

## Quarterly Activities Report March 2019

### *Processing Plant*

- >50% increase in quarterly zinc production, with 18,170t zinc metal produced (37,500t concentrate at 48.3% zinc & 152g/t silver)
- Significant increase in total zinc recovery, with operations averaging 50% recovery for March 2019 and up to 54% recovery achieved during the quarter (86% of design)
- Plant capacity scheduled to more than double in 2019 through further flotation cell refurbishments (Phase 2 expansion) in line with mining ramp up to five cannons
- New Century is targeting continued progression toward nameplate plant recoveries throughout Q2 2019

### *Shipping & Sales*

- 55% increase in receipts from customers for concentrate shipments during Q1 2019
- A\$48.6M in receipts from customers net of payability factors, silver credits, treatment charges and impurity penalties for Q1 2019
- Average impurity penalty on sales of just US\$6.80/t of concentrate for the quarter, predominately associated with SiO<sub>2</sub>
- Average concentrate treatment charge for the quarter below the recently established 2019 annual benchmark price of US\$245/t
- Total 61,000t of zinc concentrate shipments to date (China, Europe & Australia)

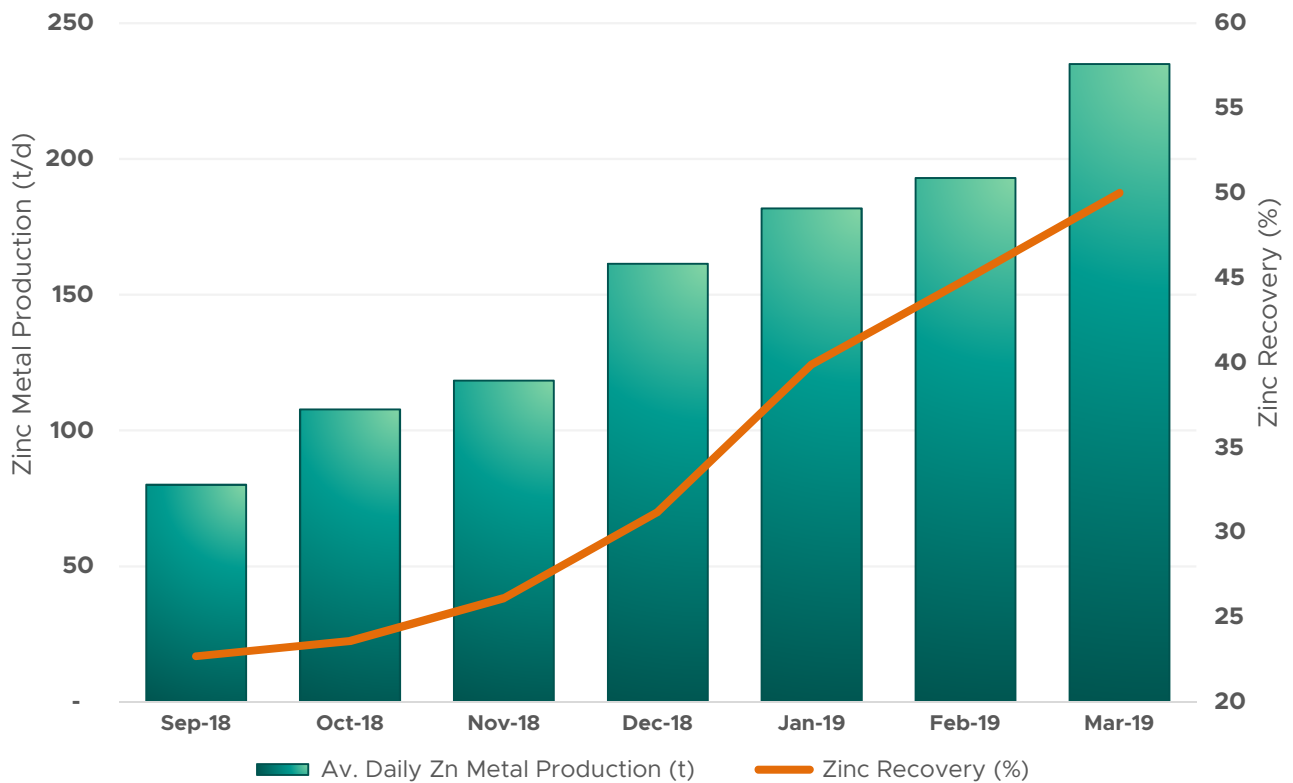
### *Hydraulic Mining*

- 3<sup>rd</sup> mining cannon now online (post quarter end), targeting a step change in mining rate into Q2 2019 to a minimum 8Mtpa and up to 10Mtpa
- Continued strong reconciliation of mining grade to the ore reserve model, with the ore grade mined during Q1 2019 averaging 2.92% Zn
- New Century is targeting full mining rate ramp up to 15Mtpa by end of 2019

**Other**

- The Expansion PFS, which is assessing potential for development of insitu zinc & lead resources, due for completion and release in Q2 2019
- Completion of A\$100M debt facility with Varde Partners
- Nick Cernotta joined the New Century Board and Tom Eadie resigned

New Century Resources Limited (Company or New Century) (ASX:NCZ) is pleased to provide an update on operational ramp up progress at Century during Q1 2019.



**Figure 1: Century's average daily metal production ramp up and monthly improvement in total zinc recovery since the start of operations**

## Operational Developments

### Processing Plant

- Plant ramp up continued throughout Q1 2019, with a progressive increase in all aspects of production, including metal recovery, concentrate tonnage and overall product quality
- 50.4% increase in quarterly zinc production (Q4 2018 to Q1 2019) and 27% increase in monthly zinc production throughout Q1 2019
- 18,170t of zinc metal produced in 37,500t concentrate at 48.3% Zn, 5.6% Pb, 6.9% SiO<sub>2</sub> and 152g/t Ag
- Operations now regularly achieving 50%+ total zinc recoveries (average 50% for March 2019) and up to 54% recovery achieved during the quarter (86% of design)
- Plant capacity scheduled to more than double in 2019 through further flotation cell refurbishment activities during 2019

During the quarter the Company continued the ramp up of the Century Zinc Mine operations. Strong improvements to overall processing plant zinc recovery has been made to date, with operations now regularly achieving 50%+ recovery.

During Q1 2019, a total of 18,170t of zinc metal was produced in 37,500t of concentrate grading 48.3% zinc (vs 25,500t at 47.0% zinc in Q4 2018).

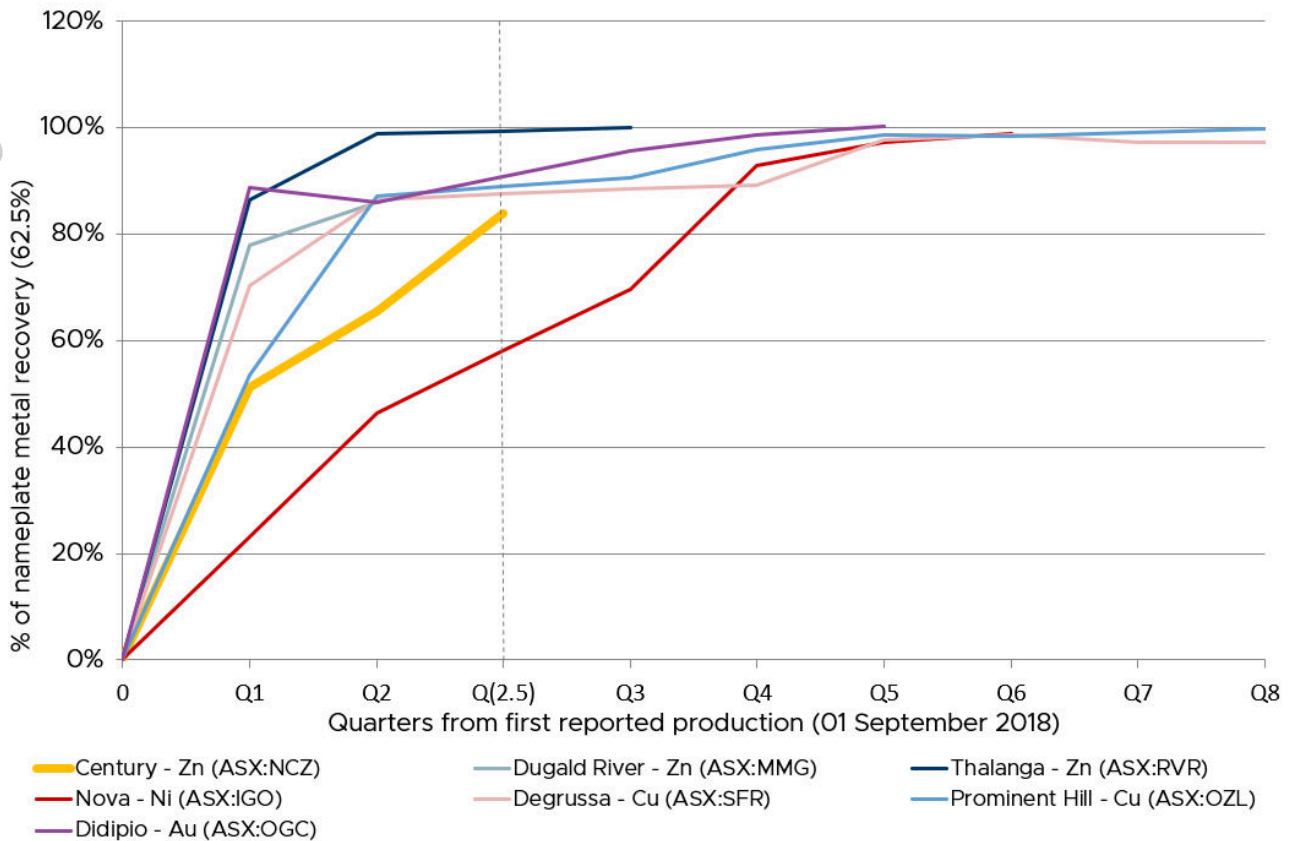
PROCESSING	Quarterly Processing Performance		
	Concentrate	Grade	Zinc Metal
Q4 2018	25,500t	47.0% Zn	12,080t
Q1 2019	37,500t	48.3% Zn	18,170t
Difference	+47.1%	+2.8%	+50.4%

The increase in overall production was directly attributed to improved plant performance, with hydraulic mining operations delivering 8% less metal to the plant on a quarterly basis due to wet season effects and mining of marginally lower grade zones of the tailings dam (1.39Mt at 2.92% Zn Q1 2019 vs 1.5Mt at 2.95% Zn Q4 2018).

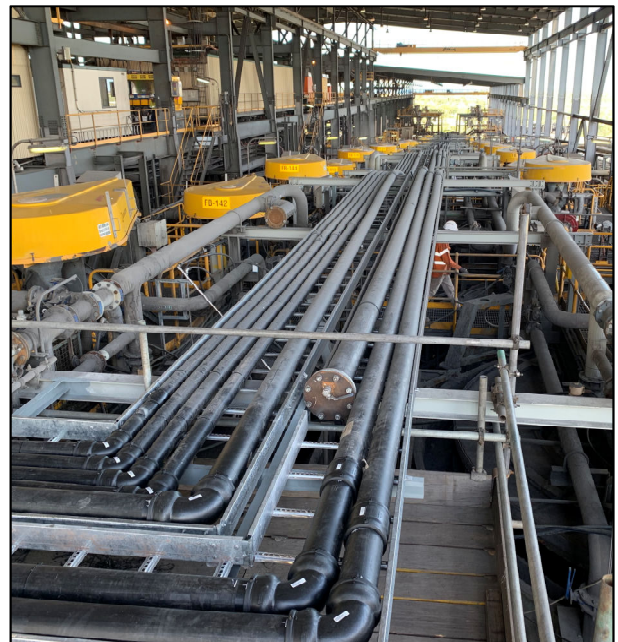
Despite the decrease in total metal mined, the operations still achieved an increase in metal production of over 50%, further demonstrating the significance in improvement of plant metallurgical performance.

The quality of zinc concentrate produced continued to improve over the quarter, with a 25% decrease in the lead impurity content (5.6% Pb for March 2019 vs 7.5% Pb Q4 2018). Silica content remained within the target range of 5.0-7.5% SiO<sub>2</sub> (6.9% SiO<sub>2</sub> average for the quarter). Silver content of 152g/t within the concentrate remained in line with previous quarter operations.

Focus for the plant during Q2 2019 remains on continuing the ramp up of recovery performance and increasing throughput rate with the progressive commissioning of the third mining cannon.



**Figure 2: Century's processing plant ramp up performance against other ASX listed start-up operations through to the end of Q1 2019 (Source: public company data & Credit Suisse estimates)**



**Figures 3 & 4: Launder sprays for the cleaner circuit (left) now operational (end of March 2019) and installation of pipe racks as part of the refurbishment and upgrade of launder spray and reagent dosing systems (right)**

### **Shipping & Sales**

- 55% increase in receipts from customers to A\$48.6M (net of payability factors, silver credits, treatment charges and impurities penalties)
- Average impurity penalty on sales of just US\$6.80/t of concentrate for the quarter, predominately associated with SiO<sub>2</sub>
- Average concentrate treatment charge for the quarter below the 2019 annual benchmark rate
- Total 61,000t of zinc concentrate shipments to date (China, Europe & Australia)

During the quarter, the Company continued to ramp up of shipping and sales activity in line with increasing production. A total of A\$48.6M in receipts from customers was achieved during the quarter, net of payability factors (zinc typically paid on 85% of metal in concentrate), silver credits, treatment charges and impurity penalties. This represents a 55% increase on the preceding quarter (A\$48.6M Q1 2019 vs A\$31.2M Q4 2018).

To date 61,000t of zinc concentrate produced from the operations has been shipped, with exports destined for smelters in China, Europe and Australia.

The Company specifically notes that the average treatment charges (excluding impurity penalties) for Q1 2019 was US\$228/t, which is below the new 2019 benchmark price of US\$245/t and current spot pricing which ranges US\$250/t to US\$300/t.

Average impurity penalties shipments in Q1 2019 were US\$6.80/t, primarily associated with SiO<sub>2</sub>.



*Figure 5: Inside the MV Wunma, showing the bucket wheel reclaimer used to load concentrate from the transhipment vessel onto export ships*

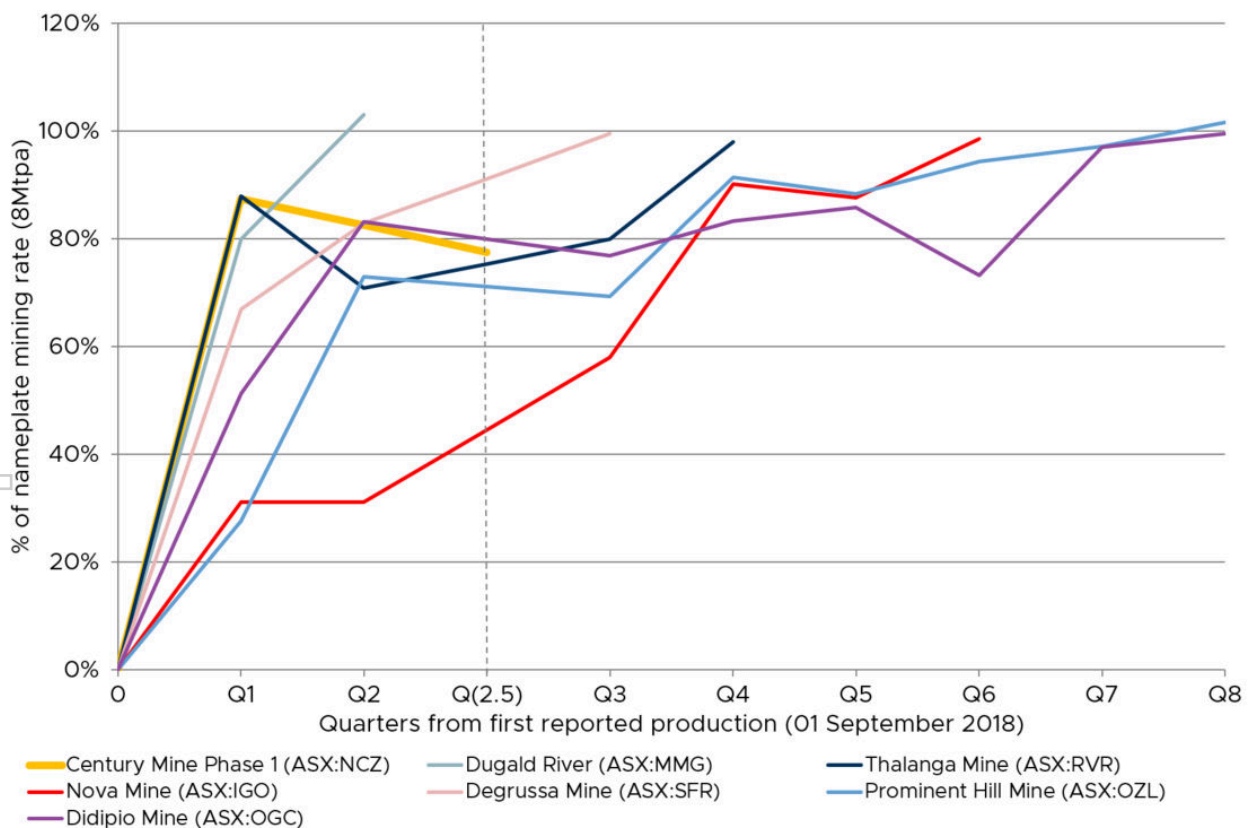
## Hydraulic Mining

- Hydraulic mining progressive ramp up continued throughout Q1 2019
- Mining grades reconciling strongly with the ore reserve model, averaging 2.92% Zn as expected
- Mining of 1.39Mt in Q1 2019 (vs 1.50Mt in Q4 2018) due to wet season effects
- Installation of a third cannon and an additional pump train now complete (post quarter end), to boost the overall mining rate consistently above 8Mtpa and up to 10Mtpa

During the quarter the Company continued the hydraulic mining ramp up toward the Phase 1 nameplate mining rate of 8Mtpa. While hydraulic mining operations maintained two cannons in operation for Q1 2019, wet season effects and mining of marginally lower grade zones of the tailings dam caused an 8% reduction in overall zinc metal mined (1.39Mt at 2.92% Zn Q1 2019 vs 1.5Mt at 2.95% Zn Q4 2018).

Post quarter-end the installation of a third mining cannon and pumping system was completed, resulting in ability for the operations to target ramp up to a mining rate consistently above 8.0Mtpa and up to 10Mtpa during Q2 2019.

The Company is targeting ramp up to 15Mtpa mining rate by the end of CY 2019 (via the implementation of five cannons) and continued progression toward the remainder of nameplate recovery during the Q2 2019.



**Figure 6: Century's hydraulic mining ramp up performance against other ASX listed start-up mining operations to the end of Q1 2019 (Source: public company data & Credit Suisse estimates)**

The mining grades during operations to date have reconciled strongly with the mine plan, averaging 2.92% Zn over the quarter.

MINING RATE	Quarterly Mining Performance		
	Mining Rate	Mined Grade	Cannons in Use
Q4 2018	1.50Mt	2.95% Zn	2
Q1 2019	1.39Mt	2.92% Zn	2
Difference	-7.3%	-1.1%	-



Figure 7: Overview of hydraulic mining progress at the Century



Figures 8 - 10: Commissioning activities for the 3<sup>rd</sup> mining cannon & pumping

### **Expansion Prefeasibility Study Nearing Completion**

During the quarter the Company progressed toward finalisation of the Expansion PFS to investigate the incorporation of Century's in-situ Mineral Resources into the current tailings only mine plan.

As outlined in the Restart Feasibility Study (see ASX announcement 28 November 2017), once steady operations at 8Mtpa have been achieved, the operations are scheduled to ramp-up to 15Mtpa on tailings via refurbishment of the remainder of the plant.

While the Company remains fully committed to the tailings operational ramp up, it is assessing the potential for an improved project value proposition via replacing the expansion to 15Mtpa on tailings only, to instead complement the tailings operations with the introduction of in-situ Mineral Resources on the mining lease (9.3Mt at 10.8% Zn + Pb & 66g/t Ag).

New Century considers that the PFS has the potential to increase the previously announced (tailings only) 6.3-year mine life and 264,000tpa full scale zinc metal production. Different blending strategies, as well as plant configurations, are being investigated to determine the optimum pathway for zinc and lead production from the expanded operations.

Should New Century elect to expand operations via the insitu Mineral Resources, the Company will refurbish the existing carbon and lead flotation circuits within the plant, enabling production of separate zinc and lead concentrates as per historical operations.

Completion and release of the PFS is anticipated in Q2 2019 in line with continued progress of the initial ramp up of operations to nameplate recovery and 8Mtpa tailings only throughput. Once this initial ramp up is at or nearing completion, the Company will finalise the Expansion PFS, allowing the selected mine plan to form the basis of detailed feasibility and design work. Pending the successful outcome of this executable study work, the additional insitu Mineral Resources will be incorporated into the overall Life of Mine.



**Figure 9: Existing insitu Mineral Resources at the Century Zinc Mine**



## Corporate Developments

### **Completion A\$100M Debt Facility with Varde Partners**

During the quarter the Company executed working capital facilities for A\$100 million with Värde Partners (**Debt Facilities**), a leading global investment firm. The Debt Facilities comprise of a A\$60 million senior secured facility (**Senior Debt**) and a A\$40 million junior unsecured facility (**Junior Debt**).

The Senior Debt has a term of 2.5 years, carries an interest rate of 8% per annum and first ranking security over all Century assets. The Junior Debt has a term of 3 years, carries an interest rate of 10% per annum and is unsecured. The Debt Facilities also include a limited term capped silver royalty as detailed in the table below. New Century paid customary fees associated with establishment of the Debt Facilities and is subject to early repayment fees (if incurred).

The Senior Debt has been drawn down and used to extinguish and replace New Century's current facility with National Australia Bank (**NAB**) as well as provide sufficient working capital for continued operations. No early repayment penalties are applicable to the NAB facility (A\$20 million of the NAB facility previously drawn).

The Company retains NAB's support as its primary banking partner and continues to work closely with NAB to develop potential alternative forms of surety to replace existing bank guarantees, which were put in place by MMG Limited as part of the original transaction over the Century assets (see ASX announcement 19 November 2018).

The Junior Debt remains subject to completion of technical and commercial tests (see table below) by 30 August 2019 and MMG Limited's consent prior to being available for draw down.

As part of the entry into the Debt Facilities with Värde, the Company elected to cancel the existing A\$20 million prepayment facility with MRI Trading (without cost), which was not utilised.

<b>Varde Debt Facility Terms Summary</b>		
<b>Facility</b>	<b>Senior Debt</b>	<b>Junior Debt</b>
<b>Facility Type</b>	<i>Senior Secured (all assets)</i>	<i>Unsecured</i>
<b>Facility Amount</b>	<i>A\$60,000,000 (US\$42,900,000)</i>	<i>A\$40,000,000 (US\$28,600,000)</i>
<b>Term</b>	<i>2.5 years</i>	<i>3 years</i>
<b>Interest Rate</b>	<i>8% per annum</i>	<i>10% per annum</i>
<b>Silver Royalty</b>	<i>20% of payable silver production limited to 4 years (capped at US\$5M total)</i>	<i>Increase to 35% of payable silver production limited to 4 years (capped at US\$4.5Mpa)</i>
<b>Material Conditions Precedent</b>	<i>None</i>	<i>35 days averaging above 45% zinc recovery, 7.3Mtpa &amp; an EBITDA &gt;A\$8M</i>

### **Board Changes**

During the quarter the Company announced the appointment of Mr Nick Cernotta, an experienced mining executive and former Director of Operations for Fortescue Metals Group Limited (ASX:FMG), to the Board of the Company as Non-Executive Director.

Mr Cernotta brings valuable operations and asset optimisation experience to New Century. During his time at FMG, he played a key role in overseeing the operational performance of the company's iron ore mines, and is credited with driving the complex beneficiation strategy that slashed FMG's cash operating costs from US\$35/t in 2014 to closer to US\$12/t.

In addition to the appointment of Mr Cernotta, the New Century Board is in the process of being restructured to reflect the Company's recent successful evolution from mine developer to producer.

Mr Bryn Hardcastle will move into an Executive Director role (previously Non-Executive Director), where he will be responsible for corporate, governance and legal activities and provide focus on the Company's continued progress in the development of its Environmental, Social and Governance (ESG) processes. Mr Hardcastle will transition to the Executive Director role during Q2 2019.

Mr Tolga Kumova and Mr Evan Cranston have transitioned into non-executive positions within the Company, as Non-Executive Director and Non-Executive Chairman respectively.

In addition to the changes above, Mr Tom Eadie has resigned from the New Century Board.

The Company plans to continue the process of board evolution over 2019, in line with its planned growth towards establishing the business as a significant base metal producer on the ASX.

### **Other Projects: Kodiak Coal Project (NCZ 70%)**

The Kodiak Coal Project is currently on care and maintenance.

The Company continues to consider options with regard to the future of the Kodiak Coking Coal Project in Alabama, USA, including the disposal of the asset.

To learn more, please visit: [www.newcenturyresources.com](http://www.newcenturyresources.com)

For further information, please contact:

#### **New Century Resources**

Patrick Walta

Managing Director

P: +61 3 9070 3300

E: [info@newcenturyresources.com](mailto:info@newcenturyresources.com)

#### **Media enquiries**

Shane Goodwin

Head of Corporate Affairs

P: +61 434 039 106

E: [sgoodwin@newcenturyresources.com](mailto:sgoodwin@newcenturyresources.com)

### Statement of JORC 2012 Compliant Resources & Reserves

Mineral Resources	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (t)	Pb (t)	Ag (Oz)
South Block (Indicated)	6.1	5.3	1.5	43	322,000	90,000	8,550,000
Silver King (Inferred)	2.7	6.9	12.5	120	186,000	337,500	10,500,000
East Fault Block (Inferred)	0.5	11.6	1.1	48	60,000	5,500	800,000
<b>TOTAL</b>	<b>9.3</b>	<b>6.1</b>	<b>4.7</b>	<b>66</b>	<b>568,000</b>	<b>433,000</b>	<b>19,850,000</b>
Ore Reserves	Tonnes (Mt)	ZnEq (%)	Zn (%)	Ag (g/t)	Zn (t)	Pb (t)	Ag (Oz)
Century Tails (Proved)	77.3	3.1	3.0	12	2,287,662	-	29,734,819

#### Zinc Equivalent Calculation

ZnEq was calculated for each block of the Century Tailings Deposit from the estimated block grades. The ZnEq calculation takes into account, recoveries, payability (including transport and refining charges) and metal prices in generating a zinc equivalent value for each block grade for Ag and Zn.  $ZnEq = Zn\% + Ag \text{ troy oz/t} \times 0.002573$ . Metal prices used in the calculation are: Zn US\$3,000/t, and Ag US\$17.50/troy oz.

#### Competent Persons Statement

##### Mineral Resources

The information in this announcement that relates to Inferred Mineral Resources on the Silver King Deposit and the East Fault Block Deposit was first reported by the Company in its prospectus released to ASX on 20 June 2017, and the South Block Deposit was first reported by the Company to the ASX on 15 January 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### *Ore Reserves*

The information in this announcement that relates to the Ore Reserve at the Century Tailings Deposit was first reported by the Company in its ASX announcement titled "New Century Reports Outstanding Feasibility Results that Confirm a Highly Profitable, Large Scale Production and Low Cost Operation for the Century Mine Restart" dated 28 November 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### **Appendix 1:**

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2019:

Project	Location	Status	Interest
<b>Century Zinc Mine</b>	<b>Queensland, Australia</b>		
ML 90058	Mt Isa	Granted	100%
ML 90045	Mt Isa	Granted	100%
EPM 10544	Mt Isa	Granted	100%
EPM 26722	Mt Isa	Granted	100%
EPM 26772	Mt Isa	Granted	100%
EPM 26812	Mt Isa	Granted	100%
EPM 26873	Mt Isa	Granted	100%
EPM 26868	Mt Isa	Granted	100%
EPM 26874	Mt Isa	Granted	100%
EPM 26778	Mt Isa	Application	100%
EPM 26976	Mt Isa	Application	100%
<b>Kodiak Coking Coal Project</b>	<b>Alabama, USA</b>		
Coke Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Atkins Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Gholson Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Clark Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%