St George Mining Ltd

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Araxá Funded and Firing

Equity Research Australia
Materials

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NEED TO KNOW

- A$60m placement strengthens balance sheet and accelerates studies
- Drilling delivers thickest-ever intercept from surface
- Initial met work confirms Nb and REE both recoverable in flotation
- Worley appointed feasibility study adviser to support project delivery

A$60m placement secures funding: St George Mining (SGQ) has raised A$60m at A$0.10 per share, led by existing shareholder Hancock Prospecting (A$20m, moving to ~10.5%). Pro-forma cash of ~A$103m (March 31st 2026 A$43m + A$60m) funds capacity to rapidly advance studies, drilling, further metallurgical testwork and pilot plant advancement.

More world-class drilling results: Drilling continued to deliver world-class niobium (Nb) and rare earths intersections. The thickest intercept to date at Araxa was reported: 199.5m @ 2.86% TREO and 0.44% Nb_2O_5 from surface. The path to a further material MRE upgrade (3QCY26) remains clear.

First met testing results validate the dual-commodity flowsheet: Initial flotation testwork on a ~5t bulk sample produced a 39.6–40.2% Nb_2O_5 concentrate at 46–54% recovery, consistent with industry rates. 15.7% TREO rare earths concentrate was co-recovered from the Nb tailings.

Worley appointed feasibility study technical adviser: Worley, a leading global engineering firm, will provide engineering and project management advice for development studies at Araxá.

Investment Thesis

Araxá Project set up perfectly to become new Nb producer: The project's prime location next to the world's largest Nb producer, existing infrastructure, government support and strong customer interest have SGQ set to become a new Nb producer, with potential to be producing in the near term. Araxá compares favourably against its global Nb peers, and we estimate a relatively low capex. At full Nb production, we estimate EBITDA of ~US$130m pa at margins of >60%.

Significant added value from world-class rare earths: Araxá's upgraded high-grade rare earth elements (REE) mineralisation has shown that it is a world-class deposit in both size and grade, comparable to major western world REE producers Lynas and MP Materials. With SGQ pursuing metallurgical testing, pilot plant production and economic studies for the REEs, significant catalysts could drive further value for SGQ.

Further material upgrades to MRE on the way: The drilling campaign has continued and will drive further upgrades to the MRE in size, confidence and potentially grade, opening the path to longer mine life and higher production.

Valuation (A$0.34) and Risks

Our sum-of-the-parts SGQ valuation is A$0.34 (previous A$0.36). Our valuation has changed marginally after adjusting our EV/Resources rare earths valuation and taking into consideration the additional shares from the recent capital raising. We see SGQ shares as substantially undervalued and also see significant potential for upside to our valuation. Key short-term risks: unsatisfactory rare earth metallurgical results, poor Scoping Study outcomes.

ST GEORGE MINING LIMITED

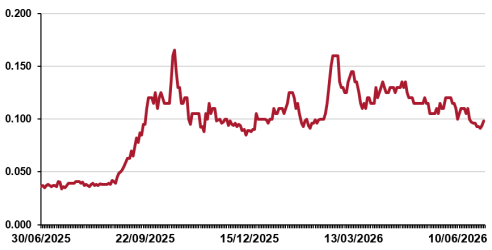
St George is a global player in niobium and rare earths owning 100% of the advanced niobium-REE Araxá Project in Brazil. Araxá is located in the world's leading district for niobium production and adjacent to the flagship operation of CBMM, the world's largest niobium producer with ~80% of global supply. Araxá is situated in an established mining district with existing infrastructure (roads and power), a proven route to market and access to a skilled workforce, with an open pit, free-digging operation.

Valuation	**A$0.340** *(from A$0.360)*
Current price	**A$0.098**
Market cap	**A$430m**
Proforma Cash	**~A$103m** *(31 March ~A$43m plus raising of A$60m))*

Upcoming Catalysts / Next News

Period	
2HCY26	Rare earths metallurgical testing
2HCY26	Scoping Study, niobium project
3QCY26	Increase in MRE
Ongoing	Further drilling results

Share Price (A$)

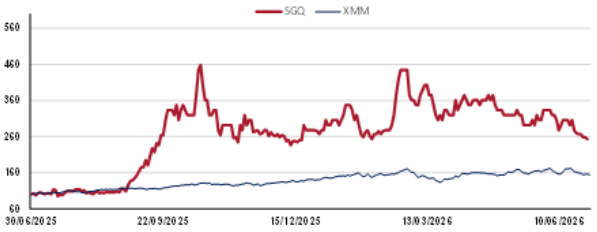


Source: FactSet, MST Access.

Contents

Financial Summary

Figure 1: Financial summary

ST GEORGE MINING LIMITED							SGQ-AU
Year end 30 June							
MARKET DATA							**12-Month Relative Performance vs S&P/ASX Metals & Mining**
Share Price	A$/sh					**0.098**	
52 week high/low	A$/sh					0.18-0.034	
Valuation	**A$/sh**					**0.34**	
Market Cap (A$m)	A$m					430	
Net Cash / (Debt) (A$m)	A$m					78	
Enterprise Value (A$m)	A$m					351	
Shares on Issue	m					4,387	
Options/Performance shares	m					1,163	
Other Equity	m					130	
Potential Diluted Shares on Issue	m					5,680	

INVESTMENT FUNDAMENTALS		FY24A	FY25A	FY26E	FY27E	FY28E
Reported NPAT	A$m	(8)	(11)	(10)	(4)	(3)
Underlying NPAT	A$m	(8)	(11)	(10)	(4)	(3)
EPS Reported (undiluted)	¢ps	(0.9)	(0.7)	(0.3)	(0.1)	(0.1)
EPS Underlying (undiluted)	¢ps	(0.9)	(0.7)	(0.3)	(0.1)	(0.1)
Underlying EPS Growth	%	n/m	n/m	n/m	n/m	n/m
P/E Reported (undiluted)	x	n/m	n/m	n/m	n/m	(1.5)
P/E Underlying (undiluted)	x	n/m	n/m	n/m	n/m	(1.5)
Operating Cash Flow / Share	A$	(0.00)	(0.00)	(0.00)	0.00	0.00
Price / Operating Cash Flow	x	n/m	n/m	n/m	n/m	198.4
Free Cash Flow / Share	A$	(0.01)	(0.01)	(0.01)	(0.00)	(0.04)
Price / Free Cash Flow	x	n/m	n/m	n/m	n/m	(2.3)
Free Cash Flow Yield	%	n/m	n/m	n/m	n/m	(0.4)
Book Value / Share	A$	0.00	0.01	0.03	0.04	0.04
Price / Book	x	47.06	9.11	2.95	2.33	2.30
NTA / Share	A$	0.00	0.01	0.03	0.04	0.04
Price / NTA	x	47.06	9.11	2.95	2.33	2.30
Year End Shares	m	989	2,673	4,387	4,651	4,651
Market Cap (spot)	A$m	97	262	430	456	456
Net Cash / (Debt)	A$m	3	(18)	58	67	(127)
Enterprise Value	A$m	94	280	372	389	583
EV / EBITDA	x	n/m	n/m	n/m	n/m	n/m
Net Debt / Enterprise Value	x	(0.0)	0.1	(0.2)	(0.2)	0.4
Dividend Per Share	A¢ps	0.0	0.0	0.0	0.0	0.0

Profit & Loss (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	0	0	0	0	0
Expenses	(8)	(11)	(8)	(8)	(8)
EBITDA	**(8)**	**(11)**	**(8)**	**(8)**	**(8)**
D&A	(0)	(0)	(0)	(0)	(0)
EBIT	**(8)**	**(11)**	**(8)**	**(8)**	**(8)**
Interest	0	0	(1)	5	5
Tax	0	0	0	0	0
NPAT	**(8)**	**(11)**	**(10)**	**(4)**	**(3)**
Exceptionals	-	-	-	-	-
Reported Profit	**(8)**	**(11)**	**(10)**	**(4)**	**(3)**
Profit before tax	(8)	(11)	(10)	(4)	(3)

Balance Sheet (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	79	246	52
Receivables	0	0	0	0	0
Inventory	0	0	0	0	0
PP&E	0	0	21	41	237
Exploration	-	47	67	88	88
Other	1	1	1	1	1
Assets	**3**	**51**	**167**	**376**	**378**
Creditors	0	0	0	0	0
Debt	0	21	21	180	180
Leases	0	0	0	0	0
Provisions	0	0	0	0	0
Other	0	0	0	0	0
Liabilities	**1**	**22**	**21**	**180**	**180**
Net Assets	**2**	**29**	**146**	**196**	**198**

Cashflow (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash From Operations	(3)	(3)	(5)	(3)	(3)
Interest	0	0	(1)	5	5
Tax	-	0	-	-	-
Net Cash From Operations	**(3)**	**(3)**	**(6)**	**2**	**2**
Capex	(0)	(0)	(0)	(0)	(191)
Exploration	(5)	(4)	(20)	(21)	(5)
Investments	3	-16	(17)	0	0
Free Cash Flow	**(6)**	**(24)**	**(44)**	**(19)**	**(194)**
Equity / Options Exercised	5	24	120	28	0
Borrowings	0	(0)	-	159	-
Dividend	0	0	0	0	0
Net Increase / (Decrease) in Cash	**(1)**	**0**	**76**	**168**	**(194)**

Source: Company data, MST Access.

A$60m Placement – Rock-Solid Funding Position

Raising at A$0.10; Hancock moves to ~10.5%

SGQ has raised A$60m (before costs) with a placement to institutional investors priced at A$0.10 per share. The placement was anchored by existing largest shareholder Hancock Prospecting which subscribed A$20m and moved to ~10.5% of the register. The participation of Hancock at this scale shows further endorsement of the Araxá Project.

The A$0.10 issue price represented a 9.1% discount to the prior close of A$0.11 on June 12, 2026 and a 3.5% discount to the 5-day VWAP.

Use of proceeds

The funds will be applied to:

- advancing feasibility study work
- pilot plant build
- ongoing drilling
- metallurgical testwork
- project development
- working capital.

Pro-forma cash ~A$103m1 – capacity to accelerate

Pro-forma cash on hand of ~A$103m1 provides a establishes a strong funding base to deliver fast paced, multi-faceted project advancement, with SGQ set to move Araxa through the studies stage, the Nb Scoping Study, further drilling, pilot plant construction and metallurgical test work.

Proforma cash calculated by taking March 31 2026 balance of A$43m and adding A$60m raise. We estimate 30 June 2026 cash balance to be A$74m with tranche 2 of raising of A$17.6m to be received in July.

More Strong Drill Results – Thickest Intercept Yet

For an extensive look at ~12 months of historical drill results for SGQ, please see our reports **'Araxá – Moving into the Big League'** (published 16 March 2026), **'Material MRE Upgrade on the Way'** (published 11 February 2026), and **'Drilling Success: This Is Getting Big!'** (published 7 November 2025).

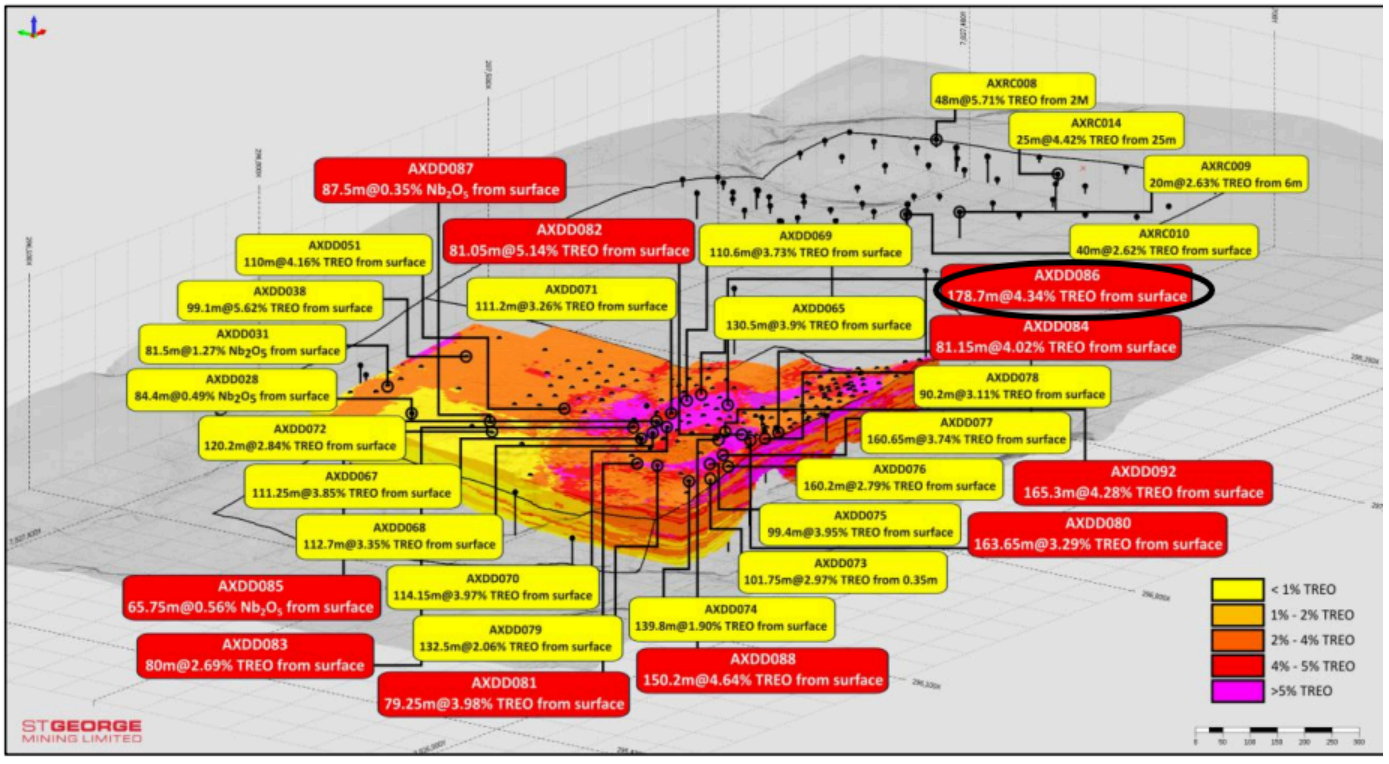
April's drilling - yet more high-grade intercepts

In April, SGQ reported 178.7m @ 4.34% TREO and 0.75% Nb_2O_5 from surface. The results continue to show the scale and continuity of Araxá. Peak grades in the batch reached 27.88% TREO and 6.48% Nb_2O_5. The NdPr:TREO ratio was consistently around 20%.

Key intercepts from the April drilling results were as follows:

- 178.7m @ 4.34% TREO and 0.75% Nb_2O_5 from surface, including
  - 3.15m @ 12.27% TREO and 1.61% Nb_2O_5 from 8.05m
  - 55.7m @ 6.16% TREO and 0.95% Nb_2O_5 from 14m
- 165.3m @ 4.28% TREO and 0.61% Nb_2O_5 from surface, including
  - 110.5m @ 5.29% TREO and 0.75% Nb_2O_5 from 32m
  - 4m @ 14.14% TREO and 0.77% Nb_2O_5 from 46m
- 150.2m @ 4.64% TREO and 0.59% Nb_2O_5 from surface, including
  - 92m @ 5.37% TREO and 0.64% Nb_2O_5 from 46m
  - 17m @ 12.16% TREO and 1.00% Nb_2O_5 from 59m
- 163.65m @ 3.29% TREO and 0.45% Nb_2O_5 from surface, including
  - 39.35m @ 4.00% TREO and 0.60% Nb_2O_5 from 3.6m
  - 6.55m @ 10.06% TREO and 0.86% Nb_2O_5 from 93.9m
- 81.05m @ 5.14% TREO and 0.64% Nb_2O_5 from surface

Figure 2: April drilling results in red



Source: SGQ.

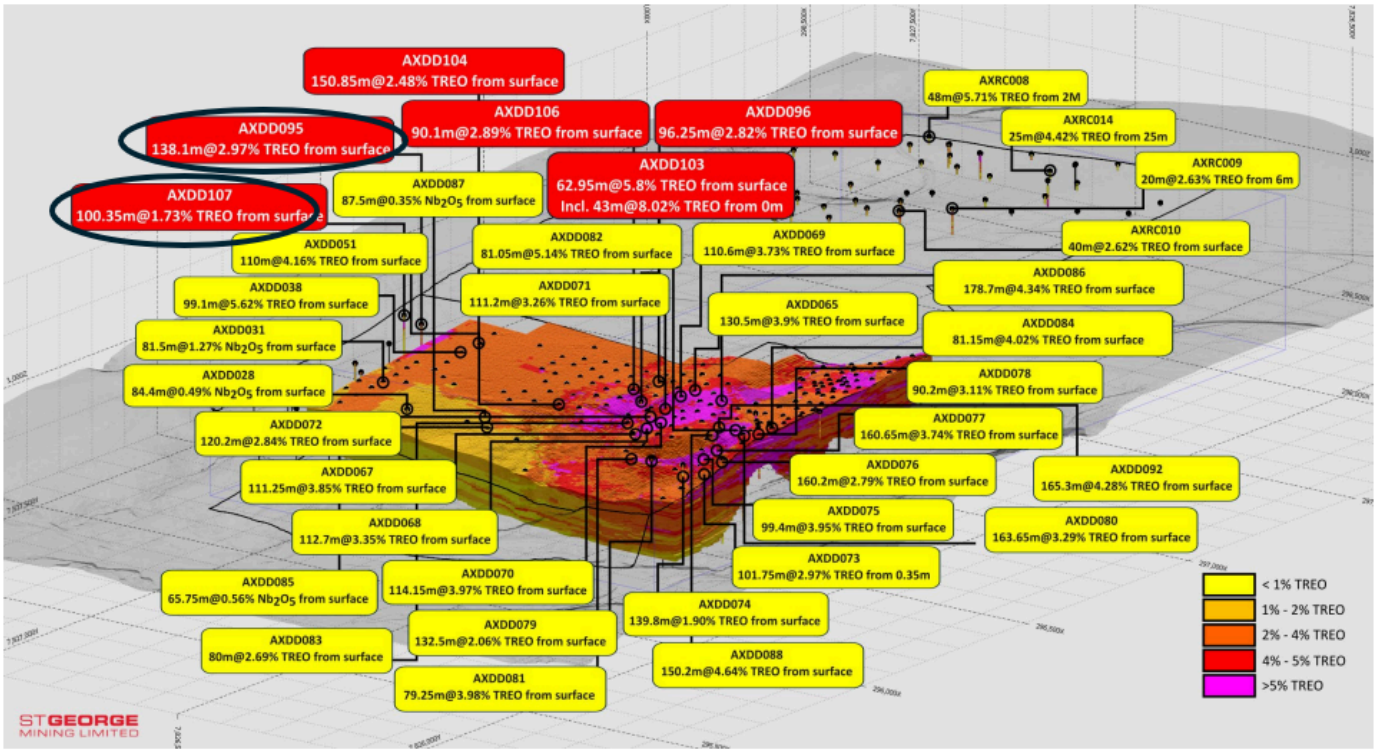
May's drilling - Further drilling extends Araxá's north

May's drilling results of a further 13 diamond drill holes highlighted extension of the Araxá deposit ~200m north of the previously northernmost MRE drilling, returning 19.35m @ 5.65% TREO and 0.76% Nb_2O_5 within a broader interval of 100.35m @ 1.73% TREO from surface. Together with a further 138.1m @ 2.97% TREO from surface, the two holes extend the known mineralised footprint approximately 240m north of the existing MRE outline.

Key intercepts from the May drilling results were as follows:

- 62.95m @ 5.80% TREO and 0.57% Nb_2O_5 from surface, including
  - 43m @ 8.02% TREO and 0.74% Nb_2O_5 from surface
  - 21m @ 10.61% TREO and 0.67% Nb_2O_5 from 15m
  - 4.4m @ 20.14% TREO from 21.65m, with a peak of 25.37% TREO
- 150.85m @ 2.48% TREO and 0.26% Nb_2O_5 from surface, including
  - 41m @ 4.01% TREO and 0.40% Nb_2O_5 from 7m
  - 2m @ 8.04% TREO and 0.59% Nb_2O_5 from 41m
- 96.25m @ 2.82% TREO and 0.44% Nb_2O_5 from surface, including
  - 19.15m @ 5.17% TREO and 0.94% Nb_2O_5 from 10.75m
- 100.35m @ 1.73% TREO and 0.33% Nb_2O_5 from surface (200m step-out), including
  - 19.35m @ 5.65% TREO and 0.76% Nb_2O_5 from 7.75m
- 138.1m @ 2.97% TREO and 0.45% Nb_2O_5 from surface (northern step-out)
- 96.75m @ 2.00% TREO and 0.63% Nb_2O_5 from surface, including
  - 19m @ 1.16% TREO and 1.04% Nb_2O_5 from 42m with peak 3.26% Nb_2O_5

Figure 3: May drilling results in red (step-outs extending north circled)



Source: SGQ.

June's drilling - thickest intercept to date

June's drilling (released 1 July) showed results for assays for a further 23 diamond drill holes which have returned more outstanding results.

The highlight intercept is the **thickest intercept to date with 199.5m of continuous mineralisation from surface @ 2.86% TREO and 0.44% Nb_2O_5,** including:

- 60m @ 3.96% TREO and 0.52% Nb_2O_5 from surface;
- 15m @ 3.30% TREO and 0.97% Nb_2O_5 from 36m; and
- 28.8m @ 1.76% TREO and 0.70% Nb_2O_5 from 116.2m

The hole entered fresh rock at a depth of 198m to reinforce the substantial vertical extent of the weathered mineralised profile and the potential for a large-scale open-pit development. The minerlisation at the end of the hole was 1m @ 4.8% TREO from 198.5m which confirms the high-grade mineral system remains open at depth.

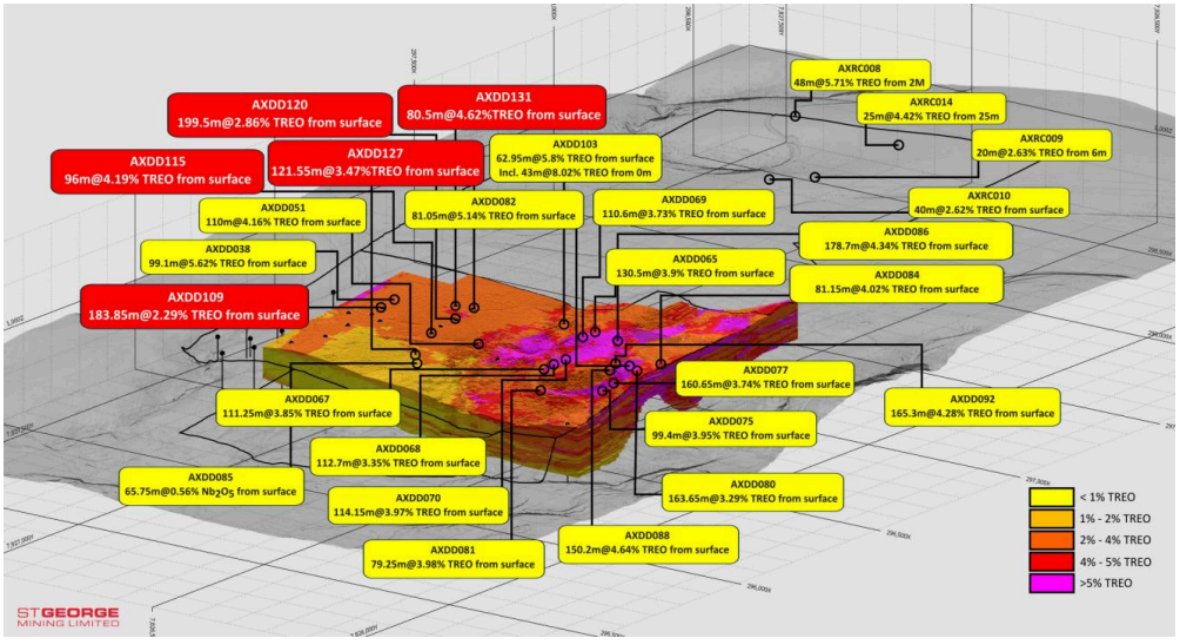
Other significant results are as follows:

- 121.55m @ 3.47% TREO and 0.39% Nb_2O_5 from surface, including:
  - 40m @ 5.87% TREO and 0.48% Nb_2O_5 from surface; and
  - 15.5m @ 8.07% TREO and 0.75% Nb_2O_5 from surface
- 96m @ 4.19% TREO and 0.31% Nb_2O_5 from surface including:
  - 46m @ 6.14% TREO and 0.35% Nb_2O_5 from 16m; and
  - 22.95m @ 8.93% TREO and 0.18% Nb_2O_5 from 37.05m
- 80.5m @ 4.62% TREO and 0.33% Nb_2O_5 from surface, including:
  - 38m @ 4.75% TREO and 0.19% Nb_2O_5 from 37.9m; and
  - 19.9m @ 4.48% TREO and 0.62% Nb_2O_5 from 18m

Eight of the 23 DD holes received were drilled outside of the current MRE (figure 4), extending the known mineralisation footprint by up to 200m to the north; an area which remains open and is emerging as an important section for both resource growth and definition.

The remaining 15 holes which were drilled within the known MRE will aid in enhancing the confidence in the resource model, especially with the confirmation that thick, continuous rare earths and niobium mineralisation persists across the northern part of the resource.

Figure 4: June drilling results in red



Source: SGQ

High-grade Niobium persists

The recent drilling has demonstrated the scale and consistency of niobium mineralisation at Araxa, strengthening the dual-commodity nature of the project.

Significant broad niobium intervals include:

- 90m @ 0.54% Nb_2O_5 from surface
- 145.75m @ 0.49% Nb_2O_5 from surface
- 171.4m @ 0.48% Nb_2O_5 from surface
- 199.5m @ 0.44% Nb_2O_5 from surface

Significant high-grade niobium intercepts include:

- 9.2m @ 2.03% Nb_2O_5 from 25m
- 5.3m @ 1.61% Nb_2O_5 from 12m
- 25m @ 1.24% Nb_2O_5 from surface
- 21.25m @ 1.20% Nb_2O_5 from surface

Favourable magnet rare earth profile

These results have continued to exhibit favourable rare earth profiles with NdPr ratios in broad intervals typically around 20-26%, with notable ratios including:

- 171.4m @ 1.71% TREO and 0.48% Nb_2O_5 ,with an NdPr ratio of 26.0%
- 151.35m @ 1.08% TREO and 0.37% Nb_2O_5 ,with an NdPr ratio of 25.4%
- 183.85m @ 2.29% TREO and 0.42% Nb_2O_5 ,with an NdPr ratio of 23.4%
- 151.5m @ 1.70% TREO and 0.40% Nb_2O_5 ,with an NdPr ratio of 23.8%

Drilling continues $^{24}/_{7}$ - soon to focus on East Araxá

As at the last drilling update on 1 July, 14,500m of drilling had been completed in the current Araxá campaign (excluding the East Araxá Discovery, which is being drilled separately).

The drill program at the main Araxá deposit will pause soon with upcoming drilling activities to focus on East Araxá, which is the discovery made by St George 1km east of the main deposit.

Further MRE upgrade in 3QCY26 and 4QCY26

The 3 March 2026 MRE upgrade incorporated assay results to 15 February 2026 (resulting in the MRE of 70.91Mt @ 4.06% TREO and 0.62% Nb_2O_5).

All subsequent drilling, including the above campaigns will feed into the next MRE upgrade in 3QCY26.

SGQ also expect resource definition drilling at East Araxá to result in a further MRE upgrade in Q4CY26.

We continue to see realistic potential for the next MRE to exceed 100Mt.

Initial Met Testwork – Nice Start

First flotation results show industry-standard results

The first results from beneficiation testwork being conducted at CIT-SENAI (a leading Brazilian metallurgical research centre and one of SGQ's key technical partners) have been completed.

The testwork was conducted on approximately 5t of bulk sample collected from a trench at the Central Araxá project area, representative of material likely to be mined in the early years of an open-pit operation. The sample had average grades of 0.69% Nb_2O_5 and 9.29% TREO.

Niobium beneficiation – industry-comparable grades and recoveries

Open-circuit flotation testwork produced two key concentrate streams:

- 39.6% Nb_2O_5 concentrate at 54.3% flotation recovery (Test 13 Cleaner)
- 40.2% Nb_2O_5 concentrate at 46.0% flotation recovery (Test 7 Cleaner)

These outcomes sit firmly within the industry benchmark for Araxá-style niobium ore (ie CBMM). Industry data shows typical flotation recovery for this style of mineralisation of 40–60% with concentrate grades of 40–50% Nb_2O_5, rising to 50–60% Nb_2O_5 at the refining (pyrometallurgical) stage with ~95% downstream recovery.

Locked-cycle[1] and recycle flotation[2] testwork is now underway, with the aim of lifting both grade and recovery further. Downstream impurity removal and ferroniobium conversion studies are planned as the next phase of work.

Rare earths – upgrade in the niobium flotation tailings

In what is the more novel result, reverse flotation on the niobium flotation tailings produced a rare earths concentrate at 15.7% TREO – a 1.6x upgrade on the 9.8% TREO testwork sample grade. The flow shows:

- ~59.7% of the rare earths reported to the niobium flotation concentrate
- ~33.2% of the rare earths recovered in the silica flotation tails (the REE concentrate stream)
- ~7.1% lost to the silica flotation concentrate
- overall implied rare earth recovery of ~82%.

The TREO concentrate stream returned 2.18% Nd_2O_3, 0.66% Pr_6O_{11} and 0.16% Sm_2O_3, with CeO_2 at 7.23% and La_2O_3 at 5.35%. The Nd-Pr (magnet rare earths) component is preserved through the process, which is the critical economic point with Nd and Pr being the high-value magnet feed materials.

Locked-cycle testwork should improve overall TREO recovery; some of the 59.7% currently reporting to the Nb concentrate is recoverable via further process work.

1 *Locked-cycle flotation testwork simulates continuous plant operation by recycling intermediate "middlings" streams back through the circuit over successive batches until steady state is reached – typically 6–8 cycles. This contrasts with open-circuit testwork, which passes material through once and discards the middlings. Locked-cycle data typically delivers higher recovery (metal previously lost to middlings is recaptured, though concentrate grade may ease slightly) and, importantly, reveals the steady-state circulating load and impurity behaviour (in SGQ's case, lead from pyrochlore) needed for flowsheet design and capex estimation. Open-circuit results are an encouraging first read; locked-cycle data is the standard basis for Scoping, PFS and DFS-level studies.*

2 *Recycle flotation testwork is a step beyond locked-cycle work, focused specifically on the impact of recycling process water (rather than just middlings solids) back through the flotation circuit. Plants recycle water for cost and environmental reasons, but this can cause dissolved residuals to build up, which can affect flotation chemistry and depress recovery or grade. Recycle testwork quantifies these effects and identifies any treatments required. Like locked-cycle work, it is a prerequisite for bankable studies and informs water balance, reagent consumption and tailings management assumptions in PFS/DFS-level capex and opex estimates.*

What these results tell us

The met results are the first lab-scale evidence that the flowsheet works, delivering an Nb concentrate at industry grades and recoveries, and a co-recovered REE concentrate upgrade. The pathway to commercial Nb product is still subject to further work including locked-cycle optimisation, downstream refining test work and pilot scale validation; however, the conceptual model has now been validated.

Pilot plants to test and optimise further

Niobium

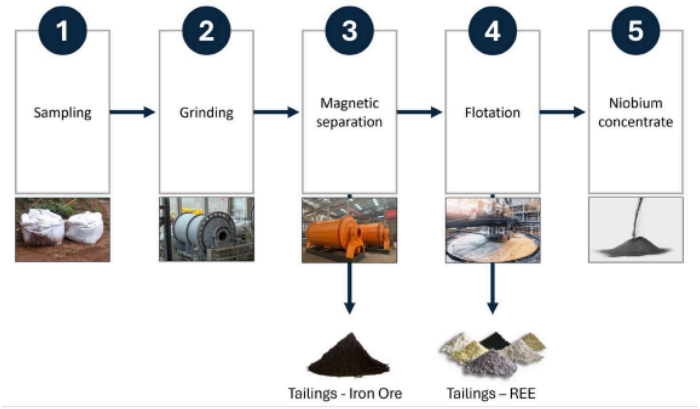
CIT-SENAI will run a one-month niobium flotation pilot study in July 2026 – the first pilot-scale Nb flotation data point on Araxá ore.

Rare earths

SGQ's larger purpose-built pilot plant at CEFET-MG (Araxá) is under construction and scheduled to be operating by late 2HCY2026, with a throughput capacity up to 300kg/hour and the full flowsheet capability to produce flotation concentrate, ferroniobium and a range of REE products including mixed rare earth carbonate (MREC). Additional flowsheet development testwork is being run in parallel at SGS Lakefield in Canada.

Previous owner successfully produced rare earths: The project's previous owner carried out a 9-month pilot plant study for a rare earth operation and successfully produced a rare earth oxalate with up to 99% purity and 86% recoveries, confirming the potential to produce a commercial rare earth product from Araxá ore. For further details, see SGQ's ASX release dated 7 October 2025, 'Government Support for Pilot Plant at Araxá Project'. The ongoing testwork by SGQ will look to optimise this historical flowsheet.

Figure 5: Typical niobium flowsheet highlighting the rare earths concentrate in tailings



Source: SGQ.

Figure 6: Niobium flotation – the more yellow colour reflects cleaner material

Source: SGQ.

Building Out the Technical Teams – Worley to be Technical Advisor

SGQ has committed to a number of technical agreements to advance the Araxá Project and enhance the company's ability to deliver a high-quality project.

Worley appointed as feasibility technical adviser

Worley has been appointed as technical adviser for the potential Araxá mine development following a competitive selection process. The scope spans metallurgical and process engineering, feasibility and cost studies, plant design, mine planning, tailings management, procurement and construction. Worley will work alongside SGQ's in-house Brazilian technical team.

Tecnicas Reunidas – RARETECH® rare earths processing

Tecnicas Reunidas is a Madrid-based engineering company with 66 years of history, ~14,000 employees and a track record of 2,600 industrial projects in 70 countries. Tecnicas Reunidas leads the European Union-funded PERMANET Project – a 32-partner initiative across 12 countries aimed at creating the first European value chain for permanent magnet manufacture.

The MoU with SGQ provides a framework for SGQ to engage Tecnicas Reunidas to test the suitability of its proprietary RARETECH® technology for processing of Araxá rare earth materials, including production of MREC and REO and separation of individual rare earth elements. If the test work demonstrates viability, the parties will negotiate a licence agreement. This potentially opens European REE markets to SGQ in parallel to existing US (REalloys) and Brazilian (MagBras, Nanum) downstream alliances.

Boston Metal – Molten Oxide Electrolysis for niobium

Boston Metal is a US technology company developing Molten Oxide Electrolysis (MOE). This is a process commercialised out of MIT for producing metals from low-grade raw materials with fewer process stages, lower carbon emissions and lower cost than traditional pyrometallurgy. The technology has attracted over US$500m in funding from an investor syndicate including BHP, BMW, Microsoft, ArcelorMittal, Vale and Aramco.

Boston Metal's first commercial plant is being commissioned in Brazil with niobium as a target product. The MoU contemplates a joint project to evaluate MOE for ferroniobium production from Araxá feed. The MOE process slag is likely to be enriched in rare earths, potentially reducing downstream REE processing costs.

The Executive Chairman of Boston Metal is a former CEO of CBMM, the world’s largest niobium producer (CBMM Niobium mine is located adjacent to SGQ’s project).

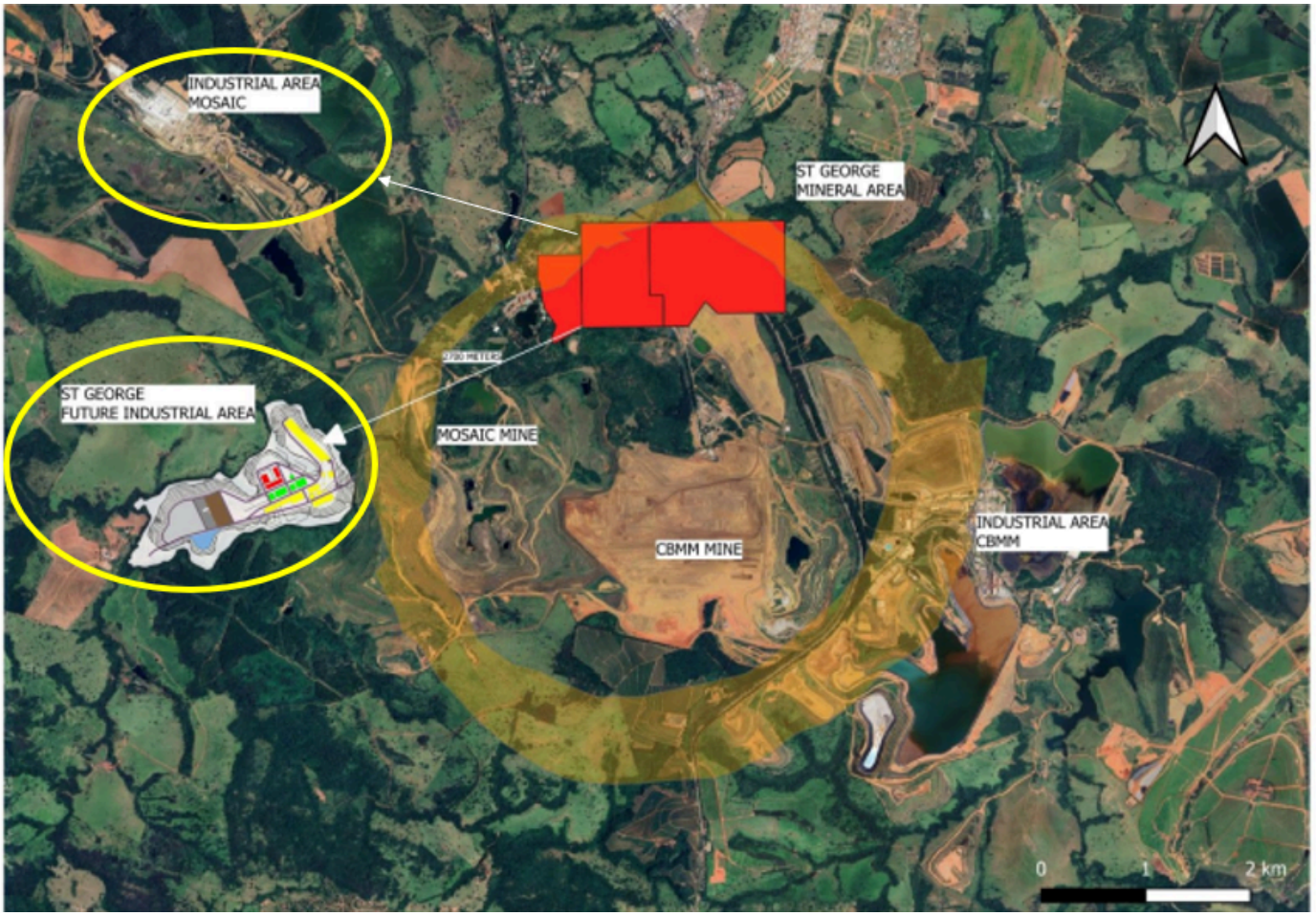
Greenfields and Brownfields Options Emerging for Development

SGQ has agreed to acquire a strategic parcel of land that is suitable for the location of processing and related operational facilities required for the potential development of a niobium and rare earths mine. The land comprises 166 hectares located less than 2km from of the Araxá Project mining tenure and is zoned for mining and industrial use, which is the appropriate classification for SGQ's proposed purpose. The land is flat-lying and cleared of trees, representing an ideal setting for installation of processing facilities to support a potential mining operation at Araxá.

The consideration for the acquisition of the project land is approximately A$3.8m, payable in two equal instalments – the first upon signing of the agreement (which occurred on 13 February 2026) and the second on 30 September 2026.

This project land is the basis for SGQ's greenfields project development strategy.

Figure 7: Location of SGQ's land acquisition



Source: SGQ.

Processing options – could SGQ look at Mosaic's plant?

Mosaic (US-headquartered fertilizer major and the world's largest producer of concentrated phosphate and potash, formed in 2004 via the merger of IMC Global and Cargill's crop nutrition arm) has announced an intention to divest its Araxá mine and its beneficiation plant. The Araxá beneficiation facility is important as it processes carbonatite-hosted phosphate ore via a flotation-based process. The same flotation style could potentially support niobium/REE recovery from SGQ's carbonatite-hosted mineralisation. No confirmed completed sale has been publicly reported.

SGQ Milestones – 2HCY26 & CY27 Will Be Busy

SGQ has advanced the Araxa project substantially over the last 12 months or so, but there remains significant milestones to achieve over 2HCY26 and CY27. We detail key upcoming milestones in Figure 7.

Figure 8: Key upcoming milestones for SGQ

Period	Milestone	Type
Jul-26	EGM – Tranche 2 placement + ATL share issue approval	Corporate
Jul-26	CIT-SENAI 1-month niobium pilot flotation study	Met
3QCY26	MRE upgrade – additional ~94 holes, potential >100Mt	Resource
2HCY26	Niobium Scoping Study	Studies
3Q/4QCY26	Locked-cycle and recycle met testwork results	Met
3Q/4QCY26	Downstream refining and FeNb conversion testwork	Met
2HCY26	St George pilot plant operating at CEFET-MG (up to 300kg/hr)	Project
CY26	Potential MoU-to-binding conversions (REalloys, MagBras, AML)	Commercial
CY26	Permitting progression (2 mining + 1 exploration application)	Approvals
CY27	Pre-Feasibility Study and Definitive Feasibility Study scoping	Studies
Ongoing	Drilling results from MRE expansion + East Araxá	Resource
Ongoing	Strategic partner / offtake discussions	Commercial

Source: SGQ, MST.

Valuation: High Quality Project

We believe SGQ shares are currently trading at a substantial discount to fair value based on our assessment of the fundamental value of the flagship Araxá Project. In our view, the share price does not factor in the value of the project given its location in Brazil, the established infrastructure, government support, a high-grade world-class REE resource and an Nb market that needs new suppliers.

We also believe that there is significant possible upside to our valuation due to a potential further material upgrade to the resource on the back of further substantial drilling results, extension to our assumed mine life, potential production upside and the inclusion of REEs in the production profile.

Methodology: SOTP includes risked NPV (Nb) + EV/Resource (rare earths)

We value SGQ using a sum-of-the-parts (SOTP) valuation of NPV for Nb production and EV/Resource for the REEs. Our valuation is A$0.34 per share, fully diluted (see Figure 8), marginally down from A$0.36 previously after rolling forward our Nb model, adjusting our EV/Resources-based rare earths valuation and taking into consideration the additional shares from the recent capital raising.

REE not specifically modelled at this stage

We have not modelled REE production at this stage, as this portion of the project is less advanced than the Nb portion. Metallurgical work is underway on the REEs; however, SGQ is still determining the processing route and the final REE product. Given the complex nature of REE production and the options open to SGQ along the REE value chain, we consider that an NPV-based valuation at this stage would be highly uncertain and would not accurately reflect the value of the asset. We think that an EV/Resource valuation better reflects the value at this stage of development. This demonstrates the substantial undervaluation of SGQ's REE project compared to its listed peers.

Niobium NPV modelled

In our base-case SOTP valuation, we assign a 100% probability rating to the Nb project – we see the project as effectively certain to proceed. We await the updated Scoping Study in 2HCY26 to further enhance our numbers.

Figure 9: Valuation – sum of the parts (base case)

NPV OF PROJECTS	US$M	Ownership	Risk	A$M	A$/share	Previous Valuation
ARAXA - Niobium - Risked NPV	658	100%	100%	968	0.17	0.17
ARAXA - REE EV / Resource Valuation	597	100%	100%	878	0.16	0.19
Corporate Costs	(48)	100%	100%	(70)	(0.01)	(0.01)
Net Cash (Debt)	51	100%	100%	78	0.02	0.01
Total				**1,855**	**0.34**	**0.36**
WACC					**10.0%**	
AUDUSD					0.68	
Shares on issue (Undiluted)					4,563	
Options & Performance Rights					987	
Additional Equity Required					130	
Shares on issue (Fully Diluted)					**5,680**	

Source: MST.

Base-case valuation components

Niobium: risked NPV = A$0.17 base-case contribution

We have completed an NPV assessment of the Nb project. The valuation is preliminary in nature and is based on our assumptions, which use the 2013 Preliminary Economic Assessment (PEA) as a basis, and make adjustments for what we see as a lower-capital Nb mine and plant. **We await the release of the Scoping Study in 2HCY26** (deferred from CY2025 due to the material upgrade in the resource), at which time there may be some substantial adjustments as we enhance our inputs and firm up our valuation. Our preliminary assessment of the Nb project at Araxá shows a valuation in excess of the current share price.

2013 Preliminary Economic Analysis: the original starting point

In 2013, Itafos conducted a PEA on the project. Key features of the PEA, which contemplated a large REE project including the processing of Nb, were:

- 40-year mine life
- 2-phase production
- Phase 1 capex of US$406m
- Phase 1 REO production of 119.4ktpa
- Phase 1 Nb production of 742tpa
- NPV of project of US$967m.

Updated assumptions accounting for change

The PEA set the groundwork for our original valuation. However, given the age of the PEA and changes in costs and SGQ's initial focus on producing Nb, and the substantial increase in resource in March 2026, our mine life has been extended to 25 years in our assumptions. and consumes approximately 77% of the March 2026 revised resource. We highlight the following key assumptions (a full list is shown in Figure 9):

- **Opex:** We view cost assumptions in the PEA as too high; Nb is cheaper to produce than the PEA assumes. The PEA uses US$10,000/t but we note that neighbouring project costs are around US$3,000/t. We assume opex of US$5,000/t.
- **Capex:** The PEA assumes a multi-product concentrator with a capex of US$400m. We have considered a much simpler Nb-only float plant for US$130m.
- **Production rate:** We have estimated an initial full rate of production of 5ktpa of ferroniobium (FeNb), ramping up to 10ktpa from FY38 (we add US$60m of capex in year 7 to ramp up to 10ktpa of production). The PEA did not detail this level of production.
- **Inclusion of REEs:** We have not considered production of REEs at this stage.
- **Funding:** We have assumed an 80:20 debt-to-equity funding ratio.
- **Currency:** Our long-term A$/US$ assumption is 0.68 (from 0.67).

Figure 10: Nb NPV assumptions

Assumptions	Current Valuation
PROJECT ASSUMPTIONS	
Project Ownership (%)	100%
First production	FY29
Processing Plant Throughput (mtpa)	2.7
Grade (% Nb2O5)	0.82%
Leach Efficiency (%)	41%
Annual Ferroniobium Production (kt)	5 ramping up to 10
Contained Annual Niobium (ktpa)	3.25
Mine Life (years)	25
Capex (US$m, real)	130
Operating Cash cost (US$/t , real)	5,000
FINANCIAL ASSUMPTIONS	
Discount Rate (%)	10%
Inflation Rate (%)	1.5%
Probability / Risk Assumption %	100%
Funding Debt / Equity %	80 / 20
Share price assumption cap raise (A$/s)	0.130
A$/US$ X-rate	0.68
PRICING & TAX ASSUMPTIONS	
Niobium Basket Price (US$/t) -real	50,000
Royalty Rate (%)	10%
Corporate Tax Rate (%)	34%

Source: MST.

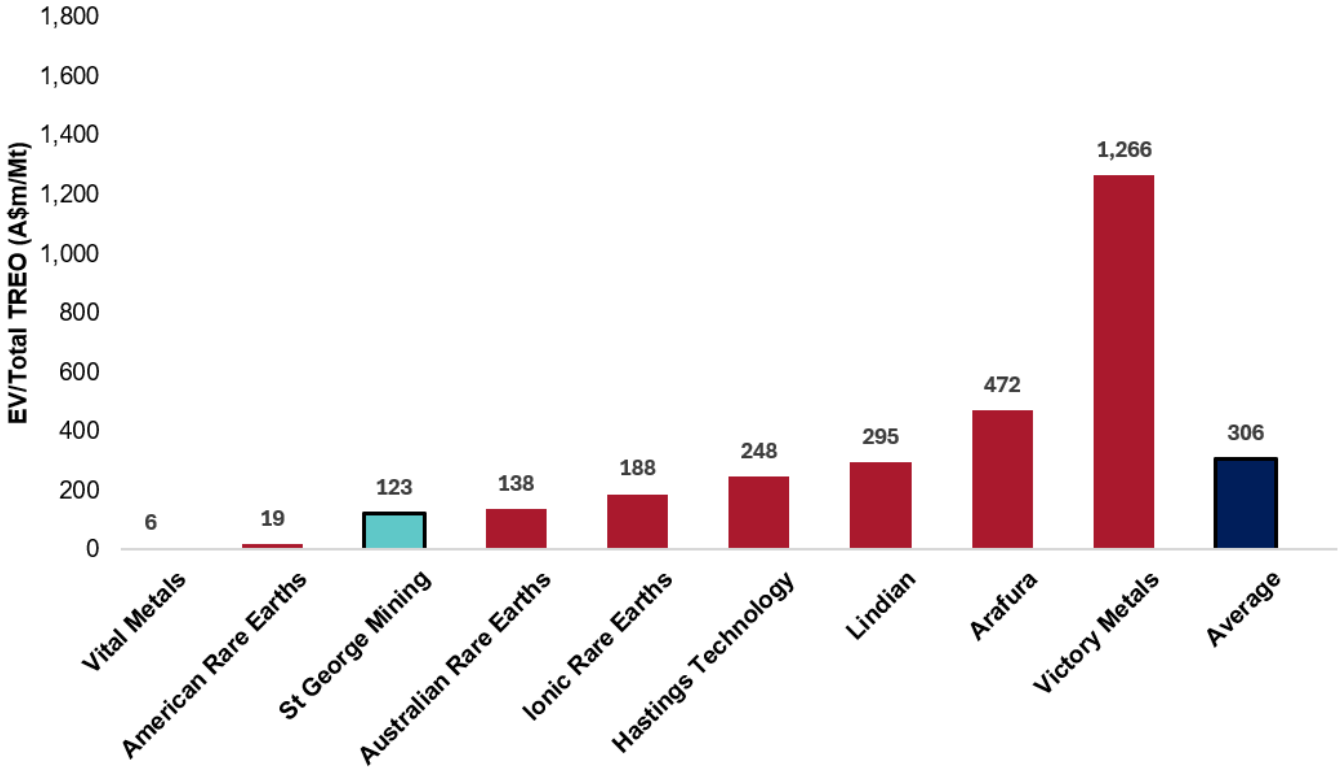
REEs: EV/Resources = A$0.16 base-case contribution

We believe the REE component of the resource development is at too early a stage to support an NPV calculation. However, given the high-grade, strong recent drilling results from both within and outside the current resource envelope and the potential value of the REEs, it is appropriate to assign a value to them – we do so through applying an EV/Resource multiple.

We selected a group of peers for comparison (see Figure 10). This group is made up of comparable ASX-listed rare earth development companies based in Australia, Brazil and Africa. For this peer group, we assessed the average EV/Resource multiples paid by the market. (We note that this comparison is not exactly precise due to differences in the natures of the ore bodies, as well as the different stages of development, grade and size). Brazilian Rare Earths is not included as it is an outlier.

We apply the average value (A$306 per tonne of contained TREO) of the selected companies to the contained TREO of 2.87Mt (70.91Mt @ 4.06% TREO) at Araxá. This equates to an EV of A$878m, or A$0.16 per share on a fully diluted basis, reflecting a substantial premium to the current share price.

Figure 11: EV/Resource comparables

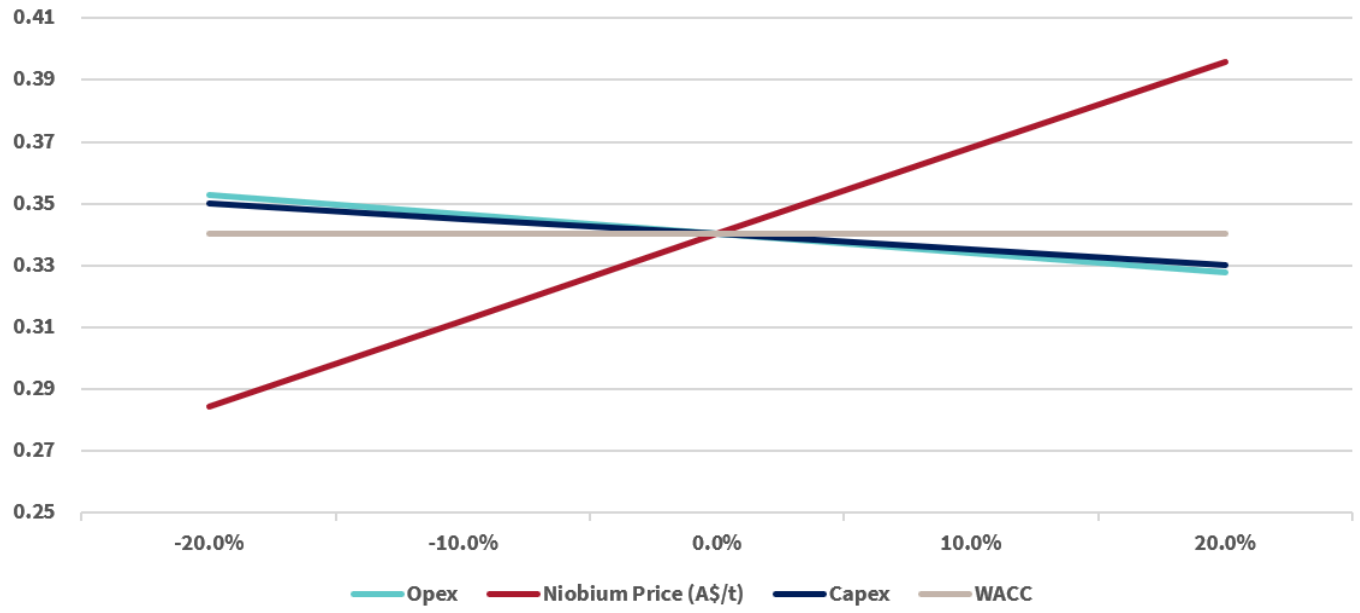


Source: Company data, MST.

Key sensitivities: commodity prices, forex, costs, discount rate

The key sensitivities for our valuation are shown in Figure 11, with the Nb price being the key driver.

Figure 12: Sensitivity analysis



Source: MST estimates.

Positive catalysts for share price/valuation

We believe that SGQ has significant potential for further share price upside and capacity to move towards our valuation. Beyond that, further development of the project and significant funding for it could potentially move the share price above our current valuation as the risks of project delivery reduce. We highlight a number of key milestones/catalysts which may deliver share price upside over the near term and move the stock price towards our valuation.

Further exploration and infill drilling – increase to quality and quantity of resource

The current infill and extension drilling aims to both boost the confidence of the resource further (increasing Measured and Indicated) as well as increase the resource via drilling both along strike and below the current resource, which is open in all directions. There has been significant success to date; however, there is a substantial amount of drilling still to be completed and we see further upside from this.

Scoping Study – niobium

The upcoming Scoping Study has the potential to show a stronger and higher-value project than that assumed by both the market and our valuation.

Rare earths progression

Progression of REE processing options would be a catalyst for the share price, given the high grade of the REEs in the project. Any studies showing processing and product options could also add to our valuation as we currently do not give the REEs a DCF valuation.

Offtake agreements

Offtake agreements are key to ensuring the project has a viable market. The confirmation of existing offtake MoUs and the addition of further customer offtakes would likely act as positive catalysts for the stock price.

Conversion of MoUs to binding agreements

SGQ has a number of MoUs in place covering offtakes, construction and approvals. Conversion of such MoUs to binding agreements would likely be a positive catalyst for the stock price.

Approvals

Key to all mining projects is obtaining the relevant approvals. A recent signing of an MoU with the regional government for fast tracking of approvals is a positive sign for the project. Confirmation of approvals would be a key catalyst for share price appreciation.

Project funding

Key to getting a project up and running is funding. SGQ has a number of available options, including offtake funding, contractor funding for construction, royalties and conventional project funding. Any progress on funding would be a positive catalyst to the stock.

Niobium pricing

The Nb price is reasonably tightly controlled by major producer CBMM. However, the market is showing strong long-term fundamentals, and increased pricing would be both positive for the share price and our valuation.

Early project delivery

The early commencement of the project relative to the currently outlined timeline of development would provide earlier cash flows and reflect positively on the management team, which would likely increase the valuation.

Risks to share price and valuation

The project's location in Brazil with beneficial access to existing critical infrastructure, as well as its tier-1 location, strong fundamentals and government support, are all notable positives for the project. We believe these factors partially offset the risk inherent to a mining development in general as well as the project-specific risks, which we identify below.

Disappointing rare earths metallurgical results

The upcoming rare earth metallurgical testing results are key to taking the REE development forward. Any disappointing outcomes would be detrimental to the share price and may have the potential to reduce our valuation.

Capex funding

The potential size of the Araxá Project is reasonably large – we estimate capex of ~US$130m. The project could require funding from various sources including government, strategic partners, commercial debt and equity. There is risk to obtaining the required funding.

Lack of Brazilian Government support

Although we see this as extremely low risk, the support of the Brazilian Government for the Araxá Project is key to its progress and approval. Any change in policy would pose a key risk for the project.

Disappointing Scoping Study results

The Scoping Study is a key short-term catalyst that will provide project details, setting up the project for funding discussions. Any disappointing results from this study are a risk to the stock.

Approval delays

Any approval delays would be detrimental to the share price, as this would delay the potential start of the project and add to the risk that it will not get approved.

Execution and construction

Over the medium term, a project of this size will have execution, timing and construction risks.

Price decreases in key commodities

The market sentiment and valuation is sensitive to underlying Nb prices. Price decreases would have a negative effect on the valuation and share price.

Appendix 1: Peer Comparisons

Niobium comparables

We have compared the Araxá Project to other key pre-production Nb projects, including WA1's West Arunta Project (ASX: WA1), NioCorp's Elk Creek Critical Minerals Project (NASDAQ: NB) and Globe Metals and Mining's Kanyika Niobium Project (ASX: GBE). The projects all have existing resources and are aspiring to bring Nb production to the market in as short a time frame as possible. The Araxá Project compares very favourably with these competing projects in terms of grade, infrastructure, jurisdiction, timeline, and first to market.

Figure 12 shows our assessments of SGQ's peers. Green indicates an advantage/superior outcome to peers, orange indicates being in line with peers while red indicates being at a disadvantage to peers.

Figure 13: Araxá compares favourably in terms of most desirable features (Nb comparison)

	SGQ's Araxa	WA1's West Arunta	NioCorp's Elk Creek	Globe Metals & Mining's Kanyika
Resource Size	✓	✓	✓	-
Resource Grade	✓	✓	-	×
Infrastructure	✓	×	-	×
Metallurgical process	✓	-	-	-
Approvals Process	✓	✓	-	-
Capex	✓	×	-	-
Opex	✓	-	-	-
Time to market	✓	×	-	-
Jurisdiction	✓	✓	✓	×

Source: MSTe, company data.

REE comparables

The two major producing rare earths mines outside of China are carbonatite-hosted deposits – the Mountain Pass mine in California and Mt Weld in Western Australia. They are the same style of deposit as SGQ's Araxá Project. Mountain Pass is the only producing REE mine in the USA and, until recently, relied on China to process most of its product. Mt Weld is Australia's premier REE producer. Both of these are producing assets and give a glimpse at the potential of SGQ to be significantly re-rated.

We also compare Araxá to the Nolans Project, a large undeveloped resource in the Northern Territory. Araxá's metrics are similar or better than those of Nolans, yet SGQ has a significantly smaller market capitalisation than that of Nolans' owner, Arafura Rare Earths.

Figure 14: Araxá compared with other REE projects – metrics point to undervaluation of SGQ

	St George	Lynas	MP	Arafura
Mkt Cap and Exchange	A$421m ASX	A$18.37b ASX	US$10.06b NYSE	A$1.31b ASX
Project	Araxá, Brazil	Mt Weld, Aust.	Mountain Pass, USA	Nolans. Australia
Deposit Style	Hard-rock	Hard-rock	Hard-rock	Hard-rock
Stage	Development studies	Producing	Producing	Development studies; funding
REE Product	Oxide	Oxide	Oxide	Oxide
MRE for TREO (Mt)	Measured: 8.02 Indicated: 21.46 Inferred: 41.42 Total: 70.91	Measured: 20 Indicated: 15.5 Inferred: 71.1 Total: 106.6	Measured: 0.1 Indicated: 31.5 Inferred: 9.1 Total: 40.6	Measured: 4.9 Indicated: 30 Inferred: 21 Total: 56
TREO Grade (%)	Measured: 5.23% Indicated: 4.31% Inferred: 3.71% Total: 4.06%	Measured: 7.2% Indicated: 4.3% Inferred: 3.2% Total: 4.12%	*Measured converted to reserves* Indicated: 3.5% Inferred: 4.65% Total: 4.34%	Measured: 3.2% Indicated: 2.7% Inferred: 2.3% Total: 2.6%
NdPr (%)	Total 0.76%	Total 0.95%	Total 0.71%	Total 0.69%
NdPr:TREO ratio (%)	18.7%	23.0%	16.3%	26.4%
Contained NdPr (Mt)	0.54	1.01	0.14	0.38

Source: Company data

Personal disclosures

Michael Bentley received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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St George Mining Ltd (SGQ.AX) | Price A$0.098 | Valuation A$0.340;

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