

Centaurus Metals Ltd

(CTM \$0.86) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Jon Bishop	4 th February 2021	\$1.15/sh ▲ from \$0.85/sh

Jaguar Project Resource Significantly More Robust

Investment case

An updated Resource post 6mnths of infill drilling has culminated in a 50% increase to the Indicated Category inventories at the flagship Jaguar Project. The 223kT Ni Indicated Resource underwrites +10yrs of open pit operations on our preliminary 2.7mtpa development scenario. We have adjusted our base case development accordingly, removing any underground contribution, highlighting that the over 80% of the global Resource sits within 200m from surface. A maiden Scoping Study due next month will help refine our base case asset valuation, whilst additional work streams regarding further value enhancement via additional refining circuits, will likely be decked early in the Jun Q. Drilling otherwise remains active, providing on-going news-flow leading to additional Resource tonnes and confidence when re-calculated in Sep Q. Speculative Buy maintained.

Key points

- CTM has updated the Resource Statement for its flagship Jaguar Nickel Sulphide Project in Brazil;
- Key changes since the Jun 2020 Resource from c.8.2km drilling:
 - 557.8kT Ni from 58.6mT @ 0.95% Ni - inc. of 8% to Ni T (vs 517kT @ 1.08% Ni from 48.0mT);
 - Indicated Resource increased 50% - 223.3kT Ni @ 1.12% Ni (from 148.5 @ 1.29% Ni);
- Most notably the Indicated portion has inc. to 40% of total Resource (from 29%) via a modest amt of drilling over the 6mnths to Dec
- Additionally, the Jaguar Project remains largely open pit - 80% of Resource is within 200m of surface;
- We have adjusted our base development assumptions, removing UG dev (and associated capex and opex), reducing risk factor by 15% to 50% (reflecting Resource confidence) and extending LOM:

Centaurus Metals Ltd	Year End 30 June	
Share Price	\$0.86	A\$/sh
Issued Capital		
Fully Paid Ordinary	326.0	m
Listed Opts (ex @ \$0.18/sh May'21)	28.9	m
Unlisted Options	12.1	m
Total Dil FP Ord	366.97	m
Market Capitalisation	315.6	A\$m
Enterprise Value	291.6	A\$m
Cash (est Dec 20)	24.0	A\$m
Debt	Nil	A\$m

Directors

D. Murcia	NE Chairman
D. Gordon	Mgr Director
B. Scarpelli	Ex Director
M. Hancock	NE Director
C. Banasik	NE Director

Shareholders

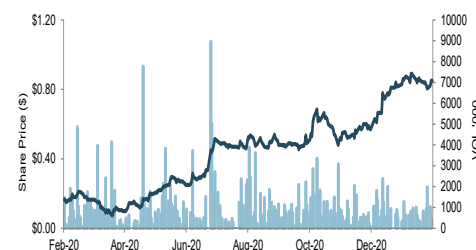
Top 20	59%
Dir & Mgt	4%

Company Details

Level 2, 1 Ord Street
West Perth WA 6005
Telephone: +61 8 6424 8420
Email: office@centaurus.com.au

Website: www.centaurus.com.au

Share Price Chart



Disclaimer

Euroz Hartleys Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to CTM during the last year. Euroz Hartleys Securities has received a fee for these services.

Centaurus Metals Ltd

(CTM \$0.86) Speculative Buy

		OLD	NEW*
Capital Cost	US\$m	190	150
Forex	US\$	0.74	0.75
Sustaining capex	US\$	133	135
Throughput	mtpa	2.7	2.7
Total T Treated	mT	27	33
Grade	Ni %	1.1-1.4	1.1
Recovery	%	80	80
Production	kt pa	23-30	23
Total	kt	280	285
Mine Life	Yrs	10	12
OPEX			
Open pit	US\$/t	55	55
Underground	US\$/t	90	n/a
AISC payable	US\$/lb	4.8-5.6	4.8
LT Ni Price	US/lb	8	8
Payability	%	73	73
Av EBITDA pa	A\$m	288	236
Tax Rate	%	34	34
NPV10	A\$m	423	723
Discount factor	%	65%	50%
Valuation	A\$m	275	361

*NB: Scoping Study Results due Mar 2021

- Our Valuation rises to \$1.12/sh (from \$0.86/sh);
- Our Price Target inc. to \$1.15/sh (from \$0.85/sh) with the following near term catalysts:
 1. On-going drilling and assays from in-fill and extensional drilling of the Jaguar Resource;
 2. Regional exploration drilling;
 3. Scoping Study (due Q1 CY'21);
 4. Value Enhancement Studies (POX circuit) due early Jun Q;
 5. Updated Resource (Q1 FY'22);
- CTM is well funded with a cash balance of ~\$24m and \$6m of unpaid capital from ITM and vested options;
- Speculative Buy retained.

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Centaurus Metals Ltd
(CTM \$0.86) Speculative Buy



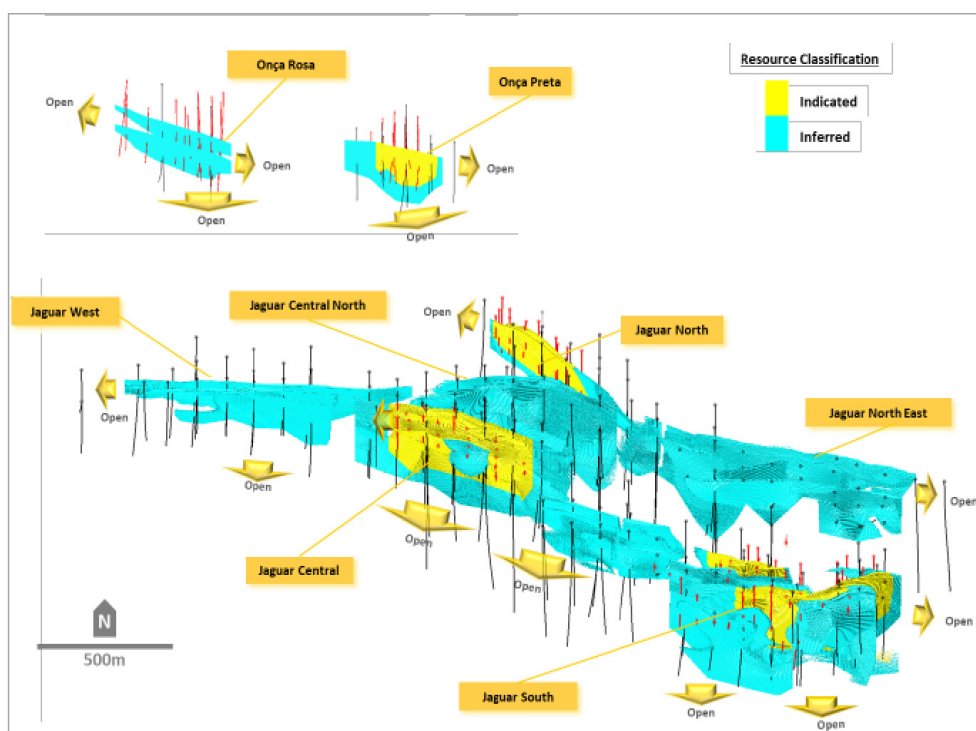
Analysis

The updated Resource for the Jaguar Project has materially built confidence in inventories.

Striking over 500m, shallow and with a sub-horizontal plunge, Jaguar Central is key element to the strong, early economics for the proposed development of Jaguar.

The 50% inc. to the Indicated Category combined with the fact that over 80% of the Resource sits within 200m of surface underwrites what should be a low cost, plus 10yr open pit operation.

There remains material underground potential, however, recent drilling has focused on the shallow portion.



The results (the shift to Indicated as well as recent assays) validate the strategy and infill and extension will remain a focus of the ongoing drilling efforts through 2021.

Centaurus Metals Ltd

(CTM \$0.86) Speculative Buy

RESOURCE UPGRADE

Overall, Total Resources inc 8% to 557.8kT Ni (from 58.6mT @ 0.95% Ni vs Jun '20 - 517kT @ 1.08% Ni from 48.0mT):

Table 1 – The Jaguar JORC Mineral Resource Estimate (MRE) – February 2021

Classification	Ore Type	Tonnes		Grade		Contained Metal Tonnes		
		Mt	Ni %	Cu %	Co ppm	Ni	Cu	Co
Indicated	Transition Sulphide	0.7	0.96	0.08	250	6,900	600	200
	Fresh Sulphide	19.2	1.13	0.07	324	216,500	14,100	6,200
	Total Indicated	19.9	1.12	0.07	321	223,400	14,600	6,400
Inferred	Transition Sulphide	0.9	0.79	0.07	239	6,800	600	200
	Fresh Sulphide	37.8	0.87	0.06	228	327,600	23,300	8,600
	Total Inferred	38.7	0.86	0.06	229	334,400	23,900	8,800
Total	58.6	0.95	0.07	260	557,800	38,600	15,200	

* Within 200m of surface cut-off grade 0.3% Ni; more than 200m from surface cut-off grade 1.0% Ni; Totals are rounded to reflect acceptable precision, subtotals may not reflect global totals.

The Resource inc is largely driven by application of a lower cut-off Ni grade which 0.3% cut-off above 200m (per assay reporting and domain modelling).

This is reflected in the lower av grade of 0.95% Ni (from 1.08% at Jun 2020) as well as relatively large inc. to tonnage (+22%).

Indicated Resource increased 50% - 223.3kT Ni @ 1.12% Ni representing 40% of total Resource (prev. 29%).

This was after only 8.2km of diamond drilling through the c6mth period to Dec.

The high grade portion (19.7mT @ 1.56% Ni for 307kT Ni) has remained largely in-line (Jun '20 - 321kT) with the focus around infill at Jaguar Central (as opposed to the higher grade Jag South area).

More generally, the distribution of the Resource and grade variations therein, augur well for low cost/higher margin starter operations:

Deposit	Classification	Tonnes		Grade		Contained Metal Tonnes		
		Mt	Ni %	Cu %	Co ppm	Ni	Cu	Co
Jaguar South	Indicated	7.4	1.19	0.06	239	87,400	4,200	1,800
	Inferred	11.3	0.83	0.04	184	93,900	4,300	2,100
	Total	18.7	0.97	0.05	206	181,300	8,600	3,900
Jaguar Central	Indicated	8.4	0.99	0.06	267	83,100	5,200	2,200
	Inferred	1.8	1.06	0.06	269	19,300	1,100	500
	Total	10.2	1.00	0.06	268	102,400	6,300	2,700
Jaguar North	Indicated	2.3	1.08	0.14	349	24,500	3,200	800
	Inferred	1.0	1.12	0.28	353	11,400	2,800	400
	Total	3.3	1.09	0.18	350	35,900	6,000	1,200
Jaguar Central North	Inferred / Total	5.8	0.80	0.05	210	46,700	3,000	1,200
Jaguar Northeast	Inferred / Total	8.3	0.78	0.09	253	64,900	7,300	2,100
Jaguar West	Inferred / Total	5.7	0.80	0.04	150	45,200	2,100	900
Jaguar Deposits	Indicated	18.0	1.08	0.07	266	195,000	12,600	4,800
	Inferred	34.0	0.83	0.06	209	281,300	20,800	7,100
	Total	52.0	0.92	0.06	229	476,300	33,400	11,900
Onça Preta	Indicated	1.9	1.49	0.11	796	28,500	2,100	1,500
	Inferred	1.4	1.70	0.05	244	24,600	800	400
	Total	3.3	1.58	0.09	558	53,000	2,900	1,900
Onça Rosa	Inferred / Total	3.2	0.88	0.06	251	28,500	1,800	800
Jaguar MRE Total	Indicated	19.9	1.12	0.07	317	223,400	14,700	6,300
	Inferred	38.7	0.86	0.06	214	334,400	23,400	8,300
	Grand Total	58.6	0.95	0.07	249	557,800	38,100	14,600

* Within 200m of surface cut-off grade 0.3% Ni; more than 200m from surface cut-off grade 1.0% Ni; Totals are rounded to reflect acceptable precision, subtotals may not reflect global totals.

Drilling has shown that the base of oxidation is between 5m and 25m depth. Shallow primary hosted, high-grade sulphides zones, per the Jaguar deposits and Onça Preta deposit, will require minimal waste stripping.

These deposits therefore all present excellent start-up open pit mining opportunities.

We note that Oxide material is not reported in the JORC resource update.

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Centaurus Metals Ltd
(CTM \$0.86) Speculative Buy



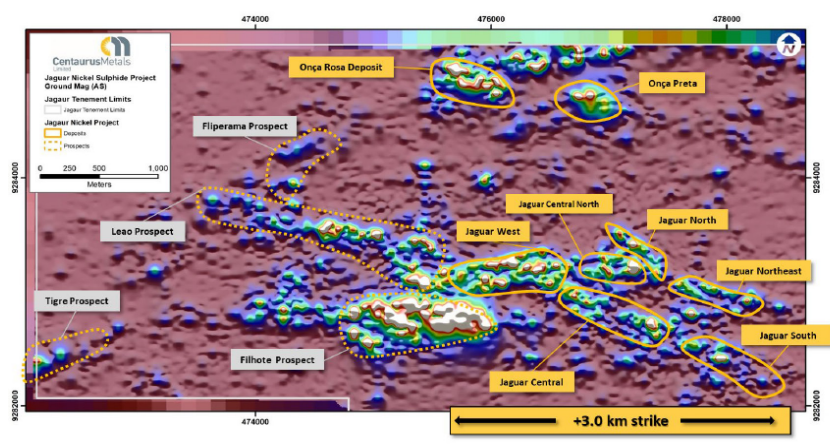
IMPACT TO VALUATION

Valuation - \$1.12/sh (prev. \$0.86/sh)

Price Target - \$1.15/sh (prev. \$0.85/sh)

We have adjusted our base development assumptions:

- Removed UG dev (and associated capex, opex & grade) retaining a full LOM open pit operation;
- Extended LOM by 2yrs to 12yrs;
- Reducing risk factor by 15% to 50% (reflecting inc. Resource confidence vs funding risk and development concept clarity); and
- Inc. nominal Exploration Valuation by \$20m (to \$50m) to account for the UG and extensional potential.



Our key base case development scenario for Jaguar is summarised below, highlighting the adjustments made since our last full published research:

		OLD	NEW*
Capital Cost	US\$m	190	150
Forex	US\$	0.74	0.75
Sustaining capex	US\$	133	135
Throughput	mtpa	2.7	2.7
Total T Treated	mT	27	33
Grade	Ni %	1.1-1.4	1.1
Recovery	%	80	80
Production	kt pa	23-30	23
Total	kt	280	285
Mine Life	Yrs	10	12
OPEX			
Open pit	US\$/t	55	55
Underground	US\$/t	90	n/a
AISC payable	US\$/lb	4.8-5.6	4.8
LT Ni Price	US/lb	8	8
Payability	%	73	73
Av EBITDA pa	A\$m	288	236
Tax Rate	%	34	34
NPV10	A\$m	423	723
Discount factor	%	65%	50%
Valuation	A\$m	275	361

*NB: Scoping Study Results due Mar 2021

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Centaurus Metals Ltd

(CTM \$0.86) Speculative Buy

As flagged, the maiden Scoping Study is due next month, which will very likely warrant changes to the assumptions made above.

Our SOTP Valuation is summarised below:

Valuation	A\$m	A\$/sh.
(+) Jaguar Nickel (50% Risk Adj.)	361	\$0.99
(+/-) Hedging	0	\$-
(-) Corporate	-32	-\$0.09
(+) Exploration	50	\$0.14
(-) Debt	0	\$-
(+) Unpaid Capital	6	\$0.02
(+) Cash	25	\$0.07
Valuation	410	\$1.12

PEER COMPARISONS

CTM continues to compare favourably to the ASX listed peers even allowing for perceived jurisdiction risk relative to the WA domestic peers:

Ticker	Units	MCR	POS	PAN	WSA	CTM	Mean
Last Price	A\$/sh	\$1.10	\$0.07	\$0.16	\$2.45	\$0.88	
Market Cap	A\$m	479	205	318	671	303	
EV	A\$m	386	185	287	573	279	
Rsc - Ni Equ.	Kt	196	445	251	922	610	
Res - Ni Equ.	Kt	65	28	123	249	0	
EV:Rsc	A\$/t	1,965	416	1,145	622	457	921
EV:Res	A\$/t	5,899	6,537	2,332	2,298	na	4,266

And we anticipate the ultimate project economics to be equally favourably on account of the bulk of the operation (at least initially) being open pit and therefore relatively sustaining capex and opex light.

OUTLOOK

News flow should remain strong through 2021 with 4 diamond rigs on in-fill and extensional drilling at Jaguar.

Additional rigs will likely be deployed from the Jun Q focused on UG high grade depth and strike extensions to existing Resources.

An updated Resource is planned for the Sep Q on that basis.

Key Environmental Licence Application and updated Mining Lease Application on schedule to be lodged in Q2 2021.

Feasibility metallurgical and early development economics will commence post the Scoping Study due next month.

Incorporation of additional processing circuits (POX) to produce value enhanced Ni metal or derivatives will be the focus of a subsequent project review due in early Jun Q.

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Securities Ltd (ACN 089 314 983) and Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Securities Limited is the holder of an Australian Financial Services Licence (AFSL 243302) and is a participant of the Australian Securities Exchange Group.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Securities Limited on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Securities Limited.

Disclaimer & Disclosure

Euroz Hartleys Securities Limited and Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys Securities Limited and Euroz Hartleys Limited declares that they may have separately or jointly acted as an underwriter, arranger, co-arranger or adviser in equity capital raisings, and will have received a fee for its services, from or any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz Hartleys Securities Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Securities Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Securities Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

The author of this publication, Euroz Hartleys Securities Limited, and Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Both Euroz Hartleys Securities Limited and Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.

Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities, and we are not in possession of, nor does this Research contain any inside information.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research, nor has any attempt been made to influence this Research.

Contact Details

Euroz Hartleys Securities Limited +61 8 9488 1400

Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Mike Millikan - Resources Analyst	+61 8 9268 2805
Michael Scantlebury - Resources Analyst	+61 8 9268 2837
Steven Clark - Resources Analyst	+61 8 9488 1430
Trent Barnett - Senior Analyst	+61 8 9268 3052
Gavin Allen - Senior Analyst	+61 8 9488 1413
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizee - Associate Research Analyst	+61 8 9488 1414

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.