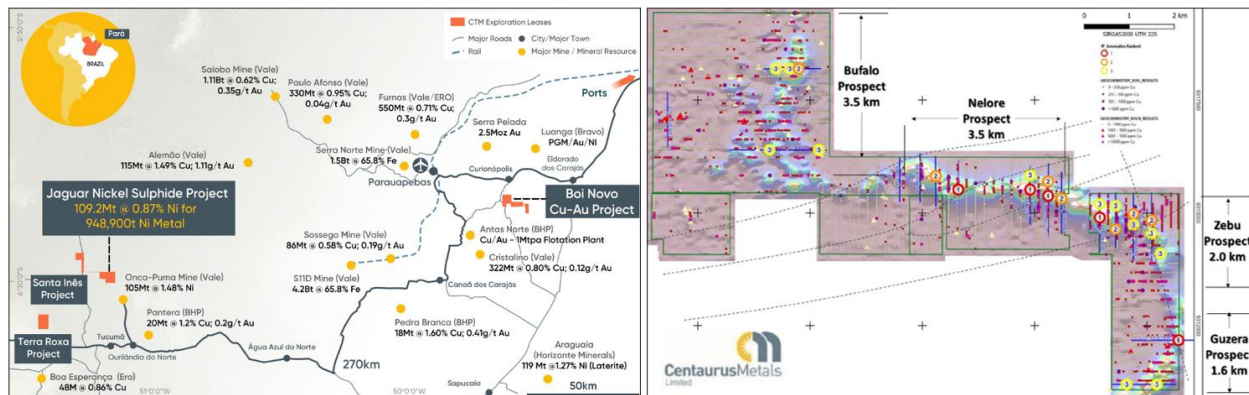


Ticker: CTM AU **1Q24 cash:** A\$29.4m **Project:** Jaguar
Market cap: A\$255m **Price:** A\$0.52/sh **Country:** Brazil
REC. (unc): BUY **TARGET (unc):** A\$1.40/sh **RISK RATING (unc):** HIGH

We see three key takeaway's from today's Boi Novo Cu-Au maiden drill program: i) the results of 18-months of solid exploration work-up that preceded today's entirely new drill targets including coincident anomalism across various techniques (incl. **rock chips 2.7% CuEq @ spot (2.2% Cu; 0.6g/t Au)** and **soil samples 5,210ppm Cu and 0.334ppm Au**) providing ii) potential Cu-Au exposure/upside to investors from a new/exciting greenfields exploration horizon in the highly prospective Carajás mining camp within ~50km of other massive Cu-Au deposits including Vale's Sossego Mine 86Mt @ 0.7% CuEq (spot), Cristalino 322Mt @ 0.9% CuEq, and Furnas 550Mt @ 0.9% (Ero 60% earn-in with Vale), and iii) strategic holdings on-infrastructure with roads passing through the property, and only <20km NE of BHP's Antas Norte 1Mtpa Cu/Au flotation plant and ~35km SE of Vale's Serra Norte Cu-Au concentrate load-out facility (rail line) for potential reduction in future capital requirements – attractive for self-build or M&A in our view. As such, **we maintain our BUY rating and our A\$1.40/sh PT** based on 55Mt @ ~0.75% OP inventory producing 20ktpa over 16-years and excludes any upside from high-grade UG mining from our DCF. While the naysayers will say this a pivot from Nickel, we think this is pure copper-gold optionality entirely upside to the current valuation. That said, the Jaguar DFS remains the key value driving catalyst (June 2024), followed quickly by 2H24 mine permits in our view, and with LME Nickel up +22% and CTM lagging -3.7% (both YTD), we see good potential for a re-rate opportunity this year. All this ahead of any upside from new greenfields exploration and further metal price momentum, making Centaurus an excellent countercyclical investment as one of the few well-funded (A\$29m), large, advanced, Class-I nickel sulphide projects located in a low-risk jurisdiction globally.

Table 1. Plan map of (A) regional CTM holdings in Carajás and (B) Boi Novo IP targets over drone mag



Source: Centaurus

Maiden Boi Novo drilling sees potential for Cu-Au optionality; 1 rig turning; Jaguar FS in 2Q24

Centaurus commences a maiden 3,000m diamond drill program at their 100%-owned **Boi Novo Cu-Au Greenfields Project** (35km² holdings) ~250-300km from the company's flagship Jaguar Nickel Sulphide Project in the Carajás IOCG mineral province as part of their 'Horizon II Growth Strategy' focused on building a long-term strategic minerals pipeline in Brazil. Recently, four prospects along 12km of discontinuous strike were identified through Drone Magnetics (DMAG) survey, Induced Polarization (IP) ground survey, mapping (incl. best **rock chip sample of 2.24% Cu and 0.57g/t Au**), soil sampling/geochemistry (incl. **soils up to 5,210ppm Cu and 0.334ppm Au**). The company will initially drill Priority 1 and 2 IP targets (Figure 1B) where they are coincident with anomalous Cu and Au in the soil geochemistry and/or mapped copper mineralization at surface. Additionally, Centaurus' in-house geophysical survey team has completed Fixed Loop Electromagnetic (FLEM) surveys, identifying some broad low conductor plates coincident with magnetic and IP anomalies. The company intends to conduct

DHEM to test for semi-massive and massive sulphides. One rig is turning with a second to arrive in the coming weeks. The Feasibility Study (FS) for Jaguar is planned for the end of June 2024.

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

- 1H24: Phase I nickel concentrate FS
- 1Q24: >1km deep hole at Onca Preta
- 2H24: SCPe mining licence granted
- CY24: Offtake and funding progress
- CY24: Jambreiro Iron Ore Study update
- FY25: SCPe FID

Research

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Ticker: CTM AU	Price / mkt cap: A\$2c/sh / A\$255m	P/NAV today: 0.19x	Country: Brazil
Author: B Gaspar	Rec/0.5xNAV7% PT: BUY, A140c/sh	1xNAV ₂₀₂₄ FF FD: A\$2.40/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)	13,683	13,683	13,683	13,683	13,683
1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh	
Jaguar OP NPV (build start)	1,075	100%	1.0x	2.14	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1% insitu	137	100%	1.0x	0.27	
1Q24 cash	29	100%	1.0x	0.06	
Cash from ITM options	0.4	100%	1.0x	0.00	
1XNAV A\$ @ 2Q24	1,386			2.76	

*Build start, ex fin. cost + G&A, dil. for opts not build P/NAV today: 0.19x

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	515	850	1,184	1,519	1,854
7.0% discount	626	1,006	1,386	1,765	2,145
5.0% discount	761	1,197	1,632	2,067	2,503
Ungeared project IRR:	14%	21%	27%	32%	37%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.03	1.69	2.36	3.03	3.69
7.0% discount	1.25	2.00	2.76	3.52	4.27
5.0% discount	1.52	2.38	3.25	4.12	4.99

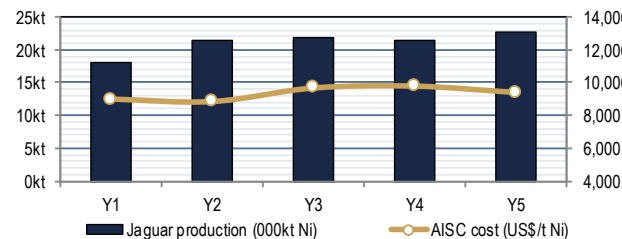
*Project level NPV, excl finance costs and central SGA, discounted to build start

SOTP company valuation^	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28
Jaguar NPV	994	1,075	1,460	1,911	1,869
Resources ex reserve + UG	281	281	281	281	281
Central G&A & fin costs	(113)	(115)	(116)	(87)	(45)
Net cash prior quarter	29.4	250.1	(30.7)	(393.8)	(283.2)
Cash from ITM options	0.4	0.4	0.4	0.4	0.4
NAV (A\$m)	1,192	1,491	1,595	1,711	1,823
FD share count (m)	496	975	975	975	975
1xNAV7% /sh FF FD (A\$/sh)	2.40	1.53	1.64	1.76	1.87

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	741	1,142	1,542	1,943	2,343	
7.0% discount	830	1,271	1,711	2,152	2,593	
5.0% discount	936	1,425	1,915	2,404	2,894	
Exit value: 1xNAV/sh company @ first production (A\$, geared)^	1xNAV (A\$/sh)	Y1	Y2	Y3	Y4	Y5
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353	
9.0% discount	0.76	1.17	1.58	1.99	2.40	
7.0% discount	0.85	1.30	1.76	2.21	2.66	
5.0% discount	0.96	1.46	1.96	2.47	2.97	

Production	Y1	Y2	Y3	Y4	Y5
Jaguar production (000kt Ni)	18.0	21.4	21.8	21.5	22.7
C1 cost (US\$/t Ni)	7,202	7,445	8,319	8,431	8,048
AISC cost (US\$/t Ni)	8,987	8,825	9,691	9,809	9,404

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:	55.0 0.76%
Inferred	22.2	1.06%	UG:	- -
	108.0	0.99%	Total	55.0 0.76%

Funding: uses	Funding: sources		
Capex (A\$m)	605.6	1Q24 cash + pre FID equity (A\$m)	29.4
Drilling/FS cost (A\$m)	21.5	SCPe debt (A\$m)	393.6
Working cap >DFS (A\$m)	19.9	SCPe equity at spot (A\$m)	212.0
G&A and fin. cost (A\$m)	43.5	Total sources (A\$m)	635.0
Total uses: group (A\$m)	690.5	Drilling / buffer (A\$m)	-55.4

Share data (m)	Basic	FD	FF FD		
Shares (m)	495.6	502.0	975.2		
Ratio analysis	CY21A	CY22E	CY23E	CY24E	CY25E
Shares out (m)	329.5	427.1	494.9	563.6	975.2
EPS (Ac/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	161.4	185.9	220.2	245.8	454.8
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	21.5	5.4
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)	(25.0)	(9.1)

Cash flow statement	CY21A	CY22E	CY23E	CY24E	CY25E
EBITDA (A\$m)	(16.4)	(41.7)	(43.0)	(26.8)	(9.4)
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)	(25.0)	(9.1)
PP&E + sust (A\$m)	5.8	6.1	2.2	0.1	200.0
PP&E - exp'n (A\$m)	-	0.4	0.9	0.1	-
Cash flow inv. (A\$m)	(5.8)	(6.9)	(3.1)	(0.3)	(200.0)
Share issue (A\$m)	5.5	72.7	44.5	35.0	212.0
Debt draw (repay) (A\$m)	-	-	-	-	-
Cash flow fin. (A\$m)	5.5	72.7	44.5	35.0	212.0
Net change in cash (A\$m)	(16.0)	27.3	(1.7)	9.8	2.9

Balance sheet	CY21A	CY22E	CY23E	CY24E	CY25E
Cash (A\$m)	8.3	34.0	34.7	44.5	47.4
Acc rec. + invet (A\$m)	0.2	1.4	2.2	2.2	2.2
PP&E + exp'n (A\$m)	15.3	21.9	23.5	23.7	223.7
Total assets (A\$m)	23.8	57.4	60.3	70.3	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	46.6	49.5
Total liabilities (A\$m)	7.7	8.1	5.1	5.1	5.1
Shareholders' equity (A\$m)	162.2	236.3	281.4	316.4	528.4
Reserves (A\$m)	(8.3)	(5.8)	(4.7)	(4.7)	(4.7)
Retained earnings (A\$m)	(137.8)	(181.1)	(221.6)	(246.5)	(255.6)
Liabilities + equity (A\$m)	23.8	57.4	60.3	70.3	273.2

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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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BUY:	56
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	3
NOT RATED:	0
TOTAL	59

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