

15 July 2022

New World Resources (NWC)

BUY

Share Price: A\$0.034

Antler Copper Deposit keeps on growing

Target Price: A\$0.14

The potential for material Resource expansion at NWC's 100% owned Antler Copper Project in Arizona USA (Figure 1) is reinforced with thick intervals of mineralisation intersected in the deepest holes drilled to date. An updated Resource will feed into a PFS that is likely to improve upon the already robust economic outcomes delivered in the recent Scoping Study (pre-tax NPV₇ A\$750m). Located in a favourable jurisdiction (70% of US Cu prod. is in Arizona), NWC will start submitting mine permit applications later this year. BUY, NPV₁₀ target price unchanged at A\$0.14/sh.

Drilling to test depth extensions

- The deepest hole completed at the Project to date intersected 18.2m @ 3.4% Cueq from 988m (ANT94AW1) in the "Main Shoot". This is some 80m down-dip from the previous deepest hole (Figs 2 & 3).
- In addition, very high-grade assay results were received from two new holes that intersected mineralisation >250m down-dip from the previous deepest drilling in the "South Shoot". Results include 6.8m @ 7.2% Cueq from 798m (ANT91W2) and 10m @ 4.9g/t Au from 798m & 3m @ 7.1% Cueq from 842m (ANT91W1). Assays are pending for a further 11 completed holes.
- The latest intersections have increased the down-dip extent of the Main and South Shoots to 900m and 700m respectively. Mineralisation remains open both down dip and along strike, and three rigs continue to drill. The current (Nov.'21) Resource of 7.7Mt @ 3.9% Cueq will be updated in Sep. Q'22 once results from most of 11 outstanding assays are returned (Figure 4).

Potential for material Resource increase

- We estimate that ANT94AW1 is ~250m down-dip from the Nov.'21 Resource boundary. An extension to the current "Main Shoot" Resource of 250m (dip) x 100m (width) x 20m (thickness) could add an additional 1.75Mt to the current 7.7Mt Resource.
- We estimate that the latest holes at the South Shoot are a similar ~250m down-dip from the Nov.'21 Resource and could add an additional 0.9Mt to the Resource.
- As a result, we forecast a potential increase of ~2.5Mt to the current Resource. With 1Mtpa average mill throughput in Years 2-9 generating ~US\$135m/year in free cash flow (July'22 Scoping Study), each additional year of LOM exploration success (1Mt) offers significant NPV upside.

Key Dates Ahead

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

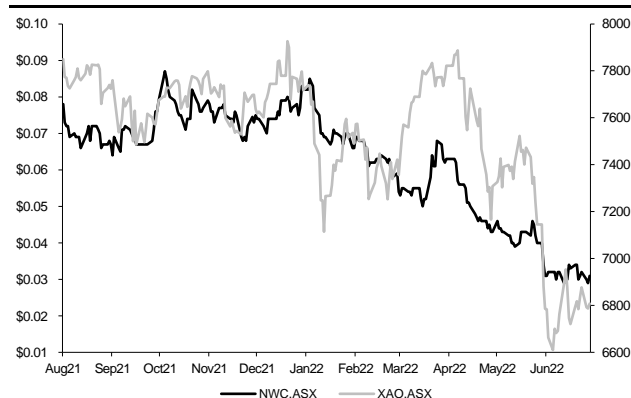
Company Data

Shares – ordinary (M)	1596.9
Dilution (M)	104.5
Total (fully diluted) (M)	1701.4
Market capitalisation (\$M)	54.3
12 month low/high (\$)	0.03/ 0.08
Average monthly turnover (\$M)	5.3
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	2.6
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	70	1.9
Enterprise Value (\$M)	48.5	37.9	217.7	226.5	181.7
EV / EBITDA (x)	-ve	-ve	-ve	61.8	2.0
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\$)	0.034
	Issued shares (m)	1,597
	Market Cap (A\$m)	54.3
	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

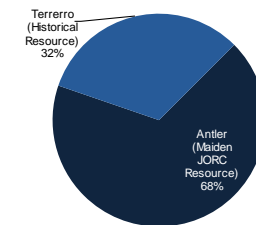
Production	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.10	0.60
Copper (t)	0.00	0.00	0.00	0.00	1,440	9,450
Lead (t)	0.00	0.00	0.00	0.00	343	2,058
Zinc (t)	0.00	0.00	0.00	0.00	3,540	21,239
Silver (Koz)	0.00	0.00	0.00	0.00	49	294

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

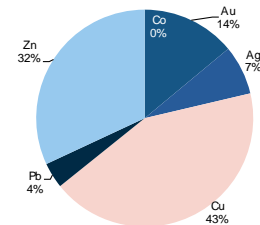
Cash Flow (A\$m)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
EBITDA	(2.6)	(5.0)	(3.0)	(3.0)	3.7	91.7
Invest. In WC	0.1	0.0	0.0	0.0	(2.0)	(8.6)
Tax expense	0.0	0.2	0.0	0.0	0.0	(19.6)
Operating Cash Flow	(2.5)	(4.8)	(3.0)	(3.0)	1.7	63.5
Capex	0.0	(1.9)	0.0	(275.0)	(5.7)	(7.1)
Exploration	(8.8)	(11.0)	(11.6)	(12.1)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

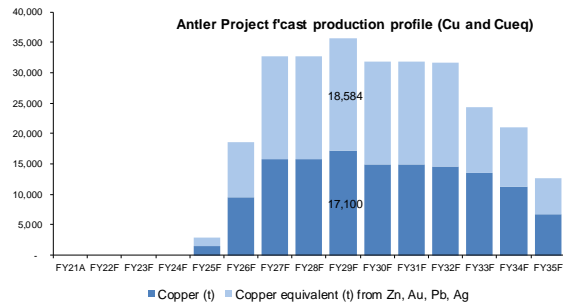
In situ value (US\$5bn) by Project



In situ value by metal



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



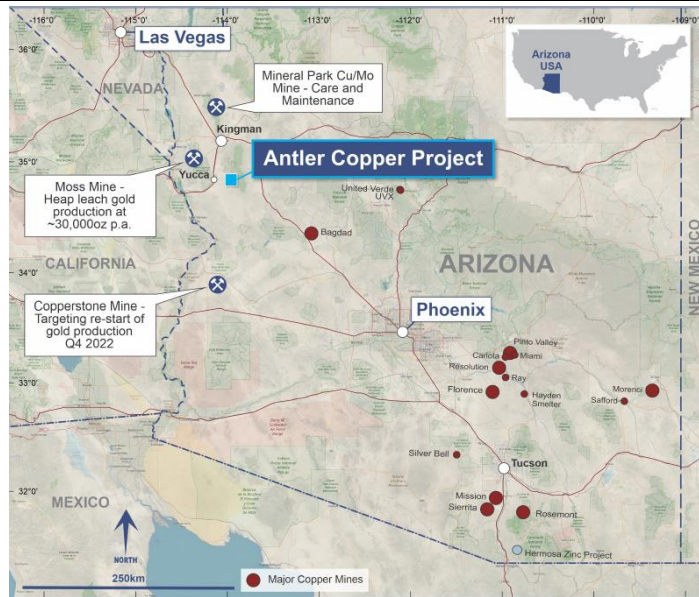
Balance Sheet (A\$m)	FY21A	FY22F	FY23F	FY24F	FY25F	FY26F
Cash & Equivalents	23.1	5.8	16.4	11.6	2.8	32.6
Receivables	0.4	0.4	0.4	0.4	2.8	17.2
Inventories	0.0	0.0	0.0	0.0	1.7	10.3
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.1
PPE and Exploration	26.3	39.2	50.8	352.9	358.6	351.0
Deferred tax asset	0.0	0.0	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	2.6
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

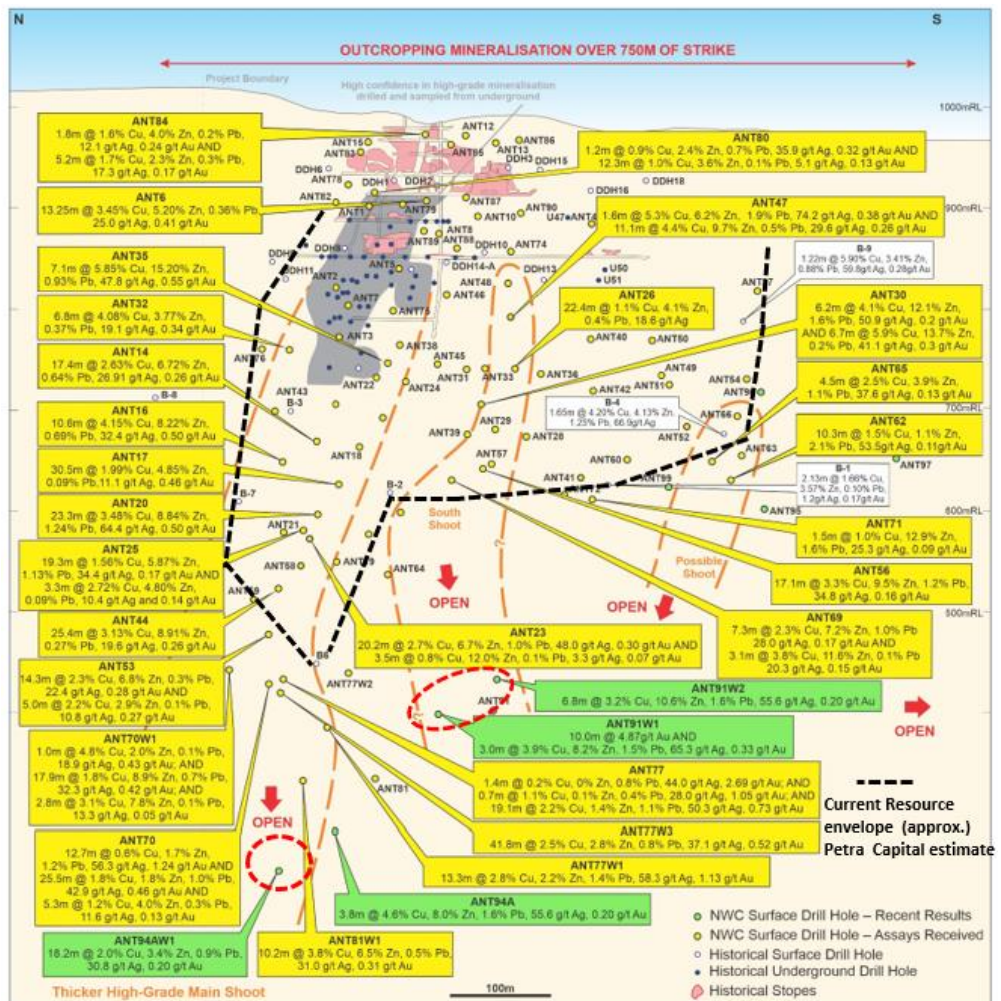
Source: Petra Capital

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



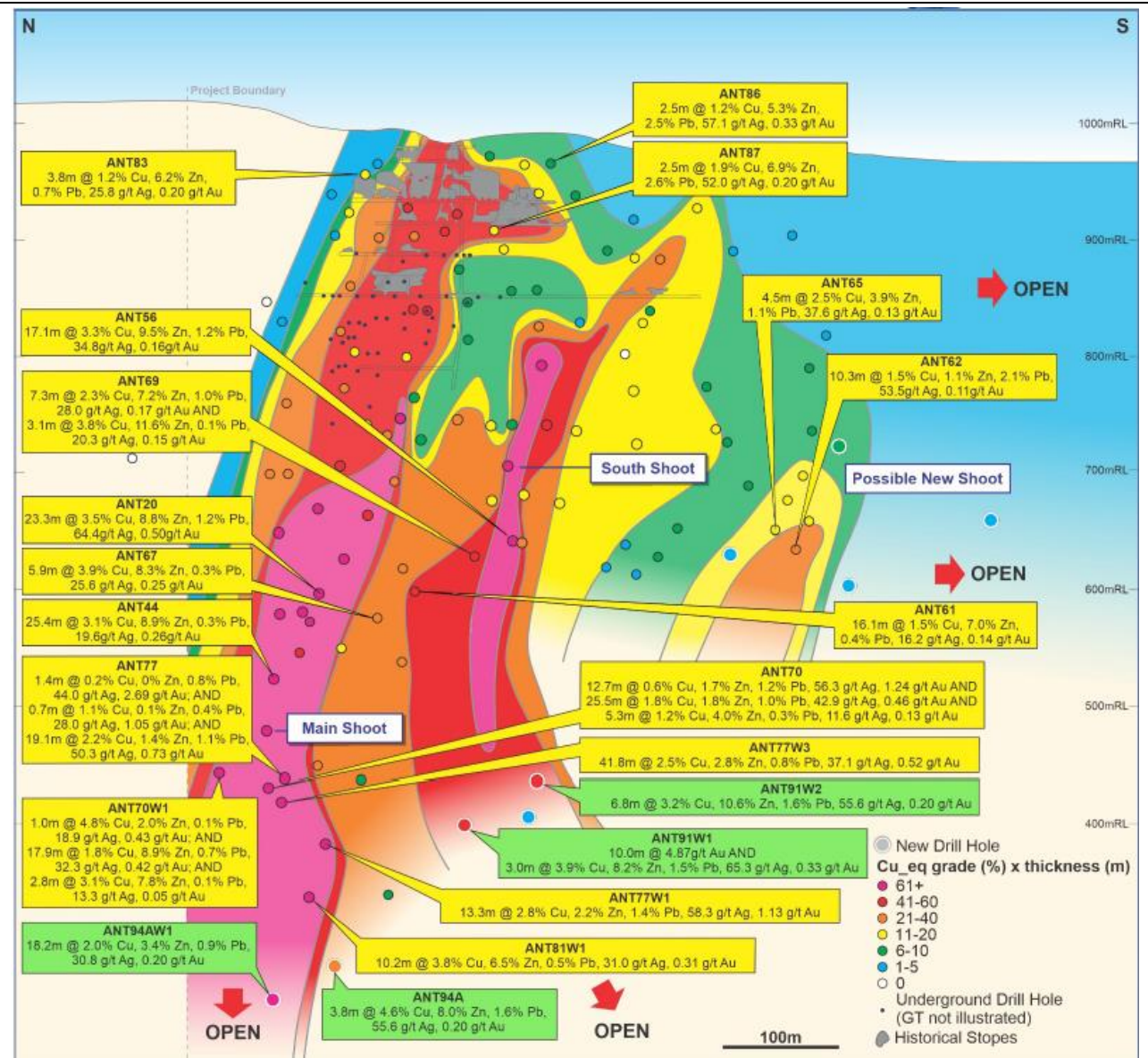
Source: Company

Figure 2: Antler Deposit - long section showing drill results (most recent assays in green)



Source: Company, Petra Capital

Figure 3: Antler Deposit - long section showing grade x thickness in Cueq (most recent holes in green)



Source: Company

Figure 4: Activity timeline to Dec. Q'24 – NWC targeting to start mine construction in Sep. Q'24

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



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