



FOR IMMEDIATE RELEASE

Southern Alliance Mining transitions to underground mining to ensure better production reliability amidst high market volatility

- Deploying a strategy to transition from open pit mining to underground mining for known mineral resources to improve production reliability.
- Promising developments in the gold exploration at the Tenggaroh Prospect as the Group has narrowed down on target zones where significant gold mineralisation has been indicated.
- Strong sequential improvement of 37.8% in Group's revenues reported 2H FY2023 of RM71.9 million compared to 1H FY2023 of RM52.2 million and this significantly narrowed net loss after tax for the same period.

Singapore, 26 Sep 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 headquartered in Pahang, Malaysia, significantly narrowed net loss after tax to RM0.8 million for the six months ended 31 July 2023 ("**2H FY2023**"), compared to net loss after tax of RM7.0 million for the six months ended 31 January 2023 ("**1H FY2023**"). The intense overburden removal activities, in line with the mining schedule, have weighed down on the Group's profitability for the full year ended 31 July 2023 ("**FY2023**").

Exploration Developments

SAM's dedicated exploration activities have resulted in a significant increase in iron ore resources along with a promising indication of mineralization at the Tenggaroh gold prospect. During FY2023, SAM shifted their mining philosophy to give way to more sustainable and economical mining methods with the commencement of underground mining for the northern extension zone of its Chaah Mine. While the development works for the tunnels are in progress, SAM extracted approximately 80,000 tonnes of ore during the development stage from this method. Going forward, SAM intends to convert the Southern extension open pit mining zone to underground mining and is in the midst evaluating the mine design.



With substantial resources at hand, the Group is currently focusing on converting the mineral resources to ore reserves. The Group is confident of the prospects of the Chaah Mine and once the reserves estimation exercise is completed, SAM will be able to forecast its production more reliably. While the Group focuses on resource conversion, preliminary geological reconnaissance works is also ongoing to evaluate if the previously identified “Western Spur” of the Chaah Mine potentially holds ore deposits.

In terms of the Group's gold exploration program, the exploration activities are now being focused only on the known mineralization areas of the Tenggaroh Prospect, which otherwise extends to slightly lesser than a quarter of the size of Singapore. In FY2023, 31 trenches were excavated and out of the 358 samples collected from the trenches, over 50% of the samples marked the presence of significant gold mineralization in lot PTD 217. Following this, the Group laid out a plan to drill 20 holes around the area of which 9 have been completed to date. In FY2023, a total 5 drill holes were completed with over 80% of the samples indicating gold mineralization. These positive developments are representative of early signs of success of the Group's planned drilling program. In line with its expansion strategy, the Group will look to add drilling machinery and additional manpower in the project area to support the growth of the Tenggaroh Prospect.

Dato' Sri Pek Kok Sam, Managing Director of the Group, commented, *“The Group's drilling and exploration work are rendering expected results. We are building a sustainable mining plan for our Chaah Mine to not only focus on increasing production reliability but also reducing our carbon footprint as we extract the extensive iron ore deposits. Furthermore, we've seen exciting developments at the Tenggaroh Prospect as we have narrowed down the mineralisation target zones and aim to begin drilling in 2024.*

We are monitoring global economic developments and its effect on iron ore and gold prices in order to capitalise on market opportunities in the future. We will continue to invest in our expansion and diversification strategy and focus on establishing sustainable revenue streams in order to unlock greater value for our shareholders moving forward.”



Financial Overview

The Group reported a sequentially stronger half with a 37.8% increase in revenue as well as a gross profit of RM2.0 million for 2H FY2023 against the gross loss of RM2.8 million for 1H FY2023. As a result, the Group narrowed its loss after tax to RM0.8 million for 2H FY2023 against a loss after tax of RM7.0 million in 1H FY2023.

For FY2023, the Group reported a yoy revenue decrease of 30.6% to RM124.1 million, mainly due to decrease in the production of iron ore concentrate resulting from (i) intense overburden removal activities in accordance with the Group's mining schedule; and (ii) the transition from open pit mining to underground mining. The lower sales volume of iron ore concentrate coupled with a lower average realised selling price for iron ore concentrate for FY2023 resulted in a lower revenue for the Group. The Group reported a net loss after tax of RM7.8 million in FY2023 compared to the net profit of RM16.3 million in FY2022.

The Group continued to maintain a healthy cash balance of RM156.1 million as at 31 July 2023. This is expected to support its expansion plans and intensive exploration activities going forward.

This media release is to be read in conjunction with the Group's results announcement for FY2023 posted on SGXNET on 26 September 2023.

- The End -

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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.

Issued for and on behalf of Southern Alliance Mining Ltd.

By Financial PR Pte Ltd.

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