

# Antipa Minerals (AZY)

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

## Prioritising Minyari Dome Project

### Key Information

Current Price (\$ps)	0.03
12m Target Price (\$ps)	0.08
52 Week Range (\$ps)	0.03 - 0.07
Target Price Upside (%)	156.9%
TSR (%)	156.9%
Reporting Currency	AUD
Market Cap (\$m)	100.5
Sector	Materials
Avg Daily Volume (m)	2.1
ASX 200 Weight (%)	0.01%

### Fundamentals

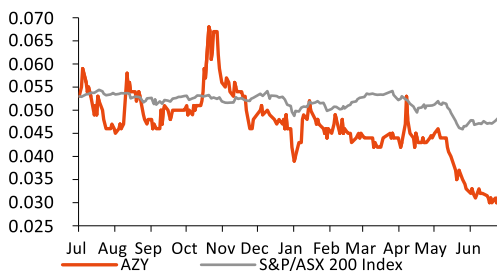
YE 30 Jun (AUD)	FY21A	FY22E	FY23E	FY24E
Sales (\$m)	0.8	0.0	0.0	0.0
NPAT (\$m)	(3.5)	(1.5)	(1.7)	(1.7)
EPS (cps)	(13.4)	(4.8)	(5.4)	n/a
EPS Growth (%)	(58.2%)	64.4%	(14.6%)	n/a
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

### Ratios

YE 30 Jun	FY21A	FY22E	FY23E	FY24E
P/E (x)	(0.3)	(0.7)	(0.6)	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 (%)	(6.2%)	(23.7%)	(20.1%)	(31.4%)
Absolute (%)	(3.0%)	(28.1%)	(27.3%)	(39.6%)
Benchmark (%)	3.2%	(4.4%)	(7.2%)	(8.2%)



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%

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### Event

Antipa Minerals (“Antipa”) have the option to either contribute or dilute in relation to funding of their Citadel JV with Rio Tinto (35% AZY, 65% RIO). Antipa has elected to utilise the dilute-down provision in the Citadel Project JV agreement for the 2022 exploration programme. They have also announced a reduced 2022 budget for the JV from \$10m to \$8m.

### Highlights

#### Preservation of cash

- Utilising the dilute-down provision will result in a cash refund of approximately A\$0.5 million being paid to Antipa by Rio Tinto in the next 10 business days (representing Antipa’s Citadel Project JV contribution for 2022 to date) and, in addition, Antipa will not be required to make any further JV cash contributions for the revised 2022 Citadel Project JV budget. As a result of this election, Antipa’s interest in the Citadel Project JV is expected to reduce to between approximately 31.1 – 32.0% at the conclusion of the 2022 exploration programme.
- Antipa’s cash on hand at the end of the March 2022 quarter was A\$10.2m.

#### Focus on Minyari Dome – the key company value driver

- We view Antipa’s 100% owned Minyari Dome Project as the key value driver for the Company. Hence, we view the decision to use the dilute-down provision at Calibre to preserve cash and prioritise progression of Minyari Dome as logical and prudent.
- Antipa have made significant progress at their 100% owned Minyari Dome Project year to date. A Resource update during the June quarter increased the gold endowment at Minyari Dome by 2.5 times, taking the Minyari Dome Resource to 33Mt at 1.6g/t Au, 0.19% Cu, 0.54g/t Ag and 0.03% Co for 1.8Moz of contained gold or 2.6Moz-eq (see ASX release 30 May 2022 for gold equivalent calculations/assumptions).
- With mineralisation from surface, in our view this is ample inventory and grades to support a stand-alone development. A scoping study is due in the current September quarter.

#### Recent Havieron independent valuation provides interesting comp.

- On 21 July-21, Greatland Gold released an independent value for the Havieron deposit that implied a 100% value for the asset of \$1.2b (~A\$1.7b). This values the asset at A\$309/oz of gold Resource (5.5Moz) or at A\$262/oz-eq of gold equivalent Resource (6.5Moz-eq)
- Applying these multiples to Minyari Dome implies a value of A\$556m on a gold only basis and A\$680m on a gold equivalent basis... significantly higher than the current Antipa market capitalisation of approx. A\$105m.

#### Minyari Dome remains a logical ore source for Newcrest’s Telfer operation

- In our view, the recent Minyari Dome Resource update significantly increased its attractiveness as a potential feed source for Newcrest’s Telfer operation, which is ~30km away from Minyari Dome and is approaching the end of its Reserves. We view Minyari Dome as a logical ore source for Telfer given: ~30km proximity; mineralisation at surface; and superior grade to current Telfer open pit Reserves/Resources.

### Recommendation

We maintain our Buy recommendation for Antipa Minerals and our price target A\$0.082. Our price target is aligned to a 0.4x NPV multiple of our Minyari Dome development scenario. A scoping study for Minyari Dome due in Q3 CY 2022 is the next key catalyst for the stock.

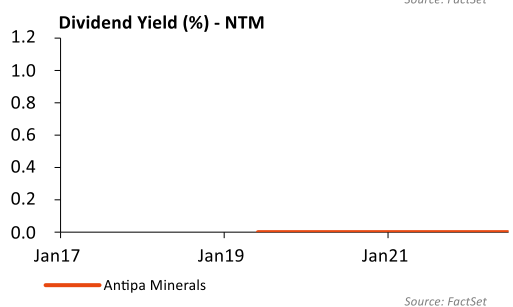
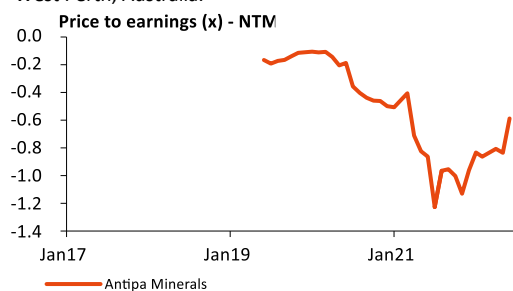
**Antipa Minerals  
Materials  
Materials**

FactSet: AZY-AU / Bloomberg: AZY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.03
Target Price (\$ps)	0.08
52 Week Range (\$ps)	0.03 - 0.07
Shares on Issue (m)	3,139.7
Market Cap (\$m)	100.5
TSR (%)	156.9%

**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)	(5.4)	n/a
EPS (Underlying) (cps)	(8.4)	(13.4)	(4.8)	(5.4)	n/a
EPS (Underlying) Growth (%)	n/a	(58.2%)	64.4%	(14.6%)	n/a
PE (Underlying) (x)	(0.3)	(0.3)	(0.7)	(0.6)	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	0.6	0.8	0.0	0.0	0.0
Sales Growth (%)	n/a	21.4%	(100.0%)	n/a	n/a
EBITDA	(1.8)	(3.5)	(1.6)	(1.7)	(1.7)
EBITDA Margin (%)	nm	nm	nm	nm	nm
Depreciation & Amortisation	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
EBIT	(1.9)	(3.6)	(1.7)	(1.7)	(1.8)
EBIT Margin (%)	nm	nm	nm	nm	nm
Net Interest	0.0	0.0	0.2	0.0	0.1
Pretax Profit	(1.8)	(3.5)	(1.5)	(1.7)	(1.7)
Tax	0.0	0.0	0.0	0.0	0.0
Tax Rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%
NPAT Underlying	(1.8)	(3.5)	(1.5)	(1.7)	(1.7)
Significant Items	0.0	0.0	0.0	0.0	0.0
NPAT Reported	(1.8)	(3.5)	(1.5)	(1.7)	(1.7)
Cashflow (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(1.9)	(3.6)	(1.7)	(1.7)	(1.8)
Payments to Suppliers	(1.6)	(1.5)	(1.6)	(1.7)	(1.7)
Receipts from Customers	0.6	0.7	0.0	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0	0.0
Net Interest	0.0	0.0	0.2	0.0	0.1
Depreciation & Amortisation	0.0	0.0	0.0	0.0	0.0
Operating Cashflow	(1.0)	(0.8)	(1.4)	(1.6)	(1.6)
Capex	(3.7)	(2.6)	(27.3)	(19.8)	(12.5)
Acquisitions and Investments	0.0	0.0	0.0	0.0	0.0
Disposal of Fixed Assets/Investments	0.0	0.0	0.0	0.0	0.0
Investing Cashflow	(3.7)	(2.6)	(27.3)	(19.8)	(12.5)
Equity Raised / Bought Back	3.9	30.1	0.3	35.0	0.0
Change in Debt	0.0	0.0	0.0	0.0	0.0
Other	(0.3)	0.0	0.0	0.0	0.0
Financing Cashflow	3.6	30.1	0.3	35.0	0.0
Net Change in Cash	(1.0)	26.6	(28.4)	13.6	(14.1)
Balance Sheet (AUD) (m)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash	7.0	33.7	5.2	18.8	4.7
Accounts Receivable	0.3	1.3	1.3	1.3	1.3
Inventory	0.0	0.0	0.0	0.0	0.0
Other Current Assets	1.3	1.3	1.3	1.3	1.3
PPE	0.0	0.2	0.2	0.1	0.0
Goodwill & Intangibles	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	28.2	37.8	63.8	78.8	88.8
Total Assets	36.8	74.2	71.7	100.3	96.1
Accounts Payable	2.4	11.0	9.8	5.0	2.5
Long Term Debt	0.0	0.0	0.0	0.0	0.0
Total Liabilities	2.9	11.5	10.2	5.5	3.0
Ratios	FY20A	FY21A	FY22E	FY23E	FY24E
ROE (%)	n/a	(7.5%)	(2.4%)	(2.2%)	(1.8%)

### Key risks

- Antipa Minerals is predominantly an exploration and pre-production development company and therefore carries significant risk. There is no guarantee that future exploration results or development studies 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 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.
- The copper price is currently trading above historical averages, there are risks that if demand for copper does not meet expectations or supply is higher than expected, then the copper price could revert to historical averages.
- We have forecast future capital and operating costs to inform a discounted cash flow valuation scenario for Minyari Dome. These capital and operating costs are uncertain given: few comparable operations and we are making capital and operating cost estimates ahead of comprehensive disclosures (i.e. scoping study) from the Company. Our cash flow forecasts would be too high if our operating cost assumptions are too low or our capital cost assumptions are too low.

### Core drivers and catalyst

- The Minyari Dome Resource now stands at 33Mt at 1.6g/t Au, 0.19% Cu, 0.54g/t Ag and 0.03% Co. With mineralisation from surface, this is ample inventory to support a stand-alone development. E.g. 3Mtpa plant for 10+ years. We expect the Antipa Minerals share price to re-rate as the company assesses the economics of a Minyari Dome standalone development. The Company has guided to a Scoping Study (Q3 CY 2022) and Pre-Feasibility thereafter.
- The Minyari deposit remains open down plunge, representing significant potential exploration upside and future underground mining potential for the deposit. Other mineralised zones within the Minyari Dome Project (e.g. Minyari South, WACA West, Sundown) remain open in several directions and represent opportunities to increase near surface Resource ounces. Ongoing positive exploration results at the Minyari Dome project, or within other tenement interests, is a potential positive catalyst for the stock.
- Antipa Minerals could be a potential M&A target. The most logical interloper is Newcrest Mining as Minyari Dome is a potential ore source for Newcrest's Telfer operation which is 35km away. Newcrest Mining is also in the process of farming-in to Antipa's Wilki Project which is adjacent to Telfer tenements and owns 9.9% interest in Antipa Minerals.

## 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

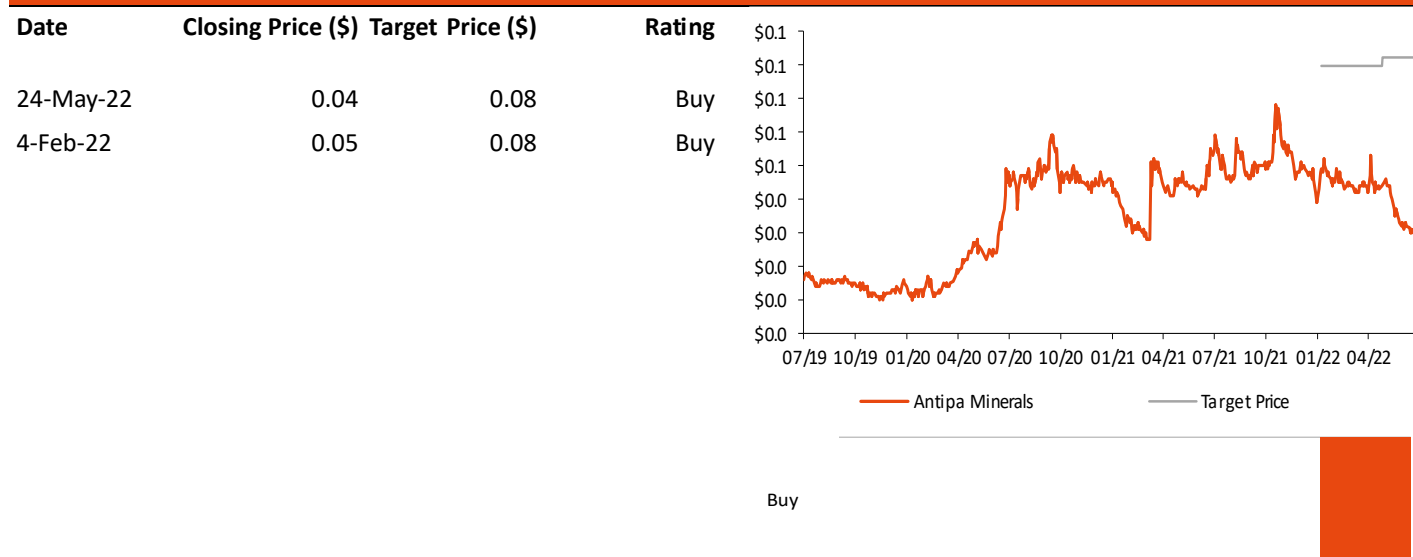
<b>High</b>	Higher risk than the overall market – investors should be aware this stock may be speculative
<b>Medium</b>	Risk broadly in line with the overall market
<b>Low</b>	Lower risk than the overall market

**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	109	89%
Hold	12	10%
Sell	1	1%

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



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