

Ticker: CTM AU **2Q24 cash:** A\$25m **Project:** Jaguar
Market cap: A\$226m **Price:** A\$0.455/sh **Country:** Brazil
REC. (unc): BUY **TARGET (+25c):** A\$1.65/sh **RISK RATING (unc):** HIGH

Yesterday's DFS beat sees our prior A\$1,075m NAV7%-9.50 lift to A\$1,343m after updating our assumptions as per the DFS (Table 1 below)—**hence our price target increase below.**

Against SCP forecast: (i) +15% larger reserve base at slightly lower grade for longer mine life, (ii) slightly lower annual production offset by (iii) lower than expected capital (US\$371m vs SCPe \$400m) and operating costs (DFS: US\$3.57/lb AISC & US\$2.30/lb C1)—putting Jaguar on the lower end of the industry cost curve. Importantly, Jaguar has potentially a very low carbon footprint, with a carbon intensity of 7.27t CO₂/t NiEq (low end of industry curve) and on-site emissions of 1.55t CO₂/t NiEq, using 100% renewable power from the national grid.

Our simple take-home: we think the DFS is a solid foundation to optimize in step with ongoing partnership / financing discussions towards FID in 2Q25, and with the exclusion of the high-grade UG we think there is plenty of upside still. On funding, we think the capex is very manageable with some combination of debt / equity and offtake funding. Moreover, Jaguar's DFS reaffirms it has the scale, mine life, and margins to deliver Class 1 nickel in every part of the cycle.

Updating our model today for the DFS, **we maintain our BUY rating and increase our PT to A\$1.65/sh from \$1.40/sh** based on 0.5xNAV and DFS inputs: 63Mt @ ~0.73% Ni OP inventory producing ~19ktpa over 18-years and exclude any upside from high-grade UG mining from our DCF. Key value drivers remain more drilling / value add optimizations, securing permits and progress on funding ahead of FID in 1Q25. Additional upside comes from new greenfield exploration (Boi Novo) and nickel prices—making Centaurus an excellent countercyclical investment as one of the few well-funded (A\$25m), large, advanced, Class-1 nickel sulphide projects located in a low-risk jurisdiction globally.

Table 1. SCP estimates vs CTM's Jaguar 3Q24 DFS & SCP 'New vs Old' model inputs / economics

Jaguar (100%)	CTM		SCP		Jaguar (100%)	CTM		SCP	
	24' DFS	Old	New	Δ (%)		24' DFS	Old	New	Δ (%)
Pit inventory (Mt ore)	63.0	55.0	63.0	15%	Pit mining cost (US\$/t ROM)	2.90	3.12	2.90	-7%
Strip ratio (x)	5.3	6.5	5.3	-19%	UG mining cost (US\$/t ROM)	-	--	--	--
Grade (% Ni)	0.73%	0.75%	0.73%	-3%	Processing cost (US\$/t ROM)	6.90	11.00	6.90	-37%
UG inventory (Mt ore)	--	--	--	--	By-product credit (US\$/t ROM)	--	--	--	--
Grade (% Ni)	--	--	--	--	G&A cost (US\$/t ROM)	1.91	2.38	1.91	-20%
Nickel mined (000t Ni)	460	413	460	12%	C1 cost (US\$/lb, LOM average)	2.30	3.94	2.84	-28%
Mill capacity (000t pa)	3,500	3,500	3,500	0%	AISC (US\$/lb, LOM average)	3.57	4.55	3.55	-22%
Recovery (LOM, %)	73.0%	76.0%	73.0%	-4%	Initial capex (US\$m)	371	400	369	-8%
Avg prod. (000t Ni in con pa)	18.7	19.9	18.7	-6%	LOM sustaining capex (US\$m)	237	111	236	112%
Mine life (years)	18.0	15.8	18.5	17%	AUD / USD	0.67	0.66	0.66	0%
Nickel price (US\$000/t)	19,800	20,944	20,944	0%	Discount rate (%)	8.0%	7.0%	7.0%	0%
Payability (%)	76%	75%	76%	1%	Project NPV (A\$m)	997	1075	1343	25%
Logistics (US\$/t conc.)	159.00	155.00	159.0	3%	Asset IRR (%)	31%	27%	27%	2%

Source: SCP estimates

DFS cost beat sees SCP NAV upgrade and price target increase to A\$1.65/sh for Jaguar

Yesterday, Centaurus announced the Jaguar DFS with highlights of **A\$997m NPV8%-19,800 / 31% IRR** and **2.7yr payback on US\$371m capex** for a conventional pit (excludes 15.1Mt @ 1.49% Ni in UG resources) and concentrate operation. Reserves: 63Mt @ 0.73% Ni P&P feeds a 3.5Mtpa process plant at 73% LOM recovery for ~18.7kt pa Ni production at 76% payability (in line with peers). Opex sees US\$2.90/t (O+W) + US\$6.9/t processing, US\$1.91/t G&A for US\$26.9/t (US\$2.30/lb Ni) C1 Cash costs. Logistics at US\$0.59/lb

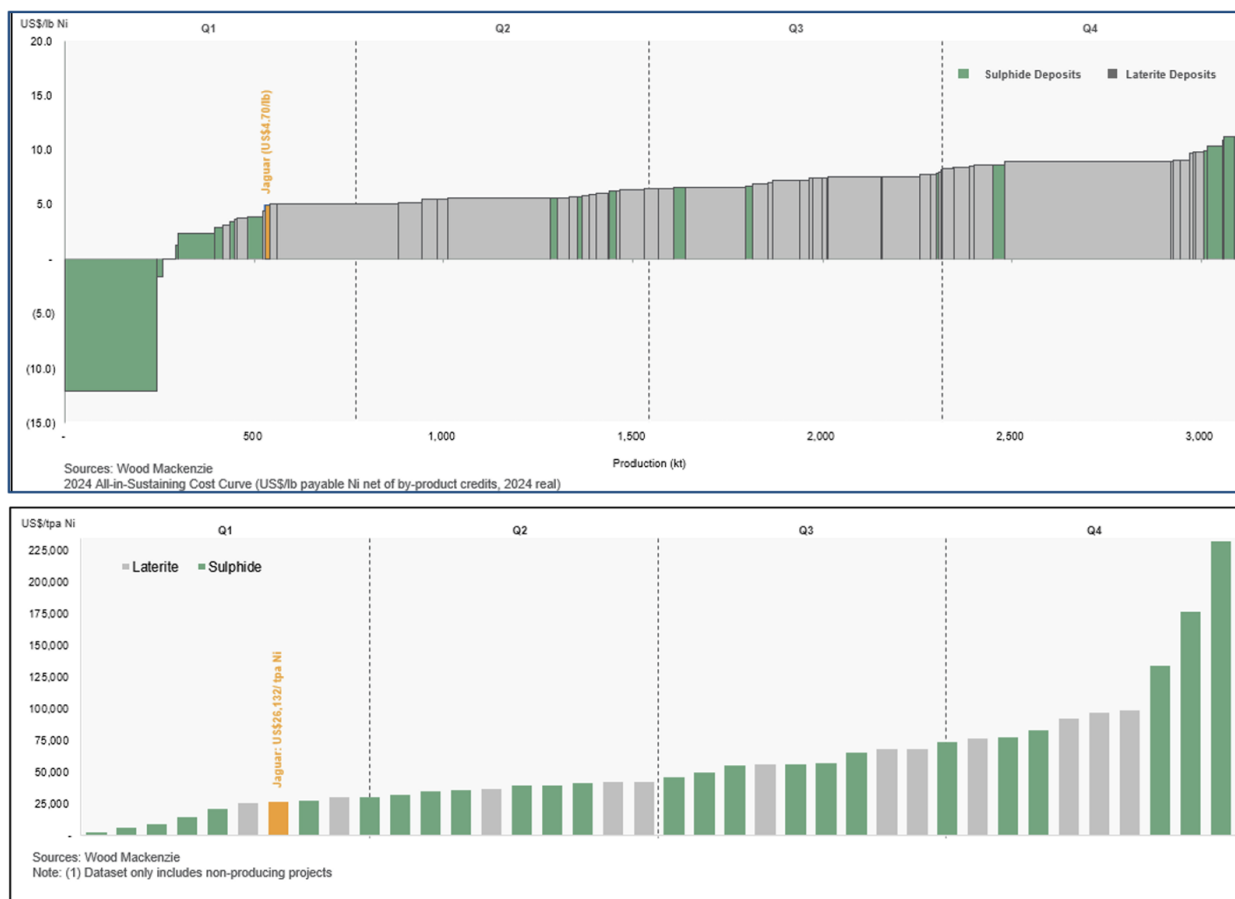
+ royalties US\$0.36/lb + US\$0.32/lb sustaining capital rolls through to AISC of US\$3.57/lb Ni con (US\$4.70/lb payable Ni). Jaguar's power will come from 100% renewable sources, with **low GHG emissions** projected at 7.27t CO₂/t of nickel equivalent, much lower than the industry average.

Against forecast: Overall the DFS saw a beat on our estimates. Notably Reserves (+15% tonnes, -3% grade), lower strip (-18%) for +12% beat on annual Ni production for 18.7ktpa Ni production slightly lower than our estimated 19.9ktpa, albeit we had a shorter mine life (~16 yr vs 18yr DFS) albeit offset significantly by lower costs. Capex of US\$371m is in line with recent peer builds and below our conservative estimate of US\$400m, while mining and processing came well below our expectations. Sustaining capex came in +112% higher than our prior estimates as subsequent tailings expansions were deferred to later years of mining for optimal scheduling.

Bottom line, we think this is a robust study with strong economics against our prior A\$969m NAV (+10% beat using same discount rate) and very manageable capital costs. Using our 7% discount rate and US\$9.50/lb Ni price assumptions (below LT consensus) sees our prior A\$1.0bn NAV lift to A\$1.3bn for the project.

Our view: Importantly we think this study is a solid foundation to see further optimizations before FID next year, with resource updates scheduled for 3Q24 + detailed engineering which could see improved strip, grade, and stockpile scheduling. Stepping back, Jaguar is firmly among the top undeveloped assets globally capable of large-scale production at the low end of the cost curve to operate throughout the cycles at better emissions / energy consumption than peers.

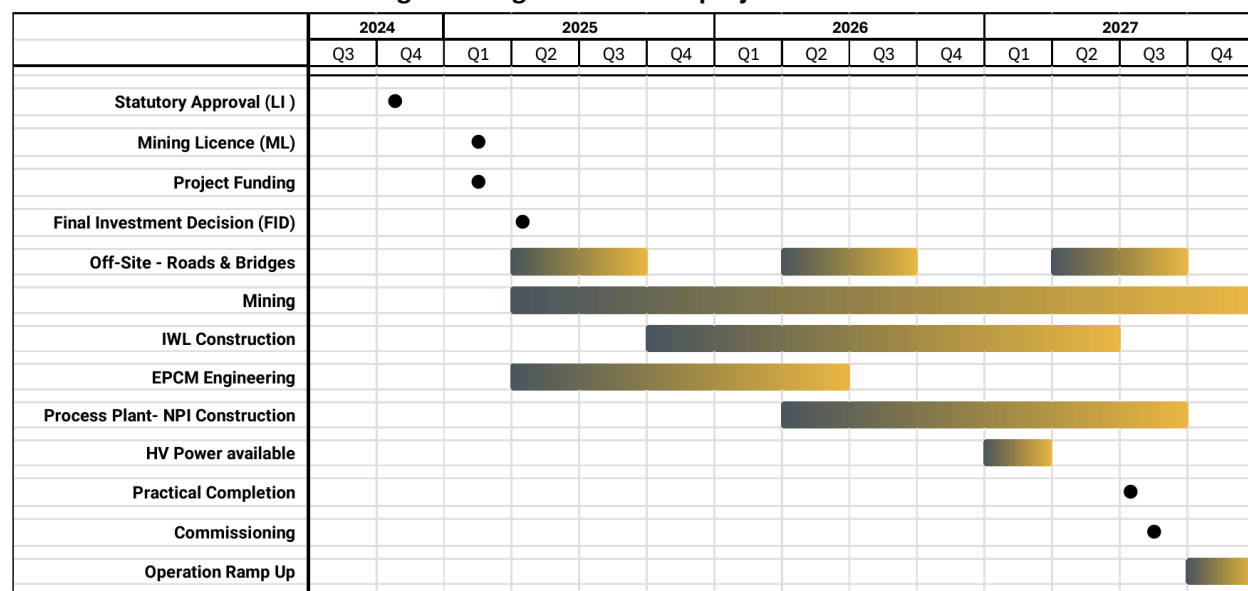
Figure 1. Industry (A) CY24E AISC (US\$/lb payable Ni net of by-product credits) & (B) Capital intensity (US\$/tpa Ni payable) showing Jaguar on the low end of both curves vs laterites



Source: Centaurus / Wood

Next steps: Centaurus Metals has ~A\$25M as of June 30, 2024, to support value engineering and pre-development at the Jaguar Project through to the FID in 2Q25. With the FS completion, Centaurus will start a strategic partnering process with Standard Chartered Bank, preferring minority equity investments to minimize dilution. Project financing and debt discussions continue with Orimco. Value engineering to optimize the mine plan and process design will begin, and work with the Environmental Agency to secure permits is ongoing. The Jaguar MRE will be updated in 3Q24, with further drilling indicating potential for underground production. Value engineering and ore sorting test work will continue to enhance project outcomes.

Figure 2. Jaguar indicative project timeline



Why we like Centaurus

1. Only >1Mt NiEq metal, <\$500m capex, pitable nickel sulphide junior globally
2. One of few high-grade nickel sulphide developer retaining 100% of its offtake rights
3. CO₂ / energy security value with <1/10th the CO₂ of laterites, and location outside Russia
4. Taking ‘vanilla’ concentrate route leaving room for down-stream POX optionality
5. 10Y 75% tax-breaks in well known mining jurisdiction (no rainforest, RAP, indigenous)

Catalysts

- 2H24: SCPe mining licence granted
- 2H24: Offtake and funding progress
- 2Q25 / 2H27: Final investment decision / production start
- CY24: Jambreiro Iron Ore Study update

Research

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Ticker: CTM AU	Price / mkt cap: A46c/sh / A\$226m	P/NAV today: 0.14x	Country: Brazil
Author: B Gaspar	Rec/0.5xNAV7% P BUY, A165c/sh	1xNAV ₂₀₂₄ FF FD: A\$2.86/sh	Asset: Jaguar

Commodity price	CY21A	CY22A	CY23A	CY24E	CY25E
Ni price (US\$/t)	18,244	26,490	19,913	20,944	20,944
Ni price (US\$/t, payable)	13,865	13,865	13,865	13,865	13,865
1xNAV project valuation*	A\$/m	o/ship	NAVx	A\$/sh	
Jaguar OP NPV (build start)	1,343	100%	1.0x	2.68	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1% insitu	128	100%	1.0x	0.26	
2Q24 cash	25	100%	1.0x	0.05	
Cash from ITM options	0.4	100%	1.0x	0.00	
1XNAV A\$ @ 2Q24	1,641			3.27	

*Build start, ex fin. cost + G&A, dil. for opts not build P/NAV today: 0.14x

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	721	1,046	1,372	1,698	2,023
7.0% discount	887	1,264	1,641	2,018	2,395
5.0% discount	1,098	1,539	1,981	2,422	2,864
Ungeared project IRR:	17%	22%	27%	31%	35%
Group NAV (A\$/sh)					
	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.44	2.08	2.73	3.38	4.03
7.0% discount	1.77	2.52	3.27	4.02	4.77
5.0% discount	2.19	3.07	3.95	4.82	5.70

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

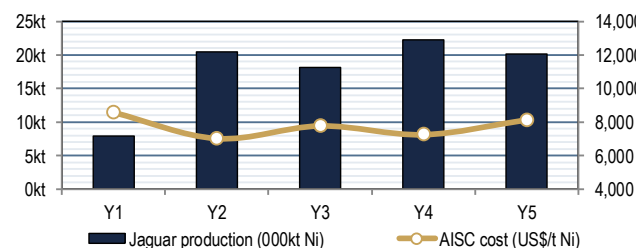
SOTP company valuation^	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28
Jaguar NPV	1,246	1,343	1,771	2,173	2,244
Resources ex reserve + UG	272	272	272	272	272
Central G&A & fin costs	(129)	(133)	(135)	(111)	(70)
Net cash prior quarter	29.4	252.4	(53.4)	(344.9)	(321.8)
Cash from ITM options	0.4	0.4	0.4	0.4	0.4
NAV (A\$m)	1,419	1,735	1,855	1,990	2,125
FD share count (m)	496	1016	1016	1016	1016
1xNAV7%/sh FF FD (A\$/sh)	2.86	1.71	1.83	1.96	2.09

Exit value: 1xNAV/sh company @ 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	974	1,362	1,751	2,140	2,528
7.0% discount	1,119	1,554	1,990	2,425	2,860
5.0% discount	1,300	1,793	2,285	2,777	3,269

Exit value: 1xNAV/sh company @ first production (A\$, geared)^					
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	0.96	1.34	1.72	2.11	2.49
7.0% discount	1.10	1.53	1.96	2.39	2.81
5.0% discount	1.28	1.76	2.25	2.73	3.22

Production	Y1	Y2	Y3	Y4	Y5
Jaguar production (000kt Ni)	7.9	20.4	18.1	22.2	20.2
C1 cost (US\$/t Ni)	7,128	5,536	6,224	5,803	6,610
AISC cost (US\$/t Ni)	8,587	7,034	7,786	7,263	8,143

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:	63.0 0.73%
Inferred	22.2	1.06%	UG:	- -
	108.0	0.99%	Total	63.0 0.73%

Funding: uses	Funding: sources		
Capex (A\$m)	562.1	24 cash + pre FID equity (A\$m)	65.0
Drilling/FS cost (A\$m)	8.0	SCPe debt (A\$m)	365.4
Working cap >DFS (A\$m)	13.1	SCPe equity at spot (A\$m)	196.7
G&A and fin. cost (A\$m)	40.4	Total sources (A\$m)	627.1
Total uses: group (A\$m)	623.6	Drilling / buffer (A\$m)	3.5

Share data (m)	Basic	FD	FF	FF FD	
Shares (m)	495.6	502.0	1015.9		
Ratio analysis					
	CY21A	CY22E	CY23E	CY24E	CY25E
Shares out (m)	329.5	427.1	494.9	583.5	1,015.9
EPS (Ac/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	141.6	160.3	190.5	206.9	437.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY21A	CY22E	CY23E	CY24E	CY25E
Revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)					
G&A (A\$m)	2.7	4.1	5.3	5.3	4.0
Exploration (A\$m)	12.9	37.6	37.7	11.4	2.0
Finance costs (A\$m)	-	-	-	-	-
Tax (A\$m)	-	(0.3)	(0.5)	(1.3)	-
Other (A\$m)	0.7	(1.3)	(1.0)	(0.5)	(0.3)
Net income (A\$m)	(16.3)	(40.2)	(41.4)	(14.9)	(5.7)

Cash flow statement	CY21A	CY22E	CY23E	CY24E	CY25E
EBITDA (A\$m)	(16.4)	(41.7)	(43.0)	(16.6)	(6.0)
Add share based (A\$m)	0.8	-	-	-	-
Net change WC (A\$m)	-	(1.5)	2.0	-	-
Cash flow ops (A\$m)	(15.5)	(38.7)	(43.2)	(14.9)	(5.7)
PP&E + sust. (A\$m)	5.8	6.1	2.2	(2.2)	225.0
PP&E - expl'n (A\$m)	-	0.4	0.9	0.1	-
Cash flow inv. (A\$m)	(5.8)	(6.9)	(3.1)	2.1	(225.0)
Share issue (A\$m)	5.5	72.7	44.5	40.0	196.7
Debt draw (repay) (A\$m)	-	-	-	-	-
Cash flow fin. (A\$m)	5.5	72.7	44.5	40.0	196.7
Net change in cash (A\$m)	(16.0)	27.3	(1.7)	27.3	(33.9)

Balance sheet	CY21A	CY22E	CY23E	CY24E	CY25E
Cash (A\$m)	8.3	34.0	34.7	58.6	24.7
Acc rec. + invet. (A\$m)	0.2	1.4	2.2	2.2	2.2
PP&E + expl'n (A\$m)	15.3	21.9	23.5	21.3	246.3
Total assets (A\$m)	23.8	57.4	60.3	82.1	273.2
Debt (A\$m)	-	-	-	-	-
Accounts payable (A\$m)	1.9	4.6	3.4	3.4	3.4
Others (A\$m)	8.5	35.4	36.8	60.8	26.8
Total liabilities (A\$m)	7.7	8.1	5.1	5.1	5.1
Shareholders' equity (A\$m)	162.2	236.3	281.4	321.4	518.2
Reserves (A\$m)	(8.3)	(5.8)	(4.7)	(4.7)	(4.7)
Retained earnings (A\$m)	(137.8)	(181.1)	(221.6)	(236.4)	(242.1)
Liabilities + equity (A\$m)	23.8	57.4	60.3	85.5	276.5

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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

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Summary of Recommendations as of July 2024	
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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	3
NOT RATED:	0
TOTAL	51

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