

Ticker: CTM AU

3Q24 cash: A\$20m

Project: Jaguar / Boi Novo / Jambreiro

Market cap: A\$189m

Price: A\$0.38/sh

Country: Brazil

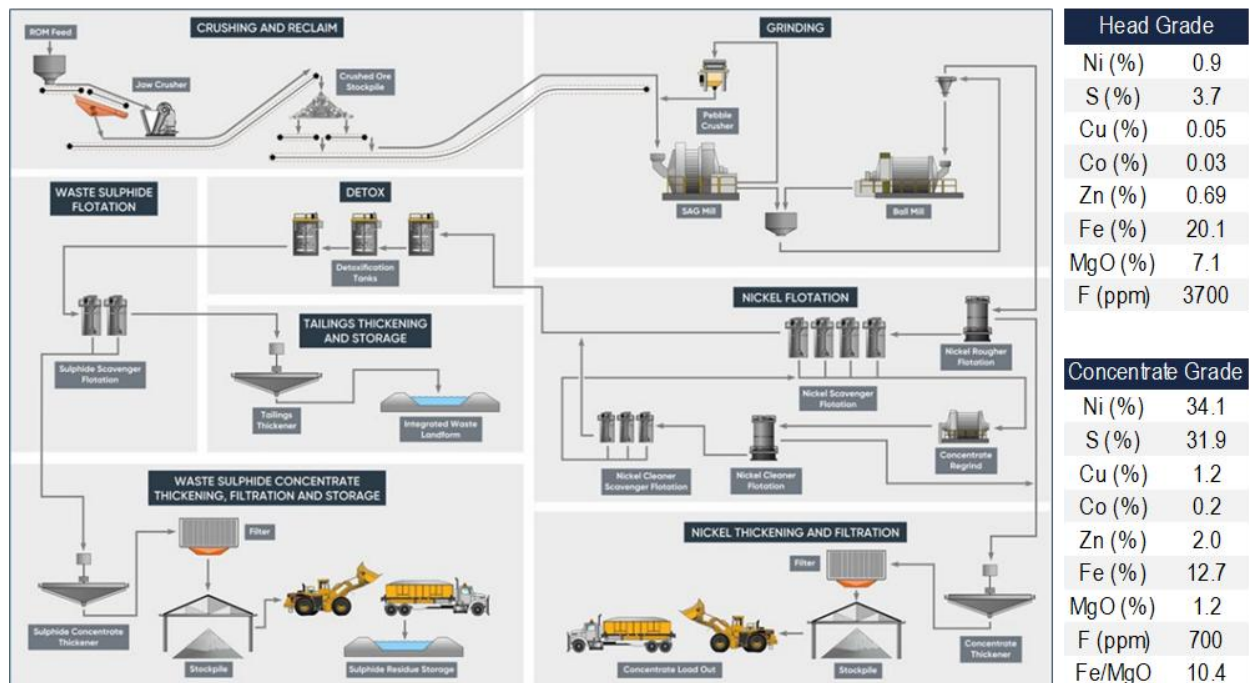
REC. (unc): BUY

TARGET (unc): A\$1.70/sh

RISK RATING (unc): HIGH

Today's new Jaguar process flowsheet design saw extensive / comprehensive DFS-level engineering work (including full pilot plant scale testing) – a positive optimization (and de-risking catalyst) to support the Jaguar Value Engineering Process expected to be completed by the end of this quarter. Key here - focus has shifted to producing a **high-grade / quality concentrate** with low impurities – **attractive to a wider audience of smelters** in our view which should bode well in the ongoing offtake negotiations to support upcoming project financing. We also think this work strengthens the case for M&A at current valuations.

Digging in, we note an impressive reduction in both Zinc (2% from 2.6%) and Fluorine (700ppm from 1,200ppm) concentrate levels at impressive / high 34% nickel concentrate grades (up +177% vs 12.3% in the FS) for SCPe -65% lower LOM concentrate volumes, at only slightly reduced recoveries (70.6% vs. 73% in FS). Big picture, assuming a 70% nickel recovery and 80% payability (lifted from 76% on concentrate purity), **today's 34% nickel concentrate grades could generate an additional SCPe +A\$220m of NPV to our valuation** – with payabilities more than off-setting slightly lower recoveries (SCPe +A\$50m) and with LOM freight costs being the biggest driver on savings – all that before considering any further optimization to strip, scheduling, and reduction in infrastructure/project footprint being factored in. While the addition of a cyanide circuit may raise concerns for some, Jaguar is located in a well-established mining state and the circuit design incorporates a detox segment prior to discharge, hence we do not anticipate any major delays in permitting with the upcoming installation license being a key step in the process. For now, **we maintain our BUY rating and our \$1.70/sh** based on 0.5xNAV and Jaguar DFS inputs producing ~19ktpa over 18-years and exclude any upside from high-grade UG mining. Upcoming catalysts include a Jaguar Installation License, 1Q25 Jaguar value engineering study and Mining Lease, 1Q25 Jambreiro Preliminary License approval, progress on Jaguar funding (incl. potential strategic partnership), a 2Q25 Jaguar FID, and drill results from Boi Novo copper exploration.

Figure 1. (A) New Jaguar process flowsheet design and (B) head and concentrate grades


Source: Centaurus Metals, SCP

New flowsheet boasts high-purity 34% Ni concentrate; broadens offtake discussions

Today, Centaurus reports results from the process flowsheet refinement as part of the Jaguar Value Engineering Process (JVEP) that was fully tested in a recently completed pilot plant. The new process flow sheet design includes the addition of a cleaner circuit as well as the introduction of sodium cyanide as a reagent to suppress sphalerite (zinc sulphides) and pyrite (iron sulphides). Column cells were also introduced in the rougher and cleaner circuits to allow froth washing and suppression of non-sulphide gangue materials (incl. Fluorine). Approximately 30kg of concentrate was produced with a 70.6% nickel recovery from ore to concentrate. Final concentrate product specifications were 34.1% Ni, 31.9% S, 1.2% Cu, 0.2% Co, 2.0% Zn, 12.7% Fe, 1.2% MgO, 10.4 Fe/MgO, 700 ppm F compared to 12.3% Ni, 32% S, 0.85% Cu, 0.24% Co, 2.6% Zn, 28.0% Fe, 3.9% MgO, 7.2 Fe/MgO, and 1,200 ppm F in the FS. Mine planning work focused on reducing strip and maximizing nickel concentrate production in early years is ongoing. In addition, a revised project layout with a significantly reduced footprint compared to the FS has been developed. Completion of the JVEP is targeted for the end of 1Q25.

Why we like Centaurus

1. Only >1.2Mt Ni metal, <\$500m capex, pitiable 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

- SCPe 1Q25: Installation License (LI)
- 1Q25: Jaguar Value Engineering study
- 1Q25: Jambreiro preliminary license
- 2H24-1H25: Offtake and funding progress
- 1Q25: Mining Lease
- 2Q25 / 2H27: Final investment decision / production start

Research

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Ticker: CTM AU	Price / mkt cap:	A38c/sh / A\$189m	P/NAV today:	0.11x	Country: Brazil
Author: B Gaspar	Rec/0.5xNAV7% PT:	BUY, A\$1.70/sh	1xNAV _{Q25} FF FD:	A\$1.49/sh	Asset: Jaguar

Commodity price	CY23A	CY24A	CY25E	CY26E	CY27E
Ni price (US\$/t)	21,704	17,061	17,704	20,060	20,944
Ni price (US\$/t payable)	16,495	12,966	13,455	15,246	15,917
1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh	
Jaguar OP NPV (build start)	1,345	100%	1.0x	2.67	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1% insitu	179	100%	1.0x	0.36	
3Q24 cash	20	100%	1.0x	0.04	
Cash from ITM options	-	100%	1.0x	-	
1XNAV A\$ @ 3Q24	1,688			3.35	

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.11x

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	757	1,088	1,419	1,750	2,081
7.0% discount	924	1,306	1,688	2,070	2,453
5.0% discount	1,135	1,582	2,028	2,475	2,922
Ungeared project IRR:	17%	23%	27%	31%	35%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.50	2.16	2.82	3.48	4.13
7.0% discount	1.84	2.59	3.35	4.11	4.87
5.0% discount	2.25	3.14	4.03	4.92	5.80

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

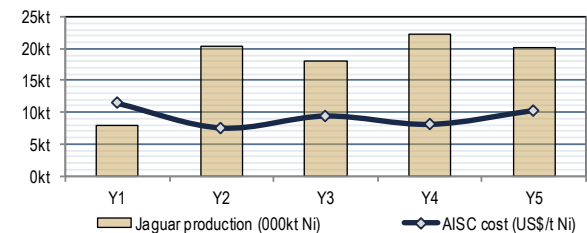
SOTP company valuation^	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
Jaguar NPV	1,318	1,663	2,102	2,230	2,182
Resources ex reserve + UG	323	323	323	323	323
Central G&A & fin costs	(133)	(137)	(121)	(81)	(41)
Net cash prior quarter	14.9	(21.1)	(343.3)	(374.9)	(234.3)
Cash from ITM options	-	-	-	-	-
NAV (A\$m)	1,523	1,828	1,961	2,097	2,229
FD share count (m)	1021	1021	1021	1021	1021
1xNAV7%/sh FF FD (A\$/sh)	1.49	1.79	1.92	2.05	2.18

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	1,038	1,455	1,871	2,288	2,705
7.0% discount	1,176	1,636	2,097	2,557	3,018
5.0% discount	1,346	1,860	2,374	2,888	3,403

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	1.02	1.42	1.83	2.24	2.65
7.0% discount	1.15	1.60	2.05	2.50	2.96
5.0% discount	1.32	1.82	2.33	2.83	3.33

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	2Q24 JORC		Mt	Ni %
		M&I	NiEq %		
Inferred	25.7	0.97%	UG:	-	-
	138.2	0.95%	Total	63.0	0.73%

Funding: uses		Funding: sources	
Capex (A\$m)	562.1	3Q24 cash (A\$m)	19.9
Drilling/FS cost (A\$m)	7.9	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)	37.5	Total sources (A\$m)	582.0
Total uses: group (A\$m)	620.7	Buffer (A\$m)	-38.7

Share data (m)	Basic	FD	FF	FF FD	
Shares (m)	496.7	503.4	1014.4		
Ratio analysis	CY22E	CY23E	CY24E	CY25E	CY26E
Shares out (m)	496.7	496.7	496.7	1,014.4	1,014.4
EPS (A\$/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	154.7	154.1	173.8	406.6	728.8
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY22E	CY23E	CY24E	CY25E	CY26E
Revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)	-	-	-	-	-
G&A (A\$m)	4.1	5.3	4.7	4.0	4.0
Exploration (A\$m)	37.6	37.7	17.1	4.0	-
Finance costs (A\$m)	-	-	-	-	18.2
Tax (A\$m)	(0.3)	(0.5)	(1.3)	-	-
Other (A\$m)	(1.0)	(1.1)	(1.1)	(0.2)	0.0
Net income (A\$m)	(40.2)	(41.4)	(19.3)	(7.7)	(22.2)

Cash flow statement	CY22E	CY23E	CY24E	CY25E	CY26E
EBITDA (A\$m)	(41.7)	(43.0)	(21.8)	(8.0)	(4.0)
Add share based (A\$m)	-	-	-	-	-
Net change WC (A\$m)	(1.5)	2.0	2.1	-	-
Cash flow ops (A\$m)	(38.7)	(43.2)	(21.5)	(7.7)	(22.2)
PP&E + sust (A\$m)	6.1	2.2	0.2	225.0	300.0
PP&E - expl'n (A\$m)	0.4	0.9	0.1	-	-
Cash flow inv. (A\$m)	(6.9)	(3.1)	(0.5)	(225.0)	(300.0)
Share issue (A\$m)	72.7	44.5	0.4	196.7	-
Debt draw (repay) (A\$m)	-	-	-	-	315.0
Cash flow fin. (A\$m)	72.7	44.5	0.4	196.7	315.0
Net change in cash (A\$m)	27.3	(1.7)	(21.9)	(36.0)	(7.2)

Balance sheet	CY22E	CY23E	CY24E	CY25E	CY26E
Cash (A\$m)	34.0	34.7	14.9	(21.1)	(28.3)
Acc rec. + invet (A\$m)	1.4	3.3	3.3	3.3	3.3
PP&E & expl'n (A\$m)	21.9	23.5	21.7	246.7	546.7
Total assets (A\$m)	57.4	60.3	39.9	228.9	521.7
Debt (A\$m)	-	-	-	-	315.0
Accounts payable (A\$m)	4.6	3.4	2.2	2.2	2.2
Others (A\$m)	35.4	36.8	18.0	(18.0)	(25.2)
Total liabilities (A\$m)	8.1	5.1	4.2	4.2	319.2
Shareholders' equity (A\$m)	236.3	281.4	282.2	478.9	478.9
Reserves (A\$m)	(5.8)	(4.7)	(7.3)	(7.3)	(7.3)
Retained earnings (A\$m)	(181.1)	(221.6)	(239.2)	(246.9)	(269.1)
Liabilities + equity (A\$m)	57.4	60.3	39.9	228.9	521.7

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SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	44

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