



SOUTHERN ALLIANCE MINING LTD.

FY2023 CORPORATE PRESENTATION

KEY HIGHLIGHTS



Key Investor Takeaways

Capturing the multi-year growth potential within the mining industry

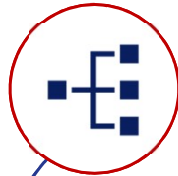


1 Supportive industry and macroeconomic prospects



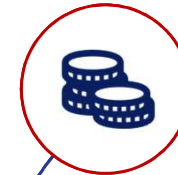
- **Strong prospects of stable demand for iron ore from China** as it moves on a recovery path
- Gold has historically performed well amid high inflation
- Rare Earth Elements (REE) have **applications across multiple growing industries** like semiconductors

2 Expansion, diversification, and optimization strategy



- **Iron ore resources doubled** from 6.3Mt as of 31 July 2021 to 15.7Mt as of 31 July 2022.
- **Drilling activities** have indicated significant mineralisation at the **Tenggaroh Gold Mine**
- Signed 2 Memorandums of Understanding (“MOU”) to **venture into rare earth mining in Malaysia**

3 Investing in the future to increase shareholder value



- **Sequentially stronger half** with 2H FY2023 revenue of RM71.9 million (vs. RM52.2 million in 1H FY2023)
- **The decrease in the production of iron ore concentrate in FY2023:**
 - Intense overburden removal activities in accordance with the Group’s mining schedule.
 - The transition from open pit mining to underground mining.
- **Exploration activities and resource conversions** are continuing as planned

Long-term Strategy

Investing into the future with strategic diversification and expansion



Promote Expansion

- Exploration Activities
- Inorganic Growth
- Capture Market Share
- High-quality Products
- Market-ready Resources



Focus on Diversification

- Broader Mineral Base
- Sustainable Earnings
- Reduced Reliance on Iron Ore
- Risk Management



Further Optimisation

- Efficient Capital Allocation
- Cost Minimisation
- Operational Efficiency
- Safe operating environment
- ESG-considerations

A Diversified Portfolio

Well-diversified operations to improve earnings in the future



IRON ORE

Operating Mine

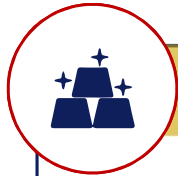
Chaah Mine Area **225.7** hectares

Exploration Projects

Chaah Baru Area **19.4** hectares

Kota Tinggi Area **79.2** hectares

Mao'kil Mine Area **159.8** hectares
22.3 hectares



GOLD

Exploration Project

Tenggaroh Mine, Mersing Area **17,767.8** hectares



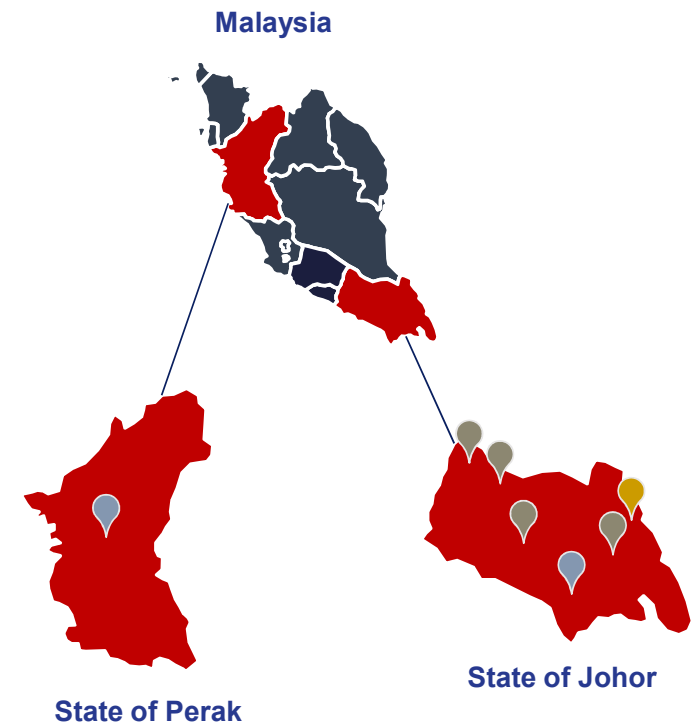
RARE EARTH ELEMENTS¹

Operating Mine

State of Perak Area **2,161** hectares

Exploration Project

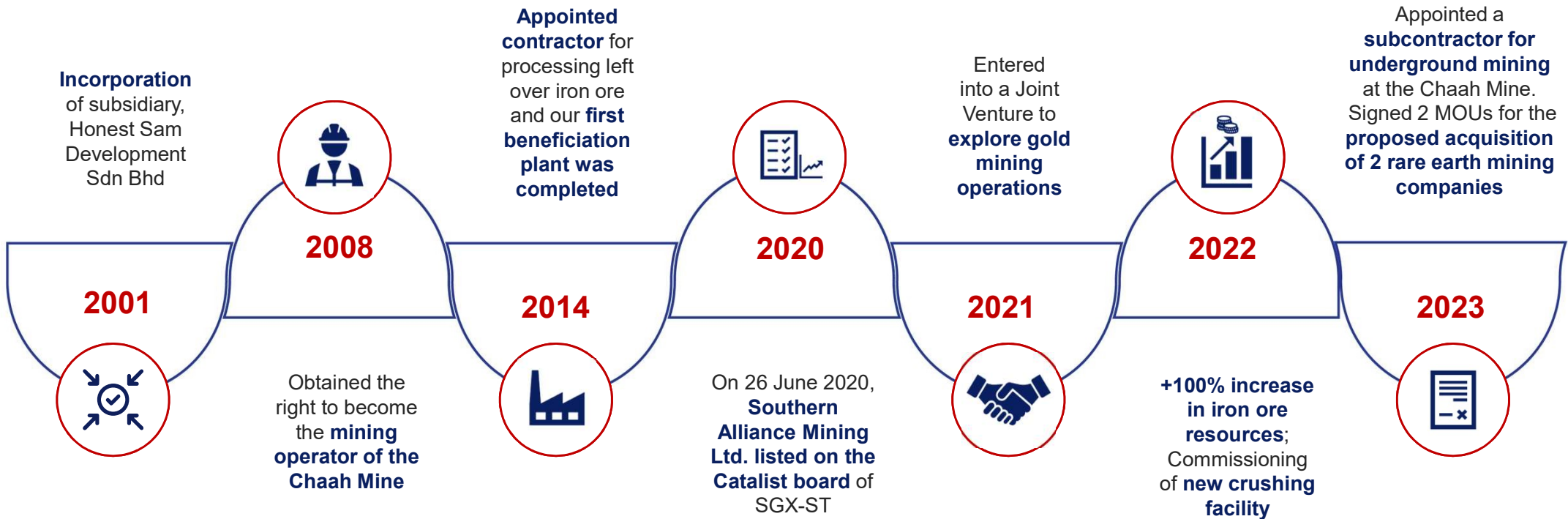
State of Johor Area **1,863** hectares



Note: 1. SAM signed 2 non-binding MOUs for the purpose of acquiring 2 rare earth mines in Malaysia. The completion of the transaction is subject to satisfactory due diligence and obtaining all the relevant approvals.

Company Overview

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



IRON ORE



Overview

Incorporated in 2001, grown to a S\$337.4m iron ore mining company



ATA
Glance



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

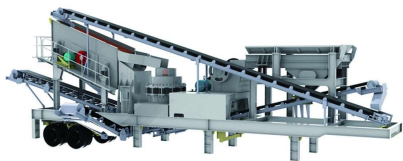


Headquartered in **Pahang, Malaysia** with its iron ore mine, the **Chaah Mine**, located in **Johor, Malaysia**

7.7

million tonnes

Total iron ore production from Chaah Mine from 2008 to 31 July 2023



Constructed and fully commissioned a **new 550-600 tonne per hour (TPH) crushing facility** in FY2022

15.7

million tonnes

Total iron ore resources **more than doubled** year-on-year in FY2022

+150m

strike extension

to the southern zone, underground mining contract commenced at the northern zone

Strategic Growth Initiative

Exploration activities in extension zones have yielded positive results



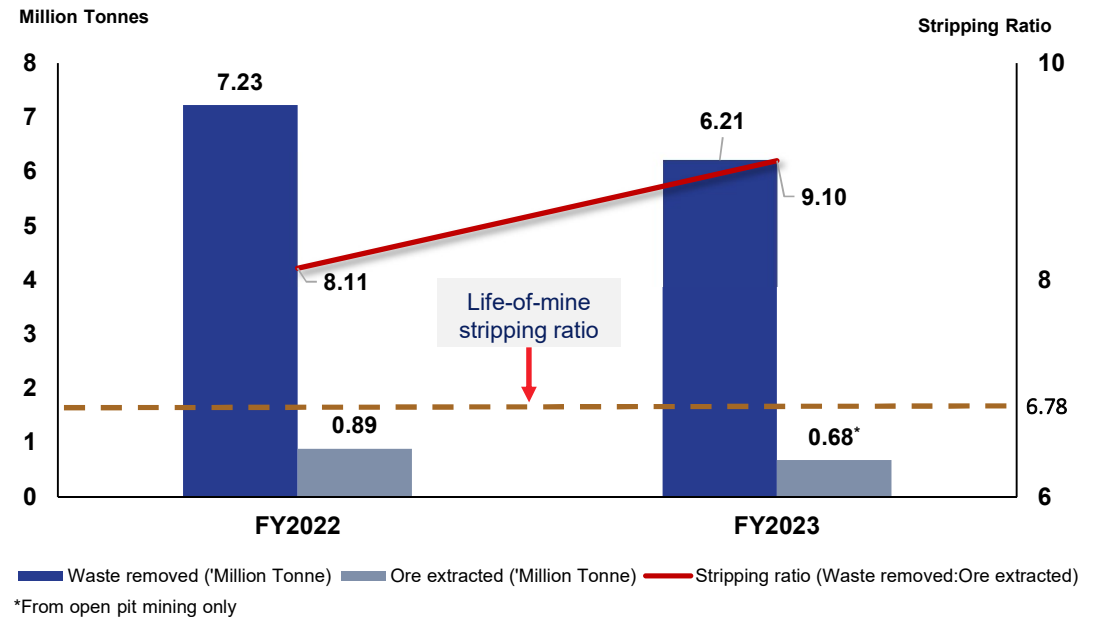
UNDERGROUND MINING

In the Northern Zone at the Chaah Mine



STRIPPING RATIOS

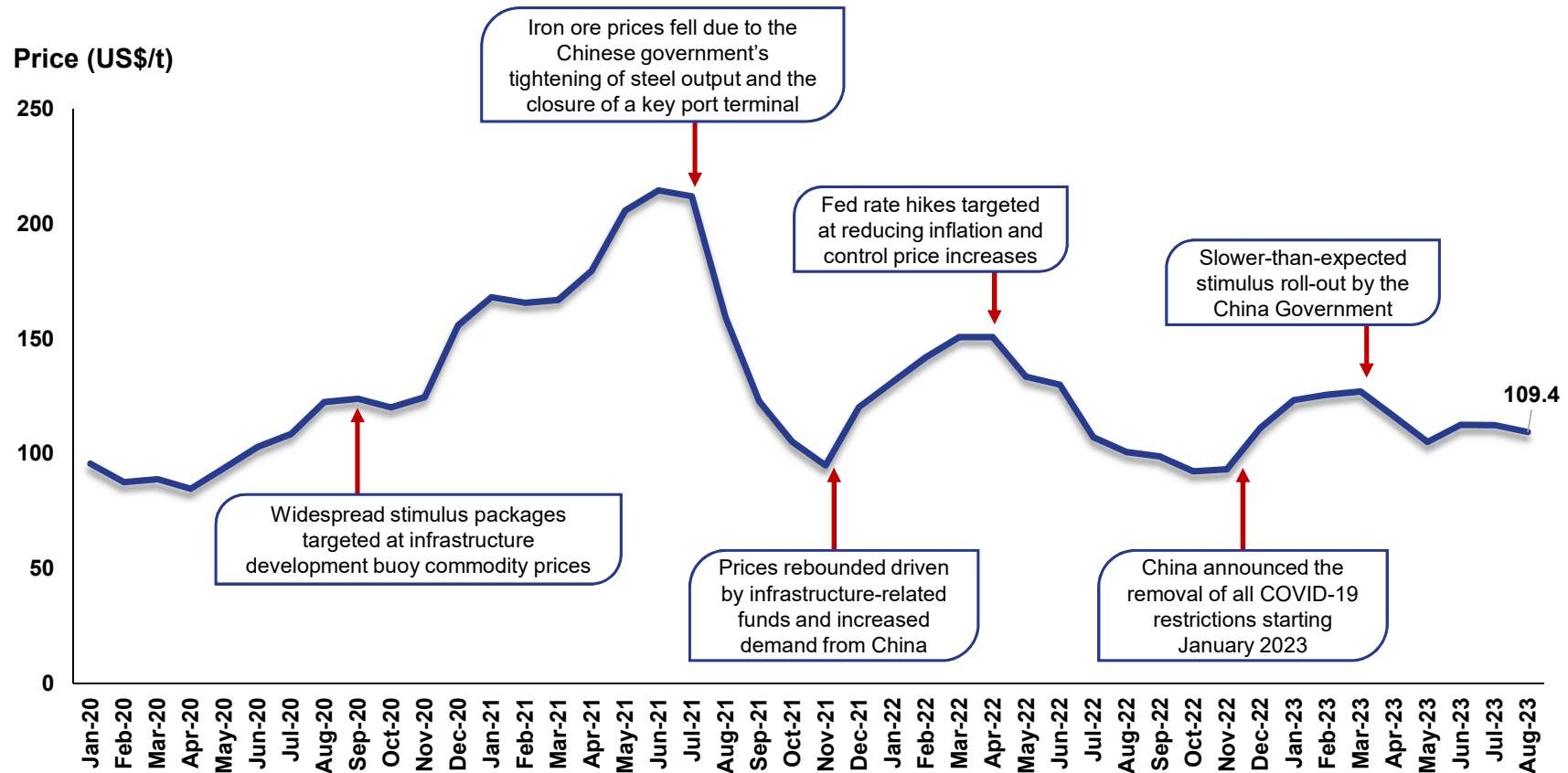
Life of mine stripping ratio vs actual stripping ratio



As per the IQPR dated 28 September 2022, the **Group's iron ore resources increased to 15.7Mt, more than double of FY2021.** The Group is now focused on **converting its resources to reserves** and is deploying a strategy to **transition from open pit mining to underground mining** for known mineral resources. This will help improve production reliability, cost efficiency and is also relatively more environmentally friendly.

Iron Ore Price Trend

Downward price pressure due to slower-than-expected China recovery



Sources: Markets Insider – Iron Ore Prices

Market Enablers for Iron Ore

Iron ore prices face short-term global economic headwinds



Potential for higher demand from China's steel industry

- Solid demand from infrastructure spending like railway, automotive and shipping is expected to offset the weakness in the real estate sector in China¹.
- Large producers like **BHP, Vale** indicated bullish sentiments for China's demand outlook.



Expected recovery in global supply

- Iron exports from Australia and Brazil estimated to grow by ~3.1% yoy in 2023².
- The world's largest iron ore producer **Rio Tinto** left its export guidance unchanged, despite China's economic concerns.³



Cautiously optimistic outlook for iron ore

- Downward risk on prices if China's demand is unable to showcase a strong rebound and **steel supply continues to further outweigh its demand**.
- Iron ore prices will remain a point of contention for 2023 with steady exports to support China's expected demand.

GOLD

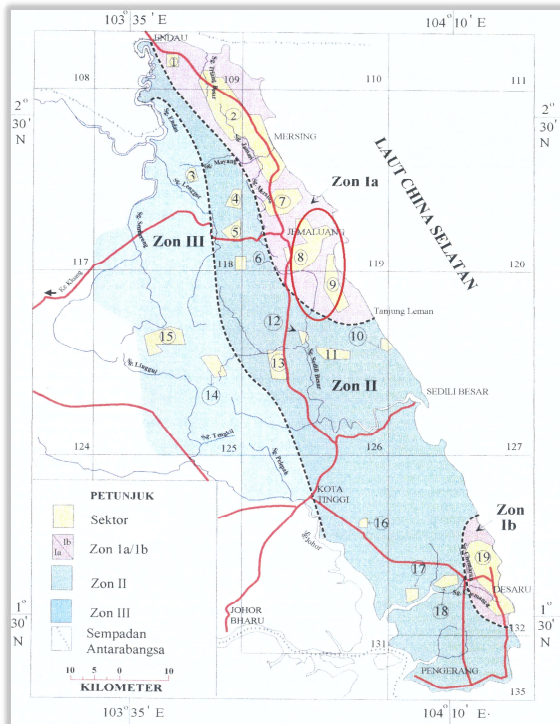


Strategic Growth Plans

Promising progress witnessed at the Tenggaroh Gold Prospect



Zoning of Potential Areas of Mineralisation



- A comprehensive regional reconnaissance geochemical sampling program showed that **prospective gold sectors in Zone I was the most significant.**
- **Exploration activities are being focused on the known mineralization areas** of the Tenggaroh Prospect, which otherwise extends to slightly lesser than $\frac{1}{4}$ of the size of Singapore
- **Expansion plan:** The Group will look to add drilling machinery and additional manpower to support the growth

54.7%

of the samples

indicated significant gold mineralisation in the 31 trenches excavated in FY2023

Following this, the Group laid out a plan to drill 20 holes around the area

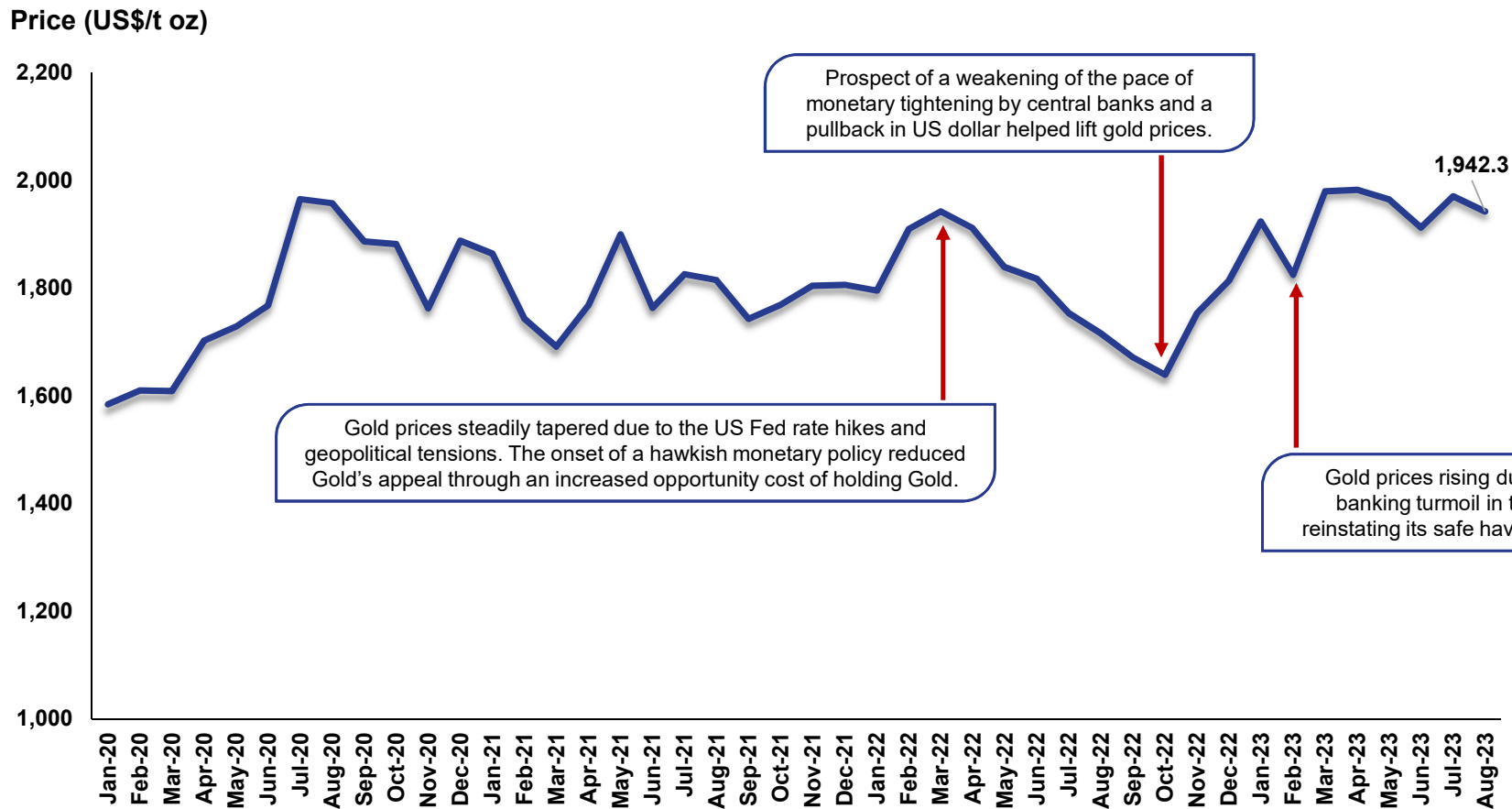
95.8%

of the samples

marked the presence of significant gold mineralisation in the 9 drill holes made to date

Gold Price Trend

Prices rebounded due to slower rate hikes and a weaker US dollar



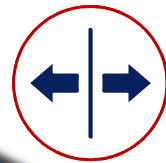
Market Enablers for Gold

Increased investments in gold as a safe-haven in economic uncertainty



Robust demand-supply for Gold driving prices

- Both **resolute investment and jewelry demand** created a supportive environment for gold prices in 1H2023¹.
- **China's wholesale gold demand rebounded** in 1Q2023 reflecting manufacturers' **optimism for future consumption**.²



Inverse relationship with the US-dollar

- As the **US Dollar Index fell at the start of 2023, prices of Gold rose** due to the negative correlation³. Eventual easing of monetary policy will weaken the US dollar further.
- Banks are bullish on gold in 2023 due to the debt vulnerabilities of the US.



Investment Flows into Gold remain resilient

- Historically, **periods of high inflation have been positive for the gold's price**.³
- **Investors rely on Gold to mitigate losses in volatile periods** signaling steady investments in this commodity.

RARE EARTH ELEMENTS



Rare Earth Elements

Rare Earth elements are used across various industries



Periodic Table of Elements

| Period | Group 1 | Group 2 | Group 3 | Group 4 | Group 5 | Group 6 | Group 7 | Group 8 | Group 9 | Group 10 | Group 11 | Group 12 | Group 13 | Group 14 | Group 15 | Group 16 | Group 17 | Group 18 |
|--------|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| 1 | H 1.008 | | | | | | | | | | | | | | | | | He 4.003 |
| 2 | Li 6.941 | Be 9.012 | | | | | | | | | | | B 10.81 | C 12.01 | N 14.01 | O 16 | F 19 | Ne 20.18 |
| 3 | Na 22.99 | Mg 24.31 | | | | | | | | | | | Al 26.98 | Si 28.09 | P 30.97 | S 32.07 | Cl 35.45 | Ar 39.95 |
| 4 | K 39.10 | Ca 40.08 | Sc 44.96 | Ti 47.88 | V 50.94 | Cr 52 | Mn 54.94 | Fe 55.85 | Co 58.47 | Ni 58.69 | Cu 63.55 | Zn 65.39 | Ga 69.72 | Ge 72.59 | As 74.92 | Se 78.96 | Br 79.9 | Kr 83.8 |
| 5 | Rb 85.47 | Sr 87.62 | Y 88.91 | Zr 91.22 | Nb 92.91 | Mo 95.94 | Tc (98) | Ru 101.1 | Rh 102.9 | Pd 106.4 | Ag 107.9 | Cd 112.4 | In 114.8 | Sn 118.7 | Sb 121.8 | Te 127.6 | I 126.9 | Xe 131.3 |
| 6 | Cs 132.9 | Ba 137.3 | La 138.9 | Hf 178.5 | Ta 180.9 | W 183.9 | Re 186.2 | Os 190.2 | Ir 192.2 | Pt 195.1 | Au 197 | Hg 200.5 | Tl 204.4 | Pb 207.2 | Bi 209 | Po (210) | At (210) | Rn (222) |
| 7 | Fr (223) | Ra (226) | Ac (227) | Rf (257) | Db (260) | Sg (263) | Bh (262) | Hs (265) | Mt (266) | Ds (271) | Rq (272) | Uub (285) | Uut (284) | Uuq (289) | Uup (288) | Uuh (292) | Uus 0 | Uuo 0 |
| | | | 6 | 58 Ce 140.1 | 59 Pr 140.9 | 60 Nd 144.2 | 61 Pm (147) | 62 Sm 150.4 | 63 Eu 152 | 64 Gd 157.3 | 65 Tb 158.9 | 66 Dy 162.5 | 67 Ho 164.9 | 68 Er 167.3 | 69 Tm 168.9 | 70 Yb 173 | 71 Lu 175 | |
| | | | 7 | 90 Th 232 | 91 Pa (231) | 92 U (238) | 93 Np (237) | 94 Pu (242) | 95 Am (243) | 96 Cm (247) | 97 Bk (247) | 98 Cf (249) | 99 Es (254) | 100 Fm (253) | 101 Md (256) | 102 No (254) | 103 Lr (257) | |



About Rare Earth Elements (REE)

- There are a total of **17 REE**.
- **Wide application** in the manufacturing of modern electric vehicles, green energy generation, electronics like laptops and smartphones and high-performance airframes
- **Currently, China has the highest reserves of REE**
- **Non-Radioactive-REE (NR-REE) in Malaysia amounts to 15.188m MT** with a value of around RM741b, and **most are found in Kedah, Perak, Terengganu, Kelantan, Pahang, Johor.**

Target Companies

MCRE Resources Sdn Bhd and Paramount Synergy Sdn Bhd



MCRE Resources Sdn Bhd



Involved in the **exploration, mining, processing and sale of lanthanide Minerals and NE-REE**

Headquartered in **Kuantan, Malaysia** with its mine located in the State of Perak

1st

Malaysian Company

to utilized advance mining method from China in Malaysia.

33,000

tonnes

estimated **rare earth oxide** of MCRE's explored mine area

2,161

hectares

estimated total **mining area**

1.7

million tonnes

NR-REE in Perak currently with an **estimated value of US\$**

20.3

billion

Paramount Synergy Sdn Bhd



1,863

hectares

Estimated area of identified mineralized zone

1,200

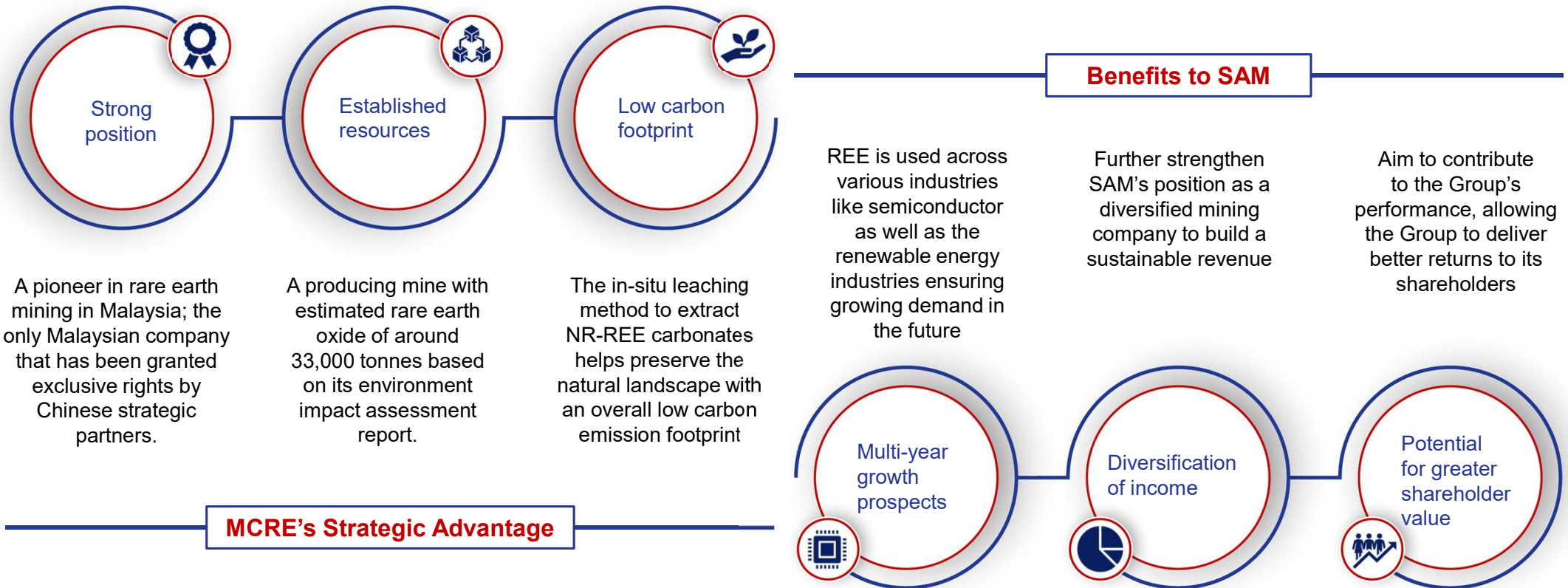
holes

drilled to date

Sources: [Perak could be sitting on US\\$20.25b of lanthanide rare earth bonanza, study shows](#),

Strategic Advantages of the Acquisition

Capturing market opportunity through MCRE's strong market positioning



FINANCIAL HIGHLIGHTS

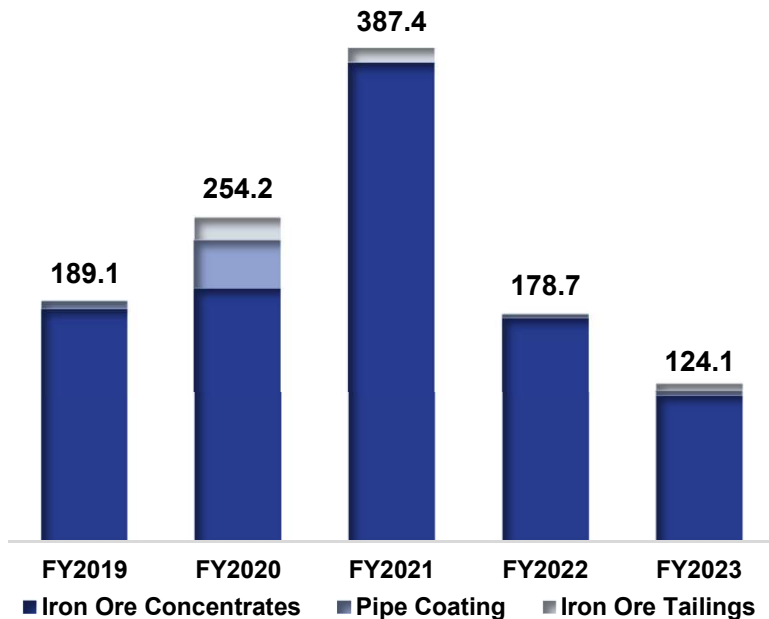


FY2023 Group Financial Performance

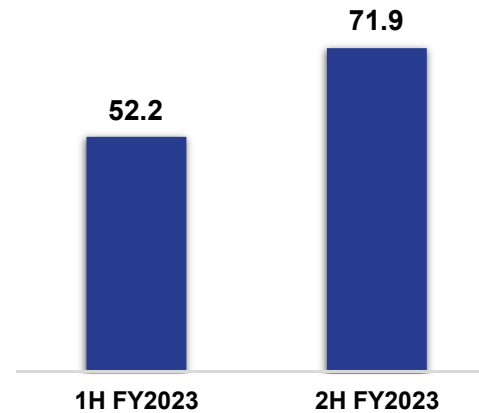
Sequentially stronger second half with an increase in revenue



Group Revenue (RM million)
Year-on-year



Half-on-half



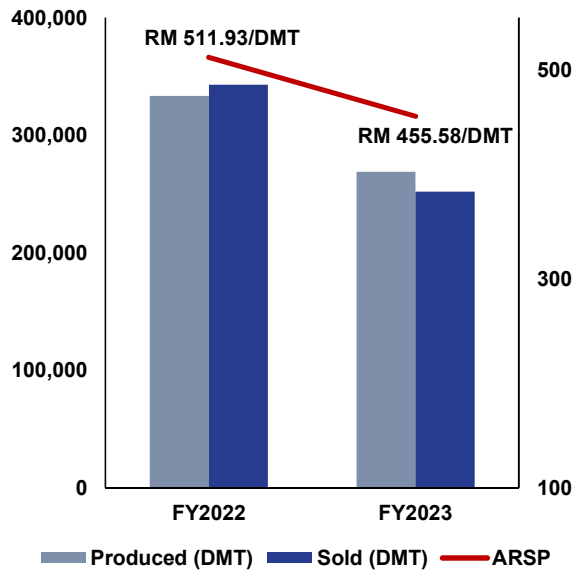
- FY2023 revenue decreased 30.6% to RM124.1 million due to **lower sales volume and average realized selling price** of iron ore concentrate.
- The **decrease in the production of iron ore concentrate** was due to:
 - Intense overburden removal activities in accordance with the Group's mining schedule.
 - The transition from open pit mining to underground mining
- The Group reported a **sequentially stronger second half with a 37.8% increase in revenue** to RM71.9 and a gross profit of RM2.0 million for 2H FY2023 against the gross loss in 1H FY2023.

FY2023 Group Financial Performance

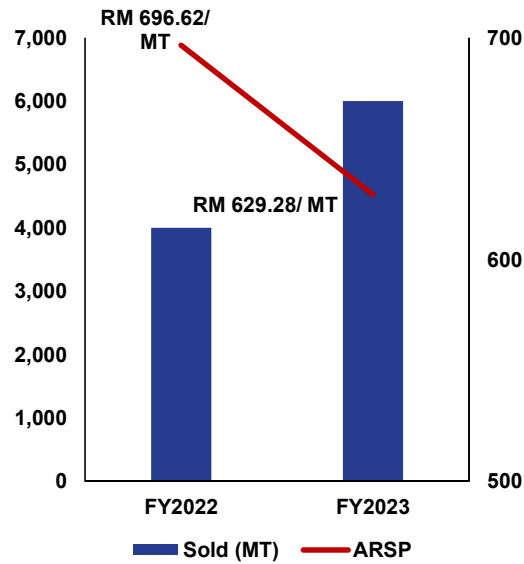
Volume produced, volume sold, and average realized selling price



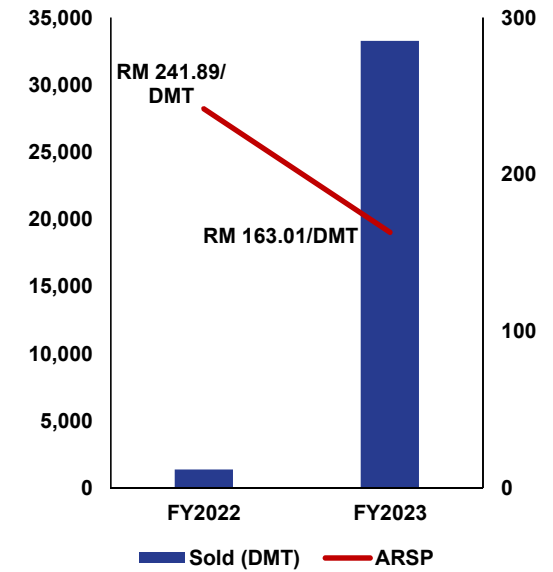
Iron Ore Concentrates



Iron Ore Crushed



Iron Ore Tailings

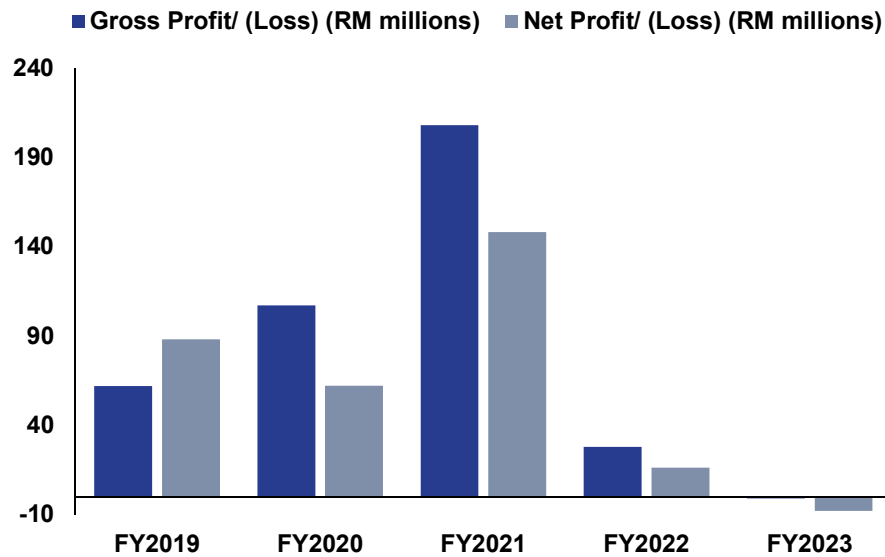


FY2023 Group Financial Performance

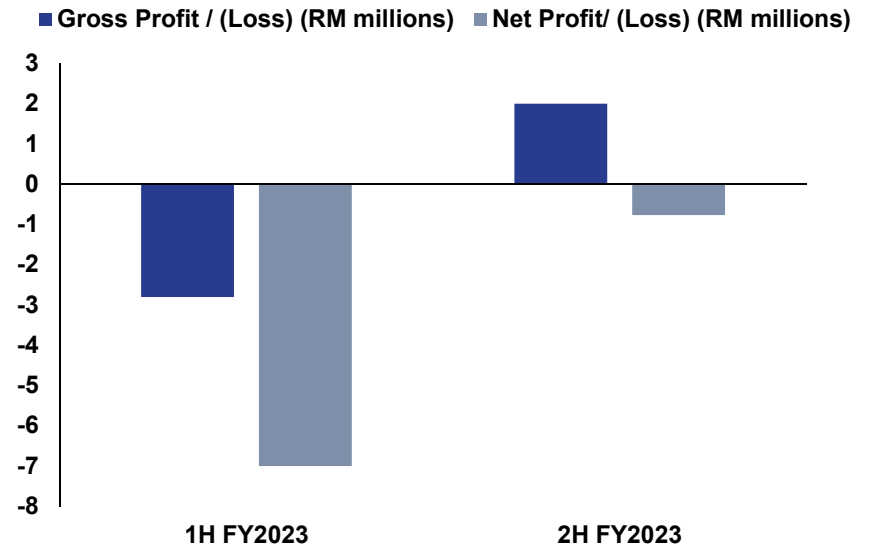
Lower profits for FY2023 with sequential improvement in 2H FY2023



Gross and Net Profit / (Loss)
Year-on-year



Half-on-half

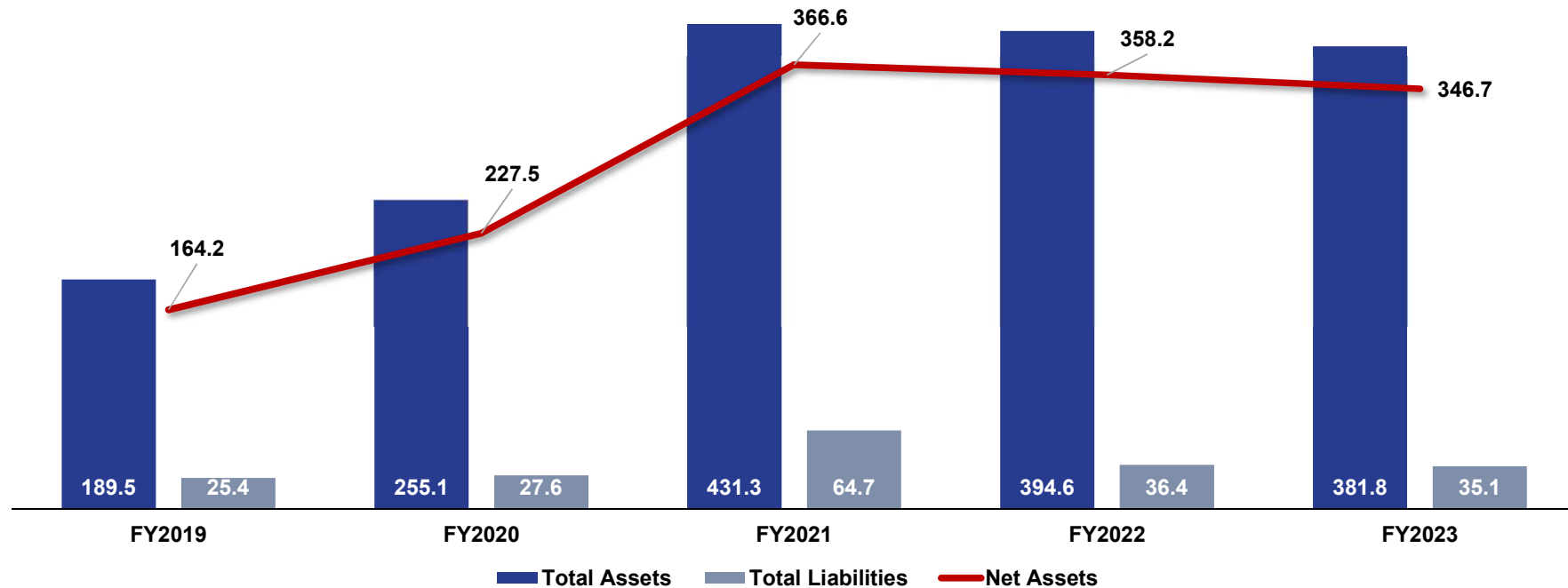


FY2023 Group Financial Performance

Robust financial position with strong net assets



Balance Sheet
In RM millions



THANK YOU

