12 July 2022

New World Resources (NWC) BUY Share Price: A$0.03

Scoping Study delivers compelling outcomes Target Price: A$0.14

NWC has released a robust Scoping Study for the development of the 100%-owned high-grade Antler Copper Project in northern Arizona, USA (Figure 1). Pre-production capex of US$201m delivers a 1Mtpa operation over an initial 10-year LOM and steady-state production of >30ktpa Cueq at AISC of US$1.66/lb. The pre-tax IRR of 42% at US$3.85/lb Cu is impressive and NWC will further refine and enhance the development parameters and economics of the Project in a PFS in Mar. Q'23 using an updated MRE. We remain excited by the upside potential which can support a longer mine life and/or increased production. Most importantly, work to date will enable NWC to start submitting mine permit applications later this year. BUY, NPV_{10} TP unchanged at A$0.14/sh, with an upwardly revised NPV offset by higher f'cast dilution.

A$750m NPV_7 with upside

- Pre-tax NPV_7 of US$525m (A$750m) - Figure 2 - based on a 9.3Mt mine inventory at an average head grade of 3.3% Cueq, with a 1Mtpa operation developed for US$201m capex producing ~271kt Cueq (136kt Cu) over an initial 10yr LOM at US$1.66/lb Cueq C1 costs.
- NWC has identified a number of opportunities which could further enhance the Project i.e., optimising the mining schedule to reduce capex, reducing mining dilution, enhancing metallurgical recoveries and concentrate grades, utilising larger (u/g) mining equipment, and resource expansion. Note: the Nov.'21 Maiden Resource will be updated in the coming months, once additional assay results from recently completed deep drill holes are received. A PFS to further optimise, refine, and de-risk the Scoping Study will be based on the updated MRE, and is targeted for completion in Mar. Q'23. The PFS will then be followed by a DFS (Fig. 3).
- With 1Mtpa average production in Years 2-9 generating ~US$135m/year in free cash flow, exploration success leading to LOM extension offers significant NPV upside.

NPV_{10} revised up by 19% to A$433m (prev. A$363m)

- The Scoping Study's production profile of 271Kt Cueq (over a 10yr LOM) is significantly above our original forecast of ~200kt Cueq (over a 7yr LOM) – Figure 4. Offsetting this is higher than forecast pre-production capex of US$201m (Petra est. A$150m). We have also pushed out the forecast start date of production at Antler by six months to mid-CY2025 (prev. end-CY2024).

Key Dates Ahead

- 2H 2022 – Updated Antler MRE & permit submissions
- Mar. Q'23 – Antler Project PFS (with DFS to follow)

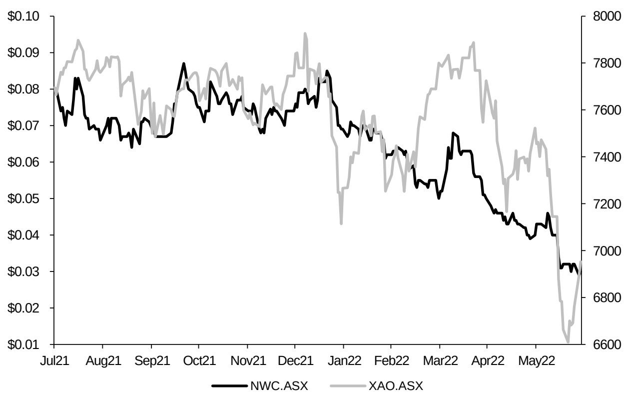
Company Data

Shares – ordinary (M)	1596.9
Dilution (M)	104.5
Total (fully diluted) (M)	1701.4
Market capitalisation ($M)	47.9
12 month low/high ($)	0.03/ 0.09
Average monthly turnover ($M)	6.6
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End June	FY22F	FY23F	FY24F	FY25F	FY26F
Revenue ($M)	0.0	0.0	0.0	27.9	171.8
Costs ($M)	-5.0	-3.0	-3.0	-24.2	-80.1
EBITDA ($M)	-5.0	-3.0	-3.0	3.7	91.7
NPAT ($M)	-4.5	-2.9	-2.7	-1.1	45.8
EPS (¢ps)	-0.3	-0.1	-0.1	0.0	1.3
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	na	na	na	2.3
Op. Cashflow ($M)	-4.8	-3.0	-3.0	1.7	63.5
OCFPS (¢ps)	-0.3	-0.2	-0.1	0.0	1.8
POCFPS (x)	na	na	na	62	1.7
Enterprise Value ($M)	42.1	31.5	211.3	220.1	175.3
EV / EBITDA (x)	-ve	-ve	-ve	60.0	1.9
Payout ratio (%)	na	na	na	na	na
Dividends (¢ps)	0	0	0	0	0
Yield (%)	na	na	na	na	na
Franking (%)	na	na	na	na	na

NWC – performance over one year



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document.

David Brennan, CFA
+61 2 9239 9630

Analysis

New World Resources

Year End June

Share price (A$)	0.030
Issued shares (m)	1,597
Market Cap (A$m)	47.9
Options/Rights/Escrowed (m)	104.5
Dilution (A$150m at A$0.08/sh)	1,806
Fully diluted no. of Shares (m)	3,507

P&L Statement (A$M)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Revenue	0.0	0.0	0.0	0.0	27.9	171.8
Costs	(2.6)	(5.0)	(3.0)	(3.0)	(24.2)	(80.1)
EBITDA	**(2.6)**	**(5.0)**	**(3.0)**	**(3.0)**	**3.7**	**91.7**
D&A	0.0	0.0	0.0	0.0	(5.0)	(20.0)
Operating profit	**(2.6)**	**(5.0)**	**(3.0)**	**(3.0)**	**(1.3)**	**71.7**
NOI	0.0	0.00	0.0	0.0	0.0	0.0
EBIT	**(2.6)**	**(5.0)**	**(3.0)**	**(3.0)**	**(1.3)**	**71.7**
Interest income	0.0	0.5	0.1	0.3	0.2	0.1
Interest expense	0.0	0.0	0.0	0.0	0.0	(6.4)
Tax expense	(0.2)	0.0	0.0	0.0	0.0	(19.6)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Reported NPAT	**(2.8)**	**(4.5)**	**(2.9)**	**(2.7)**	**(1.1)**	**45.8**
EPS Reported (A$c)	(0.2)	(0.3)	(0.1)	(0.1)	(0.0)	1.3
DPS - Declared (A$c)	0.0	0.0	0.0	0.0	0.0	0.0
Avg. shares (m)	1,385	1,685	1,979	2,882	3,507	3,507
YE shares (m)	1,702	1,701	2,257	3,507	3,507	3,507

Cash Flow (A$M)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
EBITDA	(2.6)	(5.0)	(3.0)	(3.0)	3.7	91.7
Invest. In WC	0.1	0.0	0.0	0.0	(2.0)	(8.6)
Tax expense	0.0	0.2	0.0	0.0	0.0	(19.6)
Operating Cash Flow	**(2.5)**	**(4.8)**	**(3.0)**	**(3.0)**	**1.7**	**63.5**
Capex	0.0	(1.9)	0.0	(275.0)	(5.7)	(7.1)
Exploration	(8.8)	(11.0)	(11.6)	(12.1)	(5.0)	(5.3)
Other investments	0.0	0.0	0.0	(15.0)	0.0	0.0
Investing Cash Flow	**(8.8)**	**(12.9)**	**(11.6)**	**(302.1)**	**(10.7)**	**(12.3)**
Net interest	0.0	0.5	0.1	0.3	0.2	(6.3)
Debt	0.0	0.0	0.0	175.0	0.0	(15.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised / (repaid)	33.4	0.0	25.0	125.0	0.0	0.0
Financing Cash Flow	**33.4**	**0.5**	**25.1**	**300.3**	**0.2**	**(21.3)**
Non-operating/Other	(0.1)	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Cash	**22.1**	**(17.3)**	**10.6**	**(4.8)**	**(8.8)**	**30**

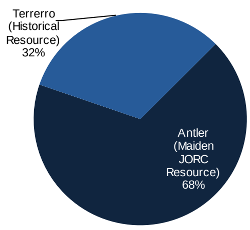
Balance Sheet (A$M)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Cash & Equivalents	23.1	5.8	16.4	11.6	2.8	32.6
Receivables	0.4	0.4	0.4	0.4	2.8	17.2
Inventories	0.0	0.0	0.0	0.0	1.7	10.3
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.1
PPE and Exploration	26.3	39.2	50.8	352.9	358.6	351.0
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	0.0	0.0	0.0	15.0	15.0	15.0
Total Assets	**49.9**	**45.5**	**67.6**	**380.0**	**380.9**	**426.1**
Payables & Other	0.7	0.9	0.9	0.9	3.0	17.4
Short Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	0.0	175.0	175.0	160.0
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities incl NCI	0.7	0.9	0.9	175.9	178.0	177.4
Equity	49.2	44.6	66.7	204.1	203.0	248.7
Total Liabilities & Equity	**49.9**	**45.5**	**67.6**	**380.0**	**380.9**	**426.1**

Ratios	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
P/E (x)	na	na	na	na	na	2.3
ROE (%)	-6%	-10%	-5%	-2%	-1%	20%
Debt/Equity	0.0%	0.0%	0.0%	85.8%	86.2%	64.3%

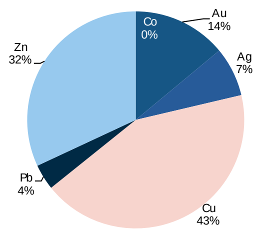
Commodity prices	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Copper (US$/lb)	*3.62*	*4.38*	*4.00*	*3.88*	*3.63*	*3.50*
Lead (US$/lb)	*0.90*	*1.05*	*1.00*	*1.00*	*0.95*	*0.95*
Zinc (US$/lb)	*1.21*	*1.59*	*1.33*	*1.23*	*1.20*	*1.20*
Gold (US$/oz)	*1,849*	*1,835*	*1,806*	*1,725*	*1,625*	*1,600*
Silver (US$/oz)	*25*	*24*	*22*	*22*	*22*	*22*
AUD:USD	*0.75*	*0.73*	*0.72*	*0.75*	*0.75*	*0.75*
Production	**FY21A**	**FY22F**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.10	0.60
Copper (t)	0.00	0.00	0.00	0.00	1,440	9,450
Lead (t)	0.00	0.00	0.00	0.00	343	2,058
Zinc (t)	0.00	0.00	0.00	0.00	3,540	21,239
Silver (Koz)	0.00	0.00	0.00	0.00	49	294
Costs (A$/lb Cu)	**FY21A**	**FY22F**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
AISC (A$m)	-	-	-	-	28	91
Cueq production (t)	0	0	0	0	2,901	18,522
Cueq production (Mlb)	-	-	-	-	6.4	40.8
Unit AISC (A$/lb Cueq)	-	-	-	-	4.31	2.22

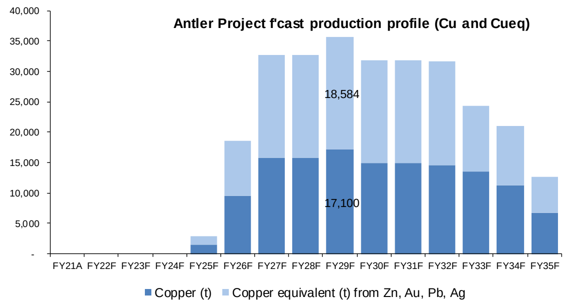
Resources	Mt (ore)	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Antler (November'21)	7.70	2.20%	0.2	28.8	0.90%	5.30%
= 7.7Mt @ 3.9% Cueq after forecast metallurgical recovery (4.6% Cueq at 100% recovery)						
Terrerro (Historical Resource)	5.78	1.02%	1.96	21.4	0.24%	1.46%

In situ value (US$5bn) by Project



In situ value by metal





Valuation	(A$m)	(A$/ps)
Antler Project (9.3Mt mine inventory)	433	0.12
Antler exploration upside (nominal ~10% of NPV)	50	0.01
Terrerro Project	5	0.00
Investments	0	0.00
Corporate costs	(22)	(0.01)
Enterprise value	465	0.13
Net cash (debt) (FY23F)	16	0.00
Equity value	482	0.14

Source: Petra Capital. Note: Share dilution (new equity) forecast at A$150m @ A$0.08/sh (prev. A$95m @ A$0.098/sh).

Figure 1: Location of the Antler Copper Project, Arizona, USA

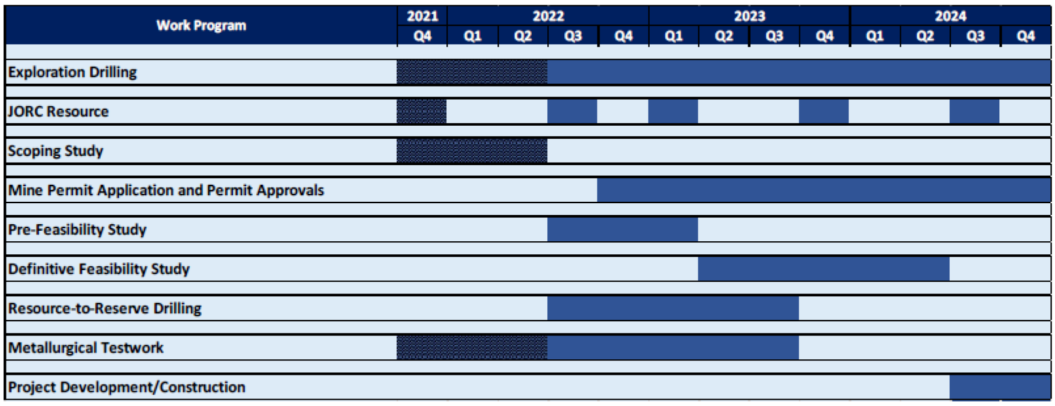
Source: Company

Figure 2: Key financial assumptions and metrics of Scoping Study – Antler Project

KEY FINANCIAL METRIC	UNIT	AMOUNT
Pre-production Capital (including US$36.5m contingency)	US$ million	201.3
Sustaining Capital	US$ million	29.9
Mining Cost	US$/t milled	52.03
Processing Cost	US$/t milled	18.90
General and Administration	US$/t milled	15.00
Cash Cost[2]	US$/t milled	106.76
All-in Sustaining Cost (AISC)[3]	US$/t milled	112.19
Commodity Price Assumptions	US$/tonne US$/tonne US$/tonne US$/oz US$/oz	Copper – 8,500 Zinc – 2,800 Lead – 2,000 Silver – 20.00 Gold – 1,800
Revenue	US$/t milled	214.76
Net Revenue – Forecast Initial Operating Life	US$ million	1,991.3
Free Cash Flow (undiscounted, pre-tax) – Forecast Initial Operating Life	US$ million	952.1
Average annual EBITDA years 2-9	US$ million/year	135.3
Pre-tax NPV (7%)	US$ million	524.9
Pre-tax Internal Rate of Return	%	42.0
Payback From First Production	months	29
C1 Cost – Copper Equivalent Production	US$/lb	1.66
C1 Cost – Copper Production Only Net of Co-product Credits	US$/lb	Negative 0.31
Exchange Rate	USD:AUD	0.70

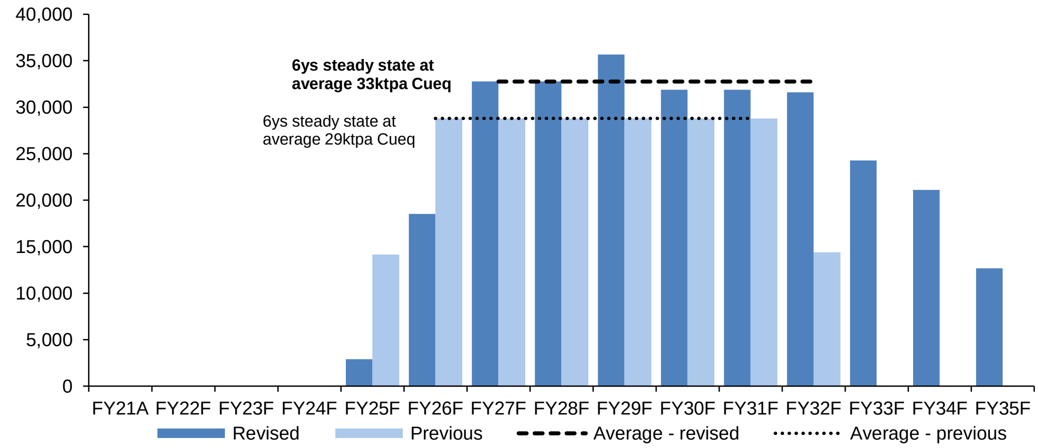
Source: Company

Figure 3: Forward work program timeline



Source: Company

Figure 4: Revised versus previous forecast production profile



Source: Petra Capital forecasts

Figure 5: Summary of changes (FY24F-FY26F)

		FY24F			FY25F			FY26F		
		New	Old	% var	New	Old	% var	New	Old	% var
Revenue	A$m	0.0	0.0	na	27.9	128.2	-78%	171.8	251.8	-32%
EBITDA	A$m	-3.0	-3.0	0%	3.7	61.7	-94%	91.7	131.9	-30%
EBIT	A$m	-3.0	-3.0	0%	-1.3	52.7	-103%	71.7	113.9	-37%
NPAT	A$m	-2.7	-2.7	-2%	-1.1	47.6	-102%	45.8	77.5	-41%
EPS	A$c/sh	-0.1	-0.1	-22%	0.0	1.8	-102%	1.3	2.9	-55%
DPS	A$c/sh	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
NPV/sh	**A$/sh**	**0.14**	**0.14**	**0%**						
Price target	**A$/sh**	**0.14**	**0.14**	**0%**						
Copper output	(t)	0.0	0.0	na	1,440	7,438	-81%	9,450	14,875	-36%
Zinc output	(t)	0.0	0.0	na	3,540	14,625	-76%	21,239	29,250	-27%
Cueq output	(t)	0.0	0.0	na	2,901	14,159	-80%	18,522	28,799	-36%
Cu price	US$/lb	3.88	3.88	0%	3.63	3.63	0%	3.50	3.50	0%
Zinc price	US$/lb	1.23	1.23	0%	1.20	1.20	0%	1.20	1.20	0%
AISC (Cueq)	US$/lb	na	na	na	3.23	1.64	96%	1.66	1.44	16%

Source: Petra Capital forecasts. Note: change primarily due to forecast start date of production pushed out by 6 months

PETRA CAPITAL

12 July 2022

Petra Capital

Level 17, 14 Martin Place, Sydney NSW 2000

ABN 95 110 952 782
ACN 110 952 782
AFSL 317 944

Director:	George Marias	+61 (0)2 9239 9601	gmarias@petracapital.com.au
Research (Resources):	Brett McKay	+61 (0)2 9239 9605	bmckay@petracapital.com.au
Research (Resources):	Hugh Stackpool	+61 (0)2 9239 9625	hstackpool@petracapital.com.au
Research (Resources):	David Brennan	+61 (0)2 9239 9630	dbrennan@petracapital.com.au
Research (Resources):	Andrew Harrington	+61 (0)2 9239 9614	aharrington@petracapital.com.au
Research (Resources):	Kieran Barratt	+61 (0)2 9239 9610	kbarratt@petracapital.com.au
Research (Resources):	Colin McLelland	+61 (0)2 9239 9639	cmclelland@petracapital.com.au
Research (Industrials):	Killian Murphy	+61 (0)2 9239 9607	kmurphy@petracapital.com.au
Research (Industrials):	James Lennon	+61 (0)2 9239 9618	jlennon@petracapital.com.au
Research (Industrials):	Sam Haddad	+61 (0)2 9239 9633	shaddad@petracapital.com.au
Research (Industrials):	Ken Wagner	+61 (0)2 9239 9642	kwagner@petracapital.com.au
Research (Industrials):	Daniel Ireland	+61 (0)2 9239 9647	direland@petracapital.com.au
Research (Industrials):	Mark Yarwood	+61 (0)2 9239 9646	myarwood@petracapital.com.au
Research (Healthcare):	Tanushree Jain	+61 (0)2 9239 9649	tjain@petracapital.com.au
Sales:	Frank Barila	+61 (0)2 9239 9603	fbarila@petracapital.com.au
Sales:	Vincent Pisani	+61 (0)2 9239 9617	vpisani@petracapital.com.au
Sales:	Peter Veldhuizen	+61 (0)2 9239 9609	pveldhuizen@petracapital.com.au
Sales:	Neil Watson	+61 (0)2 9239 9602	nwatson@petracapital.com.au
Sales:	Leigh Gardner	+61 (0)2 9239 9620	lgardner@petracapital.com.au
Sales:	Vince Barila	+61 (0)2 9239 9627	vbarila@petracapital.com.au
Sales:	Colin Redmond	+61 (0)2 9239 9613	credmond@petracapital.com.au
Sales:	Richard Macphillamy	+61 (0)2 9239 9604	rmacphillamy@petracapital.com.au
Sales:	Paul Doherty	+61 (0)407 194 549	pdoherty@petracapital.com.au
Sales:	Tyrone Lara	+61 (0)2 9239 9608	tlara@petracapital.com.au
Sales:	Vince Musumeci	+61 (0)2 9239 9606	vmusumeci@petracapital.com.au
Sales:	Andrew Richards	+61 (0)2 9239 9638	arichards@petracapital.com.au
Sales:	Rob Dobson	+61 (0)2 9239 9628	rdobson@petracapital.com.au
Sales:	Denise Wong	+61 (0)2 9239 9650	dwong@petracapital.com.au
Corporate (ECM):	Verity Barritt	+61 (0)2 9239 9622	vbarritt@petracapital.com.au
Corporate (ECM):	Craig Brown	+61 (0)2 9239 9629	cbrown@petracapital.com.au
Administration:	Rossana Di Gori	+61 (0)2 9239 9624	rdigori@petracapital.com.au
Administration:	Belinda Teichmann	+61 (0)2 9239 9636	bteichmann@petracapital.com.au
Administration:	Victoria Smith	+61 (0)2 9239 9616	vsmith@petracapital.com.au
Administration:	Katya Beidar	+61 (0)2 9239 9645	kbeidar@petracapital.com.au
Administration:	Larissa Falvo	+61 (0)2 9239 9611	lfalvo@petracapital.com.au
Administration:	Emma Pagalday	+61 (0)2 9239 9621	epagalday@petracapital.com.au
Legal & Compliance:	Danielle Smith	+61 (0)2 9239 9612	dsmith@petracapital.com.au
Financials:	Tony Christelis	+61 (0)2 9239 9615	tchristelis@petracapital.com.au