

Southern Alliance Mining Ltd

(Company Registration No. 201931423D)

Unaudited Condensed Interim Financial Statements For the Six Months Ended 31 January 2026 (“1H FY2026”)

Background

Southern Alliance Mining Ltd. (the “**Company**”) and together with its subsidiaries, (the “**Group**”) is an established, respected and trusted high-grade iron ore producer in Asia. The Group is principally involved in the exploration, mining and processing of high-grade iron ore concentrate for subsequent sales. The Group also produces crushed iron ore which is used to coat subsea pipe for the oil and gas industry. Based in Pahang, Malaysia, the Group has been operating the Chaah Mine located at Johor, Malaysia since 2008 and has also been granted the right to carry out exploration and mining operations at three potential iron ore mines located in Johor, Malaysia. The Group has also extended its core business to include mining of gold and other precious metals, base metals and minerals as well as trading in other commodities. The Group has been granted the right to carry out exploration for gold mineralisation in the State of Johor and had commenced exploration activities since February 2022. In September 2025, the Group successfully acquired a 40% equity interest in MCRE Resources Sdn Bhd (“**MCRE**”), thereby marking its strategic entry into the rare earth elements (REEs) sector.

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Table of Contents

Part I	Unaudited Condensed Interim Consolidated Financial Statements for 1H FY2026	
A.	Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
B.	Condensed Interim Statements of Financial Position	4
C.	Condensed Interim Consolidated Statement of Cash Flows	5
D.	Condensed Interim Statements of Changes in Equity	7
E.	Notes to the Condensed Interim Consolidated Financial Statements	9
Part II	Other Information Required by Appendix 7C of the Catalist Rules	20
Part III	Additional Information Required For Mineral, Oil and Gas Companies	29

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PART I – UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR 1H FY2026

A. Condensed Interim Consolidated Statement of Profit or Loss and Comprehensive Income

	Note	Group Six Months Ended		Changes (%)
		31-Jan-26 (Unaudited) RM'000	31-Jan-25 (Unaudited) RM'000	
Revenue	5	137,301	70,278	95.4%
Cost of sales		(131,859)	(77,347)	70.5%
Gross profit/(loss)		5,442	(7,069)	n.m.*
Other income		8,148	6,025	35.2%
Other operating expenses		(536)	(385)	39.2%
General and administrative expenses		(13,563)	(9,573)	41.7%
Share of (loss)/profit of joint venture		(647)	86	n.m.*
Finance costs		(851)	(548)	55.3%
Loss before tax	6	(2,007)	(11,464)	-82.5%
Income tax (expense)/benefit	7	(2,213)	1,167	n.m.*
Loss after tax, representing total comprehensive income for the period		(4,220)	(10,297)	-59.0%
Attributable to:				
Equity holder of the parent		(4,197)	(10,282)	-59.2%
Non-controlling interest		(23)	(15)	53.3%
Loss per share attributable to ordinary equity holder of the parent (Malaysian cents per share)				
Basic and diluted		(0.77)	(2.10)	-63.3%

*Not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31-Jan-26 (Unaudited) RM'000	31-Jul-25 (Audited) RM'000	31-Jan-26 (Unaudited) RM'000	31-Jul-25 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	48,162	41,164	-	-
Mine properties	11	278,853	63,600	-	-
Exploration and evaluation assets		18,976	14,267	-	-
Investment in subsidiaries		-	-	183,382	183,381
Investment securities		43	43	-	-
Investment in joint ventures		8,893	9,540	-	-
Investment in redeemable preference shares		-	-	12,000	12,000
Other receivables		28,407	21,352	2,062	1,760
		<u>383,334</u>	<u>149,966</u>	<u>197,444</u>	<u>197,141</u>
Current assets					
Inventory		44,402	46,816	-	-
Trade and other receivables		29,013	22,772	222,556	102
Contract assets		21,101	4,781	-	-
Prepayments		7,830	9,246	2,104	5,523
Cash and bank balances		111,430	113,755	2,032	2,595
Income tax recoverable		1,530	23,105	-	-
		<u>215,306</u>	<u>220,475</u>	<u>226,692</u>	<u>8,220</u>
Total assets		<u>598,640</u>	<u>370,441</u>	<u>424,136</u>	<u>205,361</u>
Liabilities					
Current liabilities					
Loan and borrowings	12	9,858	12,403	-	-
Trade and other payables		38,194	43,543	3,697	1,812
Income tax payable		2,052	-	-	-
		<u>50,104</u>	<u>55,946</u>	<u>3,697</u>	<u>1,812</u>
Net current assets		<u>165,202</u>	<u>164,529</u>	<u>222,995</u>	<u>6,408</u>
Non-current liabilities					
Loan and borrowings	12	4,405	1,612	-	-
Other payables		18,506	-	-	-
Deferred tax liabilities		394	2,432	-	-
		<u>23,305</u>	<u>4,044</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>73,409</u>	<u>59,990</u>	<u>3,697</u>	<u>1,812</u>
Net assets		<u>525,231</u>	<u>310,451</u>	<u>420,439</u>	<u>203,549</u>
Equity attributable to owners of the Company					
Share capital	13	437,154	218,154	437,154	218,154
Treasury shares	13	(509)	(509)	(509)	(509)
Retained earnings		255,781	259,978	(16,206)	(14,096)
Merger reserve		(167,829)	(167,829)	-	-
		<u>524,597</u>	<u>309,794</u>	<u>420,439</u>	<u>203,549</u>
Preference shares		733	733	-	-
Non-controlling interest		(99)	(76)	-	-
Total equity		<u>525,231</u>	<u>310,451</u>	<u>420,439</u>	<u>203,549</u>

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C. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	Half Year Ended	
	31-Jan-26 (Unaudited) RM'000	31-Jan-25 (Unaudited) RM'000
Operating activities		
Loss before tax	(2,007)	(11,464)
<u>Adjustments for:</u>		
Interest expenses	851	548
Interest income	(2,224)	(2,489)
Unrealised loss on foreign exchange	4,059	3,137
Depreciation of property, plant and equipment	7,291	9,370
Gain on disposal of property, plant and equipment	(1,217)	(1,360)
Amortisation of mine properties	16,918	4,481
Share of loss/(profit) of joint ventures	647	(86)
Asset written-off	1	204
Discount on non-current payables	(3,425)	-
Write-down of inventories	3,906	-
Total adjustments	<u>26,807</u>	<u>13,805</u>
Operating cash flows before changes in working capital	24,800	2,341
<u>Changes in working capital:</u>		
Decrease/(increase) in inventories	4,709	(2,573)
(Increase)/decrease in trade and other receivables and contract assets	(25,091)	1,408
Decrease/(increase) in prepayments	9,422	(1,599)
Decrease in trade and other payables	(22,518)	(8,078)
Total working capital changes	<u>(33,478)</u>	<u>(10,842)</u>
Cash flows used in operations	(8,678)	(8,501)
Income taxes refunded	17,009	1,016
Interest received	1,498	2,429
Interest paid	(851)	(548)
Net cash from/(used in) operating activities	<u>8,978</u>	<u>(5,604)</u>

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	Group	
	Half Year Ended	
	31-Jan-26 (Unaudited) RM'000	31-Jan-25 (Unaudited) RM'000
Investing activities		
Investment in exploration and evaluation assets	(154)	(2,208)
Purchase of property, plant and equipment	(971)	(53)
Proceeds from disposal of property, plant and equipment	1,327	426
Uplift of term deposits	-	7,131
Investment in mine properties	(13,814)	(13,154)
Net cash used in investing activities	(13,612)	(7,858)
Financing activities		
Repayment of loan and borrowings	(3,283)	(3,877)
Drawdown of financing and credit facility	793	4,000
Net cash (used in)/from financing activities	(2,490)	123
Net decrease in cash and cash equivalents	(7,124)	(13,339)
Consolidation of new joint operation entity	8,324	-
Effect of exchange rate changes on cash and cash equivalents	(3,525)	(1,862)
Cash and cash equivalents at beginning of financial period	113,755	134,534
Cash and cash equivalents at end of financial period	111,430	119,333

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D. Condensed Interim Statements of Changes in Equity

Group	Attributable to the owners of the Company							
	Share capital	Treasury shares	Merger reserve	Retained earnings	Total	Preference shares	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1H FY2026								
Opening balance at 1 August 2025 (audited)	218,154	(509)	(167,829)	259,978	309,794	733	(76)	310,451
Issuance of new shares pursuant to an acquisition exercise	219,000	-	-	-	219,000	-	-	219,000
Loss for the period representing total comprehensive income	-	-	-	(4,197)	(4,197)	-	(23)	(4,220)
Closing balance at 31 January 2026 (unaudited)	437,154	(509)	(167,829)	255,781	524,597	733	(99)	525,231
1H FY2025								
Opening balance at 1 August 2024 (audited)	218,154	(509)	(167,829)	287,288	337,104	733	(35)	337,802
Loss for the period representing total comprehensive income	-	-	-	(10,282)	(10,282)	-	(15)	(10,297)
Closing balance at 31 January 2025 (unaudited)	218,154	(509)	(167,829)	277,006	326,822	733	(50)	327,505

Company	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
1H FY2026				
Opening balance at 1 August 2025 (audited)	218,154	(509)	(14,096)	203,549
Issuance of new shares pursuant to an acquisition exercise	219,000	-	-	219,000
Loss for the period representing total comprehensive income	-	-	(2,110)	(2,110)
Closing balance at 31 January 2026 (unaudited)	437,154	(509)	(16,206)	420,439
1H FY2025				
Opening balance at 1 August 2024 (audited)	218,154	(509)	(2,062)	215,583
Loss for the period representing total comprehensive income	-	-	(1,890)	(1,890)
Closing balance at 31 January 2025 (unaudited)	218,154	(509)	(3,952)	213,693

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E. Notes to the Condensed Interim Consolidated Financial Statements

Note 1 – Corporate information

The Company was incorporated on 19 September 2019 under the Companies Act 1967 of Singapore as a private limited company domiciled in Singapore. On 27 April 2020, the Company was converted to a public company limited by shares and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 31 January 2026 comprises of the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mining, processing and sales of iron ore. The Group has since February 2022, extended its core business to include mining of gold and other precious metals, base metals and minerals as well as trading in other commodities. On 2 September 2025, the Group has obtained the shareholders’ approval and further diversified its core business to include rare earth element (“**REE**”) business, encompassing the exploration, mining, processing and sale of ion adsorption clay rare earth minerals.

Note 2 – Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 January 2026 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 July 2025.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with **SFRS(I)**s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Malaysian Ringgit (“**RM**”).

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised **SFRS(I)** and **SFRS(I)** Interpretations that are mandatory for the accounting periods beginning on or after 1 August 2025. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

2.2 Use of judgements and estimates

The preparation of the Group’s condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the condensed interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances

arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are detailed in Notes 2.2.1 and 2.2.2.

2.2.1 Judgements made in applying accounting policies

(a) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and deductible expenditures. The Group establishes provisions and recognises tax recoverable positions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions and tax recoverable are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority as well as judgement made on whether it is probable that the Group's tax positions would be accepted by the tax authority. The carrying amounts of the income tax payable, income tax recoverable and deferred tax liabilities as at 31 January 2026 is RM2,052,000 (31 July 2025: RM Nil), RM1,530,000 (31 July 2025: RM23,105,000) and RM394,000 (31 July 2025: RM2,432,000) respectively.

(b) Exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related area of interest, if not, whether it can successfully recover the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Amortisation of mine properties*

Iron ore and lanthanide mineral reserves are estimates of the amount of iron ore and lanthanide mineral that can be economically and legally extracted from the Group's mining properties. The Group estimates its iron ore and lanthanide mineral reserves and respective mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the iron ore and lanthanide mineral body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the iron ore and lanthanide mineral body.

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production ("**UOP**") depreciation methodologies are available to choose from. The Group adopts a methodology involving run-of-mine ("**ROM**") tonnes of iron ore and lanthanide mineral produced for mining costs and a methodology involving ounces/tonnes of metal and rare earth element produced for post-mining costs. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- (i) The effect on economically recoverable reserves of differences between actual commodity prices; and
- (ii) Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

(b) *Impairment of mine properties and property, plant and equipment ("mining assets")*

The Group assesses whether there are any indicators of impairment for its mining assets at each reporting date. Mining assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate to calculate the present value of those cash flows.

(c) *Impairment of investment in joint ventures*

The Group assesses whether there are any indicators of impairment for its

investment in joint ventures at each reporting date. Investment in joint ventures is tested for impairment when there are indicators that the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate to calculate the present value of those cash flows.

Note 3 – Seasonality of operations

Revenue and operating profit for the fiscal quarters which cover the dry season (from February to October) are generally higher than the fiscal quarters which cover the typical rainy season (from November to January). However, this trend may be affected by any anomaly in weather or rainfall patterns.

Note 4 – Segment and revenue information

For purposes of resource allocation and assessment of segment performance, the Group's Managing Director together with the Executive Director and Chief Operating Officer (the Group's chief operating decision makers) have focused on the business operating units which in turn are segregated based on the type of minerals mined, processed and sold.

Operating segments are aggregated into a single reportable operating segment if they have similar nature of activities and processes.

On September 2025, the Group completed the acquisition of 40% stake in MCRE Resources Sdn Bhd (“**MCRE**”). Upon completion, MCRE became an associated company of the Group resulting in the Group having two reportable operating segments as follows:

- Iron ore
- Rare earth elements (“**REE**”)

1H FY2026	Iron Ore* RM'000	REE RM'000	Consolidated RM'000
Revenue			
Segment revenue	74,235	63,066	137,301
Segment Results			
(Loss)/profit before tax	(14,593)	12,832 [^]	(1,761)
Income tax benefit/(expense)	2,802	(5,015)	(2,213)
Segment (loss)/profit after tax	(11,791)	7,817	(3,974)
Other unallocated amounts			(246)
Loss after tax			(4,220)

* Includes revenue from the sales of bauxite

[^] Includes amortisation of excess of consideration paid for acquisition of rare earth business over the net book value of the acquired mining assets of RM7,720,000.

Note 5 – Revenue

	Six months period ended	
	31 January 2026	31 January 2025
	RM'000 Unaudited	RM'000 Unaudited
Sales of iron ores	60,874	70,278
Sales of bauxite	13,361	-
Sales of rare earth oxide	63,066	-
	<hr/>	<hr/>
	137,301	70,278
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All revenues are derived from the operations based in Malaysia except for an amount of approximately RM88,594,000 for the six months period ended 31 January 2026 (31 January 2025: RM10,641,000) arising from sales to overseas customers.

Contract assets

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	As at 31 January 2026	As at 31 January 2025
	RM'000 Unaudited	RM'000 Unaudited
Receivables from contracts with customers	18,219	5,424
Contract assets	21,101	1,019
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Contract assets primarily relate to the Group's right to consideration for iron ore delivered but not yet billed at reporting date for the sale of iron ores. Contract assets are transferred to receivables when the rights become unconditional.

Significant changes in contract assets are explained as follows:

	Six months period ended	
	31 January 2026	31 January 2025
	RM'000 Unaudited	RM'000 Unaudited
Contract assets reclassified to receivables	4,781	2,336
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Note 6 – Loss before tax

6.1 Significant items

	Group		
	Six months period ended		
	31 January 2026	31 January 2025	Changes
	RM'000	RM'000	(%)
	Unaudited	Unaudited	
Interest income	(2,224)	(2,489)	-10.6%
Gain on disposal of property, plant and equipment	(1,217)	(1,360)	-10.5%
Rendering of services	(75)	(52)	44.2%
Insurance claim	(5)	(1,834)	-99.7%
Sundry income	(1,202)	(158)	660.8%
Discount on non-current payables	(3,425)	-	n.m.*
Finance costs	851	548	55.3%
Employee benefits expense	10,550	6,573	60.5%
Asset written-off	1	204	-99.5%
Depreciation of property, plant and equipment	7,291	9,370	-22.2%
Amortisation of mine properties	16,918	4,481	277.5%
Unrealised loss on foreign exchange	4,059	3,137	29.4%
Realised loss/(gain) on foreign exchange	52	(132)	n.m.*
Tributes	11,881	17,000	-30.1%
Royalties	8,001	532	1,403.9%
Write-down of inventories	3,906	-	n.m.*

*Not meaningful

6.2 Related party transactions

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	Six months period ended	
	31 January 2026	31 January 2025
	RM'000	RM'000
	Unaudited	Unaudited
<u>Transactions with related parties</u>		
Hiring and transportation services procured	6,447	1,120
Purchase of lubricants, spare parts and equipment	200	259
Procurement of services	12	121
Rental of office from interested person	127	120
Purchase of equipment and mobile equipment	2	228
Advances to a related party	-	83

(b) **Compensation of key management personnel**

	Group	
	Six months period ended	
	31 January 2026	31 January 2025
	RM'000	RM'000
	Unaudited	Unaudited
Short-term employee benefits	3,310	2,324
Key management compensation comprises the following:		
Remuneration to Directors of the Company	2,594	1,726
Directors' fees	454	437
Defined contributions	262	161
	3,310	2,324

Note 7 – Income tax

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earning based on the rates prevailing in the relevant jurisdiction. The major components of income tax (benefit)/expense in the condensed interim consolidated statement of profit or loss are:

	Six months period ended	
	31 January 2026	31 January 2025
	RM'000	RM'000
	Unaudited	Unaudited
Current income tax		
Current income taxation	5,962	542
(Over)/under provision in respect of previous years	(1)	16
Deferred income tax		
Origination and reversal of temporary differences	(3,756)	(1,725)
Under provision in respect of previous year	8	-
Income tax expense/(benefit) recognised in profit and loss	2,213	(1,167)

Note 8 – Loss per ordinary share (“LPS”)

	Group	
	31 January 2026 Unaudited	31 January 2025 Unaudited
Loss attributable to ordinary equity holder of the parent (RM'000)	(4,197)	(10,282)
Weighted average number of ordinary shares in issue ('000 shares)	545,925	488,759
Basic and fully diluted basis LPS (Malaysian cents)	<u>(0.77)</u>	<u>(2.10)</u>

LPS is calculated by dividing the Group's loss attributable to owners of the Company with the weighted average number of ordinary shares during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued or bought back during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

The basic and diluted LPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

Note 9 – Net asset value

	Group		Company	
	31 January 2026 Unaudited	31 July 2025 Audited	31 January 2026 Unaudited	31 July 2025 Audited
Net asset value (RM'000)	524,597	309,794	420,439	203,549
Number of issued shares ('000)	636,741	488,759	636,741	488,759
Net asset value per share (Malaysian cents)	<u>82.39</u>	<u>63.38</u>	<u>66.03</u>	<u>41.65</u>

The net asset value per ordinary share of the Group and the Company as at 31 January 2026 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 636,741,000 (31 July 2025: 488,759,000).

Note 10 – Property, plant and equipment

During the six months period ended 31 January 2026, the Group acquired assets amounting to RM12,891,000 (31 January 2025: RM Nil) through the acquisition of rare earth business, additions of new assets of approximately RM1,509,000 (31 January 2025: RM281,000), asset written-off amounting to RM1,000 (31 January 2025: RM204,000), and disposal of assets amounting to RM110,000 (31 January 2025: RM1,129,000).

The cash outflow on acquisition of property, plant and equipment amounted to RM971,000 (31 January 2025: RM53,000). Out of total proceeds from disposed assets that amounted to RM1,327,000 (31 January 2025: RM2,489,000), the Group had received cash inflows from disposed assets of RM1,327,000 (31 January 2025: RM426,000) and the balance of RM Nil (31 January 2025: RM2,063,000) is included in other receivables in the balance sheet. Accordingly, the Group recorded a gain on disposal amounting to RM1,217,000 (31 January 2025: RM1,360,000).

During the reporting period, the Group has incurred a total depreciation of RM7,291,000 (31 January 2025: RM9,480,000), which RM Nil (31 January 2025: RM110,000) was capitalized as exploration and evaluation assets and RM7,291,000 (31 January 2025: RM9,370,000) charged to cost of sales and other operating expenses.

Note 11 – Mine properties

Group	Producing mine RM'000	Mine Infrastructure RM'000	Stripping activity asset RM'000	Total RM'000
Cost or valuation				
At 1 August 2024	30,210	19,846	64,818	114,874
Addition during the year ⁽¹⁾	-	33,347	-	33,347
At 31 July 2025	30,210	53,193	64,818	148,221
Acquisition of a joint operation ⁽²⁾	236,201	-	-	236,201
Addition during the period ⁽¹⁾	7,565	9,393	-	16,958
At 31 January 2026	273,976	62,586	64,818	401,380
Accumulated amortisation				
At 1 August 2024	15,489	2,018	40,958	58,465
Charge for the year	2,233	8,669	3,619	14,521
At 31 July 2025	17,722	10,687	44,577	72,986
Acquisition of a joint operation	20,988	-	-	20,988
Charge for the period	13,653 ⁽³⁾	2,358	907	16,918
At 31 January 2026	52,363	13,045	45,484	110,892
Impairment				
At 1 August 2024	-	-	-	-
Provided for the year ⁽⁴⁾	1,931	6,574	3,130	11,635
At 31 July 2025 and 31 January 2026	1,931	6,574	3,130	11,635
Net carrying amount				
At 31 July 2025	10,557	35,932	17,111	63,600
At 31 January 2026	219,682	42,967	16,204	278,853

Notes:

- (1) During the period ended 31 January 2026, the Group has capitalised RM16,958,000 (31 July 2025: RM33,347,000) as producing mine and mine infrastructure which consist of non-cash expenditure of RM3,144,000 (31 July 2025: RM8,653,000) and cash outflow of RM13,814,000 (31 July 2025: RM24,694,000).
- (2) During the period ended 31 January 2026, the Group acquired rare earth mine properties valued at RM236,201,000 which consist of mine properties at cost of RM47,201,000 and the balance of RM189,000,000 was the excess purchase consideration allocated to mine properties.
- (3) During the period ended 31 January 2026, the Group has incurred amortised charges of producing mine of RM13,653,000 which consist of amortisation of tangible producing mine of RM5,933,000 and amortisation of excess of consideration paid for acquisition of rare earth business over the net book value of the acquired mining assets of RM7,720,000.
- (4) During the year ended 31 July 2025, the Group has provided for a non-cash impairment of mining assets amounting to RM11,635,000 based on assessment of the recoverable value.

Note 12 – Loan and borrowings

Group	31 January 2026	31 July 2025
	RM'000 Unaudited	RM'000 Audited
Current		
Secured:		
Lease and hire purchase liabilities	2,569	1,483
Loan and borrowings	7,289	10,920
	<u>9,858</u>	<u>12,403</u>
Non-current		
Secured:		
Lease and hire purchase liabilities	2,288	574
Loan and borrowings	2,117	1,038
	<u>4,405</u>	<u>1,612</u>
Total loan and borrowings	<u>14,263</u>	<u>14,015</u>

These lease liabilities are secured by a charge over the leased assets as well as way of corporate guarantee by the Company or personal guarantee and indemnity by Dato' Sri Pek Kok Sam, the Managing Director and/or Mr Pek Kok Hing, brother of Dato' Sri Pek Kok Sam. The Company had provided corporate guarantee as security for the borrowing facilities granted after the listing of the Company. The average discount rate implicit in the leases is 5.49% (31 July 2025: 5.25%) per annum.

In January 2024, the Group obtained a financing facility from a licensed bank, which include a term loan to part finance the purchase of dump trucks and a revolving credit line for working capital use. In FY2025, the Group has drawn RM4.0 million from the revolving credit facility. Both of the facilities are secured by way of corporate guarantee by the Company.

Note 13 – Share capital and treasury shares

	Group and Company			
	31 January 2026		31 July 2025	
	No. of shares	RM'000	No. of shares	RM'000
	Unaudited	Unaudited	Audited	Audited
Share capital				
Issued and fully paid ordinary shares	636,741,000	437,154	489,000,000	218,154

As at 31 January 2026, the Company's total issued shares is 636,741,000 (31 July 2025: 488,759,000) ordinary shares excluding 241,000 (31 July 2025: 241,000) shares held as treasury shares.

	Group and Company			
	31 January 2026		31 July 2025	
	No. of shares	RM'000	No. of shares	RM'000
	Unaudited	Unaudited	Audited	Audited
Treasury shares				
Purchased and held by the Company	241,000	509	241,000	509

Treasury shares relate to ordinary shares of the Company that is held by the Company.

Note 14 – Capital commitments

As at the end of the reporting period, there is no commitment in respect of capital expenditures.

Note 15 – Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim consolidated financial statements.

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PART II – OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1 Review

The condensed consolidated statement of financial position of Southern Alliance Mining Ltd. and its subsidiaries as at 31 January 2026 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest audited financial statements for the year ended 31 July 2025 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the half year ended 31 January 2026 ("1H FY2026") compared to the half year ended 31 January 2025 ("1H FY2025")

Consolidated Statement of Comprehensive Income

The Group has completed the acquisition of 40% equity interest in MCRE on September 2025 ("**Effective Date**"). With effect from the Effective Date, MCRE is accounted for as a joint operation, and the Group recognises its results of MCRE's assets, liabilities, income and expenses in proportion to its 40% interest in accordance with the applicable financial reporting standards.

Revenue

The Group's revenue increased by 95.4% from RM70.3 million in 1H FY2025 to approximately RM137.3 million in 1H FY2026. The increase is mainly contributed by the newly acquired 40.0% stake in MCRE, a fully operational rare earth mining company. The composition of the enlarged Group's sales revenue is as set out in the table below:

	1H FY2026 RM'000	1H FY2025 RM'000	Increase/(decrease) (%)
Sales revenue:			
Iron ore	60,874	70,278	(13.4)%
Bauxite	13,361	-	100.0%
Rare earth oxide (" REO ")	63,066	-	100.0%
Total revenue	137,301	70,278	95.4%

Average realised selling price ("**ARSP**")

The selling prices of our iron ore products and rare earth products are guided by the Platts Iron Ore Index and Asian Metal Market Index respectively.

The movement of ARSP in 1H FY2026 as compared to 1H FY2025 is set out in the table below.

ARSP per dried metric ton (“DMT”)/metric ton (“MT”)	1H FY2026	1H FY2025	Increase/(decrease) (%)
Iron ore concentrate	RM359.75	RM349.49	2.9%
Crushed iron ore	RM486.66	RM539.16	(9.7)%
Iron ore tailing	-	RM182.22	n.m.*
Bauxite	RM260.41	-	n.m.*
REO	RM108,720.67	-	n.m.*

*Not meaningful

Sales volume

In 1H FY2026, the significant increase in revenue is attributable to the realised sales of REO of 580 DMT, being 40% of 1,450 DMT REO sold.

In the same period, the Group reported an increase in sales volume of crushed iron ore by 17,000 MT, representing a 212.5% increase from 8,000 MT in 1H FY2025 and the Group secured a new contract and realised approximately 51,300 DMT of bauxite from Kahang Mine. The increase was partially offset by decrease in sales volume of iron ore concentrate by 20.2% or 34,200 DMT, to 135,400 DMT in 1H FY2026 and there was no iron ore tailing sold in 1H FY2026 as there was no significant discovery from the exploration activity in the Kota Tinggi Mine.

Cost of sales

The cost of sales had increased by 70.5% from RM77.3 million in 1H FY2025 to RM131.8 million in 1H FY2026.

	1H FY2026 RM'000	1H FY2025 RM'000	Increase (%)
Cost of sales:			
Iron ore and bauxite	84,844	77,347	9.7%
REO	47,015	-	n.m.*
Total cost of sales	131,859	77,347	70.5%

*Not meaningful

The increase in our cost of sales is mainly contributed by the following:

- (i) bauxite mining and processing fees charged by subcontractor amounting to approximately RM11.7 million due to contract wages paid in 1H FY2026 for the extraction and processing of bauxite into saleable condition;
- (ii) driven by the net effect of inventory movement of iron ore. The negative inventory movement in 1H FY2026 was approximately RM2.2 million as compared to positive inventory movement of RM2.6 million in 1H FY2025, in which net effect of these inventory movements increased cost of sales by RM4.8 million;
- (iii) the Group had written down iron ore inventories of RM3.9 million in 1H FY2026 to lower of cost or net realisable value, in accordance to SFRS(I) 2;
- (iv) due to REO processing cost, including cost to purchase the raw materials, diesel, payroll, plant maintenance, amortisation of mine properties and depreciation of plant and equipment of RM29.5 million which was only incurred in 1H FY2026 due to the consolidation from acquisition of MCRE (the “**MCRE Acquisition**”);
- (v) the selling and distribution cost for rare earth products, including royalty, tribute and export fees of RM9.8 million which was only incurred in 1H FY2026 due to the consolidation from the MCRE Acquisition; and
- (vi) the amortisation of excess of consideration paid for acquisition of rare earth business over the net book value of the acquired mining assets, calculated on a unit of production basis over the expected life of the assets amounting to RM7.7 million.

The increase was partially offset by:

- (i) lower underground ore extraction, which resulted in a decrease in iron ore mining subcontractor wages by RM6.4 million in 1H FY2026;

- (ii) there was no iron ore tailings processed by the subcontractor in 1H FY2026 as compared to an approximately RM1.1 million was paid to iron ore tailings subcontractor in 1H FY2025;
- (iii) decrease in sales and related costs from the iron ore, consisting of logistic and port related cost, tributes and royalties by RM1.2 million or 6.5%; and
- (iv) lower depreciation and amortisation charges of mining assets, which decreased by RM4.3 million.

Gross profit/(loss) and gross margin

The positive contribution from MCRE has contributed to a significant turnaround in the financial performance of the Group. The Group reported a gross profit of RM5.4 million in 1H FY2026 as compared to a gross loss of RM7.1 million in 1H FY2025. This contributed to a rise in the gross profit margin by 14.1 percentage point, from -10.1% in 1H FY2025 to a gross margin of 4.0% in 1H FY2026.

Other income

Other income increased by RM2.1 million from RM6.0 million in 1H FY2025 to RM8.1 million in 1H FY2026. This was mainly attributed to (i) a one-off accounting adjustment of approximately RM3.4 million from discounting the deferred liabilities to present value in accordance to SFRS(I) 9; and (ii) the Group recorded other operating income of approximately RM0.5 million in 1H FY2026. The increase was partially offset by the decrease in other miscellaneous income due to the absence of insurance payout in 1H FY2026 as compared to a sum of RM1.8 million payout received from the insurance company in 1H FY2025.

Other operating expenses

There is no significant change in other operating expenses incurred by the Group.

General and administrative expenses

The general and administrative expenses increased by RM4.0 million to RM13.6 million mainly due to (i) increase in unrealised loss from changes in exchange rate by approximately RM0.9 million; (ii) increase in administrative and professional fees by RM1.1 million; and (iii) increase in payroll by RM2.0 million mainly due to the consolidation of payroll of the MCRE Acquisition.

Share of (loss)/profit of joint ventures

The Group shared a post-acquisition net loss of approximately RM0.6 million in a joint venture, as compared to a share of profit of approximately RM0.1 million in 1H FY2025.

Finance costs

There is no significant change in finance costs incurred by the Group.

Loss before tax

As a result of the foregoing and significant positive contribution from the newly acquired stake in the rare earth business, the Group recorded loss before tax improved to approximately RM2.0 million only in 1H FY2026 compared to RM11.5 million in 1H FY2025, representing a 82.5% decrease in the loss before tax.

Income tax (expense)/benefit

The Group recorded an income tax expense of RM2.2 million in 1H FY2026 as compared to a income tax benefit of RM1.1 million in 1H FY2025. The reported tax expense mainly arising from the taxable profit generated from the rare earth business.

Review for the financial position of the Group as at 31 January 2026 compared to as at 31 July 2025 ("FY2025")

Consolidated Statement of Financial Position

Non-current assets

Property, plant and equipment consist of plant and machinery, building and office premises, motor vehicle, furniture and fittings and other equipment. The increase in property, plant and equipment by RM7.0 million or 17.0% was mainly attributable to (i) property, plant and equipment of RM12.9 million acquired through the acquisition of rare earth business; and (ii) additions of new assets of approximately RM1.5 million. The increase was partially offset by (i) systematic depreciation charges of approximately RM7.3 million in 1H FY2026; and (ii) disposal of assets of RM0.1 million.

Mine properties made up approximately 72.7% of non-current assets. The increase in mine properties of RM215.3 million or approximately 338.4% to RM278.9 million was mainly attributable to (i) the rare earth mine properties acquired as part of the MCRE Acquisition, valued at approximately RM215.2 million; and (ii) capitalisation of mine development work of RM17.0 million. The increase is partially offset by the continued amortisation of RM16.9 million on mine properties which consist of stripping activity asset, tunnel infrastructure and producing mine assets.

Exploration and evaluation assets mainly relate to the exploration cost incurred on prospect sites. The increase in exploration and evaluation assets of RM4.7 million was mainly attributed to the rare earth exploration assets acquired as part of the MCRE Acquisition of RM4.5 million. In the same period, the Group spent RM0.2 million in the prospect site located at the State of Perak as part of the continuous effort in discovering new rare earth mineralisation.

The investment in joint venture, being the carrying amount of investment in Rigid Temau Sdn Bhd was RM8.9 million as at 31 January 2026. The decrease in investment in joint ventures mainly attributed to the share of loss of joint ventures of approximately RM0.6 million.

Other receivables mainly relate to long-term receivables, which the Group expects these receivables will be in the balance sheet for a period exceeding 12 months. The increase was mainly due to (i) royalty of approximately RM6.4 million was prepaid to a local authority; and (ii) the interest receivable of RM0.6 million from the advances provided to joint venture and related company.

Current assets

The Group's cash and bank balances made up approximately 51.8% of current assets as at 31 January 2026. Please refer to cash flow analysis below for details on fluctuation of cash and cash equivalents.

The trade and other receivables increased by RM6.2 million or 27.4% mainly due to an increase in trade receivables by RM5.1 million and other receivables by RM1.1 million. The increase in other receivables mainly attributed to deposits paid to subcontractors of RM4.2 million. The increase was partially offset by a repayment received from other debtors.

The increase in other receivable at the Company-level represents an amount due from its wholly-owned subsidiary, SAM Advance Minerals Holding Sdn Bhd ("SAM Advance Minerals"). This was mainly due to the ordinary shares issued by the Company and paid on behalf of SAM Advance Minerals as part of the purchase consideration in relation to the MCRE Acquisition.

Contract assets primarily relate to the Group's right to consideration for the sale of products which has been delivered but not billed as at reporting date. Billing will only be raised upon the conclusion of quality check for products delivered. The contract assets increased from RM4.8 million as at 31 July 2025 to RM21.1 million as at 31 January 2026 arising from the terms of sales for the sales contracts which supply had been completed at the end of the reporting period.

Inventory decreased by 5.2% from approximately RM46.8 million as at 31 July 2025 to approximately RM44.4 million as at 31 January 2026. The decrease was mainly attributed to lower volume of inventory balance as at 31 January 2026.

The advance payment for the purchase of imported spare parts and prepaid professional fees recorded in prepayments has decreased to RM7.8 million as at 31 January 2026 from RM9.3

million as at 31 July 2025.

Income tax recoverable consist of prepaid tax instalment and over provision of tax in respect of prior years. The Group has received a refund of RM23.1 million for taxes over paid for prior years. The balance as at January 2026 comprises an over provision of tax in respect of FY2025 and 1H FY2026.

Current liabilities

The Group's current liabilities consist of loan and borrowings, trade and other payables and income tax payable.

The Group's current liabilities amounted to RM50.1 million as at 31 January 2026, representing 23.3% of the Group's current assets as compared to 25.4% as at 31 July 2025. The Group witnessed a decrease of RM5.8 million or 10.4% in total current liabilities from RM56.0 million as at 31 July 2025.

The decrease was mainly due to the decrease in trade payables and loan and borrowings by RM6.0 million and RM2.5 million respectively. The decrease was partially offset by an increase in other payables and income tax payable by RM0.6 million and RM2.1 million respectively. The increase in other payables mainly due to the short term deferred purchase consideration of RM1.9 million payable to the vendor as part of the consideration on MCRE Acquisition which was recorded in 1H FY2026, and it was partially offset by the decrease in accrual for professional and acquisition-related cost by RM1.3 million.

Income tax payable represents the tax payable to the Inland Revenue Board of Malaysia amounting to RM2.1 million, arising from taxable profits generated from the rare earth operation.

Non-current liabilities

Non-current liabilities refer to the loan and borrowings that fall due over a period of more than 12 months. The increase in non-current liabilities by RM19.3 million or 476.3% mainly due to increase in (i) loan and borrowings by 173.3% or RM2.8 million to RM4.4 million as at 31 January 2026; and (ii) the long term deferred purchase consideration of RM18.5 million payable to the vendor as part of the consideration on the MCRE Acquisition. The increase was partially offset by decrease in deferred tax liabilities by 83.8% or RM2.0 million to RM0.4 million.

Consolidated Statement of Cash Flow

In 1H FY2026, the Group net cash inflow from operating activities was RM9.0 million compared to a net cash outflow RM5.6 million in 1H FY2025. The increase in operating cash outflow is mainly due contributed by the positive result from newly acquired rare earth business and other details as elaborated in the above sections.

In the same reporting period, the net cash outflow from investing activities was RM13.6 million. The Group spent RM0.1 million on exploration activities which was capitalised as exploration and evaluation assets in the balance sheet. The Group has also invested approximately RM13.8 million in developing sustainable mining assets and capitalised the same in mine properties. The Group also invested approximately RM1.0 million in new mining assets. The outflow was partially offset by the proceeds from disposal of fixed assets amounting to approximately RM1.3 million in the reporting period.

During 1H FY2026, the Group made repayments of approximately RM3.3 million for its hire purchase facilities and drawn RM0.8 million from its finance lease facility to finance the purchase of new mining assets.

The Group also recorded a loss of RM3.5 million in 1H FY2026 as a result of the changes in exchange rate on cash and cash equivalents.

During the reporting period, the Group consolidated a RM8.3 million from the newly acquired rare earth business. The combined effects of the above resulted in a net decrease in cash and cash equivalent by RM2.3 million in 1H FY2026 compared to RM15.2 million in 1H FY2025.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial year reported on.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Building on its established mining expertise, the Group is accelerating its expansion into the REEs sector, supported by favourable structural tailwinds in the industry. REEs are critical components in a wide range of advanced technologies, including semiconductors, electric vehicles and renewable energy systems, and global demand for these minerals is expected to continue growing in the long term.

Following the completion of the Group's acquisition of a 40% equity interest in MCRE in September 2025, the Group has gained exposure to a producing and profitable REE operation. The Gerik Mine utilises an environmentally responsible in-situ leaching ("ISL") extraction method, which avoids large-scale land clearing and minimises soil disturbance. This approach, coupled with the deposit's relatively high concentration of Heavy Rare Earth Elements ("HREE"), positions the operation competitively along the global NdPr cost curve and supports margin resilience¹. The third and largest land plot at the Gerik Mine is expected to commence production in FY2026/FY2027.

Within the Group's iron ore segment, the Chaah Mine has fully transitioned to underground mining operations, which are designed to improve long-term operational efficiency and production stability. The Group is also encouraged by developments at its Tenggara Gold Prospect, where preliminary exploration results indicate that approximately 12.02% of assay samples have demonstrated potential gold mineralisation, presenting a promising exploration opportunity in a supportive gold price environment.

With the Group's exposure to rare earth elements through its investment in MCRE, together with the ongoing underground mining operations at the Chaah Mine and continued exploration progress at the Tenggara Gold Prospect, the Group anticipates improved operational performance and remains cautiously optimistic about its prospects for FY2026.

¹ Source: Broker Research, Arthur D Little, Arafura; AsianMetal, February 2026

- 5** Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 January 2026, the Company's total issued shares is 636,741,000 (31 July 2025: 488,759,000) ordinary shares excluding 241,000 (31 July 2025: 241,000) shares held as treasury shares.

As at 31 January 2026, the Company held 241,000 (31 January 2025: 241,000) treasury shares which represents 0.038% (31 January 2025: 0.049%) of the total number of issued shares (excluding treasury shares).

There were no outstanding options, convertible securities or subsidiary holdings as at 31 January 2026 and 31 January 2025.

- 6** A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

- 7** A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as the Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

- 8** Dividend

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

None.

(c) ***Whether the dividend is before tax, net of tax or tax exempt***

Not applicable.

(d) ***Date payable***

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

9 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the period ended 31 January 2026 as the dividend shall be guided by the results of the full financial year ending 31 July 2026.

10 If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has obtained approval from the shareholders for the renewal of the general mandate, during the Company’s annual general meeting held on 24 November 2025. Save as disclosed in the table below, there were no other interested person transactions of S\$100,000 or above entered into during the financial period under review.

Name of interested person		Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$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 S\$100,000)
			S\$’000	S\$’000
Multiline Sdn Bhd	Trading	Related party Entity of Managing Director, Dato’ Sri Pek Kok Sam	-	2,002 ⁽¹⁾
Teras Sdn Bhd	Megajaya	Related party Entity of Managing Director, Dato’ Sri Pek Kok Sam	228 ⁽²⁾	-

⁽¹⁾ Based on exchange rate of RM100:S\$31.05 for 1H FY2026.

⁽²⁾ Office rental contract entered for the period from 1 January 2026 to 31 December 2028, based on the exchange rate of RM100:S\$31.65 as of 31 December 2025.

11 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

12 Additional information required pursuant to Rule 706A

During 1H FY2026, the Company did not incorporate, acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

13 Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors, we the undersigned, hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited condensed interim financial statements of the Group and the Company for 1H FY2026 to be false or misleading in any material aspect.

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PART III - ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

14 Use of funds/cash by mineral, oil and gas companies pursuant to Rule 705(6)(a)

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 the second quarter ended 31 January 2026 ("2Q FY2026")

Activities	2Q FY2026		
	Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	300	298	(2)
Mining related expenditure (excluding capital expenditure)	45,000	30,466	(14,534)
Total	45,300	30,764	(14,536)

Exploration activities

Exploration activities generally refer to the investigative works to investigate for the presence of ore for eventual economical extraction.

Our Group strongly believes that the investment in an exploration program will provide the Group with valuable information to make an informed decision in respect of the mining plan of a particular mine or a decision to proceed, modify or abort an exploration program for an exploration target. This is also in line with the responsible mining values advocated by our Group.

The exploration and evaluation works were carried out in accordance with the approved programme. Accordingly, the variance between the actual and the projected E&E costs is negligible.

The Group has completed the exploration works for its Gerik Mine and based on current plans, no material exploration expenditure is expected to be incurred in the near term.

Mining activities

Included in the mining related expenditure are the expenditure incurred for the mining works at the Chaah Mine amounting to RM15.0 million and Gerik Mine amounting to RM15.5 million.

Chaah Mine

Mining activities generally involved the extraction of ore, either via open pit mining which involves the excavation and removal of overburden (waste) and extraction of ores in accordance with the design of the mine pit (open pit mining), or underground mining which involves the construction of a network of tunnels to extract the ore without involving full scale land clearing like the open pit mining method. However, effective from September 2023, our Group has adopted underground mining technique for our Chaah Mine.

The extracted ores will be sent for crushing into smaller sizes, approximating 16 mm before they are further processed through a ball mill. The concentrating process via ball mill revolves around grinding of the crushed iron ore into powder size in order to remove the impurities (waste) from the iron content of our iron ore.

During the period, the iron ore segment recorded lower mining related expenditure as efforts were focused on the construction of new tunnel access and replacement water ponds, in preparation for the next phase of production in line with the change to the mining

plan and work sequencing. As a result, the Group underutilised RM7.2 million allocated to the Chaah Mine.

Gerik Mine

Unlike iron ore mining, ionic clay rare earth extraction adopts an in-situ leaching method, whereby a leaching solution is injected into the ore body to facilitate ion-exchange with rare earth-bearing clays. The resulting pregnant leach solution (“**PLS**”) is then collected and processed into rare earth carbonate.

Although the Gerik Mine was ordered to temporarily suspend operations from 13 November 2025 to 15 January 2026, the nature of in-situ leaching method requires the Mine to continue recycling the existing PLS without introducing additional leaching reagent. As a result, the rare earth division recorded an underutilisation of approximately RM7.3 million in mining-related expenditure during the period.

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

Item	Projection for 3Q FY2026 RM'000
a. Mine exploration and evaluation	250
b. Mining related expenditure (excluding capital expenditure)	25,000
Total	25,250

As it is important to continue ascertain the potential extension of the iron ore body, which may influence the future mining plans, our Group continues to allocate resources toward exploration and evaluation activities. These works are primarily led by in-house geologists in collaboration with external geophysicists at ML 1/2023 and PML 14/2023, with the objectives of identifying potential extension of the existing ore resources.

For the next quarter ending 30 April 2026 (“**3Q FY2026**”), the Group projects an increase in mining related expenditure for Gerik Mine due to the ramping up of Gerik’s operation, while Chaah Iron Ore Mine may project a flat in the mining related expenditure. As a result, the mining related expenditure is projected to be RM25.0 million.

15 Negative confirmation by the Board pursuant to Rule 705(6)(b)

On behalf of the Board of Directors, we the undersigned, hereby confirm that to the best of their knowledge, nothing has come to their attention which may render such information provided false, misleading in any material aspect.

16 Pursuant to Rule 705(7) – 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

It is our Group’s philosophy to place attention to the exploration activities, not only to derive the potential value it will create, but more importantly its ability to keep our operations sustainable which is in line with the sustainable mining value advocated by our Group. As such, we invested a lot of effort and financial resources into exploration activities.

ML 1/2023 and PML 14/2023 (Chaah Mine)

Updating of Mineral Resources

(a) Underground Tunnel Mapping:

Geological mapping activities resumed during Q2 FY2026 at two levels, namely Level -137N and Level -118N. The locations of the mapping works are illustrated in Figure 1.1a and Figure 1.1b.

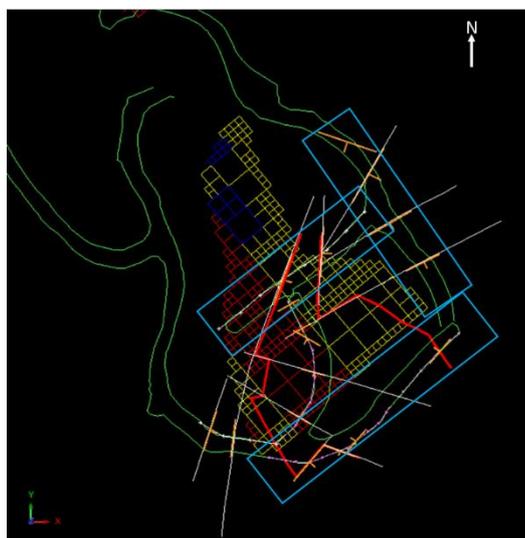


Figure 1.1a illustrates the geological mapping undertaken at **Level -137 N**, delineated by the blue boundary. The mapped lithological contact indicates that the proposed mineralized zone defined in the block model is consistent with the actual lithological boundary observed in the field.

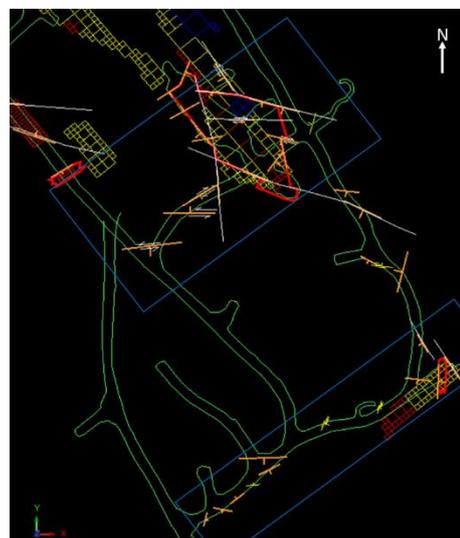


Figure 1.1b illustrates the geological mapping undertaken at **Level -118N**, as delineated by the blue boundary. The mapped lithological contact indicates that the proposed mineralized zone defined in the block model is slightly overestimated compared to the actual mineralized area observed in the field.

The primary purpose of tunnel the mapping works is to identify the structural features and geological formations at the respective levels and drives, which are used to refine the geometry of the block model developed on July 2025. Table 1.1 sets out the tunnel involved in mapping works during this period.

Level	Region	Adits	Type of structure
-137 N	North	AT01NE, AT01NE(A2), AT01NE(A2B)	Fault, Fault (lithological boundary), joint, bedding
-118 N	North	RT06SW, AT02NE(A1B)	Fault, lithological boundary

Table 1.1 summarize the mapping conducted during the Q2 FY2026

(b) Exploration Drilling

In Q2 FY2026, drilling activities were primarily concentrated in the northern area following encouraging indications of a potential extension of the iron ore body beyond the boundaries of the existing resource block model, which covers approximately 17.4 acres, as interpreted from geophysical anomaly results. **Figure 1.2** illustrates the proposed borehole locations overlaid by the geophysics anomaly map.

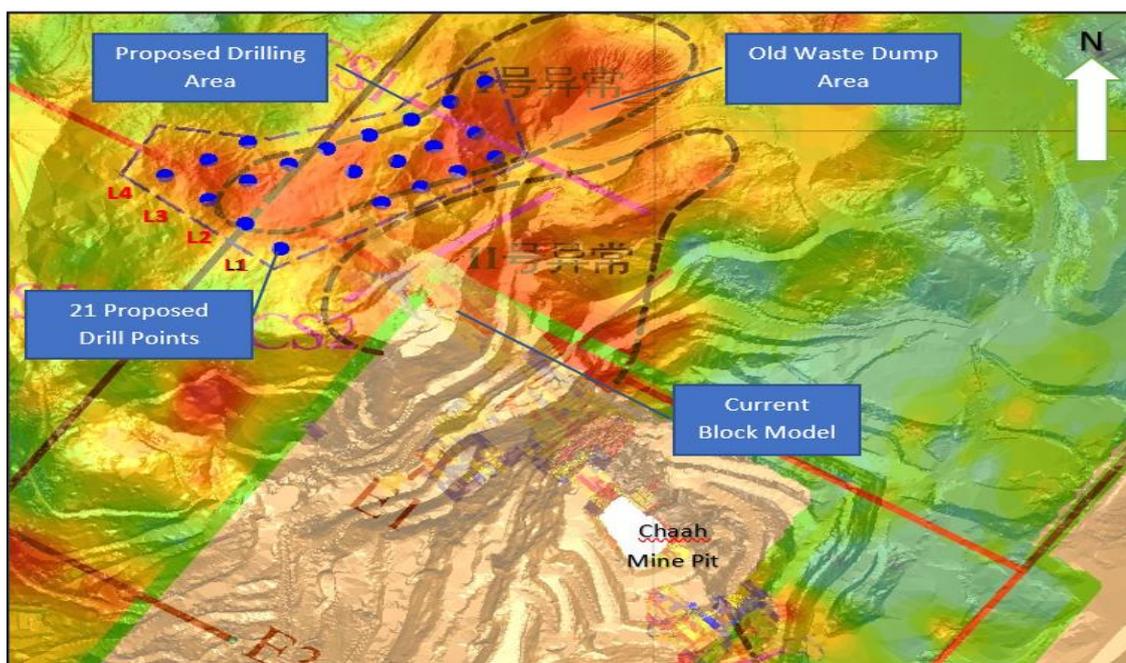


Figure 1.2: Location of proposed drill holes (blue dots) within the northern area (dotted-line polygon), overlaid on the geophysical anomaly and topographic map indicating the main ore body. No drilling is planned to the east of the proposed area due to the presence of a substantial historical waste dump that may have resulted in the geophysical anomaly.

During the reporting period, the Group completed a two (2) surface boreholes and terminated two (2) others, while a further two (2) boreholes remain in progress. In addition, four (4) underground boreholes were completed, with one (1) is currently on-going.

The Group achieved a cumulative length of 1,886.4 meters for Q2 FY2026. A summary of the exploration drilling is provided in the **Table 1.2** below:

Borehole Identification (“BHID”)	Status	Universal Transverse Mercator (“UTM”) coordinate		Azimuth	Inclined	Total depth (meter)
		X	Y			
CHGT_001	Completed	275749.885	241996.531	0.0	-90	351.0
CHENDD_004	Completed	275042.344	242485.128	0.0	-90	469.7
CHENDD_005	Terminated	275047.93	242406.781	0.0	-90	186.0
CHENDD_006	Terminated	275113.798	242562.870	0.0	-90	101.0
CHENDD_005A	On going	275048.109	242408.802	0.0	-90	429.5
CHENDD_006A	On going	275113.997	242564.891	0.0	-90	343.5
UG-112_001	Completed	275352.388	242081.985	53.1	-24	102.6
UG-112_002	Completed	275352.345	242081.921	53.1	-50	101.4
UG-118_001	Completed	275222.835	242224.020	60.0	-20	100.1
UG-118_002	Completed	275222.835	242224.020	60.0	-50	101.4
UG-118_003	On going	275189.112	242252.917	45.0	-35	44.7

Table 1.2 summary of the exploration drilling during the 2Q FY2026

The lithological and mineralization intervals for boreholes completed during Q2 FY2026 are summarized in **Table 1.3** below. Notably, seven (7) boreholes successfully intersected iron ore mineralization.

- CHENDD_004: 4.1 meters and 68.4 meters, at an average Fe grade of 55.17%

- CHENDD_005A: intervals of 7.5 meters and 8.0 meters, with assay results pending as of the reporting date.
- CHENDD_006A: intervals of 10.0 meters, with assay results pending as of the reporting date.
- UG-112_001: intervals of 34.5 meters, at an average Fe grade of 57.31%.
- UG-112_002: intervals of 49.3 meters, at an average Fe grade of 53.39%.
- UG-118_001: intervals of 9.0 meters, with assay results pending as of the reporting date.
- UG-118_002: intervals of 19.0 meters, with assay results pending as of the reporting date.

BH Id	Location	Core Interval, m	Lithology / Mineralization
CHGT_001	Surface	0.0-12.5m (12.5m)	Sandstone
		12.5-351.0m (338.5m)	Andesite
CHENDD_004	Surface	0.0-75.0m (75.0m)	Sandstone
		75.0-168.4m (93.4m)	Conglomerate
		168.4-381.5m (213.1m)	Andesite
		381.5-385.6m (4.1m)	Hematite
		385.6-390.3m (4.7m)	Andesite
		390.3-458.7m (68.4m)	Hematite
CHENDD_005	Surface	458.7-469.7m (11.0m)	Andesite
		0.0-85.8m (85.8m)	Sandstone
		85.8-132.5m (46.7m)	Conglomerate
CHENDD_005A	Surface	132.5-186.0m (53.5m)	Andesite
		0.0-84.0m (84.0m)	Sandstone
		84.0-125.0m (41.0m)	Conglomerate
		125.0-190.0m (65.0m)	Andesite
		190.0-197.5m (7.5m)	Hematite
		197.5-265.5m (68.0m)	Andesite
		265.5-273.5m (8.0m)	Hematite
273.5-429.5m (156.0m)	Andesite		
CHENDD_006	Surface	0.0-84.0m (84.0m)	Sandstone
CHENDD_006A	Surface	0.0-101.0m (101.0m)	Sandstone
		0.0-108.3m (108.3m)	Sandstone
		108.3-145.6m (37.3m)	Conglomerate
		145.6-343.5m (197.9m)	Andesite
UG-112_001	Underground	0.0-18.2m (18.2m)	Andesite
		18.2-52.7m (34.5m)	Hematite
		52.7-102.6m (49.9m)	Andesite
UG-112_002	Underground	0.0-5.4m (5.4m)	Andesite
		5.4-54.7m (49.3m)	Hematite
		54.7-101.4m (46.7m)	Andesite
UG-118_001	Underground	0.0-49.1m (49.1m)	Andesite
		49.1-58.1m (9.0m)	Hematite
		58.1-100.1m (42.0m)	Andesite
UG-118_002	Underground	0.0-54.9m (54.9m)	Andesite
		54.9-73.9m (19.0m)	Hematite
		73.9-101.4m (27.5m)	Andesite
UG-118_003	Underground	0.0-44.7m (44.7m)	Andesite

Table 1.3 summarizes the geological intersections of the boreholes

The presence of thick mineralized iron-ore zones in boreholes CHENDD_004, CHENDD_005A, UG-112_001, UG-112_002, UG-118_001, and UG-118_002 is encouraging (refer **Figure 1.3**). The Group will continue with the exploration program as planned, as the inner segments of these mineralized zones appear to be geologically continuous with the existing ore body.

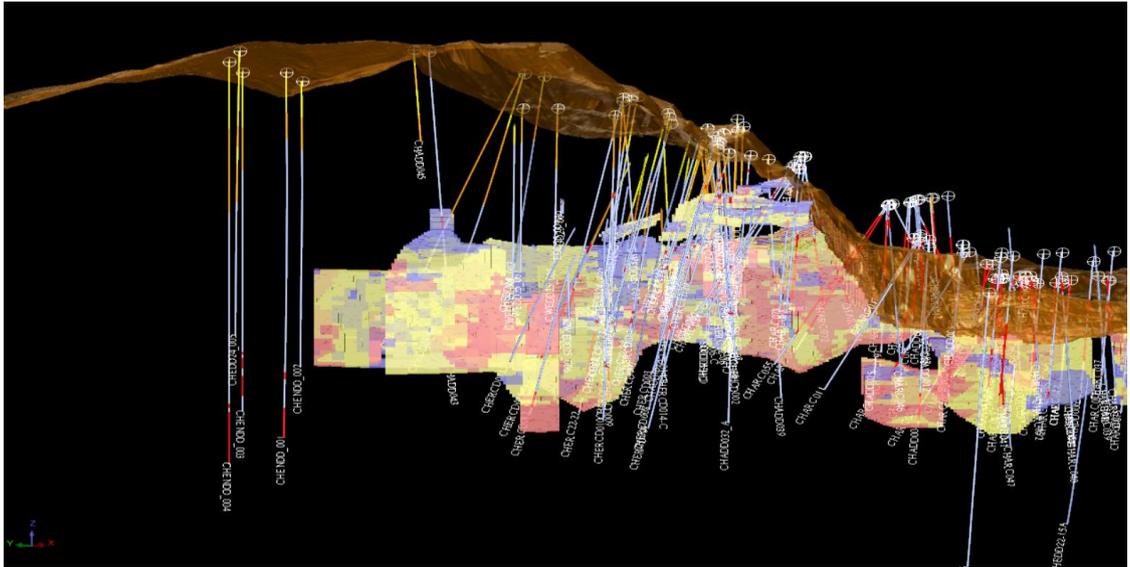


Figure 1.3: Cross-sectional view of the northern area boreholes, with red shading indicating iron mineralization zones intersected in CHENDD_004 and CHENDD_005A. View oriented towards the northeast.

In addition, underground drilling activities have resumed with the locations of the respective boreholes are illustrated in **Figure 1.4**.



Figure 1.4 Plan (above) and cross-sectional (below) view of the underground drilling boreholes with red shading indicating iron mineralization zones intersected in UG-112_001, UG-112_002, UG-118_001, and UG-118_002. Viewing direction to northeast.

(c) Assays of Exploration Samples

During the reporting period, a total of 139 samples were collected for analytical testing. These comprised 109 core samples, 19 tunnel grab samples, and 11 QA/QC samples, all of which were submitted to a certified third-party laboratory for independent verification.

All sampling activities were conducted in accordance with established standard procedures to ensure the accuracy, consistency, and reliability. A breakdown of the sample categories is presented in Table 1.4 below.

Sample Type	Number of Samples
RC	0
DD	109
Duplicates	1
OREAS	6
Blanks	4
Grabs/Channel	19
QAQC (Rejects & Pulps)	0
TOTAL	139

Table 1.4 shows the total sample based on type sent for analysis

Mining activities

(i) Chaah Mine

During Q2 FY2026, the Group focused on the construction of new access tunnel from **Level -37mRL** to **Level -87mRL** as well as a construction of temporary water diversion pond, in preparation for the final stoping works at **Level -23.5mRL**. These works are to ensure safe access and support sustainable operations.

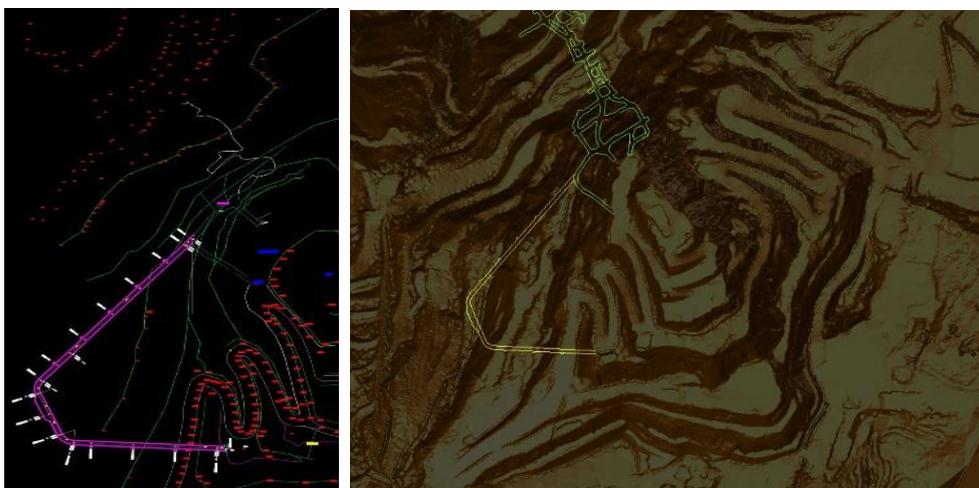


Figure 1.5: New access tunnel from level -37mRL to -87mRL

Ore extraction

As a result of the above recalibration, underground ore extraction for Q2 FY2026 amounted approximately 50,100 tonnes (1H FY2026: 306,800 tonnes). During the quarter period, about 71,900 tonnes (1H FY2026: 405,300 tonnes) of ore were processed, yielding approximately 42,600 tonnes (1H FY2026: 141,900 tonnes) of iron ore concentrates.

(ii) Kota Tinggi Mine

No mining activities were carried out for other prospect areas in Q2 FY2026.

(iii) Gerik Mine

During the reporting period, a total of approximately 3,800 tonnes of rare earth carbonate were produced from two parcel of lands, namely Parcel 1 and Parcel 2. Development works are ongoing for Parcel 3, which is commence operation toward the end of FY2026.

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam
Managing Director

Lim Wei Hung
Executive Director and Chief Operating Officer

12 March 2026

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 (the "**Exchange**") and the Exchange 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 announcement.

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