EVOLUTION CAPITAL

**PNN | INITIATION REPORT | RESOURCES**

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# Building Brazil's Next Rare Earth Story

## Power Minerals Limited

We initiate coverage on Power Minerals Limited (ASX: PNN) with a **12-month price target of A$0.29/sh**, implying a **total shareholder return (TSR) of 152%**.

PNN is an emerging critical minerals company advancing a diversified portfolio of rare earth, lithium and copper assets across Brazil and Argentina. We believe the Morro do Ferro Rare Earth Project has the potential to become a company-making asset, with a strong historical drilling foundation, favourable mineralogy and a clear pathway towards a maiden JORC MRE & subsequent value creation.

## Investment Thesis

**PT of A$0.29/sh Implies Material Upside via Risked SOTP:** We value PNN using a risked sum-of-parts framework anchored to Morro do Ferro. We believe a maiden JORC MRE and subsequent resource growth could drive a significant re-rating.

**Morro do Ferro Rare Earth Project:** Morro do Ferro is interpreted as a REE bastnäsite carbonatite system within the Poços de Caldas alkaline complex, overprinted by deep lateritic weathering. Historical drilling returned standout results including 60.85m @ 8.92% TREO, 70.90m @ 8.00% TREO and 60.60m @ 7.02% TREO, supporting the potential for a substantial maiden JORC resource.

**Unique Mining Tenure:** Rare *Manifesto de Mina* tenure provides perpetual mining rights, direct land ownership and a streamlined permitting pathway, materially de-risking long-term project development.

**SGQ Analogue Supports Re-Rating Potential:** Morro do Ferro closely mirrors SGQ's Araxá Project, which re-rated from ~A$53m to ~A$352m following confirmation of resource growth.

**Rare Earth Veteran Alistair Stephens Appointed CEO:** Former Arafura Rare Earths and Lindian Resources CEO Alistair Stephens materially strengthens PNN's execution capability, bringing proven experience advancing the Nolans and Kangankunde rare earth projects.

**Portfolio Optionality Beyond Rare Earths:** Beyond Morro do Ferro, PNN owns the emerging Santa Anna niobium-REE project, a 714kt LCE lithium portfolio partnered with Summit Nanotech, and the district-scale Santa Inés copper project, providing multiple additional value drivers.

**Evolution Capital's Internal PNN SOTP Valuation**

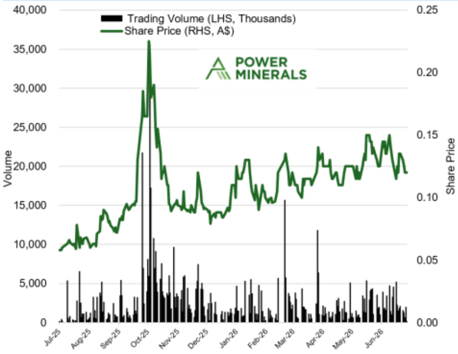
| Asset | Valuation (A$M) | Ownership (%) | PoS (%) | Risked Value (A$M) | Per Share Contribution (A$) |
|---|---|---|---|---|---|
| **Morro do Ferro** | 352 | 100 | 35 | 123.2 | 0.184 |
| **Santa Anna** | 9.5 | 100 | N/A | 9.5 | 0.014 |
| **Salta Lithium** | 72 | 100 | 40 | 29 | 0.043 |
| **Santa Inés** | 5 | 100 | N/A | 5 | 0.007 |
| **Total Risked Asset Value** | | | | 166.5 | ~0.25 |
| **+ Net Cash** | | | | 8.5 | 0.013 |
| **+ Options Proceeds** | | | | 23.6 | 0.035 |
| **- Corporate G&A PV (2 yrs)** | | | | -4 | -0.006 |
| **Risked Equity Value / Per-Share PT** | | | | 194.6 | ~0.29 |

| | |
|---|---|
| **Recommendation** | **SPEC BUY** |
| **Price Target** | **A$0.29** |
| **Share Price** | **$0.115** |
| **TSR** | **142%** |

**Company Profile**

| | |
|---|---|
| Market Cap | $50M |
| Enterprise Value | A$41.5M |
| Cash (Est.) | A$8.5M |
| 52-Week Range | $0.055-$0.305 |

**Price Performance**




**Company Overview**

**Power Minerals Ltd (ASX: PNN)** has assembled a diversified South American critical minerals portfolio spanning rare earths, lithium and copper-gold, providing investors with exposure to multiple commodities leveraged to the global energy transition.

Anchored by the high-grade Morro do Ferro Rare Earth Project in Brazil and complemented by advanced lithium brine assets and district-scale copper-gold exploration in Argentina, the Company is positioned to deliver sustained news flow through maiden JORC MREs, drilling, development studies and strategic partnerships.


**Head of Research (Resources)**

Eric Samuel es@eveq.com

**Analysts**

Patrick Mankarious pm@eveq.com

Aleem Khan ak@eveq.com


**Majority Shareholders**

| | |
|---|---|
| Golden Worldwide Holdings Ltd | 2.07% |
| Forte Equipment P/L | 2.04% |
| Fuyang Mingjin New Energy | 1.85% |
| Summit Nanotech Corp. | 1.77% |
| Peter Proksa | 1.38% |

**Upcoming Catalysts**

| | |
|---|---|
| Morro do Ferro Drill Results | Q3 CY2026 |
| Santa Anna Drill Program | Q3 CY2026 |
| Morro do Ferro MRE | Q4 CY2026 |
| Additional Met Studies | H2 CY2026 |
| Environmental Milestones | H1 CY2027 |
| Permitting Milestones | H1 CY2027 |

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# Valuation Summary

## Project Portfolio

Power Minerals (ASX: PNN) is advancing a diversified critical minerals portfolio spanning high-grade rare earth, lithium and copper-gold assets across Brazil and Argentina. The company is positioned to deliver multiple near-term catalysts through maiden JORC MRE definition & subsequent resource growth, development studies, drilling programs and strategic partnerships across four key projects.

**Morro do Ferro Rare Earth Project (100%) – Minas Gerais, Brazil**

- High-grade REE project within Brazil's Poços de Caldas Alkaline Complex, one of the world's premier rare earth provinces.
- Historical drilling returned exceptional grades including 60.85m @ 8.92% TREO, 70.90m @ 8.00% TREO and 60.60m @ 7.02% TREO, with ultra-high-grade MREO intervals up to 3.48% MREO.
- Premium magnet REE potential: Bastnäsite-hosted mineralisation with ~40% of the non-cerium inventory comprising high-value NdPr & DyTb.
- Unique Manifesto de Mina mining title provides direct land ownership, streamlined exploration, permitting & rapid advancement towards an MRE.
- Maiden 3,800m diamond drilling program underway targeting resource expansion, depth extensions and metallurgical samples for future development.

**Santa Anna Niobium-REE-Gallium Project (100%) – Goiás, Brazil**

- Large alkaline carbonatite system with significant upside; ~90% of the 5.8km² project remains untested.
- Near-surface niobium-REE mineralisation remains open at depth, supporting an upcoming maiden MRE.
- 10,000m drilling program planned following encouraging results including 5m @ 1.40% TREO and 8m @ 0.34% $Nb_2O_5$ from surface.

**Salta Lithium Brine Project (100%) – Salta Province, Argentina**

- District-scale lithium project spanning 147km² across Argentina's Lithium Triangle, hosting a 714,864t LCE JORC Resource.
- Partnered with Summit Nanotech to advance DLE development, with a US$50m acquisition option and potential for the world's first integrated multi-salar lithium hub.
- Advanced development assets: Rincon PEA delivered a US$502m NPV and 42% IRR, while Incahuasi targets 5,000tpa lithium carbonate over a 20-year mine life.

**Santa Inés Copper Project (100%) – Salta Province, Argentina**

- Copper project on the prolific Archibarca mega-lineament, with excellent infrastructure and export access.
- Historical drilling confirmed near-surface mineralisation, including 26m @ 0.60% Cu, 9m @ 0.39% Cu and 10m @ 0.25% Cu.
- 100% owned, with exploration focused on expanding known mineralisation and unlocking district-scale discovery potential.

We also believe the appointment of highly credentialed rare earths CEO Alistair Stephens as a strong endorsement of PNN. Mr Stephens has a proven track record of creating shareholder value, having advanced Arafura's Nolans REE Project from exploration to PFS while increasing market value from A$4m to A$400m, before leading Lindian's Kangankunde Project through feasibility towards production.

His extensive Brazilian and rare earth experience materially strengthens PNN's ability to unlock value across its asset portfolio.

# The SGQ Comparable Analogue

The investment thesis for The Morro do Ferro Project rests on the re-rate of the comparable: the 2024-2025 re-rate of St George Mining (ASX:SGQ) based on milestones achieved at the Araxá Project. The charts below rebase PNN's share-register-equivalent days onto the SGQ Day axis, anchoring the PNN Morro do Ferro acquisition (5/3/26) to SGQ's Araxá acquisition (6/8/24).

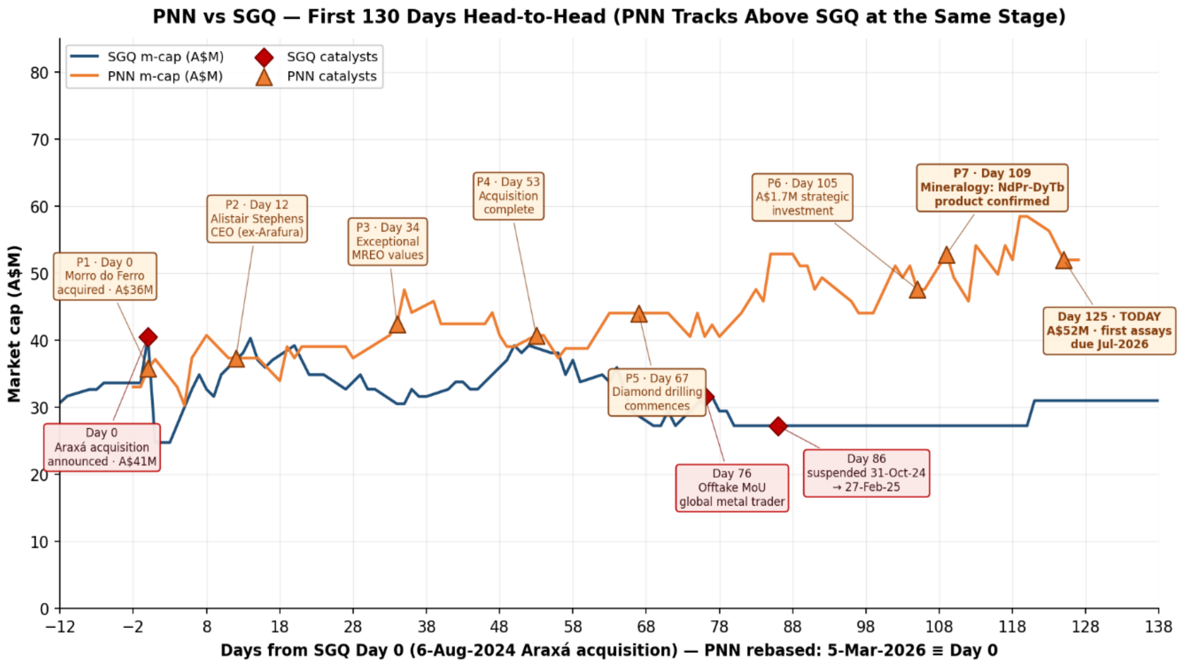


**Figure 1** - PNN vs SGQ First 130 Days Comparison

Over the first ~130 days, PNN outperforms SGQ, with PNN delivering multiple catalysts, including acquisition completion (in 43 days vs SGQ's 205), Alistair Stephens appointment as CEO & de-risking of mineralogy through the confirmation of producing a NdPr-DyTb product.

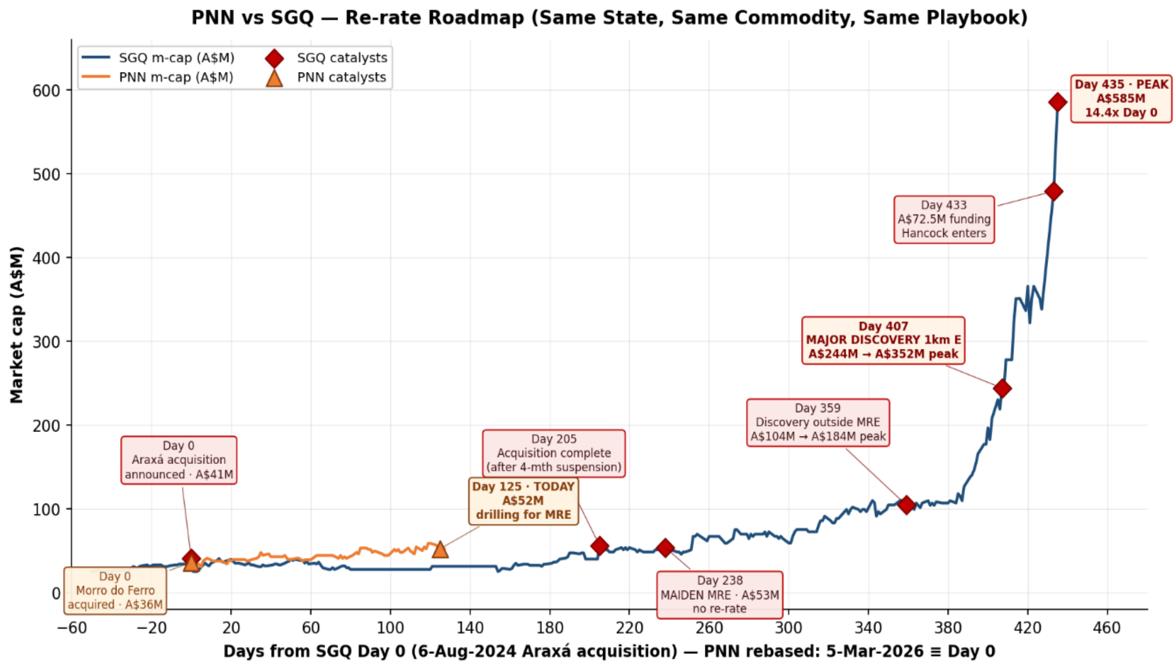


**Figure 2** - PNN vs SGQ: Re-Rate Roadmap

The above chart shows that on announcement of SGQ's Maiden MRE, there was no effective market re-rate. This can be attributed to the previous non-JORC compliant resource of 6.34Mt @ 5.01% TREO (M&I) + 21.94Mt @ 3.99% TREO (Indicated) embedding expectations within the market regarding the initial MRE, which was a modest uplift to 40.64Mt @ 4.13% TREO (0.78% MREO) & 41.2Mt @ 0.68% $Nb_2O_5$.

However, two subsequent announcements (Day 359 & Day 407) confirm that the majority of SGQ's re-rate was driven by confirmation of scale, with these announcements confirming significant mineralisation outside of the MRE. This resulted in a market-capitalisation peak of A$352m.

We expect PNN to follow a similar re-rating path:

- As PNN is progressing faster over the initial ~130 post acquisition period, its current valuation is near equivalent to SGQ's valuation when announcing the Araxá MRE (A$56m vs A$53m), with this being the base set-up prior to re-rating from drilling results & MRE delineation.
- Due to the modest size and outdated nature of the historical estimate (~3.55Mt @ ~3.9% TREO), we believe confirmation of a JORC-compliant MRE could drive a more meaningful valuation uplift.
- Further value could be unlocked upon confirmation of scale, as exhibited by SGQ's valuation peak of ~A$352m, with this being our base case anchor.

## Side-by-Side Catalyst Comparison

Each row below maps an SGQ milestone between the acquisition of the Araxá Project, initial delineation of an MRE, demonstration of resource scale and subsequent funding from major investors. SGQ days 0 to 205 have been completed by PNN with the finalisation of the Morro do Ferro acquisition taking place.

We view SGQ's Day 238 as the next major milestone for PNN through an initial MRE being announced, with set up from the initial diamond drill campaign results.

| Day | SGQ Catalyst (Date, M-Cap) | PNN Equivalent (Date, M-Cap, Status) |
|---|---|---|
| 0 | **Araxá Project acquired**. 6/8/24. A$45m.<br><br>Advanced high-grade Nb-REE project in the world's leading niobium district (adjacent to CBMM), Minas Gerais.<br><br>Prior Historical (non-JORC) Resource - 6.34Mt @ 5.01% TREO (M&I) + 21.94Mt @ 3.99% TREO (Indicated), | **Morro do Ferro Project acquired**. 5/3/26. A$36m. **Completed**.<br><br>Same state, same commodity suite, near-identical entry m-cap. Historical (non-JORC) Resource ~3.55Mt @ ~3.9% TREO. |
| 205 | **Araxá Project acquisition complete**. 27/2/25. A$56m.<br><br>Completed after 4-month suspension; six partnerships/offtake MOU's signed pre-completion. | **Project acquisition complete**. 27/4/26. A$41m. **Completed**.<br><br>PNN settled in 43 days vs SGQ's 205 - ~4x faster & remained listed. |
| 238 | **Maiden Niobium & Rare Earth MRE**. 1/4/25. A$53m.<br><br>41.2Mt @ 0.68% $Nb_2O_5$ & 40.64Mt @ 4.13% TREO (0.78% MREO) – Muted market response – MRE alone did not re-rate SGQ. | ★ **PNN IS HERE · 7/7/26 (Day 123) · ~A$56M.**<br>Maiden diamond program (first assays due Jul-2026) feeding maiden MRE targeted H2/Q4 CY2026. PNN's m-cap is ~A$56M — roughly at parity with SGQ's same-stage A$53–56M.<br><br>The market already pays same-stage value; the analogue upside sits in the post-MRE step-outs. PNN runs ~120 days ahead of SGQ's clock if the MRE lands Q4-26. |
| 359 | **High-grade rare earths discovery outside MRE**. 31/7/25. A$104m.<br><br>First demonstration that mineralisation extends beyond the resource envelope; m-cap peaked at A$184M (9-Sep) before the next assay batch. | **Pending**. Following an initial MRE, initial resource expansion through step-out drilling required to drive a significant re-rate. |
| 407 | **MAJOR DISCOVERY ~1km east of MRE.** 17/9/2025. A$244M.<br><br>RC assays outside the MRE; m-cap peaked at A$352M (6-Oct) on these results. | **Pending. Binary Event – Key Value Inflection Point.**<br><br>The analogue's +A$135M step-up. Analogue holds or breaks here. **A$352M is the base-case ceiling used in the Risked SOTP**. |
| 433 | **A$72.5M institutional funding. 13/10/2025.** A$479m.<br>Hancock Prospecting becomes strategic shareholder; project advanced toward FID. | Significant funding catalyst. Due to the early-stage nature of Morro do Ferro, **comparison to SGQ cannot be drawn – flagged as upside optionality only**. |
| 435 | **First diamond assays — 98m thick, west of MRE. 15/10/2025** · A$585M — PEAK<br><br>14.4x from Day 0 in 435 days. | Post funding related catalyst with strengthened balance sheet. Further resource growth. **Comparison to SGQ cannot be drawn at this stage**. |

**Table 1** - SGQ Catalyst vs PNN Equivalent Framing

## Key Points of Difference

**Inheritance of Data**

On inherited data alone, a reasonable basis has been established that PNN has a better "standing start" vs SGQ. This is best demonstrated through comparing the 5 best TREO drill hits of the respective datasets. All results are from surface unless otherwise stated.

| Intercept # | Araxá | Morro do Ferro |
|---|---|---|
| 1 | 45m @ 14.4% TREO from 15m | 60.85m @ 8.92% TREO |
| 2 | 10m @ 14.7% TREO | 70.9m @ 8.00% TREO |
| 3 | 17m @ 14.6% TREO | 60.6m @ 7.02% TREO |
| 4 | 60m @ 11.1% TREO | 60.0m @ 5.39% TREO |
| 5 | 29m @ 10.3% TREO | 100.44m @ 4.99% TREO |

**Table 2** - Araxá vs Morro do Ferro Drill Hits

Additionally, PNN inherited ultra-high grade MREO samples:

- 2m @ 3.48% MREO from 9m, and
- 2m @ 3.36% MREO from 44m.

Beyond the headline intercepts, PNN also inherited a more extensively validated REE dataset, with 50 diamond holes (4,158m) and 106 auger holes (847m) already completed, numerous intersections exceeding 5% TREO, mineralisation remaining open at depth and along strike, and ultra-high-grade samples up to 24.13% TREO.

SGQ inherited a project with approximately 67 diamond holes and 36 auger holes from Itafos plus a non-JORC compliant MRE, but management highlighted that less than 10% of the project area had been effectively drilled, with most drilling confined to shallow depths and significant reliance on historical datasets.

As a result, while Araxá appears to have offered larger blue-sky exploration opportunity and strategic niobium upside, Morro do Ferro appears to have provided PNN with a stronger and more mature REE drilling foundation at acquisition, supported by thicker, more consistent TREO intercepts and a highly advanced historical dataset.

**Scale Demonstration**

Upon announcement of the Maiden JORC MRE in April 2025 (41.2Mt @ 0.68% $Nb_2O_5$ & 40.64Mt @ 4.13% TREO (0.78% MREO)), SGQ began to demonstrate significant scale of the Araxá Project in the following months – with two key announcements in July & September 2025.

SGQ reported standout results including:

- 164.45m @ 2.93% TREO from surface, inc. 62m @ 5.15% TREO from 57m & 15m @ 8.78% TREO from 104m,
- 139.45m @ 4.05% TREO from surface,
- 128.6m @ 4.87% TREO from surface, and
- 48m @ 5.71% TREO from 2m, inc. 15m @ 12.61% TREO from 4m (1km east of existing resource).

The strength of the inherited dataset at Morro do Ferro provides a compelling basis to believe PNN could ultimately demonstrate a project of comparable scale. While SGQ has proven that Araxá can grow materially beyond its original resource envelope, Morro do Ferro has begun with an exceptionally strong drilling foundation and remains relatively underexplored by modern standards.

As PNN systematically validates and expands the historical dataset, there is a credible case that Morro do Ferro could emerge as a similarly large-scale carbonatite-hosted rare earths system, particularly given the combination of high grades, substantial widths and extensive historical mineralisation already identified prior to modern drilling.

**Additional De-Risking Catalysts**

Beyond resource drilling, between August 2024 & September 2025, SGQ delivered numerous catalysts that helped strengthen the Araxá Project – whereas Morro do Ferro remains at a much earlier stage in its evolution.

Between this period, SGQ delivered the following milestones:

- **Secured Strategic Funding, EPC and Financing Support:** Xinhai invested A$8m and partnered on EPC delivery, while Fangda and SKI Hong Kong advanced discussions around niobium offtake, development funding and marketing, significantly de-risking future project development.
- **Established an Integrated Downstream Processing Strategy:** Partnerships with SENAI and EMBRAPII launched metallurgical optimisation and processing studies, while positioning Araxá as a potential feed source for Latin America's first permanent magnet manufacturing facility.
- **Strengthened Global Commercialisation Pathways:** Strategic alliances with REAlloys and Brazilian partners created potential long-term rare earth and niobium offtake opportunities, including access to the US defence and industrial supply chain.

PNN has not yet delivered equivalent milestones, but with Morro do Ferro's strong inherited drilling foundation and emerging scale potential, investors have a clear framework for the types of technical, commercial and downstream catalysts that could progressively unlock value as the project advances.

## Establishment of PNN Base Case Scenario

SGQ's post-MRE growth story provides a useful benchmark for the value the market can ascribe to a rare earths project once resource scale has been established and then expanded:

- SGQ's market capitalisation was approximately A$244m when significant drilling results outside the MRE were announced.
- The company subsequently re-rated to a peak of ~A$352m prior to the next major catalyst.
- This suggests investors progressively priced in the potential for a substantially larger resource footprint than that captured in the maiden MRE.

We believe this framework is relevant for PNN given the quality of the inherited Morro do Ferro dataset and the potential for a similar scale demonstration:

- Morro do Ferro was acquired with multiple thick, high-grade TREO intersections and an extensive historical drilling database.
- The project appears to have a stronger inherited REE drilling foundation than Araxá at acquisition.
- A robust maiden MRE followed by successful step-out drilling could support a valuation based on district-scale potential rather than simply the initial resource inventory.

Importantly, SGQ's re-rating appears to have been driven primarily by resource growth rather than non-resource milestones:

- SGQ delivered numerous EPC, processing, downstream and offtake-related catalysts throughout this period.
- These announcements generated relatively limited share price appreciation compared to the re-rating that followed the maiden MRE and subsequent scale expansion drilling.
- This suggests the market's valuation uplift was principally driven by the establishment of scale and evidence that Araxá could grow materially beyond its initial resource boundary.

On this basis, we consider SGQ's ~A$352m peak market capitalisation a reasonable base-case valuation reference point for PNN, provided Morro do Ferro can deliver both a substantial maiden MRE and subsequent evidence of meaningful resource growth.

# Risked Valuation & Target Price

We derive a 12-month price target of A$0.29/sh using a risked sum-of-parts valuation framework. This is based on the following components:

1. The unrisked SGQ-analogue that anchors the Morro do Ferro upside thesis to the comparable Araxá Project.
2. Applying a probability of success to convert the unrisked value to a risk-adjusted valuation for the Morro do Ferro Project.
3. The full risked sum-of-parts across the 4-asset portfolio that produces the headline PT.

# Step 1 – The Unrisked SGQ Analogue

SGQ had a market capitalisation of ~$A56m upon completion of the Araxá Project acquisition (Day 205). SGQ then delivered a Maiden MRE as well as results that reinforced the scale of Araxá, which drove a significant re-rate through to Day 407 (over ~202 days) for a market capitalisation of ~A$352m.

PNN has completed the acquisition of Morro do Ferro and are now in position to replicate SGQ with respect to resource definition and scale validation. The un-risked market capitalisation achieved by SGQ requires an adjustment for the probability of success to unlock the value of Morro do Ferro.

# Step 2 – Apply Probability of Success

We apply a 35% probability of success for Morro do Ferro based on the following factors:

- **Strong Inherited Foundation Reduces Exploration Risk:** Morro do Ferro was acquired with an extensive historical drilling database and multiple thick, high-grade TREO intersections, providing a materially more advanced starting point than SGQ's discovery and increasing confidence in the potential to define a robust maiden MRE.

- **Established Precedent from SGQ's Araxá Re-Rating:** SGQ demonstrated that a maiden MRE followed by evidence of resource growth beyond the initial inventory drove a substantial market re-rating. Morro do Ferro possesses comparable geological characteristics and inherited data quality, providing a credible pathway to replicate a meaningful portion of that value uplift.

- **Multiple De-Risking Catalysts Remain Ahead:** A maiden MRE, follow-up drilling to demonstrate district-scale growth, and subsequent metallurgical, processing, commercial and strategic partnership milestones provide several opportunities to progressively de-risk the project and unlock additional value, while recognising that these milestones have not yet been delivered.

Morro do Ferro's risked contribution to the PT is as follows:

**A$352m x 35% = ~A$123m ($A0.184/sh – SOI Adjusted for ITM Options).**

# Step 3 – Full Risked Sum-of-Parts

Each asset has been valued using a methodology considered most appropriate for its stage of development, with asset-specific probabilities that produce our headline price target.

Asset values have been determined through the following methods:

- Morro do Ferro as discussed above,
- The total acquisition cost for the Santa Anna Project (assuming all milestones set out in the acquisition terms are met),
- The Salta Lithium Project value has been derived from the assumption of an acquisition by Summit Nanotech for US$50m (~A$72m), and

- An estimation of expenditure to date on the Santa Inés Project considering its early-stage nature.

We have also assigned a value of A$23.6m for the exercise of current ITM options, with this partially offsetting their dilutive impact upon exercise. OTM options & performance rights are not included. Future capital raises have not been explicitly modelled and are implicitly captured within the probability of success assumptions.

| Asset | Valuation Method | Valuation (A$M) | Ownership (%) | PoS (%) | Risked Value (A$M) | Per Share Contribution (A$) |
|---|---|---|---|---|---|---|
| **Morro do Ferro** | SGQ Analogue | 352 | 100 | 35 | 123.2 | 0.184 |
| **Santa Anna** | Acquisition Cost | 9.5 | 100 | N/A | 9.5 | 0.014 |
| **Salta Lithium** | Acquisition Option Value | 72 | 100 | 40 | 29 | 0.043 |
| **Santa Inés** | Cost Based | 5 | 100 | N/A | 5 | 0.007 |
| **Total Risked Asset Value** | | | | | 166.5 | ~0.250 |
| **+ Net Cash** | | | | | 8.5 | 0.013 |
| **+ Options Proceeds** | | | | | 23.6 | 0.035 |
| **- Corporate G&A PV (2 yrs)** | | | | | -4 | -0.006 |
| **Risked Equity Value / Per-Share PT** | | | | | 194.6 | ~0.290 |

**Table 3** - PNN SOTP Valuation

## Sensitivity Analysis – Morro do Ferro

Our valuation is most sensitive to the success of the Morro do Ferro Rare Earth Project, which contributes approximately 63% of our risked SOTP valuation. We have sensitised Morro do Ferro against both probability of success (PoS) and the market capitalisation achieved by SGQ at key stages of the Araxá re-rating.

- **A$184m:** Initial market recognition following the first confirmation that mineralisation extended beyond the maiden JORC MRE.
- **A$244m:** Increased confidence following additional drilling that validated district-scale growth.
- **A$352m (Base Case):** Peak valuation prior to strategic funding, reflecting both resource definition and successful demonstration of resource scale.
- **A$479m and A$585m:** Post-funding and continued de-risking scenarios, presented as upside cases rather than assumptions within our base case.

| PoS \ Success M-Cap (A$M) | 184 | 244 | 352 | 479 | 585 |
|---|---|---|---|---|---|
| **20%** | 0.055 | 0.073 | 0.105 | 0.143 | 0.175 |
| **25%** | 0.069 | 0.091 | 0.132 | 0.179 | 0.219 |
| **30%** | 0.083 | 0.109 | 0.158 | 0.215 | 0.262 |
| **35%** | 0.096 | 0.128 | **0.184** | 0.251 | 0.306 |
| **40%** | 0.110 | 0.146 | 0.211 | 0.287 | 0.350 |
| **45%** | 0.124 | 0.164 | 0.237 | 0.322 | 0.394 |

**Table 4** - MDF Project Sensitivity Analysis

Our base case assumes a 35% probability of Morro do Ferro replicating SGQ's A$352m valuation, reflecting the project's advanced inherited drilling dataset, favourable geology and strong analogue to Araxá, while recognising that maiden JORC resource definition, resource expansion drilling and subsequent development milestones remain to be delivered.

Importantly, even under a more conservative 25% PoS, Morro do Ferro alone contributes ~A$0.13/sh, implying the remainder of PNN's portfolio—including Santa Anna, the Salta Lithium Project, Santa Inés, net cash and future exploration success—is valued at only a modest premium to the current share

# Power Minerals – Company Overview

## Recent Acquisition – Morro do Ferro Project

The Morro do Ferro Rare Earth Project is a high-grade REE asset located within Brazil's prolific Poços de Caldas Alkaline Complex, one of the world's premier rare earth provinces. Historical drilling has outlined extensive high-grade mineralisation from surface that remains open at depth and along strike, supporting strong maiden JORC MRE potential. The project also benefits from a unique Manifesto de Mina mining title, providing direct land ownership and streamlined exploration and permitting.


**Figure 3** - Morro do Ferro Project Location

**Prospectivity**

Morro do Ferro exhibits many of the characteristics associated with a globally significant rare earth system. Historical drilling has demonstrated thick, continuous mineralisation from surface with numerous weighted-average drill intersections exceeding 5% TREO and ultra-high-grade intervals containing more than 24% TREO.

Importantly, mineralisation remains open at depth and along both the north-west and south-east strike extents, while previous drilling has only partially constrained the known system, leaving considerable resource expansion potential. Maiden drilling by PNN is targeting both resource expansion and metallurgical sample collection to support a maiden Mineral Resource Estimate.

**Key Assay Results from Surface Include:**

- 60.85m @ 8.92% TREO inc. 2m @ 3.36% MREO from 44m and 2m @ 3.19% MREO from 38m,
- 70.90m @ 8.00% TREO inc. 2m @ 24.13% TREO from 14m,
- 60.60m @ 7.02% TREO inc. 2m @ 16.31% TREO from 26m,
- 100.44m @ 4.99% TREO inc. 2m @ 3.15% MREO 32m, and
- 60.35m @ 3.40% TREO inc. 2m @ 3.48% MREO 9m, the highest recorded MREO interval.

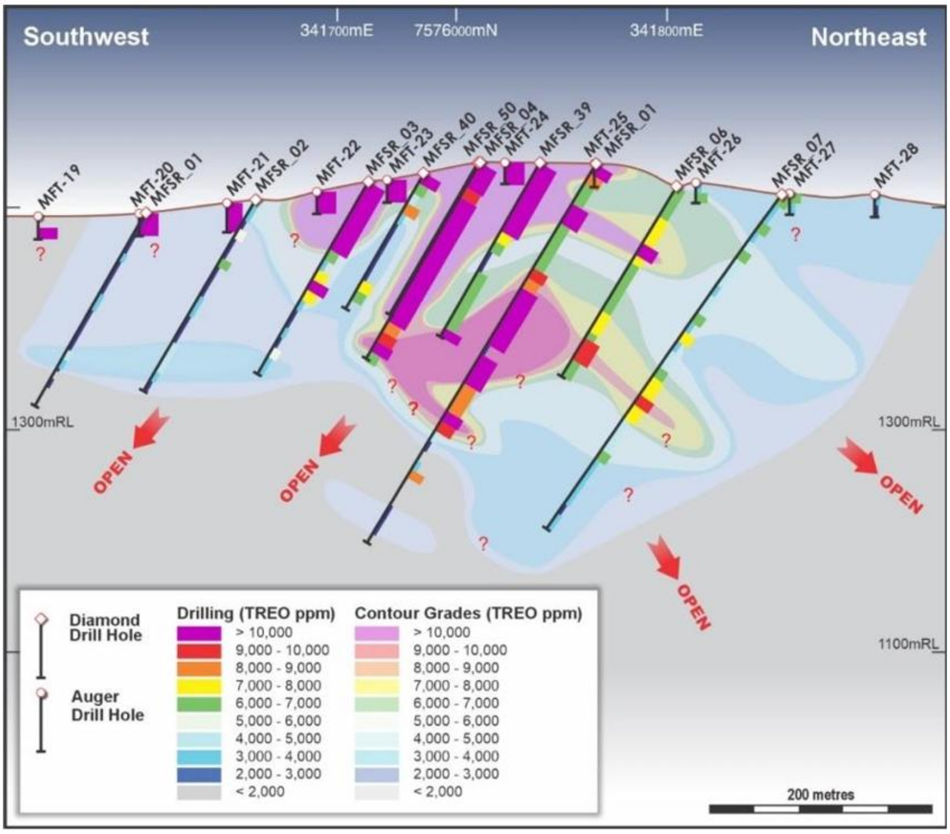


**Figure 4** - Morro do Ferro Cross Section

### Mineralogy

Initial mineralogical work indicates the potential to develop a premium magnet rare-earth product enriched in Nd, Pr, Dy & Tb, subject to further mineralogical, metallurgical and beneficiation testwork. The deposit is primarily hosted within bastnäsite, one of the world's most desirable rare earth minerals and the principal host mineral at the producing Mountain Pass Mine in the United States, alongside cerianite, a cerium-rich secondary mineral. Approximately 40% of the non-cerium rare earth inventory comprises the high-value magnet rare earth elements Nd, Pr, Dy, Tb and Ho, with Nd, Pr, Dy and Tb accounting for approximately 98% of the contained value within the non-cerium inventory.

| Drillhole | Interval (m) | TREO (%) | $Nd_2O_3$ (ppm) | $Pr_6O_{11}$ (ppm) | NdPr (ppm) | NdPr (% whole rock) |
|---|---|---|---|---|---|---|
| MFSR-47 | 9.0-11.0 | 12.22 | 25,600 | 8,150 | 33,750 | 3.38 |
| MFSR-35 | 44.0—46.0 | 17.76 | 23,700 | 8,830 | 32,530 | 3.25 |
| MFSR-35 | 38.0-40.0 | 16.99 | 22,500 | 8,380 | 30,880 | 3.09 |
| MFSR-10 | 31.95-33.95 | 14.82 | 23,500 | 7,100 | 30,600 | 3.06 |
| MFSR-32 | 12.0-14.0 | 16.24 | 21,500 | 8,180 | 29,680 | 2.97 |

**Table 5** - Highest Combined $Nd_2O_3$+$Pr_6O_{11}$ Assays

Ongoing mineralogical work is focused on selectively upgrading these high-value magnet rare earths while reducing low-value cerium, a strategy that has the potential to simplify processing, lower capital intensity and improve overall project economics.

| Drillhole | Interval (m) | TREO (ppm) | TREO (%) | $DY_2O_3$ (ppm) | $Tb_4O_7$ (ppm) | DY+TB Oxide (ppm) |
|---|---|---|---|---|---|---|
| MFSR-43 | 85.0-87.0 | 86,013 | 8.6 | 1,023.60 | 224.7 | 1,248.30 |
| MFSR-20 | 18.0-20.0 | 143,788 | 14.38 | 936.2 | 222.9 | 1,159.10 |
| MFSR-47 | 9.0—11.0 | 122,205 | 12.22 | 834.7 | 249.9 | 1,082.50 |

**Table 6** - Highest Dysprosium and Terbium Oxide Assays

## Santa Anna Niobium-REE-Gallium Project

The **Santa Anna Project** is a high-grade niobium-REE project in Goiás State, Brazil, centred on a large alkaline carbonatite complex with significant exploration upside. Drilling has confirmed extensive near-surface mineralisation that remains open at depth, while approximately 90% of the project's 5.8km² footprint remains untested. Its geological similarities to the nearby Catalão Complex, home to one of the world's largest niobium mines, further highlight its discovery potential.


**Figure 5** - Santa Anna Project Location

Final shallow auger drilling at Santa Anna delivered multiple high-grade rare earth and niobium intercepts from surface to end-of-hole, with mineralisation remaining open at depth across most holes. The results further validate the scale potential of the carbonatite system, supporting the upcoming maiden MRE and lending confidence for a 10,000m follow-up drilling campaign targeting deeper mineralisation.

**Best Drill Hits:**

- 5m at 14,025ppm TREO (1.40%) from surface, including 1m at 21,381ppm TREO (2.14%) from 4m,
- 8m at 9,577ppm TREO from surface, including 2m at 14,926ppm TREO (1.49%) from 5m,
- 10.5m at 5,373ppm TREO from surface, and
- 8m at 3,373ppm $Nb_2O_5$ from surface, including 1m at 8,277ppm $Nb_2O_5$ (0.83%) from 1m.

## Salta Lithium Brine Project

The Salta Lithium Brine Project is a district-scale lithium brine asset located in Argentina's globally significant Lithium Triangle, a region that hosts more than 65% of the world's lithium resources. Spanning 147km² across five prospective salares, the project hosts a substantial JORC 2012 Mineral Resource of 714,864t LCE, representing a 68% increase from prior estimates and positioning Salta as one of the larger undeveloped lithium brine opportunities in the region.

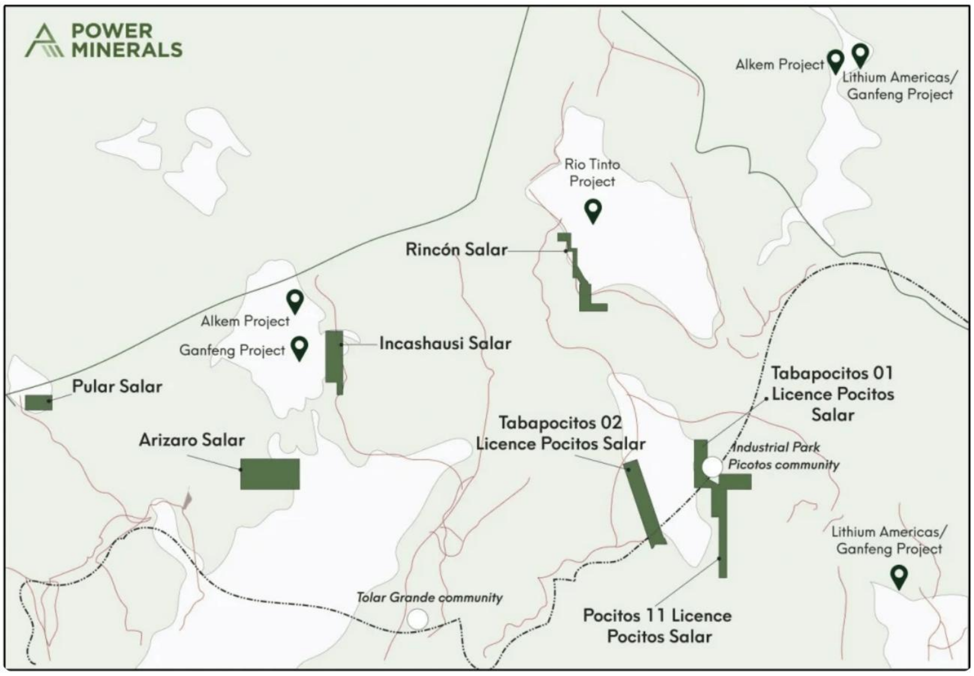


**Figure 6** - Salta Lithium Brine Project

**Term Sheet Signed with Summit Explore Corporation**

The project's development pathway has been significantly advanced through a strategic partnership with Summit Nanotech, a global leader in Direct Lithium Extraction (DLE). The partnership provides a clear, partner-funded route towards commercialisation while leveraging industry-leading extraction technology and preserving exposure to future project upside.

- **Strategic Partnership with Summit Nanotech:** Global DLE leader capable of producing lithium from brines with >95% lithium recovery and >98% impurity reduction.
- **Partner-Funded Development Pathway:** Summit can earn a 59% project interest by funding development and constructing a 5,000tpa commercial DLE operation.
- **Up to US$6m in Development Funding:** Covers resource drilling, water wells, brine compatibility studies and PFS-level work, reducing funding requirements for PNN.
- **Potential US$50m Acquisition Option:** Summit retains the right to acquire the Salta Project outright, providing a clear valuation benchmark and monetisation pathway.
- **World-First Multi-Salar Development Strategy:** The agreement covers all five Salta Lithium Project salars — Incahuasi, Rincon, Pocitos, Pular and Arizaro — creating the foundation for what could become the world's first integrated multi-salar lithium production hub, with additional regional lithium assets also capable of being incorporated into the JV over time.

### Rincon Lithium Project

Rincon is one of the cornerstone assets within PNN' Salta Lithium Project, strategically located in Argentina's globally significant Lithium Triangle and surrounded by major lithium developments operated by Rio Tinto, Argosy Minerals and Argentina Lithium & Energy. Situated within a proven lithium-producing basin with established infrastructure, Rincon provides exposure to one of the world's premier lithium brine jurisdictions and forms a key component of the company's proposed multi-salar lithium development strategy.

| Resource Category | Brine (millions m³) | Lithium Grade (mg/l) | In Situ Lithium (tonnes) | LCE (tonnes) |
|---|---|---|---|---|
| Measured & Indicated | 113 | 258 | 29,520 | 157,131 |
| Inferred | 92.4 | 276 | 25,443 | 135,433 |
| **Combined** | **205.4** | **266** | **54,963** | **292,564** |

**Table 7** - Rincon Project MRE

A Scoping Study-level PEA confirmed Rincon's potential as a low-cost, long-life lithium operation, highlighting robust project economics and providing a strong foundation for future development:

- US$502m pre-tax NPV and 42% pre-tax IRR, demonstrating strong project returns.
- 3-year payback period on estimated US$216.6m CAPEX.
- Forecast production of 7,061tpa battery-grade lithium carbonate over an initial 14-year mine life.
- Expected to generate approximately US$195m in annual revenue based on a lithium carbonate price assumption of US$27,600/t.
- Development underpinned by DLE technology, with 87.5% processing efficiency and significant upside from future resource growth beyond the existing 292,564t LCE JORC Resource.

Power is currently advancing a resource expansion program aimed at testing the full depth potential of the Rincon basin beyond the deepest known lithium-bearing intersection of 605m, which remained in brine at the end of hole. The company is targeting resource growth, improved basin understanding and enhanced confidence in future development planning, with results expected to support expanded mineral resources and production modelling

### Incahuasi Lithium Project

The Incahuasi Lithium Project represents an additional key asset within PNN's Salta Project. A recently completed Conceptual Development Study, undertaken alongside JV partner Summit Nanotech, confirmed the project's technical viability and outlined a clear pathway towards becoming a long-life producer of high-purity lithium carbonate. The study is based on Incahuasi's 235,073t LCE Measured and Indicated JORC Resource and positions the project to advance into the prefeasibility study stage.

| Resource Category | Measured | Indicated | M+I | Inferred |
|---|---|---|---|---|
| Brine Volume (km³) | 151.6 | 69.9 | 221.5 | 13.1 |
| Mean Drainable Porosity (%) | Halite 5%, Clastics 6.5%, Breccia 4% | | | |
| Mean Lithium Concentration (mg/l) | 198.4 | 198.5 | 198.4 | 204.6 |
| Lithium (tonnes) | 30,163 | 13,999 | 44,162 | 2,674 |
| **LCE (tonnes)** | **150,556** | **74,517** | **235,073** | **14,235** |

**Table 8** - Incahuasi Project MRE

The Conceptual Development Study outlines a hybrid evaporation and DLE flowsheet, with brine concentrated at Incahuasi before processing through Summit Nanotech's denaLi™ technology at a central Pocitos facility. The development case targets production of 5,000tpa of 99.95% battery-grade lithium carbonate over a 20-year mine life, with further resource growth offering potential upside to both scale and longevity.

**Key Development Components:**

- **5,000tpa lithium carbonate operation** producing battery-grade 99.95% $Li_2CO_3$ over a projected 20-year mine life.
- **Centralised DLE processing strategy** utilising Summit Nanotech's proprietary denaLi™ technology at Pocitos.
- **Strong metallurgical performance**, with bench-scale testing achieving 98% lithium recovery and pilot plant testing delivering 95% recovery with 99.3% impurity rejection.
- **Established resource base** of 235,073t LCE (Measured & Indicated), providing sufficient inventory to support the proposed development case.
- **Shared processing hub potential**, with the Pocitos facility capable of integrating feed from Power's broader Salta lithium portfolio, including Rincon and Pocitos assets.
- **Infrastructure advantages** at Pocitos, including access to grid power, gas pipeline infrastructure, accommodation and transport links.
- **Next-stage de-risking activities** include pilot evaporation ponds, DLE demonstration plant work, hydrogeological studies, wellfield optimisation, logistics studies and detailed engineering ahead of PFS completion.

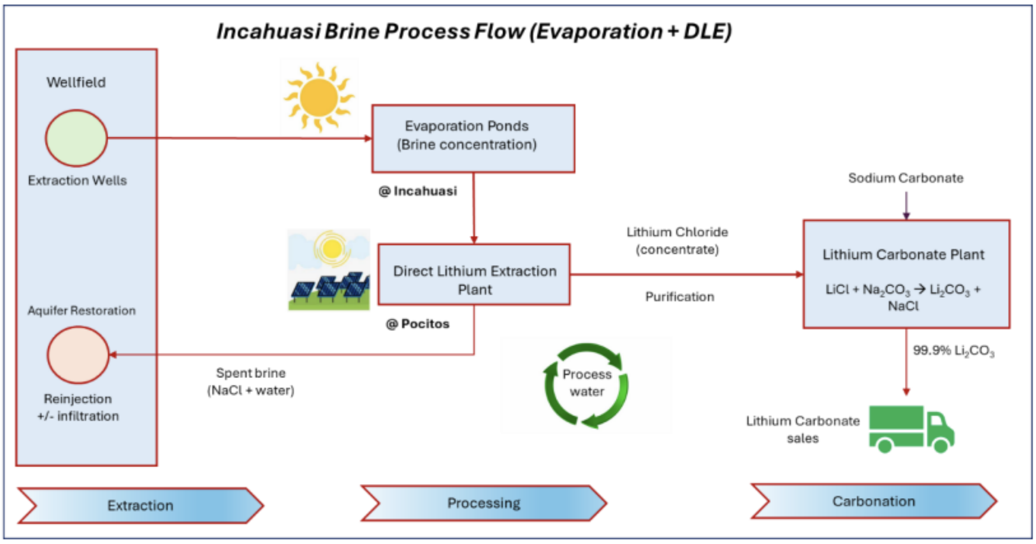


**Figure 7** - Conceptual Flowsheet for Production of Lithium Carbonate

## Santa Inés Copper Project

Santa Inés is a copper exploration asset located in the world-class Puna region of Salta Province, Argentina, a prolific mining district that hosts major operations including BHP's Escondida and Fortuna Silver's Lindero Gold Mine. The project sits along the Archibarca mega-lineament, a major crustal-scale structural corridor widely recognised for controlling the emplacement of large porphyry and epithermal mineral systems throughout the Andes. Historical drilling, surface sampling and geological mapping have confirmed copper-gold mineralisation.

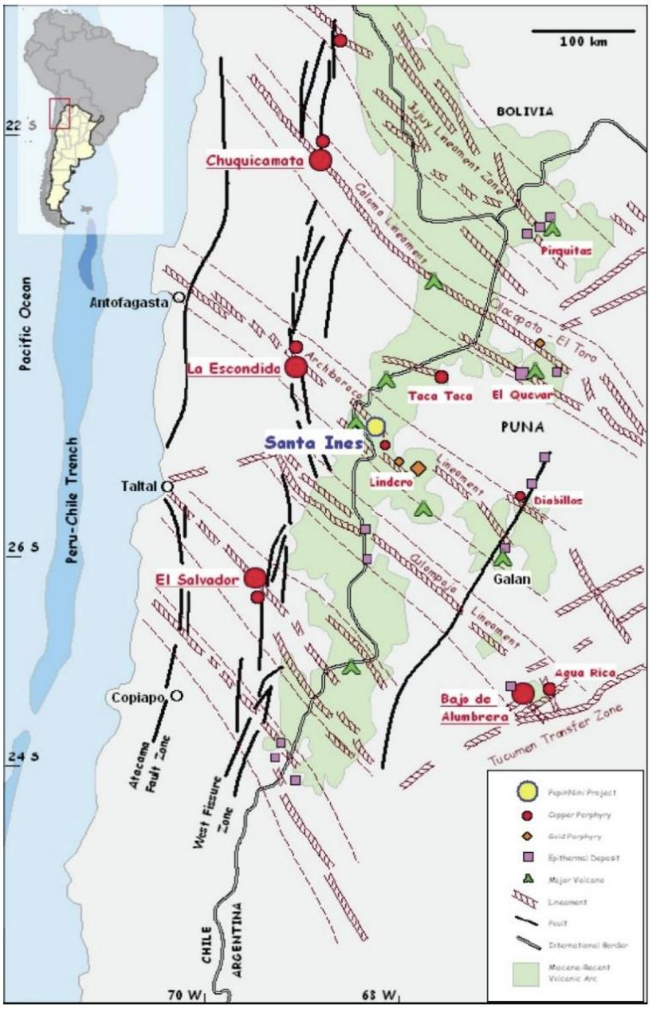


**Figure 8** - Regional Map Showing Santa Inés Project

Following the reacquisition of 100% ownership in January 2026, PNN is advancing a new exploration strategy aimed at unlocking the project's broader discovery potential. The combination of encouraging historical drill results, proven regional endowment and excellent infrastructure - including proximity to the Salta-Antofagasta railway and west coast export routes - positions Santa Inés as a compelling copper-gold exploration opportunity with significant leverage to exploration success.

**Best Historical Drill Intercepts:**

- 26m @ 0.60% Cu from 62m, including 7.35m @ 0.89% Cu from 74m,
- 9m @ 0.34% Cu from 71m, including 4m @ 0.32% Cu, 13.2ppm Ag and 0.95ppm Au from 60m,
- 9m @ 0.39% Cu from 84m,
- 10m @ 0.25% Cu from 84m, and
- 2m @ 0.43% Cu from 46m.

# Appendix

## Key Risks

**Exploration & Resource Definition Risk**
The Morro do Ferro Project is yet to define a JORC-compliant Mineral Resource Estimate. Exploration and drilling may fail to validate the historical dataset or delineate a resource of sufficient scale and grade to support our valuation assumptions.

**Metallurgical & Development Risk**
While initial mineralogical work has been encouraging, further metallurgical testwork may not achieve recoveries, concentrate quality or processing characteristics required for an economically viable development.

**Funding & Dilution Risk**
As a pre-development company, PNN is expected to require additional capital to fund exploration, resource delineation, development studies and permitting. Future equity raisings could result in shareholder dilution.

**Permitting & Jurisdictional Risk**
Project advancement remains subject to environmental approvals, permitting and regulatory processes in Brazil and Argentina. Delays or changes to regulatory requirements could impact development timelines and project economics.

**Commodity Price & Market Risk**
The company's valuation is highly leveraged to rare earth prices and market sentiment towards critical minerals. Sustained weakness in REE pricing or deteriorating equity market conditions could adversely affect project economics and valuation.

## Board & Management

**Stephen Ross**, Non-Executive Chairman
Stephen Ross is a geologist, mining executive and company director with more than 30 years of international experience spanning exploration, project development, corporate strategy and capital markets. He has a strong track record of sourcing and advancing resource opportunities globally and currently serves as Managing Director of Desert Metals and Chairman of both PNN and Pinnacle Minerals (ASX: PIM).

**Mena Habib**, Managing Director
Mena Habib is a mining executive with extensive experience across resource project acquisition, capital markets and corporate development. He has played a key role in sourcing, funding and advancing mineral projects across Australia, North and South America, leveraging strong investment networks in Asia and North America to raise significant capital. He also serves as Chairman of Amara Minerals (ASX: AM3).

**Alistair Stephens**, Chief Executive Officer
Alistair Stephens is a mining executive with more than 35 years of experience across gold, base metals, critical minerals and coal, including over two decades in CEO roles. He has a proven track record in leading large-scale mining and processing operations, project development and capital programs across Australia, Africa, South America and Southeast Asia. His expertise spans operational optimisation, regulatory compliance, ESG management and stakeholder engagement, with a strong reputation for delivering complex projects and translating technical strategy into commercial outcomes.

**James Moses**, Non-Executive Director
James Moses is a capital markets and investor relations professional with more than 30 years of experience spanning investment management, financial media and corporate communications. He is the founder and Managing Director of a leading Australian investor relations advisory firm and has previously worked as a business and finance journalist, resource sector publication editor and investment adviser. His extensive experience in public markets, investor engagement and strategic communications is complemented by his role as Non-Executive Chairman of Aruma Resources (ASX: AAJ).

**Aaron Bertolatti**, Company Secretary
Aaron Bertolatti is a Chartered Accountant and Company Secretary with more than 17 years of experience across the mining and accounting sectors. He brings extensive expertise in financial management, ASX compliance, corporate governance and corporate finance, having supported numerous resource companies in both Australia and internationally. His strong background in listed company administration and regulatory compliance provides valuable oversight as companies progress through growth and development stages.

## 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.<br>• **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon.<br>• **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon. |
| **Risk Qualifier** | • **Speculative ('Spec'):** 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.<br>• **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.<br>• **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.*



**Evolution Capital Pty Ltd**
Level 8, 143 Macquarie Street Sydney, NSW 2000
Tel: +61 (2) 8379 2960
www.eveq.com