

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
AND MEDIA RELEASE



1 March 2024

CENTAURUS RESHAPES JAGUAR DFS TO FOCUS ON CONCENTRATE PROJECT IN RESPONSE TO CHANGED NICKEL MARKET CONDITIONS

Downstream refinery to be deferred, reducing CAPEX and execution risk to better suit the current environment

Key Points:

- Decision made to develop the Jaguar Nickel Project (“Project”) in two phases, with the first phase focusing on the production of a nickel sulphide concentrate (maintaining the contained nickel output), with a second downstream nickel sulphate refinery phase to follow when and if market conditions allow.
 - This will significantly reduce the first phase development capital costs compared to an integrated project and result in a more robust project through the price cycle given the Jaguar Project’s anticipated low operating costs, stemming in large part from the clean, low-cost power (~US\$0.03/kWh) that is available to the Project from the 230kV national grid in Brazil.
 - The Jaguar Feasibility Study will be reshaped to focus on a Concentrate Project based on the study work already completed for the fully integrated nickel sulphate project.
 - Ausenco are now working to close-out their required work activities by the end of this month, allowing Centaurus to deliver the Jaguar Concentrate Feasibility Study by the end of June.
 - Recent discussions with potential customers and strategic partners have indicated strong interest for Jaguar’s low-carbon, non-Indonesian supply of nickel sulphide concentrate product.
 - The Company retains full optionality to re-consider the development of a downstream refinery in the future if supported by market conditions, potential strategic partnership/s with EV battery industry participants and/or a genuine ‘green’ pricing premium for low carbon emission Class-1 nickel emerges.
 - The phasing decision aligns with Centaurus’ key objective to maximise the value of the Jaguar Project whilst minimising potential equity dilution to existing shareholders and overall project execution risk.
 - Cost saving initiatives to be implemented to preserve Centaurus’ strong cash balance of ~\$32 million.
 - Other targeted growth initiatives to be progressed, including copper exploration and potential monetisation of Centaurus’ iron ore assets.
-

Centaurus Metals (ASX Code: CTM, OTCQX: CTTZF) provides the following update on the ongoing Feasibility Study work being undertaken for its flagship 100%-owned Jaguar Nickel Project in northern Brazil.

The Company has been monitoring the dramatic change in nickel market conditions over the past few months, principally as a result of increasing supply from Indonesia with a corresponding change in underlying supply and demand dynamics. The LME nickel price has fallen by over 36 per cent over the past year, from around US\$25,000/t to recent lows below US\$16,000/t, forcing a number of mine closures globally in high-cost environments including in Australia and eliminating the premium that was previously available for nickel sulphate production.

Australian Office
Centaurus Metals Limited
Level 2, 1 Ord Street
West Perth WA 6005
AUSTRALIA

Brazilian Office
Centaurus Niquel Ltda
Edifício Century Tower
Rua Maria Luiza Santiago, 200
Santa Lúcia, 17º Andar - Sala 1703
Belo Horizonte - MG - CEP: 30360-740
BRAZIL

ASX: CTM / OTCQX: CTTZF
ACN 009 468 099
office@centaurus.com.au
T: +61 8 6424 8420

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE



As a result of this significantly changed market landscape, the Centaurus Board has decided to reshape the current Feasibility Study – deferring the parts of the study relating to a fully integrated downstream nickel sulphate project and focusing instead on completing the Feasibility Study based on an initial nickel concentrate-only project. The development of a potential downstream refinery can be considered in future when market conditions improve.

Ongoing Feasibility Study work suggests that this approach will have a significantly lower capital cost compared to an integrated project and will ensure that the Jaguar Project remains robust and should deliver strong financial returns throughout the commodity price cycle. It also takes into account the significantly more challenging outlook for nickel than when the Feasibility Study for a downstream value-added product commenced. This is particularly important given the recent decline in investor sentiment towards ASX-listed nickel companies and the impact this has had on all nickel company market capitalisations and funding options within the sector.

Centaurus' focus has always been on delivering maximum value from the Jaguar Project by minimising, where possible, equity dilution and risk for existing shareholders. Given the recent changes in the nickel market, the Board considers that the pursuit of a larger, more capital-intensive downstream project with heightened technical risks is not consistent with this objective at the current time.

The decision to defer the downstream component of the study was not taken lightly, however ongoing weakness in the nickel market – in particular with softer nickel sulphate pricing reflecting the rise of nickel supply out of Indonesia – combined with a rising cost environment, means that the sound rationale used by the Company to support the commencement of the downstream refinery study no longer holds and that an alternate development pathway needs to be adopted.

The Board firmly believes that an initial concentrate-only approach at the Project will deliver outcomes that are consistent with its core objectives of maximising value, minimising equity dilution for existing shareholders and achieving the best possible risk-adjusted returns.

The Company retains full optionality to develop the downstream second phase of the Project in the future when supported by market conditions and as the market for low carbon emission Class-1 nickel matures to support the inclusion of a genuine green premium in its pricing structure.

Next Steps and Upcoming News-Flow

Much of the work for a Feasibility Study on the concentrate project has already been completed as part of the existing workstreams and will remain as currently designed, including the mine plan, site layout, process flowsheet and concentrate product specification. In order to complete the Concentrate Feasibility Study, Ausenco are targeting the completion of their required work activities by the end of this month.

Centaurus will then be able to complete the necessary financial modelling and estimates that it will be able to release the Concentrate Feasibility Study by the end of June 2024. The concentrate study is expected to show robust economics underpinned by low operating costs which are globally competitive (including with Indonesian nickel supply), in large part due to the clean, low-cost power (~US\$0.03/kWh) that is available to the Project from the 230kV national grid in Brazil.

Beyond the delivery of the Concentrate Feasibility Study, the Company expects that there will be ongoing scope to further optimize and refine key project parameters moving into the next phase of development and engineering work for the Project.

Concurrent with the Concentrate Feasibility Study work being completed, the Company will continue with its strategic partnering process, supported by Standard Chartered Bank, to evaluate partnering and funding options for the revised Project. Many groups have expressed strong interest in the Jaguar Project and the supply of a low carbon emission nickel sulphide concentrate product from the Project given increasing concerns from end-users around the growing dependence on Indonesia for future nickel supply.

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE



As Centaurus works towards finalisation of the Concentrate Feasibility Study, it will closely monitor its cash expenditures and implement cost saving initiatives in order to protect its strong cash position of ~\$32 million and limit spending to areas of maximum value-add for the Company, consistent with its high-level objectives.

The Company will also continue to focus on value-adding growth and exploration initiatives associated with its Boi Novo Copper Project and Jambreiro Iron Ore Project.

Management Comment

Centaurus' Managing Director, Mr Darren Gordon, said the Company had decided to adopt a pragmatic and phased approach to the Jaguar Project development after taking into consideration the seismic changes in the current supply/demand balance for the nickel market.

"The changes we have seen in the nickel space in recent months cannot be underestimated," he said. "While we think nickel prices have overshot on the downside and could rebound much quicker than some market forecasts suggest with supply growth now slowing significantly, we also want to be prudent and preserve maximum value and optionality for our shareholders while delivering an attractive, lower capital cost development route at Jaguar which demonstrates the quality of the project throughout the commodity price cycle.

"A lower CAPEX concentrate project, with lower technical risk and a lower cost of capital in the current market, delivers a better outcome for our shareholders. When we see the exceptional work being done by Ero Copper on its 4Mtpa copper concentrator at Tucumã, just 40km from Jaguar, we have a lot of confidence in what we should be able to deliver from a similar-sized concentrator at Jaguar.

"We remain convinced that Jaguar, which hosts Resources of nearly one million tonnes of contained nickel, is one of the top-3 nickel sulphide development projects globally, which we anticipate will become an increasingly important source of low carbon nickel supply, particularly for the Western EV battery industry."

-ENDS-

For further enquiries please contact:
Nicholas Read
Read Corporate
M: +61 419 929 046
T: +61 8 9388 1474

Authorised for Release by
Darren Gordon
Managing Director
Centaurus Metals Ltd
T: +61 8 6424 8420