



FOR IMMEDIATE RELEASE

Southern Alliance Mining Proposed Diversification into Rare Earths Industry through the Proposed Acquisition of 40% Stake in MCRE

- The Proposed MCRE Acquisition marks SAM's strategic entry into the rare earth elements sector and enables the Group to diversify its revenue sources in addition to the Group's iron ore mining and gold exploration
- Purchase consideration totals RM242.4 million, comprising RM219.0 million through issuance of 147,982,380 new shares at S\$0.4471 (approximately RM1.4799¹) per share and RM23.4 million (approximately S\$7.07 million¹) in deferred cash consideration payments over four years period
- Following the completion of the acquisition of MCRE, the Company through its wholly owned subsidiary, SAM Advance Minerals, will hold 40% of the total shares in the capital of MCRE, which is currently the appointed sub-mining operator of Gerik Mine
- SAM's portfolio will be augmented by MCRE's Gerik Mine which has an area of 2,161-hectare and has estimated rare earth reserves of 84.9 million metric tonnes
- 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

Singapore, 3 April, 2025 – Southern Alliance Mining Ltd ("**SAM**" or the "**Company**", and together with its subsidiaries, the "**Group**") (SGX:QNS), a leading producer of high-grade iron ore in Malaysia, is pleased to announce that its wholly owned subsidiary, SAM Advance Minerals Holding Sdn Bhd ("**SAM Advance Minerals**"), has entered into a sale and purchase agreement in relation to the proposed acquisition of 40% of the total shares in the capital of MCRE Resources Sdn Bhd ("**MCRE**") ("**Proposed MCRE Acquisition**"), which is engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth minerals in Malaysia.

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



The Proposed MCRE Acquisition represents the Group's strategic entry into the rare earth elements (REEs) sector, making it the first mining, oil and gas company to be listed on Singapore Exchange Securities Trading Limited ("SGX-ST") that manages an operational REEs mine. This marks a significant diversification of its revenue sources of the Group beyond iron ore mining operation and gold exploration.

The aggregate purchase consideration in relation to the Proposed MCRE Acquisition is RM242.4 million, comprising (i) RM219.0 million (approximately S\$66.2 million¹) through the allotment and issuance of 147,982,380 million new ordinary shares at S\$0.4471 (approximately RM1.4799¹), representing 23.2% of its enlarged share capital; and (ii) RM23.4 million (approximately S\$7.07 million¹) of deferred cash consideration which shall be paid annually over a four-year period. The Group will fund the deferred cash payments internally.

The Proposed MCRE Acquisition will enhance SAM's portfolio with an operational REEs mine – the 2,161-hectare Gerik Mine, which has an estimated rare earth reserves of 84.9 million metric tonnes, and adopts an environmentally friendly in-situ leaching (ISL) mining technology via MCRE's tie-up with Chinalco Guangxi Nonferrous Rare-earth Developments Co. Ltd.. The Gerik Mine began commercial operations in 2022, with its first export in February 2023. It has since sold approximately 16,105 tonnes of rare-earth carbonate till date. MCRE reported a profit after tax of approximately RM32.5 million (approximately S\$9.6 million²), RM36.6 million (approximately S\$10.6 million³) and RM52.9 million (approximately S\$16.1 million⁴) for the financial year ended 31 July 2023 ("FY2023") and 2024 ("FY2024") and six-month financial period ended 31 January 2025 respectively, and a strong financial position of RM53.3 million in cash and cash equivalents (approximately S\$16.2 million⁴) as at 31 January 2025.

Post-acquisition, the Group's pro forma earnings per share (EPS) is expected to increase to RM1.60 cents from a loss of RM0.91 cents. The Group's net tangible asset (NTA) per share will also increase from RM0.69 to RM0.88.

² Based on the exchange rate of RM1: S\$0.2947 as at 31 July 2023 extracted from S&P Capital IQ.

³ Based on the exchange rate of RM1: S\$0.2911 as at 31 July 2024 extracted from S&P Capital IQ.

⁴ Based on the exchange rate of RM1: S\$0.3041 as at 31 January 2025 extracted from S&P Capital IQ.



This strategic move will position SAM to tap on the prospects in the REEs sector. The global REEs industry is projected to experience significant growth over the next decade. As of 2024, the global rare earth market was approximately US\$3.74 billion, and is expected to grow to approximately US\$8.14 billion in 2032, representing a compound annual growth rate (CAGR) of 10.2% from 2024 to 2032⁵.

Rare-earth metals are the necessary components of more than 200 products across a wide range of applications, such as smartphones, computer hard drives, electric and hybrid vehicles, defence technology devices, as well as flat-screen monitors and TVs⁶. 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 2030⁷. It is a critical component in driving high-technology growth in Malaysia and it is expected that the rare earth elements will contribute RM 9.5 billion to Malaysia's gross domestic product ("GDP") as early as 2025⁸.

Dato' Sri Pek Kok Sam, Managing Director of Southern Alliance Mining, commented: ***"This strategic Proposed MCRE Acquisition marks a pivotal moment for SAM's diversification efforts as we expand into the rare earth elements sector. The Proposed MCRE Acquisition will position the Group at the forefront of a rapidly growing global rare earth market. Our investment in MCRE's operational Gerik Mine utilising environmentally friendly in-situ leaching technology underscores our commitment to sustainable resource development. As the global demand for rare earth metals continues to surge across critical industries—from renewable energy to advanced electronics—this proposed acquisition will strategically aligns our business with the future of technological innovation."***

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This media release is to be read in conjunction with the Group's announcements made on SGXNET on 3 April 2025.

⁵ Information obtained from The Edge Malaysia, <https://theedgemaalaysia.com/content/advertise/might-drives-downstream-rare-earth-industry-for-optimum-value-creation>.

⁶ Information obtained from American Geosciences Institute, <https://www.americangeosciences.org/critical-issues/faq/what-are-rare-earth-elements-and-why-are-they-important>

⁷ Information obtained from Malaysian Investment Development Authority, <https://www.mida.gov.my/rare-earth-an-invaluable-element-for-malaysia/>.

⁸ Information obtained from The Edge Malaysia, <https://theedgemaalaysia.com/content/advertise/might-drives-downstream-rare-earth-industry-for-optimum-value-creation>.



About Southern Alliance Mining Ltd

Southern Alliance Mining Ltd. (the “**Company**” 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 four (4) 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 to 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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