

**Ticker:** CTM AU

**Cash:** A\$34m

**Project:** Jaguar

**Mkt cap:** A\$491m

**Price:** A\$1.15/sh

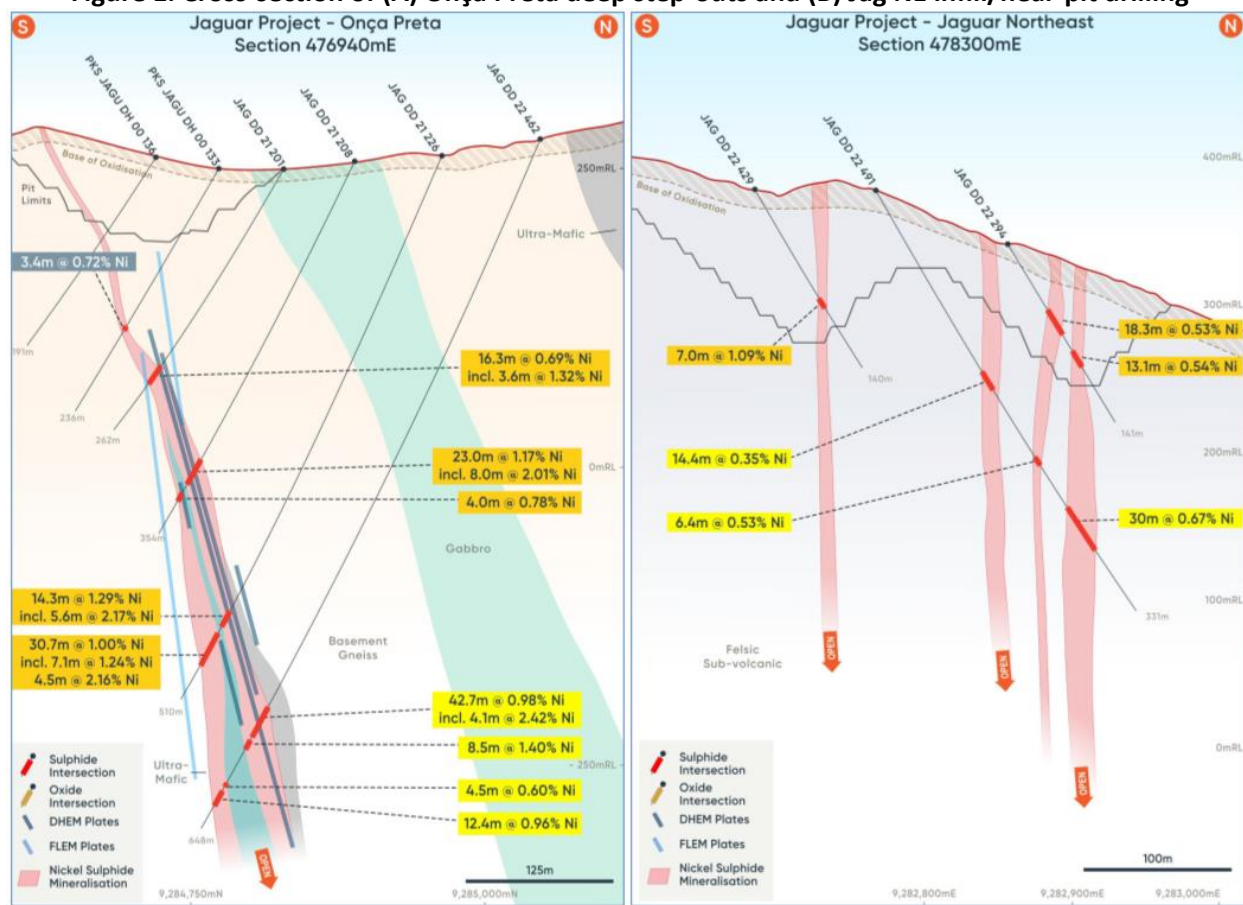
**Country:** Brazil

**REC. (unc):** BUY

**TARGET (unc):** A\$3.10/sh

**RISK RATING (unc):** HIGH

The averages for all hits reported today saw 8.2m @ 0.9% NiEq (spot) at an impressive 81% hit rate with Jag Central, Central N, N, NE, and Jag S, all with assay averages within ~10% of existing resource grades and Onça Preta and Onça Rosa seeing slight drops, to 1.0% and ~0.4% NiEq vs ~1.4% and 1.0% NiEq MRE (all at spot). We see three key takeaways from today's news: i) in-pit in-fill drilling continues to see broad high-grade intercepts mostly in line with resource grades, which bodes well for conversion ahead of maiden reserves, ii) step-out drilling at Jaguar South continues to hit grades on par (1.0% NiEq MRE vs. 1.0% NiEq (spot)) but well beyond existing resources (108Mt @ 0.9% Ni (938.5kt Ni)) for potential mine life extensions via deeper pit and/or pit-turned-underground mining scenario. Lastly, iii) Ni tonnes continue to stack up here, with potential to beat our SCPE 1Mt of contained Ni at this year's MRE based on current targets even before greenfield exploration. As such, **we maintain our BUY rating and our A\$3.10/sh PT based on 0.6xNAV<sub>7%-9.50</sub> on 45Mt / 364kt Ni inventory.** Value drivers include a 2023 MRE update, 1H23 reserves/DFS, CY23 drilling (6 DD/1RC on site) on/around resource and on greenfield targets. The upside from here is dramatic – 1xNAV, fully-funded fully diluted sits at A\$4.50-5.00/sh into production. Alternatively, our PT, run at spot, sits at 540c/sh, while 1xNAV FF FD lifts to A\$8.50-9.00/sh. How precisely this funding, build and production scenario pans out isn't fully defined right now of course, but what is clear is all the above scenarios are multiples of the current price, with the next step of gap-close coming with reserves/DFS and permitting.

**Figure 1. Cross-section of (A) Onça Preta deep step-outs and (B) Jag NE infill/near-pit drilling**


Source: Centaurus

## Drilling ongoing ahead of 1H23 DFS with step-outs pointing to resource growth to 1Mt Ni

Centaurus reports results from 95 holes from the Jaguar Project. Step-out drilling at Onça Preta saw highlights of **42.7m @ 1.0% Ni** (incl. 4.1m @ 2.4%), **24.4m @ 0.8%** (incl. 4.2m @ 1.6%), **21.6m @ 0.8%**, **12.4m @ 1.0%** and **8.5m @ 1.4%** from 507m-605m down-hole, while step-outs from Jaguar South returned **9.0m @ 2.2%**, **11m @ 1.4%** (incl. 3.0m @ 2.5%), **10.7m @ 1.4%** and **7.5m @ 1.8%** (incl. 5.5m @ 2.2%) all from 461m-599m down-hole. Infill drilling at Jaguar South saw highlights of **18.6m @ 1.2%** and **22.5m @ 0.97%** (incl. 5.7m @ 2.4%). Infill drilling at Jaguar Central hit **10.0m @ 2.3% Ni** (incl. 3.2m @ 5.2%) and **11.0m @ 1.7%**, while Jaguar N-NE saw infill highlights of **10.8m @ 1.9%** (incl. 4.1m @ 2.8%), **24.0m @ 1.0%**, **21.0m @ 0.9%** and **30.0m @ 0.7%**. Drilling is ongoing with six DD rigs and one RC rig currently on site. An MRE update is planned for later this year. The 2023 drill program will focus on (1) resource development, step-out and extensional drilling within and around new pit designs in areas now considered as waste, (2) deeper step out drilling at Jaguar Deeps and >400m below the previous deepest holes at the Jaguar South and Onça Preta deposits and (3) greenfield exploratory drilling using RC rig across the Filhote, Fliporama and Twisters prospects.

### Why we like Centaurus Metals

1. Only >1Mt Ni contained, <\$500m capex, pitable nickel sulphide junior globally
2. Favourable macro as EV's see 24% Ni demand lift to 2024 against 2021 production numbers
3. CO<sub>2</sub> / energy security value with <1/10<sup>th</sup> the CO<sub>2</sub> of laterites, and location outside Russia
4. Taking 'best trodden' new route to management, POX; lower technical risk vs. carbonyl route
5. 10Y 75% tax-breaks in well known mining jurisdiction (no rainforest, RAP, indigenous)

### Catalysts

1. 1H23: reserves/DFS
2. 2023: step-out / extensional and Jaguar Deeps drilling
3. 2023: greenfields regional exploration drilling
4. 2023: updated MRE
5. 2023: advance permitting

### Research

**Brock Salier** (London) M: +44 7400 666 913 [bsalier@sprott.com](mailto:bsalier@sprott.com)

**Eleanor Magdzinski** (Toronto) M: +1 705 669 7456 [emagdzinski@sprott.com](mailto:emagdzinski@sprott.com)

**Konstantinos Kormpis** (Toronto) M: +1 778-957-3623 [kkormpis@sprott.com](mailto:kkormpis@sprott.com)

<b>Ticker:</b> CTM AU	<b>Price / mkt cap:</b> A115c/sh / A\$491m	<b>P/NAV today:</b> 0.23x	<b>Country:</b> Brazil
<b>Author:</b> B Salier/E Magdzinski	<b>Rec/0.6xNAV7% PT</b> BUY, A310c/sh	<b>1xNAV<sub>4Q22</sub> FF FD:</b> A\$4.98c/sh	<b>Asset:</b> Jaguar

Commodity price	CY20A	CY21A	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
<b>1xNAV project valuation*</b>	<b>A\$m</b>	<b>o/ship</b>	<b>NAVx</b>	<b>A\$/sh</b>	
Jaguar NPV (build start)	1,735	100%	1.0x	3.97	
Resources ex reserve @ 3% insitu	445	100%	1.0x	1.02	
Cash at 4Q22	34.0	100%	1.0x	0.08	
Cash from ITM options	1.2	100%	1.0x	0.00	
<b>1XNAV A\$ @ 1Q23</b>	<b>2,215</b>			<b>5.07</b>	

\*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.23x

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)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1,248	1,616	1,984	2,351	2,719
7.0% discount	1,397	1,806	2,215	2,625	3,034
5.0% discount	1,575	2,034	2,492	2,950	3,409
Ungeared project IRR:	41%	51%	60%	69%	78%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.86	3.70	4.54	5.39	6.23
7.0% discount	3.20	4.14	5.07	6.01	6.95
5.0% discount	3.61	4.66	5.71	6.76	7.81

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

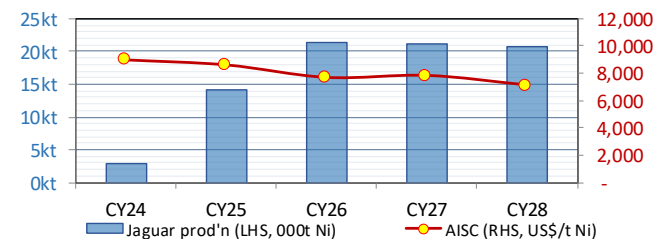
SOTP company valuation^	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
Jaguar NPV	1,766	1,902	2,353	2,331	2,169
Resources ex reserve	445	445	445	445	445
Central G&A & fin costs	(73)	(70)	(51)	(30)	(14)
Net cash prior quarter	34.0	143.8	(176.8)	(27.8)	257.8
Cash from ITM options	1.2	1.2	1.2	1.2	1.2
NAV (A\$m)	2,173	2,423	2,572	2,720	2,859
FD share count (m)	437	498	498	498	498
1xNAV7%/sh FF FD (A\$/sh)	4.98	4.87	5.17	5.47	5.74
<b>0.6xNAV7% PT:</b>			<b>3.10</b>		

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
	7.50/lb	8.50/lb	9.50/lb	10.50/lb	11.50/lb
Group NAV (A\$m)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1,529	1,953	2,376	2,799	3,223
7.0% discount	1,654	2,113	2,572	3,030	3,489
5.0% discount	1,800	2,300	2,800	3,300	3,800

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.81	3.75	4.71	5.67	6.63
7.0% discount	3.10	4.13	5.17	6.21	7.25
5.0% discount	3.45	4.57	5.70	6.84	7.98

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)	8,286	7,909	6,972	7,101	6,195
AISC cost (US\$/t Ni)	9,004	8,625	7,687	7,840	7,118

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



Source: SCP estimates

Resource/Inventory	Mt	NiEq %	Mt	Ni %
	4Q22 JORC		SCP inventory	
M&I	85.7	1.05%	OP:	36.6 0.76%
Inferred	22.2	1.06%	UG:	8.5 1.01%
	108.0	0.99%	Total	45.1 0.81%

Funding: uses		Funding: sources	
Capex (A\$m)	379	Cash at 4Q22	34.0
Drilling/FS cost (A\$m)	27.0	SCPe debt (A\$m)	246.1
Working cap >DFS (A\$m)	21.7	SCPe 0.5NAV equity (A\$m)	155.0
G&A and fin. cost (A\$m)	24.1	Total sources (A\$m)	435.2
Total uses: group (A\$m)	451.5	Drilling / buffer (A\$m)	-16.3

Share data (m)	Basic	FD	FF FD
Shares (m)	427.1	436.6	497.7

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	427.1	497.7	497.7
EPS (Ac/sh)	-	-	-	-	2.2
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	350.6	370.6	457.1	428.5	749.1
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	52.6x
P/C (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	19.4x

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	78.7
COGS (A\$m)	-	-	-	-	34.6
<b>Gross profit (A\$m)</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.1</b>
G&A (A\$m)	2.9	2.7	4.1	5.9	5.4
Exploration (A\$m)	7.3	12.9	37.6	4.0	-
Finance costs (A\$m)	0.1	-	-	-	17.2
Tax (A\$m)	-	-	(0.3)	-	6.7
Other (A\$m)	3.6	0.7	(1.3)	(0.2)	3.9
<b>Net income (A\$m)</b>	<b>(13.3)</b>	<b>(16.3)</b>	<b>(40.2)</b>	<b>(9.7)</b>	<b>10.9</b>

Cash flow statement	CY20A	CY21A	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(41.7)	(9.9)	38.7
Add share based (A\$m)	0.5	0.8	-	-	-
Net change wkg cap (A\$m)	(1.6)	-	(3.2)	5.0	21.7
<b>Cash flow ops (A\$m)</b>	<b>(5.3)</b>	<b>(15.5)</b>	<b>(37.0)</b>	<b>(14.6)</b>	<b>(6.5)</b>
PP&E - build + sust. (A\$m)	(1.2)	5.8	6.1	65.0	314.0
PP&E - expl'n (A\$m)	-	-	0.4	-	-
<b>Cash flow inv. (A\$m)</b>	<b>1.2</b>	<b>(5.8)</b>	<b>(6.9)</b>	<b>(65.0)</b>	<b>(314.0)</b>
Share issue (A\$m)	24.8	5.5	72.7	189.3	-
Debt draw (repay) (A\$m)	-	-	-	-	246.1
<b>Cash flow fin. (A\$m)</b>	<b>24.8</b>	<b>5.5</b>	<b>72.7</b>	<b>189.3</b>	<b>246.1</b>
Net change in cash (A\$m)	19.5	(16.0)	29.0	109.7	(74.4)

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	34.0	143.8	69.3
Acc rec. + invet. (A\$m)	0.2	0.2	0.7	0.0	33.1
PP&E & expl'n (A\$m)	9.5	15.3	22.4	87.4	397.1
<b>Total assets (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.2</b>	<b>231.2</b>	<b>499.6</b>
Debt (A\$m)	-	-	-	-	246.1
Accounts payable (A\$m)	1.9	1.9	5.7	-	11.4
Others (A\$m)	24.3	8.5	34.8	143.8	102.4
Total liabilities (A\$m)	7.7	7.7	10.2	4.5	262.0
Shareholders' equity (A\$m)	155.9	162.2	236.3	425.6	425.6
Reserves (A\$m)	(8.3)	(8.3)	(6.8)	(6.8)	(6.8)
Retained earnings (A\$m)	(121.5)	(137.8)	(182.4)	(192.0)	(181.2)
<b>Liabilities + equity (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.3</b>	<b>231.3</b>	<b>499.7</b>

## 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 [unsubscribe@sprott.com](mailto:unsubscribe@sprott.com) 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.

**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 RECOMMENDATIONS:** 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 re-evaluation 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	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities <sup>1</sup>	YES
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	NO
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	YES
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	YES

**Sprott Capital Partners Equity Research Ratings:**

Summary of Recommendations as of February 2023	
BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

<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