

23 February 2026

## St George Mining Ltd (SGQ)

**BUY**      **Share Price: A\$0.12**

### Resource moving to Tier-1 scale

**Target Price: A\$0.44**

Latest assay results from ongoing infill & expansion drill program at SGQ's 100%-owned Araxá Project in Minas Gerais, Brazil (Figs. 1-2) include the thickest mineralised interval to date - 165m from surface of high-grade rare earths and niobium. The new results highlight the extensive lateral and vertical continuity of high-grade mineralisation over very broad intervals from surface. This points to a potential substantial increase in the overall Mineral Resource Estimate – already world class at 40.6Mt @ 4.13% TREO – the largest and highest-grade carbonatite-hosted REE resource in South America and second-highest grade REE resource in the Western World. We estimate that a Mar. Q'26 Resource update could see the Resource double to +80Mt, making Araxá comparable to Lynas's (ASX:LYC, mcap A\$16.3bn) Mt Weld Resource. BUY, NPV<sub>10</sub> derived valuation of A\$2.18bn (prev. A\$2.17bn), revised TP A\$0.44/sh (prev. A\$0.43/sh).

#### Latest assay results from Araxá Project (Figs. 3-4)

- Assays for a further 17 holes received included intersections from step-out holes drilled to the west of the existing Resource envelope:
  - 164.45m @ 2.93% TREO and 0.39% Nb<sub>2</sub>O<sub>5</sub> from surface (AXDD055) incl. 62m @ 5.15% TREO and 0.66% Nb<sub>2</sub>O<sub>5</sub> from 22m as well as 15m @ 8.78% TREO and 1.18% Nb<sub>2</sub>O<sub>5</sub> from 55m.
  - 100.65m @ 4.16% TREO and 0.55% Nb<sub>2</sub>O<sub>5</sub> from surface (AXDD059) incl. 20m @ 6.13% TREO and 0.76% Nb<sub>2</sub>O<sub>5</sub> from 61m.
- The infill component of the program including 140m @ 1.88% TREO from surface (AXD0060) and 110m @ 4.16% TREO from surface (AXD0051) will increase both the Resource and Resource confidence (currently ~77% is in the Inferred category).

#### Moving quickly to Tier-1 territory

- Along with previously reported step-out holes to the west, and Resource expansionary holes drilled 1km to the east (East Araxá), we see potential for the current +40Mt Resource to double to +80Mt in the upcoming Mar. Q'26 Resource update. Moving from ~40Mt to ~80Mt would put Araxá closer to LYC's Mt Weld (107Mt) with only MP Materials at a higher TREO grade (Fig. 5).
- Drilling 24/7. Expansion and resource definition drilling continues 24/7 with three D/D core rigs and one RC rig; 20 drill holes at the laboratory with assays pending.

#### Key Dates Ahead

- Ongoing – Drill results from Araxá Project.
- Mar. Q'26 - Updated Araxá Resource.
- Jun. Q'26 – Niobium Economic Study.

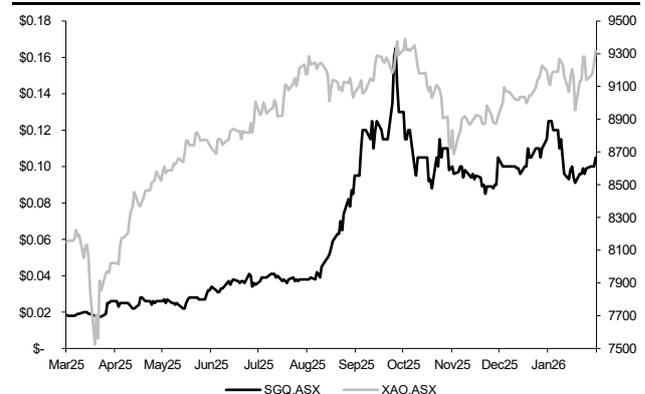
#### Company Data

Shares – ordinary (M)	3809.3
Rights/options (M)	1133
Diluted for rights/options (M)	4942
Market capitalisation (\$M)	438
12 month low/high (\$)	0.01/ 0.18
Average monthly turnover (\$M)	84.8
GICS Industry	Metals & Mining

#### Financial Summary (fully diluted/normalised)

Year End June	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue (\$M)	0.0	0.0	123.7	395.8	562.3
Costs (\$M)	-5.0	-5.0	-37.3	-101.8	-140.6
EBITDA (\$M)	-5.0	-5.0	86.4	294.0	421.6
NPAT (\$M)	-8.8	-4.6	47.8	180.7	265.6
EPS (¢ps)	-0.3	-0.1	1.0	3.6	5.3
EPS growth (%)	-ve	-ve	>100%	>100%	47%
PER (x)	na	na	12.0	3.2	2.2
Op. Cashflow (\$M)	-14.9	-5.0	59.2	203.0	271.3
OCFPS (¢ps)	-0.4	-0.1	1.2	4.1	5.4
POCFPS (x)	na	na	9.7	2.8	2.1
Enterprise Value (\$M)	383	476	484	610	489
EV / EBITDA (x)	-76.5	-95.2	5.6	2.1	1.2
Payout ratio (%)	na	na	na	na	na
Dividends (¢ps)	0.0	0.0	0.0	0.0	0.0
Yield (%)	na	na	na	na	na
Franking (%)	0%	0%	0%	0%	0%

#### SGQ – performance over one year



#### Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document.

David Brennan, CFA  
+61 2 9239 9630



## Analysis

### St George Mining (SGQ)

Year End June

Share price (A\$)	0.12
Issued Shares (m)	3,809
Market Cap (A\$m)	438
Options/Rights/To Issue (m)	1,133
Dilution (m)	273 (A\$30m in new equity @ A\$0.11/sh)
Fully Diluted no. of Shares (m)	5,215

P&L Statement (A\$m)	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
Revenue	0.0	0.0	123.7	396	562	894	914
Costs	(5.0)	(5.0)	(37.3)	(101.8)	(140.6)	(205)	(237)
<b>EBITDA</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>86.4</b>	<b>294</b>	<b>422</b>	<b>688</b>	<b>678</b>
Depreciation & Amortisation	0.0	(0.5)	(10.0)	(20.0)	(20.0)	(40)	(40)
<b>Operating profit</b>	<b>(5.0)</b>	<b>(5.5)</b>	<b>76.4</b>	<b>274</b>	<b>402</b>	<b>648</b>	<b>638</b>
NOI	(3.9)	(0.8)	0.0	0.0	0.0	0	0
<b>EBIT</b>	<b>(8.9)</b>	<b>(6)</b>	<b>76</b>	<b>274</b>	<b>402</b>	<b>648</b>	<b>638</b>
Interest income	0.1	1.7	1.9	1.6	2.3	8	22
Interest expense	0.0	0.0	(10.0)	(17.5)	(24.5)	(23)	(21)
Tax expense	0.0	0.0	(20.5)	(77.5)	(113.8)	(190)	(192)
Minority interest	0.0	0.0	0.0	0.0	0.0	0	0
<b>Reported NPAT</b>	<b>(8.8)</b>	<b>(4.6)</b>	<b>47.8</b>	<b>180.7</b>	<b>266</b>	<b>443</b>	<b>447</b>
EPS Reported (A\$c)	(0.26)	(0.10)	0.96	3.61	5.31	8.9	8.9
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Avg. no. of shares (m)	3,381	4,421	5,001	5,001	5,001	5,001	5,001
YE no. of shares (m)	3,840	5,001	5,001	5,001	5,001	5,001	5,001

Cash Flow (A\$m)	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
EBITDA	(5.0)	(5.0)	86.4	294.0	421.6	688	678
Working capital change	(9.9)	0.0	(6.7)	(13.6)	(36.4)	(75)	(100)
Tax expense	0.0	0.0	(20.5)	(77.5)	(113.8)	(190)	(192)
<b>Operating Cash Flow</b>	<b>(14.9)</b>	<b>(5.0)</b>	<b>59.2</b>	<b>203</b>	<b>271</b>	<b>424</b>	<b>386</b>
Capex (growth)	0	(150)	(50)	(300)	(100)	0	0
Capex (sustaining)	0	0	(4)	(8)	(23)	(28)	(28)
Explor./development	(10)	(5)	(5)	(5)	(5)	(5)	(5)
<b>Investing Cash Flow</b>	<b>(10)</b>	<b>(155)</b>	<b>(59)</b>	<b>(313)</b>	<b>(128)</b>	<b>(33)</b>	<b>(33)</b>
Net interest received / (paid)	0.1	1.7	(8.1)	(15.9)	(22.2)	(16)	1
Debt drawdown / (payment)	0.0	100.0	0.0	150.0	(10.0)	(15)	(25)
Dividends	0.0	0.0	0.0	0.0	0.0	0	0
Equity raised / (repaid)*	77.5	30.0	0.0	0.0	0.0	0	0
<b>Financing Cash Flow</b>	<b>77.6</b>	<b>131.7</b>	<b>(8.1)</b>	<b>134.1</b>	<b>(32.2)</b>	<b>(31)</b>	<b>(24)</b>
Other**	0.0	34.8	0.0	0.0	0.0	0	0
<b>Inc/(Dec) in Cash</b>	<b>52.8</b>	<b>6.4</b>	<b>(7.9)</b>	<b>24.1</b>	<b>111.2</b>	<b>360</b>	<b>329</b>

Balance Sheet (A\$m)	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
Cash & Equivalents	55.5	61.9	54.0	78.2	189.3	549	878
Receivables	0.0	0.0	9.9	31.7	45.0	82.5	132.5
Inventories	0.0	0.0	6.2	19.8	56.2	74.4	92.7
Other Current Assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2
PPE and Explo./Dev.	57	212	261	554	662	655	648
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0	0
Other Non Current Assets	0.0	0.0	0.0	0.0	0.0	0	0
<b>Total Assets</b>	<b>113</b>	<b>274</b>	<b>331</b>	<b>684</b>	<b>953</b>	<b>1,361</b>	<b>1,752</b>
Payables and other CL	3.0	3.0	12.4	34.2	47.5	47.5	47.5
ST Debt / Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LT Debt/Lease Liabilities	0.0	100.0	100.0	250.0	240.0	225	200
Other NC Liabilities	8.9	8.9	8.9	8.9	8.9	9	9
Other	0.0	0.0	0.0	0.0	0.0	0	0
Total Liabilities	11.8	111.8	121.3	293.0	296.3	281	256
Equity	101	162	210	391	656	1,080	1,495
<b>Liabilities &amp; Equity</b>	<b>113</b>	<b>274</b>	<b>331</b>	<b>684</b>	<b>953</b>	<b>1,361</b>	<b>1,752</b>

Ratios	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
P/E (x)	na	na	12.0	3.2	2.2	1.3	1.3
Debt/Equity	0%	62%	48%	64%	37%	21%	13%
ROE (%)	-8.7%	-3.5%	25.7%	60.2%	50.7%	51.0%	34.7%

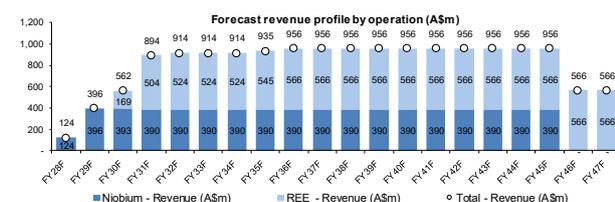
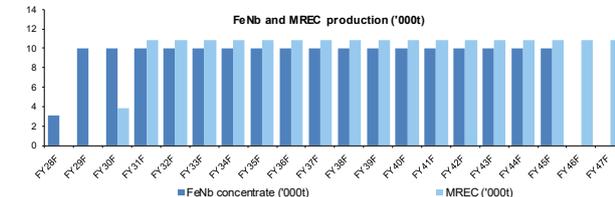
Note: \* Diluted for forecast A\$30m in new equity in FY27F at A\$0.11/sh. \*\* Diluted for in-the-money options; in FY26F 39m options @ A\$0.10 = A\$3.9m and in FY27F 888m options @ A\$0.04 = A\$35.5m.

Araxá Niobium Project	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
Mill throughput (kt)	0	625	2,000	2,000	2,000	2,000
Nb grade (%)	na	0.65%	0.65%	0.65%	0.65%	0.65%
Nb recovery (%)	na	51%	51%	51%	51%	51%
FeNb 66% conc. production (t)	0	3,139	10,045	10,045	10,045	10,045
Index FeNb price (US\$/kg CFR China)	na	40	40	40	40	40
ARP (US\$/kg)	na	40	40	40	40	40
AISC (US\$/kg)	0	11.7	10.4	10.4	10.4	10.4
<b>Revenue (A\$m)</b>	<b>0</b>	<b>124</b>	<b>396</b>	<b>393</b>	<b>390</b>	<b>390</b>

Araxá REE Project	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
Mill throughput (kt)	0	0	0	70	200	200
TREE grade (%)	na	na	na	9.0%	9.0%	9.0%
TREE recovery (%)	na	na	na	60%	60%	60%
MREC production (t)	0	0	0	3,780	10,800	10,800
Index Nd/Pr (US\$/kg, CFR China)	100	105	110	110	115	120
ARP MREC (US\$/kg)	na	na	na	30.2	31.7	33.0
AISC MREC (US\$/kg)	0	0	0	8.8	7.5	9.5
<b>Revenue (A\$m)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169</b>	<b>504</b>	<b>524</b>

Note: TREE = Total Rare Earth Elements, MREC = Mixed Rare Earth Carbonate

Araxá Resources (1 April 2025)	Tonnes (Mt)	Nb <sub>2</sub> O <sub>5</sub> (%)	Nb <sub>2</sub> O <sub>5</sub> (Mt)
<b>Niobium</b>	41.2	0.68%	0.28
Araxá Resources (1 April 2025)	Tonnes (Mt)	TREE (%)	TREE (Mt)
<b>Rare Earths</b>	40.6	4.13%	1.68



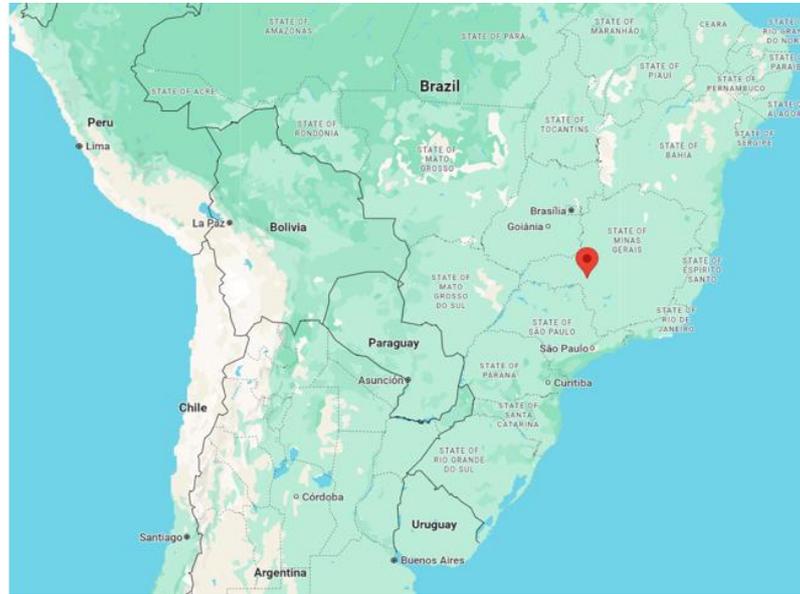
Valuation	(A\$m)	(A\$/sh)
Niobium fcast mine inventory NPV10 (34.7Mt)	1,275	0.25
Residual Resource (6.6Mt)	121	0.02
<b>Niobium Total Resource (41.2Mt)</b>	<b>1,396</b>	<b>0.28</b>
REE fcast mine inventory NPV10 (3.4Mt)	1,349	0.27
Residual Resource (37.2Mt)	118	0.02
<b>REE Total Resource (40.6Mt)</b>	<b>1,467</b>	<b>0.29</b>
<i>REE risk discount (timing, capex, ARP, opex)</i>	<i>50%</i>	
REE Project - risked	734	0.15
<b>Araxá combined Nb &amp; REE Projects</b>	<b>2,129</b>	<b>0.43</b>
Araxá exploration upside (nominal)	50	0.01
Australian Li, Ni, Cu Projects (nominal)	25	0.00
Corporate costs	(81)	(0.02)
Enterprise value	2,123	0.42
Net cash (debt) FY26F	56	0.01
<b>Equity value</b>	<b>2,179</b>	<b>0.44</b>

Source: Petra Capital

## Araxá Niobium-REE Project (SGQ 100%)

The Araxá Niobium-REE Project is located in the State of Minas Gerais, Brazil, 375km west of the state capital Belo Horizonte, and 550km north of Sao Paulo and the port of Santos (the second largest container port in Latin America) – Fig. 1.

**Figure 1: Araxá Project location in the State of Minas Gerais, Brazil**



Source: Google Maps

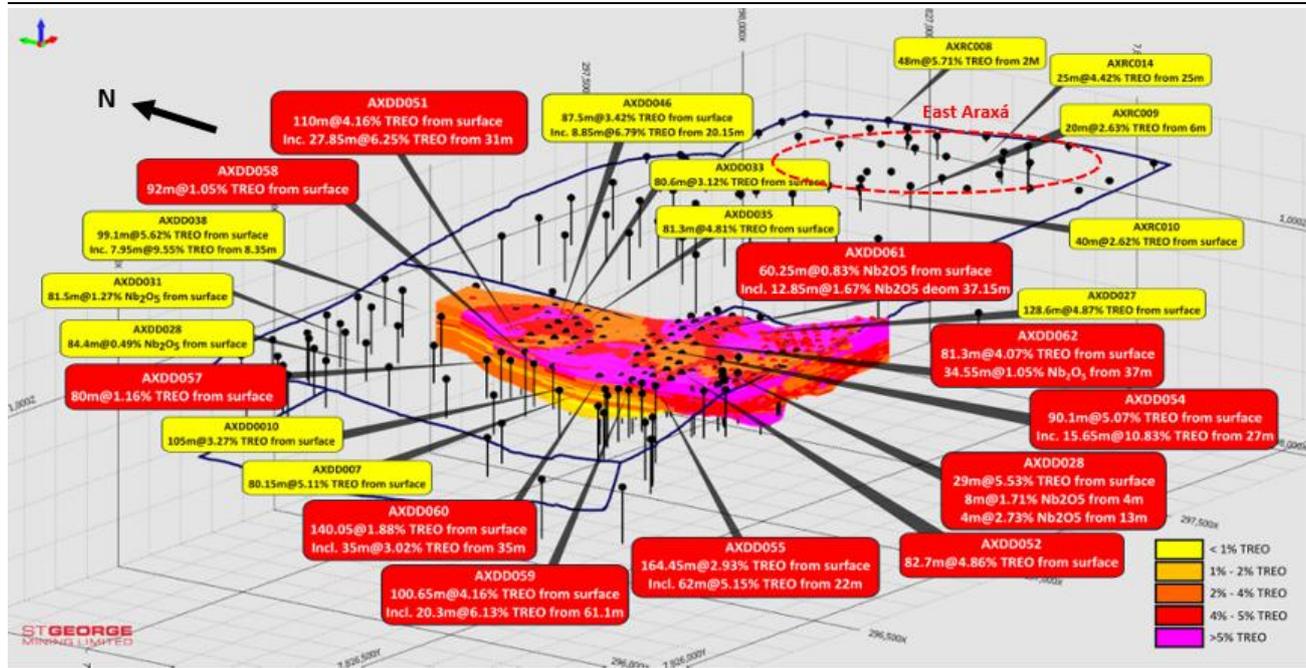
The Project is adjacent to, and within, the same Barreiro carbonatite intrusion that hosts CBMM's niobium mine (~80% of the world's niobium production). Mosaic's (NYSE: MOS) phosphate mine is immediately to the southwest. On 16 February 2026, SGQ announced it had secured land (A\$3.8m) suitable for a processing facility less than 2km from the Araxá Project mining tenure (Fig. 2).

**Figure 2: Aerial image of the Barreiro carbonatite complex, Araxá Project and adjacent mines**



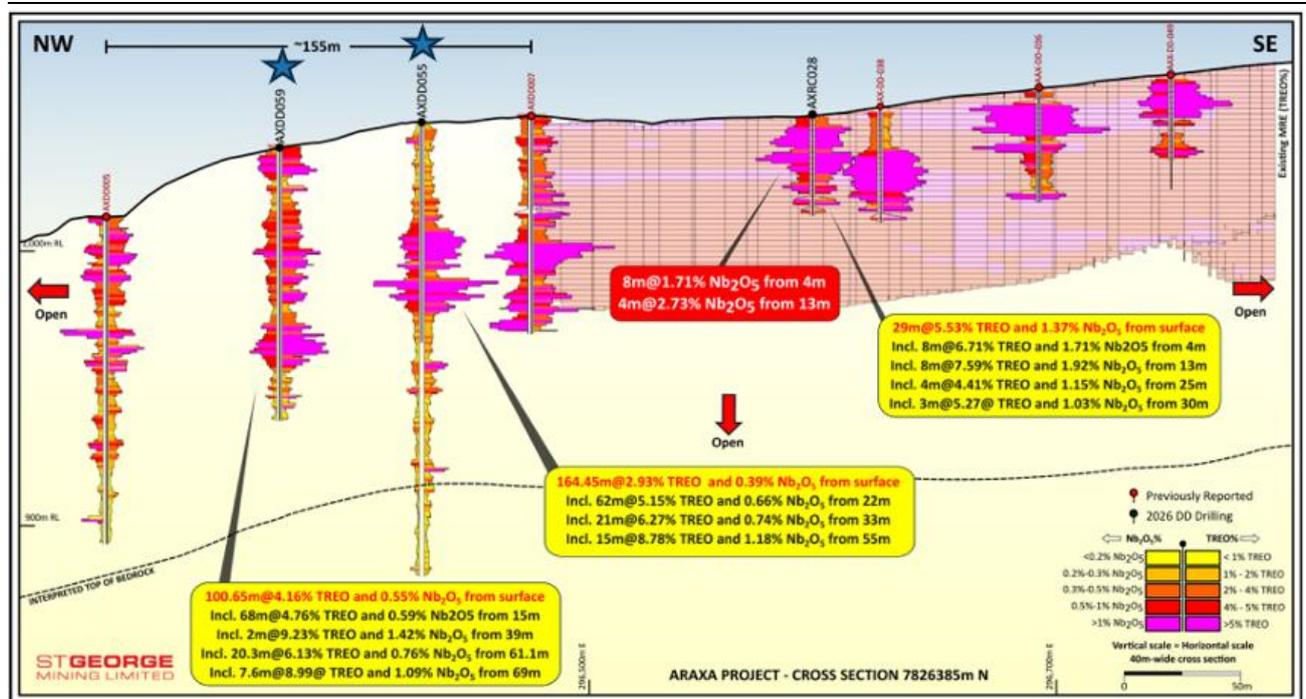
Source: Company

Figure 3: Oblique section showing some of the latest diamond drill holes (red labels) as well as other significant drilling completed in the current campaign, set against the current 3D model of the MRE



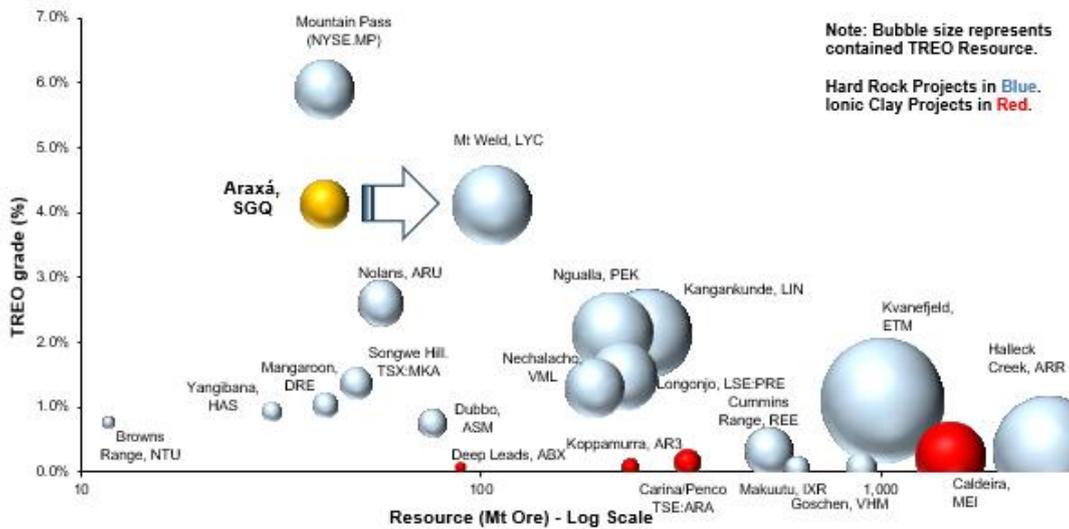
Source: Company, Petra Capital

Figure 4: Cross section showing high-grade TREO intercepts (cut-off 1% TREO) and high-grade Nb<sub>2</sub>O<sub>5</sub> intercepts (cut-off 0.2% Nb<sub>2</sub>O<sub>5</sub>) along with the existing MRE outline, showing the westward expansion of the existing MRE



Source: Company. Note: Recently reported step-out holes AXDD055 and AXDD059 highlighted with stars. The furthest drillhole to the west (AXDD005) is off section (i.e., is in front of the section) with intersection 101.75m @ 2.72% TREO and 0.49% Nb<sub>2</sub>O<sub>5</sub> reported on 24 November 2025).

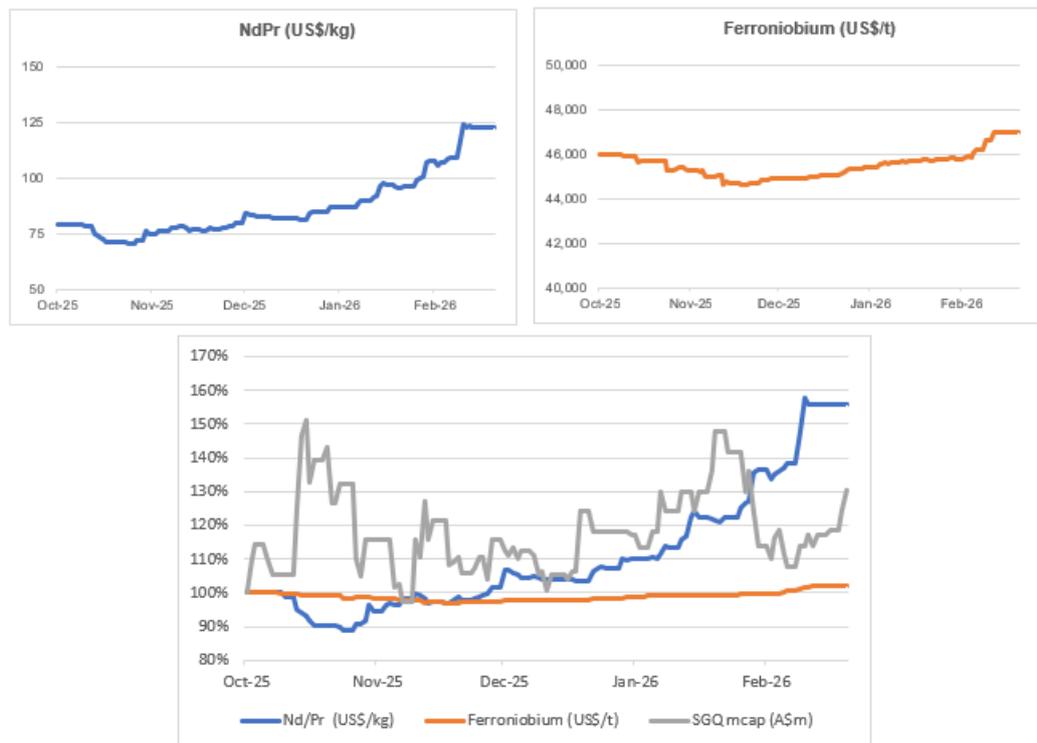
**Figure 5: Rare earth projects – peer comp of Resources in ore (Mt) and grade (% TREO)**



Source: Companies, compiled by Petra Capital

Note: The arrow in the graph above represents the potential expansion in SGQ’s Araxá Resource tonnage in the upcoming Resource update (i.e., from the current Resource of 40.6Mt @ 4.13% TREO to potentially +80Mt). This would put SGQ’s Araxá Project closer to LYC’s Mt Weld in terms of Resource size (107Mt) and grade (4.1%), with only Mountain Pass posting a higher 5.9% TREO grade. Despite our expectation that the upgraded Resource will be within 25% of LYC’s Mt Weld Resource, SGQ’s market capitalisation is just 2.7% of LYC’s A\$16.3bn market capitalisation. We note SGQ’s market capitalisation has significantly underperformed recent NdPr price gains (Figs. 6-7).

**Figure 6: NdPr and niobium prices (top), NdPr, niobium vs SGQ mcap (based October 2025)**



Source: Bloomberg, compiled by Petra Capital



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## Petra Capital

Level 17, 14 Martin Place, Sydney NSW 2000 Office: +61 2 9239 9600  
Level 5, 1 Collins Street, Melbourne VIC 3000 Office: +61 3 9123 3000

ABN 95 110 952 782  
ACN 110 952 782  
AFSL 317 944

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