

SOUTHERN ALLIANCE MINING LTD.

(Company Registration No. 201931423D)
(Incorporated in Singapore)

1. EXECUTION OF SALE AND PURCHASE AGREEMENT AND SHAREHOLDERS' AGREEMENT IN RELATION TO THE PROPOSED MCRE ACQUISITION

2. UPDATE ON THE PROPOSED PARAMOUNT ACQUISITION

3. PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESS TO INCLUDE THE NEW BUSINESSES

Unless otherwise defined, all capitalised terms and references used herein shall bear the meanings ascribed to them in the Earlier Announcements (as defined below).

1. INTRODUCTION

- 1.1. The board of directors ("**Board**" or "**Directors**") of Southern Alliance Mining Ltd. ("**Company**", and together with its subsidiaries, "**Group**") refers to the Company's announcements dated 17 April 2023, 2 October 2023, 21 March 2024 and 31 July 2024 ("**Earlier Announcements**") relating to the Company's entry into the non-binding memorandum of understanding with Dato' Sri Pek Kok Sam ("**Dato' Sri Pek**"), Dato' Teh Teck Tee ("**Dato' Teh**") and Dato' Lee Tek Mook @ Lee Teh Moh ("**Dato' Lee**") ("**MCRE Vendors**", and together with the Company, the "**MCRE Parties**") for the proposed acquisition of such number of shares held by the MCRE Vendors in MCRE Resources Sdn Bhd ("**MCRE**") ("**MCRE Sale Shares**"), representing 40.00% of the total shares in the capital of MCRE ("**Proposed MCRE Acquisition**").

The Company had also previously entered into a non-binding memorandum of understanding ("**Paramount MOU**") with Dato' Sri Pek, Jimmy Chin, Xu Dawei and Lai Choy Leng (together with the Company, the "**Paramount Parties**") for the proposed acquisition of such number of shares held by the Paramount Vendors in Paramount Synergy Sdn Bhd ("**Paramount**"), representing approximately 100.00% of the total shares in the capital of Paramount ("**Proposed Paramount Acquisition**").

- 1.2. Further to the Earlier Announcements, the Board wishes to announce that the Company's wholly-owned subsidiary, SAM Advance Minerals Holding Sdn. Bhd. (formerly known as South Atlantic Minerals Sdn. Bhd.) ("**SAM Advance Minerals**"), has, on 3 April 2025, entered into (i) a conditional sale and purchase agreement with the MCRE Vendors for the Proposed MCRE Acquisition ("**MCRE Sale and Purchase Agreement**"); and (ii) a shareholders' agreement with the MCRE Existing Shareholders (as defined herein) in respect of MCRE ("**MCRE Shareholders' Agreement**"). Pursuant to the MCRE Sale and Purchase Agreement, SAM Advance Minerals had agreed to acquire, and the MCRE Vendors had agreed to sell, 40.00% of the issued and paid-up share capital of MCRE, on the terms and subject to the conditions of the MCRE Sale and Purchase Agreement. Following the MCRE Completion (as defined below), the Company through its wholly owned subsidiary, SAM Advance Minerals, will hold 40.00% of the total shares in the capital of MCRE.
- 1.3. The Board also wishes to update that the Paramount Parties will be delaying the entry into a definitive agreement in relation to the Proposed Paramount Acquisition on the basis that the Company has reviewed its due diligence findings in respect of Paramount and assessed that significant investment and development work will be required to be undertaken on the mining asset of Paramount in order to establish the mineral resource and/or reserve level under the JORC Code (as defined below). Accordingly, the Board is of the view that the Company should prioritise its resources on the Proposed MCRE Acquisition and the operations of the MCRE following the MCRE Completion. Notwithstanding the foregoing, the Paramount Parties have

entered into an amendment deed dated 3 April 2025 pursuant to which the exclusivity period and the expiry date under the Paramount MOU has been extended to 31 December 2026.

- 1.4. The Proposed MCRE Acquisition constitutes:
- (a) a “discloseable transaction” as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist Board (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), which must be immediately announced after the terms have been agreed pursuant to Rule 1010 of the Catalist Rules; and
 - (b) an interested person transaction as defined under Chapter 9 of the Catalist Rules, which will be subject to, *inter alia*, approval by the independent shareholders of the Company at an extraordinary general meeting to be convened (“**EGM**”) pursuant to Rule 906 of the Catalist Rules.
- 1.5. In connection with the Proposed MCRE Acquisition, the Company intends to seek approval from the Company’s shareholders (“**Shareholders**”) specifically in relation to the diversification of its business activities to include the exploration, mining, processing and sale of ion adsorption clay rare earth minerals (“**Proposed New Business**”) as one of the core businesses of the Group (“**Proposed Diversification**”). The Proposed Diversification represents a diversification of the existing business scope and a change in risk profile of the Group. As such, the Company intends to obtain Shareholders’ approval for the Proposed Diversification at the EGM to be convened.
- 1.6. Further information on the Proposed MCRE Acquisition and the Proposed Diversification will be provided in a circular to be despatched by the Company in due course (“**Circular**”).

For the purposes of this announcement, “**MCRE Completion**” means the completion of the Proposed MCRE Acquisition in accordance with the terms and conditions set out in the MCRE Sale and Purchase Agreement.

2. INFORMATION ON MCRE AND THE MCRE VENDORS

2.1 MCRE

MCRE is a private company incorporated in Malaysia, established on 3 April 2020, principally engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth materials in Malaysia. MCRE is currently the appointed sub-mining operator and has obtained all relevant licences in relation to the mining and extraction activities for a rare earth mine with an explored mine area of 2,161 hectares located in Kenering, Hulu Perak, Malaysia (“**Gerik Mine**”). The Company further understands from MCRE that it commenced operations at the Gerik Mine for rare earth mining and processing in 2022 and exported its first batch of rare earth carbonate in February 2023.

On 21 March 2024, the Company announced that Aras Kuasa Sdn. Bhd., previously a shareholder of MCRE, had transferred its entire shareholding in MCRE equally to each of Dato’ Sri Pek, Dato’ Teh and Dato’ Lee (the “**Transfer**”). Following the Transfer, as of the date of this announcement, Dato’ Sri Pek, Dato’ Teh and Dato’ Lee respectively hold directly approximately 17.333%, 17.333% and 11.334% of the total shares in the capital of MCRE, while the remaining shares in the capital of MCRE are held by Dato’ Lee Yoke Eng (6.00%), Mr. Jimmy Chin (4.80%), Mr. Johnny Chin (3.24%), Mr. Lim Wei Hung (3.96%) and Qingdao Joyful Investment Co., Ltd (36.00%) (“**QJI**”) (collectively, “**MCRE Existing Shareholders**”). Dato’ Lee is a substantial Shareholder of the Company and the father of Dato’ Lee Yoke Eng. Mr. Lim Wei Hung is the Executive Director and Chief Operating Officer of the Company. Save as disclosed in this paragraph, the shareholders of MCRE (including the ultimate shareholders of QJI) are independent third parties. Save for Mr. Su Yunchun who is currently the chief operating officer and executive director of MCRE as well as a shareholder of QJI holding 33.33% of the total shares in the capital of QJI, none of the remaining MCRE shareholders are involved in the operations of MCRE.

2.2 The MCRE Vendors

Dato' Sri Pek holds approximately 17.333% of the total shares in the capital of MCRE. Dato' Sri Pek is also the Managing Director of the Company and a controlling Shareholder with a direct interest of 304,941,900 Shares (representing 62.39% of the total shares in the capital of the Company) and a deemed interest of 5,844,100 Shares (representing 1.20% of the total shares in the capital of the Company, consisting of Shares held by Remparan Sdn Bhd, a wholly owned entity of Multiline Trading Sdn Bhd which is 99.9% owned by Dato' Sri Pek, as well as Shares held by Ms. Xu Liyan, Dato' Sri Pek's spouse).

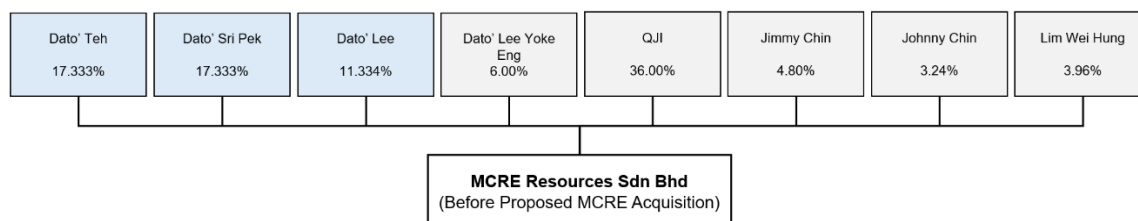
Dato' Teh holds approximately 17.333% of the total shares in the capital of MCRE. Dato' Teh is also the Non-Executive Non-Independent Director of the Company and is currently directly holding 22,600,000 Shares (representing 4.62% of the total shares in the capital of the Company).

Dato' Lee holds approximately 11.334% of the total shares in the capital of MCRE. Dato' Lee is also a substantial Shareholder with a direct interest of 33,770,000 Shares (representing 6.91% of the total shares in the capital of the Company).

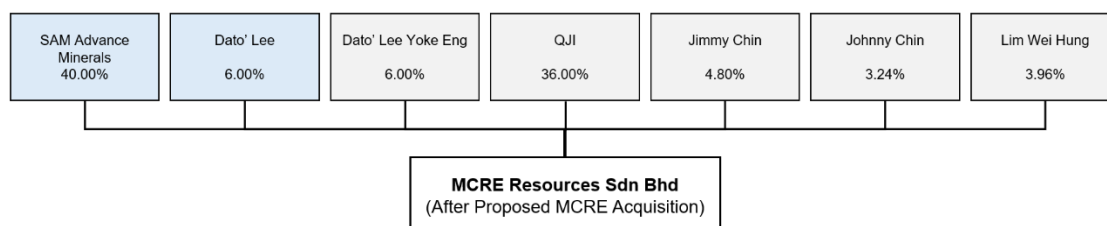
Pursuant to the MCRE Sale and Purchase Agreement, Dato' Sri Pek and Dato' Teh shall dispose of their entire shareholding interests in MCRE, while Dato' Lee shall dispose of 5.334% of his shareholding interests in MCRE.

Following MCRE Completion, the Company will hold 40.00% of the total shares in the capital of MCRE, while the remaining 60.00% will be held by namely, Dato' Lee (6.00%), Dato' Lee Yoke Eng (6.00%), Mr. Jimmy Chin (4.80%), Mr. Johnny Chin (3.24%), Mr. Lim Wei Hung (3.96%) and QJI (36.00%). Please refer to diagrams below for the shareholding structure of MCRE before and after the Proposed MCRE Acquisition:

Shareholding structure of MCRE before the Proposed MCRE Acquisition



Shareholding structure of MCRE after MCRE Completion



As at the date of this announcement, save as disclosed herein, the MCRE Vendors are not related to the Group, the Directors and controlling Shareholders, and their respective associates.

3. RATIONALE FOR AND BENEFIT TO THE COMPANY IN RELATION TO THE PROPOSED MCRE ACQUISITION AND PROPOSED DIVERSIFICATION

The Proposed MCRE Acquisition is in line with the Company's long-term strategy to build sustainable revenue and diversify earnings stream in addition to the Group's iron ore mining

operation and gold exploration. Rare earth elements possess excellent optical, electrical, magnetic and other physical properties and rare earth elements can form a wide variety of new materials with different properties when combined with other materials, and are known as “industrial gold”. As such, rare earth elements are widely used in electronics, information, energy, environmental protection and other fields. Specific uses include the production of nickel hydrogen batteries, as well as to manufacture special alloy precision optical glass, high refractive optical fibre board, suitable for making cameras, microscope lenses, and advanced optical instrument prisms¹. The global rare earth market is expected to grow from US\$3.74 billion in 2024 to US\$8.14 billion in 2032, with a compound annual growth rate of 10.2%². Also, the Malaysia government has identified the potential of rare earth elements and intends to tap into its 18.2 million tons of non-radioactive rare earth reserves which is valued at RM747.2 billion by 2030³. It is a critical component in driving high-technology growth in Malaysia and it is expected that the rare earth elements will contribute RM9.5 billion to Malaysia’s gross domestic product (“GDP”) as early as 2025². Upon completion of the Proposed MCRE Acquisition, the Group will be able to have diversify its revenue source with additional revenue sources from the sale of ion adsorption clay rare earth minerals.

The Board is of the view that the Proposed MCRE Acquisition will also grow the mineral assets of the Group and may also help to widen its Shareholder base by attracting more interest from the investment community focused on the minerals sector in investing in the Group.

Based on the of the Qualified Person’s Report, the estimated ion adsorption clay rare earth minerals ore reserves of MCRE’s explored mine area of about 2,161 hectares is approximately 84.9 million metric tonnes. MCRE commenced its operations in 2022 and exported its first batch of ion adsorption clay rare earth carbonate in February 2023 and has since sold approximately 16,105 tonnes of rare earth carbonate till date. MCRE has demonstrated strong financial performance as it recorded profit after tax of approximately RM32.5 million (approximately S\$9.6 million⁴), RM36.6 million (approximately S\$10.6 million⁵) and RM52.9 million (approximately S\$16.1 million⁶) for the financial year ended 31 July 2023 (“FY2023”) and 2024 (“FY2024”), and six-month financial period ended 31 January 2025 (“1H2025”) respectively and recorded strong financial position with a cash and cash equivalents of approximately RM53.3 million (approximately S\$16.2 million⁶) as at 31 January 2025. The Board believes that the acquisition of the Gerik Mine being an operational mine will augment the Group’s portfolio and strategically position the Group as a key player of rare earth minerals in Malaysia and potentially in Asia, outside China, in the future.

Further, a major consideration of the Company (in alignment with the Group’s sustainability objectives) when assessing the Proposed MCRE Acquisition was ensuring that the environmental impact from its rare earth mining operations is minimised. Based on due diligence conducted so far, the Company understands that MCRE is a pioneer in the application of sustainable mining technique to extract non-radioactive ion adsorption clay rare earth minerals in Malaysia via an in-situ leaching technique. The Group will benefit and gain competitive edge from such technique as it does not involve massive land clearing and helps to preserve the natural landscape with an overall low carbon emission footprint that is more environmentally friendly. As a result, this will allow the Group to work towards achieving sustainable mining. MCRE’s right to use the in-situ leaching technique for their operations is granted pursuant to the collaboration between MCRE and Chinalco Guangxi Nonferrous Rare-earth Developments Co. Ltd. (“Chinalco”). The Board believes that Chinalco is one of the largest and most reputable rare earth mining companies with extensive track record.

The MCRE Consideration for the Proposed MCRE Acquisition shall be partly satisfied by the allotment and issuance of the MCRE Consideration Shares to the MCRE Vendors. By partly satisfying the MCRE Consideration by way of the allotment and issuance of the MCRE

¹ Information obtained from Independent Market Research Report, Beijing Antaike Information Co., Ltd..

² Information obtained from The Edge Malaysia, <https://theedgemaalaysia.com/content/advertise/might-drives-downstream-rare-earth-industry-for-optimum-value-creation>.

³ Information obtained from Malaysian Investment Development Authority, <https://www.mida.gov.my/rare-earth-an-invaluable-element-for-malaysia/>.

⁴ Based on the exchange rate of RM1: S\$0.2947 as at 31 July 2023 extracted from S&P Capital IQ.

⁵ Based on the exchange rate of RM1: S\$0.2911 as at 31 July 2024 extracted from S&P Capital IQ.

⁶ Based on the exchange rate of RM1: S\$0.3041 as at 31 January 2025 extracted from S&P Capital IQ.

Consideration Shares, the Group is able to conserve its cash to be utilised for other purposes such as its working capital and other investment opportunities.

4. PRINCIPAL TERMS OF THE PROPOSED MCRE ACQUISITION

4.1 MCRE Sale Shares

The MCRE Sale Shares will be acquired by the Company free from all encumbrances together with all rights and entitlements attaching respectively thereto on and from the MCRE Completion Date (as defined below).

Based on the unaudited management accounts of MCRE as at 31 January 2025, the net tangible asset value (“**NTA**”) and net asset value (“**NAV**”) of MCRE was RM110.9 million (approximately S\$33.7 million⁶). Accordingly, the NTA and NAV represented by the 40.00% of the total shares in the capital of MCRE in relation to the Proposed MCRE Acquisition is RM44.4 million (approximately S\$13.5 million⁶). There is no open market value for the MCRE Sale Shares as they are not publicly traded. Based on the Valuation Report (as defined below), the market value of the 100% interest of the Gerik Mine resides between US\$154.0 million (approximately RM740.3 million⁷ or S\$207.3 million⁸) and US\$174.9 million (approximately RM840.7 million⁷ or S\$235.4 million⁸) with a preferred value of US\$164.4 million (approximately RM790.3 million⁷ or S\$221.3 million⁸). Accordingly based on the Valuation Report, the preferred value of the 40.00% of the total shares in the capital of MCRE in relation to the Proposed MCRE Acquisition is approximately US\$65.8 million (approximately RM316.2 million⁷ or S\$88.5 million⁸) (“**MCRE Acquisition Valuation**”).

The profits before tax attributable of MCRE are approximately RM43.0 million (approximately S\$12.7 million⁴), RM48.4 million (approximately S\$14.1 million⁵) and RM69.8 million (approximately S\$21.2 million⁶) for FY2023, FY2024 and 1H2025 respectively. Based on the unaudited management accounts of MCRE for 1H2025, the 40.00% of the net profits of MCRE is approximately RM27.9 million (approximately S\$8.5 million⁶).

4.2 MCRE Consideration

Pursuant to the MCRE Sale and Purchase Agreement, the aggregate purchase consideration for the MCRE Sale Shares is RM242.4 million (approximately S\$73.2 million⁹) (“**MCRE Consideration**”) which shall be satisfied by:

- (i) the allotment and issuance of 147,982,380 new ordinary shares in the capital of the Company (“**Shares**”) at the Issue Price (as defined below) (“**MCRE Consideration Shares**”) to the MCRE Vendors upon MCRE Completion amounting to approximately RM219.0 million (approximately S\$66.2 million⁹). The MCRE Consideration Shares which shall be apportioned amongst the MCRE Vendors in accordance with their respective shareholding proportions in MCRE. Further details on the MCRE Consideration Shares to each MCRE Vendors are as set out in paragraph 4.3 below; and
- (ii) the deferred cash consideration of RM23.4 million (approximately S\$7.1 million⁹) to be paid to the MCRE Vendors annually over a period of four years, with the first repayment date being the 1st anniversary of the MCRE Completion Date (as defined below) (“**MCRE Deferred Cash Consideration**”) in accordance with their respective shareholding proportions in MCRE. Further details on the payment of the MCRE Deferred Cash Consideration to each MCRE Vendor are set out in paragraph 4.4 below.

⁷ Based on the exchange rate of RM1: US\$0.2080 as at 1 December 2024 extracted from Valuation Report.

⁸ Based on the exchange rate of US\$1:S\$1.3461 as at 2 December 2025 extracted from S&P Capital IQ.

⁹ Based on the exchange rate of RM1: S\$0.3021 as at 28 March 2025 extracted from S&P Capital IQ.

The MCRE Consideration was determined on a willing-buyer willing-seller basis, after negotiations which were conducted on an arm's length basis between SAM Advance Minerals and the MCRE Vendors, and after taking into account, *inter alia*:

- (a) The independent qualified person's report in respect of the ion adsorption clay rare earth mineral deposits of the Gerik Mine, prepared by the independent qualified person, SRK Consulting China Ltd, in accordance with the Catalist Rules (the "**Qualified Person's Report**");
- (b) The independent valuation report in respect of the ion adsorption clay rare earth mineral deposits of the Gerik Mine prepared by the independent valuer, SRK Consulting (Australasia) Pty. Ltd., in accordance with the Catalist Rules (the "**Valuation Report**");
- (c) the NTA and NAV of MCRE of approximately RM110.9 million (approximately S\$33.7 million⁶) as at 31 January 2025;
- (d) the profit after tax of MCRE of approximately RM32.5 million (approximately S\$9.6⁴ million), RM36.6 million (approximately S\$10.6 million⁵) and RM52.9 million (approximately S\$16.1 million⁶) for FY2023, FY2024 and 1H2025;
- (e) the dividend of RM9.0 million (approximately S\$2.7 million⁹) declared by MCRE on 28 March 2025;
- (f) the rationale for the Proposed MCRE Acquisition as set out in paragraph 3 of this announcement; and
- (g) the prospects of the Gerik Mine.

The MCRE Consideration represents a discount of approximately 23.3% to the MCRE Acquisition Valuation. The MCRE Vendors agree and acknowledge that the MCRE Consideration shall be subject to potential downward adjustments and variations as may be necessary after taking into account various factors including any updated and final Qualified Person's Report and the Valuation Report which will be appended to the Circular, the status of the rare earth industry and the overall prospects of MCRE and the global economy in general.

The allotment and issue of the Consideration Shares is subject to specific approval of the independent Shareholders at an EGM to be convened, and will not be allotted and issued pursuant to the general share issue mandate of the Company.

Qualified Person's Report

The Company has commissioned SRK Consulting China Ltd ("**SRK**") to prepare the Qualified Person's Report on the Gerik Mine in which MCRE has the rights to operate as the sub-mining operator. The Qualified Person's Report dated 15 March 2025 is prepared in accordance with the requirements set out in Practice Note 4C of the Catalist Rules and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) promulgated by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "**JORC Code**"). The summary of Mineral Resources and Ore Reserve of the Gerik Mine as of 30 November 2024 is set out below:

Category	Mineral Type	Gross Attributable to License			Net Attributable to MCRE (100%)			Change from Previous Update (%)
		Ore Tonnes (millions)	SREO Grade (g/t)	REO equiv. (kt)	Ore Tonnes (millions)	SREO Grade (g/t)	REO equiv.(kt)	
Reserves		-	-	-	-	-	-	-
Proved	IAC REE	-	-	-	-	-	-	-
Probable	IAC REE	84.91	494.79	39.11	84.91	494.79	39.11	0
Total	IAC REE	84.91	494.79	39.11	84.91	494.79	39.11	0
Resources⁽¹⁾								
Indicated	IAC REE	98.36	493.98	48.59	98.36	493.98	48.59	0
Inferred	IAC REE	22.26	453.35	10.09	22.26	453.35	10.09	0
Total	IAC REE	120.62	486.48	58.68	120.62	486.48	58.68	0

Notes:

- (1) The mineral resources are reported inclusive of the ore reserves.
- (2) All figures are rounded to reflect the relative accuracy of the estimate. Any discrepancies between values are due to rounding.
- (3) IAC rare earths means ionic-adsorption clay rare earths.
- (4) SREO means soluble rare earth oxide. REO means rare earth oxide.

The information in the Qualified Person's Report relates to Mineral Resources and Ore Reserve of the Gerik Mine based on information compiled by Mr Hou Yongchun, Mr Liu Zhuanjian, Dr Anson Xu, Mr Wu Yonggang and Mr Niu Lanliang. Dr Anson Xu, Mr Wu Yonggang and Mr Niu Lanliang act as Competent Persons of the Qualified Person's Report.

Valuation Report

The Company has also commissioned SRK Consulting (Australasia) Pty. Ltd. ("**SRK Australia**") to perform an independent valuation on the Gerik Mine, which has ore reserves of 39.11 kilotonnes of rare earth oxides recovered at an estimated processing recovery rate of 93.1%. For the purpose of this valuation, SRK Australia applied the discounted cashflow method as its primary approach, supplemented by comparable transactions and peer multiples valuation methods. Based on the Valuation Report issued by SRK Australia on 27 March 2025, as at 1 December 2024, the market value of a 100% interest in the Gerik Mine resides between US\$154.0 million (approximately RM740.3 million⁷ or S\$207.3 million⁸) and US\$174.9 million (approximately RM840.7 million⁷ or S\$235.4 million⁸) with a preferred value of US\$164.4 million (approximately RM790.3 million⁷ or S\$221.3 million⁸).

The Valuation Report is prepared in accordance with the requirements set out in Practice Note 4C of the Catalist Rules and the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) promulgated by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the "**VALMIN Code**") and the JORC Code. Further details on the Qualified Person's Report and the Valuation Report will be set out in the Circular to be despatched to Shareholders in due course.

4.3 MCRE Consideration Shares

The issue price of S\$0.4471 (approximately RM1.4799¹⁰) per Share ("**Issue Price**") at which each MCRE Consideration Share shall be issued to the MCRE Vendors, such price being the average of (i) the volume weighted average price ("**VWAP**") for trades of the Shares done on the SGX-ST for the seven (7) traded market days prior to 28 March 2025 ("**Last Traded Day**"), being the date with trading activity prior to the date of the MCRE Sale and Purchase Agreement; and (ii) the VWAP for trades of the Shares done on the SGX-ST for the 21 traded market days prior to the Last Traded Day.

The MCRE Consideration Shares, when allotted and issued, shall be credited as fully-paid and free from any encumbrances and shall rank *pari passu* in all respects with, and carry all rights

¹⁰ Based on the exchange rate of S\$1: RM3.3100 as at 28 March 2025 extracted from S&P Capital IQ.

similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of issue of the MCRE Consideration Shares.

The MCRE Consideration Shares of 147,982,380 new Shares represent approximately 23.2% of the enlarged share capital of the Company, assuming no new Shares are issued by the Company between the date of this announcement and the MCRE Completion Date (as defined below) (both dates inclusive).

The number and value of the MCRE Consideration Shares to be issued and allotted to each MCRE Vendor on the MCRE Completion Date (as defined below) are set out in the following proportion:

MCRE Vendor	Value of MCRE Consideration Shares	Number of MCRE Consideration Shares
Dato' Sri Pek	RM94.9 million (approximately S\$28.7 million ⁹)	64,120,770
Dato' Teh	RM94.9 million (approximately S\$28.7 million ⁹)	64,120,770
Dato' Lee	RM29.2 million (approximately S\$8.8 million ⁹)	19,740,840
Total	RM219.0 million (approximately S\$66.2 million ⁹)	147,982,380

To demonstrate their commitment to the business of MCRE, the Vendors shall not, directly or indirectly sell, transfer, assign, mortgage, charge, encumber, dispose or otherwise deal with any of the Consideration Shares for a period of 12 months from the MCRE Completion Date pursuant to the MCRE Sale and Purchase Agreement.

4.4 MCRE Deferred Cash Consideration

The aggregate MCRE Deferred Cash Consideration and the annual payment to each MCRE Vendor on the relevant repayment dates are set out in the following proportion:

	Dato' Sri Pek	Dato' Teh	Dato' Lee	Total
1st anniversary from the MCRE Completion Date	RM 1.30 million (approximately S\$0.39 million ⁹)	RM 1.30 million (approximately S\$0.39 million ⁹)	RM 0.40 million (approximately S\$0.12 million ⁹)	RM 3.00 million (approximately S\$0.91 million ⁹)
2nd anniversary from the MCRE Completion Date	RM 1.91 million (approximately S\$0.58 million ⁹)	RM 1.91 million (approximately S\$0.58 million ⁹)	RM 0.59 million (approximately S\$0.18 million ⁹)	RM 4.41 million (approximately S\$1.33 million ⁹)
3rd anniversary from the MCRE Completion Date	RM 3.03 million (approximately S\$0.92 million ⁹)	RM 3.03 million (approximately S\$0.92 million ⁹)	RM 0.93 million (approximately S\$0.28 million ⁹)	RM 6.99 million (approximately S\$2.11 million ⁹)
4th anniversary from the MCRE Completion Date	RM 3.90 million (approximately S\$1.18 million ⁹)	RM 3.90 million (approximately S\$1.18 million ⁹)	RM 1.20 million (approximately S\$0.36 million ⁹)	RM 9.00 million (approximately S\$2.72 million ⁹)
Total	RM 10.14 million (approximately S\$3.06 million ⁹)	RM 10.14 million (approximately S\$3.06 million ⁹)	RM 3.12 million (approximately S\$0.94 million ⁹)	RM 23.40 million (approximately S\$7.07 million ⁹)

4.5 Source of Funds

The MCRE Consideration shall be satisfied by (i) the allotment and issuance of the MCRE Consideration Shares which will not require any cash outflow; and (ii) the MCRE Deferred Cash Consideration shall be satisfied through internal funding.

4.6 MCRE Sale and Purchase Agreement Conditions Precedent

MCRE Completion is subject to certain conditions precedent ("**MCRE Conditions Precedent**") being satisfied or waived in accordance with the MCRE Sale and Purchase Agreement, including, *inter alia*, the following:

- (a) the results of a due diligence exercise (including but not limited to financial, business, tax, legal, regulatory, technical and compliance due diligence) over the business, affairs, operations, assets, financial condition, prospects and records of MCRE being satisfactory to SAM Advance Minerals, the Company and its financial advisor(s) in its absolute discretion and in compliance with the requirements of the Catalist Rules;
- (b) the findings and methodology presented in a valid and up to date Valuation Report and Qualified Person's Report which is compliant with the Catalist Rules being satisfactory to SAM Advance Minerals, the Company and its financial adviser for the transactions contemplated by the MCRE Sale and Purchase Agreement, and the SGX-ST;
- (c) the entry into new non-compete undertakings by each of the MCRE Vendors to the extent required by the sponsor of the Company or the SGX-ST, which shall include businesses, opportunities and projects relating to rare earth;
- (d) approval and non-withdrawal of the approval of the SGX-ST for the acquisition of the MCRE Sale Shares by SAM Advance Minerals pursuant to the MCRE Sale and Purchase Agreement (if required), and any conditions attached to such approval which are required to be fulfilled on or before MCRE Completion having been fulfilled on or before MCRE Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST, including but not limited to the allotment and issuance of the compliance placement shares to meet the shareholding spread requirements where required;
- (e) approval and non-withdrawal of the approval from the SGX-ST for the listing and quotation of the MCRE Consideration Shares on the Catalist of the SGX-ST, and any conditions attached to such approval which are required to be fulfilled on or before MCRE Completion having been fulfilled on or before MCRE Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST;
- (f) SAM Advance Minerals obtaining all necessary approvals, waivers or consents as may be required for the transactions (including any management, corporate and/or shareholder approvals, government or regulatory consents, anti-trust clearances or notifications), and such approvals, waivers or consents not having been revoked, expired, amended or withdrawn on or before the MCRE Completion Date (as defined below), and where any such approvals, waivers or consents is subject to conditions, such conditions being fulfilled by the relevant date, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;
- (g) approval from the Shareholders of the Company for (a) the purchase of the MCRE Sale Shares on the terms and conditions set out in the MCRE Sale and Purchase Agreement and all transactions contemplated thereby (if required), (b) the issue of the MCRE Consideration Shares to the MCRE Vendors in partial satisfaction of the MCRE Consideration for the MCRE Sale Shares, (c) the diversification of the SAM Advance Minerals Group's business to include MCRE's business, (d) the interested person transaction under Chapter 9 of the Catalist Rules relating to the transactions and (e) any other matters contemplated by the MCRE Sale and Purchase Agreement;

- (h) the allotment and issuance of the MCRE Consideration Shares not being prohibited by the Catalist Rules or any applicable law promulgated or issued after the date of the MCRE Sale and Purchase Agreement by any governmental agency of Singapore (including the SGX-ST) or elsewhere, which is applicable to MCRE and/or the SAM Advance Minerals Group;
- (i) there being no trading halt or suspension of the Shares of the Company (which for the avoidance of doubt, shall not include any trading halts of the Shares of the Company on the SGX-ST made at the request of the Company pending announcements by the Company) or the Shares of the Company being delisted or subject to any delisting procedures by the SGX-ST and there not having occurred any matter, fact or circumstance that would affect the continued listing of the Shares of the Company on the SGX-ST;
- (j) the issuance of a Qualified Person's Report and Valuation Report in compliance with the requirements of the Catalist Rules;
- (k) an independent financial adviser to the independent directors of the Company is appointed and the independent financial adviser is of the opinion that the acquisition of the MCRE Sale Shares by SAM Advance Minerals is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, in compliance with the Catalist Rules;
- (l) all of the agreements, covenants and obligations of the MCRE Vendors under the MCRE Sale and Purchase Agreement to be performed prior to the MCRE Completion (including those set forth in Schedule 3 of the MCRE Sale and Purchase Agreement) having been duly performed in all respects;
- (m) all warranties in the MCRE Sale and Purchase Agreement remaining true and accurate in all respects and not misleading in any respect as of the MCRE Completion Date (as defined below) (by reference to the facts and circumstances then existing);
- (n) the delivery to SAM Advance Minerals of written consents and/or waivers (in terms satisfactory to SAM Advance Minerals) from each of Dato' Lee Yoke Eng, Mr. Lim Wei Hung, Mr. Jimmy Chin, Mr. Johnny Chin and QJI to the effect that they consent to the sale and purchase of the MCRE Sale Shares and agree not to exercise any right (whether of termination, pre-emptive right or otherwise) arising by reason of such sale and purchase, together with any other consents, approvals, notifications or clearances which are necessary or which SAM Advance Minerals has been advised that it is desirable to obtain in connection with the execution, delivery and performance of the MCRE Sale and Purchase Agreement, and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to SAM Advance Minerals in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (o) the MCRE Vendors obtaining all necessary approvals, waivers or consents as may be required for the transactions (including any management, corporate and/or shareholder approvals, government or regulatory consents, anti-trust clearances or notifications), and such approvals, waivers or consents not having been revoked, expired, amended or withdrawn on or before the MCRE Completion Date (as defined below), and where any such approvals, waivers or consents is subject to conditions, such conditions being fulfilled by the relevant date, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;
- (p) no event or circumstance has occurred including any changes in macro-economic conditions, laws, regulations, export duties or prohibitions, tariffs or any other analogous events which affects or is likely to affect in a materially adverse manner the business, operations, financial position, financial performance or prospects of the MCRE Group (as defined herein) taken as a whole and as presently carried on, or the demand for the products and services of the MCRE Group (as defined herein);

- (q) the due execution and delivery by SAM Advance Minerals, MCRE and the other shareholders of MCRE as of or prior to the MCRE Completion of a shareholders' agreement among SAM Advance Minerals, MCRE and the other shareholders of MCRE in the form attached to the MCRE Sale and Purchase Agreement;
- (r) the entry by MCRE into agreements with Chinalco in a form reasonably satisfactory to SAM Advance Minerals in connection with, amongst others, the services provided by Chinalco; and
- (s) the allotment and issuance of the compliance placement shares to meet the shareholding spread requirements where required.

If any of the MCRE Conditions Precedent is not fully satisfied or waived in accordance with the MCRE Sale and Purchase Agreement prior to 31 December 2025 or such later date as may be agreed to be extended by SAM Advance Minerals ("**Long Stop Date**"), the MCRE Sale and Purchase Agreement shall automatically terminate with immediate effect and SAM Advance Minerals shall owe no liabilities to the MCRE Vendors.

For the purposes of this section, "**Transactions**" means the sale and purchase of the MCRE Sale Shares under the MCRE Sale and Purchase Agreement and all other related transactions contemplated by the MCRE Sale and Purchase Agreement.

4.7 MCRE Completion

MCRE Completion shall take place on the date which is 10 business days after the date of written notification by SAM Advance Minerals to the MCRE Vendors of the fulfilment to the satisfaction or waiver of SAM Advance Minerals of the MCRE Conditions Precedent or such other time or date as the MCRE Parties may agree in writing ("**MCRE Completion Date**").

5. SHAREHOLDERS' AGREEMENT

In connection with the Proposed MCRE Acquisition, SAM Advance Minerals, the MCRE Existing Shareholders and MCRE had on 3 April 2025 entered into the MCRE Shareholders' Agreement to govern their respective rights and obligations, and regulate their relationships *inter se* in the conduct of the business and related affairs of MCRE (MCRE and each and any of its subsidiaries and associated companies owned by the MCRE directly or indirectly from time to time shall be referred to as "**MCRE Group**" and "**MCRE Group Company**" means any one of them).

The MCRE Shareholders' Agreement contains *inter alia* customary provisions relating to the management and governance of MCRE. Pursuant to the MCRE Shareholders' Agreement:

(a) Board of Directors

The board of directors of MCRE shall consist of three (3) directors appointed by the MCRE Existing Shareholders and two (2) directors appointed by SAM Advance Minerals.

(b) Reserved Matters

The shareholders of MCRE shall procure, as far as they lawfully can, that no action is taken or resolution passed by any company within the MCRE Group in respect of the matters below save with the prior written approval of two-thirds of the shareholders of MCRE and subject to the thresholds required by the Catalist Rules or applicable law:

- (i) Any initial public offering of any company within the MCRE Group or any public offer of shares in any company within the MCRE Group.
- (ii)
 - (A) Any merger, acquisition, consolidation, reorganisation or spin-off of any company within the MCRE Group.

- (B) Any sale or disposal, directly or indirectly, of the whole or a substantial part of the undertaking or assets of any company within the MCRE Group (where such sale or disposal may include, without limitation, any grant by any company within the MCRE Group of an exclusive licence of intellectual property to a third party).
- (iii) Any change in the maximum and minimum number of directors of any company within the MCRE Group.
- (iv) Any transaction by any company within the MCRE Group with any of its related corporations, any shareholder or director of any company within the MCRE Group, or any company or business in which the shareholders or directors of any company within the MCRE Group or any one of them has a financial interest (except for any transaction with a wholly-owned company).
- (v) Any amendment to the constitution of any company within the MCRE Group.
- (vi) Any declaration or payment of any dividends or other distribution of profits of MCRE (whether in cash or *in specie*).
- (vii) Any reduction, consolidation, subdivision or reclassification or other alteration of the capital structure of any company within the MCRE Group.
- (viii) The variation of any rights attaching to any shares in the capital of any company within the MCRE Group or making of any call upon monies unpaid in respect of any issued shares.
- (ix) The liquidation, dissolution or winding up of any company within the MCRE Group, and any other Liquidity Event to which any company within the MCRE Group is a party.
- (x) Any sale, issuance, sponsorship, creation or distribution of any digital tokens, cryptocurrency or other blockchain-based assets ("**Tokens**"), including through a pre-sale, initial coin offering, token distribution event or crowdfunding, or through the issuance of any instrument convertible into or exchangeable for Tokens.
- (xi) The appointment, terms of appointment (and amendment to such terms) or dismissal, of any chief executive officer, managing director, executive director, general manager, chief financial officer, or other similar senior executive or officer of any company within the MCRE Group.
- (xii) Any Sale or any purchase, acquisition, sale, transfer or disposal of any undertaking, any assets or any shares or other security interests by any company within the MCRE Group, other than in the ordinary course of business.
- (xiii) Any increase in the share capital of any company within the MCRE Group.
- (xiv) The creation of any mortgage, charge or other Encumbrance over the assets of any company within the MCRE Group.
- (xv) Any change in the nature and/or scope of the business for the time being of any company within the MCRE Group not being ancillary or incidental to, or an extension of the scope of operation of, the business of any company within the MCRE Group.
- (xvi) Any disputes arising out of or in connection with the matters set out in clause 3.3 of the MCRE Shareholders' Agreement.

- (xvii) Making of any loan or advance to any person, including any employee or director of any company within the MCRE Group, except advances and similar expenditures in the ordinary course of business.
 - (xviii) Granting of any guarantee, creation of any indebtedness or Encumbrance, directly or indirectly, over the assets of any company within the MCRE Group, except for the trade accounts of any company within the MCRE Group arising in the ordinary course of business.
 - (xix) Entry into, variation, termination, waiver or enforcement of any transaction or agreement with the MCRE Existing Shareholders or an officer, director, shareholder or affiliate of MCRE (the “**Selected Persons**”) or any related persons of the Selected Persons, or any person in which the Selected Person is an officer, director or partner, or in which such Selected Person has material ownership or economic interests or otherwise controls.
 - (xx) Making of any significant and material amendments to the hiring plan approved by the board of directors of MCRE (including amendments in relation to the appointment or removal of C-level officers or senior executives of MCRE, the determination of the remuneration to any of them or approving any option grants or share awards to the aforementioned employees).
 - (xxi) Entry into any transaction which is not made on a bona fide arm’s length basis or which is not in the ordinary course of business.
 - (xxii) Institution, commencement, defense, withdrawal, compromise or settlement by any company within the MCRE Group of any litigation or arbitration, administrative proceedings, or legal action.
 - (xxiii) Increasing the number of ordinary shares in the capital of MCRE reserved or authorised for future issuance or grant under any equity incentive, share option or similar plan of any company within the MCRE Group.
 - (xxiv) Establishment of, adoption of or amendment to any pension, salaries, bonuses, staff benefit schemes, employee share option plan and/or employee share plan including the employee incentive plan, profit sharing scheme or other incentive plan for directors, employees, officers, consultants of MCRE or other persons who perform services for MCRE, which are not in the business plan of the MCRE Group and/or any agreed budgets.
 - (xxv) The waiver, release, or settlement of any indebtedness or liabilities owing to any company within the MCRE Group on terms that such company receives less than the full value and/or later than by the due date thereof.
- (c) Pre-Emption Rights over New Allotments or Issuance of New Securities in MCRE
- If MCRE proposes to allot or issue any new securities, those new securities shall not be allotted or issued to any person unless MCRE has in the first instance offered them to its shareholders on the same terms and at the same price as those new securities are being offered to third parties determined and approved by the board of directors of MCRE and a director appointed by SAM Advance Minerals.
- (d) Right of First Refusal
- Subject to exceptions as set out in the MCRE Shareholders’ Agreement, if any shareholder of MCRE proposes to transfer its shares, those shares shall not be transferred to any person unless such shares have in the first instance been offered to the other shareholders on the same terms and at the same price as those shares are being offered to the intended purchaser.

(e) Joint Control and Operations

The day-to-day operations and management of MCRE shall be conducted by the chief executive officer and the management team of MCRE. In the event of any dispute among the chief executive officer and/or the management team of MCRE, such dispute shall be escalated to the shareholders of MCRE to be determined in accordance with Clause 4.1 of the MCRE Shareholders' Agreement.

MCRE shall permit SAM Advance Minerals' directors (or their alternates or designees) and each observer appointed by SAM Advance Minerals, upon prior appointment and during office hours, to visit and inspect and examine MCRE's properties, books and records, and to discuss the affairs of MCRE with its management.

For the purposes of this section,

- (i) "**Asset Sale**" means the disposal by MCRE of all or substantially all of its undertaking and assets (where such disposal may include, without limitation, the grant by MCRE of an exclusive licence of Intellectual Property not entered into in the ordinary course of business);
- (ii) "**Business Plans**" means the business plan for the companies within the MCRE Group;
- (iii) "**Encumbrance**" means any mortgage, charge, pledge, lien, restriction, assignment, hypothecation, security interest, title retention or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal, right of first offer or right of pre-emption), or any agreement or arrangement to create any of the same;
- (iv) "**Intellectual Property**" means all intellectual property rights, whether registered or not, including pending applications for registration of such rights and the right to apply for registration or extension of such rights including patents, petty patents, utility models, design patents, designs, copyright (including moral rights and neighbouring rights), database rights, rights in integrated circuits and other *sui generis* rights, trade marks, trading names, company names, service marks, logos, the get up of products and packaging, geographical indications and appellations and other signs used in trade, internet domain names, social media user names, rights in know how and any rights of the same or similar effect or nature as any of the foregoing anywhere in the world;
- (v) "**Liquidity Event**" means:
 - (1) a liquidation, dissolution or winding up of any company within the MCRE Group;
 - (2) a consolidation, merger, scheme of arrangement or amalgamation of any company within the MCRE Group with or into any other corporation or corporations or non-corporate business entity or any other corporate reorganisation, in which the shareholders of such company immediately prior to such consolidation, merger or reorganisation, own less than a majority of the surviving or acquiring entity's voting power immediately after such consolidation, merger or reorganisation;
 - (3) a sale, lease or disposition of all or substantially all of the assets of any company within the MCRE Group; or
 - (4) a transaction or series of transactions in which more than 50.0% of the voting power of any company within the MCRE Group is disposed of;
- (vi) "**Sale**" means a Share Sale or an Asset Sale; and

- (vii) “**Share Sale**” means the sale of (or the grant of a right to acquire or to dispose of) any of the issued shares in the capital of MCRE (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and its affiliates or persons acting in concert with it together acquiring an interest in shares giving to the holder(s) control of MCRE, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in MCRE immediately prior to such sale.

6. PROPOSED DIVERSIFICATION

6.1 Existing business of the Group

The existing business of the Group comprises the exploration, mining and processing of iron ore for sale and exploration of gold. Subject to the approval of Shareholders being obtained at the EGM, the Group intends to undertake the Proposed Diversification to broaden the scope of its business activities to include the Proposed New Business as additional core businesses of the Group.

6.2 Rationale for the Proposed Diversification

The Proposed Diversification (together with the Proposed MCRE Acquisition) is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. The Directors believe that the Proposed Diversification will offer the Group new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company. The Proposed Diversification will provide the Group with additional income sources from the sale of rare earth carbonate, thereby also diversifying its revenue sources between the mineral resources of iron ore products and rare earth carbonate. The Proposed Diversification will also expand the asset base of the Enlarged Group and widen its shareholder base, attracting more interest from the investment community focused on the minerals sector in investing in the Company.

6.3 Strategy of the Proposed Diversification

In view of the current opportunity presented by the Proposed MCRE Acquisitions, the Group intends to extend its core business to include the Proposed New Business. The Proposed Diversification will change the existing business scope and risk profile of the Company and/or the Group. Accordingly, the Company is seeking Shareholders' approval for the Proposed Diversification.

Currently, the Group's strategy is to undertake the Proposed Diversification in Malaysia, due to its familiarity to the Group. Notwithstanding, the Group does not plan to restrict the Proposed New Business to any specific markets and would consider venturing beyond Malaysia as it gains experience and expertise. In its ventures beyond Malaysia, the Group will consider, amongst other things, the market conditions of the relevant country and region, the growth potential and value enhancement of the particular investment or project for the Group, and the extent of the Group's capability and expertise to undertake such investments or projects in view of potential requirements and peculiarities which may be unique to certain regions. Projects and investment would be carefully evaluated and assessed by the Company on its own merits.

In addition, should suitable opportunities arise, the Company may enter joint ventures or strategic alliances with other reputable parties to reduce risks and/or share the burden of the required funding. For the avoidance of doubt, in accordance with the SGX-ST recommended practice in relation to diversification of business, the Company will observe the following in relation to any corporate action(s) that may be undertaken subsequently:

- (a) when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the Proposed New Business, or where any of the figures under Rule 1006 of the Catalist Rules in respect of several transactions are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the shareholders at a general meeting;
- (b) in respect of a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, the transaction would be classified as a very substantial acquisition or reverse takeover respectively. Rule 1015 of the Catalist Rules would apply and such transaction must be, among others, made conditional upon approval by shareholders in general meeting; and
- (c) in respect of a transaction which constitutes an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules would apply to such transaction.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED MCRE ACQUISITION

The illustrative financial effects for the Proposed MCRE Acquisition have been prepared based on the audited consolidated financial statements of the Group for FY2024, being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

The financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual performance and position of the Group after the Proposed MCRE Acquisition. No representation is made as to the financial position and/or results of the Group after the completion of the Proposed MCRE Acquisition. Such financial effects are primarily based on the following key bases and assumptions:

- (i) the financial effects of the Proposed MCRE Acquisition on the NTA per share of the Group are computed assuming that the Proposed MCRE Acquisition had been completed on 31 July 2024;
 - (ii) the financial effects of the Proposed MCRE Acquisition on the loss per share ("**LPS**") / earnings per share ("**EPS**") of the Group are computed assuming that the Proposed MCRE Acquisition had been completed on 1 August 2023; and
 - (iii) the computation does not take into account any expenses that may be incurred in relation to the Proposed MCRE Acquisition.
- (a) Share Capital

Based on the assumptions set out above, the effect of the Proposed MCRE Acquisition on the issued and paid-up share capital of the Company as at 31 July 2024 are as follows:

	Before the Proposed MCRE Acquisition	After the Proposed MCRE Acquisition
Total number of issued Shares (excluding treasury Shares) ('000)	488,759	636,741 ⁽¹⁾
Total issued and paid-up capital (excluding treasury Shares) (RM'000)	217,645	436,645 ⁽²⁾

Notes:

- (1) Based on the total number of issued shares (excluding treasury Shares) of the Company as at 31 July 2024 and assuming that the MCRE Consideration Shares have been fully issued and allotted.
- (2) Based on the share capital (excluding treasury Shares) of the Company as at 31 July 2024 of approximately RM217.6 million and assuming that the MCRE Consideration Shares are fully issued and allotted.

(b) NTA per Share

Based on the assumptions set out above, the effect of the Proposed MCRE Acquisition on the NTA per Share of the Group are as follows:

	Before the Proposed MCRE Acquisition	After the Proposed MCRE Acquisition
NTA (RM'000)	337,837	560,187 ⁽¹⁾
Total number of issued Shares (excluding treasury Shares) ('000)	488,759	636,741 ⁽²⁾
NTA per Share (RM)	0.69	0.88

Notes:

- (1) The NTA of the Group is computed by aggregating the Group's NTA, the MCRE Consideration of RM242.4 million, and deducted by the discounted deferred cash consideration of RM23.4 million which is payable annually over 4 years.
- (2) Based on the total number of issued shares (excluding treasury Shares) of the Company as at 31 July 2024 and assuming that the MCRE Consideration Shares have been fully issued and allotted.

(c) LPS / EPS

Based on the assumptions set out above, the effect of the Proposed MCRE Acquisition on the LPS of the Group are as follows:

	Before the Proposed MCRE Acquisition	After the Proposed MCRE Acquisition
(Loss) / Profit attributable to Shareholders (RM'000)⁽¹⁾	(4,427)	10,205 ⁽¹⁾
Weighted average number of issued Shares ('000)	488,759	636,741 ⁽²⁾
(LPS) / EPS (RM cents)	(0.91)	1.60

Notes:

- (1) The net profits of the Group after the Proposed MCRE Acquisition is computed by aggregating 40% of the profit net of tax of MCRE of approximately RM14.6 million for FY2024 with the Group's loss for the year of approximately RM4.5 million for FY2024.
- (2) The weighted average number of ordinary shares (excluding treasury Shares) for FY2024 of 488,759,000, and adjusted for the increase in the number of ordinary shares to 636,741,000 assuming that the MCRE Consideration Shares have been fully issued and allotted.

(d) Gearing

	Before the Proposed MCRE Acquisition	After the Proposed MCRE Acquisition
Total debt (RM'000)	9,688 ⁽¹⁾	9,688 ⁽¹⁾
Total equity (excluding non-controlling interest) (RM'000)	337,837	556,837

Gearing ratio (times)	0.03	0.02
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Note:

- (1) The total debt includes the Group's outstanding term loan and revolving credit facility of approximately RM9.7 million.

8. RELATIVE FIGURES IN RESPECT OF THE PROPOSED MCRE ACQUISITION

Based on the unaudited consolidated financial statements of the Group for 1H2025, the relative figures in respect of the Proposed MCRE Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Bases under Rule 1006		Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets ⁽¹⁾	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profit	(243.5) ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	34.4 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	30.3 ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset ⁽⁵⁾	Not applicable

Notes:

- (1) Rule 1006(a) is not applicable to the Proposed MCRE Acquisition as there are no assets to be disposed of.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" or "net loss" means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited financial statements of the Group for 1H2025, the net loss of the Group was approximately RM11.5 million (approximately S\$3.5 million⁶). Based on the unaudited management accounts of MCRE for 1H2025, the 40.00% of the net profits of MCRE is approximately RM27.9 million (approximately S\$8.5 million⁶).
- (3) The figure is computed by comparing the MCRE Consideration of approximately RM242.4 million (or approximately S\$73.2 million⁹), assuming that no adjustments are made pursuant to the terms of the MCRE Sale and Purchase Agreement against the market capitalisation of the Company of approximately S\$212.6 million. Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by multiplying 488,759,000 Shares (excluding treasury Shares) in issue by the VWAP of the Shares of S\$0.4350 on 28 March 2025, being the last traded day preceding the date of the MCRE Sale and Purchase Agreement.
- (4) The figure is computed by comparing the MCRE Consideration Shares of 147,982,380 to be issued by the Company against the Company's issued and paid-up share capital of 488,759,000 Shares (excluding treasury Shares) as at the date of this announcement.
- (5) Rule 1006(e) is applicable to disposal of mineral, oil or gas assets by a mineral, oil and gas company and is not applicable to the Proposed MCRE Acquisition.

Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Catalist Rule 1006 involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. Having regards to the above, and that the relevant computation in relation to the Proposed MCRE Acquisition falls within paragraph 4(4b) of Practice Note 10A of the Catalist Rules, the Proposed MCRE Acquisition thus constitutes a discloseable transaction under Rule 1010 of Chapter 10 of the Catalist Rules.

9. THE PROPOSED MCRE ACQUISITION AS AN INTERESTED PERSON TRANSACTION

9.1 The Interested Persons

The Proposed MCRE Acquisition constitutes an interested person transaction (“IPT”) under Chapter 9 of the Catalist Rules for the following reasons:

- (a) Dato’ Sri Pek (who is a MCRE Vendor) is the Managing Director of the Company and a controlling Shareholder as he is holding a direct interest of 62.39% in the Company as well as his deemed interest of 1.20% shareholding interest in the Company (consisting of Shares held by Remparan Sdn Bhd which is wholly owned by Multiline Trading Sdn Bhd which is 99.99% owned by Dato’ Sri Pek, as well as Shares held by Ms. Xu Liyan, Dato’ Sri Pek’s spouse), thus he is an “**interested person**” under Rule 904(4)(a) of the Catalist Rules;
- (b) Dato’ Teh (who is a MCRE Vendor) is the Non-Executive Non-Independent Director of the Company, thus he is an “**interested person**” under Rule 904(4)(a) of the Catalist Rules; and
- (c) Mr. Lim Wei Hung (who is one of the MCRE Existing Shareholders) is the Executive Director and Chief Operating Officer of the Company, thus he is an “**interested person**” under Rule 904(4)(a) of the Catalist Rules.

9.2 Materiality Thresholds Under Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, approval by the independent Shareholders is required for an interested person transaction of a value equal to, or exceeding, 5.0% of the Group’s latest audited NTA. The value at risk to the Company, being the consideration for the Proposed MCRE Acquisition, is RM242.4 million (approximately to S\$73.2 million⁹), representing 71.8% of the Group’s latest audited NTA as at 31 July 2024, being RM337.8 million (approximately S\$98.3 million⁵). As the MCRE Consideration exceeds 5.0% of the Group’s latest audited NTA, the approval of the independent Shareholders for the Proposed MCRE Acquisition must be obtained at an EGM. The Company will appoint an independent financial adviser to advise the independent directors of the Company on whether the Proposed MCRE Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

9.3 Total Value of IPTs

For the current financial year, the following interested person transactions had been entered into:

Name of Interested Persons / Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 1 August 2024 to the date hereof

	1 August 2024 to the date hereof	
	S\$'000	S\$'000
Multiline Trading Sdn Bhd (transport service charge) / associate of Managing Director, Dato' Sri Pek Kok Sam	-	447 ⁹

Save as disclosed above, from 1 August 2024 to the date of this announcement, no interested person transaction (excluding transactions with a value of less than S\$100,000) has been entered into by the Group in the current financial year ending 31 July 2025, whether with Dato' Sri Pek, Dato' Teh or Mr. Lim Wei Hung, their respective associates or otherwise. There were also no other interested person transactions for the period from 1 August 2024 to the date of this announcement.

9.4 Audit Committee's Statement

The audit committee of the Company comprises Dato' Gainneos Jacob Goldie, Mr. Chin Chee Choon and Mr. Sim Chin Hoe ("**Audit Committee**"). The chairman of the Audit Committee is Mr. Chin Chee Choon. The members of the Audit Committee do not have any interests in the Proposed MCRE Acquisition and are accordingly deemed to be independent for the purposes of the Proposed MCRE Acquisition.

The Audit Committee will be obtaining an opinion from an independent financial adviser ("**IFA**") before forming its view as to whether the Proposed MCRE Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee's view on the Proposed MCRE Acquisition will be set out in the Circular to be despatched in due course.

10. DETAILS OF SERVICE CONTRACTS

The Company has confirmed that no person will be appointed to the Board in connection with the Proposed MCRE Acquisition or Proposed Diversification. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. FINANCIAL ADVISER

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the Financial Adviser to the Company in respect of the Proposed MCRE Acquisition.

12. INDEPENDENT FINANCIAL ADVISER

The Company will appoint an IFA to advise the independent directors on whether the Proposed MCRE Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The opinion of the IFA will be set out in the Circular. An announcement will be made by the Company upon the appointment of the IFA.

13. INDEPENDENT VALUER AND INDEPENDENT QUALIFIED PERSON

As part of its due diligence, the Company has commissioned SRK Consulting China Ltd to furnish the Qualified Person's Report on the relevant mining assets held by MCRE in accordance with the Catalist Rules and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012), prepared by the Joint Ore Reserves Committee of the

Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code).

The Company has also commissioned SRK Consulting (Australasia) Pty. Ltd. to perform an independent valuation on the Gerik Mine, which MCRE has the rights to operate as the sub-mining operator, in accordance with the Catalist Rules and the VALMIN Code.

Further details of the Qualified Person's Report and Valuation Report are set out in paragraph 4.2 of this announcement.

14. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as provided above, none of the directors of the Company or the controlling Shareholders has any interests, direct or indirect, in the Proposed MCRE Acquisition or the Proposed Diversification, other than through their respective shareholding interests (if any), employment and/or directorship (as applicable) in the Company.

15. ABSTENTION FROM VOTING AND/OR RECOMMENDATION TO THE BOARD AND THE SHAREHOLDERS IN RESPECT OF THE PROPOSED MCRE ACQUISITION

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person must abstain from voting on the resolutions approving the interested person transaction. Such interested persons and their respective associates shall not accept appointments as proxies unless specific instructions as to voting are given by the Shareholders.

Accordingly, each of Dato' Sri Pek, Dato' Teh and Mr. Lim Wei Hung and their associates will abstain from the deliberation, making any recommendation and voting on any resolution in respect of the Proposed MCRE Acquisition at the EGM. Separately, Dato' Lee shall abstain from voting on any resolution in respect of the Proposed MCRE Acquisition at the EGM.

16. FURTHER UPDATES

Announcement

The Company will make further announcement(s) in compliance with the Catalist Rules to inform Shareholders when there are any material developments in respect of the Proposed MCRE Acquisition and the Proposed Paramount Acquisition.

Circular

The Circular setting out, *inter alia*, the terms of the Proposed MCRE Acquisition, the Proposed Diversification and the opinion and recommendation of the IFA in relation to the IPT, together with a notice of EGM and proxy form, will be despatched by the Company to Shareholders in due course.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection by the Shareholders at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 during normal business hours for three (3) months from the date of this announcement:

- (a) MCRE Sale and Purchase Agreement;
- (b) MCRE Shareholders' Agreement;
- (c) Qualified Person's Report; and

(d) Valuation Report.

18. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed MCRE Acquisition and Proposed Diversification, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

19. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Proposed MCRE Acquisition are subject to the fulfilment of the MCRE Conditions Precedent under the MCRE Sale and Purchase Agreement. There is no certainty or assurance that (i) the Proposed MCRE Acquisition will be completed or that no changes will be made to the terms thereof; and (ii) a definitive agreement will be entered into in respect of the Proposed Paramount Acquisition, that the terms and conditions of the Proposed Paramount Acquisition will not differ from those set out in the Paramount MOU, or that the Proposed Paramount Acquisition will be undertaken at all. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD OF
SOUTHERN ALLIANCE MINING LTD.

Dato' Sri Pek Kok Sam
Managing Director
3 April 2025

This announcement 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 ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this document.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.