

September 2019 Quarter Operational Results: Century operations again deliver record metal production and a further significant operating cost reduction

Highlights

- Achieved September 2019 quarter guidance: delivering 26,171t zinc metal production & C1 costs of US\$1.00/lb (payable metal, inc. treatment charges)
- Century operations have again produced significant quarter-on-quarter improvements, which for the September 2019 quarter totalled a 28% increase in zinc metal production and a 18% decrease in C1 costs
- Operations achieved a strong quarterly exit rate, with the cleaner circuit upgrade delivering record performance across all production parameters for the full month of September, including:
 - 10,013t zinc metal production;
 - C1 costs of US\$0.91/lb payable metal (inc. treatment charges);
 - average monthly recovery of 52% zinc;
 - a significant improvement in consistency, with operations delivering >50% recoveries for >30 days straight; and
 - average monthly mining rate (annualised basis) of >8Mtpa.
- New Century has achieved consistent quarter-on-quarter C1 cost reductions averaging 15% since operations began (driving towards LOM C1 costs of US\$0.56/lb)
- New Century anticipates continued improvements to metal production, metallurgical recoveries & operating costs in the December 2019 quarter through:
 - continued optimisation of the upgraded cleaner circuit; and
 - the scavenger circuit upgrade coming online (due November 2019).
- New Century maintains cash and receivables of ~\$53M at quarter-end (comprising \$45M cash and ~\$8M in fully contracted concentrate awaiting shipment)
- Capital expenditure program for expansion to 12Mtpa remains on schedule and budget, 55% complete with \$18M ramp up expenditure remaining
- New Century maintains existing December 2019 quarter guidance of 27,000t - 33,000t zinc metal at C1 costs of US\$0.87/lb - US\$0.98/lb

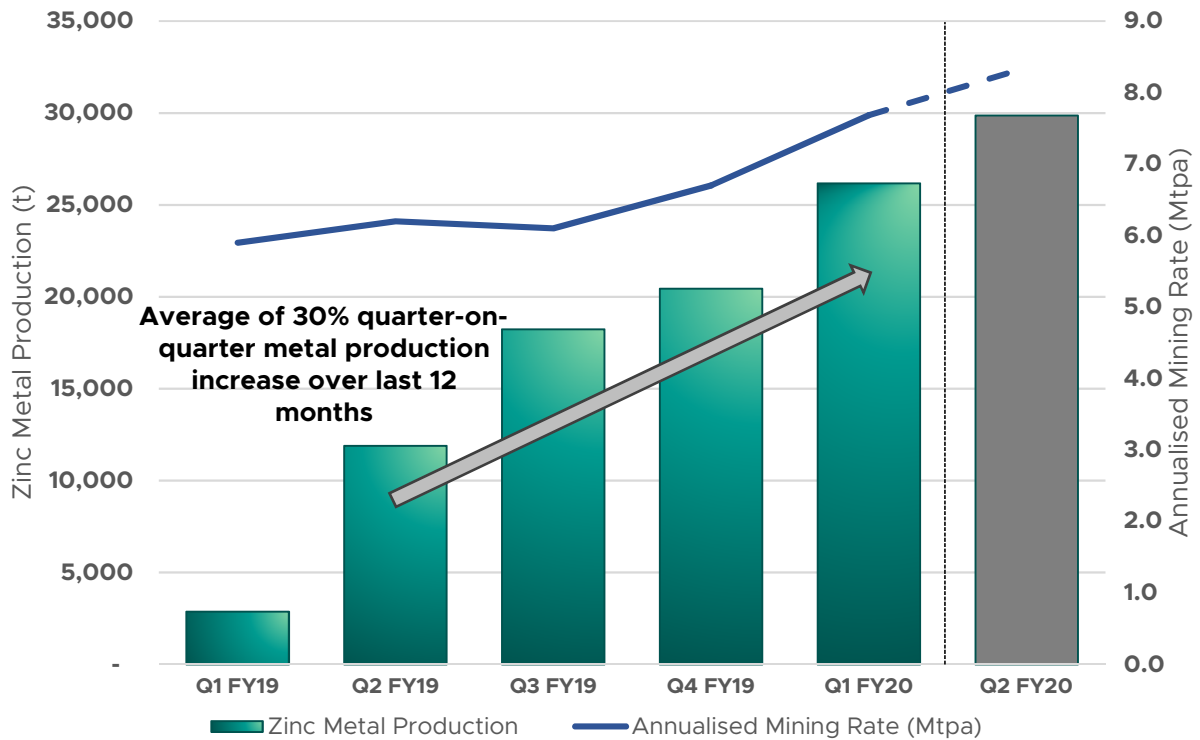


Figure 1: Century's quarterly metal production performance and annualised mining rate
[Q2 FY20 forecast based on scheduled operational ramp up process]

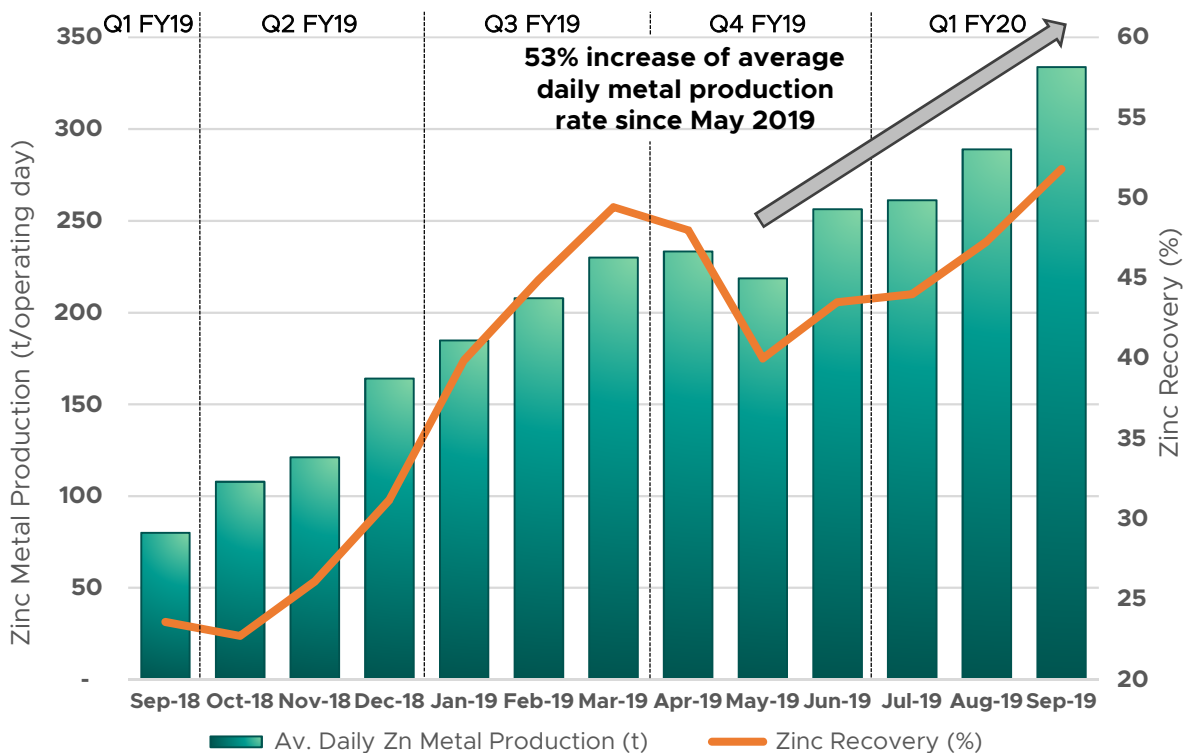


Figure 2: Century's average daily metal production ramp up & monthly zinc recovery trend

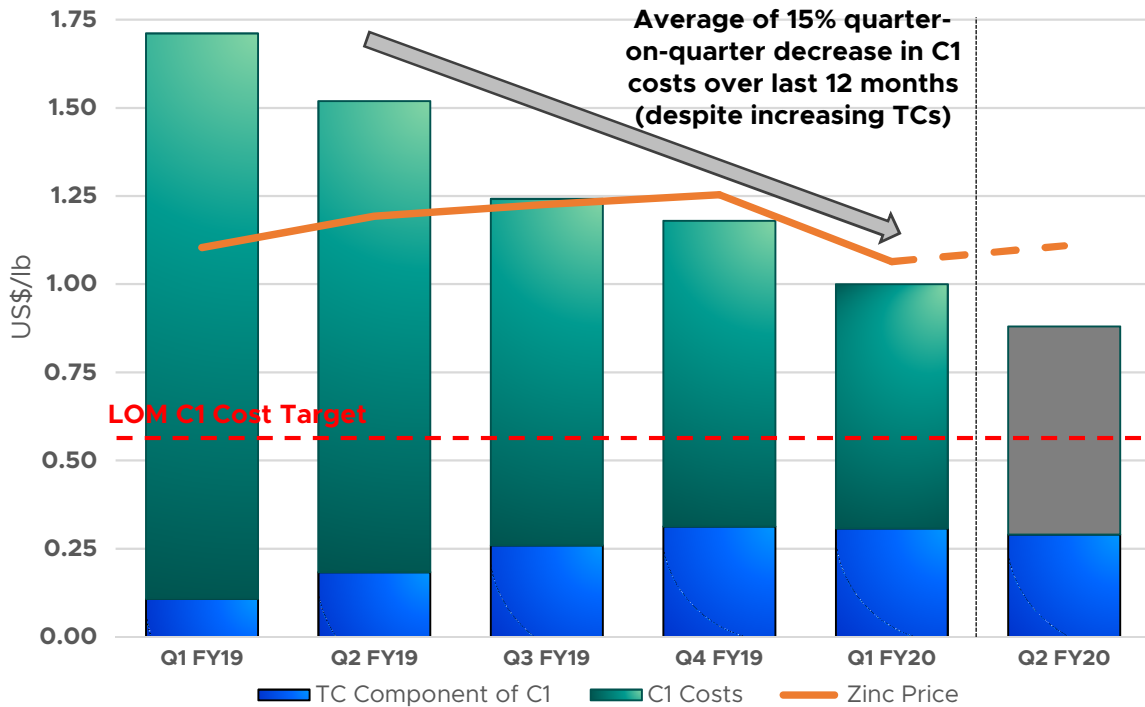


Figure 3: Century’s quarterly C1 cost trend (including TCs) against zinc price

[Q2 FY20 forecast based on scheduled operational ramp up process. Consensus Economics data used for zinc price projection, which utilises the average of 28 investment bank projections]

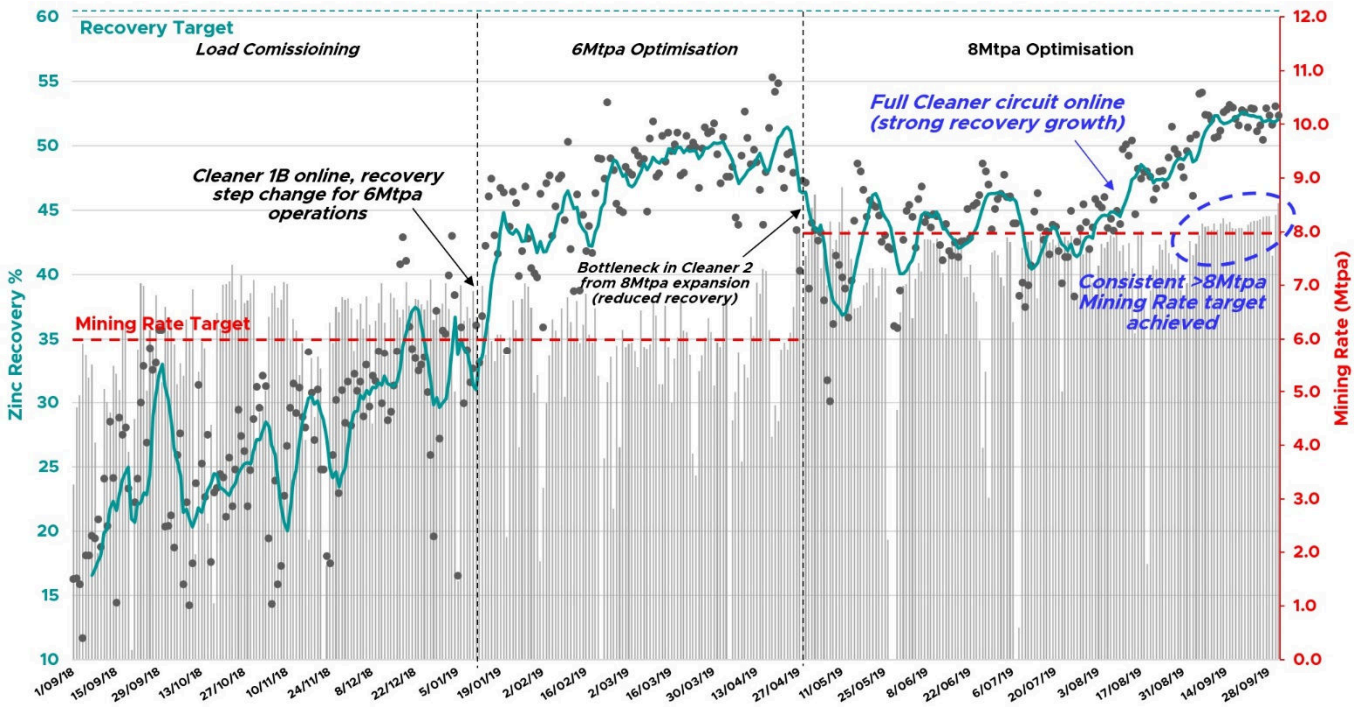


Figure 4: Daily recovery (with 7-day moving average line) & annualised mining rate since start of operations at Century

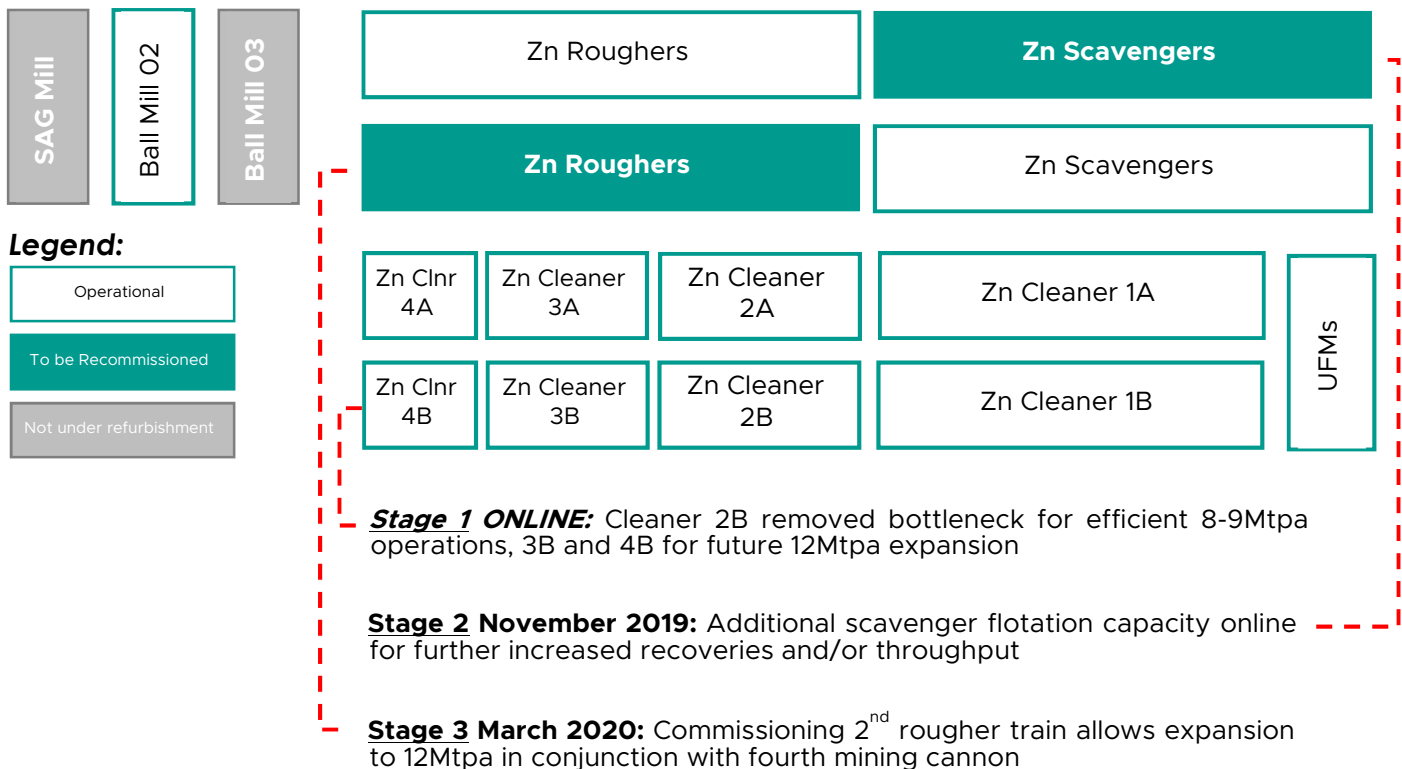


Figure 5: Simplified plant plan view and scheduled refurbishment process for expansion to 12Mtpa operations

New Century Resources Limited (Company or New Century) (ASX:NCZ) is pleased to provide an update on Century production and operational ramp up during the September quarter of 2019.

Operational Performance

Overall zinc metal output increased by 28% during the September quarter, with 26,171t of zinc metal produced in 53,500t of concentrate grading 49.0% zinc (compared to 20,450t zinc metal in 42,500t of concentrate at 48.1% zinc during the March quarter). Silver content of 150g/t in concentrate remained in line with previous quarter.

Focus for the quarter was on delivery of the upgraded cleaner circuit within the processing plant, removing bottlenecks for continued recovery improvement and increasing metal production. The upgrade was delivered on schedule and budget in mid-August, providing a step-change improvement in operational performance for the second half of the September quarter.

The improvements due to this upgrade are particularly evident in the performance during the month of September, which delivered 10,013t of zinc metal at an average recovery of 52% zinc (against an overall quarterly average recovery of 48% zinc).

Importantly, as shown in Figure 4, the consistency of operations has also significantly improved since the implementation of the cleaner circuit upgrade. Operations have achieved a clear reduction in variability since early September, with >50% zinc recovery now achieved for over 30 consecutive days straight. Stability is expected to continue as the ramp up progresses, allowing for the continued optimisation of all production parameters.

Concentrate quality also continues to improve, with zinc grade increasing to a quarterly average of 49.0% (vs June 2019 quarter average 48.1%), again largely due to the cleaner circuit upgrade. As per previous quarters, Century concentrate continues to receive relatively minor impurity penalties and treatment charges that are in-line with current market rates.

From a mining perspective, the overall average mining rate increased 17% quarter-on-quarter (1.87Mt September Q vs 1.60Mt March Q). As shown in Figure 4, stable operation has been achieved in hydraulic mining, at a rate above 8Mtpa during the month of September. This stability has continued into October and the mining rate is now being progressively increased to 9Mtpa over the course of the December quarter.

The average mined grade during the quarter was 2.96% Zn, which continues to reconcile strongly with the Ore Reserve model and mine plan.

	Mining Performance			Processing Performance		
	<i>Mining Rate</i>	<i>Mined Grade</i>	<i>Cannons in Use</i>	<i>Concentrate</i>	<i>Grade</i>	<i>Zinc Metal</i>
Dec 18 Q	1.50Mt	2.95% Zn	2	25,500t	47.0% Zn	12,080t
Mar 19 Q	1.39Mt	2.92% Zn	2	37,500t	48.3% Zn	18,170t
Jun 19 Q	1.60Mt	2.92% Zn	2 (3 rd online May)	42,500t	48.1% Zn	20,450t
Sep 19 Q	1.87Mt	2.96% Zn	3	53,500t	49.0% Zn	26,171t
<i>Q-on-Q Difference</i>	+17%	-	-	+26%	-	+28%

New Century anticipates further improvements to metallurgical recoveries and metal production rates during FY20, through the expansion to 12Mtpa plant capacity. Improvements during the December 2019 quarter are set to be achieved from the continued optimisation of the upgraded cleaner circuit and the implementation of the new scavenger circuit upgrade. See Figure 5 for further details.

Cost Performance

Overall C1 costs for the operations achieved a quarter-on-quarter reduction of 18% for the September quarter to US\$1.00/lb payable zinc metal including treatment charges.

Importantly, the exit rate to the quarter was particularly strong due to the implementation of the cleaner circuit upgrade, with the operations achieving C1 costs for the full month of September of US\$0.91/lb payable zinc metal including treatment charges.

As shown in Figure 3, New Century has now achieved a consistent reduction in C1 costs, averaging ~15% quarter-on-quarter for the last 12 months, despite treatment charges more than doubling during the same period.

New Century anticipates continued reduction in C1 costs during the December quarter, via increased metal production, which provides more efficient utilisation of the fixed cost base of operations (~70% of site costs are fixed and unchanged with increased throughput).

Cash & Capital Expenditure Performance

Full details of cost and cashflow performance will be released at the end of October, as part of the quarterly reports, once financial reconciliation has occurred.

The Company is well progressed on its capital expenditure program for the planned the expansion to 12Mtpa (total \$40M), which is now approximately 55% complete. \$18M in further expenditure is expected to be incurred throughout FY20. Expansion capital allocation remains on budget and schedule.

New Century also expects to incur a further ~\$9M in sustaining capital expenditure in FY20, predominantly associated with the 5 yearly survey of the Company's transshipment vessel, the MV Wunma, and the annual dredging of the Norman River. Sustaining capital allocation remains on budget and schedule.

New Century maintained a total cash and receivables position of ~\$53M as of 30 September 2019, comprising \$45M in cash and ~\$8M in fully contracted zinc concentrate awaiting shipment. The Company's remaining FY20 expansion and sustaining capital is anticipated to be completed utilising existing cash reserves.

Guidance

New Century maintains existing December 2019 quarter guidance of 27,000t - 33,000t zinc metal at C1 costs of US\$0.87/lb - US\$0.98/lb payable zinc metal including treatment charges.

The Company will provide a further operational update at the end of October as part of the release of the full quarterly activities and financial reports.

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