NEW CENTURY
RESOURCES

ANNUAL REPORT

2021

NEW CENTURY RESOURCES

The Century Mine remains the largest hydro-mining operation in Australia's history and we are paving the way for further innovative approaches to economic rehabilitation of mined land

CONTENTS

CORPORATE DIRECTORY

Directors

Robert McDonald	(Chairman)
Patrick Walta	(Managing Director)
Nick Cernotta	(Non-Executive Director)
Kerry Gleeson	(Non-Executive Director)
Peter Watson	(Non-Executive Director)

Company secretary

Thomas Wilcox

Securities exchange

Australian Securities Exchange	ASX
Code:	NCZ

Country of incorporation and domicile

Australia

Registered office and business address

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CORPORATE GOVERNANCE

New Century's 2021 Corporate Governance Statement was released to ASX on 27 October 2021 and is available on the Company's website www.newcenturyresources.com

COMPANY PROFILE

New Century Resources Limited (**New Century** or the **Company**) operates the Century Mine, located at Lawn Hill, 250 kilometres north-west of Mount Isa in the Lower Gulf of Carpentaria. The mine began open pit production in 1999. During its initial 16 years of operation, Century was one of the largest zinc mines in the world, producing an average of 472,000 tonnes per annum of zinc metal and 53,000 tonnes per annum of lead metal, with the product being transferred in slurry form via a 304 kilometres underground pipeline to the Port facility at Karumba for shipping to smelters in Australia, Europe and Asia.

The cessation of processing operations at Century in early 2016, due to depletion of the Century Big Zinc Ore Reserves, presented an opportunity to monetise valuable remaining mineral assets. These included over 2,200,000 tonnes of JORC compliant zinc equivalent metal in Mineral Resources located within mineralised tailings, and over 1,000,000 tonnes of zinc and lead in JORC compliant Mineral Resources in the Silver King, South Block and East Fault Block base metal deposits. In addition, Century hosts several other substantial base metal and phosphate mineral deposits, such as those at Watson's Lode, which require further drilling and studies to determine the best method of value generation.

Beyond the mineral assets, Century includes world-class processing and logistics infrastructure:

- at the mine site, a scalable and adaptable mineral flotation processing plant, heavy vehicle workshops, stores and logistics facilities, water infrastructure, a 400-person accommodation camp, offices, airport, full laboratory and grid power connection;
- at Karumba, a large-scale port facility with concentrate dewatering and drying operations, an 80,000 tonne mechanised environmentally secure storage shed, ship-loading facility, and a 5,000 tonne self-propelled, self-discharging maritime transhipment vessel (the M.V. Wunma); and
- a 304 kilometre underground slurry pipeline which connects the mine and the Karumba port.

With the final processing of open pit ore from Century in early 2016, the focus of the previous owner turned to the progressive rehabilitation and ultimate closure of the mine site. Significant rehabilitation activities had already been undertaken, with over $70 million spent on rehabilitation to that date. A comprehensive plan of work was also in place to progressively take the mine site, the pipeline and the port facility to full closure.

The acquisition of the Century assets by New Century in February 2017 led to the restart of operations based on re-treatment of tailings, commencing in August 2018. The rapid reinvigoration of operations established Australia's largest ever hydraulic mining operation.

The restarting of operations at Century, initially via tailings reprocessing, allows much of the scheduled rehabilitation to be achieved through cash flow generating site activities. In the case of the Century tailings deposit, after reprocessing of the tailings has occurred, all waste material is relocated back into the existing open pit, which allows for final encapsulation via subaqueous deposition and eliminates the need for capping of the tailings dam on surface.

The reprocessing of tailings and encapsulation within the open pit also provides a significant reduction in the overall footprint of disturbance of the Century mining operations, allowing for a progressive reduction in the Estimated Rehabilitation Cost for the site.

In addition to tailings reprocessing, extraction of defined in-situ base metal deposits, phosphate deposits and regional toll treatment opportunities will also be assessed, potentially providing further economic benefits and assistance toward scheduled site rehabilitation.

In September 2021, the Company released the results of its feasibility study into the potential development of in-situ deposits at Century. The Study identified a strongly value accretive proposition for development of in-situ operations at Silver King and East Fault Block alongside current tailings operations.

The Company continually reviews other growth opportunities involving tailings reclamation and the use of existing processing facilities and established infrastructure to produce minerals for the new economy.

CHAIRMAN'S MESSAGE

Dear Shareholders

Your Board is pleased to present the 2021 Annual Report.

On 1 July 2020 your Company declared commercial production at its Century operation in Northern Queensland. The financial statements in this Annual Report show for the first time the results for New Century as a commercially operating entity.

For the financial year ended 30 June 2021, New Century reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $73.5 million. No dividend has been declared.

Production for the year was 128,200 tonnes of zinc in concentrate, consolidating the Century operation's position as a major global zinc producer. Production at Century was not at the level we had planned at the beginning of the financial year. Once it became clear that our initial projections were optimistic, we revised our guidance which was subsequently met. Our guidance for the 2022 year is to produce between 130,000 and 145,000 tonnes of zinc in concentrate. Work is ongoing to optimise our metallurgical and plant reliability programs, and this will be a key task for the coming year.

Notwithstanding the persistence of the COVID-19 pandemic the Company enjoyed an improving international macroeconomic environment. When I wrote to you last year the zinc price was around US$1.15 per pound, up from its lows of US$0.85 per pound reached during the previous year. Today, in late-October spot zinc prices have reached levels as high as US$1.73 per pound. In June New Century had taken partial advantage of the rebounding zinc price by protecting future cash flows with the hedging of approximately 25 percent of Century's expected production for the next three years.

Your Board is proud of the Company's many achievements over the last year, on several fronts:

- The safety performance of the team at Century has been outstanding, and this will continue as a major Company focus. Our highly respected "Safety Starts With You" and "Project Zero" programs have been continually reinforced with a total recordable incident frequency rate (TRIFR) of 1.4 at 30 June 2021. This is materially lower than the Queensland industry average of 7.5 – an industry leading performance of which our team should be proud. Ongoing focus is required to maintain this position.
- The profitable recovery of minerals contained in tailings from previous milling operations, together with the associated site rehabilitation plans, have received acknowledgement from other mining companies and stakeholders as a value generating industry model. Over the coming years we will fully complete the successful rehabilitation of the Century open pit mine developed and mined for 16 years by previous owners.
- All New Century's activities are undertaken in accordance with State and Commonwealth legislation always being mindful of the wishes of traditional owners on whose land the Company operates. New Century seeks to engage on a regular basis with local indigenous representatives.
- Halfway through the financial year existing and new shareholders supported the plan to strengthen your Company's balance sheet by participating in a $35 million equity raising at $0.15 per share. This additional equity allowed the Company to accelerate debt repayment.

Management is working on several exploration and development initiatives to extend the operating life at Century beyond the current remaining tailings resource. Post the end of the financial year, shareholders will have noted the positive results of our feasibility work at two of our in-situ resources; development activities at the high-grade Silver King and East Fault Block deposits adjacent to the Century open pit mine is expected to commence during fiscal year 2022.

Development of these resources and other in-situ resources at Watson's Lode, South Block and potential underground extensions at Silver King underpins a pathway for Century mine life extension to 2030 and beyond.

As well, New Century has a small team looking to secure additional growth and diversification, as illustrated by the consideration of the opportunity that was assessed during the year to acquire Vale's nickel cobalt Goro operation in New Caledonia. We will continue to focus on tailings retreatment opportunities, particularly those where we can utilise sunk capital to recover valuable new economy minerals.

More recently, at the beginning of October, New Century advised that it is finalising a material strategic transaction involving an asset acquisition, an equity raise and new environmental bonding arrangements. The Company's shares entered a period of suspension from trading while the details of the strategic transaction were being finalised. Trading of the Company's shares on the Australian Securities Exchange is anticipated to resume once full details of the material strategic transaction and the Annual Report including the audited full year accounts are released. I look forward to further discussing the strategic transaction in my presentation to shareholders at the Company's upcoming Annual General Meeting.

During the year our share price fluctuated between $0.15 and $0.25, and as the date of suspension of trading New Century's share price was closer to $0.16, capitalising your Company at approximately $200 million. The Company did not meet its target to re-join the S&P/ASX 300 index in fiscal year 2021.

Your Board and Management are united in their determination to execute various plans to both create new value and unlock existing value in a sustainable manner.

I know that you would want me to give your special thanks to our team, and their families, for keeping the New Century ship on a steady course during a year when the COVID-19 pandemic raged.

Thank you for your continued support.

Yours sincerely,

Rob McDonald
CHAIRMAN

OPERATING AND FINANCIAL REVIEW

Highlights

Continued industry leading safety performance, with a total recordable incident frequency rate (TRIFR) reduced from 3.9 (30 June 2020) to 1.4 (1 July 2021) against a Queensland industry average of 7.5[1]

The Company recorded no cases of COVID-19 during the financial year and implemented rigorous COVID-19 Management Plans which include all precautions recommended by local, state and federal health authorities

Record annual zinc metal production of 128,200 tonnes (10 percent increase on the previous financial year – 116,900 tonnes)

Record annual C1 costs of US$0.90 per pound (2.2 percent decrease on the previous financial year – US$0.92 per pound)

Annual EBITDA (earnings before interest, tax, depreciation and amortisation) of $73.5 million

Exploration delivering incremental growth opportunities at Silver King, as well as the larger scale potential for identification of ongoing Millennium targets and other potential SEDEX deposits on the Century tenement package

Execution of a major long-term zinc hedging program with Macquarie Bank with the following terms:

- Fixed AUD zinc price of A$3,717 per tonne (equivalent to US$1.32 per pound at US$0.78/A$ exchange rate)
- 90,000 tonnes of payable metal over three years (approximately 25 percent of production)

In-Situ Feasibility Study released in September 2021 identified value accretive proposition for development of in-situ operations (initially Silver King and East Fault Block) alongside current tailings operations at Century

1. As at 31 March 2021. Source: https://www.data.qld.gov.au/dataset/quarterly-mines-and-quarries-safety-statistics-data/resource/60fc8acd-7e7c-48ac-808d-0c4dc3ca87e7

Operations

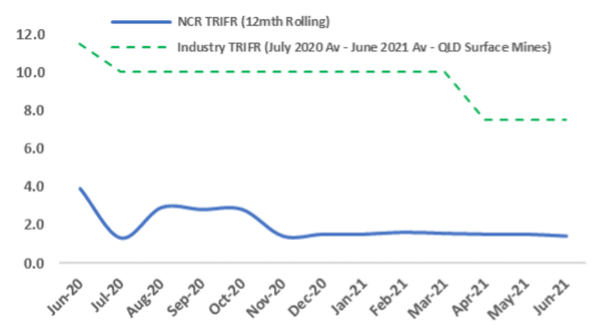
Health and Safety

During the financial year the TRIFR at the Century Mine and Karumba Port has decreased from 3.9 (30 June 2020) to 1.4 (1 July 2021), which is well below the current Queensland industry average of 7.5.

There were no recordable injuries in the last ten months of the year, with the number of incidents trending down over the period. The reporting culture at Century Mine and Karumba Port has been maintained at a strong level, leading to continued improvement in all safety aspects of the operations.

The Company continues its focus on strengthening its safety culture and refining the Safety and Health Management System, with the goal of ensuring all employees and contractors go home safely, every day.

Figure 1: New Century monthly TRIFR compared to the Queensland industry average.



COVID-19 management

New Century recorded no cases of COVID-19 at the Century Mine, Karumba Port or in the broader workforce, and no significant disruption to operations, during the financial year. The Company continues to proactively minimise the potential for the introduction and transmission of COVID-19 to our operations and the local communities in which we operate. This action involves exercising all precautions recommended by local, state and federal health authorities, which are incorporated in our COVID-19 Management Plans.

The safety and wellbeing of our employees, contractors and other stakeholders has been at the forefront of the Company's response to the COVID-19 pandemic. The safety-first culture of the Company and its people has been an enduring feature of our performance, with all health and safety requirements being met and exceeded during the financial year.

The zinc mining sector has seen a number of operations suspended or closed since the onset of the COVID-19 pandemic. The Company has experienced increased demand for its product during the COVID-19 pandemic, in recognition that New Century's integrated mine and port facilities provide a strong platform for safe and uninterrupted operation. New Century operations are well positioned to maintain continuity of supply as tight market conditions continue.

Whilst the COVID-19 pandemic has not materially adversely impacted the asset recoverability or financial results of the Company during the financial year, the potential for increased volatility in commodity prices and foreign exchange rates and restrictions on the movement of people and materials remain key risks that will require close management in the future.

Operational performance

Over the course of the financial year New Century made a successful transition to an Owner-Operator model, having taken over from the previous contractors just prior to July 2020. This model was adopted due to the financial impact of the worsening COVID-19 pandemic, and the desire to develop a whole-of-value-chain asset and operational management system.

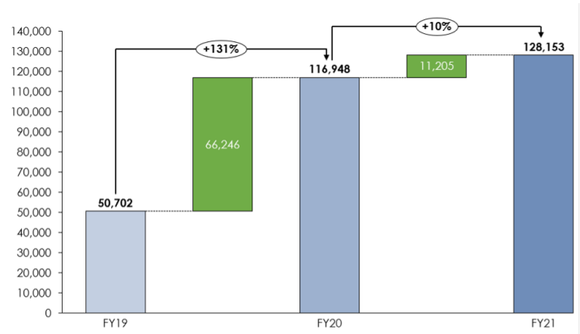
As part of the transition to the new operating model, the teams at Century and Karumba developed a robust framework and associated systems to manage all aspects of the operations more effectively, from water saving initiatives at the Hydraulic Mining operations, through to concentrate loading of the M.V. Wunma in the Gulf of Carpentaria.

An exciting aspect of the operations during the year has been the reinvigoration of the feasibility assessment of in-situ Mineral Resources within the Century tenement package, with the aim of conversion into Ore Reserves and inclusion into our Life of Mine mill feed. This involved contributions from every department on site, and included 7,286 metres of drilling, significant metallurgical test work, geotechnical analysis, mine design optimisation and subsequent flowsheet and processing plant design. The outcome of all this work was released to the market on 15 September 2021.

Plant performance and production

The annual performance of the processing plant showed a continuation of reliable production in the vicinity of 10,500 tonnes of zinc metal per month. Fluctuations above or below this monthly average can be largely attributed to the zinc head grade of the tailings ore feed, planned operational shutdowns and interruptions experienced during the wet season which typically runs from October through March.

Figure 2: Annual zinc metal make (tonnes) since the restart of Century operations



While the recovery performance has continued to fall short of expectations, after in-depth consultation with industry experts Mineralis, New Century has commenced a number of improvement projects. Work continues to unlock the bottleneck in the cleaner section of the plant, with our teams working closely and methodically with Mineralis towards lifting our overall recovery performance.

Hydraulic Mining Performance

Our Hydraulic Mining performance continues to strengthen, with the team delivering consistently in line with budget through the year. Figure 3 below shows performance against overall budgeted throughput for the financial year.

In order to manage the macroeconomic environment created by COVID-19, a strategic decision was made during the first half of the year to target maximum metal to the mill through mining higher-grade sections of the tailings dam and thus maximising metal output. This strategy successfully achieved average grade of 3.12 percent in the first half of the year and 2.88 percent in the second half of the year, giving an overall annual grade of 3.00 percent against a budget of 2.99 percent. This demonstrates the team's accuracy in mine scheduling and grade reconciliation against the block model.

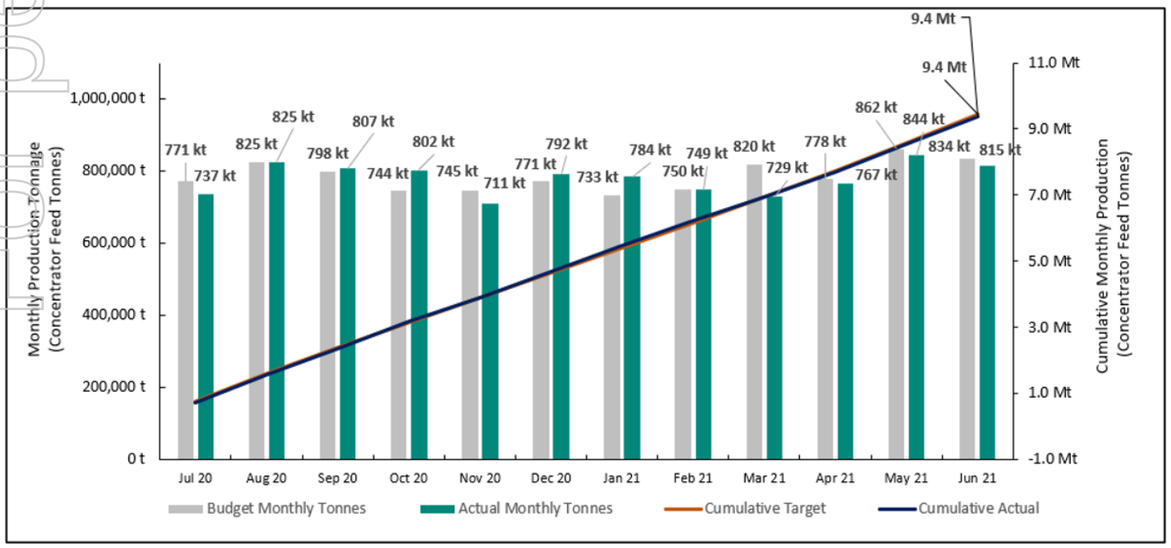
The management of wet season impacts progressed significantly during the year. The Company has improved upon trigger action response plans (TARPS) for the Hydraulic Mine in conjunction with the processing plant. It is expected that the Company will see the benefit of these learnings and actions in coming wet seasons.

Concentrate product quality and treatment charges

Concentrate quality was stable throughout the year, with the delivery of an annual average of 48 percent zinc in concentrates to the ocean-going vessels destined for our customers. This zinc content is the current optimal set point along the grade recovery curve for the processing plant flow sheet, when coupled with the nature of our mill feed. Century concentrate continues to achieve relatively low impurity penalty rates from customers and is now a well-established brand in the market.

The 2021 financial year saw an upturn in zinc concentrate prices and a downturn in treatment charges levied on zinc concentrates. By mid-2020, COVID-19 had spread rapidly and become a worldwide pandemic. Control measures implemented around the world resulted in a rapid decrease of refined zinc and mine production, creating a shortage of supply. As a consequence, the annual benchmark treatment charge of US$299.75 per tonne, which had been set on the expectation of a large surplus, was overtaken by events and was no longer appropriate for market conditions. By early 2021 the spot treatment charge had fallen to below US$100 per tonne. In expectation of a continued shortage of concentrate supply, the annual benchmark treatment charge for 2021 was set at US$159 per tonne of concentrate (effective from 1 January 2021).

Figure 3: Annual Hydraulic Mining production



Silver King and East Fault Block

The Silver King deposit was discovered in 1887, with mining commencing soon after. By 1900 three shafts had been sunk into the deposit and small-scale, intermittent, underground production occurred from the mine through to 1980.

The maximum depth of the known excavations is approximately 60 metres from the current surface and it is estimated no more than 50,000 tonnes of ore was extracted in total. The historic workings lie approximately 1 kilometre south of the southernmost extent of the Century Open pit, just 2 kilometres from the Century processing facilities.

Mineralisation at Silver King consists of a series of moderately to steeply dipping quartz-galenasphalerite-siderite hydrothermal veins and breccias associated with a northeast trending sinistral strike-slip fault.

The system extends vertically across the stratigraphic units H2, H3, and H4r within the Lawn Hill formation of the Upper McNamara Group, in the footwall to the adjacent Century stratiform ZnPb-Ag deposit.

Silver King resource definition

The majority of works at Silver King in the 2021 financial year focussed on resource definition infill drilling, the purpose of which was to increase the confidence level at Silver King within an updated Mineral Resource estimate.

During the financial year, a total of 7,543 metres was drilled at the deposit from 44 holes. The shallow portion of the deposit was infilled to approximately 20 metres x 20 metres drill-spacing, consistent with independent recommendations.

The works demonstrated good continuity of the mineralisation within this zone, and greatly improved the geological model and confidence across the shallow resource. In combination with assay results, this supported the detailed mine design informing the In-Situ Feasibility Study outcomes released in September 2021.

Silver King exploration targets

Following a review and testing of historical IP targets around the Silver King deposit, exploration drilling confirmed the presence of prospective mineralisation along the untested strike extent of Vein No.4, 200m north-west of the main lode. Two diamond drill holes were drilled prior to demobilisation of the drill rig in late June 2021 with both intersecting a previously untested mineralised structure. This area is a priority target for further drilling in financial year 2022.

A further four reverse circulation (RC) drill holes were drilled to the southwest of the Silver King historical workings targeting down dip and along strike extensions of shallow surface diggings. Three holes intersected economic grades and one appeared to glance the edge of the mineralised zone showing elevated but low levels of zinc.

The main lode at Silver King remains open along strike with extension drilling currently planned to be completed from underground to both mitigate hole deviation issues from surface, and reduce drilling costs.

Hole ID	From	To	Interval (m)	True width (m)	Pb	Zn	Ag g/t
SK21_038	61.2	62.3	1.1	0.9	1.8%	6.4%	15
	67.0	68.0	1.0	0.9	13.5%	17.6%	214
SK21_039	38.0	38.9	0.9	0.8	12.2%	0.2%	37
	43.0	45.2	2.2	2.0	3.9%	7.9%	34
	64.0	64.9	0.9	0.8	10.7%	13.1%	36
SK21_040	51.0	57.0	6.0	5.4	20.7%	5.1%	109
SK21_041	66.0	69.0	3.0	2.7	2.5%	21.8%	46
SK21_042	15.0	18.0	3.0	2.7	19.8%	0.1%	225
SK21_043	No economic grades encountered.						

Table 1: Silver King exploration drilling summary of results

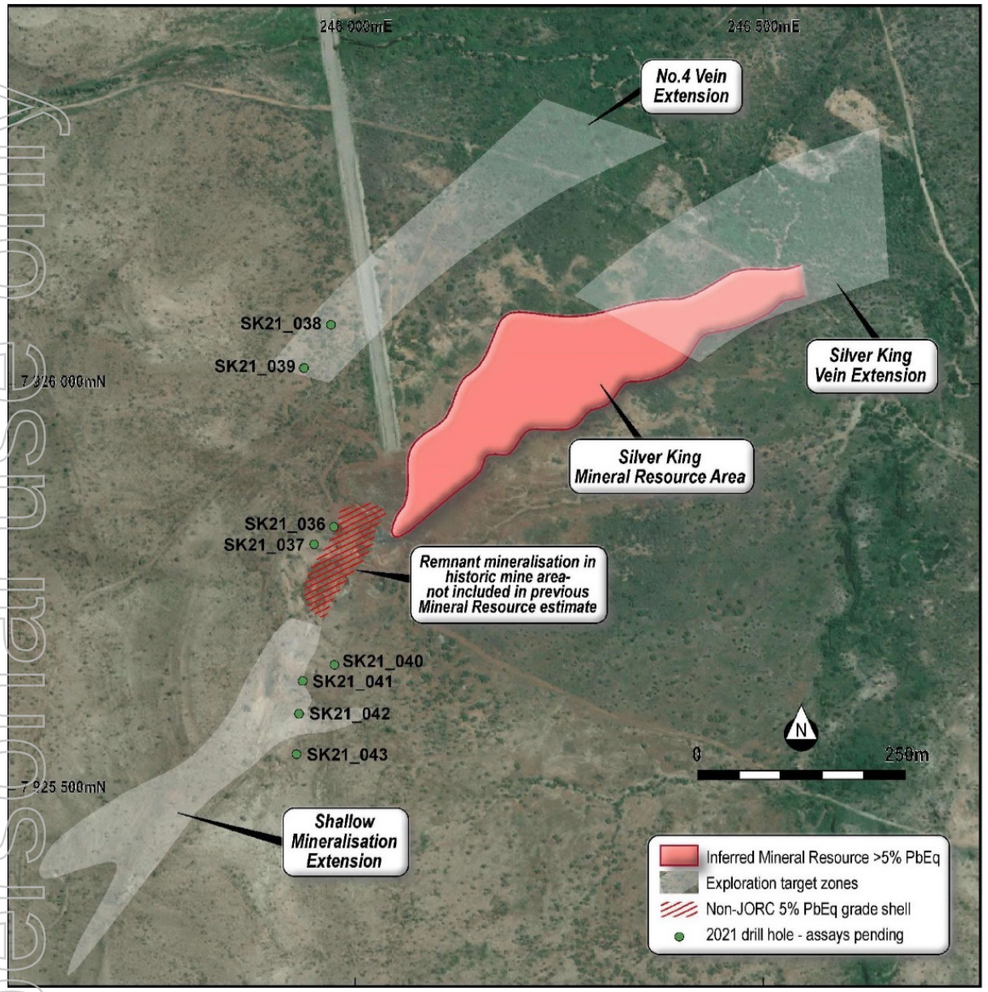


Figure 4: Silver King exploration drilling - collar locations and target zones

In-Situ Feasibility Study

During the year, the Company undertook a feasibility study into the potential development of known in-situ resources at Century.

The study investigated the incorporation of Silver King and East Fault Block in-situ deposits into the existing mine plan (in addition to the current tailings reprocessing) to produce zinc concentrate and a new lead concentrate. The study aimed to:

- increase metal production at a lower average C1 cost while maintaining the current tailings mining rate; and
- increase the overall cashflow generated by the project.

The study, released on 15 September 2021 revealed a strongly value accretive proposition for the development of Silver King and East Fault Block alongside current tailings operations at Century. As a result of the study, the Company declared a Maiden Ore Reserve for Silver King and East Fault Block: 2.5Mt @ 5.3% Pb (133kt), 5.6% Zn (140kt), 68g/t Ag (5.4Moz) - (Probable).

A Final Investment Decision is expected to follow the necessary amendments to existing environmental approvals and completion of financing and joint venture assessment processes.

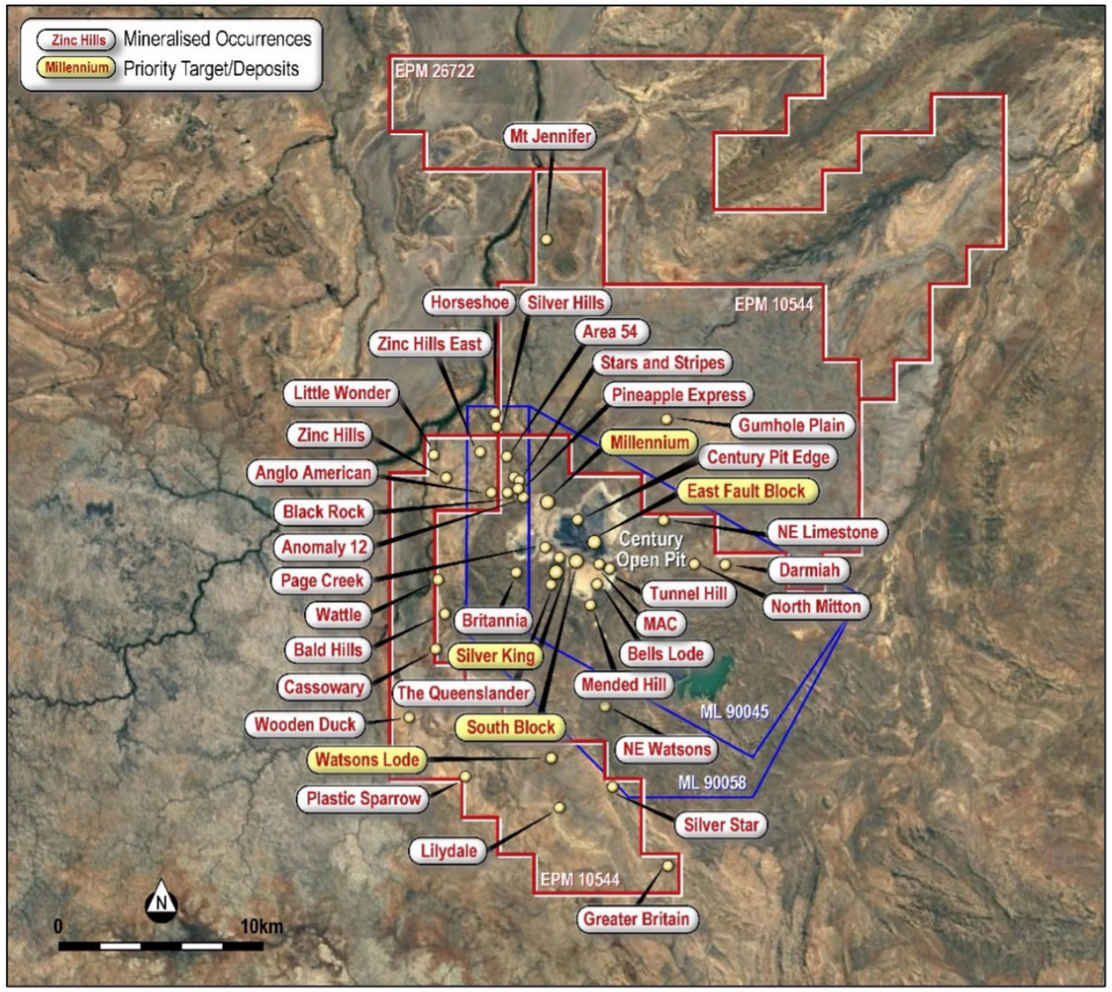


Figure 5: Century tenements, mineral occurrences and prospects 2021

Exploration

The Century Mine lies within the mining leases ML90045 and ML90058 which are 100 percent owned by New Century. The Company also holds two exploration tenements. All leases and tenements are in good standing.

The leases and tenements encompass many historically identified base metal occurrences at various stages of prospect testing and development. New Century remains focused on the conversion of these prospects to Mineral Resources, and in turn to Ore Reserves, to support future operations.

The Millennium Project

The Millennium Project remains a focus for the Company with potential to discover large scale (>10Mt) SEDEX style mineralisation within the current tenement package. The project targets dislocated blocks of the Century Deposit owing to the effects of a meteorite impact some 470 million years ago.

Geophysical works across October and November 2020, conducted in collaboration with the Queensland Government under its Collaborative Exploration Initiative (CEI), included four survey lines totalling 23.8 line kilometres of dipole-dipole Induced Polarisation (DD-IP) data adjacent to the historic Century Mine open pit.

This work generated drill targets including chargeable blocks indicating the potential for economic sulphide minerals, and interpreted crater terrace structures where detachments of the Century orebody may exist.

Drill testing of the targets was completed in May and June 2021 and consisted of ten diamond drill holes totalling over 2,500 metres. The drilling did not identify any mineralisation with economic potential instead encountering, somewhat unexpectedly, stratigraphic units deep below the Century host level.

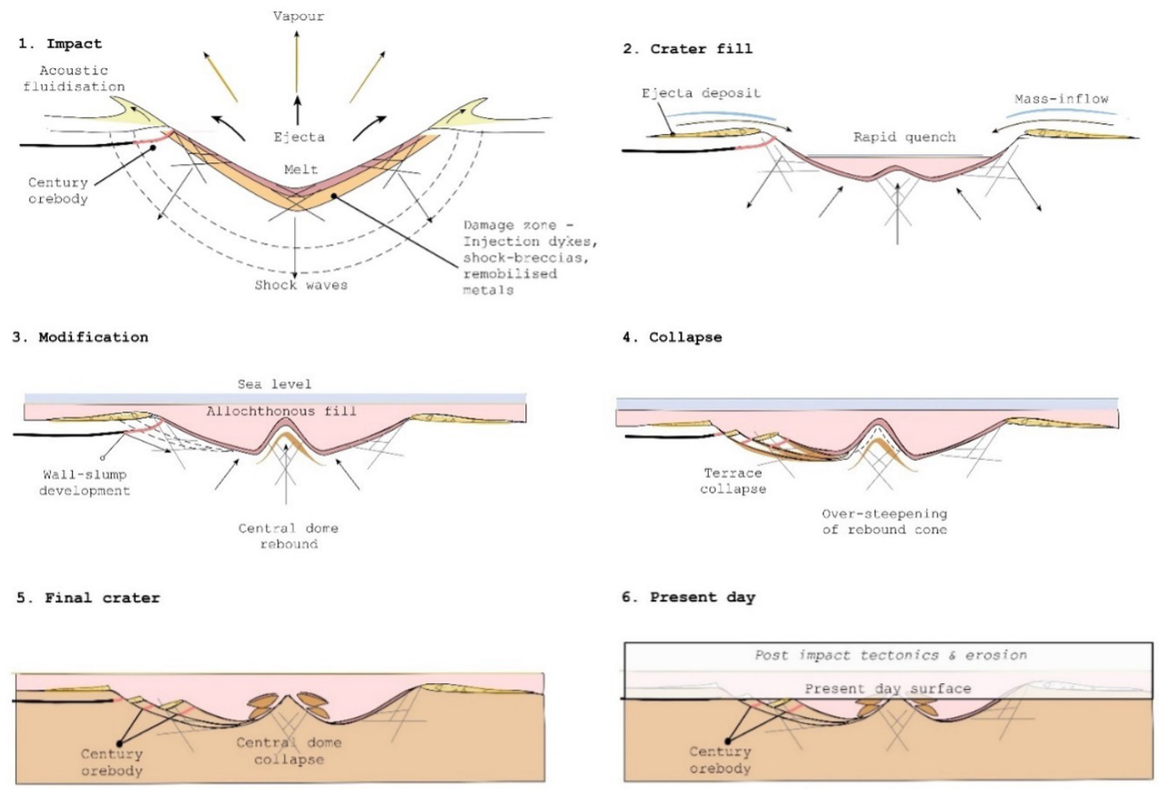
The Termite Range formation was regularly encountered in holes directly north of the open pit. This formation underlies the Lawn Hill formation which hosts Century – however in this location, this equates to an almost 1,000 metres vertical offset in stratigraphy from the level of the Century orebody over a distance of several hundred metres laterally.

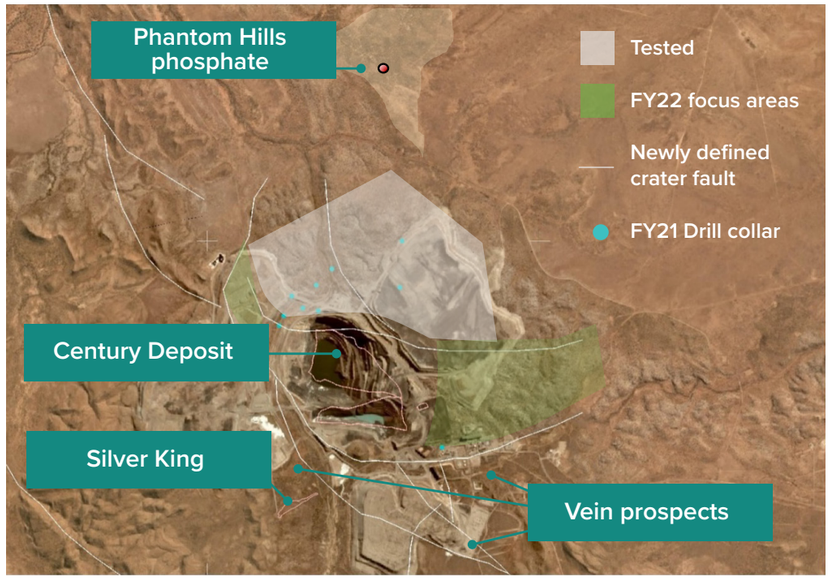
This offset cannot be attributed to conventional fault-tectonics and can only be resolved by low-angle sliding of mega-scale blocks over kilometre scales into the crater void. This process also raises the potential for vertical stacking of subsequent slides, and in turn inversion of the stratigraphy. The complexity of the process, and interaction between blocks means there is some difficulty in extrapolating geology over distance and even assuming stratigraphic succession down-hole.

The scale, speed, and sequence of the events following the meteor impact result in a somewhat challenging exploration target. The significant works to date have failed to discount the opportunity for discovery within the crater, and our understanding of this unique opportunity continues to evolve.

The refinement of the understanding of the pre-impact geology at New Century is guiding the search for analogous Century systems across the region. A level of ambiguity within the historical geological interpretation means that previous investigations could easily have missed or overlooked areas where detachments of the orebody may be preserved - an opportunity which the Company continues to pursue.

Figure 6: Simplified interpreted event sequence with relative Century orebody location





< Figure 7: Millennium Project major structures and prospectivity status

Watson's Lode

Owing to the recent success of resource definition and exploration works associated with the Silver King Project, the New Century Exploration team has refined the Company's strategy and objectives in the southern portion of the tenement package.

The geology across the southern prospects is considered analogous to the Century-Silver King system, with both mineralised epithermal veins and Century-host rocks present in the area.

The focus of historic works has been at the conspicuously outcropping Watson's Lode gossan, with over 20,000 metres of drilling completed historically, and sporadic high-grade intercepts.

Technical review of the prospect during the period has resulted in a re-interpretation of the broader ore system model, and more locally, resulted in an improved understanding of the controls on high-grade mineralisation within the vein structure.

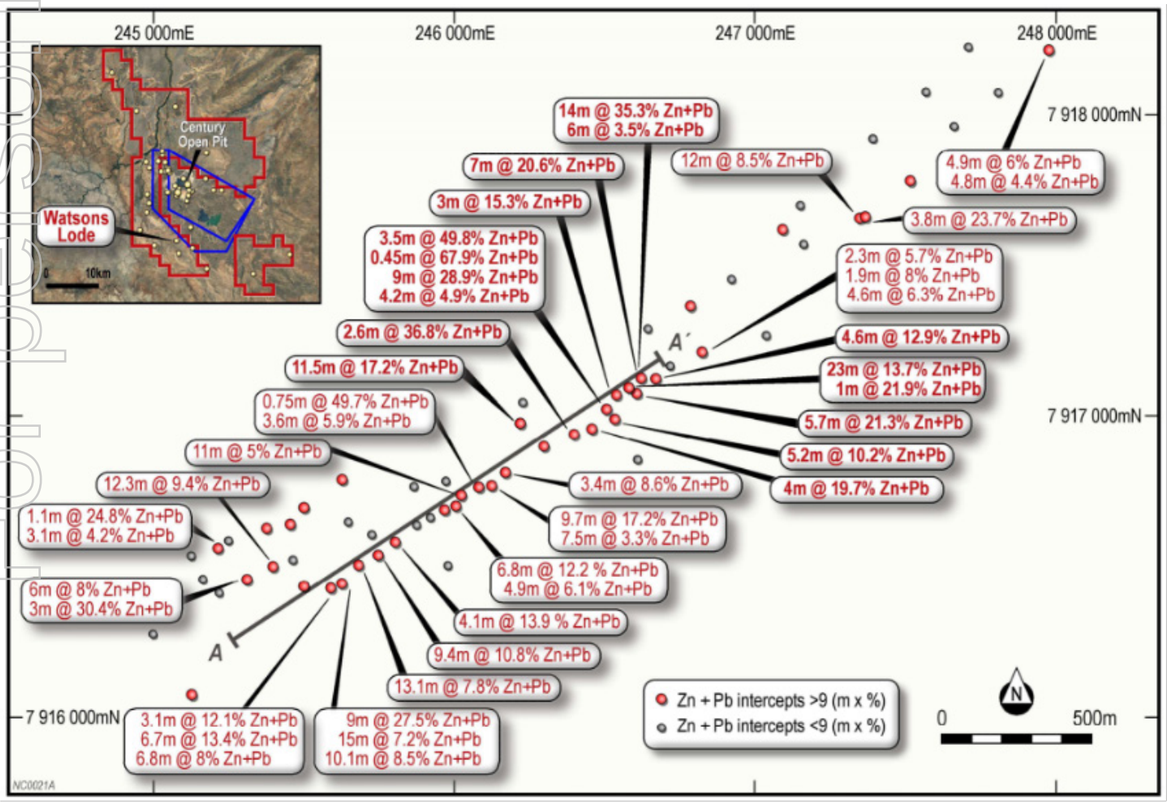
Drilling is planned at Watson's Lode in financial year 2022 to test the model with a maiden Mineral Resource also anticipated for reporting in the period.

The Company considers the area to have prospectivity for both vein-style mineralisation as well as larger Century-style sediment hosted (SEDEX) deposits.

Non-core assets – Kodiak Coal Project

In February 2021, New Century sold its interest in the Kodiak Coking Coal Project. Total proceeds on disposal were approximately $0.1 million.

Figure 8: Historic drill results at the Watson's Lode epithermal vein deposit



Financial Performance

The Company commenced commercial production on 1 July 2020 making the 2021 financial year the Company's first as a commercially operating entity. The Company's maiden EBITDA result was $73.5 million. The inclusion of depreciation and financing costs reduced Net Profit After Tax (NPAT) to a loss of $10.8 million. These results include one-off expenditure on exploration and development including costs associated with detailed assessment of the Goro Nickel Mine which did not progress beyond due diligence.

Due in part to the capitalisation of operating losses through the pre-commercial production phase, the Company expects depreciation expenses (which are non-cash) to remain elevated over the life of the Century tailings operation. Therefore, cash earnings are likely to continue to significantly exceed NPAT in future reporting periods.

The macroeconomic environment was severely impacted by the onset of the COVID-19 pandemic in the 2021 financial year. However, throughout the period it became evident that demand for zinc concentrate remained stronger than expected whilst global supply was severely impeded. The Company benefitted through both the elevated prices for refined zinc and a large reduction in treatment charges levied on zinc concentrates.

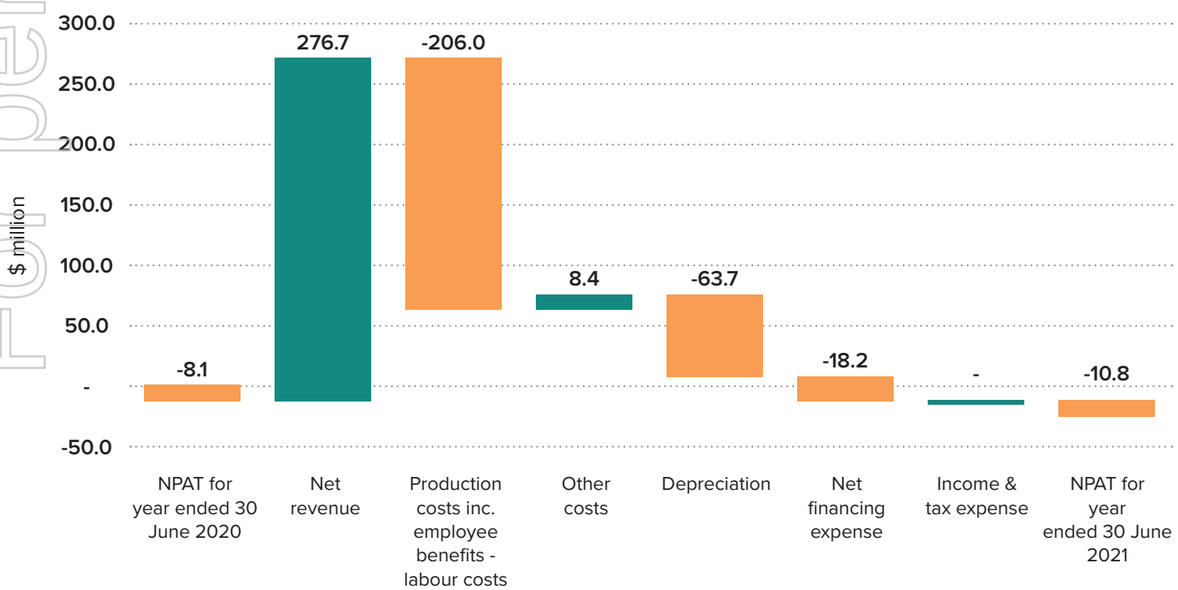
The Company's existing customers continued to operate largely without interruption. Further disruption in the zinc concentrate market presented opportunities for the Company to forge relationships with new customers and to build on the already strong global appetite for New Century concentrate. Bulk carriers have served the Australian shipping market throughout the COVID-19 pandemic and the Company continued to deliver product to customers without incurring delays or other logistical issues.

The COVID-19 pandemic presented the Company with an opportunity to restructure and reduce costs. In May 2020, the Company terminated various 'operate and maintain' contracts and assumed full operational and maintenance responsibility of both Century Mine and the Karumba Port Facility. The Company is now well positioned to manage its operations and costs through the next phase of optimisation and growth.

Operating margins

The Company's EBITDA margin for the financial year was 27 percent. Depreciation expense reduced the EBIT margin to 4 percent whilst net financing expenses of $18.2 million reduced the PBT and NPAT margins to 4 percent.

Figure 9: Underlying NPAT, financial year 2021 vs 2020



Revenue and sales costs

Revenue from the sale of concentrate totalled $277.9 million for the financial year. Fair value movements in trade receivables of $5.6 million and a (non-cash) gain of $4.2 million on the disposal of the Kodiak Coking Coal Project were offset by losses on zinc hedging of $6.9 million taking total income to $280.9 million. Additionally, $6.5 million of proceeds relating to concentrate sold during the pre-commercial production phase were recorded as credits against the previously capitalised mine development costs and were not recognised as revenue during the reporting period.

A total of 256,000 tonnes of zinc concentrate was sold during the year at an average realised price of US$2,769 per payable tonne of zinc and an average A$/US$ exchange rate of 0.75.

The zinc concentrate benchmark treatment charge is negotiated annually between Teck Resources and Korea Zinc Co. Ltd and traditionally forms the basis for pricing of zinc concentrate smelting contracts between global zinc concentrate producers and smelters. In April 2021 the benchmark treatment charge for zinc concentrate was reduced from US$299.75 to US$159 per tonne of zinc concentrate, effective from 1 January 2021. The Company bases approximately 85 per cent of its sales on the benchmark treatment charge and achieved an average treatment charge of US$223 per tonne of zinc concentrate for the full year. Average treatment charges in the second half of the financial year were US$166 per tonne of zinc concentrate, some 40 percent lower than the US$278 per tonne of zinc concentrate average achieved in the first half.

Operating and other costs

Total production costs of zinc concentrate sold (including salaries and corporate costs) were $209.9 million. Business development and exploration costs were $7.0 million with activities focused on due diligence on the potential acquisition of the Goro Nickel Mine and the In-Situ Feasibility Study and the Millennium exploration program at Century.

Other costs of $74.9 million included $63.8 million of depreciation, $20.6 million of finance costs and a foreign exchange gain of $9.3 million. The Company accounts for leases within depreciation and finance costs in accordance with the Accounting Standards.

The Company's C1 costs for the financial year were US$0.91 per payable pound of zinc metal produced.

Cash flow

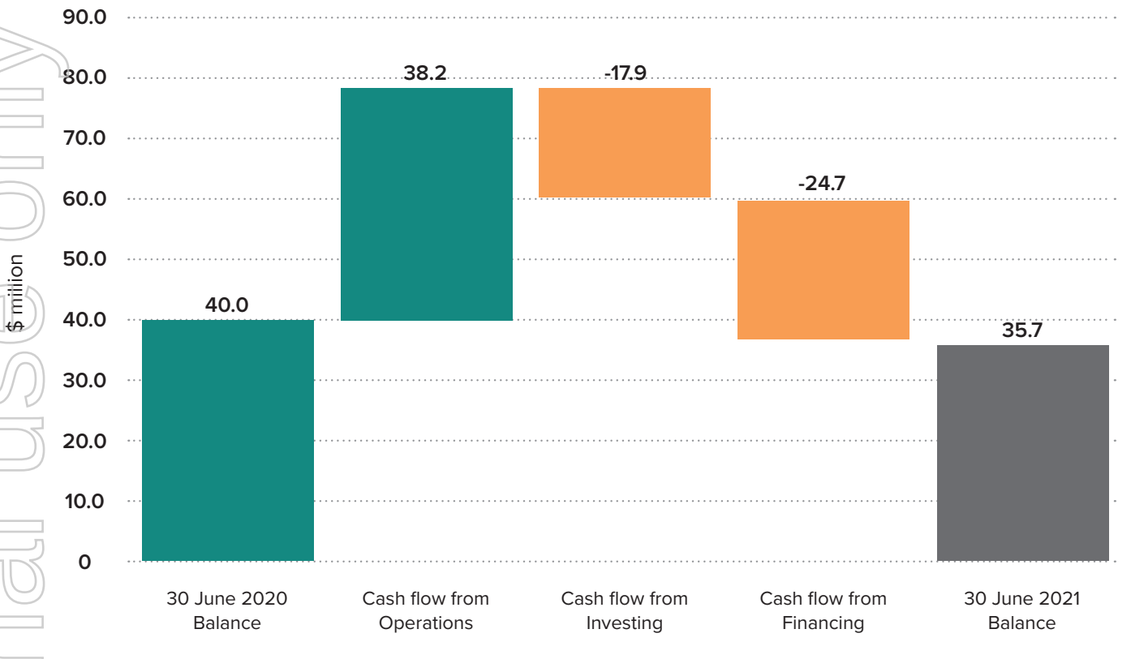


Figure 10: Cash balance and cash flow

Cash flow from operating activities

Operating cash flow for the year totalled $38.2 million, an improvement of $46.7 million on the previous financial year due to the commencement of commercial production. An additional $6.5 million was received from customers and recognised as cash flow from investing activities as it related to sales completed before entering commercial production. Cash finance costs of $7.5 million (including deemed interest on leases) were recognised within operating cash flow as were $7.0 million of business development and exploration costs.

Cash flow from investing activities

Cash outflows from investing activities for the year totalled $17.9 million. A total of $17.5 million was recognised as investments in property, plant and equipment including the Jameson Cell refurbishment and implementation and various other capital improvements across the Century Mine and Karumba Port Facility. Approximately $3.6 million was capitalised against exploration and development of near-mine deposits including Silver King and Millennium. In January 2021, the Company changed its electricity generation provider and was required to increase its refundable security guarantees by a net amount of $3.6 million. Approximately $6.5 million was received from customers for sales made during the Century Mine's development phase. This was recognised as a credit against property, plant and equipment and therefore improved investing cash flows.

Cash flow from financing activities

Financing cash outflows for the period totalled $24.7 million. Over the course of the financial year the Company substantially de-leveraged its balance sheet with debt reduced by approximately $44.3 million. In October 2020 the Board elected to further strengthen the Company's balance sheet and conducted an equity raise which raised $33.2 million after fees and costs. In addition to de-leveraging the Company's balance sheet, funds were used to advance growth projects including the In-Situ Feasibility Study and investments in other sustaining and growth capital projects. Financing cash flows included $13.8 million of lease repayments. Under AASB 16, principal repayments against leases are recognised as financing cash flows.

Business strategy and prospects

Business strategy

New Century's vision is to build a diversified resource management company, respected by stakeholders and investment communities for our proven ability to manage long-term sustainable operations whilst generating strong shareholder returns via application of innovation, capability, and stewardship. We believe that sustainable resource management drives the creation of significant value for all stakeholders.

From a solid foundation of the globally significant operation at Century, New Century is developing an agile and sustainable resources business. Using a growing track record in environmentally focused project development, execution, and operations, the Company will target the acquisition of resource projects to deliver sustainable mine life extension and optimisation.

Beyond Century, the Company is focused on projects with the potential for extending the life of aging mining operations and extracting value from tailings or remanent in-situ resources. Using the Company's development approach, it will increase economic returns and improve outcomes for stakeholders while implementing world class rehabilitation.

Aims and focus

Economic rehabilitation is a critical stage in the life cycle of all resource projects. The need for active rehabilitation planning and progressive execution in every stage of a mine's life is growing in significance as traditional attitudes to the mining life cycle are challenged.

Conventionally, at the deemed exhaustion of the resource's life, infrastructure, permits and licenses to operate have negligible value. This provides a unique opportunity to leverage sunk capital with limited incremental investment. The value of established processing and logistics supply chains is key to extending mine life. This allows lower grade material to be economically processed and for rapid project development thus delivering positive outcomes for communities, governments, and shareholders alike.

New Century is commodity agnostic, with a focus on metals with established and transparent markets. The combination of metallurgical competency and diverse experience across commodities affords the ability to apply our business model across the industry. We will also utilise innovative corporate solutions and multi-commodity revenue streams to reduce risk and maximise value.

Building from this fundamental belief, New Century's strategic objectives are to:

- Grow our reputation as an industry leader in sustainable resource management, which includes the incorporation of economic rehabilitation into our operating philosophy.
- Monetise our knowhow via service-based models for reprocessing, rehabilitation, and tailings management.
- Build a diverse multi-asset and commodity portfolio of projects which allow us to grow our business.
- Generate shareholder returns at any stage of commodity cycles by:
  - operating at sustainable positions on the cost curve in the markets the Company operates in; and
  - considered capital deployment, mitigating risk where prudent and pursuing growth opportunistically.

Material business risks

Key risks which may materially impact the execution and achievement of the business strategies and financial prospects for the Company are summarised below and are risks largely inherent in the resources industry. This should not be taken to be a complete or exhaustive list of risks nor are risks disclosed in any particular order. Many of the risks are outside the control of New Century and its officers. In the course of normal operations the Company may face additional risks and uncertainties, including those not presently known.

The Board, its Committees and management identify, manage and monitor current and emerging risks through the Company's risk management framework. The framework is applied across the Group to provide protection from potential negative impacts as well as to contextualise the residual risks and strategic rewards available. The framework is designed to provide timely responses with which the Board and management can make and implement decisions.

The day-to-day operation of the Company's risk management system is vested with management and regular updates are provided to the Board and its Committees.

Commodity prices, treatment charges and exchange rate risk

The Company principally derives its revenue from the sale of zinc and silver contained in its zinc concentrates. Consequently, any future earnings will be closely related to the price of these commodities, the treatment charges imposed by refiners or traders for zinc concentrate as well as the other terms of any off-take agreements that the Company has entered into or enters into.

The world market for minerals is subject to many variables outside of the control of the Company and may fluctuate markedly. Material price declines in the market price of zinc, material rises in treatment charges and/or material rises in the Australian dollar / United States dollar exchange rate could cause material decreases in forecasted revenue and profitability or even cause production from the Company's operations to be rendered uneconomic.

Metals are principally traded throughout the world in US dollars. The Company's cost base is substantially priced in Australian dollars with a much smaller contribution in US dollars for such items as reagents and shipping. As a result, any significant and/or sustained rise in the exchange rate between the Australian dollar and the US dollar will have a materially adverse effect on the Company's financial position. Conversely any significant and/or sustained fall in the exchange rate between the Australian dollar and the US dollar will have a material benefit on the Company's financial position.

While many of these risks are outside of the control of the Company and its officers, the Company constantly assesses opportunities to hedge commodity prices and foreign exchange depending on market conditions and has recently taken steps to hedge a portion of its future production as a key mitigation. The Company endeavours to manage its exposure to material changes in treatment charges by incorporating a mix of benchmark and spot treatment charges into its sales contracts.

Production and development risks

The prospects of the Company should be considered in light of the risks, expenses and difficulties frequently encountered by companies at a similar stage of production and development. The Company's initiatives to improve its production performance and/or meet its production schedule may not proceed to plan, with potential for delay in the timing of targeted production and metallurgical recoveries and/or a failure to achieve the level of targeted production and recoveries. If such circumstances occurred in conjunction with adverse market factors such as low zinc prices or high smelter treatment charges, this would adversely impact the Company's financial performance.

Production failure of the Company's operating plant and equipment and general unanticipated operational and technical difficulties may adversely affect the Company's operations. The Company's ability to sustain or increase its proposed forecast levels of production is dependent on its ability to achieve forecast geological interpretations, to attain anticipated mining rates and plant operating levels to conform to set budgets and plans, and the success of development projects associated with the life of business plan.

The business of mining, exploration and development is subject to a variety of risks and hazards such as mining accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in the suspension or termination of mining leases or licences, damage to, and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability. The Company's ability to sustain or increase its proposed forecast levels of production is dependent on its ability to achieve forecast geological interpretations, to attain anticipated mining rates and plant operating levels to confirm to set budgets and plans, and the success of development projects associated with the life of mine business plan.

The Company has plans in place to mitigate against production and development risks which are subject to regular review by senior management and the Board. In addition to the Company's internal production and development expertise, the Company engages external experts and contractors in relation to production and development performance at Century.

Liquidity position and availability of funding

Given the Company's sensitivity to movements in the Australian dollar price for its zinc concentrate production, if market conditions deteriorate the Company may need to raise additional funds via either debt or equity markets. There can be no assurance that sufficient debt or equity funding will be available on acceptable terms or at all.

The Company's funding requirements are continuously reviewed through detailed internal cash flow models that are updated as required for external and internal factors. New Century endeavours to ensure that the best source of funding to maximise shareholder benefits and having regard to prudent risk management is obtained and is supported by economic and commercial analysis of all business undertakings.

In addition, the Company constantly assesses opportunities to hedge commodity prices and foreign exchange depending on market conditions and has recently taken steps to hedge a portion of its future production as a key mitigation.

The Company's funding requirements are continuously reviewed through detailed internal cash flow models that are updated as required for external and internal factors. New Century endeavours to ensure that the best source of funding to maximise shareholder benefits and having regard to prudent risk management is obtained and is supported by economic and commercial analysis of all business undertakings.

Changes in capital and operating costs

Any significant unforeseen increases or decreases in the capital and operating costs associated with the Century Mine would impact the Company's future cash flow and profitability. Capital and operating costs for the development of major projects in Australia can be highly sensitive to changes, positive or negative, in raw material prices as well as in labour and contractor costs.

To mitigate cost risks, the Company continues to focus on streamlining its operations and developing strong relationships with its people, business partners and suppliers. As with all capital-intensive mining operations, Century's unit costs are highly susceptible to production rates. The Company invests heavily in preventative maintenance to maximise equipment availability and productivity.

Compliance with debt facility

The Company's is required to comply with the terms of its debt facility with Varde Partners, many of which are standard for a facility of this type. Non-compliance with the terms, may constitute an event of default. The occurrence of an event of default may entitle Varde Partners to exercise certain rights (unless waived), including the acceleration of repayment of outstanding moneys on the facility and the enforcement of security interests. The exercise of such rights could have a material adverse effect on the Company's activities and financial condition.

Future capital requirements

In order to achieve the Company's strategic objectives, the Company may require additional financing in the future. Any additional equity financing may be dilutive to shareholders or may be undertaken at lower prices than the then market price. Debt financing, if available, may involve restrictions on financing and operating activities, in addition to those that the Company is already obliged to comply with under existing finance arrangements.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, or if operations do not generate sufficient revenues, this could have a material adverse effect on the Company's activities and financial performance.

MMG Limited (**MMG**) has procured and stands behind the ongoing provision of bank guarantees of $179.1 million to meet the Century Project financial assurance bond (lodged with the Queensland government) until 31 December 2023. Pursuant to arrangements with MMG, the Company is required to replace in full the MMG-backed bank guarantees by 31 December 2023. At this date, the level of the assurance bonding required will have reduced with ongoing rehabilitation activities. The replacement of the bonding provided by MMG could be by way of a fee-paying arrangement with the Queensland government if the Company can meet the credit requirements, bonding facilities from other parties which could be in the form of a fee-based arrangement or alternatively through cash backing or through the form of a surety bond.

There is no guarantee the Company will generate sufficient operating profits from operations to completely cover this obligation assuming it is not replaced by an alternative mechanism in this period. If the Company is unsuccessful in generating sufficient operating profits it will need to seek alternative coverage for the bond.

The Company's funding requirements are continuously reviewed through detailed internal cash flow models that are updated as required for external and internal factors. The Company endeavours to ensure that the best source of funding to maximise shareholder benefits and having regard to prudent risk management is obtained and is supported by economic and commercial analysis of all business undertakings.

Business development initiatives

The Company maintains an ongoing process for reviewing a range of resource assets within the base, precious and minor metals sectors for the purposes of assessing the suitability of these opportunities for potential corporate transactions.

As part of this strategy, the Company may make acquisitions or significant investments in companies, joint ventures, tenements or resource projects. In addition, the Company may also elect to issue shares or engage in capital raisings to fund investments, mergers or acquisitions that the Company may decide to undertake or if the opportunity arises. Any such future transactions would be accompanied by the risks commonly encountered

in making acquisitions of companies or mining projects. This includes the potential dilution of shareholders' holdings, an increase of the current debts of the Company or the imposition of further obligations on the Company subject to any contractual agreements, and the usual risks associated with mining projects.

Health and safety

Mining activities have inherent health risks and hazards. The health and safety of our personnel, contractors and visitors remains the Company's highest priority. The Company provides appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders through its occupational health and safety management systems. While the Company has a strong record in achieving high quality safety performance at its sites, a serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to any injured persons.

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation or directions or necessitated by concern for the health of the workforce. Such changes may have an adverse impact on the financial performance and/or financial position of the Company.

Native Title

Century Mining Limited (a subsidiary of the Company) is a party to the Gulf Communities Agreement and other cultural heritage and associated community Native Title agreements in connection with the Century Mine. The Company maintains a record of compliance with the Gulf Communities Agreement and associated community agreements and has no current need to negotiate any agreement to allow for the continuation of current activities or any future mining developments within the existing mining leases.

Issues may arise within local communities with potential to affect the Company's operations materially and adversely. A failure to successfully resolve any local community issues could have a material and adverse effect upon the Company's business, prospects, financial condition, and results of operations.

In managing these risks, the Company has developed and implements management plans to address social impacts, engage with key stakeholder groups and ensure effective and lawful management of cultural heritage aspects.

Environmental risks

The Company's operations are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects have a variety of environmental impacts. Ongoing operations are dependent on the Company satisfying environmental guidelines and, where required, obtaining relevant approvals from government authorities.

The Company conducts and intends to continue to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

The Company's founding value and core ethos is economic mining rehabilitation. As such, the Company is committed to reducing negative impacts on the environments in which it operates. The Company has a rigorous environmental management system in place which is designed to meet and exceed the extensive statutory and regulatory obligations that our operations are subject to.

Climate change risks

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- The emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage.
- Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

The Company adopts a risk management approach to address the risks to its operations associated with climate change. Risk management approaches including improving operational responses to the wet-season impacts on hydraulic mining operations, and maintaining close engagement with the Karumba Port Authority to ensure channel maintenance and dredging is undertaken in a manner that will ensure the potential impacts of severe weather are managed and addressed.

Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Licences and permits

The Company's mining and exploration activities are dependent upon the maintenance of appropriate licences, leases, permits and regulatory consents which may be withdrawn or made subject to conditions. The maintaining of licences and approvals, obtaining renewals, or getting licences or approvals granted, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities. There is no assurance that renewals or amendments to the Company's licences and permits will be obtained in a timely manner, or at all, and there is no assurance that new conditions will not be imposed.

Estimation of Mineral Resources and Ore Reserves

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, zinc, lead and silver prices. Any material change in quantity and grades of Mineral Resources or Ore Reserves may affect the economic viability of the properties.

Fluctuation in the price of commodities including zinc, lead and silver, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any mineral resource estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and/or Ore Reserves, could have a material adverse effect on the Company's financial condition.

The Company mitigates this risk by ensuring its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. See the Mineral Resources and Ore Reserves Statement below for further details.

Insurance risks

The Company maintains insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

Offtake risks

The Company has numerous offtake contracts in place for the sale of zinc concentrate. There is a risk the Company is unable to consistently meet product specifications or delivery obligations under those agreements. In those circumstances, the Company's cash flow may be adversely affected or curtailed.

The Company's cash flow and financial position will also depend on the performance by counterparties of their contractual obligations, including the timely payment in full of their purchases of product from the Company on the agreed terms and conditions. Title to the product typically does not transfer to the customer until the initial provisional payment is made. Typically, this will be between 80% and 100% of the value of the product based on prices at the time of the sale.

Finalisation of these purchases of concentrate are payable in arrears, based on a reassessment of the quantity and specification of the product delivered and the zinc and silver prices over the quotational period. Any delay in receipt, or inability or refusal to pay in full by a customer of a finalised amount owing to the Company, will negatively impact the Company's cash flow and financial position.

The Company may be required to pay additional amounts at the time of the finalisation of the contract if the final quantity, grade or market price has moved against the Company, or alternatively, receive additional amounts if the quantity, grade or market price has moved favourably for the Company.

Operational risks

In common with other enterprises in the minerals and mining industry, the Company's mineral production, development and related mining activities, including the delivery of supplies and consumables and the transportation of products to customers are subject to conditions beyond the Company's control that can reduce production and sales and/or increase costs. These conditions include, but are not limited to:

- changes in legislative requirements (including those made in relation to COVID-19);
- market conditions;
- supply constraints and disruptions;
- government policies;
- exchange rates;
- abnormal or severe weather or climatic conditions;
- natural disasters;
- weather-related disruption to the Karumba channel
- unexpected maintenance, equipment or other technical problems;
- key equipment failures;
- industrial disruption; and
- variations in geological conditions.

An inability to secure ongoing supply of goods and services at prices assumed within production budgets and targets, or a disruption to the supply chain when delivering goods to customers, could potentially impact the results of the Company's operations, and in a worst-case scenario, result in the shutdown of the operation.

The Company has management systems in place to mitigate these risks, including in relation to inventory management, maintenance systems, contractor management and crisis and emergency response plans.

COVID-19

The outbreak of, and response to, COVID-19 is having a material effect on global economic markets and the operation of a wide variety of businesses, including those in the mining industry. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on the industry dynamics, the macro-economic environment, capital markets and valuations.

The Company's share price may be adversely affected by the economic uncertainty or specific requirements for the operations triggered by the response to COVID-19. Further, any measures to limit the transmission of the virus implemented by national, state and local governments around the world (such as travel bans and quarantining) or deemed necessary by the Company to protect the health of its workforce may adversely impact the Company's operations and affect its ability to continue as a going concern.

The Company has COVID-19 management plans in place to ensure the safety of its people and business partners, with extensive preventative and contingency measures in place.

Through the implementation of these measures and the effort of our people and business partners, the Company has continued to operate at full capacity, aided by the remoteness of the Century project and the complete integration of the mine-to-port logistics infrastructure.

Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would adversely affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's operations or development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

The Company monitors legislative and regulatory developments in Australia and overseas and works to ensure that all stakeholder concerns are addressed fairly and managed.

Key personnel and labour market risk

The ability of the Company to achieve its strategic objectives depends upon the retention of key management and operational employees who constitute its technical, operational, marketing and corporate expertise. If the Company cannot secure and retain this expertise or if the services of key employees cease to be available to the Company, this may adversely affect the Company's performance.

The ability of the Company to achieve its objectives also depends upon the retention of certain key external contractors that provide a number of important services and operational capabilities (for example, hydraulic mining, exploration, operation of the processing plant and maintenance) which are an important part of the Company's overall technical and operational expertise. If the Company cannot secure and retain this technical expertise or if the services of such key external contractors cease to be available to the Company, this may adversely affect the Company's performance.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Company believes that generally appropriately skilled and experienced professionals and external contractors are available to provide services to the Company at market levels in the event some key management and operational personnel and external contractors cease to be available. This may not always be the case with the travel and other restrictions imposed at a national, state and local level as a result of the COVID-19 crisis.

MINERAL RESOURCES AND ORE RESERVES STATEMENT

The following information is provided in accordance with Listing Rule 5.21 and as at 30 June 2021.

Century Mine - Mineral Resources and Ore Reserves at 30 June 2021:

Project	Category	(Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings	Measured	53.0	3.0	-	14	1,604	-	24.0
Silver King	Measured	1.0	5.1	5.7	58	48	54	1.8
	Indicated	2.1	5.0	5.2	44	106	111	3.0
	Inferred	0.6	2.5	6.0	32	16	37	0.6
Deposit Total		3.7	4.5	5.5	44	170	202	5.4
East Fault Block	Indicated	0.6	9.8	1.1	51	63	7	1.1
South Block	Inferred	6.2	5.4	1.5	43	335	93	8.6
Watson's Lode	Inferred	1.7	7.7	2	10	134	35	0.6
Global Mineral Resources	Measured & Indicated	62.9	3.4	0.4	19	2,156	265	38.5
	Inferred	2.3	6.5	3.1	16	150	72	1.2
	Total	65.2	3.5	0.5	19	2,306	337	39.7

Note:

1. Differences may occur in totals due to rounding.
2. Mineral Resources are reported inclusive of Ore Reserves

Century Mine - Mineral Resources as at 30 June 2020:

Project	Category	(Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings	Measured	64.0	3.0	-	13	1,935	-	27.0
South Block	Indicated	6.1	5.3	1.5	43	322	90	8.6
Silver King	Inferred	2.7	6.9	12.5	120	186	338	10.5
East Block Fault	Indicated	0.6	9.8	1.1	51	63	7	1.1
Global Mineral Resources	Measured & Indicated	70.7	3.4	0.4	19	2,320	97	36.7
	Inferred	2.7	6.9	12.5	120	186	338	10.5
	Total	73.4	3.4	0.6	20	2,506	435	47.2

Note:

1. Differences may occur in totals due to rounding.
2. Mineral Resources are reported inclusive of Ore Reserves

Mineral Resources at the Century Tailings deposit have been adjusted for mining depletion only, no update to the Century Tailings Mineral Resource estimate was made during the period.

Significant in-fill drilling was completed at the Silver King deposit during the period with the works culminating in an updated Mineral Resource estimate for the deposit. The increase in data density greatly improved the confidence in the updated estimate, which is reflected in the definition of Measured and Indicated Mineral Resources for the deposit.

Additional drilling data, a refinement of the geological model, and greater constraints in the estimation parameters all contributed to greater tonnes and lower grades being reported in the 30 June 2021 Mineral Resource estimate for Silver King.

A maiden Mineral Resource was reported for the Watson's Lode deposit in September 2021, with all data closed out prior to 30 June 2021. The works leveraged the learnings from the works at the analogous Silver King deposit during the period, with the Watson's Lode deposit showing potential for future growth of the Mineral Resource with additional drilling.

No changes to the South Block or East Fault block Mineral Resource estimates were made during the period.

Ore Reserves as at 30 June 2021:

Project	Category	(Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings Open Pit	Proved	49.3	3.0	-	14	1,473	-	22.0
Silver King Underground Open Pit	Probable	1.7	4.7	6.9	83	78	114	4.5
	Probable	0.6	8.5	0.9	36	49	5	0.7
Deposit Total		2.3	5.5	5.2	70	127	119	5.2
East Fault Block Open Pit	Probable	0.3	5.1	5.1	42	13	13	0.4
Global Ore Reserves	Proved	49.3	3.1	3.0	14	1,473	0	22.0
	Probable	2.5	5.6	5.3	68	140	133	5.4
	Total	51.8	3.1	0.3	17	1,613	133	27.4

Note:

1. Differences may occur in totals due to rounding.

Ore Reserves as at 30 June 2020:

Project	Category	(Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings Open Pit	Proved	62.3	2.9	-	13	1,837	-	25.4
	Total	62.3	2.9	-	13	1,837	-	25.4

Note:

1. Differences may occur in totals due to rounding.

The decrease in Ore Reserves at the Century tailings deposit in the 2021 financial year is a result of mining depletion (-9.3Mt), with an additional one-off tonnage adjustment relating to mine reconciliations (-3.8Mt). The adjustment is a function of an underlying variance within the bulk-density value along with mining loss and dilution. No adjustments to grade were considered necessary based on the mine reconciliations. The Competent Person considers the adjustment to be within the error margins of the relevant Ore Reserve category. Updated revenue and metal recovery factors were applied at 30 June 2021 as part of the broader In-Situ Feasibility Study however this had no impact on the tailings Ore Reserve.

The addition of Ore Reserves at Silver King and the East Fault Block was a result of the In-Situ Feasibility Study. The study considers the integration of hard rock operations fed in parallel to the existing tailings operation. The Silver King and East Fault Block Ore Reserves as reported are dependent on the ongoing mining at the Century tailings.

The In-Situ Feasibility Study was reported in September 2021, with all input data closed off at 30 June 2021.

Governance and internal controls

New Century ensures that its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. The Company's Mineral Resources and Ore Reserves have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource and Ore Reserves estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

The Company reports its Mineral Resources and Ore Reserves in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

In addition to the arrangements and internal controls established by the Company, the Board oversees the governance of Mineral Resources and Ore Reserves. This includes the annual review and approval of the publicly reported Mineral Resources and Ore Reserves Statement.

Competent Person's Statement

The information in this Annual Report which relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Damian O'Donohue, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Damian O'Donohue is a full-time employee of the Company. Damian O'Donohue has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Damian O'Donohue consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

New Century Resources has a commitment to operate our business in line with principles of sustainable development, to deliver on the needs of the present, without compromising the needs of future generations and to integrate environmental, social and governance considerations into our decision making

SUSTAINABILITY

Highlights

Development and adoption of standalone Sustainability Policy

Environmental, Social and Governance (ESG) Committee of the Board of Directors established

The Company achieved recognition of its economic rehabilitation model with a $14.1 million reduction in Estimated Rehabilitation Cost for the Century Mine to $183.9 million

Sustainability reporting and transparency regime endorsed by the Board on the recommendation of the ESG Committee with inaugural Sustainability Report to be released in the first half of the 2022 financial year

Overview

The Company formally adopted a Sustainability Policy during the reporting period.

New Century's vision is to build a diversified mining company, respected by stakeholders and investment communities because of our proven ability to manage long-term sustainable operations whilst generating strong shareholder returns via application of innovation, capability, and stewardship. This vision comes with a commitment to operate our business in line with principles of sustainable development, to deliver on the needs of the present, without compromising the needs of future generations and to integrate environmental, social and governance considerations into our decision making. Our Sustainability Policy aligns with our values of: Teamwork, Open & Honest, Respect, Can Do, Innovate & Learn and Owner's Mindset.

The Board has also resolved to adopt a more comprehensive approach to sustainability reporting and the Company will release its inaugural Sustainability Report in the 2022 financial year. The Company will adopt an approach of aligning its activities with the United Nations Sustainable Development Goals (**UNSDGs**) and will report on how aspects of the Company's activities and performance have contributed to the achievement of the UNSDGs.

Environment

There were no reportable environmental incidents at the mine or port operations during the reporting period. The Company has maintained its focus on progressive rehabilitation works at the Century Mine, including additional exposure of native earth below the tailings dam, allowing rehabilitation flushing to continue in coming wet seasons. Sections of the evaporation dam and other areas around site that have been ripped and seeded as part of their final rehabilitation are experiencing strong regrowth.

Further reporting on environmental performance and achievements will be included in the Company's inaugural Sustainability Report to be published during the first half of the 2022 financial year.

Environmental Rehabilitation

As part of the acquisition of the closed Century Mine and Karumba Port Facility in 2017 the Group assumed the requirement to provide Financial Assurance to the Queensland Government to guarantee the future costs to rehabilitate Century Mine and the Karumba Port Facility.

The amount of this Financial Assurance, described formally as the Estimated Rehabilitation Cost (**ERC**) under the Environmental Protection Act 1994 (Qld), is calculated by reference to a detailed methodology set out in the relevant legislation. Using a measure of the land disturbed at the time of the calculation (and not at the end of the mine life) this methodology calculates a theoretical rehabilitation cost based on third party providers undertaking the work. It excludes any residual value for the mining tenement or remaining facilities and equipment and takes no account of the actual plan for mine closure.

As of 30 June 2021, the Queensland Government required Financial Assurance of $183,916,150 to be provided for the Century Mine under this ERC requirement. The Group provided this assurance by way of $4,875,000 of direct (secured) cash and $179,041,150 of bonds from the Bank of China made available by Century's previous owner, MMG Limited, under the Bank Guarantee Support Agreement executed between MMG and the Group in 2017.

The ERC calculation is determined by reference to the theoretical legal obligation that would accrue to the Group to rehabilitate the disturbed land on the basis that all activities have immediately and permanently ceased at the Century Mine and Karumba Port as at the date of the calculation.

The Group operates with a unique closure strategy of the Century Mine which differs considerably from a normal open pit mining operation. The largest component of the immediate closure cost for the Century Mine in the ERC calculation is the rehabilitation of the Tailings Storage Facility using a complex layering of materials comprising at least 2,800mm of cover on top of the current surface of the tailings.

However, the current and planned Century operations involves the removal of the tailings using hydraulic mining methods, reprocessing the tailings to profitably recover zinc within the tailings and redeposition of the tailings in the existing Century open pit where they are permanently stored under water in accordance with good industry practice.

As the tailings are progressively removed over the remaining life of mine, the existing Tailings Storage Facility is stripped back to the natural surface such that only the base of the Tailings Storage Facility footprint requires rehabilitation. This is achieved by shaping and dozing the surface to create natural drainage, breaching the embankment, and spreading it over the surface and finally ripping and seeding the surface. The cost of this final procedure is substantially lower than the calculated ERC for rehabilitating the Tailing Storage Facility in its current state, primarily as it does not require the 2,800mm layer of cover.

As well as the lower cost implications of the Group's unique closure strategy there are a number of further possible material cost savings and offsets on site closure to the Company not taken into account in the ERC calculation including:

- The Company could undertake the rehabilitation work using its own workforce and equipment, rather than the higher costs associated with using government appointed third party providers.
- The reduction in final closure costs as a consequence of capital expended in developing existing in-situ resources at Century
- Postponing final site rehabilitation plans due to Century life extensions from the mining of existing in-situ deposits.
- Compensating cashflow attained from the sale to third parties of (amongst other things) residual inventory and stores, camp and equipment, salvage value of the processing plant, mining and exploration leases including valuable (pipeline) easement rights, substantial port facility at Karumba and the sale of the transhipment vessel, M.V. Wunma.

It should be noted that as the Company progressively rehabilitates the Century Mine site as part of its normal operating activities there will be a corresponding reduction in the level of Financial Assurance required and consequently, after formal evaluation and acceptance by the Queensland Government, a reduction in the ERC calculation triggering a return to the Company of any excess bonds or cash provided to secure the ERC calculation.

Community

New Century has maintained strong commitment to engaging with the local communities that host our operations. In 2021 we have continued initiatives to build on our record and respond to the unique challenges presented by the COVID-19 pandemic. The Company has continued its commitment to fulfilling the obligations within the Gulf Communities Agreement, a Native Title Agreement executed in 1997 which facilitates benefits to the Traditional Owners of the lands impacted by Century's operations. The Company continues to actively engage with the communities of the Lower Gulf of Carpentaria to implement this agreement and the associated initiatives in a manner designed by the impacted communities to support the sustainable development of those communities. Our Community Sponsorship Program, where the Company invites community organisations to submit applications for sponsorship initiatives, continued for its second year in 2021 with successful sponsorship recipients located throughout the Gulf of Carpentaria.

Further reporting on social performance and achievements will be included in the Company's inaugural Sustainability Report to be published in the first half of the 2022 financial year.

New Century's Head of Corporate Affairs and Social Responsibility, Shane Goodwin with the Board of the Aboriginal Development Benefits Trust, which receives annual funding from New Century.

DIRECTORS' REPORT

The Directors present their report, together with the Financial Statements, on the consolidated entity (referred to hereafter as the **Group**) consisting of New Century Resources Limited (referred to hereafter as **New Century** or the **Company**) and the entities it controlled for the financial year ended 30 June 2021.

Directors

The Directors who held office during or since the end of the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	New Century special reponsibilities
Robert McDonald Chairman Appointed on 17 July 2019 B.Comm MBA (Honours)	Robert McDonald has more than 40 years of broad experience in the international mining sector. His early career within the Rio Tinto Group involved various operational business development, deal making and strategic planning roles for Hamersley Iron, RTZ Services and Rio Tinto Minera SA. This experience was followed by 20 years of investment banking, initially with BA Australia, then as director and principal of Resource Finance Corporation, and subsequently as a Managing Director of N.M. Rothschild & Sons. In these roles he was responsible for a wide range of advisory services including company formation, mergers and acquisitions, business origination, strategic advice on value creation/recognition, risk management, fairness opinions, debt and equity capital raisings and corporate restructurings. Over the most recent decade Mr McDonald has continued as a trusted investment banking advisor to a selected group of major international mining and investment companies. He has also maintained an active involvement in publicly listed and private mining and mining service companies through various board roles including as non-executive director and chairman.	Cobalt Blue Holdings Limited	None	Member of Remuneration & Nomination Committee Member of Audit & Risk Committee (until 25 November 2020)
Patrick Walta Managing Director Appointed on 13 July 2017 Degrees in Chemical Engineering and Science MBA Masters of Science (Mineral Economics) Diploma of Project Management	Patrick Walta is a qualified metallurgist, mineral economist and board executive with experience across both technical and commercial roles within the mining and water treatment industries. Mr Walta's experience within the mining industry includes public and private company management, mineral processing, mergers and acquisitions, initial public offerings, project management, feasibility studies, exploration activities, competitive intelligence and strategic planning. Mr Walta also has a broad level of resource industry experience through Rio Tinto, Citic Pacific Mining, Cradle Resources, Carbine Resources, Primary Gold and Clean TeQ.	None	None	Managing Director
Nick Cernotta Non-Executive Director Appointed on 28 March 2019 B.Eng (Mining)	Nick Cernotta is a mining engineer who has held senior operational and executive roles in Australia and overseas over a 35 plus year period. Mr Cernotta has considerable experience in the management and operation of large resource projects, having served as Director of Operations at Fortescue Metals Group, Chief Operating Officer (Underground, International and Engineering) at MacMahon Holdings Limited and as Director of Operations for Barrick (Australia Pacific) Pty Ltd, a subsidiary of Barrick Gold Corporation. Mr Cernotta's particular operational expertise is in managing safety, culture, production and cost efficiency, and organisational effectiveness.	Northern Star Resources Limited Panoramic Resources Limited Pilbara Minerals Limited	None	Chair of Remuneration & Nomination Committee Member of Audit & Risk Committee Member of Environmental, Social & Governance Committee Member of Technical Oversight Committee
Kerry Gleeson Non-Executive Director Appointed on 30 November 2020 LLB (Hons) FAICD	Kerry Gleeson is an experienced Non-Executive Director following a 30-year career as a senior executive and as a lawyer in both UK and Australia. Ms Gleeson has significant experience in international governance, strategic mergers and acquisitions and complex corporate finance transactions, as well as in risk and crisis management. Ms Gleeson was previously a member of the Group Executive at Incitec Pivot Limited (ASX: IPL) for ten years until 2013, including as Company Secretary and General Counsel, with involvement across its international operations in explosives and chemicals, mining, transport and logistics. Ms Gleeson led Incitec Pivot's Corporate Affairs function across government, media and regulatory affairs as well as leading international crises responses and major environmental remediation projects, and the Group's Culture & Values and Diversity programs. Earlier in her career, Ms Gleeson was a senior corporate lawyer with Australian law firm, Blake Dawson Waldron (now Ashurst) in Melbourne which followed a 10-year career in the UK where she practised as a corporate finance lawyer focussing on M&A, IPOs and on debt and equity financing.	St Barbara Limited	None	Chair of Environmental, Social & Governance Committee Member of Remuneration & Nomination Committee Member of Audit & Risk Committee

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	New Century special reponsibilities
Peter Watson Non-Executive Director Appointed on 22 January 2018 B.Eng (ChemEng) (Hons) Dip Acc & Fin Mgmt FIEAust GAICD	Peter Watson is a chemical engineer with over 30 years' experience in the resources sector, both in Australia and overseas. He has held technical and executive roles with a number of companies throughout his career, culminating in his appointment as the Managing Director & Chief Executive Officer of Sedgman Limited, a market leading engineering and mining services firm. Initially joining Sedgman as Chief Operating Officer Metals Division in 2010, Mr Watson successfully led and supported the development and execution of Engineering, Procurement and Construction as well as Operations Contracts in excess of $2 billion as he progressed through roles as Executive General Manager (2011 – 2012) and Global Executive Director (2012 – 2014), before being made Managing Director & Chief Executive Officer (2014 – 2016). During his time at Sedgman, Mr Watson provided leadership and guidance across a suite of over ten large scale mine operations contracts and over 30 EPC contracts across a broad spectrum of commodities.	Strandline Resources Limited Paladin Energy Limited	Resource Generation Limited (to 30 November 2018)	Chair of Audit & Risk Committee Chair of Technical Oversight Committee Member of Environmental, Social & Governance Committee
Former Directors				
Bryn Hardcastle Non-Executive Director Appointed on 8 December 2011 and resigned on 30 November 2020 LLB	Bryn Hardcastle is a partner of Allens, specialising in corporate, commercial and securities law. Mr Hardcastle advises on equity capital markets, takeovers, schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector.	None	None	Former Chair of Environmental, Social & Governance Committee Former member of Remuneration & Nomination Committee
Evan Cranston Non-Executive Director Appointed on 10 October 2012 and resigned on 9 July 2020 B.Comm, LLB	Evan Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm Konkera Corporate and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations.	African Gold Resources Ltd Carbine Resources Limited Vital Metals Limited	Boss Resources Limited (to 5 June 2020)	None

Thomas Wilcox, Company Secretary

Thomas Wilcox is an experienced legal and corporate governance executive with significant Australian and international experience in the resources sector. Mr Wilcox has extensive experience in areas including M&A, joint ventures, business development, corporate governance, ESG, business integrity, risk management and compliance, regulatory investigations and financing transactions.

Prior to joining New Century, Mr Wilcox has worked in a range of senior legal and governance roles at Newcrest Mining Limited, Kidman Resources Limited, CSG Limited and Rio Tinto Limited (including its ASX-listed subsidiary Energy Resources of Australia Limited).

Mr Wilcox holds a Master of Laws, a Bachelor of Laws and a Bachelor of Commerce from The University of Melbourne and is a graduate of the Australian Institute of Company Directors.

Directors' meetings

The number of Board and Committee meetings held, and the number of meetings attended by each of the Directors of the Company, during the financial year are shown below:

Director	Board of Directors		Audit & Risk Committee		Remuneration & Nomination Committee		Environmental, Social & Governance Committee	
Current directors	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**
Robert McDonald[1]	6/6	13/14	3/3	-	3/3	3/3	-	-
Patrick Walta	6/6	14/14	-	-	-	-	-	-
Nick Cernotta	6/6	14/14	5/5	-	3/3	3/3	1/1	-
Kerry Gleeson[2]	2/2	4/4	2/2	-	1/1	-	1/1	-
Peter Watson	6/6	14/14	5/5	-	-	-	1/1	-
Former directors								
Bryn Hardcastle[3]	3/3	8/10	-	-	1/2	3/3	-	-
Evan Cranston[4]	1/1	0/1	-	-	-	-	-	-

1. Ceased to be a member of the Audit & Risk Committee on 25 November 2020.
2. Appointed on 30 November 2020.
3. Resigned on 30 November 2020.
4. Resigned on 9 July 2020.

In addition to the meetings of Directors and Committees specified above, Directors attended additional meetings with Management in consideration of key strategic matters for the Company.

Principal activities

The principal activities of the Group for the financial year were the mining and processing of tailings dam materials containing zinc, sales of concentrate, undertaking mineral exploration activities and exploring business development opportunities.

Dividends

No dividend has been declared or paid by the Group during the financial year and the Directors do not at present recommend a dividend (30 June 2020: Nil).

Operating and financial review

Details of the review and results of New Century's operational and financial performance, which forms part of the Directors' Report, are set out in the Operating and Financial Review section.

Matters subsequent to the end of the financial year

On 15 September 2021, the Company announced the results of its feasibility study into the potential development of various in-situ deposits at the Century Mine (the Feasibility Study). The Feasibility Study investigated the incorporation of the Silver King and East Fault Block in-situ deposits into the existing mine plan (incremental to the current tailings reprocessing activities) to produce zinc concentrate and a new lead concentrate. The Feasibility Study revealed a strongly value accretive proposition for the development of Silver King and East Fault Block alongside current tailings operations at the Century Mine. As a result of the Feasibility Study, the Group declared a Maiden Ore Reserve (probable) for Silver King and East Fault Block of 2.5Mt @ 5.3 percent Pb (133Kt), 5.6 percent Zn (140Kt), 68g/t Ag (5.4Moz). Further details of the results of the Feasibility Study are set out in the Company's ASX announcement, which is located at the Company's website. A final investment decision is expected to be made in due course.

On 1 October 2021, the Company entered into a period of suspension of quotation of its shares on the Australian Securities Exchange as it finalises a material strategic transaction involving an asset acquisition, an equity raise and new environmental bonding arrangements. Further details are set out in the Company's ASX announcement, which is located at the Company's website.

Since 30 June 2021, the Group obtained a number of deferrals of certain repayments due to Värde pending completion of the Environmental Bonding and Equity Raising Package. Further, it was agreed that silver royalties payable to Värde under the Loan Note Subscription Agreement would be extinguished in exchange for fixed payments of A$3,724,890 (US$2,800,000) on 4 January 2022 and A$3,724,890 (US$2,800,000) on 1 April 2022 together with applicable withholding tax.

Since 30 June 2021, the Group obtained a number of deferrals of payments for the reduction in the bonding facilitated by MMG Limited (**MMG**) with the Queensland government due under the Group's Bank Guarantee Support Agreement with MMG, pending completion of the Environmental Bonding and Equity Raising Package.

The Group is finalising binding agreements for an **Environmental Bonding and Equity Raising Package** (the **"Package"**) which entails a major revision of the Group's capital structure going forward. Key elements of the Package include:

Equity Raising:

A$79,802,904 (US$59,987,843) fully committed equity raising consisting of:

- An **Unconditional Placement** to raise A$32,918,192 (US$24,744,605):
  - A$21,638,706 (US$16,265,816) from a subsidiary of Sibanye-Stillwater Limited (**Sibanye-Stillwater**) whereby Sibanye-Stillwater takes an initial 9.8% equity interest in the Group; and
  - A$11,279,486 (US$8,478,790) from existing shareholders.
- The simultaneous launch of a fully underwritten **Entitlement Offer** to raise A$46,884,712 (US$35,243,238) consisting of a 1 for 4 pro rata non renounceable allocation to existing shareholders. Any entitlements not taken up by existing shareholders will be underwritten by the joint lead managers to the Entitlement Offer, with sub-underwriting by Sibanye-Stillwater up to a limit of Sibanye-Stillwater taking a 19.99% interest in the Group.

Should Sibanye-Stillwater's investment in the Group be less than 19.99% following the Entitlement Offer, a **Conditional Placement** will be undertaken to bring Sibanye-Stillwater's total interest to 19.99%. Sibanye-Stillwater has committed to a total investment in New Century Resources Limited of A$53,441,616 (US$40,172,063). The Conditional Placement is subject to shareholder approval at the Company's 2021 Annual General Meeting.

The Unconditional Placement, Entitlement Offer and Conditional Placement will be conducted at an offer price of A$0.155 per New Share (**Offer Price**) being the closing price on 30 September 2021.

In summary the equity raising will generate a minimum of A$79,802,904 (US$59,987,843) before costs estimated of $4,211,258. If there is a full take up of the Entitlement Offer by existing shareholders, the equity raise could generate a further A$39,748,669 (US$29,879,074) to a maximum of A$119,551,573 (US$89,866,917) before costs estimated at $4,231,709 once the Conditional Placement is complete.

Environmental Bonding:

The existing environmental bond provided to the Queensland government for the Century Mine is backed by MMG Limited (**MMG**) pursuant to the Bank Guarantee Support Agreement that was entered into at the time of the initial acquisition of the Century Mine by the Group. This will be replaced by the A$180,000,000 Environmental Bond Facility (**EBF**) to be issued by Macquarie Bank Limited (**Macquarie**) and backed by an A$160,000,000 surety provided through Argonaut Insurance Group (**Argo Group**) and A$20,000,000 of cash backing to be provided directly by the Group. The EBF will amortise over 21 equal monthly payments from January 2023 through to final maturity of the facility in September 2024.

The Group has decided to expand the Group's total hedging book. This additional hedging is a condition precedent of the EBF. Existing hedging comprises 82,500 tonnes of zinc metal to settle in fixed monthly proportions of 2,500 tonnes per month to June 2024 at an average price of A$3,717 per tonne.

Option Agreement for the acquisition of the Mt Lyell Copper Mine

The Group has entered into a binding term sheet for an option agreement with Monte Cello B.V. (**MCBV**), a subsidiary of Vedanta Limited (**Vedanta**) for the acquisition of Copper Mines of Tasmania Pty Ltd (CMT), owner of the Mt Lyell Copper Mine (Mt Lyell) in Tasmania.

Mt Lyell is one of the most significant copper mines in Australian history, having first started operations in the 1890's. Mt Lyell was acquired by Vedanta in 1999, who thereafter profitably produced almost 400kt of copper, 1.8moz of silver and 220koz of gold until 2014 when the mine was placed into care and maintenance. A significant copper / gold resource remains.

The option agreement allows the Group to evaluate the potential for restart of operations at Mt Lyell. The Group will investigate the refurbishment or replacement of the existing infrastructure for tailings reprocessing and integration of sustainable in-situ ore processing. The option agreement includes a minimum expenditure commitment of A$13,482,540 (US$10,000,000) over a two-year option period towards development, exploration and a capped reimbursement of care and maintenance costs. Should the option to acquire be exercised, the acquisition consideration will be by way of a capped royalty paid over time from successful operations.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Group's operations or results in future financial years.

Future developments, prospects and business strategies

Disclosure of further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations are set out in the Operating and Financial Review section as well as on the Company's ASX announcements which are located at the Company's website.

Share options and performance rights

At the date of this report, the Group had the following options over ordinary shares and performance rights on issue:

Types of options and performance rights	Number of options	Exercise Price $	Expiry Date
Unquoted options issued to Vendors	30,000,000	0.25	13/07/2022
Unquoted options issued to Director	1,000,000	1.20	28/03/2022
Unquoted options issued to Director	1,000,000	1.50	28/03/2022
Unquoted options issued under the ESOP	250,000	0.95	06/06/2022
Unquoted options issued to Director	1,000,000	0.56	18/09/2022
Unquoted options issued to Director	1,000,000	0.70	18/09/2022
Unquoted options issued to Varde	25,000,000	0.25	17/07/2023
Unquoted options issued to Tectonic Advisory	10,000,000	0.25	04/12/2023
Class A performance rights	4,374,007	-	01/07/2024
Class B performance rights	1,249,716	-	01/07/2024
Class C performance rights	624,858	-	01/07/2024
Class D performance rights	1,390,729	-	01/07/2024
Performance rights	13,422,963	-	01/07/2024
Performance rights	3,829,322	-	01/07/2025
Performance rights	7,309,502	-	01/07/2026
Performance rights	3,524,655	-	01/07/2026
TOTAL	**104,975,752**		

Directors' interests

The relevant interest of each Director in the share capital of the Group as at the date of this report is:

Directors	Ordinary shares fully paid			Options			Performance Rights		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Robert McDonald	-	733,513	733,513	-	2,000,000	2,000,000	-	-	-
Patrick Walta	33,421,788	-	33,421,788	7,000,000	-	7,000,000	5,826,961	-	5,826,961
Nick Cernotta	-	778,386	778,386	-	2,000,000	2,000,000	-	-	-
Kerry Gleeson	-	-	-	-	-	-	-	-	-
Peter Watson	-	320,628	320,628	-	-	-	-	-	-
Total	**33,421,788**	**1,832,527**	**35,254,315**	**7,000,000**	**4,000,000**	**11,000,000**	**5,826,961**	**-**	**5,826,961**

Indemnifying officers or auditor

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, a Director or Officer of the Company against any liability incurred by that person as a Director or Officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action for such liabilities. The Constitution further provides that the Company may enter into an agreement with any person who is, or has been, a Director or Officer of the Company or a subsidiary of the Company to indemnify the person against such liabilities. The Company has entered into Deeds of Indemnity, Insurance and Access with current and former Directors and Officers. The deeds address the matters set out in the Constitution.

The Company has paid premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors or Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Disclosure of the nature and the amount of the premium is prohibited by the confidentiality clause of the insurance contract.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the financial year ended 30 June 2021, to any person who is or has been an auditor of the Company.

Auditor

Deloitte Touche Tohmatsu has been appointed as auditor of the Group in accordance with section 327 of *Corporations Act 2001*.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 38 to the Financial Statements. The Directors are of the opinion that the non-audit services as disclosed in Note 38 to the Financial Statements do not compromise the external auditor's independence.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.
The Group was not a party to any such proceedings during the financial year.

Environmental regulations

The Group is required to carry out its activities in accordance with legislation and regulations in the areas in which it undertakes its exploration and development activities. The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Remuneration report

The remuneration report which has been audited by Deloitte Touche Tohmatsu forms part of the Directors' Report.

Auditor's independence declaration

The lead auditor's independence declaration for the financial year ended 30 June 2021 has been received.

Going concern

Refer to the Going Concern note under the Summary of significant accounting policies in Note 1 to the Financial Statements for a matter emphasised in relation to the Going Concern assumption.

Made and signed in accordance with a resolution of the Directors.

Robert McDonald
CHAIRMAN
27 October 2021

REMUNERATION REPORT

The Remuneration Report, which has been audited, outlines the Director and executive remuneration arrangements for the Company in accordance with the requirements of the *Corporations Act 2001 (Cth)* **(Corporations Act)** and its Regulations.

This Remuneration Report is set out under the following main headings:

- Key management personnel covered in this report
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Key management personnel covered in this report

The *Corporations Act* and relevant Accounting Standards require disclosures in respect of "key management personnel" (**KMP**), being those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

The KMP of the Group are listed below. Throughout this Remuneration Report the KMP who are not Non-Executive Directors are collectively referred to as **Executive KMP**.

TABLE 1 – KEY MANAGEMENT PERSONNEL

Name	Position	Period of KMP during the year
Current		
Robert McDonald	Non-Executive Chairman	All of financial year 2021
Patrick Walta[1]	Managing Director	All of financial year 2021
Nick Cernotta	Non-Executive Director	All of financial year 2021
Kerry Gleeson	Non-Executive Director	From 30 November 2020
Peter Watson	Non-Executive Director	All of financial year 2021
Mark Chamberlain[1]	Chief Financial Officer	All of financial year 2021
Barry Harris[1]	Chief Operating Officer	All of financial year 2021
Former		
Bryn Hardcastle	Non-Executive Director	Until 30 November 2020
Evan Cranston	Non-Executive Director	Until 9 July 2020

1. Executive KMP.

Principles used to determine the nature and amount of remuneration

Remuneration governance

The Board recognises that the success of the business depends on the quality and engagement of its people. To ensure the Company continues to succeed and grow, it must attract, motivate and retain skilled Directors, executives and employees. The Board's aim is to ensure that people and performance are a priority.

The Remuneration & Nomination Committee is responsible for the oversight of the Company's remuneration framework and policies. The Board, upon recommendation of the Remuneration & Nomination Committee, determines the remuneration and key performance indicators for the Managing Director and other Executive KMP.

The objective of the Remuneration & Nomination Committee is to ensure that the remuneration framework and policies are suitable to attract and retain Directors, executives and employees who are incentivised to create sustained value for shareholders.

Remuneration philosophy

The remuneration framework and policies of the Company have been designed to be simple and transparent, to align employee and executive reward with the achievement of the Company's strategic objectives over the medium and long term, and to encourage a 'pay for performance' culture.

The following guiding principles direct the Company's remuneration approach. The remuneration structure aims to:

- attract, retain and motivate the right calibre of people for the business;
- provide strong linkage between incentive rewards and creation of value for shareholders;
- reward the achievement of financial and strategic objectives; and
- comply with applicable legal requirements and appropriate standards of governance.

Remuneration positioning

The Company's approach to Total Fixed Remuneration (**TFR**) in the 2021 financial year has typically been positioned at the median of the market for a fully proficient and capable performer, whilst the total remuneration package (including both fixed and at-risk pay) reflects more typically the upper quartile pay position when superior levels of performance have been met or exceeded.

External benchmarking and market data

The Remuneration & Nomination Committee uses external benchmarking and market data in assessing the positioning and competitiveness of remuneration packages for KMP (both Non-Executive Directors and Executive KMP). For the purposes of assessing the appropriate levels of remuneration, the Remuneration & Nomination Committee considers the Company's peers in the Australian resources sector in terms of a range of factors, including size, financial metrics, location, operational complexity and risk profile, and which are representative of those with which the Company may compete for talent.

Executive KMP remuneration framework

Executive KMP remuneration is comprised of fixed and at-risk components, the purpose of which is to align executive reward with performance, shareholder outcomes and the Company's goal of retaining and promoting high calibre people. TFR and at-risk remuneration are benchmarked annually by the Remuneration & Nomination Committee. An overview of the different components within the Executive KMP remuneration framework is set out in Table 2 below.

TABLE 2 - EXECUTIVE KMP REMUNERATION FRAMEWORK

Component	Vehicle	Purpose
Total Fixed Remuneration (**TFR**)	Base salary, superannuation and non-cash benefits.	Pay for meeting role requirements with reference to industry benchmarking, experience and skills, size and complexity of role and proficiency.
Short Term Incentive (**STI**)	Cash based bonus that is set at a maximum percentage of TFR for the achievement of individual and Company key performance indicators (**KPIs**) for the financial year. Each year, the Board sets the KPIs for Executive KMP which generally include a mix of Company and individual performance objectives.	Cash based pay for the achievement of Company and individual performance objectives. The Board considers appropriate KPIs to drive performance without encouraging undue risk-taking and align the interests of the Executive KMP with those of shareholders.
Long Term Incentive (**LTI**)	The LTI component consists of a grant of performance rights to Executive KMP and other executives. Grants of performance rights are made by way of issue at nil cost at the time of grant and no exercise price on vesting. Vesting is contingent on the achievement of performance conditions set by the Board over a three-year period. The number of performance rights issued is linked to TFR and the share price at the commencement of the three-year performance period.	Equity based pay for outperforming peers and creating value for shareholders over a long term horizon. The Board considers that the LTI plan aligns the interests of Executive KMP and other executives with those of shareholders by basing rewards on the delivery of the plan and strategic objectives for the Company which translate into longer term value for shareholders.

Total Fixed Remuneration

TFR is reviewed annually. Any adjustments to the TFR of Executive KMP must be approved by the Board after recommendation by the Remuneration & Nomination Committee. The Managing Director determines the TFR of other senior executives within specified guidelines approved by the Board, on the recommendation of the Remuneration & Nomination Committee.

In the 2021 financial year the TFR for Executive KMP was typically positioned around the median of salaries for comparable roles at companies within the mining industry with which the Group competes for talent and equity investment, utilising datasets and specific advice provided by independent remuneration consultants. The total remuneration package (fixed and at-risk pay), reflects the upper quartile pay position where superior levels of performance have been achieved.

Short Term Incentives

All Executive KMP are eligible for a STI in the form of a cash bonus. The 2021 financial year STI plan for Executive KMP set a maximum value of 30 percent of TFR for the reporting period. The STI outcomes for Executive KMP are based on the degree of achievement of a number of metrics related to individual and Company performance.

The Managing Director's maximum STI opportunity for the 2021 financial year is comprised of a 50 percent weighting for Company performance and a 50 percent weighting for individual performance. For other Executive KMP, the maximum STI opportunity is comprised of either a 60 or 70 percent weighting for Company performance and a 30 or 40 percent weighting for individual performance.

Long Term Incentives

The Company's remuneration and incentive plans for Executive KMP and other executives and employees for the 2021 financial year were reviewed by the Remuneration & Nomination Committee and approved by the Board. The review was undertaken to ensure appropriateness of performance conditions (over the short and longer term), vesting scales, targets and gates to the circumstances that are anticipated to prevail over the measurement period and the expectations of shareholders and to also consider the strategic objectives of the Company going forward.

In October 2019, the Company received shareholder approval for the establishment of two employee incentive schemes, the General Employee Share Plan (**GESP**) and the Employee Share Incentive Plan (**ESIP**). Under these plans the Board may offer to eligible persons the opportunity to subscribe for such number of equity securities in the Company as the Board may determine, on the terms set out in the rules of the relevant plan. Both plans provide eligible employees with the opportunity to participate in the future growth of the Company.

The GESP allows for eligible persons to subscribe for shares that may be subject to income tax exemptions or deferral, while the ESIP is a broader plan under which the Board may offer eligible persons to subscribe for shares and/or equity securities.

The Company is in an important stage of development with significant opportunities and challenges in both the near and longer term. The Board believes that incentivising the Company's Executive KMP and other executives with performance rights under the ESIP is a prudent means of conserving the Company's available cash reserves and aligning the efforts of those individuals in seeking to achieve growth of the share price and in the creation of shareholder value. The Board believes it is important to offer performance rights to continue to attract and maintain highly experienced and qualified employees and executives in a competitive market.

The Company issued 13,422,963 performance rights under the ESIP to Executive KMP and other executives during the 2021 financial year which are subject to the achievement of various conditions which must be achieved on or before the end of the assessment period on 1 July 2023. The performance rights expire on 1 July 2025. A summary of the vesting conditions of performance rights granted to Executive KMP and other executives under the ESIP for the 2021 financial year is set out in Table 3. Performance rights issued to the Managing Director were approved at the 2020 Annual General Meeting.

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the performance rights issued under the ESIP will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

Where a holder of performance rights becomes a "leaver" (as defined in the ESIP rules) all unvested performance rights will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the performance to vest. The Board may exercise its discretion where "special circumstances" (as defined in the ESIP rules) exist, which include a person becoming a leaver as a result of death, total or permanent disability, retirement or redundancy.

TABLE 3 – 2021 FINANCIAL YEAR PERFORMANCE RIGHTS VESTING CONDITIONS

Condition type	Condition description	Performance right allotment
Service Condition	Continuous employment with the Company over the assessment period (to 1 July 2023)	Mandatory requirement for consideration of any performance rights
Relative Total Shareholder Return	Performance rights will vest according to relative Total Shareholder Return (**TSR**) measured for the three-year period from 1 July 2020 to 30 June 2023 The proportion of performance rights that vests will be calculated according to the performance of the Company relative to the performance of its Peer Companies (as set out below)	Up to 100% of total performance rights will vest as follows: • Relative TSR is below the 50th percentile of Peer Group: 0% of performance rights vest • Relative TSR is equal to 50th percentile of Peer Group: 50% of performance rights vest • Relative TSR is between 50th and 80th percentile of Peer Group: pro rata vesting of performance rights between 50% and 100% of performance rights vest • Relative TSR is above the 80th percentile of Peer Group: 100% of performance rights vest If the absolute TSR over the three-year period is negative, the number of performance rights that vest will be halved.

The relative TSR calculation for the Company and the Peer Companies will be based on the percentage change in the share price over the three years from 1 July 2020 to 30 June 2023, including dividends (which are assumed to be reinvested). The percentage change will be calculated by comparing the 20-trading day volume weighted average price (**VWAP**) of shares in the period immediately before the start and end of the measurement period and will include the reinvestment of dividends.

The Company's relative TSR comparative group of Peer Companies was determined with the assistance of an external remuneration consultant. The selection criteria factored in company sector, size, complexity and risk profile to establish a representative group that reflects peers which Company may compete with for executive talent.

TABLE 4 – RELATIVE TSR PEER COMPANIES

Peer Company	ASX ticker
Aeris Resources Limited	AIS
Aurelia Metals Ltd	AMI
Base Resources Ltd	BSE
Galaxy Resources Ltd	GXY
Image Resources NL	IMA
Medusa Mining Ltd	MML
Metals X Ltd	MLX
Metro Mining Ltd	MMI
Mineral Commodities Limited	MRC
Panoramic Resources Ltd	PAN
Pantoro Limited	PNR
Syrah Resources Ltd	SYR
Western Areas Ltd	WSA

The TSR performance of Peer Companies will be adjusted or normalised by the Board in circumstances where one or more of those peers cease to be listed on the ASX or cease to remain a representative comparator.

A further 3,829,322 performance rights were issued to other senior employees of the Company under the ESIP which will vest and become convertible to shares subject only to the holder remaining employed by the Company on 1 July 2023. These performance rights will expire on 1 July 2025.

Changes for the 2022 financial year

The Board has reviewed the remuneration structure for Executive KMP for the 2022 financial year in accordance with the Company's remuneration philosophy and on the recommendation of the Remuneration & Nomination Committee. The Board has resolved that the Executive KMP remuneration framework for the 2022 financial year will remain substantially comparable to previous years (comprised of TFR, STI and LTI), however the following changes have been approved, with effect from 1 July 2021:

- The TFR for Executive KMP will be generally positioned between the 50th and the 75th percentiles of salaries for comparable companies within the mining industry with which the Group competes for talent and equity investment. Notwithstanding the change in positioning, TFR has still been assessed on a case by case basis, taking account role requirements and complexity, as well as individual experience, skills and proficiency.
- The maximum STI opportunity will be increased from 30 percent of TFR to 50 percent of TFR. The Board has approved a mix of Company and individual stretch performance objectives for Executive KMP to achieve. Further details are set out in Table 5 below.
- The maximum LTI opportunity will be reduced from a range of between 120 and 145 percent of TFR, to a range of between 75 percent and 120 percent of TFR. The LTI opportunity will continue to include the issue of performance rights. In order for this component to be realised in full, the Company must outperform its peers on a relative TSR basis, as compared against a Select Industry Group of peer companies (50 percent) and the ASX 300 Mining and Metals Index (50 percent). Further details are set out in Table 6 below.

In approving the changes to Executive KMP remuneration for the 2022 financial year, the Board considered a range of factors including:

- industry benchmarking and market data comparing remuneration positioning and competitiveness against the Company's peers in the Australian resources sector in terms of market capitalisation, location and operational and risk profile;
- the fact that there have been only minor increases (or in some cases, no increases at all) to the TFR of Executive KMP since 1 July 2019. Over this period the TFR of Executive KMP, when assessed against the Company's peers in the Australian resources sector, has fallen below the range targeted by the Board;
- the continued growth and development of the Company, improved market conditions and the stabilisation of the Company's operational and financial performance;
- the recent tightening of labour markets in the resources sector, and the increased competition for high calibre executives, which is anticipated to continue in the short to medium term; and
- the Board's overall philosophy of ensuring that the Company's remuneration framework and policies are suitable to attract, motivate and retain talented executives who are incentivised to create sustained value for shareholders.

TABLE 5 – CHANGES TO TOTAL FIXED REMUNERATION

Executive KMP	2021 financial year[1] $	2022 financial year[1] $
Patrick Walta	473,000	575,000
Barry Harris	372,000	450,000
Mark Chamberlain	371,694	436,000

1. Including superannuation.

TABLE 6 – CHANGES TO STI AND LTI

Executive KMP	2021 financial year		2022 financial year	
	Maximum STI opportunity[1] %	Maximum LTI opportunity[1] %	Maximum STI opportunity[1] %	Maximum LTI opportunity[1] %
Patrick Walta	30	145	50[2]	125
Barry Harris	30	120	50[2]	75
Mark Chamberlain	30	120	50[2]	75

1. As a percentage of TFR.
2. A 50 percent uplift on the maximum STI opportunity is available in the 2022 financial year, with any uplift to be issued as equity. See further below.

The STI measures and weightings between individual and Company performance vary for Executive KMP, depending on the requirements of each role. The individual objectives that have been set for the 2022 financial year are stretch targets based on the key strategic areas objectives for the Company over a 12 month horizon, and which the Board considers will underpin the Company's growth plans and generate value for shareholders.

The Company performance component of the STI opportunity relates to safety, production and cost metrics and is substantially aligned to previous years.

In consideration of ongoing labour market risks for key personnel, and as a once off measure to bolster the Company's retention incentive objectives, the Board has determined that Executive KMP will be eligible for a 50 percent uplift of their overall STI outcome for the 2022 financial year. Any resulting uplift being issued as equity and escrowed for 12 months.

The Board retains discretion under the STI plan rules in relation to the award, forfeiture or adjustment of any STI payment to ensure that it is appropriate and equitable, having regard to factors including the overall business performance.

The Board considers that if the targets set for Executive KMP are successfully delivered, this will generate significant and sustained value for shareholders.

The vesting hurdles for performance rights issued under the LTI plan for the 2021 financial year are summarised in Table 7.

TABLE 7 – 2022 FINANCIAL YEAR PERFORMANCE RIGHTS VESTING CONDITIONS

Condition type	Condition description	Performance right allotment
Service Condition	Continuous employment with the Company over the assessment period (to 1 July 2024)	Mandatory requirement for consideration of any performance rights
Relative TSR	Performance rights will proportionately vest according to the relative TSR of the Company measured for the three-year period from 1 July 2021 to 30 June 2024	Up to 50% of total performance rights will vest on the basis of relative TSR, as compared against a selected group of peer companies. The peer companies are substantially aligned with those in the LTI plan for the 2021 financial year Up to 50% of total performance rights will vest on the basis of relative TSR, as compared against the ASX 300 Mining and Metals Index In both cases above, performance rights will vest as follows: • Relative TSR is below the 50th percentile of the relevant comparator: 0% of performance rights vest • Relative TSR is equal to 50th percentile of the relevant comparator: 50% of performance rights vest • Relative TSR is between 50th and 80th percentile of the relevant comparator: pro rata vesting of performance rights between 50% and 100% of performance rights vest • Relative TSR is above the 80th percentile of the relevant comparator: 100% of performance rights vest There is no 50 percent reduction in vesting where the absolute TSR over the three-year period is negative (as there was in the LTI plan for the 2021 financial year)

Non-Executive Director remuneration

The Board's policy is for fees to Non-Executive Directors to be competitive to market for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability and Company specific requirements which include a competent and seasoned Board.

Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company. Previously, some Non-Executive Directors have in limited circumstances received incentive options to secure their initial or ongoing services.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. At the Company's Annual General Meeting held on 31 October 2019, shareholders approved an increase of the aggregate remuneration fee pool to $900,000 per annum which was determined after reviewing similar companies listed on ASX. The Directors believe that this level of remuneration remains in line with corporate remuneration of similar companies.

This shareholder approved level of permitted fees does not compel the Company to pay the entire amount in each financial year, rather the proposed limit ensures that the Company:

- maintains its capacity to remunerate both existing and any new Non-Executive Directors joining the Board;
- remunerates its Non-Executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates;
- has the ability to attract and retain Non-Executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company; and
- has the flexibility to appoint new Non-Executive Directors as it continues to evolve the Board in line with the development of the Company.

It is noted that the options issued to Nick Cernotta in the 2019 financial year and to Robert McDonald in the 2020 financial year are subject to a price hurdle and, as such, could be viewed as performance-based options. The purpose of issuing these options was to:

- attract the right calibre of individual to ensure that the Company has a skilled and experienced Board;
- ensure that the Non-Executive Director is committed to the Company's long-term aspirations by virtue of accepting such options; and
- preserve the Company's cash holdings.

During the financial year the Board proposed that Non-Executive Directors have the option to take part of their base remuneration in the form of shares. At the Company's Annual General Meeting held on 30 November 2020, shareholders approved the issue of shares to the Non-Executive Directors as payment for up to 50 percent of their base remuneration for the 2021 financial year. Shares were issued at a price calculated as the five-day VWAP of the Company's shares up to the date of the Notice of Annual General Meeting, which was $0.1767. The number of shares issued to Non-Executive Directors during the financial year in lieu of base remuneration are set out in Table 16.

Non-Executive Directors' fees are reviewed annually by the Board. The remuneration for Non-Executive Directors during the 2021 financial year (excluding superannuation) is set out in Table 8.

Changes for the 2022 financial year

The Board has reviewed the remuneration structure for Non-Executive Directors for the 2022 financial year to ensure the appropriateness and relevance of the fee structure and resolved that Non-Executive Directors will have the option to receive up to 50 percent of their base remuneration in the form of shares (subject to shareholder approval). To ensure alignment with the framework for issuing performance rights to Executive KMP, the number of shares to be issued will be calculated using the 20-trading day VWAP of the Company's shares up to 1 July 2021. A resolution seeking approval of share-based remuneration (in lieu of fixed remuneration) will be put to shareholders at the Company's 2021 Annual General Meeting.

As part of its annual review of Non-Executive Directors' fees, the Board also resolved that the structure and fees for the 2022 financial year (inclusive of superannuation) will be adjusted as set out in Table 8.

In considering the changes to Non-Executive Directors' remuneration, the Board took into account a number of factors including:

- Industry benchmarking and market data comparing remuneration positioning and competitiveness against the Company's peers in the Australian resources sector in terms of market capitalisation, location and operational and risk profile;
- that there have been no changes to Non-Executive Director fees since 1 July 2019, largely on account of the uncertainties of COVID-19, the outlook for zinc and commodity prices generally and the Company's operational and financial circumstances throughout 2020;
- the continued recent growth and development of the Company, improved market conditions and the stabilisation of the Company's operational and financial performance;
- the Board's view that the issue of options to Non-Executive Directors will not be a feature of the Company's remuneration framework in the future (notwithstanding that it was a relevant feature in the past, for the reasons outlined above);
- the number of scheduled and unscheduled meetings of the Board during the course of the 2021 financial year and the increased activities of the Committees of the Board; and
- that Non-Executive Director fees for the 2022 financial year will be inclusive of superannuation, whereas previously they were exclusive of superannuation.

TABLE 8 – NON-EXECUTIVE DIRECTORS' FEES

Role	2021 financial year[3] $	2022 financial year[4] $
Non-Executive Director base fee	90,000	90,000
Chairman of Board[1]	120,000	185,000
Remuneration and Nomination Committee Chair[2]	10,000	20,000
Remuneration and Nomination Committee Member[2]	-	10,000
Audit and Risk Committee Chair[2]	10,000	20,000
Audit and Risk Committee Member[2]	-	10,000
Environmental, Social and Governance Committee Chair[2]	10,000	20,000
Environmental, Social and Governance Committee Member[2]	-	10,000
Technical Oversight Committee Chair[2]	10,000	10,000
Technical Oversight Committee Member[2]	-	5,000

1. The Chairman does not receive any fees for his membership of the Committees of the Board.
2. With the exception of the Chairman, fees for chairing, or membership of, the Committees of the Board are payable in addition to Non-Executive Director base fees.
3. Exclusive of superannuation, and the amortisation of the cost of previously issued options.
4. Inclusive of superannuation.

Additional information for consideration of shareholder wealth

Table 9 summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the five financial years to 30 June 2021.

TABLE 9 – GROUP FINANCIAL INFORMATION

	2021[1]	2020	2019	2018	2017
EBITDA: Earnings before interest, tax, depreciation and amortisation[2]	73,540,335	(5,616,151)	(11,797,417)	(128,029,083)	(1,378,441)
Loss after income tax attributable to shareholders - $	(10,817,168)	(8,107,272)	(21,502,018)	(119,021,291)	(3,785,112)
Share price at year end - $	0.22	0.16	0.49	1.31	0.20
Movement in share price for the year - $	0.06	(0.33)	(0.82)	1.11	-
Total dividends declared – cents	-	-	-	-	-
Returns of capital – cents	-	-	-	-	-
Basic loss per share – $	(0.0097)	(0.0123)	(0.0426)	(0.3232)	(0.0202)

1. The Group commenced commercial production at the Century Mine on 1 July 2020.
2. Refer to Note 3 to the Financial Statements for a reconciliation of EBITDA to Net Loss After Tax.

TSR for the Company to 30 June 2021 are summarised below:

TABLE 10 – TOTAL SHAREHOLDER RETURN

	1 Year TSR %	2 Year TSR %	3 Year TSR %
New Century Resources Limited	39	(56)	(84)

The Board has regard to the overall performance of the Company over a number of years in assessing and ensuring proper alignment of "at risk" remuneration to deliver fair and appropriate outcomes consistent with the Company's performance. Full details of the Company's operational and financial performance are set out in the Directors' Report, including the Operating and Financial Review section of the Annual Report.

The Company's ongoing environmental, social and governance (**ESG**) performance is critical to maintaining its licence to operate, which in turn is fundamental to its ongoing financial performance. Details of the Company's ESG performance will be set out in the inaugural Sustainability Report (to be published in the 2022 financial year) and the annual Corporate Governance Statement, which is available at www.newcenturyresources.com.

Voting and comments made at the Company's 2020 Annual General Meeting

At the Company's 2020 Annual General Meeting the Remuneration Report for the 2020 financial year was approved by shareholders with 99.68 percent of votes in favour. The Company did not receive any specific feedback from shareholders at the 2020 Annual General Meeting regarding its remuneration practices.

Details of remuneration

TABLE 11 – KMP REMUNERATION

	Short-term benefits cash salary and fees $	Short-term incentive awards $	Post-employment benefits super-annuation $	Termination benefit $	Share based payments expenses $	Total $	Proportion of remuneration performance related %
2021							
Non-Executive Directors							
Robert McDonald	120,000	-	-	-	-	120.000	-
Nick Cernotta	100,000	-	9,500	-	-	109,500	-
Kerry Gleeson[1]	58,333	-	5,542	-	-	63,875	-
Bryn Hardcastle[2]	37,500	-	-	-	-	37,500	-
Peter Watson	110,000	-	10,450	-	-	120,450	-
Evan Cranston[3]	-	-	-	-	-	-	-
Executive Director							
Patrick Walta	451,306	91,242	21,694	-	266,780	831,022	43.1
Executive KMP							
Mark Chamberlain	350,000	63,719	21,694	-	175,536	610,949	39.2
Barry Harris[4]	350,306	55,800	21,694	-	173,640	601,440	38.1
Total	**1,577,445**	**210,761**	**90,574**	**-**	**615,956**	**2,494,736**	**33.1**

1. Kerry Gleeson was appointed as a Non-Executive Director on 30 November 2020.
2. Bryn Hardcastle resigned as a Non-Executive Director on 30 November 2020.
3. Evan Cranston resigned as a Non-Executive Director on 9 July 2020.
4. In addition to his salary, Barry Harris cashed out annual leave entitlements of $107,955 during the financial year.

	Short-term benefits cash salary and fees $	Short-term incentive awards $	Post-employment benefits superannuation $	Termination benefit $	Share based payments expenses $	Total $	Proportion of remuneration performance related %
2020							
Non-Executive Directors							
Robert McDonald	120,000	-	-	-	235,900	355,900	-
Nick Cernotta	112,500	-	10,687	-	-	123,187	-
Bryn Hardcastle	90,000	-	-	-	-	90,000	-
Peter Watson	225,000	-	19,501	-	-	244,501	-
Evan Cranston	180,000	-	-	-	-	180,000	-
Executive Director							
Patrick Walta	345,998	-	10,501	-	67,231	423,730	16
Executive KMP							
Mark Chamberlain	350,000	-	21,003	-	92,035	463,038	10
Barry Harris	345,736	-	21,003	-	43,759	410,498	11
Total	**1,769,234**	**-**	**82,695**	**-**	**438,925**	**2,290,854**	**7**

Short-term incentive awards for the KMP for the comparative year-ended 30 June 2020 are nil in the above Table 11 because they were approved and paid subsequent to 30 June 2020 (October 2020). These payments were $75,000 to Patrick Walta, $56,087 to Mark Chamberlain and $55,203 to Barry Harris.

Movements in annual leave and long service leave provisions for KMP are not recognised as remuneration unless they are paid in cash.

For the reporting period to 30 June 2021, STI payments for Executive KMP were determined by assessing individual performance against the KPIs set out in Table 12 and Company performance as set out in Table 13.

TABLE 12 – STI INDIVIDUAL OBJECTIVES, WEIGHTINGS AND OUTCOMES

Patrick Walta		
Summary of KPI objective	Weighting %	Outcome %
Metrics relating to the Company's strategic planning objectives	25	25
Achievement of enhanced research coverage for the Company in accordance with stated objectives	25	25
Total	**50**[1]	**50**
Mark Chamberlain		
Summary of KPI objective	Weighting %	Outcome %
Metrics relating to the Company's strategic planning objectives	9	9
Restructure the Corporate Office Finance Department	9	9
Development and delivery of best practice internal cash and corporate models	12	12
Total	**30**[1]	**30**
Barry Harris		
Summary of KPI objective	Weighting %	Outcome %
Delivery of the Jameson Cell project, including overall flow sheet modification and improvements in metal production	15	15
Progression of in-situ mining studies and advancement of works to deliver a feasibility study that will allow a final investment decision on Silver King and East Fault Block in FY2022	15	15
Total	**30**[1]	**30**

1. Percentage of maximum STI opportunity that is attributable to individual performance. The remaining percentage is attributable to Company performance.

TABLE 13 – STI COMPANY PERFORMANCE

	Safety %	Production %	Costs %	Total %
Weighting	15	40	15	70
Outcome	15	0	5	20

The STI plan outcomes for Executive KMP for the financial year were as follows:

TABLE 14 – STI OUTCOMES

	Maximum opportunity (30% of TFR) $	Actual STI awarded[1] $	Awarded %	Forfeited %
Patrick Walta	141,900	91,242	64.3	35.7
Mark Chamberlain	111,508	63,719	57.1	42.9
Barry Harris	111,600	55,800	50.0	50.0

1. To be paid in the 2022 financial year.

Other transactions with key management personnel

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the Company transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

Service agreements

A summary of service agreements with those individuals who were Executive KMP during the 2021 financial year is set out below.

TABLE 15 – SUMMARY OF SERVICE AGREEMENTS

KMP	Term of agreement	Role	Base salary or fee per annum for 2021 including any superannuation (Non-performance based) $	Base salary or fee per annum for 2022 including any superannuation (Non-performance based) $	Termination conditions
Patrick Walta	No specified term	Managing Director	473,000	575,000	6 month notice period
Mark Chamberlain	No specified term	Chief Financial Officer	371,694	436,000	6 month notice period
Barry Harris	No specified term	Chief Operating Officer	372,000	450,000	3 month notice period

Share-based payment compensation

Shares were issued to some Non-Executive Directors of the Company as part of their remuneration during the financial year, as set out below.

Shares

Shares that were issued during the financial year to KMP and that resulted in the recognition of remuneration expense are set out below:

TABLE 16 – SHARES ISSUED TO KMP AS REMUNERATION

KMP	Number of shares issued	Share price $	Remuneration expense recognised during the year $
Robert McDonald	203,735	0.18	36,000
Nick Cernotta	254,668	0.18	45,000
Peter Watson	127,334	0.18	22,500
Total	**585,737**		**103,500**

Details of options over ordinary shares in the Company and performance rights provided as remuneration to KMP are set out below. Each option and performance right is convertible into one ordinary share of the Company upon exercise or vesting. These options and performance rights were granted with nil additional consideration. A total of 11,750,000 options issued to current or previous KMP expired or lapsed during the financial year.

The assessed fair value at grant date of options and performance rights granted to the individuals is allocated equally over the period from issue date to vesting date, and the amount is included in the remuneration tables below. Fair values at grant date are independently determined using a Black-Scholes option pricing model for options, and hybrid employee share option pricing model and a Monte Carlo simulation exercise for performance rights. The fair valuation 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, the risk-free interest rate for the term of the option and the liquidity of the share market. Further details are set out in Note 35 to the Financial Statements.

Performance rights

Performance rights that were issued at the end of the financial year to KMP and that resulted in the recognition of remuneration expense are set out below. None of the below performance rights had vested at the end of the financial year.

TABLE 17 – PERFORMANCE RIGHTS ON ISSUE

KMP	Grant date	Vesting date	Expiry date	Number granted	Total fair value of performance rights granted $	Fair value of performance rights recognised during the year $
Patrick Walta	17/07/2020	01/07/2022	01/07/2024	1,907,258	268,923	100,846
Patrick Walta	04/12/2020	01/07/2023	01/07/2025	3,919,703	497,802	165,934
Mark Chamberlain	20/01/2020	01/07/2022	01/07/2024	1,278,921	180,328	67,623
Mark Chamberlain	04/12/2020	01/07/2023	01/07/2025	2,549,124	323,739	107,913
Barry Harris	20/01/2020	01/07/2022	01/07/2024	1,241,379	175,034	65,638
Barry Harris	04/12/2020	01/07/2023	01/07/2025	2,551,222	324,005	108,002
Total						**615,956**

Options

Options that were provided to KMP in the previous financial years as set out in Tables 19 and 20 were fully expensed in the previous financial years. Therefore no remuneration expenses were recognised for these options during the current financial year.

Additional disclosures relating to key management personnel

Refer to Table 18 below for a reconciliation of the movement in all performance rights held by KMP during the financial year.

Movements

The movement in performance rights held by each KMP of the Company during the financial year is as follows:

TABLE 18 – MOVEMENTS IN PERFORMANCE RIGHTS

KMP	Balance at beginning of year	Granted as remuneration during the year	Rights converted during the year	Balance at end of year	Vested during the year	Vested and convertible
Patrick Walta	1,907,258	3,919,703	-	5,826,961	-	-
Mark Chamberlain	1,278,921	2,549,124	-	3,828,045	-	-
Barry Harris	1,241,379	2,551,222	-	3,792,601	-	-
Total	**4,427,558**	**9,020,049**	**-**	**13,447,607**	**-**	**-**

Option holdings of key management personnel

Details of all options held by KMP at the end of the financial year are shown below:

TABLE 19 – OPTIONS HELD BY KMP

KMP	Grant date	Number granted	Fair value of options at grant date $	Exercise price $	Vesting date	Expiry date	Vested %
Non-Executive Directors							
Robert McDonald	18/09/2019	1,000,000	126,700	0.56	18/09/2019	18/09/2022	100
Robert McDonald	18/09/2019	1,000,000	109,200	0.70	18/09/2019	18/09/2022	100
Nick Cernotta	28/03/2019	1,000,000	249,300	1.20	28/03/2019	28/03/2022	100
Nick Cernotta	28/03/2019	1,000,000	201,600	1.50	28/03/2019	28/03/2022	100
Executive Director							
Patrick Walta	13/07/2017	7,000,000	576,730	0.25	13/07/2017	13/07/2022	100
Other KMP							
Mark Chamberlain	06/06/2019	250,000	50,200	0.95	11/06/2020	06/06/2022	100

Refer to Table 20 below for a reconciliation of the movement in all options held by KMP during the financial year.

Movements

The movement in options held by each KMP of the Company during the financial year is as follows

TABLE 20 – MOVEMENTS IN OPTIONS HELD BY KMP

KMP	Balance at beginning of year or appointment	Granted as remuneration during the year	Options exercised during the year	Lapsed during the year	Balance at end of year	Vested during the year	Vested and exercisable
Non-Executive Directors							
Robert McDonald	2,000,000	-	-	-	2,000,000	-	2,000,000
Nick Cernotta	2,000,000	-	-	-	2,000,000	-	2,000,000
Peter Watson	-	-	-	-	-	-	-
Kerry Gleeson	-	-	-	-	-	-	-
Executive Director							
Patrick Walta	15,750,000	-	-	(8,750,000)	7,000,000	-	7,000,000
	19,750,000	**-**	**-**	**(8,750,000)**	**11,000,000**	**-**	**11,000,000**
Other KMP							
Mark Chamberlain	250,000	-	-	-	250,000	-	250,000
Barry Harris	3,000,000	-	-	(3,000,000)	-	-	-
	3,250,000	**-**	**-**	**(3,000,000)**	**250,000**	**-**	**250,000**
Total	**23,000,000**	**-**	**-**	**(11,750,000)**	**11,250,000**	**-**	**11,250,000**

Shareholdings of key management personnel

The number of shares in the Company held by each KMP of the Group and their related parties during the financial year is as follows:

TABLE 21 – SHAREHOLDINGS OF KMP

KMP	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or date of resignation
Non-Executive Directors					
Robert McDonald	489,025	203,735	-	40,753	733,513
Nick Cernotta	243,696	254,668	-	280,022	778,386
Kerry Gleeson	-	-	-	-	-
Peter Watson	178,425	127,334	-	14,869	320,628
Executive Director					
Patrick Walta	33,421,788	-	-	-	33,421,788
	34,332,934	**585,737**	**-**	**335,644**	**35,254,315**
Other KMP					
Mark Chamberlain	1,909,093	-	-	159,092	2,068,185
Barry Harris	827,857	-	-	(827,857)	-
	2,736,950	**-**	**-**	**(668,765)**	**2,068,185**
Former KMP					
Bryn Hardcastle[1]	1,618,444	-	-	115,585	1,734,029
Evan Cranston[2]	33,245,457	-	-	(1,600,092)	31,645,365
	34,863,901	**-**	**-**	**(1,484,507)**	**33,379,394**
Total	**71,933,785**	**585,737**	**-**	**(1,817,628)**	**70,701,894**

1. Bryn Hardcastle resigned as a Non-Executive Director on 30 November 2020.
2. Evan Cranston resigned as a Non-Executive Director on 9 July 2020.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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27 October 2021

The Board of Directors
New Century Resources Limited
Level 4
360 Collins Street
Melbourne, VIC, 3000

Dear Board Members

Auditor's Independence Declaration to New Century Resources Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of New Century Resources Limited.

As lead audit partner for the audit of the financial statements of New Century Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants

FINANCIAL REPORT

Consolidated statement of profit or loss and other comprehensive income

	Note	2021 $	2020 $
Revenue	4	277,981,813	-
Fair value movements in trade receivables	4	5,621,245	-
Net fair value loss on zinc derivatives	4	(6,854,981)	-
Production costs	5	(181,375,095)	-
Employee benefits expense – labour costs	5	(37,879,441)	(3,324,857)
Change in zinc concentrate inventory	5	10,734,311	-
Depreciation and amortisation expense	6	(63,834,779)	(174,911)
Exploration and evaluation expenditure	7	(674,014)	(1,271,707)
Employee benefits – share based payments	35	(1,390,889)	(555,268)
Professional expenses	8	(6,337,140)	(4,083,179)
Foreign exchange gains /(losses)	9	9,258,373	(3,943,491)
Finance income	10	52,312	317,255
Finance expenses	10	(20,575,036)	(2,633,465)
Gain on disposal of investments	11	4,232,252	9,750,000
Other income	12	223,901	461,503
Other expenses	13	-	(2,649,152)
Loss before income tax expense		**(10,817,168)**	**(8,107,272)**
Income tax expense	14	-	-
Loss for the year		**(10,817,168)**	**(8,107,272)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges change in fair value		(15,450,738)	-
Exchange loss on translation of foreign controlled entities		-	(43,303)
Other comprehensive loss for the year		**(15,450,738)**	**(43,303)**
Total comprehensive loss for the year		**(26,267,906)**	**(8,150,575)**
Loss for the year attributable to: **Members of the parent entity**		**(10,817,168)**	**(8,107,272)**
Total comprehensive loss for the year attributable to: **Members of the parent entity**		**(26,267,906)**	**(8,150,575)**
Loss per share		**$**	**$**
Basic and diluted loss per share	36	(0.0097)	(0.0123)

The accompanying notes form part of these Financial Statements.

Consolidated statement of financial position

	Note	2021 $	2020 $
Cash and cash equivalents	15	35,696,665	40,005,053
Trade and other receivables	16	6,102,558	13,499,524
Inventories	17	24,030,514	6,072,000
Prepayments	18	3,566,880	2,109,998
Total current assets		**69,396,617**	**61,686,575**
Property, plant and equipment	19	275,788,162	361,286,868
Right-of-use assets	20	33,692,477	44,430,521
Exploration and evaluation assets	21	3,631,381	-
Financial assets – security guarantees	22	19,007,882	16,189,837
Total non-current assets		**332,119,902**	**421,907,226**
TOTAL ASSETS		**401,516,519**	**483,593,801**
Trade and other payables	23	66,216,906	76,716,927
Borrowings	24	25,834,224	40,945,834
Financial liability at fair value through profit or loss	25	3,127,663	3,127,663
Derivative financial instruments	26	7,350,005	-
Lease liabilities	20	10,143,098	11,205,730
Employee benefit provisions	27	4,022,460	2,642,422
Total current liabilities		**116,694,356**	**134,638,576**
Environmental rehabilitation provisions	28	176,146,970	215,587,408
Borrowings	24	13,226,824	41,185,191
Financial liability at fair value through profit or loss	25	3,704,246	5,672,286
Derivative financial instruments	26	9,945,477	-
Lease liabilities	20	24,097,611	33,934,515
Total non-current liabilities		**227,121,128**	**296,379,400**
TOTAL LIABILITIES		**343,815,484**	**431,017,976**
NET ASSETS		**57,701,035**	**52,575,825**
Issued capital	29	436,644,145	402,588,543
Accumulated losses		(363,492,372)	(354,066,093)
Cash flow hedge reserve	26	(15,450,738)	-
Foreign currency translation reserve	30	-	4,053,375
TOTAL EQUITY		**57,701,035**	**52,575,825**

The accompanying notes form part of these Financial Statements.

Consolidated statement of changes in equity

2021	Ordinary shares $	Accumulated losses $	Cash flow hedge reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2020	**402,588,543**	**(354,066,093)**	**-**	**4,053,375**	**52,575,825**
Comprehensive income					
Loss for the year	-	(10,817,168)	-	-	(10,817,168)
Other comprehensive loss	-	-	(15,450,738)	-	(15,450,738)
Total comprehensive loss	**-**	**(10,817,168)**	**(15,450,738)**	**-**	**(26,267,906)**
Transactions with owners recorded directly in equity					
Amounts recognised in the profit and loss on disposal of subsidiary	-	-	-	(4,053,375)	(4,053,375)
Issue of shares – Note 29	35,902,725	-	-	-	35,902,725
Share issue costs – Note 29	(1,847,123)	-	-	-	(1,847,123)
Share based payment – Note 35	-	1,390,889	-	-	1,390,889
Balance at 30 June 2021	**436,644,145**	**(363,492,372)**	**(15,450,738)**	**-**	**(57,701,035)**

2020	Ordinary shares $	Accumulated losses $	Cash flow hedge reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2019	**312,052,963**	**(346,514,089)**	**-**	**4,096,678**	**(30,364,448)**
Comprehensive income					
Loss for the year	-	(8,107,272)	-	-	(8,107,272)
Other comprehensive loss	-	-	-	(43,303)	(43,303)
Total comprehensive loss	**-**	**(8,107,272)**	**-**	**(43,303)**	**(8,150,575)**
Transactions with owners recorded directly in equity					
Issue of shares – Note 29	94,726,624	-	-	-	94,726,624
Share issue costs – Note 29	(4,191,044)	-	-	-	(4,191,044)
Share based payment – Note 35	-	555,268	-	-	555,268
Balance at 30 June 2020	**402,588,543**	**(354,066,093)**	**-**	**4,053,375**	**52,575,825**

The accompanying notes form part of these Financial Statements.

Consolidated statement of cashflows

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		280,082,162	-
Payments to suppliers and employees		(233,740,059)	(7,581,691)
Interest received	10	52,312	317,255
Payments for financing expenses		(7,485,213)	-
Payments for exploration and evaluation expenses	7	(674,014)	(1,271,707)
Net cash inflow/(outflow) from operating activities	**37**	**38,235,188**	**(8,536,143)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from customers during development phase	19	6,484,154	170,592,050
Payments for property, plant and equipment		(17,461,283)	(258,154,314)
Payments for exploration and evaluation assets	21	(3,631,381)	-
Payments for borrowing costs capitalised	19	-	(8,736,191)
Payments for security guarantees		(3,569,766)	(3,023,139)
Proceeds from disposal of investments	11	113,276	9,750,000
Proceeds from disposal of property, plant and equipment	12	176,007	111,419
Net cash (outflow) from investing activities		**(17,888,993)**	**(89,460,175)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for Varde borrowing – facility A	24	(30,174,998)	(16,590,057)
Payments for financial liability at fair value through profit and loss – facility A	25	(708,471)	(1,587,731)
Proceeds from Varde borrowing – facility B	24	-	40,000,000
Payments for Varde borrowing – facility B	24	(12,770,421)	-
Payments for financial liability at fair value through profit and loss – facility B	25	(605,164)	-
Payments for transaction cost for Varde borrowing – facility B	24	-	(900,000)
Proceeds from share issues	29	35,058,765	94,629,624
Payments for share issue costs	29	(1,847,123)	(4,191,044)
Payments for lease liabilities	20	(13,824,600)	(13,392,190)
Proceeds from borrowings – Equipment finance	24	295,100	-
Repayments of borrowings – Equipment finance	24	(77,671)	-
Proceeds from MMG funding support		-	5,750,000
Net cash (outflow)/inflow from financing activities		**(24,654,583)**	**103,718,602**
Net (decrease)/increase in cash and cash equivalents		(4,308,388)	5,722,284
Cash and cash equivalents at the beginning of the year		40,005,053	34,282,769
Cash and cash equivalents at the end of the year	**7**	**35,696,665**	**40,005,053**

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

The Financial Statements and notes represent those of New Century Resources Limited (the **Company**) and its controlled entities (the **Group**). The separate Financial Statements of the parent entity have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The Financial Statements for the Group were authorised for issue in accordance with a resolution by the Board of Directors on 27 October 2021.

Note 1. Summary of significant accounting policies

Basis of preparation

The Financial Statements are general purpose Financial Statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in Financial Statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the Financial Statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these Financial Statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the Financial Statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The Financial Statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for a period of at least 12 months from the date of signing the Financial Statements.

The principal activities of the Group for the financial year were the operation of the Century Mine which entered commercial production on 1 July 2020. The operation involves the reprocessing of ore from the tailings storage facility and subsequent sale of zinc concentrates together with standard maintenance and minor capital growth activities. The Group also undertook mineral exploration activities and explored business development opportunities.

The Group incurred a net loss of $10,817,168 during the Financial Year. However, earnings before interest, income tax, depreciation and amortisation (EBITDA) for the year were $73,540,335. Net cash inflows from operating activities were $38,235,188 for the year. As of 30 June 2021, the Group had a net current asset deficiency of $47,297,739.

The Group expects to generate positive EBITDA and positive operating net cash inflows for financial year ending 30 June 2022. Expectations of continued positive operating cashflows are supported by the Group's track record of net cash inflows from operating activities and a buoyant macro-economic environment.

In addition, the Directors note the following considerations relevant to the Group's ability to continue as a going concern:

All US dollar amounts are translated into Australian dollar amounts at the exchange rate of 0.7517

As of 30 June 2021, the Group had total unrestricted cash and cash equivalents of $35,696,665 in addition to $4,697,924 of trade receivables and $10,734,311 of zinc concentrate inventories.

As of 30 September 2021, the Group's unrestricted cash and cash equivalents were $34,542,075. Additionally, the Group had $8,567,795 of trade and other receivables and $8,771,720 of zinc concentrate inventories.

Proposed Environmental Bonding and Equity Package

The Group is finalising binding agreements for an Environmental Bonding and Equity Raising Package (the "Package") which entails a major revision of the Group's capital structure going forward. Key elements of the Package include:

Equity Raising:

A$79,802,904 (US$59,987,843) fully committed equity raising consisting of:

- An Unconditional Placement to raise A$32,918,192 (US$24,744,605):
  - A$21,638,706 (US$16,265,816) from a subsidiary of Sibanye-Stillwater Limited (Sibanye-Stillwater) whereby Sibanye-Stillwater takes an initial 9.8% equity interest in the Group; and
  - A$11,279,486 (US$8,478,790) from existing shareholders.
- The simultaneous launch of a fully underwritten Entitlement Offer to raise A$46,884,712 (US$35,243,238) consisting of a 1 for 4 pro rata non renounceable allocation to existing shareholders. Any entitlements not taken up by existing shareholders will be underwritten by the joint lead managers to the Entitlement Offer, with sub-underwriting by Sibanye-Stillwater up to a limit of Sibanye-Stillwater taking a 19.99% interest in the Group.

Should Sibanye-Stillwater's investment in the Group be less than 19.99% following the Entitlement Offer, a Conditional Placement will be undertaken to bring Sibanye-Stillwater's total interest to 19.99%. Sibanye-Stillwater has committed to a total investment in New Century Resources Limited of A$53,441,616 (US$40,172,063). The Conditional Placement is subject to shareholder approval at the Company's 2021 Annual General Meeting.

The Unconditional Placement, Entitlement Offer and Conditional Placement will be conducted at an offer price of A$0.155 per New Share (Offer Price) being the closing price on 30 September 2021.

In summary the equity raising will generate a minimum of A$79,802,904 (US$59,987,843) before costs estimated of $4,211,258. If there is a full take up of the Entitlement Offer by existing shareholders, the equity raise could generate a further A$39,748,669 (US$29,879,074) to a maximum of A$119,551,573 (US$89,866,917) before costs estimated at $4,231,709 once the Conditional Placement is complete.

Environmental Bonding:

The existing environmental bond provided to the Queensland government for the Century Mine is backed by MMG Limited (MMG) pursuant to the Bank Guarantee Support Agreement that was entered into at the time of the initial acquisition of the Century Mine by the Group. This will be replaced by the A$180,000,000 Environmental Bond Facility (EBF) to be issued by Macquarie Bank Limited (Macquarie) and backed by an A$160,000,000 surety provided through Argonaut Insurance Group (Argo Group) and A$20,000,000 of cash backing to be provided directly by the Group. The EBF will amortise over 21 equal monthly payments from January 2023 through to final maturity of the facility in September 2024.

The Group has decided to expand the Group's total hedging book. This additional hedging is a condition precedent of the EBF. Existing hedging comprises 82,500 tonnes of zinc metal to settle in fixed monthly proportions of 2,500 tonnes per month to June 2024 at an average price of A$3,717 per tonne.

In the event the Environmental Bonding and Equity Raising Package described above is completed as expected, the funds raised together with existing available cash, will be partially used to:

- terminate the Loan Note Subscription Agreement with Värde Partners (Värde) for total consideration of A$41,897,121 (US$31,494,065); and
- extinguish the Bank Guarantee Support Agreement with MMG and provide cash backing for the first A$20,000,000 of the replacement A$180,000,000 EBF

Following the expected completion of the Package the Group will be debt free except for long dated prepayments owing to a major customer, Ausinmet Limited which stood at A$4,646,795 as at 30 September 2021 and the settlement of two additional payments of A$3,724,890 (US$2,800,000) on 4 January 2022 and A$3,724,890 (US$2,800,000) on 1 April 2022) to Värde, both subject to applicable withholding tax.

Risk Analysis
There are a number of risks associated with completing the Package. These include the following:

With respect to the Unconditional Placement

- The ASX failing to reinstate quotation (as that term is defined in the Listing Rules) of the Company's shares by no later than 7.00am (Perth time) on 2 November 2021.

In the event the Unconditional Placement is not completed, and therefore the Entitlement Offer and Conditional Placement cannot proceed, the Group's operating cashflows will not provide sufficient funds to meet the current financial obligations to Värde and MMG as detailed below. In such circumstances the Group will be required to commence negotiations with Värde and /or MMG seeking an amendment to the timing of future obligations as well as considering a future equity raising.

In the event that the Group is unable to successfully complete the Package, the following financial obligations are due and payable:

- Principal repayments and fees totalling A$21,753,510 (US$16,352,114) to the Group's senior secured lender, Värde. The principal balance outstanding of the loan facility to Värde of A$18,661,700 (US$14,028,000) will remain subject to the existing schedule of repayments.
- A reduction of A$31,546,880 in the bonding currently facilitated by MMG to the benefit of the Queensland state, either by way of cash-backed bond or a cash deposit with the Queensland state. The underlying Bank Guarantee Support Agreement with MMG will remain in place.

In the event that only the Unconditional Placement completes, the funds raised of A$32,918,192 (US$24,744,605), together with internally generated cashflow is forecast to meet the Group's above mentioned financial obligations to Värde and MMG totalling to A$53,300,390.

With respect to the Entitlement Offer

- The failure to complete the Unconditional Placement.
- The failure to complete execution of full long form documentation for the EBF and related documents.
- The occurrence of any of the specified termination events listed in the Underwriting Agreement for the Entitlement Offer. The specified events are those generally seen with a listed entity of similar nature to the Group and include:
  - A fall in the S&P/ASX200 of more than 10 percent from the level seen at the end of the trading day prior to the date of the Underwriting Agreement.
  - A breach of existing debt facilities.
  - New circumstances arising that would require to be detailed in the prospectus had such circumstances arisen before the lodging of the prospectus.
  - A material adverse change occurring.

With respect to the Conditional Placement

- A duly convened general meeting of the Company having failed to approve the issue and allotment of the shares to the Sibanye-Stillwater by the requisite majorities under Listing Rule 7.1 and otherwise in accordance with the Corporations Act and the Listing Rules.
- The ASX failing to reinstate quotation (as that term is defined in the Listing Rules) of the Company's shares by no later than 7.00am (Perth time) on 2 November 2021.

With respect to the EBF

- Execution of full long form documentation for the EBF and related documents.
- Confirmation of additional hedging for a minimum average hedged price.
- Completion of the equity raising and receipt by the Group of at least $80,000,000 (net of costs).

In the event the EBF is not concluded, due to the conditions precedent not being achieved or for any other reason, it is likely that the underwriting of the Entitlement Offer would be terminated. Should that occur, and only the Unconditional Placement completes, the funds raised from the Unconditional Placement of A$32,918,192 (US$24,744,605), together with internally generated cashflow is forecast to meet the Group's above mentioned financial obligations to Värde and MMG totalling A$53,300,390.

Further, subject to receiving shareholder approval, the Company is still able to undertake the Conditional Placement which would provide up to a further A$27,735,044 (US$20,571,082) in unrestricted cash.

The Directors believe that there is a high probability that the Package, which is well progressed, will be successfully completed. As a result, the Directors are of the view that the Group will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the Financial Statements on the going concern basis.

In the event that the Group is unable to successfully complete the Environmental Bonding and Equity Raising Package and is unable to successfully negotiate with Värde and /or MMG an amendment to the timing of future obligations, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and therefore whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue and provisionally priced contracts
The Group is principally engaged in the business of producing zinc concentrate and in some instances, provides freight/shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of zinc concentrate is recognised when the Group satisfies its performance obligations under its contract with the customer by transferring such goods to the customer's control. The customer is generally deemed to have control when risk and title to the zinc concentrate passes to the customer.

Zinc concentrate revenue is generally recognised upon receipt of the bill of lading when the goods are delivered for shipment under Cost, Insurance and Freight (**CIF**) Incoterms. The terms of metal-in-concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal-in-concentrate is based on prevailing prices on a specified future date after shipment to the customer (quotation period).

Adjustments to the sales price occur based on movements in quoted market prices up to the date of the final settlement period. The period between provisional invoicing and final settlement is typically between one and four months. Revenue and trade debtors on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable and is net of deductions related to treatment and refining charges. Subsequent changes in fair value are recognised in the Statement of profit or loss and other comprehensive income each period until final settlement and presented as fair value movements in trade receivables. Refer to accounting policy for Trade receivables disclosed below.

The freight service on sales contracts with CIF Incoterms represents a separate performance obligation and is separately disclosed as revenue from freight service where material.

Inventories
Zinc concentrate inventories are measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts and consumables are valued at cost. Any allowance for obsolescence is determined by reference to stock items identified.

Trade and other payables
These amounts represent liabilities for goods, services and deferred proceeds provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Deferred proceeds generally have a longer settlement period.

Property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in the statement of profit and loss and other comprehensive income. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by the Group to ensure it is not in excess of the recoverable amount from these assets.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Any proceeds during the development phase are offset against property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs including repairs and maintenance are recognised as expenses in the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation

Depreciation of assets commences when the assets are ready for their intended use. Capital Work in Progress, which relates mainly to Century Mine, is not depreciated until the mine reaches commercial production. Once the mine reaches commercial production, Capital Work in Progress is reclassified to relevant categories within property, plant and equipment, and depreciation commences from that time on the units of production basis over the life of the mine. All other assets are depreciated on a straight-line basis.

Items of property, plant and equipment initially recognised are derecognised upon disposal or when no future economic benefits are expected from their continued use. Any gain or loss arising on the disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as other income or other expenses in the statement of profit or loss and other comprehensive income.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior financial years. Any increase in excess of this amount is treated as a revaluation increase.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in *AASB 16 Leases*.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use assets are subsequently amortised using either straight line or units of production method as relevant to the type of asset. In addition, the right-of-use assets are periodically adjusted by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a modification in the lease contract, which can include a change in future lease payments or lease terms. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets.

The Group presents the right-of-use assets and lease liabilities separately in the statement of financial position.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the statement of profit and loss and other comprehensive income as incurred, unless the expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, in which case it is recognised as an asset on an area of interest basis.

When exploration and evaluation assets are capitalised they are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating units (**CGU**) are not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to relevant categories within property, plant and equipment.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Mine rehabilitation, restoration and dismantling obligations

Provisions relating to mine rehabilitation, restoration and dismantling obligations are recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during mining and exploration operations up to the reporting date but not yet rehabilitated.

Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

These costs are based on judgements and assumptions regarding removal dates, technologies and industry practice. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the Group.

Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the Group). Over time the liability is increased for the present value based on the risk adjusted pre-tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The costs of the restoration are brought to account in the statement of profit and loss and other comprehensive income through depreciation of the associated assets over the economic life of the mine which these costs are associated.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Employee benefits that are expected to be settled wholly within one financial year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits not expected to be wholly settled within one financial year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments on grant dates and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in accumulated losses, a component of equity. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The Group measures fair value for share based payments using the Black-Scholes model or hybrid employee share option pricing model.

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes model or hybrid employee share option pricing model. The expected life used in the models is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Income tax

The income tax expense benefit for the financial year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense recognised in the statement of profit and loss and other comprehensive income is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well unused tax losses.

Current and deferred income tax expense (income) is recognised or credited outside the statement of profit and loss and other comprehensive income when the tax relates to items that are recognised outside the statement of profit and loss and other comprehensive income.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future financial years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The Financial Statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the financial year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit and loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in the statement of profit and loss and other comprehensive income.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the financial year;
- income and expenses are translated at average exchange rates for the financial year; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit and loss and other comprehensive income in the financial year in which the operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Financial instruments

Recognition

The Group recognises financial assets and financial liabilities on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss and other comprehensive income. All recognised financial instruments are subsequently measured at fair value or amortised cost using the effective interest method.

Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the statement of profit and loss and other comprehensive income.

Fair value

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the Financial Statements.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of AASB 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of AASB 9 *Financial Instruments* (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at fair value through profit or loss. An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

The Group has no assets or liabilities measured at fair value, except for financial liabilities at fair value through profit or loss. While assets acquired and liabilities assumed in business combinations have been measured at their acquisition date fair values, in accordance with AASB 3 *Business Combinations*, these initial measurements have formed the costs of the assets acquired and liabilities assumed for the purpose of other accounting standards.

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price as disclosed in accounting policy for Trade receivables note below.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income (**FVTOCI**), lease receivables, other receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses (**ECL**) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for other receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss. A financial liability is designated as at fair value through profit or loss upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and AASB 9 *Financial Instruments* permits the entire combined contract to be designated as at fair value.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit and loss and other comprehensive income.

Trade receivables

Trade receivables (subject to provisional pricing) are non-interest bearing, but as discussed in accounting policy for Financial Assets above, are exposed to future commodity price movements over the quotation period and, hence, fail the SPPI test and are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the quotation period. Approximately 90 percent of the provisional invoice (based on the provisional price which is calculated as the average price in the week prior to delivery) is received in cash when the goods are loaded onto the ship, which reduces the initial receivable recognised under AASB 15 *Revenue from Contracts with Customers*. The quotational periods can range between one and three months post shipment and final payment is due between 30-120 days from the end of the quotational period.

Derivatives

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk. For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

As to cash flow statements disclosure, cashflow resulting from commodity hedge is part of 'operating activities'.

Fair values for derivative instruments are determined using assumptions based on market conditions existing at the reporting date. Derivatives embedded in non-derivative contracts are recognised separately unless they are closely related to the host contract, in which case they are accounted together with the host contract.

Goods and Services Tax (GST) and other indirect taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per Section 254T(1) of the *Corporations Act 2001*, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Contributed equity
Ordinary shares are classified as equity.

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

Principles of consolidation
The Financial Statements incorporate all of the assets, liabilities and results of the parent (New Century Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 32 to the Financial Statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the Financial Statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group. Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

Parent entity financial information
The financial information for the parent entity, New Century Resources Limited, disclosed in Note 31 to the Financial Statements has been prepared on the same basis as the Group Financial Statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at the lower of cost and recoverable amount in the Financial Statements of New Century Resources Limited.

Tax consolidation legislation
New Century Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The Group is now treated as a consolidated tax entity.

The head entity, New Century Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, New Century Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entity in the tax consolidated group.

New Century Resources Limited will be responsible for any current tax payable, current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits of the wholly owned subsidiary, which are transferred to New Century Resources Limited under tax consolidation legislation.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising with the tax consolidated entity are recognised as current amounts receivable from or payable to other entity in the Group.

Any difference between the amounts assumed and amounts receivable or payable are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entity.

New and amended accounting policies adopted by the Group
No new Accounting Standards or Interpretations were applied by the Group during the year.

New accounting standards for application in future years
Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future financial years, are discussed below:

- Property, Plant and Equipment - Proceeds before Intended Use (applicable from 1 July 2022 for the Group)

In May 2020, the International Accounting Standards Board (Board) issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to AASB 116 *Property, Plant and Equipment*. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds in the statement of profit and loss and other comprehensive income. Given the Century Mine achieved commercial production on 1 July 2020, the proposed amendments will not have any financial impact on the Group in future periods, except where the Group undertakes any development work on other projects.

- Other mandatory Accounting Standards and Interpretations

Other mandatory Accounting Standards and Interpretations issued and available for early adoption but not applied by the Group or not available for early adoption which will become mandatory in subsequent financial years have not been included above as they are not expected to have a material impact on the Financial Statements.

Restatement of comparative information
Some amounts in the comparative financial year have been reclassified to conform to the current financial year disclosure.

Note 2. Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the actual results. The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern
For the reasons detailed in Note 1, the financial report is prepared on a going concern basis.

Mine rehabilitation, restoration and dismantling obligations
Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy. These provisions which include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition of equipment, decontamination, water purification and permanent storage of historical residues, are discounted to their present value.

At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates.

The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Recoverability of assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

The recoverable amount of each cash-generating unit (CGU) is determined as the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount assessments require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance, as well as the value that a market participant would place on any resources which have yet to be proven as reserves associated with the CGU.

A change in any of the critical assumptions listed will alter the value as initially determined and may therefore impact the carrying value of assets in the future.

Status of asset commissioning
The Group exercised judgment in assessing the status of commissioning of the Century Mine for accounting purposes in order to determine whether the mining project was substantially completed and ready for its intended purpose. The key criteria used to determine the status of commissioning of the mining project related to the achievement of 'commercial levels of production', including but not limited to the following:

- Completion of a reasonable period of testing of the mine plant and equipment;
- Level of capital expenditure incurred compared with the original cost estimate;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment;
- The percentage grade of metal content is sufficiently economic and consistent with the overall mine plan;
- The ability to produce metal in saleable form (within specifications); and
- The ability to sustain continuous production of metal.

As a result of this assessment, the Group determined that Century Mine commenced commercial production for accounting purposes on 1 July 2020.

When a mine development/construction project moves into the production phase, the capitalisation of certain mine development/construction costs ceases. At this point all related amounts are reclassified from Capital work in progress to relevant categories within Property, Plant and Equipment and depreciation/amortisation commences. Subsequent costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements.

Commencement of commercial production on 1 July 2020 has had a direct impact on the following items in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position:

- Revenue – refer note 4;
- Fair value movements in trade receivables – refer note 4;
- Production costs – refer note 5;
- Employee benefits – refer note 5;
- Depreciation and amortisation expense – refer note 6;
- Finance expenses – refer note 10;
- Trade debtors – refer note 16:
- Inventories – refer note 17; and
- Property, plant and equipment – refer note 19.

Development expenditure is capitalised, provided commercial viability conditions continue to be satisfied. Proceeds from the sale of the product extracted during the development phase are netted against development expenditure. Upon completion of development and commencement of commercial production,

capitalised development costs are further transferred as required, to the appropriate plant and equipment asset category and depreciated using the unit of production method (**UOP**) basis.

Income tax and deferred tax assets and liabilities

The Group is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the group provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain for which provisions are based on estimated amounts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions about the generation of future taxable profits depend on estimates of future cash flows. These estimates are based on future production and sales volumes, operating costs, restoration costs, capital expenditure and other capital transactions.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, which may impact the amount of deferred tax assets and liabilities recognised and the amount of other tax losses and temporary differences not yet recognised.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of the Group's contingent liabilities disclosed in the Financial Statements requires the exercise of significant judgement regarding the outcome of future events.

COVID-19

Whilst the COVID-19 pandemic has not materially adversely impacted the asset recoverability or financial results of the Group during the financial year, the potential for increased volatility in commodity prices and foreign exchange rates and restrictions on movement of people and materials remains and may cause adverse impacts in the future.

Note 3. Operating segments

The Group has determined the operating segments based on the reports reviewed by the Board of Directors in order to make strategic decisions. The Board considers how resources are allocated and performance is assessed and has identified two reportable segments being Australia (which constitutes the Century Mine, pipeline and Karumba Port Facility) and United States of America (which constitutes the Kodiak Project that was disposed of in February 2021) .

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual Financial Statements of the Group.

Segment assets and liabilities are presented net of any intersegment borrowings.

Segment information

	Australia 2021 $	USA 2021 $	Total 2021 $	Australia 2020 $	USA 2020 $	Total 2020 $
Revenue	277,981,813	-	277,981,813	-	-	-
Fair value movements in trade receivables	5,621,245	-	5,621,245	-	-	-
Net fair value loss in zinc derivatives	(6,854,981)	-	(6,854,981)	-	-	-
Production costs	(181,375,095)	-	(181,375,095)	-	-	-
Employee benefits exoense – labour costs	(37,879,441)	-	(37,879,441)	(3,324,857)	-	(3,324,857)
Change in zinc concentrate inventory	10,734,311	-	10,734,311	-	-	-
Exploration and evaluation expenditure	(102,664)	(571,350)	(674,014)	(119,853)	(1,151,854)	(1,271,707)
Employee benefits expense – share based payments	(1,390,889)	-	(1,390,889)	(555,268)	-	(555,268)
Professional expenses	(6,214,551)	(122,589)	(6,337,140)	(4,077,291)	(5,888)	(4,083,179)
Foreign exchange gains/(losses)	9,258,373	-	9,258,373	(3,943,491)	-	(3,943,491)
Gain on disposal of investments	-	4,232,252	4,232,252	9,750,000	-	9,750,000
Other income	223,901	-	223,901	461,503	-	461,503
Other expenses	-	-	-	(2,644,515)	(4,637)	(2,649,152)
Earnings/(loss) before interest, income tax, depreciation and amortisation ('EBITDA')	**70,002,022**	**3,538,313**	**73,540,335**	**(4,453,772)**	**(1,162,379)**	**(5,616,151)**
Depreciation and amortisation expenses	(63,834,779)	-	(63,834,779)	(174,911)	-	(174,911)
Earnings/(loss) before interest and income tax ('EBIT')	**6,167,243**	**3,538,313**	**9,705,556**	**(4,628,683)**	**(1,162,379)**	**(5,791,062)**
Net financing (expense)/income	(20,522,862)	138	(20,522,724)	(2,323,189)	6,979	(2,316,210)
Earnings/(loss) before income tax ('EBT')	**(14,355,619)**	**3,538,451**	**(10,817,168)**	**(6,951,872)**	**(1,155,400)**	**(8,107,272)**
Income tax expense	-	-	-	-	-	-
Net loss for the year attributable to equity holders of New Century Resources Limited	**(14,355,619)**	**3,538,451**	**(10,817,168)**	**(6,951,872)**	**(1,155,400)**	**(8,107,272)**

The total revenue of $277,981,813 comprises sales to customers in Australia of $44,466,060 and in Asia of $233,515,753. All customers individually accounted for more than 10 percent of revenue. Revenue information is presented based on the location of the customers' operations.

Segment assets and liabilities

	Australia 2021 $	USA 2021 $	Total 2021 $	Australia 2020 $	USA 2020 $	Total 2020 $
Current assets	69,396,617	-	69,396,617	61,621,906	64,669	61,686,575
Non-current assets	332,119,902	-	332,119,902	421,055,717	851,509	421,907,226
Total assets	**401,516,519**	**-**	**401,516,519**	**482,677,623**	**916,178**	**483,593,801**
Current liabilities	116,694,356	-	116,694,356	(134,491,385)	(147,191)	(134,638,576)
Non-current liabilities	227,121,128	-	227,121,128	(295,551,625)	(827,775)	(296,379,400)
Total liabilities	**343,815,484**	**-**	**343,815,484**	**(430,043,010)**	**(974,966)**	**(431,017,976)**

Note 4. Revenue and other related items

	2021 $	2020 $
Revenue from sale of zinc concentrates	277,981,813	-
Other related items:		
Fair value movements in trade receivables	5,621,245	-
Net fair loss on zinc derivatives (refer Note 26)	(6,854,981)	-

The Group commenced commercial production at the Century Mine on 1 July 2020. From 1 July 2020, revenue from the sale of zinc together with the associated costs of producing zinc has been recognised in the income statement. In the prior year, the pre-commissioning sales and associated costs were being recognised as part of property, plant and equipment.

Fair value movements in trade receivables arise from subsequent changes in provisionally priced zinc sales and are recognised in the income statement.

Note 5. Production costs and other related items

	2021 $	2020 $
Production costs	(181,375,095)	-
Employee benefits expense – labour costs	(37,879,441)	(3,324,857)
Change in zinc concentrate inventory (refer Note 17)	10,734,311	-
Total	**(208,520,225)**	**(3,324,857)**

The production costs represent all costs directly incurred in the production of zinc concentrate. The majority of the employee benefits expense are labour costs which directly relate to the production of zinc concentrate.

Note 6. Depreciation and amortisation expense

	2021 $	2020 $
Depreciation and amortisation of property, plant and equipment – refer note 19	(52,470,400)	(21,590)
Amortisation of right-of-use assets – refer note 20	(11,364,379)	(153,321)
Total	**(63,834,779)**	**(174,911)**

Note 7. Exploration and evaluation expenditure

	2021 $	2020 $
Kodiak Project costs	(571,350)	(1,151,854)
Century Project costs	(102,664)	(119,853)
Total	**(674,014)**	**(1,271,707)**

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances in relation to each area of interest.

Note 8. Professional expenses

	2021 $	2020 $
Professional expenses	(6,337,140)	(4,083,179)

The professional expenses during the year are mainly attributable to business development opportunities including the Group's proposal to acquire Goro Nickel & Cobalt Mine in New Caledonia. On 8 September 2020, the Company announced it had elected not to proceed with the proposed transaction.

Note 9. Foreign exchange gains/(losses)

	2021 $	2020 $
Foreign exchange gains/(losses)	9,258,373	(3,943,491)

Foreign exchange gains during the year are mainly due to revaluation of US dollar denominated borrowings (note 24) and deferred proceeds (note 23).

Note 10. Finance income/expenses

	2021 $	2020 $
Finance income		
Interest received	52,312	317,255
Finance expenses		
Unwind of discount relating to mine restoration provisions – refer note 28	(1,392,771)	(2,603,289)
Unwind of discount relating to lease liabilities – refer note 20	(2,298,729)	(30,176)
Amortisation for effective borrowing rate – Facility A – refer Note 24	(4,382,750)	-
Amortisation for effective borrowing rate – Facility B – refer Note 24	(2,395,572)	-
Interest expense - Facility A	(2,103,943)	-
Interest expense - Facility B	(2,619,714)	-
Loan amendment fee – Varde	(2,620,000)	-
Interest on deferred proceeds	(1,016,201)	-
Interest on MMG bank guarantee support	(1,596,577)	-
Other	(148,779)	-
	(20,575,036)	**(2,633,465)**

Note 11. Gain on disposal of investments

	2021 $	2020 $
Gain on disposal – Kodiak operation	4,232,252	-
Gain on disposal – Pastoral interests	-	9,750,000
Total	**4,232,252**	**9,750,000**

Kodiak operation

In the prior financial years, a strategic decision was made by the Group to suspend work on the definitive feasibility study for the Kodiak Coking Coal Project, which is located in Alabama, USA. The Project had been put in care and maintenance and the Group was considering its options with regards to the future of the Project. In February 2021, the Group sold its interest in the Kodiak Coking Coal Project.

The Kodiak Coking Coal Project constituted a reportable segment, the USA segment, as set out in Note 2 to the Financial Statements. A gain of $4,232,252 was recognised as follows:

	$
Proceeds from disposal	113,276
Carrying value of financial guarantee bonds	(751,721)
Carrying value of rehabilitation provision	827,774
Net carrying value of other assets and liabilities	(10,452)
Foreign currency translation reserve released to income statement	4,053,375
Net gain on disposal	**4,232,252**

Pastoral interests

In the prior year in January 2020, the Group sold its non-controlling minority interest of 49 percent in the Lawn Hill and Riversleigh Pastoral Holding Company to Waanyi SPC Pty Ltd which owned the 51 percent controlling interest in the Lawn Hill and Riversleigh Pastoral Holding Company.

Waanyi SPC Pty Ltd was established in 1998 in accordance with the Gulf Communities Agreement, the Native Title Agreement for the Century Mine. The role of Waanyi SPC Pty is to be the corporate representative of the Waanyi People, particularly in relation to the ownership and management of pastoral companies.

Proceeds from the agreed sale price of $9,750,000 was received during the prior year. The carrying value of the investment as at the date of disposal was nil. There was also no operational income, expense, or operational cashflow associated with this investment in the comparative or current year. The gain on sale of $9,750,000 was recognised in the income statement in the prior year in January 2020.

Note 12. Other income

	2021 $	2020 $
Gain on sale of property, plant and equipment	176,007	111,419
Other income	47,894	350,084
Total	**223,901**	**461,503**

The carrying value of property, plant and equipment disposed of was nil, hence the proceeds from sale equates to a gain on sale.

Note 13. Other expenses

	2021 $	2020 $
Contract termination expenses	-	(2,649,152)

Note 14. Income tax expense

	2021 $	2020 $
Numerical reconciliation of income tax loss to prima facie tax payable		
Loss from operations before income tax expense	(10,817,168)	8,107,272
Tax at the Australian tax rate of 30% (2020: 30%)	(3,245,150)	(2,432,182)
Tax effect amounts which are not deductible in calculating taxable income:		
Tax effect of different tax rate of overseas subsidiaries	14,346	28,689
Share based payments	417,267	166,580
Income tax benefits not recognised	4,049,392	2,236,288
Foreign currency translation reserve	(1,235,855)	-
Other	-	625
Income tax expense	**-**	**-**
Unrecognised deferred tax assets – tax losses		
Gross tax losses Australia and USA	234,065,728	193,770,193
Tax benefit not recognised Australia	62,282,739	50,366,230
Tax benefit not recognised USA	-	7,117,759
Total tax benefit not recognised	**62,282,739**	**57,483,989**
Unrecognised temporary differences		
Total timing differences not recognised	**46,399,028**	**51,487,929**

The above temporary differences and tax losses have not been brought to account as they do not meet the recognition criteria as per the Group's accounting policy. The benefit of these deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

No franking credits are available (30 June 2020: Nil).

Note 15. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	35,696,665	40,005,053

The effective interest rate on cash at bank is disclosed in Note 41 to the Financial Statements.

The amount of cash and cash equivalents held as USD at 30 June 2021 was valued at A$12,181,750 at reporting date (2020: A$2,2854,215).

Note 16. Trade and other receivables

	2021 $	2020 $
Trade receivables	4,697,924	-
GST receivables	1,404,634	1,732,546
Other receivables	-	11,766,978
	6,102,558	**13,499,524**

The expected credit loss was nil on the receivables. Other receivables in the prior year comprise mainly outstanding invoice amounts relating to shipments made during the development phase.

Note 17. Inventories

	2021 $	2020 $
Zinc concentrates – at cost	10,734,311	-
Consumables and spare parts – at cost	13,296,203	6,072,000
	24,030,514	**6,072,000**

Zinc concentrates and consumables inventories are carried at the lower of cost and net realisable value.

Note 18. Prepayments

	2021 $	2020 $
Prepayments	3,566,880	2,109,998

The increase in prepayments is mainly due to the timing of large and irregular payments including insurance policies and local government rates.

Note 19. Property, plant and equipment

2021	Land and buildings $	Mining development, plant and equipment $	Capital work in progress $	Total $
At 30 June 2021				
At cost	-	323,103,376	5,155,186	328,258,562
Accumulated depreciation	-	(52,470,400)	-	(52,470,400)
	-	**270,632,976**	**5,155,186**	**275,788,162**
Movements in carrying value				
Balance 1 July 2020	2,171,694	447,541	358,667,633	361,286,868
Reclassification between categories	(2,171,694)	360,839,327	(358,667,633)	-
Additions	-	8,306,097	5,155,186	13,461,283
Depreciation expense for the year	-	(52,470,400)	-	(52,470,400)
Reduction in rehabilitation provision capitalised – Refer Note 28	-	(33,676,871)	-	(33,676,871)
Impact of change in rehabilitation discount rate – Refer Note 28	-	(6,328,564)	-	(6,328,564)
Proceeds from sales of zinc concentrate in development phase	-	(6,484,154)	-	(6,484,154)
Balance at 30 June 2021	**-**	**270,632,976**	**5,155,186**	**275,788,162**

All proceeds earned from the sale of pre-commissioning zinc concentrate have been offset against property, plant and equipment in accordance with the Group's accounting policy. The $6,484,154 of proceeds during the current year that has been offset against property, plant and equipment relates to pre-commissioning zinc concentrate shipments made by 30 June 2020 with proceeds finalised during the current year.

2020	Land and buildings $	Mining development, plant and equipment $	Capital work in progress $	Total $
At 30 June 2020				
At cost	2,171,694	15,050,038	358,667,633	375,889,365
Accumulated depreciation	-	(14,602,497)	-	(14,602,497)
	2,171,694	**447,541**	**358,667,633**	**361,286,868**
Movements in carrying value				
Balance 1 July 2019	2,171,694	469,131	240,860,337	243,501,162
Additions	-	-	259,432,316	259,432,316
Capitalisation of rights-of-use assets amortisation – refer Note 20	-	-	11,029,519	11,029,519
Capitalisation of unwind of interest on lease liabilities – Refer Note 20	-	-	2,888,898	2,888,898
Capitalisation of adjustment for effective borrowing rate – Facility A – refer Note 24	-	-	9,056,398	9,056,398
Capitalisation of adjustment for effective borrowing rate – Facility B – refer Note 24	-	-	1,254,121	1,254,121
Additions to rehabilitation asset – Refer Note 28	-	-	12,139,549	12,139,549
Depreciation expense for the year	-	(21,590)	-	(21,590)
Proceeds from sale in development phase	-	-	(177,993,505)	(177,993,505)
Balance at 30 June 2020	**2,171,694**	**447,541**	**358,667,633**	**361,286,868**

No borrowing costs were capitalised during the financial year (30 June 2020: $8,736,191).

Note 20. Leases

As a lessee, the Group leases assets, including Corporate office space and limited mining equipment at Century Mine.

Right-of-use assets

The movement in the right-of-use assets is reconciled below:

	2021 $	2020 $
Balance at beginning of the year	44,430,521	-
Additions due to modification of lease rental rates	626,335	-
Recognition on first time adoption of AASB 16	-	55,613,361
Amortisation – capitalised as Property, plant and equipment – refer note 19	-	(11,029,519)
Amortisation – expensed during the year	(11,364,379)	(153,321)
Balance at end of the year	**33,692,477**	**44,430,521**

Amortisation of the leased assets at the Century Mine had been capitalised to Property, plant and equipment in the prior year.

Lease liabilities

The movement in the lease liabilities is reconciled below:

	2021 $	2020 $
Balance at beginning of the year	45,140,245	-
Additions due to modification of lease rental rates	626,335	-
Recognition on first time adoption of AASB 16	-	55,613,361
Interest unwind – capitalised – refer to Note 19	-	2,888,898
Interest unwind – expensed	2,298,729	30,176
Lease payments	(13,824,600)	(13,392,190)
Balance at end of the year	**34,240,709**	**45,140,245**
Disclosed as		
Current	10,143,098	11,205,730
Non-current	24,097,611	33,934,515
Balance at end of the year	**34,240,709**	**45,140,245**

The interest unwind relating to leased assets at Century Mine was capitalised to Property, plant and equipment in the prior year.

Lease liabilities are payable as follows:

	2021 $	2020 $
Less than one year (gross amount)	11,793,310	13,480,333
Between one and five years (gross amount)	26,073,989	37,554,329
Total (gross amount)	**37,867,299**	**51,034,662**
Less: future interest	(3,626,590)	(5,894,417)
Carrying value	**34,240,709**	**45,140,245**

Note 21. Exploration and evaluation assets

	2021 $	2020 $
Exploration and evaluation assets	3,631,381	-

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances in relation to each area of interest.

Note 22. Financial assets – security guarantees

	2021 $	2020 $
Deposits held as security guarantees	19,007,882	16,189,837

Deposits held as security guarantees are for the benefit of other parties in guarantee of obligations. They may bear interest with the interest rate dependent on the term and nature of the deposits. They are valued at the face value of the term deposits.

Note 23. Trade and other payables

	2021 $	2020 $
Trade and other payables	45,435,168	52,414,293
Deferred proceeds	20,781,738	24,302,634
Total trade and other payables	**66,216,906**	**76,716,927**

Proceeds of $20,781,738 against which shipment had not been made by 30 June 2021 have been treated as deferred proceeds. This will be recognised as revenue in the income statement in the subsequent financial year when shipment is made. Deferred proceeds are generally settled within three months.

Note 24. Borrowings

	2021 $	2020 $
Secured - current		
Varde Facility A	14,409,828	27,082,244
Varde Facility B	11,326,897	13,863,590
Other borrowings – Equipment finance	97,499	-
Total current	**25,834,224**	**40,945,834**
Secured – non-current		
Varde Facility A	-	17,027,223
Varde Facility B	13,100,246	24,157,968
Other borrowings – Equipment finance	126,578	-
Total non-current	**13,226,824**	**41,185,191**
Total		
Varde Facility A	14,409,828	44,109,467
Varde Facility B	24,427,143	38,021,558
Other borrowings – Equipment finance	224,077	-
Total borrowings at 30 June	**39,061,048**	**82,131,025**

Description of the borrowing facilities

In February 2019, the Group secured a financing facility with Varde Partners. This comprised Varde Facility A of US$42,900,000 which has been drawn down. This facility attracts interest at eight percent per annum, has first ranking security over all Century Project assets and is repayable by scheduled payments over a period of 12 to 30 months after the utilisation date. The facility also includes payments based on silver production which is capped at US$5,000,000. This has been recognised as a financial liability at fair value through profit or loss as disclosed Note 25 to the Financial Statements.

In January 2020, the Group announced the completion of the expansion of existing working capital facilities with Varde Partners from a total US$42,900,000 to US$70,900,000. This additional US$28,000,000 comprises Varde Facility B which has a term of 2.5 years, carries an interest rate of eight percent per annum and first ranking security over all Century Project assets. It also includes a limited term silver royalty and options allocation, which have been recognised as a financial liability at fair value through profit or loss as disclosed Note 25 to the Financial Statements.

Refer to the Note 43 to the Financial Statement for matters subsequent to the end of the financial year in respect of amendments to the Varde borrowing facilities.

The details of the facilities are summarised below.

Facility	Varde Facility A A$60 million facility	Varde Facility B A$40 million facility
Facility type	Senior secured (all assets)	Senior secured (all assets)
Facility amount	A$60,000,000 (US$42,900,000)	A$40,000,000 (US$28,000,000)
Term	2.5 years from February 2019	2.5 years from January 2020
Interest rate	8% per annum	8% per annum
Silver royalty	20% of payable silver production limited to 4 years (capped at US$5 million)	10% of payable silver production limited to 4 years
Options	None	25 million options at $0.25 per share, 3.5 year term

Movements during the year

The movement in Varde Facility A is reconciled below:

	2021 $	2020 $
Opening balance	44,109,467	54,100,350
Adjustment for effective borrowing rate	4,382,750	9,056,398
Repayments	(30,174,998)	(16,590,057)
Exchange differences	(3,907,391)	1,600,670
Establishment fee netted of against borrowings	-	(4,057,894)
Balance at end of year	**14,409,828**	**44,109,467**

The movement in Varde Facility B is reconciled below:

	2021 $	2020 $
Opening balance	38,021,558	-
Borrowings obtained US$28,000,000	-	40,000,000
Amount disclosed as financial liability at fair value through profit or loss – silver	-	(2,299,536)
Amount disclosed as financial liability at fair value through profit or loss – options	-	(750,000)
Adjustment for effective borrowing rate	2,395,572	1,254,121
Repayments	(12,770,421)	-
Exchange differences	(3,219,566)	716,973
Establishment fee netted of against borrowings	-	(900,000)
Balance at end of year	**24,427,143**	**38,021,558**

The movement in Other borrowings – Equipment Finance is reconciled below:

	2021 $	2020 $
Borrowings obtained	295,100	-
Interest	6,648	-
Repayments	(77,671)	-
Balance at end of the period	**224,077**	**-**

During the year, the Group acquired machinery for its Century Mine on finance from an equipment finance provider.

Note 25. Financial liability at fair value through profit or loss

	2021 $	2020 $
Current		
Varde Facility A – silver royalties	1,920,000	1,920,000
Varde Facility B – silver royalties	1,207,663	1,207,663
Total current	**3,127,663**	**3,127,663**
Non-current		
Varde Facility A – silver royalties	2,635,381	3,821,880
Varde Facility B – silver royalties	318,865	1,100,406
Varde Facility B – options	750,000	750,000
Total non-current	**3,704,246**	**5,672,286**
Total		
Varde Facility A – silver royalties	4,555,381	5,741,880
Varde Facility B – silver royalties	1,526,528	2,308,069
Varde Facility B – options	750,000	750,000
Balance at 30 June	**6,831,909**	**8,799,949**

Silver royalties - the financial liability at fair value through profit or loss represents the fair value of payments to be made under the Varde loan facilities which is dependent on forecast silver production. Refer to Note 24 to the Financial Statements for further details.

Options - the financial liability at fair value through profit or loss represents the fair value of options issued to Varde under the Varde loan facility. Refer to Note 24 to the Financial Statements for further details.

Movements

The movement in financial liability at fair value through profit or loss for Varde Facility A was as follows.

	2021 $	2020 $
Opening balance	5,741,880	7,137,249
Repayments	(708,471)	(1,587,731)
Exchange differences	(478,028)	192,362
Balance at end of year	**4,555,381**	**5,741,880**

The movement in financial liability at fair value through profit or loss for Varde Facility B was as follows.

	2021 $	2020 $
Opening balance	2,308,069	-
Additions	-	2,299,536
Repayments	(605,164)	-
Exchange differences	(176,377)	8,533
Balance at end of year	**1,526,528**	**2,308,069**

Note 26. Derivative financial instruments

During the year, the Group entered into various derivative instruments to hedge price risk on a portion of the Century Mine's planned zinc concentrate production. Century's profitability and cash flow are sensitive to the realised Australian dollar zinc price. Having regard to the favourable spot and forward prices at the time, hedging in the form of Australian dollar zinc swap contracts and US dollar zinc purchased put option contracts were entered into during the year.

Income statement

The total net fair value loss on zinc derivatives recognised as expense during the year was $6,854,981. This is made up of an expense of $1,844,744 from the zinc swap contracts and an expense of $5,010,237 from the zinc purchased put option contracts.

Zinc purchased put option contracts

The zinc purchased put option contracts were not designated for hedge accounting. These contracts were fully settled by 30 June 2021 with a loss of $5,010,237 recognised in the income statement.

Zinc swap contracts

The zinc swap contracts were designated as cash flow hedges and were assessed to be fully effective in managing the underlying risk. The fair value movements in the zinc swap contracts were as follows:

	2021 $	2020 $
Net fair value loss on zinc derivatives (expense)	(1,844,744)	-
Derivative financial instruments – current liability	7,350,005	-
Derivative financial instruments – non-current liability	9,945,477	-
Cash flow hedge reserve	(15,450,738)	-
Total	**-**	**-**

The movement in the Cash Flow Hedge Reserve were as follows:

	2021 $	2020 $
Opening balance	-	-
Effective portion of gain or loss on hedging instrument	(17,295,482)	-
Reclassification to profit and loss as hedged item recognised in the profit and loss	1,844,744	-
Closing balance	**(15,450,738)**	**-**

The price of zinc is determined by numerous factors and events that are beyond the control of the Group. Zinc prices fluctuate on a daily basis and can exhibit significant volatility.

During the year ended 30 June 2021, the Group entered into a fixed for variable swap agreement with Macquarie Bank Limited to hedge the AUD zinc price on 90,000 tonnes of zinc being a portion of forecast future sales exposure. As at 30 June 2021, the hedge position was at 90,000 tonnes with the fixed price set at AUD3,716.86. The hedge is to be settled in equal portions of 2,500 tonnes per month from July 2021 through June 2024 inclusive.

The fair value of $17,295,482 was recognised as a derivative financial liability at 30 June 2021.

The following table contains details of the hedging instrument(s) used in the Group's hedging strategy:

			Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness				
At 30 June 2021	Term	Carrying amount of hedging instrument $	Hedging instrument $	Hedged item $	Settled portion of hedging instrument realised losses $	Amount reclassified from CFHR to P&L as hedged item recognised in P&L $	Hedging loss recognised in CFHR $
Cash flow hedges:							
Zinc swap derivative financial liabilities	July 2021 to June 2024	(17,295,482)	(17,295,482)	17,295,482	-	(1,844,744)	15,450,738

The following table details the sensitivity of the Group's financial assets to movements in commodity prices. Financial assets arising from revenue on provisionally priced sales are recognised at the estimated fair value of the receivable and subsequently remeasured at each reporting date. At the reporting date, if the commodity prices increased/(decreased) by 10 percent and all other variables were held constant, the Group's post-tax profit would have changed as set out below:

	30 June 2021			30 June 2020		
Commodity	Commodity price movement	(Decrease)/ increase in profit $	(Decrease)/ increase in OCI $	Commodity price movement	Increase/ (decrease) in profit $	Increase/ (decrease) in OCI $
Zinc	+10%	5,677,971	(30,312,448)	+10%	-	-
Zinc	-10%	(5,677,971)	30,346,844	-10%	-	-

Note 27. Employee benefit provisions

	2021 $	2020 $
Provision for employee entitlements - current		
Balance at 1 July	2,642,422	1,269,054
Movement for the year	1,380,038	1,373,368
Balance at 30 June	**4,022,460**	**2,642,422**

Employee benefits provision represents the annual leave and long service leave entitlements of the employees.

Note 28. Environmental rehabilitation provisions

	2021 $	2020 $
Provision for mine site restoration – non-current		
Balance at 1 July	215,587,408	200,828,797
Reduction in rehabilitation provision capitalised – refer to Note 19	(33,676,871)	-
Impact of change in discount rate – refer to Note 19	(6,328,564)	12,139,549
Interest unwind	1,392,771	2,603,289
Reduction due to disposal of business	(827,774)	-
Exchange differences	-	15,773
Balance at 30 June	**176,146,970**	**215,587,408**

Movements in balances for the separate areas are as follows:

Century Mine		
Balance at 1 July	214,759,634	200,016,796
Reduction in rehabilitation provision capitalised	(33,676,871)	-
Impact of change in discount rate	(6,328,564)	12,139,549
Interest unwind	1,392,771	2,603,289
Balance at 30 June	**176,146,970**	**214,759,634**
Kodiak Project		
Balance at 1 July	827,774	812,001
Reduction due to disposal of business	(827,774)	
Exchange differences	-	15,773
Balance at 30 June	**-**	**827,774**

The $33,676,871 reduction in the provision mainly reflects revisions in mine rehabilitation cost estimates that were approved by the Queensland Department of Environment and Science in January 2021. A corresponding decrease in Property, plant and equipment was recognised in accordance with the Group's accounting policy – refer to Note 19 to the Financial Statements.

The $6,328,564 reduction in the provision reflects adjustments to the discount rate. A corresponding decrease in Property plant and equipment was recognised in accordance with the Group's accounting policy – refer to Note 19 to the Financial Statements.

During the year, the Group disposed of the Kodiak Project and all associated rehabilitation provisions obligation have transferred to the purchasers. Refer to Note 11 to the Financial Statements for further details.

The Group assumes the rehabilitation will be carried out at the end of life of the Group's mining operations in estimating the environmental rehabilitation provisions.

The provision for mine site restoration constitutes a critical accounting judgement – refer to Note 2 to the Financial Statements.

Note 29. Issued capital

Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the parent entity, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The movements in issued capital during the year were as follows:

	Number of Shares	2021 $
Opening balance – 1 July 2020	978,598,739	402,588,543
Shares issued on 1 December 2020 at 15 cents under placement and non-renounceable entitlement offer	226,185,578	35,058,765
Shares issued on 1 December 2020 at 15 cents in lieu of professional services fees	115,585	17,915
Shares issued on 4 December 2020 at 15 cents in lieu of professional services fees	3,900,916	604,645
Shares issued on 4 December 2020 at 22 cents under Employee share plan	541,491	117,900
Shares issued on 11 December 2020 at 18 cents in lieu of non-executive fees	585,737	103,500
Total shares issued	**231,329,307**	**35,902,725**
Costs arising from the issue of shares	-	(1,847,123)
Closing balance – 30 June 2021	**1,209,928,046**	**436,644,145**

The shares issued in lieu of professional services fees, employee share plan and non-executive fees totalling $843,960 did not result in payments of cash. These were recognised as a debit to the income statement and credit to issued capital.

	Number of Shares	2020 $
Opening balance 1 July 2019	505,732,048	312,052,963
Shares issued on 8 August 2019 at 33 cents under placement	73,859,807	24,373,736
Shares issued on 18 September 2019 at 33 cents under placement	54,928,072	18,126,264
Shares issued on 18 September 2019 at 33 cents under placement	1,515,153	500,000
Shares issued on 20 September 2019 at 33 cents under share purchase plan	1,333,353	440,000
Shares issued on 18 November 2019 at 36 cents under Employee Share Plan	270,676	97,000
Shares issued on 18 November 2019 at 36 cents under Employee Share Plan	215,466	78,000
Shares issued on 24 April 2020 to IGO Limited at 15 cents pursuant to subscription agreement	158,500,000	23,775,000
Shares issued on 29 April 2020 at 15 cents to institutions under the accelerated pro rata non-renounceable entitlement offer	33,875,087	5,081,263
Shares issued on 5 June 2020 at 15 cents under retail entitlement offer and shortfall	105,496,743	15,824,511
Shares issued on 9 June 2020 at 15 cents under retail entitlement offer and shortfall	42,872,334	6,430,850
Total shares issued	472,866,691	94,726,624
Costs arising from the issue of shares	-	(4,191,044)
Closing balance – 30 June 2020	**978,598,739**	**402,588,543**

Total proceeds from the issue of shares under placement equated to $42,500,000 being $24,373,736 on 8 August 2019 and $18,126,264 on 18 September 2019.

Total proceeds from the issue of shares under subscription agreement and retail entitlement offer equated to $51,111,624 being $23,775,000 on 24 April 2020, $5,081,263 on 29 April 2020, $15,824,511 on 5 June 2020 and $6,430,850 on 9 June 2020.

The 270,676 shares issued on 18 November 2019 at 36 cents under the Employee Share Plan amounting to $97,000 did not result in receipt of cash. This was recognised as a debit to employee expense and credit to issued capital. Therefore, total cash proceeds from issue of shares during the prior financial year was $94,629,624.

Options over ordinary shares

Each option entitles the holder to subscribe for one share upon exercise of each option. Further details of the total options on issue by the Company are disclosed in Note 35 to the Financial Statements.

Capital management

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The Board effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues. The Board frequently review budgets and budget variance analyses that include cash flow projections and working capital projections, to ensure prudent management of capital budgeting requirements. There has been no change in the strategy adopted by the Board to control the capital of the Group since the prior financial year.

Note 30. Foreign currency translation reserve

	2021 $	2020 $
Foreign currency translation reserve	-	4,053,375

The foreign currency translation reserve related to exchange differences arising on translation of the Kodiak Project foreign operation which had a functional currency other than Australian dollars. These exchange differences were recognised as a gain in the statement of profit and loss and other comprehensive income in February 2021 upon the disposal of the Kodiak operations. Refer Note 11 to the Financial Statements.

Note 31. Parent entity

The following information has been extracted from the books and records of the parent entity (New Century Resources Limited) and has been prepared in accordance with the Accounting Standards.

Statement of financial position

	2021 $	2020 $
Current assets	1,620,940	15,546,753
Non-current assets	147,793,798	110,914,800
Total assets	**149,414,738**	**126,461,553**
Current liabilities	1,535,447	2,090,364
Non-current liabilities	147,493	309,617
Total liabilities	**1,682,940**	**2,399,981**
Net assets	**147,731,798**	**124,061,572**
Equity		
Issued capital	436,644,145	402,588,543
Accumulated losses	(288,912,347)	(278,526,971)
Total equity	**147,731,798**	**124,061,572**
Statement of profit or loss and other comprehensive income		
Total loss for the financial year	(11,776,265)	(7,500,513)
Total comprehensive loss	**(11,776,265)**	**(7,500,513)**

The non-current assets of the Company mainly represent its receivable from its subsidiary, Century Mining Limited. The receivable is unsecured with no fixed repayment terms. This receivable was deemed recoverable at 30 June 2021 based on the expected positive cash flows of Century Mining Limited.

The accumulated losses balance is reconciled as follows:

	2021 $	2020 $
Balance at 1 July	(278,526,971)	(271,581,726)
Total loss for the financial year	(11,776,265)	(7,500,513)
Share based payments expense credited to equity	1,390,889	555,268
Balance at 30 June	**(288,912,347)**	**(278,526,971)**

Guarantees

The parent entity has provided guarantees to the financier of its subsidiaries. This was in relation to the borrowings from Varde as set out in Notes 24 and 25 to the Financial Statements.

Contingent liabilities and Commitments

Refer to Note 39 for Contingent liabilities and Note 40 for Commitments.

Note 32. Controlled entities

Information about principal subsidiaries

Set out below are the Group's subsidiaries at 30 June 2021. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

		Ownership interest held by the Group		Proportion of non-controlling interests	
Name of subsidiary	Principal place of business	2021 %	2020 %	2021 %	2020 %
Attila Resources (US) Pty Ltd	Australia	100	100	-	-
Attila Resources Holding US Ltd	United States of America	-	100	-	-
Attila Resources US LLC	United States of America	-	70	-	30
Kodiak Mining Company LLC	United States of America	-	70	-	30
Century Bull Pty Ltd	Australia	100	100	-	-
Century Mine Rehabilitation Project Pty Ltd	Australia	100	100	-	-
Century Mining Limited	Australia	100	100	-	-
PCML SPC Pty Ltd	Australia	100	100	-	-
SPC1 Pty Ltd	Australia	100	100	-	-
SPC2 Pty Ltd	Australia	100	100	-	-
Investment Co Pty Ltd	Australia	100	100	-	-

Attila Resources Holding US Ltd, Attila Resources US LLC, Kodiak Mining Company LLC were disposed of during the year as part of the sale of the Kodiak operations. Refer to Note 11 to the Financial Statements.

Since the acquisition on 13 July 2017, the Group also owns 1 Class C share in ABDT Pty Ltd, the trustee of the Aboriginal Development Benefits Trust (**ADBT**), which is a charitable trust established pursuant to the GCA for the delivery of economic benefits to the Native Title Groups and other Aboriginal peoples living in communities across the Lower Gulf Region.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that had non-controlling interests that were material to the Group. These are entities related to the Kodiak operation that were disposed of during the year.

	2021 $	2020 $
Current assets	-	64,669
Non-current assets	-	851,509
Current liabilities	-	(147,191)
Non-current liabilities	-	(827,775)
Net liabilities	**-**	**(58,788)**
Carrying amount of non-controlling interests	**-**	**-**

Summarised financial performance before intra-group eliminations	2021 $	2020 $
Revenue	-	-
Loss before income tax	(693,939)	(1,155,400)
Income tax expense	-	-
Post-tax loss	**(693,939)**	**(1,155,400)**
Other comprehensive income	-	-
Total comprehensive income	**(693,939)**	**(1,155,400)**
Profit attributable to non-controlling interests	-	-
Distributions paid to non-controlling interests	-	-

Summarised cash flow information after intra-group eliminations	2021 $	2020 $
Cash and cash equivalents at beginning of year	**52,116**	**10,801**
Net cash flow for operating activities	(565,661)	(1,451,405)
Net cash flow for investing activities	(139)	(297,591)
Net cash flow for financing activities	513,684	1,790,311
Cash and cash equivalents at end of year	**-**	**52,116**

Kodiak's net cash from financing activities for both 2021 and 2020 solely comprised movements in intra-group loan account balances.

Note 33. Significant related party transactions and balances

The significant related party transactions and balances during the financial year were as follows:

Key Management Personnel (KMP)

KMP are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). For further disclosures relating to KMP refer to Note 34 to the Financial Statements.

Other

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the Group transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

Note 34. Interests of KMP

Refer to the remuneration report contained in the Directors' Report for additional details of the remuneration paid or payable to each member of the Group's KMP for the financial year.

The totals of remuneration paid to KMP of the Company and the Group during the financial year are as follows:

	Short-term benefits $	Short-term incentive awards $	Post-employment benefits $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total KMP compensation $
2021 Total	1,577,445	210,761	90,574	-	-	615,956	2,494,736
2020 Total	1,769,234	-	82,695	-	-	438,925	2,290,854

Other KMP transactions

For details of other transactions with KMP, refer to Note 33 to the Financial Statements for Significant related party transactions and balances.

Note 35. Share based payments

The following table summarises the share options and performance rights outstanding as at 30 June 2021:

	2021 Number	2021 Weighted average fair value	2020 Number	2020 Weighted average fair value
Outstanding at the beginning of the year	124,929,310	0.26	115,390,000	0.27
Granted during the year	17,252,285	0.16	9,539,310	0.14
Lapsed during the year	-	-	-	-
Other adjustments during the year	(17,040,000)	0.26	-	-
Outstanding at end of the year	**89,141,595**	**0.10**	**124,929,310**	**0.26**

Details of performance rights recognised as expense during the financial year are as follows:

For the financial year-ended 30 June 2021

2021	Issue date	Expiry date	Fair value per right $	Number	Total fair value $	Amount recognised as expense during the year $
Performance rights	20/01/2020	01/07/2024	0.15	5,732,062	820,736	307,776
Performance rights	17/07/2020	01/07/2024	0.15	1,907,258	268,923	100,846
Performance rights	04/12/2020	01/07/2025	0.16	13,422,963	2,134,251	711,417
Performance rights	04/12/2020	01/07/2025	0.22	3,578,118	769,295	256,432
Performance rights	22/03/2021	01/07/2025	0.17	251,204	43,253	14,418
Total						**1,390,889**

These performance rights have been valued using the hybrid employee share option pricing model with the following additional parameters:

2021	Number of rights	Grant date share price $	Term years	Volatility %	Interest rate %	Grant date	Fair value per right $	Total fair value $
Performance rights	5,732,062	0.25	3	80	0.3	20/01/2020	0.15	820,736
Performance rights	1,907,258	0.20	3	80	0.3	17/07/2020	0.15	268,923
Performance rights	13,422,963	0.22	3	80	0.3	04/12/2020	0.16	2,134,251
Performance rights	3,578,118	0.22	3	80	0.3	04/12/2020	0.22	769,295

The 251,204 performance rights granted on 22 March 2021 were valued based on the 5-day volume weighted average share price of 17 cents per share.

For the financial year-ended 30 June 2020

2020	Number of options/ rights	Exercise price $	Issue date	Expiry date	Total fair value $	Amount recognised as expense during the year $
$0.56 3 year director options	1,000,000	0.56	12/09/2019	18/09/2022	126,700	126,700
$0.70 3 year director options	1,000,000	0.70	12/09/2019	18/09/2022	109,200	109,200
95c 3 year employee options	250,000	0.95	06/06/2019	06/06/2022	50,200	46,953
Performance rights	5,732,062	-	20/01/2020	01/07/2024	820,736	205,184
Performance rights	1,907,258	-	17/07/2020	01/07/2024	268,923	67,231
Total						**555,268**

In addition to above options and performance rights, the Company also issued 25,000,000 options to Varde Partners during the financial year ended 30 June 2020, which has been recognised as a financial liability at fair value through profit or loss. Refer to Note 24 to the Financial Statements.

These options and performance rights have been valued using the Black-Scholes model or hybrid employee share option pricing model with the following additional parameters:

2020	Number of options/ rights	Grant date share price $	Term years	Volatility %	Interest rate %	Grant date	Fair value per option $	Total fair value $
$0.56 3 year director options	1,000,000	0.33	3	79	0.90	12/09/2019	0.13	126,700
$0.70 3 year director options	1,000,000	0.33	3	79	0.90	12/09/2019	0.11	109,200
95c 3 year employee options	250,000	0.65	3	62	1.10	06/06/2019	0.20	50,200
Performance rights	5,732,062	0.25	3	80	0.30	20/01/2020	0.15	820,736
Performance rights	1,907,258	0.20	3	80	0.30	17/07/2020	0.15	268,923

For the performance rights formally approved by the shareholders and granted on 17 July 2020, the vesting period commenced from 31 October 2019 for accounting purposes.

Note 36. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	2021	2020
Basic/dilutive earnings per share		
Basic loss per share – dollars	(0.0097)	(0.0123)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share – number of ordinary shares	1,112,273,542	661,580,317
Net loss used in the calculation of basic earnings per share - $	**(10,817,168)**	**(8,107,272)**

Due to the Group being in a loss position, the potential ordinary shares such as share options and performance rights are considered anti-dilutive and therefore earnings per share are not diluted.

Note 37. Cash-flow information

Reconciliation of cashflow from operations with loss after income tax

	2021 $	2020 $
Loss after income tax	(10,817,168)	(8,107,272)
Adjustments for:		
Depreciation of property, plant and equipment	52,470,400	21,590
Amortisation of right-of-use assets	11,364,379	153,321
Adjustment for effective borrowing rate – Facility A	4,382,750	-
Adjustment for effective borrowing rate – Facility B	2,395,572	-
Interest unwind on rehabilitation provision	1,392,771	2,633,465
Interest unwind on lease liabilities	2,298,729	-
Interest unwind on equipment finance	6,648	-
Share based payments	1,390,889	555,268
Gain on sale of investment classified as investing activities	-	(9,750,000)
Gain on sale of subsidiary – Kodiak	(4,232,252)	-
Gain on disposal of property, plant and equipment	(176,007)	(111,419)
Fees and share plan settled in shares	843,960	97,000
Foreign exchange (gains/losses	(7,815,359)	2,491,008
Fair value loss on zinc derivatives	1,844,744	-
Changes in assets and liabilities		
Trade and other receivables	7,396,966	(4,830,628)
Inventories	(17,958,514)	1,831,782
Prepayments	(1,456,882)	3,167,460
Trade and other payables	(6,476,476)	1,938,914
Employee benefits provision	1,380,038	1,373,368
Net cash inflow/(outflow) from operating activities	**38,235,188**	**(8,536,143)**

Non-cash financing and investing activities

The Group did not have any non-cash financing and investing activities during the financial year, except as disclosed in Note 29 to the Financial Statements.

Note 38. Remuneration of auditors

	2021 $	2020 $
Deloitte Touche Tohmatsu		
Audit or review of the financial report of the Group	200,000	118,800
Other assurance and agreed-upon-procedures under other legislation or contractual arrangement		
Taxation services	25,000	-
Other non-audit services	9,600	38,400
	234,600	**157,200**

Note 39. Contingent liabilities

Guarantees

The Group has provided certain guarantees to third parties, primarily associated with the terms of mining financial assurance, exploration licences, provision of electricity and office leases. At the end of the financial year, no claims have been made under any of these guarantees. The amount of some of these guarantees may vary from time to time depending upon the requirements of the recipient. These guarantees are backed by restricted cash deposits which amounted to $19,007,882 as at 30 June 2021 (30 June 2020: $16,189,837).

Deeds of indemnity

The Group has granted indemnities under Deeds of Indemnity with current and former Executive and Non-executive Directors and officers. Each Deed of Indemnity indemnifies the relevant director or officer to the fullest extent permitted by law for liabilities incurred while acting as an officer of the Group, its related bodies corporate and any associated entity, where such an office is or was held at the request of the Company. Under these indemnities, the Company meets the legal costs incurred by Company officers in responding to investigations by regulators and may advance funds to meet defence costs in litigation, to the extent permitted by the *Corporations Act 2001*.

Other

The Company and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their business. The Group does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on the Company's or the Group's financial position.

Note 40. Commitments

Century Mine

As part of the acquisition of Century Project, the Group has an agreement with MMG for MMG to acquire and stand behind a Financial Assurance Bond of $179,041,150 for the benefit of Century Mining Limited to meet its financial assurance obligations with the Queensland Government through to 31 December 2023. In addition to the $179,041,150 Financial Assurance Bond from MMG, New Century is required to put in place further security guarantees of $4,875,000, resulting in total bonding of $183,916,150 with Queensland Government.

From accounting commissioning of the Century Mine on 1 July 2020, the Group is required to allocate an amount equal to 40 percent of its earnings before interest, tax, depreciation and amortisation (**EBITDA**), to go towards replacing the Financial Assurance Bond from MMG. The cash allocation must occur within 90 days from the end of each financial half-year. In the event that the total balance of the Financial Assurance Bond has not been replaced by 31 December 2023, the Group will be required to source alternative financing for the outstanding amount. Both the Company and subsidiaries holding the Century Project have indemnified MMG against any default on amounts owing to MMG under these agreements.

The Group has an obligation to pay MMG a fee payable quarterly in advance on the face value of the Financial Assurance Bond until the expiry of the Financial Assurance Bond agreement on 31 December 2023. The fee payable was initially 1.35 percent per annum and gradually rises to 2.85 percent per annum for the final year.

Community commitments

Community commitments relate to the Group's contractual obligations under the Gulf Communities Agreement with the local communities. In the past, this obligation was met by MMG under various support agreements. The estimated commitments in respect of community expenses which are not recognised as liabilities as at 30 June 2021 are approximately $36,000,000 (2020: $23,500,000). These payments are made throughout the life of the project. The increased estimate from 2020 to 2021 is due to an extended contemplated mine life.

Take or pay contracts

The Group has entered into take or pay contracts for supply of electricity and gas for its Century Mine. The aggregate future take or pay commitment as at 30 June 2021 was $145,000,000 (30 June 2020: $170,000,000).

Capital commitments

The Group did not have any significant commitments for capital expenditure contracted for at the reporting date that were not recognised as liabilities.

Note 41. Financial instruments

Overview

The Group has exposure to the following financial risks from its use of financial instruments:

- Commodity price risk
- liquidity risk
- credit risk
- interest rate risk; and
- foreign exchange risk

This note presents information about the Group's exposure to each of the above risks.

Financial risk management policies and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established by the Board of Directors to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's activities exposes it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk in respect of investment portfolios to determine market risk.

Measurement of financial instruments

The following financial assets and liabilities are carried at fair value using level two valuation technique:

- Trade receivables
- Derivative financial instruments
- Financial liability at fair value through profit or loss

The following financial assets and liabilities are carried at amortised cost which approximates the fair value:

- Cash and cash equivalents
- Other receivables
- Financial assets – security guarantees
- Trade and payables
- Borrowings

Financial assets and liabilities

The Group had the following financial assets and liabilities at the end of the financial year:

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	35,696,665	40,005,053
Trade and other receivables (excluding GST receivable)	4,697,924	11,766,978
Non-current financial assets	19,007,882	16,189,837
Total	**59,402,471**	**67,961,868**
Financial liabilities		
Trade and other payables (excluding deferred proceeds)	45,435,168	52,414,293
Borrowings	39,061,048	82,131,025
Financial liability at fair value through profit or loss	6,831,909	8,799,949
Derivative financial instruments	17,295,482	-
Total	**108,623,607**	**143,345,267**

Commodity price risk

The Group is exposed to commodity price volatility on the sale of zinc concentrates which are priced on, or benchmarked to, open market exchanges. During the year, the Group entered into various derivative instruments to hedge price risk on a portion of the Century Mine's planned zinc concentrate production. Refer to Note 26 to the Financial Statements for further details.

Liquidity risk and liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund-raising initiatives.

The Board frequently reviews budget variance analyses that include working capital projections to monitor working capital requirements and optimise cash utilisation.

Contractual maturities

The following are the contractual maturities of financial liabilities:

	Carrying amount	Under 6 months	6-12 months	1-2 years	2-5 years
30 June 2021					
Trade and other payables	45,435,168	45,435,168	-	-	-
Borrowings	39,061,048	20,121,590	5,712,634	13,201,082	25,742
Financial liability at fair value through profit or loss	6,831,909	1,114,510	1,454,896	2,897,548	1,364,955
Derivative financial instruments	17,295,482	3,759,315	3,690,562	6,206,802	4,522,387
Total	**108,623,607**	**70,430,583**	**10,858,092**	**22,305,432**	**5,913,084**

	Carrying amount	Under 6 months	6-12 months	1-2 years	2-5 years
30 June 2020					
Trade and other payables	52,414,294	52,414,294	-	-	-
Borrowings	82,131,025	17,641,904	23,303,930	36,408,415	4,776,776
Financial liability at fair value through profit or loss	8,799,949	1,563,831	1,563,831	3,281,524	2,390,763
Total	**143,345,268**	**71,620,029**	**24,867,761**	**39,689,939**	**7,167,539**

Financing activities

The table below details changes in Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated cash flow statement as cash flows from financing activities.

2021	1 July 2020 $	Financing cash inflows $	Financing cash outflows $	Foreign exchange adjustment $	Fair value adjustment $	Transaction fee $	30 June 2021 $
Borrowings	82,131,025	295,100	(43,023,089)	(7,126,958)	6,784,970	-	39,061,048
Financial liability at fair value through profit or loss	8,799,949	-	(1,313,635)	(654,405)	-	-	6,831,909
Total	**90,930,974**	**295,100**	**(44,336,724)**	**(7,781,363)**	**6,784,970**	**-**	**45,892,957**

2020	1 July 2019 $	Financing cash inflows $	Financing cash outflows $	Foreign exchange adjustment $	Fair value adjustment $	Transaction fee $	30 June 2020 $
Borrowings	54,100,350	40,000,000	(16,590,057)	2,317,643	7,260,983	(4,957,894)	82,131,025
Financial liability at fair value through profit or loss	7,137,249	-	(1,587,731)	200,895	3,049,536	-	8,799,949
MMG funding support	(5,750,000)	5,750,000	-	-	-	-	-
Total	**55,487,599**	**45,750,000**	**(18,177,788)**	**2,518,538**	**10,310,519**	**(4,957,894)**	**90,930,974**

Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Banks and financial institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the Financial Statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Weighted average interest rate %	Floating interest rate $	Fixed interest maturing in 1 year or less $	Fixed interest maturing in over 1 year $	Non-interest bearing $	Total $
2021						
Financial assets						
Cash and cash equivalents	0.1	20,942,594	-	-	14,754,071	35,696,665
Trade and other receivables	-	-	-	-	4,697,924	4,697,924
Non-current financial assets	0.1	-	2,131,682	-	16,876,200	19,007,882
Financial liabilities						
Trade and other payables	-	-	-	-	(45,435,168)	(45,435,168)
Borrowings	8.0	-	(25,834,224)	(13,226,824)	-	(39,061,048)
Financial liability at fair value through profit or loss	-	-	-	-	(6,831,909)	(6,831,909)
Derivative financial instruments	-	-	-	-	(17,295,482)	(17,295,482)
Net financial assets/(liabilities)		**20,942,594**	**(23,702,542)**	**(13,226,824)**	**(33,234,364)**	**(49,221,136)**

	Weighted average interest rate %	Floating interest rate $	Fixed interest maturing in 1 year or less $	Fixed interest maturing in over 1 year $	Non-interest bearing $	Total $
2020						
Financial assets						
Cash and cash equivalents	0.1	24,731,318	-	-	15,273,735	40,005,053
Trade and other receivables	-	-	-	-	11,766,978	11,766,978
Non-current financial assets	0.4	-	15,338,328	-	851,509	16,189,837
Financial liabilities						
Trade and other payables	-	-	-	-	(52,414,293)	(52,414,293)
Borrowings	8.0	-	(40,945,834)	(41,185,191)	-	(82,131,025)
Financial liability at fair value through profit or loss	-	-	-	-	(8,799,949)	(8,799,949)
Net financial assets/(liabilities)		**24,731,318**	**(25,607,506)**	**(41,185,191)**	**(33,322,020)**	**(75,383,399)**

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. As at 30 June 2021, the group had USD denominated net financial liabilities of A$49,797,596 (2020: A$68,135,547). In respect of this USD foreign currency risk exposure in existence at the balance sheet date a sensitivity of 10 percent higher and 10 percent lower has been applied in the US dollar against the Australia dollar. With all other variables held constant, post tax loss and equity would have been affected by approximately $5,000,000 (2020: A$7,000,000).

Note 42. Dividends

No dividend has been declared or paid by the Group during the financial year and the Directors do not at present recommend a dividend. No dividends were declared or paid in the comparative financial year.

Note 43. Matters subsequent to the end of the financial year

On 15 September 2021, the Company announced the results of its feasibility study into the potential development of various in-situ deposits at the Century Mine (the Feasibility Study). The Feasibility Study investigated the incorporation of the Silver King and East Fault Block in-situ deposits into the existing mine plan (incremental to the current tailings reprocessing activities) to produce zinc concentrate and a new lead concentrate. The Feasibility Study revealed a strongly value accretive proposition for the development of Silver King and East Fault Block alongside current tailings operations at the Century Mine. As a result of the Feasibility Study, the Group declared a Maiden Ore Reserve (probable) for Silver King and East Fault Block of 2.5Mt @ 5.3 percent Pb (133Kt), 5.6 percent Zn (140Kt), 68g/t Ag (5.4Moz). Further details of the results of the Feasibility Study are set out in the Company's ASX announcement, which is located at the Company's website. A final investment decision is expected to be made in due course.

On 1 October 2021, the Company entered into a period of suspension of quotation of its shares on the Australian Securities Exchange as it finalises a material strategic transaction involving an asset acquisition, an equity raise and new environmental bonding arrangements. Further details are set out in the Company's ASX announcement, which is located at the Company's website.

Since 30 June 2021, the Group obtained a number of deferrals of certain repayments due to Värde pending completion of the Environmental Bonding and Equity Raising Package. Further, it was agreed that silver royalties payable to Värde under the Loan Note Subscription Agreement would be extinguished in exchange for fixed payments of A$3,724,890 (US$2,800,000) on 4 January 2022 and A$3,724,890 (US$2,800,000) on 1 April 2022 together with applicable withholding tax.

Since 30 June 2021, the Group obtained a number of deferrals of payments for the reduction in the bonding facilitated by MMG Limited (**MMG**) with the Queensland government due under the Group's Bank Guarantee Support Agreement with MMG, pending completion of the Environmental Bonding and Equity Raising Package.

The Group is finalising binding agreements for an Environmental Bonding and Equity Raising Package (the "Package") which entails a major revision of the Group's capital structure going forward. Key elements of the Package include:

Equity Raising:

A$79,802,904 (US$59,987,843) fully committed equity raising consisting of:

- An Unconditional Placement to raise A$32,918,192 (US$24,744,605):
  - A$21,638,706 (US$16,265,816) from a subsidiary of Sibanye-Stillwater Limited (Sibanye-Stillwater) whereby Sibanye-Stillwater takes an initial 9.8% equity interest in the Group; and
  - A$11,279,486 (US$8,478,790) from existing shareholders.

- The simultaneous launch of a fully underwritten Entitlement Offer to raise A$46,884,712 (US$35,243,238) consisting of a 1 for 4 pro rata non renounceable allocation to existing shareholders. Any entitlements not taken up by existing shareholders will be underwritten by the joint lead managers to the Entitlement Offer, with sub-underwriting by Sibanye-Stillwater up to a limit of Sibanye-Stillwater taking a 19.99% interest in the Group.

Should Sibanye-Stillwater's investment in the Group be less than 19.99% following the Entitlement Offer, a **Conditional Placement** will be undertaken to bring Sibanye-Stillwater's total interest to 19.99%. Sibanye-Stillwater has committed to a total investment in New Century Resources Limited of A$53,441,616 (US$40,172,063). The Conditional Placement is subject to shareholder approval at the Company's 2021 Annual General Meeting.

The Unconditional Placement, Entitlement Offer and Conditional Placement will be conducted at an offer price of A$0.155 per New Share (**Offer Price**) being the closing price on 30 September 2021.

In summary the equity raising will generate a minimum of A$79,802,904 (US$59,987,843) before costs estimated of $4,211,258. If there is a full take up of the Entitlement Offer by existing shareholders, the equity raise could generate a further A$39,748,669 (US$29,879,074) to a maximum of A$119,551,573 (US$89,866,917) before costs estimated at $4,231,709 once the Conditional Placement is complete.

Environmental Bonding:

The existing environmental bond provided to the Queensland government for the Century Mine is backed by MMG Limited (**MMG**) pursuant to the Bank Guarantee Support Agreement that was entered into at the time of the initial acquisition of the Century Mine by the Group. This will be replaced by the A$180,000,000 Environmental Bond Facility (**EBF**) to be issued by Macquarie Bank Limited (**Macquarie**) and backed by an A$160,000,000 surety provided through Argonaut Insurance Group (**Argo Group**) and A$20,000,000 of cash backing to be provided directly by the Group. The EBF will amortise over 21 equal monthly payments from January 2023 through to final maturity of the facility in September 2024.

The Group has decided to expand the Group's total hedging book. This additional hedging is a condition precedent of the EBF. Existing hedging comprises 82,500 tonnes of zinc metal to settle in fixed monthly proportions of 2,500 tonnes per month to June 2024 at an average price of A$3,717 per tonne.

Option Agreement for the acquisition of the Mt Lyell Copper Mine

The Group has entered into a binding term sheet for an option agreement with Monte Cello B.V. (MCBV), a subsidiary of Vedanta Limited (Vedanta) for the acquisition of Copper Mines of Tasmania Pty Ltd (CMT), owner of the Mt Lyell Copper Mine (Mt Lyell) in Tasmania.

Mt Lyell is one of the most significant copper mines in Australian history, having first started operations in the 1890's. Mt Lyell was acquired by Vedanta in 1999, who thereafter profitably produced almost 400kt of copper, 1.8moz of silver and 220koz of gold until 2014 when the mine was placed into care and maintenance. A significant copper / gold resource remains.

The option agreement allows the Group to evaluate the potential for restart of operations at Mt Lyell. The Group will investigate the refurbishment or replacement of the existing infrastructure for tailings reprocessing and integration of sustainable in-situ ore processing. The option agreement includes a minimum expenditure commitment of A$13,482,540 (US$10,000,000) over a two-year option period towards development, exploration and a capped reimbursement of care and maintenance costs. Should the option to acquire be exercised, the acquisition consideration will be by way of a capped royalty paid over time from successful operations.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Group's operations or results in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the Financial Statements and notes, as set out on pages 67 to 118 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the financial year ended on that date of the Company and Group;

2. in the Directors' opinion there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors.

Robert McDonald
CHAIRMAN

27 October 2021

Deloitte.

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Independent Auditor's Report
to the members of New Century Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New Century Resources Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, 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 statements, including a summary of significant accounting policies and other explanatory information, 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 2021 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 directors of the Company, would be in the same terms if given to 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 1 in the financial report, which indicates that the Group incurred a net loss of $10,817,168 during the year ended 30 June 2021 and, as of that date, the Group's current liabilities exceeded its current assets by $47,297,739.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt of the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Deloitte.

Our procedures in relation to going concern included, but were not limited to:

- Evaluating management's assessment in relation to going concern and inquiring of management and the Directors in relation to events and conditions that may impact the assessment on the Group's ability to pay its debts as and when they fall due;
- Obtaining an understanding of the Group's proposed Environmental Bonding and Equity Raising Package including conditions precedent;
- Challenging the key assumptions contained in management's cash flow forecast including the timing of expected cash flows;
- Performing stress tests for a range of reasonably possible scenarios on management's cash flow forecast for at least 12 months from the date of signing the financial statements; and
- Assessing the appropriateness of the going concern disclosures included in Note 1 to the financial statements.

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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Commencement of commercial production of the Century Mine	

On 6 July 2020, the Group announced to the market declaration of commercial production at the Century Mine, which the board of directors determined as effective 1 July 2020.
As disclosed in Note 2, the Group has determined that the criteria for the assessment of when the Century Mine achieves commercial production, being when the Century Mine is available for use in the manner intended by the Group's management, includes, but is not limited to:
• completion of a reasonable period of testing of the mine plant and equipment;
• level of capital expenditure incurred compared with the original cost estimate;
• majority of the assets making up the mining project are substantially complete and ready for use;
• completion of a reasonable period of testing of the mine plant and equipment;
• the percentage grade of metal content is sufficiently economic and consistent with the overall mine plan;
• the ability to produce metal in saleable form (within specifications); and
• the ability to sustain continuous production of metal.
	Our procedures included, but were not limited to:
	• assessing the conclusions reached regarding the technical feasibility and commercial viability of the project, which included:
	  ○ reviewing the minutes of Board of Directors meetings in respect of the timing of the final commercial production decision, associated with the Century Mine operations;
	  ○ challenging the judgements made and the asset commissioning criteria used by management and the Directors of the Company for determining the achievement of commercial production on 1 July 2020; and
	  ○ assessing the commencement date of 1 July 2020.
	
	We also assessed the appropriateness of the disclosures included in Note 2 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
The commencement of commercial production has a significant impact on the accounting for the Century Mine, and its ongoing operations, including but not limited to: • the recognition of zinc concentrate inventory; • the reclassification of capital work in progress to property, plant and equipment and the commencement of amortisation and depreciation; and • the recognition of revenue and related cost of sales.	
Recognition and measurement of the environmental rehabilitation provision	
As at 30 June 2021 the Group has a mine site restoration provision of $176,146,970 relating to the Group's requirement to rehabilitate its mining operations, as disclosed in Note 28. Given the nature of its operations, the Group incurs obligations to close, restore and rehabilitate its sites. Closure and restoration activities are governed by legislative requirements. The calculation of the provision requires significant judgment in relation to determining the manner in which rehabilitation activities will be undertaken, estimating the future costs and the timing of these activities, and the determination of an appropriate rate to discount the future costs to their net present value.	Our procedures included, but were not limited to: • Obtaining an understanding of the key processes and relevant controls management has in place to estimate the mine site restoration provision; • Confirming the timing of closure and restoration estimates are consistent with the latest estimate of the life of mine; • Assessing the estimated costs of rehabilitation for reasonableness against legislative requirements and our understanding of the Group's mining and exploration areas; • In conjunction with our rehabilitation specialists, performing a qualitative review of the updated environmental rehabilitation provision following the Land Court appeal ruling in relation to the estimated rehabilitation cost for the Century Mine; and • Assessing the accuracy of the calculations used to determine the environmental rehabilitation provision including the discount rate applied and the appropriateness of the current and non-current classification of the provision. We also assessed the appropriateness of the disclosures included in Notes 1, 2, 19 and 28 to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Derivative financial instruments	

As at 30 June 2021, derivative financial instruments totalled $17,295,482 (current liabilities of $7,350,005 and non-current liabilities of $9,945,477).
The Group has entered into derivative financial instruments which are recorded at fair value to economically hedge the Group's exposure to variability in cash flows due to movements in the zinc price and the foreign exchange rate between AUD/USD arising from highly probable forecast zinc sales.
The Group has applied cash flow hedge accounting for the derivative financial instruments and has recognised $15,450,738 at 30 June 2021 representing the effective portion of the hedges in the cash flow hedge reserve.
Significant judgement is required by management in the valuation of and accounting for these financial instruments including:
• understanding and applying contract terms; and
• forecasting future zinc prices and AUD/USD foreign exchange rates in the short and long term.
	Our audit procedures included, but were not limited to:
	• Obtaining an understanding of the internal risk management process and the relevant controls associated with the derivative financial instruments contracts;
	• Obtaining an understanding of the derivative financial instruments contract terms to assess the appropriateness of the relevant accounting applied in accordance with AASB 9 *Financial Instruments*;
	• In conjunction with our Treasury specialists, testing on a sample basis, the existence and valuation of financial instruments including:
	  ○ assessing hedge effectiveness where appropriate;
	  ○ evaluating the integrity of the valuation models; and
	  ○ assessing the incorporation of the contract terms and the key assumptions into the valuation models, including zinc prices and foreign exchange rates by comparing to market data.
	We have also assessed the appropriateness of the disclosures included in Note 1 and 26 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our 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.

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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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 64 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of New Century Resources Limited, for the year ended 30 June 2021, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Melbourne, 27 October 2021

SHAREHOLDER INFORMATION

The shareholder information set out below is based on information available as at 30 September 2021.

Distribution of equity securities

The number of equity security holders, by size of holding, in the Company is:

Spread of Holders	Number of Holders	Number of Shares
1 to 1,000	349	154,122
1,001 to 5,000	1,025	3,320,815
5,001 to 10,000	592	4,625,953
10,001 to 100,000	1,615	58,828,738
100,001 and over	515	1,142,998,418
Total	**4,096**	**1,209,928,046**
Holding less than a marketable parcel	896	1,401,847

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	Shareholder	Number Held	% of Issued Shares
1	Citicorp Nominees Pty Limited	156,123,452	12.91
2	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	116,463,518	9.63
3	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	95,754,815	7.92
4	HSBC Custody Nominees (Australia) Limited	72,573,314	6
5	J P Morgan Nominees Australia Pty Limited	68,634,167	5.68
6	Pacreef Investments Pty Ltd <The Pacreef A/C>	41,212,687	3.41
7	Zero Nominees Pty Ltd	35,933,333	2.97
8	Sparta Ag	34,474,464	2.85
9	Mr John Carr <JSC Holdings A/C>	33,833,333	2.8
10	Hsbc Custody Nominees (Australia) Limited - A/C 2	33,589,277	2.78
11	Mr Patrick Christopher Andrew Walta <FJB & Associates A/C>	33,421,788	2.76
12	Konkera Pty Ltd	31,545,457	2.61
13	BNP Paribas Nominees Pty Ltd ACF Clearstream	22,384,132	1.85
14	Delphi Unternehmensberatung Aktiengesellschaft	20,191,963	1.67
15	Delphi Unternehmensberatung Aktiengesellschaft	19,145,297	1.58
16	Buttonwood Nominees Pty Ltd	17,890,707	1.48
17	BNP Paribas Noms Pty Ltd <DRP>	11,017,629	0.91
18	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	10,989,896	0.91
19	National Nominees Limited <DB A/C>	9,652,819	0.8
20	Kitara Investments Pty Ltd <Kumova Family A/C>	8,999,406	0.74
Total		**873,831,454**	**72.27**

There are 1,209,928,046 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange. There is no current on-market buy back taking place.

Voting rights

On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative shall have one vote.

On a poll every shareholder present at a meeting in person or by proxy, attorney or representative shall have one vote for each share held.

Unquoted equity securities

Quantity	Class
30,000,000	Options exercisable at $0.25 each on or before 13 July 2022
1,000,000	Options exercisable at $1.20 each on or before 28 March 2022
1,000,000	Options exercisable at $1.50 each on or before 28 March 2022
250,000	Options exercisable at $0.95 each on or before 6 June 2022
1,000,000	Options exercisable at $0.56 each on or before 18 September 2022
1,000,000	Options exercisable at $0.70 each on or before 18 September 2022
25,000,000	Options exercisable at $0.25 each on or before 17 July 2023
10,000,000	Options exercisable at $0.25 each on or before 4 December 2023

No person holds more than 20% of this class of equity securities.

Information on shareholding

Shareholders who require information about their shareholding should contact he Company's share registry.

Shareholders who have changed their address should advise the change in writing to:

Automic Registry Services
126 Phillip Street
Sydney, New South Wales 2000
Telephone: +61 2 9698 5414

Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

Schedule of mining tenements

Below is a list of mining tenements held by the consolidated entity as at the date of this report:

Project	Location	Status	Interest
Century Zinc Mine	**Queensland, Australia**		
ML 90058	Mt Isa	Granted	100%
ML 90045	Mt Isa	Granted	100%
EPM 10544	Mt Isa	Granted	100%
EPM 26722	Mt Isa	Granted	100%