

Leading Edge Materials

Concession award highlights re-rating potential

Project update

Metals and mining

29 June 2026

Leading Edge Materials (LEM) announced that its 100%-owned Norra Kärr heavy rare earth elements (HREE) project in Sweden has been granted a 25-year exploitation concession by the Swedish government. We view the award as a major de-risking event for one of Europe's most advanced potential sources of dysprosium (Dy), terbium and yttrium. The concession improves development visibility and enables the next phase of technical, environmental permitting and commercial work. Despite this progress, LEM continues to trade significantly below our fundamental valuation and at a substantial discount to its REE peers on a Dy-equivalent resource basis, suggesting that Norra Kärr's strategic European HREE exposure remains materially undervalued.

Year end	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (C\$)	P/E (x)
10/24	0.0	(2.4)	(2.7)	(0.01)	N/A
10/25	0.0	(3.2)	(3.2)	(0.01)	N/A
10/26e	0.0	(3.4)	(3.4)	(0.01)	N/A

Note: PBT and EPS as reported.

Concession granted; environmental permitting next

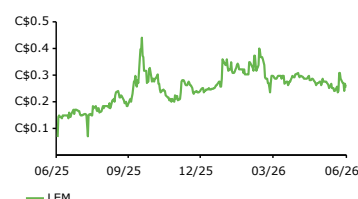
The concession award follows the Swedish Mining Inspectorate's formal recommendation and represents the principal government-level decision in the mining lease process. According to the company, the regulatory framework is designed to work in stages, with the concession establishing the right to mine and the Environmental Code permit addressing operational detail in the next stage. LEM's next steps are to progress the updated pre-feasibility study (PFS), advance the environmental permitting process and begin active engagement with potential offtake and financing partners. The company may also consider reapplying for Strategic Project designation under the EU Critical Raw Materials Act, which could support a streamlined environmental permitting timeline and improve access to European strategic funding. We expect the updated PFS to clarify the upstream site configuration, physical beneficiation, by-product integration and development pathway. Together, these workstreams should provide the technical and regulatory basis for future offtake, project financing and construction decisions.

Valuation: De-risking highlights upside potential

Our valuation of LEM remains based on Norra Kärr, with an unrisked net present value of US\$1.8bn at a 10% discount rate, or US\$0.9bn after applying a 50% risk weighting. The exploitation concession award materially de-risks the project and supports a lower risk discount embedded in our valuation. The market reacted positively to the news, with the shares up c 40% in Stockholm trading. Yet, on a relative basis, the stock continues to trade at a significant discount to its REE peers, with an EV/Dy-equivalent resource multiple of US\$787/t compared with a peer average of US\$4,977/t and median of US\$4,160/t. Following this concession milestone, LEM's discount to our fundamental valuation and to REE peer multiples highlights the scope for a further near- to medium-term re-rating as the company continues to advance Norra Kärr through environmental permitting, the updated PFS and offtake and financing discussions.

Price	C\$0.26
Market cap	C\$70m
Net cash/(debt) at end April 2026	C\$0.6m
Shares in issue	257.5m
Free float	100.0%
Code	LEM
Primary exchange	TSXV
Secondary exchange	OTCQB

Share price performance



%	1m	3m	12m
Abs	(3.6)	(10.0)	74.2
52-week high/low		C\$0.5	C\$0.1

Business description

Leading Edge Materials is a Canadian public company focused on developing a portfolio of critical raw material projects within the European Union, including: in Sweden, the 100% owned Norra Kärr heavy rare earth element project, recognised as one of Europe's most significant deposits of heavy rare earth elements crucial for permanent magnets, and the 100% owned Woxna Graphite mine; and, in Romania, the Bihor Sud Nickel-Cobalt exploration alliance.

Next events

Q326 results	September
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Exhibit 1: Financial summary

C\$'000; 31 October year-end	FY24	FY25	FY26e
Income statement			
Operating expenses	(2,419)	(3,195)	(3,400)
Operating profit/(loss)	(2,419)	(3,195)	(3,400)
Non-operating expenses	(269)	(21)	0
Net profit/(loss)	(2,688)	(3,217)	(3,400)
EPS, C\$	(0.01)	(0.01)	(0.01)
Number of shares, m	232	251	260
Balance sheet			
Cash	3,460	1,861	511
Receivables	305	245	245
Other current assets	137	172	172
Exploration and evaluation assets	19,892	22,382	25,382
PP&E	5,453	5,617	5,667
Other non-current assets	97	192	192
Total assets	29,344	30,469	32,169
Accounts payable	564	384	384
Other current liabilities	0	13	13
Non-current liabilities	5,642	6,057	6,057
Total liabilities	6,206	6,454	6,454
Total shareholder equity	23,138	24,015	25,715
Cash flow statement			
Net loss for the year	(2,688)	(3,217)	(3,400)
Adjustments	1,239	1,332	1,300
Working capital	120	(148)	0
Net cash from operating activities	(1,329)	(2,033)	(2,100)
Exploration and evaluation expenditure	(1,962)	(2,490)	(3,000)
Other	(153)	(27)	(50)
Net cash from investing activity	(2,115)	(2,517)	(3,050)
Net issuance of shares	4,477	2,962	3,800
Other	0	(11)	0
Net cash from financing activities	4,477	2,951	3,800
Net change in cash	1,033	(1,600)	(1,350)
Cash at beginning of period	2,427	3,460	1,861
Cash at end of period	3,460	1,861	511

Source: LEM, Edison Investment Research

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