

World Copper Ltd. (TSXV:WCU) An Emerging Copper Oxide Developer in the Americas

Initiating Coverage
April 4, 2022

(Currency is CAD\$ unless noted otherwise)

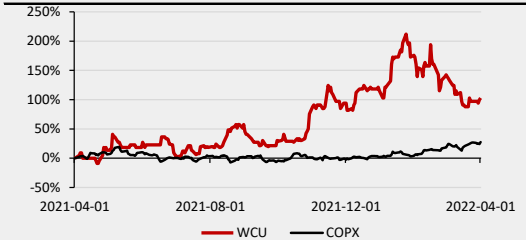
Closing Price (\$/sh)	\$0.67
Rating	BUY
Target (C\$/sh)	\$2.15
Return to Target	221%
NAV (\$/sh)	\$3.54
P/NAV	0.19x
52 Week Low / High	\$0.29 / \$1.05

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	94.0	140.7
Market Capitalization (C\$M)	\$63.0	
Enterprise Value (C\$M)	\$60.1	
Last Reported Cash and Equivalents (C\$M)	\$6.1	
Total Debt (C\$M)	\$3.3	

STOCK CHART



RELATIVE PERFORMANCE



NET ASSET VALUE

	Discount Rate	(\$M)	(\$/sh)
Escalones (100%), Chile	10%	\$998.1	\$2.62
Zonia (100%), United States	10%	\$287.2	\$0.8
Other assets/liabilities	10%	\$0.2	\$0.0
Total Corporate Adjustments	10%	\$66.0	\$0.2
Total Post-Financing NAV		\$1,351.5	\$3.54

RELATIVE VALUATION

	EV/lb CuEq (US\$)	P/NAV
World Copper Ltd.	\$0.011	0.19x
Peer Group*	\$0.066	0.46x

*RCS Estimates and S&P Capital IQ

MAJOR SHAREHOLDERS

Management (17.42%), Wealth Minerals Ltd. (20.43%), Canada Life Investment Ma. (0.91%)

DISCLOSURE CODE:

3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

World Copper Ltd., headquartered in Vancouver, BC, is a Canadian resource company focused on the exploration and development of its copper porphyry projects: Escalones and Cristal in Chile, and Zonia in Arizona. Two of these projects have estimated resources with significant soluble copper mineralization, and there are at least two other copper porphyry targets with exciting potential to expand the resource base. Both Escalones and Zonia have preliminary economic assessments (PEAs). The company was formerly known as Wealth Copper Ltd. and changed its to World Copper Ltd. in July 2020.

We are initiating coverage on World Copper Ltd. with a BUY rating and C\$2.15/sh target price. World Copper is focused on advancing its flagship, Escalones Cu project in Chile, where a recently published PEA outlined an NPV_{8%} of US\$1.5B. The company also holds the PEA-stage Zonia Cu-oxide project in Arizona and the Cristal Cu exploration project in northern Chile. **In our view, World Copper has transformed from an explorer into a developer with a portfolio of high-quality copper projects in premiere copper mining jurisdictions. We believe Escalones shows compelling economics when compared to other copper development projects and that it offers lots of potential for resource expansion. Additionally, we believe Zonia has lots of untapped potential, as it could either be rapidly developed for nearer-term production or potentially be expanded through exploration to increase the scale of the project.**

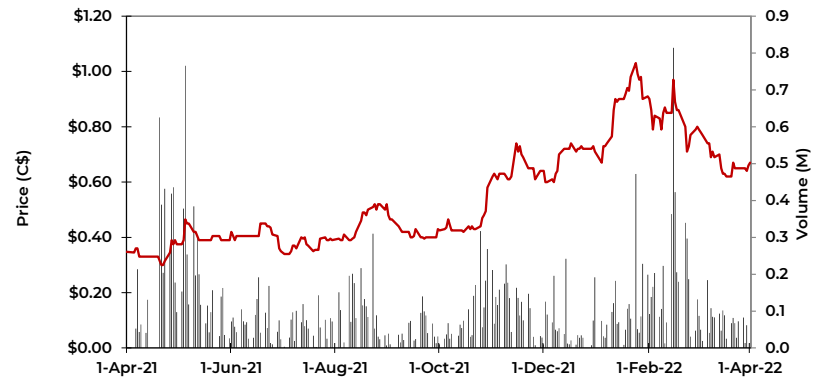
- Escalones demonstrates superior economics.** A revamped, oxide-only resource delineating ~426Mt at 0.367% Cu for ~3.45B lb of contained Cu paved the way for a recent PEA that contemplates an open pit mining operation with processing via conventional heap-leach SX/EW facilities for average annual production of ~115M lb of Cu over a 20-year LOM. The project features first quartile costs with C1 cash costs of US\$1.19/lb Cu and AISC of US\$1.42/lb Cu. Escalones also has low initial capex of US\$438.4M, which results in a capital intensity index of ~US\$8,416/t Cu versus peers that average ~US\$15,000/t Cu. At US\$3.60/lb Cu, the project has a post-tax NPV_{8%} of ~US\$1.5B and IRR of 46.2% – using US\$4.00/lb Cu this increases to ~US\$1.8B and 53.6%, respectively.
- Lots of options at Zonia; diversifies portfolio.** Zonia has an after-tax NPV_{6%} of US\$225M and IRR of 29% at \$3.00/lb Cu. We believe Zonia could potentially be a source of nearer-term cash flow as the current pit shell is on patented land, which offers a streamlined permitting process, or that the project scope could be expanded via drilling. A Cu-Mo anomaly to the NE of the resource area provides upside for resource expansion. In our view, despite being a top Cu producing region, Chile is facing political and regulatory headwinds and having a second development asset in Arizona should help mitigate that risk for investors.
- Robust copper market.** We believe there will be support for higher copper prices in the coming years as supply lags demand, particularly given the underinvestment in new copper capacity, and with increasing demand from the global trend toward electrification which requires ever more amounts of the red metal.

Valuation:

We are initiating coverage with a BUY rating and C\$2.15/sh target price. Our target is based on discounted cash flow (DCF) models of the Escalones Cu-oxide and Zonia Cu-oxide projects to determine our post-financing NAVPS_{10%} estimate of C\$3.54 upon which we apply a 0.60x multiple. World Copper currently trades at a discount to its peers on an EV/lb CuEq basis at US\$0.011 vs. US\$0.066 and on a P/NAV basis at 0.19x vs. 0.46x. **Upcoming catalysts:** 1) Drill results from Escalones (H1/22) and 2) Updated PEA for Zonia (2022E). **Mining/exploration is inherently risky** and World Copper is subject to various geopolitical, technical, corporate, or financial risks.

Financial and Operating Summary: World Copper Ltd.
FINANCIAL AND MARKET DATA

Ticker	TSXV:WCU
Current Price (C\$/sh)	\$0.67
52 Week Low / High (C\$/sh)	\$0.29 / \$1.05
Rating	BUY
Target (C\$/sh)	\$2.15
Return to Target	221%
Shares Outstanding (M)	94.0
Market Capitalization (C\$M)	\$63.0
Cash (C\$M)	\$6.1
Debt (C\$M)	\$3.3
Enterprise Value (C\$M)	\$60.1

STOCK CHART

CAPITAL STRUCTURE

Capital Structure	Shares
	(M)
Shares Outstanding	94.0
Options	9.0
Warrants	30.0
Fully Diluted Shares	133.0

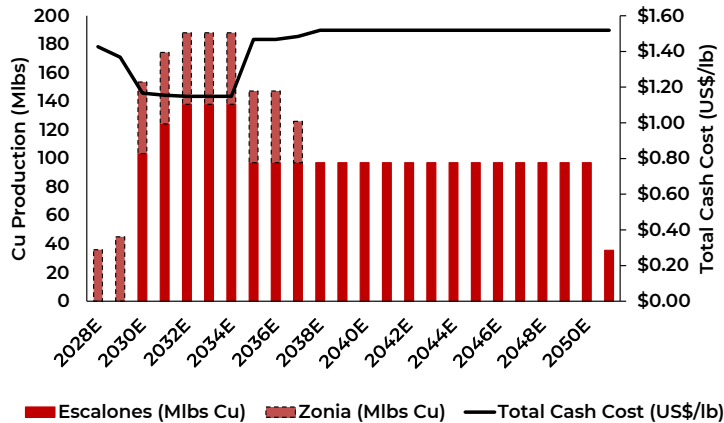
Ownership	Shares O/S (M)	% O/S
Management & Insiders	19.2	20.4%
Wealth Minerals Ltd.	16.4	17.4%
Other Shareholders	58.4	62.1%

TECHNICAL ASSUMPTIONS

	2030E	2031E	2032E	2033E	2034E	2035E
Copper Price (US\$/lb)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Gold Price (US\$/oz)	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900
Molybdenum Price (US\$/lb)	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
FX Rate (CAD:USD)	0.75	0.75	0.75	0.75	0.75	0.75

GLOBAL RESOURCE

Escalones						
Category	Tonnes (M)	Cu (%)	Au (g/t)	Mo (%)	Rh (g/t)	CuEq (%)
Inferred	426.2	0.37%	0.00	0.000%	0.00	0.37%
Total	426.2	0.37%	0.00	0.000%	0.00	0.37%
RCS Mine Model	383.6	0.37%	0.00	0.000%	0.00	0.37%
Zonia						
Category	Tonnes (M)	Cu (%)	Au (g/t)	Mo (%)	Rh (g/t)	CuEq (%)
Measured	14.0	0.42%	0.00	0.000%	0.00	0.42%
Indicated	55.7	0.31%	0.00	0.000%	0.00	0.31%
Inferred	24.7	0.28%	0.00	0.000%	0.00	0.28%
Total	94.3	0.32%	0.00	0.000%	0.00	0.32%
RCS Mine Model	91.7	0.32%	0.00	0.000%	0.00	0.32%

PRODUCTION PROFILE

NET ASSET VALUE

		Discount Rate	Net Asset Value	
			C\$M	C\$/sh
Escalones (100%), Chile	10%	\$998.1	\$2.62	
Zonia (100%), United States	10%	\$287.2	\$0.75	
Other assets/liabilities	10%	\$0.2	\$0.00	
Corporate Adjustments	10%	\$66.0	\$0.17	
Post-Financing Net Asset Value	10%	\$1,351.5	\$3.54	

COMPARABLES

Company	Ticker	Price C\$/sh	Mkt Cap C\$M	EV/lb CuEq US\$	Consensus P/NAV
Marimaca Copper Corp.	TSX:MARI	\$4.20	\$376	\$0.186	0.64x
Filo Mining Corp.	TSX:FIL	\$21.11	\$2,671	\$0.238	0.86x
Surge Copper Corp.	TSXV:SURG	\$0.29	\$54	\$0.006	0.50x
Josemaria Resources Inc.	TSX:JOSE	\$1.78	\$682	\$0.034	0.53x
SolGold Plc	LSE:SOLG	\$0.61	\$1,396	\$0.030	0.35x
NorthIsle Copper and Gold Inc.	TSXV:NCX	\$0.39	\$74	\$0.010	0.21x
Adventus Mining Corporation	TSXV:ADZN	\$0.78	\$130	\$0.079	0.34x
Cordoba Minerals Corp.	TSXV:CDB	\$0.54	\$48	\$0.019	0.26x
Los Andes Copper Ltd.	TSXV:LA	\$15.40	\$434	\$0.018	0.64x
Kutcho Copper Corp.	TSXV:KC	\$0.59	\$73	\$0.040	0.25x
Average				\$0.066	0.46x
World Copper Ltd.	TSXV:WCU	\$0.67	\$63	\$0.011	0.19x

NAVPS SENSITIVITY

		Copper Price (US\$/lb)										
		\$2.75	\$3.00	\$3.25	\$3.50	\$3.75	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00	\$5.25
CAD:USD FX Rate	0.50	\$1.81	\$2.33	\$2.71	\$3.23	\$3.70	\$4.21	\$4.72	\$5.23	\$5.67	\$6.18	\$6.68
	0.55	\$1.73	\$2.24	\$2.61	\$3.11	\$3.56	\$4.06	\$4.56	\$5.05	\$5.47	\$5.96	\$6.45
	0.60	\$1.66	\$2.15	\$2.51	\$3.00	\$3.44	\$3.92	\$4.40	\$4.88	\$5.29	\$5.77	\$6.24
	0.65	\$1.60	\$2.07	\$2.42	\$2.89	\$3.32	\$3.79	\$4.25	\$4.72	\$5.12	\$5.58	\$6.04
	0.70	\$1.53	\$1.99	\$2.33	\$2.79	\$3.21	\$3.66	\$4.11	\$4.57	\$4.95	\$5.40	\$5.85
	0.75	\$1.47	\$1.92	\$2.25	\$2.70	\$3.10	\$3.54	\$3.98	\$4.42	\$4.80	\$5.24	\$5.67
	0.80	\$1.42	\$1.85	\$2.17	\$2.61	\$3.00	\$3.43	\$3.86	\$4.29	\$4.65	\$5.08	\$5.50
	0.85	\$1.36	\$1.79	\$2.10	\$2.52	\$2.91	\$3.32	\$3.74	\$4.16	\$4.52	\$4.93	\$5.34
	0.90	\$1.31	\$1.72	\$2.03	\$2.44	\$2.82	\$3.22	\$3.63	\$4.04	\$4.38	\$4.79	\$5.19
	0.95	\$1.26	\$1.67	\$1.97	\$2.37	\$2.73	\$3.13	\$3.53	\$3.92	\$4.26	\$4.65	\$5.04
1.00	\$1.22	\$1.61	\$1.90	\$2.30	\$2.65	\$3.04	\$3.42	\$3.81	\$4.14	\$4.52	\$4.91	

Priced as of market close on April 1, 2022

Source: RCS Estimates, Company Reports, Capital IQ, S&P Global Market Intelligence

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Executive Summary

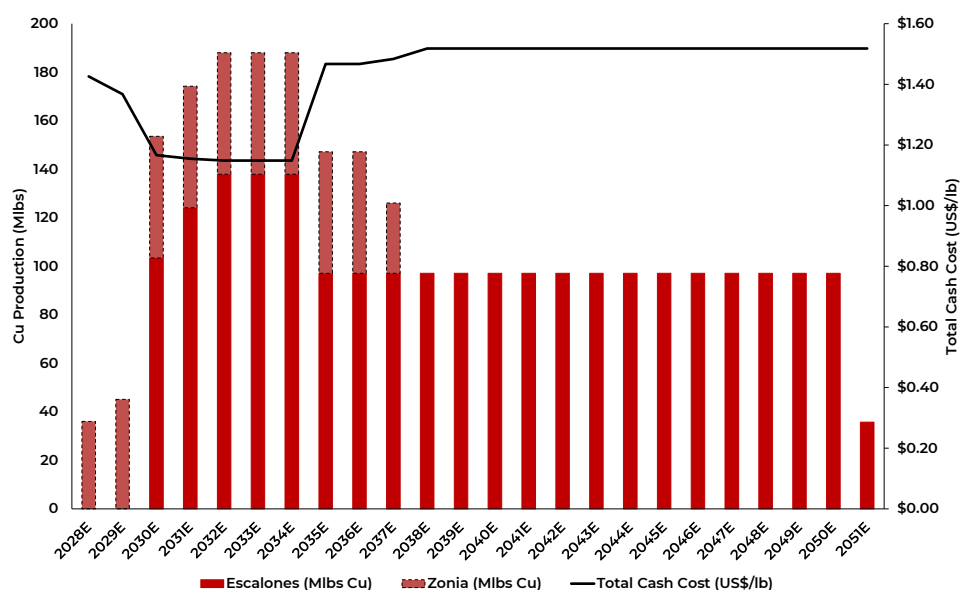
World Copper is a copper development and exploration company that is focused on advancing its Escalones Cu-oxide project in Chile and its Zonia Cu-oxide project in Arizona. The flagship Escalones project features a recent PEA that outlines a conventional open pit operation with recovery via heap leaching and SX/EW methods leading to an after-tax NPV_{8%} of US\$1.5B and 46.2% IRR using a copper price of US\$3.60/lb. Given the exploration potential at the project, with several areas providing opportunities for new discovery or resource expansion, a 5,000m diamond drill program is underway. In addition to its flagship project, World Copper also holds the PEA-stage Zonia copper oxide project that features an after-tax NPV_{6%} of US\$225M and IRR of 29%, at a copper price of US\$3.00/lb. A Cu-Mo anomaly to the NE of the resource area also provides upside for resource expansion. The company also holds the Cristal project in northern Chile that we believe offers blue sky discovery potential in a premiere copper mining jurisdiction. **In our view, World Copper is poised to advance two high-quality copper development projects in two tier-one copper mining jurisdictions.**

We are initiating coverage on World Copper with a BUY rating and C\$2.15/sh target price. Our target is based on DCF models for Escalones and Zonia. Our DCF for Escalones uses a 10% discount rate with average annual Cu production of 105.1M lb at an average C1 cash cost of US\$1.05/lb Cu. We model a mine life of 22 years (from 2030E) with initial capex of ~US\$438.4M (see page 9 for details). Our DCF for Zonia uses a 10% discount rate with average annual Cu production of 47.8M lb at an average C1 cash cost of US\$1.37/lb Cu. We model a mine life of 10 years (from 2028E) with initial capex of ~US\$221.8M (see page 10 for details).

Upcoming Catalysts for World Copper include:

1. Drill results (5,000m) from the Escalones project (H1/22)
2. Updated PEA for the Zonia project (2022E)

Figure 1: World Copper production profile



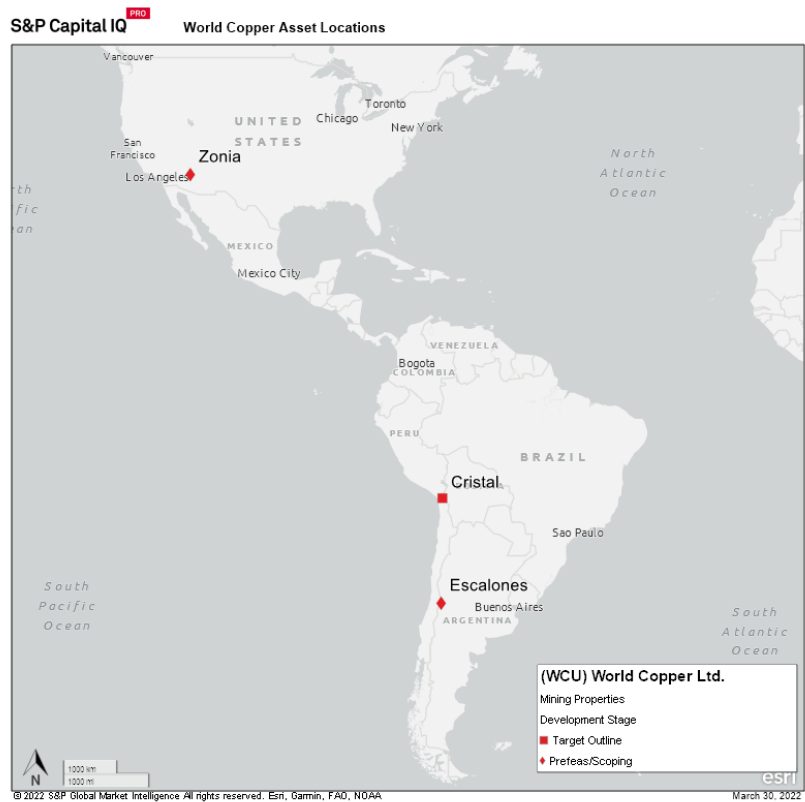
Source: RCS Estimates

Investment Thesis

A copper developer advancing the Escalones Cu project in Chile and the Zonia Cu project in Arizona. Since going public at the beginning of 2021, World Copper has evolved from being a Cu explorer focused on Chile to an Americas-focused Cu developer. The company's flagship Escalones project in Chile has been redefined as a heap leach project via a new mineral resource estimate. A compelling PEA delivered in Q1/22 outlined an NPV8% of US\$1.5B and an IRR of 46.2%. We note that substantial exploration upside also exists at the project that could potentially result in the expansion of mineralization and is the focus of a 5,000m diamond drill campaign currently underway. The company also holds the near-surface Zonia copper oxide project in Arizona, which it acquired through its all-share deal with Cardero Resources, that could potentially be a source of nearer-term cash flow or be expanded through additional drilling. Rounding out World Copper's portfolio is the Cristal project in northern Chile that we believe offers blue sky discovery potential in a premiere copper mining jurisdiction.

High-quality copper projects located in tier 1 jurisdictions

Figure 2: Map showing World Copper's assets



Source: S&P Capital IQ Pro

Escalones features inferred resources of ~426Mt at 0.367% Cu for ~3.45B lb of contained Cu

New oxide-only resource redefined Escalones. World Copper released an updated resource for Escalones in Q3/21 that redefined it as an oxide project and set the stage for the PEA that was released in Q1/22 (see next paragraph). The company delineated **~426Mt at 0.367% Cu in the oxidized zone for ~3.45B lb of contained copper** at Escalones, using a 0.13% Cu cut-off grade. We note that the resource grade of 0.367% surpasses resource grades at other large-scale, low-grade, heap leach Cu mines in production in Chile, including: Gabriela Mistal (0.35% Cu), Lomas Bayas (0.21-0.27% Cu), and Los Bronces Oxide (0.28% Cu).

The 2022 PEA outlined a US\$1.5B NPV_{8%} for Escalones at US\$3.60/lb Cu

Robust PEA for Escalones. The 2022 PEA contemplates mining and processing ~365.8Mt of ore from Escalones at an average grade of 0.38% over a 20-year mine life. The ore would be processed using conventional heap-leach, SX/EW facilities with an estimated average recovery rate of 72.5%. Production would average ~56.5kt (~124.7Mlb) of copper cathode over the first five years, and ~52.1kt (~114.9Mlb) over the LOM. We note that the low strip ratio of 1.12 : 1.0 allows for low-cost mining over the LOM, with C1 cash costs of US\$1.19/lb Cu and AISC of US\$1.42/lb Cu. Using a base case metal price of US\$3.60/lb Cu, the project can generate an average annual EBITDA of US\$290.8M over the first five years, averaging US\$265.1M over the LOM. **The project features a base case post-tax NPV_{8%} of ~US\$1.5B, IRR of 46.2%, and payback of 2.18 years. We note that at US\$4.00/lb Cu the post-tax NPV_{8%} increases to ~US\$1.8B and the IRR is 53.6% with a payback of 1.95 years.**

Low initial capex for Escalones makes it a compelling project. The low initial capital costs of US\$438.4M, which we consider very modest for a 20-year LOM, result in a Profitability Index (NPV/CAPEX) of 3.44X and a Capital Intensity Index (Initial CAPEX/Cu Production) of ~US\$8,416. We note that both metrics compare very favorably to peers (Figure 3) and that along with low cash costs should make the project economically viable at low Cu prices – the NPV is +US\$1B at US\$3.00/lb Cu. **We are impressed with the reasonable initial capital costs, which results in a capital intensity index of ~US\$8,416/t Cu versus peers with an average of ~US\$15,000/t Cu. We believe World Copper remains undervalued and the positive economics outlined in the Escalones PEA could potentially help re-rate the stock.**

Figure 3: Capital Intensity of the Escalones project compared to peers

		Escalones	Marimaca	Antilla	Filo del Sol	North Island	Kutcho	Jose Maria	QB2	Santo Domingo	Average
Initial Capex	(US\$M)	\$438.4	\$285.0	\$250.4	\$1,270.0	\$1,081.5	\$388.1	\$2,749.0	\$5,164.0	\$2,178.0	\$1,533.8
Opex (per tonne processed)	(US\$/t)	\$8.08	\$8.79	\$8.38	\$14.19	\$8.34	\$50.08	\$6.83	\$13.73	\$14.20	\$14.74
Avg Cu Production	(kt)	52.0	35.6	21.0	67.0	95.9	22.7	131.0	247.0	119.3	87.9
NPV	(US\$M)	\$1,009.0	\$466.0	\$305.4	\$1,280.0	\$559.0	\$320.8	\$1,528.0	\$2,426.0	\$1,652.0	\$1,060.7
<i>Capital Intensity Metrics</i>											
Profitability Index (NPV/CAPEX)	(x)	2.30	1.64	1.22	1.01	0.52	0.83	0.56	0.47	0.76	1.03
Capital Intensity Index (Initial CAPEX/Cu production)	(US\$/t Cu)	\$8,416	\$8,006	\$11,925	\$18,955	\$11,277	\$17,112	\$20,985	\$20,907	\$18,257	\$15,093.3
<i>Commodity Prices</i>											
Cu	(US\$/lb)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00

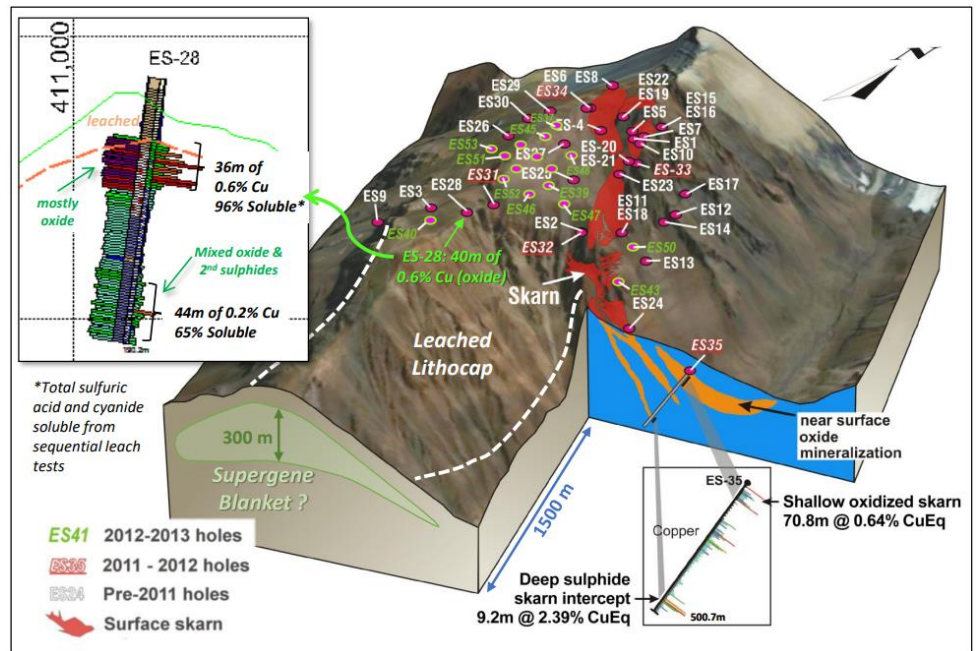
Source: Company Reports, RCS

We like the potential upside resource expansion potential at Escalones with the Mancha Amarilla and East Skarn areas

Blue sky potential at Escalones. Exploration results from surface sampling and prospecting programs conducted by World Copper at the Mancha Amarilla lithocap target, immediately adjacent to and extending 1 km south of the resource zone, and the overlying East Skarn target, indicates potential for additional oxide mineralization at Escalones. At Mancha Amarilla, sampling successfully defined the southern extent of the lithocap with elevated levels of Au, Ag, Mo and depressed Zn. Cu values at surface were in line with expectations and are consistent with Cu that has been remobilized and concentrated at depth, supporting the concept of supergene Cu mineralization extending ~1km south from the main Escalones deposit and resource area. At East Skarn, several rock sampling lines were completed which consisted of 15m continuous to semi-continuous chip samples, with a best result of 1.6% Cu over 167m including one 15m sample that returned 17.35% Cu (contained native Cu). **After having received environmental approval to conduct 5,000m of drilling**

(11 holes), the company is currently drilling at Mancha Amarilla and is expected to then drill the East Skarn area. We believe positive drilling results from these target areas could potentially help push World Copper's share price higher.

Figure 4: Expansion targets at Escalones: South Supergene and Skarns

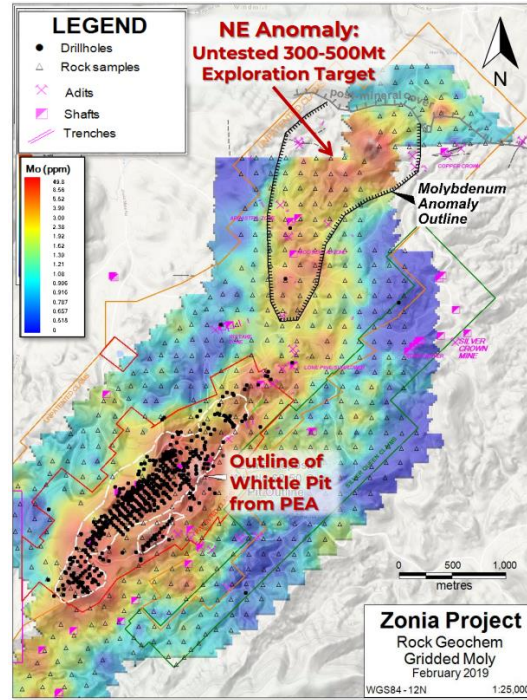


Source: Company Reports

Zonia offers the potential for a streamlined permitting process as the current pit shell is located on patented land

Lots of value to unlock at Zonia. Through its all-share deal to acquire Cardero Resources the company acquired the Zonia copper oxide project located in Arizona. It is a near-surface, late-stage development project and a brownfields site that saw historical mining in the late 1960s and 70s. A 2018 PEA outlined a low-cost open pit mine and heap leach operation with SX/EW processing to produce pure copper cathode. With a 30,000 tpd throughput, the operation is capable of recovering 421M lb Cu over an 8.6-year mine life. Project economics are attractive, with an after-tax NPV_{6%} of US\$225M and IRR of 29%, at a copper price of US\$3.00/lb – which we note is ~30% lower than today's prices. Considerable exploration potential also exists at the project, with a Cu-Mo geochemical anomaly identified 2km NE of the resource (Figure 5). We believe this anomaly represents a very compelling drill target. The company plans to further explore this Cu-Mo potential at the NE area with drilling and advance the project with infill drilling towards a PFS. **We believe Zonia could potentially offer World Copper an opportunity to generate cash flow sooner as it is a relatively advanced stage project and permitting would likely be straight forward given the resource is on patented land. Alternatively, we believe Zonia has excellent upside expansion potential given the significant Cu-Mo anomaly present at the NE portion of the property and could potentially transform into a larger project than currently contemplated by the existing PEA.**

Figure 5: Map showing rock geochemistry (Mo) and NE anomaly at Zonia



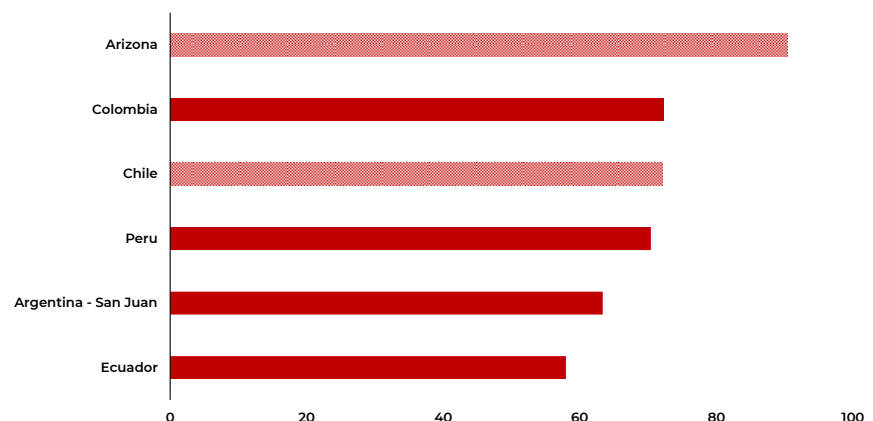
Source: Company Reports

The Northeast Cu-Mo anomaly at Zonia offers the potential resource expansion

Assets in top copper mining jurisdictions. World Copper’s flagship Escalones project is located in Chile, a top mining jurisdiction according to the Investment Attractiveness Index in the 2020 Annual Mining Survey published by the Fraser Institute (Figure 6). When looking at the jurisdictions of other comparable copper projects and ranking them according to the same index, Arizona and Chile come out at or near the top. We note that World Copper’s second project, Zonia, is located in Arizona. While Chile and Peru continue to rank well, mining tax reforms currently being proposed in both countries could significantly dampen investor sentiment in the near-term. However, we would point out that they are major copper mining nations and we believe that status would be unlikely to change even if some watered-down version of the proposals currently under consideration come to pass.

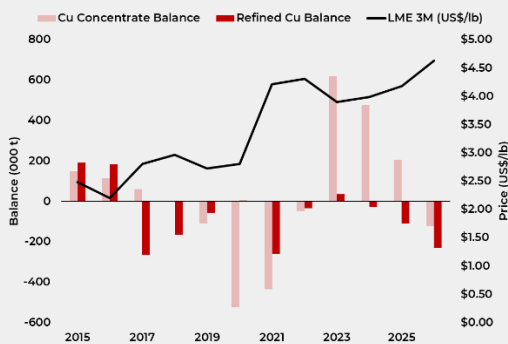
Arizona and Chile are top jurisdictions for Cu development projects

Figure 6: Investment Attractiveness Index – Comparable Cu Companies



Source: Fraser Institute (2020)

We believe electrification and a shift to a green economy will drive an increase in demand for copper

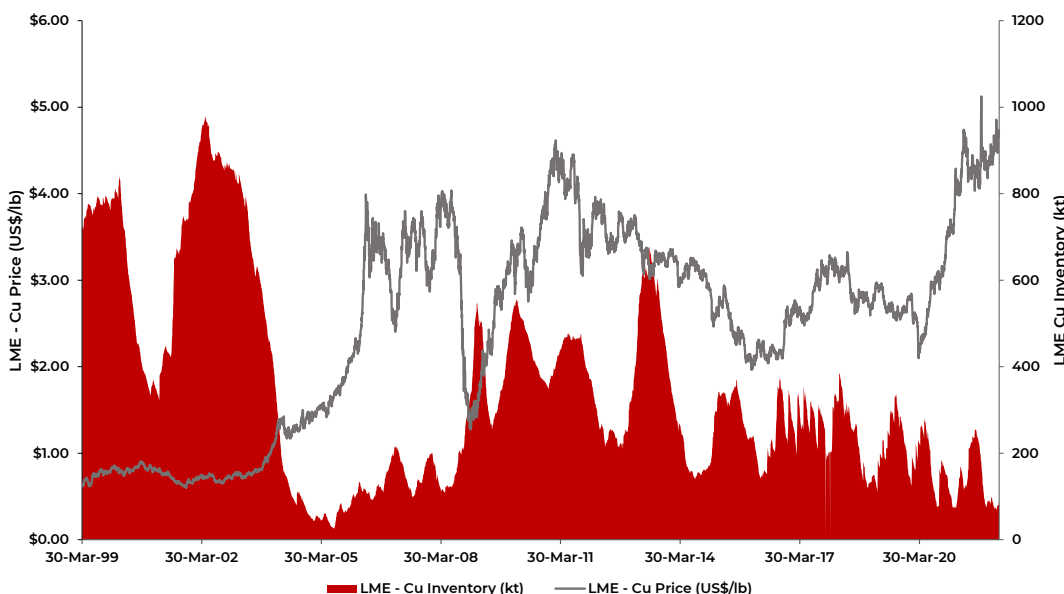


Source: S&P Market Intelligence

Positive long-term copper market outlook. Since the start of 2022 we have seen the copper price continue to march upward as low visible stocks and political and regulatory headwinds from major copper producing countries Chile and Peru have added to supply concerns. Despite only ~5% of global copper supply being sourced from Russia, that country’s invasion of Ukraine has added to the strain on the copper market, albeit not to the same extent as other key commodities such as PGEs, nickel, and potash. Concurrently, a resurgence of Covid-19 in China and that country’s attempt to clamp down on the virus through widescale lockdowns has temporarily impacted demand, partially offsetting supply constraints in the short term. Although there has been marked short-term volatility in the copper market, we continue to have a positive longer-term outlook for the metal. We believe there will be support for higher copper prices in the coming decades as supply lags demand, particularly as there has been underinvestment in new copper capacity and the global trend toward electrification requires ever more amounts of the red metal. We are increasingly seeing emphasis being placed on greening the economy, which, at the current time, is anticipated to be achieved through electrification. This is evidenced by the US\$1.2T infrastructure bill that was signed into law by the Biden Administration which is partly focused on clean energy – including EVs. We also note that numerous jurisdictions around the world are declaring targets for when all new vehicles sold will be zero-emission vehicles (Canada recently accelerated its target to 2035). We would expect these targets to be met in large part by the adoption of EVs, which require approximately three times more copper than ICE vehicles.

We also note that LME copper inventories now stand at ~87,925 tonnes, a slight decrease of approximately 1% YTD and significantly below historical levels (Figure 7). Importantly, S&P Market Intelligence forecasts a refined copper deficit of 33,000 tonnes for 2022 along with a forecasted price of US\$4.31/lb. Several factors could result in the deficit including further disruptions in supply from key producing regions amid already low copper stocks. The refined copper market is expected to remain in deficit until at least 2026, thereby putting upward pressure on prices.

Figure 7: LME Copper Price and Warehouse Stocks

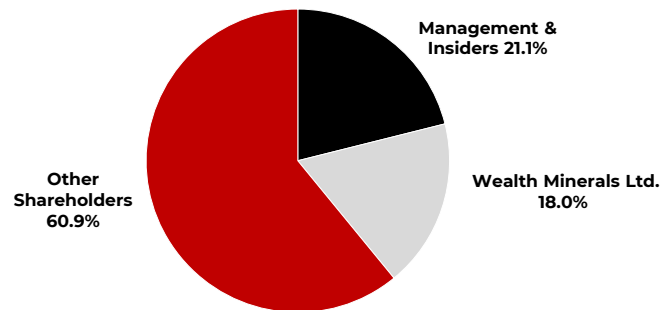


Source: S&P Global Market Intelligence

A management team and Board of Directors with extensive experience in Chile

A seasoned management team with an extensive track record. World Copper is led by Nolan Peterson, President & CEO, who has a strong technical and financial background as well as comprehensive experience in project development in the mining industry. World Copper's management team also includes Marcelo Awad, Executive Director, Chile, who has over 18 years of experience with Codelco and was most recently CEO of Antofagasta Minerals S.A. for eight years as part of a 16 year tenure with the company. The company's Board of Directors includes Henk van Alphen, Chairman, who is founder of Wealth Minerals (TSXV:WML, Not Rated) and a key player in numerous mining companies including Corriente Resources, Carder Resources, Trevali Mining (TSX:TV, Not Rated) and Balmoral Resources. The board also includes Roberto Fréaut, Director, who is a mining geologist with over 30 years of experience in the Chilean mining industry and who had previously served as the Exploration Manager for Codelco. Additionally, Patrick Burns, Director, has over 40 years of experience as a geologist and was directly involved in the discovery of the Escondida porphyry Cu deposit in Chile, as well as the Escondida Norte and Zaldivar deposits. With a seasoned leadership team, we believe World Copper should continue creating value for its shareholders by advancing the Escalones and Zonia projects towards production. We are also encouraged to see that management and insiders own ~21% of the company, which suggests to us an alignment with shareholders (Figure 8).

Figure 8: World Copper ownership structure



Source: S&P Capital IQ

Key catalysts include drilling results from Escalones and an updated PEA for Zonia

Catalysts

Drill results and project development updates to provide momentum for the stock. World Copper is focused on conducting a drill program at its Escalones project to target the Mancha Amarilla target, which could potentially grow the existing resource. The company also plans to start definition drilling at the main resource area of Zonia in preparation for more detailed engineering studies and a program to target the NE anomaly.

Upcoming Catalysts for World Copper include:

1. Drilling at Escalones (H1/22)
2. Updated PEA at Zonia (2022E)

Mine Models

Our estimates for the Escalones mine model are largely based on the reported results for the 2022 PEA, whereas our estimates for the Zonia mine model are largely based on the 2018 PEA.

Escalones

Escalones would be mined using an open pit mining method with the ore being processed through a conventional heap leach, SX/EW method. We currently model Escalones with a total mineable resource of 383.6M tonnes, which we obtain by assuming a conversion rate of 80% for indicated resources and 60% for inferred. We have included 50% resource growth at Escalones considering the potential at the Mancha Amarilla, East Skarn and northern targets. With a steady state mining rate (heap leach tonnes placed per day) of 50,000 tpd we model Escalones with a mine life of 22 years commencing in 2030. This should provide ample time for the company to generate a FS, complete environmental and permitting work and secure project financing. We model an average Cu grade of 0.38%, along with average Cu recoveries of ~72.5%. Any improvement in recoveries would positively influence our NPV for the Escalones project and our NAV estimate for World Copper (refer to our sensitivity analysis on page 15). This results in average annual Cu production of ~105M lb at an average C1 cash cost of US\$1.05/lb Cu. We model an initial capex of US\$438.4M and LOM sustaining capex of US\$192.5M, in line with the PEA. We assume a corporate tax rate of 27% for Chile. We also assume the 2% NSR royalty on Escalones is repurchased for US\$3M. **Overall, our DCF results in a post-tax NPV8% of ~US\$1.0B for Escalones, a 33% difference compared to the 2022 PEA post-tax NPV8% of ~US\$1.5B.** We note that the difference is largely due to the start date for mining being 2030 in our model.

We model a post-tax NPV_{8%} of US\$1.0B for Escalones

Our Escalones model assumptions are largely based on the 2022 PEA

Figure 9: Escalones Project Parameters

Escalones Project Parameters	Units	RCS		
		Estimates	2022 PEA	Delta
Copper Price	(US\$/lb)	\$4.00	\$3.60	11%
CAD:USD Exchange Rate		0.75	-	-
Mineable Resource	(Mt)	383.6	365.8	5%
Copper Grade	(%)	0.38%	0.37%	2%
Copper Recovery	(%)	72.5%	72.5%	0%
Start Year	(Year)	2030E	-	-
Mine Life	(Years)	22	20	10%
Mill Capacity	(tpd)	50,000	50,000	0%
Ore Mined	(Mt)	383.6	368.8	4%
Average Annual Cu Production	(Mlbs)	105.1	114.9	-9%
Operating Costs	(US\$/t ore)	\$10.77	\$10.77	0%
C1 Cash Costs	(US\$/lb Cu)	\$1.05	\$1.19	-12%
AISC	(US\$/lb Cu)	\$1.50	1.42	6%
Initial Capital Cost	(US\$M)	\$438.4	\$438.4	0%
LOM Sustaining Cost	(US\$M)	\$192.5	\$192.5	0%
Corporate Tax Rate	(%)	27.0%	27.0%	0%
Post-Tax NPV @ 8%	(US\$M)	\$1,005.5	\$1,499.6	-33%
Post-Tax NPV @ 10%	(US\$M)	\$748.5	-	-

Source: RCS Estimates, Company Reports

Zonia

We model a post-tax NPV_{8%} of US\$271.8M for Zonia.

Zonia would be mined using an open pit mining method and the ore would be processed through a conventional copper acid heap leach system. We currently model Zonia with a total mineable resource of 94.3M tonnes, which we obtain by assuming a conversion rate of 100% for measured resources, 80% for indicated and 60% for inferred. We have included 25% resource growth at Zonia considering the potential for expansion towards the northern end of the property. With a steady state mining rate of ~27,000 tpd we model Zonia with a mine life of 10 years commencing in 2028E. This should provide ample time for the company to generate a FS, complete environmental and permitting work and secure project financing. We model an average Cu grade of 0.32%, along with average Cu recoveries of ~73%. This results in average annual Cu production of 47.8M lb at an average C1 cash cost of US\$1.37/lb Cu. We have assumed initial capex of US\$221.8M, with US\$45.7M for sustaining capex. We have inflated our capex estimates by 12% to account for inflation since the 2018 PEA was generated. We assume a corporate tax rate of 21% and an Arizona corporate and severance tax rate of 7%. We also assume the 1% NSR royalty option on Zonia is exercised and is then bought out by World Copper prior to production. **Overall, our DCF results in a post-tax NPV_{8%} of ~US\$271.8M for Zonia, a 42% difference compared to the 2018 PEA post-tax NPV_{8%} of ~US\$192M.** We note that the difference is largely due to our higher Cu price assumption (US\$4.00/lb vs. US\$3.00/lb) and resource growth assumption, which leads to a longer LOM.

Figure 10: Zonia Project Parameters

Zonia Project Parameters	Units	RCS		
		Estimates	2018 PEA	Delta
Copper Price	(US\$/lb)	\$4.00	\$3.00	33%
CAD:USD Exchange Rate		0.75	-	-
Mineable Resource	(Mt)	94.3	84.0	12%
Copper Grade	(%)	0.32%	0.30%	8%
Copper Recovery	(%)	72.9%	72.9%	0%
Start Year	(Year)	2028E	-	-
Mine Life	(Years)	10	8.6	16%
Mill Capacity	(tpd)	27,216	27,216	0%
Ore Mined	(Mt)	91.7	84.0	9%
Strip Ratio		1.1:1	1.0:1	7%
Average Annual Cu Production	(Mlbs)	47.8	49.1	-3%
Operating Costs	(US\$/t ore)	\$9.20	\$9.20	0%
C1 Cash Costs	(US\$/lb Cu)	\$1.37	\$1.46	-6%
Initial Capital Cost	(US\$M)	\$221.8	\$198.0	12%
LOM Sustaining Cost	(US\$M)	\$45.7	\$40.8	12%
Corporate Tax Rate	(%)	21.0%	21.0%	0%
Arizona Corporate and Severance Tax Rate	(%)	7.0%	7.0%	0%
Post-Tax NPV @ 8%	(US\$M)	\$271.8	\$192.0	42%
Post-Tax NPV @ 10%	(US\$M)	\$215.4	\$163.0	32%

Source: RCS Estimates, Company Reports

Our Zonia model assumptions are largely based on the 2018 PEA

Valuation and Financial Analysis

We have assigned a target price of C\$2.15/sh for World Copper, based on a 0.6x multiple, which is typically what we use for companies at the PEA-stage. Our valuation for World Copper is based primarily on the value for the Escalones and Zonia projects after accounting for a few corporate adjustments.

Our C\$2.15/sh target is based on a 0.60x multiple applied to our post-financing \$3.54 NAVPS_{10%} estimate

For both Escalones and Zonia we use a discounted cash flow model and assume a slightly higher discount rate of 10%, compared to the 8% used in the PEAs. We also use higher long term commodity prices, assuming Cu at US\$4.00/lb, yielding a value of \$748.6M for Escalones and US\$215.4M for Zonia. We also value Cristal at its book value of ~\$0.2M.

Figure 11: NAV Summary and Valuation

Development Properties	0%	5%	8%	10%	12%	15%	20%
Escalones (100%), Chile	\$5,060.8	\$2,140.0	\$1,340.7	\$998.1	\$751.5	\$499.8	\$262.4
Zonia (100%), United States	\$933.2	\$514.5	\$362.4	\$287.2	\$227.6	\$160.1	\$87.4
Total Mine Site After-Tax NPV	\$5,994.1	\$2,654.5	\$1,703.1	\$1,285.3	\$979.1	\$659.9	\$349.8
Other Assets and/or Liabilities							
Cristal (100%), Chile	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Equity investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other assets/liabilities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Asset NAV							
Total Pre-Financing NAV (C\$M)	\$5,994.3	\$2,654.7	\$1,703.3	\$1,285.5	\$979.3	\$660.1	\$350.0
Total Pre-Financing NAVPS (C\$/sh)	\$44.04	\$19.51	\$12.51	\$9.45	\$7.20	\$4.85	\$2.57
Corporate Adjustments							
Hedge value (mark-to-market)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate G&A	(\$513.0)	(\$243.6)	(\$169.1)	(\$136.6)	(\$112.7)	(\$87.6)	(\$62.2)
Working capital (less equity investments)	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6
Interest income net of financing expense	(\$277.0)	(\$184.5)	(\$146.4)	(\$126.1)	(\$109.0)	(\$88.1)	(\$62.8)
Cash Flow from Financing	\$302.5	\$337.4	\$333.8	\$326.0	\$315.5	\$297.0	\$263.3
Total net debt	\$28.1	\$155.6	\$190.0	\$202.6	\$209.2	\$211.5	\$203.1
Total Corporate Adjustments	(\$484.9)	(\$88.1)	\$20.9	\$66.0	\$96.5	\$123.9	\$140.9
Corporate NAV							
Total Post-Financing NAV (C\$M)	\$5,509.3	\$2,566.6	\$1,724.2	\$1,351.5	\$1,075.8	\$784.0	\$491.0
Total Post-Financing NAVPS (C\$/sh)	\$14.44	\$6.73	\$4.52	\$3.54	\$2.82	\$2.06	\$1.29
Target Derivation							
Total Post-Financing NAVPS _{10%} (C\$/sh)				\$3.54			
Multiple				0.60x			
				\$2.13			
Target Price							
				C\$2.15			
Return to Target				221%			

Source: RCS Estimates

We make assumptions for corporate G&A, assuming the company holds its current level of G&A costs at US\$1.5M/year until the pre-production stage, at which point G&A increases to US\$3.75M/year and then increases to US\$7.9M once Escalones comes online in 2030. After accounting for working capital, interest income net of financing expense and cash flow from financing (see below for our financing assumptions) our Net Asset Value for the company is \$1,351.5M (\$3.54/sh) on a post-financing basis. Using a multiple of 0.60x, which we ascribe based on the development stage (PEA) and to account for financial and execution risk to develop the Escalones and Zonia projects,

our NAVPS for the company is \$2.13, leading to our target price for World Copper of \$2.15 (Figure 11). This generates a 221% return to target and supports our BUY rating.

Financing Assumptions

Our fully financed 10% NAVPS of \$3.54 is based on the following financing assumptions:

To fund project development work, G&A and exploration prior to construction, we model two equity raises as follows:

- **2022:** Issuance of ~25M shares at \$0.70/sh less a 4% issuance cost for net proceeds of \$16.8M.
- **2024:** Issuance of ~25M shares at \$0.90/sh less a 4% issuance cost for net proceeds of \$21.6M.

To fund the estimated ~US\$222M (~\$296M) in initial capex for the construction and development of the Zonia project we model 70% coming from project financing (~\$207M) and 30% from equity (~\$89M) as follows:

- **2026:** Project debt facility of ~\$207M at 10%, which would be repaid over five years beginning in the second year of production (2029). Interest would also start accruing during the first year of production (2028). Issuance of ~46.1M shares at \$1.00/sh less a 4% issuance cost for net proceeds of \$44.4M.
- **2027:** Issuance of ~41.9M shares at \$1.10/sh less a 4% issuance cost for net proceeds of \$44.4M.

To fund the estimated ~US\$438M (~\$585M) in initial capex for the construction and development of the Escalones project we model 70% coming from project financing (~\$409M) and 30% from equity (~\$175M) as follows:

- **2028:** Project debt facility of ~\$409M at 10%, which would be repaid over five years beginning in the second year of production (2031). Interest would also start accruing during the first year of production (2030). Issuance of ~70.1M shares at \$1.30/sh less a 4% issuance cost for net proceeds of \$87.7M.
- **2029:** Issuance of ~65.1M shares at \$1.40/sh less a 4% issuance cost for net proceeds of \$87.7M.

World Copper has ~\$6.1M cash on the balance sheet. We estimate that the company has ~9.0M options and ~30.0M warrants outstanding (Figure 12). ITM options and warrants could bring in ~\$18.5M. Out of the money options (~4.6M) could bring in an additional ~\$4.1M. Additionally, should the Zonia royalty option be exercised it could also bring in ~\$1.4M. We also estimate World Copper has a cash balance of \$6.1M. The company completed a \$6.5M financing in Q4/21.

Figure 12: World Copper capital structure

Capital Structure	# of Shares (M)
Common Shares	94.0
Options	9.0
Warrants	30.0
Fully Diluted Shares	133.0

Source: Company Reports, RCS Estimates

World Copper is undervalued compared to peers on an EV/lb CuEq and P/NAV basis

Relative Valuation

We do not believe that the company's current pricing reflects its ~4.1B lb Cu resource or the upside that we see at the Escalones and Zonia projects. While World Copper currently trades at a large EV/lb CuEq discount to its peers at US\$0.011 vs. US\$0.066 (Figures 13 & 15), we believe that positive results from the current Escalones drill program and future drill programs, along with development milestones may help to move the stock higher and close the company's valuation gap to its peers. We also note that on a NAV basis the company is trading at 0.19x – a discount to peers at 0.46x NAV (Figure 14).

Figure 13: Comparable Companies

Company	Ticker	Price (C\$/sh)	YTD Perf.	Shares (M)	Mkt. Cap C\$M	Cash C\$M	Debt C\$M	EV C\$M	P/NAV	EV/CuEq US\$/lb
World Copper Ltd.	TSXV:WCU	\$0.67	-6%	94.0	\$63.0	\$6.1	\$0.0	\$56.8	0.19x	\$0.011
Filo Mining Corp.	TSX:FIL	\$21.11	65%	126.5	\$2,671.2	\$19.4	\$0.0	\$2,651.8	0.86x	\$0.238
Marimaca Copper Corp.	TSX:MARI	\$4.20	11%	89.6	\$376.4	\$33.9	\$3.8	\$346.3	0.64x	\$0.186
Adventus Mining Corporation	TSXV:ADZN	\$0.78	-18%	166.4	\$129.8	\$11.4	\$0.0	\$118.3	0.34x	\$0.079
Kutcho Copper Corp.	TSXV:KC	\$0.59	-33%	123.5	\$72.9	\$1.4	\$29.9	\$101.3	0.25x	\$0.040
Josemaria Resources Inc.	TSX:JOSE	\$1.78	19%	383.1	\$681.9	\$2.8	\$39.3	\$718.5	0.53x	\$0.034
SolGold Plc	LSE:SOLG	\$0.61	110%	2295.8	\$1,396.2	\$73.9	\$144.3	\$1,466.5	0.35x	\$0.030
Cordoba Minerals Corp.	TSXV:CDB	\$0.54	13%	89.1	\$48.1	\$5.7	\$0.2	\$42.7	0.26x	\$0.019
Los Andes Copper Ltd.	TSXV:LA	\$15.40	34%	28.2	\$434.2	\$6.4	\$4.3	\$432.2	0.64x	\$0.018
NorthIsle Copper and Gold Inc.	TSXV:NCX	\$0.39	-7%	189.0	\$73.7	\$6.3	\$0.0	\$67.4	0.21x	\$0.010
Surge Copper Corp.	TSXV:SURG	\$0.29	-21%	186.7	\$54.1	\$8.6	\$0.2	\$45.7	0.50x	\$0.006
Median								\$232.3	0.35x	\$0.032
Average								\$599.1	0.46x	\$0.066

Notes:

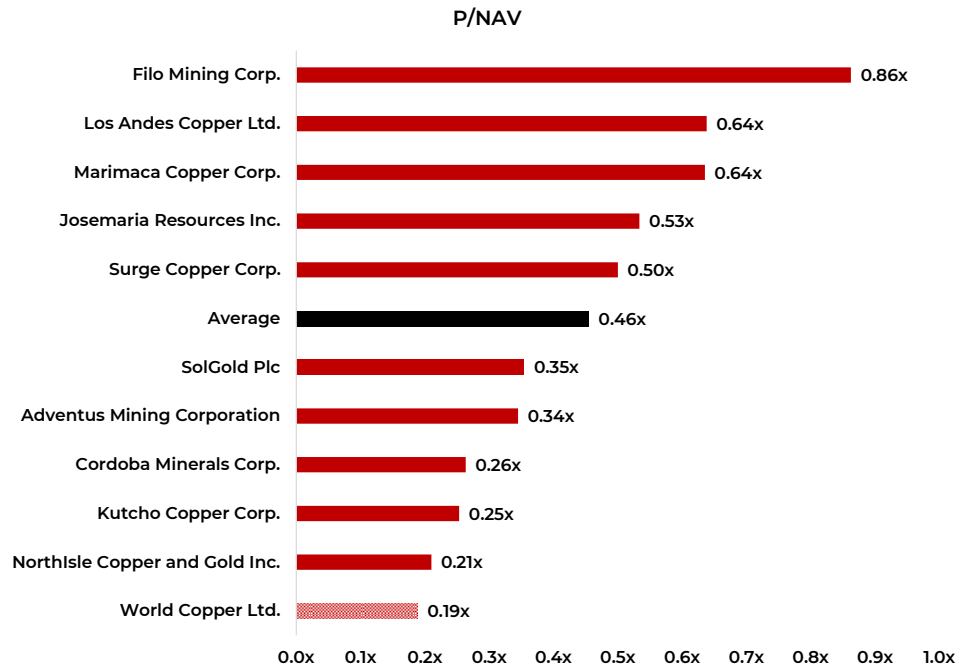
Financial and share metrics as of last financial statements

CuEq calculated using metal prices of: \$1900/oz Au, \$28/oz Ag, \$4/lb Cu, \$1.2/lb Zn, \$1/lb Pb, \$24/lb Co, \$8/lb Ni, and \$12/lb Mo

Source: RCS Estimates, S&P Capital IQ

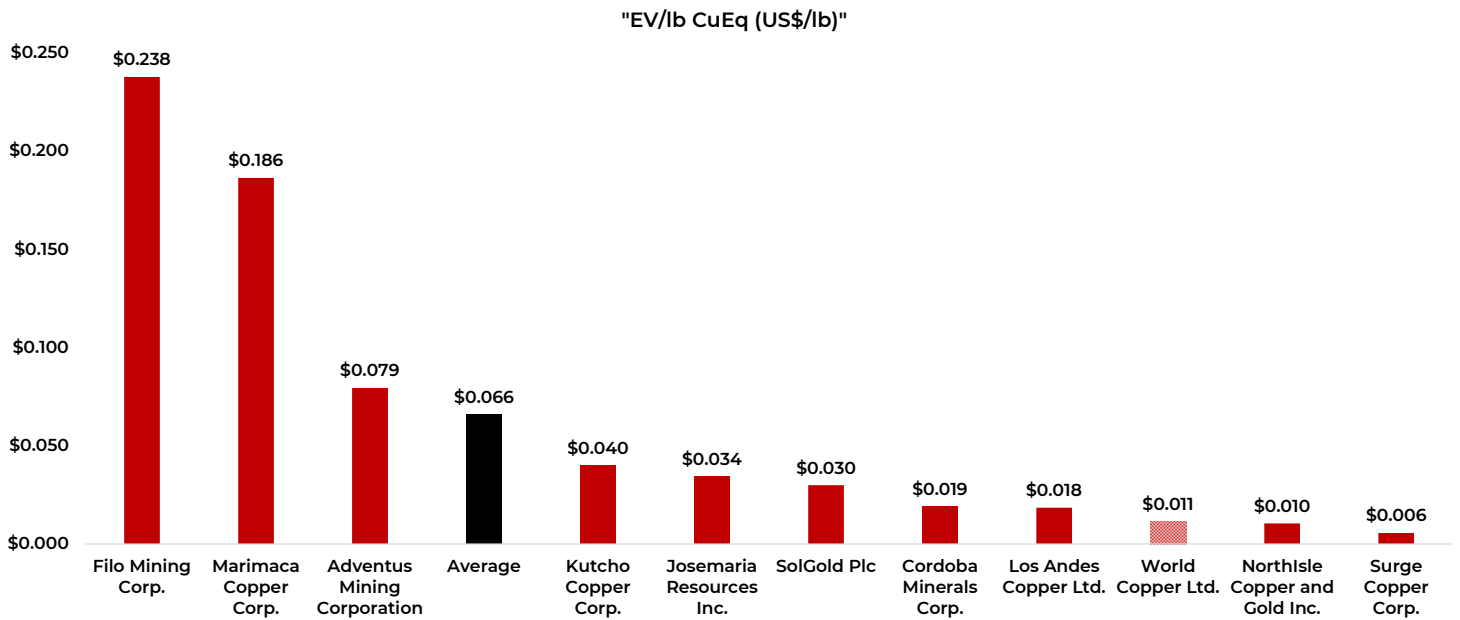
World Copper trades at a discount to peers on a P/NAV and EV/lb CuEq basis

Figure 14: Comparable Companies – P/NAV



Source: RCS Estimates, S&P Capital IQ

Figure 15: Comparable Companies – EV/lb CuEq (US\$)



Source: RCS Estimates, S&P Capital IQ

At current copper prices (~US\$4.50/lb) our NAVPS for World Copper increases by 25%

Sensitivity

World Copper's NAV is sensitive to factors impacting revenue i.e commodity prices and the exchange rate. Given that Cu is the only metal that the company would produce, the NAV is most sensitive to Cu prices. At current prices of ~US\$4.50/lb, World Copper's NAVPS would increase by 25% to C\$4.42. The sensitivity of our NAV estimate to copper prices along with the CAD:USD exchange rate is shown in Figure 16.

Figure 16: NAVPS (C\$) sensitivity to Cu prices and FX rate

		Copper Price (US\$/lb)										
		\$2.75	\$3.00	\$3.25	\$3.50	\$3.75	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00	\$5.25
CAD:USD FX Rate	0.50	\$1.81	\$2.33	\$2.71	\$3.23	\$3.70	\$4.21	\$4.72	\$5.23	\$5.67	\$6.18	\$6.68
	0.55	\$1.73	\$2.24	\$2.61	\$3.11	\$3.56	\$4.06	\$4.56	\$5.05	\$5.47	\$5.96	\$6.45
	0.60	\$1.66	\$2.15	\$2.51	\$3.00	\$3.44	\$3.92	\$4.40	\$4.88	\$5.29	\$5.77	\$6.24
	0.65	\$1.60	\$2.07	\$2.42	\$2.89	\$3.32	\$3.79	\$4.25	\$4.72	\$5.12	\$5.58	\$6.04
	0.70	\$1.53	\$1.99	\$2.33	\$2.79	\$3.21	\$3.66	\$4.11	\$4.57	\$4.95	\$5.40	\$5.85
	0.75	\$1.47	\$1.92	\$2.25	\$2.70	\$3.10	\$3.54	\$3.98	\$4.42	\$4.80	\$5.24	\$5.67
	0.80	\$1.42	\$1.85	\$2.17	\$2.61	\$3.00	\$3.43	\$3.86	\$4.29	\$4.65	\$5.08	\$5.50
	0.85	\$1.36	\$1.79	\$2.10	\$2.52	\$2.91	\$3.32	\$3.74	\$4.16	\$4.52	\$4.93	\$5.34
	0.90	\$1.31	\$1.72	\$2.03	\$2.44	\$2.82	\$3.22	\$3.63	\$4.04	\$4.38	\$4.79	\$5.19
	0.95	\$1.26	\$1.67	\$1.97	\$2.37	\$2.73	\$3.13	\$3.53	\$3.92	\$4.26	\$4.65	\$5.04
	1.00	\$1.22	\$1.61	\$1.90	\$2.30	\$2.65	\$3.04	\$3.42	\$3.81	\$4.14	\$4.52	\$4.91

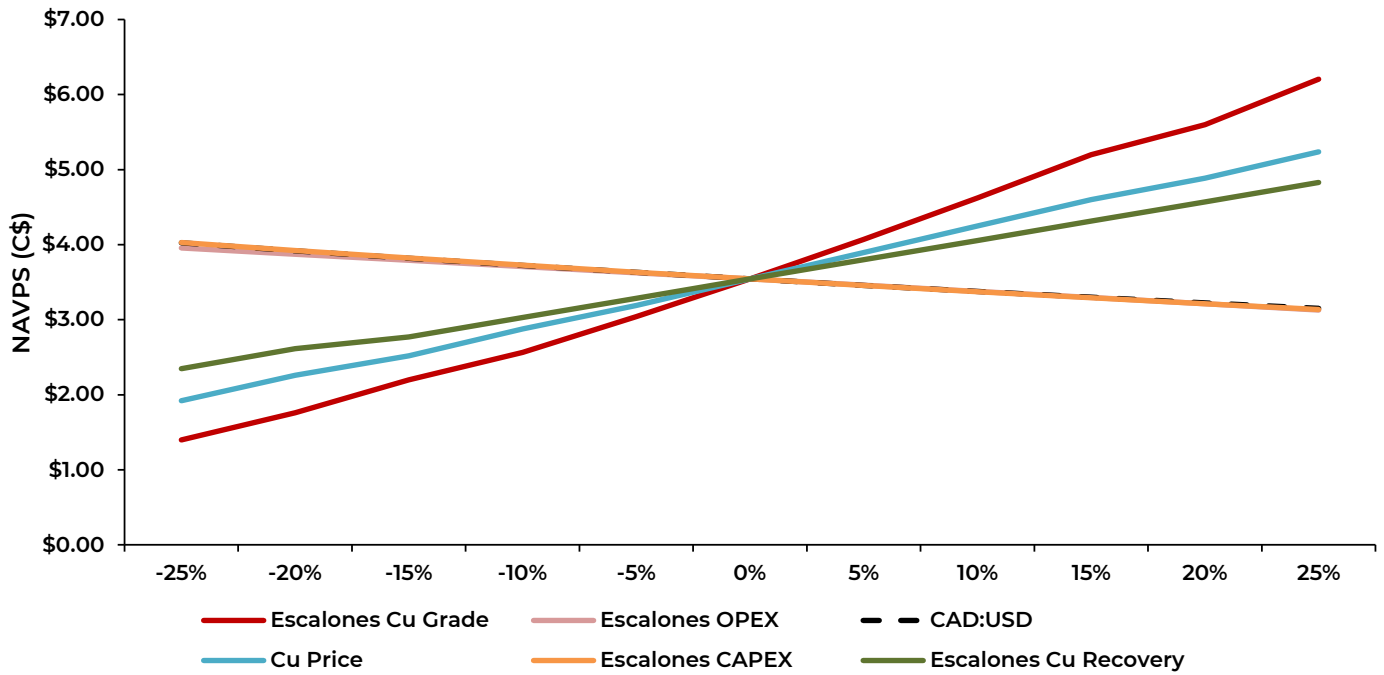
Source: Company Reports

Improved commodity prices, grades or recoveries could improve our NAVPS estimate

Our estimates for Escalones are most sensitive to Cu grade. Our mine model currently considers an average Cu grade of 0.37%, which is consistent with the existing inferred mineral resource estimate. **However, a 5% increase in grade would increase our NAVPS estimate by 15%.** We would highlight that World Copper plans to drill 5,000m at the Mancha Amarilla target in 2022, where there is potential to identify supergene Cu mineralization that could possibly enhance the existing resource grade. While we do not model any improvements in recoveries at Escalones, we see an improvement in Cu recoveries leading to an improvement in our NAVPS estimate. **A 5% increase in Cu recoveries at Escalones results in a 7% increase in our NAVPS.** We would also note that any reductions in OPEX would also increase our NAVPS estimate. A 5% decrease in OPEX would increase our NAVPS by 2%. The sensitivity of our NAVPS estimate to commodity prices, the exchange rate, along with Escalones' grade, recovery, OPEX and CAPEX is shown in Figure 17.

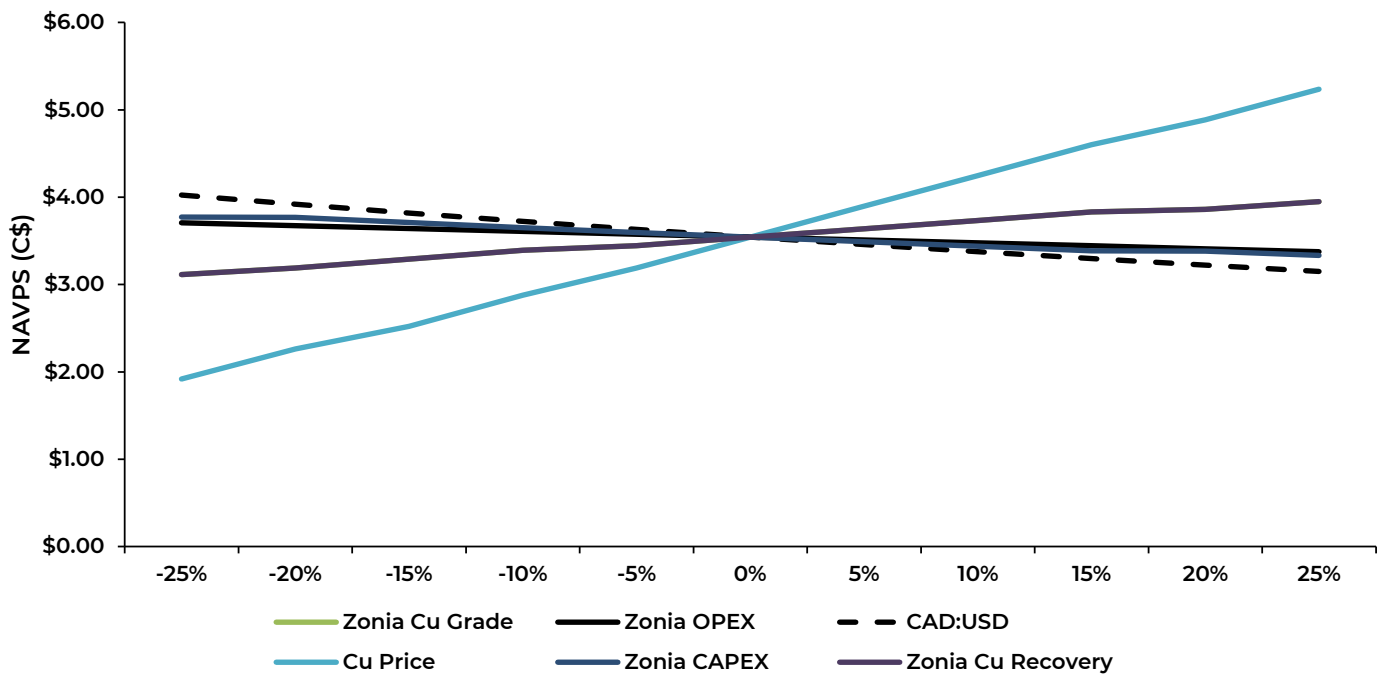
Our estimates for Zonia are most sensitive to Cu grade and recovery after the Cu price. Our mine model currently considers an average Cu grade of 0.32%, which is consistent with the existing M&I mineral resource estimate. **However, a 5% increase in grade would increase our NAVPS estimate by 3%.** The sensitivity of our estimates to recovery mimics that of Cu grade. **A 5% increase in Cu recoveries at Zonia results in a 3% increase in our NAVPS.** We would also note that any reductions in OPEX would also increase our NAVPS estimate. A 5% decrease in OPEX would increase our NAVPS by 1%. The sensitivity of our NAVPS estimate to commodity prices, the exchange rate, along with Zonia's grade, recovery, OPEX and CAPEX is shown in Figure 18.

Figure 17: NAVPS (C\$) sensitivity to Cu price, FX, and Escalones' Cu grade, Recovery, OPEX, and CAPEX



Source: RCS Estimates

Figure 18: NAVPS (C\$) sensitivity to Cu price, FX, and Zonia's Cu grade, Recovery, OPEX, and CAPEX



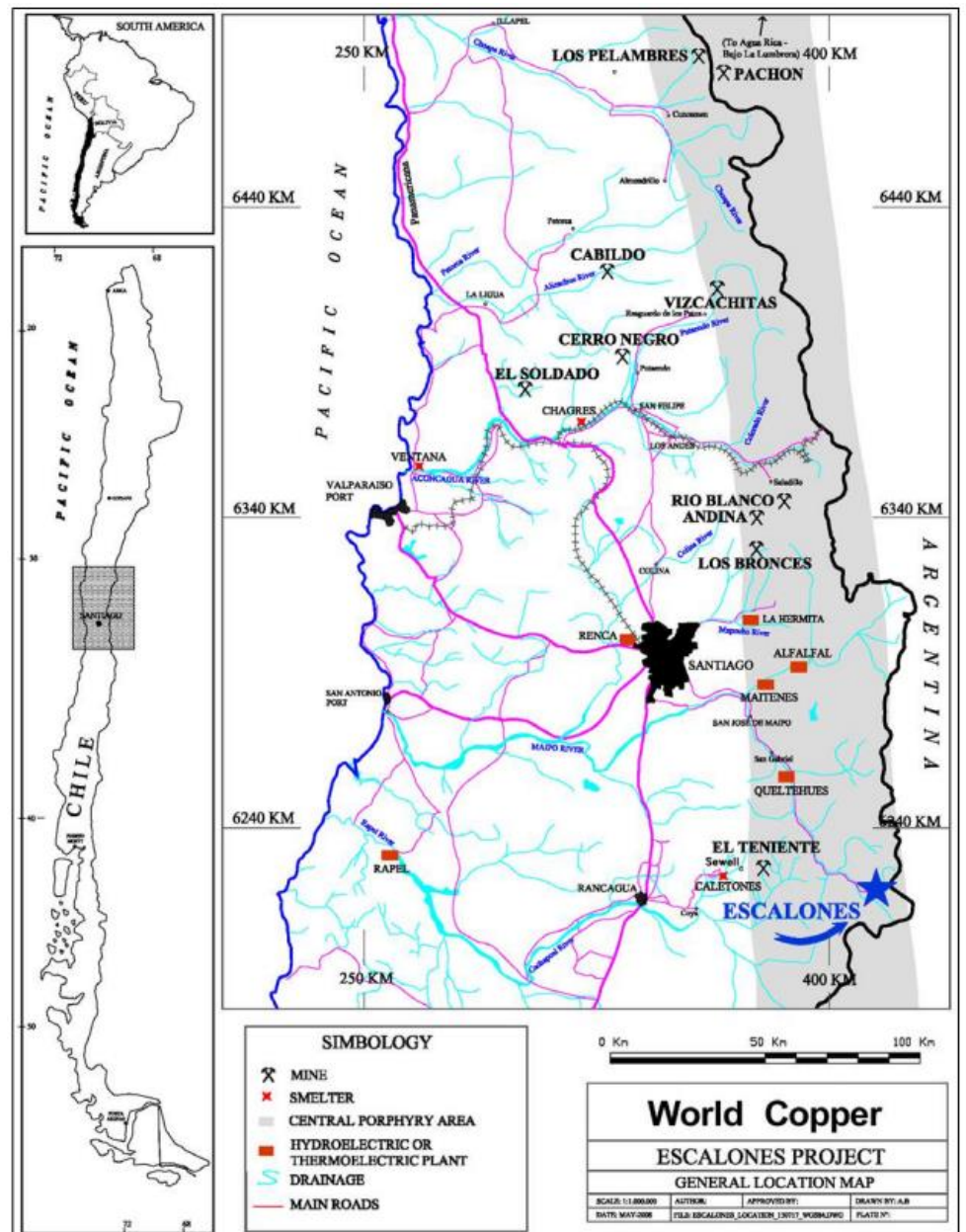
Source: RCS Estimates

The PEA-stage Escalones project is located in Chile

The Escalones Cu Project

The 100%-owned Escalones project is a PEA-stage copper-oxide project located southeast of Santiago, Chile (Figure 19). The project lies in the prolific Chilean porphyry copper belt that runs north-south in the central Andes mountains and is 35km east of El Teniente, the world's largest underground copper mine. The PEA outlined a conventional open pit mining method followed by conventional heap leach and SX/EW methods. Escalones covers an area of 161km², out of which 49km² consists of 19 exploitation concessions subject to an option agreement between World Copper's subsidiary TMI Chile and a third party. The remaining 115km² covers 40 exploration concessions that are owned by TMI Chile.

Figure 19: Location of the Escalones project in Chile



Source: Company Reports

The Escalones project is close to all necessary infrastructure

Location & Infrastructure

The project is accessible via a paved road from the town of San José de Maipó to San Gabriel and Romeral, and then by a dirt road which traverses along the ECOGAS pipeline up to the confluence of Quebrada Escalones and the Maipo River. The project consists of 46kms of exploration drill roads connecting the Escalones Bajo fault zone and the Meseta and Escalones Alto portions of the project (Figure 20). Additional drill roads extend from the Arguelles River along the eastern side of Escalones Alto. Three drill access roads from the camp have been re-opened, leading to the mineralized area. Notably, the project is located adjacent to the ECOGAS pipeline right-of-way, which provides access to populated areas of Santiago, and could also be developed as a utility corridor from the Queltehues hydroelectric plant located 53km downstream. Currently, the project consists of a seasonal base camp with accommodation capacity for 50 people. The project's altitude varies from 2,400m at base camp to 4,077m at the ridge at Escalones Alto, because of which the climate typically remains cool to moderate with freezing temperatures from May to August. Exploration is usually carried out in the summer from October to April - though is dependent on snowfall, which can lead to a longer drill season.

History & Ownership

The earliest mining at Escalones was reported in 1925-26, producing 15.4 tonnes of copper grading 12%. In 1996, General Minerals SCM (GM), a wholly owned subsidiary of South American Silver Corp. (SASC Chile) optioned the project. SASC terminated its interest in 2001 due to an unfavourable economic environment and low copper prices, but re-acquired it in 2004. In 2005, Minera Aurex (Chile) Limitada bought an option to earn up to 72% JV in the project on incurring certain exploration expenses, however, it terminated the option in 2007. In 2014, SASC changed its name to TriMetals Mining Inc. The project was acquired by Wealth Minerals Ltd. and Wealth Copper Ltd. in May 2019. Wealth Copper changed its name to World Copper Ltd. in July 2020. World Copper can earn a 100%-interest in the project by completing the remaining payments (see below). There is also a 2% NSR that is payable to the underlying Escalones property owner that can be repurchased for US\$3M within the first 5 years of production.

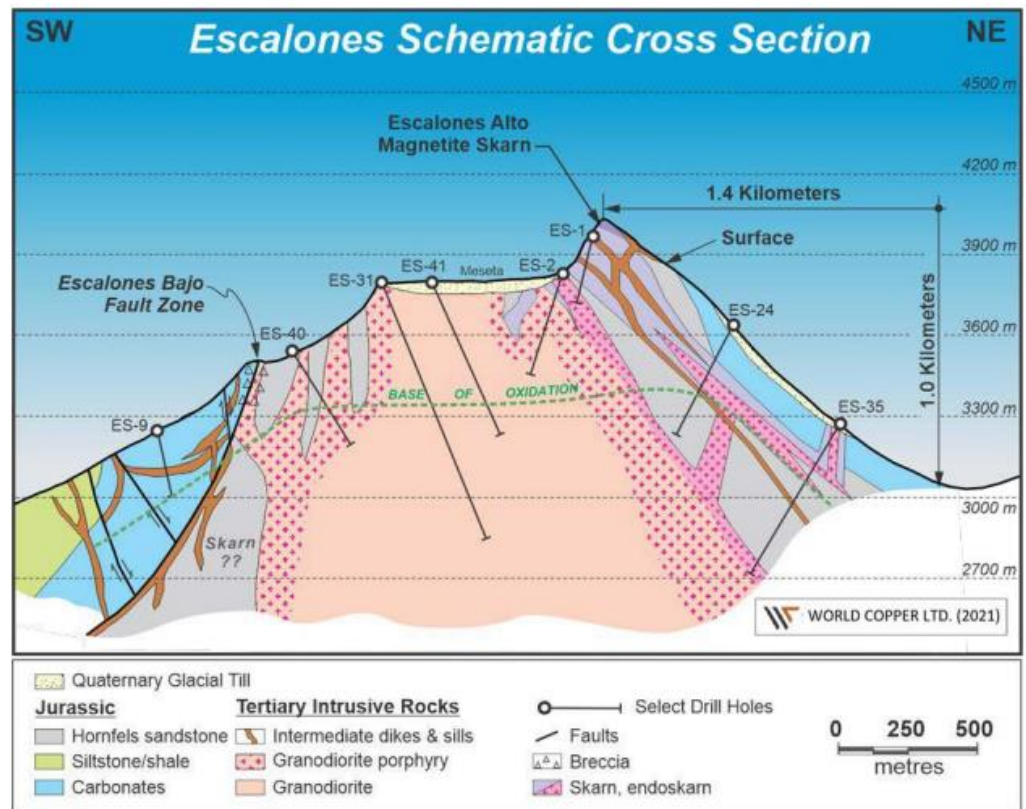
Remaining property payments:

- US\$0.5M due on or before June 30, 2022
- US\$0.5M due on or before June 30, 2023
- US\$3.0M due on or before June 30, 2024

Geology & Mineralization

The copper mineralization at Escalones occurs either as skarns hosted in altered sediments and intrusive dykes and sills, or as porphyry-style disseminated stockwork mineralization hosted by intrusive granodiorite-diorite stock. The sulphides chalcopyrite, bornite, and covellite are partially to completely replaced within about 300m of the surface with secondary copper oxides, sulphates, and carbonates, resulting in higher grades at shallower depths. This makes the deposit ideal for surface mining, because of which World Copper re-defined Escalones as a copper-oxide project in 2021, as opposed to previously contemplated sulphide deposit). Most of the defined mineralization occurs underneath the glacial till covered Meseta plateau (3,800 masl), which lies between the Escalones Bajo Fault zone (3,400 masl) to the west and the Escalones Alto zone (4,077 masl) to the east (Figure 20).

Figure 20: Cross Section of Escalones



Source: Company Reports

Exploration

To date, 53 holes totaling 24,939m have been drilled at Escalones. A mineral resource estimate was released based on this drilling in 2012, that delineated 420Mt of the inferred resource containing 3.8Bib Cu, 56.9M lb Mo, 610koz Au, and 16.8Moz of Ag. A revised resource estimate was prepared in 2014 that outlined 760Mt of I&I resources at 0.33% Cu and 0.045 g/t Au. However, World Copper re-defined the project as a copper-oxide deposit targeting the near-surface oxides which could be processed via heap-leaching at low cost and with a low environmental impact. As such, it released an **updated mineral resource estimate in August, 2021 outlining 426,198 tonnes of inferred oxide resources grading 0.367% with ~3.45B lb of contained Cu (Figure 21), followed by a PEA contemplating a 50,000 tpd day open pit mine producing ~2.3B lb of copper for 20 years (Figures 22 & 23) (read more).**

The project is expected to have a 20-year LOM producing ~2.3 B lb copper

Figure 21: Oxide Mineral Resource Statement

Class	Density Tonne/m ³	Tonnes (x1000)	Grade Total Cu%	Metal Content x1000 lb Cu
Inferred	2.69	426,198	0.367	3,446,982

Source: Company reports

Figure 22: Summary of PEA Economic Results

PEA Economic Model Results and Assumptions	
Copper Price Assumed	\$3.60/lb Cu
Pre-Tax NPV ₈ & IRR	\$2.28 billion / 63.9%
Post-Tax NPV₈ & IRR¹	\$1.50 billion / 46.2%
Undiscounted Post-Tax Cashflow (LOM)	\$3.13 billion
Payback Period (from first production)	2.18 years
Initial Capital	\$438.4 million
LOM Sustaining Capital	\$192.5 million
LOM C1 Cash Costs	\$1.19 / lb Cu
LOM All-In Sustaining Cash Costs (AISC)	\$1.42 / lb Cu
Average Annual Copper Production	52,000 kt
LOM	~20 years
Estimated Process Recovery LOM	72.50%

Source: Company reports

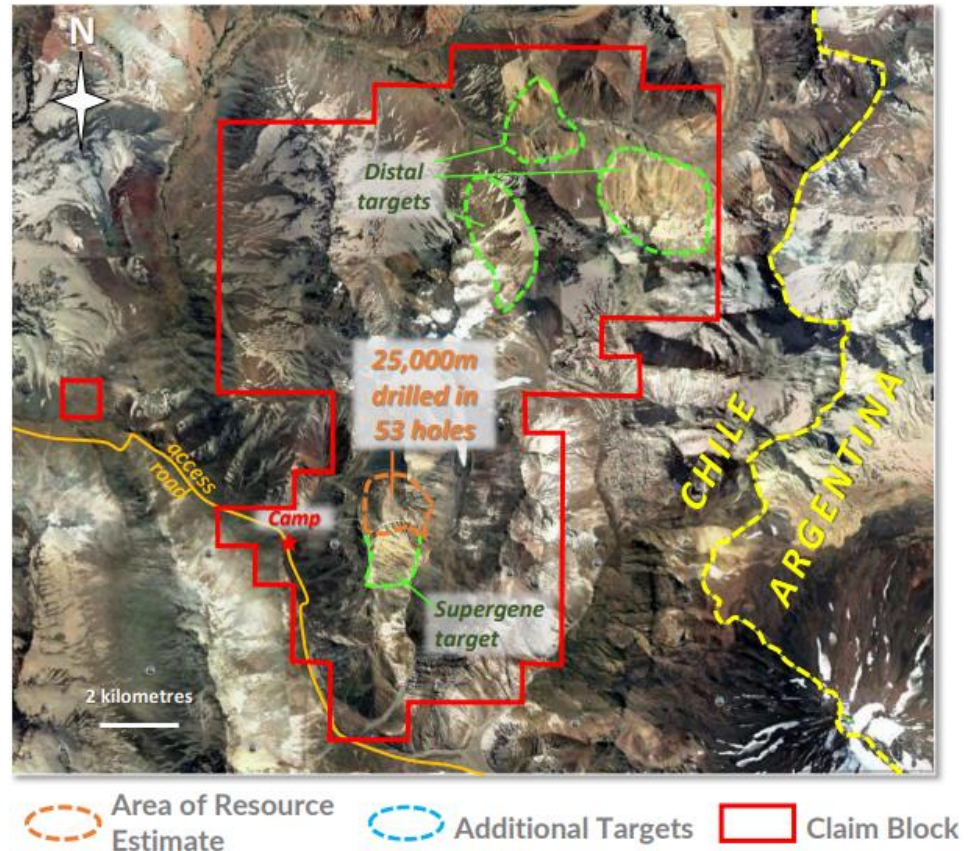
Figure 23: Economic and Sensitivity Analysis

Copper Price \$US/lb	Post-Tax NPV₈ Base Case \$US Millions	Base Case IRR (%)	Post-Tax NPV₈ CAPEX (±10%) \$US Millions	Post-Tax NPV₈ OPEX (±10%) \$US Millions	Post-Tax NPV₈ Grade (±10%) \$US Millions
3.00	1,009	34.70%	971 / 1,046	898 / 1,119	1,252 / 761
3.60	1,500	46.20%	1,463 / 1,535	1,392 / 1,605	1,781 / 1,210
4.00	1,822	53.60%	1,786 / 1,857	1,717 / 1,927	2,130 / 1,507

Source: Company reports

World Copper has just commenced its first drill program (in H1/22) at Escalones since acquiring the project. Previously, it has conducted rock sampling (~776 samples) and mapping, identifying the prospective Mancha Amarilla target ~1km to the south of the current resource, and three northern targets (Figure 24). The current 5,000m drill program is focused on the Mancha Amarilla target. The Mancha Amarilla and northern targets are not included in the current mineral resource, which provides blue-sky upside potential for resource expansion.

Figure 24: The Northern Targets at Escalones



Source: Company Reports

Metallurgy & Processing

A 5,000m drill program planned to focus on targets outside the current resource

Acid bottle roll tests showed copper extractions ranging from 78% to 96% for P80 50 µm ground samples and from 80% to 90% for P80 1.8-mm crushed samples. Sequential copper assays, completed on 75-micron material, indicate that the “oxide” samples had a weighted average copper extraction of 81% (acid and cyanide soluble). The PEA recommended a comprehensive metallurgical test program (including bottle roll leach tests in conjunction with column leach tests) to continue the evaluation of the potential for heap leach treatment.

The ore would be processed using conventional heap-leach, solvent extraction-electrowinning (SX/EW) facilities with an estimated recovery rate of 72.5%. In this process, the crushed ore is accumulated in a heap, and is then subjected to a solution through sprinklers. The solution interacts with ore and leaches through the heap into a pond forming a pregnant leach solution. Copper from this solution can then be extracted through solvent extraction and electrowinning methods, a common and well understood technology.

The Zonia Cu project

The 100%-owned Zonia copper oxide project is located in the Walnut grove mining district, Yavapai county, Arizona. It is a near-surface, copper-oxide deposit and a brownfields site that saw historical mining in the late 1960s and 70s. The 4,279 acre PEA stage project was recently acquired by World Copper in an all-share deal with Cardero Resources Corp. ([read more](#)).

Figure 25: Map of the Zonia project in Arizona

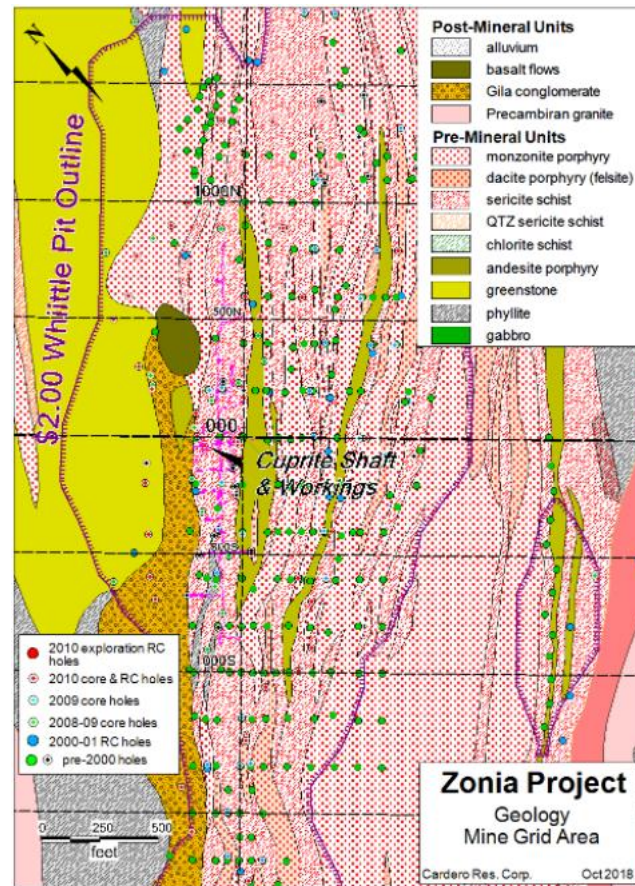


Source: Company Reports

Geology and Mineralization

Zonia lies in the southern part of the basin and range transition province of the North American Cordillera, south of the Colorado Plateau. The deposit is hosted by steeply dipping NE trending pre-Cambrian Yavapai series consisting of schistose subvolcanic intrusions, volcanic flows and tuffs, and fine-grained sedimentary rocks. The deposit is a highly oxidized portion of a previously supergene-enriched metamorphosed porphyry deposit. The main mineralized unit is variably foliated quartz-feldspar porphyry (quartz-monzonite) and related sericite schist, with disseminated sulfides and stockwork quartz-sulfide veins that largely pre-date the metamorphism. Oxidised chalcopyrite and supergene chalcocite extend to the depths of over 250m in the central pit at the historical cuprite shaft. Chrysocolla, malachite, azurite, tenorite, and cuprite are the most common copper minerals.

Figure 26: Geology at the Zonia project



Source: Company Reports

History and Exploration

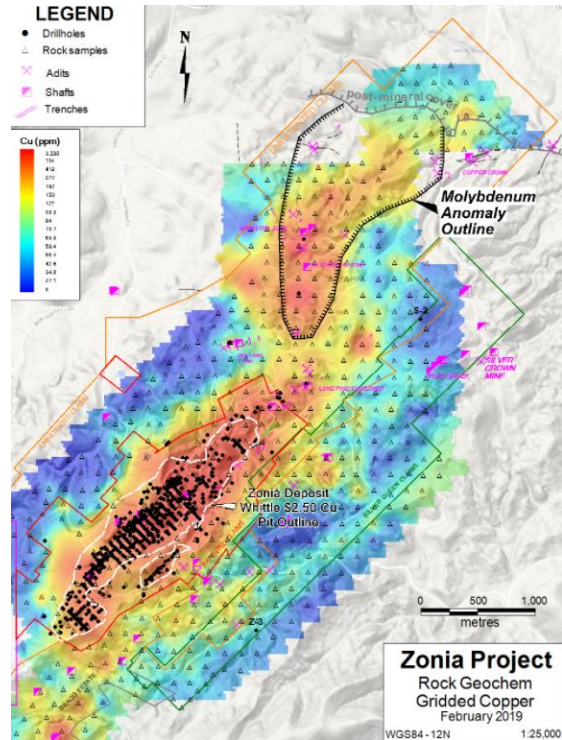
Zonia is a near-surface brownfield site that was originally discovered in the 1880s. The project saw extensive mining activity from 1966 to 1975 producing 17Mt of ore. Exploration at Zonia was resumed in 2008 by Copper Mesa Mining Corporation, and was then continued by Redstone from 2009-15, and most recently by Cardero 2015 onward. To date, 700 holes (60,000m) have been drilled at the project with high-density drilling covering 30% of the area which contains the current resource. **The 2017 mineral resource estimate outlined 76.8Mt of M&I resources grading 0.33% Cu, and 27.2Mt of inferred resources grading 0.28% Cu for a total of ~665M lb of contained Cu (Figure 27).** Recent geochemical sampling at the property has identified a new potential porphyry Cu-Mo target, the Northeast Anomaly (2,500m X 1,000m). The anomaly is associated with coincident elevated copper and molybdenum values with depressed manganese, which is a classic geochemical signature of porphyry copper mineralization (Figure 28).

Figure 27: Zonia 2017 Mineral Resource

Classification (2017 MRE)	Cutoff Grade Cu%	M tonnes	Grade Cu%	Cu lbs M
Measured	0.20%	13.9	0.42%	129.3
Indicated	0.20%	55.3	0.31%	380.6
Measured + Indicated	0.20%	69.1	0.33%	510
Inferred	0.20%	24.5	0.28%	154.6

Source: Company Reports

Figure 28: Northeast Anomaly at the Zonia Project



Source: Company Reports

The 2018 PEA at Zonia contemplates a ~27,000 metric tonnes per day (30,000 short tons per day) open pit copper oxide heap leach operation producing 421.5M lb Cu over a mine life of ~8.6 years. Project economics are attractive, with an after-tax NPV6% of US\$225M and IRR of 29%, at a copper price of US\$3.00/lb – which we note is ~58% lower than current prices.

Figure 29: Zonia 2018 PEA

Zonia Production Profile (2018 PEA)	
Total Tons Leached*	92.6 million
Head Grade	0.30%
Mine Life	8.6 years
Payback Period	2.89 years
Mill throughput*	30,000 tpd
Copper Recovery (oxide)	73%
Copper Recovery (transition)	70%
Total Copper Recovered	421.5 Mlbs
Average Annual Production	49.1 Mlbs
Life of Mine Strip Ratio	0.6
Operating Costs	
Mining Costs	US\$0.64/lb Cu
Processing Costs	US\$0.74/lb Cu
G&A	US\$0.08/lb Cu
Total	US\$1.46/lb Cu
Capital Requirements	
Initial Capital	US\$198M
Sustaining Capital	US\$40.8M
Total	US\$138.8M
* figures in short tons. 1 short ton = 0.9 metric tonne	

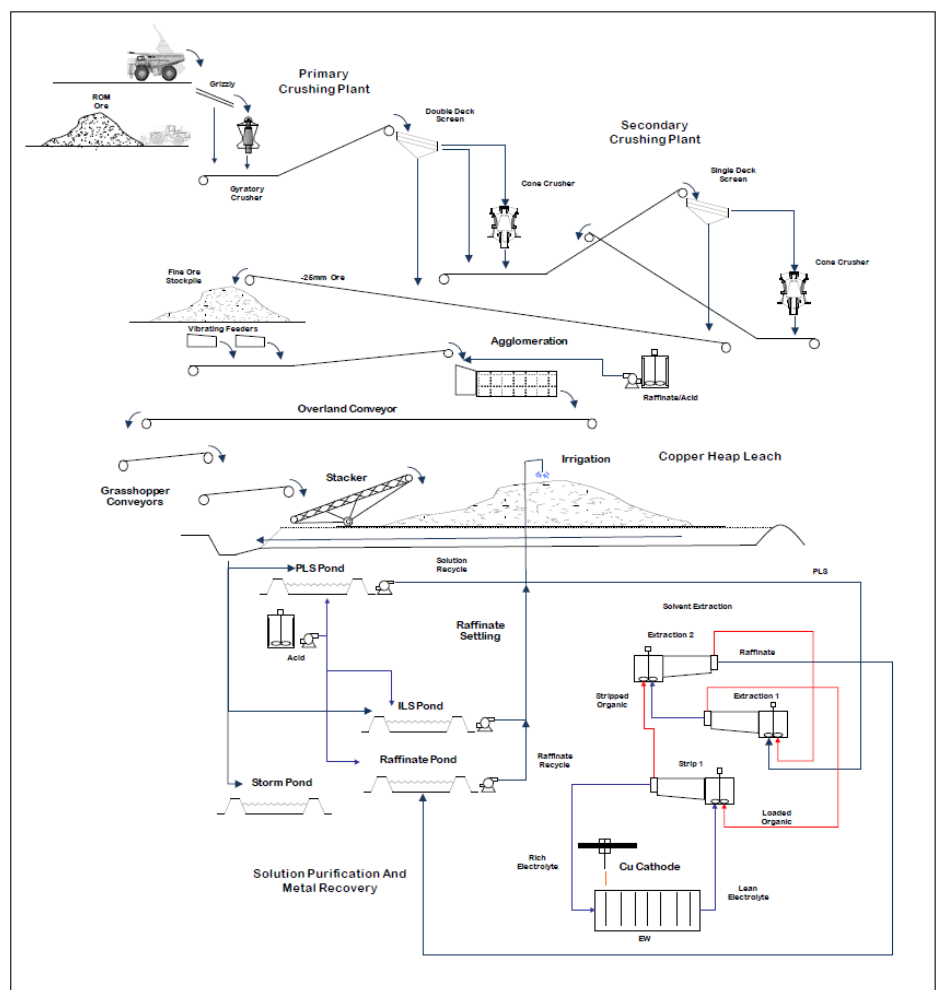
Source: Company Reports

Metallurgy & Processing

Recoveries of 59%-81% were achieved from 91-day locked cycle column leach tests from the majority of the metallurgical samples at Zonia. The copper extraction from the master composite sample, with a nominal P80 size of 25 mm, was 77.8%. The overall copper extraction based on the total copper assay (%TCu) for the deposit is estimated to be 71% to 75%.

The Zonia project would employ open pit mining with a conventional copper acid heap leach system. The mineralized material would be crushed in a three-stage crushing circuit to a nominal P80 size of 25mm. The crushed material would be agglomerated with acid containing solutions using either raffinate or fresh sulphuric acid, and then be delivered to the heap via overland conveyor and grasshopper conveyors and stacked in 10m lifts. Copper from this solution can then be extracted through SX/EW methods to produce copper cathode.

Figure 30: Conceptual flowsheet for Zonia



Source: Company Reports

Next Steps

World copper plans to move Zonia to the PFS or potentially directly to the FS stage through an infill drill program aiming to convert current M&I+I resources to reserves. Additionally, the company plans to drill the Northeast Anomaly in 2022, and simultaneously pursue environmental work and permitting. Some of the baseline work and permit applications have already been completed.

The Cristal Cu project

The 100%-owned Cristal Cu project is a 9km² concession located in Northern Chile, adjacent to the Peruvian border. The project is accessible through the Pan-American highway from the north and south, and Arica to the west. The Pan American highway runs from the Peruvian city of Tacna (~58km north of Arica) all the way south to the Chilean city of Copiapo covering a total distance of ~1,298km. Cristal lies on the prolific West Fissure strike-slip fault or Domeyko fault which hosts some of the largest copper deposits in the world including Chuquicamata, Caollahusi, El Abra, El Salvador, and Escondida. The project is thought to be on the intersection of the Domeyko and Incapuquio fault system, which extends northwards in Peru and is known to host substantial copper deposits.

Figure 31: Cristal location relative to major Cu projects in Chile



Cristal is located in northern Chile on the prolific West Fissure fault that hosts numerous prolific Cu deposits

Source: Company Reports

Prior exploration at Cristal includes wide-spaced drilling, gravity, electromagnetic, and airborne magnetic surveys conducted by BHP Billiton (ASX:BHP, Not Rated) in 2012. Although the geophysical results were prospective for a potential buried porphyry Cu deposit, there was no further exploration work conducted due to the presence of post-mineral cover.

World Copper plans to focus exploration on the previously identified coincident geophysical anomalies. The prospective targets would include regions with aeromagnetic low, gravity high, and extensive EM high anomalies. A several kilometer-long magnetic anomaly at Cristal shows a weak magnetic high within the broad magnetic low, which is suggestive of a buried porphyry Cu deposit. To test these geophysical anomalies, World Copper has planned a four to six-hole drill program with each hole likely to be 500-800m deep.

Risks

Exploration, development, and mining projects are inherently risky investments given the large initial expenses that are required in advance of any potential revenue. Our view is based on publicly available information but note that our estimates and views are not without political, technical, geologic, or financing risk typical for junior exploration companies. For World Copper Ltd., these risks may include:

- 1. Geopolitical/jurisdictional risks** – Some of these risks may be out of the control of the company, including royalty and taxation levels, land agreement liabilities, regulatory, environmental and permit requirements and timing, global trade wars and political instability. We note that World Copper's projects are located in Chile and Arizona, USA and that they are subject to various geopolitical risks.
- 2. Technical risks** – This covers a wide variety of issues that we see associated with the projects including exploration, development and exploitation strategies and methods. It would cover such issues as accuracy of geological interpretation, resource/reserve estimates and economic studies and inputs such as commodity prices, cost and grade fluctuations, assay reconciliation, metallurgical issues and exploration success. Our positive view relies on using existing technical data, recent exploration results and to a limited extent, expected positive results from future drilling. Future results may differ and negatively impact our assumptions.
- 3. Corporate risks** – These may include project execution by management, investor relations effectiveness, or market sentiment. Management pedigree and performance are paramount. Market sentiment is also an issue. While we expect the current robust copper market to continue to improve throughout 2021, our estimates may be negatively impacted by a change in market sentiment.
- 4. Financial risks** – These may occur at the project or corporate level, including variation in valuation parameters/metrics, commodity price or foreign exchange fluctuations, access to credit including debt, equity financing or potential for shareholder dilution.

As new information becomes available, we plan to refine our estimates and forecasts.

Appendix A: Management

Marcelo Awad – Executive Director

Mr. Awad has a long and distinguished career in the mining industry 18 years with Codelco, most recently as Executive Vice President 16 years with Antofagasta Minerals S.A., the Mining Division of Antofagasta Plc, including 8 years as CEO from 2004 to 2012, a period of significant growth for Antofagasta. In the 2011 Harvard Business Review, Mr. Awad was ranked as the number one CEO in Chile, 18th in Latin America and 87th in the world.

Nolan Peterson – President & CEO

An engineer and finance executive with an extensive career in project development, corporate finance, accounting, engineering and project management in the mining industry. He brings a strong technical and financial background as he holds an MBA from UBC's Sauder School of Business, a bachelor's degree in Metallurgical Engineering from UBC, is a CFA® Charterholder, and a Professional Engineer in British Columbia & Ontario.

Krzysztof Napierala – General Manager, Chile

Mr. Napierala is a professional with 12 years of experience in mining and manufacturing industries. He is a driven executive with a strong background in business development, exploration, project management, and the management and restructuring of mining operations. His career is highlighted by over ten years with the KGHM Group, one of the world's largest copper and silver miners, where he started as an associate in the exploration and development team, supporting the company's business development activities and new acquisitions.

John Drobe – Chief Geologist

Mr. Drobe is a geologist with over 30 years experience specializing in porphyry copper-gold, epithermal and skarn deposits throughout the Americas. Mr. Drobe has a deep experience with organizing and managing exploration campaigns, particularly in South America, which he has participated in the exploration and development of projects in Peru, Argentina, Ecuador, Venezuela and Chile.

Marla Ritchie – Corporate Secretary

Ms. Ritchie brings over 25 years experience in public markets working as an Administrator and Corporate Secretary specializing in resource-based exploration companies. Currently, she is also the corporate secretary for several companies, including International Tower Hill Mines Ltd. and Trevali Mining Corporation.

Appendix B: Board of Directors & Advisors

Henk van Alphen – Chairman

Mr. van Alphen founded Wealth Minerals in 2005. With more than 30 years of experience in the mining industry, he has been a key player in companies such as Corriente Resources, Cardero Resources, Trevali Mining, Balmoral Resources, and International Tower Hill. Over \$1B was raised in various financial transactions via Mr. van Alphen's involvement.

Roberto Frérait – Director

Mr. Frérait is a seasoned mining geologist with over 30 years of experience in the Chilean mining industry. He has previously served as the Exploration Manager for CODELCO and is a Professor of "Fundamentals of Mining Business" for the module for the Mining Industry Version MBA at the University of Chile.

Patrick Burns – Director

A Canadian geologist with over 40 years experience throughout the Caribbean, Central and South America, Patrick was directly involved in the discovery of the Escondida porphyry copper deposit in Chile, as well as the Escondida Norte and Zaldivar deposits and was the first Project Manager of all three. He has been involved in publicly traded mining companies predominantly in Chile for 35 years.

Robert Kopple – Director

Robert C. Kopple is an experienced investor, businessman and lawyer. He is involved in a broad range of corporate financing activities with public companies. Mr. Kopple is a senior partner in a law firm based in Los Angeles specializing in estate planning, tax law and business transactions. His investments include diverse interests in real estate and in several operating companies in mining, healthcare and technology. Mr. Kopple is a significant investor in World Copper.

Tim McCutcheon – Director

Mr. McCutcheon is a capital markets professional and corporate manager with over 20 years' business experience. In 2006 he was a founder of DBM Capital Partners, a boutique mining resource merchant bank with AUM of \$130M and \$100M completed M&A transactions. Mr. McCutcheon has been a director/CEO of several public Emerging Market natural resource companies with assets in Russia, Kyrgyzstan, Slovakia, Mali and Ghana.

Keith Henderson – Director

Mr. Henderson is a mining industry executive with 25 years' experience throughout Africa, Europe, and North and South America. He was educated in Europe, graduating with B.Sc. (Hons) and M.Sc. in geology and has extensive experience in multiple mineral deposit types and commodities.

Dan MacNeil – Technical Advisor

Mr. MacNeil is an Economic Geologist specializing in the Precious and Base Metals sectors, with over 20 years of experience from continental-scale project generation to in-mine resource expansion in a wide variety of geological settings in the Americas, Europe, Eastern Europe and the Near East. His expertise includes project evaluation, target and opportunity identification, exploration strategy, district entry strategy, business development, strategic evaluation of geologic terranes and execution of target testing. Mr. MacNeil is the Founder of Vector Geological Solutions.

Taylor Combaluzier | Mining Analyst
Alina Islam | Senior Research Associate
Daniel Kozielwicz | Research Associate
Shikhar Sarpal | Research Associate

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Disclosure Statement

Updated April 1, 2022

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-10-23	NA	NA	BUY	74%
2021-03-08	NA	NA	BUY (S)	23%
2021-04-21	NA	NA	HOLD	0%
2021-07-15	NA	NA	SELL / Tender	0%
2021-08-13	NA	NA	NA	3%
2021-08-24	NA	NA	Under Review	1%
2021-10-21	NA	NA		
2021-12-20	NA	NA		
2022-02-16	NA	NA		
2022-03-07	NA	NA		

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Company Name	Ticker Symbol	Disclosures
World Copper Ltd.	TSXV:WCU	3,4

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