NEW CENTURY RESOURCES

LIMITED AND CONTROLLED ENTITIES

ABN 53 142 165 080

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2019

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CORPORATE DIRECTORY

Directors

Robert McDonald (Chairman)
Patrick Walta (Managing Director)
Nick Cernotta (Non-Executive Director)
Evan Cranston (Non-Executive Director)
Bryn Hardcastle (Non-Executive Director)
Peter Watson (Non-Executive Director)

Company secretary

Oonagh Malone

Stock exchange

Australian Stock Exchange (ASX) Code: NCZ
Home office: Perth

Country of incorporation and domicile

Australia

Registered and business address

Level 4, 360 Collins Street
Melbourne, Victoria 3000
Australia
Telephone: +61 3 9070 3300
Email: info@newcenturyresources.com
Website: www.newcenturyresources.com

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000

Share registry

Automic Registry Services
126 Phillip Street
Sydney, New South Wales 2000
Telephone: +61 2 9698 5414

Solicitors

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
Perth, Western Australia 6000

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or the 'Consolidated Entity') consisting of New Century Resources Limited (referred to hereafter as 'New Century Resources Limited' or the 'Company') and the entities it controlled for the financial year ended 30 June 2019.

Directors

The names of 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.

Robert McDonald (Chairman)	appointed 17 July 2019
Patrick Walta (Managing Director)	
Nick Cernotta	appointed 28 March 2019
Evan Cranston	
Tom Eadie	resigned 28 March 2019
Bryn Hardcastle	
Tolga Kumova	resigned 17 July 2019
Peter Watson	

Information on current directors

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	New Century special responsibilities
Robert McDonald Chairman Appointed 17 July 2019 B.Comm MBA (Honours) Member of the AusIMM	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	Sedgman Limited (to 14 April 2016)	Chairman of New Century Limited Board Member of Remuneration & Nomination Committee

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	New Century special responsibilities
Patrick Walta Managing Director Appointed 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	Matador Mining Limited (to 3 July 2018) Primary Gold Limited (to 31 May 2017)	Managing Director
Nick Cernotta Non-Executive Director Appointed 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 30 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	ServTech Global Holdings Ltd (to 22 November 2017)	Chair of Remuneration & Nomination Committee Member of Audit & Risk Committee Member of Environmental, Social & Governance Committee
Evan Cranston Non-Executive Director Appointed 10 October 2012 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 Limited Boss Resources Limited Carbine Resources Limited	Primary Gold Limited (to 29 November 2017) Clancy Exploration Ltd (to 1 December 2017)	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 responsibilities
Bryn Hardcastle Non-Executive Director Appointed 8 December 2011 LLB	Bryn Hardcastle is Managing Partner of Perth-based law firm, Bellanhouse, specialising in corporate, commercial and securities law. He advises on equity capital markets, takeovers & schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector. Mr Hardcastle has previously worked in London, Melbourne and Dubai at Freehills and Allen & Overy and is a former partner of Perth boutique law firm, Hardy Bowen Lawyers.	Caprice Resources Limited	Flamingo Ai Limited (formerly Cre8tek Limited) (to 27 August 2018) ServTech Global Holdings Ltd (to 22 November 2017) Vysarn Limited (formerly MHM Metals Limited) (to 27 October 2017)	Chair of Environmental, Social & Governance Committee Member of Remuneration & Nomination Committee
Peter Watson Non-Executive Director Appointed 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 this 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	Resource Generation Limited (to 30 November 2018) Sedgman Limited (to 7 October 2016)	Chair of Audit & Risk Committee Member of Environmental, Social & Governance Committee

Former Directors				
(Ernest) Tom Eadie Non-Executive Director Appointed on 13 July 2017 and resigned on 28 March 2019	Tom Eadie is a well-credentialed mineral industry leader and explorer with broad experience in both the big end and small end of town. He was the founding Chairman of Syrah Resources, Copper Strike and Discovery Nickel as well as a founding Director of Royalco Resources. At Syrah, he was at the helm during acquisition, discovery and early feasibility work of the huge Balama graphite deposit in Mozambique which started production in late 2017.	Strandline Resources Limited Alderan Resources Limited Hill End Gold Limited	None	None
Tolga Kumova Non-Executive Director Appointed on 13 July 2017 and resigned on 17 July 2019	Tolga Kumova has 15 years' experience in stockbroking, corporate finance and corporate restructuring, and has specialised in initial public offerings and capital requirements of mining focused companies. He has raised in excess of $500 million for mining ventures, varying from inception stage through to construction and development. Mr Kumova was a founding shareholder of Syrah Resources in 2010 and served as an Executive Director from May 2013 to October 2016, and as Managing Director from October 2014 to October 2016. During his tenure at Syrah Resources, Mr Kumova led the business from resource stage through to full funding through to development, gaining experience negotiating offtake agreements with numerous globally recognised counterparties.	African Gold Resources Limited European Cobalt Ltd	Syrah Resources Limited (to 5 October 2016)	None

Oonagh Malone, Company Secretary

Oonagh Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative support roles for listed companies and is a member of the Governance Institute of Australia and Australian Institute of Company Directors. Ms Malone is a non-executive director of Hawkstone Mining Limited and Carbine Resources Limited. She is currently company secretary to ASX listed companies Bunji Corporation Limited, Carbine Resources Limited, Caprice Resources Limited, European Cobalt Ltd, Hawkstone Mining Limited and Sagon Resources Limited.

Directors' meetings

During the financial year ended 30 June 2019, there were ten meetings of the Board of Directors. Attendances by each Director during the period were as follows:

Director	Number attended	Number eligible to attend
Robert McDonald	-	-
Patrick Walta	9	10
Nick Cernotta	2	2
Evan Cranston	10	10
Tom Eadie	8	8
Bryn Hardcastle	10	10
Tolga Kumova	10	10
Peter Watson	9	10

The Directors made and approved three circular resolutions during the financial year ended 30 June 2019.

Principal activities

The principal activities of the Group for the financial year were the review and development of mineral exploration projects.

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 2018: Nil).

Operating results

The consolidated loss of the Group amounted to $21,502,018 (2018: Loss of $123,310,765) after providing for income tax.

Review of operations and significant changes in the state of affairs

During the year, the Group continued with the development of the Century Mine. Full details are set out in the Review of Operations section as well as the Company's website.

In February 2019, the Group secured a new financing facility with Varde Partners Inc ('Varde'). This comprises a secured facility of US$42,900,000 which has been drawn down and an unsecured facility of US$28,600,000 which was subject to conditions precedent before draw down. Prior to the end of September 2019, Varde advised that the availability of this unsecured facility has expired. Discussion in relation to a US$28,600,000 facility are continuing with Varde. In February 2019, the Group repaid the National Australia Bank facility of $40,000,000 which had been obtained earlier in October 2018. Further details are set out in Note 14 to the Financial Statements. Subsequent to year end, the Company raised $42,500,000 (before transaction costs) via a placement to institutional and sophisticated investors which was completed over two tranches. Tranche one completed in August 2019 and tranche two was approved by shareholders at an extraordinary general meeting of the Company and completed in September 2019.

Nick Cernotta joined the New Century Resources Limited Board as a Non-Executive Director in March 2019. Mark Chamberlain joined the Group as the Chief Financial Officer in June 2019. Robert McDonald joined the Group as the Chairman of the Company in July 2019. Tom Eadie and Tolga Kumova stepped down from the New Century Resources Limited Board in March 2019 and July 2019 respectively.

During the year, the Company changed its external auditor from Bentleys Audit & Corporate (WA) Pty Ltd to Deloitte Touche Tohmatsu.

Previously, a strategic decision was made by the Group to suspend work on the Kodiak Coking Coal Project, which is located in Alabama, USA. During the year the Group continued to maintain the Kodiak Coking Coal Project in care and maintenance mode, including environmental studies and monitoring. The Group is considering its options with regards to the future of the Kodiak Coking Coal Project.

Matters subsequent to the end of the financial year

Subsequent to year end, the Company raised $42,500,000 (before transaction costs) via a placement to institutional and sophisticated investors which was completed over two tranches. Tranche one completed in August 2019 and tranche two was approved by shareholders at an extraordinary general meeting of the Company and completed in September 2019.

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Robert McDonald was appointed as the Chairman of New Century Resources Limited on 17 July 2019. Tolga Kumova resigned as a Director of New Century Resources Limited on 17 July 2019. Further details are set out above in the Directors' Report.

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 years.

Future developments, prospects and business strategies

Disclosure of further information regarding likely developments in the operations of the Group in future financial periods and the expected results of those operations are set out in the Company's ASX announcements which are located at the Company's website.

Share options

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

Type of options	Number of options	Exercise price	Expiry date
Unquoted options issued under the ESOP	5,140,000	$0.25	13/07/2020
Unquoted options issued to Directors	6,000,000	$0.25	13/07/2020
Unquoted options issued to Directors	6,000,000	$0.50	13/07/2020
Unquoted options issued to Directors	7,500,000	$0.25	13/07/2021
Unquoted options issued to Directors	7,500,000	$0.50	13/07/2021
Unquoted options issued to Directors	7,500,000	$0.75	13/07/2021
Unquoted options issued to Directors	7,500,000	$1.00	13/07/2021
Unquoted options issued to Vendors	30,000,000	$0.25	13/07/2022
Unquoted options issued under the ESOP	500,000	$1.60	02/10/2020
Unquoted consideration options	22,000,000	$0.25	27/02/2021
Unquoted consideration options	6,000,000	$0.50	27/02/2021
Unquoted consideration options	3,500,000	$0.75	27/02/2021
Unquoted consideration options	3,500,000	$1.00	27/02/2021
Unquoted options issued under the ESOP	500,000	$0.25	27/02/2021
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
Total	**117,390,000**		

Directors' interests

The relevant interest of each Director in the share capital of the Group shown in the Register of Directors' shareholdings as at the date of this report is:

Directors	Ordinary shares fully paid			Options		
	Direct	Indirect	Total	Direct	Indirect	Total
Robert McDonald	-	303,031	303,031	-	2,000,000	2,000,000
Patrick Walta	32,088,455	-	32,088,455	15,750,000	-	15,750,000
Nick Cernotta	-	87,080	87,080	-	2,000,000	2,000,000
Evan Cranston	-	31,645,455	31,645,455	-	8,750,000	8,750,000
Bryn Hardcastle	180,000	1,078,789	1,258,789	-	4,000,000	4,000,000
Peter Watson	-	138,775	138,775	-	-	-
Total	**32,268,455**	**33,253,130**	**65,521,585**	**15,750,000**	**16,750,000**	**32,500,000**

REMUNERATION REPORT

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

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.

Role of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee is responsible for the oversight of the remuneration system and policies. The Board, upon recommendation of the Remuneration & Nomination Committee, determines the remuneration of Executive Directors.

The Remuneration & Nomination Committee reviews and approves the remuneration of the executive management team. The objective of the Remuneration & Nomination Committee is to ensure that the remuneration system and policies attract and retain employees, Executives and Directors who will create sustained value for shareholders.

Remuneration Philosophy

The remuneration policy of the Company has been designed to be simple and transparent, to promote the interests of the Company over the medium and long term, and encourage a 'pay for performance' culture.

The following guiding principles direct our 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

In order to reflect a 'pay for performance' culture, the Total Fixed Remuneration ("TFR") package is positioned at the median of the market for a fully proficient and experienced performer, whilst the Total Remuneration package (fixed and variable pay), reflects a median to upper quartile pay position when superior levels of performance have been met.

External Advice and Benchmarking

The Remuneration & Nomination Committee engaged BDO Remuneration and Reward ("BDO") to provide market data relating to the remuneration packages of the Group's senior executives to assist the Committee in assessing the positioning and competitiveness of current remuneration packages.

BDO were engaged by the Remuneration & Nomination Committee Chair, and reported to the Committee and the Board. Further, BDO has processes and procedures in place to minimise potential opportunities for undue influence from senior executives.

The Board is satisfied that the interaction between BDO and Senior Executives is minimal, principally relating to provision of relevant Group information for consideration by the respective consultants. The Board is therefore satisfied that the advice received from BDO is free from undue influence from the Senior Executives to whom the remuneration recommendations apply.

The information provided by BDO was provided to the Board as inputs into decision making only. The Committee and the Board considered the information, along with other factors, in making its ultimate remuneration decisions. Total fees paid to BDO for services during the year ended 30 June 2019 were $15,675.

The KMP of the Group are listed below:

Name	Position	Period of KMP during the year
Current		
Robert McDonald	Chairman	None, appointed on 17 July 2019
Patrick Walta	Managing Director	All of financial year 2019
Nick Cernotta	Director	From 28 March 2019
Evan Cranston	Director	All of financial year 2019
Bryn Hardcastle	Director	All of financial year 2019
Peter Watson	Director	All of financial year 2019
Mark Chamberlain	Chief Financial Officer	From 7 June 2019
Barry Harris	Chief Operating Officer	All of financial year 2019
Former		
Tom Eadie	Director	Until 28 March 2019
Tolga Kumova	Director	All of financial year 2019, resigned on 17 July 2019

Executive and KMP Remuneration Framework

KMP have authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly, including directors of the Company and other key executives. KMP comprises the Directors of the Company and the senior executives for the Group that are named above in this report.

Executive and KMP remuneration is comprised of fixed and at risk components, the purpose of which is to align executive reward with shareholder outcomes, executive performance and the retention of key talent. TFR and at risk remuneration is benchmarked annually by the Board. The table below provides an overview of the different remuneration components within the Company framework.

Component	Vehicle	Purpose
Total Fixed Remuneration	Base salary, superannuation and non-cash benefits.	Pay for meeting role requirements with reference to experience and skills, size and complexity of role and proficiency.
Incentive Plan (IP)	Cash and equity based pay for delivering the plan and growth agenda for the Company which must translate into longer terms value for shareholders. It reflects 'pay for outcome based shareholder results'.	Cash and equity based pay for creating value for shareholders over the 'mid to long term' shareholder returns.

Total Fixed Remuneration

TFR is reviewed annually. Any adjustments to the TFR for the KMPs must be approved by the Board after recommendation by the Remuneration & Nomination Committee. The Executive Directors determine the TFR of other senior executives within specified guidelines approved by the Board, subject to final approval by the Remuneration & Nomination Committee.

The Group seeks to position fixed remuneration around the 50th market percentile of salaries for comparable 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. To reflect the 'pay for performance' culture, the Total Remuneration package (fixed and variable pay), reflects a median to upper quartile pay position when superior levels of performance have been met.

Performance Based Remuneration

As the Company was not in 'commercial production', and in order to limit its cash outgoings, the Board determined to minimise any short-term cash-based incentives. Whilst certain milestones were in place, the Company viewed that many of the activities undertaken in this financial year were more representative of 'every day' roles and adopted a cautious approach to any payments being made and therefore, no cash incentive payments were made to any executive in 2019. However, the Board is cognisant that the executive team could earn incentive based pay in the market and sought to provide equity instruments to those KMPs in order to offset the payment of incentives in cash. This was provided to the KMP who joined the Company in 2019 being Mark Chamberlain.

Purpose of Equity Plan in 2019

The Company issues options to Executives in accordance with the Company's Employee Share Option Plan or in accordance with shareholder approval in the case of Directors. Vesting conditions including length of service can be applied to these options. The Company views the exercise price being set at a premium to the share price at the time of issue as basis to align Executives and Directors with shareholder based performance metrics.

Other than the criteria noted above, there are no performance requirements on the incentive options granted as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered that the performance of the Directors and KMP is closely related to the performance and value of the Company and therefore appropriate for performance measurement purposes at this stage of the Company's development.

The Equity Plan for 2019 was structured as a combination of a short and mid to long term incentive plan as it contains a short and a mid to long term component:

- Short term in that the instrument vests within 12 months; and
- Mid to long term in that the the hurdle rate will likely take more than 12 months to achieve (based on the historical performance of the shares).

It is noted that the aforementioned options do not reflect the standard definition of a short and/or mid to long term incentive plan but rather is a combined plan which aims at encouraging an ownership mentality which in addition to have a retentive benefit, also aligns management interests with that of shareholders at this stage of the Company's development.

Planned Amendments to Incentive Plans for 2020

Given the ongoing developing nature of the Company the Board has decided to appoint a firm of remuneration advisors to review the Company's remuneration and incentive plans for senior executives and KMPs. The review is being undertaken to ensure appropriateness of performance conditions (over the short and long 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 take into account the strategic objectives of the Company going forward.

Further, the Company is seeking shareholder approval for the establishment of two new employee incentive schemes under which the Board may offer to eligible person the opportunity to subscribe for such number of equity securities in the Company as the Board may decide and on the terms set out in the rules of the relevant plan. Both of these plans provide eligible employees the opportunity to participate in the future growth of the Company.

The General Employee Share Plan will allow for the eligible persons to subscribe for shares that may be subject to income tax exemptions or deferral, while the Employee Share Incentive Plan is a broader plan under which the Board may offer eligible persons to subscribe for shares and/or equity securities.

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. Given the current size, nature and risks of the Company, Incentive Options have been used to attract and retain Non-Executive Directors. 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.

Principally, fees for Non-Executive Directors are not linked to the performance of the Group, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares and/or options in the Company and Non-

Executive Directors may in limited circumstances receive incentive options in order 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.

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

- Attract the right calibre of individual to ensure that the Company has a seasoned and respected Board;
- Ensure that the Non-Executive Director is committed to the Company's long term aspirations by virtue of accepting such options; and
- Preserve cash holdings in the most effective way possible.

Planned Amendments for 2020

Notwithstanding the aforementioned, and based on preliminary discussions with a firm of remuneration advisors, the remuneration structure for Non-Executive Directors will be reviewed to represent the following structure:

- Annual board fees;
- Committee fees; and
- Equity based fees (in lieu of fixed fees).

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the five years to 30 June 2019. Comparative basic losses per share differ from those in previous financial reports because they have been updated to reflect the January 2016 rights issue for the year ended 30 June 2016 and the March 2016 placements, in accordance with Australian Accounting Standards.

	2019	2018	2017	2016	2015
Loss after income tax attributable to shareholders - $	(21,502,018)	(119,021,291)	(3,785,112)	(3,722,417)	(6,530,288)
Share price at financial year end - $	0.485	1.31	0.195	0.195	0.16
Movement in share price for the year - $	(0.825)	1.115	-	0.035	(0.22)
Total dividends declared - cents	-	-	-	-	-
Returns of capital - cents	-	-	-	-	-
Basic loss per share - cents	(4.26)	(32.32)	(2.02)	(2.27)	(4.20)

Service agreements

A summary of service agreements with Executives and Key Management Personnel effective during the financial year is set out below. These details are in addition to the share options issued as share based payment compensation.

KMP	Term of agreement	Role	Base salary or fee per annum for 2019 including any superannuation(i) (Non-performance based)	Termination conditions	Proportion of elements of remuneration related to performance %
Patrick Walta	To 28 February 2020	Managing Director	$240,000	6 month notice period	-
Evan Cranston(ii)	To 20 July 2020	Executive Chairman	$180,000	6 month notice period	-
Mark Chamberlain	No specified term	Chief Financial Officer	$383,250	6 month notice period	-
Barry Harris	No specified term	Chief Operating Officer	$350,000	3 month notice period	50
Tolga Kumova (resigned during the year)	To 20 July 2020	Executive director	$50,000	3 month notice period	95

(i) Base salary quoted is the position as at 30 June 2019; salaries are reviewed at least annually.

(ii) During the period, Mr Cranston transitioned to a Non-Executive Director role and the service agreement ceased.

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Compensation of Key Management Personnel

	Short-term benefits cash salary and fees $	Post employment benefits superannuation $	Termination benefit $	Share based payments $	Total $	Proportion of remuneration performance related %
2019						
Directors						
Patrick Walta	240,000	-	-	-	240,000	-
Nick Cernotta	12,903	1,226	-	450,900	465,029	-
Evan Cranston	180,000	-	-	-	180,000	-
Bryn Hardcastle	53,135	-	-	-	53,135	-
Peter Watson	50,000	4,750	-	-	54,750	-
Tom Eadie	37,500	3,562	-	-	41,062	-
Tolga Kumova	54,750	-	-	-	54,750	-
	628,288	**9,538**	**-**	**450,900**	**1,088,726**	**-**
Other KMPs						
Mark Chamberlain	19,445	1,847	-	3,247	24,539	-
Barry Harris	416,190	20,532	-	-	436,722	-
	435,635	**22,379**	**-**	**3,247**	**461,261**	**-**
Total	**1,063,923**	**31,917**	**-**	**454,147**	**1,549,987**	**-**
2018						
Directors						
Patrick Walta	220,000	-	-	-	220,000	-
Evan Cranston	172,032	-	-	-	172,032	-
Tom Eadie	47,372	4,500	-	240,700	292,572	82
Bryn Hardcastle	53,134	-	-	192,560	245,694	78
Tolga Kumova	47,706	-	-	1,428,525	1,476,231	97
Peter Watson	22,372	2,125	-	-	24,497	-
	562,616	**6,625**	**-**	**1,861,785**	**2,431,026**	**77**
Other KMPs						
John Carr	180,000	-	-	-	180,000	-
Barry Harris	167,597	14,250	-	180,450	362,297	50
Oonagh Malone	35,694	-	-	144,420	180,114	80
	383,291	**14,250**	**-**	**324,870**	**722,411**	**45**
Total	**945,907**	**20,875**	**-**	**2,186,655**	**3,153,437**	**69**

Movements in annual leave and current long service leave provisions for KMP have been recognised as short-term cash benefits.

Nick Cernotta became a KMP from 28 March 2019.

Mark Chamberlain became a KMP from 7 June 2019.

John Carr and Oonagh Malone were KMP during the prior 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 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.

Share based payment compensations

No shares were issued to KMPs of the Group as part of their remuneration.

Details of options over ordinary shares in the Company provided as remuneration to KMPs are set out below. When exercised, each option is convertible into one ordinary share of New Century Resources Limited. These options were granted with nil additional consideration. No options issued to current or previous KMPs expired or lapsed during the financial year.

KMP	Grant date	Number granted	Exercise price $	Value per option $	Value of options granted $	Value of options recognised $	Issue date	Expiry date
Nick Cernotta	28/03/2019	1,000,000	1.20	0.2493	249,300	249,300	28/03/2019	28/03/2022
Nick Cernotta	28/03/2019	1,000,000	1.50	0.2016	201,600	201,600	28/03/2019	28/03/2022
Mark Chamberlain	06/06/2019	250,000	0.95	0.2008	50,200	3,247	06/06/2019	06/06/2022
Total		**2,250,000**			**501,100**	**454,147**		

The vesting date for the options granted to Nick Cernotta is 28 March 2019 and the vesting date for options granted to Mark Chamberlain is 11 June 2020.

The assessed fair value at grant date of options 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 above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, 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 23 to the Financial Statements.

Details of all options held by KMP, at the date of this report, are shown below.

KMP	Issue date	Number granted	Value of options granted $	Vesting date	Expiry date	Vested %
Directors						
Patrick Walta	13/07/2017	7,000,000	576,730	13/07/2017	13/07/2022	100
Patrick Walta	27/02/2018	5,500,000	6,501,000	27/02/2018	27/02/2021	100
Patrick Walta	27/02/2018	1,500,000	1,545,000	27/02/2018	27/02/2021	100
Patrick Walta	27/02/2018	875,000	799,750	27/02/2018	27/02/2021	100
Patrick Walta	27/02/2018	875,000	718,375	27/02/2018	27/02/2021	100
Nick Cernotta	28/03/2019	1,000,000	249,300	28/03/2019	28/03/2022	100
Nick Cernotta	28/03/2019	1,000,000	201,600	28/03/2019	28/03/2022	100
Evan Cranston	27/02/2018	5,500,000	6,501,000	27/02/2018	27/02/2021	100
Evan Cranston	27/02/2018	1,500,000	1,545,000	27/02/2018	27/02/2021	100
Evan Cranston	27/02/2018	875,000	799,750	27/02/2018	27/02/2021	100
Evan Cranston	27/02/2018	875,000	718,375	27/02/2018	27/02/2021	100
Bryn Hardcastle	13/07/2017	2,000,000	119,660	13/07/2017	13/07/2020	100
Bryn Hardcastle	13/07/2017	2,000,000	72,900	13/07/2017	13/07/2020	100
Robert McDonald	18/09/2019	1,000,000	126,700	18/09/2019	18/09/2019	100
Robert McDonald	18/09/2019	1,000,000	109,200	18/09/2019	18/09/2019	100
		32,500,000	**20,584,300**			
Other KMPs						
Mark Chamberlain	06/06/2019	250,000	50,200	11/06/2020	06/06/2022	-
Barry Harris	13/07/2017	3,000,000	180,450	13/07/2017	13/07/2020	100
		3,250,000	**230,650**			
Total		**35,750,000**	**20,814,990**			

Option holdings of Key Management Personnel

The number of options over ordinary shares of New Century Resources Limited held by each KMP of the Group during the financial year is as follows:

KMP	Balance at beginning of year or appointment	Granted as remuneration during the year	Options exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable
Current							
Directors							
Patrick Walta	15,750,000	-	-	-	15,750,000	-	15,750,000
Nick Cernotta	2,000,000	2,000,000	-	-	2,000,000	2,000,000	2,000,000
Evan Cranston	8,750,000	-	-	-	8,750,000	-	8,750,000
Bryn Hardcastle	4,000,000		-	-	4,000,000	-	4,000,000
Peter Watson	-	-	-	-	-	-	-
	30,500,000	**2,000,000**	**-**	**-**	**30,500,000**	**2,000,000**	**30,500,000**
Other KMPs							
Mark Chamberlain	250,000	250,000	-	-	250,000	-	-
Barry Harris	3,000,000	-	-	-	3,000,000	-	3,000,000
	3,250,000	**250,000**	**-**	**-**	**3,250,000**	**-**	**3,000,000**
Former							
Tom Eadie	5,000,000	-	-	-	5,000,000	-	5,000,000
Tolga Kumova	30,000,000	-	-	-	30,000,000	-	30,000,000
	35,000,000	**-**	**-**	**-**	**35,000,000**	**-**	**35,000,000**
Total	**68,750,000**	**2,250,000**	**-**	**-**	**68,750,000**	**2,000,000**	**68,500,000**

Shareholdings of Key Management Personnel

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

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 resignation
Current					
Directors					
Patrick Walta	32,000,000	-	-	43,000	32,043,000
Nick Cernotta	-	-	-	41,625	41,625
Evan Cranston	31,500,000	-	-	100,000	31,600,000
Bryn Hardcastle	1,113,334	-	-	100,000	1,213,334
Peter Watson	39,370	-	-	53,950	93,320
	64,652,704	**-**	**-**	**338,575**	**64,991,279**
Other KMPs					
Mark Chamberlain	-	-	-	-	-
Barry Harris	1,235,000	-	-	-	1,235,000
	1,235,000	**-**	**-**	**-**	**1,235,000**
Former					
Tom Eadie	2,000,000	-	-	-	2,000,000
Tolga Kumova	17,916,666	-	-	-	17,916,666
	19,916,666	**-**	**-**	-	**19,916,666**
Total	**85,804,370**	**-**	**-**	**338,575**	**86,142,945**

End of audited remuneration report

Indemnifying officers or auditor

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 of director 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 2019, 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 year by the auditor are outlined in Note 26 to the Financial Statements. The directors are of the opinion that the services as disclosed in Note 26 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 the Mining Laws 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.

Auditor's independence declaration

The lead auditor's independence declaration for the financial year ended 30 June 2019 has been received and can be found on the following page.

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

Robert McDonald
Chairman

30 September 2019

Deloitte.

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

30 September 2019

Dear Board Members

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 2019, 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

DELOITTE TOUCHE TOHMATSU

Vlahovic

Suzana Vlahovic
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019	Note	2019 $	2018 $
Other income	4	**837,527**	**1,854,976**
Depreciation and amortisation expense	11	(261,604)	(25,701)
Exploration and evaluation expenditure	4	(1,901,570)	(12,041,913)
Employee benefits – share based payments		(454,147)	(3,224,270)
Employee benefits – other	4	(2,317,374)	(1,980,801)
Professional expenses	4	(3,561,154)	(1,527,631)
Foreign exchange losses		(1,045,910)	(1,868)
Increase in rehabilitation provision	16	-	(21,763,731)
Finance income	4	374,297	7,366,665
Finance costs	4	(9,817,294)	(2,622,646)
Loss on acquisition classified as exploration expenditure	31	-	(70,092,066)
Impairment loss	30	-	(18,153,406)
Other expenses	4	(3,354,789)	(1,098,373)
Loss before income tax expense		**(21,502,018)**	**(123,310,765)**
Income tax expense	5	**-**	**-**
Loss for the year		**(21,502,018)**	**(123,310,765)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translation of foreign controlled entities, net of tax		(49,239)	673,009
Other comprehensive (loss)/ income for the year		**(49,239)**	**673,009**
Total comprehensive loss for the year		**(21,551,257)**	**(122,637,756)**
Loss for the year attributable to:			
Members of the parent entity		(21,502,018)	(119,021,291)
Non-controlling interests		-	(4,289,474)
		(21,502,018)	**(123,310,765)**
Total comprehensive loss for the year attributable to:			
Members of the parent entity		(21,551,257)	(118,348,282)
Non-controlling interests		-	(4,289,474)
		(21,551,257)	**(122,637,756)**

Loss per share		Cents	Cents
Basic and diluted loss per share	24	(4.26)	(32.32)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	6	34,282,769	46,249,135
Trade and other receivables	7	8,668,896	2,881,331
Inventories	8	7,903,782	-
Financial assets	9	5,750,000	17,250,000
Other current assets	10	7,945,067	1,327,400
Total current assets		**64,550,514**	**67,707,866**
Non-current assets			
Property, plant and equipment	11	233,133,258	60,412,157
Deferred exploration, evaluation and development expenditure – Kodiak Project	12	-	-
Other financial assets	9	13,166,698	3,167,752
Total non-current assets		**246,299,956**	**63,579,909**
TOTAL ASSETS		**310,850,470**	**131,287,775**
Current liabilities			
Trade and other payables	13	77,879,468	23,013,820
Employee provisions	16	1,269,054	678,548
Borrowings	14	14,076,069	-
Financial liability at fair value through profit or loss	15	1,233,331	-
Total current liabilities		**94,457,922**	**23,692,368**
Non-current liabilities			
Mine restoration provisions	16	200,828,797	117,297,685
Borrowings	14	40,024,281	-
Financial liability at fair value through profit or loss	15	5,903,918	-
Total non-current liabilities		**246,756,996**	**117,297,685**
TOTAL LIABILITIES		**341,214,918**	**140,990,053**
NET LIABILITIES		**(30,364,448)**	**(9,702,278)**
Equity			
Issued capital	17	312,052,963	311,618,023
Reserves	18	4,096,678	4,145,917
Accumulated losses		(346,514,089)	(325,466,218)
TOTAL EQUITY		**(30,364,448)**	**(9,702,278)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019	Ordinary shares $	Accumulated losses $	Foreign currency translation reserve $	Share based payments reserve $	Non-controlling interest $	Total $
Balance at 1 July 2018	**311,618,023**	**(325,466,218)**	**4,145,917**	**-**	**-**	**(9,702,278)**
Comprehensive income						
Loss for the year	-	(21,502,018)	-	-	-	(21,502,018)
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	(49,239)	-	-	(49,239)
Total comprehensive loss for the year	**-**	**(21,502,018)**	**(49,239)**	**-**	**-**	**(21,551,257)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares	440,000	-	-	-	**-**	**440,000**
Share based payment – Note 23	-	454,147	-	-	**-**	**454,147**
Costs arising from issues	(5,060)	-	-		**-**	**(5,060)**
Balance at 30 June 2019	**312,052,963**	**(346,514,089)**	**4,096,678**	**-**	**-**	**(30,364,448)**

The accompanying notes form part of these financial statements.

2018	Ordinary shares $	Accumulated losses $	Foreign currency translation reserve $	Share based payments reserve $	Non-controlling interest $	Total $
Balance at 1 July 2017	**32,259,433**	**(36,312,507)**	**3,472,908**	**3,196,536**	**-**	**2,616,370**
Comprehensive income						
Loss for the year	-	(119,021,291)	-	-	(4,289,474)	**(123,310,765)**
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	673,009	-	-	**673,009**
Total comprehensive loss for the year	**-**	**(119,021,291)**	**673,009**	**-**	**(4,289,474)**	**(122,637,756)**
Transactions with owners, in their capacity as owners, and other transfers						
Transfer of opening option reserve to accumulated losses	-	3,196,536	-	(3,196,536)	-	**-**
Transfer of equity component of convertible notes to accumulated losses	(404,548)	404,548	-	-	-	**-**
Issue of shares	114,505,108	-	-	-	-	**114,505,108**
Share based payment	-	3,224,270	-	-	-	**3,224,270**
Issue of options for acquisition	-	2,471,700	-	-	-	**2,471,700**
Shares to be issued from prior year	(5,089,834)	-	-	-	-	**(5,089,834)**
Acquisition of non-controlling interest	175,140,000	(179,429,474)	-	-	4,289,474	**-**
Costs arising from issues	(4,792,136)	-	-	-	-	**(4,792,136)**
Balance at 30 June 2018	**311,618,023**	**(325,466,218)**	**4,145,917**	**-**	**-**	**(9,702,278)**

With effect from 1 July 2018, a change in presentation was adopted to recognise adjustments for share-based payment transactions in the accumulated losses section of equity, rather than in the share based payments reserve. Accordingly, the balance in the share based reserve was transferred to accumulated losses, a component of equity.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2019	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(5,894,155)	(7,446,561)
Interest received		374,297	569,188
Financing expenses paid		(595,504)	(1,950,203)
Payments for exploration and evaluation expenditure		(1,901,570)	(12,041,913)
Other income		-	345,128
Net cash (outflow) from operating activities	25	**(8,016,932)**	**(20,524,361)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts during development phase classified as investing activity		146,918,916	-
Payments for property, plant and equipment		(209,404,649)	(36,505,249)
Payments for borrowing costs capitalised		(4,525,914)	(2,586,715)
Payments for security guarantees		(9,998,946)	(1,818,091)
Payments for mining lease interests		-	(263,124)
Refund of bonds		-	33,105
Cash acquired on acquisition of subsidiaries		-	4,732,628
Proceeds on disposal of property, plant and equipment		729,204	1,555,817
Net cash (outflow) from investing activities		**(76,281,389)**	**(34,851,629)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Varde borrowings		60,397,015	-
Proceeds from NAB borrowings		11,438,424	-
Repayment of NAB borrowings		(11,438,424)	-
Proceeds from share issues		440,000	95,062,493
Payments for share issue costs		(5,060)	(4,792,136)
Proceeds from MMG funding support		11,500,000	5,750,000
Net cash inflow from financing activities		**72,331,955**	**96,020,357**
Net (decrease)/increase in cash and cash equivalents		(11,966,366)	40,644,367
Cash and cash equivalents at the beginning of the financial year		46,249,135	5,606,108
Exchange difference on cash and cash equivalents		-	(1,340)
Cash and cash equivalents at the end of the financial year	6	**34,282,769**	**46,249,135**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The consolidated 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 30 September 2019.

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.

(a) Going concern

This report has 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.

The primary activity of the Group during the year has been the continuation of the development and commissioning of the Century Project. Given the Century Project is currently in development and commissioning phase, no revenue is being recognised in the consolidated statement of profit or loss and other comprehensive income. The Group incurred a net loss of $21,502,018 (2018: $123,310,765) during the year.

As at 30 June 2019, the Group had a net current assets deficiency of $29,907,408 (30 June 2018: net current assets of $44,015,498) and net assets deficiency of $30,364,448 (30 June 2018: $9,702,278).

The Directors of the Company note the following considerations relevant to the Group's ability to continue as a going concern:

- as at 30 June 2019, total available cash and cash equivalents of $34,282,769 are held by the Group.
- equity raising subsequent to year end in September 2019 as set out in Note 33 to the Financial Statements.
- cash flow forecasts show that the Group will generate sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

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 consolidated financial statements on a going concern basis.

(b) Principles of consolidation

The consolidated 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 20.

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.

(c) 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 charged to profit or loss 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 charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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 periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) 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 consolidated 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 profit or loss, 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 profit or loss.

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 reporting period;
- income and expenses are translated at average exchange rates for the period; 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 profit or loss in the period in which the operation is disposed of.

(e) 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.

(f) 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 profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors 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 is 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 period 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. Depreciation on this will commence when the Century Mine starts commercial production, which will be on the units of production basis over the life of the mine. All other assets are depreciated on a straight-line basis.

Mining Plant and Equipment relates mainly to the Kodiak Mine. This mine was fully impaired in previous financial year and is currently under care and maintenance and therefore no depreciation applies.

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.

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the statement of profit or loss 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 (as part of property, plant and equipment) 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 the 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.

(h) 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.

(i) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) 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. The expected life used in the model 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.

(k) 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.

(l) 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.

(m) 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 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 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 to accumulated losses. 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 with the assumptions detailed in Note 23 to the Financial Statements.

(n) 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 profit or loss. 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 profit or loss.

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.

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 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:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) 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 paragraph 18 of AASB 3, these initial measurements have formed the costs of the assets acquired and liabilities assumed for the purpose of other accounting standards.

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 FVTOCI, lease receivables, trade 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 trade 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 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 profit or loss.

(o) Parent entity financial information

The financial information for the parent entity, New Century Resources Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated 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.

(p) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of the lease term or estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(q) New and amended accounting policies adopted by the Group

The accounting policies applied by the Group in the consolidated financial statements are consistent with those applied by the Group in the previous financial year, except for the adoption of new standards and interpretations effective as of 1 July 2018.

- *AASB 9: Financial Instruments and associated Amending Standards*

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. The Group has applied the AASB 9 changes prospectively from the date of initial application. AASB 9 includes a single approach for the classification and measurement of financial assets, based on cash flow characteristics and the business model used for the management of the financial instruments. The standard introduces changes to three key areas:

- New requirements for the classification and measurement of financial instruments. There were no material changes to the classification and measurement of the Group’s financial instruments.

- A new impairment model based on expected credit losses for recognising provisions, which has replaced the incurred loss model used in AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Given the Century Mine has not been commissioned, credit risk has no material impact on the Group.

- Simplified hedge accounting through closer alignment with an entity’s risk management methodology, to align the accounting treatment with the risk management objective and strategy of the business. There are no hedge accounting transactions for the Group and therefore this change has had no impact on the Group.

The adoption of AASB 9 has not had a material impact on the Group’s financial statements.

- *AASB 15: Revenue from Contracts with Customers and associated Amending Standards*

AASB 15 *Revenue from Contracts with Customers* supersedes AASB 118 *Revenue* and related Interpretations. AASB 15 applies to all revenue arising from contracts with customers unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15 the revenue recognition model changed from one based on the transfer of risk and reward of ownership to the transfer of control of ownership. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted AASB 15 from 1 July 2018 and elected to apply the modified retrospective method of adoption. This transition method requires the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of accumulated losses from the date of initial application. In accordance with the modified retrospective method, comparative figures are not restated and continue to be presented under AASB 118.

Given the Century Mine has not been commissioned, the adoption of the new standard did not have any financial impact on the Group during the financial year.

(r) New accounting standards for application in future periods

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 periods, are discussed below:

- *AASB 16 Leases (applicable from 1 July 2019 for the Group)*

AASB 16 *Leases* supersedes the existing accounting standard, AASB 117 *Leases*. It has an effective date for the Group of 1 July 2019. The Group will adopt the new standard on the required effective date.

AASB 16 introduces a single lessee accounting model, requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The Group is party to contracts for leases of property, plant and equipment; including but not limited to office premises and contractor-provided equipment. Adoption of the new lease standard will result in lower operating costs and higher finance and depreciation costs as the accounting profile of the lease payments changes under the new model. The statement of financial position will also be impacted, with an increase to both non-current assets (right-of-use assets) and liabilities (lease liabilities). Cash flows from operating activities will increase as affected lease payments will be now be classified as financing cashflows. Conversely, cash flows from financing activities will decrease for the same reason.

The Group has progressed its implementation of the new lease standard. During the year it conducted ongoing reviews of its lease population for the application of AASB 16 and developed systems to manage lease data capture and reporting. Implementation of the project will continue into the first half of the 2020 financial year.

The Group will use the modified retrospective method of adoption on transition. It expects to utilise the practical expedient available under the standard for short-term leases, low value leases and leases expiring within 12 months of transition date. The Group will use a single discount rate to a portfolio of leases with reasonably similar characteristics.

Based on the analysis performed to date, the Group expects the impact of AASB 16 on the date of adoption (1 July 2019) will result in the recognition of additional right of use assets and lease liabilities of approximately $45,000,000. The cumulative effect on accumulated losses will be immaterial.

- *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 years have not been included above as they are not expected to have a material impact on the consolidated financial statements.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(t) Inventories

Inventories are made up of spare parts and consumables. They are valued at the lower of cost and net realisable value.

(u) 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.

(v) Derivatives

Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of any derivative instrument are recognised in the income statement. Fair values for derivative instruments are determined using valuation techniques, 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.

(w) 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 the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(x) 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 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.

(y) Reclassification

Some amounts in the comparative year have been reclassified to conform to the current 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(a), 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

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 assesses the stage of the mine under construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the status of commissioning are based on the unique characteristics of each project. Some of the criteria used to identify the status of commissioning include, but are not limited to completion of a reasonable period of testing of the mine plant and equipment, the ability to produce metal in saleable form (within specifications) and the ability to sustain ongoing production of metal.

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.

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 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.

Note 3. Operating segments

Description of 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) and United States of America (which constitutes the Kodiak Project).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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.

Intersegment transactions

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

Segment information

	Australia	United States of America	Total	Australia	United States of America	Total
	2019	2019	2019	2018	2018	2018
	$	$	$	$	$	$
Segment result						
Loss after income tax	(19,917,902)	(1,584,116)	**(21,502,018)**	(104,550,872)	(18,759,893)	**(123,310,765)**
Assets						
Segment non-current assets	245,471,586	828,370	**246,299,956**	62,801,036	778,873	**63,579,909**
Segment total assets	310,006,568	843,902	**310,850,470**	130,328,026	959,749	**131,287,775**
Liabilities						
Segment liabilities	(339,679,855)	(1,535,063)	**(341,214,918)**	(139,124,401)	(1,865,652)	**(140,990,053)**
Other						
Depreciation and amortisation expense	(261,604)	-	**(261,604)**	(19,125)	(6,576)	**(25,701)**
Exploration and evaluation expenditure	(695,618)	(1,205,952)	**(1,901,570)**	(11,451,665)	(590,248)	**(12,041,913)**
Employee benefits – other	(2,317,374)	-	**(2,317,374)**	(1,980,801)	-	**(1,980,801)**
Professional expenses	(3,182,555)	(378,599)	**(3,561,154)**	(1,523,413)	(4,218)	**(1,527,631)**
Finance income	367,838	6,459	**374,297**	7,366,665	-	**7,366,665**
Finance costs	(9,817,274)	-	**(9,817,294)**	(2,622,505)	(141)	**(2,622,646)**
Impairment loss	-	-	**-**	-	(18,153,406)	**(18,153,406)**
Other expenses	(3,348,764)	(6,025)	**(3,354,789)**	(1,093,068)	(5,305)	**(1,098,373)**

Note 4. Loss before income tax

	2019 $	2018 $
Other income		
Gain on sale of property, plant and equipment	729,204	1,410,837
Other income	108,323	444,139
Total	**837,527**	**1,854,976**
Loss before income tax includes the following expenses		
Exploration and evaluation expenditure		
Kodiak Project costs	(1,205,952)	(590,248)
Century Project costs	(695,618)	(11,451,665)
	(1,901,570)	**(12,041,913)**

Exploration and evaluation costs for the Century Project have been expensed until the technical and commercial viability of the project was finalised. All eligible expenditure during the construction phase has been capitalised as Property, Plant and Equipment.

	2019 $	2018 $
Employee benefit expenses		
Wages and salaries including director fees	(2,317,374)	(1,954,457)
Other employment expenses	-	(26,344)
	(2,317,374)	**(1,980,801)**
Professional expenses		
Legal fees	(1,659,214)	(1,232,963)
Other professional expenses	(1,901,940)	(294,668)
	(3,561,154)	**(1,527,631)**
Finance income		
Interest received	374,297	569,188
Interest reversed on convertible notes	-	4,292,334
Discount unwind relating to MMG support fee	-	2,505,143
	374,297	**7,366,665**
Finance costs		
Unwind of discount relating to mine restoration provisions – Note 16	(9,221,790)	-
Borrowing costs	(595,504)	(2,622,646)
	(9,817,294)	**(2,622,646)**

	2019 $	2018 $
Other expenses		
Century Project acquisition costs	-	(149,600)
Share registry expenses	(13,156)	(63,440)
Rent expenses	(311,598)	(155,649)
Travel expenses	(150,129)	(230,558)
Administrative expenses	(2,879,906)	(499,126)
	(3,354,789)	**(1,098,373)**

Note 5. Income tax benefit

Numerical reconciliation of income tax benefit to prima facie tax payable

	2019	2018
Loss from operations before income tax expense	21,502,018	123,310,765
Tax at the Australian tax rate of 30% (2018: 30%)	(6,450,605)	(36,993,230)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of different tax rate of overseas subsidiaries	39,517	(60,649)
Share based payments	136,244	967,281
Interest on convertible notes	-	(1,287,700)
Write off of receivable	-	2,677,170
Loss on acquisition classified as exploration expenditure	-	21,027,620
Accretion in rehabilitation provision	-	6,529,119
Impairment loss	-	5,446,022
Income tax benefits not recognised	6,248,432	1,688,469
Other	26,412	5,898
Income tax benefit	**-**	**-**

Unrecognised deferred tax assets – tax losses

	2019	2018
Gross tax losses Australia and USA	102,890,501	33,050,743
Tax benefit not recognised Australia	23,990,891	3,509,597
Tax benefit not recognised USA	6,802,175	8,540,835
Total tax benefit not recognised	**30,793,066**	**12,050,432**

Unrecognised temporary differences

	2019	2018
Total timing differences not recognised	**75,642,349**	**96,868,764**

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:

(1) 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;

(2) the Group continues to comply with the conditions for deductibility imposed by tax legislation; and

(3) 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 2018: Nil).

Note 6. Cash and cash equivalents

	2019 $	2018 $
Cash on hand	15	15
Cash at bank	34,282,754	16,749,120
Cash on deposit	-	29,500,000
	34,282,769	**46,249,135**

The effective interest rate on cash on deposit is disclosed in note 29.

Amount of cash and cash equivalents held as USD was US$4,844,886 (2018: US$82,574) at balance date.

Note 7. Trade and other receivables

GST receivable	1,344,308	2,539,424
Other receivables	7,324,588	341,907
	8,668,896	**2,881,331**

Other receivables comprise mainly outstanding invoice amounts of shipment during the development phase. The credit loss is not significant on the other receivables

Note 8. Inventories

Consumables and spare parts – at cost	**7,903,782**	**-**

Consumables inventory were acquired during the year.

Note 9. Financial assets

	2019 $	2018 $
Current		
MMG funding support payment receivable	**5,750,000**	**17,250,000**

MMG agreed to pay a series of funding support payments for a total of $34,500,000 to support rehabilitation of the Century Project. The balance at 30 June 2019 represents the remaining payment which has been valued at the amount receivable. Subsequent to financial year end, the final payment of $5,750,000 was received in July 2019.

Non-current		
Deposits held as security guarantees	**13,166,698**	**3,167,752**

Term deposits held as security guarantees are for the benefit of other parties in guarantee of liabilities. They are interest bearing with the interest rate dependent on the term of the deposits. They are valued at the face value of the term deposits.

Note 10. Other current assets

Prepayments	7,945,067	840,405
Other	-	486,995
Total	**7,945,067**	**1,327,400**

Note 11. Property, plant and equipment

	Land and buildings $	Mining plant and equipment $	Capital work in progress $	Total $
At 30 June 2019				
At cost	2,171,694	15,050,038	230,492,433	247,714,165
Accumulated depreciation	-	(14,580,907)	-	(14,580,907)
	2,171,694	**469,131**	**230,492,433**	**233,133,258**
Movements in carrying value				
Year ended 30 June 2019				
Balance 1 July 2018	2,171,694	384,073	57,856,390	60,412,157
Additions	-	346,662	287,850,870	288,197,532
Disposals	-	-	-	-
Exchange differences	-	-	-	-
Depreciation expense for the year	-	(261,604)	-	(261,604)
Proceeds from sale in development phase	-	-	(115,214,827)	(115,214,827)
Balance at 30 June 2019	**2,171,694**	**469,131**	**230,492,433**	**233,133,258**
At 30 June 2018				
At cost	2,171,694	14,848,356	57,856,390	74,876,440
Accumulated depreciation	-	(14,464,283)	-	(14,464,283)
	2,171,694	**384,073**	**57,856,390**	**60,412,157**
Movements in carrying value				
Year ended 30 June 2018				
Balance 1 July 2017	454,368	13,376,737	-	13,831,105
Acquisition of subsidiaries	1,800,000	-	-	1,800,000
Additions	-	970,291	57,856,390	58,826,681
Disposals	(82,674)	-	-	(82,674)
Exchange differences	-	430,930	-	430,930
Depreciation expense for the year	-	(25,701)	-	(25,701)
Impairment loss – refer Note 30	-	(14,368,184)	-	(14,368,184)
Balance at 30 June 2018	**2,171,694**	**384,073**	**57,856,390**	**60,412,157**

The depreciation expense relates mainly to the property, plant and equipment at the Group corporate office.

Any proceeds during development phase has been offset against the property, plant and equipment in accordance with the Group's accounting policy. Proceeds against which shipment had not been made by 30 June 2019 has been treated as deferred proceeds as described in Note 13 to the financial statements.

Borrowing costs capitalised during the year was $4,525,914 (30 June 2018: $2,586,715).

Note 12. Deferred exploration and development expenditure – Kodiak Project

	2019 $	2018 $
Opening balance	-	3,287,297
Additions during the year	-	347,051
Exchange differences	-	150,874
Impairment loss	-	(3,785,222)
Total	**-**	**-**

The deferred exploration and development expenditure relates to the Kodiak Project. The ultimate recoupment of the deferred exploration and development expenditure is dependent upon the successful development and commercial exploration or alternatively the sale of respective areas of interest. An impairment loss was recognised in the previous financial year – refer to Note 30 to the Financial Statements.

Note 13. Trade and other payables

Current unsecured liabilities

Trade payables	29,773,346	20,738,060
Amounts payable to director related party	441,721	137,303
Other payables and accrued expenses	15,960,312	2,138,457
Deferred proceeds	31,704,089	-
Total	**77,879,468**	**23,013,820**

At reporting date, it was not yet certain when commissioning will take place and therefore proceeds against which shipment had not been made by 30 June 2019 has been treated as deferred proceeds. Refer to Note 11 to the Financial Statements.

Note 14. Borrowings

	2019 $	2018 $
Secured - current		
Borrowings	14,076,069	-
Secured – non-current		
Borrowings	40,024,281	-
Total borrowings at 30 June	**54,100,350**	**-**

On 18 February 2019, the Group secured a new financing facility with Varde. This comprises a secured Senior facility of US$42,900,000 (A$61,237,599 at 30 June 2019 exchange rate) which has been drawn down and an unsecured Junior facility of US$28,600,000 (A$40,825,066 at 30 June 2019 exchange rate) which was subject to conditions precedent before draw down. Prior to the end of September 2019, Varde advised that the availability of this unsecured facility has expired. Discussion in relation to a US$28,600,000 facility are continuing with Varde. The borrowings attract interest at 8 percent per annum and are repayable by scheduled payments over a period of 12 to 30 months after the utilisation date. The Varde facility also includes payments based on silver production which is capped at US$5,000,000 (A$7,137,249 at 30 June 2019 exchange rate). This has been recognised as a financial liability at fair through profit or loss as disclosed Note 15 to the Financial Statements.

On 31 October 2018, the Group obtained a financing facility from the National Australia Bank of $20,000,000 which constituted cash advances of $11,438,424 and $8,561,576 utilised as bank guarantees. On 22 February 2019, the Group settled the National Australia Bank facility.

Note 15. Financial liability at fair value through profit or loss

Current	1,233,331	-
Non-current	5,903,918	-
Balance at 30 June	**7,137,249**	**-**

The financial liability at fair value through profit or loss represent the fair value of payments to be made under the Varde Senior loan facility which is dependent on forecast silver production. The payment is capped at US$5,000,000 which equates to A$7,137,249 at the 30 June 2019 exchange rate.

Note 16. Provisions

	2019 $	2018 $
Provision for employee entitlements - current		
Balance at 1 July	678,548	-
Movement for the year	590,506	678,548
Balance at 30 June	**1,269,054**	**678,548**
Provision for mine site restoration – non-current		
Balance at 1 July	117,297,685	739,531
Provision for mine site restoration on acquisition of subsidiaries	-	94,764,306
Increase in provision	-	21,763,731
Impact of change in discount rate	74,266,969	-
Interest unwind	9,221,790	-
Exchange differences	42,353	30,117
Balance at 30 June	**200,828,797**	**117,297,685**

The Group has provisions for mine site restoration associated with the Century Mine in Queensland and the Kodiak Project in Alabama. Movements in balances for the separate areas are as follows:

Century Mine		
Balance at 1 July	116,528,037	-
Provision for mine site restoration on acquisition of subsidiaries	-	94,764,306
Increase in provision	-	21,763,731
Impact of change in discount rate	74,266,969	-
Interest unwind	9,221,790	-
Balance at 30 June	**200,016,796**	**116,528,037**
Kodiak Project		
Balance at 1 July	769,648	739,531
Exchange differences	42,353	30,117
Balance at 30 June	**812,001**	**769,648**

The impact of change in discount rate of $74,266,969 relates to a change in estimate of the discount rate as at 30 June 2019, with the corresponding amount recognised in Property plant and equipment in accordance with the Group's accounting policy.

The provision for the mine site restoration on acquisition of subsidiaries of $94,764,306 in the prior year was measured at its fair value. The increase in provision of $21,763,731 in the prior year includes interest unwind for the prior year.

All rehabilitation will be carried out at the end of life of the Group's mining operations.

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

Note 17. Issued capital

	2019 $	2018 $
505,732,048 (2018: 503,972,048) fully paid ordinary shares	**312,052,963**	**311,618,023**

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.

Issue of ordinary shares and other equity instruments during the year

	2019		2018	
	Number of shares	$	Number of shares	$
Opening balance	503,972,048	311,618,023	189,852,519	32,259,433
Funds received to 30 June 2017 for shares issued in July 2017	-	-	-	(5,089,834)
Shares issued 13 July 2017 @ $0.15 from public offer	-	-	34,333,333	5,150,000
Shares issued 13 July 2017 at $0.20 on conversion of convertible notes	-	-	71,538,898	14,307,780
Shares issued 13 November 2017 at $1.20 under sophisticated investor placement	-	-	44,058,703	52,870,444
Shares issued 13 November 2017 at $0.25 on conversion of share options	-	-	1,100,000	275,000
Shares issued 13 November 2017 at agreed value of $0.15 in payment for services	-	-	300,000	45,000
Shares issued 14 November 2017 at $1.20 under cleansing prospectus	-	-	10	12
Shares issued 27 February 2018 at market value of $1.39 for non-controlling interest acquisition	-	-	126,000,000	175,140,000
Shares issued 12 April 2018 at $0.25 on conversion of share options	-	-	500,000	125,000
Shares issued 8 May 2018 at $1.15 under sophisticated investor placement	-	-	36,288,585	41,731,872
Transfer of equity component of convertible notes to accumulated losses on conversion of notes	-	-	-	(404,548)
Shares issued 21 February 2019 at $0.25 on conversion of share options	1,260,000	315,000	-	-
Shares issued 22 May 2019 at $0.25 on conversion of share options	500,000	125,000	-	-
Costs arising from issue of shares	-	(5,060)	-	(4,792,136)
	505,732,048	**312,052,963**	**503,972,048**	**311,618,023**

Options over ordinary shares

As at 30 June 2019, there were 115,390,000 (2018: 114,900,000) unquoted options over ordinary shares in the Company. The fair value of unquoted options granted for nil cash consideration during the financial year ended 30 June 2019 was $501,100 (2018: $43,952,470). 1,760,000 (2018: 1,600,000) unquoted employee options with an exercise price of $0.25 (2018: $0.25) each were converted during the financial year as disclosed above.

As at 30 June 2019, there were no (2018: nil) quoted options over ordinary shares in the Company.

Each option entitled 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 23.

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 year.

Note 18. Reserves

Historically, the Group has recognised accounting adjustments for share-based payment transactions in a Share Based Payments reserve. From 1 January 2018, a change in presentation was adopted to recognise adjustments in the accumulated losses section of equity, rather than in the Share Based Payments reserve. Accordingly, the balance in the Share Based Payments reserve was transferred to accumulated losses, a component of equity on 1 July 2017.

Note 19. Parent entity

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

Statement of financial position

	2019 $	2018 $
Assets		
Current assets	1,225,141	46,111,855
Non-current assets	40,422,137	262,719
Total assets	**41,647,278**	**46,374,574**
Liabilities		
Current liabilities	1,176,041	304,249
Non-current liabilities	-	-
Total liabilities	**1,176,041**	**304,249**
Net assets	**40,471,237**	**46,070,325**
Equity		
Issued capital	312,406,511	311,971,571
Reserves	-	-
Accumulated losses	(271,935,274)	(265,901,246)
Total equity	**40,471,237**	**46,070,325**
Statement of profit or loss and comprehensive income		
Total loss	(6,488,175)	(281,286,577)
Total comprehensive loss	**(6,488,175)**	**(281,286,577)**

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 2019 based on the expected positive cash flows of Century Mining Limited.

Guarantees

There are no guarantees entered into by the parent entity in the financial years ended 30 June 2019 and 30 June 2018 in relation to the debt of a subsidiary.

Contingent liabilities and Commitments

Refer to Note 27 for Contingent liabilities and Note 28 for Commitments.

Note 20. Controlled entities

Information about principal subsidiaries

Set out below are the Group's subsidiaries at 30 June 2019. 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.

Name of Subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		2019	2018	2019	2018
Attila Resources US Pty Ltd	Australia	100%	100%	-	-
Attila Resources Holding US Ltd	United States of America	100%*	100%*	-	-
Attila Resources US LLC	United States of America	70%*	70%*	30%*	30%*
Kodiak Mining Company LLC	United States of America	70%*	70%*	30%*	30%*
Century Bull Pty Ltd	Australia	100%	100%	-	-
Century Mining Rehabilitation Pty Ltd (CMRP)	Australia	100%	100%	-	-
Century Mining Limited (CML)	Australia	100%*	100%*	-	-
PCML SPC Pty Ltd (PCML)	Australia	100%*	100%*	-	-
SPC1 Pty Ltd	Australia	100%*	100%*	-	-
SPC2 Pty Ltd	Australia	100%*	100%*	-	-
Investment Co Pty Ltd	Australia	100%*	100%*	-	-

*Indirect Holdings. The 30 percent non-controlling interest in Attila Resources US LLC and Kodiak Mining Company LLC (Kodiak) has nil value since acquisition.

Since acquisition on 13 July 2017, the Group now also own:

- 49 percent interest in Lawn Hill & Riversleigh Pastoral Holding Company Pty Ltd through a 49 percent shareholding and 1 special share held by PCML. Pursuant to the Gulf Communities Agreement (GCA), CML and the Gulf Aboriginal Development Company (GADC) established PCML as a special purpose vehicle to hold shares in Lawn Hill and Riversleigh Pastoral Holding Company Pty Ltd (Pastoral Company), which holds leases for the adjacent Lawn Hill and Riversleigh cattle stations. The GADC incorporated Waanyi SPC Pty Ltd to hold the other 51 percent of shares in the Pastoral Company. No assets or liabilities of PCML or Pastoral Company are recognised as assets, liabilities or equity interests by the Group.
- 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 has non-controlling interests that are material to the Group.

Summarised financial position before intra-group eliminations	2019 $	2018 $
Current assets	15,161	179,837
Non-current assets	828,370	778,873
Current liabilities	(29,280,105)	(26,129,695)
Non-current liabilities	(812,001)	(769,648)
Net assets/(liabilities)	**(29,248,575)**	**(25,940,633)**
Carrying amount of non-controlling interests	**-**	**-**

The non-current assets and non-current liabilities of Kodiak include a secured deposit of $828,370 (30 June 2018: $778,873) that is security against a non-current reclamation liability of $722,919 (30 June 2018: $769,648). The nature of this non-current reclamation liability restricts the Group's ability to access the secured deposit for the purpose of meeting other liabilities of the Group.

The current liabilities of Kodiak also include intra-group loan balances totaling $27,990,534 (30 June 2018: $25,033,960). These intra-group loan balances are unsecured and at call, so consequently considered current.

Although the functional currency of Kodiak is United States dollars and the presentation currency of the Group is Australian dollars, there are no foreign currency translation reserve movements recognised in other comprehensive income of Kodiak as foreign currency translation reserve movements only arise on consolidation.

Summarised financial performance before intra-group eliminations	2019 $	2018 $
Revenue	-	-
Loss before income tax	(1,580,693)	(18,750,370)
Income tax expense	-	-
Post-tax loss	**(1,580,693)**	**(18,750,370)**
Other comprehensive income	-	-
Total comprehensive income	**(1,580,693)**	**(18,750,370)**
Profit/(loss) attributable to non-controlling interests	-	-
Distributions paid to non-controlling interests	-	-

Summarised cash flow information before intra-group eliminations	2019 $	2018 $
Net cash from/(used in) operating activities	(856,725)	(866,230)
Net cash from/(used in) investing activities	(520,400)	(10,828)
Net cash from/(used in) financing activities	1,387,926	901,678
Cash and cash equivalents at end of year	**10,801**	**80,274**

Kodiak's net cash from financing activities for both 2019 and 2018 solely comprised movements in intra-group loan account balances.

Note 21. Significant related party transactions and balances

The Group's main related entities are KMPs and Kingslane Pty Ltd (and its associated entities). KMPs 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 KMPs see Note 22.

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 36,757,534 (2018: 42,177,536) ordinary shares in the Company at 30 June 2019. Entities controlled by Kingslane also hold a 10 percent (2018: 10 percent) non-controlling interest in the Kodiak Project and Kodiak Mining Company LLC through a non-controlling shareholding in 70 percent owned Attila Resources US LLC.

In the previous financial year, Patrick Walta, Evan Cranston and a former KMP John Carr received ordinary shares and share options pursuant to the Century Mining Rehabilitation Project, details of which are disclosed in Note 31.

Evan Cranston is a director of Konkera Corporate. Konkera Corporate received $120,000 (2018: $120,000) during the financial year for administrative, bookkeeping and accounting services. The company secretarial fees of $36,000 (2018: $35,694) for Oonagh Malone and Director fees of $180,000 (2018: $172,032) for Evan Cranston were also payable to Konkera Corporate. Bryn Hardcastle is a director of Bellanhouse which provided legal services totalling $1,181,174 (2018: $1,067,814) during the financial year ended 30 June 2019.

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 22. 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 ended 30 June 2019.

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

	Short-Term Benefits $	Post Employment Benefits $	Termination Payments $	Share-Based Payments $	Total KMP Compensation $
2019 Total	1,063,923	31,917	-	454,147	1,549,987
2018 Total	945,907	20,875	-	2,186,655	3,153,437

Other KMP Transactions

For details of other transactions with KMP, refer to Note 21 Related party transactions and balances.

Note 23. Share based payments

Options

The following table summarises the share options outstanding as at 30 June 2019:

	2019			2018		
	Number of options	Weighted average fair value $	Weighted average remaining contractual term (Year)	Number of options	Weighted average fair value $	Weighted average remaining contractual term (Year)
Outstanding at the beginning of the year	114,900,000	0.424	-	-	-	-
Granted during the year	2,250,000	0.223	-	116,500,000	0.038	-
Exercised during the year	(1,760,000)	(0.378)	-	(1,600,000)	(0.424)	-
Forfeited	-	-	-	-	-	-
Outstanding at end of the year	**115,390,000**	**0.269**	**-**	**114,900,000**	**0.386**	**-**

Details of options recognised during the year are as follows:

2019

	Number of options	Exercise price $	Issue date	Expiry date	Value of options $	Amount recognised in period $
$1.20 3 year director options	1,000,000	1.20	28/03/2019	28/03/2022	249,300	249,300
$1.50 3 year director options	1,000,000	1.50	28/03/2019	28/03/2022	201,600	201,600
95c 3 year employee options	250,000	0.95	06/06/2019	11/06/2022	50,200	3,247
Total	**2,250,000**				**501,100**	**454,147**

2018

	Number of options	Exercise price $	Issue date	Expiry date	Value of options $	Amount recognised in period $
Century Project Consideration options	30,000,000	0.25	13/07/2017	13/07/2022	2,471,700	2,471,700
25c 3 year director options	6,000,000	0.25	13/07/2017	13/07/2020	358,980	358,980
50c 3 year director options	6,000,000	0.50	13/07/2017	13/07/2020	218,700	218,700
25c 4 year director options	7,500,000	0.25	13/07/2017	13/07/2021	540,525	540,525
50c 4 year director options	7,500,000	0.50	13/07/2017	13/07/2021	373,425	373,425
75c 4 year director options	7,500,000	0.75	13/07/2017	13/07/2021	285,150	285,150
$1 4 year director options	7,500,000	1.00	13/07/2017	13/07/2021	229,425	229,425
25c 3 year employee options	8,500,000	0.25	13/07/2017	13/07/2020	511,275	511,275
October employee options	500,000	1.60	2/10/2017	2/10/2020	330,130	330,130
February employee options	500,000	1.99	27/02/2018	27/02/2021	376,660	376,660
Tranche 1 non-controlling interest options	22,000,000	0.25	27/02/2018	27/02/2021	26,004,000	26,004,000
Tranche 2 non-controlling interest options	6,000,000	0.50	27/02/2018	27/02/2021	6,180,000	6,180,000
Tranche 3 non-controlling interest options	3,500,000	0.75	27/02/2018	27/02/2021	3,199,000	3,199,000
Tranche 4 non-controlling interest options	3,500,000	1.00	27/02/2018	27/02/2021	2,873,500	2,873,500
Total	**116,500,000**				**43,952,470**	**43,952,470**

Amounts recognised for director, KMP and employee options are summarised as follows:

	2019 $	2018 $
Share based payment expense		
- Directors and KMP	454,147	2,186,655
- Others	-	1,037,615
Total share based payment expense	454,147	3,224,270
Century Project consideration options recognised as loss on acquisition	-	2,471,700
Non-controlling interest options recognised in accumulated losses (Note 31)	-	38,256,500
Total	**454,147**	**43,952,470**

These options have been valued using the Black-Scholes model with the following additional parameters.

2019 Tranche	Number of options	Share price grant date $	Term years	Volatility %	Interest rate %	Grant date	Value per option $	Value of options $
$1.20 3 year director options	1,000,000	0.81	3	62	1.375	28/03/2019	0.24930	249,300
$1.50 3 year director options	1,000,000	0.81	3	62	1.375	28/03/2019	0.20160	201,600
95c 3 year employee options	250,000	0.65	3	62	1.055	06/06/2019	0.20080	50,200
Total	**2,250,000**							**501,100**

2018 Tranche	Number of options	Share price grant date $	Term years	Volatility %	Interest rate %	Grant date	Value per option $	Value of options $
Century Project Consideration options	30,000,000	0.15	5	80	1.9	13/07/2017	0.08239	2,471,700
25c 3 year director options	6,000,000	0.15	3	80	1.65	31/05/2017	0.05983	358,980
50c 3 year director options	6,000,000	0.15	3	80	1.65	31/05/2017	0.03645	218,700
25c 4 year director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.07207	540,525
50c 4 year director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.04979	373,425
75c 4 year director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.03802	285,150
$1 4 year director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.03059	229,425
25c 3 year employee options	8,500,000	0.15	3	80	1.94	13/07/2017	0.06015	511,275
October employee options	500,000	1.115	3	107	2.15	2/10/2017	0.66026	330,130
February employee options	500,000	1.115	4	107	2.24	2/10/2017	0.75332	376,660
Tranche 1 non-controlling interest options	22,000,000	1.39	3	76.63	2.06	27/02/2018	1.18230	26,004,000
Tranche 2 non-controlling interest options	6,000,000	1.39	3	76.63	2.06	27/02/2018	1.03006	6,180,000
Tranche 3 non-controlling interest options	3,500,000	1.39	3	76.63	2.06	27/02/2018	0.91353	3,199,000
Tranche 4 non-controlling interest options	3,500,000	1.39	3	76.63	2.06	27/02/2018	0.82065	2,873,500
Total	**116,500,000**							**43,952,470**

The following options were issued to Directors as part of their remuneration in the previous financial year. Although these options have been escrowed for two years from the issue date, they vested at the issue date for financial accounting purposes.

Director	Number of Options	Exercise Price $	Term years	Total value $	Value for Director $
Current					
Bryn Hardcastle					
	2,000,000	0.25	3	119,660	
	2,000,000	0.50	3	72,900	192,560
Former					
Tolga Kumova	7,500,000	0.25	4	540,525	
	7,500,000	0.50	4	373,425	
	7,500,000	0.75	4	285,150	
	7,500,000	1.00	4	229,425	1,428,525
Ernest Thomas Eadie	2,500,000	0.25	3	149,575	
	2,500,000	0.50	3	91,125	240,700
Oonagh Malone	1,500,000	0.25	3	89,745	
	1,500,000	0.50	3	54,675	144,420
Total	**42,000,000**			**2,006,205**	**2,006,205**

Performance rights

There were no performance rights on issue or recognised in 2019 or 2018.

Note 24. Earnings per share

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

	2019	2018
Basic / dilutive earnings per share		
Basic loss per share - cents	(4.26)	(32.32)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share – number of ordinary shares	504,470,788	368,312,425
Net loss used in the calculation of basic earnings per share - $	**(21,502,018)**	**(119,021,291)**

Share options are not considered dilutive as the conversion of options will result in a decrease in the net loss per share. The weighted average number of shares has no dilutive effect to the diluted earnings per share.

Due to the Group being in a loss position, it is considered anti-dilutive and therefore earnings per share are not diluted.

Note 25. Cash-flow information

Reconciliation of cashflow from operations with loss after income tax

	2019 $	2018 $
Loss after income tax	(21,502,018)	(123,310,765)
Non-cashflows in loss		
Depreciation and amortisation	261,604	25,701
Interest unwind on rehabilitation provision	9,221,790	-
Share based payments	454,147	3,224,270
Loss on acquisition classified as exploration expenditure	-	70,092,066
Impairment loss	-	18,153,406
Gain on disposal of property, plant and equipment	-	(1,410,837)
Equity settled expenses	-	45,000
Reversal of interest expense on convertible notes	-	(4,292,334)
Other	104,494	(269,344)
Changes in assets and liabilities net of effects of purchase of subsidiaries		
Increase in other receivables	(5,787,565)	(99,011)
Increase in inventories	(7,903,782)	-
Increase in other assets	(6,617,667)	(3,630,963)
Increase/(decrease) in trade and other payables	23,161,559	(1,493,829)
Increase in employee benefits provision	590,506	678,548
Increase in provisions	-	21,763,731
Net cash used in operating activities	**(8,016,932)**	**(20,524,361)**

Acquisition of subsidiaries

Refer to Note 31 regarding the acquisition of the Century Project in previous financial year.

Non cash financing and investing activities

The Group did not have any non-cash financing and investing activities during the financial year ended 30 June 2019 except as disclosed in Note 17 related to the issue of ordinary shares, and as disclosed in Note 31 for the acquisition of the Century Project for the financial year ended 30 June 2018.

Note 26. Remuneration of auditors

	2019 $	2018 $
Remuneration of the auditors for:		
- Audit or review of the financial report	95,000	-
Taxation services	40,000	-
Other non-audit services	5,000	-
Remuneration of previous auditors for:		
- Audit or review of the financial report	-	106,663
	140,000	**106,663**

Note 27. Contingent liabilities

Bank guarantees

The Group has provided certain bank guarantees to third parties, primarily associated with the terms of mining financial assurance, exploration licences, provision of electricity and office leases, in respect of which the relevant entity is obliged to indemnify the bank if the guarantee is called upon. 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 deposits which amounted to $13,166,698 as at 30 June 2019 (30 June 2018: $3,167,752).

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 28. 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 $193,700,000 for the benefit of Century to meet its financial assurance obligations with the Queensland Government for a period of ten years through to 31 December 2026.

Once commercial production has been declared for accounting purposes at the Century Project, the Group must allocate an amount equal to 40 percent of its earnings before interest, tax, depreciation and amortisation (EBITDA), which will go towards replacing the Financial Assurance Bond. In the event that the total balance of the Financial Assurance Bond has not been replaced by 31 December 2026, 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 of 1.35 percent per annum 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 2026.

Community commitment

Community commitment 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 is not recognised as a liability as at 30 June 2019 is approximately $28,000,000. These payments are made throughout the life of the project.

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 2019 was $75,000,000 (30 June 2018: $130,000,000).

Operating leases

Upon the adoption of AASB 16 from 1 July 2019, the Group will no longer have any operating lease commitments. Under the existing AASB 117, at the reporting date, the Group had outstanding commitments for future minimum lease payments (undiscounted) under non- cancellable operating leases, which fall due as follows

	2019 $
Up to 1 year	11,851,931
In the second to fifth years inclusive	33,857,329
More than five years	5,170,570
Total	**50,879,830**

The aggregate minimum lease payments under non-cancellable operating leases at 30 June 2018 was approximately $1,000,000.

Capital commitments

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

Note 29. Financial instruments

Financial risk management

The Group's principal financial instruments are cash, receivables, deposits held as security guarantees, and payables.

Overview

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

- 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. There was no material exposure to price risk or market risk in respect of financial instruments in 2019 as the Group had no significant exposures to equity markets or derivatives.

Financial risk management policies

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.

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	34,282,769	46,249,135
Trade and other receivables (excluding GST receivable)	7,324,588	341,907
Current financial assets	5,750,000	17,250,000
Non-current financial assets	13,166,698	3,167,752
Total	**60,524,055**	**67,008,794**
Financial liabilities		
Trade and other payables (excluding deferred proceeds) - Note 13	46,175,379	23,013,820
Borrowings	54,100,350	-
Financial liability at fair value through profit or loss	7,137,249	-
Total	**107,412,978**	**23,013,820**

Non-current other financial assets of $13,166,698 (2018: $3,167,752) consist of security deposits of $9,505,148 (2018: $2,398,104) plus an environmental bond of $828,370 (2018: $769,648).

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.

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 2019					
Trade and other payables	46,175,379	46,175,379	-	-	-
Borrowings	54,100,350	-	14,076,069	19,613,790	20,410,491
Financial liability at fair value through profit or loss	7,137,249	-	1,233,331	3,525,073	2,378,845
Total	**107,412,978**	**46,175,379**	**15,309,400**	**23,138,863**	**22,789,336**
30 June 2018					
Trade and other payables	23,013,820	23,013,820	-	-	-
Total	**23,013,820**	**23,013,820**	**-**	**-**	**-**

The table details changes in Group's liabilities arising from financing activities, including both cash and non-cash changes. 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.

	1 July 2018 $	Financing cash inflows $	Financing cash outflows $	Foreign exchange adjustment $	Fair value adjustment $	30 June 2019 $
Varde loan	-	60,397,015	-	840,584	(7,137,249)	54,100,350
Financial liability at fair value	-	-	-	-	7,137,249	7,137,249
NAB loan	-	11,438,424	(11,438,424)	-	-	-
MMG funding support	17,250,000	(11,500,000)	-	-	-	5,750,000
Total	**17,250,000**	**60,335,439**	**(11,438,424)**	**840,584**	**-**	**66,987,599**

Credit risk

Credit risk refers to the risk that counterparties will default on its 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 other than MMG.

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
	%	$	$	$	$	$
2019						
Financial assets						
Cash and cash equivalents	0.43	26,050,221	-	-	8,232,548	34,282,769
Trade and other receivables	-	-	-	-	7,324,588	7,324,588
Current financial assets	-	-	-	-	5,750,000	5,750,000
Non-current financial assets	2.15	-	12,337,128	-	829,570	13,166,698
Financial liabilities						
Trade and other payables	0.06	-	(285,490)	-	(45,889,889)	(46,175,379)
Borrowings	8.07	-	(14,076,069)	(40,024,281)	-	(54,100,350)
Financial liability at fair value through profit or loss	-	-	-	-	(7,137,249)	(7,137,249)
Net financial liabilities		**26,050,221**	**(2,024,431)**	**(40,024,281)**	**(30,890,432)**	**(46,888,923)**
2018						
Financial assets						
Cash and cash equivalents	1.25	16,310,520	29,500,000	-	438,615	46,249,135
Trade and other receivables	-	-	-	-	341,907	341,907
Current financial assets	-	-	-	-	17,250,000	17,250,000
Non-current financial assets	1.5	-	2,388,879	-	778,873	3,167,752
Financial liabilities						
Trade and other payables	0.42	-	(968,409)	-	(22,045,411)	(23,013,820)
Net financial assets		**16,310,520**	**30,920,470**	**-**	**(3,236,016)**	**43,994,974**

In respect of the above interest rate risk exposure at the balance date, an increase or decrease in interest rates by 1 percent would have decreased the post-tax loss and increased equity by $159,986 (2018: increased in both post-tax loss and equity by $472,310).

The following tables summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

		-1%		+1%	
	Carrying Amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
2019					
Cash and cash equivalents	34,282,769	(260,502)	(260,502)	260,502	260,502
Trade and other receivables	7,324,588	-	-	-	-
Current financial assets	5,750,000	-	-	-	-
Non-current financial assets	13,166,698	(123,371)	(123,371)	123,371	123,371
Trade and other payables	(46,175,379)	2,855	2,855	(2,855)	(2,855)
Borrowings	(54,100,350)	541,004	541,004	(541,004)	(541,004)
Financial liability at fair value through profit or loss	(7,137,249)	-	-	-	-
Total increase/(decrease)		**159,986**	**159,986**	**(159,986)**	**(159,986)**
2018					
Cash and cash equivalents	46,249,135	(458,105)	(458,105)	458,105	458,105
Trade and other receivables	341,907	-	-	-	-
Current financial assets	17,250,000	-	-	-	-
Non-current financial assets	3,167,752	(23,889)	(23,889)	23,889	23,889
Trade and other payables	(23,013,820)	9,684	9,684	(9,684)	(9,684)
Total increase/(decrease)		**(472,310)**	**(472,310)**	**472,310**	**472,310**

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.

With instruments being held by overseas operations, fluctuations in the US dollar may impact on the Group's financial results unless those exposures are appropriately hedged. The Group does not currently have any foreign currency hedging facility in place.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the presentation currency.

2019	**Net Financial Assets/(Liabilities) in $AUD**	
	USD	**Total**
Consolidated Group	(53,491,765)	(53,491,765)

2018	**Net Financial Assets/(Liabilities) in $AUD**	
	USD	**Total**
Consolidated Group	(106,223)	(106,223)

In respect of the above USD foreign currency risk exposure in existence at the balance sheet date a sensitivity of -10 percent lower and 10 percent higher 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 as follows:

AUD $4,862,888 gain; AUD $5,493,529 loss (2018: AUD $10,622 gain; AUD $10,622 loss).

Financial risk management objectives

The Group's and parent entity's activities expose them to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's and parent entity'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 and parent entity use 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.

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and parent entity and appropriate procedures, controls and risk limits.

Fair value estimation

The net fair value of cash and non-interest bearing monetary assets and financial liabilities of the Group approximates their carrying amount.

Note 30. Impairment

	Pre tax 2019 $	Tax impact 2019 $	Post tax 2019 $	Pre tax 2018 $	Tax impact 2018 $	Post tax 2018 $
Property, plant and equipment	-	-	-	14,368,184	-	14,368,184
Deferred exploration and development expenditure	-	-	-	3,785,222	-	3,785,222
Total impairment	**-**	**-**	**-**	**18,153,406**	**-**	**18,153,406**

No impairment is recognised in the current financial year.

In the previous financial year, the Group recognised an impairment loss of $18,153,406 for its Kodiak Project comprising property plant and equipment impairment of $14,368,184 and deferred exploration and development impairment of $3,785,222. This resulted in the carrying value of Kodiak Project reduced to nil as at 30 June 2018.

The Group performs an impairment assessment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The impairment assessment at 30 June 2018 was triggered by the fact that the Kodiak Project is currently on care and maintenance.

Impairment is recognised when the accounting carrying amount exceeds the recoverable amount. Any variation in the key assumptions used to determine the value would result in a change of the assessed value.

Note 31. Acquisition of Century Project

During the year ended 30 June 2019, there were no business combination transactions. During 2017, the Company executed a binding earn-in agreement to earn 100 percent of Century Mine Rehabilitation Project Pty Ltd (CMRP), a wholly owned subsidiary of Century Bull Pty Ltd (Century Bull), via:

- Initial 70 percent of CMRP (transferred up front) in consideration for:
    - the issue of 30,000,000 unquoted options in New Century Resources Limited with an exercise price of $0.25 each and expiring five years from the date of issue to Century Bull or its nominees;
    - a 2 percent net smelter royalty from operations; and
    - a commitment to sole fund project expenditure of $10,000,000 for first three years.
- Following expenditure of the $10,000,000, an option to acquire the remaining 30 percent based on an agreed New Century Resources Limited enterprise value formula, being 30 percent of the fully diluted enterprise value of New Century Resources Limited, paid in the form of New Century Resources Limited shares which received requisite shareholder approval.

Completion of this acquisition was finalised on 13 July 2017. Evan Cranston and Patrick Walta, both Directors of New Century Resources Limited, were shareholders in Century Bull. John Carr, a former KMP of the Group was also a shareholder in Century Bull.

CMRP owns 100 percent of the Century Mine and associated infrastructure in accordance with the agreements with MMG for the acquisition of the relevant MMG Australian subsidiaries which hold the Century assets. The Century assets include:

- All Mining Leases and the Exploration Permit Minerals associated with the Century Project;
- All site infrastructure including processing plant, mining camp and airport;
- The slurry pipeline, Karumba Port Facility and M.V. Wunma Transhipment Vessel; and
- A 49 percent interest in the Lawn Hill & Riversleigh Pastoral Holding Company.

As part of the transaction with MMG, CMRP also received:

- $34,500,000 in progressive cash payments to assist with ongoing rehabilitation and care and maintenance activities for the site;
- $12,100,000 in cash, administered by an independent trust, to assist with remaining obligations contained in the Gulf Communities Agreement and agreed community projects for the benefit of Lower Gulf communities; and
- An agreement with MMG for MMG to procure and stand behind the existing provision of bank guarantees of $193,731,600 for the benefit of Century to meet its financial assurance obligation with the Queensland Government for a period of ten years through to 31 December 2026, which is to be progressively replaced via profits from operations.

On 13 July 2017, the Group issued 30,000,000 unquoted share options (Consideration Options) exercisable at $0.25 each and expiring on 13 July 2022 in partial consideration for the Century Project. The Consideration Options were valued at a total of $2,471,700. The acquisition has been accounted for as an acquisition of subsidiaries with associated assets and liabilities, not as an acquisition of a business combination. It is not considered a business combination because relevant processes were not acquired as part of the acquisition.

John Carr and Patrick Walta each received 7,000,000 of the 30,000,000 share options as purchase consideration for the initial 70 percent interest in Century Mining Rehabilitation Project Pty Ltd. These share options had been valued at $0.08239 per share option as shown in Note 23.

Details of the purchase consideration and the net deficit acquired are as follows:

	13 July 2017 $
Purchase consideration paid by New Century Resources Limited	
Consideration options	2,471,700
Total purchase consideration	**2,471,700**

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	4,732,628
Trade and other receivables and prepayments	1,421,018
MMG funding support payments receivable	20,494,857
Property, plant and equipment	1,800,000
Trade and other payables	(1,035,219)
Employee provisions	(269,344)
Provision for rehabilitation	(94,764,306)
Net deficit acquired at fair value	**(67,620,366)**
Loss on acquisition classified as an exploration expenditure	**(70,092,066)**

Non-controlling interest acquisition on 27 February 2018

On 27 February 2018, following shareholder approval on 23 February 2018, the Company acquired the remaining 30 percent interest in the Century Project in consideration for 126,000,000 shares and 35,000,000 unquoted share options (Non-controlling Interest Consideration Options). This interest was acquired through the acquisition of Century Bull.

The shares were valued at $1.39 each, being the fair value on 27 February 2018 based on the closing share price on the ASX, for a total value of $175,140,000. The Non-controlling Interest Consideration Options had a total value of $38,256,500.

The total of $175,140,000 for issue of the shares along with the $4,289,474 balance of the non-controlling interest as at the transaction date, totalling $179,429,474 was recognised directly in accumulated losses, a component of equity in the previous financial year.

Vendors for Century Bull and the non-controlling interest included Directors Patrick Walta and Evan Cranston, along with John Carr, a former KMP of the Group. Evan Cranston, Patrick Walta and John Carr each received 31,500,000 ordinary shares and a total of 8,750,000 share options as part of the purchase consideration for the remaining non-controlling interest.

Note 32. Dividends

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

Note 33. Events occurring after reporting period

Subsequent to year end, in August 2019, the Company raised $42,500,000 (before transaction costs) via a placement to institutional and sophisticated investors which was completed over two tranches. Tranche one completed in August 2019 and tranche two was approved by shareholders at an extraordinary general meeting of the Company and completed in September 2019.

As disclosed in Note 14 to the Financial Statements, in February 2019, the Group secured a new financing facility with Varde Partners Inc. This comprises a secured facility of US$42,900,000 which has been drawn down and an unsecured facility of US$28,600,000 which was subject to conditions precedent before draw down. Prior to the end of September 2019, Varde advised that the availability of this unsecured facility has expired. Discussion in relation to a US$28,600,000 facility are continuing with Varde.

Robert McDonald was appointed as the Chairman of New Century Resources Limited on 17 July 2019. Tolga Kumova resigned as a Director of New Century Resources Limited on 17 July 2019. Further details are set out above in the Directors Report.

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 years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 23 to 71 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 2019 and of the performance for the 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 2019.

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

Robert McDonald
Chairman

30 September 2019

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial 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 2019 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to 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.

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 for 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recognition and measurement of the mine site restoration provision	
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. As disclosed in note 16, at 30 June 2019 the Group has a Mine Site Restoration Provision of $200.8 million relating to the Group's requirement to rehabilitate its development and exploration areas. Due to the calculation of the provision requiring significant judgment in estimating the future costs, the timing as to when the future costs will be incurred and the determination of an appropriate rate to discount the future costs to their net present value, we have considered this provision to be a key audit matter.	Our procedures included but were not limited to: • Obtaining an understanding of the key processes and 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 competence and work of management's in-house mine closure specialists in identifying rehabilitation activities against legislative requirements and assessing their timing and likely cost. We evaluated their methodology against industry practice and our understanding of the business; and • Assessing the accuracy of the calculations used to determine the mine site restoration 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 related disclosures included in notes 1(x), 2 and 16 to the financial report.
Capitalisation of the development costs of the Century Mine	
The Century Mine is in the development phase. During the year ended 30 June 2019, the Group capitalised costs of $287.9 million, and recognised proceeds from sales in the development phase of $115.2 million against Capital Work in Progress, which increased the carrying value of Capital Work in Progress at 30 June 2019 to $230.5 million. As disclosed in Note 2, management 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 management, includes, but is not limited to, completion of a reasonable period of testing of the mine plant and equipment, the ability to produce metal in saleable form (within specifications) and the ability to sustain ongoing production of metal.	Our procedures included but were not limited to: • Obtaining an understanding of and evaluating the Group's processes and controls in relation to the capitalisation of costs to Capital Work in Progress; • Evaluating and assessing that the capitalised costs within Capital Work in Progress and the offsetting proceeds from sales in the development phase received are in accordance with the accounting standards and the Group's capitalisation policy; • Testing additions to Capital Work in Progress to underlying records, including consideration of the appropriateness of the amounts capitalised;

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Based on management's analysis performed, at 30 June 2019, the Century Mine does not meet the metal concentrate production tonnes, grade and recovery targets, as set by the Board for commercial levels of production. Given the financial significance of the amounts capitalised, and the risk of incorrect classification of costs where costs are capitalised that are not directly attributable to the development of the Century Mine or project costs are incorrectly expensed, the capitalisation of the development costs has been identified as a key audit matter.	• Testing the proceeds from sales in the development phase to underlying contracts; and • Assessing the judgements made and the asset commissioning criteria used by the Group for determining whether commercial production has been achieved through discussion with management and assessment of feasibility studies and Board reports. We also assessed the appropriateness of the related disclosures included in notes 2 and 11 to the financial report.

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 2019, 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.

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 to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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, related safeguards.

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 11 to 20 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of New Century Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Melbourne, 30 September 2019