

SOUTHERN ALLIANCE MINING LTD.

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

RE-ALLOCATION AND UPDATE ON THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The board of directors (the "**Board**") of Southern Alliance Mining Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 9 September 2020 in relation to the use of the net proceeds from its initial public offering ("**IPO**"), its financial results announcement on 25 September 2020 for the full year ended 31 July 2020 and its announcement on 19 October 2020 and 11 November 2020 in relation to the use of the net proceeds from its IPO (collectively the "**Announcements**").

Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements.

The Board wishes to announce that after having reviewed the Group's cash flow requirements vis-à-vis current intensified mining activities at the Chaah Mine, the Board has decided to re-allocate S\$1.0 million of the net proceeds of approximately S\$11.9 million raised from the IPO of the Company ("**IPO Net Proceeds**") originally allocated to acquisitions, joint ventures, strategic alliances and/or development of new mines to investment into mining equipment and infrastructure (the "**Re-Allocation**"). The Board is of the view that the Re-Allocation is in the best interests of the Group and its shareholders.

With this Re-Allocation, the Group has further invested into the purchase of mining equipment and the IPO Net Proceeds allocated for investment into mining equipment and infrastructure has been fully utilised as at the date of this announcement.

The Board wishes to provide an update on the use of the IPO Net Proceeds as at the date of this announcement, as follows:

Use of proceeds (as set out in the Offer Document)	Amount allocated (S\$'000)	Amount utilised (Per the Announce- ments) (S\$'000)	Re- allocation amount (S\$'000)	Amount unutilised as at date after the re- allocation (S\$'000)	Amount utilised as at date of this announce- ment (S\$'000)	Amount unutilised as at date of this announce- ment (S\$'000)
Further exploration activities	4,000	(131)	-	3,869	(134) ⁽¹⁾⁽⁴⁾	3,735
Investment into mining equipment and infrastructure	2,000	(1,626)	1,000	1,374	(1,374) ⁽²⁾⁽⁴⁾	-
Acquisitions, joint ventures, strategic alliances and/or development of new mines	2,000	-	(1,000)	1,000	-	1,000
General working capital purposes	3,937	(385)	-	3,552	(150) ⁽³⁾	3,402
Total	11,937	(2,142)	-	9,795	(1,658)	8,137

Notes:

- (1) RM408,963, which is equivalent to S\$133,976, was utilised for the payment to the contractor undertaking exploration activities to carry out the Group's drilling program at our Chaah Mine.
- (2) The available amount after re-allocation of S\$1,374,000 has been fully utilised for the purchase of twelve (12) units of NXG 5650DT Dumpers, that amounted to RM4,620,000, which is equivalent to S\$1,513,512, on 19 January 2021.
- (3) S\$150,000 was utilised as working capital of the Company to pay its ongoing professional expenses, directors' fees and bank charges.
- (4) These figures are based on the exchange rate of RM100.00:S\$32.76 as at 20 January 2021 published by the Monetary Authority of Singapore.

Save as disclosed above, the use of the IPO Net Proceeds is in accordance with the intended use as disclosed in the Offer Document dated 16 June 2020. The Company will continue to make periodical announcements via SGXNet on the utilisation of the balance of the IPO Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the IPO Net Proceeds in its annual report(s) and financial results announcement(s).

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam
Executive Director and Chief Executive Officer
22 January 2021

Southern Alliance Mining Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "Exchange") on 26 June 2020. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been reviewed by the Company's Sponsor. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. 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 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.