SPEC BUY

Current Price	$0.29
Valuation	$0.80
TSR	162%

Code:		ASX:CTM
Sector:		Materials
Shares on Issue (m):		495
- Fully Diluted (m)		497
Market Cap (A$m):		143
- Fully Diluted ($m):		143
Cash (A$m) (Estimate):		31
Debt (A$m) (Estimate):		0
Enterprise Value (A$m):		111
52 wk High/Low (ps):	A$0.96	A$0.25
12m av. daily vol. (Mshs):		691

Advanced Projects	Stage
Jaguar	Scoping (DFS mid-2024)
Jambreiro	PFS

Jaguar	Mt	Ni %
Measured	14.00	1.06
Indicated	72.60	0.81
Inferred	22.60	0.93

Key Metrics:

	FY29e	FY30e	FY31e
P/E (x)	0.8	0.7	0.8
EV/EBITDA (x)	0.5	0.4	0.4

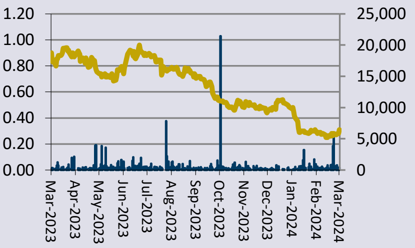
Financials:

	FY29e	FY30e	FY31e
Revenue ($m)	424	480	471
EBIT ($m)	272	303	289
NPAT (A$m)	236	262	256

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

Top Shareholders	%
McCusker Holdings Pty Ltd	13.8
Harmanis	5.1
Sprott Inc.	4.0
Regal	4.0

Share Price Graph and trading volumes (msh)



Please refer to important disclosures from page 18

Friday, 15 March 2024

Centaurus Metals (CTM)

Concentration Reorientation

Analyst | George Ross

Quick Read

Nickel macro sentiment has driven CTM's share price southward we maintain high conviction on the quality of the Jaguar Nickel Sulphide Project. The Jaguar Definitive Feasibility Study is expected by mid-year and will assess the viability of producing a saleable nickel sulphide concentrate. Suspension of plans for pressure oxidation and hydrometallurgical refinement for nickel battery metals will reduce both upfront capital requirements and technical risk. Production of a concentrate lowers metal payabilities and revenues. While nickel sentiment has soured, pricing remains strong, trading at over US$18,000/t, and higher than our long-term real price of $17,769/t. CTM's 100% owned Jambreiro remains under appreciated by the market. The Boi Novo exploration project has the potential to yield a significant copper-gold discovery.

Key Points

Jaguar Project Concentration Pivot: CTM has announced it will rework the planned Jaguar Nickel Sulphide Project DFS for initial production of a nickel sulphide concentrate rather than sulphate as had been planned. This modification eliminates significant upfront capital expenditure requirements required for hydrometallurgical processing whilst also reducing technical execution risk. The study will adopt assumptions planned for the beneficiation and flotation stages of the planned sulphate production plant. This will leave the door ajar to build hydrometallurgical refinement circuits including POX and crystallisation at a later date.

Argonaut Jaguar Model Update: We have updated our detailed development model for production of a nickel sulphide concentrate product. Under our base case assumptions our model generates a Build-Date NPV(9) of A$794M, equivalent to $1.60 per share of undiluted capital.

Jambreiro Sleeper Asset: Since acquisition of Jaguar, the market has heard little about CTM's 100% owned Jambreiro iron ore asset. Studies are currently underway for production of a direct reduction pellet feed concentrate, potentially lifting revenues. The capital hurdle to development of Jambreiro is expected to be much lower than Jaguar and could provide CTM with positive cashflow. Update and reissue of relevant permits is currently underway. Under our base assumptions we estimate a Post-Tax Build Date NPV(9) of A$170M equivalent to $0.34 per share.

Boi Novo Wildcard: Exploration is currently underway at CTM's Boi Novo Iron-Oxide-Copper-Gold project. The Carajas is recognised as globally significant IOCG province and hosts deposits such as Salobo, Paulo Afonso and Cristalino. Upcoming work programs will include electromagnetic geophysical surveys and drilling.

Recommendation & Price Target

We maintain our Speculative Buy recommendation and ascribe a $0.80 price target.

Centaurus Metals (ASX:CTM)

(Assumed 70% Retention of Jaguar)

Equities Research

Analyst: George Ross

Recommendation	**Spec Buy**
Current Price (A$)	**0.29**
Price Target (A$)	**0.80**
TSR	**162%**

Sector	**Metals & Mining**
Issued Capital (Mshs)	**495**
Market Cap (M)	**A$142M**
Date	**Friday, 15 March 2024**

Profit & loss ($M)	Unit	2029E	2030E	2031E	2032E
Revenue	**A$M**	**424**	**480**	**471**	**454**
+ Other income/forwards	A$M	0	0	0	0
- Operating costs	A$M	-167	-182	-182	-182
- Royalties	A$M	-25	-28	-28	-27
- Corporate & administration	A$M	-8	-8	-8	-8
Total Costs	**A$M**	**-200**	**-219**	**-218**	**-216**
EBITDA	**A$M**	**224**	**261**	**253**	**238**
- margin	%	53%	54%	54%	52%
- D&A	A$M	48	42	36	1
EBIT	**A$M**	**272**	**303**	**289**	**239**
+ Finance Income/Expense	A$M	-9	2	8	14
PBT	**A$M**	**263**	**305**	**297**	**252**
- Tax expense	A$M	-27	-43	-41	-39
- Remeasurement	A$M	0	0	0	0
NPAT	**A$M**	**236**	**262**	**256**	**213**

Cash flow ($M)	Unit	2029E	2030E	2031E	2032E
+ Sales	A$M	421	480	471	454
- Cash costs	A$M	-187	-219	-218	-217
- Forwards	A$M	0	0	0	0
- Tax payments	A$M	-17	-40	-42	-40
- Stamp duty/other	A$M	0	0	0	0
+ Interest & other	A$M	-9	2	8	14
Operating activities	**A$M**	**208**	**223**	**219**	**211**
- Property, plant, mine devel.	A$M	-7	-6	-5	-5
- Acquisition/ asset sale	A$M	0	0	0	0
- Exploration & evaluation	A$M	0	0	0	0
Investment activities	**A$M**	**-7**	**-6**	**-5**	**-5**
+ Borrowings	A$M	-140	-89	0	0
- Lease payments	**A$M**	0	0	0	0
- Dividends	A$M	0	0	0	0
+ Equity	A$M	0	0	0	0
Financing activities	A$M	-140	-89	0	0
Cash change	**A$M**	**61**	**128**	**214**	**207**

Balance sheet	Unit	2029E	2030E	2031E	2032E
Cash	**A$M**	**91**	**219**	**433**	**640**
Receivables	A$M	30	30	29	28
Inventories	A$M	6	6	6	6
Other current assets	A$M	0	0	0	0
Total current assets	**A$M**	**127**	**255**	**468**	**674**
Property, plant & equip.	A$M	0	0	0	0
Exploration Properties	A$M	0	0	0	0
Investments/other	A$M	0	0	0	0
Total non-curr. assets	**A$M**	**285**	**249**	**217**	**189**
Total assets	**A$M**	**413**	**504**	**685**	**863**
Trade payables	A$M	27	28	28	28
Short term borrowings	A$M	89	0	0	0
Other	A$M	28	28	28	28
Total curr. liabilities	**A$M**	**144**	**56**	**56**	**55**
Long term borrowings	A$M	0	0	0	0
Other	A$M	0	0	0	0
Total non-curr. liabil.	**A$M**	**0**	**0**	**0**	**0**
Total liabilities	**A$M**	**144**	**56**	**56**	**55**
Net assets	**A$M**	**268**	**448**	**629**	**808**

Share Capital		2029E	2030E	2031E	2032E
New shs issued/exerciseable	M	0	0	0	0
Average issue price	ps	0.00	0.00	0.00	0.00
Total Cash Raised	A$M	0	0	0	0
Ordinary shares - end	M	671	671	671	671
Diluted shares - end	M	671	671	671	671

Key Financials/Ratios	Unit	2029E	2030E	2031E	2032E
GCFPS	¢	124.0	133.2	130.7	126.1
CFR	X	0.2	0.2	0.2	0.2
EPS	¢	35.2	39.1	38.2	31.8
PER	X	0.8	0.7	0.8	0.9
Yield	%	0%	0%	0%	0%
Interest cover	x	6.7	0.0	0.0	0.0
ROCE	%	66%	60%	42%	28%
ROE	%	88%	59%	41%	26%
Gearing	%	32%	0%	0%	0%

Jaguar Project Performance		2029E	2030E	2031E	2032E
Ore Mined					
Tonnage	Mt	3.3	3.5	3.5	3.5
Ni	%	0.95	0.95	0.94	0.90
Co	%	0.03	0.03	0.03	0.03
Payable Metal Produced					
Nickel	kt	17.0	20.0	19.6	18.8
Cobalt	kt	0.3	0.3	0.3	0.3
Payable Nickel Costs					
C1 Cost Net-BP	US$/t Ni	3.51	3.27	3.32	3.45
AISC Net-BP	US$/lb Ni	4.17	3.88	3.91	4.04
C1 Cost Ore Milled	US$/t Ore	47.1	44.1	44.0	43.7

Project Valuation	A$M	A$/sh
Jaguar Build Date Post-Tax NPV(9) | 100% Ownership	778	1.57
Jambreiro Build Date Post-Tax NPV(9) | 100% Ownership	191	0.39

Company Valuation Summary	Spot		Forecast	
	A$M	A$/sh	A$M	A$/sh
Jaguar Post-Tax NPV(9) 70% Ownership	462	0.93	457	0.92
Study Stage Risk Discount -25%	-110	-0.22	-114	-0.23
Jambreiro Post-Tax NPV(9) 100% Ownership	238	0.48	161	0.32
Study Stage Risk Discount -25%	-60	-0.12	-40	-0.08
Regional Exploration	20	0.04	20	0.04
Corporate Overheads	-65	-0.13	-65	-0.13
Cash (Estimate)	31	0.06	31	0.06
Debt	0	0.00	0	0.00
Future Option/Equity^	-87	-0.18	-75	-0.15
Valuation	407	0.82	374	0.76

^ Future Option/Equity Dilution is calculated using an NPV formula that considers value of dilutionary shares/options in future periods against the current project valuation

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

Top Shareholders	M shs	%
McCusker Holdings Pty Ltd	59	14
Harmanis	22	5
Sprott Inc.	18	4
Regal	17	4

Jaguar Project Resources	Mt	Ni %	Co %
Measured	14	1.06	0.04
Indicated	73	0.81	0.02
Inferred	23	0.93	0.03
Total	109	0.87	0.03

Jaguar - Returned to Sulphide Concentrate Scenario

CTM has advised that in response to ongoing negative macro nickel sentiment, the upcoming Jaguar Definitive Feasibility Study (Q2 CY2024) will be reframed to produce a nickel sulphide concentrate rather than nickel sulphate as recently planned. Plans for hydrometallurgical processing will not be entirely abandoned, but instead suspended until market conditions improve.

A switch back to a nickel sulphide concentrate reduces initial capital requirements and risk

Elimination of process equipment required for pressure-oxidation, purification and crystallisation will substantially reduce upfront capital requirements, reduce process operating expenditure and reduce project technical risk. Production of nickel in a saleable sulphide concentrate form will reduce applicable metal payabilities and per unit revenues.

The DFS will integrate outcomes of existing pit optimisations, site layout, process flowsheet and concentrate specifications as were intended for the now suspended integrated hydrometallurgical processing scenario.

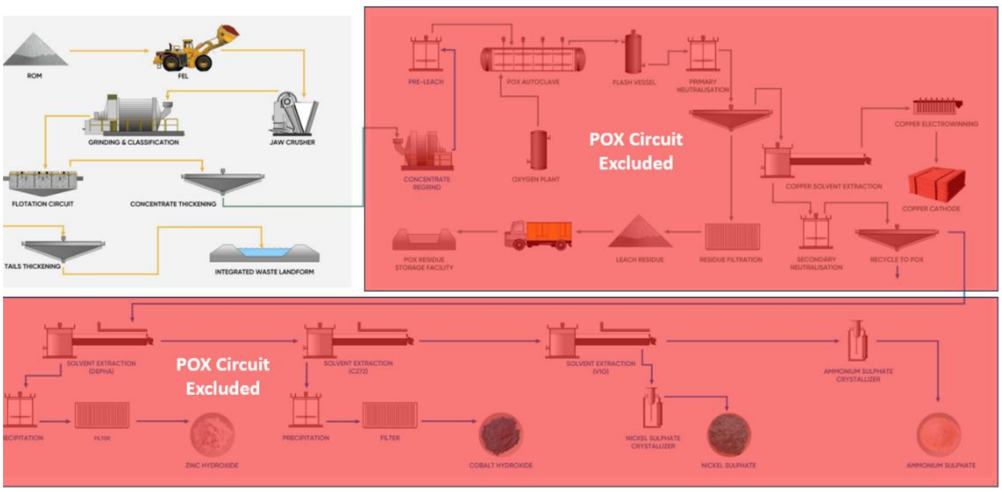
As reframed, the project will produce approximately ~20ktpa of nickel in sulphide 11.2% nickel sulphide concentrate. We estimate a 75% payability for nickel contained within concentrate inclusive of all TCRC's. We expect cobalt payability will be reduced to approximately 50% and other byproduct credits eliminated.

The door has been left ajar to pursuing hydrometallurgical processing in the future

Considering the market headwinds CTM and other nickel players are facing we think the reshaped approach is prudent. The final POX integrated initial capital number would most likely have frightened the market, especially considering the recent sell off CTM has endured. Jaguar is a world class nickel sulphide asset we expect it to perform well without the value optimisation provided hydrometallurgical processing. Configuring the initial build to enable the bolt on of hydrometallurgical processing leaves the door open to production of battery precursor chemicals.

We expect partnership discussions will continue with external parties. A change in output product, might attract a different class of partner. Jaguar's sulphide concentrate would be viewed as desirable to both metal traders and refiners. Battery chemical refiners might find the product particularly desirable due to its low carbon footprint. While the notion of a 'green premium' has failed to materialise within metal markets, a low emission product should still be viewed as desirable by some buyers.

Figure 1: Previously proposed Jaguar DFS flowsheet with circuits proposed to be excluded shaded red.



Source: Argonaut after CTM

Argonaut Jaguar Concentrate Development Model

Our rescoped Jaguar development model generates a build date Post-Tax NPV(9) of A$778M (US$505M). Our build date Pre-Tax NPV(9) estimate is A$947M (US$616M).

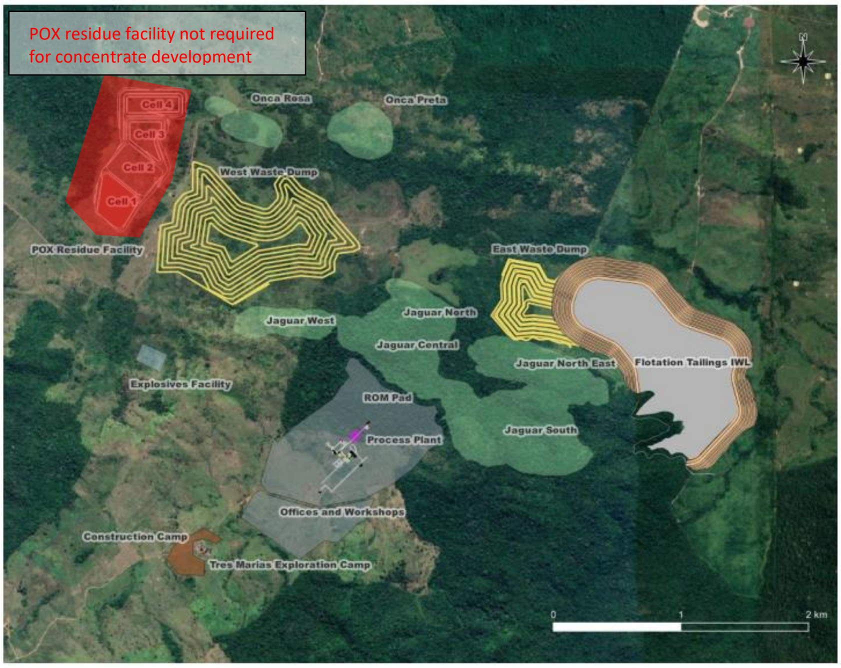
Our rescoped Jaguar model estimates a Post-Tax Build Date NPV(9) of A$778M with a 27% IRR

We apply a 9% WACC for discounted cashflow modelling. Our base case nickel forecast flat lines at a long term US$17,769/t or US$8.05/lb (real) from January 2028. This is slightly higher than our previously utilised US$17,500/t Ni assumption. Nickel is currently trading at ~US$18,135/t on the London Metals Exchange.

We have rescoped our Jaguar development model as an 18-year concentrate only operation. We assume US$400M in initial capital expenditure requirements including preliminary pit pre-strip. We model a 3.5Mtpa open pit mining operation with ore mined at 6:1 strip ratio. Our mining model includes 65Mt of inventory averaging 0.87% Ni, 0.03% Co. We anticipate the first 3-years of open pit production would source ore from the Jaguar South and Central deposits, yielding slightly higher than average LOM metal grades.

Figure 2: Jaguar DFS layout as at August 2024.

Site layout is expected to remain the same



Source: Argonaut after CTM

No underground mining is considered in our development scenario. We consider underground mining at higher grade deposits such as Onca Preta and Onca Rosa as sources of potential upside to the project.

We model a 3.5Mtpa comminution and flotation circuit for production of 210ktpa of sulphide concentrate containing an 24ktpa of nickel, or 18ktpa of payable metal assuming a 75% payability and 0.5ktpa of payable cobalt (50% payability). Our model assumes a full circuit nickel recovery of 80% and cobalt recovery of 55%.

Elemental characterisation of bulk concentrate generated during previous pilot flotation test work is shown in Figure 7. The output product would be attractive to a range of refiners, particularly those with hydrometallurgical capacity. The >11% Ni sulphide product would be trucked to rail or port for ultimate seaborne export into the Atlantic.

Table 1: Pilot bulk concentrate sample analysis.

Ni (%)	Cu (%)	Co (%)	Zn (%)	Al (%)
11.2	0.72	0.31	3.07	0.44
Cl (%)	As (%)	F (%)	Fe (%)	K (%)
<0.01	<0.01	<0.01	30.3	0.13
MgO (%)	Fe/MgO	Pb (%)	S (%)	P (%)
2.56	11.9	0.05	36.7	0.42

Source: CTM

Jaguar's concentrate product could be treated by either pyrometallurgical or hydrometallurgical refiners

Our model includes aggregate Gross Revenue royalties (government and private) of 5.8% for a sulphide concentrate. Our notional tax rate is set at a discounted 15% for the first 10-years as per government provisions and then 34% thereafter.

Our model estimates a C1 Cost per tonne of ore milled of US$41.7 and AISC of US$50.2 per tonne of ore milled. Treatment and refining charges are accounted for in the percentage rate of metal payability. This results in a C1 cash cost of US$3.39/lb of payable Ni metal and an AISC of US$4.12/lb over life of mine.

Table 2: Key Jaguar model variables and parameters.

Argonaut Jaguar Project Model Key Variables & Parameters					
Pre-Tax Project Value (9% DR)			**Jaguar Performance LOM**		
Pre-tax Current NPV	796	A$M	Mined Per Annum (Avg)	3.5	Mtpa
Pre-tax Build Date NPV	947	A$M	LOM Strip Ratio	6.0	x
Post-Tax Project Value (9% DR)			Mined Grade Average (LOM)		
Post-tax Current NPV	653	A$M	Ni	0.86	%
Post-tax Build Date NPV	778	A$M	Co	0.03	%
Operation Start Date	Jan-28		Tonnes Milled (Avg)	3.4	Mtpa
Initial Capital Cost	400	US$M			
Growth/Sustaining Capital	223	US$M	Avg Metal in Product	Avg pa | LOM	
			Nickel	23 | 417	kt
Metal Prices (Long Term Real)			Cobalt	0.6 | 10	kt
Nickel	17,769	US$/t			
Nickel	8.1	US$/lb	Nickel Payability	75	%
Cobalt	33,317	US$/t	Cobalt Payability	50	%
Cobalt	15.1	US$/lb			
			Payable Metal Produced	Avg pa | LOM	
AUDUSD	0.65	x	Nickel	18 | 313	kt
			Cobalt	0 | 1	kt
First 10 Years Federal Tax Rate	15.00	%			
Full Tax Rate after 10 Years	34.00	%	C1 Cost /t ore Milled	41.7	US$/t
Gross Revenue Royalties	5.80	%	AISC Cost /t ore Milled	50.2	US$/t
			Payable Nickel Costs (Avg During Operations)		
			C1 Net Byproducts	3.39	US$/t Ni
			AISC Net ByProducts	4.12	US$/lb Ni
			AIC Net ByProducts	4.14	US$/lb Ni

Source: Argonaut

18kt of payable nickel in concentrate produced per annum

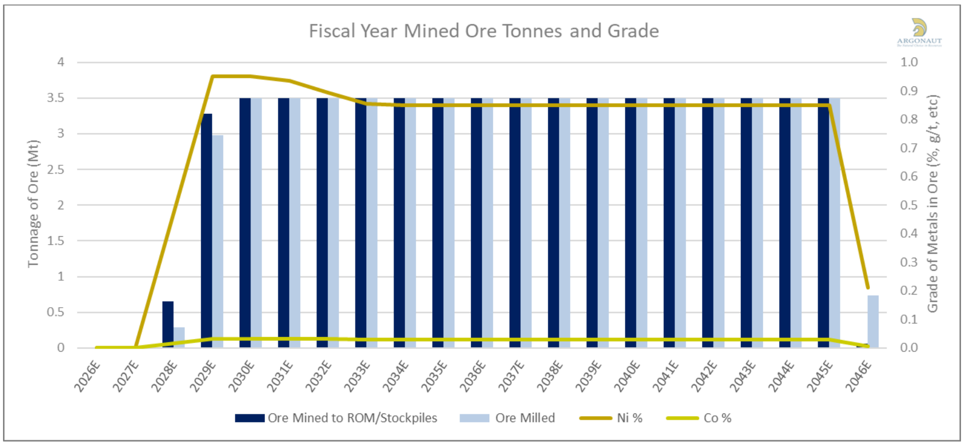
Table 3: Jaguar average operating cost per tonne milled over LOM.

Operating Cost Estimate	US$ /t ore Milled LOM
Mining Cost	20.4
Stockpile Rehandling	0.0
Processing Cost	12.0
Administration	1.2
Transport & Logistics	8.1
Treatment/Refining Charge	0.0
C1 Cash Cost (No BP Credit)	41.7
Royalties (Various)	5.5
Sustaining Capital	2.9
AISC (No BP Credit)	50.2
Growth Capital	0.2
AIC (No BP Credit)	50.3

Source: Argonaut

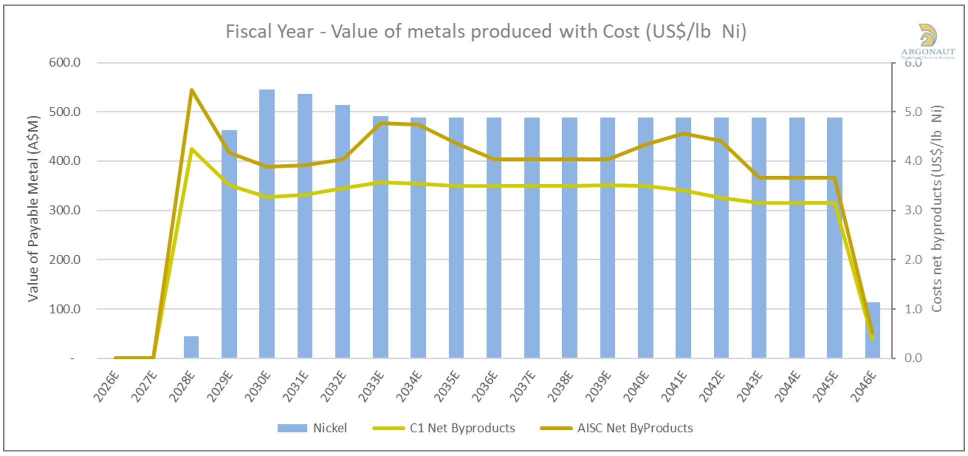
The mine is scheduled to produce 3.5Mtpa of ore per annum at a 6.0 waste strip ratio

Figure 3: Argonaut's Jaguar mining inventory tonnage and grade profile with tonnes milled.



Source: Argonaut

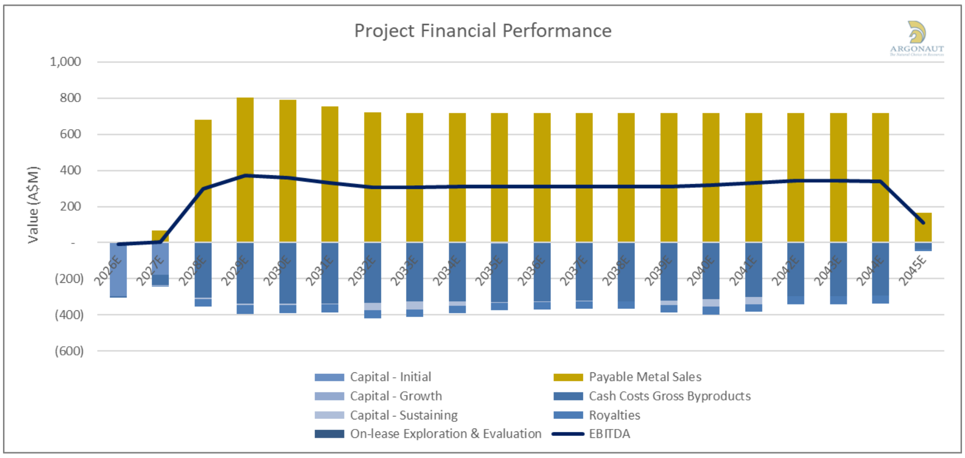
Figure 4: Jaguar value of payable nickel metal in sulphide concentrate with costs.



Source: Argonaut

EBITDA of approximately A$300M over life of mine (100% basis)

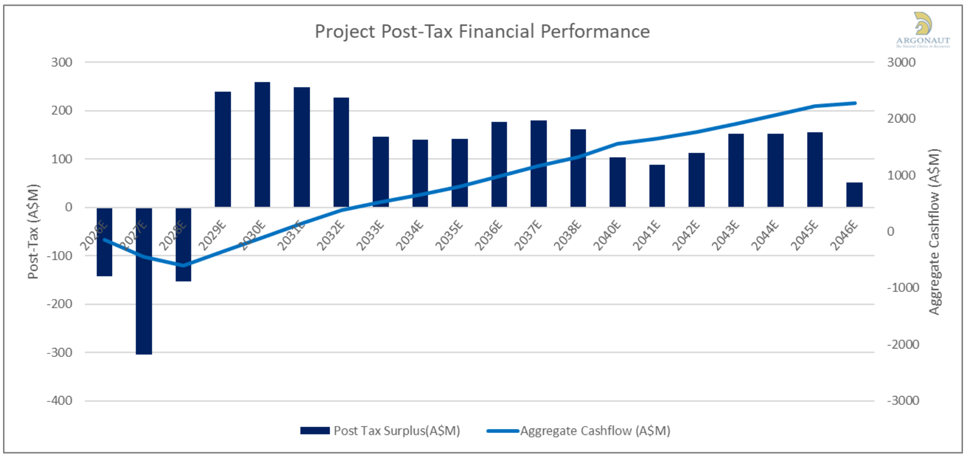
Figure 5: Jaguar financial performance with sales revenues, costs and EBITDA.



Source: Argonaut

Aggregate positive cashflow of over $2 billion over life of mine

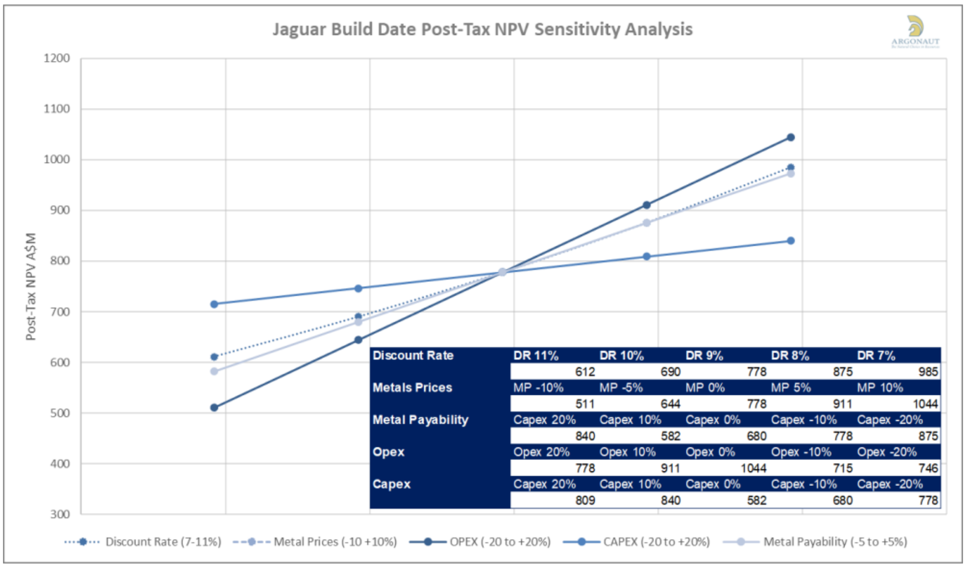
Figure 6: Jaguar Post-Tax financial performance with aggregate cashflow.



Source: Argonaut

At a discount rate of 7% our Post Tax NPV rises to A$985M

Figure 7: Jaguar project Argonaut Model sensitivity analysis.



Source: Argonaut

Table 4: Jaguar Project Resources by deposit.

Resource	Mt	Ni %	Cu %	Co ppm	Zn %	Ni Metal (kt)
Jaguar South (II)	35.8	0.91	0.05	211	0.12	327
Jaguar Central (II)	12.5	0.81	0.05	239	0.47	100
Jaguar North (II)	3.2	1.15	0.18	383	1.19	37
Jaguar Central North(II)	14.2	0.62	0.04	191	0.57	88
Jaguar North East (I)	16.8	0.75	0.11	279	0.51	126
Jaguar West (II)	8.7	0.72	0.03	167	0.12	63
Onca Preta (II)	14.2	1.23	0.09	534	0.19	174
Onca Rosa (I)	1.9	0.98	0.07	282	0.03	19
Tigre (II)	2.0	0.77	0.07	271	0.03	15
Total Global MRE	109.2	0.87	0.07	268	0.32	949

Source: CTM

Jambreiro – Sleeper Value

CTM's second major Brazilian asset the Jambreiro Iron Ore Project remains largely ignored by the market. The project is located 250km north-east of the city of Belo Horizonte. Jambreiro incorporates three deposits containing a mix of friable, semi-compact and colluvium itabirite iron ore grading an average 28% Fe. The key commercial benefit of concentrate produced from itabirite ore is its quality. The concentrate is high grade with very low phosphorous, alumina and silica content.

The 2019 Jambreiro PFS evaluated an operation of 1Mtpa 65% Fe

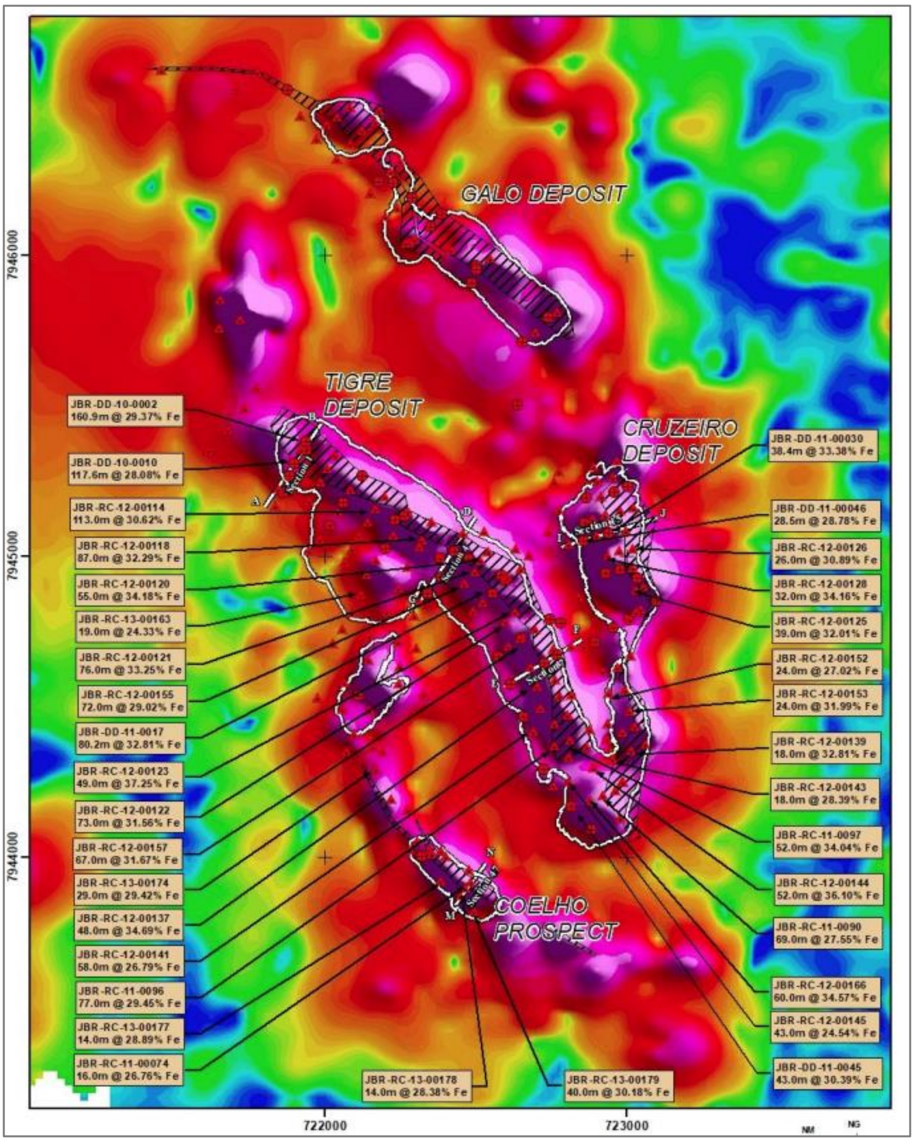
CTM's 2019 Jambreiro PFS evaluated an 18-year, 1Mtpa +65% Fe operation at an Fe 62% reference price of US$75/t (Mine Gate FOB US$41/t). Under base cost parameters including pre-production capital costs of A$60M, the study estimated a Post-Tax NPV(8) of A$115M. The study assumed a C1+Royalty operating cost of A$29.0/t product.

The study outlined the mining of ~2.3Mt of ore per annum with at an average waste strip ratio of 0.68. Initially mined material would grade just under 34% Fe and taper over life of mine. The friable nature of ore will make mining free dig in the initial period of operations.

Jambreiro ore will be processed via a flowsheet involving screening, concentration and scavenging (Figure 12). Pilot scale tests of the flowsheet achieved a 65.9% Fe sinter feed with low impurities.

Several pits would be used to source friable itabirite iron mineralisation

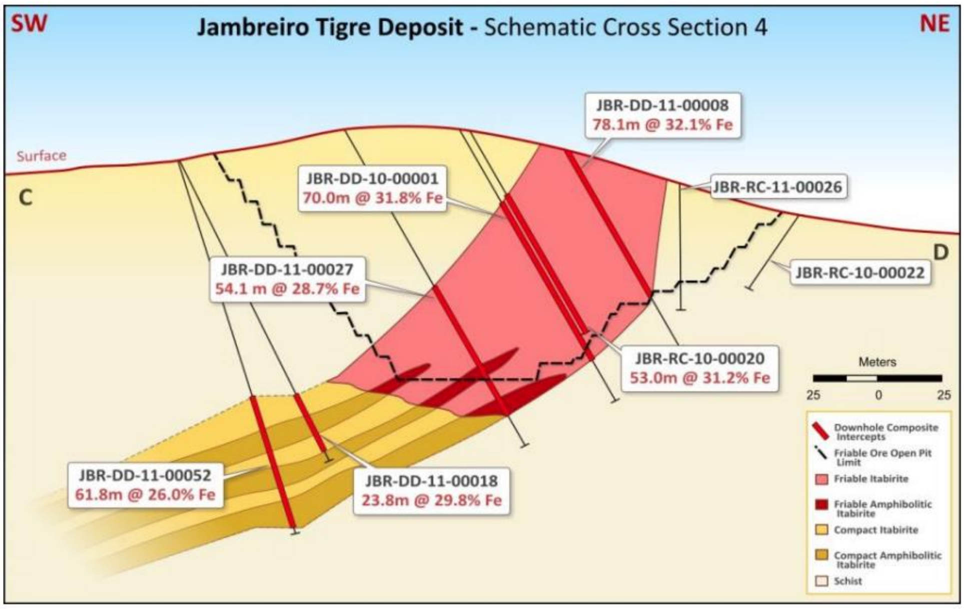
Figure 8: Overview map of Jambreiro with proposed pits.



Source: CTM

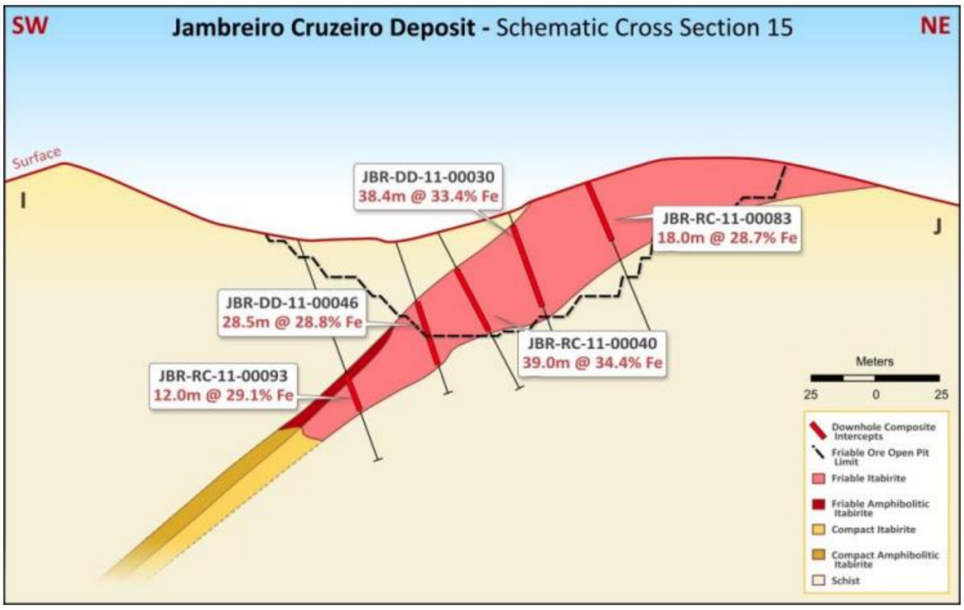
Deposit geometry ensures low strip ratios

Figure 9: Jambreiro Tigre deposit cross section.



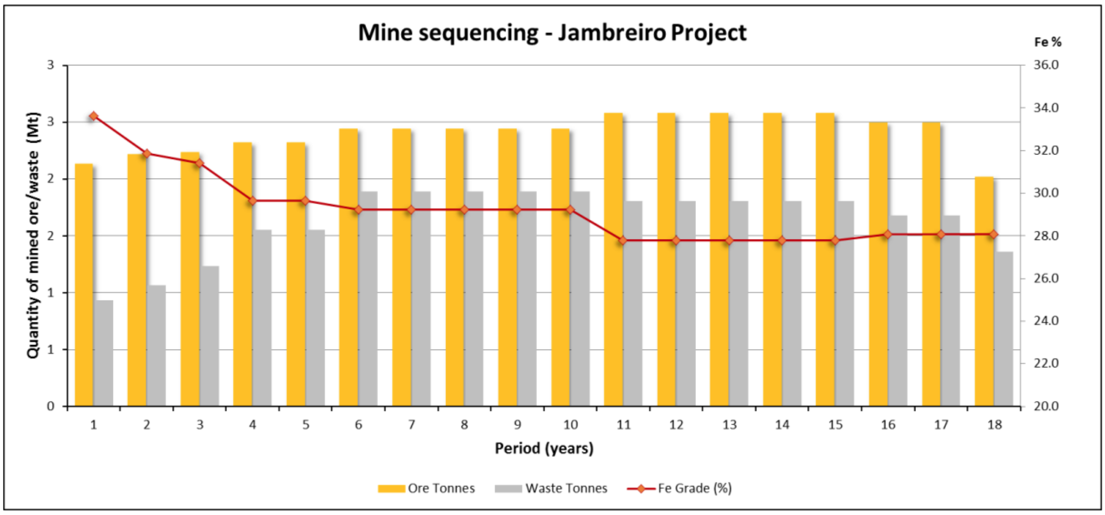
Source: CTM

Figure 10: Jambreiro Cruzerio deposit cross section.



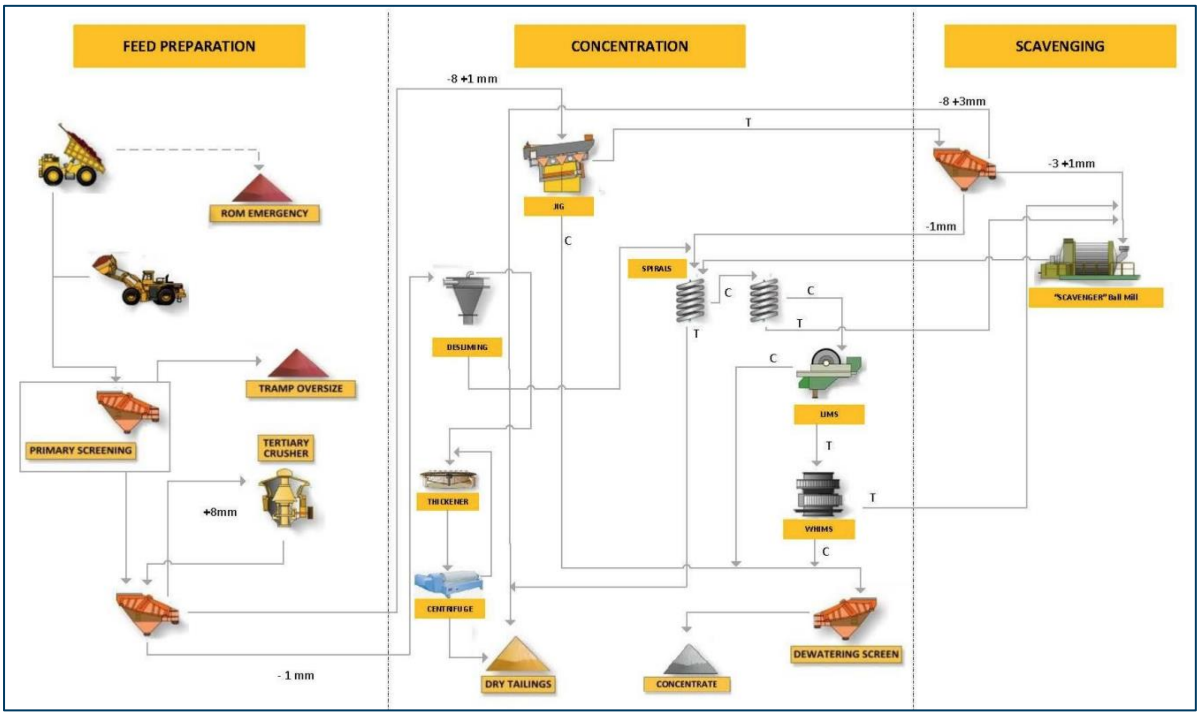
Source: CTM

Figure 11: Jambreiro PFS mine sequencing.



Source: CTM

Figure 12: Jambreiro 2019 PFS flow sheet.



Source: CTM

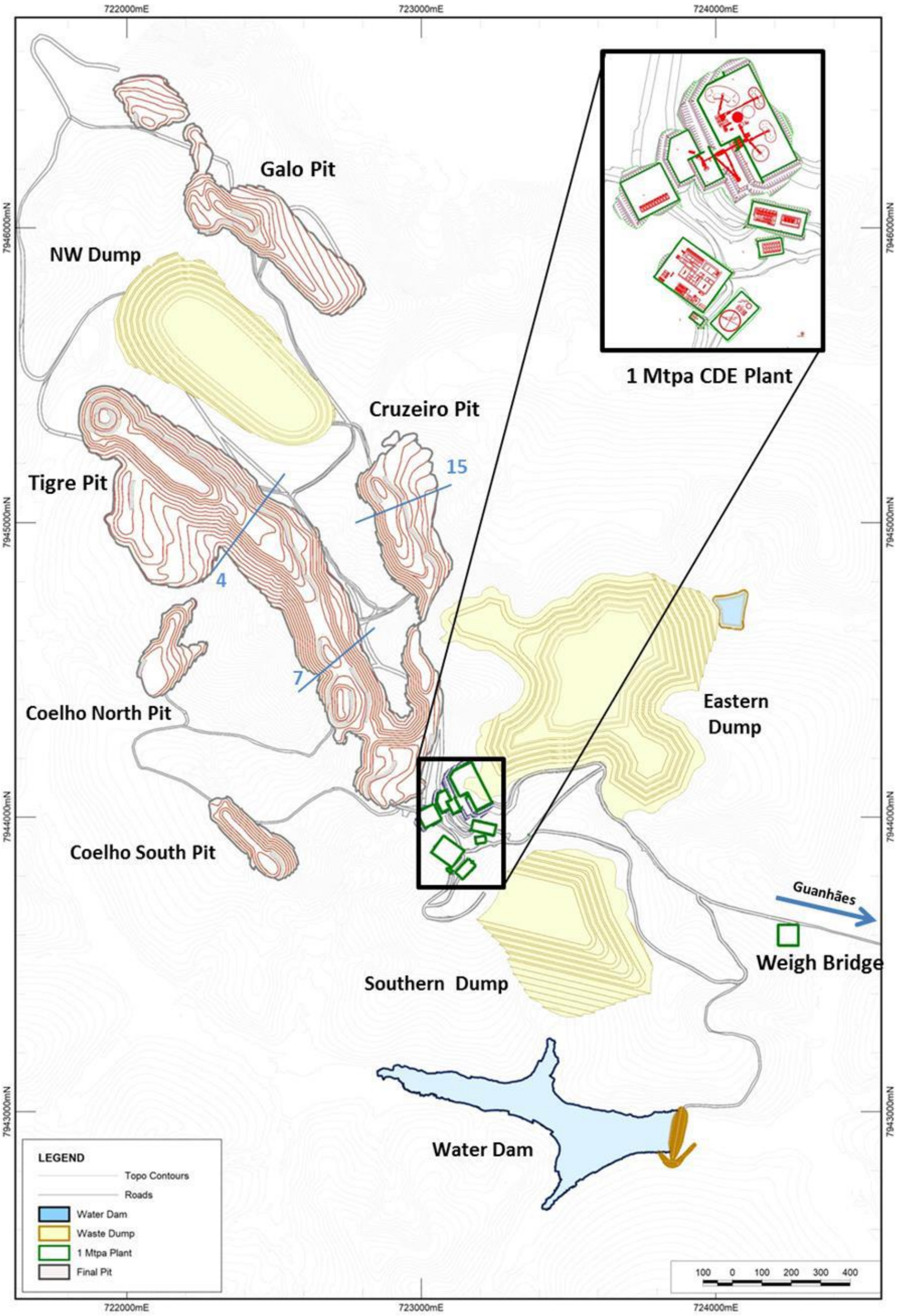
Table 5: Jambreiro pilot plant test work product characteristics.

		Sinter Feed
Chemical Analysis	Fe (%)	65.9%
	SiO_2 (%)	4.3%
	Al_2O_3 (%)	0.8%
	P (%)	0.01%
	Mn (%)	0.04%
	LOI (%)	0.42%

Source: CTM

Figure 13: Jambreiro site layout.

Site layout for the 1Mtpa operation



Source: CTM

A DR feed product could provide benefits to revenues

Direct Reduction Pellet Feed Concentrate Option

Earlier this week CTM reported that it has commenced a new study on the potential for Jambreiro to deliver a high-grade Direct Reduction (DR) quality pellet feed concentrate. DR pellet feed product is used to produce DR pellets, which in turn are then used as feed for Electric Arc furnaces. Production of steel using electric-arc-furnaces fed by DR feed lowers the overall carbon footprint of steel production compared to conventional blast furnace processing.

Recent sighter on Jambreiro itabirite samples with a head grade of 38-39% Fe successfully generated concentrates grading >68% Fe with recoveries ranging between 80-86% Fe.

Test flowsheets included grinding to 150µm followed by either magnetic separation (WHIMS) or desliming and flotation.

CTM will now complete a high-level study to assess the revenue benefits, process recovery characteristics and capital/operating costs of augmenting the existing Jambreiro flowsheet to produce a DR pellet feed.

Argonaut Jambreiro Model

We have completed a detailed project production and financial model for Jambreiro using modified 2019 PFS assumptions. Under our base model parameters, we estimate a Build Date Post-Tax NPV(9) of A$191M, valued at A$161M today (construction starting 2027).

We estimate a Build Date Post-Tax NPV9 of A$191M with an IRR of 45%

Our model assumes production of 1Mtpa of 65% Fe concentrate over an 18-year mine life. We estimate an AISC operating cost of A$41.44/t ore milled resulting in an AISC of A$50.49/t 62% Fe product produced. We assume initial capital requirements of A$80M (up from $60M in the 2019 PFS) and have escalated operating costs.

Our NPV estimate is based on a 9% discount rate and long-term Fe 62% reference forecast price of US$90/t, equivalent to a mine gate FOB price of US$50/t (A$77/t). Spot pricing for Fe 62% product is ~US$133/t. Additional value could be added assuming positive DR studies, however, for the moment we exclude this upside.

Royalties and other similar charges are estimated at 10%. We apply a flat 34% tax rate over life of mine.

An updated EIA/RIMA was lodged in September 2023 with the environmental agency in Minas Gerais State, Supram, for Jambreiro. All environmental licences required to build Jambreiro (3Mtpa scale potential) were previously held by the Company but lapsed during the period when the Project was put on hold. New approvals are anticipated to be received in Q3 2024.

Strong project metrics

Table 6: Argonaut Jambreiro Model key variables and parameters.

Argonaut Jambreiro Project Model Key Variables & Parameters					
Pre-Tax Project Value (9% DR)			**Jaguar Performance LOM**		
Pre-tax Current NPV	227	A$M	Tonnes Mined (LOM)	40.0	Mt
Pre-tax Build Date NPV	271	A$M	Tonned Benefiated (pa)	2.3	Mt
			Ore Metal Grades		
Post-Tax Project Value (9% DR)			Fe	29.10	%
Post-tax Current NPV	161	A$M			
Post-tax Build Date NPV	191	A$M			
			Metal Payabilities		
			Fe	100	%
Operation Start Date	1/01/2027				
Initial Capital Cost	80	A$M			
Process Plant Design Rate	0.94	Mtpa	Payable (Avg pa/LOM)	Avg pa | LOM	
			Fe	1 | 17.9	Mt
Long Term Forecast Metal Prices					
Fe 62%	90	US$/t			
Adjusted Mine Gate FOB	50	US$/t	C1 Cost /t ore Milled	29.3	A$/t
			AISC Cost /t ore Milled	35.8	A$/t
AUDUSD	0.65	x			
			Payable Costs		
Tax Rate	34.00	%	C1 Net Byproducts	41.44	A$/t Fe
			AISC Net ByProducts	50.49	A$/t Fe
Royalties and Other Charges	10.00	%	AIC Net ByProducts	51.20	A$/t Fe

Source: Argonaut

Figure 14: Argonaut Jambreiro mining schedule with ore tonnes and grade.

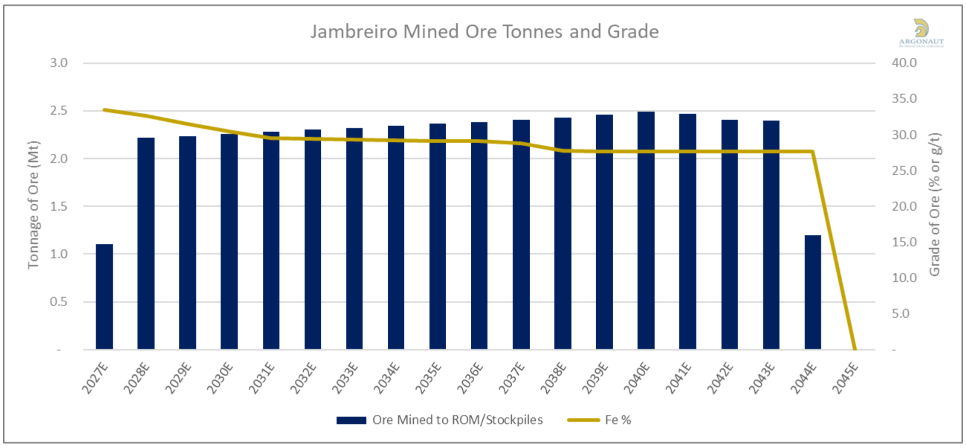


Figure 15: Jambreiro value of metals produced with C1 and AISC costs.

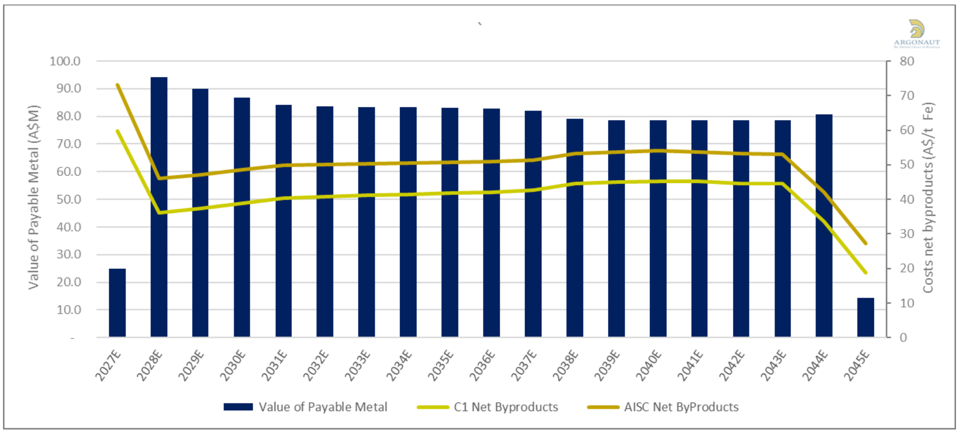


Figure 16: Jambreiro financial performance with costs and EBITDA.

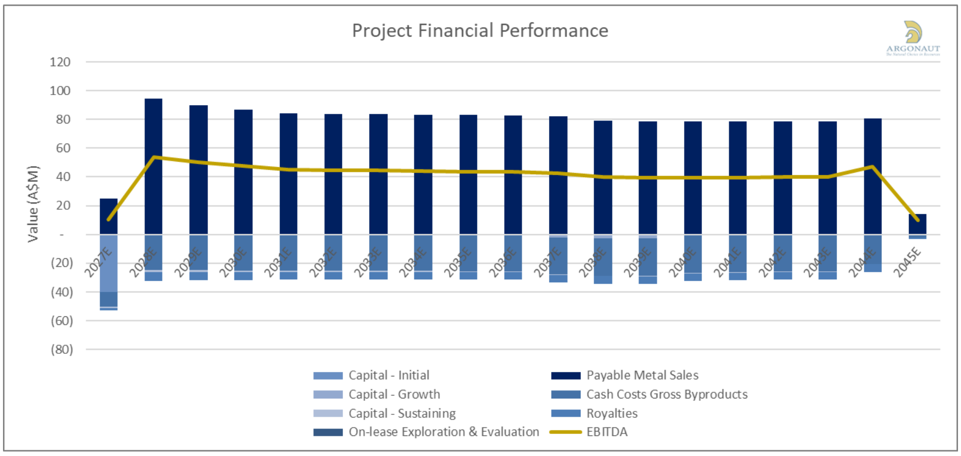
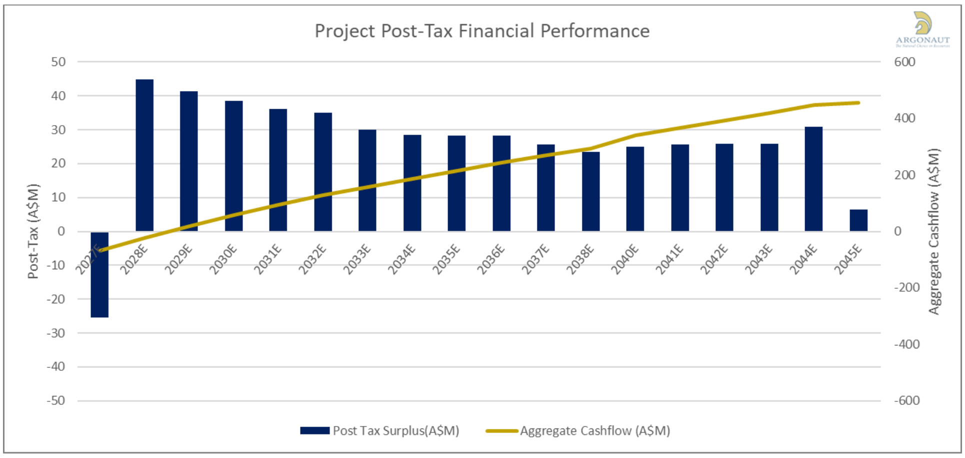
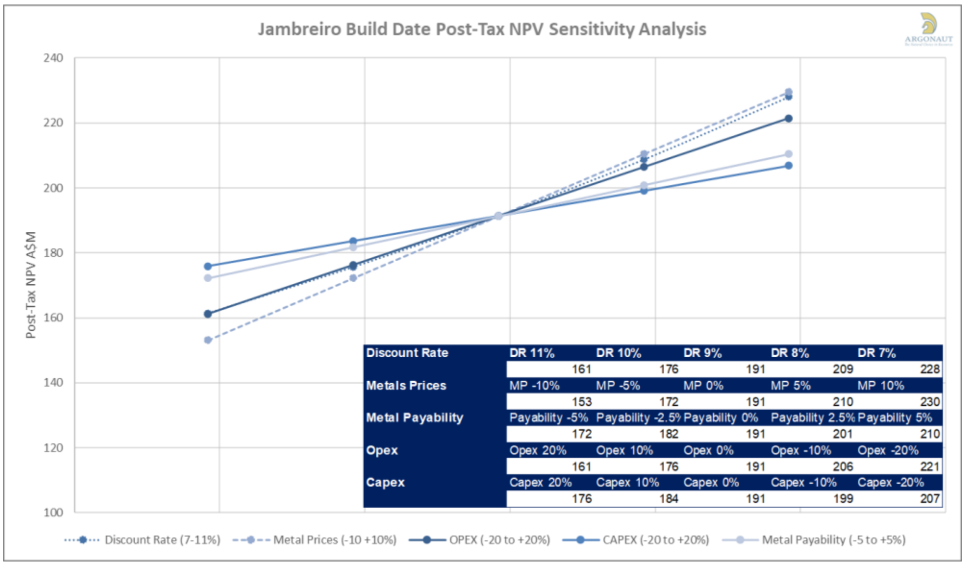


Figure 17: Argonaut model Jambreiro Post-Tax financial performance with surplus and aggregate cashflow.



Aggregate post tax cashflow of almost A$500M over life of mine

Figure 18: Sensitivity analysis for Argonaut's Jambreiro project development.



Discount Rate	DR 11%	DR 10%	DR 9%	DR 8%	DR 7%
	161	176	191	209	228
Metals Prices	MP -10%	MP -5%	MP 0%	MP 5%	MP 10%
	153	172	191	210	230
Metal Payability	Payability -5%	Payability -2.5%	Payability 0%	Payability 2.5%	Payability 5%
	172	182	191	201	210
Opex	Opex 20%	Opex 10%	Opex 0%	Opex -10%	Opex -20%
	161	176	191	206	221
Capex	Capex 20%	Capex 10%	Capex 0%	Capex -10%	Capex -20%
	176	184	191	199	207

Source: Argonaut

Our Jambreiro Build Date NPV increases to A$228M at a 7% discount rate

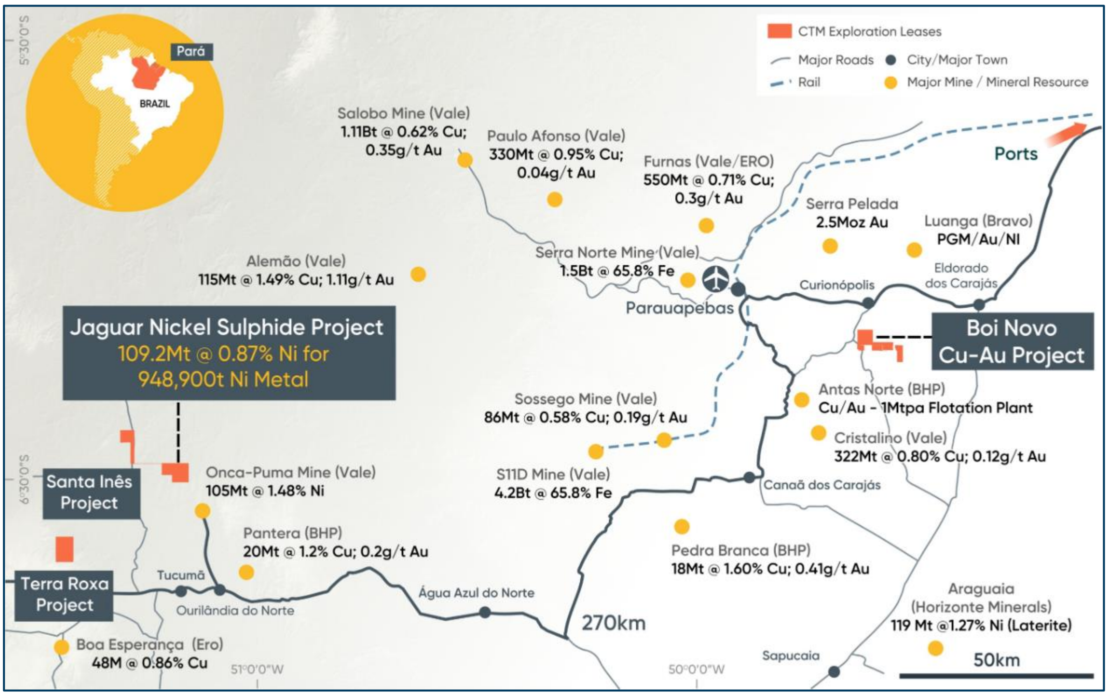
Boi Novo IOCG Exploration

The Boi Novo Iron-Oxide-Copper-Gold project adds a third string to CTM's bow. The project is located 30 kilometres east of the regional centre of Parauapebas (population 250k) and approximately 15km north-east of BHP's (previously Oz Minerals) Antas Norte copper-gold mine. The Carajas is a world class IOCG province, hosting major deposit like Salobo and Cristalino (both Vale). Whilst studies and permitting progresses for Jaguar and Jambreiro, CTM will complete early stage, inexpensive exploration at Boi Novo. Planned activities will include fixed-loop electromagnetics and drilling.

Existing targets are defined by soil geochemistry results associated with particular lithological contacts. A drone magnetics survey over the project area clearly defines iron rich formations within the host volcano-sedimentary sequence (Figure 20).

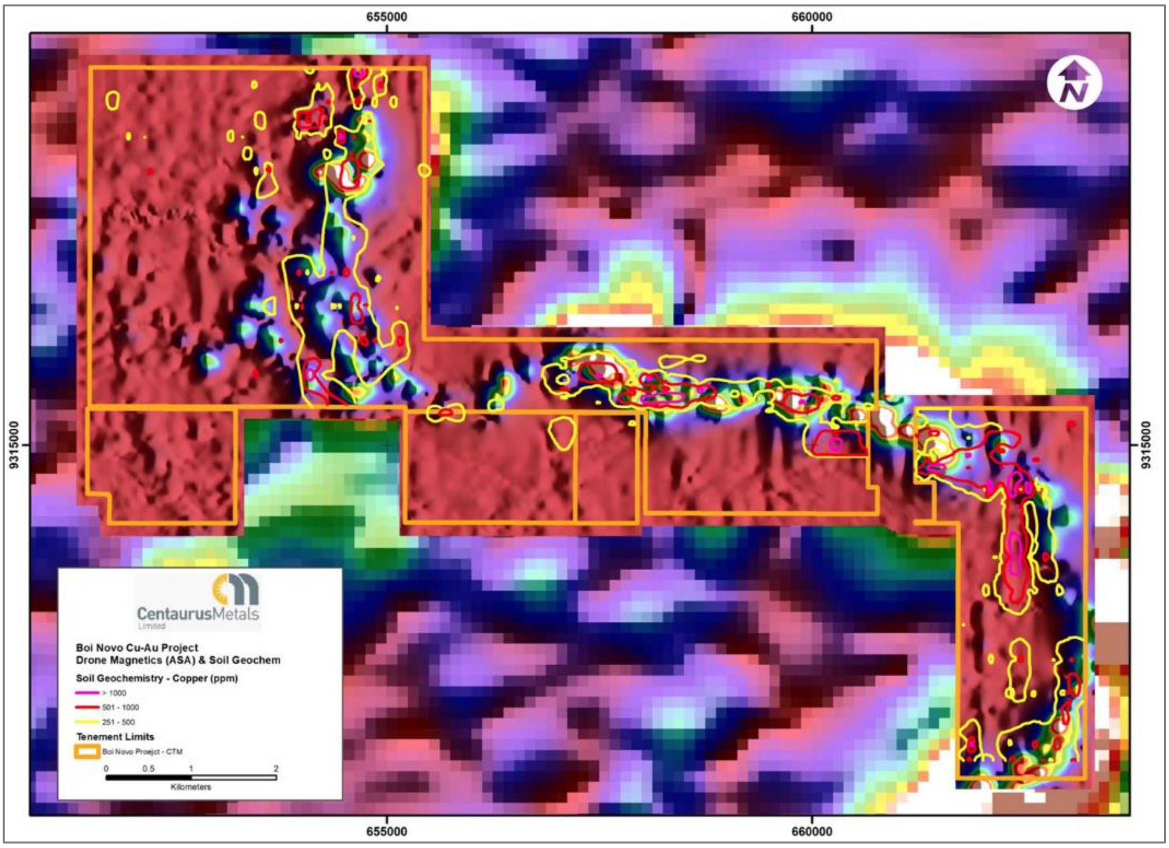
CTM is exploring in true elephant country and has a proven track record of base metal exploration success within the region. Discovery of an economic copper-gold system at Boi Novo could provide further support for the flagging share price.

Figure 19: Location of CTM's Pará projects including Jaguar.



Source: CTM

Figure 20: Boi Novo soil sampling overlaid on drone magnetic imagery.



Source: CTM

Corporate Level Valuation

Our Valuation integrates build of both the Jaguar and Jambreiro projects

Our corporate level valuation assumes construction of Jaguar will be begin mid-CY2026, with operations ramping up from mid-CY2028. We assume capital requirements would be provided by a 30% selldown of the project for US$106M, equivalent to 30% of our Build Date 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(9) A$457M or A$0.92 per share. We overlay a 25% discount to our Jaguar valuation to reflect maturity of studies and uncertainty in our assumptions. This will be relaxed once the Jaguar DFS is released.

The Jambreiro Iron Ore project remains CTM's sleeper project. Our base case NPV(9) model generates a current value of A$161M, or $0.32 per share for 100% of the project. Our model assumes development would begin at the beginning of January 2026, funded by equity and debt. We also apply a 25% study maturity discount overlay to reflect model uncertainty.

We 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 $31M in current cash and equivalents with no major debt.

The impact of modelled future option and equity dilution is addressed. Our cashflow model supports both developments as currently scheduled.

Table 7: CTM company level net asset valuation.

Company Valuation Summary	Spot		Forecast	
	A$M	A$/sh	A$M	A$/sh
Jaguar Post-Tax NPV(9) 70% Ownership	462	0.93	457	0.92
Study Stage Risk Discount -25%	-110	-0.22	-114	-0.23
Jambreiro Post-Tax NPV(9) 100% Ownership	238	0.48	161	0.32
Study Stage Risk Discount -25%	-60	-0.12	-40	-0.08
Regional Exploration	20	0.04	20	0.04
Corporate Overheads	-65	-0.13	-65	-0.13
Cash (Estimate)	31	0.06	31	0.06
Debt	0	0.00	0	0.00
Future Option/Equity^	-87	-0.18	-75	-0.15
Valuation	407	0.82	374	0.76

^ Future Option/Equity Dilution is calculated using an NPV formula that considers value of dilutionary shares/options in future periods against the current project valuation

Source: Argonaut

Recommendation & Price Target

We assign a Price Target of A$0.80 per

We maintain our Speculative Buy recommendation and ascribe a Price Target of $0.80 per share (previously $1.60 per share). Jaguar's quality Resources support reconfiguration of the development to a concentrate product. The door has been left open to proceed with hydrometallurgical circuits in the future when sentiment and valuations recover. We expect news on partnerships and funding options following completion of the reworked DFS. Jambreiro has been largely ignored by the market and should more than support CTM's share price on its own. The potential for identification of a copper discovery at Boi Novo presents a discovery wild card.

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

Pilot POX test programmes have been completed with positive outcomes. Fluro-apatite is associated with mineralisation at the Jaguar project. 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.

RESEARCH:

Hayden Bairstow | Executive Director, Head of Research
+61 8 9224 6835

Ian Christie | Director Research
+61 8 9224 6872

George Ross | Senior Analyst, Metals & Mining Research
+61 8 9224 6840

Pat Streater | Analyst, Metals & Mining Research
+61 8 9224 6818

INSTITUTIONAL SALES:

Chris Wippl | Executive Director, Head of Institutional Sales
+61 8 9224 6875

Damian Rooney | Director, Institutional Sales Trader
+61 8 9224 6862

Josh Welch | Institutional Research Sales
+61 8 9224 6868

George Ogilvie | Institutional Research Sales
+61 8 9224 6871

Matt Middlemas | Associate, Institutional Sales
+61 8 9224 6803
John Santul | Consultant, Institutional Sales & Research
+61 8 9224 6859

CORPORATE AND PRIVATE CLIENT SALES:

Glen Colgan | Executive Director, Desk Manager
+61 8 9224 6874

Kevin Johnson | Executive Director, Corporate Stockbroking
+61 8 9224 6880

Ben Willoughby | Senior Dealer, Corporate Stockbroking
+61 8 9224 6876

David Keogh | Senior Dealer, Corporate Stockbroking
+61 8 9224 6852

Geoff Barnesby-Johnson | Senior Dealer, Corporate Stockbroking
+61 8 9224 6854

James Massey | Dealer, Corporate Stockbroking
+61 8 9224 6849

Cameron Prunster | Dealer, Private Clients
+61 8 9224 6853

Harry Massey | Dealer, Private Clients
+61 8 9224 6829

Jake Solomon | Dealer, Private Clients
+61 8 9224 6855

Matej Mandic | Dealer, Private Clients
+61 8 9224 6887

Amanda Fu | Provisional Provider, Private Clients
+61 8 9224 6805

Important Disclosure
The publishing analyst holds CTM shares.

Argonaut Securities Pty Ltd acted as Joint Lead Manager and Joint Bookrunner in respect of the Placement to raise approximately $35M announced in July 2023 and received fees commensurate with this service. Argonaut holds or controls 759,976 CTM shares.

Information Disclosure
Each research analyst of this material certifies that the views expressed in this research material accurately reflect the analyst's personal views about the subject securities and listed corporations. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this material to any of the analyst(s).

For U.S. persons only
This research report is a product of Argonaut Securities Pty Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Argonaut Securities Pty Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Argonaut Securities Pty Limited has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

General Disclosure and Disclaimer
This research has been prepared by Argonaut Securities Pty Limited (ABN 72 108 330 650) (“ASPL”) for the use of the clients of ASPL and other related bodies corporate (the “Argonaut Group”) and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this report in any way. ASPL is a holder of an Australian Financial Services License No. 274099 and is a Market Participant of the Australian Stock Exchange Limited.

Nothing in this report should be construed as personal financial product advice for the purposes of Section 766B of the Corporations Act 2001 (Cth). This report does not consider any of your objectives, financial situation or needs. The report may contain general financial product advice and you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision.

This research is based on information obtained from sources believed to be reliable and ASPL has made every effort to ensure the information in this report is accurate, but we do not make any representation or warranty that it is accurate, reliable, complete or up to date. The Argonaut Group accepts no obligation to correct or update the information or the opinions in it. Opinions expressed are subject to change without notice and accurately reflect the analyst(s)’ personal views at the time of writing. No member of the Argonaut Group or its respective employees, agents or consultants accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Nothing in this research shall be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from engaging in any transaction. The Argonaut Group and/or its associates, including ASPL, officers or employees may have interests in the financial products or a relationship with the issuer of the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, director or adviser. Further, they may buy or sell those securities as principal or agent, and as such may effect transactions which are not consistent with the recommendations (if any) in this research. The Argonaut Group and/or its associates, including ASPL, may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case.

There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment.

The analyst(s) principally responsible for the preparation of this research may receive compensation based on ASPL’s overall revenues.