SGQ: Best Bet for Niobium & REE Upside!

St George Mining Limited

We update our coverage on St George Mining with a reaffirmed Speculative BUY rating and increase our 12-month target from **14c** to **31c** an **uplift of 120%**, underpinned by the exploration performance, emerging critical minerals market dynamics, and the projects accelerated path to development for its 100% owned Araxá Niobium–Rare Earths Project in Minas Gerais, Brazil - home to one of the globe's largest niobium and rare earth deposits.

Tier 1 Mining Location: Adjacent to CBMM's world-leading niobium operation, with established infrastructure, renewable power, and a skilled workforce in Brazil's most mining-friendly state.

Globally significant resource base of 41.2Mt at 0.68% Nb_2O_5 (280kt contained niobium) and 40.6Mt at 4.13% TREO (1.7Mt contained rare earth oxides), including a high-value magnet REE component (19% of TREO) from Maiden MRE (Apr 25).

Comps & Re-rating Potential: We find a massive potential for re-rating for SGQ, from its current A$198/Mt TREO to be placed in between Lynas (A$9,991/ Mt TREO) and Northern Minerals (A$3,712/MT TREO) given its Grade and TREO tonnage. Feasibility decisions around TREO should trigger a massive rerating for SGQ**.**

SGQ trades (excluding REE) favourably at A$328/Mt vs WA1 at A$464/Mt Nb, because of its comparable grade, despite having a lower total Nb tonnage in Resource.

Strong Growth Potential: Only 10% of the tenement drilled; mineralisation remains open in all directions and at depth, indicating substantial resource expansion upside.

Low-Cost, Near-Surface Development: 100% of the resource is within weathered material, 95.8% within 100m of surface, enabling free-digging, low-strip, open-pit mining.

Clear Pathway to Production: Fast-track permitting MoUs with the Minas Gerais government, access to proven processing flowsheets, and an experienced team drawn from CBMM position SGQ for first production by 2028.

First to Market: Expected to be operational before WA1, NioCorp and Globe Metals. First production possible as soon as 2028.

Strategic Market Exposure: Niobium and rare earths are critical to decarbonisation, advanced manufacturing, and defence, with global demand projected to grow at a near-10% CAGR through 2030. **Recent strategic alliance with REAlloys provides clear pathway to US Defense markets.**

Robust Economics: Two development scenarios deliver **NPVs of A$2.3–2.4B** and IRRs of 68–84%, with payback periods under two years and strong unit margins.

Evolution Capital's Internal Araxa Model Overview Below

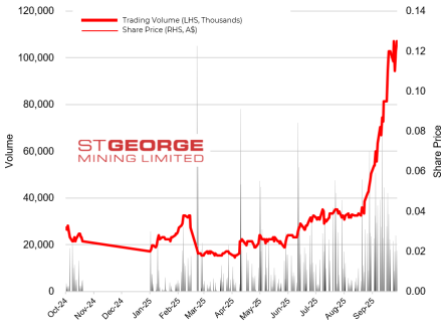
Parameter	Standalone Development	Opportunistic Acquisition
Initial Capex	US$200M	US$150M
Production Start	2030	2028
Niobium & REE Production	10ktpa (2032) -> 15ktpa (2037)	10ktpa (2030) -> 15ktpa (2035)
Mine Life	40+ Yrs	
Steady State EBITDA	US$479M/yr (2037)	US$479M/yr (2035)
NPV	A$2.3B	A$2.4B
IRR	68%	84%
Implied Share Price (A$)*	$0.31 (2.6x upside)	$0.33 (2.75x upside)

Recommendation	**Spec. Buy**
Share Price	**A$0.12/sh**
Fair Value	**A$0.80/sh**
Target (12-month)	**A$0.31/sh**
TSR (12-month)	**158%**

Company Profile

Market Cap	A$353M
Shares on Issue	2.94B
Cash (Est.)	A$2.7M
ADV (3-month)	~20.29M share
52-Week Range	A$0.015-A$0.13

Price Performance



Company Overview

St George Mining Limited is an Australian exploration company leading with Araxa, a globally significant Niobium deposit in Minas Gerais, Brazil. The company also holds a portfolio of exploration tenements in copper, gold and lithium in Western Australia.

Head of Research (Resources)

Eric Samuel es@eveq.com

Majority Shareholders

Hongkong Xinhai	3.66%
ITAFOS	2.93%
BNP Paribas Nominees	2.47%
Noble Investments	1.47%
Tornado Nominees	1.19%

Upcoming Catalysts

Met Testing Results	Q4 2025
Exploration Results	Q4 2025
Permitting Progress	Q4 2025 & 2026
Scoping & PFS Studies	CY2026
Strategic Partnerships	Ongoing

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1. VALUATION SUMMARY

1.1 Valuation Target Summary

Our **A$0.31/sh target** is derived from a DCF (standalone case) on Araxa Project using a **conservative long-term Niobium REE basket price of US$45,000/t**.

The valuation assumes **two equity raises totalling A$80M**, taking **post-raise common shares outstanding to ~3,100M**. For the Araxá Deposit, we model a **41.20Mt** inventory (100% M&I and Inferred conversion) as the base for valuation.

We apply **no value to other SGQ projects apart from Araxa** at this stage; it is treated as upside pending resource definition and metallurgy.

Our **Total NAV (post-funding)** is **A$950m**, which equates to **A$0.31/sh** target.

Asset	Method	Risking	Value (A$M)	NAV/Share (A$)
Araxa NPV_{10}	DCF (Pre-tax)	0.60x	930	0.30
+ Other SGQ Projects (Destiny, Lithium Star etc)	No Value	—	—	—
+ Net Cash (PF)	—	—	2.7	0.00
- PV Exploration	—	—	(30)	(0.01)
- PV Corporate G&A	—	—	(30)	(0.01)
NAV (Equity Value)			870/M	0.29 A$/sh (2.9bn shares)
+ Equity Raise (Modelled)			+ 80 M	—
Total NAV (Post-Funding)			≈ 950 M	≈ 0.31 A$/sh (3.1bn shares)

1.2 Araxa Project Scenarios and Assumptions

We see the need for an independent processing plant and tailings dam as the biggest bottlenecks for a quick development of the prospect. Brazil's multi-layered regulations, federal laws, ANM resolutions, and state policies, impose comprehensive restrictions on tailings disposal methods, facility design, monitoring, and decommissioning, ensuring that tailings are managed sustainably and safely the same time as making permits for new tailings dam a time-consuming process.

For the development scenarios, we consider two possibilities,

- **Standalone Development**: SGQ will be able to progress through to the FID stage and obtain the requisite mining and tailings dam permits from the relevant authorities. This will delay the time to market for SGQ to a conservative 2030 for first production. We estimated a staged development, with initial capex of US$200M, inclusive of US$50M for Mine Development, US$100M for processing plant, and US$50M for a tailings dam for an initial ROM rate of 3Mtpa, and an incremental capex of US$60M to increase the ROM processing rate to 4.5Mtpa, 5 years after start of operations.

- **Opportunistic Acquisition:** SGQ acquires Mosaic's Araxa mine beneficiation facilities in order to fast track its permitting process in line with SGQ's strategy to race to market. We see this as a possibility because Mosaic has launched a dual track process to either sell its Araxa Phosphate mine and beneficiation facilities or attract capital to develop niobium processing at the Araxa beneficiation plant. (Mosaic's Q1 FY25 Report)

If SGQ were to acquire the beneficiation plant or assist in terms of capital, there would be corresponding decrease in initial capex required. We estimate the initial capex for this development pathway to be ~US$150M, inclusive of US$50M for mine development and additional haulage trucks, and US$100M for the processing plant, lower given ready infrastructure at Mosaic site. We believe SGQ would opt for this early route to market (by 2028 by our estimates). Same as our standalone development, we expect SGQ to increase ROM production rate to 4.5Mtpa through an incremental capex of US$60M, 5 years into operational life.

Even though SGQ tenements are located on private land, we do not account for capex for land acquisition as Brazil separates mineral rights from surface rights, with mining companies conventionally negotiating land access agreements (50% of the royalty) rather than purchasing land outright.

We rule out the possibility of a toll treatment arrangement between SGQ and CBMM, given CBMM has its own strategic plans to expand niobium oxide from 3kt/annum to 20kt/annum by 2030.

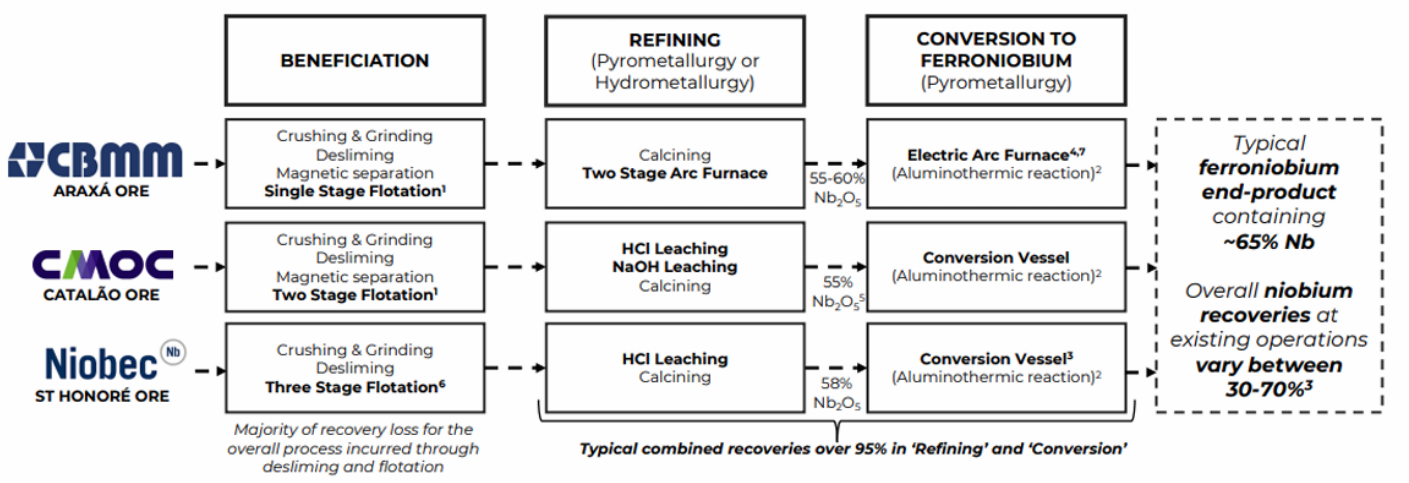
In this update we reduce the risk the project by 20% to 60% in total, in light of the accelerated drilling campaign and initial results demonstrating the potential for resource expansion and bulk tonnage mining, access to European capital markets, strategic relationships being developed with US firms, and strong support from the mining jurisdiction in Brazil. We also upgrade the base case Niobium and TREO mix base case price to US$45,000/t. Our other assumptions about the project development pathways, timelines and capex requirements remain unchanged.

Common to both the development scenarios our list of assumptions and associated rationale is as follows:

- **Commodity Price:** We take a conservative view of the FeNb-66 price at US$ 40K/t given the massive support they have had over the past few years. Given that FeNb, targeted towards steel industry, comprises of 88% of the demand the price outlook is expected to be more resilient to any downsides

compared to Niobium Oxide, geared more towards battery performance improvements and speciality alloy manufacturing.

- Our **Beneficiation and Pyrometallurgical Recoveries** assumptions are based on a considerable conservative lower end of the beneficiation (60-65%) and pyro (90-95%) benchmark ranges for niobium processing to FeNb 66 product.



- **Mining and Processing Cost** assumption of US$28.1/t ROM represent the conservative end of a operation that involves free digging, concentration and pyrometallurgical processing in Brazil, relevant to the both the Development pathways. The mining and processing costs have been increased by 1.5x to have a conservative figure for inclusion of TREO products in the processing output given the remarkable exploration outcomes.

- **Resource Growth:** We assume that SGQ will be able to increase its resource base from 41.2Mt at 0.68% Nb_2O_3 to 124Mt while maintain little to no grade loss overall at 0.68%. We find this reasonable given the frequency (500+) of high grade >1% intercepts that SGQ has reported for its maiden MRE, the deposit being open along strike and depths, and only being drilled to 100m depths at the time of reporting. This resource size is sufficient to sustain the operation at our planned rate of 23 yrs.

- We assume **Prioritization of High Grade** at 1% Nb2O5 in the first 8 years, producing at an average rate of 0.65% Nb2O5 thereafter. The initial project ramp up will be 3 years.

- **Royalties and Land Access** we estimate the state royalties at 6% of the revenues. Conventionally mining companies in Brazil negotiate land access agreements (50% of the royalty) rather than purchasing land outright

- **Sustaining Capital Expenditure** of 5% of the Initial Capex per year has been assumed.

- **Project Finance Assumptions:** We assume SGQ will be able to secure project finance for 60% of the initial capex at 10% interest rate. We also assume that the 40% of the initial capex will have to be raised through equity, which SGQ will be able to through two capital raises, one for US$20M at A$0.14/sh and the other for US$40 at A$0.30/sh.

Assumptions used in our SGQ DCF Valuation		
Particular	**Assumptions**	
Niobium and REE Basket Price	US$45,000/t	
Discount Rate	10%	
Royalties	6%	
Land Access Fee	3%	
Resource at FID	124Mt at 0.68% Nb_2O_3	
Niobium Beneficiation Recovery	60%	
Niobium Pyrometallurgical Recovery	85%	
Sustaining Capital Expenditure	5% of the Initial Capex per year	
SG&A	US$10M/yr	
Particular	**Standalone Development**	**Opportunistic Acquisition**
Initial Capex	US$200M	US$150M
Production Start Year	2030	2028
Mining and Processing Cost (ROM)	US$28.1/t	US$28.1/t
Incremental Capex for 5Mtpa ROM	US$60M	US$60M
Incremental Capex Year	2035	2033

1.3 Valuation Analysis

The development pathways generate NPVs of A$2.3-2.4B at IRRs of 68%-84% given the timing and quantum of cashflows. In both the cases we see exceptional unit economics, and the ability to payback within 2 yrs of production.

Standalone Development Pathway

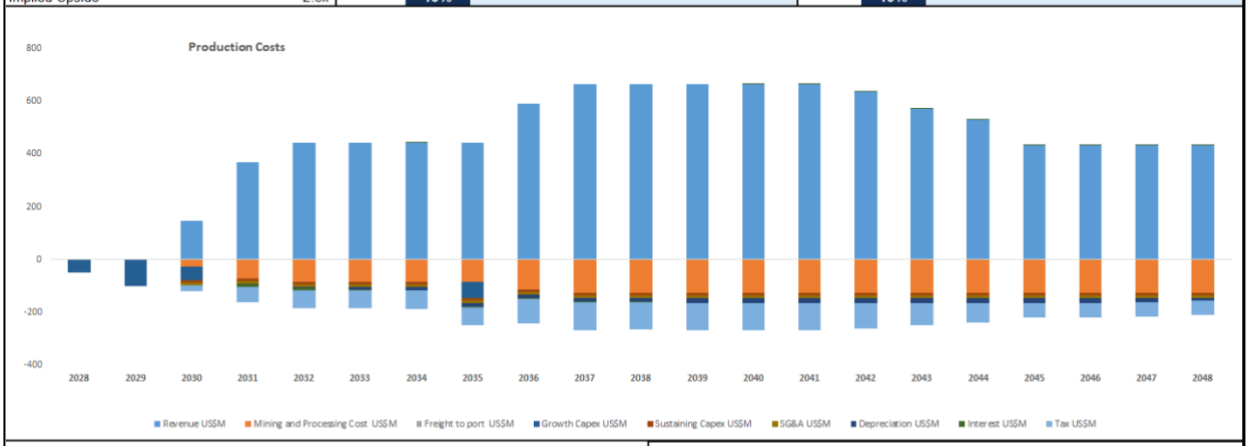
If SGQ takes this pathway for the project, it will be able to start production from 2030 to the tune of 10ktpa Nb-TREO mix, generating an EBITDA of US$319M/yr. In 2035, 5yr into production it will invest another US$60M to increase production to 15ktpa REE mix, generating US$479M/yr in EBITDA. Over the longer horizon the focus will shift to lower grades in order to optimise the mine life, reducing output to 20ktpa for the then EBITDA of US$267M/yr. This development pathway has an NPV of A$2.3B and an IRR of 68% at our base case Niobium basket price of US$45K/T, 60% risked valuation of A$0.31/share, a 2.5x upside from current A$0.126/sh.

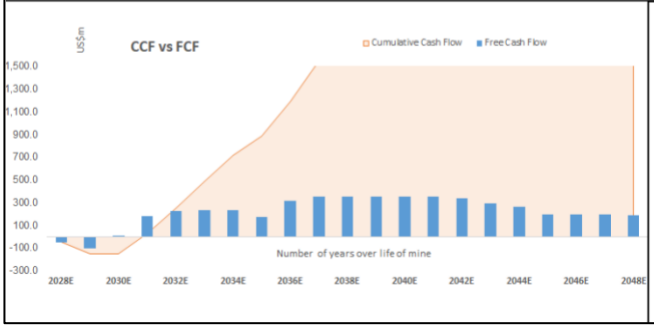
Selected Case: Standalone Developmen	Units	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E
Ore Mined	MTPA		-	-	1.0	2.5	3.0	3.0	3.0	3.0	4.0	4.5	4.5	4.5	4.5
Niobioum and TREO	Kt		-	-	5	12	15	15	15	15	20	22	22	22	22
Payable Niobium and TREO	Kt		-	-	3	8	10	10	10	10	13	15	15	15	15
Revenue	US$M		-	-	148	370	444	444	444	444	591	665	665	665	665
COGS	US$M		-	-	(28)	(70)	(84)	(84)	(84)	(84)	(112)	(127)	(127)	(127)	(127)
Royalties and Land Access	US$M		-	-	(13)	(33)	(40)	(40)	(40)	(40)	(53)	(60)	(60)	(60)	(60)
EBITDA	US$M		-	-	106	266	319	319	319	319	426	479	479	479	479
Operating Cashflow	US$M		-	-	74	186	232	239	241	240	320	362	363	364	365
Growth Capex	US$M		(50)	(100)	(50)	-	-	-	-	(60)	-	-	-	-	-
Sustaining Capex	US$M		-	-	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Free Cash Flow	**$M**		**(50)**	**(106)**	**4**	**181**	**226**	**229**	**231**	**170**	**310**	**352**	**353**	**354**	**355**

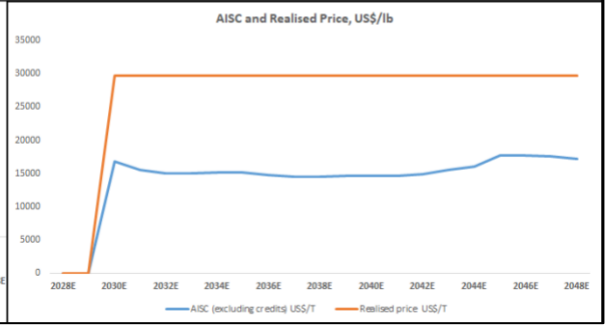
Discount rate	10%
Net Present Value, US$M	1,539
Project IRR	68%
NPV, A$M	2,309
NPV, (60% risked)	924
Implied Share Price, A$	0.31
Implied Upside	2.5x

	FeNb 66 US$/T				
Disc	28,800	36,000	**45,000**	54,000	64,800
5%	0.24	0.38	0.55	0.72	0.92
8%	0.17	0.27	0.39	0.51	0.66
10%	0.13	0.21	0.31	0.41	0.53
12%	0.11	0.17	0.25	0.34	0.43
15%	0.08	0.13	0.19	0.25	0.33

NPV Sensitivity	FeNb 66 US$/T				
Disc	28,800	36,000	**45,000**	54,000	64,800
5%	1771	2775	4031	5287	6794
8%	1250	1968	2865	3763	4840
10%	993	1578	2309	3040	3917
12%	791	1274	1878	2481	3205
15%	566	936	1398	1861	2416







Opportunistic Acquisition Case

We see similar set of metrics for the Opportunistic Acquisition Case but for a lower initial capex by US$50M and the cashflows starting 2 years earlier than the Standalone case. This development pathway has an NPV of A$2.4B and an IRR of 84% at our base case niobium price desk of US$45K/T, 60% risked valuation of A$0.33/share, a 2.6x upside from current A$0.126/sh.

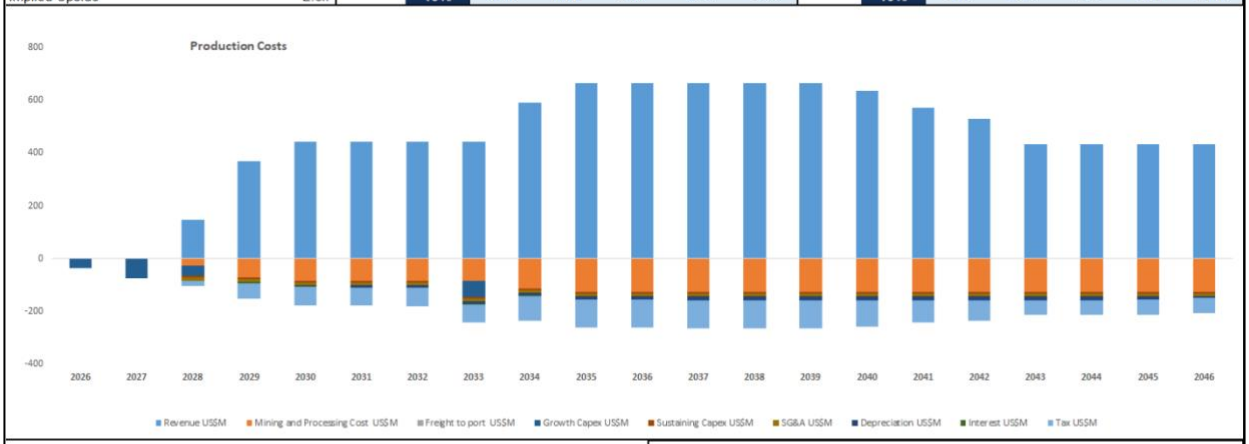
Selected Case: Opportunistic Acquisitic	Units	0E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Ore Mined	MTPA		-	-	1.0	2.5	3.0	3.0	3.0	3.0	4.0	4.5	4.5	4.5	4.5
Niobioum and TREO	Kt		-	-	5	12	15	15	15	15	20	22	22	22	22
Payable Niobium and TREO	Kt		-	-	3	8	10	10	10	10	13	15	15	15	15
Revenue	US$M		-	-	148	370	444	444	444	444	591	665	665	665	665
COGS	US$M		-	-	(28)	(70)	(84)	(84)	(84)	(84)	(112)	(127)	(127)	(127)	(127)
Royalties and Land Access	US$M		-	-	(13)	(33)	(40)	(40)	(40)	(40)	(53)	(60)	(60)	(60)	(60)
EBITDA	US$M		-	-	106	266	319	319	319	319	426	479	479	479	479
Operating Cashflow	US$M		-	-	74	191	236	240	240	239	320	361	362	364	364
Growth Capex	US$M		(38)	(75)	(38)	-	-	-	-	(60)	-	-	-	-	-
Sustaining Capex	US$M		-	-	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
Free Cash Flow	**$M**		**(38)**	**(80)**	**21**	**185**	**230**	**232**	**233**	**171**	**312**	**354**	**355**	**356**	**356**

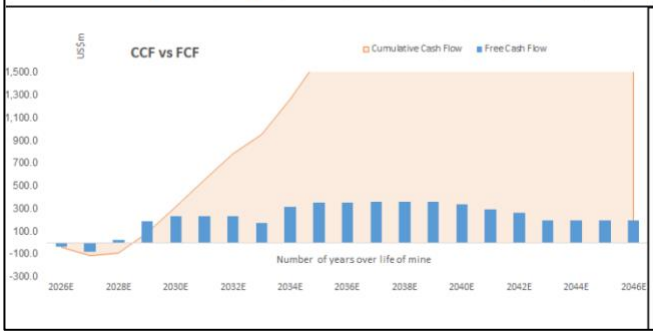
Discount rate	10%
Net Present Value, US$M	1,603
Project IRR	84%
NPV, A$M	2,404
NPV, (60% risked)	962
Implied Share Price, A$	0.33
Implied Upside	2.6x

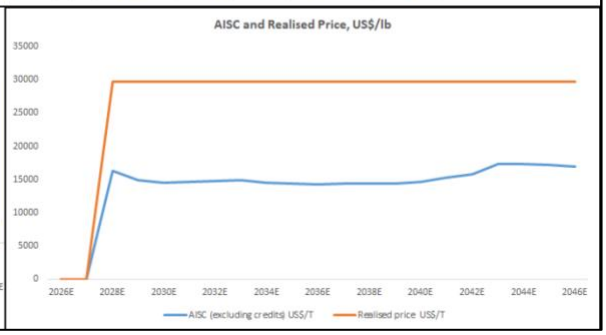
		FeNb 66 US$/T				
		28,800	36,000	**45,000**	54,000	64,800
Disc	**5%**	0.26	0.39	0.56	0.73	0.94
	8%	0.18	0.28	0.40	0.52	0.67
	10%	0.15	0.23	0.33	0.43	0.54
	12%	0.12	0.18	0.27	0.35	0.45
	15%	0.09	0.14	0.20	0.26	0.34

NPV Sensitivity

		FeNb 66 US$/T				
		28,800	36,000	**45,000**	54,000	64,800
Disc	**5%**	1899	2903	4159	5415	6922
	8%	1355	2073	2970	3868	4945
	10%	1088	1673	2404	3135	4013
	12%	879	1362	1965	2569	3293
	15%	645	1015	1478	1941	2496







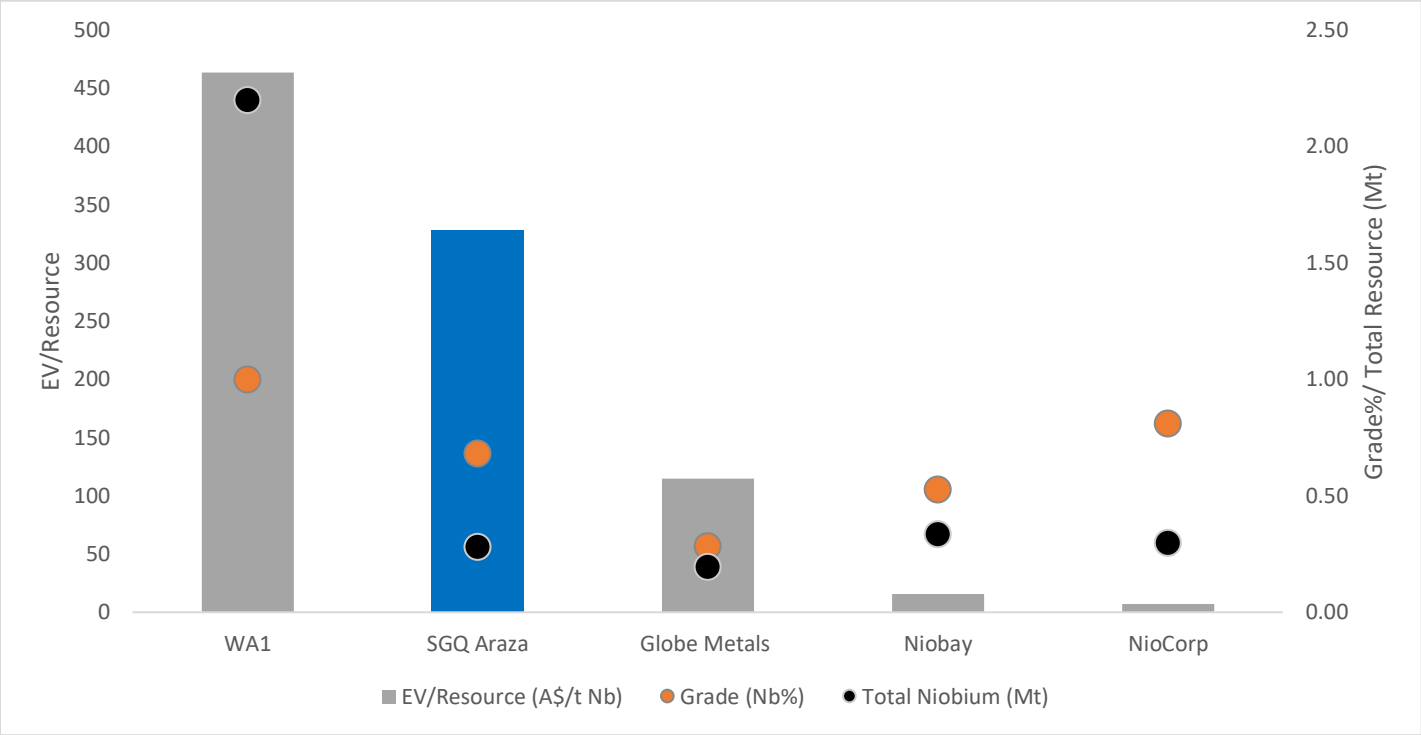
DCF Outcomes		
Parameter	**Standalone Development**	**Opportunistic Acquisition**
Initial Capex	US$200M	US$150M
Production Start	2030	2028
Niobium & REE Production	15ktpa (2032) -> 22ktpa (2037)	15ktpa (2030) -> 22ktpa (2035)
Mining and Processing Cost	US$28.1/Mt ROM	US$28.1/Mt ROM
First 5 Years Production	101kt FeNb and TREO	
Mine Life	40+ Yrs	
Steady State EBITDA	US$319M/yr (2032) -> US$479M/yr (2037)	US$319M/yr (2030) -> US$479M/yr (2035)
NPV	A$2.3B	A$2.4B
IRR	68%	84%
Implied Share Price (A$)*	$0.31 (2.4x upside)	$0.33 (2.6x upside)

1.4 EV/Resource Valuation

We assess SGQ's comparable valuation from two lenses, (i) Niobium, which is the primary commodity of focus for SGQ, and the other (ii) TREO perspective, given the encouraging results from ongoing exploration.

SGQ trades favourably at A$328/Mt Nb compared to its comparables WA1 at A$641/Mt Nb, because of its comparable grade, despite having a significantly lower total Nb tonnage in Resource. We reason SGQ compares favourably to Globe Metals, Niobay and NioCorp due to clear path to development.

We exclude CMOC (multi-commodity exposure) and CBMM (private company) from our comps analysis.



EV/Resource Comps for SGQ, Niobium Only

Company	Total Resource (Mt)	Nb Grade %	Total Nb Tonnage (Mt)	EV (A$M)	EV/Resource (A$/Mt)
WA1	220	1.00	2.20	1410	641
SGQ Araxa	41	0.68	0.28	92	328
Globe Metals	68	0.28	0.19	55	283
Niobay	64	0.53	0.34	12	37
NioCorp	37	0.81	0.30	952	26

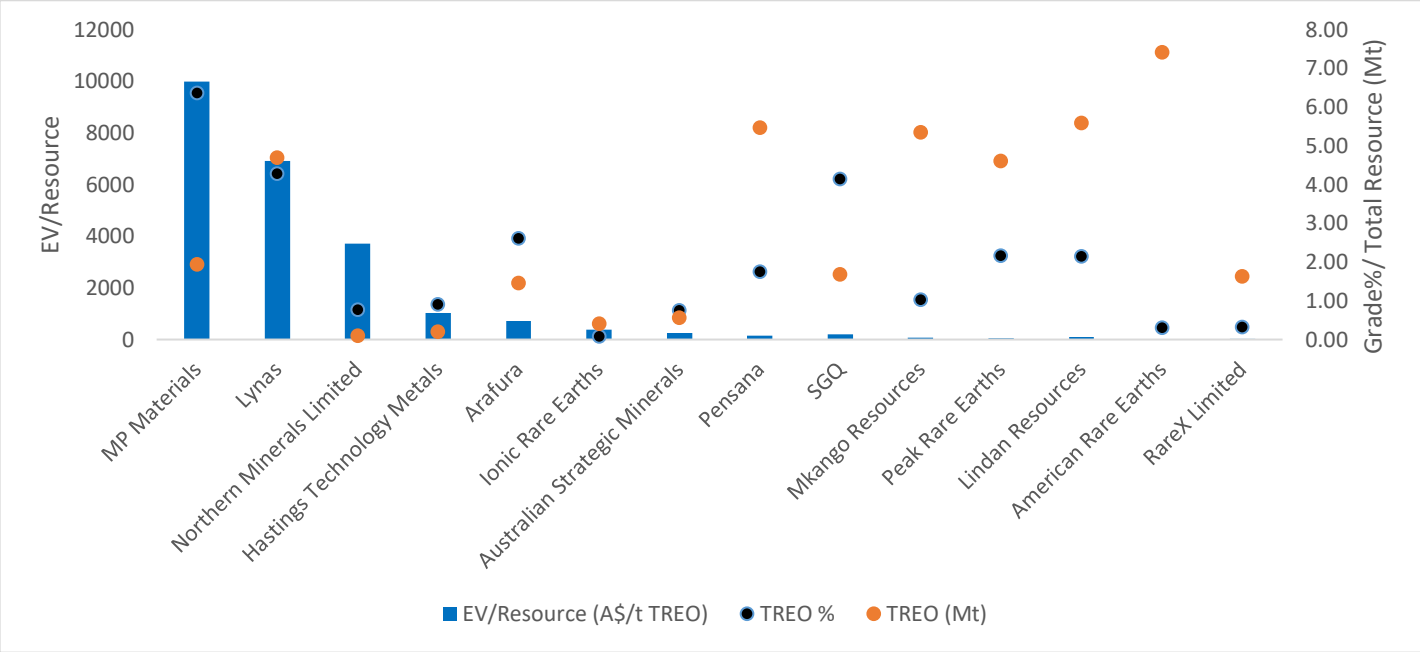
*EV Values as of 5 Oct 2025. Resource (Measured, Indicated and Inferred) Values as per 2024 Annual Reports.

On a broader TREO scope, we find a massive potential for re-rating for SGQ, from its current A$198/Mt TREO to be placed in between Lynas (A$9,991/ Mt TREO) and Northern Minerals (A$3,712/MT TREO) given its Grade and TREO tonnage. Feasibility decisions around TREO should trigger a massive rerating for SGQ, but for now we refrain from evaluations on that aspect.

EV/Resource Comps for SGQ, TREO Considerations

Company	Total Resource (Mt)	TREO %	Total TREO Tonnage (Mt)	EV (A$M)	EV/Resource (A$/Mt)
MP Materials	30	6.36	1.94	19350	9991
Lynas	110	4.28	4.69	32414	6910
Northern Minerals Limited	12	0.77	0.09	334	3712
Hastings Technology Metals	21	0.90	0.19	192	1019
Arafura	56	2.60	1.46	1056	725
Ionic Rare Earths	617	0.07	0.41	160	392
Australian Strategic Minerals	75	0.74	0.56	142	255
Pensana	313	1.74	5.46	873	160
SGQ	41	4.13	1.68	332	198
Mkango Resources	524	1.02	5.34	367	69
Peak Rare Earths	214	2.15	4.61	183	40
Lindan Resources	261	2.14	5.59	480	86
American Rare Earths	2470	0.30	7.40	204	28
RareX Limited	524	0.31	1.63	31	19

*EV Values as of 5 Oct 2025. Resource (Measured, Indicated and Inferred) Values as per 2024 Annual Reports.



2. ST GEORGE'S MINING

2.1 Company Overview

St George Mining Limited (ASX:SGQ) is an emerging leader in critical minerals development, strategically focused on advancing its flagship Araxá niobium and rare earths project in Minas Gerais, Brazil. Shifting away from legacy commodities, SGQ has positioned itself at the forefront of the global supply chain for high-value materials essential to clean energy, advanced manufacturing, and technology sectors. The company's wholly owned Araxá project boasts a JORC-compliant resource of 41.2 million tonnes at 0.68% Nb_2O_5 and 4.13% TREO, placing it among the world's most significant undeveloped niobium and rare earth deposits.

Updates since July 2025

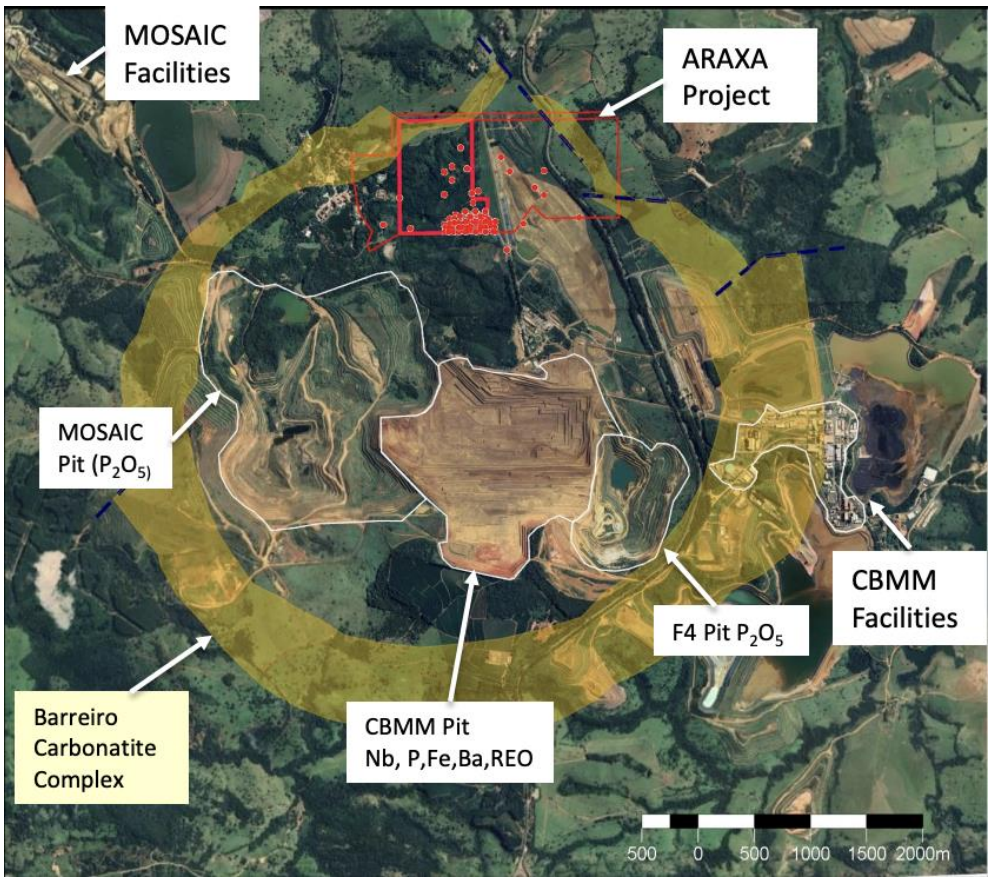
In July SGQ received firm commitments for A$5M at A$0.038 per share through a strategic placement.

In Aug the company confirmed its dual listing on the Frankfurt Stock Exchange (FSE: SOG) while maintaining a primary listing on the ASX. The FSE is the second largest in Europe and broadens St George's exposure to a deep pool of European institutional and retail investors at a time of unprecedented investor interest in critical mineral projects.

The company continues to consider ways to increase access to US capital markets through a potential listing on a US stock exchange and downstream partnerships in the US for both rare earths and niobium products.

2.2 Araxa

The Araxá project is located just 6 km from the town of Araxá in Minas Gerais, Brazil's premier mining state and a globally recognized Tier 1 jurisdiction. Situated within the prolific Barreiro Carbonatite complex, the epicenter of global niobium production, Araxá stands at the heart of the world's most important niobium and rare earths district. This



region is responsible for over 80% of global niobium output, anchored by the neighboring CBMM Araxá mine, which has set the industry benchmark for more than half a century, and the Mosaic Araxá phosphate operation.

Geologically speaking the deposit at CBMM are similar as SGQ Araxá Project, both situated close to each other within the Barreiro Carbonatite, a carbonatite plug that has intruded country rock with ultra high-grade niobium in a near surface blanket of weathered ore, with further high-grade niobium in deeper primary (fresh) rock. The similarity in the geology offers SGQ's deposit the advantage of leveraging a proven flotation and processing flowsheet that is already present at CBMM, alongside incorporating operational tweaks gathered by CBMM's team for productivity from the get-go. CBMM employs conventional, low-cost processing comprising wet grinding, magnetic-process separation and flotation to produce a concentrate of 60% Nb_2O_5 producing final products such as ferroniobium, niobium oxide and pure metal niobium.

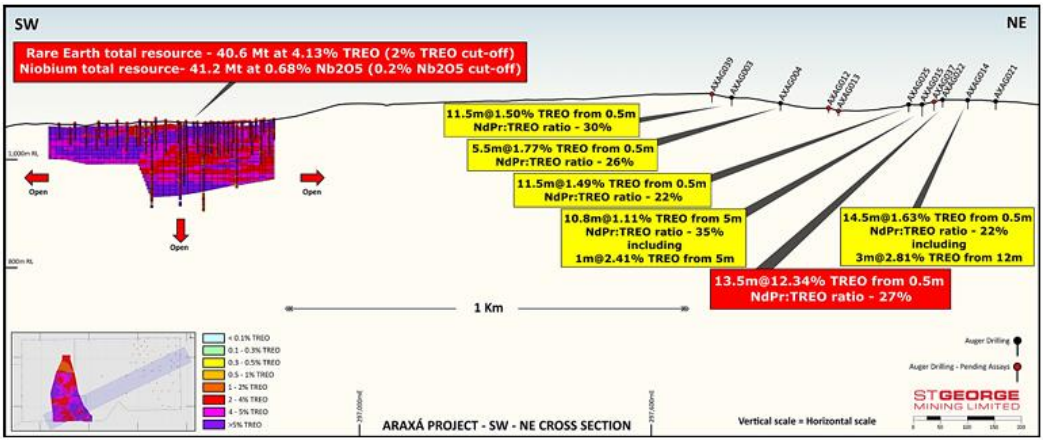
Araxá's location also confers significant logistical and operational advantages. The project is seamlessly integrated into Brazil's most extensive mining infrastructure, with direct access to a vast road network, rail connections, and nearby deepwater ports, facilitating efficient export routes. The area benefits from reliable, low-cost renewable energy, and proximity to the regional hub of Belo Horizonte ensures a steady pipeline of skilled labor, technical services, and mining expertise.

Two of the project tenements are in the process of renewal and extension application have been filed to the relevant approving authority

3. GEOLOGY & RESOURCES

3.1 Exploration Update

SGQ has been carrying out its explorations in full swing with Auger, RC and Diamond Drilling programs in progress.



By July about 40 auger drill holes had been completed for 512m drilled as a first pass reconnaissance program to test areas outside the current resource envelope. The auger drilling was designed at a spacing of 500m, typical for a study of this nature. The company reported diamond drill rig expected to start drilling in Aug a total of 7,200m planned, which was then increased to 9,000m post the strategic placement in July 2025. SGQ also increase the number of diamond drill rigs. Later that month, grades of up to 13.4% TREO were confirmed in the assays for first 22 auger drill holes with all holes intersecting high grade mineralisation with hits such as 13.5m at 12.34% TREO from 0.5m with the hole ending in mineralisation of 13.4% TREO.

The auger holes were designed to test an underexplored areas approximately 1 km east of the existing MRE for the project

In September the results of first batch of shallow RC drilling were also disclosed, signalling a 41m high grade mineralisation from surface in the first seven RC holes with grades of up to 13.98% TREO and 7% Nb_2O_5, including

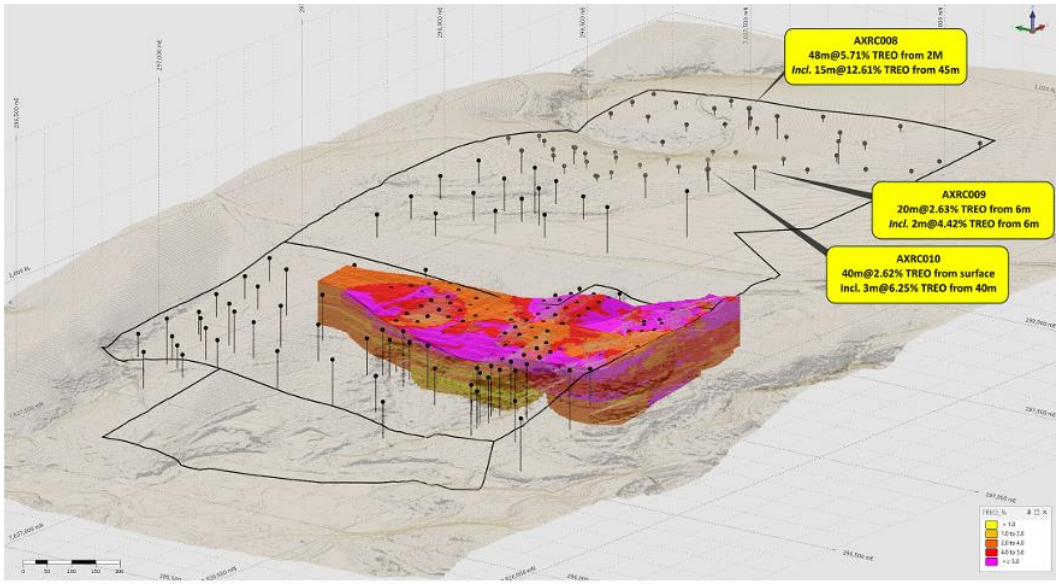
- 41m at 4.52% TREO and 0.87% Nb_2O_5 from surface
- 13m at 7.06% TREO and 1.45% Nb_2O_5 from 4m
- 11m at 7.03% TREO and 0.91% Nb_2O_5 from 5m
- 16m at 5.56% TREO and 0.81% Nb_2O_5 from surface
- 5m at 11.83% TREO and 3.12% Nb_2O_5 from 8m

NdPr values in the new drilling are up to 2.89% with a ratio of NdPr to TREO of up to 42%. These NdPr:TREO ratios are highly sought after for the manufacturing of permanent rare earth magnets.

The results of RC drilling and 16 auger drill holes were compiled and announced in Sep 2025 confirming new discovery, named East Araxa, a deposit of thick intervals of up to 48m of high grade mineralisation from surface in the first three follow up RC drill holes in the previously unexplored portion of the Araxa Project.

- 48m @ 5.71% TREO from 2m, including 15m @ 12.61% TREO from 4m
- 32m @ 1.04% Nb_2O_5 from 11m, including 6m @ 2.41 % TREO from 11m
- 40m @ 2.62% TREO and 1.05% Nb_2O_5 from surface, including 8m @ 4.38% TREO from 35m

The magnet and heavy rare earth grades at East Araxa are higher than in the existing MRE with NdPr values up to 3.96%, more Dysprosium (Dy), Terbium (Tb), Luterium (Lu) and Gadolinium (Gd) making up 1,500ppm of TREO. High Samarium of up to 2.600ppm of TREO, the main component of Samarium Cobalt magnets used in the F35 fighters and other military equipment.



The new discovery confirmed through both RC and Auger drilling support the potential to expand the large carbonatite hosted MRE, over an extensive area of more than 1,000sq m, a deposit quite similar to the two major producing REE mines outside of China – Mountain Pass, California and Mt Weld in Western Australia. The shallower depths of the auger drilling is indicative of the surficial expression of a larger underlying mineralised system and show a strong potential for continuity at depth.

The recent exploration results are on top of the mineralisation intercepts at the property of high grade of niobium and TREO outcroppings present at shallow depths. The company earlier reported more than 500 intercepts of significant >1% Nb_2O_5 mineralisation.

- 43m at 1.5% Nb_2O_5 from surface
- 20m at 2.4% Nb_2O_5 from surface including 10m at 2.4% Nb_2O_5 from 2m
- 33m at 2.1% Nb_2O_5 from 4m including 14m at 2.9% Nb_2O_5 from surface
- 13m at 2.8% Nb_2O_5 from 25m including 1.2m at 8.3% Nb_2O_5 from 26m
- 11m at 3% from Nb_2O_5 from 5m

- 60m at 11.1% TREO from surface including 30m at 16.9% TREO from 27.7m
- 45m at 14.4% TREO from 15m including 7.5m at 31.5% TREO from 40m
- 29m at 10.3% TREO from surface
- 42m at 6.9% REO from surface
- 17m at 14.6% TREO from surface
- 10m at 14.7% TREO from surface

Only 10% of the project area has been drilled so far, and a 5,000m drill program commenced in March 2025. Mineralisation is open in all directions, and SGQ has not included resources below 100m in the MRE. The company is reasonably confident of significant expansion potential with further exploration along strike as well as at depth.

100% of the JORC resource is constrained within the weathered profile at the project and 95.8% is within 100m from the surface, making is favourable for a free-digging shallow open-pit operation in the future. Free-digging nature of the operations reduces mining costs as blasting may not be required, and processing costs, as weathered material lends itself to easier crushing to requisite size.

3.2 Resources and Reserves

The JORC compliant Resources and Reserves statement remains unchanged since our initiation in July, but we do expect to see massive increments given the discovery of South Araxa deposit, the ongoing aggressive exploration and interest in critical minerals. In summary, SGQ currently boasts of 280kt Niobium and 1.7Mt of TREO, one of the largest undeveloped rare earth resources in the world.

Niobium Resource- 41.2Mt at 0.68% Nb_2O_3 (6,800ppm of Nb_2O_5) comprising of at cut-off 0.2% Nb_2O_5

	Million Tonnes (Mt)	**Nb_2O_5%**
Measured	1.90	1.19
Indicated	7.37	0.93
Inferred	31.93	0.59
Total	**41.20**	**0.68**

TREO Resource- cut-off 2% TREO

	Million Tonnes (Mt)	**TREO%**	**MREO%**
Measured	1.90	5.44	1.04
Indicated	7.37	4.76	0.90
Inferred	31.37	3.90	0.74
Total	**40.64**	**4.13**	**0.78**

4. PUSH FOR AN EXPEDITED DEVELOPMENT

The global mining industry is experiencing unprecedented momentum in 2025, driven by an urgent race to secure critical minerals and rare earth elements that power the clean energy transition, digital infrastructure, and modern defense systems. This movement represents more than a traditional commodity cycle—it reflects a fundamental reshaping of international trade, geopolitical alliances, and industrial strategy. The supply-demand imbalance is particularly acute leading to niobium's designation as a critical mineral by major economies.

SGQ has made a decisive and swift approach to the Araxa project with a push on the timelines to bring it to rapid production. Within the period a binding acquisition agreement was made and the acquisition completed (3 quarters, 6 Aug 2024 – 27 Feb 2025) SGQ has

- Strategic Alliance with REAlloys USA
- Signed MoUs with Minas Gerais to expedite permitting
- Signed MoUs with SKI and Fangda for development and offtakes
- Signed EPC +F MoU with Xinhai, and
- Partnered with research institutes for a greener development.
- Poached talent from CBMM – CBMM ex senior executives Thiago Amaral and Adriano Rios, head of Mineral Processing, Chief plant engineer are now a part of SGQ

Strategic Alliance with REAlloys USA: In September SGQ and REAlloys Inc, a downstream magnet material, critical metals and alloys manufacturing company based out of Ohio, USA entered into a strategic alliance to commercialise the high grade rare earths.

REAlloys is an integrated rare earth magnet materials producer for high-performance “US Protected Markets” including the US National Defense Stockpile (NDS), US Defense Industrial Base (DIB), US Nuclear Industrial Base (NIB), Robotics, Electric Aviation and Critical Infrastructure Industries and for US Partner Countries with Defense Treaties, Alliances and Agreements. At its facility in Euclid, Ohio, REAlloys has advanced metallisation and alloy capabilities, IP and know how that support production of high-performance neodymium iron boron (NdFeB) and samarium cobalt (SmCo) magnets materials and metallization of heavy rare earths for high performance applications. REAlloys Inc is completing a listing on NASDAQ through a business combination with Blackboxstocks Inc (NASDAQ: BLBX), which will see it emerge as one of the major listed rare earths magnet material makers in the US.

The companies through the strategic alliance will complete metallurgical test work on the rare earth materials from the Araxa Project to maximise recoveries of high value magnet rare earth elements, review proposed technologies with leverage to REAlloys patented industry leading ones, and optimise the processing flowsheet for production of rare earth products. The companies have also agreed to review and consider marketing strategies for rare earth products most amenable to magnet making. The MOU establishes the framework for finalisation of definitive agreements with the understanding that it will lapse if no offtake agreements are reached within 120 days.

Being in Minas Gerais itself is a definite advantage for SGQ, allowing for fast-track development of the deposit supported by the well-established mining jurisdiction, access to infrastructure- roads and renewable power, a proven route to market, skilled workforce and open pit free digging operation.

MoUs with Minas Gerais to expedite permitting: The company has secured a non-binding Memorandum of Understanding (Oct 2024) with the State Government of Minas Gerais (**Invest Minas**) to expedite project approvals associated with the project, with the state committing to assist with progressing the regulatory approval s in an accelerated manner in recognition to the SGQ’s investment in the region. This arrangement has worked well for companies like Latin Resources, now a subsidiary of

Pilbara Minerals (ASX:PLS), leading to their **Preliminary Licence being issued in 9 months against a typical 3-4 yrs.**

In terms of the permitting process itself, SGQ's reports that environmental and heritage studies are already underway, has been making submissions to relevant authorities to have the permitting completed in 2026. SGQ has appointed Alger Consultoriae Assessoria Juridica (**Alger**) to advise on socio-environmental and cultural heritage matters in connection with the licensing of proposed mining operations. The consultant has previously assisted with licensing for Sigma Lithium (NASDAQ: SGML, TSXV: SGML), Latin Resources (ASX: LRS), Meteoric Resources (ASX: MEI) and many other mining projects in Minas Gerais.

The company has initiated downstream metallurgical teswork study as of 5 March 2025, and prepares to drill at Araxa as of May 2025. The drilling programs focused on expansion and resource definition, aim to significantly increase the maiden JORC MRE within 2025. Met testwork is underway to produce processing flowsheet, and initial results are expected in Q2 2025. The company hopes to potentially re-start existing pilot plant to produce sample products. Environmental, geotechnical and development studies have commenced, with economic study slated for Q4 2025.

Signed EPC +F MoU with Xinhai: SGQ also has secured an MoU with the Xinhai Group, a prominent global service provider in mining space (2000+mines in 100+ countries) for EPC + F contracts, engineering, design, procurement, construction and finance at fixed price. **Xinhai had invested a total of A$8M in A$20M equity fund raising completed by SGQ in support of the project acquisition.**

Signed MoUs with SKI and Fangda for development and offtakes:

SGQ has MoUs in place to collaborate on the project development are with Liaoning Fangda, a steelmaking giant, and SKI Hong Kong, a specialist ferro-alloy trading firm. SGQ has stated that it continues to discuss with multiple potential strategic investors and offtake partners to secure comfort around the development of the project.

Partnered with research institutes for a greener development: Given the strategic importance of the mineral, SGQ is has commenced working with EMBRAPII (Brazilian Association for Research and Industrial Innovation) and SENAI/FIEMG (National Industrial Educational Services), two govt funded leading scientific organizations in Brazil, to develop a sustainable process for production of ferroniobium and rare earth products.

The co-venture with EMBRAPII and SENAI aims to optimise flowsheet. According to the agreements in place, costs of the co-venture will be borne 50% by EMBRAPII, 10% by SENAI and 40% by St George. St George will have the exclusive rights to commercialise the intellectual property (IP) developed by the co-venture for 10 years, with no royalty or other fee payable to EMBRAPII and SENAI.

SGQ is particularly involved with SENAI to collaborate on the production of rare earth magnets. SENAI/FIEMG will operate the existing pilot plant at Araxá with aim of producing sample products for a pilot production program. FIEMG has planned for initial capacity to produce 100 tonnes of permanent magnets per year, and to double that capacity within the first 3 years.

4.1 Other Competing Development Stage Projects

WA1's Luni deposit represents the most significant niobium discovery in over 70 years, with 220 Mt at 1.0% Nb_2O_5 containing 2.2Mt of niobium. However, WA1's resource remains entirely in the inferred category, requiring significant additional drilling and resource definition work before feasibility studies can commence. The project's remote West Arunta location presents significant infrastructure challenges too. The project is located 490km from Halls Creek and over 600km from the nearest operating mine, and would require extensive greenfield infrastructure development including roads, power

generation, and water supply systems. These infrastructure requirements alone could add 2-3 years to development timelines. WA1 may also face extended permitting timelines due to remote location, native title considerations, and environmental approvals in undeveloped terrain. The company has not yet announced definitive production targets, suggesting first production unlikely before the early 2030s.

Globe Metals' Kanyika project in Malawi, while benefiting from a completed definitive feasibility study, faces significant timeline risks due to jurisdictional challenges and funding constraints. The project requires significant infrastructure development in a nascent mining jurisdiction, with limited precedent for large-scale critical minerals production in Malawi. Consequently, Globe has struggled to secure project financing, with the company needing to construct a refinery pilot plant to produce marketing samples for offtake agreements. The project has received a one-year extension to September 2025 to commence substantial development, highlighting ongoing execution challenges.

For **NioCorp's Elk Creek** project in Nebraska, while benefits from U.S. jurisdiction and critical mineral policy support, it faces extended timelines due to its focus on producing multiple products (ferroniobium, scandium oxide, titanium, rare earth oxides), adding to technical complexity and extended development timelines beyond 15 years.

In essence, St George Mining's (SGQ) Araxá project emerges as the clear frontrunner in the race to market, and we estimate that with all aforementioned factors in its favour, it can target production as early as 2028 through an innovative two-pathway development strategy.

4.2 Project Risks

Execution and Development Risks

- **Granting of Authorisations:** Two mining concession applications and one exploration permit remain pending. Delays or onerous conditions in grant of an Environmental Licence (LP), Installation Licence (LI) or Operations Licence (LO) could defer exploration and development.
- **Land Access and Community:** All tenements lie on private land owned by CODEMIG and CBMM; new access agreements are required for drilling and mining. Failure to secure timely land-use approvals or comply with municipal preservation-zone restrictions may interrupt operations.

Regulatory and Political Risks

- **Environmental Approvals:** Portions of Araxá are designated as water-resource and vegetation preservation zones, requiring additional clearances. There is no guarantee approvals will be granted on acceptable terms, potentially limiting orebody conversion.
- **Policy Volatility:** Although Brazil and Minas Gerais are pro-mining, shifting state or federal environmental regulations, ANM resolutions or heritage mandates could impose unexpected conditions or delays.

Financial and Capital Risks

- **Capital Raising and Dilution:** With ~A$5 million cash at April 2025 and ongoing drilling, SGQ must secure further equity or debt to fund exploration, met-work, pilot plant and permitting. Any equity raise will dilute current shareholders; debt may carry restrictive covenants.
- **Cash Burn:** A cash runway under 12 months exposes SGQ to liquidity risk unless funding is arranged or spending curtailed.

Operational and Technical Risks

- **Exploration Uncertainty**: Only ~10% of the Araxá tenement has been drilled. Further drilling may not extend high-grade zones or convert Inferred resources to Indicated/Measured categories, jeopardizing mine planning and economics.

- **Metallurgical and Process Risk:** While geology parallels CBMM's adjacent operation, SGQ's metallurgical recoveries for both niobium and TREO remain untested at scale. Pilot-plant outcomes may differ from expectations, affecting capital and operating costs.

Market and Commodity Risks

- **Niobium Price Volatility:** Global niobium pricing is tightly controlled, 80% by CBMM. Price fluctuations or substitution by vanadium or tantalum could erode project margins and offtake appetite.

- **REE Market Dynamics:** TREO markets are subject to Chinese export quotas, downstream processing bottlenecks and rapidly evolving magnet-grade supply chains. Demand forecasts may shift, impacting TREO valuation.

Jurisdictional and Geopolitical Risks

- **Foreign Ownership Constraints:** Brazilian law caps foreign mining ownership at 70%. While SGQ holds 100% of Araxá, future joint ventures or financing structures could be constrained by local-ownership requirements.
- **Infrastructure and Supply Chain:** Although Araxá benefits from existing roads, rail links and renewable power, regional equipment imports, port congestion and competition for skilled labour may delay construction or ramp-up.

5. CONCLUSION

St George Mining offers one of the most leveraged exposures to the surging demand for niobium and rare earths. Its Araxá Project combines Tier-1 geology, near-surface mining conditions, and a strategic location beside CBMM's world-leading operation in Brazil. With robust economics (NPV A$2.3–2.4B, IRR 68–84%) and first production targeted by 2028, SGQ stands positioned to emerge as a key Western supplier of critical minerals. We reaffirm our Speculative Buy rating with a 12-month target price of A$0.31/sh and view the stock as one of the most asymmetric critical-minerals opportunities on the ASX.

6. MANAGEMENT

St George Mining's Araxá project is led by a cohort of former CBMM experts and seasoned executives, and a mix of technical, operational and strategic funding skillset.

Thiago Amaral, Director – ESG & Technical Development
A 17-year CBMM veteran, he spearheaded sustainability, ISO certification, environmental licensing, and product-specification systems. Holds a Master's in Mechanical Engineering and an MBA; PhD in Materials Engineering in progress.

Adriano Rios, Director – Mining Operations
With 23 years at CBMM's Araxá mine, he managed block-caving transition and achieved >94% niobium recoveries. His expertise ensures optimized mine planning and execution.

Caue (Paul) de Araujo, Director – Corporate Development
Former Global GM (Mine Finance) at Palaris and Regional Director at Hatch, he structures project financing and offtake deals, leveraging global capital markets networks.

Wanderly Basso, Senior Exploration Geologist
Brazilian-trained, with end-to-end experience in geological modelling, resource estimation, and metallurgical testwork, he drives rapid resource expansion.

Carlos Alberto de Araujo, Consultant – Plant Engineering
Led design and commissioning of CBMM's advanced flotation and magnetic separation plant, accelerating Araxá's processing flowsheet development.

Ricardo Maximo Nardi, Consultant – Mineral Processing
Over 30 years at CBMM, he pioneered pilot-scale flotation and reagent optimization to consistently deliver 60%+ Nb_2O_5 concentrate grades.

Adolfo Sachsida, Board Advisor
Ex-Brazilian Minister of Mines & Energy, his deep regulatory insight and federal connections expedite approvals and government engagement.

Alger Consultoria, Permitting Advisor
Specialists in Brazilian environmental and heritage licensing, guiding compliance with ANM regulations and municipal preservation-zone requirements.

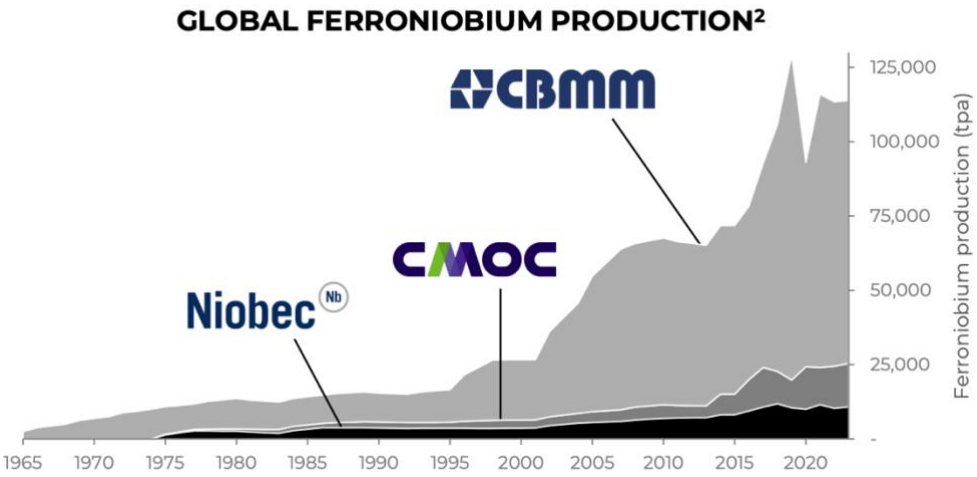
7. NIOBIUM MARKET OUTLOOK

Supply

Niobium supply is highly monopolistic, with only three producers of Niobium in the world. The biggest producer is CBMM at 80% of the global supply, based out of Minas Gerais and a neighbour to SGQ. CMOC supplies 11% of global output out of Goias, Brazil and Niobec the remaining 9% from Quebec, Canada.

In the short term (2025–2027), incremental increases will stem from capacity expansions at existing Brazilian operations (including a planned 3ktpa niobium oxide line to serve battery markets) and the commissioning of the first U.S. primary processing facility at Elk Creek, Nebraska, projected to add about 5.8ktpa of ferroniobium once financed and built. Meanwhile, Africa's maiden niobium project at Kanyika in Malawi is slated for 2026 start-up, targeting 3.25ktpa of Nb_2O_5, and Dubbo in Australia aims to contribute nearly 2ktpa of FeNb by around 2028. Early-stage Canadian projects such as James Bay and Crevier offer prospective supply but remain years from production.

By the mid-term (2028–2030), these new mines and processing facilities could raise global output to meet demand. However, lengthy permitting, financing and construction timelines mean that concentrated Brazilian supply will still dominate, and nascent recycling efforts (< 20% recovery) are unlikely to materially offset primary production constraints. This near-duopoly within Brazil (CBMM + CMOC) creates single-country and single-company concentration that exacerbates supply risk from



operational disruptions or policy changes. Current recycling rates for niobium (<20%) are minimal, offering little near-term relief from primary supply constraints.

However, world niobium mine production has plateaued at around 110 kt per annum (2023–2024), almost entirely sourced from Brazil (~92%) and Canada (~7%). With demand set to exceed supply by approximately 7kt in 2025, and by over 78kt by 2030 if production remains unchanged—a substantial supply gap is forecast in both the short and midterm.

7.1 Niobium Demand: The Building Block of Today's and Tomorrow's World

Niobium is produced into Ferroniobium and Niobium oxide. Ferroniobium comprises 88% of the demand for this rare earth element.

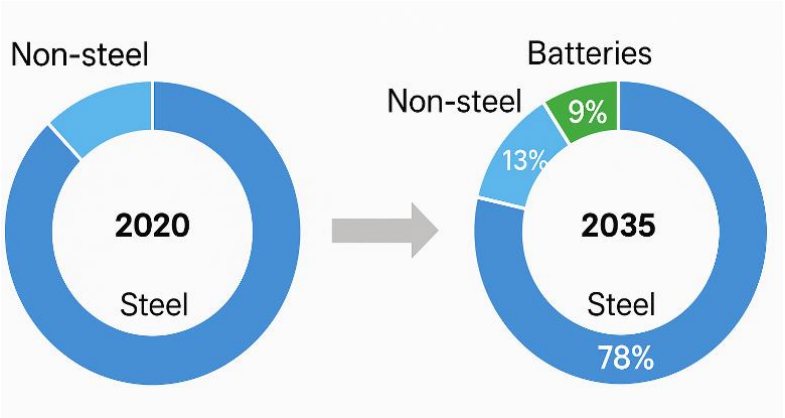
Current Steel Use

Ferroniobium is used in the steel industry to deliver performance improvement through creation of stronger, lighter, corrosion and heat-resistant steel ideal for tougher applications such as pipelines, automobiles, structural steel in construction and military equipment. Adding as little as 0.02% niobium to steel can increase its strength by up to 30%, enabling lighter, more fuel-efficient military vehicles, aircraft, and naval vessels, as well as corrosion-resistant pipelines and bridges. In aerospace and hypersonic

applications, vacuum-grade niobium's exceptional thermal stability (withstanding temperatures above 2,400 °C) and low density are critical for heat-resistant superalloys in turbine blades, missile airframes, and spacecraft components, capabilities that no substitute metal can match.

EV Use

Niobium oxide is produced through further refinement of ferroniobium, and is used in Batteries, MRI equipment, optical lenses, superconductive magnets, aerospace and defence applications.



Source: SFA (Oxford)

Niobium's incorporation into lithium-ion battery electrodes is poised to unlock ultra-fast charging and extreme durability. Niobium-doped cathode and anode materials improve ionic conductivity, thermal stability, and structural integrity, enabling:

- 6-minute full charging in EV concept cars (Nyobolt) and heavy-duty vehicles (VW Trucks)
- Over 20,000 fast-charge/discharge cycles with minimal capacity fade (TNO-SCIB)
- 10× longer battery life and smaller cell form factors for enhanced power density

By 2030, forecasts suggest niobium oxide demand from battery applications could rise from under 5% of total niobium demand today to over 15%, reflecting its strategic importance in both decarbonizing transportation and fortifying global supply chains.

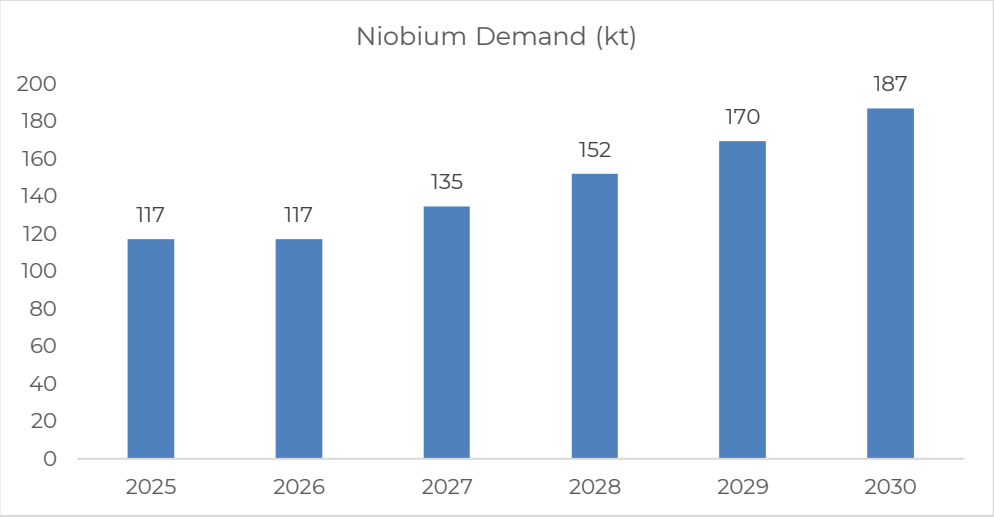
7.2 Demand Trend

The total global niobium consumption reached approximately 105.8kt of niobium content in 2024 and is projected to climb to about 117.45kt in 2025, growing at a near-10% CAGR through 2030 to reach 188.47kt.

In the short term (2025–2027), demand will be driven predominantly by high-strength low-alloy (HSLA) steels—accounting for roughly 57–77% of total consumption for use in automotive lightweighting, construction, pipelines, and infrastructure projects owing to niobium's capacity to increase steel strength by over 30%. Superalloys for aerospace and defense comprise about 21–43% of demand, enabling high-temperature turbine blades, rocket components, and nuclear reactor internals thanks to niobium's heat resistance and corrosion resistance. Emerging applications in next-generation batteries (niobium oxides in fast-charging, high-life EV cathodes) currently contribute under 5% of volume but are expected to accelerate as manufacturers commercialize battery-grade Nb_2O_5 for energy storage. Superconducting materials (niobium-titanium and niobium-tin alloys) for MRI scanners, research magnets, and future quantum devices represent under 3% of volume but remain strategically important.

Mid-term demand (2028–2030) will see diversification: widespread adoption of niobium in solid-state and advanced lithium-ion batteries, expansion of niobium-enhanced

pipelines in energy transition infrastructure, and growth in superconducting grid applications. By 2030, steel and superalloys will still constitute over 85% of volume, but battery and superconducting segments combined may approach 15% of total consumption7.



Source: Mordor Intelligence

7.3 Niobium: A Universe of Strategies

Chinese Steelmakers

China has aggressively secured niobium supply to underpin its steel industry's shift to high-performance micro alloyed steels such as in April 2016 when CMOC paid Anglo American US$1.5B for 100% of its niobium and phosphate business in Brazil, and earlier in 2011 when Chinese steel consortiums paid US$1.95B for 15% equity in CBMM.

Beyond equity investment, CITIC Metal has served as CBMM's exclusive 30-year distributor in China, driving adoption of niobium microalloying technology across major steel mills (e.g., Baowu, Ansteel, TISCO), thereby growing China's niobium-bearing steel output to over 90 million tpa and accounting for more than one-third of global consumption.

Ex-China Steelmakers

Outside China, major steelmakers have similarly pursued minority interests in CBMM to de-risk supply. In March 2011, a Japanese–Korean consortium comprising JFE, Nippon Steel, Sojitz, POSCO and Japan Oil, Gas & Metals National Corporation paid US $1.8 billion for a 15% CBMM stake. These strategic partnerships grant downstream producers preferential pricing and technical support for integrating niobium into high-strength, low-alloy (HSLA) steels.

EV Manufacturers

The rapid uptake of electric vehicles has catalysed alliances to tailor niobium chemistry for next-generation batteries. CBMM has entered joint development agreements with leading OEMs and battery innovators:

- Volkswagen Caminhões e Ônibus partnered with CBMM to integrate niobium-oxide-enhanced anodes for ultra-fast charging electric trucks, targeting sub-10-minute recharge times and improved cycle life.

- Nyobolt and Williams Advanced Engineering have collaborated on niobium-based lithium-ion batteries capable of six-minute full-charging and over 2,000 fast cycles without degradation, addressing high-power demands in motorsport and commercial EVs.

- Toshiba's Titania-Niobium oxide (TNO-SCIB) battery, developed with CBMM's support, demonstrated 350 Wh/L energy density and retained 80% capacity after

25,000 cycles, exemplifying niobium's role in prolonging battery lifespan and safety.

Critical Mineral for Defence

Niobium is designated a critical and strategic mineral by the U.S. government due to its indispensable role in enhancing the performance of high-strength, low-alloy (HSLA) steels and superalloys used across defense and infrastructure sectors.

The U.S. Department of Defense's recent multibillion-dollar public-private partnership with MP Materials, operator of the Mountain Pass rare earths mine, exemplifies the Pentagon's strategic shift toward securing domestic supply chains for critical minerals, including but not limited to niobium analogues in rare earth magnets. Under the agreement,

- DoD will purchase $400 million of convertible preferred stock (acquiring an effective 15% equity stake), provide a 10-year price floor of $110/kg for neodymium-praseodymium oxides, and

- Commit to offtake 100% of magnet output from the "10X Facility" (10,000 t/year capacity) once it begins commissioning in 2028.

This partnership not only de-risks front-end capital for U.S. magnet manufacturing, vital for fighter jets, drones, and precision guidance systems, but also serves as a template for future DoD engagements to underwrite domestic production of other strategic materials such as niobium oxide, as seen in parallel funding for Global Advanced Metals' niobium oxide facility in Pennsylvania ($26.4 million) to re-establish U.S. output after a 30-year hiatus.

On a side note, REEs are also increasingly attracting attention for magnet applications, with REEs such as neodymium, praseodymium, terbium and dysprosium essential for high-capacity computer hard drives, EV motors, robotics and military equipment. The REE supply chains are dominated by the Chinese, producing up to 60% of the global REEs and handling 90% of the processing capacity.

	Rare Earths Used (kg)	Application Examples
F35 Fighter Jet	418	Guided missiles, lasers
Arleigh Burke DDG 51 Destroyer	2600	Advanced radar systems, missile guidance systems, propulsion
Virgina Class Submarine	4600	Tomahawk missiles, Radar systems, Drive Motors

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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