



**FOR IMMEDIATE RELEASE**

## **Southern Alliance Mining Strengthens Foundations Towards Long-term Sustainability and To position itself for Market Recovery**

- Underground mining at Chaah Mine expected to improve long-term cost efficiencies and reduce operational volatility
- Robust cash position of RM119.3 million enables continued exploration and expansion
- Iron ore sales volume increased, reflecting demand resilience
- Diversification into rare earth elements (REEs) gathers pace

**Singapore, 14 March 2025** – Southern Alliance Mining Ltd. ("**SAM**" or the "Group"), a leading producer of high-grade iron ore in Malaysia, today announced its financial results for the six months ended 31 January 2025 ("**1HFY2025**"). Despite market challenges, the Group continued to strengthen its operations by advancing underground mining and reinforcing its financial resilience, positioning itself for long-term growth. SAM remains well-positioned for long-term value creation as infrastructure expansion in, India and Southeast Asia continues to support iron ore demand<sup>[2][3]</sup>.

### **1HFY2025 Financial Performance**

Revenue for 1HFY2025 declined 23.8% year-on-year to approximately RM70.3 million due to weaker realised iron ore prices, influenced by global economic uncertainties and slowing demand from China's steel industry. While revenue was impacted by softer iron ore prices, SAM successfully increased its iron ore sales volumes, reflecting sustained market demand.



RM'000	1HFY2025	1HFY2024	YoY Change (%)
Revenue	70,278	92,208	-23.8
Gross (loss)/profit	(7,069)	1,284	n.m.
Gross margin (%)	(10.1%)	1.4%	n.m.
Loss before tax	(11,464)	(567)	1,921.87
Operating cash flow	(5,604)	(1,026)	446.20
Cash reserves	119,333	141,680	-15.8

Not meaningful (n.m.) due to profit/loss swings.

## **Strategic Developments and Outlook**

### **1. Advancing Underground Mining at Chaah Mine**

SAM has successfully transitioned from open-pit to underground mining at the Chaah Mine since September 2023. This move resulted in cessation of overburden removal costs while the Group continues to invest in mine infrastructures and extend the mine's lifespan. Mine infrastructure investments totaling to RM33.0million as at 31 January 2025 are already yielding operational efficiencies, with full-scale underground operations expected to improve profitability over time.

The Management has decided to only focus the operations at Chaah mine for the next six months. This strategic move allows the Group to concentrate on advancing underground production at the Chaah Mine, which is expected to enhance long-term cost efficiency and operational stability.

### **2. Expanding Resource Base and Diversification Efforts**

The Group is in the final stage of due diligence on the proposed acquisition\* of stakes in rare earth companies with the discussion now focused on the valuation report. The process has taken longer than anticipated due to the complexity in reporting mineral resources which are in accordance with the Joint Ore Reserve Committee (JORC) Standard. The acquisition, when completed, will position Southern Alliance Mining to capitalise on the growing demand for rare earth elements, diversifying its revenue streams beyond iron ore.

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



### 3. Strong Cash Reserves and Prudent Capital Management

Despite near-term market headwinds, the Group maintains a robust cash balance of RM119.3 million as at 31 January 2025. This financial strength enables continued investment in exploration and operational enhancements while ensuring liquidity for working capital needs.

#### **Iron Ore Market Outlook: Strategic Positioning Amid Global Uncertainties**

SAM remains optimistic about the long-term demand for iron ore, as global economic trends indicate a gradual recovery in infrastructure and industrial production. Market conditions remain influenced by geopolitical uncertainties, shifting monetary policies and evolving trade dynamics. China, the world's largest consumer of iron ore, continues to face structural economic challenges. While Chinese authorities are expected to set a GDP growth target of around 4.5-5%<sup>[1]</sup> for 2025 uncertainties surrounding the property sector and government policies continue to weigh on steel and iron ore demand. Despite stimulus measures, investor confidence remains subdued, leading to cautious industrial production. However, infrastructure expansion in India and Southeast Asia is expected to drive additional demand, partially offsetting any potential weakness in Chinese consumption.<sup>[2][3]</sup>

Furthermore, the growing emphasis on sustainable steel production has increased interest in “green steel” initiatives, which favour high-grade iron ore with lower impurities. This trend positions SAM advantageously, as its product offerings align with the evolving needs of environmentally conscious steel manufacturers. Despite short-term price volatility, the Group remains confident that the structural demand for iron ore remains intact and is well-positioned to capture value from the market that is expected to recover.

Dato' Sri Pek Kok Sam, Managing Director of Southern Alliance Mining, commented: ***“Our focus remains on strengthening our business fundamentals through cost optimisation, resource expansion and diversification into new minerals. Despite short-term challenges, our strategic initiatives position us well for long-term value creation. We remain committed to exploring new opportunities that will enhance shareholder value while maintaining financial discipline.”***



*This media release is to be read in conjunction with the Group's results announcement for 1HFY2025 posted on SGXNET on 14 March 2025.*

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### **About Southern Alliance Mining Ltd**

Southern Alliance Mining Ltd. (the "Company" and together with its subsidiaries, the "Group") is an established producer of high-grade iron ore products in Malaysia, and is listed on the Catalist of Singapore Exchange on 26 June, 2020 (SGX:QNS). Headquartered in Pahang, Malaysia, the Group is principally involved in the exploration, mining and processing of iron ore for subsequent sale. The Group sells (i) iron ore concentrate of low level of impurities with total Fe grade of between 62% to 65% to steel mills and trading companies mainly located in Malaysia and China; and (ii) pipe coating materials that are crushed iron ore with a natural characteristic of a higher density for subsea pipes.

The Group's primary mining asset, the Chaah Mine, is an open mine pit consisting of two (2) mining leases and covering an aggregate area of 225.7 hectares. The Chaah Mine is strategically located near existing road networks to ports. The Group's established supporting infrastructure and facilities consist of four (4) fixed crushing plants, two (2) lines of mobile crushers and two (2) beneficiation plants both capable of operating on a 24-hour shift. The Group has an approximate monthly production capacity of 60,000 tonnes of iron ore concentrates (not including pipe coating materials).

In addition to the Chaah Mine, the Group has also been granted the right to carry out exploration and mining operations at three (3) potential iron ore mines located in Johor, Malaysia ("**Exploration Assets**"). The Group plans to undertake formalised exploration activities at the Exploration Assets to identify mineral deposits for further business growth. The Group has also obtained a mandate to diversify 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.



Southern Alliance Mining Ltd.  
Level 8, Menara Zenith  
Jalan Putra Square 6, Putra Square  
25200 Kuantan, Pahang, Malaysia

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**For more information, please contact:**

Ms Emily Choo

Mobile: +65 9734 6565

Gem Comm

Email: [emily@gem-comm.com](mailto:emily@gem-comm.com)

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<sup>[1]</sup> <https://www.globaltimes.cn/page/202503/1329540.shtml>

<sup>[2]</sup> <https://www.reuters.com/markets/commodities/indias-jsw-steel-posco-invest-77-billion-odisha-steel-plant-sources-say-2024-11-05/>

<sup>[3]</sup> <https://www.reuters.com/technology/singapore-vietnam-firms-talks-new-undersea-cables-sources-say-2024-12-13/>