NEW CENTURY RESOURCES

AND CONTROLLED ENTITIES

ABN 53 142 165 080

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2017

TABLE OF CONTENTS

CORPORATE DIRECTORY

Directors

Evan Cranston (Executive Chairman)
Patrick Walta (Managing Director)
Tolga Kumova (Corporate Director)
(Ernest) Tom Eadie (Non-Executive Director)
Bryn Hardcastle (Non-Executive Director)
Peter Watson (Non-Executive Director)

Company Secretary

Ms Oonagh Malone

Stock Exchange

ASX Codes: NCZ
Home Office: Perth

Country of Incorporation and Domicile

Australia

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Solicitors

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DIRECTORS' REPORT

The Directors present their report, together with the condensed consolidated financial statements, of the consolidated entity (the 'Group') consisting of New Century Resources Limited (formerly called Attila Resources Limited) (the 'Company') and the entities it controlled for the half-year ended 31 December 2017.

Directors

The names of Directors who held office at any time during or since the end of the half-year are set out below. Directors were in office for the entire period.

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)

Review of Operations

The operating loss of the Group for the six months after providing for income tax was $85,186,555 (2016: $1,503,614).

Century Zinc Mine (Century Project), Queensland, Australia (New Century Resources Ltd 70%)

During the half-year, the Company:

- Announced the results of a feasibility study for restarting the mine.
- Completed metallurgical test work and domain composite test work to support the feasibility study.
- Announced the amendment to the existing environmental authority.
- Completed diamond drilling over the South Block to validate previous drilling results.

Kodiak Coking Coal Project (Kodiak Project), Alabama, USA (New Century Resources Ltd 70%)

A strategic decision was made by the Company to suspend work on the definitive feasibility study. During the half-year the Company maintained the Kodiak Coking Coal Project in care and maintenance mode, including environmental studies and monitoring. The Company is considering its options with regards to future financing of the Kodiak Coking Coal Project in Alabama, USA, in light of the recent rise in the coal price to over US$200/ton.

Events Subsequent to the Reporting Date

The Directors are not aware of any significant events since the end of the interim period other than:

- On 22 January 2018, Peter Watson was appointed as a non-executive director.
- On 7 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Mercuria Energy Trading SA and Transamine Trading SA, and on 26 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Nyrstar NV.
- On 15 February 2018, the Company executed a long term gas supply agreement with Santos for power supply to the Century Project.

- On 23 February 2018 Shareholders agreed to acquire the remaining 30% interest in the Century Project in consideration for 126,000,000 shares and 35,000,000 share options with an average exercise price of $0.42 per share.
- On 26 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Nyrstar NV.
- On 5 March 2018, the Company announced execution of a $40 million contract with Sedgman Pty Ltd for the engineering, procurement, construction, refurbishment and commissioning of the Century processing plant and Karumba port facility.

Dividends

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial half-year ended 31 December 2017.

Auditor's Independence Declaration

The lead auditor's independence declaration under s.307C of the Corporation Act 2001 for the half-year ended 31 December 2017 is set out on page 6.

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

Evan Cranston
Executive Chairman

Signed at Perth this 16th day of March 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 director for the review of the financial statements of New Century Resources Limited for the period ended 31 December 2017, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Director

Dated at Perth this 16th day of March 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Half-year ended 31 December 2017 $	Half-year ended 31 December 2016 $
Revenue	4a	493,475	9,302
Other income		121,188	-
Depreciation and amortisation expense	6	(22,377)	(7,888)
Exploration and evaluation expenditure	4b	(14,809,345)	(77,878)
Employee benefits – share based payments	12	(2,940,740)	-
Employee benefits – other		(1,484,430)	(24,000)
Professional expenses		(395,125)	(125,985)
Gain on sale of plant and equipment		305,851	-
Foreign exchange (loss)/gain		(3,527)	1,884
Finance gains/(costs)	4c	4,355,896	(1,182,462)
Century Project acquisition costs		(294,471)	-
Impairment of exploration interests on acquisition	18	(70,092,066)	-
Other expenses		(420,884)	(96,587)
Loss before income tax expense		**(85,186,555)**	**(1,503,614)**
Income tax expense		-	-
Loss for the period		**(85,186,555)**	**(1,503,614)**
Attributable to non-controlling interests	17	**(4,459,700)**	**-**
Attributable to members of the parent entity		**(80,726,855)**	**(1,503,614)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange (loss)/gain on translating foreign operations, net of tax		(226,434)	449,858
Other comprehensive income for the period		**(226,434)**	**449,858**
Total comprehensive loss for the period		**(85,412,989)**	**(1,053,756)**
Total comprehensive loss for the period attributable to:			
Non-controlling interests	17	(4,459,700)	
Members of the parent entity		(80,953,289)	(1,053,756)
		(85,412,989)	**(1,053,756)**
Earnings per share from continuing operations:		**Cents**	**Cents**
Basic loss per share		(26.90)	(0.81)
Diluted loss per share		(26.90)	(0.81)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017 $	As at 30 June 2017 $
Current Assets			
Cash and cash equivalents		48,797,292	5,606,108
Trade and other receivables		947,499	117,915
Other current assets		797,774	4,835
Other financial assets	5	11,225,623	-
Total Current Assets		**61,768,188**	**5,728,858**
Non Current Assets			
Other financial assets	5	11,631,110	810,727
Property, plant and equipment	6	15,712,798	13,831,105
Deferred exploration and evaluation expenditure	7	3,413,610	3,287,297
Total Non Current Assets		**30,757,518**	**17,929,129**
Total Assets		**92,525,706**	**23,657,987**
Current Liabilities			
Trade and other payables	8	5,841,795	856,050
Provisions		459,326	-
Borrowings	9	-	18,600,115
Total Current Liabilities		**6,301,121**	**19,456,165**
Non Current Liabilities			
Other payables		-	845,921
Provisions	10	98,904,523	739,531
Total Non Current Liabilities		**98,904,523**	**1,585,452**
Total Liabilities		**105,205,644**	**21,041,617**
Net (Deficit)/Assets		**(12,679,938)**	**2,616,370**
Equity			
Issued capital	11	96,963,674	32,259,433
Reserves	12	11,855,450	6,669,444
Accumulated losses		(117,039,362)	(36,312,507)
Total Equity attributable to the owners of the Company		**(8,220,238)**	**2,616,370**
Non-controlling interests	17	(4,459,700)	-
Total Equity		**(12,679,938)**	**2,616,370**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2017	Ordinary Shares $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payment Reserve $	Non-controlling Interest $	Total Equity $
Opening 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 period	-	(80,726,855)	-	-	(4,459,700)	(85,186,555)
Other comprehensive income for the period						
Exchange gain on translation of controlled entities	-	-	(226,434)	-	-	(226,434)
Total comprehensive income/ (loss) for the period	**-**	(80,726,855)	(226,434)	**-**	(4,459,700)	(85,412,989)
Transactions with owners, in their capacity as owners, and other transfers						
Shares and options recognised during the period	72,648,236	-	-	5,412,440	-	78,060,676
Shares committed to be issued in prior year	(5,089,834)	-	-	-	-	(5,089,834)
Costs arising from issue of shares	(2,854,161)	-	-	-	-	(2,854,161)
Balance at 31 December 2017	**96,963,674**	**(117,039,362)**	**3,246,474**	**8,608,976**	**(4,459,700)**	**(12,679,938)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2016	**Ordinary Shares $**	**Accumulated Losses $**	**Foreign Currency Translation Reserve $**	**Share Based Payment Reserve $**	**Total Equity $**
Opening 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 period	-	(1,503,614)	-	-	(1,503,614)
Other comprehensive income for the period	-	-	449,858	-	449,858
Exchange gain on translation of controlled entities					
Total comprehensive income/ (loss) for the period	**-**	**(1,503,614)**	**449,858**	**-**	**(1,053,756)**
Transactions with owners, in their capacity as owners, and other transfers					
Costs arising from issue of shares	-	--	-	-	-
Balance at 31 December 2016	**26,715,502**	**(34,031,009)**	**4,502,736**	**3,196,536**	**383,765**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended 31 December 2017 $	Half-year ended 31 December 2016 $
Cash Flows From Operating Activities		
Receipts from customers	113,930	-
Other income	296,993	-
Payments to suppliers and employees (inclusive of GST)	(11,372,419)	(691,441)
Interest received	74,784	9,719
Financing charges	(7,769)	(4)
MMG support fees paid	(644,887)	-
Net cash outflow from operating activities	**(11,539,368)**	**(681,726)**
Cash Flows From Investing Activities		
Payments for mining lease interests	(130,920)	(132,521)
Payment for bonds	(45,000)	-
Refund of bonds	-	77,399
Cash acquired on acquisition of subsidiaries	4,732,628	-
Payments for property, plant and equipment	(43,246)	-
Proceeds on disposal of property, plant and equipment	416,515	-
Costs of disposing of property, plant and equipment	(27,910)	-
Net cash inflow/ (outflow) from investing activities	**4,902,067**	**(55,122)**
Cash Flows From Financing Activities		
Proceeds from share issued	52,923,281	-
Share issue costs	(2,875,469)	-
Borrowing costs	(218,679)	-
Net cash inflow from financing activities	**49,829,133**	**-**
Net increase/ (decrease) in cash and cash equivalents	43,191,832	(736,848)
Cash and cash equivalents at the beginning of the half-year	5,606,108	1,325,655
Exchange difference on cash and cash equivalents	(648)	16,507
Cash and cash equivalents at the end of the half-year	**48,797,292**	**605,314**

The accompanying notes form part of these financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 1. Summary of significant accounting policies

Basis of Preparation

These condensed interim consolidated financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of New Century Resources Limited and its controlled entities (referred to as the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Going Concern

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2017, the Group has incurred a net loss of $85,186,555 (2016: $1,503,614) and incurred net cash outflows of $11,539,368 (2016: $681,726) from operating activities.

As at 31 December 2017, the Group has a net working capital surplus of $55,467,067 (30 June 2017: deficiency of $13,727,307). However, the Group has a net asset deficiency of $12,679,938 at 31 December 2017 (positive net assets of $2,616,370 at 30 June 2017) as disclosed in the statement of financial position. The net asset deficiency is caused by the Company's decision to not capitalise the effective purchase consideration for the Century Project of $70,092,066, but expense this amount as an exploration expenditure. If the $70,092,066 purchase consideration for the Century Project was capitalised as a mineral exploration interest, without impairment, the nets assets of the Group at 31 December 2017 would instead be $57,412,128.

As at the date of this report, the Company has entered into an agreement for a USD debt finance facility with Sprott Resources Lending which amounts to approximately $58 million (AUD) with a 10% interest per annum on a 3 year fixed term. The conditions precedent and due diligence have not been completed and therefore no amount under this facility has been drawn down.

The Directors have prepared a cash flow forecast, which includes the completion of the above activities that indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.

In the event that the conditions precedent for the debt facility are not met, the Group will be required to seek alternative funding. Should the Group be unsuccessful in completing the required funding, the Company has adequate working capital resources to continue as a going concern for at least 12 months from the date of this report and managing cash flow in line with its existing working capital position.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Note 1. Summary of significant accounting policies (continued)

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. The functional currency of all US subsidiaries is US dollars.

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 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.

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 either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Buildings	25 years
Furniture, fittings and equipment	3-8 years

Land is not depreciated. Buildings and mining plant are only depreciated when in use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Note 1. Summary of significant accounting policies (continued)

Exploration and Evaluation Expenditure

For each area of interest, expenditure incurred in the exploration for, and evaluation of, mineral resources are either expensed as incurred or capitalised and recognised as an exploration and evaluation asset.

Exploration, evaluation and development expenditure capitalised are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Where permits for capitalised areas of interest are not held directly by the Group, the Group has enforceable current rights to the capitalised areas of interest.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Borrowings

The component of convertible notes that exhibits characteristics of a borrowing is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issue of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

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. A provision has been recognised for the costs to be incurred for the restoration of the mining site at Kodiak Coking Coal Project, Alabama.

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

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Going concern basis

For the reasons detailed in note 1, the financial report is prepared on a going concern basis.

Impairment

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements, exploration potential, resources and reserves and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Given the change in focus towards the Century Project during the year ended 30 June 2017, the Directors considered whether an impairment of assets relating to the Kodiak Project was required. After considering various factors including sensitivities, the Directors concluded that no impairment was required on the Kodiak assets as the recoverable amount exceeded the carrying value of US $13,283,416 or $AUD17,030,020 at 31 December 2017.

Treatment of convertible notes

Although noteholders agreed during 2017 to convert all notes on completion of the acquisition of the Century Project, with no redemption premia payable, these conversions without redemption premium were all conditional on completion of the Century acquisition. As the Century acquisition was not competed until July 2017, no adjustment was made to the expected interest expense to 30 June 2017 to reflect this conversion, so the balance of the convertible note liability at 30 June 2017 included $4,292,334 of accrued interest liability. When these notes were converted on 13 July 2017, this accrued interest liability was reversed and recognised as a finance gain of $4,292,334.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. Where the equity instruments granted are performance rights that are convertible with no further consideration other than meeting non-market performance based vesting conditions, the fair value is equal to the value of the underlying share at the grant date.

Provisions for rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value (including an appropriate discount rate relevant to the time value of money plus any risk premium associated with the liability) of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Note 3. Operating segments

(i) Segment performance

	Australia		United States		Eliminations		Consolidated Group	
	Half-year ended 31 December		Half-year ended 31 December		Half-year ended 31 December		Half-year ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Other income								
Interest Revenue	132,078	7,999	(1,480)	1,303	-	-	130,598	9,302
Total Revenue	**494,955**	**7,999**	**(1,480)**	**1,303**	**-**	**-**	**493,475**	**9,302**
Segment Result								
Loss after Income Tax	(84,872,275)	(1,411,077)	(314,280)	(92,537)	-	-	(85,186,555)	(1,503,614)

(ii) Segment assets

	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017
	$	$	$	$	$	$	$	$
Assets								
Segment assets	94,834,850	22,962,545	17,876,774	17,946,178	(20,185,918)	(17,250,736)	92,525,706	23,657,987

(iii) Segment Liabilities

	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2017
	$	$	$	$	$	$	$	$
Assets								
Segment Liabilities	(103,477,452)	(19,321,251)	(27,066,027)	(26,785,911)	25,337,835	25,065,545	(105,205,644)	(21,041,617)

Note 4. Loss Before Income Tax

	Consolidated	
	Half-year ended 31 December	
	2017	**2016**
a. Revenue		
Fuel tax credits	248,948	-
Sales of minerals	51,466	-
Rental income	62,463	-
Interest received	130,598	9,302
	493,475	**9,302**
b. Loss before income tax includes the following specific expenses:		
Exploration expenditure		
Increase in provision for rehabilitation (see note 9)	(3,410,926)	-
Other exploration expenditure	(11,398,419)	(77,878)
	(14,809,345)	**(77,878)**
c. Finance gains/(costs)		
Interest reversed/(accrued) on convertible notes	4,292,334	(1,182,458)
Increase in net present value of funding support from MMG	935,878	-
MMG bank guarantee support fee	(864,547)	-
Interest expense	(7,769)	(4)
	4,355,896	**(1,182,462)**

Note 5. Financial assets

	Consolidated	
	Half-Year ended 31 December 2017	**Year ended 30 June 2017**
a. Current		
Net present value of MMG funding support payments	11,225,623	-
	11,225,623	**-**
b. Non current		
Deposits held as security guarantees	1,425,998	810,727
Net present value of MMG funding support payments	10,205,112	-
	11,631,110	**810,727**

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

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 on 24 March 2017 and 3 July 2017 (before acquisition by the Group) and on 5 January 2018. The remaining three payments are due in July 2018, January 2019 and July 2019. The remaining payments as at acquisition and as at each reporting date are valued at the net present values, calculated using the expected cost of capital to the Group of 10%pa.

Note 6. Property, plant and equipment

	Consolidated	
	Half-Year ended 31 December 2017	Year ended 30 June 2017
	$	$
Opening balance	13,831,105	14,323,361
Additions	378,069	26,550
Acquisition of subsidiaries	1,800,000	
Disposals	(82,754)	-
Exchange Differences	(191,245)	(497,217)
Depreciation for the period	(22,377)	(21,589)
Closing balance	**15,712,798**	**13,831,105**

Only $1,800,000 of property, plant and equipment is recognised on the acquisition of subsidiaries during the half-year because plant and equipment affixed to acquired mineral exploration and evaluation interest is considered part of the mineral exploration and evaluation interest, and consequently not recognised as an asset as described in note 7.

Note 7. Deferred exploration and evaluation expenditure

Opening balance	3,287,297	3,053,375
Tenement acquisition costs	172,027	346,127
Exchange Differences	(45,714)	(112,205)
Total	**3,413,610**	**3,287,297**

The ultimate recoupment of the deferred exploration and evaluation expenditure is dependent upon the successful development and commercial exploration or alternatively the sale of respective areas of interest.

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.

Note 8. Current liabilities – trade and other payables

Unsecured liabilities:		
Trade payables	4,078,057	201,868
Amounts payable to related party	-	191,450
Fund received for shares to be refunded	-	282,339
Present value of expected amount payable for Gurnee lease – now current	875,268	-
Other payables and accrued expenses	888,470	180,393
Total	**5,841,795**	**856,050**

Note 9. Convertible Notes

The convertible notes are presented in the Consolidated Statement of Financial Position as follows:

Secured		
Face value of notes on issue	-	14,307,781
Accrued interest expense	-	4,292,334
	-	**18,600,115**
This liability is presented as:		
Current liability	-	18,600,115
Total carrying value of liability	-	**18,600,115**

Note 9. Convertible Notes (continued)

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 $14,307,781. This resulted in the previously recognised accrued interest payable of $4,292,334 being reversed and being recognised as a finance gain of $4,292,334.

Note 10. Non current provisions

	Consolidated	
	Half-Year ended	**Year ended**
	31 December 2017	**30 June 2017**
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	3,410,926	
Reduction in provision required	-	(287,592)
Exchange Differences	(10,240)	(18,712)
Total	**98,904,523**	**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:

Kodiak Project	**$**	**$**
Opening balance	739,531	1,045,835
Reduction in provision required	-	(287,592)
Exchange Differences	(10,240)	(18,712)
Total	**729,291**	**739,531**

Century Project	**$**	**$**
Provision for mine site restoration on acquisition of subsidiaries	94,764,306	-
Increase in provision	3,410,926	-
Total	**98,175,232**	**-**

The increase in the provision required has been reflected in the balance of exploration and evaluation expenditure, consistent with the treatment in prior years.

With respect to the Kodiak Project, the provision has been valued based on calculations prepared by the Alabama Surface Mining Commission, the responsible regulator, for the full cost of mine site restoration.

With respect to the Century Project, the provision has been valued, both on the acquisition date of 13 July 2017 and as at the end of the period, based on the net present value of the expected $193,731,600 future rehabilitation liability that is underwritten by MMG until December 2026. This present value is calculated with a discount rate of 7.84% being the expected cost of capital to the Group of 10%pa less 2%pa estimated inflation. The increase in provision for the half-year solely reflects the unwinding of this net present value calculation. No asset is recognised by the Group for the underwriting agreement by MMG because MMG’s guarantee is for the benefit of the Queensland Government, so consequently does not meet the recognition criteria for an asset of the Group.

Note 11. Issued Capital

a. Issue of ordinary shares and other equity instruments during the half-year

	Half-Year ended 31 December 2017		Year ended 30 June 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 @ $0.20 on conversion of convertible notes	71,538,898	14,307,780	-	-
Shares issued 13 November 2017 @ $1.20 under sophisticated investor placement	44,058,703	52,870,444	-	-
Shares issued 13 November 2017 @ $0.25 on conversion of share options	1,100,000	275,000	-	-
Shares issued 13 November 2017 @ agreed value of $0.15 in payment for services	300,000	45,000	-	-
Shares issued 14 November 2017 @ $1.20 under cleansing prospectus	10	12	-	-
Less:				
Costs arising from issue	-	(2,854,161)	-	(45,903)
	341,183,463	**96,963,674**	**189,852,519**	**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.

b. Options Over Ordinary Shares

Type of option	**Number**	**Exercise price**	**Exercise date**
Unquoted options – escrowed until 13 July 2019	30,000,000	$0.25	13 July 2022
Unquoted options – escrowed until 13 July 2019	7,500,000	$0.25	13 July 2021
Unquoted options – escrowed until 13 July 2019	7,500,000	$0.50	13 July 2021
Unquoted options – escrowed until 13 July 2019	7,500,000	$0.75	13 July 2021
Unquoted options – escrowed until 13 July 2019	7,500,000	$1.00	13 July 2021
Unquoted options – escrowed until 13 July 2019	6,000,000	$0.25	13 July 2020
Unquoted options – escrowed until 13 July 2019	6,000,000	$0.50	13 July 2020
Unquoted options	7,400,000	$0.25	13 July 2020
Unquoted options	500,000	$1.60	2 October 2020
	79,900,000		

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

Total unquoted options issued by the Company as at 31 December 2017 are 79,900,000 (30 June 2017: nil). There are no quoted options over ordinary shares. The Company has also committed to issue 500,000 employee share options with an exercise price of 143% of the share price on date of issue, and a three year expiry date, subject to completion of performance based vesting conditions. The employee who may receive these committed options is currently on a fixed term contract until 30 September 2018.

Note 11. Issued Capital (continued)

c. Other equity securities

	Consolidated	
	Half-Year ended 31 December 2017	**Year ended 30 June 2017**
	$	**$**
Conversion rights	404,548	404,548
Total	**404,548**	**404,548**

Note 12. Reserves

	$	$
Options reserve	8,608,976	3,196,536
Foreign currency translation	3,246,474	3,472,908
	11,855,450	**6,669,444**
Movements		
Options reserve		
Opening balance	3,196,536	3,196,536
Consideration options issued for acquisition of subsidiaries	2,471,700	-
Expense recognized for director and employee options	2,940,740	-
Balance as at period end	**8,608,976**	**3,196,536**

The options reserve records items recognised as expenses on valuation of employee share options and options issued to external parties.

Exchange differences on translation of foreign controlled entities		
Opening balance	3,472,908	4,052,878
Foreign currency translation	(226,434)	(579,970)
Balance as at period end	**3,246,474**	**3,472,908**

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Note 13. Share based payments

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

	Number of options	Exercise price ($)	Issue date	Expiry date	Value of options ($)	amount recognised in period ($)
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 years director options	7,500,000	0.25	13/07/2017	13/07/2021	540,525	540,525
50c 4 years director options	7,500,000	0.50	13/07/2017	13/07/2021	373,425	373,425
75c 4 years director options	7,500,000	0.75	13/07/2017	13/07/2021	285,150	285,150
$1 4 years 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
Unissued options	500,000	*	*	*	376,660	93,130
Total	**81,500,000**				**5,695,970**	**5,412,440**

* These options were granted to an employee and documented in an employment contract but not issued. The options are to be issued, subject to performance based vesting conditions, with a 3 year term to expiry and an exercise price that is 143% of the share price at the issue date.

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

Tranche	Number of options	Share price at grant date ($)	Term (years)	Volatility (%)	Interest rate (%)	Grant date	Value per option ($)	Value of options ($)
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 years director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.07207	540,525
50c 4 years director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.04979	373,425
75c 4 years director options	7,500,000	0.15	4	80	1.69	31/05/2017	0.03802	285,150
$1 4 years 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
Unissued options	500,000	1.115	4	107	2.24	2/10/2017	0.75332	376,660

There were no options on issue at 30 June 2017. The weighted average remaining contractual life of options outstanding at the end of the period was 3.65 years. The weighted average exercise price was $0.423. The weighted average value of options recognised during the half-year was $0.06989.

Note 13. Share based payments (continued)

The following options were issued to Directors. Although these options have been escrowed for two years from the issue date, they vested at the issue date for financial accounting purposes.

Director	No. 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				**2,006,205**	**2,006,205**

Note 14. Related Party Transactions and Balances

The Group's main related entities are key management personnel and Kingslane Pty Ltd (and its associated entities). Key management personnel 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).

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 42,177,536 (30 June 2017: 22,090,028) ordinary shares in the Company at 31 December 2017. Entities controlled by Kingslane also:

- Held a 10% non-controlling interest in the Kodiak Project and Kodiak Mining Company LLC through a non-controlling shareholding in 70% owned Attila Resources US LLC;
- held notes with nil face value (June 2017: $4,504,301) that were converted into 22,521,506 ordinary shares on 13 July 2017.
- Received $30,000 (2016: $24,000) during the half-year for office rent.

Mr Evan Cranston is a director of Konkera Corporate. Konkera Corporate received $60,000 (2016: $60,000) during the half-year for administrative, bookkeeping and accounting services. The company secretarial fees of $17,694 (2016: $15,000) for Oonagh Malone and Director fees of $82,032 (2016: $12,000) for Evan Cranston were also payable to Konkera Corporate.

Mr Bryn Hardcastle is a director of Bellanhouse which provided legal services totalling $330,999 (2016: $30,000) in the half-year.

Mr Patrick Walta and Mr Cranston are both shareholders of Century Bull Pty Ltd which held a 30% interest in Century Bull Rehabilitation Project Pty Ltd, before shareholders of the Company agreed to acquire this 30% interest on 23 February 2018 as detailed in note 19.

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

Note 15. Contingent assets and liabilities

The Group has no outstanding contingent assets or contingent liabilities at 31 December 2017, other than:

- A statement of claim received by the Group during 2013 filed at the Circuit Court of Shelby County, Alabama relating to an alleged unfair dismissal claim by Mr Don Brown. The claim is for approximately US$1,000,000. The Company intends to defend this matter and the Directors are of the opinion that the claim can be successfully defended. Accordingly, no liability has been recorded in relation to this matter.
- The Company agreed to guarantee the obligations of Century Mine Rehabilitation Pty Ltd under various agreements, pending the completion of the Century Zinc Mine acquisition that occurred on 13 July 2017.
- An agreement with MMG to procure and stand behind the existing provision of bank guarantees of $193.7M for the benefit of Century to meet its financial assurance obligation with the Queensland Government for a period of 10 years through to 31 December 2026, which is to be progressively replaced via profits from operations. This contingent liability was acquired with the Century Zinc Mine acquisition.

Note 16. Commitments

Milestone Agreements

In December 2012, the Company entered into formal consultancy agreements with its project partner, TBL Metallurgical Resources, and its key personnel in relation to the Kodiak Project. In addition to the provision of key services to ensure the success of the Kodiak Project, the agreements provide for milestone payments of up to US$1 million each upon the achievement of key milestones linked to the Kodiak Project. The maximum outstanding amount payable for these milestones is US$3 million. The outstanding milestones include the Group releasing a definitive feasibility study, the commencement of mining and washing of coal from the Kodiak Project and also annualised production of 250,000 saleable tonnes of hard coking coal.

Gurnee Property

In the year ended 30 June 2012, the Group acquired, through its 70% owned subsidiary, Kodiak Mining Company LLC, an option over a coal lease for the Atkins and Coke coal beds at the Gurnee Property. This option was exercised on 27 December 2012.

The resulting agreement to lease the underground mining rights to Atkins and Coke coal beds created the following outstanding commitments:

- Term of the lease: 3 year rolling terms until exhaustion of any discovered coal reserves subject to certain minimum production milestones per 3 year term; and
- Royalty of 8% on net coal sales with a minimum monthly payment of US$15,000 (AUD$19,231) per month commencing in December 2014. The minimum royalty payments will be offset against future actual production royalty payments.

This lease was extended to 26 December 2018 in consideration for the Group agreeing to pay US$750,000 (AUD$961,538) on 26 December 2018 or earlier in the event of:

- Sale of coal mined from the leased area;
- Sale, transfer or assignment of the lease; or
- Sale, transfer or assignment of Kodiak Mining Company LLC, the subsidiary of the Group that is the party to the lease.

This agreement to pay US$750,000 (AUD$961,538) has been valued at US$682,709 (AUD$875,268) at 31 December 2017 (US$650,683 or AUD$845,921 at 30 June 2017) and reclassified as a current liability of the Group at 31 December 2017 as it is now current. It is included in the balance of trade and other payables.

Note 16. Commitments (continued)

Project X – Gholson and Clark Coal Seams Lease

On 23 September 2013, the Group announced that its 70% owned subsidiary, Kodiak Mining Company LLC, had entered into a lease agreement with RGGS to mine the Gholson and Clark coal seams at an area known as Project X, which is also located on the Company's Gurnee Property.

The key terms for the acquisition of Project X, which incorporates the Gholson and Clarke seams are as follows:

- Upfront leasing fee of US$25,000 paid in 2014;
- Term of the lease has been revised to be until 22 August 2019; and
- Royalty of 8% on net coal sales at mine gate with a minimum monthly royalty of $US3,000 (AUD$3,846) from August 2014 to January 2016. This minimum royalty payment reduced to $US1,000 (AUD$1,285) from February 2016 to August 2016, before increasing to $US2,000 (AUD$2,564) per month from September 2016 until expiry on 22 August 2019. Minimum royalty payments cannot be offset against future actual production royalty payments.

Century Zinc Mine

With the acquisition of the Century Zinc Mine, the Group acquired:

- An agreement with MMG to procure and stand behind the existing provision of the Financial Assurance Bond of $193.7M for the benefit of Century to meet its financial assurance obligation with the Queensland Government for a period of 10 years through to 31 December 2026, which is to be progressively replaced via profits from operations. The expected repayment of this Financial Assurance Bond is the basis for the valuation of the provision for mine site restoration that is valued at $98,175,232 at 31 December 2017 as disclosed in note 10.
- An obligation to pay the MMG Support Fee to MMG. The MMG Support Fee is 1.35%pa payable quarterly in advance on the face value of the Financial Assurance Bond until the expiry the Financial Assurance Bond agreement with CMRP on 31 December 2026. Further, once production restarts at the Century Project, the Group must allocate an amount equal to 40% 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 Zinc Project have indemnified MMG against any default on amounts owing to MMG under these agreements.
- Obligations to work with local native title groups under the Gulf Communities Agreement dated 7 May 1997 that was entered into to provide native title consent for the Century Project. This agreement is in force until the fulfilment of rehabilitation obligations at the end of the project life. Although many obligations terminated before the acquisition by the Group, payment obligations may resume or continue depending on the nature of any new activity.

Note 17. Controlled entities

a. Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2017. 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	
		31 December 2017	30 June 2017	31 December 2017	30 June 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 Mining Rehabilitation Pty Ltd (CMRP)	Australia	70%	-	30%	-
Century Mining Limited (CML)	Australia	70%*	-	30%*	-
PCML SPC Pty Ltd (PCML)	Australia	70%*	-	30%*	-
SPC1 Pty Ltd	Australia	70%*	-	30%*	-
SPC2 Pty Ltd	Australia	70%*	-	30%*	-
Investment Co Pty Ltd	Australia	70%*	-	30%*	-

*Indirect Holdings

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

- 34.3% interest in Lawn Hill & Riversleigh Pastoral Holding Company Pty Ltd through a 49% shareholding and 1 special share held by PCML. Pursuant to the GCA, CML and the Gulf Aboriginal Development Company (GADC) established PCML SPC Pty Ltd (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% 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.

b. Summarised Financial Information of Subsidiaries with Material Non-controlling Interests

Century Mining Rehabilitation Pty Ltd (CMRP)

The 30% non-controlling interests in CMRP and subsidiary entities acquired on 13 July 2017 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.

Under the acquisition agreement, the Company committed to free carried project based expenditure of $10 million, with a further option to acquire the remaining 30% of the issued share capital of CMRP. As the Group is liable to MMG for amounts owed to MMG by CML, the net deficit of CMRP is reasonably fully recognised by the consolidated entity. Although the non-controlling interest holder is also a guarantor under these deeds, the Company is the obvious primary target for any claim. The free carried nature and the guarantees make it appropriate ascribing nil value to non-controlling interests at acquisition in accordance with AASB 10 Consolidated Financial Statements paragraph B90.

Note 17. Controlled entities (continued)

Set out below is the summarised financial information for CMRP, including the subsidiaries that are controlled through CMRP.

	CMRP (including entities it controls)	
Summarised Financial Position before intra-group eliminations	**31 December 2017**	**Acquisition on 13 July 2017**
	$	**$**
Current assets	12,993,977	16,317,847
Non-current assets	12,914,455	12,130,656
Current liabilities	(10,219,234)	(1,304,563)
Non-current liabilities	(98,175,232)	(94,764,306)
Net Assets	**(82,486,034)**	**(67,620,366)**
Carrying amount of non-controlling interests	**(4,459,700)**	**-**

The current liabilities of CML include an intra-group loan balance of $5,318,597 (acquisition on 13 July 2017: nil). This intra-group loan balance is unsecured and at call, so consequently considered current.

Summarised Financial Performance before intra-group eliminations	**$**	**$**
Revenue	376,827	-
Loss before income tax	(14,865,668)	-
Income tax expense/income	-	-
Post-tax loss from continuing operations	(14,865,668)	-
Post-tax loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**(14,865,668)**	**-**
Profit/(loss) attributable to non-controlling interests	(4,459,700)	-
Distributions paid to non-controlling interests	-	-

Summarised Cash Flow Information before intra-group eliminations	**$**	**$**
Net cash from/(used in) operating activities	(10,412,481)	-
Net cash from/(used in) investing activities*	322,561*	-
Net cash from/(used in) financing activities	5,737,640	-
Cash and Cash Equivalents at End of half-year	**380,350**	**-**

* This is in addition to $4,732,628 acquired on the acquisition of subsidiaries.

Kodiak Mining Company LLC

There have been no material movements in the summarised financial position, financial performance or cash flows of Kodiak Mining Company LLC since the prior year. No impairment of assets associated with the Kodiak Project was considered necessary.

Note 18. Acquisition of Century Project

During 2017, the Company executed a binding earn-in agreement to earn 100% of Century Mine Rehabilitation Project Pty Ltd (CMRP), a wholly owned subsidiary of Century Bull Pty Ltd (Century Bull), via:

- Initial 70% of CMRP (transferred up front) in consideration for:
    - the issue of 30M unquoted options in New Century Resources Limited with an exercise price of $0.25 each and expiring 5 years from the date of issue to Century Bull or its nominees;
    - a 2% net smelter royalty from operations; and
    - a commitment to sole fund project expenditure of $10M for first three years.
- Following expenditure of the $10M, an option to acquire the remaining 30% based on an agreed New Century Resources Limited enterprise value formula, being 30% 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. Mr Evan Cranston and Mr Patrick Walta, both Directors of New Century Resources Limited, are shareholders in Century Bull.

CMRP owns 100% of the Century Zinc 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% interest in the Lawn Hill & Riversleigh Pastoral Holding Company.

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

- $34.5M in progressive cash payments to assist with ongoing rehabilitation and care and maintenance activities for the site;
- $12.1M 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 to procure and stand behind the existing provision of bank guarantees of $193.7M for the benefit of Century to meet its financial assurance obligation with the Queensland Government for a period of 10 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 contingent liabilities and commitments as detailed in notes 15 and 16. The Consideration Options are valued at a total of $2,471,700 as detailed in note 13. No value is ascribed to contingent liabilities assumed, because 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.

Note 18. Acquisition of Century Project (continued)

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

	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:

	Fair Value
	$
Cash and cash equivalents	4,732,628
Trade and other receivables	466,380
Other current assets	383,438
Current financial assets	10,735,401
Non current financial assets	10,330,656
Property, plant and equipment	1,800,000
Trade and other payables	(1,035,219)
Current provisions	(269,344)
Non current provision	(94,764,306)
Net deficit acquired at fair value	**(67,620,366)**
Loss on acquisition classified as an exploration expenditure (see note 7)	**(70,092,066)**

Note 19. Events subsequent to reporting date

The Directors are not aware of any significant events since the end of the interim period other than:

- On 22 January 2018, Peter Watson was appointed as a non-executive director.
- On 7 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Mercuria Energy Trading SA and Transamine Trading SA, and on 26 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Nyrstar NV.
- On 15 February 2018, the Company executed a long term gas supply agreement with Santos for power supply to the Century Project.
- On 23 February 2018 Shareholders agreed to acquire the remaining 30% interest in the Century Project in consideration for 126,000,000 shares and 35,000,000 share options with an average exercise price of $0.42 per share.
- On 26 February 2018, the Company announced signing of major long term offtake agreements for zinc concentrate with Nyrstar NV.
- On 5 March 2018, the Company announced execution of a $40 million contract with Sedgman Pty Ltd for the engineering, procurement, construction, refurbishment and commissioning of the Century processing plant and Karumba port facility.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 29 are in accordance with the *Corporations Act 2001* including:

    a. complying with Accounting Standards AASB 134: Interim Financial Reporting; and

    b. giving a true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date of the Group;

2.. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Evan Cranston
Executive Chairman

Dated this 16th day of March 2018

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of New Century Resources Limited

We have reviewed the accompanying financial report of New Century Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of New Century Resources Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Director

Dated at Perth this 16th day of March 2018