

18 July 2024

## New World Resources (NWC)

BUY

Share Price: A\$0.03

Progressing to 2027 production

Target Price: A\$0.10

A technically and financially robust PFS (post-tax NPV<sub>7</sub> US\$498m (A\$726m), IRR 30.3%) sets the pathway towards near-term production at NWC's high-grade Antler Copper Project in Arizona (Figs 1 & 2). With DFS work to commence immediately, permit applications submitted and key approvals expected to be received from mid-2025 onwards, NWC is targeting FID by late 2025 and first concentrate production in 1H 2027. Antler is located in a favourable jurisdiction (70% of US copper production is in Arizona) and is progressing when demand for Cu is forecast to grow strongly, and with few high-grade emerging producers on the ASX. Maintain BUY, revised PT (1xP/NPV<sub>10</sub>) of A\$0.10/sh (prev. A\$0.126/sh) after aligning our forecasts with key study outcomes and increased equity dilution.

### PFS vs Scoping Study outcomes

- PFS outcomes compared to the June 2023 Scoping Study are tabulated in Figure 3. Key outcomes include:
- The PFS delivers a smaller mine inventory but at a higher head grade (i.e., less dilution). Payable LOM prod. is down however on lower assumed payabilities.
- Preproduction capex has increased to US\$298m (prev. US\$252m) with a significant increase in the paste plant costs (Figure 4). There has been a significant increase in the LOM sustaining capex to US\$160m (prev. US\$70m). We attribute this to more development over the project LOM with a refined mining plan modelling access drives at 20m intervals (prev. 25m) – Figure 5.
- C1 costs have increased by 18% to US\$108/t (US\$1.97/lb Cueq) vs US\$92/t (US\$1.68/lb) previously. AISC up more (+23%) on higher sustaining capex.
- The net impact of lower payable Cueq production, increased capex and increased costs is a 25% decline in the pre-tax NPV<sub>7</sub> to A\$929m (prev. A\$1,245m).

### Impact on Petra forecasts

- We had adopted a conservative payability environment and, while we have made changes to the production profile, we have only had to revise down our forecast LOM Cueq payable production by 2% to 363kt (Fig. 6).
- Factoring in higher capex and costs has however lowered our NPV<sub>10</sub> valuation by 17% to A\$650m (Fig 7).
- Despite the increase in preproduction capex and costs, we calculate that Antler screens well against project peers in terms of capex intensity, and AISC (Figs. 9-10).

### Key Dates Ahead

- Sep. Q'24 – Drill results from Bullhorn and Discus.
- 2H 2024 – Ongoing permitting for Antler Project

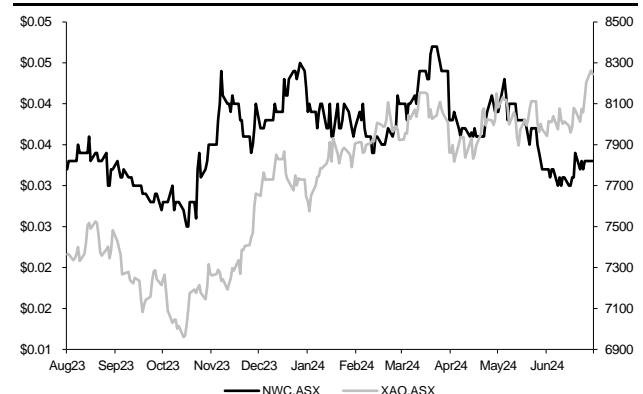
### Company Data

Shares – ordinary (M)	2835.6
Options/Rights (M)	159
Diluted for options/rights (M)	2995
Market capitalisation (\$M)	85
12 month low/high (\$)	0.02/ 0.05
Average monthly turnover (\$M)	3.2
GICS Industry	Metals & Mining

### Financial Summary (fully diluted/normalised)

Year End June	FY23A	FY24F	FY25F	FY26F	FY27F
Revenue (\$M)	0.0	0.0	0.0	0.0	53.0
Costs (\$M)	-2.5	-3.0	-3.1	-3.1	-50.6
EBITDA (\$M)	-2.5	-3.0	-3.1	-3.1	2.4
NPAT (\$M)	-2.5	6.7	-2.8	-4.8	-13.8
EPS (¢ps)	-0.1	0.2	-0.1	-0.1	-0.2
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	12	na	na	na
Op. Cashflow (\$M)	-3.9	-2.8	-3.1	-3.1	-2.0
OCFPS (¢ps)	-0.2	-0.1	-0.1	-0.1	0.0
POCFPS (x)	na	na	na	na	na
Enterprise Value (\$M)	82.4	67.1	74.9	207.3	360.5
EV / EBITDA (x)	-ve	-ve	-ve	-ve	150.3
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. Petra Capital was joint lead manager and bookrunner for this Company's placement to raise \$20m at A\$0.036/sh on 12 April 2024 for which fees have been received.

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## Analysis

### New World Resources

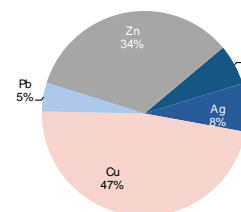
Year End June	Share price (A\$)	0.030
	Issued shares (m)	2,836
	Market Cap (A\$m)	85
	Options/Rights + to issue (m)	159
	Dilution (A\$165m at A\$0.04/sh)	3,750
	Fully diluted no. of Shares (m)	6,745

P&L Statement (A\$m)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F	Commodity prices	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
Revenue	0.0	0.0	0.0	0.0	53.0	413.9	Copper (US\$/lb)	3.76	3.94	4.33	4.30	4.30	4.30
Costs	(2.5)	(3.0)	(3.1)	(3.1)	(50.6)	(174.5)	Lead (US\$/lb)	0.95	0.97	0.95	0.95	0.95	0.95
<b>EBITDA</b>	<b>(2.5)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(3.1)</b>	<b>2.4</b>	<b>239.4</b>	Zinc (US\$/lb)	1.36	1.16	1.30	1.30	1.30	1.30
D&A	(0.0)	0.0	0.0	0.0	(7.5)	(25.0)	Gold (US\$/oz)	1,832	2,079	2,300	2,275	2,150	2,025
<b>Operating profit</b>	<b>(2.5)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(3.1)</b>	<b>(5.1)</b>	<b>214.4</b>	Silver (US\$/oz)	22	25	30	30	30	30
NOI	0.00	9.7	(0.12)	(1.9)	(3.2)	(1.5)	AUD:USD	0.67	0.66	0.67	0.68	0.69	0.70
<b>EBIT</b>	<b>(2.5)</b>	<b>6.7</b>	<b>(3.2)</b>	<b>(5.0)</b>	<b>(8.3)</b>	<b>212.9</b>	<b>Production</b>	<b>FY23A</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>	<b>FY28F</b>
Interest income	0.0	0.1	0.4	0.2	0.1	0.2	Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.15	1.20
Interest expense	0.0	0.0	0.0	0.0	(5.7)	(10.8)	Copper (t)	0.00	0.00	0.00	0.00	2,136	17,088
Tax expense	0.0	0.0	0.0	0.0	0.0	(61)	Lead (t)	0.00	0.00	0.00	0.00	487	3,894
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	Zinc (t)	0.00	0.00	0.00	0.00	5,045	40,360
<b>Reported NPAT</b>	<b>(2.5)</b>	<b>6.7</b>	<b>(2.8)</b>	<b>(4.8)</b>	<b>(13.8)</b>	<b>141.6</b>	Silver (Koz)	0.00	0.00	0.00	0.00	95	756
							Gold (Koz)	0.0	0.0	0.0	0.0	0.8	6.0
EPS Reported (A\$c)	(0.1)	0.2	(0.1)	(0.1)	(0.2)	2.1	Cueq production (t) - recovered	-	-	-	-	4,239	33,829
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0	Cueq production (t) - payable	-	-	-	-	3,830	30,562
Avg. shares (m)	2,073	2,708	2,995	4,120	5,995	6,745							
YE shares (m)	2,375	2,995	2,995	5,245	6,745	6,745							

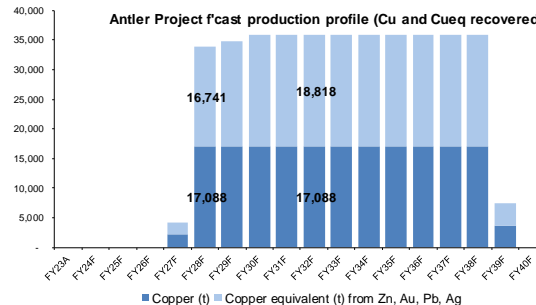
Cash Flow (A\$m)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F	Costs (A\$/lb Cu)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
EBITDA	(2.5)	(3.0)	(3.1)	(3.1)	2.4	239.4	AISC (A\$m)	-	-	-	-	51	216
Invest. In WC	(1.4)	0.0	0.0	0.0	(4.4)	(21.7)	Cueq production (Mlb)	-	-	-	-	9	75
Tax expense	0.0	0.2	0.0	0.0	0.0	(60.7)	Unit AISC (A\$/lb Cueq)	-	-	-	-	5.42	2.90
<b>Operating Cash Flow</b>	<b>(3.9)</b>	<b>(2.8)</b>	<b>(3.1)</b>	<b>(3.1)</b>	<b>(2.0)</b>	<b>157.1</b>	Unit AISC (US\$/lb Cueq)	-	-	-	-	3.71	2.03
Capex	0.0	0.0	0.0	(212.5)	(212.5)	(23.0)							
Exploration	(15.5)	(17.0)	(5.0)	(5.0)	(5.0)	(5.0)							
Other investments	0.0	0.0	0.0	0.0	0.0	(22.0)							
<b>Investing Cash Flow</b>	<b>(15.5)</b>	<b>(17.0)</b>	<b>(5.0)</b>	<b>(217.5)</b>	<b>(217.5)</b>	<b>(50.0)</b>							
Net interest	0.0	0.1	0.4	0.2	(5.6)	(10.6)							
Debt	0.0	0.0	0.0	127.5	157.5	(15.0)							
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0							
Equity raised / (repaid)	17.6	25.4	0.0	90.0	75.0	0.0							
<b>Financing Cash Flow</b>	<b>17.6</b>	<b>25.5</b>	<b>0.4</b>	<b>217.7</b>	<b>226.9</b>	<b>(25.6)</b>							
Non-operating/Other	0.1	9.7	(0.1)	(1.9)	(3.2)	(1.5)							
<b>Inc/(Dec) in Cash</b>	<b>(1.7)</b>	<b>15.3</b>	<b>(7.8)</b>	<b>(4.8)</b>	<b>4.3</b>	<b>79.9</b>							

Resource	Mt (ore)	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Antler (November'22)	11.4	2.10%	0.36	32.9	0.90%	5.0%
= 11.4Mt @ 4.1% Cueq after forecast metallurgical recovery (4.4% Cueq at 100%)						

Antler Resource - in situ value (US\$4.95bn) at spot metal



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



Balance Sheet (A\$m)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F	Valuation	(A\$m)	(A\$/sh)
Cash & Equivalents	2.6	18.0	10.1	5.3	9.6	89.5	Antler Project (13.6Mt mine inventory)	604	0.09
Receivables	0.7	0.7	0.7	0.7	5.3	41.4	Antler / Javelin expl. upside (nominal)	50	0.01
Inventories	0.0	0.0	0.0	0.0	3.2	24.8	Tererro Project (nominal)	5	0.00
Other Current Assets	0.7	0.7	0.7	0.7	0.7	0.7	Investments	0	0.00
PPE and Exploration	49.3	66.3	71.3	288.8	498.8	523.8	Corporate costs	(27)	(0.00)
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0	Enterprise value	632	0.09
Other Non Current Assets	0.0	0.0	0.0	0.0	0.0	0.0	Net cash (debt) (FY24F)	18.0	0.00
<b>Total Assets</b>	<b>53.3</b>	<b>85.6</b>	<b>82.8</b>	<b>295.5</b>	<b>517.5</b>	<b>680.2</b>	Equity value	650	0.10
Payables & Other	1.9	2.1	2.1	2.1	5.5	41.6			
Short Term Debt	0.0	0.0	0.0	0.0	0.0	0.0			
Long Term Debt	0.0	0.0	0.0	127.5	285.0	270.0			
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	1.9	2.1	2.1	129.6	290.5	311.6			
Equity	51.4	83.5	80.7	165.9	227.0	368.6			
<b>Total Liabilities &amp; Equity</b>	<b>53.3</b>	<b>85.6</b>	<b>82.8</b>	<b>295.5</b>	<b>517.5</b>	<b>680.2</b>			
<b>Ratios</b>	<b>FY23A</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>	<b>FY28F</b>			
P/E (x)	na	12.1	na	na	na	1.4			
ROE (%)	-5%	10%	-3%	-4%	-7%	48%			
Debt/Equity	0.0%	0.0%	0.0%	77%	126%	73%			

Source: Petra Capital

**Figure 1: Project location in Arizona, USA**



Source: Company

**Figure 2: Infrastructure in the Antler Project Area**



Source: Company

**Figure 3: July 2024 PFS vs June 2023 Scoping Study – key assumptions and outcomes**

Parameter	2023 Scoping Study	2024 PFS	% Change
<b>Production</b>			
Mined tonnes to plant (Mt)	15.4	13.6	-11.7%
Annual plant throughput (Mtpa)	1.3	1.2	-7.7%
Mine life (years)	Over 13 years	Over 12 years	
LOM Head Grade (pre-recovery) (Cueq %)	2.9%	3.20%	9.6%
Mined Production (contained metal) (Cueq t)	450,998	439,351	-2.6%
Payable Production (Cueq t)	381,400	341,071	-10.6%
Steady-state Annual Prod. (average) (Cueq t)	32,700	30,100	-8.0%
<b>Capex</b>			
Preproduction Capex (US\$m)	252	298	18.3%
Sustaining Capex (US\$m)	70	160	128.6%
Total Capex (US\$m)	322	458	42.2%
<b>Costs</b>			
C1 costs (US\$/ore)	91.95	108.45	17.9%
C1 costs (US\$/lb Cueq)	1.68	1.97	17.3%
C1 costs (US\$/lb Cu) (net of co-products)	-0.50	0.12	nc
AISC costs (US\$/ore)	96.49	120.15	24.5%
AISC costs (US\$/lb Cueq)	1.77	2.18	23.2%
AISC costs (US\$/lb Cu) (net of co-products)	Not stated	0.51	
<b>Financials</b>			
Revenue (A\$bn)	4.30	4.60	7.0%
Free Cash Flow (pre-tax) (A\$bn)	2.15	1.79	-16.7%
NPV <sub>7</sub> (pre-tax) (A\$m)	1,245	929	-25.4%
NPV <sub>7</sub> (pre-tax) (US\$m)	835	636	-23.8%
IRR (pre-tax)	40.2%	34.3%	-14.7%
NPV <sub>7</sub> (post-tax) (A\$m)	Not stated	726	
NPV <sub>7</sub> (post-tax) (US\$m)	Not stated	498	
IRR (post-tax)	Not stated	30.3%	
<b>Commodity price assumptions</b>			
Copper (US\$/t)	8,500	9,259	8.9%
Zinc (US\$/t)	2,800	2,712	-3.1%
Lead (US\$/t)	2,000	2,205	10.3%
Silver (US\$/oz)	20	25	25.0%
Gold (US\$/oz)	1,800	2,055	14.2%

Source: Company, compiled by Petra Capital

- Smaller mine inventory (13.6Mt vs prev. 15.4Mt) and mill (1.2Mtpa vs prev. 1.3Mtpa) but higher head grade (3.2% Cueq vs prev. 2.9% Cueq) so that LOM contained metal at 439kt Cueq is largely unchanged (2.6% below) from the Scoping Study's 451kt Cueq.
- However, payable LOM production at 341kt Cueq is 10.6% lower than prev. 381kt Cueq. This is due to lower payability assumptions as recoveries are largely unchanged.
- Preproduction capex at US\$298m is US\$46m (18%) higher than in the Scoping Study. We note a significant increase in the paste plant capex to US\$29.6m (vs US\$6.54m prev.).
- A significant increase in the LOM sustaining capex to US\$160m (prev. US\$70m). We attribute this to more development over the project LOM with access drives now at 20m intervals (vs 25m at the Scoping Study).

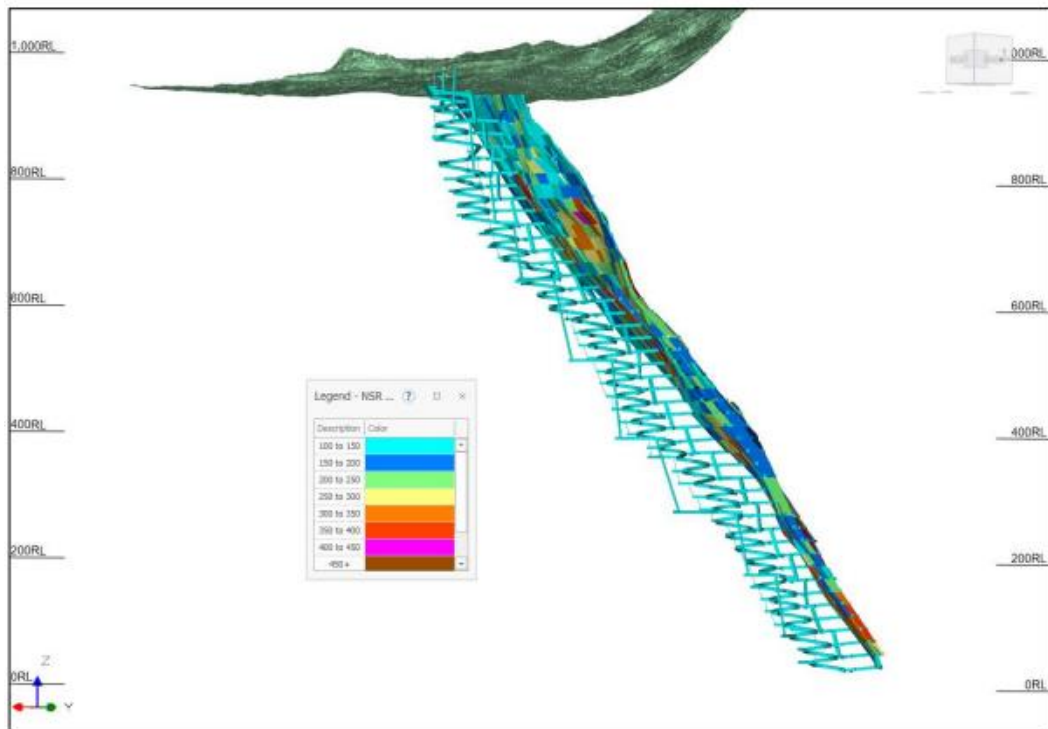
- C1 costs up 17% to US\$1.97/lb Cueq (US\$1.68/lb) with AISC up 23% to US\$2.18/lb (US\$1.77/lb). We note a small increase in mining costs (US\$48.90/t vs prev. US\$47.36/t) but a larger increase in processing costs (US\$23.89/t vs prev. US\$17.06/t).
- Net impact is a 25% decrease in the pre-tax NPV<sub>7</sub> to A\$929m (prev. A\$1,245m).

**Figure 4: Pre-production capital costs (A\$m) – July'24 PFS (LHS table) vs June'23 Scoping Study (RHS)**

Capital Item	US\$m	Description	US\$ million
<b>Mining and Mine Infrastructure</b>	\$49.6	Mine fleet	-
<b>Processing Plant</b>	\$100.5	Mine development	30.90
<b>Bulk Earthworks</b>	\$6.6	Ventilation Infrastructure	0.72
<b>HV Power Switchyard and Power Distribution</b>	\$1.2	Mine Dewatering Infrastructure	0.48
<b>Surface Civits (WRSF, DTSF and Buildings)</b>	\$16.4	Communications/IT	0.40
<b>Water Supply</b>	\$5.3	Site Infrastructure – Shops/Admin	2.50
<b>Power Supply</b>	\$11.0	Light Vehicles	0.28
<b>Commissioning &amp; Spares</b>	\$7.0	Crushing	8.53
<b>Engineering Services</b>	\$22.5	Crushed Ore Bin & Reclaim	3.96
<b>Paste Plant</b>	\$29.6	Grinding	37.30
<b>Contingency</b>	\$31.4	Gravity and classification	0.81
<b>Preproduction Operating Costs</b>	\$16.5	Flotation	27.13
<b>TOTAL</b>	<b>\$297.6</b>	Concentrate thicken/filter	17.66
		Tailings Filter Plant	10.00
		Paste plant	6.54
		Reagents	1.21
		Process control system	1.36
		Tailings dry stack	5.95
		On-site Infrastructure	2.60
		Power	7.00
		Water supply	0.36
		Owner Costs/Project Management	5.05
		Royalty Buyout	11.2
		Indirects	25.49
		Contingency	44.24
		<b>Total Capital</b>	<b>251.67</b>

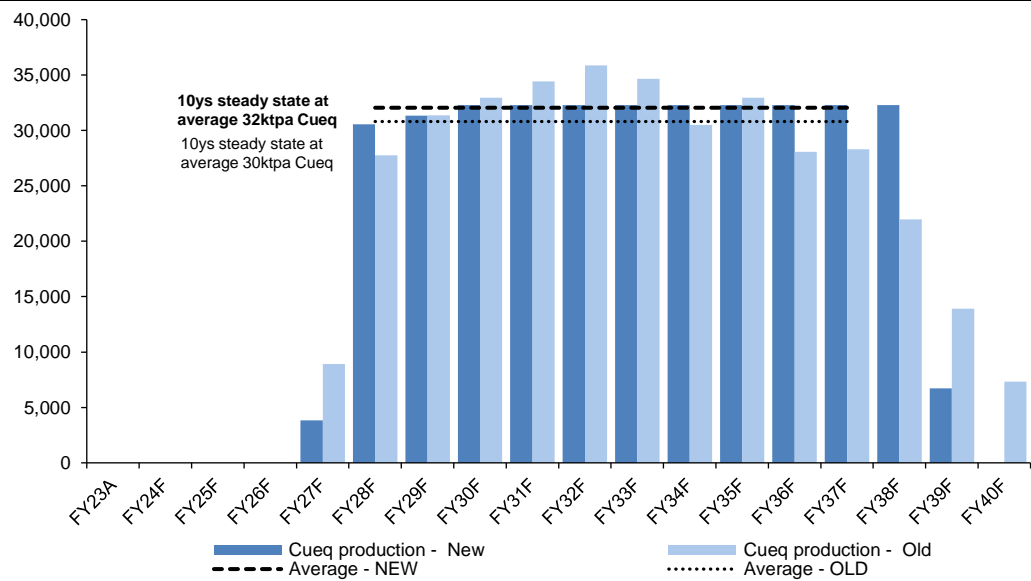
Source: Company, compiled by Petra Capital

**Figure 5: PFS mine design (cross section looking southwest)**



Source: Company

**Figure 6: New vs OLD forecast payable production (in Cueq tonnes)**



Source: Company Profile

### Summary of Changes

- Updated production, capex, and cost forecasts in line with recent PFS.
  - Pre-production capex: increased to A\$425m (prev. A\$360m).
  - Sustaining capex: increased to A\$233m (prev. A\$84m).
  - Increased C1 and AISC in line with PFS US\$1.97/lb and US\$2.18/lb Cueq.
- Reduced production in Year 1 (FY27F) in line with the most recent timeline which indicates first concentrate production in Jun. Q'27 (Figure 8).
- Increased dilution (to cover increased pre-production capex and working capital). Now assume A\$165m in new equity @ A\$0.04/sh vs prev. A\$130m @ A\$0.04/sh.

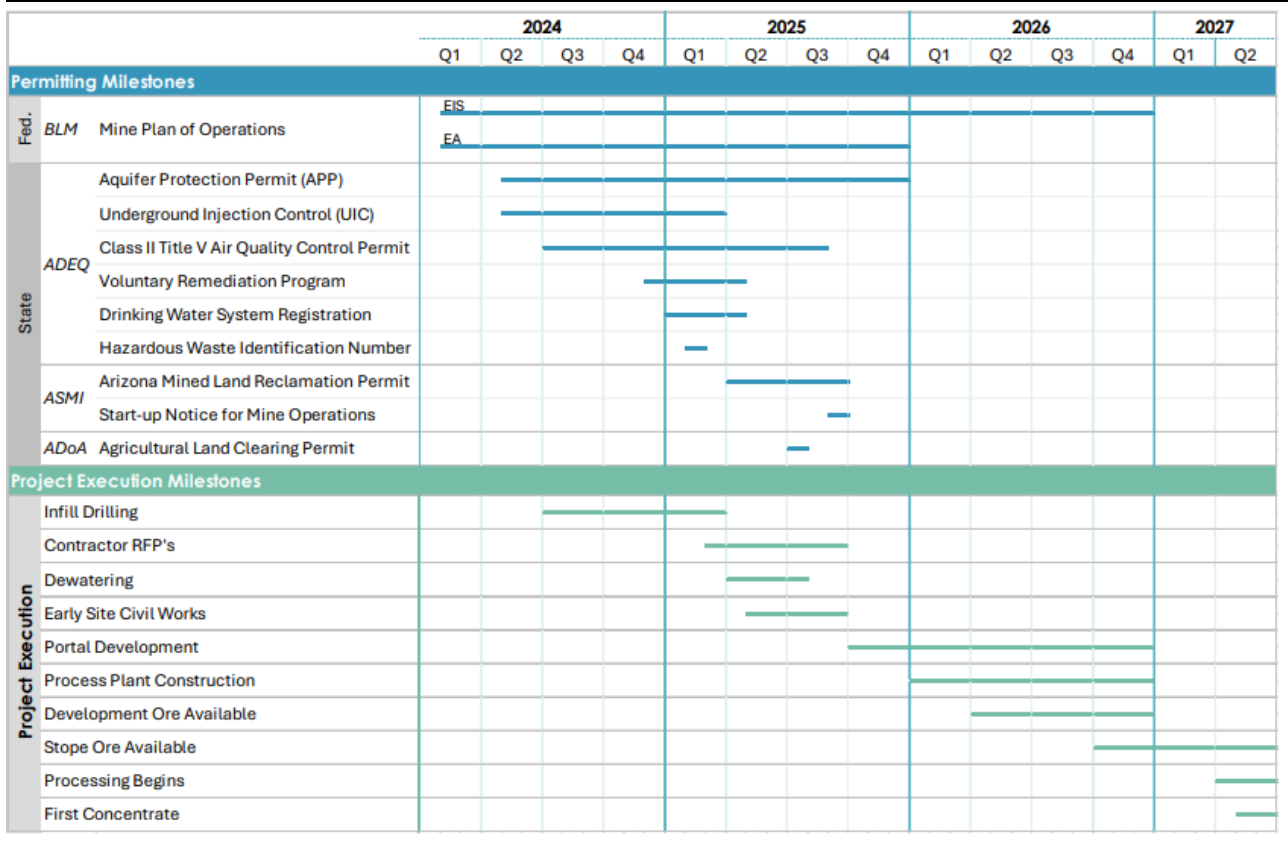
**Figure 7: Summary of changes (FY24F-FY25F)**

		FY24F			FY25F			FY26F		
		New	Old	% var	New	Old	% var	New	Old	% var
Revenue	A\$m	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
EBITDA	A\$m	-3.0	-3.0	0%	-3.1	-3.1	0%	-3.1	-3.1	0%
EBIT	A\$m	6.7	6.7	0%	-3.2	-3.2	0%	-5.0	-5.0	0%
NPAT	A\$m	6.7	6.7	0%	-2.8	-2.8	0%	-4.8	-4.8	0%
EPS	A\$/sh	0.25	0.25	0%	-0.09	-0.09	0%	-0.12	-0.12	0%
DPS	A\$/sh	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
<b>Equity value</b>	<b>A\$m</b>	<b>650</b>	<b>788</b>	<b>-17%</b>						
<b>Price target</b>	<b>A\$/sh</b>	<b>0.10</b>	<b>0.13</b>	<b>-23%</b>						
Copper output	(t)	0.0	0.0	na	0	0	na	0	0	na
Zinc output	(t)	0.0	0.0	na	0	0	na	0	0	na
Cueq output	(t)	-	-	na	-	-	na	-	-	na
Cu price	US\$/lb	3.94	3.94	0%	4.33	4.33	0%	4.30	4.30	0%
Zinc price	US\$/lb	1.16	1.16	0%	1.30	1.30	0%	1.30	1.30	0%
AISC (Cueq)	US\$/lb	0.66	0.66	0%	0.67	0.67	0%	0.68	0.68	0%

Source: Petra Capital forecasts.

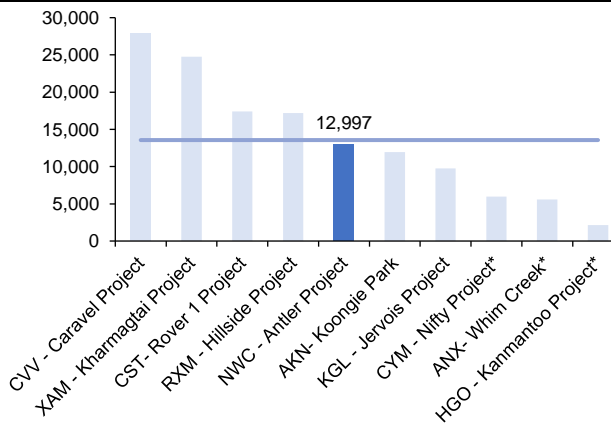


**Figure 8: Forward work program timeline**



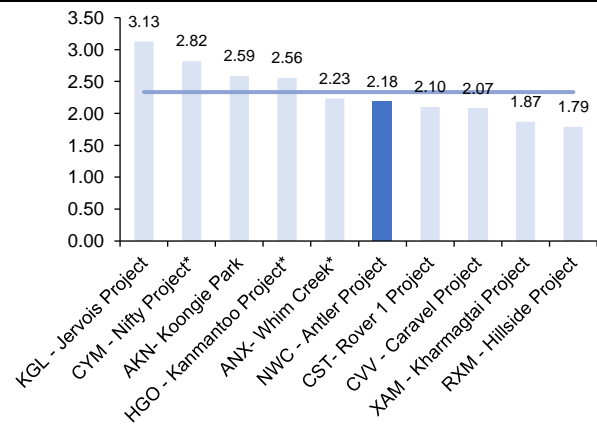
Source: Company

**Figure 9: Capex intensity (A\$/t annual production)**



Source: Companies, Petra Capital. Note: \* brownfield projects

**Figure 10: AISC (US\$/lb Cueq)**



Source: Companies, Petra Capital. Note: \* brownfield projects



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