

26 November 2024

Corp

Ticker AZY:ASX

Mining

Shares in issue (m) 4,836.6

Next results H1 Apr

Price A\$0.02

Target price A\$0.06

Upside 140%

Market Cap A\$116.1m

Net debt/(cash) -A\$23.0m

Other EV adjustments A\$0.0m

Enterprise value A\$93.1m

What's changed? From To

Adjusted EPS - n/c

Target price 0.06 n/c

Share price performance



%	1M	3M	12M
Actual	-31.4	100.0	33.3

Company description

Antipa is a mineral exploration company focused on the Paterson Province of Western Australia

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Antipa Minerals

GEO-01 keeps growing

Antipa has reported results from the first 12 RC holes in its CY24 Phase 2 drilling at the Minyari Dome Gold-Copper Project in Western Australia. Results include new zones of shallow high-grade gold mineralisation at several areas across the southern part of the c.700m x 500m GEO-01 prospect area (GEO-01 South target). Mineralisation remains open, suggesting potential for further resource growth. To the north a 'sighter' hole at the Minyari Plunge Offset Target showed low-grade gold with increasing alteration.

The ongoing CY2024 Phase 2 drilling campaign is targeting further brownfield Mineral Resources and additional greenfield discoveries, as well as including a component of resource delineation drilling and metallurgical sample collection. The remaining assay results will be received in batches over the coming months. We maintain our valuation of A\$0.06 (A\$310m) on a standalone sum-of-the-parts basis, underpinned by a solid asset on the development path, all with discovery upside re-rating potential and with potential M&A exits that are now more in the spotlight.

- Highlighted GEO-01 intersections from 11 RC drill holes include:
 - 24MYC0630: 23m at 2.8g/t Au from 77m, including 8m at 7.7g/t Au and 3m at 18.2g/t Au.
 - 24MYC0470: 32m at 2.4g/t Au and 0.06% Cu from 140m.
 - 24MYC0622: 40m at 1g/t Au and 0.13% Cu from 26m, including 17m at 2.2g/t Au and 0.25% Cu from 29m down hole, also including 2m at 11g/t Au and 0.15% Cu from 37m.
 - 24MYC0623: 27m at 1g/t Au and 0.16% Cu from 51m including: 5m at 1.9g/t Au and 0.18% Cu from 52m.
- Antipa's updated Scoping Study for its 100%-owned Minyari Dome Gold-Copper Project reaffirmed the viability of its potential as a stand-alone gold operation, reporting a post-tax NPV7 of A\$598m and 46% IRR, assuming US\$2,100/oz gold (A\$3,000/oz) (approximately 35% below the current spot price of c.A\$4,040) or post-tax NPV7 of A\$1,205m and 79% IRR, assuming US\$2,800/oz gold (A\$4,000/oz).
- Minyari Dome is just 35km from Newmont's (Greatland Gold's), Telfer 22Mtpa processing facility. While the base case remains a standalone operation, it makes sense for Greatland to look at Minyari and Antipa as an obvious target to provide ore to help fill its Telfer plant.
- Antipa has c.A\$23m in cash and so is well funded to progress the Minyari Project. A Pre-Feasibility Study may commence Q1CY2025 and there is plenty of exploration activity scheduled. The market valuation implies that over 2.9Moz gold equivalent in a possible open pit just 35km from a processing facility with huge spare capacity is worth under A\$100m. This is significantly less than the potential value of the project as shown in the latest Scoping Study on a standalone basis, let alone what it's worth to help fill the Telfer plant for Greatland. We believe Antipa offers potential for significant upside as the strategic value of its assets are realised.

Key estimates		2020A	2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun	Jun
Revenue	A\$m	0.0	0.0	0.0	0.0	0.0
Adj EBITDA	A\$m	-2.4	-4.2	-6.2	-3.3	-1.3
Adj EBIT	A\$m	-2.4	-4.3	-6.4	-3.4	-1.4
Adj PBT	A\$m	-2.4	-4.3	-6.4	-3.3	-1.2
Adj EPS	c	-0.1	-0.1	-0.2	-0.1	-0.0
DPS	c	0.0	0.0	0.0	0.0	0.0

Key valuation metrics						
EV/sales	x	n/m	n/m	n/m	n/m	n/m
EV/EBIT (adj)	x	-38.4	-21.8	-14.7	-27.3	-66.8
P/E (adj)	x	-24.4	-18.3	-12.7	-30.1	-111.6
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-4.1%	-4.7%	-21.5%	-11.0%	-7.5%

GEO-01 keeps growing

Income statement		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Sales	A\$m	0.0	0.0	0.0	0.0
Gross profit	A\$m	0.0	0.0	0.0	0.0
EBITDA (adjusted)	A\$m	-4.2	-6.2	-3.3	-1.3
EBIT (adjusted)	A\$m	-4.3	-6.4	-3.4	-1.4
Associates/other	A\$m	0.0	0.0	0.0	0.0
Net interest	A\$m	-0.0	-0.0	0.1	0.2
PBT (adjusted)	A\$m	-4.3	-6.4	-3.3	-1.2
Total adjustments	A\$m	0.0	0.0	0.0	0.0
PBT (stated)	A\$m	-4.3	-6.4	-3.3	-1.2
Tax charge	A\$m	0.0	0.0	0.0	0.0
Minorities/Disc ops	A\$m	0.0	0.0	0.0	0.0
Reported earnings	A\$m	-4.3	-6.4	-3.3	-1.2
Adjusted earnings	A\$m	-4.3	-6.4	-3.3	-1.2
Shares in issue (year end)	m	3,131.4	3,139.7	3,597.1	4,768.7
EPS (stated)	c	-0.2	-0.2	-0.1	-0.0
EPS (adjusted, fully diluted)	c	-0.1	-0.2	-0.1	-0.0
DPS	c	0.0	0.0	0.0	0.0

Cash flow		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
EBITDA	A\$m	-4.2	-6.2	-3.3	-1.3
Net change in working capital	A\$m	0.3	0.2	-0.0	-0.1
Other operating items	A\$m	2.3	3.9	0.6	0.6
Cash flow from op. activities	A\$m	-1.5	-2.2	-2.8	-0.8
Cash interest	A\$m	0.0	0.0	0.0	0.0
Cash tax	A\$m	0.0	0.0	0.0	0.0
Capex	A\$m	-3.9	-22.7	-10.0	-7.9
Other items	A\$m	0.0	0.0	0.0	0.0
Free cash flow	A\$m	-5.4	-24.9	-12.7	-8.7
Acquisitions / disposals	A\$m	0.0	0.0	0.0	0.0
Dividends	A\$m	0.0	0.0	0.0	0.0
Shares issued	A\$m	30.1	0.3	11.5	12.0
Other	A\$m	0.0	0.0	0.0	0.0
Net change in cash flow	A\$m	24.6	-24.6	-1.2	3.3
Opening net cash (debt)	A\$m	6.8	31.4	6.8	5.6
Closing net cash (debt)	A\$m	31.4	6.8	5.6	8.9

Balance sheet		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Tangible fixed assets	A\$m	38.2	55.9	65.5	73.1
Goodwill & other intangibles	A\$m	0.0	0.0	0.0	0.0
Other non current assets	A\$m	0.0	0.0	0.0	0.0
Net working capital	A\$m	-7.7	-2.1	-1.5	-1.0
Other assets	A\$m	0.0	0.0	0.0	0.0
Other liabilities	A\$m	-2.5	-1.1	-0.4	-0.6
Gross cash & cash equivs	A\$m	33.7	7.9	5.8	8.0
Capital employed	A\$m	61.8	60.5	69.4	79.5
Gross debt	A\$m	0.5	0.5	0.4	0.3
Net pension liability	A\$m	0.0	0.0	0.0	0.0
Shareholders equity	A\$m	61.2	60.1	69.0	79.2
Minorities	A\$m	0.0	0.0	0.0	0.0
Capital employed	A\$m	61.8	60.5	69.4	79.5

Growth analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Sales growth	%	n/m	n/m	n/m	n/m
EBITDA growth	%	-78.3%	-49.0%	47.0%	60.7%
EBIT growth	%	-76.0%	-48.9%	46.3%	59.2%
PBT growth	%	-75.5%	-48.9%	48.7%	63.6%
EPS growth	%	-32.8%	-44.3%	57.7%	73.1%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Gross margin	%	n/m	n/m	n/m	n/m
EBITDA margin	%	n/m	n/m	n/m	n/m
EBIT margin	%	n/m	n/m	n/m	n/m
PBT margin	%	n/m	n/m	n/m	n/m
Net margin	%	n/m	n/m	n/m	n/m

Valuation analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
EV/EBITDA	x	-22.2	-14.9	-28.1	-71.6
EV/EBIT	x	-21.8	-14.7	-27.3	-66.8
P/E	x	-18.3	-12.7	-30.1	-111.6

Cash flow analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Cash conv'n (op cash / EBITDA)	%	n/m	n/m	n/m	n/m
Cash conv'n (FCF / EBITDA)	%	129.3%	399.0%	384.3%	667.5%
U/lying FCF (capex = depn)	A\$m	-1.6	-2.3	-2.9	-0.9
Cash quality (u/l FCF / adj earn)	%	37.8%	36.2%	87.3%	74.2%
Investment rate (capex / depn)	x	51.0	210.2	96.8	84.8
Interest cash cover	x	n/a	n/a	n/a	n/a
Dividend cash cover	x	n/a	n/a	n/a	n/a

Working capital analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Net working capital / sales	%	n/m	n/m	n/m	n/m
Net working capital / sales	days	n/m	n/m	n/m	n/m
Inventory (days)	days	n/m	n/m	n/m	n/m
Receivables (days)	days	n/m	n/m	n/m	n/m
Payables (days)	days	n/m	n/m	n/m	n/m

Leverage analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Net debt / equity	%	net cash	net cash	net cash	net cash
Net debt / EBITDA	x	n/a	n/a	n/a	n/a
Liabilities / capital employed	%	0.9%	0.8%	0.6%	0.4%

Capital efficiency & intrinsic value		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Adjusted return on equity	%	-7.0%	-10.6%	-4.7%	-1.5%
RoCE (EBIT basis, pre-tax)	%	-6.9%	-10.5%	-4.9%	-1.8%
RoCE (u/lying FCF basis)	%	-2.6%	-3.8%	-4.1%	-1.1%
NAV per share	c	2.0	1.9	1.9	1.7
NTA per share	c	2.0	1.9	1.9	1.7

Update

Assay results have been returned for the first 12 RC holes (for 1,914m) of the CY2024 Phase 2 drilling programme (11,200m). At GEO-01 drilling increased the prospective mineralised footprint to approximately 700m x 500m, with new zones of shallow high-grade gold mineralisation at several areas across the southern part of the GEO-01 prospect area (GEO-01 South target). Mineralisation across multiple GEO-01 lodes remain open in most directions, highlighting a significant further resource growth opportunity. This could add to the LOM at Minyari and we estimate that for every additional year of production, this would add on average over A\$200m to the FCF. Discounted from Year 11 and beyond would add c.A\$100m to the NPV for every additional year of production, assuming the current profile is extended. This shows how for minor additional exploration expenditure, Antipa is potentially adding relatively low-cost shallow open pittable ounces to the Minyari Dome project and so potentially increasing the value on a standalone basis or to feed the nearby Telfer processing facility.

Key outcomes from the current round of drilling at GEO-01, include:

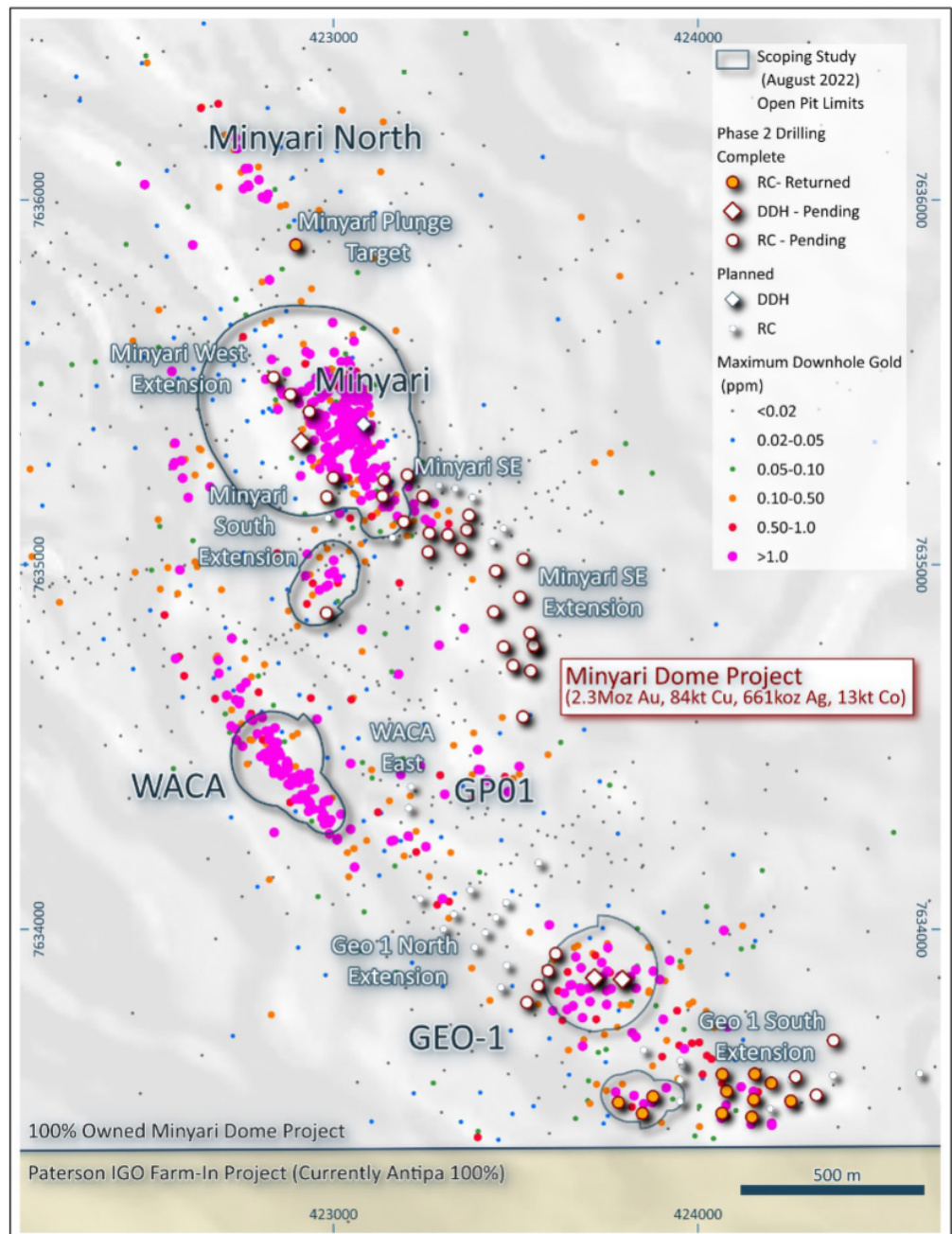
Significant gold-copper mineralisation approximately 400m southeast of the GEO-01 Main Zone materially expanded

Significant gold-copper mineralisation approximately 250m south of the GEO-01 Main Zone expanded and grade enhanced

Clear potential to increase the existing GEO-01 MRE, with additional drilling planned in H1 CY2025.

Large areas to be tested for additional strike and depth extensions in CY2025 drilling.

Figure 1: Map of the southern region of the Minyari Dome



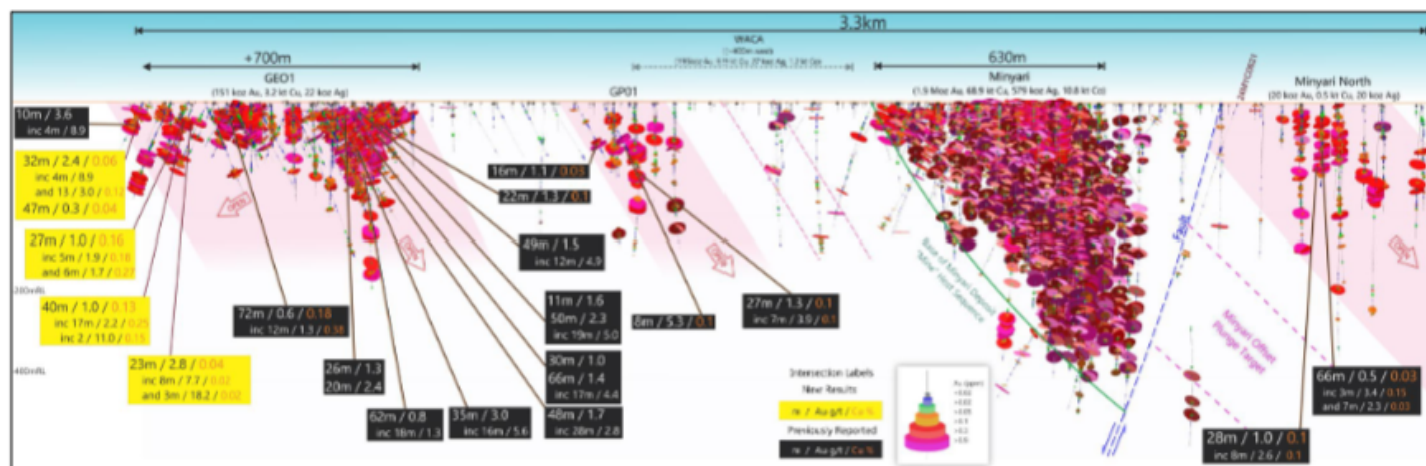
Source: Company data

GEO-01 keeps growing

But it's not just at GEO-01, as to the north, the Minyari Plunge Offset Target 'sighter' RC drill hole returned encouraging low-grade gold mineralisation, strong pathfinder anomalism and alteration increasing toward bottom of hole. While early days, it shows that there is still room to find more gold.

Figure 2: Long Section from GEO-01 to Minyari North

Long Section showing gold drill intercepts and interpreted key features including multiple zones of plunging gold-copper mineralisation.



Source: Company data

CY2024 Phase 2 Programme next steps

- Programme targeting further increases to the existing Minyari Dome Mineral Resource which currently stands at 2.3 million ounces of gold, 84,000 tonnes of copper, 661,000 ounces of silver and 13,000 tonnes of cobalt at 1.5 g/t gold and 0.18% copper¹. Expansion to this Mineral Resource is expected to deliver additional strong value enhancement to the existing development opportunity at Minyari Dome2.
- The Phase 2 drilling programme is expected to be completed by the end of November, with the remaining assay results to be received in batches over the coming months.
- Based on the highly positive outcomes from the updated Scoping Study, a Pre-Feasibility Study for Minyari Dome may commence in Q1 CY2025.

Minyari Dome Project Updated Scoping Study

The Minyari Dome Project Updated Scoping Study is based on an initial combined open pit and underground mine schedule of 30.2Mt at 1.5g/t gold for 1.5Moz gold over +10 years of initial processing life at 3Mtpa producing 1.3Moz, at an average rate of 130koz p.a. for the first 10 years. Total pre-production capital cost of A\$306m, including A\$90m for pre-production mining with a payback period of approximately 2 years. Average AISC of A\$1,721/oz (equivalent to US\$1,205/oz). Simple, non-refractory metallurgy allows for a standard Carbon-in-Leach (CIL) process plant, delivering an estimated gold recovery of 90%.

The Scoping Study reported a post-tax NPV7 of A\$598m and 46% IRR, assuming US\$2,100/oz gold and 0.70 A\$/US\$ (A\$3,000/oz) (approximately 35% below the current spot price of c.A\$4,040) or post-tax NPV7 of A\$1,205m and 79% IRR, assuming US\$2,800/oz gold and 0.70 A\$/US\$ (A\$4,000/oz).

GEO-01 keeps growing

Figure 3: Basics

Ticker	AZY.ASX	Recommendation	Buy	Asset	Minyari	Capital Str.	Shares (m)
Price (A\$)	0.022	FD Price Target (A\$)	0.06	Country	Australia	Basic	4,837
Mkt cap (A\$m)	116	Project PNAV Today	2.6	Commodity	Gold/Copper	FD (ITM)	5,381

Source: Cavendish

Figure 4: Valuation

SOTP Valuation	Unit	Base Case	NAVx	Disc. NAV	A\$/sh
Minyari Dome	A\$m	781	0.25	195	0.04
Minyari Exploration	A\$m	100	0.25	25	0.00
Other Exploration	A\$m	67	1.00	67	0.01
Cash	A\$m	23	1	23	0.00
Debt	A\$m	-	1	-	-
ITM Options	A\$m	7	1	7	0.14
Total	A\$m	978	-	310	0.06

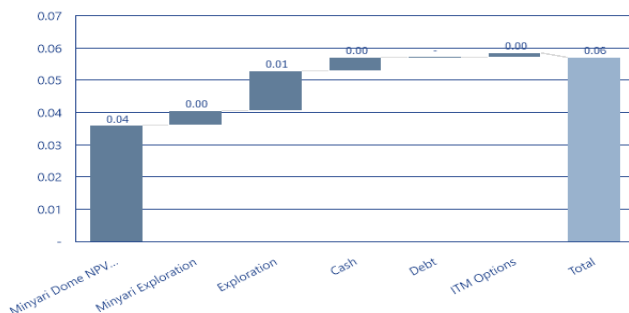
Valuation Progression	Scoping Study	DFS	Funded	Start Up	Prod.
NAV multiple x	0.25	0.5	0.6	0.8	0.95
Minyari Dome NPV 7% per share A\$c	195	391	469	625	742
	4	8	10	13	15

Catalysts

1. Potential M&A
2. CY2024 Phase 2 Exploration update
3. Farm-in exploration programmes

Source: Cavendish estimates

Figure 6: Valuation



Source: Cavendish estimates

Figure 8: Shareholders

Holder	%
Newmont Corp.(GGP)	8.5
Lion Selection Group	4.1
IGO	3.1
Board	3.1
Institutions	19.9
Other	61.3

Source: Company data

Figure 5: Resource Reserve

Category (100% basis)	Cut off (g/t Au)	Tonnes (mt)	Grade (g/t Au)	Metal Content (Oz Au)
Minyari Dome (100% Antipa)				
Indicated	0.4/1.5	27.1	1.75	1,505,000
Inferred	0.4/1.5	6.2	1.78	347,000
Sub-Total	0.4/1.5	33.3	1.73	1,852,000
WACA				
Indicated	0.4/1.5	1.71	0.96	53,000
Inferred	0.4/1.5	3.454	1.27	143,000
Sub-Total	0.4/1.5	5.164	1.18	195,000
GEO-01				
Indicated	0.4	2.992	0.76	73,000
Inferred	0.4	3.748	0.65	78,000
Sub-Total	0.4	6.74	0.7	151,000
Total Minyari + WACA + GEO-01 +Satellite Deposits				
Indicated	0.4/1.5	32.2	1.59	1,650,000
Inferred	0.4/1.5	15.4	1.35	670,000
Grand Total		47.6	1.51	2,320,000
Wilki Project (Newmont Farm -in - Currently 100% Antipa)				
Chicken Ranch	0.5	0.8	1.6	40,300
Tim's Dome	0.5	1.8	1.1	63,200
AZY EV/oz	Au Eq.		A\$/oz	31
Peer EV/oz	Au		A\$/oz	56

Source: Company Data

The 0.4 g/t and 1.5 g/t Aueq cut-off grades assume open pit and underground mining, respectively.

Figure 7: Share price vs Gold



Source: S&P CapIQPro

Figure 9: Board

Board	Position	Appointed
Mark Rodda	Exec Chairperson	2010
Roger Mason	Managing Director & CEO	2010
Peter Buck	Independent & Non-Exec. Director	2010
Stephen Power	Independent & Non-Exec. Director	2010
Gary Johnson	Independent & Non-Exec. Director	2010

Source: Company data

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Definition of research recommendations

Expected absolute returns

BUY is an expected return greater than 10%

HOLD is an expected return -10% - +10%

SELL is an expected return less than -10%

UNDER REVIEW: recommendation and/or forecasts are under review pending further clarity as to the company's financial and/or operational position

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	Corporate client no.	Corporate client %	Total no.	Total %
Buy	2	1.4%	14	8.8%
Hold	0	0.0%	1	0.6%
Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	133	96.4%	144	90.6%

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Antipa Minerals	9	19 October 23	Corp	A\$0.01	A\$0.05

Source: Cavendish

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