

**Ticker:** CTM AU      **Cash:** A\$45m      **Project:** Jaguar  
**Market cap:** A\$242m      **Price:** A\$0.49/sh      **Country:** Brazil  
**REC. (unc):** BUY      **TARGET (-50c):** A\$1.80/sh      **RISK RATING (unc):** HIGH

**Drill results:** Today's drilling is a precursor to a discrete UG scoping study, which we expect in 2Q24 post open-pit DFS. At Onca Preta, the vertical extent and consistent geometry is excellent, with 14Mt to 600m below surface in existing MRE against drilling today over ~+275m, and a deeper hole to 1.1km underway now. Results there have similar tenor (but greater width / lower tenor than higher up), talking to potential for both bulkier mining. At Jag South, we have both deeper continuation holes (incl. 6.7m @ 1.2% Ni), but also a potential new lode with 12m @ 2.3%, and in both cases with large off-hole conductors nearby.

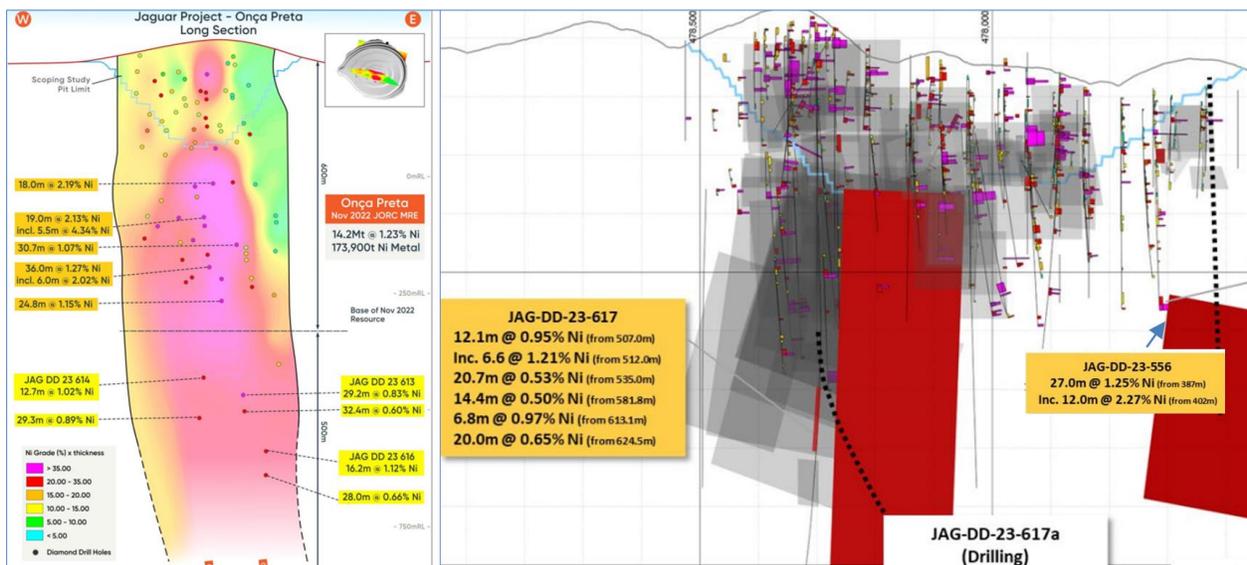
**Size potential** Onca Preta, the simpler of the two systems, has an existing 14Mt@ 1.2% (pit and UG) to 600m, hence +500m depth (prognostic, to 1.1km below surface) could see perhaps half again, with perhaps half of that able to convert to inferred. With some smaller vertical additions, but on longer strike, at Jag South, we see potential for the existing 8.5Mt @ 1.0% Ni UG inventory across the project to climb to 10-15Mt in an updated UG scoping next year.

**Valuation update:** Updating for equity dilution from the A\$47m equity raise, FX and recent quarterlies takes our NAV<sub>7%-950c/lb</sub> from A\$1,998m to A\$2,266m, mainly on a weaker AUD/USD and increased cash. Updating for share count would take our 0.5xNAV valuation from 230c/sh to 225c/sh, but we also drop our NAV multiple from 0.5x to 0.4x until DFS/permitting/funding in reflection of weak ECM valuations. **As such, we maintain our BUY rating but drop our PT from A\$2.30/sh to A\$180c/sh based on 0.4x<sub>7%-9.50</sub> for a 55Mt ~ 0.75% OP inventory producing 20ktpa over 16-years.** Looking forward, investors should now see the DFS in 1Q24, UG updated resource and scoping in perhaps 2Q24, followed by mine permits in 2H24, for a catalyst heavy 12M. Top down, we see the cyclically low share price for a demonstrably world-class asset fully exposed to the EV thematic, with an open playing field of offtakers and M&A interest, as a key pre-revenue 'bargain' in disaffected markets.

## Onca Preta roots to 850m below surface, wedging to 1.1km underway, new zones at Jag South

Today's holes targeted UG roots at Onca Preta and Jag South. At Onca Preta results from 700-1000m down hole included 19m @ 1.0% Ni, 6m @ 1.4%, 12m @ 1.3%, and 5m @ 1.5% (all within ~15-30m @ 0.7-1.1%). At Jag South, drilling hit 4.5-6.6m @ 1.2-1.5% (within 12m @ 0.9%) from 400-600m down hole, with step out drilling hitting 8-16m @ 1-.13% (from 300-400m)

**Figure 1. Long sections at (A) Onca Preta with grade\*width, and (B) Jag South showing EM conductors**



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. 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**

- 1Q24: DFS
- 1Q24: >1km deep hole at Onca Preta
- 2Q24: SCPe UG scoping study
- 2H24: SCPe mining licence granted
- CY24: Offtake and funding progress

**Research**

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Ticker: CTM AU	Price / mkt cap: A49c/sh / A\$242m	P/NAV today: 0.11x	Country: Brazil
Author: B Salier/E Magdz Rec/0.4xNAV7% P	BUY, A180c/sh	1xNAV <sub>2023</sub> FF FD: A\$4.22c/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)	1,940	100%	1.0x	3.87	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1%	137	100%	1.0x	0.27	
3Q23 cash	45	100%	1.0x	0.09	
Cash from ITM options	0.7	100%	1.0x	0.00	
<b>1xNAV A\$ @ 1Q23</b>	<b>2,266</b>			<b>4.53</b>	

\*Build start, ex fin. cost + G&A, dil. for opts not built/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	1,051	1,498	1,945	2,392	2,839
7.0% discount	1,249	1,758	2,266	2,775	3,284
5.0% discount	1,490	2,074	2,658	3,243	3,827
Ungeared project IRR:	23%	29%	35%	41%	46%
Group NAV (A\$/sh)	7.50/lb	8.50/lb	9.50/lb	10.50/lb	11.50/lb
9.0% discount	2.10	2.99	3.89	4.78	5.67
7.0% discount	2.49	3.51	4.53	5.54	6.56
5.0% discount	2.98	4.14	5.31	6.48	7.64

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

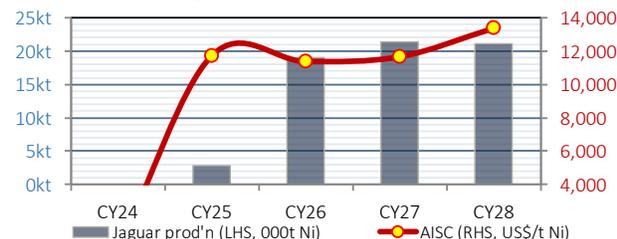
SOTP company valuation	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
Jaguar NPV	1,868	2,146	2,686	3,074	2,919
Resources ex reserve + U	281	281	281	281	281
Central G&A & fin costs	(84)	(83)	(74)	(36)	(3)
Net cash prior quarter	44.7	142.9	(219.1)	(458.2)	(158.6)
Cash from ITM options	0.7	0.7	0.7	0.7	0.7
NAV (A\$m)	2,110	2,488	2,674	2,861	3,039
FD share count (m)	501	955	955	955	955
1xNAV7%/sh FF FD (A\$/s)	4.22	2.61	2.80	3.00	3.18

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	1,486	2,042	2,599	3,155	3,712
7.0% discount	1,643	2,252	2,861	3,471	4,080
5.0% discount	1,831	2,503	3,175	3,848	4,520

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^					
1xNAV (A\$/sh)	7.50/lb	8.50/lb	9.50/lb	10.50/lb	11.50/lb
9.0% discount	1.56	2.14	2.72	3.30	3.89
7.0% discount	1.72	2.36	3.00	3.63	4.27
5.0% discount	1.92	2.62	3.33	4.03	4.73

Production (Y1 from 3Q:)	CY24	CY25	CY26	CY27	CY28
Jaguar production (000kt Ni)	-	2.9	19.0	21.3	21.1
C1 cost (US\$/t Ni)	-	8,141	9,503	9,858	11,566
AISC cost (US\$/t Ni)	-	11,714	11,373	11,657	13,365

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)	750	ash + pre FID equity (A\$m)	45.3
Drilling/FS cost (A\$m)	20.9	SCPe debt (A\$m)	487.8
Working cap >DFS (A\$m)	25.2	SCPe equity (A\$m)	250.0
G&A and fin. cost (A\$m)	35.3	Total sources (A\$m)	783.0
Total uses: group (A\$m)	831.8	Drilling / buffer (A\$m)	-48.7

Share data (m)	Basic	FD	FF FD		
Shares (m)	492.9	500.6	954.8		
Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	427.1	492.9	954.8
EPS (Ac/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	135.6	153.2	175.2	208.8	400.9
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/C/F (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Revenue (A\$m)	0.5	-	-	-	-
COGS (A\$m)	-	-	-	-	-
<b>Gross profit (A\$m)</b>	<b>0.5</b>	-	-	-	-
G&A (A\$m)	2.9	2.7	4.1	5.7	5.5
Exploration (A\$m)	7.3	12.9	37.6	39.5	10.5
Finance costs (A\$m)	0.1	-	-	-	-
Tax (A\$m)	-	-	(0.3)	(0.5)	-
Other (A\$m)	3.6	0.7	(1.3)	(0.5)	(0.2)
<b>Net income (A\$m)</b>	<b>(13.3)</b>	<b>(16.3)</b>	<b>(40.2)</b>	<b>(44.1)</b>	<b>(15.8)</b>

Cash flow statement	CY20A	CY21A	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(41.7)	(45.2)	(16.0)
Add share based (A\$m)	0.5	0.8	-	-	-
Net change WC (A\$m)	(1.6)	-	(1.5)	(2.3)	-
<b>Cash flow ops (A\$m)</b>	<b>(5.3)</b>	<b>(15.5)</b>	<b>(38.7)</b>	<b>(41.6)</b>	<b>(15.8)</b>
PP&E + sust. (A\$m)	(1.2)	5.8	6.1	1.6	200.0
PP&E - expl'n (A\$m)	-	-	0.4	0.6	-
<b>Cash flow inv. (A\$m)</b>	<b>1.2</b>	<b>(5.8)</b>	<b>(6.9)</b>	<b>(2.1)</b>	<b>(200.0)</b>
Share issue (A\$m)	24.8	5.5	72.7	44.5	250.0
Debt draw (repay) (A\$m)	-	-	-	-	-
<b>Cash flow fin. (A\$m)</b>	<b>24.8</b>	<b>5.5</b>	<b>72.7</b>	<b>44.5</b>	<b>250.0</b>
Net change in cash (A\$m)	19.5	(16.0)	27.3	0.7	34.2

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	34.0	32.8	67.0
Acc rec. + invet. (A\$m)	0.2	0.2	1.4	1.1	1.1
PP&E & expl'n (A\$m)	9.5	15.3	21.9	24.4	224.4
<b>Total assets (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>58.3</b>	<b>292.5</b>
Debt (A\$m)	-	-	-	-	-
Accounts payable (A\$m)	1.9	1.9	4.6	6.5	6.5
Others (A\$m)	24.3	8.5	35.4	33.8	68.0
Total liabilities (A\$m)	7.7	7.7	8.1	9.5	9.5
Shareholders' equity (A\$m)	155.9	162.2	236.3	281.0	531.0
Reserves (A\$m)	(8.3)	(8.3)	(5.8)	(4.0)	(4.0)
Retained earnings (A\$m)	(121.5)	(137.8)	(181.1)	(228.3)	(244.1)
<b>Liabilities + equity (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>58.3</b>	<b>292.5</b>

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

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