Morro do Ferro: A Priority Project

Power Executes Agreement with the State of Minas Gerais

The Government of Minas Gerais has granted the State's priority-project framework to the Morro do Ferro Rare Earth Project

Highlights

- Power has executed an agreement with the Government of the State of Minas Gerais in respect of the Morro do Ferro Rare Earth Project.
- Under the agreement, Morro do Ferro is to be treated as a priority project (projeto prioritário) within the framework of State Law No. 21,972/2016 (Articles 24–25).
- The agreement provides for coordinated support from the State's economic-development and environmental agencies as Power advances exploration, studies and future licensing at the Project.
- Priority-project treatment is intended to place licensing of Morro do Ferro onto the State's specialised pathway (SUPPRI within SEMAD), with FEAM undertaking technical environmental review.
- SEDE and Invest Minas will support investment facilitation, engagement with State and municipal bodies, supplier introductions and assessment of applicable State incentives.

Power Minerals Limited (ASX: PNN | OTCQB: PEIMF) (Power or the Company) is pleased to announce that it has executed an agreement with the Government of the State of Minas Gerais, Brazil, covering priority-project treatment of the Company's Morro do Ferro Rare Earth Project (MDF or the Project) in the Poços de Caldas district, southern Minas Gerais.

Purpose of the agreement

The agreement records the State's support for Morro do Ferro as a project of relevance to the social and economic development of Minas Gerais and to the State's critical-minerals agenda. Rare earths are among the mineral classes to which the State applies additional weighting when considering priority treatment.

The parties have agreed to work together so that, consistent with Law 21,972/2016 and applicable environmental legislation:

- Morro do Ferro is recognised for treatment as a priority project under the State framework.
- Environmental licensing of the Project is directed to specialised review by SUPPRI within SEMAD, rather than remaining only in the standard regional SUPRAM queue.
- FEAM undertakes the technical environmental review, including site inspections and opinions on environmental studies.
- SEDE, including through Invest Minas, assists with engagement across State and municipal bodies, introductions to suppliers and service providers, and assessment of State incentive instruments that may be available to the Project in a separate process.
- Relevant classification and licensing acts are published and reported in accordance with State requirements, including notification to the Environment Commission of the State Legislative Assembly within the statutory period.

The agreement does not grant a Licença Prévia (LP), Licença de Instalação (LI) or Licença de Operação (LO). Those licences remain subject to the three-stage environmental process, supported by an Environmental Impact Study (EIA) and Environmental Impact Report (RIMA) when Power is ready to apply. The agreement does not itself confer tax exemptions, offtake, project finance or a construction timetable.

Comment

Power Minerals Chief Executive Officer, Alistair Stephens, said:

"This is a new agreement between Power Minerals and the Government of Minas Gerais. It is an important institutional step for Morro do Ferro. The State has agreed to apply its priority-project framework to our rare earth project at Poços de Caldas, and to coordinate the economic-development and environmental agencies as we move from drilling into studies and, in due course, licensing.

"We will keep advancing Morro do Ferro in the right order — finish the current drill program, complete mineralogical and metallurgical test work, and work toward a maiden JORC Mineral Resource. The agreement supports that work. It does not replace it."

Terminology

FEAM: Fundação Estadual do Meio Ambiente (State Environment Foundation) with responsibilities that include Environmental licensing and regularisation of mining and industrial projects, Environmental management of industrial and mining waste or tailings dams and contaminated sites, and Inspections and administrative penalties within its jurisdiction.

SEDE: Secretaria de Estado de Desenvolvimento Econômico — the Minas Gerais State Secretariat for Economic Development. Its work includes economic development, investment attraction, industry development, and mining, energy and logistics policy.

SEMAD: Secretaria de Estado de Meio Ambiente e Desenvolvimento Sustentável — the Minas Gerais State Secretariat for Environment and Sustainable Development. It leads the state's environmental policy and coordinates environmental management

Licença Previa: Preliminary Environmental Licence

Licença de Instalação: Installation (Construction) Environmental Licence

Licença de Operação: Operation Environmental Licence.

Next steps

- Continue maiden diamond drilling campaign.
- Progress metallurgical test work.
- Advance toward a maiden JORC Mineral Resource Estimate in accordance with the JORC Code and ASX Listing Rule 5.8.
- Engage with SUPPRI, FEAM and SEDE on the scope and timing of environmental baseline and EIA/RIMA work required for a future LP application.
- Assess, separately and when eligible, any State incentive instruments that may apply to development equipment and infrastructure.

About Morro do Ferro

Morro do Ferro is a high-grade rare-earth project in the Poços de Caldas alkaline complex, Minas Gerais. Mineralisation is hosted from the surface in bastnäsite–cerianite mineralogy. Power completed acquisition of the Project in April 2026 and is undertaking a maiden diamond drilling campaign. The Project is held on a Manifesto de Mina title (ANM 005.444/1946). The Project is held on a Manifesto de Mina title (ANM 005.444/1946) which included the right to mine, subject to the three-stage environmental process. Preparations for the required environmental studies are progressing.

Previously announced drilling includes (downhole lengths; true width unknown):

- MFSR-051: 116 m at 4.78% TREO from surface, **including 58 m at 8.36% TREO** from surface and 31 m at 10.0% TREO from 14 m (ASX, 31 July 2026). Refer ASX: PNN release dated 31 July 2026
- MFSR-052: 137 m at 4.31% TREO from surface, **including 53 m at 9.87% TREO** from surface and 26.9 m at 13.0% TREO from 19 m (ASX, 24 August 2026). Refer ASX: PNN release dated 24th August 2026

- MFSR-053: 108.55 m at 4.15% TREO from surface, **including 29.25 m at 9.01% TREO** from surface (ASX, 27 August 2026). Refer ASX: PNN release dated 27th August 2026
- Historical diamond intercepts include **60.85 m at 8.92% TREO** (MFSR-35), **70.9 m at 8.00% TREO** (MFSR-44) and **60.6 m at 7.02% TREO** (MFSR-20), from surface to end of hole (ASX, 5 March 2026). Refer ASX release dated 5th March 2026

Power confirms it is not aware of any new information or data that materially affects the information included in those announcements, and that all material assumptions and technical parameters continue to apply and have not materially changed.

This announcement is authorised for release to the ASX by the Board of Power Minerals Limited.

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Forward-looking statements

This announcement contains forward-looking statements concerning the Morro do Ferro Project, including statements about licensing pathways, the effect of priority-project classification, work programs and possible development. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and are based on assumptions that may prove incorrect. Actual outcomes may differ materially. The classification described in this announcement does not constitute a mineral resource, ore reserve, production target or forecast financial information. Power does not currently have a JORC Mineral Resource at Morro do Ferro.

Competent Person statement

The information in this announcement that relates to previously reported Exploration Results is extracted from the Power Minerals ASX announcements dated 5 March 2026, 31 July 2026, 24 August 2026 and 27 August 2026. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.