

Ticker: NEXM CN

PF cash: C\$55m

Project: Selebi-Phikwe / Selkirk

Market cap: C\$163m

Price: C\$4.58/sh

Country: Botswana

REC. (unc): BUY

TARGET (unc): C\$10.70/sh

RISK RATING (unc): HIGH

We returned from Botswana with a simple conclusion: NexMetals has shifted from a rehabilitation story to a genuine growth story, with drilling now targeting scale rather than verification. Since the 27.7Mt @ ~3.5% CuEq (CY24) MRE, step-outs at Selebi North have extended mineralization >315m down-plunge (incl. 32.45m @ 4.61% CuEq), hinge drilling is linking Selebi Main and North (11.05m massive sulphide in SMD-205), and deep hole SMD-203 is testing structural repetition beyond the current envelope. Put simply, we see visibility on SCPe 40-50Mt 3Q26 MRE (a target size approaching peer Lifezone's scale of 63Mt for reference, but on infrastructure). Better still, drilling is now into a 480,000 Siemens "Superconductor" — **>200× stronger than typical responses** — which in this geology implies materially thicker sulphide accumulation and potential new horizon, albeit assays are required. With clean Cu-Ni concentrates confirmed, improving Botswana power infrastructure, and parallel open-pit optionality at the 44Mt Selkirk deposit, the project's scale and development pathways both appear to be expanding simultaneously. We discuss the details in this note. For now, we leave our assumptions unchanged and **maintain our BUY rating and our price target of C\$10.70/sh** based on updated 0.5xNAV_{5%-\$10,000} C\$481m NPV7% for our nominal 20Mt UG inventory and 1.7Mtpa mine plan at our updated price deck, plus 'same again' growth by the drill bit. Upcoming 2026 catalysts include MRE updates in 2Q/3Q, maiden PEA thereafter, detailed metallurgy, and final hinge zone drill results including the new 'superconductor' target.

Figure 1. Selebi North headframe, metallurgical ore stockpiles, and UG massive sulphide sample



Source: SCP

Follow the copper: drilling potential 'step change' EM target ahead of several major catalysts

Last week, we visited NexMetals' assets in Botswana. Over the last 12 months, NexMetals has transitioned from a structurally challenged brownfield story to a technically advancing restart developer. High level – we think **the company has never been in a better position** with clean title secured, the balance sheet recapitalized, metallurgy supportive of separate clean Cu and Ni concentrates, and drilling increasingly testing true step-outs rather than incremental infill. The core takeaway from our site visit is simple: the Selebi resource is growing quickly at depth, and upcoming drilling has the potential to materially expand the CY24 27.7Mt @ ~3.5% CuEq (at SCP price deck) underground MRE.

Resource growth active on three fronts towards SCPe 40-50Mt+ MRE:

1. Selebi North depth extensions: ~42,672m of drilling has been completed since the 2024 MRE. Recent underground drilling continues to grow Selebi North down-plunge, highlighted by **32.5m @ 4.61% CuEq** (incl. 9.7m @ 5.88% CuEq) in SNUG-25-194, with step-outs SNUG-25-191/192

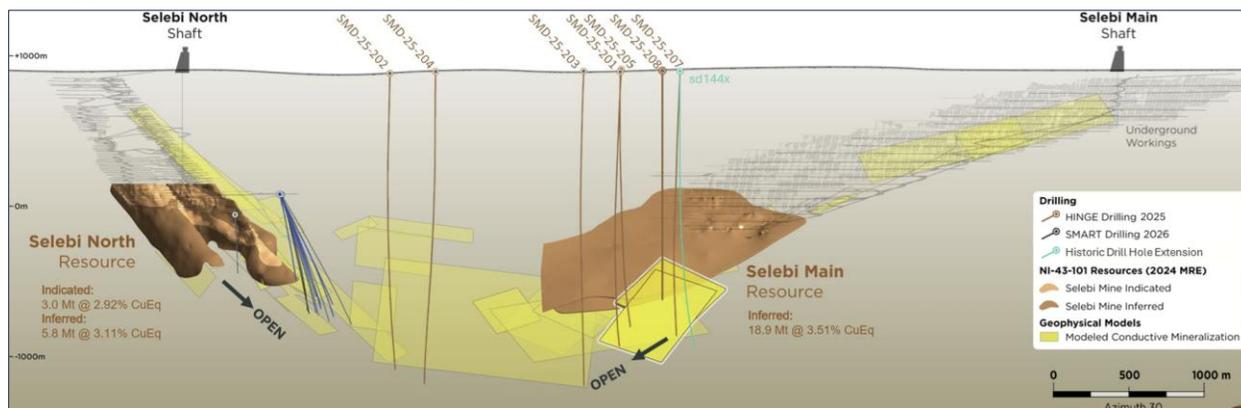
confirming continuity beyond the historic fold-nose mining zone. Since the 2024 MRE, the company has extended mineralization >315m below the prior resource boundary, with additional assays pending and SNUG-25-200 testing the N3 limb at depth ahead of the 2026 MRE update.

2. Surface ‘hinge zone’ drilling: Since 2024 MRE, ~10,340m of drilling has been completed here. Most recent drilling has demonstrated the EM targets between Selebi Main and North are mineralized well beyond the current MRE. Initial hole SMD-25-201 intersected three sulphide zones including 3m massive sulphide, while follow-up SMD-25-205 returned 11.05m mineralization including two massive intervals (3.5m and 5.8m). Importantly, **hole SMD-203 — drilling during our site visit — is a meaningful ~340m step-down** designed to test for stacked lenses and depth expansion rather than incremental edge growth. Assays are pending.
3. Superconductor is the key near term target: BHEM has outlined a **480,000 Siemens EM anomaly (“Superconductor”)** now being drilled (Figure 3C). Typical Selebi conductors are only in the low-thousands Siemens range —**making this target >200× stronger**. Because EM strength reflects sulphide volume (conductance = conductivity × thickness) rather than grade, and there are no graphite-type false conductors present in this deposit, we think this target simply talks to potentially thicker, massive sulphide or stacked lenses—*here is where things get interesting*. A conceptual ~700 m × 700m footprint at a nominal 3–10m mineable thickness equates to ~5–17Mt potential additions. **Results are expected within weeks.**

Bottom line: the direction of travel remains upward in scale, and we expect the 3Q26 MRE update to benefit from both conversion and expansion drilling at depth.

2H26 PEA positioned to beat our estimates: the company is actively evaluating trade offs ahead of the maiden PEA, in favor of sinking a new shaft and building a conventional mill / concentrator facility enabled via the permitted brownfield site. We came away feeling our modelled 1.7Mtpa @ 1.44% Cu and 0.93% Ni from ROM 20Mt UG inventory over 12 years is conservative, especially given the resource to inform the PEA may be >2x larger than our base case. Critically, we estimate payable production of 34ktpa CuEq LOM (or 16ktpa NiEq)—*a target where peers trade above US\$1bn EV at DFS or in production*.

Figure 2. Selebi North > Main long section showing extensional DDHs into modelled EM plates



Source: NexMetals

Botswana energy transition: During our site tour, we observed the recently commissioned **50MW Selebi-Phikwe solar plant** (Figure 5), part of the broader ~120MW Mmadinare Solar Cluster representing ~US\$100m of regional investment. At a national level, Botswana has signaled significantly larger ambitions, including multi-billion-dollar renewable and transmission build-outs targeting up to ~50% renewables by 2030. For Selebi, proximity to new grid-connected generation is a tangible de-risking factor — improving regional power stability and supporting long-term operating visibility for a future underground Cu-Ni operation.

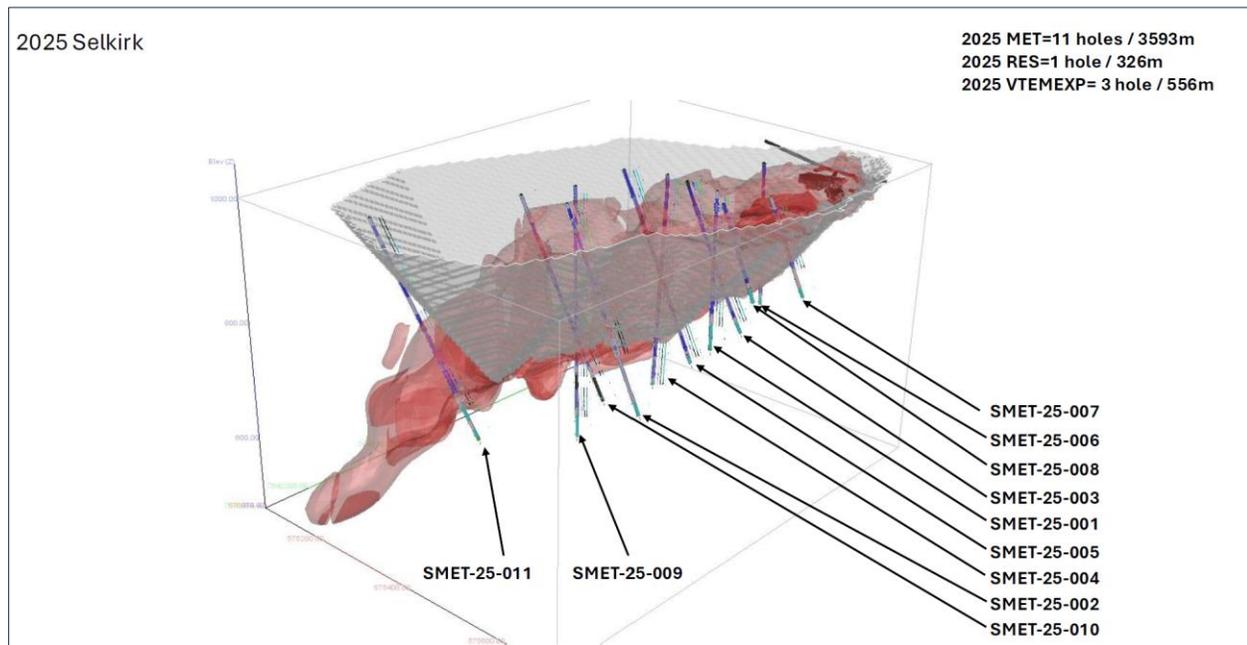
Figure 5. New 50MW Selebi-Phikwe solar PV plant, part of ~120MW Mmadinare solar cluster



Source: SCP; Scatec

Selkirk optionality coming into focus: Selkirk is a past-producing, shallow open-pit Ni-Cu-PGE deposit located ~40km from Selebi and currently hosts a NI 43-101 compliant resource of ~44.2Mt @ ~0.48% NiEq (M&I&I at SCP price deck). With a low strip (~0.9:1), broad gabbro-hosted mineralization and near-surface access, Selkirk represents a fundamentally different development profile to Selebi’s deep underground expansion. The company has completed 46 validation resample holes, resource ‘twin’ holes and new HQ metallurgical holes to support an updated MRE (expected 2Q), alongside flow sheet work targeting two separate concentrates. Importantly, Selkirk advances under a standalone development case with no processing synergies required, providing genuine optionality: a potential lower-capex, open-pit pathway that could move independently while Selebi scales underground.

Figure 6. Isometric view of Selkirk OP MRE and 2025 drilling



Source: Nexmetals

Why we like NexMetals

1. Existing 72Mt @ 2.2% CuEq (28Mt @ 3.5% CuEq Selebi) in mining-friendly Botswana
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 >US\$500m-US\$1bn.

Catalysts

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

Research

Brandon Gaspar (Toronto) m +1 437 533 3142 bgaspar@scp-rf.com

Eleanor Magdzinski (Toronto) m +1 705 669 7456 emagdzinski@scp-rf.com

Ken Ilodibe (Toronto) m +1 204 963 3423 kilodibe@scp-rf.com

Omeet Singh (Toronto) m +1 647 527 7509 osingh@scp-rf.com

Moatasm Almaouie (Toronto) m +1 780 299 5151 malmaouie@scp-rf.com

Ticker: NEXM CN	Price / mkt cap: C\$4.58/sh, C\$163m	P/NAV today: 0.21x	Country: Botswana
Author: B Gaspar	Rec / PT: BUY, C\$10.7/sh	1xNAV7%: C\$21.33/sh	Asset: Selebi-Phikwe / Selkirk

Commodity price	CY23A	CY24A	CY25E	CY26E	CY27E
Cu price (US\$/t)	8,523	9,264	9,654	9,923	9,987
Cu price (US\$/t, payable)	6,802	7,393	7,704	7,919	7,970

Share data (m)	Basic	FD	FF FD
Shares (m)	35.5	58.0	84.3

SOTP project valuation*	C\$m	o/ship	NAVx	C\$/sh
Selebi-Phikwe @ build start	481	100%	1.00x	8.29
Nominal exploration upside	481	100%	1.00x	8.29
Selkirk nominal @ 1.5% in-situ	60	100%	1.00x	1.04
3Q25 cash + Nov raise - Dec title payment	55	100%	1.00x	0.95
Cash from ITM options/warrants	161	100%	1.00x	2.77
1XNAV C\$	1,237			21.33

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.21x

1xNPV project (C\$m, ungeared)* sensitized to Cu px and discount rate					
Asset NPV (C\$m)	9,000	9,500	10,000	10,500	11,500
10.0% discount	199	254	309	364	473
7.0% discount	347	414	481	547	681
5.0% discount	472	549	627	704	858
Ungeared project IRR:	16%	18%	19%	21%	23%
Asset NPV (C\$/sh)	9,000	9,500	10,000	10,500	11,500
10.0% discount	3.44	4.39	5.33	6.27	8.16
7.0% discount	5.98	7.14	8.29	9.44	11.75
5.0% discount	8.15	9.48	10.81	12.14	14.80

*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
Project NPV	442	473	721	1,062	1,150
Nominal exploration upside	481	481	481	481	481
Selkirk nominal @ 1.5% in-si	60	60	60	60	60
Central G&A and finance cos	(228)	(212)	(198)	(162)	(153)
Net cash prior quarter	14	24	101	(224)	(306)
Cash from ITM options/warra	160.5	160.5	160.5	160.5	160.5
Total NAV (C\$m)	929	986	1,326	1,377	1,393

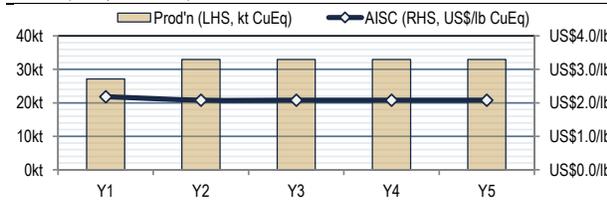
FF FD share count (m) 58 107 107 107 107

1xNAV7%/sh FF FD (C\$/sh) 16.03 9.24 12.42 12.90 13.05

Exit value: 1xNAV/sh company @ 2029 first production (C\$, geared)^A

1xNAV (C\$m)	9,000	9,500	10,000	10,500	11,500
10.0% discount	831	953	1,075	1,197	1,441
7.0% discount	1,103	1,248	1,393	1,538	1,828
5.0% discount	1,330	1,495	1,659	1,824	2,152
1xNAV (C\$/sh)	9,000	9,500	10,000	10,500	11,500
10.0% discount	7.78	8.93	10.07	11.21	13.50
7.0% discount	10.33	11.69	13.05	14.41	17.13
5.0% discount	12.46	14.01	15.55	17.08	20.16

Production (Y1 from 1Q29)	Y1	Y2	Y3	Y4	Y5
Production (kt CuEq)^A	27.1	33.0	33.0	33.0	33.0
AISC Co-prod. (US\$/lb CuEq)	2.18	2.08	2.08	2.08	2.08



Source: SCP estimates

Resource/Inventory @ SCP LT p:	Mt	CuEq %	NI Eq %	%M&I
Selkirk 43-101 OP M&I&I	44 Mt	1.1%	0.5%	0%
Selebi M&I&I	28 Mt	3.5%	1.6%	9%
Total M&I&I	72 Mt	2.2%	1.0%	6%
SCP Inventory	20 Mt	3.2%	1.7%	

Funding: Uses	Funding: Sources
Pre-FID expl'n / G&A (C\$m): 41	Net Cash+pre prod'n ITM op (C\$m): 215
Build capex (C\$m): 556	SCPe funding to FID (C\$m): 75
Fin. cost + WC over DFS (C\$m): 69	Build equity (C\$m): 313
Asset purchase agreement (C\$m): 42	65% geared debt (C\$m): 361
Total uses (C\$m): 707	Total sources (C\$m): 965
	Buffer/ drill budget: 258

Ratio analysis	CY24A	CY25E	CY26E	CY27E	CY28E
Shares out (m)	168.9	35.5	84.3	84.3	84.3
EPS (C\$/sh)	-	-	-	-	-
CFPS before w/c (C\$/sh)	-	-	-	-	-
EV (C\$m)	786.6	122.8	53.9	365.4	691.6
FCF yield (%)	-	-	-	-	-

Income statement	CY24A	CY25E	CY26E	CY27E	CY28E
Revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	-	-	-	-	-
G&A (C\$m)	8.0	14.7	12.0	12.0	12.0
Exploration (C\$m)	29.7	37.8	8.5	8.0	8.0
Finance costs (C\$m)	3.1	6.4	-	14.4	28.9
Tax (C\$m)	-	-	-	-	-
Other (C\$m)	1.7	2.6	0.1	(0.5)	(0.3)
Net income (C\$m)	(42.4)	(61.5)	(20.6)	(33.9)	(48.6)

Cash flow statement	CY24A	CY25E	CY26E	CY27E	CY28E
EBITDA (C\$m)	(37.4)	(52.8)	(18.7)	(18.2)	(18.2)
Add share based (C\$m)	0.1	(0.5)	(1.8)	(1.8)	(1.8)
Net change wkg cap (C\$m)	0.2	(0.3)	-	-	-
Cash flow ops (C\$m)	(37.6)	(50.2)	(20.4)	(33.7)	(48.4)
PP&E - build + sust. (C\$m)	(1.0)	(1.7)	-	(277.8)	(277.8)
PP&E - expl'n (C\$m)	-	-	-	-	-
Cash flow inv. (C\$m)	(1.0)	(36.4)	-	(277.8)	(277.8)
Share issue (C\$m)	27.1	119.1	312.8	-	-
Debt draw (repay) (C\$m)	-	-	-	361.1	-
Cash flow fin. (C\$m)	25.3	120.6	312.8	361.1	-
Net change in cash (C\$m)	(13.1)	33.7	292.3	49.6	(326.1)

Balance sheet	CY24A	CY25E	CY26E	CY27E	CY28E
Cash (C\$m)	6.1	39.8	332.1	381.7	55.5
Acc rec. + invent. (C\$m)	1.5	2.4	2.4	2.4	2.4
PP&E & expl'n (C\$m)	17.3	17.0	15.1	290.9	566.7
Total assets (C\$m)	25.0	59.2	349.5	674.9	624.6
Debt (C\$m)	19.0	-	-	361.1	361.1
Accounts payable (C\$m)	4.5	5.9	5.9	5.9	5.9
Others (C\$m)	7.6	42.1	334.5	384.1	57.9
Total liabilities (C\$m)	28.4	12.4	12.4	373.5	373.5
Shareholders' equity (C\$m)	145.1	291.5	602.5	600.7	599.0
Reserves (C\$m)	-	-	-	-	-
Retained earnings (C\$m)	(148.5)	(244.7)	(265.4)	(299.3)	(347.9)
Liabilities + equity (C\$m)	25.0	59.2	349.5	674.9	624.6

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TOTAL	56

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