



FOR IMMEDIATE RELEASE

**Southern Alliance Mining outlines strategic growth plans
with focus on expansion and diversification**

- The Group aims to evolve into a diversified mining and resources company with a more sustainable revenue and earnings stream
- The Group will focus on (i) expanding its iron ore reserves, (ii) diversifying into other base metals and gold, and (iii) improving operating efficiencies
- The Group has, and will continue to embark on potential investments opportunities and acquisitions to realise the transformation

Singapore, 28 September 2022 – 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 based in Pahang, Malaysia, has unveiled its strategic growth plans for the medium to long term. The Group aims to evolve into a diversified mining and resources company with a more sustainable revenue and income stream.

“We have come a long way and achieved much since obtaining the mining rights to the Chaah Mine in 2008. It is time for us to build on that foundation to further extend and strengthen our roots. We are confident that our expansion and diversification strategy will bring about more value to shareholders going forward, in the form of longer earnings visibility, reduced earnings volatility and sustainable earnings growth.”

- Dato’ Sri Pek Kok Sam, CEO and Executive Director of the Group

The Group has identified three strategic focus areas, namely (i) expanding its iron ore reserves, (ii) diversifying into other base metals and gold, and (iii) improving operating



efficiencies. It has, and will continue to embark on potential investments opportunities and acquisitions to realise that transformation.

Expansion of Iron Ore Resources

In 1H FY2022, the Group invested into overburden removal activities to further extend the mineable areas around the existing iron ore body at the Chaah Mine. The extensive exploration and drilling activities had highlighted a +150-metre strike southern extension to the main ore zone. Capitalizing on the strategic direction of the management team, the Group continued to invest in exploration activities for the southern extension zone, yielding exceptionally positive results. As per the latest Independent Qualified Person Report dated 28 September 2022 released together with the Company's results announcement for the financial year ended 31 July 2022 and resource estimation, the Group's iron ore resources have increased to 15.7Mt as of 31 July 2022, compared to 6.3Mt as of 31 July 2021. Therefore, the Group's investment in overburden stripping activity has led to not only an expansion in the minable area around the existing ore body but has allowed us to gain access to future iron ore.

In addition to the southern extension zone, the Group had also conducted preliminary exploration activities in the northern extension zone. Having derived positive results from our exploration activities, the Group is exploring various mining techniques for the northern extension zone, given the steeper slopes and higher overburden removal required. While the Group will continue to focus on the southern extension zone in the near term, the northern extension is expected to further increase our iron ore resources in the medium to long term.

Diversification into Other Base Metals and Gold

Diversification helps to insulate the Group against price movement of a single commodity and development schedules of a single mine. In the Group's latest financial results, the top and bottom-lines were adversely affected when its only mine entered a scheduled overburden removal phase.

In January 2022, the Group announced the receipt of approval from the Johor State authority to carry out exploration work for gold mining at the Tenggaroh Mine. Since then, the Group has made significant advancements in our sampling, mapping, and exploration activities that have helped



narrow down into the key mineable areas. Subsequently, the Group formulated an extensive exploration program to carry out exploration and drilling activities at the key mineable areas that is aligned with the gold mineralisation.

Furthermore, the Group also acquired two associate companies to expand its iron ore mining activities as well as mining of other base metals. These acquisitions will significantly expand the Group's mining land, thereby, allowing further exploration activities in pockets of potentially large deposits. It will lead to lesser reliance on one mine's contribution.

The diversification into gold and other base metals is a step forward towards improving the sustainability of our earnings and the Group will continue to be on the lookout for such opportunities going forward.

Improvement in Operating Efficiencies

The expansion of mineable area and increasing iron ore resources require greater efficiency and higher economies of scale to make mining economically viable. Currently, the extracted ore is sent to various crushing plants before the crushed iron ore is transported to the ball mill for the final iron ore concentrate. This requires a constant commitment of trucks and equipment for transportation between individual crushing plants and the ball mill, limiting the resources available for the mine.

Therefore, in 1Q FY2022, the Group commenced the construction of the foundation and other ancillaries for the purpose of installing a new line of our 550 – 600 tonne per hour (TPH) crushing plant. The new crushing plant is in the commissioning stage and would centralise all crushing, grinding, and processing activities by directly linking the crushing plant with the ball mill. Once fully commissioned, the centralised crushing facility is expected to free up capital invested in trucks and equipment needed to transport the ore and help us reach higher economies of scale and efficiency.

- The End -

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 press release 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 Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

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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