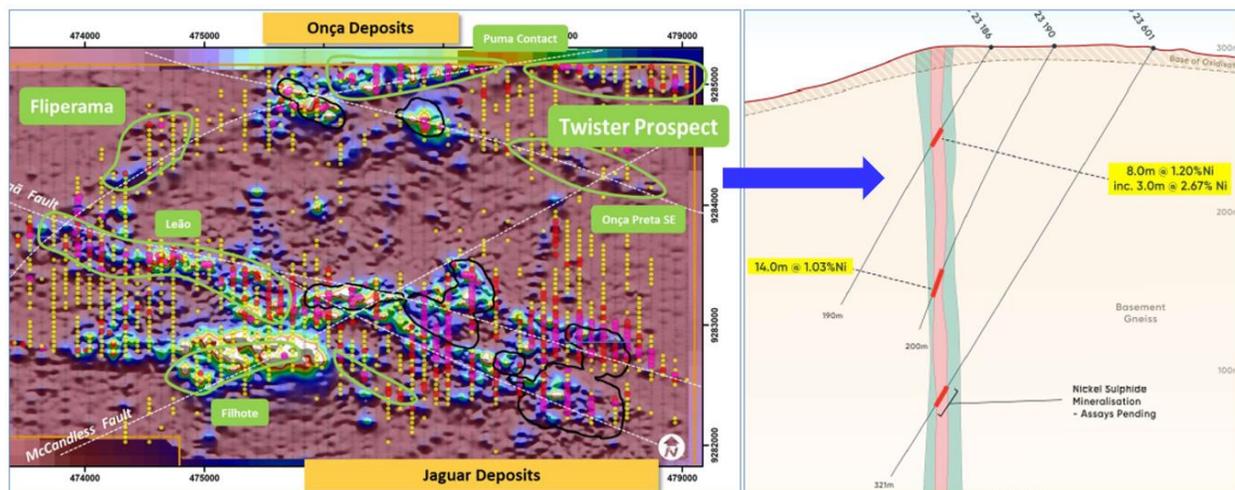


<b>Ticker:</b> CTM AU	<b>Cash:</b> A\$23m	<b>Project:</b> Jaguar
<b>Market cap:</b> A\$316	<b>Price:</b> A\$0.74/sh	<b>Country:</b> Brazil
<b>REC. (unc):</b> BUY	<b>TARGET (unc):</b> A\$3.10/sh	<b>RISK RATING (unc):</b> HIGH

Today's RC drilling defining a new greenfield discovery, 'Twister', is big news in our view. We note good continuity with mineralization traced over ~150m strike at one end, with a large gap of no holes, and solid continuity over 400m on the eastern end of the structure, with fading grade that way. Taking simple maths to 200m below surface could support ~2Mt @ ~0.75% Ni for perhaps ~15kt Ni metal, most of which on the eastern panel, with +60% again in the gap (single hole pending assay). Exemplified by **14.0m @ 1.1% NiEq** this is not a small system by any measure, and as for Jaguar, the 'orogenic' genesis talks to deep roots, again. What stands out to us about Centaurus is that not only does the existing 108Mt @ 0.99% NiEq already only have 45Mt @ 0.8% of that in inventory with (a) 'only' 37Mt in a pit mine-plan, (b) set to grow with roots at Jaguar / Onca, and now (c) good potential to continue to grow regionally, and trading at 1/10<sup>th</sup> the EV/reserve of recent takeout Mincor. Geologically, like the Golden Mile in Australia or Cadillac Break in Canada, the strength of hydrothermal systems in the Carajas (e.g. S11d, Onca-Puma, Salobo, Sossego) is remarkable, a key attractor for M&A buyers also. For now, **we maintain our BUY rating and our A\$3.10/sh PT based on 0.6xNAV<sub>7%-9.50</sub> on 45Mt / 364kt Ni inventory**. Looking ahead, DFS and reserve lift, permitting and now resource growth potential from regional drilling, are the main value driving catalysts ahead.

**Figure 1. (A) Plan and (B) section showing Twister discover 5km from Jaguar proposed mill site**

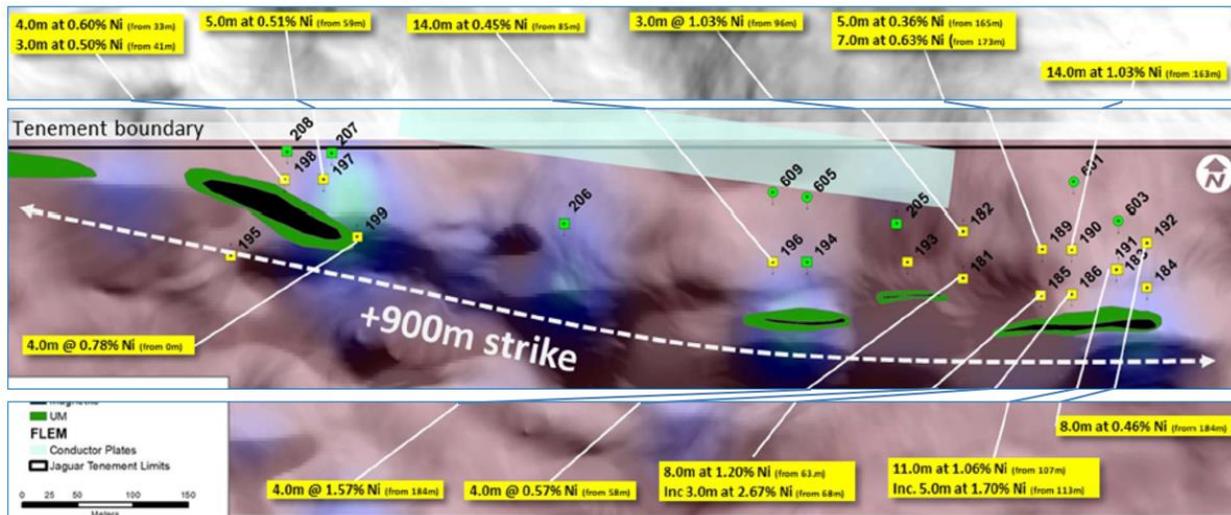


Source: Centaurus

### New greenfield discovery uncovered by 14m @ 1.1% NiEq at Twister, 5km from Jaguar's ROM pad

Drilling from 53 RC holes at Twister (17), Fliperama (16), Onca Preta and Onca Preta SE (3), Onca Rosa (4), Puma (10) and at the Jaguatirica prospect (3) includes a maiden discovery at Twister. Highlights include **14.0m @ 1.1% NiEq** from 163m, **11.0m @ 1.2% NiEq** from 107m and **8.0m @ 1.3% NiEq (incl. 3.0m @ 2.9% NiEq)** from 63m define a discovery over 900m strike some 5km from the proposed Jaguar mill. Drilling will continue at Twister, Dente de Sabre and Filhote, with step-out, greenfield, and extensional diamond drilling (incl. Jaguar Deeps) commencing in the coming weeks.

Figure 2. Plan map showing drilling and mapping of outcropping magnetite at the Twister discovery



Source: Centaurus

### Why we like Centaurus

1. Only >1Mt NiEq metal, <\$500m capex, pittance nickel sulphide junior globally
2. Favourable macro as EV's see 24% Ni demand lift to 2024 against 2021 production numbers
3. CO<sub>2</sub> / energy security value with <1/10<sup>th</sup> the CO<sub>2</sub> of laterites, and location outside Russia
4. Taking 'best trodden' new route to management, POX; lower technical risk vs. carbonyl route
5. 10Y 75% tax-breaks in well known mining jurisdiction (no rainforest, RAP, indigenous)

### Catalysts

- 2H23: reserves/DFS
- 2023: step-out / extensional and Jaguar Deeps drilling
- 2023: greenfields regional exploration drilling
- 2023: updated MRE
- 2023: advance permitting

### Research

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<b>Ticker:</b> CTM AU	<b>Price / mkt cap:</b> A74c/sh / A\$316m	<b>P/NAV today:</b> 0.15x	<b>Country:</b> Brazil
<b>Author:</b> B Salier/E Magdzinski	<b>Rec/0.6xNAV7% PT</b> BUY, A310c/sh	<b>1xNAV<sub>2023</sub> FF FD:</b> A\$4.83c/sh	<b>Asset:</b> Jaguar

Commodity price	CY20A	CY21A	CY22E	CY23E	CY24E
Ni price (US\$/t)	20,944	20,944	20,944	20,944	20,944
Ni price (US\$/t, payable)	20,546	20,546	20,546	20,546	20,546
<b>1xNAV project valuation*</b>	<b>A\$m</b>	<b>o/ship</b>	<b>NAVx</b>	<b>A\$/sh</b>	
Jaguar NPV (build start)	1,714	100%	1.0x	3.92	
Resources ex reserve @ 3% insitu	445	100%	1.0x	1.02	
Cash at 1Q23	23.0	100%	1.0x	0.05	
Cash from ITM options	1.5	100%	1.0x	0.00	
<b>1XNAV A\$ @ 1Q23</b>	<b>2,184</b>			<b>4.99</b>	

*\*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.15x*

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	1,228	1,591	1,955	2,319	2,682
7.0% discount	1,375	1,779	2,184	2,588	2,993
5.0% discount	1,551	2,004	2,457	2,910	3,363
Ungeared project IRR:	42%	51%	61%	70%	78%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.80	3.64	4.47	5.30	6.13
7.0% discount	3.14	4.07	4.99	5.91	6.84
5.0% discount	3.54	4.58	5.61	6.65	7.68

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

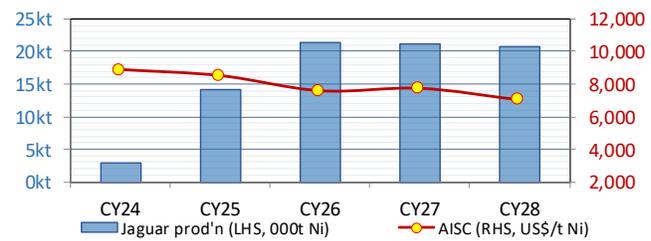
SOTP company valuation^	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27
Jaguar NPV	1,714	1,966	2,324	2,259	2,108
Resources ex reserve	445	445	445	445	445
Central G&A & fin costs	(71)	(67)	(45)	(25)	(11)
Net cash prior quarter	23.0	83.4	(147.8)	40.5	312.7
Cash from ITM options	1.5	1.5	1.5	1.5	1.5
NAV (A\$m)	2,113	2,429	2,577	2,721	2,856
FD share count (m)	438	500	500	500	500
1xNAV7%/sh FF FD (A\$/sh)	4.83	4.86	5.16	5.44	5.71
<b>0.6xNAV7% PT:</b>			<b>3.09</b>		

Exit value: 1xNAV/sh company @ 2024 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	1,538	1,964	2,390	2,816	3,242
7.0% discount	1,657	2,117	2,577	3,037	3,497
5.0% discount	1,796	2,296	2,795	3,294	3,793

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.81	3.76	4.71	5.68	6.64
7.0% discount	3.09	4.12	5.16	6.20	7.24
5.0% discount	3.42	4.54	5.67	6.80	7.94

Production (Y1 from 3Q20)	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	2.9	14.2	21.4	21.1	20.7
C1 cost (US\$/t Ni)	8,178	7,806	6,882	7,009	6,115
AISC cost (US\$/t Ni)	8,888	8,515	7,589	7,739	7,026

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:	36.6 0.76%
Inferred	22.2	1.06%	UG:	8.5 1.01%
	108.0	0.99%	Total	45.1 0.81%

Funding: uses	Funding: sources
Capex (A\$m)	Cash at 1Q23 23.0
Drilling/FS cost (A\$m)	SCPe debt (A\$m) 242.9
Working cap >DFS (A\$m)	SCPe 0.5NAV equity (A\$m) 155.0
G&A and fin. cost (A\$m)	Total sources (A\$m) 421.0
Total uses: group (A\$m)	Drilling / buffer (A\$m) -5.8

Share data (m)	Basic	FD	FF FD
Shares (m)	427.1	437.7	499.8

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	427.1	499.8	499.8
EPS (Ac/sh)	-	-	-	-	2.1
CFPS before w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	217.0	235.5	282.0	232.5	548.4
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	35.3x
P/C (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	14.5x

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	77.6
COGS (A\$m)	-	-	-	-	34.1
<b>Gross profit (A\$m)</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.5</b>
G&A (A\$m)	2.9	2.7	4.1	6.1	5.6
Exploration (A\$m)	7.3	12.9	37.6	8.7	-
Finance costs (A\$m)	0.1	-	-	-	17.0
Tax (A\$m)	-	-	(0.3)	-	6.6
Other (A\$m)	3.6	0.7	(1.3)	(0.6)	3.9
<b>Net income (A\$m)</b>	<b>(13.3)</b>	<b>(16.3)</b>	<b>(40.2)</b>	<b>(14.3)</b>	<b>10.5</b>

Cash flow statement	CY20A	CY21A	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(41.7)	(14.9)	37.9
Add share based (A\$m)	0.5	0.8	-	-	-
Net change wkg cap (A\$m)	(1.6)	-	(1.5)	3.2	21.4
<b>Cash flow ops (A\$m)</b>	<b>(5.3)</b>	<b>(15.5)</b>	<b>(38.7)</b>	<b>(17.5)</b>	<b>(6.7)</b>
PP&E - build + sust. (A\$m)	(1.2)	5.8	6.1	66.0	309.1
PP&E - expl'n (A\$m)	-	-	0.4	0.3	-
<b>Cash flow inv. (A\$m)</b>	<b>1.2</b>	<b>(5.8)</b>	<b>(6.9)</b>	<b>(66.2)</b>	<b>(309.1)</b>
Share issue (A\$m)	24.8	5.5	72.7	186.9	-
Debt draw (repay) (A\$m)	-	-	-	-	242.9
<b>Cash flow fin. (A\$m)</b>	<b>24.8</b>	<b>5.5</b>	<b>72.7</b>	<b>186.9</b>	<b>242.9</b>
Net change in cash (A\$m)	19.5	(16.0)	27.3	103.3	(72.9)

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	34.0	137.3	64.4
Acc rec. + invet. (A\$m)	0.2	0.2	1.4	0.0	32.7
PP&E & expl'n (A\$m)	9.5	15.3	21.9	88.1	393.0
<b>Total assets (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>225.5</b>	<b>490.1</b>
Debt (A\$m)	-	-	-	-	242.9
Accounts payable (A\$m)	1.9	1.9	4.6	-	11.2
Others (A\$m)	24.3	8.5	35.4	137.3	97.1
Total liabilities (A\$m)	7.7	7.7	8.1	3.5	257.6
Shareholders' equity (A\$m)	155.9	162.2	236.3	423.2	423.2
Reserves (A\$m)	(8.3)	(8.3)	(5.8)	(5.8)	(5.8)
Retained earnings (A\$m)	(121.5)	(137.8)	(181.1)	(195.4)	(185.0)
<b>Liabilities + equity (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>225.4</b>	<b>490.0</b>

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**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

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Summary of Recommendations as of May 2023	
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HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	1
NOT RATED:	0
TOTAL	57

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