

Zentek – Ships Government of Canada Order & Files PEA Technical Report

Rating
BUY
Unchanged

Target Price
\$2.70
Unchanged

October 1, 2026

Disseminated on Behalf of Zentek Ltd.

All figures in CAD unless otherwise stated

Zentek Limited	ZEN:TSXV, ZTEKF:OTCQX
Rating	BUY
Target Price	\$2.70
Return to Target	265%

Market Data	
Share Price	\$0.74
Average Daily TSXV Volume (K)	30.5
FD ITM Shares (M)	128.6
Market Cap (\$M)	\$93.7
Cash & Cash Equivalents (\$M)	\$16.6
Debt (\$M)	\$1.9
Enterprise Value (\$M)	\$79.0

Valuation	
Albany PEA NPV (8%, US\$M)	\$2,290
P/NPV	0.03x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Zentek Ltd. is a Canadian intellectual property development and commercialization company advancing a portfolio of graphene-enabled and advanced material technologies across clean air, next-generation materials, and critical minerals. Core platforms are Albany Graphite, ZenGUARD™, and Triera. Albany is the Company's principal critical minerals asset.

Ben Pirie | Equity Research Analyst | bpirie@atriumresearch.ca | 647-688-9661
Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314

What you need to know:

- Zentek announced that it has shipped its first order of enhanced air filters to a federal facility under its standing offer with the Government of Canada. This marks a meaningful milestone for the segment.
- Last week, ZEN filed the technical report for its PEA on Albany, providing key details on the study. We remind readers that Albany has an after-tax NPV_{5%} of US\$3.85B and a 27.4% IRR.

This morning, Zentek Ltd. (ZEN:TSXV, ZTEKF:OTCQX) reported that it has shipped its first order of ZenGUARD™ Enhanced Air Filters to a federal facility under the Government of Canada standing offer. We remind readers that we initiated coverage on Zentek last month; read the report [here](#). **We are maintaining our BUY rating and \$2.70/share target price on ZEN.**

As a reminder, the standing offer covers HVAC filtration products for federal facilities in the National Capital Region and runs to August 18th, 2027. It has a maximum published value of \$349K. Today's announcement shifts the story from being a standing offer to an actual order from a federal facility, where ZEN can start generating revenue. While not entirely core to our valuation due to the large NPV of Albany, the ZenGUARD™ offers upside and cash generation if executed.

The order aligns with the Greening Government Strategy which aims for federal operations to be net-zero by 2050 and commits departments to reduce absolute Scope 1 and Scope 2 GHG emissions by 40% by 2025 and by at least 90% below 2005 levels by 2050. Natural Resources Canada has stated that improving energy efficiency is central to this effort.

In its testing with the National Research Council of Canada, ZenGUARD™ technology improved the aerosol filtration efficiency of an untreated filter by almost 5x, with no impact on airflow and no increase in pressure drop. Furthermore, in a three-month pilot with a secondary school, the filters reduced fan energy by an estimated 22% compared to the standard MERV 13 filters they replaced. We remind readers that ZEN's filters are also on the Innovative Solutions Canada Pathway to Commercialization source list, which allows federal departments and agencies to purchase them directly.

Albany Technical Report Adds Detail Behind the PEA

On September 24th, Zentek filed the NI 43-101 technical report for the Albany PEA. It confirms the headline economics announced in August, including an after-tax NPV_{5%} of US\$3.85B, a 27.4% IRR and US\$817M of initial capital. The only change is a small update to life-of-mine operating costs (+US\$21M, or about +US\$25/t). Most importantly, the report breaks out the product mix behind the US\$23,485/t average price. Of the 30Ktpa of finished product:

- 80.8% is 4N graphite at US\$20,541/t, aimed at specialized battery material (coated spherical graphite), conductive paints and coatings, and cathode additives.
- 8.8% is 4N+ at US\$19,300/t, aimed at synthetic diamond and moulded graphite products.
- 10.4% is 5N nuclear-grade powder at US\$50,000/t.

AppEco priced the grades against nuclear-grade graphite price data broken out by type and region, with isotropic material at US\$19,613/t, reactor moderator material at US\$19,605/t, European producers at US\$20,949/t and Japanese producers at US\$18,588/t. Those benchmarks are projected to reach US\$26,500–28,900/t by 2035.

The model assumes construction from 2030 to 2032 and first production in 2033, at half rate in Year 1 and 30Ktpa from Year 2. Mining starts in the higher-grade East Pipe, with mill feed grading 5.8–6.6% Cg in the first two years. Concentrate would be trucked to an off-site purification plant at an existing industrial site in Ontario. That plant would use American Energy Technologies Co.'s (AETC) fluidized bed reactor design, which heats the concentrate to about 2,800°C under nitrogen, in modules of 7,500tpa built in stages. The first phase (US\$326.6M) is in initial capital, and the second phase (about US\$374M) falls in Year 1. The pit was designed using about 62% of the base-case price (US\$14,378/t), which leaves it less exposed to lower prices. Across a $\pm 25\%$ price range, after-tax NPV_{5%} runs from US\$1.98B to US\$5.48B and IRR from 17.0% to 35.8%.

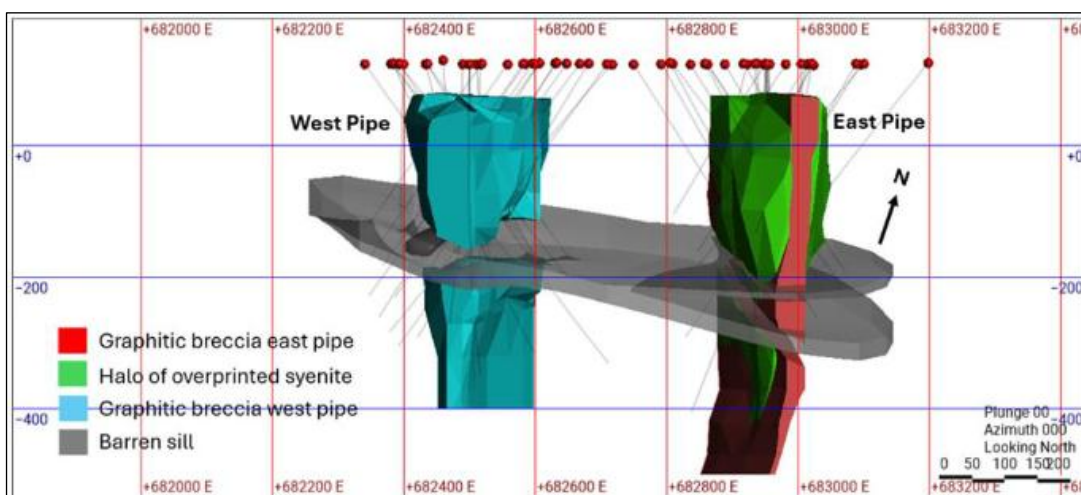


Figure 1: 3D Perspective of the East and West Pipes along with the Barren Sill and Drill Holes (Source: Company Documents)

Pre-Qualified Under Canada's Defence Drone Initiative Marketplace

On September 16th, Zentek announced it has been pre-qualified under the Government of Canada's Defence Drone Initiative Marketplace, receiving a five-year Supply Arrangement (running from August 26, 2026 to July 31, 2031) with the Defence Investment Agency as the supply arrangement authority and sole identified user on behalf of the Department of National Defence. The qualification relates to Zentek's capabilities in graphene and graphite-based coatings and advanced materials, several of which incorporate purified graphite from Albany, including ZEN-EMI-01, which is a water-based electromagnetic interference (EMI) shielding coating for which the Company filed a provisional patent application in mid-August (please refer to our initiation report for more on ZEN-EMI-01).

Why We Like ZEN

- Albany's August 2026 PEA has a US\$3.85B NPV_{5%}, 27.4% IRR, 4.4-year payback period, and a 30-year mine life, supporting its position as an ultra-high purity graphite development project, rather than a commodity flake developer.
- Albany is targeting ultra-high purity graphite for nuclear, defence, and semiconductor use, which commands a premium (US\$25,000 - \$120,000/t) compared to commodity flake graphite (US\$500-\$1,500/t). Albany is targeting ultra-high purity graphite for nuclear, defence, and semiconductor use, which commands a premium (US\$25,000-\$120,000/t) compared to commodity flake graphite (US\$500-\$1,500/t).
- AI is creating tailwinds in the graphite industry for North America; graphite is a listed critical mineral resource in the US and many advanced reactor designs need graphite that North America does not yet supply.
- Zentek has demonstrated the ability to generate revenue from its materials science, through products such as ZenGUARD™, a patented graphene-based air-filtration coating, providing a revenue stream outside of Albany.
- The leadership team was rebuilt in 2025 and has repositioned the company around high-purity graphite processing and commercialization, providing clear strategic direction.

Catalysts

- Pre-Feasibility Study – TBD
- ZenGUARD Commercial Orders & Channel Expansion – Ongoing

Disclosures

Analyst Certification

Each authoring analyst of Atrium Research on this report certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated securities discussed (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research, (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer, (iv) the analyst does not own common shares, options, or warrants in the company under coverage, (v) the analysts adhere to the CFA Institute guidelines for analyst independence, and (vi) this report belongs to the CFA Institute.

Atrium Research Ratings System

BUY: The stock is expected to generate returns of over 20% over the next 24 months.

HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

SELL: The stock is expected to generate negative returns over the next 24 months.

NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

COVERED COMPANIES
58

About Atrium Research

Atrium Research provides institutional quality company sponsored research on public equities in North America. Our investment philosophy takes a 3-5 year view on equities currently being overlooked by the market. Our research process emphasizes understanding the key performance metrics for each specific company, trustworthy management teams, and an in-depth valuation analysis. For further information on our team, please visit <https://www.atriumresearch.ca/team>.

General Information

Atrium Research Corporation (ARC) has created and distributed this report. This report is a general discussion of the merits and risks of a security or securities only, was prepared for general circulation, is not in any way meant to be tailored to the needs and circumstances of any recipient and does not provide investment recommendations specific to individual investors. As such, the securities discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation, utilizing their own financial advisors as they deem necessary.

This report is based on information we considered reliable; we have not been provided with any material non-public information by the company (or companies) discussed in this report. We do not represent that this report is accurate or complete and it should not be relied upon as such; further any information in this report is subject to change without any formal or type of notice provided. Investors should consider this report as only one factor in their investment decisions; this report is not intended as a replacement for investor's independent judgment.

ARC is not a CIRO registered dealer and does not offer investment-banking services to its clients. ARC (and its employees) do not own, trade or have a beneficial interest in the securities of the companies we provide research services for and does not serve as an officer or Director of the companies discussed in this report. ARC does not make a market in any securities. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

ARC does not make any warranties, expressed or implied, as to the results to be obtained from using this information and makes no express or implied warranties for particular use. Anyone using this report assumes full responsibility for whatever results they obtain. This report does not constitute a personal recommendation or take into account any financial or investment objectives, portfolio holdings, strategy, financial situation, or needs of individuals. This report has not been prepared for any particular individual or institution. As such, any advice or recommendation in this report may not be suitable for a particular recipient. ARC assumes recipients of this report are capable of evaluating the information contained herein and of exercising independent judgment. A recipient of this report should not make any investment decision without first considering whether any advice or recommendation in this report is suitable for the recipient based on the recipient's particular circumstances and, if appropriate or otherwise needed, seeking professional advice, including tax advice. ARC does not perform any suitability or other analysis to check whether an investment decision made by the recipient based on this report is consistent with a recipient's investment objectives, portfolio holdings, strategy, financial situation, or needs. Past performance is not an indication or guarantee of future results, future returns are not guaranteed, and loss of original capital may occur. By providing this report, ARC does not accept any authority, discretion, or control over the management of the recipient's assets. Any action taken by the recipient of this report, based on the information in the report, is at the recipient's sole judgment and risk. The recipient must perform his or her own independent review of any prospective investment. Neither ARC nor any person employed by ARC accepts any liability whatsoever for any direct or indirect loss resulting from any use of its research or the information it contains.

This report contains "forward-looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Such statements involve a number of risks and uncertainties such as competition, market demand, and the company's (and management's) ability to correctly forecast financial estimates. As a result, the actual results, events, performance or achievements of the financial product may be materially different from those expressed or implied in such statements. Please see the Company's MD&A "Risk Factors" Section for a more complete discussion of company specific risks for the company discussed in this report. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. ARC assumes no obligation to maintain or update this report based on subsequent information and events.

ARC is receiving a cash compensation from Zentek Ltd. for 18-months of research coverage. This report was disseminated on behalf of Zentek Ltd. ARC retains full editorial control over its research content. ARC does not have investment banking relationships and does not expect to receive any investment banking driven income. ARC reports are primarily disseminated electronically and, in some cases, printed form. Electronic reports are simultaneously available to all recipients in any form. This report or any portion hereof may not be copied, reprinted, sold, or redistributed or disclosed by the recipient or any third party, by content scraping or extraction, automated processing, or any other form or means, without the prior written consent of ARC. Any unauthorized use is prohibited. Neither ARC nor any of its respective directors, officers or employees is responsible for guaranteeing the financial success of any investment, or accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

To receive future reports on covered companies please visit <https://www.atriumresearch.ca/research> or subscribe on our website.

This report has been prepared independently of any issuer of securities mentioned herein and not as agent of any issuer of securities. No ARC personnel have authority whatsoever to make any representations or warranty on behalf of the Company. Any comments or statements made herein are those of ARC.

The information contained herein is not, and under no circumstances is to be construed as, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators, if applicable, and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon this research report, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.