

# Antipa Minerals Ltd

## Magnum Dome starts to deliver

- AZY is a WA based exploration company with 3,044km<sup>2</sup> of tenure in the Paterson Province, north of Newcrest's multi-million ounce Telfer Gold and Copper mine.
- The Paterson Province remains under explored, despite being well endowed with world class Au-Cu, W, uranium and base metal deposits. AZY has successfully applied modern exploration techniques across areas of <100m of cover, where historical exploration has been ineffective or limited, to define a resource at the Magnum deposit (880koz AuEq) and to date have made two discoveries, Calibre and Corker.

## High Calibre discovery

- **Calibre** was discovered in DQ12 after drill testing a partially co-incident magnetic and EM anomaly. The Company has completed six holes at Calibre to date, confirming the mineralisation as being of a Telfer style with broad low to medium grade Au-Cu-Ag. The most significant intercepts to date include: 13AMD0035 of **87.3m at 1.17g/t Au, 0.12%Cu**; 13AMD0034 of **60.0m at 0.89g/t Au, 0.35% Cu**; 12AMD0032 of **75.7m at 0.73g/t Au, 0.42% Cu**; 13AMD0033 of **50.8m at 0.91g/t Au, 0.31% Cu**.
- Over 75% of the magnetic anomaly (800m strike x 600m width x 350m thickness) remains untested with drilling returning mineralisation over downhole intervals of 350m to 450m. Mineralisation starts immediately below ~84m of cover and is open in all directions. Hole 34 intersected a parallel western zone which partially occurs outside the limits of the magnetic anomaly.
- A further large off-hole EM conductor has also been modelled that extends 250m (modelled from 3 drillholes) in strike and is 3 to 4 times stronger than the previous off-hole conductors, possibly indicating increased sulphides and potentially higher grades.
- The second discovery AZY has made is at the **Corker** prospect, where drilling has defined a narrow high grade poly-metallic massive sulphide, sub-horizontal structure intercepted at a 300m vertical depth. Best assays include 1.6m at 7g/t AuEq and 0.13m at 22g/t AuEq. Further exploration is planned up-dip of the current mineralised intercepts to further test the extent of this mineralisation.

## Recommendation

- The Calibre discovery is a potential company maker for AZY. We see the current dimensions of the magnetic anomaly, combined with the drill intercepts to date, as indicating the potential for a 50Mt to 250Mt deposit which could contain 2.5Moz AuEq to +5Moz AuEq. This is amenable to large scale open cut or underground mining as currently being undertaken at Newcrest's Telfer mine.
- We see considerable upside in the AZY share price and initiate coverage with a Speculative BUY and place a medium term price target of 25cps.

AZY.ASX

Spec BUY

Tuesday 23 April 2013

Price	A\$	0.09
Price Target	A\$	0.25
Financial Year End		June

GICS sector		Metals & Mining
Market capitalisation (undil)	A\$m	14
Market capitalisation*	A\$m	18
Shares on Issue*	m	200
Enterprise value*	A\$m	13
Previous rating		Initiation
* Diluted for in-the-money options		

### Board & Management

Stephen Power	Executive Chairman
Roger Mason	Managing Director
Mark Rodda	Non-Executive Director
Peter Buck	Non-Executive Director
Gary Johnson	Non-Executive Director

### Top shareholders

Freyco Pty Ltd	6.5%
Centaurus Metals	4.0%
Peter & Roslyn Buck	3.8%
Sodelu Pty Ltd	3.2%
Roger Mason	3.5%

### Key Project areas

Citadel  
North Telfer

### AZY Vs ASX Small Ordinaries (XSO)

CBase (AZY.ASX@AUX): 89.3728 CBase (XSO.ASX@AUX): 89.0526



Source: IRESS

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## Key Investment Drivers

**Calibre drilling has intercepted up to 450m (down hole) of semi-continuous mineralisation over a horizontal width of 400m.**

**Over 75% of the strike of the magnetic anomaly remains untested**

**A higher grade zone of 51-87m (down hole) at ~1.6g/t AuEq has been defined within the eastern zone of the deposit and is open up/down dip and along strike.**

**Multiple magnetic anomalies in the Magnum Dome area remain untested.**

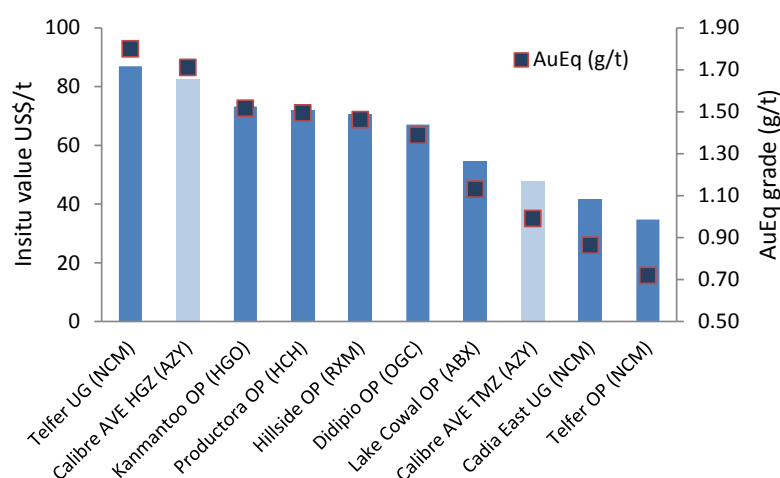
- The Calibre discovery is a potential company maker for AZY.
- Ongoing drilling at Calibre and other prospects will provide a regular flow of results following on from impressive drill results:
  - Hole 32: 226m at 0.95g/t AuEq including 76m at 1.59g/t AuEq
  - Hole 33: 373m at 1.01g/t AuEq including 51m at 1.53g/t AuEq and 53m at 1.19g/t AuEq
  - Hole 34: 450m at 0.77g/t AuEq including 60m at 1.66g/t AuEq and 45m at 1.32g/t AuEq
  - Hole 35: 273.5m at 1.13g/t AuEq including 87m at 1.60g/t AuEq
- Broad zones of continuous Telfer style of mineralisation and improving grade with depth is indicative of a large Au-Cu deposit.
- Over 75% of the magnetic anomaly remains untested with the open ended mineralised zone drilled to date having a width of 400m and strike of 190m.
- Conductor 4 confirms conductivity increasing and therefore the continued depth extension of mineralisation with a possible increase in grade.
- Further extensional drilling along strike will add significantly to the potential size of the deposit (VSL view: 50-250Mt for 2.5Moz at 1.5g/t AuEq to +5.0Moz at 0.75-1.00g/t AuEq).
- Extensive 100% held tenement package in the highly prospective Proterozoic Paterson Province, located just 20km north of Telfer (26Moz Au and 1Mt Cu) as well as other base and precious metal deposits.
- AZY are successfully applying modern geophysical exploration techniques, in a region with world class deposits that has been under explored. This includes identifying multiple drill targets and generating two discoveries during 2012 in a region where transported cover is typically <100m.
- Experienced board and management team with a track record from LionOre Mining (taken over by Norilsk Nickel in 2007 for A\$8b) of discovery, development and production.

## Peer Group comparison

The Calibre deposit is emerging as a large low grade deposit amenable to either a large open cut and/or a higher grade underground deposit.

Below, we have highlighted the insitu value of Calibre relative to other large, low grade gold and copper deposits, using both the high grade portion of the eastern zone (HGZ, average intercept 62m) and the broad continuous intercepts (TMZ, average intercept 390m).

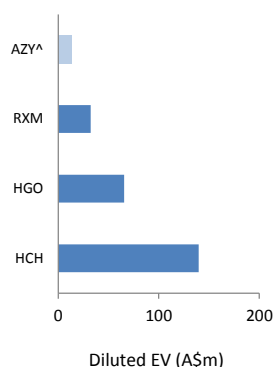
**Figure 1: Insitu resource value of comparable Au-Cu or Cu-Au deposits**



Source: Veritas Securities, Company announcements. Insitu value based on Cu: \$USD8,000/t, Au: \$US1,500/oz, Ag: US\$28/oz, Fe: US\$135/t\*50%, Mo: US\$25,300/t, WO3: US\$335/mtu.

Calibre AVE HGZ is an average of the higher grade zones; 76m, 51m, 60m and 87m from drill holes 32, 33, 34 and 35. Calibre AVE TMZ represents the average semi-continuous mineralised intercepts from drill holes 32, 33, 34 and 35.

**Figure 2: EV (diluted) comparison**



Source: Veritas Securities

As Calibre has the potential for low grade, low cost production, some examples of large scale operations include Newcrest's Telfer and Cadia East mines and Barrick's Cowal mine.

Barrick Gold's Cowal Gold mine operates at a cash cost of ~\$600/oz Au, from an open cut with total in pit mine plan of 3.5Moz Au. Newcrest's Cadia East mine production costs are anticipated to be \$5-6/tonne from bulk underground mining, with total production costs at ~\$200/oz Au after Cu credits.

**Figure 3: Peer comparison with ASX listed companies**

ASX Ticker	Share Price A\$/sh	Market Cap A\$m (dil)	Enterprise Value A\$m (dil)	Resource Mt	EV/Resource tonne A\$/t
HCH	0.51	170.64	139.69	165.20	0.85
HGO	0.08	93.06	65.66	32.80	2.00
RXM	0.35	67.10	32.40	330.00	0.10
AZYA	0.09	17.97	13.17	50.00	0.26
AZYAA	0.09	17.97	13.17	250.00	0.05

\*Based on 31-Dec-12 release less VSL estimate for MQ13 cashflow. Share Prices: 23/4/13.

^ Assumes 50Mt resource achieved

^^ Assumes 250Mt upside resource achieved

Source: Veritas Securities, Company announcements, Iress

## Company background

Antipa Minerals was listed on the ASX in April 2011 after raising A\$10 million. Upon listing the company acquired the Citadel Project from Centaurus Metals for shares/options (4.0% current holding).

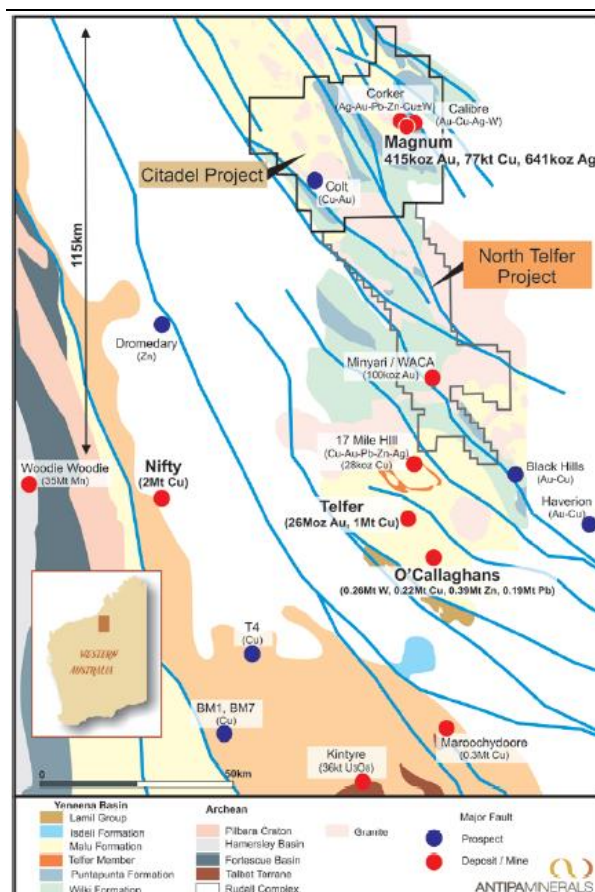
**AZY control an extensive package of tenements just north of Newcrest's Telfer operations.**

The Citadel Project is a 1,714km<sup>2</sup> package of prospective tenements in the Proterozoic Paterson Province of Western Australia. The tenement package is located approximately 100km north of Newcrest's Telfer gold-copper mine and includes the drill defined gold and copper Magnum Deposit, two new discoveries (Corker and Calibre) and multiple other polymetallic prospects.

**In 2012 AZY made two new discoveries; Corker and Calibre**

Priority applications have been lodged for the North Telfer Project, pursuant to an agreement with Paladin Energy. This application covers an additional 1,330km<sup>2</sup> of exploration licences, known as the North Telfer Project, located just 20km north of Newcrest's Telfer Au-Cu mine.

**Figure 4: Location of Antipa Minerals'granted tenements and tenements under application**

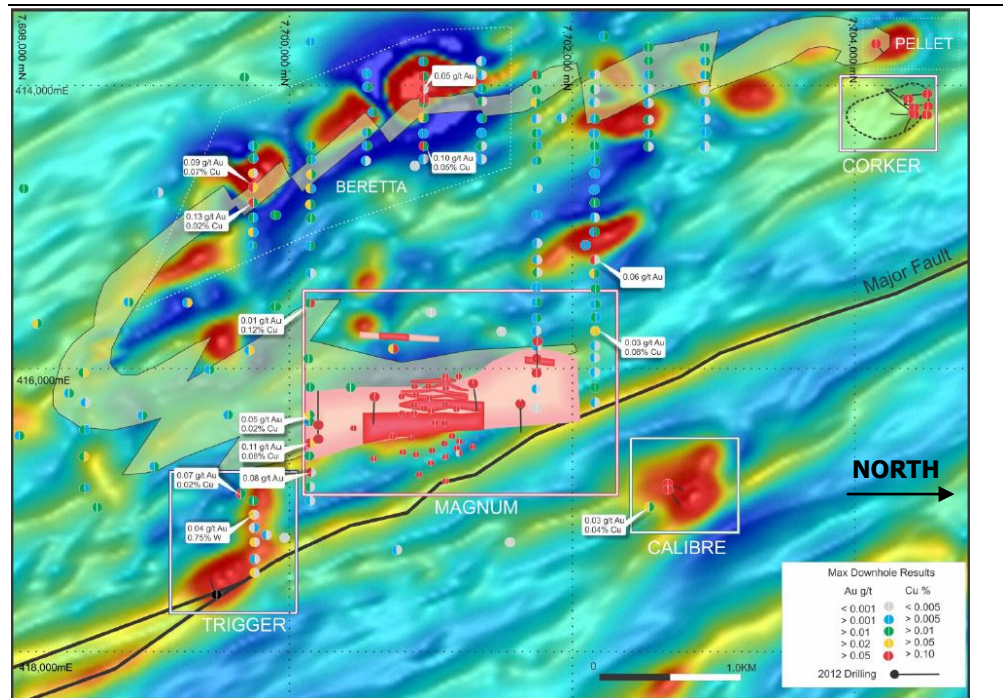


Source: AZY reports

## Magnum Dome area

The Magnum Dome area has multiple EM anomalies that AZY are exploring, with significant mineralised intercepts recorded at Magnum, Calibre, Corker, Pellet and Trigger targets. Further follow up work/exploration drilling will be required to test/extend these anomalies/deposits.

**Figure 5: Clustered exploration targets surrounding Magnum (Aeromagnetic survey)**

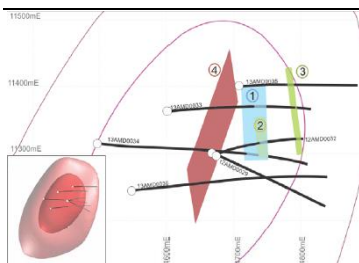


Source: AZY announcement

AZY, currently focused on the Calibre deposit, still have many Magnum Dome anomalies to test.

## Calibre

**Figure 6: Plan view DHEM plates**



Source: AZY announcement

AZY began testing the large (800m long) Calibre bullseye Magnetic and partially co-incident EM anomaly in DQ12, with the discovery drill hole 12AMD0029 drilled to a depth of 326m, interpreted as intersecting the upper eastern edge of the anomaly. Drill hole #2, 12AMD0032 (terminated at 446m), intersected strong to very strong zones of quartz veining hosting chalcopryite, pyrrhotite and bismuthinite. Significantly, DHEM surveys of 12AMD0029 and 12AMD0032 indicated the potential for multiple zones of higher grading sulphides below 12AMD0032.

Both initial drill holes into Calibre traversed the extremities of the Magnetic and DHEM anomalies and provided a robust understanding of the controls on mineralisation and their relationship with the geophysical anomalies, demonstrating the significant potential at Calibre.

Drill hole 13AMD0033 intercepted mineralisation from the base of cover and was positioned to test the DHEM and magnetic anomalies along strike (to the north) and intercept the DHEM plates from previous drilling. The Cu mineralisation appeared similar-slightly better than 12AMD0032, and also contained significant bismuth indicative of the presence of Au.



Drill hole 13AMD0034 located to extend the deposit to the west and at depth (also returned mineralisation from the base of cover) returned 450m of semi-continuous mineralisation and discovered a western zone of mineralisation. Encouragingly, this new zone of mineralisation extends well outside of the previously defined magnetic anomaly.

The deposit has also been extended to the south with drill hole 13AMD0036 intercepting semi-continuous mineralisation from the base of the transported cover to within 6m of the end of the hole. Visually the drill hole confirms the continuation of the Eastern (stronger) mineralised zone to the south.

Drill hole 13AMD0035 (collared to the north and east) to test the upper tip of the magnetic anomaly returned some of the highest gold grade intercepts to date; 1.1m at 10.92g/t and 0.65m at 8.27g/t, 1.27% Cu and 8g/t Ag, but also contained an impressive 87m at 1.17g/t Au (including 0.12% Cu, 0.7g/t Ag and 0.05% W) or 1.60g/t AuEq. Mineralisation (273m at 1.13g/t AuEq) was intercepted from the base of the cover through to a parallel dolerite dyke encountered towards the bottom of the hole. Assay results for 13AMD0035, (which included low grade Au and Cu in the last metre of the hole) indicate that mineralisation at the upper end of the magnetic anomaly remains open in all directions.

Down hole EM testing of 34 and 36 has identified a large off-hole south plunging conductor, which is 3-4 times more conductive than previous conductor plates (250 siemens versus 80 siemens). Again, coincident with the magnetic anomaly (and extending below), this conductor provides AZY with a high priority target for future drill programs, as well as the along strike portion of the magnetic anomaly.

**Figure 7: Summary of the High Grade Zones, holes 32 – 34 >0.8 gram metre lower cut**

Drillhole	Intercept m	Au g/t	Cu %	Ag g/t	W %	AuEq g/t	CuEq %
12AMD0032	76	0.73	0.42%	1.35	0.04%	1.59	1.05%
13AMD0033	51	0.91	0.31%	1.00	0.03%	1.55	1.02%
13AMD0034	60	0.89	0.35%	1.31	0.04%	1.65	1.08%
13AMD0035	87	1.17	0.12%	0.68	0.05%	1.63	1.06%
Average	69	0.93	0.30%	1.09	0.04%	1.60	1.05%

Source: AZY announcements, Veritas Securities

**Figure 8: Summary of Calibre holes 32 – 34 >0.3 gram metre lower cut**

Drillhole	Intercept m	Au g/t	Cu %	Ag g/t	W %	AuEq g/t	CuEq %
12AMD0032	347	0.37	0.17%	0.47	0.02%	0.74	0.49%
13AMD0033	373	0.60	0.19%	0.70	0.02%	1.02	0.67%
13AMD0034	450	0.43	0.14%	0.50	0.02%	0.77	0.51%
13AMD0035	274	0.75	0.12%	0.55	0.04%	1.14	0.75%
Average	361	0.54	0.16%	0.56	0.03%	0.92	0.60%

Source: AZY announcements, Veritas Securities

We anticipate assay results for drill hole 36 towards the end of the month. Mineralisation remains open to the north, south, east, west, at depth and up-dip and has been confirmed over an area of 190m (north-south) by 400m (east-west) and to a vertical depth of 470m.

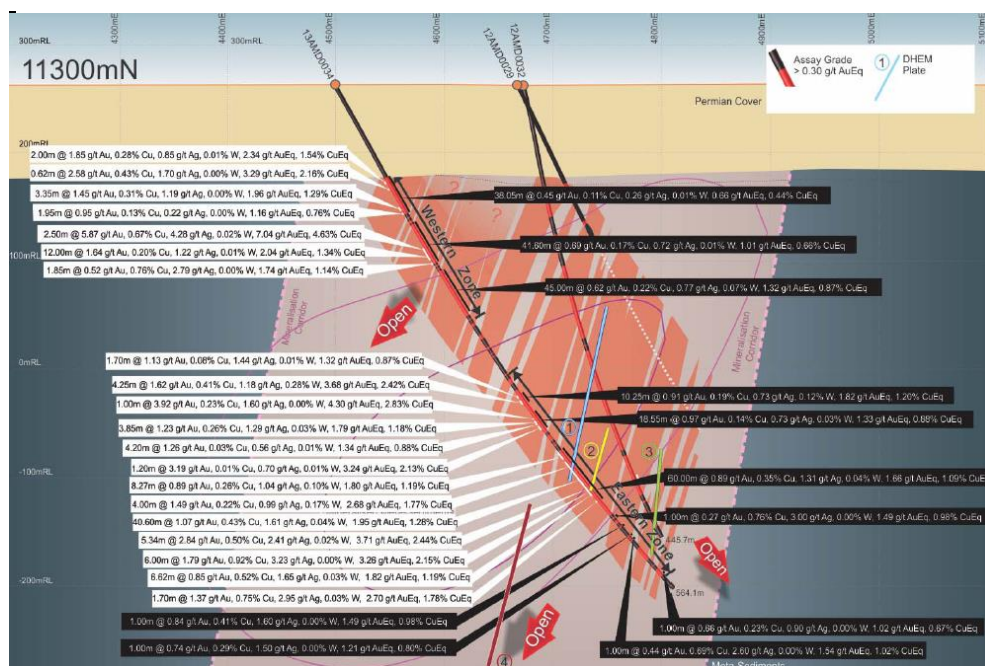
**The Calibre magnetic anomaly has been tested with just 6 drill holes. Over 50% of the depth and 75% of the strike of this anomaly is yet to be tested**

**Assay results confirm a broad mineralised system (ref Figure 8), with an Eastern high grade zone indicated (ref Figure 9)**

**Final Phase 1 assay results are anticipated by the end of April.**

Figure 9: Cross section 11,300 North (looking north)

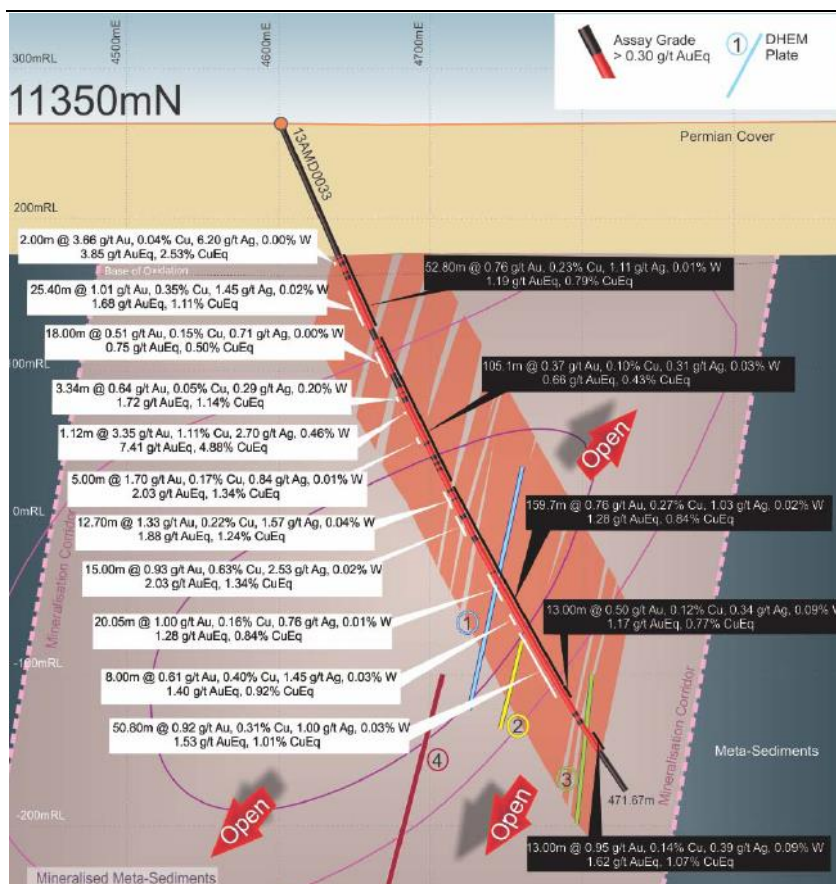
Drill hole 13AMD0034 identified an upper Western zone of mineralisation, separated from the Eastern zone by a weakly mineralised central zone.



Source: AZY announcement

Figure 10: Cross section 11,350 North (looking north)

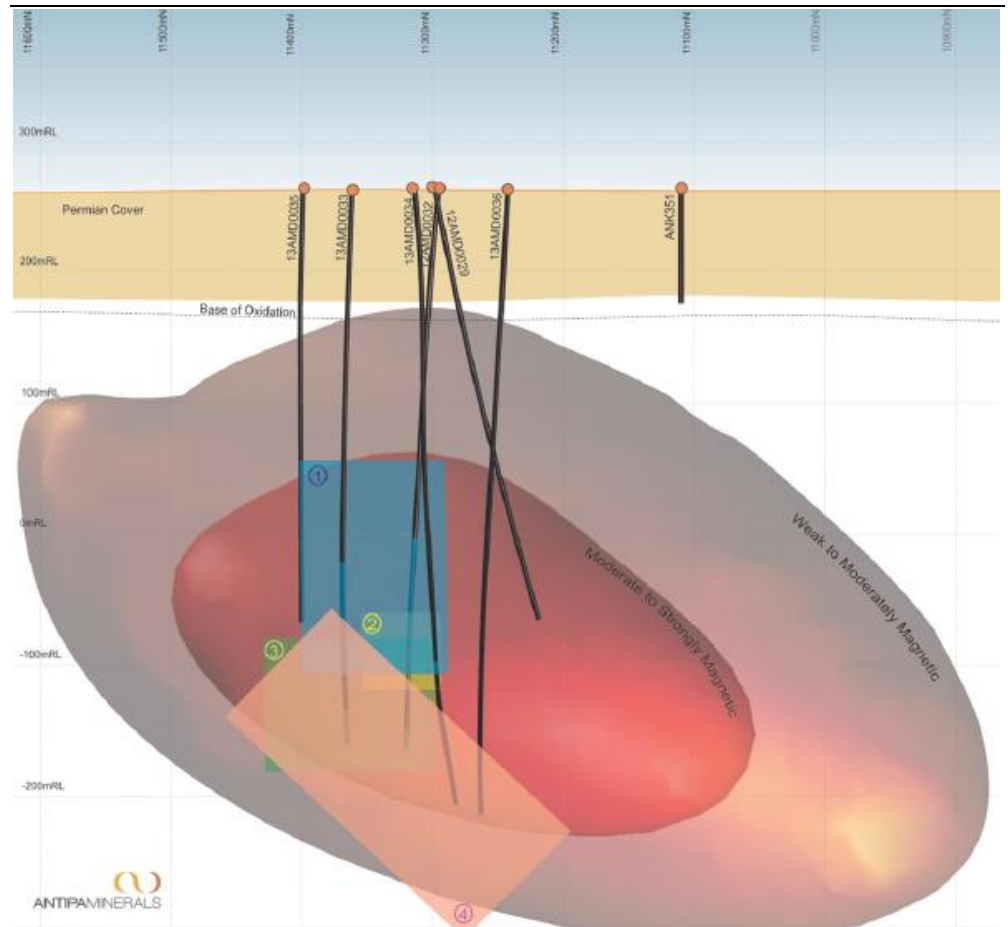
Figure 11: Calibre breccia model – depth transition.



Source: AZY announcement

Figure 12: Calibre prospect long section (looking east)

DHEM conductor 4 is a high order conductor that has not been drilled that also extends beyond the magnetic anomaly.



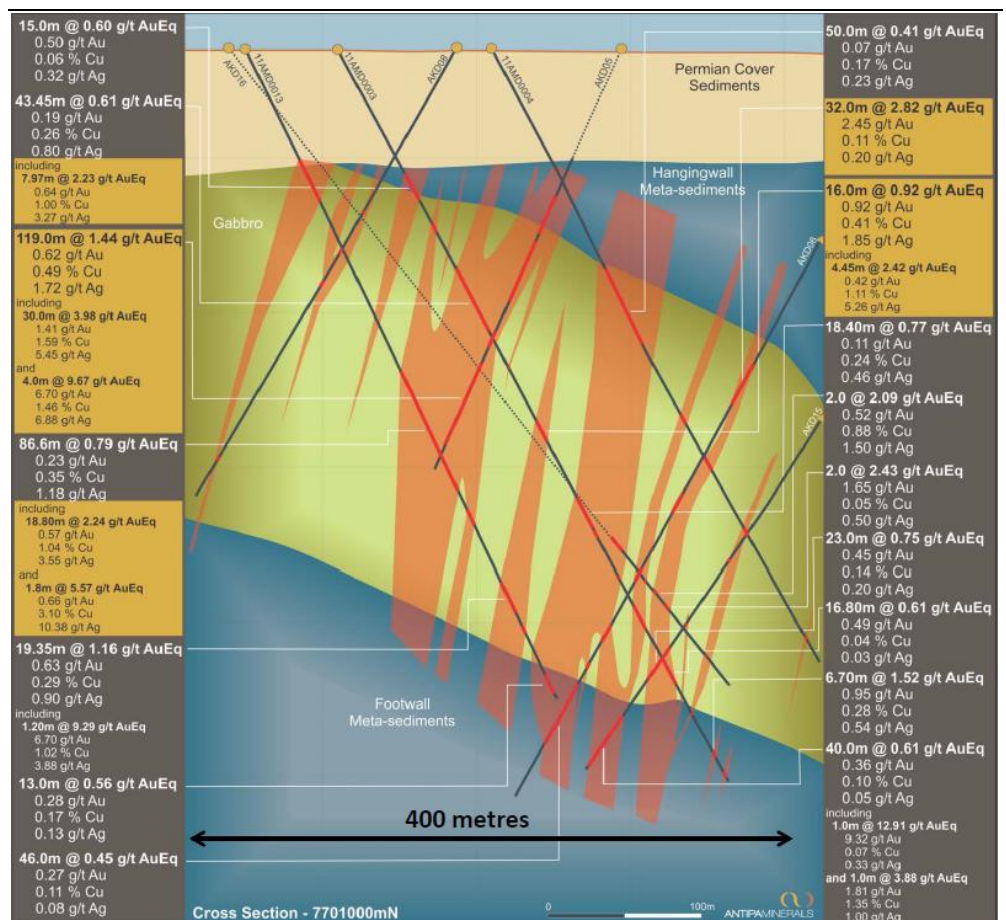
Source: AZY announcement



## Magnum

AZY have extended and drilled the Magnum deposit out to an Indicated Resource of 27.8Mt at 0.5g/t Au, 0.3% Cu, 0.02% Bi. Hosted in a gabbro and extending into hanging and footwall metasediments, the deposit sits under 70m of Permian cover. In our view this deposit would not support a stand-alone development, but may, depending on other exploration success and development opportunities, form part of a broader Magnum Dome area development.

**Figure 13: Magnum deposit cross section 7701000N**



Source: AZY announcement

## Corker

Corker is an EM anomaly located less than 4km north-northwest of the Magnum Deposit and was the first prospect outside of Magnum tested with drilling by AZY.

Phase 1 and 2 drilling at this prospect returned the following intercepts:

- 12AMD0031 - 1.59m of predominantly semi-massive sulphide mineralisation grading 91.2 g/t Ag, 0.35 g/t Au, 1.85% Cu, 4.25% Zn, 2.07% Pb and 0.02% W or 7.28 g/t Au Equivalent.

- 12AMD0015 - 0.54m of semi-massive and matrix sulphide mineralisation grading 121.5 g/t Ag, 0.10 g/t Au, 0.6% Cu, 0.08% Zn and 2.26% Pb or 4.3 g/t AuEq, including;
- 12AMD0015 - 0.13m of massive sulphide mineralisation grading 772.0g/t Ag, 0.85 g/t Au, 0.10% Cu, 1.86% Zn and 14.8% Pb or 21.9 g/t AuEq.

Several non-conductive minerals (sphalerite and potentially matrix Cu mineralisation) present in the deposit may extend beyond the boundaries of the EM conductivity response.

The geology, DHEM and assay data indicate the potential for stacked stratabound sulphide horizons and potentially steep dipping sulphide bearing cross-structures.

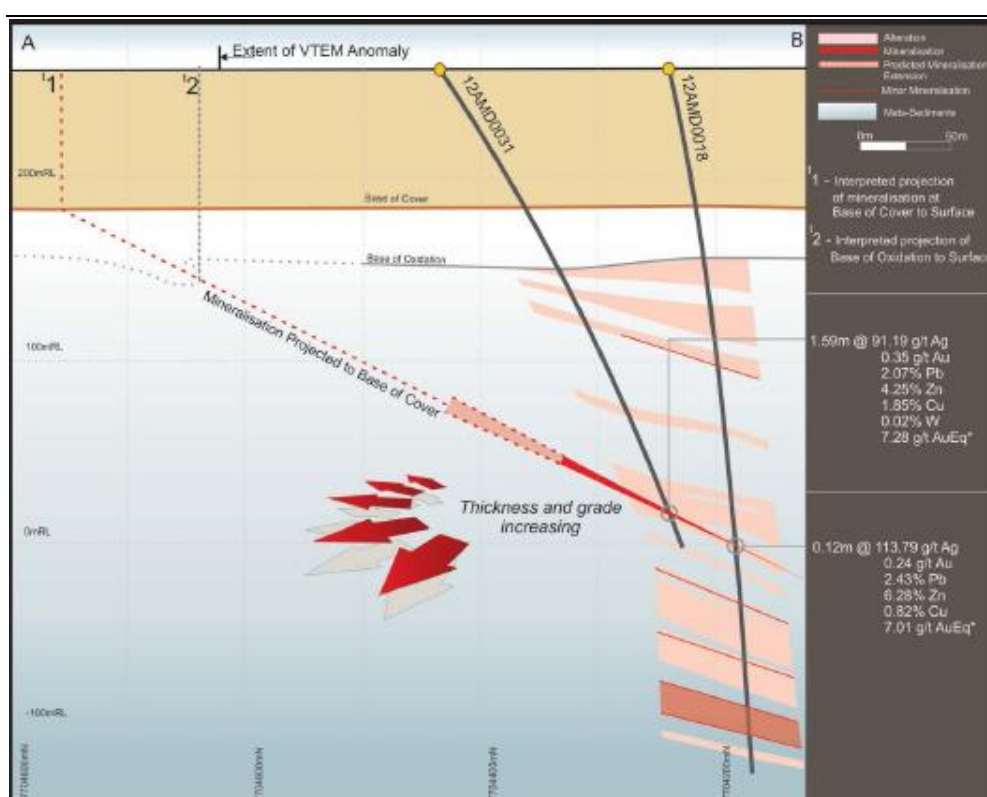
The Corker deposit remains open up-dip to the north and west.

Initial drilling at corker indicates that grade and thickness increases up-dip.

Drilling to the north and west of the initial drill locations has resulted in improved quality and thickness of mineralisation.

The Corker-Pellet area ground based gravity survey highlights several possible north-northwest trending structures, which are potential candidates for mineralisation feeder faults.

**Figure 14: Corker cross section**



Source: AZY announcement

## Pellet

The Pellet prospect is located approximately 450m to the west of Corker and has returned drill intercept grades of up to 2.17% Cu, 0.12 g/t gold, 20.7 g/t silver and 870 ppm W in mineralised quartz veins. The results are encouraging and will require follow up, particularly given Pellet's proximity to, and potential relationship with, Corker.

## Balance sheet/funding

### Capital structure

At the end of the DQ12 AZY held a cash balance of \$2.28m. The Calibre Phase 1 drill program had a budget of \$1m and was completed in early JQ13.

### Shares outstanding

Further funding will be required to continue the exploration at Calibre and other prospects in the Magnum Dome area, as well as across the extensive Citadel and North Telfer project areas.

• **Free trading:**  
**135.1M**

• **Escrowed:**  
**20.8M**

### Listed Options

• **Dec 31 2014, 8c**  
**43.8M**

### Unlisted Options

• **Various**  
**22.8M**

## Board & Management

### Stephen Power, LLB

Executive Chairman

Commercial lawyer with 26 years' experience advising participants in the resources industry in Australia and overseas, including Africa and South America. Non-Executive director of Karoon Gas Australia.

### Roger Mason BSc (Hons) MAusIMM

Managing Director

Geologist with 26 years resources industry experience, involving mining, project, exploration and business development roles, covering a range of commodities. Australian and overseas experience includes Africa and North America. Former General Manager Geology for LionOre/Norilsk Nickel Australia.

### Mark Rodda BA, LLB

Non-Executive Director

Lawyer with 16 years private practice, in-house legal, corporate secretary and consultancy experience. Former General Counsel and Corporate Secretary for LionOre Mining. Experience in the management of acquisitions, financings and restructuring initiatives. Non-Executive director of Coalspur Mines.

### Peter Buck MSc, MAusIMM

Non-Executive Director

Geologist with 36 years international exploration and production experience. Associated with the discovery and development of a number of mineral deposits in Australia and Brazil. Former Director - Exploration and Geology for LionOre Australia. Previous board positions with Gallery Gold, Breakaway Resources and PMI Gold.

### Gary Johnson MAusIMM, MTMS, MAICD

Non-Executive Director

Mining executive with 32 years' experience as a metallurgist, Manager, Owner, Director and Managing Director. Former Managing Director of Norilsk Nickel Australia, former Director of Tati Nickel and WMT (which developed and commercialised the Activox technology), a Principal of Strategic Metallurgy and Non-Executive Director of Hard Creek Nickel Corp and Potash West NL.

## Sales

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## RATING

BUY – anticipated stock return is greater than 10%  
 SELL – anticipated stock return is less than -10%  
 HOLD – anticipated stock return is between -10% and +10%  
 SPECULATIVE – High risk with stock price likely to fluctuate by 50% or more

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