Prepared on: 16 June 2020

Southern Alliance Mining Ltd.

(Company Registration No.: 201931423D)
(Incorporated in the Republic of Singapore)

PLACEMENT IN RESPECT OF 76,000,000 PLACEMENT SHARES COMPRISING 56,000,000 NEW SHARES AND 20,000,000 VENDOR SHARES AT S$0.25 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION (THE "PLACEMENT")

Prior to making a decision to purchase the Shares, you should carefully consider all the information contained in the Offer Document dated 16 June 2020 in respect of the Placement. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Shares, you should consult your legal, financial, tax or other professional adviser.

This Product Highlights Sheet[1] is an important document.

- **It highlights the key information and risks relating to the offer of the Placement Shares contained in the Offer Document. It complements the Offer Document[2].**
- **It is important to read the Offer Document before deciding whether to subscribe and/or purchase for the Placement Shares.**
- **You should <u>not</u> subscribe for and/or purchase the Placement Shares if you do not understand the nature of an investment in our ordinary shares, our business or are not comfortable with the accompanying risks.**
- **If you wish to subscribe for and/or purchase the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company or the Sponsor, Issue Manager and Placement Agent to ask for one.**

Issuer	Southern Alliance Mining Ltd.	**Place of incorporation**	Singapore
Details of this Placement	Total number of Placement Shares to be offered under the Placement: 56,000,000 New Shares and 20,000,000 Vendor Shares	**Total amount to be raised in this Placement**	Gross and net proceeds of approximately S$19.0 million and approximately S$16.8 million respectively, from the issuance of the Placement Shares. Gross and net proceeds due to our Company of approximately S$14.0 million and approximately S$11.9 million respectively, from the issuance of the New Shares. We will not receive any proceeds from the sale of the Vendor Shares by the Vendor.
Placement Price	S$0.25 for each Placement Share	**Listing status of Issuer and the Securities**	An application has been made to the SGX-ST for the permission to deal in, and for the listing and quotation of all our Shares already issued (including the Vendor Shares), the Placement Shares, the PPCF Shares and the Award Shares on Catalist. The Shares are expected to be listed on 26 June 2020.
Sponsor, Issue Manager and Placement Agent	PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**")	**Underwriter**	The Placement is not underwritten.

[1] This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information in this Product Highlights Sheet is based on information found in the Offer Document dated 16 June 2020 issued by our Company. Any decision to subscribe for and/or purchase the Placement Shares must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

[2] The Offer Document has been registered by the SGX-ST, acting as agent on behalf of the Authority, on 16 June 2020. A printed copy of the Offer Document (together with this Product Highlights Sheet) may be obtained on request, subject to availability, during office hours, from PrimePartners Corporate Finance Pte. Ltd. at its address at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318. An electronic copy of the Offer Document (together with this Product Highlights Sheet) is also accessible on the SGX-ST's website at http://www.sgx.com.

OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

Our Company was incorporated in Singapore as "Southern Alliance Mining Pte. Ltd." on 19 September 2019 under the Companies Act as a private company limited by shares. Our Company was converted into a public limited company and our name was changed to "Southern Alliance Mining Ltd." on 27 April 2020.

The structure of our Group as at the date of the Offer Document is as follows:

Company

60.0%[(1)]

Honest Sam

Note:

(1) The mining leases of the Chaah Mine and the Exploration Assets contain conditions requiring (a) not less than two (2) persons who are Bumiputera to be appointed as directors of the company that conducts the mining activities, and (b) the Chaah Mine and the Exploration Assets to be operated by a company with at least 40.0% Bumiputera shareholding. In order to comply with these Bumiputera Conditions, Honest Sam had appointed two (2) persons who are Bumiputera as directors on 1 December 2014, and issued and allotted 733,335 CPS to the Bumiputera Shareholder on 12 January 2015, in consideration of RM733,335.00. On 20 July 2017, Honest Sam issued 8,899,998 ordinary shares to Aras Kuasa Sdn. Bhd. and on 4 November 2019, a share consolidation exercise was undertaken to comply with the Bumiputera Conditions. As a result, as at the Latest Practicable Date, the Bumiputera Shareholder holds 40.0% of the shareholding interest in Honest Sam. As the CPS do not vest the holder with voting rights (apart from that required under the constitution of Honest Sam or by law), 100.0% of the voting rights in Honest Sam will remain with our Company.

Our Group is principally involved in the exploration, mining and processing of iron ore for subsequent sale. Our rights to conduct mining activities at our mine sites are pursuant to mining operator agreements that we enter into with the holders of the mining leases.

Our Group is based in Pahang, Malaysia and has been operating the Chaah Mine located in Johor, Malaysia since 2008. The Chaah Mine is an open pit located approximately 10 km southwest of the township of Chaah, on the south-eastern slopes of Bukit Lop in Johor, Malaysia. The Chaah Mine consists of two (2) mining leases covering an adjacent aggregate area of 225.7 hectares. Iron ore mining activities by our Group commenced in 2008 and are on-going. Since we commenced operations at the Chaah Mine from 2008 until 31 October 2019, our Group has produced and sold approximately 4.6 million tonnes of iron ore products from the Chaah Mine.

The iron ore from Chaah Mine contains low level of impurities such as sulphur and arsenic, which allows us to control our processing cost to produce high grade iron ore concentrate of up to Fe grade of 65% for the supply to steel mills. The Chaah Mine's ore body possesses certain unique natural characteristics such as high specific gravity and viscosity which makes it a highly sought-after raw material by pipe coating companies. During the Period Under Review, our Group mined, produced and sold iron ore which include (i) processed iron ore concentrate which are typically sold to steel mills or traders; and (ii) crushed iron ore that are used as pipe coating material.

Our 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, being the Mao'kil Asset, the Chaah Baru Asset and the Kota Tinggi Asset. The Mao'kil Asset is located approximately 18 km northwest of the township of Chaah, approximately 35 km by road from the Chaah Mine. The Chaah Baru Asset is located approximately 16 km northwest of the township of Yong Peng, approximately 11 km to the south of Chaah Mine. The Kota Tinggi Asset is located approximately 15 km to the northwest of the township of Kota Tinggi. Our Group has not undertaken any formalised exploration activities at the Exploration Assets and plans to commence exploration after our listing.

Refer to "*Group Structure*" and "*General Information on our Group*" on pages 86 to 88 and 137 to 198 respectively of the Offer Document for the detailed structure of our Group and more information on the business of our Group and our products.

WHO ARE OUR DIRECTORS AND EXECUTIVE OFFICER?

Our Board of Directors:

(a) Dato' Teh Teck Tee (Non-Executive Non-Independent Chairman);

(b) Dato' Sri Pek Kok Sam (CEO and Executive Director);

(c) Dato' Sri Mohd Jamidan Abdullah (Lead Independent Director);

(d) Dato' Gainneos Jacob Goldie (Independent Director);

(e) Mr. Chin Chee Choon (Independent Director); and

(f) Mr. Sim Chin Hoe (Independent Director).

Our Executive Officer is Mr. Lim Wei Hung, the Chief Financial Officer of our Company.

Refer to "*Directors, Management and Staff*" on pages 223 to 235 of the Offer Document for more information on our Directors and Executive Officer.

WHO IS OUR CONTROLLING SHAREHOLDER?

Prior to the Placement, our Controlling Shareholder, Dato' Sri Pek Kok Sam holds 84.0% of our Company's total issued share capital. Immediately following completion of the Placement and the issuance and sale of the Placement Shares, Dato' Sri Pek Kok Sam will directly own approximately 70.3% of our Company's post-Placement share capital and will remain as a Controlling Shareholder.

Refer to "*Shareholding and Ownership Structure*" on pages 93 to 95 of the Offer Document for more information on our Controlling Shareholder.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key information on the combined statements of comprehensive income

	Audited			Unaudited		
(RM'000)	**FY2017**	**FY2018**	**FY2019**	**FY2019 (Pro forma)**	**1Q2019**	**1Q2020**
Revenue	63,964	98,069	189,141	189,141	23,853	79,614
Cost of Sales	(89,549)	(113,027)	(127,172)	(126,777)	(22,602)	(41,695)
Gross (loss)/profit	(25,585)	(14,958)	61,969	62,364	1,251	37,919
(Loss)/profit before tax	(35,248)	(17,209)	60,386	61,005	352	33,155
(Loss)/profit after tax	(35,268)	(17,229)	88,246	88,865	352	23,861
Pre-Placement (LPS)/EPS (sen) prior to the issue and allotment of PPCF Shares(1)	(8.20)	(4.01)	20.52	20.67	0.08	5.55
Pre-Placement (LPS)/EPS (sen) after the issue and allotment of PPCF Shares(2)	(8.15)	(3.98)	20.38	20.52	0.08	5.51
Post-Placement (LPS)/EPS (sen)(3)(4)	(7.21)	(3.52)	18.05	18.17	0.07	4.88

Notes:

(1) For comparative purposes, our pre-Placement (LPS)/EPS for the Period Under Review have been computed based on the (loss)/profit after tax and our pre-Placement share capital of 430,000,000 Shares prior to the issue and allotment of the PPCF Shares.

(2) For comparative purposes, our pre-Placement (LPS)/EPS for the Period Under Review have been computed based on the (loss)/profit after tax and our pre-Placement share capital of 433,000,000 Shares after the issue and allotment of the PPCF Shares.

(3) Had the Service Agreement and the Appointment Agreement (as set out in the section entitled "Directors, Management and Staff – Service Agreement and Appointment Agreement" of the Offer Document) been in effect since 1 August 2018, the audited profit before tax and EPS based on our Company's post-Placement share capital of 489,000,000 Shares for FY2019 would have been approximately RM56.0 million and 17.37 sen respectively.

(4) For comparative purposes, our post-Placement (LPS)/EPS for the Period Under Review have been computed based on the (loss)/profit after tax and our post-Placement share capital of 489,000,000 Shares.

Refer to "*Summary of our Financial Information*", "*Management's Discussion and Analysis of Results of Operations and Financial Position*", "*Appendix A – Independent Auditor's and Reporting Accountant's Report on the Audited Combined Financial Statements for the Years ended 31 July 2017, 2018 and 2019 of Southern Alliance Mining Ltd. and its Subsidiaries*", "*Appendix B – Independent Auditor's Review Report on the Unaudited Interim Condensed Combined Financial Statements for the Three-Month Financial Period ended 31 October 2019 of Southern Alliance Mining Ltd. and its Subsidiaries*" and "*Appendix C – Independent Practitioner's Assurance Report on the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 July 2019 and Interim Three-Month Financial Period ended 31 October 2019 of Southern Alliance Mining Ltd. and its Subsidiaries*" on pages 96 to 100, 101 to 130, A-1 to A-74, B-1 to B-33 and C-1 to C-23 respectively of the Offer Document for more information on our financial performance and position.

Key information on the combined statements of cash flows

	Audited			Unaudited	
(RM'000)	FY2017	FY2018	FY2019	FY2019 (Pro forma)	1Q2020
Net cash (used in)/provided from operating activities	(6,623)	4,964	36,833	36,903	40,782
Net cash provided/(used in) from investing activities	9,139	(1,632)	(4,310)	(4,310)	(5,518)
Net cash used in financing activities	(2,807)	(1,262)	(995)	(27,983)	(9,858)
Net (decrease)/increase in cash and cash equivalents	(291)	2,070	31,528	4,610	25,406
Cash and cash equivalents at the beginning of the year/period	(183)	(474)	1,596	1,596	33,124
Cash and cash equivalents at the end of the year/ period	(474)	1,596	33,124	6,206	58,530

Key information on the combined statements of financial position

	Audited As at 31 July			Unaudited As at 31 October	
(RM'000)	2017	2018	2019	2019	2019 (Pro Forma)
Current assets	43,453	36,048	104,691	126,861	92,263
Non-current assets	92,383	78,366	84,844	77,947	77,947
Current liabilities	40,892	36,860	23,819	24,560	24,560
Non-current liabilities	969	1,643	1,559	1,130	1,130
Total equity	93,975	75,911	164,157	179,118	144,520
NAV per Share (sen) prior to the issue and allotment of PPCF Shares(1)	21.85	17.65	38.18	41.66	33.61
NAV per Share (sen) after the issue and allotment of PPCF Shares(2)	21.70	17.53	37.91	41.37	33.38

Notes:

(1) The NAV per Share is computed based on NAV attributable to the owners of the Company and pre-Placement share capital of 430,000,000 Shares prior to the issue and allotment of the PPCF Shares.

(2) The NAV per Share is computed based on NAV attributable to the owners of our Company and pre-Placement share capital of 433,000,000 Shares after the issue and allotment of the PPCF Shares.

The most significant factors contributing to our financial performance in FY2019 as compared to FY2018 are as follows:

- Our revenue increased by approximately RM91.0 million or 92.9% from RM98.1 million in FY2018 to approximately RM189.1 million in FY2019, mainly due to (i) a higher volume of iron ore concentrate sold due to sale to new customers which contributed approximately 51.1% of the sales of iron ore concentrate; and (ii) a higher volume of pipe coating material sold to our customers. The increase was also due to higher average selling prices of (i) iron ore concentrate from RM202.05 per tonne in FY2018 to RM348.40 per tonne in FY2019; and (ii) pipe coating material from RM274.53 per tonne in FY2018 to RM332.61 per tonne in FY2019.
- Our cost of sales increased by approximately RM14.1 million or 12.5% from approximately RM113.0 million in FY2018 to approximately RM127.2 million in FY2019. The increase was mainly due to (i) an increase in maintenance cost of for the upkeep of lorries and dumpers, machineries, equipment and processing plant; (ii) an increase in contract wages for the increased processing of iron ore concentrates; (iii) an increase in amortisation of mine properties and stripping cost; (iv) an increase in logistics related cost in relation to transportation expenses to deliver our iron ore products from the Chaah Mine to our customers; (v) an increase in other expenses for the preparation of reports and application fees for certain mining leases; and (vi) an increase in tributes payments in line with the higher monthly average of The Steel Index (TSI) price for FY2019. The increase was partially offset by (i) a decrease in blasting and drilling cost; (ii) a decrease in depreciation of property, plant and equipment as a majority of the heavy duty mobile equipment has been fully depreciated prior or during FY2019; (iii) a decrease in fuel and lubrication; and (iv) a decrease in changes in inventories due to continued strong sales in FY2019, offset by the higher production in FY2019 as compared to FY2018.
- As a result of the foregoing and other factors set out in the Offer Document, profit before tax increased by approximately RM77.6 million or from loss before tax of approximately RM17.2 million in FY2018 to profit before tax of approximately RM60.4 million in FY2019.

- In FY2019, net cash generated from operating activities were approximately RM36.8 million, which was a result of operating profit before changes in working capital of approximately RM75.1 million, adjusted for working capital outflows of approximately RM38.3 million, net interest received of approximately RM19,000 and income taxes paid of approximately RM20,000.

The most significant factors contributing to our financial performance in FY2018 as compared to FY2017 are as follows:

- Our revenue increased by approximately RM34.1 million or 53.3% from approximately RM64.0 million in FY2017 to approximately RM98.1 million in FY2018 mainly due to (i) a higher volume of iron ore concentrate sold due to increased purchase from existing customers and also new customers; and (ii) a higher volume of pipe coating materials sold to our customers. The increase in revenue was also partly due to the increase in the average selling price of iron ore concentrate from RM199.30 per tonne in FY2017 to RM202.05 per tonne in FY2018.
- Our cost of sales increased by approximately RM23.5 million or 26.2% from approximately RM89.5 million in FY2017 to approximately RM113.0 million in FY2018. The increase was mainly due to (i) an increase in blasting and drilling cost; (ii) an increased in fuel and lubrication; (iii) an increase in contract wages; (iv) an increase in amortisation of mine properties and stripping cost; (v) an increase in logistics related cost; (vi) an increase in changes in inventories; and (vii) an increase in other expenses. The increase was partially offset by (i) a decrease in tribute payments in tandem with the lower monthly average of The Steel Index (TSI) 62% Fe fines price for FY2018; (ii) a decrease in depreciation of property, plant and equipment as a majority of the heavy duty mobile equipment purchased prior to FY2013 has been fully depreciated prior to or during FY2018; and (iii) a decrease in maintenance cost mainly due to replacement of major parts of the processing plant in FY2017.
- As a result of the foregoing and other factors set out in the Offer Document, loss before tax decreased by approximately RM18.0 million or 51.2% from approximately RM35.2 million in FY2017 to approximately RM17.2 million in FY2018.
- In FY2018, net cash generated from operating activities were approximately RM5.0 million, which was a result of cash outflow for operating loss before changes in working capital of approximately RM0.1 million, adjusted for working capital inflows of approximately RM5.2 million, net interest paid of approximately RM0.1 million and income tax paid of approximately RM20,000.

The most significant factors contributing to our financial performance in 1Q2020 as compared to 1Q2019 are as follows:

- Our revenue increased by approximately RM55.8 million or 233.8% from approximately RM23.9 million in 1Q2019 to approximately RM79.6 million in 1Q2020 mainly due to (i) a higher volume of iron ore concentrate sold in 1Q2020 due to increased sale to new customers; and (ii) sale of pipe coating materials to our customers in 1Q2020. The increase in revenue was also partly due to the slight increase in the average selling price of iron ore concentrate from RM257.31 per tonne in 1Q2019 to RM259.53 per tonne in 1Q2020.
- Our cost of sales increased by approximately RM19.1 million or 84.5% from approximately RM22.6 million in 1Q2019 to approximately RM41.7 million in 1Q2020. The increase was in line with the increase in sales volume and mainly attributable to (i) an increase in logistics related cost in relation to transportation expenses to deliver our iron ore products from the Chaah Mine to our customers; (ii) an increase in tribute payments in tandem with the higher monthly average of TSI price in 1Q2020; (iii) increase in blasting and drilling cost of approximately RM0.2 million; (iv) an increase in fuel and lubrication; (v) an increase in contract wages; (vi) an increase in amortisation of mine properties and stripping cost; (vii) an increase in changes in inventories; (viii) an increase in port related charges for sale to our overseas customers; and (ix) an increase in staff cost. The increase was partially offset by a decrease in depreciation of property, plant and equipment as a majority of the heavy machinery and equipment had been fully depreciated.
- As a result of the foregoing, and other factors set out in the Offer Document, profit before tax increased by approximately RM32.8 million from approximately RM0.4 million in 1Q2019 to approximately RM33.2 million in 1Q2020.
- In 1Q2020, net cash generated from operating activities were approximately RM40.8 million, which was a result of operating profit before changes in working capital of approximately RM36.4 million, adjusted for working capital inflows of approximately RM4.2 million and net interest received of approximately RM0.3 million.

The above factors are not the only factors contributing to our financial performance in FY2017, FY2018, FY2019 and 1Q2020. Please refer to the other factors set out in the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 101 to 130 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Our business strategies and future plans to drive the future growth and expansion of our business are as follows: • **Further exploration activities:** We intend to carry out further exploration activities, including: (i) exploration work for mineral deposits at Exploration Assets where we have obtained the right to conduct exploration and/or mining activities; and (ii) exploration work at the Chaah Mine to define extensions to the existing Mineral Resources and Ore Reserves. Barring any unforeseen circumstances, we intend to continue undertaking such exploration activities in the next two (2) years. Results of such exploration activities will assist us in planning our mining activities and schedules to optimise efficiency and return to Shareholders. We intend to fund the total estimated expenditure for the above-mentioned activities, of approximately, S$4.0 million with the net proceeds from the issue of Placement Shares, internal sources of funds as well as bank financing. • **Investment into mining equipment and infrastructure:** We intend to continue to purchase more mining equipment such as excavators for our mining activities. We also intend to set up infrastructure such as transmission lines in order for us to receive electricity from the National Grid. We intend to fund the total estimated expenditure for the above-mentioned activities, of approximately, S$2.0 million with the net proceeds from the issue of Placement Shares, internal sources of funds as well as bank financing. • **Acquisitions, joint ventures, strategic alliances and/or development of new mines:** We may expand through acquisitions, joint ventures and strategic alliances as part of our long-term growth strategy. We may also enter into acquisitions, joint ventures or strategic alliances with parties who create synergistic values for our business. Our Group is continuously in exploratory discussions with several parties for the possible acquisition of new mining rights and/or tenements in Malaysia but these discussions remain preliminary and exploratory in nature and there is no assurance that they may result in any successful outcome. Should such opportunities arise or materialise, we will seek approvals, where necessary, from our Shareholders and the relevant authorities as may be required by prevailing laws and regulations. We intend to fund the total estimated expenditure for the above-mentioned activities, of approximately, S$2.0 million with the net proceeds from the issue of Placement Shares, internal sources of funds as well as bank financing.	Refer to "*General Information on our Group – Business Strategies and Future Plans*" on pages 191 to 192 of the Offer Document for more information on our business strategies and future plans.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

Based on the financial performance and condition of our Group as at the Latest Practicable Date and barring any unforeseen circumstances such as the extension of the Movement Control Orders by the Malaysian government for a prolonged period of time and/or the worsening of the COVID-19 outbreak in Malaysia and/or globally, our Directors have made the following observations for the remaining of FY2020 and for the next 12 months from the Latest Practicable Date: (a) We expect certain reduction in our operating costs as the electricity costs will reduce through the supply of electricity from National Grid, which is expected to commence in the second half of 2020. In addition, we expect lower fuel cost due to lower crude oil prices; (b) While continuing our mining operations, we will also place greater emphasis on planning and executing a mining cut-back in the next 12 months in order to increase stripping activity to remove overburden at the Chaah Mine as recommended by our Independent Qualified Person. Accordingly, our Group is expected to incur higher cost arising from such increased stripping activity in the next 12 months; (c) Our administrative expenses are expected to increase due to increase in remuneration and fees payable to our Directors which include remuneration payable to our Executive Director pursuant to the Service Agreement and fees payable to our Independent Directors; (d) A portion of our listing expenses incurred in connection with the Placement that will be charged as expenses in our financial statements and ongoing compliance costs as a listed company may affect our financial results; and (e) The COVID-19 outbreak is expected to have a significant impact on the economy in Malaysia where we operate and also globally. The imposition of the Movement Control Orders by the Malaysian government has resulted in the suspension of our Group's operations during the Suspension Period, which resulted in a loss of revenue. Although our Group has recommenced operations at the Chaah Mine further to obtaining the MITI Approval, the COVID-19 outbreak and further extension of the Movement Control Orders for a prolonged period of time (if any) may have a material adverse impact on our financial performance of our Group for FY2020. As the COVID-19 situation is still evolving rapidly, there is a significant degree of uncertainty over the length and severity of the outbreak, our Group will continue to monitor the developments and potential impact to our operations and supply chains. As a result and although our Group has recorded a profit after tax of approximately RM23.9 million for 1Q2020, we expect that our Group's financial performance for FY2020 may be weaker than FY2019 mainly due to (i) a loss in revenue during the Suspension Period; and (ii) a higher selling prices of our iron ore products in FY2019 mainly due to the iron ore benchmark price which rose to a peak of more than US$120 per tonne (for Fe grade of 62%) in July 2019 due to strong demand for iron ore, coupled with tight supply by major iron ore producers in the world. The iron ore benchmark price has since subsided from its peak in July 2019 and was trading at approximately between US$80 and US$90 (for Fe grade of 62%) between 1 November 2019, which was prior to the COVID-19 outbreak, to the Latest Practicable Date.	Refer to "*General Information on our Group – Trend Information*" on pages 197 to 198 of the Offer Document.

Based on the foregoing and taking into account our profit for 1Q2020, we expect that the operating results of our Group for FY2020 may be weaker as compared to FY2019 but is not expected to report a loss for FY2020. **The above are not the only trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on us. In particular, our revenue and earnings are affected by fluctuations in the prices of iron ore. Please refer to the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position", "Working Capital" and "General Information on our Group – Prospects" on pages 50 to 76, 101 to 130, 135 to 136 and 192 to 197 respectively of the Offer Document.**	
WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?	
We set out below a summary of what we consider to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares. • **We are subject to risks related to the outbreak of COVID-19.** As at 11 March 2020, the outbreak of the contagious disease, COVID-19, has affected 114 countries and was declared as a pandemic by the World Health Organisation on 11 March 2020. The global economy is expected to contract in 2020 as a result of unprecedented measures taken by numerous countries to contain the disease, as evident from recent economic indicators. Malaysia's economy will inevitably be affected by the weak global demand and domestic consumption as well. The global COVID-19 outbreak has resulted in lockdown of cities and various business operations around the world by governments. In Malaysia, the Malaysian government announced the imposition of Movement Control Orders from 18 March 2020 to 31 August 2020 (based on information available as at the date of the Offer Document) to curb the growth of COVID-19 cases in the country. On 22 April 2020, Honest Sam received a letter from the Ministry of International Trade and Industry ("**MITI**") of Malaysia ("**MITI Approval**"), which provided, among others, that Honest Sam is allowed to operate during the period of the Initial Movement Control Order, subject to the following conditions: (i) Honest Sam must reduce the number of employees to a minimum or reduce by at least 30.0% from the current amount or registered amount, for production during the period of the Initial Movement Control Order and to establish a work-from-home system for employees who are not involved in critical activities; (ii) Honest Sam shall ensure that all general standard operating procedures as set out in the application portal are complied with; and (iii) Honest Sam must ensure that the standard operating procedures in accordance with the sector applied as stated in the application portal are complied with. (collectively, the "**MCO Standard Operating Procedures**"). On 28 April 2020, MITI had further announced that, from 29 April 2020, companies who have obtained approvals to operate during Stages 1, 2 and 3 of the Initial Movement Control Order are allowed to operate at full capacity and without any time constraints in accordance with the respective industry requirements, subject to compliance with the MCO Standard Operating Procedures. On 4 May 2020, certain restrictions imposed during the Initial Movement Control Order were eased and the Conditional Movement Control Order was put in place with an aim to re-open the Malaysian economy in a controlled manner. The Conditional Movement Control Order was in place until 9 June 2020 and the Recovery Movement Control Order was imposed from 10 June 2020 until 31 August 2020 (based on information available as at the date of the Offer Document). Under the Recovery Movement Control Order, the restrictions imposed during the Initial Movement Control Order and the Conditional Movement Control Order were further relaxed to allow the public to carry out certain daily activities (as prescribed by the Malaysian government) while complying with certain standard operating procedures. Our Group has been implementing procedures to comply with the conditions and has recommenced operations at the Chaah Mine. We were not permitted to operate during the Suspension Period due to the Initial Movement Control Order, during which we did not conduct any mining activities and operations nor perform any sales to the customers. Accordingly, we did not record any revenue nor incur substantial mining operation costs, except for certain overhead costs such as maintaining the payroll to the workers. As the COVID-19 situation is still evolving rapidly, there can be no assurance that the spread of COVID-19 will be contained in the near term and the duration of the COVID-19 outbreak and its effects cannot be determined with certainty at present. As such, in the event that the containment of COVID-19 is not improved in the near term resulting in a global economy recession, or the Movement Control Orders are extended for a prolonged period of time in Malaysia, this may have a protracted negative impact on the business activities both in and out of Malaysia. This may lead to a fall in demand of our iron ore products, drop in iron ore prices, and/or our ability to operate our business and supply iron ore products to our customers will be affected, which could in turn have a material and adverse impact on our business, results of operations, financial condition and prospects. • **The financial condition and performance of our Group is currently dependent on the Chaah Mine.** Currently, we conduct our mining operations only at the Chaah Mine. Any significant operational or other difficulties in, among others, the mining, processing or transportation of our products from the Chaah Mine to our customers may hinder our sales and revenue. Although our Group has been granted the rights to carry out exploration and mining operations at the Exploration Assets, exploration works on the Exploration Assets are only expected to commence upon the listing of our Company. Our Group's current Ore Reserves will gradually be depleted as mining operations progress. As such, the future success of our Group's business will depend on its ability to find additional Mineral Resources or Ore Reserves within the Chaah Mine or the Exploration Assets, or develop or acquire additional iron ore mines under which there are sufficient and viable Mineral Resources or Ore Reserves for exploitation. In the event that our Group fails to (i) derive the expected economic benefits from the Chaah Mine due to any delay or difficulty in our operations; (ii) optimise the capacity of our operations at the Chaah Mine; and/or (iii) establish a feasible level of Mineral Resources or Ore Reserves at the Exploration Assets or any other iron ore mines we acquire, our business, results of operations and financial condition may be materially and adversely affected.	Refer to "*Risk Factors*" on pages 50 to 76 of the Offer Document for more information on risk factors.

- **We are not the registered holder of the mining leases for the Chaah Mine and the Exploration Assets.** Our contractual rights to carry out exploration and mining operations activities at the Chaah Mine and the Exploration Assets are granted pursuant to the mining operator agreement that we have entered into with the Chaah ML Holder. As such, our right to perform our mining activities at the Chaah Mine or conduct exploration activities at the Exploration Assets are contractual in nature and we are dependent on the ability of the Chaah ML Holder to carry out his obligations and comply with the terms and conditions of the underlying mining leases and the relevant legislation. Our Group was previously not in compliance with the Bumiputera Conditions under the mining leases of the Chaah Mine and the Exploration Assets. We have fully rectified the same pursuant to a share consolidation exercise completed on 4 November 2019. Please refer to the section entitled "Group Structure" of the Offer Document for more information. Our Directors are not aware of a situation in the past where a mining lease was terminated as a result of non-compliance with the Bumiputera Conditions or other terms and conditions of the underlying mining leases or the relevant mining legislations. However, there can be no assurance that any such non-compliance will not result in the state regulators exercising their statutory rights to revoke the mining leases of the Chaah Mine and the Exploration Assets. If this occurs, our business, results of operations and financial condition may be materially and adversely affected. There is also no assurance that the counterparties to our mining operator agreements will honour their respective contractual obligations or will not act in a manner that will frustrate our mining operations. Our contractual obligations under the mining operator agreement with the Chaah ML Holder may also require us to pay tributes to the mining lease holders and royalties on a per tonne basis directly to the relevant state authority. In the event that we do not or are unable to fulfil our contractual obligations under such agreement, we may be liable to pay compensation and/or damages. There is also a risk that our mining operator agreement will be terminated and/or the Mining Leases will be revoked. If our mining operator agreement or the Mining Leases are revoked, our investment in the development of the mine sites will be lost and we may be required to indemnify the counterparty to the mining operator agreements against all losses and damages and our business, results of operations and financial condition may be materially and adversely affected. During the Relevant Period, none of the circumstances described above has occurred. However, there is no assurance that it will not happen in the future.
- **Significant fluctuations in prices of the minerals that we mine will affect our revenue and earnings.** Our revenue and earnings are dependent from the sales of our iron ore products which are highly sensitive to changes in the price of iron ore. The prices we agree with our customers for our products are dependent on movements in the international benchmark prices of the minerals that we mine. Such benchmark prices (such as the Platts Iron Ore Index for pricing of iron ore products) may fluctuate significantly on a daily basis, are cyclical, difficult to forecast and affected by numerous factors beyond our control such as global demand and supply situations which are in turn affected by global economic activities, speculative activities and expectations of other market participants on the forward direction of such prices. Additionally, any changes in the regulations in countries that produce the products that we mine may affect the prices of such products. A substantial decline in the international benchmark prices of the minerals that we mine may not only decrease our revenue, but also reduce the economic viability or the production levels of our mine or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. In particular, the international benchmark prices of iron ore are likely to be affected by the demand of steel in the PRC, which may be affected by the rate of economic growth in the PRC. If the prices of our products are not as favourable as anticipated, we may (i) delay the sales of our products; (ii) delay exploration and development activities at our mine sites; and/or (iii) slow down the production levels and/or place our mine sites under care and maintenance. Lower international benchmark prices of the minerals that we mine may also adversely impact the value of our Ore Reserves. Accordingly, the fair market value of our Mineral Resources and Ore Reserves as set out in the Independent Valuation Report may not reflect their actual value. While we study the historical trends in prices in assessing our business strategy, we currently do not have a hedging policy against fluctuations in the prices of our products. Additionally, there can be no assurance that the business strategies based on our predictions of the benchmark prices will be successful. In the event of significant fluctuations in prices of the minerals that we mine, as witnessed by the fluctuation of iron ore prices between 2014 and 2018 which hit a low of approximately US$40 per tonne at the end of 2015, our business, results of operations and financial condition may be materially and adversely affected.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position, results of operations and/or prospects, and your Shares. Please refer to the section entitled "Risk Factors" on pages 50 to 76 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you are advised to apprise yourself of all factors involving the risks of investing in our Shares from your professional advisers before making any decision to invest in our Shares, and you should also consider all the information contained in the Offer Document.	

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

Following the completion of the Restructuring Exercise and the issue and allotment of the PPCF Shares, the issued and paid-up share capital of our Company is approximately S$59.1 million comprising 433,000,000 Shares. Upon the issue and allotment of the Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to approximately S$72.9 million comprising 489,000,000 Shares.

We have only one (1) class of shares, namely ordinary shares. The Placement Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares. Subject to the Constitution, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by our Company and any distribution of assets upon liquidation of our Company. There are no restrictions on the transfer of the fully paid-up Shares except where required by law or the Catalist Rules.

Refer to "*Share Capital*" and "*Appendix G – Description of our Shares*" on pages 89 to 92 and G-1 to G-8 respectively of the Offer Document for more information on the Placement Shares.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised from the Placement, comprising the New Shares and the Vendor Shares after deducting the aggregate estimated listing expenses in relation to the Placement of approximately S$2.2 million, will be approximately S$16.8 million.

The net proceeds to be raised by our Company from the issue of the New Shares, after deducting our share of the estimated cash expenses to be borne by us of approximately S$2.1 million, will be approximately S$11.9 million.

We will not receive any proceeds from the sale of the Vendor Shares by the Vendor.

We intend to use the proceeds from the issue of the New Shares for the following purposes:

Use of proceeds from the issue of the New Shares	Amount in aggregate (S$'000)	Estimated amount allocated for each dollar of the gross proceeds to be raised from the issue of the New Shares (cents)
Further exploration activities	4,000	28.6
Investment into mining equipment and infrastructure	2,000	14.3
Acquisitions, joint ventures, strategic alliances and/or development of new mines	2,000	14.3
General working capital purposes	3,937	28.1
Net proceeds	11,937	85.3
Listing expenses(1)(2)	2,063	14.7
Gross proceeds from the issue of New Shares	14,000	100.0

Notes:

(1) Approximately S$0.2 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statements of comprehensive income.

(2) The professional fees refer to the cash expenses incurred by our Company in connection with the Listing and the Placement and excludes part of the management fee of approximately S$0.8 million payable to the Sponsor and Issue Manager pursuant to the Management Agreement which has been satisfied in full by the issue and allotment of the PPCF Shares to PPCF.

Refer to "*Use of Proceeds and Listing Expenses*" on pages 47 to 49 of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?	
Our Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors such as the level of our cash and retained earnings, our actual and projected financial performance, our projected levels of capital expenditure and other investment plans, our working capital requirements and general financing condition, restrictions on payment of dividends imposed on us by our financing arrangements (if any), and the general economic and business conditions in countries in which we operate ("**Dividend Factors**"). Subject to the above, our Board intends to recommend and distribute dividends of (i) not less than 10.0% of our Group's NPAT for FY2020; (ii) not less than 15.0% of our Group's NPAT for FY2021; and (iii) not less than 20.0% of our Group's NPAT for FY2022 ("**Proposed Dividends**"). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion. The form, frequency and amount of future dividends will depend on the Dividend Factors. The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future.	Refer to "*Dividend Policy*" on pages 81 to 82 of the Offer Document for more information on our dividend policy.

DEFINITIONS

In this Product Highlights Sheet, unless the context otherwise requires, the following definitions apply:

Companies within our Group

"Company"	:	Southern Alliance Mining Ltd.. The terms "we", "our", "our Company" or "us" have correlative meanings
"Group"	:	Our Company and our subsidiary as at the date of this Offer Document
"Honest Sam"	:	Honest Sam Development Sdn. Bhd.

Other Corporations and Agencies

"Authority"	:	The Monetary Authority of Singapore
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Sponsor, Issue Manager and Placement Agent" or "PPCF"	:	PrimePartners Corporate Finance Pte. Ltd.

General

"1Q"	:	Three (3)-month period ended or ending 31 October, as the case may be
"Appointment Agreement"	:	The appointment agreement entered into between our Company and our Chief Financial Officer, Mr. Lim Wei Hung
"Award Shares"	:	The Shares transferred or new Shares which may be issued and allotted from time to time pursuant to the vesting of the Awards which may be granted under the Plan
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of the Offer Document unless otherwise stated
"Bumiputera Conditions"	:	The conditions in the mining leases of the Chaah Mine and the Exploration Assets which require (a) not less than two (2) persons who are Bumiputera to be appointed as directors of the company that conducts the mining activities; and (b) the Chaah Mine and the Exploration Assets to be operated by a company with at least 40.0% Bumiputera shareholding
"Bumiputera Shareholder"	:	Good Orient Resources Sdn. Bhd.
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"Chaah Baru Asset"	:	The exploration asset located at Lot 1630, Mukim Chaah Baru, Daerah Batu Pahat, Johor
"Chaah Mine"	:	The mine site located at Lots 3533 and PTD 12064, Mukim Chaah Bahru, Daerah Batu Pahat, Johor
"Chaah ML Holder"	:	DYMM Sultan Ibrahim Ibni Almarhum Sultan Iskandar
"Conditional Movement Control Order"	:	A conditional movement control order imposed from 4 May 2020 to 9 June 2020 by the Malaysian government as part of their efforts to contain the COVID-19 outbreak in Malaysia

"Controlling Shareholder"	:	A person who (a) holds directly or indirectly 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
"CPS"	:	The non-voting convertible preference shares in Honest Sam
"Directors"	:	The directors of our Company as at the date of the Offer Document, unless otherwise stated
"EPS"	:	Earnings per Share
"Executive Officer"	:	The executive officer of our Company as at the date of the Offer Document, who is also a key executive as defined under the SFR, unless otherwise stated
"Exploration Assets"	:	Collectively, the Mao'kil Asset, the Chaah Baru Asset and the Kota Tinggi Asset
"Fe"	:	Chemical symbol for iron
"FY"	:	Financial year ended or ending 31 July, as the case may be
"Independent Qualified Person"	:	Derisk Geomining Consultants Pty Ltd
"Initial Movement Control Order"	:	A movement control order imposed from 18 March 2020 to 3 May 2020 by the Malaysian government as part of their efforts to contain the COVID-19 outbreak in Malaysia
"JORC Code"	:	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the latest edition published in 2012 by JORC
"Kota Tinggi Asset"	:	The exploration asset located at Lot 2855, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor
"Latest Practicable Date"	:	17 April 2020, being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
"LPS"	:	Loss per Share
"Mao'kil Asset"	:	The exploration asset located at Lot 1681, Mukim Bukit Kepong, Daerah Muar, Johor
"Movement Control Orders"	:	Collectively, the Initial Movement Control Order, Conditional Movement Control Order and Recovery Movement Control Order
"NAV"	:	Net asset value
"New Shares"	:	The 56,000,000 Shares to be issued and offered by our Company in the Placement
"NPAT"	:	Net profit after tax
"Offer Document"	:	The offer document dated 16 June 2020 issued by our Company in respect of the Placement
"Period Under Review"	:	The period which comprises FY2017, FY2018, FY2019 and 1Q2020
"Placement"	:	The placement of the Placement Shares by the Sponsor, Issue Manager and Placement Agent on behalf of our Company for subscription and/or purchase at the Placement Price, subject to and on the terms and conditions of the Offer Document
"Placement Shares"	:	The 76,000,000 Placement Shares which are the subject of the Placement, comprising 56,000,000 New Shares and 20,000,000 Vendor Shares
"PPCF Shares"	:	The 3,000,000 new Shares issued and allotted to PPCF by our Company as part of PPCF's management fees as the Sponsor and Issue Manager
"Recovery Movement Control Order"	:	A movement control order imposed from 10 June 2020 to 31 August 2020 by the Malaysian government (based on information available as at the date of this Offer Document) as part of their efforts to contain the COVID-19 outbreak in Malaysia
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the section entitled "Restructuring Exercise" of the Offer Document
"Service Agreement"	:	The service agreement entered into between our Company and our CEO and Executive Director
"SFR"	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time

"Shareholders"	:	Registered holders of Shares, except where the registered holder is the Central Depository (Pte) Limited, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Suspension Period"	:	The period from 18 March 2020 to 22 April 2020 during which our operations were not permitted to operate due to the imposition of the Initial Movement Control Order
"Vendor Shares"	:	The 20,000,000 Shares offered by the Vendor in the Placement
"%"	:	Percentage
"Vendor"	:	Dato' Sri Pek Kok Sam, our Controlling Shareholder, CEO and Executive Director
"RM" or "sen"	:	Malaysian ringgit and sen respectively, the lawful currency of Malaysia
"S$" or "cents"	:	Singapore dollars and cents respectively, the lawful currency of Singapore

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

HOW DO YOU CONTACT US?

The Issuer	:	Southern Alliance Mining Ltd.
Registered Office	:	80 Robinson Road, #02-00, Singapore 068898
Telephone No./Facsimile No.	:	+609 548 8888/+609 548 8880
Website address/Email address	:	www.saminingltd.com/general@honestsam.com.my
Information contained on our website does not constitute part of the Offer Document or this Product Highlights Sheet and should not be relied on.		
Sponsor, Issue Manager and Placement Agent	:	PrimePartners Corporate Finance Pte. Ltd.
Address	:	16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318
Telephone No.	:	+65 6229 8088