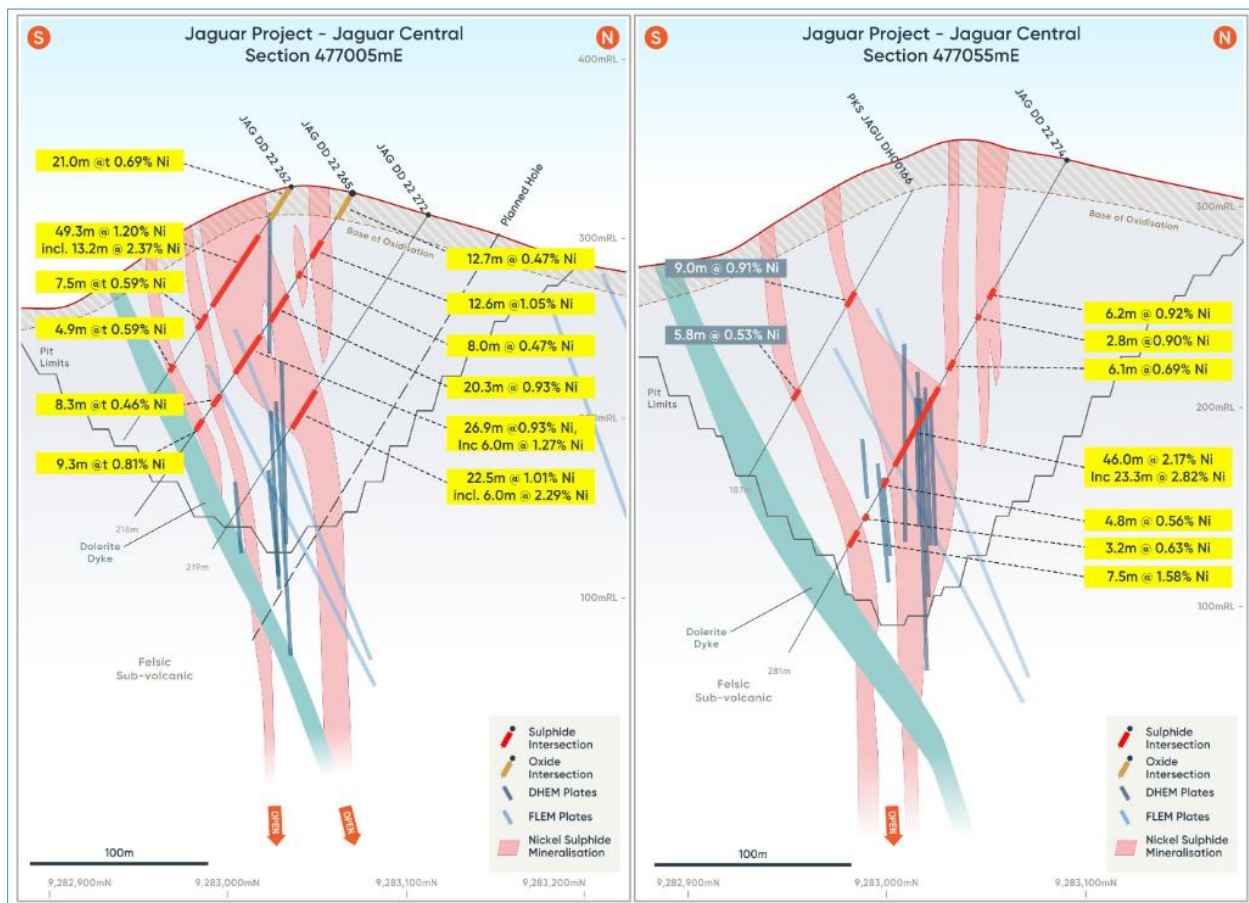


Ticker: CTM AU **Cash:** A\$65m **Project:** Jaguar
Mkt cap: A\$457m **Price:** A\$1.08/sh **Country:** Brazil
RECOMMEND (unc): BUY **TARGET (unc):** A\$2.60/sh **RISK RATING:** HIGH

Today's shallow infill should bode well for conversion and de-risking the early mine plan. Impressive is today's bulk **49.3m @ 1.2%** from 32m downhole and **21m @ 0.7%** directly above from surface. While peers in Australia chase low-tonnage 'skinny sausages' to depth in mature belts, we remind investors that Jaguar's 80Mt @ 1% Ni / 805kt Ni resource only sees 37Mt pit / 8Mt UG in the scoping study, for 364kt contained nickel. With post scoping drilling to date, we already have +76kt Ni added to the MRE. Next, we think that gap-drilling at Jag West-Jag Central should make up for any infill losses if any, although quality drilling today points to possible additions too. Ultimately, we'd look for >40Mt approaching 50Mt OP inventory, and perhaps >10Mt UG given deeper roots drilled post scoping study (but also benefiting from reclassification of deeper OP material). Whilst difficult to forecast pre reserve / DFS, we think the next FS should see improvements over the PEA, with a flyer on increased headline tonnes, a key differentiator from peers where the DFS just adds capex to the scoping study. As such, **we maintain our BUY rating and A\$2.60/sh PT based on 0.6xNAV_{7%-9.50}** on 36Mt / 364kt Ni mine plan. Short-term catalysts are drilling (roots at Onca Preta, Jaguar South, satellites, blind discoveries 2Q22 helitem), the 2H22 MRE (potential 400-500kt Ni M&I), and year-end DFS. The company will then move to FEED in parallel with permitting and seek reserve extensions in CY23.

Figure 1. Jaguar Central cross sections showing drilling and DHEM / FLEM conductor plates.



Source: SCP

Shallow infill returns 46m @ 2.2% Ni at Jaguar ahead of 3Q22 MRE update; 15 rigs at site

Highlights from infill drilling include **46m @ 2.2% Ni** and **49.3m @ 1.2% Ni** (Jag Central), **38.3m @ 1.2% Ni** and **15.2m @ 2.2% Ni** (Jag South), and **7m @ 1.3%** and **7.6m @ 1.4% Ni** from Jac NE, all drilled within MRE pit shells. Cash of A\$65m is funding 15 rigs on infill and step out drilling (two rigs at Jaguar South + Onca Preta depth extensions) ahead of the 3Q22 MRE, itself to feed into the 1Q23 DFS and maiden reserve. Two sterilization rigs drilling under permanent infrastructure will return to greenfield exploration once complete.

Why we like Centaurus Metals

1. Only >500kt Ni contained, <\$500m capex, pitable nickel sulphide junior globally
2. Ten rigs drilling now lifting to 14 shortly
3. POX suitable given water / limestone / cheap hydro not available in Australia
4. 10Y 75% tax-breaks in well known mining jurisdiction (no rainforest, RAP, indigenous)
5. Industry-leading CO₂ intensity, and hydroxide sales to EV market for ESG mandated investors

Catalysts

1. 1H22: Drill results with 15 rigs active
2. Late 3Q / 4Q22: MRE update
3. Year-end / 1Q23: BFS
4. 2H23: construction start

Research

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Ticker: CTM AU	Price / mkt cap: A108c/sh / A\$457m	P/NAV today: 0.22x	Country: Brazil
Author: B Salier, B Gaspar	Rec/0.6xNAV7% PT: BUY, A260c/sh	1xNAV7%4Q21 FF FD: A\$3.88c/sh	Asset: Jaguar

Commodity price	CY20A	CY21E	CY22E	CY23E	CY24E
Ni price (US\$/t)	20,944	20,944	20,944	20,944	20,944
Ni price (US\$/t, payable)	20,546	20,546	20,546	20,546	20,546
1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh	
Jaguar NPV (build start)	1,835	100%	1.0x	4.22	
Regional exploration @ 15%	275	100%	1.0x	0.63	
Cash at May 2022	65.0	100%	1.0x	0.15	
Cash from ITM options	2.2	100%	1.0x	0.01	
1XNAV A\$ @ 1Q22	2,177			5.01	

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.22x

Asset value: 1xNPV project @ build start (A\$m, ungeared)*					
	7.50/lb	8.50/lb	9.50/lb	10.50/lb	11.50/lb
Group NAV (A\$m)	16,530	18,734	20,938	23,142	25,346
9.0% discount	1,116	1,506	1,895	2,285	2,674
7.0% discount	1,297	1,737	2,176	2,616	3,056
5.0% discount	1,513	2,012	2,512	3,011	3,511
Ungeared project IRR:	42%	52%	62%	71%	80%
Group NAV (A\$/sh)	16,535	18,734	20,938	23,142	25,346
9.0% discount	2.57	3.46	4.36	5.25	6.15
7.0% discount	2.98	3.99	5.00	6.01	7.03
5.0% discount	3.48	4.63	5.77	6.92	8.07

*Project level NPV, excl finance costs and central SGA, discounted to build start

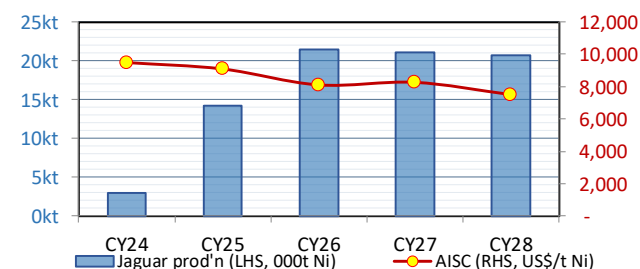
SOTP company valuation^	1Q22	1Q23	1Q24	1Q25	1Q26
Jaguar NPV	1,743	1,867	2,004	2,483	2,460
Centra G&A & fin. costs	(66)	(68)	(67)	(49)	(27)
Net cash prior quarter	8.3	59.0	185.5	(154)	4
Cash from ITM options	2.2	2.2	2.2	2.2	2.2
NAV (A\$m)	1,688	1,861	2,125	2,282	2,439
FD share count (m)	435	435	491	491	491
1xNAV7%/sh FF FD (A\$/sh)	3.88	4.28	4.33	4.65	4.97
0.6xNAV7% PT:			2.60		

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
	6.50/lb	7.50/lb	8.50/lb	9.50/lb	10.50/lb
1xNAV (A\$/sh)	14,326	16,530	18,734	20,938	23,142
9.0% discount	1.61	2.57	3.54	4.52	5.50
7.0% discount	1.82	2.86	3.91	4.97	6.02
5.0% discount	2.06	3.19	4.33	5.47	6.62

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
	6.50/lb	7.50/lb	8.50/lb	9.50/lb	10.50/lb
1xNAV (A\$/sh)	16,535	18,734	20,938	23,142	25,346
9.0% discount	2.57	3.54	4.52	5.50	6.48
7.0% discount	2.86	3.91	4.97	6.02	7.08
5.0% discount	3.20	4.33	5.47	6.62	7.76

Production (Y1 from 3Q20)	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	2.9	14.2	21.4	21.1	20.7
C1 cost (US\$/t Ni)	8,746	8,348	7,359	7,495	6,539
AISC cost (US\$/t Ni)	9,499	9,099	8,109	8,270	7,510

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



Source: SCP estimates

Resource/Inventory	Mt	NiEq %	Mt	NiEq %
	4Q21 JORC		SCP inventory	
M&I	43.4	1.02%	36.6	0.76%
Inferred	37.2	0.99%		
	80.6	1.00%	Total	36.6 0.76%

Funding: uses	Funding: sources
Capex (A\$m)	Cash at May 2022
Drilling/FS cost (A\$m)	SCPe debt (A\$m)
Working cap >DFS (A\$m)	SCPe 0.5NAV 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)	422.9	434.9	490.9

Ratio analysis	CY20A	CY21E	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	490.9	490.9	490.9
EPS (Ac/sh)	-	-	-	-	2.9
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	327.8	347.6	471.1	344.6	684.0
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	37.5x
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	15.8x

Income statement	CY20A	CY21E	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	83.0
COGS (A\$m)	-	-	-	-	36.5
Gross profit (A\$m)	0.5	-	-	-	46.5
G&A (A\$m)	2.9	2.7	2.6	2.9	3.2
Exploration (A\$m)	7.3	12.9	18.0	4.0	-
Finance costs (A\$m)	0.1	-	-	-	18.2
Tax (A\$m)	-	-	-	-	7.0
Other (A\$m)	3.6	0.7	0.7	0.1	4.0
Net income (A\$m)	(13.3)	(16.3)	(21.3)	(7.0)	14.1

Cash flow statement	CY20A	CY21E	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(21.4)	(7.3)	43.4
Add share based (A\$m)	0.5	0.8	0.8	0.4	-
Net change wkg cap (A\$m)	(1.6)	-	-	1.7	22.9
Cash flow ops (A\$m)	(5.3)	(15.5)	(20.5)	(8.4)	(4.3)
PP&E - build + sust. (A\$m)	(1.2)	5.8	-	65.0	335.1
PP&E - expl'n (A\$m)	-	-	-	-	-
Cash flow inv. (A\$m)	1.2	(5.8)	-	(65.0)	(335.1)
Share issue (A\$m)	24.8	5.5	71.3	199.9	-
Debt draw (repay) (A\$m)	-	-	-	-	259.8
Cash flow fin. (A\$m)	24.8	5.5	71.3	199.9	259.8
Net change in cash (A\$m)	19.5	(16.0)	50.7	126.5	(79.6)

Balance sheet	CY20A	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	59.0	185.5	105.9
Acc rec. + invet. (A\$m)	0.2	0.2	0.2	0.0	34.9
PP&E & expl'n (A\$m)	9.5	15.3	15.3	80.3	410.9
Total assets (A\$m)	33.9	23.8	74.6	265.8	551.8
Debt (A\$m)	-	-	-	-	259.8
Accounts payable (A\$m)	1.9	1.9	1.9	-	12.0
Others (A\$m)	24.3	8.5	59.2	185.5	140.9
Total liabilities (A\$m)	7.7	7.7	7.7	5.8	277.6
Shareholders' equity (A\$m)	155.9	162.2	234.2	434.5	434.5
Reserves (A\$m)	(8.3)	(8.3)	(8.3)	(8.3)	(8.3)
Retained earnings (A\$m)	(121.5)	(137.8)	(159.1)	(166.1)	(152.0)
Liabilities + equity (A\$m)	33.9	23.8	74.6	265.8	551.8

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

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

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BUY:	55
HOLD:	1
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

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