

## ASX: CTM

### Equity Research

29<sup>th</sup> June 2020

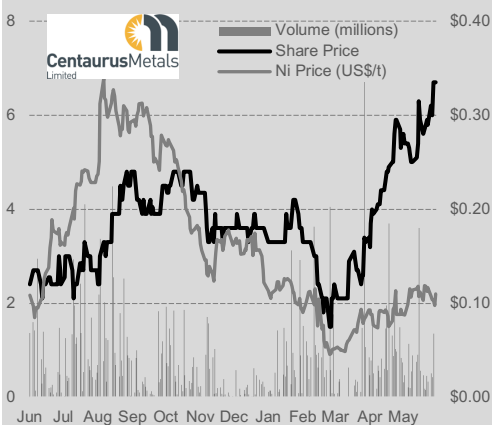
#### SPECULATIVE BUY

Price Target >\$0.800  
Share Price \$0.335

52-Week Range	\$0.08 - \$0.345
CTM Shares Outstanding	261.6m
CTM Listed Options	28.9m
Unquoted Options	12.1m
Performance Rights	6.0m
Market Capitalisation	\$87.6m
Cash (31 May 2020)	\$5.6m
Enterprise Value	\$82.0m

Share Register:	
Institutional & Corporate	26%
High Net Worth	27%
Board & Management	5%
Retail	42%
Top 20 shareholders	54%

Board & Management:	
Didier Murcia	Chairman
Darren Gordon	Managing Director
Bruno Scarpelli	Executive Director
Mark Hancock	Non-Executive Director
Chris Banasik	Non-Executive Director
John Westdorp	CFO & Company Sec.
Roger Fitzhardinge	Operations Manager



Centaurus Metals Ltd (ASX: CTM) is a mineral exploration and development company, currently focused on the Jaguar nickel sulphide project. CTM executed a formal purchase agreement for the advanced Jaguar project in the Carajás from Vale in August 2019. CTM owns 100% of the Jaguar project. CTM also owns the Itapitanga nickel-cobalt laterite project with an exploration target of 35-45Mt at 0.80-1.10% Ni, 0.07-0.12% Co and 18-30g/t Sc and the Jambreiro iron ore project fully permitted, shovel-ready development project

## CENTAURUS METALS LTD

### Flash Note: Already the Second Largest Undeveloped Nickel Sulphide Resource (ranked by grade) Globally

**Outstanding Maiden JORC-compliant Mineral Resource:** With 48 million tonne at 1.08% Ni for 517,500 tonnes of contained nickel (0.5% Ni cut-off), Jaguar stands out as the second largest undeveloped nickel sulphide resource (ranked by grade) globally. Compared to Vale's historical mineral resource, the infill and exploration drilling have resulted in an expected increase in grade (+39%), while increasing the metal content as well (+16%).

**Mineral Resource Upside:** Made of various shallow deposits, the mineralisation remains open along strike and at depth. A mineral resource increase of 30 to 50% appears highly likely within the next 12 months.

**Increasing the Exploration Momentum:** From two diamond drill rigs currently operating on day-shift only, CTM plans to ramp-up back to three rigs on double-shift (resource drilling) and add an Reverse Circulation rig in Q3 2020 to focus on greenfield targets.

**Carajás Mineral Province:** The Jaguar Nickel project is located in a world-class district within the Carajás Mineral Province endowed with +10 world-class IOCG deposits, the world's largest high-grade iron ore deposits, and multiple large nickel mines and deposits. In terms of infrastructure, the Project is ideally located, just 35km north of the regional centre of Tucumã (population +35,000) with a 230kVA sub-station only 15km south-east of the Project at Vale's huge Onça-Puma Ferronickel Mine.

**Geological continuity:** The Jaguar deposit presents a fairly unique hydrothermal geological setting. The nickel mineralisation forms zones of massive and semi-massive sulphide up to 30m thick, parallel or oblique to the large hydrothermal alteration zones. The mineralisation zones are consistent, continuous and close to surface.

**Mining Scenario:** The high grade component of the mineral resource amounts to 20.6 Mt at 1.56% Ni for 321,400 tonnes nickel metal, with 70% of the nickel metal within the first 200m from surface. This part of the resource represents an ideal start for an open pit operation generating strong cash flows in the early years.

**Metallurgy:** Preliminary flotation tests indicate +80% Ni recovery and the production of a quality 16% nickel concentrate with high Fe:MgO (5.5:1) and low arsenic.

**Acquisition Target:** Considering the current size and upside, Jaguar has the potential to become a Tier-1 asset that majors may wish to include in their portfolio. The only larger high grade undeveloped nickel sulphide mineral resource is Kabanga in Tanzania. It was held and developed 50/50 by Barrick Gold Corporation (TSX: ABX) and Glencore (LSE: GLEN) until the Tanzanian government cancelled the licences early 2018.

**Valuation:** The current re-rating of the company should continue in line with the quality and size of the mineral resource and the expected strong project economics (scoping study scheduled for Sep/Oct 2020). The characteristics of the Jaguar project should attract a market valuation at least equivalent to the group formed by LEG, CHN and MCR, so in the range of \$260 to \$340 million or a share price in excess of \$0.80.

## Mineral Resource

The tables 1 and 2 summarise the mineral resource estimates announced today by CTM and the historical mineral estimate undertaken by Vale.

**Table 1 - Jaguar Mineral Resource Estimate (0.5% Ni cut-off)**

Classification	Ore Type	Tonnes	Grade			Contained Metal		
			Ni %	Cu %	Co ppm	Ni	Cu	Co
Indicated	Transition	0.3 Mt	1.09	0.09	310	3,500 t	300 t	100 t
	Fresh	11.3 Mt	1.29	0.09	392	145,000 t	9,800 t	4,400 t
<b>Total Indicated</b>		<b>11.5 Mt</b>	<b>1.29</b>	<b>0.09</b>	<b>390</b>	<b>148,500 t</b>	<b>10,100 t</b>	<b>4,500 t</b>
Inferred	Transition	0.8 Mt	0.99	0.08	287	8,200 t	700 t	200 t
	Fresh	35.6 Mt	1.01	0.07	255	360,800 t	24,800 t	9,100 t
<b>Total Inferred</b>		<b>36.4 Mt</b>	<b>1.01</b>	<b>0.07</b>	<b>255</b>	<b>369,000 t</b>	<b>25,500 t</b>	<b>9,300 t</b>
<b>Total</b>		<b>48.0 Mt</b>	<b>1.08</b>	<b>0.07</b>	<b>288</b>	<b>517,500 t</b>	<b>35,600 t</b>	<b>13,800 t</b>

Source: CTM

**Table 2 - Jaguar Mineral Resource Historical Estimate by Vale (0.5% Ni cut-off)**

Classification	Tonnes	Grade			Contained Metal			
		Ni %	Cu %	Co ppm	Ni	Cu	Co	
Measured	19.0 Mt	0.79	0.06	145	150,000 t	11,400 t	2,700 t	
Indicated	21.4 Mt	0.77	0.07	123	164,900 t	15,000 t	2,600 t	
Inferred	17.2 Mt	0.76	0.06	86	130,500 t	10,300 t	1,500 t	
<b>Total</b>		<b>57.6 Mt</b>	<b>0.77</b>	<b>0.06</b>	<b>119</b>	<b>445,500 t</b>	<b>36,700 t</b>	<b>6,900 t</b>

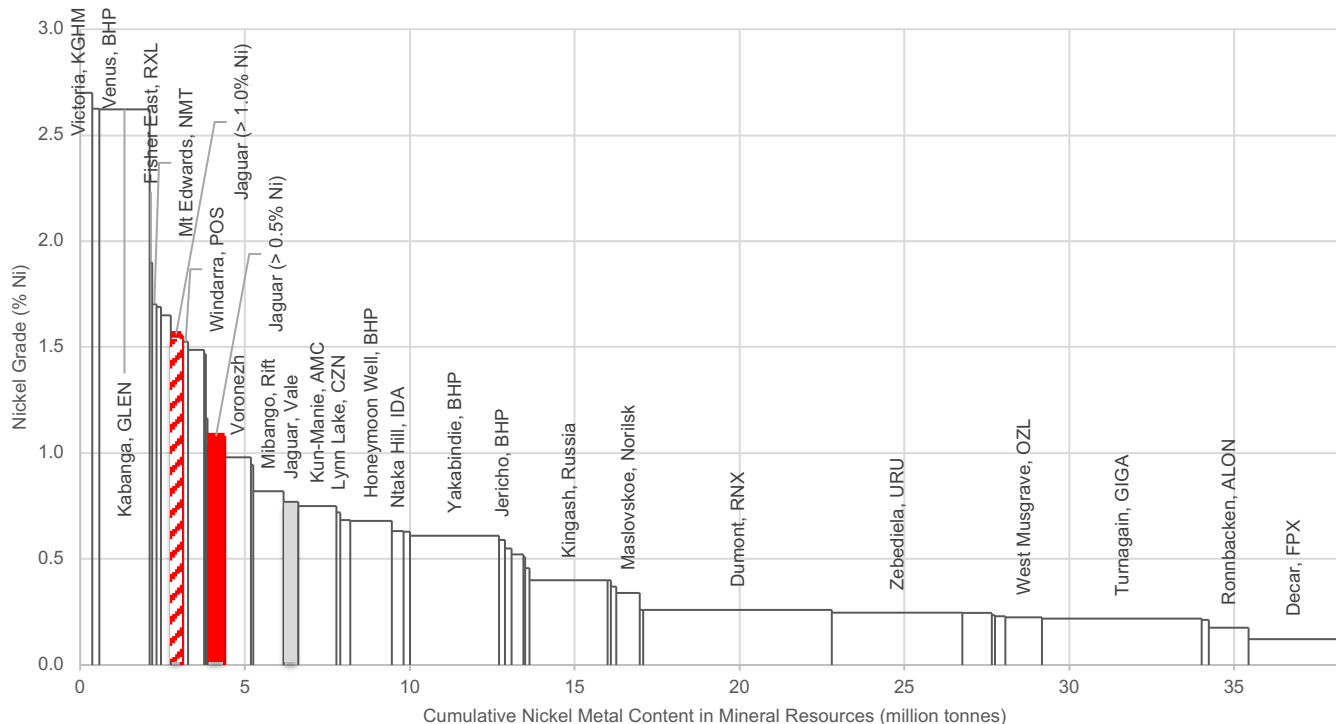
Source: CTM

Using the same cut-off grade, the maiden mineral resource shows a significant increase in nickel grade (+39%) while increasing the nickel metal content (+16%). The new mineral resource also shows a doubling of the cobalt metal content and grade.

## Mineral Resource Benchmarking

The chart below focus on undeveloped nickel sulphide projects. The new mineral resource reinforce Jaguar position well within the first quartile of project in terms of nickel grade. The higher grade portion of the mineral resource competes extremely with more complex underground projects.

**Figure 1 – Jaguar Mineral Resource Comparative Analysis**

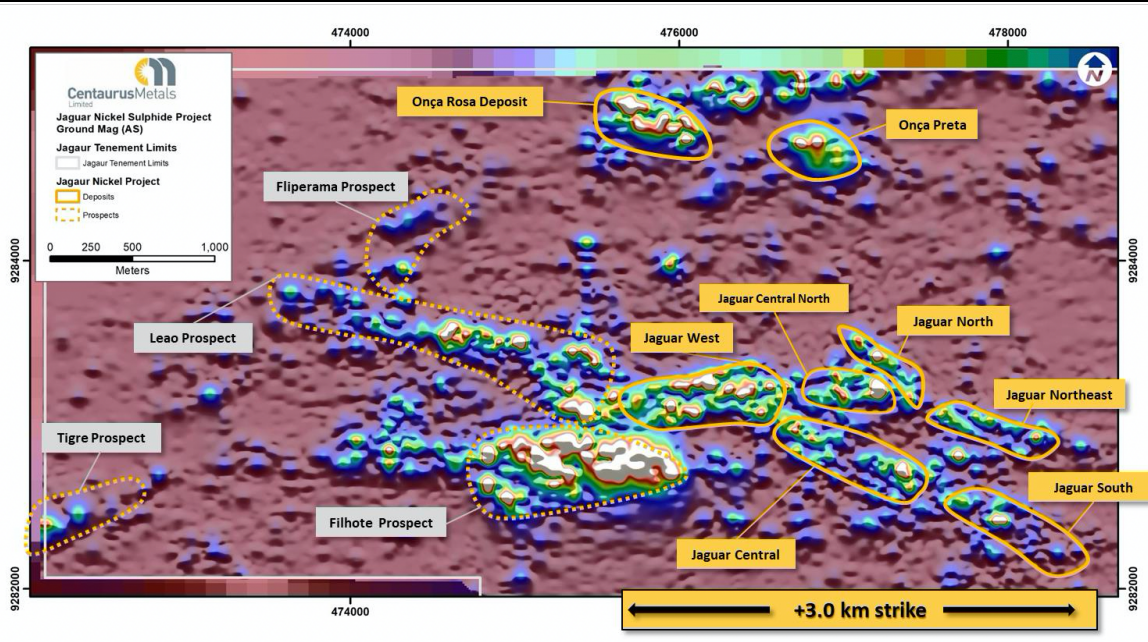


Source: Evolution Capital Advisors

**Mineral Resource Upside**

The mineral resource has been estimated on the basis of drilling at the six Jaguar deposits and the Onça Preta and Onça Rosa deposit. Considering the excellent geological continuity and consistency observed so far along strike, as well as the potential extension down dip, an increase of the mineral resource by 30 to 50% appears highly likely.

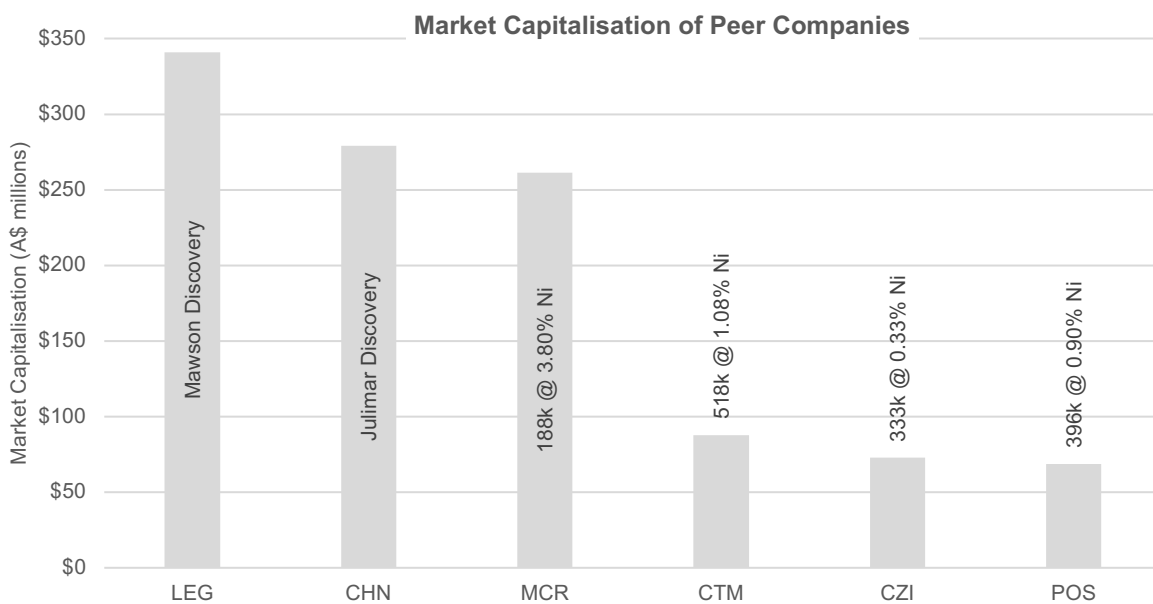
**Figure 2 – Jaguar Deposits and Prospectivity**



Source: CTM

**Valuation**

**Figure 3 – Market Valuation of Selected ASX-listed Nickel Sulphide Exploration and Development Companies**



Source: Evolution Capital Advisors. Read "188k @ 3.80% Ni" as "188,000 t nickel content at 3.80% Ni grade".  
 LEG = Legend Mining Ltd, CHN = Chalice Gold Mines Ltd, MCR = Mincor Resources NL, CZI = Cassini Resources Ltd, POS = Poseidon Nickel Ltd"

While nickel sulphide mineral resource value differs greatly from project to project, the characteristics of the Jaguar project should attract a market valuation at least equivalent to the group formed by LEG, CHN and MCR, so in the range of \$260 to \$340 million or a share price in excess of \$0.80.

**Evolution Capital Advisors Pty Ltd**

Level 10, 23-25 Hunter Street  
Sydney, NSW 2000  
Tel: +61 2 8379 2958  
[www.eveq.com](http://www.eveq.com)

**Disclaimer**

Evolution Capital Advisors Pty Ltd (ACN 603 930 418) ("Evolution Capital Advisors") is a corporate Authorised Representative (number 1264208) of Amplus Global Pty Ltd (ACN 162 631 325), the holder of Australian Financial Services Licence number 505929.

The information contained in this report is only intended for the use of those persons who satisfy the Wholesale definition, pursuant to Section 761G and Section 761GA of the *Corporations Act 2001* (Cth) ("the Act"). Persons accessing this information should consider whether they are wholesale clients in accordance with the Act before relying on any information contained.

Any financial product advice provided in this report is general in nature. Any content in this report does not take into account the objectives, financial situation or needs of any person, or purport to be comprehensive or constitute investment advice and should not be relied upon as such. You should consult a professional adviser to help you form your own opinion of the information and on whether the information is suitable for your individual objectives and needs as an investor.

The content of this report does not constitute an offer by any representative of Evolution Capital Advisors to buy or sell any financial products or services. Accordingly, reliance should not be placed solely on the content of this report as the basis for making an investment, financial or other decision.

Recipients should not act on any report or recommendation issued by Evolution Capital Advisors without first consulting a professional advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to their investment objectives, financial situation and particular needs. Any opinions expressed are subject to change without notice and may not be updated by Evolution Capital Advisors.

Evolution Capital Advisors believes the information contained in this report is correct. All information, opinions, conclusions and estimates that are provided are included with due care to their accuracy; however, no representation or warranty is made as to their accuracy, completeness, or reliability.

Evolution Capital Advisors disclaims all liability and responsibility for any direct or indirect loss, or damage, which may be incurred by any recipient through any information, omission, error, or inaccuracy contained within this report.

The views expressed in this report are those of the representative who wrote or authorised the report and no part of the compensation received by the representative is directly related to the inclusion of specific recommendations or opinions.

Evolution Capital Advisors and / or its associates may hold interests in the entities mentioned in any posted report or recommendation.

Evolution Capital Advisors, or its representatives, may have relationships with the companies mentioned in this report - for example, acting as corporate advisor, dealer, broker, or holder of principal positions. Evolution Capital Advisors and / or its representatives may also transact in those securities mentioned in the report, in a manner not consistent with recommendations made in the report.

Any recommendations or opinions stated in this report are done so based on assumptions made by Evolution Capital Advisors.

The information provided in this report and on which it is based may include projections and / or estimates which constitute forward-looking statements. These expressed beliefs of future performance, events, results, or returns may not eventuate and as such no guarantee of these future scenarios is given or implied by Evolution Capital Advisors. Any forward looking statements are subject to uncertainties and risks that may mean those forecasts made by Evolution Capital Advisors are materially different to actual events. As such, past performance is not an indicator of future performance.