Sprott	Equity Research	

Ticker: CTM AU	4Q20 Cash: A\$24m	Project: Jaguar
<b>Mkt cap</b> : A\$267m	<b>Price:</b> A\$0.81/sh	Country: Brazil
RECOMMEND (unc): BUY	TARGET (unc): A\$1.20/sh	RISK RATING: HIGH

To hit today's best-ever headline <u>after</u> 300 holes have been drilled is an important point – whilst most people prefer layered intrusions for size, they are also relatively homogenous. Structurally controlled hydrothermal deposits like this are more likely to provide 'jewel boxes' with infill hits in shoots and sheets well above average resource grade. Consistent ~0.6-2.1% Ni infill hits are useful but ultimately confirmatory, while monster hits such as the **56m @ 2.1% Ni** outside the PEA pit are pure cream. Step outs today may add some strike given **4.5m @ 1.2% Ni** 60m along strike at Jag East, albeit deeper. Last week's market correction saw more speculative 'might work' EV names sell off aggressively while 'real' names, of which we think Centaurus is one, outperformed material, with Centaurus up 11.4% over ten days. This should be the 'summer of Centaurus', with (i) drilling ramping as an additional two rigs arriving in the coming weeks for the 65,000m program ahead of the 4Q21 MRE update and (ii) regional drilling underway at Leao (one of three top greenfield targets to be tested this year) to provide steady news flow for investors. As such we **maintain our BUY rating and 0.5xNAV**<sub>7%-8.00/16</sub> **A\$1.20/sh PT for** our base-case concentrate model, which we anticipate moving to POX in due course after the positive metrics from the recent value add study.

#### Jaguar South hits monster 56m @ 2.1% Ni (including 18m @ 4.9% Ni) below pit shell

Today's infill drilling at <u>Jaguar South</u> highlighted **56.1m** @ **2.1% Ni** including 17.6m @ 4.9% Ni immediately below the pit limits, as well as **7.2m** @ **2.4% Ni** and **12.6m** @ **1.3% Ni**. Additional infill holes at <u>Jaguar West</u> and Central North highlighted **13.2m** @ **1.6% Ni** including 9.2m @ 2.1% Ni, **6.8m** @ **1.2% Ni**, **4m** @ **1.6% Ni**, **10.8m** @ **0.8% Ni** and **31m** @ **0.6% Ni**. Strike extension drilling at <u>Jaguar Central</u> extending mineralization 60m to the east of the resource limits with **4.5m** @ **1.2% Ni** and **10m** @ **0.9% Ni**. Drilling is ongoing with five drills and two more expected mid-July (one RC rig is on site drilling the Leão Prospect).

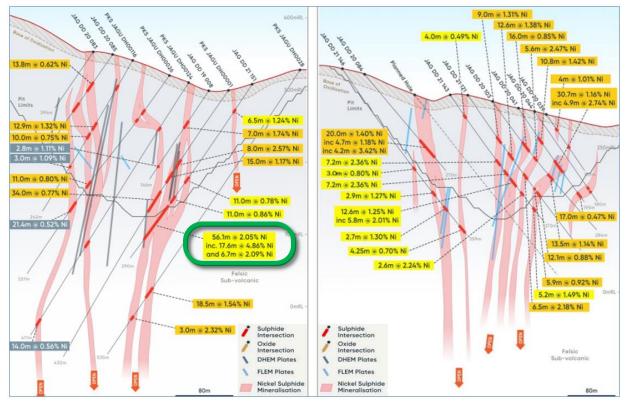


Figure 1. Jag. South sections through (A) 4780,040 and (B) 477,885mE showing 56.1m @ 2.05% Ni

Source: Centaurus



### Why we like Centaurus Metals

- 1. Only >100kt Ni contained, <\$500m capex, pittable nickel sulphide junior globally
- 2. Drilling of 65,000m this year likely drives resource growth / dis vs. <75,000m in resource itself
- 3. Optionality on POX given water / limestone / cheap hydro not available in Australia
- 4. Good logistics, including rail in a well-known mining jurisdiction
- 5. Quality 16% concentrate with low As, low Mg

#### Catalysts

- 1. 3Q21: Lodge environmental license
- 2. SCPe 4Q22: BFS
- 3. 2024: Target first production

#### Research

Brock Salier (London) M: +44 7400 666 913 <u>bsalier@sprott.com</u> Justin Chan (London) M: +44 7554 784 688 <u>ichan@sprott.com</u> Brandon Gaspar (Toronto) M: +1 437 533 3142 <u>bgaspar@sprott.com</u> Eleanor Magdzinski (Toronto) M: +1 705 669 7456 <u>emagdzinski@sprott.com</u>



# **Equity Research**

	Brazil Jaguar	
W price (b)S5/f)     17,637     <	Jaguai	
Ip price (USF)t, payable)     13,228     12,228     12,228	Mt	Ni %
Data progres     Partial progr	SCP inve	entory
agaar MPV (bald start)     720     100%     0.50x     1.03     Total     48.0     1.085     Total regional epodulon (0) 10%     36.5     100%     0.50x     10.0     0.10       Fand AQ20     2.4.1     100.0     1.0.0     0.01     Delling/TS cost (Mm)     14.9     SCP+       SMMUA 56 (10 cc)     A3736m     1.21     Delling/TS cost (Mm)     14.9     SCP+       SMMUA 56 (10 cc)     A.60     7.00/h     8.00/h     1.000/h     SSec values     Capex (Mm)     2.9       Start values     1.12.2     1.03.2     1.02.1     SSec values     7.00     SSC values     2.25     2.55     4.64     7.02     7.02.1     SSC values     7.02.1     S	29.6	0.78
Segioal exploration (© 10%     36.5     10%     1.0x     0.10     Capex (ASm)     231     Funding uses       Stath 4/200     24.1     100%     1.0x     0.07     Capex (ASm)     231     Cash 4/       MXMAV 569 1021     Af795m     1.21     Working cap > D15 (Stath)     3.05     Stath 4/2 (Stath 4// Stath 4		
Lash I 4Q20     24.1     1001     1.0x     0.07     Capex (MSm)     231     Cash I 4       Asth Form IM options     4.6     1003     1.0x     0.01     Dilling/S cost (JSm)     1.45     SCPe ObdAV cog       Bud stort, er (n. cost + 66.4 df for optics not build     P/M4/V today     0.36x     G8A and fin: cost (JSm)     302     Total sces: group (JSm)     302     Total sces: group (JSm)     302     Total sces: group (JSm)     302     F0     3225     F0     50<	29.6	0.8%
Cash from ITM options     4.6     100%     1.0x     0.01     Delling/FS cost Mish     1.45     SCPA using company options       MXMAV Age 1021     KATSWAV Age 1021     KATSWAV Age 1021     KATSWAV Age 1021     1.21     Obling/FS cost Mish     1.45     SCPA using company options       MXMAV Age 1021     KATSWAV Age 1021     KATSWAV Age 1021     KATSWAV Age 1021     CASH     Mark Code 0     Cash     Gala options     Cash     Cash <thcash< th="">     Cash     Cash<!--</td--><td></td><td></td></thcash<>		
NUMU AS @ 1021     A5796m     1.21     Working cap >DFS (ASm)     1.5.     SCPC 0.5HAV eq GAA and fin. cost (45m)     30.2       "Build store tor, fin. cost + 6.6A, dif for optros not build Group MAV (ASm)     13.22     15.432     17.643     10.00/n     30.00/n     10.00/n     30.00/n     30.23     Total uses; young ADM     30.23     Total uses; young ADM     30.23     50.4     70.9     30.22     10.00/n     32.95     35.40     40.07       9.05 discount     22.73     53.4     706     10.055     13.13     50.5     61.6     90.4     1.189     1.47.4     Reamaryis     C720E	Q20 (A\$m)	24.1
Baild star, er, fn. cost + 6Å, dil for opris not buld   P/HW today   0.36x   CdA and fin. cost (ASm)   30.2   Total sca Delling r/M     Asset value: 1MPV project Duild Start (ASm, ungeared)'   0.36x   Total sca Delling r/M   290.3   290.3     9.0% discount   223   6.66   702.0   9.0% discount   223   6.66   702.0   9.0% discount   223   6.66   702.0   9.0% discount   223   5.7% discount   225.9   225.9   225.6   24.64   70.0   7.0% discount   223   223.9   225.0   25.9   25.9   25.9   25.0   3.7% discount   0.63   1.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.64   3.31   1.98   2.06   1.66   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64   1.64 <td>debt (A\$m)</td> <td>149.</td>	debt (A\$m)	149.
Asset value:     Interpret (%)     Duriling / build start (A\$m, ungeared)*     Total uses: group (A\$m)     29.03     Duriling / build start (A\$m, ungeared)*       Group NAV (A\$m)     13.228     15.432     17.637     19.842     22.046     Share dat (m)     Basic     P0     30.22 (FF       9.0% discount     225     464     702     938     1.174     Path cases (m)     32.9.5     35.4.9     46.0.7       9.0% discount     223     544     796     1.055     1.31     1.31     1.32     5.4.4     7.2.7     5.5.8     64.5     1.8.8     3.31     F0 discount     0.32     1.5.8     3.35     4.5.8     5.5.8     64.5     6.5.0     7.6.7     7.6.7     1.5.1     2.2.4     2.9.7     3.30     9.7.9     25.0.2     35.8.3     1.7.6.7     19.8.42     2.9.0.4     2.9.7     2.9.0     2.5.0.2     3.5.8     3.1.7     1.7.4     2.5.5     3.4.4     1.7.4     2.9.7     3.2.0     1.7.4     2.9.7     3.2.0     1.7.4     2.9.7     3.2.0     1.7.4     3.2.1     1.7		115.
G.00/lb     7.00/lb     8.00/lb     9.00/lb     10.00/lb     Share data (m)     Basic     FD     3022 [FF       9.04 decount     12.28     15.432     17.637     19.842     22.046     Shares (m)     329.5     34.0.7     CY22E     CY22E     CY22E     CY22E     CY22E     CY22E     CY22E     CY22E     Shares out (m)     325.9     329.5     440.7       7.0% discount     273     534     796     1,055     1,113     The shares out (m)     325.9     329.5     54.0       9.0% discount     0.63     1.31     1.98     2.64     3.31     FDE before w(c [Af/sh]     -     -     -       9.0% discount     0.63     1.31     1.98     2.64     3.37     70.0     1.01     -		289.
Group NAV (A\$m)     13,228     15,A32     17,637     19,842     22,046     Shares (m)     329.5     354.9     440.7       9.0 discount     273     534     706     1005     1131     Ratio analysic     CV21E     CV21E <t< td=""><td></td><td>-1.0</td></t<>		-1.0
9.0% discount     225     464     702     938     1,174     Ratio analysis     CY20E     CY21E     CY22E       3.0% discount     228     616     900     1,189     1,474     Shares out (m)     325.9     329.5     440.7       Ungsared project IRR     215     33%     45%     55%     644.     CFPS bafore w/c (A\$/sh)     -     -     -       9.0% discount     0.63     13.1     198     2.64     331     FF yield (%     -     -     -       5.0% discount     0.52     1.7.4     2.55     3.35     4.15     PCF (h)     -     -     -       9.0% discount     0.52     1.7.4     2.55     3.35     4.15     PCF (h)     -	-D)	
7.0% discount   273   534   796   1,055   1,313   Shares out (m)   325.9   329.5   440.7     Lungeared project IBR   2118   333   455   55%   644   CFPS ke/rsh   -   -   -     Group INAV (45/rsh)   13,228   15,432   17,637   19,842   22,046   CFPS ke/rsh   -		-
5.03. discount   328   6.16   904   1,189   1,474   EPS (Ar/sh)   -   -   -     Lingeared project IRR   2.1%   33.3%   4.5%   55%   6.4%   CFPS before w/c (A5/sh)   -   <	CY23E	CY24
Ungeared project IRE     21%     33%     45%     55%     64%     CFPS before $W/c (k5/sh)$ -     -     -       Group NAV (A5/sh)     13,228     15,632     17,637     19,862     22,046     EV (A5/m)     239.9     256.2     358.3       9.0% discount     0.63     1.31     19,82     240     3.70     EV (A5/m)     -	440.7	440.
Group NAV (A5/sh)   13,228   15,432   17,637   19,842   22,046   EV (A5m)   239,9   256,2   358,3     9.0% discount   0.63   1.31   1.98   2.64   3.31   FC yield (%)   -	-	-
9.0% discount   0.63   1.31   1.98   2.64   3.31   FCF yield (%)   - </td <td>-</td> <td>-</td>	-	-
7.0% discount   0.77   1.51   2.24   2.97   3.70   PER ( $\chi$ -   -   -   -     9*Project level NPV, excl finance costs and central SGA discount   0.92   1.74   2.55   3.35   4.15     9*Project level NPV, excl finance costs and central SGA discount   0.92   2.023   2.024   2023   2024   2025   7.0   9.14   1.107   Revenue ( $\Lambda$ Sm)   0.5   -   -     Baguar NPV   634   679   7.30   9.14   1.107   Revenue ( $\Lambda$ Sm)   0.5   -   -     Centra GSA & Sin no costs   (58)   (4.8)   (3.8)   (3.0)   (2.00   COS ( $\Lambda$ Sm)   -   -   -     Centra GSA & Sin no costs   (59)   (4.6)   (4.6   4.6   6.6   GGA ( $\Lambda$ Sm)   0.5   -   -     Net cash prior quarter   20.5   7.4   ( $4.2$ ( $4.1$ 4.41   4.41   4.41   Finance costs ( $\Lambda$ Sm)   0.1   -   -     NAV ( $\Lambda$ Sinh FF D ( $\Lambda$ S/sinh FF IC ( $\Lambda$ S/	320.0	507.2
5.0% discount   0.92   1.74   2.55   3.35   4.15   P/CF (x)   -   -   -     "Project level NPV, exd finance costs and central SGA, discounted to build start   EV/EBITDA (x)   -   CY20E   CY21E   CY22E   CY21E   CY22E   CY21E   CY21E   CY22E   CY21E   CY22E   CY21E   CY22E   CY21E   CY22E   CY22E   CY21E   CY22E   CY2EE	-	-
Project level NPV, excl finance costs and central SGA, discounted to build start   EV/EBITDA ( $\chi$ )   L     SOPP company valuation^   2Q21   2Q22   2Q23   2Q24   2Q25   Income statement   CY20E   CY21E   CY22E     Baguar NPU   634   679   730   914   1,107   Revenue (A\$m)   0.5   -   -   -     Costs form (und costs   (58)   (48)   (38)   (30)   (20)   COS (S4m)   -   -   -     Cash form (TM options   4.6   4.6   4.6   4.6   4.6   4.6   -	-	-
SOTP company valuation*     2Q21     2Q22     2Q23     2Q24     2Q25     Income statement     CY20E     CY21E     CY22E       laguar NPV     634     679     730     914     1,107     Revenue (A\$m)     0.5     -     -       Centra G&A & fin. costs     (59)     (44)     (38)     (30)     (20)     COGS (A\$m)     -     <	-	-
Jaguar NPV   634   679   730   914   1,107   Revenue (Å\$m)   0.5   -   -     Centra G&A & fin. costs   (58)   (48)   (38)   (30)   (20)   COGS (Å\$m)   -	CY23E	184.0
Centra G&A & fin. costs   (58)   (48)   (38)   (30)   (20)   COGS (A\$m)   -   -   -     Net cash prior quarter   20.5   7.4   (4.2)   (15)   (150)   Goss profit (A\$m)   0.5   -   -     Cash from ITM options   4.6   4.6   4.6   4.6   4.6   Goss profit (A\$m)   0.5   -   -     NAV (A\$m)   601   643   693   897   942   Exploration (A\$m)   7.3   6.0   3.0     TS bare count (m)   355   355   441   441   441   Finance costs (A\$m)   -   -   -     ROI (% pol   124%   39%   35%   27%   Other (A\$m)   3.6   1.2   1.5     Statualue: 1xNAV/sh company (Ø 2024 first production (A\$, geared)*   Tax (A\$m)   -   <		CY24
Net cash prior quarter   20.5   7.4   (4.2)   (15)   (150)   Gross profit (A\$m)   0.5   -   -     Cash from ITM options   4.6   4.6   4.6   4.6   4.6   68A   (A\$m)   2.9   7.4   9.2     NAV (A\$m)   601   643   693   873   942   Exploration (A\$m)   7.3   6.0   3.0     FD share count (m)   355   355   441   441   4447   Finance costs (A\$m)   .1   - <td>-</td> <td>42.0</td>	-	42.0
Cash from ITM options   4.6   4	-	37.9
NAV (A\$m)   601   643   693   873   942   Exploration (A\$m)   7.3   6.0   3.0     FD share count (m)   355   355   441   441   441   Finance costs (A\$m)   0.1   -   -     RD (X\$pd)   1.69   1.81   1.57   1.98   2.14   Tax (A\$m)   -   -   -     RD (X\$pd)   1.24%   39%   35%   27%   Other (A\$m)   3.6   1.2   1.5     Exit value: 1xNAV/sh FFD (A\$/sh)   13,228   15,432   17,637   19,842   22,046   BHTDA (A\$m)   (1.15)   (1.50)   (13.8)     9.0% discount   0.52   1.21   1.94   2.67   3.40   Add share based (A\$m)   0.5   1.6   1.6     9.0% discount   0.74   1.54   2.36   3.19   4.02   Cash flow statement   CY20E   CY21E   CY21E<	-	4.2
<i>IPD share count (m)</i> 355   355   441   441   441   441   Finance costs ( $k$ \$m)   0.1   -   - <i>IXNAV/%/sh FF FD (A\$//sh)</i> 1.69   1.81   1.57   1.98   2.14   Tax ( $A$ \$m)   -   -   - <i>ROI (% pa)</i> 124%   39%   35%   27%   Other (A\$m)   3.6   1.2   1.5 <b>Exit value: 1xNAV/sh</b> <i>company</i> ( <b>0</b> 2024 first production (A\$, geared)^ <b>Vet income (A\$m)</b> (13.3)   (14.6)   (13.8)     9.0% discount   0.52   1.21   1.94   2.67   3.40   Add share based (A\$m)   0.5   1.6 <t< td=""><td>11.1</td><td>1.0</td></t<>	11.1	1.0
txNAV7%/sh FF FD (A\$/sh)1.691.811.571.982.14Tax (A\$m) $RO(% pa)$ 124%39%35%27%Other (A\$m)3.61.21.5Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^Ve income (A\$m)(13.3)(14.6)(13.7)Cash flow statementCY20ECY21ECY22ECY20ECY21ECY22E1xNAV (A\$/sh)13,22815,43217,63719,84222,046EBITO (A\$m)(1.5)(1.6)-9.0% discount0.521.211.942.673.40Add share based (A\$m)0.51.61.65.0% discount0.741.542.363.194.02Cash flow ops (A\$m)(1.2)Power (a scount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.732.72CY28CY26CY26CY27<	-	-
RO (1 % pa)   124%   39%   35%   27%   Other (A\$m)   3.6   1.2   1.5     Exit value: 1xNAV/sh company   Q 2024 first production (A\$, geared)^   Net income (A\$m)   (13.3)   (14.6)   (13.7)     LxNAV (A\$/sh)   13,228   15,432   17,637   19,842   22,046   EBITDA (A\$m)   (11.5)   (15.0)   (13.8)     9.0% discount   0.62   1.37   2.14   2.91   3.69   Add share based (A\$m)   0.5   1.6   1.6     5.0% discount   0.62   1.37   2.14   2.91   3.69   Add share based (A\$m)   0.5   1.6   1.6     Exit value: 1xNAV/sh company   Q 2024 first production (A\$, geared)^   PP8E - build + sust (A\$m)   (1.2)   -   -     9.0% discount   0.43   0.55   1.13   1.72   2.30   2.88   PP8E - expln (A\$m)   1.2   -   -     9.0% discount   0.49   1.03   1.5E   CY27   CY28   CAsh flow fin. (A\$m)   2.4   3.5   23.9   22.0   22.9     Production (Y1 from 3Q20)   CY24   CY25   CY26   CY27 <td>-</td> <td>10.5</td>	-	10.5
Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^   Net income (A\$m)   (13.3)   (14.6)   (13.7)     L1xNAV (A\$/sh)   13,228   15,432   17,637   19,842   22,046   EBITDA (A\$m)   (11.5)   (15.0)   (13.8)     9.0% discount   0.52   1.21   1.94   2.67   3.40   Add share based (A\$m)   0.5   1.6   1.6     7.0% discount   0.62   1.37   2.14   2.91   3.69   Add share based (A\$m)   (1.6)   -   -     Exit value: 1xNAV/sh company   0.2024 first production (A\$, geared)^   PP8E - build + sust (A\$m)   (1.2)   -   -     9.0% discount   0.43   0.95   1.46   198   2.49   Cash flow ops (A\$m)   1.2   -   -     9.0% discount   0.43   0.95   1.46   1.98   2.49   Share issue (A\$m)   2.4   -   -     9.0% discount   0.495   1.13   1.72   2.30   2.88   -   -     9.0% discount   0.495   1.35   23.9   22.0   22.9   22.9   Eash flow fin. (A\$m)   1.2 <td< td=""><td>0.8</td><td>2.3</td></td<>	0.8	2.3
LixNAV (A\$/sh)13,22815,43217,63719,84222,046CY20ECY21ECY22E1xNAV (A\$/sh)13,22815,43217,63719,84222,046EBITDA (A\$m)(11.5)(15.0)(13.8)9.0% discount0.621.372.142.913.69Add share based (A\$m)0.51.61.67.0% discount0.741.542.363.194.02Cash flow ops (A\$m)(1.6)Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^PP&E - build + sust (A\$m)(1.2)9.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.29.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)9.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)9.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)1.5(13.4)(12.1)1gauar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)21 cost (US\$/t Ni)11,049,6755,5445,3604,945Balance sheetCY20ECY21ECY22E20 tr1.9.3866,3826,5716,009Cash (A\$	(11.9)	(9.6
1xNAV (A\$/sh)13,22815,43217,63719,84222,046EBITDA (A\$m)(11.5)(15.0)(13.8)9.0% discount0.521.211.942.673.40Add share based (A\$m)0.51.61.67.0% discount0.621.372.142.913.69Add share based (A\$m)(1.6)5.0% discount0.741.542.363.194.02Cash flow ops (A\$m)(1.6)Cash flow ops (A\$m)(1.2)9.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.2	CY23E	CY24
9.0% discount0.521.211.942.673.40Add share based ( $A$ \$m)0.51.61.67.0% discount0.621.372.142.913.695.0% discount0.741.542.363.194.02Cash flow ops ( $A$ \$m)(1.6)Cash flow ops ( $A$ \$m)(1.6)-Pode tion ( $A$ \$, geared)^PNAUC ( $A$ \$/sh')13.22815,43217,63719,84222,0469.0% discount0.430.951.461.982.497.0% discount0.491.031.582.132.675.0% discount0.551.131.722.302.88Production (OOkt Ni)2.413.523.922.022.9C1 cost (U5\$/t Ni)11,0449,6755,5445,3604,945AISC c C1 + sustaining capex + central G&A, C3 = AISC + depreciation3.992.020.230kt15.41.982.002.000.20.20.210,0tt1.551.341.5C2.000.001.991.91.910,0tt1.551.366,3826,5716,0091.043.992.0.88.720kt10,0th1.986,0004,0001.991.91.91.91.910,1t1.552.4.32.0007.77.77.77.730kt10,0th5,0004,0005,0005.9.31	(12.7)	2.8
7.0% discount0.621.372.142.913.69Net change wkg cap ( $\Lambda$ \$m)(1.6)-5.0% discount0.741.542.363.194.02Cash flow ops ( $\Lambda$ \$m)(5.3)(13.0)(12.1)Exit value: 1xNAV ( $\Lambda$ \$/sh)13,22815,43217,63719,84222,046PP&E - build + sust. ( $\Lambda$ \$m)(1.2)9.0% discount0.430.951.461.982.49Cash flow inv. ( $\Lambda$ \$m)1.29.0% discount0.430.951.461.982.49Cash flow inv. ( $\Lambda$ \$m)1.29.0% discount0.491.031.582.132.67Share issue ( $\Lambda$ \$m)2.4.89.0% discount0.551.131.722.302.88Debt draw (repay) ( $\Lambda$ \$m)2.4.8Production (Y1 from 3Q20)CY24CY25CY26CY27CY28CY28CY28CY20ECY21ECY21EC1 cost (US\$/t Ni)11,0649,6755,5445,3604,945Balance sheetCY20ECY21ECY22EC3 cost (US\$/t Ni)11,76210,3866,3826,5716,009Acr ce. + invet. ( $\Lambda$ \$m)0.20.20.20.230kt15kt15kt16,363.999.999.999.991.991.991.991.991.991.9930kt15kt16,4619,462,0002,00010,0003.091.211.777.7<	1.6	0.4
5.0% discount0.741.542.363.194.02Cash flow ops (A\$m)(5.3)(13.0)(12.1)Exit value: 1xNAV/sh company $0$ 2024 first production(A\$, geared)^PP&E - build + sust. (A\$m) $(1.2)$ 9.0% discount0.430.951.461.982.49PP&E - expl'n (A\$m) $-$ 9.0% discount0.430.951.461.982.49Share issue (A\$m)1.27.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m) $-$ Production (V1 from 3Q20)CY24CY25CY26CY27CY28Cash flow inv. (A\$m)24.8Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449,6755,5445,3604,945Balance sheetCY20ECY21ECY22E30kt15kt11,76210,3866,3826,5716,009Acc rec. + invet. (A\$m)9.59.99.970tal assets (A\$m)33.920.88.720kt0.60004,0002,0002,00011.230kt0.551.130.70.20.20.20.230kt0.551.90.99.99.99.930kt0.60.0000.0000.0001.91.91.91.9<	1.7	14.5
	(12.0)	(21.0
1xNAV (A\$/sh)13,22815,43217,63719,84222,046PP&E - expl'n (A\$m)9.0% discount0.430.951.461.982.49Share issue (A\$m)1.27.0% discount0.491.031.582.132.67Share issue (A\$m)24.85.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)Production (Y1 from 3Q20)CY24CY25CY26CY27CY28Cash flow fin. (A\$m)24.81aguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449,6755,5445,3604,945Alance sheetCY20ECY21ECY22EAlSC = C1 + sustaining capex + central G&A, C3 = AlSC + depreciation12,000No00As,0003.920.88.720kt15kt0,0008,0006,0004,0002,0001.91.91.91.910kt0,040,0002,0002,0002,000155.9157.5159.1	65.0	166.
9.0% discount0.430.951.461.982.49Cash flow inv. (A\$m)1.2-7.0% discount0.491.031.582.132.67Share issue (A\$m)24.85.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)Production (Y1 from 3Q20)CY24CY25CY26CY27CY28Cash flow fin. (A\$m)24.8Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449,6755,5445,3604,945Salance sheetCY20ECY21ECY22EAlSC cost (US\$/t Ni)11,76210,3866,3826,5716,009Cash (A\$m)24.110.7(1.4)AlSC = C1 + sustaining capex + central G&A, C3 = AlSC + depreciation12,000No00Salance sheetCY20ECY21ECY22ESokt25kt10,0008,0006,00010,000Salance sheetOkt6,0004,0002,0002,0001.91.91.91.91.9Others (A\$m)24.310.9(1.2)1.2Total liabilities (A\$m)7.77.77.77.77.7Shareholders' equity (A\$m)155.9157.5159.1159.1	-	
7.0% discount0.491.03 <b>1.58</b> 2.132.67Share issue (A\$m)24.85.0% discount0.551.131.722.302.88Debt draw (repay) (A\$m)Production (Y1 from 3Q20)CY24CY25CY26CY27CY28Cash flow fin. (A\$m)24.8Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449.6755.5445.3604.945Balance sheetCY20ECY21ECY22EAlSC cost (US\$/t Ni)11,76210,3866.3826.5716.009Cash (A\$m)24.110.7(1.4)AlSC = C1 + sustaining capex + central G&A C3 = AlSC + depreciation12,0008.0006.0007.00033.920.88.77Okt0.100.200.20.20.20.20.20.20.20.2Okt0.100.100.100.100.100.100.100.100.100.100.100.10Okt0.100.100.100.100.100.100.100.100.100.100.100.100.100.100.10Okt0.100.100.100.100.100.100.100.100.100.100.100.100.100.100.10Okt0.100.100.100.100.100.10 <td>(65.0)</td> <td>(166.</td>	(65.0)	(166.
5.0% discount0.551.131.722.302.88Debt draw (repay) (A $\$$ m)Production (Y1 from 3Q20)CY24CY25CY26CY27CY28Cash flow fin. (A $\$$ m)24.8Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A $\$$ m)19.5(13.4)(12.1)C1 cost (US $\$/t$ Ni)11,0449,6755,5445,3604,945Balance sheetCY20ECY21ECY22EAISC cost (US $\$/t$ Ni)11,76210,3866,3826,5716,009Cash (A $\$$ m)24.110.7(1.4)AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation12,0008,0006,00033.920.88.77SoktCounts payable (A $\$$ m)1.91.91.91.91.91.9Others (A $\$$ m)24.310.9(1.2)777.77.7Shareholders' equity (A $\$$ m)15.9157.5159.1	115.3	
Production (Y1 from 3Q20)CY24CY25CY26CY27CY28Cash flow fin. (A\$m)24.8-Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449,6755,5445,3604,945Balance sheetCY20ECY21ECY22EAISC cost (US\$/t Ni)11,76210,3866,3826,5716,009Cash (A\$m)24.110.7(1.4)AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation12,000Acc rec. + invet. (A\$m)9.59.99.9Total assets (A\$m)33.920.88.7Debt (A\$m)1.91.91.91.91.2)10kt6,0004,0002,000Ctal liabilities (A\$m)7.77.77.7Shareholders' equity (A\$m)15.9157.5159.1159.1157.5159.1	-	149.9
Jaguar production (000kt Ni)2.413.523.922.022.9Net change in cash (A\$m)19.5(13.4)(12.1)C1 cost (US\$/t Ni)11,0449,6755,5445,3604,945Balance sheetCY20ECY21ECY22EAISC cost (US\$/t Ni)11,76210,3866,3826,5716,009Cash (A\$m)24.110.7(1.4) $AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation12,000Acc rec. + invet. (A$m)0.20.20.230kt25kt10,0008,0006,00010,0008,0006,00010,00033.920.88.720kt15kt10,0008,0006,0004,0002,0001.91.91.91.910kt5kt5,542,0002,0007.77.77.77.7$	115.3	149.
Balance sheet   CY20E   CY21E   CY22E     C1 cost (US\$/t Ni)   11,762   10,386   6,382   6,571   6,009     AlSC cost (US\$/t Ni)   11,762   10,386   6,382   6,571   6,009     AlSC = C1 + sustaining capex + central G&A, C3 = AlSC + depreciation   Acc rec. + invet. (A\$m)   0.2   0.2   0.2     30kt   12,000   10,000   8,000   6,000   7tat assets (A\$m)   33.9   20.8   8.7     20kt   10kt   6,000   4,000   2,000   2,000   0ters (A\$m)   1.9   1.9   1.2     10kt   5kt   2,000   2,000   2,000   7tat assets (A\$m)   7.7   7.7   7.7     Shareholders' equity (A\$m)   15.9   157.5   159.1	38.3	(37.2
AISC cost (US\$/t Ni) 11,762 10,386 6,382 6,571 6,009 AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation 30kt 25kt 20kt 15kt 10kt 5kt 10kt 5kt 10kt 5kt 11,762 10,386 6,382 6,571 6,009 11,762 10,386 6,382 6,571 6,009 12,000 12,000 10,000	CY23E	CY24
AlSC = C1 + sustaining capex + central G&A, C3 = AlSC + depreciation AlSC = C1 + sustaining capex + central G&A, C3 = AlSC + depreciation Acc rec. + invet. (A\$m) 0.2 0.2 0.2 PP&E & expl'n (A\$m) 9.5 9.9 9.9 Total assets (A\$m) 33.9 20.8 8.7 Debt (A\$m) Accounts payable (A\$m) 1.9 1.9 1.9 Others (A\$m) 24.3 10.9 (1.2) Total liabilities (A\$m) 7.7 7.7 7.7 Shareholders' equity (A\$m) 155.9 157.5 159.1	36.9	(0.3
30kt 12,000   30kt 12,000   20kt 10,000   15kt 8,000   10kt 6,000   10kt 2,000   10kt 2,000   10kt 10,000   10kt 10,000   10kt 1.9   10kt 1.0   10kt 1.0   10kt 1.0   10kt 1.0   10kt 1.9   10kt </td <td>0.0</td> <td>27.0</td>	0.0	27.0
30kt   12,000     25kt   10,000     20kt   8,000     15kt   6,000     10kt   4,000     2kt   2,000     Skt   7 tal assets (A\$m)     33.9   20.8     8,000   8,000     6,000   1.9     10kt   2,000     Skt   7 tal assets (A\$m)     33.9   20.8     8,000   8,000     6,000   1.9     10kt   7,7     7,7   7,7     7,7   5,9     15,5   159,1	74.9	238.3
25kt 10,000   20kt 8,000   15kt 6,000   10kt 4,000   2kt 7,7   5kt 7,7   5kt 2,000	111.8	264.
20kt     8,000     Accounts payable (A\$m)     1.9     1.9       15kt     6,000     0thers (A\$m)     24.3     10.9     (1.2)       10kt     4,000     2,000     Total liabilities (A\$m)     7.7     7.7     7.7       Skt     5     5     5     159.1     159.1     159.1	-	149.9
15kt 6,000 Others (A\$m) 24.3 10.9 (1.2)   10kt 4,000 7.7 7.7 7.7   5kt 2,000 Shareholders' equity (A\$m) 155.9 157.5 159.1	-	12.4
10kt     4,000     7.7     7.7     7.7       5kt     2,000     Shareholders' equity (A\$m)     155.9     157.5     159.1	36.9	26.7
Skt     2,000     Shareholders' equity (A\$m)     155.9     157.5     159.1	36.9 5.8	26.7 168.
	276.0	276.4
	(8.3)	270.4
CY24 CY25 CY26 CY27 CY28 Retained earnings (A\$m) (121.5) (136.1) (149.8)		(171.
CY24 CY25 CY26 CY27 CY28 Jaguar prod'n (LHS, 000t Ni) - AISC (RHS, US\$/t Ni) Liabilities + equity (A\$m) 33.9 20.8 8.7	(161.7) <b>111.8</b>	264.9

Source: SCP estimates

#### DISCLOSURES & DISCLAIMERS

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP ("SCP"), an` investment dealer who is a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Canadian Investor Protection Fund ("CIPF"). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol "SII". Sprott Asset Management LP ("SAM"), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP's research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

**DISSEMINATION OF RESEARCH:** SCP's research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP's Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact <u>unsubscribe@sprott.com</u> and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

**RESEARCH ANALYST CERTIFICATION:** Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

**UK RESIDENTS:** Sprott Partners UK Limited ("Sprott") is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP ("PillarFour") for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott's clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

**IMPORTANT DISCLOSURES FOR U.S. PERSONS:** This research report was prepared by Sprott Capital Partners LP ("SCP"), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. ("SGRIL"), a broker dealer in the United States registered with the Securities Exchange Commission ("SEC"), the Financial Industry Authority ("FINRA"), and a member of the Securities Investor Protection Corporation ("SIPC"). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.



## **Equity Research**

**ANALYST CERTIFICATION / REGULATION AC:** The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECCOMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

**UNDER REVIEW:** The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a reevaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

Research Disclosure		Response
1	1 SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities <sup>1</sup>	
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	NO
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

Sprott Capital Partners Equity Research Ratings:

Summary of recommendations as of July 2021	
BUY:	42
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	43

<sup>&</sup>lt;sup>1</sup> As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month

