

Century Lithium Corp.

Feb 25, 2025

Nat Resources

CYDVF

OTCQX

Rating

Outperform

Unchanged

Current Price

\$0.17

Target Price

\$2.30

Market Capitalization

25.73m

Shares Outstanding

149.50m

Float

146.42m

Institutional Holdings

0.01%

12-Month Low/High

\$0.11/\$0.71

Average 90-Day Volume

134470

Fiscal Year End

12/31/2025

Another Step Toward Enhancing Angel Island's Project Economics

Optimization study identifies sources of lower cost. Century Lithium recently completed an initial internal optimization study of its Angel Island Lithium project. The review identified cost reductions of up to 25%, or \$395.2 million, associated with the project's Phase I capital expenditures totaling \$1,580.7 billion. Recall the most recent feasibility study dated April 29, 2024, contemplates three phases of production with the capital costs associated with the second and third phases amounting to \$657.0 million and \$1,338.5 billion, respectively.

Key areas of focus. Among other potential cost savings, the study identified opportunities to reduce capital costs through changes in the flow sheet, equipment selection, and updated vendor quotes in the processing areas of filtration, direct lithium extraction, and the chlor-alkali plant. The study also identified potential areas where modification of site facilities and the elimination of inefficiencies could streamline the process from mining to the production of battery-grade lithium. We expect that some of these efficiencies may extend to Phases II and III thus offering the potential for additional savings.

Enhanced project economics. If confirmed by an updated feasibility study, the cost savings could enhance the economics of the Angel Island project, which is currently projected to generate a net present value of \$3.16 billion based on an 8% discount rate. The company will initiate work on an updated feasibility study, and management is optimistic that optimization of Angel Island's mining plan and processing, along with the sale of surplus sodium hydroxide generated in the production process, could lead to both lower estimated capital and operating costs.

Rating is Outperform. Angel Island is one of a few advanced lithium projects being developed in the United States to provide an end-to-end process to produce battery grade lithium. Once the Plan of Operations is completed, the company may initiate the National Environmental Policy Act (NEPA) permitting process. Century Lithium is actively engaged with potential strategic partners and end-users for product testing, while pursuing government funding opportunities.

Revenues (\$ MIL)

Period	2022A	2023A	2024E
Q1	\$0.0A	\$0.0A	\$0.0A
Q2	\$0.0A	\$0.0A	\$0.0A
Q3	\$0.0A	\$0.0A	\$0.0A
Q4	\$0.0A	\$0.0A	\$0.0E
	\$0.0A	\$0.0A	\$0.0E

EPS (\$)

Period	2022 A	2023 A	2024E
Q1	(0.01) A	(0.01) A	(0.01) A
Q2	(0.01) A	(0.01) A	(0.00) A
Q3	(0.00) A	(0.00) A	(0.00) A
Q4	(0.01) A	(0.01) A	(0.01) E
	(0.03) A	(0.03) A	\$(0.02) E

Equity Research

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Analyst Certification & Disclosures**

Company Profile

Century Lithium Corp. is an advanced stage lithium company, focused on developing its wholly owned Angel Island project in Esmeralda County, Nevada, which hosts one of the largest sedimentary lithium deposits in the United States. The Company has utilized its patent-pending process for chloride leaching combined with Direct Lithium Extraction to make battery quality lithium carbonate samples from Angel Island lithium-bearing claystone on-site at its Lithium Extraction Facility in Amargosa Valley, Nevada. Angel Island is one of the few advanced lithium projects in development in the United States to provide an end-to-end process to produce battery grade lithium carbonate for the growing electric vehicle and battery storage market. Angel Island is currently in the permitting stage for a three-phase feasibility-level production plan expected to yield an average of 34,000 tonnes per year of battery grade lithium carbonate over a 40-year mine-life. The company's shares are traded on the TSX Venture Exchange in Canada under the symbol "LCE" and on the OTCQX market in the United States under the symbol "CYDVF."

Fundamental Analysis — 3.0/5.0 Checks

Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes. Our fundamental rating is 3.0 checks out of 5.0 checks which falls within our "Average" rating. Century Lithium's six-member board of directors is comprised of five independent directors, including the Chairperson, and the Chief Executive Officer. Our rating reflects the fact that the company is not generating revenues or operating cash flow. The company has published a NI 43-101 feasibility study of its Angel Island Mine project that is in a favorable mining jurisdiction and benefits from well-developed infrastructure. Century Lithium needs to secure funding to advance development of the Angel Island Mine.

Valuation Summary

We rate the shares of Century Lithium Corp. as Outperform with a price target of C\$3.25 or US\$2.30. Our valuation is based on a discounted cash flow analysis using an 8% discount rate. We are employing a baseline exchange rate of US\$0.70 per C\$1.00 and round to the nearest \$0.05. Although we think the Angel Island Mine project could begin production as early as 2028, we have assumed the mine begins commercial production in 2029.

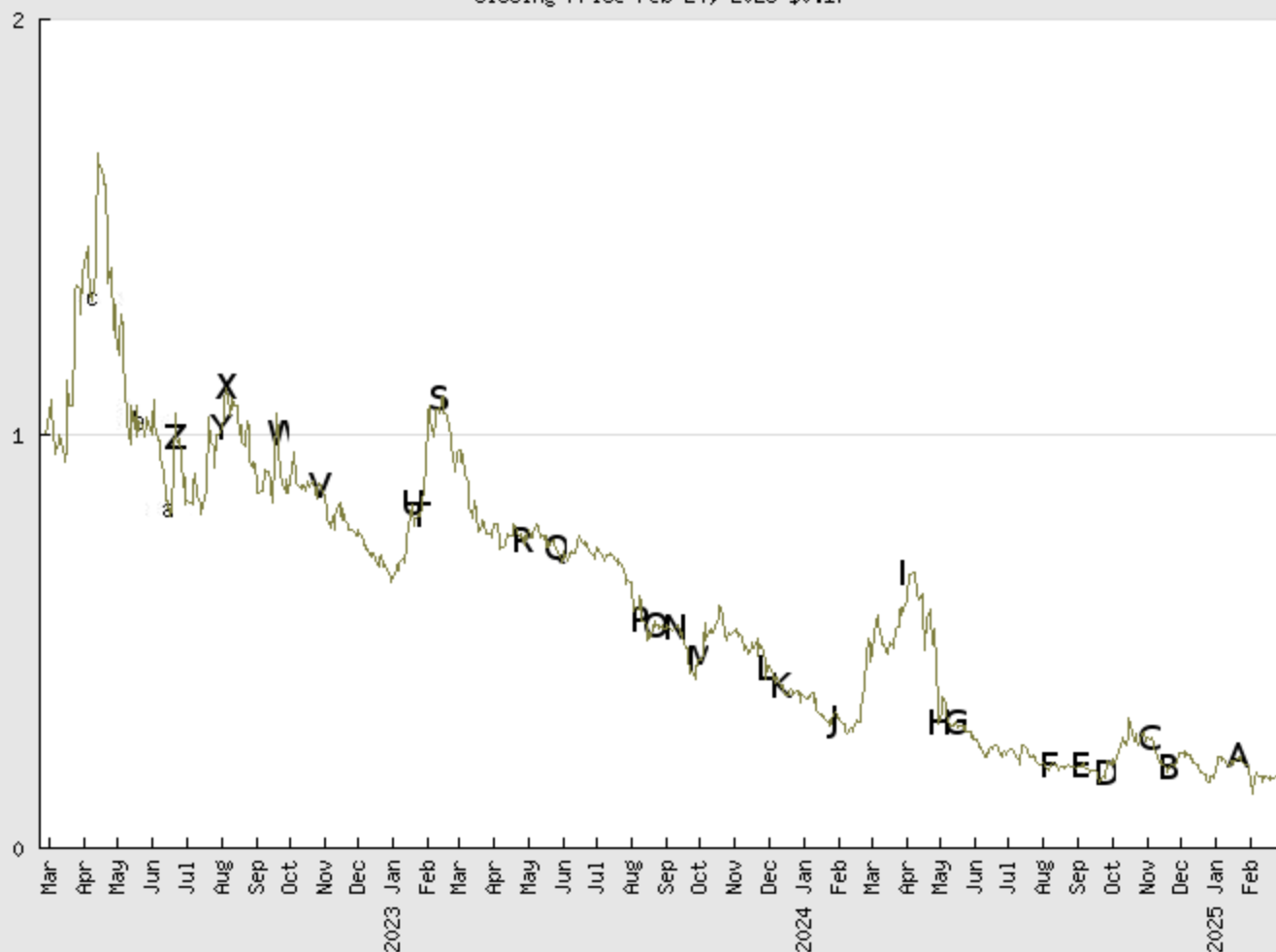
While low lithium prices and a more tempered near-term growth outlook for electric vehicles has had an impact on the share price, we believe Century Lithium's Angel Island Mine project is well-positioned to benefit from battery grade lithium demand growth and efforts to secure North American lithium supply chains. While the current environment may extend the time to secure a strategic partner, we think most Original Equipment Manufacturers (OEM), such as automobile and electric battery manufacturers, share a long-term view of the market and lithium supply and demand fundamentals.

Investment Risks

Investment risks include but are not limited to: 1) Century Lithium's failure to commercialize economic mineral resources, 2) uncertainties associated with the availability and costs of future financing, 3) changes in capital market and macroeconomic environments, 4) fluctuations in exchange rates, 5) changes in supply and demand fundamentals for lithium, 6) delays in project development, 7) the potential for operating and financing costs to vary from management expectations, 8) the process for extracting lithium could prove unfeasible or uneconomic, and 9) regulatory and permitting risks.

Century Lithium Corp.

Closing Price Feb 24, 2025 \$0.17



A - 01/22/2025 Outperform Target \$2.30 Current \$0.22
C - 11/04/2024 Outperform Target \$2.35 Current \$0.26
E - 09/04/2024 Outperform Target \$2.35 Current \$0.20
G - 05/15/2024 Outperform Target \$2.35 Current \$0.30
I - 04/03/2024 Outperform Target \$2.95 Current \$0.66
K - 12/12/2023 Outperform Target \$2.95 Current \$0.39
M - 09/29/2023 Outperform Target \$2.95 Current \$0.45
O - 08/22/2023 Outperform Target \$2.95 Current \$0.54
Q - 05/26/2023 Outperform Target \$2.95 Current \$0.72
S - 02/13/2023 Outperform Target \$2.95 Current \$1.08
U - 01/17/2023 Outperform Target \$2.95 Current \$0.83
W - 09/20/2022 Outperform Target \$2.95 Current \$1.00
Y - 08/01/2022 Outperform Target \$3.10 Current \$1.01
a - 06/14/2022 Outperform Target \$3.10 Current \$0.82
c - 04/06/2022 Outperform Target \$3.20 Current \$1.33

B - 11/21/2024 Outperform Target \$2.35 Current \$0.19
D - 09/24/2024 Outperform Target \$2.35 Current \$0.18
F - 08/07/2024 Outperform Target \$2.35 Current \$0.20
H - 04/30/2024 Outperform Target \$2.95 Current \$0.30
J - 02/02/2024 Outperform Target \$2.95 Current \$0.31
L - 11/30/2023 Outperform Target \$2.95 Current \$0.43
N - 09/08/2023 Outperform Target \$2.95 Current \$0.53
P - 08/10/2023 Outperform Target \$2.95 Current \$0.55
R - 04/26/2023 Outperform Target \$2.95 Current \$0.74
T - 01/25/2023 Outperform Target \$2.95 Current \$0.80
V - 10/28/2022 Outperform Target \$2.95 Current \$0.87
X - 08/05/2022 Outperform Target \$3.10 Current \$1.11
Z - 06/22/2022 Outperform Target \$3.10 Current \$0.99
b - 05/20/2022 Outperform Target \$3.10 Current \$1.03

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Senior Equity Analyst focusing on Basic Materials & Mining. 20 years of experience in equity research. BA in Business Administration from Westminster College. MBA with a Finance concentration from the University of Missouri. MA in International Affairs from Washington University in St. Louis.

Named WSJ 'Best on the Street' Analyst and Forbes/StarMine's "Best Brokerage Analyst."

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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	87%	16%
Market Perform: potential return is -15% to 15% of the current price	13%	6%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

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Report ID: 27305