St George Mining Ltd

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11 February 2026

Material MRE Upgrade on the Way

Equity Research Australia
Materials

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NEED TO KNOW

- Drill success continues, MRE upgrade on the way
- Niobium Scoping Study to come after MRE upgrade
- US presence increased

Thick, high-grade REE and niobium (Nb) intersections from surface shaping Araxá for a huge resource upgrade: The 24/7 diamond drilling campaign currently being undertaken by St George Mining (SGQ) is progressing at speed. SGQ continued to enjoy substantial drilling success over late CY2025 and early CY2026 from both within the current Mineral Resource Estimate (MRE) and to the west and east. Assays completed up until January 2026 will now be utilised to upgrade the resource in both size and confidence during 1QCY26. We expect to see a material increase.

Nb Scoping Study (SS) to be released post MRE upgrade: SGQ had planned to release a SS for the development of the Nb resource in late CY2025. However, due to the success of the drilling campaign, SGQ has decided to finalise this SS once the upgraded resource is known. A materially larger resource could lead to a potentially larger and longer-life Nb project.

US ties boosted: SGQ has increased its presence in the US, extending its alliance with RE Alloys for REE testing, and has appointed the Ervin Graves Strategy Group to support engagement with the US Government.

Investment Thesis

Material upgrade to MRE on the way: The drilling campaign has identified high-grade REE and Nb mineralisation from surface which remains open in all directions and at depth. Drilling to date strongly indicates a material upgrade to the size and confidence of the MRE in 1QCY26. The MRE will be further upgraded as the continuing drilling is taken into consideration.

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 in a relatively short period, with potential to be producing in the next 18 months or so. 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% from Araxá.

Rare earths provide potential significant additional value: Araxá's high-grade REE mineralisation has potential to add significant value to the project. Brazil is a significant rare earth province and is looking to expand both its rare earth mining and refining industries substantially, with the potential for Araxá to participate in this growth. We view Araxá as a world-class REE deposit, comparable to REE producers Lynas and MP Materials.

Valuation (A$0.22) and Risks

Our sum-of-the-parts SGQ valuation, remains at A$0.22 after reviewing A$/US$ exchange rate assumptions and adjusting the share count. 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$0.220** *(unchanged)*
Current price	**A$0.096**
Market cap	**A$366m**
Cash on hand	**A$52.9m** *(31 Dec 25)*

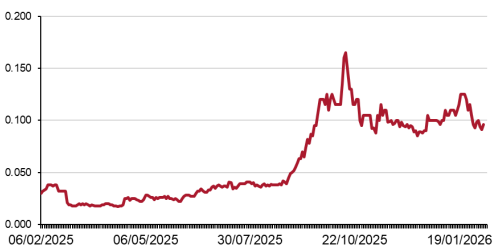
Additional Resources

Interview with Exec. Chair John Prineas

Upcoming Catalysts / Next News

Period	
1HCY26	Rare earths metallurgical testing
1HCY26	Scoping study, niobium project
1HCY26	Increase in MRE
Ongoing	Further drilling results

Share Price (A$)



Source: FactSet, MST Access.

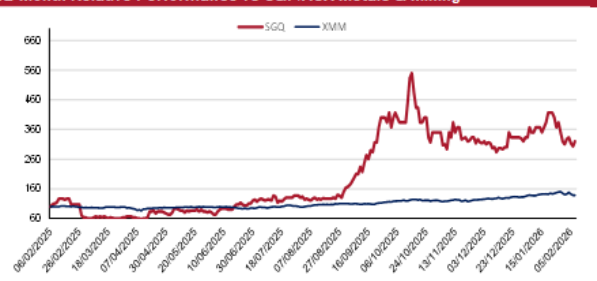
Contents

Financial Summary

Figure 1: Financial summary

ST GEORGE MINING LIMITED						SGQ-AU
Year end 30 June						
MARKET DATA						
Share Price	A$/sh					**0.096**
52 week high/low	A$/sh					0.018-0.17
Valuation	**A$/sh**					**0.22**
Market Cap (A$m)	A$m					366
Net Cash / (Debt) (A$m)	A$m					53
Enterprise Value (A$m)	A$m					313
Shares on Issue	m					3,809
Options/Performance shares	m					1,100
Other Equity	m					267
Potential Diluted Shares on Issue	m					5,176

12-Month Relative Performance vs S&P/ASX Metals & Mining



INVESTMENT FUNDAMENTALS		FY24A	FY25A	FY26E	FY27E	FY28E
Reported NPAT	A$m	(8)	(11)	(9)	(6)	14
Underlying NPAT	A$m	(8)	(11)	(9)	(6)	14
EPS Reported (undiluted)	¢ps	(0.9)	(1.1)	(0.6)	(0.4)	0.8
EPS Underlying (undiluted)	¢ps	(0.9)	(1.1)	(0.6)	(0.4)	0.8
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	0.1
P/E Underlying (undiluted)	x	n/m	n/m	n/m	n/m	0.1
Operating Cash Flow / Share	A$	(0.00)	(0.00)	(0.00)	(0.00)	0.01
Price / Operating Cash Flow	x	n/m	n/m	n/m	n/m	9.4
Free Cash Flow / Share	A$	(0.01)	(0.02)	(0.03)	(0.08)	0.01
Price / Free Cash Flow	x	n/m	n/m	n/m	n/m	12.7
Free Cash Flow Yield	%	n/m	n/m	n/m	n/m	0.1
Book Value / Share	A$	0.00	0.03	0.06	0.07	0.09
Price / Book	x	46.10	3.29	1.66	1.30	1.12
NTA / Share	A$	0.00	0.03	0.06	0.07	0.09
Price / NTA	x	46.10	3.29	1.66	1.30	1.12
Year End Shares	m	989	989	1,714	1,887	1,887
Market Cap (spot)	A$m	95	95	164	181	181
Net Cash / (Debt)	A$m	3	(18)	11	(121)	(106)
Enterprise Value	A$m	92	113	154	302	288
EV / EBITDA	x	n/m	n/m	n/m	n/m	10.4x
Net Debt / Enterprise Value	x	(0.0)	0.1	(0.0)	0.4	0.3
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	69
Expenses	(8)	(12)	(7)	(7)	(39)
EBITDA	**(8)**	**(11)**	**(7)**	**(7)**	**30**
D&A	(0)	(0)	(0)	(0)	-
EBIT	**(8)**	**(11)**	**(7)**	**(7)**	**30**
Interest	0	0	(1)	1	(10)
Tax	0	0	0	0	-6
NPAT	**(8)**	**(11)**	**(9)**	**(6)**	**14**
Exceptionals	-	-	-	-	-
Reported Profit	**(8)**	**(11)**	**(9)**	**(6)**	**14**
Profit before tax	(8)	(11)	(9)	(6)	20

Balance Sheet (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	31	29	43
Receivables	0	0	0	0	6
Inventory	0	0	0	0	3
PP&E	0	1	21	172	177
Exploration	-	47	68	88	88
Other	1	0	0	0	0
Assets	**3**	**51**	**120**	**290**	**318**
Creditors	0	0	0	0	6
Debt	0	21	21	150	150
Leases	0	0	0	0	0
Provisions	0	0	0	0	0
Other	0	0	0	0	0
Liabilities	**1**	**22**	**21**	**150**	**156**
Net Assets	**2**	**29**	**99**	**140**	**162**

Cashflow (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash From Operations	(3)	(3)	(5)	(7)	35
Interest	0	-	(1)	1	(10)
Tax	-	0	-	-	(6)
Net Cash From Operations	**(3)**	**(3)**	**(6)**	**(6)**	**19**
Capex	(0)	(17)	(0)	(130)	-
Exploration	(5)	(4)	(21)	(21)	(5)
Investments	3	0	(17)	0	0
Free Cash Flow	**(6)**	**(24)**	**(44)**	**(157)**	**14**
Equity / Options Exercised	5	24	73	26	0
Borrowings	0	(0)	-	129	-
Dividend	0	0	0	0	0
Net Increase / (Decrease) in Cash	**(1)**	**0**	**29**	**(2)**	**14**

Source: Company data, MST Access.

Araxá Drilling Just Keeps Delivering

November 2025–February 2026 drilling success

For previous drilling results details within the current MRE, please see our report published 11 September 2025, **'Araxá: A Gift that Keeps On Giving'.**

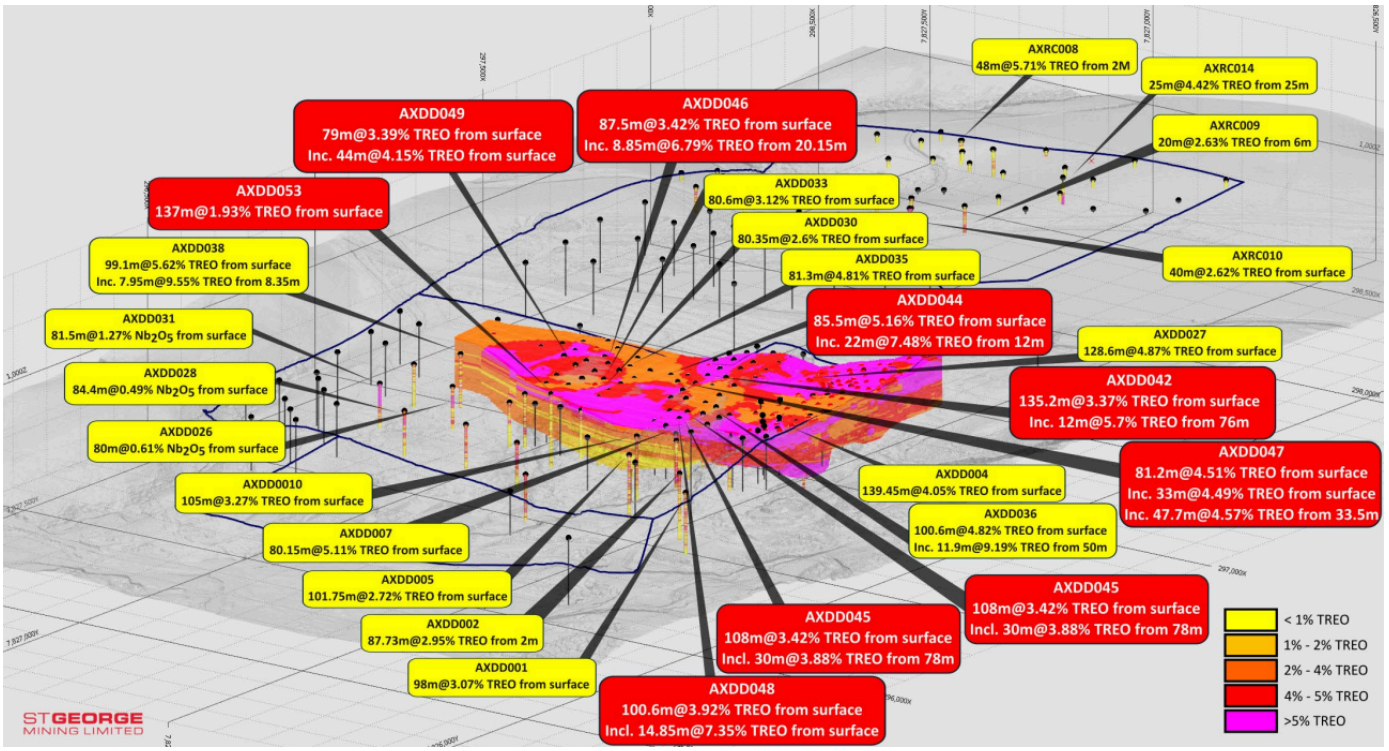
Following highly encouraging results through September and October from two diamond (DD) and nine reverse circulation (RC) holes, a 24/7 drilling campaign has continued through late CY2025 and into early CY2026, with a further 39 DD holes yielding yet more thick, high-grade REE and Nb intersections from surface. Drilling has focused on both resource definition drilling within the current MRE and resource extension drilling to the east, west and at depth.

Standout assays included 99.1m @ 5.62% TREO and 0.42 Nb_2O_5, as well as Nb_2O_5 grades as high as 22.42%.

As of the time of writing, 31 additional drill hole assays remain at the laboratory with results pending.

These results add to SGQ's aggressive resource expansion and definition drill program. The aim is to increase confidence in the existing MRE by recategorising some of the resource from Inferred to Indicated, increasing the existing MRE within the current envelope and growing the MRE beyond its current boundaries. This should result in a material upgrade to the already significant MRE of **40.6Mt @ 4.13% TREO**.

Figure 2: Oblique section displaying all DD holes to date from current campaign



Source: SGQ.

Fuel for MRE upgrade: high-grade, thick intersections of REE and Nb mineralisation from surface

Following the release of 39 assays from November 2025 to February 2026, significant headway has been made in expanding the known resource at SGQ's Araxá Project.

The drilling has constituted a mix of resource definition and infill drilling and step-out exploration holes as well as furthering the goal of upgrading material from the Inferred to the Indicated category and ultimately updating the existing MRE in 1QCY26.

The current MRE at Araxá is only modelled from the surface to a depth of 100m. The recent results have highlighted **the extensive continuity, thickness and depth of the high-grade mineralisation**, which extends from the surface down to well over 100m in many parts. Many of the deeper drill holes ended in high-grade mineralisation, indicating that the mineral system remains open at depth.

The presence of free-digging, high-grade mineralisation from surface is an important point of difference between Araxá and its peers which have mineralisation that commences at depths of 50m+ and/or requires blasting to facilitate mining. The open-pit potential at Araxá is likely to be a very favourable economic driver for a potential mining operation.

Valuable NdPr makes up a large proportion of REEs at Araxá

NdPr (neodymium-praseodymium) is a critically important constituent of REEs and is highly sought after. It is the main ingredient used to manufacture high-strength permanent magnets, which are essential to key modern technologies such as electric vehicles (EVs) and wind turbines.

The value of a REE deposit is significantly influenced by its proportion of NdPr, given the relatively high value of this component, and deposits with a high NdPr content are considered much more commercially attractive. NdPr contributes the highest proportion of revenue for Lynas's Mt Weld mine and MP Materials' Mountain Pass operation – both of which are carbonatite-hosted rare earths deposits, the same deposit style as SGQ's Araxá Project.

NdPr values in the latest RC drilling at Araxá are strong, with grades up to 3.96% NdPr. The ratio of NdPr:TREO reaches as high as 31%.

Figure 3: Existing JORC Mineral Resources Estimate (REE) for Araxá

Classification	Mt	TREO (%)	MREO (%)	Contained TREO (Mt)	Contained NdPr (kt)
Measured	1.9	5.44	1.04	0.10	1.07
Indicated	7.37	4.76	0.9	0.35	3.16
Inferred	31.37	3.9	0.74	1.22	9.05
Total	40.64	4.13	0.78	1.68	13.09

Source: SGQ.

Figure 4: Existing JORC Mineral Resources Estimate (Nb) for Araxá

Classification	Mt	Nb_2O_5 (%)	Contained Nb_2O_5 (Kt)
Measured	1.9	1.19	23
Indicated	7.37	0.93	69
Inferred	31.93	0.59	188
Total	41.2	0.68	280

Source: SGQ.

Resource definition drilling – upgrading the existing MRE

November 2025: thick high-grade success from surface

In November, three diamond resource definition holes (AXDD006, AXDD008, AXDD009) returned exceptional grades. Holes AXDD008 and AXDD009 were drilled in the northern part of the MRE (see Figure 8), an area which has had very little drilling and is defined as Inferred.

Featured results were:

- **81.4m @ 3.23% TREO and 0.49% Nb_2O_5 from surface**, including:
  - 17.15m @ 3.68% TREO and 0.50% Nb_2O_5 from 30m
- **80.45m @ 5.19% TREO and 0.58% Nb_2O_5 from surface**, including:
  - 20.4m @ 7.13% TREO and 0.77% Nb_2O_5 from 56.6m
- **80.55m @ 5.44% TREO and 0.60% Nb_2O_5 from surface**, including:
  - 32.3m @ 9.13% TREO and 0.75% Nb_2O_5 from surface
  - 2.9m @ 9.27% TREO and 0.21% Nb_2O_5 from 26.1m

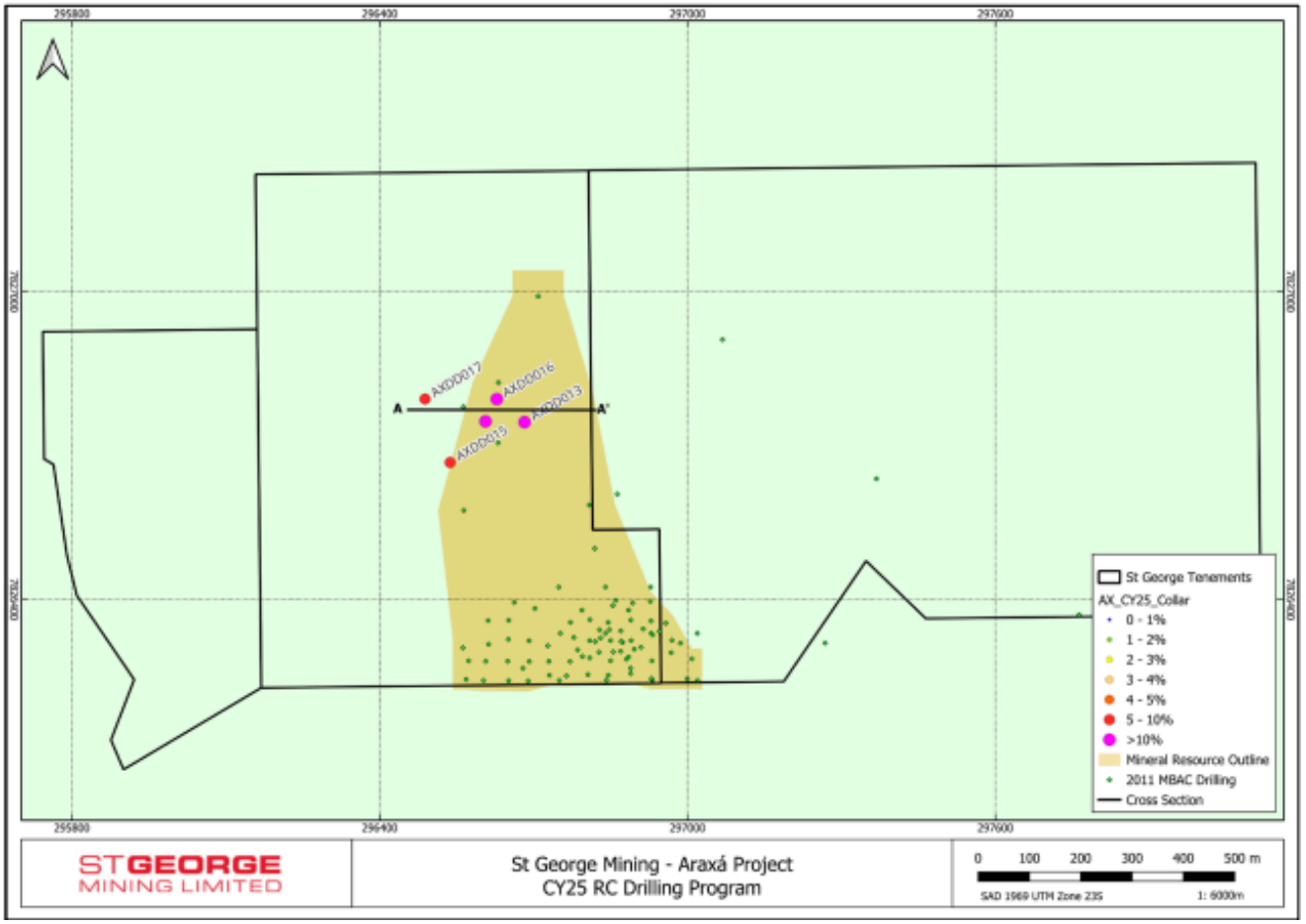
December 2025: thickest intercept to date

In December 2025, three more assays were received for DD holes AXDD012, AXDD013 and AXDD016 which were drilled in the northern part of the MRE (see Figure 5); these exhibited the thickest intercept to date. These holes highlight the extensive continuity of the mineralisation over very broad intervals from the surface. Significant intercepts included:

- **100.1m @ 3.96% TREO and 0.40% Nb_2O_5 from surface**, including:
  - 1.3m @ 12.24% TREO and 0.96% Nb_2O_5 from 11.15m
  - 14.35m @ 5.68% TREO and 0.63% Nb_2O_5 from 18m
  - 13.35m @ 7.07% TREO and 0.13% Nb_2O_5 from 74m
- **79.7m @ 3.69% TREO and 0.40% Nb_2O_5 from surface**, including:
  - 19.7m @ 6.45% TREO and 0.54% Nb_2O_5 from surface
  - 5m @ 7.92% TREO and 0.57% Nb_2O_5 from 11m

As with the assays received in November, these holes confirmed thick high-grade zones in areas modelled in the Inferred category. The high-grade mineralisation remains open at depth and in all directions.

Figure 5: December DD holes in the northern part of the MRE



Source: SGQ.

January 2026: Araxá keeps on giving – from surface again!

In early January 2026, SGQ released the next set of assays received for holes drilled within the MRE. These assays revealed exceptionally high-grade Nb intercepts within broad intervals from the surface with grades up to 3.57**%** Nb_2O_5, and 1m @ 22.42% TREO from 66m and 3m @ 7.90% TREO from 106m.

Other key results included:

- **128.6m @ 4.87% TREO and 0.85% Nb_2O_5 from surface**, including:
  - 31.25m @ 6.09% TREO and 0.76% Nb_2O_5 from 44m
- **100.6m @ 4.25% TREO and 0.73% Nb_2O_5 from surface**, including:
  - 19.6m @ 8.16% TREO and 1.39% Nb_2O_5 from surface
  - 20m @ 5.94% TREO and 0.91% Nb_2O_5 from 39m
- **81.1m @ 5.33% TREO and 0.78% Nb_2O_5 from surface**, including:
  - 15.65m @ 6.58% TREO and 0.87% Nb_2O_5 from 6.2m
  - 23m @ 6.59% TREO and 1.08% Nb_2O_5 from 36m
- **81.3m @ 4.81% TREO and 0.48% Nb_2O_5 from surface**, including:
  - 13.95m @ 6.99% TREO and 0.41% Nb_2O_5 from 18.3m
  - 10.6m @ 7.86% TREO and 0.5% Nb_2O_5 from 68.4m
- **100.6m @ 4.82% TREO and 0.64% Nb_2O_5 from surface**, including:
  - 25.5m @ 6.55% TREO and 1.17% Nb_2O_5 from 15m
  - 11.9m @ 9.19% TREO and 0.90% Nb_2O_5 from 50.1m

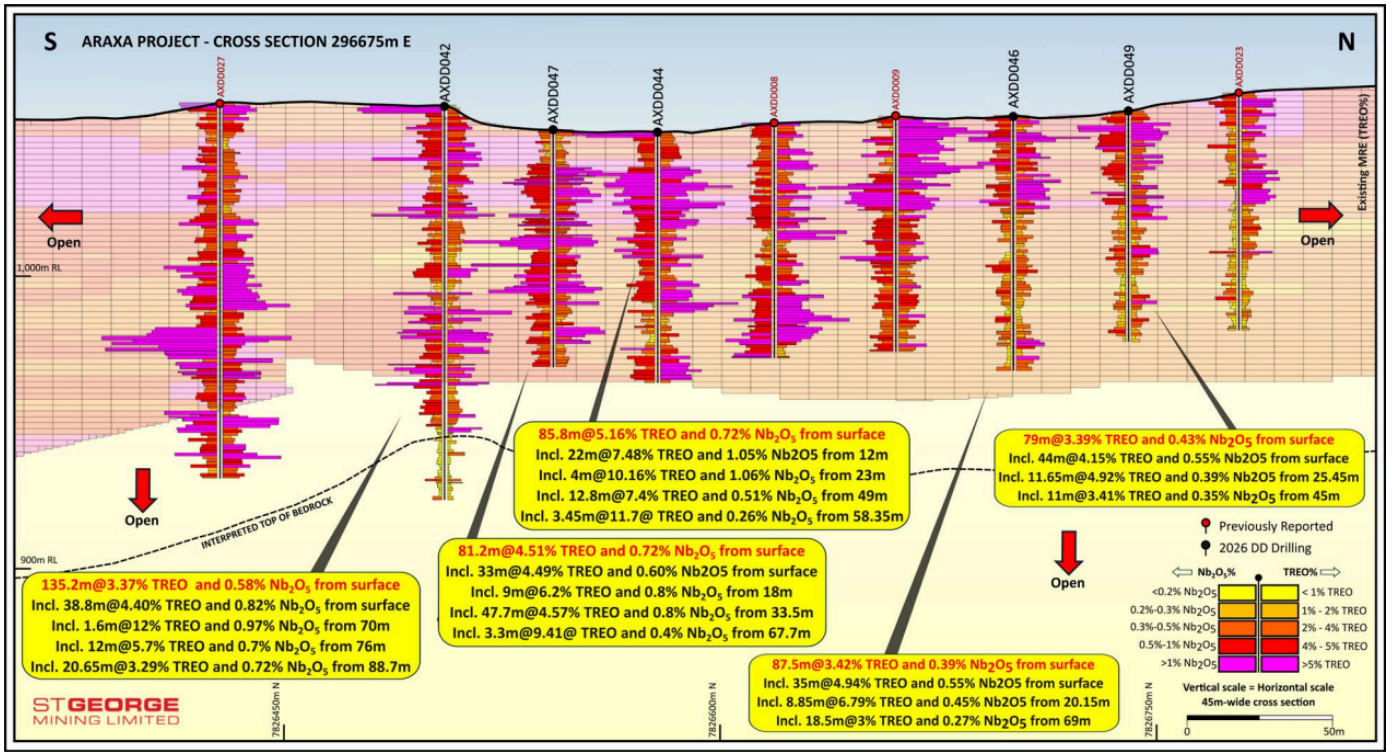
- **120.25m @ 3.33% TREO and 0.42% Nb_2O_5 from surface**, including:
  - 18.95m @ 3.82% TREO and 0.43% Nb_2O_5 from 61.45
  - 4m @ 7.25% TREO and 0.26% Nb_2O_5 from 92m
- **99.1m @ 5.62% TREO and 0.42% Nb_2O_5 from surface**, including:
  - 7.95m @ 9.55% TREO and 0.32% Nb_2O_5 from 8.35m
  - 6m @ 7.61% TREO and 0.47% Nb_2O_5 from 62m
- **80m @ 3.78% TREO and 0.66% Nb_2O_5 from surface**, including:
  - 3m @ 9.92% TREO and 1.07% Nb_2O_5 from 17m
  - 14.45m @ 4.91% TREO and 0.72% Nb_2O_5 from 63m
- **69.2m @ 6.08% TREO and 0.60% Nb_2O_5 from surface**, including:
  - 30m @ 8.49% TREO and 0.66% Nb_2O_5 from 39.2m
  - 17.65m @ 9.56% TREO and 0.70% Nb_2O_5 from 51.11m

February 2026: the monster keeps growing

The most recent results delivered in February were for 10 more resource definition DD holes, all of which intersected thick high-grade mineralisation from surface. Key intercepts included:

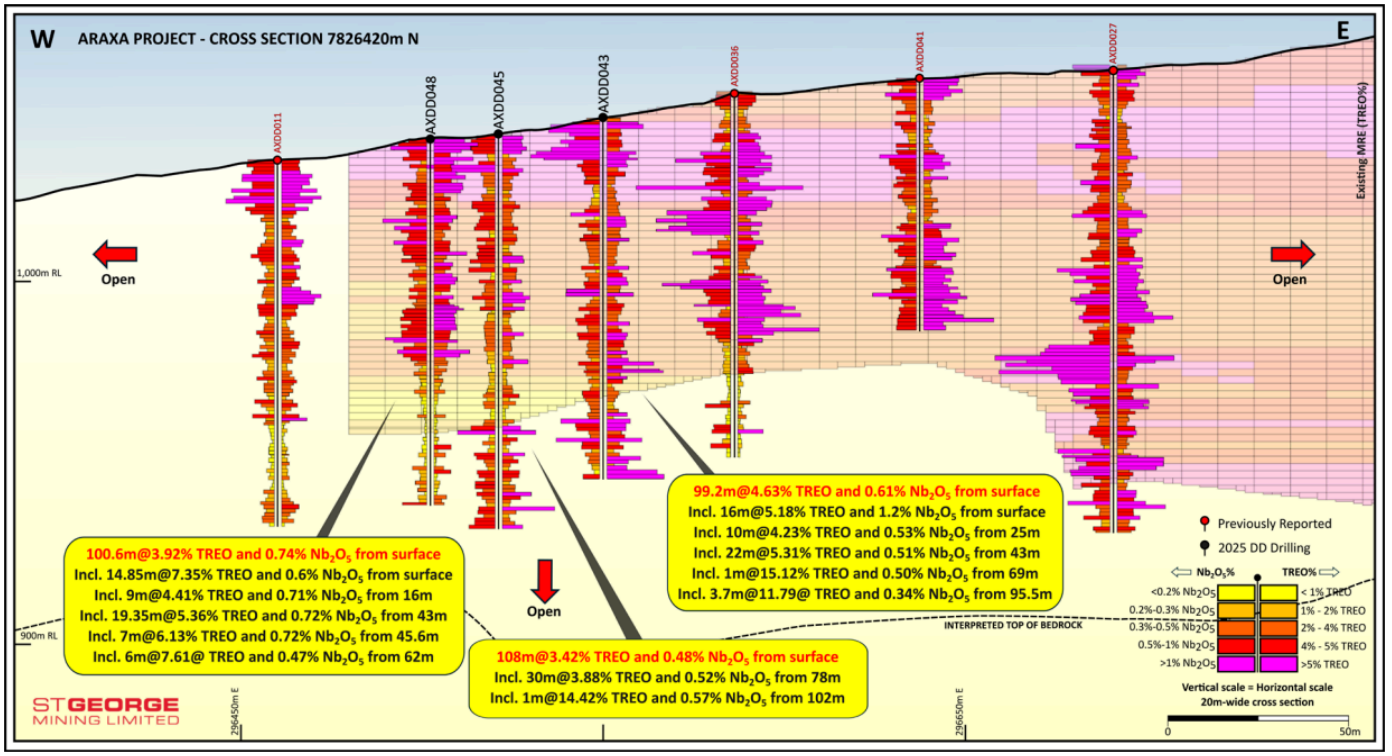
- **135.2m @ 3.37% TREO and 0.58% Nb_2O_5 from surface**, including:
  - 38.8m @ 4.40% TREO and 0.82% Nb_2O_5 from 0m
- **99.2m @ 4.63% TREO and 0.61% Nb_2O_5 from surface**, including:
  - 20.7m @ 4.48% TREO and 1.01% Nb_2O_5 from 0m
  - 22m @ 5.31% TREO and 0.51% Nb_2O_5 from 51m
- **85.8m @ 5.16% TREO and 0.72% Nb_2O_5 from surface**, including:
  - 22m @ 7.48% TREO and 1.05% Nb_2O_5 from 12m
  - 12.8m @ 7.41% TREO and 0.51% Nb_2O_5 from 49m
- **108m @ 3.42% TREO and 0.48% Nb_2O_5 from surface**, including:
  - 5m @ 5.66% TREO and 0.75% Nb_2O_5 from 0m
- **81.2m @ 4.51% TREO and 0.72% Nb_2O_5 from surface**, including:
  - 23.8m @ 5.29% TREO and 0.72% Nb_2O_5 from 9.2m
- **100.6m @ 3.92% TREO and 0.48% Nb_2O_5 from surface**, including:
  - 14.85m @ 7.35% TREO and 0.60% Nb_2O_5 from 0m

Figure 6: Latest high-grade Nb_2O_5 and TREO intercepts within existing MRE (see notes below for key points about interpretation)



Source: SGQ. Note: Coloured shaded area represents the outline of the current MRE. Bars show drill results: Nb (left) and REEs (right). Hole numbers are shown at the top of each hole.

Figure 7: Latest high-grade Nb_2O_5 and TREO intercepts at the western end of existing MRE (see notes below for key points about interpretation)



Source: SGQ. Note: Coloured shaded area represents the outline of the current MRE. Bars show drill results: Nb (left) and REEs (right). Hole numbers are shown at the top of each hole.

Step-out drilling – Araxá growing beyond the MRE

Resource expansion continues to the west

SGQ's first step-out drilling campaign outside of the current MRE involved 9 RC holes at Araxá East, and 2 diamond holes to the west of Araxá, all hitting significant mineralisation from surface and remaining open at depth. For details on these drilling results, please see our report published 7 November 2025, **'Drilling Success: This Is Getting Big!'**.

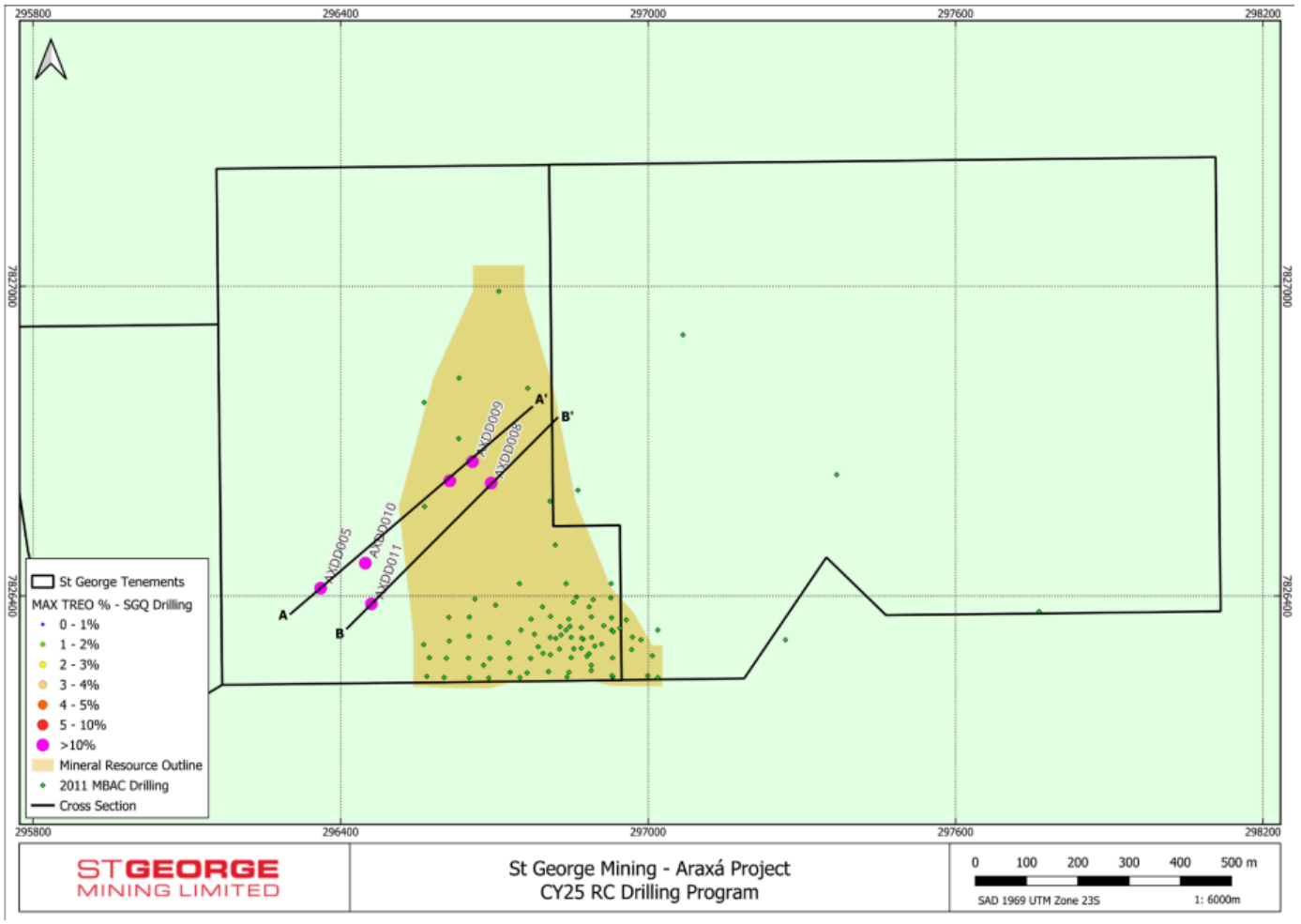
November 2025: step-out drilling to the west of MRE

Three step-out DD holes (AXDD005, AXDD010, AXDD011) were drilled to the west of the MRE (see Figure 8). These holes were drilled to support a significant expansion of the footprint of the Araxá mineralisation, confirming the 3D continuity of high-grade REEs and Nb, and demonstrating the open-endedness of the mineralised system.

Assays for these three DD holes were received in November 2025 and demonstrate the shallow yet extensive mineralisation. Drill hole AXDD005 was drilled 145m to the west of the MRE and confirmed a substantial strike extension of the Araxá deposit. Key intercepts included:

- **101.75m @ 2.72% TREO and 0.49% Nb_2O_5 from surface**, including:
  - 23m @ 3.62% TREO and 0.70% Nb_2O_5 from 34m
- **105m @ 3.27% TREO and 0.51% Nb_2O_5 from surface**, including:
  - 67m @ 3.98% TREO and 0.59% Nb_2O_5 from surface
- **100.8m @ 3.53% TREO and 0.43% Nb_2O_5 from surface**, including:
  - 27m @ 4.66% TREO and 0.41% Nb_2O_5 from 17m

Figure 8: November DD holes to the west of the MRE and in the northern part of the MRE



Source: SGQ.

December 2025: more high grade outside MRE

In December 2025, SGQ received the assay for a DD hole, AXDD017, which was previously drilled 80m to the west of the MRE. The results confirmed the continuation of the high-grade mineralisation to the west of the MRE and opened a brand-new zone for resource expansion.

Following shortly after in mid-December were the assays for 10 more DD holes which delivered the best intercept to date at Araxá from AXDD004 (see Figure 9):

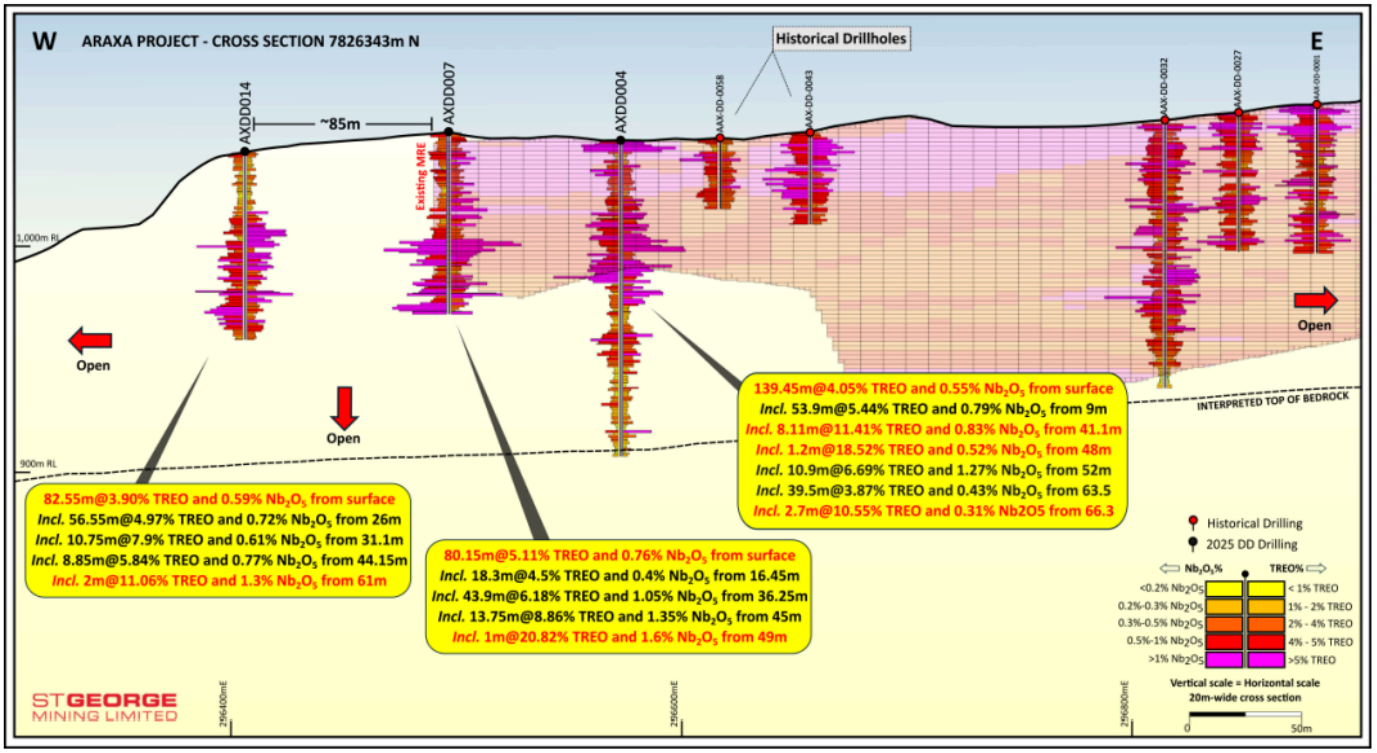
- **139.45m @ 4.05% TREO and 0.55% Nb_2O_5 from surface**, including:
  - 53.9m @ 5.44% TREO and 0.79% Nb_2O_5 from 9m

The other nine DD holes, including those outside the MRE envelope, returned thick, high-grade mineralisation from the surface, with notable intercepts including:

- **80.15m @ 5.11% TREO and 0.76% Nb_2O_5 from surface**, including:
  - 43.9m @ 6.18% TREO and 1.05% Nb_2O_5 from 36.2m
- **82.55m @ 3.90% TREO and 0.59% Nb_2O_5 from surface**, including:
  - 56.55m @ 4.97% TREO and 0.72% Nb_2O_5 from 26m
- **81.45m @ 4.52% TREO and 0.56% Nb_2O_5 from surface**, including:
  - 4.55m @ 8.87% TREO and 0.78% Nb_2O_5 from 21.45m

All of these assays returned very broad intervals of high-grade mineralisation outside the current MRE envelope with mineralisation still open at depth and in all directions.

Figure 9: Westward expansion outside MRE with high-grade TREO and Nb_2O_5 intercepts



Source: SGQ.

January 2026: high-grade Nb discovery 400m northwest of MRE

On 8 January, SGQ announced that it had made a new high-grade Nb discovery 400m outside the existing MRE (see figure 10 showing the holes drilled outside the MRE). Each of the drill holes in this zone intersected at least 80m of high-grade Nb from the surface, most notably with drill hole AXDD031 returning the following result:

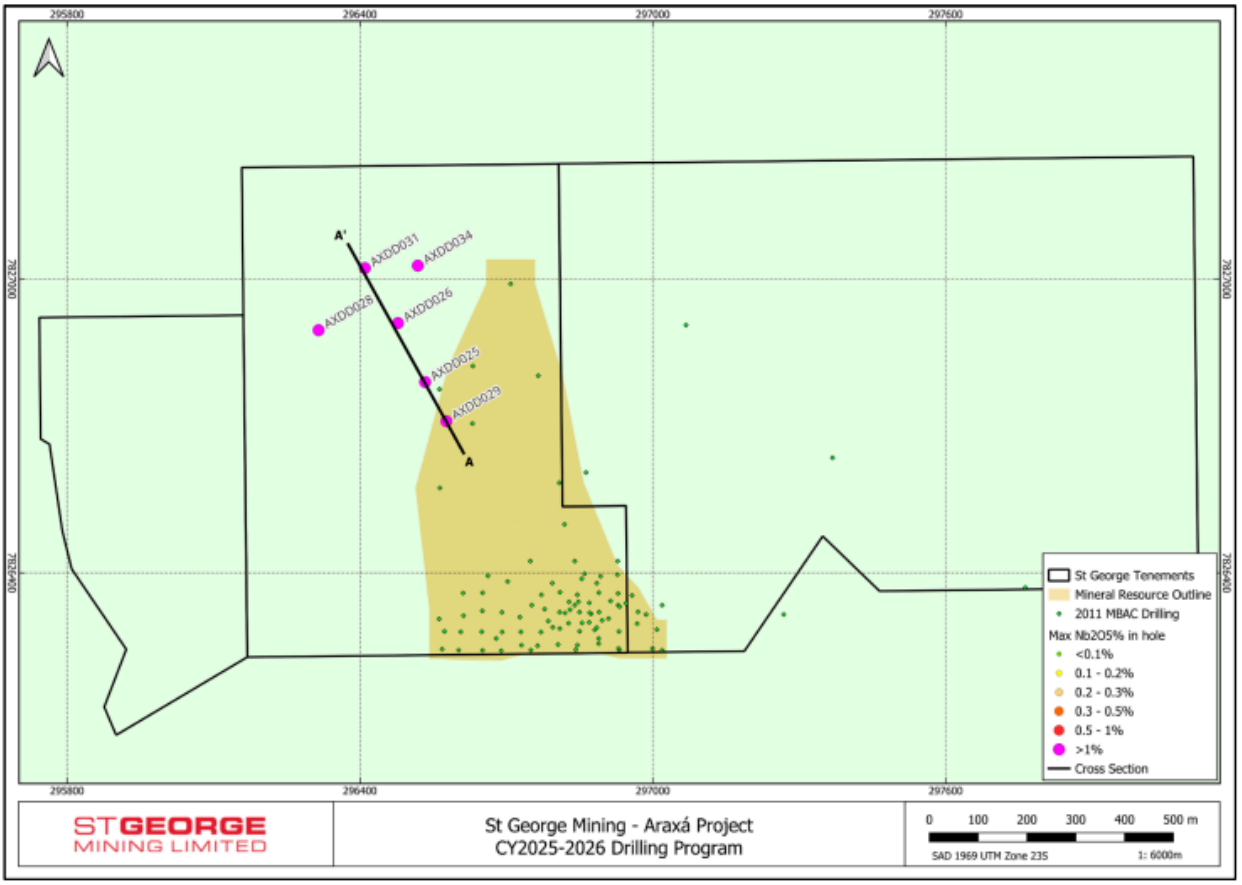
- **81.5m @ 1.27% Nb_2O_5 from surface**, including:
  - 43m @ 2.01% Nb_2O_5 from surface
  - 10.5m @ 3.41% Nb_2O_5 from 17m

There were also high-grade REEs within this new discovery, with drill hole AXDD025 returning the following result:

- **100.15m @ 2.16% TREO from surface**, including:
  - 19m @ 4.17% TREO from 58m

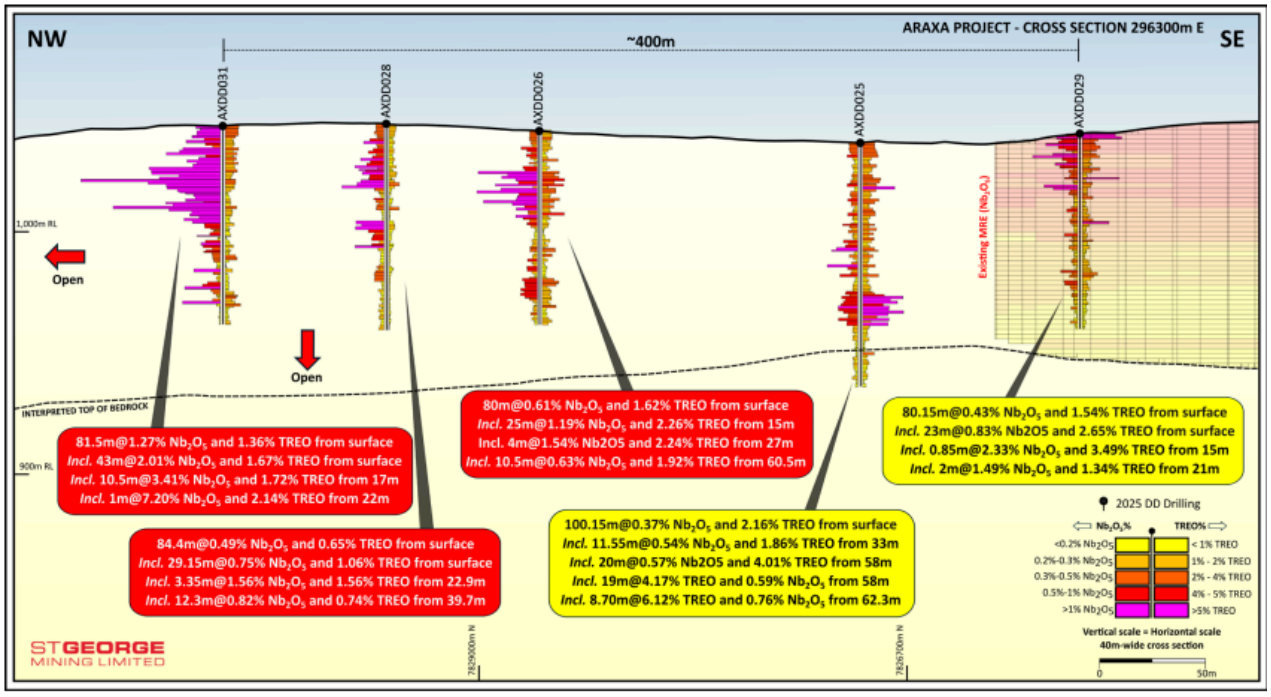
This newly explored zone sits 400m to the northwest of the main MRE and successfully completed SGQ's strategy of drilling broad-spaced (200–400m) step-out drilling in the northwest section of the tenement. Holes AXDD031 and AXDD029 sit 400m apart (see Figure 11), with four other step-out holes in between them.

Figure 10: Broad-spaced step-out drill holes



Source: SGQ.

Figure 11: High-grade Nb intercepts across 400m spacing



Source: SGQ.

SGQ Pays Remaining Acquisition Costs for Araxá

Following an equity raising of A$72.5m in October, SGQ announced in November that it had settled its deferred cash consideration totalling US$11m to Itafos Inc for the acquisition of Araxá. This payment finalised the sale agreement between SGQ and Itafos, granting SGQ 100% ownership of the flagship Araxá Project.

These payments were significantly fast tracked compared with the payment schedule, which stipulated that one payment of US$6m was due at the end of November 2025 and a second payment of US$5m was due in August 2026. These early payments have removed SGQ's largest obligation from its balance sheet.

SGQ Boosts US Presence

The US Government is focused on obtaining critical minerals supply from outside China to reduce its vulnerability to Chinese export controls, protect national security, and ensure stable access to inputs for defence, clean energy, and high-tech industries. Rare earths are a particular focus for the US.

Extension of MOU with REalloys

Following the signing of the Memorandum of Understanding (MOU) by SGQ and US-based critical magnet materials supplier REalloys Inc in September 2025, both companies have extended the alliance as of late January 2026 as REalloys continues metallurgical test work on rare earth oxalate samples from Araxá.

The MOU stipulated an offtake agreement between the two companies to be entered into within 120 days of signing. This extension has pushed the horizon out to one year to allow REalloys to complete its test work and flow sheet development.

REalloys is using its own proprietary technology for splitting and recovering individual rare earth elements from samples of rare earth oxalates (see Figure 12) produced at Araxá during a pilot plant study in 2012–13, prior to SGQ's ownership of the project. Critical magnet rare earths (NdPr) correspond to over 20% of TREO content, and heavy rare earths correspond to around 5% with high levels of samarium and dysprosium. The results of the test work will guide the optimisation of the processing flowsheet for production at Araxá.

The flowsheet optimisation is aimed at ensuring the product is most suitable for REalloys' existing magnet-making operations, which supply the US Department of Defense (DoD), Ames Laboratory from the US Department of Energy (DoE), the US Defense Logistics Agency, as well as aerospace, electronics, and industrial customers.

Figure 12: Rare earth oxalate products from 2012–13 pilot plant

	Individual Rare Earth Deportment as a % of TREO content								
	La_2O_3	CeO_2	Pr_6O_{11}	Nd_2O_3	Sm_2O_3	Gd_2O_3	Dy_2O_3	Y_2O_3	TREO
Rare Earth oxalate pilot plant campaign batch 01	25.82	49.46	4.82	15.6	1.53	0.78	0.15	0.29	98.44
Rare Earth oxalate pilot plant campaign batch 00	25.26	49.02	4.77	15.4	1.46	0.71	0.19	0.75	97.56

Source: SGQ.

Agreement with strategic government relations communication group

SGQ announced on 28 January that it had appointed the Ervin Graves Strategy Group to support engagement with the US Government and facilitate strategic communication with key US Government agencies. Ervin Graves will also provide advice on discussions for potential commercial arrangements and public-private partnerships to support SGQ's project development and to leverage the Araxá Project's strategic advantages including its location, project logistics, and globally significant rare earths and Nb resource.

This engagement will also progress SGQ's potential for receiving government funding for the Araxá Project as the US escalates funding for rare earth projects, including US$1.6bn in funding for USA Rare Earths (NASDAQ: USAR) for 10% equity, and a US$465m loan to Serra Verde to advance its Pela Ema rare earths mine in Brazil.

Recap: Araxá Set Up to Be New Nb Producer

SGQ is on a path to emerge as a major producer of Nb and REEs. The company holds 100% ownership of the Araxá Nb and REE project, a pre-production asset. Araxá has the potential to become a significant near-term producer of Nb, supplying into the global steel and alloy market, and in the medium term a supplier of REEs into the global market – in particular, to a growing Brazilian market and a US market where government intervention in the supply chain is creating strong demand for rare earths materials to feed the fast-growing US magnet-making industry.

Araxá is strategically located in the world's leading district for Nb production (Minas Gerais), adjacent to the flagship operations of Companhia Brasileira de Metalurgia e Mineração (CBMM), the world's largest Nb producer (~80% of global supply). The second-largest Nb producer, China Molybdenum Company (CMOC) (11% of global supply), is also located in Brazil, reinforcing its status as the epicentre of global Nb production. The deposit has easy accessibility – it is a large, shallow, flat-lying deposit, beginning at surface, and a free-dig mining operation.

Project overview

A fast track to production – targeting CY27 commencement; estimated EBITDA of US$130m pa; relatively low capex: Araxá's prime location, existing infrastructure, government support and strong customer interest have SGQ set up for a strong path to Nb production and significant cash flow potential. The project has the potential to be producing Nb by CY27, and we estimate it will generate EBITDA of ~US$130m pa at margins of >60%. We also believe project capex will be relatively low.

Scoping study to show value of the project: With an upcoming scoping study (expected CY26) to identify key project inputs and outcomes, we view the project as being relatively straightforward, outlining our expectations of moderate capex, relatively low opex and a rapid construction timetable. The company expects the scoping study will lead straight into a bankable feasibility study (BFS).

Key products – a critical metal with potential for rare earths

Niobium is a critical and valuable metal with a large market: Nb increases the strength of steel and reduces the weight of the total steel required in products, leading to cost efficiencies, lower steel usage and reduced CO_2 emissions. Use in batteries adds further growth in demand.

Market analyst estimates for the Nb market are at ~117kt in 2025, growing to reach 188kt by 2030 at a CAGR of 9.92%.

Rare earths add value – quality resource with huge potential: Araxá is a high-grade rare earths resource, containing 41.2Mt at 0.68% Nb_2O_5 giving 280kt niobium oxide and 40.6Mt at 4.13% TREO (1.7Mt of TREO). The deposit is rich in valuable NdPr and comparable to the Mountain Pass project in the US (owned by MP Materials) and Mt Weld in Australia (owned by Lynas). The current MRE was defined predominantly from shallow historical drilling, with ~80% of holes to depths of 60m or less, and only 10% of the project area has been close space drilled.

Brazil, a significant rare earth province, is looking to expand both its rare earth mining and refining industries substantially. We see the potential for Araxá to participate meaningfully in this growth.

Araxá stacks up against its peers

The Nb component of SGQ's Araxá Project stacks up very favourably to its peers in terms of grade, infrastructure, jurisdiction, timeline, and first to market.

Other key aspiring Nb producers include WA1's West Arunta Project (ASX: WA1), NioCorp's Elk Creek Critical Minerals Project (NASDAQ: NB) and Globe Metals and Mining's Kanyika Nobium Project (ASX: GBE).

With regards to REE, Araxá compares very favourably to existing producers Mt Weld and Mountain Pass.

Upcoming catalysts

- CY26: Rare earths metallurgical testing results
- CY26: Further results of drilling campaign, update of MRE
- CY26: Scoping study – Nb project
- CY26: Conversion of various MoUs for offtake, construction and approvals to be converted to binding agreements

Valuation: SOTP of A$0.22/Share (Unchanged)

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

We value SGQ using a sum-of-the-parts (SOTP) valuation of risked NPV for Nb production and EV/Resource for the REEs. Our valuation is A$0.22 per share, fully diluted (see Figure 13).

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 and an Nb market that needs new suppliers.

We also believe that there is significant possible upside to our valuation given the upcoming material upgrade to the resource on the back of the substantial drilling results, extension to our assumed mine life, potential production upside and the inclusion of REEs in the production profile. (We have not modelled REE production at this stage, as this portion of the project is not as advanced as the Nb portion. There is metallurgical work underway on the REEs; however, SGQ is still determining the processing route and the final REE product.)

In our base-case SOTP valuation, we also increased our valuation for the Nb as we have increased the probability rating to 100% from 85% based on the continued strong drilling results, progress made on the project and the substantial capital that has been injected into the business. We see the progression of the project as a virtual certainty. We await the updated scoping study in CY2026 to further enhance our numbers.

Figure 13: Valuation – sum of the parts (base case)

NPV OF PROJECTS	US$M	Ownership	Probability Risk Weighting	A$M	A$/share	Previous Valuation
ARAXA - Niobium	441	100%	100%	678	0.13	0.11
ARAXA - REE EV / Resource Valuation	294	100%	100%	452	0.09	0.11
Corporate Costs	(65)	100%	100%	(70)	(0.01)	(0.01)
Net Cash (Debt)	34	100%	100%	53	0.01	0.01
Total				**1,114**	**0.22**	**0.22**
WACC					**10.0%**	
AUDUSD					0.65	
Shares on issue (Undiluted)					3,809	
Options & Performance Rights					1,100	
Additional Equity Required					267	
Shares on issue (Fully Diluted)					**5,176**	

Source: MST

Base-case valuation components

Niobium: risked NPV = A$0.13 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 CY2026** (deferred from CY2025 due to the upcoming material upgrade in the resource), at which time there may be some substantial adjustments as we enhance our inputs and firm up our valuation. We have accounted for the preliminary nature of our valuation by assigning a risk/probability weighting. Our preliminary risked assessment of the Nb project at Araxá shows a valuation in excess of the current share price.

2013 Preliminary Economic Analysis: a 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.

Assumptions utilised in calculating NPV for Araxá Nb valuation

The PEA set the groundwork for our valuation. However, given the age of the PEA and changes in costs and SGQ's focus on Nb, we have reviewed the inputs. We highlight the following key assumptions (a full list is shown in Figure 14):

- **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 5kt of ferroniobium (FeNb), ramping up to 10ktpa from FY35 (we add US$60m of capex in year 6 to ramp up to 10ktpa of production). The PES did not detail this level of production
- **Inclusion of REEs:** We have not considered production of REEs at this stage.
- **Risk:** We risk our valuation and currently give the Nb contribution a 100% probability (increased from 85% previously). The project is early stage; however, with a high-quality resource (soon to be upgraded), established infrastructure, government support and customer interest, we see the probability of Araxá coming into production as virtually certain and consider the risk is at the low end. While we believe we need to risk the project due to the preliminary nature of our estimates, given the drilling results and SGQ's substantially improved financial position, we see the risk as lower.
- **Funding:** We have assumed an 80:20 debt-to-equity funding ratio.
- **Currency:** We have changed our long term A$/US$ X-rate from 0.63 to 0.65 to reflect recent strength in the A$

Figure 14: Nb NPV Assumptions

Assumptions	
PROJECT ASSUMPTIONS	
Project Ownership (%)	100%
First production	FY28
Processing Plant Throughput (mtpa)	1.5
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)	15
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 %	95%
Funding Debt / Equity %	80 / 20
Share price assumption cap raise (A$/s)	0.150
PRICING & TAX ASSUMPTIONS	
Niobium Basket Price (US$/t) -real	50,000
Royalty Rate (%)	10%
Corporate Tax Rate (%)	34%

Source: MST

Alternative valuation for Nb project: EV/Resource – A$0.067 per share

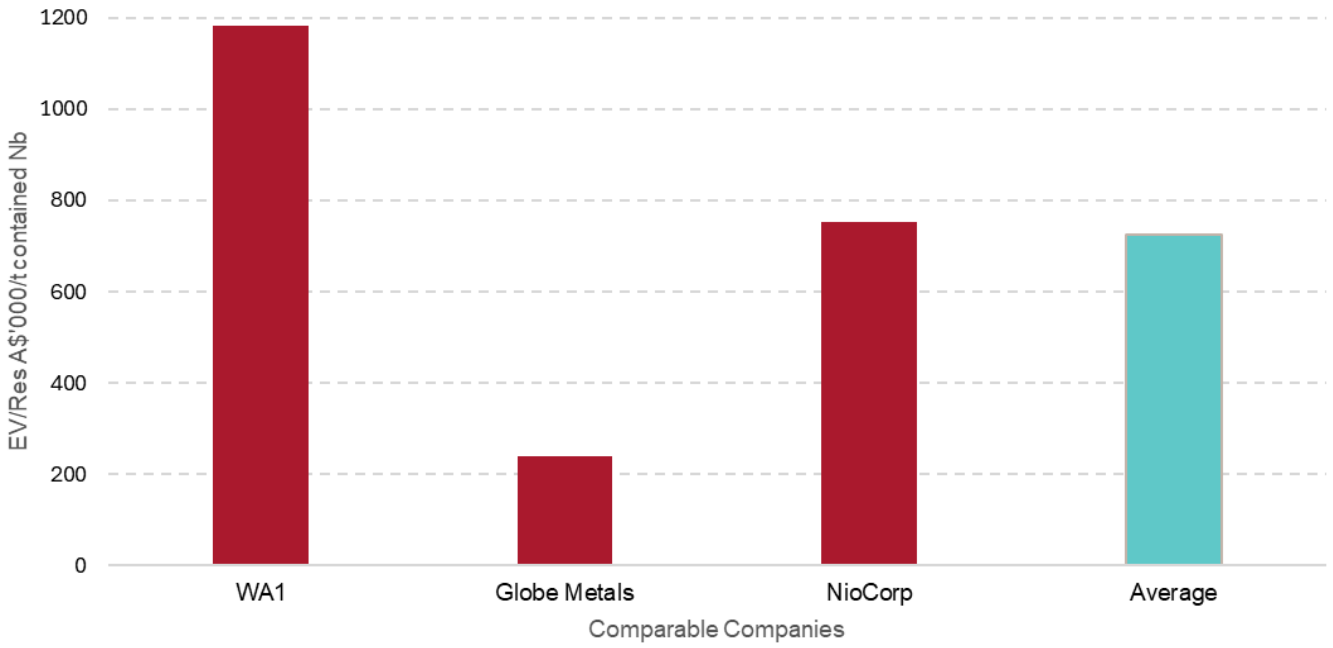
Given the early-stage nature of our NPV calculation, we consider a comparative valuation metric is warranted. In this case we have looked at the EV/Resource – a common tool used to assess the value of mining companies in their pre-production phase which aims to understand what value the market places on the company's resource and its potential.

We have compared the Araxá Project to other key pre-production Nb projects (as discussed in the Peer Comparisons section of this report in Appendix 1), 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).

In the calculation, we consider only the Nb resource for each project, acknowledging that the calculation is not perfect as some of the other projects contain other metals within their resources. We have applied the average EV/Resource calculated from the projects to come up with an estimated valuation for SGQ based on the current resource. It should be noted that SGQ will be conducting a significant drilling campaign which has the potential to materially increase the resource.

If we look at the average EV/Resource multiple of A$859/t of contained Nb, then an estimated EV for SGQ is A$240m or A$0.051 per share on a fully diluted basis (A$0.067 per share undiluted)

Figure 15: Nb EV/Resource for comparable companies, plus average and median (alternative 'cross-check' valuation)



Source: Company data, MST.

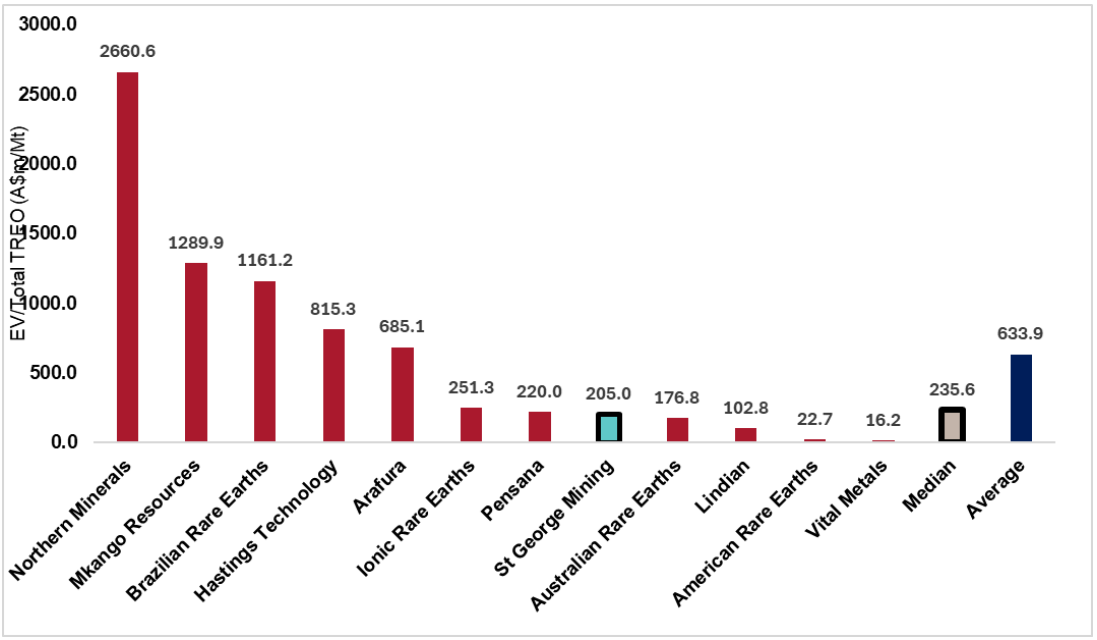
REEs: EV/Resources = A$0.09 base-case contribution

We consider the REE resource development to be at too early a stage to contemplate 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 – for this purpose, we use EV/Resources.

We selected a group of peers for comparison (see Figure 16). 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 median 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.)

If we were to apply the median value (A$251 per tonne of contained TREO) of the selected companies to the contained TREO of 1.67Mt (40.64Mt @ 4.13% TREO) at Araxá, this would equate to an EV of A$420m, or A$0.09 per share on a fully diluted basis.

Figure 16: EV/Resource comparables

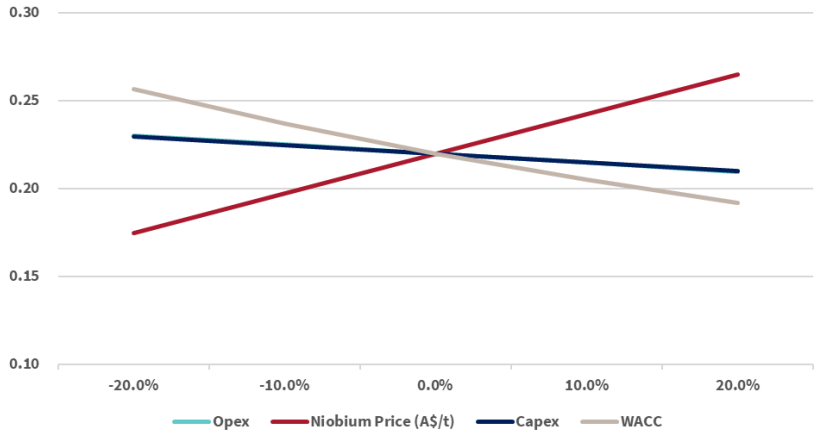


Source: Company data, MST.

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

The key sensitivities for our valuation are shown in Figure 17, with the Nb price being the key driver.

Figure 17: 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 the project being delivered 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.

Resource upgrade

Given the outstanding success of the drilling campaign, there is a substantial upgrade coming up in both the size of and confidence level of the MRE. Given that the cut-off of the drilling for the MRE assessment will not include all the drilling to date and the further drilling to come, there will also be a further upgrade to the resource on the completion of the current drilling campaign.

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

The current infill drilling aims to both boost the confidence of the resource (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 a positive catalyst 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 to provide project details, setting up the project for funding discussions. Any disappointing results from the scoping 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.

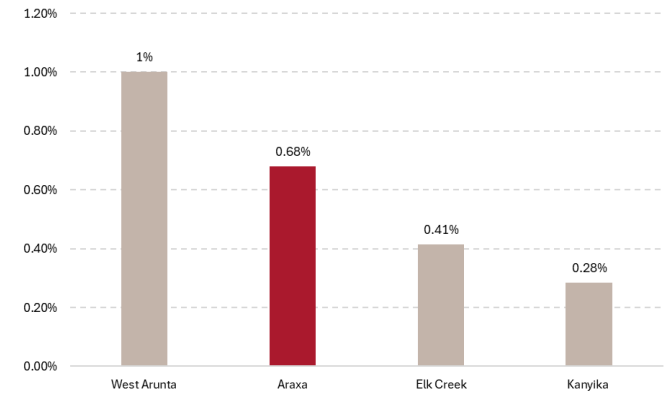
Figure 18 shows our assessments of SGQ's peers. Green indicates an advantage/superior outcome to peers, orange indicates being in line with peers while red indicates being at a disadvantage to peers.

Figure 18: 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	✓	✓	✓	×

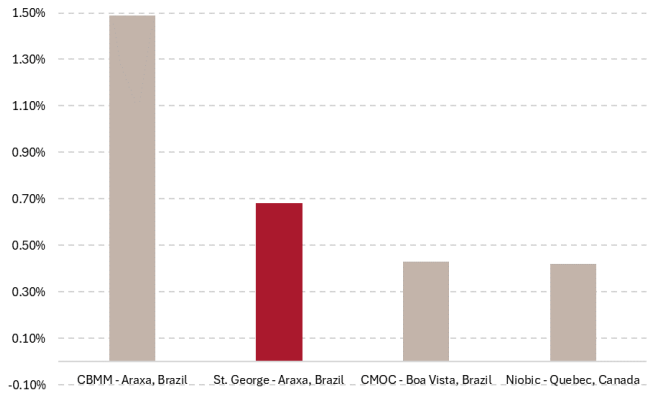
Source: MSTe, company data.

Figure 19: Araxá's Nb_2O_5 stacks up well against other Nb development projects (grade %)



Source: Company data.

Figure 20: Araxá's Nb_2O_5 also stacks up well against major operating projects (CBMM a standout) (grade %)



Source: 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 21: Araxá compared with other REE projects – metrics point to undervaluation of SGQ

	St George	Lynas	MP	Arafura
Mkt Cap and Exchange	A$400m ASX	A$15.7b ASX	US$10.8b NYSE	A$1.02b 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: 1.9 Indicated: 7.37 Inferred: 31.37 Total: 40.64	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: 5.44% Indicated: 4.76% Inferred: 3.9% Total: 4.13%	Measured: 7.2% Indicated: 4.3% Inferred: 3.2% Total: 4.1%	Measured: 9.5% Indicated: 6.2% Inferred: 5.1% Total: 5.9%	Measured: 3.2% Indicated: 2.7% Inferred: 2.3% Total: 2.6%
NdPr (%)	Total 0.78%	Total 0.61%	Total 0.93%	Total 0.69%
NdPr:TREO ratio (%)	18.9%	14.8%	15.7%	26.5%
Contained NdPr (Mt)	0.32	0.65	0.38	0.38

Source: Company data.

Appendix 2: Niobium 101 – The Key to Araxá's Success

What is niobium?

Niobium (Nb) is a ductile, refractory metal known for its resistance to heat, wear and corrosion (see Figure 22). Nb is useful in producing high-strength, low-alloy steel as well as in next-gen battery applications.

Nb is widely distributed in the Earth's crust, but rarely found in high concentrations. Over 90 different Nb-bearing minerals have been identified, but most occur in trace amounts or within complex mineral assemblages, making extraction uneconomical. The primary source of Nb globally is pyrochlore, a mineral typically hosted in carbonatites or pegmatites derived from alkaline rocks, often alongside zirconium, titanium, thorium, uranium and rare-earth minerals. Pyrochlore mineralisation is processed to produce a Nb concentrate grading 55–60% Nb_2O_5, which is then further refined into ferroniobium (FeNb) or other Nb-based products.

Nb can also be found in columbite, a mineral typically associated with intrusive pegmatites, biotite, and alkali granites. Historically, Nb and tantalum were commonly found together and difficult to distinguish. Thus, columbite is processed in the same way as tantalite, with Nb recovered alongside tantalum. Fittingly, Nb takes its name from Niobe, the daughter of Tantalus in Greek mythology – a nod to its natural association with tantalum.

Figure 22: Niobium's unique combination of traits drives demand

Niobium Traits
Resistant to wear
Resistant to corrosion
Resistant to extreme heat- high melting point of 2477°C
Superconductive at cryogenic temperatures
Increase yield strength, tensile strength and toughness of alloys
Lightweight relative to other refractory metals
Low thermal expansion

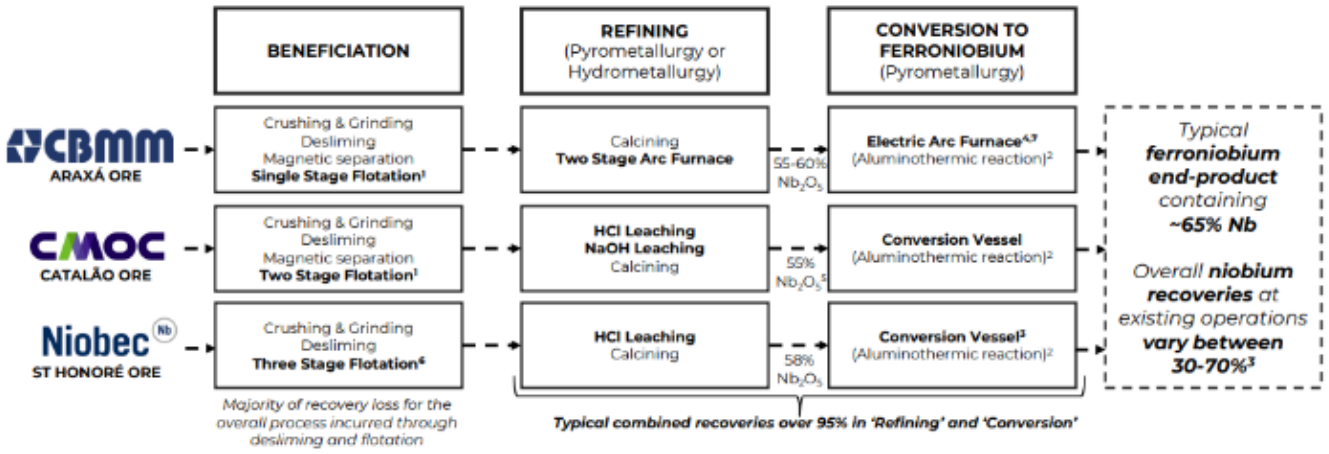
Source: MST.

Processing method

Pyrochlore ore is mined and initially crushed and ground to liberate the mineral. The ore undergoes froth flotation with multiple cleaning stages to refine the concentrate to ~60% Nb_2O_5. The resulting concentrates are calcined to reduce impurities such as phosphorus, sulphur and lead. The purified concentrates then undergo an aluminothermic process to arrive at FeNb. In this process, the concentrate is mixed with hematite powder, aluminum powder, and small quantities of fluorspar and lime fluxes. The reaction is initiated by igniting a fuse, triggering an exothermic reaction that generates temperatures of approximately 2,400°C. During this process, niobium pentoxide (Nb_2O_5) is reduced by aluminum producing a ferro-niobium alloy with iron from hematite and aluminum oxide slag (Al_2O_3). The molten iron and niobium metal combine to form FeNb alloy, typically grading 60–66% Nb. The lighter slag layer floats on top and is tapped off. Once cooled, the solidified FeNb ingot is cleaned, crushed, screened, and sized according to customer specifications. In some cases, further refining via electron-beam melting is undertaken to produce high-purity niobium metal for specialised applications.

Columbite concentrates and tin slags with high tantalum content are typically processed using wet chemical methods. Lower-grade material is first melted in a furnace to separate the tantalum-niobium into a ferroalloy. The resulting material is then broken down using hydrofluoric acid, followed by a solvent extraction process to separate tantalum and niobium. Tantalum goes into the organic phase, while niobium stays in the aqueous solution. Niobium is then precipitated, dried, and roasted to form Nb_2O_5. From here, it can be converted into FeNb through an aluminothermic reaction similar to pyrochlore.

Figure 23: Summarised flowsheets of the top 3 producers of Nb

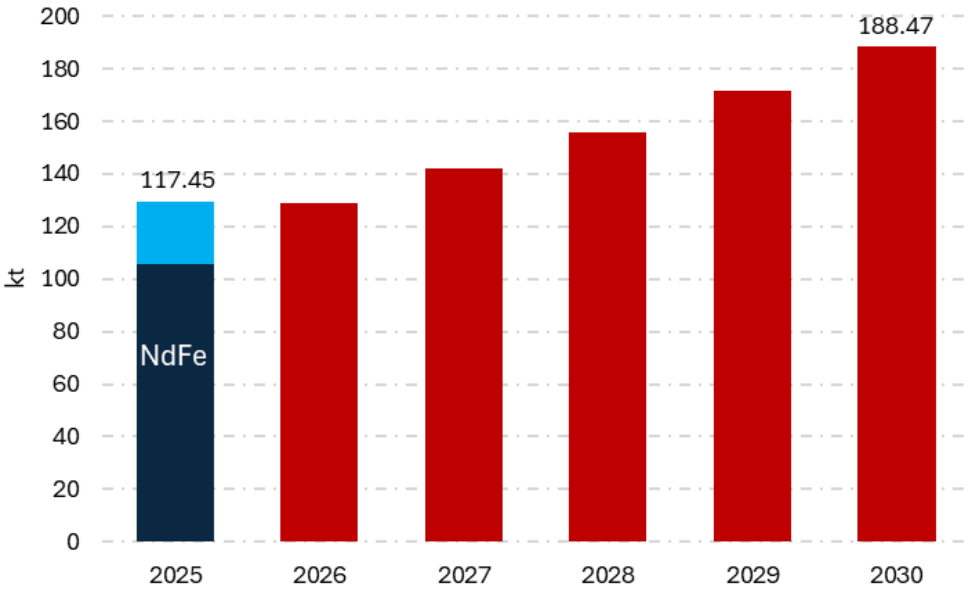


Source: Company data.

Uses and applications

The Nb market is estimated at ~117kt in 2025 and market estimates are for it to reach 188kt by 2030, a CAGR of 9.92% (see Figure 24). There are 4 end products from Nb production: FeNb, Nb oxide (Nb_2O_5), vacuum-grade alloys and metallic Nb. FeNb undoubtably dominates global demand at ~90%, followed by ~9% in niobium oxide and the remainder split between the rest.

Figure 24: The Nb market is set to grow to 188kt by 2030



Source: Mordor Intelligence.

NbFe: steroids for steel

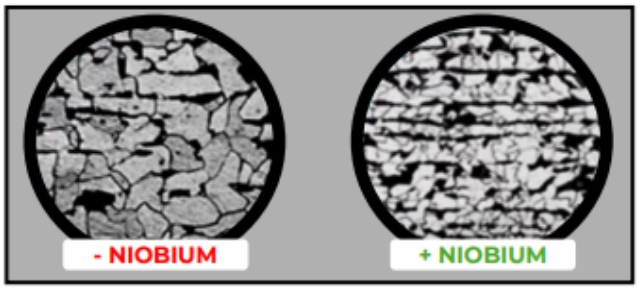
The substantial market presence of FeNb is driven by its crucial role in producing high-strength low-alloy steel (HSLA), in which it significantly enhances steel's strength and toughness while reducing its weight and improving weldability and stability at high temperatures. Its widespread adoption in infrastructure projects, oil and gas pipelines, automotive manufacturing, and construction sectors, where these enhancements are crucial, continues to drive demand. The use of HSLA has significant benefits for the user across various industries. These benefits include the following:

- **Improved efficiency and cost savings:** Nb increases the strength of the steel, reducing the total amount of steel required, leading to substantial cost savings. For example, if 130kt of steel is used in construction, adding 0.02% of Nb to steel componentry will result in a total steel saving of 12kt. 12kt of steel costs ~US$6m whilst 40t of FeNb costs ~US$1.2m – reducing net costs by US$4.8m, whilst also improving the quality of steel and reducing emissions.

- **Enhanced fuel efficiency:** Nb reduces vehicle weight significantly, increasing fuel efficiency. For example, adding just 300g of Nb can reduce the weight of steel in a mid-size car by 200kg, improving fuel efficiency by 5% whilst reducing emissions.
- **Environmental benefits:** Lower steel usage results in reduced CO_2 emissions during production and operations.

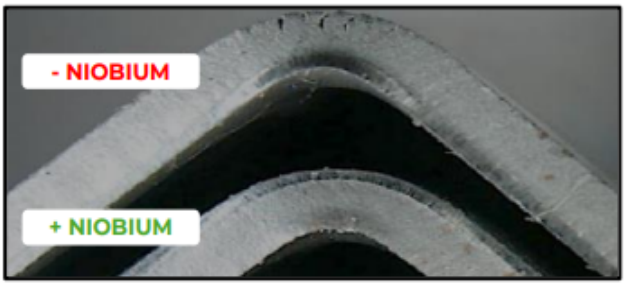
Regulatory trends with respect to steel toughness are providing structural tailwinds. Increasingly stringent global standards for stronger, lighter, and more efficient steel – particularly in the automotive, construction, and infrastructure sectors – have steadily lifted baseline demand for Nb over time. The most recent amendments to Chinese steel strength standards occurred in June 2024; the new standards included stricter requirements for tolerance, smelting processes, mechanical properties, packaging, and rebar quality.

Figure 25: Improved microstructure of steel with Nb additions



Source: WA1.

Figure 26: Improved flat sheet formability with Nb



Source: WA1.

Nb_2O_5: high-growth, next-gen materials story – use in batteries, electronics

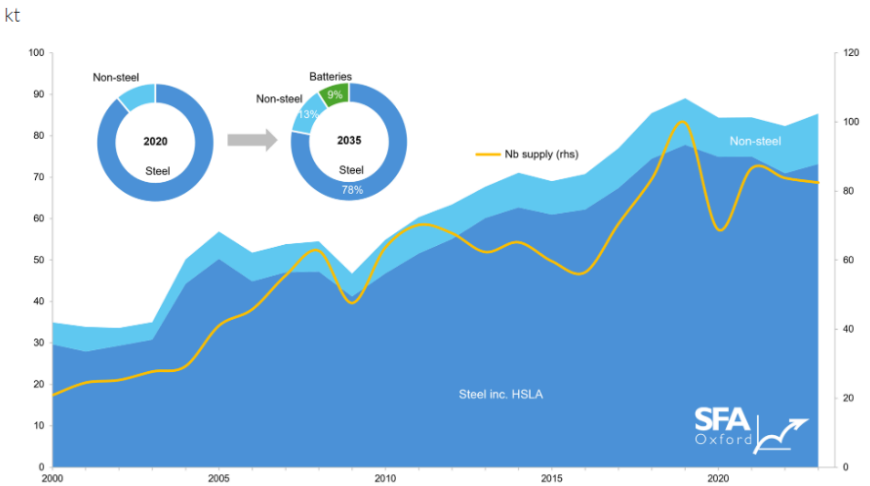
The Nb_2O_5 market is experiencing significant growth and is projected to expand at ~26% during 2024-2029 (see Figure 27).

This growth is largely attributed to its increasing adoption in next-generation lithium-ion batteries and advanced electronics. Leading Nb producers, notably CBMM, are investing heavily to capitalise on this growth, with plans to lift Nb_2O_5 production capacity to 40ktpa by 2030. CBMM also projects that Nb for battery technologies will account for 25% of its total revenue by 2030.

Historically used in optical glass, camera lenses, and electronic components due to its high refractive index and superior electrical properties, Nb_2O_5 is now emerging as a key enabler of next-gen battery technologies. Recent research into the use of Nb in lithium-ion EV batteries has shown significant potential including 10x longer life than traditional batteries, reduced charge times down to less than 6 minutes and increased stability and performance. For example, Toshiba's Niobium Titanium Oxide anode allows for higher performance, longer-life, faster charging, and safer batteries.

Given the dominance of steel application, naturally Nb demand will correlate significantly with steel demand and growth.

Figure 27: Nb demand in batteries is set to account for 9% of total demand in 2035



Source: SFA (Oxford).

Superalloys and metallic Nb – critical for high-performance applications

Nb is also being used in nickel, cobalt, and iron-based superalloys for applications in the aerospace and defence industries where strength and extreme heat resistance are critical, such as jet engine components, gas turbines, rocket subassemblies, turbo charger systems, heat resisting, and combustion equipment. Examples include the liquid rocket thruster nozzles of the Melin Vacuum engines developed by SpaceX for the upper stage of its Falcon 9 rocket. Metallic Nb is widely used in advanced medical equipment such as MRI machines, CT scanners, and particle accelerators. This is a key area of future growth as countries continue to increase defence and aerospace spending in a more volatile geopolitical backdrop.

Demand – APAC dominates, followed by Europe and America

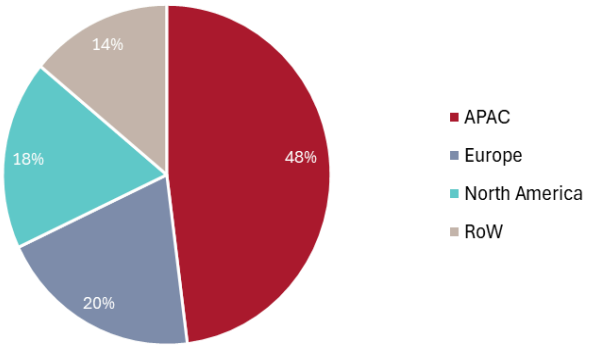
In 2023, China was the largest importer of Nb, accounting for ~30% of the US$3.2bn global FeNb trade and 50% of the US$0.6bn market in Nb, tantalum and vanadium ores and concentrate (source: WA1). This demand from China was underpinned by its massive steel industry, infrastructure and renewables buildout, and rising EV production. An imminent Chinese economic stimulus package is likely to spur on steel and HSLA demand after several years of sluggish growth resulting from its struggling housing market.

India represents the fastest-growing market in the APAC region, with market analysts projecting a growth rate of 6% pa in 2024–2029. Industrialisation, infrastructure expansion and automotive manufacturing are key drivers for India. Japan and South Korea maintain steady consumption in their advanced manufacturing and electronics industries.

In the West, the Netherlands and the US accounted for ~16% and ~8% of global FeNb trade, respectively (source: the Observatory of Economic Complexity). Nb is an in-demand commodity in the EU for its applications in energy transition infrastructures, such as wind turbines, solar panels and lithium-ion batteries. We expect this demand to accelerate given the Bloc's green energy transition strategy being a two-pronged desire of emission reduction and, more importantly, energy security. The Netherlands acts as a trading hub and distributes end product to high-demand countries such as Germany (automotive, renewables and aerospace – Airbus production is in Hamburg) and Italy (automotive, steel and renewables).

US demand is primarily driven by its advanced manufacturing sector, particularly in aerospace (Boeing) and defence applications, with the country having the world's largest defence budget. In addition, construction and infrastructure development in the US continues to support steady demand for FeNb.

Figure 28: APAC dominates niobium demand



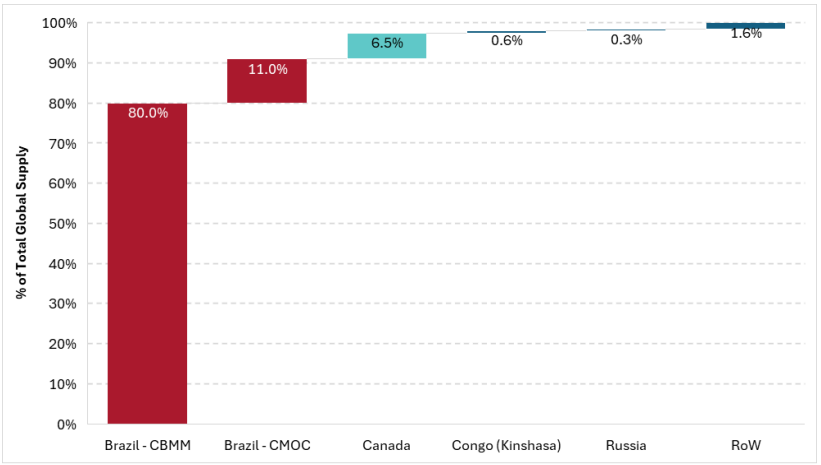
Source: WA1, The Observatory of Economic Complexity.

Supply – a highly concentrated, near-monopoly situation

The global Nb market is a highly concentrated oligopoly – arguably a near-monopoly – dominated by 3 players: Brazil's Companhia Brasileira de Metalurgia e Mineracao (CBMM), China's China Molybendum Company (CMOC), and Canada's Magris Performance Metals. This concentration reflects the scarcity and unique geological distribution of commercial Nb deposits, which are overwhelmingly located in Brazil and Canada. CBMM's Araxá mine in Brazil is the industry giant, accounting for ~80% of global supply. CMOC's Boa Vista mine, also in Brazil, contributes ~11%, while Magris's Niobec mine in Canada provides ~7%. CBMM is majority owned by the Moreira Salles family with 15% owned by a group of Chinese steelmakers and an additional 15% by a Japanese–South Korean joint venture. The concentration of supply – essentially, the dependence on a single major supplier, as well as the fact that 90% of global Nb comes from Brazil – exposes strategic industries to heightened supply chain risks, especially given the backdrop of the tariff wars recently instigated by the US Government and the subsequent reshaping of global trade. The US has had no domestic production since 1959, and both the US and EU are wholly reliant on imports. This, in combination with Nb's difficult-to-substitute nature and demand in critical industries such as defence and aerospace, makes it a critical mineral to many nations. Indeed, Nb is listed as a critical mineral in many nations and jurisdictions including the EU, the US, Australia, Japan, South Korea, the UK and Canada.

Although world reserves of Nb are more than adequate to supply projected needs for more than 50+ years, the concentration of the world's identified reserves in Brazil, particularly CBMM, highlights access to supply as a serious issue.

Figure 29: Brazil and Canada control ~98% of global niobium supply



Source: USGS.

Pricing – historical stability

While Nb prices are largely governed by long-term contracts, typically benchmarked to CBMM's pricing, Shanghai Metals Exchange provides a useful proxy. Shanghai Metals Market (SMM) publishes indicative pricing for key forms including Nb, ferroniobium (FeNb60) and niobium pentoxide (Nb_2O_5), offering useful signals for market sentiment and contract renegotiations.

Given Nb's primary use as a microalloying agent in HSLA steel, its price is closely correlated to global steel production trends. Nb demand and pricing are thus inherently cyclical (vulnerable to broader macroeconomic downturns that typically weigh on steel production) yet still exhibit low volatility.

Nb pricing also has an interesting relationship with vanadium, another key steel-strengthening alloy. The steel sector responds rapidly to vanadium price swings by substituting with Nb. During price spikes, such as in 2005, 2008 and 2018, steelmakers increasingly shift from vanadium to Nb to maintain cost efficiency. This shift from vanadium is a key reason for vanadium's poor pricing performance in the past 3 years.

Because of the large amount of reserves held by CBMM, the company ramps up Nb supply to meet rising demand, and vice versa. CBMM's ability to flex production to stabilise the market results in less dramatic price swings, giving Nb its stable pricing trait. In the last 3 years, FeNb60 prices have been relatively stable and have seen low volatility, compared to vanadium alloyed steel (FeV50) which has been much more volatile.

As Chinese steel production recovers, and demand increases with Europe's energy transition and higher global defence spending, we expect NbFe and Nb pricing to strengthen.

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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$0.096 | Valuation A$0.220;

Price and valuation as at 11 February 2026 (not covered)*

Additional disclosures

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