

# Antipa Minerals (AZY)

Rating: Buy | Risk: High | Price Target: \$0.08

## 1.8 million ounces at Minyari Dome... with room to grow

### Key Information

Current Price (\$ps)	0.04
12m Target Price (\$ps)	0.08
52 Week Range (\$ps)	0.04 - 0.07
Target Price Upside (%)	89.7%
TSR (%)	89.7%
Reporting Currency	AUD
Market Cap (\$m)	132
Sector	Materials
Avg Daily Volume (m)	1.5
ASX 200 Weight (%)	0.01%

### Fundamentals

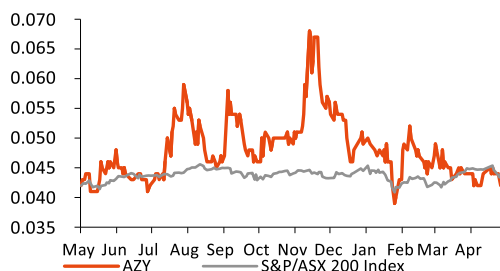
YE 30 Jun (AUD)	FY21A	FY22E	FY23E	FY24E
Sales (\$m)	1	0	0	0
NPAT (\$m)	(4)	(1)	(2)	(2)
EPS (cps)	(13.4)	(4.8)	(5.5)	n/a
EPS Growth (%)	(58.2%)	64.4%	(15.9%)	n/a
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

### Ratios

YE 30 Jun	FY21A	FY22E	FY23E	FY24E
P/E (x)	(0.3)	(0.9)	(0.8)	n/a
EV/EBITDA (x)	n/a	n/a	n/a	n/a
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	n/a

### Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(4.1%)	(12.2%)	(1.4%)	(9.5%)
Absolute (%)	(4.5%)	(6.7%)	5.0%	(4.5%)
Benchmark (%)	(0.4%)	5.5%	6.4%	5.0%



Price performance indexed to 100

Source: FactSet

### Major Shareholders

Newcrest Mining Ltd.	9.9%
IGO Ltd.	4.7%
Rosane Pty Ltd.	2.1%
POWER STEPHEN MICHAEL	2.0%
Freyco Pty Ltd.	1.9%

### Kristian Stella | Analyst

+61 3 9268 1097

[Kristian.Stella@shawandpartners.com.au](mailto:Kristian.Stella@shawandpartners.com.au)

### Andrew Hines | Head of Research

+61 3 9268 1178

[andrew.hines@shawandpartners.com.au](mailto:andrew.hines@shawandpartners.com.au)

### Michael Clark | Analyst

+61 3 9268 1148

[michael.clark@shawandpartners.com.au](mailto:michael.clark@shawandpartners.com.au)

### Event

Minerals ("Antipa" or "the Company") have released an updated Resource for their 100% owned Minyari Dome Project in the Paterson, WA.

### Highlights

#### Resource update beyond our expectations

- Although a significant upgrade appeared obvious at Minyari Dome, the increase in contained ounces from 0.72 Moz to 1.8 Moz (2.3 Moz-eq) was beyond the top end of what we were expecting. Importantly, the upgrade to overall gold ounces has been delivered with relative preservation of grade at 1.6 g/t gold (previously 2 g/t) and 0.19% copper (previously 0.24%).
- The Minyari deposit is mineralised from surface down to 670m and occurs along a 500m strike across a horizontal width of up to 300m. The deposit remains open down plunge, which along with other satellite targets represents significant potential exploration upside for further expansion of the Resource.
- The Company plans to continue drilling for potential ongoing Resource expansion through CY 2022.

#### Scoping Study to assess Minyari Dome potential as a standalone development

- Antipa have engaged independent mining consultants Snowden Optiro to complete a Scoping Study for the Minyari Dome Project, which is scheduled to be completed in Q3 of CY 2022.
- Metallurgical test-work undertaken in 2017 and 2018 demonstrated excellent gold recoveries for both oxide and primary mineralisation from the Minyari and WACA deposits from conventional flowsheets (recoveries of 95% in oxide ore and 88% in primary ores). 2018 metallurgical test-work confirmed the potential for Minyari Dome to produce copper-gold concentrate and cobalt-gold concentrate product with favourable results.
- Although preliminary, the 2017 and 2018 test work provide some comfort on metallurgy. The current inflationary environment and the energy costs associated with power and transport of the remote project location will be head winds for the study.

#### Although we see value in Minyari Dome as a potential standalone development – it does look like an obvious ore source for Telfer

- In our view, the Minyari Dome Resource update significantly increases its attractiveness as a feed source for Newcrest's Telfer operation which is 35km away.
- Telfer currently operates with total processing capacity of 22Mtpa. Telfer is nearing depletion of its ore Reserves, with ore from nearby Havieron currently expected to feed the Telfer plant post FY24, to be processed through a modified Telfer plant to operate a single train at 6Mtpa on a campaign basis.
- To us, it seems logical to process a nearby ore source like Minyari (35km from Telfer versus 45km for Havieron) prior to downsizing the plant.

### Recommendation

We retain our BUY recommendation and A\$0.08ps price target. The next key catalyst for the stock will be the Scoping Study for the Minyari Dome Project, which is scheduled to be completed in Q3 of CY 2022.

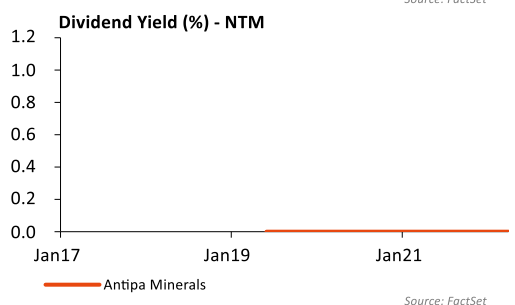
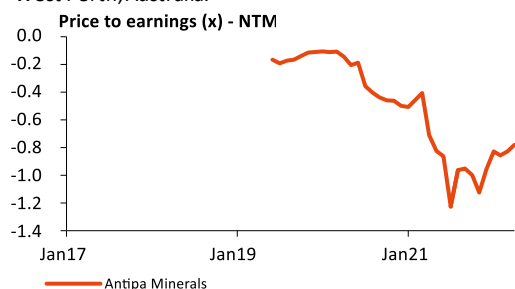
**Antipa Minerals  
Materials  
Materials**

FactSet: AZY-AU / Bloomberg: AZY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.04
Target Price (\$ps)	0.08
52 Week Range (\$ps)	0.04 - 0.07
Shares on Issue (m)	3,140
Market Cap (\$m)	132
TSR (%)	89.7%

**Company Description**

Antipa Minerals Ltd. engages in the exploration and development of mineral properties. Its project portfolio includes Citadel, North Telfer, and Paterson. The company was founded on November 1, 2010 and is headquartered in West Perth, Australia.



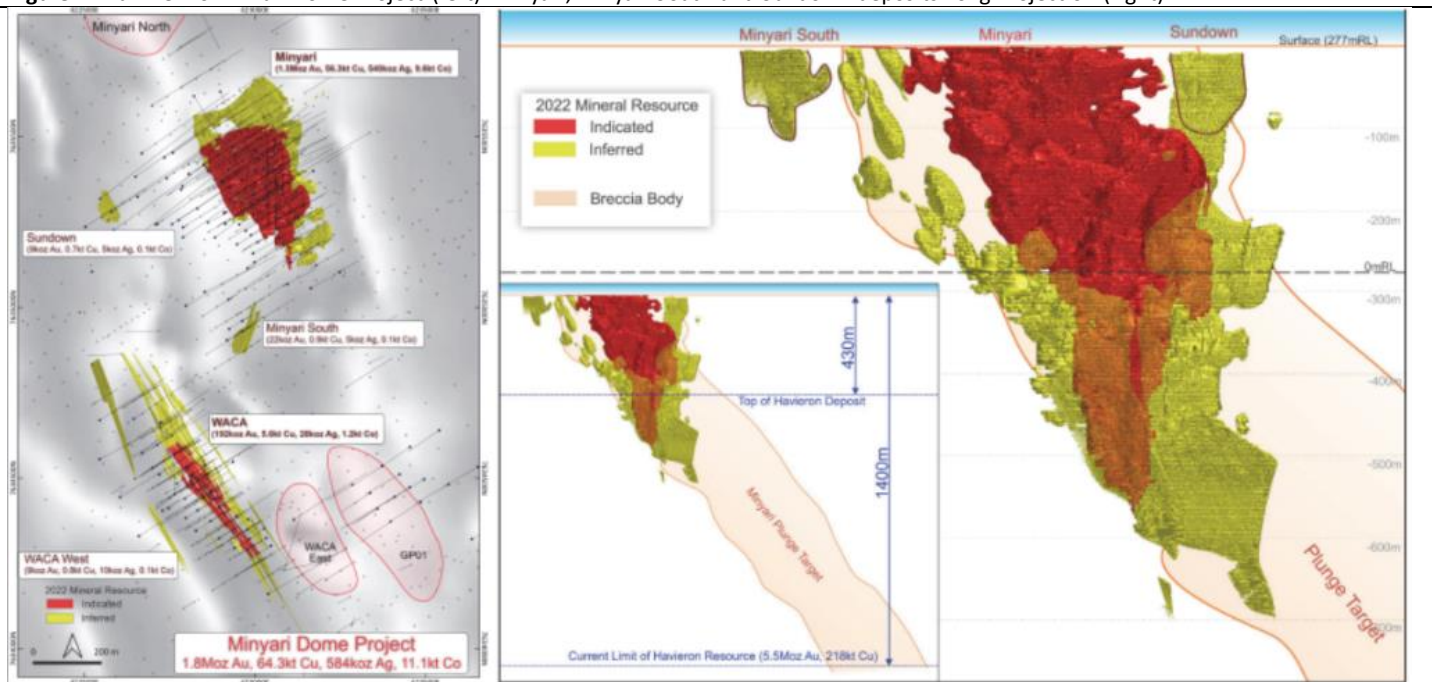
**Financial Year End: 30 June**

Investment Summary (AUD)	FY20A	FY21A	FY22E	FY23E	FY24E
EPS (Reported) (cps)	(8.4)	(13.4)	(4.8)	(5.5)	n/a
EPS (Underlying) (cps)	(8.4)	(13.4)	(4.8)	(5.5)	n/a
EPS (Underlying) Growth (%)	n/a	(58.2%)	64.4%	(15.9%)	n/a
PE (Underlying) (x)	(0.3)	(0.3)	(0.9)	(0.8)	n/a
DPS (cps) (AUD)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	n/a
Profit and Loss (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	1	1	0	0	0
Sales Growth (%)	n/a	21.4%	(100.0%)	n/a	n/a
EBITDA	(2)	(3)	(2)	(2)	(2)
EBITDA Margin (%)	nm	nm	nm	nm	nm
Depreciation & Amortisation	(0)	(0)	(0)	(0)	(0)
EBIT	(1.9)	(3.6)	(1.7)	(1.7)	(1.8)
EBIT Margin (%)	nm	nm	nm	nm	nm
Net Interest	0	0	0	0	0
Pretax Profit	(2)	(4)	(1)	(2)	(2)
Tax	0	0	0	0	0
Tax Rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%
NPAT Underlying	(2)	(4)	(1)	(2)	(2)
Significant Items	0	0	0	0	0
NPAT Reported	(2)	(4)	(1)	(2)	(2)
Cashflow (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(2)	(4)	(2)	(2)	(2)
Payments to Suppliers	(2)	(2)	(2)	(2)	(2)
Receipts from Customers	1	1	0	0	0
Tax Paid	0	0	0	0	0
Net Interest	0	0	0	0	0
Depreciation & Amortisation	0	0	0	0	0
Operating Cashflow	(1)	(1)	(1)	(2)	(2)
Capex	(4)	(3)	(31)	(18)	(11)
Acquisitions and Investments	0	0	0	0	0
Disposal of Fixed Assets/Investments	0	0	0	0	0
Investing Cashflow	(4)	(3)	(31)	(18)	(11)
Equity Raised / Bought Back	4	30	0	35	0
Change in Debt	0	0	0	0	0
Other	(0)	0	0	0	0
Financing Cashflow	4	30	0	35	0
Net Change in Cash	(1)	27	(32)	16	(13)
Balance Sheet (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash	7	34	2	18	5
Accounts Receivable	0	1	1	1	1
Inventory	0	0	0	0	0
Other Current Assets	1	1	1	1	1
PPE	0	0	0	0	0
Goodwill & Intangibles	0	0	0	0	0
Investments	0	0	0	0	0
Other Non Current Assets	28	38	64	79	89
<b>Total Assets</b>	<b>37</b>	<b>74</b>	<b>68</b>	<b>99</b>	<b>96</b>
Accounts Payable	2	11	7	4	3
Long Term Debt	0	0	0	0	0
<b>Total Liabilities</b>	<b>3</b>	<b>12</b>	<b>7</b>	<b>4</b>	<b>3</b>
Ratios	FY20A	FY21A	FY22E	FY23E	FY24E
ROE (%)	n/a	(7.5%)	(2.4%)	(2.2%)	(1.8%)

### Minyari Dome Project Overview

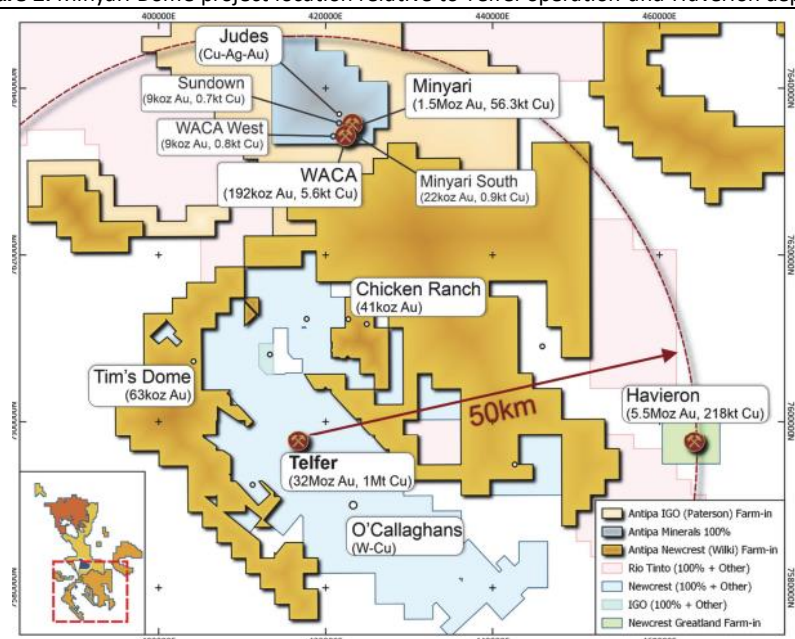
- The total Minyari Dome Project comprises predominately of the Minyari deposit, which accounts for 87% of the contained ounces of the Resource (28Mt @ 1.66g/t Au, 0.2% Cu). Nearby WACA, Sundown, and WACA West deposits account for the balance of the Resource.
- The Minyari deposit is mineralised from surface down to 670m and occurs along a 500m strike across a horizontal width of up to 300m. The deposit remains open down plunge, which represents significant potential exploration upside for further expansion of the Resource.
- Minyari South, Sundown and WACA West deposits are all near surface, remain open in all directions and are within 100 to 250m of the Minyari or WACA deposits, highlighting the potential for further resource upside.
- The Company plans to continue drilling for potential ongoing Resource expansion through CY 2022.

Figure 1: Plan view of Minyari Dome Project (left). Minyari, Minyari South and Sundown deposits Long Projection (right)



Source: Company release 2 May 2022

Figure 2: Minyari Dome project location relative to Telfer operation and Haveron deposit



Source: Company release 2 May 2022

### Key risks

As a small mining company, we consider an investment in Antipa Minerals to be high risk. The key risks include;

- Antipa Minerals is predominantly an exploration company and therefore carries significant exploration risk. There is no guarantee that future exploration results will be positive.
- Antipa Minerals are not yet producing and there is a risk that Antipa Minerals is unable to bring Minyari Dome or other potential projects into production.
- Smaller companies carry more significant 'key personnel' risk than larger organisations. If senior management depart the company, then it could delay projects or exacerbate operational risks.
- The copper price is currently trading well above cost curve support and there are risks that if demand for copper does not meet expectations, then the copper price could revert to historical averages.
- The gold price is volatile and driven as much by geopolitical events as fundamental supply and demand. As such, the price of gold is relatively difficult to forecast, and the actual price may differ substantially from our forecasts.

### Core drivers and catalyst

- Catalysts for the stock to reach our price target include: Minyari Dome standalone development Scoping Study (**Q3 CY2022**); and, Resource expansion, infill drilling and testing new targets (**Ongoing CY2022**).

## Rating Classification

<b>Buy</b>	Expected to outperform the overall market
<b>Hold</b>	Expected to perform in line with the overall market
<b>Sell</b>	Expected to underperform the overall market
<b>Not Rated</b>	Shaw has issued a factual note on the company but does not have a recommendation

## Risk Rating

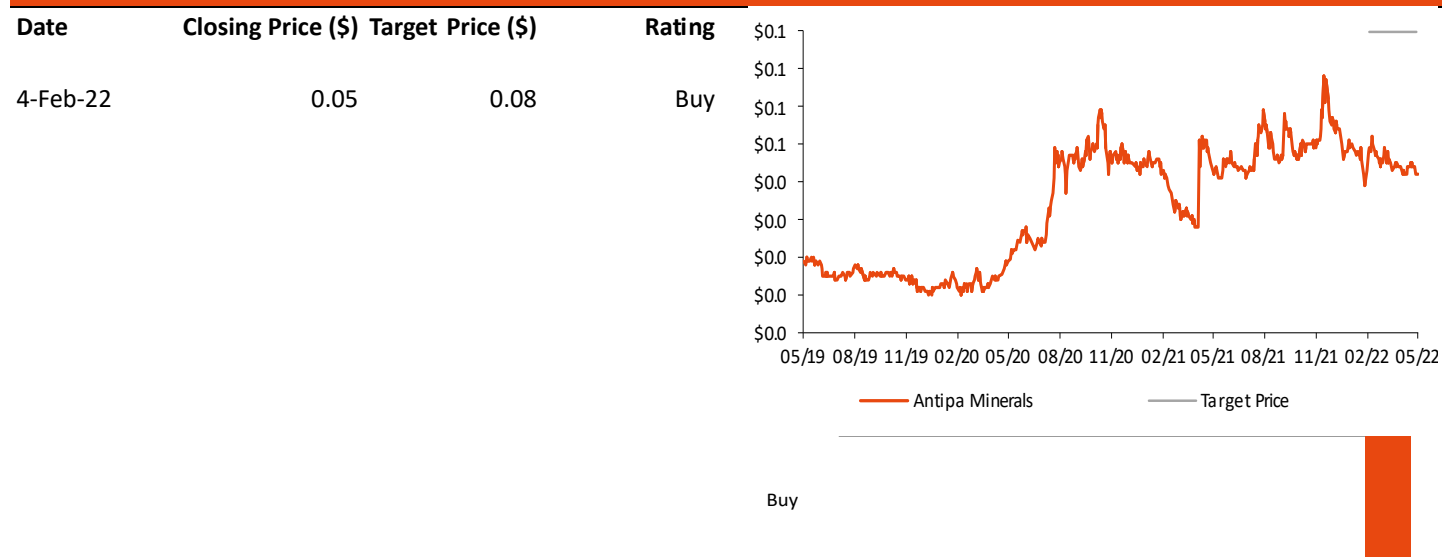
<b>High</b>	Higher risk than the overall market – investors should be aware this stock may be speculative
<b>Medium</b>	Risk broadly in line with the overall market
<b>Low</b>	Lower risk than the overall market

**RISK STATEMENT:** Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

### Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	100	84%
Hold	17	14%
Sell	2	2%

### History of Investment Rating and Target Price - Antipa Minerals



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Sydney   Head Office	Melbourne	Brisbane	Adelaide	Canberra	Perth	Noosa
Level 7, Chifley Tower	Level 36	Level 28	Level 23	Level 7	Level 20	Suite 11a Q Place
2 Chifley Square	120 Collins Street	111 Eagle Street	91 King William Street	54 Marcus Clarke Street	108 St Georges Terrace	2 Quamby Place
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Adelaide SA 5000	Canberra ACT 2600	Perth WA 6000	Noosa Heads QLD 4567
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300	Telephone: +61 8 9263 5200	Telephone: +61 7 3036 2570
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 198 003	Toll Free: 1800 271 201