ASX / MEDIA ANNOUNCEMENT ASX: NCZ

30 April 2018

SRK INDEPENDENT TECHNICAL REVIEW – CENTURY RESTART FEASIBILITY STUDY

Further to today's announcement New Century Resources Limited (ASX:NCZ) attaches an Independent Technical Review prepared by SRK Consulting dated 30 April 2018 (**Report**) with respect to the Company's Century Zinc Mine (**Project**).

The scope of the Report (to March 2018) was to review the Mineral Resources, Hydraulic Mining, Metallurgy and Processing and Environmental aspects of the Project and provide comments on the technical basis of the input assumptions to the Restart Feasibility Study (**RFS**) techno-economic model (released to ASX on 28 November 2017). Key aspects of SRK's review included:

- the representivity of the testwork samples;
- appropriateness of the testwork completed for the RFS;
- expected zinc concentrate quality;
- accuracy of the techno-economic inputs; and
- the level of confidence in consistently achieving a saleable concentrate from the existing plant.

While the Report is largely based on the RFS, additional testwork findings and concentrate offtake agreement terms subsequent to the issue of the RFS have been considered in SRK's findings. Capital and operating costs have not been updated to reflect the contracts since signed.

The Report contains a number of recommendations summarised in the Executive Summary and set out in further detail at the conclusion each section of the Report. Investors are encouraged to read the Report in its entirety.

The Company is working through the recommendations in the Report. Based on a preliminary review of the Report, the Company does not believe that any of the findings or recommendations materially affect the results of the RFS released in November 2017.

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Competent Persons Statement

Mineral Resources

The information in this announcement that relates to Mineral Resources on the Century Tailings Deposit was first reported by the Company to the ASX on 12 September 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 the Mineral Resource estimate, that all material assumptions and technical parameters underpinning the estimate in the 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.

Ore Reserves and Production Targets

The information in this announcement that relates to the Ore Reserve, production targets and forecast financial information 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 Ore Reserves, production targets and forecast financial information, that all material assumptions and technical parameters underpinning the estimates and targets 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.

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New Century Resources
Independent Technical Review

Report Prepared for

New Century Resources Ltd

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

NCZ001

30 April 2018

New Century Resources

Independent Technical Review

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SRK Project Number NCZ001

30 April 2018

Peer Reviewed by

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Executive Summary

Overview

In March 2018, SRK Consulting (Australasia) Pty Ltd (SRK) finalised a technical review (the Review) for a potential investor of New Century Resources' (NCZ) proposed Century Mine Tailings Retreatment plans (the Project) that was considering an investment in the Project. The effective date for the report was December 2017.

During April 2018 discussions between NCZ and the potential investor included commentary on preliminary results from Pilot Plant testwork completed during March/ April 2018.

Following completion of discussions with the potential investor, NCZ requested that SRK update the report for consideration in alternate funding discussions. The updates included commentary on the preliminary results from the Pilot Plant testwork and offtake agreements.

The scope of the Review, to March 2018, was to review the basis of the Mineral Resources, Hydraulic Mining, Metallurgy and Processing and Environmental aspects of the Project and provide comments on the technical basis of the input assumptions to the Restart Feasibility Study techno-economic model.

SRK's review included a two-day site visit on the 16th and 17th of October 2017 and follow-up meetings and review of the Century Mine Tailings Retreatment Project, Restart Project Feasibility Study report (Restart Feasibility Study) prepared by Sedgman dated December 2017, (Sedgman 2017). While the SRK review is largely based on the Restart Feasibility Study, additional testwork findings and concentrate offtake agreement terms subsequent to the issue of the Study have been considered in SRK's findings. Capital and operating costs have not been updated to reflect the contracts since signed.

Key aspects of SRK's review included:

- the representivity of the testwork samples;
- appropriateness of the testwork completed for the Restart Feasibility Study;
- expected zinc concentrate quality;
- basis of the technical work (was it to Feasibility Standard);
- accuracy of the techno-economic inputs; and
- the level of confidence in consistently achieving a saleable concentrate from the existing plant.

Based on a review of the Restart Feasibility Study report (Sedgman 2017), SRK makes the following conclusions and recommendations.

Geology

- The resource estimate is based on a 2017 drill program that is representative of the total resource.
- The Mineral Resource estimate was carried out to JORC Code (2012) guidelines by an appropriately qualified Competent Person.
- The assays of the sample used for the testwork supporting the metallurgical assumptions are representative of the total resource.
- SRK considers that the Mineral Resource presents a low risk to the project.

- SRK recommends that NCZ apply -5% to the grade estimate as a conservative approach to test the sensitivity.

Mining

SRK considers that the hydraulic mining and transport of the slurried tailings to plant have been proposed and designed to a Feasibility Study level on the following basis.

- A mining schedule has been prepared considering criteria obtained from appropriate (geotechnical) testwork. This includes laboratory and in-situ test results such as settled density, shear strength and flow-ability of the slurry.
- Hydraulic monitors and pumps have been specified accordingly.
- Operating and capital cost estimates are based on quotes, with leasing terms for the major mining and slurry pumps escalated to match the operation time frame.
- The Ore Reserve estimate was carried out to JORC Code (2012) guidelines by an appropriately qualified Competent Person.

Based on experience on other projects, SRK believes that the maximum mining rate proposed by Sedgman is optimistic and recommends that a potential investor tests the sensitivity with a range of 13 to 15 Mtpa at its peak. Post SRK's review (December 2017), NCZ finalised contract arrangement with Paragon and NPE. The details of the contracts have not been reviewed by SRK.

Nonetheless, SRK considers that the proposed hydraulic mining method is conventional and does not present a critical operational risk.

The mining and slurry delivery cost of AUD2.58/t of tailings feed benchmarks well with similar projects and is based on quotations from a specialised contractor. SRK has no basis to moderate the mining operating cost, other than sensitivity of +10% to account for study accuracy and reduction in productivity. The Project is more sensitive to processing operating costs than mining cost.

Batch Scale Testwork

- SRK considers the results from the NCZ locked-cycle testwork that have been used as a basis for the Feasibility Study plant design and recovery assumptions are reflective of the likely performance of the Century Tailings deposit. At the time of the Restart Feasibility Study, the locked-cycle testwork results were the best source of design data available.
- Since then, an additional batch flotation testwork campaign has been undertaken on composite samples of eight different tailings dam domains, the results of which closely reflect (and support) the previous NCZ locked-cycle testwork.
- Based on SRK's review of the available information and testwork, the Mineral Resource is not largely oxidised, with samples showing 2.4% oxidation across the Century Tailings Deposit. The various testwork and bulk trial campaigns by NCZ and the previous operator have conclusively demonstrated that the tailings material readily floats utilising conventional flotation techniques.
- SRK consider the Feasibility Study plant design is best undertaken on the locked-cycle flotation testwork and that the batch level testing available supports most aspects of a feasibility level of study. The testwork and basis for design is also supplemented by the Brownfield's nature of the Project and has historic operating data and additional historic tailings testwork available to support the design.
- SRK has identified some aspects of the feasibility study testwork program that would normally be considered as deficient, including fine grinding power requirements and concentrate and tailings dewatering (thickening, filtration and rheology). SRK accepts NCZ's proposition that in the first year of operation, with a lower forecast concentrate production rate than historically produced, that

the mechanical equipment capacity is in excess of the duty requirement, but still consider there to be risk if equipment is not working effectively in the modified duty required for the new process changes; and on account of them requiring refurbishment. As such, they still represent a material risk to achieving the forecast performance. Most of these deficiencies, which are design inputs and mechanical equipment sizings, will be confirmed by pilot testwork which has now been completed (March 2018) but not yet formally reported.

In SRK's opinion, the proposed processing flowsheet is appropriate and reflects the batch locked cycle tests undertaken by NCZ. SRK notes that there remains a reasonable likelihood that the flowsheet and/or operating conditions such as the reagent addition regime may be further optimised as a result of piloting testwork findings and as part of plant optimisation once operational.

Pilot Plant Testwork

Locked-cycle flotation testwork is used as the basis for plant design. Additional pilot scale testwork has also been recently completed, which was used for confirmatory assessment and to demonstrate the proposed process on a larger and continuous scale and to identify any unexpected metallurgical behaviours on a larger scale. The results of this piloting, completed at the end of March 2018, have not yet been formally reported.

- At the original time of writing, SRK supported NCZ's proposed pilot plant testwork program as an important step in advancing the project development and determining and confirming the key operating parameters and design assumptions of the process plant.
- Although SRK expects the Pilot Plant testwork findings to be largely confirmatory, the previous testwork and the subsequent design and evaluation was predominantly undertaken on a limited number of results from locked-cycle testwork and this will expand the body of knowledge available to NCZ.
- The piloting campaign should demonstrate, at a minimum, the stress case conditions of achieving a minimum of 50% concentrate grade at a minimum of 55% zinc recovery from the feed for three of the campaign runs.
- This piloting was completed in March 2018, with additional vendor tests on products done in April 2018, but results are not yet available for review and at the time of writing, are not expected to be available for several weeks. SRK recommends a review of the Pilot Plant data and reporting once available to verify the results and the engineering assumptions used in the design.
- SRK considers that the 'Domain Composite Sample' for the pilot plant testwork, that is sourced from NCZ's 2017 drilling program, is in SRK's opinion representative of the mineral resource. The four trenched 'test pit' samples are less representative but provide further variability data.

Metallurgy

- SRK recommends applying a minor reduction to the recovery assumptions used in the Feasibility Study to account for testwork scale-up and variability within the Mineral Resource (refer to Table ES-1).
- SRK consider the typical concentrate specification range provided to customers and incorporated into the offtake agreements signed to date, to be generally reflective of the locked cycle testwork. Piloting is expected to provide further verification of this range and SRK consider that a minimum zinc grade of 50% can be achieved, while maintain impurities within saleable levels.
- Silica is present in the concentrate at levels that would attract minor penalties. This is incurred in some, but not all, the current zinc concentrate offtake agreements. The bigger risk is ensuring the silica grade is below maximum allowable contractual levels. This was not conclusively demonstrated in locked cycle testwork but interim results from piloting indicate they will be below

the maximum allowable levels and within the offtake concentrate specification range. This needs to be reviewed once pilot testwork is reported.

- SRK recommend that the Project financial model be updated to reflect the existing offtake agreements established by NCZ and that NCZ moderate the economic model accordingly.

Processing

- The proposed processing flowsheet reflects the testwork undertaken and utilises the existing plant and is suited to reprocessing the Century tailings.
- SRK recommends an additional 10% contingency be added to the implementation schedule for the Phase 1 works to account for the known unknown delays. SRK accepts that this is not included in NCZ's formal schedules as once it is available, inevitably it will be used.

A summary of SRK recommended modifications to the techno-economic model for sensitivity purposes are presented in Table ES-1.

Table ES-1: New Century Zinc Project Financial Model Input SRK Recommendations

Phase One

Variable	NCZ Base Case	SRK Base Case	SRK Stress Case	Basis
Mill Throughput (Phase 1)	7.5 Mtpa	7.5 Mtpa	7 Mtpa	Annualised based on the peak monthly throughput in the first 12 months of operation including ramp up. Design is for peak throughput of 8 Mtpa.
Schedule (Phase 1 – First Feed)	10 August 2018	+4 weeks	+8 weeks	NCZ base date in the Feasibility Study was the 1 August 2018. The current EPC schedule as of the 23 April 2018 shows first feed on the 10 August 2018. +10% contingency allowance for base case.
Ramp-up (Phase 1 throughput)	15% Month 1 60% Month 2 100% Month 3	15% Month 1 60% Month 2 90% Month 3 100% Month 4		Allowance only
Capital Cost (Phase 1) Contingency	8%	15%	20%	AusIMM Cost Estimation Handbook and additional risks considered by SRK. This is the FS cost, it is not updated for the EPC costs.
Concentrate Grade (Zn)	51.0 – 54.5%	51.0%	50.0%	Concentrate grade to reflect average Domain sample locked cycle testing and revised range provided to customers, stress case to reflect minimum target grade (recovery then dropped to achieve this). 52% reflects the financial model, 51% reflects the revised range provided to customers, 50% stress case reflects the point that recovery would be reduced to meet target product specification.
Concentrate Impurities (silica)	5.0 – 7.5%	7.0 – 8.5%	9.5%	Base case is the specification provided to customers for offtake agreements. SRK revised range is based on maintaining a product grade of 51% Zn and locked cycle testing. Stress case reflects a 50% Zn concentrate based on locked cycle flotation testing. Piloting is understood to have demonstrated lower silica grades than in locked cycle testing but has not yet been reported so this may be worst case.
Metallurgical Recovery (Zn)	62.5%	60.0%	55%	Adjusted for feed grade/ concentrate grade and recovery relationship and -2% for scale-up for base case.
Metallurgical Recovery (Zn) Ramp-up (Phase 1)	-	75% Quarter 1 85% Quarter 2 90% Quarter 3 95% Quarter 4 100% Quarter 5		Allowance only

Metallurgical Recovery (Ag)	56%	54%	50%	Testwork values accepted, with a recommended deduction of 2% for scale-up for base case.
Process Operating Cost (15 Mtpa)	AUD9.29/t feed	+10% (+ ramp-up)	+15% (+ ramp-up)	Risks to increasing cost
Payable Zn	85% (minimum -8% abs)	85% (minimum -8% abs)		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.
Payable Ag	70% after a 3 oz deduction	70% after a 3 oz deduction		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.
Treatment Charges (Spot market terms / first 3 years)	USD75/t	USD75/t		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.

Phase Two

Mill Throughput (Phase 2)	14.5 Mtpa	14.5 Mtpa	13 Mtpa	Annualised based on the peak monthly throughput in the first 12 months of operation including ramp up. Design is for peak throughput of 15 Mtpa, average annual throughput is 14.5 Mtpa allowing for wet season limitations, 13 Mtpa stress case is based on hydraulic mining downside.
Schedule (Phase 2)	1 August 2019	1 August 2019	-	
Ramp-up (Phase 2 throughput)	35% Month 1 50% Month 2 100% Month 3	35% Month 1 50% Month 2 75% Month 3 90% Month 4 100% Month 5		Allowance only
Sustaining Process Capital (Plant and Infrastructure)	0	AUD2.5M/ annum	AUD4.0M/ annum	Historical expenditure not available. SRK expects NCZ would operate with 'leaner' costs than the previous owner. Values are based on rough benchmarking and with a view to the current plant condition.
Capital Cost (Phase 2) Contingency	8.5%	15%	20%	AusIMM Cost Estimation Handbook and additional risks considered by SRK.

Sales Costs

Treatment Charges (Long-term agreement terms / post 3 years)	USD75/t	USD278.50/t		NCZ marketing study by Cliveden Trading AG assuming the long-term average Zn price of USD2700/t .

Penalties (Spot and long-term agreement terms / post 3 years)	USD0/t	USD15.41/t	USD20/t	Typical Industry benchmarks, NCZ marketing study and customer offtake terms allowing for USD1.50/t per 1% silica > 5% and allow for potential halide penalty.
Zn Concentrate Sea Freight	USD19.50 / wet metric tonne	+10%	+20%	Excludes port, loading and transhipment costs

Geology and Resource Summary Findings

The data collection is conducted to acceptable industry standard practices and is thus appropriate to be used in the mineral resource estimation studies completed by Optiro and is appropriate for the mineral resource classification applied.

SRK considers that the grade estimation technique is appropriate for the data and domaining strategy and represents a low risk to the project.

The September 2017 Mineral Resource reporting is carried out to JORC 2012 guidelines by an appropriately qualified Competent Person Ian Glacken of a reputable mining consultancy Optiro Pty Ltd.

SRK considers the overall technical risk of the Mineral Resource to be Low.

- Geology and data collection- Low
- Grade Estimation- Low
- Tonnage Estimation- Low (-5% estimated)

SRK considers that the testwork domains used in the initial testwork from core samples are representative of the deposit.

NCZ undertook Pilot testwork in March 2018 on samples from trenching and on remnants from the original testwork domains. SRK considers the samples from the original testwork domains to be more globally representative than the trenching as they are taken from all years of deposition.

Mining

Sedgman has proposed a two-phased approach to mine the Century Tailings Deposit using hydraulic monitors directing re-slurried tailings to sumps from where it is pumped to the existing process plant. The mining plan considers working a number of fronts in order to meet the proposed mining rate.

SRK considers that the proposed Hydraulic mining method is conventional and does not present an operational risk.

The engineering of the mining operation has been based on adequate design criteria where parameters have been estimated from ad-hoc laboratory and in-situ testing of the tailings/slurry, and can be considered at Feasibility Study level.

Based on experience on other projects, SRK believes that the maximum mining rate proposed by Sedgman is optimistic and recommends that a potential investor tests the sensitivity with a range of 13 to 15 Mtpa at its peak. Post SRK's review (December 2017), NCZ finalised contract arrangement with Paragon and NPE. The details of the contracts have not been reviewed by SRK.

Processing

In SRK's opinion, the cumulative metallurgical testing of the Century Tailings Deposit has been extensive and has not highlighted any critical flaws in the metallurgical behaviour. The results support the recoveries and zinc-silver concentrate grades, however SRK have made recommendations to modify the values used in financial modelling. Once available, the results of the piloting testwork completed at the end of March 2018 and vendor testing in April 2018, will finalise all testwork requirements for the Project.

The modifications to the original Century Operation's processing flowsheet are based around the NCZ testwork. Previous testwork studies undertaken for and by the previous Project owners support these NCZ testwork results. SRK has confidence in the likely range of recoveries based on the testwork undertaken and has recommended discounted values to address recovery risk.

SRK, has reviewed the five (5) offtake agreements that are now in place. These were based on locked cycle test concentrate products. SRK considers the zinc concentrate to be saleable based on the collective testwork and the offtake contracts in place but recommends adjustments to the inputs into the financial modelling be made to reflect the expected range of concentrate grades and the contract terms. A further review of the pilot plant concentrate products is also recommended once they are reported. This is to confirm that zinc grades above 50%, and silica, organic carbon, halides and lead are all within contract limits.

Whilst outside the Feasibility Study testwork program, the pilot scale testing completed in March 2018 is expected to provide further confidence in the flowsheet, recovery and concentrate specification once the reporting is completed. This piloting was supported by SRK to increase the level of confidence in the Project.

The process flowsheet modifications are based around the NCZ testwork. The proposed modified processing plant utilises much of the existing Century processing facility. It comprises a feed preparation area (new), primary grinding, flotation, concentrate handling, tailings disposal, reagents and utilities. In SRK's opinion, the proposed processing flowsheet is appropriate, utilises the existing processing facility with additional modifications for the revised duty, reflects the batch locked cycle tests and piloting undertaken by NCZ and is suited to the tailings tested. No critical issues have been identified by SRK, but further confidence in the flotation residence time, fine grinding installed power and dewatering capacity will be provided by the pilot testing results. Adjustments to the plant throughput has been recommended by SRK to test the financial robustness of the Project.

In SRK's opinion, the basis for the additional zinc and silver recovery from the old tailings is justified and is well-supported by testwork. The recovery improvement enablers are; improved flotation residence time of the -9 µm fraction containing around 50% of the zinc in tailings, and additional grinding of the particles coarser than 45 µm that require regrinding to better liberate the sulphide minerals.

In SRK's opinion, the zinc metallurgical recovery forecast in the financial model is at the upper end of the likely range, i.e. 62.5% in the Process Design Criteria (PDC) and 62.8% to account for the additional 0.3% soluble zinc recovery. Locked cycle flotation testwork recoveries post Feasibility Study were marginally lower. Whilst not fatal flaw, the proposed recoveries do not sufficiently address the potential reduced recovery risk associated with sample variability, oxidised zinc content or apply a suitable deduction to account for the scale-up of laboratory testwork to full scale. To address this, SRK recommends adjustments to the base case zinc recovery and a further recovery reduction as a stress case to test the financial robustness of the Project.

Locked cycle testwork has shown a concentrate product zinc grade, above 50% can be consistently achieved. The silica grade in this concentrate is elevated and inversely proportional to the zinc grade at nominally 7.0% to 9.2% at 52.0% and 50% zinc respectively. The higher the zinc grade, the lower the silica grade. At a minimum zinc grade of 50%, based on this testwork, the silica is at levels that exceed some of the offtake agreement limits and at target levels, is at the high end of the desirable silica levels. This would incur penalties and at the upper end of the silica grade range and could present challenges in an oversupplied zinc market.

Piloting testwork is expected to provide further confidence in the product specification, particularly the zinc, silica and organic carbon grades are a key outcome of the pilot plant testwork. These results have not been formally reported yet, but the interim findings reviewed by SRK demonstrate that at a zinc grade of 50%, the silica has been maintained below 7% and does not present a risk to saleability under the executed offtake agreements.

The five offtake agreements already in place would be 'negotiated in good faith' if the zinc and penalty elements are different to the proposed specification. SRK recommends that NCZ incorporate these terms into financial modelling. In SRK's opinion, it considers the zinc concentrate to be saleable based on the collective testwork including the interim piloting testwork results, and the offtake contracts in place. In SRK's opinion, the key risk with the Century tailings retreatment project is in the ability to consistently deliver a saleable concentrate.

The operation also has the option to maintain saleable quality concentrate during operations by continued adjustment to both reprocessed tailings throughput and overall recoveries.

Infrastructure

There is substantial infrastructure at the Century Zinc mine, pipeline and port which was adequate to support the previous operation which produced a much larger annual quantity of zinc concentrate. In SRK's opinion, it is well suited to the proposed restart of operations processing the Century Tailings Deposit. The sale of surplus infrastructure presents an opportunity to raise cash for NCZ. This includes surplus accommodation village 'dongas', administration buildings, the concrete batch plant, light, heavy and maintenance vehicles, and potentially part of the mining fleet.

The key existing infrastructure, for the proposed Project, is summarised, including any minor refurbishment and/ or upgrade requirements. Much of which is in use, albeit currently in a reduced capacity.

In SRK's opinion, no significant issues or required costs are apparent and the infrastructure does not present any significant risk to the Project restart.

Environmental

SRK undertook a preliminary review of the Environmental Rehabilitation and Closure Liability, the following summarises the findings.

QLD Government Security Bond

A Financial Assurance Estimate of AUD193M is in place for the operation to provide for site rehabilitation and closure in the event of the Environmental Authority Holder going into default.

The equity required to secure the Financial Assurance Bond Guarantee from the Bank of China has been provided by MMG as has the 1.3% per annum bond fee.

The MMG equity portion is to be replaced by New Century at 40% of EBITDA from operations at Century.

A review of the QLD Mining Regulations may result in the Bank Guaranteed Security Bond not being required after 1 July 2018. After this period a 1-2.5% Financial Assurance (FA) value bond fee may be payable to QLD Treasury.

Actual Closure Liability

SRK considers that the QLD Government Financial Assurance Estimate, lacks sufficient supporting information as a basis for the estimate and a potential investor should be aware that the estimate is likely to vary. SRK does not have sufficient information, and it is beyond the scope of this report, SRK to provide an accurate revised estimate.

SRK recommends that NCZ consider re-estimating the rehabilitation and closure cost exposure for the entire asset for the entire asset (including mine, camp, site closure pre- and post the tailings mining) based on NCZ's proposed operating plan.

Environmental Approvals

This is considered Low Risk – relevant approvals are all in place.

Environmental Compliance

This is considered Low Risk – No other material non-compliances with Environmental Approval documents were identified.

Water and Power Security

This is considered Low Risk as adequate water and power supply is available for the operations. Required water licences are in-place and power contracts and plant have been finalised.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by New Century Resources (NCZ). The opinions in this Report are provided in response to a specific request from New Century Resources (NCZ) to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

1 Introduction and Scope of Report

New Century Resources (NCZ) requested SRK Consulting (Australasia) Pty Ltd (SRK) to undertake an Independent Engineer's review of the proposed Century Mine Tailings Retreatment plans. SRK understands that NCZ may provide this to potential Project funders and the Australian Securities Exchange (ASX).

1.1 Scope of Work

The scope of work to March 2018 was for SRK to review the following aspects of the Restart Feasibility Study:

- Basis of the Mineral Resources;
- Technical basis for the Hydraulic Mining;
- Technical basis for the Metallurgy and Processing assumptions;
- Environmental considerations; and
- Comment on the sensitivity of the techno-economic assumptions, based on the review.

SRK was not requested to formally assess or comment on the Ore Reserve estimate as the Restart Feasibility Study formed the basis for the Ore Reserve declaration made by NCZ, with the Ore Reserve being announced the same day of the results of the Restart Feasibility Study were announced.

In support of this review, SRK carried out a two-day site visit and meeting in Brisbane with the Sedgman and New Century development teams.

The work was undertaken in phases.

Phase 1, included a site visit and meetings with Sedgman who completed a Feasibility Study for the Project.

Phase 2, finalise the review and address specific aspect identified in Phase 1 with the additional review of the Feasibility Study and the associated operating and capital cost estimates.

Phase 3, updates to the report based on discussions between SRK and NCZ including input from additional metallurgical resources and after seeking clarifications from NCZ.

In April 2018, NCZ requested that SRK update the report to include commentary on the preliminary results from the March/ April 2018 Pilot Plant testwork undertaken by ALS Metallurgy and additional offtake agreements.

1.2 Personnel

The review is being managed and peer reviewed by Peter Fairfield, Principal Consultant (Project Evaluations). The technical review was conducted by:

- David Slater, Principal Consultant (Resource Geology)
- Juan Jose (Pepe) Moreno, Principal Consultant (Resource Geology)
- Simon Walsh, Associate Principal Consultant (Metallurgy)
- Brad Radloff, Associate Consultant (Environmental).

1.3 Statement of SRK Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

1.4 Introduction

SRK undertook a site visit and review completed on site at New Century 16th and 17th October 2017 and attended meetings and discussions at Sedgman offices Brisbane on 18th October 2017.

SRK notes that technical data in the form of digital data such as mineral resource block models, databases has been reviewed at high level for this stage of work. The source data has not been updated after the Feasibility Study issue with the exception of additional testwork, offtake agreements and public domain information.

2 Geology and Resources

2.1 Summary

The Mineral Resource estimate was carried out by Optiro Pty Ltd. The Resource estimate reported by NCZ in its announcement to ASX on 12 September 2017, with no cut-off grade, which formed the basis of the Restart Feasibility Study is reproduced in Table 2-1.

Table 2-1: JORC Code 2012 compliant Mineral Resource estimate for the Century Tailings

JORC Category	Tonnes (MT)	Density (g/cm3)	Zinc (%)	Lead (%)	Silver (g/t)	Zinc (kt)	Lead (kt)	Silver (koz)
Measured	78.9	1.91	3.02	0.47	12.4	2,380	370	31,500

The reported (refer Note 5) Ore Reserves based on the Restart Feasibility Study are reproduced in Table 2-2.

Table 2-2: Ore Reserves – New Century Tailings Deposit

		Grade			Contained Metal	
JORC Category	Tonnes (MT)	ZnEq (%)	Zinc (%)	Silver (g/t)	Zinc (T)	Silver (Oz)
Proved Reserve	77.25	3.06	2.96	12.0	2,287,662	29,734,819

Notes:

1 *JORC definitions were followed for classification of proved Reserves*

2 *ZnEq% refers to a calculated Zn equivalent grade the formula for which is stated in Section 4.11.2, (ZnEq % = Equivalent Smelter Recovered/Input Ore Tonnage*

3 *Some discrepancies in totals may occur due to rounding of numbers*

4 *The Ore Reserve estimates were prepared by Shyam Sunder, BEng, MAusIMM, a full-time employee of MEC Mining Pty Ltd and a Qualified person under the JORC Code (2012)*

5 *Refer to ASX release dated 27 November 2017 entitled "New Century Announcement Century Mine Restart Feasibility Study Results for the JORC Table 1 associated with this Ore Reserve, and in particular Section 4.*

Source: Restart Feasibility Study; Table 4-15 – Ore Reserves – New Century Tailings Deposit

NCZ confirmed to SRK that it is not aware of any new information or data that materially affects the information included in the original market announcements made by NCZ with respect to the Mineral Resources and Ore Reserves reported above, and in the case of estimates of Mineral Resources, Ore Reserves, production targets and forecast financial information, that all material assumptions and technical parameters underpinning the estimates and targets in the relevant market announcement continue to apply and have not materially changed.

The data collection is conducted to acceptable industry standard practices and is thus appropriate to be used in the mineral resource estimation studies completed by Optiro and is appropriate for the mineral resource classification applied.

SRK considers that the grade estimation technique is appropriate for the data and domaining strategy and represents a low risk to the project.

The September 2017 Mineral Resource reporting is carried out to JORC 2012 guidelines by an appropriately qualified Competent Person Ian Glacken of a reputable mining consultancy Optiro Pty Ltd.

SRK considers the overall technical risk of the Mineral Resource to be Low.

- Geology and data collection- Low
- Grade Estimation- Low
- Tonnage Estimation- Low (-5% estimated)

SRK considers that the testwork domains used in the initial testwork from core samples are representative of the deposit.

NCZ are undertaking Pilot testwork in March 2018 on samples from trenching and remnants from the original testwork domains. SRK considers the samples from the original testwork domains to be more globally representative than the trenching as they are taken from all years of deposition.

2.2 Data Collection

The following is a summary of the key elements of data collection practices:

- Drill sample data is collected by appropriate drill style (diamond with tapered core barrel adjustments) with appropriate recoveries recorded.
- Generally, the drill pattern is 125 m x 125 m spacing on a regular grid system. Closer spaced drilling down to 25 m centres was used for calculation of the broad sample spacing used for determining measured mineral resource classification.
- A total of 291 diamond drill holes, comprising of 3,648 m of drilling were used within the Century Tailings Mineral Resource estimate.
- Sample preparation is completed by appropriate homogenizing and crushing and pulverizing techniques that do not smear grade and is appropriately monitored by internal QAQC practices. Sample preparation was completed in the onsite sample preparation facility, that is not ISO certified at present, by Boyd crusher and rotary splitting device (2x 200g split) and then LM2 ring pulveriser to 53 µm (90%) which are industry standard equipment.
- Assay is conducted by a reputable accredited laboratory ALS in Brisbane and Mt Isa with internal QAQC for Pb, Zn and Ag by XRF, and Ag by four acid digest with an ICP-AES finish. Subordinate analysis completed for Fe, S, SiO_2, CaO, Al_2O_3 & Mn by XRF. The assay techniques are appropriate for the style of mineralisation.
- Further detailed Mineralogy review by QEMSCAM or equivalent needs to be considered.
- Specific gravity data is collected by pycnometer in methanol (not dry bulk density) with inappropriate conversion to bulk density of void material, however this is not considered material (<-5% tonnage estimated) but needs further confirmation from the raw data.
- QAQC is completed appropriately (blanks, duplicates, standards) for JORC 2012 guidelines however no ¼ core was retained for in-situ review, however core photos are available for a selection of the core. Crushed and pulverized material in 200g split is available for umpire assay if required.
- Drill holes are appropriately surveyed and the topography defined is appropriate by photogrammetry and LiDAR. SRK notes that drying reduces tailings topography by 0.2 m to 0.3 m per year due to compaction/evaporation.
- Data collection and data validation has been designed and completed by Chief Geologist Damian O'Donohue of New Century who has a nine-year association with the Project.

- Fully validated data is uploaded from laboratory to the auditable and independently managed company database hosted by Maxwell's Geoservices, known as Webshed. SRK has not validated the original assay certificates with the database.
- Excavation completed on site during visit by excavator trenching showed a 0.3 m surface oxidation layer then homogeneous undifferentiated black tails material to exaction depth of approximately 3 m. No liquification of material was present at full depth however a higher moisture content was observed.

SRK considers that the data collection is conducted to acceptable industry standard practices and is thus appropriate to be used in the mineral resource estimation studies completed by Optiro and is appropriate for the mineral resource classification applied.

2.3 Geological Interpretation and Grade Estimation

The following is a summary of the geological domaining and grade estimation practices applied by Optiro in the generation of the current September 2017 Mineral Resource.

- Depositional model is well understood and recorded from aerial surveys for each year of operation, but effects of local channelling is not considered, however SRK does not consider this material.
- Interpretation for the estimation appropriately defines five internal domains based on end of year surfaces to limit smearing of higher grade material at depth. Domain1(1992 to 2000), Domain2 (2001), Domain3 (2002,2003), Domain 4 (2004 to 2010) and Domain 5 (2012 t0 2014). Hard boundaries were used in the estimation process which effectively constrain higher grade material deposited in the initial stages of production.
- Estimation by the Ordinary Kriging technique is appropriate for the data spacing and type.
- Estimation completed by appropriate mining software (Datamine Studio RM).
- A total of three search passes was used, with the first search pass set to less than the range of the variogram for each domain and variable. For most elements including zinc, a search of 125 mE by 125 mN by 3 mRL was used. A minimum of 14 and a maximum of 30 samples were used. For subsequent passes, the search pass was increased; by a factor of 1.5 for the second pass and 3 for the third and final pass. The minimum number of samples did not change for subsequent passes.
- Estimation of bulk density may be slightly overstated locally due to the use of the gas pycnometer method of determination however tonnage variation is not considered material (< 5%).
- Stated estimation parameters for Zn, Pb and Ag appear appropriate and result in a local estimate that essentially reflects grade in the drill holes.
- 1 m composites are used in the estimation which maintain local variability.
- No grade cutting has been completed however the coefficient of variation is extremely low (maximum of 0.18 for all domains) thus grade cutting is not required.
- Some smearing of higher individual grades may be apparent however this is considered by SRK to be a local estimation effect only and is not material.
- Grade estimate 1 m composites has a very low coefficient of variation, limiting risk to the estimation technique for overstatement of metal.

SRK considers that the grade estimation technique is appropriate for the data and domaining and represents low risk to the project.

2.4 Comparison with Previous Estimates

SRK notes that the previous resource estimate was completed by Optiro in June 2013. The following notes key points in comparison with the 2017 estimate.

- Use of production data for inferred classified material in the previous resource of 2013 resulted in a lower grade of 2.68% Zn versus 3.02% Zn in the current mineral resource. However, the data collection analysis for the production data is less reliable as it is based on the plant concentrator stream collection and analysis. SRK considers diamond drill data the most reliable method of determining mineral resource grade.
- An increased bulk density is applied in the current resource from 1.61 t/m^3 to 1.91 t/m^3 is noted.

2.5 Reporting of Mineral Resource

The September 2017 Mineral Resource reporting is carried out to JORC 2012 guidelines by an appropriately qualified Competent Person (Ian Glacken of a reputable mining consultancy Optiro Pty Ltd) who has been involved with the tailings project from instigation. SRK considers Mineral Resource classification of Measured is appropriate for the data spacing and geological/ mineralization continuity encountered according to previous variography completed and follows JORC 2012 guidelines.

SRK has re-reported the global Mineral Resources in Table 2-3.

Table 2-3: Global Mineral Resource Grade Tonnage and within 5-year Production Period

	Units	Global Mineral Resource	5 Year Production
Tonnage	Mt	78.9	55.1
Zn	%	3.02	2.99
Pb	%	0.47	0.43
Ag	g/t	12.41	10.79
SiO2	%	57.28	57.07
CaO	%	0.95	0.93
AL2O3	%	7.72	7.77
Mn	%	1.11	1.14
Fe	%	8.36	8.5
S	%	3.88	3.83

SRK notes the production over a 5-year exposure is 70% of the tonnage of the Total Mineral Resource. Table 2-4 shows that it is consistent with the Global Mineral Resource. SRK considers the first 5-years be representative of the global Mineral Resource.

SRK has also reported the global Mineral Resource by year of deposition as shown in Table 2-4.

Table 2-4: Total Resource Breakdown by Year of Deposition

Year	Tonnage (Mt)	Grade (Zn %)
1992-2000	6.40	3.59
2001	3.84	3.14
2002	4.83	2.85
2003	5.09	2.88
2004	4.09	3.05

2005	4.99	3.10
2006	4.90	3.09
2007	4.94	3.08
2008	11.01	3.07
2009	9.33	3.10
2010-2011	9.10	2.87
2012-2014	10.35	2.69
2015	0.06	2.87
Total	78.94	3.02

2.6 Geo-Metallurgical

2.6.1 New Century Domain Testwork

SRK has reviewed the representivity of the domain testwork completed by New Century, report AM0023, completed on the diamond drill holes.

- The division of eight metallurgical domains is considered appropriate to adequately distribute the drill data samples as described in Figure 2-1.
- Preparation of the metallurgical composites is considered to be representative of the metallurgical domains defined.
- Zinc grade of the Mineral Resource by metallurgical domain is in acceptable limits of the testwork domain head assay as seen in Table 2-3.
- Particle size distribution also completed for verification shows consistency between samples.

Figure 2-1: Domain Locations

Table 2-5: Mineral Resource Metallurgical Domain Comparison

Domain	Mineral Resource contained	Domain Head Assay	Domain Sample Variance

	Tonnage (Mt)	Zn (%)	Pb (%)	Ag g/t	Zn (%)	Pb (%)	Ag (g/t)	Zn (%)	Pb (%)	Ag (g/t)
1	7.75	2.86	0.48	12.8	2.92	0.47	15.9	2.1	2.1	24.2
2	8.05	2.96	0.45	12.1	3.17	0.46	14.4	7.1	2.2	19.0
3	6.8	2.90	0.43	11.7	3.02	0.45	12	4.1	4.7	2.6
4	8.8	3.05	0.42	10.5	3.13	0.44	10.8	2.6	4.8	2.9
5	10.8	2.93	0.43	11.7	3.01	0.45	12.9	2.7	4.7	10.3
6	16.3	3.14	0.49	13.1	3.18	0.55	14.1	1.3	12.2	7.6
7	8.95	2.97	0.41	10.6	3.11	0.45	12	4.7	9.8	13.2
8	11.4	3.18	0.60	15.4	3.44	0.71	18	8.2	18.3	16.9
Total Resource	**78.9**	**3.02**	**0.47**	**12.4**	**3.14**	**0.51**	**13.9**	**4.0**	**8.5**	**12.1**

Source: NCZ

SRK considers that the testwork domains used in the NCZ testwork from core samples are representative of the Deposit.

2.6.2 2018 Pilot Testwork

NCZ are undertaking Pilot testwork on samples from:

- Trenching from four near surface locations (<3 m) comparative to year 2014+ deposition. The bulk sample locations were limited by accessibility. This was due to the method of bulk sampling using track mounted excavator, along with the impact on surface operations using large equipment atop the surface during the monsoon season. As a function of the above limitations four locations only were identified where bulk sample collection was feasible but still reflect typical sizing and other characteristics. They were used for commissioning and provide additional variability results and are likely to be conservative in their metallurgical behaviour.
- Remnants from the core samples used for the Domain testwork consolidated into a single composite (full hole composites, grouped spatially across the deposit and representing roughly annualised production volumes across the tailings deposit).
- All drill holes were designed to a base survey taken in 1990 of the valley catchment area. During drilling holes were physically drilled until basal clays were returned in the sample or refusal at hard rock was encountered. Local inaccuracies in the 1990 survey meant that many holes exceeded the depth of design – but at all times the base of the dam was confirmed before drilling ceased.

SRK considers the composite sample from the domain testwork to be more globally representative than the trenching as they are taken from all years of deposition.

The Pilot testing results will provide variability data from the four trench samples and the combined domain samples composite will provide data on the likely LoM performance.

2.7 Exploration Potential

The exploration potential is not considered as part of the proposed investment plan.

Three near plant potential mineral resources are South Block, East Fault Block and Silver King but require further work and drilling expense to upgrade the resources to enable a feasibility study to be completed.

A phosphate deposit identified is also of significance but requires more drilling to feasibility level.

Exploration expenditure is planned, however is not the current focus until cashflow developed.

2.8 Overall Risk Review

SRK considers the technical risk of the Mineral Resource to be Low.

- Geology and data collection- Low
- Grade Estimation- Low
- Tonnage Estimation- Low (-5% estimated)

3 Hydraulic Mining

3.1 Summary

Sedgman, through their subcontractors MEC and Boya Resources, has proposed a two-phased approach to mine the New Century Tailings Deposit using hydraulic monitors directing re-slurried tailings to sumps from where it is pumped to the process plant. The mining plan considers working a number of fronts in order to meet the proposed mining rate. The engineering of the mining operation has been based on adequate design criteria where parameters have been estimated from ad-hoc laboratory and in-situ testing of the tailings/ slurry, and can be considered at Feasibility Study level.

SRK considers that the proposed Hydraulic mining method is conventional and does not present an operational risk.

Based on experience on other projects, SRK believes that the maximum mining rate proposed by Sedgman is optimistic and recommends that a potential investor tests the sensitivity with a range of 13 to 15 Mtpa at its peak. Post SRK's review (December 2017), NCZ finalised contract arrangement with Paragon and NPE. The details of the contracts have not been reviewed by SRK.

The following discussions expands on the risk and opportunities.

3.2 Hydraulic Mining throughput

Sedgman has proposed a mining plan in agreement with the resource model, geotechnical conditions of the tailings mass and the proposed throughput.

Phase 1 mining production starts at up to 8 Mtpa, with a ramp-up up to 15 Mtpa in Phase 2. It is discounted during the wet season. Initially, the operations will use two hydraulic monitors, and as it progresses through the ramp-up, two additional monitors will be used. Two extra monitors are proposed as back-up/spares. SRK considers that the proposed maximum mining rate is at the higher end with the proposed mining equipment. SRK recommends testing the proposed Phase 2 mining rate with a range of 13 to 15 Mtpa.

SRK has estimated an operating rate range for the proposed monitor schedule and compared it to the proposed mining rate, this is summarised in Figure 3-1.

Figure 3-1: Typical operating rates range for hydraulic mining versus proposed mining rate

Note: Typical estimated by SRK – assuming 4 wet days for each wet month

The maximum mining rate for a single hydraulic monitor is 10 ktpd, depending on a number of factors, such as regularity of the mining blocks, downtime due to weather, water availability, maintenance and shifting mining fronts to name the most influential.

The mining rate proposed by Sedgman include four “wet-days” per month where productivity will be down. SRK notes that spare monitors and infrastructure will be available, to allow for smooth transition from mining fronts, which helps in maintaining steady state production.

In SRK’s opinion, the proposed mining rate is at the upper end of the benchmark rates. SRK considers that the appointment of an experienced operator is the key to achieving these mining rates, along with a sound mining plan. After this review was undertaken, December 2017, NCZ appointed a contractor to undertake the mining activities. Further analysis was not undertaken by SRK as part of this review.

3.3 Geotechnical

The mining plan has been based on appropriate geotechnical parameters. The proposed hydraulic mining method is to cut successive trenches and benches into the tailings surface, forming channels that convey slurried tailings to sumps, from where slurry is pumped to the process plant for further treatment. The cut angle needs to provide a stable slope for the trenches, as blocks are mined out sequentially.

Tailings shear strength profiles have been estimated using existing studies, all undertaken by Australian Tailings Consultants (now ATCW) purposely to determine the feasibility of mining tailings.

These studies were conducted in various stages, from 2002 to 2015. SRK considers that the tailings properties are conservative, as tailings strength tends to improve with time.

The minimum accepted Factor of Safety (FoS) for the cut slopes is 1.2, and has been adopted from the current Closure plan report. This FoS corresponds to a temporary slope condition, meaning that operating faces are continuously cut back, as blocks are mined out, which corresponds to the mining method described by Sedgman.

Liquefaction analyses have been conducted, and susceptibility of the tailings to liquefy has been qualified as very low. The outcome of the analysis was used to divide the tailings body into two sectors (upstream/ downstream zones), corresponding to higher/ lower shear strength. Mining will start at the downstream zone, and after the ramp-up, both zones will be mined in parallel.

SRK considers that the geotechnical information used for this study is compatible with a Feasibility level.

3.4 Water Balance

Hydraulic mining requires a steady water supply to achieve the proposed production rate. The proposed mining rate is 2,000 tph at a nominal 45% - 50% solids concentration, therefore the water demand is in the order of 1,800 m^3/h. The density to the plant is further controlled with the mined slurry being thickened and then stored in surge tanks prior to being fed to the ball mill.

The main water source to feed the hydraulic monitors is the Evaporation Dam. Other sources are on-site borefields and other external catchment ponds.

The wet season presents operational challenges. Large rainfall events may generate large amounts of run-off making the slurry sumps overflow and diluting the tailings solids to a point where the process plant is not able to operate.

ATC Williams has prepared a stochastic water balance model using GoldSim to assess the water management system designed for the hydraulic mining operation with respect to water supply and risk of overtopping the various water storages used in the process.

The results of the analysis indicated that the water demand can be addressed by the Evaporation Pond during Phase 1, however water levels in the pond will decrease as it would only be partially replenished during wet months during the operations. After the first year, additional sources will be required, specifically the two existing borefields that would need to be refurbished.

The model also determined that none of the storage facilities indicated a spill risk.

3.5 Tailings Disposal

Tailings from the process plant will be thickened and pumped into an existing Pit located approximately 2km to the northwest of the process plant.

The pit currently holds two lakes (in two separate cavities), and water levels are expected to rise with time due to natural phreatic rebound.

One of the major risks found by the previous owner MMG, is pit wall stability, which impacts safe access for personnel into the pit, therefore the tailings disposal operation is conducted without accessing the inside of the pit.

In practical terms, this means that the tailings discharge point is fixed for the first 4 years, and then relocated to the opposite side to maximise storage capacity. No decant water return system has been considered and SRK considers that this is appropriate.

The use of the pit for tailings disposal has the advantage that no extra civil structures are needed and even the pumping of the slurry into the pit is to be conducted using existing capacity. The only expense will be two new pipelines running from the existing pump station to the pit.

The tailings disposal strategy has been developed by ATCW, and SRK agrees with the level of detail provided. It is indicated that the pit storage capacity is sufficient to hold the LoM tailings production and will not compromise significantly the current and expected water quality.

3.6 Risks and Opportunities

Sedgman has identified some specific risks to the project with regards to hydraulic mining. These are summarised below:

- Scale of operations: The proposed mining rate is at the higher end of what is achieved in other projects. However, given that the hydraulic monitoring method is relatively simple technology, the mine rate can be scaled up by adding/ subtracting monitors and working additional faces. If additional monitors are required a re-think of the mining plan will be required.
- Geotechnical considerations: limited in-situ testing has been conducted. However conservative assumptions have been used in the design
- Impacts of rainfall: There is an inherent risk of excessive rainfall lowering production rates, as diversion of excessive runoff cannot be practically achieved. Mitigation of this risk has been provided by including downtime days throughout the wet season, the provision of dewatering pumps, plus considering additional slurry collection systems to prevent excessive slurry dilution.
- Water availability: Hydraulic mining requires large amounts of water, as such, availability of water is key to sustain a given production rate. Sedgman prepared a water balance to determine if water shortages would be expected. It is understood that the risk is mitigated by having the existing bore fields as a back-up water supply.

SRK agrees with the risks identified by Sedgman, and believes that mitigation measures proposed are applicable and pertinent.

SRK notes that there is no assessment of the stability of the embankment once the TSF is mined out. There is a portion of the embankment that is shared with the Evaporation Dam, which would need to be evaluated for stability, as the tailings currently act as a buttress at the downstream side of the Dam. This may not be relevant to an investor or debt provider’s proposed transaction.

Opportunities to be considered are related to optimisation of the cut angles and benches through a specific geotechnical investigation, which can ensure that deeper cuts are achievable, reducing the uncertainty of achieving the proposed mine rate.

4 Mineral Processing & Metallurgical Testwork

4.1 Summary

In SRK's opinion, the cumulative metallurgical testing of the Century Tailings Deposit has been extensive and has not highlighted any critical flaws in the metallurgical behaviour. The results support the recoveries and zinc-silver concentrate grades, however SRK have made recommendations to modify the values used in financial modelling. Once available, the results of the piloting testwork completed at the end of March 2018, will finalise all testwork requirements for the Project.

The modifications to the original Century Operation's processing flowsheet are based around the NCZ testwork. Previous testwork studies undertaken for and by the previous Project owners support these NCZ testwork results. SRK has confidence in the likely range of recoveries based on the testwork undertaken and has recommended discounted values to address recovery risk.

SRK, has reviewed the five (5) offtake agreements that are now in place. These were based on locked cycle test concentrate products. SRK considers the zinc concentrate to be saleable based on the collective testwork and the offtake contracts in place but recommends adjustments to the inputs into the financial modelling be made to reflect the expected range of concentrate grades and the contract terms. A further review of the pilot plant concentrate products is also recommended once they are reported. This is to confirm that zinc grades above 50%, and silica, organic carbon, halides and lead are all within contract limits.

Whilst outside the Feasibility Study testwork program, the pilot scale testing completed in March 2018 is expected to provide further confidence in the flowsheet, recovery and concentrate specification once the reporting is completed. This piloting was supported by SRK to increase the level of confidence in the Project.

The process flowsheet modifications are based around the NCZ testwork. The proposed modified processing plant utilises much of the existing Century processing facility. It comprises a feed preparation area (new), primary grinding, flotation, concentrate handling, tailings disposal, reagents and utilities. In SRK's opinion, the proposed processing flowsheet is appropriate, utilises the existing processing facility with additional modifications for the revised duty, reflects the batch locked cycle tests and piloting undertaken by NCZ and is suited to the tailings tested. No critical issues have been identified by SRK, but further confidence in the flotation residence time, fine grinding installed power and dewatering capacity will be provided by the pilot testing results. Adjustments to the plant throughput has been recommended by SRK to test the financial robustness of the Project.

In SRK's opinion, the basis for the additional zinc and silver recovery from the old tailings is justified and is well-supported by testwork. The recovery improvement enablers are; improved flotation residence time of the -9 µm fraction containing around 50% of the zinc in tailings, and additional grinding of the particles coarser than 45 µm that require regrinding to better liberate the sulphide minerals.

In SRK's opinion, the zinc metallurgical recovery forecast in the financial model is at the upper end of the likely range, i.e. 62.5% in the Process Design Criteria (PDC) and 62.8% to account for the additional 0.3% soluble zinc recovery. Locked cycle flotation testwork recoveries post Feasibility Study were marginally lower. Whilst not fatal flaw, the proposed recoveries do not sufficiently address the potential reduced recovery risk associated with sample variability, oxidised zinc content or apply a suitable deduction to account for the scale-up of laboratory testwork to full scale. To address this, SRK recommends adjustments to the base case zinc recovery and a further recovery reduction as a stress case to test the financial robustness of the Project.

Locked cycle testwork has shown a concentrate product zinc grade, above 50% can be consistently achieved. The silica grade in this concentrate is elevated and inversely proportional to the zinc grade at nominally 7.0% to 9.2% at 52.0% and 50% zinc respectively. The higher the zinc grade, the lower the silica grade. This is presented in Figure 4-1. At a minimum zinc grade of 50%, based on this testwork, the silica is at levels that exceed some of the offtake agreement limits and at target levels, is at the high end of the desirable silica levels. This would incur penalties and at the upper end of the silica grade range and could present challenges in an oversupplied zinc market.

Piloting testwork is expected to provide further confidence in the product specification, particularly the zinc, silica and organic carbon grades are a key outcome of the pilot plant testwork. These results have not been formally reported yet, but the interim findings reviewed by SRK demonstrate that at a zinc grade of 50%, the silica has been maintained below 7% and does not present a risk to saleability under the executed offtake agreements.

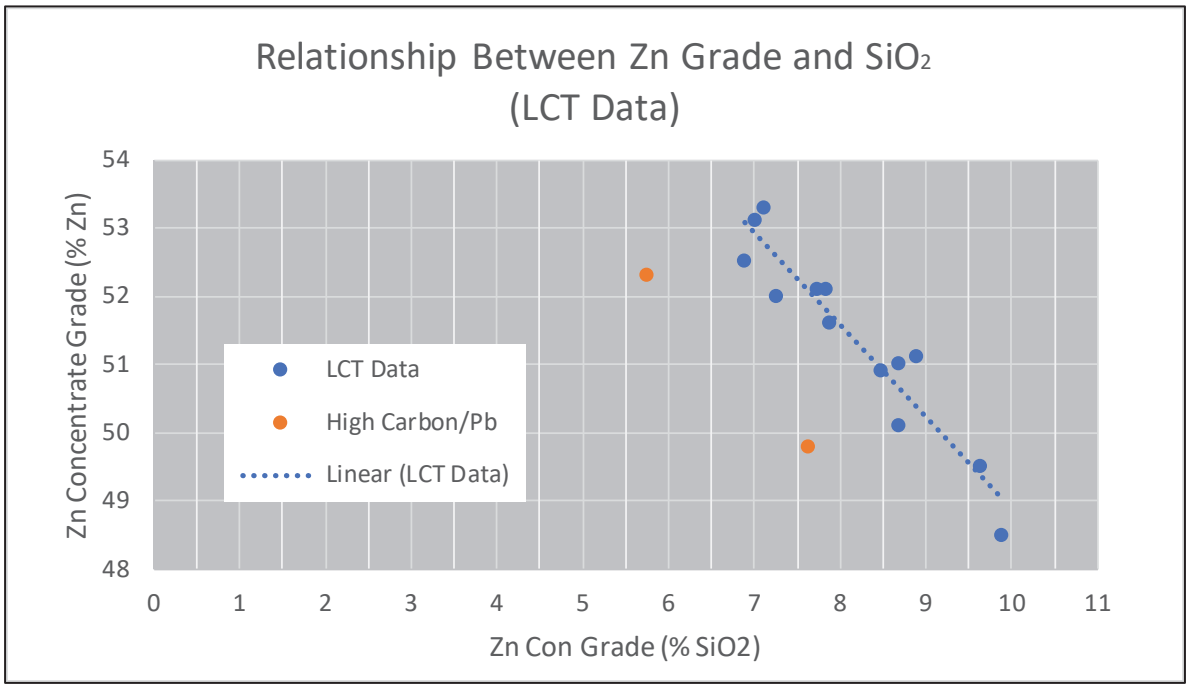

Figure 4-1: Relationship Between Zn Concentrate Grade and SiO_2 Grade in Concentrate

(Source: SRK 2018, from the 2017 LCT data)

The five offtake agreements already in place would be 'negotiated in good faith' if the zinc and penalty elements are different to the proposed specification. SRK recommends that NCZ incorporate these terms into financial modelling. In SRK's opinion, it considers the zinc concentrate to be saleable based on the collective testwork including the interim piloting testwork results, and the offtake contracts in place. In SRK's opinion, the key risk with the Century tailings retreatment project is in the ability to consistently deliver a saleable concentrate.

The operation also has the option to maintain saleable quality concentrate during operations by continued adjustment to both reprocessed tailings throughput and overall recoveries.

4.2 Introduction

New Century Resources Limited (NCZ) propose to restart the Century Zinc processing plant to reprocess zinc-silver tailings through a conventional flotation style concentrator. The Project will utilise the existing concentrator (Figure 4-2) with some modifications to be undertaken to the circuit as there are differences in the process compared to the original flowsheet used to process fresh open pit ores. The tailings contain zinc and silver associated with a largely sulphide mineralisation, with some non-sulphide zinc, water soluble zinc and a thin, dry and partially oxidised layer at the surface of the tailings storage facility.

The primary zinc sulphide mineral is sphalerite. The gangue component is largely silica with lesser amounts of carbonaceous material. The iron (pyrite) content is low. Historically, the gangue mineral of most concern at the Century Operation was the associated carbonaceous minerals that had to be separated from the zinc minerals reporting to the concentrate. This was done in a carbon pre-float circuit.

The premise of the current Project is the original plant was run sub-optimally in order to meet short term production targets – recovery was sacrificed at the expense of throughout (tonnes). Therefore, the existing Century Zinc processing facility is able to be used to reprocess the tailings, re-floating the tailings with a focus on maximising recovery. To do this, relatively limited plant modifications are required compared to the alternative of building a new processing plant, although it is a different (modified) process.

Figure 4-2: Century Zinc Concentrator

(Source: NCZ Metallurgy Presentation, October 2017)

4.3 Technical Precedents

There are many technical precedents for tailings reprocessing. Tailings have been reclaimed for decades in Australia and overseas, in a similar fashion to that proposed by NCZ. SRK considers it neither new or novel.

Typical enablers of tailings reclaim projects are often considered to be; decreasing head grades of primary mines, technical advances in the metallurgical recovery of metals from their ores, particularly of fine grained minerals, and the relatively low 'mining' cost of tailings.

Mining of tailings can be undertaken several ways including the use of dredging, hydraulic monitors (high pressure water jets) or simple dry mining using truck and shovel. Hydraulic mining is considered to be simple, low cost and robust. It has been used across a range of metals including gold (extensively), silver, platinum group metals, copper, uranium, zinc, diamonds and other metals. Hydraulic mining uses water to slurry the tailings, where it flows along wide trenches (channels) to a central collection pit where it can be pumped to the processing facility.

Recovery of South African gold tailings around the Witwatersrand (Rand) Gold Fields is one of the best-known tailings reclaim operations. There are a large number of other references, including the well-known Kaltails Operation near Kalgoorlie (Western Australia), which operated for over a decade to circa1999. There are also examples of zinc tailings reprocessing such as at the Woodlawn Operation (New South Wales) between 1991 and 1996, and which is also scheduled for a return to production in 2018, as well as at the Hellyer Metals Operation (Tasmania).

The proposed mining rate and associated technical challenges are discussed further in Section 3 Hydraulic Mining.

Flotation of metal sulphides is a standard process. While each flotation circuit is unique in addressing the specific characteristics of the ore, flotation of tailings is not dissimilar to the primary ore. The mineralogy and metallurgy will be similar, but will require different optimisation to reflect the tailings geochemistry and the finer particle sizes present. This was discussed in Section 2. This lends itself to being suited to a similar circuit as the primary ore, although without the need for the same level of comminution and with different operating point grind size, reagent addition regimes and flotation residence times.

The targeted regrind size of 5.2 μm P_{80} is based on the test work regrind size. While close to the originally designed regrind size of 7 μm P_{80}, this size difference is significant as 5.2 μm is finer than most other similar operations and may be difficult to achieve with the existing equipment. Grinding power requirements at this size range are exponential in relation to small changes in particle size. Successful operation of the pilot plant at this target size will be important to reduce project risk and generate data to confirm Feasibility assumptions.

4.4 Metallurgical Testwork

Historical testwork has been undertaken on the tailings by the previous owner in the site laboratory, at ALS Metallurgy and at the Changsa Research Institute of Mining and Metallurgy (CRIMM). This was further supported by a bulk (10,000 tonne) tailings reprocessing trial through the concentrator. This bulk trial was aimed at generating low-grade bulk concentrates suitable for further downstream processing.

NCZ has undertaken testwork at ALS (Burnie), ALS (Balcatta) and Auralia Metallurgy. The ALS testing was to replicate, compare, correlate and replicate historical MMG testing on the same samples at different laboratories and with different technicians. The most recent testwork undertaken by NCZ at Auralia Metallurgy has focused on increasing the concentrate grade and metal recoveries into a saleable product.

In SRK's opinion, (Section 2.7) the testwork has been undertaken on representative samples (consistent grades and mineralogy), at reputable laboratories, with appropriate tests performed, some with site water and under a range of conditions (reagent type and dosage, residence time, density) and under appropriate supervision. The testwork results have consistently shown that zinc (and silver) can be recovered from the tailings. Each successive testwork program has built on the previous learnings. SRK notes that the Feasibility Study was fast-tracked to accelerate the overall Project implementation schedule. The testing program undertaken by NCZ, which improved the concentrate grade and recoveries to the levels used for engineering design and financial modelling was based on the testwork program AM0016 undertaken on historical composite samples. An additional batch testwork program on 'Domain Composites' designated as AM0023 is considered by SRK to be representative of the tailings deposit. This was undertaken and reported after this study. Piloting on this composite as well as four (4) trenched samples has recently been completed in March 2018 but reporting is some weeks away and is not yet available for SRK's review.

The testwork program is appropriately focused on the metallurgical behaviours of the Century tailings. This includes; mineralogy, size by size analysis, and batch and locked cycle flotation testing across a range of flotation conditions (with and without primary grinding and/ or secondary regrinding). This was supplemented by piloting testwork and vendor testwork such as thickener and fine grinding tests.

The testwork used for the feasibility design purposes was undertaken at Auralia Metallurgy on two bulk composite samples drilled by MMG Ltd in 2015 in the southwest of the Tailings Storage Facility (TSF). The program included 65 batch flotation tests and 15 locked cycle tests focussed on optimising the results from previous testwork, which it was successful in doing. The results from the locked cycle tests form the basis of the NCZ estimated metallurgical recovery and concentrate grade assumptions. Based on this body of testwork, SRK considers the ability to recover zinc and silver from the tailings to be relatively robust under a range of optimised testwork conditions. This is discussed further in Section 4.7 Metallurgical Recovery. SRK did not identify any critical issues and has confidence in the testwork results but notes that there is a range of concentrate zinc and impurity grades. Piloting will provide further clarification and confirmation of the concentrate specification ranges. The forecast zinc recoveries were also at the top end of those achieved in testwork as NCZ considered there to be potential to further improve recoveries with additional optimisation.

A summary of the testwork used for the feasibility study design is as follows:

- The average zinc recovery of the locked cycle flotation tests (AM16-63 to AM16-78) was 60.8%, with concentrate zinc grades above 50%;
- Silver recoveries were 56% on average, in line with the zinc recoveries;
- Testwork was undertaken at an initial (primary) grind of 53 µm P_{100}, with the bulk of tests using a regrind of the rougher concentrate. The actual P80 was not measured but was reported as 38 µm;
- The reagent addition regime was conventional, incorporating; copper sulphate activator, SIBX collector, a frother, and Pionera F100 as the depressant/ dispersant;
- Optimal reagent types and conditions used in the testwork differ from the regime used by MMG prior to the cessation of the Century Zinc operations. Significantly lower activator is required, SIBX was preferred to PAX and other speciality collectors used by MMG however the SIBX quality was found to be important (there can be a large range in variability from different suppliers and NCZ will need to use a reputable supplier to ensure good quality SIBX);
- Pre-floatation of carbonate minerals was not effective. These hydrophobic minerals that would normally report to the flotation concentrate were found to be already whetted and could be effectively supressed in the rougher concentrate; and

- The regrinding power requirements require further confirmatory testing, conservative regrind power requirements have been used for capital and operating cost estimates.

In December 2017, additional flotation testwork was reported by Auralia Metallurgy (program AM0023) on eight domain samples as well as a composite of all eight domains, the same composite which was subsequently piloted. These domain samples are considered to be representative as discussed in Section 2.6. The summary results shown in Table 4-1 again show that a zinc recovery above 60% is achievable in a zinc concentrate grade above 50%. This testwork was not able to be used in the feasibility study design as the engineering was fast tracked, but now supports the values used. Additional optimisation testing was also undertaken as part of program AM0023.

Table 4-1: Locked Cycle Testwork Summary on Domain Samples

Product	Mass %	Zn %	% Zn Rec.	Pb %	% Pb Rec.	SiO_2%	% SiO_2 Rec.	C%	% C Rec.	Ag ppm	% Ag Rec.
Domain 1	3.40	51.1	61.7	2.63	18.7	8.89	0.52	4.88	4.35	208	57.6
Domain 2	3.50	50.9	62.1	2.34	18.0	8.49	0.51	5.56	5.05	195	55.4
Domain 3	3.41	50.1	60.9	2.08	16.0	8.69	0.51	6.47	5.67	188	49.2
Domain 4	3.94	49.5	64.2	2.79	25.5	9.63	0.66	6.22	6.15	172	61.0
Domain 5	3.24	52.0	60.6	3.36	24.3	7.27	0.40	4.78	3.92	198	55.0
Domain 6	3.79	49.8	62.4	3.95	27.5	7.63	0.50	6.58	6.32	202	56.4
Domain 7	3.48	51.6	61.1	3.87	30.4	7.89	0.48	4.89	4.15	166	54.6
Domain 7	3.81	48.5	63.8	3.21	28.0	9.88	0.66	6.48	6.05	174	59.1
Domain 8	3.88	52.5	63.9	6.88	39.1	6.88	0.46	3.46	3.30	260	63.3
Pilot Comp	3.58	51.0	62.5	2.67	19.4	8.68	0.54	5.46	4.98	213	61.2

A pilot plant testwork campaign was completed in late March 2018 at ALS in Balcatta, Perth, Western Australia with additional vendor tests on products done in April 2018. The intent of this testing was primarily to generate marketing samples, but also to check the fine grinding power requirements, settling characteristics, final concentrate and contaminants grades, and metallurgical recoveries on wet material that hasn't been allowed to partially oxidise/ dry. It is a confirmatory program and is in addition to (not part of) the feasibility testwork program.

While there is good confidence in the expected range of recoveries and product specification from the locked cycle testing, this piloting will provide further confidence in the tailings' metallurgical behaviours. Approximately 26 tonnes were processed using the proposed modified Century Operation flowsheet. It was commissioned on 4 separate bulk trenched tailings samples and will provide additional variability data. The samples were transported wet so as not to compromise their metallurgical behaviour but are biased in their proximity to the tailings deposit surface. They were not blended due to their plasticine nature and otherwise would have needed to be dried to homogenise them. The 'Domain Composite' sample that was also tested will provide the most representative of the samples for the LoM feed and was the last sample to be campaigned through the pilot plant, although will have dried further and potentially generated more soluble zinc. SRK consider it critical that the pilot plant operation can demonstrate operational stability and that a minimum acceptable product specification can be achieved. The metal recovery will be an outcome of this.

The representivity of these sample is discussed in Section 2 Geology and Resources. Once reported, this will further compliment the feasibility study testwork, providing further confidence in the throughput (grinding requirements, flotation residence time, settling characteristics and rheology), recoveries and concentrate grades.

Some sighter (scoping study) level soluble zinc testwork has also been undertaken. It has shown that the soluble zinc present in the tailings can be precipitated at approximately 90% efficiency with the use of sodium hydrosulphide (NaHS) in a small stoichiometric excess of 120%. The precipitate can then be thickened and filtered. This product would be blended into the flotation concentrate and increases the overall zinc recovery.

4.4.1 Summary

In SRK's opinion, the cumulative flotation testing of the Century Tailings Deposit has been extensive. It demonstrates that a saleable grade zinc-silver concentrate can be produced at acceptable metal recoveries and has not highlighted any critical flaws in the metallurgical behaviour. The process flowsheet modifications are based around the most recent testwork. Previous testwork studies undertaken for and by the previous Project owner support these latest testwork results.

While SRK considers that further variability testing to develop the relationship between feed grade, product grade and metal recovery would benefit the project, it accepts that this is often constrained by schedule and/or budget. In this case schedule is critical, with the NCZ strategy of being early into production a key Project determinant. SRK accepts this and has confidence in the likely range of recoveries and the concentrate grades as demonstrated by locked cycle testing. The piloting testwork will provide further supporting information to the product grades and recoveries. The offtake agreements provide further support of the saleability of the product.

SRK notes that the 'typical' concentrate specification grade range provided to the customers and as stipulated in the offtake agreements may be marginally high. For example, the zinc grade is at the top end of the proposed 51.0 – 54.5% range and a minimum acceptable level of 50% zinc has been the lower target used in piloting. The silica (5.0 – 7.5%) and carbon ranges are potentially marginally low based on locked cycle testing but is expected to be supported by piloting results. NCZ now have five offtake agreements in place for the first three years making up approximately 80% of production with more to follow. SRK has considered this in its recommended recovery values and concentrate payment and treatment terms used for financial modelling.

Whilst outside the feasibility study testwork program and in SRK's opinion, not absolutely required for a feasibility level of study, the pilot scale testing completed in late March 2018, once reported, is expected to provide further confidence in the recovery and concentrate specification.

4.5 Processing Flowsheet

The existing Century Mine processing facility is a conventional flotation style concentrator, originally designed for a throughput of 7 Mtpa on hard/ fresh feed ore from open pit mining. It is supported by extensive infrastructure including:

- crushing and grinding facilities;
- a flotation concentrator;
- concentrate slurry pipeline, port storage and loading facilities;
- in-pit tailings storage facility (TSF);
- borefield;
- site buildings, warehouses and workshops;
- laboratory.

Additional Infrastructure required to support the operation is discussed in Section 5.

The tailings are proposed to be mined by hydraulic methods using four to six high pressure water monitors operating on multiple tailings faces. The slurried tailings are collected in a central pit via a series of trenches. The slurry is screened to remove coarse trash material, then pumped approximately 8 km to the concentrator where it is thickened. A modest agitated surge capacity is included and will decouple the hydraulic mining from the processing facility. A larger storage capacity has a prohibitive cost.

The proposed modified processing plant utilises much of the existing facility. It comprises a feed preparation area (new), primary grinding, flotation, concentrate handling, tailings disposal, reagents and utilities. The grinding circuit utilises one of the two existing ball mills and existing hydrocyclone classification, however the second ball mill is available if required and a capital allowance has been made for its refurbishment and inclusion in the circuit. The existing SAG mill is surplus to requirements.

The flotation circuit includes two stages of roughing, two stages of scavenging and four stages of cleaning, with a regrind step after the first cleaning stage. The treatment of tailings is a different process and so the existing flotation circuit is extensively reconfigured to allow for the significantly higher flowrates and increased flotation residence time based on the requirements established in testwork. The existing carbon pre-float cells and the lead circuit cells are not required. These are used for the main zinc flotation circuit to provide the additional residence time needed. Additional scavenger flotation cells are installed to allow for the expansion of throughput to 15 Mtpa.

Because the concentrate tonnage is well below historic concentrate production levels (of over 1 Mtpa), after flotation, the bulk of the existing plant, such as concentrate storage, slurry pumping, reagents and utilities systems meets the demands of the reconfigured plant.

The key new mechanical equipment items required, in addition the hydraulic reclaim and feed preparation circuit is for; an additional feed thickener, tailings thickener, flotation cells and regrind mill capacity. In SRK's opinion these additions are all supported by the proposed flowsheet and testwork however further confidence in the fine grinding and thickening requirements will be provided as part of the piloting testwork. There is some potential for some other minor 'optimisation' of the flowsheet and mechanical equipment sizings/ additional requirements based on findings from the recently completed piloting testwork.

Zinc concentrate is transferred along the 304 km underground slurry pipeline to the NCZ port facility at Karumba, on the Gulf of Carpentaria (the Gulf). The concentrate slurry is dewatered through thickeners and filters at the port, dried in a rotating kiln and stored in an 80,000 tonne concentrate storage shed prior to loading on a transhipment vessel to the larger export ships at deep-water anchorage in the Gulf. Some dredging is required to allow suitable transhipment loads, the costs of which are captured in the NCZ financial model.

In SRK's opinion, the proposed processing flowsheet is appropriate, utilises the existing processing facility with additional modifications for the revised duty, reflects the flowsheet used for batch locked cycle tests and the pilot testing undertaken by NCZ. No critical issues have been identified.

In SRK's opinion, the proposed processing flowsheet is suited to the tailings tested. The concentrator process flow diagram is provided in Figure 4-3.

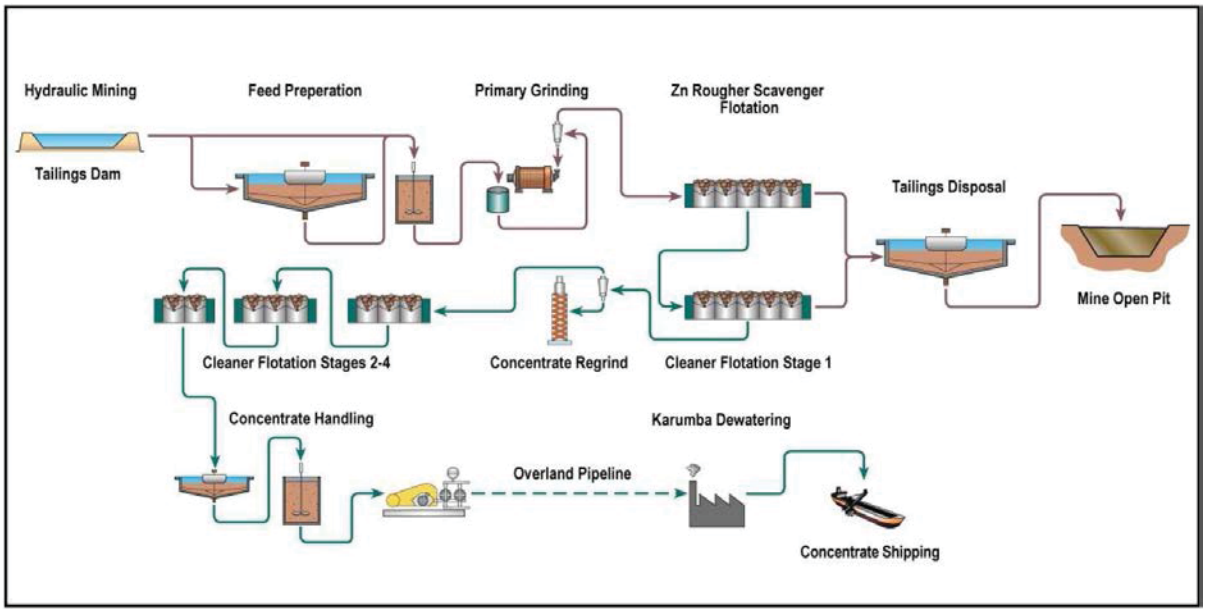

Figure 4-3: New Century Zinc Summary Process Flow Diagram

(Source: Century Mine Tailings Project Restart Feasibility Study, A820-D01-04010-RT-0001, December 2017)

4.6 Throughput

The proposed production schedule adopts a phased approach (Figure 4-3). This is to initially fast-track the return of the operation to production with the minimum of refurbishment and modification and so reduce the initial capital cost, by using the available capacity. The first year of production is categorised as 'Phase 1' with the design allowing for a throughput of 8 Mtpa. The Phase 1 monthly production rate in financial modelling ramps up to a maximum of 7.6 Mtpa of tailings in the first 12 months of production before Phase 2 production comes online. Monthly production also allows for a small reduction in throughput during the wet season. Given this is similar to the original hard rock capacity of 7 Mtpa, albeit with more flotation residence time required, the initial throughput should be attainable through the process plant. The main risk will be the commissioning and ramp-up to stable operations though the refurbished plant, with additional minor emergent refurbishment work and modifications. This is typical for a refurbished and recommissioned plant.

Production is expanded after 12 months in Phase 2 for the remaining LoM. It incorporates additional modifications and capital upgrade works to leverage the full potential capacity of the existing plant. This Phase 2 expansion program has a longer ramp-up to full production, but also allows for a 'soft start-up' which is a preferable way to begin production. Phase 2 production ramps up to an annualised rate of 15 Mtpa in several months but is on average 14.5 Mtpa, as hydraulic mining allows for wet weather-related production losses between December and March each year. At this time, the hydraulic reclaim rate could be the main risk to Phase 1 throughput as discussed in Section 3 Hydraulic Mining. The production profile is shown in Figure 4-4.

Because the feed is fine tailings, comminution capacity is excess to requirements, as are other aspects of the plant such as most reagents and utilities, concentrate thickening, the concentrate pipeline (which may require campaign pumping – so is not considered a risk), product filtration and drying and transhipment barging. Bottlenecks are likely to be around classification, flotation and front-end flotation pumping and this is where new equipment is being purchased for the Phase 2 production rate.

Key equipment capacity sizing calculations were reviewed by SRK only at a preliminary level and support the capacity estimates although the scope of this review did not include a detailed capacity check of every item of mechanical equipment. In many cases, in the absence of sufficient testwork information, equipment sizings have been determined to be sufficient due to them being significantly oversized. No fatal flaw issues have been identified, but some areas have been highlighted as having sufficient risk warranting further review, particularly the primary grinding and regrinding requirements.

NCZ are confident there is sufficient primary grinding requirements to reduce the feed to nominally 38 µm P_{80} and will not require the installed ball milling capacity. No additional fine grinding capacity is required for the Phase 1 production as the 21 vertical SMD ultrafine grinding mills are well in excess of requirements but SRK has highlighted potential for more than the calculated 4 additional mills being required for Phase 2 of production. The Feasibility Study is premised on a target regrind size of 6.5 µm (historical operation was approximately 7 µm) whereas the NCZ Domain locked cycle testwork K_{80} size was 5.2 µm. At these grind sizes, power requirements can be significantly higher. NCZ claim that there is sufficient installed power as the concentrate throughput is approximately half of the original design, and that around half of the feed is already below 9 µm. While SRK accept this assertion, the piloting testwork will incorporate Levin grinding tests on the feed and there will be batch IsaMill Signature Plot (fine grinding) tests undertaken on the pilot plant concentrates as well as IsaMill specific power calculated from the pilot scale IsaMill used for the pilot operation. Once reported this will be definitive and if different to the current assumptions, will provide sufficient time for inclusion into the Phase 2 production engineering.

Similarly, while not considered to be a fatal flaw risk, vendor thickening, flocculant screening and rheology testing on the pilot tailings and concentrate products will provide further confidence in the capacity of the existing equipment if the marginally smaller product size distributions materially affect the Newtonian properties of these slurries. This is not expected and given the lower production rate could be managed with marginally lower slurry densities but in SRK's opinion it is prudent and appropriate to undertake this work.

A production ramp-up period has been included in the financial model. This is based on the hydraulic mining production rate estimates as presented in Table 4-1 of the Feasibility Study report rather than the time that would typically be taken to ramp-up the processing facility. A 15% throughput is incorporated into Month 1 (August 2018) and 60% throughput in Month 2 (September 2018). Full Phase 1 production is achieved from Month 3 onwards, i.e. October 2018 to July 2019. SRK considers the first two months of production to be reasonable but recommends a ramp up of 90% through the process plant in the third month as a more conservative assumption, i.e. an additional month of ramp-up is recommended. This would allow for some additional delays to schedule and allow for 'teething' and debottlenecking issues to be addressed. While they may not be incurred, SRK would consider this to be normal. This is important on a restarted plant where there are often emergent areas of refurbishment that were not identified as part of the initial works. The early hydraulic reclaim of tailings is another factor to consider, i.e. a slower throughput ramp-up for Phase 1 and for Phase 2.

Phase 2 production begins once construction is complete in Month 12 (1 August 2019). Throughput is ramped up to 35% of the additional 7.5 Mtpa in this first month of increased production (August 2019). This allows for tie-ins and commissioning of new equipment. Fifty percent of the additional production is realised in the second month (September 2019) and 100% in the subsequent months. Again, SRK considers the first two months of the Phase 2 expanded production to be reasonable but recommends a ramp up of 75% in the third month and 90% in the fourth month as a more conservative position given the much higher tonnage. The processing plant capacity will be tested at these maximum values.

SRK considers it prudent to test the sensitivity of the financial model to a downside throughput at the Phase 2 design (i.e. less than 14.5 Mtpa) to assess the robustness of the Project.

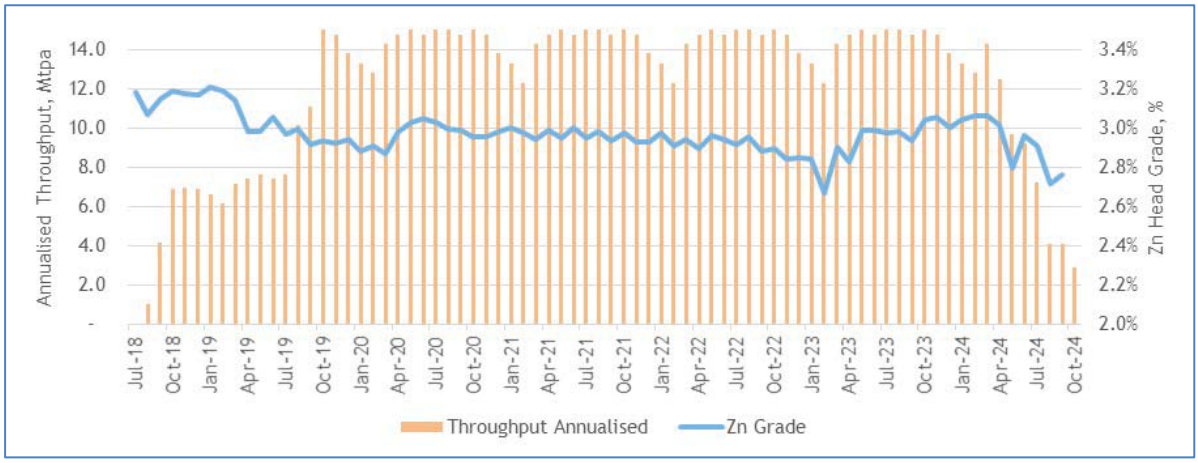

Figure 4-4: Production Ramp-up

(Source: 171127-1 New Century Resources Model_v6 (Financial Model))

4.7 Metallurgical Recovery

The value of restarting the Century Zinc processing plant is founded on the ability to recover additional zinc and silver from the Century Tailings Deposit. The recovery has been demonstrated by the metallurgical testwork. The potential for additional recovery is supported by the historical plant reportedly sacrificing recovery performance to achieve the maximum throughput and concentrate production (i.e. tonnes were prioritised over recovery). Mineralogical assessment further demonstrates that a proportion of the zinc in the tailings (approximately 81%) remains as sulphides that can be floated, with a modest amount of water soluble zinc being reclaimed. Indicative values are provided in Figure 4-5.

Mineralisation	% in Tailings	% Recovery	% Total Recovery
Sulphide	81.2%	77%	62%
Water Soluble	2.4%	90%	2%
Non-sulphide**	16.4%	0%	0%
Total			**64%**

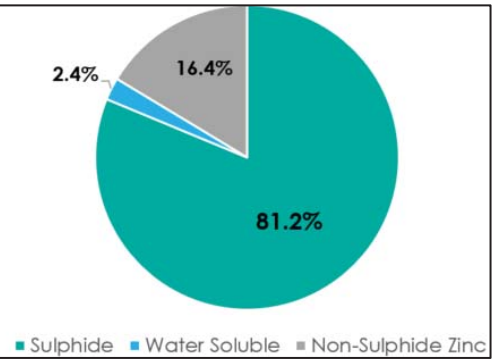

Figure 4-5: Sources of Additional Zinc Recovery

(Source: NCZ Metallurgy Presentation October 2017)

** Non-sulphide zinc consists of carbonates, silicates and oxides

The additional recovery is largely from -9 µm material that makes up approximately 50% of the contained zinc. This requires re-floating under optimal conditions.

About 30% of the zinc is contained in particles coarser than 45 µm and requires regrinding to better liberate the sulphide minerals. The lost sulphide mineral recovery is due to very fine inclusions in gangue material and for other flotation inefficiencies. The non-sulphide mineralogy unable to be recovered through flotation consists largely of carbonates, oxides and silicates. The water-soluble zinc is that which has been leached in the TSF. During the site visit, SRK requested that an excavator trench a new section of the dam to demonstrate the depth of the dry surface cap on the tailings. The cap was thin, before it became moist and testwork has shown the tailings not to be heavily 'oxidised'. Feed that has a disproportionate amount of cap material will likely exhibit inferior flotation characteristics, but this is likely to be partly masked when homogenised during hydraulic mining of large benches of tailings.

In SRK's opinion, the mechanism for the improved recovery from the old tailings is justified and is well-supported by testwork. The recovery improvement enablers are; improved residence time and the flotation of the -9 µm fraction containing around 50% of the zinc in tailings, and additional grinding of the +45 µm fraction (~30% of the zinc in tailings). The reagent addition regime is also different and there is no longer a requirement for pre-float. As noted previously, the final grind size requirement may need further optimisation to maximise zinc recovery.

The values used in the financial modelling are based on testwork as reported in the Feasibility Study report (Sedgman, 2017), including the NCZ 'AM0016' testwork as presented in Table 5-13 and Table 5-17 of Section 5.4.5 of that report. In SRK's opinion, the processing recovery forecast in the financial model is at the upper end of the likely range, i.e. 62.5% in the Process Design Criteria (PDC) and 62.8% to account for the additional 0.3% soluble zinc recovery. It is above the 'maximum' value of 62.2% at the LoM feed grade of 2.96% Zn and the 'average' value of 60.9% as presented in Table 4-2. Furthermore, the subsequent NCZ locked cycle testwork program AM0023 completed in November 2017 and reported in December 2017 also had an average zinc recovery (non-weighted) of 61.7% at an average concentrate grade of 51.4% Zn.

Table 4-2: Feasibility Study Zinc Grade and Recovery Factors

	Feed Grades			Recoveries, %		
Parameter	Maximum	Average	Minimum	Maximum	Average	Minimum
Zn	2.96	2.87	2.79	62.2	60.9	56.8
Pb	0.51	0.46	0.43	21.5	17.8	12.5
S	3.69	3.55	3.45	26.6	25.5	23.7
SiO2	58.9	58.4	58.0	0.6	0.5	0.4
C	4.06	3.83	3.06	5.7	4.4	3.5
Fe	8.49	8.37	8.11	0.9	0.8	0.6
Ag	17	13	10	63.3	56.8	49.2

(Source: Century Mine Tailings Project Restart Feasibility Study, A820-D01-04010-RT-0001, December 2017)

In SRK's opinion, whilst not fatal flaw, the proposed recoveries do not sufficiently address the potential downside recovery risk and oxidised zinc content, nor do they include a deduction to account for the scale-up of laboratory testwork to full scale. To address this, SRK recommends making modest adjustments to the base case recovery and a further reduction as a stress case as discussed below.

The counter argument and justification presented by NCZ is that the testwork has not been fully optimised and the testwork used partially dried samples that would not have floated as well as if they had been kept at the original moisture and not allowed to partially oxidise (i.e. at approximately 10% and then 5% moisture reportedly saw a drop off in recovery). SRK accepts the potential for testwork to improve recoveries but forecast recoveries must be based on the currently available data.

NCZ developed a zinc feed grade versus recovery relationship, however the correlation coefficient was poor. There is a small feed grade range and it is based on a single composite (made up of a large number of different drill holes and intervals) '1826 Master Composite 2' made up of 4.5 tonnes of drill core. The relationship is not sufficient to forecast grade versus recovery in the financial modelling, therefore an average recovery from the optimised tests have been used for forecasting purposes.

SRK accepts this was an acceptable option with the testwork data available, however, it has developed an alternative, multivariable relationship using feed grade, concentrate grade and recovery relationship (i.e. includes the concentrate grade) and incorporates the AM0023 domain testwork findings as well as the AM0016 composite sample testing. This has a much stronger correlation co-efficient of 0.95 as shown below in Figure 4-6. This is a good relationship given the different test conditions and the limited number of tests and samples. SRK consider this to be superior to the average testwork recovery and have used this to adjust the likely zinc recovery and based on a LoM feed grade of 2.96% Zn and concentrate grade of 52.0% Zn (as per the financial model), it estimates a recovery of 61% rather than 62.5%. If the concentrate grade is adjusted to 51.0% Zn, testwork recovery increases in the relationship below to 61.5% and to 62% at a 50% concentrate grade.

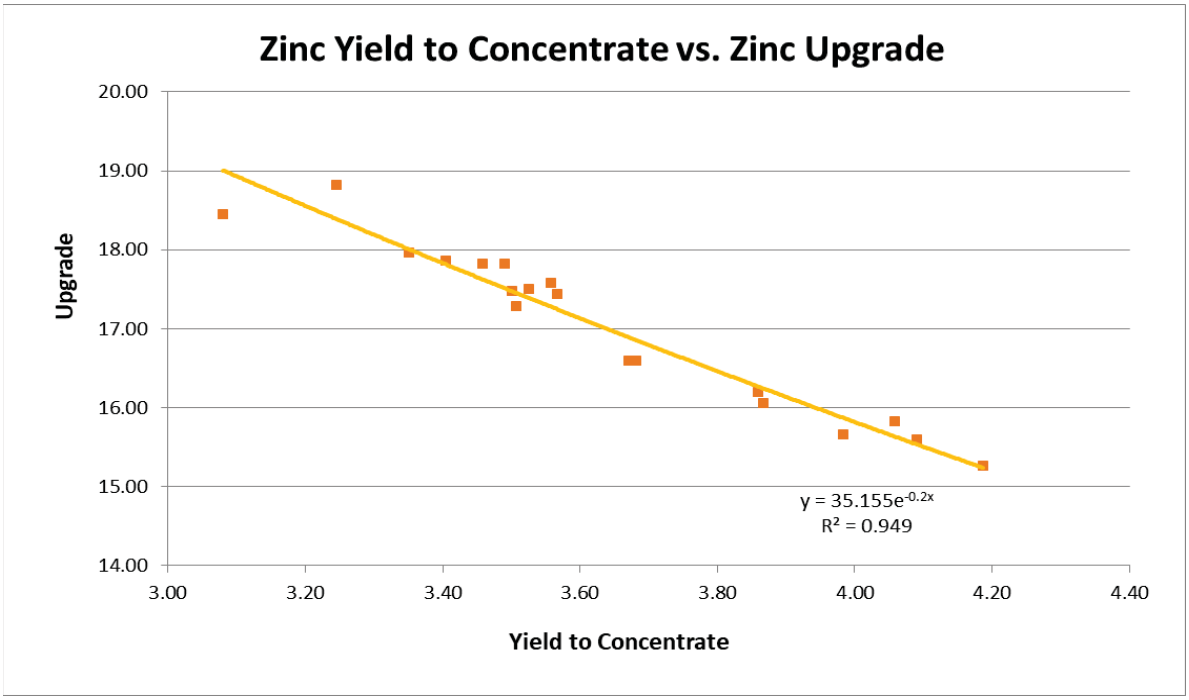

Figure 4-6: NCZ Testwork Feed Grade, Concentrate Grade & Recovery Relationship

In addition to this, SRK would normally apply a 2% (absolute) recovery deduction from the locked cycle flotation tests to allow for scale-up of the ideal conditions in a laboratory to those faced in practice to accounts for:

- No short circuiting of material;
- Dedicated and skilled technician scraping-off the feed;
- High energy input (agitation and air) due to the small scale;
- Sharper feed particle size distribution (PSD) due to the use of screens rather than cyclones for classification;
- Uniform feed material; and
- Flotation equipment condition is ideal/ optimal (i.e. not worn, etc).

No scale-up has been applied in the NCZ recovery assumptions and some metallurgical practitioners are known to apply an even higher discount to zinc ores in this precinct. After applying this scale-up, the proposed base case recovery would be 60% Zn through flotation at a lower concentrate grade. SRK considers it prudent to evaluate an additional stress case (downside) recovery of -5% (absolute), i.e. to 55% to test the robustness of the financial model or to allow for a marginally higher concentrate grade.

In SRK's opinion, the financial model recovery is simplistic in that the zinc recovery is fixed for the LOM. Although the grade variability is low (and hence implies relatively consistent zinc recovery), SRK considers there will be a gradual increase in recovery over the first four to six quarters. While the flotation circuit is not particularly complex, there will be early challenges associated with commissioning the plant, ramp-up of the plant, a modified flowsheet processing and a new feed, all while the operators familiarise themselves with the circuit, and while throughput is also ramped up. This learning curve would have been the experience during piloting, although the lessons learnt will improve full scale plant commissioning. Recovery will also be a function of the fine sizing of the feed that is floated and the eventual target grind size. A recommended recovery ramp-up, is provided below, but there are no hard and fast rules of how it may eventuate in practice;

- Quarter 1: 75%
- Quarter 2: 85%
- Quarter 3: 90%
- Quarter 4: 95%
- Quarter 5 onwards: 100%

In SRK's opinion, further development of the metallurgical recovery understanding through additional variability testing under the proposed optimal flotation conditions is ideal and would benefit the project.

4.7.1 Silver

NCZ has used the average silver recoveries from the NCZ feasibility study locked cycle batch testing. SRK has applied the same review methodology to the silver recoveries. In SRK's opinion, the feed grade, concentrate grade and recovery silver relationship is not as strong, but SRK accepts the base case testwork recovery of 56%. SRK recommends this be reduced by 2% (absolute) for financial modelling purposes to account for the scale-up from locked cycle batch testing to full scale production. This drops the estimated silver recovery from 56% to 54%.

4.7.2 Water Soluble Zinc

The sighter testwork precipitating water soluble zinc using sulphide reagents demonstrates that the zinc can be recovered at 90% efficiency. This would be through a water treatment plant. SRK recommends this be kept as 'upside' at this time, particularly while the focus is on the recovery of the flotation product. Also, because the testwork was of a preliminary nature, although is not considered to be technically flawed. In respect to timing for the installation of the soluble zinc circuit, it is not scheduled in the first year of operation and would not be recovered during this period in any case, although this is shown in the financial model from the beginning of Phase 1 operations. It should be removed from the first year of production. The additional 0.3% recovery should be realised once the Phase 2 operation begins.

4.8 Implementation Schedule

Sedgman (2017) developed a high-level schedule for the plant refurbishment, modifications and upgrade works as part of the Feasibility Study. The schedule detail will require further work as part of the Front-End Engineering Design (FEED) work along with detailed Project implementation and management plans. In SRK's opinion, the limited detail will not delay the proposed schedule. SRK also note that the following opinion has not been updated since the issue of the Feasibility Study although it is aware that progress has been made on a number of fronts as publicly announced by NCZ and appears to be progressing close to schedule at this time.

The Project adopts an Engineering, Procurement and Construction (EPC) contracting strategy for the plant and port refurbishment and upgrade works. Several other refurbishment packages such as the accommodation village, Ergon power line, pipeline and airport, are being undertaken by contractors directly managed by NCZ. SRK considers this to be a reasonable contracting strategy.

The Feasibility timeline contemplates Phase 1 plant refurbishment and construction modifications commencing in early February 2018. First feed and production is achieved after 4.5 months, on 10 August 2018. The Phase 2 work, expanding throughput from 7.5 Mtpa (although often referred to as 8 Mtpa as per the FS design) to 15 Mtpa, has work beginning in early 2018, with long lead items awarded in March 2018, and Phase 2 construction works completed at the beginning of August 2019. This allows an additional year for Phase 2 with throughput ramping up to the 31 October 2019.

SRK notes there are some minor date discrepancies between the different study documents, but the values above reflect the financial model throughput.

Although the Project benefits from the brownfield's nature of the plant, the good condition of the bulk of the plant and the reduced scope of work required, SRK considers the time allowed for the Phase 1 schedule to be best case. NCZ are aware of this and have acknowledged it in the Project risk register. There are several competing tasks on or near the critical path including; the new hydraulic reclaim system, structural steel fabrication and design and procurement of new equipment. Slippage in any one of them will be likely to delay practical completion. Poor performance of the EPC contractor and/ or the owner's project management is another project schedule uncertainty, although with an EPC contract, the incentive is with the contractor to deliver on schedule, otherwise the contractor generally incurs (most of) the cost.

The additional year allowed for the Phase 2 work, with construction being completed by 1 August 2019, is a more comfortable allowance in SRK's opinion, as long as the long lead items such as the additional regrind mills, flotation cells and thickener are ordered early as currently presented in the schedule. A key risk is that the restarted Phase 1 operation will distract the owner from the Phase 2 design and construct program.

While an allowance of 19 days per year has been made for wet weather, no specific contingency has been allowed for schedule delays and there is likely to have already been some minor schedule slippage. Key milestones as presented by Sedgman 2017 and NCZ are shown in Figure 4-7.

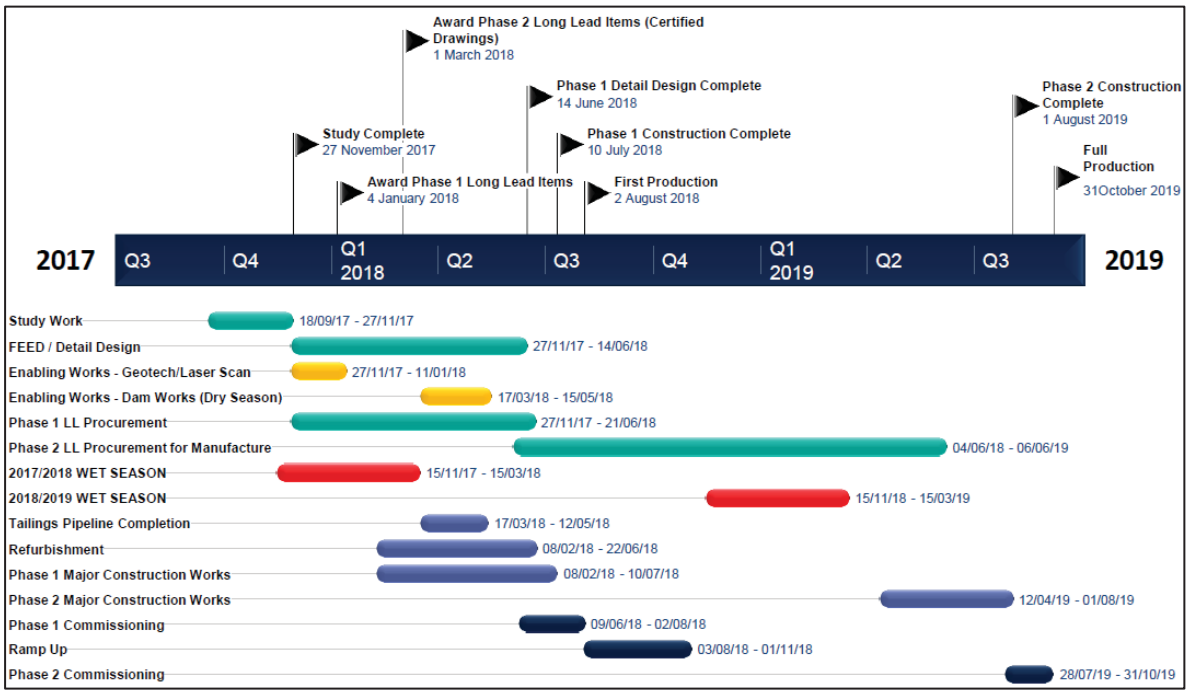

Figure 4-7: New Century Zinc Restart Development Schedule

(Source: Century Mine Tailings Project Restart Feasibility Study, A820-D-03080-PG-0003_G 171122 New Century Feasibility Study High Level Schedule, November 2017)

In SRK's opinion, the schedule as presented in the FS (Sedgman, 2017) has some schedule risks such as those associated with design and scope changes, equipment condition being inferior to that inspected, long lead item and fabrication delays and weather as well as a general strengthening in the mining services sector. SRK recommends that in the financial model, a potential funder adds an additional 10% schedule contingency (reserve) be allowed for the Phase 1 works to account for the known unknown delays, however SRK accepts that this may not want to be included in formal schedules as once it is available, it will most likely be used.

4.9 Plant Condition

Although the SRK site visit did not include a detailed structural, mechanical and electrical review, a cursory level of inspection was undertaken. The plant (and port processing facilities) are considered to be in a good condition for their age and should be relatively efficiently brought back into service. The plant was operating up until early 2016 and, in the last 18 months, has been adequately cared for under the MMG ownership, and more recently, the NCZ care and maintenance (C&M) regime. The refurbishment risk is partly mitigated as a result of this. SRK is also aware that work is progressing as part of implementation works, for example the refurbishment of the plant is progressing, the plant has been energised and refurbishment works of the pipeline is progressing but is not familiar with the details.

As part of the Feasibility Study refurbishment capital cost estimation process, Sedgman undertook two condition assessment audits at the "Lawn Hill' Processing Facility and one audit of the Karumba Port facility in August and September 2017. This informed the refurbishment and operational readiness rectification requirements, particularly from a scope of work and capital cost perspective. These requirements are divided into the cost required prior to recommissioning and that required post the first year of operation, i.e. to defer capital costs. No major risks were identified by Sedgman during these reviews.

SRK agrees with the general visual findings. In both facilities, the plant concrete, structural steel, mechanical equipment, piping and electricals appear to be in good repair and it would seem that only moderate work is required to return them to service, although the time to do this should not be underestimated. Select equipment was opened, inspected, manual rotated or actioned by Sedgman. SRK did the same on a much smaller scale.

It is not practicable to test every component of the existing facility. Estimation techniques are normally used based on an assessment of a subset of equipment to estimate the overall scope of work required, i.e. a check of a % of valves and idlers made, percentage of motors to be replaced below a certain size and refurbished for large motors, allowance for piping and liner repairs, gearbox overhauls and so on. As a result, there will almost certainly be additional equipment that will fail on or soon after start-up. This is not a deficiency on Sedgman's behalf, it is normal practice and results in schedule and cost contingency being developed, with caveats that further emergent work may be required. Appropriate contingency is therefore required in any estimates. The inspection was undertaken without the benefit of power to the plant (which is isolated). This makes testing of motors, valves, instrumentation, lighting, control systems and general power outlets difficult. A conservative cost estimate is required to compensate for this condition assessment deficiency.

The Century Mine was operating in a 'business as usual' manner before closure. There is no evidence of installed equipment being scavenged, spares and inventories being sold, or maintenance being reduced at the end of the operation. Some first fills are required as reagents have been mostly removed from site and the SAG and ball mill grinding media charges have been run down. The mill/ s will need to be used relined, etc. A first fill allowance has been made, based on three months of reagents.

In SRK's opinion, the processing facility is able to be quickly and simply returned to service. It has only been relatively recently placed into care and maintenance and ongoing work is being undertaken to ensure it is available for a rapid restart.

4.10 Product Specification

SRK is not a specialist in the marketing and sales of metals and concentrates but provides the following general commentary on the specification and saleability of the product. This should not be solely relied upon for investment purposes.

The Century Mine was in production for 16 years, closing in 2015/ early 2016. The zinc (and lead) concentrates were sold both in Australia during early operations and then around the world, particularly in the last five years. While the concentrate was considered to be of a high quality, there were minor penalties associated with the elevated silica and lead grades in the zinc concentrate. The zinc was sold easily and competitively. This historic product specification provides a large body of knowledge to NCZ and their prospective customers. They provide indicative grades and impurities; however, it is important to note that the product generated from the reprocessing of tailings will differ from historical production.

As part of the Feasibility Study, NCZ undertook generic zinc market research through Wood Mackenzie, who are considered to be specialists in this field; specific New Century product marketing analysis through Cliveden Trading AG; and through the employment of Mr. Bill Wise as their marketing consultant. Mr. Wise is an ex-Zinifex General Manager of Global Sales & Marketing and has previously sold the Century Zinc and Lead concentrates into the market. He is a well-recognised in this field and is incentivised with 500,000 NCZ share options.

Mr. Wise initiated a formal offtake process by engaging 11 potential customers and traders, along with other unsolicited approaches. This list was reduced to a smaller number. Indicative terms for three offers were originally provided to SRK for review as part of the initial independent assessment. Since then, NCZ have signed five (5) offtake agreements for approximately 75-80% of production for the first three and a half years with; Nyrstar Sales & Marketing AG, MRI Trading AG, Transamine Trading SA, Concord Resources Ltd and Mercuria Energy Trading SA. The most recent was signed in late April 2018, and SRK understands NCZ to be in the final stages of awarding the final offtakes in Q2, 2018.

As part of this process, NCZ provided customers with a typical zinc concentrate specification with a range of zinc, silica, organic carbon and other penalty elements as presented below in Table 4-3. Notably the specification has a zinc range between 51 – 54.5% and a silica range from 5 – 7.5%. A range has also been provided to other important penalty elements such as lead, carbon and halides. This range was based on locked cycle testwork undertaken by NCZ. This testing is discussed further below.

The offtake terms incorporated into the signed contracts are relatively consistent and are typical of those in the zinc concentrate market. These terms support the values used in the financial modelling. Specifically:

- Standard payability of zinc, at 85% contained with a minimum deduction of 8% (absolute);
- Standard payability of silver, at 70% less 3 oz per dry metric tonnes of concentrate;
- Gold grade is below the payable level of 1 g/t Au;
- Either no penalties (spot market type terms), or standard silica and in some cases halide penalties based on the typical analysis provided;
- Where penalties apply, silica is penalised at USD1.0/t to USD1.50/t for each 1% above 5% and halides (F + Cl) for every 100 ppm above 750 ppm; In one contract, the silica is capped at 8.0%.
- Treatment Charges (TCs) are current spot treatment charges with a small discount offered in the first years of production in some proposals as a ‘sweetener’, rather than long-term (benchmark) contract pricing. This has been modelled by NCZ at USD75/t; and
- Payment of 90% to 95% in the storage shed in Kurumba and offers of prepayment facilities.

In the case that the delivered concentrate is different to the typical specification range, e.g. if the zinc and penalty elements are different to the proposed specification, the contracts state that ‘…where the concentrate is materially different to the specification in the contract and negatively affects the economics of the receiving smelter, then Buyer and Seller will negotiate in good faith…’,.

Table 4-3: New Century Typical Zinc Concentrate Assay

Element	Typical Range
Zn	51.0 - 54.5 (%)
Ag	50 – 250 (ppm)
Au	<0.6 (ppm)
Al_2O_3	<0.8 (%)
As	<0.01 (%)
BaO	<0.01 (%)
Bi	<0.01 (%)
C	3.0 - 5.0 (%)
CaO	0.1 - 0.3 (%)
Cd	0.08 - 0.15 (%)
Cl	0.025 - 0.1 (%)
Co	<0.01 (%)
Cr	<0.1 (%)
Cu	<0.6 (%)
F	<0.1 (%)
Fe	0.8 - 2.0 (%)
Ge	<50 (ppm)
Hg	<50 (ppm)
K_2O	<0.3 (%)
MgO	<0.2 (%)
Mn	<0.15 (%)
Mo	<0.03 (%)
Ni	<0.06 (%)
P_2O_5	<0.05 (%)
Pb	1.2 - 3.0 (%)
Rb	<0.01 (%)
S	27 – 30 (%)
Sb	<0.01 (%)
Se	<50 (ppm)
SiO_2	5.0 - 7.5 (%)
Sn	<0.01 (%)
Sr	<0.01 (%)
Te	<0.01 (%)
Th	<0.01 (%)
TiO_2	<0.05 (%)
U	<0.01 (%)
V	<0.01 (%)
Zr	<0.01 (%)
H_2O(%)	6 – 9 (%)
Sizing (µm)	<40 micron

(Source: NCZ offtake agreements, Q1 2018)

The 'typical product specification' range provided by NCZ and forming the basis of the contracts is partly based on the July and November 2017 locked cycle testing undertaken by Auralia Metallurgy. Two comprehensive concentrate analyses were undertaken on these locked cycle tests, one for each of the programs. They are shown in Table 4-4 and Table 4-5, with the tests denoted as 'AM16-64' and 'AM23-31' respectively. This is supplemented by the basic concentrate analyses for the key elements (i.e. assaying for zinc, lead, iron, silver, sulphur, silica and carbon) undertaken for each

Domain locked cycle test as shown in Table 4-1. This provides further understanding of additional concentrate grade variability across the range of conditions tested.

The domain composite testing reported in December 2017 had an arithmetic average of 51.4% zinc in concentrate. A single test concentrate had a comprehensive analysis undertaken, returning a zinc grade of 52.4%. This was lower than the previous testing of 53.9% but still within saleable levels of zinc and penalty elements. Silica levels were consistently over 7.5% and were of concern.

Table 4-4: Comprehensive Concentrate Analysis (Historical Composites)

Element	AM16-64 Cycle 5 4CC	Element	AM16-64 Cycle 5 4CC
Zn(%)	53.9	MgO(%)	0.13
WSZn(ppm)	2718	Mn(%)	0.11
Ag(ppm)	246	Mo(ppm)	228
Au(ppm)	0.59	Ni(%)	0.06
Al2O3(%)	0.76	P2O5(%)	0.05
As(%)	<0.01	Pb(%)	1.87
BaO(%)	<0.01	Rb(%)	0.003
Bi(%)	0.003	S(%)	27.8
C(%)	4.83	Sb(%)	<0.01
CaO(%)	0.08	Se(ppm)	45
Cd(ppm)	1143	SiO2(%)	7.08
Cl(%)	0.05	Sn(%)	<0.01
Co(%)	0.003	Sr(%)	<0.001
Cr(%)	0.1	Te(ppm)	0.2
Cu(%)	0.52	Th(ppm)	2
F(%)	<0.1	TiO2(%)	0.05
Fe(%)	1.67	U(%)	<0.002
Ge(ppm)	1.5	V(%)	<0.001
Hg(ppm)	13	Zr(%)	<0.002
K2O(%)	0.23		

(Source: Metallurgical testwork on the Century Tailings Project, report AM0016, Auralia Metallurgy, August 2017)

Table 4-5: Comprehensive Concentrate Analysis (Domain Composites)

Element	AM23-31 Cycle 5 4CC	Element	AM16-64 Cycle 5 4CC
Zn(%)	52.4	MgO(%)	0.11
WSZn(ppm)	1338	Mn(%)	0.07
Ag(ppm)	197	Mo(ppm)	175
Al2O3(%)	0.83	Ni(%)	0.06
As(%)	<0.01	P2O5(%)	0.07
BaO(%)	<0.01	Pb(%)	3.14
Be (ppm)	<5	Rb(%)	0.002
Bi(%)	0.005	S(%)	26.7
C(%)	4.86	Sb(ppm)	9.3
CaO(%)	0.09	Se(ppm)	25
Cd(ppm)	970	SiO2(%)	7.78
Cl(ppm)	480	Sn(%)	<0.01
Co(%)	0.003	Sr(%)	0.001
Cr(%)	0.1	Te(ppm)	0.2
Cu(%)	0.5	Th(ppm)	<2
F(ppm)	170	TiO2(%)	0.04
Fe(%)	1.53	U(%)	0.002
Ge(ppm)	2	V(%)	0.003
Hg(ppm)	13.7	Y (ppm)	8
K2O(%)	0.24	Zr(%)	0.003
Li (ppm)	30		

(Source: Metallurgical testwork on the Century Tailings Project, report AM0023, Auralia Metallurgy, December 2017. Note the second column is incorrectly titled in the testwork report and is still sample AM23-31 Cycle 5)

The locked cycle testing showed that the concentrate was saleable, with grades > 50% Zn, > 200 g/t Ag (i.e. well over the minimum payable level of 3 oz (93.3 g), sulphur within the target band and no significant concerns with most impurities that incur penalties such as; iron which was low, manganese which was very low, cobalt or magnesium/ calcium, or for deleterious elements at levels that exceed Chinese importation limits (e.g. arsenic, cadmium and mercury). The lead was marginally high (1.9%), where normally 3% or lower is the target before modest penalties apply but is not a major concern.

The exception was the silica grade which was elevated, ranging between 7.0% and 9.2%, which is above the normal penalisable level of 5%. Penalties are typically USD1.50/t for each 1% typically over 5% SiO_2. Some individual tests exceeded 9% and the silica grade versus zinc grade relationship shown in Figure 4-1 shows at 51.5% Zn, the concentrate silica grade is above the typical range maximum of 7.5% and at the absolute maximum in the Nyrstar contract of 8.0%. At the minimum zinc grade of 51% it exceeds it and as a result presents the biggest risk to the product saleability. At these levels, the NCZ concentrates would be blended in most smelters with low silica grade zinc concentrates to manage these levels and silica terms would be negotiable if other deleterious elements are low.

While the offtake agreements provide a good level of confidence that the zinc concentrate is saleable, based on SRK's previous experience, this still leaves some uncertainty in the terms, particularly as the current set of locked cycle testwork results for each domain shows some products with grades outside the specifications provided to the smelters, particularly silica. NCZ completed a pilot scale testwork program at ALS Ammtec in Perth at the end of March 2018 to demonstrate metallurgical recoveries and generate sufficient concentrate for potential customer assessment purposes. NCZ have advised in an interim internal technical memorandum that concentrate silica grades from this work are below the locked cycle testing values, and nominally below 7% at a zinc grade in the proposed range. The interim findings also suggest that the concentrate zinc grade in the domain composites could be maintained above 50% at steady state operation. Once fully reported, this will provide supporting evidence of the expected product grade range. SRK recommends this work be reviewed and compared against the offtake agreements once the full results are available. SRK recommend specific consideration of zinc, silica, lead, total and organic carbon, and silver be made based on the findings and variability observed.

Concentrate moisture is modelled at 10% w/w after thickening, filtration and rotary drying at the port. The expectation is that it will in fact be produced at between 6% and 9% as per historic operations. In SRK's opinion, the product will be marginally finer due to some additional fine grinding, however approximately 50% of the product is supposedly achieved through the flotation of the existing <9 µm material, with the remainder from coarser material that will be ground to the typical product size, therefore SRK accepts it shouldn't be significantly finer (i.e. should not be more difficult to dewater). In addition to this, SRK notes there will be excess filtration and rotary dryer capacity available (i.e. lower concentrate tonnage) and moisture is always ultimately constrained by the Transportable Moisture Limit (TML). SRK does not see a significant risk to a higher concentrate moisture. This will be further supported by the March 2018 piloting testwork which will include thickening and filtration tests on the feed and products.

Even with ongoing optimisation of flotation, SRK consider there to be challenges in maintaining a consistent concentrate grade and expect there to be variability in the Century Tailings Deposit but expect that a minimum concentrate grade above 50% Zinc can be achieved. In the worst case, a small drop in recovery could be made as a trade-off for marginally higher zinc concentrate grades.

In SRK's opinion, and based on the offtake agreement terms, there is a good level of confidence in respect to:

- The saleability of the zinc concentrate (subject to confirmation of silica grades in piloting tests);
- Favourable terms being available for the full zinc concentrate offtake for the first three years;
- Standard penalties have been proposed, including for silica (SiO_2) and the combined halides (fluorine and chlorine) and in some cases 'spot like' contract penalties have been applied during the first years of production; and
- Concentrate importation limits into China of 0.6% As, 0.3% Cd and 0.06% Hg, will not be exceeded.

The independent market and marketing studies supports this view.

There may be some concentrates where the lead grade is at penalisable levels and while there are no penalties or upper limits imposed by NCZ's offtake partners for organic carbon content as per historical offtake contracts at the mine (4.0%), significantly higher levels than those proposed 3.0 – 5.0%) will potentially result in some renegotiation of terms. SRK noted that some of the carbon was not pacified during flotation testing and was reporting to the cleaner circuit as would be expected based on the flowsheet and regrinding. SRK would also recommend that the organic carbon content be determined

in the pilot plant product comprehensive assay as normally this would report to the pre-float and lead flotation circuits that would normally precede the zinc circuit but is not incorporated into the Century tailings flowsheet.

While the use of the proposed offtake terms in the Feasibility Study financial model was a reasonable assumption for the first three years of production, SRK now consider that the actual offtake agreement terms be incorporated into the model, with a lower zinc grade in concentrate resulting in the minimum zinc payability deduction of 8%. After the first three years, it is recommended that longer term treatment charges (TCs) are adopted to reflect a normalising in the market and allowing for the renegotiation of terms required as presented in Table 8-1. These values are based on the 'Marketing Report for New Century Resources - Final Distribution' in Appendix M of Sedgman (2017), which suggests that longer term there should be for at least silica USD6.41/t and potentially for the combined Cl and F component of another USD9/t based on the Auralia Metallurgy report from July 2017. The TCs in the longer term should be increased to USD278.50/t as recommended in the same report to reflect typical long-term contracts.

SRK notes that the zinc market is dynamic and that while there is currently a supply deficit and terms favour the seller, this will ultimately be corrected and at the end of the initial 3-year offtake agreement terms, it will be important to have sufficiently high zinc concentrate grades to ensure renegotiation of contract terms is not a risk to the ongoing operation. In the worst case, this could present sales challenges in a heavily oversupplied market although the interim period of three years provides time to optimise the processing circuit and concentrate quality. A key outcome of the piloting work will be to confirm typical concentrate quality.

4.11 Processing Risks

Based on the above sections, in SRK's views, the key processing risks are:

- Lower than forecast zinc (and silver) metal recovery;
- Silica grades in concentrate;
- Lower than forecast zinc grade in concentrate;
- Additional emergent refurbishment requirements once work has been initiated or during early operations, resulting in a modest increase in the capital cost;
- Potentially higher fine grinding energy requirements;
- A modest delay in the completion of the Phase 1 plant refurbishment;
- Minor equipment bottlenecks when ramping up from 7.5 Mtpa to 15 Mtpa;
- Allowance for throughput and recovery ramp-up; and
- If there was a significantly lower throughput, there would be an increase in the operating costs of the operation, as a result of the fixed operating costs.

SRK have made recommendations to the financial model (Section 8) that will address these risks. SRK considered it prudent to further test these processing sensitivities to assess the robustness of the financial model.

5 Infrastructure

5.1 Summary

There is substantial infrastructure at the Century Zinc mine and port which was adequate to support the previous operation. In SRK's opinion, it is well suited to the proposed restarting of operations to pro0cess the Century Tailings Deposit. The sale of surplus infrastructure presents an opportunity to raise cash for NCZ. This includes surplus accommodation village 'dongas', administration buildings, the concrete batch plant, light, heavy and maintenance vehicles, and potentially part of the mining fleet.

The key existing infrastructure, for the proposed Project, is summarised below, including any minor refurbishment and/ or upgrade requirements. Much of which is in use, albeit currently in a reduced capacity.

In SRK's opinion, no significant issues or required costs are apparent and the infrastructure does not present any significant risk to the Project restart.

5.2 Airstrip

The existing sealed, all weather airstrip is operational. The supporting infrastructure includes a modest passenger waiting area, recently remarked and some runway skirt repairs. The airstrip is CASA registered and has been recently recertified for larger aircraft that have historically serviced the mine, e.g. Fokker 100 planes which are currently using this facility during the refurbishment works.

5.3 Roads

Access to site is via a marked, dual lane, all-weather internal sealed road which is in good condition. It is capable of meeting the general logistics requirements and delivery of heavy equipment as evidenced by the previous operation.

The existing infrastructure also includes an internal network of sealed and unsealed roads which are in good condition and operable. No significant issues or required costs apparent. It is capable of meeting the requirements of the restarted project as evidenced by previous operation. Minor road maintenance works are captured in the operating costs.

5.4 Accommodation Village

The accommodation village is currently in partial use. It includes 700 rooms, kitchen and dining, washing, recreational and ablution facilities. At the time of the visit, around 91 rooms were operable and/ or immediately serviceable with more in the process of being refurbished at the time and it is understood that 275 rooms are now available as of March 2018 with sewage and potable water facility upgrades completed. Even during peak manning during the refurbishment and modifications to the plant, the accommodation village facilities will be excess to requirements. Whilst becoming dated, the facilities are established, comfortable and in good for their age. In SRK's opinion, no significant issues or required costs are apparent. A capital allowance of AUD1.75M, incurred in three stages, has been made for this work.

5.5 Communications and IT

Telstra fibre optic cable is connected to the site and capable of servicing the operational IT and communications requirements. Some upgrades to IT equipment, computers, servers, WIFI systems, etc will be required. No critical issues have been identified.

5.6 Vehicles

There is an extensive fleet of light, heavy, maintenance and general utility vehicles existing on site. They are owned by NCZ, i.e. are not leased. This fleet is largely operable, and some of which will be surplus to requirements. The sale of redundant equipment before the values depreciate further and to save on maintenance costs presents an opportunity to NCZ.

5.7 Site Buildings

There are extensive site buildings include administration, technical offices, mining buildings, workshops, warehouses, training facilities and a large laboratory. Some of this is currently being used in a reduced capacity. Others would be surplus to requirements even for the restarted Project. Clean up and maintenance is required, as well as some refit-out but is not considered to be a considerable work required.

5.8 Power

Electrical power is provided by an existing high voltage (220 kV) line connected to Queensland's North-West Power System (NWPS) grid. A transformer yard and substation are located on site from where power is distributed by 11 kV overhead transmission lines around the site. These lines have been operational until recently and the condition of the incoming lines is expected to be good. The electrical distribution system on site while under care and maintenance, is not energised but should still be relatively low cost to return to service. The demand will be lower than in historic operations therefore there is sufficient capacity in the system.

The power will be provided by independent providers using this existing infrastructure. The power will largely be generated by two combined cycle gas turbine (CCGT) power stations located in Mt Isa.

Natural gas is used for the Lawn Hill site (including accommodation village and infrastructure) power generation. This is supplied through the Carpentaria Gas Pipeline (CGP). There is sufficient capacity on this line to meet the NCZ demands. Key issues are getting contracts in place for natural gas, gas compression and transmission (since executed with Santos), electrical power generation and electrical transmission to site (since executed with Ergon Energy).

Repairs are required to the main HV line to site which would be undertaken by Ergon, the owner of this infrastructure. The contractual and refurbishment requirements will be close to critical path so needs to be progressed quickly. Power to site is a critical element to the project but it appears in hand.

The port facilities are powered from the town's diesel fired generators. The existing port power infrastructure is sufficient for the restarted operation.

The existing electrical power supply and distribution is not considered a risk to the Project. An additional 11 kV overhead powerline and substation is required for the hydraulic mining. This is captured in the capital cost estimate. A capital cost allowance of AUD2.2M has been made for Ergon to return the main HV lines to service. NCZ consider this allowance as being conservative but it remains an allowance rather than be a detailed cost estimate therefore there is some risk that the scope and cost could increase.

5.9 Water

The water demand for the tailings reclaim operation will be high, particularly at the full capacity of 15 Mtpa. NCZ plan to restart operations using the existing Evaporation Pond dam water and wet season rainfall. Future demand may need a restart of the original borefield. At face value, there appears to be adequate water from the evaporation pond, pit and sedimentation dams with additional redundancy options available from the eastern and western borefields and better rainfall diversion management. Water quality is important to flotation performance.

5.10 Slurry Pipeline

An underground slurry pipeline is used to transfer the final concentrate from site to the port at Karumba, a distance of 304 km. It could not be inspected as part of the site visits but discussions with NCZ suggest that the appropriate maintenance work has been done, the line thickness and pressure rating has been tested, with three stages of 'pigging' undertaken to ensure the line is clear and cameras are being run through the pipe as a final inspection of the liner. This refurbishment and recommissioning work has been awarded to Ausenco Management Pty Ltd and is progressing. No significant issues have been identified.

5.11 Port

The port capacity is designed for a much higher concentrate production rate twice that of the historic rate therefore port capacity is not considered to be a risk. Part of the plant is currently operating (water treatment) and the storage shed was recently re-sheeted and major structural steel replaced at significant cost. The self-propelled barge (the Wunma) is wet docked in Papua New Guinea (to save costs) but has been recently inspected and the condition report has been issued. It may need some refitting before returning to operations, but these costs have been incorporated into the operating costs. Some work will be required in the filtration shed to service the filters and bring them back to service but is not considered by SRK to be a risk to the Project restart. This has been included in Sedgman's capital cost estimate.

Dredging is required on the Norman River from the barge jetty to deeper water to the southeast corner of the Gulf, but no other major concerns have been identified. The river dredging is an additional significant cost. The financial model allows for AUD2.5M per year for this task under the sustaining capital.

NCZ suggested that the water treatment facility at the port could be used to remove (recover) additional soluble zinc from the process water as a secondary source of zinc. SRK suggests that the capacity will not be sufficient in the long-term. This would require additional capital at the plant which is captured in the Phase 2 cost estimate.

5.12 Other

There is other infrastructure such as fencing and security, sewerage, laydown yards and storage facilities typical of Australian mineral processing facilities and is suited to the restarted Project.

6 Environmental Rehabilitation and Closure Liability

6.1 QLD Government Security Bond

A Financial Assurance Estimate of AUD193M is in place for the operation to provide for site rehabilitation and closure in the event of the Environmental Authority Holder going into default.

The estimate does include:

- a 20% discount (10% for Environmental Performance and 10% for Waste Disposal).
- the removal of the product pipeline to Karumba and the Karumba Port Facility or areas disturbed by exploration (roads, drill pads, sumps, unsealed boreholes) activities under the Exploration Permit Minerals.

The equity required to secure the Financial Assurance Bond Guarantee from the Bank of China has been provided by MMG as has the 1.3% per annum bond fee.

The MMG equity portion is to be replaced by New Century at 40% of EBITDA.

A review of the QLD Mining Regulations may result in the Bank Guaranteed Security Bond not being required after 1 July 2018. After this period a 1-2.5% FA value bond fee may be payable to QLD Treasury.

6.2 Actual Closure Liability

SRK considers that the QLD Government Financial Assurance Estimate, lacks sufficient supporting information as a basis for the estimate and a potential investor should be aware that the estimate is likely to vary. SRK does not have sufficient information, and it is beyond the scope of this report, SRK to provide an accurate revised estimate.

SRK recommends that NCZ consider re-estimating the rehabilitation and closure cost exposure for the entire asset for the entire asset (including mine, camp, site closure pre- and post the tailings mining) based on NCZ's proposed operating plan.

6.3 Environmental Approvals

Low Risk – An EA Amendment for the Tailings Re-mining, Processing and Pit Deposition of Waste has been processed by the regulator and approvals are in place.

6.4 Environmental Compliance

Low Risk – In last 5 years a water discharge Environmental Authority non-compliance regarding the overflow of water from sediment dams to Page Creek following significant rainfall has occurred. Enforcement action from DEHP was threatened. Since this time upgrades to the water management system have been undertaken at site to prevent re-occurrence and mitigate this risk.

No other material non-compliances with Environmental Approval documents have occurred to the best of SRK's knowledge.

6.5 Water and Power Security

Power

Low Risk – Gas, Generation and Transmission Contracts are being negotiated for the project and the 9-month lead time integrates with the project ramp up period. The electrical transmission and gas supply agreement is in place and temporary diesel fired generators have been installed for plant upgrades and commissioning.

Water

Low Risk – Adequate water is available for the operations. Water will be sourced from the Evaporation Dam, Rainfall Run-off and site bore fields. Water licences are in-place for this water take.

7 Capital and Operating Cost Assumptions

7.1 Mining

7.1.1 Capital Costs

The hydraulic mining task will be contracted to a specialised company to undertake a Build-Own-Operate-Transfer (BOOT) model, therefore the capital costs corresponding to mining have been transferred to the operating cost estimate. However, the estimated capital cost is presented separately in the Feasibility Study for evaluation.

Costs allowed for include water collection system, hydraulic monitors, slurry pumps and sumps, slurry screening and electric generation. The total amount estimated for hydraulic mining is AUD22.4M.

SRK has reviewed the basis of the capital cost estimation and the estimation method; SRK is satisfied with the level of detail of the work breakdown system (WBS) used, and the list of equipment needed to accomplish the hydraulic mining task as per the mining plan.

SRK considers that costs estimated by Sedgman corresponds to a Feasibility level of study accuracy.

NCZ executed a contract for hydraulic mining equipment and services in Q1 2018 with a joint venture (JV) between National Pump & Energy Ltd (NPE) and Paragon Tailings Pty Ltd. SRK have not reviewed the contract and has not updated the Feasibility Study capital and operating cost to reflect the contract, but consider the choice of JV to be an appropriate selection.

7.1.2 Operating Costs

The Operating Cost estimates prepared by Sedgman have been developed to support the feasibility study at a steady-state throughput rate of 15 Mtpa. The operating costs for hydraulic mining includes costs to deliver the slurry to the plant. Costs have been estimated using first principles, Sedgman database values and NCZ direction for electrical power and water related costs. The estimate does not incorporate contingency, with the accuracy of the estimate reported to be within ± 15% with a base date of Q4, 2017.

The mining equipment includes equipment leasing costs, with these costs obtained from a capital cost estimation with an assumed zero residual value and a post-tax of 12%. The operating costs have been estimated considering a ramp-up (for the lease value) corresponding to Phase 1 and Phase 2.

An overall mining and slurry delivery cost of AUD2.58/t of tailings feed was estimated. It benchmarks well with other similar projects quoted by SRK with a specialised contractor (Fraser Alexander Tailings), which are around AUD2.66/t at throughputs around 8-12 Mtpa.

7.2 Processing

7.2.1 Capital Costs

A capital cost estimate for the engineering and design, refurbishment, modifications and upgrade of the existing Century Zinc processing facility, port and supporting infrastructure has been developed by Sedgman (2017) at a feasibility level of study accuracy. The cost estimate accounts for the brownfields project (existing) elements that support the significant cost reductions from that of an equivalent greenfield's project. Sedgman (2017) used conventional engineering practices to develop these costs.

The capital cost for hydraulic mining is based on a Build-Own-Operate-Transfer (BOOT) model and are therefore incorporated into the operating costs however have been reported by NCZ for transparency.

Capital is to be spent in two phases to allow capital expenditure to be minimised for Phase 1 of production. It is largely focused on the refurbishment of the existing plant and modifications to the flowsheet using identified and provisional costs from the condition assessment made by Sedgman (2017). The second phase of work is to upgrade the capacity of the plant through the addition of a tailings thickener, flotation cells and additional regrind capacity along with the completion of the plant modifications including piping and pumping requirements.

The capital cost estimate to complete the Phase 1 Project development including all plant and infrastructure direct and indirect costs is reported at AUD50M. Phase 2 works is estimated at AUD54M, a total of AUD104M. The estimate has a reported accuracy of +/ -15% with a base date of October 2017. This accuracy is in line with AusIMM cost estimation guidelines for a feasibility level of study. No escalation is allowed for the Phase 1 work. Escalation is included in Phase 2 works. These costs are summarised in Table 7-1.

The 'Commercial Allowances' are for the airport, camp, electrical power line, pipeline refurbishment and return to service as well as owners costs prior to production start-up and first fills. No contingency allowance is made for this work and SRK considers this a deficiency in the model. In SRK's experience, owner's costs are in some areas, often less detailed than the engineering study and are more susceptible to increases.

A contingency of AUD2.83M is included for Phase 1 work and AUD3.67M in Phase 2. This is 8.0% and 8.5% of the total costs respectively including the direct allowances. Sedgman (2017) has undertaken a risk analysis, undertaken workshops and benchmarked other projects to develop this contingency. It does not include owner's costs or commercial allowances for the NCZ scope of work.

An additional capital cost of AUD8.9M for the 'Soluble Zinc Recovery Plant' is captured in the Project financial model, but not in Table 7-1, or in the FS report capital cost estimate. This has been estimated at a scoping / prefeasibility study level of accuracy, i.e. +/ -30%.

Table 7-1: Tailings Retreatment Plant Capital Cost Summary – Process Plant & Port

Item	Phase 1	Phase 2	Total Cost (AUD)
Feed Preparation	4,940,862	15,181,649	20,122,511
Primary Grinding	25,685	377,504	403,189
Flotation	2,004,155	17,057,232	19,061,387
Dewatering	2,636,752	3,674,220	6,310,972
Hydraulic Mining Water Collection	4,570,641	-	4,570,641
Hydraulic Mining Elec	638,299	-	638,299
Process Plant Refurbishment	9,750,121	1,412,885	11,163,006
Port Refurbishment	2,139,380	-	2,139,380
Total for Direct Costs	**26,705,894**	**37,703,491**	**64,409,384**
EPCM	8,622,003	5,473,223	14,095,226
Total incl. EPCM	**35,327,897**	**43,176,714**	**78,504,610**
Direct Allowances	150,000		150,000
Total including Direct Allowances	**35,477,897**	**43,176,714**	**78,654,610**
Contingency Allowances	2,832,941	3,670,021	6,502,961
Total including Contingency Allowances	**38,310,837**	**46,846,734**	**85,157,571**
Commercial Allowances	14,690,465	7,133,842	21,824,307
Total Cost for Job	**53,001,302**	**53,980,576**	**106,981,879**
Sedgman Deferred Costs	3,000,000		
Total Project Costs	**50,001,302**	**53,980,576**	**106,981,879**

Note: deferred capital costs incorporated into the operating costs. Nominal value only.
(Source: Century Mine Tailings Project Restart Feasibility Study, A820-D01-04010-RT-0001, December 2017)

In SRK's opinion, Sedgman is appropriately placed to provide the engineering estimate for mineral processing projects in Australia, having recently completed studies, but more importantly, having constructed or constructing similar projects including the Woodlawn zinc tailings reprocessing project in NSW, Australia.

SRK has preliminarily reviewed the basis of the capital cost estimation and has reasonable confidence in the base case costs estimated by Sedgman at this level of study.

In respect to the contingency, it is SRK's experience that a more conservative position should be taken on contingency allowances. Particularly given the scale and level of the project, the uncertainties in the equipment condition as the assessment was undertaken without equipment being energised, the potential inability to defer all of the proposed AUD3M into operating costs, to allow for specific exclusions, additional weather delays, foreign exchange variation, scope change, schedule delays, some escalation with a strengthening resource sector and manufacturing costs, and other issues outside the control and current consideration of the Study. In addition to this, the Phase 2 soluble zinc precipitation circuit is currently only estimated at a PFS level of study and is likely in SRK's experience to escalate.

Port dredging, refurbishment of the transhipment, self-propelled barge and port first fills are excluded from the Commercial Allowances. Instead, they are incorporated into the operating costs. It is likely some or the majority of this will be incurred prior to the restart of operations.

Although the methodology used by Sedgman to estimate contingency is superior to using benchmark or industry standard values, because of the potential cost risks described above, additional contingency is considered prudent and financial modelling by a potential lender or investor, should undertake sensitivity analysis to determine the robustness of the project economics to a modest increase in capital costs.

For financial modelling purposes SRK recommends a contingency of 15% as the base case (i.e. instead of 8.0% to 8.5%) and 20% as the stress case. Similarly, a 15% contingency should be applied to the 'Commercial Allowances' (i.e. instead of 0%) as the base case and 20% as a stress case.

SRK notes that in the financial model, the capital costs are assigned evenly over each month of construction. This capital cost estimate and expenditure timing would now have been developed during the FEED work and incorporated into the EPC contract. The updating of these costs and expenditure timing into the Feasibility Study financial model would improve the accuracy of the financial modelling. SRK has not been provided the EPC (and other) contracts for review to further consider capital cost changes since the Feasibility Study was issued.

7.2.2 Sustaining Capital Costs

No general sustaining capital costs have been assigned for the plant and infrastructure in the financial model. There is a line item for sustaining capital, but it is for an annual dredging cost of AUD2.5M and a one-off 'Docking' (upgrade) cost of AUD6M in year 2021.

In SRK's opinion, new projects often overlook or underestimate sustaining capital in their modelling. Reasons often cited for low or no sustaining capital allowances include good quality water; the proposed use of advanced asset management software; preventative maintenance using planners and dedicated reliability engineers; the new condition of the equipment and/ or a short LOM. SRK agrees that these justifications and maintenance philosophies, if adopted and effectively implemented, will benefit the sustaining capital cost allowance; however, sustaining capital is always incurred. It will be necessary to replace some mechanical equipment, make additional unplanned modifications, undertake unplanned refurbishment of equipment and sustain the overall plant condition over this period, maintain roads and the camp, in addition to other costs.

SRK recommends that for financial modelling purposes, an allowance is made for sustaining mechanical equipment, modifications or replacement and other unforeseen costs. SRK would normally recommend the use of historic costs as a basis, but NCZ would then reduce this for something more aligned with a smaller operator and to account for no crushing requirements and much reduced primary grinding demands. Still, it will not be negligible for a plant of this size and it needs to be incorporated into the modelling.

At this level of study, sustaining capital is often either benchmarked from other operations, estimated on a AUD/t basis or factored from a percentage of capital costs over the LoM or a percentage of the mechanical equipment replacement. Using a combination of these rules of thumb but considering the specific Century Plant and proposed operation, SRK recommends a sustaining capital allowance of AUD2.5M/ annum, incurred for the first full year after production starts and then for the remainder of the LoM, except for the final 6 months of production. SRK would still consider this at the low end of the typical operating range for a plant of this size.

SRK recommends that the sustaining capital be increased to AUD4M/ annum as a stress case for any sensitivity analysis financial evaluation.

7.2.3 Operating Costs

Sedgman (2017) developed an operating cost estimate to support the Feasibility Study at a throughput rate of 15 Mtpa. It has been broken into fixed and variable cost components, so it can be applied to the Phase 1 production over the first year. The cost incorporates head office and site costs, administration, hydraulic mining, processing, dewatering and transhipment costs. It was built up using first principles, Sedgman database values and NCZ direction for electrical power and reagent costs. The estimate does not incorporate contingency, with the accuracy of the estimate reported to be within ± 15% with a base date of Q4, 2017. All values are expressed in Australian Dollars (AUD). SRK notes that Sedgman (2017) included a 4% to 5 % contingency in the original estimate, but this was removed for reporting and financial modelling purposes. SRK notes that operating cost contingency is typically excluded in studies, but considers its inclusion as well considered and good practice.

An overall processing cost of AUD14.01/t of tailings feed was estimated for hydraulic mining, processing, pipeline slurry transfer, port dewatering, storage and loading, transhipment (on the 'Wunma' barge) and facilities management. A summary of the operating cost is presented below in Table 7-2.

Table 7-2: Processing Operating Cost Estimate Summary

Item	Hydraulic Mining AUD/t Tailings	Processing Plant AUD/t Tailings	Pipeline AUD/t Tailings	Karumba Port AUD/t Tailings	Wunma AUD/t Tailings	Facilities Management AUD/t Tailings	Totals AUD/t Tailings
Labour	0.72	0.82	0.00	0.50	0.28	0.21	2.52
Maintenance	0.18	0.63	0.05	0.10	0.17	0.00	1.13
Consumables	0.01	3.79	0.00	0.26	0.08	0.00	4.14
Mobile Equipment	0.02	0.03	0.00	0.00	0.00	0.00	0.06
Power	0.71	3.92	0.00	0.35	0.00	0.00	4.98
G&A	0.05	0.06	0.00	0.02	0.04	0.06	0.23
Equipment Leasing	0.87						0.87
Environmental Mgt & Compliance	0.02	0.04	0.00	0.02	0.00	0.00	0.08
Total	**2.58**	**9.29**	**0.05**	**1.25**	**0.57**	**0.27**	**14.01**

Source: Century Mine Tailings Project Restart Feasibility Study, A820-D01-04010-RT-0001, December 2017

The process operating cost includes electrical power, reagents, consumables and grinding media, labour, wear materials, maintenance, mobile equipment and the laboratory. Reagents, consumables, grinding media and electrical power make up the majority of the overall processing costs. The process operating costs were AUD9.29/t at a throughput of 15 Mtpa. The annual steady state throughput is 14.5 Mtpa, so the annual financial model processing operating cost is AUD9.77/t at this production rate.

The LoM processing plant cost of AUD10.31/t used in the financial model is higher as it considers the first two years of ramp-up and final year of ramp down.

Reagents, grinding media and wear consumption are based on testwork. Unit costs for wear items were provided by reputable suppliers. Power demand is based on the electrical load list, with the installed power modified by applying load and operating factors as per normal practice. Unit power consumption of AUD0.19/kWh at Lawn Hill has been used, built up using gas, transmission and generation costs, and AUD0.27/kWh at the Karumba port as it is remote and diesel fired. Labour costs are based on a head count for each area and the Hays 2017 Salary guide for wages, with flights, accommodation and on costs (17.5%) built in. Maintenance costs are factored based on the installed capital costs for each area and past experience. G&A is broken down into typical categories and picks up typical costs. SRK have not reviewed the operating costs to reflect any recent updates including

the execution of a long-term gas supply agreement (GSA) with Santos Ltd for the supply of gas direct to Mt Isa power generation facilities.

In SRK's opinion, the basis and development of the process operating cost estimate follows a conventional and sound methodology and meets the expectations of a feasibility level of study. The actual costs are considered by SRK to be reasonable. They benefit from the large scale of the operation, as well as the lower power and comminution costs due to the processing of fine tailings. There is potential for some increases in the key process operating cost variables. This could include a strengthening in the mining labour market (salaries may increase as well as the operator roster may need to change from the proposed 14/7 to 9/5), medium term increases in fuel prices, foreign exchange impacts on the reagent and grinding media costs as a few examples. The maintenance cost allowance is also considered to be at the low end of the likely range, particularly given the plant is coming out of a period in C&M. In SRK's opinion a contingency allowance of 10% should be applied.

Further to this, SRK recommends a ramp-up in the operating costs, although this is partly accounted for in the fixed versus variable operating costs, it also ensure the robustness of the financial model is tested.

- Month 1–6: +50%
- Month 7-12: +25%
- Month 13–18: +10%
- Month 19–24: +5%.

The concentrate slurry piping and transhipment costs are captured in the overall port costs. The sea freight, once loaded, is estimated at USD19.50 per wet metric tonne. This is approximately AUD28.90/dry tonne. The basis of these costs was provided to SRK and are considered to be reasonable for the current market. They assume 50,000 t ships and a 4,279 metric tonne loading rate which requires dredging of the Norman River – the cost of which is included in the capital estimate, and specific costs have been provided from Braemer Shipping Services and in turn, two Korean shipping lines. These costs were current in October 2017 but in the longer term could escalate.

8 Financial Model Assumptions

The recommended adjustments for a potential financier to consider applying to the Restart Feasibility Study input assumptions are provided in Table 8-1. The proposed values test the robustness of the Project and assess the risk.

SRK notes that these provide some conservatism and accepts that NCZ may not want to incorporate these into their assumptions.

Table 8-1: New Century Zinc Project Financial Model Input SRK Recommendations

Phase One

Variable	NCZ Base Case	SRK Base Case	SRK Stress Case	Basis
Mill Throughput (Phase 1)	7.5 Mtpa	7.5 Mtpa	7 Mtpa	Annualised based on the peak monthly throughput in the first 12 months of operation including ramp up. Design is for peak throughput of 8 Mtpa.
Schedule (Phase 1 - First Feed)	10 August 2018	+4 weeks	+8 weeks	NCZ base date in the Feasibility Study was the 1 August 2018. The current EPC schedule as of the 23 April 2018 shows first feed on the 10 August 2018. +10% contingency allowance for base case.
Ramp-up (Phase 1 throughput)	15% Month 1 60% Month 2 100% Month 3	15% Month 1 60% Month 2 90% Month 3 100% Month 4		Allowance only
Capital Cost (Phase 1) Contingency	8%	15%	20%	AusIMM Cost Estimation Handbook and additional risks considered by SRK. This is the FS cost, it is not updated for the EPC costs.
Metallurgical Recovery (Zn)	62.5%	60.0%	55%	Adjusted for feed grade/ concentrate grade and recovery relationship and -2% for scale-up for base case.
Concentrate Grade (Zn)	51.0 – 54.5%	51.0%	50.0%	Concentrate grade to reflect average Domain sample locked cycle testing and revised range provided to customers, stress case to reflect minimum target grade (recovery then dropped to achieve this). 52% reflects the financial model, 51% reflects the revised range provided to customers, 50% stress case reflects the point that recovery would be reduced to meet target product specification.
Concentrate Impurities (silica)	5.0 – 7.5%	7.0 – 8.5%	9.5%	Base case is the specification provided to customers for offtake agreements. SRK revised range is based on maintaining a product grade of 51% Zn and locked cycle testing. Stress case reflects a 50% Zn concentrate based on locked cycle flotation testing. Piloting is understood to have demonstrated lower silica grades than in locked cycle testing but has not yet been reported so this may be worst case.
Metallurgical Recovery (Zn) Ramp-up (Phase 1)	-	75% Quarter 1 85% Quarter 2 90% Quarter 3 95% Quarter 4 100% Quarter 5		Allowance only

Metallurgical Recovery (Ag)	56%	54%	50%	Testwork values accepted, with a recommended deduction of 2% for scale-up for base case
Process Operating Cost (15 Mtpa)	AUD9.29/t feed	+10% (+ ramp-up)	+15% (+ ramp-up)	Risks to increasing cost
Payable Zn	85% (minimum -8% abs)	85% (minimum -8% abs)		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.
Payable Ag	70% after a 3 oz deduction	70% after a 3 oz deduction		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.
Treatment Charges (Spot market terms / first 3 years)	USD75/t	USD75/t		Typical Industry benchmarks, NCZ marketing study, offtake agreement terms currently in place.

Phase Two

Mill Throughput (Phase 2)	14.5 Mtpa	14.5 Mtpa	13 Mtpa	Annualised based on peak monthly throughput in first 12 months of operation including ramp up. Design is for peak throughput of 15Mtpa, average annual throughput is 14.5Mtpa allowing for wet season, 13Mtpa stress case is based on hydraulic mining downside.
Schedule (Phase 2)	1 August 2019	1 August 2019	-	
Ramp-up (Phase 2 throughput)	35% Month 1 50% Month 2 100% Month 3	35% Month 1 50% Month 2 75% Month 3 90% Month 4 100% Month 5		Allowance only
Sustaining Process Capital (Plant and Infrastructure)	0	AUD2.5M/ annum	AUD4.0M/ annum	Historical expenditure not available. SRK expects NCZ would operate with 'leaner' costs than the previous owner. Values are based on rough benchmarking and also with a view to the current plant condition.
Capital Cost (Phase 2) Contingency	8.5%	15%	20%	AusIMM Cost Estimation Handbook and additional risks considered by SRK

Sales Costs

Treatment Charges (Long-term agreement terms / post 3 years)	USD75/t	USD278.50/t		NCZ marketing study by Cliveden Trading AG assuming the long-term average Zn price of USD2700/t.
Penalties (Spot and long-term agreement terms / post 3 years)	USD0/t	USD15.41/t	USD20/t	Typical Industry benchmarks, NCZ marketing study and customer offtake terms allowing for USD1.50/t per 1% silica > 5% and allow for potential halide penalty.
Zn Concentrate Sea Freight	USD19.50 / wet metric tonne	+10%	+20%	Excludes port, loading and transhipment costs.

9 Risk Assessment

In SRK's opinion, the key risk with the Century Tailings Deposit retreatment project is in the ability to consistently produce a saleable concentrate, however it considers the zinc concentrate to be saleable based on the collective testwork including the interim piloting results and the offtake contracts in place. The operation also has the option to maintain saleable quality concentrate during operations by continued adjustment to both reprocessed tailings throughput and overall recoveries.

The bench scale (flotation) testwork has clearly demonstrated that a zinc concentrate can be floated from the existing tailings, albeit it with a range of possible outcomes in terms of metallurgical recovery and zinc grade (and impurities) in the concentrate. The recently (April 2018) completed pilot plant program is expected to provide further confidence in the product specification, particularly the zinc, silica and organic carbon grades and the corresponding recoveries at those grades. These piloting results have not been formally reported but the interim findings reviewed by SRK demonstrate that at a zinc grade of 50%, the silica has been maintained well below 7% and does not present a risk to saleability under the executed offtake agreements.

Based on the interim report, from ALS Metallurgy (ALS) titled Century Tailings Pilot Scale Flotations Testing, ALS project A18340, SRK considers that the recently completed pilot plant program has demonstrated the efficiency and practicalities of consistently producing a saleable concentrate. Once the piloting and associated vendor testwork is fully reported, the results should be reviewed against the engineering design to verify fine grinding, dewatering and flotation residence time allowances.

SRK has recommended adjustments to the inputs into the financial modelling be made to reflect the expected range of costs, recoveries, throughputs, concentrate grades and the contract terms, however also notes that the economic modelling used in the Feasibility Study assumes treatment charges well in excess of those proposed within the executed offtake contracts.