NEW CENTURY RESOURCES

LIMITED AND CONTROLLED ENTITIES

ABN 53 142 165 080

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 December 2021

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CORPORATE DIRECTORY

Directors

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

Company secretary

Tom Wilcox

Stock exchange

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

Country of incorporation and domicile

Australia

Registered office 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
477 Collins Street
Melbourne, Victoria, 3000

Share registry

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

DIRECTORS' REPORT

The Directors present their report, together with the Condensed Consolidated Financial Statements ('the Financial Statements'), on the consolidated entity (referred to hereafter as the 'Group') consisting of New Century Resources Limited (referred to hereafter as 'New Century' or the 'Company') and the entities it controlled for the half-year ended 31 December 2021.

Directors

The Directors who held office during or since the end of the half-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)
Patrick Walta (Managing Director)
Nick Cernotta
Kerry Gleeson
Peter Watson

Principal activities

The principal activities of the Group for the period were the mining and processing of tailings dam materials containing zinc. The Group also undertook mineral exploration activities and pursued business development opportunities.

Dividends

No dividend has been declared or paid by the Group during the half-year and the Directors do not at present recommend a dividend (30 June 2021: Nil).

Operating results

The consolidated loss for the period of the Group amounted to $3,408,822 (6 months to 31 December 2020: loss $7,276,193) after income tax expense of nil.

Review of operations and significant changes in the state of affairs

The Group achieved a number of record operational and financial results in the half-year to 31 December 2021. Continued operational improvements at the Century Mine resulted in a record 48.4 percent in metal recoveries for the half-year, a 7 percent increase on the six months to 31 December 2020. The Group also achieved a milestone of quarterly metal recoveries in excess of 50 percent for the first time in the December quarter. The increased recoveries, combined with cost discipline and strong spot and hedged zinc prices, led to record operational cashflow of $24.6 million, representing a 119 percent increase on the corresponding period in the previous year. Pleasingly, these achievements were delivered alongside an industry leading safety record; the total recordable injury frequency rate (TRIFR) was 2.5 as at 31 December 2021, well below the Queensland industry average of 7.5.

The Group uses derivatives to hedge its exposure to the Australian dollar zinc price and reduce the volatility of cash flows, entering the period with a significant hedge in place of 90,000 tonnes of zinc. During the period further risk mitigation action was undertaken and an additional 90,000 tonnes of zinc was hedged, bringing the total hedged material remaining as at 31 December 2021 to 165,000 tonnes of zinc at a weighted average price of A$3,838 per tonne. The hedges are measured at fair value and carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. As at 31 December 2021, increases in the Australian dollar zinc price reduced the fair value and resulted in the recognition of a financial liability. The derivatives are designed to hedge against future forecast zinc sales against which no asset is recognised. Consequently, the Group recognised a net financial liability in respect of the risk mitigation strategies in place.

The Group also executed core strategic objectives during the period – strengthening its balance sheet and progressing growth opportunities. It achieved debt-free status through the retirement of secured debt, replaced the previous environmental bonding facility on attractive terms, raised $116.7 million in equity capital and welcomed the strategic investment of 19.99 percent by diversified precious and battery metal miner Sibanye-Stillwater. With $99.4 million in available cash and concentrate inventory, and an additional $43.8 million in restricted cash, the Group holds a solid financial position in the face of considerable growth prospects.

Significantly, the Group executed the Option Agreement to acquire the resource and infrastructure-rich Mt Lyell Copper Mine and commenced a feasibility study to restart operations. Mt Lyell is one of the most important copper mines in Australian history, having first started operations in the 1890s and possessing a Mineral Resource comprising 1.1Mt copper and 0.94Moz gold[1]. During the option period, the Group will investigate the refurbishment or replacement of the existing infrastructure for tailings reprocessing, with subsequent integration of sustainable in-situ ore processing to follow. Should the option to acquire be exercised, the acquisition consideration will be met by way of a capped royalty paid over time from successful operations. The Group intends to power Mt Lyell operations with 100 percent renewable energy, creating a highly sought-after green product developed through New Century's net environmentally beneficial mining model. The Group also progressed development works on Century Mine's in-situ development projects at Silver King and East Fault Block, including ordering key infrastructure and conducting FEED optimisation.

As the Group continues to navigate the global pandemic, it remains focused on the tasks ahead and its commitments to its stakeholders, particularly the local communities who host its operations.

Environmental rehabilitation

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

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

As at 31 December 2021, the total environmental bond provided to the Queensland Government for the Century Mine was $185,916,150 which was made up of a guarantee provided by Macquarie Bank Limited of $160,000,000 and restricted cash provided by the Group of $25,916,150.

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

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

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

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

[1] *The information in this release that relates to Mineral Resources for the Mt Lyell Copper Mine (comprising the Prince Lyell Deeps, Prince Lyell North Flank, Royal Tharsis/Prince Lyell Upper Remnants, North Lyell Remnants, Western Tharsis, Green Horn/Cape Horn and Copper Chert deposits) is extracted from a report titled 'New Century to Execute Transformational ESG Focused Growth Transaction Including Strategic Investment from Sibanye-Stillwater, Innovative Proposed Acquisition of Mt Lyell Copper Mine, Bond Refinancing and Equity Raise' which was released to the ASX on 27 October 2021 and is available to view here.*

New Century confirms that it is not aware of any new information or data that materially affects the information included in the original ASX release and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. New Century confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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

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

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

Matters subsequent to the end of the half-year

There have been no 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 periods.

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.

Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the half-year ended 31 December 2021.

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

Robert McDonald
Chairman

28 February 2022

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

477 Collins Street
Melbourne, VIC, 3000
Australia

Tel: +61 3 9671 7000
www.deloitte.com.au

28 February 2022

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

Dear Board Members

Auditor's Independence Declaration to New Century Resources Limited

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

As lead audit partner for the review of the financial statements of New Century Resources Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vlahovic

Suzana Vlahovic
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Revenue	3	181,247,773	126,164,016
Fair value movements in trade receivables	3	9,823,814	6,192,477
Net fair value loss on zinc derivatives	3	(26,944,800)	(1,537,099)
Production costs	4	(104,669,224)	(88,323,582)
Employee benefits expense – labour costs	4	(22,928,543)	(18,093,491)
Changes in zinc concentrate inventory	4	2,698,731	9,460,752
Depreciation and amortisation expense	5	(28,413,799)	(32,821,993)
Exploration and evaluation expenses	6	(33,921)	(631,660)
Employee benefits – share based payments	7	(938,283)	(629,311)
Professional expenses	8	(2,328,006)	(5,130,077)
Foreign exchange (losses)/gains	9	(939,000)	10,782,491
Finance income	10	65,274	36,863
Finance expenses	10	(10,056,049)	(12,907,445)
Other income	11	7,211	161,866
Loss before income tax expense		**(3,408,822)**	**(7,276,193)**
Income tax expense	12	-	-
Loss for the half-year		**(3,408,822)**	**(7,276,193)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge changes in fair value	24	(72,426,213)	-
Exchange loss on translation of foreign controlled entities, net of tax		-	4,997
Other comprehensive (loss)/gain for the half-year		**(72,426,213)**	**4,997**
Total comprehensive loss for the half-year		**(75,835,035)**	**(7,271,196)**
Loss for the half-year attributable to:			
Members of the parent entity		**(3,408,822)**	**(7,276,193)**
Total comprehensive loss for the half-year attributable to:			
Members of the parent entity		**(75,835,035)**	**(7,271,196)**

Loss per share	**$**	**$**
Basic and diluted loss per share	(0.0374)	(0.1074)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2021 $	30 Jun 2021 $
Current assets			
Cash and cash equivalents	13	85,993,890	35,696,665
Trade and other receivables	14	19,096,738	6,102,558
Inventories	15	32,696,007	24,030,514
Prepayments	16	9,818,657	3,566,880
Total current assets		**147,605,292**	**69,396,617**
Non-current assets			
Prepayments	16	2,698,747	-
Property, plant and equipment	17	258,040,415	275,788,162
Right-of-use assets	18	28,043,038	33,692,477
Exploration and evaluation assets	19	7,308,668	3,631,381
Financial assets – security guarantees	20	43,772,140	19,007,882
Total non-current assets		**339,863,008**	**332,119,902**
TOTAL ASSETS		**487,468,300**	**401,516,519**
Current liabilities			
Trade and other payables	21	76,870,525	66,216,906
Borrowings	22	198,806	25,834,224
Financial liability at fair value through profit or loss	23	-	3,127,663
Derivative financial instruments	24	65,654,544	7,350,005
Lease liabilities	18	8,388,253	10,143,098
Employee benefit provisions	25	4,240,831	4,022,460
Total current liabilities		**155,352,959**	**116,694,356**
Non-current liabilities			
Environmental rehabilitation provisions	26	175,079,148	176,146,970
Borrowings	22	290,090	13,226,824
Financial liability at fair value through profit or loss	23	1,010,000	3,704,246
Derivative financial instruments	24	40,869,018	9,945,477
Lease liabilities	18	20,070,145	24,097,611
Employee benefits provision	25	532,749	-
Total non-current liabilities		**237,851,150**	**227,121,128**
TOTAL LIABILITIES		**393,204,109**	**343,815,484**
NET ASSETS		**94,264,191**	**57,701,035**
Equity			
Issued capital	27	547,587,053	436,644,145
Cash flow hedge reserve	24	(87,876,951)	(15,450,738)
Accumulated losses		(365,445,911)	(363,492,372)
TOTAL EQUITY		**94,264,191**	**57,701,035**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021	Ordinary shares $	Accumulated losses $	Cash flow hedge reserve $	Total $
Balance at 1 July 2021	**436,644,145**	**(363,492,372)**	**(15,450,738)**	**57,701,035**
Comprehensive income				
Loss for the half-year	-	(3,408,822)	-	(3,408,822)
Other comprehensive loss	-	-	(72,426,213)	(72,426,213)
Total comprehensive loss	**-**	**(3,408,822)**	**(72,426,213)**	**(75,835,035)**
Transactions with owners recorded directly in equity				
Issue of shares	117,061,453	-	-	117,061,453
Share issue costs	(6,118,545)	517,000	-	(5,601,545)
Share based payments	-	938,283	-	938,283
Balance at 31 December 2021	**547,587,053**	**(365,445,911)**	**(87,876,951)**	**94,264,191**

For the half-year ended 31 December 2020	Ordinary shares $	Accumulated losses $	Foreign currency translation reserve $	Total $
Balance at 1 July 2020	**402,588,543**	**(354,066,093)**	**4,053,375**	**52,575,825**
Comprehensive income				
Loss for the half-year	-	(7,276,193)	-	(7,276,193)
Other comprehensive income				
Exchange differences on translation of controlled entities	-	-	4,997	4,997
Total comprehensive loss	**-**	**(7,276,193)**	**4,997**	**(7,271,196)**
Transactions with owners recorded directly in equity				
Issue of shares	35,902,725	-	-	35,902,725
Share issue costs	(1,847,123)	-	-	(1,847,123)
Share based payments	-	629,311	-	629,311
Balance at 31 December 2020	**436,644,145**	**(360,712,975)**	**4,058,372**	**79,989,542**

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

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		174,982,797	131,391,924
Payments to suppliers and employees		(146,997,471)	(115,815,900)
Interest received	10	65,274	36,863
Financing expenses paid		(3,377,432)	(3,743,066)
Payments for exploration and evaluation expenses		(33,921)	(627,691)
Net cash inflow from operating activities		**24,639,247**	**11,242,130**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from sale of pre-commissioning zinc concentrate	17	-	6,484,154
Payments for property, plant and equipment		(6,956,964)	(7,630,151)
Payments for exploration and evaluation assets	19	(3,677,287)	-
Payments for security guarantees	20	(24,764,258)	(3,108,362)
Proceeds from disposal of property, plant and equipment		-	143,507
Net cash outflow from investing activities		**(35,398,509)**	**(4,110,852)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Varde borrowings – facility A	22	(15,411,557)	(15,355,798)
Repayments of Varde borrowings – facility B	22	(27,068,453)	(6,603,264)
Payments for financial liability at fair value through profit or loss – facility A	23	(778,975)	(376,416)
Payments for financial liability at fair value through profit or loss – facility B	23	(389,488)	(375,461)
Proceeds from share issues	27	116,734,453	35,058,765
Payments for share issue costs	27	(5,601,545)	(1,847,123)
Payments for lease liabilities	18	(6,687,379)	(6,918,217)
Proceeds from borrowings – Equipment finance	22	329,392	295,100
Repayment of borrowings – Equipment finance	22	(69,961)	(17,260)
Net cash inflow from financing activities		**61,056,487**	**3,860,326**
Net increase in cash and cash equivalents		50,297,225	10,991,604
Cash and cash equivalents at the beginning of the financial period		35,696,665	40,005,053
Cash and cash equivalents at the end of the half-year		**85,993,890**	**50,996,657**

The accompanying notes form part of these financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of preparation

Reporting entity

New Century Resources Limited (the 'Company') is a company domiciled in Australia. The Condensed Consolidated Financial Statements (the 'Financial Statements') of the Company for the half-year ended 31 December 2021 comprise the Company and its controlled entities (together referred to as the 'Group'). The principal activities of the Group for the period were the mining and processing of tailings dam materials containing zinc. The Group also undertook mineral exploration activities and pursued business development opportunities.

The Annual Report of the Group for the year ended 30 June 2021 is available at the Company's website at www.newcenturyresources.com.

Statement of compliance

The Financial Statements are prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Financial Statements do not include all of the information required for a full annual financial report and should be read in conjunction with the Annual Report of the Group for the year ended 30 June 2021 and any public announcements made by the Company during the financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Financial Statements were approved by the Board of Directors on 28 February 2022.

Significant accounting policies

The accounting policies applied by the Group in the Financial Statements are consistent with those applied by the Group in its Annual Report for the year ended 30 June 2021. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Restatement of comparative information

Some amounts in the comparative financial period have been restated or reclassified to conform to the current financial period disclosure. This includes the restatement of certain amounts following the share consolidation during the period as set out in Note 27 to the Financial Statements.

Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the Group's accounting policies are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical estimates and judgements are consistent with those applied by the Group in its Annual Report for the year ended 30 June 2021.

Going concern

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

The principal activities of the Group for the period were the operation of the Century Mine. The operation involves the reprocessing of ore from the Tailings Storage Facility and subsequent sale of zinc concentrates together with standard maintenance and minor capital growth activities. The Group also undertook mineral exploration activities and pursued business development opportunities.

The Group incurred a net loss of $3,408,822 during the period. However, earnings before interest, income tax, depreciation and amortisation (EBITDA) for the period were $34,995,752. Cash flow from operations for the period totalled $24,639,247. As of 31 December 2021, the Group had a net current asset deficiency of $7,747,667 after including $65,654,544 of current liabilities relating to the Australian dollar zinc hedge. The derivative financial instruments hedge against future forecast sales for which no assets are recognised.

The Group expects to generate positive EBITDA and positive cash flow from operations for the next 12 months. Expectations of continued positive cash flow from operations are supported by the Group's recent track record of positive cash flow from operations, a buoyant macro-economic environment and the significant Australian dollar zinc hedge that remains in place.

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

- As of 31 December 2021, the Group had total unrestricted cash and cash equivalents of $85,993,890 in addition to $16,475,665 of trade receivables and $13,433,042 of zinc concentrate inventories measured at cost. The Group had borrowings of only $488,896 relating to equipment finance.

- There are no current breaches or anticipated breaches of any financial and non-financial covenants, including covenants relating to the Environmental Bond Facility as set out in Note 31 to the Financial Statements.

- Cash flow forecasts from internal financial modelling show that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing the Financial Statements. The cash flow forecasts include the effect of the Group's risk mitigation strategies and Australian dollar zinc hedge.

- The achievement of cash flow forecasts assumes no overall substantial negative shift in the macroeconomic environment, including the collective impact of a material fall in US dollar zinc prices, and/or a material rise in zinc treatment charges, the Australian dollar to US dollar exchange rate and shipping costs.

- The achievement of cash flow forecasts also assumes that the processing plant at the Century Mine does not substantially perform below the production, zinc recovery rate and zinc concentrate grade estimates used for financial modelling purposes. In arriving at the appropriate production, zinc recovery rate and zinc concentrate grade estimates to use in the financial modelling, the Directors took into account recent plant performance following the execution of various capital works and the guidance of an external, industry-recognised metallurgy consultancy firm.

- The Group will, if necessary and in response to any substantial decline in the macroeconomic environment, employ all operational and financial tools available to it to minimise the impact of such macroeconomic factors on the Group's ability to sustain positive cash flow.

These tools will be accessed only if they become warranted and in the context of the overall economic climate. These tools may include, amongst others:

- Ongoing judicious management by the Group's marketing team of the balance between spot and frame contracts, their tenor, their renewal terms and the mechanisms negotiated to provide for advance payment or other timing benefits in order to maximise the cashflow benefit.

- Possible additional hedging of known production either outright and/or through the hedging of the Quotation Period exposure in the form of swaps, put options or collars provided such hedging falls within the Group's Financial Risk Management Policies.

- Executing continuing operational improvements designed to enhance the level of metal production. With the assistance of an external, industry-recognised metallurgy consultancy, the site-based operators have identified a series of such incremental projects which are in differing stages of assessment and execution but overall are expected to provide an improvement of the metal recoveries used in the financial modelling.

- Pursuing a revived drive to reduce or defer costs in partnership with the Group's major suppliers.

- Managing reagents and spares inventory based on experience to date to maximise working capital efficiency.

- If justified, accessing equity markets for further capital raising. The Group has a history of successful capital raisings.

As a result, the Directors are of the view that the Group will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the Financial Statements on the going concern basis.

Note 2. 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 of Directors considers how resources are allocated and performance is assessed and has identified that it has only one reportable segment for the period being Australia which constitutes the Century Mine.

In the prior period, the Group had two reportable segments being Australia and United States of America (which constituted the Kodiak Project) which was disposed of in February 2021.

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 with those adopted in the annual financial statements of the Group.

Intersegment transactions

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

Segment assets and liabilities

	Australia 31 Dec 2021 $	USA 31 Dec 2021 $	Total 31 Dec 2021 $	Australia 30 Jun 2021 $	USA 30 Jun 2021 $	Total 30 Jun 2021 $
Current assets	147,605,292	-	147,605,292	69,396,617	-	69,396,617
Non-current assets	339,863,008	-	339,863,008	332,119,902	-	332,119,902
Total assets	**487,468,300**	**-**	**487,468,300**	**401,516,519**	**-**	**401,516,519**
Current liabilities	155,352,959	-	155,352,959	116,694,356	-	116,694,356
Non-current liabilities	237,851,150	-	237,851,150	227,121,128	-	227,121,128
Total liabilities	**393,204,109**	**-**	**393,204,109**	**343,815,484**	**-**	**343,815,484**

Segment results

	Australia 6 months to 31 Dec 2021 $	USA 6 months to 31 Dec 2021 $	Total 6 months to 31 Dec 2021 $	Australia 6 months to 31 Dec 2020 $	USA 6 months to 31 Dec 2020 $	Total 6 months to 31 Dec 2020 $
Revenue	181,247,773	-	181,247,773	126,164,016	-	126,164,016
Fair value movements in trade receivables	9,823,814	-	9,823,814	6,192,477	-	6,192,477
Net fair value loss on zinc derivatives	(26,944,800)	-	(26,944,800)	(1,537,099)	-	(1,537,099)
Production costs	(104,669,224)	-	(104,669,224)	(88,323,582)	-	(88,323,582)
Employee benefits expense – labour costs	(22,928,543)	-	(22,928,543)	(18,093,491)	-	(18,093,491)
Changes in zinc concentrate inventory	2,698,731	-	2,698,731	9,460,752	-	9,460,752
Exploration and evaluation expenses	(33,921)	-	(33,921)	(168,304)	(463,356)	(631,660)
Employee benefits – share based payments	(938,283)	-	(938,283)	(629,311)	-	(629,311)
Professional expenses	(2,328,006)	-	(2,328,006)	(5,124,176)	(5,901)	(5,130,077)
Foreign exchange (losses)/gains	(939,000)	-	(939,000)	10,782,491	-	10,782,491
Other income	7,211	-	7,211	161,866	-	161,866
Earnings/(loss) before interest, income tax, depreciation and amortisation ('EBITDA')	**34,995,752**	**-**	**34,995,752**	**38,885,639**	**(469,257)**	**38,416,382**
Depreciation and amortisation expenses	(28,413,799)	-	(28,413,799)	(32,821,993)	-	(32,821,993)
Earnings/(loss) before interest and income tax ('EBIT')	**6,581,953**	**-**	**6,581,953**	**6,063,646**	**(469,257)**	**5,594,389**
Finance income	65,274	-	65,274	36,732	131	36,863
Finance expense	(10,056,049)	-	(10,056,049)	(12,907,445)	-	(12,907,445)
Earnings/(loss) before income tax ('EBT')	**(3,408,822)**	**-**	**(3,408,822)**	**(6,807,067)**	**(469,126)**	**(7,276,193)**
Income tax expense	-	-	-	-	-	-
Net loss for the period attributable to equity holders of New Century Resources Limited	**(3,408,822)**	**-**	**(3,408,822)**	**(6,807,067)**	**(469,126)**	**(7,276,193)**

Note 3. Revenue and other related items

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Revenue from sale of zinc concentrates	181,247,773	126,164,016
Other related items:		
Fair value movements in trade receivables	9,823,814	6,192,477
Net fair value loss on zinc derivatives – refer Note 24	(26,944,800)	(1,537,099)

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

Note 4. Production costs and other related items

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Production costs	(104,669,224)	(88,323,582)
Employee benefits expense – labour costs	(22,928,543)	(18,093,491)
Change in zinc concentrate inventory – refer Note 15	2,698,731	9,460,752

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

Note 5. Depreciation and amortisation expense

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Depreciation and amortisation of property, plant and equipment – refer Note 17	(22,764,360)	(27,107,050)
Amortisation of right-of-use assets – refer Note 18	(5,649,439)	(5,714,943)
	(28,413,799)	**(32,821,993)**

Note 6. Exploration and evaluation expenses

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Century Project costs	(33,921)	(168,304)
Kodiak Project costs	-	(463,356)
	(33,921)	**(631,660)**

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances in relation to each area of interest. Refer to Note 19 to the Financial Statements for information pertaining to exploration and evaluation assets.

Note 7. Employee benefits – share based payments

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Employee benefits – share based payments	(938,283)	(629,311)

The Group grants performance rights to its employees and Directors. These are measured at fair value at the date of grant and are expensed on a straight-line basis over the vesting period.

Note 8. Professional expenses

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Professional expenses	(2,328,006)	(5,130,077)

The professional expenses incurred by the Group are mainly attributable to business development opportunities. The prior period amount includes costs associated with the Group's proposal to acquire Goro Nickel & Cobalt Mine in New Caledonia. On 8 September 2020, the Company announced it had elected not to proceed with the proposed transaction.

Note 9. Foreign exchange (losses)/gains

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Foreign exchange (losses)/gains	(939,000)	10,782,491

Foreign exchange (losses)/gains incurred by the Group are mainly due to the revaluation of US dollar denominated borrowings (Note 22) and deferred proceeds (Note 21).

Note 10. Financing income/(expense)

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Financing income		
Interest income	65,274	36,863
Financing expense		
Unwind of discount relating to environmental rehabilitation provision – note 26	(872,529)	(529,843)
Unwind of discount relating to lease liabilities – refer Note 18	(905,068)	(1,241,869)
Amortisation for effective borrowing rate – Facility A – refer Note 22	(346,514)	(3,407,000)
Amortisation for effective borrowing rate – Facility B – refer Note 22	(1,518,535)	(1,365,667)
Derecognition of financial liability – Facility A – refer Note 23	3,991,806	-
Derecognition of financial liability – Facility B – refer Note 23	1,205,412	-
Fee payable to Varde on finalisation of borrowings	(7,839,294)	-
Interest expense - Facility A	(470,722)	(1,498,177)
Interest expense - Facility B	(843,017)	(1,475,666)
Loan amendment fee - Varde	(47,912)	(2,620,000)
Interest on deferred proceeds	(312,151)	(562,597)
Interest on MMG bank guarantee support	(1,387,224)	(151,087)
Interest expense on equipment finance - refer Note 22	(5,388)	(1,640)
Interest on Environmental Bond Facility	(261,170)	-
Amortisation of environmental bond facility establishment costs	(128,512)	-
Options issued to MMG – refer Note 23	(260,000)	-
Other	(55,231)	(53,899)
	(10,056,049)	**(12,907,445)**

Note 11. Other income

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Other income	7,211	161,866

Other income includes gains on disposal of minor items of property, plant and equipment and rental income.

Note 12. Income tax expense

	6 months to 31 Dec 2021 $	6 months to 31 Dec 2020 $
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from operations before income tax expense	(3,408,822)	(7,276,193)
Tax benefit at the Australian tax rate of 30% (2020: 30%)	(1,022,647)	(2,182,858)
Tax effect amounts which are not deductible in calculating taxable income:		
Share based payments	281,485	188,793
Tax effect of different tax rate of overseas subsidiaries	-	11,547
Other	-	412
	(741,162)	(1,982,106)
Income tax benefits not recognised	741,162	1,982,106
Current tax expense	1,109,622	-
Tax losses not recognised in prior periods now recouped during the period	(1,109,622)	-
Income tax expense	**-**	**-**

The Group has approximately $109 million (tax effected) of temporary differences and tax losses that have not been recognised as deferred tax assets. These 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.

No franking credits are available.

Note 13. Cash and cash equivalents

	31 Dec 2021 $	30 Jun 2021 $
Cash at bank	85,993,890	35,696,665

The amount of cash and cash equivalents held as USD at 31 December 2021 was A$49,121,079 (30 June 2021: A$12,181,750).

Note 14. Trade and other receivables

	31 Dec 2021 $	30 Jun 2021 $
Trade receivables	16,475,665	4,697,924
GST receivables	2,621,073	1,404,634
	19,096,738	**6,102,558**

The expected credit loss was nil on the trade receivables.

Note 15. Inventories

	31 Dec 2021 $	30 Jun 2021 $
Zinc concentrate – at cost	13,433,042	10,734,311
Consumables and spare parts – at cost	19,262,965	13,296,203
	32,696,007	**24,030,514**

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

Note 16. Prepayments

	31 Dec 2021 $	30 Jun 2021 $
Prepayments – current	9,818,657	3,566,880
Prepayments – non-current	2,698,747	-
	12,517,404	3,566,880

The increase in prepayments is mainly due to the capitalisation of the environmental bond facility establishment costs and the timing of large and irregular payments including insurance policies and local government rates.

Note 17. Property, plant and equipment

	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Balance at beginning of the period	275,788,162	361,286,868	361,286,868
Additions	6,956,964	13,461,283	4,630,151
Depreciation expense for the period	(22,764,360)	(52,470,400)	(27,107,050)
Impact of change in rehabilitation discount rate – Note 26	(1,940,351)	(6,328,564)	(6,319,574)
Reduction in rehabilitation provision capitalised – Note 26	-	(33,676,871)	(34,214,287)
Proceeds from zinc concentrate sales during development phase	-	(6,484,154)	(6,484,154)
Balance at end of the period	**258,040,415**	**275,788,162**	**291,791,954**

All proceeds earned from the sale of pre-commissioning zinc concentrate in prior periods were offset against property, plant and equipment in accordance with the Group's accounting policy.

Note 18. Leases

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

Right-of-use assets

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

	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Balance at beginning of the period	33,692,477	44,430,521	44,430,521
Additions due to modification of lease rental rates	-	626,335	626,335
Amortisation – expensed during the period	(5,649,439)	(11,364,379)	(5,714,943)
Balance at end of the period	**28,043,038**	**33,692,477**	**39,341,913**

Lease liabilities

The movement in the lease liabilities is reconciled below:

	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Balance at beginning of the period	34,240,709	45,140,245	45,140,245
Additions due to modification of lease rental rate	-	626,335	626,335
Interest unwind – expensed	905,068	2,298,729	1,241,869
Lease payments	(6,687,379)	(13,824,600)	(6,918,217)
Balance at end of the period	**28,458,398**	**34,240,709**	**40,090,232**
Disclosed as			
Current	8,388,253	10,143,098	11,631,835
Non-current	20,070,145	24,097,611	28,458,397
Balance at end of the period	**28,458,398**	**34,240,709**	**40,090,232**

Note 19. Exploration and evaluation assets

	31 Dec 2021 $	30 Jun 2021 $
Balance at beginning of the period	7,308,668	3,631,381

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances in relation to each area of interest. The increase in exploration and evaluation assets of $3,677,287 relates to capitalisation of expenditure incurred for the feasibility study into the potential development of in-situ deposits at the Century Mine. Refer to Note 6 to the Financial Statements for information pertaining to exploration and evaluation expenses.

Note 20. Financial assets – security guarantees

	31 Dec 2021 $	30 Jun 2021 $
Environmental guarantees – refer Note 31	25,916,150	4,875,000
Non-environmental guarantees	17,855,990	14,132,882
	43,772,140	**19,007,882**

Deposits held as security guarantees are for the benefit of other parties in guarantee of obligations. They may bear interest with the interest rate dependent on the term and nature of the deposits. They are valued at the face value of the term deposits. The increase in financial assets – security guarantees of $24,764,258 during the period is mainly attributable to the increase in the environmental guarantees – refer Note 31 for further details.

Note 21. Trade and other payables

	31 Dec 2021 $	30 Jun 2021 $
Current unsecured liabilities		
Trade and other payables	60,399,836	45,435,168
Deferred proceeds	16,470,689	20,781,738
	76,870,525	**66,216,906**

Proceeds of $16,470,689 against which shipment had not been made by 31 December 2021 has been treated as deferred proceeds. This will be recognised as revenue in the income statement in subsequent financial periods when the sale is recognised.

Note 22. Borrowings

	31 Dec 2021 $	30 Jun 2021 $	31 Dec 2020 $
Secured – current			
Varde Facility A	-	14,409,828	28,060,522
Varde Facility B	-	11,326,897	10,568,175
Other borrowings – Equipment finance	198,806	97,499	95,612
Total current	**198,806**	**25,834,224**	**38,724,309**
Secured – non-current			
Varde Facility A	-	-	-
Varde Facility B	-	13,100,246	18,474,259
Other borrowings – Equipment finance	290,090	126,578	183,868
Total non-current	**290,090**	**13,226,824**	**18,658,127**
Total			
Varde Facility A	-	14,409,828	28,060,522
Varde Facility B	-	24,427,143	29,042,434
Other borrowings – Equipment finance	488,896	224,077	279,480
Total borrowings at end of the period	**488,896**	**39,061,048**	**57,382,436**

Description of the borrowing facilities

During the period, the Group made full repayment of the borrowings with Varde Partners. This includes extinguishment of the silver royalties which were classified as financial liability at fair value through profit or loss in Note 23 to the Financial Statements.

In the prior periods, the Group had secured a financing facility with Varde (Varde Facility A) in February 2019 and it completed an expansion of the facilities (Varde Facility B) in January 2020. The details of these facilities are summarised below.

Facility	Varde Facility A A$60 million facility	Varde Facility B A$40 million facility
Facility type	Senior secured (all assets)	Senior secured (all assets)
Facility amount	A$60,000,000 (US$42,900,000)	A$40,000,000 (US$28,000,000)
Original term	2.5 years from February 2019	2.5 years from January 2020
Interest rate	8% per annum	8% per annum
Silver royalty	20% of payable silver production limited to 4 years (capped at US$5 million)	10% of payable silver production limited to 4 years
Options	None	1,666,667 (25 million pre share consolidation) options at $3.75 ($0.25 pre share consolidation) per share, 3.5 year term

Movements during the period

The movement in Varde Facility A is reconciled below:

	6 months to 31 Dec 2021 $	12 months to 30 June 2021 $	6 months to 31 Dec 2020 $
Opening balance	14,409,828	44,109,467	44,109,467
Adjustment for effective borrowing rate	346,514	4,382,750	3,407,000
Exchange differences	655,215	(3,907,391)	(4,100,147)
Repayments	(15,411,557)	(30,174,998)	(15,355,798)
Balance at end of the period	**-**	**14,409,828**	**28,060,522**

The movement in Varde Facility B is reconciled below:

	6 months to 31 Dec 2021 $	12 months to 30 June 2021 $	6 months to 31 Dec 2020 $
Opening balance	24,427,143	38,021,558	38,021,558
Adjustment for effective borrowing rate	1,518,535	2,395,572	1,365,667
Exchange differences	1,122,775	(3,219,566)	(3,741,527)
Repayments	(27,068,453)	(12,770,421)	(6,603,264)
Balance at end of the period	**-**	**24,427,143**	**29,042,434**

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

	6 months to 31 Dec 2021 $	12 months to 30 June 2021 $	6 months to 31 Dec 2020 $
Opening balance	224,077	-	-
Borrowings obtained	329,392	295,100	295,100
Interest	5,388	6,648	1,640
Repayments	(69,961)	(77,671)	(17,260)
Balance at end of the period	**488,896**	**224,077**	**279,480**

During the current and prior periods, the Group acquired machinery for the Century Mine on finance from equipment finance providers.

Note 23. Financial liability at fair value through profit or loss

	31 Dec 2021 $	30 Jun 2021 $	31 Dec 2020 $
Current			
Varde Facility A – silver royalties	-	1,920,000	1,920,000
Varde Facility B – silver royalties	-	1,207,663	1,207,663
Total current	**-**	**3,127,663**	**3,127,663**
Non-current			
Varde Facility A – silver royalties	-	2,635,381	2,858,475
Varde Facility B – silver royalties	-	318,865	427,668
Varde Facility B – options	750,000	750,000	750,000
MMG options	260,000	-	-
Total non-current	**1,010,000**	**3,704,246**	**4,036,143**
Total			
Varde Facility A – silver royalties	-	4,555,381	4,778,475
Varde Facility B – silver royalties	-	1,526,528	1,635,331
Varde Facility B – options	750,000	750,000	750,000
MMG options	260,000	-	-
Balance at the end of the period	**1,010,000**	**6,831,909**	**7,163,806**

Refer to Note 22 to the Financial Statements for further details on extinguishment of the silver royalties. Varde options - the financial liability at fair value through profit or loss represents the fair value of options issued to Varde during the prior period. MMG options - the financial liability at fair value through profit or loss represents the fair value of options issued to MMG during the current period.

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

Varde Facility A	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Opening balance	4,555,381	5,741,880	5,741,880
Derecognition of financial liability	(3,991,806)	-	-
Repayments	(778,975)	(708,471)	(376,416)
Exchange differences	215,400	(478,028)	(586,989)
Balance at end of the period	**-**	**4,555,381**	**4,778,475**

Varde Facility B	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Opening balance	1,526,528	2,308,069	2,308,069
Derecognition of financial liability	(1,205,412)	-	-
Repayments	(389,488)	(605,164)	(375,461)
Exchange differences	68,372	(176,377)	(297,277)
Balance at end of the period	**-**	**1,526,528**	**1,635,331**

Note 24. Derivative financial instruments

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

Zinc put option contracts

In the prior corresponding period, the total net fair value loss on zinc derivatives recognised as an expense was $1,537,099 arising from the purchase of US dollar zinc put option contracts. The US dollar zinc put option contracts were not designated for hedge accounting. Any fair value movements in the hedge instruments were immediately recognised in the income statement. These contracts were fully settled by 30 June 2021.

Zinc swap contracts

The Australian dollar zinc swap contracts were designated as cash flow hedges and were assessed to be fully effective in managing the underlying risk of fluctuations in the Australian dollar zinc price. Set out below are the key balances arising from the hedge accounting of the zinc swap contracts.

	31 Dec 2021 $	30 June 2021 $
Net fair value loss on zinc derivatives (expense)	(26,944,800)	(1,844,744)
Derivative financial instruments – current liability	65,654,544	7,350,005
Derivative financial instruments – non-current liability	40,869,018	9,945,477
Cash flow hedge reserve	(87,876,951)	(15,450,738)

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

	31 Dec 2021 $	30 June 2021 $
Opening balance	(15,450,738)	-
Effective portion of gain or loss on hedging instrument	(99,371,013)	(17,295,482)
Reclassification to profit or loss as hedged item recognised as loss	26,944,800	1,844,744
Closing balance	**(87,876,951)**	**(15,450,738)**

During the prior year ended 30 June 2021, the Group entered into a fixed for variable swap agreement with Macquarie Bank Limited (Macquarie) to hedge the Australian dollar zinc price on 90,000 tonnes of zinc being a portion of forecast future sales exposure. As at 30 June 2021, the hedge position was 90,000 tonnes with the fixed price set at A$3,717 per tonne. The hedge is to be settled in equal portions of 2,500 tonnes per month from July 2021 through June 2024 inclusive.

During the current half-year, the Group entered into a second fixed for variable swap agreement with Macquarie to hedge the Australian dollar zinc price on an additional 90,000 tonnes of zinc being a portion of forecast future sales exposure. As at 31 December 2021, the hedge position was 90,000 tonnes with the fixed price set at AUD3,938 per tonne. The hedge is to be settled in equal portions of 3,750 tonnes per month from January 2022 through December 2023 inclusive.

As at 31 December 2021, the combined hedge position was 165,000 tonnes with a weighted average fixed price of A$3,838 per tonne.

Note 25. Employee benefits provision

	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Opening balance	4,022,460	2,642,422	2,642,422
Movement for the period	751,120	1,380,038	892,166
Balance at end of the period	**4,773,580**	**4,022,460**	**3,534,588**
Disclosed as			
Current	4,240,831	4,022,460	3,534,588
Non-current	532,749	-	-
Balance at end of the period	**4,773,580**	**4,022,460**	**3,534,588**

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

Note 26. Environmental rehabilitation provisions

	6 months to 31 Dec 2021 $	12 months to 30 Jun 2021 $	6 months to 31 Dec 2020 $
Opening balance	176,146,970	215,587,408	215,587,408
Interest unwind	872,529	1,392,771	529,843
Impact of change in discount rate	(1,940,351)	(6,328,564)	(6,319,574)
Reduction in provision estimate	-	(33,676,871)	(34,214,287)
Reduction due to disposal of business	-	(827,774)	-
Exchange differences	-	-	(89,204)
Balance at end of the period	**175,079,148**	**176,146,970**	**175,494,186**

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

The impact of change in discount rate amounts reflects adjustments to the discount rate during the relevant periods. The discount rate employed by the Group is the relevant risk-free Australian Government bond rate.

The reduction in provision estimate in the prior periods reflect revisions in mine rehabilitation cost estimates that were approved by the Queensland Department of Environment and Science in January 2021. A corresponding adjustment in Property, plant and equipment was recognised in accordance with the Group's accounting policy – refer to Note 17 to the Financial Statements.

The reduction due to disposal of business reflects the disposal of the Kodiak Project during the prior period. All associated rehabilitation provision obligations have transferred to the purchasers.

Note 27. Issued capital

Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the parent entity, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Group completed a 15:1 share consolidation in December 2021 following approval by shareholders in November 2021. The share consolidation involved the conversion of every 15 fully paid ordinary share on issue into 1 fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Pursuant to the share consolidation, the number of shares on issue reduced from 1,725,753,750 shares to 115,052,085 shares.

The movement in issued capital during the period was as follows:

	6 months to 31 Dec 2021	
	Number of shares	$
Opening balance – 1 July 2021	1,209,928,046	436,644,145
Shares issued on 28 October 2021 at 15.95 cents under Employee share plan	968,258	154,500
Shares issued on 3 November 2021 at 15.50 cents under institutional placement	212,375,434	32,918,192
Shares issued on 26 November 2021 at 15.50 cents under pro rata entitlement offer	302,482,012	46,884,715
Number of shares prior to 15:1 share consolidation	1,725,753,750	516,601,552
Share consolidation of 15:1 shares on 1 December 2021	(1,610,701,665)	-
Number of shares post 15:1 share consolidation	115,052,085	516,601,552
Shares issued on 7 December 2021 at $3.18 in lieu of non-executive fees	54,092	172,500
Shares issued on 7 December 2021 $2.33 under placement	15,884,526	36,931,523
Shares issued on 9 December 2021 at $2.33 under cleansing prospectus	10	23
Total	**130,990,713**	**553,705,598**
Costs arising from issue of shares	-	(6,118,545)
Closing balance – 31 December 2021	**130,990,713**	**547,587,053**

Total cost for issue of shares of $6,118,545 includes $517,000 of fair value of options granted to a consultant for capital raising costs. Total cash paid for share issue costs therefore was $5,601,545.

The table below sets out the total shares issued split between shares issued for cash and shares issued that did not result in receipt of cash:

	Cash $	Non-cash $	Total $
Shares issued on 28 October 2021 at 15.95 cents under Employee share plan	-	154,500	154,500
Shares issued on 3 November 2021 at 15.50 cents under institutional placement	32,918,192	-	32,918,192
Shares issued on 26 November 2021 at 15.50 cents under pro rata entitlement offer	46,884,715	-	46,884,715
Shares issued on 7 December 2021 at $3.18 in lieu of non-executive fees	-	172,500	172,500
Shares issued on 7 December 2021 $2.33 under placement	36,931,523	-	36,931,523
Shares issued on 9 December 2021 at $2.33 under cleansing prospectus	23	-	23
	116,734,453	**327,000**	**117,061,453**

Note 28. Key management personnel and related parties

Remuneration arrangements of Key Management Personnel (**KMP**) are disclosed in the 30 June 2021 Annual Financial Report. During the period, there were no changes in the remuneration arrangements of the KMP.

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 29. Financial instruments

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

Note 30. Dividends

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

Note 31. Commitments and contingent liabilities

The commitments and contingent liabilities of the Group are set out in the Annual Financial Report of the Group for 30 June 2021. There has been no significant change in commitments and contingent liabilities during the half-year, except for the following matters:

Environmental bonding

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

As at 31 December 2021, the total environmental bond provided to the Queensland Government for the Century Mine was $185,916,150 which was made up of a guarantee provided by Macquarie of $160,000,000 and restricted cash provided by the Group of $25,916,150.

Mt Lyell Copper Mine

During the period, the Group executed an Option Agreement with Monte Cello B.V. (MCBV), a subsidiary of Vedanta Limited (Vedanta) for the acquisition of Copper Mines of Tasmania Pty Ltd (CMT), owner of the Mt Lyell Copper Mine (Mt Lyell) in Tasmania. The Option Agreement followed the Group's announcement on 27 October 2021 that it had entered into a binding term sheet to acquire CMT from MCBV following a two-year period to evaluate the potential for restart of operations at Mt Lyell. During the option period, the Group will investigate the refurbishment or replacement of the existing infrastructure for tailings reprocessing, with subsequent integration of sustainable in-situ ore processing to follow. The Option Agreement includes a minimum expenditure commitment by New Century of US$10 million over the option period towards development and exploration, in addition to the capped reimbursement of care and maintenance costs of US$13 million. The option period commenced on 5 November 2021. Should the option to acquire be exercised, the acquisition consideration will be by way of a capped royalty paid over time from successful operations.

The minimum expenditure of US$10 million and the capped reimbursement of care and maintenance costs of US$13 million constitute a commitment at 31 December 2021.

Note 32. Matters subsequent to the end of the half-year

There have been no 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 periods.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 30 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 31 December 2021 and of the performance for the half-year ended on that date of the Group;

2. in the Directors' opinion there are reasonable grounds to believe that 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 half-year ended 31 December 2021.

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

Robert McDonald
Chairman

28 February 2022

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

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

Conclusion

We have reviewed the half-year financial report of New Century Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 31.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Melbourne, 28 February 2022