

29 November 2022

New World Resources (NWC)

BUY

Share Price: A\$0.04

Antler Resource increases by 48%

Target Price: A\$0.14

The upside potential at NWC's 100% owned Antler Copper Project in Arizona USA (Figure 1) is evident after a massive 48% increase to the Resource. Located in a favourable jurisdiction (70% of US copper production is in Arizona), the 4.1% Cueq Resource will form the basis for an updated Scoping Study and mine permit applications. NWC is well placed to attract growing investor interest as the Project is progressed at a time of few high-grade emerging copper plays on the ASX. BUY, NPV₁₀ TP unchanged at A\$0.14/sh with an upwardly revised NPV offset by higher dilution.

Resource increases by 48% to 11.4Mt (from 7.7Mt)

- Incorporating drilling completed over the past 12 months (48 holes), NWC has announced an updated Mineral Resource Estimate (MRE) for the Antler Project of 11.4Mt @ 2.1% Cu, 5.0% Zn, 0.9% Pb, 32.9g/t Ag and 0.36g/t Au (for 11.4Mt @ 4.1% Cueq); 79% of the resource is Indicated demonstrating the robust nature of the Antler VMS deposit.
- This represents a 48% increase on the prior (Nov.21) Resource of 7.7Mt @ 3.9% Cueq. Antler offers considerable potential for further resource growth - mineralisation remains completely open at depth (to date >900m downdip) with some of the best drilling results returned from some of the deepest holes (Figure 2). In addition, NWC has delineated multiple coincident geophysical / geochemical anomalies over 6km of strike to the NE of Antler (Figure 3). Initial exploration in 2023 will focus on drill testing these "along strike" targets.
- A new mine design will underpin a Mar. Q'23 updated Scoping Study and form the basis for mine permit applications from mid-2023 (Figure 4).

Project NPV₁₀ increased by 25% to A\$541m

- The larger resource should have a material and positive impact on Project economics allowing for greater annual production rates and/or LOM extensions. Assuming a revised mining inventory of 12.5Mt (prev. 9.3Mt) our NPV₁₀ increases by 25% to A\$541m (prev. A\$433m). Key drivers: 1Mtpa X 12.5yr LOM, pre-production capex A\$275m, first production early 2026 (prev. mid-2025).

Peer-beating Cueq grade at market discount

- We note that NWC calculates Cueq grade after metallurgical recoveries. At 100% recovery, Antler's grade is closer to 4.7% Cueq. This screens very well against other ASX-listed copper projects (Figure 5). NWC trades at A\$0.04/lb of attrib. Cueq Resource, around half of the peer average A\$0.08/lb (Figure 6).

Key Dates Ahead

- Mar. Q'23 – Updated Scoping Study.
- Mid-2023 – Submission of Mine Permit Applications.

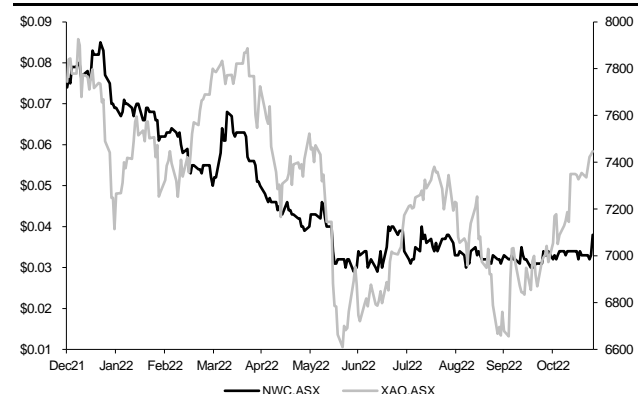
Company Data

Shares – ordinary (M)	1851.9
Options/rights (M)	113.5
Diluted for options rights (M)	1965.4
Market capitalisation (\$M)	68.5
12 month low/high (\$)	0.03/ 0.08
Average monthly turnover (\$M)	2.6
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End June	FY23F	FY24F	FY25F	FY26F	FY27F
Revenue (\$M)	0.0	0.0	0.0	142.2	303.3
Costs (\$M)	-3.0	-3.0	-3.1	-67.9	-133.3
EBITDA (\$M)	-3.0	-3.0	-3.1	74.3	170.0
NPAT (\$M)	-3.3	-3.6	-5.8	42.7	101.2
EPS (¢ps)	-0.2	-0.1	-0.2	1.1	2.5
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	na	na	3.5	1.5
Op. Cashflow (\$M)	-2.8	-3.0	-3.1	45.3	117.0
OCFPS (¢ps)	-0.1	-0.1	-0.1	1.1	2.9
POCFPS (x)	na	na	na	3	1.3
Enterprise Value (\$M)	62.2	60.9	232.4	197.5	95.9
EV / EBITDA (x)	-ve	-ve	-ve	2.7	0.6
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\$)	0.037
	Issued shares (m)	1,852
	Market Cap (A\$m)	68.5
	Options/Rights/Escrowed (m)	113.5
	Dilution (A\$160m at A\$0.08/sh)	2,079
	Fully diluted no. of Shares (m)	4,044

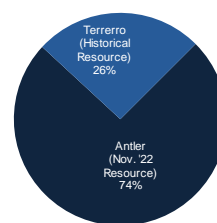
P&L Statement (A\$m)	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Revenue	0.0	0.0	0.0	0.0	142.2	303.3
Costs	(2.6)	(3.0)	(3.0)	(3.1)	(67.9)	(133.3)
EBITDA	(2.6)	(3.0)	(3.0)	(3.1)	74.3	170.0
D&A	0.0	0.0	0.0	0.0	(10.0)	(20.0)
Operating profit	(2.6)	(3.0)	(3.0)	(3.1)	64.3	150.0
NOI	(12.3)	(0.38)	(0.8)	(2.9)	0.0	0.0
EBIT	(14.9)	(3.4)	(3.8)	(5.9)	64.3	150.0
Interest income	0.0	0.1	0.1	0.2	0.2	0.9
Interest expense	0.0	0.0	0.0	0.0	(3.5)	(6.4)
Tax expense	0.2	0.0	0.0	0.0	(18.3)	(43.4)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Reported NPAT	(14.7)	(3.3)	(3.6)	(5.8)	42.7	101.2
EPS Reported (A\$c)	(0.9)	(0.2)	(0.1)	(0.2)	1.1	2.5
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0
Avg. shares (m)	1,699	2,177	2,644	3,469	4,044	4,044
YE shares (m)	1,960	2,394	2,894	4,044	4,044	4,044

Commodity prices	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Copper (US\$/lb)	4.38	3.63	3.75	3.63	3.50	3.50
Lead (US\$/lb)	1.05	0.93	1.00	0.95	0.95	0.95
Zinc (US\$/lb)	1.59	1.42	1.35	1.30	1.30	1.30
Gold (US\$/oz)	1,835	1,688	1,700	1,631	1,600	1,600
Silver (US\$/oz)	24	19	21	22	22	22
AUD:USD	0.73	0.67	0.70	0.73	0.75	0.75
Production	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.50	1.00
Copper (t)	0.00	0.00	0.00	0.00	7,438	14,875
Lead (t)	0.00	0.00	0.00	0.00	1,715	3,430
Zinc (t)	0.00	0.00	0.00	0.00	17,505	40,500
Silver (Koz)	0.00	0.00	0.00	0.00	183	365
Cueq production (t)	-	-	-	-	15,322	32,684
Costs (A\$/lb Cu)	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
AISC (A\$m)	-	-	-	-	72	150
Cueq production (Mlb)	-	-	-	-	33.78	72.06
Unit AISC (A\$/lb Cueq)	-	-	-	-	2.13	2.09

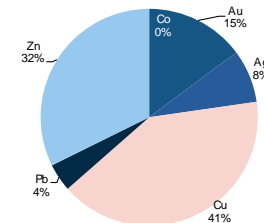
Cash Flow (A\$m)	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
EBITDA	(2.6)	(3.0)	(3.0)	(3.1)	74.3	170.0
Invest. In WC	1.7	0.0	0.0	0.0	(10.7)	(9.7)
Tax expense	0.0	0.2	0.0	0.0	(18.3)	(43.4)
Operating Cash Flow	(0.9)	(2.8)	(3.0)	(3.1)	45.3	117.0
Capex	0.0	0.0	0.0	(275.7)	(2.1)	(5.0)
Exploration	(7.5)	(10.0)	(10.0)	(5.0)	(5.0)	(5.0)
Other investments	0.0	0.0	(15.0)	0.0	0.0	0.0
Investing Cash Flow	(7.5)	(10.0)	(25.0)	(280.7)	(7.1)	(10.0)
Net interest	0.0	0.1	0.1	0.2	(3.3)	(5.5)
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)	2.0	15.0	30.0	115.0	0.0	0.0
Financing Cash Flow	2.0	15.1	30.1	290.2	(3.3)	(20.5)
Non-operating/Other	(4.0)	(0.4)	(0.8)	(2.9)	0.0	0.0
Inc/(Dec) in Cash	(18.7)	1.9	1.4	3.5	34.9	87

Resources	Mt (ore)	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Antler (November'22)	11.40	2.10%	0.4	32.9	0.90%	5.00%
= 11.4Mt @ 4.1% Cueq after forecast metallurgical recovery (4.7% Cueq at 100% recovery)						
Terroro (Historical Resource)	5.78	1.02%	1.96	21.4	0.24%	1.46%

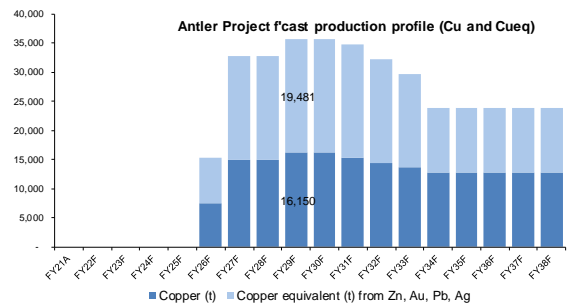
In situ value (US\$5.8bn) by Project



In situ value by metal



Balance Sheet (A\$m)	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
Cash & Equivalents	4.4	6.3	7.6	11.2	46.1	132.6
Receivables	0.3	0.3	0.3	0.3	14.2	30.3
Inventories	0.0	0.0	0.0	0.0	8.5	18.2
Other Current Assets	0.3	0.3	0.3	0.3	0.3	0.3
PPE and Exploration	33.8	43.8	68.8	349.5	346.6	336.6
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	0.0	0.0	15.0	15.0	15.0	15.0
Total Assets	38.8	50.7	92.1	376.3	430.7	533.0
Payables & Other	2.5	2.7	2.7	2.7	14.4	30.5
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	2.5	2.7	2.7	177.7	189.4	190.5
Equity	36.3	48.0	89.4	198.6	241.3	342.5
Total Liabilities & Equity	38.8	50.7	92.1	376.3	430.7	533.0



Ratios	FY22A	FY23F	FY24F	FY25F	FY26F	FY27F
P/E (x)	na	na	na	na	3.5	1.5
ROE (%)	-41%	-8%	-5%	-4%	19%	35%
Debt/Equity	0.0%	0.0%	0.0%	88.1%	72.5%	46.7%

Valuation	(A\$m)	(A\$/ps)
Antler Project (12.5Mt mine inventory)	541	0.13
Antler exploration upside (nominal ~10% of NPV)	50	0.01
Terroro Project (nominal)	5	0.00
Investments	0	0.00
Corporate costs	(20)	(0.00)
Enterprise value	576	0.14
Net cash (debt) (FY23F)	6	0.00
Equity value	583	0.14

Source: Petra Capital

Figure 1: Location map – Antler Copper Project in Arizona, US



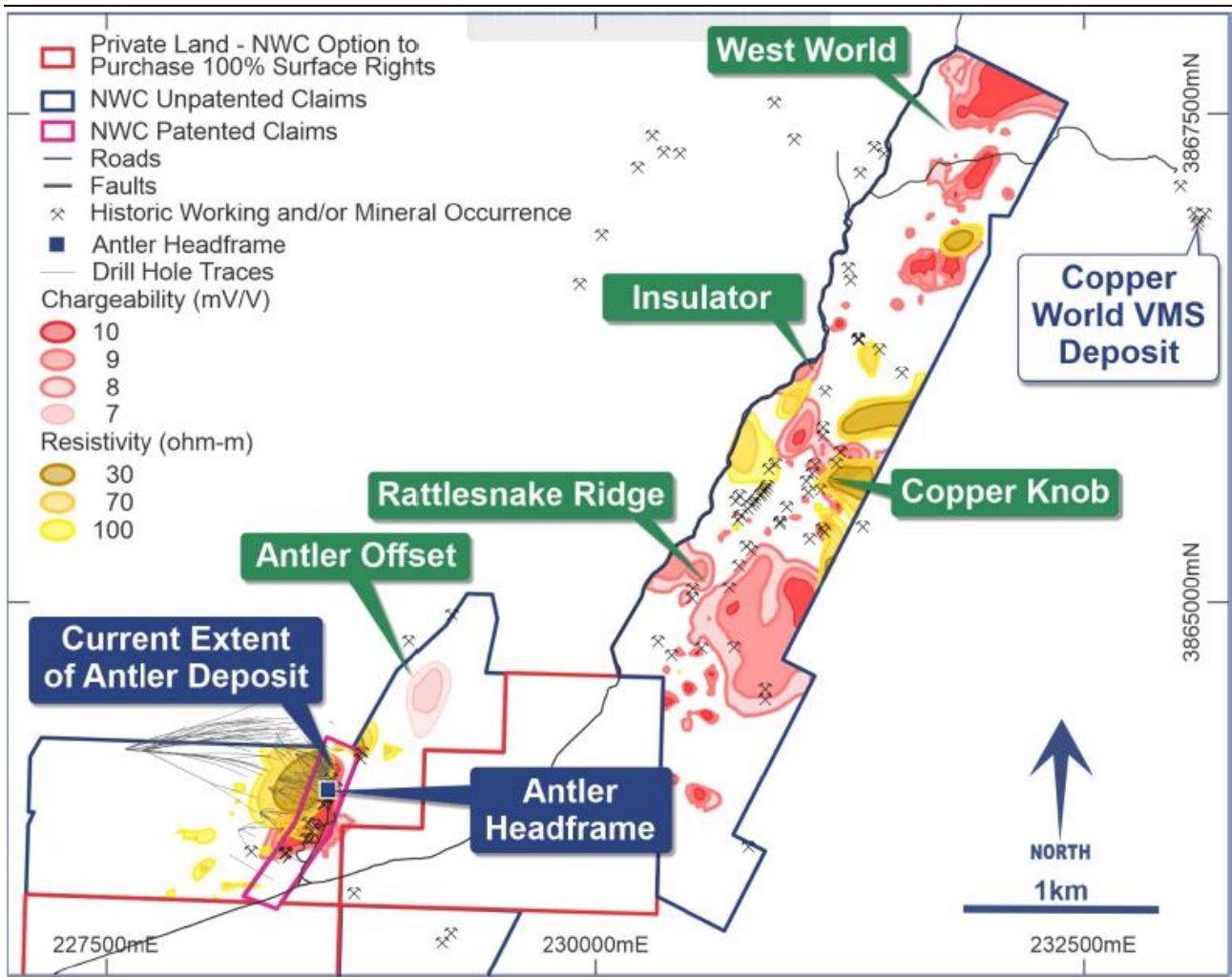
Source: Company

Figure 2: Antler deposit – long section showing Cueq grade (%) x thickness (m)



Source: Company

Figure 3: Plan view showing IP geophysical anomalies at the Antler Copper Project



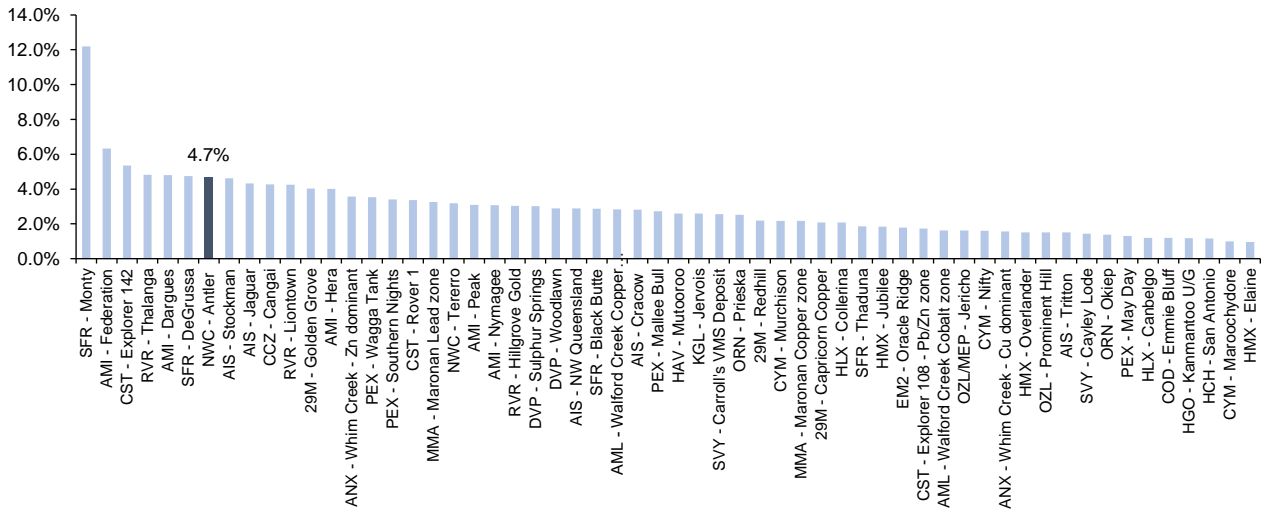
Source: Company

Figure 4: Activity timeline to Dec. Q'24

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

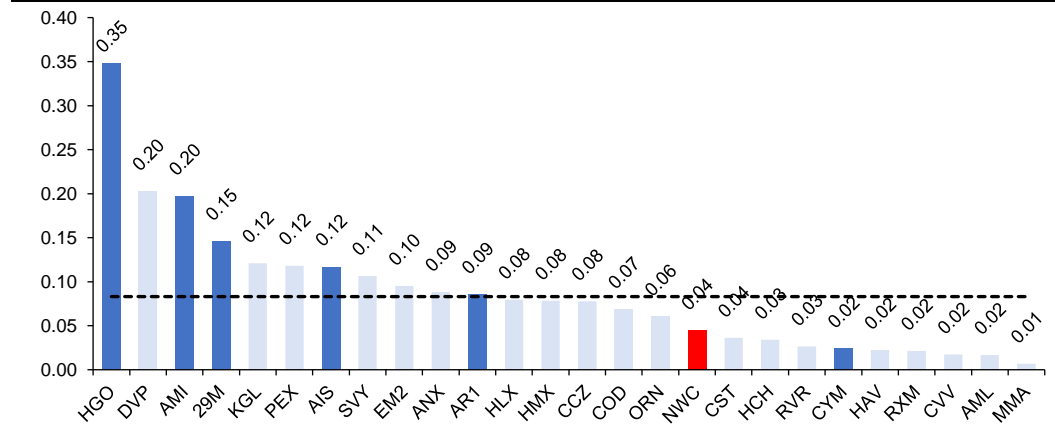
Source: Company

Figure 5: Cueq grades (note: for Resources with Cueq grades >1%)



Source: Companies, Petra Capital. Note: Cueq grades calculated pre metallurgical recovery.

Figure 6: M'Cap per lb of attributable Cueq Resource (A\$/lb Cueq)



Source: Companies, Iress, Petra Capital. Note: light blue – explorer/developer, dark blue – producer / mill

Figure 7: Summary of changes (FY24F-FY26F) – FY26F now a ramp up year

		FY24F			FY25F			FY26F		
		New	Old	% var	New	Old	% var	New	Old	% var
Revenue	A\$m	0.0	0.0	na	0.0	27.9	-100%	142.2	171.8	-17%
EBITDA	A\$m	-3.0	-3.0	0%	-3.1	3.7	na	74.3	91.7	-19%
EBIT	A\$m	-3.8	-3.0	25%	-5.9	-1.3	na	64.3	71.7	-10%
NPAT	A\$m	-3.6	-2.7	36%	-5.8	-1.1	na	42.7	45.8	-7%
EPS	A\$/sh	-0.1	-0.1	48%	-0.2	0.0	na	1.1	1.3	-19%
DPS	A\$/sh	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
NPV/sh	A\$/sh	584	482	21%						
Price target	A\$/sh	0.14	0.14	5%						
Cueq output	(t)	-	0.0	na	-	2,901	-100%	15,322	18,522	-17%
Cu price	US\$/lb	3.75	3.88	-3%	3.63	3.63	0%	3.50	3.50	0%
Zinc price	US\$/lb	1.35	1.23	10%	1.30	1.20	8%	1.30	1.20	8%
AISC (Cueq)	US\$/lb	na	na	na	na	3.23	na	1.60	1.66	-4%

Source: Petra Capital forecasts.



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