

1 August 2023

New World Resources (NWC)

BUY

Share Price: A\$0.03

Javelin VMS Project hits target

Target Price: A\$0.12

A maiden geophysics survey over the recently acquired Javelin VMS Project (75km south-east of NWC's flagship Antler Project, Figure 1) has delineated a number of strong IP chargeability anomalies. Notably, Javelin is located just 7km from Freeport McMoRan's (NYSE: FCX, m'cap US\$62.4bn) Bagdad open pit porphyry Mine (annual production 90,000t Cu). Drilling is planned to commence in Dec. Q'23. The Javelin Project significantly adds to NWC's regional footprint; depending on exploration success, Javelin could be developed as a standalone production centre or form a satellite deposit feeding into the proposed processing plant at Antler (potentially extending scale and/or LOM). Maintain BUY, revised PT of A\$0.12/sh (prev. A\$0.14/sh) on a lower forecast equity issue share price of A\$0.05 (prev. A\$0.06).

IP survey points to a new, large, prospective target

- NWC's Javelin VMS Project covers ~15.8km² of contiguous 100%-owned mining claims just 7km south of the fifth biggest copper mine in the US - FCX's Bagdad Mine (Figure 2).
- The district also has several smaller historical VMS-hosted mines (i.e., Pinafore, Bruce), but there has been no production since 1977 & limited modern exploration.
- Strong soil geochemical (Cu & Zn) anomalies from initial exploration programs were followed up by a Maiden IP survey in Jun. Q'23. Note: only the northern portion of the project area was covered using 11 NW-SE orientated survey lines, each spaced 300m apart.
- Several shallow strong chargeability anomalies offer potential to discover shallow VMS mineralisation. In addition, a deeper, very strong chargeability anomaly extending over 1.2km x 1.0km points to the presence of a porphyry copper system (à la nearby Bagdad) – Figure 3. A permit application to drill test these targets has been submitted, with approval expected Dec. Q'23.

Antler Project development work continuing at pace

- Preparation of the mine permit applications and the PFS are both progressing well. Experienced mining engineer Nick Woolrych transitions from Non-Executive Director to Executive Director and COO to manage these key work streams.
- RCF has made a A\$5m strategic investment in NWC at \$0.032/sh. The bulk of proceeds will be used for PFS and permitting activities, and regional exploration.

Key Dates Ahead

- Sep. Q'23 – Submission of mine permit applications
- Late 2023 – Antler PFS

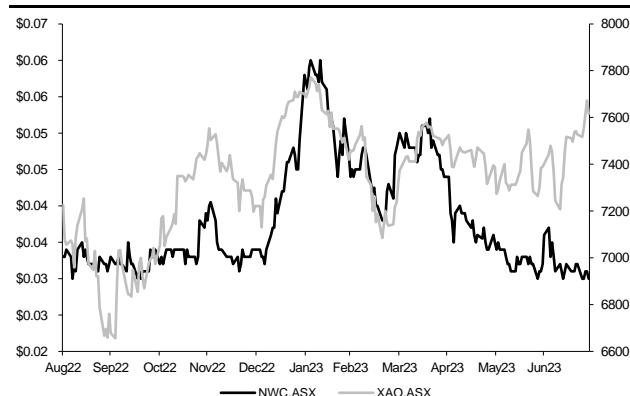
Company Data

Shares – ordinary (M)	2105.5
Options/rights (M)	86
Diluted for options/rights (M)	2191
Market capitalisation (\$M)	69.5
12 month low/high (\$)	0.03/ 0.06
Average monthly turnover (\$M)	2.8
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	0.0	102.1
Costs (\$M)	-3.0	-3.0	-3.1	-3.1	-53.9
EBITDA (\$M)	-3.0	-3.0	-3.1	-3.1	48.2
NPAT (\$M)	-3.7	-3.9	-5.7	-10.5	17.8
EPS (¢ps)	-0.2	-0.2	-0.1	-0.2	0.3
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	na	na	na	10.2
Op. Cashflow (\$M)	-2.8	-3.0	-3.1	-5.3	34.4
OCFPS (¢ps)	-0.1	-0.1	-0.1	-0.1	0.6
POCFPS (x)	na	na	na	na	5.3
Enterprise Value (\$M)	66.6	69.5	116.9	276.7	262.0
EV / EBITDA (x)	-ve	-ve	-ve	-ve	5.4
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\$)	0.033
	Issued shares (m)	2,105
	Market Cap (A\$m)	69.5
	Options/Rights/To issue (m)	242.2
	Dilution (A\$170m at A\$0.05/sh)	3,159
	Fully diluted no. of Shares (m)	5,506

P&L Statement (A\$m)	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	Commodity prices	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Revenue	0.0	0.0	0.0	0.0	102.1	319.1	Copper (US\$/lb)	3.76	3.93	3.88	3.75	3.75	3.75
Costs	(3.0)	(3.0)	(3.1)	(3.1)	(53.9)	(136.7)	Lead (US\$/lb)	0.95	0.98	0.95	0.95	0.95	0.95
EBITDA	(3.0)	(3.0)	(3.1)	(3.1)	48.2	182.4	Zinc (US\$/lb)	1.36	1.10	1.15	1.25	1.30	1.30
D&A	0.0	0.0	0.0	0.0	(15.0)	(30.0)	Gold (US\$/oz)	1,832	1,919	1,825	1,750	1,650	1,650
Operating profit	(3.0)	(3.0)	(3.1)	(3.1)	33.2	152.4	Silver (US\$/oz)	22	23	22	22	22	22
NOI	(0.81)	(1.0)	(2.6)	(3.2)	0.0	0.0	AUD:USD	0.67	0.69	0.713	0.75	0.75	0.75
EBIT	(3.8)	(4.0)	(5.7)	(6.3)	33.2	152.4	Production	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Interest income	0.1	0.1	0.0	0.1	0.1	0.2	Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.40	1.25
Interest expense	0.0	0.0	0.0	(4.2)	(7.8)	(8.0)	Copper (t)	0.00	0.00	0.00	0.00	4,845	15,141
Tax expense	0.0	0.0	0.0	0.0	(7.6)	(43.4)	Lead (t)	0.00	0.00	0.00	0.00	1,265	3,953
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	Zinc (t)	0.00	0.00	0.00	0.00	11,886	37,143
Reported NPAT	(3.7)	(3.9)	(5.7)	(10.5)	17.8	101.2	Silver (Koz)	0.00	0.00	0.00	0.00	227	711
							Gold (Koz)	0.0	0.0	0.0	0.0	1.9	5.8
EPS Reported (A\$c)	(0.2)	(0.2)	(0.1)	(0.2)	0.3	1.8	Cueq production (t)	-	-	-	-	10,261	32,064
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0	Costs (A\$/lb Cu)	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Avg. shares (m)	2,062	2,627	3,784	5,006	5,506	5,506	AISC (A\$m)	-	-	-	-	63	153
YE shares (m)	2,191	3,062	4,506	5,506	5,506	5,506	Cueq production (Mb)	-	-	-	-	23	71
							Unit AISC (A\$/lb Cueq)	-	-	-	-	2.78	2.17
							Unit AISC (US\$/lb Cueq)	-	-	-	-	2.08	1.63

Cash Flow (A\$m)	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
EBITDA	(3.0)	(3.0)	(3.1)	(3.1)	48.2	182.4
Invest. In WC	0.0	0.0	0.0	(2.2)	(6.1)	(20.0)
Tax expense	0.2	0.0	0.0	0.0	(7.6)	(43.4)
Operating Cash Flow	(2.8)	(3.0)	(3.1)	(5.3)	34.4	119.0
Capex	0.0	0.0	(100.7)	(222.1)	(7.0)	(7.0)
Exploration	(14.0)	(10.0)	(5.0)	(5.0)	(5.0)	(5.0)
Other investments	0.0	(15.0)	0.0	0.0	0.0	0.0
Investing Cash Flow	(14.0)	(25.0)	(105.7)	(227.1)	(12.0)	(12.0)
Net interest	0.1	0.1	0.0	(4.1)	(7.7)	(7.8)
Debt	0.0	0.0	50.0	160.0	(15.0)	(40.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised / (repaid)	16.0	25.0	65.0	80.0	0.0	0.0
Financing Cash Flow	16.1	25.1	115.0	235.9	(22.7)	(47.8)
Non-operating/Other	(0.8)	(1.0)	(2.6)	(3.2)	0.0	0.0
Inc/(Dec) in Cash	(1.5)	(3.9)	3.6	0.3	(0)	59

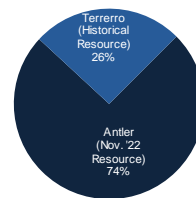
Balance Sheet (A\$m)	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Cash & Equivalents	2.8	0.0	2.5	2.8	2.5	61.7
Receivables	0.3	0.3	0.3	0.0	10.2	20.0
Inventories	0.0	0.0	0.0	0.0	6.1	20.0
Other Current Assets	0.3	0.3	0.3	0.3	0.3	0.3
PPE and Exploration	47.8	72.8	179	406	403	385
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	0.0	15.0	15.0	15.0	15.0	0.0
Total Assets	51.3	88.4	197	424	437	487
Payables & Other	2.7	2.7	2.7	0.2	10.4	20.0
Short Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	50	210	195	155
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	2.7	2.7	53	210	205	175
Equity	48.6	85.7	144	213	231	312
Total Liabilities & Equity	51.3	88.4	197	424	437	487

Ratios	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
P/E (x)	na	na	na	na	10.2	1.8
ROE (%)	-9%	-6%	-5%	-6%	8%	37%
Debt/Equity	0.0%	0.0%	34.7%	98.4%	84.3%	49.7%

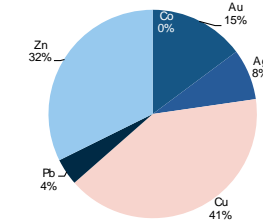
Production	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.40	1.25
Copper (t)	0.00	0.00	0.00	0.00	4,845	15,141
Lead (t)	0.00	0.00	0.00	0.00	1,265	3,953
Zinc (t)	0.00	0.00	0.00	0.00	11,886	37,143
Silver (Koz)	0.00	0.00	0.00	0.00	227	711
Gold (Koz)	0.0	0.0	0.0	0.0	1.9	5.8
Cueq production (t)	-	-	-	-	10,261	32,064
Resources	Mt (ore)	Cu %	Au g/t	Ag g/t	Pb %	Zn %
Antler (November'22)	11.4	2.10%	0.4	32.9	0.90%	5.00%
= 11.4Mt @ 4.1% Cueq after forecast metallurgical recovery (4.7% Cueq at 100%)						
Tererro (Historical Resource)	5.8	1.02%	1.96	21.4	0.24%	1.46%

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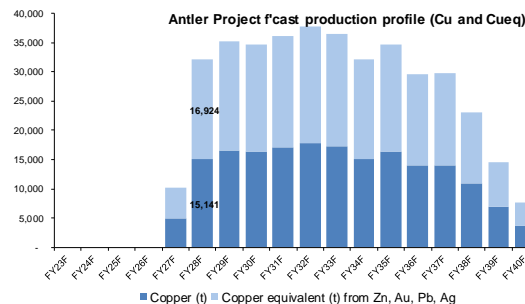
In situ value (US\$5.8bn) by Project



In situ value by metal

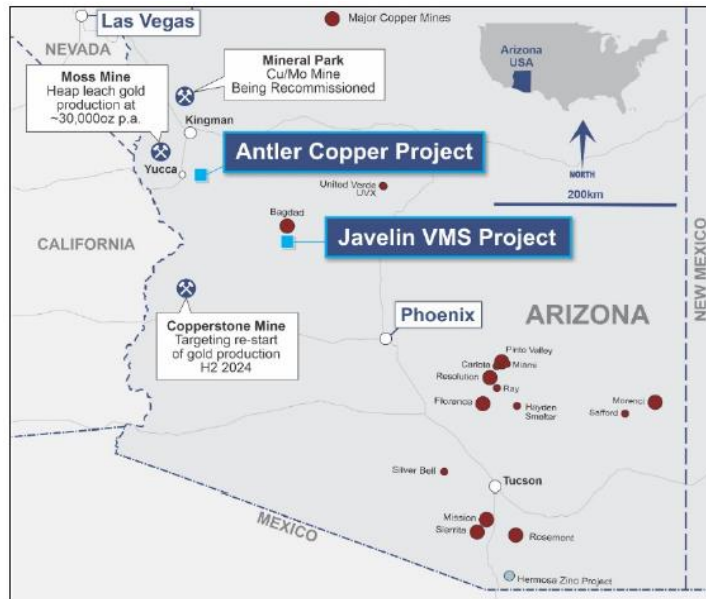


Antler Project f'cast production profile (Cu and Cueq)



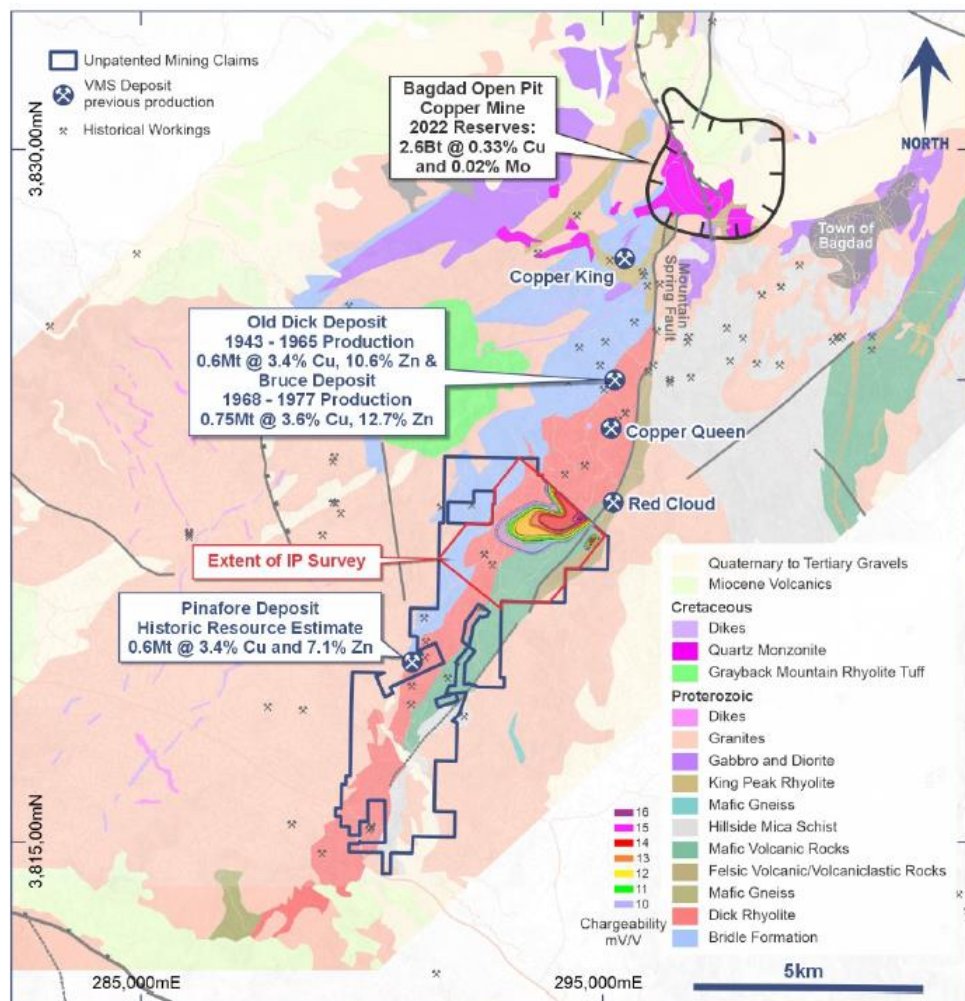
Valuation	(A\$m)	(A\$/ps)
Antler Project (15.4Mt mine inventory)	649	0.12
Antler exploration upside (nominal)	50	0.01
Tererro Project (nominal)	5	0.00
Investments	0	0.00
Corporate costs	(27)	(0.00)
Enterprise value	676	0.12
Net cash (debt) (FY23F)	3	0.00
Equity value	679	0.12

Figure 1: Location map – NWC’s Antler Project and Javelin Project in Arizona, USA



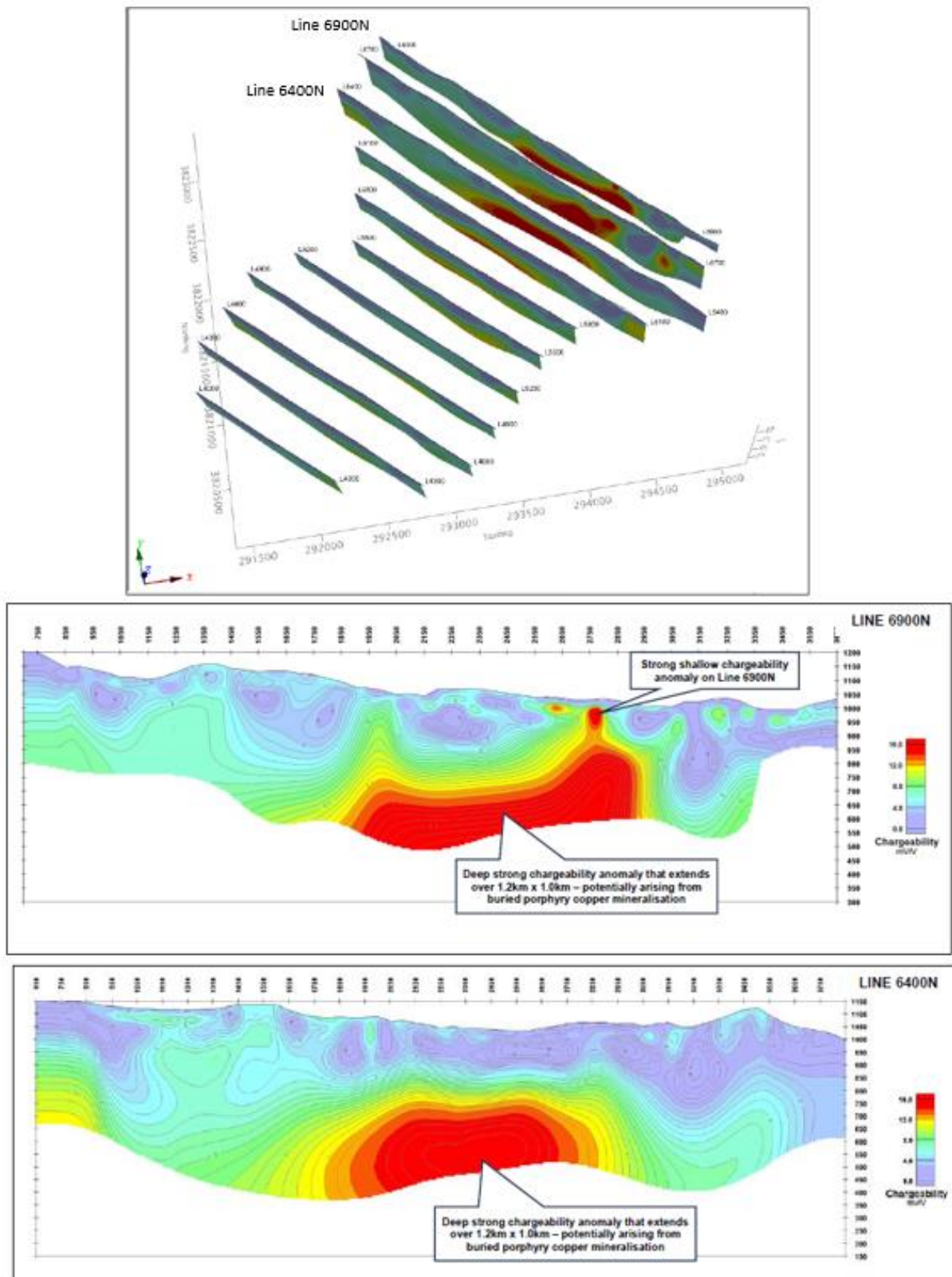
Source: Company

Figure 2: Javelin VMS Project - location of recent IP survey (red block)



Source: Company. Note: Javelin is ~7km southwest of the FCX’s Bagdad Copper Mine

Figure 3: Stacked cross-sections of chargeability from the 11 lines surveyed with IP at the Javelin VMS Project (top), with chargeability cross section detail from line 6900N (middle) and 6400N (bottom).



Source: Company, compiled by Petra capital

- Very strong chargeability anomalies were delineated on 5 of the 11 survey lines.

Figure 4: Bagdad Mine



Source: Wikipedia (International Space Station, 2016). Note: The five largest copper mines in the US are Morenci, Kennecott, Safford, Sierrita, and Bagdad.

Figure 5: Summary of changes

		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	na	-3.1	-3.1	0%
EBIT	A\$m	-4.0	-4.2	na	-5.7	-5.7	na	-6.3	-6.3	0%
NPAT	A\$m	-3.9	-4.1	na	-5.7	-5.6	na	-10.5	-10.4	1%
EPS	A\$/sh	-0.2	-0.2	-7%	-0.1	-0.2	-7%	-0.2	-0.2	-9%
DPS	A\$/sh	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
Equity value	A\$m	679	678	0%						
Price target	A\$/sh	0.12	0.14	-9%						
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	3.93	4.10	-4%	3.88	3.88	0%	3.75	3.75	0%
Zinc price	US\$/lb	1.10	1.35	-19%	1.15	1.30	-12%	1.25	1.30	-4%
AI\$C (Cueq)	US\$/lb	na	na	na	na	na	na	na	na	na

Source: Petra Capital forecasts.

- Changes to forecast Cu, Zn prices and FX profiles
- Change in forecast new equity issue price to 5cps (prev. 6cps)



1 August 2023

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