

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 and its financial result announcement on 13 March 2021 for the half year ended 31 January 2021 in relation to the use of the net proceeds from its IPO (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
	(\$\$'000)	(\$\$'000)	(\$\$'000)	(\$\$'000)
Further exploration activities	4,000	(417)	(470) ⁽¹⁾	3,113
Investment into mining equipment and infrastructure	3,000	(3,000)	-	-
Acquisitions, joint ventures, strategic alliances and/or development of new mines	1,000	-	-	1,000
General working capital purposes	3,937	(680)	(176) ⁽²⁾	3,081
Total	11,937	(4,097)	(646)	7,194

Notes:

- (1) RM1,461,160, which is equivalent to S\$470,055 based on the exchange rate of RM100.00:S\$32.17 as at 10 June 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 Ma'okil Mine.
- (2) S\$176,000 was utilised as working capital of the Company to pay its ongoing professional expenses, payroll 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. 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 third quarter ended 30 April 2021 (“3Q FY2021”).

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 3Q FY2021:-

Activities	3Q FY2021		
	Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	3,000	1,423	(1,577)
Mining related expenditure (excluding capital expenditure)	25,000	25,912	912
Total	28,000	27,335	(665)

The exploration activities at the Chaah Mine are undertaken to establish an extension of the existing iron ore body. The activities were put on hold for nearly two months during 3Q FY2021 as certain areas allocated for the drilling exercise needed to be evacuated to make way for mine development works. As a result, there was an unutilised budget of approximately RM1.6 million.

During 3Q FY2021, the Group managed to carry out the mining activities as planned.

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

Activities	Projection for 4Q FY2021 RM'000
a. Mine exploration and evaluation	3,000
b. Mining related expenditure (excluding capital expenditure)	27,000
Total	30,000

The projection is based on the assumption that there are no material changes to the cost structure and the intensity of the mining work for the fourth quarter ending 31 July 2021 (“4Q FY2021”).

As compared to the actual expenditure incurred in 3Q FY2021, the increase in projected mining related expenditure for 4Q FY2021 is due to an additional RM1 million allocated for the Ma’okil Mine for mine development works. While the mine exploration work for the Ma’okil Mine is still ongoing to establish mineral resources and reserves, the Group decided to proceed with the mine development works based on the logging results of the core samples of the Ma’okil Mine which indicated a positive assessment, further supported by the present iron ore price. The Group does not foresee significant contribution by the Ma’okil Mine toward the Group’s turnover or production cost for FY2021.

Rule 705(7) of the Catalyst 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 3Q FY2021. It involves focusing on the exploration activities at Chaah and Ma'okil. At Chaah, exploration mainly focused on extensions of hematite mineralisation north of the open pit.

(i) Chaah mine

Our Group continues to explore 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.

A total of 193.0m of diamond drilling (tails) off RC pre-collared holes have been drilled from February 2021 to April 2021. Logging of the RC pre-collars and 3 diamond tails has been completed with a total of 87 samples being tested at an external independent laboratory, showing good result of Fe content at the north west ore extension of the known ore body.

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

(ii) ML 1/2018 (Ma'okil prospect)

During 3Q FY2021, our Group continued with our drilling program to test surface expressions of iron ore mineralization below surface. We have drilled a total of 943.85m in 3Q FY2021 and 3 holes intersected horizons of massive magnetic mineralization. Logging and analysis are still ongoing.

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 Ma'okil 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 Ma'okil mines during the period.

Mining activities

Mining activities include mine production and development which involves construction of access road, removal of overburden and extraction of ore. During 3Q FY2021, our production records documented that mining operations excavated approximately 0.26 million tonnes of ore from our Chaah mine and 2.10 million tonnes of waste.

No mining activities were carried out for the Ma'okil, Chaah Baru and Kota Tinggi Mines in 3Q FY2021.

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
11 June 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 Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.