NEW CENTURY RESOURCES

Annual Report 2018

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Corporate Directory

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Key Achievements

- **Century Tailings Deposit infill drilling program completed with major September 2017 Resource increase achieved:**
  - ***Resource upgrade to 78.9Mt at 3.02% zinc, 0.47% lead & 12.4g/t silver for a total contained metal of 2,380,000t Zn, 370,000t Pb & 31,500,000oz Ag***
- **98% conversion of September 2017 Tailings Resource to Proven Ore Reserve of 77.3Mt at 3.1% ZnEq in November 2017**
- **Upgrade of in-situ Mineral Resource base for the Century Mine:**
  - *South Block Indicated Mineral Resource 6.1Mt at 6.8% Zn+Pb (5.3% Zn, 1.5% Pb, 43g/t Ag); containing 322,000t zinc, 90,000t lead and 8.5Moz silver.*
  - *Total Indicated and Inferred Mineral Resources (including South Block) now 9.3Mt at 10.8% Zn+Pb (6.1% Zn, 4.7% Pb, 66g/t Ag); containing 568,000t zinc, 433,000t lead and 19.9Moz silver.*
- **Outstanding feasibility results for the Century Mine restart**
- **Execution of long term offtake concentrate agreements totalling ~80% of production**
- **Key contracts for power, gas supply, hydraulic mining, operations and maintenance successfully executed**
- **Start-up of operations achieved with load commissioning and operational ramp up underway**
- **Successful operation of concentrate slurry pipeline and stockpiling of zinc concentrate at Karumba Port facility**
- **Refurbishment of MV Wunma and first shipment of zinc concentrate made from Karumba Port**
- **Expansion Pre-Feasibility Study underway to assess potential for near term development of in-situ Mineral Resources**
- **Exploration program commenced with IP survey underway and drill program targeted for early 2019**
- **100% ownership of Century Zinc Mine following acquisition of Century Bull Pty Ltd**
- **Landmark Indigenous Training Contract awarded to Waanyi Downer Joint Venture**
- **Significant Cultural Heritage Agreement signed to allow potential development of South Block Mineral Resource**

Review of Operations

Following Shareholder approval on 31 May 2017 of the acquisition of the Century Zinc Mine and all associated infrastructure, including the Karumba Port Facility, New Century Resources Limited recommenced trading on the ASX on 20 July 2017 under the new ASX code NCZ.

In just over a year since the acquisition of the mothballed Century Zinc Mine, New Century Resources has undertaken a restart feasibility study, engaged with key business partners, built up a strong team of dedicated individuals and successfully re-commissioned the Century Zinc Mine, with the loading of the first shipment of zinc concentrate achieved on 29 October 2018.

The Directors of New Century Resources are pleased to present a summary of the operations to Shareholders.

Century Tailings Deposit Resource Upgrade

In July 2017, the Company commenced an infill drilling program over the Century Tailings Deposit targeting an upgrade in the confidence level of the existing resource base to an Indicated Resource level at a minimum.

The previously reported estimate for the Century Tailings Deposit was an Indicated Resource of 12.8Mt at 2.97% zinc and an Inferred Resource of 58.2Mt at 2.68% zinc for a total 71Mt at 2.73% zinc (1,940,000t of contained zinc metal).

The results of the drilling program are shown in Figure 1, which also includes previous drilling programs over the Deposit. Cross sections through the drilling (see Figures 2 to 5) demonstrate the vertical and lateral consistency of zinc grades across the tailings dam, in addition to the continued observation of higher grades compared with the previously reported Mineral Resource. These cross sections also demonstrate strong consistency between the results of the 2015 and 2017 drilling programs. A vertical exaggeration of 20:1 has been applied to all cross sections for the purpose of grade interpretation at the metre scale. All holes drilled in 2017 were at 125m grid spacing.

Based on the drilling program, on 12 September 2017, New Century announced the results of the new independently estimated Mineral Resource for the Century Tailings Deposit. The upgraded Mineral Resource was estimated by Optiro Pty Ltd which had also been responsible for the previous estimate for the Deposit.

Table 1: September 2017 JORC Code 2012 compliant Mineral Resource estimate for the Century Tailings Deposit

Resource Category	Tonnes (Mt)	Zinc (%)	Lead (%)	Silver (g/t)	Metal Content
Measured	78.9	3.02	0.47	12.4	2,380,000t zinc 370,000t lead 31,500,000oz silver

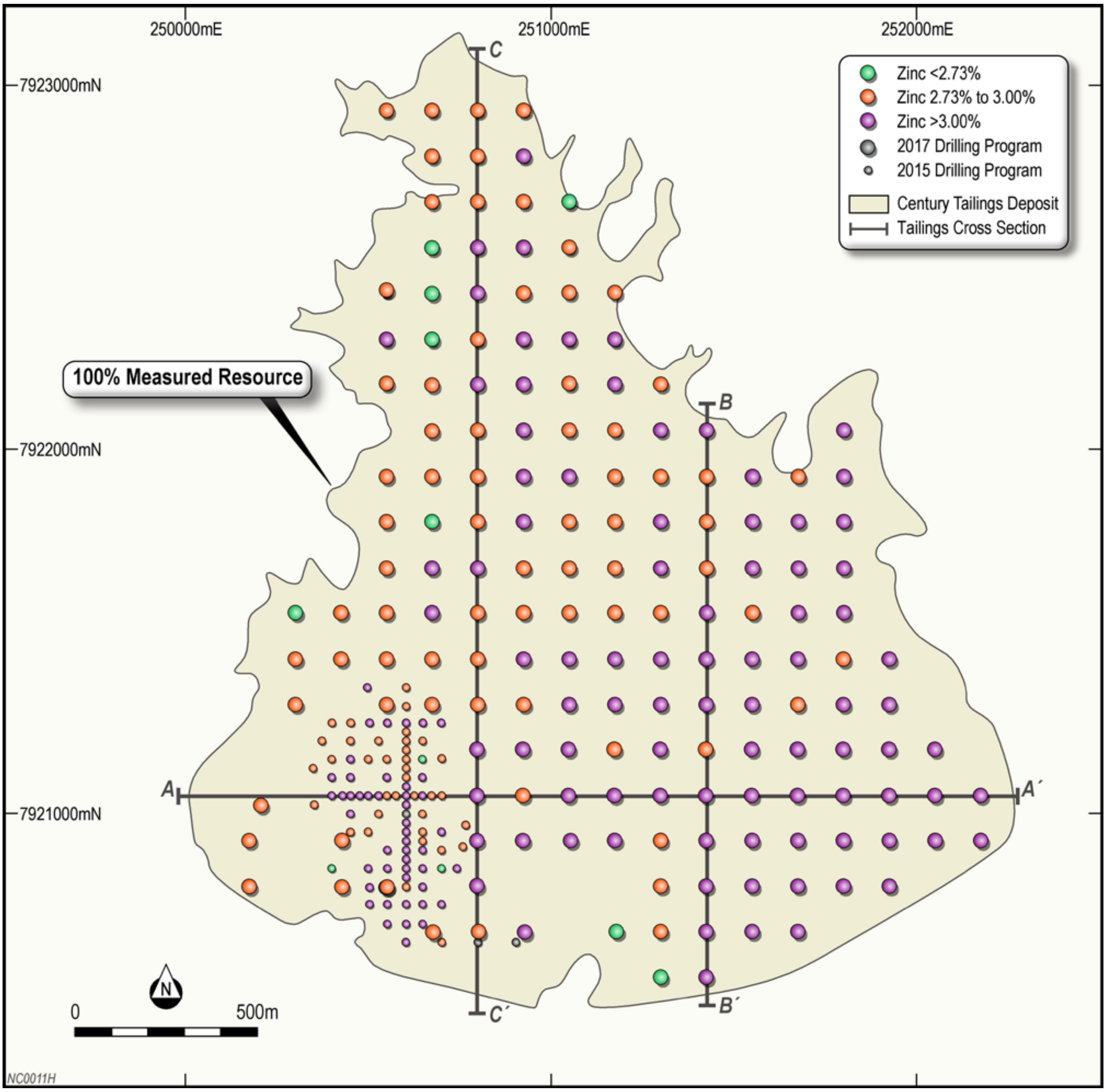

Figure 1: Plan view of the Century Tailings Deposit showing drilling programs

The Mineral Resource has been classified as Measured in accordance with the JORC Code (2012) due to the low variability and high confidence in all of the variables estimated. Furthermore, the comparison of the new Century Tailings Deposit block model grades (per year and per estimation domain) against the tailings stream grades from historical operations, representing many thousands of individual shift composite assays taken over the life of the mine, shows an overall difference of only 6%, well within the margin of error normally expected for a Measured Resource.

As shown in Figure 1, the entire Century Tailings Deposit is consistently mineralised, with a notable higher grade weighting toward the south-eastern corner of the Deposit. This is also the thickest part of the Deposit, with holes averaging ~20m depth, compared to a 13m Deposit average.

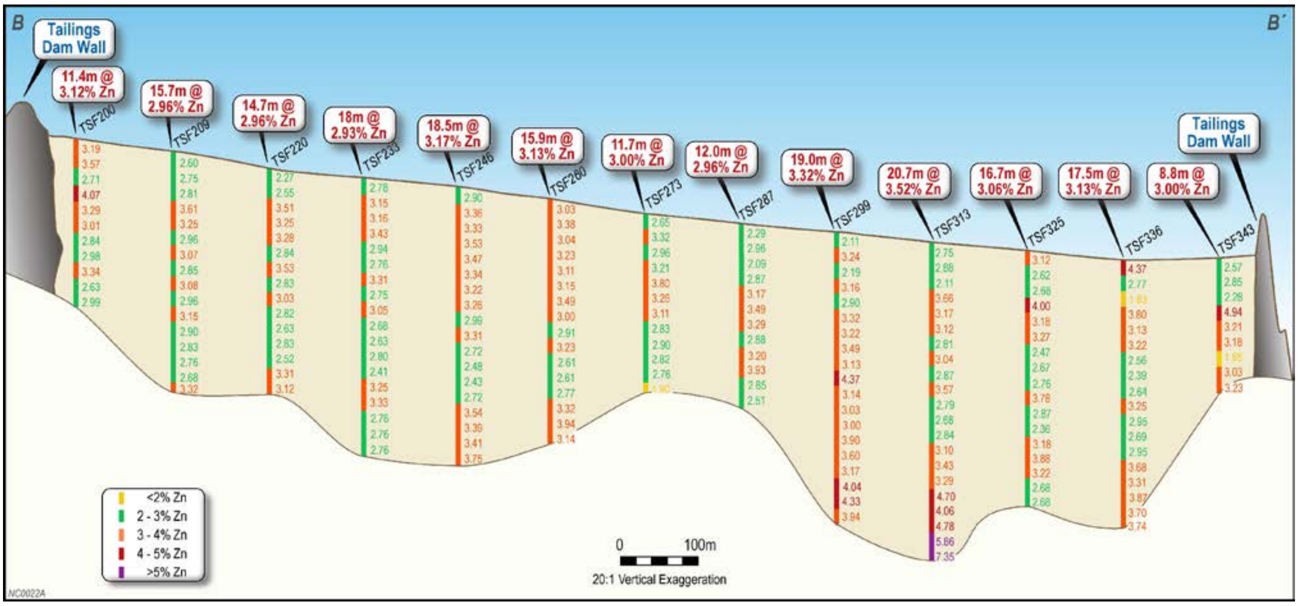

Figure 2: Cross section B-B' of the Century Tailings Deposit

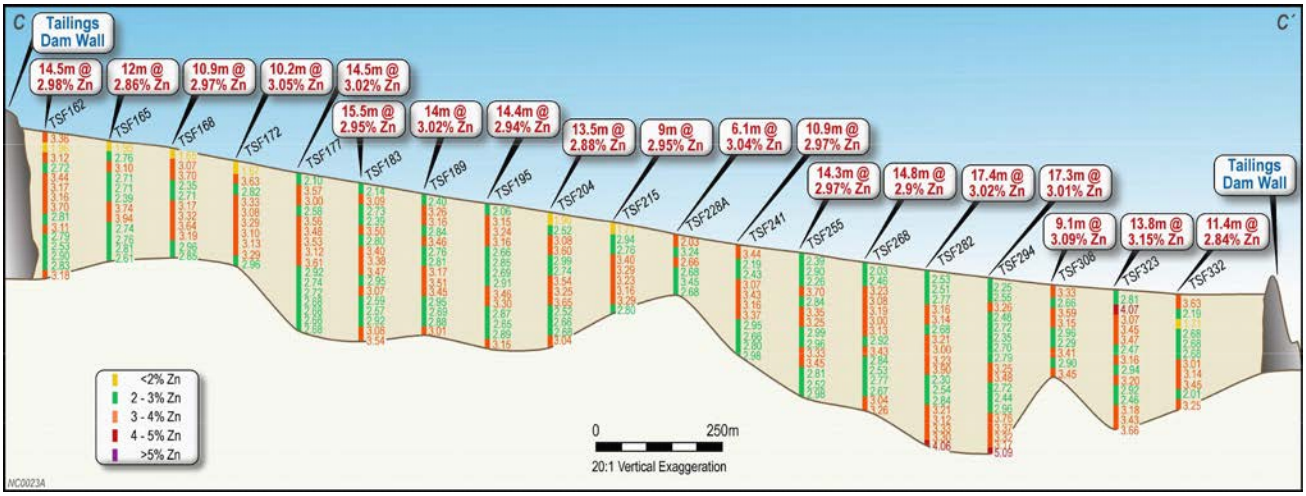

Figure 3: Cross section C-C' of the Century Tailings Deposit

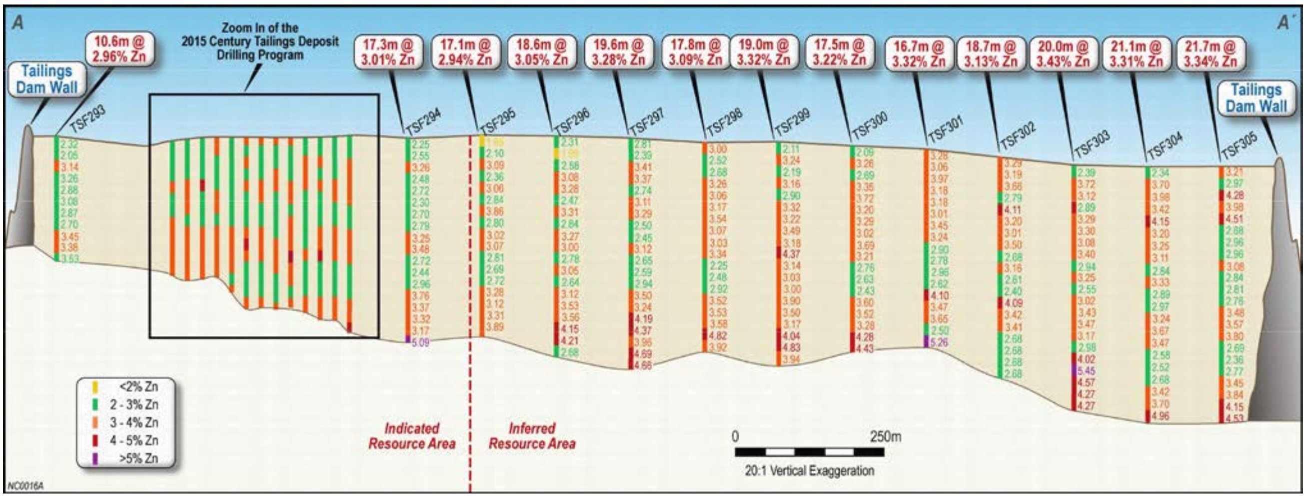

Figure 4: Cross section A-A' of the Century Tailings Deposit (see Figure 5 for zoom in of the 2015 Century Tailings Deposit drilling program)

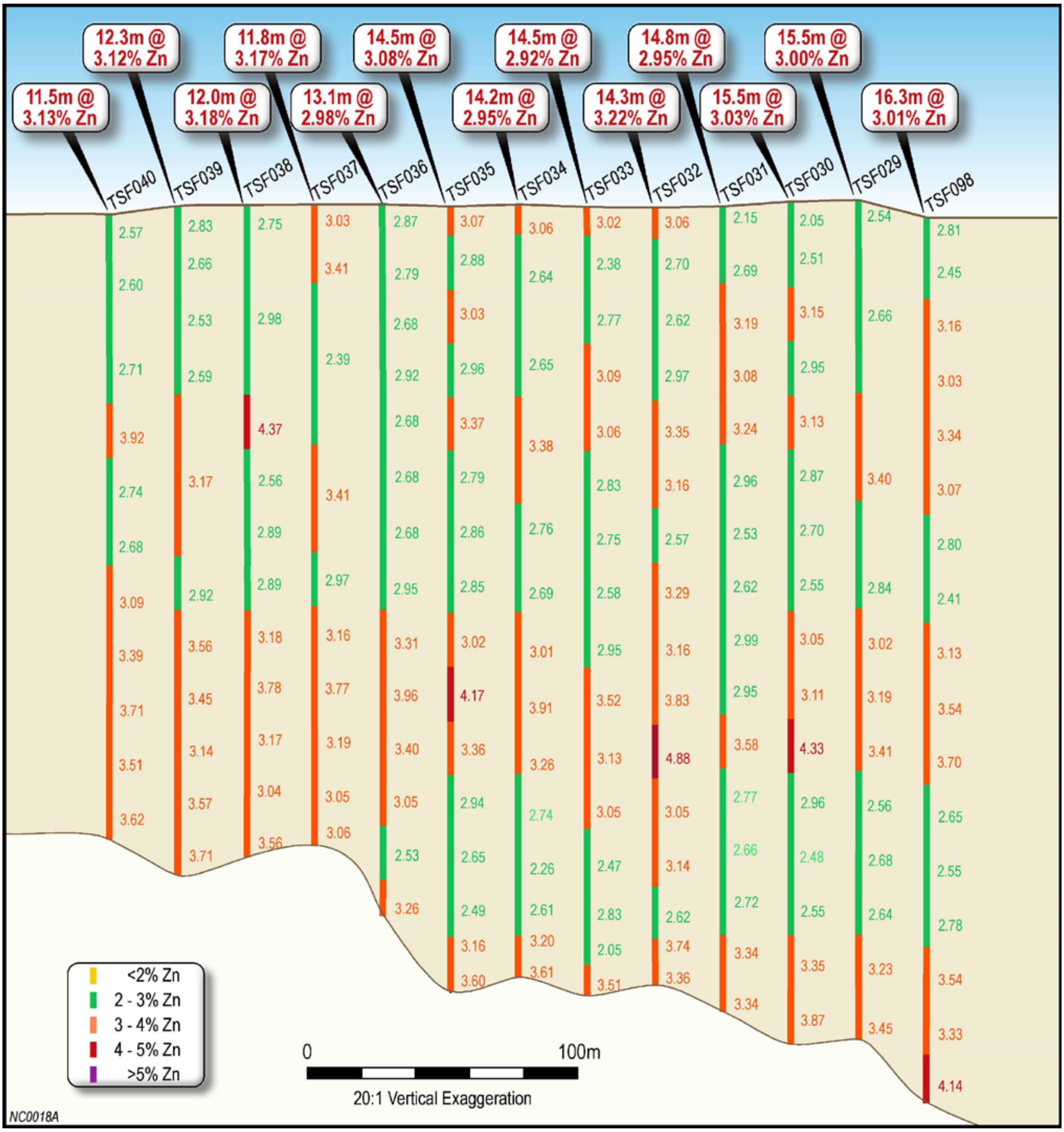

Figure 5: Zoom in of the 2015 Century Tailings Deposit drilling program (from Figure 4)

NEW CENTURY RESOURCES

Restart Feasibility Study

On 2 August 2017, the Company announced the award of the Century Tailings Restart Feasibility Study (**RFS**) to Sedgman, a member of the CIMIC Group (ASX:CIM). The RFS focused on the rapid restart of operations at the Century Zinc Mine via the initial reprocessing of substantial tailings resources at the site.

Outstanding results for the RFS were announced on 28 November 2017 and included detailed economic analysis on a large scale tailings reprocessing operation utilising the significant existing infrastructure located on site at the Century Zinc Mine.

Based on the proposed production profile, New Century estimates Century will be one of the top 10 zinc operations in the world, with steady state production forecasted at 507,000tpa of zinc concentrate at 52% zinc (264,000tpa zinc metal) over an initial 6.3 year mine life from the Century Tailings Deposit only.

The Company considers the restart of Century to have excellent commercial fundamentals, generating over A$1,760 million in free cashflow over the initial tailings operations of 6.3 years. The projected NPV_8 of the project (post tax) is A$1,308 million with an IRR of 270%.

All base case financial analyses were performed at a long term zinc price assumption of US$1.25/lb (US$2,755/t), which was based on the Bloomberg consensus median forecasts from independent analysts for 2018.

Sensitivity and scenario analysis have also been performed on the most influential variables for the proposed operations. The results of these analyses demonstrate the operations will be most sensitive to fluctuations in the zinc price, foreign exchange rate and metallurgical recovery.

Table 2: Restart Feasibility Study summary

Technical Parameters		Financial Parameters[2]		
Design Production *(dry metric tonnes)*[1]	**507,000tpa zinc concentrate (264,000tpa zinc metal)**	**NPV_8 *(Post-tax)***	***Base Case Zinc US$1.25/lb***	***Optimistic Zinc US$1.50/lb***
			A$1,308M	**A$1,729M**
Proven Ore Reserve	**77.3Mt at 3.1% ZnEq[5]**	**IRR *(Post-tax)***	**270%**	**350%**
Conc. Grade[1] *(LOM average)*	**52% zinc & 187g/t silver**	**EBITDA *(LOM avg p.a.)***	**A$449M**	**A$579M**
Design Throughput[1]	**15Mtpa**	**Total Free Cashflow**	**A$1,764M**	**A$2,325M**
Mine Life *(Tailings Only)*	**6.3 years**	**Capital Costs**	**Start Up Capital: A$50M Ramp Up Capital: A$63M**	
First Production	**Q3 2018**	**Operating Costs *(LOM average)***	**C1: US$0.38/lb payable[3] C3: US$0.50/lb payable[4]**	

Table 2 Notes:

1. *Throughput, Design Production and Concentrate Grade represent the average steady state values following initial operational ramp up period (approximately 15 months).*
2. *Long term Base Case exchange rate and commodity pricing assumptions are based on Bloomberg consensus median forecasts from independent analysts for the year 2018. Long term AUD/USD FX 0.75, and long term commodity prices of US$2,755/t zinc, US$17.8/oz silver.*
3. *C1 is defined as direct cash operating costs produced, net of by-product credits, divided by the amount of payable zinc produced. Direct cash operating costs include all mining, processing, transport, treatment & refining costs and smelter recovery deductions through to refined metal.*
4. *C3 cost includes C1 costs, plus depreciation, indirect costs and royalties.*

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

The forecast start-up capital was estimated at A$50 million (including A$2.8 million contingency) to first production at an initial throughput rate of 8Mpta. Once in production, further ramp up capital of A$63 million is planned to be invested over a 15 month period (for a total capital requirement of A$113 million) to bring the operation into full production at 15Mtpa.

Based on the operating cost estimates, New Century has also forecast operations from the Century Tailings Deposit to be the one of the lowest cost primary zinc operations in the world, with Life-of-Mine C1 costs at US$0.38/lb and C3 costs at US$0.50/lb.

As a key outcome of the RFS, the Company declared a Proved Ore Reserve of 77.3Mt at 3.1% ZnEq (3.0% zinc and 12g/t silver) for the Century Tailings Deposit, representing a 98% conversion from the previous Measured Resource.

Based on these results, the New Century Board approved the immediate progression to the construction, refurbishment and re-commissioning phase.

Upgrade of In-situ Mineral Resource Base for the Century Mine with inclusion of South Block Resource

On 15 January 2018, the Company announced the completion of resource estimation over the South Block mineralisation at the Century Zinc Mine.

Table 3: January 2018 JORC Compliant Mineral Resources including new estimate for South Block (excluding Ore Reserves, rounding errors apply)

Deposit	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (t)	Pb (t)	Ag (Oz)
South Block (Indicated)	6.1	5.3	1.5	43	322,000	90,000	8,550,000
Silver King (Inferred)	2.7	6.9	12.5	120	186,000	337,500	10,500,000
East Fault Block (Inferred)	0.5	11.6	1.1	48	60,000	5,500	800,000
TOTAL	**9.3**	**6.1**	**4.7**	**66**	**568,000**	**433,000**	**19,850,000**

The South Block Indicated Mineral Resource complements previously estimated in-situ Inferred Mineral Resources at Silver King and East Fault Block, demonstrating the significant upside for operations beyond the Proven Ore Reserve of the Century Tailings Deposit.

South Block is located on the southernmost portion of the original Century ore body and directly adjacent to the existing Century Processing Plant (Figures 6 and 7). The remaining Century-style Zn-Pb-Ag mineralisation in South Block is tabular in geometry and measures approximately 1,000m in length, 115m in width and is up to 30m thick. Mineralisation is encountered 21m below surface at the western extent, and is exposed in the southern pit wall.

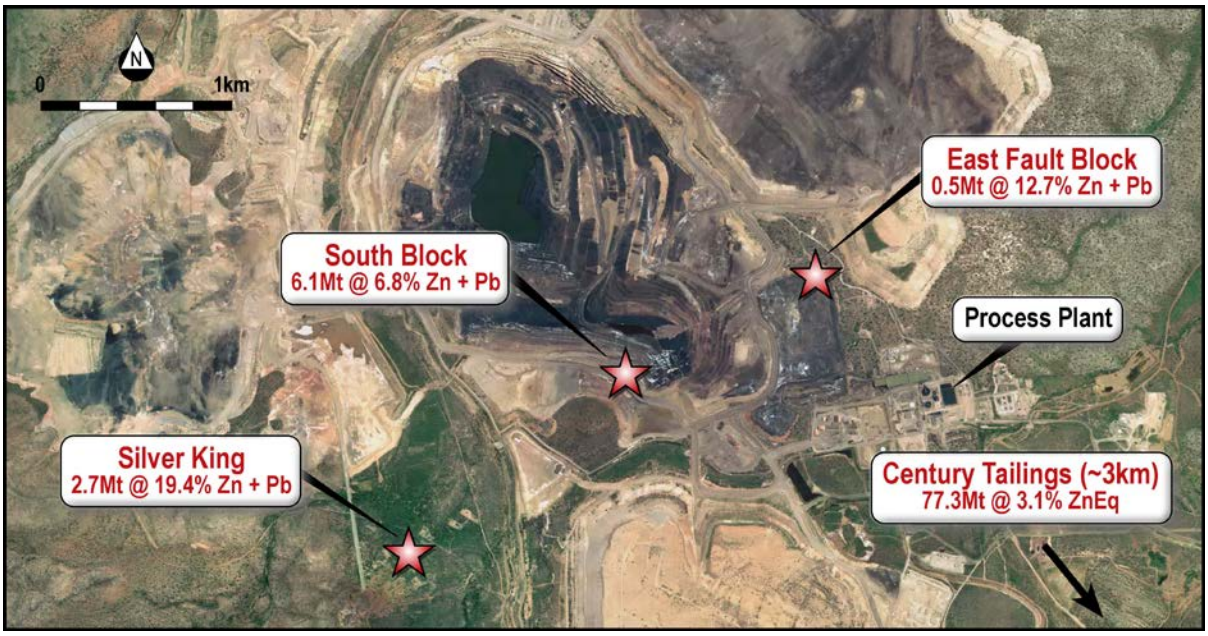

Figure 6: Location of the South Block Mineral Resource

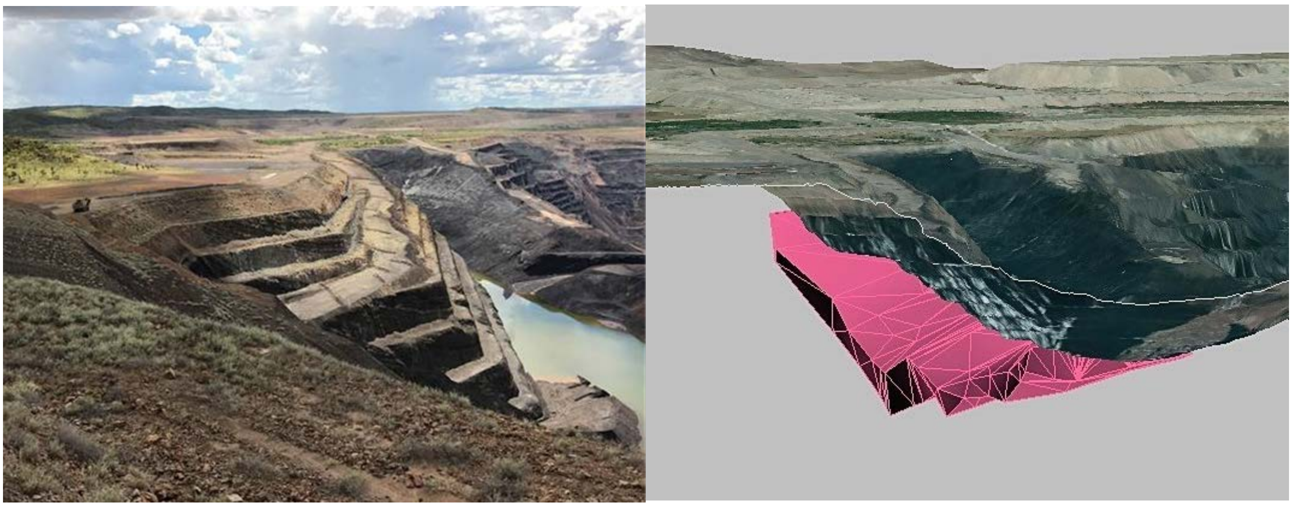

Figure 7: View facing West of the South Block Mineral Resource

As part of the South Block Mineral Resource estimation, diamond drilling was completed to obtain representative samples to support quality assurance and quality control checks of historic drilling.

The program consisted of two diamond drill holes through the central region of the deposit. The samples were used to locally validate the Indicated Mineral Resource estimate, and provide representative sample for metallurgical test work and metal recovery assumptions.

The results of the program confirmed the presence of a continuation of the original Century style 'Big Zinc' mineralisation in the South Block area. The results also compared well with historical drilling assays, and model estimates, in those areas of the mineralisation.

Drill hole spacing across the deposit is approximately 45m which is considered sufficient to give high confidence in the geological model in defining both the mode, and extents, of mineralisation.

The South Block Indicated Mineral Resource was reported at a 3.0% zinc equivalence (ZnEq) Cut-off grade. This value is considered to represent contiguous mineralisation above which grade there is reasonable potential for economic recovery.

While South Block represents a continuation of the historical Big Zinc ore body, which was successfully mined and processed for over 16 years, New Century elected to complete metallurgical testwork on the drilling samples for confirmation of historical performance and potential areas of recovery optimistation.

Preliminary testwork completed has been positive, with the New Century metallurgical team confirming South Block will be suitable for processing via the existing plant configuration at the Mine. This includes the requirement for utilistion of the existing carbon pre-float circuit of the plant, which allows for the initial removal of carbon prior to lead then zinc flotation, ensuring target concentrate grades are maintained.

Figure 8: Progressive flotation of the South Block ore samples, with upfront carbon pre-float (left) followed by lead concentrate flotation (middle) and final zinc concentrate flotation (right)

South Block Agreements with Waanyi People

On 6 September 2017, the Company announced a Collaboration Agreement with the Waanyi Downer Joint Venture (**WDJV**) to assess the feasibility of open cut mining operations at the Century Zinc Mine, centred around the South Block Indicated Mineral Resource.

The WDJV is a 50:50 joint venture between Waanyi Enterprises Pty Ltd and Downer EDI Mining Pty Ltd, representing the interests of both the Waanyi People (Traditional Owners of the Century Mining Lease area) and Downer Group's Mining Services Division. The WDJV is Chaired by Mr Warren Mundine, former Head of the Prime Minister's Indigenous Advisory Council.

As part of the Collaboration Agreement, New Century engaged the WDJV to carry out an initial assessment of mine design, engineering and costings for the development of South Block.

This initial assessment has demonstrated the potential for inclusion of South Block into the planned operations of the Mine. The results of this mining assessment will be utilised as the basis for New Century's Expansion Pre-Feasibility Study.

The Collaboration Agreement also provides for the potential future mining operations to be conducted by the WDJV, pending the outcome of the feasibility work and commercial discussions.

The Company executed a Cultural Heritage Management Plan (**CHMP**) with the Waanyi Registered Native Title Body Corporate (**Waanyi PBC**) in May 2018, providing Traditional Owner consent required for potential development of the South Block Mineral Resource.

The CHMP is an instrument under Queensland's *Aboriginal Cultural Heritage Act* (2003). The compensation arrangements associated with the CHMP provide ongoing direct benefits to the Waanyi People, with the parties also signing a Mining Services Agreement (**MSA**) with the WDJV to undertake works associated the mining of South Block.

The WDJV has already been actively engaged at the Century Mine through ongoing care and maintenance works and delivery of training and development programs for local Indigenous Peoples.

The incorporation of the MSA within the compensation arrangements for a CHMP is a first for the mining industry and provides a viable mechanism to properly recognise the significant value of Indigenous Cultural Heritage, while also empowering Traditional Owner communities with mining developments occurring within their traditional lands.

Offtake Agreements Totalling 80% of Initial Production

The Company has executed long term offtake agreements for zinc concentrate with Mercuria Energy Trading SA, Transamine Trading SA, Nyrstar Sales & Marketing AG, MRI Trading AG and Concord Resources Limited.

The execution of these offtake results from New Century's concentrate tender process, which was initiated in Q4 2017. The tender process received strong participation from both zinc smelters and commodity traders alike, with 11 interested parties submitting indicative offers.

The total tender offering was for up to 1.5Mt of zinc concentrate from the Century Zinc Mine, representing production from approximately the first 3.5 years of operations. The five offtakes have resulted in New Century contracting approximately 80% of its scheduled initial production for the first 3.5 years of operations.

In addition to the offtake agreements, the Company has successfully sold 30,000t of commissioning grade concentrate.

Operations Underway at Century

On 9 August 2018, the Company announced the successful initiation of mining at the Century Zinc Mine, with the operations moving into the load commissioning phase following successful completion of refurbishment and dry commissioning. A summary of progress is provided below.

Hydraulic Mining Operational Ramp-up Progress

- Hydraulic mining operations began in early August 2018 with progressive load commissioning.
- Good progress has been made to date, with material improvements made to mechanical and electrical availability, operator competence and overall mining rate.
- Ramp up activities for hydraulic mining are nearing nameplate for Phase 1 operations.
- Several material downtime events restricted mining operations for the first half of October; however record daily hydraulic mining rates were achieved during the second half of the month.
- Hydraulic mining activities have now moved from the 'main launder trench' into the first 'mining block' at full face heights.

During October 2018, the hydraulic mining operations achieved another milestone by moving into the first 'mining block' of the Century Tailings Deposit. Operations to date had focused on creation of the first part of the 'main launder trench' down to a full face height, which feeds the slurry winning pontoon and delivers tailings ore to the processing plant. Mining block operations reduce the number of pipe movements required during operations, allow for larger cuts to be taken and will allow for further mining rate optimisation via improved consistency of high slurry density being delivered to the plant.

October has also seen a continued focus by New Century's hydraulic mining partners, NPE & Paragon Tailings, on improving pumping facility and associated infrastructure reliability, introducing several areas of automation and rectifying commissioning issues identified during initial operations.

Focus for the hydraulic mining operations remains on maintaining consistent uptime, steady state feed density and a feed rate of 8.0Mtpa+ into the processing plant.

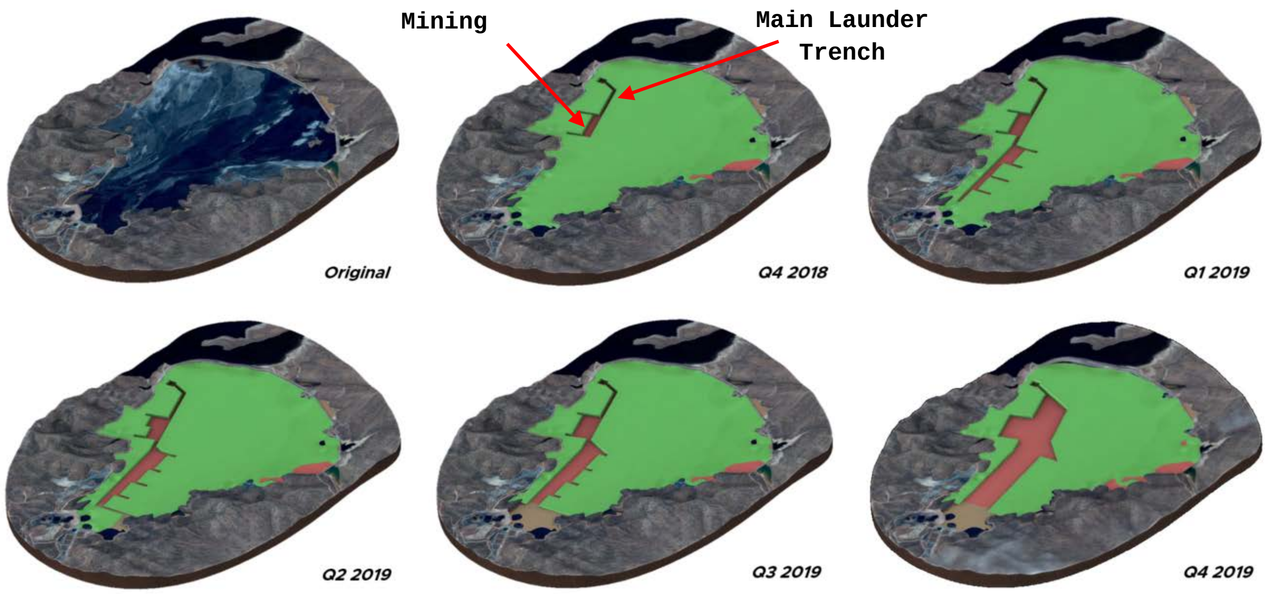

Figure 9: Century Tailings Deposit mining plan through to the end of 2019

Processing Plant Highlights

- Processing plant operations have progressed in line with supply from hydraulic mining, with the majority of activities being initiated in early September 2018.
- Production of 7,000t of concentrate was achieved for the September quarter 2018.
- The plant commissioning process, only in its second month, has made good progress with:
  - Primary grinding performing to expectations, with a closed circuit implemented, reduced spigot size on the cyclones and achieving reduced downtime associated with mill trips compared to September;
  - Rougher/scavenger circuit performing well with flotation performance in excess of 80% of nameplate metal recovery for the circuit (i.e. 55% - 60% recovery of total zinc into the rougher concentrate reporting to the cleaning circuit);
  - Concentrate regrind mills performing to expectations with excess capacity; and
  - Cleaner circuit becoming the focus of the progressive load commissioning process, with the Company having a clear plan of commissioning activities required to remove cleaner circuit bottlenecks throughout the remainder of 2018.
- The plant commissioning process is anticipated to bring the strong flotation performance of the rougher/scavenger circuit through the cleaning circuit over the remainder of Q4 2018.
- Continued steady state production of saleable concentrate with grades ranging 47-51% Zn, 6.0-8.0% Pb and 3.0-6.5% SiO_2.
- While all concentrate produced to date has been sold, the Company anticipates continued improvement of concentrate product quality toward its long-term steady state specification in line with recovery improvements throughout the circuit.

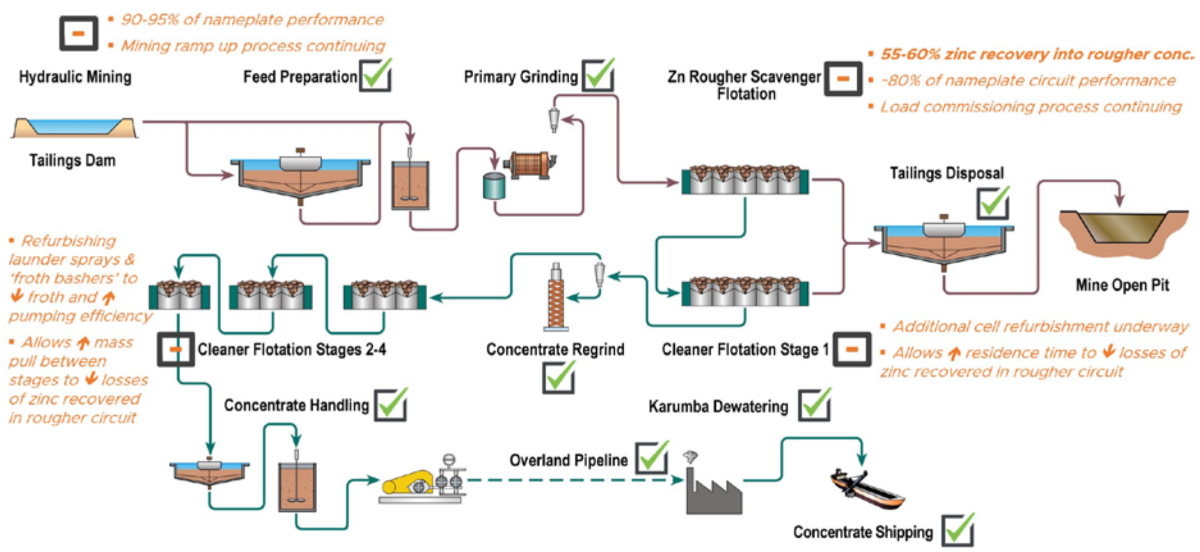

Figure 10: Flowsheet of operations at the Century Zinc Mine annotated for the performance of each unit process during the course of the load commissioning process

Pipeline, Port, MV Wunma & Concentrate Sales Highlights

- Successful dredging program undertaken at Karumba.
- Refurbishment of the MV Wunma.
- Business milestone achieved via loading of the first concentrate parcel onto the MV Wunma as part of the scheduled 10,000t of export shipment for October.
- Successful continuous operation of the slurry pipeline and only minor load commissioning works ongoing within the port facility.

Figure 11: Reclaiming of stockpiled concentrate in the Karumba storage shed for loading onto the MV Wunma

Figure 12: MV Wunma loading its first concentrate parcel prior to transhipment onto the export vessel waiting in the Gulf of Carpentaria. 10,000t of zinc concentrate is scheduled for first shipment.

Expansion Pre-Feasibility Study

In April 2018, the Company commenced the Expansion Pre-Feasibility Study (**PFS**) to investigate the incorporation of the existing in-situ Mineral Resources into the current tailings only mine plan.

New Century is currently executing Phase 1 of the recommencement of operations at Century. Phase 1 involves refurbishment of approximately half the existing Century Processing Plant, allowing for an 8Mtpa tailings reprocessing operation to occur.

As outlined in the Restart Feasibility Study, once operational at 8Mtpa, the operations are scheduled to ramp-up in Phase 2 to 15Mtpa on tailings via refurbishment of the remainder of the Plant.

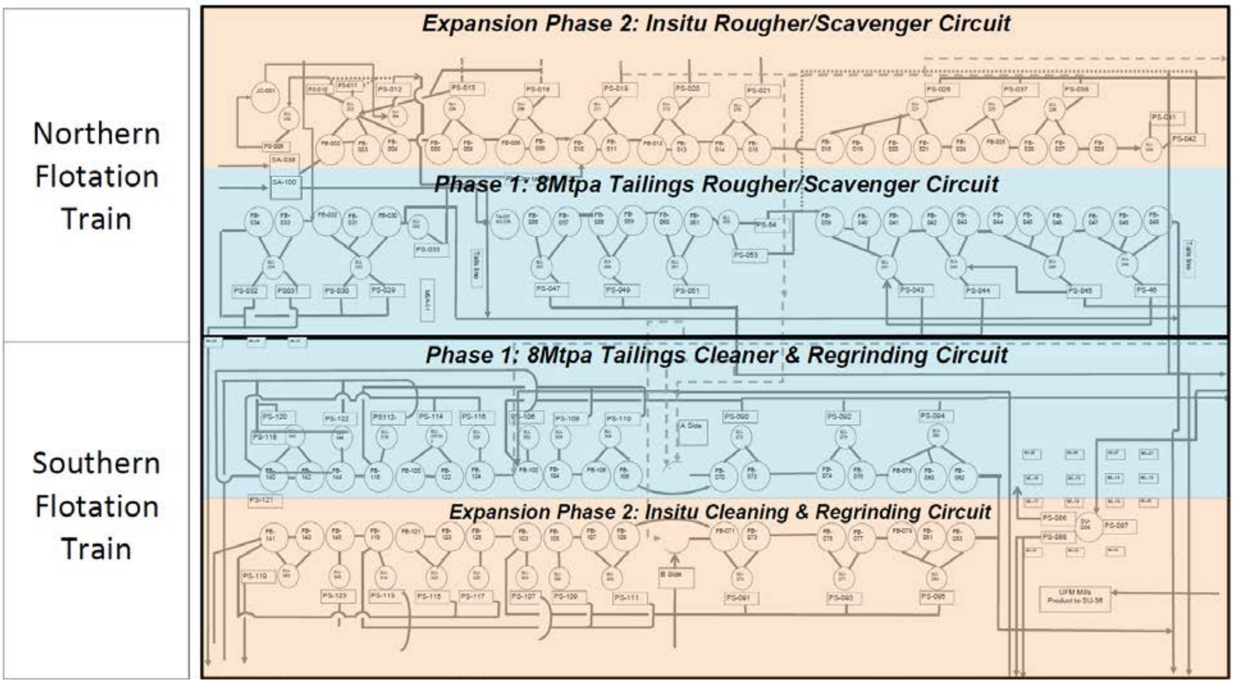

Figure 13: A proposed PFS flowsheet to be assessed (Blue Area: 8Mtpa capacity tailings reprocessing circuit, Orange Area: Expansion to either 15Mtpa capacity tailings OR in-situ Resource processing circuit)

The Company is assessing the potential for an improved project value proposition via replacing the Phase 2 expansion on tailings to instead utilise the Company's current in-situ Mineral Resource base located within the South Block, East Fault Block and Silver King Deposits.

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

The PFS is expected to be finalised by the end of Q4 2018. Once completed and released, the selected mine plan and plant configuration from the PFS will form the basis of detailed design work. Pending the successful outcome of this work, the selected flow sheet will then be progressively incorporated into site operations.

Key Contracts Negotiated

During the year, the Company was pleased to announce the successful negotiation and execution of a number of key contracts, including:

- Engineering, Procurement and Construction contracts with Sedgman Pty Ltd and Ausenco Management Pty Ltd for the complete refurbishment and commissioning of operations associated with the Processing Plant, Slurry Pipeline and Karumba Port Facility;
- Long term gas supply contract secured with Santos, with gas to be converted to electricity in Mt Isa;
- Paragon Tailings Pty Ltd and National Pump & Energy Ltd appointed as joint bidder contractors for the supply, operation and maintenance of Century's hydraulic mining operations; and
- Operations & maintenance contract awarded to Sedgman Pty Ltd for the processing plant, slurry pipeline and Karumba port facility for an initial period of 5 years.

Official Reopening of the Century Zinc Mine

On 14 September 2018, the official reopening of the Century Mine was marked with a formal event on site, with the New Century team welcoming guests from state and federal government, the local community, the investment community and the media.

The Company was particularly pleased to welcome Federal Minister for Resources and Northern Australia, Senator the Honourable Matt Canavan, the Honourable Bob Katter MP, Robbie Katter MP, local Mayors and representatives of the Waanyi community.

Figure 14: Century Mine opening ribbon cutting ceremony with (left to right) New Century Resources MD Patrick Walta, the Honourable Bob Katter MP, Senator the Honourable Matt Canavan, Waanyi PBC Director Claudette Albert, Burke Shire Council Mayor Ernie Camp and Waanyi Elder Barry Dick.

2018 Exploration IP Program Continuing

The Company has commenced its 2018 Exploration Program, with the focus being an Induced Polarisation (**IP**) survey over a section of the Mining Lease considered prospective for further Century style mineralisation.

Work completed to date will form the basis of target drilling in early 2019 on completion of the wet season. New Century will provide an announcement on any material developments associated with this IP program or drilling program when they becomes available.

Since acquiring the Project in March 2017, the New Century Exploration Team has reviewed substantial historical data in order to assess the potential for further targeted exploration and discovery of large scale sediment hosted ore bodies across the existing tenements.

As part of the historical review, New Century reviewed work completed by CRA/Rio Tinto, the company responsible for the discovery of the original Century deposit. Of particular note was a case study by CRA/Rio Tinto which demonstrated that the mineralisation associated with the Century ore body responded to IP and this geophysical technique was the best method for identifying the host rocks associated with the Century deposit.

Despite this observation, the New Century Exploration Team consider that IP has been relatively under-utilised during historical exploration programs, particularly in areas where the Century horizon is buried to a depth of less than 300m.

In addition to the IP program on the Mining Lease, there are four other areas which have been selected for an extensive program of IP located on EPM10544 and share the characteristics of having interpreted Century host rocks present at less than 300m depth, major fault structures either known or interpreted (faults are perceived as the conduits for ore-forming fluids), and also have a degree of cover that has limited past exploration.

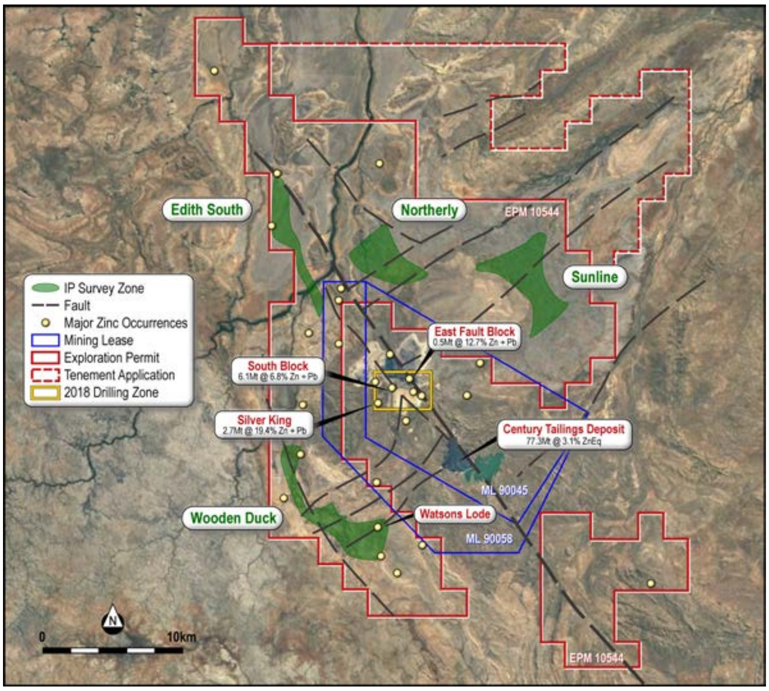

Figure 15: Overview of Century tenements with 2018 exploration drilling and IP survey areas

Other Projects: Kodiak Coal Project (NCZ 70%)

The Kodiak Coal Project is currently on care and maintenance.

The Company continues to consider options with regards to the future of the Kodiak Coking Coal Project in Alabama, USA, and is assessing options in relation to financing, joint venture opportunities or a disposal of the asset.

Mineral Resource Statement

The following information is provided in accordance with Listing Rule 5.21 and as at 30 June 2018.

Mineral Resource Estimation Governance Statement

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

New Century Resources reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2004 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

The tables below set out the Mineral Resources and Reserves for 2017 and 2018 for the Century Zinc Project in Queensland. The Company advises that the material increase in 2018 arises from drill programs across the Century Tailings Deposit and the South Block Deposit and from a conversion of resources to ore reserves as a result of work completed as part of the Company's Restart Feasibility Study.

Century Mine Resources and Reserves 2018 (rounding errors apply)

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

Century Mine Resources 2017 (rounding errors apply)

Mineral Resources	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn (t)	Pb (t)	Ag (Oz)
Century Tailings (Indicated)	12.8	2.97	-	-	380,000	-	-
Century Tailings (Inferred)	58.2	2.68	-	-	1,560,000	-	-
Silver King (Inferred)	2.7	6.9	12.5	120	186,000	337,500	10,500,000
East Fault Block (Inferred)	0.5	11.6	1.1	48	60,000	5,500	800,000
TOTAL	**74.2**	**2.9**	**-**	**-**	**2,186,000**	**343,000**	**11,300,000**

The table below sets out Mineral Resources for 2017 and 2018 for the Kodiak Coking Coal Project in Alabama, USA. There was no change between the two periods.

Kodiak Project Resources as at 30 June 2017 and at 30 June 2018 **(rounding errors apply)**

Coal Seam	Measured Resource	Indicated Resource	Inferred Resource	Total Resource
Coke Seam, Gurnee Property	34.0Mt	3.2Mt	2.0Mt	39.2Mt
Atkins Seam, Gurnee Property	37.6Mt	1.6Mt	-	39.2Mt
TOTAL	**71.6Mt**	**4.8Mt**	**2.0Mt**	**78.4Mt**

Competent Persons' Statements

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

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

The information in this report relating to Exploration Results and to JORC Compliant (Coal) Resources and Reserves for the Coke and Atkins Seams on the Gurnee Property at the Kodiak Coking Coal Project, Alabama, USA has been reviewed and is based on information compiled by Mr Alan Stagg of Stagg Resource Consultants Inc. Mr Stagg is a Registered Member of the Society of Mining, Metallurgy, and Exploration, Inc. (SME), registration number 3063550RM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Stagg consents to the inclusion in the report on the matters on this information in the form and context in which it appears. The information in this report was first disclosed under the JORC Code 2004 on 8 October 2012, 12 October 2012, 27 November 2012, 19 March 2013, 6 August 2013 and 14 November 2013. It has not been updated since to comply with the JORC 2012 on the basis that the information has not materially changed since first being reported.

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 2018.

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.

Evan Cranston	
Tom Eadie	(appointed 13 July 2017)
Bryn Hardcastle	
Tolga Kumova	(appointed 13 July 2017)
Oonagh Malone	(resigned 13 July 2017)
Patrick Walta	(appointed 13 July 2017)
Peter Watson	(appointed 22 January 2018)

Information on current directors

Evan Cranston, Executive Chairman (age 36)

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. He holds both a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia.

Mr Cranston was appointed to the Board on 10 October 2012 as an executive director. In April 2015, Mr Cranston transitioned to a non-executive director role.

Mr Cranston was appointed as Executive Chairman on 13 July 2017.

Other current listed directorships	***Former listed directorships in last 3 years***
Carbine Resources Limited (from 23 March 2010)	Cradle Resources Limited (to 8 May 2016)
Boss Resources Limited (from 2 May 2012)	Primary Gold Limited (to 29 November 2017)
	Clancy Exploration Ltd (to 1 December 2017)

Patrick Walta, Managing Director (age 36)

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. Graduating from Melbourne University with degrees in Chemical Engineering and Science, Mr Walta has gone on to complete postgraduate studies including an MBA, Masters of Science (Mineral Economics) and a Diploma of Project Management.

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.

Mr Walta was appointed to the Board on 13 July 2017.

Other current listed directorships	***Former listed directorships in last 3 years***
Nil	Carbine Resources Limited (to 13 April 2016)
	Matador Mining Limited (to 3 July 2018)
	Primary Gold Limited (to 31 May 2017)

Tolga Kumova, Corporate Director (age 40)

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. Mr Kumova is currently non-executive chairman of European Cobalt Ltd.

Mr Kumova was appointed to the Board on 13 July 2017.

Other current listed directorships	***Former listed directorships in last 3 years***
European Cobalt Ltd (from 29 May 2017)	Syrah Resources Limited (to 5 October 2016)

(Ernest) Tom Eadie, Non-Executive Director (age 64)

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.

Copper Strike, where he was also Managing Director for 10 years, made several significant copper/gold and lead/zinc/silver discoveries in North Queensland, and while at Discovery Nickel (later to be renamed Discovery Metals), Mr Eadie assisted with gaining control of the Boseto copper deposit in Botswana. Prior to this, Mr Eadie was Executive General Manager of Exploration and Technology at Pasminco Limited, at the time the largest zinc producer in the world. This came after technical and later management responsibilities at Cominco and Aberfoyle in the 1980s.

Mr Eadie has a Bachelor of Science (Hons) in Geology and Geophysics from the University of British Columbia, a Master of Science in Physics (Geophysics) from the University of Toronto and a Graduate Diploma in Applied Finance and Investment from the Security Institute of Australia. He is a Fellow (and past board member) of the AusIMM.

Mr Eadie was appointed to the Board on 13 July 2017.

Other current listed directorships	***Former listed directorships in last 3 years***
Strandline Resources Limited (from 9 October 2015)	Copper Strike Ltd (to 6 September 2016)
Alderan Resources Limited (from 23 January 2017)	
Hill End Gold Limited (from 4 July 2018)	

Bryn Hardcastle, Non-Executive Director (age 39)

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.

Mr Hardcastle was appointed to the Board on 8 December 2011.

Other current listed directorships	***Former listed directorships in last 3 years***
Nil	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)

Peter Watson, Non-Executive Director (age 56)

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.

Mr Watson has a Bachelor of Chemical Engineering (Hons) from the University of Sydney and a Diploma in Accounting & Financial Management. He is Fellow of the Institute of Engineers Australia and a Graduate of the Australian Institute of Company Directors.

Mr Watson was appointed to the Board on 22 January 2018.

Other current listed directorships

Resource Generation Limited (from 22 November 2017)

Strandline Resources Limited (from 10 September 2018)

Former listed directorships in last 3 years

Sedgman Limited (from 26 June 2014 to 7 October 2016)

Oonagh Malone, Company Secretary and former Non-Executive Director (age 43)

Oonagh Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 9 years' experience in administrative support roles for listed exploration companies and is a member of the Governance Institute of Australia. Ms Malone is a non-executive director of Hawkstone Mining Limited and Carbine Resources Limited. She is currently company secretary to ASX listed companies Boss Resources Limited, Bunji Corporation Limited, Carbine Resources Limited, Clancy Exploration Limited, Hawkstone Mining Limited, Matador Mining Limited and New Century Resources Limited.

Ms Malone was appointed as a Director on 4 June 2016 and resigned as a Director on 13 July 2017.

Other current listed directorships

Hawkstone Mining Limited (from 23 February 2015)

Carbine Resources Limited (from 23 March 2018)

Former listed directorships in last 3 years

New Century Resources Limited (to 13 July 2017)

Directors' meetings

During the financial year ended 30 June 2018, there were 7 meetings of the Board of Directors. The Board acts as Audit and Remuneration Committees. Attendances by each Director during the period were as follows:

Director	Number attended	Number eligible to attend
Evan Cranston	7	7
Patrick Walta	7	7
Tolga Kumova	6	7
Tom Eadie	7	7
Bryn Hardcastle	6	7
Peter Watson	4	4
Oonagh Malone	-	-

The Directors made and approved 6 circular resolutions during the financial period ended 30 June 2018.

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.

Operating results

The consolidated loss of the Group amounted to $123,310,765 (2017: Loss $3,785,112) after providing for income tax.

Review of operations and significant changes in the state of affairs

During the financial year, the Group acquired the Century Project. Further details are set out in Note 29 to the Financial Statements.

The Century Project feasibility study confirmed the technical and economic viability of mining Century zinc. Further information is set out in the Company's ASX announcement which is located at the Company's website.

A strategic decision was made by the Group to suspend work on the definitive feasibility study for the Kodiak Coking Coal Project, which is located in Alabama, USA. During the financial year the Group maintained the Kodiak Coking Coal Project in care and maintenance mode, including environmental studies and monitoring. The Group is considering its options with regards to future financing of the Kodiak Coking Coal Project.

Matters subsequent to the end of the financial year

On 13 August 2018, the Group announced that it has commenced zinc concentrate production at the Century Mine. Further details are set out in the ASX announcement that is located at the Company's website.

On 3 September 2018, the Company announced the entry into a legally binding term sheet for a $40 million senior secured debt and bank guarantee facility with National Australia Bank. Further information is set out in the Company's ASX announcement which is located at the Company's website.

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	6,900,000	$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
Total	**114,900,000**		

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	Direct	Indirect
Evan Cranston	-	31,500,000	-	8,750,000
(Ernest) Tom Eadie	-	2,000,000	-	5,000,000
Bryn Hardcastle	180,000	933,334	-	4,000,000
Tolga Kumova	-	17,916,666	-	30,000,000
Patrick Walta	32,000,000	-	15,750,000	-
Peter Watson	-	39,370	-	-
Total	**32,180,000**	**52,389,370**	**15,750,000**	**47,750,000**

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.

Compensation of Key Management Personnel (KMP)

Remuneration is referred to as compensation throughout this report.

KMPs 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. KMPs comprises the Directors of the Company and the senior executives for the Group that are named in this report.

Compensation levels for KMPs of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives, while at the same time being cognisant of the Company's financial position and activities. The Remuneration Committee, which at the date of this report comprises the full Board, assesses the appropriateness of compensation packages of the Group given trends in comparative companies and the objectives of the Group's compensation strategy.

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.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of key management personnel
- the key management personnel's ability to control the relevant segments' performance
- the Group's performance including:
    - the Group's earnings;
    - the growth in share price and delivering constant returns of shareholder wealth; and
    - the amount of incentives within each KMPs compensation.

Compensation packages can include a mix of fixed and variable compensation, and short and long term performance based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis), as well as non-monetary benefits, leave entitlements and employer contributions to defined contribution superannuation funds.

Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, the Board may from time to time engage external consultants to provide analysis and advice to ensure the Directors' and senior executives' compensation is competitive in the market place.

Performance linked compensation

Performance linked compensation includes both short and long term incentives, and is designed to reward senior executives for meeting or exceeding their financial and personal objectives. Short term incentives (STIs) are an "at risk" bonus provided in the form of cash. The long term incentive (LTI) can be issued in the form of options or performance rights.

Short term incentive bonus

The Board sets key performance indicators (KPIs) for relevant senior executives. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and can include financial, people, strategy and risk measures. The measures are chosen as they directly align the individual's reward with the KPIs of the Group and with its strategy and performance.

At the end of the financial year, the Board assesses performance against any KPIs set at the beginning of the financial year. A percentage of the pre-determined maximum amount is awarded depending on results. The Board retains the discretion to vary the final cash incentive if performance if considered to be deserving of either a greater or lesser amount.

Long term incentive

The Company issues options to KMPs 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 an incentive designed to drive Group performance.

Performance rights may be issued in accordance with the Company's Performance Rights Plan. Performance rights convert to ordinary shares of the Company on a one-to-one basis depending on the achievement of performance hurdles. The Board believes that the performance hurdle aligns the interests of the KMPs with the interests of the Company's shareholders.

Rights that do not vest at the end of the five year period from issue will lapse, unless the Board in its discretion determines otherwise. Performance rights do not entitle holders to dividends that are declared during the vesting period.

Long term incentives are used to ensure that remuneration of KMPs reflects the Group's financial performance, with particular emphasis on the Group's earnings and the consequence of the Group's performance on shareholder wealth.

At the 2017 Annual General Meeting, 99.8 percent of the votes received supported the adoption of the remuneration report for the financial year ended 30 June 2017. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the consolidated entity and other factors that are considered to affect shareholder wealth for the five years to 30 June 2018. Comparative basic losses per share differ from those in previous financial reports because they have been updated to reflect the January 2016 rights issue and the March 2016 placements, in accordance with Australian Accounting Standards.

	2018	**2017**	**2016**	**2015**	**2014**
Loss after income tax attributable to shareholders - $	(119,021,291)	(3,785,112)	(3,722,417)	(6,530,288)	(6,752,119)
Share price at financial year end - $	1.31	0.195	0.195	0.16	0.38
Movement in share price for the year - $	1.115	-	0.035	(0.22)	(0.06)
Total dividends declared – cents	-	-	-	-	-
Returns of capital – cents	-	-	-	-	-
Basic loss per share - cents	(32.32)	(2.02)	(2.27)	(4.20)	(5.57)

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 %
2018						
Executive Directors						
Evan Cranston	172,032	-	-	-	172,032	-
Tolga Kumova	47,706	-	-	1,428,525	1,476,231	95
Patrick Walta	220,000	-	-	-	220,000	-
	439,738	-	-	1,428,525	1,868,263	76
Non-Executive Directors						
Tom Eadie	47,372	4,500	-	240,700	292,572	82
Bryn Hardcastle	53,134	-	-	192,560	245,694	78
Peter Watson	22,372	2,125	-	-	24,497	-
	122,878	6,625	-	433,260	562,763	77
Other KMPs						
John Carr	180,000	-	-	-	180,000	-
Barry Harris	167,597	14,250	-	180,450	362,297	50
Oonagh Malone (i)	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**

(i) Company Secretary for full financial year. No remuneration paid for Directorship to 13 July 2017.

	Short-term benefits cash salary and fees $	Post employment benefits superannuation $	Termination benefit $	Share based payments $	Total $	Proportion of remuneration performance related %
2017						
Non-Executive Directors						
Evan Cranston	24,000	-	-	-	24,000	-
Bryn Hardcastle	24,000	-	-	-	24,000	-
	48,000	-	-	-	48,000	-
Company Secretary						
Oonagh Malone (i)	30,000	-	-	-	30,000	-
Total	**78,000**	**-**	**-**	**-**	**78,000**	**-**

(i) Company Secretary for full financial year. No remuneration paid for Directorship.

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

Other transactions with Key Management Personnel

Evan Cranston is a director of Konkera Corporate. Konkera Corporate received $120,000 (2017: $120,000) during the financial year for administrative, bookkeeping and accounting services. The company secretarial fees of $35,694 (2017: $30,000) for Oonagh Malone and Director fees of $172,032 (2017: $24,000) for Evan Cranston were also payable to Konkera Corporate. Bryn Hardcastle is a director of Bellanhouse which provided legal services totalling $1,067,814 (2017: $179,049) in the financial year ended 30 June 2018. $137,303 was outstanding as payable to Bellanhouse at 30 June 2018 (2017: $112,100).

John Carr and Patrick Walta each received 7,000,000 of the 30,000,000 share options that were issued on 13 July 2017 as purchase consideration for the initial 70 percent interest in Century Mining Rehabilitation Project Pty Ltd, as detailed in note 29. These share options have been valued at $0.08239 per share option as disclosed in note 27.

Evan Cranston, Patrick Walta and John Carr each received 31,500,000 ordinary shares and a total of 8,750,000 share options, as described in note 29, as part of the purchase consideration for the acquisition of the remaining non-controlling interest.

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. These options fully vested during the financial year. No options issued to current or previous KMPs expired or lapsed during the financial year.

Key Management Personnel	Grant date	Number granted	Exercise price $	Value per option $	Value of options granted $	Issue and vesting date	Expiry date
Tolga Kumova	31/05/2017	7,500,000	0.25	0.07207	540,525	13/07/2017	13/07/2021
Tolga Kumova	31/05/2017	7,500,000	0.50	0.04979	373,425	13/07/2017	13/07/2021
Tolga Kumova	31/05/2017	7,500,000	0.75	0.03802	285,150	13/07/2017	13/07/2021
Tolga Kumova	31/05/2017	7,500,000	1.00	0.03059	229,425	13/07/2017	13/07/2021
Tom Eadie	31/05/2017	2,500,000	0.25	0.05983	149,575	13/07/2017	13/07/2020
Tom Eadie	31/05/2017	2,500,000	0.50	0.03645	91,125	13/07/2017	13/07/2020
Bryn Hardcastle	31/05/2017	2,000,000	0.25	0.05983	119,660	13/07/2017	13/07/2020
Bryn Hardcastle	31/05/2017	2,000,000	0.50	0.03645	72,900	13/07/2017	13/07/2020
Barry Harris	13/07/2017	3,000,000	0.25	0.06015	180,450	13/07/2017	13/07/2020
Oonagh Malone	31/05/2017	1,500,000	0.25	0.05983	89,745	13/07/2017	13/07/2020
Oonagh Malone	31/05/2017	1,500,000	0.50	0.03645	54,675	13/07/2017	13/07/2020
Total		**45,000,000**			**2,186,655**		

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 27 to the Financial Statements.

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

KMP	Issue date	Number granted	Value of options granted $	Vesting date	Expiry date	Vested %
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
Tolga Kumova	13/07/2017	7,500,000	540,525	13/07/2017	13/07/2021	100
Tolga Kumova	13/07/2017	7,500,000	373,425	13/07/2017	13/07/2021	100
Tolga Kumova	13/07/2017	7,500,000	285,150	13/07/2017	13/07/2021	100
Tolga Kumova	13/07/2017	7,500,000	229,425	13/07/2017	13/07/2021	100
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
Tom Eadie	13/07/2017	2,500,000	149,575	13/07/2017	13/07/2020	100
Tom Eadie	13/07/2017	2,500,000	91,125	13/07/2017	13/07/2020	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
John Carr	13/07/2017	7,000,000	576,730	13/07/2017	13/07/2022	100
John Carr	27/02/2018	5,500,000	6,501,000	27/02/2018	27/02/2021	100
John Carr	27/02/2018	1,500,000	1,545,000	27/02/2018	27/02/2021	100
John Carr	27/02/2018	875,000	799,750	27/02/2018	27/02/2021	100
John Carr	27/02/2018	875,000	718,375	27/02/2018	27/02/2021	100
Barry Harris	13/07/2017	3,000,000	180,450	13/07/2017	13/07/2020	100
Oonagh Malone	13/07/2017	1,500,000	89,745	13/07/2017	13/07/2020	100
Oonagh Malone	13/07/2017	1,500,000	54,675	13/07/2017	13/07/2020	100
Total		**85,250,000**	**32,032,490**			

Service agreements

A summary of service agreements with Executives and Non-executive Directors 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 2018 including any superannuation(i) (Non-performance based)	Termination conditions	Proportion of elements of remuneration related to performance
Evan Cranston	To 20 July 2020	Executive Chairman	$180,000	6 month notice period	-
Tolga Kumova	To 20 July 2020	Executive Director	$50,000	3 month notice period	95
Patrick Walta	To 28 February 2020	Managing Director	$240,000	6 month notice period	-
Tom Eadie	No specified term	Non-executive Director	$50,000	No notice required to terminate	82
Bryn Hardcastle	No specified term	Non-executive Director	$50,000	No notice required to terminate	78
Peter Watson	No specified term	Non-executive Director	$50,000	No notice required to terminate	-
John Carr	To 1 July 2018	Chief Business Development Officer	$180,000	1 month notice period	-
Barry Harris	No specified term	Chief Operating Officer	$164,250	3 month notice period	50
Oonagh Malone	No specified term	Company Secretary	$36,000	3 month notice period	80

(i) Base salary quoted is the position as at 30 June 2018; salaries are reviewed at least annually.

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. The major provisions for 2018 relating to remuneration are set out in the table above. The Company Secretary, Ms Malone was not paid any additional fee for her directorship.

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
Evan Cranston	-	-	-	8,750,000	8,750,000	8,750,000	8,750,000
Tolga Kumova	30,000,000	-	-	-	30,000,000	30,000,000	30,000,000
Patrick Walta	7,000,000	-	-	8,750,000	15,750,000	15,750,000	15,750,000
Tom Eadie	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000
Bryn Hardcastle	-	4,000,000	-	-	4,000,000	4,000,000	4,000,000
Peter Watson	-	-	-	-	-	-	-
John Carr	7,000,000	-	-	8,750,000	15,750,000	15,750,000	15,750,000
Barry Harris	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000
Oonagh Malone	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000
	49,000,000	**10,000,000**	**-**	**26,250,000**	**85,250,000**	**85,250,000**	**85,250,000**

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
Evan Cranston	-	-	-	31,500,000	31,500,000
Tolga Kumova	16,666,666	-	-	1,250,000	17,916,666
Patrick Walta	500,000	-	-	31,500,000	32,000,000
Tom Eadie	2,000,000	-	-	-	2,000,000
Bryn Hardcastle	180,000	-	-	933,334	1,113,334
Peter Watson	-	-	-	39,370	39,370
John Carr	500,000	-	-	31,500,000	32,000,000
Barry Harris	1,200,000	-	-	35,000	1,235,000
Oonagh Malone	203,336	-	-	(23,336)	180,000
	21,250,002	**-**	**-**	**96,734,368**	**117,984,370**

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 2018, to any person who is or has been an auditor of the Company.

Auditor

Bentleys Audit & Corporate (WA) Pty Ltd has been appointed as auditor of the Group in accordance with section 327 of Corporations Act 2001.

Non-audit services

There were no non-audit services provided by a related practice of the Group's auditor during the financial year ended 30 June 2018.

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 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 2018 has been received and can be found on the following page.

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

Evan Cranston
Executive Chairman

Perth

27 September 2018

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of New Century Resources Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 27th day of September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018	Note	2018 $	2017 $
Other income	4	**1,854,976**	**-**
Depreciation and amortisation expense	10	(25,701)	(21,589)
Exploration and evaluation expenditure	4	(12,041,913)	(435,386)
Employee benefits – share based payments		(3,224,270)	
Employee benefits – other	4	(1,980,801)	(48,000)
Professional expenses	4	(1,527,631)	(339,829)
Foreign exchange losses		(1,868)	(872)
Loss on acquisition classified as exploration expenditure	29	(70,092,066)	-
Increase in rehabilitation provision	14	(21,763,731)	-
Finance income	4	7,366,665	16,232
Finance costs	4	(2,622,646)	(2,401,314)
Impairment loss	30	(18,153,406)	-
Other expenses	4	(1,098,373)	(554,354)
Loss before income tax expense		**(123,310,765)**	**(3,785,112)**
Income tax expense	5	**-**	**-**
Loss for the year		**(123,310,765)**	**(3,785,112)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) on translation of foreign controlled entities, net of tax		673,009	(579,970)
Other comprehensive income/(loss) for the year		**673,009**	**(579,970)**
Total comprehensive loss for the year		**(122,637,756)**	**(4,365,082)**
Loss for the year attributable to:			
Members of the parent entity		(119,021,291)	(3,785,112)
Non-controlling interests		(4,289,474)	-
		(123,310,765)	**(3,785,112)**
Total comprehensive loss for the year attributable to:			
Members of the parent entity		(118,348,282)	(4,365,082)
Non-controlling interests		(4,289,474)	-
		(122,637,756)	**(4,365,082)**

Loss per share		Cents	Cents
Basic loss per share	26	32.32	2.02
Diluted loss per share	26	32.32	2.02

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	6	46,249,135	5,606,108
Trade and other receivables	7	2,881,331	117,915
Financial assets	8	17,250,000	-
Other current assets	9	1,327,400	4,835
Total current assets		**67,707,866**	**5,728,858**
Non-current assets			
Property, plant and equipment	10	60,412,157	13,831,105
Deferred exploration, evaluation and development expenditure	11	-	3,287,297
Other financial assets	8	3,167,752	810,727
Total non-current assets		**63,579,909**	**17,929,129**
TOTAL ASSETS		**131,287,775**	**23,657,987**
Current liabilities			
Trade and other payables	12	23,013,820	856,050
Employee provisions	14	678,548	-
Borrowings	13	-	18,600,115
Total current liabilities		**23,692,368**	**19,456,165**
Non-current liabilities			
Environmental rehabilitation provisions	14	117,297,685	739,531
Other payables	12	-	845,921
Total non-current liabilities		**117,297,685**	**1,585,452**
TOTAL LIABILITIES		**140,990,053**	**21,041,617**
NET ASSETS		**(9,702,278)**	**2,616,370**
Equity			
Issued capital	15	311,618,023	32,259,433
Reserves		4,145,917	6,669,444
Accumulated losses		(325,466,218)	(36,312,507)
TOTAL EQUITY		**(9,702,278)**	**2,616,370**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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**
Issue of options expensed	-	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)**

The accompanying notes form part of these financial statements

2017	Ordinary shares $	Accumulated losses $	Foreign currency translation reserve $	Share based payments reserve $	Non-controlling interest $	Total $
Balance at 1 July 2016	**26,715,502**	**(32,527,395)**	**4,052,878**	**3,196,536**	**-**	**1,437,521**
Comprehensive income						
Loss for the year	-	(3,785,112)	-	-	-	**(3,785,112)**
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	(579,970)	-	-	**(579,970)**
Total comprehensive loss for the year	**-**	**(3,785,112)**	**(579,970)**	**-**	**-**	**(4,365,082)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares/options	500,000	-	-	-	**-**	**500,000**
Shares to be issued	5,089,834	-	-	-	**-**	**5,089,834**
Costs arising from issues	(45,903)	-	-		**-**	**(45,903)**
Balance at 30 June 2017	**32,259,433**	**(36,312,507)**	**3,472,908**	**3,196,536**	**-**	**2,616,370**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2018	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(19,488,474)	(1,573,799)
Interest received		569,188	12,913
Financing charges		(15,541)	(4)
Other income		345,128	-
Payment of MMG bank guarantee support fees		(1,934,662)	-
Net cash (outflow) from operating activities	25	**(20,524,361)**	**(1,560,890)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mining lease interests		(263,124)	(267,727)
Payments for bonds and investments		(1,818,091)	(33,105)
Refund of bonds		33,105	287,592
Cash acquired on acquisition of subsidiaries		4,732,628	-
Payments for property, plant and equipment		(39,091,964)	(2,151)
Proceeds on disposal of property, plant and equipment		1,555,817	-
Net cash (outflow) from investing activities		**(34,851,629)**	**(15,391)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		95,062,493	5,872,173
Payments for share issue costs		(4,792,136)	(24,594)
MMG funding support received		5,750,000	-
Net cash from financing activities		**96,020,357**	**5,847,579**
Net increase in cash and cash equivalents		40,644,367	4,271,298
Cash and cash equivalents at the beginning of the financial year		5,606,108	1,325,655
Exchange difference on cash and cash equivalents		(1,340)	9,155
Cash and cash equivalents at the end of the financial year	**6**	**46,249,135**	**5,606,108**

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 (formerly called Attila Resources Limited) and Controlled Entities (the "Group"). The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements for the Group were authorised for issue in accordance with a resolution by the Board of Directors on 27 September 2018.

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 financial year has been the acquisition and development of the Century Project. $70,092,066 of exploration and evaluation expenditure associated with the acquisition of the Century Project in July 2017, together with all subsequent exploration and evaluation expenditure in relation to the Century Project from the acquisition date and up to 31 December 2017 were expensed. Together with the impairment loss recognised for Kodiak Project, this has led to the Group incurring a net loss of $123,310,765 during the financial year.

As at 30 June 2018, the Group had net current assets of $44,015,498. The Group expects to generate net profit and positive operating cashflows for the 12 months following the approval of the annual financial statements. Expectations of continued positive operating cashflows are supported by new revenue streams from the Century Project which commenced production in August 2018 and is expected to be commissioned for accounting purposes in the last quarter of 2018.

In addition, 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 2018, total cash and cash equivalents $46,249,135 were held by the Group.
- cash flow forecasts 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 this financial statement.
- the entry into a legally binding term sheet for a $40 million senior secured debt and bank guarantee facility with National Australia Bank. Further information is set out in the Company's ASX announcement which is located at the Company's website.

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 23.

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 (revenue) 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 includes 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(j) 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 consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 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. Mining, Plant and Equipment, which relates mainly to Kodiak Mine, is not depreciated as the Mine is currently under care and maintenance. The depreciation expense for the period was calculated mainly on a straight line basis over the life of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method, with the change accounted for as a change in accounting estimate.

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 Income Statement.

(g) Intangibles other than goodwill

Trademarks, licences and logos are recognised at cost of acquisition. Trademark, licences and logos are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is calculated and determined based on case by case basis.

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the Income Statement as incurred. If the expenditure is expected to be recouped by sale, it is recognised as an asset on an area of interest basis.

Exploration and evaluation assets 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.

(i) 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.

(j) 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. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) 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.

(l) Trade and other payables

These amounts represent liabilities for goods and services 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.

(m) 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.

(n) 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 the option reserve. 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.

(o) 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 subsequently valued at fair value, amortised cost using the effective interest method, or cost.

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 because, 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

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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.

(p) Other income

Interest revenue is recognised using the effective interest method.

(q) Parent entity financial information

The financial information for the parent entity, New Century Resources Limited, disclosed in note 28 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 has applied to become consolidated tax entity.

The head entity, New Century Resources Limited, and the controlled entity 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.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity. The Company measures fair value for Share based payments using the Black-Scholes model with the assumptions detailed in note 27.

(r) 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.

(s) Convertible notes

Compound financial instruments issued by the Group comprise convertible notes denominated in Australian dollars that can be converted to ordinary shares at any time before maturity at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

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

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(u) 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 9: Financial Instruments and associated Amending Standards (applicable from 1 July 2018 for the Group)*

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. It introduces the expected credit loss model for impairment of financial assets which replaces the incurred loss model used in AASB 139. The expected credit loss model requires an entity 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. The standard also amends the rules on hedge accounting to align the accounting treatment with the risk management objective and strategy of the business.

Given credit risk has not been a significant issue for the Group, and also given there are no hedge accounting transactions for the Group, the new standard is expected to have an insignificant impact on the Group.

- *AASB 15: Revenue from Contracts with Customers and associated Amending Standards (applicable from 1 July 2018 for the Group)*

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 18 *Revenue* when it becomes effective. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The Group did not generate any revenue during the financial year. The new AASB 15 will require certain additional disclosures, in particular in relation to the impact of provisional pricing adjustments. No other material measurement differences for the Group have been identified between the current revenue recognition standard and AASB 15.

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

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. The accounting model will require lessees to recognise their leases in the statement of financial position as an asset (the right to use the leased item) and a liability reflecting future lease payments, except for short-term leases and leases of low value assets. Depreciation of the leased asset and interest on lease liability will be recognised over the lease term.

The Group's project for the implementation of the new accounting standard AASB 16 *Leases* is currently underway. This includes identifying changes to the Group's accounting policies, internal and external reporting requirements, IT systems, business processes and controls. The Directors anticipate that the application of AASB 16 from 1 July 2019 may have a material impact on the amounts reported and disclosures made in the Group's financial statements. Upon the application of AASB 16, the Group will recognise a right-of use asset and a corresponding liability in respect of the lease arrangements, which meet the definition of lease, unless they qualify for low value or short-term leases. The Group has in relation to Century Project transitioned from exploration to construction phase during 2018 financial year, and is scheduled to announce commissioning in the last quarter of 2018. This has and continues to lead the Group to negotiate and execute new contracts for the mining phase. Accordingly, it is not practicable to provide a reasonable quantitative estimate of the effect of AASB 16 until the Group performs a more detailed assessment. The Group's adoption approach and application of the transition provisions under the new standard will depend on the outcome of this assessment.

Other mandatory accounting standards and interpretations issued and required to be adopted as of 1 July 2018 have not been included above as they do not have a material impact on the Consolidated Financial Statements.

- *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 Group financial statements.

(v) 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.

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 application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use. Value in use and fair value less cost to sell 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 each 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 and 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. 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.

Income tax and deferred tax assets and liabilities

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

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

Assumptions about the generation of future taxable profits depend on estimates of future cash flows. These estimates are based on future production and sales volumes, operating costs, restoration costs, capital expenditure and other capital transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, which may impact the amount of deferred tax assets and liabilities recognised and the amount of other tax losses and temporary differences not yet recognised.

Contingencies

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

Note 3. Operating segments

Description of segments

The Group has determined the operating segments based on geographical locations of its major projects. The Group has two reportable segments; namely, Australia (which constitutes Century Mine) and the United States of America (which constitutes Kodiak Project), which are the Group's strategic business units.

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 assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

There are no items of revenue, expenses, assets and liabilities that are not allocated to operating segments.

Segment information

	Australia		United States of America		Group	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Total finance income	7,366,665	11,263	-	4,969	**7,366,665**	**16,232**
Segment result						
Loss after income tax	(104,550,872)	(3,373,976)	(18,759,893)	(411,136)	**(123,310,765)**	**(3,785,112)**
Assets						
Segment assets	130,328,026	5,711,809	959,749	17,946,178	**131,287,775**	**23,657,987**
Liabilities						
Segment liabilities	(139,124,401)	(19,321,251)	(1,865,652)	(1,720,366)	**(140,990,053)**	**(21,041,617)**
Other						
Depreciation and amortisation expense	(19,125)	(5,810)	(6,576)	(15,779)	**(25,701)**	**(21,589)**
Exploration and evaluation expenditure	(11,451,665)	(44,126)	(590,248)	(391,260)	**(12,041,913)**	**(435,386)**
Employee benefits – other	(1,980,801)	(48,000)	-	-	**(1,980,801)**	**(48,000)**
Professional expenses	(1,523,413)	(339,829)	(4,218)	-	**(1,527,631)**	**(339,829)**
Finance costs	(2,622,505)	(2,401,314)	(141)	-	**(2,622,646)**	**(2,401,314)**
Impairment loss	-	-	(18,153,406)	-	**(18,153,406)**	**-**
Other expenses	(1,093,068)	(554,354)	(5,305)	-	**(1,098,373)**	**(554,354)**

Note 4. Loss before income tax

	2018	2017
	$	$
Other income		
Gain on sale of property, plant and equipment	1,410,837	-
Other income	444,139	-
Total	**1,854,976**	**-**
Loss before income tax includes the following expenses		
Exploration and evaluation expenditure		
Kodiak Project costs	(590,248)	(391,260)
Century Project costs	(11,451,665)	(44,126)
	(12,041,913)	**(435,386)**

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.

	2018	2017
Employee benefit expenses		
Wages and salaries including director fees	(1,954,457)	(48,000)
Other employment expenses	(26,344)	-
	(1,980,801)	**(48,000)**
Professional expenses		
Legal fees	(1,232,963)	(62,783)
Auditor's remuneration		
- audit or review of financial report	(106,663)	(42,009)
Other professional expenses	(188,005)	(235,037)
	(1,527,631)	**(339,829)**
Finance income		
Interest received	569,188	16,232
Interest reversed on convertible notes	4,292,334	-
Discount unwind relating to MMG support fee	2,505,143	-
	7,366,665	**16,232**
Finance costs		
MMG bank guarantee support fee	(2,586,715)	-
Interest accrued on convertible notes	-	(2,401,310)
Borrowing costs	(35,931)	(4)
	(2,622,646)	**(2,401,314)**
Other expenses		
Century Project acquisition costs	(149,600)	(318,704)
Share registry expenses	(63,440)	(6,242)
Rent expenses	(155,649)	(82,621)
Travel expenses	(230,558)	(49,124)
Other administrative expenses	(499,126)	(97,663)
	(1,098,373)	**(554,354)**

Note 5. Income tax benefit

	2018 $	2017 $
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from operations before income tax expense	123,310,765	3,785,112
Tax at the Australian tax rate of 30% (2017: 30%)	(36,993,230)	(1,135,534)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of different tax rate of overseas subsidiaries	(60,649)	(45,113)
Share based payments	967,281	-
Interest on convertible notes	(1,287,700)	720,393
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	1,688,469	346,969
Other	5,898	113,285
Income tax expense	**-**	**-**
Unrecognised deferred tax assets – tax losses		
Gross tax losses Australia and USA	33,050,743	25,132,337
Tax benefit not recognised Australia	3,509,597	1,766,304
Tax benefit not recognised USA	8,540,835	7,788,833
Total tax benefit not recognised	**12,050,432**	**9,555,137**
Unrecognised temporary differences		
Exchange differences	(1,023,426)	739,210
Accrued expenses	314,499	76,957
General provisions	203,564	-
Rehabilitation provision	34,958,411	-
Funding receivable	(5,175,000)	-
Capital raising costs	1,241,624	160,697
PP&E and Mineral Inventory	62,419,303	-
Impairment of overseas investments	3,929,789	-
Total timing differences not recognised	**96,868,764**	**976,864**

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.

Note 6. Cash and cash equivalents

	2018 $	2017 $
Cash on hand	15	114
Cash at bank	16,749,120	5,605,994
Cash on deposit	29,500,000	-
	46,249,135	**5,606,108**

The effective interest rate on cash on deposit was 2.07 percent (2017: NA).

An amount of $82,574 (2017: $52,317) was held in USD at balance date.

Note 7. Trade and other receivables

GST receivable	2,539,424	22,257
Other receivable	341,907	95,658
	2,881,331	**117,915**

Note 8. Financial assets

Current

MMG funding support payment receivable	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 first three payments of $5,750,000 each have been received by Century Mine Rehabilitation Project Pty Ltd (CMRP) on 24 March 2017 and 3 July 2017 (before the acquisition of the Century Project by the Group) and on 5 January 2018. The balance at 30 June 2018 represents the remaining three payments which have been valued at the amounts receivable. The receipt of these payments, offset by the reduction in the net present value of remaining funding support payments receivable, is recognised as finance income as shown in note 4.

Non-current

Deposits held as security guarantees	3,167,752	810,727

Term deposits held as security guarantees are for the benefit of other parties in guarantee of liabilities. They are valued at the face value of the term deposits.

Note 9. Other current assets

Prepayments	840,405	4,835
Other	486,995	-
	1,327,400	**4,835**

Note 10. Property, plant and equipment

	Land and buildings $	Mining plant and equipment $	Capital work in progress $	Total $
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**
At 30 June 2017				
At cost	454,368	13,447,135	-	13,901,503
Accumulated depreciation	-	(70,398)	-	(70,398)
	454,368	**13,376,737**	**-**	**13,831,105**
Movements in carrying value				
Year ended 30 June 2017				
Balance 1 July 2016	470,644	13,852,717	-	14,323,361
Additions	-	26,550	-	26,550
Disposals	-	-	-	-
Exchange differences	(16,276)	(480,941)	-	(497,217)
Depreciation expense for the year	-	(21,589)	-	(21,589)
Balance at 30 June 2017	**454,368**	**13,376,737**	**-**	**13,831,105**

Note 11. Deferred exploration and development expenditure

	2018 $	2017 $
Opening balance	3,287,297	3,053,375
Additions during the year	347,051	346,127
Exchange differences	150,874	(112,205)
Impairment loss	(3,785,222)	-
Total	**-**	**3,287,297**

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. Refer to Note 30 for details on impairment loss recognised during the financial year.

Note 12. Trade and other payables

	2018 $	2017 $
Current unsecured liabilities		
Trade payables	20,738,060	201,868
Amounts payable to director related party	137,303	191,450
Fund received for shares to be refunded	-	282,339
Other payables and accrued expenses	2,138,457	180,393
	23,013,820	**856,050**
Non-current		
Present value of expected amount payable for Gurnee lease	-	845,921

All payables are on industry standard payment terms.

Note 13 Borrowings – convertible notes

Secured liabilities - current:		
Face value of convertible notes on issue	-	14,307,780
Accrued interest expense	-	4,292,335
Total carrying value of liability at 30 June	**-**	**18,600,115**

Conversion

Details regarding the issue of the convertible note are set out in the Group's prior year Annual Report.

On 13 July 2017, all notes were converted by noteholders with the issue of 71,538,898 ordinary shares at an agreed price of $0.20 per share, for a value of $14,307,780. This resulted in the previously recognised accrued interest payable of $4,292,335 being reversed and being recognised as finance income during the financial year.

Note 14. Provisions

	2018 $	2017 $
Current provisions for employee entitlements		
Balance at 1 July	-	-
Movement for the year	678,548	-
Balance at 30 June	**678,548**	**-**
Non-current provision for mine site restoration		
Opening balance	739,531	1,045,835
Provision for mine site restoration on acquisition of subsidiaries	94,764,306	-
Increase in provision	21,763,731	-
Reduction in provision required	-	(287,592)
Exchange Differences	30,117	(18,712)
Balance at 30 June	**117,297,685**	**739,531**

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

Century Mine		
Provision for mine site restoration on acquisition of subsidiaries	94,764,306	-
Increase in provision	21,763,731	-
Balance at 30 June	**116,528,037**	**-**
Kodiak Project		
Opening balance	739,531	1,045,835
Reduction in provision required	-	(287,592)
Exchange differences	30,117	(18,712)
Balance at 30 June	**769,648**	**739,531**

The provision for the mine site restoration on acquisition of subsidiaries was measured at its fair value.

The increase in provision reflects revisions in mine rehabilitation cost estimates. The rehabilitation will be carried out at the end of life of the Group’s mining operations.

Note 15. Issued capital

	2018 $	2017 $
503,972,048 (2017: 189,852,519) fully paid ordinary shares	311,618,023	26,765,051
Funds received for shares to be issued	-	5,089,834
Other equity securities	-	404,548
	311,618,023	**32,259,433**

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

	2018		2017	
	Number of shares	$	Number of shares	$
Opening balance	189,852,519	32,259,433	186,519,186	26,715,502
Shares issued 2 May 2017 @ $0.15 in placement	-	-	3,333,333	500,000
Funds received to 30 June 2017 for shares issued in July 2017	-	(5,089,834)	-	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)		
Costs arising from issue of shares	-	(4,792,136)	-	(45,903)
	503,972,048	**311,618,023**	**189,852,519**	**32,259,433**

Options over ordinary shares

As at 30 June 2018, there were 114,900,000 (2017: nil) 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 2018 was $43,952,470 (2017: nil). 1,600,000 unquoted employee options with an exercise price of $0.25 each were converted during the financial year as disclosed in Note 15.

As at 30 June 2018, there were no (2017: nil) quoted options over ordinary shares in the Company.

Each option entitled the holder to subscribe for one share upon exercise of each option.

Total options on issue by the Company as at 30 June 2018 are 114,900,000 (2017: nil). The weighted average contractual life is 3.02 years (2017: nil). The weighted average exercise price is $0.4238 (2017: nil).

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 16. Reserves

Historically, the Group has recognised accounting adjustments for share-based payment transactions in a Share Based Payments reserve. From 1 July 2017, a change in presentation has been 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 of $3,196,536 as at 30 June 2017 was transferred to accumulated losses on 1 July 2017.

Note 17. Financial instruments

Financial risk management

The Group's principal financial instruments are cash, receivables, deposits held as security guarantees, and payables (including convertible notes).

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 2018 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.

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	46,249,135	5,606,108
Trade and other receivables	2,881,331	117,915
Current financial assets	17,250,000	-
Non-current financial assets	3,167,752	810,727
	69,548,218	**6,534,750**
Financial liabilities		
Trade and other payables	23,013,820	856,050
Current convertible notes	-	18,600,115
Non-current payables	-	845,921
	23,013,820	**20,302,086**

Non-current other financial assets of $3,167,752 (2017: $810,727) consist of security deposits of $2,398,104 (2017: $73,105) plus an environmental bond of $769,648 (2017: $737,622).

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 Group had funding through convertible notes of $18,600,115 at 30 June 2017 which were all converted in July 2017. The completion of the Century Project transaction in July 2017 and completion of the associated capital raising provided ongoing funding liquidity following conversion of the convertible notes. The Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk. Refer to note 1(a) Going concern for further details of liquidity risk management.

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying Amount	Under 6 Months	6 – 12 Months	1 - 2 years	2 – 5 years
30 June 2018					
Trade and other payables (note 12)	23,013,820	23,013,820	-	-	-
	23,013,820	**23,013,820**	**-**	**-**	**-**
30 June 2017					
Trade and other payables (note 12)	856,050	751,649	-	-	-
Convertible notes (note 13)	18,600,115	18,600,115	-	-	-
Other payables (note 12)	845,921	-	-	845,921	-
	20,302,086	**19,351,764**	**-**	**845,921**	**-**

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
	%	$	$	$	$	$
2018						
Financial asset						
Cash and cash equivalents	1.25	16,310,520	29,500,000	-	438,615	46,249,135
Trade and other receivables	-	-	-	-	2,881,331	2,881,331
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**	**-**	**(696,592)**	**46,534,398**
2017						
Financial asset						
Cash and cash equivalents	0.43	4,037,690	-	-	1,568,418	5,606,108
Trade and other receivables	-	-	-	-	117,915	117,915
Non-current other financial assets	0.27	-	73,105	-	737,622	810,727
Financial liabilities						
Trade and other payables	-	-	-	-	(856,050)	(856,050)
Convertible notes	15	-	(18,600,115)	-	-	(18,600,115)
Other payables	10	-	-	(845,921)	-	(845,921)
Net financial assets		**4,037,690**	**(18,527,010)**	**(845,921)**	**1,567,905**	**(13,767,336)**

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 $472,310 (2017: increase in both post-tax loss and equity by $153,352).

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
	$	$	$	$	$
2018					
Cash and cash equivalents	46,249,135	(458,105)	(458,105)	458,105	458,105
Trade and other receivables	2,881,331	-	-	-	-
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)	**46,534,398**	**(472,310)**	**(472,310)**	**472,310**	**472,310**
2017					
Cash and cash equivalents	5,606,108	(40,377)	(40,377)	40,377	40,377
Trade and other receivables	117,915	-	-	-	-
Non-current other financial assets	810,727	(731)	(731)	731	731
Trade and other payables	(856,050)	-	-	-	-
Convertible notes	(18,600,115)	-	-	-	-
Other payables	(845,921)	-	-	-	-
Total increase/(decrease)	**(13,767,336)**	**(41,108)**	**(41,108)**	**41,108**	**41,108**

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.

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

2017	**Net Financial Assets/(Liabilities) in $AUD**	
	USD	**Total**
Consolidated Group	66,955	66,955

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. With all other variables held constant, post tax loss and equity would have been affected as follows:

AUD $10,622 gain; AUD $10,622 loss(2017: AUD $6,695 loss; AUD $6,695 gain).

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, ageing analysis for credit risk and beta analysis 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. The convertible notes were valued using an income approach using level 3 inputs.

Note 18. Interests of KMPs

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 KMPs for the financial year ended 30 June 2018.

The totals of remuneration paid to KMPs 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 $
2018 Total	945,907	20,875	-	2,186,655	3,153,437
2017 Total	78,000	-	-	-	78,000

Other KMPs Transactions

For details of other transactions with KMPs, refer to Note 22 Related party transactions and balances.

Note 19. Remuneration of auditors

	2018 $	2017 $
Remuneration of the auditors for:		
- Audit or review of the financial report	106,663	36,018
Remuneration of previous auditors for:		
- Audit or review of the financial report	-	5,991
	106,663	**42,009**

Note 20. Contingent liabilities

Bank guarantees

The Group has provided certain bank guarantees to third parties, primarily associated with the terms of mining leases, exploration licences 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 $3,167,752 as at 30 June 2018 (30 June 2017: $810,727).

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 21. 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 Financial Assurance Bond of $193.7 million 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 production restarts 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.

Operating leases

The Group leases various offices and premises under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases as at 30 June 2018 was approximately $1 million.

Capital commitments

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

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 2018 was $130 million.

Note 22. 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 18.

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 42,177,536 (2017: 22,090,028) ordinary shares in the Company at 30 June 2018. Entities controlled by Kingslane also:

- hold a 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;
- held convertible notes with face values of $4,504,301 at 30 June 2017 that were converted into 22,521,506 ordinary shares on 17 July 2017. These were recognised as a current liability of $5,855,592 at 30 June 2017; and
- received $60,000 (2017: $60,000) during the financial year for serviced office rent.

Evan Cranston is a director of Konkera Corporate. Konkera Corporate received $120,000 (2017: $120,000) during the financial year for administrative, bookkeeping and accounting services. The company secretarial fees of $35,694 (2017: $30,000) for Oonagh Malone and Director fees of $172,032 (2017: $24,000) for Evan Cranston were also payable to Konkera Corporate. Bryn Hardcastle is a director of Bellanhouse which provided legal services totalling $1,067,814 (2017: $179,049) in the financial year ended 30 June 2018. $137,303 was outstanding to Bellanhouse at 30 June 2018 (2017: $112,100).

John Carr and Patrick Walta each received 7,000,000 of the 30,000,000 share options that were issued on 13 July 2017 as purchase consideration for the initial 70 percent interest in Century Mining Rehabilitation Project Pty Ltd, as detailed in note 29. These share options have been valued at $0.08239 per share option as shown in note 27.

Evan Cranston, Patrick Walta and John Carr each received 31,500,000 ordinary shares and a total of 8,750,000 share options, as described in note 29, as part of the purchase consideration for the remaining non-controlling interest.

All related party transactions are on normal arms' length terms.

Note 23. Controlled entities

Information about principal subsidiaries

Set out below are the Group's subsidiaries at 30 June 2018. 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	
		2018	2017	2018	2017
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%	-	-	-
Century Mining Rehabilitation Pty Ltd (CMRP)	Australia	100%	-	-	-
Century Mining Limited (CML)	Australia	100%*	-	-	-
PCML SPC Pty Ltd (PCML)	Australia	100%*	-	-	-
SPC1 Pty Ltd	Australia	100%*	-	-	-
SPC2 Pty Ltd	Australia	100%*	-	-	-
Investment Co Pty Ltd	Australia	100%*	-	-	-

*Indirect Holdings

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

Century Mining Rehabilitation Pty Ltd

When CMRP and associated entities were acquired on 13 July 2017 as described in note 29, the 30 percent non-controlling interests in CMRP and subsidiary entities acquired had nil value at the date of acquisition because the value at the date of acquisition of the assets acquired less liabilities assumed was negative. This is because the Company has chosen to not capitalise the effective $70,092,066 of mineral exploration and evaluation expenditure associated with the acquisition of the Century Project.

From acquisition of the controlling interests on 13 July 2017, until acquisition of the remaining non-controlling interests on 27 February 2018 as described in note 29, CMRP and associated entities had a loss of $14,298,248. 30 percent of this loss, being $4,289,474, has been ascribed to the non-controlling interest.

Attila Resources US LLC

The 30 percent non-controlling interests in Attila Resources US LLC and Kodiak Mining Company LLC (Kodiak) had nil value at the date of acquisition because the value at the date of acquisition of the business combination was calculated by deducting New Century Resources Limited's convertible note liability from the fair value of the Kodiak minority shareholders' proportionate interests in the net assets of Kodiak. This is because the convertible note is secured by the members of Kodiak in proportion with each members' interest in the shares of Kodiak.

In accordance with the agreements with the Kodiak minority shareholders, subsequent to acquisition, all funding towards the feasibility study and operations of Kodiak is to be funded and borne by New Century Resources Limited resulting in a free carry for the non-controlling interests until a decision to mine is made. Once a decision to mine is made capital contributions made by New Century Resources Limited will be refunded in priority to normal equity distributions to Kodiak equity holders. New Century Resources Limited considers that this is an arrangement to share profits (losses) in a manner other than in proportion to their ownership interests. Accordingly, New Century Resources Limited has reflected this profit-sharing arrangement when attributing the profit or loss and other comprehensive income of Kodiak, resulting in the non-controlling interest being carried at nil value.

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	**2018**	**2017**
	$	**$**
Current assets	179,837	166,407
Non-current assets	778,873	17,837,482
Current liabilities	(26,129,695)	(23,394,654)
Non-current liabilities	(769,648)	(1,487,016)
Net assets	**(25,940,633)**	**(6,877,781)**
Carrying amount of non-controlling interests	**-**	**-**

The non-current assets and non-current liabilities of Kodiak include a secured deposit of $778,873 (30 June 2017: $737,622) that is security against a non-current reclamation liability of $769,648 (30 June 2017: $739,531). 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 $25,033,960 (30 June 2017: $23,142,491). 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	2018 $	2017 $
Revenue	-	-
Loss before income tax	(18,750,370)	(402,069)
Income tax expense	-	-
Post-tax loss	**(18,750,370)**	**(402,069)**
Other comprehensive income	-	-
Total comprehensive income	**(18,750,370)**	**(402,069)**
Profit/(loss) attributable to non-controlling interests	-	-
Distributions paid to non-controlling interests	-	-

Summarised cash flow information before intra-group eliminations	2018 $	2017 $
Net cash from/(used in) operating activities	(866,230)	(699,458)
Net cash from/(used in) investing activities	(10,828)	19,865
Net cash from/(used in) financing activities	901,678	885,144
Cash and cash equivalents at end of year	**80,274**	**52,317**

Kodiak's net cash from financing activities for both 2018 and 2017 solely comprised movements in intra-group loan account balances.

Note 24. Events occurring after reporting period

On 13 August 2018, the Company announced that it has commenced zinc concentrate production at the Century Mine. Further details are set out in the ASX announcement that is located at the Company's website.

On 3 September 2018, the Company announced the entry into a legally binding term sheet for a $40 million senior secured debt and bank guarantee facility with National Australia Bank. Further information is set out in the Company's ASX announcement which is located at the Company's website.

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.

Note 25. Cash-flow information

Reconciliation of cashflow from operations with loss after income tax

	2018 $	2017 $
Loss after income tax	(123,310,765)	(3,785,112)
Non-cashflows in loss		
Depreciation and amortisation	25,701	21,589
Loss on acquisition classified as exploration expenditure	70,092,066	3,395
Impairment loss	18,153,406	-
Gain on disposal of property, plant and equipment	(1,410,837)	-
Share based payments	3,224,270	-
Equity settled expenses	45,000	-
Reversal of interest expense on convertible notes	(4,292,334)	-
Changes in assets and liabilities net of effects of purchase of subsidiaries		
Increase in trade and other receivables	(99,011)	(3,809)
Increase in prepayments	(452,132)	(592)
Increase in other assets	(3,178,831)	-
(Decrease)/increase in trade and other payables	(1,493,829)	93,597
Increase in borrowings due to accrued interest payable and expensing of capitalised borrowing costs	-	2,401,310
Increase/(decrease) in provisions	22,172,935	(287,592)
Exchange differences	-	(3,676)
Net cash used in operating activities	**(20,524,361)**	**(1,560,890)**

Acquisition of subsidiaries

Refer to note 29 regarding the acquisition of the Century Project.

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 2018 (2017:nil) except as disclosed in note 15 related to the issue of ordinary shares as a result of conversion of notes, and as disclosed in note 29 for the acquisition of the Century Project.

Note 26. Earnings per share

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

	2018	2017
Basic / dilutive earnings per share		
Basic loss per share - cents	(32.32)	(2.02)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share - $	368,312,425	187,057,999
Net loss used in the calculation of basic earnings per share - $	**(119,021,291)**	**(3,785,112)**

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 counter dilutive and therefore earnings per share are not diluted.

Note 27. Share based payments

Options

No options were issued or recognised in the financial year ended 30 June 2017. The following options were recognised during the financial year:

	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**

All options granted during the year were issued during the financial year and vested during the financial year. Amounts recognised for director and employee options, totalling $3,224,270, have been recognised as a share based payment expense. The $2,471,700 recognised for the Century Project consideration options has been recognised as loss on acquisition classified as exploration expenditure on the original acquisition as detailed in note 29. The $38,256,500 recognised for the non-controlling interest options has been reflected directly in the balance of accumulated losses as described in note 29.

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

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**

There were no options on issue at 30 June 2017. The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.02 years. The weighted average exercise price was $0.424. The weighted average value of options recognised during the financial year was $0.0382.

The following options were issued to Directors as part of their remuneration. 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 $
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
Bryn Hardcastle	2,000,000	0.25	3	119,660	
	2,000,000	0.50	3	72,900	192,560
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 2018 or 2017.

Note 28. 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

	2018 $	2017 $
Assets		
Current assets	46,111,855	5,581,371
Non-current assets	262,719	17,381,174
Total assets	**46,374,574**	**22,962,545**
Liabilities		
Current liabilities	304,249	19,321,251
Non-current liabilities	-	-
Total liabilities	**304,249**	**19,321,251**
Net assets	**46,070,325**	**3,641,294**
Equity		
Issued capital	311,971,571	32,259,433
Reserves	-	3,196,536
Accumulated losses	(265,901,246)	(31,814,675)
Total equity	**46,070,325**	**3,641,294**
Statement of profit or loss and comprehensive income		
Total loss	(281,286,577)	(3,373,976)
Total comprehensive loss	**(281,286,577)**	**(3,373,976)**

Guarantees

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

Contingent liabilities and Commitments

Refer to Note 20 for Contingent liabilities and Note 21 for Commitments.

Note 29. Acquisition of Century Project

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 million 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 million for first three years.
- Following expenditure of the $10 million, 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, to be paid at New Century Resources Limited's sole election in any combination of cash (if permitted by the Listing Rules applicable at the time) and New Century Resources Limited shares subject to 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 KMP of the Group was also a shareholder in Century Bull.

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

- All MLs and the EPM 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 acquired:

- $34.5 million in progressive cash payments to assist with ongoing rehabilitation and care and maintenance activities for the site;
- $12.1 million 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 $193.7 million 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. This is in addition to acceptance of commitments as detailed in note 21. The Consideration Options are valued at a total of $2,471,700 as detailed in note 27. 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 an acquisition of a business combination because relevant processes were not acquired as part of the acquisition.

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 have been 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 have 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 has been recognised directly in accumulated losses.

Vendors for Century Bull and the non-controlling interest included Directors Patrick Walta and Evan Cranston, along with John Carr, a KMP of the Group. They each received:

- 31,500,000 shares:
- 5,500,000 Tranche 1 Non-controlling Interest Consideration Options as described in Note 27:
- 1,500,000 Tranche 2 Non-controlling Interest Consideration Options as described in Note 27:
- 875,000 Tranche 3 Non-controlling Interest Consideration Options as described in Note 27: and
- 875,000 Tranche 4 Non-controlling Interest Consideration Options as described in Note 27.

Note 30. Impairment

	Pre tax 2018 $	Tax impact 2018 $	Post tax 2018 $	Pre tax 2017 $	Tax impact 2017 $	Post tax 2017 $
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**	**-**	**-**	**-**

The Group recognised an impairment loss of $18,153,406 for its Kodiak Project during the year ended 30 June 2018, comprising property plant and equipment impairment of $14,368,184 and deferred exploration and development impairment of $3,785,222. The 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.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 18 to 62 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 2018 and of the performance for the year ended on that date of the company and consolidated group;

2. in the Directors' opinion there are reasonable grounds to believe that the Company 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 2018.

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

Evan Cranston
Executive Chairman

Perth

27 September 2018

Independent Auditor's Report

To the Members of New Century Resources Limited

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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 Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2018, 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 the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity 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 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 of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition of the Century Mine Rehabilitation Project Pty Ltd As disclosed in note 29 to the financial statements, the Consolidated Equity acquired an initial 70% of Century Bull Pty Ltd and its subsidiary which holds the Century Mine Rehabilitation Project ("the acquisition") via the issue of 30 million unquoted options to the value of $2,471,700. A total loss on acquisition of $70,092,066 was recognised. The acquisition has been accounted for as a share based payment measured in accordance with AASB 2 Share Based Payments. On 27 February 2018, the acquisition of the remaining 30% interest was completed via the issue of 126 million ordinary shares and 35 million unquoted options which were valued at $175,140,000 and $38,256,500 respectively. Accounting for the acquisition constituted a key audit matter due to: – The size and scope of the acquisition; – The complexities inherent in such a transaction; and – The judgement required in determining the value of the consideration transferred.	Our audit procedures included but were not limited to: – Reviewing the earn-in and shareholders agreement ("the agreement") to obtain an understanding of the key terms and conditions; – Critically evaluating the accounting treatment in accordance with the relevant Australian Accounting Standards; – Assessing management's valuation of the consideration issued including relevant assumptions; – Evaluating management's valuation models and assessing the assumptions and inputs used; – Evaluating the acquisition date balance sheet of the acquiree with reference to the acquisition agreement and supporting documentation; and – Assessing the appropriateness of relevant disclosures in note 29 to the financial statements.
Exploration and evaluation expenditure During the year the Consolidated Entity incurred exploration expenses of $12,041,913 on the Century Mine Project. Exploration expenditure is a key audit matter due to: – The significance to the Consolidated Entity's statement of profit or loss and other comprehensive income; and	Our audit procedures included but were not limited to: – Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programs planned for those tenements;

Key audit matter	How our audit addressed the key audit matter
– The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge.	– We assessed the Consolidated Entity's rights to tenure by corroborating to government registries; and – We tested exploration expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6.
Property, plant and equipment As disclosed in note 10 in the financial report, as at 30 June 2018 the carrying value of property, plant and equipment is $60,412,157. Of significance in this amount is $57,856,390 which relates to the capital work in progress carried out at Century Zinc Mine Project. Plant and equipment is considered to be a key audit matter due to: – The significant value of the asset to the Consolidated Entity's financial position; and – The complexity in identifying the elements of cost attributable to the asset.	Our procedures included, amongst others: – Confirming that the capitalised work in progress relating to the Century Zinc Mine project has been recognised in accordance with the requirements of AASB 116 – Property, Plant and Equipment; – Obtaining a project management report to confirm that the development on Century Zinc Mine remains on schedule and on budget; – Discussions were held with the management to confirm that abnormal costs have not been capitalised in work in progress; – Testing the Consolidated Entity 's additions to capitalised work in progress for the year by evaluating a sample of recorded expenditure for consistency to underlying records, and the capitalisation requirements of AASB 116 for qualifying assets; – Evaluating management's assessment as to whether indicators of impairment had occurred; and – Assessing the adequacy of the disclosures included in the financial report.

Key audit matter	How our audit addressed the key audit matter
Recognition and measurement of restoration provision As disclosed in note 14 to the financial statements, as at 30 June 2018 the Consolidated Equity had a Restoration Provision of $117,297,685 relating to the Consolidated Equity 's requirement to rehabilitate its exploration fields. The recognition and measurement of restoration provisions was considered a key audit matter as the calculation of the provision requires 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.	Our audit procedures included but were not limited to: – Assessing the report and qualifications of the independent expert engaged to assess the accuracy of the rehabilitation amount recognised at 30 June 2018; – Assessing whether sufficient evidence was available to support the cost estimates; – Assessing the accuracy of the calculations used to determine the rehabilitation provision including the discount rate applied and the appropriateness of the current or non-current classification of the provision; and – We also assessed the appropriateness of the related disclosures in note 14 to the financial statements.
Impairment of Kodiak Project As disclosed in note 30, $3,785,222 in deferred exploration costs and $14,368,184 in plant and equipment (Total $18,153,046) was capitalised for the Kodiak project in prior years. During the year, New Century paid a total of $347,051 in annual lease payments. Impairment is a key risk given materiality of the total balance as at 30 June 2018 and the fact the Consolidated Equity is now focusing on the Century Project.	Our procedures amongst others included: – Verifying the annual lease payments to agreements; – Discussions were held with the management to confirm that New Century has exploration activities planned for the project; – Evaluating management's assessment as to whether indicators of impairment had occurred; and – Assessing the adequacy of the disclosures included in Notes 10 and 11 to the financial statements. – Based on impairment assessment performed, an impairment loss $18,153,046 has been recorded as at 30 June 2018.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2018, 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 accordingly 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 [Note 1], the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability 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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

BENTLEYS	**CHRIS NICOLOFF** CA
Chartered Accountants	**Partner**

Dated at Perth this 27th day of September 2018

Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Unless disclosed below, all the principles and recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2018.

Board of Directors

The skills, expertise and experience relevant to the position of each Director who is in office at the date of the Financial Report and their term of office are detailed in the Directors' Report.

The Directors are responsible for overseeing the Company's business operations and its management for the benefit of Shareholders, employees and other stakeholders and to enhance Shareholder value. The Board is responsible for the overall corporate governance of the Company and its subsidiaries.

Responsibilities and Functions of the Board

Under the Board charter, the Board's responsibilities include:

- setting the strategic direction of the Company and monitoring management's performance within that framework;
- ensuring there are adequate resources available to meet the Company's objectives;
- appointing and removing Executive Directors and overseeing succession plans for the senior executive team;
- evaluating the performance of the Board and its Directors on an annual basis and determining remuneration levels of Directors;
- approving and monitoring financial reporting, capital management and the progress of business objectives;
- ensuring that adequate risk management procedures exist and are being used;
- ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

Responsibilities of Executive Management

The role of senior executives within the organisation is to:

- develop with the Board, implement and monitor the strategic and financial plans for the Company;
- plan, develop and implement the annual budgets and business plans and continuously monitor all capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Company;
- develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's external communications policy;
- manage the appointment of the chief financial officer, the general counsel and company secretary and any other specific senior management positions;
- develop, implement and monitor the Company's risk management framework;
- keep the Board fully informed of all material matters which may be relevant to the Board, in their capacity as directors of the Company;
- provide effective management of the Company in order to:
- encourage cooperation and teamwork;
- build and maintain staff morale at a high level;
- build and maintain a strong sense of staff identity with, and a sense of allegiance to the Company;
- ensure a safe workplace for all personnel;
- ensure that the Company has regard to the interests of employees and customers of the company and the community and environment in which the company operates; and
- otherwise carry out the day-to-day management of the Company.

Corporate governance policies

The Board has adopted the following corporate governance policies:

Continuous Disclosure

The Board places a high priority on communication with Shareholders and is aware of the obligations it has under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

Communication to Shareholders

The Board recognises the importance of communicating regularly with Shareholders and aims to have transparent and effective communications. The Company will post all reports, ASX and media releases and copies of significant business presentations and speeches on the Company's website at www.newcenturyresources.com. Shareholders will be encouraged to attend and participate in General Meetings.

Share Trading

The Company has in place a share trading policy which restricts all Directors, employees or consultants of the Company from dealing in shares of the Company whilst in possession of price sensitive information or similarly passing information to other parties to buy or sell the Company's Shares.

In addition to insider trading prohibitions arising from the Corporations Act, Directors, executive officers and senior management are prohibited from trading as follows:

- No Director or executive officer should buy or sell Shares without the prior approval of the Board;
- No senior manager should buy or sell Shares without the prior approval of the Board;
- Unless there are unusual circumstances, trades in Shares by Directors and members of senior management are limited to stipulated periods;
- Directors and senior management are generally prohibited from trading Shares for a short term gain.

Before trading in the Company's Shares, Directors, employees and consultants must request in writing authorisation to trade in the Company's securities from their relevant authorising officer.

Confidentiality

In addition to obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants also have a duty of confidentiality to the Company in relation to confidential information they possess.

Matters for Approval by the Board of Directors

The Board has adopted a list of matters required to be brought before the Board of Directors for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the Senior Executives.

Evaluation of Board and Senior Executives

The Board of New Century Resources considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability. The Board also considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board undertakes an annual evaluation of its effectiveness as a whole.

The basis of the review is on goals that have been set for the Company based on corporate requirements and any areas for improvement identified in previous reviews. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role.

All senior executives of the Company are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position.

An informal assessment of progress is carried out each half year. A full evaluation of the executive's performance against the agreed targets takes place once a year. This will normally occur in conjunction with goal setting for the coming year. Since the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan.

The Company is also committed to continuing development of its directors and executives. Any director wishing to undertake either specific directional training or personal development courses is expected to approach the Board for approval of the proposed course.

External Auditor Selection Process

Should there be a vacancy for the position of external auditor, New Century Resources conducts a formal tendering process, either a general or selective tender. Tenders are evaluated in accordance with the criteria, as appropriate from time to time, provided to tenderers. Tenders are not assessed solely on the basis of price, but on a number of issues such as:

- skills and knowledge of the team proposed to do the work;
- quality of work;
- independence of the audit firm;
- lead signing partner and independent review partner rotation and succession planning;
- value for money;
- ethical behaviour and fair dealing; and
- independence from New Century Resources.

The Board identifies and recommends an appropriate external auditor for appointment, in conjunction with senior management and/or New Century Resources in general meeting. The appointment is made in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to New Century Resources' accounts for a period of more than five consecutive years. Further, once rotated off New Century Resources' accounts no partner of the external auditor may assume any responsibility in relation to New Century Resources' accounts for a period of five consecutive years. This requires succession planning on the part of the external auditor, a process in which New Century Resources is involved.

Risk Management Policy

Risk recognition and management are viewed by New Century Resources as integral to the Company's objectives of creating and maintaining shareholder value, and the successful execution of the Company's mineral exploration and development. The Board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions.

Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Not all aspects of risk management can be formalised and New Century Resources places considerable reliance on the skill, experience and judgement of its people to take risk managed decisions within the policy framework, and to communicate openly on all risk related matters.

There are a range of specific risks that have the potential to have an adverse impact on New Century Resources' business. The Company has developed a framework for a risk management policy and internal compliance and control system which covers organisational, financial and operational aspects of the Company's affairs.

Key elements of the framework for the management of risk by New Century Resources are:

- oversight of the Company's financial affairs by the Directors;
- the formulation of programmes for exploration and development;
- regular reporting against established targets;
- approval guidelines for exploration and capital expenditure;
- regulatory compliance programmes and reporting in key areas such as safety and environment;
- management of capital and financial risk;
- an annual insurance program;
- oversight of the conduct of contractors.

In assessing and managing identified risks:

- risks are assessed in terms of potential consequences and likelihood;
- risks are ranked in accordance with their likely impact;
- the acceptability of each identified risk is assessed;
- proposed actions to eliminate, reduce or manage each material risk are considered and agreed;
- responsibilities for the management of each risk are assigned.

Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

Compliance with ASX Recommendations

Recommendation		New Century Resources Limited
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management.	The Company's Board Charter sets out the roles and responsibilities of the Board and Management. A summary is provided above and the full Charter is available for review at www.newcenturyresources.com
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company undertakes police and bankruptcy checks on all directors before appointment or putting to shareholders for election. The Company provides all relevant information on all directors in its annual report and on its website.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.	The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee prior to the commencement of duties.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company's organisation chart reflects the position of the Company Secretary within the Company structure as reporting directly to the Board and confirms accountability through the Executive Chairman.
1.5	A listed entity should: (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) Disclose that policy or a summary of it; and (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: i. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company has adopted a formal Gender Diversity Policy, a summary of which is provided above. As at 30 June 2018: • The Board comprised six members, all of whom were male. • The senior executives comprised nine people (defined by the Board as the directors and key management personnel), eight of whom were male and one female. • The whole organisation (including directors, excluding independent contractors) comprised 82 people, 68 of whom were male and 14 female.

1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board Performance Evaluation Policy is summarised above and is available at www.newcenturyresources.com During the reporting period, the Board collectively assessed their respective roles and contributions. The Company considers the mix of corporate, financial, and commercial experience to be appropriate for the current time.
1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	As the Company was in a period of recruitment and talent building for a large portion of the reporting period, the first annual review of senior executives occurred subsequent to the reporting period.
2.1	The board of a listed entity should: (a) Have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Board has established a combined Remuneration & Nomination Committee which consists of 3 members, two of whom are independent directors. Independent non-executive director, Mr Tom Eadie, acts as Chair for the Committee and non-executive directors, Mr Bryn Hardcastle and Mr Peter Watson comprise the other members. The charter of the Nomination Committee is available on the Company's website, www.newcenturyresources.com. The Committee did not meet during the reporting period due to the early stage of the Company's development.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board Charter, available at www.newcenturyresources.com, incorporates a set of skills and abilities that are desirable for the composition of the Board. During the reporting period, the Board collectively assessed their respective roles and contributions. The Company considered the mix of corporate, financial, mining, geological and commercial experience to be appropriate for the operations of the Company during the reporting period.

2.3	A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors; (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director.	The Company considers that Mr Tom Eadie and Mr Peter Watson are the independent directors on the Board as at 30 June 2018. The Company discloses the length of service for each director in the Directors' Report of its annual report.
2.4	A majority of the board of a listed entity should be independent directors.	At this time, the Company does not comply with this recommendation as two of the six directors are independent. Three directors, Mr Evan Cranston, Mr Tolga Kumova and Mr Patrick Walta, are employed as executive directors and are therefore not considered to be independent. Mr Bryn Hardcastle is not considered to be independent as he is Managing Partner of a professional services firm providing legal advice to the Company.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company does not comply with this recommendation as the current chair of the Company, Mr Evan Cranston, is employed as Executive Chairman. Mr Cranston does not perform the CEO role.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	The Company has an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company. The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) Disclose that code or a summary of it.	The Company's Code of Conduct is available at www.newcenturyresources.com
4.1	The board of a listed entity should: (a) Have an audit committee which: i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board; and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and	The Company has an audit committee comprising three non-executive directors, two of whom are independent. The Audit Committee is chaired by Mr Bryn Hardcastle who is not considered independent as he is Managing Partner of a professional services firm providing legal advice to the Company. The Audit Committee Charter is available on the Company's website, www.newcenturyresources.com. During the period, the Audit Committee met once to review and consider the annual financial statements of the Company. Prior to this, the full Board performed the role of the Audit Committee. The qualifications of the non-executive directors are disclosed in the Directors' Report.

	v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.	The Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly, half yearly and full year report in advance of approval of these reports.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is summarised above and is available at www.newcenturyresources.com
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company complies with this recommendation and all relevant information can be found at www.newcenturyresources.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly which is summarised above.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes by proxy. The Company has implemented an online voting system to further encourage participation by shareholders.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders are issued with a letter encouraging the registration of electronic contact methods.

7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Company implemented a Risk Committee in the second half of the reporting period which is chaired by independent director, Mr Peter Watson. Non-executive director, Mr Bryn Hardcastle, and independent non-executive director, Mr Tom Eadie comprise the other members of the Committee. The charter of the Risk Committee is available at www.newcenturyresources.com.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The Board reviews its risk management strategy annually.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does not currently have any material exposure to any economic, environmental and social sustainability risks other than the standard risks of operating mining companies. The Board, via its Risk Committee and regular communication with its senior executives, monitors its exposure to these risks. The Company has a full time employee responsible for corporate affairs and social responsibility who liaises closely with key stakeholders of the Company.
8.1	The board of a listed entity should: (a) have a remuneration committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose:	The Board has established a combined Remuneration & Nomination Committee which consists of 3 members, two of whom are independent directors. Independent non-executive director, Mr Tom Eadie, acts as Chair for the Committee and non-executive directors, Mr Bryn Hardcastle and Mr Peter Watson comprise the other members. The charter of the Remuneration Committee is available on the Company's website,

	iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	www.newcenturyresources.com. The Committee did not meet during the reporting period due to the early stage of the Company's development and role was undertaken by the full Board during this time.
8.2	A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company discloses is policies on remuneration in the Remuneration Report set out in its annual report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company recognises that directors, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available at www.newcenturyresources.com) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.

Additional Information

Shareholder Information

The following information is based on share registry information processed up to 26 October 2018.

Distribution of Fully Paid Ordinary Shares

The number of holders, by size of holding, for fully paid ordinary shares in the Company is:

Spread of Holders	Number of Holders	Number of Shares
1 – 1,000	656	411,943
1,001 – 5,000	1,276	3,560,227
5,001 – 10,000	530	4,235,881
10,001 – 100,000	1,062	36,793,416
100,001 and over	285	458,970,581
Total	**3,809**	**503,972,048**

There are 359 holders of unmarketable parcels comprising a total of 151,145 ordinary shares.

Twenty Largest Holders of Shares in New Century Resources Ltd (includes restricted securities)

	Shareholder	Number Held	% of Issued Shares
1	JP Morgan Nominees Australia Limited	35,532,049	7.05
2	Mr John Carr <JSC Holdings A/C>	31,500,000	6.25
3	Konkera Pty Ltd	31,500,000	6.25
4	Mr Patrick Christopher Andrew Walta <FJB & Associates A/C>	31,500,000	6.25
5	Kingslane Pty Ltd <Cranston Super Pension A/C>	18,725,000	3.72
6	HSBC Custody Nominees (Australia) Limited	18,639,129	3.70
7	UBS Nominees Pty Ltd	16,862,091	3.35
8	Mrs Kay Mitris	15,282,720	3.03
9	Kitara Investments Pty Ltd <Kumova Family A/C>	13,333,333	2.65
10	Kingslane Pty Ltd <Cranston Superannuation A/C>	11,764,150	2.33
11	Kingslane Pty Ltd <J W Cranston Family A/C>	10,598,356	2.10
12	Mr Nicholas Mitris	9,152,911	1.82
13	Merrill Lynch (Australia) Nominees Pty Limited	8,323,983	1.65
14	Dr Stuart Lloyd Phillips & Mrs Fiona Jane Phillips <SL & FJ Phillips Pens F A/C>	7,865,000	1.56
15	Pershing Australia Nominees Pty Ltd <Patersons Securities A/C>	7,747,500	1.54
16	Westyle Pty Ltd <Blackjack Super Fund A/C>	6,614,820	1.31
17	HSBC Custody Nominees (Australia) Limited – A/C 2	6,580,411	1.31
18	Mr Rodney John Smith	6,300,000	1.25
19	Blu Bone Pty Ltd	6,300,000	1.25
20	Mr Michael Robert Pitt <RGR Capital A/C>	6,300,000	1.25
Total		**300,421,453**	**59.61%**

There are 377,972,048 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange. There are currently 126,000,000 shares subject to escrow. There is no current on-market buy back taking place.

Voting Rights - Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Unquoted Equity Securities

Quantity	Class
12,900,000	Options exercisable at $0.25 each on or before 13 July 2020
6,000,000	Options exercisable at $0.50 each on or before 13 July 2020
7,500,000	Options exercisable at $0.25 each on or before 13 July 2021
7,500,000	Options exercisable at $0.50 each on or before 13 July 2021
7,500,000	Options exercisable at $0.75 each on or before 13 July 2021
7,500,000	Options exercisable at $1.00 each on or before 13 July 2021
30,000,000	Options exercisable at $0.25 each on or before 13 July 2022
500,000	Options exercisable at $1.60 each on or before 2 October 2020
22,000,000	Options exercisable at $0.25 each on or before 27 February 2021
6,000,000	Options exercisable at $0.50 each on or before 27 February 2021
3,500,000	Options exercisable at $0.75 each on or before 27 February 2021
3,500,000	Options exercisable at $1.00 each on or before 27 February 2021
500,000	Options exercisable at $1.99 each on or before 27 February 2021

Holders of Unquoted Securities (holding more than 20% of each equity security class)

Class	Holder	Number
Options exercisable at $0.25 each on or before 13 July 2021	Kitara Investments Pty Ltd	7,500,000
Options exercisable at $0.50 each on or before 13 July 2021	Kitara Investments Pty Ltd	7,500,000
Options exercisable at $0.75 each on or before 13 July 2021	Kitara Investments Pty Ltd	7,500,000
Options exercisable at $1.00 each on or before 13 July 2021	Kitara Investments Pty Ltd	7,500,000
Options exercisable at $0.25 each on or before 13 July 2022	Mr John Carr	7,000,000
Options exercisable at $0.25 each on or before 13 July 2022	Longreach Capital Pty Ltd	7,000,000
Options exercisable at $0.25 each on or before 13 July 2022	Mr Patrick Walta	7,000,000
Options exercisable at $1.60 each on or before 2 October 2020	Mr William Wise	500,000
Options exercisable at $0.25 each on or before 27 February 2021	Mr John Carr Konkera Pty Ltd Mr Patrick Christopher Andrew Walta	5,500,000 5,500,000 5,500,000
Options exercisable at $0.50 each on or before 27 February 2021	Mr John Carr Konkera Pty Ltd Mr Patrick Christopher Andrew Walta	1,500,000 1,500,000 1,500,000
Options exercisable at $0.75 each on or before 27 February 2021	Mr John Carr Konkera Pty Ltd Mr Patrick Christopher Andrew Walta	875,000 875,000 875,000
Options exercisable at $1.00 each on or before 27 February 2021	Mr John Carr Konkera Pty Ltd Mr Patrick Christopher Andrew Walta	875,000 875,000 875,000
Options exercisable at $1.99 each on or before 27 February 2021	Mr William Wise	500,000

Schedule of Mining Tenements

Project	Location	Status	Interest
Century Zinc Mine	**Queensland, Australia**		
ML 90058	Lawn Hill	Granted	100%
ML 90045	Lawn Hill	Granted	100%
EPM 10544	Lawn Hill	Granted	100%
EPM 26722	Lawn Hill	Granted	100%
EPM 26772	Lawn Hill	Granted	100%
EPM 26812	Lawn Hill	Application	100%
EPM 26868	Lawn Hill	Application	100%
EPM 26873	Cloncurry	Application	100%
EPM 26874	Lawn Hill	Application	100%
EPM 26875	Cloncurry	Application	100%
EPM 26976	Cloncurry	Application	100%
Kodiak Coking Coal Project	**Alabama, USA**		
Coke Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Atkins Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Gholson Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%
Clark Seam, Gurnee Property	Shelby & Bibb Counties	Lease	70%

Company Secretary
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