



Antipa Minerals Limited (ASX: AZY)

Speculative Buy

High Calibre Prospect – Update

\$0.195

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Capital Summary

| | |
|-------------------------------|--------------------|
| Issued Capital: | 154m ords |
| | 68.8m listed opts |
| | 22.8 unlisted opts |
| Share Price (12/03/13) | \$0.195 |
| 52 week low/high | \$0.035 / \$0.255 |
| Market Capitalisation* | \$35.0m |
| Cash (31/12/13) | \$2.3m |

* Includes \$5m from in-the-money listed options.

Directors & Management

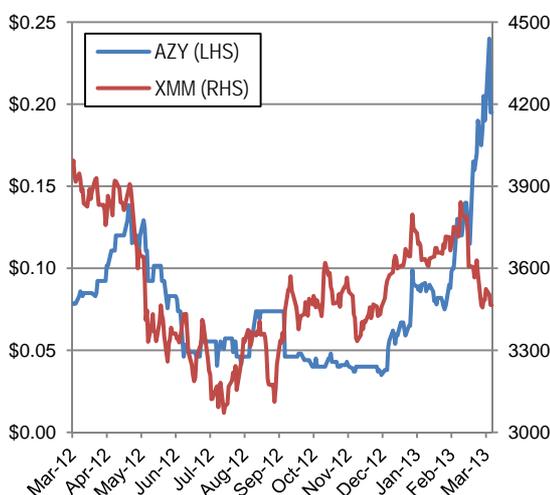
| | |
|---------------|------------------------|
| Stephen Power | Executive Chairman |
| Roger Mason | Managing Director |
| Mark Rodda | Non-executive Director |
| Peter Buck | Non-executive Director |
| Gary Johnson | Non-executive Director |
| Ian Gregory | Exploration Manager |
| Anna Neuling | Company Secretary |

Major Shareholders

| | | |
|--------------------------------|------------|-------|
| Freyco Pty Ltd | 10,200,150 | 6.62% |
| Centaurus Metals Ltd | 6,250,000 | 4.06% |
| Mr & Mrs Peter Buck Super Fund | 5,950,100 | 3.86% |
| Mr Roger Mason | 5,458,600 | 3.54% |
| Sodelu Pty Ltd | 5,000,100 | 3.25% |

* Top 20 Shareholders hold 35.7%; Directors & Management hold 19.1%.

Share Price Graph (A\$)



Key Points

- Antipa Minerals Ltd (ASX: AZY) is a junior exploration company with a significant tenement position (3,044km²) in the highly prospective and underexplored Paterson Province in northwest Western Australia.
- The Paterson Province hosts several world-class mineral deposits, including Newcrest's Telfer Gold-Copper Mine (26Moz Au & 1Mt Cu), all located within 100-150km of Antipa's 100% owned tenements.
- Drilling at the Calibre prospect discovered in late-2012 has intersected broad widths (280-380m downhole) of continuous to semi-continuous Au-Cu-Ag±W mineralisation. Assay highlights include:
225.6m @ 0.5g/t Au, 0.22% Cu, 0.67g/t Ag & 0.02% W from 208.4m incl. 75.7m @ 0.73g/t Au, 0.42% Cu, 1.35g/t Ag & 0.04% W from 259m
- Mineralisation has been confirmed over a strike length of 160m, width of 360m and to a vertical depth of 420m (commencing from -84m) and is open in all directions.
- Only the margin of the larger Calibre magnetic anomaly has been tested. Drilling has confirmed that the amount of mineralisation, stockwork veins, brecciation and metal grades increase towards the centre of the target.
- Fourth diamond hole at Calibre has commenced, targeting the zone of coincident downhole EM conductivity and strong magnetic anomalism. Primary sulphide mineralisation has been intersected from 90m depth.
- The current 2,000m drill programme is scheduled for completion in 3-4 weeks.
- Proven prospectivity at the Citadel Project has the potential to deliver multiple development opportunities.
- Based on the size of the Calibre magnetic anomaly (~800m x 600m x 350m) in excess of 200Mt of mineralised rock may exist. Using the aforementioned 225m intersection as the average metal grade, this zone has the potential to contain in the order of 3.5Moz Au, 0.5Mt Cu, 4.7Moz Ag and 44kt W (Au Eq* grade of ~0.9g/t for ~6.3Moz Au Eq* contained metal).
- Within this broad zone, the strongly magnetic core has the potential to contain ~50Mt for 1.1Moz Au, 200kt Cu, 2.2Moz Ag and 20kt W (Au Eq* grade of ~1.4g/t for ~2.3Moz Au Eq* contained metal).

Our View

The Calibre prospect has the potential to deliver a large tonnage resource based on the size of the magnetic anomaly and its correlation with mineralisation already intersected. Additional mineralisation has been intersected outside of the modelled magnetic anomaly which could potentially add to a resource. Should the grades continue to improve towards the centre of the geophysical target as interpreted, Calibre has the potential to develop into a significant Au-Cu-Ag±W deposit. Calibre shows enough potential to warrant additional drilling and be the main focus of the company in 2013. The broader prospectivity of Antipa's Citadel Project is substantial with several high priority exploration targets. Many of the geological factors typical of highly mineralised terrains are present at Citadel making it likely that additional mineralised bodies will be discovered. For these reasons, we maintain our SPECULATIVE BUY rating.

Calibre Prospect

Antipa Minerals Ltd (ASX: AZY) has recommenced drilling at the large and highly prospective Calibre prospect within its 100% owned Citadel Project. Geophysical modelling of magnetic and downhole electromagnetic data indicates that drilling to date has mostly intersected the margins of the larger geophysical body (Fig. 7). Given that there has been an increase of 2.4–3x in gold and copper metal grades observed from 12AMD0029 to 12AMD0032, which is accompanied by a substantial increase in veining, alteration and brecciation towards the strongly magnetic zone, current drilling (13AMD0034) is likely to intersect additional broad zones of mineralisation. The absence of magnetite and graphite observed suggests that the source of the strongly magnetic zone is due to an increase in the proportions of sulphide minerals (pyrrhotite and chalcopyrite).

Regional Prospectivity

The prospectivity of the broader Paterson Province, which includes Antipa's Citadel Project region, is well established. The region is viewed highly as far as greenfield exploration potential goes. Unlike other highly prospective regions, the Paterson Province has not been picked over by old timers or those that have followed. This increases the likelihood that multiple mineral deposits will be discovered. There has also been a limited amount of deep drilling (>100m) such that very few geophysical targets have been adequately tested. The region is also known to be prospective for multiple styles of mineralisation which increases exploration opportunities for the company.

Value Proposition

We consider the main drivers for rating to be:

- **Drilling success** – assuming the current drill programme continues to intersect broad widths of mineralisation and replicates or improves on metal grades intersected by drill hole 12AMD0032.
- **Regional targets** – the company still has numerous high-priority targets that need to be drill tested. The high prospectivity of the region and proven track record of the company makes it likely that additional mineralised prospects will be discovered.
- **Additional exploration permits** – granting of the North Telfer Project exploration licences will almost double Antipa's tenure in the region. The same prospective rocks occur in the North Telfer region offering the company additional high-quality exploration targets.
- **Exercising of options** – a further improvement in Antipa's share price will place additional listed and unlisted options in-the-money. Exercising of options would increase Antipa's cash balance and enable them to fund a ramp-up in exploration at the Citadel Project without further dilution.

Risks

We consider the main risks to be:

- **Exploration/resource risk** – common to all exploration companies as drilling results can be unpredictable. There is no guarantee that a commercially viable resource is established.

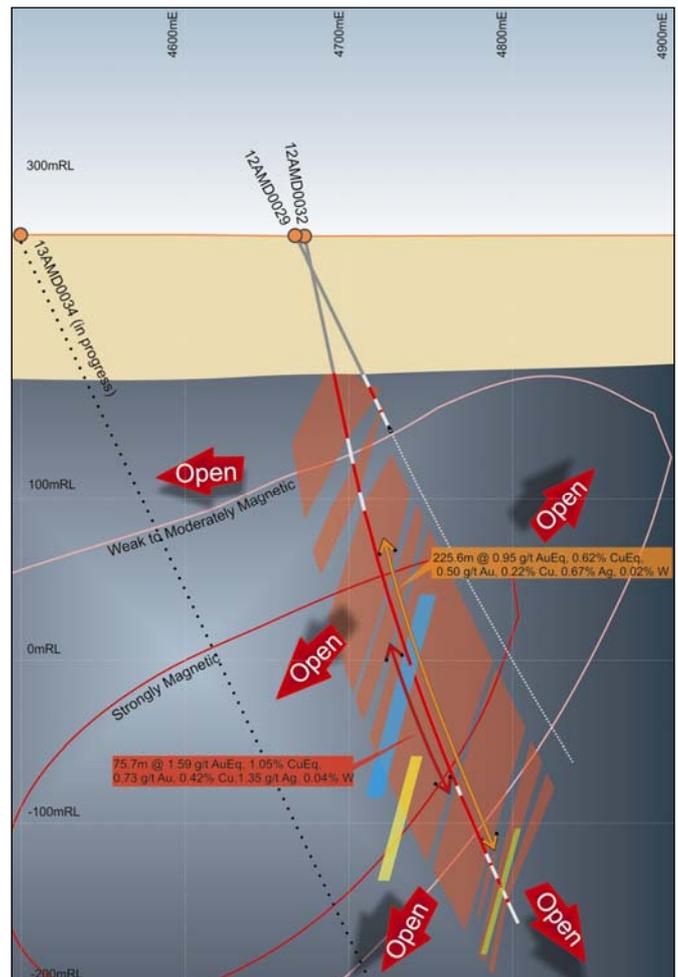


Figure 1. Calibre prospect cross-section (11,300N) showing slices of magnetic inversion models and DHEM plates. Note location of current drill hole 13AMD0034 targeting the centre of the anomaly (Source: Company release).

- **Funding risk** – macroeconomic conditions may impact on the company's ability to raise additional fund. The company is adequately funded to complete the current programme (cost of ~\$1m) but will need to raise additional funds for further exploration.
- **Permitting risks** – should an economically viable mineral deposit be delineated, there are always permitting risks associated within any proposed mining operation. The strong mining industry presence in the region should be of benefit to Antipa.

Recommendation

We view there to be considerable upside to Antipa's valuation as its exploration activities have confirmed the presence of a large mineral system at Calibre that has the potential to host a large tonnage (>200Mt) resource. Current drilling is targeting a zone interpreted to represent more strongly developed mineralisation and increasing metal grades. In addition, the prospectivity of the broader Citadel project has been confirmed after several greenfield discoveries by the company. This increases the likelihood that additional mineralised prospects will be intersected elsewhere. For the above reasons, we maintain our recommendation for Antipa Minerals as Speculative Buy.

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