

Antipa Minerals (AZY)

Rating: Buy | Risk: High | Price Target: \$0.06

29 March 2023

Hitting the targets harder

Key Information

Current Price (\$ps)	0.02
12m Target Price (\$ps)	0.06
52 Week Range (\$ps)	0.02 - 0.05
Target Price Upside (%)	238.0%
TSR (%)	238.0%
Reporting Currency	AUD
Market Cap (\$m)	64.7
Sector	Materials
Avg Daily Volume (m)	1.0
ASX 200 Weight (%)	0%

Fundamentals

YE 20 Jun (AUD)	FY22A	FY23E	FY24E	FY25E
Sales (\$m)	0.5	0.0	0.0	0.0
NPAT (\$m)	(5.7)	(0.7)	(7.7)	(8.0)
EPS (cps)	(0.2)	(0.0)	(0.2)	(0.2)
EPS Growth (%)	(65.0%)	87.2%	nm	(1.6%)
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 20 Jun	FY22A	FY23E	FY24E	FY25E
P/E (x)	(19.1)	(76.9)	(7.6)	(7.4)
EV/EBITDA (x)	(10.6)	(72.3)	(7.5)	(7.3)
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 20 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	3.1%	(17.3%)	(10.2%)	(53.3%)
Absolute (%)	0.0%	(23.4%)	(10.0%)	(59.1%)
Benchmark (%)	(3.1%)	(6.1%)	0.2%	(5.8%)



Price performance indexed to 100

Source: FactSet

Major Shareholders

Newcrest Mining Ltd.	8.7%
Rosane Pty Ltd.	1.8%
POWER STEPHEN MICHAEL	1.7%
Freyco Pty Ltd.	1.7%
Konwave AG	0.9%

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Event

Antipa Minerals has significantly expanded the 2023 exploration program following encouraging results from Phase 2 of 2022's drilling program that included two new discoveries. The new exploration program will comprise up to 12,000m of drilling from May 2023 onwards. Current PFS workstreams will be paused to pursue the more aggressive exploration focus, with work expected to recommence in early 2024. Minyari Dome is 35km from Newcrest's Telfer mine and 54km along strike from the Newcrest-Greatland Gold Havieron gold-copper development project.

Highlights

- Antipa has been significantly increasing the Minyari Dome Project Mineral Resource (100%) via drill testing of a range of gold-copper-cobalt resource extension targets and prospects.
- 2023's planned exploration program has been significantly expanded to 12,000m of drilling, commencing in May, following review of 2022's results and improved prospectivity of key targets.
- Two new discoveries were uncovered by Phase 2 of 2022's program: high-grade gold at Minyari North and a significant gold-copper soil anomaly at the GEO-01 target, both increasing the prospective Minyari Dome strike extent to 4.4km.
- Thick zones of mineralisation were intersected at Minyari North along 300m of strike. Key intersections included 28m at 1.0g/t gold from 239m down hole which also had higher grade zones 8.0m at 2.6g/t and 1.0m at 15.8g/t.
- Zones of greenfield mineralisation under shallow cover were intersected at the GEO-01 target, 1.3km south of Minyari. Key intersections included 20.0m at 0.51g/t gold from 10m down hole including 4.0m at 1.46g/t.
- The initial test of the Minyari Deeps plunge target intersected a major fault zone from 333m to 343m downhole which is interpreted to have displaced the mine sequence vertically up between 300m to 400m. The new interpretation is Minyari North is the northward extension of the upper portion of the displaced Minyari orebody. This shallower plunge target refocusses the opportunity away from deep drilling towards open pit ounces.
- The Minyari Dome Project Mineral Resource will be updated in the middle of the year. The Pre-Feasibility Study, previously expected to complete by the end of 2023, will be paused to incorporate the 2023 drilling program results, with work expected to recommence in early 2024.
- The Minyari Dome Resource is a logical feed source for Newcrest's Telfer operation given proximity and grade: 35km away and 1.66g/t (Minyari resource) vs 0.43g/t (Telfer resource).
- Recent speculation has focussed on a Telfer divestment should Newmont be successful in its bid for Newcrest. It seems logical to us that the new owner would also seek to process a nearby ore source such as Minyari given Telfer is nearing depletion of its ore Reserves.

Recommendation

We maintain our Buy recommendation. Our price target has reduced from \$0.08 to \$0.06 after changing our valuation basis away from an NPV multiple basis towards peer-group comparative multiples. This is better aligned with the balance of our emerging gold sector coverage. Share prices of most emerging gold companies have declined significantly over the past twelve months. The second half of 2023 looks set to be a more constructive year for the small gold sector.

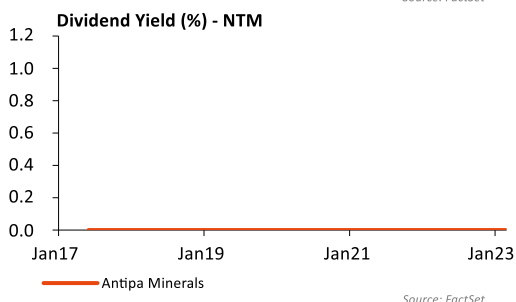
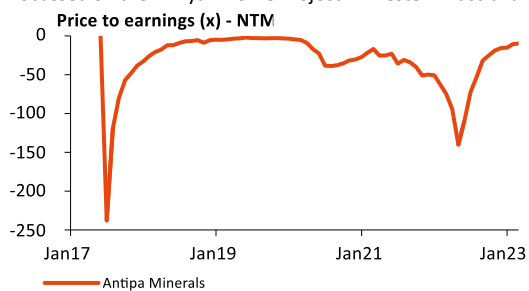
**Antipa Minerals
Materials
Materials**

FactSet: AZY-AU / Bloomberg: AZY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.02
Target Price (\$ps)	0.06
52 Week Range (\$ps)	0.02 - 0.05
Shares on Issue (m)	3,593.0
Market Cap (\$m)	64.7
Enterprise Value (\$m)	59.8
TSR (%)	238.0%

Company Description

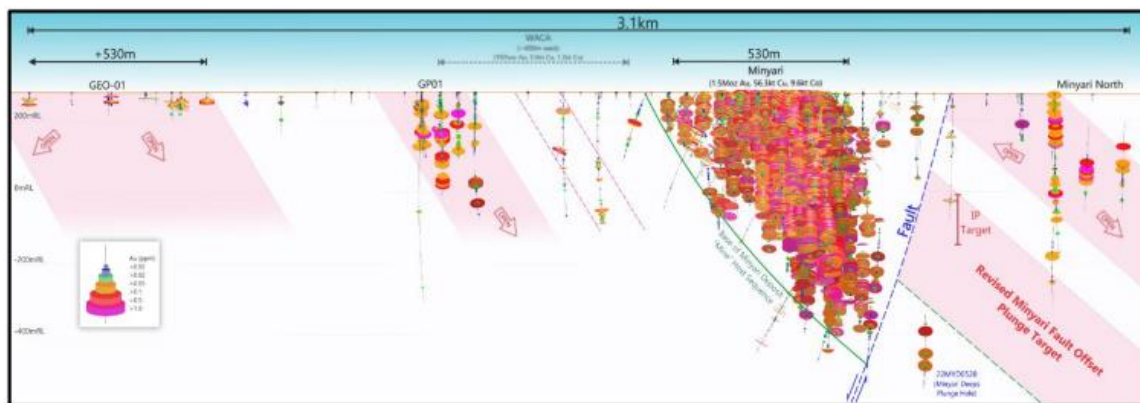
Antipa Minerals is a gold exploration company which is focussed on the Minyari Dome Project in Western Australia.



Financial Year End: 20 June

Investment Summary (AUD)	FY21A	FY22A	FY23E	FY24E	FY25E
EPS (Reported) (cps)	(0.1)	(0.2)	(0.0)	(0.2)	(0.2)
EPS (Underlying) (cps)	(0.1)	(0.2)	(0.0)	(0.2)	(0.2)
EPS (Underlying) Growth (%)	83.0%	(65.0%)	87.2%	nm	(1.6%)
PE (Underlying) (x)	(36.9)	(19.1)	(76.9)	(7.6)	(7.4)
EV / EBIT (x)	(17.1)	(10.4)	(72.3)	(7.5)	(7.3)
EV / EBITDA (x)	(17.4)	(10.6)	(72.3)	(7.5)	(7.3)
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%	0.0%
Profit and Loss (AUD) (m)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	0.8	0.5	0.0	0.0	0.0
Sales Growth (%)	n/a	(27.4%)	(100.0%)	n/a	n/a
Other Operating Income	0.0	0.0	0.0	0.0	0.0
EBITDA	(3.4)	(5.7)	(0.8)	(8.0)	(8.2)
EBITDA Margin (%)	nm	nm	nm	nm	nm
Depreciation & Amortisation	(0.1)	(0.1)	0.0	0.0	0.0
EBIT	(3.5)	(5.8)	(0.8)	(8.0)	(8.2)
EBIT Margin (%)	nm	nm	nm	nm	nm
Net Interest	0.0	0.0	0.1	0.3	0.2
Pretax Profit	(3.5)	(5.7)	(0.7)	(7.7)	(8.0)
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	(3.5)	(5.7)	(0.7)	(7.7)	(8.0)
Significant Items	0.0	0.0	0.0	0.0	0.0
NPAT Reported	(3.5)	(5.7)	(0.7)	(7.7)	(8.0)
Cashflow (AUD) (m)	FY21A	FY22A	FY23E	FY24E	FY25E
EBIT	(3.5)	(5.8)	(0.8)	(8.0)	(8.2)
Payments to Suppliers	(1.5)	(2.3)	21.8	14.7	14.5
Receipts from Customers	0.0	0.0	0.0	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0	0.0
Change in Working Capital	0.0	0.0	(1.7)	0.0	0.0
Depreciation & Amortisation	0.1	0.1	0.0	0.0	0.0
Other	0.6	0.5	0.1	0.3	0.2
Operating Cashflow	(0.8)	(1.7)	20.2	14.9	14.7
Capex	(0.2)	0.0	0.0	0.0	0.0
Acquisitions and Investments	(3.7)	(22.7)	(22.7)	(22.7)	(22.7)
Disposal of Fixed Assets/Investments	0.0	0.0	0.0	0.0	0.0
Other	1.3	(1.6)	0.0	0.0	0.0
Investing Cashflow	(2.6)	(24.3)	(22.7)	(22.7)	(22.7)
Equity Raised / Bought Back	30.1	0.0	20.0	0.0	20.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.2	0.0	0.0	0.0
Financing Cashflow	30.1	0.3	20.0	0.0	20.0
Exchange Rate Effect	0.0	0.0	0.0	0.0	0.0
Net Change in Cash	26.6	(25.8)	17.5	(7.7)	12.0
Balance Sheet (AUD) (m)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash	33.7	7.9	25.4	17.7	29.7
Accounts Receivable	1.3	0.5	0.0	0.0	0.0
Inventory	0.0	0.0	0.0	0.0	0.0
Other Current Assets	0.0	0.0	0.0	0.0	0.0
PPE	37.4	55.0	55.0	55.0	55.0
Total Assets	72.3	63.4	80.4	72.6	84.6
Accounts Payable	8.7	2.3	0.0	0.0	0.0
Short Term Debt	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	0.0	0.0	0.0
Total Liabilities	11.5	4.2	2.0	2.0	2.0
Ratios	FY21A	FY22A	FY23E	FY24E	FY25E
ROE (%)	(10.3%)	(9.5%)	(1.1%)	(10.3%)	(10.4%)
Gearing (%)	(121.2%)	(15.2%)	(47.4%)	(33.0%)	(55.4%)
Net Debt / EBITDA (x)	9.8	1.4	30.7	2.2	3.6

Figure 1: Long Section from GEO-01 to Minyari North



Source: Company report March 2023

Long Section shows gold drill intercepts and interpreted key features including plunging gold-copper mineralisation zones, the Minyari Fault and targets including the fault offset Minyari plunge target.

The 3.1km trend extends to 4.4km including the Judes copper-silver-gold target where drill intersections include 10m at 2.05% copper, 9.11g/t silver and 0.19g/t gold.

Valuation and Price Target

At this stage we have not modelled a development of Minyari Dome so base our valuation and price target off comparable multiples of the resource base. This is in-line with other gold development companies in our coverage universe.

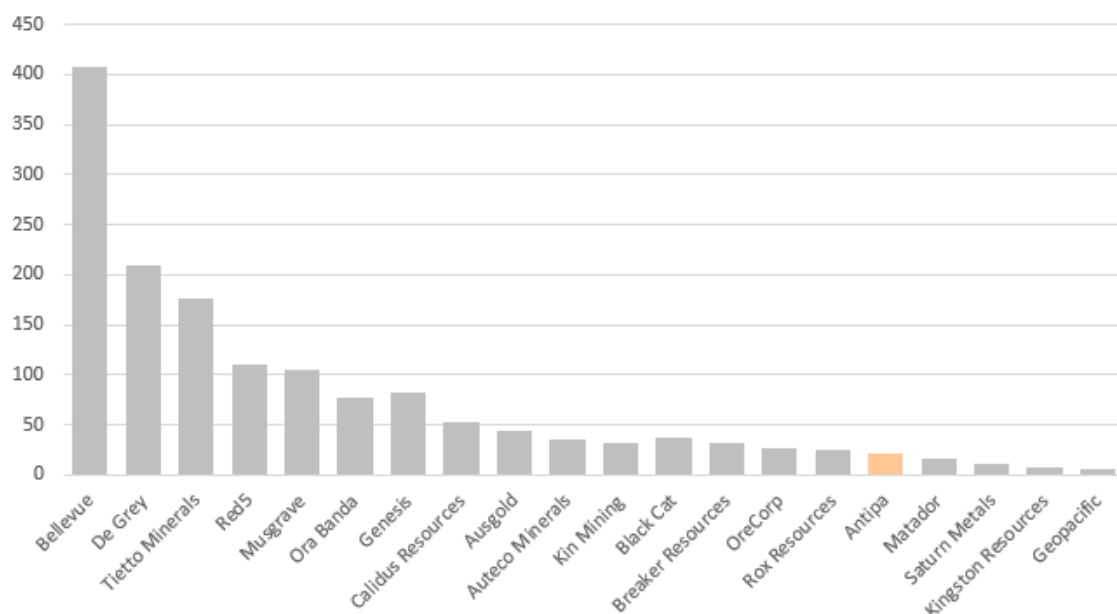
On the existing resource base Antipa is trading at \$21/oz which is below most of its ASX listed peers at an average of \$76/oz. We set our valuation and price target at an EV/oz of \$76/oz, based on a 3.2moz resource target, 25% higher than the current resource. This equates to a share price target of \$0.06.

Figure 2: Selected ASX listed gold exploration/development companies

Developers / Explorers	Code	Resource	Mkt Cap	Cash	EV/oz	% M&I	Grade	Project	Location	Interest
		Moz	A\$m	A\$m	Resource	g/t	%			
Bellevue	BGL	3.100	1,349	85	408	52%	9.9	Bellevue	WA	100%
De Grey	DEG	10.600	2,373	161	209	64%	1.2	Mallina	WA	100%
Tietto Minerals	TIE	3.450	658	47	177	53%	1.2	Abujar	W Africa	100%
Red5	RED	4.750	466	-60	111	75%	1.4	KOTH	WA	100%
Musgrave	MGV	0.927	112	15	105	46%	3.2	Cue	WA	100%
Ora Banda	OBM	2.020	171	15	77	68%	2.8	Davyhurst	WA	100%
Genesis	GMD	4.221	442	92	83	47%	1.7	Various	WA	100%
Calidus Resources	CAI	1.662	99	12	52	70%	1.06	Warrawoona	WA	100%
Ausgold	AUC	2.160	101	6	44	82%	1.1	Jinkas South	WA	100%
Auteco Minerals	AUT	2.340	88	20	36	0%	8.2	Pickle Crow	Canada	80%
Kin Mining	KIN	1.410	52	6	33	56%	1.27	Cardinia	WA	100%
Black Cat	BC8	2.370	105	18	37	49%	2.3	Kal East	WA	100%
Breaker Resources	BRB	1.680	131	77	32	43%	1.3	Lake Roe	WA	100%
OreCorp	ORR	3.070	132	50	27	88%	4.03	Nyanzaga	Tanzania	100%
Rox Resources	RXL	3.199	62	6	25	15%	1.7 / 8.5	Youanmi	WA	70%
Antipa	AZY	2.600	65	9	21	56%	2.4	Minyari Dome	WA	100%
Matador	MZZ	0.837	25	11	17	43%	2.02	Cape Ray Shear	Canada	100%
Saturn Metals	STN	1.469	23	7	11	59%	0.8	Apollo Hill	WA	100%
Kingston Resources	KSN	3.600	39	12	8	50%	0.8	Misima	PNG	100%
Geopacific	GPR	1.573	14	6	5	86%	1.04	Woodlark	PNG	100%
Average		2.852	325		76					

Source: Company reports, Shaw and Partners

Figure 3: Selected ASX listed gold exploration/development companies EV/oz Resource



Source: Company reports, Shaw and Partners

Key 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.
- Antipa Minerals is not yet producing and there is risk the company is unable to bring Minyari Dome into production. The project may cost more than expected to build and may not operate as expected.
- There is no guarantee that future exploration results or development studies will be positive.
- 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.

Core drivers and catalyst

- The Minyari Dome Resource stands at 33mt at 1.6g/t Au, 0.19% Cu, 0.54g/t Ag. With mineralisation from surface, this is ample inventory to support a standalone development. We expect the Antipa Minerals share price to re-rate as the company assess the economics of a Minyari Dome standalone development.
- The Minyari Dome Resource remains open in all directions, representing significant potential exploration upside for the deposit. Other mineralised zones within the Minyari Dome Project, eg 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, are a potential positive catalyst for the stock.
- Antipa Minerals is a potential M&A target. The most logical acquiror 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 Wiki Project which is adjacent to Telfer tenements and owns 9% of Antipa Minerals.

Rating Classification

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

Risk Rating

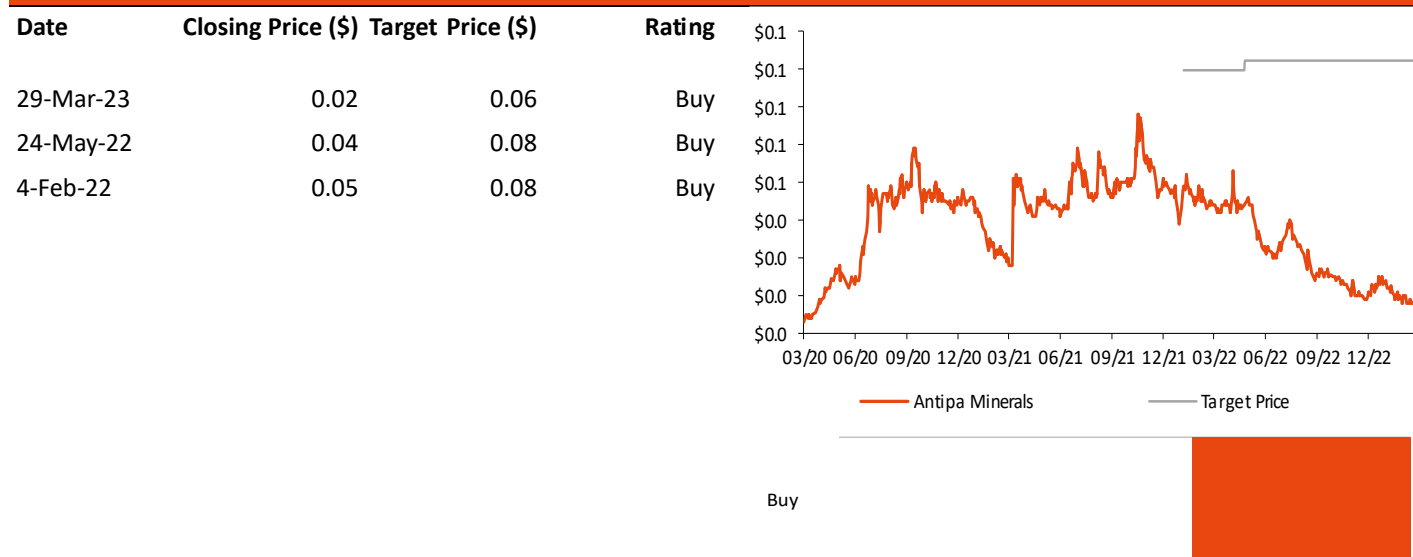
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	106	90%
Hold	12	10%
Sell	0	0%

History of Investment Rating and Target Price - Antipa Minerals



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