2022

ANNUAL REPORT

NEW CENTURY RESOURCES

NEW CENTURY
RESOURCES

Sustainable resource management driving significant value for the future.

Corporate Governance

New Century Resources' 2022 Corporate Governance Statement was released to ASX on 29 August 2022 and is available on the Company's website. www.newcenturyresources.com

Corporate Directory

Directors

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

Company secretary

Thomas Wilcox

Securities exchange

Australian Securities Exchange: ASX
Code: NCZ

Country of incorporation and domicile

Australia

Registered office and business address

Level 4, 360 Collins Street
Melbourne, Victoria 3000
Australia

T: +61 3 9070 3300
E: info@newcenturyresources.com

www.newcenturyresources.com

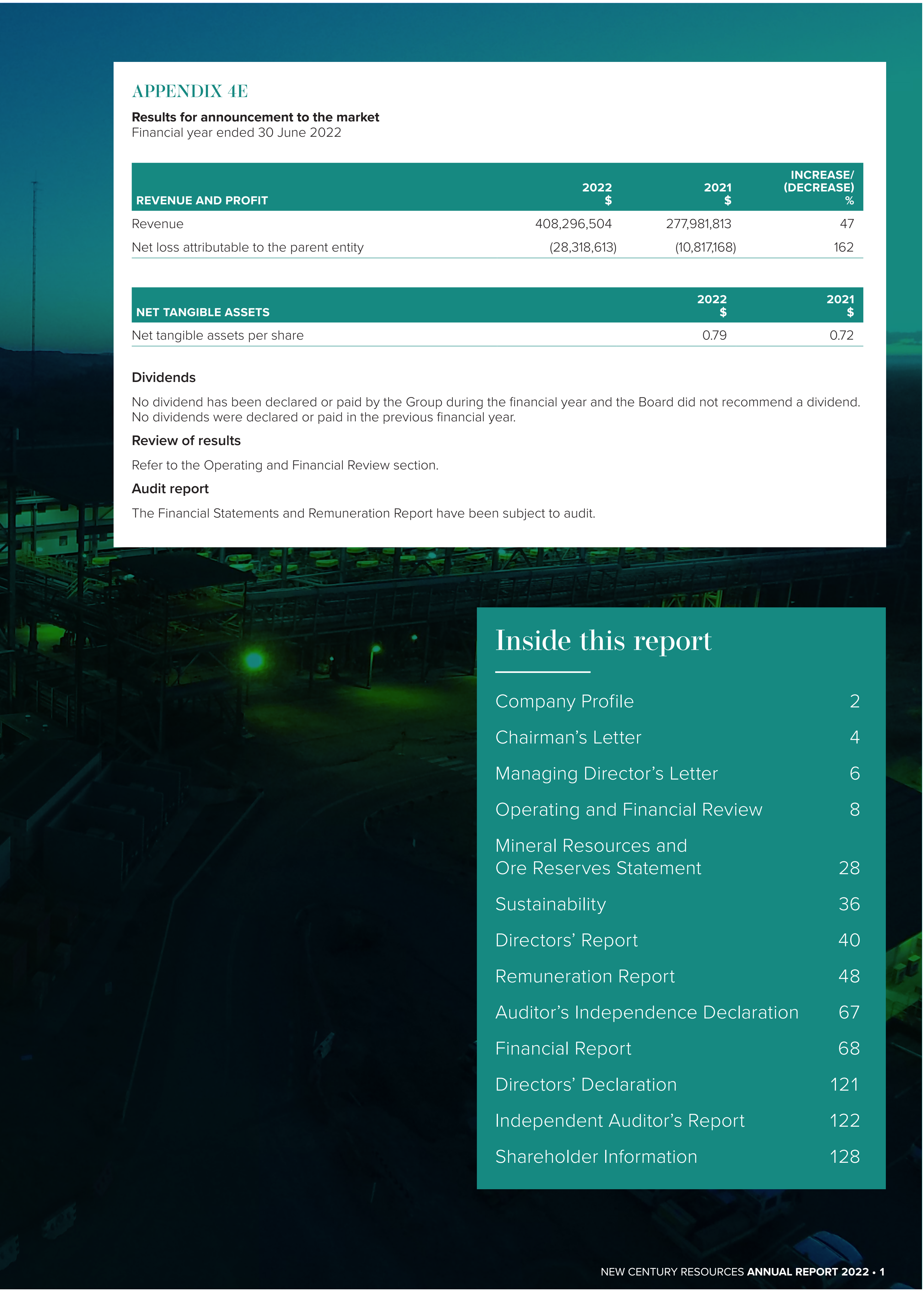
Auditors

Deloitte Touche Tohmatsu
477 Collins Street
Melbourne, Victoria 3000

Share registry

Automic Registry Services
Level 5
191 St Georges Terrace
Perth, Western Australia 6000

T: +61 2 9698 5414



APPENDIX 4E

Results for announcement to the market
Financial year ended 30 June 2022

REVENUE AND PROFIT	2022 $	2021 $	INCREASE/ (DECREASE) %
Revenue	408,296,504	277,981,813	47
Net loss attributable to the parent entity	(28,318,613)	(10,817,168)	162

NET TANGIBLE ASSETS	2022 $	2021 $
Net tangible assets per share	0.79	0.72

Dividends

No dividend has been declared or paid by the Group during the financial year and the Board did not recommend a dividend. No dividends were declared or paid in the previous financial year.

Review of results

Refer to the Operating and Financial Review section.

Audit report

The Financial Statements and Remuneration Report have been subject to audit.

Inside this report

Company Profile

Century Tailings dam

Global leaders in economic rehabilitation.

Established in 2017, New Century Resources Limited (New Century or the Company)[1] is a leading mining, tailings management and economic rehabilitation company focused on sustainably producing metal from resource assets while rehabilitating legacy impacts to the environment.

New Century is a top-15 global zinc producer, operating Australia's largest hydraulic mining operation at the Century Mine in Queensland; extracting, processing, and marketing zinc concentrate recovered from historical tailings.

Since commencing operations at Century, New Century has produced almost 1 million tonnes of zinc concentrate.

New Century is also actively progressing organic growth opportunities through in-situ projects at the Century Mine and the potential to restart copper production at the historically significant Mt Lyell Mine in Tasmania using 100% renewable energy.

In addition, New Century is pursuing opportunities with industry peers to reprocess and rehabilitate contemporary and historical mineralised waste assets at operational and legacy mine sites. Under this model, New Century will employ its expertise in economic rehabilitation with partners to the benefit of shareholders and the environment.

1 New Century and the entities it controlled for the financial year ended 30 June 2022 are collectively referred to as the **Group** in this Annual Report.

Chairman's Letter

Dear Fellow Shareholders,

We are pleased with the significant developments New Century has achieved during the 12 months to 30 June 2022; operationally, financially and strategically, we have advanced towards our goal of achieving leadership in diversified green metal production.

From our tailings rehabilitation operation at Century in Northern Queensland, the Company produced 118,801 tonnes of zinc in concentrate during the 12-month period to 30 June 2022, at an average price of US$1.57/lb with cash operating costs (C1) of US$0.92/lb and All-in Sustaining Costs (AISC) of US$1.10/lb on a payable zinc basis.

Plans to exploit the remaining higher grade hard rock in-situ resources at Century are being finalised. These plans will extend the life of the Century operation and increase metal production in the coming years.

In late 2021, we entered a strategic partnership with multinational precious metal producer, Sibanye-Stillwater (JSE: SSW I NYSE: SBSW) through its 19.99% investment in the Company. This partnership is expected to enhance New Century's ability to explore Australian and global opportunities that build upon our proven experience in economic rehabilitation. We look forward to providing further updates in future.

Since announcing the acquisition of the option to restart the historically significant Mt Lyell Copper Mine, we have built our team and progressed work with growing confidence that we can rapidly recommence operations. In May 2022, we provided a significant update centred on the release of the Ore Reserve that demonstrates the potential for multi-decade production of copper and gold. We are now optimising our development plans and the results of a Pre-Feasibility Study are imminent.

During the year we took steps to underpin the future of the company by putting in place a new environmental bond facility for our Century operations, and by reducing the volatility of future cash flows from our engine room at Century through a zinc price hedging program.

The commodities New Century is producing, or working to produce, such as copper, zinc and lead are essential for modern life and necessary for many of the global community's priorities, particularly decarbonisation, electrification and infrastructure development. When considering this positive impact, we aim to go a step beyond. At the Century Mine in Queensland, we are generating cashflow from an environmental liability, reprocessing tailings waste while minimising the impact of historical operations. Through our in-situ development potential at Silver King, East Fault Block and beyond, we will expand production while utilising the inherent value contained within Century's sunk capital. At Mt Lyell we plan to install new surface infrastructure to produce copper and gold from an established underground mine, utilising the 100% renewable energy provided by Tasmania's hydroelectric power grid.

This focus on providing a net environmental benefit remains core to the New Century team, and I would like to commend them for the impact of their work. The team has continued to work innovatively and diligently during a difficult period in which COVID-19 continued to impact operations, maintaining our industry-leading safety record.

During the year New Century did not return to the ASX 300 group of companies, an objective that I referred to in my address last year. Your Board is aware that the Company's share price lags analysts' estimates. With the future execution of the growth plans put in place during the year I expect the gap to narrow. The Board has elected not to declare a dividend for the year.

Finally, I would like to thank you, the fellow owners of the Company, for your continued to support.

Yours sincerely,

Robert McDonald
CHAIRMAN

The commodities New Century is producing, or working to produce, such as copper, zinc and lead are essential for modern life and necessary for many of the global community's priorities, particularly decarbonisation, electrification and infrastructure development.

Managing Director's Letter

Dear Fellow Shareholders,

We are pleased to report the results of a strong year achieved against an uncertain macroeconomic environment and the continued presence of the COVID-19 pandemic.

During the 2022 financial year we cemented the sustainable cashflow generation from hydraulic mining of tailings at Century, which underpin the future growth of the Group through our Century in-situ and Mt Lyell Copper Mine projects.

In mining, processing and marketing 118,108 tonnes of zinc metal during the period, we met our revised guidance and maintained our position as a top-15 zinc producer globally. We expanded throughput during the 2022 financial year to take advantage of a rising price environment while protecting downside risk through hedging.

This strong operational performance, as well as our marketing team's ability to negotiate solid terms for the sale of our products, delivered a number of strong financial results during the period. Most notably, the annual operational cashflow generated from tailings reprocessing reached A$90.2 million for the first time (2021: A$38.2 million).

During the period, our team achieved significant progress towards restarting the Mt Lyell Copper Mine and expanding our North Queensland operations through in-situ development at Century. Our Mt Lyell restart development work to date has delivered a 130% increase in Ore Reserve, with a mine life projected beyond 10 years on this Ore Reserve alone.

We conducted an optimisation study that enhanced and reinforced Silver King and East Fault Block's value-accretive potential, while securing all necessary environmental approvals.

As an agile, innovative and efficient miner focused on generating superior returns from economic rehabilitation, we continue to explore future opportunities to sustainably produce green metals. We believe these opportunities will continue to benefit our existing and planned operations well into the future, aided further by our partnership with Sibanye Stillwater.

We are proud of our partnership with the Traditional Owners of the lands on which we operate, and during the 12-month period we continued to make a meaningful contribution based on shared understanding and respect.

Thank you for your support. We encourage you to stay informed about our operations and growth projects by subscribing to updates at our website. We also invite you to provide us with feedback and questions by emailing investorrelations@newcenturyresources.com or calling (03) 9070 3300.

Yours sincerely,

Patrick Walta

Patrick Walta
MANAGING DIRECTOR

We are pleased to report the results of a strong year achieved against an uncertain macroeconomic environment and the continued presence of the COVID-19 pandemic.

Operating and Financial Review

Highlights

Full year revised guidance achieved: 118,108t zinc metal at C1 costs of US$0.92/lb (payable zinc basis)

On-site cost control effective in limiting inflationary and supply chain pressures, with total site production costs[2] marginally lower

Continued advancement of operational efficiency initiatives, with the deployment of the Company's first custom-built Next Generation Hydraulic Mining Cannon

Secured option over the Mt Lyell Copper Mine in Tasmania, providing exposure to the key electrification metal within a tier 1 jurisdiction and with low-carbon energy supply

Pragmatically investing operational cashflow into the Century in-situ mine life extension and Mt Lyell restart assessment

Continued navigation of the COVID-19 pandemic with no material operational or financial impacts

Replaced the MMG environmental bond with a $180m Environmental Bond Facility fronted by Macquarie Bank Ltd

Execution of an additional major long-term zinc hedging program to protect future cash flows and underpin growth

2 Excludes off-site costs, such as treatment charges.

Operational Performance

NORTH QUEENSLAND OPERATIONS

Health and safety

During the financial year the Total Recordable Injury Frequency Rate (**TRIFR**) at the North Queensland Operations, and for the Group, rose from 1.4 to 3.6 (at 30 June 2022). While this remains well below the Queensland mining industry average of 7.5[3], it is a disappointing outcome for the Group.

The Group is committed to achieving a zero TRIFR for all our operations in the coming financial year. Through the mantra of "Safety Starts With You" the Group continues to work to strengthen and refine its safety culture and safety systems, based on the belief that all of our people should safely return home at the end of each day. The Group has implemented numerous improvements to lower the risk and consequence of safety incidents and to incorporate learnings from such incidents.

The reporting culture across our North Queensland Operations is robust. Extensive investigations following incidents, coupled with tangible actions, are central to the Group's culture of continuous improvement in safety.

During the financial year the Group transitioned to a new digital safety and risk management system, Donesafe, which offers improved customisation, user experience and transparency of safety data at all levels.

COVID-19 management

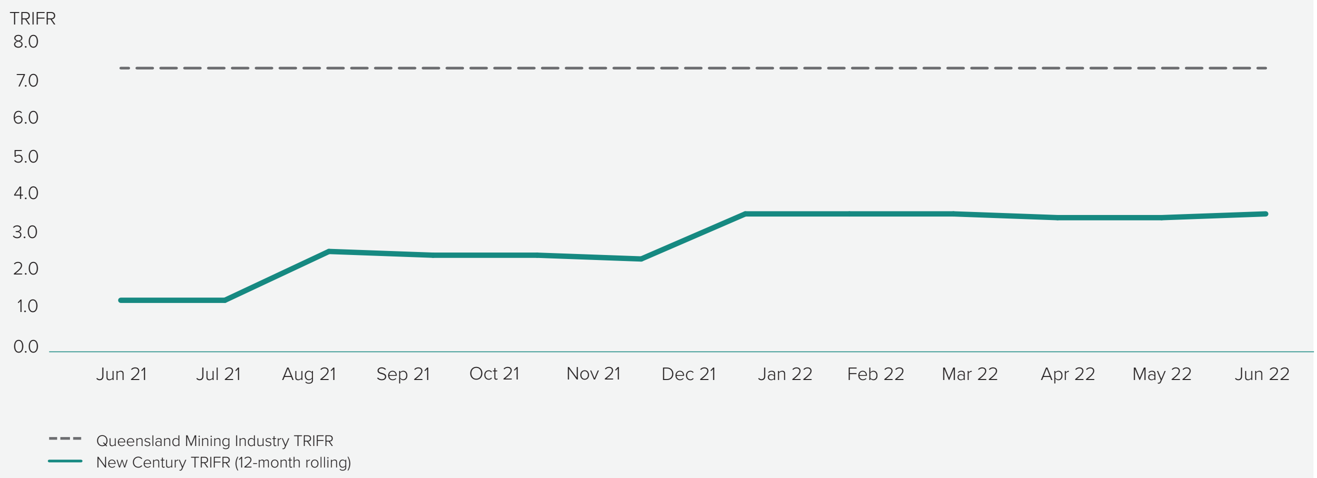
The Group recorded a small number of COVID-19 cases during the height of the pandemic. A rigorous process of managing positive cases allowed the business to control infection numbers, care for those affected and continue operations with minimal interruption.

We are continuing to minimise the potential for the introduction and transmission of COVID-19 to our operations and the local communities in which we operate. This action involves exercising all precautions recommended by local, state, and federal health authorities, which are incorporated in our COVID-19 Management Plans.

Hydraulic mining operations

The hydraulic mining operations at the Century Mine produced 8.54Mt of tailings ore at an average grade of 2.94 percent zinc, for an average processing plant fresh tails throughput rate of 1,028 tonnes per operating hour. Pleasingly, no reportable safety incidents occurred during the year and the hydraulic mining operations maintained a TRIFR of zero for another year.

FIGURE 1: NEW CENTURY TRIFR VERSUS THE QUEENSLAND INDUSTRY AVERAGE



3 As at 31 March 2021. Source: https://www.data.qld.gov.au/dataset/quarterly-mines-and-quarries-safety-statistics-data/resource/60fc8acd-7e7c-48ac-808d-0c4dc3ca87e7.

During the year production remained focused on the first bench of the tailings dam with additional equipment procured to enable the commencement of mining on the second bench of the tailings dam. Several upgrades to core machinery and equipment were completed during the period, including:

> the overhaul of the track-mounted cannons to increase reliability and reduce maintenance costs;

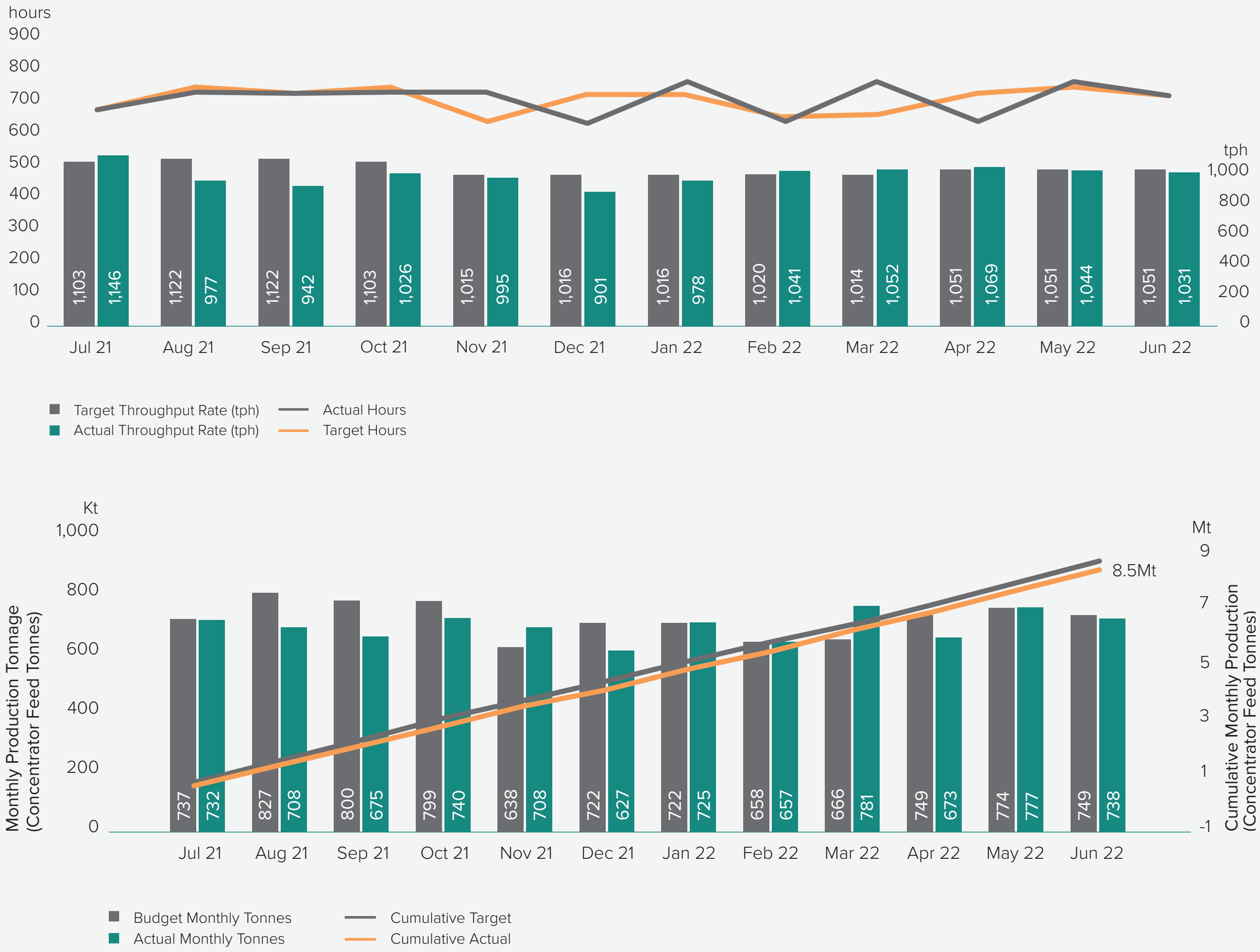
> standardisation and improvement of the hydraulic mining cannon fleet, with electrical circuits and high-pressure swivels, upgraded engines, rams and cylinders replaced which provided additional safety and reliability measures to reduce the range of cannon motion; and

> upgrades of the control system to Citec/Pi for uniformity with the concentrator.

In May 2022, the hydraulic mining fleet was significantly advanced with the New Century designed Next Generation Hydraulic Mining Cannon becoming fully operational. The larger cannon is able to operate at higher throughput rates than earlier generations and is expected to reduce costs, increase operational efficiency and result in improved safety outcomes. Other potential benefits include: the ability to tow more flexi-hose to minimise pipe relocation work, the ability to move forwards under pressure, an on-board lighting mast to remove the requirement of a lighting tower on night shift and variable displacement hydraulic pumps to deliver smoother control of the discharge nozzle.

Excellent hydraulic mining operational performance was achieved during the wet season with minimal down time experienced.

FIGURE 2: ANNUAL HYDRAULIC MINING PERFORMANCE

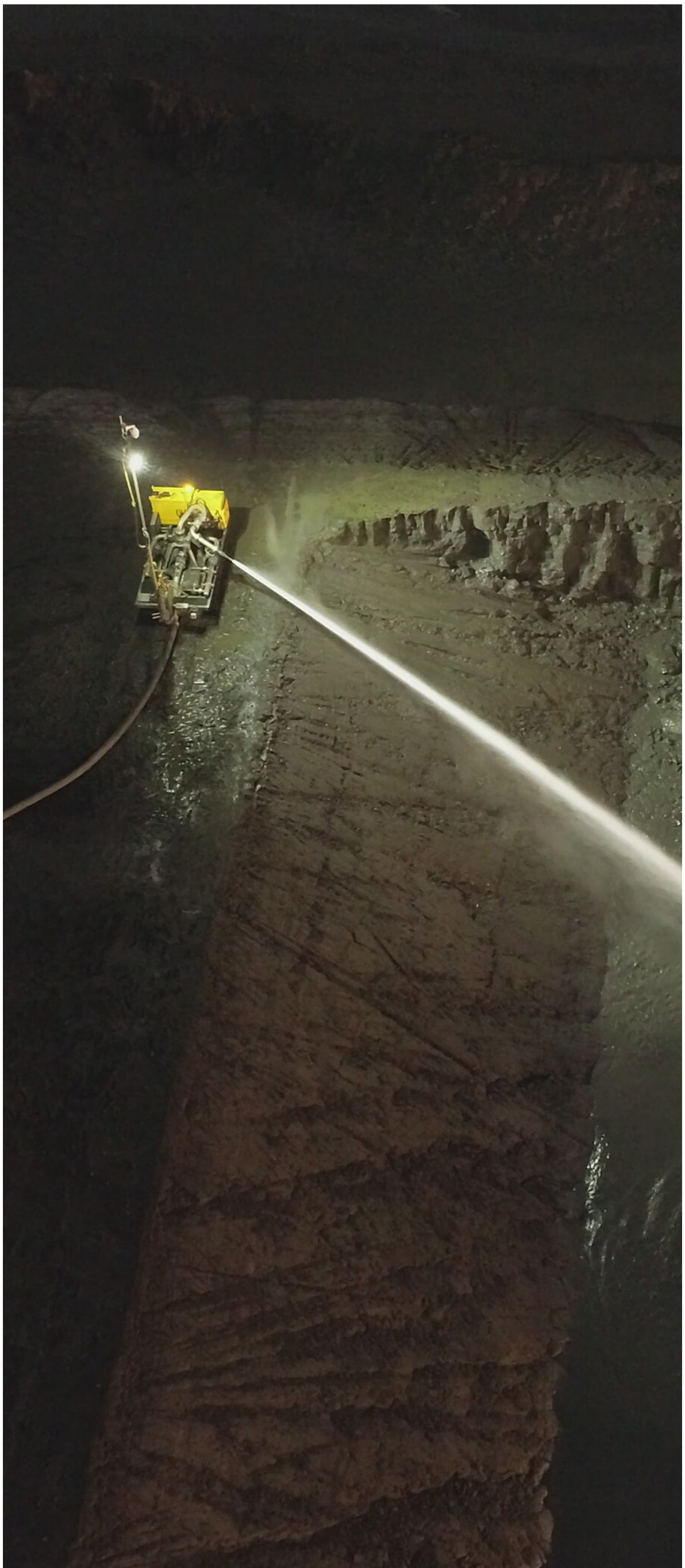


Processing plant performance and production

The Century processing plant produced 118,108t of zinc metal and 39,899kg of silver during the period. Zinc metal production was less than the previous period primarily due to the processing circuit having operated with the ball mill in bypass for extended periods during the year. The first instance of ball mill bypass followed an electrical failure in the mill motor during September 2021. A second period of bypass commenced when the replacement mill motor suffered from water damage during a significant weather event in January 2022. The motor was reinstalled on 21 February and continues to operate as expected. The Group's spare motor is currently being refurbished and a custom-built contemporary motor is also being manufactured. The custom motor includes many design features expected to increase equipment availability and will become the duty unit upon arrival at the Century Mine. Both existing motors will be maintained as critical spares.

During the year the Group executed various improvement projects including works required to recirculate a portion of the cleaner circuit tails to the front of the flotation circuit. This resulted in the reprocessing of 408,480t of cleaner tails providing this material additional residence time. Including this recirculation, 8,948,889t of material was processed during the year. This project has resulted in a recovery uplift as the cleaner circuit is now operated in a closed-circuit configuration with the only loss to final tails being via the scavenger circuit tails stream. The Group continues to work with industry experts Mineralis to achieve enhanced processing performance. Of note, the cleaner circuit still shows opportunities to improve the flotation conditions to maximise zinc recovery, specifically in relation to the dissolved oxygen levels in the slurry and particle liberation. Investigations and testwork are ongoing.

The Century processing plant produced 118,108t of zinc metal and 39,899kg of silver.


Hydraulic mining cannon operating on night shift

Concentrate product quality and treatment charges

Concentrate quality was adversely impacted due to the ball mill operating in bypass and extensive rainfall events at Century. Despite this, the Group continued to deliver concentrates to market and build on its existing customer base. Early in the financial year, zinc prices resumed trending higher due to reduced European production as smelters in the region battled higher power prices. By early 2022 the market saw an upturn in treatment charges levied on zinc concentrates as customers in Asia were able to source sufficient supply locally and take advantage of excess foreign produced concentrate normally consumed in Europe. The increase in spot treatment charges to as high as US$280 per tonne resulted in the annual benchmark charge being set at US$230 per tonne plus price participation – which was reflective of the ease with which imported concentrate could be sourced by Asian smelters. This level was set in April 2022 for application across the entire 2022 calendar year. By comparison, the annual benchmark treatment charge for the 2021 calendar year was set at US$159 per tonne of concentrate when supply shortages were prevalent during the height of the COVID-19 pandemic.

Karumba Port Operations

The Karumba Port Operations received, processed and loaded 268,171 wet metric tonnes of zinc concentrates during the year, which was transshipped to ocean going vessels via the custom New Century-owned vessel the MV Wunma. Pleasingly this was completed without any recordable safety incidents, leading to the port operations maintaining a zero TRIFR for the third consecutive year.

The Karumba Port Operations again had a major focus on improving environmental performance, recording a second consecutive year of a reduction in dust deposition. With improvements identified by the site team actioned through a continuous improvement process, the team at Karumba had another successful year.

Karumba Port Operations

Century Life of Asset extension

As part of the Life of Asset planning process the Silver King and East Fault Block deposits have been identified as the best near-term feed sources for the Century processing plant.

To maximise value from these deposits a separate processing facility is planned using a combination of new and existing infrastructure. Silver King and East Fault Block ore will be processed concurrently with the existing tailings circuit, rather than used as blending material as previously contemplated. A feasibility study was completed to assess the potential of this strategy and the results were released to the market in September 2021.

Building on the attractive returns identified in the feasibility study, the Group immediately commenced a detailed planning and optimisation study to further define the project costs and prepare for a final investment decision and project execution. The planning and optimisation study focused on completing Front-End Engineering Design (**FEED**) for the processing plant infrastructure, detailed mine planning, capital cost estimations and ancillary infrastructure upgrades required to support in-situ mining.

Further emphasis has been placed on completing the project master schedule, control budget and project scope. Some of the highlights include:

- the placement of orders on long lead items to secure the project's critical path and provide cost certainty;
- the refinement of the Silver King mine plan to ensure capital development is as late as reasonably possible in the schedule;
- the optimisation of metallurgical recoveries based on further analysis of the metallurgical test work;
- securing the underground mining fleet; and
- the availability of grid power to move the project off diesel generation for improved operating costs and carbon dioxide emission intensity.

Significantly improved economics and an improved production profile resulted from the optimisation study for Silver King and East Fault Block, with the results released in May 2022. A final investment decision is targeted for the second half of 2022.

Zinc bush at Watson's Lode

With the potential reintroduction of in-situ mining activities at Century, numerous Life of Asset extension opportunities are being investigated. A blend up strategy is being considered when assessing the potential deposits with the aim of bringing forward higher grade ore to process alongside what will be an extended tailings Life of Mine. The identification and development of additional resources to extend the Life of Asset to 2030 and beyond remains a key focus for the Group.

Exploration activities

Geophysical IP surveys

During June to November 2021, Zonge Australia (**Zonge**) conducted Dipole-Dipole Induced Polarisation (**DDIP**) geophysical surveys at the Silver King and Watson's Lode prospect areas.

Watson's Lode/Lilydale area

A total of six lines totalling 33.6 line kilometres of data were collected in the Watson's Lode/Lilydale area. All other lines informed the structural and stratigraphic interpretation used in assessing of the potential for Century style mineralisation in the area. Future drill targeting of the Century host sequence, proximal to the known vein structures, is planned to provide further structural and lithological context with respect to the prospectively of the area for a Century style body.

Silver King area

DDIP arrays were completed across the Silver King field to test areas not captured by historic IP works. The objective was to compile new and historic Induced Polarisation (**IP**) works data to generate a contiguous model across the Silver King and Queenslander prospects seeking chargeable responses which may indicate the presence of additional Silver King style mineralisation. A total of 13 offset arrays were collected at Silver King providing 17.2 line kilometres. The survey was integrated with data collected by Zonge in 2008 to generate a contiguous three-dimensional model. Chargeable responses were levelled against known geology and Silver King mineralisation to generate drill targets.

The most notable chargeability response was at the northern extent of the survey at the Page Creek prospect. The highly chargeable zone is coincident with large outcropping quartz-carbonate veins within the H3/2 stratigraphy. This unit is a common host for vein-style zinc-lead mineralisation across the field.

Exploration drilling

Drilling was completed by DDH1 Drilling utilising track and truck mounted rigs to improve all-weather availability. Systematic testing of both historic and newly generated targets sought to identify incremental feed sources to supplement known Mineral Resources and Ore Reserves to extend the Life of Asset at Century. During the period a total of 11,198m of diamond drilling was completed across ML90045 (8,830m) and EPM10544 (2,368m).

A summary by target types is as follows:

Silver King type (vein breccia)

51 diamond drill holes were completed totalling 8,323m within the Silver King, Page Creek, Mended Hill, Spur Vein and Queenslander prospects. Holes targeted untested IP anomalies, historic workings and/or strike extents of structures in Silver King style vein breccias. While no significant mineralised zones were intersected, several narrow ore-grade intercepts were encountered which may justify future follow-up.

Century type (Sedimentary Exhalative)

Nine holes were drilled during the period totalling 1,466m to test areas considered prospective for blocks of Century detached by the Lawn Hill Impact event or other Century style Sedimentary Exhalative deposits. Targets were identified from extensive three-dimensional modelling using drilling, geochemical and geophysical datasets. All holes drilled in the period intersected units deep below the Century host sequence.

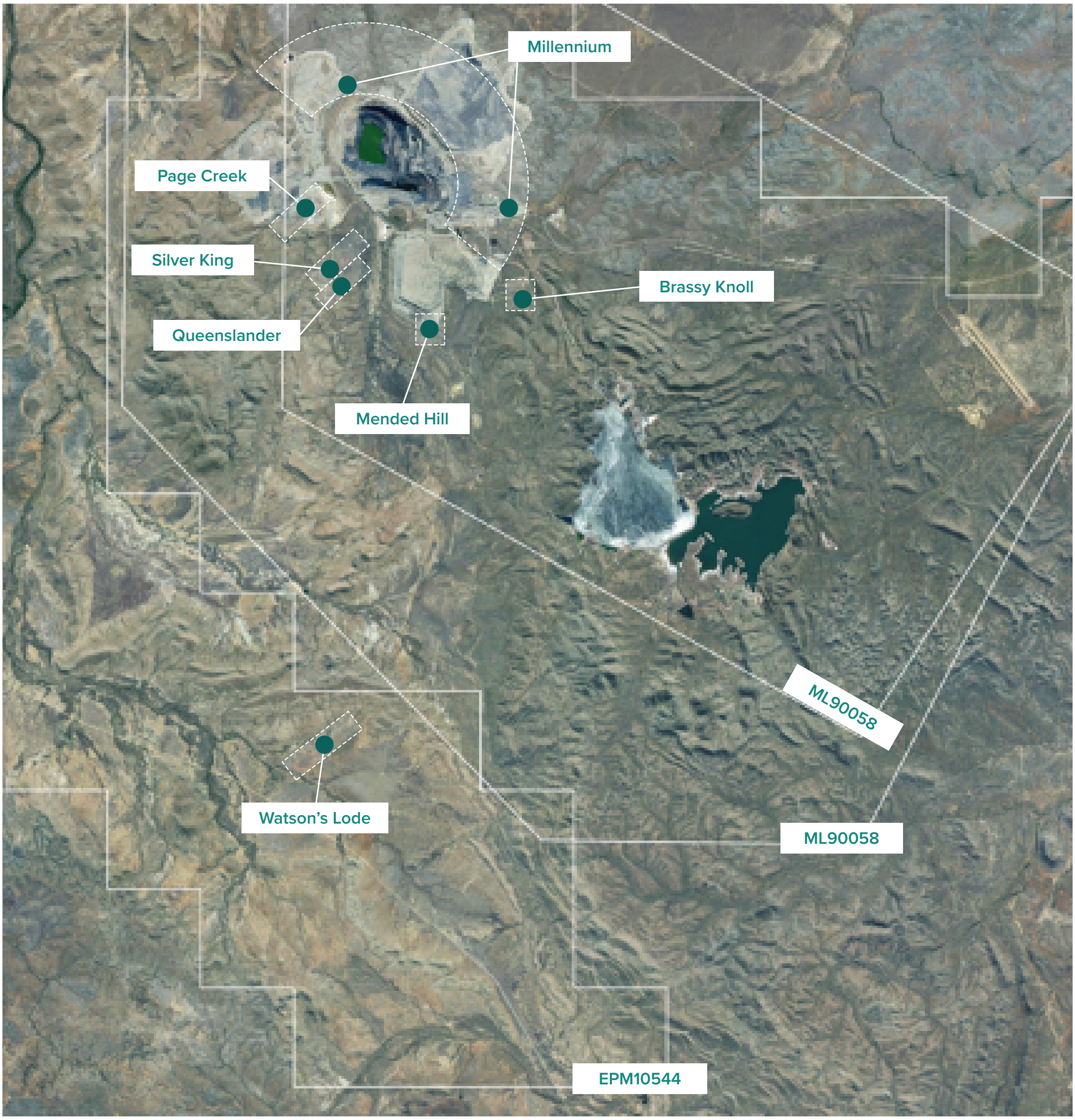
Watson's Lode resource definition drilling

In September 2021 a maiden Mineral Resource was reported for the Watson's Lode vein, located on EPM10544 some six kilometres southwest of the Century Tailings dam. In May 2022 the Group commenced infill drilling of the main lode with the objective of upgrading confidence across the Mineral Resource to a level which supports the estimation of a future Ore Reserve. A total of 14 holes totalling 2,368m have been drilled including the following notable intercepts:

WATSON'S LODE NOTABLE INTERCEPTS

				ELEMENT GRADES		
HOLE #	INTERCEPT (m)	EST. TRUE WIDTH (m)	DEPTH (m)	Zn%	Pb%	Ag g/t
WLD22_05	4.8	2.4	87.0	13.6	0.1	0.5
WLD22_06	2.2	1.1	116.2	11.3	0.9	5.0
	7.5	3.3	133.7	16.8	0.1	0.5
	2.9	1.5	187.0	4.8	0.6	6.0
WLD22_08	3.4	1.7	34.2	10.2	0.05	5.0
	2.8	1.4	51.8	9.1	2.9	11.0
	3.1	1.5	74.4	4.3	0.05	5.0
WLD22_20	5.0	1.7	62.0	9.0	0.05	0.5
WLD22_21	2.1	1.0	89.8	23.8	1.7	12.0
WLD22_22	4.0	2.0	61.0	20.3	6.1	5.0
WLD22_24	7.0	3.5	66.3	40.4	2.8	28.0

FIGURE 3: EXPLORATION PROSPECT DRILLING LOCATIONS



MT LYELL COPPER MINE

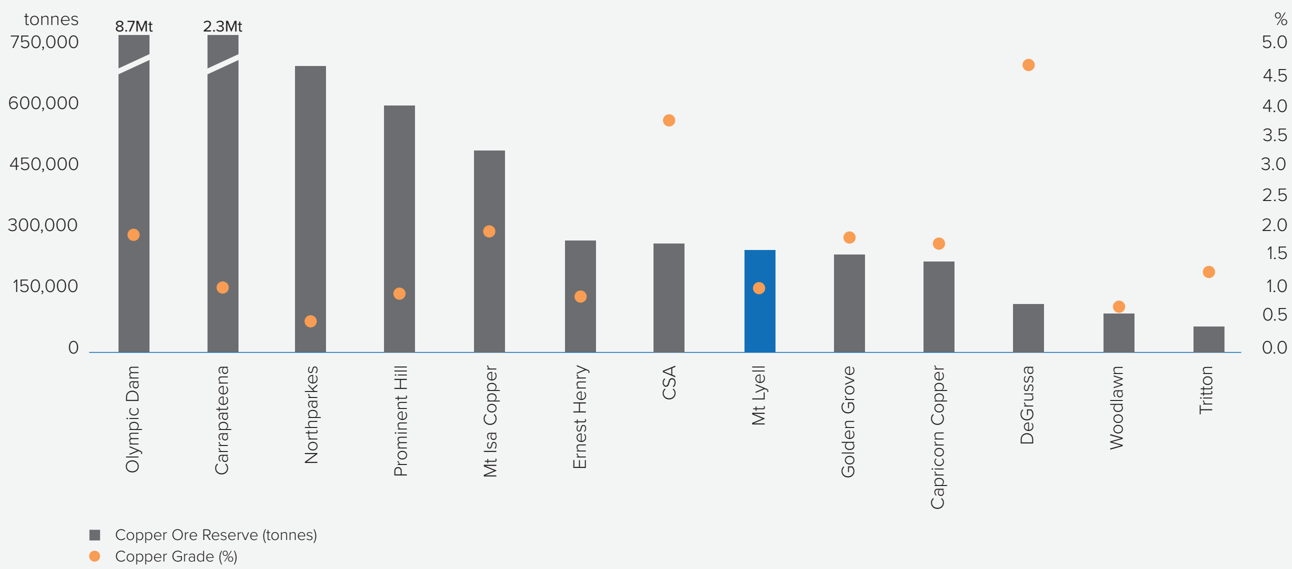
Since entering the Mt Lyell option agreement in December 2021, the Group has continued to verify the potential for restarting Mt Lyell as a substantial copper project within the tier-1 jurisdiction of Tasmania, Australia. The large Mineral Resource base of 1.1Mt copper and 0.94Moz gold has multiple development pathways underpinned by a low-cost, carbon-free power supply and potential multi-decade production of high-quality, low-impurity copper concentrate. A future restart will offer net-environmental benefits to the mine and the immediate surrounding area. The Group is optimistic about defining a development case that offers clear economic benefits to the local community and Tasmania, and is attractive for all stakeholders.

The Group conducted an Ore Reserve Pre-Feasibility Study (**Ore Reserve PFS**) to define an initial Ore Reserve (23.9Mt at 1.14 percent CuEq) which was released to the ASX in June 2022, placing the Ore Reserve comfortably amongst the largest Australian copper mines. The Ore Reserve PFS was based on a 2.4Mtpa operation utilising the sub-level caving mining method on the Prince Lyell and Western Tharsis orebodies and conventional crush, grind and flotation to produce a copper concentrate for transport to Burnie.

The Group is continuing to evaluate all available restart options and to assess the capital and operating costs of the project in the ongoing Restart Pre-Feasibility Study (**Restart PFS**).

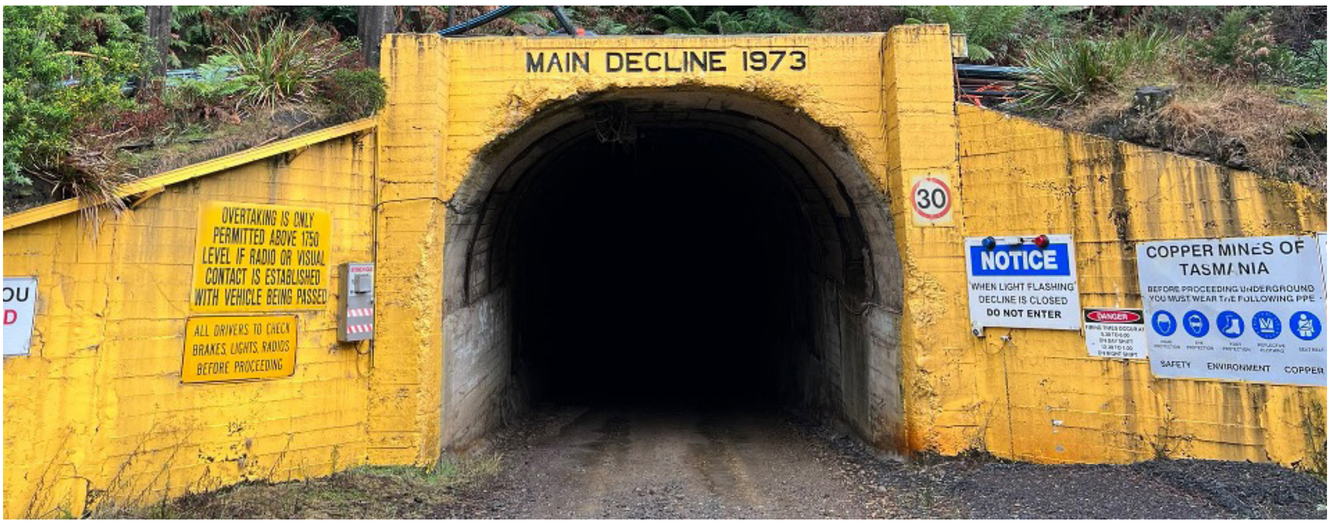
The Group has commenced community engagement activities and is continuing work on the Restart PFS which is expected to be completed in the second half of 2022. A drill program focused on the upper levels of the Prince Lyell orebody is progressing ahead of schedule with samples now in the laboratory. The aim of the drill program is to upgrade the Mineral Resource category from Inferred to Indicated.

FIGURE 4: TOP AUSTRALIAN COPPER MINES BY ORE RESERVE AND GRADE



Source: S&P Global Market Intelligence, May 2022, minimum 50kt Cu metal & 0.50% Cu grade in Ore Reserve

Mt Lyell Copper Mine



Financial Performance

The Group's earnings were strong throughout the financial year. In only its second year of commercial production, the Group generated EBITDA[4] of $42.1 million. Earnings were impacted by the recognition of $7.6 million of expenses at Mt Lyell.

The Group recognised $56.7 million of depreciation within the period bringing net profit after tax (**NPAT**) to ($27.8) million. The Group expects depreciation expenses (which are non-cash) to remain elevated over the life of the Century Tailings operation. Therefore, cash earnings are likely to continue to materially exceed NPAT in future reporting periods.

The macroeconomic environment was buoyant throughout the period. Inflationary pressures due to the COVID-19 response and subsequent recovery, combined with geopolitical instability, led to record prices in base metals. The Group benefitted further as the Australian dollar remained low and its relationship with general commodity prices weakened.

Demand for zinc remained high and supply was severely impacted by geopolitical instability and rising energy prices which reduced smelter profitability, primarily in Europe.

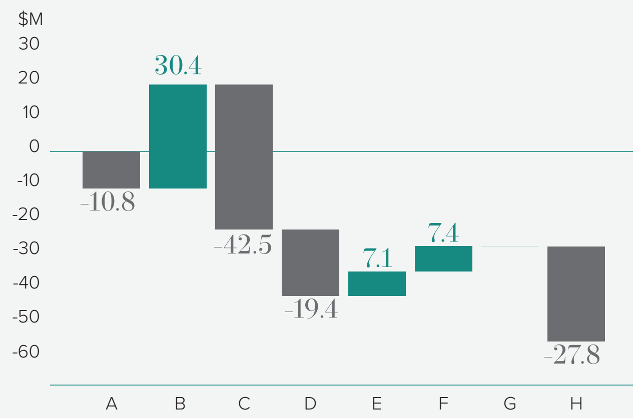
The zinc concentrate benchmark treatment charge is negotiated annually between Teck Resources and Korea Zinc Co. Ltd and traditionally forms the basis for pricing of zinc concentrate smelting contracts between global zinc concentrate producers and smelters. The reduction of smelter profitability and capacity impacted the demand for zinc concentrates which, while elevated, eased over the period. This subdued demand resulted in 2022 benchmark treatment charges being set at US$230 per tonne of concentrate. Price participation reappeared for the first time since 2019, meaning that during calendar year 2022 smelters will receive an additional US$0.05 per tonne of concentrate for every US$1 above US$3,800 per tonne of refined zinc.

The Group's customers operated through the COVID-19 response without material interruption. During the period the Group built on its existing and new relationships to continue to meet the strong global appetite for New Century concentrate.

Bulk carriers have served the Australian shipping market throughout the COVID-19 response and the Group continued to deliver product to customers without incurring delays or other logistical issues. Shipping rates increased materially throughout the period, peaking in early 2022. The Group continues to take advantage of its favourable location, parcel size and shipping frequency by chartering vessels at highly competitive rates.

Operating margins

FIGURE 5: NPAT, FINANCIAL YEAR 2022 VS 2021



A NPAT for the year ended 30 June 2021
B Net revenue
C Production costs inc. employee benefits and inventory
D Other costs
E Depreciation
F Net financing expense
G Income tax expense
H NPAT for the year ended 30 June 2022

The Group's EBITDA margin for the financial year was 14 percent. Depreciation expense reduced the EBIT[5] margin to (5 percent) while net financing expenses of $13.2 million reduced the profit before tax and NPAT margins to (9 percent).

The Group recognised a small tax profit for the six-months ending 31 December 2021. However, a tax loss has been recognised for the full year ending 30 June 2022. Consequently, the Group paid no income tax in the period.

4 Earnings before interest, tax, depreciation and amortisation.

5 Earnings before interest and tax.

Revenue and sales costs

Revenue from the sale of concentrate totalled $408.3 million for the financial year. Fair value movements in trade receivables of ($22.5) million were exacerbated by losses on zinc hedging of ($78.7) million reducing total income to $307.2 million.

A total of 245kdmt of zinc concentrate was sold during the year at an average realised price of US$3,661 per tonne of payable zinc and an average A$/US$ exchange rate of 0.73 (both before hedging).

In April 2022 the benchmark treatment charge for zinc concentrate was materially increased from US$159 per dmt of concentrate to US$230 per tonne of concentrate, effective from 1 January 2022. Additionally, the benchmark includes price participation of US$0.05 per tonne of concentrate for every US$1 above US$3,800 per tonne of refined zinc. The Group bases approximately 85 percent of its sales on the benchmark treatment charge and achieved an average treatment charge of US$160 per tonne of concentrate for the full year. Average treatment charges in the second half of the financial year were US$181 per tonne of concentrate, some 30 percent above the US$140 per tonne of concentrate average achieved in the first half.

Operating and other costs

Total production costs of zinc concentrate sold (including salaries and corporate costs) were $252.4 million. A total of $7.6 million of exploration and evaluation costs was expensed during the period. Activities were focused on study works and care and maintenance expenditure at Mt Lyell and ongoing exploration at Century.

Other costs of $75.0 million included $56.7 million of depreciation, $13.2 million of finance costs and a foreign exchange gain of $0.5 million. The Group accounts for leases within depreciation and finance costs in accordance with the Accounting Standards.

The Group's C1 costs for the financial year were US$0.92 per payable pound of zinc metal.

The Group's All In Sustaining Costs (AISC) for the financial year were US$1.10 per payable pound of zinc metal.

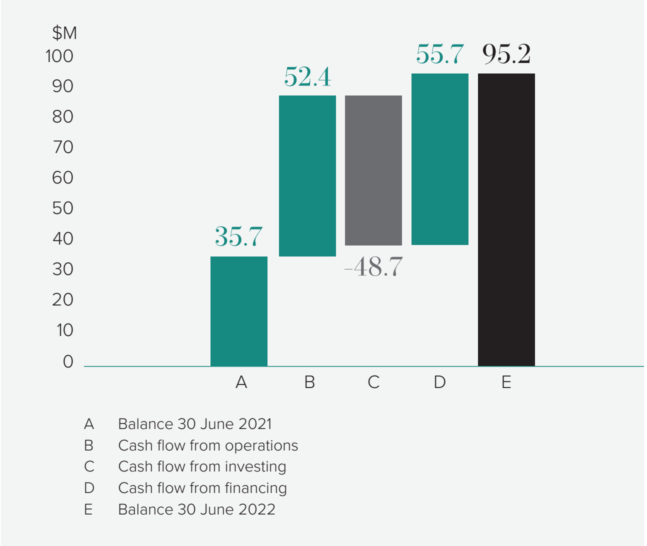
Cash flow

Cash flow from operating activities

Operating cash flow for the year totalled $52.4 million, an improvement of $14.2 million on the previous financial year.

Net financing costs of $12.9 million (including deemed interest on leases) were recognised within operating cash flow, as were exploration and evaluation costs of $7.6 million, primarily related to ongoing works at Mt Lyell.

FIGURE 6: CASH FLOW WATERFALL



Cash flow from investing activities

Cash outflows from investing activities for the year totalled $48.7 million. A total of $16.5 million was recognised as investments in property, plant and equipment including various other capital improvements across the Century Mine and Karumba Port Facility. A total of $15.0 million was capitalised against exploration and evaluation of near-mine deposits including Silver King and Millennium at Century. All Mt Lyell expenditure was recognised within cash flow from operating activities.

Cash flow from financing activities

Financing cash flows for the period totalled $55.7 million. In October 2021, the Group undertook a material strategic transaction that included a $116.7 million capital raise (before costs) and subsequent retirement of all debt instruments. Additionally, the funds were used to advance growth projects including the In-situ Feasibility Study and investments in other sustaining and growth capital projects. The Group was debt free on 30 June 2022 (excluding equipment loans totalling $0.4 million).

Financing cash flows included $11.9 million of payments made against lease obligations. Under AASB 16, principal repayments against leases are recognised as financing cash flows.

Business Strategy and Prospects

Business strategy

The Group's vision is to build a diversified mining company, respected by stakeholders and investment communities through our proven ability to manage long-term sustainable operations while generating strong shareholder returns.

We believe that sustainable resource management drives the creation of significant value for all stakeholders. From a solid foundation of the globally significant operation at Century, New Century is developing an agile and sustainable resources business. Our track record at Century and our plans for Mt Lyell form the basis of our strategy to provide metals and sustainable benefits to the environment and the community.

Using a growing track record in environmentally focused project development, execution and operations, the Group will target the acquisition of resource projects to deliver sustainable mine life extension and optimisation.

Beyond Century and Mt Lyell, the Group is focused on projects with the potential for extending the life of ageing mining operations and extracting value from tailings or remnant in-situ resources. Using the Group's development approach, our aim is to increase economic returns and improve outcomes for stakeholders while implementing world class rehabilitation.

Aims and focus

Economic rehabilitation is a critical stage in the life cycle of all resource projects. The need for active rehabilitation planning and progressive execution in every stage of a mine's life is growing in significance as traditional attitudes to the mining life cycle are challenged.

Conventionally, at the deemed exhaustion of the resource's life, infrastructure, permits and licenses to operate have negligible value. This provides a unique opportunity to leverage sunk capital with limited incremental investment. The value of established processing and logistics supply chains is key to extending mine life. This allows lower grade material to be economically processed and for rapid project development thus delivering positive outcomes for communities, governments, and shareholders alike.

Wunma shipping vessel, Karumba Port Facility

The Group is commodity agnostic, with a focus on metals with established and transparent markets. The combination of metallurgical competency and diverse experience across commodities affords the ability to apply our business model across the industry. We will also utilise innovative corporate solutions and multi-commodity revenue streams to reduce risk and maximise value.

Building from this fundamental belief, the Group's strategic objectives are to:

> Grow our reputation as an industry leader in sustainable resource management, which includes the incorporation of economic rehabilitation into our operating philosophy

> Monetise our know-how via service-based models for reprocessing, rehabilitation, and tailings management

> Build a diverse multi-asset and commodity portfolio of projects which will allow us to grow our business

> Generate shareholder returns at any stage of commodity cycles by:
- operating at sustainable positions on the cost curve in the markets the Group operates in; and
- considered capital deployment, mitigating risk where prudent and pursuing growth opportunistically.

Material business risks

Key risks which may materially impact the execution and achievement of the business strategies and financial prospects for the Group are summarised below and are risks largely inherent in the resources industry. This should not be taken to be a complete or exhaustive list of risks nor are risks disclosed in any particular order. Many of the risks are outside the control of New Century and its officers. In the course of normal operations the Group may face additional risks and uncertainties, including those not presently known.

Economic rehabilitation is a critical stage in the life cycle of all resource projects.

The Board, its committees and management identify, manage and monitor current and emerging risks through the Group's risk management framework. The framework is applied across the Group to provide protection from potential negative impacts as well as to contextualise the residual risks and strategic rewards available. The framework is designed to provide timely responses with which the Board and management can make and implement decisions.

The day-to-day operation of the Group's risk management system is vested with management and regular updates are provided to the Board and its Committees.

Commodity prices, treatment charges and exchange rate risk

The Group principally derives its revenue from the sale of zinc and silver contained in its zinc concentrates. Consequently, any future earnings will be closely related to the price of these commodities, the treatment charges imposed by refiners or traders for zinc concentrate as well as the other terms of any off-take agreements that the Group has entered into or enters into.

The world market for minerals is subject to many variables outside of the control of the Group and may fluctuate markedly. Material price declines in the market price of zinc, material rises in treatment charges and/or material rises in the Australian dollar/United States dollar exchange rate could cause material decreases in forecasted revenue and profitability or even cause production from the Group's operations to be rendered uneconomic.

Metals are principally traded throughout the world in US dollars. The Group's cost base is substantially priced in Australian dollars with a smaller contribution in US dollars for such items as reagents and shipping. In the ordinary course, any significant and/or sustained rise in the exchange rate between the Australian dollar and the US dollar will have a materially adverse effect on the Group's financial position. Conversely any significant and/or sustained fall in the exchange rate between the Australian dollar and the US dollar will have a material benefit on the Group's financial position.

While many of these risks are outside of the control of the Group and its officers, the Group constantly assesses opportunities to hedge commodity prices and foreign exchange depending on market conditions and during the financial year took steps to hedge a further portion of its future production as a key mitigation. The Group endeavours to manage its exposure to material changes in treatment charges by incorporating a mix of benchmark and spot treatment charges into its sales contracts.

Production and development risks

The prospects of the Group should be considered in light of the risks, expenses and difficulties frequently encountered by companies at a similar stage of production and development. The Group's initiatives to improve its production performance and/or meet its production schedule may not proceed to plan, with potential for delay in the timing of targeted production and metallurgical recoveries and/or a failure to achieve the level of targeted production and recoveries. If such circumstances occurred in conjunction with adverse market factors such as low zinc prices or high smelter treatment charges, this would adversely impact the Group's financial performance.

Production failure of the Group's operating plant and equipment and general unanticipated operational and technical difficulties may adversely affect the Group's operations. The Group's ability to sustain or increase its proposed forecast levels of production is dependent on its ability to achieve forecast geological interpretations, to attain anticipated mining rates and plant operating levels to conform to set budgets and plans, and the success of development projects associated with the life of business plan.

The business of mining, exploration and development is subject to a variety of risks and hazards such as mining accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in the suspension or termination of mining leases or licences, damage to, and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability.

The Group has plans in place to mitigate against production and development risks which are subject to regular review by senior management and the Board. In addition to the Group's internal production and development expertise, the Group engages external experts and contractors in relation to production and development performance at Century.

Liquidity position and availability of funding

Given the Group's sensitivity to movements in the Australian dollar price for its zinc concentrate production, if market conditions deteriorate the Group may need to raise additional funds via either debt or equity markets. There can be no assurance that sufficient debt or equity funding will be available on acceptable terms or at all.

The Group's funding requirements are continuously reviewed through detailed internal cash flow models that are updated as required for external and internal factors. New Century endeavours to ensure that the best source of funding to maximise shareholder benefits and having regard to prudent risk management is obtained and is supported by economic and commercial analysis of all business undertakings.

In addition, the Group constantly assesses opportunities to hedge commodity prices and foreign exchange depending on market conditions and has recently taken steps to hedge a portion of its future production as a key mitigation.

Changes in capital and operating costs

Any significant unforeseen increases or decreases in the capital and operating costs associated with the Century Mine would impact the Group's future cash flow and profitability. Capital and operating costs for the development of major projects in Australia can be highly sensitive to changes, positive or negative, in raw material prices as well as in labour and contractor costs.

To mitigate cost risks, the Group continues to focus on streamlining its operations and developing strong relationships with its people, business partners and suppliers. As with all capital-intensive mining operations, Century's unit costs are highly susceptible to production rates. The Group invests heavily in preventative maintenance to maximise equipment availability and productivity.

Compliance with Environmental Bond Facility

The Group is required to comply with the terms of its Environmental Bond Facility with Argonaut Insurance Company (**Argo**) and Macquarie Bank Limited (**Macquarie**) (**EBF**). The EBF requires the Group to comply with a number of covenants, which are typical for facilities of this nature and include financial covenants, production covenants, project specific covenants, information and financial reporting covenants, hedging covenants, environmental covenants, insurance covenants and other general covenants (including restrictions on distributions, incurring financial indebtedness, providing financial accommodation and guarantees and acquiring and disposing of assets, each with typical exceptions).

Non-compliance with such covenants will constitute an event of default (unless waived) if not remedied within certain cure periods. The occurrence of an event of default will entitle Argo and/or Macquarie to exercise certain rights, including the acceleration of repayment of outstanding moneys on the EBF and/or the zinc hedges and the enforcement of their security interests.

The exercise of such rights could have a material adverse effect on the Group's activities and financial condition.

Future capital requirements

In order to achieve the Group's strategic objectives, the Group may require additional financing in the future. Any additional equity financing may be dilutive to shareholders or may be undertaken at lower prices than the then market price. Debt financing, if available, may involve restrictions on financing and operating activities, in addition to those that the Group is already obliged to comply with under existing finance arrangements.

There can be no assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to the Group or at all. If the Group is unable to obtain additional financing as needed, or if operations do not generate sufficient revenues, this could have a material adverse effect on the Group's activities and financial performance.

Pursuant to arrangements with Argo and Macquarie, the Group is required to amortise the EBF in full by 30 April 2025. Amortisation of the EBF can be achieved through any combination of returning the environmental bonds to the issuing bank (including following a reduction of the underlying environmental bond liability) or lodging cash cover with the issuing bank.

The level of assurance bonding will reduce over time with ongoing rehabilitation activities. The replacement of the Macquarie as issuing bank could be achieved by way of a fee-paying arrangement with the Queensland government if the Group can meet the credit requirements, bonding facilities from other parties which could be in the form of a fee-based arrangement or alternatively through cash backing or through the form of a surety bond.

There is no guarantee the Group will generate sufficient operating profits from operations to completely cover its amortisation obligations in the EBF assuming it is not replaced by an alternative mechanism in this period. If the Group is unsuccessful in generating sufficient operating profits it will need to seek alternative coverage for the bond. The Group's funding requirements are continuously reviewed through detailed internal cash flow models that are updated as required for external and internal factors. The Group endeavours to ensure that the best source of funding is obtained to maximise shareholder interests, having regard to prudent risk management and the economic and commercial analysis undertaken by the business.

Business development initiatives

The Group maintains an ongoing process for reviewing a range of resource assets within the base, precious and minor metals sectors for the purposes of assessing the suitability of these opportunities for potential corporate transactions.

As part of this strategy, the Group may make acquisitions or significant investments in companies, joint ventures, tenements or resource projects. In addition, the Group may also elect to issue shares or engage in capital raisings to fund investments, mergers or acquisitions that the Group may decide to undertake or if the opportunity arises. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies or mining projects.

This includes the potential dilution of shareholders' holdings, an increase of the current debts of the Group or the imposition of further obligations on the Group subject to any contractual agreements, and the usual risks associated with mining projects.

Health and safety

Mining activities have inherent health risks and hazards. The health and safety of our personnel, contractors and visitors remains the Group's highest priority. The Group provides appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders, as well as undertaking independent audits, through its occupational health and safety management systems. While the Group has a strong record in achieving high quality safety performance at its sites, a serious site safety incident may expose the Group to significant penalties and the Group may be liable for compensation to any injured persons.

It is not possible to anticipate the effect on the Group's business from any changes to workplace occupational health and safety legislation or directions or necessitated by concern for the health of the workforce. Such changes may have an adverse impact on the financial performance and/or financial position of the Group.

Native Title

Century Mining Limited (a subsidiary of the Group) is a party to the Gulf Communities Agreement and other cultural heritage and associated community Native Title agreements in connection with the Century Mine. The Group maintains a record of compliance with the Gulf Communities Agreement and associated community agreements and has no current need to negotiate any agreement to allow for the continuation of current activities or any future mining developments within the existing mining leases.

Issues may arise within local communities with potential to affect the Group's operations materially and adversely. A failure to successfully resolve any local community issues could have a material and adverse effect upon the Group's business, prospects, financial condition, and results of operations.

In managing these risks, the Group has developed and implements management plans to address social impacts, engage with key stakeholder groups and ensure effective and lawful management of cultural heritage aspects.

Environmental risks

The Group's operations are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Group's projects have a variety of environmental impacts. Ongoing operations are dependent on the Group satisfying environmental guidelines and, where required, obtaining relevant approvals from government authorities.

The Group conducts and intends to continue to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, regulations and approval conditions but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

The Group's founding value and core ethos is economic mining rehabilitation. As such, the Group is committed to reducing negative impacts on the environments in which it operates. The Group has a rigorous environmental management system in place which is designed to meet and exceed the extensive statutory and regulatory obligations that our operations are subject to.

Climate change risks

Climate change is a risk the Group has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Group include:

- The emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage
- Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

The Group adopts a risk management approach in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to address the risks to its operations associated with climate change. Risk management approaches include improving operational responses to the wet-season impacts on hydraulic mining operations, and maintaining close engagement with the Karumba Port Authority to ensure channel maintenance and dredging is undertaken in a manner that will ensure the potential impacts of severe weather are managed and addressed.

Regulatory risks

The Group will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Group's proposed business operations. In addition, changes in regulations could require extensive changes to the Group's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

Licences and permits

The Group's exploration, mining, pipeline and shipping activities are dependent upon the maintenance of appropriate licences, leases, permits and regulatory consents which may be withdrawn or made subject to conditions. The maintaining of licences and approvals, obtaining renewals, or getting licences or approvals granted, often depends on the Group being successful in obtaining the required statutory approvals for its proposed activities. There is no assurance that renewals or amendments to the Group's licences and permits will be obtained in a timely manner, or at all, and there is no assurance that new conditions will not be imposed.

Estimation of Mineral Resources and Ore Reserves

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the economic grade of Mineral Resources and Ore Reserves may vary depending on, among other things, zinc, lead and silver prices. Any material change in quantity and grades of Mineral Resources or Ore Reserves may affect the economic viability of the properties.

Fluctuation in the price of commodities including zinc, lead and silver, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any Mineral Resource estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and/or Ore Reserves, could have a material adverse effect on the Group's financial condition.

The Group mitigates this risk by ensuring its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. See the Mineral Resources and Ore Reserves Statement in the following section for further details.

Big Zinc open pit at Century

Insurance risks

The Group maintains insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Group at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Group now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Group's business.

Offtake risks

The Group has numerous offtake contracts in place for the sale of zinc concentrate. There is a risk the Group is unable to consistently meet product specifications or delivery obligations under those agreements. In those circumstances, the Group's liquidity may be adversely affected.

The Group's cash flow and financial position will also depend on the performance by counterparties of their contractual obligations, including the timely payment in full of their purchases of product from the Group on the agreed terms and conditions. Title to the product typically does not transfer to the customer until the initial provisional payment is made. Typically, this will be between 80 percent and 100 percent of the value of the product based on prices at the time of the sale.

Finalisation of these purchases of concentrate are payable in arrears, based on a reassessment of the quantity and specification of the product delivered and the zinc and silver prices over the quotational period. Any delay in receipt, or inability or refusal to pay in full by a customer of a finalised amount owing to the Group, will negatively impact the Group's cash flow and financial position.

The Group may be required to pay additional amounts at the time of the finalisation of the contract if the final quantity, grade or market price has moved against the Group, or alternatively, receive additional amounts if the quantity, grade or market price has moved favourably for the Group.

Operational risks

In common with other enterprises in the minerals and mining industry, the Group's mineral production, development and related mining activities, including the delivery of supplies and consumables and the transportation of products to customers are subject to conditions beyond the Group's control that can reduce production and sales and/or increase costs. These conditions include, but are not limited to:

- changes in legislative requirements (including those made in relation to COVID-19);
- market conditions including exchange rates;
- supply constraints and disruptions;
- government policies;
- abnormal or severe weather or climatic conditions;
- natural disasters;
- weather-related disruption to the Karumba channel;
- unexpected maintenance, equipment or other technical problems;
- key equipment failures;
- industrial disruption; and
- variations in geological conditions.

An inability to secure ongoing supply of goods and services at prices assumed within production budgets and targets, or a disruption to the supply chain when delivering goods to customers, could potentially impact the results of the Group's operations, and in a worst-case scenario, result in the shutdown of the operation.

The Group has management systems in place to mitigate these risks, including in relation to inventory management, maintenance systems, contractor management and crisis and emergency response plans.

COVID-19

The outbreak of, and response to, COVID-19 has had a material effect on global economic markets and the operation of a wide variety of businesses, including those in the mining industry. The global economic outlook continues to face uncertainty due to the pandemic, which has had and may continue to have a significant impact on the industry dynamics, the macro-economic environment, capital markets and valuations.

The Group's share price may be adversely affected by the economic uncertainty or specific requirements for the operations triggered by the response to COVID-19. Further, any measures to limit the transmission of the virus implemented by national, state and local governments around the world (such as travel bans and quarantining) or deemed necessary by the Group to protect the health of its workforce may adversely impact the Group's operations and affect its ability to continue as a going concern.

The Group has COVID-19 management plans in place to ensure the safety of its people and business partners, with extensive preventative and contingency measures in place.

Through the implementation of these measures and the efforts of our people and business partners, the Group has continued to operate at full capacity, aided by the remoteness of the Century project and the complete integration of the mine-to-port logistics infrastructure.

Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Group's assets, operations and ultimately the financial performance of the Group. Such changes are likely to be beyond the control of the Group and may affect industry profitability as well as the Group's capacity to explore and mine.

The Group is not aware of any reviews or changes that would adversely affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Group's operations or development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Group.

The Group monitors legislative and regulatory developments in Australia and overseas and works to ensure that all stakeholder concerns are addressed fairly and managed.

Key personnel and labour market risk

The ability of the Group to achieve its strategic objectives depends upon the retention of key management and operational employees who constitute its technical, operational, marketing and corporate expertise. If the Group cannot secure and retain this expertise or if the services of key employees cease to be available to the Group, this may adversely affect the Group's performance.

The ability of the Group to achieve its objectives also depends upon the retention of certain key external contractors that provide a number of important services and operational capabilities (for example, hydraulic mining, exploration, operation of the processing plant and maintenance) which are an important part of the Group's overall technical and operational expertise. If the Group cannot secure and retain this technical expertise or if the services of such key external contractors cease to be available to the Group, this may adversely affect the Group's performance.

While the ability of the Group to achieve its objectives may be affected by the matters mentioned above, the Group believes that generally appropriately skilled and experienced professionals and external contractors are available to provide services to the Group at market levels in the event some key management and operational personnel and external contractors cease to be available. However, this may not always be the case if there are travel and other restrictions imposed at a national, state and local level as a result of the COVID-19 pandemic.

Mineral Resources and Ore Reserves Statement

FOR THE YEAR ENDED 30 JUNE 2022

The following information is provided in accordance with Listing Rule 5.21 and as at 30 June 2022.

CENTURY MINE – MINERAL RESOURCES AS AT 30 JUNE 2022

PROJECT	CATEGORY	Mt	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings	Measured	41.3	3.1	–	15	1,259	–	20.1
Silver King	Measured	1.0	5.1	5.7	58	48	54	1.8
	Indicated	2.1	5.0	5.2	44	106	111	3.0
	Inferred	0.6	2.5	6.0	32	16	37	0.6
Deposit total		3.7	4.5	5.5	44	170	202	5.4
East Fault Block	Indicated	0.6	9.8	1.1	51	63	7	1.1
South Block	Indicated	6.2	5.4	1.5	43	335	93	8.6
Watson's Lode	Inferred	1.7	7.7	2.0	10	134	35	0.6
Global Mineral Resources	Measured & Indicated	51.2	3.4	0.4	19	1,811	265	34.6
	Inferred	2.3	6.5	3.1	16	150	72	1.2
Total		**53.5**	**3.7**	**0.5**	**19**	**1,961**	**337**	**35.8**

Note:
1. Differences may occur in totals due to rounding
2. Mineral Resources are reported inclusive of Ore Reserves

CENTURY MINE – MINERAL RESOURCES AS AT 30 JUNE 2021

PROJECT	CATEGORY	Mt	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings	Measured	53.0	3.0	–	14	1,604	–	24.0
Silver King	Measured	1.0	5.1	5.7	58	48	54	1.8
	Indicated	2.1	5.0	5.2	44	106	111	3.0
	Inferred	0.6	2.5	6.0	32	16	37	0.6
Deposit total		3.7	4.5	5.5	44	170	202	5.4
East Fault Block	Indicated	0.6	9.8	1.1	51	63	7	1.1
South Block	Indicated	6.2	5.4	1.5	43	335	93	8.6
Watson's Lode	Inferred	1.7	7.7	2.0	10	134	35	0.6
Global Mineral Resources	Measured & Indicated	62.9	3.4	0.4	19	2,156	265	38.5
	Inferred	2.3	6.5	3.1	16	150	72	1.2
Total		**65.2**	**3.5**	**0.5**	**19**	**2,306**	**337**	**39.7**

Notes:
1. Differences may occur in totals due to rounding
2. Mineral Resources are reported inclusive of Ore Reserves

The Company advises that the decrease in Mineral Resources in 2022 is primarily the result of mining depletion at the Century Tailings deposit, with an additional reconciliation-based adjustment to the Century Tailings bulk density assumption.

The Competent Person considers the bulk processing of the tailings, in conjunction with high accuracy survey volumes, provides the best estimate of the bulk-density value for the deposit. The adjusted global bulk-density assumption for the Mineral Resource based on mine reconciliations is now 1.81g/cm^3, from a previous value of 1.91g/cm^3.

The Mineral Resource estimates for the in-situ deposits at Century Mine remain unchanged for the period.

FOR THE YEAR ENDED 30 JUNE 2022

CENTURY MINE – ORE RESERVES AS AT 30 JUNE 2022

PROJECT	CATEGORY	Mt	Zn (%)	Pb (%)	Ag (g/t)	Zn (kt)	Pb (kt)	Ag (MOz)
Century Tailings								
Open Pit	Proved	40.3	3.0	–	15	1,192	–	18.8
Silver King								
Underground	Probable	1.7	4.7	6.9	83	78	114	4.5
Open Pit	Probable	0.3	5.1	5.1	42	13	13	0.4
Deposit total		2.0	5.5	5.2	70	91	127	4.9
East Fault Block								
Open Pit	Probable	0.6	8.5	0.9	36	49	5	0.7
Global Ore Reserves	Proved	40.3	3.1	3.0	14	1,192	0	18.8
	Probable	2.5	5.6	5.3	68	140	133	5.4
Total		**42.8**	**3.1**	**0.3**	**17**	**1,332**	**133**	**24.2**

Note:

1. Differences may occur in totals due to rounding

CENTURY MINE – ORE RESERVES AS AT 30 JUNE 2021

PROJECT	CATEGORY	MT	ZN (%)	PB (%)	AG (g/t)	ZN (kt)	PB (kt)	AG (MOz)
Century Tailings								
Open Pit	Proved	49.3	3.0	–	14	1,473	–	22.0
Silver King								
Underground	Probable	1.7	4.7	6.9	83	78	114	4.5
Open Pit	Probable	0.6	8.5	0.9	36	49	5	0.7
Deposit total		2.3	5.5	5.2	70	127	119	5.2
East Fault Block								
Open Pit	Probable	0.3	5.1	5.1	42	13	13	0.4
Global Ore Reserves	Proved	49.3	3.1	3.0	14	1,473	0	22.0
	Probable	2.5	5.6	5.3	68	140	133	5.4
Total		**51.8**	**3.1**	**0.3**	**17**	**1,613**	**133**	**27.4**

Note:

1. Differences may occur in totals due to rounding

The decrease in Ore Reserves at the Century Tailings deposit in the 2022 financial year is a result of mining depletion (9.0Mt). No adjustments to grade were considered necessary based on the mine reconciliations. The Competent Person considers the adjustment to be within the error margins of the relevant Ore Reserve category. Updated revenue and metal recovery factors were applied at 30 June 2021 as part of the broader in-situ Feasibility Study however this had no impact on the Tailings Ore Reserve.

There was no update to the Silver King or East Fault Block Ore Reserves. The Silver King and the East Fault Block Ore Reserves were finalised as part of the in-situ Feasibility Study. The study considers the integration of hard rock operations fed in parallel to the existing tailings operation. The Silver King and East Fault Block Ore Reserves as reported are dependent on the ongoing mining at Century Tailings.

FOR THE YEAR ENDED 30 JUNE 2022

Competent Person's Statement — Century Tailings Mineral Resources and Ore Reserves

The information in this Annual Report that relates to Mineral Resources and Ore Reserves for the Century Tailings deposit is based on information compiled by Damian O'Donohue, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Damian O'Donohue is a part-time employee of the Group. Damian O'Donohue has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (**JORC Code**). Damian O'Donohue consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement — Century In-situ Mineral Resources

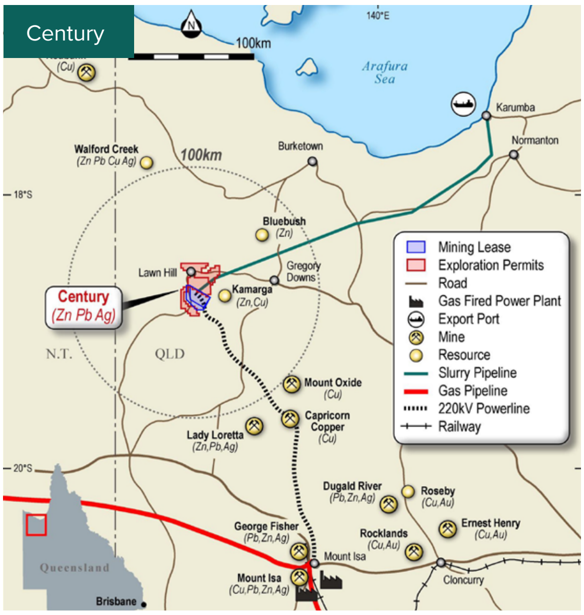
The information in this Annual Report that relates to Exploration Targets, Exploration Results and Mineral Resources at the Silver King and Watson's Lode deposits and other Century prospects is based on information compiled by Nick Spanswick, a Competent Person who is a member of the Australian Institute of Geoscientists. Nick Spanswick is a full-time employee of the Group. Nick Spanswick has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the JORC Code. Nick Spanswick consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

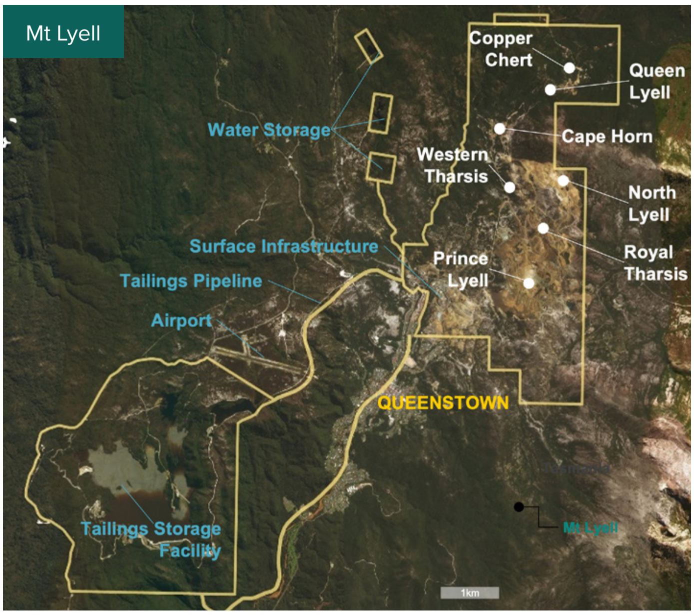
The information in this Annual Report that relates to Exploration Results and Mineral Resources at the East Fault Block and South Block deposits, is based on information compiled by Damian O'Donohue, a Competent Person who is a member of the Australian Institute of Geoscientists. Damian O'Donohue is a part-time employee of the Group. Damian O'Donohue has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the JORC Code. Damian O'Donohue consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement — Century In-situ Ore Reserves

The information in this Annual Report relating to the Estimation and Reporting of Ore Reserves at the Silver King and East Fault Block deposits is based on information compiled by Timothy Edwards, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Timothy Edwards is a full-time employee of the Group. Timothy Edwards has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Timothy Edwards consents to the inclusion in this report of the matters based on his information in the form and context which it appears.

Our locations





FOR THE YEAR ENDED 30 JUNE 2022

MT LYELL – MINERAL RESOURCES AS AT 30 JUNE 2022

	ORE TONNES (Mt)	Cu GRADE (%)	Au GRADE (g/t)	CuEq GRADE (%)	COPPER METAL TONNES (kt)	GOLD OUNCES (koz)
UNDERGROUND						
Prince Lyell North Flank 0.6% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	22.6	0.90	0.23	0.99	203	167
Inferred	2.9	0.94	0.24	1.04	27	22
Total	25.5	0.90	0.23	1.00	230	189
Western Tharsis 0.6% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	6.4	1.07	0.26	1.18	68	53
Inferred	12.6	1.11	0.30	1.23	139	122
Total	19.0	1.10	0.29	1.21	207	175
Prince Lyell Deeps: In situ (1365-1000 RL) 0.8% Cu cut-off						
Measured	3.5	1.22	0.30	1.35	43	34
Indicated	1.7	1.26	0.31	1.39	21	17
Inferred	2.1	1.17	0.29	1.29	25	20
Total	7.3	1.21	0.30	1.34	89	70
Prince Lyell Deeps: Ex situ (1365-1465 RL) 0.8% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	–	–	–	–	–	–
Inferred	7.2	0.81	0.21	0.90	58	49
Total	7.2	0.81	0.21	0.90	58	49
Copper Chert 0.6% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	3.2	1.70	0.76	2.02	54	78
Inferred	0.9	1.31	0.91	1.70	12	26
Total	4.1	1.61	0.79	1.95	66	105
Green/Cape Horn 0.6% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	–	–	–	–	–	–
Inferred	8.2	1.02	n/a	1.02	84	–
Total	8.2	1.02	0.00	1.02	84	0
TOTAL UNDERGROUND	**71.3**	**1.03**	**0.26**	**1.14**	**734**	**588**
OPEN PIT						
Royal Tharsis / Prince Lyell Upper Remnants 0.2% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	–	–	–	–	–	–
Inferred	35.5	0.64	0.18	0.72	227	205
Total	35.5	0.64	0.18	0.72	227	205
North Lyell Remnants 0.2% Cu cut-off						
Measured	–	–	–	–	–	–
Indicated	–	–	–	–	–	–
Inferred	33.6	0.64	0.15	0.70	215	162
Total	33.6	0.64	0.15	0.70	215	162
TOTAL OPEN PIT	**69.0**	**0.64**	**0.17**	**0.71**	**442**	**367**
TOTAL UNDERGROUND & OPEN PIT	**140.3**	**0.84**	**0.22**	**0.93**	**1,176**	**955**

Notes:
1. Table subject to rounding
2. CuEq (%) = Cu (%) + Au (ppm) * 0.43, CuEq calc. uses a copper recovery of 92%, gold recovery of 60%, copper price of US$8,780/t and a gold price of US$1,653/oz

Mineral Resources at Mt Lyell were first reported to ASX in October 2021 and the Prince Lyell Resource was updated during 2022. The update was necessary as a portion of the Mineral Resource (Prince Lyell North Flank) had no classification assigned in the initial report. This update added 5.6Mt of Indicated Mineral Resource.

All other Mineral Resources remain unchanged from the announcement in October 2021.

MT LYELL – ORE RESERVES AS AT 30 JUNE 2022

	MINED ORE TONNES (Mt)	GRADE Cu (%)	GRADE Au (g/t)	COPPER METAL TONNES (kt)	GOLD OUNCES (koz)	GRADE CuEq (%)
Prince Lyell						
Probable	21.0	1.03	0.26	216	174	1.14
Western Tharsis						
Probable	2.9	1.03	0.26	30	24	1.14
Total	**23.9**	**1.03**	**0.26**	**246**	**198**	**1.14**

Notes:

1. Table subject to rounding.
2. The Ore Reserve estimate for the sub-level cave (SLC) is based on a cut-off grade of 0.75% Cu.
3. Dilution is incurred due to the nature of the mining method & is inc. in the Ore Reserve estimate and originates from Measured, Indicated & Inferred Mineral Resources.
4. Studies have been completed to a Pre-Feasibility level. A Restart Pre-Feasibility Study is underway and is expected to be released to the ASX in Second Half (H2) of Calendar Year (CY) 2022.
5. Mineral Resources are inclusive of the Ore Reserves and Inferred ex situ (cave 1315-1465mL) excluded from Mineral Resources and Ore Reserves.
6. Multiple site visits have been conducted by the Competent Person.
7. CuEq (%) = Cu (%) + Au (ppm) * 0.43, CuEq calc. uses a copper recovery of 92%, gold recovery of 60%, copper price of US$8,780/t & a gold price of US$1,653/oz.

The initial Ore Reserve for Mt Lyell has been estimated after consideration of the level of confidence in the Mineral Resource and material and relevant modifying factors.

Mt Lyell Copper Mine underground

Competent Person's Statement — Mt Lyell Mineral Resources

The information in this Annual Report that relates to Mineral Resources for the Mt Lyell Copper Mine (comprising the Prince Lyell Deeps, Prince Lyell North Flank, Royal Tharsis/Prince Lyell Upper Remnants and North Lyell Remnants deposits) is based on information compiled by Danny Kentwell, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Danny Kentwell is a full-time employee of SRK Consulting. Danny Kentwell has been engaged by the Group in his capacity as an independent consultant. Danny Kentwell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Danny Kentwell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Mineral Resources for the Mt Lyell Copper Mine (comprising the Western Tharsis, Green Horn/Cape Horn and Copper Chert deposits) is based on information compiled by David Slater, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. David Slater is a full-time employee of SRK Consulting. Mr Slater was engaged by Copper Mines of Tasmania Pty Ltd in his capacity as an independent consultant. David Slater has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. David Slater consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement — Mt Lyell Ore Reserves

The information in this Annual Report that relates to Ore Reserves for the Prince Lyell and Western Tharsis deposits is based on information compiled by Brad Evans, a Competent Person who is a Fellow and Charter Professional of the Australasian Institute of Mining and Metallurgy. Brad Evans is a full-time employee of the Group. Brad Evans has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Brad Evans consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Governance and internal controls

New Century ensures that its Mineral Resource and Ore Reserve estimates are subject to appropriate levels of governance and internal controls. The Group's Mineral Resources and Ore Reserves have been generated by independent external consultants and internal employees who are experienced in best practice modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource and Ore Reserves estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling. The Group reports its Mineral Resources and Ore Reserves in accordance with the JORC Code. Competent Persons named by the Group qualify as Competent Persons as defined in the JORC Code. In addition to the arrangements and internal controls established by the Group, the Board oversees the governance of Mineral Resources and Ore Reserves. This includes the annual review and approval of the publicly reported Mineral Resources and Ore Reserves Statement.

Sustainability

New Century has committed to enhanced sustainability reporting for the 2022 financial year.

Highlights

Development and adoption of a broader suite of ESG policies, in addition to the Group's Sustainability Policy

Implementation of the "Towards Sustainable Mining" accountability framework, delivering increased transparency on sustainability performance

Independent recognition as a top performer in sustainability metrics amongst our peers in the resources sector

2022 Queensland Resources Council Indigenous Awards, Highly Commended for New Century's community-based training, and sustainable development program

Following on from the previous year's strong performance in ESG achievements and transparency, New Century has committed to enhanced sustainability reporting for the 2022 financial year.

Our vision has remained front of mind for the New Century Board, executive team and employees as we continue to integrate ESG considerations into our decision-making.

During the reporting period, New Century entered into an option agreement with Vedanta Ltd for the acquisition of Copper Mines of Tasmania Pty Ltd, owner of the Mt Lyell Copper Mine. This transaction demonstrates the Group's ongoing commitment to its vision by embracing opportunities for sustainable development, delivering on the needs of the present, with a view to achieving beneficial outcomes for future generations. The Group looks forward to progressing its investigations into the potential restart of the Mt Lyell Copper Mine during the coming financial year and integrating its sustainable development values into that operation.

In 2021, the Group released its inaugural Sustainability Report, adopting an approach of aligning its activities with the United Nations Sustainable Development Goals (**UNSDGs**) and reporting on how aspects of the Group's activities and performance contributed to achievement of the UNSDGs.

This year, the Board of New Century has resolved to build on the Group's commitment to transparent accountability by adopting the Towards Sustainable Mining (**TSM**) framework and incorporating TSM reporting alongside the Group's reporting against the UNSDGs within the Sustainability Report for 2022 financial year.

Environment and rehabilitation

There were no reportable environmental incidents at the Century Mine operations or at the Port of Karumba during the reporting period. New Century continues its focus on progressive rehabilitation at the Century Mine through the removal and reprocessing of waste from the tailings storage facility, and exposure of native earth below the tailings dam to enable further and final rehabilitation of that facility in the coming years.

The Group has also commenced rehabilitation trials within the tailings storage facility and evaporation dam with a view to establishing a preferred rehabilitation methodology once the material in the tailings storage facility has been removed.

Social and community engagement

New Century engages with the communities that host its operations on an ongoing and transparent basis. During the 2022 financial year, this engagement extended to new communities and stakeholder groups associated with the Mt Lyell Copper Mine in Queenstown, Tasmania. The Group has been encouraged by the enthusiasm of the communities in Tasmania for the proposed restart of the Mt Lyell Copper Mine. The Tasmanian Government has been supportive of the Group's investigations to date and it continues to engage with a view to successfully completing feasibility investigations during 2023. The Group has also commenced a Social Impact Assessment for the proposed restart of operations at Mt Lyell, and this study will guide the Group's approach to ensuring the Queenstown and broader Tasmanian communities can sustainably benefit from the proposed restart of mining operations.

At the Century Mine, the Group has continued its commitment to engagement and benefit-sharing under the auspices of the Gulf Communities Agreement. New Century's approach to benefit sharing incorporates elements of community-design leading to beneficial outcomes sought by the community to achieve stakeholder-identified sustainable development goals.

Some key outcomes and achievements during the reporting period include:

Continued implementation of the community-based training and development program, supporting the following initiatives:

- establishment of the Ngumari Waanyi Rangers;
- launch of the Boodjamulla National Park Management Plan, to be jointly managed by the Waanyi People as Traditional Owners for the Park area; and
- continued support for the Cowboys House boarding centre in Townsville, providing accommodation, learning and career support for students from the Gulf of Carpentaria and broader areas of North Queensland.

Community sponsorship programs supporting a range of community events and initiatives such as:

- the Gregory River Canoe Marathon;
- the Gregory Saddle Club Saddles and Paddles Event;
- the Normanton Athletics Club, including assisting athlete attendance at the National Championships;
- the Burke Shire Council – Health and Wellbeing Expo; and
- the Royal Flying Doctor Service Charity Ball – Normanton.

The Group was also pleased to be recognised this year with a Highly Commended Award as part of the Queensland Resources Council's annual Indigenous Awards. The award recognised the Group's excellence in delivering community-focused training and development initiatives throughout the Gulf of Carpentaria.

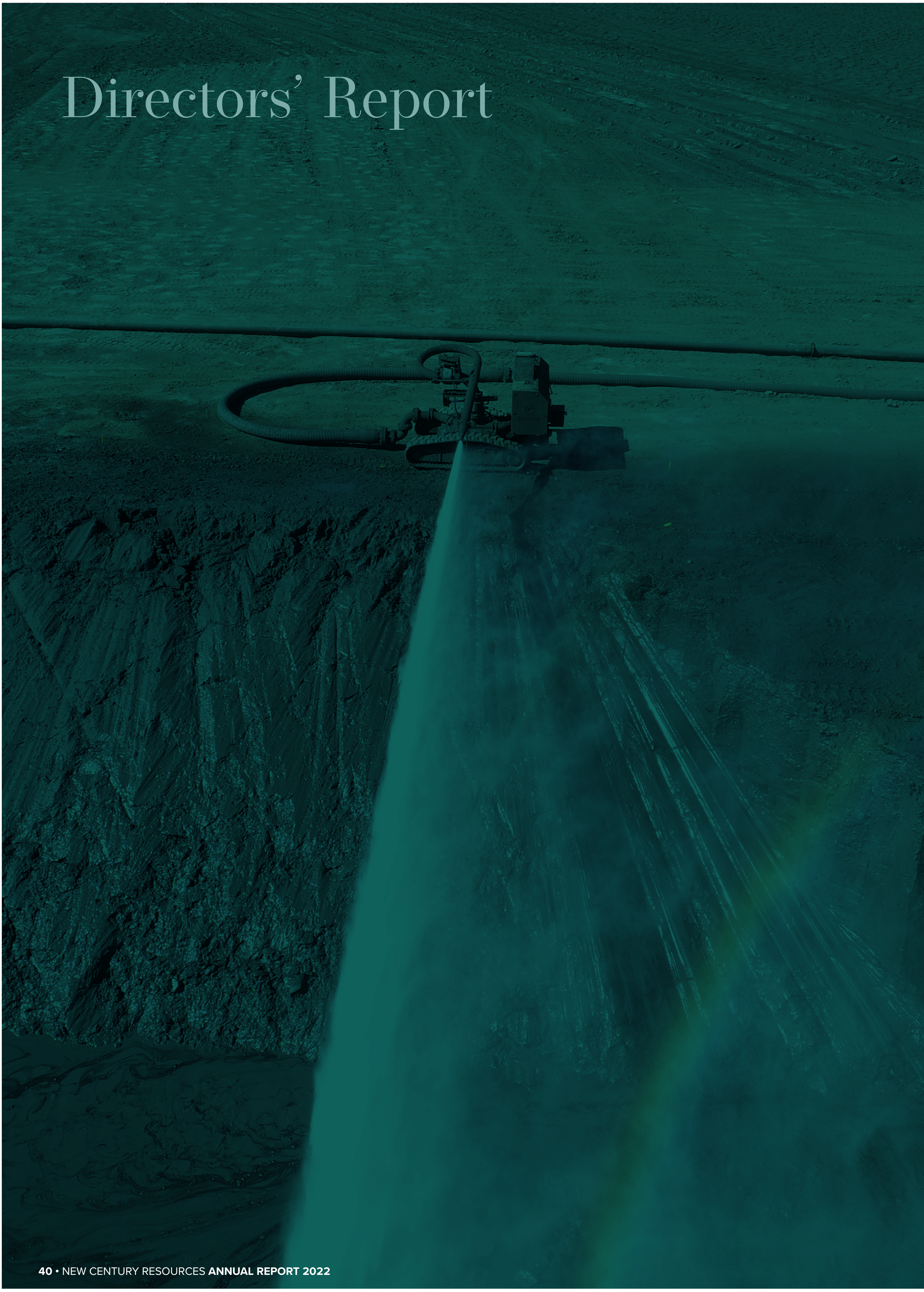
Further reporting on sustainability performance will be included in the Group's Sustainability Report to be published later in 2022.

Members of the New Century team join in the yabby races at the Gregory Saddle Club's annual Saddles and Paddles event, part of the Group's community support initiatives.

New Century's Head of Corporate Sustainability, Shane Goodwin and Community Liaison Officer, Michelle Erbacher at the Queensland Resources Council's 2022 Indigenous Awards where the Group was recognised for its community-based training and development program.

Community support and participation is core to New Century's approach to engagement, and this year the Group was able to sponsor and nominate a team to participate in the Gregory River Canoe Marathon.

Directors' Report



The Directors present their report, together with the Financial Statements, on the consolidated entity (referred to hereafter as the **Group**) consisting of New Century Resources Limited (referred to hereafter as **New Century** or the **Company**) and the entities it controlled for the financial year ended 30 June 2022.

Directors

The Directors who held office during or since the end of the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

DIRECTOR	EXPERIENCE AND EXPERTISE	OTHER CURRENT LISTED ENTITY DIRECTORSHIPS	FORMER LISTED ENTITY DIRECTORSHIPS IN LAST THREE YEARS	NEW CENTURY SPECIAL RESPONSIBILITIES
CURRENT DIRECTORS				
Robert McDonald **Chairman** Appointed on 17 July 2019 B.Comm MBA (Honours)	Robert McDonald has more than 40 years of broad experience in the international mining sector. His early career within the Rio Tinto Group involved various operational business development, deal making and strategic planning roles for Hamersley Iron, RTZ Services and Rio Tinto Minera SA. This experience was followed by 20 years of investment banking, initially with BA Australia, then as director and principal of Resource Finance Corporation, and subsequently as a Managing Director of N.M. Rothschild & Sons. In these roles he was responsible for a wide range of advisory services including company formation, M&A, business origination, strategic advice on value creation/recognition, risk management, fairness opinions, debt and equity capital raisings and corporate restructurings. Over the most recent decade Mr McDonald has continued as a trusted investment banking advisor to a selected group of major international mining and investment companies. He has also maintained an active involvement in publicly listed and private mining and mining service companies through various board roles including as Non-Executive Director and Chairman.	Cobalt Blue Holdings Limited	None	Chairman of the Board Member of Remuneration & Nomination Committee
Patrick Walta **Managing Director** Appointed on 13 July 2017 B.Eng (Chem) B.Sc MBA M.Sc (MinEcon) Dip Proj Mgt	Patrick Walta is a qualified metallurgist, mineral economist and board executive with experience across both technical and commercial roles within the mining and water treatment industries. Mr Walta's experience within the mining industry includes public and private company management, mineral processing, M&A, IPOs, project management, feasibility studies, exploration activities, competitive intelligence and strategic planning. Mr Walta also has a broad level of resource industry experience through roles with the Rio Tinto Group, Citic Pacific Mining, Cradle Resources Limited, Carbine Resources Limited, Primary Gold Limited and Clean TeQ Limited.	None	None	Managing Director

DIRECTOR	EXPERIENCE AND EXPERTISE	OTHER CURRENT LISTED ENTITY DIRECTORSHIPS	FORMER LISTED ENTITY DIRECTORSHIPS IN LAST THREE YEARS	NEW CENTURY SPECIAL RESPONSIBILITIES
Nick Cernotta Non-Executive Director Appointed on 28 March 2019 B.Eng (Mining)	Nick Cernotta is a mining engineer who has held senior operational and executive roles in Australia and overseas for over 35 years. Mr Cernotta has considerable experience in the management and operation of large resource projects, having served as Director of Operations at Fortescue Metals Group, Chief Operating Officer (Underground, International and Engineering) at MacMahon Holdings Limited and as Director of Operations for Barrick (Australia Pacific) Pty Ltd, a subsidiary of Barrick Gold Corporation. Mr Cernotta's particular operational expertise is in managing safety, culture, production and cost efficiency, and organisational effectiveness.	Northern Star Resources Limited Panoramic Resources Limited Pilbara Minerals Limited	None	Chair of Remuneration & Nomination Committee Member of Audit & Risk Committee Member of Environmental, Social & Governance Committee Member of Technical Oversight Committee
Kerry Gleeson Non-Executive Director Appointed on 30 November 2020 LLB (Hons) FAICD	Kerry Gleeson is an experienced Non-Executive Director following a 30-year career as a senior executive and as a lawyer in both the United Kingdom and Australia. Ms Gleeson has significant experience in international governance, strategic M&A and complex corporate finance transactions, as well as in risk and crisis management. Ms Gleeson was a member of the Group Executive at Incitec Pivot Limited for ten years until 2013, including as General Counsel & Company Secretary, with involvement across its international operations in explosives and chemicals, mining, transport and logistics. Ms Gleeson led Incitec Pivot's Corporate Affairs function across government, media and regulatory affairs as well as leading international crises responses and major environmental remediation projects, and the Group's Culture & Values and Diversity programs. Earlier in her career, Ms Gleeson was a senior corporate lawyer with Australian law firm Blake Dawson Waldron (now Ashurst) in Melbourne which followed a ten-year career in the United Kingdom where she practised as a corporate finance lawyer focusing on M&A, IPOs and debt and equity financing.	Australian Strategic Materials Limited Chrysos Corporation Limited St Barbara Limited	None	Chair of Environmental, Social & Governance Committee Member of Remuneration & Nomination Committee Member of Audit & Risk Committee
Peter Watson Non-Executive Director Appointed on 22 January 2018 B.Eng (Chem) (Hons) Dip Acc & Fin Mgt FIEAust GAICD	Peter Watson is a chemical engineer with over 30 years' experience in the resources sector, both in Australia and overseas. Mr Watson has held technical and executive roles with a number of companies throughout his career, culminating in his appointment as the Managing Director & Chief Executive Officer of Sedgman Limited, a market leading engineering and mining services firm. Initially joining Sedgman as Chief Operating Officer Metals Division in 2010, Mr Watson successfully led and supported the development and execution of Engineering, Procurement and Construction (**EPC**) as well as Operations Contracts in excess of $2 billion as he progressed through roles as Executive General Manager (2011–2012) and Global Executive Director (2012–2014), before being made Managing Director & Chief Executive Officer (2014–2016). During his time at Sedgman, Mr Watson provided leadership and guidance across a suite of over ten large scale mine operations contracts and over 30 EPC contracts across a broad spectrum of commodities.	Paladin Energy Limited Strandline Resources Limited	None	Chair of Audit & Risk Committee Chair of Technical Oversight Committee Member of Environmental, Social & Governance Committee

Company Secretary

Thomas Wilcox

Thomas Wilcox is an experienced legal and corporate governance executive with significant Australian and international experience in the resources sector. Mr Wilcox has extensive experience in areas including M&A, joint ventures, business development, corporate governance, ESG, business integrity, risk management and compliance, regulatory investigations and financing transactions.

Prior to joining New Century, Mr Wilcox has worked in a range of senior legal and governance roles at Newcrest Mining Limited, Kidman Resources Limited, CSG Limited and Rio Tinto Limited (including its ASX-listed subsidiary Energy Resources of Australia Limited).

Mr Wilcox holds a Master of Laws (LLM), a Bachelor of Laws (LLB) and a Bachelor of Commerce (B.Com) from the University of Melbourne and is a graduate of the Australian Institute of Company Directors.

Directors' meetings

The number of Board and Committee meetings held, and the number of meetings attended by each of the Directors of the Company, during the financial year are shown below:

DIRECTOR	BOARD OF DIRECTORS		AUDIT & RISK COMMITTEE		REMUNERATION & NOMINATION COMMITTEE		ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE	
CURRENT DIRECTORS	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**	**Scheduled**	**Supplementary**
Robert McDonald	6/6	18/18	–	–	4/4	1/1	–	–
Patrick Walta	6/6	17/18	–	–	–	–	–	–
Nick Cernotta	6/6	18/18	4/4	1/1	4/4	1/1	2/2	–
Kerry Gleeson	6/6	17/18	4/4	1/1	4/4	1/1	2/2	–
Peter Watson	6/6	18/18	4/4	1/1	–	–	2/2	–

In addition to the meetings of Directors and Committees specified above, Directors attended additional meetings with Management in consideration of key strategic matters for the Group.

Principal activities

The principal activities of the Group for the financial year were the mining and processing of tailings dam materials containing zinc, sales of concentrate, undertaking mineral exploration activities and exploring business development opportunities. More information on the Group's principal activities is set out in the Operating and Financial Review section.

Dividends

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

Operating and financial review

Details of the review and results of New Century's operational and financial performance, which forms part of the Directors' Report, are set out in the Operating and Financial Review section.

Matters subsequent to the end of the financial year

On 26 August 2022 the Group executed an Amendment Letter with Macquarie Bank Limited (**Macquarie**) and Argonaut Insurance Company (**Argo**) amending the terms and conditions of the existing Environmental Bond Facility (**Amended EBF**).

The key commercial and legal terms of the Amended EBF are now as follows:

Environmental Bonding Facility terms

In November 2021, Argo provided an Environmental Bond Facility for A$180 million for the purpose of replacing the environmental rehabilitation bonds previously supported by MMG Limited and required to be presented to the Queensland State in respect of the Century Mine.

Macquarie, as the Issuing Bank, fronts the environmental bonds. Macquarie has also entered into zinc hedging transactions with Century Mine Limited (**CML**), a wholly owned subsidiary of New Century.

The Facility Agreement sets out the terms and conditions applicable to the issuance of the environmental bonds, the fronting arrangements and the zinc hedging transactions provided by Macquarie. The EBF has now been amended as set out below.

Amortisation profile

The maturity date of the Amended EBF is 30 April 2025 (previously 30 September 2024).

The Amended EBF amortises quarterly for four quarters at A$10.0 million per quarter commencing 3 April 2023 and finishing on 2 January 2024 and amortises thereafter from 31 January 2024 at the rate of A$7.62 million per month with the last amortisation payment due on 30 April 2025.

Amortisation of the Amended EBF can be achieved through any combination of returning the environmental bonds to the Issuing Bank (including following a reduction of the underlying environmental bond liability) or lodging cash cover with the Issuing Bank.

CML can make voluntary prepayments at any time with prior notice and all reductions by way of voluntary prepayments or scheduled amortisation are applied as a reduction to the next amortisation payment falling due. No prepayments or repayments may be redrawn.

Fees

On-going fees payable by CML under the Amended EBF:

(a) Line Fee of 2.30% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (previously 1.9% p.a.)

(b) Fronting Fee of 0.25% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (unchanged)

(c) Amendment Line Fee of 2.5% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (new)

(d) Annual Facility Fee of A$3.1 million (unchanged); and

(e) standard security trustee and agency fees (unchanged).

The Issuing Bank has customary rights to pay and walk from the performance bonds, which are strictly limited to events of illegality, impossibility and breaches of anti-money laundering or sanction requirements and where an event of default is subsisting.

Security (unchanged)

The customary security package includes a full suite of first ranking security over the Century Mine, including guarantees, mortgages (over mining tenures and real property), general security agreements, share pledges and subordination of intercompany loans (if applicable) is in place.

Representations, warranties, and undertakings (unchanged)

The EBF contains representations, warranties, and undertakings typical for a facility of this nature, including:

(a) general undertakings (including restrictions on distributions, incurring financial indebtedness, providing financial accommodation and guarantees and acquiring and disposing of assets, each with typical exceptions);

(b) information undertakings (including financial reporting undertakings);

(c) project specific undertakings (including rehabilitation undertakings);

(d) hedging undertakings; and

(e) insurance undertakings.

Financial and production covenants and other restrictions

(a) The EBF contains financial covenants which are tested quarterly.

(b) "Minimum Liquidity" of no less than A$25 million on quarter-ends and A$15 million on month-ends between quarters which has been tested on and from 31 December 2021.

(c) "Debt Service Cover Ratio" of no less than 1.2x to be tested on and from 30 June 2023 (previously 31 March 2022 and which has been tested on and from 31 March 2022 to 30 June 2022).

(d) "Project Life Cover Ratio" of no less than 1.7x which has been tested on and from 31 December 2021.

(e) Specified 6-month production hurdles commencing 30 June 2023 (previously 30 September 2022) and tested quarterly varying from 54,000t of payable zinc metal over a six-month period to 30 June 2023, to a high of 60,000t of payable zinc metal over the six-month period to 31 March 2024.

The Amended EBF also includes specific limits on incurring additional financial indebtedness, disposing or acquiring assets, provision of guarantees or financial accommodation, and the distribution of dividends.

Review Events and Events of Default

The Amended EBF contains a number of Review Events, which can trigger a mandatory prepayment of the Amended EBF and the termination of the hedge position, if an agreement or remedy does not occur within specified timeframes.

> suspension of trading on the ASX for more than five consecutive days in any 12-month period;

> change of control;

> changes to the "Rehabilitation Plan" which have a material adverse effect;

> failure to satisfy the minimum "Reserve Tail Ratio" requirement;

> a 15% underachievement of forecast cashflows compared to the updated "Base Case Financial Model" (that is the August 2022 model whereas this was previously the original November 2021 model) using the same price assumption as the updated model for zinc, exchange rates and treatment charges;

> certain material changes to the "Life of Mine Plan" or "Base Case Financial Model" which do not fall within specified exceptions; and

> failure to forecast production in the latest "Life of Mine Plan" from the tailings operations continuing after the conclusion of the EBF and the existing hedging positions with Macquarie.

The EBF also contains customary events of default.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Group's operations or results in future financial years.

Future developments, prospects and business strategies

Disclosure of further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations are set out in the Operating and Financial Review section as well as on the Company's ASX announcements which are available at the Company's website.

Share options and performance rights

At the date of this report, the Group had the following options over ordinary shares and performance rights on issue:

TYPE OF OPTIONS AND PERFORMANCE RIGHTS	NUMBER OF OPTIONS AND PERFORMANCE RIGHTS	EXERCISE PRICE $	EXPIRY DATE
Unquoted options issued to Director	66,667	8.40	18/09/2022
Unquoted options issued to Director	66,667	10.50	18/09/2022
Unquoted options issued to Värde Partners	1,666,667	3.75	17/07/2023
Unquoted options issued to Tectonic Advisory	666,668	3.75	04/12/2023
Unquoted options issued to MMG Management	666,667	2.325	30/11/2024
Class A performance rights (2020)	291,602	–	01/07/2024
Class B performance rights (2020)	83,317	–	01/07/2024
Class C performance rights (2020)	41,660	–	01/07/2024
Class D performance rights (2021)	894,866	–	01/07/2025
Performance rights (2020)	92,721	–	01/07/2024
Performance rights (2021)	255,293	–	01/07/2025
Performance rights (2022)	712,686	–	01/07/2026
Performance rights (2022)	234,983	–	01/07/2026
Total	**5,740,464**		

Directors' interests

The relevant interest of each Director in the share capital of the Group as at the date of this report is:

DIRECTORS	ORDINARY SHARES FULLY PAID			OPTIONS			PERFORMANCE RIGHTS		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Robert McDonald	–	78,530	78,530	–	133,334	133,334	–	–	–
Patrick Walta	2,271,131	–	2,271,131	–	–	–	613,852	–	613,852
Nick Cernotta	–	103,048	103,048	–	–	–	–	–	–
Kerry Gleeson	7,056	7,055	14,111	–	–	–	–	–	–
Peter Watson	–	35,186	35,186	–	–	–	–	–	–
Total	**2,278,187**	**223,819**	**2,502,006**	**–**	**133,334**	**133,334**	**613,852**	**–**	**613,852**

Indemnifying officers or auditor

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, a Director or Officer of the Company against any liability incurred by that person as a Director or Officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action for such liabilities. The Constitution further provides that the Company may enter into an agreement with any person who is, or has been, a Director or Officer of the Company or a subsidiary of the Company to indemnify the person against such liabilities. The Company has entered into Deeds of Indemnity, Insurance and Access with current and former Directors and Officers. The deeds address the matters set out in the Constitution.

The Company has paid premiums to insure all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors or Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Disclosure of the nature and the amount of the premium is prohibited by the confidentiality provisions of the insurance contracts.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the financial year ended 30 June 2022, to any person who is or has been an auditor of the Company.

Audit, auditor's independence declaration and non-audit services

Deloitte Touche Tohmatsu has been appointed as auditor of the Group in accordance with section 327 of the *Corporations Act 2001* (Cth). The lead auditor's independence declaration for the financial year ended 30 June 2022 has been received.

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 37 to the Financial Statements. The Directors are of the opinion that the non-audit services as disclosed in Note 37 to the Financial Statements do not compromise the external auditor's independence.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the financial year.

Environmental regulations

The Group is required to carry out its activities in accordance with legislation and regulations in the areas in which it undertakes its exploration and development activities. The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

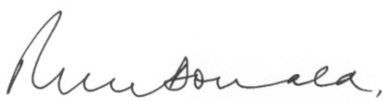
Remuneration report

The remuneration report which has been audited by Deloitte Touche Tohmatsu forms part of the Directors' Report.

Going concern

Refer to the Going Concern note under the Summary of significant accounting policies in Note 1 to the Financial Statements for a matter emphasised in relation to the Going Concern assumption.

Signed in accordance with a resolution of the Directors.



Robert McDonald
CHAIRMAN

29 August 2022

Remuneration Report

The Remuneration Report, which has been audited, outlines the Director and executive remuneration arrangements for the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**) and its Regulations.

This Remuneration Report is set out under the following main headings:

> Key management personnel covered in this report
> Principles used to determine the nature and amount of remuneration
> Details of remuneration
> Service agreements
> Share-based compensation
> Additional disclosures relating to key management personnel.

Key management personnel covered in this report

The Corporations Act and relevant Accounting Standards require disclosures in respect of "key management personnel" (**KMP**), being those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The KMP of the Group are listed below. Throughout this Remuneration Report the KMP who are not Non-Executive Directors are collectively referred to as **Executive KMP**.

TABLE 1 – KEY MANAGEMENT PERSONNEL (KMP)

NAME	POSITION	PERIOD OF KMP DURING THE YEAR
Current		
Robert McDonald	Non-Executive Chairman	All of financial year 2022
Patrick Walta[1]	Managing Director	All of financial year 2022
Nick Cernotta	Non-Executive Director	All of financial year 2022
Kerry Gleeson	Non-Executive Director	All of financial year 2022
Peter Watson	Non-Executive Director	All of financial year 2022
Mark Chamberlain[1]	Chief Financial Officer	All of financial year 2022
Barry Harris[1]	Chief Operating Officer	All of financial year 2022

1 Executive KMP.

Principles used to determine the nature and amount of remuneration

Remuneration governance

The Board recognises that the success of the business depends on the quality and engagement of its people. To ensure the Group continues to succeed and grow, it must attract, motivate and retain skilled Directors, executives and employees. The Board's aim is to ensure that people and performance are a priority.

The Remuneration & Nomination Committee is responsible for the oversight of the Group's remuneration framework and policies. The Board, upon recommendation of the Remuneration & Nomination Committee, determines the remuneration and key performance indicators for the Managing Director and other Executive KMP.

The objective of the Remuneration & Nomination Committee is to ensure that the remuneration framework and policies are suitable to attract and retain Directors, executives and employees who are incentivised to create sustained value for shareholders.

Remuneration philosophy

The remuneration framework and policies of the Group have been designed to be simple and transparent, to align employee and executive reward with the achievement of the Group's strategic objectives over the medium and long term, and to encourage a 'pay for performance' culture.

The following guiding principles direct the Group's remuneration approach. The remuneration structure aims to:

> attract, retain and motivate the right calibre of people for the business;
> provide strong linkage between incentive rewards and creation of value for shareholders;
> reward the achievement of financial and strategic objectives; and
> comply with applicable legal requirements and appropriate standards of governance.

Remuneration positioning

The Group's approach to Total Fixed Remuneration (**TFR**) in the 2022 financial year was to position between the 50th and 75th percentiles of the market for a fully proficient and capable performer, whilst the total remuneration package (including both fixed and at-risk pay) reflects more typically the upper quartile pay position when superior levels of performance have been met or exceeded.

External benchmarking and market data

The Remuneration & Nomination Committee uses external benchmarking or market data in assessing the positioning and competitiveness of remuneration packages for KMP (both Non-Executive Directors and Executive KMP). For the purposes of assessing the appropriate levels of remuneration, the Remuneration & Nomination Committee considers the Company's peers in the Australian resources sector in terms of a range of factors, including size, financial metrics, location, operational complexity and risk profile, and which are representative of those with which the Group may compete for talent.

Executive KMP remuneration framework

Executive KMP remuneration is comprised of fixed and at-risk components, the purpose of which is to align executive reward with performance, shareholder outcomes and the Group's goal of retaining and promoting high calibre people. TFR and at-risk remuneration are reviewed annually by the Remuneration & Nomination Committee. The total remuneration package (fixed and at-risk pay), reflects the upper quartile pay position where superior levels of performance have been achieved. An overview of the different components within the Executive KMP remuneration framework is set out in Table 2 below.

The Board considers that if the targets set for Executive KMP are successfully delivered, this will generate significant and sustained value for shareholders.

TABLE 2 – EXECUTIVE KMP REMUNERATION FRAMEWORK

COMPONENT	VEHICLE	PURPOSE
Total Fixed Remuneration (**TFR**)	Base salary, superannuation and non-cash benefits.	Pay for meeting role requirements with reference to industry benchmarking, experience and skills, size and complexity of role and proficiency.
Short Term Incentive (**STI**)	Cash based incentive that is set at a percentage of TFR for the achievement of individual and Company key performance indicators (**KPIs**) for the financial year. Each year, the Board sets the KPIs for Executive KMP which include a mix of Company and individual performance objectives.	Cash based pay for the achievement of Company and individual KPIs. The Board sets KPIs that are intended to drive performance without encouraging undue risk-taking and align the interests of the Executive KMP with those of shareholders.
Long Term Incentive (**LTI**)	The LTI component consists of a grant of performance rights to Executive KMP and other executives. Grants of performance rights are made by way of issue at nil cost at the time of grant and no exercise price on vesting. Vesting is contingent on the achievement of performance conditions set by the Board over a three-year period. The number of performance rights issued is linked to TFR and the share price at the commencement of the three-year performance period.	Equity based pay for outperforming peers and creating value for shareholders over a long-term horizon. The Board considers that the LTI plan aligns the interests of Executive KMP and other executives with those of shareholders by basing rewards on the delivery of the plan and strategic objectives for the Company which translate into longer term value for shareholders.

Total Fixed Remuneration

TFR is reviewed annually, typically at the commencement of the financial year. Any adjustments to the TFR of Executive KMP must be approved by the Board after recommendation by the Remuneration & Nomination Committee. The Managing Director determines the TFR of other senior executives within specified guidelines approved by the Board, on the recommendation of the Remuneration & Nomination Committee.

The TFR for Executive KMP is typically positioned between the 50th and the 75th percentiles of salaries for comparable roles at companies within the mining industry with which the Group competes for talent and equity investment. On 1 January 2022, the Managing Director's TFR was aligned to the 75th percentile taking into account industry movements since the completion of the benchmarking survey, positioning the TFR of all Executive KMP in line with this benchmark. TFR is assessed on a case by case basis, taking into account role requirements and complexity, as well as individual experience, skills and proficiency.

In approving the changes to TFR for Executive KMP for the 2022 financial year, the Board considered a range of factors including:

- industry benchmarking and market data comparing remuneration positioning and competitiveness against the Group's peers in the Australian resources sector in terms of market capitalisation, location and operational and risk profile;
- the fact that, prior to the 2022 financial year, there had been only minor increases (or in some cases, no increases at all) to the TFR of Executive KMP since 1 July 2019. Over this period the TFR of Executive KMP, when assessed against the Group's peers in the Australian resources sector, had fallen below the range targeted by the Board;
- the continued growth and development of the Group, improved market conditions and the stabilisation of the Group's operational and financial performance;
- the recent tightening of labour markets in the resources sector, and the increased competition for high calibre executives, which is anticipated to continue in the short to medium term; and
- the Board's overall philosophy of ensuring that the Group's remuneration framework and policies are suitable to attract, motivate and retain talented executives who are incentivised to create sustained value for shareholders.

During the 2022 financial year the Board exercised its discretion to conduct an out of cycle review of Patrick Walta's TFR. Following the transformation growth transaction that was executed in the first half of the financial year the Board resolved to increase Mr Walta's TFR from $575,000 (including superannuation) to $650,000 (including superannuation) with effect from 1 January 2022. The Board also resolved that, for the purposes of determining Mr Walta's STI and LTI entitlements, his TFR for the 2022 financial year will be taken to be $612,500 (being the average TFR during the period).

Short Term Incentives

All Executive KMP are eligible to participate in the Company's STI plan which provides for a payment to made subject to the achievement of a number of measures related to individual and Company performance. The 2022 financial year STI plan for Executive KMP set a maximum value of 50 percent of TFR for the reporting period.

The STI measures and weightings between individual and Company performance vary for Executive KMP, depending on the requirements of each role. The Managing Director's maximum STI opportunity for the 2022 financial year is comprised of a 30 percent weighting for Company performance and a 70 percent weighting for individual performance. For other Executive KMP, the maximum STI opportunity is comprised of either a 40 or 70 percent weighting for Company performance and a respective 60 or 30 percent weighting for individual performance.

The individual objectives set for the 2022 financial year were stretch targets based on key strategic objectives for the Group over the period which the Board considered to underpin the Group's growth plans and generate value for shareholders.

The Company performance component of the STI opportunity relates to safety, production and cost metrics and is substantially aligned to previous years.

In consideration of ongoing labour market risks for key personnel, and as a once off measure to bolster the Group's retention incentive objectives, the Board determined that Executive KMP would be eligible for a 50 percent uplift of their overall STI outcome for the 2022 financial year. The resulting uplift will be issued as equity and escrowed for 12 months.

The Board retains discretion under the STI plan rules in relation to the award, forfeiture or adjustment of any STI payment to ensure that it is appropriate and equitable, having regard to factors including the overall business performance.

Long Term Incentives

The Group's remuneration and incentive plans for Executive KMP and other executives and employees for the 2022 financial year were reviewed by the Remuneration & Nomination Committee and approved by the Board. The review was undertaken to ensure appropriateness of performance conditions (over the short and longer term), vesting scales, targets and gates to the circumstances that are anticipated to prevail over the measurement period and the expectations of shareholders and to also consider the strategic objectives of the Group going forward.

In October 2019, the Company received shareholder approval for the establishment of two employee incentive schemes, the General Employee Share Plan (**GESP**) and the Employee Share Incentive Plan (**ESIP**). Under these plans the Board may offer to eligible persons the opportunity to subscribe for such number of equity securities in the Company as the Board may determine, on the terms set out in the rules of the relevant plan. Both plans provide eligible employees with the opportunity to participate in the future growth of the Group.

The GESP allows for eligible persons to subscribe for shares that may be subject to income tax exemptions or deferral, while the ESIP is a broader plan under which the Board may offer eligible persons to subscribe for shares and/or equity securities.

The Group is at an important stage of development with significant opportunities and challenges in both the near and longer term. The Board believes that incentivising the Group's Executive KMP and other executives with performance rights under the ESIP is a prudent means of conserving the Group's available cash reserves and aligning the efforts of those individuals in seeking to achieve growth of the share price and in the creation of shareholder value. The Board believes it is important to offer performance rights to continue to attract and maintain highly experienced and qualified employees and executives in a competitive market.

The Company issued 433,758 performance rights to Executive KMP and 278,928 performance rights to other executives under the ESIP during the 2022 financial year, which are subject to the achievement of various conditions which must be achieved on or before the end of the assessment period on 1 July 2024. The performance rights expire on 1 July 2026. A summary of the vesting conditions of performance rights granted to Executive KMP and other executives under the ESIP for the 2022 financial year is set out in Table 3. Performance rights issued to the Managing Director were approved by shareholders at the 2021 Annual General Meeting.

The LTI opportunity for the 2022 financial year consists of the issue of performance rights and is set a maximum value of 125 percent of TFR for the Managing Director and 75 percent of TFR for other Executive KMP and executives. In order for this component to be realised in full, the Group must outperform its peers on a relative Total Shareholder Return (**TSR**) basis, as compared against a Select Industry Group of peer companies (50 percent) and the companies comprising the ASX 300 Mining and Metals Index (50 percent).

Where a holder of performance rights becomes a "leaver" (as defined in the ESIP rules) all unvested performance rights will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the performance to vest. The Board may exercise its discretion where "special circumstances" (as defined in the ESIP rules) exist, which include a person becoming a leaver as a result of death, total or permanent disability, retirement or redundancy.

The Company will seek shareholder approval to refresh the GESP and the ESIP at the 2022 Annual General Meeting.

The Board retains discretion under the LTI plan rules in relation to the award, forfeiture or adjustment of any LTI payment to ensure that it is appropriate and equitable, having regard to factors including the overall business performance.

TABLE 3 – 2022 FINANCIAL YEAR PERFORMANCE RIGHTS VESTING CONDITIONS

CONDITION TYPE	CONDITION DESCRIPTION	PERFORMANCE RIGHT ALLOTMENT
Service Condition	Continuous employment with the Group over the assessment period (to 1 July 2024)	Mandatory requirement for the vesting of any performance rights
Relative TSR	Performance rights will proportionately vest according to the relative TSR of the Company measured for the three-year period from 1 July 2021 to 30 June 2024	Up to 50% of total performance rights will vest on the basis of relative TSR, as compared against a Select Industry Group of peer companies. The peer companies are substantially aligned with those in the LTI plan for the 2021 financial year Up to 50% of total performance rights will vest on the basis of relative TSR, as compared against the companies comprising the ASX 300 Mining and Metals Index In both cases above, performance rights will vest as follows: Relative TSR is below the 50th percentile of the relevant comparator: 0% of performance rights vest • Relative TSR is equal to 50th percentile of the relevant comparator: 50% of performance rights vest • Relative TSR is between 50th and 75th percentile of the relevant comparator: pro rata vesting of performance rights between 50% and 100% of performance rights vest • Relative TSR is above the 75th percentile of the relevant comparator: 100% of performance rights vest.

The relative TSR calculation for the Company and the Select Industry Group of peer companies will be based on the percentage change in the share price over the three years from 1 July 2021 to 30 June 2024, including dividends (which are assumed to be reinvested). The percentage change will be calculated by comparing the 20-trading day Volume Weighted Average Price (**VWAP**) of shares in the period immediately before the start and end of the measurement period and will include the reinvestment of dividends.

The Company's relative TSR comparative group of peer companies was determined by the Board, upon recommendation from the Remuneration & Nomination Committee. The selection criteria factored in company sector, size, complexity and risk profile to establish a representative group that reflects peers which the Group may compete with for executive talent.

TABLE 4 – RELATIVE TSR PEER COMPANIES

PEER COMPANY	ASX CODE
Red River Resources Ltd	RVR
Blackstone Minerals Ltd	BSX
Image Resources NL	IMA
Venture Minerals Ltd	VMS
Medusa Mining Ltd	MML
Metals X Ltd	MLX
Poseidon Nickel Ltd	POS
Neometals Ltd	NMT
Core Lithium Ltd	CXO
Panoramic Resources Ltd	PAN
Pantoro Ltd	PNR
Base Resources Ltd	BSE
Aeris Resources Ltd	AIS
Venturex Resources Ltd	VXR
Aurelia Metals Ltd	AMI
Mincor Resources Ltd	MCR
Syrah Resources Ltd	SYR
Western Areas Ltd	WSA
Copper Mountain Mining Corp	C6C

The TSR performance of the Select Industry Group of peer companies will be adjusted or normalised by the Board in circumstances where one or more of those peers cease to be listed on the ASX or cease to remain a representative comparator.

A further 234,983 performance rights were issued to other senior employees of the Group under the ESIP which will vest and become convertible to shares subject only to the holder remaining employed by the Group on 1 July 2024. These performance rights will expire on 1 July 2026.

Looking ahead to the 2023 financial year

The Board has reviewed the remuneration structure for Executive KMP for the 2023 financial year in accordance with the Group's remuneration philosophy and on the recommendation of the Remuneration & Nomination Committee.

The Board has approved an increase in TFR for Executive KMP of 3.5 percent in the 2023 financial year, which is reflective of broader increases across the Group's workforce and the mining industry.

There are no substantive changes to the STI and LTI framework in the 2023 financial year.

Non-Executive Director remuneration

The Board's policy is for fees to Non-Executive Directors to be competitive to market for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability and Group-specific requirements which include a competent and seasoned Board.

Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company. Some Non-Executive Directors have in limited historical circumstances received incentive options to secure their initial or ongoing services.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders. At the Company's Annual General Meeting held on 31 October 2019, shareholders approved an increase of the aggregate remuneration fee pool to $900,000 per annum which was determined after reviewing similar companies listed on ASX. The Directors believe that this level of remuneration remains in line with corporate remuneration of similar companies.

This shareholder approved level of permitted fees does not compel the Group to pay the entire amount in each financial year, rather the proposed limit ensures that the Group:

- maintains its capacity to remunerate both existing and any new Non-Executive Directors joining the Board;
- remunerates its Non-Executive Directors appropriately for the expectations placed upon them both by the Group and the regulatory environment in which it operates;
- has the ability to attract and retain Non-Executive Directors whose skills and qualifications are appropriate for a business of the size and nature of the Group; and
- has the flexibility to appoint new Non-Executive Directors as it continues to evolve the Board in line with the needs and development of the Group.

It is noted that the options issued to Robert McDonald in the 2020 financial year are subject to a price hurdle and, as such, could be viewed as performance-based options. The purpose of issuing these options was to:

- attract the right calibre of individual to ensure that the Group has a skilled and experienced Board;
- ensure that the Non-Executive Director is committed to the Group's long-term aspirations by virtue of accepting such options; and
- preserve the Group's cash holdings.

During the financial year the Board proposed that Non-Executive Directors have the option to take part of their base remuneration in the form of shares. At the Company's Annual General Meeting held on 30 November 2021, shareholders approved the issue of shares to the Non-Executive Directors as payment for up to 50 percent of their base remuneration for the 2022 financial year. Shares were issued at a price calculated as the 20-trading day VWAP of the Company's shares up to 1 July 2021, which was $3.1890 ($0.2126 on a pre-consolidation basis). The number of shares issued to Non-Executive Directors during the financial year in lieu of base remuneration are set out in Table 17.

Non-Executive Directors' fees are reviewed annually by the Board. The remuneration for Non-Executive Directors during the 2022 financial year is set out in Table 5.

TABLE 5 – NON-EXECUTIVE DIRECTORS' FEES

ROLE	2022 FINANCIAL YEAR ($)[3]
Non-Executive Director base fee	90,000
Chairman of Board[1]	185,000
Remuneration & Nomination Committee Chair[2]	20,000
Remuneration & Nomination Committee Member[2]	10,000
Audit & Risk Committee Chair[2]	20,000
Audit & Risk Committee Member[2]	10,000
Environmental, Social & Governance Committee Chair[2]	20,000
Environmental, Social & Governance Committee Member[2]	10,000
Technical Oversight Committee Chair[2]	10,000
Technical Oversight Committee Member[2]	5,000

1 The Chairman does not receive any fees for his membership of the Committees of the Board.

2 With the exception of the Chairman, fees for chairing, or membership of, the Committees of the Board are payable in addition to Non-Executive Director base fees.

3 Inclusive of superannuation.

Looking ahead to the 2023 financial year

The Board has reviewed the remuneration structure for Non-Executive Directors for the 2023 financial year to ensure the appropriateness and relevance of the fee structure.

The Board has resolved that there will be no increase in fees for Non-Executive Directors in the 2023 financial year. As fees are inclusive of superannuation, changes to the superannuation guarantee to 10.5 percent will not have any impact on overall fees paid.

The Board has resolved that, consistent with previous years, Non-Executive Directors will have the option to receive up to 50 percent of their base remuneration in the form of shares (subject to shareholder approval). The primary objective of this offering is to facilitate the acquisition of shares by the Group's Non-Executive Directors. To ensure alignment with the framework for issuing performance rights to Executive KMP, the number of shares to be issued will be calculated using the 20-trading day VWAP of the Company's shares up to 1 July 2022, which was $1.8111. A resolution seeking approval of share-based remuneration (in lieu of fixed remuneration) will be put to shareholders at the Company's 2022 Annual General Meeting.

Additional information for consideration of shareholder wealth

Table 6 summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the five financial years to 30 June 2022.

TABLE 6 – GROUP FINANCIAL INFORMATION

	2022	2021[1]	2020	2019	2018
EBITDA: Earnings before interest, tax, depreciation and amortisation[2] – $	41,552,374	73,540,335	(5,616,151)	(11,797,417)	(128,029,083)
Loss after income tax attributable to shareholders – $	(28,318,613)	(10,817,168)	(8,107,272)	(21,502,018)	(119,021,291)
Share price at year end – $[3]	1.67	3.30	2.40	7.35	19.65
Movement in share price for the year – $[3]	(1.63)	0.90	(4.95)	(12.30)	16.65
Total dividends declared – cents	–	–	–	–	–
Returns of capital – cents	–	–	–	–	–
Basic loss per share – $[3]	(0.26)	(0.15)	(0.18)	(0.64)	(4.85)

1 The Group commenced commercial production at the Century Mine on 1 July 2020.
2 Refer to Note 3 to the Financial Statements for a reconciliation of EBITDA to Net Loss After Tax.
3 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

TSR for the Company to 30 June 2022 is summarised below:

TABLE 7 – TOTAL SHAREHOLDER RETURN (TSR)

	1 YEAR TSR (%)	2 YEAR TSR (%)	3 YEAR TSR (%)
New Century Resources Limited	(49.4)	(30.3)	(74.3)

The Board has regard to the overall performance of the Group over a number of years in assessing and ensuring proper alignment of 'at risk' remuneration to deliver fair and appropriate outcomes consistent with the Group's performance. Full details of the Group's operational and financial performance are set out in the Directors' Report, including the Operating and Financial Review section of the Annual Report.

The Group's ongoing Environmental, Social and Governance (**ESG**) performance is critical to maintaining its licence to operate, which in turn is fundamental to its ongoing financial performance. Details of the Group's ESG performance will be set out in the Company's annual Sustainability Report (to be released later in 2022) and Corporate Governance Statement (released with this Annual Report).

Voting and comments made at the Company's 2021 Annual General Meeting

At the Company's 2021 Annual General Meeting the Remuneration Report for the 2021 financial year was approved by shareholders with 99.70 percent of votes in favour. The Company did not receive any specific feedback from shareholders at the 2021 Annual General Meeting regarding its remuneration practices.

Details of remuneration

TABLE 8 – KMP REMUNERATION

	SHORT-TERM BENEFITS CASH SALARY AND FEES ($)	SHORT-TERM INCENTIVE AWARDS[1] ($)	POST-EMPLOYMENT BENEFITS SUPERANNUATION ($)	TERMINATION BENEFIT ($)	SHARE BASED PAYMENTS EXPENSES ($)	TOTAL ($)	PROPORTION OF REMUNERATION PERFORMANCE RELATED (%)
2022							
Non-Executive Directors							
Robert McDonald	185,000	–	–	–	–	185,000	–
Nick Cernotta	122,727	–	12,273	–	–	135,000	–
Kerry Gleeson	118,182	–	11,818	–	–	130,000	–
Peter Watson	118,182	–	11,818	–	–	130,000	–
Executive Director							
Patrick Walta	588,932	290,391	23,568	–	424,099	1,326,990	53.8
Executive KMP							
Mark Chamberlain	412,432	177,514	23,568	–	255,278	868,792	49.8
Barry Harris	426,432	126,563	23,568	–	255,092	831,655	45.9
Total	**1,971,887**	**594,468**	**106,613**	**–**	**934,469**	**3,607,437**	**–**
2021							
Non-Executive Directors							
Robert McDonald	120,000	–	–	–	–	120,000	–
Nick Cernotta	100,000	–	9,500	–	–	109,500	–
Kerry Gleeson[2]	58,333	–	5,542	–	–	63,875	–
Bryn Hardcastle[3]	37,500	–	–	–	–	37,500	–
Peter Watson	110,000		10,450			120,450	
Evan Cranston[4]	–	–	–	–	–	–	–
Executive Director							
Patrick Walta	451,306	91,242	21,694	–	266,780	831,022	43.1
Executive KMP							
Mark Chamberlain	350,000	63,719	21,694	–	175,536	610,949	39.2
Barry Harris[5]	350,306	55,800	21,694	–	173,640	601,440	38.1
Total	**1,577,445**	**210,761**	**90,574**	**–**	**615,956**	**2,494,736**	**–**

1 Refer to Table 11 for STI outcomes.
2 Kerry Gleeson was appointed as a Non-Executive Director on 30 November 2020.
3 Bryn Hardcastle resigned as a Non-Executive Director on 30 November 2020.
4 Evan Cranston resigned as a Non-Executive Director on 9 July 2020.
5 In addition to his base salary, Barry Harris cashed out annual leave entitlements of $107,955 during the 2021 financial year.

Movements in annual leave and long service leave provisions for KMP are not recognised as remuneration unless they are paid in cash.

Executive KMP STI outcomes

For the reporting period to 30 June 2022, STI payments for Executive KMP were determined by assessing the degree of achievement of a number of measures related to individual and Company performance. The Board determined the individual component of each Executive KMP's STI by their individual contribution to the Group's key strategic and growth objectives.

The weightings for individual and Company performance that comprise each Executive KMP's overall STI opportunity are set out below:

> Patrick Walta: individual performance (70 percent); Company performance (30 percent)

> Barry Harris: individual performance (30 percent); Company performance (70 percent)

> Mark Chamberlain: individual performance (60 percent); Company performance (40 percent)

Some of the detailed measures and outcomes for the individual STI assessment are commercially sensitive and are described in Table 9 in general terms only.

TABLE 9 – STI INDIVIDUAL OBJECTIVES

SUMMARY OF INDIVIDUAL KPI OBJECTIVES
Delivery of transformational growth transaction, including Century refinance and equity raise
Development of in-situ feasibility studies in accordance with budget and schedule set by the Board
Execution of material M&A transaction (includes options over assets)
Development of financing strategy for key Group assets and objectives

The outcomes for each Executive KMP's individual performance assessment for the 2022 financial year are set out below:

> Patrick Walta: 60 percent (out of an available 70 percent)

> Barry Harris: 30 percent (out of an available 30 percent)

> Mark Chamberlain: 50 percent (out of an available 60 percent)

The outcomes of the Company component of the STI for the 2022 financial year are included in Table 10.

TABLE 10 – STI COMPANY PERFORMANCE

	SAFETY (%)	PRODUCTION ($)	COSTS (%)	TOTAL (%)
Weighting	15.0	35.0	20.0	70.0
Outcome	7.5	–	–	7.5

The overall STI outcomes for each Executive KMP for the 2022 financial year are included in Table 11.

TABLE 11 – STI OUTCOMES

	MAXIMUM STI OPPORTUNITY (50% OF TFR)[1] ($)	CASH STI AWARDED[2] ($)	STI UPLIFT (ISSUED AS EQUITY) ($)	AWARDED[3] (%)	FORFEITED[3] (%)
Patrick Walta	306,250[4]	193,594	96,797[5]	63.2	36.8
Mark Chamberlain	218,000	118,343	59,171	54.3	45.7
Barry Harris	225,000	84,375	42,188	37.5	62.5

1 The STI for the 2022 financial year was supplemented by a once off measure to bolster the Group's retention incentive objectives and comprises a 50 percent uplift of each KMP's STI outcome. The resulting uplift will be issued as equity and escrowed for 12 months.

2 To be paid in the 2023 financial year.

3 Excludes STI uplift (issued as equity).

4 At the commencement of the 2022 financial year Patrick Walta's TFR was $575,000 (including superannuation). The Board reviewed Mr Walta's TFR following the transformation growth transaction that was executed in the first half of the financial year and resolved to increase it to $650,000 with effect from 1 January 2022. The Board has resolved that, for the purposes of determining Mr Walta's STI and LTI entitlements, his TFR will be taken to be $612,500 (being his average TFR during the period).

5 In accordance with ASX Listing Rule requirements, the issue of shares to Patrick Walta with a value equal to the 50 percent STI equity uplift will be subject to shareholder approval at the Company's 2022 Annual General Meeting.

Executive KMP LTI outcomes

In 2020 the Group issued performance rights (**FY20 Performance Rights**) to Executive KMP under the ESIP which were subject to the achievement of various conditions which must be achieved on or before 30 June 2022.

The performance period for the FY20 Performance Rights was the 2.667 year period from 31 October 2019 (being the date of shareholder approval of the ESIP) to 30 June 2022. The FY20 Performance Rights were assessed as follows:

TABLE 12 – FY20 LTI ASSESSMENT

PERFORMANCE RIGHTS	PERFORMANCE HURDLES, WEIGHTINGS AND OUTCOMES		PROPORTION OF RIGHTS TO VEST		
			NIL (0 PERCENT)	MINIMUM (50 PERCENT)	MAXIMUM (100 PERCENT)
Class A	Performance hurdle	TSR relative to the performance of the companies comprising the S&P/ASX 300 Metals and Mining Index			
	Weighting	70 percent			
	Actual score	The Company's TSR during the performance period was (69.3) percent, which was in the 19th percentile of the companies comprising the S&P/ASX 300 Metals and Mining Index			
	Outcome	Nil (below the 50th percentile); all rights lapse	●		
Class B	Performance hurdle	Achievement of 500 tonnes of zinc produced on a daily average, determined over a period of two weeks			
	Weighting	20 percent			
	Actual score	The highest daily average of zinc produced over a two week period during the performance period was 397 tonnes (achieved in the two weeks ending 3 June 2022)			
	Outcome	Nil (production rate not achieved); all rights lapse	●		
Class C	Performance hurdle	Completion of a positive definitive feasibility study in relation to any in-situ Mineral Resources at the Century Zinc Mine			
	Weighting	10 percent			
	Actual score	Silver King and East Fault Block definitive feasibility study was completed during the performance period			
	Outcome	100 percent (definitive feasibility study completed); all rights vest			●

The FY20 Performance Rights issued to Patrick Walta had a share price condition requiring the Company's share price to be more than $0.366 ($5.49 on a post-consolidation basis) on 1 July 2022 in order for the rights to vest. The FY20 Performance Rights issues to other Executive KMP did not have this share price condition. The Board has waived this condition for the Class C performance rights issued to Patrick Walta on the basis that the condition most appropriately applies to the Class A performance rights for which TSR is the performance hurdle. The Board is of the view that, given the nature of the performance hurdle for Class C performance rights (completion of a positive definitive feasibility study in relation to any in-situ Mineral Resources at the Century Zinc Mine) it is appropriate for Class C performance rights to vest independently of the share price condition.

TABLE 13 – LTI OUTCOMES

	MAXIMUM LTI OPPORTUNITY (SHARES)	LTI AWARDED (SHARES)[1]	AWARDED (%)	FORFEITED (%)
Patrick Walta	127,151	12,716	10.0	90.0
Mark Chamberlain	85,261	8,527	10.0	90.0
Barry Harris	82,759	8,276	10.0	90.0

1 Shares to be issued in the 2023 financial year.

Performance rights vested and on issue

There are three LTI tranches relevant to the 2022 financial year, which are summarised below:

TABLE 14 – RIGHTS VESTED AND ON ISSUE

GRANT DATE / TRANCHE NAME	DESCRIPTION	PERFORMANCE HURDLES	WEIGHTING	PERFORMANCE PERIOD	STATUS
20/01/2020 17/07/2020 **(FY20 Performance Rights)**	Granted as LTI remuneration in relation to the 2020 financial year and disclosed in the Notice of General Meeting dated 12 June 2020 and 2020 Remuneration Report	Relative TSR Production Completion of a positive definitive feasibility study	70 percent 20 percent 10 percent	31 October 2019 to 30 June 2022	Assessed as at 30 June 2022 and reported above
04/12/2020 **(FY21 Performance Rights)**	Granted as LTI remuneration in relation to the 2021 financial year and disclosed in the Notice of AGM dated 30 November 2020 and 2021 Remuneration Report	Relative TSR (Select Industry Group)	100 percent	1 July 2020 to 30 June 2023	To be tested on 30 June 2023
27/10/2021 **(FY22 Performance Rights)**	Granted as LTI remuneration in relation to the 2022 financial year and disclosed in the Notice of AGM dated 28 October 2021 and 2022 Remuneration Report	Relative TSR (ASX 300 Mining and Metals Index) Relative TSR (Select Industry Group)	50 percent 50 percent	1 July 2021 to 30 June 2024	To be tested on 30 June 2024

The three LTI tranches are illustrated on a timeline in Table 15:

TABLE 15 – CURRENT LTI TIMELINE

	FINANCIAL YEAR				
	2020	2021	2022	2023	2024
FY20 Performance Rights	2.667 year performance period, tested 30 June 2022				
FY21 Performance Rights		3 year performance period, tested 30 June 2023			
FY22 Performance Rights			3 year performance period, tested 30 June 2024		

Other transactions with KMP

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the Group transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

Service agreements

A summary of service agreements with those individuals who were Executive KMP during the 2022 financial year is set out below.

TABLE 16 – SUMMARY OF SERVICE AGREEMENTS

KMP	TERM OF AGREEMENT	ROLE	BASE SALARY OR FEE PER ANNUM FOR 2022 INCLUDING ANY SUPERANNUATION (NON-PERFORMANCE BASED) ($)	BASE SALARY OR FEE PER ANNUM FOR 2023 INCLUDING ANY SUPERANNUATION (NON-PERFORMANCE BASED) ($)	TERMINATION CONDITIONS
Patrick Walta	No specified term	Managing Director	650,000[1]	$672,750[2]	6 month notice period
Mark Chamberlain	No specified term	Chief Financial Officer	436,000	$451,260[2]	6 month notice period
Barry Harris	No specified term	Chief Operating Officer	450,000	$465,750[2]	3 month notice period

1 At the commencement of the 2022 financial year Patrick Walta's TFR was $575,000 (including superannuation). The Board reviewed Mr Walta's TFR following the transformation growth transaction that was executed in the first half of the financial year and resolved to increase it to $650,000 (including superannuation) with effect from 1 January 2022.

2 The Board has approved an increase in TFR for Executive KMP of 3.5 percent for the 2023 financial year (inclusive of the increase in the superannuation guarantee from 10 percent to 10.5 percent) in recognition of increases across the Group's broader workforce and the mining industry generally.

Share-based payment compensation

Shares were issued to some Non-Executive Directors of the Group as part of their remuneration during the financial year, as set out below.

Shares

Shares that were issued during the financial year to KMP and that resulted in the recognition of remuneration expense are set out below:

TABLE 17 – SHARES ISSUED TO KMP AS REMUNERATION[1]

KMP	NUMBER OF SHARES ISSUED	SHARE PRICE ($)	REMUNERATION EXPENSE RECOGNISED DURING THE YEAR ($)
Robert McDonald	17,403	3.1890	55,500
Nick Cernotta	14,111	3.1890	45,000
Kerry Gleeson	14,111	3.1890	45,000
Peter Watson	8,467	3.1890	27,000
Total	**54,092**		**172,500**

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Performance rights and options

Details of performance rights and options over ordinary shares in the Group provided as remuneration to KMP are set out below. Each option and performance right is convertible into one ordinary share of the Company upon exercise or vesting. These options and performance rights were granted with nil additional consideration. A total of 150,000 options issued to current or previous KMP expired or lapsed during the financial year.

The assessed fair value at grant date of options and performance rights granted to the individuals is allocated equally over the period from issue date to vesting date, and the amount is included in the remuneration tables below. Fair values at grant date are independently determined using a Black-Scholes option pricing model for options, and hybrid employee share option pricing model and a Monte Carlo simulation exercise for performance rights. The fair valuation takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the liquidity of the share market. Further details are set out in Note 34 to the Financial Statements.

Performance rights

Performance rights that were on issue at the end of the financial year to KMP and that resulted in the recognition of remuneration expense are set out below. None of the below performance rights had vested at the end of the financial year.

TABLE 18 – PERFORMANCE RIGHTS ON ISSUE[1]

KMP	GRANT DATE	VESTING DATE	EXPIRY DATE	NUMBER GRANTED	TOTAL FAIR VALUE OF PERFORMANCE RIGHTS GRANTED ($)	FAIR VALUE OF PERFORMANCE RIGHTS RECOGNISED AS EXPENSE DURING THE YEAR ($)
Patrick Walta	17/07/2020	01/07/2022	01/07/2024	127,151	268,923	100,846
Patrick Walta	04/12/2020	01/07/2023	01/07/2025	261,314	497,802	207,744
Patrick Walta	27/10/2021	01/07/2024	01/07/2026	225,384	346,528	115,509
Mark Chamberlain	20/01/2020	01/07/2022	01/07/2024	85,261	180,328	67,623
Mark Chamberlain	04/12/2020	01/07/2023	01/07/2025	169,942	323,739	135,104
Mark Chamberlain	27/10/2021	01/07/2024	01/07/2026	102,540	157,655	52,551
Barry Harris	20/01/2020	01/07/2022	01/07/2024	82,759	175,034	65,638
Barry Harris	04/12/2020	01/07/2023	01/07/2025	170,081	324,005	135,215
Barry Harris	27/10/2021	01/07/2024	01/07/2026	105,833	162,718	54,239
Total						**934,469**

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Options

Options that were provided to KMP in the previous financial years as set out in Tables 20 and 21 were fully expensed in the previous financial years. Therefore no remuneration expenses were recognised for these options during the current financial year.

Additional disclosures relating to key management personnel

Movements in performance rights

The movement in performance rights held by each KMP of the Group during the financial year is as follows:

TABLE 19 – MOVEMENTS IN PERFORMANCE RIGHTS[1]

KMP	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	RIGHTS CONVERTED DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND CONVERTIBLE
Patrick Walta	388,464	225,384	–	613,848	–	–
Mark Chamberlain	255,203	102,540	–	357,743	–	–
Barry Harris	252,840	105,833	–	358,673	–	–
Total	**896,507**	**433,757**	**–**	**1,330,264**	**–**	**–**

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Option holdings of Key Management Personnel

Details of all options held by KMP at the end of the financial year are shown below:

TABLE 20 – OPTIONS HELD BY KMP[1]

KMP	GRANT DATE	NUMBER GRANTED	FAIR VALUE OF OPTIONS AT GRANT DATE ($)	EXERCISE PRICE ($)	VESTING DATE	EXPIRY DATE	VESTED (%)
Non-Executive Directors							
Robert McDonald	18/09/2019	66,667	126,700	8.40	18/09/2019	18/09/2022	100
Robert McDonald	18/09/2019	66,667	109,200	10.50	18/09/2019	18/09/2022	100
Executive Director							
Patrick Walta	13/07/2017	466,667	576,730	3.75	13/07/2017	13/07/2022	100

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Refer to Table 21 below for a reconciliation of the movement in all options held by KMP during the financial year.

Movements

The movement in options held by each KMP of the Group during the financial year is as follows:

TABLE 21 – MOVEMENTS IN OPTIONS HELD BY KMP[1]

KMP	BALANCE AT BEGINNING OF YEAR OR APPOINTMENT	GRANTED AS REMUNERATION DURING THE YEAR	OPTIONS EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE
Non-Executive Directors							
Robert McDonald	133,334	–	–	–	133,334	–	133,334
Nick Cernotta	133,334	–	–	(133,334)	–	–	–
Executive Director							
Patrick Walta	466,667	–	–	–	466,667	–	466,667
	733,335	**–**	**–**	**(133,334)**	**600,001**	**–**	**600,001**
Other KMP							
Mark Chamberlain	16,667	–	–	(16,667)	–	–	–
Total	**750,002**	**–**	**–**	**(150,001)**	**600,001**	**–**	**600,001**

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Shareholdings of KMP

The number of shares in the Company held by each KMP of the Group and their related parties during the financial year is as follows:

TABLE 22 – SHAREHOLDINGS OF KMP[1]

KMP	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Non-Executive Directors					
Robert McDonald	48,901	17,403	–	12,226	78,530
Nick Cernotta	51,893	14,111	–	37,044	103,048
Kerry Gleeson	–	14,111	–	–	14,111
Peter Watson	21,375	8,467	–	5,344	35,186
Executive Director					
Patrick Walta	2,228,120	–	–	43,011	2,271,131
	2,350,289	**54,092**	**–**	**97,625**	**2,502,006**
Other KMP					
Mark Chamberlain	137,879	–	–	–	137,879
Total	**2,488,168**	**54,092**	**–**	**97,625**	**2,639,885**

1 Where applicable, amounts in the table above, have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

End of audited remuneration report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
Australia

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

29 August 2022

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

Dear Board Members

Auditor's Independence Declaration to New Century Resources Limited

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

As lead audit partner for the audit of the financial statements of New Century Resources Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

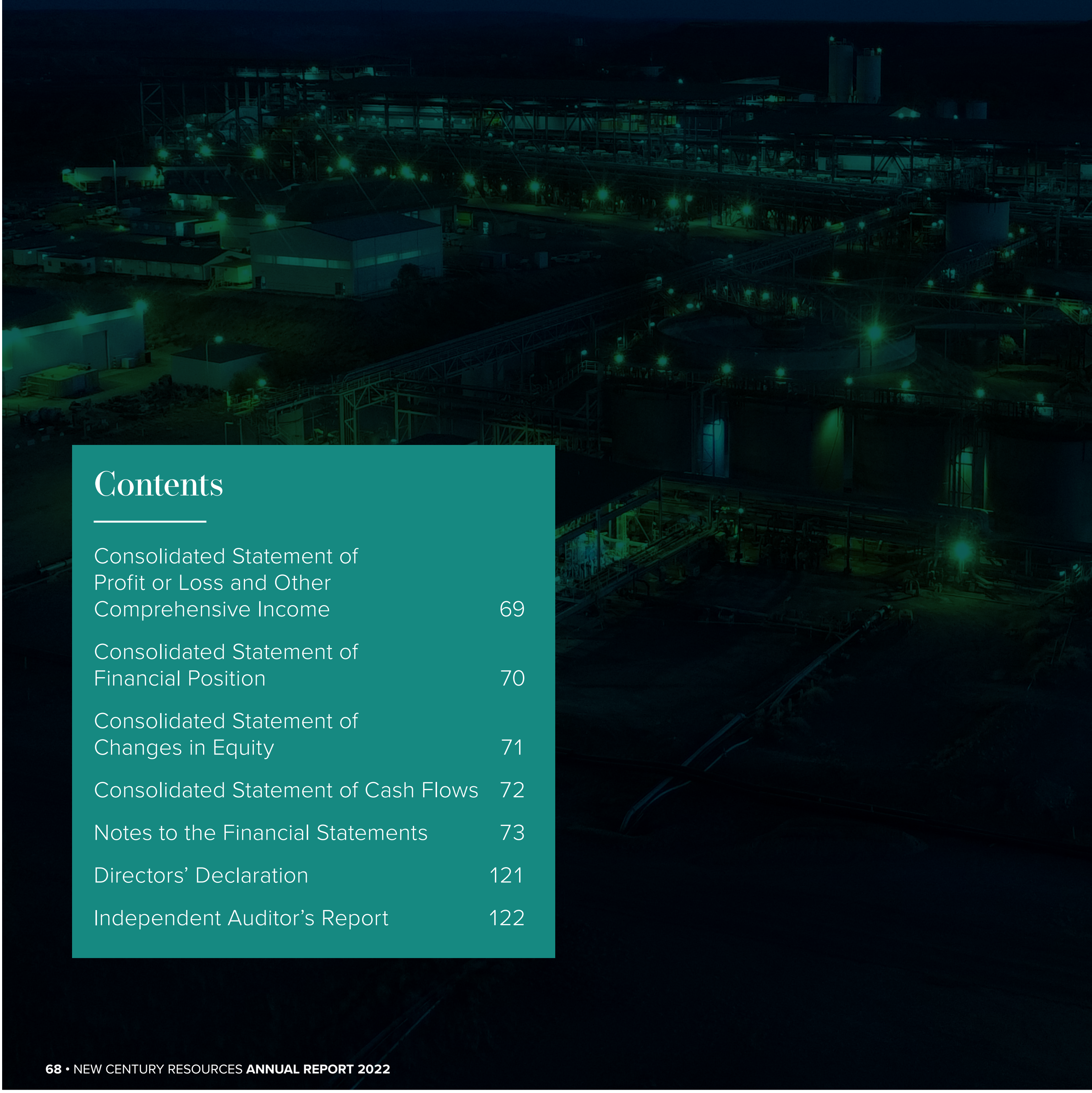
- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants

Financial Report



Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
Revenue	4	408,296,504	277,981,813
Fair value movements in trade receivables	4	(22,454,972)	5,621,245
Net fair value loss on zinc derivatives	4	(78,684,412)	(6,854,981)
Production costs	5	(208,185,098)	(181,375,095)
Employee benefits expense – labour costs	5	(46,135,194)	(37,879,441)
Change in zinc concentrate inventory	5	1,897,748	10,734,311
Depreciation and amortisation expense	6	(56,705,147)	(63,834,779)
Exploration and evaluation expenditure	7	(7,601,510)	(674,014)
Employee benefits – share based payments	34	(1,876,565)	(1,390,889)
Professional expenses	8	(4,224,643)	(6,337,140)
Foreign exchange gains	9	481,155	9,258,373
Finance income	10	143,893	52,312
Finance expenses	10	(13,309,733)	(20,575,036)
Gain on disposal of investments	11	–	4,232,252
Other income	12	39,361	223,901
Loss before income tax expense		**(28,318,613)**	**(10,817,168)**
Income tax expense	13	–	–
Loss for the year		**(28,318,613)**	**(10,817,168)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges change in fair value		(39,856,698)	(15,450,738)
Other comprehensive loss for the year		**(39,856,698)**	**(15,450,738)**
Total comprehensive loss for the year		**(68,175,311)**	**(26,267,906)**
Loss for the year attributable to:			
Members of the parent entity		**(28,318,613)**	**(10,817,168)**
Total comprehensive loss for the year attributable to:			
Members of the parent entity		**(68,175,311)**	**(26,267,906)**

LOSS PER SHARE	NOTE	2022 $	2021 $
Basic and diluted loss per share	35	(0.26)	(0.15)

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
Cash and cash equivalents	14	95,171,196	35,696,665
Trade and other receivables	15	4,654,939	6,102,558
Inventories	16	32,640,362	24,030,514
Prepayments	17	7,846,148	3,566,880
Total current assets		**140,312,645**	**69,396,617**
Prepayments	17	1,799,164	–
Property, plant and equipment	18	246,819,761	275,788,162
Right-of-use assets	19	19,142,705	33,692,477
Exploration and evaluation assets	20	18,648,686	3,631,381
Financial assets – security guarantees	21	36,200,446	19,007,882
Total non-current assets		**322,610,762**	**332,119,902**
TOTAL ASSETS		**462,923,407**	**401,516,519**
Trade and other payables	22	81,496,461	66,216,906
Borrowings	23	158,839	25,834,224
Financial liability at fair value through profit or loss	24	–	3,127,663
Derivative financial instruments	25	47,030,971	7,350,005
Lease liabilities	19	6,922,746	10,143,098
Employee benefit provisions	26	4,516,621	4,022,460
Total current liabilities		**140,125,638**	**116,694,356**
Trade and other payables	22	5,297,601	–
Environmental rehabilitation provisions	27	179,045,498	176,146,970
Borrowings	23	231,450	13,226,824
Financial liability at fair value through profit or loss	24	–	3,704,246
Derivative financial instruments	25	21,948,764	9,945,477
Lease liabilities	19	12,709,304	24,097,611
Employee benefit provisions	26	702,955	–
Total non-current liabilities		**219,935,572**	**227,121,128**
TOTAL LIABILITIES		**360,061,210**	**343,815,484**
NET ASSETS		**102,862,197**	**57,701,035**
Issued capital	28	547,587,053	436,644,145
Accumulated losses		(389,417,420)	(363,492,372)
Cash flow hedge reserve	25	(55,307,436)	(15,450,738)
Foreign currency translation reserve	29	–	–
TOTAL EQUITY		**102,862,197**	**57,701,035**

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

2022	ORDINARY SHARES $	ACCUMULATED LOSSES $	CASH FLOW HEDGE RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2021	**436,644,145**	**(363,492,372)**	**(15,450,738)**	**–**	**57,701,035**
Comprehensive income					
Loss for the year	–	(28,318,613)	–	–	(28,318,613)
Other comprehensive loss	–	–	(39,856,698)	–	(39,856,698)
Total comprehensive loss	**–**	**(28,318,613)**	**(39,856,698)**	**–**	**(68,175,311)**
Transactions with owners recorded directly in equity					
Issue of shares – Note 28	117,061,453	–	–	–	117,061,453
Share issue costs – Note 28	(6,118,545)	517,000	–	–	(5,601,545)
Share based payment – Note 34	–	1,876,565	–	–	1,876,565
Balance at 30 June 2022	**547,587,053**	**(389,417,420)**	**(55,307,436)**	**–**	**102,862,197**

2021	ORDINARY SHARES $	ACCUMULATED LOSSES $	CASH FLOW HEDGE RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2020	**402,588,543**	**(354,066,093)**	**-**	**4,053,375**	**52,575,825**
Comprehensive income					
Loss for the year	–	(10,817,168)	–	–	(10,817,168)
Other comprehensive loss	–	–	(15,450,738)	–	(15,450,738)
Total comprehensive loss	**–**	**(10,817,168)**	**(15,450,738)**	**–**	**(26,267,906)**
Transactions with owners recorded directly in equity					
Amounts recognised in the profit and loss on disposal of subsidiary – Note 11	–	–	–	(4,053,375)	(4,053,375)
Issue of shares – Note 28	35,902,725	–	–	–	35,902,725
Share issue costs – Note 28	(1,847,123)	–	–	–	(1,847,123)
Share based payment – Note 34	–	1,390,889	–	–	1,390,889
Balance at 30 June 2021	**436,644,145**	**(363,492,372)**	**(15,450,738)**	**–**	**57,701,035**

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		383,553,844	280,082,162
Payments to suppliers and employees		(310,673,047)	(233,740,059)
Interest received		129,807	52,312
Payments for financing expenses		(13,019,096)	(7,485,213)
Payments for exploration and evaluation expenses	7	(7,601,510)	(674,014)
Net cash inflow from operating activities	36	**52,389,998**	**38,235,188**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from customers during development phase	18	–	6,484,154
Payments for property, plant and equipment		(16,469,182)	(17,461,283)
Payments for exploration and evaluation assets	20	(15,017,305)	(3,631,381)
Payments for security guarantees		(17,178,478)	(3,569,766)
Proceeds from disposal of investments	11	–	113,276
Proceeds from disposal of property, plant and equipment	12	–	176,007
Net cash (outflow) from investing activities		**(48,664,965)**	**(17,888,993)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for Varde borrowing – facility A	23	(15,411,557)	(30,174,998)
Payments for financial liability at fair value through profit and loss – facility A	24	(778,975)	(708,471)
Proceeds from Varde borrowing – facility B	23	(27,068,453)	–
Payments for Varde borrowing – facility B	23	–	(12,770,421)
Payments for financial liability at fair value through profit and loss – facility B	24	(389,488)	(605,164)
Proceeds from share issues	28	116,734,453	35,058,765
Payments for share issue costs	28	(5,601,545)	(1,847,123)
Payments for lease liabilities	19	(11,888,045)	(13,824,600)
Proceeds from borrowings – equipment finance	23	329,394	295,100
Repayments of borrowings – equipment finance	23	(176,286)	(77,671)
Net cash inflow/(outflow) from financing activities		**55,749,498**	**(24,654,583)**
Net increase/(decrease) in cash and cash equivalents		59,474,531	(4,308,388)
Cash and cash equivalents at the beginning of the year		35,696,665	40,005,053
Cash and cash equivalents at the end of the year	14	**95,171,196**	**35,696,665**

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

The Financial Statements and notes represent those of New Century Resources Limited (the Company) and its controlled entities (the Group). The separate Financial Statements of the parent entity have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The Financial Statements for the Group were authorised for issue in accordance with a resolution by the Board of Directors on 29 August 2022.

Note 1. Summary of significant accounting policies

Basis of preparation

The Financial Statements are general purpose Financial Statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in Financial Statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the Financial Statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these Financial Statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the Financial Statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

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

The principal activities of the Group for the financial year were the operation of the Century Mine which commenced commercial production on 1 July 2020. The operation involves the reprocessing of ore from a tailings storage facility and subsequent sale of zinc concentrate together with standard maintenance and minor capital growth activities. The Group also undertook mineral exploration activities and explored business development opportunities.

The Group incurred a net loss after tax of $28,318,613 during the Financial Year. However, Earnings Before Interest, Income Tax, Depreciation and Amortisation (**EBITDA**) for the year were $41,552,374. Net cash inflows from operating activities were $52,389,998 for the year.

As of 30 June 2022, the Group had a net current asset surplus of $187,007.

The determinations detailed below were made after taking into account the cash flow impact of the revised amortisation profile and the amended financial and operating covenants resulting from the recently agreed Amended Environmental Bond Facility (**Amended EBF**). Refer to note 42 for further details.

The Group has prepared a cashflow forecast which has been approved by the Board, which indicates that, the Group expects to generate positive EBITDA and positive operating net cash inflows for financial year ending 30 June 2023.

The expectations of continued positive operating cashflows are supported by the Group's track record of net cash inflows from operating activities, the current favourable macro-economic environment, and the zinc metal price hedge.

In addition, the Directors note the following relevant considerations:

> As at 30 June 2022, the Group had total unrestricted cash and cash equivalents of $95,171,196 in addition to $2,368,406 of trade receivables and $12,632,059 of zinc concentrate inventories.

> As at 25 August 2022, the Group's unrestricted cash and cash equivalents were $35,559,793. Additionally, as at 31 July 2022 the Group had $8,013,795 of trade and other receivables and $29,084,486 of zinc concentrate inventories measured at cost.

> The cashflow forecast model is highly sensitive and the following factors could have a materially negative impact on the ability of the Group to meet its cashflow forecasts:

- Production – The hydraulic mining operations and processing plant at the Century Mine substantially performing below the head grade, production, zinc recovery rate and zinc concentrate grade estimates used for modelling purposes.

  The head grade, production, zinc recovery rate and zinc concentrate grade estimates used in the financial modelling were set by reference to the 2021-22, operating performance and the 2022-23 Group Budget and adjusted in part to reflect the recent improved plant performance following the execution of various capital works.

  The guidance of an external, industry-recognised metallurgy consultancy was also sought. This consultancy is forecasting production levels higher than those used in the financial modelling.

- Pricing and foreign exchange – An overall substantial negative shift in the macroeconomic environment for zinc, including the possible collective impact of a material fall in US dollar zinc prices, and/or a material rise in zinc treatment charges, the Australian dollar to US dollar exchange rate and shipping costs.

  However, the impact of a fall in the Australian dollar zinc price will be partially mitigated as a consequence of the Australian dollar zinc hedging in place.

- Timing – Unfavourable variability in the timing of receipts for the sale of product and other working capital movements.

Operating and financial covenants under the Amended EBF

The Amended EBF incorporates a number of operating and financial covenants as generally seen in facilities of this nature. The primary operating covenant in the Amended EBF is a set of production hurdles to be tested quarterly from 30 June 2023.

Failure to achieve the targeted payable metal production may result, after the conclusion of a 45-day negotiation period to arrive at an adequate remedy and the failure of any such negotiations, in the declaration of an Event of Default by the EBF providers and the possible subsequent acceleration of the EBF amount of $160 million and the immediate termination of the hedge positions.

In evaluating the Group's ability to meet these production targets the Directors took into account:

> The current improved operating performance which in part is due to water chemistry issues being resolved, the demonstrated increased plant stability resulting from upgraded maintenance programs and no major outages being experienced.

> The Group has the opportunity up to the end of 2022 to assess the operating performance at the Century Mine and determine whether any changes should be made to the operating settings to ensure that the payable zinc metal targets will be exceeded through a focus on metal output rather than on the efficiency of the resources use over the longer term.

In addition to the operating covenants above, failure to maintain the minimum liquidity requirement or any of the other financial covenants under the Amended EBF could result (after the application of any applicable cure period) in the declaration of an Event of Default by the relevant parties and possible subsequent acceleration of the Amended EBF and the immediate termination of the hedge positions.

Mitigating actions available to the Group

There are a number of actions the Group can take if Directors see as warranted to lessen the risk of insolvency or a breach of covenants under the Amended EBF. The effectiveness of each of these techniques will be assessed in the context of the economic and operating climate faced by the Group at the relevant time.

These actions may include, amongst others:

(a) Initiating discussion with the EBF providers to amend the amortisation of the EBF to accord more with the macroeconomic conditions being encountered at the time and / or seeking required waivers.

(b) Restructuring the EBF through another provider.

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

(d) Executing continuing operational improvements designed to enhance the level of metal production.

(e) With the assistance of an external, industry-recognised metallurgy consultancy, continuing to implement a series of incremental projects designed to provide an improvement in the metal recoveries used.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

(f) Managing reagents and spares inventory based on experience to date to better maximise working capital efficiency.

(g) Pursuing a renewed drive to reduce or defer costs in partnership with our major suppliers. The Group's experience of the initial impact of the COVID-19 pandemic crisis was that the Group's partners were willing to work with the Company to find savings that ensured the continuous operation of the Century Mine during periods of difficulty.

(h) Seeking a divestment of assets.

(i) Pausing new growth initiatives.

(j) If justified accessing equity markets to assist in meeting the EBF amortisation profile or minimum liquidity and other financial covenants.

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

In the event that a breach of either of the operating or financial covenants under the Amended EBF occurs, and the Group is unable to successfully implement the mitigating actions detailed above, the environmental bond of $160 million may, at the initiation of the EBF providers, become immediately due and payable. Such a situation would indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and the classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue and provisionally priced contracts

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of zinc concentrate is recognised when the Group satisfies its performance obligations under its contract with the customer by transferring such goods to the customer's control. The customer is generally deemed to have control when risk and title to the zinc concentrate passes to the customer.

Zinc concentrate revenue is generally recognised upon receipt of the bill of lading when the goods are delivered for shipment under Cost, Insurance and Freight (**CIF**) Incoterms. The terms of metal-in-concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal-in-concentrate is based on prevailing prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of the final settlement period. The period between provisional invoicing and final settlement is typically between one and four months. Revenue and trade debtors on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable and is net of deductions related to treatment and refining charges. Subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period until final settlement and presented as fair value movements in trade receivables. Refer to accounting policy for trade receivables disclosed below.

Inventories

Zinc concentrate inventories are measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts and consumables are valued at cost and regularly assessed for obsolescence.

Trade and other payables

These amounts represent liabilities for goods, services and deferred proceeds provided to the Group prior to the end of financial year which remained unpaid. The amounts are unsecured and are usually paid within 30 days of recognition with the exception of deferred proceeds which generally have a longer settlement period.

Property, plant and equipment

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in the statement of profit or loss and other comprehensive income. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by the Group to ensure it is not in excess of the amount recoverable from these assets.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. All sales proceeds earned during the development phase were offset against property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs including repairs and maintenance are recognised as expenses in the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation

Depreciation of assets commences when the assets are ready for their intended use. Capital Work in Progress, which relates mainly to works at the Century Mine, is not depreciated until each asset is ready for its intended use. Once the asset is ready for its intended use, Capital Work in Progress is reclassified to relevant categories within property, plant and equipment. Depreciation commences from that time on the units of production basis over the life of the mine. All other assets are depreciated on a straight-line basis.

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their continued use. Any gain or loss arising on the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as other income or other expenses in the statement of profit or loss and other comprehensive income.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that approximates current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior financial years. Any increase in excess of this amount is treated as a revaluation increase.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16 *Leases*.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently amortised using either straight line or units of production method as relevant to the type of asset. In addition, the right-of-use asset is periodically adjusted by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when there is a modification in the lease contract, which can include a change in future lease payments or lease terms. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group presents the right-of-use assets and lease liabilities separately in the statement of financial position.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the statement of profit or loss and other comprehensive income as incurred, unless the expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, in which case it is recognised as an asset on an area of interest basis.

When exploration and evaluation assets are capitalised they are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating units (**CGU**) are not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to relevant categories within property, plant and equipment.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Mine rehabilitation, restoration and dismantling obligations

Provisions relating to mine rehabilitation, restoration and dismantling obligations are recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during mining and exploration operations up to the reporting date.

Provision has been made for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

These costs are based on judgements and assumptions regarding dates, technologies and industry practice.

A corresponding asset is recognised within mine property and development assets to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the Group. The capitalised cost of this asset is amortised over the life of the mine.

Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the Group). Over time the present value of the liability is adjusted for changes in the risk adjusted pre-tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is recorded as a non-cash accretion charge within finance costs.

The costs of the restoration are brought to account in the statement of profit or loss and other comprehensive income through depreciation of the associated assets over the economic life of the mine with which these costs are associated.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances or potential future areas of disturbance.

Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees up to and including the balance date. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. Employee benefits that are expected to be settled wholly within one financial year have been measured at the amounts expected to be paid when the liability is settled including related on-costs. Employee benefits not expected to be wholly settled within one financial year have been measured at the present value of the estimated future cash outflows to be made for those benefits including on-costs. In determining the liability, consideration is given to employee wages increases and the probability that the employee will satisfy vesting requirements. These cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments on grant dates and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in accumulated losses, a component of equity. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The Group measures fair value for share-based payments using the Black-Scholes model or hybrid employee share option pricing model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Income tax

The income tax expense benefit for the financial year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense recognised in the statement of profit or loss and other comprehensive income is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well unused tax losses.

Current and deferred income tax expense (income) is recognised or credited outside the statement of profit or loss and other comprehensive income when the tax relates to items that are recognised outside the statement of profit or loss and other comprehensive income.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future financial years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The Financial Statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the financial year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the financial year;
- income and expenses are translated at average exchange rates for the financial year; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the financial year in which the operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Financial instruments

Recognition

The Group recognises financial assets and financial liabilities on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income. All recognised financial instruments are subsequently measured at fair value or amortised cost using the effective interest method.

Amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

The effective interest method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the statement of profit or loss and other comprehensive income.

Fair value

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the Financial Statements.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of AASB 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of AASB 9 *Financial Instruments* (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at fair value through profit or loss. An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

> **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a discounted present value.
- **Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

The Group has no assets or liabilities measured at fair value, except for financial liabilities at fair value through profit or loss. While assets acquired and liabilities assumed in business combinations have been measured at their acquisition date fair values, in accordance with AASB 3 *Business Combinations,* these initial measurements have formed the costs of the assets acquired and liabilities assumed for the purpose of other accounting standards.

Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price as disclosed in accounting policy for trade receivables note below.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at Fair Value Through Other Comprehensive Income (**FVTOCI**), lease receivables, other receivables and contract assets, as well as on financial guarantee contracts. The amount of Expected Credit Losses (**ECL**) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for other receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss. A financial liability is designated as at fair value through profit or loss upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and AASB 9 *Financial Instruments* permits the entire combined contract to be designated as at fair value.

Derecognition

Financial assets are derecognised when the contractual right to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Trade receivables

Trade receivables (subject to provisional pricing) are not interest bearing, but as discussed in the accounting policy for Financial Assets above, are exposed to future commodity price movements over the quotation period and, hence, fail the SPPI test and are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the quotation period. Approximately 90 percent of the provisional invoice (based on the provisional price which is calculated as the average price in the week prior to the sale) is received in cash, generally when the bill of lading is issued, which reduces the initial receivable recognised under AASB 15 *Revenue from Contracts with Customers*. The quotational periods can range between one and four months and final payment is generally due within 5 business days of the end of the quotational period.

Derivatives

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk. For the hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

> there is an economic relationship between the hedged item and the hedging instrument;

> the effect of credit risk does not dominate the value changes that result from that economic relationship; and

> the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The effective portion of changes in the fair value of the hedging instrument designated as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

As to cash flow statements disclosure, payments received or made in respect of the commodity hedge form part of 'cash flow from operating activities'.

Fair values for derivative instruments are determined using assumptions based on market conditions existing at the reporting date. Derivatives embedded in non-derivative contracts are recognised separately unless they are closely related to the host contract, in which case they are accounted together with the host contract.

Goods and Services Tax (GST) and other indirect taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Consequently the amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per Section 254T(1) of the *Corporations Act 2001,* a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of issuance.

Principles of consolidation

The Financial Statements incorporate all of the assets, liabilities and results of the parent (New Century Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 31 to the Financial Statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

The assets, liabilities and results of all subsidiaries are fully consolidated into the Financial Statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'non-controlling interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

Parent entity financial information

The financial information for the parent entity, New Century Resources Limited, disclosed in Note 30 to the Financial Statements, has been prepared on the same basis as the Group Financial Statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at the lower of cost and recoverable amount in the Financial Statements of New Century Resources Limited.

Tax consolidation legislation

New Century Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The Group is now treated as a consolidated tax entity.

The head entity, New Century Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, New Century Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entity in the tax consolidated group.

New Century Resources Limited will be responsible for any current tax payable, current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits of the wholly owned subsidiary, which are transferred to New Century Resources Limited under tax consolidation legislation.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising with the tax consolidated entity are recognised as current amounts receivable from or payable to other entity in the Group. Any difference between the amounts assumed and amounts receivable or payable are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entity.

New and amended accounting policies adopted by the Group

No new Accounting Standards or Interpretations were applied by the Group during the year.

New accounting standards for application in future years

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future financial years, are detailed below:

> Property, Plant and Equipment – Proceeds before Intended Use (applicable from 1 July 2022 for the Group)

> Deferred taxes arising on leases, decommissioning liabilities and similar transactions (applicable from 1 January 2023 for the Group).

Other mandatory Accounting Standards and Interpretations issued and available for early adoption but not applied by the Group or not available for early adoption which will become mandatory in subsequent financial years have not been included above as they are not expected to have a material impact on the Financial Statements.

Restatement of comparative information

Some amounts in the comparative financial year have been restated or reclassified to conform to the current financial year disclosure. This includes the restatement of certain amounts following the share consolidation during the year as set out in Note 28 to the Financial Statements.

Note 2. Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the actual results. The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern

For the reasons detailed in Note 1 to the Financial Statements, the financial report is prepared on a going concern basis.

Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy. These provisions which include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition of equipment, decontamination, water purification and permanent storage of historical residues, are discounted to their present value.

At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, plant closure dates, changes in technology, inflation/deflation and changes in interest and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required to satisfy the rehabilitation plan submitted to the regulatory authorities.

Recoverability of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

The recoverable amount of each cash-generating unit (CGU) is determined as the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount assessments require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance, as well as the value that a market participant would place on any resources which have yet to be proven as reserves associated with the CGU.

A change in any of the critical assumptions listed will alter the value as initially determined and may therefore impact the carrying value of assets.

Status of asset commissioning

The Group exercised judgment in the prior year in assessing the status of commissioning of the Century Mine for accounting purposes in order to determine whether the mining project was substantially complete and ready for its intended purpose. The key criteria used to determine the status of commissioning of the mining project related to the achievement of 'commercial levels of production', including but not limited to the following:

- Completion of a reasonable period of testing of the mine plant and equipment;
- Level of capital expenditure incurred compared with the original cost estimate;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment;
- The ore grade mined is economic and consistent with the overall mine plan;
- The ability to produce concentrate in saleable form (within specifications); and
- The ability to sustain continuous production of concentrate.

As a result of this assessment, the Group determined that Century Mine commenced commercial production for accounting purposes on 1 July 2020.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

When a mine development/construction project moves into the production phase, the capitalisation of certain mine development/construction costs ceases. At this point all related amounts are reclassified from Capital work in progress to relevant categories within Property, Plant and Equipment and depreciation/amortisation commences. Subsequent costs are either regarded as forming part of the cost of inventory or expensed, except for expenses that qualify for capitalisation relating to mining asset additions or improvements.

Commencement of commercial production on 1 July 2020 had a direct impact on the following items in the statement of profit or loss and other comprehensive income and statement of financial position:

- Revenue – refer Note 4;
- Fair value movements in trade receivables – refer Note 4;
- Production costs – refer Note 5;
- Employee benefits – refer Note 5;
- Depreciation and amortisation expense – refer Note 6;
- Finance expenses – refer Note 10;
- Trade debtors – refer Note 15;
- Inventories – refer Note 16; and
- Property, plant and equipment – refer Note 18.

Development expenditure is capitalised provided that commercial viability conditions continue to be satisfied. Proceeds from the sale of the product sold during the development phase were netted against development expenditure.

Income tax and deferred tax assets and liabilities

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

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

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

Exploration and evaluation expenditure

For exploration and evaluation expenditure, judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

The estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires the Group to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available. The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on the recoverable amount it could result in a requirement for impairment or write-down.

Contingencies

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

COVID-19

Whilst the COVID-19 pandemic has not materially adversely impacted the asset recoverability or financial results of the Group during the financial year, the potential for increased volatility in commodity prices and foreign exchange rates and restrictions on movement of people and materials remains and may cause adverse impacts in the future.

Note 3. Operating segments

The Group has determined the operating segments based on the reports reviewed by the Board of Directors in order to make strategic decisions. The Board considers how resources are allocated and how performance is assessed and has identified two reportable segments being Australia (which constitutes the Century Mine, pipeline and Karumba Port Facility) and United States of America (which constitutes the Kodiak Project that was disposed of in February 2021).

Unless stated otherwise, all amounts reported to the Board, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual Financial Statements of the Group.

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

Segment information

	AUSTRALIA 2022 $	USA 2022 $	TOTAL 2022 $	AUSTRALIA 2021 $	USA 2021 $	TOTAL 2021 $
Revenue	408,296,504	–	408,296,504	277,981,813	–	277,981,813
Fair value movements in trade receivables	(22,454,972)	–	(22,454,972)	5,621,245	–	5,621,245
Net fair value loss in zinc derivatives	(78,684,412)	–	(78,684,412)	(6,854,981)	–	(6,854,981)
Production costs	(208,185,098)	–	(208,185,098)	(181,375,095)	–	(181,375,095)
Employee benefits expense – labour costs	(46,135,194)	–	(46,135,194)	(37,879,441)	–	(37,879,441)
Change in zinc concentrate inventory	1,897,748	–	1,897,748	10,734,311	–	10,734,311
Exploration and evaluation expenditure	(7,601,510)	–	(7,601,510)	(102,664)	(571,350)	(674,014)
Employee benefits – share based payments	(1,876,565)	–	(1,876,565)	(1,390,889)	–	(1,390,889)
Professional expenses	(4,224,643)	–	(4,224,643)	(6,214,551)	(122,589)	(6,337,140)
Foreign exchange gains/(losses)	481,155	–	481,155	9,258,373	–	9,258,373
Gain on disposal of investments	–	–	–	–	4,232,252	4,232,252
Other income	39,361		39,361	223,901	–	223,901
Earnings/(loss) before interest, income tax, depreciation and amortisation ('EBITDA')	**41,552,374**	**–**	**41,552,374**	**70,002,022**	**3,538,313**	**73,540,335**
Depreciation and amortisation expenses	(56,705,147)	–	(56,705,147)	(63,834,779)	–	(63,834,779)
Earnings/(loss) before interest and income tax ('EBIT')	**(15,152,773)**	**–**	**(15,152,773)**	**6,167,243**	**3,538,313**	**9,705,556**
Net financing (expense)/income	(13,165,840)	–	(13,165,840)	(20,522,862)	138	(20,522,724)
Earnings/(loss) before income tax ('EBT')	**(28,318,613)**	**–**	**(28,318,613)**	**(14,355,619)**	**3,538,451**	**(10,817,168)**
Income tax expense	–	–	–	–	–	–
Net loss for the year attributable to equity holders of New Century Resources Limited	**(28,318,613)**	**–**	**(28,318,613)**	**(14,355,619)**	**3,538,451**	**(10,817,168)**

The total revenue of $408,296,504 comprises sales to customers in Australia of $77,954,032 and in Asia of $330,342,472. All customers individually accounted for more than 10 percent of revenue.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Segment assets and liabilities

	AUSTRALIA 2022 $	USA 2022 $	TOTAL 2022 $	AUSTRALIA 2021 $	USA 2021 $	TOTAL 2021 $
Current assets	140,312,645	–	140,312,645	69,396,617	–	69,396,617
Non-current assets	322,610,762	–	322,610,762	332,119,902	–	332,119,902
Total assets	**462,923,407**	**–**	**462,923,407**	**401,516,519**	**–**	**401,516,519**
Current liabilities	140,125,638	–	140,125,638	116,694,356	–	116,694,356
Non-current liabilities	219,935,572	–	219,935,572	227,121,128	–	227,121,128
Total liabilities	**360,061,210**	**–**	**360,061,210**	**343,815,484**	**–**	**343,815,484**

Note 4 . Revenue and other related items

	2022 $	2021 $
Revenue from sale of zinc concentrates	408,296,504	277,981,813
Other related items:		
Fair value movements in trade receivables	(22,454,972)	5,621,245
Net fair loss on zinc derivatives (refer Note 25)	(78,684,412)	(6,854,981)

The Group commenced commercial production at the Century Mine on 1 July 2020. From 1 July 2020, revenue from the sale of zinc together with the associated costs of producing zinc has been recognised in the statement of profit or loss and other comprehensive income.

Fair value movements in trade receivables arise from subsequent changes in provisionally priced zinc sales and are recognised in the statement of profit or loss and other comprehensive income.

Note 5 . Production costs and other related items

	2022 $	2021 $
Production costs	(208,185,098)	(181,375,095)
Employee benefits expense – labour costs	(46,135,194)	(37,879,441)
Change in zinc concentrate inventory (refer Note 16)	1,897,748	10,734,311
Total	**(252,422,544)**	**(208,520,225)**

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 6. Depreciation and amortisation expense

	2022 $	2021 $
Depreciation and amortisation of property, plant and equipment – refer Note 18	(46,418,204)	(52,470,400)
Amortisation of right-of-use assets – refer note 19	(10,286,943)	(11,364,379)
	(56,705,147)	**(63,834,779)**

Note 7. Exploration and evaluation expenditure

	2022 $	2021 $
Mt Lyell Projects costs	7,529,970	–
Century Project costs	71,540	(102,664)
Kodiak Project costs	–	(571,350)
	(7,601,510)	**(674,014)**

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances relevant to each area of interest. All exploration and evaluation expenditure in relation to the Mt Lyell project are expensed under the Group's accounting policy which considers the project ineligible for capitalisation under AASB 6 – *Exploration for and Evaluation of Mineral Resources*.

Note 8. Professional expenses

	2022 $	2021 $
Professional expenses	**(4,224,643)**	**(6,337,140)**

The professional expenses recognised during the year are mainly attributable to the pursuit of business development opportunities.

Note 9. Foreign exchange gains

	2022 $	2021 $
Foreign exchange gains	**481,155**	**9,258,373**

Foreign exchange gains primarily relate to the revaluation of US dollar denominated borrowings (Note 23) and of deferred proceeds (Note 22).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 10. Finance income/expenses

	2022 $	2021 $
FINANCE INCOME		
Interest received	**143,893**	**52,312**
FINANCE EXPENSES		
Unwind of discount relating to mine restoration provisions – refer Note 27	(1,917,907)	(1,392,771)
Unwind of discount relating to lease liabilities – refer Note 19	(1,542,215)	(2,298,729)
Amortisation for effective borrowing rate – Facility A – refer Note 23	(346,514)	(4,382,750)
Amortisation for effective borrowing rate – Facility B – refer Note 23	(1,518,535)	(2,395,572)
Interest expense – Facility A	(470,722)	(2,103,943)
Interest expense – Facility B	(843,017)	(2,619,714)
Loan amendment fee – Varde	(47,912)	(2,620,000)
Derecognition of financial liability – Facility A – refer Note 22	3,991,806	–
Derecognition of financial liability – Facility B – refer Note 22	1,205,412	–
Fee paid to Varde on finalisation of borrowings	(7,839,294)	–
Fair value adjustments to Varde options – refer Note 24	750,000	–
Interest expense on equipment finance – refer Note 23	(13,104)	–
Interest expense on Environmental Bond Facility	(1,773,121)	–
Amortisation of Environmental Bond Facility establishment costs	(899,582)	–
Interest on deferred proceeds	(440,109)	(1,016,201)
Interest on MMG bank guarantee support	(1,387,224)	(1,596,577)
Other	(217,695)	(148,779)
	(13,309,733)	**(20,575,036)**

No borrowing costs were capitalised during the financial year (30 June 2021: nil).

Note 11. Gain on disposal of investments

	2022 $	2021 $
Gain on disposal – Kodiak Project	**–**	**4,232,252**

In the prior financial year, a strategic decision was made by the Group to suspend work on the definitive feasibility study for the Kodiak Project located in Alabama, USA. The Project had been put in care and maintenance and the Group was considering its options with regards to the future of the Project. In February 2021, the Group sold its interest in the Kodiak Project.

The Kodiak Project constituted a reportable segment, the USA segment, as set out in Note 3 to the Financial Statements. In the prior financial year, a non-cash gain of $4,232,252 was recognised as follows:

	2022 $	2021 $
Proceeds from disposal	–	113,276
Carrying value of financial guarantee bonds	–	(751,721)
Carrying value of rehabilitation provision	–	827,774
Net carrying value of other assets and liabilities	–	(10,452)
Foreign currency translation reserve released to income statement	–	4,053,375
Net gain on disposal	**–**	**4,232,252**

Note 12. Other income

	2022 $	2021 $
Gain on sale of property, plant and equipment	–	176,007
Other income	39,361	47,894
Total	**39,361**	**223,901**

The Group recognises other income from sources including residential rents and asset disposals.

Note 13. Income tax

	2022 $	2021 $
NUMERICAL RECONCILIATION OF INCOME TAX LOSS TO PRIMA FACIE TAX PAYABLE		
Loss from operations before income tax expense	**(28,318,613)**	**(10,817,168)**
Tax benefit at the Australian tax rate of 30% (2021: 30%)	(8,495,584)	(3,245,150)
Tax effect amounts which are not deductible in calculating taxable income:		
Tax effect of different tax rate of overseas subsidiaries	–	14,346
Foreign currency translation reserve	–	(1,235,855)
Share based payments	562,970	417,267
Other	442,519	–
Income tax benefits not recognised	7,490,095	4,049,392
Income tax expense	–	–
UNRECOGNISED TAX BALANCES		
Deferred tax assets – gross tax losses	**189,952,219**	**207,609,130**
Tax benefit of gross tax losses at 30 percent	56,985,666	62,282,739
Temporary differences at 30 percent	57,864,545	46,399,028
Total tax losses and temporary differences not recognised at 30 percent	114,850,211	108,681,767

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

The above temporary differences and tax losses have not been brought to account as they do not meet the recognition criteria as per the Group's accounting policy. The benefit of these deferred tax assets will only be obtained if:

> the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;

> the Group continues to comply with the conditions for deductibility imposed by tax legislation; and

> no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

No franking credits are available (30 June 2021: Nil).

Note 14. Cash and cash equivalents

	2022 $	2021 $
Cash at bank	**95,171,196**	**35,696,665**

The effective interest rate on cash at bank is disclosed in Note 40 to the Financial Statements.

The amount of cash and cash equivalents held as USD at 30 June 2022 was valued at A$59,174,437 at the reporting date (2021: A$12,181,750).

Note 15. Trade and other receivables

	2022 $	2021 $
Trade receivables	2,368,406	4,697,924
GST receivables	–	1,404,634
Other receivables	2,286,533	–
	4,654,939	**6,102,558**

The expected credit loss on all receivables was nil. The GST balance in the current year was a payable – refer to Note 22 to the Financial Statements.

Note 16. Inventories

	2022 $	2021 $
Zinc concentrates – at cost	12,632,059	10,734,311
Consumables and spare parts – at cost	20,008,303	13,296,203
	32,640,362	**24,030,514**

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

Note 17 . Prepayments

	2022 $	2021 $
Prepayments – current	7,846,148	3,566,880
Prepayments – non-current	1,799,164	–
	9,645,312	**3,566,880**

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

Note 18 . Property, plant and equipment

2022	LAND AND BUILDINGS $	MINING DEVELOPMENT, PLANT AND EQUIPMENT $	CAPITAL WORK IN PROGRESS $	TOTAL $
At cost	–	338,210,463	7,497,902	345,708,365
Accumulated depreciation	–	(98,888,604)	–	(98,888,604)
	–	**239,321,859**	**7,497,902**	**246,819,761**
Movements in carrying value				
Balance 1 July 2021	–	270,632,976	5,155,186	275,788,162
Additions	–	14,126,466	2,342,716	16,469,182
Depreciation expense for the year	–	(46,418,204)	–	(46,418,204)
Impact of change in rehabilitation discount rate – refer Note 27	–	980,621	–	980,621
Balance at 30 June 2022	**–**	**239,321,859**	**7,497,902**	**246,819,761**

2021	LAND AND BUILDINGS $	MINING DEVELOPMENT, PLANT AND EQUIPMENT $	CAPITAL WORK IN PROGRESS $	TOTAL $
At cost	–	323,103,376	5,155,186	328,258,562
Accumulated depreciation	–	(52,470,400)	–	(52,470,400)
	–	**270,632,976**	**5,155,186**	**275,788,162**
Movements in carrying value				
Balance 1 July 2020	2,171,694	447,541	358,667,633	361,286,868
Reclassification between categories	(2,171,694)	360,839,327	(358,667,633)	–
Additions	–	8,306,097	5,155,186	13,461,283
Depreciation expense for the year	–	(52,470,400)	–	(52,470,400)
Reduction in rehabilitation provision capitalised – refer Note 27	–	(33,676,871)	–	(33,676,871)
Impact of change in rehabilitation discount rate – refer Note 27	–	(6,328,564)	–	(6,328,564)
Proceeds from sales of zinc concentrate in development phase	–	(6,484,154)	–	(6,484,154)
Balance at 30 June 2021	**–**	**270,632,976**	**5,155,186**	**275,788,162**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

All proceeds earned from the sale of pre-commissioning zinc concentrate in the prior financial years have been offset against property, plant and equipment in accordance with the Group's accounting policy. The $6,484,154 of proceeds during the prior year that had been offset against property, plant and equipment relates to pre-commissioning zinc concentrate sales made by 30 June 2020 with proceeds finalised during the 30 June 2021 financial year.

Note 19. Leases

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

Right-of-use assets

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

	2022 $	2021 $
Balance at beginning of the year	33,692,477	44,430,521
Adjustments due to modification of lease rental rates	(4,458,062)	626,335
Additions	195,233	–
Amortisation	(10,286,943)	(11,364,379)
Balance at end of the year	**19,142,705**	**33,692,477**

Lease liabilities

The movement in the lease liabilities is reconciled below:

	2022 $	2021 $
Balance at beginning of the year	34,240,709	45,140,245
Adjustments due to modification of lease rental rates	(4,458,062)	626,335
Additions	195,233	–
Interest unwind	1,542,215	2,298,729
Lease payments	(11,888,045)	(13,824,600)
Balance at end of the year	**19,632,050**	**34,240,709**
Disclosed as		
Current	6,922,746	10,143,098
Non-current	12,709,304	24,097,611
Balance at end of the year	**19,632,050**	**34,240,709**

The interest unwind relating to leased assets at Century Mine was capitalised to Property, plant and equipment in the prior year.

Lease liabilities are payable as follows:

	2022 $	2021 $
Less than one year (gross amount)	7,673,321	11,793,310
Between one and five years (gross amount)	13,804,261	26,073,989
Total (gross amount)	**21,477,582**	**37,867,299**
Less: future interest	(1,845,532)	(3,626,590)
Carrying value	**19,632,050**	**34,240,709**

Note 20 . Exploration and evaluation assets

	2022 $	2021 $
Exploration and evaluation assets	**18,648,686**	**3,631,381**

In accordance with the Group's accounting policy, exploration and evaluation expenditure is either expensed as incurred or capitalised based on facts and circumstances in relation to each area of interest. The increase in exploration and evaluation assets during the year relates to capitalisation of expenditure incurred for studies into the potential development of various in-situ deposits at the Century Mine.

All exploration and evaluation expenditure in relation to the Mt Lyell project are expensed under the Group's accounting policy which considers the project ineligible for capitalisation under AASB 6 – *Exploration for and Evaluation of Mineral Resources* – refer to Note 7 to the Financial Statements.

Note 21 . Financial assets - security guarantees

	2022 $	2021 $
Deposits held as security guarantees	**36,200,446**	**19,007,882**

Deposits held as security guarantees are for the benefit of other parties in guarantee of obligations. They may bear interest with the interest rate dependent on the term and nature of the deposits. They are valued at the face value of the term deposits. The increase in deposits held as security guarantees during the year is mainly attributable to the increase in the environmental guarantees associated with the Environmental Bond Facility – refer Note 30 to the Financial Statements for further details.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 22 . Trade and other payables

	2022 $	2021 $
Trade and other payables	69,856,592	45,435,168
Deferred proceeds	16,164,532	20,781,738
GST payable	772,938	–
Total trade and other payables	**86,794,062**	**66,216,906**
Disclosed as		
Current	81,496,461	66,216,906
Non-current – refer Note 32	5,297,601	–
Balance at 30 June	**86,794,062**	**66,216,906**

Included in $69,856,592 of trade and other payables are $11,656,908 owing to customers resulting from mark to market adjustments on provisionally priced sales.

Proceeds of $16,164,532 (2021: $20,781,738) against which revenue has not been recognised by 30 June 2022 has been treated as deferred proceeds. This will be recognised as revenue in the statement of profit or loss and other comprehensive income in the subsequent financial year. Deferred proceeds are generally settled within three months.

The GST balance in the prior year was a receivable – refer to Note 15 to the Financial Statements.

Note 23 . Borrowings

	2022 $	2021 $
Secured – current		
Varde Facility A	–	14,409,828
Varde Facility B	–	11,326,897
Other borrowings – Equipment finance	158,839	97,499
Total current	**158,839**	**25,834,224**
Secured – non-current		
Varde Facility B	–	13,100,246
Other borrowings – Equipment finance	231,450	126,578
Total non-current	**231,450**	**13,226,824**
Total		
Varde Facility A	–	14,409,828
Varde Facility B	–	24,427,143
Other borrowings – Equipment finance	390,289	224,077
Total borrowings at 30 June	**390,289**	**39,061,048**

Description of the borrowing facilities

During the year, the Group repaid all borrowings from Varde Partners including the extinguishment of the silver royalties which were classified as a financial liability at fair value through profit or loss in Note 24 to the Financial Statements.

The Group secured a financing facility with Varde (Varde Facility A) in February 2019 and expanded the facilities (Varde Facility B) in January 2020. The details of these facilities are summarised below.

FACILITY	VARDE FACILITY A A$60 MILLION FACILITY	VARDE FACILITY B A$40 MILLION FACILITY
Facility type	Senior secured (all assets)	Senior secured (all assets)
Facility amount	A$60,000,000 (US$42,900,000)	A$40,000,000 (US$28,000,000)
Term	2.5 years from February 2019	2.5 years from January 2020
Interest rate	8% per annum	8% per annum
Silver royalty	20% of payable silver production limited to 4 years (capped at US$5 million)	10% of payable silver production limited to 4 years (no cap)
Options	None	1,666,667 (25 million pre share consolidation) options at $3.75 ($0.25 pre share consolidation) per share, 3.5-year term

Movements during the year

The movement in Varde Facility A is reconciled below:

	2022 $	2021 $
Opening balance	14,409,828	44,109,467
Adjustment for effective borrowing rate	346,514	4,382,750
Repayments	(15,411,557)	(30,174,998)
Exchange differences	655,215	(3,907,391)
Balance at end of year	–	**14,409,828**

The movement in Varde Facility B is reconciled below:

	2022 $	2021 $
Opening balance	24,427,143	38,021,558
Adjustment for effective borrowing rate	1,518,535	2,395,572
Repayments	(27,068,453)	(12,770,421)
Exchange differences	1,122,775	(3,219,566)
Balance at end of year	–	**24,427,143**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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

	2022 $	2021 $
Opening balance	224,077	295,100
Borrowings obtained	329,394	–
Interest	13,104	6,648
Repayments	(176,286)	(77,671)
Balance at end of the period	**390,289**	**224,077**

During the year, the Group acquired machinery for its Century Mine on equipment finance.

Note 24 . Financial liability at fair value through profit or loss

	2022 $	2021 $
Current		
Varde Facility A – silver royalties	–	1,920,000
Varde Facility B – silver royalties	–	1,207,663
Total current	**–**	**3,127,663**
Non-current		
Varde Facility A – silver royalties	–	2,635,381
Varde Facility B – silver royalties	–	318,865
Varde Facility B – options	–	750,000
Total non-current	**–**	**3,704,246**
Total		
Varde Facility A – silver royalties	–	4,555,381
Varde Facility B – silver royalties	–	1,526,528
Varde Facility B – options	–	750,000
Balance at 30 June	**–**	**6,831,909**

Refer to Note 23 to the Financial Statements for further details on extinguishment of the silver royalties.

Options – Refer to Note 23 to the Financial Statements for further details regarding the options issued to Varde under the Varde loan facilities. The fair value of these options was nil at 30 June 2022 (30 June 2021: $750,000).

Movements

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

	2022 $	2021 $
Opening balance	4,555,381	5,741,880
Derecognition of financial liability	(3,991,806)	–
Repayments	(778,975)	(708,471)
Exchange differences	215,400	(478,028)
Balance at end of year	–	**4,555,381**

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

	2022 $	2021 $
Opening balance	1,526,528	2,308,069
Derecognition of financial liability	(1,205,412)	–
Repayments	(389,488)	(605,164)
Exchange differences	68,372	(176,377)
Balance at end of year	–	**1,526,528**

Note 25. Derivative financial instruments

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

Zinc put option contracts

In the prior year, the total net fair value loss on zinc derivatives recognised as an expense was $5,010,237 arising from the purchase of US dollar zinc put option contracts. The US dollar zinc put option contracts were not designated for hedge accounting. Any fair value movements in the hedge instruments were immediately recognised in the statement of profit or loss and other comprehensive income. These contracts were fully settled by 30 June 2021.

Zinc swap contracts

The Australian dollar zinc swap contracts were designated as cash flow hedges and were assessed to be fully effective in managing the underlying risk of fluctuations in the Australian dollar zinc price.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Set out below are the key balances arising from the hedge accounting of the zinc swap contracts.

	2022 $	2021 $
Net fair value loss on zinc derivatives (expense)	(78,684,412)	(1,844,744)
Derivative financial instruments – current liability	47,030,971	7,350,005
Derivative financial instruments – non-current liability	21,948,764	9,945,477
Cash flow hedge reserve	(55,307,436)	(15,450,738)

The movement in the Cash Flow Hedge Reserve was as follows:

	2022 $	2021 $
Opening balance	(15,450,738)	–
Effective portion of gain or loss on hedging instrument	(118,541,110)	(17,295,482)
Reclassification to profit and loss as hedged item recognised in the profit and loss	78,684,412	1,844,744
Closing balance	**(55,307,436)**	**(15,450,738)**

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

During the current year, the Group entered into a second fixed for variable swap agreement with Macquarie to hedge the Australian dollar zinc price on an additional 90,000 tonnes of zinc being a portion of forecast future sales exposure. As at 30 June 2022, the hedge position was 67,500 tonnes with the fixed price set at A$3,938 per tonne. The hedge is to be settled in equal portions of 3,750 tonnes per month from January 2022 through December 2023 inclusive.

As at 30 June 2022, the combined hedge position was 127,500 tonnes with a weighted average fixed price of A$3,834 per tonne.

The following table contains details of the hedging instrument(s) used in the Group's hedging strategy:

			FAVOURABLE/ (UNFAVOURABLE) CHANGES IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS				
CASH FLOW HEDGES ZINC SWAP DERIVATIVE FINANCIAL LIABILITIES	TERM	CARRYING AMOUNT OF HEDGING INSTRUMENT $	HEDGING INSTRUMENT $	HEDGED ITEM $	SETTLED PORTION OF HEDGING INSTRUMENT REALISED LOSSES $	AMOUNT RECLASSIFIED FROM CFHR TO P&L AS HEDGED ITEM RECOGNISED IN P&L $	HEDGING LOSS RECOGNISED IN CFHR $
Cash flow hedges:							
As at 30 June 2022	July 2021 to June 2024	(68,979,735)	(68,979,735)	68,979,735	(57,855,807)	(78,684,412)	55,307,436
As at 30 June 2021	July 2021 to June 2024	(17,295,482)	(17,295,482)	17,295,482	–	(1,844,744)	15,450,738

The following table details the sensitivity of the Group's financial assets to movements in commodity prices. Financial assets arising from revenue on provisionally priced sales are recognised at the estimated fair value of the receivable and subsequently remeasured at each reporting date. At the reporting date, if the commodity prices increased/(decreased) by 10 percent and all other variables were held constant, the Group's post-tax profit would have changed as set out below:

	30 JUNE 2022			30 JUNE 2021		
COMMODITY	COMMODITY PRICE MOVEMENT	(DECREASE)/ INCREASE IN PROFIT $	(DECREASE)/ INCREASE IN OCI $	COMMODITY PRICE MOVEMENT	INCREASE/ (DECREASE) IN PROFIT $	INCREASE/ (DECREASE) IN OCI $
Zinc	+10%	400,867	(42,589,832)	+10%	5,677,971	(30,312,448)
Zinc	-10%	(400,867)	42,589,832	-10%	(5,677,971)	30,346,844

Note 26 . Employee benefit provisions

	2022 $	2021 $
Balance at 1 July	4,022,460	2,642,422
Movement for the year	1,197,116	1,380,038
Balance at 30 June	**5,219,576**	**4,022,460**
Disclosed as		
Current	4,516,621	4,022,460
Non-current	702,955	–
Balance at 30 June	**5,219,576**	**4,022,460**

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 27. Environmental rehabilitation provisions

	2022 $	2021 $
Provision for mine site restoration – non-current		
Balance at 1 July	176,146,970	215,587,408
Reduction in rehabilitation provision capitalised – refer to Note 18	–	(33,676,871)
Impact of change in discount rate – refer to Note 18	980,621	(6,328,564)
Interest unwind	1,917,907	1,392,771
Reduction due to disposal of business	–	(827,774)
Balance at 30 June	**179,045,498**	**176,146,970**

Movements in balances for the separate areas are as follows:

	2022 $	2021 $
Century Mine		
Balance at 1 July	176,146,970	214,759,634
Reduction in rehabilitation provision capitalised	–	(33,676,871)
Impact of change in discount rate	980,621	(6,328,564)
Interest unwind	1,917,907	1,392,771
Balance at 30 June	**179,045,498**	**176,146,970**

	2022 $	2021 $
Kodiak Project (disposed)		
Balance at 1 July	–	827,774
Reduction due to disposal of business	–	(827,774)
Balance at 30 June	**–**	**–**

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

The provision for mine site restoration constitutes a critical accounting judgement – refer to Note 2 to the Financial Statements.

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

The reduction in provision estimate in the prior year reflect revisions in mine rehabilitation cost estimates that were approved by the Queensland Department of Environment and Science in January 2021. A corresponding adjustment in Property, plant and equipment was recognised in accordance with the Group's accounting policy – refer to Note 16 to the Financial Statements.

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

Note 28. Issued capital

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

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

The movements in issued capital during the year were as follows:

2022	NUMBER OF SHARES	2022 $
Opening balance – 1 July 2021	1,209,928,046	436,644,145
Shares issued on 28 October 2021 at 15.95 cents under Employee share plan	968,258	154,500
Shares issued on 3 November 2021 at 15.50 cents under institutional placement	212,375,434	32,918,192
Shares issued on 26 November 2021 at 15.50 cents under pro rata entitlement offer	302,482,012	46,884,715
Number of shares prior to 15:1 share consolidation	1,725,753,750	516,601,552
Share consolidation of 15:1 shares on 1 December 2021	(1,610,701,665)	–
Number of shares post 15:1 share consolidation	115,052,085	516,601,552
Shares issued on 7 December 2021 at $3.18 in lieu of non-executive fees	54,092	172,500
Shares issued on 7 December 2021 $2.33 under placement	15,884,526	36,931,523
Shares issued on 9 December 2021 at $2.33 under cleansing prospectus	10	23
Total	**130,990,713**	**553,705,598**
Costs arising from issue of shares	–	(6,118,545)
Closing balance – 30 June 2022	130,990,713	547,587,053

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

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

2022	CASH $	NON-CASH $	TOTAL $
Shares issued on 28 October 2021 at 15.95 cents under Employee share plan	–	154,500	154,500
Shares issued on 3 November 2021 at 15.50 cents under institutional placement	32,918,192	–	32,918,192
Shares issued on 26 November 2021 at 15.50 cents under pro rata entitlement offer	46,884,715	–	46,884,715
Shares issued on 7 December 2021 at $3.18 in lieu of non-executive director fees	–	172,500	172,500
Shares issued on 7 December 2021 $2.33 under placement	36,931,523	–	36,931,523
Shares issued on 9 December 2021 at $2.33 under cleansing prospectus	23	–	23
	116,734,453	327,000	117,061,453

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

2021	NUMBER OF SHARES	2021 $
Opening balance – 1 July 2020	978,598,739	402,588,543
Shares issued on 1 December 2020 at 15 cents under placement and non-renounceable entitlement offer	226,185,578	35,058,765
Shares issued on 1 December 2020 at 15 cents in lieu of professional services fees	115,585	17,915
Shares issued on 4 December 2020 at 15 cents in lieu of professional services fees	3,900,916	604,645
Shares issued on 4 December 2020 at 22 cents under Employee share plan	541,491	117,900
Shares issued on 11 December 2020 at 18 cents in lieu of non-executive director fees	585,737	103,500
Total shares issued	**231,329,307**	**35,902,725**
Costs arising from the issue of shares	–	(1,847,123)
Closing balance – 30 June 2021	**1,209,928,046**	**436,644,145**

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

2021	CASH $	NON-CASH $	TOTAL $
Shares issued on 1 December 2020 at 15 cents under placement and non-renounceable entitlement offer	35,058,765	–	35,058,765
Shares issued on 1 December 2020 at 15 cents in lieu of professional services fees	–	17,915	17,915
Shares issued on 4 December 2020 at 15 cents in lieu of professional services fees	–	604,645	604,645
Shares issued on 4 December 2020 at 22 cents under Employee share plan	–	117,900	117,900
Shares issued on 11 December 2020 at 18 cents in lieu of non-executive director fees	–	103,500	103,500
	35,058,765	**843,960**	**35,902,725**

Options over ordinary shares

Each option entitles the holder to subscribe for one share upon exercise of each option. Further details of the total options on issue by the Company are disclosed in Note 34 to the Financial Statements.

Capital management

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt and equity levels. The Board frequently review budgets and budget variance analyses that include cash flow and working capital projections to ensure the prudent management of capital. There has been no change in the strategy adopted by the Board to manage the capital of the Group during the financial year.

Note 29 . Foreign currency translation reserve

The foreign currency translation reserve related to exchange differences arising on translation of the Kodiak Project which had a functional currency other than Australian dollars. These exchange differences were recognised as a gain in the statement of profit or loss and other comprehensive income in February 2021 upon the disposal of the Kodiak Project. Refer Note 11 to the Financial Statements.

Note 30. Parent entity

The following information has been extracted from the books and records of the parent entity (New Century Resources Limited) and has been prepared in accordance with the Accounting Standards.

Statement of financial position

	2022 $	2021 $
Current assets	2,514,783	1,620,940
Non-current assets	241,733,308	147,793,798
Total assets	**244,248,091**	**149,414,738**
Current liabilities	3,231,179	1,535,447
Non-current liabilities	110,358	147,493
Total liabilities	**3,341,537**	**1,682,940**
Net assets	**240,906,554**	**147,731,798**
Equity		
Issued capital	547,587,053	436,644,145
Accumulated losses	(306,680,499)	(288,912,347)
Total equity	**240,906,554**	**147,731,798**
Statement of profit or loss and other comprehensive income		
Total loss for the financial year	(19,660,616)	(11,776,265)
Total comprehensive loss	**(19,660,616)**	**(11,776,265)**

The non-current assets of the Company mainly represent a receivable from its subsidiary, Century Mining Limited. The receivable is unsecured with no fixed repayment terms. This receivable was deemed recoverable at 30 June 2022 based on the expected positive cash flows of Century Mining Limited. The accumulated losses balance is reconciled as follows:

	2022 $	2021 $
Balance at 1 July	(288,912,347)	(278,526,971)
Total loss for the financial year	(20,161,717)	(11,776,265)
Share based payments expense credited to equity	1,876,565	1,390,889
Share issue costs credited to equity	517,000	–
Balance at 30 June	**(306,680,499)**	**(288,912,347)**

Guarantees

Under the terms of the Environmental Bond Facility, each entity within the Group has guaranteed the punctual performance of each entity's obligations under that facility. The Environmental Bond Facility is disclosed in more detail at Note 39 to the Financial Statements.

Contingent liabilities and Commitments

Refer to Note 38 for Contingent liabilities and Note 39 for Commitments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 31 . Controlled entities

Information about principal subsidiaries

Set out below are the Group's subsidiaries at 30 June 2022. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST HELD BY THE GROUP 2022 %	2021 %
Attila Resources (US) Pty Ltd	Australia	100	100
Century Bull Pty Ltd	Australia	100	100
Century Mine Rehabilitation Project Pty Ltd	Australia	100	100
Century Mining Limited	Australia	100	100
PCML SPC Pty Ltd	Australia	100	100
SPC1 Pty Ltd	Australia	100	100
SPC2 Pty Ltd	Australia	100	100
Investment Co Pty Ltd	Australia	100	100

Since the acquisition on 13 July 2017, the Group also owns 1 Class C share in ABDT Pty Ltd, the trustee of the Aboriginal Development Benefits Trust (**ADBT**), which is a charitable trust established pursuant to the GCA for the delivery of economic benefits to the Native Title Groups and other Aboriginal peoples living in communities across the Lower Gulf Region.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that had non-controlling interests that were material to the Group. These are entities related to the Kodiak Project operation that were disposed of during the year.

SUMMARISED FINANCIAL PERFORMANCE BEFORE INTRA-GROUP ELIMINATIONS	2022 $	2021 $
Revenue	–	–
Loss before income tax	–	(693,939)
Income tax expense	–	–
Post-tax loss	**–**	**(693,939)**
Other comprehensive income	–	–
Total comprehensive income	**–**	**(693,939)**
Profit attributable to non-controlling interests	–	–
Distributions paid to non-controlling interests	–	–

SUMMARISED FINANCIAL PERFORMANCE AFTER INTRA-GROUP ELIMINATIONS	2022 $	2021 $
Cash and cash equivalents at beginning of year	**–**	**52,116**
Net cash flow for operating activities	–	(565,661)
Net cash flow for investing activities	–	(139)
Net cash flow for financing activities	–	513,684
Cash and cash equivalents at end of year	**–**	**–**

The Kodiak Project's net cash from financing activities for 2021 solely comprised movements in intra-group loan account balances.

Note 32 . Significant related party transactions and balances

The significant related party transactions and balances during the financial year were as follows:

Key Management Personnel (KMP)

KMP are any people having authority and responsibility for planning, controlling and directing the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). For further disclosures relating to KMP refer to Note 33 to the Financial Statements.

The Group pays a 2 percent net smelter royalty from operations at the Century Mine to Royaltyone Pty Ltd, a company which is a related party to the Group's Managing Director. During the financial year $7,108,810 was recognised as an expense (2021: $4,608,799) of which $5,297,601 was accrued. Under the terms of a deed with the providers of the EBF, payment of the royalty in cash is prohibited until the EBF has reached final maturity unless certain liquidity and production targets are met. Otherwise, the royalty can be paid in shares in the Company. The accrued amount is disclosed in the financial statements as a non-current liability.

Other

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the Group transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

Note 33 . Interests of KMP

Refer to the remuneration report contained in the Directors' Report for additional details of the remuneration paid or payable to each member of the KMP for the financial year.

The totals of remuneration paid to KMP during the financial year are as follows:

	SHORT-TERM BENEFITS $	SHORT-TERM INCENTIVE AWARDS $	POST-EMPLOYMENT BENEFITS $	OTHER LONG-TERM BENEFITS $	TERMINATION BENEFITS $	SHARE-BASED PAYMENTS $	TOTAL KMP COMPENSATION $
2022 Total	1,971,887	594,468	106,613	–	–	934,469	3,607,437
2021 Total	1,577,445	210,761	90,574	–	–	615,956	2,494,736

Other KMP transactions

For details of other transactions with KMP, refer to Note 32 to the Financial Statements for Significant related party transactions and balances.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 34 . Share based payments

Where applicable, amounts below have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

The following table summarises the share options and performance rights outstanding as at 30 June 2022:

	2022		2021	
	NUMBER	WEIGHTED AVERAGE FAIR VALUE	NUMBER	WEIGHTED AVERAGE FAIR VALUE
Outstanding at the beginning of the year	5,942,773	1.50	8,328,621	3.90
Granted during the year	947,661	1.54	1,150,152	2.40
Lapsed during the year	(2,150,000)	0.90	(2,400,000)	1.50
Other adjustments during the year	28	1.70	(1,136,000)	3.90
Outstanding at end of the year	**4,740,462**	**1.70**	**5,942,773**	**1.50**

Details of performance rights recognised as an expense during the financial year are as follows:

For the financial year-ended 30 June 2022

2022	ISSUE DATE	EXPIRY DATE	FAIR VALUE PER RIGHT $	NUMBER	TOTAL FAIR VALUE $	AMOUNT RECOGNISED AS EXPENSE DURING THE YEAR $
Performance rights	20/01/2020	01/07/2024	2.25	382,137	820,736	307,776
Performance rights	17/07/2020	01/07/2024	2.25	127,151	268,923	100,846
Performance rights	04/12/2020	01/07/2025	2.40	894,864	2,134,251	711,417
Performance rights	04/12/2020	01/07/2025	3.30	238,541	769,295	256,432
Performance rights	22/03/2021	01/07/2025	2.55	16,747	43,253	14,418
Performance rights	27/10/2021	01/07/2026	1.50	722,277	1,110,501	370,167
Performance rights	28/10/2021	01/07/2026	1.50	225,384	346,528	115,509
Total						1,876,565

These performance rights have been valued using the hybrid employee share option pricing model with the following additional parameters:

2022	NUMBER OF RIGHTS	GRANT DATE SHARE PRICE $	TERM YEARS	VOLATILITY %	INTEREST RATE %	GRANT DATE	FAIR VALUE PER RIGHT $	TOTAL FAIR PRICE $
Performance rights	382,137	3.75	3	80	0.30	20/01/2020	2.25	820,736
Performance rights	127,151	3.00	3	80	0.30	17/07/2020	2.25	268,923
Performance rights	894,864	3.30	3	80	0.30	04/12/2020	2.40	2,134,251
Performance rights	238,541	3.30	3	80	0.30	04/12/2020	3.30	769,295
Performance rights	722,277	2.33	3	80	0.67	27/10/2021	1.50	1,110,501
Performance rights	225,384	2.33	3	80	0.67	28/10/2021	1.50	346,528

For the financial year-ended 30 June 2021

2021	ISSUE DATE	EXPIRY DATE	FAIR VALUE PER RIGHT $	NUMBER	TOTAL FAIR VALUE $	AMOUNT RECOGNISED AS EXPENSE DURING THE YEAR $
Performance rights	20/01/2020	01/07/2024	2.25	382,137	820,736	307,776
Performance rights	17/07/2020	01/07/2024	2.25	127,151	268,923	100,846
Performance rights	04/12/2020	01/07/2025	2.40	894,864	2,134,251	711,417
Performance rights	04/12/2020	01/07/2025	3.30	238,541	769,295	256,432
Performance rights	22/03/2021	01/07/2025	2.55	16,747	43,253	14,418
Total						**1,390,889**

These performance rights have been valued using the hybrid employee share option pricing model with the following additional parameters:

2021	NUMBER OF RIGHTS	GRANT DATE SHARE PRICE $	TERM YEARS	VOLATILITY %	INTEREST RATE %	GRANT DATE	FAIR VALUE PER RIGHT $	TOTAL FAIR PRICE $
Performance rights	382,137	3.75	3	80	0.30	20/01/2020	2.25	820,736
Performance rights	127,151	3.00	3	80	0.30	17/07/2020	2.25	268,923
Performance rights	894,864	3.30	3	80	0.30	04/12/2020	2.40	2,134,251
Performance rights	238,541	3.30	3	80	0.30	04/12/2020	3.30	769,295

The 16,747 performance rights granted on 22 March 2021 were valued based on the volume weighted average price of $2.55 per share for the preceding five days.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 35. Earnings per share

The following reflects the profit or loss used in the basic and diluted earnings per share calculations:

	2022 $	2021 $
Basic/dilutive earnings per share		
Basic loss per share – dollars	(0.26)	(0.15)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share – number of ordinary shares	110,862,446	74,151,569
Net loss used in the calculation of basic earnings per share – dollar	(28,318,613)	(10,817,168)

Due to the Group being in a loss position, potential ordinary shares such as share options and performance rights are considered anti-dilutive and therefore earnings per share are not diluted.

Where applicable, amounts below have been adjusted for the 15:1 share consolidation which was implemented in December 2021.

Note 36. Cash-flow information

Reconciliation of cashflow from operations with loss after income tax

	2022 $	2021 $
Loss after income tax	(28,318,613)	(10,817,168)
Adjustments for:		
Depreciation of property, plant and equipment	46,418,204	52,470,400
Amortisation of right-of-use assets	10,286,943	11,364,379
Amortisation of environmental bond facility establishment costs	899,582	–
Adjustment for effective borrowing rate – Facility A	346,514	4,382,750
Adjustment for effective borrowing rate – Facility B	1,518,535	2,395,572
Derecognition of financial liability – Facility A	(3,991,806)	–
Derecognition of financial liability – Facility B	(1,205,412)	–
Interest unwind on rehabilitation provision	1,917,907	1,392,771
Interest unwind on lease liabilities	1,542,215	2,298,729
Interest unwind on equipment finance	13,104	6,648
Interest accrued on security guarantees	(14,086)	–
Share based payments	1,876,565	1,390,889
Gain on sale of subsidiary – Kodiak Project	–	(4,232,252)
Gain on disposal of property, plant and equipment	–	(176,007)
Fees and employee share plan settled in shares	327,000	843,960
Foreign exchange (gains)/losses	2,061,757	(7,815,359)
Fair value loss on zinc derivatives	78,684,412	1,844,744
Zinc derivatives payments	(57,855,807)	–
Fair value adjustments to Varde options	(750,000)	–
Changes in assets and liabilities		
Trade and other receivables	1,447,620	7,396,966
Inventories	(8,609,848)	(17,958,514)
Prepayments	(6,978,014)	(1,456,882)
Trade and other payables	11,576,110	(6,476,476)
Employee benefits provision	1,197,116	1,380,038
Net cash inflow/(outflow) from operating activities	**52,389,998**	**38,235,188**

Non-cash financing and investing activities

The Group did not have any non-cash financing and investing activities during the financial year, except as disclosed in Note 28 to the Financial Statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Note 37. Remuneration of auditors

	2022 $	2021 $
Deloitte Touche Tohmatsu		
Audit or review of the financial report of the Group	290,000	200,000
Other assurance and agreed-upon-procedures under other legislation or contractual arrangement		
– Taxation services	54,000	25,000
– Other non-audit services	–	9,600
	344,000	**234,600**

Note 38. Contingent liabilities

Environmental bonding

The previous environmental guarantees provided to the Queensland Government for the Century Mine were backed by MMG Limited (**MMG**) pursuant to the Bank Guarantee Support Agreement that was entered into at the time of the initial acquisition of the Century Mine by the Group. During the year, this was replaced by a $180,000,000 Environmental Bond Facility (**EBF**) issued by Macquarie Bank Limited (**Macquarie**) and backed by a $160,000,000 surety provided through Argonaut Insurance Company (**Argo**) and $20,000,000 of cash backing provided directly by the Group. The EBF was initially expected to amortise over 21 equal monthly payments from January 2023 through to final maturity of the facility in September 2024. Subsequent to year-end, on 26 August 2022, the Group executed an Amendment Letter with Macquarie and Argo amending the terms and condition of the existing EBF. The key commercial and legal terms of the Amended EBF are set out in Note 42 to the Financial Statements.

As at 30 June 2022, the total environmental bond provided to the Queensland Government for the Century Mine was $185,916,150 which was made up of a guarantee provided by Macquarie of $160,000,000 and restricted cash provided by the Group of $25,916,150.

Deeds of indemnity

The Group has granted indemnities under Deeds of Indemnity with current and former Executive and Non-executive Directors and officers. Each Deed of Indemnity indemnifies the relevant director or officer to the fullest extent permitted by law for liabilities incurred while acting as an officer of the Group, its related bodies corporate and any associated entity, where such an office is or was held at the request of the Company. Under these indemnities, the Company meets the legal costs incurred by Company officers in responding to investigations by regulators and may advance funds to meet defence costs in litigation, to the extent permitted by the *Corporations Act 2001*.

Other

The Company and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their business. The Group does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on the Company's or the Group's financial position.

Note 39. Commitments

Mt Lyell Copper Mine

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

The minimum expenditure and the reimbursement of care and maintenance costs constitute a commitment at 30 June 2022.

Community commitments

Community commitments relate to the Group's contractual obligations under the Gulf Communities Agreement with the local communities. The estimated commitments in respect of community expenses which are not recognised as liabilities as at 30 June 2022 are approximately $32,000,000 (2021: $36,000,000). These payments are expected to be made over the life of the Century Mine.

Take or pay contracts

The Group has entered into take or pay contracts for electricity and gas for its Century Mine. The aggregate future take or pay commitment as at 30 June 2022 was $120,000,000 (30 June 2021: $145,000,000). These payments are expected to be made over the life of the Century Mine.

Capital commitments

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

Note 40. Financial instruments

Overview

The Group has exposure to the following financial risks from its use of financial instruments:

- commodity price risk
- liquidity risk
- credit risk
- interest rate risk; and
- foreign exchange risk.

This note presents information about the Group's exposure to each of the above risks.

Financial risk management policies and objectives

The Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established by the Board to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk in respect of investment portfolios to determine market risk.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Measurement of financial instruments

The following financial assets and liabilities are carried at fair value using the level two valuation technique:

> Trade receivables
> Derivative financial instruments
> Financial liability at fair value through profit or loss.

The following financial assets and liabilities are carried at amortised cost which approximates fair value:

> Cash and cash equivalents
> Other receivables
> Financial assets – security guarantees
> Trade and payables
> Borrowings.

Financial assets and liabilities

The Group recognised the following financial assets and liabilities at the end of the financial year:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	95,171,196	35,696,665
Trade receivables	2,368,406	4,697,924
Non-current financial assets	36,200,446	19,007,882
Total financial assets	**133,740,048**	**59,402,471**
Financial liabilities		
Trade and other payables (excluding deferred proceeds)	69,856,592	45,435,168
Borrowings	390,289	39,061,048
Financial liability at fair value through profit or loss	–	6,831,909
Derivative financial instruments	68,979,735	17,295,482
Total financial liabilities	**139,226,616**	**108,623,607**

Commodity price risk and management

The Group is exposed to commodity price volatility on the sale of zinc concentrates which are priced on, or benchmarked to, open market exchanges. During the year, the Group entered into various derivative instruments to hedge price risk on a portion of the Century Mine's planned zinc concentrate production. Refer to Note 25 to the Financial Statements for further details.

Liquidity risk and management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund-raising initiatives.

The Board frequently reviews budget variance analyses that include working capital projections to monitor working capital requirements and optimise cash utilisation.

Contractual maturities

The following are the contractual maturities of financial liabilities:

2022	TOTAL $	UNDER 6 MONTHS $	6-12 MONTHS $	1-2 YEARS $	2-5 YEARS $
Trade and other payables	69,856,592	69,856,592	–	–	–
Borrowings	390,289	100,198	102,028	180,810	7,253
Derivative financial instruments	75,257,479	26,678,952	22,788,524	25,790,003	–
Total	**145,504,360**	**96,635,742**	**22,890,552**	**25,970,813**	**7,253**

2021	TOTAL $	UNDER 6 MONTHS $	6-12 MONTHS $	1-2 YEARS $	2-5 YEARS $
Trade and other payables	45,435,168	45,435,168	–	–	–
Borrowings	39,061,048	20,121,590	5,712,634	13,201,082	25,742
Financial liability at fair value through profit or loss	6,831,909	1,114,510	1,454,896	2,897,548	1,364,955
Derivative financial instruments	18,179,066	3,759,315	3,690,562	6,206,802	4,522,387
Total	**109,507,191**	**70,430,583**	**10,858,092**	**22,305,432**	**5,913,084**

Financing activities

The table below details changes in Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated cash flow statement as cash flows from financing activities.

2022	1 JULY 2021 $	FINANCING CASH INFLOWS $	FINANCING CASH OUTFLOWS $	FOREIGN EXCHANGE ADJUSTMENT $	FAIR VALUE ADJUSTMENT $	DE-RECOGNITION $	30 JUNE 2022 $
Borrowings	39,061,048	329,394	(42,656,296)	1,777,990	1,878,153	–	390,289
Financial liability at fair value through profit or loss	6,831,909	–	(1,168,463)	283,772	(750,000)	(5,197,218)	–
Total	**45,892,957**	**329,394**	**(43,824,759)**	**2,061,762**	**1,128,153**	**(5,197,218)**	**390,289**

2021	1 JULY 2020 $	FINANCING CASH INFLOWS $	FINANCING CASH OUTFLOWS $	FOREIGN EXCHANGE ADJUSTMENT $	FAIR VALUE ADJUSTMENT $	DE-RECOGNITION $	30 JUNE 2021 $
Borrowings	82,131,025	295,100	(43,023,089)	(7,126,958)	6,784,970	–	39,061,048
Financial liability at fair value through profit or loss	8,799,949	–	(1,313,635)	(654,405)	–	–	6,831,909
Total	**90,930,974**	**295,100**	**(44,336,724)**	**(7,781,363)**	**6,784,970**	**–**	**45,892,957**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Credit risk and management

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Shipments of concentrate are not discharged until provisional invoices have been paid. All concentrate customers who wish to trade on credit terms are subject to a credit risk analysis at least annually. The Group obtains sufficient collateral (such as a letter of credit) from customers where determined appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the Financial Statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest rate risk and management

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2022	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE $	FIXED INTEREST MATURING IN 1 YEAR OR LESS $	FIXED INTEREST MATURING IN OVER 1 YEAR $	NON-INTEREST BEARING $	TOTAL $
Financial assets						
Cash and cash equivalents	1.6	23,269,825	–	–	71,901,371	95,171,196
Trade receivables	–	–	–	–	2,368,406	2,368,406
Non-current financial assets	1.6	–	4,131,681	20,014,086	12,054,679	36,200,446
Financial liabilities						
Trade and other payables	–	–	–	–	(69,856,592)	(69,856,592)
Borrowings	3.5	–	(158,839)	(231,450)	–	(390,289)
Derivative financial instruments	–	–	–	–	(68,979,735)	(68,979,735)
Net financial assets/(liabilities)		**23,269,825**	**3,972,842**	**19,782,636**	**(52,511,871)**	**(5,486,568)**

2021	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE $	FIXED INTEREST MATURING IN 1 YEAR OR LESS $	FIXED INTEREST MATURING IN OVER 1 YEAR $	NON-INTEREST BEARING $	TOTAL $
Financial assets						
Cash and cash equivalents	0.1	20,942,594	–	–	14,754,071	35,696,665
Trade and other receivables	–	–	–	–	4,697,924	4,697,924
Non-current financial assets	0.1	–	2,131,682	–	16,876,200	19,007,882
Financial liabilities						
Trade and other payables	–	–	–	–	(45,435,168)	(45,435,168)
Borrowings	8.0	–	(25,834,224)	(13,226,824)	–	(39,061,048)
Financial liability at fair value through profit or loss	–	–	–	–	(6,831,909)	(6,831,909)
Derivative financial instruments	–	–	–	–	(17,295,482)	(17,295,482)
Net financial assets/(liabilities)		**20,942,594**	**(23,702,542)**	**(13,226,824)**	**(33,234,364)**	**(49,221,136)**

Foreign exchange risk and management

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. As at 30 June 2021, the group had USD denominated net financial liabilities of A$53,414,882 (2021: A$49,797,596). In respect of this USD foreign currency risk exposure in existence at the balance date a sensitivity of 10 percent higher and 10 percent lower has been applied in the US dollar against the Australia dollar. With all other variables held constant, post tax loss and equity would have been affected by approximately $5,000,000 (2021: A$5,000,000).

Note 41 . Dividends

No dividend has been declared or paid by the Group during the financial year and the Board did not recommend a dividend. No dividends were declared or paid in the previous financial year.

Note 42. Matters subsequent to the end of the financial year

On 26 August 2022 the Group executed an Amendment Letter with Macquarie Bank Limited (**Macquarie**) and Argonaut Insurance Company (**Argo**) amending the terms and conditions of the existing Environmental Bond Facility (**Amended EBF**).

The key commercial and legal terms of the Amended EBF are now as follows:

Environmental Bonding Facility terms

In November 2021, Argo provided an Environmental Bond Facility for A$180 million for the purpose of replacing the environmental rehabilitation bonds previously supported by MMG Limited and required to be presented to the Queensland State in respect of the Century Mine.

Macquarie, as the Issuing Bank, fronts the environmental bonds. Macquarie has also entered into zinc hedging transactions with Century Mine Limited (**CML**), a wholly owned subsidiary of New Century.

The Facility Agreement sets out the terms and conditions applicable to the issuance of the environmental bonds, the fronting arrangements and the zinc hedging transactions provided by Macquarie. The EBF has now been amended as set out below.

Amortisation profile

The maturity date of the Amended EBF is 30 April 2025 (previously 30 September 2024).

The Amended EBF amortises quarterly for four quarters at A$10.0 million per quarter commencing 3 April 2023 and finishing on 2 January 2024 and amortises thereafter from 31 January 2024 at the rate of A$7.62 million per month with the last amortisation payment due on 30 April 2025.

Amortisation of the Amended EBF can be achieved through any combination of returning the environmental bonds to the Issuing Bank (including following a reduction of the underlying environmental bond liability) or lodging cash cover with the Issuing Bank.

CML can make voluntary prepayments at any time with prior notice and all reductions by way of voluntary prepayments or scheduled amortisation are applied as a reduction to the next amortisation payment falling due. No prepayments or repayments may be redrawn.

Fees

On-going fees payable by CML under the Amended EBF:

(a) Line Fee of 2.30% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (previously 1.9% p.a.)

(b) Fronting Fee of 0.25% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (unchanged)

(c) Amendment Line Fee of 2.5% p.a. calculated on the total drawn balance of the Amended EBF commitment (less any cash cover provided); (new)

(d) Annual Facility Fee of A$3.1 million (unchanged); and

(e) standard security trustee and agency fees (unchanged).

The Issuing Bank has customary rights to pay and walk from the performance bonds, which are strictly limited to events of illegality, impossibility and breaches of anti-money laundering or sanction requirements and where an event of default is subsisting.

Security (unchanged)

The customary security package includes a full suite of first ranking security over the Century Mine, including guarantees, mortgages (over mining tenures and real property), general security agreements, share pledges and subordination of intercompany loans (if applicable) is in place.

Representations, warranties, and undertakings (unchanged)

The EBF contains representations, warranties, and undertakings typical for a facility of this nature, including:

(a) general undertakings (including restrictions on distributions, incurring financial indebtedness, providing financial accommodation and guarantees and acquiring and disposing of assets, each with typical exceptions);

(b) information undertakings (including financial reporting undertakings);

(c) project specific undertakings (including rehabilitation undertakings);

(d) hedging undertakings; and

(e) insurance undertakings.

Financial and production covenants and other restrictions

(a) The EBF contains financial covenants which are tested quarterly.

(b) "Minimum Liquidity" of no less than A$25 million on quarter-ends and A$15 million on month-ends between quarters which has been tested on and from 31 December 2021.

(c) "Debt Service Cover Ratio" of no less than 1.2x to be tested on and from 30 June 2023 (previously 31 March 2022 and which has been tested on and from 31 March 2022 to 30 June 2022).

(d) "Project Life Cover Ratio" of no less than 1.7x which has been tested on and from 31 December 2021.

(e) Specified 6-month production hurdles commencing 30 June 2023 (previously 30 September 2022) and tested quarterly varying from 54,000t of payable zinc metal over a six-month period to 30 June 2023, to a high of 60,000t of payable zinc metal over the six-month period to 31 March 2024.

The Amended EBF also includes specific limits on incurring additional financial indebtedness, disposing or acquiring assets, provision of guarantees or financial accommodation, and the distribution of dividends.

Review Events and Events of Default

The Amended EBF contains a number of Review Events, which can trigger a mandatory prepayment of the Amended EBF and the termination of the hedge position, if an agreement or remedy does not occur within specified timeframes.

> suspension of trading on the ASX for more than five consecutive days in any 12-month period;

> change of control;

> changes to the "Rehabilitation Plan" which have a material adverse effect;

> failure to satisfy the minimum "Reserve Tail Ratio" requirement;

> a 15% underachievement of forecast cashflows compared to the updated "Base Case Financial Model" (that is the August 2022 model whereas this was previously the original November 2021 model) using the same price assumption as the updated model for zinc, exchange rates and treatment charges;

> certain material changes to the "Life of Mine Plan" or "Base Case Financial Model" which do not fall within specified exceptions; and

> failure to forecast production in the latest "Life of Mine Plan" from the tailings operations continuing after the conclusion of the EBF and the existing hedging positions with Macquarie.

The EBF also contains customary events of default.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Group's operations or results in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements and notes, as set out on pages 68 to 120 are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the financial year ended on that date of the Company and Group;
2. in the Directors' opinion there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

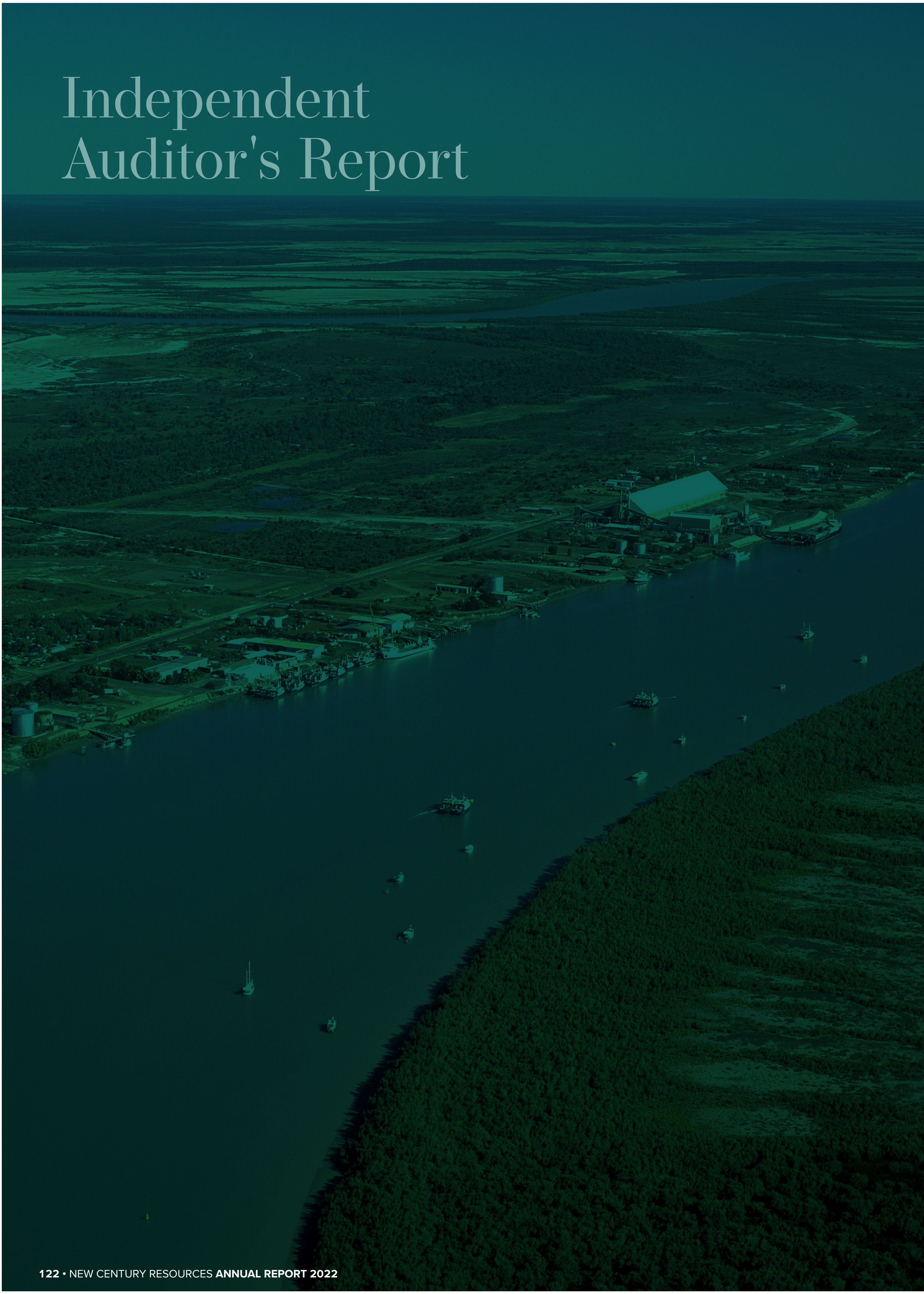
This declaration is made in accordance with a resolution of the Board of Directors.

Robert McDonald

CHAIRMAN

29 August 2022

Independent Auditor's Report



Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
Australia

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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of New Century Resources Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $28,318,613 during the year ended 30 June 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt of the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Evaluating the directors' assessment in relation to going concern and inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to pay its debts as and when they fall due;
- Assessing the Group's compliance with financial and non-financial covenants associated with the Group's Amended Environmental Bond Facility;
- Challenging the key assumptions contained in the Group's cash flow forecast including the timing of expected cash flows;
- Performing stress tests for a range of reasonably possible scenarios on the Group's cash flow forecast for at least 12 months from the date of signing the financial statements; and
- Assessing the appropriateness of the going concern disclosures included in Note 1 to the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Derivative financial instruments The Group has entered into derivative financial instruments which are recorded at fair value to economically hedge the Group's exposure to variability in cash flows due to movements in the zinc price and the foreign exchange rate between AUD/USD, arising from highly probable forecast zinc sales. As at 30 June 2022, derivative financial instruments totaled $68,979,735 (current liabilities of $47,030,971 and non-current liabilities of $21,948,764). The Group has applied cash flow hedge accounting for the derivative financial instruments and has recognised $55,307,436 in the cash flow hedge reserve at 30 June 2022 representing the effective portion of the hedges. We consider this to be a Key Audit Matter as significant judgement is required by management in the valuation of and accounting for these financial instruments including: • understanding and applying contract terms; and • forecasting future zinc prices and AUD/USD foreign exchange rates in the short and long term.	Our audit procedures included, but were not limited to: • Obtaining an understanding of the internal risk management process and the key controls associated with the derivative financial instruments contracts; • Obtaining an understanding of the relevant derivative financial instruments contract terms to assess the appropriateness of the relevant accounting applied in accordance with AASB 9 *Financial Instruments*; • In conjunction with our Deloitte Treasury specialists, testing on a sample basis, the existence and valuation of financial instruments including: o assessing hedge documentation and hedge effectiveness where appropriate; o evaluating the integrity of the valuation models; and o assessing the incorporation of the contract terms and the key assumptions into the valuation models, including zinc prices and foreign exchange rates by comparing to market data. We have also assessed the appropriateness of the disclosures included in Notes 1, 25 and 40 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Capitalisation of exploration and evaluation expenditure As at 30 June 2022 the Group has exploration and evaluation assets of $18,648,686 relating to the Group's capitalisation of expenditure incurred for the feasibility study into the potential development of in-situ deposits at the Century Mine, as disclosed in Note 20. A high level of judgement is required by management in the application of the industry specific accounting standard *AASB 6 Exploration for and Evaluation of Mineral Resources* ("AASB 6"), in particular the assessment of the conditions allowing capitalisation of relevant expenditure and the assessment of the presence of any impairment indicators. Accordingly we consider this to be a Key Audit Matter.	Our procedures included, but were not limited to: • Obtaining an understanding of the internal risk management process and the key controls associated with the exploration and evaluation expenditure; • Assessing the tenements in which the Group holds an interest and the exploration programs planned for those tenements; • Assessing the Group's rights to tenure by corroborating to government registries; • Evaluating management's assessment that no indicators of impairment exist with reference to the potential indicators of impairment, as outlined within AASB 6; and • Testing the expenditure on a sample basis to underlying records and concluding whether the expenditure has been accounted for appropriately in accordance with AASB 6. We also assessed the appropriateness of the disclosures included in Notes 1, 2 and 20 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 48 to 66 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of New Century Resources Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Melbourne, 29 August 2022

Shareholder Information

The shareholder information set out below is based on information available as at 1 August 2022.

Distribution of equity securities

The number of equity security holders, by size of holding, in the Company is:

SPREAD OF HOLDERS	NUMBER OF HOLDERS	NUMBER OF SHARES
1 – 1,000	2,056	745,496
1,001 – 5,000	1,077	2,559,531
5,001 – 10,000	281	2,038,687
10,001 – 100,000	342	10,163,477
100,001 and over	67	115,483,522
Total	**3,823**	**130,990,713**
Holding less than a marketable parcel	989	124,574

Equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

	SHAREHOLDER	NUMBER HELD	% OF ISSUED SHARES
1	Sibanye Gold (Proprietary) Limited	26,184,675	19.99
2	Citicorp Nominees Pty Limited	11,359,577	8.67
3	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	10,649,093	8.13
4	HSBC Custody Nominees (Australia) Limited – A/C 2	9,945,947	7.59
5	J P Morgan Nominees Australia Pty Limited	7,528,924	5.75
6	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	6,624,117	5.06
7	HSBC	6,318,574	4.82
8	Thebes Offshore Master Fund LP	4,698,437	3.59
9	Mrs Kay Mitris	2,769,799	2.11
10	Mr John Carr <JSC Holdings A/C>	2,331,902	1.78
11	SPARTA AG	2,298,298	1.75
12	Mr Patrick Christopher Andrew Walta <FJB & Associates A/C>	2,271,131	1.73
13	Konkera Pty Ltd	2,103,031	1.61
14	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	1,688,935	1.29
15	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,650,947	1.26
16	Delphi Unternehmensberatung Aktiengesellschaft	1,346,131	1.03
17	Delphi Unternehmensberatung Aktiengesellschaft	1,276,354	0.97
18	Woodross Nominees Pty Ltd	1,192,714	0.91
19	BNP Paribas Noms Pty Ltd <DRP>	867,953	0.66
20	BNP Paribas Noms Pty Ltd <Global Markets DRP>	860,215	0.66
	Total	**103,966,754**	**79.37**

There are 130,990,713 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange.
There is no on-market buy back taking place currently.

Voting Rights

On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative shall have one vote. On a poll every shareholder present at a meeting in person or by proxy, attorney or representative shall have one vote for each share held.

Unquoted Equity Securities

Options

The number of unquoted options on issue was 3,133,336 and the number of holders of those options was six. The persons that hold 20 percent or more of this class of unquoted equity securities are:

CLASS	HOLDER	NUMBER
Unquoted options	Aus Funding I Pte Ltd	1,666,667
Unquoted options	MMG Management Pty Ltd	666,667
Unquoted options	Tectonic Advisory	666,668

Performance rights

The number of performance rights on issue under the Group's Employee Incentive Share Plan was 2,607,128 and the number of holders of those performance rights was 22.

Information on shareholding

Shareholders who require information about their shareholding should contact the Company's share registry.

Shareholders who have changed their address should advise the change in writing to:

Automic Registry Services
Level 5
191 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 2 9698 5414

Sponsored shareholders should note, however, that they should contact their sponsored broker to initiate a change of address.

Schedule of Mining Tenements

Below is a list of mining tenements held by the Group as at the date of this report:

PROJECT	LOCATION	STATUS	INTEREST
CENTURY ZINC MINE, QUEENSLAND, AUSTRALIA			
ML 90058	Mt Isa	Granted	100%
ML 90045	Mt Isa	Granted	100%
EPM 10544	Mt Isa	Granted	100%
EPM 26722	Mt Isa	Granted	100%


NEW CENTURY
RESOURCES