

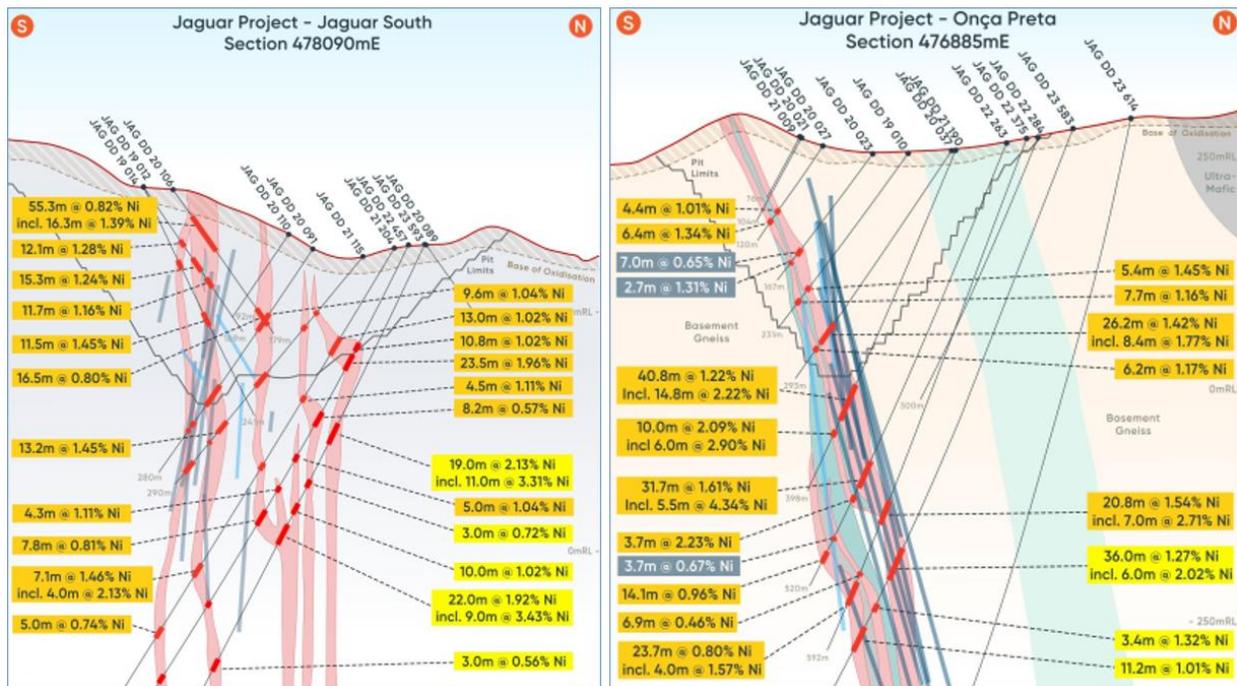
Ticker: CTM AU **1Q23 Cash:** A\$23m **Project:** Jaguar
Market cap: A\$358m **Price:** A\$0.84/sh **Country:** Brazil
REC. (unc): BUY **TARGET (unc):** A\$2.30/sh **RISK RATING (unc):** HIGH

As a geologically unique, hydrothermally remobilised Ni deposit, the key advantage of Jaguar is ‘roots’ at depth. Beyond the long-term strategic value to M&A buyer (will be mined for many decades), we now have i) just 45Mt of the 108Mt MRE in the mine plan (SCPe lifts to 55Mt in year-end DFS), but also ii) in our view, a material increase in the 108Mt global MRE as roots grow. We expect the DFS to be pit-only (to avoid equity dilution drilling deeper resources to reserve as evidenced by peer Panoramic today), but hold an UG at scoping level. This should be considered material – for example, Onca Preta alone (a smaller satellite representing <20% of global MRE) already has more tonnes than Panoramic (14.2Mt @ 1.3% NiEq vs. 13.9Mt @ 1.8% NiEq at PAN) even before considering roots. As the only Ni developer in control of its offtake (as peers hand keys to OEMs and traders), we think the strategic value here is key to both M&A or to provide self-funding options (like \$200m Atlantic took from VW/Stelantis). For now, **we maintain our BUY rating and our A\$2.30/sh PT based on 0.5x_{7%-9.50}** for a 55Mt ~ 0.75% OP inventory producing 20ktpa over 16-years. Ahead of DFS, permits and early-works / FEED coming in the next 12M, we now see two further price drivers. Bottom up, the company now has rig capacity to drill to 1500m deep and has commenced deeps drilling at Onca Preta and Jag South now, to provide newsflow in traditional news-light period getting to DFS/permits. Top down, we see the cyclically low share price for a demonstrably world-class asset fully exposed to the EV thematic, and now with an open playing field of offtakers and M&A interest, with China on the cusp of stimulus.

Post offtake coup, strategic value continues to grow with deep drilling hitting 21m @ 2.3% Ni

Drilling from Jag South outside the MRE hits deep **21m @ 2.3% Ni**, **19m @ 2.1% Ni** and **22m @ 1.9% Ni** from 220-501m. At Onca Preta drilling beneath MRE hits **36m @ 1.3%** (incl 6m @ 2.0%) and **12m @ 1.5%** (incl. 5m @ 2.4%) from 480-570m, with results from both to feed into 1Q24 MRE. At Jag South and Onca Preta, deeps drilling has now commenced targeting >300m and >200m past MRE base, respectively.

Figure 1. Sections through (A) Onca Preta and (B) Jag South



Source: Centaurus

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 '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

- Year-end 2023: DFS
- 2023: step-out / extensional and Jaguar Deeps drilling
- 2023: greenfields regional exploration drilling
- 1Q24: MRE update
- 2024: Mining license granted

Research

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Ticker: CTM AU	Price / mkt cap: A\$4c/sh / A\$358m	P/NAV today: 0.18x	Country: Brazil
Author: B Salier/E Magdzinski	Rec/0.5xNAV7% PT: BUY, A230c/sh	1xNAV₂₀₂₃ FF FD: A\$4.14c/sh	Asset: 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

1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh
Jaguar OP NPV (build start)	1,693	100%	1.0x	3.86
Jaguar UG, 50% risked	144	100%	1.0x	0.33
Expln & resources ex reserve @ 1% insitu	137	100%	1.0x	0.31
Cash at 1Q23	23.0	100%	1.0x	0.05
Cash from ITM options	0.9	100%	1.0x	0.00

1XNAV A\$ @ 1Q23 1,998 4.56

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.18x

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	960	1,340	1,719	2,099	2,478
7.0% discount	1,135	1,566	1,998	2,429	2,861
5.0% discount	1,348	1,843	2,338	2,834	3,329
Ungeared project IRR:	0%	0%	0%	0%	0%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.19	3.06	3.92	4.79	5.65
7.0% discount	2.59	3.57	4.56	5.54	6.53
5.0% discount	3.07	4.20	5.33	6.46	7.59

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

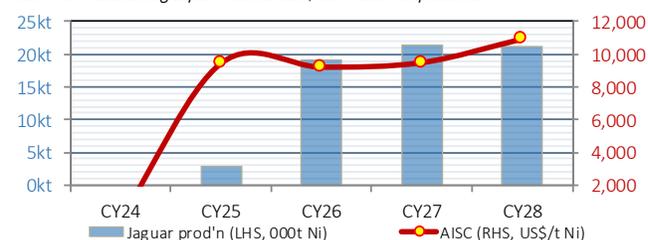
SOTP company valuation^	Sep-23	Sep-24	Sep-25	Sep-26	Sep-27
Jaguar NPV	1,599	1,778	2,264	2,667	2,562
Resources ex reserve + UG	281	281	281	281	281
Central G&A & fin costs	(80)	(79)	(75)	(46)	(14)
Net cash prior quarter	14.8	223.2	(109.9)	(379.0)	(150.1)
Cash from ITM options	0.9	0.9	0.9	0.9	0.9
NAV (A\$m)	1,816	2,204	2,362	2,525	2,680
FD share count (m)	438	682	682	682	682
1xNAV7%/sh FF FD (A\$/sh)	4.14	3.23	3.46	3.70	3.93

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	1,248	1,677	2,106	2,535	2,963
7.0% discount	1,404	1,883	2,362	2,840	3,319
5.0% discount	1,593	2,132	2,671	3,210	3,749

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
1xNAV (A\$/sh)	CY24	CY25	CY26	CY27	CY28
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.87	2.51	3.16	3.80	4.44
7.0% discount	2.11	2.82	3.54	4.26	4.97
5.0% discount	2.39	3.20	4.00	4.81	5.62

Production (Y1 from 3Q20)					
	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	-	2.9	19.0	21.3	21.1
C1 cost (US\$/t Ni)	-	6,269	7,655	7,998	9,440
AISC cost (US\$/t Ni)	-	9,490	9,233	9,517	10,958

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)	633	cash + pre FID equity (A\$m)	23.0
Drilling/FS cost (A\$m)	14.0	SCPe debt (A\$m)	411.7
Working cap >DFS (A\$m)	20.9	SCPe equity (A\$m)	250.0
G&A and fin. cost (A\$m)	37.7	Total sources (A\$m)	684.7
Total uses: group (A\$m)	705.9	Drilling / buffer (A\$m)	-21.2

Share data (m)	Basic	FD	FF FD
Shares (m)	428.6	438.4	682.2

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	427.1	428.6	682.2
EPS (Ac/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	248.0	266.8	322.6	328.1	498.7
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)	0.5	-	-	-	-
G&A (A\$m)	2.9	2.7	4.1	6.1	5.6
Exploration (A\$m)	7.3	12.9	37.6	19.2	3.5
Finance costs (A\$m)	0.1	-	-	-	-
Tax (A\$m)	-	-	(0.3)	-	-
Other (A\$m)	3.6	0.7	(1.3)	(0.4)	(0.2)
Net income (A\$m)	(13.3)	(16.3)	(40.2)	(25.0)	(8.9)

Cash flow statement	CY20A	CY21A	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(41.7)	(25.4)	(9.1)
Add share based (A\$m)	0.5	0.8	-	-	-
Net change WC (A\$m)	(1.6)	-	(1.5)	3.2	-
Cash flow ops (A\$m)	(5.3)	(15.5)	(38.7)	(28.2)	(8.9)
PP&E + sust. (A\$m)	(1.2)	5.8	6.1	1.0	200.0
PP&E - expl'n (A\$m)	-	-	0.4	0.3	-
Cash flow inv. (A\$m)	1.2	(5.8)	(6.9)	(1.2)	(200.0)
Share issue (A\$m)	24.8	5.5	72.7	25.0	250.0
Debt draw (repay) (A\$m)	-	-	-	-	-
Cash flow fin. (A\$m)	24.8	5.5	72.7	25.0	250.0
Net change in cash (A\$m)	19.5	(16.0)	27.3	(4.3)	41.1

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	34.0	29.8	70.9
Acc rec. + invet. (A\$m)	0.2	0.2	1.4	0.0	0.0
PP&E & expl'n (A\$m)	9.5	15.3	21.9	23.0	223.0
Total assets (A\$m)	33.9	23.8	57.4	52.9	294.0
Debt (A\$m)	-	-	-	-	-
Accounts payable (A\$m)	1.9	1.9	4.6	-	-
Others (A\$m)	24.3	8.5	35.4	29.8	70.9
Total liabilities (A\$m)	7.7	7.7	8.1	3.5	3.5
Shareholders' equity (A\$m)	155.9	162.2	236.3	261.3	511.3
Reserves (A\$m)	(8.3)	(8.3)	(5.8)	(5.8)	(5.8)
Retained earnings (A\$m)	(121.5)	(137.8)	(181.1)	(206.1)	(215.0)
Liabilities + equity (A\$m)	33.9	23.8	57.4	52.9	294.0

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Summary of Recommendations as of July 2023	
BUY:	51
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	51

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