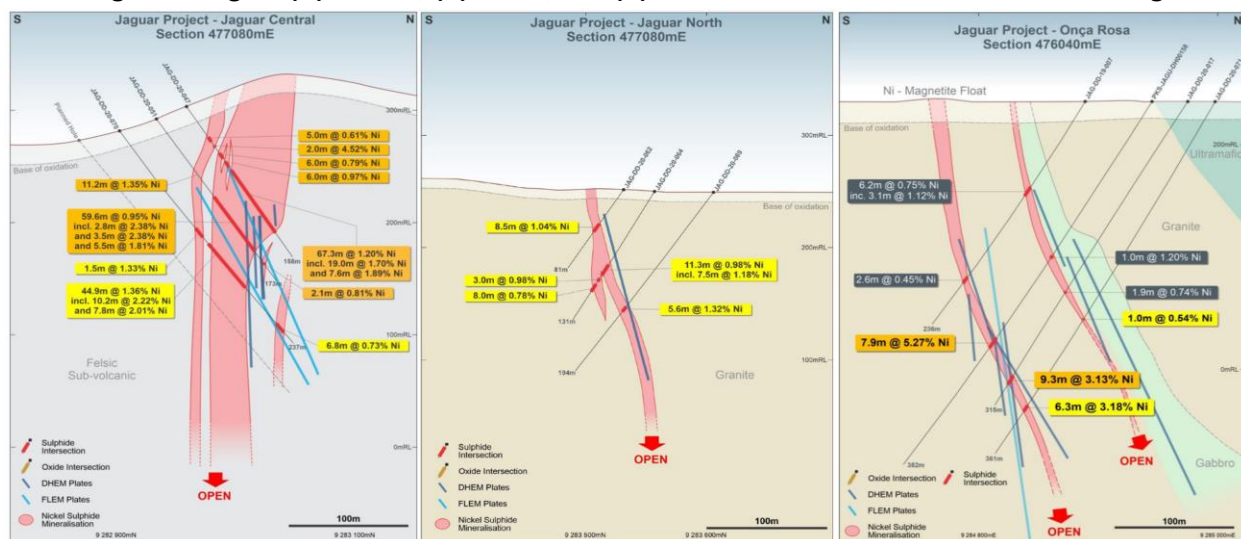


Ticker: CTM AU	Net cash: A\$28m	Project: Jaguar
Market cap: C\$200m	Price: A\$0.61/sh	Country: Brazil
RECOMMENDATION (unc): BUY	TARGET PRICE(unch): A\$0.90/sh	RISK RATING: HIGH

From this weeks drilling, **Jaguar Central** is now exhibiting shallow-plunging shoots, which bodes well for being both open-pittable with a low-strip starter pit, with eastern extensions continuing beyond the 45m @ 1.4% Ni released this week (Figure 1A). **Jaguar North** saw a similar trend, with 400m of strike (100m beyond resource envelope) now extending to 200m depth, and remaining open to the NW where 11.3m @ 1% was reported this week (Figure 1B). **Onca Rosa** is providing remarkably consistent high-grades at depth for a potential underground with 6m @ 3.2% Ni drilled immediately under 9m @ 3.1% (Figure 1C) over 100m of strike. **We maintain our BUY rating and A\$0.90/sh PT** which is based on 0.5xNAV_{7%-14,000} for 15Mt @ 1.5% Ni with no underground, milling at 1.5Mtpa for 18ktpa nickel production. Given a) the ongoing broad near-surface hits, b) high grades at depths at the Onca's supportive of a future underground and c) published company targets of '>20ktpa', we see potential to lift to a 25-35Mt mining inventory. This could support ≥2.5Mtpa on a larger ~1% low-strip operation with bolt-on underground(s) at the Onca deposits. With five rigs now drilling multiple step-downs, step-outs and regional targets, we think there is very good potential to lift the global resource also. Stepping back, in the last two weeks we have seen more than one Australian junior adding up to \$45-50m with narrow lower-tenor hits and visuals than the vast majority of results today alone, a simple valuation arbitrage opportunity.

Figure 1. Jaguar (A) Central, (B) North, and (C) Onca Rosa cross sections with new drilling



Source: Centaurus Metals

Centaurus hits multiple >2%Ni intercepts at Jaguar, ~A\$28m in cash

Centaurus has release 21 holes from Jaguar in Brazil. Highlights from **Onca Rosa** include 6.3m @ 3.25% Ni, from 311m, from **Jaguar Central** include 45m @ 1.36% Ni (incl. 10m @ 2.2%) from 128m confirming down-dip extensions, and 45m @ 1.1% Ni on in-fill drilling. At **Jaguar North** highlights include 15m @ 1.14% Ni and 6.0m @ 1.32% from both infill and step out. Five rigs are on site, with A\$27m cash. A resource update and scoping study are both scheduled for 1Q21.

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Why we like Centaurus Metals

1. Metal in the ground dwarfs peers
2. Potential for open pit and underground operations
3. Good logistics with rail nearby in a well-known mining jurisdiction
4. FLEM targeting means strong resource growth per metre drilled
5. Top quality low As, low Mg product

Catalysts

- 4Q20: Regional exploration at high priority targets
- 1Q21: Updated resource and scoping study
- 2020: Expected commencement of PFS pending internal scoping study
- 2Q21: Lodge environmental license

Brock Salier

Partner, Sprott Capital Partners
M: +44.7400.666.913
bsalier@sprott.com

Justin Chan

Director, Sprott Capital Partners
M: +44.7930.719.019
jchan@sprott.com

Chris Tonkin

Research Associate, Sprott Capital Partners
M: +44.7470.766.724
ctonkin@sprott.com

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Ticker: CTM AU	Price / mkt cap: A62c/sh / A\$200m	P/NAV today: 0.39x	Country: Brazil
Author: B Sallier / C Tonkin	Rec/0.5xNAV7% PT BUY, A90c/sh	1xNAV7%4Q21 FF FD: A\$1.06c/sh	Asset: Jaguar

Commodity price	CY20E	CY21E	CY22E	CY23E	CY24E
Ni price (US\$/t)	14,000	14,000	14,000	14,000	14,000
Ni price (US\$/t, payable)	10,500	10,500	10,500	10,500	10,500
1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh	
Jaguar NPV (build start)	498	100%	0.5x	0.68	
UG expln (4% in-situ ex SCP mined)	41	100%	1.0x	0.11	
Cash 3Q20	26.9	100%	1.0x	0.07	
Cash from ITM options	6.0	100%	1.0x	0.02	
1XNAV A\$ @ 4Q20	A\$572m			0.88	

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.39x

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

Asset NPV (A\$m)	11,500	12,750	14,000	15,250	16,500
9.0% discount	187	309	431	553	676
7.0% discount	230	364	498	631	765
5.0% discount	279	427	574	722	869
Ungeared project IRR:	21%	28%	35%	42%	48%
Asset NPV @ 1.5% (A\$m)	10.0Mt	12.5Mt	15.0Mt	17.5Mt	20.0Mt
US\$12,750/t	230	297	364	430	497
US\$14,000/t	320	409	498	587	675
US\$15,250/t	409	520	631	743	854
Avg production (Kt Ni pa):	12.0	13.2	14.4	15.6	16.8
Asset NPV @ 15Mt (A\$m)	1.00%	1.25%	1.50%	1.75%	2.00%
US\$12,750/t	(31)	166	364	560	757
US\$14,000/t	59	278	498	717	936
US\$15,250/t	148	390	631	873	1,114
Avg production (Kt Ni pa):	18.0	21.0	24.0	27.0	30.0

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

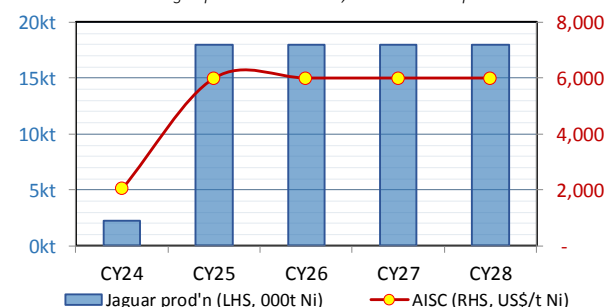
SOTP company valuation	4Q20	4Q21	4Q22	4Q23	4Q24
Jaguar NPV	415	444	477	597	805
Centra G&A and finance cost	(46)	(41)	(37)	(37)	(22)
Net cash prior quarter	15.1	7.6	1.4	36	(113)
Cash from ITM options	6.0	6.0	6.0	6.0	6.0
NAV (A\$m)	390	416	447	603	676
FD share count (m)	366	366	497	497	497
1xNAV7%/sh FF FD (A\$/sh)	1.06	1.14	0.90	1.21	1.36
ROI (% pa)		85%	21%	25%	22%

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

1xNAV (A\$/sh)	11,500	12,750	14,000	15,250	16,500
9.0% discount	0.68	0.97	1.26	1.55	1.84
7.0% discount	0.75	1.05	1.36	1.66	1.97
5.0% discount	0.82	1.15	1.47	1.80	2.12

Production (Y1 from 3Q2)	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	2.3	18.0	18.0	18.0	18.0
C1 cost (US\$/t Ni)	1,946	5,803	5,803	5,803	5,803
AISC cost (US\$/t Ni)	2,040	5,991	5,991	5,991	5,991

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%	15.0	1.50%
Inferred	36.4	1.01%		
Total	48.0	1.08%	Total	15.0 1.5%

Funding: uses	Funding: sources		
Capex (A\$m)	225	Cash 2Q20 (A\$m)	26.9
Drilling/FS cost (A\$m)	14.3	SCPe debt (A\$m)	135.2
Working capital (A\$m)	-	SCPe DFS equity @ spot (A\$m)	12.0
G&A and fin. cost (A\$m)	7.2	SCPe equity, 40% prem. (A\$m)	112.7
Total uses: group (A\$m)	246.9	Total sources (A\$m)	286.8

Share data (m) Basic FD 3Q22 (FF FD)

Shares (m)	325.8	366.2	497.1		
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Ratio analysis CY20E CY21E CY22E CY23E CY24E

Shares out (m)	325.8	325.8	497.1	497.1	497.1
EPS (Ac/sh)	-	-	-	-	-
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	187.1	194.6	305.0	307.3	434.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	49.3x

Income statement CY20E CY21E CY22E CY23E CY24E

Revenue (A\$m)	-	-	-	-	33.3
COGS (A\$m)	-	-	-	-	23.4
Gross profit (A\$m)	-	-	-	-	9.9
G&A (A\$m)	1.5	1.6	2.1	2.5	1.0
Exploration (A\$m)	6.6	6.0	3.0	-	-
Finance costs (A\$m)	-	-	-	-	11.8
Tax (A\$m)	-	-	-	-	0.6
Other (A\$m)	0.2	0.2	0.4	(0.0)	2.6
Net income (A\$m)	(8.3)	(7.9)	(5.4)	(2.5)	(6.1)

Cash flow statement CY20E CY21E CY22E CY23E CY24E

EBITDA (A\$m)	(8.4)	(8.0)	(5.5)	(2.9)	8.8
Add share based (A\$m)	0.3	0.4	0.4	0.4	0.1
Net change wkg cap (A\$m)	-	-	-	0.3	10.3
Cash flow ops (A\$m)	(8.0)	(7.5)	(5.0)	(2.4)	(13.5)
PP&E - build + sust. (A\$m)	0.4	-	-	112.7	113.8
PP&E - expl'n (A\$m)	-	-	-	-	-
Cash flow inv. (A\$m)	(0.4)	-	-	(112.7)	(113.8)
Share issue (A\$m)	12.3	-	-	112.7	-
Debt draw (repay) (A\$m)	-	-	-	-	135.2
Cash flow fin. (A\$m)	12.3	-	-	112.7	135.2
Net change in cash (A\$m)	3.5	(7.5)	(5.0)	(2.4)	8.0

Balance sheet CY20E CY21E CY22E CY23E CY24E

Cash (A\$m)	13.2	5.7	0.7	(1.6)	6.3
Acc rec. + invet. (A\$m)	0.3	0.3	0.3	0.1	18.0
PP&E & expl'n (A\$m)	3.7	3.7	3.7	116.3	227.3
Total assets (A\$m)	17.2	9.7	4.7	114.8	251.7
Debt (A\$m)	-	-	-	-	135.2
Accounts payable (A\$m)	0.6	0.6	0.6	-	7.7
Others (A\$m)	13.5	6.0	1.0	(1.6)	24.3
Total liabilities (A\$m)	1.1	1.1	1.1	0.5	143.4
Shareholders' equity (A\$m)	141.1	141.5	141.9	255.0	255.1
Reserves (A\$m)	(6.6)	(6.6)	(6.6)	(6.6)	(6.6)
Retained earnings (A\$m)	(118.4)	(126.3)	(131.7)	(134.2)	(140.2)
Liabilities + equity (A\$m)	17.2	9.7	4.7	114.8	251.7

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BUY:	23
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	23

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