FOSTER STOCKBROKING

EQUITY RESEARCH

Materials

11 August 2026

Meteoric Resources Ltd (MEI.ASX)

Tier-1 economics unchanged

Event:

- **Caldeira DFS; REE price forecast and price-target changes.**

Investment Highlights:

- **Tier-1 project reinforced**. MEI's DFS Caldeira DFS reinforced the credentials of a compelling world class REE project. Though there were changes vs the PFS, when pluses and minuses added up, it resulted in no significant change to the overall economics. On the plus side the life of mine has been extended to 23 years and now underpinned wholly by Reserves, a positive for economics and enhancing facilitation of offtake discussions.
- **Costs up but margin still high.** Lower head grade, together with inflationary pressures, impacted unit costs vs the PFS, with AISC rising to US$16.74/kg TREO and C1 increasing to US$27/kg NdPr. Nevertheless, an attractive cash margin of 49% is made at US$47/kg TREO basket, or US$33/kg payable basis. Capex was up 12% to US$498M mostly for whole-of-ore processing.
- **NPV hardly changed.** The DFS NPV_8 post-tax landed at US$847M, only a touch up on the US$835M of the PFS. Higher NdPr spot US$129/kg, longer life, and higher peak mill feed counterbalanced the effects of lower head grade and higher capex. However, we believe higher recoveries, based on the performance of the pilot plant, where 80% average MREO recovery was achieved in May 2026, presents upside to the DFS's 71%.
- **Major offtake MoU**. MEI recently announced a non-binding offtake agreement with POSCO, which has JVs in the US for separation, purification, and oxide and metal magnet production. POSCO has already successfully processed Caldeira MREC at both South Korean and US facilities.
- **Floor pricing flexibility.** Recent examples have landed at U$110/kg NdPr: for Serra Verde, Lynas Rare Earths (LYC), and MP Materials (MP). These come at cost to profit share on upside, typically 30%. However, we expect MEI can contemplate a lower floor in exchange for keeping more profit upside, facilitated by Caldeira's low position on the cost curve.
- **Downstream opportunity.** MEI is studying downstream rare earth oxide separation and potential rare earth metals and magnets production. As a first step, it is examining removal of low-value La and Ce from the MREC, which would make it more valuable and reduce transport costs.
- **Next steps.** The Installation Licence is the next permitting milestone, expected as early as October and by end 2026. In the interim the company is progressing offtake and financing negotiations.

Earnings and Valuation:

- **MEI valuation increases to $0.48 from $0.41** (0.6x NPV_{10} nominal), mostly due to our long-term NdPr price upgrade to UD$114/kg from US$111/kg and derisking of Reserves valuation following DFS completion, both more than offsetting higher operating and capital costs.

Recommendation:

- **We maintain our Buy, raising our 12-month price target to $0.48 from $0.41,** based on risked valuation. Major catalysts include: 1) Grant of Installation Licence (LI); 2) Offtakes and financing; 3) FID and 4) Corporate activity.

Disclosures

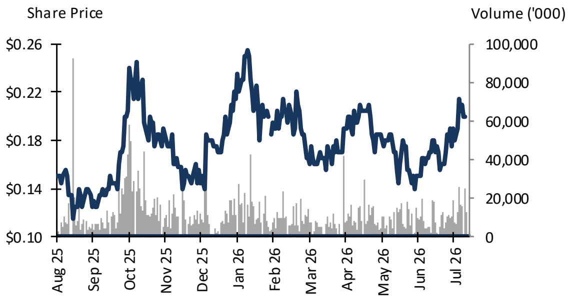
The analyst owns 73,100 MEI shares.
Foster Stockbroking, staff, and Cranport own 1.1% of MEI's shares on issue.

Recommendation	**Buy**
Previous	Buy
Risk	Medium
Price Target	**$0.48**
Previous	$0.41
Share price (A$)	**$ 0.200**
ASX code	MEI
52 week low-high	$0.10-0.26
Valuation (A$/share)	**$ 0.48**
Methodology	risked NPV
Capital structure	
Ordinary shares (M)	2,907
Performance shares (M)	25
Performance rights (M)	59
Options (M)	12
Market cap (A$M)	581
Net cash (debt) (A$M)	38
EV (A$M)	543
Ave daily volume ('000)	11,793

Y/e Dec A$M	FY25a	FY26e	FY27e	FY28e
Sales adj	0	0	0	0
EBITDA adj.	-34	-29	-13	-13
NPAT reported	-34	-28	-13	-20
NPAT adj	**-33**	**-28**	**-13**	**-20**
EPS dil. adj. c	**-1.5**	**-1.0**	**-0.3**	**-0.4**
P/E x	**nm**	**nm**	**nm**	**nm**
EV/EBITDA x	nm	nm	nm	nm

Board	
Andrew Tunks	Executive Chair
Stuart Gale	Managing Director
Marcel de Carvalho	Executive Director
Peter Gundy	Non-Executive Director
Paul Kitto	Non-Executive Director
Dr Nomi Prins	Non-Executive Director

Share price graph



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