Leading Edge Materials

Project update

Financing supports next phase at Norra Kärr

Metals and mining

22 September 2026

Leading Edge Materials (LEM) has raised C$4.3m (US$3.1m) of its targeted C$6.0m (US$4.3m) private placement, with cornerstone shareholder Eric Krafft committed to subscribe for any remaining units. Following the award of Norra Kärr's 25-year mining lease in June, the raise should fund the main near-term PFS, permitting and hydrometallurgical workstreams. Recent REE M&A supports the attractive long-term sector outlook, while the November review of China's export controls is an important near-term industry catalyst.

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.

LEM announced that the second tranche of the private placement raised C$0.3m (US$0.2m), taking total gross proceeds to C$4.3m (US$3.1m) after the C$4.0m (US $2.9m) first tranche in August. C$1.7m (US$1.2m) remains outstanding, with Eric Krafft committed to subscribe for any units not otherwise purchased.

LEM has maintained limited quarterly cash burn. Its Q326 operating cash outflow was C$0.45m (US$0.32m) and exploration and evaluation spend C$0.39m (US $0.28m), implying total cash use of c C$0.84m (US$0.6m) before financing. LEM ended July with C$1.84m (US$1.3m) of cash, including c C$1.78m (US$1.3m) of placement proceeds received before quarter-end. Pro forma for the two tranche closings, cash is c C$4.34m (US$3.1m) before fees and subsequent expenditure.

The proceeds will primarily fund the updated pre-feasibility study and environmental permitting at Norra Kärr, following the June award of the 25-year mining lease. LEM is also progressing its midstream processing strategy, including work towards pilot-scale hydrometallurgical testing of eudialyte concentrate and further optimization of silicate management. Additional funding will support Woxna restart studies and general working capital, while LEM continues to seek alternative capital for its Romanian exploration activities.

Ex-China heavy rare earth element (HREE) supply remains limited from mine production through processing and separation. China's April 2025 export-licensing regime covering Dy, Tb, Y and other medium and heavy rare earths has contributed to wider price differentials between Chinese domestic and ex-China markets. Additional controls announced in October 2025 are suspended until 10 November 2026, making the November review an important near-term industry catalyst. Regardless of the outcome, the shortage of non-Chinese HREE supply will persist. With HREO at 52% of total rare earth oxides (TREO) and material Dy, Tb and Y content, Norra Kärr offers direct exposure to the tightest part of the market.

LEM trades at just c US$90/t contained TREO. The recent increase in REE M&A against depressed market valuations supports the long-term fundamental attractiveness of the sector and strategic value of ex-China supply. USA Rare Earth's acquisition of the more advanced Serra Verde implies c US$2,500/t contained TREO. While not directly comparable, Norra Kärr offers scale, high HREE exposure, a strategic EU location and an improving development profile, yet LEM trades at a substantial discount to transaction benchmarks. We plan to publish a broader update on the project's processing routes and valuation shortly.

Price	**$0.19**
Market cap	**$52m**
	US$/C$ 1.4
Net cash, at end July, including part of the private placement	$1.3m
Code	LEMIF
US market	OTCQB
Underlying exchange	TSXV

Price performance

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.

Analyst

Andrey Litvin +44 (0)20 3077 5700

mining@edisongroup.com

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom