

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 (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	(3.5)	(3.5)	(0.01)	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 private placement in September, issuing 24.0m units at C\$0.25. Pro forma cash following the raise is c C\$6.1m before fees and subsequent expenditure; our FY26e cash estimate of c C\$4.3m 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

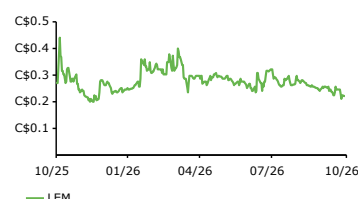
Metals and mining

8 October 2026

Price **C\$0.22**
Market cap **C\$62m**

Net cash/(debt) at end July 2026	C\$1.8m
Shares in issue	282.8m
Free float	60.0%
Code	LEM
Primary exchange	TSXV
Secondary exchange	OTCQB

Share price performance



%	1m	3m	12m
Abs	(13.5)	(30.8)	(25.0)
52-week high/low		C\$0.5	C\$0.2

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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Exhibit 1: Financial summary

C\$'000; 31 October year-end	FY24	FY25	FY26e
Income statement			
Operating expenses	(2,419)	(3,195)	(3,500)
Operating profit/(loss)	(2,419)	(3,195)	(3,500)
Non-operating expenses	(269)	(21)	0
Net profit/(loss)	(2,688)	(3,217)	(3,500)
EPS, C\$	(0.01)	(0.01)	(0.01)
Number of shares, m	232	251	283
Balance sheet			
Cash	3,460	1,861	4,261
Receivables	305	245	245
Other current assets	137	172	172
Exploration and evaluation assets	19,892	22,382	24,632
PP&E	5,453	5,617	5,717
Other non-current assets	97	192	192
Total assets	29,344	30,469	35,219
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	28,765
Cash flow statement			
Net loss for the year	(2,688)	(3,217)	(3,500)
Adjustments	1,239	1,332	1,400
Working capital	120	(148)	0
Net cash from operating activities	(1,329)	(2,033)	(2,100)
Exploration and evaluation expenditure	(1,962)	(2,490)	(2,250)
Other	(153)	(27)	(100)
Net cash from investing activity	(2,115)	(2,517)	(2,350)
Net issuance of shares	4,477	2,962	6,850
Other	0	(11)	0
Net cash from financing activities	4,477	2,951	6,850
Net change in cash	1,033	(1,600)	2,400
Cash at beginning of period	2,427	3,460	1,861
Cash at end of period	3,460	1,861	4,261

Source: LEM, Edison Investment Research

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