

13 November 2023

New World Resources (NWC)

BUY

Share Price: A\$0.03

Set up for growth

Target Price: A\$0.12

NWC is having a busy last quarter to 2023 announcing the restart of drilling at the flagship Antler Copper Project, A\$11m in NSR royalty funding, the acquisition of additional mineral rights at Antler, and high-grade rock chip assay results from the Javelin VMS Project. NWC is well funded to accelerate resource expansion and discovery drilling, with Antler mine permit applications and a PFS to provide near-term catalysts. Maintain BUY, A\$0.12/sh PT unchanged.

Antler Copper Project – next leg of growth underway

- Diamond core drilling resumed in late October. New, undrilled targets include:
 - The NE and SW extensions of a 2km long Cu/Zn geochemistry anomaly that coincides with the Antler Deposit. Only 600m of this anomaly has been drilled to deliver a Resource of 11.4Mt @ 4.1% Cueq.
 - Multiple strong near-mine coincident geochemistry and IP targets at Rattlesnake Ridge, Copper Knob, Insulator, West World (Figure 1).
- NWC recently acquired a further 1,000 acres (4km²) of mineral rights adjacent to the Antler deposit. A geochemistry and geophysics (IP/aeromagnetic) exploration program over this historically unexplored area will delineate targets ahead of initial drill testing.

Javelin Project – 15% Cu in rock chip samples

- NWC has recently reported high-grade base and precious metal assays from widespread rock sampling including 15% Cu & 3.1% Zn, and 8.1% Cu (Figure 2).
- Permits to drill are expected soon with maiden drilling targeted to commence late 2023/early 2024.
- Javelin - located 75km SE of Antler – is just 7km south of the fifth biggest copper mine in the US – FCX's Bagdad Mine (Figure 3). Depending on exploration success, Javelin could be developed as a separate mine or feed into the proposed processing plant at Antler (potentially extending scale and/or LOM).

Funding – A\$16m strengthens the balance sheet

- A A\$11m cash injection in November from UK-based Trident Royalties Plc in exchange for a 0.9% royalty over Antler production adds to the August A\$5m equity investment in NWC by Denver-based RCF.

Offering value relative to peers

- In a tough 12 months for copper plays, NWC has been one of the better performers (Figure 4). We see NWC offering deep value, trading at a significant discount to the peer average A\$0.09/lb Cueq Resource (Figure 5).

Key Dates Ahead

- Late 2023 – Submission of mine permit applications
- Late 2023 – Antler PFS

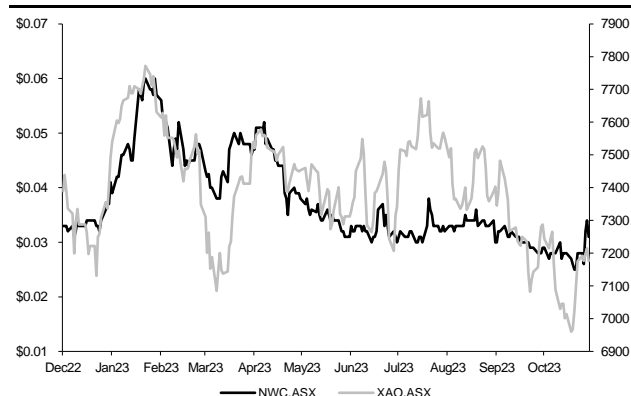
Company Data

Shares – ordinary (M)	2261.7
Dilution (M)	148.4
Total (fully diluted) (M)	2410
Market capitalisation (\$M)	72.4
12 month low/high (\$)	0.02/ 0.06
Average monthly turnover (\$M)	2.4
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	112.0
Costs (\$M)	-2.5	-3.0	-3.1	-3.1	-59.8
EBITDA (\$M)	-2.5	-3.0	-3.1	-3.1	52.3
NPAT (\$M)	-2.5	7.3	-4.4	-4.6	12.7
EPS (¢ps)	-0.1	0.3	-0.1	-0.1	0.2
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	11	na	na	15.2
Op. Cashflow (\$M)	-3.9	-2.8	-3.1	-3.1	38.9
OCFPS (¢ps)	-0.2	-0.1	-0.1	-0.1	0.6
POCFPS (x)	na	na	na	na	5.0
Enterprise Value (\$M)	69.8	67.2	111.6	261.2	266.0
EV / EBITDA (x)	-ve	-ve	-ve	-ve	5.1
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\$)	0.032
	Issued shares (m)	2,262
	Market Cap (A\$m)	72.4
	Options/Rights (m)	148.4
	Dilution (A\$145m at A\$0.04/sh)	3,625
	Fully diluted no. of Shares (m)	6,035

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	112.0	342.3	Copper (US\$/lb)	3.76	3.76	3.75	3.75	3.75	3.75
Costs	(2.5)	(3.0)	(3.1)	(3.1)	(59.8)	(145.9)	Lead (US\$/lb)	0.95	0.96	0.95	0.95	0.95	0.95
EBITDA	(2.5)	(3.0)	(3.1)	(3.1)	52.3	196.4	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	(7.5)	(25.0)	Gold (US\$/oz)	1,832	1,884	1,825	1,788	1,738	1,700
Operating profit	(2.5)	(3.0)	(3.1)	(3.1)	44.8	171.4	Silver (US\$/oz)	22	23	22	22	22	22
NOI	0.00	10.3	(1.42)	(1.7)	(23.2)	(1.5)	AUD:USD	0.67	0.65	0.67	0.68	0.69	0.70
EBIT	(2.5)	7.3	(4.5)	(4.8)	21.6	169.9	Production	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
Interest income	0.0	0.1	0.1	0.2	0.7	0.3	Ore processed (Antler) (Mt)	0.00	0.00	0.00	0.00	0.40	1.25
Interest expense	0.0	0.0	0.0	0.0	(4.2)	(7.8)	Copper (t)	0.00	0.00	0.00	0.00	4,845	15,141
Tax expense	0.0	0.0	0.0	0.0	(5.4)	(49)	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	(2.5)	7.3	(4.4)	(4.6)	12.7	113.7	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)	(0.1)	0.3	(0.1)	(0.1)	0.2	1.9	Cueq production (t)	-	-	-	-	10,280	32,099
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0	Costs (A\$/lb Cu)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
Avg. shares (m)	2,073	2,410	3,223	5,035	6,035	6,035	AISC (A\$m)	-	-	-	-	69	167
YE shares (m)	2,375	2,410	4,035	6,035	6,035	6,035	Cueq production (Mlb)	-	-	-	-	23	71
							Unit AISC (A\$/lb Cueq)	-	-	-	-	3.05	2.36
							Unit AISC (US\$/lb Cueq)	-	-	-	-	2.09	1.65

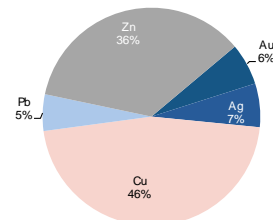
Cash Flow (A\$m)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
EBITDA	(2.5)	(3.0)	(3.1)	(3.1)	52.3	196.4
Invest. In WC	(1.4)	0.0	0.0	0.0	(7.9)	(13.8)
Tax expense	0.0	0.2	0.0	0.0	(5.4)	(48.7)
Operating Cash Flow	(3.9)	(2.8)	(3.1)	(3.1)	38.9	133.9
Capex	0.0	0.0	(100.0)	(220.0)	(12.0)	(7.0)
Exploration	(15.5)	(10.0)	(5.0)	(5.0)	(5.0)	(5.0)
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(15.5)	(10.0)	(105.0)	(225.0)	(17.0)	(12.0)
Net interest	0.0	0.1	0.1	0.2	(3.5)	(7.5)
Debt	0.0	0.0	50.0	175.0	(15.0)	(15.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised / (repaid)	17.6	5.0	65.0	80.0	0.0	0.0
Financing Cash Flow	17.6	5.1	115.1	255.2	(18.5)	(22.5)
Non-operating/Other	0.1	10.3	(1.4)	(1.7)	(23.2)	(1.5)
Inc/(Dec) in Cash	(1.7)	2.5	5.6	25.4	(19.8)	97.9

Balance Sheet (A\$m)	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
Cash & Equivalents	2.6	5.2	10.8	36.2	16.4	114.3
Receivables	0.7	0.7	0.7	0.7	11.2	34.2
Inventories	0.0	0.0	0.0	0.0	6.7	20.5
Other Current Assets	0.7	0.7	0.7	0.7	0.7	0.7
PPE and Exploration	49.3	59.3	164.3	389.3	398.8	385.8
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	0.0	0.0	0.0
Total Assets	53.3	65.8	176.5	426.9	433.8	555.5
Payables & Other	1.9	2.1	2.1	2.1	11.4	34.4
Short Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	50.0	225.0	210.0	195.0
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	52.1	227.1	221.4	229.4
Equity	51.4	63.7	124.3	199.7	212.4	326.1
Total Liabilities & Equity	53.3	65.8	176.5	426.9	433.8	555.5

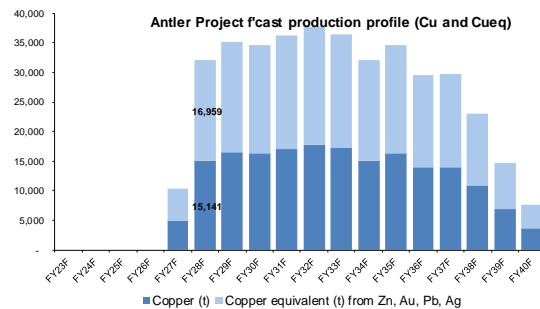
Ratios	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F
P/E (x)	na	10.5	na	na	15.2	1.7
ROE (%)	-5%	13%	-5%	-3%	6%	42%
Debt/Equity	0.0%	0.0%	40.2%	112.7%	98.9%	59.8%

Resource	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%)						
79% of the Resource is in the higher confidence Indicated Category						

Antler Resource - in situ value (US\$4.4bn) by metal



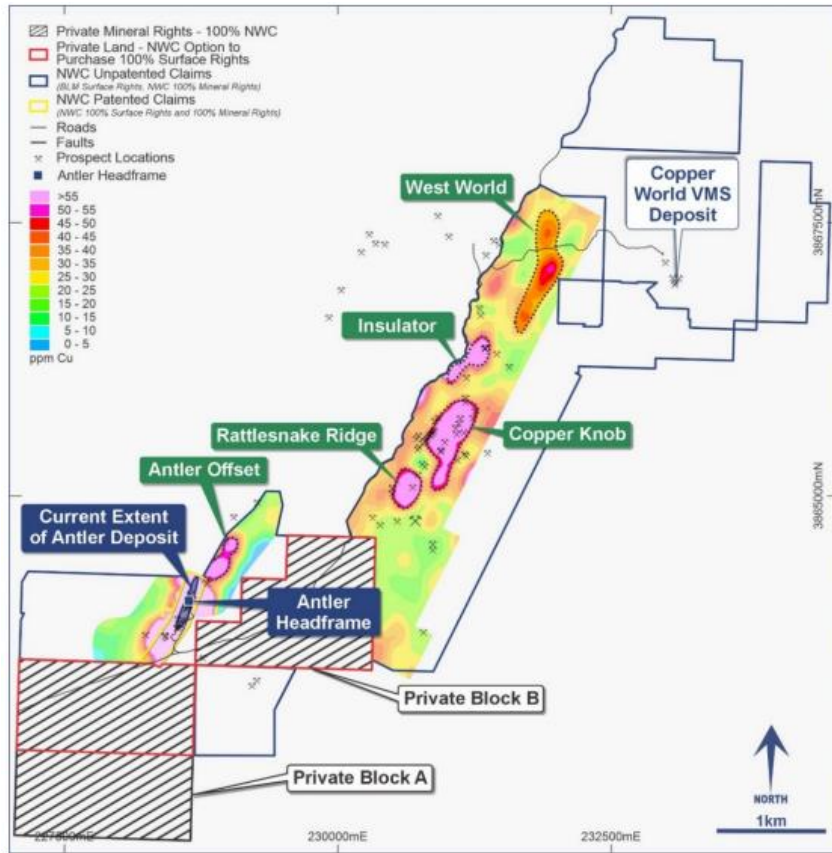
Antler Project f'cast production profile (Cu and Cueq)



Valuation	(A\$m)	(A\$/ps)
Antler Project (15.4Mt mine inventory)	668	0.11
Antler / Javelin expl. upside (nominal)	50	0.01
Tererero Project (nominal)	5	0.00
Investments	0	0.00
Corporate costs	(27)	(0.00)
Enterprise value	695	0.12
Net cash (debt) (FY24F)	5.2	0.00
Equity value	700	0.12

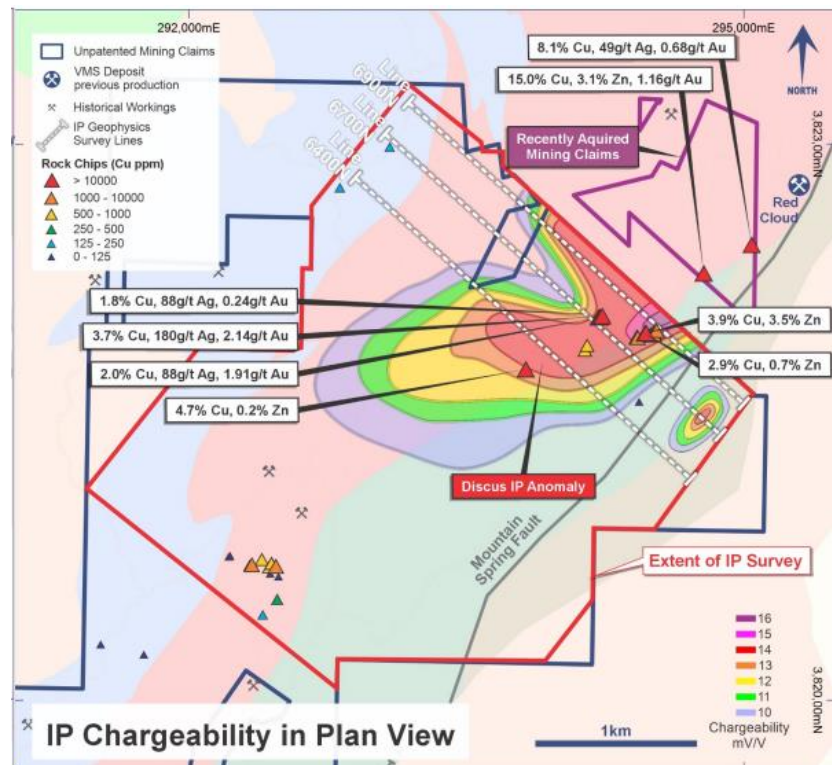
Source: Petra Capital

Figure 1: Near mine Cu-in soil geochemistry targets beside the Antler Copper Deposit



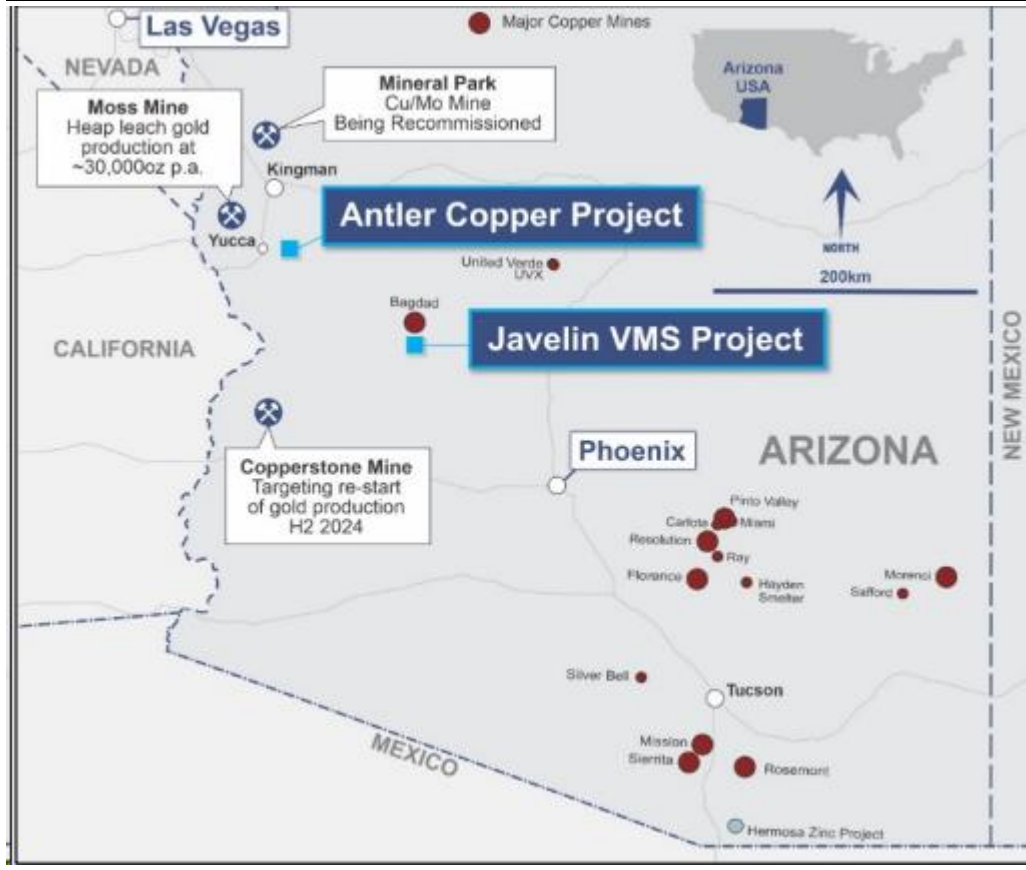
Source: Company. Note: Dashed areas are the 1,000 acres of recently acquired new mineral rights.

Figure 2: Javelin Project – plan view showing location of rock chip samples



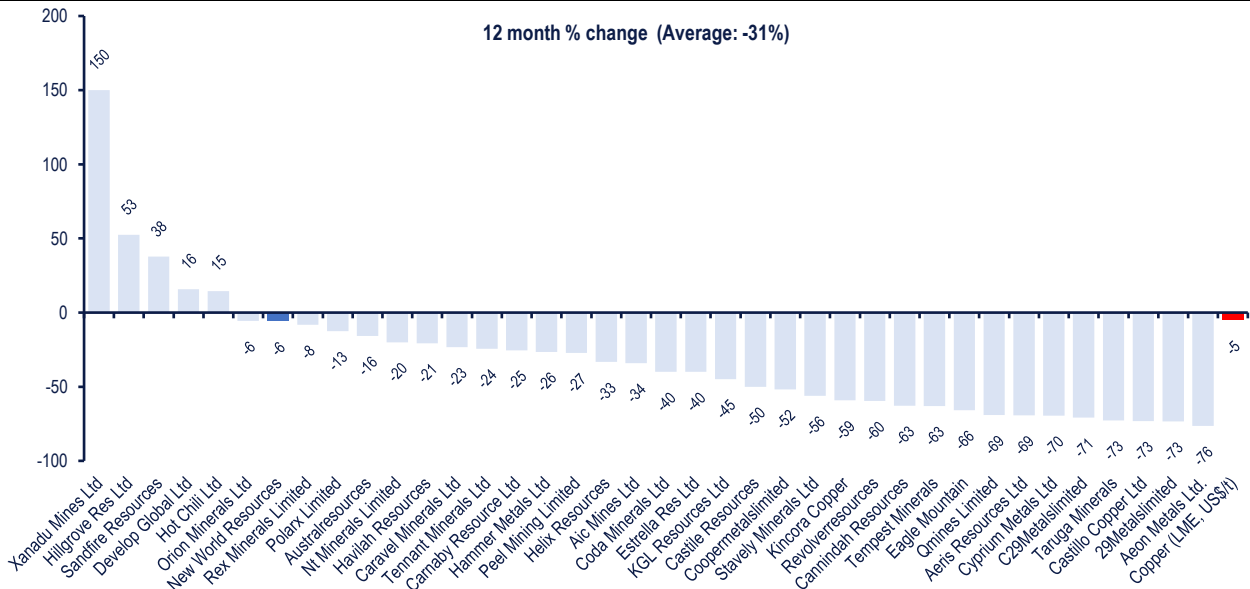
Source: Company

Figure 3: Location map – NWC’s Antler Project and Javelin Project in Arizona, USA



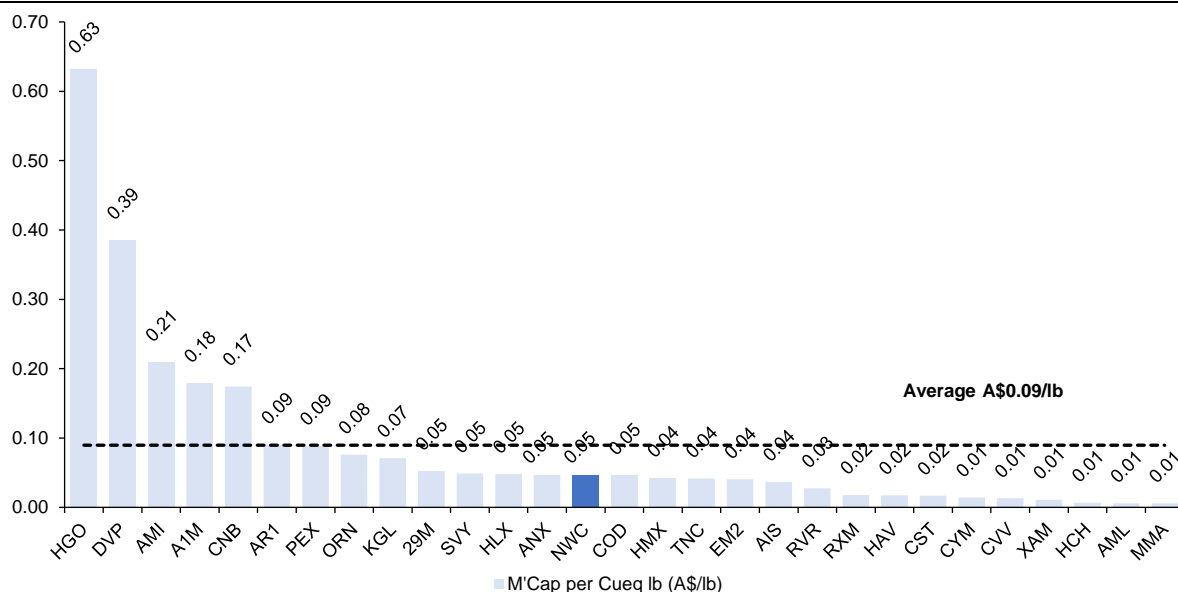
Source: Company

Figure 4: ASX-listed copper plays – share price movement over the past 12 months



Source: Iress, compiled by Petra Capital. Note: share prices as at COB 10 November 2023.

Figure 5: ASX-listed copper peer comparison – mcap per lb of Cueq Resource (A\$/lb Cueq)



Source: Iress, companies, Petra Capital. Note: Cueq resources are calculated pre-metallurgical recovery and using spot metal prices.

Figure 6: Summary of changes (FY24F-FY26F)

		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	7.3	-4.2	na	-4.5	-5.7	na	-4.8	-6.3	-23%
NPAT	A\$m	7.3	-4.1	na	-4.4	-5.6	na	-4.6	-10.5	-56%
EPS	A\$/sh	0.3	-0.2	na	-0.1	-0.2	na	-0.1	-0.2	-56%
DPS	A\$/sh	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
Equity value	A\$m	700	679	3%						
Price target	A\$/sh	0.12	0.12	-3%						
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	3.76	3.93	-4%	3.75	3.88	-3%	3.75	3.75	0%
Zinc price	US\$/lb	1.10	1.10	0%	1.15	1.15	0%	1.25	1.25	0%
AUDUSD	#	0.65	0.69	-6%	0.67	0.71	-6%	0.68	0.75	-10%
AISC (Cueq)	US\$/lb	na	na	na	na	na	na	na	na	na

Source: Petra Capital forecasts

- Equity value (A\$m) increased on a weaker forecast L/T exchange rate of USD0.70 (prev. USD0.75) partially offset by 0.9% NSR royalty to Trident Royalties Plc.
- Target price reduced by 3% (unchanged after rounding) due to Increased dilution; as a result of the cash inflow of A\$16m in 1H FY24 from RCF and Trident Royalties we assume less new equity (A\$145m vs prev. A\$170m) but at a lower issue price (4cps vs prev. 5cps).
- Income (NOI) of A\$11m from Trident Royalties in FY24F, adjustments to NOI and interest lines in FY25F/FY26F.



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