

New World Resources

Base Metals - Developer/Explorer

3 March 2022

Rating
SPECULATIVE BUY

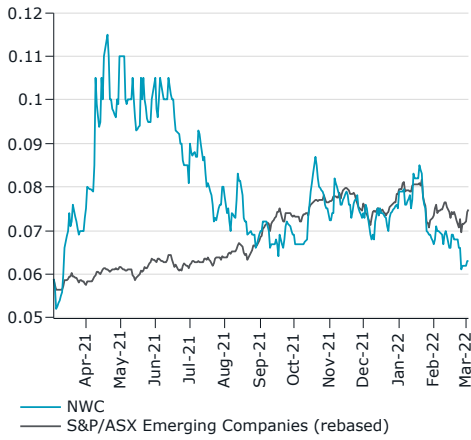
Price Target
A\$0.30

NWC-ASX

Price
A\$0.07

Market Data

| | |
|------------------------|-------------|
| 52-Week Range (A\$) : | 0.05 - 0.12 |
| Avg Daily Vol (000s) : | 2,365.37 |
| Shares Out. (M) : | 1,594.7 |
| Market Cap (A\$M) : | 100.5 |
| Dividend /Shr (A\$) : | 0.00 |
| Dividend Yield (%) : | 0.0 |



Priced intraday 3 March 2022

New World Resources is an ASX-listed explorer-developer focused on the Antler Copper Project in Arizona, US. The project historically produced ~70kt @ ~5% CuEq from underground over 1916-70 and currently hosts a JORC resource of 7.7Mt @ ~3.9% CuEq. NWC is now progressing towards a restart of the historic mine. The project sits on private land in a remote region of Arizona.

Canaccord Genuity received a fee for its role as Lead Manager to New World Resources's \$20m equity raise at \$0.10 on 3 May 2021.

Refer to important disclosures section for details.

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Key land acquired to simplify permitting

Option Agreement over key land: New World Resources (NWC-ASX) has secured key private land adjacent to and south of the Antler copper deposit in Arizona. The company has entered into an Option Agreement to acquire the land, which now simplifies development because all surface infrastructure associated with a future mine can be located on private land.

This is a very positive development for NWC. We are particularly pleased to learn that future permitting should be streamlined and expedited as the company will mainly have to deal at a state level. However, we still anticipate permitting to take 18-24 months.

The new private land is serviced by mains electric power, provides a source of processing water and given its proximity, implies a relatively short haul of mined material.

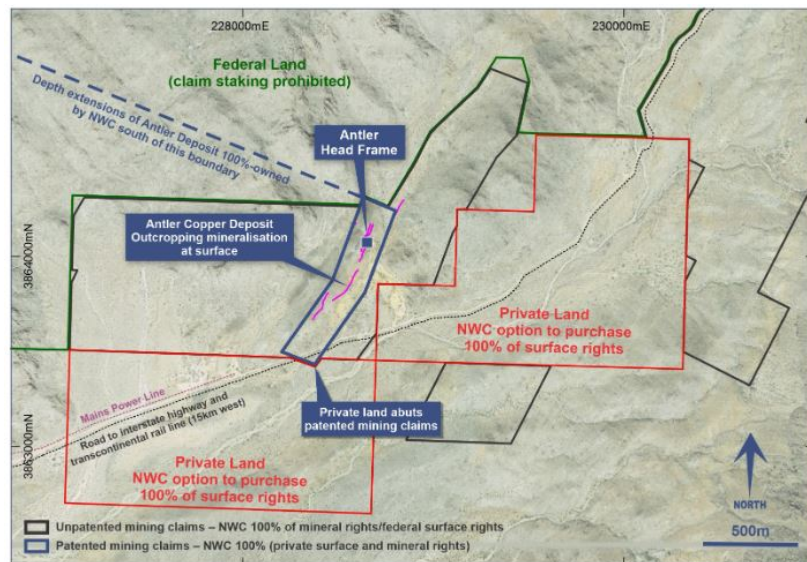
Only need to deal at a state level: NWC highlights that the State of Arizona regulates mining activities on privately-owned land. Given the majority of surface disturbance relating to mine development will be constrained to privately-owned land, the impact on federal lands will be minimised, which should simplify the federal approval process (i.e. the majority of NWC's permitting will only deal at a state level).

Option Agreement: NWC will pay US\$250k to execute the Option and make annual option payments of US\$175k. To take 100% ownership, NWC will pay US\$2m within five years, less 50% of any monies already paid (i.e. initial option payment and annual payments).

Ongoing activities: On the project itself, NWC has initiated mining studies. We could get a teaser through scoping level studies at some stage in the JunQ'22 as well as an update to the resource. Assays are pending for 14 more completed holes with three rigs continuing to drill. Remember, Antler is the highest grade (in terms of copper equivalent), undeveloped deposit on the ASX, and will therefore attract low costs. [Highest grade undeveloped Cu deposit on the ASX.](#)

Valuation and recommendation: We maintain our SPECULATIVE BUY rating and \$0.30 target.

Plan of the Antler Copper Project showing land ownership



Source: Company reports

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: March 02, 2022, 20:13 ET

Date and time of production: March 02, 2022, 20:13 ET

Target Price / Valuation Methodology:

New World Resources - NWC

Our valuation is preliminary in nature and should be viewed as a what-if case given no formal mining studies have been published. We have modelled a number of possible development scenarios using weighting for 1.0x forward curve, consensus and spot commodity prices, and have applied a conservative 12% discount rate to our NPV. We have also included a takeover scenario and a resource multiple based on similar global peers' EV/resource kt valuation weight for CuEq grade. Our net asset valuation per share is based on an unfunded scenario.

Risks to achieving Target Price / Valuation:

New World Resources - NWC

Financing risks

As an exploration/pre-production company with no material income, NWC is reliant on equity and debt markets to fund development of its assets and progress its development pipeline. Accessing these markets may result in further dilution to shareholders.

Development and exploration risks

Development and exploration are subject to a number of risks and can require a high rate of capital expenditure. Risks can also be associated with conversion of Inferred Resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. It is not known whether exploration will delineate further Mineral Resources, nor that the company will be able to convert the current mineral resource into minable reserves. There are also risks surrounding future project permitting.

Operating risks

If/when in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (meeting design recoveries within a complex flowsheet), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets considerably and negatively impact valuation. Further, the actual characteristics of an ore deposit may differ significantly from initial interpretations which can also materially impact forecast production from original expectations.

Commodity price and currency fluctuations

As with any mining company, NWC is directly exposed to commodity price and currency fluctuations. Commodity price fluctuations are driven by many macroeconomic forces including inflationary pressures, interest rates and supply and demand factors. These factors could reduce the profitability, costing and prospective outlook for the business.

Distribution of Ratings:

Global Stock Ratings (as of 03/02/22)

| Rating | Coverage Universe | | IB Clients |
|-----------------|-------------------|--------|------------|
| | # | % | % |
| Buy | 652 | 69.36% | 42.64% |
| Hold | 122 | 12.98% | 24.59% |
| Sell | 10 | 1.06% | 20.00% |
| Speculative Buy | 151 | 16.06% | 60.26% |
| | 940* | 100.0% | |

*Total includes stocks that are Under Review

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NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

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Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

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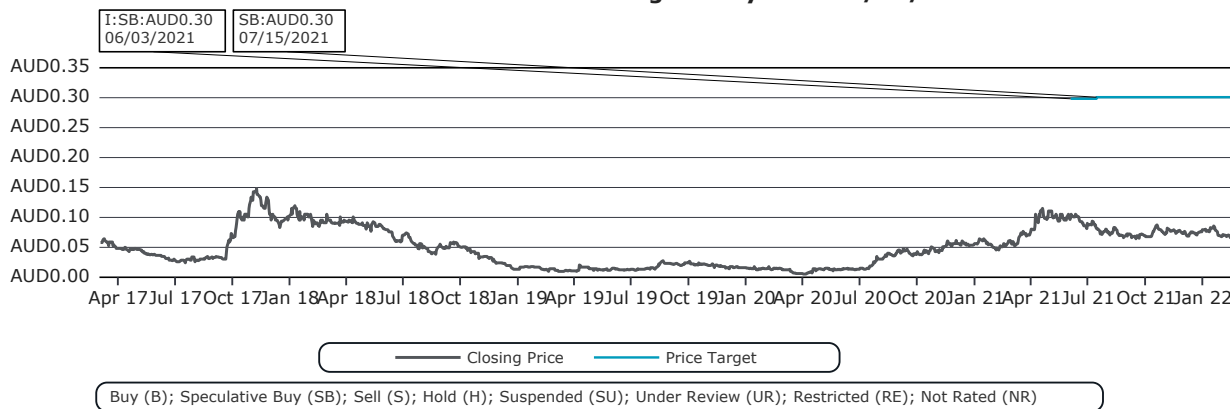
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New World Resources Rating History as of 03/01/2022



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