

December 2019 Quarter Operational Results: Century operations deliver further record metal production and operating cost reductions

Highlights

- Achieved December 2019 quarter guidance: 28,123t zinc metal production & C1 costs of US\$0.96/lb (payable metal, inc. treatment charges)
- 7% increase in zinc production and a 3% decrease in C1 costs quarter-on-quarter
- New Century continues to deliver consistently increasing zinc metal production and lower unit costs, with a further step change in operational performance anticipated in the March 2020 quarter from the commissioning of the rougher circuit upgrade
- December 2019 quarter average recovery 49%, with improved recoveries outside of the scavenger circuit commissioning period and into January 2020 ranging 50 to 54%
- December 2019 quarter average mining rate 8.3Mtpa, with progressive ramp up during the quarter for a current mining rate of 8.9Mtpa into January 2020
- Expansion to 12Mtpa operations:
 - Proceeding as planned over the next two quarters, with the final rougher circuit upgrade due for implementation and commissioning in March
 - Expansion capital expenditure nearing completion, ~73% complete with ~\$13M in capital expenditure remaining to be spent over FY20
- New Century maintains total capital available of ~\$61M for completion of ramp up activities over the remainder of FY20
- Overall CY 2019 performance:
 - Quarterly zinc metal production rate increase of 135% from Q2 FY19-20
 - Quarterly C1 cost reduction of 37% (Q2 FY19-20), including negative effects of an 89% increase in treatment charges (LOM C1 cost target of US\$0.56/lb)
- March 2020 quarter guidance of 29,000t - 35,000t zinc metal at C1 costs of US\$0.85/lb - US\$0.95/lb (payable metal inc. treatment charges)

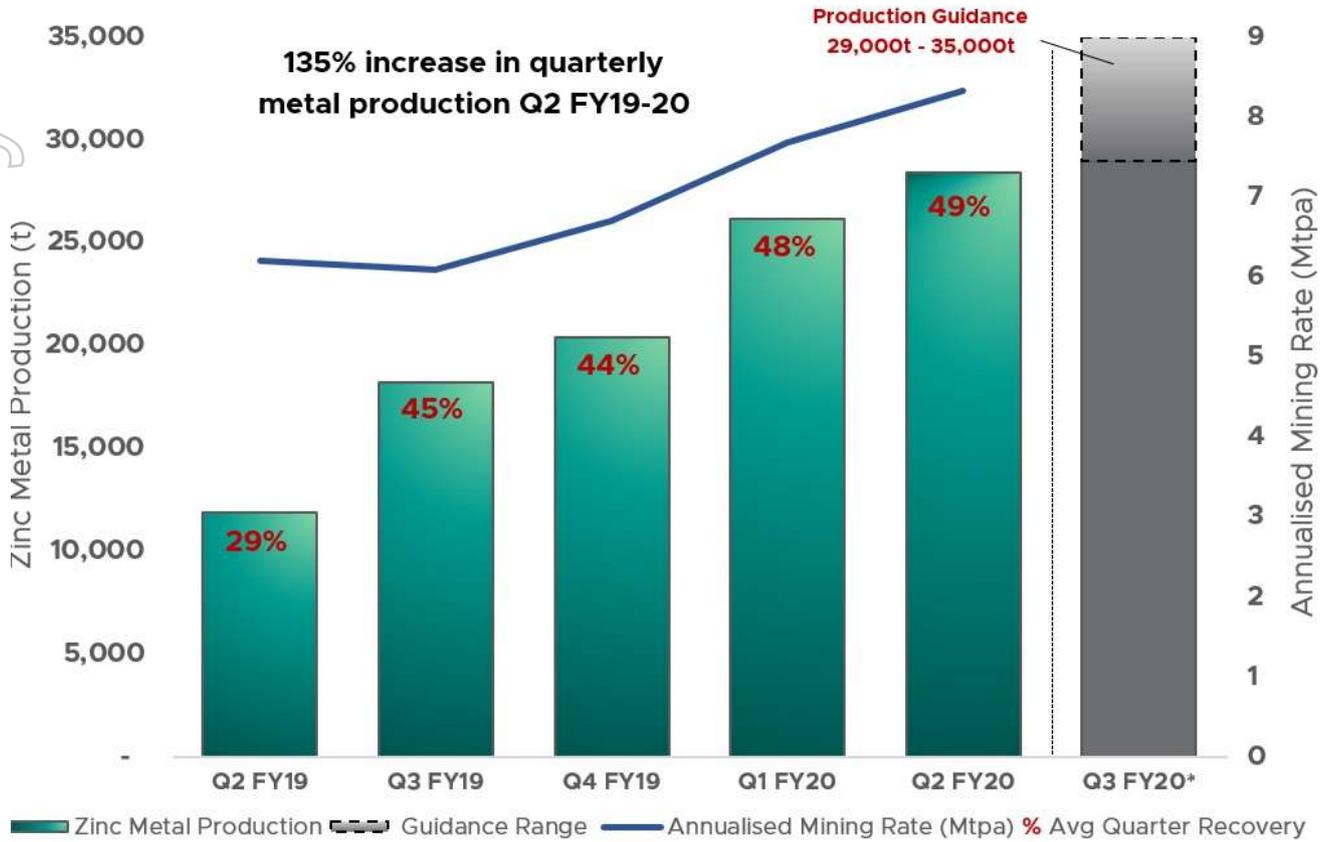


Figure 1: Century's quarterly metal production performance and annualised mining rate
[*Q3 FY20 forecast based on scheduled operational ramp up process]

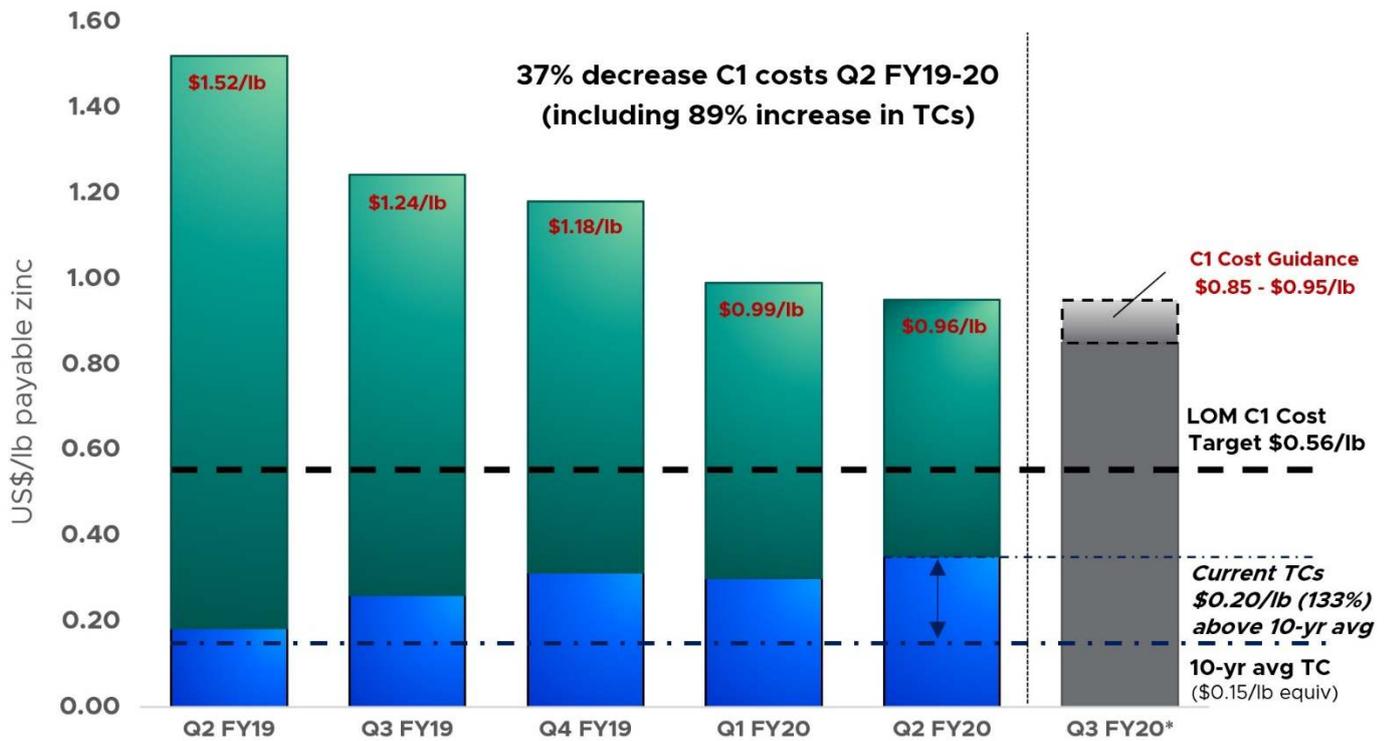


Figure 2: Century's quarterly C1 cost trend (including TCs)
[*Q3 FY20 forecast based on scheduled operational ramp up process]

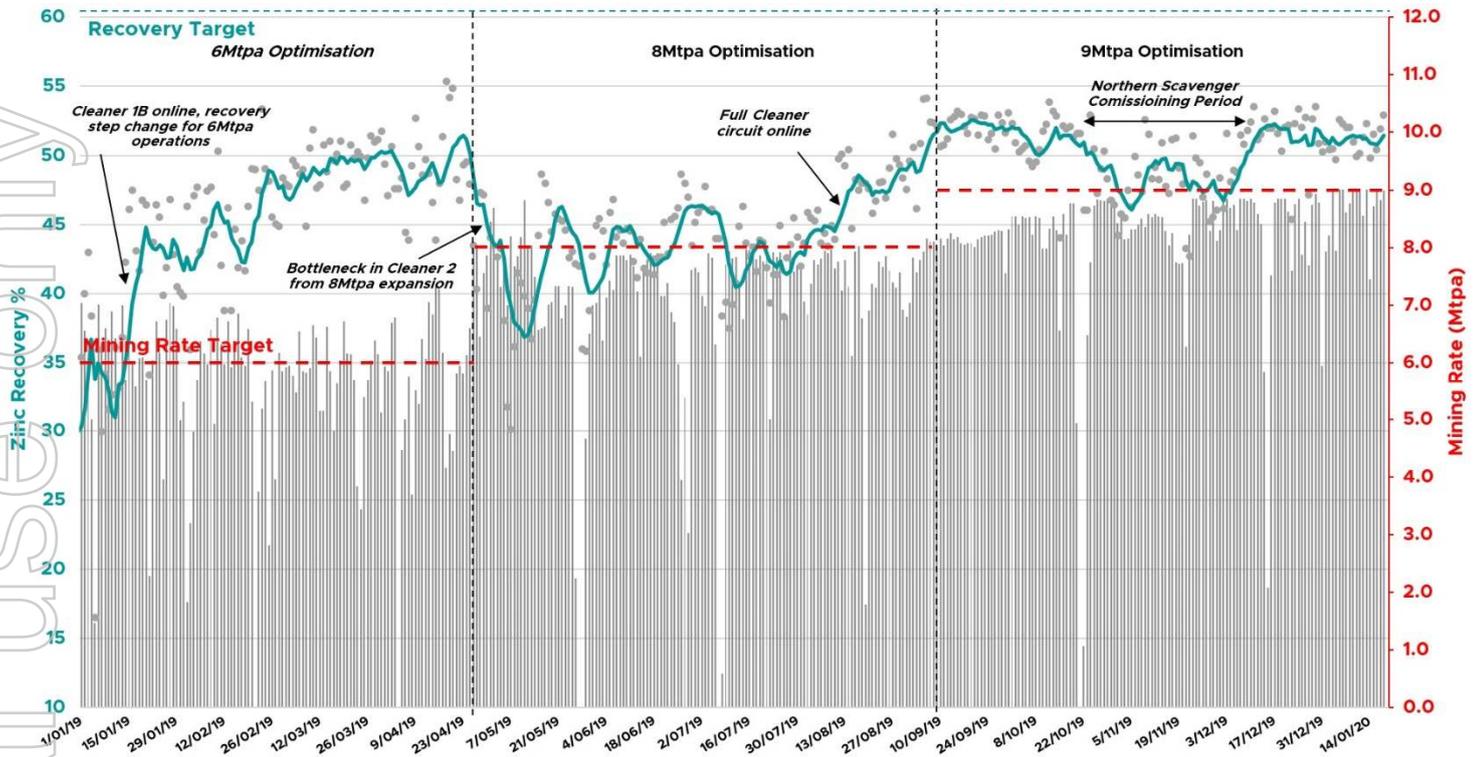


Figure 3: 2019 daily recovery (with 7-day moving average line) & annualised mining rate
[Mining rate & recovery data based on unreconciled daily performance data, subject to minor reconciliation adjustment]

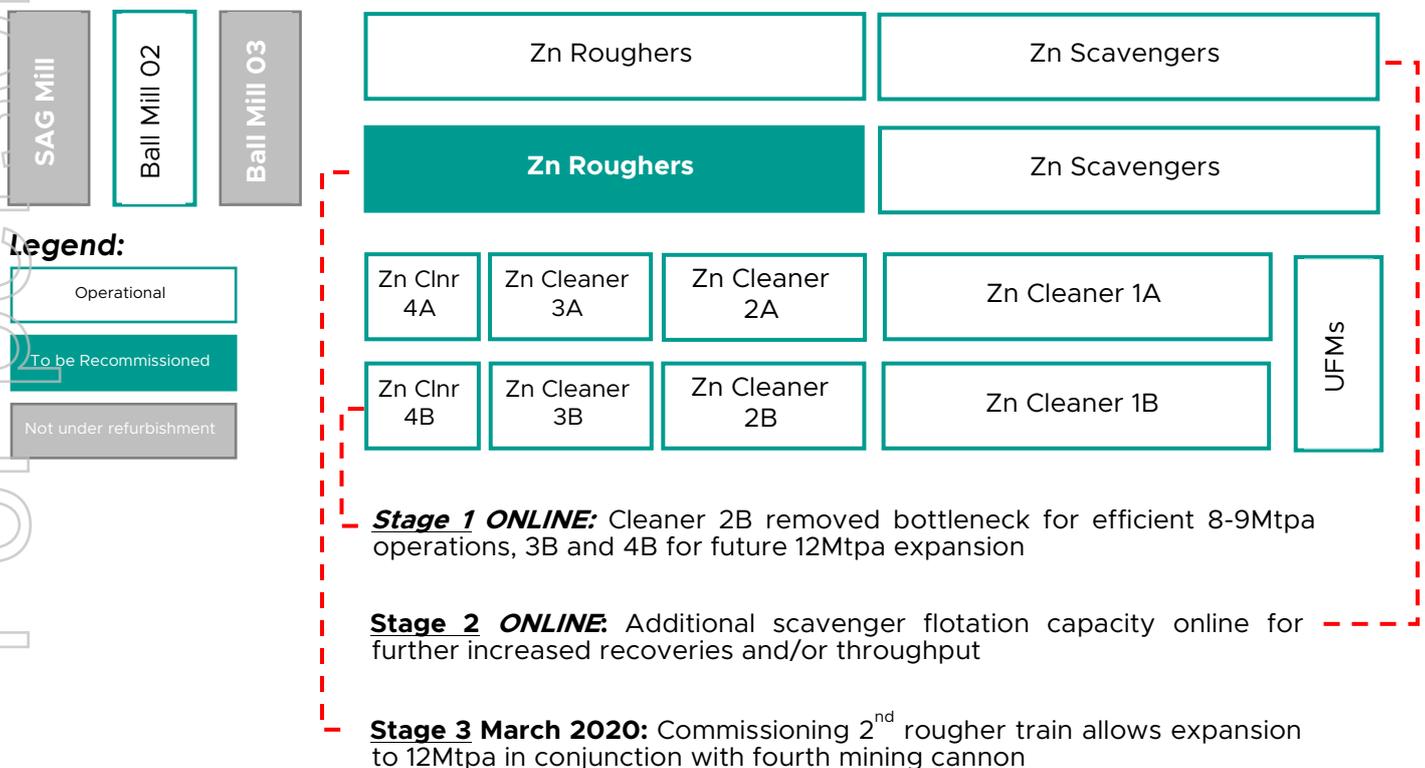


Figure 4: Simplified plant plan view & scheduled 12Mtpa expansion progress

New Century Resources Limited (Company or New Century) (ASX:NCZ) is pleased to provide an update on Century production and operational ramp up during the December quarter of 2019.

This update is also accompanied by the release of an Investor Presentation which includes an overview of the current status of the zinc market.

Operational Performance

Overall zinc metal output increased by 7% during the December quarter, with 28,123t of zinc metal produced in 57,000t of concentrate grading 49.0% zinc (compared to 26,171t zinc metal in 53,500t of concentrate at 49.0% zinc during the September Q). Silver content of 162g/t in concentrate was an 8% improvement on the previous quarter.

Focus for the quarter was on commissioning and stabilisation of the upgraded scavenger circuit within the processing plant. The upgrade was delivered approximately three weeks ahead of schedule and on budget in late October, with the slurry commissioning process taking approximately six weeks before stability of operations resumed.

Quarterly average recovery was 49% (vs September Q average 48%), however as shown in Figure 3, outside of the commissioning period of the scavenger circuit the operations were typically achieving recoveries in the range of 50-54%.

Concentrate quality has also been maintained, with zinc grade average of 49.1% (vs September Q average 49.0%). As per previous quarters, Century concentrate continues to receive relatively minor impurity penalties and treatment charges that are in-line with current market rates. Further discussion on treatment changes and the zinc market are available in the Investor Presentation accompanying this announcement.

From a mining perspective, the average mining rate increased 7% quarter-on-quarter (2.00Mt December Q vs 1.87Mt September Q). As shown in Figure 3, the mining rate has progressively increased throughout the quarter to a current rate of ~8.9Mtpa. The mining rate remains on track for expansion to 12Mtpa over the next two quarters.

The average mined grade during the quarter was 2.87% Zn, which continues to reconcile strongly with the Ore Reserve model and mine plan.

	Mining Performance			Processing Performance		
	Mining Rate	Mined Grade	Cannons in Use	Concentrate	Grade	Zinc Metal
Dec 18 Q	1.50Mt	2.95% Zn	2	25,500t	47.0% Zn	11,896t
Mar 19 Q	1.39Mt	2.92% Zn	2	37,500t	48.3% Zn	18,235t
Jun 19 Q	1.60Mt	2.92% Zn	2 (3 rd online May)	42,500t	48.1% Zn	20,432t
Sep 19 Q	1.87Mt	2.96% Zn	3	53,500t	49.0% Zn	26,171t
Dec 19 Q	2.00Mt	2.87% Zn	3	57,000t	49.1% Zn	28,123t
<i>Q-on-Q Difference</i>	+7%	-	-	+7%	-	+7%

Cost Performance

Overall C1 costs for the operations achieved a quarter-on-quarter reduction of 3% for the December quarter to US\$0.96/lb payable zinc metal including treatment charges.

New Century has now achieved a progressive C1 cost reduction of 37% from Q2FY19-20 (see Figure 2), despite treatment charges increasing by ~89% more over the same period.

New Century anticipates continued reduction in C1 costs during the March 2020 quarter, via increased metal production from the upgraded rougher circuit, which provides more efficient utilisation of the fixed cost base of operations (~70% of site costs are fixed and unchanged with increased throughput).

Treatment charges are also anticipated to reduce in the medium term in line with increasing zinc smelter output, particularly in China. Current spot treatment charges are approximately US\$0.20/lb (133%) above the 10-year average.

Cash & Capital Expenditure Performance

Full details of cost and cashflow performance will be released at the end of January, as part of the quarterly reports, once financial reconciliation has occurred.

The Company is nearing completion of its capital expenditure program for the planned the expansion to 12Mtpa, which is now approximately 73% complete. ~\$13M in further expansion and sustaining capital expenditure is expected to be incurred throughout FY20.

New Century maintains total capital available of ~\$61M, comprising the recently announced working capital debt facility expansion (\$40M), sale of the Company's minority holding in the cattle business (\$9.8M) and quarter end cash (~\$12M).

The Company's remaining FY20 expansion and sustaining capital is anticipated to be completed utilising existing available capital.

Guidance

March 2020 quarter operational guidance is 29,000t - 35,000t zinc metal at C1 costs of US\$0.85/lb - US\$0.95/lb payable zinc metal including treatment charges.

The Company will provide a further operational update at the end of January as part of the release of the full quarterly activities and financial reports.

This announcement is approved for release by the Board of New Century Resources.

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