

SOUTHERN ALLIANCE MINING LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201931423D)

UPDATE ON THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND DISCLOSURE PURSUANT TO RULES 705(6) AND 705(7) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES")

The board of directors (the "**Board**") of Southern Alliance Mining Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 9 September 2020 in relation to the use of the net proceeds from its initial public offering ("**IPO**"), its financial results announcement on 25 September 2020 for the full year ended 31 July 2020, its announcement on 19 October 2020, 11 November 2020, 22 January 2021, its financial result announcement on 13 March 2021 for the half year ended 31 January 2021, its announcement on 11 June 2021 and its financial results announcement on 24 September 2021 for the full year ended 31 July 2021 as well as our Group's annual report for the financial year ended 31 July 2021 published on 3 November 2021 (collectively the "**Announcements**").

Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements.

The Board wishes to provide an update on the use of the IPO Net Proceeds as at the date of this announcement, as follows:

Use of IPO Net Proceeds	Amount re-allocated on 22 January 2021	Amount utilised (Per the Announcements)	Amount further utilised as at the date of this announcement	Balance as at the date of this announcement
	(\$S'000)	(\$S'000)	(\$S'000)	(\$S'000)
Further exploration activities	4,000	(887)	(510) ⁽¹⁾	2,603
Investment into mining equipment and infrastructure	3,000	(3,000)	-	-
Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	(60)	-	940
General working capital purposes	3,937	(1,249)	(177) ⁽²⁾	2,511
Total	11,937	(5,196)	(687)	6,054

Notes:

- (1) RM1,570,974, which is equivalent to S\$509,624 based on the exchange rate of RM100.00:S\$32.44 as at 13 December 2021 published by the Monetary Authority of Singapore, was utilised for the payment to the contractor undertaking exploration activities to carry out the Group's drilling program at our Chaah Mine and Mao'kil Mine.
- (2) S\$177,000 was utilised as working capital of the Company to pay its ongoing professional expenses, payroll, director related expenses and bank charges.

The use of the IPO Net Proceeds is in accordance with the intended use as disclosed in the Offer Document dated 16 June 2020, and the re-allocation in accordance with the Company's announcement dated 22 January 2021. The Company will continue to make periodic announcements via SGXNet on the utilisation of the balance of the IPO Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the IPO Net Proceeds in its annual report(s) and financial results announcement(s).

Use of funds/cash by mineral, oil and gas companies pursuant to Rule 705(6)(a) of the Catalist Rules

Pursuant to Rules 705(6) and 705(7) of the Catalist Rules, the Board wishes to announce the following for the first quarter ended 31 October 2021 ("1Q FY2022").

For the purpose of this section, the Group's disclosure is on exploration cost (excluding depreciation) and the ex-mining cost (costs that are directly attributable to the mining activities excluding amortisation and depreciation as well as sales and related cost and cost related to the land).

(i) Use of funds/cash for 1Q FY2022:-

Activities	1Q FY2022		
	Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	3,000	779	(2,221)
Mining related expenditure (excluding capital expenditure)	29,000	24,671	(4,329)
Total	32,000	25,450	(6,550)

The exploration activities at the Chaah Mine are undertaken to establish an extension of the existing iron ore body. The outbreak of Covid-19 at the Chaah Mine, as announced by the Group on 20 September 2021, as well as the interpretation of drilling results which is still ongoing resulted in a delay in the design of further drill holes therefore impacting the progress of the physical drilling work. As a result, there was an unutilised budget of approximately RM2.2 million.

As discussed above, the impact of the Covid-19 outbreak at our Chaah Mine had slowed down the mining activities. This resulted in the underutilisation of the budget amounting to approximately RM4.3 million.

(ii) Projection on the use of funds/cash for the next immediate quarter, including material assumptions: -

Activities	Projection for 2Q FY2022 RM'000
a. Mine exploration and evaluation	3,000
b. Mining related expenditure (excluding capital expenditure)	29,000
Total	32,000

The projection for the second quarter ending 31 January 2021 ("2Q FY2022") is based on the assumption that there are no material changes to the cost structure and the intensity of the pre-planned mining work, which were affected due to the unforeseen Covid-19 outbreak in 1Q FY2022. The 2Q FY2022 projection does not take into account the risk from the effects of the potential upcoming monsoon season.

Rule 705(7) of the Catalist Rules

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Exploration activities

The Group continues with our planned drilling programs during 1Q FY2022. It involves focusing on the exploration activities at Chaah and Mao'kil. At Chaah, exploration mainly focused on extensions of hematite mineralisation north of the open pit.

(i) ML 9/2014 (Chaah Mine)

Our Group is still in the process of exploring a possible strike extension of the main ore zone which trends in a generally north west direction fault bound to the north east, with a potential shallow extension zone forming a currently inferred north west limb off the main ore zone.

During 1Q FY2022, we have completed the drilling of the remaining seven holes commenced in FY2021. A total of 1,041.7m of combination of reverse circulation (RC) and diamond (DD) drilling were completed. The holes were pre-collared with RC drilling and completed with DD drilling. A total of 77 mineralised samples were sent to independent laboratory for analysis. Their results are pending.

Our Group will make a separate announcement on the SGXNet once the new estimate of Mineral Resource is available.

(ii) ML 1/2018 (Mao'kil prospect)

During 1Q FY2022, our Group continued with our drilling program to test surface expressions of iron ore mineralization below surface. We have completed drilling of nine drill holes with a total length of 890m in 1Q FY2022. Logging and analysis are still ongoing.

Our Group intends to complete the drilling program for ML 1/2018 before commencing exploration activities on the adjacent mining lease area under ML 1/2021.

Our Group will make a separate announcement on the SGXNet once the new estimate of Mineral Resource is available.

(iii) ML 1/2019 (Chaah Baru prospect)

No drilling activities were undertaken during this period as the Group is focusing on the exploration of our Chaah and Mao'kil mines during the period.

(iv) ML 2/2019 (Kota Tinggi prospect)

No drilling activities were undertaken during this period as the Group is focusing on the exploration of our Chaah and Mao'kil mines during the period.

(v) Tenggaroh Mine (Gold Mine)

No exploration activities were carried out at Tenggaroh Mine as the Group is awaiting the receipt of relevant exploration approvals from the Johor State Authorities.

Mining activities

Mining activities include mine production and development which involves construction of access road, removal of overburden and extraction of ore. During 1Q FY2022, our production records documented

that mining operations excavated approximately 0.17 million tonnes of ore from our Chaah mine and 2.02 million tonnes of waste. This is in line with our mining plan which involves intensive waste removal.

No mining activities were carried out for the Mao'kil, Chaah Baru and Kota Tinggi Mines in 1Q FY2022.

Negative confirmation by the Board pursuant to Rule 705(6)(b)

The Board hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the above information provided false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam
Executive Director and Chief Executive Officer
13 December 2021

Southern Alliance Mining Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**Exchange**") on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been reviewed by the Company's Sponsor. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Shervyn Essex, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.