

Antipa Minerals (AZY)

Rating: Buy | Risk: High | Price Target: \$0.04

13 September 2024

A\$17M Sale of Citadel JV

Key Information

Current Price (\$ps)	0.01
12m Target Price (\$ps)	0.04
52 Week Range (\$ps)	0.01 - 0.02
Target Price Upside (%)	156.7%
TSR (%)	156.7%
Reporting Currency	AUD
Market Cap (\$m)	57.9
Sector	Materials
Avg Daily Volume (m)	4.5
ASX 200 Weight (%)	0%

Fundamentals

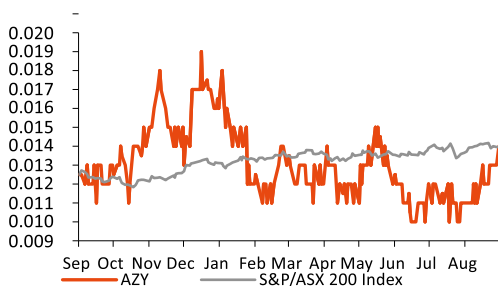
YE 30 Jun (AUD)	FY23A	FY24E	FY25E	FY26E
Sales (\$m)	0.2	0.0	0.0	0.0
NPAT (\$m)	(3.2)	(7.9)	(8.2)	(8.3)
EPS (cps)	(0.1)	(0.2)	(0.2)	(0.2)
EPS Growth (%)	49.0%	nm	(1.7%)	0.7%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	100%

Ratios

YE 30 Jun	FY23A	FY24E	FY25E	FY26E
P/E (x)	(13.9)	(6.3)	(6.2)	(6.3)
EV/EBITDA (x)	(16.3)	(6.6)	(6.5)	(6.3)
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	23.9%	15.2%	12.0%	4.6%
Absolute (%)	27.3%	16.7%	16.7%	16.7%
Benchmark (%)	3.4%	1.5%	4.7%	12.1%



Price performance indexed to 100

Source: FactSet

Major Shareholders

Newmont Corporation	8.6%
IGO	4.1%
Board and management	3.6%

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Event

Antipa Minerals (AZY) has agreed to binding terms for the sale of its 32% non-controlling interest in the Citadel Joint Venture Project to joint venture partner Rio Tinto (RIO-ASX, Not Rated).

Highlights

- Rio Tinto has agreed to pay A\$17M in cash for Antipa's 32% interest in Citadel, with the full amount payable on completion.
 - The Citadel Joint Venture was established in 2015 between Rio Tinto and Antipa, across a tenure of 1,200km² in the Paterson Province of Western Australia.
 - Citadel hosts a Mineral Resource Estimate of 2.84 Moz of gold at 0.71 g/t, 173 kt copper at 0.13% and 2.1 Moz of silver at 2.1 g/t.
 - To date Rio Tinto has spent over A\$47M on exploration to earn its current 68% interest.
- Upon completion Antipa will have an approximate cash balance of A\$23M, leaving it well funded to continue exploration and development of Minyari Dome.
- Earlier this week it was announced that Newmont (NEM-ASX, Not Rated) will sell Telfer, its 70% stake in the Havieron project, and any other related interests in the Paterson region, to Greatland Gold (GGP-LSE, Not Rated) for \$US475 million (A\$714M).
 - Greatland holds the other 30% of the Havieron project.
 - Havieron's Mineral Resource estimate comprises of 131Mt at 1.7g/t Au and 0.21% Cu, for a total of 7Moz of gold and 275kt of copper.
 - Telfer is considered a strategic asset in the province due its 22mtpa processing capacity, the site's declining production profile results in significant excess capacity that could potentially be filled by Havieron (Greatland) and Minyari (Antipa) among other nearby assets utilising a hub and spoke model.
 - We see a new owner of Telfer as a positive catalyst for Antipa as it will answer the ownership question that has held the region back and may results in more aggressive development timeframes and potential consolidation in the province.
- Upcoming catalysts we are looking for are:
 - A maiden Resource estimate for GEO-01, due September.
 - We see a maiden resource estimate for GEO-01 as a valuable addition to the 1.5Moz resource at Minyari. A 300koz resource at GEO-01 would potentially add three years mine life to the current seven years at Minyari (2022 Scoping study) for a total of 10 years which can be viewed as critical mass for development.
 - Update of the Minyari deposit Resource estimate, due September.
 - Further exploration drilling at GEO-01, currently planned for H2 CY2024.
 - Assay results across multiple land packages.
 - Updated Minyari Dome scoping study.

Recommendation

We maintain our Buy recommendation with a price target of \$0.04/sh.

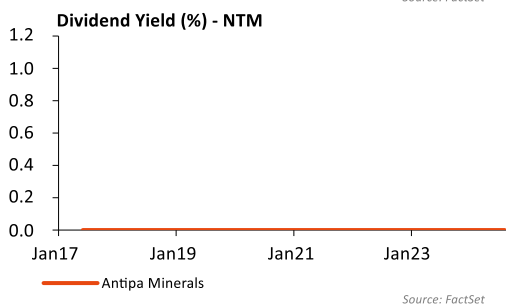
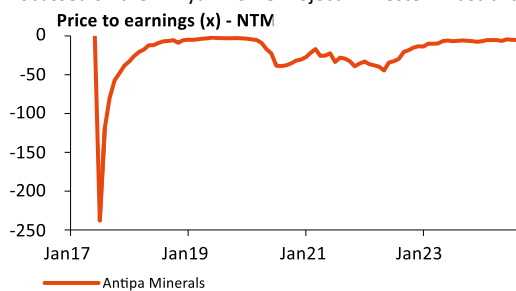
**Antipa Minerals
Materials
Materials**

FactSet: AZY-AU / Bloomberg: AZY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.01
Target Price (\$ps)	0.04
52 Week Range (\$ps)	0.01 - 0.02
Shares on Issue (m)	4,134.8
Market Cap (\$m)	57.9
Enterprise Value (\$m)	53.0
TSR (%)	156.7%

Company Description

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



Financial Year End: 30 June

Investment Summary (AUD)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS (Reported) (cps)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
EPS (Underlying) (cps)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
EPS (Underlying) Growth (%)	(65.0%)	49.0%	nm	(1.7%)	0.7%
PE (Underlying) (x)	(17.5)	(13.9)	(6.3)	(6.2)	(6.3)
EV / EBIT (x)	(9.2)	(15.8)	(6.6)	(6.5)	(6.3)
EV / EBITDA (x)	(9.4)	(16.3)	(6.6)	(6.5)	(6.3)
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%	100%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Profit and Loss (AUD) (m)	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	0.5	0.2	0.0	0.0	0.0
Sales Growth (%)	(27.4%)	(59.2%)	(100.0%)	n/a	n/a
Other Operating Income	0.0	0.0	0.0	0.0	0.0
EBITDA	(5.7)	(3.3)	(8.0)	(8.2)	(8.4)
EBITDA Margin (%)	nm	nm	nm	nm	nm
Depreciation & Amortisation	(0.1)	(0.1)	0.0	0.0	0.0
EBIT	(5.8)	(3.4)	(8.0)	(8.2)	(8.4)
EBIT Margin (%)	nm	nm	nm	nm	nm
Net Interest	0.0	0.2	0.1	0.0	0.1
Pretax Profit	(5.7)	(3.2)	(7.9)	(8.2)	(8.3)
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	(5.7)	(3.2)	(7.9)	(8.2)	(8.3)
Significant Items	0.0	0.0	0.0	0.0	0.0
NPAT Reported	(5.7)	(3.2)	(7.9)	(8.2)	(8.3)
Cashflow (AUD) (m)	FY22A	FY23A	FY24E	FY25E	FY26E
EBIT	(5.8)	(3.4)	(8.0)	(8.2)	(8.4)
Payments to Suppliers	(2.3)	(2.8)	1.6	1.5	1.3
Receipts from Customers	0.0	0.2	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	(0.3)	0.0	0.0
Depreciation & Amortisation	0.1	0.1	0.0	0.0	0.0
Other	0.5	0.1	0.1	0.0	0.1
Operating Cashflow	(1.7)	(2.4)	1.4	1.4	1.4
Capex	0.0	0.0	0.0	0.0	0.0
Acquisitions and Investments	(22.7)	(9.6)	(9.6)	(9.6)	(9.6)
Disposal of Fixed Assets/Investments	0.0	0.0	0.0	0.0	0.0
Other	(1.6)	(1.3)	0.0	0.0	0.0
Investing Cashflow	(24.3)	(10.9)	(9.6)	(9.6)	(9.6)
Equity Raised / Bought Back	0.0	12.3	0.0	20.0	0.0
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	0.2	(0.8)	0.0	0.0	0.0
Financing Cashflow	0.3	11.5	0.0	20.0	0.0
Exchange Rate Effect	0.0	0.0	0.0	0.0	0.0
Net Change in Cash	(25.8)	(1.8)	(8.2)	11.8	(8.3)
Balance Sheet (AUD) (m)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash	7.9	5.8	(2.4)	9.4	1.1
Accounts Receivable	0.5	0.3	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	55.0	64.6	64.6	64.6	64.6
Total Assets	63.4	70.7	62.2	74.0	65.7
Accounts Payable	2.3	1.4	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	4.2	2.6	2.0	2.0	2.0
Ratios	FY22A	FY23A	FY24E	FY25E	FY26E
ROE (%)	(9.5%)	(4.9%)	(12.3%)	(12.3%)	(12.1%)
Gearing (%)	(15.2%)	(9.2%)	3.8%	(14.9%)	(1.7%)
Net Debt / EBITDA (x)	1.4	1.8	(0.3)	1.1	0.1

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 Resourec 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 given the large strategic landholding and multiple major JV partners.

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

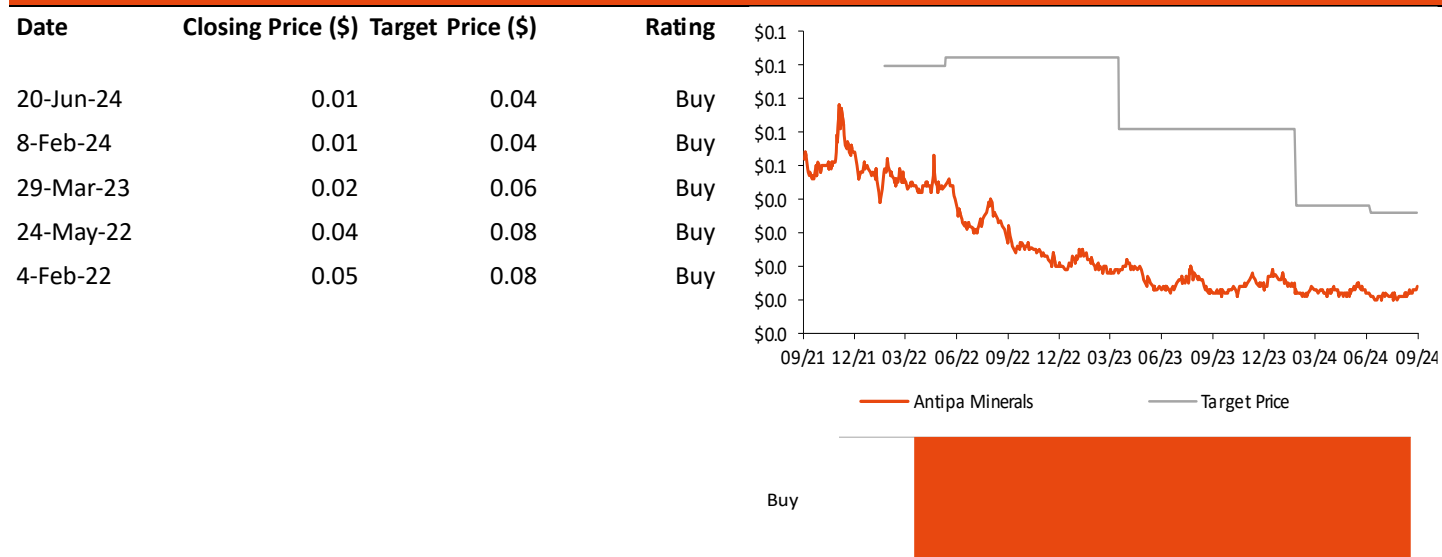
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	84	92%
Hold	6	7%
Sell	1	1%

History of Investment Rating and Target Price - Antipa Minerals



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