exceeds the +1.18mm modelled diamond price of U$222 per carat for the Tongo Mine that Newfield has previously reported.

Kundu gem diamonds from first sale

Grade Reconciliation

In addition to the run-of-mine processing activities, three controlled underground bulk samples have been processed to calculate the actual recovered grade from mining and processing, versus the 2019 JORC Compliant mineral resource modelled grades. Two of the samples were mined from the Kundu Segment A RAW development (Control Samples 1 and 2) and one sample was mined from the Level-1 development reef drive (Control Sample 3). The carat recoveries reconciled directly with those segments of kimberlite in the resource block model, which has grades assigned on a 10m x 10m x 1m block basis across the declared resource.

Control Sample 1

A total of 380.88 dry tonnes of kimberlite from the Kudu A RAW (including some mining dilution) yielded 970.50 carats at a +1.2mm bottom cut off on the processing plant. This calculates to a +1.2mm dry grade of 2.55 carats per tonne. By comparison the resource grade for that segment of kimberlite was estimated at 2.21 carats per tonne at a +1.18mm cut off. The recovered grade for this section is therefore 15.4% higher than the modelled resource grade based on the sample data.

Control Sample 2

A small sample of 65.7 dry tonnes of kimberlite was mined from the Kundu A RAW (effectively a continuation along strike from Control Sample 1) and processed to yield 230.99 carats, giving a recovered dry grade of 3.52 carats per tonne at a +1.2mm cut off, compared to the modelled resource grade of 2.21 carats per tonne at a +1.18mm cut off (+59.3% variance). It should be stated that this particular sample size is too small to be representative, though the significant positive variance on the resource grade is encouraging.

Control Sample 3

This sample comprised 319.30 tonnes of kimberlite from the Level-1 mining of Kundu A and yielded 950.29 carats at a +1.2mm cut off, giving a recovered grade of 2.98cpt, some +26% higher than the resource block model grade of 2.36cpt for the corresponding area sampled.

All controlled samples and reconciliation of the results from the RAW and the Level-1 mining show that the recovered mining grade is consistently higher than the resource grade, which is an encouraging trend.

4. Surface Bulk Sampling and Exploration

The Tongo Diamond Mine has an 8.3 million carat JORC compliant indicated and inferred diamond resource, which is primarily based on five kimberlites.

The current mine plan is focussed on developing and mining the Kundu and Lando kimberlites, for which a JORC compliant probable reserve of 1.1 million carats has been declared for the upper 110m of these kimberlites.

Kundu Bulk Sample

The Kundu kimberlite has a JORC compliant indicated and inferred resource of 2.76 million carats at a +1.0mm average grade of 3.2 carats per tonne across the whole kimberlite. However, the bulk sampling data is primarily collected from the east of the kimberlite dyke where the mining is now taking place, and for which higher recovered mine grades vs. the resource grade have been yielded and recently reported. It was therefore decided to extract a bulk sample from the western part of the kimberlite, some 1.5km from the previous bulk sample in the east, to obtain more detailed information on the diamond grade and value for that section of the kimberlite.

A bulk sample trench was blasted over a length of 88m and achieved an average depth of 4m from six blasts.

A total of 1,739 diluted tonnes of ore had been blasted and extracted from the bulk sample trench. Based on detailed mapping and surveying, it was established that the sample collected comprised 474 tonnes of kimberlite and 1,265 tonnes of waste rock. The material was trucked and processed via the 5tph processing facility.

A total of 1,062 carats was yielded from the bulk sampling at a +1.2mm bottom cut off. The run of mine (diluted) grade is therefore calculated at 0.61 carats per tonne, but the in-situ (kimberlite) grade is calculated to be 2.24 carats per tonne. The +1.18mm resource block model grade for the area sampled is estimated at 2.44 carats per tonne, so the bulk sample grade is approximately 8% lower than the block model grade at a 1.2mm cut off.

Lando Bulk Sample

The Lando kimberlite has a JORC compliant indicated and inferred resource of 3.03 million carats at a +1.0mm average grade of 2.8 carats per tonne. However, the bulk sample data is weighted to the central and eastern part of the kimberlite. To obtain more detailed grade and value information for this area of kimberlite ahead of mining activities, a previous excavation over the western section of Lando was de-watered, cleaned and prepared for blasting.

The bulk sample trench was blasted over a length of 93m and achieved an average depth of 4.2m from five blasts.

A total of 762 tonnes of kimberlite and 762 tonnes of waste was sampled bringing the total diluted sample size to 1,476 tonnes. This material was also trucked and processed via the 5tph processing facility.

A total of 1,637 carats was yielded from the bulk sampling at a +1.2mm bottom cut off. The run of mine (diluted) grade is therefore calculated at 1.11 carats per tonne, but the in-situ (kimberlite) grade is calculated to be 2.15 carats per tonne. The +1.18 resource block model grade for the area sampled is estimated to be 1.98 carats per tonne, so the bulk sample grade is approximately 8% higher than the block model grade at a +1.2mm cut off.

Exploration

Peyima Bulk Sampling

In the last annual report it was reported that a bulk sample was collected from the Peyima kimberlite which is located in the south eastern part of the Tonguma Mining Licence. The Peyima dyke has been mined along its 2km strike length by artisanal miners which suggests that the kimberlite is diamondiferous.

A trench was excavated and exposed the kimberlite dyke over a distance of 50m, with the dyke attaining a width of over 55cm and an average width of 46cm over the length of the trench. A mini bulk sample of 108 dry tonnes was collected and processed via the 5tph plant, and yielded 111 carats at a +1.2mm bottom cut off, giving a grade of 1.02 carats per tonne.

Kumgbo Licences (Liberia)

Previous exploration has resulted in the discovery of five kimberlites within the Zoi exploration licence in western Liberia. Since work has focussed on the mine development at Tongo limited exploration was conducted in Liberia during the report period. However, fieldwork continued on detailed stream sediment sampling and the collection of a 282kg kimberlite sample from the high interest K5 kimberlite in the Zoi licence. This sample was consigned to the SRC Laboratory in Canada for microdiamond analysis to determine the relative diamond content of this kimberlite. This kimberlite has previously yielded high interest indicator minerals including a high percentage of G10 garnets, indicating that the kimberlite has sampled diamondiferous mantle.

The Zoi and Biedien Exploration licences were renewed for a further two years in February 2022. At the same time the licence areas were reduced in size to 87km^2 for Biedien and 83km^2 for Zoi.

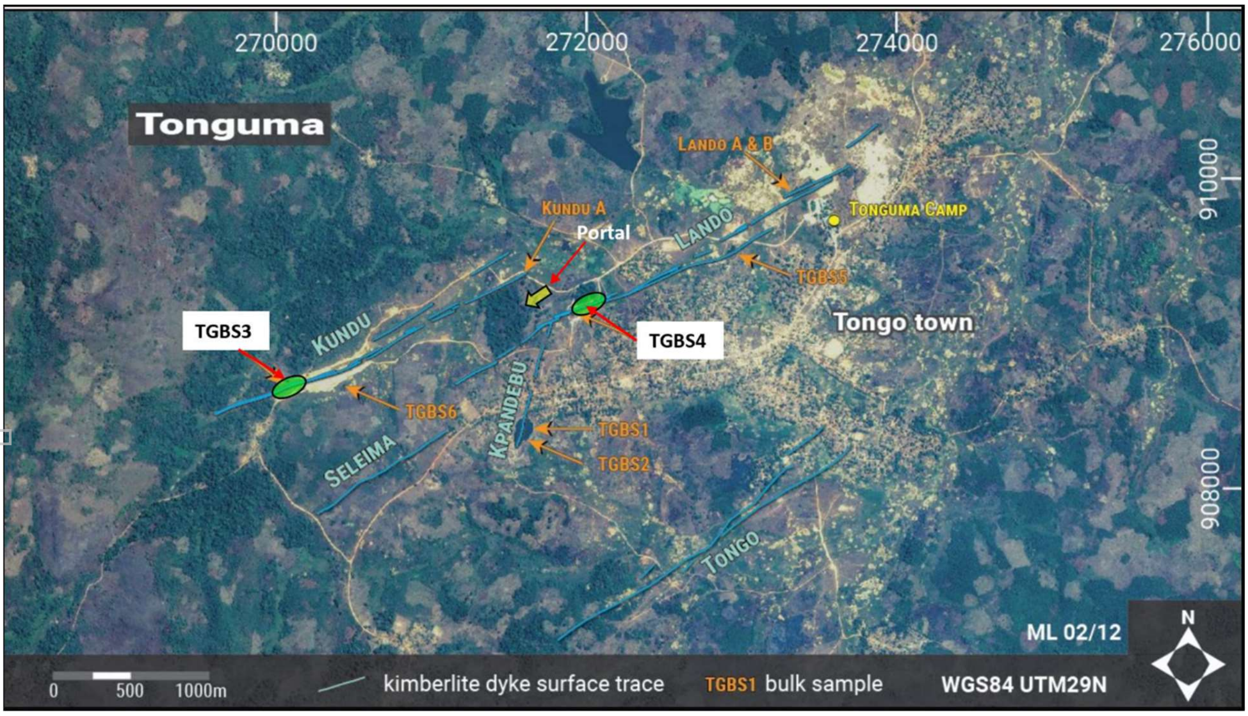

Figure 3: Location of Kundu and Lando Bulk Samples (TGBS3 and 4 respectively)

Figure 4: Kundu Bulk Sample (Left) and Lando Bulk Sample (Right)

Newfield Gold Project

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

5. ESG

In February, the Company released its first Environment, Social and Governance (ESG) Annual Report for 2021. The Company has signed up to the SocialSuite platform to implement, monitor and report on its comprehensive ESG policies as it evolves into a mining and production focussed company. SocialSuite is a web-based platform to help capture, monitor and report a corporation's impact on people and the environment. It is aligned with the World Economic Forum Stakeholder Capitalism metrics and the four pillars of this framework, namely Principals of Governance, Planet, People and Prosperity. Within this framework there are 21 core metrics to follow. The 2021 ESG Annual Report established the Company's baseline against all these metrics and will on a quarterly basis measure and reports its progress.

Governance

In February 2022, the Board of Newfield was strengthened with the appointment of Mr Alistair Croll, an experienced mining engineer with a strong background in surface and underground diamond mining in Africa and Australia. Furthermore, the Company appointed Mr Charl Barnard, a highly experienced General Manager, to oversee the transition of the Tongo Diamond Mine into production.

These Board and senior management appointments are consistent with Newfield's strategic plan of strengthening the senior management to enhance corporate governance, compliance and capacity to align with Newfield's growth from an exploration and development company to a production-focused company. The Company continues to further integrate ESG metrics into our governance, business strategy, and performance management processes, as we aim to consider all pertinent risks and opportunities in running our business. During the year, the Company embarked on the first step to meeting the recommendations of the Task Force on Climate-related Financial Disclosures. This was the start of a process aimed at ensuring that climate-related issues are adequately addressed by understanding the relevance of climate change to the business. Capacity building in terms of training, as well as establishing a method for measuring emissions, and an initial assessment of climate-related risks all commenced this quarter.

People

At the end of the year, Newfield employed 258 people at the Tongo Mine including 17 graduate trainees, contractors and interns. Of these, 221 (86%) are local Sierra Leoneans, and 37 (14%) are expatriates. Some 12% of local staff are female, and the Company continues efforts to increase this proportion in line with our diversity policy.

During this year the Company continued to remain compliant with local legislation in submitting its environmental monitoring reports and receiving quarterly audit site visits by the Environmental Protection Agency.

The focus for community development projects centres around providing funds, materials and support for small scale agricultural projects and microfinance business opportunities for community members selected by a panel. This follows on from the previous year's community projects of the construction and hand over of three secondary schools in the immediate local community areas.

The Company is evaluating cleaner energy solutions to supplement its diesel-powered generation through engaging with national power provider EDSA regarding the opportunity to link into the newly constructed hydroelectric power line that originates in the Ivory Coast and runs through Liberia, Sierra Leone and into Guinea. The evaluation of the opportunity is at the early stages but if successfully implemented it would enable the Company to access green energy at a lower cost than the only current option of running diesel powered generators in the remote area of eastern Sierra Leone.

*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 2022 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 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 De Beers, Southern Era Resources, Mano River Resources and Stellar Diamonds. He is a graduate in Geology (with honours) of Kingston University, London and holds an MBA from the Graduate School of Business in Cape Town. Mr Smithson has an in-depth knowledge and experience in diamond exploration, evaluation and production. His career has involved establishing strong and positive relationships with governmental and local stakeholders with mining projects in Africa.

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

Mr Burton is a Chartered Accountant and registered company auditor with over 23 years of finance sector experience from roles in both public practice and the private sector. He is a former partner of accounting firm BDO where he spent eight years in audit and assurance services focusing on ASX-listed companies in a wide range of industries including exploration and mining companies.

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

Mr Jack Spencer-Cotton
Non-Executive Director – appointed 24 May 2021

Mr Spencer-Cotton has over 27 years' experience in the field of engineering. He has held a range of senior engineering roles in international manufacturing companies, as well as established his own business in engineering and consulting. He has previously held senior engineering roles at Pfizer Perth, ERG Group Ltd, Sanmina-SCI Corporations and SRX Global.

Mr Spencer-Cotton is presently a non-executive director of an ASX-listed company.

Mr Alistair Croll
Non-Executive Director – *appointed 9 February 2022*

Mr Croll is a mining engineer with over 35 years' experience in the industry. He has worked for De Beers and Anglo American in Southern Africa for over 20 years before moving to Australia and holding chief operations officer roles for Consolidated Minerals Australia, St Barbara Limited (ASX: SBM) and Mawson West Limited (TSX listed at the time) as well as serving as chief executive officer for Kimberley Diamond Company which was owned by London listed Gem Diamonds Ltd (LSD: GEMD) and Blina Minerals (ASX listed at that time).

Mr Michael Lynn
Executive Director – appointed 24 August 2015, resigned 7 April 2022

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 Peter Evans
Non-Executive Director – appointed 16 April 2021, resigned 18 November 2021

Mr Evans is a Chartered Accountant and has over 40 years of corporate finance, stockbroking and investment banking experience across many business sectors, including 26 years as a Director of Corporate Finance and shareholder of Patersons Securities Limited. He has extensive experience in the Australian and global equity capital markets, particularly with ASX small and medium-sized enterprises within both the industrial and resources sectors.

Mr Evans has significant experience in raising equity capital (share placements, rights issues and share purchase plans), mergers and acquisitions, the ASX listing process and regulatory framework, corporate governance, strategic planning and investor relations.

COMPANY SECRETARY

Ms Joan Dabon ***-appointed 28 July 2021***

Ms Dabon has degree in law and is a chartered secretary. She is also a member of the Governance Institute of Australia. Over the past 5 years, Ms Dabon has been providing company secretarial services to ASX and NSX listed companies in their compliance, governance, capital raising, financial reporting and IPO-related requirements.

Mr Kim Hogg – ***resigned 28 July 2021***

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
K Smithson	Not Applicable	-	-
M Lynn[1]	Not Applicable	-	-
C Burton	Not Applicable	-	-
P Evans[2]	Not Applicable	-	-
J Spencer-Cotton	Mustera Property Group Ltd	4 April 2014	Present
A Croll[3]	Not Applicable	-	-

Note:
1. Michael Lynn resigned on 7 April 2022.
2. Peter Evans resigned on 18 November 2021.
3. Alistair Croll was appointed on 9 February 2022.

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	Performance Rights[6]
K Smithson[1]	4,843,747	-	-
M Lynn[2]	2,072,000	-	-
C Burton[3]	900,000	-	-
A Croll	-	-	-
J Spencer-Cotton[4]	7,379,834	-	-
P Evans[5]	-	-	-

Notes:

1. Mr Smithson's current holdings are as follows:
   a. 3,640,873 Shares held directly by Mr Smithson;
   b. 1,202,874 Shares held indirectly by Mr Smithson through Interactive Investor Services Limited.
2. Mr Lynn directly held 2,072,000 Shares at the date of resignation.
3. Mr Burton directly holds 900,000 Shares.
4. Mr Spencer-Cotton's current holdings are as follows:
   a. 462,500 Shares held directly by Mr Spencer-Cotton;
   b. 226,918 Shares held indirectly by Mr Spencer-Cotton as a trustee on behalf of his children; and
   c. 6,690,416 Shares held by the spouse of Mr Spencer-Cotton.
5. Mr Evans resigned 18 November 2022.
6. The performance rights vested and were exercised post year end.

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:

	Board		Audit and Risk Committee		Nomination and Remuneration Committee	
Director	Held while Director	Attended	Held while Director	Attended	Held while Director	Attended
K Smithson	12	12	N/A	N/A	0	N/A
M Lynn[2]	8	6	N/A	N/A	0	N/A
C Burton	12	12	1	1	0	N/A
P Evans[1]	4	4	N/A	N/A	0	N/A
J Spencer-Cotton	12	12	1	1	0	N/A
A Croll[3]	5	5	1	1	0	N/A

Notes:

1. Mr Evans was appointed on 16 April 2021 and resigned 18 November 2021.
2. Mr Lynn resigned on 7 April 2022.
3. Mr Croll was appointed on 9 February 2022.

The Company established the Audit and Risk Committee and Remuneration Committee on 28 April 2022. Additional details are available in the Company's Corporate Governance Statement, which can be found on the Company's website at www.newfieldresources.com.au.

PRINCIPAL ACTIVITY

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

OPERATING AND FINANCIAL REVIEW

Operating review

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

Financial review

The Group incurred a loss of $6,911,419 after income tax for the financial year (2021: loss of $17,067,663). A significant component of the loss includes the fair value adjustment to financial liabilities of $9,963,121 gain (2021: $5,421,351 loss) representing the movement in the future royalty stream payable to Octea. The Group started recognising operating costs and site overhead costs as it moves from development to operations.

The Company raised $32,235,381 before costs issuing shares as part of its entitlement issue and shortfall from the rights offer during the year.

The Company fully extinguished its bond facility by combination of payment of cash and issue of shares.

The Company made the final payments for the lease of mining equipment early and acquired the assets.

As at 30 June 2022 the Group had net assets of $100,786,706 (2021: $35,135,553) including cash and cash equivalents of $1,258,242 (2021: $1,591,918).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company issued 92,101,083 fully paid ordinary shares raising $32,235,381 before costs during the financial year.

The Company completed corporate bond drawdowns of $5.3 million during the financial year and subsequently extinguished the entire liability by converting A$15 million and US$7.5 million corporate bonds into 71,356,797 shares and repaying US$10 million in cash.

The Company also issued 24,744,513 options with an exercise price of $0.50 per option expiring on 4 January 2024 in satisfaction of interest payable on the corporate bonds totalling $2,150,129.

Total shares on issue at 30 June 2022 was 745,611,986 (2021: 581,299,552).

LIKELY DEVELOPMENTS

The Group short term plan is to continue production from the first stope on the Kundu ore body and extend the decline for Kundu to the next mining faces in addition to advancing the Lando declines into production (from the return airway). The Company expects to increase production over the 2023 calendar year with additional sales of diamonds. This development is expected to be funded by the recently announced L1 Capital equity facility in addition to further financing arrangements.

DIVIDENDS

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

OPTIONS

On 4 January 2022, the Company issued 24,744,513 options exercisable at $0.50 each expiring 4 January 2024.

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

Lapse of Options

No options expired during the financial year.

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

1. On 19 July 2022, the Company issued shares pursuant to the underwriting agreement dated 21 December 2022 (**Underwriting Agreement**) raising $1 million (before costs).
2. On 12 August 2022, the Company issued shares pursuant to the Underwriting Agreement raising $1,225,000 (before costs).
3. On 31 August 2022, the Company entered into a $55 million equity funding facility with SBC Global Investment Fund with an initial placement of shares raising $500,000 (before costs).
4. On 1 September 2022, a total of 5,792,392 shares were issued on conversion of all vested performance rights.
5. On 28 September 2022, the Company issued shares raising $1 million (before costs).

Other than what has been disclosed in the accounts, no other matter or circumstances have arisen since 30 June 2022 that have significantly affected the Group's operations, results or state of affairs, or may do so in future financial years.

The remuneration report for the year ended 30 June 2022, 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 Michael Lynn[1]	Executive Director
Mr Karl Smithson	Executive Director
Mr Christopher Burton	Non-Executive Director
Mr Peter Evans[2]	Non-Executive Director
Mr Jack Spencer-Cotton	Non-Executive Director
Mr Alistair Croll[3]	Non-Executive Director

Notes:
1. Resigned 7 April 2022.
2. Resigned 18 November 2021.
3. Appointed 9 February 2022

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. The Remuneration Committee which was formed on 28 April 2022 will meet at least annually to review remuneration policies.

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.

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.

Short-term incentives

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

Due to the impact of the COVID-19 pandemic, the Board has decided not to pay bonuses during the year (2021: Nil).

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

Long-term incentive

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

No options were granted to directors or employees during this financial year.

Following shareholder approval at the Company's 2019 AGM, the Company adopted a performance rights plan. To date, 4.7m performance rights have been issued.

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

Group performance and link to remuneration

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

The Executive Directors in Sierra Leone were not paid a performance bonus during the year due to the impact of the COVID-19 pandemic.

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

	2022	2021	2020	2019	2018
Net loss for the year (after tax)	$6,911,419	$11,383,525	$9,928,326	$6,458,879	$27,451,951
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	$0.04	$0.15	($0.01)	$0.04	($0.18)
Share price at beginning of the period	$0.35	$0.20	$0.21	$0.17	$0.35
Share price at end of the period	$0.39	$0.35	$0.20	$0.21	$0.17
Loss per share	1.03 cents	1.96 cents	1.71 cents	1.11 cents	9.04 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 2021 Annual General Meeting ('AGM')

At the 2021 AGM, more than 99.91% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. 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[2]	Base salary/fees including superannuation	Termination payments[3]
Executive Directors				
M Lynn [1]	12 months fixed term	3 months	USD180,000	3 months
N K Smithson	12 months fixed term	6 months	GBP150,000	6 months

Notes:
1. Resigned 7 April 2022.
2. The notice period applies equally to either party.
3. 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 2022 and 30 June 2021

		SHORT-TERM	POST-EMPLOYMENT		SHARE-BASED PAYMENTS		
		Salary & fees $	Superannuation benefits $	Bonus $	Performance Rights $	Total $	Proportion of remuneration performance related %
Directors							
Non-executive							
Mr C Burton	2022	36,000	-	-	166,771	202,771	82.2
	2021	36,000	-	-	40,229	76,229	52.8
Mr P Evans[1]	2022	13,800	-	-	-	13,800	-
	2021	7,300	-	-	-	7,300	-
Mr J Spencer-Cotton[2]	2022	36,000	3,600	-	157,500	197,100	79.9
	2021	3,750	375	-	-	4,125	-
Mr A Croll[3]	2022	14,000	-	-	-	14,000	-
	2021	-	-	-	-	-	-
Executive							
Mr A Ho[4]	2022	-	-	-	166,771	166,771	100.0
	2021	114,779	-	-	40,229	155,008	26.0
Mr M Lynn[5]	2022	144,451	-	-	203,831	348,282	58.5
	2021	241,179	-	-	49,169	290,348	16.9
Mr N K Smithson	2022	273,715	-	-	250,157	523,872	47.8
	2021	266,583	-	-	60,344	326,927	18.5
Total, all KMPs	**2022**	**517,966**	**3,600**	**-**	**945,030**	**1,466,596**	64.4
	2021	**669,591**	**375**	**-**	**189,970**	**859,937**	22.1

Notes:
1. Appointed 16 April 2021, resigned 18 November 2021.
2. Appointed 24 May 2021.
3. Appointed 9 February 2022.
4. Resigned 16 April 2021.
5. Resigned 7 April 2022.

Share-based remuneration

No options over ordinary shares in the Company were granted as compensation to each key management person during the reporting period.

At the annual general meeting held on 26 November 2021, shareholders approved the grant of performance rights to the following director:

Holder	Class	Number	Grant Date	Probability	Expiry Date of milestone achievement	Fair value per right	Total Fair Value
Jack Spencer-Cotton	B	450,000	26/11/2021	100%	30/11/2023	$0.35	$157,500

The performance rights were valued at 35 cents a share being the share price on grant date 26 November 2021. Vesting occurs at the end of the performance period dated 30 November 2023, if the following performance conditions are met:

A) Upon announcement by the Company on the ASX market announcements platform that it has achieved,
   i. at least a further 250 metres of underground development on the Kundu kimberlite dyke (when compared to the underground development as at the date of the Meeting), with all associated underground electrical, pumping and rescue bay infrastructure fully incorporated; and
   ii. the establishment of underground Level-1 development and return airway development on the Kundu kimberlite dyke.

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

A share-based payment expense of $945,030 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022.

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

Mr C Burton provided advisory services during the financial year on normal commercial terms and conditions. The total amount recognised during the financial year relating to these transactions was $62,844 (2021: $24,743). The amount outstanding as at 30 June 2022 was $22,496 (2021: $70,192).

Mr N K Smithson's spouse provided administrative and secretarial services to a subsidiary of the Company during the financial year on normal commercial terms and conditions. The total amount recognised and paid during the financial year relating to these transactions was $2,030 (2021: $4,072).

Key management personnel equity holdings

Fully paid ordinary shares

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

	Held at 30 June 2021	Held at date of appointment	Acquired during the year	Disposed during the year	Held at 30 June 2022
Mr M Lynn[1]	972,000	-	-	-	972,000
Mr N K Smithson	4,354,359	-	139,388	(1,000,000)	3,493,747
Mr C Burton	-	-	-	-	-
Mr P Evans[2]	-	-	-	-	-
Mr J Spencer-Cotton	594,535	-	6,335,299	-	6,929,834
Mr A Croll[3]	-	-	-	-	-

Notes:
1. Resigned 7 April 2022.
2. Resigned 18 November 2021.
3. Appointed 9 February 2022

Options over ordinary shares

No options over ordinary shares were held directly, indirectly or beneficially by key management personnel during the period.

Performance rights

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

	Held at 1 July 2021 Number	Granted as remuneration Number	Vested Number[4]	Forfeited Number	Balance at end of year (unvested) Number	Maximum value yet to vest at 30 June 2022 $
Mr M Lynn[1]	1,100,000	-	-	-	1,100,000	-
Mr N K Smithson	1,350,000	-	-	-	1,350,000	-
Mr C Burton	900,000	-	-	-	900,000	-
Mr P Evans[2]	-	-	-	-	-	-
Mr J Spencer-Cotton	-	450,000	-	-	450,000	-
Mr A Croll[3]	-	-	-	-	-	-

Notes:
1. Resigned 7 April 2022.
2. Resigned 18 November 2021.
3. Appointed 9 February 2022.
4. The performance rights vested after year end.

This concludes the remuneration report, which has been audited.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

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

Insurance

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

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

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

NON-AUDIT SERVICES

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

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

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

	2022 $	2021 $
Services other than audit and review of financial statements:		
Tax compliance services	9,000	8,678
Total remuneration for non-audit services	9,000	8,678

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:

Karl Smithson
Executive Director
Dated at Perth this 30th day of September 2022.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 $	2021 $
Sale of diamonds	7	1,974,726	-
Selling costs		(112,788)	-
Operating costs		(2,098,840)	-
Gross Profit/(Loss)		(236,902)	-
Other income & expense	7	415,138	1,321,765
Exploration and evaluation expenses		(5,799)	(2,747)
Corporate and administrative expenses		(2,440,163)	(2,183,523)
Site overhead expenses		(3,611,768)	-
Share based payment expense		(945,030)	(189,970)
Impairment losses on property, plant & equipment	10	-	(965,471)
Fair value adjustment to financial liability	17	9,963,121	(5,421,351)
Finance costs	7	(10,050,016)	(3,942,228)
Loss before income tax		(6,911,419)	(11,383,525)
Income tax benefit / (expense)	8	-	-
Net loss after income tax for the year		**(6,911,419)**	**(11,383,525)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences	19	6,715,649	(5,684,138)
Other comprehensive income for the year, net of tax		6,715,649	(5,684,138)
Total comprehensive gain/(loss) for the year		**(195,770)**	**(17,067,663)**
Loss attributable to:			
Owners of the Company		(6,910,839)	(11,383,250)
Non-controlling interest		(580)	(275)
		(6,911,419)	**(11,383,525)**
Total comprehensive loss attributable to:			
Owners of the Company		(194,838)	(17,067,694)
Non-controlling interest		(932)	31
		(195,770)	**(17,067,663)**
Basic loss per share (cents)	23	(1.03)	(1.96)

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 2022

NEWFIELD RESOURCES LIMITED

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	9	1,258,242	1,591,918
Trade and other receivables		1,473,951	795,195
Inventory		1,298,601	633,608
Financial assets at amortised cost		1,322	8,949
Total Current Assets		4,032,116	3,029,670
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss		120,000	300,328
Property, plant & equipment	10	8,773,294	3,295,430
Mine development asset	13	88,430,628	77,851,411
Exploration and evaluation assets	12	28,977,142	26,502,206
Total Non-Current Assets		126,301,064	107,949,375
TOTAL ASSETS		130,333,180	110,979,045
CURRENT LIABILITIES			
Trade and other payables	14	4,343,143	8,635,387
Employee benefits		162,370	104,753
Lease liability	11	4,902	750,612
Loans and borrowings	15	154,174	156,743
Financial liability at amortised cost	16	7,495,821	-
Total Current Liabilities		12,160,410	9,647,495
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	12,289,777	11,283,311
Lease liability	11	-	302,968
Loans and borrowings	15	-	33,392,418
Financial liability at amortised cost	16	-	6,065,118
Financial liability at fair value through profit or loss	17	5,096,287	15,152,182
Total Non-Current Liabilities		17,386,064	66,195,997
TOTAL LIABILITIES		29,546,474	75,843,492
NET ASSETS		**100,786,706**	**35,135,553**
EQUITY			
Contributed equity	18	164,841,786	102,090,022
Reserves	19	6,764,734	(3,046,426)
Accumulated losses	20	(70,815,353)	(63,904,514)
Non-controlling interest		(4,461)	(3,529)
TOTAL EQUITY		**100,786,706**	**35,135,553**

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

Consolidated Statement of Change in Equity for the year ended 30 June 2022

	Contributed Equity $	Other Reserves $	Accumulated Losses $	Total $	Non-controlling interests $	Total Equity $
Balance at 30 June 2021	**102,090,022**	**(3,046,426)**	**(63,904,514)**	**35,139,082**	**(3,529)**	**35,135,553**
Loss for the year	-	-	(6,910,839)	(6,910,839)	(580)	(6,911,419)
Other comprehensive income/(loss)	-	6,716,001	-	6,716,001	(352)	6,715,649
Total comprehensive loss for the year	-	6,716,001	(6,910,839)	(194,838)	(932)	(195,770)
Transactions with equity holders in their capacity as equity holders:						
Recognition of share based payments		945,030	-	945,030	-	945,030
Options issued		2,150,129	-	2,150,129	-	2,150,129
Conversion of bonds	32,134,051	-	-	32,134,051	-	32,134,051
Rights issue	32,235,381	-	-	32,235,381	-	32,235,381
Share issue costs	(1,617,668)	-	-	(1,617,668)	-	(1,617,668)
Balance at 30 June 2022	**164,841,786**	**6,764,734**	**(70,815,353)**	**100,791,167**	**(4,461)**	**102,786,706**
Balance at 30 June 2020	102,090,022	2,448,048	(52,521,264)	52,016,806	(3,560)	52,013,246
Loss for the year	-	-	(11,383,250)	(11,383,250)	(275)	(11,383,525)
Other comprehensive income/(loss)	-	(5,684,444)	-	(5,684,444)	306	(5,684,138)
Total comprehensive loss for the year	-	(5,684,444)	(11,383,250)	(17,067,694)	31	(17,067,663)
Transactions with equity holders in their capacity as equity holders:	-	-	-	-	-	-
Performance rights issue	-	189,970	-	189,970	-	189,970
Balance at 30 June 2021	**102,090,022**	**(3,046,426)**	**(63,904,514)**	**35,139,082**	**(3,529)**	**35,135,553**

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

NEWFIELD RESOURCES LIMITED

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from diamond sales		1,993,762	-
Payments to suppliers and employees for operational costs		(2,407,123)	-
Payments to suppliers and administration employees		(4,657,941)	(1,074,387)
Interest and distributions received		16,172	1
Interest paid		(2,253,632)	(2,303,072)
Net cash (outflow) from operating activities	26	(7,308,762)	(3,377,458)
Cash flows from investing activities			
Distributions received from financial assets at fair value through profit or loss		-	10,079
Proceeds from farm out arrangement		55,000	-
Proceeds from disposal of property, plant and equipment		-	115,266
Payments for purchase of property, plant and equipment		(69,245)	(89,961)
Payments for exploration and evaluation assets – capitalised costs		(192,240)	(168,295)
Payments for mine development		(12,634,887)	(11,116,757)
Net cash (outflow) from investing activities		(12,841,372)	(11,249,668)
Cash flows from financing activities			
Proceeds from issue of shares		32,235,381	
Payment of share issue costs		(1,617,668)	
Proceeds from borrowings	27	4,649,530	16,164,905
Repayment of borrowings		(14,248,809)	(270,752)
Payment of lease liabilities	27	(1,272,431)	(831,928)
Net cash inflow from financing activities		19,746,003	15,062,225
Net increase in cash and cash equivalents		(404,131)	435,099
Cash and cash equivalents at 1 July		1,591,918	1,002,547
Effects of exchange rate changes on cash and cash equivalents		70,455	154,272
Cash and cash equivalents at 30 June	9	**1,258,242**	**1,591,918**

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

1. REPORTING ENTITY

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

These consolidated financial statements comprise the Company and its subsidiaries (collectively the "**Group**" and individually "**Group companies**"). They were authorised for issue by the Board of Directors on 30 September 2022.

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

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a loss before tax for the year ended 30 June 2022 of $6,911,419 (2021: loss $11,383,525) and experienced net cash outflows from operating activities of $7,308,762 (2021: outflows $3,377,458). At 30 June 2022, the Group had a working capital deficiency of $8,128,294 (2021: $6,617,825).

The directors have prepared a cash flow forecast for the period to September 2023 for its operations including the funding for production and continued development of its Tongo Diamond Mining Project (the "Project"). This forecast includes various funding assumptions regarding the mine production and mine development plans for the period based on various independent engineering and technical studies on the Project. As the mine is not yet cash flow positive the Company requires additional funding to continue these operations. The Company has already secured an equity funding agreement for the project by way of an equity facility totalling A$55m. The availability of the equity funding is subject to a volume and pricing mechanism and the Company will require additional funding above this facility where the timing of the volume and pricing mechanism does not match the timing of operational cash outflows.

These conditions indicate a material uncertainty that may cast doubt about the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business

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

- The Company has the ability to adjust its development expenditure to conserve cash.
- The Company has secured an equity facility of up to A$55 million to be drawn down over the next 3 years using a volume and pricing mechanism to access the facility.
- Subsequently from 1 July 2022 to 28 September 2022, additional capital raising amounts of A$3.725m has been received from the underwriting and newly signed facility agreements with a further A$2.015 million to be drawn down from the underwriting agreement in October.
- The Company continues and will continue to evaluate the availability of debt/equity funding options over the coming year.
- The Directors also anticipate the support of its major shareholders and believe that the Company has the ability to raise an appropriate level of funding to execute its plans and continue its activities.

2. BASIS OF PREPARATION (continued)

Should the Company be unable to secure the additional long term funding, it would result 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 financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group 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 21 for details of subsidiaries). The functional currency for the Group's parent entity is Australian dollars (AUD). The functional currency for the Group's subsidiaries operating outside of Australia is U.S. dollars (USD). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's presentational currency. All values are rounded to the nearest dollar unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

Subsidiaries

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

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

Transactions eliminated on consolidation

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

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

Foreign currency translation

(a) Foreign currency transactions

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

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

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

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

Investments and other financial assets

Classification

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

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

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

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

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

Measurement

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

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

<u>Debt instruments</u>

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Impairment

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

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

Inventory

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

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

Exploration and evaluation expenditure

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

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

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mine properties

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Impairment of non-financial assets

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

Trade and other payables

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

Borrowings

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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- Financial Liability

On the acquisition of Stellar Diamonds plc, Newfield acquired an obligation to pay royalty payments on sales from the combined project (refer Note 17 and 22 for details). The liability for royalty payments is classified as a financial liability at fair value through profit or loss, and is measured at fair value. Fair value is a market-based measurement, not an entity-specific measurement with the fair value being an estimate of the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The fair value has been determined based upon a present value of the estimated future cash outflows using published ore reserves 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Revenue recognition

All revenue is stated net of the amount of goods and services tax. Revenue is recognised at a point in time or over time, when (or as) 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.

Interest

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

Leases

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Earnings per share

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

Current and non-current classification

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

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and value added tax (UK)

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

- When the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT 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/VAT included.

The net amount of GST/VAT 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/VAT 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/VAT recoverable from, or payable to, the taxation authority.

Adoption of new or revised accounting standards and interpretations

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

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

5. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies set by the Board of Directors who has delegated this to the Audit and Risk Committee. 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 Audit and Risk Committee 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 Audit and Risk Committee.

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

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	1,258,242	1,591,918
Trade and other receivables	249,767	449,725
Financial assets at amortised cost	1,322	8,949
Financial assets at fair value through profit or loss	120,000	300,328
	1,629,331	2,350,920
Financial liabilities		
Trade and other payables	4,343,143	8,635,387
Loans and borrowings	154,174	33,549,161
Financial liabilities at amortised cost	7,495,821	6,065,118
Financial liabilities at fair value through profit or loss	5,096,287	15,152,182
	17,089,425	63,401,848

5. FINANCIAL RISK MANAGEMENT (continued)

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.

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

	Assets		Liabilities	
	2022 $	2021 $	2022 $	2021 $
US dollars	785,729	3,933	6,103,781	35,385,684
British pound	1,191	2,839	84,176	90,966
Euro	-	-	3,730	-
South African rand	-	-	6,326	202,836
Sierra Leonean leone	21,334	11,790	599,546	1,280,499
	808,254	18,562	6,797,559	36,959,985

The Group had net monetary liability denominated in foreign currencies of $5,989,305 (assets $808,254 less liabilities $6,797,559) as at 30 June 2022 (2021: net liability of $36,941,423). Based on this exposure, had the Australian dollar strengthened/weakened by 10% (2021: 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 $598,931 higher/lower (2021: $3,694,142 higher/lower) and equity would have been $598,931 lower/higher (2021: $3,694,142 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 loss for the year ended 30 June 2022 was $474,979 (2021: gain of $1,203,012).

Cash flow and interest rate risk

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

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

	2022 $	2021 $
Variable rate instruments		
Cash at bank	623	623
Fixed rate instruments		
Loans and borrowings (Note 15)	-	(33,981,872)
Lease liabilities	(4,902)	(1,053,580)
	(4,902)	**(35,034,829)**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would not have a material impact to the Group based on the cash at bank at reporting date.

5. FINANCIAL RISK MANAGEMENT (continued)

Market price risk

The Group is involved in the mining for minerals, including diamonds. The Group commenced production during the year and had one sale. As the Group continues to increase production, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices. The Group's market price risk at 30 June 2022 is deemed to be immaterial.

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:

	2022 $	2021 $
Cash at bank	1,258,242	1,591,918
Trade and other receivables	249,767	449,725
	1,508,009	2,041,643

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

Credit quality of financial assets	Counterparties with external credit rating[1] AA-(S&P)	Other third parties without external credit rating No default	Total
At 30 June 2022			
Cash at bank	1,201,429	56,813	1,258,242
Other receivables from once-off transactions with third parties	-	249,767	249,767
	1,201,429	**306,580**	**1,508,009**
At 30 June 2021			
Cash at bank	1,542,156	49,762	1,591,918
Other receivables from once-off transactions with third parties	-	449,725	449,725
	1,542,156	**499,487**	**2,041,643**

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

Allowance for expected credit loss

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

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

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

5. FINANCIAL RISK MANAGEMENT (continued)

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 (2021: $Nil).

Liquidity risk management

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

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

	Carrying amount $	Contractual cash flows $	1 year $	2-5 years $	>5 years $
2022					
Trade and other payables	4,343,143	(4,343,143)	(4,343,143)	-	-
Loans and borrowings	154,174	(154,174)	(154,174)	-	-
Lease liabilities	4,902	(5,000)	(5,000)	-	-
Other current & non-current payables	12,592,108	(25,199,983)	(7,495,821)	(14,770,636)	(2,933,526)
	17,094,327	(29,702,300)	(11,998,138)	(14,770,636)	(2,933,526)
2021					
Trade and other payables	8,635,387	(8,635,387)	(8,635,387)	-	-
Loans and borrowings	34,137,614	(47,747,004)	(4,234,447)	(43,512,557)	-
Lease liabilities	1,053,580	(1,282,953)	(961,465)	(321,488)	-
Other non-current payables	17,348,429	(34,173,561)	-	(16,508,696)	(17,664,865)
	61,175,010	(91,838,905)	(13,813,299)	(60,342,741)	(17,664,865)

6. AUDITOR'S REMUNERATION

	2022 $	2021 $
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	65,600	54,500
Network firms of BDO Audit (WA) Pty Ltd	42,153	40,141
Other auditors	9,199	9,067
Audit and review of financial statements	**116,952**	**103,708**
Other Services		
Auditors' related practice – BDO Corporate Tax (WA) Pty Ltd - in relation to taxation services	9,000	8,678
Network firms of BDO Audit (WA) Pty Ltd - in relation to taxation services	-	-
	9,000	8,678

7. REVENUE, OTHER INCOME AND CORPORATE AND ADMINISTRATIVE EXPENSES

	2022 $	2021 $
Revenue		
Sale of diamonds (point in time)	1,974,726	-
Other income/(expense)		
Interest income	16,172	1
Gain on sale of assets	50,000	78,345
Fair value (loss)/gain on investments held at fair value through profit or loss	(180,328)	30,328
VAT refund	535,984	-
Inventory valuation adjustments	468,289	-
Distribution income	-	10,079
Foreign exchange (loss)/gain	(474,979)	1,203,012
	415,138	1,321,765
Finance Costs		
Interest expense	2,298,500	3,543,587
Lease interest	243,450	398,641
Borrowing costs	588,453	-
Fair value adjustment on shares issued	6,860,078	-
Loss on lease modification	59,535	-
	10,050,016	3,942,228

8. INCOME TAX

	2022 $	2021 $
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
(b) Numerical reconciliation between tax expense and pre-tax net loss		
Loss before income tax expense	(6,911,419)	(11,383,525)
Income tax benefit calculated at rates at 30% (2021:30%)	(2,073,426)	(3,415,057)
Effect of non-deductible items	(892,974)	2,253,935
Timing difference and tax losses not recognised	2,157,843	725,432
Differences in tax rate of subsidiaries operating in other jurisdictions	808,557	435,690
Income tax expense	-	-

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

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

	2022 $	2021 $
Carry forward tax losses	6,478,017	4,072,773
Interest	-	1,049,642
Other	407,609	(388,182)
	6,885,626	4,734,234

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:

	2022 $	2021 $
Other	-	-
	-	-

(d) Deferred tax liabilities recognised

	2022 $	2021 $
Mine development asset (Note 13)	12,289,777	11,283,311
	12,289,777	11,283,311

9. CASH AND CASH EQUIVALENTS	2022 $	2021 $
Cash at bank and in hand	**1,258,242**	**1,591,918**

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

10. PROPERTY, PLANT & EQUIPMENT	2022 $	2021 $
Furniture & fittings – at cost	58,935	55,805
Less: Accumulated depreciation	(56,389)	(51,613)
	2,546	4,192
Motor vehicles – at cost	665,305	542,194
Less: Accumulated depreciation	(454,748)	(312,174)
	210,557	230,020
Plant & equipment – at cost	14,490,699	7,302,293
Less: Accumulated depreciation	(5,930,508)	(4,241,075)
	8,560,191	3,061,218
	8,773,294	**3,295,430**

Reconciliations of carrying amount	Furniture & Fittings $	Motor vehicles $	Plant & equipment $	Total $
Balance at 1 July 2020	7,798	354,189	6,082,369	6,444,356
Additions & transfers	-	-	89,962	89,962
Disposals	(996)	-	(42,543)	(43,539)
Impairment	-	-	(965,471)	(965,471)
Depreciation	(2,610)	(95,014)	(1,779,664)	(1,877,288)
Foreign exchange differences	-	(29,155)	(323,435)	(352,590)
Balance at 30 June 2021	4,192	230,020	3,061,218	3,295,430
Balance at 1 July 2021	4,192	230,020	3,061,218	3,295,430
Additions & transfers	-	70,880	6,412,291	6,483,171
Depreciation	(1,646)	(108,792)	(1,413,924)	(1,524,362)
Foreign exchange differences	-	18,449	500,606	519,055
Balance at 30 June 2022	2,546	210,557	8,560,191	8,773,294

Critical estimates and judgements

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.

10. PROPERTY, PLANT & EQUIPMENT (continued)

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

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

	2022 $	2021 $
11. LEASE LIABILITY		
Current	4,902	750,612
Non current	-	302,968
Total	**4,902**	**1,053,580**
Reconciliation of movements in the balance		
Opening balance	1,053,580	1,972,148
Additions	-	-
Less: amount repaid	(1,368,204)	(1,098,640)
Interest	243,450	398,641
Foreign exchange movements	76,076	(218,569)
Closing balance at end of year	**4,902**	**1,053,580**

The right of use assets are disclosed as plant & equipment in Note 10.

Reconciliation of movements in Right of Use Assets		
Opening balance	1,200,912	2,100,942
Depreciation	(1,196,550)	(900,030)
Closing balance at end of year	**4,362**	**1,200,912**

12. EXPLORATION AND EVALUATION ASSETS

	2022 $	2021 $
Exploration and evaluation costs carried forward in respect of areas of interest	**28,977,142**	**26,502,206**
Reconciliation		
Carrying amount at beginning of the year	26,502,206	28,647,924
Exploration and evaluation	105,210	259,245
Foreign exchange differences	2,369,726	(2,404,963)
Carrying amount at end of the year	**28,977,142**	**26,502,206**

Assumptions used to carry forward the exploration assets

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

The Group has made a decision to mine a number of targets which contain the resource within the area of interest. The capitalised expenditure relating to these targets has been transferred to the development asset. The decision to mine was based on a positive final investment decision and funding sourced.

13. MINE DEVELOPMENT ASSET

	2022 $	2021 $
Mine property development costs carried forward in respect of mine development	**88,430,628**	**77,851,411**
Reconciliation		
Transfer from exploration and evaluation assets	77,851,411	69,925,518
Development expenditure	10,600,843	13,446,369
Capitalised depreciation from property, plant & equipment	-	-
Transfers to property, plant & equipment	(6,413,926)	-
Foreign exchange differences	6,392,300	(5,520,476)
Carrying amount at end of the year	**88,430,628**	**77,851,411**

Critical estimates and judgements

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

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

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

14. TRADE AND OTHER PAYABLES	2022 $	2021 $
Trade creditors and accruals	**4,343,143**	**8,635,387**

Trade payables are usually paid within 90 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.

15. LOANS & BORROWINGS

Current

Insurance premium funding	**154,174**	**156,743**

The Group has an insurance premium funding arrangement under which the principal and interests will be repaid by ten equal monthly instalments. A flat interest rate of 4.50% (2021: 4.50%) was charged by the lender up front. The Group's exposure to various risks associated with loans and borrowings are disclosed in Note 5. The carrying amount of loans and borrowings approximates its fair value.

Non Current

Bonds	**-**	**33,980,871**
Less amortised borrowing costs	**-**	**(588,453)**
	-	**33,392,418**

The Group issued unlisted, unsecured corporate bonds during the period from 2019 to 2021. The coupon rate is 12% per annum, payable semi annually on 30 June and 31 December each year. The bonds are to be repaid at the later of the maturity date, being three years post each drawdown date, or the repayment date, being the earlier of 12 months after ASX announcement declaring commercial production or five years after the first drawn down date.

On 24 December 2021 the Company entered into an agreement to retire its existing corporate bonds in exchange for cash and shares.

The key terms of the debt retirement were:
- $15,000,000 bonds converted into 42,857,143 fully paid ordinary shares at an issue price of $0.35 per share.
- US$7,500,000 bonds converted into 29,354,208 fully paid ordinary shares at an issue price of $0.35 per share.
- Repayment of US$10,000,000 in cash.

The Company also issued 24,744,513 unquoted options at an exercise price of $0.50 per share expiring on 4 January 2024 to settle accrued interest. (Note 19)

The shares were issued at $0.35 per share. Per AASB 9, these shares were revalued to market value at $0.445 per share. An expense of $6,860,078 as finance costs.

	USD	AUD	Number of shares
Face value of debt $0.35/share		15,000,000	42,857,143
Face value of debt $0.35/share	7,500,000	10,273,973	29,354,208
Total Face value of debt to equity		25,273,973	
Fair value of debt $0.445/share (Note 18)		32,134,051	72,211,351
Loss on conversion of debt to equity		(6,860,078)	

Jack Spencer Cotton and his spouse, Angela Chew, jointly held $1,000,000 in corporate bonds, and Anrinza Pty Ltd (related entity of Angela Chew) held $3,000,000 in corporate bonds, prior to the bonds being retired.

16. FINANCIAL LIABILITIES AT AMORTISED COST

Current		
Contractual liability acquired through business combination	**7,495,821**	-
Non Current		
Contractual liability acquired through business combination	**-**	**6,065,118**
	7,495,821	**6,065,118**

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

The fair value of this current liability was based on discounted cash flows using an estimated current borrowing rate of 10% (2021: 10%). This current liability is carried at amortised cost. Total interest expense recognised for the year in relation to this current payable is $843,656 (2021: $457,579). The Group's exposure to various risks associated with other non-current payables are disclosed in Note 5.

17. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 $	2021 $
Financial liability	5,096,287	15,152,182
	5,096,287	**15,152,182**

Stellar, through its wholly owned subsidiary, owned the Tongo Project in Sierra Leone which lay adjacent to the Tonguma Project owned by Tonguma Limited. Stellar and its wholly owned subsidiaries entered into a Tribute Mining Agreement (**TMA**) and Revenue Share Agreement (**RSA**) with Tonguma Limited and its parent entity Octea Limited (together as "**Octea Group**") which allowed Stellar to bring both projects together into production under the same production infrastructure (**Combined Project**).

Under the terms and conditions of the TMA & RSA, Stellar would pay to Octea Group cash US$5 million and GBP85,346 (**Octea Initial Payment**) on a pro rata basis during the period where the Group generates sufficient cash flow to commence the recoupment of capital invested to build the mine. Stellar would also pay to Octea Group 10% royalty on all sales revenue generated from the Combined Project (after paying any Sierra Leone government royalties of 6.5%) from the date on which the Octea Initial Payment had been paid in full (**Octea Royalty Payment)**.

Critical judgements and estimates

The timing and amount of the Octea Royalty Payments are subject to significant estimates and judgements including the capital cost of the project, the length of time it takes for the Octea Initial Payment to be paid in full and the Company's ability to produce and sell diamonds from the Combined Project. Other estimates and judgements include future diamond pricing, discount rate, and future capital expenditure. 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 updated for the current life of mine plan in May 2022. The discounted cash flows are based on inputs from this study which included a life of mine model and a review of the key terms and conditions of the agreements.

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

The following table gives the main assumptions made in determining the fair value of financial liability as at 30 June 2022. 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	US248	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, as well as recent sales price data.
Kimberlite grade	cpht	120	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	%	24.02	Rate determined using external support for the risk free rate (Sierra Leone equity risk premium), and counterparty expected rate of return.
Indicated reserve	Ct	1,093,000	Calculation of royalty based on the announced indicated reserve

	2022 $	2021 $
18. CONTRIBUTED EQUITY		
745,611,986 fully paid ordinary shares (2021: 581,299,552 fully paid ordinary shares)	**164,841,786**	**102,090,022**

(a) Ordinary shares

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

	2022 Number	2021 Number	2022 $	2021 $
Balance at the beginning of the year	581,299,552	581,299,552	102,090,022	102,090,022
Rights issue	92,101,083	-	32,235,381	-
Conversion of bonds (Note 15)	72,211,351	-	32,134,051	-
Less share issue costs	-	-	(1,617,668)	-
Balance at the end of the year	745,611,986	581,299,552	164,841,786	102,090,022

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 mining 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.

19. OTHER RESERVES

	2022 $	2021 $
Share Based Payments Reserve		
Balance at beginning of year	503,903	313,933
Share based payment expenses	945,030	189,970
Balance at end of year	1,448,933	503,903
Options Reserve		
Options issued in lieu of corporate bond interest payment (Note 15)	2,150,129	-
Balance at end of period	2,150,129	-
Foreign Currency Translation Reserve		
Balance at beginning of year	(3,550,329)	2,134,115
Currency translation differences on translation of foreign operations	6,716,001	(5,684,444)
Balance at end of year	3,165,672	(3,550,329)
Total	**6,764,734**	**(3,046,426)**

Share based payments reserve

The reserve is used to recognise the values attributed to performance rights and options over ordinary shares granted to employees and consultants in consideration for the provision of services. Refer to Note 28 for details of share based payments in prior year.

Options reserve

The reserve is used to recognise the value attributed to the options issued in lieu of payment of accrued interest on bonds (Note 15). The options were valued at the value of the interest payable.

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 21 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 2022 was AUD1 = USD0.6893 (at 30 June 2021 was AUD1 = USD0.7508). The income and expenses of foreign operations are translated into AUD at the dates of the transactions.

20. ACCUMULATED LOSSES

	2022 $	2021 $
Accumulated losses at the beginning of the year	**(63,904,514)**	**(52,521,264)**
Net loss for the year	(6,910,839)	(11,383,250)
Accumulated losses at the end of the year	**(70,815,353)**	**(63,904,514)**

21. 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 2022	2021	Principal activities
Allotropes Diamonds Pty Ltd	Australia	100%	100%	Mineral Exploration
Allotropes Diamond Company Ltd	Sierra Leone	100%	100%	Mineral Exploration
Stellar Diamonds Limited	United Kingdom	100%	100%	Holding company
Stellar Diamonds Limited	Guernsey	100%	100%	Holding company
Basama Diamonds Ltd	Republic of Seychelles	100%	100%	Prospecting and exploration of diamonds
Basama Diamonds Ltd (Sierra Leone Branch)	Sierra Leone	100%	100%	Prospecting and exploration of diamonds
Sierra Diamonds Limited	British Virgin Islands	100%	100%	Prospecting and exploration of diamonds
Sierra Diamonds Limited (Sierra Leone Branch)	Sierra Leone	100%	100%	Prospecting and exploration of diamonds

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

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group 2022	2021	Principal activities
Allotropes Mining Company Ltd*	Sierra Leone	100%	100%	Mineral Exploration
Stellar Diamonds (Liberia) Incorporated	Liberia	90%	90%	Prospecting and exploration of diamonds

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

22. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

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

	2022 $	2021 $
Payable within one year	523,748	545,853

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:

	2022 $	2021 $
Within one year	2,924,083	2,564,966
After one year but not more than five years	10,085,899	8,966,046
More than five years	22,459,478	18,363,348
	35,469,460	**29,894,360**

22. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies

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

Pursuant to the Tribute Mining Agreement and Revenue Share Agreement entered into with Octea Group Limited, the Group may be liable to continue to pay to Octea Group under the 10% royalty on all sales revenue arrangement. A liability has not been recognised with respect to royalty payments beyond the indicated reserves (refer Note 17).

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

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

23. EARNINGS/(LOSS) PER SHARE

Basic and diluted loss per share

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

	2022 $	2021 $
Loss attributable to ordinary shareholders of Newfield Resources Limited		
Net loss for the year	(6,911,419)	(11,383,525)
Weighted average number of ordinary shares	**Number**	**Number**
Balance at beginning of year	581,299,552	581,299,552
Effect of shares issued during the financial year	164,312,434	-
Weighted average numbers of ordinary shares on issue during the year	**670,189,794**	**581,299,552**

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

24. 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.

	Mining & Development Africa $	Mineral Exploration Africa $	Corporate $	Group $
2022				
Segment income	1,974,726	-	16,172	1,990,878
Segment result	(5,154,091)	(530,184)	12,595,694	6,911,419
Segment assets	99,702,500	29,041,646	1,589,034	130,333,180
Segment liabilities	20,753,546	7,855,483	937,445	29,546,474
2021				
Segment income	77,340	-	1,244,425	1,321,765
Impairment loss	-	-	-	-
Segment result	7,595,951	2,747	3,784,827	11,383,525
Segment assets	82,346,390	26,566,655	2,066,000	110,979,045
Segment liabilities	(32,151,520)	(7,212,162)	(36,479,810)	(75,843,492)

Geographical information

	Geographical Income		Geographical non-current assets	
	2022 $	2021 $	2022 $	2021 $
Australia	-	1,247,577	127,781	320,224
Liberia	-	-	2,183,088	1,963,214
Sierra Leone	1,974,726	77,340	123,990,195	105,665,936
	1,974,726	1,321,917	126,301,064	107,949,374

25. RELATED PARTY TRANSACTIONS

(a) Parent entity

The Group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest 2022	Ownership interest 2021
Newfield Resources Limited	Ultimate Australian parent entity	Australia	100%	100%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

	2022 $	2021 $
Short-term & post employment benefits	538,602	669,967
Share based payments	945,030	189,970
Total compensation	**1,466,596**	**859,937**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 19.

(d) Other transactions with key management personnel

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

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

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

		Transactions value year ended 30 June		Balance outstanding as at 30 June	
Director	**Transaction**	**2022 $**	**2021 $**	**2022 $**	**2021 $**
Mr N K Smithson	Fees for administrative and secretarial services provided	2,030	4,072	-	-
	Reimbursement- payment for expenses via personal account	-	46,608	-	-
Mr C Burton	Fees for advisory services	62,844	24,743	22,496	70,192

Outstanding balances are unsecured and are repayable in cash.

26. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	2022 $	2021 $
Cash flows from operating activities		
Loss for the year	(6,911,419)	(11,383,525)
Adjustments of non-cash/non-operating items:		
Depreciation	1,205,120	902,640
Interest amortisation	588,453	195,040
Gain on sale of assets	(50,000)	(78,345)
Investment distributions	-	(10,079)
Fair value adjustment of financial assets	-	(30,328)
Share based payment	945,030	189,970
Foreign exchange gains	632,611	(1,199,592)
Fair value adjustment of financial liability	(9,963,121)	5,421,351
Impairment of property plant & equipment	-	965,471
Conversion of interest in bond	49,625	483,945
Conversion of debt to equity	6,860,078	-
Inventory revaluation	(596,254)	-
Options issued	2,150,129	-
Lease modification	59,535	-
Other exploration and evaluation expenditure	825	-
Operating loss before changes in working capital and provisions	(5,029,388)	(4,543,452)
Change in trade and other receivables	-	-
Change in other assets	166,251	(40,948)
Change in trade and other payables	(2,445,625)	1,206,942
Change in provisions	-	-
Net cash used in operating activities	(7,308,762)	(3,377,458)

27. 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
		Settlement through issue of shares	Interest accrued	Amortisation /other	Foreign exchange movements			
	$	$	$	$	$	$	$	$
2022								
Long-term borrowings	33,980,872	(25,273,973)	49,625	-	840,186	4,377,707	(13,974,417)	-
Short-term borrowings	156,743	-	-	-	-	271,823	(274,392)	154,174
Lease liabilities	1,053,580	-	243,451	56,379	(76,077)	-	(1,272,431)	4,902
Total	**35,191,195**	**(25,273,973)**	**293,076**	**56,379**	**764,109**	**4,649,530**	**(15,521,240)**	**159,076**

27. RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Opening balance	Non-cash changes				Cash inflows	Cash outflows	Closing balance
		Settlement through issue of shares	Interest accrued	Amortisation	Foreign exchange movements			
	$	$	$	$	$	$	$	$
2021								
Long-term borrowings	18,269,865	483,945	-	-	(645,978)	15,873,040	-	33,980,872
Short-term borrowings	137,271	-	-	-	-	291,865	(272,394)	156,743
Lease liabilities	1,972,148	-	398,641	(266,712)	(218,569)	-	(831,928)	1,053,580
Total	**20,379,284**	**483,945**	**398,641**	**(266,712)**	**(864,547)**	**16,164,905**	**(1,104,322)**	**35,191,195**

28. SHARE BASED PAYMENTS

At the annual general meeting held on 26 November 2021, shareholders approved the grant of 450,000 performance rights to the directors.

Holder	Class	Number	Grant Date	Probability	Expiry Date of milestone achievement	Fair value per right	Total Fair Value
Jack Spencer-Cotton	B	450,000	26/11/2021	100%	30/11/2023	$0.35	$157,500

The performance rights were valued at 35 cents a share being the share price on grant date 26 November 2021. Vesting occurs at the end of the performance period dated 30 November 2023, if the following performance conditions are met:

A) Upon announcement by the Company on the ASX market announcements platform that it has achieved

i. at least a further 250 metres of underground development on the Kundu kimberlite dyke (when compared to the underground development as at the date of the Meeting), with all associated underground electrical, pumping and rescue bay infrastructure fully incorporated; and

ii. the establishment of underground Level-1 development and return airway development on the Kundu kimberlite dyke.

B) Upon announcement by the Company on the ASX market announcements platform that it has achieved

i. at least a further 250 metres of underground development on the Kundu kimberlite dyke (when compared to the underground development as at the date of the Meeting), with all associated underground electrical, pumping and rescue bay infrastructure fully incorporated;

ii. the establishment of underground Level-1 development and return airway development on the Kundu kimberlite dyke; and

iii. diamond production from the Kundu kimberlite dyke of not less than 5,000 carats.

A share-based payment expense of $945,030 (including $787,530 of vesting expense from prior rights) was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022.

29. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2022 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	
	2022	**2021**
	$	**$**
Profit/(Loss) after income tax	(9,606,796)	(16,305,737)
Total comprehensive profit/(loss)	(9,606,796)	(16,305,737)

Statement of financial position

Current assets	1,725,977	2,072,759
Total assets	89,520,167	70,609,737
Current liabilities	(920,915)	(3,781,402)
Total liabilities	(920,915)	(37,476,789)
Net assets	88,599,252	33,132,948
Shareholder's equity		
Issued capital	164,841,786	102,090,022
Reserves	2,852,238	503,903
Accumulated losses	(79,067,773)	(69,460,977)
Total equity	88,599,252	33,132,948

(a) Guarantees entered into by the parent entity

The parent entity did not provide any guarantees during the financial year (2021: nil).

(b) Contingent liabilities of the parent entity

Other than the contingencies disclosed in Note 22, the parent entity did not have any other contingent liabilities at year end (2021: nil).

(c) Contractual commitments for capital expenditure

The parent entity did not have any commitment in relation to capital expenditure contracted but not recognised as liabilities as at reporting date (2021: nil).

30. EVENTS SUBSEQUENT TO REPORTING DATE

1. On 19 July 2022, the Company issued shares pursuant to the underwriting agreement dated 21 December 2022 (**Underwriting Agreement**) raising $1 million (before costs).
2. On 12 August 2022, the Company issued shares pursuant to the Underwriting Agreement raising $1,225,000 (before costs).
3. On 31 August 2022, the Company entered into a $55 million equity funding facility with SBC Global Investment Fund with an initial placement of shares raising $500,000 (before costs).
4. On 1 September 2022, a total of 5,792,392 shares were issued on conversion of all vested performance rights.
5. On 28 September 2022, the Company issued shares raising $1 million (before costs).

Other than what has been disclosed in the accounts, no matters or events have arisen since 30 June 2022 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial years.

In the opinion of the Directors of Newfield Resources Limited:

(a) the financial statements and notes set out on pages 21 to 53, 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 2022 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.

Karl Smithson
Executive Director

30th September 2022
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 2022, 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 2022 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

Key audit matters

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

Fair value of financial liability through profit or loss

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 17 to the Financial Report, the fair value of the financial liability through profit or loss represents a significant liability of the Group and calculated using a number of key estimates and judgements, in particular the following: • Revenue per carat; • Indicated mine reserves; • Kimberlite grade; • Timing of cash flows including repayment period for capital expenditure; and • Discount rate. There is also judgement in assessing the key terms and conditions included within the relevant agreements. Due to the significant estimates and judgements involved in determining the fair value of this liability, we consider this to be a key audit matter.	Our procedures included, but were not limited to: • Reading the underlying agreements to understand the key terms and conditions including the basis of calculation; • Assessing management's fair value calculation of the financial liability against the requirements of *AASB 13 Fair Value* and a market participant's perspective; • Assessing the appropriateness of management's model by assessing the significant assumptions estimates and source data used by management; • Assessing the appropriateness of management's discount rate used on the fair value assessment in conjunction with our internal valuation experts; and • Assessing the adequacy of the related disclosures within Note 17 to the Financial Report.

Carrying value of mine development asset

Key audit matter	*How the matter was addressed in our audit*

Refer to Note 13 of the financial statements, for disclosure over the mine development asset.
 	
The Group is required to assess for indicators of impairment at each reporting period. The assessment of impairment indicators in relation to the mine development asset requires management to make significant accounting judgement and estimates which includes discount rates, commodity prices and ore reserve estimates.
 	
The carrying value of mine development asset was determined to be a key audit matter due to the quantum of the assets and the significant judgement involved in management's assessment of the carrying value.
	Our procedures included, but were not limited to:
	
	• Verifying on a sample basis, mine development expenditure capitalised during the year for compliance with the measurement and recognition criteria of accounting standards;
	
	• Evaluating management's assessment of indicators of impairment as at 30 June 2022 by:
	    • Comparing the carrying amount of the Group's net assets against the market capitalisation,
	    • Comparing changes in diamond pricing assumptions to actual sales achieved;
	    • Assessing for adverse changes to discount rates;
	    • Reviewing board meeting minutes, management's position papers and holding discussions with key management to understand the impact of delays in the development of the Tongo Diamond Project; and
	
	• Assessing the adequacy of the related disclosures in Note 4 and Note 13 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 2022, but does not include the financial report and the auditor’s report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor’s responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor’s report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Newfield Resources Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth

30 September 2022

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

As lead auditor of Newfield Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

Details of shares as at 20 September 2022:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 20 September 2022 were:

Fully paid ordinary shares – quoted

	Name	No. of Shares	%
1.	Citicorp Nominees Pty Limited	202,862,137	26.72
2.	QP & Co Pty Ltd <Quppi Family A/C>	49,284,743	6.49
3.	Sparkle Capital Pty Ltd <Sparkle Investment A/C>	42,857,143	5.64
4.	Wonder Holdings Pty Ltd	36,732,311	4.84
5.	Anrinza Future Pty Ltd	33,022,731	4.35
6.	BNP Paribas Nominees Pty Ltd	31,688,877	4.17
7.	PT Griyainsani Cakrasadaya	29,375,000	3.87
8.	Deutsche Balaton Aktiengesellschaft	28,518,073	3.76
9.	Clearwin Investments Pty Ltd <Starclear Capital A/C>	25,468,551	3.35
10.	Suryandy Jahja	15,068,848	1.98
11.	Kreo Capital Management Pte Ltd	13,663,334	1.8
12.	Asia Pacific Horizon Capital Ltd	12,380,080	1.63
13.	Mutual Street Pty Ltd	10,708,015	1.41
14.	Delphi Unternehmensberatung Aktiengesellschaft	10,200,000	1.34
15.	BNP Paribas Nominees Pty Ltd Acf Clearstream	8,607,481	1.13
16.	Mr Hoong Ngai Christopher Lai	8,000,000	1.05
17.	Ms May Ern Gloria Lai	8,000,000	1.05
18.	Chewkart Super Pty Ltd	7,500,000	0.99
19.	Creditforce Limited	7,124,838	0.94
20.	Imelda Hartana	6,750,523	0.89
		587,812,685	77.4

Registered holders holding 20% or more of each class of unquoted equity security as at 20 September 2022 were:

Options exercisable at $0.50 each on or before 4 January

Name	No. of Options	%
Sparkle Capital Pty Ltd <Sparkle Investment A/C>	10,927,897	44.16
Anrinza Future Pty Ltd	5,234,921	21.16

Distribution schedules

A distribution schedule of each class of equity security as at 20 September 2022:

	Fully paid ordinary shares			*Unquoted options exercisable at $0.50 each on or before 4 January 2024*		
Range	**Holders**	**Units**	**%**	**Holders**	**Units**	**%**
1 - 1,000	117	15,196	0.00	0	0	0.00
1,001 - 5,000	99	315,328	0.04	0	0	0.00
5,001 - 10,000	114	934,843	0.12	0	0	0.00
10,001 - 100,000	230	8,378,031	1.11	0	0	0.00
100,001 - Over	179	749,571,611	98.73	9	24,744,513	100.00
Total	739	759,215,009	100.00	9	24,744,513	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
QP & Co Pty Ltd <Quppi Family A/C>	49,284,743
Sparkle Capital Pty Ltd <Sparkle Investment A/C>	42,267,343

Restricted securities or securities subject to voluntary escrow

As at 20 September 2022, the Company had no restricted securities on issue.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 1,190 shares as at 20 September 2022):

Holders	Units
120	18,580

Voting Rights

The voting rights attaching to ordinary shares are:

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

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Principles of Good Corporate Governance and Recommendations

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

Schedule of Tenements at 23 September 2022

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

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