Southern Alliance Mining Ltd

(Company Registration No. 201931423D)

Unaudited Condensed Interim Financial Statements
For the Six Months and Full Financial Year Ended 31 July 2024 ("FY2024")

Background

Southern Alliance Mining Ltd. (the "**Company**") and together with its subsidiaries, (the "**Group**") is an established, respected and trusted high-grade iron ore producer in Asia. The Group is principally involved in the exploration, mining and processing of high-grade iron ore concentrate for subsequent sales. The Group also produces crushed iron ore which is used to coat subsea pipe for the oil and gas industry. Based in Pahang, Malaysia, the Group has been operating the Chaah Mine located at Johor, Malaysia since 2008 and has also been granted the right to carry out exploration and mining operations at three potential iron ore mines located in Johor, Malaysia. 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 the right to carry out exploration for gold mineralisation in the State of Johor and had commenced exploration activities since February 2022.

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

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PART I – UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL FINANCIAL YEAR ENDED 31 JULY 2024

A. Condensed Interim Consolidated Statement of Profit or Loss and Comprehensive Income

		Group					
		Six Months Ended			**Full Year Ended**		
		31-Jul-24	31-Jul-23		31-Jul-24	31-Jul-23	
		(Unaudited)	**(Unaudited)**	Changes	**(Unaudited)**	**(Audited)**	Changes
	Note	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	**4**	73,640	71,906	2.4%	165,848	124,089	33.7%
Cost of sales		(65,840)	(69,916)	-5.8%	(156,764)	(124,922)	25.5%
Gross profit/(loss)		7,800	1,990	292.0%	9,084	(833)	NM*
Other income		2,074	5,043	-58.9%	8,378	6,645	26.1%
Other operating expenses		(469)	(368)	27.4%	(1,135)	(1,275)	-11.0%
General and administrative expenses		(9,995)	(5,234)	91.0%	(16,696)	(12,673)	31.7%
Share of loss of joint ventures		(1,003)	(573)	75.0%	(1,575)	(877)	79.6%
Gain on disposal of subsidiaries		-	-	0.0%	118	-	100.0%
Finance costs		(351)	(317)	10.7%	(685)	(647)	5.9%
(Loss)/profit before tax	**5**	(1,944)	541	NM*	(2,511)	(9,660)	-74.0%
Income tax (expense)/benefit	**6**	(8,139)	(1,305)	523.7%	(8,815)	1,883	NM*
Loss after tax, representing total comprehensive income for the period/year		(10,083)	(764)	1,219.8%	(11,326)	(7,777)	45.6%
Attributable to:							
Equity holders of the parent		(10,033)	(764)	1,213.2%	(11,276)	(7,777)	45.0%
Non-controlling interest		(50)	-	100.0%	(50)	-	100.0%
Loss per share attributable to ordinary equity holders of the parent (Malaysian cents per share)							
Basic and diluted		(2.05)	(0.16)	1,181.3%	(2.31)	(1.59)	45.3%

* Not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31-Jul-24 (Unaudited)	31-Jul-23 (Audited)	31-Jul-24 (Unaudited)	31-Jul-23 (Audited)
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	65,692	70,162	-	-
Mine properties	11	56,409	30,675	-	-
Exploration and evaluation assets		11,688	19,842	-	-
Investment in subsidiaries		-	-	188,065	183,949
Investment securities		54	92	-	-
Investment in joint ventures		17,507	9,078	3,024	-
Investment in redeemable preference shares		-	-	10,000	10,000
Other receivables		13,619	-	1,196	-
		164,969	129,849	202,285	193,949
Current assets					
Inventory		18,640	13,244	-	-
Trade and other receivables		28,840	40,656	166	10,047
Contract assets		2,336	3,168	-	-
Prepayments		10,191	7,161	4,880	1,804
Cash and bank balances		141,680	156,103	10,133	15,862
Income tax recoverable		26,318	31,597	30	3
		228,005	251,929	15,209	27,716
Total assets		392,974	381,778	217,494	221,665
Liabilities					
Current liabilities					
Loan and borrowings	12	5,997	6,879	-	-
Trade and other payables		28,886	17,002	1,911	579
		34,883	23,881	1,911	579
Net current assets		193,122	228,048	13,298	27,137
Non-current liabilities					
Loan and borrowings	12	11,435	6,420	-	-
Deferred tax liabilities		11,254	4,749	-	-
		22,689	11,169	-	-
Total liabilities		57,572	35,050	1,911	579
Net assets		335,402	346,728	215,583	221,086
Equity attributable to owners of the Company					
Share capital	13	218,154	218,154	218,154	218,154
Treasury shares	13	(509)	(509)	(509)	(509)
Retained earnings/(accumulated losses)		280,439	291,715	(2,062)	3,441
Merger reserve		(163,380)	(163,380)	-	-
		334,704	345,980	215,583	221,086
Preference shares		733	733	-	-
Non-controlling interest		(35)	15	-	-
Total equity		335,402	346,728	215,583	221,086

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C. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	Full Year Ended	
	31-Jul-24 **(Unaudited)** RM'000	31-Jul-23 **(Audited)** RM'000
Operating activities		
Loss before tax	(2,511)	(9,660)
Adjustments for:		
Interest expenses	685	647
Interest income	(5,954)	(2,401)
Unrealised gain on foreign exchange	(932)	(3,310)
Depreciation of property, plant and equipment	19,392	16,146
Gain on disposal of property, plant and equipment	(713)	(222)
Amortisation of mine properties	6,063	5,646
Fair value loss/(gain) on investment securities	38	(53)
Share of loss of joint ventures	1,575	877
Gain on disposal of subsidiaries	(118)	-
Gain on lease modification	(11)	-
Asset written-off	1,425	102
Total adjustments	21,450	17,432
Operating cash flows before changes in working capital	18,939	7,772
Changes in working capital:		
Increase in inventories	(5,396)	(7,776)
Increase in trade and other receivables and contract assets	(11,054)	(12,516)
Increase in prepayments	(3,030)	(5,122)
Increase/(decrease) in trade and other payables	15,813	(354)
Total working capital changes	(3,667)	(25,768)
Cash flows from/(used in) operations	15,272	(17,996)
Income taxes refunded/(paid)	2,969	(7,857)
Interest received	4,127	2,401
Interest paid	(685)	(647)
Net cash from/(used in) operating activities	21,683	(24,099)

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	Group	
	Full Year Ended	
	31-Jul-24	31-Jul-23
	(Unaudited)	**(Audited)**
	RM'000	RM'000
Investing activities		
Investment in exploration and evaluation assets	(4,388)	(6,600)
Purchase of property, plant and equipment	(5,601)	(8,551)
Proceeds from disposal of property, plant and equipment	805	215
Uplift/(placement) of term deposits	3,643	26,191
Investment in tunnel infrastructures	(19,846)	-
Expenditures on stripping activity assets	-	(8,784)
Investment in joint ventures	-	(10,159)
Net cash used in investing activities	(25,387)	(7,688)
Financing activities		
Repayment of obligations under leases	(7,361)	(6,916)
Purchase of treasury shares	-	(42)
Dividends paid on ordinary and preference shares	-	(3,619)
Net cash used in financing activities	(7,361)	(10,577)
Net decrease in cash and cash equivalents	(11,065)	(42,364)
Deconsolidation of subsidiaries	(999)	-
Effect of exchange rate changes on cash and cash equivalents	795	3,273
Cash and cash equivalents at beginning of financial year	145,803	184,894
Cash and cash equivalents at end of financial year	134,534	145,803

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	31-Jul-24	31-Jul-23
	RM'000	RM'000
Cash and bank balances	141,680	156,103
Less:		
Deposits more than three months	(7,146)	(10,300)
Cash and cash equivalents at end of financial year	134,534	145,803

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D. Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the Company							
	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Preference shares RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
Full Year FY 2024								
Opening balance at 1 August 2023 (audited)	218,154	(509)	(163,380)	291,715	345,980	733	15	346,728
Loss for the year representing total comprehensive income	-	-	-	(11,276)	(11,276)	-	(50)	(11,326)
Closing balance at 31 July 2024 (unaudited)	218,154	(509)	(163,380)	280,439	334,704	733	(35)	335,402
Full Year FY 2023								
Opening balance at 1 August 2022 (audited)	218,154	(467)	(163,380)	303,111	357,418	733	15	358,166
Loss for the year representing total comprehensive income	–	–	–	(7,777)	(7,777)	–	-	(7,777)
Transaction with owners								
Purchase of treasury shares	–	(42)	–	–	(42)	–	–	(42)
Dividends on ordinary and preference shares	–	–	–	(3,619)	(3,619)	–	–	(3,619)
Total transactions with owners	–	(42)	–	(3,619)	(3,661)	–	–	(3,661)
Closing balance at 31 July 2023 (audited)	218,154	(509)	(163,380)	291,715	345,980	733	15	346,728

	Share capital RM'000	Treasury shares RM'000	Retained earnings /(accumulated losses) RM'000	Total equity RM'000
Company				
Full Year FY 2024				
Opening balance at 1 August 2023 (audited)	218,154	(509)	3,441	221,086
Loss for the year representing total comprehensive income	–	–	(5,503)	(5,503)
Closing balance at 31 July 2024 (unaudited)	218,154	(509)	(2,062)	215,583
Full Year FY 2023				
Opening balance at 1 August 2022 (audited)	218,154	(467)	1,568	219,255
Profit for the year representing total comprehensive income	–	–	5,392	5,392
Transactions with owners				
Dividends on ordinary and preference shares	–	–	(3,519)	(3,519)
Purchase of treasury shares	–	(42)	–	(42)
Closing balance at 31 July 2023 (audited)	218,154	(509)	3,441	221,086

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E. Notes to the Condensed Interim Consolidated Financial Statements

Note 1 – Corporate information

The Company was incorporated on 19 September 2019 under the Companies Act, Chapter 50 as a private limited company domiciled in Singapore. On 27 April 2020, the Company was converted to a public company limited by shares and whose shares are publicly traded on the Catalist of the SGX-ST. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 July 2024 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mining, processing and sales of iron ore. The Group has since February 2022 extended its core business to include mining of gold and other precious metals, base metals and minerals as well as trading in other commodities.

Note 2 – Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 31 July 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 January 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Malaysian Ringgit ("**RM**").

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised SFRS(I) and SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 August 2023. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the condensed interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are detailed in Notes 2.2.1 and 2.2.2.

2.2.1 Judgements made in applying accounting policies

(a) *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and deductible expenditures. The Group establishes provisions and recognises tax recoverable positions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions and tax recoverable are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority as well as judgement made on whether it is probable that the Group's tax positions would be accepted by the tax authority. The carrying amounts of the income tax recoverable and deferred tax liabilities as at 31 July 2024 is RM26,318,000 (31 July 2023: RM31,597,000) and RM11,254,000 (31 July 2023: RM4,749,000) respectively.

(b) *Stripping (waste removal) costs*

The Group previously adopted open pit mining on its Chaah Mine and therefore incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. However, the Group has officially ceased the open pit mining in September 2023 and has converted the mining method to the underground mining. Accordingly, no stripping cost was incurred during the financial year ended 31 July 2024.

Notwithstanding the above, the Group will continue to amortise the remaining stripping cost based on the ore extraction. While judgement is no longer required to allocate the production stripping costs between inventory and stripping asset, however, judgements and estimates are still required to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

(c) Exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related area of interest, if not, whether it can successfully recover the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of ore reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Amortisation of mine properties

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production ("**UOP**") depreciation methodologies are available to choose from. The Group adopts a methodology involving run-of-mine (“**ROM**”) tonnes of ore produced for mining costs and a methodology involving ounces/tonnes of metal produced for post-mining costs. The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

(i) The effect on economically recoverable reserves of differences between actual commodity prices; and
(ii) Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

(b) Impairment of mine properties and property, plant and equipment (“mining assets”)

The Group assessed whether there are any indicators of impairment for its mining assets at each reporting date. Mining assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the assets or cash-generating unit and chooses a suitable discount rate to calculate the present value of those cash flows.

Note 3 – Seasonality of operations

Revenue and operating profit for the fiscal quarters which cover the dry season (from February to October) are generally higher than the fiscal quarters which cover the typical rainy season (from November to January). However, this trend may be affected by any anomaly in weather or rainfall patterns.

Note 4 – Revenue

	Group			
	6 months period ended		**Full year ended**	
	31 July 2024	**31 July 2023**	**31 July 2024**	**31 July 2023**
	RM'000 **Unaudited**	RM'000 **Unaudited**	RM'000 **Unaudited**	RM'000 **Audited**
Sales of iron ores	73,640	71,906	165,848	124,089

All revenues are derived from the operations based in Malaysia except for an amount of approximately RM11,312,000 for the financial year ended 31 July 2024 (31 July 2023: RM8,119,000) arising from sales to overseas customers.

Contract assets

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	31 July 2024	**31 July 2023**
	RM'000 **Unaudited**	RM'000 **Audited**
Receivables from contracts with customers	10,507	7,435
Contract assets	2,336	3,168

Contract assets primarily relate to the Group's right to consideration for iron ore delivered but not yet billed at reporting date for the sale of iron ores. Contract assets are transferred to receivables when the rights become unconditional.

Significant changes in contract assets are explained as follows:

	Group	
	31 July 2024	**31 July 2023**
	RM'000 **Unaudited**	RM'000 **Audited**
Contract assets reclassified to receivables	3,168	1,979

Note 5 – Profit before tax

5.1 Significant items

	Group					
	Six month ended			Full year ended		
	31 July 2024	**31 July 2023**		**31 July 2024**	**31 July 2023**	
	RM'000	RM'000	Changes	RM'000	RM'000	Changes
	Unaudited	**Unaudited**	(%)	**Unaudited**	**Audited**	(%)
Interest income	(3,547)	(1,296)	173.7%	(5,954)	(2,401)	148.0%
Gain on disposal of property, plant and equipment	(249)	-	100.0%	(713)	(222)	221,2%
Rendering of services	(90)	(90)	0.0%	(263)	(180)	46.1%
Sundry income	(201)	(347)	-41.2%	(516)	(532)	-3.0%
Finance costs	351	317	10.7%	685	647	5.9%
Employee benefits expense	6,155	6,829	-9.9%	13,300	12,929	2.9%
Depreciation of property, plant and equipment	9,859	8,972	9.9%	19,392	16,146	20.1%
Amortisation of mine properties	3,594	3,383	6.2%	6,063	5,646	7.4%
Unrealised loss/(gain) on foreign exchange	2,016	(5,155)	-139.1%	(932)	(3,310)	-71.8%
Realised loss on foreign exchange	14	85	-83.5%	54	95	-43.2%
Asset written-off	1,326	102	1,200.0%	1,425	102	1,297.1%
Tributes	18,000	18,000	0.0%	36,000	34,500	4.3%
Royalties	525	409	28.4%	911	775	17.5%

5.2 Related party transactions

(a) ***Sales and purchases of goods and services***

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	Full year ended	
	31 July 2024	**31 July 2023**
	RM'000	RM'000
	Unaudited	**Audited**
Transactions with related parties		
Sale of equipment to interested person	-	(3,367)
Purchase of equipment and mobile equipment	290	5,240
Hiring and transportation services procured	5,967	5,656
Rental of office from interested person	230	-
Purchase of lubricants, spare parts and equipment	943	1,708
Procurement of services	121	80
Advances to interested person	7,420	-

(b) ***Compensation of key management personnel***

	Group	
	Full year ended	
	31 July 2024	31 July 2023
	RM'000	RM'000
	Unaudited	**Audited**
Short-term employee benefits	4,907	4,580

Key management compensation comprises the following:

Remuneration to Director of the Company	3,498	3,096
Directors' fees	1,088	1,051
Other key management personnel	-	119
Defined contributions	321	314
	4,907	4,580

Note 6 – Income tax

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earning based on the rates prevailing in the relevant jurisdiction. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended		Full year ended	
	31 July 2024	31 July 2023	31 July 2024	31 July 2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	**Unaudited**	**Unaudited**	**Audited**
Current income tax				
Current income taxation	552	534	1,150	534
Under provision in respect of previous years	1,159	-	1,159	264
Deferred income tax				
Origination and reversal of temporary differences	713	771	969	(2,608)
Under/(over) provision in respect of previous years	5,715	-	5,537	(73)
Income tax expense/(benefit) recognised in profit and loss	8,139	1,305	8,815	(1,883)

Note 7 – Dividends

	Group	
	Full year ended	
	31 July 2024	31 July 2023
	RM'000	RM'000
	Unaudited	Audited
Declared and paid during the financial year		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2023: Nil Malaysian cents per share (2022: 0.72 Malaysian cents per share)	-	3,519
Dividends on preference shares		
- Final exempt (one-tier) dividend for 2023: Nil Malaysian cents per share (2022: 13.6 Malaysian cents per share)	-	100
	-	3,619

Note 8 – Loss per ordinary share ("LPS")

	Group			
	6 months ended		Full year ended	
	31 July 2024 Unaudited	31 July 2023 Unaudited	31 July 2024 Unaudited	31 July 2023 Audited
Loss attributable to ordinary equity holders of the parent (RM'000)	(10,033)	(764)	(11,276)	(7,777)
Weighted average number of ordinary shares in issue ('000 shares)	488,759	488,767	488,759	488,767
Basic and fully diluted basis LPS (Malaysian cents)	(2.05)	(0.16)	(2.31)	(1.59)

LPS is calculated by dividing the Group's loss attributable to owners of the Company with the weighted average number of ordinary shares during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued or bought back during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

The basic and diluted LPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

Note 9 – Net asset value

	Group		Company	
	31 July 2024 Unaudited	31 July 2023 Audited	31 July 2024 Unaudited	31 July 2023 Audited
Net asset value (RM'000)	334,704	345,980	215,583	221,086
Number of issued shares ('000)	488,759	488,759	488,759	488,759
Net asset value per share (Malaysian cents)	68.48	70.79	44.11	45.23

The net asset value per ordinary share of the Group and the Company as at 31 July 2024 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 488,759,000 (31 July 2023: 488,759,000).

Note 10 – Property, plant and equipment

During the year ended 31 July 2024, the Group acquired assets amounting to RM17,525,000 (31 July 2023: RM17,288,000), asset written-off amounting to RM1,425,000 (31 July 2023: RM102,000), asset of RM397,000 (31 July 2023: RM Nil) derecognized as a result of lease modification and disposed of assets amounting to RM572,000 (31 July 2023: RM3,156,000).

The cash outflow on acquisition of property, plant and equipment amounted to RM5,601,000 (31 July 2023: RM8,551,000). Out of total proceeds from disposed assets that amounted to RM1,285,000 (31 July 2023: RM3,582,000), the Group had received cash inflows from disposed assets of RM805,000 (31 July 2023: RM215,000) and the balance of RM480,000 is remained in other receivables in the balance sheet as at 31 July 2024 (31 July 2023: RM3,367,000). Accordingly, gain on disposal amounted to RM713,000 (31 July 2023: RM222,000).

Note 11 – Mine properties

	Producing mine	**Tunnel infrastructure**	**Stripping activity asset**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
Cost				
At 1 August 2022	18,259	-	53,994	72,253
Addition during the year	- (1)	- (2)	10,824 (3)	10,824
At 31 July 2023	18,259	-	64,818	83,077
Addition during the year	11,951 (1)	19,846 (2)	- (3)	31,797
At 31 July 2024	30,210	19,846	64,818	114,874
Accumulated amortisation				
At 1 August 2022	13,108	-	33,648	46,756
Charge for the year	761	-	4,885	5,646
At 31 July 2023	13,869	-	38,533	52,402
Charge for the year	1,620	2,018	2,425	6,063
At 31 July 2024	15,489	2,018	40,958	58,465
Net carrying amount				
At 31 July 2023	4,390	-	26,285	30,675
At 31 July 2024	14,721	17,828	23,860	56,409

Note:

(1) During the year ended 31 July 2024, the Group has capitalized RM11,951,000 as producing mine assets result from transfer of the successful efforts in underground mining exploration

work of RM11,951,000. There was no capitalization of cost related to the producing mine in the financial year ended 31 July 2023.

(2) During the year ended 31 July 2024, the Group incurred RM19,846,000 in constructing tunnel infrastructures and access ramp. There was no capitalization of cost related to the tunnel infrastructures in the financial year ended 31 July 2023.

(3) During the year ended 31 July 2023, the Group has capitalized RM10,824,000 as stripping activity assets which consist of non-cash depreciation capitalized of RM2,040,000 and cash outflow of RM8,784,000 incurred for stripping activities. There was no capitalization of stripping activity asset for the financial year ended 31 July 2024.

Note 12 – Loan and borrowings

	31 July 2024 RM'000 **Unaudited**	**31 July 2023** RM'000 **Audited**
Group		
Current		
Secured:		
Lease and hire purchase liabilities	5,190	6,879
Loan and borrowings	807	-
	5,997	6,879
Non–current		
Secured:		
Lease and hire purchase liabilities	2,554	6,420
Loan and borrowings	8,881	-
	11,435	6,420
Total loan and borrowings	17,432	13,299

Finance lease liabilities were classified as lease liabilities on 1 August 2019 arising from the adoption of SFRS(I) 16. These lease liabilities are secured by a charge over the leased assets as well as way of corporate guarantee by the Company or personal guarantee and indemnity by Dato' Sri Pek Kok Sam, the Managing Director and/or Mr Pek Kok Hing, brother of Dato' Sri Pek Kok Sam. The Company had provided corporate guarantee as security for the borrowing facilities granted after the listing of the Company. The average discount rate implicit in the leases is 4.95% (31 July 2023: 4.87%) per annum.

In FY2024, the Group obtained a term loan facility and has drawn approximately RM9.7 million in the six months ended 31 July 2024 ("**2H FY2024**"). The term loan facility is secured by way of corporate guarantee by the Company.

Note 13 – Share capital and treasury shares

	Group and Company			
	31 July 2024		**31 July 2023**	
	No. of shares **Unaudited**	RM'000 **Unaudited**	No. of shares **Audited**	RM'000 **Audited**
Share capital				
Issued and fully paid ordinary shares	489,000,000	218,154	489,000,000	218,154

As at 31 July 2024, the Company's total issued shares is 488,759,000 ordinary shares (31 July 2023: 488,759,000) excluding 241,000 shares held as treasury shares (31 July 2023: 241,000).

	Group and Company			
	31 July 2024		**31 July 2023**	
	No. of shares **Unaudited**	RM'000 **Unaudited**	No. of shares **Audited**	RM'000 **Audited**
Treasury shares				
As at 1 August 2023/2022	241,000	509	211,000	467
Purchased during the year	-	-	30,000	42
As at 31 July 2024/2023	241,000	509	241,000	509

Treasury shares relate to ordinary shares of the Company that is held by the Company.

Note 14 – Capital commitments

As at the end of the reporting period, commitments in respect of capital expenditures are as follows:

	31 July 2024 RM'000	**31 July 2023** RM'000
Group		
Capital expenditures contracted but not provided for		
- plant and equipment	244	28,170

Note 15 – Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim consolidated financial statements.

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PART II – OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1 Review

The condensed consolidated statement of financial position of Southern Alliance Mining Ltd. and its subsidiaries as at 31 July 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months and full year then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest financial statements for the year ended 31 July 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the financial year ended 31 July 2024 ("FY2024") compared to the financial year ended 31 July 2023 ("FY2023")

Consolidated Statement of Comprehensive Income

Revenue

The selling prices of our iron ore products are guided by the Platts Iron Ore Index.

The Group's revenue increased by 33.7% from RM124.1 million in FY2023 to RM165.8 million in FY2024. The increase in revenue was mainly due to higher volume of iron ore concentrate produced in FY2024 coupled with favourable iron ore concentrate and iron ore tailing average realised selling price.

Average realised selling price ("**ARSP**")
The movement of ARSP in FY2024 as compared to FY2023 is set out in the table below.

ARSP per dried metric ton ("**DMT**") / metric ton ("**MT**")	FY2024	FY2023	Increase/(decrease) (%)
Iron ore concentrate	RM498.40	RM455.58	9.4%
Crushed iron ore	RM589.47	RM629.28	-6.3%
Iron ore tailing	RM188.46	RM163.01	15.6%

Sales volume

The Group reported an increase in sales volume of all its products in FY2024 compared to FY2023:
(i) an increase of 23.0% or approximately 57,900 DMT of iron ore concentrate from 252,200 DMT in FY2023 to 310,100 DMT in FY2024 resulted from increased iron ore concentrate production;
(ii) an increase in crushed iron ore sales volume by 33.3% from 6,000 MT in FY2023 to 8,000 MT in FY2024; and
(iii) an increase sales of processed iron ore tailing from Kota Tinggi Mine by 5.1% from 33,300 DMT to 35,000 DMT in FY2024.

Cost of sales

The cost of sales increased by 25.5% or RM 31.9 million to RM156.8 million in FY2024. This is in line with the increase in iron ore concentrate produced and sold. The increase in our cost of sales is mainly contributed by the following:

(i) a net increase in mining cost consisting of mining subcontractor wages, fuel and lubrication, maintenance, mining staff cost and other mining related expenses by RM0.6 million;

(ii) the processing cost consisting of fuel and electricity cost, maintenance cost and subcontractors' fees increased by RM5.0 million;

(iii) an increase in sales and related cost consisting of logistic and port related cost, tributes and royalties of RM2.4 million in FY2024;

(iv) approximately RM4.9 million was spent in FY2024 in purchasing iron ore concentrates for subsequent sale while no iron ore was sourced from external party in the FY2023;

(v) an increase of approximately RM5.6 million in contract wages for the processing of mineral ore payable to the subcontractor of Kota Tinggi Mine;

(vi) as the Group has transitioned into full underground mining operation in September 2023, there is no stripping cost capitalised in FY2024 while approximately RM10.8 million of mining cost was subtracted from total cost of sales and capitalised as stripping activity asset in FY2023; and

(vii) net effect of inventory movement. The positive inventory movement in FY2024 was approximately RM5.4 million as compared to positive inventory movement of RM7.8 million in FY2023, in which net effect of these inventory movements increased cost of sales by RM2.4 million.

Gross profit/(loss) and gross profit/(loss) margin

The adoption of full underground mining method in FY2024 as opposed to the hybrid mining method in FY2023 managed to turnaround the financial performance of the Group from a gross loss of RM0.8 million in FY2023 to a gross profit of RM9.1 million in FY2024. This contributed to a rise in the gross profit margin by 6.2 percentage points, from -0.7% in FY2023 to 5.5% in FY2024.

Other income

Other income increased by 26.1% or RM1.7 million to RM8.4 million in FY2024. This was mainly attributed to (i) an increase in interest income by approximately RM3.5 million; (ii) an increase in gain of RM0.5 million from assets disposed; and (iii) increase in hiring income by RM0.1 million. The increase was partially offset by the effect from changes in exchange rate, whereby United States Dollar ("**USD**") and Singapore Dollar ("**SGD**") weakened against RM, which resulted in a decrease in unrealised gain by RM2.4 million in FY2024 as compared to FY2023.

Other operating expenses

There is no significant change in other operating expenses incurred by the Group.

General and administrative expenses

The general and administrative expenses increased by 31.7% or approximately RM4.0 million to RM16.7 million in FY2024. This was mainly due to (i) the increase in professional fees of approximately RM3.0 million paid to in relation to SAM's proposed acquisition (for details please refer to announcement dated 31 July 2024) ; (ii) increase in general office expenses by RM0.1 million; and (iii) assets amounted to RM1.4 million was written-off in FY2024. The increase was partially offset by decrease in administrative expense by RM0.5 million.

Share of loss of joint ventures

The Group shared a post-acquisition net loss of approximately RM1.6 million in the joint ventures. Despite Rigid Temau Sdn Bhd contributed to a share of profit of approximately RM0.6 million upon commencement of operation in FY2024, the other joint ventures, being Maha Hijau Sdn Bhd, Southern Atlantic Metal Sdn Bhd and Sri Aman Minerals Sdn Bhd are still in exploration stage and the share of losses of approximately RM2.2 million mainly related to the pre-operating expenses incurred by the joint ventures and attributable to the Group.

Loss before tax
As a result of the foregoing, the Group's recorded a loss before tax of approximately RM2.5 million in FY2024, representing a 74.0% decrease from a loss of RM9.7 million in FY2023.

Income tax (expense)/benefit
The Group recorded an income tax expense of RM8.8 million in FY2024, representing an increase by RM10.7 million from income tax benefit of RM1.9 million in FY2023. The increase is mainly due to under provision in respect of previous years' deferred tax liabilities arising from the capitalisation of stripping assets.

Review for the financial position of the Group as at 31 July 2024 compared to as at 31 July 2023

Consolidated Statement of Financial Position

Non-current assets
Property, plant and equipment constituted approximately 39.8% of the Group's non-current assets as at 31 July 2024. The decrease in property, plant and equipment by RM4.5 million or 6.4% was mainly attributable to (i) disposals of assets of approximately RM0.6 million; (ii) write off a mobile equipment of approximately RM1.4 million; (iii) derecognition of asset amounting to RM0.4 million as a result of lease modification; and (iv) systematic depreciation charges of approximately RM19.6 million in FY2024, of which the depreciation charges of approximately RM19.4 million has been included in the cost of sales and other operating expenses and approximately RM0.2 million was capitalised under exploration and evaluation assets as at 31 July 2024. The decrease was partially offset by the purchase of mobile equipment and drilling equipment, motor vehicles and installation of new weighbridge of approximately RM17.5 million.

Mine properties made up approximately 34.2% of the Group's non-current assets as at 31 July 2024. The increase in mine properties of RM25.7 million or approximately 83.9% to RM56.4 million was mainly attributable to (i) the capitalisation of tunnel infrastructure costs amounting to RM19.8 million; and (ii) a transfer of approximately RM12.0 million of exploration and evaluation assets to mine properties in FY2024 when the Group demonstrated feasibility in the underground mining method for the extended area. The increase is partially offset by the continued amortisation of RM6.1 million on mine properties which consist of stripping activity asset, tunnel infrastructure and producing mine assets.

Exploration and evaluation assets mainly relate to the exploration cost incurred on prospect sites. The decrease in exploration and evaluation assets of RM8.1 million or approximately 41.1% to RM11.7 million was mainly attributable to the transfer of the successful efforts in underground mining exploration work amounting to RM12.0 million to mine properties. The decrease is partially offset by the additional exploration works of approximately RM4.4 million spent in prospect sites located at the State of Johor and the State of Sabah as part of the continuous effort in discovering new resources.

Also, as part of the Group's long-term growth strategy and to have access to cash flow streams from different business lines, the Group had jointly ventured into a base metal exploration project in the State of Sabah and entered into a joint arrangement with an experienced iron ore mining company in FY2023. The carrying amount of the investment in joint ventures, being Rigid Temau Sdn Bhd, Maha Hijau Sdn Bhd, Southern Atlantic Metal Sdn Bhd ("**SA Metal**") and Sri Aman Minerals ("**SA Minerals**"), as at 31 July 2024 is RM17.5 million. The increase was mainly due to increase in investment by RM10.0 million and this was partially offset by share of loss of joint ventures of approximately RM1.6 million.

Other receivables mainly relate to long-term receivables due from joint venture (Rigid Temau Sdn Bhd). This was the advances injected into a joint venture in FY2023 to finance the operation and being reclassified from trade and other receivables and the other receivables are beyond 12 months from 31 July 2024.

Current assets

The Group's cash and bank balances made up approximately 62.1% of current assets as at 31 July 2024. Please refer to cash flow analysis below for details on fluctuation of cash and cash equivalents.

The decrease in trade and other receivables by RM11.8 million mainly attributed to the (i) reclassification of long-term advances amounting to RM13.6 million to non-current assets; and (ii) decrease in amount due from iron ore concentrate processing subcontractor by approximately RM1.6 million. This is partially offset by the increase in trade receivables and other debtors by approximately RM3.4 million.

Contract assets primarily relate to the Group's right to consideration for the sale of iron ores which has been delivered but not billed as at reporting date. Depending on our sales contract, billing will only be raised once we achieved certain milestones, either based on quantity delivered or date delivered as the case maybe. An accrual will be made for the billing of contract assets which was not raised as at reporting cut-off date due to the contractual timing. The contract assets decreased from RM3.2 million as at 31 July 2023 to RM2.3 million as at 31 July 2024 arising from the terms of sales for the sales contracts which supply had been completed at the end of the reporting period.

Inventory increased by RM5.4 million from approximately RM13.2 million as at 31 July 2023 to approximately RM18.6 million as at 31 July 2024. The increase was mainly attributed to higher volume of inventory balance as at 31 July 2024.

The advance payment for the purchase of imported spare parts and prepaid professional fees recorded in prepayments has increased by RM3.0 million to RM10.2 million as at 31 July 2024.

The income tax recoverable of RM26.3 million as at 31 July 2024 consist of prepaid tax installment paid for FY2022, FY2023 and FY2024 amounting to RM21.7 million and over provision of tax in the prior years amounting to RM4.6 million.

Current liabilities
The Group's current liabilities amounted to RM34.9 million as at 31 July 2024, representing 15.3% of Group's current assets as compared to 9.5% as at 31 July 2023.

The increase of RM11.0 million or 46.1% in total current liabilities to RM34.9 million as at 31 July 2024 was due to the increase in trade and other payables by RM11.9 million. This is mainly due to increase in trade payables and accrual for commitments and fees by RM2.0 million and RM9.9 million respectively. The increase was partially offset by decrease in current loan and borrowings by RM0.9 million.

Non-current liabilities
Non-current liabilities increased by RM11.5 million or 103.1% to RM22.7 million mainly due to the following reasons:

The non-current loan and borrowings increased by 78.1% or RM5.0 million to RM11.4 million as at 31 July 2024 arising from the drawdown of term loan during the financial year.

The deferred tax liabilities increased by RM6.5 million or 137.0% to RM11.2 million as at 31 July 2024 mainly due to the under provision in respect of previous years' deferred tax arising from capitalisation of stripping assets.

Consolidated Statement of Cash Flow

The Group generated approximately RM21.7 million of net cash from operating activities in FY2024 compared to a net outflow of RM24.1 million in FY2023. The improvement in the operating cash flow position by RM45.8 million was mainly due to the improved financial performance and decreased in working capital utilisation in FY2024. Details are elaborated in the above sections.

During FY2024, the Group's net cash used in investing activities was RM25.4 million compared to RM7.7 million used in FY2023. The Group invested RM5.6 million in property, plant and equipment in FY2024 and incurred RM4.4 million on exploration activities which was capitalised as exploration and evaluation assets in the balance sheet. The Group has also invested RM19.8 million in constructing tunnel infrastructures and access ramp and capitalised the same in mine properties. The effect of net cash used in investing activities was partially offset by the withdrawal of term deposits of RM3.6 million and the proceeds from the disposal of fixed assets amounting to approximately RM0.8 million.

During FY2024, the Group made repayments of approximately RM7.4 million for its loan and borrowings and hire purchase liabilities as compared to net cash used in financing activities of RM10.6 million in FY2023.

The Group recorded a gain of RM0.8 million in FY2024 as a result of the changes in exchange rate on cash and cash equivalents. This was partially offset by a decrease of approximately RM1.0 million in cash and cash equivalents as a result of partial disposal of subsidiaries and retained only its investment as joint ventures.

The combined effects of the above resulted in a net decrease in the Group's cash and cash equivalents by RM11.3 million in FY2024 compared to RM39.1 million in FY2023.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial year reported on.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is navigating through a complex, multifaceted environment driven by its core operations in iron ore and strategic expansions into gold and rare earth elements ("**REEs**"). This reflects a period of both transformation and growth for the group.

Iron Ore Outlook

The Group's transition from hybrid mining method in February 2023 to full underground iron ore mining in September 2023 is a strategic move aimed at optimising its mining operations, enhancing operational efficiency and minimising the environmental impact of its activities. While the initial challenges of this transition have led to a temporary decrease in iron ore production, the initiative is expected to improve production reliability, cost-effectiveness and generate long-term value for shareholders.

Iron ore prices have experienced significant fluctuations, influenced by the economic situation in China, which is the largest consumer of iron ore. China's steel industry has been battling soaring costs and weak demand due to the broader economic slowdown.[1] Specifically, China reduced steel production by 1.1% year-over-year in the first half of 2024, and output in the country fell by 1.3% in June compared to May.[2]

[1] Financial Review: China is losing the battle against iron ore price controls
[2] GMK Center: Dynamics of iron ore imports to China are dictated by prices

The slowdown in China's economy and the challenges faced by its manufacturing and housing sectors have had a significant impact on the iron ore market in terms of demand and pricing. As a result, steel mills have had to adjust their operations, which has led to reduced demand for iron ore. This has put downward pressure on iron ore prices. Iron ore prices have been volatile, dropping from a record high of US$144.0 per tonne in January 2024 to US$95.5 per tonne in early September 2024.[3] This fluctuation may impact future revenue, as the Group's profitability and financial performance are closely tied to the global iron ore market. The effects of China's economic slowdown, however, have been mitigated by the gradual growth in iron ore supply, which has helped maintain a relatively balanced market dynamics between supply and demand.[4]

Despite the challenges, iron ore prices are forecast to continue their upward trend in the second half of 2024, as China's efforts to revive its property sector mitigate the global economic slowdown.[5] Signs of recovery are evident in Chinese iron ore imports, which rose by 8.1% year-on-year in the first two months of 2024. This suggests a potential for improved demand, indicating that the market is likely to stay relatively balanced in the near term.[6]

The Group will continue to closely monitor market fundamentals and seek to capitalise on any emerging opportunities. This proactive approach will help the Group to navigate the complexities of the mining sector and adjust its strategies accordingly to maximise profitability. The Group remains optimistic about future demand for iron ore, which is well-supported by global infrastructure development.

Gold & REEs Outlook

SAM's deep understanding of mining processes, technologies, and regulations gained from its core iron ore business will allow it to more efficiently evaluate and develop new gold and REEs projects. This operational expertise can help identify and mitigate risks, optimise production, and ensure regulatory compliance as the Group expands into these new sectors as part of its strategy to build sustainable revenue and diversify its earnings stream. This can help insulate the Group from volatility in the iron ore market and provide more stable and sustainable earnings over the long term.

This strategic direction to move into the REEs sector positions the Group to benefit from the growing demand for the critical minerals, which are essential for various high-tech applications, including semiconductors and renewable energy technologies.

The Group will continue to allocate significant resources to its Tenggaroh Gold Mine, with a strong focus on exploration efforts aimed at uncovering quality gold assets. The Group is optimistic about capitalising on favourable conditions in the gold market, which has recently seen significant price increases.

Operational Outlook

[3] Metal Miner: Iron Ore Prices Sink Below $100 as China’s Steel Mills Face Crisis

[4] ING: Industrial Metals Monthly: Metals assess China’s fragile recovery

[5] Proactive: China props up iron ore; defies global economic slowdown

[6] S&P Global: China's steel, iron ore recovery to be slow with no stimulus coming out of Two Sessions

Prioritising operational efficiency and sustainability in its iron ore operations can lead to several long-term benefits for the Group. By focusing on best practices and responsible mining, the Group can position itself as a more environmentally and socially conscious producer, which is increasingly important to clients and stakeholders. This can help us maintain a social license to operate and potentially command higher premiums for our iron ore products as demand grows for ‘green steel’.[7]

The Group’s strategic direction to diversify into other commodities like gold and REEs, which have distinct supply and demand dynamics, is part of its drive to stabilise its revenue streams and reduce its reliance on a single cyclical market. While the immediate financial impact of gold and REEs ventures are yet to be seen, these are an important prongs of the Group’s long term strategy to stabilise its income sources, and to better navigate downturns in the iron ore market.

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[7] ieefa: Big iron ore’s long-term strategies diverging in the face of steel decarbonisation

5 Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 January 2024 and 31 July 2024, the Company's total number of issued shares is 488,759,000 ordinary shares (31 July 2023: 488,759,000) excluding 241,000 shares held as treasury shares (31 July 2023: 241,000).

As at 31 January 2024 and 31 July 2024, the Company held 241,000 treasury shares (31 July 2023: 241,000) which represents 0.049% (31 July 2023: 0.049%) of the total number of issued shares (excluding treasury shares).

There were no outstanding options, convertible securities or subsidiary holdings as at 31 July 2024 and 31 July 2023.

6 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

7 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as the Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

8 Dividend

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) ***Whether the dividend is before tax, net of tax or tax exempt***

Not applicable.

(d) ***Date payable***

Not applicable.

(e) ***The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined***

Not applicable.

9 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the year ended 31 July 2024 as the Company intends to conserve cash in line with the Group's business expansion strategy.

10 If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has obtained approval from the shareholders for the renewal of the general mandate, during the Company's annual general meeting held on 23 November 2023. Save as disclosed in the table below, there were no other interested person transactions of S$100,000 or above entered into during the financial period under review.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
		RM'000	RM'000
Multiline Trading Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	-	6,096
Hchem Marketing (M) Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	-	814
Paramount Synergy Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	7,420	-

11 Use of IPO proceeds

The Company refers to the net proceeds amounting to S$13.6 million, net of placement commission of S$0.4 million (before deducting listing expenses of approximately S$1.7 million) raised from the IPO on the Catalist of the SGX-ST on 26 June 2020 ("**IPO Net Proceeds**").

As at the date of this announcement, the status on the utilisation of the IPO Net Proceeds is as follows:

Use of IPO Net Proceeds	Amount re-allocated on 22 January 2021 (S$'000)	Amount utilised as announced (S$'000)	Amount further utilised (S$'000)	Balance (S$'000)
Further exploration activities	4,000	(4,000)	-	-
Investment into mining equipment and infrastructure	3,000	(3,000)	-	-
Acquisition, joint ventures, strategic alliances and/or development of new mines	1,000	(1,000)	-	-
General working capital	3,937	(3,580)	(269)	88
TOTAL	11,937	(11,580)	(269)	88

The above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 16 June 2020, and re-allocated in accordance with the Company's announcement dated 22 January 2021.

Amount utilised for general working capital up to the date of this announcement is approximately S$3,849,000 with the details as follows:

Nature of Working Capital	Amount Utilised S$'000
Professional fees	2,051
Administrative expenses	1,656
Directors' insurances and training	142
	3,849

The Company will continue to make periodic announcements via SGXNET on the utilisation of the balance of the IPO Net Proceeds as and when such proceeds are materially disbursed.

12 Segmented revenue and results for operating segments (of the group) in the form presented in the issuers most recently audited annual financial statements, with comparative information for the immediately preceding year

The Group is principally engaged in the exploration, mining and processing and sales of primarily iron ore extracted from a single mine (i.e. Chaah mine). While the Group has extended its core business to include mining of gold and other base metals and minerals, however, they are still in early part of the exploration stage and have yet to contribute to the earnings of the Group. The Group's chief operating decision maker reviews the operating results and makes resource allocation decisions of the Group as a whole because the Group's mining-related resources and processes are integrated and activities other than the exploration, mining and processing and sales of iron, are not significant to the Group. Accordingly, the Group does not present separate segmental information.

13 In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Part II above for details.

14 Breakdown of Group's revenue and loss after tax before deducting non-controlling interest for first half year and second half year

		FY 2024 RM'000	FY 2023 RM'000	Increase / Decrease
(a)	Sales reported for first half year	92,208	52,183	76.7%
(b)	Operating loss after tax before deducting non- controlling interests reported for first half year	(1,243)	(7,013)	-82.3%
(c)	Sales reported for second half year	73,640	71,906	2.4%
(d)	Operating loss after tax before deducting non- controlling interest reported for second half year	(10,083)	(764)	1,219.8%

15 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY 2024		FY 2023	
	RM'000	S$'000	RM'000	S$'000
Ordinary shares (tax exempt 1 – tier)				
- Final cash paid in respect of the previous financial year	-	-	3,519	1,076 (1)
Preference shares	-	-	100	31 (1)
Total Annual Dividend	**-**	**-**	**3,619**	**1,107**

	Proposed dividends to the Company's shareholders but not recognized as a liability as at			
	31 July 2024		31 July 2023	
	RM'000	S$'000	RM'000	S$'000
Ordinary shares (tax exempt 1 – tier)				
- Final dividend	-	-	-	-

Notes:
1: Based on exchange rate of RM100.00:S$30.56 as at 13 December 2022

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16 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Detail of changes in duties and position held, if any, during the year
Pek Siew Mei	59	Sister of Dato' Sri Pek Kok Sam, the Managing Director of the Company	Office Manager overseeing office administrative matters.	No changes
Pek Kok Hing	54	Brother of Dato' Sri Pek Kok Sam, the Managing Director of the Company	Information Technology Manager of Honest Sam Development Sdn Bhd ("**HSD**") . He joined HSD in November 2006. Primarily responsible for the Information Technology.	No changes

17 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

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18 Additional information required pursuant to Rule 706A

During FY2024, the Company has incorporated a wholly-owned Malaysian subsidiary, SAM Advance Minerals Sdn Bhd ("**SAM Advance**") on 1 November 2023 and it was placed under SAM Advance Minerals Holding Sdn Bhd, a wholly-owned subsidiary of the Company. The principal activity of SAM Advance is to carry out mining and quarrying activities in Malaysia. The current share capital of SAM Advance is RM1 and did not have any material impact to the Group's net assets and loss per share for FY2024. SAM Advance remains dormant since its date of incorporation.

Subsequent to the 65% acquisition of each of Teguh Permata Sdn Bhd and Bumi Kinabalu Resources Sdn Bhd as announced on 26 September 2023 in our full year result announcement for the financial year ended 31 July 2023, the directors from the other party holding 50% stake in the associated companies, being SA Metal and SA Minerals", had commenced to participate in all significant decisions and jointly controlling SA Metal and SA Minerals. As such, SA Metal and SA Minerals have ceased to be subsidiaries of the Company and was deconsolidated from the Group due to a loss of control and accounted for as investment in joint ventures effectively from August 2023.

The deconsolidation did not materially affect our Group financial performance for FY2024.

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PART III - ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

19 Use of funds/cash by mineral, oil and gas companies pursuant to Rule 705(6)(a)

For the purpose of this section, the Group's disclosure is on exploration cost (excludes cost associated with the acquisition mining right which is considered as part of the exploration and evaluation asset and depreciation for accounting purpose) and the ex-mining cost (costs that are directly attributable to the mining activities excluding amortisation and depreciation as well as sales and related cost and cost related to the land)

(i) Use of funds/cash for the fourth quarter ended 31 July 2024 ("4Q FY2024")

	4Q FY2024		
Activities	Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	800	2,115	1,315
Mining related expenditure (excluding capital expenditure)	25,000	35,209	10,209
Total	25,800	37,324	11,524

Exploration activities
Exploration activities generally refer to the investigative works to investigate for the presence of ore for eventual economical extraction.

Our Group strongly believes that the investment in an exploration program will provide the Group with valuable information to make an informed decision in respect of the mining plan of a particular mine or a decision to proceed, modify or abort an exploration program for an exploration target. This is also in line with the responsible mining values advocated by our Group.

Included in the mine exploration and evaluation are the exploration and evaluation ("**E&E**") cost incurred at the Chaah Mine and the Tenggaroh Prospect amounting to RM1.6 million and RM0.5 million respectively. The variance between the actual expenditure and the forecast was mainly due to the professional fees paid for the exploration works took place at PML 14/2023, which is located at Chaah, Johor. As a result, our Group over utilised about RM1.3 million as compared to projected allocation.

Mining activities
Mining activities generally involved the extraction of ore, either via open pit mining which involves the excavation and removal of overburden (waste) and extraction of ores in accordance with the design of the mine pit (open pit mining), or underground mining which involves the construction of a network of tunnels to extract the ore without involving full scale land clearing like the open pit mining method. However, effective from September 2023, our Group has adopted underground mining technique for our Chaah Mine.

The extracted ores will be sent for crushing into smaller sizes, approximating 16 mm before they are further processed through a ball mill. The concentrating process via ball mill revolves around grinding of the crushed iron ore into powder size in order to remove the impurities (waste) from the iron content of our iron ore.

Included in the mining related expenditure are the expenditure incurred for the mining works at the Chaah Mine amounting to RM31.3 million as well as for the Kota Tinggi Mine amounting to RM3.9 million.

During 4Q FY2024, while our Group continued to focus on the mining work to remove ore from Chaah Mine, the Group is still continuing with intensive tunnel development work. In addition, the Group spent approximately RM3.9 million in paying Kota Tinggi subcontractors for ore processed in 4Q FY2024. This resulted in overutilization of Mining Related Expenditure by approximately RM10.2 million.

(ii) Projection on the use of funds/cash for the next immediate quarter, including material assumptions: -

Item	Projection for 1Q FY2025 RM'000
a. Mine exploration and evaluation	1,500
b. Mining related expenditure (excluding capital expenditure)	31,000
Total	**32,500**

The allocation for mine exploration and evaluation included:

(a) provision for professional service to establish underground mining ore reserves for Chaah Mine;
(b) professional fees for geological and geophysical exploration at PML 14/2023 to investigate for potential mineralisation; and
(c) continuation of the exploration of the Tenggaroh Prospect.

In line with the development above, the Group update the allocation for the projection of mine exploration and evaluation activities and mining related expenditure to RM1.5 million and RM31.0 million for the first quarter ending 31 October 2024 ("**1Q FY2025**").

20 Negative confirmation by the Board pursuant to Rule 705(6)(b)

On behalf of the Board, we the undersigned, hereby confirm that to the best of their knowledge, nothing has come to their attention which may render such information provided in section 19 above to be false, misleading in any material aspect.

21 Pursuant to Rule 705(7) – Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Exploration activities

It is our Group's philosophy to pay attention to the exploration activities, not only to derive the potential value it will create, but more importantly its ability to keep our operations sustainable which is in line with the sustainable mining value advocated by our Group. As such, we invest a lot of effort and financial resources into exploration activities.

(i) ML 1/2023 and PML 14/2023 (Chaah Mine)

Updating of Mineral Resources

Our geologists continued to investigate the geological structures exposed by the underground mining development and stoping works during the quarter. This mapping work is ongoing and closely aligned with the tunnel development, allowing for a more accurate understanding of the geological features as new sections of the tunnel are explored. The primary objective is to identify and define new geological structures that control the shape and orientation of the ore body, which are crucial for understanding of ore distribution. This investigation also serves to guide the ore extraction operations and provides valuable information for our future exploration efforts, whether through drilling from the tunnel or surface drilling.

During this reporting period, we have identified new structures which can be summarised as follows:

Level	Region	Adits	Type of structure
-42	North	AT01NE, AT01NW, AT02NE, AT03SW, AAT01NE/AT03NE, AT04NE	Fault, Joints, Bedding
-57	North	MT01, AT11SW	Fault, Joints, Bedding
-72	North	AT09SW, AT12, AT13	Fault, Joints, Bedding
-87	South	Ramp -87S to -112	Fault, Joints, Bedding
-103	South	Entrance -103S	Fault, Joints, Bedding

In addition to geological mapping works, our geologists continued with channel sampling. This process involves collecting small chips of rock over specific linear interval through a series of channels across the vein or orebody to obtain the most representative samples possible along the exposed ore body. During this reporting period, a total of 147 channel samples were collected from various tunnel sections bringing the cumulative number of samples taken in FY2024 to 471 channel samples. These samples, representing the geological variability within the ore body, were then sent to an independent laboratory in Kuantan for detailed analysis. The table below provides a breakdown of the reference numbers, sample IDs, and the total number of samples collected from each section:

Reference Number	Sample ID		Total sample
	From	To	
MYKTL-24-00110	12571	12614	44
MYKTL-24-00130	12615	12658	44
MYKTL-24-00141	12659	12718	59
Total			147

The results from these samples will provide further insight into the mineral composition and grade distribution, aiding in refining the exploration and development strategies for the mine.

The above information was shared with our competent persons and arising from our efforts, we are proud to announce a new update to our Mineral Resources as follow:

Category	**Tonne Fe**	**Grade (%)**				**Change in t (%)[11]**	**Comments [4,5, 6]**
	(Mt) [3]	**Fe**	**SiO_2**	**Al_2O_3**	**P_2O_5**		
	Gross attributable to license and net attributable to issuer						
Measured (in-situ) [1,2,3]	-	-	-	-	-	-	Changes are shown comparing the Iron Ore Mineral Resources from 1 August 2022 to 31 July 2024. The decrease is due to the change in mining method from open pit to underground which has a higher cut-off and is more selective
Indicated (in-situ) [1,2,3]	10.2	50.6	17.2	2.5	1.5	9.6%	
Inferred (in-situ) [1,2,3]	4.0	48.4	19.0	2.8	1.6	-36.8%	
Subtotal (in-situ) [1,2,3]	14.2	49.9	17.7	2.6	1.5	-9.3%	

							and therefore excludes more material as well as more information showing the structural complexity of the northern orebody. The underground mapping improved the confidence in part of the orebody
Notes:							
1 - Resource model valid from 1st April 2024							
2 - Depleted to end 31 July 2024							
3 - Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves by the Joint Ore Reserves Committee ("JORC Code") (2012).							
4 - RPEEE (Reasonable Prospects of Eventual Economic Extraction) has been established through the use of an MSO optimisation of the total depleted in-situ resource, including Inferred material targeting a cut-off grade of 37% Fe.							
5 – Cut-off applied in the MSO runs reflect mining costs, current commodity prices, differential operating costs and processing options.							
6 - Density from Fe regression - A 2nd order polynomial regression of SG versus Fe was completed with a robust fit. The regression range matched the range of the model estimates and was used to regress an SG value per Fe estimate. The barren host rock was set to a default SG of 2.7t/m^3							
7 – Surface depletion as at 31 January 2024 based on surface LiDAR survey of the Chaah Mine & surrounding area							
8 – UG depletion as at 31 July 2024 based on UG void LiDAR survey							
9 – Totals may not sum due to rounding							
10 – The Chaah Iron Ore mine is wholly owned by SAM Southern Alliance Mining Limited							
11 – The percentage change is from 1 August 2022 to 31 July 31, 2024, 2 years and was calculated using 31 July 2022 depletion figure**s** compared against the 31 July 2024 depletion. There was no formal report in 2023 due to the transition to underground mining and awaited economic study.							

Summary of Mineral Resource Statement as at 31 July 2024 (inclusive of Ore Reserves), Mineral resource within a Reasonable Prospects of Eventual Economic Extraction (RPEEE) resource constraint Minable Stope Optimizer (MSO) shapes.

	As at 31 July 2024	
Classification	**Tonnes (Mts)**	**Grade (%Fe)**
Proven	-	-
Probable	6.8	42.4%
Total	6.8	42.4%

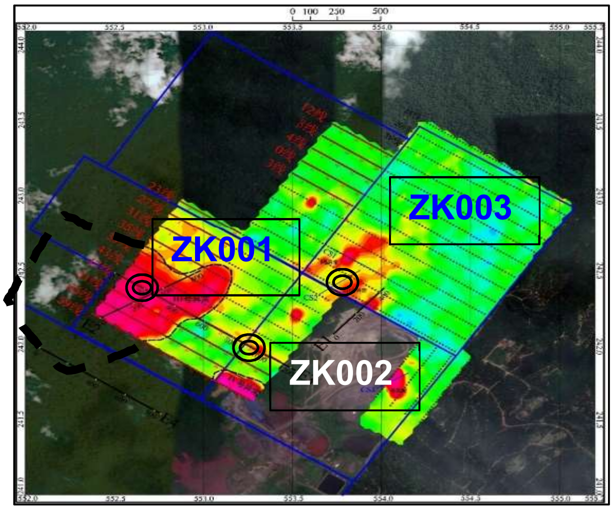
Preliminary Reserve Estimate Chaah Iron Ore Mine Ore Reserves as at 31 July 2024

Please refer to our Summary of Independent Qualified Person Report date 27 September 2024 for detailed explanation.

Exploration for New Mineral Resources

Following the magnetic anomaly areas identified in the February 2024 airborne survey and the method study, our Group has decided to initiate an investigative drilling program to explore the three anomaly areas below.

Proposed Borehole Identification ("**BHID**")	New BHID	Universal Transverse Mercator ("**UTM**") coordinate		Azimuth	Inclined	Proposed depth, m	Actual depth, m
		X	**Y**				
ZK001	n/a	274105	242389	123	50	800	n/a
ZK002	CHEDD24_001	274755	241961	0	90	500	400.5
ZK003	n/a	275200	242392	0	90	400	n/a
					Total	**1700**	**400.5**



For this purpose, our Group has acquired two exploration drill rigs. The first unit, EP1000, is assigned for surface drilling to investigate the identified anomalies. The second unit, EP550, a smaller unit will be dedicated to underground exploration within the tunnels. This approach aims to enhance our geological understanding and identify potential mineralised zones, complementing the surface drilling work.

Surface drilling commenced at ZK002 in late June 2024. There is no drilling activity has been done on ZK001 and ZK003 during this reporting period.

ZK002 is a deep drilling with the objective of testing the capability of the new drilling rig to obtain core samples from significant depths. Its aim is to validate the results from the geophysical analysis, ensuring the interpretations made from the surveys align with the actual geological conditions and mineral content beneath the surface.

(ii) ML 1/2024 and ML 1/2021 (Mao'kil prospect)

No activities were undertaken since end of FY2021. Exploration activities on the adjacent mining lease area under ML 1/2021 have not commenced.

(iii) ML 2/2023 (Chaah Baru prospect)

No activities were undertaken since end of 1H FY2024.

(iv) ML 3/2023 (Kota Tinggi prospect)

No drilling activities were undertaken during this period as the Group has appointed a contractor to undertake preliminary mining activities at this area.

(v) L.C.S.4326.319/(84)/(PA/DC/dc) (Tavai prospect, which is located at Tongod District, Sabah) – 50 km^2

Our Group has obtained the approval for the extension of the prospecting license till 7 July 2025. With the occupational permit (OP) approval obtained our Group is planning for the construction of access road and base camp in order for us to cover a larger area. Our geologists will thereafter begin to collect further geological data and conduct sample analysis. We will apply for Permit Kajian in due course.

(vi) L.S.C.4326.307/(95)/(RRM/DC/dc) (Bidu-Bidu prospect, which is located at Beluran District, Sabah) – 45km2

Our Group has obtained the approval for the extension of the prospecting license until 10 May 2025. We are currently awaiting for the OP approval from the authorities to mobilize machinery to the site and begin construction of the base camp.

(vii) EL 1/2022 (Tenggaroh prospect)

Lot PTD217

A total four (4) drill holes with a total length of 532 meters were completed in 4QFY2024 (to date total is 28 drill holes with length of 3,948 meters). During this reporting period, a total of 1,133 samples were sent for assay and all the samples results were obtained. Out of 1,133 samples obtained with 217 samples or about 19.15% of the samples showed significant results (which is above 0.10 gram/tonne), which suggested the covered area has potential for gold mineralisation. Please refer to the table below for the summary.

	Current Reporting Period	**Total To date**
Exploration Drillings		
Drill holes completed (nos)	4	28
Total Length (meters)	532	3,948
Assays		
Assays Result Obtained	1,133	3,464
Assays with significant results *Significant result is defined as gold assay of more than 0.10 gram/tonne*	217 (19.15%)	776 (22.40%)

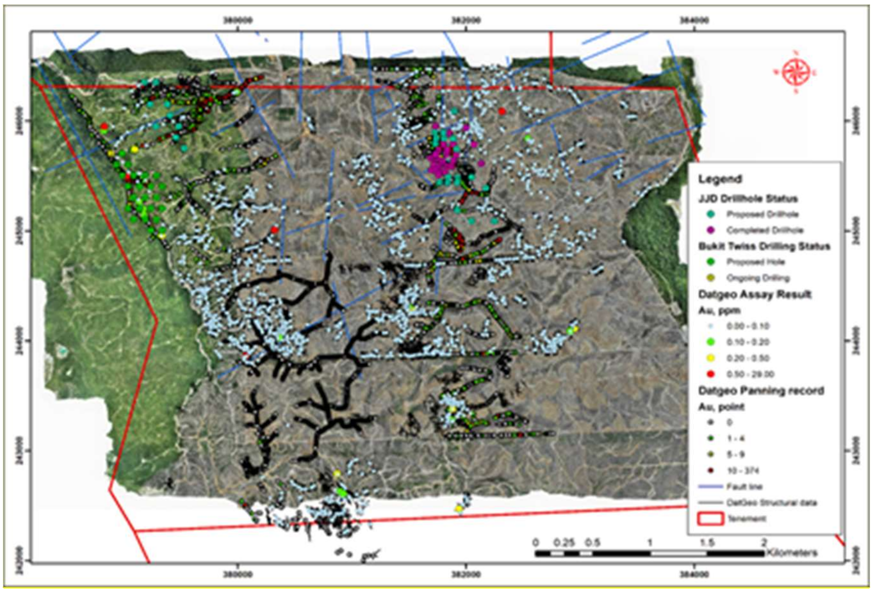


Figure 1: Sampling and drilling activities in Lot PTD 217

For the next phase of Lot PTD217, we will focus our drilling activities at Bukit Twiss area. A total 25 drill holes, covering an area approximately 152 acres are proposed, with a total land of 5,000 meters.

Lot PTD216

Our Group has commenced exploration activities at Lot PTD216 in June 2024. During this reporting period, a total of 87 grab samples, 26 channel samples, and 9 alluvial samples were collected and sent to independent laboratory for analysis. We are currently awaiting for the assays results, which are fundamental to determine next step of action.

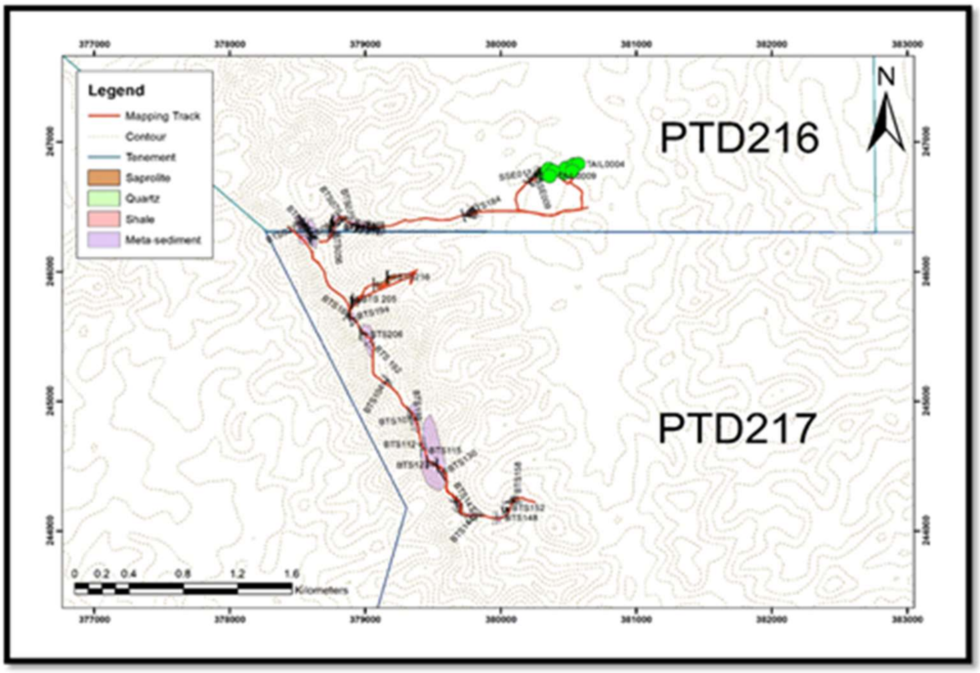


Figure 2: Exploration activities commenced in PTD 216

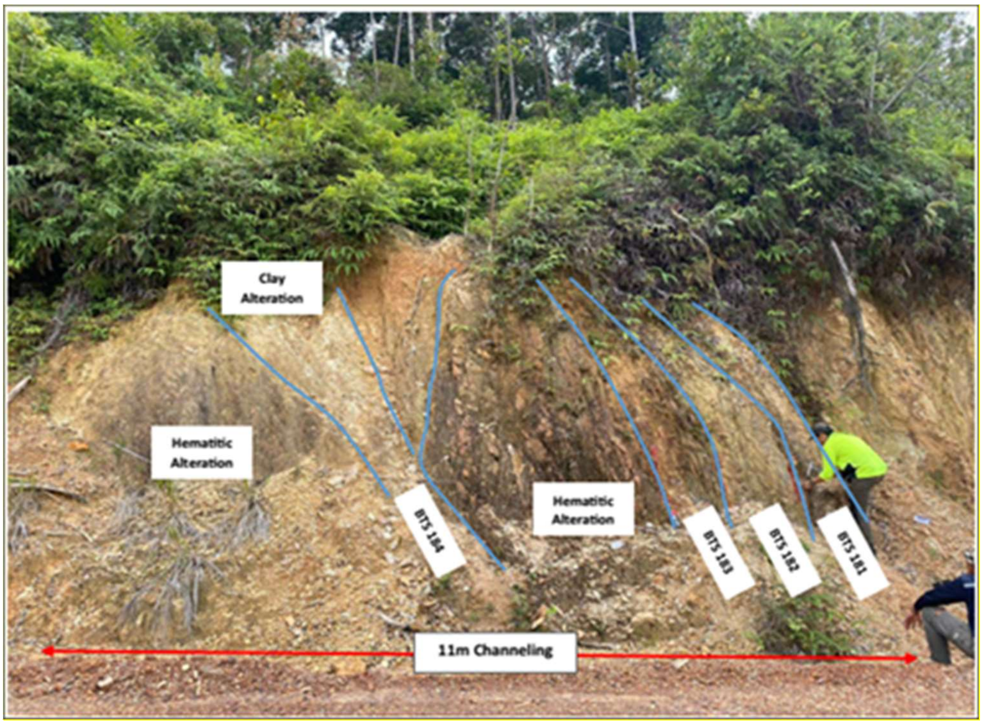


Figure 3: Samples taken at Lot PTD 216 with the presence of quartz minerals

Mining activities

Chaah Mine

In 4Q FY2024, Chaah Mine continue with the development works at both Northern and Southern zones. In late June 2024, we commenced stoping production at North Zone, level -23.5mRL. A total of 23 stoping blasts were carried out. The development work at Northern Zone is close to completion and we anticipated next stoping production at Level -42mRL will commence in late December 2024.

The development works at Southern Zone still in progress and production stage shall begin once the development works at -112mRL is completed.

Below are the summary of work progresses:

Northern Zone	Completion (%)	Southern Zone	Completion (%)
-42mRL	90	-87mRL	90
-57mRL	95	-103mRL	10
-72mRL	95	-112mRL	60
-87mRL	95		
-103mRL	80		

<u>Ore extraction</u>

About 191,200 tonnes of ore were extracted during the production and development work during the reporting period (FY2024: 693,400 tonnes).

During 4Q FY2024, total ore processed was 206,300 tonnes (FY2024: 753,300 tonnes) resulting in production of 99,000 tonnes (FY2024: 344,000 tonnes) of iron ore concentrates.

Kota Tinggi Mine

During 4Q FY2024, 27,000 tonnes of iron ore were processed (FY2024: 62,000 tonnes) from the tailing and kept as inventory as of July 2024. No sales revenue is realised in 4Q FY2024 (FY2024: RM6.6 million).

Save for the above, no mining activities were carried out for other prospect areas in 4Q FY2024.

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam
Managing Director

Lim Wei Hung
Executive Director and Chief Operating Officer

27 September 2024

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this document.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.