

Antipa Minerals (AZY)

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

24 October 2024

Minyari Scoping Study Update

Key Information

Current Price (\$ps)	0.03
12m Target Price (\$ps)	0.04
52 Week Range (\$ps)	0.01 - 0.04
Target Price Upside (%)	5.7%
TSR (%)	5.7%
Reporting Currency	AUD
Market Cap (\$m)	140.6
Sector	Materials
Avg Daily Volume (m)	15.3
ASX 200 Weight (%)	0%

Fundamentals

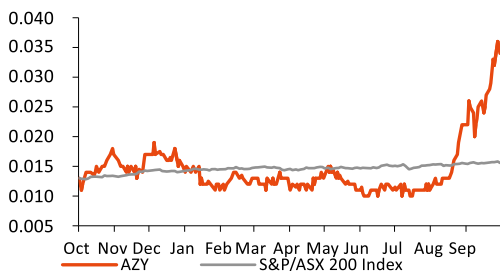
YE 20 Jun (AUD)	FY23A	FY24E	FY25E	FY26E
Sales (\$m)	0.2	0.0	0.0	0.0
NPAT (\$m)	(3.2)	(7.9)	(8.2)	(8.3)
EPS (cps)	(0.1)	(0.2)	(0.2)	(0.2)
EPS Growth (%)	49.0%	nm	(1.7%)	0.7%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	100%

Ratios

YE 20 Jun	FY23A	FY24E	FY25E	FY26E
P/E (x)	(15.0)	(15.4)	(15.1)	(15.2)
EV/EBITDA (x)	(41.7)	(17.0)	(16.6)	(16.2)
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 (%)	53.7%	206.7%	206.0%	141.5%
Absolute (%)	54.5%	209.1%	209.1%	161.5%
Benchmark (%)	0.8%	2.4%	3.1%	20.0%



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 has released an updated Scoping Study for its 100% owned Minyari Dome Gold Project, located in the Paterson Province of Northern Western Australia. The Minyari Dome Project is located 35km from Telfer gold-copper-silver mine and 22Mtpa processing facility.

Highlights

- The updated study provides an evaluation of a standalone development, based on the September 2024 Mineral Resource Estimate (MRE) update that grew the resource 33%.
- Key metrics from the study include:
 - 2.9Moz at 1.9g/t AuEq MRE of which 2.3Moz at 1.5g/t is purely gold.
 - 30Mt at 1.5g/t Au mine inventory across open pit and underground
 - Previous Scoping Study (August 2022) only reported 21Mt of mine inventory.
 - 10 year mine life utilising a 3Mtpa processing facility.
 - Previously seven (7) year mine life utilising a 3Mtpa processing facility.
 - A\$1,721/oz life of mine (LoM) all in sustaining cost (AISC)
 - Previously A\$1,475/oz, the increase in cost reflects the effects of inflation rather than project fundamentals.
 - 1.5g/t Au head grade, previously 1.6g/t
 - LoM Strip ratio of 4.5:1, previously 5:1
 - A\$306M pre-production capital expenditure.
 - Previously A\$207.3M
 - Post-tax NPV₇ A\$598M using a A\$3,000/oz gold price.
 - Previously NPV₇ A\$278M using a A\$2,430/oz gold price.
- Whilst the scoping study has proved the viability of a standalone project Minyari is located only 35km from an underutilised 22Mtpa processing facility at Telfer. The close proximity allows for economical trucking of ore from Minyari negating the need for a 3Mtpa Mill (~A\$216M Capex).
- Newmont (NEM-ASX, Not Rated) has agreed to sell Telfer, its 70% stake in the Havieron project, and any other related interests in the Paterson region, to Greatland Gold (GGPLSE, Not Rated) for \$US475 million (A\$714M).
 - Telfer'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.
- Recently Rio Tinto (ASX:RIO, Not Rated) agreed to pay A\$17M in cash for Antipa's 32% interest in Citadel, with the full amount payable on completion. Post transaction Antipa will have an approximate cash balance of A\$23M, leaving it well funded to continue exploration and development of Minyari Dome.
- Upcoming catalysts we are looking for are:
 - Further exploration drilling at GEO-01, Minyari North and Minyari South.
 - Finalisation of Newmont and Greatland Gold transaction.

Recommendation

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

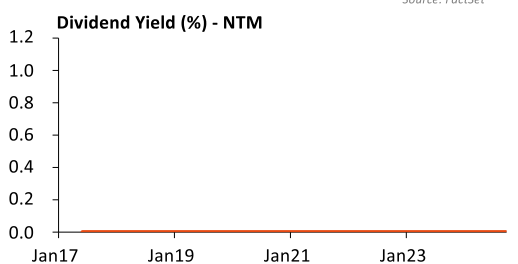
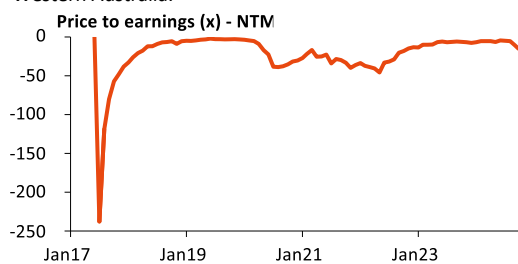
**Antipa Minerals
Materials**

FactSet: AZY-AU / Bloomberg: AZY AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.03
Target Price (\$ps)	0.04
52 Week Range (\$ps)	0.01 - 0.04
Shares on Issue (m)	4,134.8
Market Cap (\$m)	140.6
Enterprise Value (\$m)	135.7
TSR (%)	5.7%

Company Description

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



Financial Year End: 20 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)	(19.1)	(15.0)	(15.4)	(15.1)	(15.2)
EV / EBIT (x)	(23.5)	(40.4)	(17.0)	(16.6)	(16.2)
EV / EBITDA (x)	(23.9)	(41.7)	(17.0)	(16.6)	(16.2)
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 starts from surface and is large enough to support a standalone project. We expect the Antipa Minerals share price to re-rate as the company continues to develop the asset.
- 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

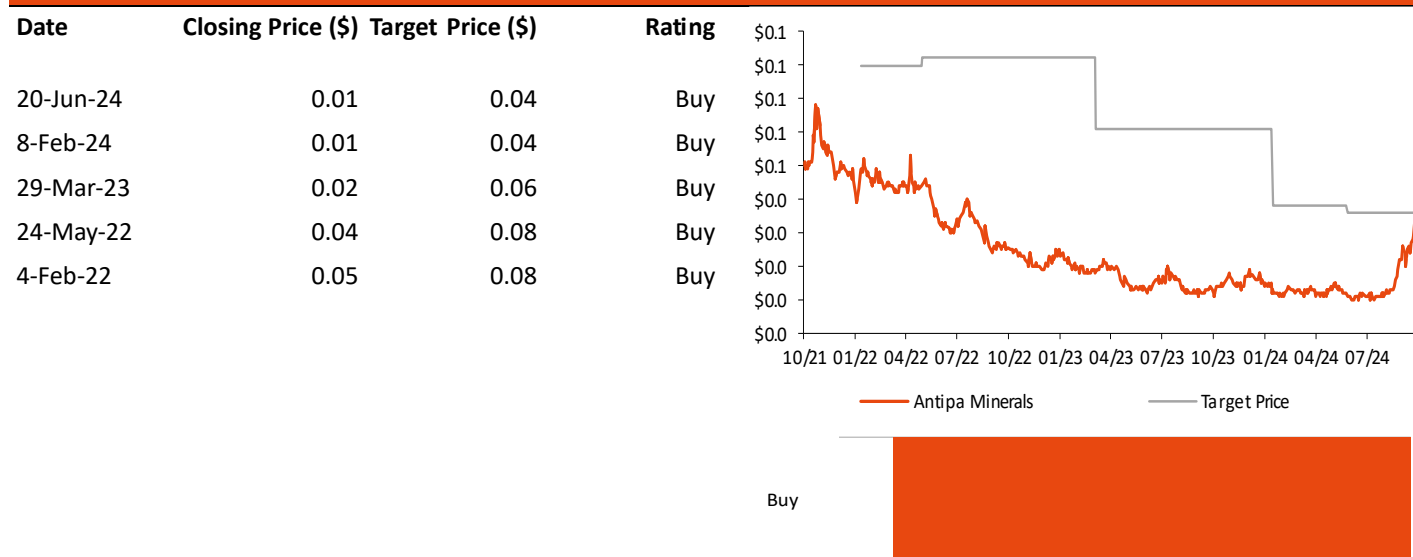
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	76	96%
Hold	3	4%
Sell	0	0%

History of Investment Rating and Target Price - Antipa Minerals



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