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REE INDUSTRY M&A UPDATE

PREMIUM VALUATIONS AGAINST WEAK EQUITY MARKETS

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As one of the largest issuer-sponsored research firms, we are known for our bottom-up work on individual stocks. However, our thinking does not stop at the company level. Through our regular dialogue with management teams and investors, we consider the broad themes related to the companies we follow. Edison themes aims to identify the big issues likely to shape company strategy and portfolios in the years ahead.

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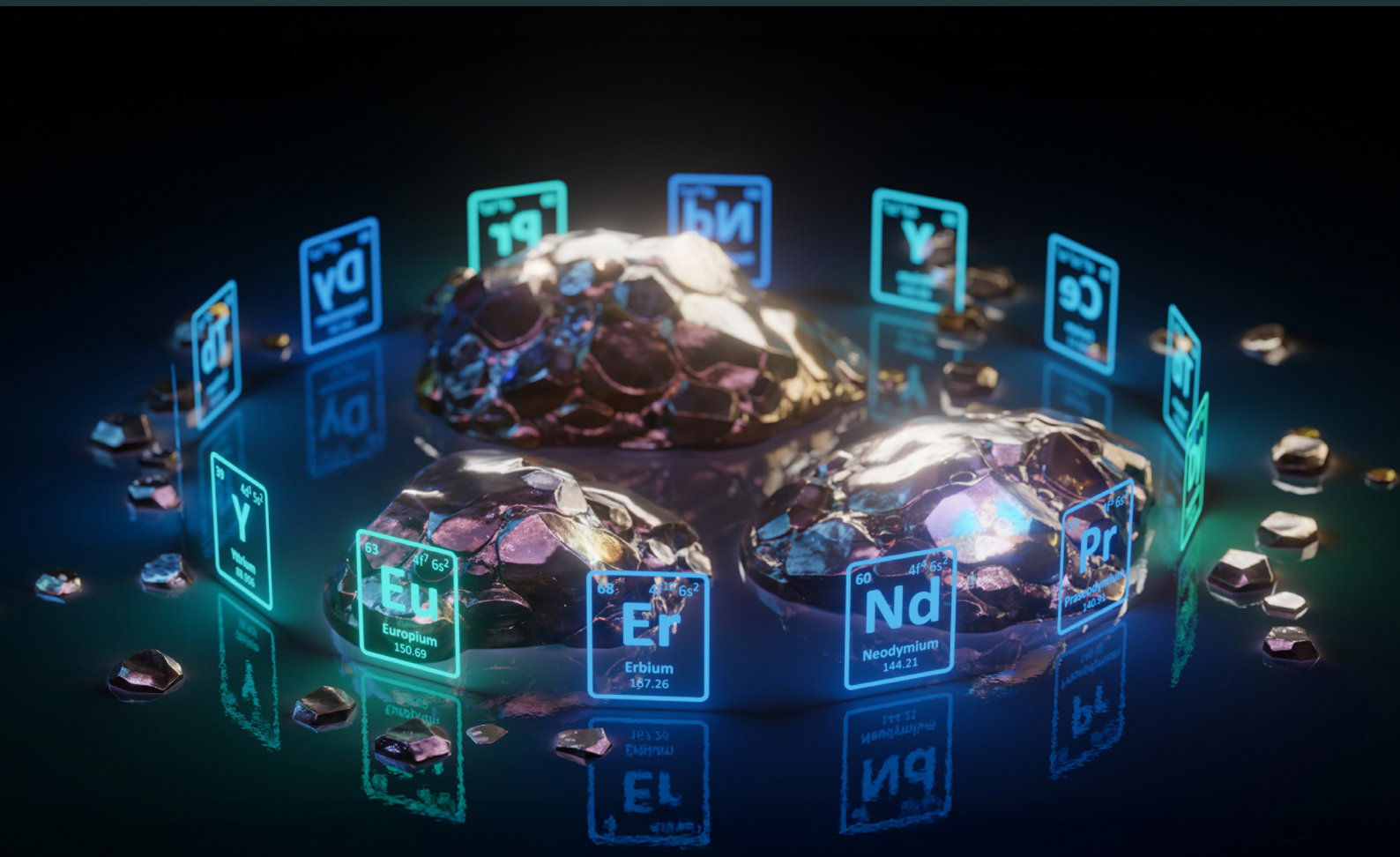

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REE industry M&A update

Premium valuations against weak equity markets

30 September 2026

Rare earth M&A has accelerated despite weak and volatile equity markets, with transactions spanning upstream resources through mid- and downstream processing. Recent deals have attracted substantial valuation premiums, while many listed developers continue to trade at comparatively low resource multiples. The divergence suggests public markets remain focused on near-term funding, execution and macroeconomic risks, while transaction valuations reflect tighter longer-term supply, growing demand and the need for diversified ex-China capacity. Heavy rare earth elements (HREE) exposure is increasingly differentiated given tighter Dy/Tb and yttrium supply. The US-China trade truce now runs to 10 January 2027 and the two sides are discussing improved rare-earth supply, which could narrow current scarcity premiums. However, China's supply-chain dominance means diversification remains a longer-term strategic priority.

REE M&A activity has picked up against a weak equity-market backdrop, spanning producing assets, project-level investment, separation and processing, metals and alloys, recycling and finished magnets. Notable transactions include USA Rare Earth's c US$2.8bn acquisition of Serra Verde, Energy Fuels' US$299m acquisition of Australian Strategic Materials (ASM) and its proposed c US$1.9bn acquisition of VAC. Project-level investment includes Cascade's proposed US$150m investment in Longonjo and the JOGMEC-Toyota Tsusho partnership at Lofdal. Recent activity across Western and Chinese markets further points to competition for resources, processing capability and downstream market access.

Developer valuations remain generally depressed and highly selective, with share-price performance volatile and recent weakness amplified by a broader late-September risk-off move. Enterprise value (EV) per tonne of attributable contained total rare earth oxides (TREO) ranges from just US$17/t to c US$1,930/t, with a median of c US$255/t. Development stage, funding, strategic partnerships, offtake, downstream access and resource composition contribute to the dispersion. Recent transactions provide useful benchmarks: Serra Verde was acquired at c US$2,500/t, Energy Fuels' acquisition of ASM represented a 121% premium to the prior close and a c 2.9x uplift in EV/TREO, while Cascade's Longonjo investment implies c US $117/t at project level. Lofdal provides a relevant precedent for HREE projects.

The industry backdrop remains supportive of further ex-China investment, although near-term policy risk is increasingly two-sided. NdPr pricing shows relatively limited regional divergence, while Dy/Tb and yttrium command substantially higher ex-China prices, reflecting tighter supply. Government-backed price floors and long-term offtake are also emerging, particularly in the US. China's April 2025 licensing controls remain in force, while the US and China are continuing discussions aimed at restoring critical-mineral shipment levels. Improved availability could narrow current ex-China scarcity premiums and weigh on near-term sector pricing, particularly for HREEs. However, China's dominant position across refining, metals and magnet production means supply-chain diversification is likely to remain a strategic priority. Longer term, the International Energy Agency (IEA) expects ex-China magnet rare earth demand to rise by around 50% by 2035, with existing and announced diversified capacity covering only around half of mining requirements, 25% of refining demand and less than 20% of magnet demand. Against this backdrop, the premium valuations implied by recent M&A contrast with subdued listed-developer valuations and support a more constructive longer-term view of sector fundamentals.

What this report covers

This report reviews recent M&A and project-level strategic investment across the rare earth value chain, focusing on the valuation implications for listed peers. We compare upstream resource and integrated-company valuations, before examining HREE supply, China's export controls and the policy response supporting ex-China diversification.

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Companies mentioned in this report:

Aclara
American Rare Earths
Appia
Arafura
Australian Rare Earths
Brazilian Rare Earths
China Northern Rare Earth
Defense Metals
Dreadnought
Energy Fuels
Harena Rare Earths
Hastings
Iluka Resources
Ionic Rare Earth
Leading Edge Materials
Lindian
Lynas
Meteoric Resources
Mkango
MP Materials
Namibia Critical Metals
Northern Minerals
Pensana
Rainbow Rare Earth
Shenghe Resources
USA Rare Earth
Viridis Mining

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M&A activity picks up against weak equity market sentiment

M&A in the global rare earth sector has accelerated over the past year, although activity remains selective. This comes against a volatile backdrop for listed rare earth equities, with much of the developer peer group trading below recent highs despite continued project progress and growing policy support for ex-China supply. This divergence potentially points to a gap between near-term public market concerns around funding, execution and the broader macroeconomic and commodity-price environment, and the strategic value being assigned to rare earth assets as longer-term industry fundamentals remain supportive.

Recent transactions span most of the value chain (Exhibit 1). USA Rare Earth's c US$2.8bn acquisition of Serra Verde highlights the value assigned to an operating upstream asset still in ramp-up. Energy Fuels' US$299m acquisition of ASM adds the operating midstream Korean Metals Plant alongside the construction-ready upstream Dubbo project, while the proposed c US$1.9bn acquisition of VAC would extend the group into finished magnets. USA Rare Earth has also added metals and alloys through Less Common Metals and separation exposure through Carester, while Mkango has expanded its recycling platform through Remloy. Project-level investment has also accelerated, including Cascade's proposed US$150m investment in Pensana's Longonjo project and the earlier JOGMEC-Toyota Tsusho partnership at Lofdal.

Consolidation may also extend further within China, with potentially far-reaching implications for overseas assets. Reuters recently reported that China Rare Earth Group was in talks over a controlling investment in Shenghe Resources. Shenghe subsequently said its controlling shareholder had no plans to transfer control to an external party, leaving the reported talks uncertain. If completed, however, the transaction would give the state-owned group indirect exposure to Shenghe's overseas interests, including its c 3% stake in MP Materials, whose largest shareholder is the US Department of Defense, as well as Peak Rare Earths. Activity across both Western and Chinese markets reinforces the strategic focus on securing resources, processing capacity and downstream market access despite subdued equity-market sentiment.

Exhibit 1: Selected recent transactions across the rare earth value chain

Acquirer/target	Timing and status	Consideration	Assets and strategic rationale
Energy Fuels/VAC	Announced June 2026; expected to close early 2027	c US$1.9bn equity value; c US$140m adjusted net debt assumed	Adds established permanent-magnet manufacturing, customer qualifications, IP and the 2,000tpa Sumter plant to Energy Fuels' upstream, separation and metals/alloys platform.
Mkango/Remloy	Announced May 2026; completed Aug-26	€8m cash: €5m at completion + €3m deferred to Aug-28	Adds a commissioned German magnet-recycling plant targeting ≥500tpa of NdFeB alloy powder. Adds a medium-loop recycling route alongside Mkango's short- and long-loop processes and included c 345t of feedstock at completion.
Greenland Mines/Sarfartoq	Announced May 2026; completed September 2026	US$35m: US$20m cash + US$15m shares	Transfers the Greenland upstream project into a dedicated development company. Neo remains a shareholder and retains offtake rights, preserving a route into downstream processing.
Critical Metals/European Lithium	LOI announced April 2026; definitive agreement May 2026; terms amended August 2026; pending	Initially c US$835m at 0.035 CRML shares per EUR share; subsequently changed to floating 0.025–0.045 ratio	Would consolidate the remaining 7.5% of Tanbreez under Critical Metals. Broader critical-minerals transaction also includes Wolfsberg lithium and European Lithium's substantial CRML shareholding, limiting direct REE valuation read-across.
USA Rare Earth/Serra Verde	Announced April 2026; completed September 2026	US$300m cash + 126.85m USAR shares; c US$2.8bn announced equity value	Adds the producing Pela Ema mine and processing operation, including NdPr, Dy and Tb supply, to USAR's metals/alloys and magnet platform. Output is supported by a long-term US-backed offtake incorporating minimum prices.
USA Rare Earth/Carester	Binding LOI April 2026; definitive agreement July 2026; subject to closing conditions	€40m for c13.6%; InfraVia acquiring a similar stake separately	Adds access to Carester's separation technology and developing Caremag oxide capacity, while Carester gains access to USAR feedstock. Strategic minority investment rather than a control acquisition.
USA Rare Earth/Texas Mineral Resources	Announced March 2026; completed August 2026	c US$73.9m at completion, principally in USAR shares	Acquires TMRC's remaining 18.6% interest in Round Top plus associated rights, making USAR sole operator and 100% economic beneficiary and simplifying project governance and funding.
Cascade Natural Resources/Pensana–Sable	Announced March 2026; US$15m Pensana tranche completed April 2026; US$150m Sable tranche remained outstanding at 25 September 2026	US$165m total: US$15m for 3.8% of Pensana + US$150m for 38.2% of Sable	Strategic funding for Longonjo construction, resource drilling, HREE recovery and downstream mine-to-magnet development. Primarily a project-financing transaction rather than a conventional control acquisition.
Energy Fuels/Australian Strategic Materials	Announced January 2026; completed August 2026	c A$447m / US$299m announced equity value; A$1.60/share	Adds the operating Korean Metals Plant, metallisation/alloy technology and IP; Dubbo provides further upstream optionality. Bridges Energy Fuels' oxide production into metals and alloys.
USA Rare Earth/Less Common Metals	Announced September 2025; completed November 2025	US$197.7m completion consideration: US$103.1m cash + US$94.6m shares	Adds established rare-earth metal/alloy and strip-casting capability, technical know-how and commercial relationships; fills the metallisation step ahead of magnet manufacturing.
JOGMEC/Lofdal	Original earn-in announced January 2020; Toyota Tsusho joined March 2026; funding increased to C$23m March 2026; completed July 2026	C$23m cumulative project expenditure to earn 50%	Long-term Japanese strategic participation in an advanced Dy/Tb project. Provides development funding, technical support and a potential downstream route, but the core economic terms were established in 2020 rather than at current project maturity.

Source: Industry sources, company data

Transaction benchmarks show where strategic value is being paid

Recent transactions provide several valuation reference points, although comparability varies materially by asset maturity and position in the value chain. Serra Verde provides the clearest benchmark for operating upstream supply; ASM combines a development-stage resource with existing midstream capability; Cascade and Lofdal illustrate project-level strategic investment.

- **Serra Verde:** the c US$2.74bn provisional EV equates to c US$2,500/t of contained TREO, around 10x the c US $255/t median for our listed developer peer group. Serra Verde is already operating, with contracted sales and expansion funding. The transaction illustrates the potential valuation uplift as advanced projects move through funding, construction and ramp-up into commercial production.
- **ASM:** Energy Fuels' offer implies c US$457/t of Dubbo contained TREO versus c US$160/t immediately before the bid, a c 2.9x uplift. The offer also represented a 121% premium to the last close and 133% to the 30-day volume-weighted average price (VWAP). ASM brings the operating Korean Metals Plant and metallisation technology alongside the construction-ready upstream Dubbo project, providing a useful benchmark for development-stage platforms with existing downstream capability.
- **Cascade/Pensana and Lofdal:** Cascade's proposed US$150m investment implies c US$117/t of Sable-attributable Longonjo TREO. This was below Pensana's c US$150/t market EV/TREO around the announcement, but above its multiple at 25 September. The transaction therefore provides a funding and project de-risking reference rather than evidence of a strategic resource premium. Lofdal provides a different read-across: its original 2020 earn-in is less relevant as a current valuation benchmark, but the subsequent JOGMEC-Toyota Tsusho partnership provides

a stronger precedent for long-term strategic investment in scarce HREE supply.

- **Downstream transactions:** VAC's c US$2.04bn EV equates to c 71x FY25 EBITDA, falling to c 12–13x at its targeted 4,000tpa Sumter earnings level. Less Common Metals was acquired at 14.4x FY25 pro forma revenue, while the Carester investment implies c €294m equity value. These valuations indicate substantial value being assigned to qualified capacity, processing technology and customer relationships ahead of steady-state earnings.

Overall, the pattern of recent transactions suggests strategic interest is likely to remain concentrated around operating or advanced projects with credible routes to market, differentiated HREE exposure and/or established separation, metals or magnet capability.

Exhibit 2: Selected transaction valuation benchmarks

Transaction	Implied metrics	Valuation implications
Energy Fuels/VAC	EV c US$2.04bn; c 71x FY25 adjusted EBITDA of US$28.6m. It falls to c 20–22x including Sumter's projected EBITDA at 2,000tpa and c 12–13x at 4,000tpa.	The valuation is principally forward-looking: the multiple falls by more than two-thirds if Sumter reaches its initial 2,000tpa EBITDA target and by more than 80% at 4,000tpa. Energy Fuels is therefore paying upfront for qualified magnet capacity and utilisation growth rather than existing earnings.
Mkango/Remloy	€8m / ≥500tpa target output = c €16,000 per tonne of NdFeB alloy-powder capacity.	A relatively low-cost route to commissioned recycling capacity. The consideration is small relative to greenfield downstream transactions, but the plant still requires commercial scale-up and the product is recycled alloy powder rather than separated oxide or finished magnets.
USA Rare Earth/Serra Verde	Provisional EV c US$2.74bn; c US$2,500/t contained TREO; c 4.2–5.0x management's US$550–650m end-2027 annualised EBITDA target.	The strongest upstream valuation reference. At c US$2,500/t, Serra Verde was valued at roughly 10x the c US$255/t median of the current listed upstream peer group. The gap captures operating status, contracted sales/price support and a funded expansion path rather than resource quality alone.
USA Rare Earth/Carester	€40m for 13.6% implies c €294m equity value. Caremag targets c 800tpa NdPr, 500tpa Dy and 100tpa Tb oxide, implying c €210,000 per tonne of planned magnet-REO output.	The implied equity value is also c 1.4x the €216m financing secured for Caremag. The premium to the physical plant funding reflects Carester's separation IP, engineering capability and strategic position in HREE processing; the capacity ratio should therefore not be interpreted as a plant-only valuation.
Cascade/Pensana–Sable	US$150m for 38.2% of Sable implies c US$393m post-money equity value. Based on Sable's expected c 75% Longonjo interest, this is c US$117/t attributable contained TREO.	The implied resource value was below Pensana's c US$150/t public-market EV/TREO around announcement, although it is above the current listed multiple. The read-across is therefore primarily funding and project de-risking rather than a strategic resource premium; the US$150m project tranche remains outstanding.
Energy Fuels/Australian Strategic Materials	A$447m equity value implies c US$254m transaction EV and c US$457/t contained TREO. Immediately before the bid, ASM traded at c US$160/t on the same basis. Offer premium: 121% to last close; 133% to 30-day VWAP.	One of the clearest examples of strategic value exceeding the listed valuation. The transaction implies an approximately 2.8–3.0x uplift in whole-company EV/TREO, while the share-price premium confirms that the buyer attributed substantial incremental value to KMP, metallisation know-how and integration with Energy Fuels' oxide platform.
USA Rare Earth/Less Common Metals	EV c US$198m; c 19.7x FY24 and 14.4x FY25 pro-forma revenue.	The accounting allocation supports the strategic rationale: most identifiable value sits in technology, customer/supplier relationships and know-how rather than installed equipment. This is useful evidence that downstream capability cannot be benchmarked adequately on physical capacity alone.

Source: Industry sources, company data

Project-level investment broadens development funding options

Alongside corporate M&A, strategic investors have increasingly provided capital directly at project level. As elsewhere in mining, these structures vary widely, ranging from minority equity investments and earn-ins to joint ventures and conditional construction-equity commitments. For pre-production projects, such investment can represent a significant de-risking event, funding studies, permitting and construction while reducing reliance on parent-level equity issuance, albeit with dilution at project level and, in some cases, governance, offtake or other strategic rights. The transactions are not directly comparable as valuation benchmarks given differences in timing, project maturity and commodity-market conditions, but illustrate the range of funding structures available to rare earth developers.

Exhibit 3 shows a selection of notable project-level transactions. Some were agreed before the 2025 export controls and subsequent improvement in the rare-earth pricing backdrop, limiting their relevance as current valuation benchmarks. They nevertheless provide useful precedents for how strategic capital has been used to advance and de-risk pre-production projects.

Exhibit 3: Selected project-level industry transactions

Project/company	Strategic investor	Timing / status	Project-level structure	Development role
Longonjo/Pensana	FSDEA/Cascade	2024–26; FSDEA funding received; Cascade project tranche pending	FSDEA initially provided a US$15m bridge and subsequently US$25m of equity at Ozango level; Cascade proposes US$150m for 38.2% of Sable	FSDEA funded early construction; the proposed Cascade investment would support the main development programme, illustrating the potential layering of sovereign, strategic equity and debt at subsidiary level.
Lofdal/Namibia Critical Metals	JOGMEC-Toyota Tsusho	2020–26; earn-in completed	C$23m cumulative expenditure for 50%; JOGMEC subsequently committed up to a further C$47.7m of pre-FID funding	Long-duration funding of technical work and development, combined with a strategic route for future HREE supply into Japan.
Yangibana/Hastings	Wyloo	2025; JV completed subsequently	60:40 project JV, with Wyloo taking 60% and operatorship; consideration included cancellation of Wyloo exchangeable notes	Restructured the balance sheet and materially reduced Hastings' exposure to remaining project capital while bringing in a well-capitalised operating partner.
Penco/Aclara	CAP	2024; completed	US$29.1m for 20% of Aclara's Chilean project subsidiary; original agreement contemplated up to US$80m of strategic investment	Funded permitting/development and established a broader strategic relationship with CAP. The transaction predates the 2025 export controls and subsequent improvement in REE pricing, limiting current valuation read-across.
Phalaborwa/Rainbow	TechMet/US DFC	2023 onward; option remains part of proposed funding	US$50m project-equity option for a 15–33% direct project interest, funded by DFC	Intended to provide part of Phalaborwa's construction equity alongside project debt. Like Penco, the original terms pre-date the 2025 change in the REE market backdrop.

Source: Company data

Initial market reactions to selected transactions have generally been positive. Aclara rose c 35% following the announcement of CAP's investment in Penco, Hastings rose c 25% on the proposed Yangibana joint venture with Wyloo, and Rainbow rose c 12% following the TechMet investment option for Phalaborwa. The transactions differ materially in structure, timing and prevailing market conditions, while subsequent share-price performance has been more mixed; the initial reactions should therefore not be interpreted as a direct measure of value creation. Nevertheless, they suggest that strategic investment can support an immediate re-rating where it materially reduces a funding overhang and provides third-party project validation. In this limited sample, we see no clear evidence that the presence of offtake alone drove a stronger initial response; the financing risk addressed and transaction terms appear at least as important. Conversely, Pensana fell 24% on 25 September following its financing update, illustrating that delays in completing strategic funding can reintroduce financing and execution risk just as securing such investment can reduce it. However, where included, offtake can provide additional de-risking through greater revenue visibility, route-to-market certainty and potentially improved project bankability.

Listed upstream valuations remain depressed and highly selective

Public market valuations remain well below the larger transaction benchmarks across much of the upstream peer group. As shown in Exhibit 4, EV per tonne of attributable contained TREO ranges from just US$17/t to c US$1,930/t, with a median of c US$255/t. Nearly half of the peer group trades at c US$150/t or below. Share price performance has also remained weak across much of the selected group, with upward price moves concentrated in only a few names. Within our peer group, shares are down 11% on average over the past three months and 3% over six months to 25 September. Share price weakness further accelerated towards the end of September amid a broader risk-off move across global markets, driven by higher bond yields, inflation concerns and tighter monetary policy expectations rather than REE-specific developments. The effect was more pronounced across parts of the explorer/developer peers, where smaller market capitalisations and project-specific risks typically amplify share price volatility.

The valuation dispersion reflects differences in resource quality, development stage, funding visibility and commercial de-risking, including strategic partnerships, offtake, government support and access to downstream processing. Resource composition is also increasingly relevant: the ex-China NdPr (neodymium/praseodymium) development pipeline is relatively broad, while new Dy/Tb (dysprosium/terbium) supply remains much more limited, increasing the strategic relevance of projects with meaningful HREE exposure where a credible separation and route to market exists. For NdPr-weighted projects, the broader development pipeline makes commercial de-risking, including offtake, strategic funding and downstream access, an increasingly important valuation differentiator. These factors can materially affect financing and execution risk and help explain the wide range of EV/TREO multiples across the peer group.

Serra Verde offers a useful benchmark for the potential valuation uplift as upstream projects move through funding, construction and commissioning into production. Serra Verde's c US$2.74bn provisional EV equates to c US$2,500/t of contained TREO, around 10x the c US$255/t median for our listed developer universe. The premium reflects Serra Verde's early producer status, contracted sales and price support, funded expansion path and exposure to both NdPr and Dy/Tb. A number of relatively advanced pre-production projects continue to trade well below this level; examples

include Lindian at c US$132/t, Hastings at c US$403/t and Arafura at c US$452/t. The transaction provides a reference for the value potentially created through project de-risking.

ASM illustrates the strategic premium that can be attached to development platforms combining an upstream resource with established processing, technology and downstream capability. Energy Fuels' offer implies c US$457/t of Dubbo contained TREO versus c US$160/t immediately before the bid, a c 2.9x uplift, and represented a 121% premium to the last close and 133% to the 30-day VWAP. ASM adds the operating Korean Metals Plant and metallisation technology alongside the construction-ready Dubbo project, so the transaction value cannot be attributed to the resource alone. The broader read-across is therefore to developers combining upstream assets with processing, recycling or downstream exposure, with examples including Mkango and Ionic.

Cascade provides a current project-level valuation and funding reference**.** The proposed US$150m investment for 38.2% of Sable implies a c US$393m post-money project equity value. Sable is expected to hold c 75% of Ozango, the developer of Longonjo, implying c US$117/t of Sable-attributable contained TREO. This was below Pensana's c US$150/t public-market EV/TREO around the announcement, compared with its c US$71/t multiple at 25 September. The transaction therefore provides more evidence of the value at which strategic capital is prepared to fund and further de-risk a late-stage project than of a strategic resource premium. The US$150m project tranche remains outstanding, however, limiting the read-across until funding is completed.

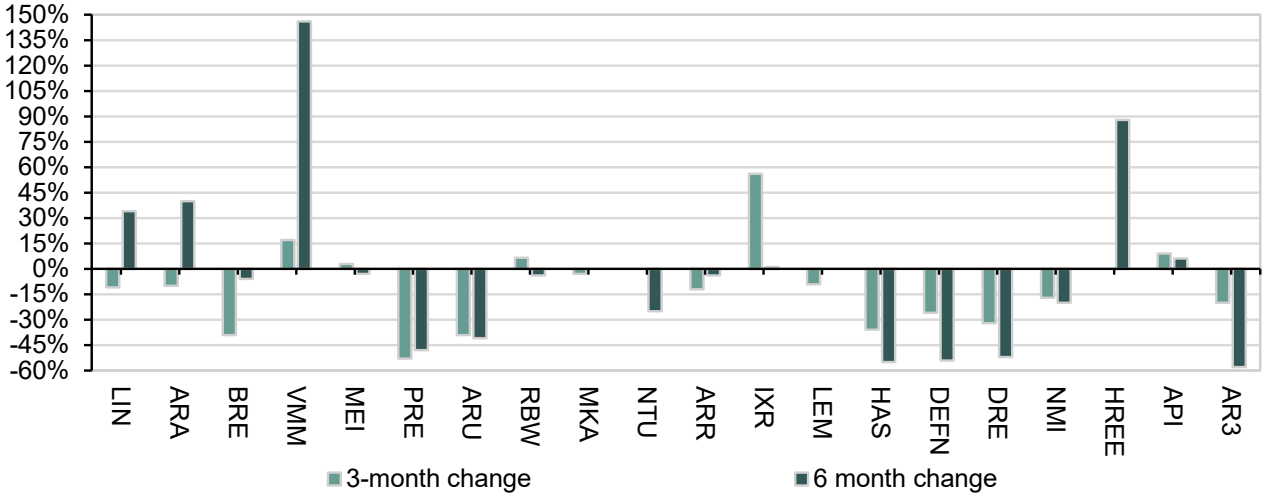
Lofdal offers a stronger strategic precedent for HREE-weighted projects**.** JOGMEC's original earn-in was agreed in 2020 and therefore provides limited read-across to current project valuations, particularly given the subsequent change in the rare-earth market backdrop. However, the partnership developed over several years, culminating in completion of the C $23m earn-in for 50% of the project in July 2026, with Toyota Tsusho joining as the industrial partner. JOGMEC has also committed up to a further C$48m through the definitive feasibility study and towards the final investment decision. The relevance is therefore less the original entry valuation and more the willingness of a strategic partner to continue funding project de-risking in order to secure long-term Dy/Tb supply and establish a downstream route to market.

Exhibit 4: Selected rare earth developers' resource-based valuation

Company	Ticker	Development stage	EV, US$m	Attrib. resource, Mt	TREO grade, %	Attrib. contained TREO, kt	EV/Contained TREO, US$/t
Lindian	LIN	Construction	736	261	2.14	5,585	132
Brazilian Rare Earths	BRE	Scoping / pilot development	673	13	4.60	604	1,114
Arafura	ARU	Construction	658	56	2.60	1,456	452
Aclara	ARA	FS / permitting	621	325	0.16	527	1,179
Viridis Mining	VMM	DFS / development	384	493	0.25	1,235	311
Meteoric Resources	MEI	DFS / permitting	367	1,631	0.23	3,779	97
Rainbow Rare Earth	RBW	DFS / pilot	222	30	0.44	131	1,695
Pensana	PRE	Construction / financing	216	214	1.43	3,057	71
Mkango	MKA	DFS / FEED	205	94	1.09	1,026	200
Northern Minerals	NTU	DFS / pre-FID	174	12	0.76	91	1,927
American Rare Earths	ARR	Scoping / pilot	146	2,627	0.33	8,647	17
Ionic Rare Earth	IXR	DFS / strategic review	94	370	0.06	233	402
Leading Edge Materials	LEM	PFS / permitting / metallurgy	47	110	0.50	550	86
Hastings	HAS	Construction / early works	45	12	0.93	111	403
Dreadnought	DRE	Resource / metallurgy	42	41	1.02	420	99
Defense Metals	DEFN	PFS	31	35	2.12	741	41
Harena Rare Earths	HREE	PFS / pilot	27	699	0.09	607	45
Namibia Critical Metals	NMI	DFS	26	33	0.16	52	508
Appia	API	Resource / pre-PFS	19	13	0.29	38	504
Australian Rare Earths	AR3	PFS / permitting	17	243	0.08	182	93

Source: Company data, LSEG Data & Analytics. Market data as at 25 September 2026.
Note: EV/TREO is a broad resource-based metric and should be interpreted alongside project maturity, construction status, funding, offtake, resource composition, recoveries and processing complexity.

Exhibit 5: Selected rare earth developers' three- and six-month share-price performance



Source: LSEG Data & Analytics. Market data as at 25 September 2026.

Integrated multiples compress as new capacity comes online

Integrated rare earth companies trade across a wide range of earnings multiples, reflecting differences in business mix, operating maturity and strategic positioning. Average EV/EBITDA falls from c 29x FY1 to c 19x FY2 and c 11x FY3 as new separation, metals and magnet capacity is brought into production. Lynas, Shenghe and China Northern Rare Earth provide the more established earnings reference at c 8–14x FY3 EV/EBITDA, while MP Materials trades at c 16x, reflecting its earlier-stage downstream expansion alongside its US mine-to-magnet positioning and significant government-backed contracts and price support.

Recent share-price performance has also been more consistently weak across the integrated group than among developers. Six of the seven selected names are down over three months and all but Iluka are lower over six months. While company-specific factors and execution risk remain important, the broader weakness may reflect a combination of macroeconomic pressure and some unwinding of the scarcity and geopolitical premium, with investors potentially starting to factor in the possibility of improved Chinese REE supply under the extended US-China truce. This contrasts with the much wider dispersion among developers, where project-specific funding and de-risking events remain important share-price drivers.

The sharpest multiple compression is seen where new capacity is still at an early stage. USA Rare Earth falls to c 6x FY3 EV/EBITDA as Serra Verde moves through its early production phase and the wider metals, alloys and magnet platform develops; Iluka falls from c 34x FY1 to c 5x FY3 as Eneabba contributes; and Energy Fuels remains at c 17x FY3 as its separation and alloys platform expands following the ASM acquisition. The forward multiples therefore depend heavily on commissioning, utilisation and production growth, alongside the strategic value attached to supply chain and regional positioning.

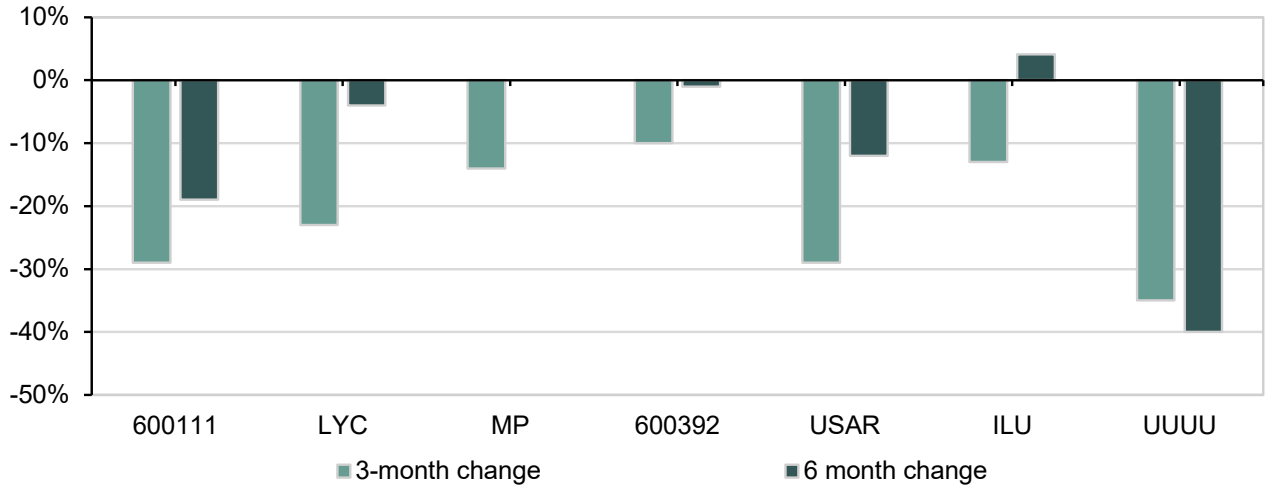
For the Serra Verde read-across, earnings provide a more useful valuation benchmark as production builds. The c US $2,500/t implied EV/TREO remains informative for comparison with development-stage assets, while the c US$2.74bn provisional EV equates to c 4.2–5.0x management's stated US$550–650m end-2027 annualised EBITDA target. Despite the premium resource valuation, and assuming the target is achievable, the implied earnings multiple is below both the integrated peer average of c 11x FY3 and USA Rare Earth's own c 6x FY3 multiple. This suggests the transaction was considerably less expensive on forward earnings than the headline EV/TREO valuation suggests.

Exhibit 6: Selected integrated rare earth companies' valuation multiples

Company	Ticker	Business description	EV, US$m	FY1 EV/EBITDA	FY2 EV/EBITDA	FY3 EV/EBITDA	FY1 P/E	FY2 P/E	FY3 P/E
China Northern Rare Earth	600111	Large-scale Chinese integrated producer	21,569	20.9	17.2	13.8	31.1	24.9	20.2
Lynas	LYC	Mine + separation; HREE separation ramping	9,460	14.9	10.2	8.1	24.6	16.6	12.9
MP Materials	MP	Mine + separation + metals/magnets	8,625	58.8	22.8	16.3	813.8	54.3	34.6
Shenghe Resources	600392	Mining / processing / trading / strategic investments	6,199	17.0	13.5	11.5	33.3	26.6	15.3
USA Rare Earth	USAR	Serra Verde + metals/alloys + magnet platform	4,180	n/a	15.1	6.2	n/a	n/a	38.1
Iluka Resources	ILU	Mineral sands producer + integrated LREE/HREE refinery under construction	2,631	34.4	17.5	5.3	n/a	n/a	12.8
Energy Fuels	UUUU	Mine/feed + separation + alloys following ASM	2,229	n/a	34.7	16.8	n/a	76.2	32.7

Source: Bloomberg. Market data as at 25 September 2026.

Exhibit 7: Selected integrated rare earth companies' three- and six-month share-price performance



Source: LSEG Data & Analytics. Market data as at 25 September 2026.

Supply-chain diversification remains the key industry driver

Rare earth supply-chain diversification has accelerated since China introduced export controls in 2025, supported by government funding, long-term offtake agreements and direct strategic investment in ex-China projects. The supply response remains uneven. NdPr has a relatively broad ex-China development pipeline, while Dy/Tb and yttrium remain considerably tighter. The larger supply-chain constraints also remain further downstream in separation, metals and alloys, and magnet production. Within the developer universe, meaningful HREE exposure is concentrated in relatively few advanced projects, including Northern Minerals' Browns Range, Lofdal and Norra Kärr (Exhibit 8).

HREE scarcity reflected in regional pricing

Industry pricing illustrates the divergence. At the end of August, Platts assessed NdPr oxide at c US$110/kg in North America and US$112/kg FOB China. The differential was substantially wider for heavy rare earths: Dy was c US$2,300/kg in North America versus US$230/kg FOB China, while Tb was c US$4,900/kg versus c US$1,005/kg. September spot transactions were reported at US$3,250/kg for Dy and US$7,500/kg for Tb in North America. These markets remain relatively illiquid, but the price differential highlights the scarcity of available ex-China HREE supply. Yttrium has seen an even sharper dislocation following the April 2025 controls, with prices rising c 6,900% in the 12 months to February 2026; US imports from China remained 75% lower year-on-year despite a material shipment in March. Contract structures are also beginning to establish alternative pricing benchmarks. US government-backed arrangements now include minimum prices of US$110/kg for NdPr, US$575/kg for Dy and US$2,050/kg for Tb, providing greater revenue

visibility for new ex-China supply.

Trade truce extended, but REE supply remains unresolved

China's export-control regime has two distinct layers. In April 2025, China introduced licensing controls covering seven medium and heavy rare earths – samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium – together with related metals, oxides, compounds and certain magnet materials. These controls remain in force. In October 2025, China announced a substantially broader package covering additional rare earths, processing equipment and technology and certain overseas products containing Chinese inputs. The October measures were subsequently suspended until 10 November 2026.

The broader US-China trade truce now runs to 10 January 2027, but the recent Trump-Xi summit did not resolve rare-earth supply uncertainty. Following the summit, the White House said the two countries continue to work on US concerns over supply-chain shortages in rare earths and other critical minerals, with the goal of restoring shipment levels. China's official 26 September summary confirmed an extension of the outcomes of the bilateral economic and trade consultations but did not identify a separate rare-earth agreement. At the time of writing, China had not separately announced an extension of the formal suspension of the October rare-earth measures beyond 10 November.

Near-term risk therefore remains two-sided, although recent experience suggests that formal policy changes are only part of the supply picture. Further easing of the licensing regime or a longer suspension of the October measures could improve availability and narrow current ex-China Dy/Tb and yttrium price premiums, reducing some of the scarcity premium reflected in HREE project valuations. Conversely, continued licensing constraints or renewed broader controls would reinforce the value of diversified supply. Supply friction has persisted during the existing truce: Chinese rare-earth magnet shipments to the US fell to 512t in August, down 20% month-on-month and 13% year-on-year, while shipments to Japan and Germany were also lower year-on-year. The US has argued that China has not fully met its previous commitments on rare-earth supply, while licence approvals remain slow and selective. China's ability to influence supply through licensing therefore remains significant even without reintroduction of the broader October controls.

China's dominant position across refining, metals and magnet production therefore means that an agreement restoring near-term supply would not remove the strategic case for diversification. Geopolitical and supply-chain concentration is likely to remain a structural industry factor even if individual export restrictions are relaxed.

Diversification investment continues despite policy uncertainty

The policy and investment response has so far been more rapid in the US. Support now spans direct investment, loans, price floors, offtake and funding across mining, separation and magnet manufacturing. Europe has selected 60 strategic projects under its critical-minerals framework, although financing deployment has been slower. Across critical minerals more broadly, Reuters recently estimated that the EU had mobilised c €1.7bn for strategic projects compared with almost US$40bn approved for similar development in the US; 23 of the EU's selected projects have also raised concerns around liquidity, market access and permitting.

The longer-term requirement for diversified supply remains substantial. The IEA expects demand for magnet rare earths outside China to increase by around 50% by 2035. Existing and announced diversified capacity would meet only around 50% of mining requirements, 25% of refining demand and less than 20% of magnet demand. The supply gap becomes progressively larger further down the value chain, supporting continued investment in separation, metals, alloys and magnets, alongside HREE- and yttrium-rich resources with credible processing and commercial routes.

NdPr and HREE resource exposure

Resource composition varies materially across the peer group and creates different forms of strategic exposure. NdPr represents the larger magnet rare-earth market and benefits from a broader demand base and more established commercial routes, while the ex-China development pipeline is also considerably larger. Dy/Tb and yttrium are much smaller markets, but new ex-China supply is more limited and current regional price dislocations are substantially greater, increasing the strategic relevance of projects with meaningful HREE exposure and a credible processing and route-to-market solution. Most disclosed peer resources remain predominantly NdPr-weighted, while HREE exposure is concentrated in a smaller group: Northern Minerals' Wolverine resource contains c 10.0% Dy/Tb and 58.3% yttrium, while Norra Kärr and Lofdal contain c 5.7% and c 5.6% Dy/Tb respectively, alongside c 34% and c 33% yttrium.

Market valuations of HREE-weighted projects are also highly dispersed. Leading Edge Materials (LEM) trades at c

US$86/t of attributable contained TREO, compared with c US$508/t for Namibia Critical Metals and c US$1,927/t for Northern Minerals. Part of this range reflects differences in project maturity and de-risking: Browns Range has its key mining and environmental approvals in place and a long-term supply agreement with Iluka, while Lofdal has a mining licence, a completed PFS and a strategic partnership with JOGMEC-Toyota Tsusho. Norra Kärr has recently secured its 25-year mining lease and is advancing its updated pre-feasibility study, environmental permitting and downstream work. LEM also completed a C$6m private placement on 28 September, providing additional funding for the next phase of Norra Kärr PFS and permitting workstreams. The comparison therefore highlights both the value attributed to project de-risking and the potential for differentiated HREE exposure to re-rate as these milestones are achieved.

Exhibit 8: Selected rare earth projects' in-situ resource composition

Company	Core project/resource basis	Resource (Mt)	TREO grade	Contained TREO (kt)	NdPr % TREO	DyTb % TREO	Y % TREO	NdPr/DyTb
Lindian Resources	Kangankunde	261	2.1%	5,585	20.4%	0.1%	0.2%	197.0
Aclara Resources	Carina – total MRE	302	0.2%	474	18.7%	3.3%	n/d	5.7
Brazilian Rare Earths	Monte Alto – primary/residual MRE	3	11.3%	383	16.5%	0.9%	3.4%	19.3
Viridis Mining	Colossus	473	0.3%	1,185	n/d	n/d	n/d	n/d
Meteoric Resources	Caldeira	1,631	0.2%	3,779	21.2%	1.1%	n/d	19.7
Pensana	Longonjo	313	1.4%	4,470	22.1%	n/d	n/d	n/d
Arafura Rare Earths	Nolans	56	2.6%	1,456	26.4%	n/d	n/d	n/d
Rainbow Rare Earths	Phalaborwa	35	0.4%	154	28.9%	1.3%	2.3%	22.7
Mkango Resources	Songwe Hill	94	1.1%	1,026	21.1%	1.0%	3.9%	20.7
Northern Minerals	Wolverine	6	1.0%	62	4.0%	10.0%	58.3%	0.4
American Rare Earths	Halleck Creek	2,627	0.3%	8,647	n/d	n/d	n/d	n/d
Ionic Rare Earths	Makuutu	617	0.1%	389	22.2%	1.9%	14.3%	11.7
Leading Edge Materials	Norra Kärr	110	0.5%	550	14.0%	5.7%	34.0%	2.5
Hastings Technology Metals	Yangibana	30	0.9%	277	34.4%	n/d	n/d	n/d
Defense Metals	Wicheeda	35	2.1%	740	15.2%	0.2%	n/d	74.0
Dreadnought Resources	Yin	30	1.0%	312	29.0%	n/d	n/d	n/d
Namibia Critical Metals	Lofdal – Area 4 + 2B M&I	59	0.2%	94	11.2%	5.6%	32.6%	2.0
Harena Rare Earths	Ampasindava	699	0.1%	606	n/d	n/d	n/d	n/d
Appia Rare Earths	PCH – Target IV + Buriti	53	0.3%	150	17.6%	1.2%	n/d	15.3
Australian Rare Earths	Koppamurra	243	0.1%	183	22.2%	3.1%	13.8%	7.3

Source: Company data
Note: Resources are shown on a 100% project basis and therefore differ from the attributable resource basis used for valuation in Exhibit 4. NdPr, DyTb and Y are expressed as a percentage of contained TREO and are based on published mineral-resource composition rather than forecast production or product mix. n/d denotes that the relevant element split is not separately disclosed on a comparable resource basis. Aggregate MREO/HREO measures have not been used where they do not allow the required NdPr, DyTb and Y split. Figures may not sum due to rounding and the presence of other REEs.

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