

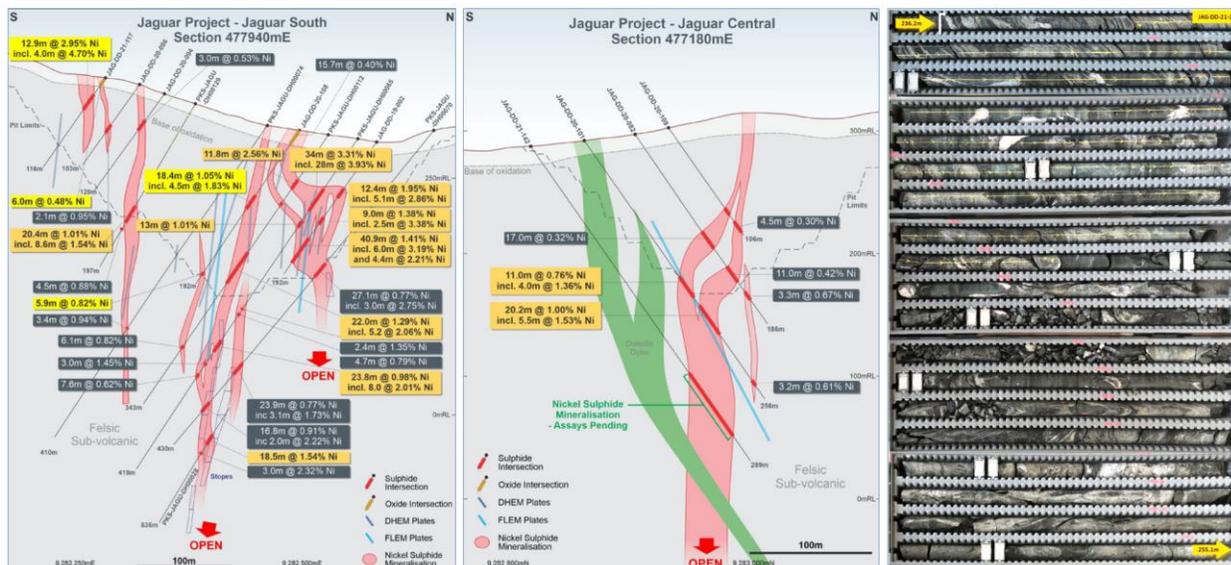
Ticker: CTM AU **Cash:** A\$20m **Project:** Jaguar
Market cap: A\$226m **Price:** A\$0.69/sh **Country:** Brazil
RECOMMENDATION (unc): BUY **TARGET (unc):** C\$1.20/sh **RISK RATING:** HIGH

*Centaurus is back to drilling with the resource and PEA behind them, and the results impress on four fronts today. Firstly, (i) 13m @ 3.25% NiEq at Jag South is new lode, at surface and within the pit shell pointing to **strip improvements**, as does 55m @ 0.90% from just 28m down hole. This should add (ii) **more tonnes** given it is outside the MRE at the edge of the pit. This adds to (iii) other **hits outside pit shells** including 4m @ 2.5%, 23m @ 0.9% and 11m @ 0.6% Ni outside the pits. Finally, (iv) although pending assay, 60m of stringer mineralisation lies 150m along strike from prior hit of 34m @ 3.3% Ni at Jag Central, pointing to increased UG reserves. The same goes for deeper drilling with 6.7m @ 2.2% Ni under Jag Central, pointing to underground development extending well beyond the limits proposed in the PEA. **We maintain our BUY rating and 0.5xNAV_{7%-8.00/lb} A\$1.20/sh PT**, and believe that the combination of resource-growth and limitations on investors investing into ESG 'no no' laterites will close this gap in due course. Stepping back, pace at which CTM took this asset to JORC and PEA is astonishing, but it means they missed the 'exploration upside' thesis, with investors at risk of interpreting lack of regional and deeper drilling as lack of upside. This is where it gets fun - the PEA's A\$604m NPV @ \$16,500/t Ni includes just 74,500m of drilling, but investors will see 65,000m additional drilling this year alone, with \$20m of cash and \$5m ITM options to fund it, and a local in-country team to deliver it. The upcoming value-add scoping study due in May (evaluating POX given local limestone/water/cheap hydro not present in the Yilgarn of W. Australia) opens the door to nickel sulphate direct to EV, which should widen the investor interest as many new generalist ESG investors are only just 'waking up' to the energy / CO2 intensity of laterites.*

Jaguar grows with blind discovery, pit extension and high-grade roots

Infill and extension at **Jaguar South** returned highlights of **13m @ 3.25% NiEq** (at spot, 91/7/2 Ni-Cu-Co) in a new in-pit blind discovery outside the existing MRE, plus broader 55m @ 0.90% NiEq from just 28m. **Jaguar Central** saw highlight of **32m @ 1.59% NiEq**, and 23m @ 1.38% NiEq. Also, the company intersected **60m awaiting assay** of stringer to semi-massive sulphide pending assay in one of the deepest holes at Jag Central, 60m below pit limits and prior deeper hole, with 35m of mineralisation pending asset 50m along strike. On **drilling**, four rigs now double shipping, 2-3 more rigs coming in May for CY21 61,000m. The value add scoping study considering nickel sulphate production is scheduled for completion in the current quarter, ahead of the 1Q21 PFS, **4Q22 DFS**, for **2H24 first production** with A\$20m cash.

Figure 1. (A) 13m @ 3% 'in pit' in new discovery, (B/C) 60m of deep mineralization awaiting assay



Source: Centaurus

Why we like Centaurus Metals

1. Only >100kt Ni contained, <\$500m capex, pitable nickel sulphide junior globally
2. Drilling of 65,000m this year likely drives resource growth vs. <75,000m in resource itself
3. Optionality on POX given water / limestone / cheap hydro not available in Australia
4. Good logistics including rail in a well-known mining jurisdiction
5. Quality 16% concentrate with low As, low Mg

Catalysts

1. 2Q21: Value-add study looking at sulphate
2. 1Q21: PFS
3. 2Q21: Lodge environmental license
4. SCPe 1Q22: BFS
5. 2024: Target first production

Research

Brock Salier (London) M: +44 7400 666 913 bsalier@sprott.com

Justin Chan (London) M: +44 7554 784 688 jchan@sprott.com

Brandon Gaspar (Toronto) M: +1 437 533 3142 bgaspar@sprott.com

Ticker: CTM AU	Price / mkt cap: A69c/sh / A\$226m	P/NAV today: 0.31x	Country: Brazil
Author: B Salier	Rec/0.6xNAV7% PT: BUY, A120c/sh	1xNAV7%4Q21 FF FD: A\$1.68c/sh	Asset: Jaguar

Commodity price	CY20E	CY21E	CY22E	CY23E	CY24E
Ni price (US\$/t)	17,637	17,637	17,637	17,637	17,637
Ni price (US\$/t, payable)	13,228	13,228	13,228	13,228	13,228

1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh
Jaguar NPV (build start)	752	100%	0.50x	1.01
Regional exploration @ 10%	37.6	100%	1.0x	0.10
Cash 4Q20	24.1	100%	1.0x	0.06
Cash from ITM options	7.0	100%	1.0x	0.02

1XNAV A\$ @ 1Q21 A\$820m 1.19

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.31x

Asset value: 1xNPV project @ build start (A\$m, ungeared)*					
	6.00/lb	7.00/lb	8.00/lb	9.00/lb	10.00/lb
Group NAV (A\$m)	13,228	15,432	17,637	19,842	22,046
9.0% discount	235	480	724	967	1,209
7.0% discount	284	552	820	1,087	1,352
5.0% discount	340	636	931	1,224	1,516
Ungeared project IRR:	21%	34%	45%	55%	65%
Group NAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.63	1.28	1.94	2.59	3.24
7.0% discount	0.76	1.48	2.20	2.91	3.62
5.0% discount	0.91	1.70	2.49	3.28	4.06

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

SOTP company valuation	1Q21	1Q22	1Q23	1Q24	1Q25
Jaguar NPV	642	687	737	867	1,123
Centra G&A & fin. costs	(47)	(41)	(36)	(34)	(23)
Net cash prior quarter	24.1	15.3	8.8	58	(137)
Cash from ITM options	7.0	7.0	7.0	7.0	7.0
NAV (A\$m)	626	669	717	898	970
FD share count (m)	373	373	463	463	463
1xNAV7%/sh FF FD (A\$/sh)	1.68	1.79	1.55	1.94	2.09
ROI (% pa)		161%	50%	41%	32%

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

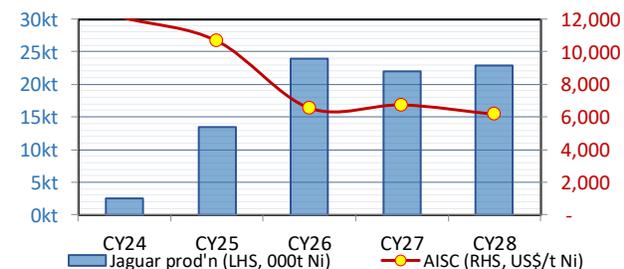
1xNAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.52	1.20	1.89	2.59	3.30
7.0% discount	0.63	1.35	2.09	2.84	3.59
5.0% discount	0.74	1.52	2.32	3.12	3.92

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

1xNAV (A\$/sh)	13,228	15,432	17,637	19,842	22,046
9.0% discount	0.43	0.95	1.46	1.98	2.49
7.0% discount	0.49	1.03	1.58	2.13	2.67
5.0% discount	0.55	1.13	1.72	2.30	2.88

Production (Y1 from 3Q2)	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	2.4	13.5	23.9	22.0	22.9
C1 cost (US\$/t Ni)	11,339	9,933	5,692	5,503	5,077
AISC cost (US\$/t Ni)	12,072	10,659	6,549	6,746	6,169

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%	29.6	0.78%
Inferred	36.4	1.01%		
Total	48.0	1.08%	Total	29.6 0.8%

Funding: uses		Funding: sources	
Capex (A\$m)	237	Cash 4Q20 (A\$m)	24.1
Drilling/FS cost (A\$m)	14.5	SCPe debt (A\$m)	153.9
Working cap >DFS (A\$m)	14.9	SCPe equity@0.6NAV (A\$m)	118.4
G&A and fin. cost (A\$m)	12.0	Total sources (A\$m)	296.5
Total uses: group (A\$m)	278.2	Drilling / buffer (A\$m)	18.3

Share data (m)	Basic	FD	3Q22 (FF FD)
Shares (m)	329.5	373.4	463.2

Ratio analysis	CY20E	CY21E	CY22E	CY23E	CY24E
Shares out (m)	325.9	325.9	463.2	463.2	463.2
EPS (Ac/sh)	-	-	-	-	-
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	199.1	207.9	308.6	259.7	454.4
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	143.6x

Income statement	CY20E	CY21E	CY22E	CY23E	CY24E
Revenue (A\$m)	-	-	-	-	43.1
COGS (A\$m)	-	-	-	-	38.9
Gross profit (A\$m)	-	-	-	-	4.3
G&A (A\$m)	1.7	2.8	3.6	4.3	1.0
Exploration (A\$m)	6.9	6.0	3.0	-	-
Finance costs (A\$m)	-	-	-	-	10.8
Tax (A\$m)	-	-	-	-	-
Other (A\$m)	0.3	0.4	0.4	0.4	3.0
Net income (A\$m)	(8.8)	(9.2)	(7.0)	(4.7)	(10.5)

Cash flow statement	CY20E	CY21E	CY22E	CY23E	CY24E
EBITDA (A\$m)	(8.9)	(9.2)	(7.0)	(4.7)	3.2
Add share based (A\$m)	0.3	0.4	0.4	0.4	0.1
Net change wkg cap (A\$m)	-	-	-	0.3	14.9
Cash flow ops (A\$m)	(8.5)	(8.8)	(6.6)	(4.6)	(22.4)
PP&E - build + sust. (A\$m)	0.5	-	-	65.0	172.3
PP&E - expl'n (A\$m)	-	-	-	-	-
Cash flow inv. (A\$m)	(0.7)	-	-	(65.0)	(172.3)
Share issue (A\$m)	24.8	-	-	118.4	-
Debt draw (repay) (A\$m)	-	-	-	-	153.9
Cash flow fin. (A\$m)	24.8	-	-	118.4	153.9
Net change in cash (A\$m)	14.4	(8.8)	(6.6)	48.8	(40.8)

Balance sheet	CY20E	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	15.3	8.8	57.6	16.8
Acc rec. + invet. (A\$m)	0.3	0.3	0.3	0.1	27.7
PP&E & expl'n (A\$m)	4.7	4.7	4.7	69.7	239.1
Total assets (A\$m)	29.2	20.3	13.8	127.4	283.7
Debt (A\$m)	-	-	-	-	153.9
Accounts payable (A\$m)	0.6	0.6	0.6	-	12.8
Others (A\$m)	24.4	15.6	9.0	57.6	44.5
Total liabilities (A\$m)	1.1	1.1	1.1	0.5	167.2
Shareholders' equity (A\$m)	153.7	154.1	154.5	273.3	273.4
Reserves (A\$m)	(6.6)	(6.6)	(6.6)	(6.6)	(6.6)
Retained earnings (A\$m)	(119.0)	(128.2)	(135.2)	(139.8)	(150.3)
Liabilities + equity (A\$m)	29.2	20.3	13.8	127.4	283.7

DISCLOSURES & DISCLAIMERS

This research report (as defined in IROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol “SII”. Sprott Asset Management LP (“SAM”), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited (“Sprott”) is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott’s clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

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

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

Research Disclosure		Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹	YES
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	NO
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

Sprott Capital Partners Equity Research Ratings:

Summary of recommendations as of April 2021	
BUY:	36
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	36

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month