

# Electra Battery Materials Corp.

Sector: Critical Minerals and Processing

Update Report

October 2026

## ELBM – TSX.V, NASDAQ

### Market Data

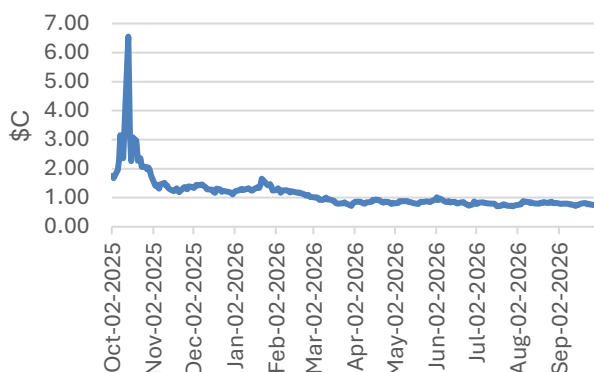
|                          |               |
|--------------------------|---------------|
| Rating                   | BUY           |
| Target Price             | \$2.10        |
| Closing price, C\$/share | \$0.71        |
| 52-Week Range, C\$/share | \$7.75/\$0.69 |
| Shares O/S               | 98.9/232.7    |
| Market Cap, C\$M         | \$70.3        |

*Data as of September 30, 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



Source: Capital IQ, Prices in Canadian dollars

### Electra enters second phase of growth

- Electra Battery Materials Corp. is entering the second phase of its growth trajectory. On September 16<sup>th</sup>, ELBM announced preliminary engineering results for the initial phase of a proposed two-phase nickel refinery. The first phase would produce battery grade nickel sulphate containing approximately 20,000 tpa of contained nickel using conventional hydrometallurgical processes. The nickel sulphate would be sold to a precursor cathode active material producer (pCAM) that would make the powder used to produce the cathode in a lithium-ion battery.
- Although nickel based battery cell manufacturing capacity in the US is expected to increase from 67GWH in 2025 to 240 GWh in 2030, there are no nickel based pCAM plants presently operational in the US.
- The US does not currently produce any battery grade nickel sulphate.
- ELBM's cobalt sulphate refinery is scheduled to begin commissioning in Q3 2027, with commercial production beginning in Q4 2027.
- ELBM 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 195%, we continue to rate ELBM as a BUY.

## **Electra entering the second phase of its growth**

Electra Battery Materials Corp. (ELBM-TSX.V) is entering the second phase of its growth trajectory. As detailed in our August 2026 update report, Electra is currently completing construction of its fully-funded, fully-permitted cobalt sulphate refinery in Northern Ontario. 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 lithium ion batteries. Commissioning will begin in Q3 2027, with commercial production starting in Q4 2027. Our estimates suggest that when operating at full capacity in 2029, the refinery could generate annualized EBITDA of \$46.5mm.

On September 16<sup>th</sup> Electra announced preliminary engineering results for the initial phase of a proposed two-phase nickel refinery. This facility is intended to process nickel intermediaries that might otherwise be processed in China. The first phase would produce battery-grade nickel sulphate containing approximately 20,000 tpa of contained nickel using conventional hydrometallurgical processes. Specifically, this facility would take mixed hydroxide precipitate (MHP) and process it into battery grade nickel sulphate. The nickel sulphate, in turn, will be sold to a precursor cathode active material producer (pCAM) who would make the specialized powder used to manufacture the cathode in a lithium ion battery. No battery grade nickel sulphate is currently produced in the US.

The second phase of the nickel refinery would process battery black mass, with the potential to produce 20,000 tpa of contained nickel, along with cobalt, lithium and graphite byproducts. The preliminary capital estimate for the first phase of the refinery ranges from \$530mm - \$675mm depending upon location and the cost of acquiring land. The proposed facility would ideally be located in the southeast United States, as this would place the plant in proximity to its customers and port infrastructure, while allowing the facility to be eligible for state and federal funding.

## **Macro rationale is compelling**

The planning completed to-date for Phase 1 includes preliminary process design, equipment sizing, site layout, infrastructure and logistics assessment. As we wait for additional project detail, from a macro perspective, a US based facility producing battery grade nickel sulphate is supported by the following factors:

- Although nickel based battery cell manufacturing capacity in the US is expected to increase from 67GWh in 2025 to 240GWh in 2030, there are no nickel based pCAM plants operational in the US.
- The US currently does not produce any nickel sulphate. At 70% utilization, 240 GWh of cell manufacturing capacity would require approximately 115K tonnes of contained nickel annually.
- US Electric Vehicle (EV) sales and production are expected to decrease YoY in 2026, which likely reflects the funding cuts implemented through the elimination of programs such as the Inflation Reduction Act (IRA). Having said this, the IEA estimates that US EV sales will increase from approximately 1.7mm units in 2025 to 2.8mm units in 2030 (BEV and PHEV). The growth in sales reflects an expanded model offering as well as extended range capabilities.

- Nickel based cathodes tend to be used in applications where performance is of primary importance. Such applications include drones, robotics, aviation and defense applications. Section 842 of the National Defense Authorization Act prohibits the Department of War from acquiring advanced batteries whose cell component and technology are owned, sourced, refined or produced by a foreign entity of concern. We would note that China, which accounts for approximately 80% of global lithium-ion battery and battery cell production, has been deemed a foreign entity of concern by the US government.
- Mixed hydroxide precipitate (MHP) is an intermediate chemical product containing nickel (35%-55%) and cobalt (1%-4%), that is produced from low grade laterite ore processed using high pressure acid leach. The growth in MHP production is based in Indonesia, with the country's share of global production forecast to increase from 73% 88%.

### Forecast and Valuation

The proposed nickel sulphate refinery is a logical extension of Electra's business strategy that builds on the processing expertise developed via the cobalt refinery and firmly positions the Company as a key component of the North American lithium-ion battery supply chain. Funding received from the US Department of War, the Canadian federal government and the Ontario government, supports this view.

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 \$46.5million and discounted back one-year. As our target price represents a total potential return of 195%, we continue to rate ELBM as a BUY.

## Risks:

**Financing Risk:** We believe Electra has sufficient funds on hand to complete the cobalt refinery. While incremental debt financing maybe 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 cobalt 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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