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SPEC BUY

Current Price	\$0.40
Valuation	\$0.85
TSR	113%

Thursday, 30 January 2025

Centaurus Metals (CTM)

2QFY25 – December Quarter Summary

Analyst | George Ross

Code: **ASX:CTM**
Sector: **Materials**

Shares on Issue (m):	497
- Fully Diluted (m)	502
Market Cap (A\$m):	199
- Fully Diluted (\$m):	201
Cash (A\$m) (Estimate):	17
Debt (A\$m) (Estimate):	0
Enterprise Value (A\$m):	182

52 wk High/Low (ps):	A\$0.56	A\$0.25
12m av. daily vol. (Mshs):		591

Advanced Projects	Stage
Jaguar	Permitting/Financing
Jambreiro	Studies
Boi Novo	Exploration

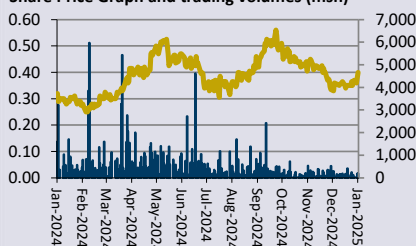
Jaguar	Mt	Ni %
Measured	14.8	1.06
Indicated	97.8	0.84
Inferred	25.7	0.88

Key Metrics:	FY28e	FY30e	FY31e
P/E (x)	0.0	2.2	2.0
EV/EBITDA (x)	-1.9	0.6	0.6

Financials:	FY28e	FY30e	FY31e
Revenue (\$m)	40	515	530
EBIT (\$m)	-131	246	259
Rep Earn (A\$m)	-116	91	101

Directors	
Didier Murcia	Chairman
Darren Gordon	Managing Director / CEO
Bruno Scarpelli	Executive Director
Mark Hancock	Non-Executive Director
Chris Banasik	Non-Executive Director

Share Price Graph and trading volumes (msh)



Please refer to important disclosures from page 5

Quick Read

Key Jaguar project related activities completed in the quarter included pilot plant metallurgical tests for production of a high-grade nickel sulphide concentrate, advancement of Jaguar Value Engineering Process workflows and progression of approvals. Exploration also continued at the Boi Novo copper project, with drilling returning high grade assays in January. The Jambreiro Iron Ore Project was also awarded priority status by the State of Minas Gerais.

Key Points

High grade nickel concentrate: As part of ongoing Jaguar Value Engineering Process (JVEP) optimisation work streams, CTM has completed flowsheet modifications for production of a high-grade nickel sulphide concentrate. Pilot plant scale tests successfully produced a 34% nickel sulphide concentrate with low deleterious elements. This concentrate should demand a higher payability and provide transport cost savings. See our [recent research note](#) for a full explanation of this development.

JVEP optimisation workflows: Mine pit design and scheduling optimisation completed in the period is expected to increase nickel production during the early years of operations, improving cashflows and hastening project payback. A scoping study to evaluate underground production from Jaguar deposits has commenced on the 21.5Mt at 1.46% Ni resources located beneath the Jaguar and Onca pits.

Jaguar Approvals: CTM expects the Jaguar Installation License (LI) to be granted in the March quarter. Once received, formal grant of the Jaguar mining Leases can occur, enabling an FID to be confirmed.

Strategic partnering: CTM has continued to engage with potential partners regarding strategic partnership for development of Jaguar.

Boi Novo: Earlier this week, CTM reported new assay results from the Boi Novo copper exploration project. These included a standout interval of 5.5m at 8.4% Cu from 147m including 2m at 22.0% Cu, 0.5g/t Au from 150.5m. Further drilling is required to establish the scale of breccia associated sulphide mineralisation.

Jambreiro Iron Ore Project: Centaurus continues to evaluate potential development and monetisation pathways for the Jambreiro Iron Ore Project. During the quarter, Jambreiro was awarded priority status by the State government. The Company has shown from bench scale testwork that a DRPF product can be produced from Jambreiro with an average product specification of 67.8% Fe, 1.08% Silica and 0.64% Alumina. See this [recent research note](#) for more detail on the Jambreiro project and DRPF product.

Recommendation & Price Target

We maintain our Speculative Buy recommendation and Price Target of \$0.85 per share.



Centaurus Metals (ASX:CTM)

ASX:CTM	Share price (A\$)	0.40
	Market Cap (A\$m)	A\$198m
Analyst: George Ross	Shares (m)	497
www.argonaut.com		

Recommendation	Spec Buy
Price Target	A\$0.85
TSR (%)	113%
(Assumed 70% Retention of Jaguar)	



Profit & loss (\$M)	2028E	2029E	2030E	2031E	2032E
Revenues (A\$m)	40	454	515	530	568
Operating costs (A\$m)	-124	-171	-162	-170	-187
Other income/forwards (A\$m)	0	0	0	0	0
Royalties (A\$m)	-2	-26	-30	-31	-33
Corporate overhead (A\$m)	-8	-8	-8	-8	-8
Total Costs (A\$m)	-135	-205	-200	-209	-229
Ebitda (A\$m)	-94	249	315	321	340
Margin (%)	-35%	52%	61%	61%	60%
Depreciation (A\$m)	-36	-76	-68	-62	-63
Ebit (A\$m)	-131	172	246	259	276
Finance income/expense (A\$m)	-22	-33	-22	-6	4
Pre-tax profit (A\$m)	-153	139	224	253	280
Tax (A\$m)	0	0	0	-11	-43
Underlying earnings (A\$m)	-153	139	224	242	237
Exceptional items (A\$m)	0	0	0	0	0
Non Controlling Interest (A\$m)	37	-97	-133	-141	-134
Reported Earnings (A\$m)	-116	42	91	101	103

Cash flow (\$M)	2028E	2029E	2030E	2031E	2032E
Net Profit (A\$m)	-116	42	91	101	103
Depreciation (A\$m)	36	76	68	62	63
Non Controlling Interest (A\$m)	-37	97	133	141	134
Exploration, interest & other (A\$m)	-25	-60	-52	-37	-29
Working capital change (A\$m)	-54	1	0	0	58
Other (A\$m)	0	0	0	0	0
Operating activities (A\$m)	-196	157	240	266	329
Capital Expenditure (A\$m)	-193	-24	-24	-74	-75
Exploration & evaluation (A\$m)	0	0	0	0	0
Other (A\$m)	0	0	0	0	0
Investment activities (A\$m)	-193	-24	-24	-74	-75
Dividends (A\$m)	0	0	0	0	0
Equity (A\$m)	0	0	0	0	0
Other (A\$m)	0	0	0	0	0
Debt draw / (Repay) (A\$m)	220	-90	-200	-243	0
Financing activities (A\$m)	220	-90	-200	-243	0
Cash change (A\$m)	-168	43	16	-50	253

Balance sheet	2028E	2029E	2030E	2031E	2032E
Cash (A\$m)	46	89	105	55	308
Receivables (A\$m)	12	62	65	66	72
Inventories (A\$m)	12	31	32	33	36
Other current assets (A\$m)	0	0	0	0	0
Total current assets (A\$m)	70	183	202	154	416
Property, plant & equip. (A\$m)	0	0	0	0	0
Mine Properties (A\$m)	482	434	395	410	426
Exploration Properties (A\$m)	0	0	0	0	0
Other (A\$m)	0	0	0	0	0
Total non-curr. assets (A\$m)	482	434	395	410	426
Total assets (A\$m)	552	617	597	564	843
Current Payables (A\$m)	25	-6	-5	8	-6
Short term borrowings (A\$m)	90	200	243	0	0
Other (A\$m)	-7	-6	-5	8	-5
Total curr. liabilities (A\$m)	108	187	232	16	-11
Long term borrowings (A\$m)	363	199	0	0	0
Other (A\$m)	0	0	0	0	0
Total non-curr. liabil. (A\$m)	363	199	0	0	0
Total liabilities (A\$m)	471	386	232	16	-11
Net assets (A\$m)	81	231	364	548	854
Equity					
Contributed equity (A\$m)	282	282	282	282	282
Accumulated earnings (losses) (A\$m)	-194	-44	90	273	579
Reserves (A\$m)	-7	-7	-7	-7	-7
Total attributable equity (A\$m)	81	231	364	548	854
Non-Controlling Interests (A\$m)	-120	-161	-153	-140	-134
Total Equity (A\$m)	-40	69	211	408	720

Share Capital	2028E	2029E	2030E	2031E	2032E
New shs issued/exerciseable	0	0	0	0	0
Average issue price	0.00	0.00	0.00	0.00	0.00
Total Cash Raised	0	0	0	0	0
Ordinary shares - end	902	902	902	902	902
Diluted shares - end	902	902	902	902	902

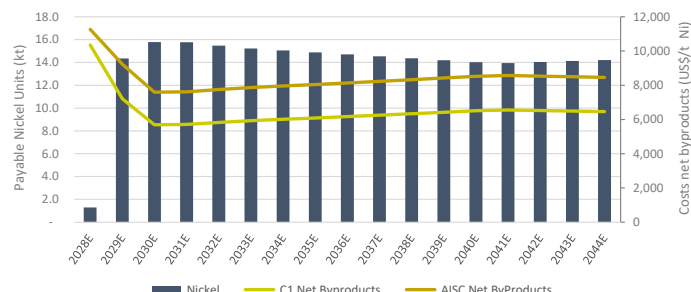
Key Financials/Ratios	Unit	2028E	2029E	2030E	2031E	2032E
GCFPS	c	-39	32	48	54	66
CFR	X	-1.0	1.3	0.8	0.7	0.6
EPS	c	-23	8	18	20	21
PER	X	0.0	4.8	2.2	2.0	1.9
Yield	%	0%	0%	0%	0%	0%
Interest cover	x	-1.2	0.0	0.0	0.0	0.0
ROCE	%	0%	40%	62%	63%	65%
ROE	%	0%	60%	43%	25%	14%
Gearing	%	96%	103%	98%	0%	0%

Jaguar Project Performance	2028E	2029E	2030E	2031E	2032E	
Ore Mined						
Tonnage	Mt	1.8	3.5	3.5	3.5	
Ni	%	0.40	0.80	0.81	0.80	0.79
Co	%	0.01	0.02	0.02	0.02	0.02
Payable Metal Produced						
Nickel	kt	1.3	14.3	15.8	15.8	15.5
Cobalt	kt	0.0	0.2	0.2	0.2	0.2
Payable Nickel Costs	(Real)					
C1 Cost Net-BP	US\$/t Ni	4.70	3.27	2.58	2.59	2.64
AISC Net-BP	US\$/lb Ni	5.11	4.19	3.45	3.46	3.52
C1 Cost Ore Milled	US\$/t Ore	46.5	34.1	27.6	27.6	27.6
Nickel Forecast (Real)	US\$/lb Ni	7.91	7.98	8.00	8.00	8.00

Project Valuation	A\$m	A\$/sh
Jaguar Build Date Post-Tax NPV(8) 100% Ownership	878	1.77
Jambreiro Build Date Post-Tax NPV(8) 100% Ownership	273	0.55

*Value base on current shares on issue es on issue

Jaguar Production Outlook



Company Valuation Summary	Spot A\$m	A\$/sh	Forecast A\$m	A\$/sh
Jaguar Post-Tax NPV(8) 70% Retained	385	0.43	577	0.63
Jambreiro Post-Tax NPV(8) 100% Ownership	169	0.19	172	0.19
Regional Exploration	20	0.02	20	0.02
Corporate Overheads	-69	-0.08	-68	-0.08
Cash (Estimate)	17	0.02	17	0.02
Debt	0	0.00	0	0.00
Future Unpaid Capital	165	0.18	165	0.18
Total	687	0.76	882	0.97
Price Target 50:50 Spot:Forecast			785	0.85

* Valuation estimated on a capital diluted share basis

Directors & Management

Didier Murcia	Chairman
Darren Gordon	Managing Director / CEO
Bruno Scarpelli	Executive Director
Mark Hancock	Non-Executive Director
Chris Banasik	Non-Executive Director
Natalia Streltsova	Non-Executive Director

Jaguar Project Resources

	Mt	Ni %	Co %
Measured	15	1.06	0.04
Indicated	98	0.84	0.02
Inferred	26	0.88	0.03
Total	138	0.87	0.03

Corporate Level Valuation

Our corporate level valuation assumes construction of Jaguar will be begin at the beginning of CY2026, with operations ramping up from early-CY2028. We assume capital requirements would be provided by a 30% sell-down of the project at a 20% discount to NPV. Funding shortfalls would be provided by debt and an equity raising. Using our base case assumptions, CTM's assumed 70% retained stake in Jaguar is today valued at NPV(8) A\$577M.

Our Valuation integrates build of both the Jaguar and Jambreiro projects

The Jambreiro Iron Ore project remains CTM's sleeper project. We also include \$20M in value for regional exploration projects including Boi Novo.

Corporate overheads are presented as a the NPV of modelled heady company future outgoings. We estimate \$17M in current cash and equivalents with no significant debt.

Table 1: CTM company level net asset valuation.

Company Valuation Summary	Spot		Forecast	
	A\$M	A\$/sh	A\$M	A\$/sh
Jaguar Post-Tax NPV(8) 70% Retained	385	0.43	577	0.63
Jambreiro Post-Tax NPV(8) 100% Ownership	169	0.19	172	0.19
Regional Exploration	20	0.02	20	0.02
Corporate Overheads	-69	-0.08	-68	-0.08
Cash (Estimate)	17	0.02	17	0.02
Debt	0	0.00	0	0.00
Future Unpaid Capital	165	0.18	165	0.18
Total	687	0.76	882	0.97
Price Target 50:50 Spot:Forecast			785	0.85

* Valuation estimated on a capital diluted share basis

Source: Argonaut, January 2025

We ascribe a Price Target of A\$0.85 per and maintain our Speculative Buy

Key Risks to valuation

Timelines

Our discounted cash flow model is time dependant. Any delay to scheduled development or production will adversely effect on our valuation.

Metallurgical performance

Sulphide concentrate characterisation studies have concluded that fluorine is present at manageable levels for pyrometallurgical refiners. Deleterious elements are less of an issue for hydrometallurgical refiners.

Commodity Pricing

Value estimates are based on consensus long term commodity price forecasts. A 10% difference to the price of nickel over the modelled life of mine will result in a ~25% shift in project valuation.

Costs

Cost assumptions are based on operating and capital costs from CTM documentation and our knowledge of industry rates.

Exploration success

Valuation assumes that future exploration and investments achieve acceptable returns. Subjective value is attributed to exploration assets at Jaguar.

Interest rates/discount rates

Argonaut takes cash flow risk into account when choosing discount rates for different projects. Our valuation is sensitive to the discount rate used.

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The publishing analyst holds CTM shares.

Argonaut holds or controls 261,638 CTM shares.

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