Southern Alliance Mining Ltd

(Company Registration No. 201931423D)

Unaudited Condensed Interim Financial Statements
For the Six Months Ended 31 January 2025 ("1H FY2025")

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 to right to carry out exploration for gold mineralisation in the State of Johor and had commenced exploration activities since February 2022.

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PART I – UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR 1H FY2025

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

	Note	Group Six Months Ended 31-Jan-25 (Unaudited) RM'000	31-Jan-24 (Unaudited) RM'000	Changes (%)
Revenue	4	70,278	92,208	-23.8%
Cost of sales		(77,347)	(90,924)	-14.9%
Gross (loss)/profit		(7,069)	1,284	n.m.*
Other income		6,025	6,304	-4.4%
Other operating expenses		(385)	(666)	-42.2%
General and administrative expenses		(9,573)	(6,701)	42.9%
Share of profit/(loss) of joint ventures		86	(572)	n.m.*
Gain on disposal of subsidiaries		-	118	-100.0%
Finance costs		(548)	(334)	64.1%
Loss before tax	5	(11,464)	(567)	1,921.9%
Income tax benefit/(expense)	6	1,167	(676)	n.m.*
Loss after tax, representing total comprehensive income for the period		(10,297)	(1,243)	728.4%
Attributable to:				
Equity holder of the parent		(10,282)	(1,243)	727.2%
Non-controlling interest		(15)	-	100.0%
Loss per share attributable to ordinary equity holder of the parent (Malaysian cents per share)				
Basic and diluted		(2.10)	(0.25)	727.2%

*Not meaningful

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B. Condensed Interim Statements of Financial Position

		Group		Company	
		31-Jan-25 (Unaudited)	31-Jul-24 (Audited)	31-Jan-25 (Unaudited)	31-Jul-24 (Audited)
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	9	55,160	65,692	-	-
Mine properties	10	65,082	56,409	-	-
Exploration and evaluation assets		14,006	11,688	-	-
Investment in subsidiaries		-	-	188,065	188,065
Investment securities		54	54	-	-
Investment in joint ventures		17,589	17,507	3,524	3,024
Investment in redeemable preference shares		-	-	12,000	10,000
Other non-current assets		14,998	13,619	1,462	1,196
		166,889	164,969	205,051	202,285
Current assets					
Inventory		21,213	18,640	-	-
Trade and other receivables		22,338	21,973	15	166
Contract assets		1,019	2,336	-	-
Prepayments		11,790	10,191	5,499	4,880
Cash and bank balances		119,333	141,680	3,782	10,133
Income tax recoverable		24,746	26,318	-	30
		200,439	221,138	9,296	15,209
Total assets		367,328	386,107	214,347	217,494
Liabilities					
Current liabilities					
Loan and borrowings	11	9,149	5,997	-	-
Trade and other payables		15,137	22,019	654	1,911
		24,286	28,016	654	1,911
Net current assets		176,153	193,122	8,642	13,298
Non-current liabilities					
Loan and borrowings	11	8,406	11,435	-	-
Deferred tax liabilities		7,131	8,854	-	-
		15,537	20,289	-	-
Total liabilities		39,823	48,305	654	1,911
Net assets		327,505	337,802	213,693	215,583
Equity attributable to owners of the Company					
Share capital	12	218,154	218,154	218,154	218,154
Treasury shares	12	(509)	(509)	(509)	(509)
Retained earnings		277,006	287,288	(3,952)	(2,062)
Merger reserve		(167,829)	(167,829)	-	-
		326,822	337,104	213,693	215,583
Preference shares		733	733	-	-
Non-controlling interest		(50)	(35)	-	-
Total equity		327,505	337,802	213,693	215,583

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C. Condensed Interim Consolidated Statement of Cash Flows

	Group Half Year Ended	
	31-Jan-25 (Unaudited) RM'000	31-Jan-24 (Unaudited) RM'000
Operating activities		
Loss before tax	(11,464)	(567)
Adjustments for:		
Interest expenses	548	334
Interest income	(2,489)	(2,407)
Unrealised loss/(gain) on foreign exchange	3,137	(2,948)
Depreciation of property, plant and equipment	9,370	9,533
Gain on disposal of property, plant and equipment	(1,360)	(464)
Amortisation of mine properties	4,481	2,469
Fair value loss on investment securities	-	48
Share of (profit)/loss of joint ventures	(86)	572
Gain on disposal of subsidiaries	-	(118)
Gain on lease modification	-	(11)
Asset written-off	204	99
Total adjustments	13,805	7,107
Operating cash flows before changes in working capital	2,341	6,540
Changes in working capital:		
(Increase)/decrease in inventories	(2,573)	2,554
Decrease/(increase) in trade and other receivables and contract assets	1,408	(17,902)
Increase in prepayments	(1,599)	(2,375)
(Decrease)/increase in trade and other payables	(8,078)	6,481
Total working capital changes	(10,842)	(11,242)
Cash flows used in operations	(8,501)	(4,702)
Income taxes refunded	1,016	1,970
Interest received	2,429	2,040
Interest paid	(548)	(334)
Net cash used in operating activities	(5,604)	(1,026)

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	Group Half Year Ended	
	31-Jan-25 (Unaudited) RM'000	31-Jan-24 (Unaudited) RM'000
Investing activities		
Investment in exploration and evaluation assets	(2,208)	(1,316)
Purchase of property, plant and equipment	(53)	(1,630)
Proceeds from disposal of property, plant and equipment	426	420
Uplift of term deposits	7,131	3,643
Investment in mine infrastructures	(13,154)	-
Net cash (used in)/from investing activities	(7,858)	1,117
Financing activities		
Repayment of obligations under leases	(3,877)	(3,601)
Drawdown of credit facility	4,000	-
Net cash from/(used in) financing activities	123	(3,601)
Net decrease in cash and cash equivalents	(13,339)	(3,510)
Deconsolidation of subsidiaries	-	(999)
Effect of exchange rate changes on cash and cash equivalents	(1,862)	2,628
Cash and cash equivalents at beginning of financial period	134,534	145,803
Cash and cash equivalents at end of financial period	119,333	143,922

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

	31-Jan-25 RM'000	31-Jan-24 RM'000
Cash and bank balances	119,333	151,273
Less:		
Deposits more than three months	-	(7,351)
Cash and cash equivalents at end of financial period	119,333	143,922

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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								
1H FY2025								
Opening balance at 1 August 2024 (audited)	218,154	(509)	(167,829)	287,288	337,104	733	(35)	337,802
Loss for the period representing total comprehensive income	-	-	-	(10,282)	(10,282)	-	(15)	(10,297)
Closing balance at 31 January 2025 (unaudited)	218,154	(509)	(167,829)	277,006	326,822	733	(50)	327,505
1H FY2024								
Opening balance at 1 August 2023 (audited)	218,154	(509)	(163,380)	291,715	345,980	733	15	346,728
Loss for the period representing total comprehensive income	-	-	-	(1,243)	(1,243)	-	-	(1,243)
Closing balance at 31 January 2024 (unaudited)	218,154	(509)	(163,380)	292,472	344,732	733	15	345,485

Company	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
1H FY2025				
Opening balance at 1 August 2024 (audited)	218,154	(509)	(2,062)	215,583
Loss for the period representing total comprehensive income	-	-	(1,890)	(1,890)
Closing balance at 31 January 2025 (unaudited)	218,154	(509)	(3,952)	213,693
1H FY2024				
Opening balance at 1 August 2023 (audited)	218,154	(509)	3,441	221,086
Loss for the period representing total comprehensive income	–	–	(2,352)	(2,352)
Closing balance at 31 January 2024 (unaudited)	218,154	(509)	1,089	(218,734)

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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 1967 of Singapore 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 ended 31 January 2025 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 ended 31 January 2025 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 July 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 2024. 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 2024.

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 January 2025 is RM24,746,000 (31 July 2024: RM26,318,000) and RM7,131,000 (31 July 2024: RM8,854,000) respectively.

(b) *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 assesses 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 asset 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

	Six months period ended	
	31 January 2025	31 January 2024
	RM'000 **Unaudited**	RM'000 **Unaudited**
Sales of iron ores	70,278	92,208

All revenues are derived from the operations based in Malaysia except for an amount of approximately RM10,641,000 for the six months period ended 31 January 2025 (31 January 2024: RM8,921,000) arising from sales to overseas customers.

Contract assets

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

	As at 31 January 2025	As at 31 January 2024
	RM'000 **Unaudited**	RM'000 **Unaudited**
Receivables from contracts with customers	5,424	16,718
Contract assets	1,019	1,385

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:

	Six months period ended	
	31 January 2025	31 January 2024
	RM'000 **Unaudited**	RM'000 **Unaudited**
Contract assets reclassified to receivables	2,336	3,168

Note 5 – Loss before tax

5.1 Significant items

	Group Six months period ended		
	31 January 2025 RM'000 **Unaudited**	**31 January 2024** RM'000 **Unaudited**	Changes (%)
Interest income	(2,489)	(2,407)	3.4%
Gain on disposal of property, plant and equipment	(1,360)	(464)	193.1%
Rendering of services	(52)	(173)	-69.9%
Insurance claim	(1,834)	(105)	1,646.7%
Sundry income	(158)	(207)	-23.7%
Finance costs	548	334	64.1%
Employee benefits expense	6,573	7,145	-8.0%
Asset written-off	204	99	106.1%
Depreciation of property, plant and equipment	9,370	9,533	-1.7%
Amortisation of mine properties	4,481	2,469	81.5%
Unrealised loss/(gain) on foreign exchange	3,137	(2,948)	-206.4%
Realised (gain)/loss on foreign exchange	(132)	40	-430.0%
Tributes	17,000	18,000	-5.6%
Royalties	532	386	37.8%

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 Six months period ended	
	31 January 2025	31 January 2024
	RM'000	RM'000
	Unaudited	**Unaudited**
<u>Transactions with related parties</u>		
Hiring and transportation services procured	1,120	4,116
Purchase of lubricants, spare parts and equipment	259	613
Procurement of services	121	14
Rental of office from interested person	120	110
Purchase of equipment and mobile equipment	228	290
Sale of equipment to interested person	-	(290)
Advances to a related party	83	-

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

	Group Six months period ended	
	31 January 2025	31 January 2024
	RM'000	RM'000
	Unaudited	**Unaudited**
Short-term employee benefits	2,324	2,459

Key management compensation comprises the following:

Remuneration to Directors of the Company	1,726	1,747
Directors' fees	437	551
Defined contributions	161	161
	2,324	2,459

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 (benefit)/expense in the condensed interim consolidated statement of profit or loss are:

	Six months period ended	
	31 January 2025	31 January 2024
	RM'000	RM'000
	Unaudited	**Unaudited**
Current income tax		
Current income taxation	542	598
Under provision in respect of previous years	16	-
Deferred income tax		
Origination and reversal of temporary differences	(1,725)	256
Over provision in respect of previous year	-	(178)
Income tax recognised in profit and loss	(1,167)	676

Note 7 – Losses per ordinary share ("LPS")

	Group	
	Six months period ended	
	31 January 2025 Unaudited	31 January 2024 Unaudited
Loss attributable to ordinary equity holder of the parent (RM'000)	(10,282)	(1,243)
Weighted average number of ordinary shares in issue ('000 shares)	488,759	488,759
Basic and fully diluted basis LPS (Malaysian cents)	(2.10)	(0.25)

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 8 – Net asset value

	Group		Company	
	31 January 2025 Unaudited	31 July 2024 Audited	31 January 2025 Unaudited	31 July 2024 Audited
Net asset value (RM'000)	326,822	337,104	213,693	215,583
Number of issued shares ('000)	488,759	488,759	488,759	488,759
Net asset value per share (Malaysian cents)	66.87	68.97	43.72	44.11

The net asset value per ordinary share of the Group and the Company as at 31 January 2025 and 31 July 2024 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 488,759,000.

Note 9 – Property, plant and equipment

During the six months period ended 31 January 2025, the Group acquired assets amounting to RM281,000 (31 January 2024: RM3,926,000), asset written-off amounting to RM204,000 (31 January 2024: RM99,000), asset of RM Nil (31 January 2024: RM397,000) derecognised as a result of lease modification and disposal of assets amounting to RM1,129,000 (31 January 2024: RM246,000).

The cash outflow on acquisition of property, plant and equipment amounted to RM53,000 (31 January 2024: RM1,630,000). Out of total proceeds from disposed assets that amounted to RM2,489,000 (31 January 2024: RM710,000), the Group had received cash inflows from disposed assets of RM426,000 (31 January 2024: RM420,000) and the balance of RM2,063,000 (31 January 2024: RM290,000) is included in other receivables in the balance sheet. Accordingly, the Group recorded a gain on disposal amounting to RM1,360,000 (31 January 2024: RM464,000).

During the reporting period, the Group has incurred a total depreciation of RM9,480,000 (31 January 2024: RM9,636,000), which RM110,000 (31 January 2024: RM103,000) was capitalized as exploration and evaluation assets and RM9,370,000 (31 January 2024: RM9,533,000) charged to cost of sales and other operating expenses.

Note 10 – Mine properties

	Producing mine	**Mine Infrastructure**	**Stripping activity asset**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
Cost				
At 1 August 2023	18,259	-	64,818	83,077
Addition during the year	-	19,846 (2)	-	19,846
Reclassification from exploration and evaluation assets	11,951 (1)	-	-	11,951
At 31 July 2024	30,210	19,846	64,818	114,874
Addition during the period	- (1)	13,154 (2)	-	13,154
At 31 January 2025	30,210	33,000	64,818	128,028
Accumulated amortisation				
At 1 August 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
Charge for the period	936	2,027	1,518	4,481
At 31 January 2025	16,425	4,045	42,476	62,946
Net carrying amount				
At 31 July 2024	14,721	17,828	23,860	56,409
At 31 January 2025	13,785	28,955	22,342	65,082

Notes:

(1) *During the year ended 31 July 2024, the Group had capitalised RM11,951,000 as producing mine assets as supported by the Summary Independent Qualified Persons' Report dated 27 September 2024 which demonstrates the technical feasibility and commercial viability for the extraction of the iron ore through underground mining. There was no capitalisation of producing mine asset for the financial period ended 31 January 2025.*

(2) *Due to the change in mining methods, during the year ended 31 July 2024 and the financial period ended 31 January 2025, the Group had capitalised RM19,846,000 and RM13,154,000 respectively for the construction of mine infrastructure and access ramps.*

Note 11 – Loan and borrowings

	31 January 2025 RM'000 Unaudited	31 July 2024 RM'000 Audited
Group		
Current		
Secured:		
Lease and hire purchase liabilities	2,727	5,190
Loan and borrowings	6,422	807
	9,149	5,997
Non–current		
Secured:		
Lease and hire purchase liabilities	1,140	2,554
Loan and borrowings	7,266	8,881
	8,406	11,435
Total loan and borrowings	17,555	17,432

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 in favor of the Company. 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 4.91% (31 July 2024: 4.95%) per annum.

In January 2024, the Group obtained a financing facility from a licensed bank, which include a term loan to part finance the purchase of dump trucks and a revolving credit line for working capital use. The facility is secured by a debenture (specific assets). The interest rate is 1.75% per annum above the bank's Cost of Funds.

There are no unsecured borrowings and/or debt securities as at 31 January 2025 and 31 July 2024.

Note 12 – Share capital and treasury shares

	Group and Company			
	31 January 2025		**31 July 2024**	
	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 January 2025 and 31 July 2024, the Company's total issued shares is 488,759,000 ordinary shares excluding 241,000 shares held as treasury shares.

Treasury shares				
Purchased and held by the Company	241,000	509	241,000	509

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

Note 13 – Capital commitments

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

	31 January 2025 RM'000	**31 July 2024** RM'000
Group		
Capital expenditures contracted but not provided for		
- Plant and equipment	-	244

Note 14 – 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 January 2025 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 period then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest audited financial statements for the year ended 31 July 2024 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

<u>Review for the performance of the Group for the half year ended 31 January 2025 ("1H FY2025") compared to the half year ended 31 January 2024 ("1H FY2024")</u>

<u>Consolidated Statement of Comprehensive Income</u>

Revenue

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

The Group's revenue decreased by 23.8% from approximately RM92.2 million in 1H FY2024 to approximately RM70.3 million in 1H FY2025. The decrease is mainly due to decrease in average realised selling price ("**ARSP**"), influenced by the slowdown in China's economy and the eventual slowdown in demand for iron ore from steel industry.

<u>ARSP</u>

The movement of ARSP in 1H FY2025 as compared to 1H FY2024 is set out in the table below.

ARSP per dried metric ton ("DMT")/metric ton ("MT")	1H FY2025	1H FY2024	Increase/(decrease) (%)
Iron ore concentrate	RM349.49	RM510.89	- 31.6%
Crushed iron ore	RM539.16	RM581.19	- 7.2%
Iron ore tailing	RM182.22	RM188.46	- 3.3%

<u>Sales volume</u>

The Group reported an increase in sales volume of all its products in 1H FY2025 compared to 1H FY2024:

(i) an increase of 4.0% or approximately 6,600 DMT of iron ore concentrate to 169,600 DMT in 1H FY2025 resulted from increased ore production;

(ii) an increase in crushed iron ore sales volume by 100.0% from 4,000 MT in 1H FY2024 to 8,000 MT in 1H FY2025; and

(iii) sales of processed iron ore tailing from Kota Tinggi Mine increased by 4.9% or 1,700 DMT to 36,700 DMT in 1H FY2025. The availability of ore for subsequent sales depends on the subcontractors' discovery as Kota Tinggi prospect is still in the exploratory phase.

Cost of sales

The quantum of decrease in cost of sales is lower than the decrease in revenue because the main reason for the decrease in revenue is due to the weakening of the ARSP while the production and sales volume had improved as analysed above. Despite the increased iron ore production, the cost of sales had decreased by 14.9% from RM90.9 million in 1H FY2024 to RM77.3 million in 1H FY2025. The decrease in our cost of sales is mainly contributed by the following:

(i) decrease in mining cost consisting of equipment and machinery maintenance cost, fuel and lubrication cost, payroll and other mining-related cost by approximately RM4.6 million as the Group transitioned from open pit mining to the underground mining method;

(ii) decrease in sales and related cost consisting of logistic and port related cost, tributes and royalties by RM3.7 million or 16.7%;

(iii) there is no iron ore sourced from external party in the 1H FY2025 as compared to an approximately RM4.9 million was spent in purchasing iron ore concentrates for subsequent sale in 1H FY2024; and

(iv) decrease in crushing cost by approximately RM0.4 million or 23.5%.

Gross (loss)/profit and gross margin

The decrease in ARSP for iron ore has resulted in decrease in gross profit from RM1.3 million in 1H FY2024 to gross loss of RM7.1 million in 1H FY2025 and the gross margin from 1.4% to -10.1% in 1H FY2025.

Other income

Other income decreased by RM0.3 million from RM6.3 million in 1H FY2024 to RM6.0 million in 1H FY2025. This was mainly attributed to the effect from changes in exchange rate, which resulted in a decrease in unrealised gain by RM2.9 million in 1H FY2025 as compared to 1H FY2024. The decrease was partially offset by (i) insurance claim of approximately RM1.7 million; and (ii) an increase in gain of RM0.9 million from assets disposed.

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 RM2.9 million to RM9.6 million mainly due to increase in unrealised loss from changes in exchange rate by approximately RM3.1 million. This was partially offset by decrease in administrative expenses by RM0.2 million.

Share of profit/(loss) of joint ventures

The Group shared a post-acquisition net profit of approximately RM0.1 million in the joint ventures, being Southern Atlantic Metal Sdn Bhd, Sri Aman Minerals Sdn Bhd, Maha Hijau Sdn Bhd and Rigid Temau Sdn Bhd, as compared to a share of loss of approximately RM0.6 million in 1H FY2024.

Gain on disposal of subsidiaries

The decrease in gain on disposal of subsidiaries was due to the absence of a one-off gain from the disposal of subsidiaries of approximately RM0.1 million recorded in 1H FY2024 arising from the joint ventures undertaken by the Group for base metal exploration projects in the State of Sabah.

Finance costs

There is no significant change in finance costs incurred by the Group.

Loss before tax

As a result of the foregoing, the Group recorded a loss before tax of approximately RM11.5 million in 1H FY2025 compared to RM0.6 million in 1H FY2024 mainly as a result of the decrease in ARSP.

Income tax benefit/ (expense)

The Group recorded an income tax benefit of RM1.2 million in 1H FY2025, representing an increase of RM1.9 million from income tax expense of RM0.7 million in 1H FY2024. The reported tax benefit mainly attributed to the decrease in taxable temporary differences from machinery and equipment and stripping cost.

Review for the financial position of the Group as at 31 January 2025 compared to as at 31 July 2024

Consolidated Statement of Financial Position

Non-current assets

Property, plant and equipment constituted approximately 33.1% of the Group's non-current assets as at 31 January 2025. The decrease in property, plant and equipment by RM10.5 million or 16.0% was mainly attributable to (i) disposal of assets of approximately RM1.1 million; (ii) asset written-off of RM0.2 million; and (iii) systematic depreciation charges of approximately RM9.5 million in 1H FY2025 of which the depreciation charges of approximately RM9.4 million has been included in the cost of sales and other operating expenses and approximately RM0.1 million was capitalised under exploration and evaluation assets as at 31 January 2025. The decrease was partially offset by the purchase of mobile equipment, motor vehicles and construction of assets of approximately RM0.3 million.

Mine properties made up approximately 39.0% of non-current assets. The increase in mine properties of RM8.7 million or approximately 15.4% to RM65.1 million was mainly attributable to the capitalisation of mine infrastructure costs amounting to RM13.2 million. The increase is partially offset by the continued amortisation of RM4.5 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 increase in exploration and evaluation assets of RM2.3 million or approximately 19.8% to RM14.0 million was mainly attributed to exploration expenditure spent in Chaah Mine and Tenggaroh prospect site located at the State of Johor as part of the continuous effort in discovering new area with mineralisation.

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. 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 Sdn Bhd ("**SA Minerals**"), as at 31 January 2025 is RM17.6 million. The increase in investment in joint ventures mainly attributed to the share of profit of joint ventures of approximately RM0.1 million.

Other receivables mainly relate to advances injected into a joint venture (Rigid Temau Sdn Bhd) to finance the operation. The increase was mainly due to advance injection of RM1.0 million and the interest receivable from the advances of approximately RM0.4 million.

Current assets

The Group's cash and bank balances made up approximately 59.5% of current assets as at 31 January 2025. Please refer to cash flow analysis below for details on fluctuation of cash and cash equivalents.

The trade and other receivables increased by RM0.4 million or 1.7% mainly due to an increase in other receivables. The increase mainly attributed to deposits paid to a subcontractor.

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 may be. 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 dropped from RM2.3 million as at 31 July 2024 to RM1.0 million as at 31 January 2025 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 13.8% from approximately RM18.6 million as at 31 July 2024 to approximately RM21.2 million as at 31 January 2025. The increase was mainly attributed to higher volume of inventory balance as at 31 January 2025.

The advance payment for the purchase of imported spare parts and prepaid professional fees recorded in prepayments has increased to RM11.8 million as at 31 January 2025 from RM10.2 million as at 31 July 2024.

Income tax recoverable consist of prepaid tax instalment and over provision of tax in respect of prior years. Decrease in income tax recoverable by approximately RM1.6 million mainly due to (i) the Group received a refund of prepaid tax of RM1.0 million; and (ii) a provision of income tax expense of approximately RM0.6 million was made in January 2025.

Current liabilities

The Group's current liabilities amounted to RM24.3 million as at 31 January 2025, representing 12.1% of the Group's current assets as compared to 12.7% as at 31 July 2024. The Group witnessed a decrease of RM3.7 million or 13.3% in total current liabilities from RM28.0 million as at 31 July 2024.

The decrease was mainly due to the (i) decrease in amount due to suppliers and mining subcontractor by RM6.8 million; and (ii) repayment of hire purchase obligation of approximately RM3.9 million. The decrease was partially offset by (i) the drawdown of revolving credit facility of RM4.0 million; and (ii) reclassification of non-current borrowings and lease obligations to current of approximately RM3.0 million.

Non-current liabilities

Non-current liabilities refer to the loan and borrowings that fall due over a period of more than 12 months. The decrease in non-current liabilities by RM4.7 million or 23.4% mainly due to (i) decrease in loan and borrowings by 26.5% or RM3.0 million to RM8.4 million as at 31 January 2025; and (ii) decrease in deferred tax liabilities by 19.5% or RM1.7 million to RM7.1 million.

Consolidated Statement of Cash Flow

In 1H FY2025, the Group net cash outflow from operating activities was RM5.6 million compared to RM1.0 million in 1H FY2024. The increase in operating cash outflow is mainly due to the lower ARSP and the details are elaborated in the above sections.

In the same reporting period, the net cash outflow from investing activities was RM7.9 million. The Group spent RM2.2 million on exploration activities which was capitalised as exploration and evaluation assets in the balance sheet. The Group has also invested approximately RM13.2 million in constructing tunnel infrastructures and access ramp and capitalised the same in mine properties. The outflow was partially offset by an inflow from upliftment of term deposits of RM7.1 million. The Group also received proceeds from disposal of fixed assets amounting to approximately RM0.4 million in the reporting period.

During 1H FY2025, the Group made repayments of approximately RM3.9 million for its hire purchase facilities and drawn RM4.0 million from its revolving credit facility to finance the working capital.

The Group also recorded a loss of RM1.9 million in 1H FY2025 as a result of the changes in exchange rate on cash and cash equivalents.

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.**

Macroeconomic and Industry landscape

The global economic environment remain volatile driven by shifting monetary policies, geopolitical instability and evolving trade dynamics. While inflationary pressures are showing signs of easing, global economic recovery continues at a measured pace. The US Federal Reserve has maintained a cautious stance on interest rate adjustments, which influences capital flows and investment appetite in emerging markets, including Malaysia.

China, the largest consumer of iron ore, continues to face structural economic challenges with a moderate growth outlook for 2025. While Chinese authorities are expected to set a GDP growth target of around 4.5-5%[1] concerns over its property sector downturn and policy uncertainty continue to impact steel and iron ore demand. Despite stimulus measures, investor confidence remains subdued, affecting industrial output. However, demand from other major importers, including India and Southeast Asia, is expected to support iron ore consumption, partially offsetting any declines in Chinese purchases.[2][3]

Iron Ore Market Dynamics

Iron ore prices surged to a 17-month high in late 2023, reaching USD137/dry metric tonne[4] due to expectations of robust Chinese demand. However, the first half of 2024 has witnessed downward pressure on prices amid reduced steel production and inventory drawdowns by major steel mills. While short-term fluctuations persist, longer-term prospects remain supported by infrastructure-led demand and industrialization in Southeast Asia and India.

On the supply side, major producers such as Rio Tinto and BHP have announced plans to expand output, potentially introducing an oversupply risk if demand fails to recover in China. In response, our Group remains vigilant in optimizing production costs and enhancing operational efficiencies to navigate market volatility.

Geopolitical Risks and Trade Policies

Geopolitical tensions remain a crucial consideration, particularly with the prospect of trade policy shifts under a second-term Trump administration. The reinstatement or escalation of tariffs on Chinese imports could have a cascading impact on global trade flows, supply chain costs and commodity pricing. The iron ore sector could experience indirect consequences as China adjusts its trade strategies, potentially seeking alternative supply sources or reassessing steel production plans.

Furthermore, regional conflicts and geopolitical uncertainties in the South China Sea could disrupt key shipping routes, affecting logistics and export timelines. These external risks necessitate a proactive approach in diversifying markets and securing long-term agreements to mitigate potential disruptions.

Strategic Initiatives and Forward Outlook

The Group is executing a strategic diversification plan to enhance operational resilience and reduce dependency on iron ore price volatility. The full transition to underground mining at Chaah Mine in September 2023 has led to the cessation of overburden removal costs, significantly improving cost efficiencies and optimizing resource extraction.

While the immediate priority remains maximizing output at Chaah Mine, the Group is also laying the groundwork for long-term diversification. The due diligence process for proposed acquisition* of stakes in rare earth assets companies is progressing, positioning the Group to capitalize on the growing global demand for critical minerals—a sector that is vital for renewable energy, electric vehicles and advanced technologies.

Looking ahead, despite ongoing macroeconomic and geopolitical uncertainties, the Group remains cautiously optimistic and committed to strengthening its market position through both organic growth and strategic acquisitions. The proposed acquisitions of MCRE (40%) and Paramount (100%), are expected to support the Group's long-term diversification strategy and enhance operational synergies upon completion. These initiatives, alongside continued efforts in cost optimization and market expansion, will position the Group for sustainable growth amid evolving economic conditions.

Continued urbanization and infrastructure development in key Asian markets, coupled with strategic operational enhancements, are expected to support the Group's performance in the next reporting period and beyond.

**for details please refer to latest announcement made on 31 July 2024.*

1. https://www.globaltimes.cn/page/202503/1329540.shtml
2. https://www.reuters.com/markets/commodities/indias-jsw-steel-posco-invest-77-billion-odisha-steel-plant-sources-say-2024-11-05/
3. https://www.reuters.com/technology/singapore-vietnam-firms-talks-new-undersea-cables-sources-say-2024-12-13/
4. www.indexmundi.com/commodities/?commodity=iron-ore&months=60

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 2025 and 31 July 2024, the Company's total issued shares is 488,759,000 ordinary shares excluding 241,000 shares held as treasury shares.

As at 31 January 2025 and 31 January 2024, the Company held 241,000 treasury shares which represents 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 January 2025 and 31 January 2024.

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***

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 period ended 31 January 2025 as the dividend shall be guided by the results of the full financial year ending 31 July 2025.

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 28 November 2024. 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 S$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 S$100,000)
		S$'000	S$'000
Multiline Trading Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	-	353 [(1)]
Teras Megajaya Sdn Bhd	Related party Entity of Managing Director, Dato' Sri Pek Kok Sam	212[(2)]	-

(1) Based on exchange rate of RM100:S$30.25 for 1H FY2025.
(2) Office rental contract entered for the period from 1 January 2023 to 31 December 2025, based on the exchange rate of RM100:S$30.47 as of 1 January 2023.

11 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.

12 Additional information required pursuant to Rule 706A

During 1H FY2025, the Company did not incorporate, acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

13 Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors, we the undersigned, hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited condensed interim financial statements of the Group and the Company for 1H FY2025 to be false or misleading in any material aspect.

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

14 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 (excluding depreciation) 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 second quarter ended 31 January 2025 ("2Q FY2025")

Activities	2Q FY2025 Projected RM'000	Actual RM'000	Variance RM'000
Mine exploration and evaluation	2,100	1,807	(293)
Mining related expenditure (excluding capital expenditure)	32,000	27,482	(4,518)
Total	34,100	29,289	(4,811)

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 RM1.2 million and RM0.6 million respectively. The variance was due to the Group is slowing down in exploration activities and shift focus to iron ore mining activities.

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 RM26.4 million as well as for the Kota Tinggi Mine amounting to RM1.1 million.

During 2Q FY2025, while our Group continued to focus on the mining work to remove ore from Chaah Mine, the Group is still continuing with tunnel development work. However, our mining activities were affected by the monsoon therefore resulting in an underutilisation of mining related expenditure of RM4.5 million.

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

Item	Projection for 3Q FY2025 RM'000
a. Mine exploration and evaluation	100
b. Mining related expenditure (excluding capital expenditure)	32,000
Total	32,100

The allocation for mine exploration and evaluation included in-house investigative work and professional fees for geological and geophysical exploration at PML 14/2023 (Chaah Mine) to investigate for potential mineralisation.

The Group will focus with the mining activities on Chaah Mine in Q3 FY2025 and reduce the allocation for exploration activities.

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

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

16 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 place 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 invested a lot of effort and financial resources into exploration activities.

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

Updating of Mineral Resources
During the reporting period, our Group continue with the tunnel mapping works to investigate the geological structures within the iron deposit. The mapping exercises was conducted across three (3) different tunnel levels to identify and redefine new geological structures that control the shape and orientation of the ore body. This is crucial for assessing the ore distribution based on the actual geological condition exposed via underground mining activities. They are fundamental to determine the next step of action including serving as guide for ore extraction.

The results of the mapping works are summarized as follows:

Level	Region	Adits	Type of structure
-87	North	AT16, AT17	Fault
-103	North	AT01S, AT02, AT03, AT03A, AT04, AT07, AT08	Fault

-112	South	AT01S, ATV01NE, AT01SA, AT01SB, AT01SC, AT01SD, AT01SE, AT01SF	Fault, Joints, Bedding

During the reporting period, a total of 71 channel samples were collected from various sections of tunnels. The samples were taken from different tunnel sections to represent the geological variability within the ore body. The samples were sent to laboratory for analysis. The table below provides a breakdown of the reference numbers, sample IDs, and the total number of samples and their results are as follows:

Reference Number	Sample ID		Total sample
	From	To	
MYKTL-25-00007	12837	12860	24
	12861	12895	35
	12896	12907	12
Total			**71**

Exploration for Extension of Mineral Resources – Surface Drilling

During the reporting period, our Group continue with the mineral resources extension drilling program to investigate for potential ore body extension. We have completed the exploration drilling for CHEDD24_004, which commenced towards the end of the previous reporting period. We also completed a Borehole ID at CHEDD24_005 during this reporting period. The result of the exploration drilling are summarized as below.

Borehole Identification ("BHID")	Status	Universal Transverse Mercator ("UTM") coordinate		Azimuth	Inclined	Total Drill depth, m
		X	Y			
CHEDD24_004 (1)	Completed	273497.878	240997.607	123	-80	400.04
CHEDD24_005(2)	Completed	275002.540	242442.340	50	-85	321.20
	Total					**721.24**

Note 1: Continue from previous quarter drill depth at 136.5m, no mineralization was found.
Note 2: No mineralization was found.

Currently our geologists are reviewing the results to plan for next course of action.

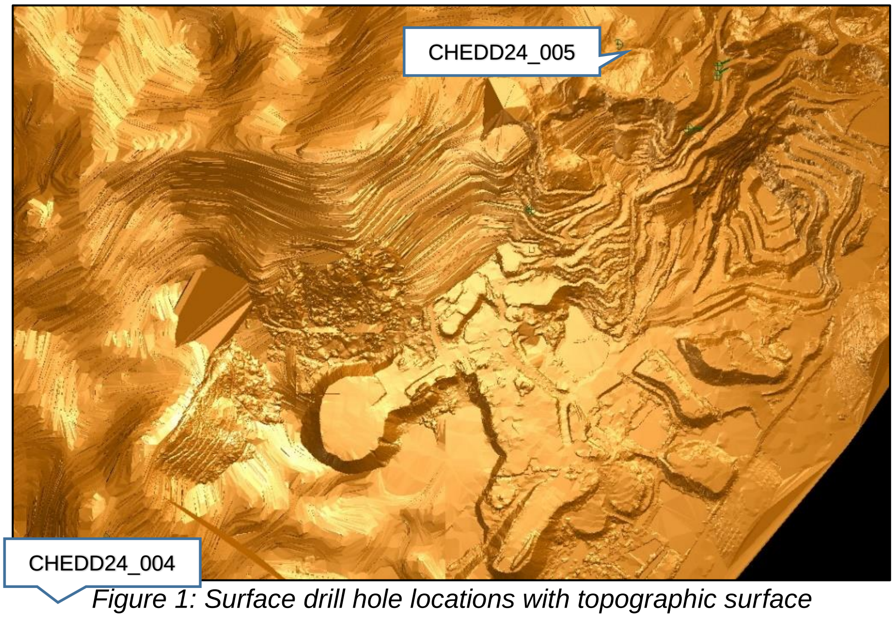

Figure 1: Surface drill hole locations with topographic surface

Exploration for Extension of Mineral Resources – Underground Drilling

During the reporting period, a total of three (3) underground drilling with total length of 117.6 meters were carried out and UG-72-001 still on-going drilling. The details are as follows:

BHID	Status	Result	UTM coordinate		Azimuth	Inclined	Total depth, m
			X	Y			
UG-57-001	Completed	Andesite	275380.127	242186.517	70	-10	56.4
UG-57-002	Completed	Pending assay	275332.165	242251.612	263	-10	51.6
UG-72-001	On-going	Andesite	275200.623	242361.290	250	-10	9.6
Total							**117.6**

(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

Exploration activities in this prospect had not commenced. During the reporting period, our Group was notified by Sabah Mineral Management (SMM) Sdn. Bhd. regarding the renewal of prospecting license was withdrawn due to late payment of fees, which our Company was not in agreement. We have since submitted an appeal and are actively engaging with the relevant authorities. We will provide further updates once there is an outcome.

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

Exploration activities in this prospect had not commenced. During the reporting period, our Group was notified by Sabah Mineral Management (SMM) Sdn. Bhd. regarding the status of renewal prospecting license was withdrawn due to environmental concern, which our Company was not in agreement. We have since submitted an appeal and are actively engaging with the relevant authorities. We will provide further updates once there is an outcome.

(vii) EL 1/2022 (Tenggaroh prospect)

Lot PTD217

During the reporting period, there is only (1) drill hole with a total length of 103 meters was completed (to date total is 33 drill holes with length of 5,101 meters). During this reporting period, a total of 303 samples were sent for assay and only 191 results were obtained. Out of 191 samples obtained, 55 samples or about 28.79% of the samples showed significant results (which is above 0.10 gram/tonne). Please refer to the table below for the summary.

	Current Reporting Period	**Total To Date**
Exploration Drillings		
Drill holes completed (nos)	1	33
Total Length (meters)	103	5,101
Assays		
Assays Result Obtained	191	4,414
Assays with significant results	55 (28.79%)	939 (21.27%)
Significant result is defined as gold assay of more than 0.10 gram/tonne		

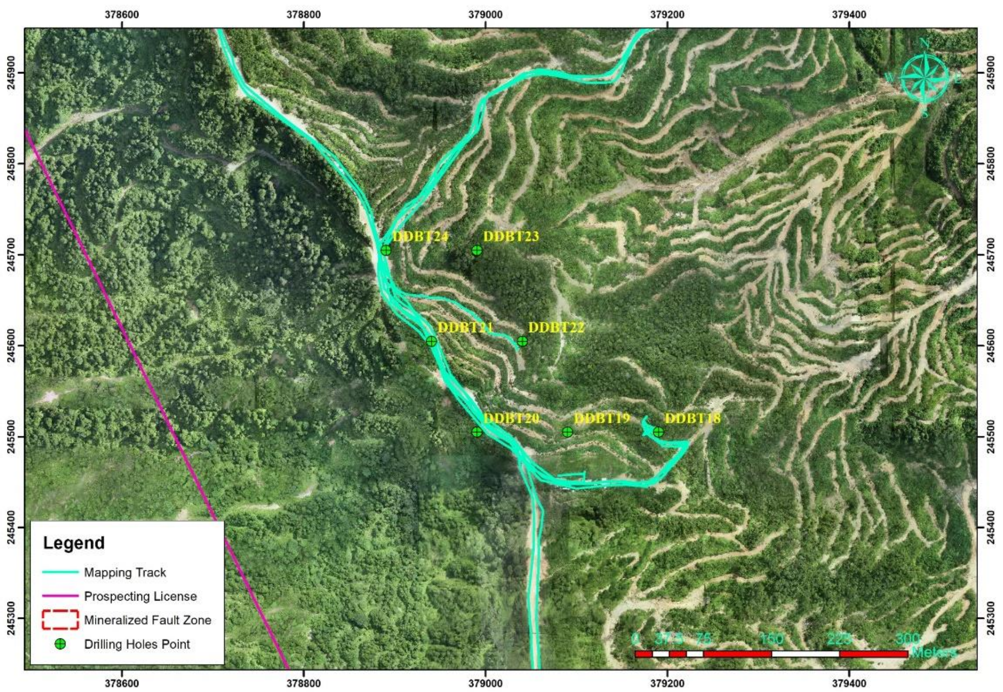

Figure 2: Drilling Activities in PTD 217

Lot PTD216

During the reporting period, our Group had drilled (4) holes and pending for assay results to target the mineralized fault zone.

A total of 720 samples were collected and sent to independent laboratory for analysis (to date total of 1,041 samples taken). 57 samples results obtained with no significant results. Please refer to the table below for the summary.

	Current Reporting Period	**Total To Date**
Exploration Drillings		
Drill holes completed (nos)	4	4
Total Length (meters)	652	652
Samples taken	720	1,041
Assay		
Assay result obtained	57	233
Assays with significant results	-	39 (16.73%)
Significant result is defined as gold assay of more than 0.10 gram/tonne		

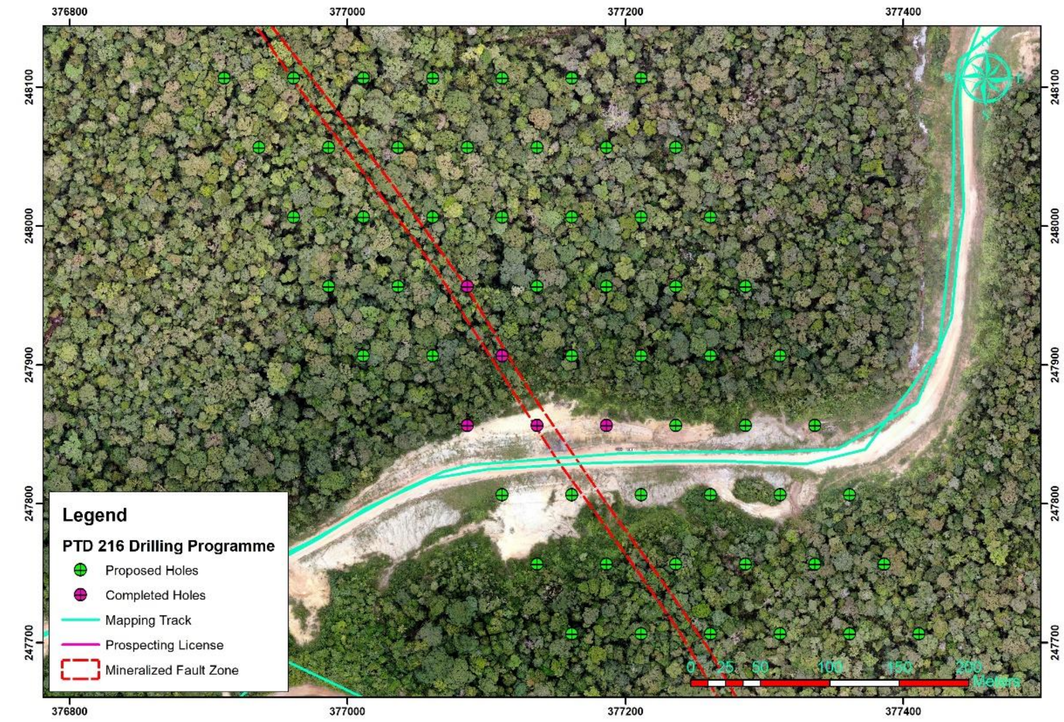

Figure 3: Drilling activities in PTD 216

Mining activities

Chaah Mine

North Zone
During the reporting period, our Group has completed development work at Level -57mRL and Level -72mRL. Production has commenced at Level -57mRL while the production stage of Level -72mRL will commence upon the completion of ongoing exploration drilling, which would define the ore boundaries.

Southern Zone
The Room-and-pillar production method has been conducted at Level -112mRL, while development work continues at Level -128mRL, with progression towards Level -137mRL which is expected to happen in next quarter.

Summary of work progresses is shown as below:

Northern Zone	Status	Southern Zone	Status
-23.5mRL	Production Stage	-87mRL	Development work done for access road
-42mRL		-103mRL	Development halt due to safety concern
-57mRL		-112mRL	Production stage room and pillar
-72mRL	Pending exploration result to confirm ore boundary	-128mRL	Development work in progress
-87mRL	Development work in progress.		
-103mRL			
-112mRL			
-128mRL			

Ore extraction

In 2Q FY2025, the Group extracted approximately 250,000 tonnes of ore from underground mining (1H FY2025: 433,800 tonnes).

During 2Q FY2025, total ore processed was 181,400 (1H FY2025: 331,400 tonnes) resulting in production of 61,800 tonnes (1H FY2025: 144,200 tonnes) of iron ore concentrates.

Kota Tinggi Mine

During 2Q FY2025, no iron ore were processed (1H FY2025: 7,700 tonnes) from the tailing pond.

Save for the above, no mining activities were carried out for other prospect areas in 1H FY2025.

BY ORDER OF THE BOARD

Dato' Sri Pek Kok Sam	**Lim Wei Hung**
Managing Director	Executive Director and Chief Operating Officer

14 March 2025

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 announcement, 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 announcement.

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.