SCP EQUITY RESEARCH

Ticker: NEXM CN	**2Q25 net cash:** C$26m	**Project**: Selebi-Phikwe / Selkirk
Market cap: C$166m	**Price:** C$7.75/sh	**Country:** Botswana
REC. (unc): BUY	*TARGET (unc): C$15.70/sh*	*RISK RATING (unc): HIGH*

Today's metallurgical test results from Selebi UG positively supports the production of separate high-grade copper (27.6% Cu conc grade, 87% recovery) and nickel-cobalt (10.5% Ni conc grade, 0.59% Co, 55.9% Ni recovery) concentrates that should attract interest from a wide audience of smelters in our view. This scenario eliminates the need for an on-site smelter or hydromet plant (preserved as upside for now) significantly lowering capital costs and operational complexity. On a 'blended recovery' basis, results compare well with our estimated 75% for payable production of SCPe 34ktpa CuEq LOM potential from a nominal 20Mt UG inventory at 1.7Mtpa. While nickel recovery reported today at ~56% is slightly below our modelled estimate of 62% based on previous work, we expect this to be optimized through ongoing studies and finer regrinding to enhance nickel liberation, particularly addressing the 24% lost to copper rougher tailings and 17.6% to nickel cleaner tailings. The 'big win' here today is the impressive copper recovery of 87% to the copper concentrate, surpassing our base case estimate of 74%, with only 2.43% copper reporting to the nickel concentrate (vs 19% in our model). ***Bottom line*** *– the project continues to be de-risked towards a 1H26 PEA, with metallurgy now supporting production of high-grade copper and nickel-cobalt concentrates without an on-site smelter. Making no changes to our model today,* ***we maintain our BUY rating and our price target of C$15.70/sh*** *based on 0.4x C$509m NPV7% for our nominal 20Mt UG inventory and 1.7Mtpa mine plan at SCP LT prices, plus 'same again' growth by the drill bit. Putting the stock at 0.2xNAV vs copper peers averaging 0.9xNAV. Upside comes from metal prices, asset de-risking (1H26 PEA), resource growth and / or new discoveries.*

Metallurgical test work supports high-grade copper concentrate separate from nickel-cobalt

Today, NexMetals Mining reported metallurgical testing at its Selebi Mines in Botswana, highlighted by **87.0% copper recovery** (27.6% Cu concentrate), **55.9% nickel recovery**, and **64.7% cobalt recovery** (10.5% Ni, 0.59% Co concentrate) using a conventional flowsheet with a 75-micron primary grind and 35-micron regrind, conducted by Blue Coast Research in Parksville, Canada. This supports production of separate copper and nickel-cobalt concentrates without an on-site smelter or hydrometallurgical plant. Ongoing mineralogical studies and finer regrind tests aim to improve nickel recovery, while variability testing on Selebi Main and North deposits should support flowsheet optimization and future economic studies.

Why we like NexMetals

1. Existing 107Mt @ 1.1% CuEq in mining-friendly Botswana on infrastructure
2. Geological upside: SCPe >50Mt potential LT through resource extension drilling
3. The UG Selebi Mine (27.7Mt @ 3.0% CuEq MRE) is ~2% payable-recoverable CuEq (55-45 Cu-Ni split), rivaling peers trading >500m-US$1bn.

Catalysts

- 2H25: Selebi & Selkirk MRE update
- 1H26: PEA
- 1H27: SCPe build start
- 2028: SCPe first production

Research

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Ticker: NEXM CN	**Price / mkt cap:**	C$7.75/sh, C$166m	**P/NAV today:**	0.20x	**Country:** Botswana
Author: B Gaspar	**Rec / PT:**	BUY, C$15.7/sh	**1xNAV7%:**	C$39.18/sh	**Asset:** Selebi-Phikwe / Selkirk

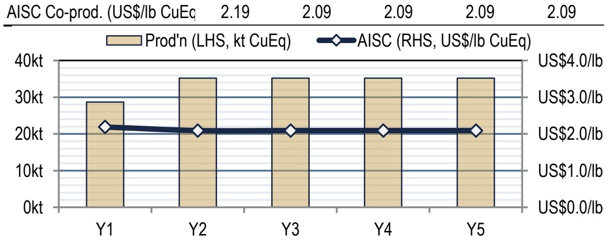
Commodity price	**CY23A**	**CY24A**	**CY25E**	**CY26E**	**CY27E**
Cu price (US$/t)	8,523	9,264	9,604	9,584	9,506
Cu price (US$/t, payable)	6,802	7,393	7,664	7,648	7,586
Share data (m)	**Basic**	**FD**	**FF FD**		
Shares (m)	21.4	29.6	55.7		
SOTP *project* valuation*	**C$m**	**o/ship**	**NAVx**	**C$/sh**	
Selebi-Phikwe @ build start (CY27)	509	100%	1.00x	17.21	
Nominal exploration upside	509	100%	1.00x	17.21	
Selkirk nominal @ 1.5% in-situ	66	100%	1.00x	2.24	
2Q25 net cash	26	100%	1.00x	0.88	
Cash from ITM options/warrants	48	100%	1.00x	1.63	
1XNAV C$	**1,159**			**39.18**	
**Build start, ex fin. cost + G&A, dil. for optns not build*			*P/NAV today:*	0.20x	

1xNPV project (C$m, ungeared)* sensitized to Cu px and discount rate					
Asset NPV (C$m)	8,000	8,500	9,500	9,800	10,000
10.0% discount	167	222	332	365	386
7.0% discount	308	375	509	549	576
5.0% discount	428	506	660	706	737
Ungeared project IRR:	15%	17%	20%	21%	21%
Asset NPV (C$/sh)	8,000	8,500	9,500	9,800	10,000
10.0% discount	5.66	7.52	11.22	12.33	13.07
7.0% discount	10.42	12.69	17.21	18.57	19.47
5.0% discount	14.48	17.09	22.31	23.88	24.92
**Project level NPV, excl finance costs and central SGA, discounted to build start*					

***Group* valuation over time**	**Sep-25**	**Sep-26**	**Sep-27**	**Sep-28**	**Mar-29**
Project NPV	460	492	669	1,006	1,183
Nominal exploration upside	509	509	509	509	509
Selkirk nominal @ 1.5% in-si	66	66	66	66	66
Central G&A and finance cos	(227)	(213)	(203)	(171)	(152)
Net cash prior quarter	36	23	174	(149)	(312)
Cash from ITM options/warra	48.3	48.3	48.3	48.3	48.3
Total NAV (C$m)	893	926	1,263	1,310	1,342
FF FD share count (m)	*30*	*35*	*64*	*64*	*64*
1xNAV7%/sh FF FD (C$/sh)	30.20	26.50	19.80	20.53	**21.05**

Exit value: 1xNAV/sh company @ 2029 first production (C$, geared)^					
1xNAV (C$m)	8,000	8,500	9,500	9,800	10,000
10.0% discount	647	769	1,013	1,087	1,135
7.0% discount	906	1,052	1,342	1,429	1,487
5.0% discount	1,124	1,289	1,617	1,716	1,782
1xNAV (C$/sh)	8,000	8,500	9,500	9,800	10,000
10.0% discount	10.14	12.06	15.89	17.04	17.80
7.0% discount	14.21	16.49	21.05	22.41	23.32
5.0% discount	17.63	20.21	25.36	26.90	27.93

Production (Y1 from 1Q29)	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Production (kt CuEq)^	28.7	35.2	35.2	35.2	35.2
AISC Co-prod. (US$/lb CuEq	2.19	2.09	2.09	2.09	2.09



Source: SCP estimates

Resource/Inventory @ SCP LT p	**Mt**	**CuEq %**	**NiEq %**	**%M&I**
Selkirk 43-101 OP M&I&I	44 Mt	1.1%	0.5%	0%
Selebi-Phikwe M&I&I (incl. historic)	63 Mt	2.3%	1.0%	11%
Total M&I&I	107 Mt	1.3%	0.6%	8%
SCP Inventory	20 Mt	3.5%	1.6%	

Funding: Uses		**Funding: Sources**	
Pre-FID expl'n / G&A (C$m):	53	Net Cash+pre prod'n ITM op (C$m):	74
Build capex (C$m):	556	SCPe funding to FID (C$m):	50
Fin. cost + WC over DFS (C$m):	69	Build equity (C$m):	313
Asset purchase agreement (C$m)	76	65% geared debt (C$m):	361
Total uses (C$m)	754	Total sources (C$m)	798
		Buffer/ drill budget:	*44*

Ratio analysis	**CY23A**	**CY24A**	**CY25E**	**CY26E**	**CY27E**
Shares out (m)	149.3	168.9	26.8	55.7	55.7
EPS (Cc/sh)	-	-	-	-	-
CFPS before w/c (C$/sh)	-	-	-	-	-
EV (C$m)	1,155.8	1,322.1	139.8	105.6	417.1
FCF yield (%)	-	-	-	-	-
Income statement	**CY23A**	**CY24A**	**CY25E**	**CY26E**	**CY27E**
Revenue (C$m)	-	-	-	-	-
COGS (C$m)	-	-	-	-	-
Gross profit (C$m)	**-**	**-**	**-**	**-**	**-**
G&A (C$m)	8.7	8.0	10.9	12.0	12.0
Exploration (C$m)	19.2	29.7	24.5	8.5	8.0
Finance costs (C$m)	2.6	3.1	6.4	-	14.4
Tax (C$m)	(0.5)	-	-	-	-
Other (C$m)	2.5	1.7	2.6	2.4	1.8
Net income (C$m)	**(32.4)**	**(42.4)**	**(44.5)**	**(22.9)**	**(36.3)**
Cash flow statement	**CY23A**	**CY24A**	**CY25E**	**CY26E**	**CY27E**
EBITDA (C$m)	(29.2)	(37.4)	(35.4)	(20.5)	(20.0)
Add share based (C$m)	1.3	0.1	(0.0)	(0.0)	(0.0)
Net change wkg cap (C$m)	0.2	0.2	(1.1)	-	-
Cash flow ops (C$m)	**(30.9)**	**(37.6)**	**(33.6)**	**(20.4)**	**(33.8)**
PP&E - build + sust. (C$m)	(4.7)	(1.0)	(0.1)	-	(277.8)
PP&E - expl'n (C$m)	(0.5)	-	-	-	-
Cash flow inv. (C$m)	**(2.5)**	**(1.0)**	**(0.1)**	**(34.7)**	**(277.8)**
Share issue (C$m)	37.1	27.1	95.6	312.8	-
Debt draw (repay) (C$m)	12.0	-	-	-	361.1
Cash flow fin. (C$m)	**46.9**	**25.3**	**95.6**	**312.8**	**361.1**
Net change in cash (C$m)	14.1	(13.1)	62.0	257.6	49.6
Balance sheet	**CY23A**	**CY24A**	**CY25E**	**CY26E**	**CY27E**
Cash (C$m)	19.2	6.1	68.1	325.7	375.3
Acc rec. + invet. (C$m)	1.6	1.5	1.2	1.2	1.2
PP&E & expl'n (C$m)	17.1	17.3	15.2	12.6	287.9
Total assets (C$m)	**38.0**	**25.0**	**84.5**	**339.6**	**664.4**
Debt (C$m)	18.0	19.0	-	-	361.1
Accounts payable (C$m)	4.3	4.5	7.2	7.2	7.2
Others (C$m)	20.9	7.6	69.3	327.0	376.5
Total liabilities (C$m)	28.2	28.4	12.2	12.2	373.3
Shareholders' equity (C$m)	116.1	145.1	264.8	577.5	577.5
Reserves (C$m)	-	-	-	-	-
Retained earnings (C$m)	(106.4)	(148.5)	(192.5)	(250.1)	(286.4)
Liabilities + equity (C$m)	**38.0**	**25.0**	**84.5**	**339.6**	**664.4**

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Summary of Recommendations as of September 2025	
BUY:	53
HOLD:	0
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	54

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