

Leading Edge Materials

MoU advances Norra Kärr co-product strategy

Leading Edge Materials (LEM) has signed a non-binding MoU with Trillium Resources covering the processing and marketing of nepheline syenite and aegirine from Norra Kärr. The agreement provides a potential route to market for both co-products and could support project economics while reducing the project's environmental footprint. In our PEA-based model, by-products contribute c 25% of project revenues and reduce cash operating costs from US\$46/kg TREO to US\$19/kg after credits. The C\$6m placement is also now complete, funding the main PFS and permitting workstreams.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (\$)	P/E (x)	EV/EBITDA (x)
10/24	0.0	(1.8)	(2.0)	(0.01)	N/A	N/A
10/25	0.0	(2.3)	(2.3)	(0.01)	N/A	N/A
10/26e	0.0	(2.4)	(2.4)	(0.01)	N/A	N/A

Note: PBT and EPS as reported

By-products: Commercial route takes shape

Under the MoU, LEM's Swedish subsidiary GREENNA Mineral intends to supply nepheline syenite and aegirine to Trillium for processing and marketing to industrial customers. The first phase covers technical data sharing, testwork and definition of the processing route, with a definitive sale and purchase agreement potentially following. Our current model, based on the 2021 PEA production profile, assumes c 733ktpa of nepheline syenite sales at US\$100/t, equivalent to c 12% of project revenue. Together with zirconium and niobium, by-products contribute c 25% of project revenues and reduce modelled cash operating costs from US\$46/kg TREO to US\$19/kg after credits. The PEA also envisages c 0.3Mtpa of aegirine material, which the MoU seeks to develop as a co-product, potentially reducing on-site storage requirements. Given the contribution of by-products to project economics, establishing commercial routes is important to crystallising Norra Kärr's value.

C\$6m placement complete

LEM completed its C\$6.0m (US\$4.2m) private placement in September, issuing 24.0m units at C\$0.25. Pro forma cash following the raise is c C\$6.1m (US\$4.3m) before fees and subsequent expenditure; our FY26e cash estimate of c US\$3.0m allows for placement costs and expected Q4 project and corporate spend. The proceeds will primarily fund the Norra Kärr updated PFS and environmental permitting, alongside Woxna restart studies and general working capital.

Valuation: Discount remains substantial

LEM trades at below US\$100/t contained TREO, versus c US\$182/t for the median development peer in our recent sector analysis, and at a substantial discount to our NPV valuation. We value Norra Kärr at US\$1.8bn on an unrisks NPV10 basis and US\$0.9bn after applying a 50% development-stage risk weighting. Recent rare earth element (REE) sector M&A provides further support for the strategic value being attached to advanced ex-China supply. With the 25-year mining lease secured, funding in place and technical and commercial workstreams progressing, we believe the current valuation does not reflect Norra Kärr's scale, high HREE exposure and strategic EU location. Further de-risking could also increase LEM's strategic relevance as consolidation in the sector continues.

Project update

Metals and mining

8 October 2026

Price	\$0.16
Market cap	\$45m
Net cash/(debt) at end July 26	\$1.3m
Code	LEMIF
Primary exchange	OTCQB
Secondary exchange	TSXV

Share price performance



%	1m	3m	12m
Abs			
52-week high/low		\$0.1	\$0.3

Business description

Leading Edge Materials is a dual-listed developer of critical raw material assets in the European Union, with listings on the TSXV and Nasdaq First North Stockholm. Its principal asset is the 100%-owned Norra Kärr heavy rare earth element project in Sweden, one of the few advanced EU projects capable of producing dysprosium, terbium and yttrium at meaningful scale. The company also owns the fully constructed and permitted Woxna graphite mine in Sweden and a 90% interest in the Bihor Sud nickel-cobalt-polymetallic exploration alliance in Romania.

Next events

FY26 results	January 2027
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Analyst

Andrey Litvin	+44 (0)20 3077 5700
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mining@edisongroup.com
[Edison profile page](#)

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Exhibit 1: Financial summary

US\$'000; 31 October year-end	FY24	FY25	FY26e
Income statement			
Operating expenses	(1,765)	(2,287)	(2,448)
Operating profit/(loss)	(1,765)	(2,287)	(2,448)
Non-operating expenses	(196)	(15)	0
Net profit/(loss)	(1,962)	(2,302)	(2,448)
EPS, US\$	(0.01)	(0.01)	(0.01)
Number of shares, m	232	251	283
Balance sheet			
Cash	2,526	1,332	2,979
Receivables	222	175	171
Other current assets	100	123	120
Exploration and evaluation assets	14,520	16,022	17,225
PP&E	3,980	4,021	3,998
Other non-current assets	70	138	134
Total assets	21,419	21,810	24,628
Accounts payable	412	275	269
Other current liabilities	0	9	9
Non-current liabilities	4,118	4,336	4,236
Total liabilities	4,530	4,620	4,513
Total shareholder equity	16,889	17,190	20,115
Cash flow statement			
Net loss for the year	(1,962)	(2,302)	(2,448)
Adjustments	904	953	979
Working capital	87	(106)	0
Net cash from operating activities	(970)	(1,456)	(1,469)
Exploration and evaluation expenditure	(1,432)	(1,782)	(1,573)
Other	(111)	(20)	(70)
Net cash from investing activity	(1,544)	(1,802)	(1,643)
Net issuance of shares	3,268	2,120	4,790
Other	0	(8)	0
Net cash from financing activities	3,268	2,112	4,790
Net change in cash	754	(1,145)	1,678
Cash at beginning of period	1,772	2,477	1,301
Cash at end of period	2,526	1,332	2,979

Source: LEM, Edison Investment Research

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