

18 Mar 2020

Share Price	\$0.012
Price Target (12 month)	\$0.031

**Brief Business Description:**  
Gold-Copper Explorer

**Hartleys Brief Investment Conclusion**

Large ground holding in the highly prospective Paterson Province of WA. JV with RIO over the Citadel Project area, Newcrest farming-in to the Wilki Project around Telfer and 100%-owned tenure within the key El Paso Corridor. Gold-copper resources underpin value with significant exploration upside.

**Chairman & MD**

Stephen Power (Exec Chairman)  
Roger Mason (MD)

**Top Shareholders**

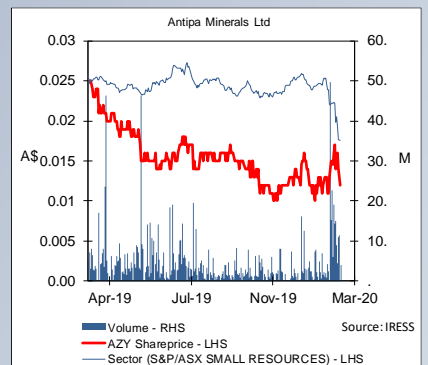
Newcrest Mining	9.9%
Board & Management	6.1%

**Company Address**

Level 2, 16 Ord Street  
West Perth, WA, 6005

<b>Issued Capital</b>	2307.8m
- diluted ITM	2307.8m
- fully diluted	2485.1m
<b>Market Cap</b>	A\$27.7m
- diluted ITM	A\$27.7m
- fully diluted	A\$29.8m
<b>Cash and Bullion (est)</b>	A\$7.0m
<b>Debt (est)</b>	A\$0.0m
<b>EV</b>	A\$20.7m
<b>EV/Resource Au oz</b>	A\$6.1/oz
<b>EV/Reserve Au oz</b>	na

<b>Resources (Moz)</b>	3.4
<b>Reserves (Moz)</b>	0.0



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Hartleys has completed a capital raising in the past 12 months for Antipa Minerals Limited ("Antipa"), for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Antipa for which it has earned gross fees and continues to earn fees. Hartleys has also assisted with the placement of new shares to Newcrest and Stage 1 farm-in commitment for which it earned fees. Hartleys has a beneficial interest in options in Antipa Minerals Limited.

## ANTIPA MINERALS LTD (AZY)

### Another major buddies up to AZY

Antipa Minerals Ltd (AZY) and Newcrest Mining (NCM) have executed a \$60M farm-in and JV agreement whereby NCM can earn up to a 75% interest in a 2,180sqkm portion of AZY's 100%-owned Paterson Province tenure. NCM has committed to an initial \$6M exploration spent within 2 years, a further \$10M exploration expenditure within 5 years to earn 51% followed by a further \$44M within 8 years to earn a 75% JV interest. NCM has also acquired a 9.9% interest in AZY via a \$3.9M placement at 1.7cps.

AZY holds a large accretion of ground in the Paterson and will retain a 1,700sqkm package of tenements comprising the 551koz Au Minyari deposit, 173koz Au WACA deposit and the emerging Poblano-Serrano-Reaper (PSR) trend; continuing exposure to a large portion of upside in the region. The southern tenements that NCM is farming into surround NCM's Telfer and comprise modest resources at Tim's Dome (63koz Au) and Chicken Ranch (41koz Au). This project has been renamed the Wilki Project. AZY will remain manager of the farm-in ground and receive a management fee equivalent to 10% of all expenditure. The Company had cash of \$3.4M as at 31December 2019 and now has an additional \$3.9M, and will be well funded to undertake exploration on its remaining 1,700sqkm of wholly-owned tenure.

Meanwhile, RIO continues to manage the Citadel JV (RIO 51%:AZY 49%) and recently elected to proceed to the next \$14M earn-in stage (65% interest). RIO also has the ability to earn up to a 75% interest in the Citadel JV by sole funding a further \$35M within a further 3 years if AZY elects not to contribute to maintain its interest.

### Gearing up for the 2020 field season – Speculative Buy

We welcome this deal between AZY and NCM and note that most of the value in our model relates to AZY's current resources and prospectivity in the central region of the Paterson, where it retains 100% ownership. It is fair to say that the Paterson Province, with its seasonality, remoteness and varying depth of cover, is a challenging exploration playing field and expensive to explore. This vast elephant country is perhaps best explored with friends who have bank balances proportionate to the hard task at hand.

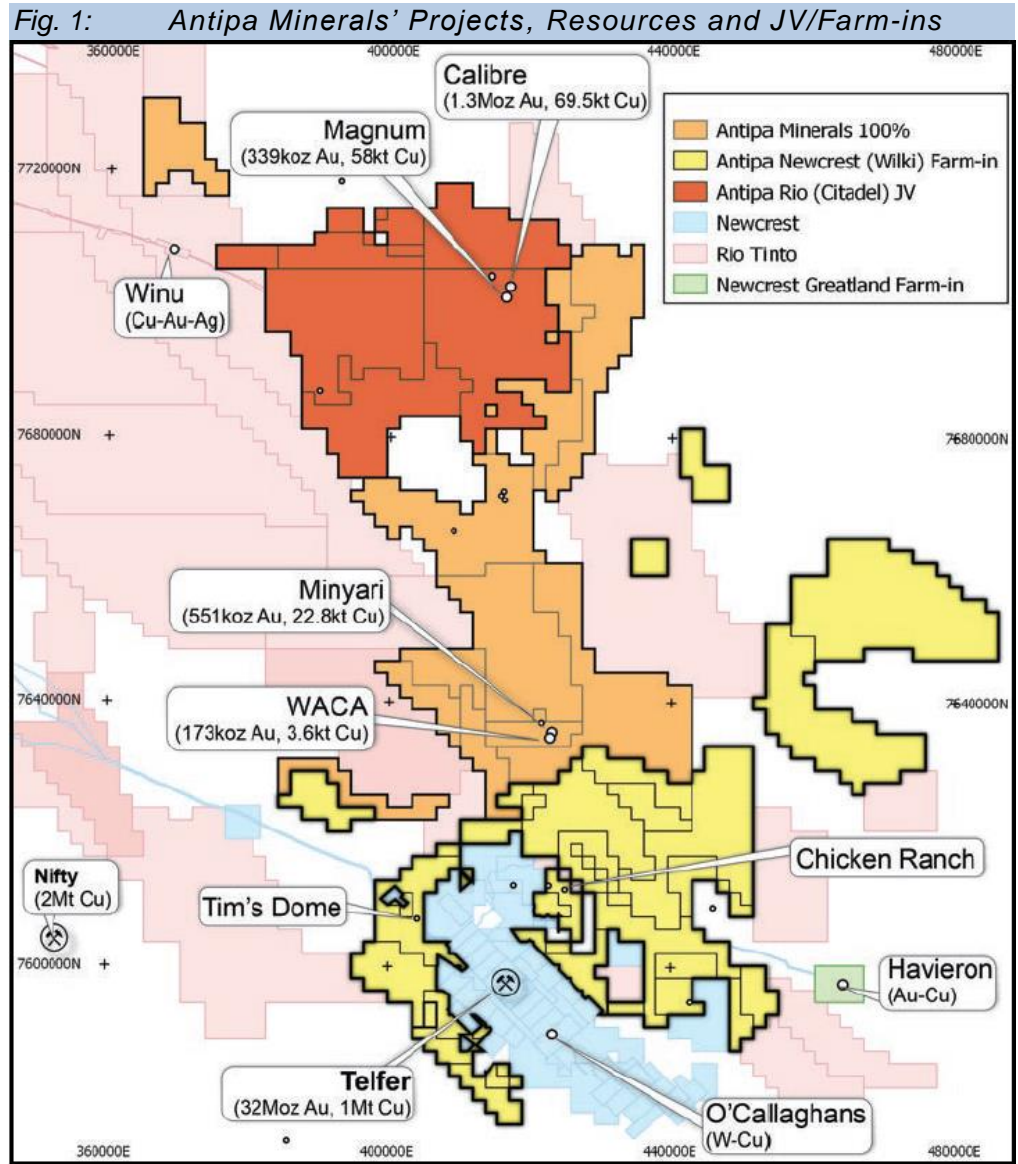
AZY will soon embark on its 2020 field season. We anticipate on-ground works to commence in early-April post the northern Australian wet/cyclone season. AZY will tackle further greenfields exploration around the PSR gold-copper trend, Grey Cu-Ag-Pb-Zn discovery, Minyari Dome 2019 IP targets as well further AEM targets. It will also continue brownfields works at Minyari/WACA. While RIO will manage works on the Citadel JV, we await further detail as to how AZY and NCM will approach the Wilki Project close to NCM's Telfer Mine and Haveron exploration program. As mentioned before, although some of the hype surrounding the Paterson Province appeared to have died down, investors should remain patient with this emerging locus of exploration prospectivity. Key risks at present are global market / economic volatility driven by the impact of CORVID-19, which should not be underestimated at this point; hence we have increased the net cash banking weighting for now in our Price Target. Nevertheless, we maintain our Speculative Buy recommendation with Price Target of 3.1cps (down from 3.6cps). We still consider the Company to be in the high-risk, high-reward exploration phase.

## SUMMARY MODEL

Antipa Minerals Ltd AZY		Share Price \$0.012		18 March 2020 Speculative Buy	
<b>Key Market Information</b>					
Share Price	\$0.012				
Market Capitalisation	\$27.7m				
Net Cash (debt)	\$7.0m				
Issued Capital	2307.8m				
Options	0.0m				
Issued Capital (fully diluted)	2307.8m				
EV	\$20.7m				
12Mth Price Target	\$0.031				
<b>Projects</b>					
	Interest	Location	Commodity		
Wilki	100%^	Paterson, WA	Au, Cu (Ag, Co)		
Paterson	100%	Paterson, WA	Au, Cu (Ag, Co)		
Citadel	49%*	Paterson, WA	Au, Cu (Ag, Co)		
* Subject to Rio Tinto Farm-in; funding up to a further A\$49M to earn 75% interest. Currently owns 51%.					
^ Subject to Newcrest Farm-in, funding exploration up to A\$60M to earn up to 75% interest.					
<b>Resources</b>					
	Mt	g/t Au	% Cu	Au koz	Cu kt
Minyari	7.7	2.2	0.3	551	22.8
WACA	3.3	1.6	0.1	173	3.6
* Calibre	47.7	0.9	0.2	1,300	69.5
* Magnum	16.1	0.7	0.4	339	57.8
<b>Total</b>	<b>74.8</b>	<b>1.0</b>	<b>0.2</b>	<b>2,362</b>	<b>153.7</b>
				<b>3,277</b>	<b>AuEq</b>
^ Chicken Ranch 0.8 1.6 40					
^ Tim's Dome 1.8 1.1 63					
<b>Total</b>	<b>2.6</b>	<b>1.3</b>		<b>104</b>	
* Subject to Rio Tinto Farm-in; funding up to A\$49M to earn 75% interest. Currently owns 51%.					
^ Subject to Newcrest Farm-in, funding exploration up to A\$60M to earn up to 75% interest.					
<b>P&amp;L</b>					
	FY2017A	FY2018A	FY2019F		
Net Revenue	0.2	0.0	0.1		
Total Costs	-1.9	-1.9	-1.9		
EBITDA	-1.7	-1.9	-1.9		
Deprec/Amort	0.0	0.0	0.0		
EBIT	-1.7	-1.9	-1.9		
Net Interest	0.1	0.1	0.1		
Pre-Tax Profit	-1.6	-1.9	-1.8		
Tax Expense	0.0	0.0	0.0		
NPAT	-2.1	-2.4	-2.3		
Abnormal Items	0.5	0.6	0.3		
Reported Profit	-1.6	-1.9	-2.0		
<b>Directors</b>					
Stephen Power (Exec Chairman)			Level 2, 16 Ord Street		
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Peter Buck (Non-Exec Director)			+61 8 9481 0117		
Gary Johnson (Non-Exec Director)			www.antipaminerals.com.au		
Simon Robertson (Comp Secretary)					
<b>Company Details</b>					
<b>Top Shareholders</b>					
	m shs	%			
Newcrest Mining	228.5	9.9%			
Board & Management	140.2	6.1%			
<b>Investment Summary</b>					
Large ground holding in the highly prospective Paterson Province of WA. JV with RIO over the Citadel Project area, Newcrest farming-in to the Wilki Project around Telfer and 100%-owned tenure within the key El Paso Corridor. Gold-copper resources underpin value with significant exploration upside.					
<b>Newsflow - CY19/CY20</b>					
			Project		
Q2 CY19	\$5.1M placement to fund exploration	-			
Q2 CY19	Phase 1 drilling commences	Paterson & Wilki			
Q2 CY19	Maiden resource - Chicken Ranch & Tim's Dome	Wilki			
Q2 CY19	Citadel exploration program commences	Citadel			
Q2 CY19	Phase 1 drilling updates	Paterson & Wilki			
Q3 CY19	Phase 2 drilling commences	Paterson & Wilki			
Q4 CY19	Phase 2 drilling results/update	Paterson & Wilki			
Q4 CY19	Citadel results/update	Citadel			
Q1 CY20	RIO elects to enter 65% earn-in phase	Citadel			
Q1 CY20	NCM enters \$60M farm-in to earn up to 75%	Wilki			
Q3 CY20	Phase 3 drilling + new targets	Paterson			
CY20	Maiden drilling on NCM/AZY farm-in ground	Wilki			
<b>Unpaid Capital</b>					
Year Expires	No. (m)	\$m	Avg price	% ord	
Jun-20	8.0	0.3	0.039	0.3%	
Jun-21	67.0	2.8	0.043	2.9%	
Jun-22	20.0	0.3	0.017	0.9%	
Jun-23	13.5	0.4	0.032	0.6%	
Jun-24	8.5	0.3	0.031	0.4%	
<b>TOTAL</b>	<b>117.0</b>	<b>4.2</b>	<b>0.036</b>	<b>5.1%</b>	
<b>Comments</b>					
Exploration company looking to progress into development. Leveraged to exploration success/improved market sentiment.					
Analyst: Paul Howard					
Phone: +61 8 9268 3045					
Sources: IRESS, Company Information, Hartleys Research					
Last Updated: 18/03/2020					

AZY and NCM have executed a \$60M farm-in and JV agreement whereby NCM can earn up to a 75% interest in a 2,180sqkm portion of AZY's 100%-owned Paterson Province.

NCM has also acquired a 9.9% interest in AZY via a \$3.9M placement at 1.7cps.



Source: Antipa Minerals

## THE POBLANO-SERRANO-REAPER TREND

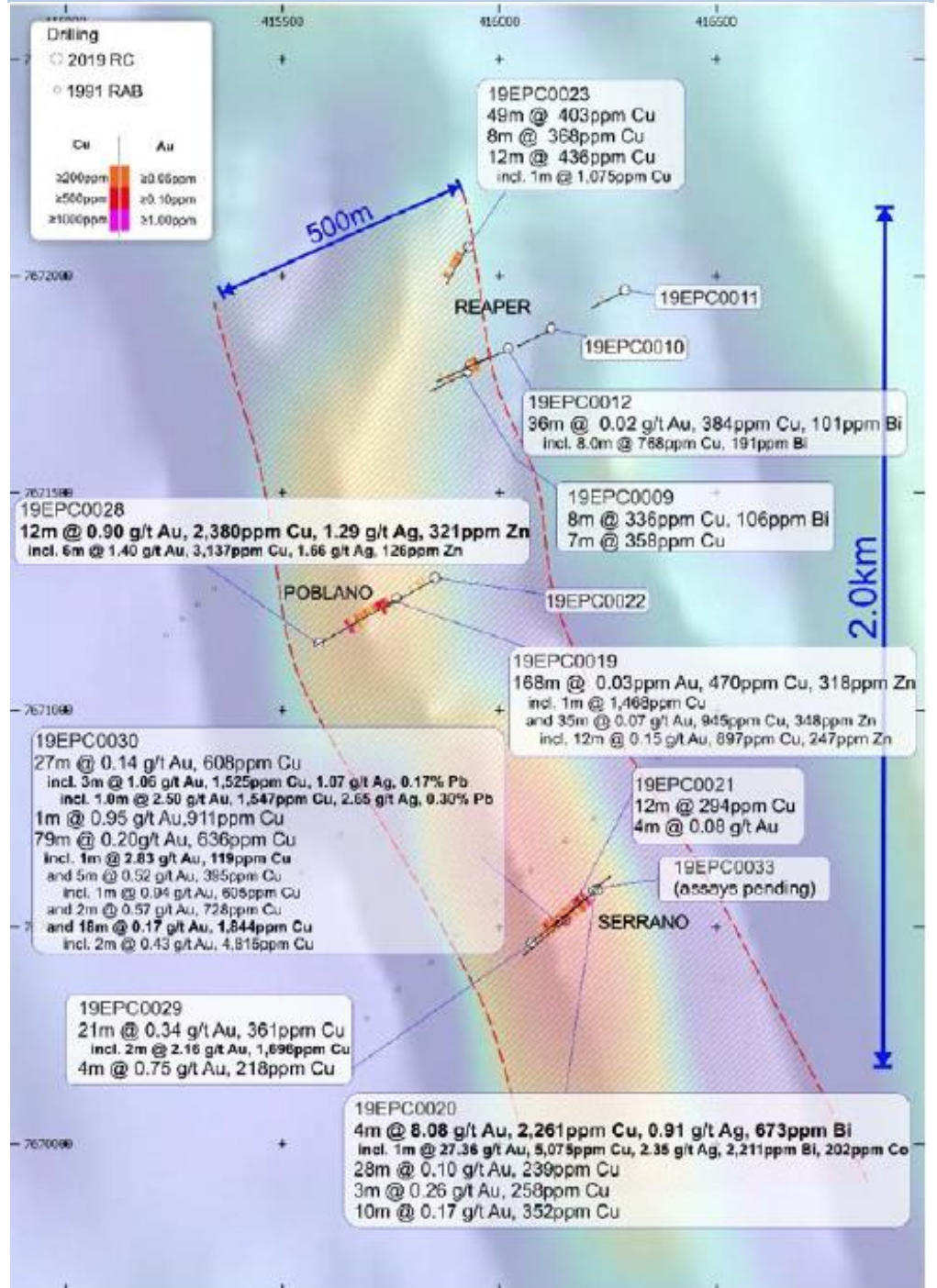
In mid-2019, Phase 1 initial drilling identified the Poblano-Serrano-Reaper (PSR) trend having intersected 4m @ 8.1g/t Au, 0.23% Cu & 0.9g/t Ag (incl. 1m @ 27.4g/t Au, 0.5% Cu & 2.4g/t Au) from 194m – Serrano, as well as the Greys target. Phase 2 follow up work was completed on 18 November and comprised a 9,200m drill program following up priority AEM targets. Latest results include:

- 12m @ 0.9g/t Au, 0.24% Cu & 1.3g/t Ag from 165m (incl. 6m @ 1.4g/t Au, 0.31% Cu, 1.7g/t Ag) – PSR
- 2m @ 2.2g/t Au, 0.17% Cu & 0.9g/t Ag from 126m – PSR
- 79m @ 0.2g/t Au & 0.06% Cu from 110m (incl. 1m @ 2.8g/t Au, 5m @ 0.5g/t Au & 18m @ 0.2g/t Au + 0.18% Cu) – PSR
- 3m @ 197g/t Ag, 0.9% Cu, 2.2% Pb, 0.2% Zn & 0.12g/t Au from 66m (incl. 1m @ 562g/t Ag, 2.3% Cu, 6.3% Pb, 0.4% Zn & 0.3g/t Au) – Greys

The PSR trend is now defined over 1.8km long, up to 500m wide under shallow cover. 8km to the southwest of Serrano, the Greys prospect is emerging where an EM conductor has been modelled across a 900m strike length and 470m dip extent. The

intersection of shallow high-grade semi-massive sulphide mineralisation co-incident with the upper edge of this modelled EM target is an exciting development. AZY states that there is the possibility that thicker, and potentially multiple, ore zones may be present at Grey.

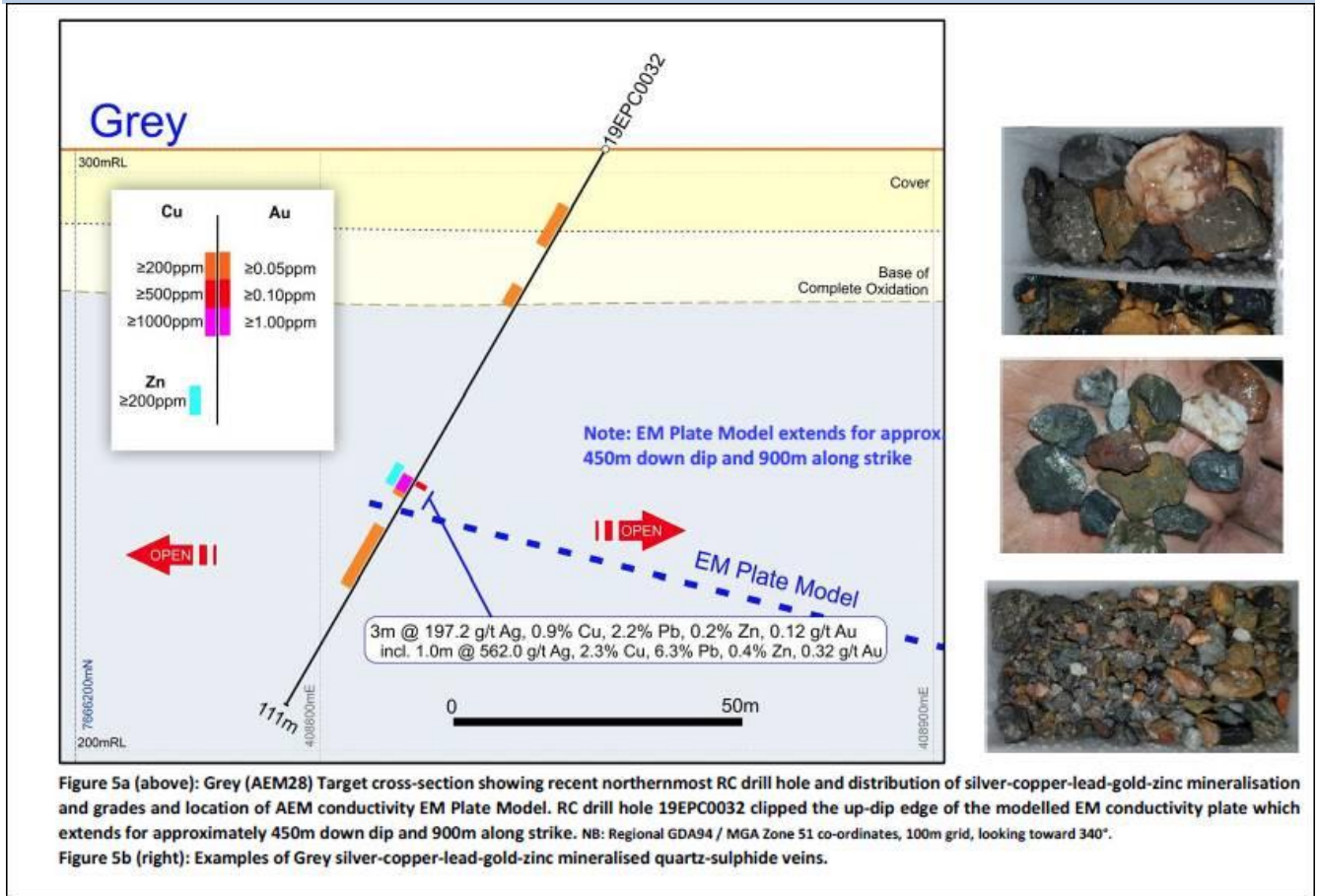
**Fig. 2: Phase 1 drilling summary slide**



*In mid-2019, Phase 1 initial drilling identified the Poblano-Serrano-Reaper (PSR) trend having intersected 4m @ 8.1g/t Au, 0.23% Cu & 0.9g/t Ag (incl. 1m @ 27.4g/t Au, 0.5% Cu & 2.4g/t Au) from 194m.*

Source: Antipa Minerals

Fig. 3: Grey Discovery



Source: Antipa Minerals

## PRICE TARGET

Our AZY price target is considered highly speculative, as the Company's projects are at a pre-scoping stage (no development studies).

We have simulated an initial open pit scenario for AZY's 100%-owned Paterson asset, and note that it is subject to ongoing discovery and resource growth (current resource is a combined 11Mt from the Minyari and WACA deposits). This base case is also subject to ongoing funding (which is now forthcoming for FY20 given the NCM placement), favourable development studies, reserves and potential access to third party processing infrastructure.

The vast majority of currently defined resources are located within the Citadel project area (1.64Moz of the total 2.5Moz Au, plus 154kt of contained Cu), which remains subject to an earn-in agreement within RIO. RIO is fully funding the A\$2M CY20 expenditure. Upon completion of the CY19 program, RIO had earned a 51% JV interest and spent \$11M. RIO can earn up to a 75% interest by funding an additional \$49M over the next 6 years and is currently earning 65% by spending \$14M over the next 3 years.

AZY and NCM have recently executed a separate \$60M farm-in and JV agreement, whereby NCM can earn up to 75% interest in a 2,180sqkm portion of AZY's southern Paterson Province (the area generally surrounding NCM's Telfer Operations) and now named the Wilki Project. Initial exploration expenditure is \$6M within 2 years. A further \$10M is to be spent on exploration within 5 years to earn 51% and a further \$44M is to be spent within 8 years to earn a 75% JV interest. The agreement is currently at the earn-in stage with AZY still owning 100%.

*Our AZY valuation and price target is considered highly speculative and remains subject to change*

Our Price Target is  
3.1cps

These JV earn-ins are seen as a very good model for a junior company with extensive tenure, which remains highly prospective (proven prospectivity) but largely under explored. Our derived valuation for AZY assigns some value (a nominal \$40M per JV assuming exploration success and retention of 25% interest by AZY in each JV) to these JV earn-ins.

Our price target of 3.1cps is derived from both a discounted cashflow analysis of a potential (future) open pit mining operation producing gold and copper, and perception of exploration value in having retained exposure to the Citadel JV Project and Wilki Project. We model a scenario based on AZY's current resource base as well as a net cash backing outcome. We also model a takeover scenario for AZY. Key risks at present are global market / economic volatility driven by the impact of CORVID-19, which should not be underestimated at this point; hence we have increased the net cash banking weighting for now. Our model assumes significant equity dilution to fund potential operations into production.

**Fig. 4: Hartleys AZY Price Target**

Price Target Methodology	Weighting	Spot	12 mth out
NPV <sub>14</sub> Base Case: 75% resource growth within Paterson Project (100%) + Wilki (25%) & Citadel (25%) Value	25%	\$0.045	\$0.050
NPV <sub>14</sub> Spot: Base Case Paterson Project (100%) + Wilki (25%) & Citadel (25%) Value	10%	\$0.067	\$0.067
NPV <sub>14</sub> Current Resource Base: ~14Mt Paterson Project (100%) + Wilki (25%) & Citadel (25%) Value	20%	\$0.025	\$0.054
Takeover by mid-Tier for a 50% premium	20%	\$0.018	\$0.000
Net Cash Backing	25%	\$0.003	\$0.003
<b>Risk weighted composite</b>			<b>\$0.027</b>
<b>12 Months Price Target</b>			<b>\$0.031</b>
Shareprice - Last		\$0.012	
<b>12 mth total return (% to 12mth target + dividend)</b>			<b>156%</b>

Source: Hartleys' Research

## RISKS

Key risks for AZY include; making an economic discovery and obtaining funding for ongoing exploration. Weather, land access, drill rig availability and retaining key people. Stepping back, global market / economic volatility is also a key risk at present, which should not be underestimated at this point

Fig. 5: Key Risks

Assumption	Risk of not realising assumption	Downside risk to share price if assumption is incorrect	Comment
Funding for ongoing exploration	Med	Med-High	We estimate AZY has a current cash position of ~A\$7M post the NCM placement and operates under a lean corporate structure (low cost base). The Company is now funded for planned exploration drilling in CY20. The Citadel Project is fully funded through an earn-in JV with RIO, but RIO retains the right to withdraw from the farm-in at the completion of each annual exploration program.
Discovery Success	Med-High	Med	AZY has resource estimates over a number of deposits. For a potential stand-alone operation, additional discoveries and/or resource extensions are required as assumed in our base case. With processing infrastructure already within the province, access to processing facilities may be possible, but not guaranteed.
Viable development studies	Med-High	High	No development studies are yet available for any of AZY's project within the Paterson Province. Preliminary met-testwork has been favourable for the Minyari and WACA deposits, but additional test work is required.
Commodity Prices	Med	Med-High	The projects remain highly sensitive to commodity price movements and sentiment. Current exploration focus is gold, copper, silver and cobalt.
<i>Conclusion</i>	<i>At this stage we consider the assumptions have a medium to high risk of not being achieved. At this stage we have only a preliminary speculative valuation for AZY. The Company's extensive project portfolio with high prospectivity and low current market cap, implies the Company is undervalued.</i>		

Source: Hartleys Research

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Note: personal email addresses of company employees are structured in the following manner: *firstname.lastname@hartleys.com.au*

## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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