

NEW WORLD RESOURCES (NWC)

DRIVING 11 MILLION TRUCKS BETWEEN NAV AND SHARE PRICE

Analyst

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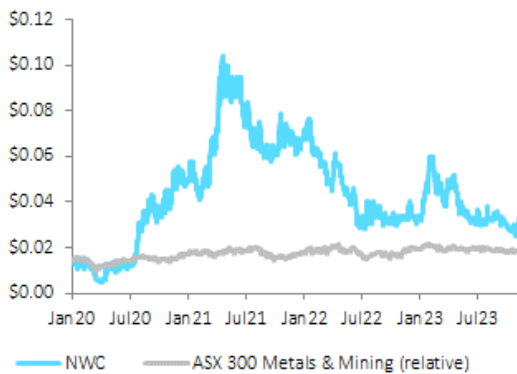
Date

9 Nov 2023

BUY

SHARE PRICE	TARGET PRICE	IMPLIED RETURN
\$0.03	\$0.25	669%

SHARE PRICE CHART



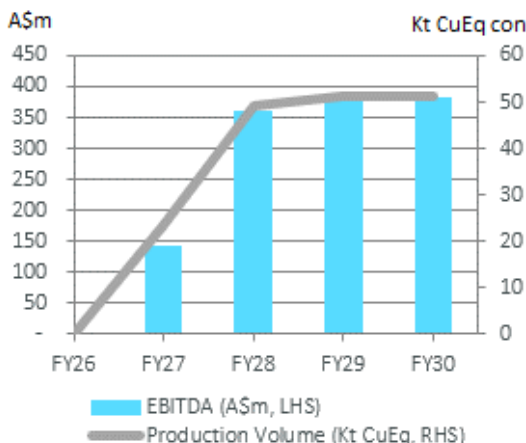
COMPANY DATA & RATIOS

Share Price (\$ per share)	0.03
Risk Adjusted NAV (\$ per share)	0.25
Implied Return (%)	669%
Enterprise Value (\$m)	\$67
Diluted MCap (\$m)	\$78
Diluted Shares (m)	2,433
Avg Daily Value (\$m)	0.24
Free Float (%)	88%
GICS	Materials
Commodity	Cu, Zn, Pb, Ag, Au

MAJOR SHAREHOLDERS

RCF Management	6.9%
Board & Management	4.6%

ANTLER PRODUCTION & EARNINGS PROFILE



CLEAR MISPRICING... SLOWLY CLOSING...

NWC entered into a binding agreement with Trident Royalties PLC to provide \$11m in exchange for a non-dilutive NSR royalty of 0.9% over Antler. This financing is a positive outcome to existing shareholders as NWC's share price was trending lower, notwithstanding multiple strong near term catalysts, driven by expectations of a near term equity raise following the September 2023 quarter cash balance of \$3m and the expenditure required to deliver Antler's PFS by end of CY23 as well as the significant exploration program. **Comparing the alternative of raising \$11m via an equity raising at a 10% discount to NWC's share price before the royalty announcement, NWC shareholders were spared dilution in the order of 17%. From a valuation perspective, while the royalty marginally reduces future cash flows to NWC shareholders, the non-dilutive outcome more than compensates current shareholders due to the abysmal valuation gap (over 10x) between Antler's NPV and NWC's market cap.**

NWC is now well funded to deliver on key milestones and undertake a highly prospective exploration drilling program. In addition, the agreement with Trident Royalties followed a period of due diligence, which similarly to the \$5m investment by Resource Capital Funds in July 2023, provides strong 3rd party validation for Antler's value proposition.

NEWMONT ACQUISITION WILL TURBOCHARGE EXPLORATION

In addition to the non-dilutive financing, NWC announced it entered into a binding agreement to acquire the mineral rights immediately South of Antler, held by Newmont subsidiaries. **These mineral rights are highly prospective (strong geochem, magnetic and IP chargeability anomalies immediately South of Antler) and are located within private ground only meters away from Antler and the proposed location for its plant. We believe this ground will be a high priority for NWC as any discovery here would be highly valuable.**

MULTIPLE NEAR-TERM CATALYSTS

NWC has a diamond core drilling rig operating at Antler about to be re-deployed for exploration drilling. Following the acquisition of Newmont's mineral rights south of Antler, NWC will rank and prioritise all exploration targets to commence drilling South of Antler (Newmont acquisition), Javelin VMS Project (75km from Antler and hosting multiple VMS deposits) and Roadrunner (NE targets along strike of Antler).

In respect of Antler, mine permit applications are expected to be submitted this month and the prefeasibility study is on track to be completed by the end of CY23.

RETAIN BUY RATING AND PRICE TARGET

We have updated our financial model to reflect Trident's 0.9% NSR over Antler and the non-dilutive \$11m raise. We retain our Buy recommendation and target price of \$0.25 per share, representing an implied premium of 669%. **We see significant near-term upside from exploration activities and de-risking milestones at Antler including submission of mine permit applications and completion of PFS.**

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ROYALTY FINANCING

BACKGROUND

New World Resources has entered into a binding agreement where Trident Royalties Plc will provide New World with \$11 million in exchange for a 0.9% NSR royalty over the high-grade Antler Copper Project in Arizona.

Trident is a growth-focused diversified mining royalty and streaming company, that provides investors with exposure to a mix of base, battery, precious, and bulk metals. It is listed on the London Stock Exchange Alternative Investment Market and has a market capitalisation of approximately \$180 million. Its major shareholders include Amati, Blackrock, LIM, Regal and Ruffer. Since inception in June 2020, Trident has built a portfolio of royalties spanning 20 production, development and exploration assets, globally.

ROYALTY DETAILS

A summary of the Trident royalty is provided below:

- \$11 million in exchange for a 0.9% NSR royalty over Antler and Roadrunner plus 0.45% NSR royalty over additional mineral rights acquired 5km around Antler (Newmont acquisition),
- NWC can buy back anytime within 3-months of raising at least 75% of Antler's financing 0.3% NSR royalty for \$9 million and/or 0.15% of NSR royalty over the additional mineral rights acquired 5km around Antler,
- Trident has a right to match any royalty or streaming transaction associated with Antler, and
- Use of funds:
 - Accelerate resource expansion and discovery drilling,
 - Expedite the development of mining operations at the Antler Copper Project.

ACQUISITION OF MINERAL RIGHTS SOUTH OF ANTLER

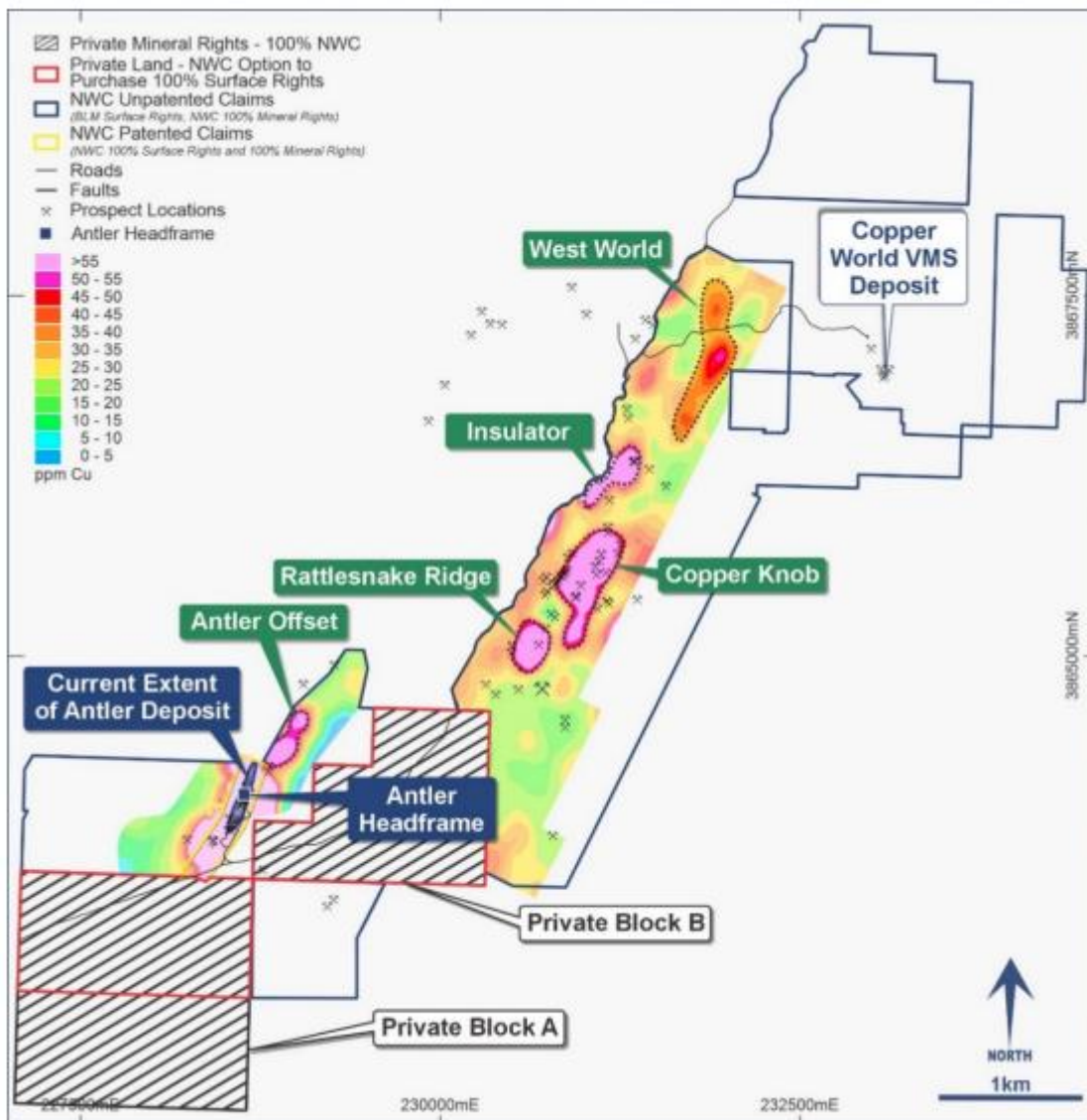
BACKGROUND

New World Resources entered into a binding agreement with Santa Fe Pacific Railway Company and Newmont Corporation to purchase the mineral rights covering highly prospective strike extensions of the geological sequence that hosts the high-grade Antler Copper Deposit

The new mineral rights include:

- (i) 640 acres (an area measuring 1,600m x 1,600m) located immediately south of Antler (Private Block A in Figure 1 below); and
- (ii) 360 acres located several hundred metres east of Antler (Private Block B).

FIGURE 1: LOCATION OF NEWMONT'S MINERAL RIGHTS



Source: Company

New World Resources now controls over 9km of continuous strike of the geological sequence that hosts the Antler Deposit.

Prior to NWC, previous drilling in this belt was constrained to just 600m of strike at the Antler Deposit. Due to the nature of VMS deposits, typically occurring in clusters, there is high potential to discover additional VMS mineralisation within this belt.

ACQUISITION TERMS

New World Resources has agreed to purchase a 100% interest in the mineral rights that cover a total of approximately 1,000 acres (Private Blocks A and B) from:

- (a) Santa Fe Pacific Railway Company, which owns the mineral rights; and
- (b) a subsidiary of Newmont Corporation, which holds a lease over the mineral rights.

Consideration payable is:

- (i) US\$850,000 in cash; and
- (ii) Assignment of a 3.0% Net Smelter Return royalty on any and all production.

Closing is scheduled for late November 2023.

FINANCIAL MODEL SUMMARY



New World Resources

Code: NWC
Stock Details

Share Price	\$0.03			
NAV/share	\$0.25	52 Week High	\$0.06	
Implied Return	669%	52 Week Low	\$0.02	

Enterprise Value	\$67m
Diluted MCap	\$78m
Diluted Shares	2433m
Free Float	88%
Avg Daily Value	\$0.24m

Macro Assumptions	FY23	FY24E	FY25E	FY26E	FY27E
Exchange Rate (A\$/US\$)	0.66	0.70	0.70	0.70	0.70
Copper Price (US\$/lb)	3.8	4.3	4.8	4.8	4.8
Zinc Price (US\$/lb)	1.0	1.4	1.4	1.4	1.4
Lead Price (US\$/lb)	0.9	1.0	1.0	1.0	1.0
Silver Price (US\$/oz)	20	24	24	24	24
Gold Price (US\$/oz)	1,850	1,850	1,850	1,850	1,850

Profit & Loss (A\$m)	FY23	FY24E	FY25E	FY26E	FY27E
Revenue	-	-	-	-	263
Operating Costs	-	-	-	-	(118)
Operating Profit	-	-	-	-	145
Corporate & Other	(2)	(2)	(2)	(2)	(4)
Exploration Expense	-	-	-	-	-
EBITDA	(2)	(2)	(2)	(2)	141
D&A	-	-	-	-	(17)
EBIT	(2)	(2)	(2)	(2)	124
Net Interest Expense	-	-	-	-	(17)
Pre-Tax Profit	-	-	-	-	0
Tax Expense	-	-	-	-	(16)
Underlying Profit	(2)	(2)	(2)	(2)	107
Significant Items (post tax)	-	-	-	-	(28)
Reported Profit	(2)	(2)	(2)	(2)	80

Cash Flow (A\$m)	FY23	FY24E	FY25E	FY26E	FY27E
Operating Cashflow	(1)	(2)	(2)	(2)	141
Tax	-	-	-	-	(28)
Net Interest	0	-	-	-	(16)
Net Operating Cash Flow	(1)	(2)	(2)	(2)	97
Exploration	(15)	(11)	(4)	(2)	(2)
Capex	-	(2)	(196)	(118)	(7)
Acquisitions / Disposals	-	-	-	(11)	-
Other	(1)	-	-	-	-
Net Investing Cash Flow	(16)	(13)	(200)	(131)	(9)
Equity Issue	16	5	136	-	-
Borrowing / Repayments	-	-	204	-	(51)
Dividends	-	-	-	-	-
Other	(1)	11	-	0	0
Net Financing Cash Flow	15	16	339	0	(51)
Change in Cash Position	(7)	1	137	(133)	37
FX Adjustments	0	-	-	-	-
Cash Balance	3	4	141	8	45

Balance Sheet (A\$m)	FY23	FY24E	FY25E	FY26E	FY27E
Cash	3	4	141	8	45
Other Current Assets	1	1	1	1	1
PP&E	0	2	198	316	306
Exploration & Development	49	60	63	65	67
Other Non Current Assets	0	0	0	0	0
Total Assets	53	67	405	391	420
Debt	-	-	204	204	153
Other Liabilities	2	2	2	2	2
Net Assets	51	65	199	186	266

Ratio Analysis		FY23	FY24E	FY25E	FY26E	FY27E
Diluted Shares	m	2,105	2,262	3,392	3,392	3,392
EPS - Diluted	Ac	(0.1)	(0.1)	(0.1)	(0.1)	2.3
P/E	x	n.m.	n.m.	n.m.	n.m.	-
CFPS - Diluted	Ac	(0.1)	(0.1)	(0.1)	2.9	7.9
P/CF	x	n.m.	n.m.	n.m.	-	-
FCF - Diluted	Ac	(0.1)	(0.2)	(5.8)	(3.5)	3.1
P/FCF	x	n.m.	n.m.	n.m.	n.m.	-

Dividends	Ac	-	-	-	-	-
Dividend yield	%	-	-	-	-	-
Payout Ratio	%	-	-	-	-	-
Franking	%	-	-	-	-	-
Enterprise Value	A\$m	75	69	171	304	216
EV/EBITDA	x	n.m.	n.m.	n.m.	n.m.	1.5x
ROE	%	(5%)	(3%)	(1%)	(1%)	40%
ROA	%	(5%)	(3%)	(0%)	(1%)	26%
Net Debt / (Cash)		(3)	(4)	62	195	108
Gearing (D/(D+E))	%	-	-	51%	52%	37%
Gearing (D/E)	%	-	-	102%	110%	58%

Reserves & Resources							Updated: November 2022			
Resource	mt	Cu %	Zn %	Pb %	Ag g/t	Au g/t	CuEq %			
Measured										
Indicated	9.1	2.3%	5.1%	0.9%	35.94	0.40	4.4%			
Inferred	2.4	1.6%	4.5%	0.9%	21.32	0.17	3.3%			
Total	11.4	2.1%	5.0%	0.9%	32.90	0.36	4.1%			

Reserves	mt	Cu %	Zn %	Pb %	Ag g/t	Au g/t	CuEq %
Proved	-	-	-	-	-	-	-
Probable	-	-	-	-	-	-	-

Earnings Sensitivity				FY27E	FY28E	FY27E	FY28E
				A\$m	A\$m	%	%
Copper Price	US\$/lb	+10%	10	19	20%	10%	
Zinc Price	US\$/lb	+10%	6	15	12%	8%	
Lead Price	US\$/lb	+10%	1	2	2%	1%	
Exchange Rate	A\$/US\$	-10%	5	18	11%	10%	

Valuation	Discount	Stake	A\$m	A\$/sh
Antler (unrisked)		100%	1,079	0.44
Antler (risk-adjusted)	50%	100%	540	0.22
Exploration & Projects			75	0.03
Corporate & Other			(27)	(0.01)
Debt			-	-
Cash			11	0.00
Option Strikes			-	-
Risk adjusted NAV			599	0.25
				13.01%

Source: Blue Ocean Equities

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Blue Ocean Equities Pty Limited acted as Joint-Lead Manager for the NWC Placement in December 2022.

The Analyst of this report owns shares in New World Resources Limited.

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