

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, NPV₁₀ TP unchanged at A\$0.14/sh, with an upwardly revised NPV offset by higher forecast dilution.

A\$750m NPV₇ with upside

- Pre-tax NPV₇ 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.

NPV₁₀ 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

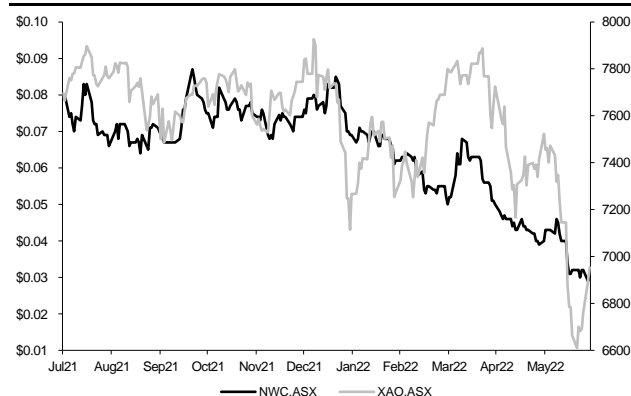
- 2H 2022 – Updated Antler MRE & permit submissions
- Mar. Q'23 – Antler Project PFS (with DFS to follow)

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.

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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	0.0	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

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

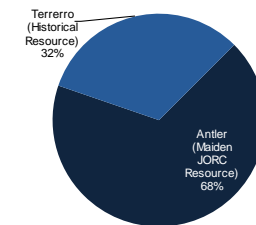
Production	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.10	0.60
Copper (t)	0.00	0.00	0.00	0.00	1,440	9,450
Lead (t)	0.00	0.00	0.00	0.00	343	2,058
Zinc (t)	0.00	0.00	0.00	0.00	3,540	21,239
Silver (Koz)	0.00	0.00	0.00	0.00	49	294

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

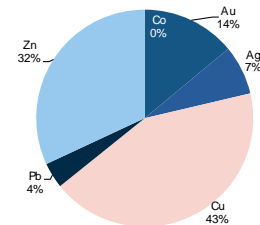
Cash Flow (A\$m)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
EBITDA	(2.6)	(5.0)	(3.0)	(3.0)	3.7	91.7
Invest. In WC	0.1	0.0	0.0	0.0	(2.0)	(8.6)
Tax expense	0.0	0.2	0.0	0.0	0.0	(19.6)
Operating Cash Flow	(2.5)	(4.8)	(3.0)	(3.0)	1.7	63.5
Capex	0.0	(1.9)	0.0	(275.0)	(5.7)	(7.1)
Exploration	(8.8)	(11.0)	(11.6)	(12.1)	(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

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)						
Terrero (Historical Resource)	5.78	1.02%	1.96	21.4	0.24%	1.46%

In situ value (US\$5bn) by Project

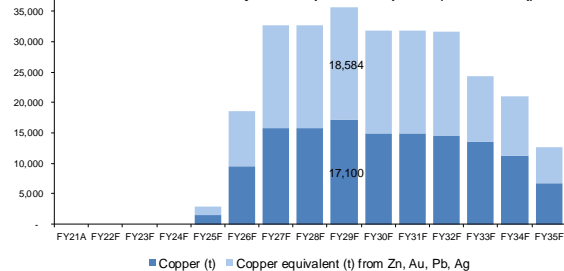


In situ value by metal



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

Antler Project f'cast production profile (Cu and Cueq)

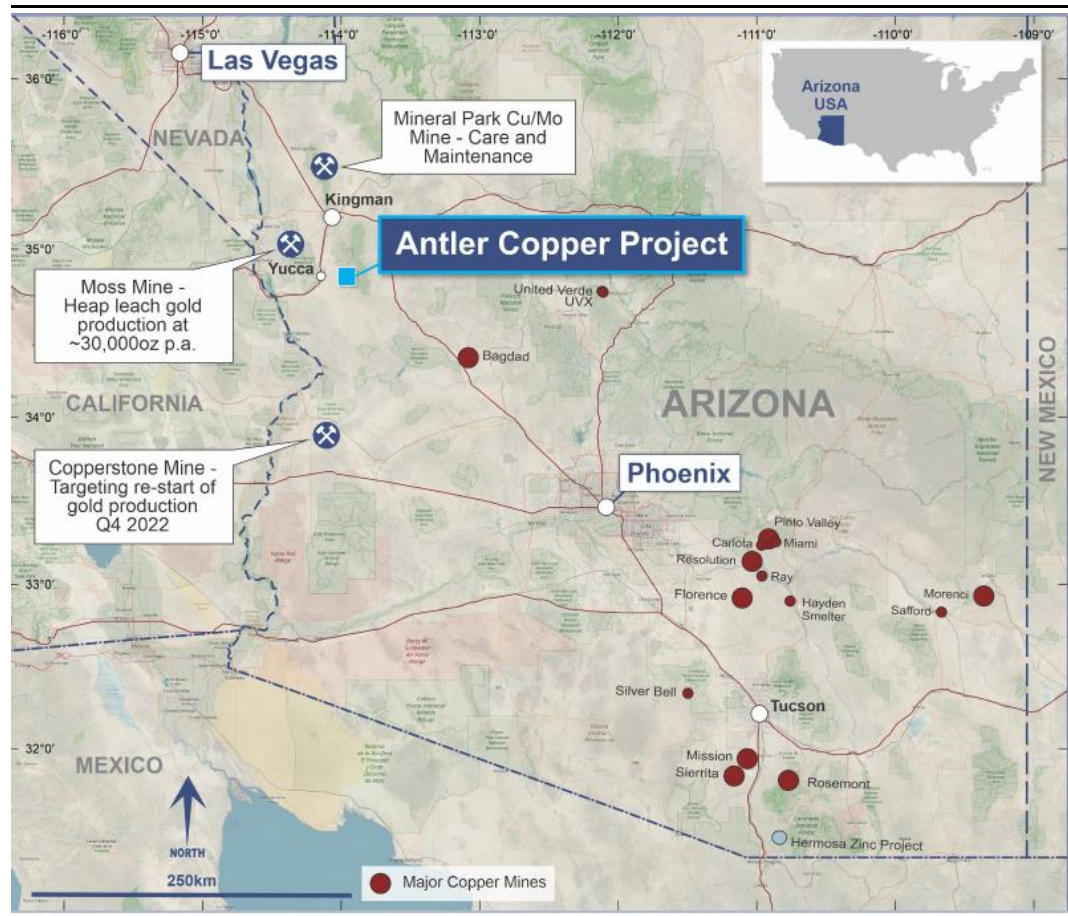


Ratios	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
P/E (x)	na	na	na	na	na	2.3
ROE (%)	-6%	-10%	-5%	-2%	-1%	20%
Debt/Equity	0.0%	0.0%	0.0%	85.8%	86.2%	64.3%

Valuation	(A\$m)	(A\$/ps)
Antler Project (9.3Mt mine inventory)	433	0.12
Antler exploration upside (nominal ~10% of NPV)	50	0.01
Terrero 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	Copper – 8,500
	US\$/tonne	Zinc – 2,800
	US\$/tonne	Lead – 2,000
	US\$/oz	Silver – 20.00
	US\$/oz	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

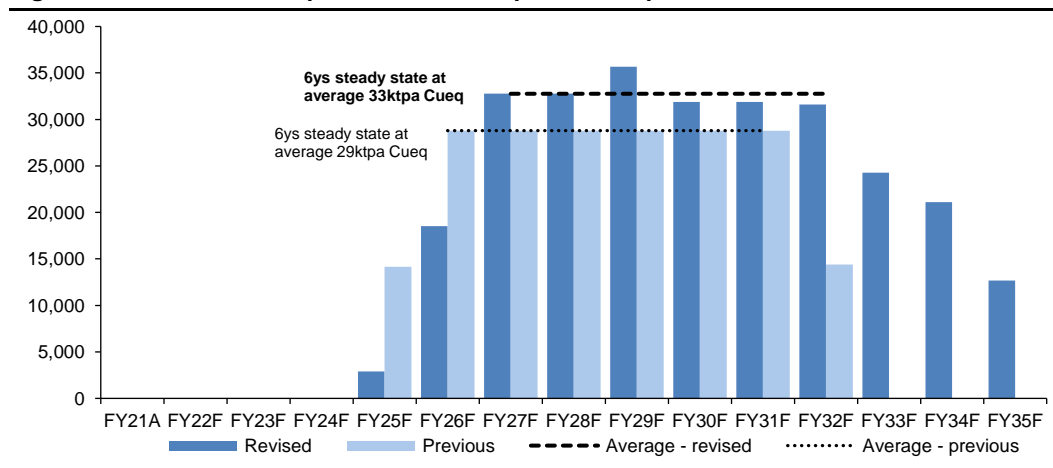
Source: Company

Figure 3: Forward work program timeline

Work Program	2021		2022				2023				2024			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Exploration Drilling														
JORC Resource														
Scoping Study														
Mine Permit Application and Permit Approvals														
Pre-Feasibility Study														
Definitive Feasibility Study														
Resource-to-Reserve Drilling														
Metallurgical Testwork														
Project Development/Construction														

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\$/sh	-0.1	-0.1	-22%	0.0	1.8	-102%	1.3	2.9	-55%
DPS	A\$/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



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