

<b>Ticker:</b> CTM AU	<b>4Q23 cash:</b> A\$35m	<b>Project:</b> Jaguar
<b>Market cap:</b> A\$143m	<b>Price:</b> A\$0.29/sh	<b>Country:</b> Brazil
<i>REC. (unc): BUY</i>	<i>TARGET (unc): A\$1.80/sh</i>	<i>RISK RATING (unc): HIGH</i>

Today's granting of LP/LI for the 38km power line and EIA approval / LP issuance for Jaguar site are positive, and good follow on to last month's technical approval of the Plan of Economic Assessment (PAE – Mining Lease Application). We see two take homes: the steady permitting progress continues to highlight i) the government support for the project and ii) the expertise of the permitting team who has seamlessly led the rapid turn-around of environmental approvals to date. While 'just' an intermediate step here, we see this as the most difficult 'box to tick' for the site, bringing confidence to the permitting timelines (and hence construction) ahead of the final 'Installation License' (LI) and site permits which should come later this year—both key de-risking catalyst for M&A in our view. For now, **we maintain our BUY rating and our A\$1.80/sh PT 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 (and potentially a construction decision) in 2H24 for a catalyst heavy 12M. Stepping back, with the stock down -46% YTD on a bearish nickel price sentiment, there is a clear value trade opportunity here for patient investors. Centaurus remains one of our highest conviction nickel names - attractive on size and grade, exposed to the EV thematic, and open to off-takers.

### Receives Jaguar site EIS approval – final environmental permitting on track for 2H24

Centaurus received formal approval of the Environmental Impact Assessment (EIA) with the issuance of the Preliminary License (LP) by the Para State Environmental Agency (Semas) for the Jaguar Nickel Sulphide Project. The company can now commence the next stage of the environmental approval process, the Installation License (LI). Lodging of the Installation License Application via the Environmental Control Plan (PCA) with Semas should occur later this month with final granting in ~2H24. Once the LI is complete, Centaurus will have all environmental approvals for on-site construction. Additionally, Centaurus announced the approval by the environmental agency for the environmental study of a 38km high-voltage power line with granting of combined LP and LI. Only authorization from the energy regulatory agencies ONS/ANEEL is required before powerline construction can commence.

### 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: CTMAU	Price / mkt cap: A29c/sh / A\$143m	P/NAV today: 0.06x	Country: Brazil
Author: B Gaspar / E Magdzinski / K Korpis	Rec/0.4xNAV7% PT: BUY, A180c/sh	1xNAV <sub>1Q24</sub> FF FD: A\$1.69c/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	3.90	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1% insitu	137	100%	1.0x	0.28	
4Q23 cash	35	100%	1.0x	0.07	
Cash from ITM options	0.0	100%	1.0x	0.00	
<b>1XNAV A\$ @ 1Q23</b>	<b>2,256</b>			<b>4.54</b>	

\*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.06x

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	1,041	1,488	1,935	2,382	2,829
7.0% discount	1,238	1,747	2,256	2,764	3,273
5.0% discount	1,479	2,064	2,648	3,232	3,816
Ungeared project IRR:	23%	29%	35%	41%	46%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	2.09	2.99	3.89	4.79	5.69
7.0% discount	2.49	3.51	4.54	5.56	6.58
5.0% discount	2.97	4.15	5.32	6.50	7.67

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

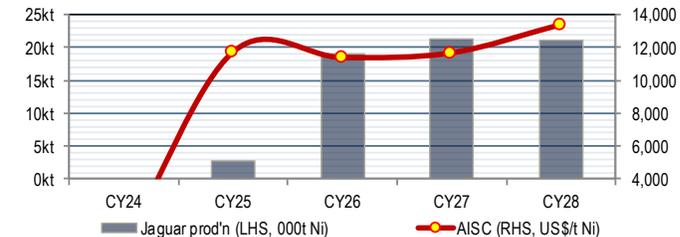
SOTP company valuation^	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
Jaguar NPV	-	1,902	2,265	2,833	3,048
Resources ex reserve + UG	281	281	281	281	281
Central G&A & fin costs	-	(82)	(83)	(67)	(26)
Net cash prior quarter	34.0	34.7	71.9	(321.6)	(391.4)
Cash from ITM options	0.0	0.0	0.0	0.0	0.0
NAV (A\$m)	315	2,136	2,535	2,726	2,911
FD share count (m)	497	1265	1265	1265	1265
1xNAV7%/sh FF FD (A\$/sh)	0.63	1.69	2.00	2.16	2.30

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	1,522	2,089	2,655	3,222	3,788
7.0% discount	1,676	2,293	2,911	3,529	4,147
5.0% discount	1,857	2,537	3,216	3,896	4,575

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	1.20	1.65	2.10	2.55	3.00
7.0% discount	1.32	1.81	2.30	2.79	3.28
5.0% discount	1.47	2.01	2.54	3.08	3.62

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)	-	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	23 cash + pre FID equity (A\$m)	34.7
Drilling/FS cost (A\$m)	8.7	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)	32.6	Total sources (A\$m)	772.4
Total uses: group (A\$m)	816.8	Drilling / buffer (A\$m)	-44.4

Share data (m)	Basic	FD	FF FD
Shares (m)	492.9	497.3	1264.6

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Shares out (m)	325.9	329.5	427.1	494.9	1,264.6
EPS (A\$/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	70.4	87.3	89.8	108.8	294.9
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)	-	-	-	-	-
<b>Gross profit (A\$m)</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
G&A (A\$m)	2.9	2.7	4.1	5.3	4.4
Exploration (A\$m)	7.3	12.9	37.6	37.7	8.7
Finance costs (A\$m)	0.1	-	-	-	-
Tax (A\$m)	-	-	(0.3)	(0.5)	-
Other (A\$m)	3.6	0.7	(1.3)	(1.0)	(0.2)
<b>Net income (A\$m)</b>	<b>(13.3)</b>	<b>(16.3)</b>	<b>(40.2)</b>	<b>(41.4)</b>	<b>(12.8)</b>

Cash flow statement	CY20A	CY21A	CY22E	CY23E	CY24E
EBITDA (A\$m)	(11.5)	(16.4)	(41.7)	(43.0)	(13.0)
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>(38.9)</b>	<b>(12.8)</b>
PP&E + sust. (A\$m)	(1.2)	5.8	6.1	2.2	200.0
PP&E - expl'n (A\$m)	-	-	0.4	0.9	-
<b>Cash flow inv. (A\$m)</b>	<b>1.2</b>	<b>(5.8)</b>	<b>(6.9)</b>	<b>(3.1)</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	2.6	37.2

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (A\$m)	24.1	8.3	34.0	34.7	71.9
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	25.1	225.1
<b>Total assets (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>60.9</b>	<b>298.1</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	35.7	72.9
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)	(225.6)	(238.4)
<b>Liabilities + equity (A\$m)</b>	<b>33.9</b>	<b>23.8</b>	<b>57.4</b>	<b>60.9</b>	<b>298.1</b>

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

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Summary of Recommendations as of February 2024	
BUY:	56
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	57

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