



SOUTHERN ALLIANCE MINING LTD.

MARCH 2022



CORPORATE OVERVIEW



Company Overview

Incorporated in 2001, we have grown to a S\$342m¹ iron ore mining company

At a Glance



Involved in the **exploration, mining, processing and sale of iron ore and other minerals**



Headquartered in **Pahang, Malaysia** with its iron ore mine, the **Chaah Mine**, located in **Johor, Malaysia**

6.6

million tonnes

Total iron ore production from Chaah Mine from 2008 to 31 January 2022

1H FY2022 Financials

RM98.5 million

Revenue

RM19.4 million

Net Profit after Tax

RM249.8 million

Cash and Bank Balances

RM24.3 million

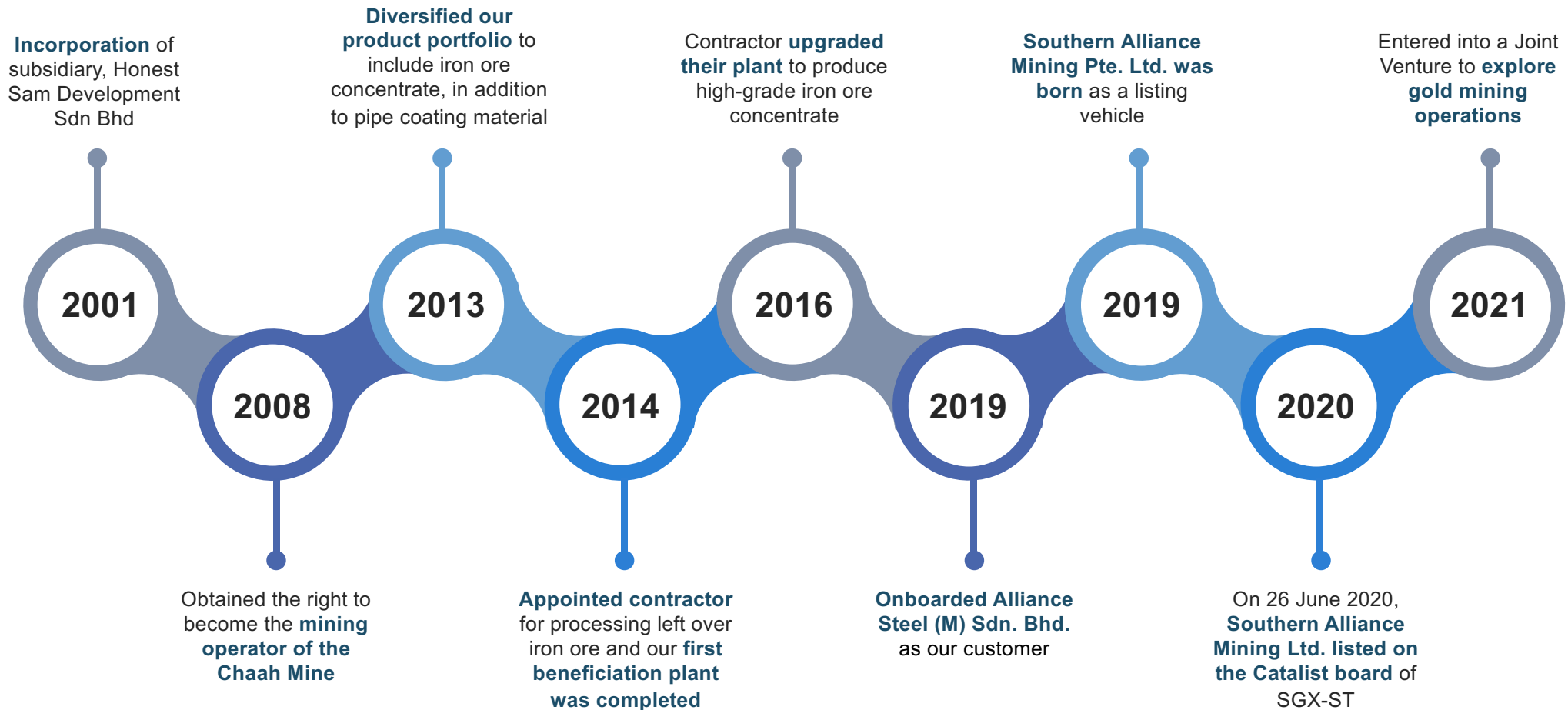
Dividend paid to shareholders

Notes:

1. Market cap as of 31 January 2022

Company Overview

>20 years of track record in the iron ore mining industry in Southeast Asia



Iron Ore and Gold Mining Assets

Long-term mining leases allow us to expand our exploration activities



Operating Open Pit Mine



Chaah Mine



Mining lease expiry date
22 March 2024



Area
225.7 hectares

Exploration Projects



Mao'kil Mine



Mining leases expiry date
7 July 2023 | **27 April 2026**



Area
22.3 hectares | **159.8 hectares**

Exploration Projects



Chaah Baru



Mining lease expiry date
29 January 2024



Area
19.4 hectares

Exploration Projects



Kota Tinggi



Mining lease expiry date
3 July 2024



Area
79.2 hectares

Exploration Project (Gold)



Tenggaroh Mine, Mersing



Exploration license expiry date
26 January 2024



Area
17,767.8 hectares

CHAAH MINE

OVERVIEW



The Open Pit at Chaah Mine

Reported Reserves & Valuation

Excellent conversion rate from Indicated Mineral Resources to Ore Reserves

Total Iron Ore Mineral Resources as at 31 July 2021

Category	Million Tonne	Grade (%)				Change in tonne (%)
		Fe	SiO ₂	Al ₂ O ₃	P ₂ O ₅	
Gross attributable to license and net attributable to issuer						
Measured (in situ)	-	-	-	-	-	0%
Indicated (in situ)	4.5	51.2	17.3	2.1	1.8	-18%
Inferred (in situ)	1.8	45.5	23.7	3.8	1.4	-2%
Subtotal (in situ)	6.3	49.6	19.1	2.6	1.7	-14%
Measured (stockpiles)	-	-	-	-	-	0%
Indicated (stockpiles)	0.1	57.6	-	-	-	-84%
Inferred (stockpiles)	-	-	-	-	-	0%
Subtotal (stockpiles)	0.1	57.6	-	-	-	-84%
Total	6.3	49.7	-	-	-	-17%

Notes:

1. In situ resources reported at a cut-off criterion of 25% Fe
2. Stockpiles and low-grade fines reported at a cut-off criterion of 15% Fe
3. Mineral Resources are inclusive of Ore Reserves
4. Totals may not add due to rounding effects
5. Changes are shown comparing Mineral Resources from 31 July 2020 to 31 July 2021

Total Iron Ore Reserves as at 31 July 2021

Category	Million Tonne	Grade (%)				Change in tonne (%)
		Fe	SiO ₂	Al ₂ O ₃	P ₂ O ₅	
Gross attributable to license and net attributable to issuer						
Proved (ROM)	-	-	-	-	-	0%
Probable (ROM)	4.3	50.0	16.5	2.0	1.8	-20%
Subtotal (ROM)	4.3	50.0	16.5	2.0	1.8	-20%
Proved (stockpiles)	-	-	-	-	-	0%
Probable (stockpiles)	0.1	57.6	-	-	-	-84%
Subtotal (stockpiles)	0.1	57.6	-	-	-	-84%
Total	4.3	50.1	-	-	-	-23%

Notes:

1. ROM reserves and stockpiles reported at a cut-off criterion of 30% Fe
2. Totals may not add due to rounding effects
3. Changes are shown comparing Ore Reserves from 31 July 2020 to 31 July 2021

As at 31 July 2021, the total run-of-mine (ROM) Ore Reserves for the Chaah Mine was estimated at 4.3 million tonnes at 50.0% Fe on the back of in situ Indicated Resources of 4.5 million tonnes at 51.2% Fe, which represents a conversion rate of **96% of Indicated Mineral Resources to Ore Reserves. This excellent conversion rate shows that almost all of our reported Indicated Resources are economically mineable**

Product Reconciliation

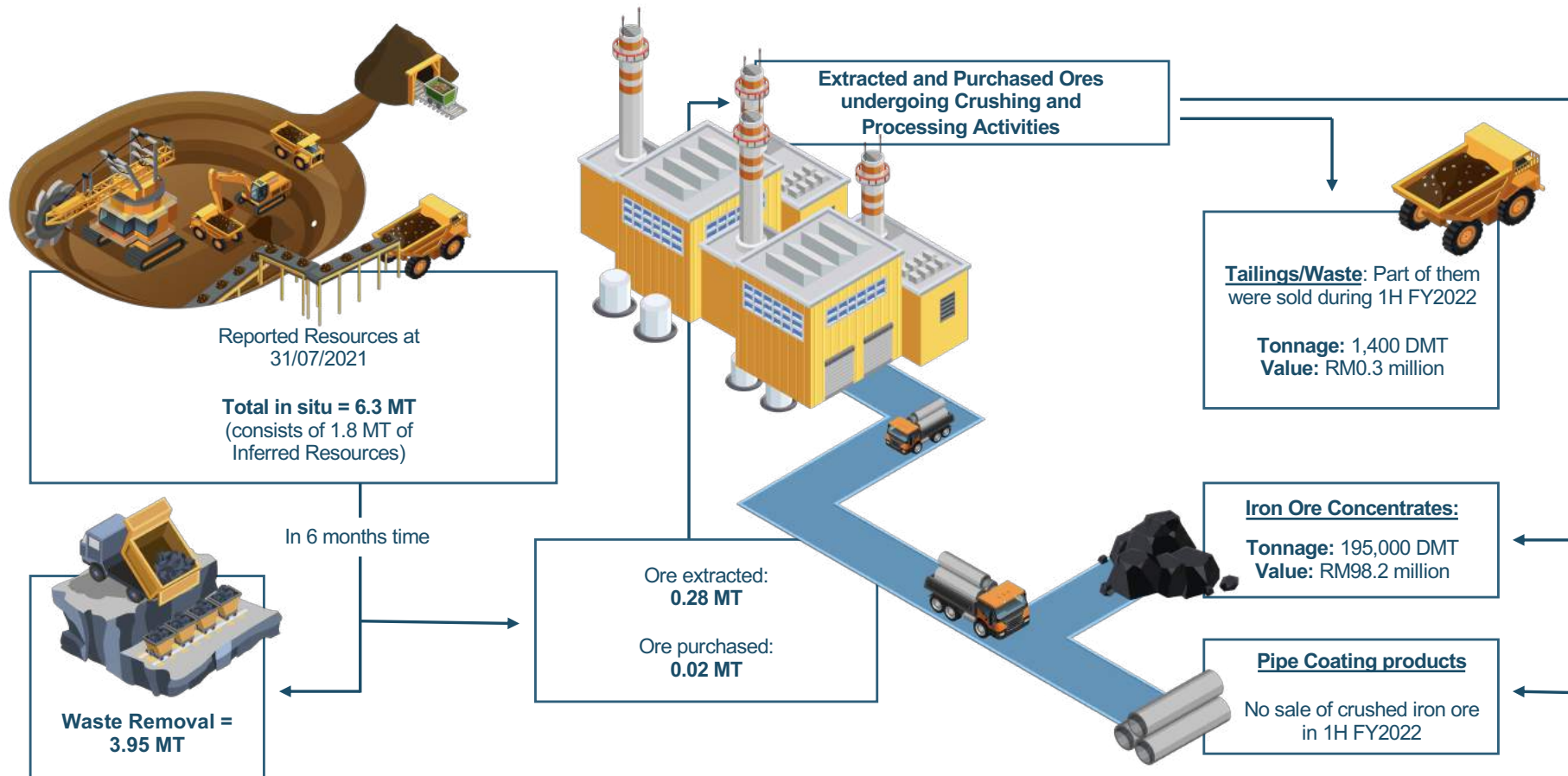
Excellent reconciliation between resource model and production statistics

Source	June 2014 to July 2019	August 2019 to July 2020	August 2020 to July 2021	Total
Mineral Resource Model (Indicated and Inferred)	3.37 Mt	0.83 Mt	1.06 Mt	5.26 Mt
SAM adjusted production statistics for ore mining	3.42 Mt	1.20 Mt	0.97 Mt	5.59 Mt
Difference vs Mineral Resource Model (in MT)	+ 0.05 Mt	+ 0.37 Mt	- 0.10 Mt	+ 0.32 Mt
Difference vs Mineral Resource Model (in %)	+ 1.5%	+ 44.6%	- 9.3%	+ 6.1%

Overall, for the seven-year period from 2014 to 2021, the correlation is reasonable with production statistics reporting 6.1% more tonnes than the Mineral Resource model.

Reliable Resource Models

Our resource estimates are reliable & have translated to actual monetary results

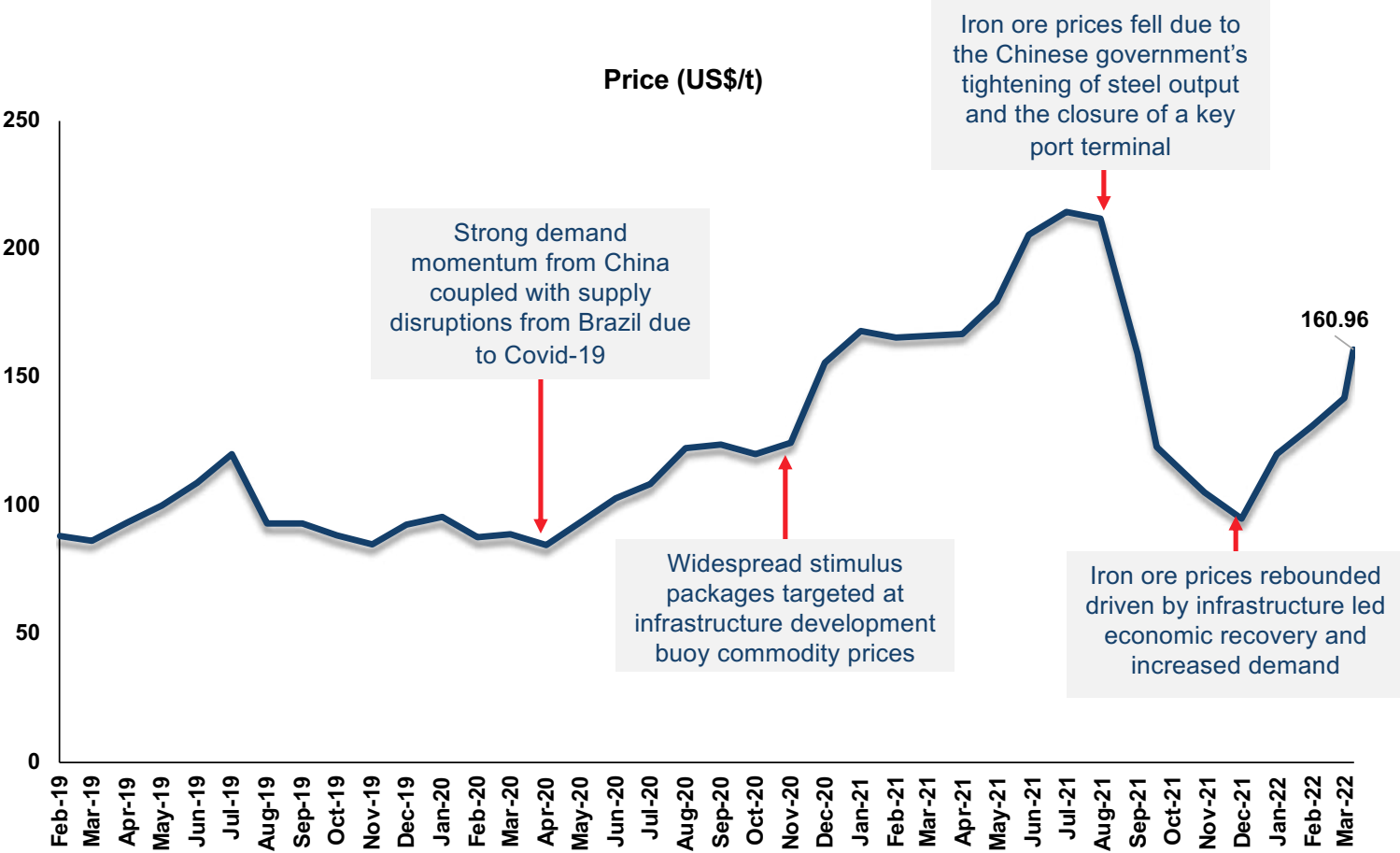


A wide-angle photograph of a large-scale mining operation. In the foreground, a white dump truck is parked on a dirt road. To the right, several yellow excavators are working on a large pile of dark, rocky material. The background features a massive, terraced rock face, likely a quarry or open-pit mine, under a clear blue sky. The overall scene depicts a busy industrial environment.

MACRO ENVIRONMENT IN 1H FY2022

Iron Ore Price Trend

Prices have rebounded on the back of strong infrastructure investments



Source: Markets Insider: Iron Ore (<https://markets.businessinsider.com/commodities/iron-ore-price>)

Market Enablers for Iron Ore

Continued supportive macroeconomic conditions for iron ore



Continued strong demand from China

- China's iron ore imports rose 14.6% in November 2021, the highest since July 2020¹.
- The increase in infrastructure investments by Chinese government is expected to further buoy prices, stimulating global iron ore production².



Fiscal stimulus to boost the commodities market

- Widespread stimulus packages targeted at infrastructure spending will drive the steel industry³.
- The slow growth in production from the world's third-largest iron ore miner, Vale, continues to set the stage for high iron ore prices⁴.



Increased demand from SEA countries and tepid supply

- Investments on infrastructure projects expected to remain high, backed by government stimulus.
- As Chinese economy undergoes a structural shift in its economic growth trajectory and reduces steel output, the iron ore prices will continue to normalise in the long run⁴.

Sources:

(1) Reuters: Reuters: China's Nov. iron ore imports hit highest in 16 months

(2) Mining.com: Iron ore price hits 6 months high on hopes of eased covid-10 restrictions in China

(3) Business Times: Green shift stokes demand for high-grade iron ore

(4) Mining weekly: Fitch revises short-term iron-ore price outlook on China stimulus

Gold Price Trend

Prices remain resilient as competing forces support and curtail its performance.



Source:
1. Nasdaq: Gold and Silver's 2022 outlook



Market Enablers for Gold

Increasing demand with global economic recovery for gold market



Global economic recovery stimulates gold demand

- **Elevated inflation and market pullbacks** will likely sustain demand for gold as a hedge.¹
- **Jewellery and centre bank gold demand** may provide additional longer-term support.¹



China's gold market will likely remain strong in 2022

- **China's gold consumption increased 56% y-o-y in 2021**, representing a strong comeback from 2020.²
- Chinese local commercial banks' **increasing efforts in selling physical gold products** significantly drives gold demand.²



Investment flows into gold remains resilient

- Despite persistent macro backdrop, inflation, and market volatility, **gold prices have remained resilient in recent period.**³
- The resilience of gold market results from a **combination of elevated demand for portfolio hedging and investors' distrust in restraining the increase of inflation.**³

Sources:

(1) Gold Hub: Gold Outlook 2022

(2) Gold Hub: China's gold market outlook 2022

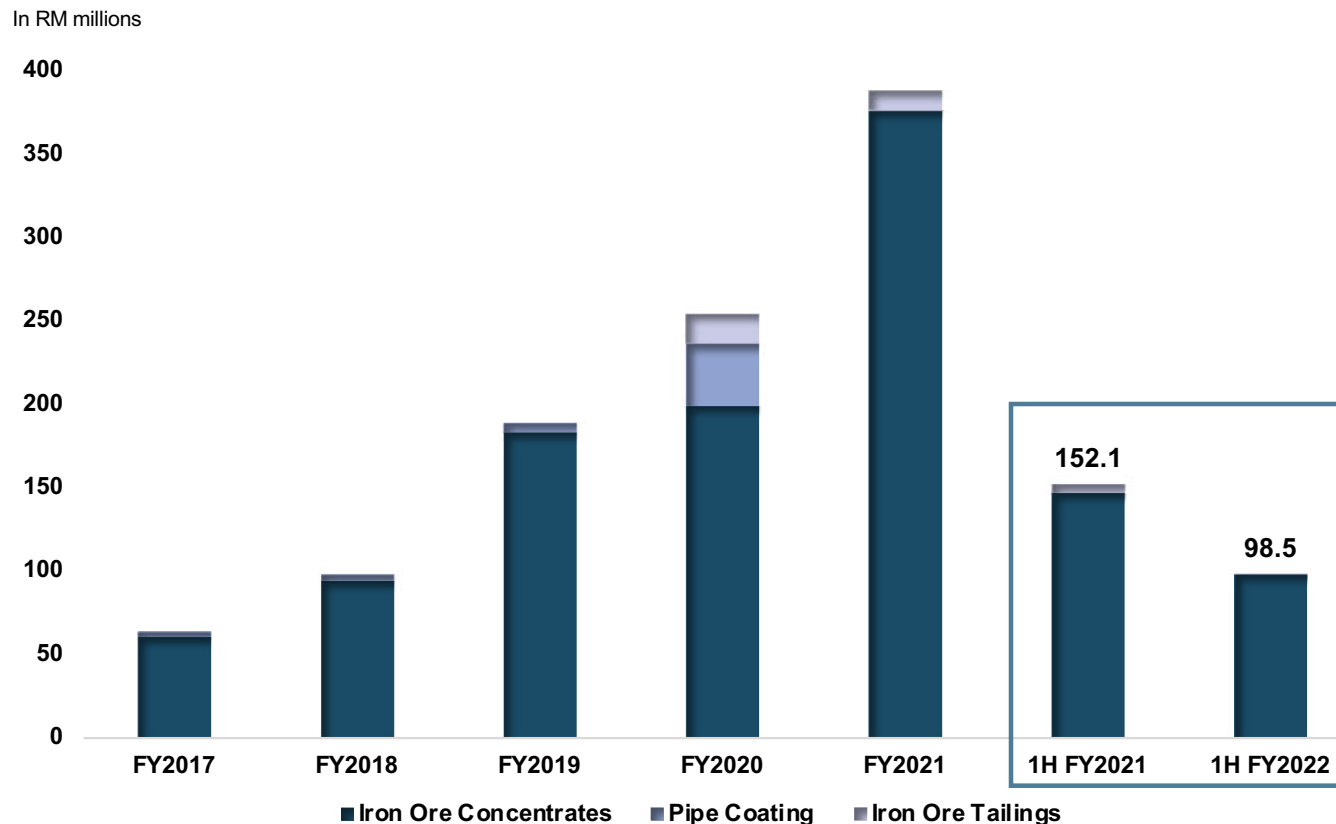
(3) CNBC: Gold has remained steady as stocks and bitcoin have plunged. Here's where it could go next

An aerial photograph of a massive open-pit mine. The mine is characterized by numerous terraced levels, creating a stepped appearance. Winding roads and paths crisscross the site, connecting different levels and areas. The terrain is a mix of earthy browns, greys, and some patches of green. In the background, a town or village is visible, followed by rolling hills and mountains under a clear sky. The overall scene depicts a large-scale industrial operation in a mountainous region.

FINANCIAL PERFORMANCE

1H FY2022 Group Financial Performance

Drop in revenue due to higher investment in overburden stripping



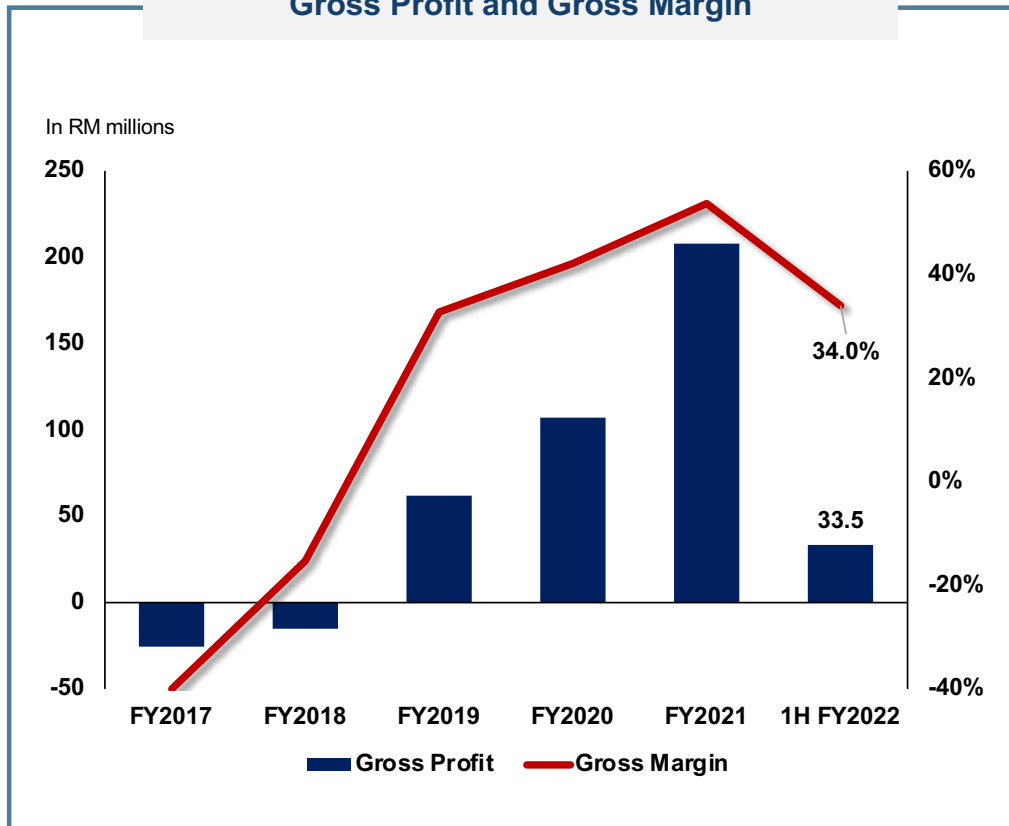
Drop in revenue due to higher investment in overburden stripping

- Intense over burden removal activities in the Chaah Mine resulted in **lower volume of ore extraction**.
- No order from the pipe coating industry.
- As part of the Group's strategy to offset the effect of the stripping of overburden activities, **our Group boosted its production of iron ore concentrate by purchasing good quality ore during this period.**

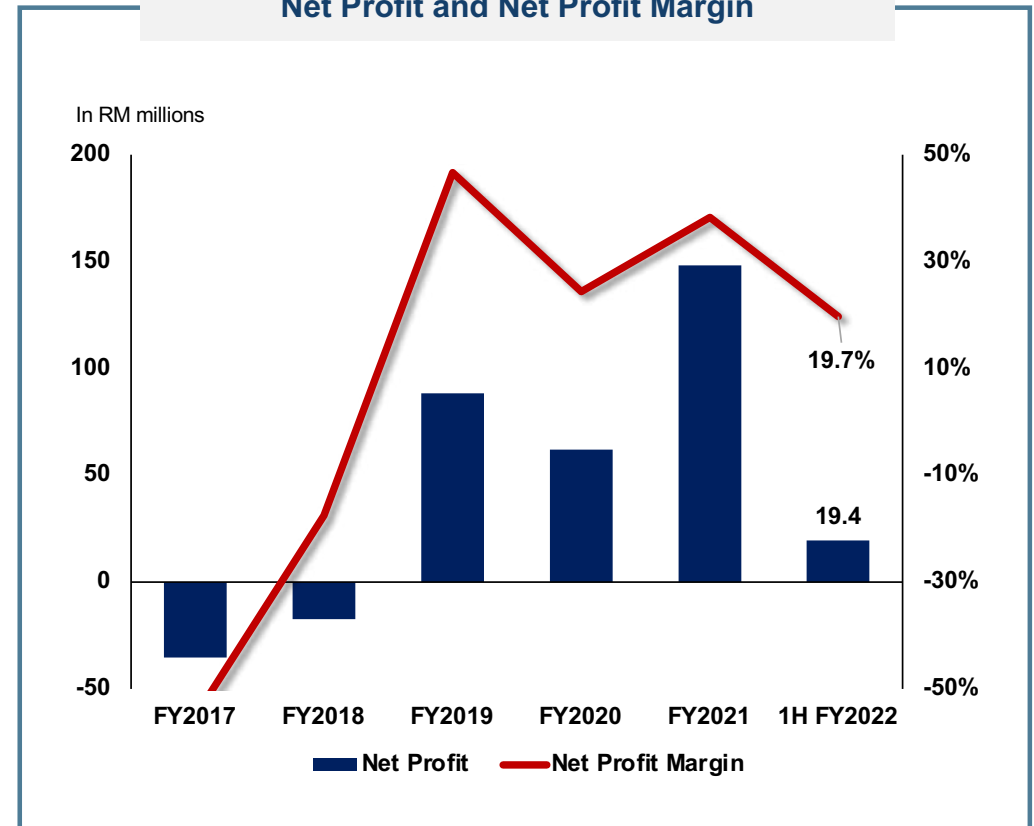
1H FY2022 Group Financial Performance

Drop in revenue outweighs drop in cost of sales leading to lower profit margins

Gross Profit and Gross Margin

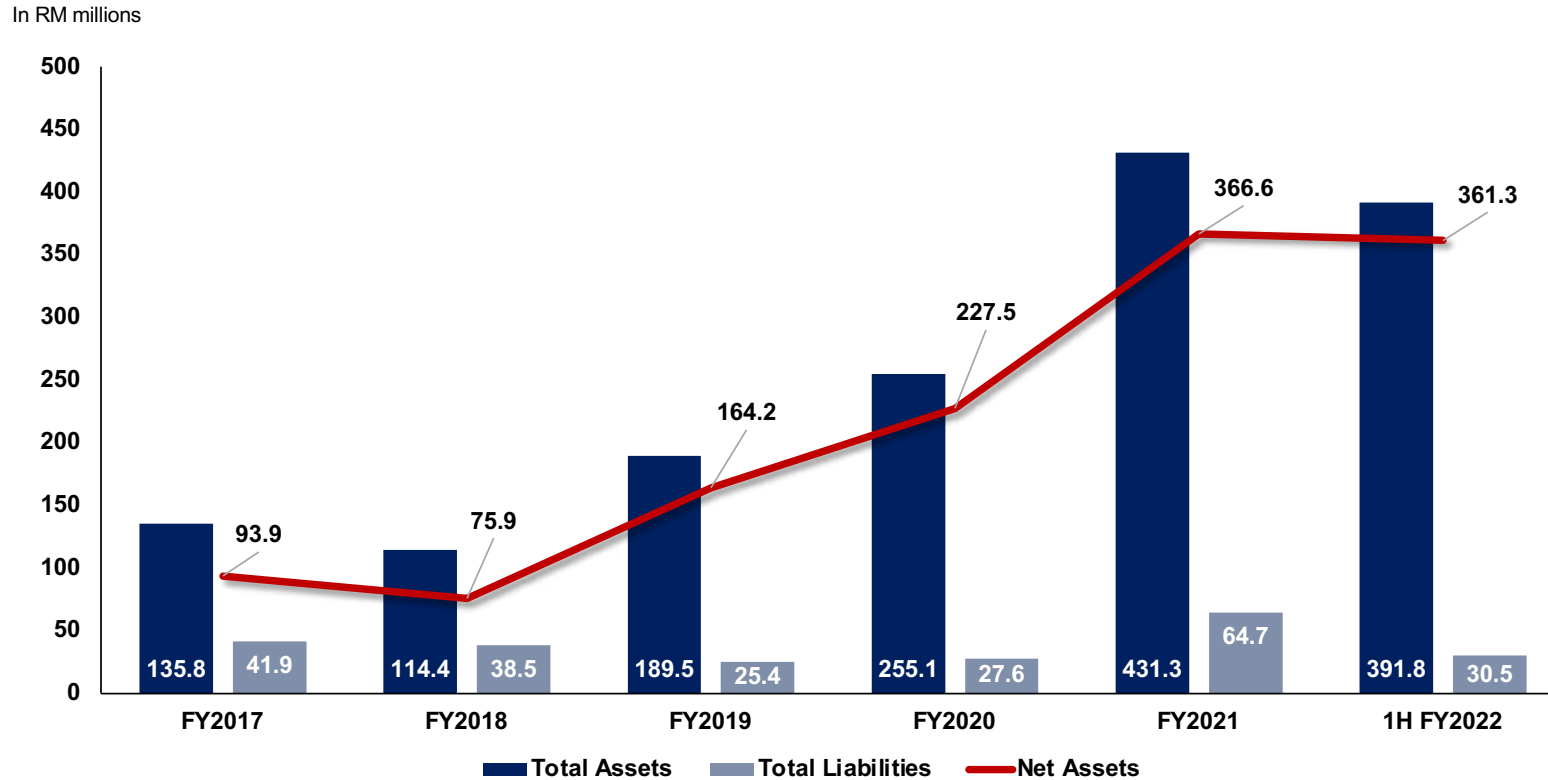


Net Profit and Net Profit Margin



1H FY2022 Group Financial Performance

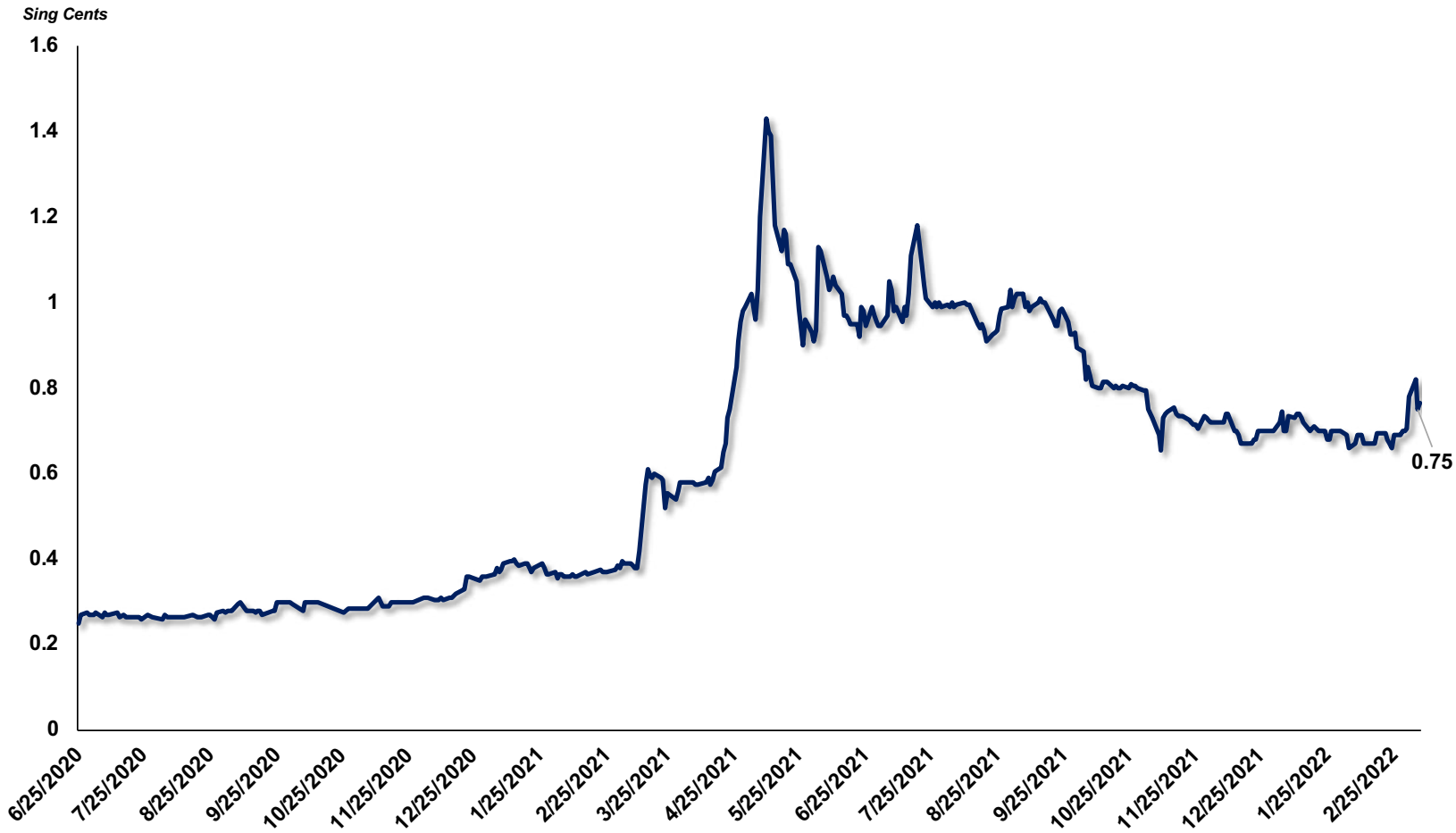
Strong financial position with high cash and bank balances and low borrowings



As at 31 January 2022, the company is in a net asset position of RM361.3 million, attributable to the strong net cash position

Share Price Performance

Resilient share price performance in 1H FY2022



Source: Bloomberg





BUSINESS STRATEGY & FUTURE PLANS

Business Strategies and Future Plans

Continue to diversify our business and invest in digitalisation



Expand exploration activities

To carry out further exploration activities, including:

- **Exploration work at the Chaah Mine** to define extensions to the existing iron ore body
- Exploration work for **mineral deposits at other Exploration Assets**



Investment into equipment and infrastructure

- To **purchase more mining equipment** such as excavators for our mining activities
- To **invest in digitalisation** to ensure a more reliable and accurate data reporting



Acquisition of new mines rights & diversification of business

- Diversification to **gold mining through joint venture**:
 - The Group **received Exploration Approval on 26 January 2022** to carry out gold mining exploration

An aerial photograph of a large-scale mining or construction site. The image shows a vast, dark, excavated area with various pieces of heavy machinery, including a large yellow crane or conveyor system in the lower right. A long train of dark-colored ore cars is visible in the middle ground, stretching horizontally across the site. The overall scene is industrial and rugged, with a dark, moody color palette.

THANK YOU

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