

Rio waves through big budget boost for Antipa JV

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SPECIAL REPORT: Rio Tinto has significantly beefed up the 2020 exploration budget for its Citadel joint venture with Antipa Minerals in WA's Paterson Province, which neighbours its Winu copper-gold discovery.

After sole funding \$11 million of exploration over five years at Citadel to earn a 51% interest in the project, Rio (ASX: RIO) indicated at the start of the year it would proceed with the next stage of the earn-in, under which it can move to a 65% interest by spending another \$14 million over five years.

At that time, expectations were that the 2020 budget would be around \$2 million. Last month Antipa (ASX: AZY) gave a brief update saying the 2020 exploration program at Citadel was under review to consider the potential impact of the coronavirus on the partners'

plans.

So it emerged as something of a surprise this morning when Antipa announced that Rio had approved a budget of \$9.2 million for Citadel this year, an amount that will take the major very close to its next expenditure milestone.

The reasoning behind the expanded budget is a heightened focus on growing existing resources at Citadel, with Antipa saying this morning the 2020 exploration program would now include up to 13,000 metres of diamond and reverse circulation (RC) drilling to “test potential extensions and further define and improve orebody knowledge” at the Calibre deposit.

Calibre was discovered by Antipa in 2012 and was the primary reason Rio proposed the \$60 million Citadel earn-in agreement to the company in 2015. The deposit, which is 45km east of Winu, contains an inferred Mineral Resource of 47.7 million tonnes at 0.85 g/t gold, 0.15% copper and 0.48 g/t silver for 1.3 million ounces of gold, 69,500 tonnes of copper and 730,000 ounces of silver.

It has a strike length of 1.6km, is up to 480m thick and is open in all directions, meaning the partners still don't have a complete handle on its potential. Rio has been feverishly drilling out Winu – it completed 140km of drilling last year – and has laid out an aggressive development timeline that could see first production in 2023.

It is possible that Calibre – and any other deposits

discovered or further developed within the Citadel tenements – could be processed through infrastructure at Winu, adding bulk to what is already thought to be a tier one project.

Other elements of the 2020 program at Citadel include the continuation of the geophysical surveys and processing of collected data and a review of Calibre drilling results and broader Magnum Dome modelling to identify further high priority target areas. Drilling is expected to commence this quarter.

Second major partner

At the end of February, Antipa signed a second \$60 million earn-in deal for its Paterson ground, this time with the region's other major player, gold miner Newcrest Mining.

The Newcrest deal relates to 2,212km² of tenements held by Antipa in the southern Paterson, now known as the Wilki project. These tenements surround Newcrest's Telfer gold mine.

Much like the Rio deal, Newcrest can earn up to 75% of the Wilki project by spending the \$60 million over eight years, with staged expenditure milestones.

Newcrest took an equity stake of 9.9% in Antipa through a share placement at the same time.

Antipa also retains 100% ownership of 1,576km² of highly prospective ground including the gold-copper resources at Minyari-WACA and the recently identified Reaper-Poblano-Serrano trend.