



FOR IMMEDIATE RELEASE

Southern Alliance Mining signed memorandums of understanding in relation to the proposed acquisition of two rare earth mining companies as it continues to focus on diversification

- SAM signed two memorandums of understanding to acquire a 40% stake in MCRE Resources Sdn Bhd (“MCRE”) and a 100% stake in Paramount Synergy Sdn Bhd (“Paramount”) as it explores venturing into rare earth mining in Malaysia
- MCRE operates the first ion adsorption clay rare earth mines located in Malaysia with an estimated rare earth oxide of 33,000 tonnes based on its environmental impact assessment report
- MCRE commenced its operations in 2022 and exported its first batch of rare earth carbonate in February 2023 while Paramount is currently in the exploration phase

Singapore, 17 April 2023 – Southern Alliance Mining Ltd. (“**Southern Alliance Mining**”, or “**SAM**”, and together with its subsidiaries, the “**Group**”) (SGX:QNS), an established, high-grade iron ore producer based in Pahang, Malaysia, signed two memorandums of understanding (“**MOU**”) on 17 April 2023 to acquire a 40% stake in MCRE and a 100% stake in Paramount. MCRE operates an ion adsorption clay rare earth mine in Malaysia, while Paramount is currently in the exploration stage for rare earth minerals. This is in line with SAM’s long-term strategy to build sustainable revenue and diversify its earnings stream in addition to its iron ore mining operations. Following the execution of the MOU, SAM shall commence due diligence exercise on MCRE and Paramount.

Rare-earth elements (“**REE**”) are necessary components of more than 200 products across a wide range of applications, especially high-tech consumer products, such as cellular telephones, computer hard drives, electric and hybrid vehicles, and flat-screen monitors and televisions. In addition the above, REE can be applied across various defence technology devices including electronic displays, guidance systems, lasers, and radar and sonar systems. Although the amount of REE used in a product may not be a significant part of that product by weight, value, or volume, the REE is necessary for the device to function. For example, magnets made of REE often represent only a small fraction of the total weight, but without them, the spindle motors and voice coils of desktops and laptops would not be possible¹. Moreover, the government of Malaysia has prioritised rare earth mining as one of the minerals to be developed². The Minister of the Energy and Natural Resources of Malaysia, Datuk Dr Shamsul Anuar Nasarah, during an interview on 3 December

¹ <https://www.americangeosciences.org/critical-issues/faq/what-are-rare-earth-elements-and-why-are-they-important>

² <https://www.nrecc.gov.my//ms-my/pustakamedia/Keratan%20Akhbar/TRANSFORMING%20THE%20NATION'S%20MINERAL%20RESOURCE%20INDUSTRY.pdf>

2022, revealed that based on a study by the Mineral and Geoscience Department (“JMG”) under the 11th Malaysia Plan, the non-radioactive rare earth resources in Malaysia amounted to 15.188 million metric tonnes with a value of approximately RM741 billion (equivalent to approximately S\$224 billion).³

The environment impact assessment report of MCRE revealed that the estimated rare earth oxide (“REO”) of MCRE’s explored mine area of 2,161 hectares is around 33,000 tonnes and it is the first **ion adsorption clay rare earth mine** located in Malaysia. MCRE has obtained all its operating and mining licences and commenced ion adsorption rare earth mining in 2022 and is the pioneer of the application of ground-breaking mining techniques to extract Non-Radioactive Rare Earth Elements (“NR-REE”) in Malaysia via in-situ leaching method. MCRE has already begun global export of these elements and the acquisition of this operational mine will strategically position SAM as a key producer of rare earth elements in Malaysia and potentially in Asia, excluding China, in the future.

In addition to MCRE, SAM will also leverage on its existing mining expertise in iron ore and gold as well as synergies derived from MCRE to expand and expedite the present exploration activities at Paramount consisting of an area of 1,863 hectares in Johor, Malaysia. Paramount has been appointed to carry out exploration activities for rare earth minerals in the area. The success of these exploration activities will mark a significant milestone as SAM takes another step forward in becoming a diversified mining company and tapping into the large market opportunity in Malaysia.

A major consideration for SAM was ensuring that the disruptive environmental impact as a result of MCRE’s proposed rare earth mining operations is minimised. In this regard, MCRE has adopted the in-situ leaching method to extract NR-REE carbonates which does not involve massive open pit mining and therefore, helps to preserve the natural landscape with an overall low carbon emission footprint. So far MCRE is the first Malaysian company to have an exclusive right to utilise the advanced mining method for rare earth from China in Malaysia.

Mr. Lim Wei Hung, the Executive Director and Chief Operating Officer of the Company, said, “The signing of the MOUs signify the entry point for the group into rare earth mining and *I am confident that the proposed acquisition of shares in MCRE and Paramount will position our Group to tap into this potential market opportunity of rare earth mining. MCRE is a pioneer of rare earth mining in Malaysia and combined with the potential in Paramount will contribute to positive synergy creation. Again, we will continue to look out for the safety of our workers and the protection of our environment to the best of our abilities. This is a significant step towards accomplishing our diversification goals and not only establishing SAM as a leader in the mining industry but also positioning Malaysia as a key contributor to rare earth mining in the global context.*”

³ <http://energy.bernama.com/news.php?id=1908440>



Shareholders and potential investors should note that the MOUs are subject to the relevant parties entering into the definitive agreements, satisfactory due diligence and obtaining the relevant regulatory approvals and shareholders' approval. There is no certainty or assurance that the Definitive Agreements will be entered into, or that the Proposed Acquisitions will be completed. Shareholders and potential investors should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers.

This media release is to be read in conjunction with the Group's announcement posted on SGXNET on 17 April 2023.

- The End -

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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.

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 Catalyst Board of Singapore Exchange Securities Trading Limited ("SGX-ST") 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.

Issued for and on behalf of Southern Alliance Mining Ltd.

By Financial PR Pte Ltd.

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