

# BUILDING A URANIUM TITAN



Acquisition of the  
Beisa North And Beisa South  
Uranium-Gold Projects

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- listed on the Main Board of the London Stock Exchange
- dual listed in South Africa on A2X Markets
- 70% interest in the Henkries Uranium Project
- 100% interest in the Beisa North and Beisa South Uranium-Gold Projects
- uranium is one of the most significant and strategic modern commodities
- NEO is the only primary listed uranium mine development company in London to offer investors direct exposure to the uranium sector
- one of the most advanced, high-grade uranium companies capable of near-term production
- majority interests in advanced uranium projects with a clear pathway to production and sales into the international uranium and energy markets
- projects located in two of the most established mining regions of South Africa and which have a long and proven history of uranium mining and processing
- an aggressive growth strategy developing multi-million pound uranium and multi-million ounce gold deposits in a world class mining jurisdiction





# TRANSFORMATIONAL ACQUISITION



neo energy metals

## BEISA NORTH AND BEISA SOUTH ACQUISITION

- agreement with Sunshine Mineral Reserves to acquire 100% of the Beisa North and Beisa South Uranium-Gold Projects
- one of the largest undeveloped uranium resources in South Africa
- located on two granted Prospecting Rights over an area of approx. 80 km
- SAMREC Code resources of 90.24 Mlbs of  $U_3O_8$  and 4.17Mozs of gold
- large zones of high-grade uranium with grades of up to 3,400 ppm  $U_3O_8$
- located in the Witwatersrand Basin, South Africa's primary producing uranium region with over 70 years of continuous uranium production
- immediately north and south of the previous producing high-grade Beisa Uranium Mine and existing Beatrix 4 Shaft, processing plant and associated infrastructure
- licenses adjoin other producing multi-million ounce gold mining operations of Harmony Gold and Sibanye Stillwater Limited
- first of a number of complementary uranium acquisitions in the region aimed at allowing an accelerated pathway to production

# URANIUM AND GOLD RESOURCES

SAMREC Code resources of 90.24 Mlbs of U<sub>3</sub>O<sub>8</sub> and 4.17 Mozs of gold are contained primarily in the Beisa Reef which extends across both the Beisa North and Beisa South Projects and also in the Beatrix Reef which only occurs in Beisa South

Project	Category	Ore Tonnes at 35% Loss	Uranium (cut-off at 50cmkg/t)		Gold (By-Product)	
		Mt	ppm	Mlb	g/t	Moz
Beisa Reef						
Beisa North	Inferred	31.36	830	57.23	2.03	2.05
Beisa South	Inferred	22.21	720	32.00	0.76	0.58
TOTAL		53.57	780	89.23	1.51	2.63

Project	Category	Ore Tonnes at 45% Loss	Uranium (By-Product)		Gold (cut-off 250cmg/t)	
		Mt	ppm	Mlb	g/t	Moz
Beatrix Reef						
Beisa South	Inferred	15.21	30	1.01	3.14	1.54

# BUILDING A URANIUM PRODUCING TITAN

- + US\$ 800 million company valuation following the Beisa Projects acquisitions
- 20 pence share price valuation
- 90.2 Mlbs of uranium resources and 4.2 Mozs of gold resources acquired at Beisa
- resources in South Africa’s primary uranium producing region, where uranium has been mined continuously for over 70 years
- located in the Witwatersrand Basin, historically one of the richest gold-producing regions in the world, having produced about 2 billion ounces of gold over more than a century
- combined in-situ resource value amounts to US\$ 17bn at current spot prices
- significant upside to the valuation comes from potential increases to uranium and gold market prices, increases in the resources and continued project de-risking as the Beisa North and Beisa Projects move nearer to production
- acquisition is in line with management strategy is to position NEO as South Africa’s leading uranium mining company and one of Africa’s major uranium mine operators and mine developers

Neo Energy Metals plc (NEO.L)\*

22 August 2024

Neo Building a Uranium Producing Titan

Following the Beisa projects acquisition announcement earlier this month by Neo Energy Metals plc (NEO.L) for a consideration of ZAR381m (c. £16.5m), in this updated research note, we examine the impact of this upon the Group’s estimated valuation to determine a revised share price target.

Key Points

- Beisa’s acquisition adds a substantial SAMREC resource to the Group with **90.2m lbs uranium** and **4.2m ounces gold**, in South Africa’s primary uranium producing region, where uranium has been mined continuously for over 70 years. Beisa’s combined in-situ resource value amounts to \$17bn at current spot prices.
- Due diligence on the new Beisa acquisition was completed on 16 Aug ‘24, with formal documentation expected to be signed by the end of next month.
- Neo’s management **strategy** is to position the Group as South Africa’s leading uranium mining company and one of Africa’s major uranium mine operators and developers.
- Other potential **complementary uranium acquisitions** are being advanced in the region, the details of which we anticipate will be revealed by end of Q3, ‘24
- Although Beisa will become the Group’s largest asset by resource size, the Henkries project is **nearer to production and cash flow revenue**, an event which we believe could be less than 24 months away.

Valuation & Recommendation

Using the existing valuation of Henkries as a benchmark (at \$80 per lb) as outlined in our valuation note from 13 Jun ‘24, we have estimated an un-risked amount for each uranium lb resource, to provide the basis to determine a risked value for the new Beisa projects.

Various risks have been applied, such as a ‘Resource & Feasibility’ risk of 40% to 70% for each of the three Beisa resources. This is a relatively high risk as the SAMREC resource is at the ‘Inferred’ confidence level. A modest ‘Development’ risk of 20% to 35% is used, given the assets location in an established mining district. ‘Finance’ risk of obtaining mining capex remains low at 5% to 20% due to the presence of mining financier and entrepreneur Quinton van der Burgh as investor and Neo Board Director. Some of the uranium and gold resources also have a ‘By-Product’ processing risk applied. This leads us to arrive at an estimated \$384.8m for Beisa’s uranium and \$359.8m for its gold resources, representing around 5% of each metals spot price.

By adding Henkries estimated value of \$58.5m to Beisa’s uranium and gold figures, a Group figure of **\$803.1m** is derived. When divided by Neo’s projected number of shares in issue, to account for the Beisa consideration shares and any other share that may be issued within the next 18-months, a risked value per share of 23p is computed or 20p to factor in a small 10% sign-off risk prior to concluding Beisa’s purchase.

Upside to our valuation comes from potential increases to uranium and gold market prices, an increased resource size and improvement in the current ‘Inferred’ resource at Beisa’s and continued project de-risking as both Henkries and Beisa move nearer production. Considering that Beisa adds 17p to 20p to the existing valuation of 3.33p and ambitious acquisition value led accretive strategy being pursued, we continue to rate the shares as a **‘Buy’** with a target price of **20p per share**. This provides considerable upside for investors positioning themselves in the equity, with Neo currently trading at less than 1p per share.



BUY

TP 20p

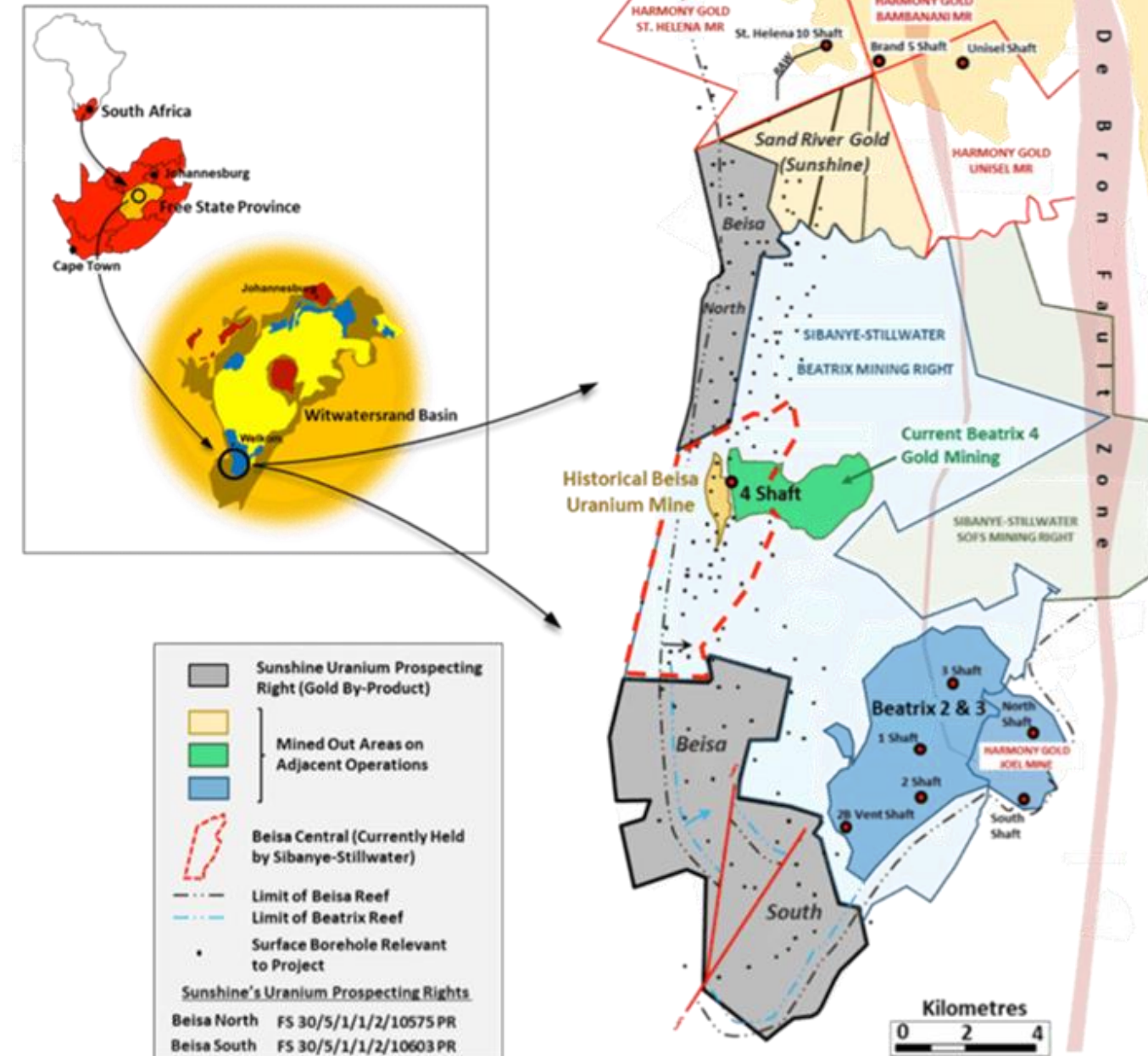
MARKET DATA:	
Name:	Neo Energy Metals plc
Ticker:	NEO.L
Price:	0.83p
SI:	1450m
Market Cap:	£12m
Sector:	Resources (Uranium, gold)
Listing:	LSE SL – London A2X – South Africa
FINANCIALS: / KEY DATES	
Last Placings:	9/10-Nov 23 - £625K @1.25p.
Strategic Inv:	Nov 23 - Jan 25 - £3.5m @ 0.75p
RTO Date:	9 Nov 23
Last Results:	28 Jun 24 – 6’mth. to 31 Mar ‘24
ACTIVITIES:	
Exploration and development of advanced uranium and gold assets in Africa.	
KEY ASSETS/ PROJECTS	
Henkries - uranium Beisa# - uranium & gold #subject to final signing by 30 Sept ‘24.	
DIRECTORS & MANAGEMENT:	
Sean Heathcote (CEO) Jason Brewer (Exec. Chairman) Quinton van der Burgh (Non-Exec) Bongani Raziya (Non-Exec.) Jackline Muchai (Non-Exec.) James Longley (Non-Exec.) Charles Tatnall (Non-Exec.)	
SHAREHOLDINGS: ( >4% )	
Morgan Stanley Client Sec’s Nom	14.8%
Pershing Nominees	13.8%
Hargreaves Lansdowne Nom	12.0%
O’Sullivan Advisory & Inv Ltd	11.1%
Jim Nominees	5.1%
AUO Commercial Brokerage LLC	4.7%
Directors hold a total of 377m (26%) shares, some of which are held under above nominee names.	
*First Equity Limited acts as Broker to Neo Energy Metals plc	
ANALYST - Jason Robertson +44 (0)20 7374 2212 jasonrobertson@firstequitylimited.com	

- The Beisa Projects comprise two granted Prospecting Rights; Beisa North and Beisa South extending over an area of approx. 80km<sup>2</sup> in the Witwatersrand Basin, located in the Free State Province of South Africa
- The Beisa Projects comprise total SAMREC Code compliant resources of 90.24 million pounds ('Mlbs') of U<sub>3</sub>O<sub>8</sub> and 4.17 million ounces ('Mozs') of gold
- The total in situ value of the inferred uranium and gold resources is over US\$17 billion based on the prevailing spot uranium and gold prices.
- The Beisa Projects lie immediately north and south of the previous producing high-grade Beisa Uranium Mine and adjoins existing multi-million ounce gold mining operations of Harmony Gold Mining Company Limited and Sibanye Stillwater Limited.
- The projects benefit from excellent infrastructure, including an adequate water supply from Sedibeng Water, sourced from the Vaal River, as well as power supply and electric rail transportation
- The Beisa Projects have been extensively explored since 1936 with multiple diamond drilling resource programs having been completed by a number of major South African mining companies. There have been several National Instrument 43-101 Compliant and SAMREC Code Compliant resource statements previously released on the deposits

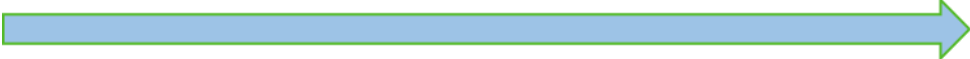


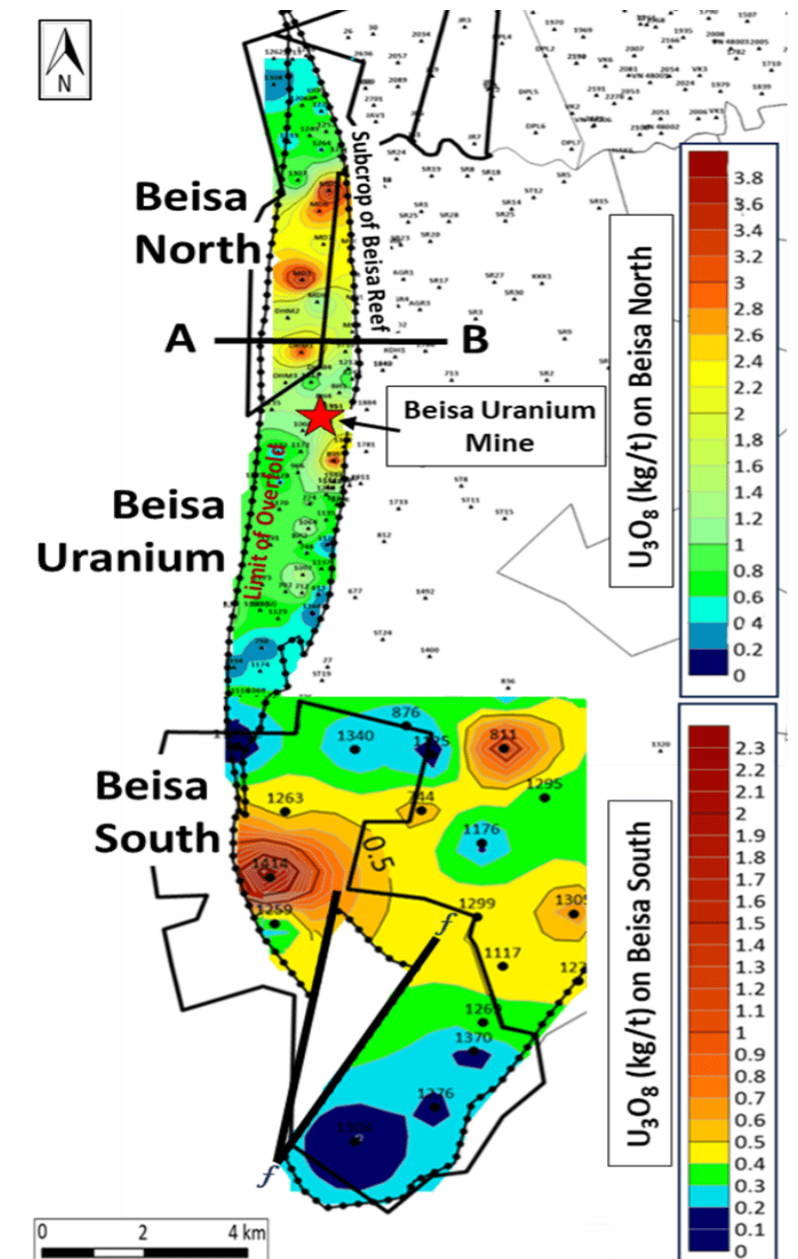
# THE BEISA PROJECTS

- The Beisa Projects lie on two granted Prospecting Rights, FS 30/5/1/1/2/10575PR and FS 30/5/1/1/2/10603PR, are located immediately north and south of the previous producing high-grade Beisa Uranium Mine and existing Beatrix 4 Shaft, processing plant and associated infrastructure.
- The uranium and gold resources are contained primarily in the Beisa Reef, which extends across both the Beisa Projects and the Beatrix Reef which only occurs in Beisa South.
- The uranium-bearing Beisa Reef, on both the Beisa North Uranium Project and Beisa South Uranium Project, is considered the shallowest of all mineralisation in the well-known Welkom Goldfield in the Witwatersrand Basin.



# THE BEISA PROJECTS

- Large zones of well-mineralised uranium ore occur on both Beisa North and Beisa South
- The Beisa Reef is unique in the sense that besides uranium, it also contains relatively high concentrations of gold, at an average grade of 2.03 g/t on the Beisa North Uranium Project, with Inferred Resources of 2.05 Mozs of gold. On the Beisa South Uranium Project, a well-developed channel occurs over 4 kilometers ('km') wide, with gold grades of up to 5.0 g/t and an average grade of 0.76 g/t for a further 0.58 Mozs of inferred resources, giving Total Inferred Resources of 2.63 Mozs of 'by-product' gold.
- In the figure 2: 
  - Uranium grade plots (kg/t) of the Beisa Reef range from between 350 and 2 000 m below surface.
  - The Reef covers a distance of  $\pm 29$ km from NEO's northern to its southern boundary.
  - The two uranium projects have been intensively drilled to determine the uranium and gold resources.
  - Dots and numbers represent the boreholes



- In August 2023, Sunshine conducted a South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) compliant Inferred resources for the Beisa North and Beisa South Projects which recorded 90.24 Mlbs of U<sub>3</sub>O<sub>8</sub> and 4.17 Mozs of gold
- Total inferred resources in the Beisa Reef comprise 53.57 million tonnes ('Mt') at an average grade of 780 ppm U<sub>3</sub>O<sub>8</sub> for 89.23 Mlbs of contained U<sub>3</sub>O<sub>8</sub> and with several large zones of well-mineralised and high-grade uranium occurring at both Beisa North and Beisa South at grades of up to 3,400 ppm U<sub>3</sub>O<sub>8</sub> and 2,200 ppm U<sub>3</sub>O<sub>8</sub> respectively
- The 53.57 Mt resources are split into shallow ore at 350 to 2 000 meters, and ore that is deeper than 2 000m for a phased mining approach

## Beisa Reef

- The quartz-pebble Beisa Reef also contains relatively high concentrations of gold, with an average grade of 2.0 g/t on Beisa North.
- On Beisa South, a well-developed channel occurs with gold grades of up to 5 g/t

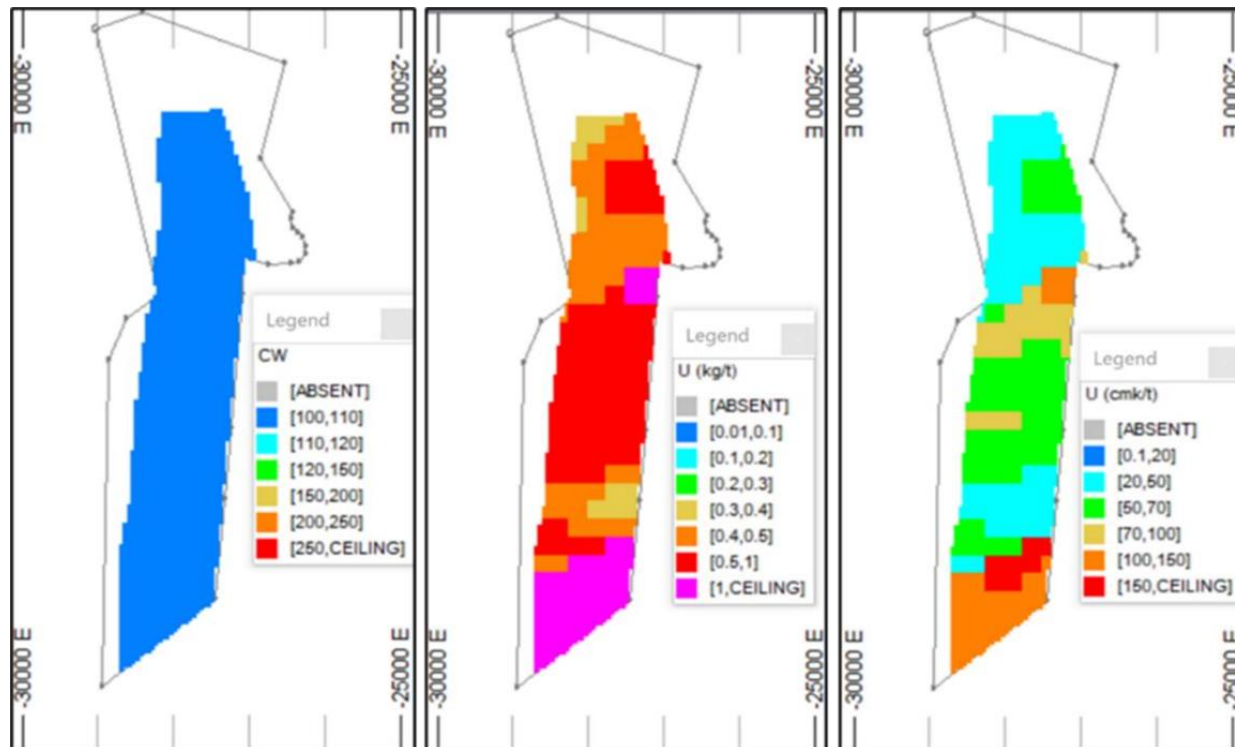
## Beatrix Reef ( Gold bearing reef)

- An additional ore body, Beatrix Reef is present on Beisa South and contains, 1.54 Moz of inferred gold resources.

- The Mineral Resources for the respective reefs are stated over a minimum stopping width (= mining width) of 100 cm and a reef density of 2.71 t/m<sup>3</sup>.
- Figure below shows the final block model plots for the respective reefs and parameters over a minimum stopping width of 100 cm:

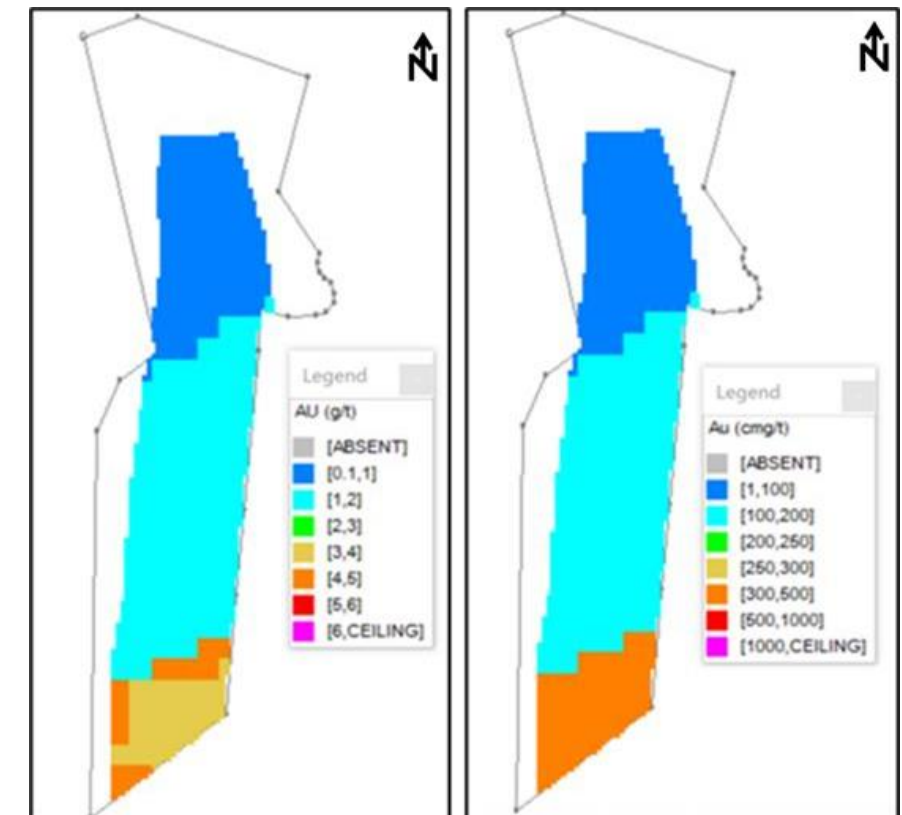
## ***Beisa North – Beisa Reef (Upper)***

*Channel Width (cm) - Uranium Grade (kg/t) - Uranium Content (cmkg/t)*



## ***Beisa North – Beisa Reef (Upper)***

*Gold Grade (g/t) - Gold Content (cmg/t)*

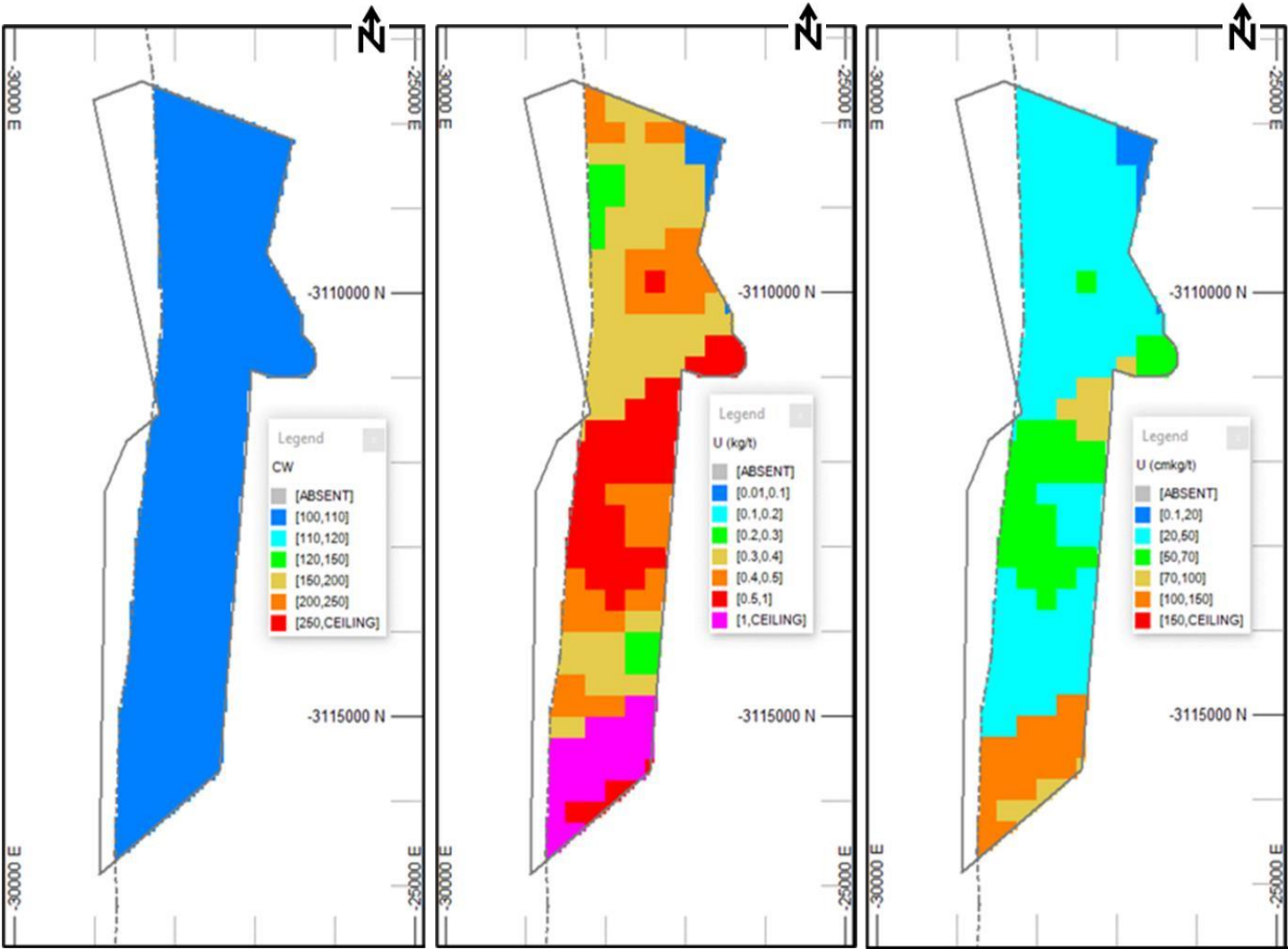




# MINERAL RESOURCE ESTIMATE

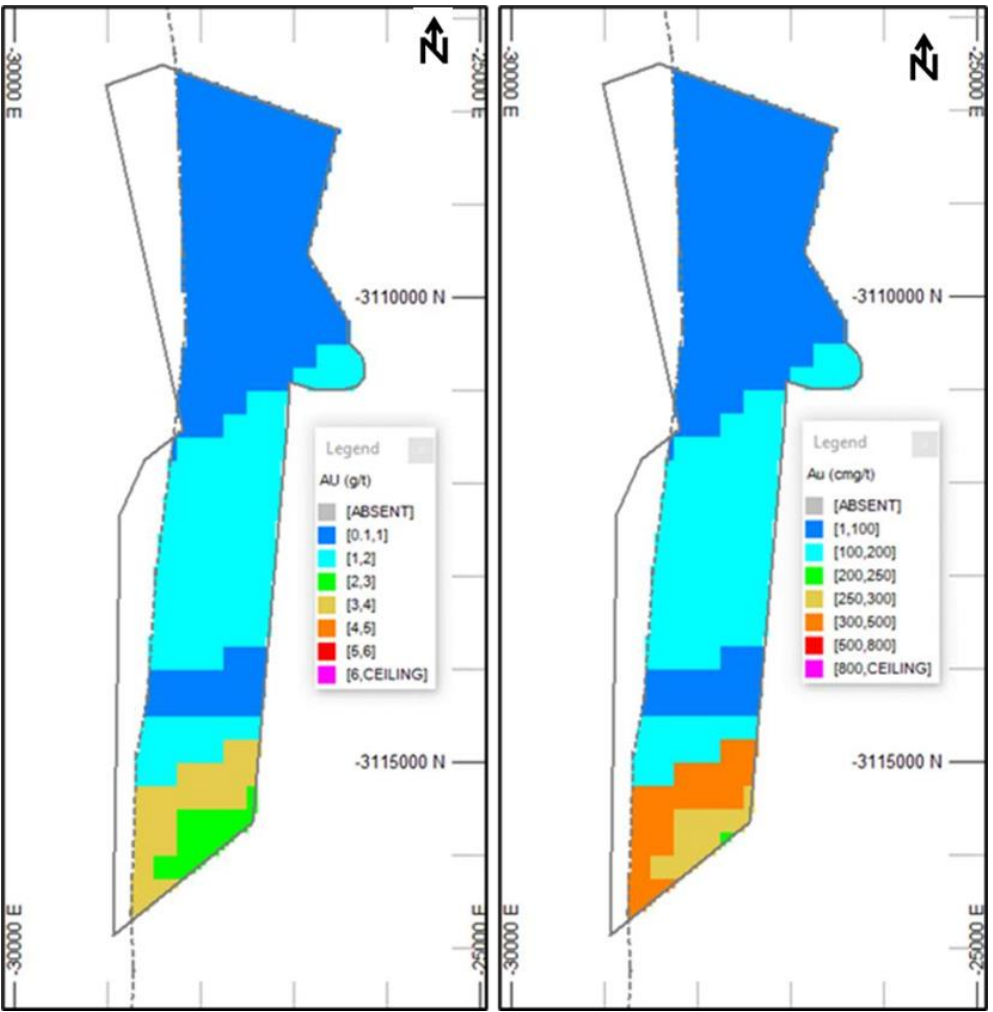
## Beisa North – Beisa Reef (Lower)

Channel Width (cm) - Uranium Grade (kg/t) - Uranium Content (cmkg/t)



## Beisa North – Beisa Reef (Lower)

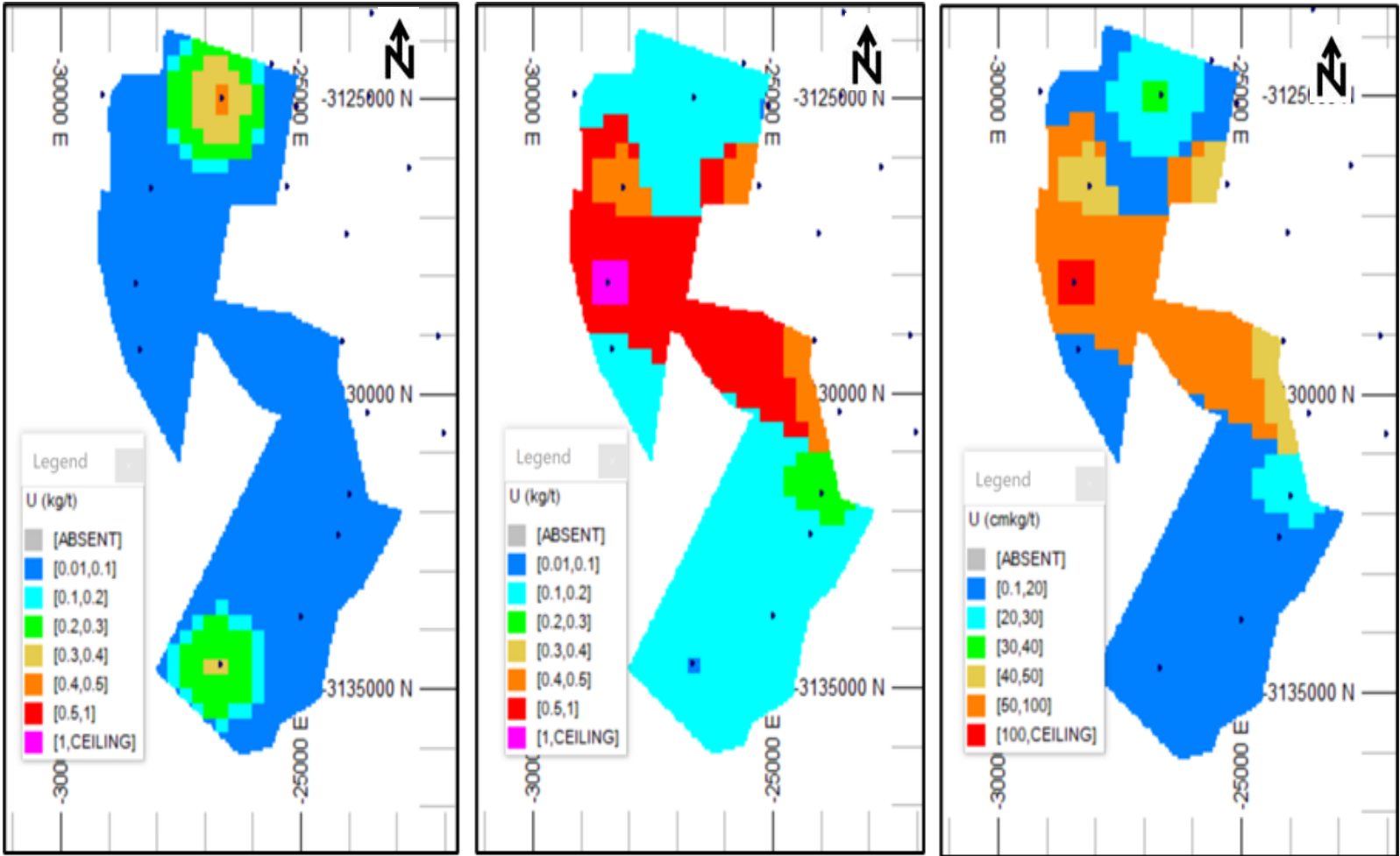
Gold Grade (g/t) - Gold Content (cmg/t)



# MINERAL RESOURCE ESTIMATE

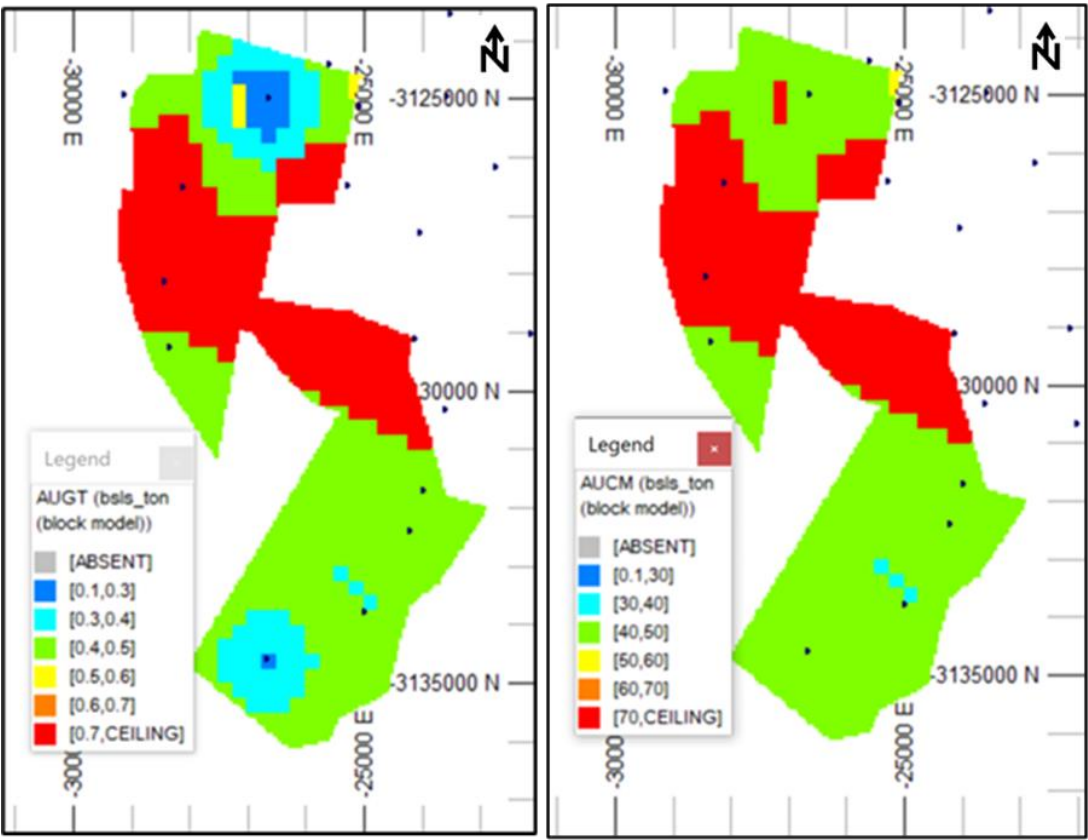
## Beisa North – Beisa Reef (Lower)

Channel Width (cm) - Uranium Grade (kg/t) - Uranium Content (cmkg/t)



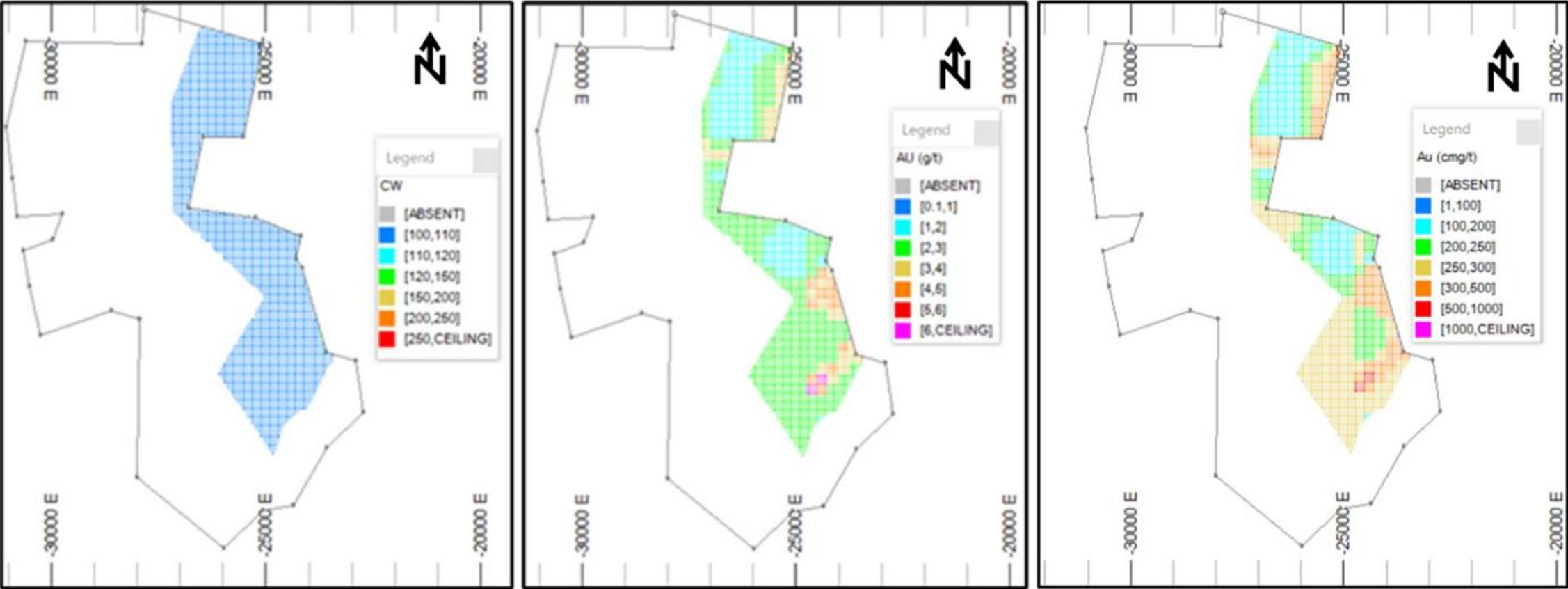
## Beisa North – Beisa Reef (Lower)

Gold Grade (g/t) - Gold Content (cmg/t)



## Beisa South – Beatrix Reef

Channel Width (cm) - Gold Grade (g/t) - Gold Content (cmg/t)



*Krig model plots used for Mineral Resources on Sunshine’s Uranium-Gold Beisa Project for the Beisa Reef (Upper and Lower) and the Beatrix Reef*

# GEOLOGICAL STRUCTURES



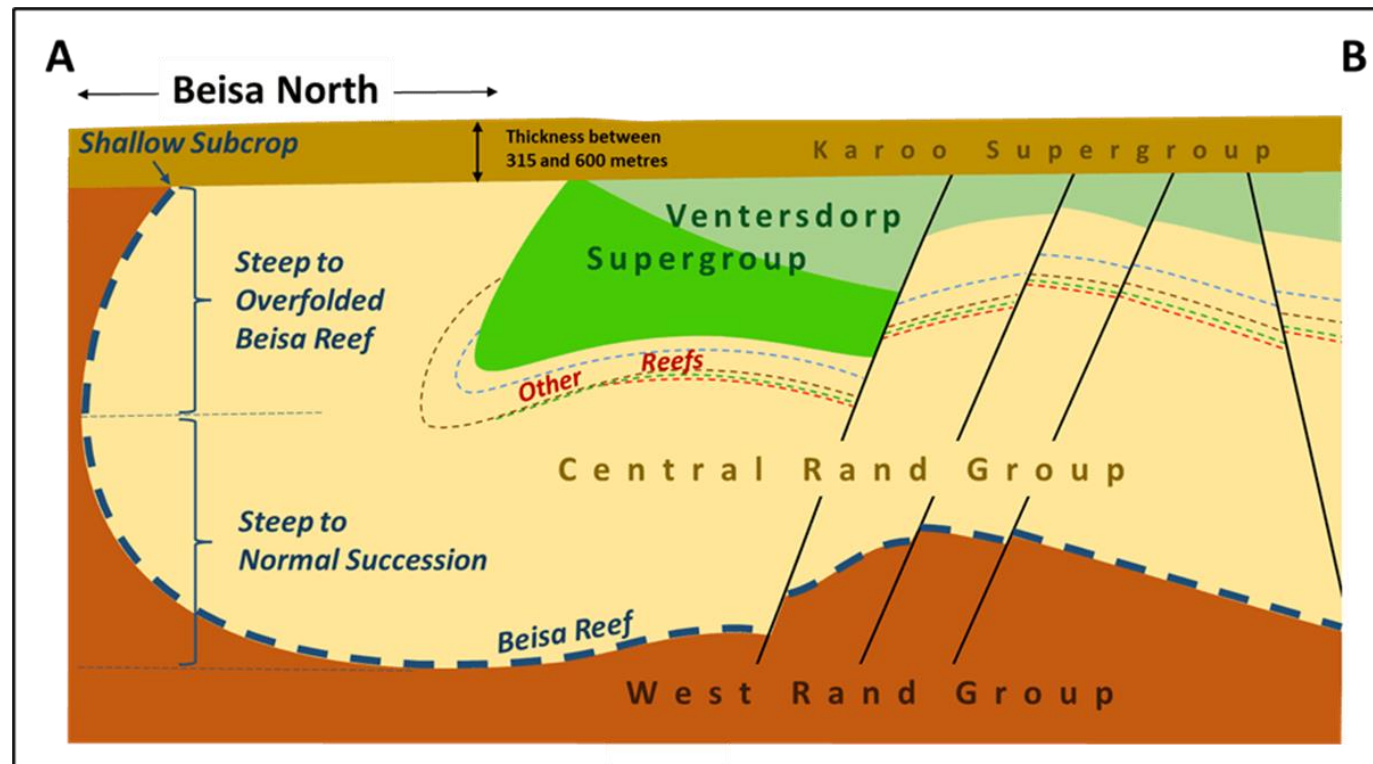
The Beisa Reef is structurally overfolded and has relative shallow depths of 350 meters to the north of the historical Beisa Mine



The shallow depths and steep configuration of the Beisa reef will favour very narrow underground mining, which will reduce dilution of the uranium-gold ore

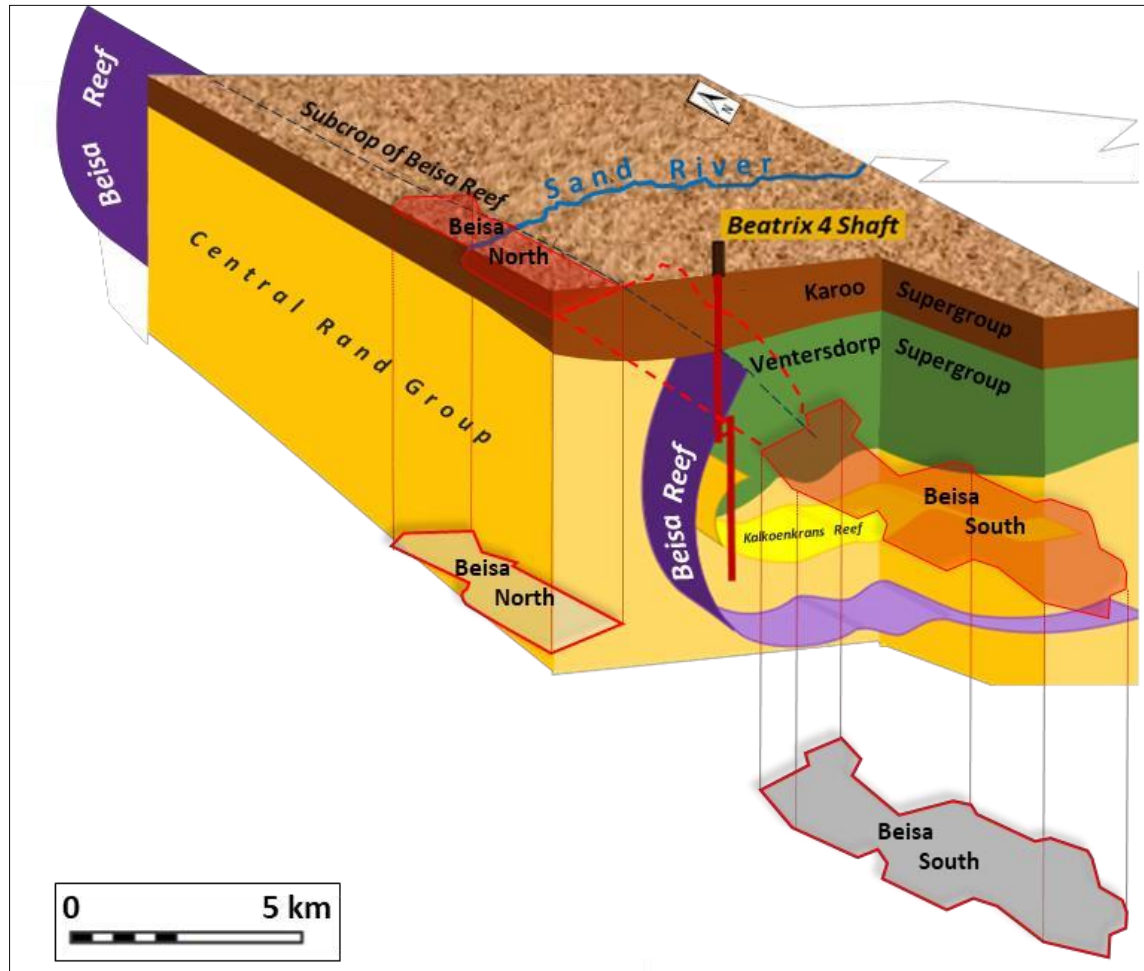


The uranium-bearing Beisa Reef, on both the Beisa North Uranium Project and Beisa South Uranium Project, is considered the shallowest of all mineralisation in the well-known Welkom Goldfield in the Witwatersrand Basin

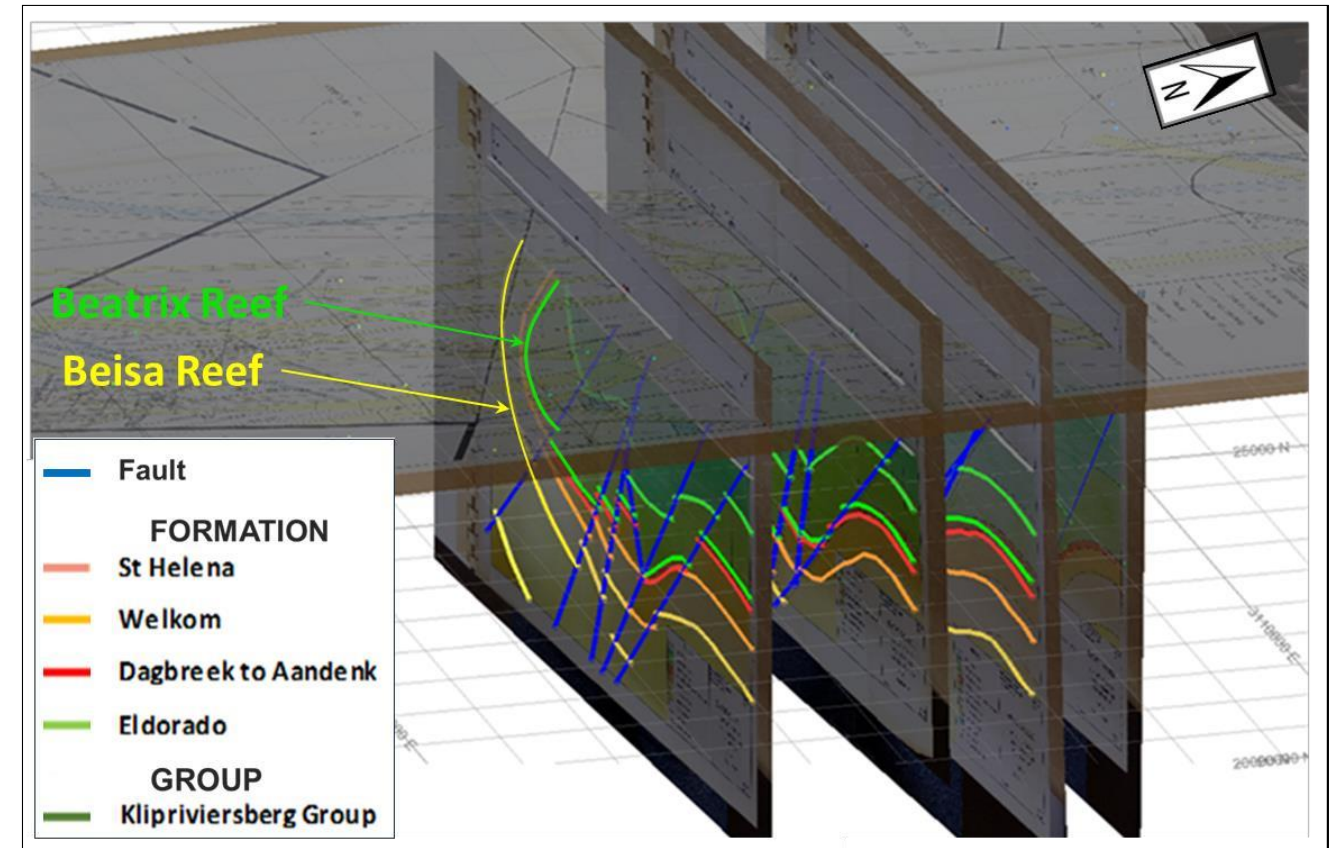


**Figure 3:** Cross section along line A-B (Figure 2) showing the overfold and shallow subcrop of the Beisa Reef of 350 and 600 meters below surface (mbs) on Beisa North and South respectively





*Oblique view of the western margin of the Witwatersrand Basin in the Project area. The overturned strata and the subcrop of the Beisa Reef against the overlying Karoo rocks are shown. Beisa North and Beisa South abut Sibanye-Stillwater's Beatrix 4 Mining Right, also called Beisa Central (red dashed lines).*



*Isometric view of the north-eastern portion of the geological 3D model. Four historical hand-drawn cross sections are shown. These sections were utilised in the construction of the 3D model of the subsurface on Beisa North and Beisa South. View is to the northwest.*

This project is a prospecting right that covers 23.25 km<sup>2</sup>

The Beisa North Uranium Project could easily be accessed and developed from existing nearby mine, shaft and underground infrastructure in the region

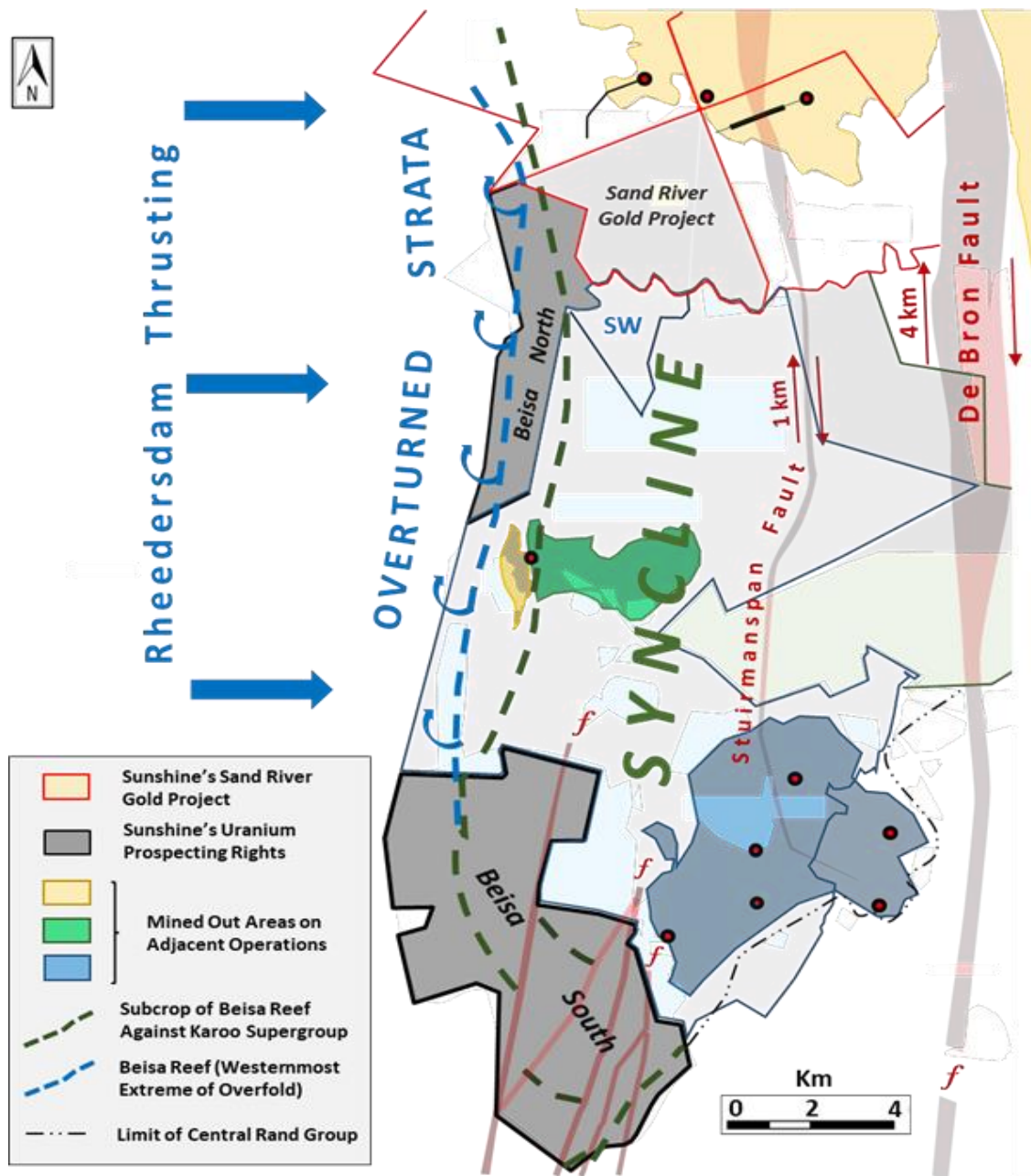
Beisa North Uranium has the potential of being a standalone mining operation with its SAMREC Code Compliant total resources of 31.36 Mt of ore and 57.23 Mlb of U<sub>3</sub>O<sub>8</sub> at an average grade of 830 ppm and with a gold by-product at an average grade of 2.03 g/t

Contains various commodities; Gold, uranium, silver, REE's, coal, PGM's, base metals, pyrite, diamonds, sulphur, heavy minerals and iron ore

More than 95% of Beisa North is beyond the subcrop of prospective gold reefs. However, this area is underlain by relatively shallow Beisa Reef with comparatively high uranium grades and low gold grades.

During future extraction of the Beisa Reef, gold will be regarded a by-product. For this reason, Beisa North is considered a Uranium Project.

# BEISA SOUTH



An additional ore body, the Beatrix Reef, is present on the Beisa South Uranium Project and contains inferred resources of 1.54 Mozs of gold.

This project is a prospecting right that covers 56km²

The Beisa South Project is thus regarded a **Uranium and Gold Project**

This gold-bearing reef is well-known in the area and is currently being successfully mined by multiple neighbouring mines.

The Beisa South Project is underlain by two economic horizons, Beisa Reef with relatively high uranium grades (gold as potential by-product), and Beatrix Reef, a well-mineralised gold reef (uranium as potential by-product).

At the Beisa South Uranium Project, a 4km wide, well-mineralised channel has been identified with very high grades of up to 2200 ppm U3O8 and 5.02 g/t of gold, further infill-drilling is planned to increase the resource confidence levels across the large project area.



- Under the commercial terms of the Agreement, the Company will initially pay Sunshine a cash exclusivity fee of ZAR2,500,000 (approx. £107,500) and issue 20,000,000 new ordinary shares at an issue price of 0.75 pence per share ('Acquisition Shares')
- On settlement of the acquisition of the 100% interest in the Beisa Projects, the Company will pay a cash fee of ZAR175,00,000 (approx. £7,500,000) and issue new ordinary shares to the value of ZAR200,000,000 (approx. £8,500,000) at an issue price of 1.25 pence per share and on the basis that Sunshine will not have a shareholding exceeding 29.9% in the Company and they will further enter into a lock-up agreement with 12 month trading restrictions on any share sales
- The company will also grant Sunshine
  - i. A royalty on all uranium and gold sold by NUB from the SMR Project on the following basis:
    - A royalty of US 3.00/lb of uranium when uranium spot price is trading at or below US\$ 100.00/lb;
    - A royalty of US4.00/lb of when uranium spot price is trading above US\$ 100.00/lb and at or below US\$150.00/lb;
    - A royalty of US5.00/lb of uranium when the uranium spot price is trading above US\$ 150.00/lb
    - A royalty of US\$7.50/oz of gold



- Total up-front cash and share based acquisition costs are approximately US\$0.09 per pound of equivalent uranium resource (when including the 4.17 Mozs of by-product gold resources as equivalent uranium resources at prevailing spot prices). This could be considered one of the lowest advanced uranium resource acquisition costs currently available globally
- The company's major shareholder, Dubai based AUO Commercial Brokerage LLC ('AUO'), and director Mr. Quinton van der Burgh supports the acquisition
- The company is negotiating a non-dilutive debt facility with AUO and several other parties, that it proposes to utilise to further fund its working capital requirements, accelerate the development of its uranium projects and further assist with its growth strategy in South Africa
- The acquisition of the Beisa Projects is considered a major step by the Board in advancing its strategy to position Neo Energy as South Africa's leading uranium mining company and one of Africa's major uranium mine operators and developers.
- The acquisition of the Beisa Projects provides the Company with additional advanced projects that comprise some of South Africa's largest undeveloped uranium resources, strategically located in the country's primary and long-standing uranium producing region, close to existing mining infrastructure.

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