



**FOR IMMEDIATE RELEASE**

**Southern Alliance Mining strategically positioned for multi-year growth  
as it continues to focus on exploration activities to increase iron ore  
resources**

- Overburden removal continues to be the key focus area for the Group in 1H FY2023, with exploration activities moving as planned in the southern extension zone of the Chaah Mine
- The Group also signed a subcontractor agreement to conduct underground mining for the northern extension zone and to further expand iron ore resources
- The Group reported a 47.0% drop in revenue and 136.2% drop in net profit after tax in 1H FY2023
- Earnings sustainability remains at the core of the business strategy and the Group continues to look for diversification opportunities into other minerals and metals to build a steady stream of earnings as exploration continues at the Chaah Mine

**Singapore, 16 March 2023** – Southern Alliance Mining Ltd. (“**Southern Alliance Mining**”, or “**SAM**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”) (SGX:QNS), an established, high-grade iron ore producer headquartered in Pahang, Malaysia, reported a net loss after tax of RM7.0 million for the six months ended 31 January 2023 (“**1H FY2023**”), mainly due to intensive overburden removal in accordance with the Group’s mining schedule.

**Business Review and Market Outlook**

In 1H FY2023, the Group continued to focus on expanding and diversifying its operations, based on the strategic transformation plan it had outlined at the start of the financial year. The Group has



been effectively deploying resources to increase the overall efficiency and sustainability of its mining activities.

During the financial year ended 31 July 2022 (“**FY2022**”), as a result of the Group’s mining and exploration activity at the Chaah mine, the Group not only saw an expansion of mineable area but also doubled its iron ore resources. As per the Independent Qualified Person Report (“**IQPR**”) dated 28 September 2022 released together with the Company’s results announcement for FY2022, the Group’s iron ore resources had increased to 15.7Mt as of 31 July 2022, compared to 6.3Mt as of 31 July 2021. In line with the IQPR-reported increase in stripping ratio, the Group continued to engage in extensive overburden removal in the southern extension zone of the Chaah mine, while making material advancements with regards to the northern extension zone. In January 2023, the Group entered into an agreement with a sub-contractor from China for underground mining for the northern extension zone given the lower visibility of the exposed iron ore in this part of the mine. As responsible operators, SAM decided on this methodology after considering various options available. Underground mining at the northern extension zone is expected to give SAM access to high-grade iron ore not only in an easier and cost-efficient manner but also through a more sustainable form of mining compared to open-pit mining.

With the reopening of China, the demand outlook for iron ore has been improving and is expected to drive the recovery of iron ore prices in 2023.<sup>1</sup> The Group’s investments in intense overburden removal activities are expected to reap benefits in the future as it will eventually increase the Group’s production of iron ore to meet this growing demand. Additionally, as the Group navigates through the challenges of the current unstable economic and political environment, the Group has been proactive in seeking avenues to diversify into other base metals and gold. The exploration program at the Tenggaroh Prospect is underway and the exploration drilling process is expected to commence in April 2023.

Dato’ Sri Pek Kok Sam, Managing Director of the Group, commented, *“We are confident that our current expansion and diversification strategy will position us for multi-year growth as global economic distress reduces in the medium-term and iron ore prices rebound. Under the leadership*

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<sup>1</sup> [Reuters: Iron ore prices jabbed higher by prongs of China demand, supply woes](#)



*and experience of Mr. Lim Wei Hung, who was appointed as the Executive Director and Chief Operating Officer in October 2022, the Group is working towards building a sustainable stream of earnings. We will continue to leverage on the twin engines of growth, resource expansion at the Chaah Mine and diversification, to create long-term incremental value for our shareholders.”*

### **Financial Overview**

The Group reported a year-on-year (“yoy”) revenue decrease of 47.0% to RM52.2 million in 1H FY2023, mainly due to intense overburden removal activities that the Chaah Mine underwent during the period, leading to lower volume of ore extraction. In 1H FY2023, sales volume for iron ore concentrates and iron ore tailings decreased by 37.5% and 83.7% yoy respectively. The decrease was partially offset by an order from the pipe coating industry of approximately 2,000 MT in 1H FY2023. Gross loss for 1H FY2023 amounted to RM2.8 million compared to gross profit of RM33.5 million in 1H FY2022.

The Group reported a net loss after tax of RM7.0 million compared to the net profit of RM19.4 million in 1H FY2022.

The Group continued to maintain a strong cash balance of RM168.4 million. This is expected to support its diversification plans going forward.

- The End -

*This press release has been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

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### **About Southern Alliance Mining Ltd.**

Southern Alliance Mining Ltd., and together with its subsidiaries, the “**Group**” is an established producer of high-grade iron ore products in Malaysia and is listed on the Catalist of Singapore Exchange on 26 June 2020 (SGX: QNS). Headquartered in Pahang, Malaysia, the Group is principally involved in the exploration, mining, and processing of iron ore for subsequent sale. The Group sells (i) iron ore concentrate of low level of impurities with total Fe grade of between 62% to 65% to steel mills and trading companies mainly located in Malaysia and China; and (ii) pipe coating materials that are crushed iron ore with a natural characteristic of a higher density for subsea pipes.

The Group's primary mining asset, the Chaah Mine, is an open mine pit consisting of two (2) mining leases and covering an aggregate area of 225.7 hectares. The Chaah Mine is strategically located near existing road networks to ports. The Group's established supporting infrastructure and facilities consist of three (3) fixed crushing plants, two (2) lines of mobile crushers and two (2) beneficiation plants both capable of operating on a 24-hour shift. The Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrates (not including pipe coating materials).

In addition to the Chaah Mine, the Group has also been granted the right to carry out exploration and mining operations at three (3) potential iron ore mines located in Johor, Malaysia (“**Exploration Assets**”). The Group plans to undertake formalised exploration activities at the Exploration Assets to identify mineral deposits for further business growth. The Group has also extended its core business to include mining of gold and other precious metals, base metals, and minerals as well as trading in other commodities. The Group has been granted the right to carry out exploration for gold mineralisation in the State of Johor and had commenced exploration activities since February 2022.

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By Financial PR Pte Ltd.

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