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Electra Battery Materials Corp.

Sector: Critical Minerals and Processing

Update Report
August 2026

ELBM – TSX.V, NASDAQ

Market Data

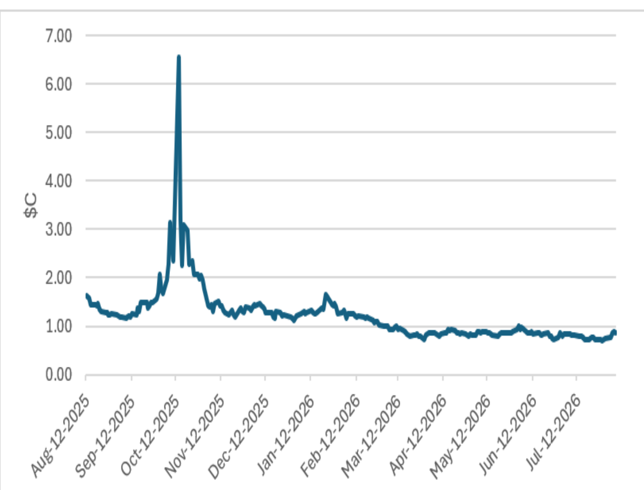
Rating	BUY
Target Price	$2.10
Closing price, C$/share	$0.86
52-Week Range, C$/share	$7.75/$0.69
Shares O/S	98.9/232.7
Market Cap, C$M	$85.1

Data as of August 6, 2026

Estimates

C$000's	2026E	2027E	2028E	2029E
Revenue	$0	$15,543	$79,578	$111,130
EBITDA	-$4,000	-$10,096	$25,537	$46,462
EPS (F.D.)	-$0.03	-$0.07	$0.08	$0.17

Stock Chart



Investment Highlights

- Electra Battery Materials Corp. is transitioning from a critical materials developer to becoming a North American critical materials supplier. The Company is currently completing construction of its fully-funded and fully-permitted cobalt sulphate refinery in Northern Ontario. This will be the only cobalt sulphate refinery in North America and one of two located outside of China. Commissioning is expected to begin in Q3 2027, with commercial production beginning in Q4 2027.
- The $100 million project remains on-time and on-budget. Approximately $65 million of contracts have been tendered, of which $50 million have been finalized. We recently visited the refinery. There are approximately 60 contractors working at site and this is expected to double within the next 30 days.
- ELBM has entered into an off-take agreement with LG Energy Solutions (LGES) for 60% of the refinery's initial production. Management has indicated that expressions of interest equating to twice the available refinery capacity have been received.
- Management is now focused on its next major initiative. Building on its processing expertise, it is evaluating two opportunities: building a battery-grade nickel refinery in the southeastern United States and a Black Mass processing facility that would produce LME grade nickel, cobalt, lithium carbonate and graphite.
- Our 12-month target price of $2.10/sh (US$1.50/sh) is derived by applying an 8.0x multiple to our FY29 EBITDA estimate of $46.5 million and discounting back one-year. As our target price represents a total potential return of 244%, we continue to rate ELBM as a BUY.

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Electra is transitioning from a critical materials developer to producer

Electra Battery Materials Corp. (ELBM-TSX.V) is transitioning from a critical materials developer to becoming a North American critical materials supplier. The company is currently completing construction of its fully-funded and fully-permitted cobalt sulphate refinery in Northern Ontario. As a reminder, the refinery will take cobalt hydroxide from the Democratic Republic of the Congo (DRC) and process it into cobalt sulphate, which is an intermediate product used in the production of cathodes for electric batteries. Commissioning is expected to begin in Q3 2027, with commercial production starting in Q4 2027. Given the near-term nature of the refinery start-up, management is evaluating its next critical minerals investment opportunity. To this end, management has stated it is evaluating the potential for a North American nickel refinery or a black mass recycling facility. We believe Electra represents an attractive investment opportunity that investors are currently overlooking. Our ELBM target price is $2.10/sh (US$1.50/sh). As our target price implies a 244% total potential return, we continue to rate ELBM as a BUY.

North America's only cobalt sulphate refinery approaching commercial production

We recently had the opportunity to visit ELBM's cobalt sulphate refinery located approximately 5 hours north of Toronto, Ontario, and were encouraged by the pace of project construction. The $100mm project remains on-time and on-budget. Approximately $65mm of contracts have been tendered, of which $50mm have been finalized. The remaining $35mm of capital expenditures consists primarily of owner's costs. Note that the $100mm cost estimate includes a $10 mm contingency. There are currently approximately 60 contractors at site working on multiple areas of the refinery including civil work, process equipment installation and piping fabrication. The construction workforce is expected to increase to approximately 120 contractors within the next 30 days as electrical and instrumentation work commences.

Exhibit 1 – Construction at refinery remains on-time and budget

- Q1 2026 – Award of major contracts including (structural, mechanical, piping, electrical, and instrumentation)
- Q2 2026 – Full site mobilization
- Q4 2026 – Early commissioning of select utilities and circuits
- Q2 2027 – Mechanical completion
- Q3 2027 – Start of production ramp-up
- Q4 2027 – Commercial production

Source: Electra Battery Materials

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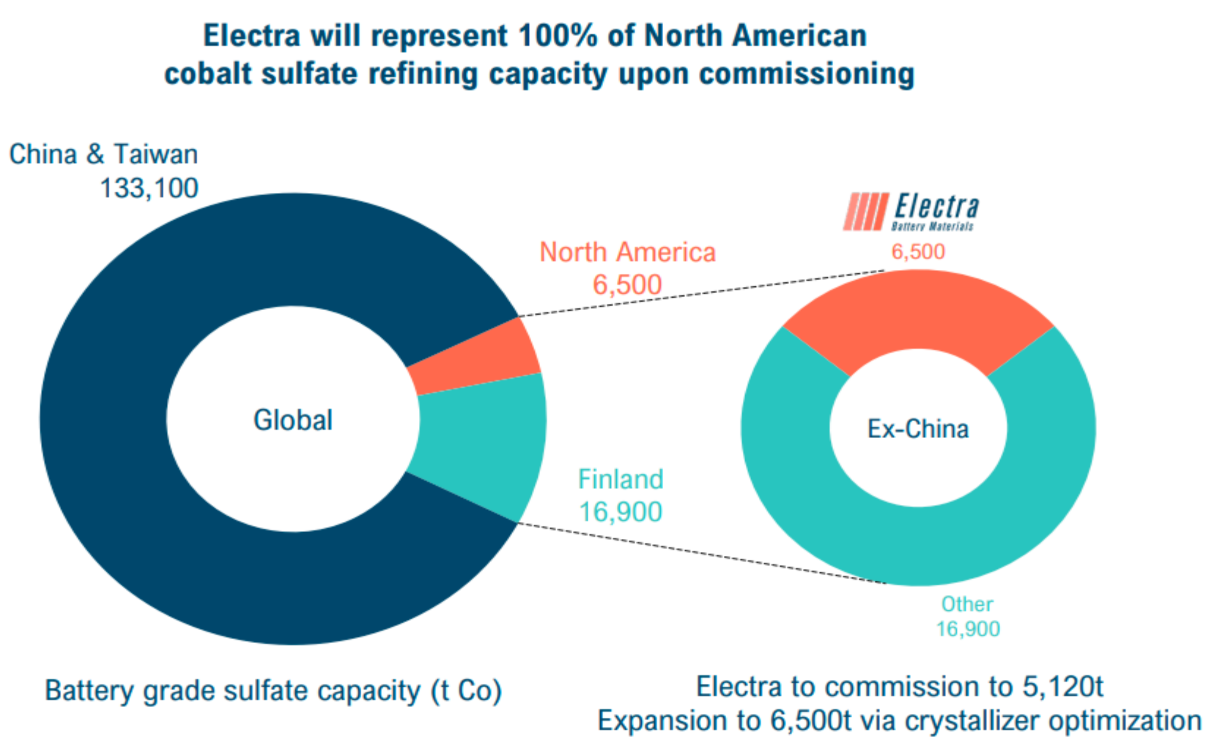
The Electra refinery is a strategically important asset. Cobalt sulphate from the refinery is an intermediate product used in the production of Precursor Cathode Active Materials (PCAM), which in turn, is used to produce the cathode in an electric battery. As illustrated in Exhibit 2 below, China dominates production of cobalt sulphate accounting for approximately 85% of global production. There is currently no North American production of cobalt sulphate and the only other ex-China production facility is located in Finland. Once fully ramped, the Electra refinery will account for about 27% of ex-China global capacity.

Exhibit 2 – Global cobalt sulphate refining capacity



Source: Electra Battery Materials

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We would also note that the Electra refinery is expected to have a lower environmental impact with respect to its global warming impact, eutrophication potential, smog potential and freshwater consumption, when compared to Huayou cobalt refinery in Tongxiang, China, which is one of the largest in the country.

Exhibit 3 – Construction progress at refinery remains on schedule and budget

Source: Integrity Capital Group

The Trump Administration is focused on establishing an independent critical materials supply chain that reduces its dependence on Chinese supply. For example, investors will recall that in the case of rare earth minerals, another area dominated by Chinese production (61% of global production and 92% of global processing), the Chinese government implemented export restrictions as a way to voice its displeasure with President Trump's "America First" trade policy that relies on tariffs to protect domestic manufacturing and reduce its trade deficit. This is a strategic vulnerability for the US as rare earth compounds are used to produce rare earth magnets, which in turn are integral to the production of electric vehicles, electronics and defense applications including drones, fighter jets and submarines. We would note that of the US$48mm in public funding that ELBM has received for the refinery, US$20mm was a grant provided by the U.S. Department of War.

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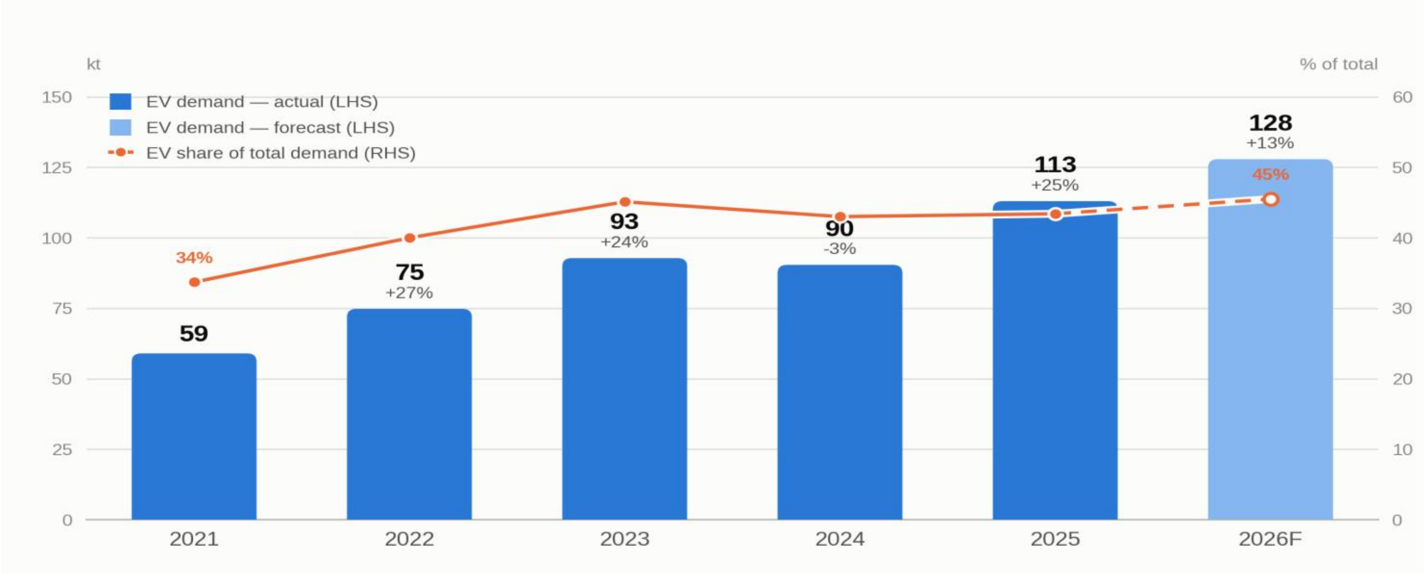
Exhibit 4 – Cobalt demand from EV Batteries – Contained Cobalt Basis



Source: The Cobalt Institute

With the refinery construction proceeding to plan, ELBM management is focused on ensuring the remaining facets of the refinery operation are also in-place. Specifically, we would note three points.

First, on March 10, 2026, ELBM entered into a binding off-take agreement with LG Energy Solutions (LGES). Under the terms of the agreement, LGES will take 60% of Electra's cobalt sulphate production (approximately 3,000 tonnes annually) through to 2029. The agreement includes an option to extend the term through to 2032. We expect that the LGES agreement will be undertaken on a tolling basis under which LGES will deliver cobalt hydroxide from the DRC to the refinery and take delivery of cobalt sulphate at the plant gate. In return, ELBM will charge LGES a fixed tolling fee per pound of contained cobalt in cobalt hydroxide. The remaining 40% of the refinery's production capacity has yet to be allocated. While no additional off-take agreements have yet been announced, management has stated that non-binding expressions of interest equating to twice the available refinery capacity, have been received.

Second, management has indicated it is in the process of establishing a cobalt hydroxide feed agreement. Although definitive details have yet to be provided, we believe the pending agreement could be conceptually similar to what was announced in early 2021. At that juncture, ELBM entered into a 5-year cobalt hydroxide agreement with Glencore AG, that would commit Glencore to supply 4,500 tonnes of contained cobalt feed from its KCC mine in the DRC. Given Glencore's established copper/cobalt mining operations in the DRC, we believe a similar agreement could again be announced.

Third, the primary reagents used in the refining process are sulphuric acid, caustic soda and lime. In aggregate, we estimate these inputs account for about half of the production cost. We understand that the primary suppliers of these inputs have been identified and discussions relating to longer term supply agreements are underway and will likely be finalized closer to commissioning in 2027.

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Additional Critical Mineral Initiatives

With the construction of the cobalt refinery nearing completion, ELBM management has started to focus on its next major initiative. We anticipate that the two projects being considered will enhance ELBM's critical materials exposure and build on the processing expertise acquired through the development of the cobalt refinery.

On June 8, 2026, ELBM announced that it had engaged engineering consultants to evaluate the potential to build a battery-grade nickel refinery in the southeastern United States. Specifically, ELBM is evaluating the opportunity to build a 15,000 tpa nickel sulphate refinery that would also produce 1,000 tpa of cobalt using conventional hydrometallurgical refining technologies. Despite the role that nickel plays in defense, energy and advanced engineering applications, North America remains heavily reliant on offshore refining capacity.

The current study anticipates establishing a refinery that would process globally procured Mixed Hydroxide Precipitate (MHP) and Mixed Sulphide Precipitate (MSP) feedstocks. As such, access to deep-water port infrastructure and the expanding battery manufacturing operations in the southeastern United States, are important considerations. The report will examine and evaluate site selection criteria, capital requirements, operating parameters and development timelines.

The second initiative being considered is a Black Mass Recycling facility that would produce LME-grade metals from domestically sourced end-of-life and off-spec batteries, processed into black mass. Black mass is shredded lithium-ion battery material that contains recoverable critical minerals including: lithium, nickel, cobalt, manganese and graphite. A 20,000 tpa black mass processing facility would be able to produce about 3,000 tpa of LME grade nickel, 2,500 tpa of LME grade cobalt, 3,500 tpa of technical grade lithium carbonate and 6,700 tpa of graphite. Note that Electra, at a pilot plant scale, has successfully used hydrometallurgical processes to produce LME-grade metals from black mass.

The commercial viability of such an initiative was enhanced on August 6, 2026, when the U.S. Department of Commerce's Bureau of Industry and Security (BIS), announced that it was restricting the export of black mass. This initiative requires that black mass produced domestically be sold to buyers located in the United States, with the material remaining in the U.S. unless an exception has been granted. Ensuring that recycled critical minerals remain on-shore will provide domestic refiners with additional feedstock and help establish the creation of an independent critical materials supply chain. Electra intends to engage with U.S. policy makers in order to fully understand the policy framework and the degree to which capital support will be available to support domestic refining.

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Forecast and Valuation

Our ELBM financial forecast is outlined in Exhibits 6-8. We have assumed the refinery operates on a tolling basis and charges a US$5.00/lb of cobalt in cobalt hydroxide processing fee. We believe this is a somewhat conservative outlook as to the extent the commodity price increases, additional production is likely to be sold on a market rather than tolling basis. We are assuming the refinery comes on-line in late 2027 and reaches its nameplate capacity of 6,500 tonnes in 2029. The refinery cap-x is estimated to be $100mm and is funded through existing government commitments and cash on-hand. Recall that ELBM has secured $17.5mm in funding from the Ontario government, $20mm from the Canadian government and US$20mm from the U.S. Department of War. On this basis we estimate Electra's EBITDA will increase from $25.5mm in 2028 to $46.5mm in 2029. Our 12-month fully-diluted target price of $2.10/sh (US$1.50/sh) is derived by applying an 8.0x multiple to our forecast FY29 EBITDA and discounting back one-year. As our target price represents a 244% total potential rate of return, we continue to rate ELBM as a BUY.

Exhibit 5 – ELBM Target Price

2029 EBITDA	46,462
Multiple	8.0
	371,698
Iron Creek	15,000
E.V.	386,698
Less: Debt	70,864
Plus: Cash	17,233
Implied Equity Value	333,067
NAVPS (Basic)	$3.36
NAVPS (F.D.)	$2.23
12-month target price	$2.10
USD	$1.50

Source: Integrity Capital Group Estimates

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Risks:

Financing Risk: We believe Electra has sufficient funds on hand to complete the refinery. While incremental debt financing will likely be required to fund the start of operations, we expect this will be repaid once operations commence. While we believe this to be a reasonable assumption, failure to secure these funds could potentially impact our financial forecast and valuation.

Execution risk: While the refinery's process flow sheet has been extensively tested, the refinery has yet to produce cobalt sulphate on a commercial basis. As such, it is possible that the ramp up in commercial operations could take longer than what we have forecast.

Political risk: The US and Canadian governments are currently prioritizing the creation of independent critical material supply chains. This is a public policy focus and public funding has been made available to support this goal. Any change in either government or public policy focus could deter from the growth opportunities currently available to Electra.

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Exhibit 6 – Income Statement

Electra Battery Materials Corp.
Pro forma Income Statement
For year ended December 31,
C$000's

	2025 A	2026 E	2027 E	2028 E	2029 E
Processing Volume (tonnes)	0	0	1,000	5,120	6,500
Revenue	0	0	15,543	79,578	111,130
Operating expenses					
Refinery processing costs	0	0	21,138	49,041	59,667
Corporate S,G&A	9,584	4,000	4,500	5,000	5,000
Depreciation and Amortization	0	100	2,221	3,701	3,701
Other expenses	5,980	0	0	0	0
Share based payments	1,453	0	0	0	0
	17,017	4,100	27,859	57,743	68,369
EBITDA	-17,017	-4,000	-10,096	25,537	46,462
EBIT	-17,017	-4,100	-12,316	21,836	42,761
Other expenses					
Interest expense	0	3,086	4,039	4,339	4,039
Unrealized (loss) gain on marketable securities	0	0	0	0	0
(Loss) Gain on financial derivative	-178,533	0	0	0	0
Changes in fair value of US warrants	74,410	0	0	0	0
Other non-operating income (Loss)	-12,325	0	0	0	0
Impairment	0	0	0	0	0
Income taxes	0	0	0	0	0
Net Income (loss)	-133,465	-7,186	-16,355	17,497	38,722
Foreign currency translation gain	-3,141	0	0	0	0
Net income and other comprehensive income (loss)	-136,606	-7,186	-16,355	17,497	38,722
EPS (Basic)	-$4.16	-$0.07	-$0.17	$0.18	$0.39
EPS (F.D.)	-$0.80	-$0.03	-$0.07	$0.08	$0.17
WA shares O/S (Basic)	32,104,582	98,982,239	98,982,239	98,982,239	98,982,239
WA shares O/S (F.D.)	165,858,348	232,736,005	232,736,005	232,736,005	232,736,005

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Exhibit 7 – Cash Flow Statement

Electra Battery Materials Corp.
Pro Forma Statement of Cash Flows
For year ended December 31,
C$000's

	2025 A	2026 E	2027 E	2028 E	2029 E
Operating activities					
Net Income (loss)	-133,465	-7,186	-16,355	17,497	38,722
Adjustment for items not affecting cash:					
Share based payments	1,702	0	0	0	0
Unrealized loss marketable securities	0	0	0	0	0
Realized loss marketable securities	0	0	0	0	0
Depreciation and Amortization	96	100	2,221	3,701	3,701
Interest expense convertible debentures	0	0	0	0	0
Changes in fair value of convertible debentures	-55,809	0	0	0	0
Loss of extinguishment of notes	168,183	0	0	0	0
Other	0	0	0	0	0
	-19,293	-7,086	-14,135	21,198	42,423
Changes in working capital	3,383	0	-1,243	-6,404	-3,155
Cash used in operating activites	-15,910	-7,086	-15,378	14,794	39,268
Investing activities					
Transfer to restricted cash	0	0	0	0	0
Proceeds from sale of marketable securities	17	0	0	0	0
Additions to property, plant and equipment	-4,492	-70,000	-30,000	-10,000	-3,690
Cash used in investing activities	-4,475	-70,000	-30,000	-10,000	-3,690
Financing activities					
Proceeds from issuance of common shares	55,745	0	0	0	0
Proceeds from loans	0	32,500	20,000	-5,000	-20,000
Proceeds from government grants	0	5,000	28,000	0	0
Payment of lease liability	-50	-50	-50	-50	-50
Proceeds from 2028 Notes	0	0	0	0	0
Proceeds from convertible notes	0	0	0	0	0
Repayment of notes	0	0	0	0	0
Transaction cost on 2028 notes	0	0	0	0	0
Exercise of convertible notes	0	0	0	0	0
Interest settement on notes	0	0	0	0	0
	55,695	37,450	47,950	-5,050	-20,050
Cash provided by financing activities					
Change in cash during the year	35,310	-39,636	2,572	-256	15,528
Effect of exchange rate	-3	0	0	0	0
Cash, beginning of year	3,717	39,024	-612	1,960	1,704
Cash, end of year	39,024	-612	1,960	1,704	17,233

Source: Integrity Capital Group Estimates

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Exhibit 8 – Balance Sheet

Electra Battery Materials Corp.
Pro Forma Balance Sheet
For year ended December 31,
C$000's

	2025 A	2026 E	2027 E	2028 E	2029 E
Assets					
Current Assets					
Cash and equivalents	39,024	-612	1,960	1,704	17,233
Restricted cash	0	0	0	0	0
Marketable securities	0	100	100	100	100
Prepaid expenses and deposits	812	4,500	4,500	4,500	4,500
Receivables	666	8,500	11,000	11,000	10,000
	40,502	12,488	17,560	17,304	31,833
Non-Current Assets					
Exploration and evaluation assets	88,776	88,776	88,776	88,776	88,776
Property, plant and equipment	55,078	124,978	157,257	166,556	172,855
Long-term restricted cash	1,208	1,208	1,208	1,208	1,208
	145,062	214,962	247,241	256,540	262,839
Total Assets	185,564	227,450	264,801	273,844	294,672
Liabilities and shareholders equity					
Current liabilities					
Accounts payable	5,817	13,500	18,500	17,687	19,543
Accrued interest	0	1,200	1,500	1,700	2,000
Notes payable	0	0	0	0	0
Lease liabilities	697	10	10	10	10
Warrants	0	0	0	0	0
US Warrants	81,658	81,658	81,658	81,658	81,658
	88,172	96,368	101,668	101,055	103,211
Non-Current Liabilities					
Loans payable	43,364	75,864	95,864	90,864	70,864
Government grants	3,124	3,124	3,124	3,124	3,124
Royalty	2,338	2,338	2,338	2,338	2,338
Lease liability	27	133	133	133	133
Asset retirement obligations	2289	5559	5965	3125	3125
Total Liabilities	139,314	183,386	209,092	200,639	182,795
Shareholders' Equity					
Common shares	419,966	419,966	419,966	419,966	419,966
Reserve	33,143	33,143	33,143	33,143	33,143
Accumulated other comprehensive income	1,498	6,498	34,498	34,498	34,448
Deficit	-408,357	-415,543	-431,898	-414,402	-375,680
Total Shareholders Equity	46,250	44,064	55,709	73,205	111,877
Total Liabilities and Shareholders' Equity	185,564	227,450	264,801	273,844	294,672

Source: Integrity Capital Group Estimates