

INITIATION OF COVERAGE
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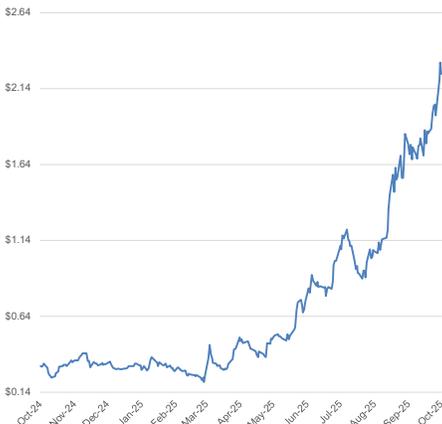
214-987-4121

Market Statistics in USD

Price	\$ 2.24
52 week Range	\$0.21 - \$2.40
Daily Vol (3-mo. average)	1,058,156
Market Cap (M):	\$ 651.2
Enterprise Value (M):	\$ 667.5
Shares Outstanding: (M)	291.1
Float (M)	194.0

Financial Summary in USD

Cash (M)	\$ 0.8
Cash/Share	\$ 0.00
Debt (M)	\$ 17.2
Equity (M)	\$ 50.5
Equity/Share	\$ 0.17


COMPANY DESCRIPTION

Pensana Plc (LSE: PRE) is a London listed rare earth developer advancing one of the largest, highest-grade NdPr (neodymium-praseodymium) projects in the world. NdPr is indispensable to the manufacture of permanent magnets, which in turn are essential for electric vehicles, renewable energy systems, drones, robotics, industrial automation, and defense technologies. Unlike many early-stage peers, Pensana has already secured project financing, broken ground on construction, and developed strategic partnerships that align it with U.S. supply chain security priorities. This combination of geology, execution readiness, and downstream connectivity positions Pensana as one of the very few projects with the potential to significantly reshape Western supply of NdPr within the next three years.

PENSANA PLC (LSE: PRE)
COMPANY UPDATES

Mine-to-Magnet Strategy - Pensana is one of the few developers outside China pursuing a full mine-to-magnet model, capturing value across the rare earth supply chain. Rather than relying on a “dig-and-ship” approach, the Company is advancing a U.S.-facing downstream strategy that aligns with Western supply chain security goals. A memorandum of understanding with ReElement Technologies provides a direct pathway for Longonjo feedstock to be refined and separated in the United States, linking production to magnet manufacturing. Offtake agreements and MoUs already cover multiples of Stage 1 capacity, demonstrating strong demand for Pensana’s high-specification product. With robust financing support and engagement with the U.S. DoD, Pensana has pivoted decisively toward integration with U.S. and allied markets. This positions the Company as one of the only non-China projects capable of supplying both raw materials and refined feedstock into the Western magnet metals ecosystem.

Fully Funded Operation - Few rare earth projects outside China have secured construction financing; Pensana is a notable exception. The Company has raised \$268M from the Angolan Sovereign Wealth Fund (FSDEA), the African Finance Corporation, and Absa Bank, placing Longonjo among the very limited number of rare earth mines worldwide that are fully funded and in construction. With a modest \$217M Stage 1 capex, Pensana benefits from low capital intensities, supported by Lobito Corridor rail and hydroelectric infrastructure. Lastly, recent equity placements further strengthens liquidity to fund operations.

Significance of Rare Earths - NdPr (neodymium-praseodymium) is indispensable for permanent magnets used in electric vehicles, offshore wind turbines, robotics, drones, and defense technologies. Demand growth is expected to remain strong, with EV sales projected to exceed 40M annually by 2030 and offshore wind capacity rising more than sevenfold by 2050. With rare earths underpinning over \$3 trillion in industrial applications, and Western governments prioritizing secure supply chains.

Projects - The Longonjo project in Angola is among the highest-ranked undeveloped NdPr deposits globally. Stage 1 is expected to deliver ~5% of global NdPr supply. Construction is progressing on schedule with contractors mobilized on site, backed by a 20-year mine life. In addition, Pensana controls the Coola license and Sulima West prospect, where drilling has identified strong mineralization and metallurgical testing confirms potential as supplemental feedstock. Coola, a similar scale to Longonjo, provides optionality for mine-life extension, grade optimization, and future expansion, reinforcing Pensana’s ability to scale production and secure long-term relevance in the supply chain.

Outlook - Looking ahead, Pensana’s investment case rests on three pillars: (1) delivery of Longonjo as one of the lowest-capital-intensity NdPr projects globally, (2) expansion through Coola and Sulima West to extend mine life and resource scale, and (3) alignment with U.S. and allied downstream strategies that remove reliance on China’s near-total dominance in rare earth refining. With production scheduled ahead of the U.S. Department of Defense’s 2027 China-free supply chain target, Pensana is strategically positioned to emerge as a cornerstone Western supplier in the global magnet metals industry. In addition, the Board is evaluating a potential Nasdaq uplisting and has proposed a share consolidation to meet U.S. listing thresholds. A U.S. listing could broaden institutional access, improve trading liquidity, and support valuation over time.

Valuation - When valuing PRE we apply an EV/Reserves valuation method, applying a multiple range of 1.5x to 3.0x with a midpoint of 2.3x which results in a valuation of \$3.34 to \$6.68 with a mid-point of \$5.01.

Business Overview

Pensana Plc (LSE: PRE) is a London listed rare earth developer advancing one of the largest, highest-grade NdPr (*neodymium-praseodymium*) projects in the world. NdPr is indispensable to the manufacture of permanent magnets, which in turn are essential for electric vehicles, renewable energy systems, drones, robotics, industrial automation, and defense technologies. Unlike many early-stage peers, Pensana has already secured project financing, broken ground on construction, and developed strategic partnerships that align it with U.S. supply chain security priorities. This combination of geology, execution readiness, and downstream connectivity positions Pensana as one of the very few projects with the potential to significantly reshape Western supply of NdPr within the next three years.

Exhibit 1: Pensana Overview

<p>Constructing one of the world's largest magnet metal rare earth mines to meet rapidly growing demand</p> <ul style="list-style-type: none"> LSE main board listed with 302 million shares on issue (LSE:PRE) On track to becoming the third largest Western Neodymium-Praseodymium (NdPr) producer Rare Earth prices expected to increase twofold¹ in the near-term future due to global supply shortage and geopolitical importance Ultra low Capex of US\$217 million² Commissioning to follow 18-month construction program - in production 2027 Extremely high demand for Pensana Products from burgeoning demands from robotics and automation Market Capitalisation of greater than US\$500 million 	<p>World class deposit</p> <p>One of only three ore bodies with >100kt NdPr reserve Larger resource than MP Materials</p> <hr/> <p>Finance approved and in Construction</p> <p>US\$25 million of mine finance drawn down and main construction commenced</p> <hr/> <p>Strategic Partnerships with U.S Downstream</p> <p>Cooperation with ReElement feeding mine to magnet supply for Robotics and AI</p>	 <table border="1"> <tr> <td>22Mt at 3.04% TREO Mineral reserve</td> <td>20+ years Life of Mine</td> </tr> <tr> <td>US\$ 217 million Stage 1 Capital expenditure</td> <td>4,200tpa NdPr Full production potential (Stage 1+2)</td> </tr> <tr> <td>2027 Start of production</td> <td>In construction Project status</td> </tr> </table>	22Mt at 3.04% TREO Mineral reserve	20+ years Life of Mine	US\$ 217 million Stage 1 Capital expenditure	4,200tpa NdPr Full production potential (Stage 1+2)	2027 Start of production	In construction Project status
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2027 Start of production	In construction Project status							

Source: Company Presentation

The Longonjo mine is among the highest-grade rare-earth deposits in the world. The reserve base is 22 million tonnes grading 3.04% TREO, containing roughly 139,000 tonnes of NdPr oxide. Longonjo's development is structured in two stages: Stage 1 production of 20,000 tonnes per year of mixed rare earth carbonate (MREC) commencing in 2026, followed by Stage 2 expansion to 40,000 tonnes annually in 2027. If delivered as planned, Pensana will hold close to 5% of global NdPr supply at a time when Western economies are urgently seeking non-Chinese alternatives. The mine plan provides more than two decades of initial life, with significant exploration upside through the adjacent Coola license area.

One of Pensana's defining advantages is its infrastructure positioning. The Longonjo project is located along the Lobito Corridor, which provides direct rail and port access to the Atlantic and is supported by reliable hydroelectric power. This infrastructure reduces capital intensity and operating costs, giving Pensana a cost position that is globally competitive. At a time when many competitors face logistical, permitting, or capital challenges, Pensana benefits from favorable infrastructure and supportive government policy in Angola. The financing package of \$268M secured from a consortium including the FSDEA sovereign wealth fund, the African Finance Corporation, Absa Bank, and M&G has highlighted construction progress and lowered execution risk.

Importantly, Pensana is not pursuing the traditional "dig-and-ship" model that has historically tied African projects to Chinese processors. Instead, the Company is integrating directly into U.S. and adjacent supply chains. A memorandum of understanding (MoU) with ReElement Technologies, announced in September of 2025, outlines a plan for Pensana to provide feedstock for downstream refining and magnet production in the United States. This partnership reflects a broader reorientation of Pensana's downstream strategy, emphasizing the focus on U.S. partnerships, U.S. financing, and alignment with U.S. government strategic initiatives, including those from the Department of Defense and Ex-Im Bank.

This U.S. lens is critical to the Company’s narrative. In Washington, the Department of War has articulated a 2027 timeline for securing magnet metal supply chains independent of China. Pensana’s production schedule dovetails almost precisely with this goal, placing the Company at the right place and the right time to become a foundational supplier into Western markets. The U.S. Development Finance Corporation has already provided support, recognizing the strategic importance of Longonjo to Western economies. Discussions with Ex-Im Bank on a letter of intent (LoI) further highlight the alignment with U.S. policy. In this context, Pensana is no longer simply a mining story, it is increasingly positioned as a cornerstone of Western efforts to rebuild resilient, secure, and ESG-compliant supply chains for critical minerals.

Segment Overview

Pensana’s operations can be understood across three segments: Mining & Extraction, Exploration & Early-Stage Development, and Downstream Integration. Each segment plays a vital role in building a vertically integrated, mine-to-magnet model that reduces Western dependence on China and maximizes Pensana’s exposure to high-value markets.

Mining & Extraction – The Longonjo Project

The Longonjo project is the Company’s flagship asset and the foundation of its supply capacity. Located in Angola’s Huambo Province, adjacent to the Lobito Corridor, Longonjo benefits from a unique combination of scale, grade, and infrastructure. As previously stated, PRE holds a JORC-compliant ore reserve of 22 million tonnes grading 3.04% TREO which positions Longonjo as one of the world’s most significant NdPr deposits. Stage 1 construction, already financed and underway, is designed to deliver 20,000 tonnes of mixed rare earth carbonate annually by 2026. Stage 2 expansion to 40,000 tonnes in 2027 would elevate Pensana into the top tier of global NdPr suppliers, with approximately 5% market share. Few other Western projects of comparable size are expected to reach production within the next three years, which significantly enhances Longonjo’s strategic relevance.

Geologically, Longonjo is one of the world’s largest and highest-grade deposits. The mine plan supports an initial 20-year life, with the ability to extend through further drilling and resource conversion. The combination of high grades, low strip ratios, and strong infrastructure positions Longonjo as one of the lowest-cost rare earth projects globally.

Longonjo’s cost competitiveness is anchored in its infrastructure. Rail links via the Lobito Corridor connect the mine directly to port facilities, while abundant hydroelectric power reduces both operating cost and carbon footprint. These advantages place Longonjo in the lowest quartile of projected production costs globally. In an industry where many developers are constrained by capital intensity and logistics, Pensana stands out as a project already financed, permitted, and under construction.

Exhibit 2: Longonjo Overview

Overview

- Mine life of over 20 years based on JORC ore reserve grade of 3.04% TREO (Total Rare Earth Oxide) containing 139,000 tonnes NdPr oxide.
- Mine and process 800,000 tonnes pa with a feed grade of 4.12% TREO with a very low mine strip ratio.
- To produce 20,000 tonnes pa of highly marketable clean MREC (Mixed Rare Earth Carbonate) from late 2026 with plans to expand to 40,000 tonnes pa (circa 5% of world production) from 2027.
- Excellent infrastructure (Lobito Corridor + Hydro power) allows for ultra-low capital cost of US\$217 million including contingency.
- With site infrastructure and access road already in place mobilisation of contractors and construction of the modularised process plant is underway.

Exhibit 3: Longonjo Stage 1 & 2

Item	Longonjo Stage 1	Longonjo Stage 2
Production	<ul style="list-style-type: none"> • MREC capacity of ~20kt p.a. • NdPr of ~2.4kt p.a. 	<ul style="list-style-type: none"> • MREC capacity of ~40kt p.a. • NdPr of ~4.2kt p.a. LOM Avg.
Capital	<ul style="list-style-type: none"> • Upfront capital of US\$217m (Includes ~10% contingency) 	<ul style="list-style-type: none"> • Expansion capital of US\$105m 2 years post first production
EBITDA (LOM Avg.)	• US\$145m	• US\$214m
NPV (at 8%)	• US\$944m	• US\$1,299m
IRR	• 45%	• 50%
Payback	• 2 years	• 2 years

Source: Company Presentation

Exploration & Early-Stage Development – Coola and Sulima West

Pensana’s second business segment focuses on growth beyond Longonjo. The Company holds the Coola exploration license, spanning 824 km² north of Longonjo, which contains multiple targets including the Coola carbonatite ring dyke and the Sulima West laterite zone. Early metallurgical test work has demonstrated promising results, suggesting the potential to provide supplemental feedstock to Longonjo’s processing flowsheet. If commercial viability is confirmed, Coola and Sulima West could extend mine life, improve grade consistency, and reduce concentration risk. In addition, they represent valuable optionality: additional feed could support Stage 2 expansion or even enable independent development pathways in the future. Exploration risk remains high, but the projects provide a pipeline that can transform Pensana into a multi-asset rare earth producer.

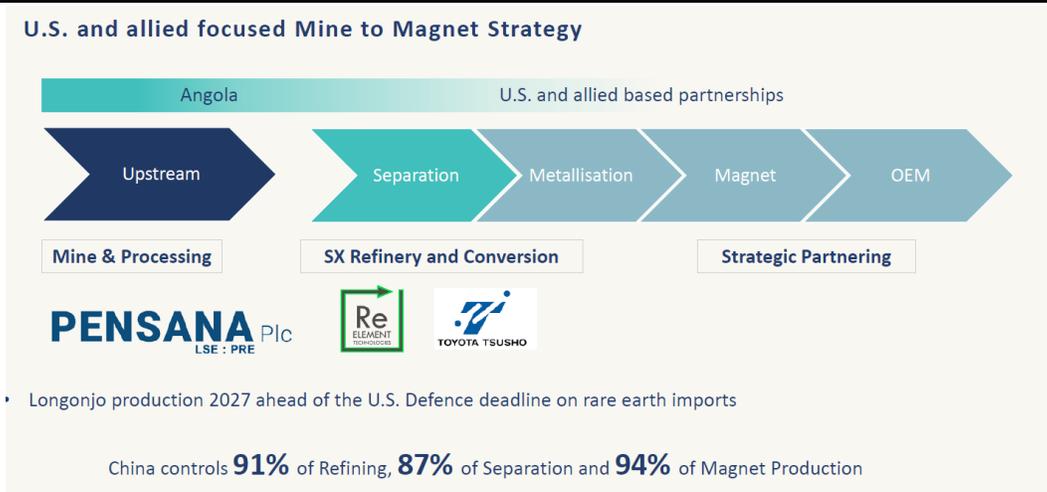
Downstream Integration – U.S.-Facing Partnerships

The most significant change in Pensana’s segmentation is the redefinition of its downstream integration strategy. Earlier plans for the Saltend rare earth processing hub in the UK have been shelved; management has confirmed that Saltend will not proceed. Instead, Pensana has shifted its downstream focus firmly to the United States. This transition reflects both market realities and geopolitical alignment: U.S. policymakers are seeking to establish domestic refining and magnet production capacity, and Pensana is positioning itself as a critical supplier of feedstock.

The MoU with ReElement Technologies, announced in September 2025, is central to this strategy. ReElement is developing U.S. refining and separation capacity, and Pensana will supply Longonjo feedstock into this system. The partnership offers Pensana a route to capture downstream value without having to fund or operate complex refining assets itself, thereby reducing execution risk while ensuring exposure to higher-margin markets.

Additional partnerships with U.S. government entities, including the DFC and potentially Ex-Im Bank, reinforce Pensana’s alignment with U.S. supply chain security initiatives. By linking its Angolan mine directly into U.S. refining and magnet manufacturing, Pensana is constructing a strategic bridge between resource supply and industrial demand in the West.

Exhibit 4: Pensana Overview



Source: Company Presentation

Taken together, Pensana’s three business segments form an integrated structure: Longonjo anchors supply, Coola and Sulima provide growth and optionality, and U.S.-oriented partnerships secure downstream market access. This integrated approach differentiates Pensana from single-asset peers and highlights its ambition to become a cornerstone of Western rare earth supply.

Growth Drivers

Pensana’s investment case is underpinned by powerful structural growth drivers that extend across multiple trillion-dollar industries. Unlike traditional commodity projects, Longonjo’s value is defined not only by rare earth prices but by its role as a supplier into technologies central to the global energy transition, defense strategy, and industrial automation.

Electrification of Transport

The electrification of passenger and commercial transport is the most significant driver of future NdPr demand. Permanent magnet synchronous motors (PMSMs) dominate in modern EV drivetrains because of their superior efficiency, torque density, and reliability compared to common induction motors. Each EV requires between 1–2 kilograms of NdPr magnets, depending on the size and performance of the vehicle. With global EV sales surpassing 14 million units in 2023 and projected to exceed 40 million annually by 2030, the implied growth in magnet demand is exponential. Importantly, automakers are now under regulatory pressure to secure non-Chinese material, with the U.S. Inflation Reduction Act tying EV subsidies to domestic or allied supply chains. Pensana’s entry into production in 2026 aligns with this regulatory shift, giving it a privileged window to become a preferred supplier to Western OEMs at a time when China still dominates ~97% of refined rare earth supply.

Exhibit 5: Pensana’s Strategic Partnerships

Pensana | Corporate presentation

Strategic partnerships

Strong demand for Longonjo’s Highly-Marketable Mixed Rare Earth Carbonate (MREC)

- One of the only mine developers to offer a high value product available for export.
- Executed letter of intent and MOU’s on offtakes for more than 400% of Stage 1 production with customer approval on MREC product specifications.
- Engaged with major global OEM’s for partnership to support their magnet supply chains.
- Multiple partnerships in place to develop downstream refining opportunities, with a high interest from U.S. and Japanese firms and agencies.

TOYOTA TSUSHO

100% Offtake proposal

“This MOU represents a significant step in the development of a global rare earth supply chain—not only to support Toyota Tsusho’s direct customer base but also to strengthen and diversify the broader rare earth value chain.”

DFC U.S. International Development Finance Corporation

US\$3.4 million grant

“DFC is pleased to support such an impactful project that aligns with our priority of building more diverse, resilient, and sustainable critical mineral supply chains. This project demonstrates DFC’s commitment to fostering growth and economic development in the region.”

AMERICAN RESOURCES CORPORATION 

100% Offtake proposal

“Our partnership and MOU with Pensana represent a major advancement toward building a true mine-to-magnet global rare earth supply chain, partnering with Pensana allows us to secure a reliable source of high-quality MREC and further demonstrates our commitment to building a domestic rare earth supply chain that meets the growing needs of U.S. industry.”

HK HANWA

100% Offtake proposal

“We see this MOU as the path to finalisation of a long-term agreement between Pensana and Hanwa, ensuring high quality magnet metal products with leading ESG benefits are available to Hanwa’s Global customers.”

Source: Company Presentation

Renewable Energy Expansion

Renewable power generation (particularly offshore wind) is another transformational source of NdPr demand. Direct-drive wind turbines, which now represent the majority of new offshore installations, each require upwards of 600 kilograms of NdPr magnets. Global offshore wind capacity stood at ~65 GW in 2024 and is forecast to grow to more than 500 GW by 2050, according to the IEA. This scale-up requires millions of tonnes of permanent magnets over the coming decades. Europe is especially dependent, as the EU targets a more than 25-fold increase in offshore wind capacity by 2050, while the U.S. is racing to meet its 30 GW target by 2030.

Pensana’s low-cost, ESG-focused production can directly support turbine OEMs and utilities under increasing scrutiny to source responsibly. With Longonjo’s cost profile supported by hydroelectric power and the Lobito Corridor, Pensana is positioned to provide a secure alternative feedstock to an industry where material shortages could otherwise threaten rollout schedules.

Defense and Security Applications

NdPr demand is also being driven by defense and national security considerations. Permanent magnets are essential in applications such as guided missile actuators, F-35 fighter jet engines, naval propulsion systems, satellite communications, and unmanned aerial vehicles (UAVs). The U.S. Department of War has specifically identified rare earth magnets as “critical for national defense” and has accelerated funding to support domestic supply chains. Management has underscored drones (both commercial and military) as a particularly dynamic sub-sector: small UAVs can require several hundred grams of NdPr magnets per unit, and demand is compounding as drones expand into logistics, surveillance, and combat roles. With U.S. policy now aiming for 100% China-free magnet supply chains by 2027, Pensana’s Longonjo project directly aligns with the Pentagon’s strategic sourcing agenda. Unlike most early-stage projects, Pensana will be in production within this policy window, reinforcing its importance as a national-security-linked supplier.

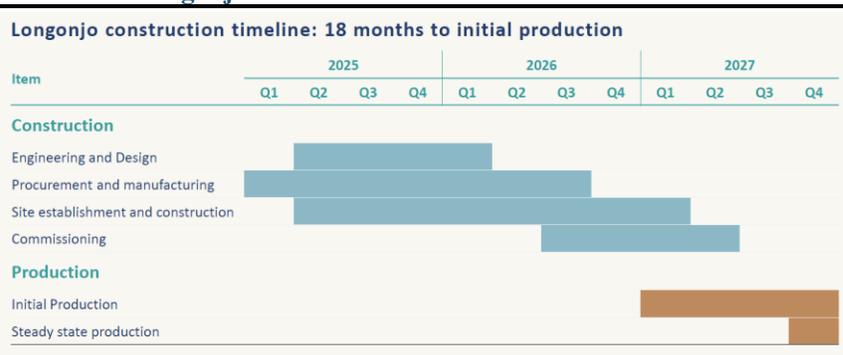
Agriculture, Automation, and Industrial Applications

Beyond EVs and renewables, NdPr demand is increasingly tied to the electrification of farming equipment, logistics systems, and robotics. Modern tractors, autonomous harvesters, and irrigation pumps now incorporate magnet motors, while warehouse automation, delivery drones, and industrial robots which are forecast to grow at ~15–20% CAGR, all requiring NdPr-based actuators and drives. Also, emerging humanoid robotics could multiply this demand further. With agriculture, logistics, and automation representing multi-trillion-dollar markets, these applications create a diversified, structural source of NdPr demand that strengthens Pensana’s long-term growth profile.

Supply Chain Diversification and Geopolitical Risk

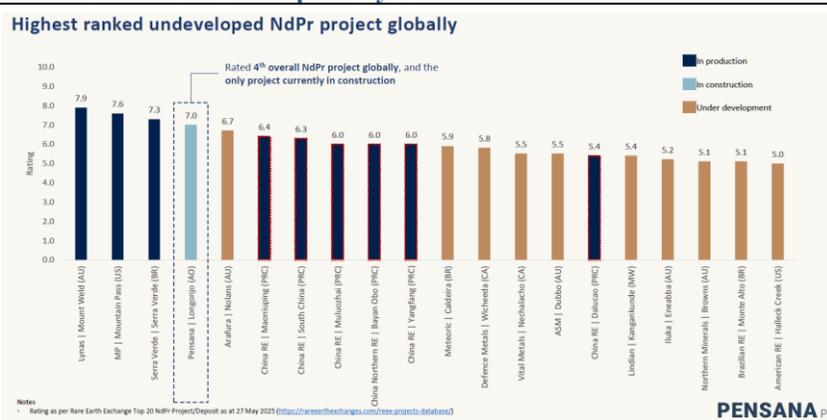
China controls ~97% of global rare earth refining and separation capacity, creating supply risk that extends across industries and geographies. Recent export restrictions, price volatility, and geopolitical tensions have underscored the fragility of reliance on China. Western governments are responding by funding domestic supply chain initiatives, introducing subsidies, and prioritizing strategic partnerships. Pensana is positioned as one of the very few near-term suppliers capable of delivering material into these new frameworks.

Exhibit 6: Longonjo Construction Timeline



Source: Company Presentation

Exhibit 7: Pensana Comp Analysis



Source: Company Presentation

Market Scale and Structural Tightness

The total addressable market for NdPr magnets is expanding rapidly, with forecasts pointing to demand growth of 15–20% CAGR across EVs, renewables, defense, and automation. Pensana is poised to feed into these trillion-dollar industries rather than relying solely on commodity cycles. At the same time, primary supply growth outside China remains limited, with Longonjo one of the only major projects expected to deliver significant volumes before 2027.

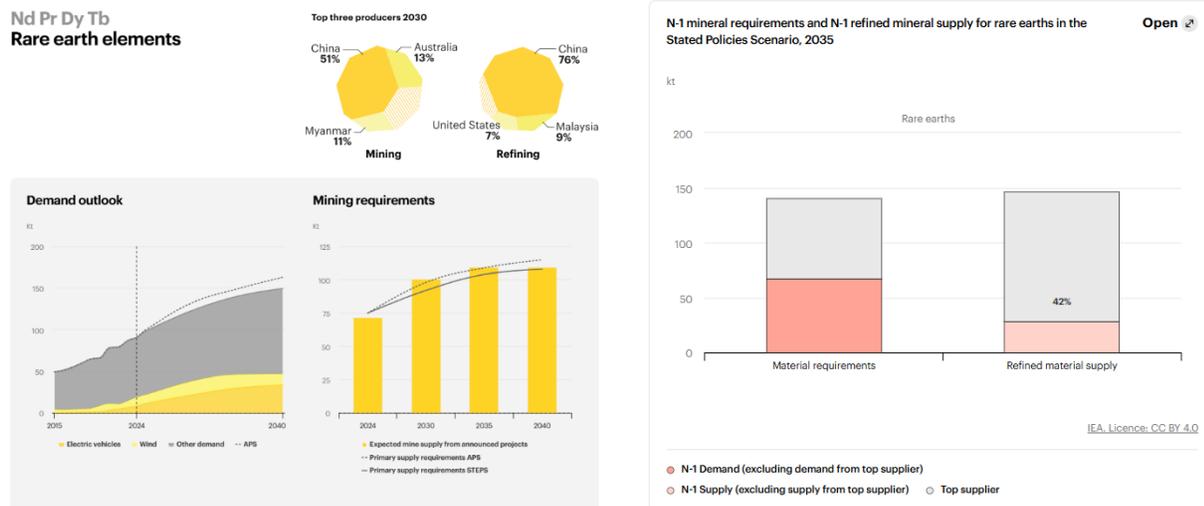
Together, these growth drivers present a compelling investment case: Pensana is not just producing rare earths; it is supplying the materials that underpin the electrification of transport, the decarbonization of energy, the modernization of defense, and the automation of industry. Its timing and positioning make it uniquely leveraged to some of the most powerful structural trends of the 21st century.

Market Overview

The global demand for rare earth elements (REEs), especially neodymium and praseodymium (NdPr), is increasingly driven by the accelerating energy transition. According to the International Energy Agency’s *Global Critical Minerals Outlook 2025*, demand for rare earth elements is expected to grow by 50-60 percent by 2040 under the Stated Policies Scenario, with much of that growth coming from clean energy technologies such as EV motors, wind turbines, and grid infrastructure. In this outlook, the growth of rare earth demand is not linear but rather shows compounding effects as multiple sectors (renewables, electrified transport, industrial automation) scale simultaneously.

Another macrotrend is that existing primary supply (mining + refining) remains heavily geographically concentrated. China continues to dominate refined rare earth and magnet production, which introduces supply chain risk for Western economies. The IEA notes that in many scenarios the top three refining countries account for over 90 percent of processed REE supply. Western governments are increasingly treating rare earths as matters of strategic importance rather than commodities, introducing policy, subsidies, trade and regulatory changes to reduce dependency. In the United States, for example, new legislation and executive actions have tightened focus on building domestic capability in mining, separation, refining, and magnet manufacturing. This includes critical minerals lists, grant programs, and supply chain security efforts.

Exhibit 7: REE Demand Outlook

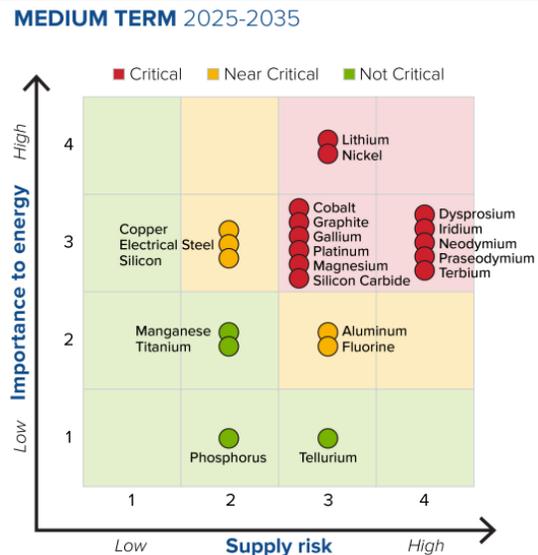
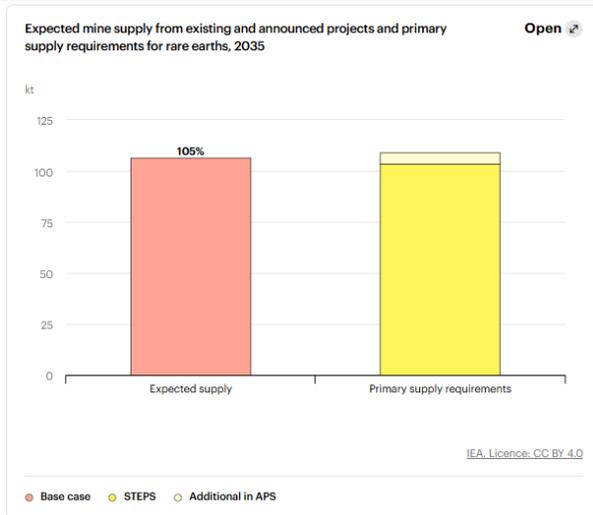


Source: IEA (2025), *Rare earth elements*, IEA, Paris <https://www.iea.org/reports/rare-earth-elements-2>, Licence: CC BY 4.0

In addition, Supply-side constraints are evident from announced projects and capacity expansions, but many are early stage, high cost or far from being fully permitted. Permitting delays, environmental regulation, and logistical challenges are significant. The gap between expected demand and primary supply (excluding secondary sources and recycling) is projected to widen, especially for NdPr and other magnet rare earths. Secondary supply (through recycling, reuse) is recognized in IEA scenarios but is unlikely to fully bridge the upcoming supply deficits by 2030–2040 under most policy or business-as-usual trajectories.

In parallel, recycling and circular-economy developments are increasingly part of the macro picture. The IEA projects that sources such as retired wind turbine magnets and EV motors will increasingly feed into rare earth recycling streams in coming decades, but that scale and technological maturity remain inadequate in many regions.

Exhibit 7: REE Supply Outlook



Source: IEA (2025), Rare earth elements, IEA, Paris <https://www.iea.org/reports/rare-earth-elements-2>, Licence: CC BY 4.0 + D.O.E 2023

For Western economies, the policies are aligning to create opportunity. The United States is updating its Critical Minerals List which emphasizes the risk of supply disruptions for rare earths and other materials essential to defense, energy, and high technology industries. European Union’s Critical Raw Materials Act aims to improve domestic extraction, processing, and recycling capacity, and to reduce dependency on imports, particularly from China. These regulatory shifts often come with grants, tax incentives, streamlined permitting, and infrastructure investment.

In response, governments in the U.S., EU, and UK are implementing sweeping policies to secure independent supply chains. The U.S. Department of Defense has explicitly targeted 2027 as the deadline for establishing magnet metal supply chains free of Chinese control. The Department of Energy, Department of Commerce, and Ex-Im Bank have introduced grant programs, financing mechanisms, and critical mineral lists designed to catalyze new production. In Europe, the Critical Raw Materials Act is designed to streamline permitting, incentivize recycling, and fund domestic extraction and processing. These policies create a demand pull for projects like Longonjo, which can deliver meaningful supply within the required timeframe.

Although numerous rare earth projects are in development globally, very few are near term, fully financed, and permitted. Many remain early-stage, face high capital intensity, or are stalled in permitting. Longonjo’s construction and financing progress make it one of the very few projects positioned to deliver large-scale NdPr supply by 2026–2027. This timing is critical: it aligns directly with Western policy timelines, creating a rare synchrony between supply availability and policy demand.

In summary, the macro environment for critical minerals is characterized by accelerating demand (particularly for NdPr), constrained supply (especially outside China), increasing regulatory, policy and national security pressures in Western countries, and rising opportunities in recycling and downstream processing. Projects that are well advanced, low in execution risk, close to markets, with strong ESG credentials, and that can offer transparent supply chains, are in a privileged position. Pensana appears to meet many of those criteria, setting it up to benefit significantly from the structural trends in the rare earths and critical minerals markets.

Risks

As with any near-term producer, there are inherent risks associated with the Company's operations, financial condition, and the broader economic, commodity, and regulatory environments in which it operates. Investors should carefully consider the following risk factors:

- **Commodity Price Volatility:** The Company's potential success is largely tied to the price of target minerals, which are subject to considerable global volatility. Even if economically viable resources are discovered, sharp declines in commodity prices could undermine project economics and investor returns.
- **Lack of Operating History and Cash Flow:** With no history of net income, cash flow, or dividends, the Company remains dependent on external financing to fund its operations. Future funding may involve equity dilution, high-cost borrowing, asset sales, or streaming/royalty arrangements, all of which could impact shareholder value.
- **Uncertainty in Mineral Resource Estimates:** Any future mineral resource or reserve estimates will inherently involve significant geological assumptions and sampling limitations. Actual results may differ materially from expectations, which could adversely impact mine planning, projected cash flows, and valuations.
- **Regulatory and Jurisdictional Risks:** The Company's exploration and development activities are subject to environmental, mining, and permitting laws at the local and federal levels. Any regulatory delays, policy changes, or unforeseen legal rulings could disrupt operations or increase costs.

Valuation

To help frame our valuation, we use a comp analysis of Pensana’s assets as compared to peers. We note that the Company has very few approximate peers and zero true peers, as no other company that we are aware of has a similar mine to magnet strategy that is as strategically necessary for western countries. Therefore, we are using comparable companies as a starting point and have separated the peers between companies that have mines in production and companies that have mines under development.

Comparative Analysis

(all figures in \$USD M, except per share information)

Name	Ticker	Price (1)	S/O	Mrkt Cap	EV	NAV (2)	Reserves (000's tonnes) (2)	EV/NAV	EV/Reserves
Lynas Rare Earths Limited	LYC	\$ 14.11	935.4	\$ 14,197.7	\$ 14,220.9	\$ 82.6	\$ 4,962.2	172.1x	2.9x
MP Materials Corp.	MP	\$ 89.74	177.1	\$ 17,470.7	\$ 17,661.9	\$ 2,556.8	\$ 2,332.4	6.9x	7.6x
In Production Average								89.5x	5.2x
In Production Median								89.5x	5.2x
Arafura Rare Earths Limited	ARU	\$ 0.27	2,464.3	\$ 780.5	\$ 763.0	\$ 1,729.0	\$ 1,463.0	0.4x	0.5x
Defense Metals Corp.	DEFN	\$ 0.22	335.8	\$ 83.7	\$ 80.8	\$ 992.0	\$ 741.0	0.1x	0.1x
Methode Electronics, Inc.	MEI	\$ 7.34	35.2	\$ 256.4	\$ 487.9	\$ 804.0	\$ 3,533.0	0.6x	0.1x
Northern Minerals Limited	NTU	\$ 0.04	8,361.5	\$ 332.5	\$ 327.0	\$ 429.2	\$ 90.5	0.8x	3.6x
Vital Metals Limited	VML	\$ 0.24	146.5	\$ 35.3	\$ 35.6	\$ 445.0	\$ 2,531.6	0.1x	0.0x
Under Development Average								0.4x	0.9x
Under Development Median								0.4x	0.1x
Total Average								25.9x	2.1x
Total Median								0.6x	0.5x
Pensana Plc	LSE: PRE	\$ 2.24	291.1	\$ 651.2	\$ 667.5	\$ 2,243.0	462.1	0.3x	1.4x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Company reports, CapitalIQ, Stonegate Capital Partners

Current in production comps are trading at an EV/NAV of 89.5x at the median and current under development comps are trading at an EV/NAV of 0.4x at the median, compared to 0.3x for PRE. The Company is also trading at an EV/Reserves of 1.4x, compared to in production comps at a median of 5.2x and current under development comps at a median of 0.1x. Given the macro tailwinds, current and forecasted production capacity and mine-to-magnet strategy we believe this discount to in production comps is too steep.

When valuing PRE we apply an EV/Reserves valuation method, applying a multiple range of 1.5x to 3.0x with a midpoint of 2.3x which results in a valuation of \$3.34 to \$6.68 with a mid-point of \$5.01. We believe that given the Company's strategy and significant prioritization from western governments that Pensana should trade significantly closer to in production comps. We also think that as the strategy continues to be executed a re-rate will be in order. Lastly, while we primarily rely on an EV/Reserves multiple, we do note that if the Company traded at an EV/NAV of 1.0x the Company would be worth \$10.81 per share.

	EV/Reserves		
	1.50x	2.25x	3.00x
Reserves	462.1	462.1	462.1
TEV	693.2	1,039.8	1,386.4
Cash (\$M)	-	-	-
Debt (\$M)	0.8	0.8	0.8
Mrkt Cap	692.4	1,039.0	1,385.6
S/O	291.1	291.1	291.1
Price	\$ 3.34	\$ 5.01	\$ 6.68

BALANCE SHEET

Pensana Plc												
Consolidated Balance Sheets (AUD\$ M)												
Fiscal Year End: June												
ASSETS	FY 2020	FY 2021	FY 2022	Q2 Dec-22	Q4 Jun-23	FY 2023	Q2 Dec-23	Q4 Jun-24	FY 2024	Q2 Dec-24	Q4 Jun-25	FY 2025
Cash and cash equivalents	4.1	16.8	2.9	1.4	9.7	9.7	2.4	1.5	1.5	0.0	0.8	0.8
Trade and other receivables	0.2	5.4	2.4	1.8	2.5	2.5	2.1	2.1	2.1	2.0	1.5	1.5
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	4.3	22.2	5.3	3.2	12.2	12.2	4.5	3.6	3.6	2.0	2.3	2.3
Intangible assets	-	-	-	-	13.8	13.8	14.3	13.6	13.6	13.6	15.0	15.0
Property, plant, and equipment	0.0	18.5	37.8	51.3	45.6	45.6	52.9	57.4	57.4	60.1	63.7	63.7
Other	12.1	0.1	0.2	0.2	-	-	-	-	-	-	0.9	0.9
Total Assets	\$ 16.4	\$ 40.8	\$ 43.3	\$ 54.8	\$ 71.6	\$ 71.6	\$ 71.7	\$ 74.6	\$ 74.6	\$ 75.8	\$ 81.9	\$ 81.9
LIABILITIES AND SHAREHOLDERS' EQUITY												
Trade and other payables	1.4	4.6	3.6	9.0	14.9	14.9	13.0	12.8	12.8	12.1	14.2	14.2
Loans and Borrowings	-	-	-	-	-	-	4.9	10.8	10.8	15.4	17.2	17.2
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1.4	4.6	3.6	9.0	14.9	14.9	17.9	23.6	23.6	27.5	31.4	31.4
Other liabilities	0.2	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1.6	4.6	3.6	9.0	14.9	14.9	17.9	23.6	23.6	27.5	31.4	31.4
Issued Capital	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Share premium	3.1	34.2	47.0	57.0	70.8	70.8	70.8	70.8	70.8	71.1	73.0	73.0
Reserves	52.0	51.5	47.6	48.0	46.5	46.5	47.0	45.7	45.7	45.6	53.4	53.4
Accumulated losses	(40.5)	(49.8)	(55.3)	(59.5)	(60.9)	(60.9)	(64.4)	(66.0)	(66.0)	(68.9)	(76.3)	(76.3)
Total Consolidated Equity	14.9	36.2	39.6	45.8	56.8	56.8	53.8	51.0	51.0	48.3	50.5	50.5
Total Liabilities and Shareholders' Equity	\$ 16.4	\$ 40.8	\$ 43.3	\$ 54.8	\$ 71.6	\$ 71.6	\$ 71.7	\$ 74.6	\$ 74.6	\$ 75.8	\$ 81.9	\$ 81.9

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Pensana Plc																
Consolidated Statements of Income (in USD\$ M, except per share amounts)																
Fiscal Year End: June																
	FY 2020	FY 2021	FY 2022	FY 2023	Q2 Dec-23	Q4 Jun-24	FY 2024	Q2 Dec-24	Q4 Jun-25	FY 2025	Q2 E Dec-25	Q4 E Jun-26	FY 2026E	Q2 E Dec-26	Q4 E Jun-27	FY 2027E
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses:																
Administration expenses	4.2	5.2	8.8	5.4	3.5	2.8	6.3	2.5	4.9	7.4	4.1	4.4	8.5	4.2	4.5	8.7
Impairment of assets	-	2.5	0.7	0.3	0.0	0.0	0.1	(0.1)	(0.5)	(0.6)	-	-	-	-	-	-
Foreign currency exchange gain / loss	(0.0)	1.8	2.3	(1.4)	(0.1)	(0.5)	(0.6)	0.4	4.2	4.6	-	-	-	-	-	-
Loss from operations	(4.2)	(9.6)	(11.7)	(4.3)	(3.5)	(2.4)	(5.8)	(2.9)	(8.6)	(11.5)	(4.1)	(4.4)	(8.5)	(4.2)	(4.5)	(8.7)
Finance costs / income	(0.1)	(0.0)	(0.0)	0.0	-	-	-	-	0.0	0.0	-	-	-	-	-	-
Loss before income tax	(4.1)	(9.6)	(11.7)	(4.3)	(3.5)	(2.4)	(5.8)	(2.9)	(8.6)	(11.5)	(4.1)	(4.4)	(8.5)	(4.2)	(4.5)	(8.7)
Income Tax	-	0.2	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total loss for the year	(4.1)	(9.4)	(10.4)	(4.3)	(3.5)	(2.4)	(5.8)	(2.9)	(8.6)	(11.5)	(4.1)	(4.4)	(8.5)	(4.2)	(4.5)	(8.7)
Foreign currency translation	(0.2)	2.5	0.2	(0.9)	(0.2)	(0.8)	(1.0)	(0.3)	5.9	5.6	-	-	-	-	-	-
Net Income To Common Stkhldrs	(4.3)	(6.9)	(10.2)	(5.2)	(3.7)	(3.2)	(6.8)	(3.2)	(2.7)	(5.9)	(4.1)	(4.4)	(8.5)	(4.2)	(4.5)	(8.7)
Diluted EPS	\$ (0.03)	\$ (0.05)	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.04)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.03)
WTD Shares Out - Diluted	146.9	199.6	229.0	254.1	254.1	286.0	286.0	286.0	291.1	291.1	294.0	294.0	294.0	297.0	297.0	297.0

Source: Company Reports, Stonegate Capital Partners estimates

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