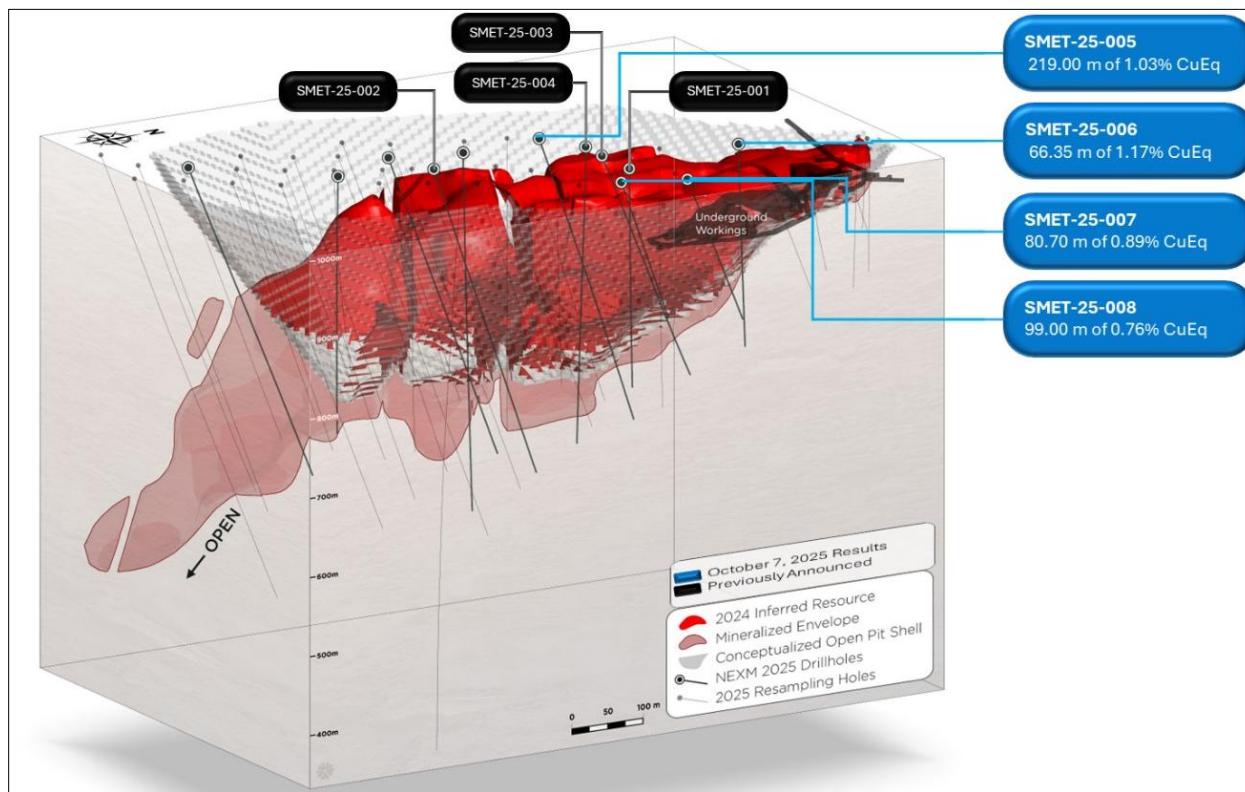


Ticker: NEXM CN	2Q25 net cash: C\$26m	Project: Selebi-Phikwe / Selkirk
Market cap: C\$171m	Price: C\$7.97/sh	Country: Botswana
REC. (unc): BUY	TARGET (unc): C\$15.70/sh	RISK RATING (unc): HIGH

We see three key takeaways from the metallurgical drilling program at Selkirk that is currently underway with eight of 11 assays released so far. First, the drilling within the MRE which has averaged **112m @ 1.18% CuEq** (39-28-19-5-5-4 /Ni-Cu-Pd-Au-Co-Pt) at spot compares well against the 0.92% CuEq CY24 MRE grade. Second, drill results above the MRE within the pit shell averaging **31m @ 0.79% CuEq** (40-26-20-6-4-4 /Ni-Cu-Pd-Au-Co-Pt) point to a potential improvement on strip ratio. Lastly, drilling beneath the MRE and pit shell averaging **15m @ 0.96% CuEq** (35-29-21-5-6-4 /Ni-Cu-Pd-Au-Co-Pt) reaffirms resource growth. Stepping back, Selkirk's pit optionality compliments Selebi's underground (27.7Mt @ 3.5% CuEq MRE), and with the recent metallurgical test work supporting potential for quality copper concentrate production (27.6% Cu conc grade, up to 87% recovery) separate from the nickel-cobalt, Selebi's implied payable-recoverable grade of ~2.01% CuEq, rivals peers like FOM-TSX and MTAL-US (\$1.1bn bid from Harmony Gold). For now, **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 1.1xNAV. Upside stems from metal prices, asset de-risking, resource expansion (SCPe >50Mt potential), and potential new discoveries, with active drilling targeting the ~3km hinge zone between Selebi and Selebi North deposits, guided by geophysical surveys. With existing infrastructure, the project's geological potential may attract M&A or a strategic partner to further de-risk and develop the asset.

Figure 1. Selkirk 2025 met drill holes with the 2024 MRE and conceptual open pit shell



Source: NexMetals Mining

Selkirk met drilling: 219.0m @ 1.03% CuEq (incl. 157.0m @ 1.21% CuEq) ahead of MRE update

Today NexMetals Mining reported metallurgical drill holes from Selkirk (Botswana), as well as on September 23 & 18 bringing the total to 8 of 11 holes. Highlights include **219.0m @ 1.03% CuEq** (incl.

157.0m @ 1.21% CuEq) from 47m, **210.0m @ 1.06% CuEq** (incl. 121.0m @ 1.02% CuEq) from 66m, and **201.3m @ 0.91% CuEq** (incl. 159m @ 1.00% CuEq) from 13m in the MRE; **45.0m @ 0.69% CuEq** from 13m outside the MRE but within the conceptual pit shell; and **22.0m @ 0.79% CuEq** from 186m beneath the conceptual pit.

Why we like NexMetals

1. Existing 72Mt @ 2.2% 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\$7.97/sh, C\$171m			P/NAV today:	0.20x		Country: Botswana			
Author: B Gaspar	Rec / PT:	BUY, C\$15.7/sh			1xNAV7%:	C\$39.33/sh		Asset: Selebi-Phikwe / Selkirk			
Commodity price	CY23A	CY24A	CY25E	CY26E	CY27E	Resource/Inventory @ SCP LT	Mt	CuEq %	NiEq %	%M&I	
Cu price (US\$/t)	8,523	9,264	9,639	9,704	9,534	Selkirk 43-101 OP M&I	44 Mt	1.1%	0.5%	0%	
Cu price (US\$/t, payable)	6,802	7,393	7,692	7,744	7,608	Selebi M&I	28 Mt	3.5%	1.6%	9%	
Share data (m)	Basic	FD	FF	FD		Total M&I	72 Mt	2.2%	1.0%	6%	
Shares (m)	21.4	29.6	54.7			SCP Inventory	20 Mt	3.5%	1.6%		
SOTP project valuation*	C\$m	o/ship	NAVx	C\$/sh		Funding: Uses				Funding: Sources	
Selebi-Phikwe @ build start (CY27)	512	100%	1.00x	17.28		Pre-FID expl'n / G&A (C\$m):	54	Net Cash+pre prod'n ITM op (C\$m):	75		
Nominal exploration upside	512	100%	1.00x	17.28		Build capex (C\$m):	556	SCP funding to FID (C\$m):	50		
Selkirk nominal @ 1.5% in-situ	66	100%	1.00x	2.24		Fin. cost + WC over DFS (C\$m):	69	Build equity (C\$m):	313		
2Q25 net cash	26	100%	1.00x	0.89		Asset purchase agreement (C\$m):	76	65% geared debt (C\$m):	361		
Cash from ITM options/warrants	48	100%	1.00x	1.63		Total uses (C\$m)	755	Total sources (C\$m)	799		
1xNAV C\$	1,164			39.33						<i>Buffer / drill budget:</i> 44	
*Build start, ex fin. cost + G&A, dil. for optrns not build					P/NAV today:	0.20x					
1xNPV project (C\$m, ungeared)* sensitized to Cu px and discount rate						Ratio analysis	CY24A	CY25E	CY26E	CY27E	CY28E
Asset NPV (C\$m)	8,000	8,500	9,500	9,800	10,000	Shares out (m)	168.9	26.7	54.7	54.7	54.7
10.0% discount	170	225	334	367	389	EPS (Cc/sh)	-	-	-	-	-
7.0% discount	311	378	512	552	578	CFPS before w/c (C\$/sh)	-	-	-	-	-
5.0% discount	431	508	662	709	740	EV (C\$m)	1,359.3	164.5	130.3	441.9	768.1
Ungeared project IRR:	15%	17%	20%	21%	21%	FCF yield (%)	-	-	-	-	-
Asset NPV (C\$/sh)	8,000	8,500	9,500	9,800	10,000	Income statement	CY24A	CY25E	CY26E	CY27E	CY28E
10.0% discount	5.74	7.59	11.28	12.39	13.13	Revenue (C\$m)	-	-	-	-	-
7.0% discount	10.50	12.76	17.28	18.64	19.54	COGS (C\$m)	-	-	-	-	-
5.0% discount	14.56	17.17	22.38	23.95	24.99	Gross profit (C\$m)	-	-	-	-	-
*Project level NPV, excl finance costs and central SGA, discounted to build start											
Group valuation over time	Dec-25	Dec-26	Dec-27	Dec-28	Mar-29	G&A (C\$m)	8.0	13.4	12.0	12.0	12.0
Project NPV	470	503	754	1,097	1,186	Exploration (C\$m)	29.7	37.1	8.5	8.0	8.0
Nominal exploration upside	512	512	512	512	512	Finance costs (C\$m)	3.1	6.4	-	14.4	28.9
Selkirk nominal @ 1.5% in-s	66	66	66	66	66	Tax (C\$m)	-	-	-	-	-
Central G&A and finance co	(227)	(212)	(198)	(162)	(153)	Other (C\$m)	1.7	3.3	3.2	2.6	2.8
Net cash prior quarter	12	(2)	75	(250)	(332)	Net income (C\$m)	(42.4)	(60.3)	(23.7)	(37.0)	(51.7)
Cash from ITM options/war	48.3	48.3	48.3	48.3	48.3	Cash flow statement	CY24A	CY25E	CY26E	CY27E	CY28E
Total NAV (C\$m)	882	915	1,257	1,310	1,327	EBITDA (C\$m)	(37.4)	(51.9)	(22.0)	(21.5)	(21.5)
FF FD share count (m)	35	63	63	63	63	Add share based (C\$m)	0.1	1.1	1.5	1.5	1.5
1xNAV7%/sh FF FD (C\$/sh)	25.31	14.56	20.00	20.84	21.11	Net change wkg cap (C\$m)	0.2	0.8	-	-	-
Exit value: 1xNAV/sh company @ 2029 first production (C\$, geared)*^						Cash flow ops (C\$m)	(37.6)	(50.0)	(20.5)	(33.8)	(48.4)
1xNAV (C\$m)	8,000	8,500	9,500	9,800	10,000	PP&E - build + sust. (C\$m)	(1.0)	(1.5)	-	(277.8)	(277.8)
10.0% discount	632	754	998	1,071	1,120	PP&E - expl'n (C\$m)	-	-	-	-	-
7.0% discount	891	1,037	1,327	1,414	1,472	Cash flow inv. (C\$m)	(1.0)	(1.5)	(34.7)	(277.8)	(277.8)
5.0% discount	1,109	1,274	1,602	1,701	1,767	Share issue (C\$m)	27.1	96.0	312.8	-	-
1xNAV (C\$/sh)	8,000	8,500	9,500	9,800	10,000	Debt draw (repay) (C\$m)	-	-	-	361.1	-
10.0% discount	9.90	11.82	15.64	16.79	17.56	Cash flow fin. (C\$m)	25.3	93.7	312.8	361.1	-
7.0% discount	13.97	16.25	20.80	22.16	23.07	Net change in cash (C\$m)	(13.1)	42.0	257.6	49.5	(326.2)
5.0% discount	17.39	19.96	25.12	26.66	27.69	Balance sheet	CY24A	CY25E	CY26E	CY27E	CY28E
Production (Y1 from 1Q29)	Y1	Y2	Y3	Y4	Y5	Cash (C\$m)	6.1	48.1	305.7	355.2	29.0
Production (kt CuEq)*^	28.7	35.2	35.2	35.2	35.2	Acc rec. + invet. (C\$m)	1.5	2.9	2.9	2.9	2.9
AISC Co-prod. (US\$/lb CuE	2.19	2.09	2.09	2.09	2.09	PP&E & expl'n (C\$m)	17.3	16.8	15.1	291.1	567.2
Prod'n (LHS, kt CuEq)						Total assets (C\$m)	25.0	67.8	323.7	649.3	599.1
AISC (RHS, US\$/lb CuEq)						Debt (C\$m)	19.0	-	-	361.1	361.1
40kt						Accounts payable (C\$m)	4.5	5.1	5.1	5.1	5.1
30kt						Others (C\$m)	7.6	51.0	308.6	358.1	31.9
20kt						Total liabilities (C\$m)	28.4	10.5	10.5	371.6	371.6
10kt						Shareholders' equity (C\$m)	145.1	266.5	580.8	582.3	583.9
0kt						Reserves (C\$m)	-	-	-	-	-
Y1						Retained earnings (C\$m)	(148.5)	(209.2)	(267.6)	(304.7)	(356.3)
Y2						Liabilities + equity (C\$m)	25.0	67.8	323.7	649.3	599.1

Source: SCP estimates

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BUY:	54
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	54

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