

<b>Ticker:</b> CTM AU	<b>2Q21 Cash:</b> A\$20m	<b>Project:</b> Jaguar
<b>Mkt cap:</b> A\$344m	<b>Price:</b> A\$0.96/sh	<b>Country:</b> Brazil
<b>RECOMMEND (unc):</b> BUY	<b>TARGET (unc):</b> A\$1.35/sh	<b>RISK RATING:</b> HIGH

Today's lodging of the Environmental Impact Statement (EIA) kicks off permitting for Jaguar, in line with management's previous guidance, with approval expected in 3Q22 and grant of the Preliminary License to enable the application of permits needed to begin construction in 2H23, and final operating license thereafter to begin nickel sulphate production in SCPe 2024 that will create ~1,000 construction jobs + 650 mining staff / contractor workforce. Key here is the surrounding area is farmland, in the well established Carajas mining district, and Para State is in an explicit area of focus for economic development in Brazil (Incentivo Sudam). As such, **we maintain our BUY rating and 0.6xNAV<sub>7%-8.50/lb</sub> A\$1.35/sh PT** using our base-case concentrate model, meaning POX (A\$831m NPV<sub>7%-7.50/lb</sub> vs. A\$604m floatation only) offers risk-free upside to our PT.

**Figure 1. Farmland at the Jaguar Nickel Sulphide Project**



## Environmental license lodged to kick off Jaguar permitting; clear pathway to 2H23 construction

Centaurus lodged the environmental Impact Assessment (EIA), the key environmental approval documentation, to the State authority SEMAS and is targeting approval in 3Q22 and grant of a **Preliminary License (LP)**, in line with the development timeline for Jaguar, based on the production of nickel sulphate on site. Upon receipt of the LP, Centaurus will apply for the **Installation License (LI)** to allow construction to begin in 2H23 with the grant of the final **operating license** expected thereafter.

## Why we like Centaurus Metals

1. Only >100kt Ni contained, <\$500m capex, pitable 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. 3Q22: approval EIA and grant of Preliminary License

2. SCPe 4Q22: BFS
3. 2H23: construction start
4. 2024: Target first production

## Research

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<b>Ticker:</b> CTM AU	<b>Price / mkt cap:</b> A96c/sh / A\$344m	<b>P/NAV today:</b> 0.38x	<b>Country:</b> Brazil
<b>Author:</b> B Salier, B Gaspar	<b>Rec/0.6xNAV7% PT:</b> BUY, A135c/sh	<b>1xNAV7%4<sub>Q21</sub> FF FD:</b> A\$2.07c/sh	<b>Asset:</b> Jaguar

Commodity price	CY20E	CY21E	CY22E	CY23E	CY24E
Ni price (US\$/t)	18,739	18,739	18,739	18,739	18,739
Ni price (US\$/t, payable)	14,054	14,054	14,054	14,054	14,054

1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh
Jaguar NPV (build start)	866	100%	0.50x	1.17
Regional exploration @ 10%	43.3	100%	1.0x	0.12
Cash 2Q21	20.4	100%	1.0x	0.06
Cash from ITM options	2.2	100%	1.0x	0.01

**1xNAV A\$ @ 1Q21** A\$932m **1.35**

\*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.38x

**Asset value: 1xNPV project @ build start (A\$m, ungeared)\***

	6.00/lb	7.00/lb	8.00/lb	9.00/lb	10.00/lb
Group NAV (A\$m)	13,228	15,432	17,637	19,842	22,046
9.0% discount	222	464	705	945	1,183
7.0% discount	270	535	800	1,063	1,324
5.0% discount	326	618	910	1,199	1,487
Ungeared project IRR:	21%	34%	45%	55%	65%
Group NAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.60	1.25	1.90	2.55	3.19
7.0% discount	0.73	1.45	2.16	2.87	3.58
5.0% discount	0.88	1.67	2.46	3.24	4.02

\*Project level NPV, excl finance costs and central SG&A, discounted to build start

**SOTP company valuation^**

	3Q21	3Q22	3Q23	3Q24	3Q25
Jaguar NPV	766	819	901	1,134	1,273
Centra G&A & fin. costs	(21)	(13)	(10)	(3)	14
Net cash prior quarter	20.4	11.8	108.5	(53)	(130)
Cash from ITM options	2.2	2.2	2.2	2.2	2.2
NAV (A\$m)	767	820	1,001	1,080	1,160
FD share count (m)	370	370	448	448	448
1xNAV7%/sh FF FD (A\$/sh)	2.07	2.22	2.24	2.41	2.59
ROI (% pa)		131%	53%	36%	28%

**Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^**

1xNAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.51	1.23	1.99	2.75	3.52
7.0% discount	0.61	1.38	2.19	3.00	3.81
5.0% discount	0.72	1.55	2.40	3.27	4.13

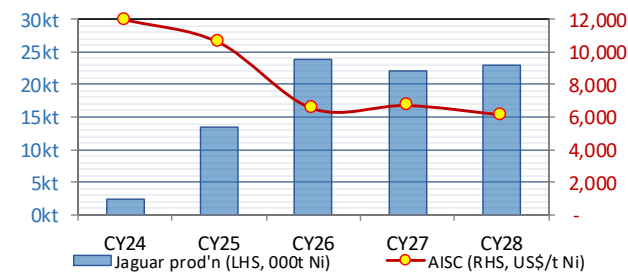
**Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^**

1xNAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.43	0.95	1.46	1.98	2.49
7.0% discount	0.49	1.03	1.58	2.13	2.67
5.0% discount	0.55	1.13	1.72	2.30	2.88

**Production (Y1 from 3Q20)**

	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	2.4	13.5	23.9	22.0	22.9
C1 cost (US\$/t Ni)	11,189	9,802	5,617	5,431	5,010
AISC cost (US\$/t Ni)	11,953	10,559	6,503	6,695	6,126

AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation



Source: SCP estimates

Resource/Inventory	Mt	Ni %	Mt	Ni %
	2Q20 JORC		SCP inventory	
M&I	11.5	1.29%	29.6	0.78%
Inferred	36.4	1.01%		
Total	48.0	1.08%	Total	29.6 0.8%

Funding: uses	Funding: sources
Capex (A\$m)	Cash 4Q20 (A\$m)
Drilling/FS cost (A\$m)	SCPe debt (A\$m)
Working cap >DFS (A\$m)	SCPe 0.6NAV equity (A\$m)
G&A and fin. cost (A\$m)	Total sources (A\$m)
Total uses: group (A\$m)	Drilling / buffer (A\$m)

Share data (m)	Basic	FD	3Q22 (FF FD)
Shares (m)	358.3	370.3	447.7

**Ratio analysis**

	CY20E	CY21E	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	447.7	447.7	447.7
EPS (Ac/sh)	-	-	-	-	-
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	288.7	300.2	419.7	372.5	563.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	181.6x

**Income statement**

	CY20E	CY21E	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	45.2
COGS (A\$m)	-	-	-	-	38.5
<b>Gross profit (A\$m)</b>	<b>0.5</b>	-	-	-	<b>6.7</b>
G&A (A\$m)	2.9	2.8	3.2	3.5	3.6
Exploration (A\$m)	7.3	7.8	3.0	-	-
Finance costs (A\$m)	0.1	-	-	-	10.6
Tax (A\$m)	-	-	-	-	0.1
Other (A\$m)	3.6	0.6	0.6	(0.2)	1.8
<b>Net income (A\$m)</b>	<b>(13.3)</b>	<b>(11.2)</b>	<b>(6.8)</b>	<b>(3.3)</b>	<b>(9.5)</b>

**Cash flow statement**

	CY20E	CY21E	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(11.4)	(7.0)	(3.9)	3.1
Add share based (A\$m)	0.5	0.8	0.8	0.4	-
Net change wkg cap (A\$m)	(1.6)	-	-	1.7	15.3
<b>Cash flow ops (A\$m)</b>	<b>(5.3)</b>	<b>(10.4)</b>	<b>(6.0)</b>	<b>(4.6)</b>	<b>(21.9)</b>
PP&E - build + sust. (A\$m)	(1.2)	3.4	-	65.0	169.2
PP&E - expl'n (A\$m)	-	-	-	-	-
<b>Cash flow inv. (A\$m)</b>	<b>1.2</b>	<b>(3.4)</b>	-	<b>(65.0)</b>	<b>(169.2)</b>
Share issue (A\$m)	24.8	5.5	-	116.8	-
Debt draw (repay) (A\$m)	-	-	-	-	151.9
<b>Cash flow fin. (A\$m)</b>	<b>24.8</b>	<b>5.5</b>	-	<b>116.8</b>	<b>151.9</b>
Net change in cash (A\$m)	19.5	(8.0)	(6.0)	47.2	(39.2)

**Balance sheet**

	CY20E	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	16.1	10.1	57.3	18.1
Acc rec. + invet. (A\$m)	0.2	0.2	0.2	0.0	27.9
PP&E & expl'n (A\$m)	9.5	12.6	12.6	77.6	243.9
<b>Total assets (A\$m)</b>	<b>33.9</b>	<b>28.9</b>	<b>22.9</b>	<b>134.9</b>	<b>289.9</b>
Debt (A\$m)	-	-	-	-	151.9
Accounts payable (A\$m)	1.9	1.9	1.9	-	12.7
Others (A\$m)	24.3	16.3	10.3	57.3	46.0
<b>Total liabilities (A\$m)</b>	<b>7.7</b>	<b>7.7</b>	<b>7.7</b>	<b>5.8</b>	<b>170.3</b>
Shareholders' equity (A\$m)	155.9	162.2	163.0	280.2	280.2
Reserves (A\$m)	(8.3)	(8.3)	(8.3)	(8.3)	(8.3)
Retained earnings (A\$m)	(121.5)	(132.7)	(139.5)	(142.8)	(152.3)
<b>Liabilities + equity (A\$m)</b>	<b>33.9</b>	<b>28.9</b>	<b>22.9</b>	<b>134.9</b>	<b>289.9</b>

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Summary of Recommendations as of August 2021	
BUY:	45
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	45

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