

# Centaurus Metals Ltd

## (CTM \$0.62) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Jon Bishop	9 <sup>th</sup> December 2020	\$0.85/sh ▲ from \$0.70/sh

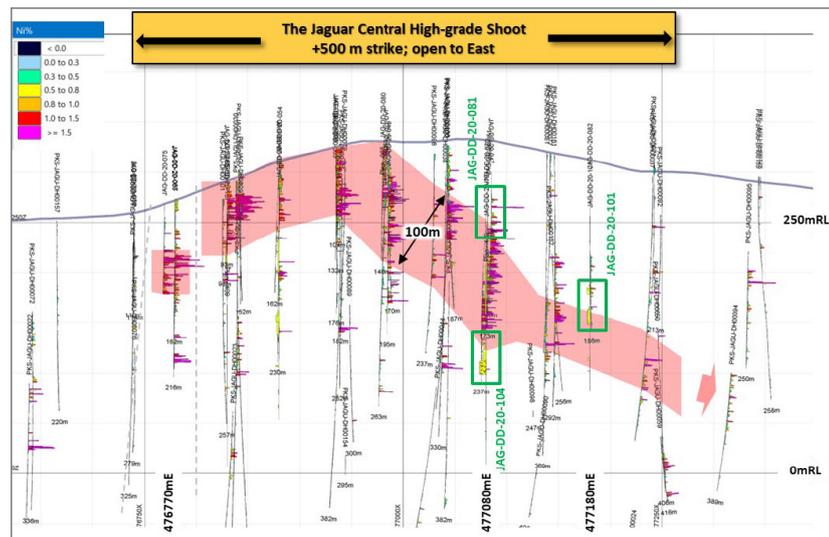
### Exploration Success Continues at Jaguar Central

#### Investment case

The intersection of >30m of semi-massive and massive nickel sulphides outside of the current Jaguar Central Resource further validates Jaguar as a company making project. The strike length of the high-grade ore shoot at Jaguar Central (which starts at surface) has expanded to >500m on the back of step-out drilling, with the broad intercept from diamond hole JAG-DD-20-104 instilling confidence in thick high-grade mineralisation continuing at depth. The scale of the existing high grade Resource not only provides unparalleled leverage but also flexibility with respect to the development of the Jaguar project, which we envision commencing as a capital-light open cut operation prior to advancement underground. We flag assays from further step-out and deeper drilling at Jaguar Central in addition to CTM's maiden study on the project (due Q1 CY'21) as key near term catalysts. Speculative Buy maintained.

#### Key points

- CTM has reported a material intercept from step-out drilling at the Jaguar Central deposit;
- >30m of semi-massive thru massive sulphides have been seen at diamond hole JAG-DD-20-104;
- The presence of millerite in the middle section of the mineralised zone indicates that pending assays for hole 104 will carry good Ni grade;
- A second hole in JAG-DD-20-101 has encountered Ni sulphide mineralisation to the east of hole 104;
- These step-outs imply a strike length of over 500m at the Jaguar Central deposit, with clear potential to extend the known mineralisation envelope to the east:



Centaurus Metals Ltd	Year End 30 June	
Share Price	\$0.62	A\$/sh
Issued Capital		
Fully Paid Ordinary	322.3	m
Listed Opts (ex @ \$0.18/sh May'21)	28.9	m
Unlisted Options	12.1	m
Total Dil FP Ord	363.25	m
Market Capitalisation	225.2	A\$m
Enterprise Value	200.2	A\$m
Cash (est Dec 20)	25.0	A\$m
Debt	Nil	A\$m

#### Directors

D. Murcia	NE Chairman
D. Gordon	Managing Director
B. Scarpelli	Ex Director
M. Hancock	NE Director
C. Banasik	NE Director

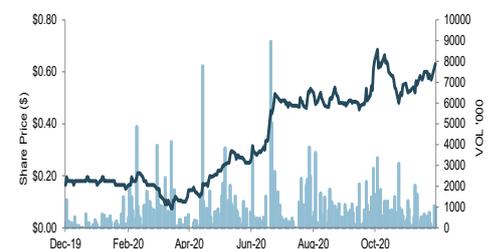
#### Substantial Shareholders

Top 20	59%
Directors & Managment	4%

#### Company Details

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Email: office@centaurus.com.au

#### Share Price Chart



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- Both intercepts from holes 104 and 101 sit outside the current Resource envelope;
- We see substantial potential for expansion of the current Resource (48Mt @ 1.08% Ni for 517kt Ni) with reference to the amount of drilling completed since the beginning of FY'21;
- Of greater significance is the likely growth to the near-surface component of the Resource at Jaguar Central (4.1Mt @ 1.44% Ni for c. 60kt contained Ni);
- Striking over 500m, shallow and with a sub-horizontal plunge, Jaguar Central is key element to the strong, early economics for the proposed development of Jaguar;
- CTM is well funded with a cash balance of ~\$25m and \$6m of unpaid capital from ITM and vested options;
- Key catalysts remain the release of the following:
  - Assays from in-fill and step-out drilling at Jaguar Central and South (due Dec'20);
  - Resource update (due Jan'21);
  - Scoping Study (due Q1 CY'21);
- We have recently updated medium term nickel price forecast. This has prompted a revision of our back of the envelope initial jaguar development. Our Valuation increases to \$0.86 and we set our Price Target at \$0.85/sh, cognisant of a firm nickel price macro.
- We maintain our Speculative Buy rating.

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### Analysis

Our current SOTP valuation is included below:

Valuation	A\$m	A\$/sh.
(+) Jaguar Nickel	275	\$0.76
(+/-) Hedging	0	\$-
(-) Corporate	-23	-\$0.06
(+) Exploration	30	\$0.08
(-) Debt	0	\$-
(+) Unpaid Capital	6	\$0.02
(+) Cash	25	\$0.07
<b>Valuation</b>	<b>313</b>	<b>\$0.86</b>

We retain the following broad-brush assumptions in deriving our NPV<sub>10</sub> valuation of the Jaguar project:

Jaguar Valuation		
Capital Cost	US\$m	150
Throughput	mtpa	2.7
Grade	Ni %	1.0-1.4
Recovery	%	80
Production	kt pa	23-30
Operating Cost		
Open pit	US\$/t	55
Underground	US\$/t	90
AISC payable	US\$/lb	4.8-5.6
Mine Life	Yrs	10
LT Ni Price	US\$/lb	8
Payability	%	73
Avg. EBITDA pa	A\$m	288
Tax Rate	%	34
NPV <sub>10</sub>	A\$m	275

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