

Antipa Minerals (AZY)

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

24 July 2023

IGO and Newcrest-funded FY24 exploration programs

Key Information

Current Price (\$ps)	0.02
12m Target Price (\$ps)	0.06
52 Week Range (\$ps)	0.01 - 0.04
Target Price Upside (%)	280.3%
TSR (%)	280.3%
Reporting Currency	AUD
Market Cap (\$m)	57.5
Sector	Materials
Avg Daily Volume (m)	1.3
ASX 200 Weight (%)	0%

Fundamentals

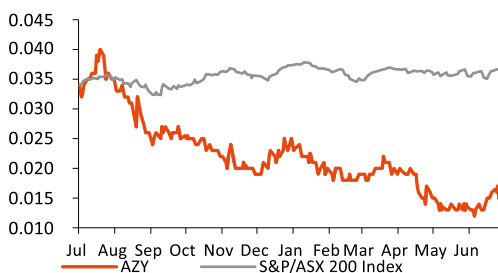
YE 20 Jun (AUD)	FY22A	FY23E	FY24E	FY25E
Sales (\$m)	0.5	0.0	0.0	0.0
NPAT (\$m)	(5.7)	(0.7)	(7.7)	(8.0)
EPS (cps)	(0.2)	(0.0)	(0.2)	(0.2)
EPS Growth (%)	(65.0%)	87.2%	nm	(1.6%)
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 20 Jun	FY22A	FY23E	FY24E	FY25E
P/E (x)	(19.1)	(68.4)	(6.7)	(6.6)
EV/EBITDA (x)	(9.3)	(63.6)	(6.6)	(6.4)
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 (%)	23.1%	(6.4%)	(19.8%)	(56.0%)
Absolute (%)	23.1%	(5.9%)	(20.0%)	(48.4%)
Benchmark (%)	(0.0%)	0.5%	(0.2%)	7.6%



Price performance indexed to 100

Source: FactSet

Major Shareholders

Newcrest Mining	9.9%
IGO	4.1%
Board and management	3.6%

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Event

Antipa Minerals have provided details of FY24 exploration programs for the company's Paterson and Wilki Farm-in Projects that will be funded by IGO and Newcrest respectively.

Highlights

- Paterson Farm-in Project (100% AZY, IGO Farm-in):** \$4.2m 9,000m drill program to test multiple greenfield priority targets from August 2023 comprising:
 - 1,350m diamond core drilling,
 - 3,600m RC drilling; and
 - 4,000m air core drilling.
- Wilki Farm-in Project (100% AZY, Newcrest Farm-in):**
 - 2,300m RC drill program planned to test Havieron, Winu and Telfer analogue targets 10-50km from Newcrest's Telfer gold-copper-silver mine.
- Antipa began consolidating their tenement position in 2010 when the Paterson region was relatively unloved. The Company has since attracted majors such as Rio Tinto, Newcrest and IGO via joint venture and farm-ins into their tenure and have a potential standalone development opportunity in the 100% owned Minyari Dome Project located just 30km from Newcrest's Telfer operation.
- The tenements adjacent to Minyari Dome are subject to a farm-in with IGO. The tenements between the IGO farm-in and the Telfer gold-copper operation are subject to a farm-in with Newcrest.
- With Newcrest and IGO currently on the Antipa register at 9.9% and 4.1% respectively, we view exploration success from these farm-ins, or ongoing growth in the Minyari Dome Project Resource, as potential catalysts for corporate activity.
- Minyari Dome is 35km from Newcrest's Telfer mine and 54km along strike from the Newcrest-Greatland Gold Havieron gold-copper development project.
- 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.
- Greatland Gold released an independent value for the Havieron deposit, 54km from Minyari Dome, in July'22 that implied a value of US\$1.2bn (A\$1.7bn) for 100% of Havieron. This values the deposit at A\$309/oz of gold resource (5.5moz) or A\$262/oz-eq of gold equivalent Resource (6.5moz-eq).
- Applying these multiples to Minyari Dome implies a value of A\$800m on a gold-only basis or A\$680m on a gold-equivalent basis, both significantly higher than the current Antipa market capitalisation of \$58m.
- Antipa finished March with cash \$7.2m. Additional Exploration Incentive Scheme funding grants, now totalling \$660,000 were received after the end of the quarter.

Recommendation

We maintain our Buy recommendation and \$0.06 price target which is derived from peer-group comparative multiples. Share prices of most emerging gold companies have been weak over the past twelve months however the second half of 2023 looks set to be a more constructive period for the small gold sector.

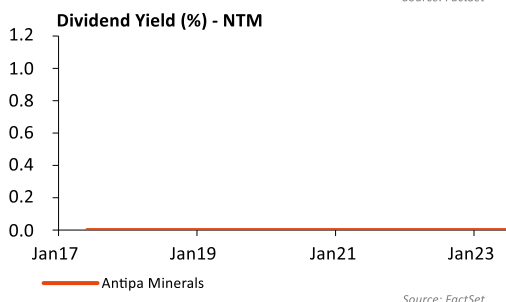
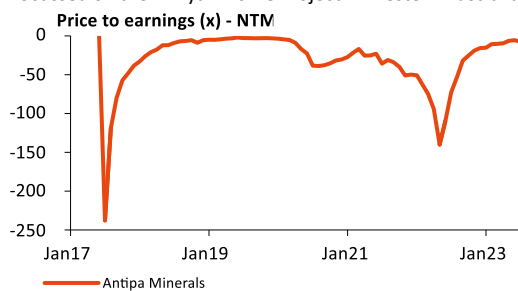
**Antipa Minerals
Materials
Materials**

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)	0.01 - 0.04
Shares on Issue (m)	3,593.0
Market Cap (\$m)	57.5
Enterprise Value (\$m)	52.6
TSR (%)	280.3%

Company Description

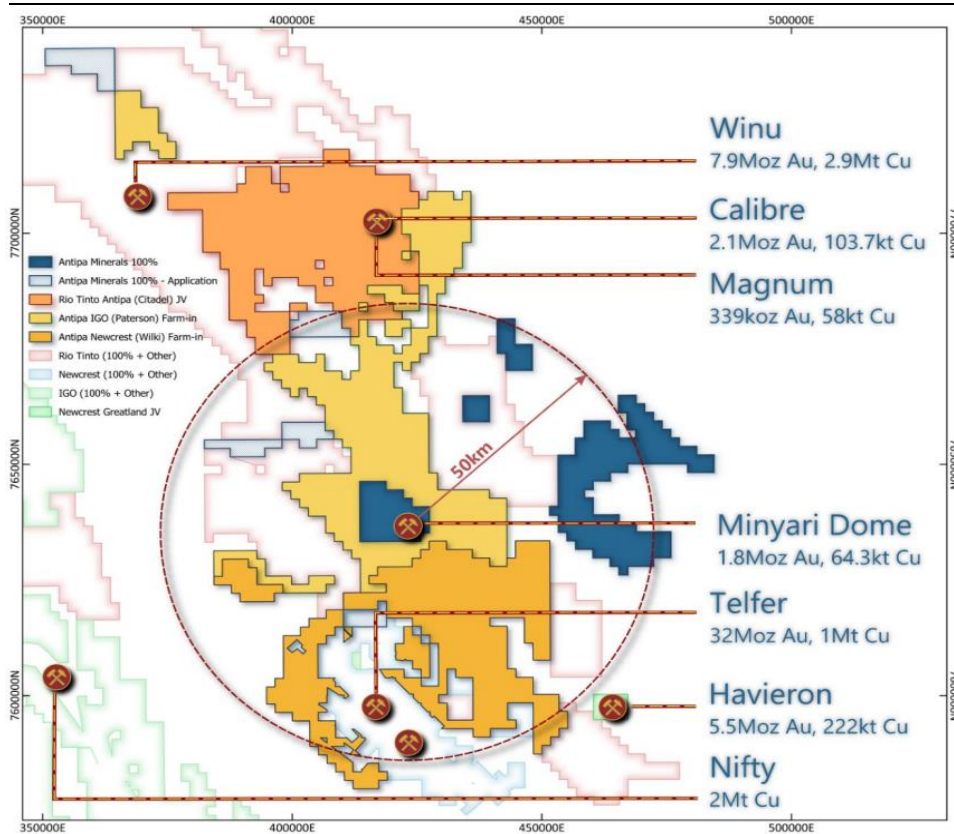
Antipa Minerals is a gold exploration company which is focussed on the Minyari Dome Project in Western Australia.



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)	(68.4)	(6.7)	(6.6)
EV / EBIT (x)	(15.0)	(9.1)	(63.6)	(6.6)	(6.4)
EV / EBITDA (x)	(15.3)	(9.3)	(63.6)	(6.6)	(6.4)
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: Plan showing Antipa's 100% owned tenements, joint venture and farm-ins



Source: Antipa ASX Release 24 July 2023

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

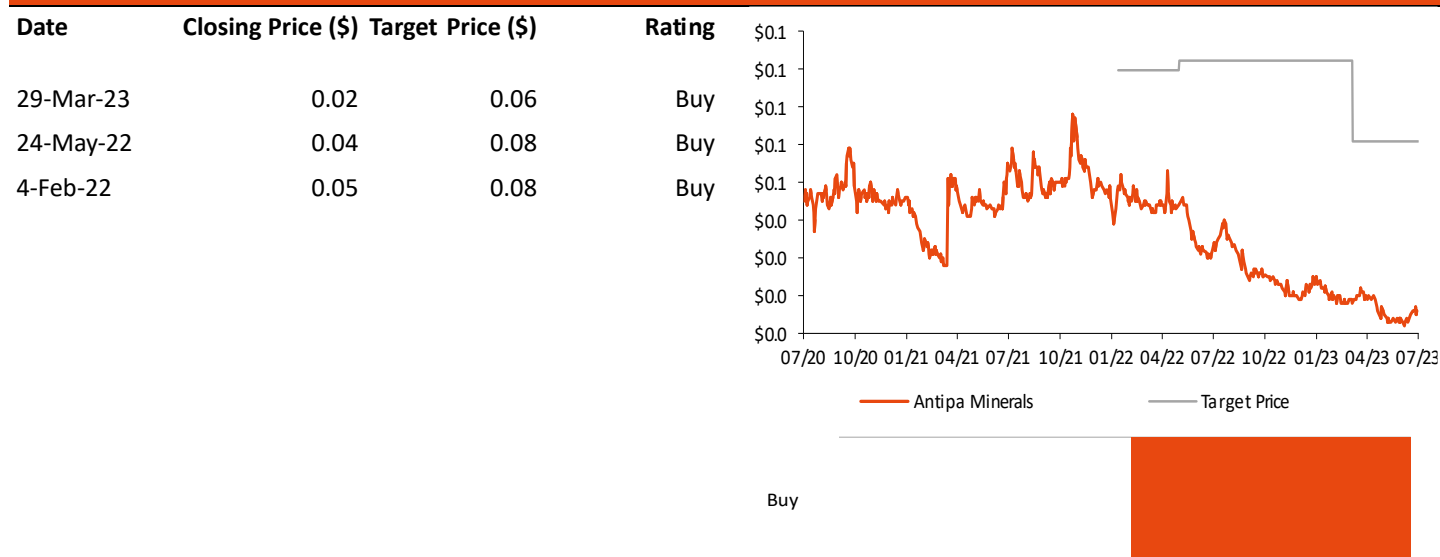
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	102	91%
Hold	10	9%
Sell	0	0%

History of Investment Rating and Target Price - Antipa Minerals



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