

Timing its run perfectly

It is a spectacular time for St George Mining (ASX:SGQ) and its investors. St George has the Araxa Niobium-REE Project in Brazil, which lies next to a mine that is both the world's largest niobium mine and one of the world's very few producing niobium mines.

Araxa has an Independent JORC Mineral Resource Estimate (MRE) of 41.2 million tonnes at 0.68% Nb₂O₅, and a Rare Earths Resource of 40.6 million tonnes at 4.13% TREO (41,300 ppm TREO). The MRE contains 280,000 tonnes of niobium oxide and 1.7 million tonnes of TREO.

First drilling results are very pleasing

SGQ's market capitalisation has risen over 450% since our initiation in mid-April 2025 and that has not been by accident. It has been because of the progress the company has been able to make. SGQ is in the middle of a drilling campaign at Araxa to further expand its resource. Since our last report on the company in early August, the first two batches of assay results have been released and investors have been impressed with them. Grades of up to 16.87% TREO and 7% niobium have been recorded. Further results will occur in the coming weeks, and if they are anything like the first set of results, we expect the company to re-rate further.

A new US strategic alliance bodes well

Within a week of releasing its first results from Araxa, SGQ signed a Memorandum of Understanding (MoU) with US critical metals manufacturing company REAlloys to form a strategic alliance for future commercialisation. REAlloys will complete metallurgical test work on material from Araxa, review proposed technology to be used for production of rare earths from Araxa and work with SGQ to review and optimise the processing flowsheet. This alliance and the MP Materials deal back in July show there is enormous potential for a rare earths market in the US, which SGQ can serve.

New valuation of \$0.18-0.27 per share (was \$0.13-0.21)

We update our valuation of SGQ to \$682m/\$0.18 per share base case and \$1,053m/\$0.27 per share bull case. These figures represent a percentage of our NPV of Araxa, which is A\$2.07bn in our base case and \$3.2bn in our bull case. Our valuation is 33% of those figures (previously 25%, which implied \$0.13-0.21 per share). Please see page 9 for further details on our rationale and page 10 for the key risks to our thesis.

Share Price: A\$0.095

ASX: SGQ

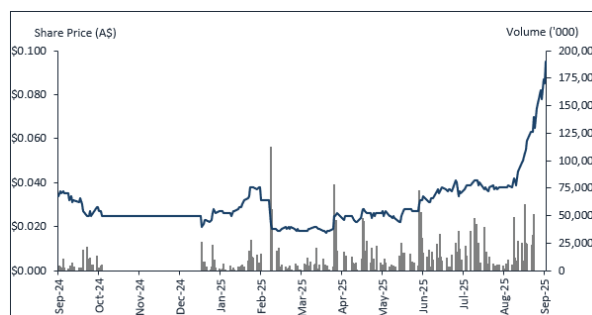
Sector: Resources

23 September 2025

Market cap. (A\$ m)	265.9
# shares outstanding (m)	2,799.4
# shares fully diluted (m)	3,872.5
Market cap ful. dil. (A\$ m)	367.9
Free float	100%
52-week high/low (A\$)	0.105 / 0.017
Avg. 12M daily volume ('000)	10,695.9
Website	stgm.com.au

Source: Company, Pitt Street Research

Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

Valuation metrics	
Market cap of SGQ (A\$m)	682/1053
Discount rate	8%
% of Pitt Street's Project NPV	33%

Source: Pitt Street Research

Analysts: Stuart Roberts, Nicholas Sundich

Tel: +61 (0)4 3483 8134

Stuart.Roberts@pittstreetresearch.com

Disclosure: Pitt Street directors own shares in SGQ.



Table of Contents

Reintroduction to St George Mining (ASX: SGQ) and its Araxa project	3
St George's progress with Araxa	5
<i>The first drilling results look spectacular.....</i>	<i>5</i>
There's growing awareness of the need of a Western rare earths supply chain	8
<i>SGQ's new strategic alliance</i>	<i>8</i>
Updated valuation of \$0.18-0.27 per share	9
The risks	10
Appendix I – Analysts' qualifications	11
General advice warning, Disclaimer & Disclosures	12



Reintroduction to St George Mining (ASX: SGQ) and its Araxa project

St George's Araxa project is the second highest grade REE deposit globally in the Western world.

St George's Araxa project lies in the Brazilian state of Minas Gerais, right next to the largest Niobium Mine on Earth, the Araxa mine. It is the largest and highest-grade carbonatite-hosted REE deposit in South America, and the second highest grade REE deposit globally in the Western world. Its JORC-compliant MRE is 41.2 million tonnes at 0.68% Nb₂O₅ (6,800ppm Nb₂O₅) comprising 1.9 million tonnes Measured, 7.37 million tonnes Indicated, and 31.93 million tonnes inferred (Figure 1). The company defined a total Rare Earths Resource of 40.6 million tonnes at 4.13% TREO (41,300ppm TREO). Araxa contains 280,000 tonnes of niobium oxide and 1.7 million tonnes of TREO. While SGQ has not completed a feasibility study, a 2013 Preliminary Economic Assessment (PEA) by previous owners found an NPV of US\$967m and a 30% Internal Rate of Return, even though this was only based on drilling on less than 10% of the project.

Figure 1: Araxa's JORC resource - unveiled in April 2025

JORC 2012 MRE - Grade Tonnage Report using an 0.2% Niobium cut-off						
Resource Classification	Million Tonnes (MT)	Niobium (%)	TREO (%)	MREO (%)	P2O5 (%)	
Measured	1.9	1.19	5.44	1.04	7.97	
Indicated	7.37	0.93	4.76	0.9	9.12	
M&I	9.27	0.99	4.9	0.92	8.89	
Inferred	31.93	0.59	3.82	0.72	8.12	
Total	41.2	0.68	4.07	0.77	8.3	

JORC 2012 MRE - Grade Tonnage Report using an 2% TREO cut-off						
Resource Classification	Million Tonnes (MT)	Niobium (%)	TREO (%)	MREO (%)	P2O5 (%)	
Measured	1.9	1.18	5.44	1.04	7.97	
Indicated	7.37	0.93	4.76	0.9	9.12	
M&I	9.27	0.99	4.9	0.92	8.89	
Inferred	31.37	0.59	3.9	0.74	8.12	
Total	40.64	0.68	4.13	0.78	8.34	

Source: Pitt Street Research, ASX announcement 1 April 2025

Why Niobium is needed

Niobium is special because it is resistant to corrosion and has a high melting point of around 2,468 degrees Celsius.

Niobium, atomic number 41, is a critical commodity – designated as critical by the US and EU. Niobium is special because it is resistant to corrosion and has a high melting point of around 2,468 degrees Celsius. It is mostly used in the manufacture of High-Strength Low-Alloy (HSLA) steel - specifically it is combined with iron to make ferroniobium and this goes into steel. Some end uses include jet airplanes, military equipment and weapons, MRI machines, optical lenses and superconducting magnets. Increasingly, it has been found to be useful in lithium-ion batteries given niobium does not change volume during charge and discharge cycles which can help batteries recharge faster and address certain safety concerns.



Despite demand growing strongly, supply is not keeping up because there are so few operating mines, and supply is concentrated in relatively few hands. The neighbouring mine to Araxa is responsible for 70-80% of the world's output, and the other two mines were commissioned in 1976.

Araxa is one of the few large, high-grade niobium projects worldwide.

Why the Araxa project is special

Araxa is special not just because it is a niobium project (a rare species in and of itself) but it is a quality project (it has a large, high-grade resource). Another obvious reason is because it is right next to the world's largest mine. But other reasons include:

- The mineralisation bears some similarities to Lynas' Mt Weld project¹ not to mention the Mountain Pass mine in California which are the world's two major producing rare earth mines outside China;
- All necessary infrastructure is in place including sealed roads and power, not to mention a labour market with skilled workers;
- Being in part of the world with low sovereign risk – in late 2024, SGQ personally signed a Memorandum of Understanding with Governor Romeu Zema where the state will assist with progressing regulatory approvals in an accelerated manner;
- The fact that only 10% of the project area has been drilled and only close to surface (i.e. it has not been drilled below 100 metres, but the Barreiro complex where the project is based has been known to host mineralisation down to at least 800m),
- The strong commercial interest even though the project is at an exploration stage – SGQ has signed multiple MoU's with companies in the steel space;
- There is also potential for other rare earths with drill work suggesting ample neodymium and praseodymium;
- The project is open in all directions. In other words, it is not yet known when the mineralisation ends (yet); and
- The project potentially be producing in the next 2-3 years. This would be subject to the definition of an economic resource, and completion of a Definitive Feasibility Study, construction of the mine can potentially begin in 2026-7, with operations beginning in 2027-8.

¹ See p.13 of our 15 April 2025 initiation note on St George Minine



St George's progress with Araxa

2025 has been a busy year for St George. It closed the acquisition of Araxa and began a drilling campaign, raising capital at a premium to fund this.

St George's has commenced a 10,000m drilling campaign – its first since the acquisition of Araxa.

St George bought the project in late 2024, and its investors approved the deal in February 2025. The project was bought for US\$21m in cash – US\$10m at close, US\$6m nine months after closing, and US\$5m 18 months from closing; as well as SGQ shares up to 10% of the company, options and performance rights. SGQ hit the ground running, unveiling a JORC Resource at the start of April and commencing a drilling campaign in Q3. To fund the drilling campaign, the company raised \$5m, at a 13.1% premium to the 30-day VWAP. The company's market capitalisation has nearly quadrupled since April as a result of its success to date. And in September 2025, the company has begun to see rewards for its efforts.

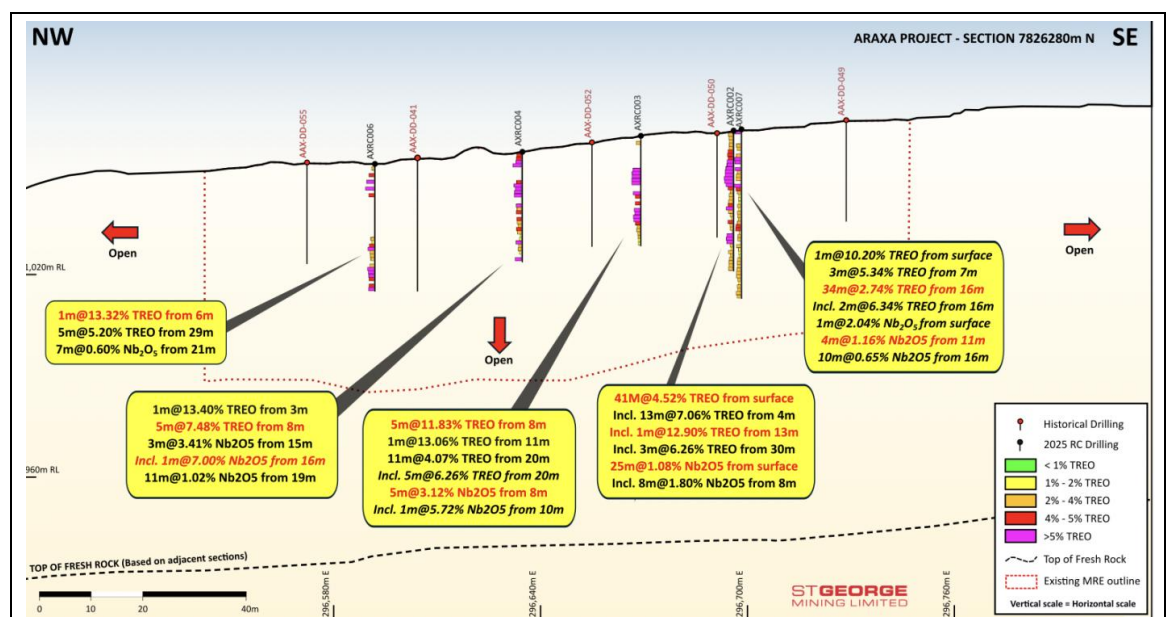
The first drilling results look spectacular

SGQ unveiled the first assay results from the drilling campaign in early September. The results confirmed the scale and continuity of known mineralisation and potential for there to be more. Drilling results showed grades of up to 13.98% TREO and 7% niobium in individual sections. Other results included:

- 41m @ 4.52% TREO and 0.87% niobium from the surface (AXRC002),
- 13m @ 7.06% TREO and 1.45% niobium from 4m (AXRC002),
- 11m @ 7.03% TREO and 0.91% niobium from 5m (ARXC001);
- 16m @ 5.56% TREO and 0.81% niobium from the surface (ARXC001), and
- 5m @ 11.83% TREO and 3.12% niobium from 8m (AXRC003).

Figure 2 depicts the company's drill results while Figure 3 depicts their location in relation to the entire project

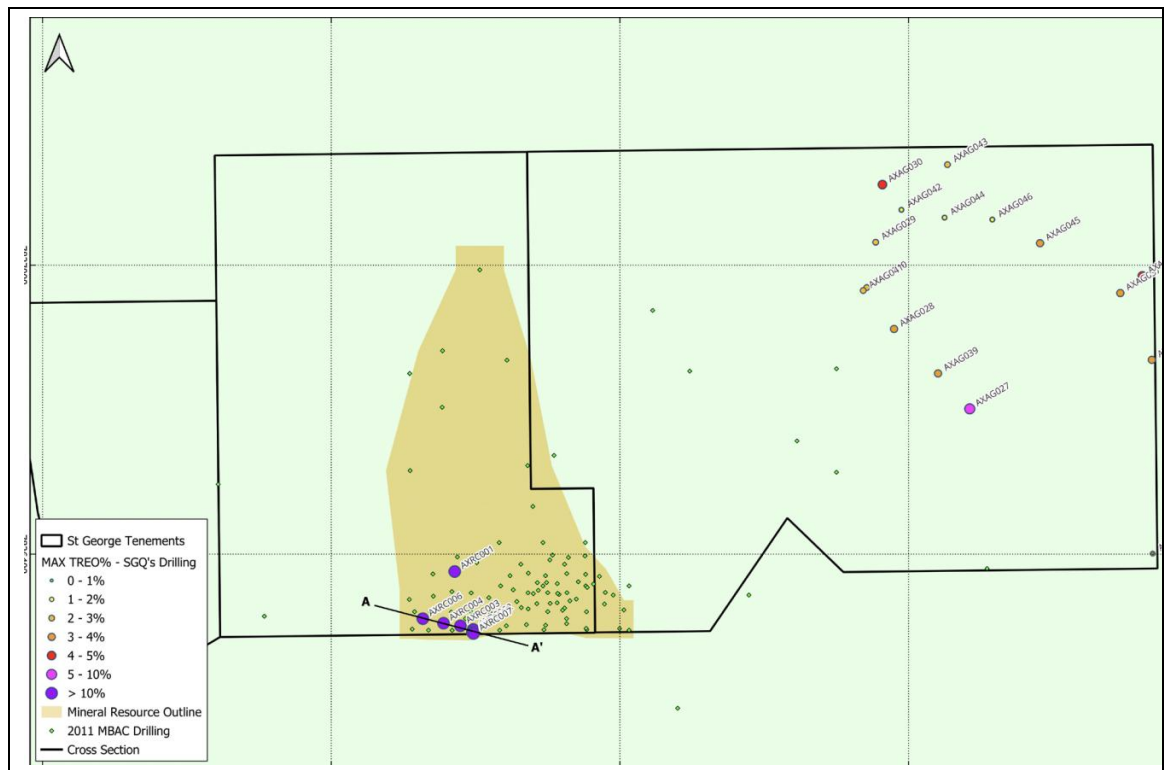
Figure 2: Drilling results at Araxa



Source: Company



Figure 3: A map of Araxa showing location of drill holes drilled at the project



Source: Company

St George has an MoU with the local state government, under which the state will assist in expediting permitting approvals.

What would have also pleased investors was that there were strong NdPr values as well, up to 2.89% NdPr in some places with a ratio of NdPr-to-TREO of up to 42%. There was also an increase occurrence of Heavy REEs – including terbium, lutetium, gadolinium and dysprosium. Moreover, further assays 1km east of the MRE have also confirmed high-grade rare earths, with grades of up to 13.4% TREO.

Keep in mind that this drilling was modelled to only 100m from surface and covered less than 10% of the tenure subject to close-spaced drilling. These all suggest SGQ could onto an even bigger resource here. With three diamond drill rigs on the site, operating in tandem with an RC drill rig, there will be a strong pipeline of upcoming assay results. Drilling will continue for the rest of this calendar year and assays will be available on a four-week basis.



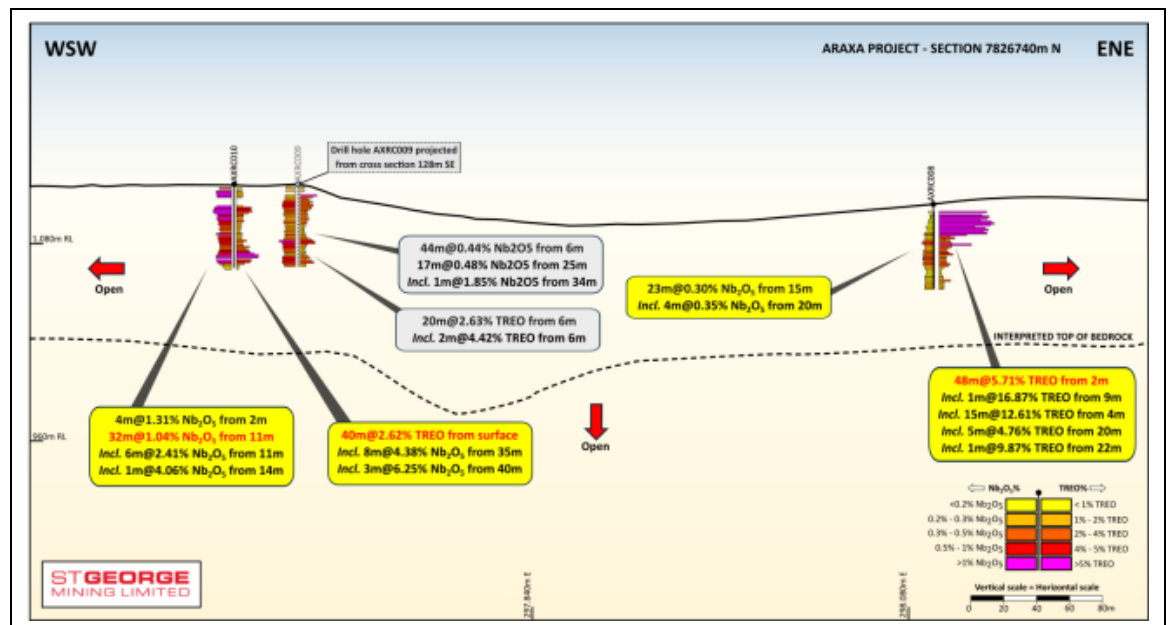
St George has recorded stellar results in East Araxa – 1km outside its MRE; and aims to define an inferred resource here in Q4 of 2025.

Another set of results at East Araxa – 1km outside the MRE

Just two weeks later, SGQ revealed new results which were the first set of assays outside the area of its MRE – 1km to the east. Results included grades of up to 16.87% TREO and 4.06% niobium (Figure 4). There were also solid grades of other rare earths, particularly samarium (up to 2,600ppm) which is used in magnets that go into military equipment, particularly F-35 fighter planes. There were high-grade NdPr results too, with grades up to 3.96%. Other rare earths present include dysprosium, terbium, lutetium and gadolinium.

This area has been named East Araxa and SGQ will continue drilling there, with the aim of an inferred resource being released in Q4 of 2025. There are three diamond drill rigs operating 24/7 on the site and there is more than 8,000m of drilling still to be completed. This highlights that there is enormous potential value to be unlocked here.

Figure 4: East Araxa drill holes vs main Araxa drilling holes



Source: Company



There's growing awareness of the need of a Western rare earths supply chain

The need for a Western rare earths supply chain has been apparent for many years, but only now does it appear that the West is taking action. Investors should look no further than the Trump administration's decision to invest in America's largest rare earths miner (and operator of Mountain Pass) MP Materials, taking 15%. MP Materials will use the funds to build a new plant to make rare earth magnets by 2028. Moreover, the US Department of Defence agreed to guarantee MP Materials a minimum price of US\$110/kg for NdPr, nearly double the current market rate.

SGQ has formed a strategic alliance with REAlloys, a leader in the US magnet supply chain.

SGQ's new strategic alliance

Earlier in September 2025, SGQ unveiled a Memorandum of Understanding (MoU) with REAlloys, a leader in the US magnet supply chain (one of the country's biggest suppliers). It produces high-performance neodymium iron boron and samarium cobalt magnet materials for US government organisations including the Defence Logistics Agency (DLA) and the US Department of Energy's AMES National Laboratory (AMES) as well as for US-based industrial companies involved in defence, aerospace and electronics.

The partnership will involve the following:

- Metallurgical test work on rare earth materials from Araxa with a view to maximising recoveries of high-value magnet rare earths elements;
- Reviewing the technology proposed to be used in the production of rare earths products at Araxa, including the assessment of new technologies with leverage to REAlloys patented, industry leading technologies; and
- Reviewing and optimising the processing flowsheet for production of rare earths products at Araxa with the aim of producing a rare earths product most amenable to magnet making
- Reviewing and considering marketing strategies for rare earth products from Araxa with a view for REAlloys securing a long-term offtake contract for up to 40% of the rare earths production from Araxa.

In our view, this validates the project and will increase the urgency for other would-be customers to 'get in' before all the offtake is spoken for. The company has reported interest from other downstream players interested in offtake, looking for sources of high-grade rare earths outside China.



We now think SGQ should trade at 33% of its project NPV. Considering our modelling of the project and the number of shares on issue, this is \$0.18 per share base case and \$0.27 per share bull case (was \$0.13-0.21).

Updated valuation of \$0.18-0.27 per share

We update our valuation of SGQ. Our methodology remains a % of NPV based on our own modelling of the project. We put a tentative valuation on Araxa of US\$1,281.5m or A\$2,066.9m in our base case and US\$1,978.6m or A\$3,191.2m in our optimistic case. We previously valued SGQ at 25% of this (\$0.13-0.21 per share), but now think a valuation of 33% is appropriate given the latest results.

These are \$682m in our base case and \$1,053m in our bull case. Under the current number of shares on issue, these are \$0.18 and \$0.27 per share respectively (Figure 5). While this may not seem a high premium to the current price, we note that there is further upside (Figure 6 and Figure 7) as the company continues to advance through development. Its current (diluted) market cap is only 18.6% of NPV. We think 50% (\$0.27-0.41 per share) may be fitting once SGQ has a Feasibility Study released, especially if the company has offtake deals secured by then.

Figure 5: Our valuation of SGQ

Metric	Base	Optimistic
Project NPV (A\$m)	\$2,066.86	\$3,191.23
% of NPV	33%	33%
Equity value (A\$m)	682.06	1,053.11
Shares on Issue (m)	3,873	3,873
Implied Share Price	0.176	0.272
Today's Share price	0.095	0.095
Upside (%)	85%	186%

Estimates: Pitt Street Research

Note: We have used 'diluted' shares on issue.

Figure 6: Araxa's share price at varying NPVs (base case)

% of NPV	SGQ Eq. Value (A\$m)	Per share
5%	\$103.34	\$0.027
10%	\$206.69	\$0.053
15%	\$310.03	\$0.080
20%	\$413.37	\$0.107
25%	\$516.71	\$0.133
50%	\$1,033.43	\$0.267
75%	\$1,550.14	\$0.400
100%	\$2,066.86	\$0.534

Estimates: Pitt Street Research



Figure 7: Araxa's share price at varying NPVs (bull case)

% of NPV	SGQ Eq. Value (A\$m)	Per share
5%	\$159.56	\$0.041
10%	\$319.12	\$0.082
15%	\$478.69	\$0.124
20%	\$638.25	\$0.165
25%	\$797.81	\$0.206
50%	\$1,595.62	\$0.412
75%	\$2,393.43	\$0.618
100%	\$3,191.23	\$0.824

Estimates: Pitt Street Research

The risks

We see the following key risks to our thesis on St George Mining:

- **Exploration risk:** There is no certainty that exploration work will find any further mineralisation. Moreover, even if mineralisation is found, there is no certainty that it will be able to be extracted economically. The ability of the company to continue with its exploration activities could be affected by a range of factors including geological conditions, weather conditions, unanticipated operational and technical difficulties, unanticipated metallurgical problems, industrial disputes, supply chain issues and Indigenous heritage factors.
- **Funding risk:** As an early-stage explorer that is not generating revenue St George will inevitably need future financing to realise its ambitions with the project. It is not a certainty that such financing could be raised, and any financing deals could be dilutive to investors and/or inhibitive on the company's operations
- **Regulatory risk.** The company's ability to explore is contingent on possessing all necessary permits necessary and abiding by all regulation including taxation, industrial relations, health and safety, environment protection and license consent. Any withdrawal of consent by regulators, or inability to obtain any permits necessary for further exploration could put shareholder value in jeopardy.
- **Underlying commodity risk:** St George is exposed to commodity price risk, which depends on various macroeconomic factors as well as demand and supply dynamics of the underlying commodity. A continued lull in commodity prices could mean that investors fail to be interested in the company, even if it is otherwise on track.
- **Key personnel risk:** There is the risk the company may lose key personnel and be unable to replace them and/or their contribution to the business.

Appendix I – Analysts' qualifications

Stuart Roberts, lead analyst on this report, has been an equities analyst since 2002.

- Stuart obtained a Master of Applied Finance and Investment from the Securities Institute of Australia in 2002. Previously, from the Securities Institute of Australia, he obtained a Certificate of Financial Markets (1994) and a Graduate Diploma in Finance and Investment (1999).
- Stuart joined Southern Cross Equities as an equities analyst in April 2001. From February 2002 to July 2013, his research speciality at Southern Cross Equities and its acquirer, Bell Potter Securities, was Healthcare and Biotechnology. During this time, he covered a variety of established healthcare companies, such as CSL, Cochlear and Resmed, as well as numerous emerging companies. Stuart was a Healthcare and Biotechnology analyst at Baillieu Holst from October 2013 to January 2015.
- After 15 months over 2015–2016 doing Investor Relations for two ASX-listed cancer drug developers, Stuart founded NDF Research in May 2016 to provide issuer-sponsored equity research on ASX-listed Life Sciences companies.
- In July 2016, with Marc Kennis, Stuart co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including Life Sciences companies.
- Since 2018, Stuart has led Pitt Street Research's Resources Sector franchise, spearheading research on both mining and energy companies.

Nick Sundich is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms

General advice warning, Disclaimer & Disclosures

Terms & Conditions

The information contained herein ("Content") has been prepared and issued by Pitt Street Research Pty Ltd ACN 626365615 ("Pitt Street Research"), an Authorised Representative (no: 1265112) of BR Securities Australia Pty Ltd. ABN 92 168 734 530, AFSL 456663. All intellectual property relating to the Content vests with Pitt Street Research unless otherwise noted.

Disclaimer

Pitt Street Research provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the Pitt Street Research in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. Pitt Street Research has no obligation to update the opinion unless Pitt Street Research is currently contracted to provide such an updated opinion. Pitt Street Research does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in a listed or unlisted company yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of an individual investor's equity portfolio, with smaller individual investment sizes than otherwise. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise.

Pitt Street Research does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, Pitt Street Research shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, Pitt Street Research limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

General advice warning

The Content is General Financial Advice but has been prepared for general information purposes only and is not (and cannot be construed or relied upon as) Personal Financial Advice nor as an offer to buy/sell/subscribe to any of the financial products mentioned herein. No investment objectives, financial circumstances or needs of any individual have been taken into consideration in the preparation of the Content.

Financial products are complex, entail risk of loss, may rise and fall, and are impacted by a range of market and economic factors, and you should always obtain professional advice to ensure trading or investing in such products is suitable for your circumstances, and ensure you obtain, read and understand any applicable offer document.

Disclosures

Pitt Street Research has been commissioned to prepare the Content. From time to time, Pitt Street Research representatives or associates may hold interests, transact or hold directorships in, or perform paid services for, companies mentioned herein. Pitt Street Research and its associates, officers, directors and employees, may, from time to time hold securities in the companies referred to herein and may trade in those securities as principal, and in a manner which may be contrary to recommendations mentioned in this document.

Pitt Street Research receives fees from the company referred to in this document, for research services and other financial services or advice we may provide to that company. The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where Pitt Street Research 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 will either directly or indirectly impact the Content provided.