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Stranger Holding plc / EPIC: STHP / Market: Main Market

2 October 2023

**Stranger Holdings plc**

("Stranger" or the "Company")

#### **Approval & Publication of Prospectus**

Stranger Holdings plc, a company formed for the purpose of acquiring a business, project or assets in order to potentially generate significant shareholder returns, is pleased to confirm that its Prospectus (the "Prospectus") in respect of the:

- Proposed Acquisition of up to a 70% interest in the Henkries Uranium Deposit and Prospecting Right in the Republic of South Africa;
- Issue of 1,070,601,468 Ordinary Shares in connection with a placing and conversion of debt into equity;
- Admission of 1,216,371,468 Ordinary Shares of £0.0001 par each to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities; and
- Notice of General Meeting including a resolution to change the name of the Company to Neo Energy Metals plc

has been approved by the FCA and published by the Company.

The Prospectus contains, inter alia, details of the proposed acquisition whereby Stranger will become the indirect owner of 50.1% of Desert Star Trading 130 Proprietary Limited ("Desert Star"), a company registered in the Republic of South Africa with Registration Number 200501474307.

Desert Star is the legal and beneficial owner of a uranium prospecting right NC30/5/1/1/2/11918 in the Northern Cape of the Republic of South Africa commonly known as the Henkries Uranium Project ("Henkries Project").

The Company will acquire this indirect ownership via the acquisition of two intermediary holding companies, namely Mayflower Energy Metals Limited ("MEML") and Neo Uranium Africa Proprietary Limited ("NURSA"). MEML owns 100% of the share capital of NURSA, and NURSA owns 50.1% of the share capital of Desert Star, and an option to increase ownership to 70%.

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Should the acquisition of MEML complete, the Company would therefore become the controlling holding company of a uranium exploration company with operations in South Africa.

The Acquisition constitutes a Reverse Takeover under the Listing Rules since, in substance it results in a fundamental change in the business of the issuer. Therefore, trading in the Existing Ordinary Shares continues to be suspended. It is anticipated that Re-Admission and trading in the Company's Enlarged Share Capital will occur on or around 7 November 2023.

The Prospectus is available on the Company's website [www.strangerholdingsplc.co.uk](http://www.strangerholdingsplc.co.uk) and has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## Overview

- Agreed to acquire MEML and NURSA resulting in the Company owning 50.1% per cent. in Desert Star (with an option to increase such interest to 70%), through the issue of ordinary shares as follows:
  - Stranger will satisfy NURSA's remaining obligations to Desert Star with cash or the issue of consideration shares in Stranger;
  - Stranger will pay £1,750,000 through the issue of Consideration Shares to MEML and/or MEML's designees on completion of the Acquisition;
  - Upon completion of an updated JORC Compliant Resource in excess of 4.5 million tonnes of U3O8 at an average grade of 400 ppm U3O8, Stranger will pay £500,000 through the issue of Consideration Shares to MEML and/or its designees;
  - Upon completion of an updated JORC Compliant Resource in excess of 10 million tonnes of U3O8 at an average grade of 400 ppm U3O8, Stranger will issue a further £500,000 of Deferred Consideration shares to MEML and/or its designees.
- The Henkries Project is a 742km<sup>2</sup> prospecting right under exploration that uses both the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), and the Canadian Institute of Mining Metallurgy and Petroleum National Instrument 43-101 (43-101). Its assets include, inter alia, a uranium deposit originally explored by the Anglo American Corporation (AAC) in 1979, later developed by subsequent right holders, with an estimated mineral resource of 4.7 million pounds of uranium.
- Stranger's strategy is layered on a short-term (2-year) development approach to generate cashflow from the Henkries Project with a view towards building a longer term (8-year) exploration and portfolio growth strategy to develop the highly prospective Northern Cape Region of South Africa and, potentially, broader regional expansion into energy metals property holdings globally.
- Stranger has conditionally raised gross proceeds of £4,900,000 through the issue of Placing and Subscription Shares (the "Fund Raising"). The Fund Raising will be completed in several rounds: at an effective price of 0.2267p per share for the first round of subscriptions, at 0.75p per share for the second round of subscriptions and at 1.25p for the Placing (the "Placing Proceeds").
- The net Placing Proceeds will be used to satisfy MEML's Acquisition-related liabilities, MEML's fees and costs, satisfy in full trade creditors of Stranger, and for ongoing working capital to advance the Henkries Project to a production decision.
- Notice of General Meeting is included in the Prospectus which includes a resolution to change the name of the Company from Stranger Holdings plc to Neo Energy Metals plc

## Uranium Market

### *Present demand & outlook*

Nuclear power is seen by the global energy markets as a key component in the overall transition towards a low or net-zero carbon, lower cost, sustainable energy economy. Furthermore, during the transitional phase, governments around the globe are increasingly keen to promote investment into new technologies to facilitate more prevalent and flexible deployment of nuclear power, such as smaller, modular reactors. In the Directors' view, these concerns will encourage a greater demand for enriched uranium and, as a result, U3O8.

This demand will likely be further propelled by increased electricity needs. The decarbonization of the world's energy ecosystem will go hand-in-hand with the anticipated electrification of heating and transport. The Directors expect that electric-based heating solutions (like heat pumps and infrared) will increase, whilst gas-based central heating will decline and there will be a projected 1.6bn electric cars in use by 2050, as governments regulate production of petrol-powered vehicles. As the world seeks to shift to the net-zero economy (NZE), the Directors anticipate that nuclear energy will play a key role, alongside renewables, in

economy (P2E), the Directors anticipate that nuclear energy will play a key role, alongside renewables, in ensuring adequate supply is sustained.

The markets for uranium are therefore global, and production is projected to ramp at a compound annual growth rate (CAGR) of 5% in the mid-term, reaching 65 thousand tonnes by 2025.

#### *Pricing*

Uranium pricing is governed by two broad processes. Firstly, spot prices on the open market are moved by short-term trading sentiment and supply and demand at any one moment. Events like the closure of major mines or changes in regulatory positions can also have an effect. Uranium trading businesses (e.g. Sprott Physical Uranium Trust (TSE:U.UN) and Yellowcake (LON: YCA)) most often use this spot price to rate the value of the stock they hold or are committed to purchase.

However, in some respects the spot price can be a purely nominal, indicative measure, as much of the uranium trading that continues around the world is conducted privately and on the basis of long-term fixed contracts between buyers (nuclear power producers) and sellers (yellowcake miners), and more often than not these prices are not directly disclosed. In some cases, a producer may want to lock in procurement prices 5 or 10 years in advance, to de-risk and enable it to sell customer contracts over the longer term.

#### *Competitive Landscape*

The uranium mining sector is dominated by multinationals and state-backed entities, making for a small number of producers that control most of the supply. Table 3, below, summarizes the major market shares of worldwide uranium production. This picture predominantly reflects the post-Fukushima, Covid-reduced economic activity scenario, where many Western mines (including the world's largest mine at McArthur River in Canada) were put on care and maintenance due to a low uranium price and an oversupply of yellowcake. The Directors anticipate that a global drive to de-carbonise economies will change this picture significantly.

By far, the largest operator is KazAtomProm, the state-led Kazakhstani minerals company that mines over 20% of the world's supply of uranium. Canadian firm Uranium One and the French group Orano are presently the joint second largest. Other notable companies involved in uranium mining include Rio Tinto, which currently has a market share of 2%, and BHP, currently at 6%. Cameco, which holds controlling stakes the largest uranium mines in the world (McArthur River and Cigar Lake, which are both in Canada) currently is estimated at 6% market share.

Despite KazAtomProm being the largest producer in the world, Kazakhstan itself holds an estimated 15% of the Earth's uranium resources. Australia holds the largest caches of uranium on the globe, at an estimated 28%. Much of this remains untapped. The United States, whilst being abundant in other energy-related resources like shale oil and gas, is only estimated as having 1% of global uranium reserves. Uranium imports, therefore, are significant to the United States as it requires uranium for maintaining its large nuclear arsenal and submarine fleet.

#### **Strategy & Objectives**

The strategy of the Company is layered on a short-term (2-year) development approach to generate cashflow from the Henkries Uranium Project with a view towards building a longer term (8-year) exploration and portfolio growth strategy to develop the highly prospective Northern Cape Region of South Africa and, potentially, broader regional expansion into energy metals property holdings globally. The Company's strategy can be summarised as follows:

1. Develop the Henkries Uranium Project as fast as possible (2 years) into a small-scale production facility. The Directors aim to make a mine investment decision within 2 years, and then spend the following 9 to 18 months developing a small-scale uranium mine to generate cash-flow.
2. NURSA possesses an extensive database of the energy metal potential of Africa and has spent months developing a targeted approach to potential future acquisitions. The Directors' aim is to procure assets of a suitable potential that can be explored and developed or sold to increase shareholder value. This acquisition strategy has already begun with an agreement in principle with Eagle Uranium SA which includes a property in the Northern Cape Region of South Africa close to Henkries. The Directors aim to explore the balance of the region to increase the life of the operations at Henkries during years 2-4. The Directors' latest data indicates that there are several high-potential uranium targets that could be developed in the Northern Cape Region, either to extend the life of the Henkries mine or to increase the modular production capacity of any future plant at Henkries.
3. The final leg of the strategy is to explore additional minerals of significant intrinsic value to the global de-carbonisation drive such as lithium, graphite copper, lead and zinc, should they occur on properties under

investigation. The Competent Persons Report (CPR) annexed to this Prospectus highlights the fact that the Henkries Uranium Project's basement gneisses are mostly of the Aggeneys Subgroup and the Marula Mining Blesberg Spodumene (lithium) deposit and are less than 30km from Henkries, with the potential for further discoveries of this nature in the region. In addition, data obtained in May 2022 from detailed historical airborne surveys identified what could be a significant base metal anomaly within the Henkries property. Any discoveries worthy of investigation have the potential to be spun out with the proceeds being used to fund further the Company's uranium growth strategy.

## Re-Admission

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the FCA is expected to cancel the listing of the Existing Ordinary Shares on the standard segment of the Official List by 07.30 a.m. on 7 November 2023.

Applications will be made for the Existing Ordinary Shares to be readmitted and the New Ordinary Shares to be admitted to the Official List of the London Stock Exchange by way of a Standard Listing and to trading on the Main Market. Re-Admission is expected to occur at 8.00 a.m. on 7 November 2023 and copies of this Document will be available to the public, free of charge, until the expiry of one month from the date of Re-Admission.

If the Acquisition does not complete, the suspension on the Existing Ordinary Shares is expected to be lifted and trading in the Existing Ordinary Shares is expected to recommence.

## Expected Timetable of Principal Events

• Published Prospectus	29 September 2023
• General Meeting	1.00 p.m. on 1 November 2023
• Completion of Acquisition	7 November 2023
• Issue of Consideration Shares, Equity-for-Debt Shares, Placing Shares, Introducer and Advisor Shares and Performance Shares	7 November 2023
• Cancellation of trading of Existing Ordinary Shares	7.30 a.m. on 7 November 2023
• Admission of the Enlarged Share Capital effective / commencement of dealings in Ordinary Shares	8.00 a.m. on 7 November 2023
• Dispatch of definitive share certificates for Consideration Shares, Equity-for-Debt Shares, Convertible Loan Note Shares, Placing Shares, Introducer and Advisor Shares Performance Shares and Deferred Shares	w/c 13 November 2023

All times shown are London GMT times unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

Following admission, and the admission of all subscription shares, the Company's enlarged share capital will be 1,623,038,134 ordinary shares and 2,258,388,589 on a fully diluted basis. The Company's shares will trade under the following Dealing Codes:

- ISIN GB00BYWLRL80
- SEDOL BYWLRL8
- EPIC/TIDM: STHP

**Stranger Chairman and CFO, James Longley, said:** "We are delighted to announce the publication of our prospectus ahead of relisting our shares on the London Stock Exchange targeted for 7 November 2023. We have worked hard to establish a strong foundation for future growth with the acquisition of the Henkries Uranium Project. With a clear pathway to production of uranium and sales into the international uranium market, this exciting project provides immediate exposure to the uranium sector and a near-term uranium producer.

"Given less than 10% of its prospective ground is fully tested, Henkries is wide open for potential new uranium discoveries. Notably, +US\$30m of historical work including exploration, drilling, test-pitting and mining, metallurgical testwork, pilot plant work, and a Feasibility Study, has been completed previously. Our focus is now on updating the Feasibility Study and increasing the project's Mineral Resources ahead of fast-tracking to production.

*"In light of the dual challenges of improving energy security and reducing emissions, which have reinforced the case for nuclear, this is an opportune time to be welcoming new investors to our company and broadening our market reach. We are delighted with the support received so far, having secured c.£4.9 million through a placing and subscriptions, which is testament to the strength of our business, and we look forward to realising the opportunities ahead."*

**\*\*ENDS\*\***

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