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St. George targets up to R$2bn in niobium, rare earths

Australian mining company seeks combined production to balance costs, draws U.S. interest keen to reduce reliance on China

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John Prineas, of St. George: “Araxá project could be operating in 2028” — Photo: Divulgação

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Australian mining company **St. George** may invest up to $350 million (R$1.94 billion at the current exchange rate) to develop its **niobium and rare earths project in Araxá**, the same city in Minas Gerais where **Companhia Brasileira de Metalurgia e Mineração (CBMM)** operates. The project is at the study stage, including metallurgical testing, among other analyses, but is expected to begin operations in 2028 for niobium and in 2029 for rare earths.

The first phase is expected to be completed in the first half of 2026 for niobium and by the end of the same year for rare earths.

“In the case of niobium, it is easier, since it has been produced in that area for more than 40 years and our team is highly experienced in production and mining,” **CEO John Prineas told Valor**. “Rare earth metallurgy is more complex,” he added.

The studies are expected to provide updated estimates of capital costs and mineral resources, but Prineas currently estimates capital expenditures of $100 million (R$551.5 million) for niobium and between $150 million (R$827.3 million) and $250 million (R$1.3 billion) for rare earths.

St. George’s initial resource estimate points to 40.6 million tonnes of rare earths, with a grade of 4.13% rare earth oxides, and approximately 41.2 million tonnes of niobium, with 0.68% niobium oxide. **The company believes the estimates could increase, as only 10% of its mining rights have been explored so far.**

Developing both minerals is intended to make the project more economically sustainable. Rare earths are subject to volatile pricing, while niobium mining is comparatively more economical, which could help balance the overall operation, according to the company. Another objective is to process the minerals present instead of discarding some of them as waste. “We will be able to use part of the profits from the niobium business to fund capital investments in rare earths,” Prineas explained.

CBMM does not mine rare earths either, as they are not economically feasible. The global ferroniobium market is estimated at less than 128,000 tonnes, still relatively small when compared with other energy-transition minerals such as lithium. **Codemig, the Minas Gerais Economic Development Company**, owns the surface land of the project area and, if the project moves forward, will receive royalties, although St. George did not disclose amounts.

Recently, Codemig and CBMM signed a new contract extending niobium mining operations in Araxá for another 30 years, with the option of a further 15-year extension. The new agreement replaced a previous contract that would expire in 2032 and increased Codemig’s share in CBMM’s results, including 25% of profits from the sale of materials other than niobium, including rare earths, without requiring any additional

investment from the Minas Gerais state-owned company. Contacted by Valor, Codemig declined to comment.

St. George's executive said he does not view the relationship with CBMM as competitive and that the company's entry into the market as a new player would help **consolidate** a stable, diversified supply chain.

"They hold about 80% of the market and are global leaders. They virtually created this market. So it is not competition," Prineas noted. "What we see is enormous potential for niobium in new uses. And for any end user to test niobium and for this market to grow, there needs to be diversity of supply."

In October, the Australian company met with the U.S. chargé d'affaires in Brazil, **Gabriel Escobar**, during Exposibram, a mining industry **trade fair** held in Salvador, Bahia. The meeting took place amid ongoing discussions about U.S. interest in Brazilian rare earth reserves—the largest after China's—which could help reduce U.S. dependence on imports from that country. Another meeting was later held in Belo Horizonte (Minas Gerais), but, according to Prineas, no concrete agreements were reached, though there is an expectation of building a connection.

"They have the Mountain Pass mine, but it is only a tiny fraction of what they need in terms of raw rare earth supply," Prineas said. "While they have many companies emerging with separation and metallization technologies, they lack a domestic supply of raw ore coming into operation. Therefore, they are interested in aligning with non-Chinese suppliers, and Brazil is among their favorite countries."

While the company aims to supply other countries that may be interested, it said its priority is the Brazilian market. In Brazil, St. George's final product in the case of rare earths is expected to be a high-purity mixed oxide, which will then be sold for subsequent stages such as separation, metallization, and magnet production.

Among key milestones to date, St. George highlights the delivery of its first rare earth products to the MagBras project, an initiative under the **Mover Program** led by the National Service of Industrial Learning (SENAI) and coordinated by the Federation of Industries of the State of Santa Catarina (FIESC). The project seeks to build a national rare earth permanent magnet supply chain, from ore to finished product, to reduce dependence on imports.

In October, the miner announced the raising of A$72.5 million (R$264.1 million) to accelerate the project. In September, it announced the signing of a **memorandum of understanding** with **REAlloys**, the leading supplier of magnets to the U.S. defense and technology industries, for a potential long-term offtake agreement covering up to 40% of its rare earth production. Prineas said the company has also signed a similar MoU with Chinese partners, but for niobium.

“Rare earths and niobium have different political dynamics. **China** has ample rare earths domestically and does not need to import. The U.S., on the other hand, does not,” Prineas noted. “So I think the U.S. is probably the preferred partner in this case. When it comes to niobium, however, neither the U.S. nor China has domestic production; both are interested in securing new supplies.”

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