

Ticker: CTM AU **3Q24 cash:** A\$20m **Project:** Jaguar / Boi Novo / Jambreiro
Market cap: A\$206m **Price:** A\$0.415/sh **Country:** Brazil
REC. (unc): BUY **TARGET (unc):** A\$1.70/sh **RISK RATING (unc):** HIGH

Today's Jambreiro Iron Ore Project news securing priority status is an important development for the company's secondary asset in Brazil setting them on an accelerated environmental licensing timeline. Recall, the project hosts a JORC MRE of 194Mt @ 29% Fe with reserves of 48.5Mt @ 28.1% Fe that saw a 2020 updated study (based on the 2019 PFS) outlining an 18Y 1Mpta sinter feed project (dam tailings storage) requiring a modest A\$58.8m capex and delivering an after-tax NPV of A\$147.2m (37% IRR) based on US\$75/t 62% Fe CIF China pricing. While not the largest project, neither is the capex – and the key is the metallurgy. Earlier this year CTM reported results from bench scale metallurgical and tailings testwork that confirmed Jambreiro feed could not only deliver a lower-carbon footprint **Direct Reduction Pellet Feed (DRPF)** quality product (grades of 67.8% Fe, Silica/Alumina ratios of 1.72% - below the <2% DR product qualification threshold), but also showed good potential to dry-stack blended tails (below 20% target level). What's changed? We think (i) there is a more established market for pellet feed than when the project was a core focus for the company, (ii) iron ore prices are materially better, and (iii) the company's market cap is high enough to contemplate funding it's development in our view. Ahead of any refreshed studies, we think introducing a new processing option should see a 10% higher mass recovery and >9% metallurgical recovery in addition to warrant premium pricing with current reference pricing for high-grade +67.5% Fe over ~US\$125/t (+67% over prior study pricing). All this with ESG friendly dry-stack tails, a smaller footprint, and low cost / green grid power could see significant upside on the prior study in our view, with securing offtake and fine-tuning logistics/transport key to unlocking this project.

For now, **we maintain our BUY rating and our \$1.70/sh** based on 0.5xNAV and Jaguar DFS inputs producing ~19ktpa over 18-years and exclude any upside from high-grade UG mining. Upcoming catalysts include a Jaguar 4Q24 Installation License, 1Q25 Jaguar UG scoping study and Mining Lease, 1Q25 Jambreiro Preliminary License approval, progress on Jaguar funding (incl. potential strategic partnership), a 2Q25 Jaguar FID, and drill results from Boi Novo copper exploration.

Figure 1. Regional plan map showing the Jambreiro DRPF Iron Ore Project location in SE Brazil



Source: Centaurus Metals

Jambreiro Iron project awarded Priority Status; updated study could see improved economics

Today, Centaurus announced that the Jambreiro DRPF Iron Ore Project has been awarded priority status by the Minas Gerais State Government for its potential positive social and economic impacts (including decarbonising the steel industry). The priority status enables accelerated permitting by environmental

regulators. The project was previously fully environmentally licenced in 2012 and only requires permitting at the state level. The company is reviewing previous feasibility studies (2012 BFS, 2019 PFS and 2020 PFS update all with sinter feed concentrate) and discussing product specification with potential offtakers. The application for a renewal of a Preliminary License (LP) was submitted in September 2023 with the lodgement of a new EIA/RIMA that included a scope with dry stack tailings (vs 2012 tailings dam), a 50% reduced project footprint, and grid power (vs diesel). The LP is expected in 1Q25.

Why we like Centaurus

1. Only >1.2Mt Ni 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 'vanilla' concentrate route leaving room for down-stream POX optionality
5. 10Y 75% tax-breaks in well known mining jurisdiction (no rainforest, RAP, indigenous)

Catalysts

- CY24: Jambreiro Iron Ore Study update
- 4Q24: Installation License (LI)
- 1Q25: Jaguar UG scoping study
- 1Q25: Jambrario preliminary license
- 2H24-1H25: Offtake and funding progress
- 1Q25: Mining Lease
- 2Q25 / 2H27: Final investment decision / production start

Research

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Ticker: CTM AU	Price / mkt cap: A42c/sh / A\$206m	P/NAV today: 0.12x	Country: Brazil
Author: B Gaspar	Rec/0.5xNAV7% PT: BUY, A\$1.70/sh	1xNAV _{4Q24} FF FD: A\$2.98/sh	Asset: Jaguar

Commodity price	CY21A	CY22A	CY23A	CY24E	CY25E
Ni price (US\$/t)	18,244	26,490	19,913	20,944	20,944
Ni price (US\$/t, payable)	13,865	13,865	13,865	13,865	13,865
1xNAV project valuation*	A\$m	o/ship	NAVx	A\$/sh	
Jaguar OP NPV (build start)	1,345	100%	1.0x	2.67	
Jaguar UG, 50% risked	144	100%	1.0x	0.29	
Expln & resources ex reserve @ 1% insitu	179	100%	1.0x	0.36	
3Q24 cash	20	100%	1.0x	0.04	
Cash from ITM options	-	100%	1.0x	-	
1xNAV A\$ @ 3Q24	1,688			3.35	

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.12x

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	757	1,088	1,419	1,750	2,081
7.0% discount	924	1,306	1,688	2,070	2,453
5.0% discount	1,135	1,582	2,028	2,475	2,922
Ungeared project IRR:	17%	23%	27%	31%	35%
Group NAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.50	2.16	2.82	3.48	4.13
7.0% discount	1.84	2.59	3.35	4.11	4.87
5.0% discount	2.25	3.14	4.03	4.92	5.80

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

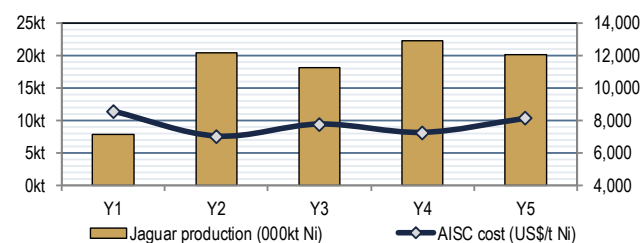
SOTP company valuation^	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
Jaguar NPV	1,292	1,531	1,992	2,217	2,209
Resources ex reserve + UG	323	323	323	323	323
Central G&A & fin costs	(132)	(136)	(129)	(92)	(50)
Net cash prior quarter	14.9	(21.1)	(343.3)	(374.9)	(234.3)
Cash from ITM options	-	-	-	-	-
NAV (A\$m)	1,498	1,697	1,844	2,073	2,248
FD share count (m)	503	977	977	977	977
1xNAV7%/sh FF FD (A\$/sh)	2.98	1.74	1.89	2.12	2.30

Exit value: 1xNAV/sh company @ 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	1,017	1,430	1,843	2,256	2,670
7.0% discount	1,157	1,615	2,073	2,531	2,989
5.0% discount	1,331	1,844	2,356	2,869	3,382

Exit value: 1xNAV/sh company @ first production (A\$, geared)^	1xNAV (A\$/sh)	9.0% discount	7.0% discount	5.0% discount	
1xNAV (A\$/sh)	16,535	18,739	20,944	23,149	25,353
9.0% discount	1.06	1.50	1.93	2.36	2.79
7.0% discount	1.21	1.69	2.17	2.65	3.13
5.0% discount	1.39	1.93	2.47	3.00	3.54

Production	Y1	Y2	Y3	Y4	Y5
Jaguar production (000kt Ni)	7.9	20.4	18.1	22.2	20.2
C1 cost (US\$/t Ni)	7,128	5,536	6,224	5,803	6,610
AISC cost (US\$/t Ni)	8,587	7,034	7,786	7,263	8,143

AISC = C1 + sustaining capex + central G&A, C3 = AISC + depreciation



Source: SCP estimates

Resource/Inventory	Mt	NiEq %	Mt	Ni %
	2Q24 JORC		Reserves	
M&I	112.6	0.95%	OP:	63.0 0.73%
Inferred	25.7	0.97%	UG:	- -
	138.2	0.95%	Total	63.0 0.73%

Funding: uses	Funding: sources
Capex (A\$m)	3Q24 cash (A\$m) 19.9
Drilling/FS cost (A\$m)	SCPe debt (A\$m) 365.4
Working cap >DFS (A\$m)	SCPe equity at spot (A\$m) 196.7
G&A and fin. cost (A\$m)	Total sources (A\$m) 582.0
Total uses: group (A\$m)	Buffer (A\$m) -38.7

Share data (m)	Basic	FD	FF FD		
Shares (m)	496.7	503.4	970.8		
Ratio analysis	CY21A	CY22E	CY23E	CY24E	CY25E
Shares out (m)	329.5	427.1	494.9	496.7	970.8
EPS (Ac/sh)	-	-	-	-	-
CFPS pre w/c (A\$/sh)	-	-	-	-	-
EV (A\$m)	128.5	143.2	170.7	191.2	423.9
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY21A	CY22E	CY23E	CY24E	CY25E
Revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)	-	-	-	-	-
G&A (A\$m)	2.7	4.1	5.3	4.7	4.0
Exploration (A\$m)	12.9	37.6	37.7	17.1	4.0
Finance costs (A\$m)	-	-	-	-	-
Tax (A\$m)	-	(0.3)	(0.5)	(1.3)	-
Other (A\$m)	0.7	(1.3)	(1.0)	(1.1)	(0.2)
Net income (A\$m)	(16.3)	(40.2)	(41.4)	(19.3)	(7.7)

Cash flow statement	CY21A	CY22E	CY23E	CY24E	CY25E
EBITDA (A\$m)	(16.4)	(41.7)	(43.0)	(21.8)	(8.0)
Add share based (A\$m)	0.8	-	-	-	-
Net change WC (A\$m)	-	(1.5)	2.0	2.1	-
Cash flow ops (A\$m)	(15.5)	(38.7)	(43.2)	(21.5)	(7.7)
PP&E + sust. (A\$m)	5.8	6.1	2.2	0.2	225.0
PP&E - expl'n (A\$m)	-	0.4	0.9	0.1	-
Cash flow inv. (A\$m)	(5.8)	(6.9)	(3.1)	(0.5)	(225.0)
Share issue (A\$m)	5.5	72.7	44.5	0.4	196.7
Debt draw (repay) (A\$m)	-	-	-	-	-
Cash flow fin. (A\$m)	5.5	72.7	44.5	0.4	196.7
Net change in cash (A\$m)	(16.0)	27.3	(1.7)	(21.9)	(36.0)

Balance sheet	CY21A	CY22E	CY23E	CY24E	CY25E
Cash (A\$m)	8.3	34.0	34.7	14.9	(21.1)
Acc rec. + invet. (A\$m)	0.2	1.4	2.2	3.3	3.3
PP&E & expl'n (A\$m)	15.3	21.9	23.5	21.7	246.7
Total assets (A\$m)	23.8	57.4	60.3	39.9	228.9
Debt (A\$m)	-	-	-	-	-
Accounts payable (A\$m)	1.9	4.6	3.4	2.2	2.2
Others (A\$m)	8.5	35.4	36.8	18.0	(18.0)
Total liabilities (A\$m)	7.7	8.1	5.1	4.2	4.2
Shareholders' equity (A\$m)	162.2	236.3	281.4	282.2	478.9
Reserves (A\$m)	(8.3)	(5.8)	(4.7)	(7.3)	(7.3)
Retained earnings (A\$m)	(137.8)	(181.1)	(221.6)	(239.2)	(246.9)
Liabilities + equity (A\$m)	23.8	57.4	60.3	39.9	228.9

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Summary of Recommendations as of December 2024	
BUY:	52
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	52

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