

Ticker: NEXM CN

PF cash: C\$55m

Project: Selebi-Phikwe / Selkirk

Market cap: C\$176m

Price: C\$4.95/sh

Country: Botswana

REC. (unc): BUY

TARGET (up): C\$12.7/sh

RISK RATING (unc): HIGH

Recall, NexMetals' Selebi 3Q24 UG MRE hosts 27.7Mt @ ~3.2% CuEq (SCP deck) with >50km drilled since. On simple geometry, today's drilling supports tens of millions of tonnes of potential additions.

First, Selebi Main continues to expand. SMD-25-205 returned **10.7m TT @ 7.31% CuEq** (3.00% Cu, 2.09% Ni), incl. **5.75m @ 8.73%**, ~130m down-dip of the current MRE and 215m from the nearest hole. **At these grades and widths, metal adds up quickly.**

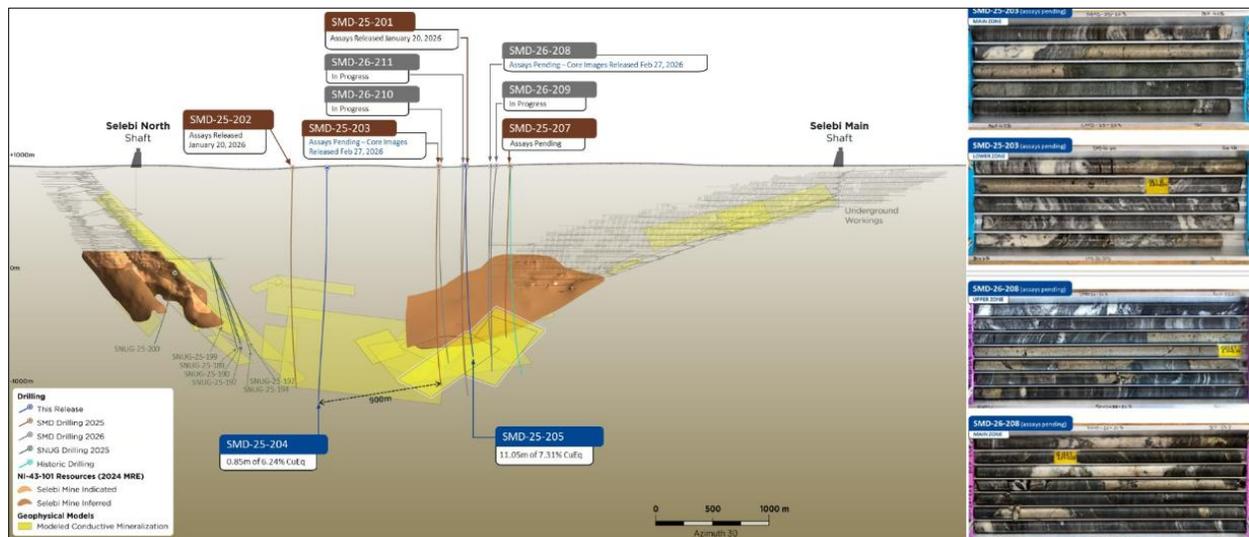
Second, SMD-25-204 returned **0.85m @ 6.24% CuEq** ~1,000m beyond the current MRE. While narrow, it sits between Selebi Main and Selebi North, demonstrating sulphide continuity across the broader corridor and materially extending the mineralized trend—providing significant runway for further additions.

Third, SMD-25-203 stepped out 685m beyond the 2024 MRE (340m from the nearest hole) intersecting **18.30m of massive to disseminated sulphides** (assays pending) and remains open. A simple 340m diameter × 18.3m lens at 3.0 SG implies **~5Mt potential additions** on “bad maths” alone.

Lastly, drilling is also validating the 700m × 700m Superconductor BHEM anomaly, with SMD-26-208 intersecting three sulphide zones up to 10.5m thick ~230m up-plunge which could be an entirely new parallel horizon (assays pending). A conceptual 3–10m mineable thickness across that footprint equates to **~5–17Mt potential additions.**

Stepping back, this drilling confirms mineralization ~685m–1,000m beyond limits across Main and North trends. Put simply, **we see step-change scale emerging.** Accordingly, we lift our multiple to 0.6x NAV (from 0.5x) reflecting reduced geological risk and growing mine inventory. As such, we **maintain our BUY rating and increase our price target to C\$12.70/sh (from C\$10.70/sh)** based on updated 0.6xNAV5%-\$10,000 for our nominal 20Mt UG inventory and 1.7Mtpa mine plan, 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. (A) Long section Selebi North > Main showing today's drilling; (B) core photos/sulphide intersections with pending assays

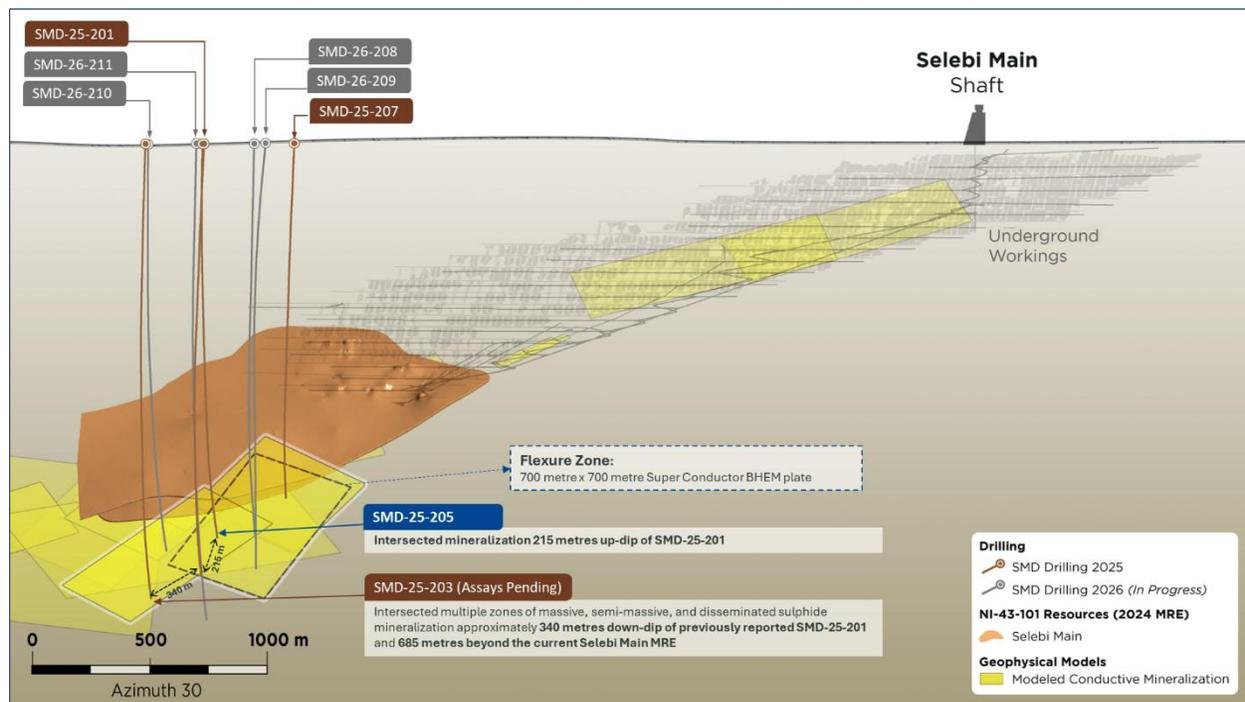


Source: NexMetals Mining

Big step-outs signal potential step change growth at Selebi; 10.7m TT @ 7.31% CuEq

Yesterday after market, NexMetals announced high-grade results from 2 surface drillholes at its Selebi Main. SMD-25-205 intersected **11.05m (10.7m true thickness) at 7.31% CuEq** (3.00% Cu, 2.09% Ni and 0.09% Co) from 1686.7m including **5.75m at 8.73% CuEq** (3.98% Cu and 2.31% Ni) and SMD-25-204 intersected multiple, narrow massive sulphide intervals including **0.85m at 6.24% CuEq** (4.29% Cu, 0.95% Ni and 0.05% Co) from 1855.65m. Drilling has also intersected visual sulphide mineralization in an additional two holes with assays pending: SMD-25-203 stepped out 685m beyond the MRE, and visually reported an 18.30m sulphide zone and up-plunge, SMD-26-208 drilled within the 700m x 700m Superconductor BHEM anomaly, intersecting three sulphide zones reported visually, including 10.5m of massive and disseminated sulphides ~230m from SMD-25-205, directly tying mineralization to the conductive plate. These step out holes continue to confirm the presence of an emerging Flexure Zone extending mineralization both down-dip and down-plunge from the existing Selebi Main resource. Selebi Main mineralization remains open, and yesterday's results will be incorporated into a mineral resource update expected in 2026. The company has completed 15,540m of drilling at Selebi Main and continues to target extensions associated with the recently identified BHEM super conductors.

Figure 2. Selebi Main long section showing today's drilling



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 >US\$500m-US\$1bn.

Catalysts

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

Research

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Ticker: NEXM CN	Price / mkt cap:	C\$4.95/sh, C\$176m	P/NAV today:	0.23x	Country: Botswana
Author: B Gaspar	Rec / PT:	BUY, C\$12.7/sh	1xNAV7%:	C\$21.09/sh	Asset: Selebi-Phikwe / Selkirk

Commodity price	CY23A	CY24A	CY25E	CY26E	CY27E	Resource/Inventory @ SCP LT p	Mt	CuEq %	NiEq %	%M&I
Cu price (US\$/t)	8,523	9,264	9,654	9,923	9,987	Selkirk 43-101 OP M&I&I	44 Mt	1.0%	0.5%	0%
Cu price (US\$/t, payable)	6,802	7,393	7,704	7,919	7,970	Selebi M&I&I	28 Mt	3.2%	1.7%	9%

Share data (m)	Basic	FD	FF FD
Shares (m)	35.5	58.0	80.6

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	46	100%	1.00x	0.80
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\$	1,223			21.09

*Build start, ex fin. cost + G&A, dil. for optns not build P/NAV today: 0.23x

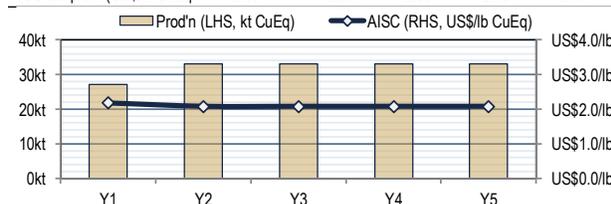
1xNPV project (C\$m, ungeared)* sensitized to Cu px and discount rate	CY24A	CY25E	CY26E	CY27E	CY28E
Asset NPV (C\$m)	9,000	10,000	11,500	12,500	13,500
10.0% discount	399	618	946	1,165	1,383
7.0% discount	693	961	1,362	1,630	1,897
5.0% discount	944	1,253	1,716	2,024	2,333
Ungeared project IRR:	16%	19%	23%	26%	28%
Asset NPV (C\$/sh)	9,000	10,000	11,500	12,500	13,500
10.0% discount	6.88	10.66	16.32	20.09	23.87
7.0% discount	11.96	16.58	23.50	28.12	32.73
5.0% discount	16.29	21.62	29.60	34.92	40.24

*Project level NPV, excl finance costs and central SGA, discounted to build start

Group valuation over time	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
Project NPV	449	481	804	1,150	1,142
Nominal exploration upside	481	481	481	481	481
Selkirk nominal @ 1.5% in-sit	46	46	46	46	46
Central G&A and finance cos	(216)	(210)	(190)	(153)	(121)
Net cash prior quarter	40	332	21	(306)	(295)
Cash from ITM options/warra	160.5	160.5	160.5	160.5	160.5
Total NAV (C\$m)	960	1,290	1,322	1,379	1,414
FF FD share count (m)	58	103	103	103	103
1xNAV7%/sh FF FD (C\$/sh)	16.56	12.51	12.82	13.38	13.72

Exit value: 1xNAV/sh company @ 2029 first production (C\$, geared)*	CY24A	CY25E	CY26E	CY27E	CY28E
1xNAV (C\$m)	9,000	10,000	11,500	12,500	13,500
10.0% discount	854	1,111	1,497	1,754	2,011
7.0% discount	1,113	1,414	1,865	2,166	2,467
5.0% discount	1,329	1,666	2,172	2,509	2,846
1xNAV (C\$/sh)	9,000	10,000	11,500	12,500	13,500
10.0% discount	8.28	10.78	14.52	17.01	19.51
7.0% discount	10.79	13.72	18.09	21.01	23.93
5.0% discount	12.89	16.16	21.07	24.33	27.60

Production (Y1 from 1Q29)	Y1	Y2	Y3	Y4	Y5
Production (kt CuEq)*	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

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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

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