

Antipa Minerals - 2024 Value Drivers

7th February 2024

Additional high-impact exploration at the high-grade discovery GEO-01 is set to increase the scale and life of the mine at the Minyari Dome development opportunity. We expect an updated MRE in H1 2024, followed by the recommencement of the PFS.

The developing success story of Antipa Minerals results from the big bet management took in 2010-14 on the then relatively neglected Paterson Province. Since then, over 19moz of gold and 3.4mt of copper have been discovered in the Paterson, including Havieron (Greatland Gold) and Winu (Rio Tinto). Antipa has a 5,100km² portfolio and has sensibly retained a 100% interest in the mineralisation under thinner cover, farming out a large acreage to the majors. Valuations in the sector have improved greatly since our initiation in October 2023, allowing for a target price increase from A\$0.057 to A\$0.069.

- **Drilling at GEO-01 discovery set to increase the scale of Minyari Dome**

Phase 2 CY2023 exploration drilling has been completed at Antipa's flagship. Drilling at the GEO-01 discovery has demonstrated an impressive zone of high-grade gold open in most directions – with all the making of being another Minyari deposit, which contains 95% of the project's 1.8moz gold resource.

- **Healthy news flow expected with upgraded MRE & PFS being restarted**

In the coming months, we expect to see a strong stream of assay results from Phase 2 drilling at Minyari Dome. In addition, the Phase 3, 11,000m, drilling programme will kick off in March 2024. A decent uplift in the MRE appears to be on the cards to form the basis for a longer life, a more robust project whose economics will be evaluated in the restarted PFS.

- **Plus, no shortage of value drivers from majors drilling at Antipa's JV projects**

Major JV partners look set to be drilling a Havieron look-alike soon. Antipa's three awe-inspiring JV/farm-in exploration projects are being advanced by majors Rio Tinto, IGO, and Newmont, with Antipa potentially free carried up to A\$115m of exploration spend (with +A\$56m spent to date) without fear of dilution.

- **Increased target price - Peer group comps suggest 500% upside potential**

We initiated research coverage in October 2023 with a target price of A\$0.057. We are updating research coverage of Antipa with an increased target price of **A\$0.076** and are more than happy to maintain our **Strong Buy** stance. Ongoing drilling could take attributable ounces to 3.5moz, equating to A\$0.10 per share.

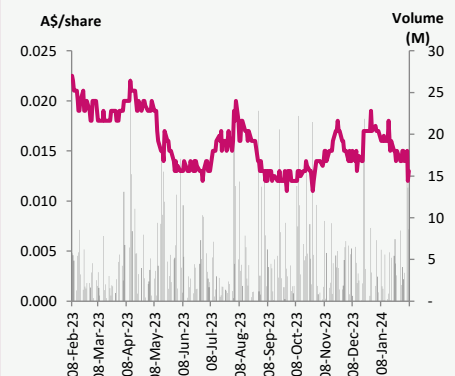
STRONG BUY

Target price A\$0.076

Key Data

EPIC	AZY
Share price	A\$0.013
52 week high/low	A\$0.024/A\$0.011
Listing	ASX
Shares in issue	4,135m
Market Cap	A\$53.75m
Sector	Mining

12-month share price chart



Shareholders

Newmont	8.6%
IGO	3.6%
Board and Management	3.4%

Analyst Details

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Table: Financial overview. Source: Company accounts & Resolve Research

Year to end June	2022A	2023A	2024E	2025E
Revenue (A\$'000)	550	225	550	800
PTP (A\$'000)	(5,856)	(3,225)	(7,735)	(6,248)
EPS (Accents)	(0.19)	(0.09)	(0.19)	(0.15)

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Large-scale, world-class gold and copper assets in Western Australia

Making the most of first mover advantage in the Paterson

Antipa Minerals is a mineral exploration company focused on the Paterson Province in north-west Western Australia, home to Newmont Mining's world-class Telfer gold-copper-silver mine and processing facility, Rio Tinto's Winu copper-gold-silver development project, Greatland Gold-Newmont's recent Havieron gold-copper development project, and other significant mineral deposits.

The company was able to take its pick of Paterson Province back in the 2010-14 period, with management masterminding the creation of an extensive portfolio across this province, which at that stage was relatively neglected but has since been the location of a series of world-class gold and copper discoveries.

The Flagship Minyari Dome Project is a robust standalone development opportunity

The Minyari Dome Project lies 35km north of the Telfer gold-copper-silver mine and Australia's third largest (22mtpa) precious metal and copper mineral processing facility. Antipa has a 100% interest in granted tenements that host the Minyari Dome structure, stratigraphy and mineral systems. These include the Minyari high-grade gold-copper (with cobalt and silver) deposit and the WACA high-grade gold-copper (with silver ± cobalt). Current (JORC) Mineral Resource Estimate (MRE) of 1.8moz of gold, 63,400t of copper, 584,000oz of silver and 11,100t of cobalt at the Minyari, WACA and satellite deposits. The August 2022 Scoping Study confirmed the technical and financial robustness of a potential standalone development opportunity at Minyari Dome.

Drilling a Havieron look-alike

In October 2023, Antipa commenced Phase 2 CY2023 drilling at Minyari Dome, taking the total for the year to approximately 19,000m of reverse circulation (RC), diamond core and air core drilling. This drilling programme targeted material growth to the existing gold-copper Mineral Resource plus significant new greenfield discoveries, some of which is supported with WA government grants. The maiden resource opportunity focuses on the recently discovered GEO-01 large gold-copper prospect, just 1.3km south of the 1.5moz gold Minyari deposit. In addition, four high-priority, large-scale greenfield targets at Tetris and Pacman are being drill-tested. It must be pointed out that this is a fantastic opportunity for discovery as these are all high-potential targets.

Early results have revealed that the GEO-01 discovery has not disappointed, with high-grade gold mineralisation being discovered up to 19.95g/t, reasonably close to the surface. Early November saw the diamond drilling begin at the Tetris high-priority greenfield target, which lies 35km NE of the Minyari deposit, to test a bulls-eye shaped anomaly which geophysically appears to be a dead ringer for the large-scale 7moz gold and 275kt copper Havieron deposit. Results from the first two diamond drill holes at the GEO-01 discovery have made for very good reading as they have confirmed the intersection of high-grade gold mineralisation as well as continuing to highlight the quality of this resource potential. On top of that, assay results for the initial 873m of diamond core drilling at the Tetris target has confirmed both base and precious metal mineral signatures. A continued pipeline of assay results is expected over the coming months. All these results are set to be incorporated into planning for the upcoming Phase 3 RC and diamond core drilling programme scheduled to commence March 2024.

A new gold target was identified closer to Telfer

Antipa's flagship project is supported by three joint venture deals, which could see up to A\$155 million of exploration expenditure across Antipa's acreage - the Citadel JV Project and Wilki and Paterson Farm-in Projects. There is no shortage of news flow expected at from these joint ventures, which are expected to include a steady stream of assay results from CY2023 exploration programmes for its partnered gold-copper projects. Major growth is expected over the coming months to help plan the CY2024 exploration programmes.

In late December 2023, the company announced a new gold target had been identified close to Telfer in the Wilki Farm-In Project (100% Antipa, Newmont Farm-in). An exciting new, large, coherent gold and pathfinder anomaly is located just 10km NE of Newmont's giant Telfer gold-copper-silver mine. This new gold target, known as Parklands, is very large at 3km long by up to 1.5km wide and has multiple soil results between 0.1g/t and 1.52g/t gold. Parklands is hosted in a highly favourable gold mineralisation anticlinal trap site situated on a northeast trending structure, which intersects Telfer.

Newmont has yet to earn a joint venture interest. However, under the terms of the farm-in deal, Newmont can fund up to A\$60 million of exploration expenditure to earn up to 75% interest. The granted tenements include the highly prospective areas around the Telfer Dome (including Chicken Ranch and Tim's Dome deposits' combined MRE of 104koz of gold), the northern continuation of the dome structure upon which the Telfer's giant open pit and underground mines are situated (pre-mining 32moz of gold and 1mt of copper), and the northern continuation of the stratigraphy which hosts the Havieron gold-copper development project. This project surrounds the Telfer mine and processing facility on three sides, comes within 3km of it, and is just 9km from Havieron.

Rio Tinto JV is very close to its large Winu copper-gold-silver project.

The Citadel JV Project (33% Antipa, 67% Rio Tinto) has been managed and operated by Rio Tinto since January 2020, but more recently, Antipa has taken over the reins. Under the terms of the JV agreement, Rio can fund more than A\$25 million of exploration expenditure to earn a 65% interest. Granted tenements lie within 4km of Rio's Winu copper-gold-silver development project (7.9moz of gold, 3.9mt of copper and 51moz of silver).

The project hosts the Magnum Dome structure, prospective stratigraphy and mineral systems, which include the Calibre gold-copper-silver deposit, the Magnum gold-copper-silver-tungsten deposit, and the Corker polymetallic deposit. The project's combined MRE is 2.4moz gold at 0.72g/t, 162kt copper at 0.15% and 1.8moz silver at 0.54g/t, with Calibre hosting 86% of the MRE gold ounces. These resources are located less than 50km from Rio Tinto's Winu development project and may represent potential future satellite ore sources.

Direct drill testing of high-priority gold-copper targets

At the Paterson Farm-In Project (100% Antipa, IGO Farm-in), ongoing target generation has been going hand in hand with drilling. Already, 6,600m of the planned 9,000m FY2024 drilling programme has been completed. IGO has yet to earn a joint venture interest, but under the terms of the farm-in deal, IGO can fund up to A\$30 million of exploration expenditure to earn 70% joint venture interest. Upon joint venture formation, IGO will provide Antipa with a free-carried interest up to the completion of a feasibility study. The granted tenements lie within 22km of the Telfer mine, 8km from Winu and surround Antipa's Minyari Dome resource tenement area.

Plenty of good reasons for optimism

The Paterson Province represents one of Australia's most prospective frontiers, renowned for discovering multi-cycle Tier-1 gold-copper deposits. This province has been historically underexplored, as the last few decades have seen relatively minimal investment in this region. However, that has all changed following the significant discoveries of Winu and Havieron. Antipa has a commanding, province-scale ground position in Paterson, which results from its first-mover advantage.

The Minyari Dome Project has been shown to have robust standalone potential. In the Scoping Study, Minyari was responsible for 95% of production. Following the discoveries at GEO-01, there was the apparent potential for increased project life, so the board chose to pause the PFS. At this new location, a large surface geochemical anomaly and an air core anomaly had been defined, with a similar scale of anomaly and air core grades seen at Minyari. GEO-01 and other targets, such as Minyari North, could add several years to the potential production story. So, the PFS is planned to be restarted following the publication of an updated MRE, which is expected in H1 2024 – and could make for some good reading.

Complementary major growth projects back up all that potential. Rio Tinto, IGO and Newmont all have deep pockets to fully fund extensive exploration that such opportunities need without Antipa shareholders suffering dilution. The Paterson, Citadel, and Wilki JVs / Farm-ins have all the signs that they might throw up some big surprises in planned drilling over the coming season so that investors can be assured of a healthy newsflow.

Antipa offers investors the opportunity for resource growth potential and ongoing greenfield exploration tier-one discovery potential, which provides the real prospect of future expansion upside. The Board is steering all this opportunity for growth and the potential for a higher valuation, with many decades of experience. They have essentially worked with companies such as LionOre Mining International and Western Mining Corporation (WMC). They have been making many successful discoveries but are still looking to build a mine. It seems as though that day might now have finally dawned.

Valuation

Minyari Dome is being pushed rapidly up the valuation curve

Antipa has an impressive minerals portfolio led by its flagship 100% owned Minyari Dome Project. We have sought to place a valuation on the company's gold assets and determine a creditable target price, as implied by the discounted cash flow analysis in the Minyari Dome Project Scoping Study, and peer group analysis.

The Scoping Study confirmed the economic robustness of Minyari Dome as a potential standalone project. Although NPV and return could be significantly improved (up to closer to A\$600 million) by trucking the ore to Telfer for processing. A well-used rule of thumb for valuing mining projects suggests that they are worth 25% of the NAV at the Scoping Study stage (PEA), 40% at feasibility, 60% at fully funded construction, 80% on commissioning and 95% on steady-state production.

Range of illustrative valuations as Minyari Dome progresses towards production. Source: Resolve Research

Development stage	Risk	Multiplier	Illustrative projections A\$ million	
			Standalone project	Trucking ore to Telfer
Preliminary Economic Analysis (Scoping Study)	75%	25%	98	150
Feasibility	60%	40%	157	240
Fully funded construction	40%	60%	235	360
Commissioning	20%	80%	251	480
Steady-state production	5%	95%	372	570

Compelling peer group comparisons

Antipa has an attributable mineral resource of 2.6moz of gold plus 118kt of copper from its 100% interest in the Minyari Dome Project, the 33% holding in the Citadel JV Project with Rio Tinto, and the 100% interests in the Wilki Farm-in Project with Newmont. At the Minyari Dome Project, the current JORC-compliant resource totals 33.92mt at 1.60g/t gold for 1.8moz, where 1.0moz is in the Indicated category. Peer group comparisons (see page 5) show that the median EV/oz figure for the total resource is A\$126, and for Measured and Indicated categories is A\$220. This suggests valuations for the company's gold interests of A\$226.8 million and A\$220 million based on 1.8moz and 1moz, with a mid-range valuation of A\$223.4 million.

The remaining 0.8moz of attributable gold resources is at the Citadel JV, where the current JORC-compliant resource is all in the Inferred category. Using our previously determined median EV/oz figure for total resources, which is A\$126, would suggest a valuation of A\$100.80 million for Antipa's interests in this Project.

Sum Of The Parts Table. Source: Resolve Research

Attributable gold resource	Actual	Stretch target
	2.6moz	3.5moz
Items	A\$ million	A\$ million
Minyari Dome Project (100%) – peer group	223.40	335.10
Citadel JV (33%) - peer group analysis	100.80	100.80
Cash (estimated)	10.00	10.00
Debt	-	-
Sub-total	334.20	445.90
Per share based on the current number of shares in issue (4,134,807,912)	A\$0.081	A\$0.108
On a fully diluted basis		
Funds on options and warrants being exercised	22.73	22.73
Total	356.93	468.63
Per share based on the number of shares on a fully diluted basis (4,709,686,022)	A\$0.076	A\$0.10

Gold exploration and development companies WA. Source: Resolve Research

Company	EV A\$m	Measured & Indicated			EV/oz A\$	Total resources			EV/oz A\$	Project & progress
		mt	g/t	koz		mt	g/t	koz		
Greatland Gold (LSE:GGP) Share price: 7.35p Mcap: £374.14m	691.78	15.0	2.6	1,230	562	39.3	1.7	2,100	329	Havieron (30%) Undertaken Stage 1 PFS
Magnetic Resources (ASX:MAU) Share price: A\$0.99 Mcap: A\$257.94m	252.64	10.43	1.74	584	432	22.68	1.69	1,236	204	Lady Julie Central + North 4 & Hawks Nest 9. Submit mining plan (Q1 2024)
Spartan Resources (ASX:SPR) Share price: A\$0.445 Mcap: A\$429.56m	464.98	28.3	1.2	1,133	410	36.71	1.3	1,546	301	Dalgaranga, with established infrastructure. Feasibility study in progress
De Grey Mining (ASX:DEG) Share price: A\$1.17 Mcap: A\$2.31bn	2,227	189	1.31	8,100	274	296	1.3	12,700	175	Malina PFS September 2022.
Kin Mining (ASX:KIN) Share price: A\$0.063 Mcap: A\$74.23m	71.37	8.60	1.56	430	165	22.11	1.31	932	77	Cardinia PFS 2019, recently sold off some gold deposits to Genesis
Astral Resources (ASX:AAR) Share price: A\$0.068 Mcap: A\$53.91m	49.81	23	1.1	790	63	40	1.1	1,381	36	Mandilla & Feysville. Mandilla Scoping Study September 2023
Black Cat Syndicate (ASX:BC8) Share price: A\$0.21 Mcap: A\$64.26m	82.94	12.66	3.3	1,332	62	26.89	2.9	2,488	33	Kal East, Paulsen & Coyote First gold H1 2024 - reopening 450ktpa processing plant
Rox Resources (ASX:RXL) Share price: A\$0.175 Mcap: A\$64.64m	65.51	12.13	3.32	1,296	51	27.90	3.57	3,199	20	Youanmi & Mt Fisher/Mt Eureka Youanmi Scoping Study October 2022
Median					220				126	
Average					252				147	

Target price

The company is creating substantial value in advancing the Minyari Dome Project and high-impact exploration across complementary major growth projects. The range of illustrative projections provides a reasonable guide to the valuations that may be expected in the market as the project progresses. A target price of A\$0.076, which has been derived from our SOTP analysis, has been selected, which is the per-share value on a fully diluted basis (4,482,724,578). This figure has been chosen as our target price for the stock.

Stretch target

Given the exploration results seen at the GEO-01 prospect and other targets so far in the CY2023 drilling programme, there looks to be a real prospect of the resource being significantly enlarged in the forthcoming MRE update. We have also investigated the sort of target price that would be generated if the company attains the hypothetical 1.5moz mineable gold resource at the Minyari Dome Project, which would be sufficient to increase the mine life from 7 to 10 years and possibly see the total MRE increasing from 1.8moz to 2.7moz. We have repeated the same analysis with these higher potential resource figures to establish the stretch target price of A\$0.10.

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