

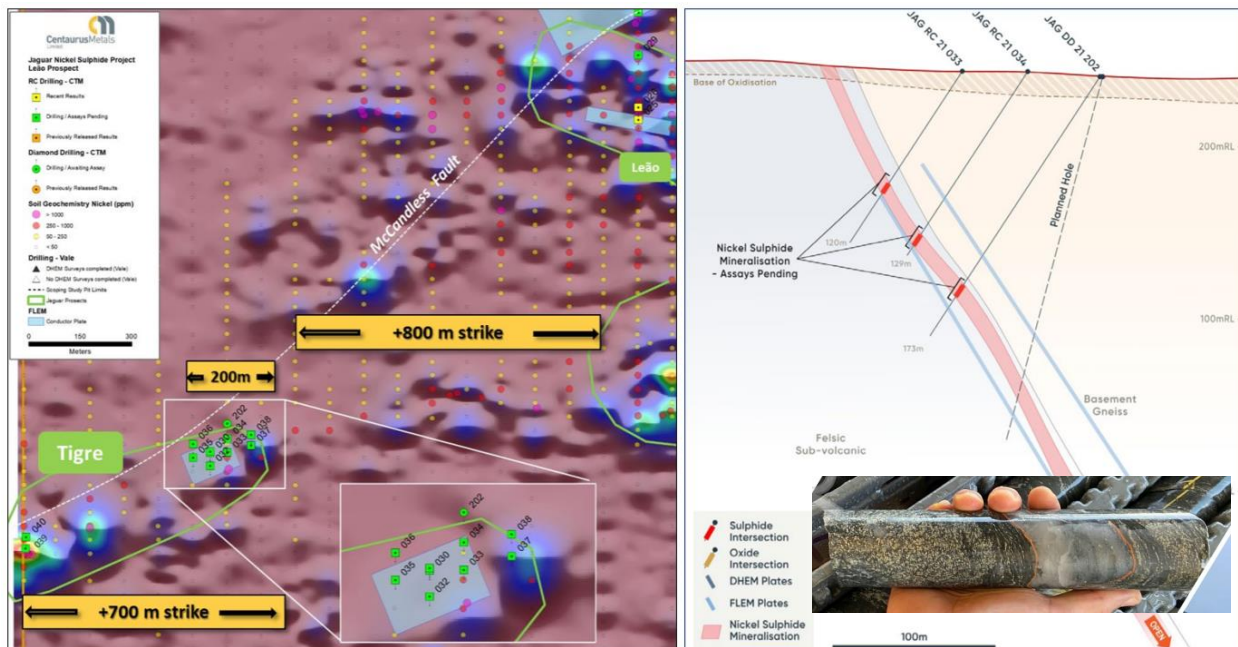
Ticker: CTM AU **2Q21 Cash:** A\$20m **Project:** Jaguar
Mkt cap: A\$387m **Price:** A\$1.08/sh **Country:** Brazil
RECOMMEND (unc): BUY **TARGET (up):** A\$1.50/sh **RISK RATING:** HIGH

Although early days, that there is 5-15% sulphide in diamond core, and enough sulphides to create the conductor in the first place, bodes well for economic concentrations on this new discovery. **Structural traps, geophysics and speed** are what we like about today’s drilling. Firstly, to hit so **early** in the maiden greenfield programme at Tigre, where only 5km of drilling has ever been completed (vs. 100km on Jaguar), talk to two things, prospectivity, and team skills and toolsets. Specifically modern EM really is a **silver bullet** that just keeps on giving. Stepping back, this is an odd deposit – we think of it like orogenic gold because local structural traps focus the nickel in this hydrothermal (not magmatic) system.

So what? We have now seen three styles already (volcanic hosted, intrusive-plug hosted, now stratigraphic-contact localised), which speaks to i) the sheer volume of fluids as regional structures intersect here, driving ii) the ‘ease’ of which different styles of ‘traps’ can focus nickel and thus iii) the upside inherent from of nickel being able to form ‘anywhere’ rather than only in ‘little sausages’ of magmatic-hosted peers. As exemplified by pure-basement drilling at Leao today (lower grade), as the company gets its eye in on which traps are best, prospectively should increase, with the contact that hosts today’s headline hits extending ~800m back toward the main deposit area.

We previously held regional exploration to a 5% of the NAV of Jaguar. With today’s success we lift this to an undemanding 7.5% or A\$70m. Holding Jaguar at just 0.5xNAV, a discount we expect to close as the DFS is progressed, **we maintain our BUY rating but lift our 0.5xNAV 7%-8.50/lb PT from A\$1.35/sh to A\$1.50/sh.** Resource expansions at Jaguar should create useful news flow until next years DFS, but **discoveries like this should create real excitement.** We again see Centaurus as better placed than Australian peers where deep drilling in mature terranes, often requiring expensive / dilutive underground development to access, and are compounded by high valuations and a genuine risk of covid disruption in the coming year. Against South American peers, Centaurus has no jungle, no population or indigenous centres, no drilling-permitting restrictions, no Andes / glaciers / seasonal drilling and good infrastructure. Combined with A\$20m cash and nine rigs, speed is a critical structural advantage here.

Figure 1. (A) Mag, EM conductors and soil Geochem and (B) section through Tigre target



Source: Centaurus

The Silver Bullet goes greenfield: first regional drilling hits 6m of sulphides 4km from mine area

Maiden RC drilling, followed by the first diamond hole, have intersected up to 10m of sulphides over 700m strike on the new **Tigre** target. The drilling was an EM target that extends 300m below surface. Structurally, the area lies on a regional structure called the McCandless Fault. Stratigraphically mineralisation lies on a dacite-basement gneiss contact, which is relevant as it extends 700m east toward the next target **Dente de Sabre**. The company has 8 rigs on site lifting to nine shortly. Drilling on the second greenfield target Leao (strike extension of Jaguar) is entirely basement-gneiss hosted, with drilling reported today intersecting 6.0m @ 0.81% Ni from 105m, and other hits <1%. Down hole EM will now be undertaken before follow up drilling, with multiple regional targets planned to see maiden drilling in coming months at **Dente de Sabre, Twister, Roquefera, Puma Contact, and Flipperama**.

Why we like Centaurus Metals

1. Only >100kt Ni contained, <\$500m capex, pitable nickel sulphide junior globally
2. Drilling of 65,000m this year likely drives resource growth / dis vs. <75,000m in resource itself
3. Optionality on POX given water / limestone / cheap hydro not available in Australia
4. Good logistics, incl. rail in well-known mining jurisdiction (no rainforest, RAP, indigenous)
5. Quality 16% concentrate with low As, low Mg

Catalysts

1. 2H22: Infill, deep and step out drilling around existing MRE
2. 4Q22: Maiden regional greenfield drilling
3. SCPe 4Q22: BFS
4. 2H23: construction start
5. 2024: Target first production

Research

Brock Salier (London) M: +44 7400 666 913 bsalier@sprott.com

Justin Chan (London) M: +44 7554 784 688 jchan@sprott.com

Brandon Gaspar (Toronto) M: +1 437 533 3142 bgaspar@sprott.com

Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com

| | | | |
|-----------------------------------|--|---------------------------------------|------------------------|
| Ticker: CTM AU | Price / mkt cap: A108c/sh / A\$387m | P/NAV today: 0.39x | Country: Brazil |
| Author: B Salier, B Gaspar | Rec/0.5xNAV7% PT: BUY, A150c/sh | 1xNAV7%4Q21 FF FD: A\$2.26c/sh | Asset: Jaguar |

| Commodity price | CY20E | CY21E | CY22E | CY23E | CY24E |
|---------------------------------|-----------------|---------------|-------------|---------------|--------|
| Ni price (US\$/t) | 19,170 | 19,170 | 19,170 | 19,170 | 19,170 |
| Ni price (US\$/t, payable) | 14,378 | 14,378 | 14,378 | 14,378 | 14,378 |
| 1xNAV project valuation* | A\$m | o/ship | NAVx | A\$/sh | |
| Jaguar NPV (build start) | 940 | 100% | 0.50x | 1.27 | |
| Regional exploration @ 7.5% | 70.5 | 100% | 1.0x | 0.19 | |
| Cash 2Q21 | 20.4 | 100% | 1.0x | 0.06 | |
| Cash from ITM options | 2.2 | 100% | 1.0x | 0.01 | |
| 1xNAV A\$ @ 1Q21 | A\$1033m | | | 1.52 | |

*Build start, ex fin. cost + G&A, dil. for opts not build P/NAV today: 0.39x

| Asset value: 1xNPV project @ build start (A\$m, ungeared)* | | | | | |
|--|---------|---------|---------|---------|----------|
| | 6.00/lb | 7.00/lb | 8.00/lb | 9.00/lb | 10.00/lb |
| Group NAV (A\$m) | 13,228 | 15,432 | 17,637 | 19,842 | 22,046 |
| 9.0% discount | 232 | 487 | 741 | 992 | 1,243 |
| 7.0% discount | 283 | 562 | 840 | 1,116 | 1,391 |
| 5.0% discount | 342 | 649 | 955 | 1,259 | 1,562 |
| Ungeared project IRR: | 21% | 34% | 45% | 55% | 65% |
| Group NAV (A\$/sh) | 13,228 | 15,432 | 17,637 | 19,842 | 22,046 |
| 9.0% discount | 0.63 | 1.31 | 2.00 | 2.68 | 3.36 |
| 7.0% discount | 0.77 | 1.52 | 2.27 | 3.01 | 3.76 |
| 5.0% discount | 0.92 | 1.75 | 2.58 | 3.40 | 4.22 |

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

| SOTP company valuation^ | 3Q21 | 3Q22 | 3Q23 | 3Q24 | 3Q25 |
|---------------------------|------|------|-------|-------|-------|
| Jaguar NPV | 831 | 889 | 975 | 1,214 | 1,363 |
| Centra G&A & fin. costs | (18) | (9) | (6) | 1 | 19 |
| Net cash prior quarter | 20.4 | 11.8 | 111.6 | (50) | (131) |
| Cash from ITM options | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| NAV (A\$m) | 836 | 894 | 1,083 | 1,168 | 1,254 |
| FD share count (m) | 370 | 370 | 442 | 442 | 442 |
| 1xNAV7%/sh FF FD (A\$/sh) | 2.26 | 2.41 | 2.45 | 2.64 | 2.84 |
| ROI (% pa) | | 124% | 51% | 35% | 27% |

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^

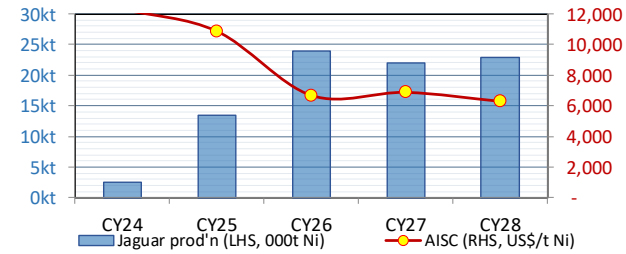
| 1xNAV (A\$/sh) | 13,228 | 15,432 | 17,637 | 19,842 | 22,046 |
|----------------|--------|--------|--------|--------|--------|
| 9.0% discount | 0.53 | 1.28 | 2.05 | 2.84 | 3.63 |
| 7.0% discount | 0.63 | 1.43 | 2.26 | 3.09 | 3.93 |
| 5.0% discount | 0.75 | 1.60 | 2.48 | 3.37 | 4.26 |

Exit value: 1xNAV/sh company @ 2024 first production (A\$, geared)^

| 1xNAV (A\$/sh) | 13,228 | 15,432 | 17,637 | 19,842 | 22,046 |
|----------------|--------|--------|--------|--------|--------|
| 9.0% discount | 0.43 | 0.95 | 1.46 | 1.98 | 2.49 |
| 7.0% discount | 0.49 | 1.03 | 1.58 | 2.13 | 2.67 |
| 5.0% discount | 0.55 | 1.13 | 1.72 | 2.30 | 2.88 |

| Production (Y1 from 3Q20) | CY24 | CY25 | CY26 | CY27 | CY28 |
|------------------------------|--------|--------|-------|-------|-------|
| Jaguar production (000kt Ni) | 2.4 | 13.5 | 23.9 | 22.0 | 22.9 |
| C1 cost (US\$/t Ni) | 11,492 | 10,067 | 5,769 | 5,578 | 5,145 |
| AISC cost (US\$/t Ni) | 12,287 | 10,855 | 6,691 | 6,891 | 6,306 |

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



Source: SCP estimates

| Resource/Inventory | Mt | Ni % | Mt | Ni % |
|--------------------|-----------|-------|---------------|-------|
| | 2Q20 JORC | | SCP inventory | |
| M&I | 11.5 | 1.29% | 29.6 | 0.78% |
| Inferred | 36.4 | 1.01% | | |
| Total | 48.0 | 1.08% | 29.6 | 0.8% |

| Funding: uses | Funding: sources | | |
|--------------------------|------------------|---------------------------|-------|
| Capex (A\$m) | 240 | Cash 4Q20 (A\$m) | 20.4 |
| Drilling/FS cost (A\$m) | 16.8 | SCPe debt (A\$m) | 156.0 |
| Working cap >DFS (A\$m) | 15.9 | SCPe 0.6NAV equity (A\$m) | 120.0 |
| G&A and fin. cost (A\$m) | 12.0 | Total sources (A\$m) | 296.4 |
| Total uses: group (A\$m) | 284.6 | Drilling / buffer (A\$m) | 11.7 |

| Share data (m) | Basic | FD | 3Q22 (FF FD) | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Shares (m) | 358.3 | 370.3 | 442.0 | | |
| Ratio analysis | CY20E | CY21E | CY22E | CY23E | CY24E |
| Shares out (m) | 325.9 | 329.5 | 442.0 | 442.0 | 442.0 |
| EPS (Ac/sh) | - | - | - | - | - |
| CFPS before w/c (A\$/sh) | - | - | - | - | - |
| EV (A\$m) | 327.8 | 339.7 | 467.3 | 416.9 | 614.1 |
| FCF yield (%) | - | - | - | - | - |
| PER (x) | - | - | - | - | - |
| P/CF (x) | - | - | - | - | - |
| EV/EBITDA (x) | - | - | - | - | 142.7x |

| Income statement | CY20E | CY21E | CY22E | CY23E | CY24E |
|----------------------------|---------------|---------------|--------------|--------------|--------------|
| Revenue (A\$m) | 0.5 | - | - | - | 47.5 |
| COGS (A\$m) | - | - | - | - | 39.6 |
| Gross profit (A\$m) | 0.5 | - | - | - | 7.9 |
| G&A (A\$m) | 2.9 | 2.8 | 3.2 | 3.5 | 3.6 |
| Exploration (A\$m) | 7.3 | 7.8 | 3.0 | - | - |
| Finance costs (A\$m) | 0.1 | - | - | - | 10.9 |
| Tax (A\$m) | - | - | - | - | 0.3 |
| Other (A\$m) | 3.6 | 0.6 | 0.6 | (0.3) | 1.9 |
| Net income (A\$m) | (13.3) | (11.2) | (6.8) | (3.3) | (8.8) |

| Cash flow statement | CY20E | CY21E | CY22E | CY23E | CY24E |
|------------------------------|--------------|---------------|--------------|---------------|----------------|
| EBITDA (A\$m) | (11.5) | (11.4) | (7.0) | (3.9) | 4.3 |
| Add share based (A\$m) | 0.5 | 0.8 | 0.8 | 0.4 | - |
| Net change wkg cap (A\$m) | (1.6) | - | - | 1.7 | 15.9 |
| Cash flow ops (A\$m) | (5.3) | (10.4) | (6.0) | (4.6) | (21.7) |
| PP&E - build + sust. (A\$m) | (1.2) | 3.4 | - | 65.0 | 175.5 |
| PP&E - expl'n (A\$m) | - | - | - | - | - |
| Cash flow inv. (A\$m) | 1.2 | (3.4) | - | (65.0) | (175.5) |
| Share issue (A\$m) | 24.8 | 5.5 | - | 120.0 | - |
| Debt draw (repay) (A\$m) | - | - | - | - | 156.0 |
| Cash flow fin. (A\$m) | 24.8 | 5.5 | - | 120.0 | 156.0 |
| Net change in cash (A\$m) | 19.5 | (8.0) | (6.0) | 50.4 | (41.2) |

| Balance sheet | CY20E | CY21E | CY22E | CY23E | CY24E |
|------------------------------------|-------------|-------------|-------------|--------------|--------------|
| Cash (A\$m) | 24.1 | 16.1 | 10.1 | 60.5 | 19.2 |
| Acc rec. + invet. (A\$m) | 0.2 | 0.2 | 0.2 | 0.0 | 28.9 |
| PP&E & expl'n (A\$m) | 9.5 | 12.6 | 12.6 | 77.6 | 250.2 |
| Total assets (A\$m) | 33.9 | 28.9 | 22.9 | 138.1 | 298.3 |
| Debt (A\$m) | - | - | - | - | 156.0 |
| Accounts payable (A\$m) | 1.9 | 1.9 | 1.9 | - | 13.0 |
| Others (A\$m) | 24.3 | 16.3 | 10.3 | 60.5 | 48.1 |
| Total liabilities (A\$m) | 7.7 | 7.7 | 7.7 | 5.8 | 174.8 |
| Shareholders' equity (A\$m) | 155.9 | 162.2 | 163.0 | 283.4 | 283.4 |
| Reserves (A\$m) | (8.3) | (8.3) | (8.3) | (8.3) | (8.3) |
| Retained earnings (A\$m) | (121.5) | (132.7) | (139.5) | (142.8) | (151.6) |
| Liabilities + equity (A\$m) | 33.9 | 28.9 | 22.9 | 138.1 | 298.3 |

DISCLOSURES & DISCLAIMERS

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol “SII”. Sprott Asset Management LP (“SAM”), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited (“Sprott”) is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott’s clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

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

| Research Disclosure | Response |
|--|----------|
| 1 SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹ | YES |
| 2 The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives | NO |
| 3 An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services | NO |
| 4 SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation | NO |
| 5 Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer | NO |
| 6 SCP is making a market in an equity or equity related security of the issuer | NO |
| 7 The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer | NO |
| 8 The analyst has conducted a site visit and has viewed a major facility or operation of the issuer | NO |
| 9 The analyst has been reimbursed for travel expenses for a site visit by the issuer | NO |

Sprott Capital Partners Equity Research Ratings:

| Summary of Recommendations as of September 2021 | |
|---|----|
| BUY: | 46 |
| HOLD: | 0 |
| SELL: | 0 |
| UNDER REVIEW: | 0 |
| TENDER: | 0 |
| NOT RATED: | 0 |
| TOTAL | 46 |

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month