



SOUTHERN ALLIANCE MINING LTD.

A DEEP DIVE INTO THE “IRON ORE SUPPLIERS OF TOMORROW”

SEPTEMBER 2021



CORPORATE OVERVIEW

A wide-angle photograph of an open-pit mine at sunset. The sky is a mix of orange, red, and purple. The mine's terraced levels are visible, with a winding road on the right side. In the foreground, two large yellow haul trucks are parked on a dirt road. The overall scene is industrial and dramatic.

Company Overview

Incorporated in 2001, we have grown to a S\$489m iron ore mining company

At a Glance



Involved in the exploration, mining, processing and sale of iron ore



Headquartered in Pahang, Malaysia with its iron ore mine, the Chaah Mine, located in Johor, Malaysia

6.3

million tonnes

Total iron ore production from Chaah Mine from 2008 to 31 July 2021

FY2021 Financials

RM387.4 million

Revenue

RM148.1 million

Net Profit after Tax

RM281.1 million

Cash and Bank Balances

RM24.2 million

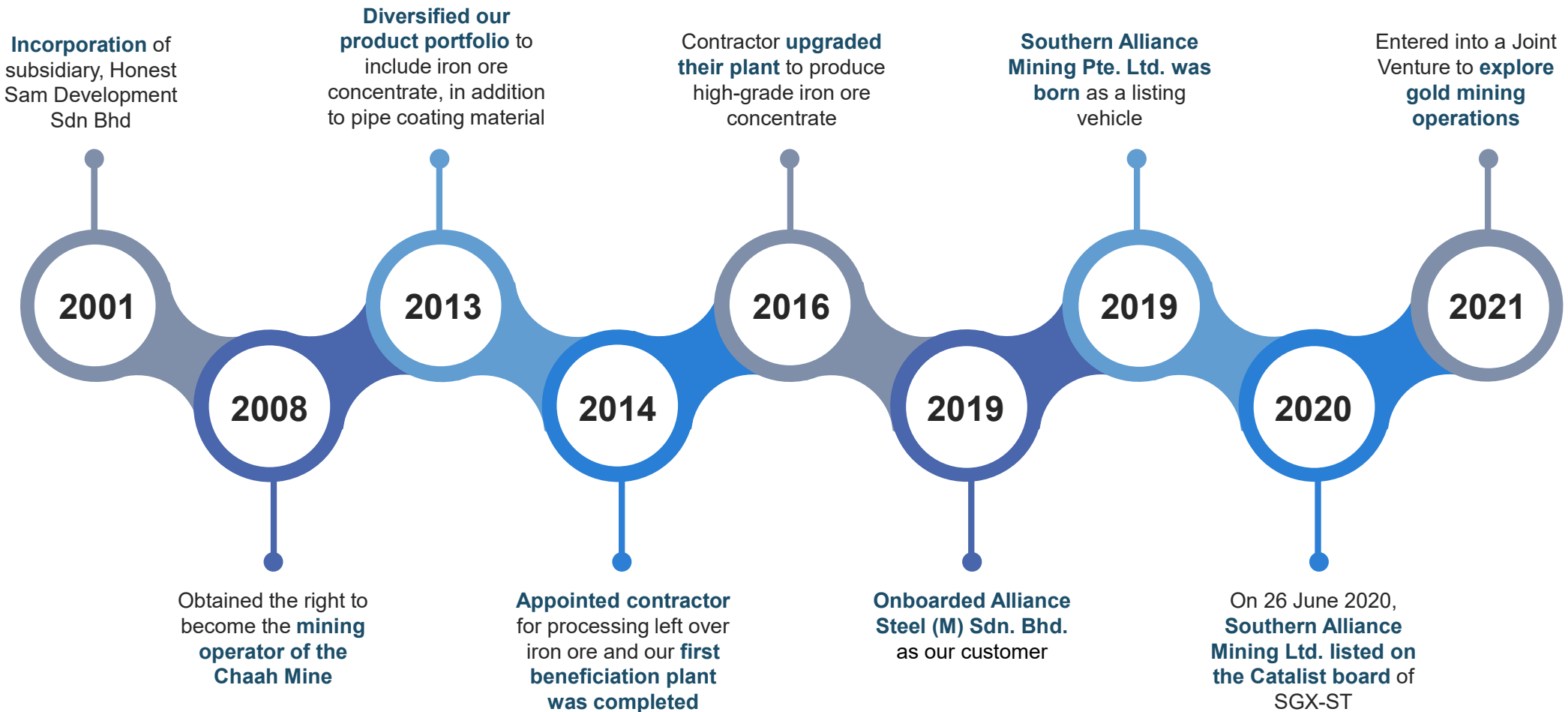
Dividend declared to shareholders¹

Notes:

1. Subject to shareholders' approval at the forthcoming annual general meeting of the Company

Company Overview

>20 years of track record in the iron ore mining industry in Southeast Asia



Company Overview

Experienced Management Team

Dato' Teh Teck Tee
Non-Executive
Non-Independent Chairman



- Co-founder of the Company
- Over 14 years of experience in the business of mining and exploration of minerals in Malaysia

Dato' Sri Pek Kok Sam
Chief Executive Officer &
Executive Director



- Co-founder of the Company
- Over 19 years of experience in the business of mining and exploration of minerals in Malaysia

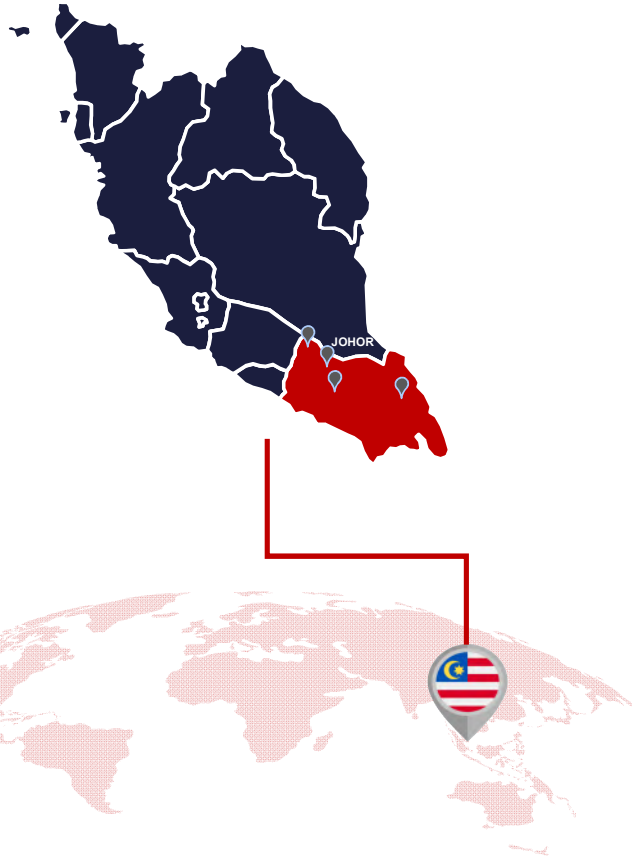
Lim Wei Hung
Chief Financial Officer



- Over 21 years of experience in financial accounting matters
- Public accountant and a member of the Malaysian Institute of Certified Public Accountants

Iron Ore Mining Assets

Long-term mining leases allow us to expand our exploration activities



Operating Open Pit Mine

-  **Chaah Mine**
-  Mining lease expiry date
22 March 2024
-  Area
225.7 hectares

Exploration Projects

-  **Mao'kil Mine**
-  Mining leases expiry date
7 July 2023 | **27 April 2026**
-  Area
22.3 hectares | **159.8 hectares**

Exploration Projects

-  **Chaah Baru**
-  Mining lease expiry date
29 January 2024
-  Area
19.4 hectares

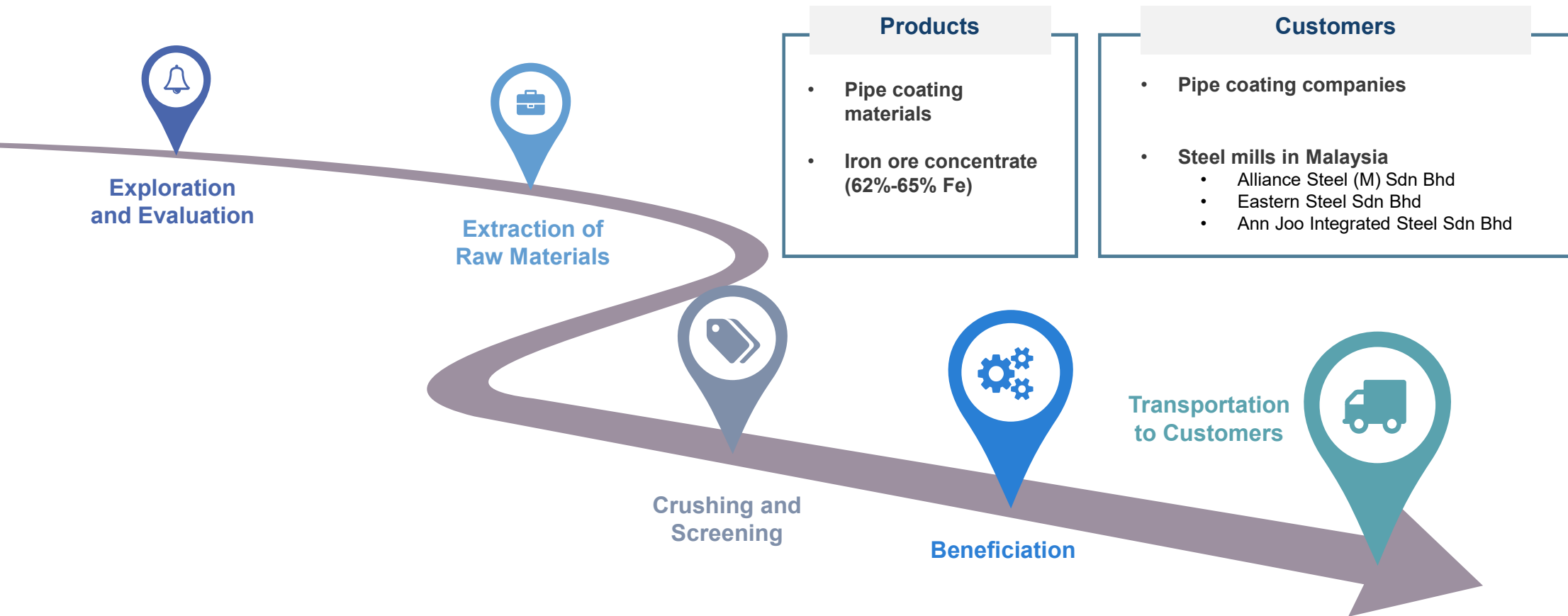
Exploration Projects

-  **Kota Tinggi**
-  Mining lease expiry date
3 July 2024
-  Area
79.2 hectares

Mining Process and Products

Our mining process allows us to serve both steel & pipe coating companies

We are one of the dominant market leader in pipe coating materials



Mining Equipment Fleet

Equipment	Model	Number	Description
Excavator	Caterpillar 390D	4	Ore and waste movement
Excavator	Caterpillar 385B	1	Back-up excavator
Excavator	Caterpillar 349D	2	Ore and waste movement
Excavator	Caterpillar 336	2	Ore and waste movement
Excavator	Caterpillar 390F	2	Ore and waste movement
Excavator	Volvo EC480	3	Ore and waste movement
Excavator	Komatsu PC450	3	Ore and waste movement
Excavator	Komatsu PC300	5	Ancillary work
Excavator	Komatsu PC200	2	Ancillary work
Haul truck	Caterpillar 777D	6	Waste rock haulage
Haul truck	Caterpillar 773D	8	Ore haulage
Haul truck	Caterpillar 740	11	Existing haul trucks
Haul truck	Caterpillar 773E	9	Existing haul trucks
Haul truck	Caterpillar 769D	4	Existing haul trucks
Haul truck	New Holland AD250	4	Existing haul trucks
Dump truck	NXG 5480	11	Existing haul trucks
Dump truck	NXG 5650DT	13	Existing haul trucks
Dump truck	LGMG MT60	10	Existing haul trucks
Drill	Jun Jin CSM	3	Waste rock drilling
Drill	Jun Jin JD/SD	4	Ore drilling
Drill	Doosan	1	Rock breaking
Dozer	Caterpillar D10T	1	Bench and waste dump maintenance
Dozer	Caterpillar D9	1	Bench and waste dump maintenance
Grader	Caterpillar 12H	1	Bench and haul road maintenance
Front-end loader	Caterpillar 980G	4	Ancillary work
Wheel loader	Caterpillar 966C	3	Ancillary work

Our Plant Capacity

Operating parameters of both our plants					
Operating Parameters	Unit	HSM Plant		XHM Plant	
		1 x shift	2 x shift	1 x shift	2 x shift
Processing Rate	t/hr	150	150	135	135
Process recovery: Fe	%	60.3	60.3	58	58
Head grade	%	51	51	43.1	43.1
Concentrate purity	%	65	65	62	62
Yield (calculated)	%	47.3	47.3	40.3	40.3
Annual operating days	days	340	340	340	340
Daily operating hours	hr/day	10	20	10	20
Design utilisation	%	80	80	80	80
Operating time	hr/yr	2,720	5,440	2,720	5,440
Nameplate capacity	t/yr	408,000	816,000	367,200	734,400
Mill target	t/yr	408,000	816,000	367,200	734,400

CHAAH MINE

OVERVIEW



The Open Pit at Chaah Mine

Reported Reserves & Valuation

Excellent conversion rate from Indicated Mineral Resources to Ore Reserves

Total Iron Ore Mineral Resources as at 31 July 2021

Category	Million Tonne	Grade (%)				Change in tonne (%)
		Fe	SiO ₂	Al ₂ O ₃	P ₂ O ₅	
Gross attributable to license and net attributable to issuer						
Measured (in situ)	-	-	-	-	-	0%
Indicated (in situ)	4.5	51.2	17.3	2.1	1.8	-18%
Inferred (in situ)	1.8	45.5	23.7	3.8	1.4	-2%
Subtotal (in situ)	6.3	49.6	19.1	2.6	1.7	-14%
Measured (stockpiles)	-	-	-	-	-	0%
Indicated (stockpiles)	0.1	57.6	-	-	-	-84%
Inferred (stockpiles)	-	-	-	-	-	0%
Subtotal (stockpiles)	0.1	57.6	-	-	-	-84%
Total	6.3	49.7	-	-	-	-17%

Notes:

1. In situ resources reported at a cut-off criterion of 25% Fe
2. Stockpiles and low-grade fines reported at a cut-off criterion of 15% Fe
3. Mineral Resources are inclusive of Ore Reserves
4. Totals may not add due to rounding effects
5. Changes are shown comparing Mineral Resources from 31 July 2020 to 31 July 2021

Total Iron Ore Reserves as at 31 July 2021

Category	Million Tonne	Grade (%)				Change in tonne (%)
		Fe	SiO ₂	Al ₂ O ₃	P ₂ O ₅	
Gross attributable to license and net attributable to issuer						
Proved (ROM)	-	-	-	-	-	0%
Probable (ROM)	4.3	50.0	16.5	2.0	1.8	-20%
Subtotal (ROM)	4.3	50.0	16.5	2.0	1.8	-20%
Proved (stockpiles)	-	-	-	-	-	0%
Probable (stockpiles)	0.1	57.6	-	-	-	-84%
Subtotal (stockpiles)	0.1	57.6	-	-	-	-84%
Total	4.3	50.1	-	-	-	-23%

Notes:

1. ROM reserves and stockpiles reported at a cut-off criterion of 30% Fe
2. Totals may not add due to rounding effects
3. Changes are shown comparing Ore Reserves from 31 July 2020 to 31 July 2021

As at 31 July 2021, the total run-of-mine (ROM) Ore Reserves for the Chaah Mine was estimated at 4.3 million tonnes at 50.0% Fe on the back of in situ Indicated Resources of 4.5 million tonnes at 51.2% Fe, which represents a conversion rate of **96% of Indicated Mineral Resources to Ore Reserves**. This excellent conversion rate shows that almost all of our reported Indicated Resources are economically mineable

Product Reconciliation

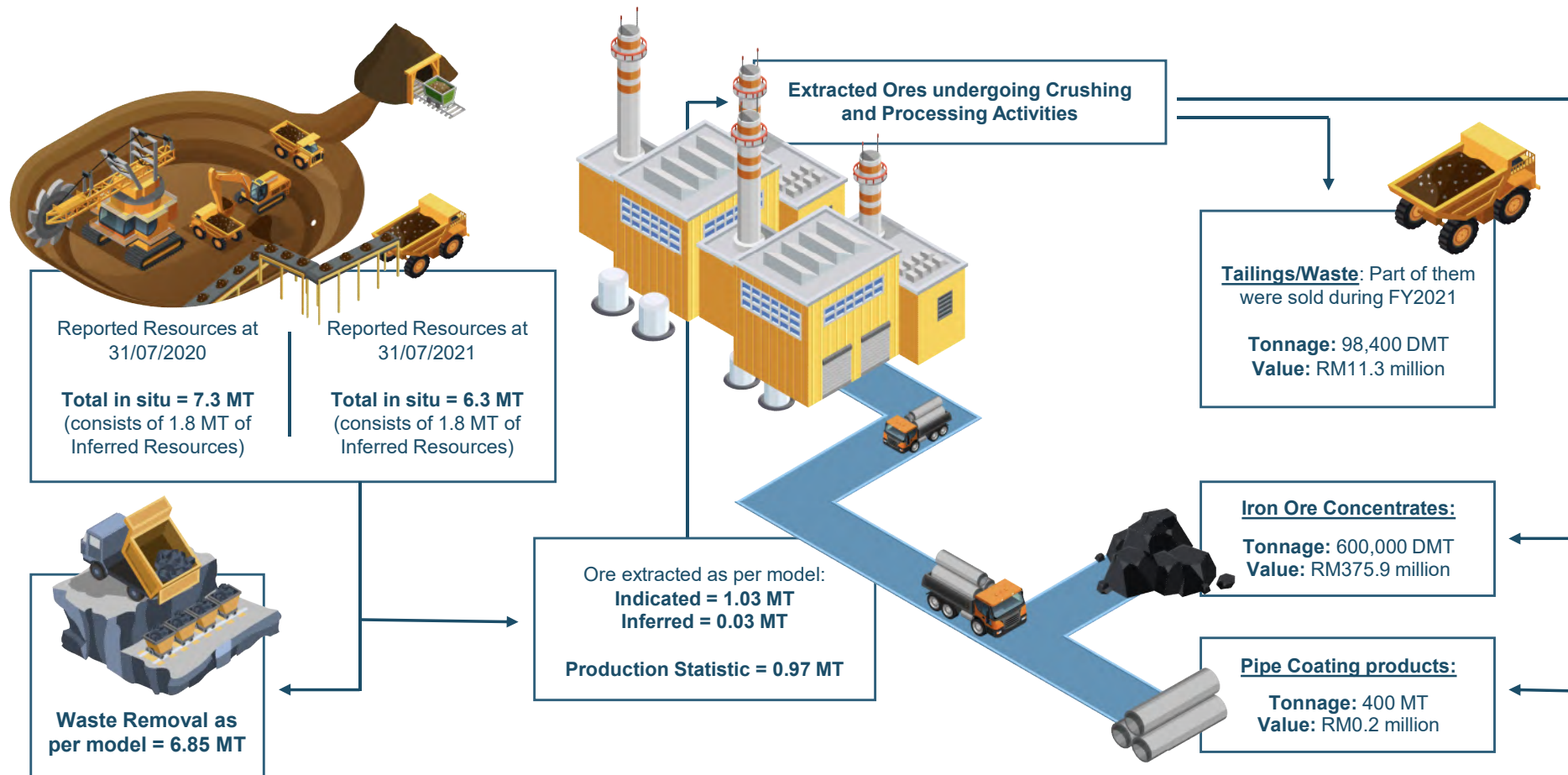
Excellent reconciliation between resource model and production statistics

Source	June 2014 to July 2019	August 2019 to July 2020	August 2020 to July 2021	Total
Mineral Resource Model (Indicated and Inferred)	3.37 Mt	0.83 Mt	1.06 Mt	5.26 Mt
SAM adjusted production statistics for ore mining	3.42 Mt	1.20 Mt	0.97 Mt	5.59 Mt
Difference vs Mineral Resource Model (in MT)	+ 0.05 Mt	+ 0.37 Mt	- 0.10 Mt	+ 0.32 Mt
Difference vs Mineral Resource Model (in %)	+ 1.5%	+ 44.6%	- 9.3%	+ 6.1%

Overall, for the seven-year period from 2014 to 2021, the correlation is reasonable with production statistics reporting 6.1% more tonnes than the Mineral Resource model.

Reliable Resource Models

Our resource estimates are reliable & have translated to actual monetary results

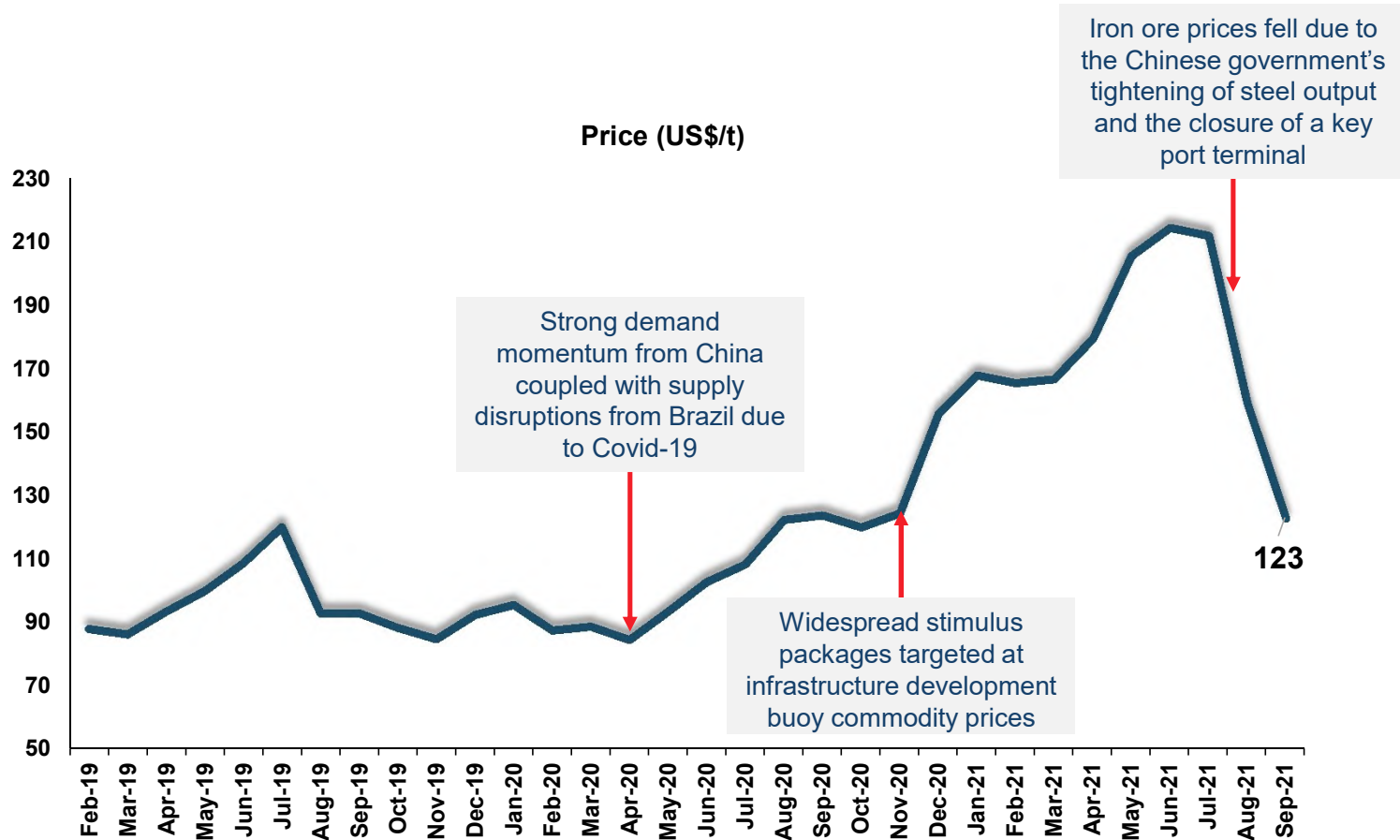


A wide-angle photograph of a large-scale mining operation. The scene is dominated by a deep, dark pit filled with earth and rock. In the foreground, several yellow excavators are positioned on a dirt path, with one in the process of loading a white dump truck. The background features a massive, layered rock face, likely a quarry or open-pit mine, under a clear blue sky. The overall atmosphere is industrial and active.

MACRO ENVIRONMENT IN FY2021

Iron Ore Price Trend

Prices have hit decade highs as demand continues to outweigh supply



Source: Markets Insider: Iron Ore (<https://markets.businessinsider.com/commodities/iron-ore-price>)

Market Enablers for Iron Ore

Continued supportive macroeconomic conditions for iron ore



Continued strong demand from China

- China's iron ore imports were **2.6% higher** in the first half of 2021 compared to a year earlier¹.
- **Rebound in iron ore prices are expected** as the **increase in infrastructure financing by China** is expected to drive up steel production².



Fiscal stimulus to boost the commodities market

- **Widespread stimulus packages targeted at infrastructure spending** will drive the steel industry³
- **Continued strong demand from China outweighs supply growth** and will continue to act as stimulus for commodity prices



Increased demand from SEA countries and tepid supply

- **Investments on infrastructure projects** expected to remain high, backed by government stimulus
- **Supply growth** by major iron ore producers is **struggling to keep up with demand from Chinese steel mills** due to issues such as labour shortages and adverse weather conditions⁴

Sources:

(1) **Reuters:** China's iron ore imports hit 13-month low, more weakness seen
(2) **Mining:** Iron ore price rises on China steel demand optimism

(3) **Business Times:** Green shift stokes demand for high-grade iron ore
(4) **Financial Times:** Iron ore miners struggle to boost output even as demand soars

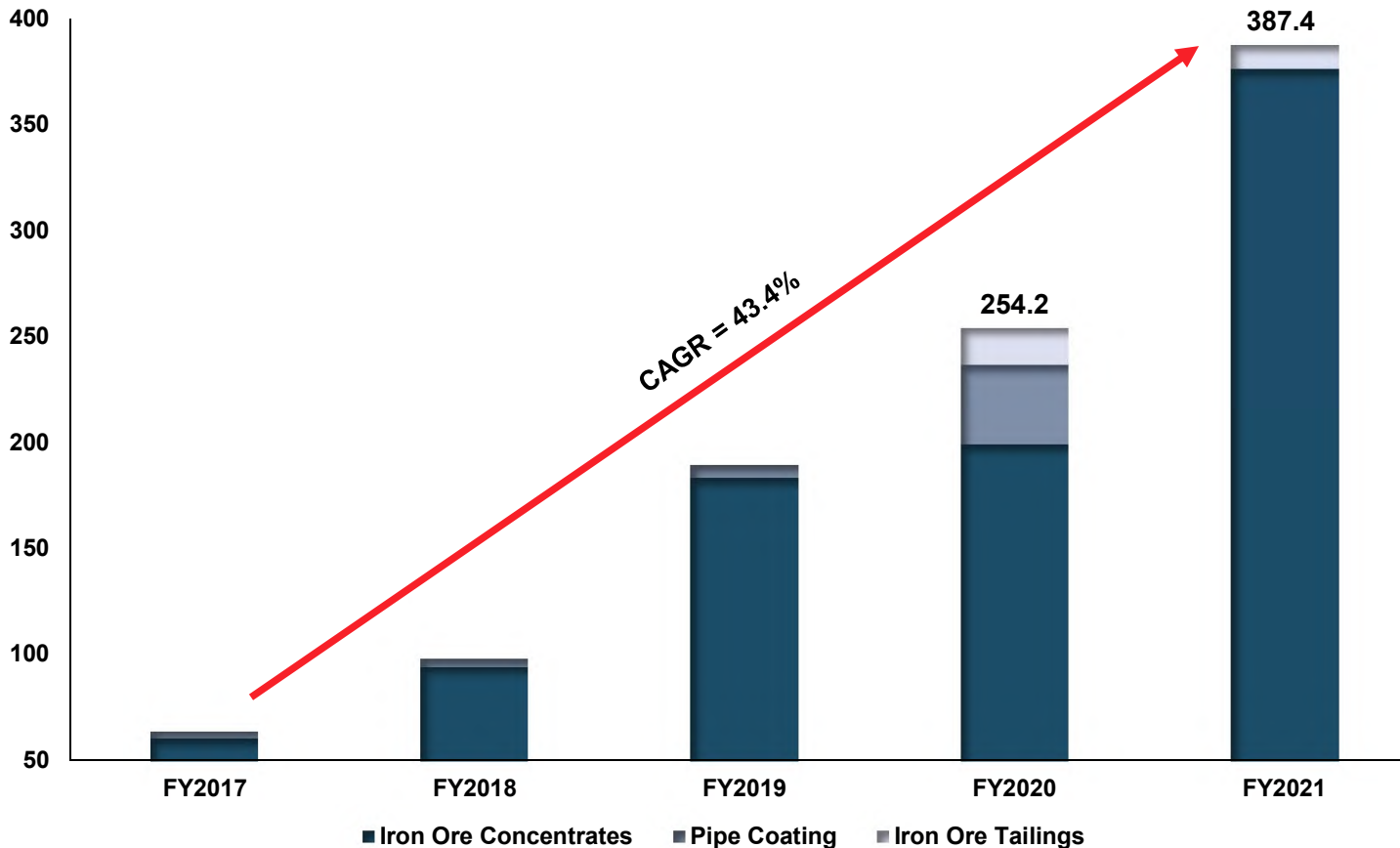
An aerial photograph of a massive open-pit mine. The mine is characterized by numerous terraced levels, creating a complex, stepped landscape. Winding roads and paths crisscross the site, connecting different levels and sections. The terrain is a mix of earthy browns, greys, and some patches of green, indicating various geological layers and possibly some vegetation. In the background, a small town or village is visible, followed by rolling hills and mountains under a clear sky. The overall scene depicts a large-scale industrial operation in a mountainous region.

FINANCIAL PERFORMANCE

FY2021 Group Financial Performance

Increase in ARSP of iron ore concentrate boosted Group's revenue

In RM millions



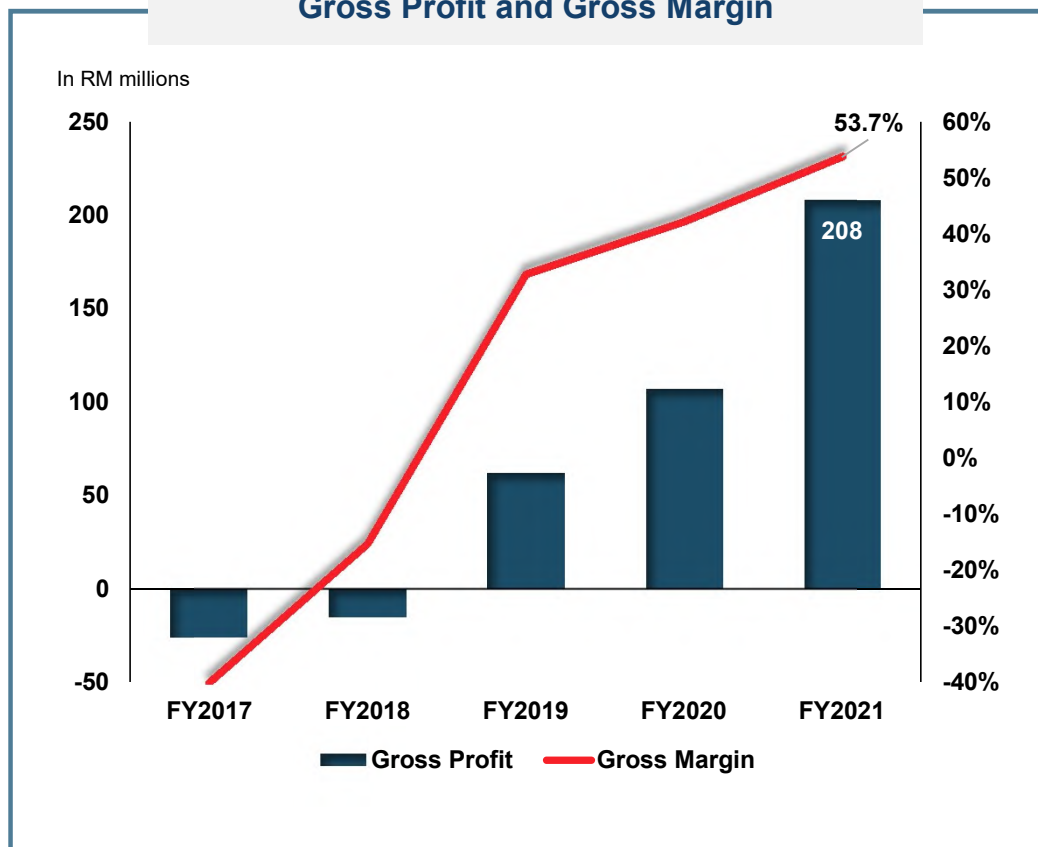
Strong growth in revenue driven by the following factors

- Higher average realised selling price of iron ore concentrate in FY2021 due to the rally in iron ore price index.
- Improving iron ore concentrate sales volume over the years coupled with the commencement of iron ore tailings sales in FY2020.
- Forefront beneficiary of the geopolitical tensions between China and Australia will continue to benefit Malaysia iron ore players due to the strong demand momentum from Chinese steel industry.

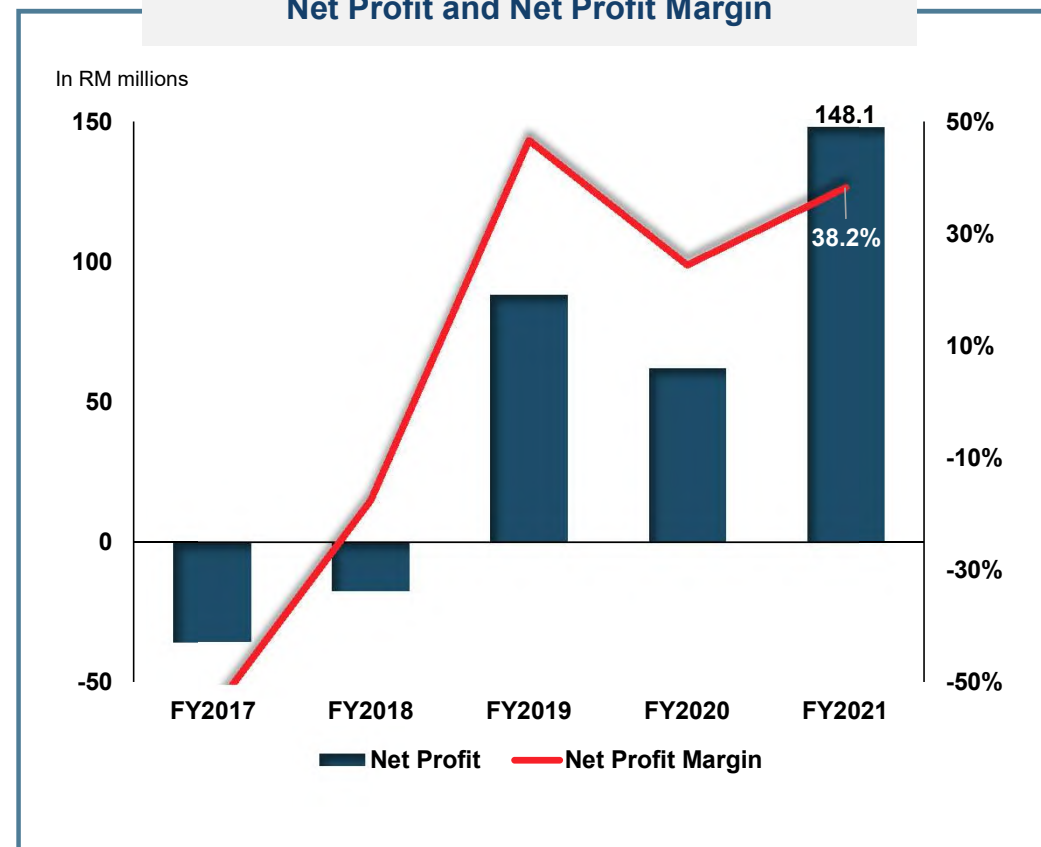
FY2021 Group Financial Performance

Record gross profit and net profit on the back of strong industry fundamentals

Gross Profit and Gross Margin

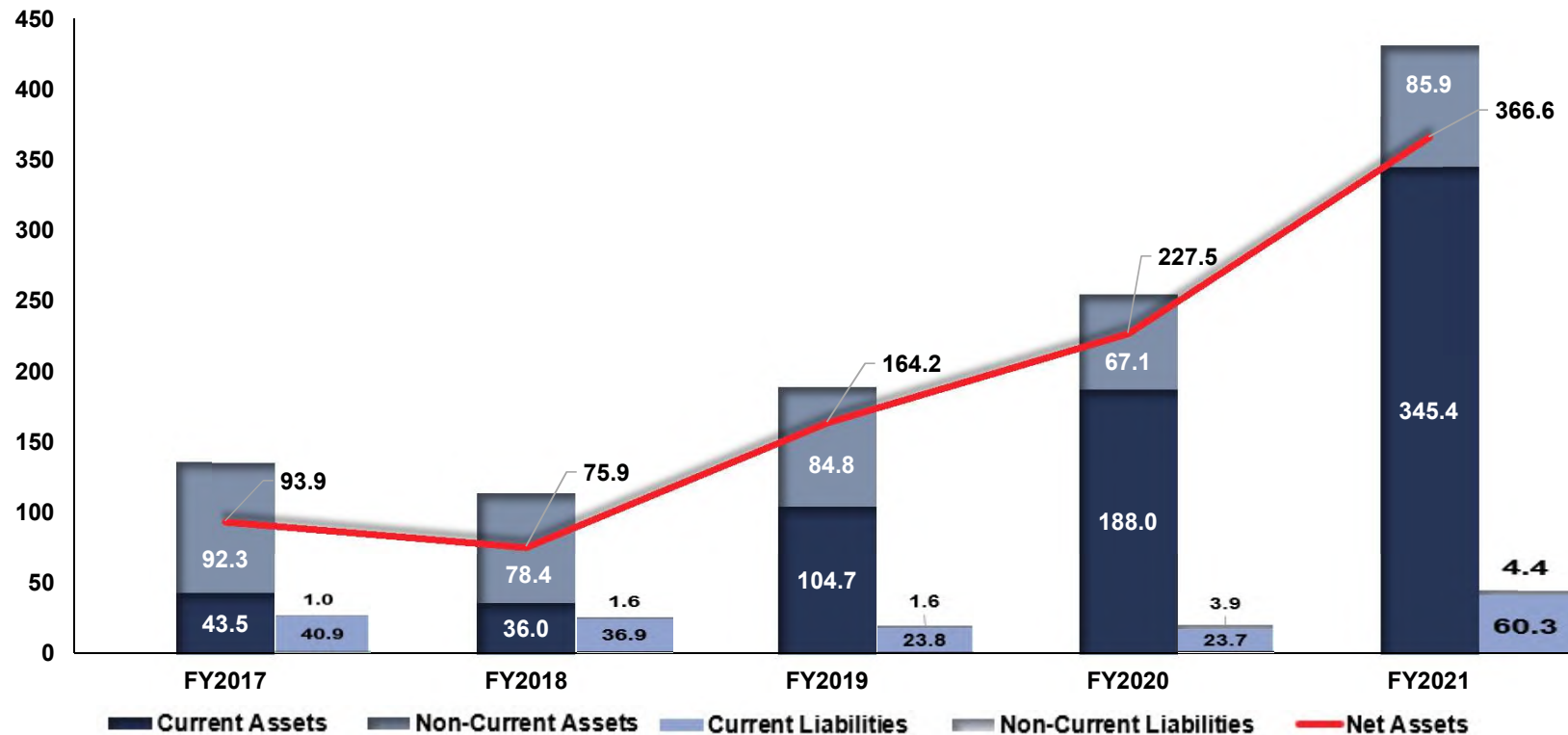


Net Profit and Net Profit Margin



FY2021 Group Financial Performance

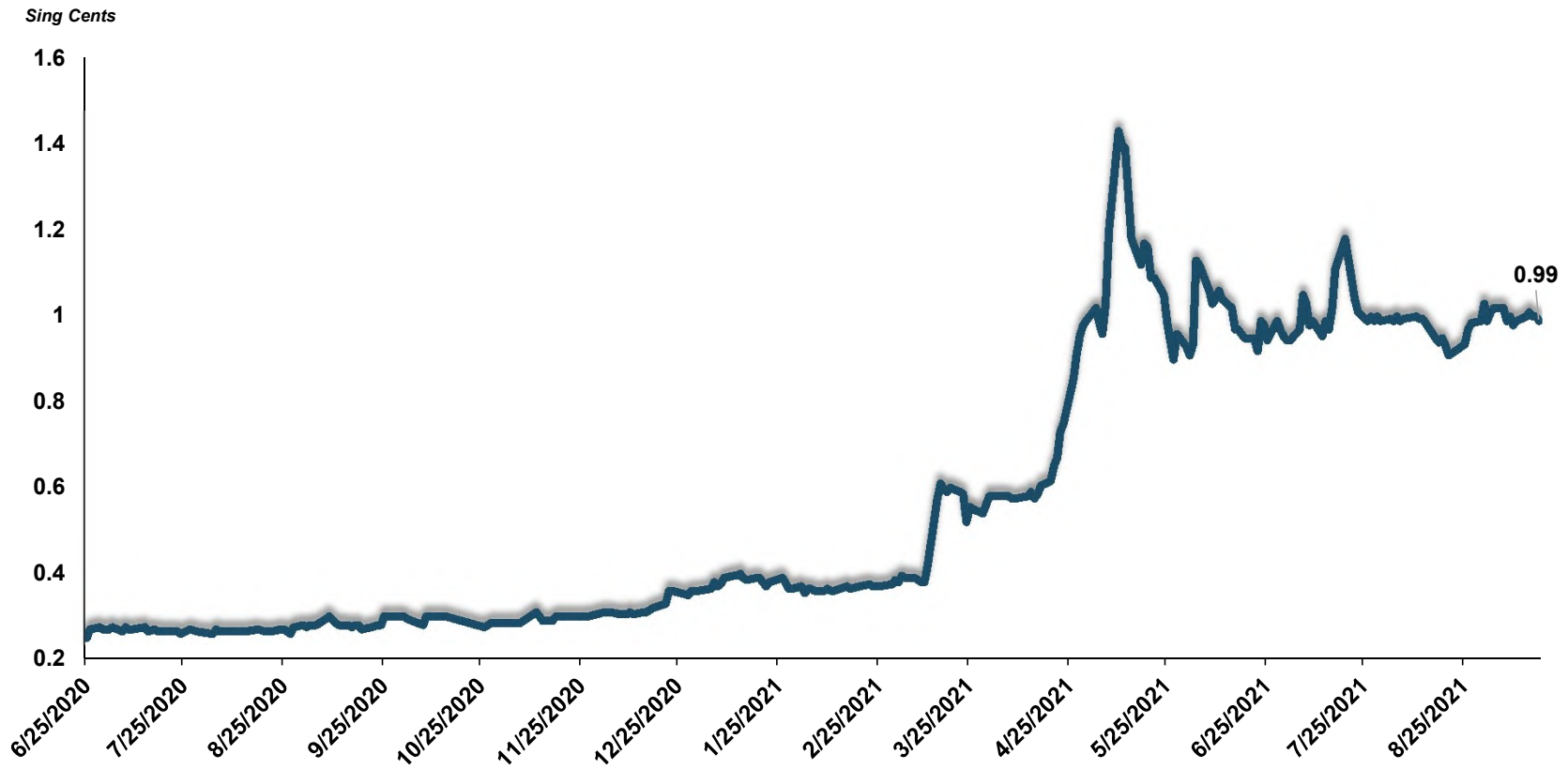
Strong financial position with high cash and bank balances and low borrowings



As at 31 July 2021, the company is in a net asset position of RM366.6 million, attributable to the strong net cash position

Share Price Performance

Strong share price performance backed by record high iron prices



Source: Bloomberg



BUSINESS STRATEGY & FUTURE PLANS



Business Strategies and Future Plans

Continue to expand our exploration activities and diversify our business



Expand exploration activities

To carry out further exploration activities, including:

- Exploration work for **mineral deposits at Exploration Assets**
- **Exploration work at the Chaah Mine** to define extensions to the existing reserves
- **South Atlantic Minerals Sdn Bhd** will be carrying out mining activities of the Group



Investment into equipment and infrastructure

- To **purchase more mining equipment** such as excavators for our mining activities



Acquisition of new mines rights & diversification of business

- Explore **acquisition opportunities of new mining rights** to expand production
 - ✓ Acquired **additional mining lease** adjacent to our Mao'kil mine measuring **394.81 acres** in May 2021
- **Diversification of business** through joint ventures and strategic alliances
 - ✓ Ventured into **gold mining operations** through a **joint venture** in July 2021

An aerial photograph of a large-scale mining or construction site. The image shows a vast, dark, excavated area with various pieces of heavy machinery, including a large yellow crane or conveyor system in the lower center. A long train of dark-colored rail cars is visible in the middle ground, stretching horizontally across the site. The overall scene is industrial and rugged, with deep shadows and bright highlights on the earth's surface.

THANK YOU

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