

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.**

This Circular is issued by Southern Alliance Mining Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**"). Unless otherwise stated, capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

If you have sold or transferred all your shares in the capital of the Company, you should immediately inform the purchaser or the transferee, or bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee, that this Circular, together with the Notice of EGM, the accompanying Proxy Form and Request Form (all as defined herein), may be accessed on the Company's website at <https://investor.southernallianceminig.com/newsroom.html> and on SGXNet at <https://www.sgx.com/securities/company-announcements>. Printed copies of this Circular will NOT be despatched to Shareholders. Nevertheless, printed copies of the Notice of Extraordinary General Meeting, Proxy Form and Request Form will be despatched via post to Shareholders. Shareholders who wish to obtain a printed copy of this Circular should complete the Request Form and return it to the Company by email or post to the Company no later than 26 August 2025.

An application will be made by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") to the SGX-ST for permission for the listing and quotation of the Consideration Shares to be allotted and issued for listing on the Catalist. The listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Group, MCRE, the Enlarged Group, the Shares, the Consideration Shares (all as defined herein).

This Circular has been prepared by the Company and its contents has been reviewed by the Company's Sponsor. It has not been examined or approved by SGX-ST and SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn any specific technical expertise in its review of this Circular.

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

**Your attention is drawn to Section 3.7 of the Circular entitled "Risks associated with the New Business", which you should review carefully and in their entirety.**



**SOUTHERN ALLIANCE MINING LTD.**

(Company Registration No. 201931423D)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO**

- (1) THE PROPOSED ACQUISITION OF 40.00% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MCRE RESOURCES SDN. BHD. BEING A DISCLOSEABLE TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES ("PROPOSED ACQUISITION");
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.4471 PER CONSIDERATION SHARE AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION;
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' SRI PEK KOK SAM (MANAGING DIRECTOR AND CONTROLLING SHAREHOLDER OF THE COMPANY) AT THE ISSUE PRICE OF S\$0.4471 PER CONSIDERATION SHARE;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' TEH TECK TEE (NON-EXECUTIVE NON-INDEPENDENT DIRECTOR OF THE COMPANY) AT THE ISSUE PRICE OF S\$0.4471 PER CONSIDERATION SHARE; AND
- (5) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS.

**Financial Adviser to the Company in respect of the Proposed Acquisition**



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

(Company Registration No. 200207389D)  
(Incorporated in the Republic of Singapore)

**Independent Financial Adviser to the Non-Interested Directors in respect of the Interested Person Transaction  
in connection with the Proposed Acquisition**



**XANDAR CAPITAL PTE. LTD.**

(Company Registration No. 200002789M)  
(Incorporated in the Republic of Singapore)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	30 August 2025 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	2 September 2025 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Room 3-3, ISCA House, 60 Cecil Street, Singapore 049709

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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Dato' Gainneos Jacob Goldie (Independent Non-Executive Chairman) Dato' Sri Pek Kok Sam (Managing Director) Dato' Teh Teck Tee (Non-Executive Non-Independent Director) Lim Wei Hung (Executive Director and Chief Operating Officer) Chin Chee Choon (Independent Director) Sim Chin Hoe (Independent Director)
<b>COMPANY SECRETARIES</b>	:	Kong Wei Fung and Chin Yee Seng
<b>REGISTERED OFFICE</b>	:	36 Robinson Road #20-01 City House Singapore 068877  Telephone no.: +65-6990 8220 Facsimile no.: +65-6395 0670
<b>FINANCIAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED TRANSACTIONS</b>	:	<b>PrimePartners Corporate Finance Pte. Ltd.</b> 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318
<b>LEGAL ADVISER TO THE COMPANY IN RESPECT OF SINGAPORE LAW</b>	:	<b>Bird &amp; Bird ATMD LLP</b> 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804
<b>LEGAL ADVISER TO THE COMPANY IN RESPECT OF MALAYSIAN LAW</b>	:	<b>Rosli Dahlan Saravana Partnership</b> Level 16, Menara 1 Dutamas No. 1, Jalan Dutamas 1 Solaris Dutamas 50480 Kuala Lumpur
<b>INDEPENDENT FINANCIAL ADVISER</b>	:	<b>Xandar Capital Pte. Ltd.</b> 3 Shenton Way #24-02 Shenton House Singapore 068805
<b>INDEPENDENT QUALIFIED PERSON</b>	:	<b>SRK Consulting China Ltd.</b> B1301 COFCO Plaza No.8 Jianguomennei Inner Street Dongcheng District, Beijing People's Republic of China 100005
<b>INDEPENDENT VALUER</b>	:	<b>SRK Consulting (Australasia) Pty. Ltd.</b> Level 3, 18-32 Parliament Place West Perth WA 6005 Australia
<b>INDEPENDENT INDUSTRY CONSULTANT</b>	:	<b>Beijing Antaike Information Technology Co., Ltd.</b> 2nd Floor, 12B Fuxing Road Haidian District, Beijing People's Republic of China 100038
<b>SHARE REGISTRAR</b>	:	<b>In.Corp Corporate Services Pte. Ltd.</b> 36 Robinson Road #20-01 City House Singapore 068877

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

### **Companies within the Enlarged Group**

<b>“Company”</b>	:	Southern Alliance Mining Ltd.
<b>“SAM Advance Minerals”</b>	:	SAM Advance Minerals Holding Sdn. Bhd.
<b>“Group”</b>	:	The Company and its subsidiaries as at the Latest Practicable Date
<b>“Enlarged Group”</b>	:	The enlarged group comprising the Group and MCRE following the Completion
<b>“MCRE”</b>	:	MCRE Resources Sdn. Bhd.

### **Other Companies, Organisations, Agencies and other Persons**

<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Chinalco Guangxi Nonferrous Rare Earth”</b>	:	Chinalco Guangxi Nonferrous Rare-earth Development Co., Ltd.
<b>“IFA”</b>	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the Interested Person Transactions in connection with the Proposed Acquisition
<b>“Independent Industry Consultant”</b>	:	Beijing Antaike Information Technology Co., Ltd., the independent industry consultant engaged to prepare the Industry Report
<b>“Independent Qualified Person”</b>	:	SRK Consulting China Ltd.
<b>“Independent Valuer”</b>	:	SRK Consulting (Australasia) Pty. Ltd.
<b>“MCRE Remaining Shareholders”</b>	:	The shareholders of MCRE holding the remaining 60.00% interest in the issued and paid-up share capital of MCRE, namely Dato’ Lee (6.00%), Dato’ Lee Yoke Eng (6.00%), Mr. Jimmy Chin (4.80%), Mr. Johnny Chin (3.24%), Mr. Lim Wei Hung (3.96%) and QJI (36.00%)
<b>“Non-Interested Directors”</b>	:	The Directors of the Company who are independent for the purposes of the Proposed Transactions, namely Dato’ Gainneos Jacob Goldie, Mr. Chin Chee Choon, and Mr. Sim Chin Hoe
<b>“Parties”</b>	:	SAM Advance Minerals and the Vendors
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Sponsor” or “Financial Adviser”</b>	:	PrimePartners Corporate Finance Pte. Ltd.
<b>“Vendors”</b>	:	Dato’ Sri Pek Kok Sam, Dato’ Teh Teck Tee and Dato’ Lee Tek Mook @ Lee Teh Moh



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## DEFINITIONS

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### General

<b>“Audit Committee”</b>	:	The audit committee of the Company as at the date of this Circular
<b>“Board”</b>	:	The board of Directors of the Company as at the date of this Circular
<b>“Business”</b>	:	Business operations, results of operations, financial condition, cash flow, profitability and performance, prospects or results
<b>“Catalist”</b>	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Circular”</b>	:	This circular to Shareholders dated 18 August 2025
<b>“Companies Act”</b>	:	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<b>“Completion”</b>	:	The completion of the Proposed Acquisition in accordance with the terms and conditions set out in the Sale and Purchase Agreement
<b>“Completion Date”</b>	:	The date of Completion of the Proposed Acquisition
<b>“Consideration”</b>	:	The aggregate consideration for the Proposed Acquisition of RM242.4 million (approximately S\$73.2 million)
<b>“Consideration Shares”</b>	:	147,982,380 new Shares in aggregate to be issued as partial consideration for the Proposed Acquisition
<b>“Controlling Shareholder(s)”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of all voting Shares (unless otherwise determined by the SGX-ST); or  (b) in fact exercises control over the Company
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be convened and held at Room 3-3, ISCA House, 60 Cecil Street, Singapore 049709 on 2 September 2025 at 2.00 p.m., notice of which is set out in the Notice of EGM
<b>“EIA”</b>	:	Environmental Impact Assessment

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## DEFINITIONS

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<b>“Enlarged Share Capital”</b>	:	The enlarged share capital excluding treasury shares of the Company comprising 636,741,380 Shares on a fully-diluted basis, assuming the allotment and issuance of 147,982,380 Consideration Shares pursuant to the Proposed Acquisition
<b>“Existing Share Capital”</b>	:	The issued share capital excluding treasury shares of the Company as at the Latest Practicable Date of RM217,645,000 comprising 488,759,000 Shares
<b>“FY”</b>	:	Financial year ended or ending 31 July
<b>“Gerik Mine”</b>	:	The mine site with a total area of 2,161 hectares located at Mukim Kenering, Daerah Hulu Perak, Perak, Malaysia as set out in the EIA
<b>“IFA Letter”</b>	:	The letter dated 18 August 2025 issued by the IFA containing the advice of the IFA to the Non-Interested Directors in relation to the Interested Person Transactions in connection with the Proposed Acquisition, as reproduced in <b>Appendix E</b> to this Circular
<b>“Independent Qualified Person’s Report”</b>	:	The independent qualified person’s report dated 31 July 2025, as at 30 April 2025 prepared by the Independent Qualified Person in relation to an estimate of the resources and reserves attributable to MCRE in accordance with (i) the Australasian Code for Reporting of Exploration Result, Mineral Resources and Ore Reserves (2012 Edition) (the “ <b>JORC Code</b> ”); and (ii) the requirements for mineral, oil and gas companies in the Catalist Rules, and a summary of the Independent Qualified Person’s Report is set out in “ <b>Appendix B – Summary Qualified Person’s Report</b> ” to this Circular
<b>“Independent Valuation Report”</b>	:	The independent valuation report dated 15 August 2025, as at 31 July 2025 prepared by the Independent Valuer to determine the fair market value of rare earth mineral deposits held by MCRE in accordance with the Catalist Rules and the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) promulgated by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the “ <b>VALMIN Code</b> ”) and the Independent Valuation Report is set out in “ <b>Appendix C – Independent Valuation Report</b> ” to this Circular
<b>“Industry Report”</b>	:	The independent industry report in respect of the rare earth minerals industry dated 18 August 2025 prepared by the Independent Industry Consultant, as set out as <b>Appendix F</b> to this Circular

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## DEFINITIONS

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<b>“Interested Person Transactions” or “IPTs”</b>	:	Has the meaning ascribed to it in Section 2.8(a) of this Circular
<b>“Interested Person Transactions in connection with the Proposed Acquisition”</b>	:	The acquisition of shares in MCRE by the Company from Dato’ Sri Pek Kok Sam and Dato’ Teh Teck Tee and the proposed allotment and issuance of Consideration Shares to Dato’ Sri Pek Kok Sam and Dato’ Teh Teck Tee, on the terms and subject to the conditions of the Sale and Purchase Agreement
<b>“Issue Price”</b>	:	S\$0.4471, being the issue price in respect of each Consideration Share
<b>“Latest Practicable Date”</b>	:	31 July 2025, being the latest practicable date prior to the date of this Circular
<b>“Mineral Resource(s)”, as defined by the JORC Code</b>	:	A concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided in order of increasing geological confidence into Inferred, Indicated and Measured categories
<b>“NAV”</b>	:	Net asset value
<b>“New Business”</b>	:	The business of exploration, mining, processing and sale of ion adsorption clay rare earth minerals
<b>“Notice of EGM”</b>	:	The notice of the EGM set out on pages N-1 to N-4 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“OMS”</b>	:	Operational mining scheme
<b>“Ore Reserve(s)”, as defined by the JORC Code</b>	:	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
<b>“PRC”</b>	:	People’s Republic of China
<b>“Proposed Acquisition”</b>	:	The proposed acquisition of 40.00% of the issued and paid-up shares in the capital of MCRE pursuant to the Sale and Purchase Agreement

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## DEFINITIONS

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<b>“Proposed Allotment”</b>	:	The proposed allotment and issuance of the Consideration Shares to the Vendors as partial Consideration for the Proposed Acquisition
<b>“Proposed Diversification”</b>	:	The proposed diversification of the Group’s business to include the New Business as additional core business of the Group
<b>“Proposed Transactions”</b>	:	Collectively, the Proposed Acquisition, the Proposed Allotment and the Proposed Diversification
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM, a copy of which is set out in this Circular
<b>“Sale and Purchase Agreement”</b>	:	The conditional sale and purchase agreement dated 3 April 2025 between SAM Advance Minerals and the Vendors in relation to the Proposed Acquisition (as from time to time amended, modified and supplemented)
<b>“Sale Shares”</b>	:	Ordinary shares representing 40.00% of the issued shares and paid-up share capital of MCRE held by Dato’ Sri Pek Kok Sam, Dato’ Teh Teck Tee and Dato’ Lee Tek Mook @ Lee Teh Moh
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
<b>“Shareholders”</b>	:	Registered holders of Shares in the register of members of the Company except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Substantial Shareholder”</b>	:	A person who has an interest in not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in the Company
<b>“Summary Qualified Person’s Report”</b>	:	The summary of the Independent Qualified Person’s Report as set out in <b>“Appendix B – Summary Qualified Person’s Report”</b> to this Circular
<b>“VWAP”</b>	:	Volume weighted average price
<b><u>Currencies, Units and Others</u></b>		
<b>“RM” and “sen”</b>	:	Malaysian Ringgit and sen, respectively

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## DEFINITIONS

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“S\$” and “cents”	:	Singapore dollars and cents, respectively
“ha”	:	Hectare, a unit of land area where one hectare is equivalent to 10,000m <sup>2</sup>
“kg”	:	Kilogram, a unit of weight
“m”	:	Metre, a unit of distance
“m <sup>2</sup> ”	:	Square metre, a unit of area
“m <sup>3</sup> ”	:	Cubic metre, a unit of volume and quantity
“mm”	:	Millimetre, a unit of distance
“mt”	:	Metric tonne
“t”	:	Tonne, a unit of weight where one tonne is equivalent to 1,000kg
“%” or “per cent”	:	Percentage or per centum

The term “**subsidiary**” shall have the meaning ascribed to it in the Companies Act.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**associate**” and “**associated company**” shall have the meanings ascribed to them respectively in the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any modification thereof and used in this Circular shall have the same meaning assigned to it thereunder, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in tables included herein (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Unless otherwise indicated in this Circular, we have adopted the exchange rates of RM1: S\$0.3021 and S\$1: RM3.3100 as at 28 March 2025 as extracted from S&P Capital IQ.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of MCRE, the following glossary contains an explanation and description of certain terms used in this Circular in connection with MCRE. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

### Technical Glossary

<b>“clarified pregnant solution”</b>	:	the solution obtained after impurities have been removed from pregnant solution
<b>“development works”</b>	:	mining preparatory work which includes land clearing, construction of access roads, site office, mine workers quarters, mineral processing plant, workshops for maintenance, stripping works, sinking of shafts (main shafts and ventilation shafts) and other preparatory work to prepare the mining facilities
<b>“ion adsorption clay”</b>	:	aluminosilicate clays resulting from in situ weathering of host rocks
<b>“in-situ leaching”</b>	:	a mining method in which targeted minerals are selectively extracted under natural burial conditions by using leaching solution
<b>“lanthanides”</b>	:	a group of 15 rare earth elements
<b>“pregnant solution”</b>	:	the solution obtained after the leaching of rare earth elements with leaching solution
<b>“rare earth carbonate”</b>	:	a form of rare earth resulting from a chemical process involving extraction and precipitation of ion-adsorption clay rare earth
<b>“rare earth minerals”</b>	:	a set of seventeen chemical elements in the periodic table, specifically the fifteen lanthanides (from element number 57 to 71), as well as scandium and yttrium
<b>“rare earth oxide” or “REO”</b>	:	a substance resulting from the heating of rare earth carbonates
<b>“SREO”</b>	:	soluble rare earth oxides, only including rare earth elements in the form of ionic adsorption of the deposit
<b>“supernatant”</b>	:	the remaining solution after precipitation of clarified pregnant solution

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s or the Enlarged Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s or the Enlarged Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s or the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, press releases and oral statements that may be made by the Company, undue reliance must not be placed on those statements.

None of the Group, the Financial Adviser or any other person represents or warrants that the Group’s or the Enlarged Group’s actual results, performance or achievements will be as discussed in those statements. Further, the Group and the Financial Adviser disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s or the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which any such statements were based subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

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# LETTER TO SHAREHOLDERS

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## SOUTHERN ALLIANCE MINING LTD.

(Company Registration No. 201931423D)

(Incorporated in the Republic of Singapore)

### Board of Directors

Dato' Gainneos Jacob Goldie (Independent Non-Executive Chairman)

Dato' Sri Pek Kok Sam (Managing Director)

Dato' Teh Teck Tee (Non-Executive Non-Independent Director)

Lim Wei Hung (Executive Director and Chief Operating Officer)

Chin Chee Choon (Independent Director)

Sim Chin Hoe (Independent Director)

### Registered Office

36 Robinson Road,  
#20-01 City House,  
Singapore 068877

18 August 2025

**To: The Shareholders of Southern Alliance Mining Ltd.**

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION;**
- (2) **THE PROPOSED ALLOTMENT;**
- (3) **THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' SRI PEK KOK SAM;**
- (4) **THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' TEH TECK TEE; AND**
- (5) **THE PROPOSED DIVERSIFICATION.**

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## 1. INTRODUCTION

### 1.1 Background

#### (a) The Proposed Acquisition

On 17 April 2023, the Company announced that it had entered into a non-binding memorandum of understanding with Dato' Sri Pek Kok Sam ("**Dato' Sri Pek**"), Dato' Teh Teck Tee ("**Dato' Teh**") and Dato' Lee Tek Mook @ Lee Teh Moh ("**Dato' Lee**") ("**Vendors**") for the proposed acquisition of such number of shares held by the Vendors in MCRE Resources Sdn. Bhd. ("**MCRE**") ("**Sale Shares**"), representing 40.00% of the issued and paid-up share capital of MCRE ("**Proposed Acquisition**"). On 2 October 2023 and 31 July 2024, the Company announced that the exclusivity period in respect of the memorandum of understanding had been extended. On 21 March 2024, the Company announced that Aras Kuasa Sdn. Bhd. ("**Aras Kuasa**") had transferred its entire shareholding in MCRE equally to Dato' Sri Pek, Dato' Teh and Dato' Lee. Subsequently, on 3 April 2025, the Company announced that its wholly-owned subsidiary, SAM Advance Minerals had entered into the conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with the Vendors, in respect of the Proposed Acquisition. Pursuant to the Sale and Purchase Agreement, SAM Advance Minerals had agreed to acquire, and the Vendors had agreed to sell, 40.00% of the issued and paid-up share capital of MCRE.



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## LETTER TO SHAREHOLDERS

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In connection with the Proposed Acquisition, SAM Advance Minerals, the MCRE Remaining Shareholders and MCRE had on 3 April 2025 entered into a shareholders' agreement ("**Shareholders' Agreement**") to govern their respective rights and obligations, and regulate their relationships, *inter se*, in the conduct of the business and related affairs of MCRE. Following Completion, MCRE will become an associated company of the Company. The financial statements of the Enlarged Group shall be prepared on the basis that the interests in MCRE shall be recognised as Joint Operations (as defined herein).

In accordance with the Sale and Purchase Agreement, the Consideration of RM242.4 million (approximately S\$73.2 million) shall be satisfied by:

- (a) the allotment and issuance of 147,982,380 new Shares (the "**Consideration Shares**") at the Issue Price (as defined below) to the Vendors upon Completion amounting to approximately RM219.0 million (approximately S\$66.2 million). The Consideration Shares shall be apportioned amongst the Vendors in accordance with their respective shareholding proportions in MCRE. Please refer to Section 2.3(c) of this Circular for further details; and
- (b) the deferred cash consideration of RM23.4 million (approximately S\$7.1 million) to be paid to the Vendors annually over a period of four years, with the first repayment date being the 1<sup>st</sup> anniversary of the Completion Date (as defined below) ("**Deferred Cash Consideration**") in accordance with their respective shareholding proportions in MCRE. Please refer to Section 2.3(d) of this Circular for further details.

The Proposed Acquisition constitutes:

- (i) a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules which must be immediately announced after the terms have been agreed pursuant to Rule 1010 of the Catalist Rules; and
- (ii) an interested person transaction as defined under Chapter 9 of the Catalist Rules, and will be subject to, *inter alia*, approval of the Shareholders at the EGM pursuant to Rule 906 of the Catalist Rules.

### **(b) Proposed Allotment**

The proposed allotment and issuance of Consideration Shares to each of Dato' Sri Pek (Managing Director and Controlling Shareholder of the Company), Dato' Teh (Non-Executive Non-Independent Director of the Company) and Dato' Lee (a Substantial Shareholder of the Company) as partial Consideration for the Proposed Acquisition. The Proposed Allotment will be made pursuant to a specific mandate in accordance with Rule 805 of the Catalist Rules. Therefore, the Company will not be relying on the general mandate previously obtained from Shareholders at the annual general meeting of the Company held on 28 November 2024 for the allotment and issuance of the Consideration Shares.

### **(c) Proposed Diversification**

In connection with the Proposed Acquisition, the Company intends to undertake the Proposed Diversification to diversify the Group's business activities and include the New Business as additional core business of the Group.

Accordingly, the Company will be seeking the approval of the Shareholders for the Proposed Transactions at the EGM.

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## LETTER TO SHAREHOLDERS

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### 1.2 Opinion of the IFA

The IFA has been appointed to advise the Non-Interested Directors in relation to the Interested Person Transactions in connection with the Proposed Acquisition. The IFA Letter is set out in **Appendix E** to this Circular.

### 1.3 Purpose of this Circular and Inter-Conditionality of the Resolutions

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transactions and to seek the approval of Shareholders for the following proposals at the EGM:

- (a) the Proposed Acquisition being a discloseable transaction and an interested person transaction under the Catalist Rules (Ordinary Resolution 1);
- (b) the Proposed Allotment pursuant to Rule 805 under the Catalist Rules (Ordinary Resolution 2);
- (c) the proposed allotment and issuance of Consideration Shares to Dato' Sri Pek (Managing Director and Controlling Shareholder of the Company) pursuant to Rule 804 and Rule 812 under the Catalist Rules (Ordinary Resolution 3);
- (d) the proposed allotment and issuance of Consideration Shares to Dato' Teh (Non-Executive Non-Independent Director of the Company) pursuant to Rule 804 and Rule 812 under the Catalist Rules (Ordinary Resolution 4); and
- (e) the Proposed Diversification (Ordinary Resolution 5).

(collectively, the “**Resolutions**”)

**Shareholders should note that the Resolutions are inter-conditional upon each other. Accordingly, in the event that any of these Resolutions is not approved, none of these Resolutions will be passed.**

**This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.**

## 2. THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT

### 2.1 Information on MCRE and the Vendors

#### (a) Overview on MCRE

MCRE is a private company incorporated in Malaysia, established on 3 April 2020, principally engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth minerals in Malaysia. MCRE is currently the appointed mining or sub-mining operator and has obtained the relevant licences in relation to the mining and extraction activities of rare earth minerals at the Gerik Mine located in Mukim Kenering, Hulu Perak, Malaysia, with an area of about 2,161 hectares .

MCRE first commenced its operations in 2022 at the area located on the land parcel at PT1761 after it obtained the relevant licences and subsequently expanded its operations to the land parcel at PT1759 in 2023. MCRE exported its first batch of rare earth carbonate in February 2023 and, as at the Latest Practicable Date, MCRE has extracted 20,443 tonnes of ion adsorption clay rare earth minerals and sold approximately 20,280 tonnes of ion adsorption rare earth carbonate. **Please refer to Appendix A entitled “Information on MCRE Resources Sdn. Bhd.” for more information on the Gerik Mine.**

## LETTER TO SHAREHOLDERS

On 21 March 2024, the Company announced that Aras Kuasa, previously a shareholder of MCRE, had transferred its entire shareholding in MCRE equally to each of Dato' Sri Pek, Dato' Teh and Dato' Lee (the "**Transfer**"). Following the Transfer, Dato' Sri Pek, Dato' Teh and Dato' Lee respectively hold directly approximately 17.333%, 17.333% and 11.334% of the issued and paid-up share capital of MCRE, while the remaining shares in the issued and paid-up share capital of MCRE are held by Dato' Lee Yoke Eng (6.00%), Mr. Jimmy Chin (4.80%), Mr. Johnny Chin (3.24%), Mr. Lim Wei Hung (3.96%) and Qingdao Joyful Investment Co., Ltd (36.00%) ("**QJI**"). Dato' Lee is a Substantial Shareholder of the Company and the father of Dato' Lee Yoke Eng. Mr. Lim Wei Hung is the Executive Director and Chief Operating Officer of the Company. Save as disclosed in this paragraph, the shareholders of MCRE (including the ultimate shareholders of QJI) are independent third parties. Save for Mr. Su Yunchun who is currently the chief operating officer and executive director of MCRE as well as a shareholder of QJI holding 33.33% of the total shares in the capital of QJI, none of the remaining MCRE shareholders are involved in the operations of MCRE.

### Summary Historical Financial Information

The summary historical financial information of MCRE for the ten-month financial period ("**FP**") ended 31 July 2023 ("**FP2023**"), financial year ended 31 July 2024 ("**FY2024**"), and the six-month financial period ended 31 January ("**1H**") 2024 and 1H2025 are set out below:

<b>Financial Performance</b>				
<b>RM'000</b>	<b>FP2023<sup>(1)</sup> (Audited)</b>	<b>FY2024 (Audited)</b>	<b>1H2024 (Unaudited)</b>	<b>1H2025 (Unaudited)</b>
Revenue	130,178	128,962	101,713	183,564
Gross profit	51,611	56,822	50,043	76,674
Profit before tax	43,024	48,415	45,904	69,790
Profit net of tax	32,454	36,580	34,877	52,937

**Note:**

(1) MCRE changed its financial year end from 30 September 2023 to 31 July 2023, accordingly, the FP2023 comprised only 10 months from 1 October 2022 to 31 July 2023.

<b>Financial Position</b>		
<b>RM'000</b>	<b>As at 31 July 2024 (Audited)</b>	<b>As at 31 January 2025 (Unaudited)</b>
Non-current assets	74,092	65,777
Current assets	63,215	88,694
Non-current liabilities	6,510	6,152
Current liabilities	68,914	37,400
Equity attributable to owners of the company	61,883	110,919

### **(b) Information on the Vendors**

Dato' Sri Pek holds approximately 17.333% of the issued and paid-up share capital of MCRE. Dato' Sri Pek is also the Managing Director of the Company and a Controlling Shareholder with a direct interest of 305,102,500 Shares (representing 62.42% of the total Shares in the capital of the Company) and a deemed interest of 5,844,100 Shares (representing 1.20% of the total Shares in the capital of the Company, consisting of Shares held by Remparan Sdn Bhd, a wholly owned entity of Multiline Trading Sdn Bhd which is 99.9% owned by Dato' Sri Pek, as well as Shares held by Ms. Xu Liyan, Dato' Sri Pek's spouse).

Dato' Teh holds approximately 17.333% of the issued and paid-up share capital of MCRE. Dato' Teh is also the Non-Executive Non-Independent Director of the Company and is currently directly holding 22,600,000 Shares (representing 4.62% of the total Shares in the capital of the Company).

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## LETTER TO SHAREHOLDERS

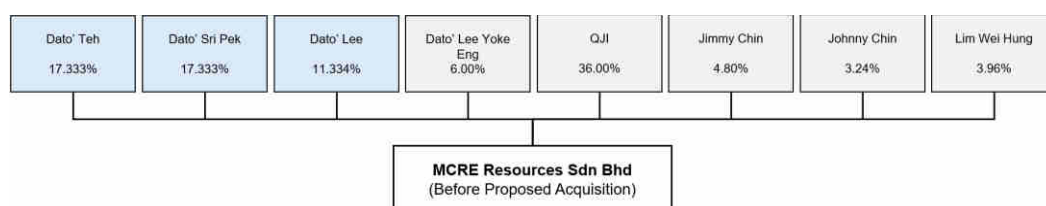
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Dato' Lee holds approximately 11.334% of the issued and paid-up share capital of MCRE. Dato' Lee is also a Substantial Shareholder with a direct interest of 33,770,000 Shares (representing 6.91% of the total Shares in the capital of the Company).

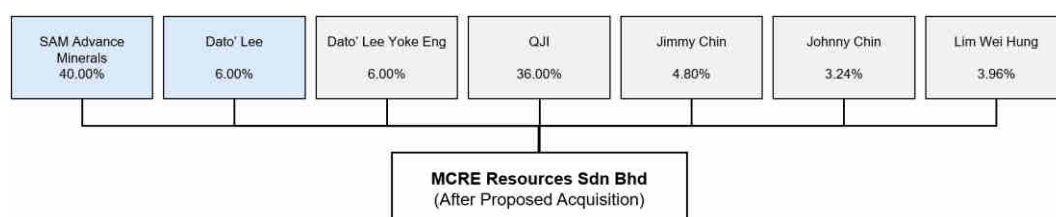
Pursuant to the Sale and Purchase Agreement, Dato' Sri Pek and Dato' Teh shall dispose of their entire shareholding interests in MCRE, while Dato' Lee shall dispose of 5.334% of his shareholding interests in MCRE.

Following Completion, the Company will hold 40.00% of the issued and paid-up share capital of MCRE, while the remaining 60.00% will be held by namely, Dato' Lee (6.00%), Dato' Lee Yoke Eng (6.00%), Mr. Jimmy Chin (4.80%), Mr. Johnny Chin (3.24%), Mr. Lim Wei Hung (3.96%) and QJI (36.00%). Please refer to diagrams below for the shareholding structure of MCRE before and after the Proposed Acquisition:

### Shareholding structure of MCRE before the Proposed Acquisition



### Shareholding structure of MCRE after Completion



Save as disclosed above, as at the Latest Practicable Date, the Vendors are not related to the Group, the Directors and Substantial Shareholders of the Company, and their respective associates.

## 2.2 Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with the Company's long-term strategy to build sustainable revenue and diversify earnings stream in addition to the Group's iron ore mining operation and gold exploration. Rare earth elements possess excellent optical, electrical, magnetic and other physical properties and rare earth elements can form a wide variety of new materials with different properties when combined with other materials, and are known as "industrial gold". As such, rare earth elements are widely used in electronics, information, energy, environmental protection and other fields. Specific uses include the production of nickel hydrogen batteries, as well as the manufacturing of special alloy precision optical glass, high refractive optical fibre board, suitable for making cameras, microscope lenses, and advanced optical instrument prisms<sup>1</sup>. The global rare earth market is expected to grow from US\$3.74 billion in 2024 to US\$8.14 billion in 2032, with a compound annual growth rate of 10.2%<sup>2</sup>. Also, the Malaysia government has identified the potential of rare earth elements and intends to tap into its 18.2 million tons of non-radioactive rare earth reserves which is valued at RM747.2 billion by 2030<sup>3</sup>. It is a critical component in driving high-technology growth in Malaysia and it is expected that the rare earth elements will contribute RM9.5 billion to Malaysia's gross domestic product ("GDP") as early as 2025<sup>2</sup>. Upon

<sup>1</sup> Information obtained from Industry Report issued by the Independent Industry Consultant.

<sup>2</sup> Information obtained from The Edge Malaysia, <https://theedgemalaysia.com/content/advertise/might-drives-downstream-rare-earth-industry-for-optimum-value-creation>.

<sup>3</sup> Information obtained from Malaysian Investment Development Authority, <https://www.mida.gov.my/rare-earth-an-invaluable-element-for-malaysia/>.

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## LETTER TO SHAREHOLDERS

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Completion, the Group will be able to diversify its revenue source with an additional income stream from the sale of ion adsorption clay rare earth minerals.

The Board is of the view that the Proposed Acquisition will grow the mineral assets of the Group and may also help to attract more investment interest from the investment community focused on the minerals and mining sector.

Based on the Independent Qualified Person's Report, the estimated ion adsorption clay rare earth minerals ore reserves of MCRE's explored mine area of about 2,161 hectares is approximately 84.3 million metric tonnes at SREO 495.2 g/t. MCRE commenced its operations in 2022 and exported its first batch of ion adsorption clay rare earth carbonate in February 2023 and has since sold approximately 20,280 tonnes of rare earth carbonate till the Latest Practicable Date. MCRE has demonstrated strong financial performance as it recorded profit after tax of approximately RM32.5 million (approximately S\$9.6 million<sup>4</sup>), RM36.6 million (approximately S\$10.6 million<sup>5</sup>) and RM52.9 million (approximately S\$16.1 million<sup>6</sup>) for FP2023, FY2024 and 1H2025 respectively and recorded strong financial position with a cash and cash equivalents of approximately RM53.3 million (approximately S\$16.2 million<sup>6</sup>), and the NTA and NAV of approximately RM110.9 million (approximately S\$33.7 million<sup>6</sup>) as at 31 January 2025. The Board believes that the Proposed Acquisition will strategically position the Company as a key player of rare earth minerals in Malaysia and potentially in Asia, outside the PRC, in the future.

Further, a major consideration of the Company (in alignment with the Group's sustainability objectives) when assessing the Proposed Acquisition was ensuring that the environmental impact from its rare earth mining operations is minimised. Based on due diligence conducted as at 31 May 2025, the Company understands that MCRE is a pioneer in extracting ion adsorption clay rare earth minerals in Malaysia via an in-situ leaching technique, which is a sustainable mining technique. The Group will benefit and gain a competitive edge from such technique as it does not involve massive land clearing and helps to preserve the natural landscape with an overall low carbon emission footprint. As a result, this will allow the Group to work towards achieving sustainable mining. MCRE's right to use the in-situ leaching technique for their operations is granted pursuant to the collaboration between MCRE and Chinalco Guangxi Nonferrous Rare Earth, a member company of China Rare Earth Group. The Board believes that Chinalco Guangxi Nonferrous Rare Earth is one of the largest and most reputable rare earth mining companies with an extensive track record<sup>1</sup>.

The Consideration for the Proposed Acquisition shall be partly satisfied by the allotment and issuance of the Consideration Shares to the Vendors. By partly satisfying the Consideration by way of the allotment and issuance of the Consideration Shares, the Group is able to conserve its cash to be utilised for other purposes such as its working capital and other investment opportunities.

For a deeper overview of the rare earth minerals industry in Malaysia, please refer to the Industry Report issued by the Independent Industry Consultant which is set out in full in **Appendix F** to this Circular.

### 2.3 Principal Terms of the Proposed Acquisition

#### (a) Sale Shares

The Sale Shares will be acquired by the Company from the Vendors free from all encumbrances together with all rights and entitlements attaching respectively thereto on and from the Completion Date. No party shall be obliged to complete the Proposed Acquisition unless the sale and purchase of all the Sale Shares are completed simultaneously.

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<sup>4</sup> Based on the exchange rate of RM1: S\$0.2947 as at 31 July 2023 extracted from S&P Capital IQ.

<sup>5</sup> Based on the exchange rate of RM1: S\$0.2911 as at 31 July 2024 extracted from S&P Capital IQ.

<sup>6</sup> Based on the exchange rate of RM1: S\$0.3041 as at 31 January 2025 extracted from S&P Capital IQ.

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## LETTER TO SHAREHOLDERS

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### (b) Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration is RM242.4 million (approximately S\$73.2 million) which shall be satisfied by:

- (i) the Consideration Shares to the Vendors upon Completion amounting to approximately RM219.0 million (approximately S\$66.2 million). The Consideration Shares which shall be apportioned amongst the Vendors in accordance with their respective shareholding proportions in MCRE. Further details on the Consideration Shares to each Vendor is as set out in Section 2.3(c) below; and
- (ii) the Deferred Cash Consideration in accordance with their respective shareholding proportions in MCRE. Further details on the payment of the Deferred Cash Consideration to each Vendor is set out in Section 2.3(d) below.

The Consideration was determined on a willing-buyer willing-seller basis, after negotiations which were conducted on an arm's length basis between SAM Advance Minerals and the Vendors, and after taking into account, *inter alia*:

- (a) The Independent Qualified Person's Report;
- (b) The Independent Valuation Report;
- (c) the NTA and NAV of MCRE of approximately RM110.9 million (approximately S\$33.7 million<sup>6</sup>) as at 31 January 2025;
- (d) the profit after tax of MCRE of approximately RM32.5 million (approximately S\$9.6 million<sup>4</sup>), RM36.6 million (approximately S\$10.6 million<sup>5</sup>) and RM52.9 million (approximately S\$16.1 million<sup>6</sup>) for FP2023, FY2024 and 1H2025, respectively;
- (e) the dividend of RM9.0 million (approximately S\$2.7 million) declared by MCRE on 28 March 2025;
- (f) the rationale for the Proposed Acquisition;
- (g) the results of the due diligence undertaken by the Company as at 31 May 2025; and
- (h) the prospects of the Gerik Mine.

Following the signing of the Sale and Purchase Agreement, the Company commissioned the Independent Valuer to update the independent valuation on the market value of the 100% interest in the Gerik Mine to as at 31 July 2025. Based on the Independent Valuation Report, the Consideration represents a discount of approximately 14.3% to the market value of a 40% interest in the Gerik Mine of approximately US\$66.4 million (approximately RM282.8 million<sup>7</sup> or S\$86.2 million<sup>8</sup>) as at 31 July 2025. Based on, *inter alia*, the Independent Valuation Report dated 15 August 2025 as at 31 July 2025, the Parties agreed that no further adjustments are required in relation to the Consideration.

The allotment and issuance of the Consideration Shares is subject to specific approval of the Shareholders at an EGM to be convened, and will not be allotted and issued pursuant to the general share issue mandate of the Company.

#### Independent Qualified Person's Report

Following the signing of the Sale and Purchase Agreement, the Company has commissioned the Independent Qualified Person to update the Independent Qualified Person's Report on the Gerik Mine. The Independent Qualified Person's Report dated 31

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<sup>7</sup> Based on the exchange rate of RM1: US\$0.2340 as at 31 July 2025 extracted from Independent Valuation Report.

<sup>8</sup> Based on the exchange rate of US\$1: S\$1.2978 as at 31 July 2025 extracted from S&P Capital IQ.

## LETTER TO SHAREHOLDERS

July 2025 as at 30 April 2025 is prepared in accordance with the requirements set out in Practice Note 4C of the Catalist Rules and Australasian Code for Reporting of Exploration Result, Mineral Resources and Ore Reserves (2012 Edition) (“**JORC Code**”). The summary of Mineral Resources and Ore Reserve of the Gerik Mine as of 30 April 2025 is set out below:

Category	Mineral Type	Gross Attributable			Net Attributable to MCRE (100%)			Change from Previous Update <sup>4</sup> (%)
		Ore Tonnes (millions)	SREO Grade (g/t)	REO equiv. (kt)	Ore Tonnes (millions)	SREO Grade (g/t)	REO equiv. (kt)	
Ore Reserves								
Proved	IAC REE	-	-	-	-	-	-	-
Probable	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Total	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Mineral Resources <sup>(1)</sup>								
Indicated	IAC REE	97.1	494.4	48.0	97.1	494.4	48.0	-1.2
Inferred	IAC REE	20.1	458.3	9.2	20.1	458.3	9.2	-8.7
Total	IAC REE	117.2	488.2	57.2	117.2	488.2	57.2	-2.5

**Notes:**

- (1) The mineral resources are reported inclusive of the ore reserves.
- (2) All figures are rounded to reflect the relative accuracy of the estimate. Any discrepancies between values are due to rounding.
- (3) IAC REE means ionic-adsorption clay rare earths elements.
- (4) The change from previous update is calculated based on the amount of the REO equivalent.

As at the Latest Practicable Date, there have been no material changes since the effective date of the Independent Qualified Person’s Report. The information in the Independent Qualified Person’s Report relates to Mineral Resources and Ore Reserve of the Gerik Mine based on information compiled by Mr Hou Yongchun, Mr Liu Zhuanjian, Dr Anson Xu, Mr Wu Yonggang and Mr Niu Lanliang. Dr Anson Xu, Mr Wu Yonggang and Mr Niu Lanliang act as Competent Persons of the Independent Qualified Person’s Report.

Given the extensiveness and sensitivity of certain technical information of the Gerik Mine, a Summary Qualified Person Report has been prepared in accordance with Practice Note 4C of the Catalist Rules is appended as **Appendix B** of the Circular. We wish to highlight that the Independent Qualified Person’s Report has been reviewed in full by the valuation practitioner and forms an integral part of the basis for the valuation conclusions herein. The full Independent Qualified Person’s Report is made available to Shareholders for inspection at the registered office of the Company as set out in Section 17 of this Circular.

Please refer to **Appendix B** entitled “Summary Qualified Person’s Report” to this Circular for more information.

### Independent Valuation Report

Following the signing of the Sale and Purchase Agreement, the Company has also commissioned the Independent Valuer to update the independent valuation on the market value of the 100% interest in the Gerik Mine, which has ore reserves of 38.9 kilotonnes of rare earth oxides recovered at an estimated processing recovery rate of 93.1%. For the purpose of this valuation, the Independent Valuer applied the discounted cashflow method as its primary approach, supplemented by comparable transactions and peer multiples valuation methods. Based on the Independent Valuation Report issued by the Independent Valuer dated 15 August 2025, as at 31 July 2025, the market value of 100% interest in the Gerik Mine resides between US\$158.0 million (approximately RM676.0 million<sup>7</sup> or S\$205.0 million<sup>8</sup>) and US\$174.0 million (approximately RM743.0 million<sup>7</sup> or S\$225.8 million<sup>8</sup>) with a preferred value of US\$166.0 million (approximately RM707.0 million<sup>7</sup> or S\$215.4 million<sup>8</sup>).

The Independent Valuation Report is prepared in accordance with the requirements set out in Practice Note 4C of the Catalist Rules and the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of

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## LETTER TO SHAREHOLDERS

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Mineral Assets (2015 Edition) promulgated by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the “**VALMIN Code**”) and the JORC Code.

As at the Latest Practicable Date, there have been no material changes since the effective date of the Independent Valuation Report. Please refer to **Appendix C** entitled “Independent Valuation Report” to this Circular for more information.

### (c) Consideration Shares

The issue price of S\$0.4471 (approximately RM1.4799) per Share (“**Issue Price**”) at which each Consideration Share shall be issued to the Vendors, such price being the average of (i) the volume weighted average price (“**VWAP**”) for trades of the Shares done on the SGX-ST for the seven (7) traded market days prior to and including 28 March 2025 (“**Last Traded Day**”), being the date with trading activity prior to the date of the Sale and Purchase Agreement; and (ii) the VWAP for trades of the Shares done on the SGX-ST for the 21 traded market days prior to the Last Traded Day.

The Consideration Shares, when allotted and issued, shall be credited as fully-paid and free from any encumbrances and shall rank *pari passu* in all respects with, and carry all rights similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of the allotment and issuance of the Consideration Shares.

The 147,982,380 Consideration Shares represent approximately 23.2% of the Enlarged Share Capital, assuming no new Shares are issued by the Company between the Latest Practicable Date and the Completion Date (both dates inclusive).

The number and value of the Consideration Shares to be allotted and issued to each Vendor on the Completion Date are set out in the following proportion:

Vendor	Value of Consideration Shares	Number of Consideration Shares
Dato' Sri Pek	RM94.9 million (equivalent to approximately S\$28.7 million)	64,120,770
Dato' Teh	RM94.9 million (equivalent to approximately S\$28.7 million)	64,120,770
Dato' Lee	RM29.2 million (equivalent to approximately S\$8.8 million)	19,740,840
<b>Total</b>	RM219.0 million (equivalent to approximately S\$66.2 million)	<b>147,982,380</b>

To demonstrate their commitment to the Company, the Vendors shall not, directly or indirectly sell, transfer, assign, mortgage, charge, encumber, dispose or otherwise deal with any of the Consideration Shares for a period of 12 months from the Completion Date pursuant to the Sale and Purchase Agreement.

### (d) Deferred Cash Consideration

The aggregate Deferred Cash Consideration and the annual payment to each Vendor on the relevant repayment dates are set out in the following proportion:

	Dato' Sri Pek	Dato' Teh	Dato' Lee	Total
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## LETTER TO SHAREHOLDERS

<b>1<sup>st</sup> anniversary from the Completion Date</b>	RM 1.30 million (equivalent to approximately S\$0.39 million)	RM 1.30 million (equivalent to approximately S\$0.39 million)	RM 0.40 million (equivalent to approximately S\$0.12 million)	RM 3.00 million (equivalent to approximately S\$0.91 million)
<b>2<sup>nd</sup> anniversary from the Completion Date</b>	RM 1.91 million (equivalent to approximately S\$0.58 million)	RM 1.91 million (equivalent to approximately S\$0.58 million)	RM 0.59 million (equivalent to approximately S\$0.18 million)	RM 4.41 million (equivalent to approximately S\$1.33 million)
<b>3<sup>rd</sup> anniversary from the Completion Date</b>	RM 3.03 million (equivalent to approximately S\$0.92 million)	RM 3.03 million (equivalent to approximately S\$0.92 million)	RM 0.93 million (equivalent to approximately S\$0.28 million)	RM 6.99 million (equivalent to approximately S\$2.11 million)
<b>4<sup>th</sup> anniversary from the Completion Date</b>	RM 3.90 million (equivalent to approximately S\$1.18 million)	RM 3.90 million (equivalent to approximately S\$1.18 million)	RM 1.20 million (equivalent to approximately S\$0.36 million)	RM 9.00 million (equivalent to approximately S\$2.72 million)
<b>Total</b>	<b>RM 10.14 million (equivalent to approximately S\$3.06 million)</b>	<b>RM 10.14 million (equivalent to approximately S\$3.06 million)</b>	<b>RM 3.12 million (equivalent to approximately S\$0.94 million)</b>	<b>RM 23.40 million (equivalent to approximately S\$7.07 million)</b>

**(e) Conditions Precedent of the Sale and Purchase Agreement**

Completion of the Sale and Purchase Agreement is subject to certain conditions precedent (“**Conditions Precedent**”) being satisfied or waived in accordance with the Sale and Purchase Agreement, including, *inter alia*, the following:

- (i) the results of a due diligence exercise (including but not limited to financial, business, tax, legal, regulatory, technical and compliance due diligence) over the business, affairs, operations, assets, financial condition, prospects and records of MCRE being satisfactory to SAM Advance Minerals, the Company and its financial advisor(s) in its absolute discretion and in compliance with the requirements of the Catalist Rules;
- (ii) the findings and methodology presented in the Independent Valuation Report and Independent Qualified Person’s Report which is compliant with the Catalist Rules being satisfactory to SAM Advance Minerals, the Company and its financial advisor(s) for the transactions contemplated by the Sale and Purchase Agreement, and the SGX-ST;
- (iii) the entry into new non-compete undertakings by each of the Vendors to the extent required by the sponsor of the Company or the SGX-ST, which shall include businesses, opportunities and projects relating to rare earth;
- (iv) approval and non-withdrawal of the approval of the SGX-ST for the acquisition of the Sale Shares by SAM Advance Minerals pursuant to the Sale and Purchase Agreement, and any conditions attached to such approval which are required to be fulfilled on or before Completion having been fulfilled on or before Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST, including but not limited to the allotment and issuance of the compliance placement shares to meet the shareholding spread requirements where required;
- (v) approval and non-withdrawal of the approval from the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist of the SGX-ST, and any conditions attached to such approval which are required to be fulfilled on or before Completion having been fulfilled on or before Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST;

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## LETTER TO SHAREHOLDERS

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- (vi) SAM Advance Minerals obtaining all necessary approvals, waivers or consents as may be required for the transactions contemplated by the Sale and Purchase Agreement (including any management, corporate and/or shareholder approvals, government or regulatory consents, anti-trust clearances or notifications), and such approvals, waivers or consents not having been revoked, expired, amended or withdrawn on or before the Completion Date, and where any such approvals, waivers or consents is subject to conditions, such conditions being fulfilled by the relevant date, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;
- (vii) approval from the shareholders of the Company for (a) the purchase of the Sale Shares on the terms and conditions set out in the Sale and Purchase Agreement and all transactions contemplated thereby, (b) the issue of the Consideration Shares to the Vendors in full satisfaction of the Consideration for the Sale Shares, (c) the diversification of SAM Advance Minerals Group's business to include MCRE's business, (d) the interested person transaction under Chapter 9 of the Catalist Rules relating to the transactions contemplated by the Sale and Purchase Agreement and (e) any other matters contemplated by the Sale and Purchase Agreement;
- (viii) the allotment and issuance of the Consideration Shares not being prohibited by the Catalist Rules or any applicable law promulgated or issued after the date of the Sale and Purchase Agreement by any governmental agency of Singapore (including the SGX-ST) or elsewhere, which is applicable to MCRE and/or SAM Advance Minerals;
- (ix) there being no trading halt or suspension of the shares of the Company (which for the avoidance of doubt, shall not include any trading halts of the shares of the Company on the SGX-ST made at the request of the Company pending announcements by the Company) or the shares of the Company being delisted or subject to any delisting procedures by the SGX-ST and there not having occurred any matter, fact or circumstance that would affect the continued listing of the shares of the Company on the SGX-ST;
- (x) the issuance of an Independent Qualified Person's Report and Independent Valuation Report in compliance with the requirements of the Catalist Rules;
- (xi) an independent financial adviser to the independent directors of the Company is appointed and the independent financial adviser is of the opinion that the acquisition of the Sale Shares by SAM Advance Minerals is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, in compliance with the Catalist Rules;
- (xii) all of the agreements, covenants and obligations of the Vendors under the Sale and Purchase Agreement to be performed prior to the Completion (including those set forth in Schedule 3 of the Sale and Purchase Agreement) having been duly performed in all respects;
- (xiii) all warranties set out in the Sale and Purchase Agreement remaining true and accurate in all respects and not misleading in any respect as of the Completion Date (by reference to the facts and circumstances then existing);
- (xiv) the delivery to SAM Advance Minerals of written consents and/or waivers (in terms satisfactory to SAM Advance Minerals) from the following persons to the effect that they consent to the sale and purchase of the Sale Shares and agree not to exercise any right (whether of termination, pre-emptive right or otherwise) arising by reason of such sale and purchase: (a) Jimmy Chin ; (b) Dato' Lee Yoke Eng; (c) Lim Wei Hung; (d) Johnny Chin; and (e) Qingdao Joyful Investment Co., Ltd, together with any other consents, approvals, notifications or clearances which are necessary or which SAM Advance Minerals has been advised that it is desirable to obtain in connection with the execution, delivery and performance of the Sale and Purchase

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Agreement, and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to SAM Advance Minerals in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;

- (xv) the Vendors obtaining all necessary approvals, waivers or consents as may be required for the transactions contemplated by the Sale and Purchase Agreement (including any management, corporate and/or shareholder approvals, government or regulatory consents, anti-trust clearances or notifications), and such approvals, waivers or consents not having been revoked, expired, amended or withdrawn on or before the Completion Date, and where any such approvals, waivers or consents is subject to conditions, such conditions being fulfilled by the relevant date, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;
- (xvi) no event or circumstance has occurred including any changes in macro-economic conditions, laws, regulations, export duties or prohibitions, tariffs or any other analogous event which affects or is likely to affect in a materially adverse manner the business, operations, financial position, financial performance or prospects of the MCRE taken as a whole and as presently carried on, or the demand for the products and services of the MCRE;
- (xvii) the due execution and delivery by SAM Advance Minerals, MCRE and MCRE Remaining Shareholders as of or prior to the Completion of a shareholders' agreement among SAM Advance Minerals, MCRE and MCRE Remaining Shareholders in the form attached to the Sale and Purchase Agreement as Schedule 7;
- (xviii) the entry by MCRE into agreements with Chinalco Guangxi Nonferrous Rare Earth in a form reasonably satisfactory to SAM Advance Minerals in connection with, amongst others, the services provided by Chinalco Guangxi Nonferrous Rare Earth; and
- (xix) the allotment and issuance of the compliance placement shares to meet the shareholding spread requirements where required.

As at the Latest Practicable Date, the Conditions Precedent under sub-paragraphs (ii), (iii), (x), (xii), (xiv), (xvii) and (xviii) above have been fulfilled.

The Parties have agreed that certain Conditions Precedent must be fulfilled by 31 December 2025 or such later date as may be mutually agreed in writing ("**Long Stop Date**"). In the event any such condition precedent is not fulfilled or waived on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and no party shall have any claim against the other parties, save for any antecedent breach. Completion shall take place on the date which is 10 business days after the date of written notification by SAM Advance Minerals to the Vendors of the fulfilment to the satisfaction (or waiver) of the Conditions Precedent.

### 2.4 Shareholders' Agreement

In connection with the Proposed Acquisition, SAM Advance Minerals, MCRE Remaining Shareholders and MCRE had on 3 April 2025 entered into a Shareholders' Agreement in respect of MCRE the salient terms of which are set out below.

#### (a) Board of Directors

The board of directors of MCRE shall consist of three (3) directors appointed by the MCRE Remaining Shareholders and two (2) directors appointed by SAM Advance Minerals.

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### (b) Reserved Matters

The shareholders of MCRE shall procure, as far as they lawfully can, that no action is taken or resolution passed by MCRE in respect of the matters below save with the prior written approval of two-thirds of the shareholders of MCRE and subject to the thresholds required by the Catalist Rules or applicable law:

- (i) Any initial public offering of MCRE or any public offer of shares in MCRE.
- (ii) (A) Any merger, acquisition, consolidation, reorganisation or spin-off of MCRE.  
(B) Any sale or disposal, directly or indirectly, of the whole or a substantial part of the undertaking or assets of MCRE (where such sale or disposal may include, without limitation, any grant by MCRE of an exclusive licence of intellectual property to a third party).
- (iii) Any change in the maximum and minimum number of directors of MCRE.
- (iv) Any transaction by MCRE with any of its related corporations, any shareholder or director of MCRE, or any company or business in which the shareholders or directors of MCRE or any one of them has a financial interest (except for any transaction with a wholly-owned company).
- (v) Any amendment to the constitution of MCRE.
- (vi) Any declaration or payment of any dividends or other distribution of profits of MCRE (whether in cash or in specie).
- (vii) Any reduction, consolidation, subdivision or reclassification or other alteration of the capital structure of MCRE.
- (viii) The variation of any rights attaching to any shares in the capital of MCRE or making of any call upon monies unpaid in respect of any issued shares.
- (ix) The liquidation, dissolution or winding up of MCRE, and any other liquidity event to which MCRE is a party.
- (x) Any sale, issuance, sponsorship, creation or distribution of any digital tokens, cryptocurrency or other blockchain-based assets ("**Tokens**"), including through a pre-sale, initial coin offering, token distribution event or crowdfunding, or through the issuance of any instrument convertible into or exchangeable for Tokens.
- (xi) The appointment, terms of appointment (and amendment to such terms) or dismissal, of any chief executive officer, managing director, executive director, general manager, chief financial officer ("**C-Level Officers**"), or other similar senior executive or officer of MCRE.
- (xii) Any sale or any purchase, acquisition, sale, transfer or disposal of any undertaking, any assets or any shares or other security interests by MCRE, other than in the ordinary course of business.
- (xiii) Any increase in the share capital of MCRE.
- (xiv) The creation of any mortgage, charge or other encumbrance over any assets of MCRE.
- (xv) Any change in the nature and/or scope of the business for the time being of MCRE not being ancillary or incidental to, or an extension of the scope of operation of, the business of MCRE.

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- (xvi) Any disputes arising out of or in connection with the matters set out in clause 3.3 of the Shareholders' Agreement.
- (xvii) Making of any loan or advance to any person, including any employee or director of MCRE, except advances and similar expenditures in the ordinary course of business.
- (xviii) Granting of any guarantee, creation of any indebtedness or encumbrance, directly or indirectly, over any assets of MCRE, except for the trade accounts of MCRE arising in the ordinary course of business.
- (xix) Entry into, variation, termination, waiver or enforcement of any transaction or agreement with the existing shareholders of MCRE or an officer, director, shareholder or affiliate of MCRE (the "**Selected Persons**") or any related persons of the Selected Persons, or any person in which the Selected Person is an officer, director or partner, or in which such Selected Person has material ownership or economic interests or otherwise controls.
- (xx) Making of any significant and material amendments to the hiring plan approved by the board of directors of MCRE (including amendments in relation to the appointment or removal of C-Level Officers or senior executives of MCRE, the determination of the remuneration to any of them or approving any option grants or share awards to the aforementioned employees).
- (xxi) Entry into any transaction which is not made on a bona fide arm's length basis or which is not in the ordinary course of business.
- (xxii) Institution, commencement, defense, withdrawal, compromise or settlement by MCRE of any litigation or arbitration, administrative proceedings, or legal action.
- (xxiii) Increasing the number of ordinary shares reserved or authorised for future issuance or grant under any equity incentive, share option or similar plan of MCRE.
- (xxiv) Establishment of, adoption of or amendment to any pension, salaries, bonuses, staff benefit schemes, employee share option plan and/or employee share plan including the employee incentive plan, profit sharing scheme or other incentive plan for directors, employees, officers, consultants of MCRE or other persons who perform services for MCRE, which are not in the business plan and/or any agreed budgets.
- (xxv) The waiver, release, or settlement of any indebtedness or liabilities owing to MCRE on terms that such company receives less than the full value and/or later than by the due date thereof.

### **(c) Pre-Emption Rights over New Allotments or Issuance of New Securities in MCRE**

If MCRE proposes to allot or issue any new securities, those new securities shall not be allotted or issued to any person unless MCRE has in the first instance offered them to its shareholders on the same terms and at the same price as those new securities are being offered to third parties determined and approved by the board of directors of MCRE and the directors appointed by SAM Advance Minerals.

### **(d) Right of First Refusal**

Subject to exceptions as set out in the Shareholders' Agreement, if any shareholder of MCRE proposes to transfer its shares, those shares shall not be transferred to any person unless such shareholder has in the first instance offered them to the other shareholders on the same terms and at the same price as those shares are being offered to the intended purchaser.

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### (e) Joint Control and Operation

The day-to-day operations and management of MCRE shall be conducted by the chief executive officer and the management team of MCRE. In the event of any dispute among the chief executive officer and/or the management team of MCRE, such dispute shall be escalated to the shareholders of MCRE to be determined in accordance with clause 4.1 of the Shareholders' Agreement. MCRE shall permit SAM Advance Minerals' directors (or their alternates or designees) and each observer appointed by SAM Advance Minerals, upon prior appointment and during office hours, to visit and inspect and examine MCRE's properties, books and records, and to discuss the affairs of MCRE with its management.

Under Financial Reporting Standard 111, joint arrangements are classified into (i) joint operations; or (ii) joint ventures. Under a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement ("**Joint Operation**"). Under a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement ("**Joint Venture**"). An entity is required to determine the classification of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. It is important to note that judgement is required in determining whether the joint arrangement is a Joint Operation or a Joint Venture.

Pursuant to the terms of the Shareholders' Agreement, the Board is of the view that the interests in MCRE shall be recognised as a Joint Operation in the Enlarged Group's financial statements.

### 2.5 Source of Funds

The Deferred Cash Consideration to be payable to the Vendors in connection with the Proposed Acquisition will be fully funded using internal resources of the Group, while the balance of the Consideration shall be satisfied through the allotment and issuance of the Consideration Shares to the Vendors as set out in Section 2.3(c) of this Circular.

### 2.6 Legal Opinion

In addition, the Company has commissioned Rosli Dahlan Saravana Partnership as legal adviser to the Company in respect of Malaysian Law to conduct due diligence on MCRE.

Please refer to **Appendix D** to this Circular entitled "Abridged Legal Opinion from Rosli Dahlan Saravana Partnership" for the abridged version of the legal opinion on MCRE from the legal adviser to the Company on Malaysian Laws.

### 2.7 Proposed Acquisition as a Discloseable Transaction

Based on the unaudited consolidated financial statements of the Group for 1H2025, the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Bases under Rule 1006		Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets <sup>(1)</sup>	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profit	(243.5) <sup>(2)</sup>

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(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	34.4 <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	30.3 <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset <sup>(5)</sup>	Not applicable

### Notes:

- (1) Rule 1006(a) is not applicable to the Proposed Acquisition as there are no assets to be disposed of.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" or "net loss" means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited financial statements of the Group for 1H2025, the net loss of the Group was approximately RM11.5 million (approximately S\$3.5 million<sup>6</sup>). Based on the unaudited management accounts of MCRE for 1H2025, the 40.00% of the net profits of MCRE is approximately RM27.9 million (approximately S\$8.5 million<sup>6</sup>).
- (3) The figure is computed by using the Consideration of approximately RM242.4 million (or approximately S\$73.2 million) against the market capitalisation of the Company of approximately S\$212.6 million. Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by multiplying 488,759,000 Shares (excluding treasury Shares) in issue by the VWAP of the Shares of S\$0.4350 on 28 March 2025, being the last traded day preceding the date of the Sale and Purchase Agreement.
- (4) The figure is computed by comparing the 147,982,380 Consideration Shares to be allotted and issued by the Company against the Company's issued and paid-up share capital of 488,759,000 Shares (excluding treasury Shares) as at 3 April 2025, being the date of the announcement of the Proposed Acquisition.
- (5) Rule 1006(e) is applicable to disposal of mineral, oil or gas assets by a mineral, oil and gas company and is not applicable to the Proposed Acquisition.

Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Catalist Rule 1006 involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. Having regards to the above, as the relative figures computed based on Rules 1006(c) and 1006(d) exceed 5% but are less than 75%, the Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Catalist Rules. In addition, as the negative value computed based on Rule 1006(b) falls within the exemption as set out in paragraph 4.4(b) of the Practice Note 10A of the Catalist Rules, Rule 1014 shall not apply to the Proposed Acquisition as provided in paragraph 4.6 of Practice Note 10A of the Catalist Rules. Accordingly, the Company shall, in relation to the Proposed Acquisition, immediately make an announcement pursuant to Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules.

## 2.8 Proposed Acquisition as an Interested Person Transaction

### (a) Requirements under Chapter 9 of the Catalist Rules

- (i) The following Vendors are interested persons as set out under Rule 904(4)(a) of the Catalist Rules as:
  - (1) Dato' Sri Pek is the Managing Director of the Company and a Controlling Shareholder as he is holding a direct interest of 62.42% in the Company as well as his deemed interest of 1.20% shareholding interest in the Company (consisting of Shares held by Remparan Sdn Bhd which is wholly owned by

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Multiline Trading Sdn Bhd which is 99.99% owned by Dato' Sri Pek, as well as Shares held by Ms. Xu Liyan, whom is Dato' Sri Pek's spouse); and

(2) Dato' Teh is the Non-Executive Non-Independent Director of the Company.

- (ii) The Proposed Acquisition involves the allotment and issuance of Consideration Shares and the payment of Deferred Cash Consideration to the abovementioned interested persons and therefore the Proposed Acquisition constitutes a “**transaction**” under Rule 904(6)(b) of the Catalyst Rules (“**Interested Person Transaction**”).

### (b) Materiality thresholds under Chapter 9 of the Catalyst Rules

Under Chapter 9 of the Catalyst Rules, approval by the Shareholders is required for an interested person transaction of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA.

The value at risk to the Company, being the Consideration attributable to the Interested Person Transaction in connection with the Proposed Acquisition is approximately RM210.1 million (approximately to S\$63.5 million), representing 62.2% of the Group's latest audited NTA as at 31 July 2024, being RM337.8 million (approximately S\$98.3 million<sup>5</sup>).

As the Consideration exceeds 5.0% of the Group's latest audited NTA, the approval of the Shareholders for the Proposed Acquisition must be obtained at an EGM. The Company has appointed an independent financial adviser, Xandar Capital Pte. Ltd. to advise the Non-Interested Directors on whether the Interested Person Transaction in connection with the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Please refer to **Appendix E** to this Circular for the advice provided by the IFA.

### (c) Other interested person transactions

For the period 1 August 2024 to the Latest Practicable Date, the following interested person transactions had been entered into:

Name of Interested Persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year 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)
		1 August 2024 to the date hereof	1 August 2024 to the date hereof
		S\$'000	S\$'000
Multiline Trading Sdn Bhd (transport service charge)	Associate of Managing Director, Dato' Sri Pek	-	1,583 <sup>9</sup>

<sup>9</sup> Based on the exchange rate of RM1: S\$0.3043 as at Latest Practicable Date extracted from S&P Capital IQ.



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HChem Marketing (M) Sdn Bhd (purchase of lubricants, spare parts and equipment)	Associate of Managing Director, Dato' Sri Pek	-	223 <sup>9</sup>
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Save for the Interested Person Transaction in connection with the Proposed Acquisition, the transactions disclosed in this Section 2.8(c), from 1 August 2024 to the Latest Practicable Date, and from the Latest Practicable Date to the date of this Circular, no interested person transaction (excluding transactions with a value of less than S\$100,000) has been entered into by the Group (i) in the current financial year ending 31 July 2025; or (ii) in the subsequent financial year ending 31 July 2026 whether with Dato' Sri Pek or Dato' Teh, their respective associates or otherwise. There were also no other interested person transactions for the period from 1 August 2024 to the Latest Practicable Date and from the Latest Practicable Date to the date of this Circular.

### 2.9 Undertakings by the Vendors

#### (a) Moratorium Undertakings

##### Dato' Sri Pek

Upon Completion, the Company will issue 147,982,380 Consideration Shares, of which 64,120,770 Consideration Shares will be allotted and issued to Dato' Sri Pek, representing 10.1% of the Enlarged Share Capital.

##### Dato' Teh

Upon Completion, the Company will issue 147,982,380 Consideration Shares, of which 64,120,770 Consideration Shares will be allotted and issued to Dato' Teh, representing 10.1% of the Enlarged Share Capital.

##### Dato' Lee

Upon Completion, the Company will issue 147,982,380 Consideration Shares, of which 19,740,840 Consideration Shares will be allotted and issued to Dato' Lee, representing 3.1% of the Enlarged Share Capital.

Each of the Vendors has voluntarily undertaken not to sell, transfer, assign, mortgage, charge, encumber, dispose or otherwise deal with any of the Consideration Shares for a period of 12 months from the Completion Date pursuant to the Sale and Purchase Agreement.

#### (b) Right of First Refusal Undertakings and Declarations

Dato' Sri Pek, being one of the Vendors, currently hold shares in an entity ("**Vendor Holdings**") which may potentially be engaged in the New Business.

Upon Completion, Dato' Sri Pek will agree to grant to the Company, and the Company will agree to accept, the rights of first refusal that in the event that Dato' Sri Pek (i) decides to dispose of, transfer, novate or sell part of, any of the Vendor Holdings directly or indirectly held by him to any third party ("**Third Party**"); or (ii) receives any proposed offer by a Third Party to acquire, transfer, novate or purchase part of, the Vendor Holdings directly or indirectly held by him (the "**Sale**") at any time from Completion until the date that the deed of rights of first refusal (the "**ROFR Deed**") is terminated, Dato' Sri Pek shall (a) provide the Company with written notice of the details of the Sale, including any bids or offers that may have been received for such Vendor Holdings (the "**Sale Written Notice**") as soon as practicable after he becomes aware of such circumstance, and in any case, no later than five (5) business days after he first becomes aware of the same; and (b) grant to the Company the first right of refusal to acquire or purchase any Vendor Holdings: (i) at a price ("**Offer Price**") that is not higher than; and (ii) on terms and conditions that are not

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less favourable than, that which Dato' Sri Pek would have obtained if such Vendor Holdings had been disposed of, transferred or sold to Third Parties pursuant to the Sale.

In the event that (i) the Company does not, within one (1) month from the date of receipt of the Sale Written Notice (or such other date as the Company and the Vendors may agree), indicate to Dato' Sri Pek in writing its interest in the Sale (the "**Sale Interest in Writing**"); or (ii) the Company has indicated in writing to Dato' Sri Pek that it is not interested in the Sale and delivers notice to Dato' Sri Pek to this effect, Dato' Sri Pek shall be free to dispose of, transfer, novate or sell, as the case may be, such Vendor Holdings, to the Third Party provided that such disposal, transfer or sale by Dato' Sri Pek is (i) at a price that is not less than the Offer Price and (ii) on terms and conditions that are not more favourable than that which was presented to the Company in the Sale Written Notice. If the completion of the disposal, transfer, novation or sale of the Vendor Holdings does not complete within six (6) months from the date of the Sale Written Notice or such other period as the Company agrees to in writing, any proposal to dispose of, transfer or sell such Vendor Holdings after the aforesaid six (6)-month period, or such other period as the Company agrees to in writing, shall then remain subject to the rights of first refusal.

The Company agrees that it shall obtain a valuation of such Vendor Holdings conducted by a reputable independent valuer appointed by the Audit Committee of the Company and who shall be acceptable to the parties and SGX-ST, subject always to any applicable laws and regulations (including but not limited to the Catalist Rules), prior to the completion of any acquisition, transfer, novation or purchase pursuant to any exercise of the rights of first refusal.

Upon receipt of a Sale Interest in Writing, the parties shall negotiate in good faith to enter into a sale and purchase agreement, within the period of six (6) months from the date of the Sale Interest in Writing.

The ROFR Deed shall terminate on the date when the Company ceases to be listed on the SGX-ST and the ROFR Deed shall cease to be effective on Dato' Sri Pek when he no longer holds or has any interest in any Vendor Holdings.

The other Vendors, namely Dato' Teh and Dato' Lee, have each provided a declaration that they and their respective associates do not hold any interests, direct or indirect, or have control in respect of any entities which hold rare earth mining licences or concessions or lands in Malaysia.

### 2.10 Shareholders' Approval

In addition to the requirements under Chapters 9 and 10 of the Catalist Rules, Shareholders' approval is required in respect of the Proposed Acquisition and the Proposed Allotment pursuant to the following:

#### (a) Rules 804 and 812 of the Catalist Rules

Rule 804 of the Catalist Rules provides, *inter alia*, that except in the case of an issue made on a *pro rata* basis to shareholders or a share option scheme or a share scheme, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities unless shareholders in general meeting have approved the specific allotment.

In addition, Rule 812(2) of the Catalist Rules provides, *inter alia*, that an issue of securities must not be placed to any of the persons listed under Rule 812(1) of the Catalist Rules, which include the issuer's directors and substantial shareholders, unless specific shareholders' approval has been obtained.

As Dato' Sri Pek, a Vendor, is the Managing Director and a Controlling Shareholder of the Company, specific Shareholders' approval is required for the proposed allotment and issuance of the Consideration Shares to Dato' Sri Pek Kok Sam pursuant to the Proposed Acquisition.

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As Dato' Teh, a Vendor, is the Non-Executive Non-Independent Director of the Company, specific Shareholders' approval is required for the proposed allotment and issuance of the Consideration Shares to Dato' Teh Teck Tee pursuant to the Proposed Acquisition.

**(b) Rule 805 of the Catalist Rules**

Rule 805(1) of the Catalist Rules provides, *inter alia*, that except as provided in Rule 806 (General Mandate) of the Catalist Rules, an issuer must obtain the prior approval of its shareholders in general meeting for the issue of shares of the issuer.

In this instance, the allotment and issuance of the Consideration Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the allotment and issuance of the Consideration Shares in accordance with Rule 805 of the Catalist Rules. Therefore, the Company will not be relying on the general mandate previously obtained from Shareholders at the annual general meeting of the Company held on 28 November 2024 for the allotment and issuance of the Consideration Shares.

**(c) Section 161 of the Companies Act**

Section 161 of the Companies Act provides, *inter alia*, that directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

Accordingly, Shareholders' approval is being obtained for the Proposed Allotment for the purposes of Section 161 of the Companies Act.

### **3. PROPOSED DIVERSIFICATION**

#### **3.1 Introduction**

The existing business of the Group comprises the exploration, mining, processing and sale of iron ore and gold. Subject to the approval of Shareholders being obtained at the EGM, the Group intends to undertake the Proposed Diversification to broaden the scope of its business activities to include the New Business as additional core business of the Group.

#### **3.2 Rationale for the New Business**

The Proposed Diversification (together with the Proposed Acquisition) is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. The Directors believe that the Proposed Diversification will offer the Group new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company. The Proposed Diversification will provide the Group with additional income sources from the sale of rare earth carbonate, thereby also diversifying its revenue sources between the mineral resources of iron ore products and rare earth carbonate. The Proposed Diversification will also expand the asset base of the Enlarged Group to attract more interest from the investment community focused on the minerals sector in investing in the Company.

#### **3.3 Strategy of the Proposed Diversification**

In view of the current opportunity presented by the Proposed Acquisition, the Group intends to extend its core business to include the New Business. The Proposed Diversification will change the existing business scope and risk profile of the Company and/or the Group. Accordingly, the Company is seeking Shareholders' approval for the Proposed Diversification.

Currently, the Group's strategy is to undertake the Proposed Diversification in Malaysia, due to its familiarity with the country. Notwithstanding, the Group does not plan to restrict the New Business to any specific markets and would consider venturing beyond Malaysia as it gains

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experience and expertise. In its ventures beyond Malaysia, the Group will consider, amongst other things, the market conditions of the relevant country and region, the growth potential and value enhancement of the particular investment or project for the Group, and the extent of the Group's capability and expertise to undertake such investments or projects in view of potential requirements and peculiarities which may be unique to certain regions. Projects and investment would be carefully evaluated and assessed by the Company on its own merits.

In addition, should suitable opportunities arise, the Company may enter joint ventures or strategic alliances with other reputable parties to reduce risks and/or share the burden of the required funding. For the avoidance of doubt, in accordance with the SGX-ST recommended practice in relation to diversification of business, the Company will observe the following in relation to any corporate action(s) that may be undertaken subsequently:

- (a) when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the New Business, or where any of the figures under Rule 1006 of the Catalist Rules in respect of several transactions are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the shareholders at a general meeting;
- (b) in respect of a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, the transaction would be classified as a very substantial acquisition or reverse takeover respectively. Rule 1015 of the Catalist Rules would apply and such transaction must be, among others, made conditional upon approval by shareholders in general meeting; or
- (c) in respect of a transaction which constitutes an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules would apply to such transaction.

**Your attention is drawn to Sections 3.7 and 4.2 of this Circular entitled "Risks associated with the New Business" and "Risk Factors relating to the Enlarged Group", respectively, which you should review carefully and collectively.**

### 3.4 Funding for the New Business

As and when opportunity arises, the Company may fund such investment, project or activity through internal funds, bank or other external borrowings, or further fund-raising exercises, depending on the nature of investment, project or activity and the then financial condition of the Group.

### 3.5 Management of the New Business

Following Completion, for purposes of the New Business, the Group intends to rely on internal resources and also leverage on the skills and capabilities of the management team and professionals of MCRE. As an established mining company, the Group possesses extensive experience and human resources in mining, in particular Malaysia, which can be utilised to manage and oversee the Gerik Mine following the Completion. In addition, the day-to-day mining operations at Gerik Mine is mainly overseen by Mr Su Yunchun, the chief operating officer and executive director of MCRE. Post Completion, Mr Su Yunchun will continue his role in MCRE and the Group will provide the relevant human resource support as and when required.

The Directors will continue to evaluate the manpower and expertise required for the Group to carry out the New Business as contemplated by the Proposed Diversification, and the Group will consider hiring additional staff or in-house or external consultants and professional advisers as and when required in connection with the Proposed Diversification to assist the management team.

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### 3.6 Internal Controls and Risk Management of the New Business

The Directors recognise the importance of internal controls and risk management for the smooth running of the New Business. Following Completion, the external and internal risks presented by the New Business to the Group are expected to be managed under the existing system of internal controls and risk management of the Group, which will determine the nature and extent of risks that the Board may take in achieving the strategic objectives of the Group post-Completion. Where necessary to better manage the Group's external and internal risks resulting from the Proposed Diversification (including the Proposed Acquisition), the Group will work towards implementing a set of operations and compliance procedures. Where necessary, the Board will endeavour to:

- (a) review with the management and external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the New Business; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

Notwithstanding the above, due to human error or judgment, there is no assurance that these frameworks and systems are strictly complied with at all times. In addition, the Group relies on the self-assessment, review and reporting processes of the respective subsidiaries to ensure that the transactions are carried out in compliance with the accounting standards and the Group accounting policies and that the internal controls are adequate. The Group also has an outsourced internal audit function. Accordingly, there may be inherent limitations in the system which may not prevent or detect all misstatements or instances of fraud in a timely manner, and any changes in conditions or operations of the New Business may cause the system's effectiveness to vary from time to time.

### 3.7 Risks associated with the New Business

The Proposed Diversification will change the existing risk profile of the Company. The following is a list of material risk factors which are associated with the Proposed Acquisition, Proposed Diversification and the New Business, and their impact on the Enlarged Group.

*The following describes some of the significant risks known to the Company now that could directly or indirectly affect it and the value of its Shares. The following does not state risks unknown to the Company now but which could occur in the future and risks which the Company currently believes to be immaterial, which could turn out to be material. Should such risks occur or turn out to be material, they could materially and adversely affect the Enlarged Group's business.*

*Shareholders should note that certain of the statements set forth below constitute "forward-looking statements" that involve risks and uncertainties. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Circular. If any of the following risk factors and uncertainties develops into actual events, the Enlarged Group's Business may be materially and adversely affected. In such circumstances, the trading price of the Company's shares could decline and Shareholders may lose all or part of their investment. To the best of the Directors' belief and knowledge, all the risk factors associated with the Proposed Acquisition and the New Business which are material to Shareholders in making an informed decision with regards to the Proposed Diversification have been set out below.*

- (a) The business, revenue and profits of the New Business are affected by the volatility of prices or demand for ion absorption clay rare earth metals**

The current and expected future price of rare earth metals can change rapidly and significantly and this can have a substantial effect on the value of MCRE's mining assets

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and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any ion adsorption clay rare earth minerals extracted will be affected by numerous factors beyond the control of MCRE or the Group. These factors include the quality of the rare earth mined (which is in turn dependent on the mineral resources as well as the skill of the mining operator), market fluctuations, proximity and capacity of processing equipment and facilities, increases in transportation and shipping cost and government regulations including regulations related to taxation, royalties, allowable production, importing and exporting, and environmental protection.

The demand for, and price of, rare earth carbonate, is dependent on a variety of factors including international or regional supply and demand, the level of consumer product demand and uses, the availability of substitute products, the quality of the product, weather conditions, distribution and supply chain problems, the price and availability of alternative materials, actions taken by the governments and international cartels. Market demand for rare earth carbonate may also be affected by trends and the economy.

Fluctuations and any material or extended decline in prices of rare earth carbonate may have a materially adverse effect on MCRE's business and therefore the carrying value of the investment in MCRE. In the past 10 years, there has been a rapid growth in production of certain rare earth oxides. As downstream demand for such rare earth oxides has not grown simultaneously, there has been a large surplus of supply and a sharp decline of prices for such rare earth oxides. With the continuous growth of rare earth mine production, the prices of certain rare earth oxides may continue to face downward pressures unless more downstream applications are developed. We expect that there may be continued volatility and uncertainty in the prices for rare earth carbonate in the future, and accordingly, our revenue and profit in any financial reporting period may be subject to significant volatility.

**(b) The Enlarged Group faces competition for new rare earth mining assets**

The Enlarged Group faces competition for new rare earth mining assets from competitors, who are also engaged in similar businesses or are prospecting for similar opportunities. Certain competitors may be better positioned to pursue new expansion or extraction and development opportunities, and/or possess competitive advantages, including relationships with the state government or holders of mining leases. If the Enlarged Group is not able to compete effectively against competitors for these opportunities, our future business, results of operations and financial condition may be materially and adversely affected. While we had not experienced any such circumstances described which had a material and adverse impact on our business, results of operations or financial condition, there is no assurance that we will not face such competition in the future. During the period from 3 April 2020 (being the date of incorporation of MCRE) to the Latest Practicable Date ("Relevant Period"), MCRE had not experienced any such circumstances described above which had a material and adverse impact on our business, results of operations or financial condition.

**(c) The Group has no prior track record or experience in the rare earth minerals industry**

The Group does not have a proven track record and the current management of the Group may not have the relevant experience and expertise required in carrying out or implementation of the New Business, save for Dato' Sri Pek, who is the founder and executive director of MCRE. As the New Business are new areas of business to the Group, the Group will face the usual risks, uncertainties and problems associated with the entry into any New Business which it has no prior experience or track record in. These risks, uncertainties and problems include, among others, the inability to find suitable joint venture, strategic or other business partners, the inability to manage the expanding operations and costs, failure to attract and retain customers, failure to provide the results, level of revenue and margins the Group is expecting, and failure to identify, attract, retain and motivate qualified personnel. There is no assurance that the management of the Group will be able to ensure success in undertaking of the New Business.

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**(d) MCRE is purchasing its raw materials from two major suppliers**

The extraction and processing of rare earth oxide require large supply of ammonium sulphate fertiliser and ammonia bicarbonate leaching solution. Although there are various suppliers of ammonium sulphate fertiliser and ammonia bicarbonate leaching solution, MCRE currently procures all of the ammonium sulphate fertiliser and ammonia bicarbonate leaching solution used in MCRE's in-situ leaching technique from its respective major suppliers, each of which provides the entire supply of its assigned material. Ammonium sulphate fertiliser is a by-product generated by steel mills and the quality of ammonium sulphate fertiliser can vary from one steel mill to another. As the quality of such products may not be consistent between suppliers, there is no assurance that MCRE would be able to successfully identify and secure new suppliers over time to reduce its dependence on its current few major suppliers, or be able to source for alternative suppliers who can provide the same level of quality of ammonium sulphate fertiliser and ammonia bicarbonate leaching solution. If the suppliers are unable to deliver the required ammonium sulphate fertiliser and ammonia bicarbonate leaching solution on time or at all or in accordance with the quality required, the Enlarged Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

MCRE does not usually enter into any fixed or long-term contracts with any of its suppliers and/or contractors. There is therefore no assurance that the suppliers and/or contractors will continue to provide their respective services to MCRE and/or on terms that are favourable to MCRE. The terms of services provided by its suppliers and contractors are also susceptible to changes with regard to, among others, pricing, timing and quality. In the event of any termination of or changes in the current arrangement with its suppliers and contractors for any reason, and if MCRE is unable to (i) source for alternative suppliers or contractors; or (ii) mobilise its own resources to provide required services, the Enlarged Group's business, results of operations, financial condition and prospects may be materially and adversely affected. During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(e) MCRE is subject to the Malaysian regulatory regime which is similar to the Group**

Similar to the Group, MCRE's operations are subject to a range of Malaysian laws, regulations, policies, guidelines, standards and requirements which include, but are not limited to, rare earth mineral extraction and processing, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management. MCRE faces inherent risks of liabilities in their operation and may be required to incur significant capital and maintenance expenditures to comply with laws and regulations. The failure to discharge their obligations in this regard could result in the imposition of fines and penalties, damage to their reputations, delays in processing and provision of services, or the temporary or permanent closure of their operations. Existing laws, regulations or policies may become stricter or more strictly enforced, and MCRE may face investigation, scrutiny or evaluation. Given that MCRE is one of the pioneers in rare earth mining in Malaysia, MCRE may be among the first to face new compliance requirements, new liabilities, reduced operating hours, additional investment requirements, or delays in the expansion of their operations. MCRE also may be required to conduct preventive or remedial actions to comply with applicable Malaysian laws. These may result in increased costs, and such costs, liabilities or disruptions in operations could materially and adversely affect their business. In the event of any non-compliance with the conditions and regulations imposed pursuant to relevant laws, regulations, policies, guidelines, standards or requirements by the Malaysian government authorities, their business may also be materially and adversely affected.

Local and foreign investors in Malaysia are subject to Foreign Exchange Administration Rules in Malaysia. In exercise of the powers conferred by the Financial Services Act 2013 of Malaysia ("FSA") and the Islamic Financial Services Act 2013 of Malaysia ("IFSA"), Bank Negara Malaysia ("BNM") issued foreign exchange policy notices ("FEP Notices"). These FEP Notices set out (a) approvals of the BNM for transactions which otherwise are

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prohibited under Section 214(2) read together with Schedule 14 of the FSA and Section 225(2) read together with Schedule 14 of the IFSA; (b) requirements, restrictions and conditions of the approvals; and (c) directions of the BNM. A person shall obtain written approval of BNM to undertake or engage in any transaction listed in Schedule 14 of the FSA or IFSA that is not approved by BNM under the FEP Notices. The FEP Notices may be amended or revoked by the BNM from time to time by a written notice. As at the Latest Practicable Date, a non-resident is allowed to repatriate from Malaysia, funds including any income earned or proceeds from divestment of Ringgit Asset (as defined in the FEP Notices), provided that — (a) the repatriation is made in Foreign Currency (as defined in the FEP Notices); and (b) the conversion of Ringgit into Foreign Currency (as defined in the FEP Notices) is undertaken in accordance with Part B of Notice 1 of the FEP Notices.

However, the repatriation of funds may be restricted in the future if the law in Malaysia changes. This may limit MCRE's ability to distribute dividends to foreign shareholders from their business operations. Also, as at the Latest Practicable Date, resident entities are allowed to borrow in foreign currency in any amount from — (a) licensed onshore banks; or (b) an entity within the resident entity's group or from the resident entity's direct shareholder except for a company which is a non-resident financial institution or a non-resident special purpose vehicle which is used to obtain borrowing from any person outside the resident entity's group; or (c) through the issuance of Foreign Currency Corporate Bond or Sukuk (as defined in the FEP Notices) to another resident. Subscription of the Corporate Bond or Sukuk by the latter shall be subject to compliance with the FEP Notices. Resident entities are only allowed to borrow in foreign currency of up to RM100 million equivalent in aggregate from other non-residents. The RM100 million equivalent is computed based on an aggregate borrowing in foreign currency by the resident entity and other resident entities with parent-subsidiary relationship. The relevant rules and regulations on foreign exchange control in Malaysia may change. If there is any adverse change in the foreign exchange rules and regulations relating to the borrowing or repatriation of foreign currency, the Enlarged Group business may be materially and adversely affected.

MCRE is also subject to occupational safety and health laws, regulations and policies of the Malaysian government ("**Occupational Safety and Health Rules**"). Occupational Safety and Health Rules may become more stringent or more stringently enforced. If so, MCRE may not be able to comply with such Occupational Safety and Health Rules, economically or at all, within the relevant prescribed periods. This may increase MCRE's costs of production. Its operations may be suspended, and MCRE and its officers may even be found guilty of criminal offences and be penalised with fines and/or imprisonment. Accidents and technical difficulties may happen. Such incidents may injure people or damage property. MCRE's business and operations may be disrupted or suspended. If such incidents breach the conditions of their licences, permits and approvals, MCRE may lose its mining rights or their production costs may increase. MCRE's reputation and financial condition may suffer as a result. MCRE may even be subject to litigation and regulatory investigations, which may in turn result in civil and criminal liabilities and penalties. MCRE's insurance and workmen's compensation policies may not cover, sufficiently or at all, the claims for compensation. MCRE's insurance claims may even be contested by the insurers. If successfully contested by the insurers, MCRE will have to pay such penalties.

While neither the Group nor MCRE is currently subject to the Atomic Energy Licensing Act 1984, it is known that Atomic Malaysia has conducted monitoring activities pursuant to such legislation. Accordingly, if Atomic Malaysia's monitoring determines that a licence under the Atomic Energy Licensing Act 1984 is required, MCRE will be obliged to apply for such licence. If the abovementioned licence is not granted, MCRE's business operations could be materially and adversely affected.

As at the Latest Practicable Date and based on the outcome of the due diligence conducted by the Group as at 31 May 2025, MCRE has not breached any environmental laws and regulation; however, in the event it does not comply with any environmental laws and regulations MCRE and its officers may be subject to penalties. Such environmental laws and regulations include those which require the holder of the proprietary mining



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licence to protect and rehabilitate the environment and MCRE is required to comply with such requirements as the appointed mining or sub-mining operator of the Gerik Mine pursuant to the mining rights agreement and sub-mining operator agreements. Compliance with these requirements may increase MCRE's costs and may also delay its activities, depending on what is permitted and how the requirements are interpreted and implemented by the authorities. Environmental laws and regulations may become more stringent or more stringently enforced. If so, MCRE may not be able to comply with these environmental laws and regulations, economically or at all. In such cases, MCRE and its officers may be subject to penalties and liabilities under environmental laws and regulations. These include warnings, fines, prosecution, suspension of production or closure of MCRE's processing facilities. These events may delay or halt production and create negative publicity related to the Gerik Mine. Accordingly, MCRE's business will be materially and adversely affected in such circumstances.

- (f) **MCRE currently derives all its revenue from its trading partner, Chinalco Guangxi Nonferrous Rare Earth, and is exposed to its creditworthiness, and any disruption or termination of its business relationship with its trading partner may materially affect its business, financial condition, results of operations and prospects**

MCRE's revenue and cashflow are dependent on the creditworthiness of its trading partner, Chinalco Guangxi Nonferrous Rare Earth, which in turn will designate one of its group entities as the end customer (the "**Offtake-partner**"). Material default or significant delay in payment by the Offtake-partner may adversely affect MCRE's financial performance and cash flow. There is no assurance that there will be no risk of default by the Offtake-partner in the future, or that MCRE will not experience cash flow problems as a result of such default. Should these events occur, MCRE's business, financial condition, results of operations and prospects may be adversely affected. Since the first export of rare earth carbonate in February 2023 and up to Latest Practicable Date, there have been no instances whereby MCRE's business, financial condition and results of operations have been materially and adversely affected as a result of default or significant delay in payment by the Offtake-partner.

MCRE has entered into a trading agreement with Chinalco Guangxi Nonferrous Rare Earth ("**Trading Agreement**"), pursuant to which Chinalco Guangxi Nonferrous Rare Earth or its group entities shall purchase rare earth carbonate and rare earth oxides produced by MCRE at a price based on a formula which is pegged to the price for rare earth oxide elements and subject to change based on prevailing market conditions.

The Trading Agreement imposes restrictions which hinders MCRE's ability to secure other alternative customers besides Chinalco Guangxi Nonferrous Rare Earth. Pursuant to the terms of the Trading Agreement, if MCRE and Chinalco Guangxi Nonferrous Rare Earth are unable to reach consensus on a purchase by Chinalco Guangxi Nonferrous Rare Earth (due to pricing or other factors), MCRE shall then be allowed to sell its rare earth carbonate and rare earth oxides to other customers, subject to the condition that such customers must be qualified and compliant ion-type rare earth enterprises within the PRC. Although rare earth is considered a commodity, there is no assurance that MCRE will be able to secure a suitable alternative customer that meets the abovementioned criteria. Moreover, despite the existence of the Trading Agreement, MCRE cannot be assured that Chinalco Guangxi Nonferrous Rare Earth will continue to conduct business with MCRE in the future. The Trading Agreement is valid for a duration of three (3) years and may be renewed upon its expiry. However, there is no assurance that it will be renewed or that any renewal will be on comparable terms. If the Trading Agreement expires without renewal, there is no assurance that MCRE will be able to secure new orders or enter into new trading agreements, and the orders or terms of any new agreements may not be on comparable or better commercial terms than those terms provided by Chinalco Guangxi Nonferrous Rare Earth in the Trading Agreement. In such circumstances, MCRE's business, financial condition, results of operations and prospects would be materially and adversely affected. Notwithstanding the foregoing, the directors of MCRE and the Board do not believe that MCRE is exposed to any concentration risk due to the fact that rare earth is a commodity.

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During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(g) MCRE's expertise in the in-situ leaching technique is derived from the Technical Services Agreement (as defined below) with Chinalco Guangxi Nonferrous Rare Earth**

Pursuant to the technical services agreement entered into between MCRE and Chinalco Guangxi Nonferrous Rare Earth ("**Technical Services Agreement**"), Chinalco Guangxi Nonferrous Rare Earth provides MCRE with technical consulting and guidance services for the ion-adsorption rare earth ore leaching process, including but not limited to, overall technical solution design and planning, recommendations on equipment selection, configuration and procurement, evaluation, optimization and improvement of the production process, on-site technical guidance and operational training, as well as relevant technical support and consulting services. Chinalco Guangxi Nonferrous Rare Earth will also despatch senior technical personnel with relevant experience in ion-adsorption rare earth mining to MCRE's project site to ensure MCRE's mining activities proceed smoothly under their guidance. The Technical Services Agreement is valid for a duration of ten (10) years and may be renewed upon its expiry. However, upon the expiration and/or termination of the Technical Services Agreement, MCRE may not have further access to the expertise to extract the ion adsorption clay rare earth minerals from the Gerik Mine as efficiently on their own and may need to find an alternative provider with such expertise who has received the requisite approvals from the relevant authorities in PRC or explore other technology or expertise from other jurisdictions. There is no assurance that MCRE would be able to find such an approved alternative provider, technology and/or expertise on terms commercially acceptable to it or at all. Even if MCRE is able to secure an alternative options, there is no assurance that comparable results will be achieved. Failure to procure a suitable alternative would materially and adversely affect MCRE's business.

**(h) The New Business is subject to the risk of negative publicity**

Mining operations involve the use of chemicals, which involve inherent risks of environmental damage that cannot be completely eliminated through preventive efforts. Economic development and improvements in living standards may increase awareness of environmental protection, thereby generating increased scrutiny by consumers and environmental protection groups alike. In particular, the Enlarged Group may also be exposed to pre-existing negative perceptions of the public towards mining activities, which arise from mining incidents relating to other mining operators, in which the mining activities of such operators resulted in the release of radioactive pollution into the environment despite having its EIA approved by the relevant authorities. While such incidents related to other mining operators were unrelated to MCRE and such operators employed mining methods different from MCRE's in-situ leaching technique (which is relatively new in Malaysia), the Enlarged Group remains exposed to the lingering negative perception linked to mining activities generated by such incidents. The Enlarged Group may also face litigation brought by environment protection groups or other interested persons. These events may delay or halt production or issuance of necessary licences and create negative publicity related to the Gerik Mine. Accordingly, the Enlarged Group's business will be materially and adversely affected.

During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(i) MCRE's rights to explore, extract, process and sell rare earth minerals from the Gerik Mine for commercial sale or consumption is derived from its mining rights agreement and sub-mining operator agreements**

Pursuant to the sub-mining operator agreements signed between MCRE and each of Aras Kuasa Geological Sdn Bhd, Aras Kuasa and Tulus Mentari Holdings Sdn Bhd, and the

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mining rights agreement entered into between MCRE, Felcra Berhad and Menteri Besar Incorporated (Perak), MCRE has been granted the exclusive right to carry out mining activities at the Gerik Mine. Accordingly, its rights to carry out mining activities at the Gerik Mine is subject to the mining rights agreement and sub-mining operator agreements remaining in full force and effect. In the event of the mining rights agreement and sub-mining operator agreements being terminated for whatever reason (including termination due to the counter parties' exercise of their respective rights of termination under the mining rights agreement and sub-mining operator agreements), MCRE will cease to have the right to conduct mining activities at the Gerik Mine. Such termination may materially and adversely affect MCRE's business.

**(j) The Enlarged Group may not be able to obtain or renew governmental licences, permits and/or approvals necessary for its activities relating to the New Business**

Among other approvals, MCRE's right to conduct mining activities at the Gerik Mine is subject to its receipt of an OMS approval from the Department of Minerals and Geoscience, under the Federal Ministry of Natural Resources and Environment. Each OMS approval is valid for two (2) years and is subject to renewal every two years. The renewal of the OMS approval is subject to various uncertainties, including but not limited to, whether MCRE will be able to comply with the terms and conditions of the OMS approval. Accordingly, there can be no assurance that MCRE will be able to successfully renew the OMS approval on favourable terms, or at all. In the event that the OMS approval is revoked or not renewed, MCRE may lose its concession rights and its business will be materially and adversely affected. In addition, MCRE is subject to the risk of the proprietary mining licence held by the Perak State Agricultural Development Corporation being revoked in the event that it fails to comply with the terms of such approval. In the event that such revocation occurs, MCRE would no longer be entitled to conduct mining activities.

Additionally, MCRE may require further licences, permits and approvals from the relevant authorities to carry out its business activities. Such licences, permits and approvals may be in relation to the areas of general corporate, mining, export of rare earth carbonate, foreign investment, manpower, environmental, land utilisation and may be limited to specified areas and time periods. MCRE's ability to obtain, convert and/or renew such licences, permits and approvals in a timely manner will affect its operations. The application process for such licences, permits and approvals may be complex due to the involvement of various levels of government and/or regulatory bodies. MCRE experienced an unexpectedly prolonged export licence approval period from 3 April 2024 to 25 September 2024 due to the Malaysian government's new policy plan in relation to the restriction of rare earth raw materials exports as it is examining the development of the domestic rare earth industry in Malaysia. However, MCRE was subsequently granted an export licence with the expiry date valid up to 25 September 2025 under which the export quota has been fully utilised, and was later granted another export licence granted with the validity until 5 December 2025. There is uncertainty as to whether MCRE's licences, permits and approvals can be obtained, converted and/or renewed in a timely manner, or at all. MCRE is also often required to provide costly undertakings. Even if its applications are successful, the licences, permits and/or approvals may be subsequently revoked by the authorities. In the event that MCRE is unable to obtain or maintain all necessary licences, permits, certificates, consents or other approvals required for the carrying out of its mining business, its business and operations may be materially and adversely affected.

Save as disclosed above, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(k) MCRE reported Mineral Resources and Ore Reserves described in the Independent Qualified Person's Report constitute estimates that are made and reported in accordance with the JORC Code and the Independent Valuation Report is subject to certain bases and assumptions**

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MCRE's Mineral Resources and Ore Reserves described in the Independent Qualified Person's Report constitute estimates that are made in accordance with the JORC Code. The fair market value of the mining assets that has been assessed by the Independent Valuer is subject to certain bases and assumptions as stated in the Independent Valuation Report. Such bases and assumptions may be inherently uncertain and in the event that the bases and assumptions turn out to be inaccurate, this could result in the actual value of the mine being lower than that in the Independent Valuation Report, which could in turn have a negative impact in the value of our Shares. Mineral Resources and Ore Reserves estimates involve expressions of judgment based on various factors such as knowledge, experience and industry practice, and the accuracy of these estimates may be affected by many factors, including the quality of the results from geological mapping, drilling and analysis of samples, as well as the procedures adopted by and the experience of the person making the estimates. There can be no assurance that the Mineral Resources or Ore Reserves estimates are accurate, or that the resource estimates will translate into reserves. The actual Mineral Resources and Ore Reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below or above our estimated levels. Estimates of our Mineral Resources or Ore Reserves may also change significantly when new information becomes available or new factors arise which change the assumptions underlying the resource estimates. There is no assurance that the anticipated tonnage and grades will be achieved, or that there is insignificant variance in the quality of the ore, or that our Ore Reserves can be mined or processed profitably, or at all. Lower market prices, increased production costs, reduced recovery rates and other factors may render MCRE's Mineral Resources and Ore Reserves uneconomical to exploit and may result in the revision of our Ore Reserves estimates from time to time and our business, results of operations and financial condition may be materially and adversely affected.

Estimates of the ion adsorption clay rare earth mineral resource and reserves at the Gerik Mine may change significantly as new factors arise, and interpretations and deductions on which rare earth mineral resource, reserves and block rate estimates may prove to be inaccurate. Should MCRE encounter a geological profile different from that predicted by past drilling, sampling and examination, the rare earth mineral resource and/or reserves estimates may have to be adjusted downward. The occurrence of any of the foregoing could materially and adversely affect MCRE's development and mining plans, which could materially and adversely affect its business and thereby affect the actual value of the Gerik Mine being lower than that in the Independent Valuation Report.

**(I) MCRE may not be able to continue to discover and acquire additional ion adsorption clay rare earth minerals that are converted into reserves**

As ion adsorption clay rare earth mineral reserves will decline as mining and extraction are carried out, MCRE's future growth and success in the medium to long-term will depend, in part, on their ability to discover or acquire additional ion adsorption clay rare earth mineral resources and to convert these resources into reserves. There is no certainty in the successful conversion of existing or future ion adsorption clay rare earth mineral resources into significant additional reserves. In addition, actual results upon production may differ from those anticipated at the time of the discovery.

Following the Completion, if the Enlarged Group is unable to replace its ion adsorption clay rare earth mineral reserves as they are depleted with new reserves, whether through acquisition of new mines or further exploration works, this could have a material adverse effect on the Enlarged Group's business and operations. Furthermore, there is no assurance that future acquisitions of new mine(s) will allow the Enlarged Group to maintain the required level of Mineral Resource or quality in order for its operations to be economically feasible.

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**(m) MCRE relies on its mining rights agreement and the sub-mining operator agreements**

MCRE is not the registered holder of the mining licences for the Gerik Mine but relies on contractual rights to conduct mining activities at the Gerik Mine pursuant to the mining rights agreement entered into with Menteri Besar Incorporated (Perak) and Felcra Berhad, and the sub-mining operator agreements entered into with each of Aras Kuasa Geological Sdn Bhd, Aras Kuasa and Tulus Mentari Holdings Sdn Bhd. Pursuant to the mining rights agreement and the sub-mining operator agreements, MCRE has the right to carry out mining activities at the Gerik Mine. The continuation of such rights is dependent on the continuity of these agreements, subject to the fulfilment of all the obligations and compliance with the terms and conditions and the relevant legislation. In the event that such agreements are terminated whether pursuant to regulatory issues relating to the underlying relevant proprietary mining licences or otherwise, MCRE's contractual right to carry out mining operations at the relevant mine sites will cease and there is no assurance that MCRE would be able to obtain the contractual rights to conduct mining activities at another rare earth mine with rare earth deposits of a similar quality and quantity as the Gerik Mine.

Further, at the end of the tenure of these agreements and within the time frame as specified, MCRE is required to, at its own cost and expenses, remove, uninstall and/or demolish all equipment, machinery, fixtures, buildings and structures relating to the mining works. In addition, MCRE will also be required to remove all workers, contractors, supervisors and representatives from the mining location, and to hand over the vacant possession of the mining location on an as-is where-is basis free from encumbrances, restrictions and/or claims. This will likely increase its costs or delay the business activities, which in turn could have an adverse effect on the financial results and financial position of MCRE.

During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances. However, there is no assurance that it will not happen in the future.

**(n) MCRE currently derives all its revenue from the sale of rare earth carbonate**

The ion adsorption rare earth minerals extracted by MCRE are processed into rare earth carbonate for sale. The rare earth carbonate exported to MCRE's customer is then further processed into rare earth oxide, from which individual rare earth oxide elements are extracted. The entirety of MCRE's revenue is derived from the sale of rare earth carbonate. The rare earth elements eventually derived from MCRE's rare earth carbonate are primarily used in high-tech consumer products, such as cellular telephones, computer hard drives, electric and hybrid vehicles, and flat-screen monitors and televisions and also applications across various defence technology devices including electronic displays, guidance systems, lasers, and radar and sonar systems. As a result, MCRE's business and profitability are dependent on the price fluctuations of individual rare earth metals which in turn affects the market demand for MCRE's rare earth carbonate. Any adverse change in market demand, customer preference or market prices of MCRE's rare earth carbonate could have a material adverse effect on their business.

**(o) The quality of rare earth carbonate produced is subject to uncertainties**

As rare earth minerals are a natural resource, there is no assurance that the quality and other characteristics of the ion adsorption clay rare earth minerals extracted (including impurities and other minerals such as fluoride, thorium and uranium) in the future will be consistent with the samples currently available. Any failure to meet the requirements of any of the Enlarged Group's customers due to inferior product quality may result in harm to their reputation and reduction in orders or termination of their sales contracts, which in turn may materially and adversely affect the Enlarged Group's business. In addition, the demand, pricing and profit margins of the Enlarged Group's products are dependent on

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## LETTER TO SHAREHOLDERS

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the quality and standards of the rare earth carbonate produced. If the quality of rare earth carbonate produced is not of a sufficient or consistent quality or standard, this may have a material adverse effect on their business.

**(p) MCRE has a limited operating history and track record**

MCRE was established in 2020 and entered into its mining rights agreement and sub-mining operator agreements in 2020 and 2022. MCRE began recording revenue only in FP2023. Thus, there is limited historical information available for the evaluation of MCRE's business and limited operating history and track record upon which to evaluate its expected future performance. Although MCRE's management team possesses the relevant experience and expertise in the New Business, there is no assurance that the growth and future performance of MCRE will be successful. The failure of MCRE to generate revenue and profits from its businesses could have a material and adverse impact on the development of, and future production from, the Gerik Mine. This may in turn materially and adversely affect its financial condition and operational results of the Enlarged Group. The Enlarged Group may therefore face the usual risks, uncertainties and problems associated with the entry into any New Business due to limited prior experience or track record. These risks, uncertainties and problems include, among others, the inability to find the suitable joint venture or strategic partners, the inability to manage the expanding operations and costs, failure to attract and retain customers, failure to provide the results, level of revenue and margins it is expecting, and failure to identify, attract, retain and motivate qualified personnel. There is no assurance that the Enlarged Group will be able to ensure success in the undertaking of the New Business upon the Completion.

**(q) The future growth of the Enlarged Group's New Business will depend on our ability to manage and finance expansion plans**

The growth strategies and expansion plans of the Enlarged Group include the expansion of the mining operations at the Gerik Mine as well as the acquisition of new mining rights in the areas surrounding the Gerik Mine and other potential mining areas in Malaysia or other countries.

The implementation of these development plans and strategies involves risks and uncertainties and may not be successful. Success depends on the presence of favourable economic conditions, approvals from the authorities, and the Enlarged Group's ability to raise sufficient funding and attract the requisite professionals to support their growth. In addition, in the event that the mineral resources in the ore body at Gerik Mine are of a lower quality or quantity than anticipated, the Enlarged Group's business will be materially and adversely affected. In the event that the mining and operational plans subsequently generate lower than expected revenue, incur higher than expected costs, are delayed or aborted, or lack the requisite funding or manpower to be successfully implemented, this will materially and adversely affect the Enlarged Group's business. In addition, the Enlarged Group may not be able to identify suitable new mines or obtain concession rights to new mines, whether in the region it currently operates in or elsewhere. If they are unable to do so on terms acceptable to it, or at all, the Enlarged Group's business will be materially and adversely affected.

Future acquisitions and expansion plans may expose the Enlarged Group to potential risks, including risks associated with the assimilation of new technologies, businesses and personnel, unforeseen or hidden liabilities, the diversion of management attention and resources from our existing business and the inability to generate sufficient revenues to offset the costs and expenses of such acquisition. There is no assurance that new Mineral Resources or Ore Reserves will be successfully established at a reasonable cost or within a reasonable period of time or at all, or that they will generate the expected economic returns.

In addition, if a project proves not to be economically feasible by the time the Enlarged Group is able to exploit it, the Enlarged Group may incur substantial losses or write-offs. Potential changes or complications involving metallurgical and other technological

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processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

If the Enlarged Group's expansion plans relating to the Gerik Mine or the New Business are delayed, do not succeed, or fail to deliver the expected economic benefits, the Enlarged Group may not be able to sustain the current levels of production beyond the remaining 11 years of the Gerik Mine's lifespan. Accordingly, the Enlarged Group's business, results of operations and financial condition may be materially and adversely affected.

**(r) The operations of the rare earth mining area may be affected during the monsoon season, and may be subject to severe weather conditions, natural disasters and other events beyond their control**

Severe weather conditions, natural disasters and other events beyond our control which may damage their mines, equipment and processing facilities and mine face, which may increase their operating costs. These events may also force us to evacuate personnel and distort operations. Their productivity will be reduced and fixed operating expenses will continue to be incurred. Furthermore, the occurrence of a natural disaster near the Gerik Mine and the vulnerability to natural disasters may affect their ability to obtain financing on a timely basis, on acceptable terms, or at all. Thus, if any of the above-mentioned events occurs, the Enlarged Group's business may be materially and adversely affected.

During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(s) The New Business may not operate efficiently and effectively if they lose key personnel or if they cannot attract and retain skilled workers**

Currently, MCRE depends substantially on its key personnel and skilled workers to manage their strategies and operations. MCRE has experienced management team, consisting of individuals who are highly skilled and who may be difficult to replace. They possess the relevant experience in their respective areas of expertise to oversee their strategic growth and to manage their day-to-day operations. However, there is keen competition in the recruitment and retention of such key personnel. Losing the services of any of their key personnel without suitable timely replacements could affect MCRE's ability to implement their business strategies and respond to changing market conditions and may materially and adversely affect their business. MCRE's future success depends to a significant extent on the ability of their key personnel to effectively drive the execution of its business strategies.

Similarly, MCRE's growing business may require more skilled workers and professional staff in the areas of ion adsorption clay rare earth minerals mining and processing, operations and engineering. Competition for these skilled workers and professional staff is intense. There are similar businesses in the industry which also require manpower and which possess greater resources. A shortage of labour may increase labour costs. These costs may not be passed on to MCRE's customers and in such event the Enlarged Group's business may be materially and adversely affected. Their ability to pursue future projects may also be restricted by their inability to recruit, train and retain the requisite number of skilled workers and professional staff. This may materially and adversely affect the Enlarged Group's operations, growth and competitiveness.

**(t) The Enlarged Group may be involved in legal, regulatory and other proceedings arising out of its business and operations, and may incur substantial costs arising therefrom**

Disputes may arise from time to time between mining lease holders or operators and other parties involved in the mining operations (such as customers, contractors, suppliers and workers). These disputes may lead to legal or other proceedings and may result in

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## LETTER TO SHAREHOLDERS

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substantial costs, delays in production and exploration schedules and the diversion of resources and management's attention. If the Enlarged Group is involved in such disputes in relation to the New Business, we may incur substantial losses and face significant liabilities, regardless of the outcome.

Additionally, we are required to comply with certain requirements imposed by law and/or the regulators in Malaysia. Such requirements are generally operational in nature. Regulatory actions may also be brought against the Enlarged Group in the course of its mining operations. Such proceedings could result in penalties and/or imprisonment imposed on the Enlarged Group and/or its management, cessation of operations at our mine sites and/or forfeiture of our mine sites, and the Enlarged Group's business, results of operations and financial condition may be materially and adversely affected.

During the Relevant Period, there were no past incidents whereby MCRE's business, results of operations and financial condition were materially and adversely affected as a result of the above circumstances.

**(u) The operations relating to the New Business may have negative impacts on local communities**

Similar to the Group's existing mining operations, the operations relating to the New Business face potential risks which may result in pollution in the areas surrounding the mine sites, which may impact the revenue and livelihoods of the members of the local communities who use the area. In addition, the local communities may become disenchanted from in-migration as well as loss of jobs which occurs after a mine is closed. If the Enlarged Group is unable to deal with all these social issues properly, our business, results of operations and financial condition may be materially and adversely affected.

During the Relevant Period, none of the circumstances described above has occurred.

**(v) The price of the Shares may fluctuate following the Completion**

The Issue Price of the Consideration Shares may not be indicative of the price of the Shares that will prevail in the trading market. Volatility in the market price of the Shares may be caused by factors beyond the control of the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group.

The market price of the Shares may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond the control of the Enlarged Group:

- (i) the success or failure of the Enlarged Group's management team in implementing business and growth strategies;
- (ii) changes in significant contracts, acquisitions, strategic alliances or capital commitments;
- (iii) loss of the Enlarged Group's major customers or failure to complete significant orders or contracts;
- (iv) variations in the operating results of the Enlarged Group;
- (v) involvement in litigation;
- (vi) unforeseen contingent liabilities of the Enlarged Group;
- (vii) addition or departure of key personnel of the Enlarged Group;
- (viii) loss of important business relationships or adverse financial performance by a significant customer or group of customers;



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- (ix) changes in securities analysts' estimates of the Enlarged Group's financial performance and recommendations;
- (x) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (xi) differences between the Enlarged Group's actual financial operating results and those expected by investors and securities analysts; and
- (xii) changes in general market conditions and broad market fluctuations.

**(w) Future sale of securities by the Vendors may adversely affect the price of the Shares**

Following Completion, 147,982,380 Consideration Shares which will comprise 23.2% of the Enlarged Share Capital, held by Dato' Sri Pek, Dato' Teh and Dato' Lee will be subject to moratorium (the details of which are set out in Section 2.9(a) of this Circular), any sale of a significant number of such Shares after the expiration of the applicable moratorium period, or the perception that such sales may occur, could materially and adversely affect the market price of the Shares and may thereby also affect the Enlarged Group's ability to raise funds through the issue of equity or other forms of securities.

**(x) The Enlarged Group may not be able to realise the full synergies of the Proposed Acquisition if it is unable to successfully integrate its businesses**

There is no assurance that the Company will be able to successfully align the Group's existing best practices with those of MCRE. There may be unexpected integration challenges and potential instabilities which may materially and adversely affect or disrupt the business operations of the Enlarged Group and its financial performance, financial position and prospects. Accordingly, there is no assurance that the Enlarged Group will achieve the synergies, the returns and other benefits expected of the Proposed Acquisition.

**(y) The Enlarged Group will not have shareholding control of MCRE upon the Completion**

Upon Completion, SAM Advance Minerals will hold 40.00% of the issued and paid-up share capital of MCRE. The remaining 60.00% of the issued and paid-up share capital of MCRE will be held by Dato' Lee, Dato' Lee Yoke Eng, QJI, Mr. Jimmy Chin, Mr. Johnny Chin and Mr. Lim Wei Hung, the Group will not hold an outright majority of the issued and paid-up share capital of MCRE. Pursuant to the Shareholders' Agreement, upon completion of the Proposed Transactions, SAM Advance Minerals shall have the right to appoint two (2) out of MCRE's five (5) directors and would not represent a majority of MCRE's board of directors. The reserved matters set out in the Shareholders' Agreement further provides that key decisions including the appointment or dismissal of key executives, the sale and purchase of any assets or shares other than in the ordinary course of business and the making of any significant and material amendments to the hiring plan of MCRE must be approved in writing by two-thirds of the shareholders of MCRE and subject to the thresholds required by the Catalist Rules or applicable law. **Please refer to Section 2.4 of this Circular for further details of the Shareholders' Agreement.**

**(z) Shareholders will face immediate and substantial dilution and may experience future dilution to shareholdings**

The Proposed Acquisition will result in immediate dilution to the shareholdings of existing Shareholders upon the allotment and issuance of the Consideration Shares.

In addition, following Completion, it is possible that the Enlarged Group may require funding in order to grow and expand its operations. Under such circumstances, secondary issue(s) of securities may be necessary to raise the required capital to develop these

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## LETTER TO SHAREHOLDERS

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growth opportunities. If new Shares are issued and placed to new and/or existing Shareholders, they may be priced at a discount to the prevailing market price of Shares trading on the SGX-ST, in which case existing Shareholders' equity interests will be diluted. If the Enlarged Group fails to utilise the new equity to generate a corresponding increase in earnings, the earnings per Share of the Enlarged Group will be diluted and this could lead to a decline in the market price of its Shares.

### 3.8 Requirements under Chapter 10 of the Catalist Rules

Under Rule 1002(1) of the Catalist Rules, a "transaction" is defined as "the acquisition or disposal of assets, or the provision of financial assistance, by an issuer or a subsidiary that is not listed on the SGX-ST or an approved exchange, including an option to acquire or dispose of assets. It excludes a transaction which is in, or in connection with, the ordinary course of its business or of a revenue nature. It also excludes the provision of financial assistance to the issuer, or its subsidiary or associated company". The Board is of the view that it would be advantageous to the Company to include the New Business as additional core business of the Group. **Please refer to Section 3.2 of this Circular entitled "Rationale for the New Business" for further details.**

As the New Business is substantially different from the existing business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Upon the approval by Shareholders of the Proposed Diversification, any acquisition or disposal which is in or in connection with, the New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the New Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when such potential transactions arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the Group's corporate objectives and adversely affecting the business opportunities available to the Group.

Paragraph 2.5 of Practice Note 10A of the Catalist Rules sets out the following indications that an acquisition would change the risk profile of an issuer:

- (a) notwithstanding Rule 1002(3)(c) of the Catalist Rules, a proposed acquisition will result in reduction of the issuer's net profits or net asset value by 20% or more, based on the latest audited financial statements, and assuming that the proposed acquisition had been effected at the end of that financial year;
- (b) the asset proposed to be acquired is loss-making or is in a net liability position;
- (c) the proposed acquisition will have a significant adverse impact on the issuer's gearing;
- (d) the proposed acquisition will result in an expansion into a new jurisdiction that will expose the issuer to significant new risks; or
- (e) in the case of a mineral, oil and gas company, a proposed acquisition will result in an expansion into a new resource or commodity type, or into a new jurisdiction. The exploration and extraction methods of different types of minerals, oil and gas are different. Minerals, oil and gas resources are also necessarily situated in specific geographical areas, which may be subject to specific licensing or regulatory regimes. An expansion into a new resource or commodity type, or into a new jurisdiction, is likely to require a reconsideration of the applicable risks.

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Paragraph 2.5 of Practice Note 10A of the Catalist Rules further provides that the indications that an acquisition would change the risk profile of an issuer as enumerated in paragraph 2.5 of Practice Note 10A of the Catalist Rules are neither exhaustive nor conclusive.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (i) which fall within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010 and 1014 of the Catalist Rules will still apply;
- (ii) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, Rule 1015 of the Catalist Rules will still apply to such transactions and such transactions must be, among others, made conditional upon the approval of Shareholders;
- (iii) which involve an interested person transaction as defined under the Catalist Rules, the Company will comply with the provisions of Chapter 9 of the Catalist Rules; or
- (iv) which are not in the ordinary course of business of the Company, in light of Practice Note 10A of the Catalist Rules, including the expansion of the New Business into other countries beyond Malaysia, such transactions may still be subject to Shareholders' approval.

Shareholders should note that notwithstanding the aforesaid, the Company will:

- (1) in respect of its first acquisition or disposal in the New Business that is equal to or more than 75% or 50%, respectively, of the prescribed thresholds under Rule 1006 of the Catalist Rules; or
- (2) where acquisitions or disposals related to the New Business over a 12-month period, when aggregated, are equal to or more than 75% or 50%, respectively, of the prescribed thresholds under Rule 1006 of the Catalist Rules,

seek Shareholders' approval for such transaction. The Company will obtain independent qualified person's reports and valuation reports in relation to such acquisitions, as may be required by the Catalist Rules.

#### **4. INFORMATION ON THE ENLARGED GROUP**

##### **4.1 Principal Businesses**

Following Completion, the principal businesses of the Enlarged Group will be in (a) exploration, mining, processing and sale of iron ore and gold; and (b) the New Business, which includes the exploration, mining, processing and sale of ion adsorption clay rare earth minerals.

##### **4.2 Risk Factors relating to the Enlarged Group**

An investment in the Shares following the Completion involves a number of risks some of which could be substantial, including market, liquidity, credit, operational, legal and regulatory risks relating to the Enlarged Group.

The Risk Factors are not the only risks which the Enlarged Group faces. Some risks are not yet known to the Group, MCRE and/or the Vendors, and there may be others which they currently believe are not material but may subsequently turn out to be so. Factors that affect the price of Shares may change and the Risk Factors should not be construed as a comprehensive listing of all the risk factors and the listing is not set out in any particular order.

If any of the Risk Factors develops into actual events, the financial position, results, cash flow, performance, business operations and prospects of the Enlarged Group could be, directly or indirectly, materially and adversely affected. In the event that any of the foregoing occurs, the

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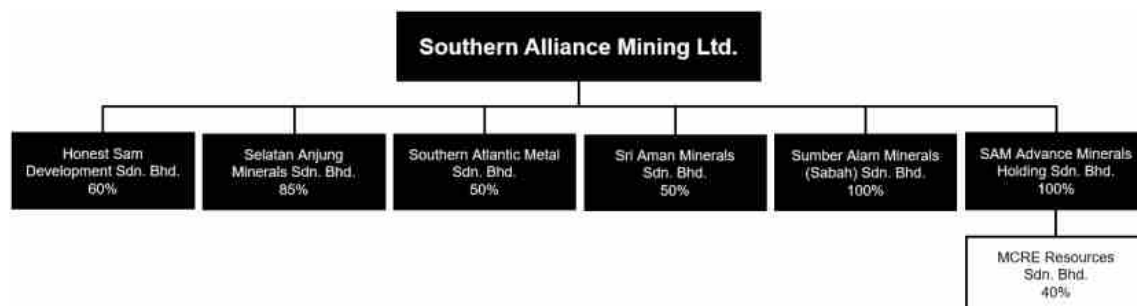
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trading price of the Shares could fluctuate and/or decline and Shareholders may lose all or part of their investment in the Shares.

This Circular also contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results could differ materially from those anticipated or implied in these forward-looking statements as a result of certain Risk Factors.

### 4.3 Structure of the Enlarged Group

Following Completion, MCRE will become an associated company of the Company and the Enlarged Group structure will be as set out below. As at the Latest Practicable Date, MCRE does not have any subsidiaries or associated companies.



### 4.4 Further Information on MCRE

Please refer to **Appendix A** to this Circular for detailed information on MCRE.

## 5. LISTING AND QUOTATION NOTICE BY THE SGX-ST

An application will be submitted by the Sponsor to the SGX-ST, for and on behalf of the Company for the approval of the listing and quotation of the Consideration Shares on the Catalist. The Company will make the relevant announcement(s) to notify the Shareholders when the listing and quotation notice(s) from the SGX-ST is obtained.

## 6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The illustrative financial effects for the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for FY2024, being the most recently completed financial year for which financial statements are publicly available as at the date of this Circular.

The financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual performance and position of the Group after the Proposed Acquisition. No representation is made as to the financial position and/or results of the Group after the completion of the Proposed Acquisition. Such financial effects are primarily based on the following key bases and assumptions:

- (i) the financial effects of the Proposed Acquisition on the NTA per share of the Group are computed assuming that the Proposed Acquisition had been completed on 31 July 2024;
- (ii) the financial effects of the Proposed Acquisition on the loss per share (“LPS”) / earnings per share (“EPS”) of the Group are computed assuming that the Proposed Acquisition had been completed on 1 August 2023; and
- (iii) the computation does not take into account any expenses that may be incurred in relation to the Proposed Acquisition.

## LETTER TO SHAREHOLDERS

### (a) Share Capital

Based on the assumptions set out above, the effect of the Proposed Acquisition on the issued and paid-up share capital of the Company as at 31 July 2024 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
<b>Total number of issued Shares (excluding treasury Shares) ('000)</b>	488,759	636,741 <sup>(1)</sup>
<b>Total issued and paid-up capital (excluding treasury Shares) (RM'000)</b>	217,645	436,645 <sup>(2)</sup>

Notes:

- (1) Based on the total number of issued Shares (excluding treasury Shares) of the Company as at 31 July 2024 and assuming that the Consideration Shares have been fully allotted and issued.
- (2) Based on the share capital (excluding treasury Shares) of the Company as at 31 July 2024 of approximately RM217.6 million and assuming that the Consideration Shares are fully allotted and issued.

### (b) NTA per Share

Based on the assumptions set out above, the effect of the Proposed Acquisition on the NTA per Share of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
<b>NTA (RM'000)</b>	337,837	560,187 <sup>(1)</sup>
<b>Total number of issued Shares (excluding treasury Shares) ('000)</b>	488,759	636,741 <sup>(2)</sup>
<b>NTA per Share (RM)</b>	0.69	0.88

Notes:

- (1) The NTA of the Group is computed by aggregating the Group's NTA, the Consideration of RM242.4 million, and deducted by the discounted deferred cash consideration of RM23.4 million.
- (2) Based on the total number of issued shares (excluding treasury Shares) of the Company as at 31 July 2024 and assuming that the Consideration Shares have been fully allotted and issued.

### (c) LPS / EPS

Based on the assumptions set out above, the effect of the Proposed Acquisition on the LPS of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
<b>(Loss) / Profit attributable to Shareholders (RM'000)<sup>(1)</sup></b>	(4,427)	10,205 <sup>(1)</sup>
<b>Weighted average number of issued Shares ('000)</b>	488,759	636,741 <sup>(2)</sup>
<b>(LPS) / EPS (RM sen)</b>	(0.91)	1.60

Notes:

- (1) The net profits of the Group after the Proposed Acquisition is computed by aggregating 40% of the profit net of tax of MCRE of approximately RM14.6 million for FY2024 with the Group's loss for the year of approximately RM4.5 million for FY2024.

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## LETTER TO SHAREHOLDERS

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- (2) The weighted average number of ordinary shares (excluding treasury Shares) for FY2024 of 488,759,000, and adjusted for the increase in the number of ordinary shares to 636,741,000 assuming that the Consideration Shares have been fully allotted and issued.

**(d) Gearing**

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>Total debt (RM'000)</b>	9,688 <sup>(2)</sup>	9,688 <sup>(2)</sup>
<b>Total equity (excluding non-controlling interest) (RM'000)</b>	337,837	556,837
<b>Gearing ratio<sup>(1)</sup></b>	0.03	0.02

**Notes:**

- (1) This figure is computed by using the total debt against the total equity (excluding non-controlling interest).  
(2) The total debt includes the Group's outstanding term loan and revolving credit facility of approximately RM9.7 million.

### 7. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Non-Interested Directors on whether the financial terms of the Interested Person Transactions in connection with the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter to the Non-Interested Directors, containing its advice in full, is set out in Appendix E of this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully, including, *inter alia*, the opinion and evaluation factors, which is set out as Appendix E to this Circular and consider it in the context of this Circular before deciding on whether to approve the Proposed Transactions.**

Having considered the factors set out in the IFA Letter, the IFA is of the opinion that the Proposed Acquisition, the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issuance of Consideration Shares to Dato' Teh are on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

### 8. OPINION OF THE AUDIT COMMITTEE

The Audit Committee comprises Dato' Gainneos Jacob Goldie, Mr. Chin Chee Choon and Mr. Sim Chin Hoe. The chairman of the Audit Committee is Mr. Chin Chee Choon. The members of the Audit Committee do not have any interests in the Proposed Transactions and are accordingly deemed to be independent for purposes of the Proposed Transactions.

The Audit Committee, having reviewed, among other things, the terms and rationale for the Proposed Transactions, and after considering the advice of the IFA as set out in **Appendix E** to this Circular, concurs with the IFA and is of the opinion that the Interested Person Transactions in connection with the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

### 9. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Diversification and the Proposed Acquisition.

# LETTER TO SHAREHOLDERS

## 10. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND THE VENDORS

As at the Latest Practicable Date, the interests of the Directors, Substantial Shareholders of the Company as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders (as the case may be) and of the Vendors, and (assuming there is no change to the issued share capital of the Company other than the allotment and issuance of the Consideration Shares) immediately after the Completion, and the dilution effect of the allotment and issuance of the Consideration Shares to the existing Shareholders of the Company, is set out below:

	As at the Latest Practicable Date				Immediately after the Proposed Acquisition			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Directors (including the Vendors)</b>								
Dato' Sri Pek	305,102,500	62.42	5,844,100 <sup>(3)</sup>	1.2	369,223,270	57.99	5,844,100	0.9
Dato' Teh	22,600,000	4.62	-	-	86,720,770	13.62	-	-
Lim Wei Hung	6,020,000	1.23	-	-	6,020,000	0.95	-	-
Dato' Gainneos Jacob Goldie	-	-	-	-	-	-	-	-
Chin Chee Choon	-	-	-	-	-	-	-	-
Sim Chin Hoe	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than the Directors) (including the Vendors)</b>								
Dato' Lee	33,770,000	6.91	-	-	53,510,840	8.40	-	-
<b>Other Shareholders</b>								
Public <sup>(4)</sup>	73,007,800	14.94	-	-	73,007,800	11.47	-	-
Total	488,759,000	100.00	-	-	636,741,380	100.00	-	-

### Notes:

- (1) Based on 488,759,000 Shares in issue as at the Latest Practicable Date.
- (2) Based on the Enlarged Share Capital comprising 636,741,380 Shares immediately after Completion, assuming that the 147,982,380 Consideration Shares are allotted and issued, and no other new Shares are issued by the Company between the Latest Practicable Date and the Completion Date (both dates inclusive).
- (3) Dato' Sri Pek is deemed interested in (i) 25,000 (0.01%) ordinary shares of the Company held through Remparan Sdn.Bhd which he indirectly holds 99.99% of the issued share capital of Remparan Sdn. Bhd.; and (ii) 5,819,100 (1.19%) ordinary shares held through his spouse, Ms Xu Liyan.
- (4) Comprising Shareholders who are not Directors or Substantial Shareholders of the Company under the Catalist Rules.

Save as disclosed in this Circular and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders, so far as the Company is aware, has any interest, direct or indirect, in the Proposed Transactions.

## 11. DIRECTORS' RECOMMENDATIONS

Shareholders should read and consider carefully the recommendation of the Non-Interested Directors and the advice of the IFA as set out as **Appendix E** to this Circular in its entirety before giving their approvals pertaining to the Proposed Transactions. Shareholders are also urged to read carefully the terms and conditions of, rationale for and financial effects of the Proposed Transactions, as set out in this Circular.

Dato' Sri Pek and Dato' Teh, being interested persons under Chapter 9 of the Catalist Rules, will abstain from making any recommendations to the Shareholders in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh in their capacity as Directors.

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## LETTER TO SHAREHOLDERS

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For good corporate governance, Mr Lim Wei Hung, being the Executive Director and Chief Operating Officer of the Company, and an MCRE Existing Shareholder will also abstain from making any recommendations to the Shareholders in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh in his capacity as Director.

The Non-Interested Directors, having considered and reviewed, among other things, the terms of, rationale for and financial effects of the Proposed Transactions, the opinion of the IFA contained in the IFA Letter, and all the other relevant information set out in this Circular, concur with the advice of the IFA given in the IFA Letter. Accordingly, they recommend that Shareholders vote in favour of the resolutions relating to the Proposed Transactions at the EGM.

In giving the above recommendations, the Non-Interested Directors have not had regard to the specific investment objectives and profiles, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Please refer to Section 1.2 of this Circular and the IFA Letter reproduced in **Appendix E** to this Circular for the advice from the IFA.

### **12. EXTRAORDINARY GENERAL MEETING**

#### **12.1 Extraordinary General Meeting**

The EGM will be held at Room 3-3, ISCA House, 60 Cecil Street, Singapore 049709 on 2 September 2025 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolutions in respect of the Proposed Transactions, as set out in the Notice of EGM.

#### **12.2 Inter-Conditionality of Resolutions to be Passed**

In voting for the resolutions set out in the Notice of EGM, Shareholders should note that each of the resolutions are inter-conditional, and none of the resolutions will be proceeded with in the event any such resolution is not passed.

### **13. ABSTENTION FROM VOTING**

In accordance with Rule 919 of the Catalist Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their respective associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

Accordingly, each of Dato' Sri Pek and Dato' Teh will abstain, and will ensure that their respective associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.



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## LETTER TO SHAREHOLDERS

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Dato' Lee, being the Vendor in respect of the Proposed Acquisition, will abstain, and will ensure that his associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

For good corporate governance, Mr Lim Wei Hung, being the Executive Director and Chief Operating Officer of the Company, and an existing shareholder of MCRE will abstain, and will ensure that his associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

### 14. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 14.1 Submission of Proxy Forms to vote

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and by completing and submitting the duly completed Proxy Form to the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. in the following manner:

- (a) If submitted by post, be lodged at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877; or
- (b) If submitted electronically, be submitted via email to In.Corp Corporate Services Pte. Ltd. at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia),

in either case, by no later than 2.00 p.m. (Singapore time) on 30 August 2025 (being 72 hours before the time appointed for the EGM), and in default the Proxy Form shall not be treated as valid. Hardcopies of the Notice of EGM, Proxy Form and Request Form will be sent by post to Shareholders. Shareholders may access the Proxy Form on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://southernallianceminig.com/>, and thereafter download, complete and sign the Proxy Form, before submitting it by post to the address provided above. The completion and return of the Proxy Form by such Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

#### 14.2 Submission of questions in advance of the EGM

Shareholders can submit substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM, in advance of the EGM, to the Company in the following manner:

- (a) Shareholders may submit their questions by post, to be deposited at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road, #20-01 City House, Singapore 068877; or
- (b) Shareholders may submit their questions electronically via email to the Company at [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com),

in each case, by 2.00 p.m. on 26 August 2025 ("**Cut-Off Time**").

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## LETTER TO SHAREHOLDERS

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When submitting substantial and relevant questions electronically via email or by post, Shareholders must provide the Company with the following details to enable the Company to verify their status as Shareholders: (i) full name as per the records of CDP/Scrip-based/SRS; (ii) national registration identity card number or passport number (for individuals)/company registration number (for corporates); (iii) current mailing address; (iv) contact number; (v) number of shares held.

The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (relating to the Resolutions to be tabled for approval at the EGM) received after the Cut-Off Time which have not already been addressed prior to the EGM, as well as those substantial and relevant questions received at the EGM, during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

### 15. RESPONSIBILITY STATEMENT

#### 15.1 Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

#### 15.2 Financial Adviser's Responsibility Statement

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Financial Adviser is not aware of any facts the omission of which would make any statement in the Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Financial Adviser has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 16. CONSENTS

**16.1** PrimePartners Corporate Finance Pte. Ltd., the Financial Adviser to the Company in respect of the Proposed Transactions, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

**16.2** SRK Consulting China Ltd., the Independent Qualified Person has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the Summary Qualified Person's Report as set out in **Appendix B** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

**16.3** SRK Consulting (Australasia) Pty Ltd., the Independent Valuer, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the Independent Valuation Report as set out in **Appendix C** to this Circular, respectively, and all references

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## LETTER TO SHAREHOLDERS

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thereto, in the form and context in which they appear in this Circular and to act in such capacities in relation to this Circular.

- 16.4** Rosli Dahlan Saravana Partnership, the legal advisers to the Company in respect of Malaysian Law, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the Abridged Legal Opinion from Rosli Dahlan Saravana Partnership as set out in **Appendix D** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 16.5** Xandar Capital Pte. Ltd., the IFA has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the IFA Letter as set out in **Appendix E** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 16.6** Beijing Antaike Information Technology Co., Ltd., the Independent Industry Consultant, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the Industry Report as set out in **Appendix F** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 16.7** Each of Bird & Bird ATMD LLP (Legal Adviser to the Company in respect of Singapore Law) and In.Corp Corporate Services Pte. Ltd. (Share Registrar), has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

### **17. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 36 Robinson Road, #20-01 City House, Singapore 068877, during normal business hours for a period of six (6) months from the date of this Circular:

- (a) the constitution of the Company;
- (b) the Annual Report of the Group for FY2024;
- (c) the Sale and Purchase Agreement;
- (d) the letters of consent referred to in Section 16 of this Circular;
- (e) the Summary Qualified Person's Report as set out in **Appendix B** to this Circular
- (f) the Independent Qualified Person's Report;
- (g) the Independent Valuation Report as set out in **Appendix C** to this Circular
- (h) the Abridged Legal Opinion from Rosli Dahlan Saravana Partnership as set out in **Appendix D** to this Circular;
- (i) the Legal Opinion from Rosli Dahlan Saravana Partnership.
- (j) the IFA Letter as set out in **Appendix E** to this Circular;
- (k) the Industry Report as set out in **Appendix F** to this Circular; and

Shareholders who wish to inspect these documents at the registered office of the Company are required to send a written request via email to the Company at [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com) to make an appointment in advance. The Company will arrange a date and time when each shareholder may come to the registered office to inspect the documents accordingly.

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## LETTER TO SHAREHOLDERS

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Yours faithfully  
For and on behalf of the Board of Directors of  
**SOUTHERN ALLIANCE MINING LTD.**

Dato' Gainneos Jacob Goldie  
Independent Non-Executive Chairman

### 1. BUSINESS OVERVIEW

MCRE is a private company incorporated in Malaysia, established on 3 April 2020, principally engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth minerals in Malaysia. MCRE is currently the appointed mining or sub-mining operator and has obtained the relevant licences in relation to the mining and extraction activities of rare earth minerals at the Gerik Mine located in Mukim Kenering, Hulu Perak, Malaysia, with an area of about 2,161 hectares.

MCRE first commenced its operations in 2022 at the area located on the land parcel at PT1761 after it obtained the relevant licences and subsequently expanded its operations to the land parcel at PT1759 in 2023. MCRE exported its first batch of rare earth carbonate in February 2023 and, as at the Latest Practicable Date, MCRE has extracted 20,443 tonnes of ion adsorption clay rare earth minerals and sold approximately 20,280 tonnes of ion adsorption rare earth carbonate.

MCRE employs an in-situ leaching technique to extract ion adsorption clay rare earth minerals. In comparison with open pit mining, the in-situ leaching method does not involve open excavation, causes less noise and dust pollution, requires a smaller workforce, involves a less intensive rehabilitation process and is considered as a more environmental friendly method than open pit mining.

Ion adsorption clay rare earth minerals extracted from the Gerik Mine are processed by MCRE to separate the ion adsorption clay rare earth minerals from the pregnant solution. An external laboratory test is then performed on the mined ion adsorption clay rare earth minerals for determination of the selling price and an internal laboratory test will be conducted as well for quality management purposes.

### 2. INFORMATION ON GERIK MINE

The Gerik Mine is located at Mukim Kenering, Daerah Hulu Perak, Negeri Perak, Malaysia which is approximately 16 km northwest of Gerik township, about 22 km southeast of Baling town and about 97 km to Butterworth Port in Penang, from which the packaged rare earth carbonate processed by MCRE is exported for sale.

The Gerik Mine contains ion adsorption clay rare earth minerals which contains rare earth elements that are widely used in electronics, information, energy, environmental protection and other fields. Specific uses include the production of nickel hydrogen batteries, as well as to manufacture special alloy precision optical glass, high refractive optical fiber board, suitable for making cameras, cameras, microscope lenses, and advanced optical instrument prisms.

Pursuant to the mining rights agreement and sub-mining operator agreements (collectively, “**Mining Agreements**”), MCRE is entitled to conduct mining activities at the Gerik Mine covering a total area of about 2,161 hectares. MCRE has obtained the EIA approval from Department of Environment (“**DOE**”) for the area of the Gerik Mine of 2,161 hectares and secured the relevant exclusive operational rights.

In addition, the landowners or licence holders must obtain Proprietary Mining Licences (“**PML**”) or Mining Licences (“**ML**”), as applicable, along with an approved OMS prior to the commencement of the mining activities. As at the Latest Practicable Date, the PML and OMS have been obtained for PT 2235, PT 1759, and PT 1761. The relevant licences of the other land parcels will be applied and obtained in phases based on discussions between MCRE and the relevant authorities. Please refer to **Appendix D** for more information relating to the PML, OMS and Mining Agreements.

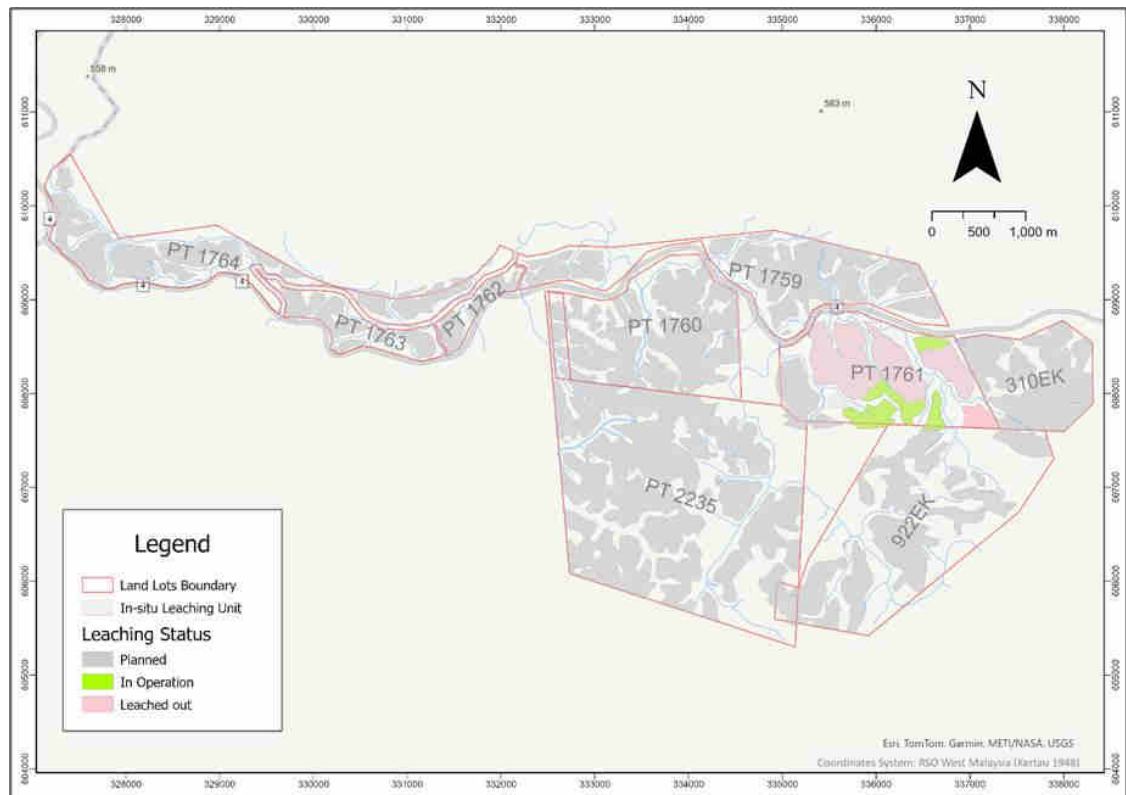
## APPENDIX A – INFORMATION ON MCRE RESOURCES SDN. BHD.

Asset name/Country	Issuer's interest (%)	Development Status	License expiry date	License Area <sup>(3)</sup> (Ha)	Type of mineral, oil or gas deposit	Remarks
Land Parcels with PML and OMS						
PT 1759/Malaysia	100%	Production	24 January 2054 20 November 2026	215.778	Rare earth	PML issued OMS issued
PT 1761/Malaysia	100%	Production	21 September 2052 31 August 2026	213.761	Rare earth	PML issued OMS issued
PT 2235/Malaysia	100%	Development	7 July 2052 11 March 2027	607.088	Rare earth	PML issued OMS issued
Land Parcels pending issuance of PML or OMS						
PT 1760/Malaysia	100%	Mine planning	5 March 2054	231.914	Rare earth	PML issued
PT 1762/Malaysia	100%	Mine planning	5 March 2054	25.059	Rare earth	PML issued
PT 1763/Malaysia	100%	Mine planning	5 March 2054	58.812	Rare earth	PML issued
PT 1764/Malaysia	100%	Mine planning	N/A	192.694	Rare earth	Approval letter received <sup>(1)</sup>
922 EK/Malaysia	100%	Mine planning	N/A	373.30	Rare earth	Pending approval <sup>(2)</sup>
310 EK/Malaysia	100%	Mine planning	N/A	125.61	Rare earth	Pending approval <sup>(2)</sup>

### Notes:

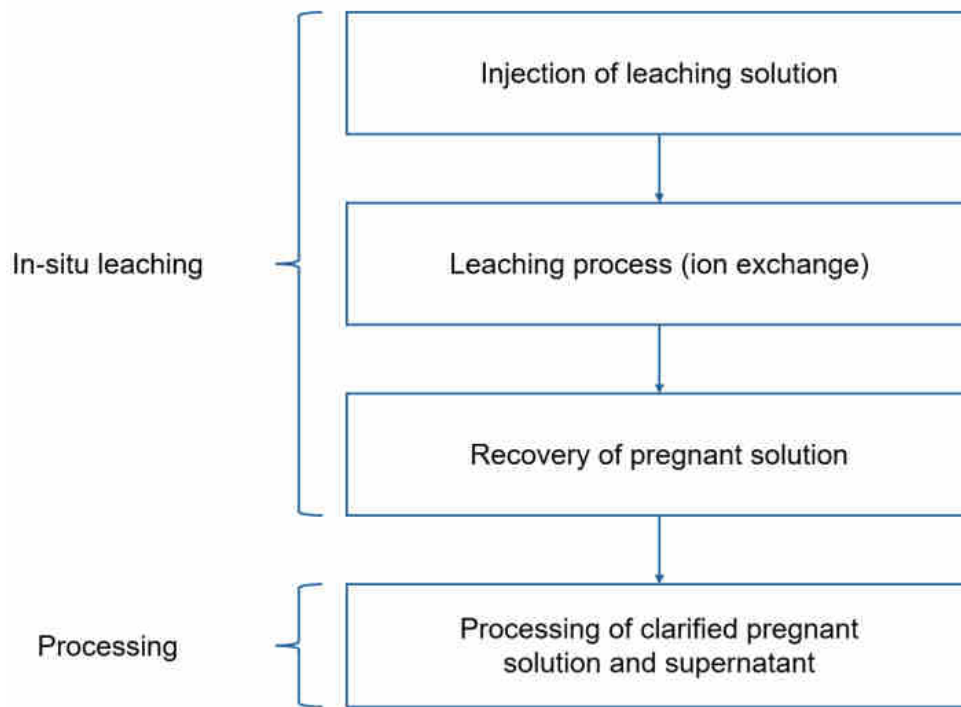
- (1) PMLs were recently obtained from the Perak Office of the Director of Lands and Mines Office (Perak Pejabat Pengarah Tanah dan Galian) on 1 July 2025.
- (2) Approval letter issued by the Perak Office of the Director of Lands and Mines Office (Perak Pejabat Pengarah Tanah dan Galian).
- (3) MCRE has submitted the relevant application to the authorities and is currently pending relevant approval.
- (4) Exclude areas where MCRE have not commenced exploration and used primarily for administrative or office purposes.

The diagram below shows the map of the Gerik Mine and the status at each land parcels relating to mining operations conducted by MCRE as at the Latest Practicable Date.



### 3. MINING PROCESS

MCRE uses an in-situ leaching technique to extract ion adsorption clay rare earth at the weathered granite layer from the Gerik Mine. The in-situ leaching technique uses a soluble mining process to extract ion adsorption clay rare earth minerals via chemical reaction or ion exchange. During the process of ion exchange, metals or minerals of interest are leached from the weathered bedrock and recovered with a hydrometallurgical process. The in-situ leaching technique does not require excavation of orebody through open cut mining methods as the leaching process occurs within in-situ orebody.



#### **Development Works**

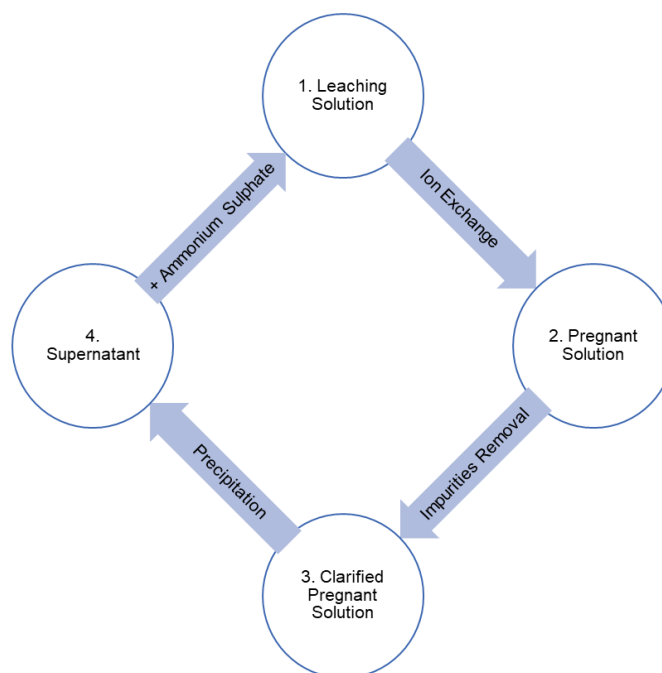
Development works are undertaken prior to commencing the in-situ leaching process. This involves construction of an injection system, a collection system as well as a hydrometallurgical plant and other infrastructure necessary for the operation of the mine.

Components of the injection system include an in-situ leaching platform, a network of pipes and other infrastructure necessary for the in-situ leaching process, which are constructed on the mining site during development works. This involves drilling of an injection hole, and construction of the leaching solution pond, main injection pipe, subsidiary injection pipe, injection hole, internal support tube and liquid collection tunnel.

Development works also involve the construction of a collection system for the collection of the pregnant solution, comprising a collecting tunnel, hole, ditch, and collection pipe, collection pond, observation hole, flood water collection ditch, buffer pond, pump station, and monitoring office.

In addition, the preparation of the site to be usable and ready for extraction of rare earth minerals includes the construction of access roads, drainage systems, erosion and sediment controls, storage and hydrometallurgical plant.

### Mining Process



### Injection of Leaching Solution

The injection system comprises a leaching solution pond, injection hole system and pipeline system connecting the injection hole. The leaching solution pond is utilised for storing the pre-prepared ammonium sulfate leaching solution from the hydrometallurgical plant, situated on higher ground within the individual mining unit.

In in-situ leaching, the leaching solution from the leaching solution pond is injected into the ore body through the injection hole. An injection pipeline network connects the leaching solution pond and the injection holes, allowing the solution from the leaching solution pond to flow into the injection holes. Leaching solution is injected into the ore body through shallow holes and, guided by gravity and capillary action, the leaching solution gradually diffuses and permeates the ore body. Simultaneously, ammonium ions in the leaching solution displace rare earth ions in the ore body, recovering the rare earth ions forming pregnant solution, which exits the ore body.

Typically, the volume of ammonium sulphate to be injected is calculated based on the estimated quantity of lanthanide in the ore body. In the beginning of mining stage, a higher concentration of leaching solution is injected, and at a later stage, the concentration of leaching solution is reduced, followed by clear water injection to eject the rare earth leaching solution out from the ore body.

### Collection of Pregnant Solution

The pregnant solution is collected by a network of liquid collection tunnels within the ore body and a series of collection holes positioned horizontally beneath the collection tunnels to further gather the pregnant solution not captured by the liquid collection tunnels. The pregnant solution collected from the liquid collection tunnels and holes naturally flows into the collection pond through main pipeline and ditch network. The clarified pregnant solution is then pumped through pipelines to the hydrometallurgical plant. While the preferred mode of solution transport between various operational areas and process pools is through a gravity-flow system, topographical constraints often necessitate pumping. To facilitate efficient transportation, pump stations and



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## **APPENDIX A – INFORMATION ON MCRE RESOURCES SDN. BHD.**

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pipelines are strategically constructed if required based on production solution volumes and terrain conditions.

### **Processing**

The pregnant solution extracted by in-situ leaching is pumped to buffer ponds located in the hydrometallurgical plant. In the hydrometallurgical plant, the pregnant solution undergoes four steps of purification, precipitation, crystallization and filtration/pressing to produce rare earth carbonate.

#### **(i) Purification**

The pregnant solution retrieved from the in-situ leaching area is gathered and subsequently pumped into the transferring pond at the hydrometallurgical plant. In the impurity removal pond, ammonium bicarbonate solution is introduced, and the blend is consistently stirred by an air pump. After impurity removal, the clarified pregnant solution is transferred to a sedimentation pool for sedimentation.

#### **(ii) Precipitation**

After impurity removal, the clarified pregnant solution enters the sedimentation pool. Saturated ammonium bicarbonate solution is introduced into the pool, and a consistent and uniform stirring is maintained using an air pump. The amount of the ammonium bicarbonate solution is carefully controlled, leading to the precipitation of the rare earth carbonate. The remaining upper solution after precipitation is called supernatant, which can be recycled for in-situ leach injection after the addition of ammonia sulphate.

#### **(iii) Crystallisation**

The precipitated rare earth carbonate flows into the crystallisation tank to set for 10 hours, allowing the rare earth carbonate crystals to grow.

#### **(iv) Filtration / pressing**

The precipitated rare earth carbonate is then pumped into the plate and frame filter press for dehydration. The resulting rare earth carbonate, which is the wet rare earth carbonate and the final product, is packed into bags, inspected, and stored. The filtrate is collected and pumped into the liquid preparation tank.

### **Storage and Sale**

The rare earth carbonate is packaged in jumbo bags and stored in MCRE's warehouse. Upon accumulation of a certain shipment quantity in the warehouse, the rare earth carbonate will be shipped to MCRE's customer. Inventory is maintained on a daily basis. A stock take is conducted by MCRE's accounting team and site supervisor at the end of each financial year. The packaged rare earth carbonate will be carried by container and sent to Butterworth Port located in Penang for export.

### **Mine Closure**

MCRE conduct daily tests on the pregnant solution collected. If the lanthanide recovery from the pregnant solution drops below certain pre-determined levels, MCRE will begin the rehabilitation process. Recovery of the soil to the original landscape involves the removal of the pipeline network and other project components and equipment, backfilling and land levelling, and restoring surface vegetation. Fresh water is injected into the soil to flush out the residual ammonium sulphate from the land. Limestone solution will be used to neutralise the ammonium sulphate. The flushed-out ammonium sulphate will either be disposed or used for another site. The flushed out water is also treated before disposal or the water could be recycled for the mining operations. The mining site is then handed over to the land owner.

**4. Agreements entered into with Chinalco Guangxi Nonferrous Rare Earth**

Chinalco Guangxi Nonferrous Rare Earth is a PRC enterprise which has extensive experience and technology in the entire rare earth industry supply which include, rare earth resources development, recycling, utilisation, separation, processing, sales and trade. It has obtained the necessary approvals from the relevant government authorities in PRC as the only entity to provide the ion adsorption clay rare earth mining service for the mining of ion adsorption clay rare earths in Malaysia.

MCRE has entered into a (i) Technical Services Agreement with Chinalco Guangxi Nonferrous Rare Earth to provide MCRE with technical consulting and guidance services for the ion-adsorption rare earth ore leaching process; and (ii) Trading Agreement pursuant to which Chinalco Guangxi Nonferrous Rare Earth or its group entities agree to purchase rare earth carbonate and rare earth oxides produced by MCRE at a price based on a fixed formula which is pegged to the price for rare earth oxide elements.

**Please also refer to the Sections 3.7 and 4.2 of this Circular entitled “Risks associated with the New Business” and “Risk Factors relating to the Enlarged Group”, respectively, for further information.**

**5. Legal Opinion**

As at the Latest Practicable Date, MCRE has obtained all the necessary business licences, permits and approvals for its business and operations that are currently being carried out by it at the relevant areas in the Gerik Mine. As at the Latest Practicable Date, none of the relevant permits and licences has been suspended or revoked and, to the best of its knowledge, MCRE is in compliance with all applicable laws and regulations that are material to its business operations. MCRE is not aware of any facts or circumstances which would cause the suspension or revocation or affect the renewal of the said permits and licences.

Please refer to **Appendix D** to this Circular entitled “Abridged Legal Opinion from Rosli Dahlan Saravana Partnership” for the abridged version of the legal opinion on MCRE from the legal adviser to the Company on Malaysian Laws.

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## **APPENDIX B – SUMMARY QUALIFIED PERSON’S REPORT**

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Final

# Summary Qualified Person's Report for Gerik Rare Earth Element Project ("SQPR")

<b>Client:</b>	<b>Southern Alliance Mining Ltd</b>	<b>Date:</b>	31 July 2025
<b>Competent Person:</b>	Anshun Xu Yonggang Wu Lanliang Niu		
<b>Project No.:</b>	SCN927		
<b>Name:</b>	Summary Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia		
<b>Subject:</b>	SQPR and JORC Table 1		

## Summary of the QPR

### Overall Description

Southern Alliance Mining Ltd. ("**SAM**", the "**Company**" or the "**Client**"), a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), commissioned SRK Consulting China Ltd. ("**SRK**") to undertake an independent technical assessment of the Gerik Rare Earth Element Project ("**Gerik REE Project**" or the "**Project**"), located in Mukim Kenering, Hulu Perak District, Perak State, Malaysia. The location of Project is shown in Figure S-1.

The Independent Qualified Person's Report ("**IQPR**", date issued: 31 July 2025) based on the independent technical assessment is prepared as defined by the *Practice Note 4C Requirements for Mineral, Oil and Gas Companies of the Catalist Rule of the SGX-ST*.

The latest full *IQPR* serves as an updated version of the "*Independent Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia*". The effective date for the updated Mineral Resources and Ore Reserve is 30 April 2025.

The Project area encompasses 9 land parcels, totalling approximately 2,161 hectares ("**ha**"). It is located approximately 16 kilometres ("**km**") northwest of Gerik town, about 22 km southeast of Baling town, and around 97 km from Butterworth in Penang.

The Project is classified as an ion-adsorption type of rare earth deposit, wherein the majority of rare earth elements ("**REEs**") occur in an ion-exchangeable form, adsorbed onto clay minerals. MCRE Resources Sdn Bhd ("**MCRE**") has secured exclusive operational rights within these nine lands through agreements executed with the designated developers appointed by the landowners or licence holders.

**Figure S-1: Regional Location of the Gerik REE Project**

Exploration programs have revealed that the ion-exchangeable REEs are primarily concentrated within the mid-section of the regolith horizon, exhibiting an average thickness of roughly 8 metres (“m”) across the Project area. Core drilling, geological logging, analysing, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resource estimation. The implementation of sample collection, preparation, and assay in accordance with relevant Chinese standards is a common practice employed across China for ion-adsorption clay rare earth elements (“**IAC REEs**”) exploration projects. After reviewing the entire process and the assaying results from its own duplicate sampling program, SRK considers that the procedure, as well as the data and information obtained, are acceptable and can be used for Mineral Resource and Ore Reserve estimation purposes.

Mineral Resources have been estimated through creating geological models. The data and information used for this geological model generation are acquired from the exploration and were reviewed by SRK to ensure the data reliability.

Ore Reserve have been converted from Mineral Resource in consideration of various conversion factors such as areas suitable for in-situ leaching and processing recoveries.

The Project has experienced a pilot production. The in-situ leaching and processing system for pilot production has demonstrated viability in both technical and economic aspects. Currently, each in-situ leaching and processing system for the remainder life-of-mine (“**LOM**”) has been planned on a similar scale to the existing pilot system. They are scheduled for construction and implementation gradually, following a robust approach. The operational experience of the existing team, gained from similar projects in China, is supporting the sustainable operation of the Project.

An 11-year life-of-mine is projected in this update, based on a maximum annual processing capacity of 6,000 tonnes (“**t**”) of rare earth oxide (“**REO**”) equivalent.

With regards to the supportive infrastructure for the Project operation, considering that specialized equipment is not required, necessary reagents and construction materials can be sourced locally within Malaysia, the existing infrastructure in the Project area is deemed adequate to sustain the production needs and operational activities associated with the proposed mine development.

The Environmental Impact Assessment (“**EIA**”) approved by the Department of Environment (“**DOE**”) for the proposed in-situ leaching and processing of the Project indicates acceptable risk with recommended mitigating measures.

Capital and operating cost estimations were mainly derived from the existing production and mine plan. These estimations were utilised for a techno-economic analysis, alongside the leaching and processing plan for the remainder LOM. The results have indicated the economic viability of using the in-situ leaching recovery method to extract REEs from the deposit.

## Geology Setting and Mineralisation

REEs are typically refer to the 17 lanthanide elements on the element periodic table from lanthanum (“**La**”) to lutetium (“**Lu**”) and the transition metals scandium (“**Sc**”) and yttrium (“**Y**”) due to the similarity of the chemical property. Promethium (“**Pm**”) is not included in the mineral development due to its rarity and instability in the natural environment.

IAC REEs deposit is formed through weathering and leaching of minerals bearing REEs from primary rocks, typically in tropical and sub-tropical climates. REEs leached from granitic or alkaline igneous rocks were adsorbed onto clay minerals in the weathered host rock, sometimes forming economically viable deposits.

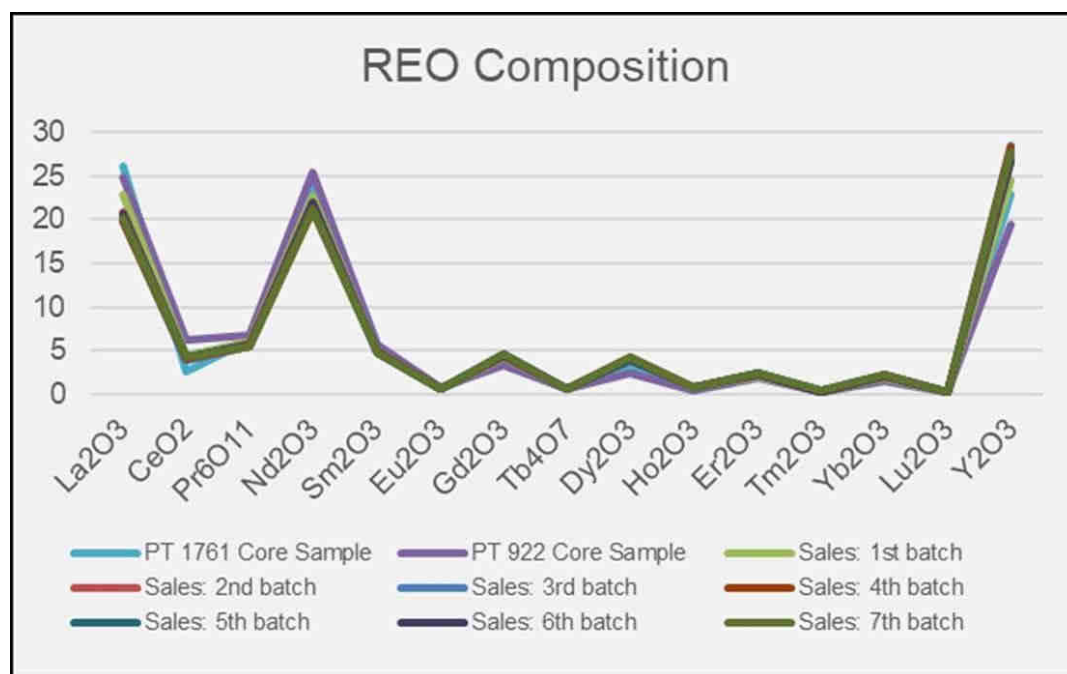
Granitoids, which are crucial for IAC REEs in the Malay Peninsula, occur abundantly in its plutonic formations. These granitoids that are normally divided into S-Type and I-Type belts become the source rocks for the widespread IAC REEs deposits in the Indo-China and Malay Peninsula regions.

The Project area features low hills and gentle terrain, influenced by a tropical climate, with a thick regolith cover. Most of the area exhibits a full-coverage type of IAC REE deposit. The REE-bearing horizon with economic potential normally occurs approximately 2 to 12 m beneath the topsoil with an average thickness over 8 m.

Regarding the REEs’ content and composition, the assay results obtained from drill core samples, as well as from each batch of saleable product output from the pilot wet plant, exhibit a similar REO composition, and distribution pattern.

The approximate range of REO composition is as follows: praseodymium-neodymium (“**PrNd**”) oxides comprise 27-36%, magnet rare earth oxides (“**MREO**”) range from 30-39%, and critical REO (“**CREO**”) accounts for 43-57% of the total REO content. Typical REO composition and distribution pattern is shown in Figure S-2.

**Figure S-2: Typical REO Composition of the Gerik REE Project**



## Leaching and Metallurgical Tests

Leaching tests were conducted at laboratory and industrial pilot scales, utilising the same lixiviant and precipitation reagents for both. Firstly, ammonium sulphate (“**AS**”) solution was selected as the lixiviant for REE extraction. Secondly, ammonium bicarbonate (“**ABC**”) was chosen as the reagent for impurity removal from the pregnant leach solution (“**PLS**”) and subsequent REEs precipitation to produce a rare earth carbonate (“**REC**”) solid product.

Following the completion of laboratory tests, key infrastructure was constructed at the PT 1761 mine site. This included in-situ leaching (“**ISL**”) facilities and a hydrometallurgical “wet plant” for processing the PLS. This industrial pilot plant was commissioned in late 2022 and has been in continuous operation since.

The techno-economic viability of this mining method has been confirmed by successful pilot production.

## Exploration, Sampling and Analysis

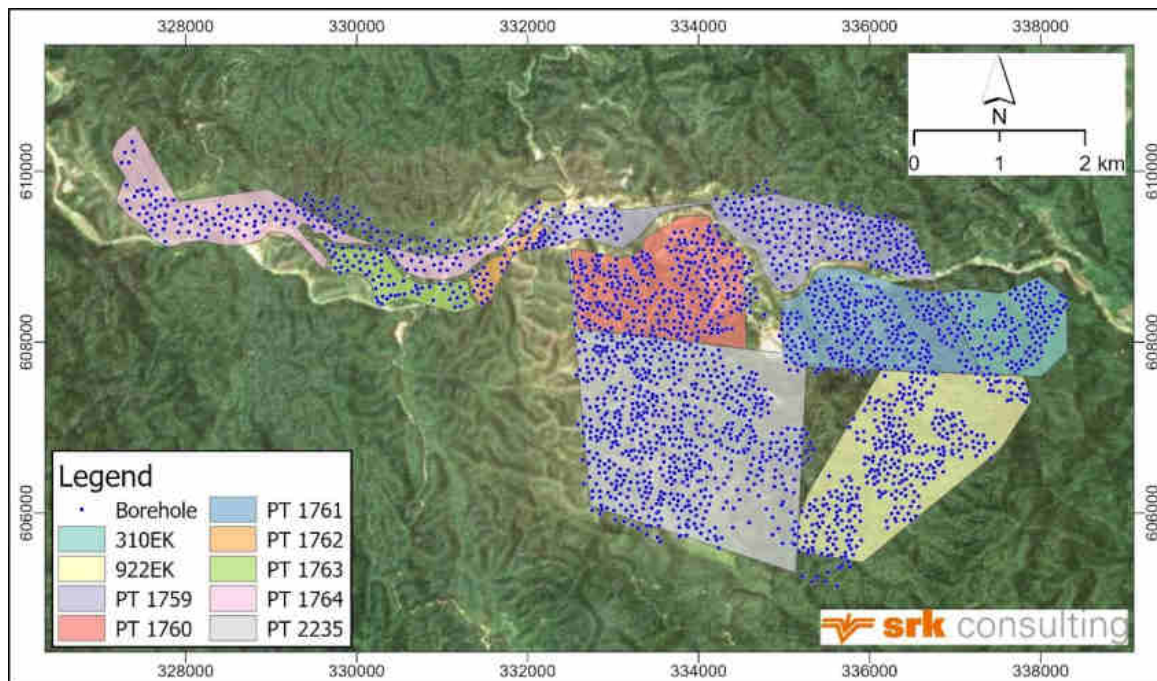
Since the last *IQPR* was issued, no exploration or sampling work has been conducted to a substantial level that would impact the basis of the Mineral Resource and Ore Reserve estimations for this update. Followings are a general description of the historical activities regarding exploration, sampling and analysis.

From March 2019 to March 2023, MCRE commissioned China Nonferrous Metals (Guilin) Geology and Mining Co., Ltd. (“**CNFM Guilin**”) to carry out an exploration program in the Project area. CNFM Guilin drilled 2,342 boreholes totalling 34,585.1 m by using manpower auger following the exploration guideline outlined in *Chinese Standard DZ/T 0204-2002* specified for IAC REE deposit. Boreholes were drilled in patterns within identified terrain units, with most



of the boreholes spacing ranging between 50 and 100 m within each cluster. Borehole distribution of the Project is shown in Figure S-3.

**Figure S-3: Borehole Distribution of the Gerik REE Project**



Samples were transported to the CNFM Guilin laboratory in Guangxi Province, China, which is accredited by the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement ("ILAC-MRA") and China Metrology Accreditation ("CMA"). After drying and milling, they were analysed according to *Chinese Standard XB/T 619-2015*. Sample leaching, preparation of standard solutions, and inductively coupled plasma-mass spectrometry ("ICP-MS") testing were conducted for 19,738 samples with strict quality assurance and quality control ("QA/QC") protocols.

Bulk density pits were implemented on-site during exploration to collect density data for Mineral Resource estimation.

The implementation of drilling, topographic surveying, sample collection, preparation, and analysis followed relevant Chinese standards, which is a common practice employed for IAC REEs exploration projects in China. After reviewing the entire process and the test results of duplicate samples, SRK considers the procedures undertaken, as well as the data and information obtained, are acceptable for Mineral Resource estimation purposes.

When preparing the original *IQPR*, SRK implemented a QA/QC program to validate assay results of the exploration. 469 duplicates were sent to an accredited independent laboratory for analysis. After receiving the external testing results, a validation procedure was conducted by SRK to compare the original and the duplicate results.

The Competent Person is satisfied that the information being collected and analysed is sufficient to conduct the Mineral Resource estimation.

## Mineral Resource and Ore Reserve Estimations

As no new exploration has been conducted within the Project area since the last *IQPR*, the Mineral Resource update was based on the original drillhole database and Mineral Resource model generated for the previous reporting.

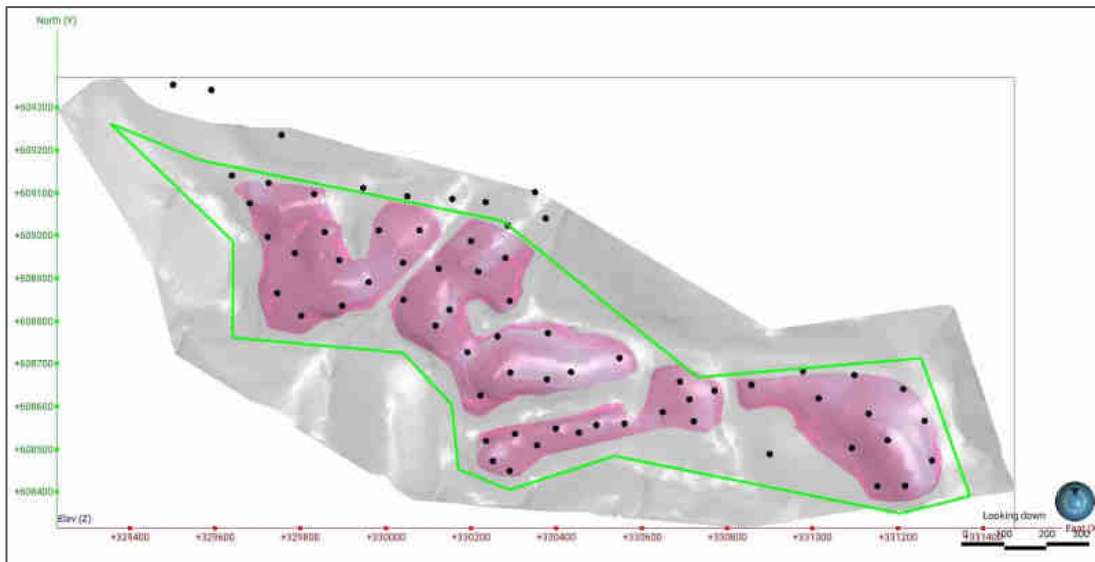


The Leapfrog Geo and Edge (Version 2022) software was used to create both solid and block models for the Project. The software is considered as a proper modelling tool for this type of deposit. The Mineral Resource estimation involves the following procedures:

- The borehole database and topographic dataset were consolidated and verified, with the borehole database comprising borehole collar, lithology, and assay data;
- Solid models were created to delineate boundaries of the REEs mineralisation, primarily based on the assay data, while also considering the lithology and terrain characteristics;
- Definition of the Mineral Resource domains;
- Sample analytical results were composited and capped in order to perform geostatistical and variography analyses;
- Block models were created within the constraints of the solid models, and grade estimation was conducted within the block models based on the results of the geostatistical analysis;
- Conducting Mineral Resource classification and validation;
- Assessment of the “reasonable prospects for eventual economic extraction” (“RPEEE”) and determination of appropriate cut-off grades; and,
- Prepare the Mineral Resource Statement in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)* (“JORC Code”).

The mineralised orebodies generated for the PT 1763 is shown in Figure S-4.

**Figure S-4: Mineralised Orebodies of the PT 1763 – a typical IAC REEs orebody**



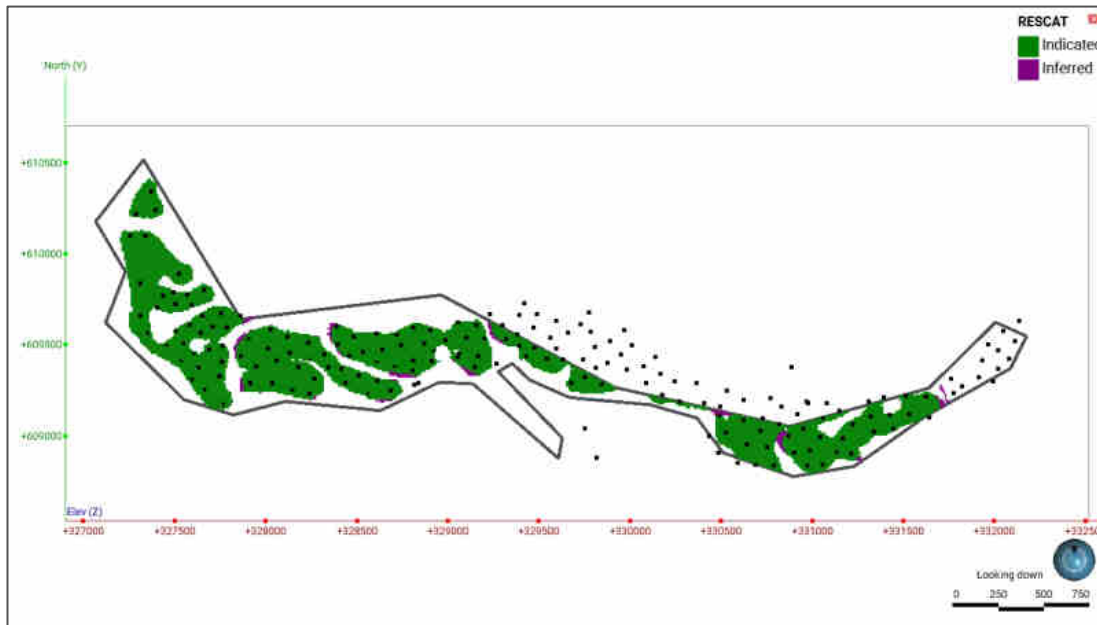
Historical exploration has largely formed the data spacing, which typically ranges between 50 and 100 m for drilling clusters in different terrain units. Different borehole spacings within each drilling cluster could significantly impact the assessment of the confidence level associated with the continuity of REEs mineralisation. As such the Mineral Resource is classified based on the following principles within each estimate unit:

- Measured Mineral Resource: the areas where drillholes are spaced 50 m apart or less ( $\leq 50$  m);

- Indicated Mineral Resource: the areas where drillhole spacing is greater than 50 m, up to and including 100 m ( $50\text{ m} < \text{spacing} \leq 100\text{ m}$ );
- Inferred Mineral Resource: the areas where drillhole spacing is greater than 100 m, up to and including 200 m ( $100\text{ m} < \text{spacing} \leq 200\text{ m}$ ).

Figure S-5 illustrates the Mineral Resource classification within one of nine areas, PT 1764.

**Figure S-5: Mineral Resource Classification of the PT 1764**



Reliable and sufficient geological information, especially the mineralisation data collected and interpreted from historical exploration, has shown the mining potential of the IAC REEs in the Project area. Based on the RPEEE assessment and considering the characteristics of the leaching mining method, SRK used a cut-off grade of 100 gram per tonne ("g/t") soluble rare earth oxides ("**SREO**") for each Mineral Resource block to report Mineral Resources. As of 30 April 2025, the estimated Indicated Mineral Resource within the nine Lots of Gerik REE Project is 97.1 million tonnes ("**Mt**") with an average SREO content of 494.4 g/t. the estimated Inferred Mineral Resource for the Project is 20.1 Mt with an average SREO content of 458.3 g/t. No Measured Mineral Resource category was classified.

Ore Reserve reported in accordance with the *JORC Code*, has been estimated at a total of 38.9 kilotonnes of REO equivalent, contained in REC product, with the effective date as of 30 April 2025. The estimate is based on a cut-off grade of 100 g/t SREO by applying modifying factors from the prefeasibility study report prepared by SRK in 2023, mine plans and incorporates the exclusion of non-suitable leaching areas. The reference point for the Ore Reserve is the REC product at the output of the wet plant. Summary of Mineral Resources and Ore Reserves is shown in Table S-1.

**Table S-1: Summary of Mineral Resource and Ore Reserve as of 30 April 2025** [1, 2, 3, 4, 5]

		Gross Attributable to Licence			Net Attributable to Issuer (100%)			
Category	Mineral Type	Ore	SREO	REO	Ore	SREO	REO	Change from
		Tonnage	Grade	Equivalent	Tonnage	Grade	Equivalent	Previous Update
		(Mt)	(g/t)	(kt)	(Mt)	(g/t)	(kt)	(%)
Ore Reserves								
Proved	IAC REE	-	-	-	-	-	-	-
Probable	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Total	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Mineral Resources								
Indicated	IAC REE	97.1	494.4	48.0	97.1	494.4	48.0	-1.2
Inferred	IAC REE	20.1	458.3	9.2	20.1	458.3	9.2	-8.7
Total	IAC REE	117.2	488.2	57.2	117.2	488.2	57.2	-2.5

**Notes:**

1. The Mineral Resources are reported inclusive of Ore Reserves.
2. All figures are rounded to reflect the relative accuracy of the estimate. Any discrepancies between values are due to rounding.
3. IAC Rare Earths, Ionic-adsorption Clay Rare Earths.
4. The Change from Previous Update is calculated based on the amount of the REO equivalent.
5. The changes of the updated Mineral Resource and Ore Reserve from the previous reporting mainly derived from the amount depletion of the on-going mining production.

## Leaching, Processing and Life-of-Mine

An independent ISL system primarily consists of an injection system situated at the mountaintop and gentle slopes of a leaching unit, and a collection system located at the foot of the mountain. The injection system can be further divided into three components, while the collection system may vary slightly depending on the design approach for solution collection.

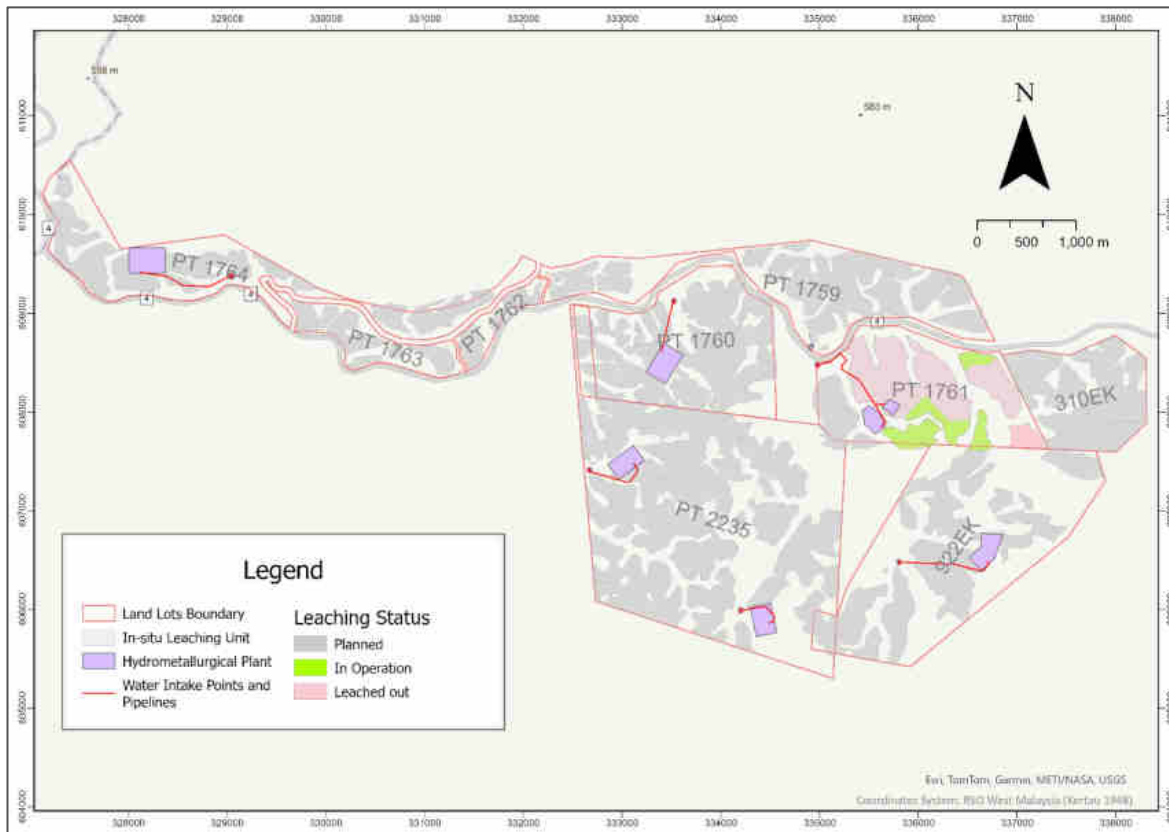
The purpose of leach injection is to enable the exchange of IAC REEs, utilising the ammonium ions in the lixivium solution. The injection system is designed to facilitate the adequate introduction of the prepared lixivium into the subsurface orebody. The injected leaching solution undergoes an ion exchange reaction with the rare earth ions present within the orebody, thereby displacing and mobilising the rare earth ions. An independent injection system mainly includes leaching solution pond, gridded injection holes, pipeline system connecting leaching solution pond and injection holes.

The PLS collection system is planned to collect the REEs-bearing solution. The collection system comprises PLS collecting tunnels and holes, ditches, PLS hub ponds, observation holes, flood water collection ditch, PLS buffer ponds, pump station, and a monitoring office.

The process of ISL is essentially composed of three steps. First Ammonium sulphate eluent is introduced into the orebody, followed by supernatant to further elute REEs; the process ends when recovery becomes uneconomical, and the residual solution is recycled for use in the next leaching unit.

The Project has planned seven wet plants to process the PLS from the ISL mining operations across the nine lease areas. Each plant is designed with a nominal capacity of 2,000 tonnes per annum (“tpa”) of REO equivalent. The planned location of wet plants is shown in Figure S-6.

**Figure S-6: Planned Location of Wet Plants**



The seven wet plants are planned for phased construction in conjunction with the roll-out of the ISL leaching plan to serve the various mining blocks. Plant one was commissioned in 2022 to support the industrial pilot and is currently in normal production. Plant two is in construction. Subsequent plants will employ the same proven standard operational procedures to process PLS from the leaching blocks and produce a wet REC product. The production plan of the seven hydrometallurgical plants is shown in Table S-2.

**Table S-2: Production Plan of the Hydrometallurgical Plants**

Plant	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Total</b>	38,851	1,500	4,838	5,000	5,472	3,000	3,871	3,000	3,926	3,500	3,151	1,593	EOM

The modular nature of the ISL method enables scalable production to match plant capacity. New brought-online ISL units along with the standardised processing flow ensures a relatively stable production capacity and balanced product quality of the Project.

The Project's operational team comprises several departments, including administration, technical management, finance, ESG, analytical, leaching monitoring, plant operation, engineering, auxiliary, and material supply.

## Capital Expenditures and Operating Expenses

The capital expenditures (“**Capex**”) for the remainder of the LOM is mainly composed of two primary components. It accounts for the net book value of historical investments, supplemented by a significant allocation for continuing Capex investments in other wet plants and mining lots.

Operating expenses (“**Opex**”) are projected primarily based on historical cost data from the existing production system. The financial model distinguishes between variable cost items, such as those for injection and collection, which are calculated based on annual production quantities, and fixed costs. General and administrative (“**G&A**”) expenses are treated as fixed costs, though they are adjusted by a fluctuation coefficient to align with actual production capacity. Furthermore, the model incorporates reclamation costs, which are incurred upon the closure of each wet plant and mine lot at a specified amount per facility.

## Preliminary Economic Analysis

The discounted cash flow (“**DCF**”) method was used for the economic analysis, as the Project is in the operation stage with a completed PFS. The purpose of this analysis is solely to demonstrate the economic viability of the Project. The estimated cash flows and net present values (“**NPVs**”) were presented on an after-tax basis, and financing costs were not considered.

The NPVs at different discount rate were estimated by SRK through the DCF modelling. The estimated positive NPVs in a wide range of discount rate have demonstrated the economic viability of the Project, and support the Ore Reserve conversion.

## Environmental and Social Aspects

In Malaysia, any applicant seeking to conduct mining activities must submit an environmental assessment report to the DOE and can only proceed after obtaining DOE approval. The latest EIA for the Project was prepared by Chemsain Consultant in February 2022. The EIA was approved by the DOE in May 2022.

Identified potential environmental risks associated with the Project include landslides and the contamination of surface and groundwater. During site visits, SRK observed several mitigation measures that have been implemented, such as flood interception ditches encircling the hydrometallurgical (wet) plant and designated sedimentation ponds. Additionally, wastewater generated by the wet plant is recycled for internal use.

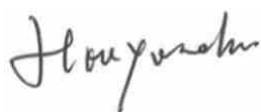
Current ISL activities are conducted within existing rubber plantations, which limits the Project's impact on primary wildlife habitats. The EIA for the Project indicates that with full implementation of the recommended mitigation strategies, all residual environmental impacts are expected to comply with applicable Malaysian standards, regulations, and industry practices.

## Closure

For and on behalf of

**SRK Consulting China Ltd**

This Summary QPR and the associate ***Independent Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia (Updated Version - 20250731)*** were prepared and signed-off by:

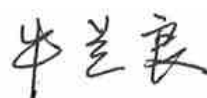


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**Name:** Yongchun Hou (MAusIMM)

**Title:** Principal Consultant (Geology and Resource)

**Project Manager**

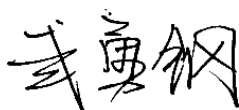


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**Name:** Lanliang Niu (MAusIMM)

**Title:** Principal Consultant (Processing)

**Competent Person**



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**Name:** Yonggang Wu (MAusIMM)

**Title:** Principal Consultant (Mining)

**Competent Person**



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**Name:** Dr Anson Xu (FAusIMM)

**Title:** Corporate Consultant (Geology and Resource)

**Competent Person**

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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## Attachment 1      JORC Code Table 1

### Section 1: Sampling Techniques and Data

*(Criteria in this section apply to all succeeding sections.)*

Criteria	Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"><li>• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li><li>• Include reference to measures taken to ensure sample retrospectivity and the appropriate calibration of any measurement tools or systems used.</li><li>• Aspects of the determination of mineralisation that are Material to the Public Report</li></ul> <p><i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire</i></p>	<ul style="list-style-type: none"><li>• The procedure for drill hole sampling to identify rare earth elements ("REEs") mineralised intervals. Before collecting samples, a quick on-site test was performed to qualitatively confirm REE mineralisation in the core intervals. If mineralisation was confirmed, the specific interval was collected for further laboratory analysis. All sample collection, splitting, and packaging were done at the drilling site. Each retrieved core was placed on a plastic sheet, and the site geologist logged the core before sampling. Samples were generally taken from one-metre core intervals.</li></ul>

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Criteria	Explanation	Commentary
	<p><i>assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>• The manual GN auger was employed to delineate and identify economically viable zones in the regolith. This auger is extensively used for exploring IAC REEs deposits in China. Under optimal operating conditions, it can reach a maximum drilling depth of 45 m in the fully weathered regolith horizon. This method provides a swift and cost-effective drilling solution compared to other techniques. All the holes were drilled vertically, no downhole survey conducted.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>• Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>• Measures taken to maximise sample recovery and ensure representative nature of the samples</li> <li>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>• Auger drilling, generally greater than 90%.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>• Whether logging is qualitative or quantitative in nature; Core (or costean, channel, etc.) photography.</li> </ul>	<ul style="list-style-type: none"> <li>• Weathering degree, particle size, and colours were logged on site.</li> <li>• Logging is qualitative in nature.</li> </ul>



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximize representativity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>After completing the core log, thoroughly mix the core soil and shape it into a pie configuration for quartering. Use a putty knife to draw two diagonal lines across the sample, dividing it into four equal quadrants. Retain two diagonal quadrants for on-site storage. Pack the remaining two quadrants first in an inner plastic bag, then in a pouch bag to prevent rupture or water ingress.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Upon receipt, the samples were dried in an oven at 105°C until they reached a constant weight. They were then subdivided and mechanically milled to a particle size smaller than 1 millimetre ("mm"). The analysis was conducted according to the Chinese Standard "XB/T 619-2015, <i>Chemical Analysis Method of Ion-adsorption Rare Earth Ore</i>".</li> <li>Ammonium sulphate solution was used to dissolve the REEs, and the dissolved solution was then tested using inductively coupled plasma-mass spectrometry ("ICP-MS").</li> </ul>

Criteria	Explanation	Commentary
	checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel</li> <li>• The use of twinned holes</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• SRK has implemented a quality assurance and quality control (“<b>QA/QC</b>”) program to verify the reliability and accuracy of the borehole sample test results conducted by CNFM Guilin.</li> <li>• To verify the accuracy of test results generated by Laboratory China Nonferrous Metals (Guilin) Geology and Mining Co., Ltd. (“<b>CNFM Guilin</b>”), 469 duplicates were collected and delivered to the Changsha Mineral Test Centre (“<b>RSGSMI</b>”) of the Remote Sensing Geological Survey and Monitor Institute of Hunan Province, for independent external analysis. RSGSMI is an ILAC Mutual Recognition Arrangement (“<b>ilac-MRA</b>”) and China Metrology Accreditation (“<b>CMA</b>”) accredited regional testing centre of China.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control</li> </ul>	<ul style="list-style-type: none"> <li>• The survey of the borehole collars was implemented using Real-time kinematic (“<b>RTK</b>”) global positioning system (“<b>GPS</b>”) to record the coordinates and the elevation under Datum Kertau 1948 (Malaysia) – ROS West Malaysia projection.</li> <li>• Seven benchmark points set by Malaysia local survey authority were referred to ensure the accuracy of the survey activities.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• Data spacing for reporting of Exploration Results</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and</li> </ul>	<ul style="list-style-type: none"> <li>• Boreholes were strategically drilled in clusters, with each cluster aligning with an individual terrain unit.</li> </ul>

Criteria	Explanation	Commentary
	<p>Ore Reserve estimation procedure(s) and classifications applied.</p> <ul style="list-style-type: none"> <li>Whether sample compositing has been applied.</li> </ul>	<p>The drilled boreholes form an approximate spacing of 50 - 100 m within each designated cluster.</p>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Shallow borehole, vertical sampling, SRK considers that no bias.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security</li> </ul>	<ul style="list-style-type: none"> <li>Pour the sample onto a clean, flat plastic sheet to conduct the core log;</li> <li>Upon completion of the core log, the core soil undergoes thorough mixing and is then distributed into a pie-shaped configuration to facilitate sample quartering;</li> <li>Use a putty knife to draw two diagonal lines across the sample, dividing it into four equal quadrants;</li> <li>Leave two diagonal quadrants for on-site storage, packing the remaining two quadrants first in an inner plastic bag and then in a pouch bag to ensure the bag doesn't rupture or let in water;</li> <li>To ensure unambiguous identification, the sample identification ("ID") is clearly labelled with waterproof marker pen on both the inner plastic bag and outer pouch bag;</li> <li>Delivering to the laboratory for further processing.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data</li> </ul>	<ul style="list-style-type: none"> <li>The competent persons ("CPs") are not aware of other independent reviews or audits of the data</li> </ul>

Criteria	Explanation	Commentary
		collection procedures. The CPs visited the Project in 2023, 2024 and 2025 and has had sufficient, opportunity to understand all relevant procedures.

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## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> </ul>	<p>MCRE Resources Sdn Bhd ("<b>MCRE</b>") has secured exclusively operational rights within nine lands through agreements executed with the designated developers appointed by the landowners or licence holders. The prerequisite for commencing mining operations over the respective areas is that the landowners or licence holders must have already been granted Proprietary Mining Leases ("<b>PML</b>") or Mining Leases ("<b>ML</b>"), as applicable, from the State Authority, along with an approved Operational Mining Scheme ("<b>OMS</b>") from the State Minerals and Geoscience Department. Of these, three PMLs, PT 2235, PT 1759, and PT 1761 have been registered and issued. MCRE Resources Sdn Bhd ("<b>MCRE</b>") provided SRK with copies of approval letters (in Malay) from the authorities for applying for PMLs for PT 1760, PT 1762, PT 1763, and PT 1764. SRK was informed that since the PMLs are valid for 30 years, MCRE will proceed to pay the required fees to the authorities to obtain the official PMLs before commencing construction and development. MCRE does not anticipate any difficulties in obtaining the PMLs as they have already received approval letters. Subsequently, MCRE will apply for OMS once the PMLs are issued. Since the OMS is valid for only two years, MCRE will apply for it just before mining starts. Regarding the remaining parcels, designated 922EK and 310EK, MCRE has affirmed its commitment to securing all requisite permits within the stipulated timeframe.</p>
	<ul style="list-style-type: none"> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<p>Project in pilot production with low risk in this regard. MCRE Resources Sdn Bhd ("MCRE") has secured exclusive operational rights within these nine lands through agreements executed with the designated developers appointed by the landowners or license holders.</p>

Criteria	Explanation	Commentary
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties</li> </ul>	<ul style="list-style-type: none"> <li>CNFM Guilin conducted an exploration program within the Project area. The core drilling, geological logging, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resource estimation.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The deposit is of an ion-adsorption deposit. This type of REEs-bearing horizon occurring in regolith.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> </ul>	<ul style="list-style-type: none"> <li>A total of 2,342 boreholes (34,585.1 m) were drilled prior to 2024. No additional boreholes have been drilled subsequent to that period.</li> </ul>
	<ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> </ul>	<ul style="list-style-type: none"> <li>Approximately easting: 327000 – 338600, northing: 604966-610587 (RSO coordinate system)</li> </ul>
	<ul style="list-style-type: none"> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 300 -560 m.</li> </ul>
	<ul style="list-style-type: none"> <li>dip and azimuth of the hole</li> </ul>	<ul style="list-style-type: none"> <li>All holes were drilled vertically. Vertical drill holes are approximately perpendicular to the overall flat-lying trend of the horizon carrying REE mineralisation.</li> </ul>
	<ul style="list-style-type: none"> <li>down hole length and interception depth</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6.1 of the full report</li> </ul>
	<ul style="list-style-type: none"> <li>Hole length</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6.1 of the full report. See Section 6.1 of the full report. Drill holes were planned to continue to the base of the regolith profile. SRK opines that the depth capacity of manual auger drilling might be insufficient to penetrate potential semi-weathered hard layers or boulders. This limitation could potentially lead to incomplete intersections of the bottom of ore-bearing horizon during drilling.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>A reference has been provided to a drill hole plan included in the body of this report. The Competent Person proposes that listing coordinates for 2,342 drill holes does not materially contribute to the report.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> </ul>	<ul style="list-style-type: none"> <li>A grade top-cut analysis applied in Leapfrog Geo software to do the grade truncation.</li> </ul>
	<ul style="list-style-type: none"> <li>Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> </ul>	<ul style="list-style-type: none"> <li>All samples were collected on 1 m interval.</li> </ul>
	<ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>The metal equivalent values were reported with rare earth oxide ("REO") equivalent, soluble REO ("SREO").</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Mineralisation widths recorded in the auger holes approximate the true thickness of the features intersected by drilling</li> </ul>
	<ul style="list-style-type: none"> <li>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Vertical drill holes have been used to intersect flat lying mineralisation at a high (near perpendicular) angle.</li> </ul>
	<ul style="list-style-type: none"> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>Downhole intervals approximate true thicknesses for mineralised intervals.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>

Criteria	Explanation	Commentary
	and/or widths should be practiced to avoid misleading reporting of Exploration Results.	
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>



### Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Data validation procedures used</li> </ul>	<ul style="list-style-type: none"> <li>The data provided by MCRE in excel format was imported into Leapfrog Geo 2022 and validated.</li> <li>Validation through three-dimensional (“3D”) visualisation to check for any obvious collar, down-hole survey, or assay import errors.</li> <li>Data validation steps included: Validation through constraints set in the database. e.g., overlapping/missing intervals, intervals exceeding maximum depth, valid geology codes, missing assays.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>If no site visits have been undertaken indicate why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Initial site visit was conducted in July 2023 to engage with the MCRE's personnel and contractors involved in various aspects such as exploration, mining, processing, and production activities. One of the Competent Person, Mr. Lanliang Niu joined the site visit.</li> <li>A follow-up site visit took place from 15 to 25 January 2024, during which the Senior Geologist Huaixiang Li and one of the Competent Person Dr Anson Xu gathered additional information including exploration, geology, mineral resources, and mining.</li> <li>A third visit took place from 23 to 25 July 2025. One of the Competent Person Yonggang Wu, project manager Yongchun Hou, Zhuanjian Liu, and Yuting Zhou joined the visit and gathered data and information for the report updating.</li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>Confidence in (or conversely, the uncertainty of the geological interpretation of the mineral deposit</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Nature of the data used and of any assumptions made.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>The effect, if any, of alternative interpretations on Mineral Resource estimation</li> </ul>	<ul style="list-style-type: none"> <li>The deposit type in the Gerik area is an ion-adsorption type hosted in weathered regolith. The development level of the weathered regolith layer largely shaped the distribution and geometry of the REEs mineralisation.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The use of geology in guiding and controlling Mineral Resource estimation</li> </ul>	<ul style="list-style-type: none"> <li>The orebodies generally exhibit a stratiform appearance, with their morphology controlled by the occurrence of the weathered regolith.</li> </ul>
	<ul style="list-style-type: none"> <li>The factors affecting continuity both of grade and geology</li> </ul>	<ul style="list-style-type: none"> <li>SRK utilised a constraining grade of total REO <math>\geq 50</math> grams per tonne ("<b>g/t</b>") to identify the mineralisation boundaries based on the drillhole assay data and employed an implicit modelling approach. Additionally, constraints on the orebodies are applied using data related to valleys, water systems, and land parcel boundaries.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</li> </ul>	<ul style="list-style-type: none"> <li>The orebody is generally located several metres below the surface, situated above the bedrock. Its thickness typically ranges from a few metres to several tens of metres. The overall geometry of the orebody is influenced by the topography, tending to be well-developed on flatter hilltops or gentle slopes, and less developed on steep slopes.</li> </ul>
<b>Estimation and modelling techniques</b>	<ul style="list-style-type: none"> <li>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen, include a description of computer software and parameters used.</li> </ul>	<ul style="list-style-type: none"> <li>The estimation method for SREO grade interpolation was Inverse Distance Weighting (IDW2), conducted using Leapfrog Edge software. The variogram data for the SREO mineralised domain simulation was sufficient. The grade of each individual rare earth element (as determined by Inductively Coupled Plasma analysis) was also estimated using IDW2.</li> </ul>
	<ul style="list-style-type: none"> <li>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</li> </ul>	<ul style="list-style-type: none"> <li>The block size is <math>10 \times 10 \times 2</math> m (X*Y*Z).</li> </ul>
	<ul style="list-style-type: none"> <li>The assumptions made regarding recovery of by-products.</li> </ul>	<ul style="list-style-type: none"> <li>The interpolation was conducted three times.</li> </ul>
	<ul style="list-style-type: none"> <li>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation)</li> </ul>	<ul style="list-style-type: none"> <li>The distribution of the raw SREO test results was moderately skewed. The grade distribution was relatively uniform. SRK carried out an outlier handling for high-grade mineralisation in each lot.</li> </ul>
		<ul style="list-style-type: none"> <li>Model validation was performed using Swath plot comparison.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</li> </ul>	
	<ul style="list-style-type: none"> <li>Any assumptions behind modelling of selective mining units</li> </ul>	
	<ul style="list-style-type: none"> <li>Any assumptions about correlation between variables</li> </ul>	
	<ul style="list-style-type: none"> <li>Description of how the geological interpretation was used to control the resource estimates.</li> </ul>	
	<ul style="list-style-type: none"> <li>Discussion of basis for using or not using grade cutting or capping</li> </ul>	
	<ul style="list-style-type: none"> <li>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</li> </ul>	
<b>Moisture</b>	<ul style="list-style-type: none"> <li>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content</li> </ul>	<ul style="list-style-type: none"> <li>Tonnages are estimated on a dry basis.</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The basis of the adopted cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the reasonable prospects for eventual economic extraction ("RPEEE") assessment and considering the characteristics of the in-situ leaching ("ISL") mining method, SRK selected a cut-off grade of 100 g/t SREO for each Mineral Resource block to report Mineral Resources.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>ISL mining method was adopted.</li> </ul>

Criteria	Explanation	Commentary
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>The metallurgical method applied in the Gerik project is a well-established technology, which involves in-situ leaching using an ammonium sulfate solution to extract REE to the surface in the form of PLS, followed by the sequential precipitation of impurities and REE using the ABC solutions to produce REC in the wet plant.</li> <li>Varied samples were tested in laboratory and the method was implemented in pilot production practice on site.</li> <li>See Section 9 of the full report</li> </ul>
<b>Environmental factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 12 of the full report</li> </ul>
<b>Bulk density</b>	<ul style="list-style-type: none"> <li>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</li> <li>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<ul style="list-style-type: none"> <li>Bulk density tests were carried out via excavation of cube pits during the exploration program.</li> <li>The excavation method involves excavating a series of pits with regular geometric shape, then drying and weighing the excavated soil material.</li> <li>A total of ten bulk density test pit was implemented across the Project areas with the natural bulk density (wet basis) ranging from 1.74 to 1.96 tonnes per cubic metre ("<b>t/m<sup>3</sup></b>"), averaging 1.83 t/m<sup>3</sup>, dry bulk density ranging between 1.49 and 1.52 t/m<sup>3</sup>, averaging 1.50 t/m<sup>3</sup>.</li> </ul>

Criteria	Explanation	Commentary
		<ul style="list-style-type: none"> <li>Due to the nine land areas are of the same deposit type and have shown similar lithology and mineral composition and the ten densities have shown a high consistency. The average dry bulk density of 1.50 t/m<sup>3</sup> is determined to use in Mineral Resource estimation for the entire Project area.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>The basis for the classification of the Mineral Resources into varying confidence categories</li> <li>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data)</li> <li>Whether the result appropriately reflects the Competent Person's view of the deposit</li> </ul>	<ul style="list-style-type: none"> <li>Drillhole spacing distance was used as the basis for classification.</li> <li>Confidence of certain parts of the geological model; and portions of the deposit that are likely to be viably mined was also considered.</li> <li>Mineral Resource is classified based on the following principles: <ul style="list-style-type: none"> <li>Measured Mineral Resource: the areas less than or equal to 50 m spacing of the drillholes;</li> <li>Indicated Mineral Resource: the areas between 50 m and 100 m (100 m included) spacing of the drillholes;</li> <li>Inferred Mineral Resource: the areas greater than 100 m and less than 200 m (200 m included) spacing of the drillholes.</li> </ul> </li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Mineral Resource estimates</li> </ul>	<ul style="list-style-type: none"> <li>The Mineral Resource was internally peer reviewed by Dr Yonglian Sun, a Corporate Consultant of SRK Consulting China Ltd.</li> <li>The Mineral Resource was also independently peer reviewed by ERM Australia Consultants Pty Ltd.</li> </ul>
<b>Discussion of relative accuracy/ confidence</b>	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> </ul>	<ul style="list-style-type: none"> <li>The tonnages and grades for the Indicated Mineral Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person.</li> <li>The tonnages and grades for the Inferred Mineral Resources are estimated to a lower-level confidence than the Indicated Mineral Resources, as sparse data cannot support a precise estimation of the deposit.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"><li>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li></ul>	

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## Section 4: Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Explanation	Commentary
<b>Mineral Resource estimate for conversion to Ore Reserves</b>	<ul style="list-style-type: none"> <li>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</li> </ul>	
	<ul style="list-style-type: none"> <li>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</li> </ul>	<ul style="list-style-type: none"> <li>The Mineral Resources were reported inclusive of the Ore Reserves.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> </ul>	<ul style="list-style-type: none"> <li>From 16 to 25 July 2023, SRK team including one of the Competent Person Mr Lanliang Niu visited the project site to discuss with the Company management staff, technical employees, and relevant contractors involved in exploration, mining, processing, and production.</li> <li>From 15 to 25 February 2024, Senior geologist Huaixiang Li and Competent Person Dr Anson Xu conducted a follow-up site visit to gather additional information pertaining to exploration, geology, resources, and mining.</li> <li>A third visit took place from 23 to 25 July 2025. Yonggang wu, Yongchun Hou, Zhuanjian Liu, and Yuting Zhou joined the visit and gathered data and information for the report updating.</li> </ul>
	<ul style="list-style-type: none"> <li>If no site visits have been undertaken indicate why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Site visit conducted.</li> </ul>
<b>Study status</b>	<ul style="list-style-type: none"> <li>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary feasibility study has been undertaken to enable the conversion.</li> </ul>
	<ul style="list-style-type: none"> <li>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</li> </ul>	

Criteria	Explanation	Commentary
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The basis of the cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>The same cut-off grade 100 g/t with Mineral Resource estimation was applied.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</li> </ul>	<ul style="list-style-type: none"> <li>The ISL mining method were proposed in the pre-feasibility study. The injection holes were planned as follow: <ul style="list-style-type: none"> <li>The lateral distribution of injection well should allow the eluent infiltrating all the parts of the orebody;</li> <li>The injection grid is of 3 m * 3 m for the slope angle of the leaching surface greater than 30 degrees, 2 m * 2 m for the slope angle ranging between 15 and 30 degrees and 1.5 m * 1.5 m for the angle ranging less than 5 degrees;</li> <li>The final depth of the well is typically less than 1 to 2 metres below the orebody roof.</li> </ul> </li> <li>Areas considered unsuitable for in-situ leaching have been excluded from the Ore Reserve estimation;</li> <li>Appropriate leaching recovery is used to convert Mineral Resource to Ore Reserve.</li> </ul>
	<ul style="list-style-type: none"> <li>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The ISL method is appropriate for this type of deposit without strip cover soil.</li> </ul>
	<ul style="list-style-type: none"> <li>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</li> </ul>	<ul style="list-style-type: none"> <li>The geotechnical parameters for pit slopes, stope sizes, etc are not applicable for the ISL method.</li> <li>The grade control and pre-production drilling are not applicable for the ISL method.</li> </ul>
	<ul style="list-style-type: none"> <li>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to the ISL method.</li> </ul>
	<ul style="list-style-type: none"> <li>The mining dilution factors used.</li> </ul>	<ul style="list-style-type: none"> <li>It appears that mining dilution is not applicable for this type of leaching mining method.</li> </ul>



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The mining recovery factors used.</li> </ul>	<ul style="list-style-type: none"> <li>A mining recovery rate of 89.1% is used to convert Mineral Resource to Ore Reserve.</li> </ul>
	<ul style="list-style-type: none"> <li>Any minimum mining widths used.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to the ISL method.</li> </ul>
	<ul style="list-style-type: none"> <li>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>In actual operation, Inferred Mineral Resources may leach out if adjacent with the Indicated Mineral Resource along with the injection. But for the conversion, the Inferred Mineral Resources were not considered as Ore Reserve. This may lead to the actual amount of REO product greater than the estimated REO Ore Reserve.</li> </ul>
	<ul style="list-style-type: none"> <li>The infrastructure requirements of the selected mining methods.</li> </ul>	<ul style="list-style-type: none"> <li>The Project's operations do not require specialised equipment, and the necessary reagents and related construction materials can be sourced locally within Malaysia, the existing infrastructure surrounding the Project area is deemed adequate to sustain the production requirements and operational activities associated with the proposed mining development.</li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Hydrometallurgical processing is planned and in operation.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether the metallurgical process is well-tested technology or novel in nature.</li> </ul>	<ul style="list-style-type: none"> <li>Well tested and widely used in China for in-situ leaching mining.</li> </ul>
<b>Metallurgical factors or assumptions</b> (Continue)	<ul style="list-style-type: none"> <li>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</li> </ul>	<ul style="list-style-type: none"> <li>Following the successful completion of laboratory and metallurgical testing, the processing pilot plant has achieved stable operation, with the hydrometallurgical process demonstrating satisfactory recovery rates.</li> </ul>
	<ul style="list-style-type: none"> <li>Any assumptions or allowances made for deleterious elements.</li> </ul>	<ul style="list-style-type: none"> <li>The primary deleterious element, aluminium ions, can be controlled to an acceptable level of less than 8% by adjusting the potential of hydrogen ("PH") value within the weak acid environment of the leaching process.</li> </ul>
	<ul style="list-style-type: none"> <li>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>Bulk density samples were tested, due to the homogenous of the ore soil. The average density was used for the estimation.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>For minerals that are defined by a specification, has the Ore Reserve estimation been based on the appropriate mineralogy to meet the specifications?</li> </ul>	
<b>Environmental</b>	<ul style="list-style-type: none"> <li>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring well is proposed to set surrounding the leaching area to observe the content of the leakage ammonia sulphate.</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</li> </ul>	<ul style="list-style-type: none"> <li>Considering that the Project's operations do not require specialised equipment, and the necessary reagents and related construction materials can be sourced locally within Malaysia, the existing infrastructure surrounding the Project area is deemed adequate to sustain the production requirements and operational activities associated with the proposed mining development.</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>The derivation of, or assumptions made, regarding projected capital costs in the study.</li> <li>The methodology used to estimate operating costs.</li> <li>Allowances made for the content of deleterious elements.</li> <li>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</li> <li>The source of exchange rates used in the study.</li> <li>Derivation of transportation charges.</li> <li>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</li> <li>The allowances made for royalties payable, both Government and private.</li> </ul>	<ul style="list-style-type: none"> <li>The capital and operating costs factoring from pilot production with same mining capacity.</li> <li>The operating costs were estimated based on production factor method.</li> <li>92% of pure REO content in REC product is used in consideration of deleterious elements.</li> <li>Others see Section 15 of the full report.</li> </ul>
<b>Revenue factors</b>	<ul style="list-style-type: none"> <li>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates,</li> </ul>	<ul style="list-style-type: none"> <li>See Section 15 of the full report.</li> </ul>

Criteria	Explanation	Commentary																																
	<p>transportation and treatment charges, penalties, net smelter returns, etc.</p> <ul style="list-style-type: none"><li>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</li></ul>																																	
Market assessment	<ul style="list-style-type: none"><li>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</li><li>A customer and competitor analysis along with the identification of likely market windows for the product.</li><li>Price and volume forecasts and the basis for these forecasts.</li><li>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</li></ul>	<ul style="list-style-type: none"><li>The REC product is widely accepted by metallurgical plants in China.</li><li>MCRE has signed sales agreement with buyers in China and dozens batches of products were sold out.</li><li>The price was forecast based on historical price referring to Asia Metal.</li></ul>																																
Economic	<ul style="list-style-type: none"><li>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</li><li>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</li></ul>	<ul style="list-style-type: none"><li>Capital and operating costs were estimated based on the pilot production with same capacity scale.</li><li>A range of discount rate from 8% to 15% were used to test the value of NPV.</li><li>Sensitivity analysis is shown in the figure below:</li></ul> <div><table><caption>NPV Sensitivity Analysis Data (Estimated)</caption><thead><tr><th>Rate of change %</th><th>Price (RM M)</th><th>Opex (RM M)</th><th>Capex (RM M)</th></tr></thead><tbody><tr><td>-30%</td><td>250</td><td>1300</td><td>950</td></tr><tr><td>-20%</td><td>450</td><td>1150</td><td>920</td></tr><tr><td>-10%</td><td>650</td><td>1000</td><td>900</td></tr><tr><td>0%</td><td>850</td><td>850</td><td>900</td></tr><tr><td>10%</td><td>1050</td><td>700</td><td>900</td></tr><tr><td>20%</td><td>1250</td><td>550</td><td>900</td></tr><tr><td>30%</td><td>1450</td><td>550</td><td>900</td></tr></tbody></table></div>	Rate of change %	Price (RM M)	Opex (RM M)	Capex (RM M)	-30%	250	1300	950	-20%	450	1150	920	-10%	650	1000	900	0%	850	850	900	10%	1050	700	900	20%	1250	550	900	30%	1450	550	900
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10%	1050	700	900																															
20%	1250	550	900																															
30%	1450	550	900																															
Social	<ul style="list-style-type: none"><li>The status of agreements with key stakeholders and matters leading to social licence to operate.</li></ul>	<ul style="list-style-type: none"><li>Necessary agreements and permits were obtained to support the current mining operation.</li></ul>																																

Criteria	Explanation	Commentary
Other	<ul style="list-style-type: none"> <li>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves;</li> <li>Any identified material naturally occurring risks.</li> <li>The status of material legal agreements and marketing arrangements.</li> <li>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the Ore Reserve is contingent.</li> </ul>	<ul style="list-style-type: none"> <li>Not noticed.</li> </ul>
Classification	<ul style="list-style-type: none"> <li><b>The basis for the classification of the Ore Reserves into varying confidence categories.</b></li> <li><b>Whether the result appropriately reflects the Competent Person's view of the deposit.</b></li> <li><b>The proportion of Probable Ore Reserves that have been derived from Measured Mineral</b></li> <li><b>Resources (if any).</b></li> </ul>	<ul style="list-style-type: none"> <li>All the Ore Reserve has been classified into Probable Reserve due to the sampling spacing is not enough to support the Measured Mineral Resource.</li> <li>The result has appropriately reflected the CPs' view.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Ore Reserve estimates.</li> </ul>	<ul style="list-style-type: none"> <li>The Ore Reserve was internally peer reviewed by Dr Yonglian Sun, a Corporate Consultant of SRK Consulting China Ltd.</li> <li>The Ore Reserve was also independently peer reviewed by ERM Australia Consultants Pty Ltd.</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For</li> </ul>	<ul style="list-style-type: none"> <li>SRK was commissioned to update the independent qualified person's report two times in the past two and half years. The difference between the production records and the actual depletion</li> </ul>

Criteria	Explanation	Commentary
	<p>example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the Ore Reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <ul style="list-style-type: none"> <li>• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>• Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</li> <li>• It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</li> </ul>	<p>values are little, which provides an indication that the Mineral Resource and Ore Reserve estimates are relatively accurate.</p> <ul style="list-style-type: none"> <li>• The Ore Reserve is related to global estimate.</li> </ul>

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## **APPENDIX C – INDEPENDENT VALUATION REPORT**

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Final

# Independent Valuation Report

Gerik Ionic Clay Rare Earth Element Project, Perak, Baling, Malaysia  
Prepared for Southern Alliance Mining Ltd



SRK Consulting (Australasia) Pty Ltd ■ SRK728 ■ 15 August 2025

**Final**

## Independent Valuation Report

Gerik Ionic Clay Rare Earth Element Project, Perak, Baling, Malaysia

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SRK728\_SRK China\_Independent Valuation Report Update\_Rev1

**Suggested Citation:**

SRK Consulting (Australasia) Pty Ltd. 2025. Independent Valuation Report. Final. Project number: SRK728. Issued 15 August 2025.

**Cover Image:**

View of project area

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SRK Consulting (Australasia) Pty Ltd ■ SRK728 ■ 15 August 2025



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## Appendices

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## Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology used in this report that may be unfamiliar to the reader.

%	per cent
°	degrees
°C	degrees Celsius, a unit of temperature
ABC	ammonium bicarbonate
Al	chemical symbol for aluminium
AS	ammonium sulfate
AusIMM	Australasian Institute of Mining and Metallurgy
Ce	chemical symbol for the rare earth element cerium
China	People's Republic of China
Chinalco	Chinalco Rare Earth & Metals Co, Ltd.
cm	centimetres
CMA	China Metrology Accreditation
CNFM Guilin	China Nonferrous Metals (Guilin) Geology and Mining Co. Ltd.
CREO	Critical rare earth oxides including Nd <sub>2</sub> O <sub>3</sub> , Eu <sub>2</sub> O <sub>3</sub> , Tb <sub>4</sub> O <sub>7</sub> , Dy <sub>2</sub> O <sub>3</sub> and Y <sub>2</sub> O <sub>3</sub> , determined by US Department of Energy 2023
Dy	chemical symbol for the rare earth element dysprosium
Er	chemical symbol for the rare earth element erbium
Eu	chemical symbol for the rare earth element europium
EW	east-west
Exchange Rates	The currencies used in the estimation are Chinese Renminbi (RMB) and Ringgit Malaysian (RM) of 30 July 2025, and the exchange rate for RMB to RM is 1:0.60.
Fe	chemical symbol for iron
g	grams
g/cm <sup>3</sup>	grams per cubic centimetre
g/t	grams per metric tonne
Gd	chemical symbol for the rare earth element gadolinium
ha	hectares
HMP	Wet Plant
Ho	chemical symbol for the rare earth element holmium
IAC	Ionic Adsorption Clay,
IAC-REE	ionic-adsorption clay rare earth elements
IDS	Distance Power Inverse Ratio method
ILAC-MRA	The ILAC Mutual Recognition Arrangement (ILAC MRA) provides significant technical underpinning to the calibration, testing, medical testing and inspection results, provision of proficiency testing programs and production of the reference materials of the accredited conformity assessment bodies that in turn delivers confidence in the acceptance of services and results.
IQP	Independent Qualified Person
ISL	in situ leaching

JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)
kg	kilograms
km	kilometres
kt	kilotonnes
La	chemical symbol for the rare earth element lanthanum
Lu	chemical symbol for the rare earth element lutetium
m	metres
M	millions
masl	metres above sea level
MCRE	MCRE Resources Sdn Bhd, a company incorporated on 3 April 2020 to operate the proposed project activities, also known as the Mine Operator.
mg	milligrams
ML	Mining Lease
mm	millimetres
MREO	A set of rare earth oxides including $\text{Pr}_6\text{O}_{11}$ , $\text{Nd}_2\text{O}_3$ , $\text{Tb}_4\text{O}_7$ and $\text{Dy}_2\text{O}_3$ used in the fabrication of high operating temperature Neodymium-Iron-Boron (NdFeB) permanent magnets. They are not magnetic.
Mt	million metric tonnes
MYR	Malaysian Ringgit, symbolised as RM, with the currency code MYR
Nd	chemical symbol for the rare earth element neodymium
NPV	net present value
OMS	Operational Mining Scheme
PLS	pregnant leaching solution, the leachate from ISL mining (contains REE)
PML	Proprietary Mining Lease
Pr	chemical symbol for the rare earth element praseodymium
QA/QC	Quality Assurance/Quality Control
RE	rare earth
REC	rare earth carbonate
REE	Rare earth elements, consists of a set of seventeen chemical elements in the periodic table, specifically the fifteen lanthanides (from element number 57 to 71), as well as scandium and yttrium.
REO	rare earth oxide
RM	Malaysian Ringgit, symbolised as RM, with the currency code MYR
RPEEE	Reasonable Prospects for Eventual Economic Extraction
RSGSMI	Remote Sensing Geological Survey and Monitor Institute of Hunan Province
SAM	Southern Alliance Mining Limited
SGX	Singapore Exchange Limited
Sm	chemical symbol for the rare earth element samarium
SREO	Soluble rare earth oxides, only including rare earth elements in the form of ionic adsorption of the deposit.
SRK China	SRK Consulting (China) Pty Ltd
t	tonnes
Tb	chemical symbol for the rare earth element terbium



Tm	chemical symbol for the rare earth element thulium
TREO	The total rare earth oxides equivalent, the sum of La <sub>2</sub> O <sub>3</sub> , CeO <sub>2</sub> , Pr <sub>6</sub> O <sub>11</sub> , Nd <sub>2</sub> O <sub>3</sub> , Sm <sub>2</sub> O <sub>3</sub> , Eu <sub>2</sub> O <sub>3</sub> , Gd <sub>2</sub> O <sub>3</sub> , Tb <sub>4</sub> O <sub>7</sub> , Dy <sub>2</sub> O <sub>3</sub> , Ho <sub>2</sub> O <sub>3</sub> , Er <sub>2</sub> O <sub>3</sub> , Tm <sub>2</sub> O <sub>3</sub> , Yb <sub>2</sub> O <sub>3</sub> , Lu <sub>2</sub> O <sub>3</sub> , Y <sub>2</sub> O <sub>3</sub> , including rare earth elements present in the crystal lattice as well as those in the form of ionic adsorption of the deposit.
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 edition)
Valuation Date	31 July 2025
Wet Plant	The hydrometallurgical plant for processing the PLS from ISL mining to produce saleable product.
Y	chemical symbol for the rare earth element yttrium

## Executive summary

SRK Consulting China Pty Ltd (SRK China) has been engaged by Southern Alliance Mining Ltd (SAM or the Company) to prepare an Independent Qualified Persons Report (IQP Report) relating to the Gerik ion-adsorption clay rare earth project (Gerik Project) in Malaysia. SRK China understands that this IQP Report was to be included within a Circular to be provided to potential shareholders in SAM. This Circular will form part of a listing document to be issued by the Company to support SAM's acquisition of Gerik as required under the listing rules of the Catalist Board of the Singapore Exchange Limited (SGX). The Circular is to provide shareholders with the information they require to make an informed decision regarding the proposed acquisition.

SRK China requested SRK Consulting Australia Pty Ltd (SRK) to assist it specifically in relation to the preparation of an Independent Valuation Report (IVR) in support of the IQP Report in accordance with Practice Note 4C: Requirements for Mineral, Oil and Gas Companies.

The IQP Report prepared by SRK China contains commercially sensitive information relating to the Gerik Project. At the request of SAM, the full IQP Report (Appendix C) has been withheld from this public version of the Independent Valuation Report. The summary IQP Report is presented in Appendix D.

The IQP Report has been reviewed in full by the Valuation Practitioner and forms an integral part of the basis for the valuation conclusions herein.

The full IQP Report is available for viewing at the Company's registered office by contacting: [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com).

## Project summary

The Gerik Project is located, approximately 16 km northwest of the Gerik township, located in Perak State approximately 280 km northwest of Kuala Lumpur, the capital of Malaysia, and about 30 km from the Thai border. The Gerik Project is classified as an ion-adsorption clay (IAC) rare earth element (REE) deposit, wherein the majority of REEs occur in an ion-exchangeable form, adsorbed onto clay minerals as rare earth oxides (REO). The REO composition is approximately: praseodymium-neodymium (PrNd) oxides, comprising 27–36% magnetic rare earth oxides (MREO – Nd, Pr, Tb, Dy) ranging from 30–29%, and critical rare earth oxides (CREO) accounting for 43–57% of the total REO content.

The proposed mining method at Gerik involves in situ leaching (ISL), which is a less-invasive method of extraction that does not require physical mining of the orebody. Instead, the method relies on direct injection of a leaching solution (lixiviant) into the orebody which then dissolves the relevant elements into solution before being pumped to the collection well. ISL can be divided into two stages – leaching solution injection and the collection of pregnant leachate solution (PLS), which contains the REE. The choice of lixiviant is crucial. It typically consists of a weak acid or salt solution designed to selectively bind with the adsorbed REE, while minimising harmful environmental impacts. Once collected as PLS, further processing is generally no different from other mining methods such as heap leaching or pond leaching.

## Pilot production

Based on column leach and other metallurgical testing, a pilot production plant was designed and commissioned at Gerik and commenced production in September 2022. An 87.3% (Table 4.1) of overall soluble rare earth oxide (SREO) recovery was achieved through the pilot production, with an in situ leaching rate of 95.3% and a hydrometallurgical recovery rate of 91.6%.

## Pre-feasibility Study

Based on the pilot plant production and the project drilling, SRK China was engaged to complete a Pre-feasibility Study (PFS). The proposed design involved the construction of six additional wet plants (one currently in operation) for the project area. These additional plants are to be brought into production sequentially, each with a maximum rated annual PLS processing capacity of 5.0 Mm<sup>3</sup>, while ensuring parallel operation of three wet plants with a total annual PLS throughput of 15.0 Mm<sup>3</sup>.

The designed overall recovery for the SREO resources is 83% from in situ leaching to rare earth carbonate (REC) product. The plant construction and production schedule is shown in Table ES.1.

**Table ES.1: Construction and production schedule for Gerik (REO t equivalent in REC)**

Plant	Total	2025*	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Plant 1	1,838	1,000	838	EOP									
Plant 2	5,972	Cons 500	2,000	2,000	1,472	EOP							
Plant 3/4	12,872	Cons	2,000	Cons 3,000	4,000	2,000	1,871	EOP					
Plant 5	5,151							Cons 1,000	1,500	1,500	1,151,	EOP	
Plant 6	6,426					Cons 1,000	2,000	2,000	1,426	EOP			
Plant 7	6,593							Cons 1,000	2,000	2,000	2,000	1,593	EOP
<b>Total</b>	<b>38,851</b>	<b>1,500</b>	<b>4,838</b>	<b>5,000</b>	<b>5,472</b>	<b>3,000</b>	<b>3,871</b>	<b>3,000</b>	<b>3,926</b>	<b>3,500</b>	<b>3,151</b>	<b>1,593</b>	<b>-</b>

Source: SRK China IPQ Report (2025)

Notes: Cons – construction; EOP – end of plant; \* for 8 months from May to December 2025.

## Capital and operating costs

The estimated capital expenditures (Capex) primarily encompass the main production facilities of seven wet plants, public auxiliary facilities, administrative and living and welfare facilities, and engineering construction other expenses.

The total estimated Capex over the life-of-mine (LOM) is RM222.29 M. This includes the net book value of historical investment of RM44.92 M and an estimated of RM177.37 M for continuing investments in other wet plants and mining lots. The LOM operating expenses (Opex) are estimated based on historical cost data from existing production. In addition, rehabilitation costs are included with the closure of each wet plant and mine lot, which is estimated to be RM343,000 for each wet plant. The total Opex is RM2,528,505 M at a unit cost of RM29.74/t run-of-mine (ROM) ore. All costs are current as at 30 April 2025, with no escalation factored in.

## Environmental and social aspects

In Malaysia, any applicant seeking to conduct mining activities must submit an environmental assessment report to the Department of Environment (DoE) and can only proceed after obtaining DoE approval.

Generally, the Gerik Project appears to meet the minimum requirements as set out by the Malaysian regulatory and legal frameworks. The Gerik EIA approved by the DoE in 2022 for the proposed mining and beneficiation for the project indicates acceptable risks after implementation of the recommended mitigation measures. Approvals for the remaining mining areas are yet to be granted and thus represent a material risk to the Gerik Project progressing through its planned operational phases.

## Mineral Resources and Ore Reserves

SRK China estimated and reported Mineral Resources for the Gerik Project in accordance with JORC Code (2012). A summary of the Mineral Resources and Ore Reserve estimated by SRK China is provided in Table ES.2.

SRK China applied a cut-off grade of 100 g/t SREO, and the defined Mineral Resources at 30 April 2025 are as follows:

- 97.1 Mt of Indicated Mineral Resource with an average grade of 494.4 g/t SREO, equivalent to 48.01 kt of rare earth oxides within the Gerik Project area
- 20.1 Mt Inferred Mineral Resource with an average grade of 458.3 g/t SREO, equivalent to 9.2 kt of rare earth oxides within the Gerik Project area.

The Gerik Project hosts a Probable Ore Reserve of 38,851 t (REO equivalent in REC) at a 100 g/t SREO cut-off grade as at 30 April 2025 and is reported in compliance with the JORC Code (2012).

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Mr Yongchun (Roger) Hou, Mr Zhuanjian (Leo) Liu, Dr Anson Xu, Mr Yonggang Wu and Mr Lanliang Niu from SRK China.

**Table ES.2    Summary of Mineral Resources and Ore Reserves of Gerik IAC-REE Project, as at 30 April 2025**

Category	Mineral type	Gross Attributable to Licence			Net Attributable to MCRE (100%)			Remarks
		Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	
Reserves								
Proved	IAC-REE	-	-	-	-	-	-	-
Probable	IAC-REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Total		84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Resources								
Measured	IAC-REE	-	-	-	-	-	-	
Indicated	IAC-REE	97.1	494.4	48.0	97.1	494.4	48.0	-1.2 Including Reserves above
Inferred	IAC-REE	20.1	458.3	9.2	20.1	458.3	9.2	-8.7
Total		117.2	488.2	57.2	117.2	488.2	57.2	-2.5

Source: SRK China IPQ Report (2025)

Notes:

<sup>1</sup> 100% of the Ore Reserves are attributable to MCRE.

<sup>2</sup> Mineral Resources are reported inclusive of Ore Reserves.

## Valuation summary

In forming its opinion regarding the Market Value of a 100% interest in the Gerik Project, SRK has considered the discounted cashflow (DCF) method as its primary valuation method and used comparable transactions and peer multiples valuation methods as a crosscheck.

The Ore Reserve assessed in the DCF model contains 38,851 t of contained SREO after applying estimated grades and an overall recovery of 93.1%. Contract pricing was based on an agreed offtake contract, which has been used to derive a revenue of RM5,208.4 M over the LOM. Pilot plant historical operating and capital costs were applied together with estimated general & administrative costs, royalties, tribute payments and corporate taxes to determine a free cashflow in real terms. The free cashflow was discounted at an appropriate after-tax discount rate of 11.4%, real.

In selecting its preferred value, SRK has considered the country risk profile, required infrastructure development, and status of regulatory tenure approval for the Gerik Project, as well as the environmental and rehabilitation planning status.

SRK notes that, while not fatally flawed, the stated Mineral Resource and Ore Reserves have received only limited technical work as required to support reporting under the JORC Code (2012). SRK has reflected these risks in the adopted discount rate for the project used to determine the Gerik Project's net present value (NPV). However, the NPV derived using the income valuation method remains significantly higher than the values implied by both the comparable transactions and peer multiples methods (both market methods) as shown in Table ES.3.

Comparison of the values implied by SRK's DCF analysis, as well as the comparable transactions and peer valuation methods shows a clear discrepancy between the values on a total value and value multiple basis. However, SRK notes the Gerik Project involves in situ leaching (ISL) recovery and processing, whereas the only comparable projects for which a multiple could be derived relate to other, higher cost extraction methods. These other IAC type deposits were typically heap leaching operations, which necessitates physical mining of the deposits, transporting the ore to a heap leach pad and, after leaching is completed, backfilling and rehabilitating the voids.

To compare the valuation outcomes, SRK applied a nominal mining cost (approximating mining, haulage and rehabilitation) to analyse the performance of the Gerik Project under a heap leaching processing scenario. Based on SRK's internal knowledge of similar projects, SRK applied a range of costs of US\$2/t, US\$3/t and US\$4/t to the Gerik Project for this valuation exercise. At its preferred discount rate, the additional mining costs associated with this heap leach scenario significantly reduce NPV and place it in close alignment with the values implied by comparable transactions and peer analysis.

On this basis, SRK considers that the value implied by its DCF analysis is reasonable, as it highlights the value generated by the reduced mining costs associated with an ISL operation. On this basis, SRK has selected the values implied by its DCF analysis in determining its preferred value of the Gerik Project.

Therefore, SRK estimates the Market Value of a 100% interest in the Gerik Project resides between US\$158 M (RM\$656 M) and US\$174 M (RM\$743 M) with a preferred value of US\$166 M (RM\$707 M) (Table ES.3).

SRK notes that the defined Mineral Resource and Ore Reserve occupy 100% of the Gerik Project tenure and therefore there is no remaining exploration potential associated with the Gerik Project. The reduced TREO in the Ore Reserve is due to the losses in conversion of Mineral Resources to Ore Reserves but does not represent additional upside.

**Table ES.3 Summary valuation**

Method	Low (US\$ M)	High (US\$ M)	Preferred (US\$ M)	Low (RM\$ M)	High (RM\$ M)	Preferred (RM\$ M)
DCF	158	174	166	676	743	707
Comparable transactions	22.6	31.7	27.2	108.9	152.4	130.6
Peer Multiples	54.3	72.4	63.4	261.3	348.4	304.8
<b>Total – Selected</b>	<b>158</b>	<b>174</b>	<b>166</b>	<b>676</b>	<b>743</b>	<b>707</b>

Source: SRK analysis

Notes: Any discrepancies between values are due to rounding. Exchange Rate: Malaysian Ringitt to the US\$ is ~0.234.



# 1 Introduction

SRK Consulting China Pty Ltd (SRK China) has been engaged by Southern Alliance Mining Ltd (SAM or the Company) to prepare an Independent Qualified Persons Report (IQP Report) relating to the Gerik ion-adsorption clay rare earth element project (Gerik Project) in Malaysia. SRK China understands that this IQP Report was to be *included* within a Circular to be provided to potential shareholders in SAM. This Circular will form part of a listing document to be issued by the Company to support SAM's acquisition of the Gerik Project as required under the listing rules of the Catalist Board of the Singapore Exchange Limited (SGX). The Circular is to provide shareholders with the information they require to make an informed decision regarding the proposed acquisition.

SRK China has requested SRK Consulting Australia Pty Ltd (SRK) to assist it specifically in relation to the preparation of an Independent Valuation Report (IVR) in support of the IQP Report in accordance with Practice Note 4C: Requirements for Mineral, Oil and Gas Companies.

The IQP Report prepared by SRK China contains commercially sensitive information relating to the Gerik Project. At the request of SAM, the full IQP Report (Appendix C) has been withheld from this public version of the Independent Valuation Report. The summary IQP Report is presented in Appendix D.

The IQP Report has been reviewed in full by the Valuation Practitioner and forms an integral part of the basis for the valuation conclusions herein.

The full IQP Report is available for viewing at the Company's registered office by contacting: [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com).

## 1.1 Scope

SRK's scope of work requires the following to be completed:

1. A high-level review of the SRK China IQP Report to determine the validity of the defined Mineral Resources and Ore Reserves for valuation purposes as part of an update to an earlier Report and Valuation.
2. Determine the Market Value of the Gerik Project as follows:
  - a. Using an income-based valuation approach, specifically a discounted cashflow model (DCF), based on the resultant cashflows arising from the forecast production schedule based on the Mineral Resources and Ore Reserves as studied to a pre-feasibility study level (PFS). SRK understands there are no Mineral Resources defined or remaining outside of the Model that require valuation.
  - b. Consider alternative methods of valuation to provide a crosscheck on the Market Value determined using the DCF method.

SRK's scope specifically excludes any work relating to the marketing, commodity price and exchange rate assumptions, inflation rates (excluding discount rate) adopted in the DCF Model.

### 1.1.1 Site inspection

Mr Rodney Brown and Ms Fong Cheuk of SRK's Perth and Hong Kong offices, respectively, completed a site visit to the Gerik Project in April 2023 as part of an initial gap analysis and Mineral Resource assessment.

In February 2024, SRK China also completed a site inspection in support of its estimation and reporting of the Gerik Project's Mineral Resources and Ore Reserves in compliance with the JORC Code. It is intended that nominated representatives from SRK China will act as the Competent Person/s for the Mineral Resources/Ore Reserves and deliver the PFS as part of the IPQ Report.

A third site visit was conducted SRK China from 23 July 2025 to 25 July 2025, in support of the updated Report. Site clearances for the next hydrometallurgical plant, along with associated infrastructure, have commenced.

For the avoidance of doubt, SRK's Australian offices, or the authors or contributors to this Report are not currently acting in the capacity of the designated Competent Person/s for the Company's stated Mineral Resources and/or Ore Reserves for the Gerik Project, or exploration results pertaining to the Company's other projects.

Given its recent attendance and experience at the site and the more recent attendance of SRK China's representatives, SRK does not consider further site visits are required to meet the requirements of the VALMIN Code (2015).

## 1.2 Reporting standard

This Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of this Report was supplied to SAM and SRK China to check for material errors, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'Market Value', being the amount of money (or the cash equivalent or some other consideration) for which a Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's IVR does not comment on the 'fairness and reasonableness' of any transaction between SAM and any other parties.

For the purposes of this Report, SRK has classified the Gerik Mineral Assets in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral

Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of development projects will be proven by at least a PFS.
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

As discussed further in this Report, SRK has classified the Gerik Project as a development stage mineral asset for valuation purposes.

SRK has used valuation approaches that are typically used for mineral assets at this respective stage. Additional details are provided in Section 2 to Section 9 of this Report.

### 1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations in regard to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions. Further detail is provided in Section 3.2 of this Report.

### 1.4 Valuation Date and currency

The Valuation Date adopted is the date of this Report, namely 31 July 2025. All values are reported in United States dollars (US\$) or Malaysian Ringgit (RM), unless otherwise stated.

### 1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia and Hong Kong. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1.1.

**Table 1.1: Details of qualifications and experience**

<b>Specialist</b>	<b>Position/ Company</b>	<b>Responsibility</b>	<b>Length and type of experience</b>	<b>Site inspection</b>	<b>Professional designation</b>
Rodney Brown	Corporate Consultant/ SRK Australia	Geology and Mineral Resources	+30 years, including +20 years in consulting and 9 years in operations	Yes	BSc, DipMet, MAusIMM, MAIG
Brian Luinstra	Principal Consultant/ SRK Australia	Hydrogeology	+25 years' experience in hydrogeology including brine extraction and ISL operations.	No	PhD, P.Geo (Ontario), MAIG
Fong Cheuk	Consultant	Comparable transactions and peer multiple datasets	+14 years, including +6 years in consulting and 8 years in geology	Yes	BSc, MAIG
Mathew Davies	Senior Consultant/ SRK Australia	Report compilation and project management Overall Valuation and secondary market methods	+17 years, including 15 years in consulting and valuation, exploration and project management	No	BSc (Hons), MAusIMM (CP)
Shaun Barry	Principal Consultant/ SRK Australia	Valuation (DCF method)	+30 years, including 12 years in consulting on valuation and mine economics	No	BSc (Hons), MSc Eng, MAusIMM(CP), MRICS
Gavin Chan	Principal Consultant/ SRK Hong Kong	Peer Review – Listing Rules Compliance	20 years, 4 years in academia and 16 years in consulting, focusing on project evaluation and valuation.	No	BSc, MPhil, PhD, FAIG
Jeames McKibben	Principal Consultant/ SRK Australia	Peer Review	+30 years; 20 years in valuation and technical advisory, 2 years as an analyst and 8 years in exploration and project management roles	No	BSc (Hons), MBA, FAusIMM(CP), MAIG, MRICS

## **1.6 Limitations, independence, indemnities and consent**

### **1.6.1 Limitations and reliance**

SRK's opinion contained herein is based on information provided to SRK by SAM or SRK China throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by SAM and SRK China was taken in good faith by SRK. SRK has not recalculated the Mineral Resources or Ore Reserves Estimates but has independently assessed the reasonableness of these estimates for the purposes of valuation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

As far as SRK has been able to ascertain, the information provided by SAM was complete and not incorrect, misleading or irrelevant in any material aspect. The information on which SRK has relied is noted throughout this Report and in the References section at the back of this Report.

### **1.6.2 Statement of SRK independence**

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

### **1.6.3 Indemnities**

As recommended by the VALMIN Code (2015), SAM has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

In line with the VALMIN Code (2015), SAM has provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by SAM, or SAM not providing material, or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

### **1.6.4 Consent**

SRK understands that this Report may be provided to SAM's potential shareholders. SRK provides its consent for this Report to be included in the Company Circular on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

### 1.6.5 Competent Persons' Consent

The information in this report that relates to Mineral Resources/Ore Reserves is based on information compiled by Mr Yongchun (Roger) Hou, Mr Zhuanjian (Leo) Liu, Dr Anson Xu, Mr Yonggang Wu and Mr Lanliang Niu from SRK China.

Mr Yongchun Hou, a Member of the AusIMM, Dr Anson Xu, who is a Fellow of the AusIMM, Mr Yonggang Wu, Zhuanjian (Leo) Liu, and Mr Lanliang Niu, are all Members of the AusIMM, and full-time employees of SRK Consulting China Ltd. Dr Anson Xu, Mr Lanliang Niu and Yonggang Wu act as Competent Persons of the Report.

Dr Anson Xu, Mr Lanliang Niu and Mr Yonggang Wu have no prior association with SAM in regard to the mineral assets that are the subject of this Report. They have no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

These Competent Persons have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Persons as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

All the team members consent to the inclusion in the Report of the information in the form and context in which it appears.

### 1.6.6 Practitioner Compliance statement

This Report has been prepared in accordance with the requirements of the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (the VALMIN Code, 2015 Edition), which is binding on members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG).

The information in this Report that relates to the technical assessment and valuation of Mineral Assets is based on, and fairly reflects information compiled and conclusions derived by a team of technical specialists under the supervision of Mr Mathew Davies, who is a Competent Person and Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Davies is employed by SRK, an independent mining consultancy. Mr Davies has sufficient experience that is relevant to the technical assessment and valuation of the mineral assets under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the VALMIN Code (2015). Mr Davies consents to the inclusion in the Report of the matters based on the information in the form and context in which it appears.

### 1.6.7 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement e.g. the update only is estimated at approximately A\$12,000. The original fee for the review and initial valuation was A\$52,000. The payment of this professional fee is not contingent on the outcome of this Report.

## 2 Company overview

### 2.1 Company background

SAM is a Malaysian domiciled investment holding company that engages in the exploration, mining, processing, and sale of iron ore in Malaysia. Its iron ore products include iron ore concentrate for steel mills or traders; and crushed iron ore that is used as pipe coating material, as well as iron ore tailings. The Company's principal project is the Chaah Iron Ore Mine that consists of two mining leases covering a total area of 225.7 ha located in Johor, Malaysia. It is also involved in mining, quarrying, and trading of various minerals and materials, and mining, processing, and sale of gold and other precious metals, base metals, and minerals.

The Company was incorporated in 2019 and is headquartered in Kuantan, Malaysia. It is currently listed on the Catalist Board of the SGX.



## 3 Gerik Project

The following sections are predominantly sourced from SRK China's IQP Report 2024 with relevant updates in the SRK China's IQP Report dated 2025.

### 3.1 Location and access

The Gerik Project is located approximately 16 km northwest of the Gerik township, in Perak State, Malaysia. The Gerik Project lies about 280 km northwest of the Malaysian capital, Kuala Lumpur, and about 30 km from the Thai border.

The project area encompasses nine land parcels, totalling approximately 2,161 ha. It is located approximately 16 km northwest of Gerik township, about 22 km southeast of Baling town, and around 97 km from Butterworth in Penang. The location of the Gerik Project is shown in Figure 3.1.

The project area can be readily accessed from either Penang or Kuala Lumpur by good quality sealed roads. The Federal route 4 passes through the project area as it connects Butterworth in Penang with Pasir Puteh in Kelantan.

Both Penang and Kuala Lumpur are modern, coastal cities with daily flight connections to other major international cities, including Singapore, Bangkok, Guangzhou and Jakarta.

The project comprises nine land parcels (Lots) (Figure 3.2) each with their own PT numbers.

The project area generally features low to moderate rolling hills, with elevations ranging from 300 masl to 540 masl. In the northern and western part of the project area, PT 1759, PT 1761 and PT 1762 to PT 1764 have lower elevation and relatively gentle rolling relief. In contrast, PT 1760, PT 2235, 922 EK, and 310 EK (Figure 3.2) exhibit relatively higher elevations and more undulating terrain.

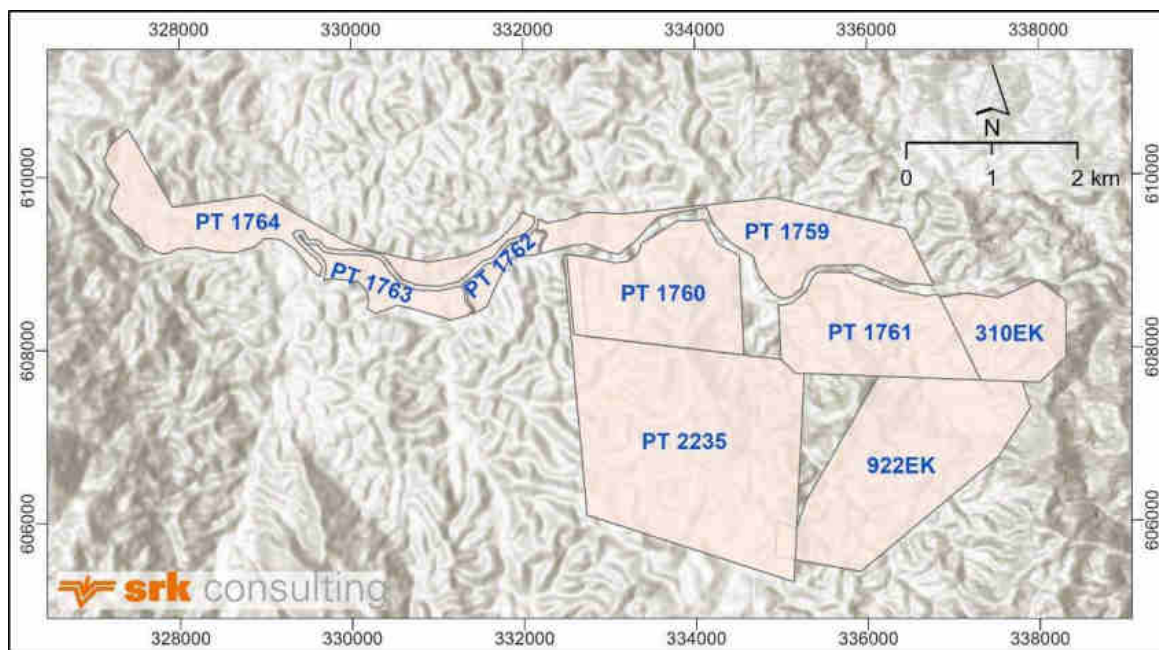


**Figure 3.1: Regional location of the Gerik Project**



Source: SRK China IPQ Report (2025)

**Figure 3.2: Distribution of land lots**



Source: SRK China IPQ Report (2025)

## 3.2 Tenure

The Gerik mining operations are located within nine land parcels (lots). Six of the lots are owned by Perbadanan Pembangunan Pertanian Negeri Perak (PPNP), two are under exploration licences owned by Menteri Besar (Incorporation) Perak (MB Inc.), and the remaining one is owned by Felcra Berhad.

Pursuant to the mining rights agreements and sub-mining operator agreements (collectively, “Mining Agreements”), MCRE is entitled to conduct mining activities at the Gerik Mine, which comprises nine parcels of land. MCRE has obtained the EIA approval from Department of Environment (“DOE”) for the entire area of the Gerik Mine and secured exclusive operational rights for the nine parcels of land.

In addition, the landowners or licence holders must obtain Proprietary Mining Licences (PMLs) or Mining Licences (MLs), as applicable, along with an approved Operational Mining Scheme (OMS) prior to the commencement of the mining activities. As at the Latest Practicable Date, the PMLs and OMS have been obtained for PT 2235, PT 1759 and PT 1761. The relevant licences of the other land parcels will be applied and obtained in phases based on discussions between MCRE and the relevant authorities. Detailed information on each lot and related rights holders is presented in Table 3.1.

**Table 3.1: Proposed operation area of the Gerik Project**

Asset name/Country	Issuer's interest (%)	Development Status	Licence expiry date	Licence area (ha)	Type of mineral, oil or gas deposit	Remarks
<b>Land Parcels with PML and OMS</b>						
PT 1759/Malaysia	100%	Production	24/01/2054 20/11/2026	215.778	Rare earth	PML issued OMS issued
PT 1761/Malaysia	100%	Production	21/09/2052 31/08/2026	213.761	Rare earth	PML issued OMS issued
PT 2235/Malaysia	100%	Development	07/07/2052 11/03/2027	607.088	Rare earth	PML issued OMS issued
<b>Land Parcels pending issuance of PML and OMS</b>						
PT 1760/Malaysia	100%	Mine planning	N/A	231.914	Rare earth	Approval letter received <sup>(1)</sup>
PT 1762/Malaysia	100%	Mine planning	N/A	25.059	Rare earth	Approval letter received <sup>(1)</sup>
PT 1763/Malaysia	100%	Mine planning	N/A	58.812	Rare earth	Approval letter received <sup>(1)</sup>
PT 1764/Malaysia	100%	Mine planning	N/A	192.694	Rare earth	Approval letter received <sup>(1)</sup>
922 EK/Malaysia	100%	Mine planning	N/A	373.30	Rare earth	Pending approval <sup>(2)</sup>
310 EK/Malaysia	100%	Mine planning	N/A	125.61	Rare earth	Pending approval <sup>(2)</sup>

**Notes:**

<sup>1</sup> Approval letter issued by the Lands and Mines Office of Perak (Pejabat Pengarah Tanah dan Galian Perak)

<sup>2</sup> MCRE has submitted the relevant application to the authorities and is currently pending relevant approval

<sup>3</sup> SRK relies on the information provided by the Company, and SRK did not conduct a legal due diligence review of the Project since such work is outside the scope of SRK's technical review.

### 3.3 Physiography, climate and land use

The project area generally features low to moderate rolling hills, with elevations ranging from 300 masl to 540 masl. In the northern and western part of the project area, PT 1759, PT 1761, and PT 1762 to PT 1764 have lower elevation and relatively gentle-rolling relief. In contrast, PT 1760, PT 2235, 922 EK and 310 EK exhibit relatively higher elevations and more undulating terrain.

The project area experiences a tropical rainforest climate (Classification: Af). The district's annual temperature averages 27.17°C (80.91°F). The area typically receives approximately 2,000 mm of precipitation annually, with 243.11 rainy days, accounting for 66.61% of the year. This climate does not limit year-round operations though the relatively high precipitation could potentially impact on the efficiency of the existing/proposed in situ leaching processing route at the site.

The Gerik Project site comprises a mix of agricultural land and forest land. The agricultural lands are mainly planted with latex rubber trees, while the forest lands form part of the logged-out area of the Kenderong Forest Reserve. The Gerik Project and surrounding areas are characterised by

sparsely populated hilly terrain. The local economy relies mainly on activities such as agriculture, logging, handicrafts, and occasional mining activities.

### 3.4 Environmental and social aspects

In Malaysia, any proponent seeking to conduct mining activities must submit an environmental assessment report to the Malaysian Department of Environment (DoE) and can only proceed after obtaining DoE approval. The most recent Environmental Impact Assessment (EIA) pertaining to the Gerik Project was prepared by Chemsain Consultant in February 2022. The EIA report was approved by the DoE in May 2022 (see also sections 7.3 and 7.4).

The Gerik Project creates several perceived potential environmental impacts, including soil erosion, contamination of surface and groundwater, and potential disturbance of wildlife habitat in and surrounding the project tenures. During SRK China's site visit, the implementation of flood interception ditches encircling the wet plant were observed, alongside sedimentation ponds designated for the Gerik Project. Notably, the wastewater generated by the wet plant is being recycled. However, it was observed that certain ditches designed to capture pregnant liquor at the base of the leach pile lack anti-seepage membranes. Presently, in situ leaching activities are carried out within existing rubber plantations, with limited impact on these agricultural pursuits or on the habitats of wild animals.

Nevertheless, the EIA indicates that by fully implementing the appropriate mitigation measures (see Section 7), the anticipated impacts will align with Malaysian environmental standards, regulations, and best industrial practices.

SRK China has also advised that MCRE/SAM should implement a community engagement plan.

### 3.5 Project history

In 2016, MCRE entered into partnership with China Nonferrous Metal (Guilin) Geological & Mining Co. Ltd to carry out mineral exploration work over the current Gerik Project area.

Following initial encouraging results, MCRE conducted an expansive exploration program within the project tenures from March 2019 to March 2023. A total of 2,342 boreholes (manual auger) for a total of 34,585.1 m were completed as part of this phase of exploration.

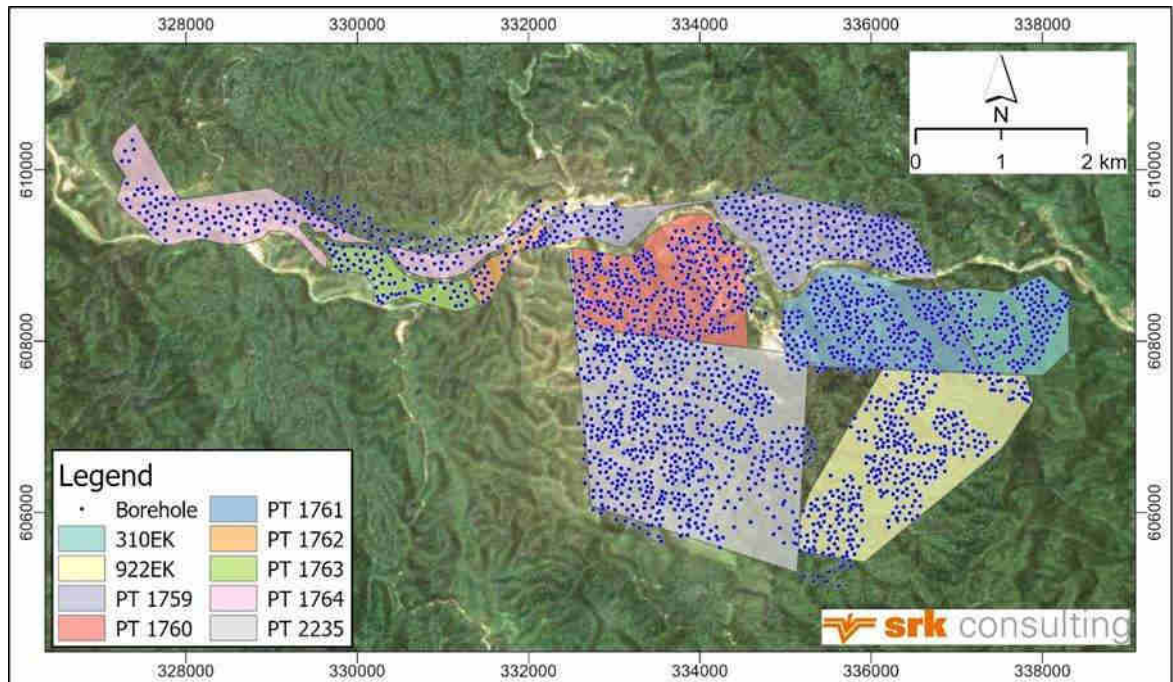
This drilling was undertaken in accordance with Chinese standard DZ/T 0204-2002: Geological Exploration Specifications of Rare Earth Element deposits.

The boreholes were strategically drilled in clusters, with each cluster aligning with an individual terrain unit. The completed boreholes form an approximate spacing of 50–100 m within each designated cluster.

No new exploration activities have been conducted within the project area since.



**Figure 3.3: Borehole distribution of the Gerik Project**



Source: IQP Report SRK China (2025)

In 2021, MCRE was granted a Proprietary Mining Lease (PML) approval for operations in the area of PT 1761 from Pejabat Tanah Dan Galian (PTG), being the Land and Mines Office of Malaysia.

In 2022, MCRE's EIA was approved, together with an Operational Mining Scheme (OMS), which enabled the commencement of the pilot processing plant production in 2022.

In 2023, the Malaysian Ministry of Natural Resources, Environment and Climate Change (NRECC) granted its approval for a licence to export REE concentrates from the Gerik Project. In February 2023, the first shipment of rare earth carbonate (REC) arrived in China after shipment from the Gerik project.

Site clearances for the next hydrometallurgical plant and production areas, along with associated infrastructure to enable plant 2 and 3 to be constructed sequentially, commenced in 2024–2025, broadly in line with the updated production schedule.

## 3.6 Geology and Mineral Resources

### 3.6.1 Geology

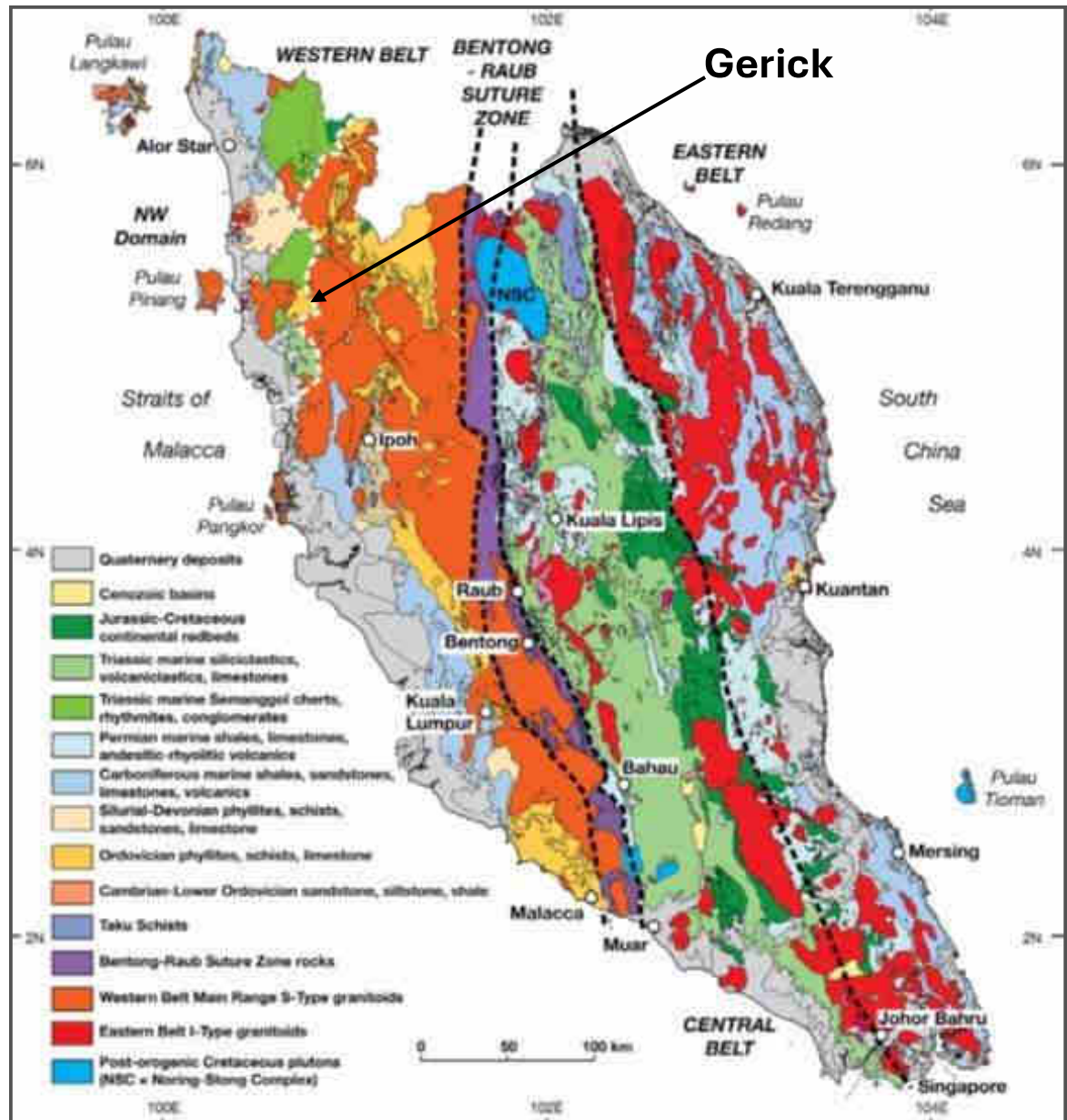
The Malay Peninsula exhibits three north–south belts, namely the Western, Central, and Eastern belts, distinguished by variations in stratigraphy, structure, magmatism, geophysical characteristics, and geological evolution. The Western Belt is part of the Sibumasu Terrane, originating from the late Early Permian NW Australian Gondwana margin. On the other hand, the Central and Eastern belts represent the Sukhothai Arc, formed during the Late Carboniferous–Early Permian on the margin of the Indochina Block, derived from the Gondwana margin in the Early Devonian.

The Bentong-Raub suture zone delineates the boundary between the Sibumasu Terrane (Western

Belt) and Sukhothai Arc (Central and Eastern Belts), preserving remnants of the Devonian–Permian main Palaeo-Tethys Ocean basin, which was obliterated by subduction beneath the Indochina Block/Sukhothai Arc. This subduction process gave rise to the Permian-Triassic andesitic volcanism and I-type granitoids observed in the Central and Eastern belts of the Malay Peninsula (Metcalf, 2013).

Granitoids, the primary parent rocks of the IAC-REE mineralisation in the region, are widely distributed in the plutonic rocks of the Malay Peninsula. These granitoids can be categorised into two belts. The West Malaya Main Range S-type group of granitoids produces Late Triassic to earliest Jurassic U-Pb zircon ages, while the eastern Malaya group consists mainly of I-type granitoids with ages ranging from early Middle Permian to early Late Triassic. These two granitoid belts are part of a broader threefold distribution in Southeastern Asia, extending from Burma and northern Thailand southwards through Peninsular Thailand and the Malay Peninsula to Sumatra and the Indonesian tin islands.

Figure 3.4: Simplified geological map of the Malay Peninsula



Source: Modified from SRK China IPQ Report (2025)

### 3.6.2 Mineralisation type

The Gerik Project lies within the northern segment of the West Malay Main Range granitoids belt (Figure 3.4), which primarily consists of S-type granitoid intrusions. The bedrock of the Gerik IAC-REE deposit comprises Late Triassic to early Jurassic granitoid rocks. According to the exploration data, most of the Gerik Project is covered by weathered soil originating from these granitoids, with alluvial (non-REE bearing) sedimentary deposits present only in certain valleys.

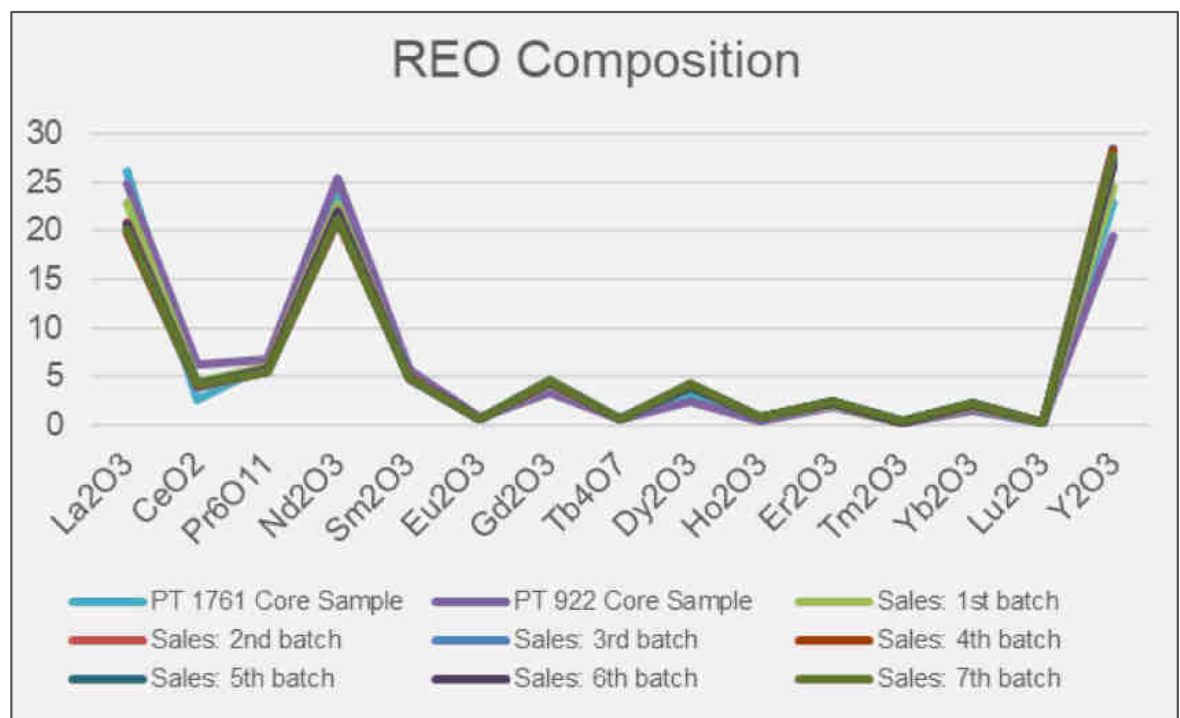
The Gerik Project is classified as an ion-adsorption type REE deposit, wherein the majority of REE mineralisation occurs in an ion-exchangeable form, adsorbed onto clay minerals, such as kaolinite, halloysite, or montmorillonite.

Previous exploration activities have revealed that the ion-exchangeable REEs are primarily concentrated within the middle section of the regolith B horizon, which ranges in thickness from 1 m to 50 m, averaging approximately 8 m in thickness across the entire project area, except in isolated valley bottom areas which form the drainage network. The REE-bearing horizon normally occurs approximately 2 m to 10 m beneath the topsoil.

### 3.6.3 Composition of REE

A typical rare earth oxide (REO) composition chart for the Gerik Project is presented in Figure 3.5. These analytical results are obtained from drill core samples of PT 1761 and PT 922 as well as from each batch of saleable product output from the pilot wet plant, and exhibit a similar REO composition. The approximate range of REO composition includes praseodymium-neodymium (PrNd) oxides, accounting for 27–36%, magnet rare earth oxides (MREO – Nd, Pr, Tb, and Dy oxides) for 30–39%, and critical rare earth oxides (CREO – Nd, Eu, Tb, Dy, and Y oxides) for 43–57% of the total REO content.

**Figure 3.5: REO composition comparison between PT 1761, 922 EK and sales products**



Source: SRK China IPQ Report (2025)

A detailed summary of the Geology and Mineral Resources is provided in SRK China's IQP Report (Appendix C).

### 3.6.4 Mineral Resources

SRK China estimated and reported Mineral Resources for the Gerik Project as at 30 April 2025 in accordance with JORC Code (2012) (Table 3.2). In so doing, SRK China applied a cut-off grade of 100 g/t soluble rare earth oxide (SREO).



In summary, there are:

- 97.1 Mt of Indicated Mineral Resource with an average grade of 494.4 g/t SREO, equivalent to 48.0 kt of REO within the Gerik Project area.
- 20.1 Mt Inferred Mineral Resource with an average grade of 458.3 g/t SREO, equivalent to 9.2 kt of REO within the Gerik Project area.

**Table 3.2: Mineral Resource Statement<sup>1</sup> of Gerik IAC-REE Project as at 30 April 2025**

Category	Mineral type	Gross Attributable to Licence			Net Attributable to MCRE (100%)			Remarks
		Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	
Resources*								
Measured	IAC-REE	-	-	-	-	-	-	-
Indicated	IAC-REE	97.1	494.4	48.0	97.1	494.4	48.0	-1.2 Including Reserves above
Inferred	IAC-REE	20.1	458.3	9.2	20.1	458.3	9.2	-8.7
Total		117.2	488.2	57.2	117.2	488.2	57.2	-2.5

Source: SRK China IPQ Report (2025).

Notes:

<sup>1</sup> 100% of the Mineral Resources are attributable to MCRE.

<sup>2</sup> Mineral Resources are reported inclusive of Ore Reserves.

<sup>3</sup> Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.

## **3.7 SRK review of the geological setting and Mineral Resources**

### **3.7.1 Overview**

The observations presented below are based on a high-level review by SRK of the information presented in SRK China's draft IQP Report, dated 17 April 2024 and subsequent review of the final IQP Report dated 4 July 2024. Other than SRK China depleting the Resource for production since the 2024 estimate (as of July 2025), this review remains unchanged.

SRK has not assessed, or received, any of the supporting data files that were used to prepare the resource estimate, or any of the files prepared as part of the Mineral Resource estimate (MRE). SRK has visited the Gerik Project site, and hence has some familiarity with the characteristics and setting of the project as well as the original drilling and sampling data. This knowledge has been considered when conducting this review.

### **3.7.2 Geology**

The known mineralisation informing the project is located in the Gerik region of Malaysia. The mineralisation style has been described as ionic adsorption clay REE (IAC-REE). Elevated concentrations of REEs are developed in the weathering profile overlying late Triassic to Early Jurassic S-type granitoid intrusive bodies.

The host granites are interpreted to contain minerals with low concentrations of REEs (such as monazite). These minerals break down via weathering processes over a prolonged period (typically of tropical climates). Under favourable geochemical and geomorphological conditions, these REEs are taken into solution and leached down through the residual soil profile where they are ionic adsorbed (i.e. bonded) by certain clay minerals (mostly kaolinite).

#### **Comments**

The descriptions of the regional and local geology included in the IQP Report are consistent with industry opinion regarding the geological setting and formation of IAC-REE deposits. They are also consistent with the geological characteristics that SRK observed at site. SRK consider that the understanding of the regional and local geology provides a suitable basis to support the preparation of MREs.

### **3.7.3 Data collection – Surveying**

The drill hole collar locations were surveyed using real-time kinematic global positioning system (RTK-GPS) equipment registered to several government datum points located in the region. The topographic surface model was prepared using data sourced from a drone photogrammetry survey (date not specified).

#### **Comments**

The drone photogrammetry survey methods are consistent with those commonly used in the international mining industry. For the preparation of MREs associated with this style of deposit, it is essential that there is close agreement between the drill hole collar positions and those of the

associated topographic datasets. The IQP Report does not contain a comparison between the drill hole collar and topography elevation data.

### 3.7.4 Sample collection

Most of the samples used for resource estimation were collected from boreholes completed using a hollow tube auger. The auger comprises a barrel that is 95 mm in diameter and 500 mm in length fitted to 2 m long solid rods. A percussive (with slight rotation) action is used to manually force the barrel into the formation. The equipment is withdrawn from the hole after each 0.5 m advance and the sample extracted from the barrel.

The equipment can drill to a maximum depth of ~45 m; however, it is unable to penetrate indurated or competent material, or parts of the profile where core-stones or boulders exist.

A nominal hole spacing of 50–100 m has been targeted.

#### Comments

SRK understands that this type of equipment is commonly used for REE-IAC deposits in China. It is likely to be adequate, although it does have some limitations, including:

- It is noted in the IQP Report that recoveries often exceed 100%, which suggests that over-sampling is common. In this terrain, this is most likely due to material collapsing in from the hole walls, which can result in smearing and over-estimation of the thickness of the potentially economic zones.
- The barrel is likely to push aside or deflect off core-stone or harder fragments, which means that they will be under-represented in the sample provided. These can often have lower concentrations of REO, which may increase the likelihood that the sample grades are biased towards the high side.
- The equipment may not be capable of penetration the full mineralised profile if hard bands are encountered.

The 50 m drill hole spacing is considered to be suitable for the resource classification applied. While the IQP Report does not describe the basis for this spacing, this spacing is commonly used for IAC deposits in China where it is covered under Chinese Standards. The spacing is similar to that used for other regolith deposits, including other clay-hosted REO deposits, as well as granite-hosted lateritic bauxites, which form higher in the profile, but under very similar weathering regimes.

### 3.7.5 Field preparation

Upon extraction from the hole, a field test is conducted, whereby some material is dissolved in ammonium sulphate and then dosed with oxalic acid. The formation of a precipitate indicates the presence of REEs. Intervals that show evidence of REEs, and all subsequent intervals in the hole, are then sampled.

The sample is poured onto a plastic sheet and cone and quartering is used to collect two quarter splits from opposite quadrants. The remaining two quadrants are collected and stored at site.

### Comments

The field test is a suitable way of reducing field and laboratory costs. However, the reliability of the procedures is not discussed. It would be useful to assay all samples from selected holes to confirm that check the efficacy of this procedure. For this style of mineralisation, the use of selective assaying procedures may mean that the estimation procedures cannot be optimised.

Cone and quartering is not an optimal splitting procedure. However, assuming that it is carefully conducted, it is a practical and adequate procedure for these materials.

### 3.7.6 Laboratory procedures

The samples were prepared and assayed at CNFM-Guilin laboratory in Guangxi Province, China for independent external analysis (SRK China, 2024).

The samples were oven-dried and then crushed to less than 1 mm in size. A 5 g split was leached in an ammonium sulfate solution and then digested in nitric acid, with the solutions assayed using inductively coupled plasma mass spectrometer (ICP-MS). This procedure provides SREO (soluble rare earth oxide) results.

### Comments

The sample preparation and assaying procedures are understood to conform to the Chinese standards for the analysis of IAC-REEs, and considered suitable for this project where ammonium sulfate will be used as the process lixiviant.

SRK understands that only a subset of the samples was originally assayed for SREO, with other (overlapping) subsets assayed for TREO (total rare earth oxide) using a full acid digest and an ICP finish. This is further discussed below.

### 3.7.7 QA/QC procedures

The IQP Report indicates that the quality assurance–quality control (QA/QC) program comprised SRK (Beijing) submitting 469 duplicates to an independent laboratory for confirmatory testing. These samples were tested using the same laboratory procedures as those used by the primary laboratory.

### Comments

There is insufficient QA/QC information included in the IQP Report to enable SRK to form an opinion regarding the likely reliability of the data used to prepare the resource estimates. The QA/QC programs, as described, do not meet what would be considered acceptable requirements for the reporting of Mineral Resource Estimates in accordance with the JORC Code.

Some apparent shortcomings include:

- The scatterplots included in the IQP Report do not show evidence of significant quality issues, though this form of presentation is not optimal for the assessment of bias and precision.
- The IQP Report does not describe the source of the duplicates, whether the datasets cover multiple locations and multiple drilling/assaying programs.

- The independent checks likely represent only about 2% of the primary data, which is considered insufficient, if no other QA/QC data are available.
- There is no mention of the conventional QA/QC protocols that would typically be included in programs used to collect data for resource estimation, including the routine testing of field duplicates, pulp duplicates, laboratory repeats, standards, blanks, twinned holes, or other procedures used to check for error introduced during initial sample extraction.

### 3.7.8 Density

Bulk density tests were performed on bulk samples collected from 10 pits. Each pit, which was located within the main mineralised zone, had a volume of approximately 1 m<sup>3</sup>. Water replacement procedures were used to accurately estimate the volume of material extracted. The extracted material was weighed, dried, and then reweighed. The dry weights were averaged and used as a default value for the mineralised domains.

#### Comments

The general procedures described above are suitable for density determination and the assigned default value appears to be plausible for clay materials. The number of test samples is very small given the size and number of deposits. SRK understands that, because of access issues, most of the samples were collected higher in the profile compared to usual position of the mineralised zone. It is very likely that samples were air dried and not oven dried. This may mean that the dry bulk density (and hence tonnage and contained metal) could be over-estimated.

### 3.7.9 Resource modelling – Domaining

It is noted in the IQP Report that the mineralised zone typically occurs near the transitional contact between the intensely weathered and semi-weathered material. Implicit modelling techniques were used to define mineralised lenses, using a nominal cut-off of 100 ppm TREO.

#### Comments

While the general approach described above is often used and is not fatally flawed, it is often sub-optimal. It is preferable to prepare a lithological model using major oxide and lithological logging data. This can be then used to better guide the geometry of the mineralised zone. The use of a grade threshold applied to a single possibly imprecise analyte (TREO or SREO), coupled with the selective assaying procedures, can result in conditionally biased estimates.

### 3.7.10 Resource modelling – Estimation dataset

The samples were composited to 1 m intervals. The SREO grade distributions in each orebody were examined and top cuts were applied to grades that were considered to represent outliers.

#### Comments

The general approach to preparation of the estimation dataset is considered to be appropriate. The compositing interval is considered to be appropriate given that it matches the interval over

which most samples were collected. The approach to top cutting is considered appropriate. SRK has not examined the datasets to offer an opinion on whether the chosen thresholds are suitable.

SRK understands that SREO analyses were not performed on all samples contained in the estimation dataset. Instead, the SREO grades were calculated by applying a factor to TREO grades. It is recommended that details of the calculation procedures be included in the report.

### 3.7.11 Resource modelling – Volume model

Conventional 3D block modelling techniques were used to represent the volume of each deposit. All models were prepared using a parent cell size of 10 × 10 × 2 m (XYZ). Sub-celling was not applied.

#### Comments

The general approach used to prepare the volume model is considered to be appropriate. The parent cell size is possibly not optimal. For this style of mineralisation and the drill configuration, a parent cell with larger lateral dimensions (15–25 m) and a smaller vertical dimension (1 m) may be more appropriate.

### 3.7.12 Resource modelling – Grade estimation

The local SREO grades were estimated using inverse distance squared (ID2) techniques. Three estimation passes were used, with the following parameters applied. The Mineral Resource statement includes local estimates for some of the individual REEs. The IQP Report does not state whether the individual element data were available for all samples, and whether they were estimated using the same parameters.

**Table 3.3: Grade estimation parameters used**

Pass	Search distance (m)	Samples		
		Minimum	Maximum	Maximum per hole
1	75	6	20	2
2	150	4	16	2
3	300	2	12	2

Source: SRK China IPQ Report (2024).

#### Comments

While the general approach and parameters appear to be adequate, they are not optimal, and it is recommended that the following modifications be considered for subsequent studies:

- Compared to some other estimation algorithms, ID2 can be more prone to conditionally biased estimate if the cell size is small and the assay data imprecise.
- Local estimates for this style of mineralisation significantly benefit from tighter estimation control via unfolding (or dynamic anisotropy) and smaller vertical search distances.

- If the dataset does contain calculated SREO grades (instead of assayed grades), then the model cells that were largely informed by these data should be flagged to reflect the reduced level of confidence
- If the individual REE grades were estimated using a smaller sample set to that used for SREO estimation, then the grade relationships in the model should be compared to those in the input dataset.

### **3.7.13 Resource modelling – Model validation**

The model validation procedures described in the IQP Report are limited to the presentation of swath plots, with commentary that the swath plots demonstrate that the block model and composites correspond well.

#### **Comments**

SRK recommends that additional validation be conducted. While swath plots are a useful validation tool, they are not definitive and should only be used in conjunction with other validation procedures.

### **3.7.14 Summary**

In summary, SRK has not identified any fatal flaws with the procedures used to prepare the MREs. They are not dissimilar to those that have often been used for this style of mineralisation. SRK recommends that the following matters be considered in subsequent studies:

- the absence of comprehensive QA/QC data
- the estimation procedures may not be adequately tailored to this style of mineralisation
- the limited amount of validation conducted to demonstrate the estimates are reliable and the model is fit for purpose.



## 4 Demonstration hydrometallurgical plant

Between April and May 2022, MCRE conducted a mineral properties study and laboratory column leaching tests on composite samples collected from PT 1761. These tests included column leaching and REE recovery from pregnant leachate solution (PLS). The laboratory tests achieved 89.1% of REE leaching rate from the Ore Reserve to PLS, 4.7% of impurity removal loss, and 98.7% of precipitation recovery from PLS to wet REC, leading to a total REE recovery of 83.8%.

Based on the laboratory test results and considering the onsite conditions, China Rare Earth Group (CNREE) selected three ore-bearing blocks within PT 1761 for pilot production. The in situ leaching (ISL) system was established on site and a wet pilot plant constructed accordingly. The pilot production commenced in September 2022, and by October 2023, 4,727 t of wet rare earth carbonate (REC) had been produced, equivalent to 1,418.02 t of REO. An 87.3% of overall SREO recovery was achieved (Table 4.1) through the pilot production, with an in situ leaching rate of 95.3% and a hydrometallurgical recovery rate of 91.6%.

Since the start of production up to the end of November 2024, a total of 3,883.71 t of REO equivalent product have been produced.

Based on the pilot production data and SRK China's experience with similar Chinese REE projects, MCRE commissioned SRK China to undertake a PFS for the Gerik Project. Prior to conducting the PFS, a pilot production report was prepared in collaboration with SRK China and MCRE's technical team as a component document to the PFS.

**Table 4.1: Major results for in situ leaching test within PT 1761**

Item	Unit	Result
Resource Tonnage of the Pilot Production Section (refer PT 1761 in Table 3.1)	kt	3,589
Total REE Resource of the Pilot Production Section (refer PT 1761 in Table 3.1)	SREO t	1,624
Average Grade of Resource (refer PT 1771 in Table 3.1)	SREO g/t	452
Ammonium Sulfate (AS) Consumption	t/t REO	10.9
Ammonium Bicarbonate (ABC) Consumption	t/t REO	4.2
Sulfuric Acid Consumption	t/t REO	0.5
Total REO Content in the PLS	t REO	1,548
Total REC production – REO Equivalent	t REO	1,418
ISL Recovery	SREO %	95.3
Wet Plant Recovery	SREO %	91.6
Overall Recovery	SREO %	87.3

Source: SRK China IPQ Report (2024)

### 4.1.1 Summary

The analysis of REE during laboratory testing confirmed that the Gerik Project is an ion-adsorption type deposit, with SREO accounting for over 50% of the TREO content.

Laboratory tests established optimal conditions for extraction, using ammonium sulfate as the leaching agent (lixiviant), resulting in a TREO leaching rate of 52.9% and an ionic REE leaching

rate of 89.1%. Pilot testing conducted on samples from three sections of PT 1771 produced promising results, achieving an in situ leaching rate of 95.3% and a comprehensive rare earth recovery rate of 87.3%. Impurities predominantly consist of  $\text{SiO}_2$ ,  $\text{Al}_2\text{O}_3$ , and  $\text{Fe}_2\text{O}_3$ , which are carried by minerals such as quartz, kaolinite, feldspar, and mica group minerals.

While effective, in situ leaching is susceptible to weather conditions, necessitating consideration in the wet plant design to manage peak PLS volumes.

#### 4.1.2 Comments by SRK

In situ leaching is dependent on favourable hydrogeological conditions which allow for percolation of leaching agents through the host media. Flow rates, residence times and leaching agent quantities required for effective extraction of the defined Mineral Resources using in situ leaching methods are highly sensitive to the permeability and aquifer storage parameters (in this case Specific Yield or  $S_y$ ) of the host media. Leaching agent requirements can also be impacted by dilution from both groundwater in the saturated zone and recharge (via infiltration of precipitation) through the unsaturated zone.

Accordingly, a detailed hydrogeological investigation is typically completed to characterise the pilot plant site and establish ranges of hydrogeological parameters including hydraulic conductivity ( $k$ ) and Specific Yield ( $S_y$ ) and Specific retention ( $S_R$ ). This would typically include laboratory measured Porosity ( $n$ ),  $S_y$  and if possible,  $k$  values for the site from multiple bores, and be supported by aquifer testing, where possible. These parameters could then be incorporated into a couple numerical groundwater flow/solute transport model and calibrated against the pilot program results. The viability of the pilot plant over the remainder of the deposit should then be assessed using the numerical groundwater flow/solute transport model incorporating the variations in hydraulic parameters collected across the entire deposit.

In this case, only a preliminary hydrogeological investigation was completed for the pilot program site and the hydrogeology extended across the deposit based on the conceptual understanding and material properties encountered during resource drilling. This results in uncertainty as to the viability of the in situ leaching methodology across the site, specifically with regards to the anticipated flow rates and the quantity of leaching agent requirements.

## 5 Mining and Ore Reserves

### 5.1.1 Mining and Ore Reserves

A summary of the Ore Reserve Estimate estimated by SRK China is provided in Table 5.1.

The Gerek Project is estimated to host a total of 84.3 Mt at a grade of 495.2 g/t (38,851 t SREO recovered at 93.1% in wet plant) Probable Ore Reserve, with a cut-off grade of 100 g/t SREO as at 30 April 2025, and is reported in compliance with the JORC Code (2012).

Table 5.1: Gerik Ore Reserve Statement as at 30 April 2025

Category	Mineral type	Gross Attributable to Licence			Net Attributable to MCRE (100%)			Remarks
		Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	Ore tonnes (millions)	SREO grade (g/t)	REO equiv. (kt)	
Change from previous Update (%)								
Reserves								
Proved	IAC-REE	-	-	-	-	-	-	-
Probable	IAC-REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Total		84.3	495.2	38.9	84.3	495.2	38.9	-0.7

Notes:

<sup>1</sup> 100% of the Ore Reserves are attributable to MCRE.

<sup>2</sup> Processing recovery estimated at 93.1%.

### 5.1.2 Method and design – Leaching

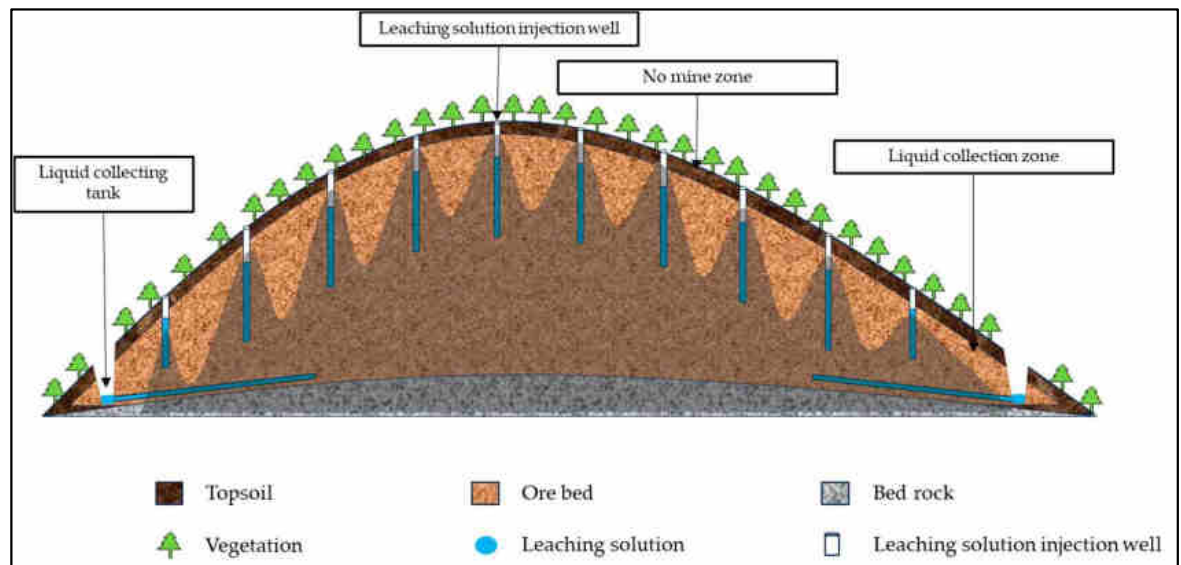
Three types of ion-exchange leaching techniques have been considered for extraction of REE from IAC deposits: pond leaching, heap leaching, and the in situ leaching method. The first two leaching methods require the excavation of the orebody through open cut mining methods and the transportation of the ore to the leach site. The large-scale excavation of the ore-bearing soil in an open-cut mining operation over such a large area would cause significant damage environmentally. Conversely, the in situ leaching technique is considered as a more environmentally friendly method, when the entire process is properly managed.

To date, in situ leaching has been adopted for the Gerik Project.

The in situ leaching process can be divided into two stages – leaching solution injection and the collection of PLS. The choice of leaching solution is crucial. It typically consists of a weak acid or salt solution designed to selectively bind with the adsorbed REEs, while minimising harmful environmental impacts. Common choices include ammonium sulfate, sodium chloride, or organic acids.

The leaching solution used in the Gerik Project mainly comprises ammonium sulfate which is widely used in similar in situ leach mines in China.

**Figure 5.1: Schematic cross section view of in situ leaching mining**



Source: SRK China IPQ Report (2024)

### 5.1.3 Leaching conditions

The Gerik Project area generally features low to moderate rolling topography, with elevations ranging from 300 masl to 540 masl. The topographic conditions are generally favourable for the strategic placement of injection wells. Individual permit areas generally have up to 70 m of difference in elevation, allowing for an acceptable duration of PLS migration, as well as an acceptable hydraulic head for PLS delivery.

The project's widely developed orebodies display a sheet-like distribution, with their morphology influenced by the geometry of the underlying weathered granitic crust. Generally, in areas of higher elevation and moderate slopes, the orebodies exhibit a more regular geometric form. Conversely, in lower-lying and gently sloping valley areas, the mineralisation exhibits complex geometries due to erosional effects from water flow and the segmentation impacts of alluvial deposits, sometimes forming arcuate patterns. In cross section, the orebody geometries are controlled by variations in the topographic surface, typically exhibiting a lenticular or saddle reef-like form.

The regolith derived from the weathered granite possesses was tested at Lot 922 EK (Figure 3.2). According to the test results, the hydraulic conductivity of the fully weathered granitic zone ranges approximately between 2.5 m/d and 3.1 m/d, while the hydraulic conductivity of the semi-weathered granitic zone ranges approximately between 3.0 m/d and 3.5 m/d to allow for successful in situ leaching as proven by the pilot plant. The estimates of hydraulic conductivity are based on the results from six boreholes spread across the deposit and have not been verified by aquifer testing or numerical modelling.

The orebodies planned for in situ leaching operations within the project area are situated in the upstream portions of the Sungai Rui drainage basin. The groundwater flow directions are well-defined, with all tributaries within the mining area converging into the Sungai Rui. Additionally, the bedrock within the mining area is predominantly granitic below the base of weathering and is effectively impermeable. Groundwater flow via fractures and other structural features in the granite is possible and may impact leachate recovery and leaching agent quantities in certain areas.

No geotechnical or detailed hydrogeological testing has been conducted on the regolith within the project area. Based on SRK's China experience in similar environments, it is estimated that the cohesion is generally less than 50–60 kPa, the angle of internal friction  $\phi$  ranges between 0 and 30°, the moisture content typically exceeds 30%, the void ratio lies within the range from 0 to 1.5, and the material will exhibit a relatively high compression coefficient.

The loosely consolidated and weathered regolith layers will adversely impact the slope stability of the hillsides. Particularly during in situ injection, if the regolith reaches saturation, or during heavy rainfall events associated with the transition from dry to wet seasons, there is a possibility of slope failures occurring. The slope stability issues arising from these factors will present one of the challenges for effectively managing the in situ leaching operation in the future.

The combination of the proposed drainage system within a single catchment, situated on top of an impermeable basement rock support the potential development of a viable ISL operation. Uncertainty remains regarding the distribution of hydraulic parameters across the deposit, which could impact the leachate recovery rates, as well as leaching agent quantities once operational.

#### **5.1.4 Production schedule**

The PFS proposes the development of seven wet plants to process the PLS from the ISL mining operations across the nine lease areas. Each plant has been designed with a nominal capacity of 2,000 t/a of REO equivalent in the form of a REC product.

Seven wet plants (Figure 5.2) are planned for phased construction in conjunction, with the roll-out of the ISL leaching plan to service the various mining blocks.

Plant 1 was commissioned in 2022 to support the industrial pilot and is currently in production.

Subsequent plants will employ the same standard operational procedures to process PLS from the leaching blocks and produce a wet REC product.

This approach allows for modular expansion to match plant capacity to the increasing PLS volumes from the developing ISL operations while maintaining consistent product quality through the utilisation of a standardised process flowsheet across all facilities.

The designed overall recovery for the SREO resources is 83% from in situ leaching to REC product. The schedule of plants construction and production is shown in Table 5.2.

**Table 5.2: Construction and processing schedule for hydrometallurgical plants of Gerik IAC-REE Project (REO t equivalent in REC)**

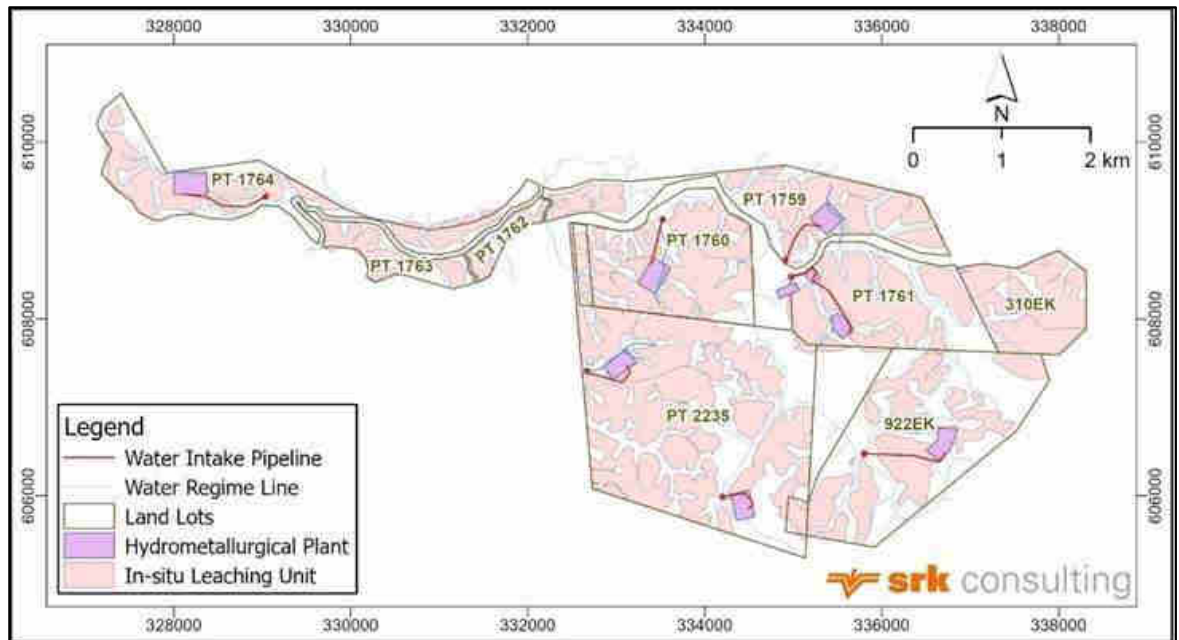
Plant	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Plant 1	1,838	1,000	838	EOP									
Plant 2	5,972	Cons 500	2,000	2,000	1,472	EOP							
Plant 3/4	12,872	Cons	2,000	Cons 3,000	4,000	2,000	1,871	EOP					
Plant 5	5,151							Cons 1,000	1,500	1,500	1,151,	EOP	
Plant 6	6,426					Cons 1,000	2,000	2,000	1,426	EOP			
Plant 7	6,593							Cons 1,000	2,000	2,000	2,000	1,593	EOP
<b>Total</b>	<b>38,851</b>	<b>1,500</b>	<b>4,838</b>	<b>5,000</b>	<b>5,472</b>	<b>3,000</b>	<b>3,871</b>	<b>3,000</b>	<b>3,926</b>	<b>3,500</b>	<b>3,151</b>	<b>1,593</b>	<b>-</b>

Source: SRK China IPQ Report (2025)

Note: Cons – construction; EOP – end of plant.



**Figure 5.2: Planned locations of wet plants**



Source: SRK China IPQ Report (2025)

## Proposed mining

The proposed in situ leaching system comprises an injection system located near the topographical highs and upgradient of the target leaching unit, and a collection system located at the base of the slope downgradient of the target zone. The collection system may vary slightly depending on topography and other logistical constraints for solution collection.

## 5.2 Leaching system

An independent in situ leaching system primarily consists of an injection system situated upgradient of a leaching unit and a collection system located downgradient of the orebody. It is assumed that groundwater flow directions follow topography and therefore the injection systems are proposed to be located along topographic highs with collection systems located in topographic lows.

### 5.2.1 Injection system

#### Leaching solution pond

A leaching solution pond is used for storing pre-prepared ammonium sulfate effluent from the wet plant, situated upgradient of the orebody. This design ensures that the eluent can flow without pumping or inducing pressure into the injection holes through the injection pipeline system, which therefore runs gravitationally. After the initial eluent introduction stage, the PLS is captured and processed before being recycled in a loop. During this stage, no additional ammonium sulfate is introduced, rather acidified supernatant from the wet plant is used to facilitate further elution of REE from the orebody. Upon completion of the leaching operation, the pond is then used to store clean water, which is injected to dilute and remove any residual leaching agents and extracted REEs remaining in the mineralised zone.

## Injection hole

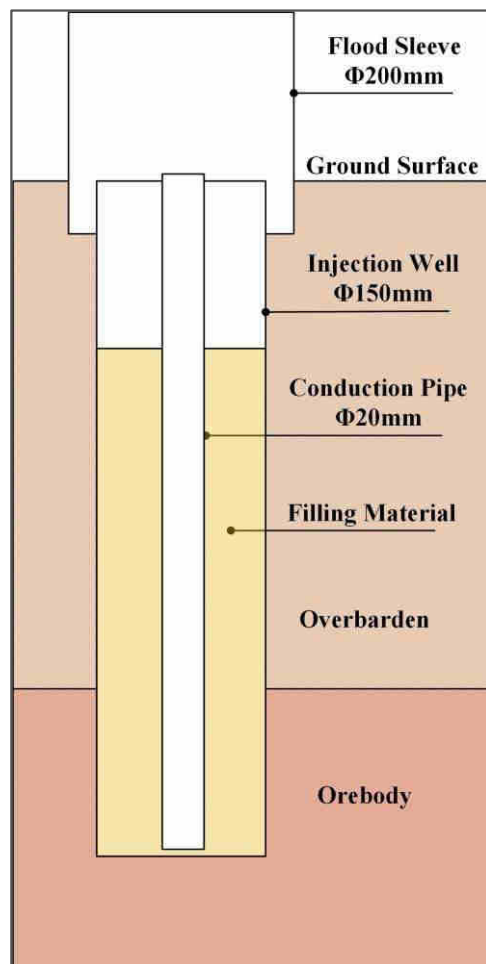
Eluent is injected into the orebody via a series of injection holes. The eluent gradually diffuses and permeates throughout the orebody by gravity and capillary action. During the leaching process, ammonium ions in the eluent displace REE ions in the orebody which become dissolved and recovered from the leachate.

The proposed injection holes will be constructed with a nominal diameter of 150 mm and are cased with screened polyvinyl chloride (PVC). Proposed injection network design is partially defined by the topography and is defined as:

- 3 m × 3 m spacing where the slope angle of the leaching surface is greater than 30°; 2 m × 2 m for the slope angle ranging between 15° and 30°; and 1.5 m × 1.5 m for the angle ranging less than 5°.
- The final depth of the well is typically penetrating the orebody by less than 1–2 m.

The base of the leaching solution pond is proposed to be located topographically higher than the injection well's collar to allow the eluent solution to flow via gravity into the injection well.

**Figure 5.3: Typical specification of the injection hole**



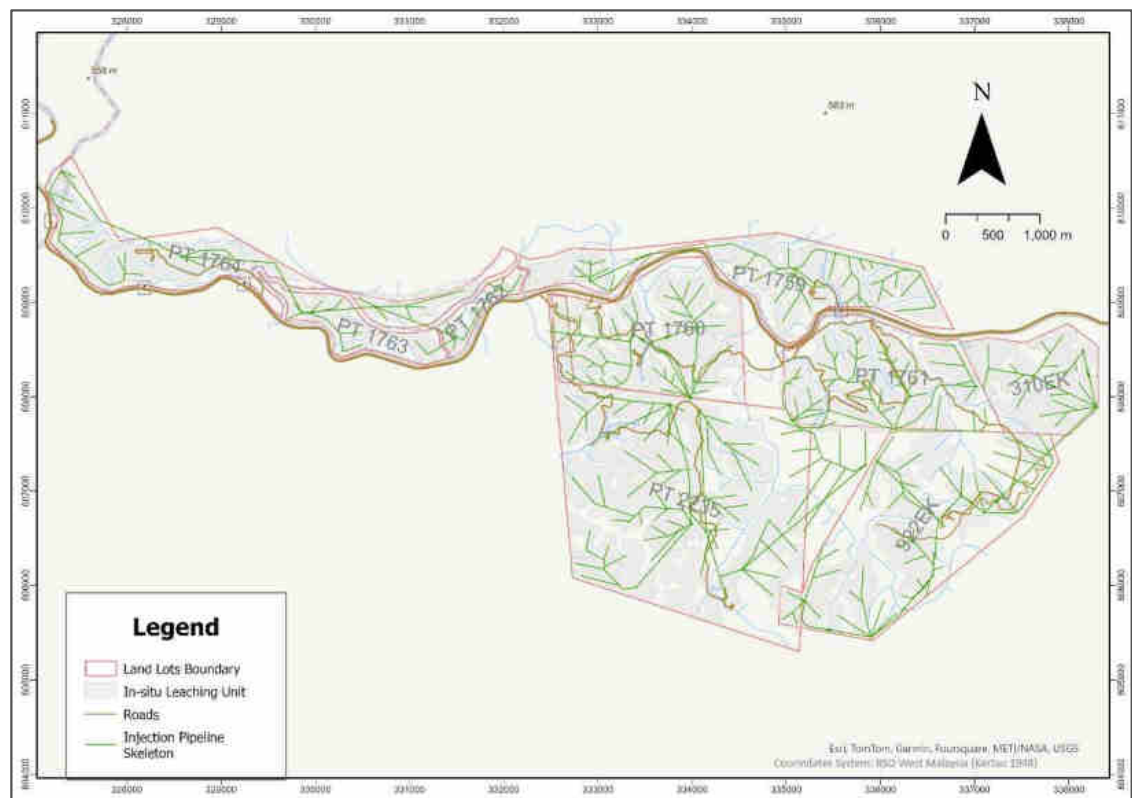
Source: SRK China IPQ Report (2024)

## Injection pipeline network

The leaching solution pond and the injection holes are connected via a series of branch pipes, control valves (faucets), and funnels, all made of PVC. The main feed pipes have a diameter of 200 mm, branch pipes 20 mm, and a faucet is installed at each injection hole to control the flow rate.

A schematic outline from SRK China's PFS is shown in Figure 5.4.

**Figure 5.4: Injection pipeline plan for Gerik Project**



Source: SRK China IQP Report (2025)

An example of the existing injection hole and pipelines installed in PT 1761 is shown in Figure 5.5.

**Figure 5.5: Injection hole and injection pipelines**



Source: SRK China IQP Report (2024)

## **5.2.2 PLS collection system**

The PLS collection system collects the REE-bearing solution and comprises PLS collecting tunnels and holes, ditches, PLS hub ponds, observation holes, flood water collection ditch, PLS buffer ponds, pump station, and a monitoring office. The composition of each system is described below.

### **PLS collection tunnel**

In the partially weathered layer beneath the orebody, a network of tunnels will be excavated to collect the PLS. The tunnel layout design and exact orientation is based on the orebody's geometry and comprises main tunnels and branching tunnels. Main tunnels are spaced 20–30 m apart, while branch tunnels have a spacing of 3–5 m. The tunnel cross section is trapezoidal, dug using handheld pickaxes, and debris is manually removed using pushcarts. Following tunnel construction, an anti-seepage membrane will be installed based on the floor's infiltration conditions. Main tunnels are reinforced with steel pipes/wooden piles and planks and bamboo used to fill branch tunnels to prevent collapse.



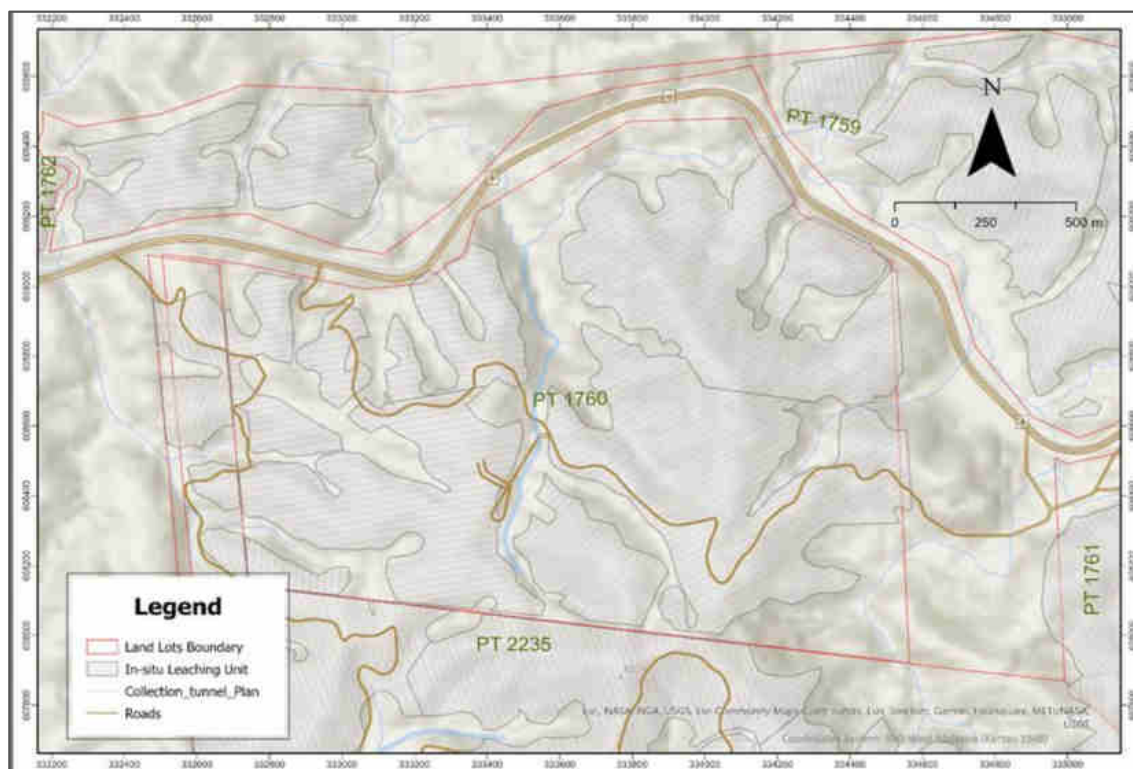
**Figure 5.6: Main and Branch PLS collection tunnel in construction for PT 1761**



Source: SRK China IQP Report (2024).

The general layout of the PLS collection tunnel planned in the PFS is shown in Figure 5.7.

**Figure 5.7: General layout of PLS collection tunnel in PT 1760**



Source: SRK China IQP Report (2025)

### PLS collection hole

Along the interface between the permeable portions of the orebody and underlying impermeable granite, PLS collection holes will be drilled horizontally to further gather the PLS not captured by the collection tunnels. Positioned beneath the liquid collection tunnels, the length of these holes is determined by the geometry of the orebody. Each injection hole is drilled at a horizontal interval of one metre to maximise the capture of the PLS filtered out from the orebody.

### Main collection pipelines and ditches

The PLS collected from the tunnels and holes will flow gravitationally through the main pipeline and ditch network. These main pipes are a series of plastic conduits of varying diameters and lengths, connecting the liquid collection tunnels, holes, and PLS ditches. As they are non-pressurised, ordinary rigid UPVC will be used for these collection pipes. The PLS collection ditches will be lined with high density polyethylene (HDPE) geomembrane to prevent ground seepage. In areas where excavating collection ditches is impractical, large-diameter plastic corrugated pipes will be used as a substitute (Figure 5.8).

**Figure 5.8: PLS collection through hole system**



Source: SRK China IQP Report (2024)

### PLS hub pond

Multiple liquid collection ponds (including back-up pond) can be arranged to store PLS and pre-precipitated impurities such as sediment and will be sized according to the flow rates encountered. The clarified PLS will then be pumped through pipelines to the wet plant. The construction and location of the liquid collection ponds will be dependent on the terrain and may involve excavation or construction of embankments, if necessary. All ponds will be lined with HDPE geomembrane to



prevent seepage. Underground drainage trenches may be constructed at the bottom of the pond to divert non-PLS groundwater flows.

**Figure 5.9: PLS hub ponds set in PT 1761**



Source: SRK China IQP Report (2024)

### **Surface water diversion ditches**

Flood diversion ditches and foothill drainage ditches will be constructed where necessary upstream and downstream of the PLS collection ditches in order to slope erosion and dilution via runoff. These ditches will divert surface water into natural watercourses. It is important to note that the foothill drainage ditch will be located immediately upslope of the liquid collection ditch to prevent rainwater from the slopes from entering the PLS collection ditch.

### **Observation hole**

Observation and monitoring holes are constructed to observe and measure the groundwater levels within the orebody during leaching.

### **Pump station**

While the preferred mode of solution transport between various operational areas and process ponds is through a gravity-flow system, topographical constraints may necessitate pumping. This is particularly crucial for transferring the solution from the PLS hub pond to the wet plant, where substantial elevation differences and large liquid volumes are anticipated. To facilitate efficient

transportation, pump stations and pipelines will be constructed where necessary and tailored to each mine area based on the topographic constraints and estimated production solution volumes.

### 5.2.3 Operating schedule and capacity

The PFS envisaged the parallel operation of three wet plants with a total annual PLS throughput of 15.0 Mm<sup>3</sup>. To achieve this, seven plants (one currently in operation) were proposed for the Gerik Project, to be brought into production sequentially, each with a maximum rated annual PLS processing capacity of 5.0 Mm<sup>3</sup>. The construction plan is presented in Table 5.2.

The in situ leaching schedule outlined in the PFS aligns with the annual capacity of the wet plants. A total of eleven leaching units were included, and the leaching production plan was carefully analysed. The general information is shown in Table 5.3.

**Table 5.3: PLS production schedule of the Gerik IAC-REE Project (REO t equivalent in PLS)**

Lot	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PT 1761	1,838	1,000	838	-	-	-	-	-	-	-	-	-
PT 1759	5,972	500	2,000	2,000	1,472	-	-	-	-	-	-	-
PT 2235	12,871	-	2,000	3,000	4,000	2,000	1,871	-	-	-	-	-
PT 1760	5,151	-	-	-	-	-	-	1,000	1,500	1,500	1,151	-
PT 1762	707	-	-	-	-	707	-	-	-	-	-	-
PT 1763	1,703	-	-	-	-	293	1,410	-	-	-	-	-
PT 1764	4,016	-	-	-	-	-	590	2,000	1,426	-	-	-
922EK	3,569	-	-	-	-	-	-	-	1,000	2,000	569	-
310EK	3,024	-	-	-	-	-	-	-	-	-	1,431	1,593
<b>Total</b>	<b>38,851</b>	<b>1,500</b>	<b>4,838</b>	<b>5,000</b>	<b>5,472</b>	<b>3,000</b>	<b>3,871</b>	<b>3,000</b>	<b>3,926</b>	<b>3,500</b>	<b>3,151</b>	<b>1,593</b>

Source: SRK China IPQ Report (2025)

## 5.3 Conclusions and recommendations

After reviewing the leaching system as outlined in the PFS, SRK considers that the independent leaching systems for the remainder of the Life of Mine (LOM) have been planned on a similar scale to the existing pilot plant and leaching system. They are modularised units that are scheduled for construction and implementation gradually, and there are no material flaws in the proposed plan. The LOM estimation fits the planned mining and processing schedule.



## 6 Project infrastructure

### 6.1 Accessibility

The existing roads within the Gerik Project area are primarily gravel roads, with only a concrete road leading to the PT 1761 wet plant.

Topographically, the project area is favourable for road construction. According to the PFS, future roads leading to the planned wet plants within the mining area will comprise concrete roads with widths ranging from 10 m to 15 m. The roads accessing the in situ leaching fields will be primarily gravel roads. SRK considers that the existing and planned future roads are sufficient to ensure the transportation of equipment, materials, and workers commuting during the operational life of the project.

### 6.2 Power supply

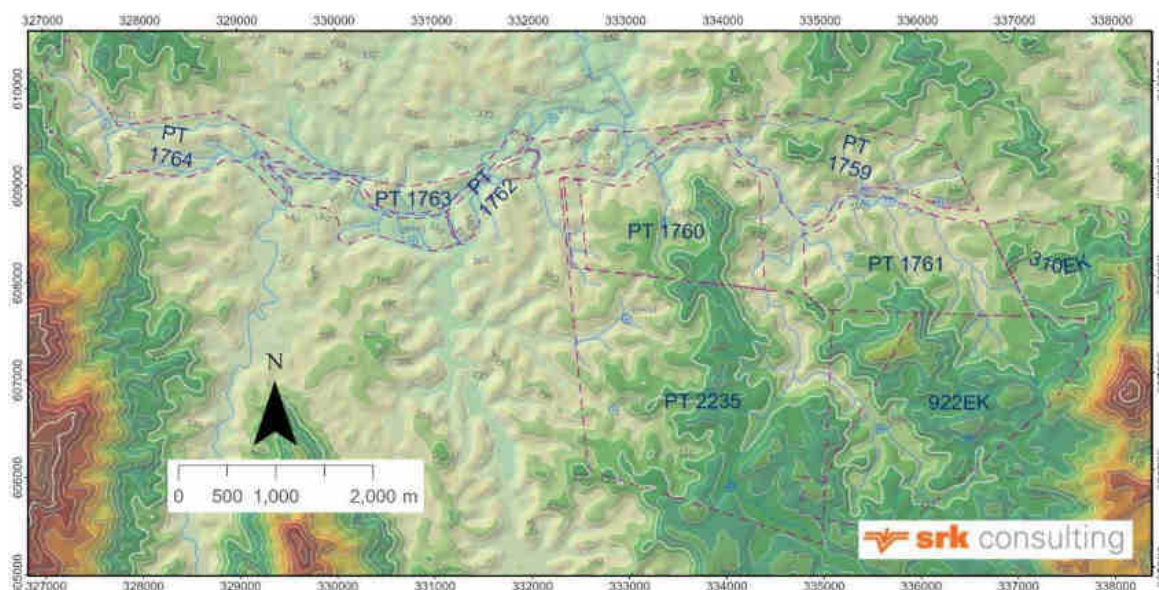
Currently, the only power supply required is for the in situ leaching mining operations and hydrometallurgical operations located in the Lot PT 1761 area. The project relies on diesel generators and nine diesel generators with a combined capacity of 5,400 kW have been installed. It is estimated that 2,000 kW is sufficient to meet the actual needs of the existing production and ancillary facilities. As other leaching units enter the production stage, the number of diesel generator sets will increase in line with operational requirements. The total installed capacity of approximate 6,000 kW is required in terms of the designed full production capacity with a PLS throughput of 15.0 Mm<sup>3</sup> and production of 6,000 t/a REO.

While the Gerik Project is located close to the existing power grid, using the national grid to provide electricity for mining and production operations has not been considered, as it has been shown to be significantly more expensive than currently adopted power sources.

### 6.3 Water supply

The distribution of watercourses within the mining area is shown in Figure 6.1. The river conditions are shown in the EIA report as presented in Table 6.1.

**Figure 6.1: Topography and rivers of the Gerik Project area**



Source: SRK China IQP Report (2025)

The average river widths outlined in Table 6.1 are based on the cross section survey. Generally, the width of surveyed tributaries of the Sungai Rui River ranged between 3.1 m and 6.8 m, with average depth of less than 0.5 m, except for Sungai Tera with average depth of 0.7 m. On average, Sungai Rui has a width of 21 m and with average depth of 1.12 m. The average width of Sungai Perak is 128.3 m and the average depth is 3.82 m (Table 6.1).

**Table 6.1: Details of river survey**

River	Points	Survey Point ID	Average width (m)	Average depth (m)
Sg Tera	2	XS6a, XS7a	6.8	0.7
Sg Ara Jerai	1	XS5a	5.0	0.16
Sg Ayer Pari	1	XS4a	4.4	0.23
Sg Teboh	5	XS1a, XS2a, XS3a, XS2, XS3	4.1	0.46
Sg Keladi	1	XS1	3.1	0.27
Sg Rui	23	XS8a, XS9a, XS10a, XS4, XS5, XS6, XS7, XS8, XS9, XS10, XS11, XS12, XS13, XS14, XS15, XS16, XS17, XS14e, XS15e, XS16e, XS17e, XS22e, XS23e	21.0	1.12
Sg Perak	5	XS18, XS19, XS20, XS21, XS22	128.3	3.82

Source: SRK China IQP Report (2024)

According to the PFS, the water demand for the entire mining area to sustain 15.0 Mm<sup>3</sup> PLS of full production capacity is approximately 5,000 m<sup>3</sup> per day. The required production water will be sourced from various water intake points in the vicinity of the Gerik Project. After considering the regional river flows and existing water demand, SRK considers the planned water intake points and water intake capacity can meet the future water demand of the mining area.

## 6.4 Mechanical maintenance

Unlike conventional mining and mineral processing methods, in situ leaching, and hydrometallurgical processing require few large pieces of plant and equipment, with the main equipment being generators, pumps, filter presses, and air compressors, among others. An existing maintenance workshop is located close to PT 1761, which is used for storing production pipelines, spare parts, and conducting equipment maintenance with an area of approximately 7,000 m<sup>2</sup>.

## 6.5 Office buildings and accommodation

The current office and living facilities for the Gerik Project are located on the south side of the No. 4 highway, where offices, laboratory, dormitory buildings, canteens, material warehouse, and power station have been constructed. These facilities are capable of accommodating the office and living needs of 160 people.

However, the existing office and living facilities are insufficient to meet the future sustained production and operations. Therefore, an expansion of the PT 1761 camp is required. The Gerik Project proponent plans to establish a single office and living camp in the future to serve the hydrometallurgical plants and the production departments of various mining areas.

## 7 Environmental and social

### 7.1 Regulatory framework and administration

There are specific laws currently being enforced in controlling the development and operations of quarry and mining activities in Malaysia.

Key laws/Acts specific to the Gerik Project include:

- State Mineral Enactments (SME), such as *Mineral (Perak) Enactment 2003* for the State of Perak
- *Mineral Development Act 1994* (Amended in 2008)
- *Environmental Quality Act (EQA) 1974*
- *National Forest Act 1984*
- *Under Waters Act 1920* (Revised 1989)
- Environmental Quality (Industrial Effluents) Regulations 2009
- *Environmental Quality Act 1974*, the Order (Amended 2000)
- *National Heritage Act 2005*.

Under these pieces of legislation, as administered by the various departments and administrative bodies, a proponent is required to submit various studies to gain the relevant approvals. Table 7.1 presents the list of key studies, approvals and requirements at various stages of the planning, development and operation of the Gerik mining project.

- The supervisory agency in charge of environmental administration in Malaysia is the DoE which was established in 1975 under the provisions of the *Environmental Quality Act 1974*. The DoE has comprehensive jurisdiction over environmental administration related to industrial activities and is charged with formulating environmental rules and regulations, enforcing legislation and carrying out monitoring in relation to water pollution, air pollution, and hazardous substances.
- The Forestry Department of Peninsular Malaysia (FDPM) and the State Forestry Departments are responsible for the management of forests in the Peninsular Malaysia. This is regulated by the *National Forestry Act 1984* and guided by the *Forestry Policy of Peninsular Malaysia*. Forestry administration is structured across Federal, State, and district levels.

**Table 7.1: List of approvals/studies of the planning and operation of the Gerik Project**

Project Stage	Approvals/Studies	Source of Authority	Time of Submission
Pre-Operation	Environmental Impact Assessment	Section 34A, <i>Environmental Quality Act 1974</i> , EIA Oder 2015	Before commencement of construction
Operation	Operational Mining Scheme (OMS)	Section 10(1), <i>Mineral Development Act 1994</i>	Before commencement of mining operation
	Environmental Management Plan	Section 34A, <i>Environmental Quality Act 1974</i>	
	Erosion and Sediment Control Plan (ESCP)/Land Disturbing Potential Pollution and Mitigation Measures (LDP2M2)	Section 34A, <i>Environmental Quality Act 1975</i>	
	Mine Rehabilitation Plan	Section 64 and Section 126, <i>Mineral (Perak) Enactment 2003</i> , Regulation 3(1)(s), Mineral Development (Operational Mining Scheme, Plans and Record Books) Regulations 2007	
Post Mining Operation	Mine Closure Plan	Section 20, <i>Mineral Development Act 1994</i>	Prior to the completion of mining operation

## 7.2 Baseline studies

As part of the EIS, the Gerik Project undertook various baseline studies as detailed below.

### 7.2.1 Climate

Malaysia experiences an equatorial type of climate characterised by warm and humid weather all year round with intermittent rainfall. There are two distinct monsoon seasons, the Northeast Monsoon (from November to March) and the Southwest Monsoon (from May to September). Based on the annual wind profile, the most prevailing wind flow is from the north (23.2% of the time), seconded by wind from northeast (15.4%) followed by from the southwest and south (9.8% and 9.1%).

The average mean temperature from 1993 to 2020 varied from 26.3°C to 27.5°C. The highest 24-hour mean temperatures occur in May. The 24-hour mean annual temperature averages 26.9°C. From 1993 to 2021, the 24-hour monthly relative humidity ranges between 77.4% and 85.4%. The lowest relative humidity occurs in February, and the highest humidity occurs in November. The average annual 24-hour mean relative humidity is 82.0%.

The mean annual rainfall recorded from 1993 to 2020 is 1,888.9 mm, with an average annual rain day of 192 days. The monthly rainfall ranges between 3.9 mm (January 2005) and 426.2 mm (March 2011). The lowest number of rain days was recorded in February 2014, with an average of 4 rain days.

### 7.2.2 Hydrology and hydrogeology

The Gerik Project is located within Sungai Perak basin with catchment area of 15,180 km<sup>2</sup>. Its main river, Sungai Perak, is 427 km long and originates from the mountains in Perak–Kelantan–Thailand border of the Royal Belum Forest Reserve in the north, flowing south to the Malacca Strait at

Bagan Datoh. Major tributaries of Sungai Perak are Sungai Bidor, Sungai Kinta, Sungai Pelus, Sungai Piah, Sungai Rui and Sungai Temenggor. There are four hydropower dams in the basin, namely Chenderoh dam, Kenering dam, Bersia dam and Temenggor dam. Sungai Rui is a major river that intersects the project site and adjoins Sungai Perak 51 km downstream. There are no known operating potable water intake points along Sungai Rui and Sungai Perak up to the Kenering dam. On average, Sungai Rui has a river width of 21 m and with an average depth of 1.12 m.

Geologically, the site features Permian-Jurassic age intrusive rocks, primarily granite and some granodiorite, affected by the major Bok Bak Fault. Groundwater potential is low due to the granite substratum. EIA hydrogeology revealed a clay layer (2–15 m thick) with poor water hydraulic conductivity, underlain by weathered granite (1–15 m thick) with medium hydraulic conductivity that varies locally. The bedrock layer, generally with low hydraulic conductivity, shows moderate water inflow through fractures at certain points.

### 7.2.3 Water quality

According to the EIA report (SRK China, 2024), establishment of baselines for river water quality has been carried out by in situ testing as well as laboratory analysis at nineteen sampling points, including seventeen sampling points along the river and two potable water sources used by the current estate owner.

Water quality is evaluated against the Class IIA requirement of the *National Water Quality Standards for Malaysia (NWQS)* issued by the DoE as well as the *Recommended Raw Water Quality Criteria (RWQC) in the National Standard for Drinking Water Quality* by the Ministry of Health Malaysia. Generally, the water quality index (WQI) based on the water samples tested is between 72.12 and 94.15 whereby most of the monitoring locations are Class I and Class II (Clean). However, the WQI calculation does not take into consideration heavy metals and coliform concentrations, with all samples showing high concentrations of faecal coliform and some exceeding heavy metal levels.

A total of 19 sampling locations (including newly constructed monitoring wells and existing groundwater wells) have been selected to establish the groundwater baseline, indicating that most new wells have biochemical oxygen demand, chemical oxygen demand and oil and grease levels exceeding the Malaysia Groundwater Standard and Index (MGSI) 2019 limits. At the same time, all the groundwater samples are found to have slightly elevated iron and manganese, common in the soil around the project area, and lead was detected in new wells but not in existing ones.

### 7.2.4 Biological environment

A general preliminary view of the project area suggested that the floristic composition can be categorised as late regenerating forest, with primary vegetation previously removed for logging, creating skid trails, logging roads and timber landing areas.

The adjacent area land usage consists of mixed human economic-related activities, which are agriculture (e.g. rubber plantations and fruit orchards) and settlement areas.

Conservation status for flora composition is based on conservation status listed by the IUCN Red List and Malaysia Plant Red List (by FRIM). Fourteen species of *Dipterocarpaceae* have been listed with concerned conservation status of both Malaysian Biodiversity Information System (MyBIS database – Peninsular Malaysia Plant Red List) and the Species Red List (IUCN



database). Three species, namely *Anisophyllea grandis* (Anisophylleaceae), *Aglaia palembanica* (Meliaceae), and *Sarcotheca monophylla* (Oxalidaceae), have been listed under the Endangered (EN) conservation category (Malaysia Plant Red List 2021). The next important conservation status is Vulnerable (VU), and eight species have been recorded with the vulnerable status.

The fauna survey recorded a total of 63 mammalian species from 21 families in eight orders, with 15 species categorised as totally protected wild animals, 11 species are categorised as protected wild animals and 37 species are listed as not protected wild animals under *the First Schedule and Second Schedule of the Wildlife Conservation Act 2010*. A total of 214 species from 62 families of birds were recorded at the survey sites, with 194 totally protected, 11 protected, and 9 not listed under the same Act. A recent survey recorded a total of 65 reptile species, with 28 not protected and 35 protected. A total of 12 fish species consisting of five families of 131 specimens have been recorded during the survey, with non-endemic and protected fish species in Perak Fisheries (Riverine) 1992. Based on IUCN Red List, all these species are classified as LC (least Concern).

### 7.2.5 Socio economic

The project is located in a mixture of land uses of agricultural land mainly planted with latex rubber trees and logged-out area of Kenderong Forest Reserve, in Mukim Kenering, Hulu Perak District, Perak. There is no settlement found within a 4-km radius of the project site. The nearest settlement is Kg Pong, Kampung Orang Asli (KOA) Pong, and PPMS Tanah Hitam, all over 5 km away.

The gender distribution between the district and mukim level is almost equal where male is slightly higher than female. The distribution of population by age in Kenering mukim is higher for age categories of 5 to 19 years in comparison of that to the state and district level concerned, indicating a younger population overall.

The community health survey indicated that most of the respondents (67.1%) have their drinking water supply to their house. About 8.5% shared the supply point outside their house. The water is supplied by the Perak Water Board. On the other hand, due to the remote distance, many of them use gravity feed by the Ministry of Health (17.1%), few of them used well water (6.7%) and rainwater collection systems (0.6%). Most of the respondents (94.5%) have in-house sanitary latrines.

## 7.3 Environmental management and compliance

The environmental impact of mining encompasses erosion, sedimentation, biodiversity loss, contamination of soil, groundwater and surface water by chemicals from the mine. During mining operations, the key pollutants anticipated to enter the river and affect the ecological system are ammoniacal nitrogen and sulfate from the in situ leaching process.

The potential for chemicals to leak into groundwater, especially through bedrock cracks, poses the greatest threats not only to the environment but also to public health and socio-ecological stability. The EIA dated February 2022 and Environmental Management Plan (EMP) for the Gerik Project propose the measures to mitigate the adverse impacts regarding surface and groundwater contamination, degradation of biodiversity, waste management, soil erosion, dust and noise emissions.

The EIA report was approved by the Department of Environment in May 2022. Additional EIAs will be required for each additional stage of the mine's development SRK China IPQ Report (2024).

The EMP approval for PT 1761 development was issued by the DoE of Perak State in September 2022. Additional EMPs will be required for each additional stage of the mine's development (SRK China IPQ Report, 2024).

Contamination of surface water and groundwater could occur due to bedrock cracks or faults impacting groundwater, as well as from process water releases during heavy rainfall or after cleaning or mining operations. While there are no other known public water supply intake points located along Sg Rui, two river abstraction points (DW1 and DW3) and four groundwater abstraction wells (DW2, DW4, DW5, and DW6) were identified at the project site. The pumps are owned and used by the Perbadanan Pembangunan Pertanian Negeri Perak (PPNP) and the Federal Land Consolidation and Rehabilitation Authority (FELCRA) workers at site. Since all four wells are located either on or in close proximity to an orebody, any potential impact caused to groundwater as a result of the in situ leaching process is considered to be of significant importance.

To address these concerns, a series of mitigation strategies are proposed. These include conducting clear water injections to detect potential cracks prior to injecting any leaching solutions, installing PVC linings in PLS collection tunnels to prevent seepage, transforming existing wells into groundwater monitoring sites while sourcing new water supplies, initiating a comprehensive groundwater monitoring program, and implementing engineering solutions such as anti-seepage layers and containment bunds. To further safeguard against water contamination, stormwater drains will be set up to divert external stormwater away from critical areas, while emergency and accident ponds will be established to handle potential incidents. Regular inspection and maintenance of ponds, machinery, and pollution control mechanisms will be conducted to ensure their optimal operation. Additionally, an emergency response team will be formed to deal with incidents swiftly, and water quality will be consistently monitored to ensure environmental compliance and protection.

During its site visit, SRK China observed that flood interception ditches have been constructed around the wet plant, together with sedimentation ponds for the project. The wastewater from the wet plant is being recycled. However, it was noted that some of the ditches designed to collect PLS at the base of the mountain are not lined with anti-seepage membranes. Additionally, SRK China has not sighted the stormwater management plan and water balance analysis for the Gerik Project. The mine intends to implement a membrane treatment system to address wastewater containing ammonia and nitrogen after the completion of mining activities. For the treatment of liquid domestic sewage in the living area, septic ponds are utilised.

Various types of other waste could be produced from the project, including domestic solid waste and sludge from the beneficiation process at the plant, with inadequate management posing risks to workers and the environment.

To address these concerns, the implementation of a waste management plan is proposed, designed to ensure adherence to the Environmental Quality (Scheduled Wastes) Regulation, 2005. The residue from the wet plant will be treated as sludge (SW204) and will be treated according to Environmental Quality (Scheduled Wastes) Regulation, 2005. The employment of chemicals such as ammonium sulfate and ammonium bicarbonate during the leaching processes poses a risk to local vegetation, including rubber trees, by altering the soil composition. To counteract these negative effects, a comprehensive set of mitigation strategies will be put into place. This includes the establishment of a Wildlife Monitoring Team under the guidance of PERHILITAN (Department of Wildlife and National Parks of Peninsular Malaysia), the enforcement of strict measures against wildlife poaching and trapping, the creation of buffers for safe animal passage including elephant trenches and electric fences, and efforts to minimise the removal of vegetation. Furthermore, the



plan encompasses re-vegetation initiatives, the preservation of river buffer zones with no tree felling, the development of habitats along access roads, and measures to mitigate ammonium toxicity, such as pH buffering, potassium supplementation, and the balanced inclusion of nitrate. Application of leaching solutions will be carefully managed to target weathered granite layers, thereby reducing ecological impacts in compliance with a Riparian Management Plan. Currently, the in situ leaching is conducted within rubber plantations, where its impact on the habitats of wild animals is of limited impact.

To address and mitigate erosion, a series of proactive measures have been outlined, including scheduling vegetation clearing to avoid the monsoon season, safeguarding unpaved surfaces with materials such as crusher run or compacted soil, and the adoption of Best Management Practices (BMPs) prior to the commencement of earthworks.

To mitigate the impacts to noise and air quality, several measures are proposed: dampening or covering access roads, stockpiles, and vehicles transporting loose construction materials. Establishing periodic maintenance schedules for all motorised machinery and equipment, focusing on the efficiency of mufflers/silencers to reduce noise emissions, and implementing a Monitoring Plan. During the site visit, SRK China did not observe significant noise and fugitive dust emissions.

## 7.4 Community engagement

The project is situated in an area characterised by a mix of land uses, including agricultural land primarily planted with latex rubber trees and a logged-out section of the Kenderong Forest Reserve, located in Mukim Kenering, Hulu Perak District, Perak. No settlements are present within a 4 km radius of the project site. The closest settlement is Kg Pong, Kampung Orang Asli (KOA) Pong, and PPMS Tanah Hitam, all over 5 km away. Meanwhile, the plantation areas that will be affected include FELCRA Ara Jelai and PPPNP Sg. Rui.

A community engagement plan (CE Plan) is recommended that clearly identifies relevant communities and describes how, when and what engagement will occur with those communities during all stages of the project.

Beside direct employment for local people, the mining industry can lead to better standards of living for local people if natural resource extraction occurs responsibly, is well managed and meets government and community requirements.

A well-developed corporate social responsibility (CSR) and community development (CD) plan can be the vehicle for this. As the project moves towards construction and operation, there are six themes suggested for CSR/CD development, including infrastructure, economy, education, health, environment, and donations. A community management team is recommended to handle grievances and expectations, making decisions on solutions and identifying responsible implementing agencies.

## 7.5 Mine reclamation and closure

The recognised international industry practice for managing site closure and rehabilitation is to develop and implement an operational site closure and rehabilitation planning process and document this through an operational Closure and Rehabilitation Plan.

This operational closure planning process generally includes the following components:

- Identify all site closure stakeholders (e.g. government, employees, community).
- Undertake stakeholder consultation to develop agreed site closure criteria and post-operational land use.
- Maintain records of stakeholder consultation.
- Establish a site rehabilitation objective in line with the agreed post-operational land use.
- Describe/define the site closure liabilities determined against agreed closure criteria.
- Establish site closure management strategies and cost estimates to address/reduce site closure liabilities.
- Establish a cost estimate and financial accrual process for site closure.
- Describe the post-site closure monitoring activities/program to demonstrate compliance with the rehabilitation objective/closure criteria.

The current annual rehabilitation budget for PT 1761 development is estimated to be RM100,000, focusing on soil conservation and revegetation to prevent erosion and environmental degradation. Soil from the project site will be relocated for future reclamation, with grasses or legume crops planted on stockpiles to protect against erosion. The project emphasises the use of specific plant species for wetland areas and fast-growing pioneer species for initial reforestation, aligned with the landowner's objectives.

Before the complete closure of the project, a comprehensive closure plan, including the dismantling of structures and proper disposal of wastes, must be meticulously developed and submitted for approval to DoE Perak. The plan also involves remediating contaminated areas and planting cover crops to prevent soil erosion. After leaching is completed, a clean water flush will be implemented to remove remaining chemicals, a process expected to last around 4 months. This will be followed by the systematic removal of all mining infrastructure, and the area will undergo rehabilitation. This process ensures the project's closure adheres to strict environmental and engineering standards.

## 7.6 Summary and conclusions

Generally, the project appears to meet the minimum requirements as set out by the Malaysian regulatory and legal frameworks. The EIA approved by the DoE for the proposed mining and beneficiation for the project indicates acceptable risks after implementation of the recommended mitigating measures. Approvals for the remaining mining areas are yet to be granted and thus represent a material risk to the project progressing through its planned operational phases.

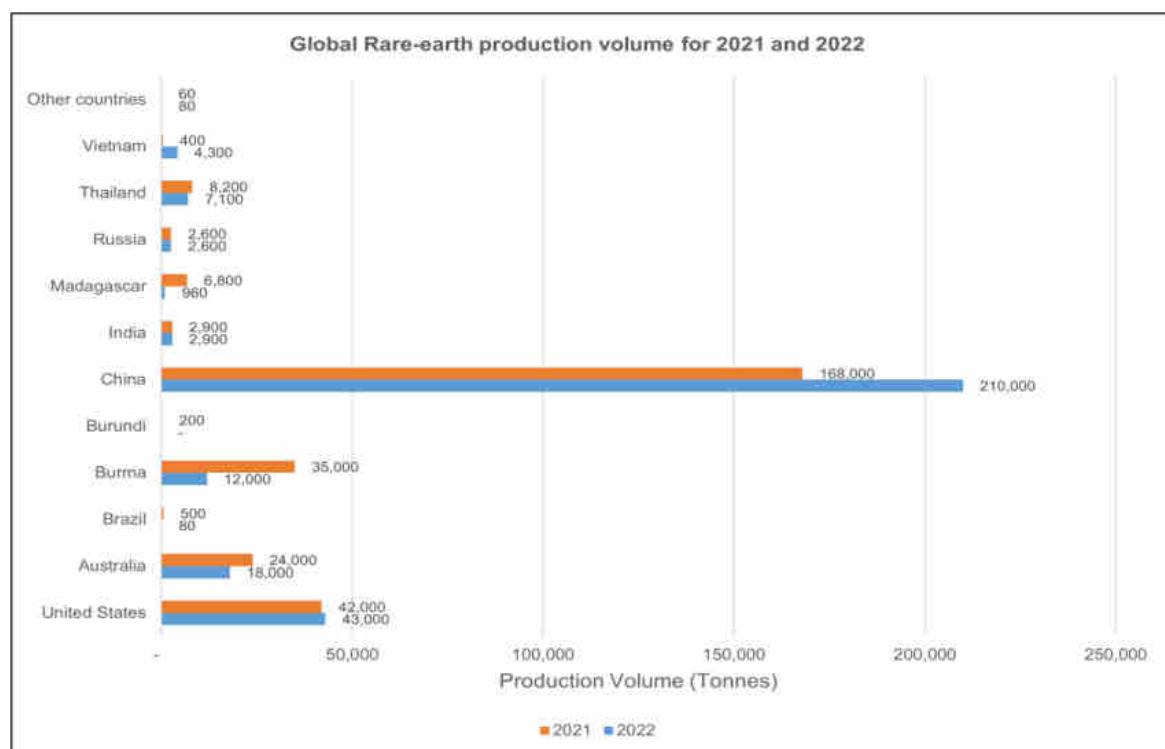
There are no known impediments to the approval of the other mining areas other than ordinary regulatory processes. At this stage, it is assumed that all relevant approvals would be granted in time for further development of the Gerik Project (SRK China, 2024).

## 8 Other considerations

### 8.1 REE market

Rare earth elements (REEs) are a unique set of 17 metallic elements critical for advanced technologies and use in electronics, renewable energy systems, and defence applications.

**Figure 8.1: Global production volume of REEs in 2021 and 2022**



Source: USGS, modified by SRK

Over the past decade, the global REE market has undergone significant shifts, driven by changes in demand, supply dynamics, and the strategic importance of these critical minerals. The demand for REEs has seen a steady rise over the past decade, fuelled by the growth of renewable energy technologies, such as wind turbines and electric vehicles, as well as the increasing adoption of consumer electronics and defence applications. The electronics sector remains a significant consumer. China, the United States, Japan, and several European countries have been the major consumers of REEs. The demand for REEs is expected to continue growing in the coming years, driven by the global push toward clean energy technologies and the increasing adoption of electric vehicles. The transition to a low-carbon economy and the development of advanced technologies, such as 5G networks and artificial intelligence, will further fuel the demand for REEs. Demand for specific REEs may fluctuate based on their unique properties and applications.

On the supply side, China has historically been the dominant player in the REE supply chain, accounting for approximately 60% of global production and over 80% of the world's REE reserves. However, in recent years, there has been a concerted effort by other countries, including the United States, Australia and Canada, to diversify their REE supply sources and reduce their reliance on China. While China is expected to remain a significant supplier of REEs, other countries are actively exploring and developing new mining projects to diversify their supply sources.

New projects in various countries could increase global supply and potentially mitigate price volatility. Countries like Australia, Canada, and the United States are investing in REE production capabilities to reduce their reliance on Chinese imports and ensure a more stable and secure supply chain. The REE market experienced significant price volatility during the past decade. Between 2010 and 2011, REE prices surged dramatically, with some elements seeing price increases of over 1,000%. This was primarily due to China's export restrictions and a supply crunch. However, prices gradually stabilised and declined from 2012 to 2019 as new sources of supply emerged, and demand moderated. In recent years, 2020–2025 prices have shown an upward trend again due to increasing demand and supply chain disruptions caused by the COVID-19 pandemic.

REE prices are expected to be influenced by complex supply-demand dynamics. Increased supply from new sources could help stabilise prices but growing demand might exert upward pressure. Geopolitical tensions and trade policies can potentially create further price fluctuations.

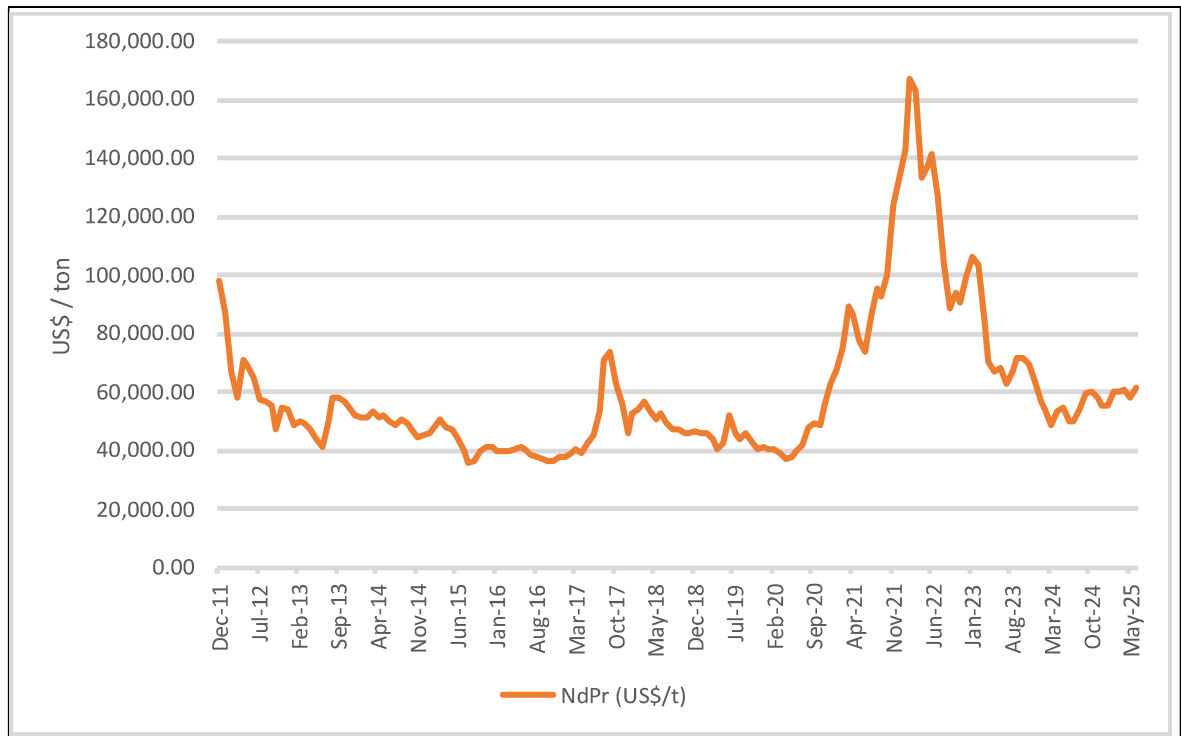
China has played a dominant role in the global REE market for several decades. With vast reserves and a well-established REE industry, China has leveraged its market position to influence global prices and supply chains. In the past, China has implemented export quotas and tariffs, which contributed to price spikes and supply shortages in the global market.

However, concerns over China's market dominance and potential supply disruptions have prompted other countries to actively pursue REE production capabilities. This has led to increased exploration and development of REE projects outside China, aiming to reduce dependence on Chinese supplies.

Despite these efforts, China is likely to maintain a significant role in the REE market due to its extensive reserves, well-developed infrastructure, and cost-effective production capabilities. Nonetheless, the emergence of alternative sources of supply and the diversification of REE supply chains could potentially diminish China's market dominance in the long run.

In conclusion, the global REE market is still undergoing a transformative period, driven by increasing demand, supply chain diversification efforts, and the strategic importance of these critical minerals. While China remains a major player, other countries are actively seeking to reduce their dependence on Chinese supplies and establish a more balanced and secure REE supply chain. Ongoing developments in technology, geopolitics, and environmental concerns will continue to shape the future of this critical market.

**Figure 8.2: REE price for normalisation – Nd Pr price per tonne**



Source: Shanghai Metals Market

## 8.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent publicly disclosed valuations or Expert Reports completed in relation to the mineral assets being assessed.

Having asked the relevant questions of SAM and conducted a review of publicly available documents, SRK is not aware of any previous valuations undertaken by any other parties relating to the Gerik Project.

SRK previously valued the Gerik Project and this valuation is an update of previous works. SRK's original value for Gerik was provided in December 2024 and updated in March 2025. As at March 2025, the value comprised a low of US\$154.0 M, a high of US\$174.9 M and a preferred value of US\$164.4 M.

Since the previous valuation, SRK notes a general sustained increase in REE market prices reflected in peer companies share prices and an improvement (reduction) in interest rates. These positive factors are partially offset by the increased risks with President Trump's tariff policies and exchange rate movements. There have been no other material changes to the technical aspects associated with the Gerik Project other than further depletion due to ongoing mined production.

Noting these changes, SRK's updated valuation (Section 9) effectively supersedes the previous valuation.

## 8.3 Previous transactions

Having asked the relevant questions of SAM and conducted a review of publicly available documents, SRK is not aware of any previous transactions undertaken relating to the Gerik Project.

## 9 Valuation

The objective of this section is to provide SAM, its advisors and potential investors with SRK's opinion regarding the Market Value of the mineral assets outlined elsewhere in this Report. SRK has valued the Gerik Project on a stand-alone, ungeared basis.

SRK has relied on information provided by SAM and SRK China (see sections 2 to 7), as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

### 9.1 Valuation basis

In considering the value of SAM's mineral assets, SRK has adopted Market Value as defined in the VALMIN Code (2015) as its value basis, as the determination of Market Value is required by the Code and the parent bodies (i.e. AusIMM and AIG). The purpose of this valuation is to provide an IVR for the proposed acquisition of the Gerik Project by SAM.

In respect of a mineral asset, the **Market Value** is defined in the VALMIN Code (2015) as '*the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion*'. The term Market Value has the same intended meaning and context as the International Valuation Standards Council (IVSC) term of the same name.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is only generally estimated as a step to report Market Value.

The discounted cashflow (DCF) valuation is in Ringgit Malaysian. Pricing of the REEs is in Chinese Yuan (RMB), and converted to RM. A summary of the valuation is also provided in United States dollars (US\$).

### 9.2 Valuation Date

The effective Valuation Date adopted in this report is 31 July 2025.

### 9.3 Mineral asset development status

For this Independent Valuation Report, SRK has classified Gerik's mineral assets in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A MRE may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.



- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a PFS.
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

Based on this analysis, SRK has classified the Gerik Project as a development project.

## 9.4 Valuation approaches and valuation methods

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code, 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code, 2015). Valuation methods that follow this approach include DCF modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

Table 9.1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

**Table 9.1: Suggested valuation approaches according to Development status**

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

The Market approach to valuation is generally accepted as the most suitable approach for valuation of an exploration project or a pre-development project.

An income-based method, such as a DCF model is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced where technical risk is unable to be appropriately quantified (i.e. where there is not a declared Ore Reserve and supporting mining and related technical studies).

The use of cost-based methods, such as multiples of exploration expenditure (MEE) is best suited to exploration properties, before Mineral Resources are reliably estimated.

In general, these methods are accepted analytical valuation approaches that are in common use for determining the value of mineral assets. Given its direct reference to values paid in the market and hence able to be actively observed, the market approach provides a direct link to Market Value. In contrast income-based and cost-based methods both derive a Technical Value (as defined above) which typically require the application of various adjustments to account for market considerations in order to convert these values to a Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects include:

- Multiples of Exploration Expenditure (MEE)
- JV Terms Method (expenditure-based)
- Geoscientific Ratings Methods (e.g. Kilburn – area-based)
- Comparable Transactions Method (real estate based)
- Metal Transaction Ratio Analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – real estate based)
- Yardstick/Rule of Thumb Method (e.g. A\$/resource or production unit, percentage of an in situ value)
- Geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development.



In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

SRK has considered the defined Ore Reserves and Mineral Resources, as well as the areal extent and exploration potential of the granted tenure as outlined previously in this Report. The Ore Reserves encompass the entire granted permit area and constitute the only mineral asset defined within the project area, with no further exploration potential presently defined. In addition, given the project is currently at the pilot operation stage with a PFS completed, DCF modelling valuation method under the income approach is considered to represent an appropriate technique to determine a Market Value.

SRK notes that the VALMIN Code (2015) cautions against ascribing value to permits under application. The mining operations for the Gerik Project are proposed to span nine land parcels (lots), six owned by the Perak State Agricultural Development Corporation (PPPNP), two parcels by way of exploration licence held by the Menteri Besar (Incorporated) Perak (MB Inc.), and one parcel is owned by Felcra Berhad. In addition, MCRE has secured exclusive operational rights within these nine parcels through agreements with the developers appointed by the landowners or licence holders. The prerequisite for commencing mining operations over the respective areas is that the landowners or licence holders must have previously been granted Proprietary Mining Leases (PMLs) or Mining Leases (MLs), as applicable, from the Malaysian State Authority, together with an approved Operational Mining Scheme (OMS) from the Malaysian Minerals and Geoscience Department. Of these, three PMLs, PT 2235, PT 1759, and PT 1761 were previously registered and issued to the landowner. The OMS for all three have also been granted. Applications for PT 1760, PT 1762, PT 1763, PT 1764, 922 EK and 310 EK remain pending (Table 3.1).

SRK China is satisfied that all permits are secured or sufficiently progressed to be included for the purposes of this valuation exercise.

## 9.5 Valuation of Mineral Resources

SRK has reviewed the reasonableness of the defined Mineral Resource Estimates as outlined in Table 3.1. While REE projects outside China are typically reported in TREO terms, the Gerik Project's Mineral Resources are reported in SREO terms. SREO is essentially the same as desorbable/desorbed rare earth oxides (DREO) as outlined for other REE projects after metallurgical testwork, representing the total recoverable fraction of TREO after processing. The SREO/TREO ratio typically varies by terrains and weathering sub-zones. It is not common to apply a universal SREO/TREO ratio to the entire project area.

In SRK China's IQP Report, SRK China mentioned TREO and SREO grades of the same sample, when discussing results of pilot production of PT 1761:

1. Mineral properties of samples, with an SREO/TREO ratio of 59.8% (Section 9.2 of the IQP Report).
2. Laboratory column leaching test. The SREO/TREO ratio calculated from SREO and TREO head grades is 63.2% (Section 9.3 of the IQP Report).

SRK China's IQP Report did not discuss the sampling locations and representativeness of these samples, and the applicability to other tenures.

For the purpose of this valuation, SRK has valued the Ore Reserves of 41,730 t SREO in PLS (Table 5.1) or 38,851 t SREO recovered at an estimated processing recovery of 93.1%. The Ore Reserves (along with the accompanying Mineral Resources) occupy 100% of the Gerik Project area and there is no remaining exploration potential to be considered for valuation purposes outside of defined Mineral Resource (and associated Ore Reserve) areas. The reduced SREO tonnage in the Ore Reserve and therefore, the mine plan, is due to the losses in conversion of Mineral Resources to Ore Reserves, but do not represent additional upside.

SRK has estimated the TREO using the SREO to TREO ratio of 63.2%; based on the column leach test results, to convert to TREO. The leaching schedule of 41,730 t SREO is divided by 63.2% to derive a TREO of 66,029 t representing the Ore Reserves only. Applying the same methodology to the Gerik Mineral Resource results in a TREO of 90,537t, which was then used as the basis of the valuation using market-based methods expressed on a US\$/t resource basis.

For the valuation of the contained REO associated with the Gerik Project's defined Mineral Resources, SRK adopted an income approach as its primary valuation method, with further support from comparable transactions and peer company analysis (market-based methods) for validation purposes. The results of these methods are set out in the following sections.

## 9.6 Discounted cashflow assumptions

### 9.6.1 Inflation

Based on the information outlined in the IQP Report, SRK has developed a Project Model that includes project LOM cashflows in real terms. Therefore, in determining an appropriate real discount rate, SRK was required to consider an appropriate inflation rate for Singapore given that the Gerik Project is being purchased by SAM which is a Singapore-listed public company and hence likely to seek initial funding in that same market.

Trading Economics, an independent economics forecaster and data aggregator, reports that the annual inflation rate in Singapore stood at 0.8% in June 2025, unchanged from the previous month but slightly below market expectations of a 0.9% rise. The inflation rate in Singapore is expected to be 1.30% by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. In the long-term, the Singapore inflation rate is projected to trend around 2.0% in 2026 and 1.9% in 2027, according to Trading Economics' econometric models. For valuation purposes, SRK has adopted 2.00% for the determination of its discount rate (Appendix A).

### 9.6.2 REO price assumptions

The Gerik Project involves the production of a mixed REC, which is the final product output by the wet processing plants. Since the mining and processing methods for this type of deposit are currently mainly concentrated in China and the surrounding Southeast Asian regions, it is expected that the mixed REC product from the Gerik Project will primarily be transported to China for further processing.

In China, the carbonate rare earth separation and processing plants are primarily owned by state-owned enterprises. Additionally, the Chinese government implements quota controls on REE

production and separation. As a result, the pricing market for mixed REC is not entirely open and transparent, and it is not solely influenced by global REE supply and demand trends.

In China, the existing spot price for a mixed REC is determined by multiplying each specific rare earth oxide spot price by its proportion within the mixed REC composition. The price also takes into account the mass variations from REC to REO as well as the associated separation costs to obtain a single REO.

Under the terms of a sales agreement between MCRE and Trading Co., Ltd, the mixed REO price is calculated in terms of the formula set out in this agreement. In the formula, five REO products are used: praseodymium-neodymium oxide ( $\text{Pr}_6\text{O}_{11}$  25%,  $\text{Nd}_2\text{O}_3$  75%), terbium oxide, dysprosium oxide and lutetium oxide.

Since the prices of the five REO products outlined in the sales agreement are based on the price guidance published by Asian Metal, SRK has analysed the historical 5-year pricing data from Asian Metal, as presented in Table 9.2.

**Table 9.2: Main REO price of the last five years (Unit: RMB/t REO)**

REO	2020	2021	2022	2023	2024	5-Year Average
$\text{Pr}_6\text{O}_{11}\&\text{Nd}_2\text{O}_3$	308,484	589,464	828,612	534,339	392,476	530,675
$\text{Tb}_4\text{O}_7$	4,563,250	8,575,417	13,713,083	9,237,204	5,748,902	8,367,571
$\text{Dy}_2\text{O}_3$	1,787,750	2,628,667	2,552,250	2,332,279	1,836,174	2,227,424
$\text{Lu}_2\text{O}_3$	4,265,124	5,206,663	5,453,343	5,730,021	5,413,549	4,000,000

Source: <https://www.asianmetal.cn/>

**Notes:** Praseodymium-neodymium oxide are combined in this table. The price of  $\text{Lu}_2\text{O}_3$  has adopted the data of 4,000,000 RMB/t according to the new trade agreement, and the historical average price of 5 years is not adopted.

REO prices are influenced by several factors. They are not only driven by supply and demand dynamics but also subject to geopolitical considerations. Consequently, for the basis of price projections, SRK has averaged the respective REO prices over the past 5 years.

Table 9.3 presents the calculated weighted average composition of the project.

**Table 9.3: Weighted average REE composition of the project**

REE	$\text{Pr}_6\text{O}_{11}$	$\text{Nd}_2\text{O}_3$	$\text{Tb}_4\text{O}_7$	$\text{Dy}_2\text{O}_3$	$\text{Lu}_2\text{O}_3$ <sup>1</sup>
Composition, %	6.91	26.23	0.55	2.61	0.31

Source: SRK analysis (2024)

**Notes:**

<sup>1</sup> . The lutetium oxide allocation data of the project were selected based on the historical sales product test results.

Praseodymium-neodymium oxides are separated in this table.

Based on the data presented in Table 9.2 and Table 9.3, and using the specified formula contained within the sales agreement and the forecast metal prices based on the 5-year average Asian Metal historical market prices, SRK has estimated a derived settlement unit price, 205,562 RMB/t REO (92%) (123,337 RM/t REO). This unit price is used as a constant input assumption for the DCF model over the LOM for the project. Based on this careful consideration, the forecast contract price reflects a reasonable outlook of the future, given the lack of transparency in the market.

### 9.6.3 Exchange rate

SRK's financial model is based on the Chinese Yuan (RMB), and Ringgit Malaysian (RM) at an average exchange rate between August 2024 and April 2025. SRK's assumed exchange rates remain constant throughout the LOM with no adjustments for inflation or escalation. The adopted exchange rate is RMB1= RM0.60.

### 9.6.4 Operating costs

#### Historical Opex (2022–2024)

The project's operating costs (Opex) primarily include injection, collection, processing, overhead, general & administrative, and sales costs. Sales costs mainly encompass ocean freight, port charges, forwarding and haulage fees and insurance for exporting REC products. SRK's analysis of SAM's provided Opex data relating to the wet plant 1 (summarised in Table 9.4) reveals a unit total cost of approximately RM25.79/t ROM or RM52,500/t 92% REO. Production costs comprise more than 80% of total operating costs.

**Table 9.4: Historical Opex of wet plant 1**

Item	Total cost (RM)	Unit Cost (RM/t ROM)	Unit Cost (RM/t 92% REO)	Proportion (%)
Production cost	91,706,366	22.04	44,866	85.46
Injection & collection cost	14,256,100	3.43	6,975	13.28
Processing cost	2,766,517	0.66	1,353	2.58
Raw material cost	36,681,725	8.81	17,946	34.18
Diesel cost	9,683,001	2.33	4,737	9.02
Staff salary	4,186,300	1.01	2,048	3.90
Overhead cost	24,132,723	5.80	11,807	22.49
General and Administration (G&A)	14,174,209	3.41	6,935	13.21
Sales Cost	1,430,142	0.34	700	1.33
<b>Total</b>	<b>107,310,716</b>	<b>25.79</b>	<b>52,500</b>	<b>100.00</b>

Source: SRK collected and analysed.

#### Forecast Opex

The forecast Opex has been estimated based on historical cost data from the existing production system without any further adjustments. The injection, collection, processing, overhead and sales costs adopt the historical unit cost figures. General & administrative costs are treated as fixed costs, with a fluctuation coefficient adjusted to align with the actual production capacity. In addition, reclamation cost is estimated at RM343,000 following the closure of each wet plant and mine lot.

Table 9.5 summarises the forecast Opex for the project, with total Opex of RM2,506 M and unit cost of RM29.74/t ROM or RM59,340/t 92% REO. All costs are current as at 30 April 2025 (the most recent to the adopted Valuation date of 31 July 2025), with no escalation factored in Table 9.5.

**Table 9.5: Forecast Opex for the project**

Item	Total cost (RM M)	Unit Cost (RM/t ROM)	Unit Cost (RM/t 92% REO)	Proportion (%)
Production cost	2,331	27.66	55,203	92.63
Injection & collection cost	743	8.81	17,589	29.64
Processing cost	57	0.68	1,354	2.28
Raw material cost	747	8.87	17,694	29.82
Diesel cost	200	2.37	4,737	7.98
Staff salary	76	0.90	1,789	3.01
Overhead cost	499	5.92	11,807	19.90
Reclamation Cost	2.4	0.03	57	0.10
General and Administration (G&A)	143	1.69	3,380	5.70
Sales Cost	30	0.35	700	1.18
<b>Total</b>	<b>2,506</b>	<b>29.74</b>	<b>59,340</b>	<b>100</b>

Source: SRK analysis

### 9.6.5 Closure cost

A total of RM2.4 M has been included for reclamation costs, occurring at five separate intervals following the completion of production from different lots.

### 9.6.6 Capital expenditure

The estimated capital expenditure (Capex) comprises the main production facilities of seven wet plants, public auxiliary facilities, administrative and accommodation facilities, engineering construction and other expenses. Other expenses include mining rights costs, testing costs, engineering insurance premiums, surveying and design fees, and other miscellaneous expenditures.

The historical investment is used for the construction of wet plant 1 in 2022, and the original value is RM72.01 M. After depreciation and amortisation, the net book value is RM44.92 M at 30 April 2025 (the most recent to the adopted Valuation date of 31 July 2025). SRK has adopted the historical investment as the sunk Capex, participating in the depreciation and amortisation over the LOM, but not participating in the NPV calculation.

The total estimated Capex over the LOM is RM222.29 M. This includes the depreciated book value of historical investment of RM44.92 M and an estimate of RM177.37 M for continuing investments in other wet plants and mining lots. Table 9.6 summarises the Capex breakdown for the project.

**Table 9.6: Capex breakdown for the Gerik project (units RM million)**

Item	Historical investment	Continued investment	Total
Wet Plant Construction	4.76	58.27	63.04
Public Auxiliary Facilities	13.18	113.77	126.95
Administrative, Living and Welfare Facilities	0.68	0.00	0.68
Other Expenses of Mine Construction	26.29	5.33	31.62
<b>Total</b>	<b>44.92</b>	<b>177.37</b>	<b>222.29</b>

Source: Model, SRK analysis

**Notes:** Historical investment is considered a sunk cost and not included in the valuation.

### 9.6.7 Working capital

Working capital represents the difference between an operation's current assets and current liabilities. Working capital is calculated based on 30 days' turnaround on inventory, accounts payable and receivable. The change in working capital impacts the cashflow in terms of cashflow delays but is recovered upon closure of the project and is assumed to be net zero.

### 9.6.8 Depreciation and amortisation

Wear and tear allowances are granted on fixed assets and other capital assets used in the production of income. These can be depreciated. Generally, using the straight-line method of depreciation is allowed.

According to Malaysian accounting standards, the depreciation life is assessed by the company itself. For the Gerik Project, it is assumed that the depreciation life of all fixed assets such as machinery, electronic equipment and transportation equipment is 5 years or service life, and there is no salvage value at the end of this period. Intangible assets and other assets are amortised according to the service life.

### 9.6.9 Taxation and royalties

The taxes and surcharges associated with the project primarily consist of royalties and tributes (payments to landowners). SAM has informed SRK that the royalty rate is 12%, while the tribute rate is 3% (excluding PT 2235) or 5% (for PT 2235) of the sales revenue.

Additionally, SRK has applied a Corporate Income Tax (CIT) of 24% on the gross profit after depreciation and amortisation, with royalties and tributes being deductible expenses before calculating taxes.

### 9.6.10 Discount rate

To calculate the NPV of a future cashflow that results from a mining operation, an appropriate discount rate must be selected that comprises a Weighted Average Cost of Capital (WACC), and country and project risk premiums. SRK has adopted a real WACC of 7.4% (9.6%, real) as the base discount rate as calculated in Appendix A.

The WACC has been determined from peer market (Appendix A) data using the following parameters:

- Debt: Equity of 1.3%: 98.7% (peer group ratio)
- Risk-free rate of 2.0% (10-year Singapore government bond)
- Market risk premium of 6.0%
- Beta of 0.75 (peer group geared at debt: equity ratio)
- Pre-tax debt 4.0%.

For valuation purposes, SRK has adopted a real discount rate of 11.4% (13.7% nominal) after tax including project and country risk premiums, based on a long-term projected inflation rate of 2.0%.

The premium over the WACC in the discount rate adopted reflects the additional risks associated with the project likely to affect the business in the future, such as the REE market, the LOM plan, processing, operating costs, capital expenditure, environment and social governance (ESG) and management as determined in SRK's high-level risk assessment as outlined in Appendix A.

## 9.7 Discounted cashflow analysis

The project generates a strong free cashflow of RM1,309.4 M in real terms(US\$306.4 M) over the LOM as summarised in Table 9.7.

**Table 9.7: Life-of-mine free cashflow, real terms**

	RM M	RM/t REO 92%	US\$ M	US\$/t REO 92%
<b>Cash Inflow</b>	<b>5,352.07</b>	<b>126,739</b>	1,252.38	29,657
Sales Revenue	5,208.40	123,337	1,218.76	28,861
Working Capital Change	143.67	3,402	33.62	796
<b>Cash Outflow</b>	<b>4,042.68</b>	<b>95,732</b>	945.99	22,401
Continue Investment	177.37	4,200	41.50	983
Working Capital Change	143.67	3,402	33.62	796
Operating Cost (Cash)	2,505.86	59,340	586.37	13,885
Taxes and Surcharges	815.77	19,318	190.89	4,520
Corporate Income Tax (CIT)	400.02	9,473	93.60	2,217
<b>Net Cashflow</b>	<b>1,309.38</b>	<b>31,007</b>	306.40	7,256

Source: SRK analysis

On a discounted basis using SRK's 11.4% preferred post-tax real discount rate which includes both project and country risk premiums to the WACC, the NPV of the cashflow is RM706.9 M (US\$ 165.8 M).

The NPV outcomes at different real discount rates are presented in Table 9.8 and Figure 9.1.

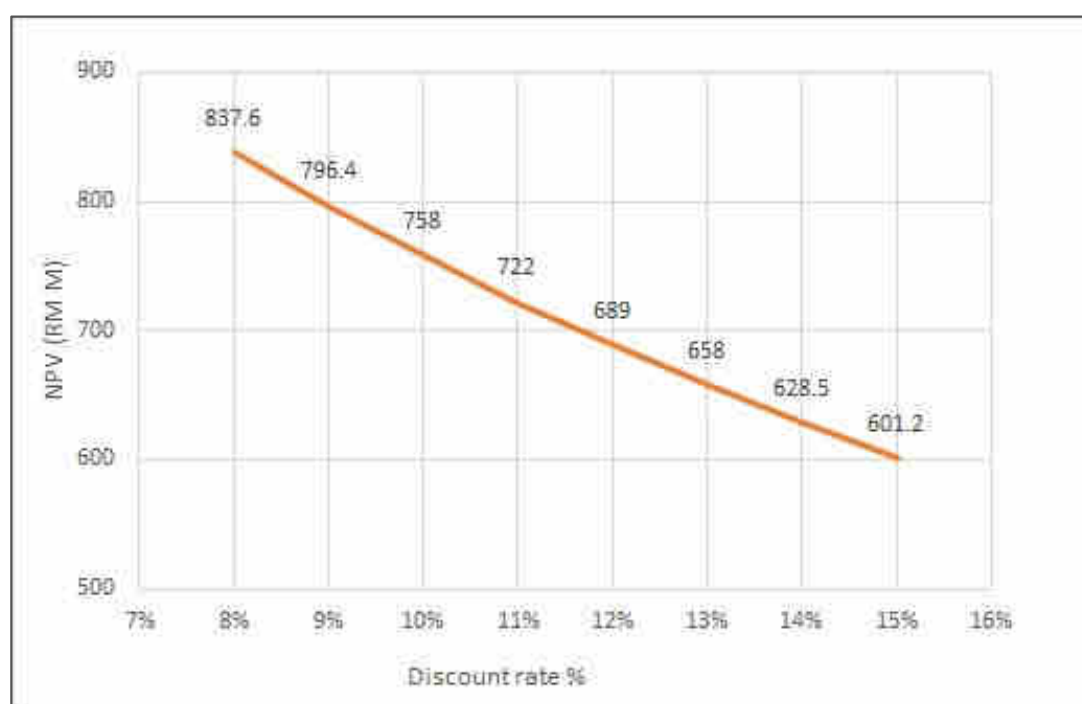


**Table 9.8: Net present value at various real discount rates**

Post-tax real discount rate	NPV (RM M)	NPV (US\$ M)
9%	796.4	186.3
10%	758.0	177.4
11%	722.2	169.0
12%	688.9	161.2
13%	657.7	153.9

Source: SRK analysis

**Figure 9.1: Net present value versus discount rate in real terms**



Source: SRK analysis

## 9.8 Sensitivity analysis

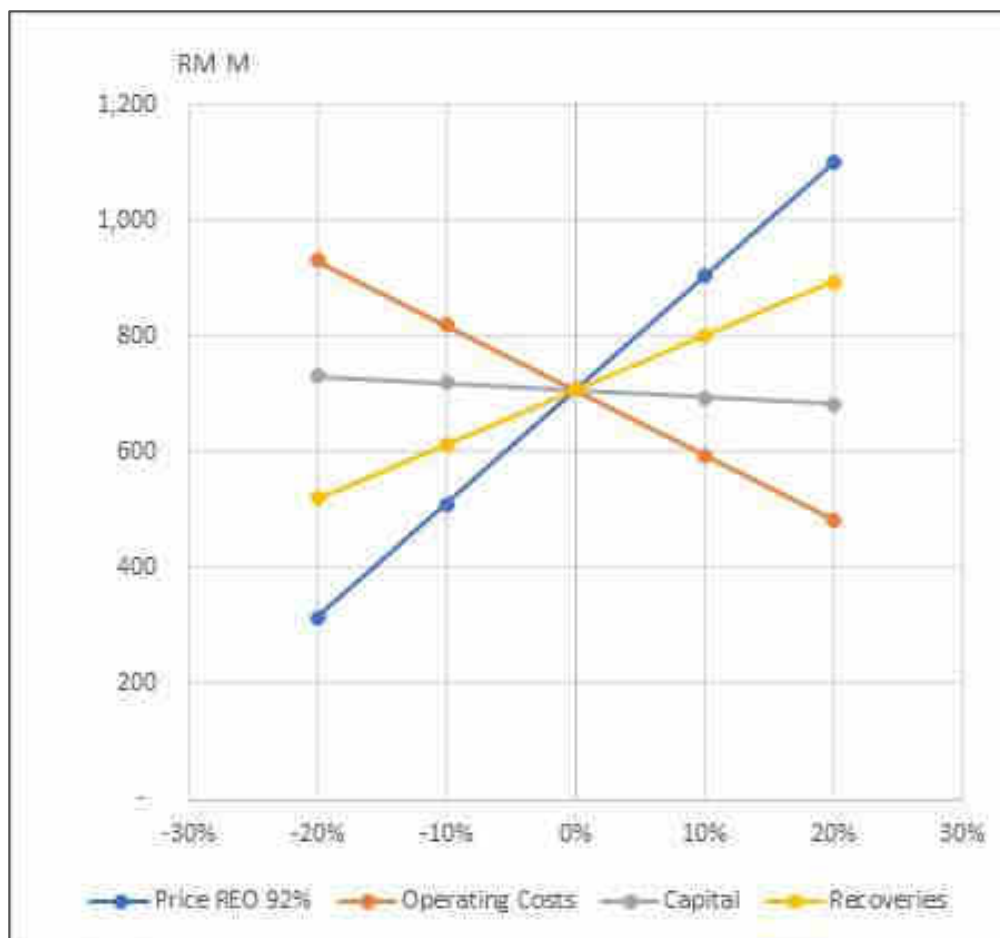
### 9.8.1 Deterministic approach

SRK has considered the impact of changes in key assumptions to the evaluation using both a deterministic and stochastic approach.

Firstly, a deterministic approach was considered by changing each assumption independently, while keeping all other assumptions constant. SRK selected four key parameters in the cashflow analysis, namely (i) TREO basket price; (ii) total operating costs; (iii) capital expenditure; and (iv) recoveries. Each assumption was independently increased and decreased by 10% and 20% to determine the impact on project cashflow value, as illustrated in Figure 9.2.



**Figure 9.2: Deterministic sensitivity analysis**



Source: SRK analysis

From this analysis, it is evident that the NPV is most sensitive to changes in the TREO basket price and then metallurgical recoveries and operating costs. Capital expenditure has the least impact on project NPV.

The breakeven basket price of TREO is RMB131,614/t REO. This represents a price that is 40% below the forecast price of RMB205,562/t REO as assumed by SRK in its preferred case.

### 9.8.2 Stochastic approach

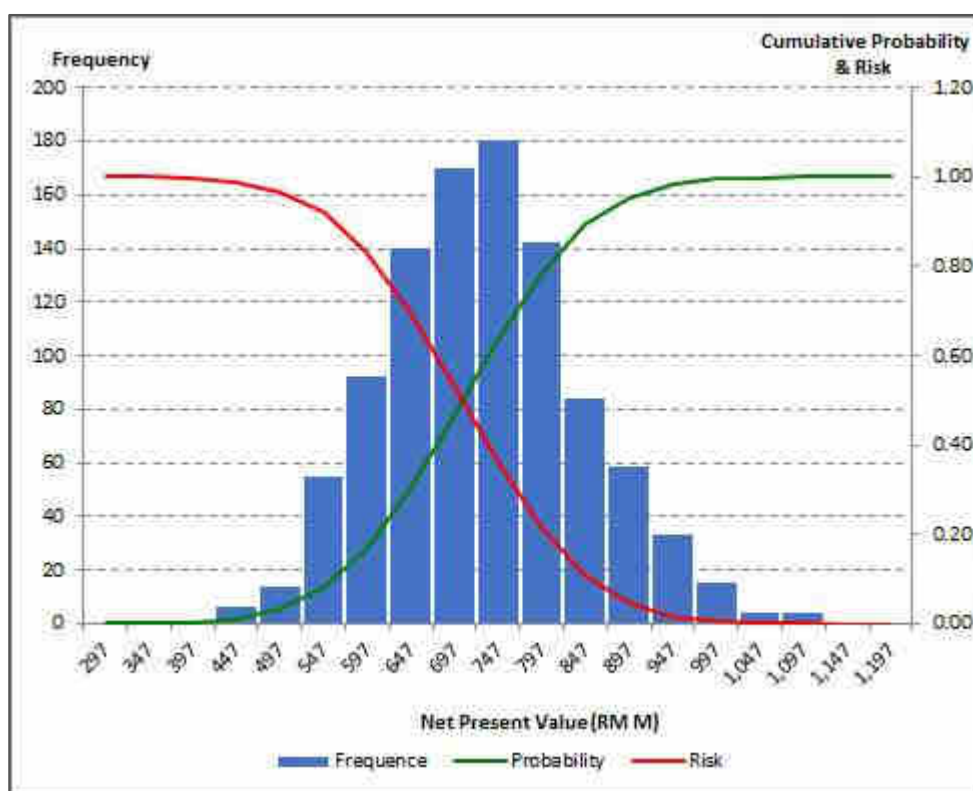
Furthermore, SRK has also considered the impact of changes in key technical and economic assumptions using Monte Carlo simulation (a stochastic approach).

In a stochastic approach, all risks such as price, costs and recoveries are simultaneously varied to assess the impact on value. In simulating operating and capital costs, SRK used a uniform distribution to truncate and prevent unreasonable values greater than 5% and less than 5% of the estimates. In the case for TREO price and recoveries, a normal distribution was used. For both the TREO price and recoveries, SRK has applied a 5% standard deviation to the normal distribution simulation.

The sensitivity of the project NPV to these parameters is then varied using Monte Carlo simulation, producing a probability distribution of NPVs, to quantify the uncertainties. This distribution quantifies the probability of an unsatisfactory NPV that may be negative, which represents the ‘value-at-risk’ (VaR).

Monte Carlo simulation suggests there is limited probability of the project returning a negative NPV using SRK’s 11.4% preferred post-tax real discount rate that includes country and project risk premiums (Figure 9.3).

**Figure 9.3: Stochastic Monte Carlo sensitivity analysis (value-at-risk)**



Source: SRK analysis

Table 9.9 summarises the results of the simulations for Gerik Project.

**Table 9.9: Monte Carlo simulation results summary**

Statistics	RM M	US\$ M
Mean	706.2	165.2
Standard deviation	113.8	26.6
Minimum	346.9	81.2
Maximum	1,090.4	255.2
5% confidence limit	525.1	122.9
95% confidence limit	907.6	212.4

Source: SRK analysis

## 9.9 Summary DCF valuation

In forming its view regarding the Market Value of the project, SRK has considered the assumptions of the DCF valuation. As discussed in Section 9.6, SRK considers the value, on a preferred basis using the discount rate of 11.4%, as being representative of what the market would likely pay at the Valuation Date. In forming its opinion of the Market Value range, SRK has used low and high discount rates of 10.4% and 12.4%, respectively.

On this basis, SRK considers the Market Value of a 100% interest in the LOM schedule for the Gerik Project lies between RM676 M and RM743 M, with a preferred value of RM707 M. Using an exchange rate of 0.234 US\$:RM, the value range is estimated at US\$158.2 M to US\$174.0 M, with a preferred value of US\$165.5 M.

On a contained TREO Ore Reserves basis of 66,029 t, this value range lies between US\$2,396/t REO and US\$2,635/t REO, with a preferred value of US\$2,506/t REO.

**Table 9.10: Market value of a 100% interest in the LOM schedule of the Gerik Project**

Unit	Low	Preferred	High
RM M	676	707	743
US\$ M	158	165.5	174
US\$/t REO	2,396	2,506	2,635

Source: SRK analysis

Notes: Using RM:RMB rate of 0.60, RM:A\$ rate of 0.36 and US\$:A\$ rate of 0.65.

## 9.10 Market method

### 9.10.1 Comparable market transactions

As a crosscheck to its values derived using the income approach, SRK has also considered the values implied by comparable transaction analysis.

SRK compiled REE resource transactions using the S&P Capital IQ Pro subscription database. SRK reviewed 230 transactions involving REE projects (at various development stages) that occurred between 2011 and July 2025 (Appendix B). SRK identified 21 transactions that it considered sufficiently relevant and for which sufficient information was available to calculate a resource multiple. The defined Mineral Resources as presented for valuation purposes are presented in Section 9.5. The comparable transactions and the statistics are summarised in Table 9.11, Figure 9.4 and Figure 9.5.

SRK has specifically excluded hard rock carbonatite type deposits from this analysis as they generally have tonnages and grades orders of magnitude greater than IAC-REE deposits.

As the 15 individual REO grades are not always reported, the implied transaction multiple for resources was expressed in US\$/t TREO terms. This implied multiple was calculated using the transaction value (at the implied 100% acquisition cost) and the total contained TREO Mineral Resources supporting the transaction.

Considering the permanent magnet market as the major driver of REE project prices and given the volatility and future price uncertainty regarding REEs, SRK elected to adopt the June 2025 average

China domestic  $\text{Pr}_6\text{O}_{11}\text{-Nd}_2\text{O}_3$  price of US\$61,626.09/t sourced from the Shanghai Metals Market (SHMM) to normalise the implied multiples and inform its market analysis. SRK elected to use the SHMM  $\text{Pr}_6\text{O}_{11}\text{-Nd}_2\text{O}_3$  due to the paucity of price forecasting information publicly available for other REEs.  $\text{Pr}_6\text{O}_{11}\text{-Nd}_2\text{O}_3$  pricing represents the most valuable REE within the Gerik REE suite and is therefore considered to be the most suitable for normalisation purposes.

SRK notes that there is a normally a clear relationship between the development stage of the assets that host defined Mineral Resources and their implied multiples, with the average, median and weighted average values generally decreasing in line with earlier development stages. Due to the paucity of transactions at the operational and construction stages this relationship is not fully developed for this REE dataset.

When considering the median normalised multiples only, SRK notes its analysis implies the following normalised transaction multiples (based on median values as set out in Table 9.11):

- projects in operation or construction – US\$32.62/t TREO
- projects at feasibility stage – US\$99.17/t TREO
- projects at scoping and pre-feasibility stage – US\$25.05/t TREO
- projects at advanced exploration stage – US\$9.63/t TREO.

**Table 9.11: Resource-based transactions multiple analysis**

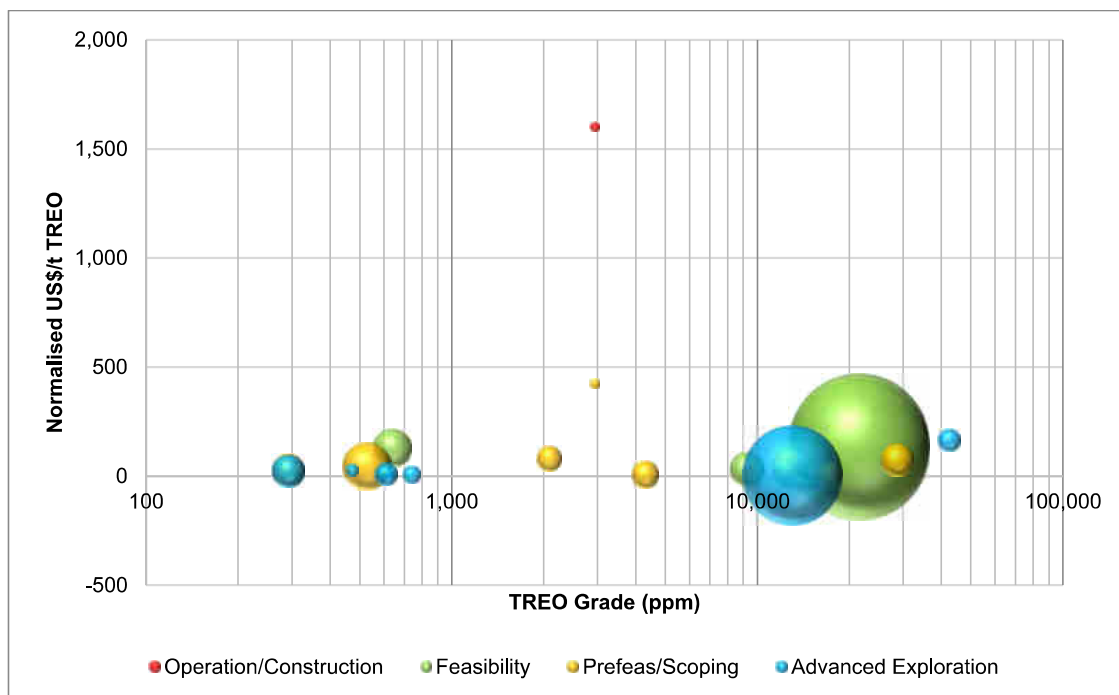
	Resource multiple – Raw (US\$/t TREO)	Resource multiple – Normalised (US\$/t TREO)
<b>All</b>		
Count	21	21
Min.	1.65	2.20
Median	43.34	32.62
Average	104.45	126.37
Max.	1,049.68	1,602.09
Weighted average	71.64	92.02
25th percentile	16.71	14.41
75th percentile	75.24	80.03
90th percentile	134.40	143.64
<b>All excluding Lofdal transaction</b>		
Count	20	20
Min.	1.65	2.20
Median	37.13	30.49
Average	57.19	52.58
Max.	279.66	164.93
Weighted average	70.52	90.30
25th percentile	16.06	13.21
75th percentile	75.06	77.14
90th percentile	109.49	131.72

	Resource multiple – Raw (US\$/t TREO)	Resource multiple – Normalised (US\$/t TREO)
<b>Projects at operation/construction stage</b>		
Count	1	1
Min.	74.99	32.62
Median	74.99	32.62
Average	74.99	32.62
Max.	74.99	32.62
Weighted average	74.99	32.62
25th percentile	74.99	32.62
75th percentile	74.99	32.62
90th percentile	74.99	32.62
<b>Projects at the feasibility stage</b>		
Count	6	6
Min.	59.49	43.15
Median	76.34	99.17
Average	86.66	98.62
Max.	134.40	143.64
Weighted average	93.11	122.54
25th percentile	67.25	77.14
75th percentile	100.99	127.37
90th percentile	120.56	137.02
<b>Projects at the scoping/pre-feasibility stage</b>		
Count	6	6
Min.	6.51	7.23
Median	20.88	25.05
Average	23.21	30.94
Max.	43.34	72.14
Weighted average	25.37	35.07
25th percentile	16.86	16.63
75th percentile	29.30	38.01
90th percentile	37.13	56.94
<b>Projects at the advanced exploration stage</b>		
Count	7	7
Min.	1.65	2.20
Median	14.12	9.63
Average	58.52	34.53
Max.	279.66	164.93
Weighted average	14.53	11.49
25th percentile	9.53	7.66
75th percentile	47.56	24.82
90th percentile	157.01	82.99

Source: SRK analysis (2025)

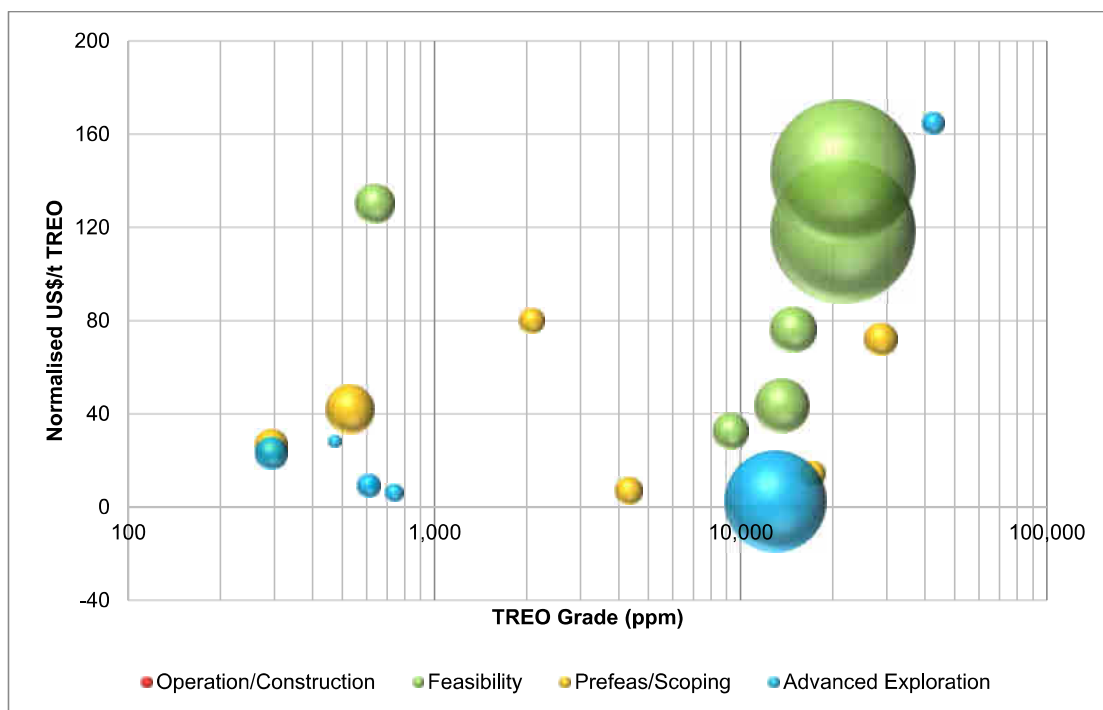
**Note:** Normalised values are based on the average China domestic  $\text{Pr}_6\text{O}_{11}$ - $\text{Nd}_2\text{O}_3$  price of US\$61,626.09/t for June 2025.

**Figure 9.4: Resource multiples for global REE transactions**



Source: SRK analysis (2025)

**Figure 9.5: Resource multiples for global REE transactions (focusing on lower value multiples)**



Source: SRK analysis (2025)

Among the transactions, the Makuutu transaction (December 2023) is considered by SRK to be the most comparable in terms of deposit style and stage. Ionic Rare Earths Ltd issued 425,000,000 of its common shares and 700,000,000 milestone shares to acquire an additional 34% interest in the Makuutu project from Rare Earth Elements Africa Pty Ltd. The Makuutu project is an IAC-REE deposit located in Uganda. At the time of transaction, a feasibility study was completed, and an Ore Reserve was reported in accordance with the JORC Code. The mining licence was issued in January 2024. A demonstration plant was built and operated continuously to produce MREC products. The implied resource multiple associated with this transaction was US\$134.40/t TREO on a raw basis and US\$130.40/t TREO on a normalised basis for the initial consideration and issuance of milestone shares upon granting of the mining licence. If the bonus consideration shares (additional 135,000,000) are also included this multiple increases to US\$150.52/t TREO on a raw basis and US\$146.04/t TREO on a normalised basis.

At the high end of the value multiple range is the Lofdal project located in Namibia, transacted in January 2020, which may represent an outlier. Its implied multiple to earn an initial 40% interest sits approximately 10 times higher than that implied by all other transactions, which is US\$1,049.68/t TREO on raw basis and US\$1,602.09/ t TREO on normalised basis. This may reflect the relatively small size (but very high grade) of the defined Mineral Resource and also the exceptionally high proportion of more valuable HREO being ~76% of TREO. This deal is still progressing towards earning up to a 50% interest. The updated Mineral Resources show a fivefold increase in contained TREO, while the per cent HREO has decreased to 51%. If the new Mineral Resources are considered for this transaction, the implied resource multiple decreases to US\$278.01/t TREO on a raw basis and US\$424.32/t TREO on a normalised basis.

The Gerik Project is also relatively small in terms of contained REE and more advanced than most other assets that have transacted in recent times. Furthermore, Gerik, as an ISL project, likely has a lower cost profile than a heap leach operation. On that basis, SRK considers the market would likely pay a higher overall price on a US\$/t TREO basis than implied by Makuutu, and a similar multiple implied by Lofdal with new Mineral Resources.

SRK's valuation of the Gerik Project on a comparable transactions multiples basis is presented in Table 9.12.

**Table 9.12: Comparable transactions valuation of Mineral Resources**

Total TREO in Mineral Resource (t)	Value multiple (US\$/t TREO)			Implied value (US\$ M)		
	Low	High	Midpoint	Low	High	Midpoint
90,537	200	400	300	18.1	36.2	27.2
<b>Total</b>	<b>200</b>	<b>400</b>	<b>300</b>	<b>18.1</b>	<b>36.2</b>	<b>27.2</b>

Source: SRK analysis (2025)

Note: Any discrepancies between values are due to rounding.

### 9.10.2 Peer trading

As a further crosscheck, SRK has also considered multiples implied by listed peer companies (Appendix B) holding similar assets to the Gerik Project.

Using the S&P Capital IQ Pro subscription database, SRK compiled data on listed companies involved in the exploration, development and production of predominantly IAC and clay-hosted REE projects at the Mineral Resource stage. The companies were analysed according to the stated total resource values on a net attributable basis. All values and implied values are in US dollars (US\$) as at 26 July 2025. The implied values (Enterprise Value (EV)/t contained TREO) were calculated on the company's attributable Mineral Resources as at the Valuation Date. It should be noted that this method assumes 100% recovery for the TREO contained in the Mineral Resources. Importantly, the implied value calculation is for the purposes of this valuation and does not attempt to estimate or reflect the TREO likely to be recovered from the Mineral Resources, as required under the JORC Code (2012). The results of statistical analysis of the peer companies are presented in Table 9.13. Further details relating to the companies are presented in Appendix B.

**Table 9.13: Listed IAC-REE explorers and developers – statistical analysis**

Peer Multiples	US\$/t contained TREO
Minimum	1.74
Median	74.09
Average	213.71
Maximum	892.64
Weighted average	97.63
25th percentile	27.95
75th percentile	289.46
90th percentile	771.60

Source: Data collected by SRK based on company data as at 31 July 2025.

Most of the peer companies hold assets other than IAC-REE. Also, none of these companies are in the production stage. However, Aclara Resources Inc. (Aclara) and Ionic Rare Earths Ltd (Ionic) hold only IAC-REE assets, have completed PFS and have built pilot plants with continuous operation. In addition, Aclara commenced trial production in the Carina Module project in Brazil in April 2025. These two companies are considered the most comparable to the current status of the Gerik Project. Cobra Resources Plc (Cobra) is also worth mentioning for its flagship Boland (Wudinna) project which is also planned for ISL. A bench-scale ISL study has been completed with favourable recoveries.

The implied peer resource multiple for Aclara is US\$461.70/t TREO and for Ionic is US\$215.43/t TREO. At a similar stage of development, Ionic has a much lower peer multiple than Aclara, likely due to the high geopolitical risk associated with its Makuutu project in Uganda. In comparison, the Gerik Project hosts a smaller resource and shorter LOM profile, but is effectively in production. Furthermore, Gerik, as an ISL project, likely has a lower cost profile than these heap leach operations.

Cobra has an implied peer resource multiple at US\$892.64/t TREO. Its Boland project is at advanced exploration stage with a smaller resource than Gerik albeit with resource definition drilling in progress. The Boland project is also planned for an ISL and is currently conducting an initial pilot wellfield study. Cobra expanded the Boland tenure portfolio in May 2025, resulting in a 36% increase in exploration area covering similar favourable geology. In addition to REE assets, Cobra holds a number of other mineral assets including a gold Mineral Resource reported under the guidelines of the JORC Code.



On that basis, SRK considers the market would likely pay a significantly higher overall price for the Gerik Project on a US\$/t TREO basis than for the multiples implied for both Aclara and Ionic, and a lower multiple than Cobra. SRK's valuation of a 100% interest in the Gerik Project on a peer multiples basis is presented in Table 9.14.

**Table 9.14: Peer multiples valuation of Mineral Resources**

Total TREO in Mineral Resource (t)	Value multiple (US\$/t TREO)			Implied value (US\$ M)		
	Low	High	Midpoint	Low	High	Midpoint
90,537	600	800	700	54.3	72.4	63.4
<b>Total</b>	<b>600</b>	<b>800</b>	<b>700</b>	<b>54.3</b>	<b>72.4</b>	<b>63.4</b>

Source: SRK analysis (2025)

**Note:** Any discrepancies between values are due to rounding.

## 9.11 Valuation summary

In forming its opinion regarding the Market Value of a 100% interest in the Gerik Project, SRK has considered the DCF, comparable transactions and peer trading valuation methods.

In selecting a preferred value, SRK has considered the country risk profile, required infrastructure development, and status of regulatory tenure approval for Gerik, as well as the environmental and rehabilitation planning status.

SRK notes that, while not fatally flawed, the defined Mineral Resource and Ore Reserves at Gerik have received only limited technical work required to support reporting under the JORC Code (2012). SRK has reflected these risks in the adopted project discount rate, which is reflected in the resultant NPV. However, the NPV derived using the income valuation method remains significantly higher than the values implied by either the comparable transactions or the peer multiples methods (both market methods), as shown in Table 9.15.

Comparison of the values implied by SRK's DCF analysis, as well as the comparable transactions and peer valuation methods, shows a clear discrepancy between the values on a total value and value multiple basis. However, SRK notes the Gerik Project involves ISL recovery and processing, whereas the only comparable projects for which a multiple could be derived relate to other, higher cost extraction methods. These other IAC type deposits were typically heap leaching operations, which necessitates physical mining of the deposits, transporting the ore to a heap leach pad and, after leaching is completed, backfilling and rehabilitating the voids.

To compare the values applicable to each of the heap leach and processing methods, SRK applied a nominal mining cost (approximating mining, haulage and rehabilitation costs) to analyse the performance of the Gerik Project as a heap leaching operation. Using SRK's internal knowledge of similar projects, SRK has applied a range of costs of US\$2.0/t, US\$3.0/t and US\$4.0/t to the Gerik Project. At the preferred discount rate, this results in a significant decrease to the derived NPV and at US\$4.0/t results in relative alignment with the values implied by comparable transactions and peer trading analysis, as demonstrated in Table 9.15.

**Table 9.15: Comparison of valuation methods**

Method	Multiple Low	Multiple High	Multiple Preferred	Low (US\$ M)	High (US\$ M)	Preferred (US\$ M)
DCF (discount rate, 10.4%, 11.4% and 12.4%)	2,396	2,635	2,506	158.2	174.0	165.5
DCF preferred 11.4% discount rate + mining cost US\$2/t, US\$3/t & US\$4/t	1,028	1,767	1,398	67.9	116.7	92.3
Comparable transactions	200	400	300	18.1	36.2	27.2
Peer trading	600	800	700	54.3	72.4	63.4

**Note:** Any discrepancies between values are due to rounding.

On this basis, SRK considers that the value implied by its DCF analysis is reasonable, as it highlights the value generated by the reduced mining costs associated with the ISL operation. On this basis, SRK has selected the values implied by its DCF analysis method in determining the overall value of a 100% interest in the Gerik Project.

Therefore, SRK estimates the Market Value of a 100% interest in the Gerik Project resides between US\$158.2.0 M and US\$174.0 M (Table 9.16) with a preferred value of US\$165.5 M.

SRK notes that the Mineral Resource and Ore Reserves occupy 100% of the Gerik Project tenure area and therefore there is no remaining exploration potential outside the defined Mineral Resources and Ore Reserves. The reduced TREO in the Ore Reserve is due to the losses in conversion of Mineral Resources to Ore Reserves, but do not represent additional upside.

**Table 9.16: Summary of the Market Value of Gerik**

Method	Low (US\$ M)	High (US\$ M)	Preferred (US\$ M)	Low (RM\$ M)	High (RM\$ M)	Preferred (RM\$ M)
DCF	158.2	174.0	165.5	676	743	707
Comparable transactions	22.6	31.7	27.2	108.9	152.4	130.6
Peer multiples	54.3	72.4	63.4	261.3	348.4	304.8
<b>Total – selected</b>	<b>158.2</b>	<b>174.0</b>	<b>165.5</b>	<b>676</b>	<b>743</b>	<b>707</b>

**Note:** Any discrepancies between values are due to rounding.

## 9.12 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with advanced stage exploration to pre-development assets.

The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each prospect area. Typically, this means that, as exploration progresses, and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Mineral Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained mineral and its potential to be extracted profitably.

Table 9.17 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

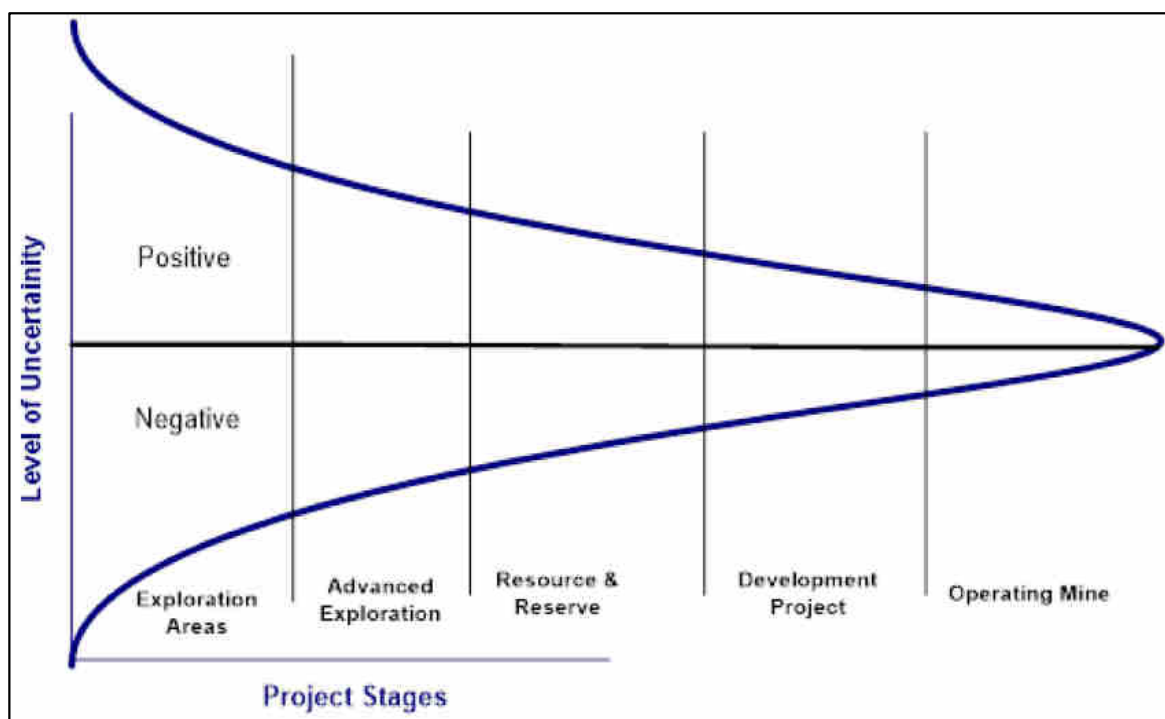
**Table 9.17: General guide regarding confidence for target and Mineral Resource/Ore Reserve Estimates**

Classification	Estimate range (90% confidence limit)
Proven/Probable Ore Reserves	±5% to ±10%
Measured Mineral Resources	±10% to ±20%
Indicated Mineral Resources	±30% to ±50%
Inferred Mineral Resources	±50% to ±100%
Exploration Target	+100%

This level of uncertainty with advancing project stages is shown in Figure 9.6.

Estimated confidence of ±60% to 100% or more is not uncommon for exploration areas and is within acceptable bounds, given the level of uncertainty associated with early-stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

**Figure 9.6: Uncertainty by advancing exploration stage**



## Valuation risks

SRK is conscious of the risks associated with valuing Development to Production assets that can impact the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time.

The key risks include but are not limited to the following:

- Geological risk – The REE mineralisation is defined in terms of the JORC Code (2012). SRK considers the geological risk is moderate to high.
- Mining – The REE mineralisation and Ore Reserve is defined in terms of the JORC Code (2012). The ISL method is relatively well understood based on the performance of the pilot plant area. However, there are a number of assumptions used in lieu of real test data to extrapolate the values to the other mining areas. SRK considers the mining risk is moderate to high.
- Processing – Feasibility and engineering studies are defined and reported in accordance with the JORC Code (2012) but are considered the bare minimum representing a moderate risk.
- Infrastructure – Feasibility and engineering studies are defined and reported in accordance with the JORC Code (2012). SRK considers the infrastructure risk is moderate.
- Market risk – The REE price is subject to economic market factors, which can result in large swings in price followed by price corrections, presenting a low to moderate risk.
- Logistic risk – Feasibility and engineering studies are defined and reported in accordance with the JORC Code (2012) but are considered the bare minimum representing a moderate to high risk.
- Environmental risk – SRK considers the environmental risk at the subject exploration tenements to be low to moderate, given appropriate approvals and permits are already in place, but subject to sequential approvals as the project develops.
- Land access – SRK considers the land access risk to be low to moderate due to potential of local socio-economic issues, despite the tenure status at the Valuation Date.
- Geopolitical risk – S&P Capital IQ Pro assigns a moderate risk rating to Malaysia.

## Closure

This report, Independent Valuation Report, was prepared by

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Jeames McKibben  
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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## **Appendix A      Discount rate**

## Discount rate

The discount rate represents the rate of return that a capital provider expects from their investment and is typically based on the Weighted Average Cost of Capital (WACC) of the capital provider. The WACC considers the cost of finance that may include equity and debt components and represents the company's internal hurdle rate (or those with reference to the market for similar companies).

## Capital Asset Pricing Model (CAPM)

The CAPM is an established and widely used basis for the selection of the equity cost of capital to be used in the calculation of discount rates (WACC), utilising the following fundamental assumptions:

- An investor will always be willing to make an investment into risk free securities, such as long-term Government Bonds.
- If the investor is prepared to invest in a riskier investment than the risk-free bonds because the expected returns to be generated from the higher risk investment will be potentially greater, a premium will be required by the investor to reflect this higher level of risk.
- The expected rate of return required by the investor will vary depending on the extent that the specific investment is deemed riskier (or less risky) than an average investment in the marketplace.

The CAPM is expressed by the following formula:

$$K_e = R_f + (\beta \times (R_m - R_f))$$

where:

$K_e$	=	Cost of capital or required return on investment
$R_f$	=	Risk free rate of return
$\beta$	=	Beta or Systematic risk of the business
$(R_m - R_f)$	=	Market risk premium (additional rate of return).

**Risk Free Rate of Return:** For the purposes of this valuation exercise, the author has adopted a risk-free rate of 2.00% per annum, which approximates the yield to maturity on 10-year Singapore Government bonds prevailing on the date of valuation.

**Market Risk Premium:** The market or equity risk premium is the additional reward that investors require to accept the uncertain outcomes associated with owning securities. The equity risk premium is measured as the extra return that equity holders expect to achieve over risk-free assets on average.

The equity risk premium, as it is used in discount rates, is a forward-looking concept. It should reflect what investors think the risk premium will be in the future. As future risk premium is not directly observable, it is common to use historical risk premiums to assess the future risk premium. The market risk premium is derived on the basis of capital weighted average return of all members of the Straits Times Index minus the risk free rate, which is dependent on the 10-year Singapore Government Bond rate. Empirical studies have shown that the market risk premium in Singapore has generally been between 5% and 7% per annum. Based on market evidence, SRK has adopted a market risk premium of 6%.



**Beta (Measure of Risk):** The Beta of a company is a measure of the sensitivity of its share price value to general market movements. Risk free assets such as Government Bonds have a Beta of 0, and companies that have the same risk as the market portfolio have a Beta of 1. It is recognised however that a Beta for a specific company is difficult to measure and thus industry Betas are often applied instead of individual company Betas.

To assess the appropriate equity Beta for the Gerik REE project, SRK has had regard to the ungeared Beta of nine ASX-listed peers with REE operations, as listed in Table A.1. The Betas have been assessed by S&P Capital IQ Pro over a three-year period. SRK has adopted a tax rate of 30% based on Australia's corporate tax rate. Based on this analysis, SRK has used the average unlevered Beta of the peer group at 0.75 and then regearred at the average peer group debt to equity ratio of 0.01% before applying it in the CAPM.

**Table A.1: Betas of peer group gold producers, as at 19 June 2024**

Peer group	beta	Debt/Capital (%)	Tax rate	Ungeared beta	Market Capitalisation (\$ M)	Debt (A\$ M)
Lynus Rare Earths Ltd	1.03	1.8%	30.0%	1.02	6,604.20	122.75
Arafura Rare Earths Ltd	1.18	0.2%	30.0%	1.18	294.10	0.50
Northern Minerals Ltd	0.53	5.2%	30.0%	0.51	186.40	10.28
American Rare Earths	1.11	0.2%	30.0%	1.11	110.40	0.23
Ionic Rare Earths Ltd	0.49	0.5%	30.0%	0.49	69.10	0.33
Peak Rare Earths Ltd	0.84	0.4%	30.0%	0.84	92.30	0.38
Meteoric Resources NL	0.62	0.2%	30.0%	0.62	222.30	0.37
Brazil Critical Minerals Ltd	0.53	2.9%	30.0%	0.52	13.80	0.42
RareX Ltd	0.45	0.1%	30.0%	0.45	10.90	0.01
<b>Mean</b>	0.75	1.3%		0.75		
<b>Median</b>	0.62	0.4%		0.62		
<b>Minimum</b>	0.45	0.1%		0.45		
<b>Maximum</b>	1.18	5.2%		1.18		

Source: S&P Capital IQ Pro

Notes: Data were taken from the S&P Capital IQ Pro at the date 28 July 2025.

## Debt component of WACC

Investments are normally funded with a mixture of equity and debt, thus the selected discount rate should reflect a reasonable level of debt and equity, relative to the level of security and the risk attributed to the investment.

The cost of debt should have regard to the financing of the operation, together with the finance facility that could be obtained based on the cashflows arising from the facility. For the purpose of this exercise, SRK has adopted a cost of debt premium of 2.0% above the risk-free rate as at the date of valuation, which in this instance equates to 4.0%.

## Weighted Average Cost of Capital (WACC)

Before the WACC can be calculated, the proportion of debt and equity funding (gearing ratio/level) must be determined. This should represent the level of debt that the owner of the asset would require to operate on a standalone basis. The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. Investments are normally funded with a mixture of equity and debt, thus the selected discount rate should reflect a reasonable level of debt and equity, relative to the level of security and the risk attributed to the investment.

In arriving at an appropriate capital structure for Gerik, SRK has adopted the peer group average gearing ratio of 1.27% debt and 98.73% equity ( Table A.1).

The WACC formula is the post-tax WACC without adjustments for imputation:

$$\text{WACC} = E/V \text{ Re} + D/V \text{ Rd} (1 - \text{TC})$$

where:

Re	=	Cost of equity
Rd	=	Cost of debt (Pre-Tax)
E	=	Market Value of the firm's equity (Post Tax)
D	=	Market Value of the firm's debt
V	=	E + D
E/V	=	Percentage of financing that is equity.

The discount rate includes both the minimum required hurdle rate and a perceived project risk premium. In determining the hurdle rate, SRK has assumed the financing will be in Australian dollars with a debt-to-equity ratio of 1.27% to 98.73%. Table A.2 summarises the assumptions used to estimate the WACC of 4.40% (6.49% real) adopted as the hurdle rate for this evaluation.

**Table A.2: Hurdle rate calculation**

Assumptions	Values
<b>Capital Structure</b>	
Debt-to-value ratio	1.27%
<b>Cost of equity (CAPM)</b>	
Risk free rate	2.00%
Market risk premium	6.00%
Equity beta	0.75
<b>Cost of equity</b>	<b>6.53%</b>
<b>Cost of debt</b>	
Debt base	2.00%
Debt risk premium	2.00%
Cost of debt (pre-tax)	4.00%
Effective tax rate	24.00%
<b>Cost of debt (post-tax)</b>	<b>3.04%</b>
<b>WACC</b>	
Weighted cost of equity (post-tax)	6.45%
Weighted cost of debt (post-tax)	0.04%
<b>WACC (nominal post-tax)</b>	<b>6.49%</b>
<b>Hurdle rate</b>	
<b>WACC (nominal post-tax)</b>	<b>6.49%</b>
Inflation	2.00%
<b>WACC (real post-tax)</b>	<b>4.40%</b>

Source: S&P Capital IQ Pro and Trading Economics

Notes: CAPM – capital asset pricing model, WACC – weighted average cost of capital.

## Project risk

SRK notes that the development of the Gerik Project is not without project and execution risks. SRK has reviewed, at a high level, the risks associated with the REE market, Mineral Resource, Ore Reserve, hydrometallurgical process, cost estimation and project management skill and derived a quantitative overall project risk index.

Risks are rated according to likelihood of occurring and the impact to the value of the project. While subjective, it provides an overall project risk index (Table A.3).

**Table A.3: Project risk rating matrix**

Category:			Risk Rating				
	Likely	Impact	Low	Low / Medium	Medium	Medium/ High	High
Market	3	4	-	-	12	-	-
Mine Schedule (Reserve est.)	4	5	-	-	-	20	-
Processing	3	5	-	-	15	-	-
ESG	3	5	-	-	15	-	-
Operating and Capital Cost est.	2	3	-	6	-	-	-
Project Management	2	2	4	-	-	-	-
<b>Overall Risk</b>	<b>2.8</b>	<b>4.0</b>	-	-	<b>11.3</b>	-	-

Source: SRK analysis

**Notes:** This is a high-level assessment of the project risk.

In this case, the REE market is considered a medium risk. While offtake has been secured in a contract, there is uncertainty in the market with the current tariff war between the USA and the rest of the world. While the mine schedule is well defined, any change is likely to have a major impact. ESG is considered medium risk as, while there is a moderate likelihood of ESG risks taking place, the impact could be major. Operating and capital cost estimates are based on pilot plant study and are considered low to medium risk. The project management team is considered experienced and so likely to have a low impact on negative financial outcomes. Based on this high-level assessment, an overall risk rating is medium at 11.3 is determined using the matrix in Table A.3.

In determining the translation between the assessed project risk index and the applied project risk premium percentage, SRK has applied a straight-line relationship between overall project risk index of 11.3 (between 1 and 25) with a discount rate premium at 5.6%. While this straight-line relationship was initially considered as a reasonable logical assumption, analyses of recent overall risk ratings and risk premiums applied in discount rates used for numerous DCF market valuations determined a broad relationship between these variables. Although theoretical, it is a less subjective approach and more consistent.

Further to this, based on the fact that the listing is to be on the Singapore Exchange and the project being in Malaysia, an additional country risk component should also be applied from the perspective of a Singaporean investor. Based on this assumption, SRK has applied a country risk factor of 1.60% to account for the project's location in Malaysia. Country risk premium data are provided by Aswath Damodaran, a lecturer in corporate finance and valuation at the Stern School of Business at New York University (<https://pages.stern.nyu.edu/~adamodar/>).

In summary, SRK considers that this market valuation should accommodate both project and country risks through the application of a higher discount rate by adding the risk premium to the WACC.

## Applied discount rate

A Market Value of a mining operation is determined by discounting future cashflows with the WACC and the project's uniquely derived project risk and country risk premiums. Therefore, SRK has adopted a post-tax real discount rate of 11.4% (13.8% nominal), which includes a project risk premium (Table A.4).

**Table A.4: Discount rate**

Assumptions	Values
<b>WACC</b>	
Weighted cost of equity (post-tax)	6.45%
Weighted cost of debt (post-tax)	0.04%
<b>WACC (nominal post-tax)</b>	6.49%
<b>Discount rate</b>	
<b>Country risk</b>	1.60%
<b>Project risk</b>	5.58%
<b>Discount rate (nominal post-tax)</b>	13.67%
Inflation	2.00%
<b>Discount rate (real post-tax)</b>	11.44%

Source: S&P Capital IQ Pro and Trading Economics

Notes: WACC – weighted average cost of capital.

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## **Appendix B      Market methods valuation datasets**

Resource-based comparable REE market transactions

Project	Date	Buyer	Seller	Development stage	Country	Equity acquired (%)	Deal value (US\$ M)	Deal value implied at 100% (US\$ M)	Total Resource (t)	Grade (TREO equivalent ppm)	Total contained (t)	Resources (\$/t TREO eq)	Resources normalised (\$/t TREO eq)
Lofdal Project	27/01/2020	Japan Oil, Gas and Metals National Corporation	Namibia Critical Metals Inc	PFS/Scoping	Namibia	50	15.18	30.35	73.3	1,489	109,175	278.01	424.32
Lofdal Project	27/01/2020	Japan Oil, Gas and Metals National Corporation	Namibia Critical Metals Inc	PFS/Scoping	Namibia	40	7.59	18.97	6.16	2,934	18,072	1,049.68	1,602.09
Yangbana Tenements	23/06/2022	Hastings Technology Metals Limited	Cadence Minerals Plc	Construction started	Australia	30	6.22	20.74	29.93	9,242	276,625	74.99	32.62
Makutu Project	11/12/2023	Ionic Rare Earths Limited	Rare Earth Elements Africa Proprietary Limited	Feasibility complete	Uganda	34	15.50	45.60	531.00	639	339,260	134.40	130.40
Ngualla Project	30/08/2019	Peak Resources Limited	International Finance Corporation	Feasibility complete	Tanzania	5	19.36	387.28	214.40	21,562	4,622,820	83.78	118.30
Ngualla Project	29/07/2019	Peak Resources Limited	Applan Pinnacle Holdco Limited	Feasibility complete	Tanzania	20	98.67	493.36	214.40	21,562	4,622,820	106.72	143.64
Songwe Hill Project	05/08/2021	Mkango Resources Ltd	Noble Group Limited	Feasibility started	Malawi	49	21.68	44.25	48.57	13,661	663,499	66.70	43.15
Songwe Hill Project	16/11/2017	Talaxis Limited	Mkango Resources Limited	Feasibility started	Malawi	49	15.84	32.33	31.75	14,777	469,183	68.90	76.18
Kipawa JV	26/01/2015	Resources Québec Inc	Matamec Explorations Inc	Feasibility	Canada	28	2.42	8.63	69.79	2,079	145,091	59.49	80.03
Sarfartog Rare Earth Element Project	22/08/2022	Neo Performance Materials Inc	Hudson Resources Inc	PFS/Scoping	Greenland	100	3.50	3.50	8.34	17,169	143,245	24.43	14.41
Kwjiibo Project	23/04/2020	Investissement Québec	Focus Graphite Inc	PFS/Scoping	Canada	50	5.12	10.23	8.24	28,647	236,081	43.34	72.14
Phalaborwa Rare Earths Project	03/11/2020	Rainbow Rare Earths Limited	Bosveld Phosphates (Pty) Limited	PFS/Scoping	South Africa	70	0.75	1.07	38.30	4,300	164,690	6.51	7.23
Round Top Project	20/11/2018	Morzev Pty Limited	Texas Mineral Resources Corp	PFS/Scoping	USA	80	13.00	16.25	992.29	530	525,436	30.93	41.75
Charley Creek Project	27/07/2016	Crossland Strategic Metals Limited	Investor group	PFS/Scoping	Australia	43.72	1.72	3.93	805.30	292	235,053	16.71	26.79
Crossland Joint Venture	15/01/2015	Essential Mining Resources Pty Ltd	Pancontinental Uranium Corporation	PFS/Scoping	Australia	43.72	1.78	4.07	805.30	292	235,053	17.33	23.31
Narraburra Project	19/04/2024	Godolphin Resources Limited	EX9 Pty Ltd	Reserves development	Australia	49	0.18	0.37	95.00	739	70,201	5.30	6.16
Narraburra Project	22/03/2022	Godolphin Resources Limited	EX9 Pty Ltd	Reserves development	Australia	51	1.33	2.61	73.20	473	34,624	75.24	28.37
Cowallinga Project	05/07/2022	Heavy Rare Earths Limited	Private Investors – David Ian Ross and Christine Ann Ross	Reserves development	Australia	100	0.35	0.35	28.00	625	17,500	19.88	9.63
Kanganakunde Rare Earths Project	01/08/2022	Lindian Resources Limited	Rift Valley Resource Developments Limited	Reserves development	Malawi	100	30.00	30.00	2.53	42,400	107,272	279.66	164.93
Brightlands Mlo Project	17/09/2021	Consolidated Uranium Inc	GBM Resources Limited	Reserves development	Australia	100	1.57	1.57	187.00	610	114,070	13.76	9.17
T-Zone and Tardiff Zones at Nechalacho project	30/01/2019	Cheeleah Resources Pty Ltd.	Avalon Advanced Materials Inc.	Advanced exploration	Canada	100	3.79		176.87	13,026	2,303,893	1.65	2.20
Madagascar rare earths project	17/11/2015	Reo Magnetic Pte. Ltd.	Tantalus Rare Earths AG	Reserves development	Madagascar	60	4.36		627.68	821	515,264	14.12	21.27

Source: S&P IQ Pro, SRK analysis (2025)

Notes: Normalised values are based on the China domestic  $\text{Pr}_2\text{O}_3\text{-Nd}_2\text{O}_3$  SHM price.

Peer Companies

Company	Market Cap (US\$m)	Enterprise value (US\$m)	Key projects	Project location(s)	Mineralisation style	Development stage	Total Resource (Mt)	Grade (TREO equivalent ppm)	Total contained Resources TREO equivalent (t)	Peer multiple (EV/\$t TREO eq)
Adara Resources Inc	259.8	233.0	Penco Module, Carina Module	Chile, Brazil	IAC	Feasibility started; trial production started	339	1,500	508,305	461.70
Appia Rare Earths and Uranium Corporation	25.9	25.7	PCH (70%)	Brazil	IAC	Advanced exploration	37	2,850	105,336	237.83
Australian Rare Earths Limited	13.3	10.2	Koppamurra	Australia	IAC	Reserves development	236	748	176,528	81.52
Brazilian Critical Minerals Limited	12.0	11.5	EMA Apui Ene Tres Estados	Brazil	IAC	Advanced exploration	977	729	712,233	17.53
Brazilian Rare Earths Limited	411.3	357.8	Monte Alto Pele Sulista	Brazil	IAC, saprolite, alkali intrusion	Advanced exploration	510	1,513	772,084	444.35
Cobra Resources Plc	25.9	24.8	Wudinna Boland	Australia	IAC	Pre-feasibility/Scoping – Advanced exploration	42	699	29,078	892.64
Critica Limited	30.0	26.3	Jupiter	Australia	Clay hosted	Advanced exploration	1,780	1,651	2,938,780	8.44
DevEx Resources Limited	24.6	18.8	Kennedy	Australia	IAC	Advanced exploration	150	1,000	150,000	118.63
Heavy Rare Earths Limited	6.4	4.6	Cowallinga	Australia	IAC	Advanced exploration	159	870	138,330	31.42
Ionic Rare Earths Limited	72.4	71.1	Makutu	Uganda	IAC	Feasibility complete	580	630	365,387	215.43
Krakatoa Resources Limited	6.4	5.5	Mt Clere	Australia	IAC/Clay	Advanced exploration	101	840	84,840	65.64
Meteoric Resources NL	236.4	217.7	Caldeira	Brazil	IAC	PFS/Scoping	1,500	2,359	3,538,500	66.65
Mount Ridley Mines Limited	1.5	0.7	Mount Ridley Weld Range	Australia	IAC	Advanced exploration	168	1,201	201,768	2.05
OD6 Metals Limited	2.7	1.6	Sprinter Rock	Australia	IAC	Advanced exploration	682	1,338	912,516	1.74
Victory Metals Limited	87.0	83.8	North Stanmore	Australia	IAC	Advanced exploration	248	520	128,700	731.25
Viridis Mining and Minerals Limited	46.8	46.2	Colossus	Brazil	IAC	Reserves development	493	2,508	1,236,444	42.56

Source: S&P IQ Pro, SRK analysis (2025)

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## **Appendix C      SRK China Independent Qualified Person's Report**



## **Placeholder for SRK China Report**

The IQP Report prepared by SRK China contains commercially sensitive information relating to the Gerick Project. At the request of SAM, the full IQP Report has been withheld from this public version of the Independent Valuation Report.

The IQP Report has been reviewed in full by the Valuation Practitioner and forms an integral part of the basis for the valuation conclusions herein.

The full IQP Report is available for viewing at the Company's registered office by contacting:  
[general@SAMiningLtd.com](mailto:general@SAMiningLtd.com).

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**Appendix D      SRK China Summary Independent Qualified  
Person's Report**

Final

# Summary Qualified Person's Report for Gerik Rare Earth Element Project ("SQPR")

<b>Client:</b>	<b>Southern Alliance Mining Ltd</b>	<b>Date:</b>	<b>31 July 2025</b>
<b>Competent Person:</b>	Anshun Xu Yonggang Wu Lanliang Niu		
<b>Project No.:</b>	SCN927		
<b>Name:</b>	Summary Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia		
<b>Subject:</b>	SQPR and JORC Table 1		

## Summary of the QPR

### Overall Description

Southern Alliance Mining Ltd. ("**SAM**", the "**Company**" or the "**Client**"), a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), commissioned SRK Consulting China Ltd. ("**SRK**") to undertake an independent technical assessment of the Gerik Rare Earth Element Project ("**Gerik REE Project**" or the "**Project**"), located in Mukim Kenering, Hulu Perak District, Perak State, Malaysia. The location of Project is shown in Figure S-1.

The Independent Qualified Person's Report ("**IQPR**") based on the independent technical assessment is prepared as defined by the *Practice Note 4C Requirements for Mineral, Oil and Gas Companies of the Catalist Rule of the SGX-ST*.

The latest full *IQPR* serves as an updated version of the "*Independent Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia*". The effective date for the updated Mineral Resources and Ore Reserve is 30 April 2025.

The Project area encompasses 9 land parcels, totalling approximately 2,161 hectares ("**ha**"). It is located approximately 16 kilometres ("**km**") northwest of Gerik town, about 22 km southeast of Baling town, and around 97 km from Butterworth in Penang.

The Project is classified as an ion-adsorption type of rare earth deposit, wherein the majority of rare earth elements ("**REEs**") occur in an ion-exchangeable form, adsorbed onto clay minerals. MCRE Resources Sdn Bhd ("**MCRE**")

has secured exclusive operational rights within these nine lands through agreements executed with the designated developers appointed by the landowners or licence holders.

**Figure S-1: Regional Location of the Gerik REE Project**



Exploration programs have revealed that the ion-exchangeable REEs are primarily concentrated within the mid-section of the regolith horizon, exhibiting an average thickness of roughly 8 metres (“m”) across the Project area. Core drilling, geological logging, analysing, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resource estimation. The implementation of sample collection, preparation, and assay in accordance with relevant Chinese standards is a common practice employed across China for ion-adsorption clay rare earth elements (“IAC REEs”) exploration projects. After reviewing the entire process and the assaying results from its own duplicate sampling program, SRK considers that the procedure, as well as the data and information obtained, are acceptable and can be used for Mineral Resource and Ore Reserve estimation purposes.

Mineral Resources have been estimated through creating geological models. The data and information used for this geological model generation are acquired from the exploration and were reviewed by SRK to ensure the data reliability.

Ore Reserve have been converted from Mineral Resource in consideration of various conversion factors such as areas suitable for in-situ leaching and processing recoveries.

The Project has experienced a pilot production. The in-situ leaching and processing system for pilot production has demonstrated viability in both technical and economic aspects. Currently, each in-situ leaching and processing system for the remainder life-of-mine (“**LOM**”) has been planned on a similar scale to the existing pilot system. They are scheduled for construction and implementation gradually, following a robust approach. The operational experience of the existing team, gained from similar projects in China, is supporting the sustainable operation of the Project.

An 11-year life-of-mine is projected in this update, based on a maximum annual processing capacity of 6,000 tonnes (“**t**”) of rare earth oxide (“**REO**”) equivalent.

With regards to the supportive infrastructure for the Project operation, considering that specialised equipment is not required, necessary reagents and construction materials can be sourced locally within Malaysia, the existing infrastructure in the Project area is deemed adequate to sustain the production needs and operational activities associated with the proposed mine development.

The Environmental Impact Assessment (“**EIA**”) approved by the Department of Environment (“**DOE**”) for the proposed in-situ leaching and processing of the Project indicates acceptable risk with recommended mitigating measures.

Capital and operating cost estimations were mainly derived from the existing production and mine plan. These estimations were utilised for a techno-economic analysis, alongside the leaching and processing plan for the remainder LOM. The results have indicated the economic viability of using the in-situ leaching recovery method to extract REEs from the deposit.

## Geology Setting and Mineralisation

REEs are typically refer to the 17 lanthanide elements on the element periodic table from lanthanum (“**La**”) to lutetium (“**Lu**”) and the transition metals scandium (“**Sc**”) and yttrium (“**Y**”) due to the similarity of the chemical property. Promethium (“**Pm**”) is not included in the mineral development due to its rarity and instability in the natural environment.

IAC REEs deposit is formed through weathering and leaching of minerals bearing REEs from primary rocks, typically in tropical and sub-tropical climates. REEs leached from granitic or alkaline igneous rocks were adsorbed onto clay minerals in the weathered host rock, sometimes forming economically viable deposits.

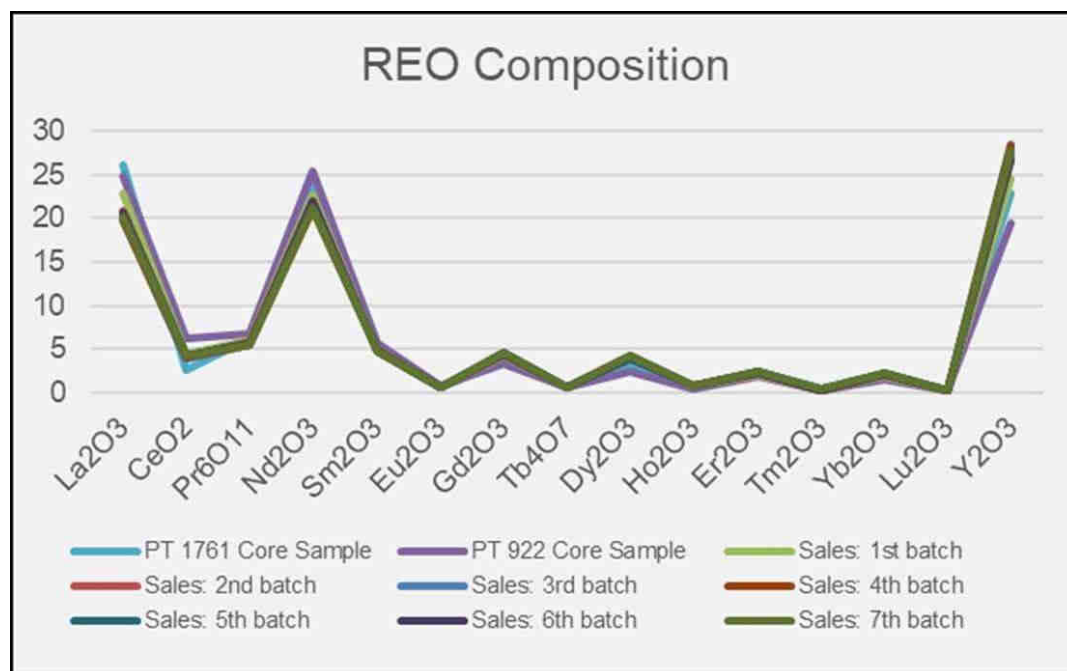
Granitoids, which are crucial for IAC REEs in the Malay Peninsula, occur abundantly in its plutonic formations. These granitoids that are normally divided into S-Type and I-Type belts become the source rocks for the widespread IAC REEs deposits in the Indo-China and Malay Peninsula regions.

The Project area features low hills and gentle terrain, influenced by a tropical climate, with a thick regolith cover. Most of the area exhibits a full-coverage type of IAC REE deposit. The REE-bearing horizon with economic potential normally occurs approximately 2 to 12 m beneath the topsoil with an average thickness over 8 m.

Regarding the REEs' content and composition, the assay results obtained from drill core samples, as well as from each batch of saleable product output from the pilot wet plant, exhibit a similar REO composition, and distribution pattern.

The approximate range of REO composition is as follows: praseodymium-neodymium ("PrNd") oxides comprise 27-36%, magnet rare earth oxides ("MREO") range from 30-39%, and critical REO ("CREO") accounts for 43-57% of the total REO content. Typical REO composition and distribution pattern is shown in Figure S-2.

**Figure S-2: Typical REO Composition of the Gerik REE Project**



## Leaching and Metallurgical Tests

Leaching tests were conducted at laboratory and industrial pilot scales, utilising the same lixiviant and precipitation reagents for both. Firstly, ammonium sulphate ("AS") solution was selected as the lixiviant for REE extraction. Secondly, ammonium bicarbonate ("ABC") was chosen as the reagent for impurity removal from the pregnant leach solution ("PLS") and subsequent REEs precipitation to produce a rare earth carbonate ("REC") solid product.

Following the completion of laboratory tests, key infrastructure was constructed at the PT 1761 mine site. This included in-situ leaching ("ISL") facilities and a hydrometallurgical "wet plant" for processing the PLS. This industrial pilot plant was commissioned in late 2022 and has been in continuous operation since.

The techno-economic viability of this mining method has been confirmed by successful pilot production.

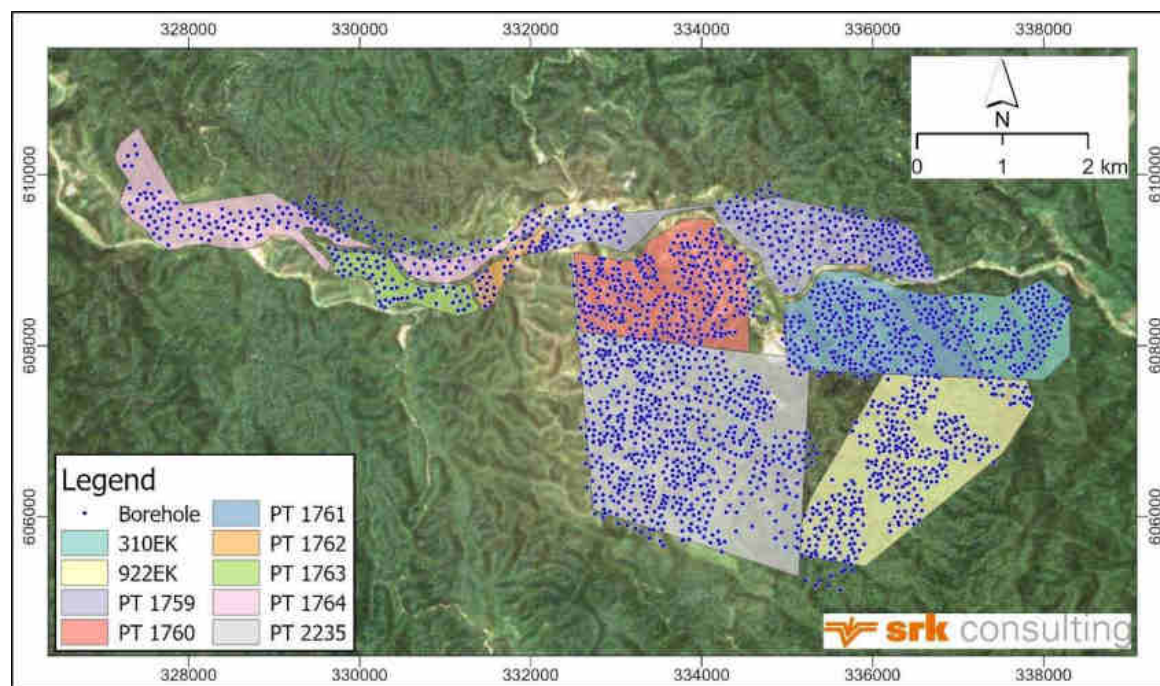
## Exploration, Sampling and Analysis

Since the last *IQPR* was issued, no exploration or sampling work has been conducted to a substantial level that would impact the basis of the Mineral Resource and Ore Reserve estimations for this update. Followings are a general description of the historical activities regarding the exploration, sampling and analysis.



From March 2019 to March 2023, MCRE commissioned China Nonferrous Metals (Guilin) Geology and Mining Co., Ltd. (“**CNFM Guilin**”) to carry out an exploration program in the Project area. CNFM Guilin drilled 2,342 boreholes totalling 34,585.1 m by using manpower auger following the exploration guideline outlined in *Chinese Standard DZ/T 0204-2002* specified for IAC REE deposit. Boreholes were drilled in patterns within identified terrain units, with most of the borehole spacing ranging between 50 and 100 m within each cluster. Borehole distribution of the Project is shown in Figure S-3.

**Figure S-3: Borehole Distribution of the Gerik REE Project**



Samples were transported to the CNFM Guilin laboratory in Guangxi Province, China, which is accredited by the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (“ILAC-MRA”) and China Metrology Accreditation (“CMA”). After drying and milling, they were analysed according to *Chinese Standard XB/T 619-2015*. Sample leaching, preparation of standard solutions, and inductively coupled plasma-mass spectrometry (“ICP-MS”) testing were conducted for 19,738 samples with strict quality assurance and quality control (“QA/QC”) protocols.

Bulk density pits were implemented on-site during exploration to collect density data for Mineral Resource estimation.

The implementation of drilling, topographic surveying, sample collection, preparation, and analysis followed relevant Chinese standards, which is a common practice employed for IAC REEs exploration projects in China. After reviewing the entire process and the test results of duplicate samples, SRK considers the procedures undertaken, as well as the data and information obtained, are acceptable for Mineral Resource estimation purpose.

When preparing the original *IQPR*, SRK implemented a QA/QC program to validate assay results of the exploration. 469 duplicates were sent to an accredited independent laboratory for analysis. After receiving the external testing results, a validation procedure was conducted by SRK to compare the original and the duplicate results.

The Competent Person is satisfied that the information being collected and analysed is sufficient to conduct the Mineral Resource estimation.

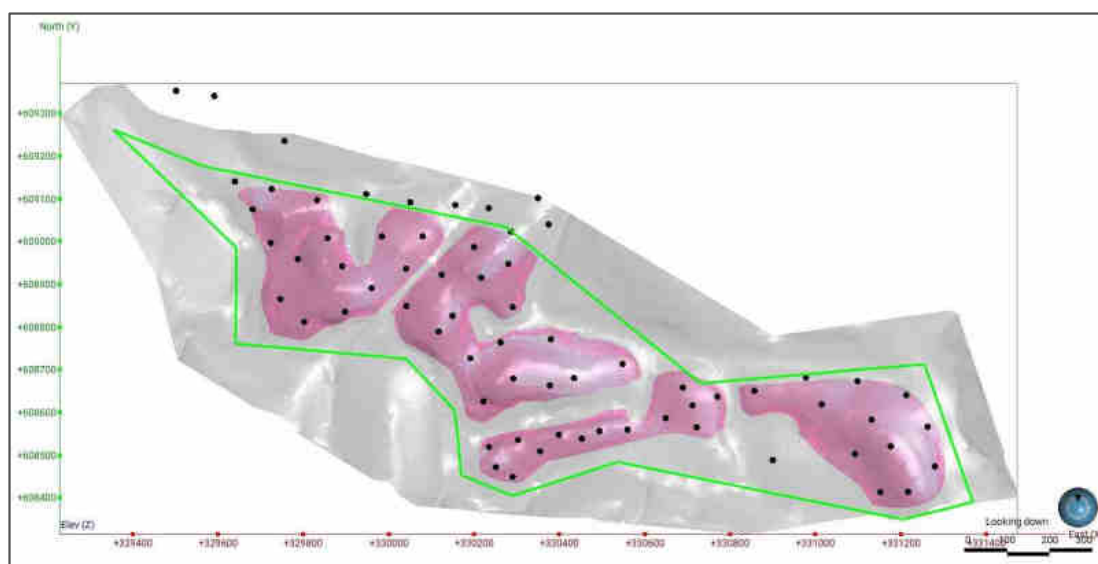
## Mineral Resource and Ore Reserve Estimations

As no new exploration has been conducted within the Project area since the last *IQPR*, the Mineral Resource update was based on the original drillhole database and Mineral Resource model generated for the previous reporting.

The Leapfrog Geo and Edge (Version 2022) software was used to create both solid and block models for the Project. The software is considered as a proper modelling tool for this type of deposit. The Mineral Resource estimation involves the following procedures:

- The borehole database and topographic dataset were consolidated and verified, with the borehole database comprising borehole collar, lithology, and assay data;
- Solid models were created to delineate boundaries of the REEs mineralisation, primarily based on the assay data, while also considering the lithology and terrain characteristics;
- Definition of the Mineral Resource domains;
- Sample analytical results were composited and capped in order to perform geostatistical and variography analyses;
- Block models were created within the constraints of the solid models, and grade estimation was conducted within the block models based on the results of the geostatistical analysis;
- Conducting Mineral Resource classification and validation;
- Assessment of the “reasonable prospects for eventual economic extraction” (“**RPEEE**”) and determination of appropriate cut-off grades; and
- Prepare the Mineral Resource Statement in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)* (“**JORC Code**”).
- The mineralised orebodies generated for the PT 1763 is shown in Figure S-4.

**Figure S-4: Mineralised Orebodies of the PT 1763 – a typical IAC REEs orebody**



Historical exploration has largely formed the data spacing, which typically ranges between 50 and 100 m for drilling clusters in different terrain units. Different borehole spacings within each drilling cluster could significantly impact the

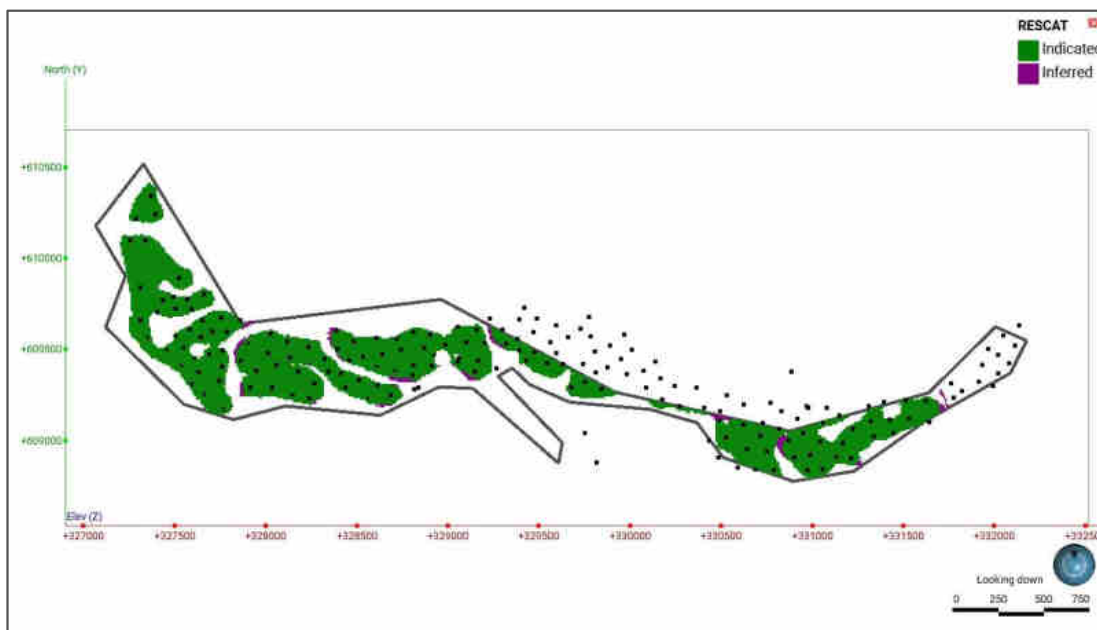


assessment of the confidence level associated with the continuity of REEs mineralisation. As such the Mineral Resource is classified based on the following principles within each estimate unit:

- Measured Mineral Resource: the areas where drillholes are spaced 50 m apart or less ( $\leq 50$  m);
- Indicated Mineral Resource: the areas where drillhole spacing is greater than 50 m, up to and including 100 m ( $50 \text{ m} < \text{spacing} \leq 100 \text{ m}$ );
- Inferred Mineral Resource: the areas where drillhole spacing is greater than 100 m, up to and including 200 m ( $100 \text{ m} < \text{spacing} \leq 200 \text{ m}$ ).

Figure S-5 illustrates the Mineral Resource classification within one of nine areas, PT 1764.

**Figure S-5: Mineral Resource Classification of the PT 1764**



Reliable and sufficient geological information, especially the mineralisation data collected and interpreted from historical exploration, has shown the mining potential of the IAC REEs in the Project area. Based on the RPEEE assessment and considering the characteristics of the leaching mining method, SRK used a cut-off grade of 100 gram per tonne ("g/t") soluble rare earth oxides ("**SREO**") for each Mineral Resource block to report Mineral Resources. As of 30 April 2025, the estimated Indicated Mineral Resource within the nine Lots of Gerik REE Project is 97.1 million tonnes ("**Mt**") with an average SREO content of 494.4 **g/t**. the estimated Inferred Mineral Resource for the Project is 20.1 Mt with an average SREO content of 458.3 g/t. No Measured Mineral Resource category was classified.

Ore Reserve reported in accordance with the *JORC Code*, has been estimated at a total of 38.9 kilotonnes of REO equivalent, contained in REC product, with the effective date as of 30 April 2025. The estimate is based on a cut-off grade of 100 g/t SREO by applying modifying factors from the prefeasibility study report prepared by SRK in 2023, mine plans and incorporates the exclusion of non-suitable leaching areas. The reference point for the Ore Reserve is the REC product at the output of the wet plant. Summary of Mineral Resources and Ore Reserves is shown in Table S-1.

**Table S-1: Summary of Mineral Resource and Ore Reserve as of 30 April 2025** [1, 2, 3, 4, 5]

		Gross Attributable to Licence			Net Attributable to Issuer (100%)			
Category	Mineral Type	Ore	SREO	REO	Ore	SREO	REO	Change from
		Tonnage	Grade	Equivalent	Tonnage	Grade	Equivalent	Previous Update
		(Mt)	(g/t)	(kt)	(Mt)	(g/t)	(kt)	(%)
Ore Reserves								
Proved	IAC REE	-	-	-	-	-	-	-
Probable	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Total	IAC REE	84.3	495.2	38.9	84.3	495.2	38.9	-0.7
Mineral Resources								
Indicated	IAC REE	97.1	494.4	48.0	97.1	494.4	48.0	-1.2
Inferred	IAC REE	20.1	458.3	9.2	20.1	458.3	9.2	-8.7
Total	IAC REE	117.2	488.2	57.2	117.2	488.2	57.2	-2.5

**Notes:**

1. The Mineral Resources are reported inclusive of Ore Reserves.
2. All figures are rounded to reflect the relative accuracy of the estimate. Any discrepancies between values are due to rounding.
3. IAC Rare Earths, Ionic-adsorption Clay Rare Earths.
4. The Change from Previous Update is calculated based on the amount of the REO equivalent.
5. The changes of the updated Mineral Resource and Ore Reserve from the previous reporting mainly derived from the amount depletion of the on-going mining production.

## Leaching, Processing and Life-of-Mine

An independent ISL system primarily consists of an injection system situated at the mountaintop and gentle slopes of a leaching unit, and a collection system located at the foot of the mountain. The injection system can be further divided into three components, while the collection system may vary slightly depending on the design approach for solution collection.

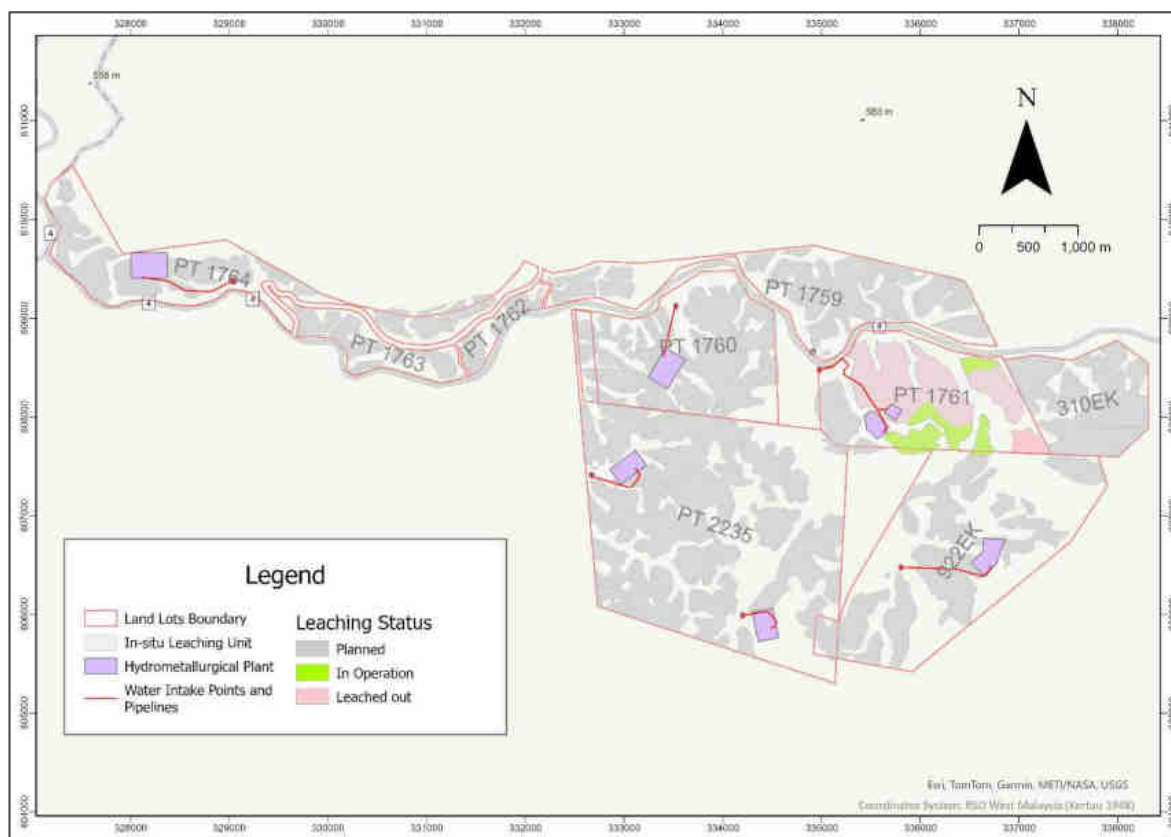
The purpose of leach injection is to enable the exchange of IAC REEs, utilising the ammonium ions in the lixivium solution. The injection system is designed to facilitate the adequate introduction of the prepared lixivium into the subsurface orebody. The injected leaching solution undergoes an ion exchange reaction with the rare earth ions present within the orebody, thereby displacing and mobilising the rare earth ions. An independent injection system mainly includes leaching solution pond, gridded injection holes, pipeline system connecting leaching solution pond and injection holes.

The PLS collection system is planned to collect the REEs-bearing solution. The collection system comprises PLS collecting tunnels and holes, ditches, PLS hub ponds, observation holes, flood water collection ditch, PLS buffer ponds, pump station, and a monitoring office.

The process of ISL is essentially composed of three steps. First Ammonium sulphate eluent is introduced into the orebody, followed by supernatant to further elute REEs; the process ends when recovery becomes uneconomical, and the residual solution is recycled for use in the next leaching unit.

The Project has planned seven wet plants to process the PLS from the ISL mining operations across the nine lease areas. Each plant is designed with a nominal capacity of 2,000 tonnes per annum (“tpa”) of REO equivalent. The planned location of wet plants is shown in Figure S-6.

**Figure S-6: Planned Location of Wet Plants**



The seven wet plants are planned for phased construction in conjunction with the roll-out of the ISL leaching plan to serve the various mining blocks. Plant one was commissioned in 2022 to support the industrial pilot and is currently in normal production. Plant two is in construction. Subsequent plants will employ the same proven standard operational procedures to process PLS from the leaching blocks and produce a wet REC product. The production plan of the seven hydrometallurgical plants is shown in Table S-2.

**Table S-2: Production Plan of the Hyrdometallurgical Plants**

Plant	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Total</b>	38,851	1,500	4,838	5,000	5,472	3,000	3,871	3,000	3,926	3,500	3,151	1,593	EOM

The modular nature of the ISL method enables scalable production to match plant capacity. New brought-online ISL units along with the standardised processing flow ensures a relatively stable production capacity and balanced product quality of the Project.

The Project's operational team comprises several departments, including administration, technical management, finance, ESG, analytical, leaching monitoring, plant operation, engineering, auxiliary, and material supply.

## Capital Expenditures and Operating Expenses

The capital expenditures (“**Capex**”) for the remainder of the LOM is mainly composed of two primary components. It accounts for the net book value of historical investments, supplemented by a significant allocation for continuing Capex investments in other wet plants and mining lots.

Operating expenses (“**Opex**”) are projected primarily based on historical cost data from the existing production system. The financial model distinguishes between variable cost items, such as those for injection and collection, which are calculated based on annual production quantities, and fixed costs. General and administrative (“**G&A**”) expenses are treated as fixed costs, though they are adjusted by a fluctuation coefficient to align with actual production capacity. Furthermore, the model incorporates reclamation costs, which are incurred upon the closure of each wet plant and mine lot at a specified amount per facility.

## Preliminary Economic Analysis

The discounted cash flow (“**DCF**”) method was used for the economic analysis, as the Project is in the operation stage with a completed PFS. The purpose of this analysis is solely to demonstrate the economic viability of the Project. The estimated cash flows and net present values (“**NPVs**”) were presented on an after-tax basis, and financing costs were not considered.

The NPVs at different discount rate were estimated by SRK through the DCF modelling. The estimated positive NPVs in a wide range of discount rate have demonstrated the economic viability of the Project, and support the Ore Reserve conversion.

## Environmental and Social Aspects

In Malaysia, any applicant seeking to conduct mining activities must submit an environmental assessment report to the DOE and can only proceed after obtaining DOE approval. The latest EIA for the Project was prepared by Chemsain Consultant in February 2022. The EIA was approved by the DOE in May 2022.

Identified potential environmental risks associated with the Project include landslides and the contamination of surface and groundwater. During site visits, SRK observed several mitigation measures that have been implemented, such as flood interception ditches encircling the hydrometallurgical (wet) plant and designated sedimentation ponds. Additionally, wastewater generated by the wet plant is recycled for internal use.

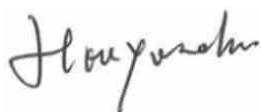
Current ISL activities are conducted within existing rubber plantations, which limits the Project's impact on primary wildlife habitats. The EIA for the Project indicates that with full implementation of the recommended mitigation strategies, all residual environmental impacts are expected to comply with applicable Malaysian standards, regulations, and industry practices.

## Closure

For and on behalf of

**SRK Consulting China Ltd**

This Summary QPR and the associate ***Independent Qualified Person's Report on the Gerik Rare Earth Element Project in Malaysia (Updated Version - 20250731)*** were prepared and signed-off by:

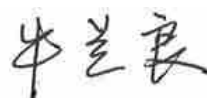


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**Name:** Yongchun Hou (MAusIMM)

**Title:** Principal Consultant (Geology and Resource)

**Project Manager**



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**Name:** Lanliang Niu (MAusIMM)

**Title:** Principal Consultant (Processing)

**Competent Person**



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**Name:** Yonggang Wu (MAusIMM)

**Title:** Principal Consultant (Mining)

**Competent Person**



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**Name:** Dr Anson Xu (FAusIMM)

**Title:** Corporate Consultant (Geology and Resource)

**Competent Person**

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

# Attachment 1 JORC Code Table 1

## Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"><li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li><li>Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.</li><li>Aspects of the determination of mineralisation that are Material to the Public Report</li></ul>	<ul style="list-style-type: none"><li>The procedure for drill hole sampling to identify rare earth elements (“<b>REEs</b>”) mineralised intervals. Before collecting samples, a quick on-site test was performed to qualitatively confirm REE mineralisation in the core intervals. If mineralisation was confirmed, the specific interval was collected for further laboratory analysis. All sample collection, splitting, and packaging were done at the drilling site. Each retrieved core was placed on a plastic sheet, and the site geologist logged the core before sampling. Samples were generally taken from one-metre core intervals.</li></ul>

*In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire*

Criteria	Explanation		Commentary
	<p>assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</p>		
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>The manual GN auger was employed to delineate and identify economically viable zones in the regolith. This auger is extensively used for exploring IAC REEs deposits in China. Under optimal operating conditions, it can reach a maximum drilling depth of 45 m in the fully weathered regolith horizon. This method provides a swift and cost-effective drilling solution compared to other techniques. All the holes were drilled vertically, no downhole survey conducted.</li> </ul>	
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Auger drilling, generally greater than 90%.</li> </ul>	
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature; Core (or costean, channel, etc.) photography.</li> </ul>	<ul style="list-style-type: none"> <li>Weathering degree, particle size, and colours were logged on site.</li> <li>Logging is qualitative in nature.</li> </ul>	



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximize representativity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>After completing the core log, thoroughly mix the core soil and shape it into a pie configuration for quartering. Use a putty knife to draw two diagonal lines across the sample, dividing it into four equal quadrants. Retain two diagonal quadrants for on-site storage. Pack the remaining two quadrants first in an inner plastic bag, then in a pouch bag to prevent rupture or water ingress.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Upon receipt, the samples were dried in an oven at 105°C until they reached a constant weight. They were then subdivided and mechanically milled to a particle size smaller than 1 millimetre ("mm"). The analysis was conducted according to the Chinese Standard "XB/T 619-2015, <i>Chemical Analysis Method of Ion-adsorption Rare Earth Ore</i>".</li> <li>Ammonium sulphate solution was used to dissolve the REEs, and the dissolved solution was then tested using inductively coupled plasma-mass spectrometry ("ICP-MS").</li> </ul>



Criteria	Explanation	Commentary
	checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel</li> <li>• The use of twinned holes</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• SRK has implemented a quality assurance and quality control ("<b>QA/QC</b>") program to verify the reliability and accuracy of the borehole sample test results conducted by CNFM Guilin.</li> <li>• To verify the accuracy of test results generated by Laboratory China Nonferrous Metals (Guilin) Geology and Mining Co., Ltd. ("<b>CNFM Guilin</b>"), 469 duplicates were collected and delivered to the Changsha Mineral Test Centre ("<b>RSGSMI</b>") of the Remote Sensing Geological Survey and Monitor Institute of Hunan Province, for independent external analysis. RSGSMI is an ILAC Mutual Recognition Arrangement ("<b>ilac-MRA</b>") and China Metrology Accreditation ("<b>CMA</b>") accredited regional testing centre of China.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control</li> </ul>	<ul style="list-style-type: none"> <li>• The survey of the borehole collars was implemented using Real-time kinematic ("<b>RTK</b>") global positioning system ("<b>GPS</b>") to record the coordinates and the elevation under Datum Kertau 1948 (Malaysia) – ROS West Malaysia projection.</li> <li>• Seven benchmark points set by Malaysia local survey authority were referred to ensure the accuracy of the survey activities.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>• Data spacing for reporting of Exploration Results</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and</li> </ul>	<ul style="list-style-type: none"> <li>• Boreholes were strategically drilled in clusters, with each cluster aligning with an individual terrain unit.</li> </ul>

Criteria	Explanation	Commentary
	<p>Ore Reserve estimation procedure(s) and classifications applied.</p> <ul style="list-style-type: none"> <li>Whether sample compositing has been applied.</li> </ul>	<p>The drilled boreholes form an approximate spacing of 50 - 100 m within each designated cluster.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Shallow borehole, vertical sampling, SRK considers that no bias.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security</li> </ul>	<ul style="list-style-type: none"> <li>Pour the sample onto a clean, flat plastic sheet to conduct the core log;</li> <li>Upon completion of the core log, the core soil undergoes thorough mixing and is then distributed into a pie-shaped configuration to facilitate sample quartering;</li> <li>Use a putty knife to draw two diagonal lines across the sample, dividing it into four equal quadrants;</li> <li>Leave two diagonal quadrants for on-site storage, packing the remaining two quadrants first in an inner plastic bag and then in a pouch bag to ensure the bag doesn't rupture or let in water;</li> <li>To ensure unambiguous identification, the sample identification ("ID") is clearly labelled with waterproof marker pen on both the inner plastic bag and outer pouch bag;</li> <li>Delivering to the laboratory for further processing.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data</li> </ul>	<ul style="list-style-type: none"> <li>The competent persons ("CPS") are not aware of other independent reviews or audits of the data</li> </ul>

Criteria	Explanation	Commentary
		collection procedures. The CPs visited the Project in 2023, 2024 and 2025 and has had sufficient, opportunity to understand all relevant procedures.

## Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> </ul>	<ul style="list-style-type: none"> <li>MCRE Resources Sdn Bhd ("MCRE") has secured exclusively operational rights within nine lands through agreements executed with the designated developers appointed by the landowners or licence holders. The prerequisite for commencing mining operations over the respective areas is that the landowners or licence holders must have already been granted Proprietary Mining Leases ("PML") or Mining Leases ("ML"), as applicable, from the State Authority, along with an approved Operational Mining Scheme ("OMS") from the State Minerals and Geoscience Department. Of these, three PMLs, PT 2235, PT 1759, and PT 1761 have been registered and issued. MCRE Resources Sdn Bhd ("MCRE") provided SRK with copies of approval letters (in Malay) from the authorities for applying for PMLs for PT 1760, PT 1762, PT 1763, and PT 1764. SRK was informed that since the PMLs are valid for 30 years, MCRE will proceed to pay the required fees to the authorities to obtain the official PMLs before commencing construction and development. MCRE does not anticipate any difficulties in obtaining the PMLs as they have already received approval letters. Subsequently, MCRE will apply for OMS once the PMLs are issued. Since the OMS is valid for only two years, MCRE will apply for it just before mining starts. Regarding the remaining parcels, designated 922EK and 310EK, MCRE has affirmed its commitment to securing all requisite permits within the stipulated timeframe.</li> </ul>
	<ul style="list-style-type: none"> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Project in pilot production with low risk in this regard. MCRE Resources Sdn Bhd ("MCRE") has secured exclusive operational rights within these nine lands through agreements executed with the designated developers appointed by the landowners or licence holders.</li> </ul>

Criteria	Explanation		Commentary
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties</li> </ul>		<ul style="list-style-type: none"> <li>CNFM Guilin conducted an exploration program within the Project area. The core drilling, geological logging, and topographic survey were implemented to a standard ensuring that the gathered data and information adequately underpin the objectives of subsequent geological modelling and Mineral Resource estimation.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The deposit is of an ion-adsorption deposit. This type of REEs-bearing horizon occurring in regolith.</li> </ul>	
	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A total of 2,342 boreholes (34,585.1 m) were drilled prior to 2024. No additional boreholes have been drilled subsequent to that period.</li> <li>Approximately easting: 327000 – 338600, northing: 604966-610587 (RSO coordinate system)</li> <li>Approximately 300 -560 m.</li> <li>All holes were drilled vertically. Vertical drill holes are approximately perpendicular to the overall flat-lying trend of the horizon carrying REE mineralisation.</li> </ul>	
Drill hole Information	<ul style="list-style-type: none"> <li>down hole length and interception depth</li> <li>Hole length</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6.1 of the full report</li> <li>See Section 6.1 of the full report. See Section 6.1 of the full report. Drill holes were planned to continue to the base of the regolith profile. SRK opines that the depth capacity of manual auger drilling might be insufficient to penetrate potential semi-weathered hard layers or boulders. This limitation could potentially lead to incomplete intersections of the bottom of ore-bearing horizon during drilling.</li> </ul>	

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>A reference has been provided to a drill hole plan included in the body of this report. The Competent Person proposes that listing coordinates for 2,342 drill holes does not materially contribute to the report.</li> </ul>
	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> </ul>	<ul style="list-style-type: none"> <li>A grade top-cut analysis applied in Leapfrog Geo software to do the grade truncation.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> </ul>	<ul style="list-style-type: none"> <li>All samples were collected on 1 m interval.</li> </ul>
	<ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>The metal equivalent values were reported with rare earth oxide ("REO") equivalent, soluble REO ("SREO").</li> </ul>
	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Mineralisation widths recorded in the auger holes approximate the true thickness of the features intersected by drilling</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Vertical drill holes have been used to intersect flat lying mineralisation at a high (near perpendicular) angle.</li> </ul>
	<ul style="list-style-type: none"> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>Downhole intervals approximate true thicknesses for mineralised intervals.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>

Criteria	Explanation	Commentary
	and/or widths should be practiced to avoid misleading reporting of Exploration Results.	
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 6 of the full report.</li> </ul>

### Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"><li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes</li></ul>	<ul style="list-style-type: none"><li>The data provided by MCRE in excel format was imported into Leapfrog Geo 2022 and validated.</li></ul>
	<ul style="list-style-type: none"><li>Data validation procedures used</li></ul>	<ul style="list-style-type: none"><li>Validation through three-dimensional ("3D") visualisation to check for any obvious collar, down-hole survey, or assay import errors.</li><li>Data validation steps included: Validation through constraints set in the database. e.g., overlapping/missing intervals, intervals exceeding maximum depth, valid geology codes, missing assays.</li></ul>
<b>Site visits</b>	<ul style="list-style-type: none"><li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li></ul>	<ul style="list-style-type: none"><li>Initial site visit was conducted in July 2023 to engage with the MCRE's personnel and contractors involved in various aspects such as exploration, mining, processing, and production activities. One of the Competent Person, Mr. Lanliang Niu joined the site visit.</li></ul>
	<ul style="list-style-type: none"><li>If no site visits have been undertaken indicate why this is the case.</li></ul>	<ul style="list-style-type: none"><li>A follow-up site visit took place from 15 to 25 January 2024, during which the Senior Geologist Huaixiang Li and one of the Competent Person Dr Anson Xu gathered additional information including exploration, geology, mineral resources, and mining.</li><li>A third visit took place from 23 to 25 July 2025. One of the Competent Person Yonggang Wu, project manager Yongchun Hou, Zhuanjian Liu, and Yuting Zhou joined the visit and gathered data and information for the report updating.</li></ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"><li>Confidence in (or conversely, the uncertainty of the geological interpretation of the mineral deposit</li></ul>	<ul style="list-style-type: none"><li>The deposit type in the Gerik area is an ion-adsorption type hosted in weathered regolith. The development level of the weathered regolith layer largely shaped the distribution and geometry of the REEs mineralisation.</li></ul>
	<ul style="list-style-type: none"><li>Nature of the data used and of any assumptions made.</li></ul>	
	<ul style="list-style-type: none"><li>The effect, if any, of alternative interpretations on Mineral Resource estimation</li></ul>	



Criteria	Explanation		Commentary
	<ul style="list-style-type: none"><li>The use of geology in guiding and controlling Mineral Resource estimation</li></ul>		<ul style="list-style-type: none"><li>The orebodies generally exhibit a stratiform appearance, with their morphology controlled by the occurrence of the weathered regolith.</li></ul>
	<ul style="list-style-type: none"><li>The factors affecting continuity both of grade and geology</li></ul>		<ul style="list-style-type: none"><li>SRK utilised a constraining grade of total REO &gt;=50 grams per tonne ("<b>g/t</b>") to identify the mineralisation boundaries based on the drillhole assay data and employed an implicit modelling approach. Additionally, constraints on the orebodies are applied using data related to valleys, water systems, and land parcel boundaries.</li></ul>
Dimensions	<ul style="list-style-type: none"><li>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</li></ul>	<ul style="list-style-type: none"><li>The orebody is generally located several metres below the surface, situated above the bedrock. Its thickness typically ranges from a few metres to several tens of metres. The overall geometry of the orebody is influenced by the topography, tending to be well-developed on flatter hilltops or gentle slopes, and less developed on steep slopes.</li></ul>	
Estimation and modelling techniques	<ul style="list-style-type: none"><li>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen, include a description of computer software and parameters used.</li></ul>	<ul style="list-style-type: none"><li>The estimation method for SREO grade interpolation was Inverse Distance Weighting (IDW2), conducted using Leapfrog Edge software. The variogram data for the SREO mineralised domain simulation was sufficient. The grade of each individual rare earth element (as determined by Inductively Coupled Plasma analysis) was also estimated using IDW2.</li></ul>	
	<ul style="list-style-type: none"><li>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</li></ul>	<ul style="list-style-type: none"><li>The block size is 10*10*2 m (X*Y*Z).</li></ul>	
	<ul style="list-style-type: none"><li>The assumptions made regarding recovery of by-products.</li></ul>	<ul style="list-style-type: none"><li>The interpolation was conducted three times.</li></ul>	
	<ul style="list-style-type: none"><li>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation)</li></ul>	<ul style="list-style-type: none"><li>The distribution of the raw SREO test results was moderately skewed. The grade distribution was relatively uniform. SRK carried out an outlier handling for high-grade mineralisation in each lot.</li><li>Model validation was performed using Swath plot comparison.</li></ul>	

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</li> <li>Any assumptions behind modelling of selective mining units</li> <li>Any assumptions about correlation between variables</li> <li>Description of how the geological interpretation was used to control the resource estimates.</li> <li>Discussion of basis for using or not using grade cutting or capping</li> <li>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</li> </ul>	
<b>Moisture</b>	<ul style="list-style-type: none"> <li>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content</li> </ul>	<ul style="list-style-type: none"> <li>Tonnages are estimated on a dry basis.</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The basis of the adopted cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the reasonable prospects for eventual economic extraction ("RPEEE") assessment and considering the characteristics of the in-situ leaching ("ISL") mining method, SRK selected a cut-off grade of 100 g/t SREO for each Mineral Resource block to report Mineral Resources.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>ISL mining method was adopted.</li> </ul>

Criteria	Explanation		Commentary
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</li> </ul>		
<b>Environmental factors or assumptions</b>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 12 of the full report</li> </ul>	<ul style="list-style-type: none"> <li>The metallurgical method applied in the Gerik project is a well-established technology, which involves in-situ leaching using an ammonium sulfate solution to extract REE to the surface in the form of PLS, followed by the sequential precipitation of impurities and REE using the ABC solutions to produce REC in the wet plant.</li> <li>Varied samples were tested in laboratory and the method was implemented in pilot production practice on site.</li> <li>See Section 9 of the full report</li> </ul>
<b>Bulk density</b>	<ul style="list-style-type: none"> <li>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</li> <li>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<ul style="list-style-type: none"> <li>Bulk density tests were carried out via excavation of cube pits during the exploration program.</li> <li>The excavation method involves excavating a series of pits with regular geometric shape, then drying and weighing the excavated soil material.</li> <li>A total of ten bulk density test pit was implemented across the Project areas with the natural bulk density (wet basis) ranging from 1.74 to 1.96 tonnes per cubic metre ("<b>t/m<sup>3</sup></b>"), averaging 1.83 t/m<sup>3</sup>, dry bulk density ranging between 1.49 and 1.52 t/m<sup>3</sup>, averaging 1.50 t/m<sup>3</sup>.</li> </ul>	

Criteria	Explanation	Commentary
		<ul style="list-style-type: none"> <li>Due to the nine land areas are of the same deposit type and have shown similar lithology and mineral composition and the ten densities have shown a high consistency. The average dry bulk density of 1.50 t/m<sup>3</sup> is determined to use in Mineral Resource estimation for the entire Project area.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>The basis for the classification of the Mineral Resources into varying confidence categories</li> </ul>	<ul style="list-style-type: none"> <li>Drillhole spacing distance was used as the basis for classification.</li> <li>Confidence of certain parts of the geological model; and portions of the deposit that are likely to be viably mined was also considered.</li> <li>Mineral Resource is classified based on the following principles: <ul style="list-style-type: none"> <li>Measured Mineral Resource: the areas less than or equal to 50 m spacing of the drillholes;</li> <li>Indicated Mineral Resource: the areas between 50 m and 100 m (100 m included) spacing of the drillholes;</li> <li>Inferred Mineral Resource: the areas greater than 100 m and less than 200 m (200 m included) spacing of the drillholes.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Whether the result appropriately reflects the Competent Person's view of the deposit</li> </ul>	
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Mineral Resource estimates</li> </ul>	<ul style="list-style-type: none"> <li>The Mineral Resource was internally peer reviewed by Dr Yonglian Sun, a Corporate Consultant of SRK Consulting China Ltd.</li> <li>The Mineral Resource was also independently peer reviewed by ERM Australia Consultants Pty Ltd.</li> </ul>
<b>Discussion of relative accuracy/ confidence</b>	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> </ul>	<ul style="list-style-type: none"> <li>The tonnages and grades for the Indicated Mineral Resources are estimated to a certain acceptable level of confidence, based on the data density observed by the Competent Person.</li> <li>The tonnages and grades for the Inferred Mineral Resources are estimated to a lower-level confidence than the Indicated Mineral Resources, as sparse data cannot support a precise estimation of the deposit.</li> </ul>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"><li>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li></ul>	

**Section 4: Estimation and Reporting of Ore Reserves**

*(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)*

Criteria	Explanation		Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"><li>• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</li></ul>	<ul style="list-style-type: none"><li>•</li></ul>	
			<ul style="list-style-type: none"><li>• Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</li><li>• The Mineral Resources were reported inclusive of the Ore Reserves.</li></ul>
Site visits	<ul style="list-style-type: none"><li>• Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li></ul>	<ul style="list-style-type: none"><li>• From 16 to 25 July 2023, SRK team including one of the Competent Person Mr Lanliang Niu visited the project site to discuss with the Company management staff, technical employees, and relevant contractors involved in exploration, mining, processing, and production.</li><li>• From 15 to 25 February 2024, Senior geologist Huaixiang Li and Competent Person Dr Anson Xu conducted a follow-up site visit to gather additional information pertaining to exploration, geology, resources, and mining.</li><li>• A third visit took place from 23 to 25 July 2025. Yonggang wu, Yongchun Hou, Zhuanjian Liu, and Yuting Zhou joined the visit and gathered data and information for the report updating.</li><li>•</li></ul>	
Study status	<ul style="list-style-type: none"><li>• If no site visits have been undertaken indicate why this is the case.</li><li>• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</li></ul>	<ul style="list-style-type: none"><li>• Site visit conducted.</li></ul>	
		<ul style="list-style-type: none"><li>• Preliminary feasibility study has been undertaken to enable the conversion.</li></ul>	<ul style="list-style-type: none"><li>• The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</li></ul>

Criteria	Explanation		Commentary
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>The basis of the cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>The same cut-off grade 100 g/t with Mineral Resource estimation was applied.</li> </ul>	
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</li> </ul>	<ul style="list-style-type: none"> <li>The ISL mining method were proposed in the pre-feasibility study. The injection holes were planned as follow:               <ul style="list-style-type: none"> <li>The lateral distribution of injection well should allow the eluent infiltrating all the parts of the orebody;</li> <li>The injection grid is of 3 m * 3 m for the slope angle of the leaching surface greater than 30 degrees, 2 m * 2 m for the slope angle ranging between 15 and 30 degrees and 1.5 m * 1.5 m for the angle ranging less than 5 degrees;</li> <li>The final depth of the well is typically less than 1 to 2 metres below the orebody roof.</li> </ul> </li> <li>Areas considered unsuitable for in-situ leaching have been excluded from the Ore Reserve estimation;</li> <li>Appropriate leaching recovery is used to convert Mineral Resource to Ore Reserve.</li> </ul>	
	<ul style="list-style-type: none"> <li>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The ISL method is appropriate for this type of deposit without strip cover soil.</li> </ul>	
	<ul style="list-style-type: none"> <li>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</li> </ul>	<ul style="list-style-type: none"> <li>The geotechnical parameters for pit slopes, stope sizes, etc are not applicable for the ISL method.</li> <li>The grade control and pre-production drilling are not applicable for the ISL method.</li> </ul>	
	<ul style="list-style-type: none"> <li>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to the ISL method.</li> </ul>	
	<ul style="list-style-type: none"> <li>The mining dilution factors used.</li> </ul>	<ul style="list-style-type: none"> <li>It appears that mining dilution is not applicable for this type of leaching mining method.</li> </ul>	

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The mining recovery factors used.</li> </ul>	<ul style="list-style-type: none"> <li>A mining recovery rate of 89.1% is used to convert Mineral Resource to Ore Reserve.</li> </ul>
	<ul style="list-style-type: none"> <li>Any minimum mining widths used.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable to the ISL method.</li> </ul>
	<ul style="list-style-type: none"> <li>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>In actual operation, Inferred Mineral Resources may leach out if adjacent with the Indicated Mineral Resource along with the injection. But for the conversion, the Inferred Mineral Resources were not considered as Ore Reserve. This may lead to the actual amount of REO product greater than the estimated REO Ore Reserve.</li> </ul>
	<ul style="list-style-type: none"> <li>The infrastructure requirements of the selected mining methods.</li> </ul>	<ul style="list-style-type: none"> <li>The Project's operations do not require specialised equipment, and the necessary reagents and related construction materials can be sourced locally within Malaysia, the existing infrastructure surrounding the Project area is deemed adequate to sustain the production requirements and operational activities associated with the proposed mining development.</li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Hydrometallurgical processing is planned and in operation.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether the metallurgical process is well-tested technology or novel in nature.</li> </ul>	<ul style="list-style-type: none"> <li>Well tested and widely used in China for in-situ leaching mining.</li> </ul>
<b>Metallurgical factors or assumptions (Continue)</b>	<ul style="list-style-type: none"> <li>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</li> </ul>	<ul style="list-style-type: none"> <li>Following the successful completion of laboratory and metallurgical testing, the processing pilot plant has achieved stable operation, with the hydrometallurgical process demonstrating satisfactory recovery rates.</li> </ul>
	<ul style="list-style-type: none"> <li>Any assumptions or allowances made for deleterious elements.</li> </ul>	<ul style="list-style-type: none"> <li>The primary deleterious element, aluminium ions, can be controlled to an acceptable level of less than 8% by adjusting the potential of hydrogen ('PH') value within the weak acid environment of the leaching process.</li> </ul>
	<ul style="list-style-type: none"> <li>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>Bulk density samples were tested, due to the homogenous of the ore soil. The average density was used for the estimation.</li> </ul>



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>For minerals that are defined by a specification, has the Ore Reserve estimation been based on the appropriate mineralogy to meet the specifications?</li> </ul>	
<b>Environmental</b>	<ul style="list-style-type: none"> <li>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring well is proposed to set surrounding the leaching area to observe the content of the leakage ammonia sulphate.</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</li> </ul>	<ul style="list-style-type: none"> <li>Considering that the Project's operations do not require specialised equipment, and the necessary reagents and related construction materials can be sourced locally within Malaysia, the existing infrastructure surrounding the Project area is deemed adequate to sustain the production requirements and operational activities associated with the proposed mining development.</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>The derivation of, or assumptions made, regarding projected capital costs in the study.</li> <li>The methodology used to estimate operating costs.</li> <li>Allowances made for the content of deleterious elements.</li> <li>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</li> <li>The source of exchange rates used in the study.</li> <li>Derivation of transportation charges.</li> <li>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</li> <li>The allowances made for royalties payable, both Government and private.</li> </ul>	<ul style="list-style-type: none"> <li>The capital and operating costs factoring from pilot production with same mining capacity.</li> <li>The operating costs were estimated based on production factor method.</li> <li>92% of pure REO content in REC product is used in consideration of deleterious elements.</li> <li>Others see Section 15 of the full report.</li> </ul>
<b>Revenue factors</b>	<ul style="list-style-type: none"> <li>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>See Section 15 of the full report.</li> </ul>

Criteria	Explanation	Commentary																																
	<p>transportation and treatment charges, penalties, net smelter returns, etc.</p> <ul style="list-style-type: none"><li>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</li></ul>																																	
Market assessment	<ul style="list-style-type: none"><li>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</li><li>A customer and competitor analysis along with the identification of likely market windows for the product.</li><li>Price and volume forecasts and the basis for these forecasts.</li><li>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</li></ul>	<ul style="list-style-type: none"><li>The REC product is widely accepted by metallurgical plants in China.</li><li>MCRE has signed sales agreement with buyers in China and dozens batches of products were sold out.</li><li>The price was forecast based on historical price referring to Aasia Metal.</li></ul>																																
Economic	<ul style="list-style-type: none"><li>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</li><li>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</li></ul>	<ul style="list-style-type: none"><li>Capital and operating costs were estimated based on the pilot production with same capacity scale.</li><li>A range of discount rate from 8% to 15% were used to test the value of NPV.</li><li>Sensitivity analysis is shown in the figure below:</li></ul>																																
	<table><caption>Approximate data points from the NPV Sensitivity graph</caption><thead><tr><th>Rate of change %</th><th>Price (RM M)</th><th>Operating Costs (RM M)</th><th>Capital Costs (RM M)</th></tr></thead><tbody><tr><td>-30%</td><td>1400</td><td>1400</td><td>1000</td></tr><tr><td>-20%</td><td>1500</td><td>1250</td><td>1000</td></tr><tr><td>-10%</td><td>1600</td><td>1150</td><td>1000</td></tr><tr><td>0%</td><td>1700</td><td>1100</td><td>1000</td></tr><tr><td>10%</td><td>1750</td><td>1050</td><td>1000</td></tr><tr><td>20%</td><td>1780</td><td>1020</td><td>1000</td></tr><tr><td>30%</td><td>1750</td><td>1050</td><td>1000</td></tr></tbody></table>		Rate of change %	Price (RM M)	Operating Costs (RM M)	Capital Costs (RM M)	-30%	1400	1400	1000	-20%	1500	1250	1000	-10%	1600	1150	1000	0%	1700	1100	1000	10%	1750	1050	1000	20%	1780	1020	1000	30%	1750	1050	1000
Rate of change %	Price (RM M)	Operating Costs (RM M)	Capital Costs (RM M)																															
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10%	1750	1050	1000																															
20%	1780	1020	1000																															
30%	1750	1050	1000																															
Social	<ul style="list-style-type: none"><li>The status of agreements with key stakeholders and matters leading to social licence to operate.</li></ul>	<ul style="list-style-type: none"><li>Necessary agreements and permits were obtained to support the current mining operation.</li></ul>																																

Criteria	Explanation	Commentary
Other	<ul style="list-style-type: none"> <li>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: <ul style="list-style-type: none"> <li>Any identified material naturally occurring risks.</li> <li>The status of material legal agreements and marketing arrangements.</li> <li>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the Ore Reserve is contingent.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Not noticed.</li> </ul>
Classification	<ul style="list-style-type: none"> <li><b>The basis for the classification of the Ore Reserves into varying confidence categories.</b></li> <li><b>Whether the result appropriately reflects the Competent Person's view of the deposit.</b></li> <li><b>The proportion of Probable Ore Reserves that have been derived from Measured Mineral</b></li> <li><b>Resources (if any).</b></li> </ul>	<ul style="list-style-type: none"> <li>All the Ore Reserve has been classified into Probable Reserve due to the sampling spacing is not enough to support the Measured Mineral Resource.</li> <li>The result has appropriately reflected the CPs' view.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Ore Reserve estimates.</li> </ul>	<ul style="list-style-type: none"> <li>The Ore Reserve was internally peer reviewed by Dr Yongjian Sun, a Corporate Consultant of SRK Consulting China Ltd.</li> <li>The Ore Reserve was also independently peer reviewed by ERM Australia Consultants Pty Ltd.</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For</li> </ul>	<ul style="list-style-type: none"> <li>SRK was commissioned to update the independent qualified person's report two times in the past two and half years. The difference between the production records and the actual depletion</li> </ul>

Criteria	Explanation	Commentary
	<p>example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the Ore Reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <ul style="list-style-type: none"> <li>• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>• Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</li> <li>• It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</li> </ul>	<p>values are little, which provides an indication that the Mineral Resource and Ore Reserve estimates are relatively accurate.</p> <ul style="list-style-type: none"> <li>• The Ore Reserve is related to global estimate.</li> </ul>

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**APPENDIX D – ABRIDGED LEGAL OPINION FROM ROSLI DAHLAN  
SARAVANA PARTNERSHIP**

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Consultants

DATO' SERI MOHD HISHAMUDIN YUNUS  
DATO' DOMINIC PUTHUCHEARY

Please quote our reference when replying  
Our reference: RDS/DPN/KEN/2023/1383  
Your reference: Please advise

Senior Partner

DATUK D. P. NABAN

**15 August 2025**

Partners

AUSTEN EMMANUEL PEREIRA  
BAHARI YEOW TIEN HONG  
CHIA LOONG THYE  
DAVID LEE LAI HUAT  
FALISA ABU BAKAR  
FARAH SHUHADAH RAZALI  
HAYDEN TAN CHEE KHOON  
HURRIYYAH KAMARUZZAMAN  
KENNY LAM KIAN YIP  
LIM SHEH TING  
LIM ZHI JIAN  
MICHAEL SOO CHOW MING  
NAGARAJAH MUTTIAH  
NUR AMIRA AHMAD AZHAR  
OOI BEE HONG  
ROSLI DAHLAN  
RAPHAEL TAY CHOON TIEN  
RAJESWARI KARUPIAH  
S. SARAVANA KUMAR  
SHARIFAH SAZITA  
STEVEN PERIAN KC  
TAN GEK IM  
TEO SIANG LY  
VINAYAK SRI RAM  
YAP WAI MING

**The Board of Directors**  
**Southern Alliance Mining Ltd.**  
36 Robinson Road  
#20-01 City House  
Singapore 068877

*By Email*

**PrimePartners Corporate Finance Pte. Ltd.**  
16 Collyer Quay  
#10-00 Collyer Quay Centre  
Singapore 049318

*By Email*

Dear Sirs,

**ABRIDGED LEGAL OPINION IN RESPECT OF THE PROPOSED  
ACQUISITION OF 40.00% OF THE ISSUED AND PAID-UP SHARES  
IN THE CAPITAL OF MCRE RESOURCES SDN BHD**

**A. Introduction**

1. We have been appointed as the Malaysian legal counsel of Southern Alliance Mining Ltd (“**Client**”) to conduct a legal due diligence review in respect of MCRE Resources Sdn Bhd (“**MCRE**” or “**Company**”) and to prepare a due diligence report pursuant thereto (“**Report**”) for the proposed acquisition of the Company by the Client’s wholly owned subsidiary, SAM Advance Minerals Holding Sdn Bhd (“**Proposed Acquisition**”). This summarised legal opinion in respect of the Proposed Acquisition (“**Abridged Opinion**”) contains a summary of findings from our Report.
2. Except for the sole purpose of satisfying the requirements of the SGX-ST Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) and for inclusion in the circular in relation to the Proposed Acquisition to be despatched to the Client’s shareholders, this Abridged Opinion may not be copied, distributed, circulated, quoted or divulged to or used for any other purpose or relied upon by other persons or entities other than the Client and PrimePartners Corporate Finance Pte Ltd (the “**Financial Adviser**”), without our prior written consent.

We do not accept service of court documents by facsimile.

(All names in alphabetical order)

Commissioner For Oaths

Notary Public

Mediator (MMC)  
Registered Trademark, Patent,  
Industrial Design Agent  
& Franchise Consultant

## **B. Definitions**

In this Abridged Opinion, unless otherwise defined or the context requires otherwise, the following words and expressions shall have the following meanings:

**Act** means the Companies Act 2016 [Act 777] of Malaysia and includes all amendments or re-enactments thereof;

**AGM** means annual general meeting;

**CCM** means Companies Commission of Malaysia;

**CCM Compound** means compounds issued by the CCM;

**Company** or **MCRE** means MCRE Resources Sdn. Bhd. (Registration No. 202001009862 (1366182-T));

**Company's Representatives** means the following personnel of the Company:

<b>No.</b>	<b>Name</b>	<b>Designation</b>
1.	Wong Chia En	PA to MD & COO
2.	Ng Lee Ling	Assistant Accounts & Finance Managers (now resigned)
3.	Jason Kooy Boon Kee	Accounts & Finance Manager

**Constitution** means the constitution of the Company;

**CTOS Search(es)** means the credit search report(s) with the prescribed information issued by CTOS Data Systems Sdn Bhd ("**CTOS**"), a credit reporting agency registered to carry out credit reporting operations under the Credit Reporting Agencies Act, 2010;

**Experian Search(es)** means the credit search report(s) issued by Experian Information Services (Malaysia) Sdn Bhd ("**Experian**"), an information services company accredited under the Credit Reporting Agencies Act, 2010;

**DDRL** means the due diligence request lists sent to the Company, which the Company reverted with their replies;

**Director(s)** means the director(s) of the Company;

**DOSH** means Department of Occupational Safety and Health Malaysia;

**DR** means directors' resolution;

**EGM** means extraordinary general meeting;

**Financial Adviser** means PrimePartners Corporate Finance Pte. Ltd.;

**IPCM** means Intellectual Property Corporation of Malaysia;

**LPD** means the latest practicable date in respect of the due diligence exercise, being 31 May 2025;

**MDI** means Malaysia Department of Insolvency;

**Mining Sites** means collectively (a) H.S.(D) 4385, PT 1759, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (b) H.S.(D) 4386, PT 1760, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (c) H.S.(D) 4387, PT 1761, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (d) H.S.(D) 4388, PT 1762, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (e) H.S.(D) 4389, PT 1763, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (f) H.S.(D) 4390, PT 1764, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (g) H.S.(D) 4502, PT 2235, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; (h) Part of Hutan Simpan Kenderong, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan; and (i) Part of the Government Land at Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan;

**N** means not sighted;

**NA** means not applicable;

**Ordinary Shares** means ordinary shares in the capital of the Company;

**Personal Involvement** means the involvement of an individual as a director, shareholder, company secretary, auditor and liquidator, as well as involvement in a limited liability partnership;

**Report** means the legal due diligence report;

**RM** means the lawful currency of Malaysia;

**Searches** means all searches conducted with the CCM, CTOS and Experian (which encompasses information derived mainly from information obtained from the CCM, publications in the public domain, major newspaper articles, advertisements and the Government of Malaysia gazette), the Litigation search, the Insolvency search, the Intellectual Property search, the Bankruptcy search and the Property search conducted on the Company; and



***Shareholders' Agreement dated 3 April 2025*** means the shareholders' agreement dated 3 April 2025 entered into between SAM Advance Minerals Holding Sdn Bhd, Dato' Lee Tek Mook @ Lee Teh Moh, Dato' Lee Yoke Eng, Lim Wei Hung, Johnny Chin, Jimmy Chin, Qingdao Joyful Investment Co., Ltd, and MCRE Resources Sdn Bhd.

### **C. Qualifications**

This Abridged Opinion is subject to the following qualifications:

1. We are only qualified to practice in Malaysia and this Abridged Opinion is limited to Malaysian laws of general application effective as of the LPD. In particular:
  - (a) We have made no investigation of, and do not express or imply any views on, the laws of any country other than Malaysia;
  - (b) The Malaysian laws referred to herein are laws and regulations publicly available and currently in force as of the LPD and there is no assurance that any of such laws and regulations or the interpretation or enforcement thereof, will not be changed, amended or revoked in the immediate future or in the long term with or without retrospective effect;
  - (c) This Abridged Opinion is issued based on our understanding of the current Malaysian laws. For matters not explicitly provided under the current Malaysian laws, the interpretation, implementation and application of the specific requirements under the Malaysian laws are subject to the final discretion of competent Malaysian legislative, administrative and judicial authorities, which may be different from our opinion;
  - (d) Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which Malaysian Courts can in principle enforce. It should not be taken to mean that the obligations or documents can necessarily be enforced in accordance with their terms in all circumstances. In particular –
    - (i) equitable remedies, such as injunctive relief or orders for specific relief are discretionary and will not be automatically granted by a court in Malaysia;
    - (ii) the enforceability of an obligation may be affected by bankruptcy, moratorium, insolvency, liquidation, reorganisation, receivership, fraudulent conveyance or other similar laws relating to or affecting the rights of creditors generally;
    - (iii) claims may: (1) become barred under the laws relating to limitation of actions in Malaysia (failure to exercise a right of action for more than 6 years will operate as a bar to the exercise of such right and failure to exercise such a right for a lesser period may

result in such right being waived); or (2) be subject to defence of set-off, or counter-claim, or by estoppel, or waiver and similar principles; and

- (e) We may rely, as to matters of fact (but not as to legal conclusions), to the extent reasonable, on certificates and confirmations from the government agencies or responsible officers of the relevant authorities.
2. This Abridged Opinion is prepared as at the LPD and does not relate to any matter or information which may come to light or be brought to our attention after that date. We do not undertake to inform you of such further matter or information and do not undertake to notify any addressee of this Abridged Opinion of any change in Malaysian laws occurring after the LPD.
3. In the course of the legal due diligence review, we had undertaken a review of the documents provided to us by the Company as requested in our DDRL. The scope of our legal documents review in respect of the Company covers the following areas as detailed in the Report:
- (a) corporate secretarial records and statutory information of the Company;
  - (b) material acquisitions and disposals of the Company;
  - (c) banking and financing matters (including hire purchase agreements) and enquiries made with the financial institutions of the Company;
  - (d) material contracts of the Company;
  - (e) real property and other assets owned or leased by the Company;
  - (f) outstanding litigation involving the Company;
  - (g) licences, permits and other regulatory approvals of the Company and relevant regulatory matters pertaining to the Company's business operations;
  - (h) insurances of the Company;
  - (i) intellectual property matters of the Company;
  - (j) employment matters, including sample employment contract templates and employment contracts of key employees of the Company; and

- (k) interested person transactions of the Company (to the extent that such transactions are documented in agreements); and
  - (l) environmental, safety and health matters involving the Company and its employees (as applicable);
- 4. As our engagement pertains only to the areas specified in Paragraphs B(3)(a) to (l) above, it cannot be relied upon to disclose illegal acts, including fraud or defalcations that may exist.
- 5. We have relied on the Company as to the accuracy and completeness of the information and documents provided to us in connection with this Due Diligence Exercise. Accordingly, we have not made any independent investigations, enquiries or searches other than those specifically referred to in this Abridged Opinion and the Report. The records and registers on which those investigations, enquiries and searches are based may not be complete or up-to-date in that (for example) the documents may not be filed at the relevant offices immediately, might no longer be on file, might be replaced, or might not otherwise appear on the file.
- 6. Unless specifically mentioned or addressed in this Abridged Opinion, this Abridged Opinion does not extend to verification of or contain any commentary in respect of information in the following areas:
  - (a) markets and customers;
  - (b) financial and accounting issues;
  - (c) operations and facilities;
  - (d) inventory and stock;
  - (e) research and development;
  - (f) tax;
  - (g) environmental; and
  - (h) information technology.
- 7. In particular, we are unable to verify any statement pertaining to:
  - (a) foreign individual shareholder/director, foreign subsidiaries and associate companies;
  - (b) financial or accounting information;

- (c) internal controls or corporate governance;
- (d) information on profitability, viability or reputation;
- (e) technical information or investment considerations;
- (f) personal profile or integrity of directors, management or third parties; and
- (g) all other information which is reasonably within the scope of expertise of other advisors such as auditors, accountants, merchant bankers and environmental specialists of the Company.

8. This Abridged Opinion is based on and relied upon:

- (a) the letter of confirmation dated 15 August 2025 provided by the management of the Company duly executed by a director named Su, Yunchun for and on behalf of the Company (“**Letter of Confirmation**”);
- (b) copies of the documents and records provided or made available to us during our due diligence enquiry, a list of which is exhaustively set out in Appendix C of the Report;
- (c) copies of the documents, records and verbal confirmation provided or made available to us by the Company’s Representatives during our due diligence enquiry (on site or otherwise);
- (d) result of the CCM searches in respect of the Company, which are annexed in Appendix D of the Report;
- (e) results of the Web Search conducted in respect of the Company and Directors, (the authorities/ search systems where the searches were conducted include Google, Reuters, Bloomberg, Dow Jones, Bursa Malaysia, Securities Commission of Malaysia, Malaysian Anti-Corruption Commission, Inland Revenue Board of Malaysia, Bank Negara Malaysia, CCM Compound, Royal Malaysian Customs Department, Royal Malaysia Police), which are annexed in Appendix E of the Report;
- (f) result of the Intellectual Property Search in respect of the Company, which are annexed in Appendix F of the Report;
- (g) results of the Winding up search or Bankruptcy search conducted on the Company and Directors, which are annexed in Appendix G of the Report;

- (h) results of the Property search in respect of the lands on which the Company is conducting its operations on and the properties owned / leased/ tenanted / otherwise occupied by the Company, which are annexed in Appendix H of the Report;
  - (i) results of the CTOS Searches and Experian Searches conducted on the Company and the Directors, which are annexed in Appendix I to the Report (*Kindly note that there can be no assurance that the records kept by this service provider are complete, reliable and accurate in all respects, and that we are unable to conduct Experian Search on foreign individuals*);
  - (j) result of searches on CCM Compound, which are annexed in Appendix J to the Report;
  - (k) result of searches with DOSH, which are annexed in Appendix K to the Report;
  - (l) result of searches on Personal Involvement of Directors, which are annexed in Appendix L to the Report; and
  - (m) table of interested party transactions, which is set out at Section 10, Part B of the Report, (collectively referred to as the “**Due Diligence Documents**”).
9. The results of the CCM search, Winding up search, Bankruptcy search and Intellectual Property search are wholly dependent on the records kept/maintained by CCM, MDI and IPCM respectively as of the date of the relevant searches and they may not be totally accurate or up to date, either due to delay in filing the necessary documents with CCM or MDI or IPCM as the case may be, incorrect data entries or administrative delay. The CCM, MDI and IPCM also expressly disclaim responsibility for any errors or omissions in the results of their respective searches.

#### **D. Assumptions**

1. In preparing this Abridged Opinion, we have made the following assumptions:
  - (a) All relevant notices of meetings of the Company have been duly and properly given in relation to meetings of directors and members. The resolutions appearing in the minutes provided to us are a full and accurate record of all resolutions passed by the directors and as appropriate, by the members of the Company and are valid and subsisting;
  - (b) All documents, forms and notices when delivered to, filed or registered with relevant authorities, were and continue to remain true, accurate and not misleading, and the files of records maintained at relevant authorities concerning the Company was complete, accurate and up-to-date at the time of the Searches;

- (c) The genuineness of all signatures on all documents and the completeness, and the conformity to original documents, of all copies submitted to us;
- (d) An instrument which is subject to stamp duty under the Stamp Act 1949 but has not been duly or properly stamped is inadmissible as evidence in a Malaysian court, until and unless the deficient duty and all penalties applicable to the late payment of stamp duty have been paid in full. However, this does not affect the validity of the instrument;
- (e) That the information disclosed by the Searches is true and complete, that such information is accurate and continues to be accurate as at the date of the Searches and that such information has not since then been materially altered, and that no material information has been delivered for filing but did not appear on the public file at the time the Searches were conducted. That there can be no assurance that the database of these providers which are reflected in the Searches are complete, reliable and accurate in all respects;
- (f) The authenticity of all signatures, seals and dates and the correct identity and legal capacity and authority of all signatories and corporate officers and the due execution and validity of all documents in accordance with applicable laws;
- (g) The authenticity, completeness, factual accuracy of all documents and corporate records presented as originals and the conformity with the originals of all documents and corporate records presented as copies;
- (h) The accuracy and correctness of the statements (written or otherwise) made by the management and personnel of the Company and any representations or oral information provided by them;
- (i) That any document or record submitted to us continues unamended and in full force and effect, and has not been varied, cancelled or superseded by some other document or agreement or action of which we are unaware after making reasonable enquiries with the Company;
- (j) That all conditions precedent in any agreements or documents provided to us have been fulfilled;
- (k) All documents stipulated in the due diligence requisition lists as annexed in Appendix A of the Report had been duly, properly and completely provided to us for our review;
- (l) That there are no documents not provided to us which would affect or have any implication on this Report;

- (m) All documents constitute valid, binding and enforceable obligations of the respective parties (other than the Company) and comply with all applicable laws and were entered into by the relevant party (other than the Company) for its corporate benefit;
- (n) That all consents, approvals, authorizations, permits, licences, exemptions or orders required from any governmental body or agency outside Malaysia and all other requirements outside Malaysia for the legality, validity and enforceability of any transactions entered into by the Company are and will remain in full force and effect and that any conditions to which they are subject have been satisfied;
- (o) All corporate records, certificates, letters and opinions given by the Company's Representatives in relation to the documents or the business of the Company and other documents inspected by us are genuine, complete, up-to-date and accurate and no material documents have been withheld from us whether deliberately or inadvertently;
- (p) All facts stated in the records and the documents which we have relied on in providing this Abridged Opinion are and continue to be correct and no relevant matter was withheld from us whether deliberately or inadvertently;
- (q) Except as otherwise stated, all material information not in the files of the Company within the knowledge of its officers and directors were made available to us;
- (r) For each document to which the Company is a party, the other party had been and at all relevant times remained duly incorporated and had at all relevant times the necessary corporate power, all corporate authorisations had been validly obtained, each such document was validly executed and was entered into for that party's respective corporate benefit and that party was solvent when it did so;
- (s) No provisions of the laws of any country (other than Malaysia) would have any implications on this Abridged Opinion;
- (t) This Abridged Opinion relates only to the laws of Malaysia as at the LPD and as currently applied by the courts in Malaysia, and is given on the basis that it will be governed by and construed in accordance with the laws of Malaysia. We have made no investigation of, and do not express or imply any views on, the laws of any country other than Malaysia. With respect to matters of fact material to this Abridged Opinion, we have relied on the statements of responsible officers of the Company;
- (u) We are not opining on the validity, legality or enforceability of such a document under foreign law;

- (v) We take no responsibility for the completeness or accuracy of any translation or interpretation of the translation of any document or agreement referred to in this Abridged Opinion and we assume that all persons or entities who are responsible for such translations have fully performed those duties and functions;
- (w) That no distress or execution or other process is being enforced upon or issued out against the whole or any substantial part of the business and assets or undertaking of the Company;
- (x) That there are no documents not examined by us which would affect or have any implication on this Abridged Opinion; and
- (y) We have assumed the subject matter of each assumption is true, correct and complete in every way. The fact that we have made the assumptions in this Abridged Opinion does not imply that we have made any enquiry to verify an assumption or are aware of any circumstances which would affect the correctness of any assumption. No assumption is limited by any other assumption.

#### **E. Incorporation**

1. MCRE is duly incorporated and is validly existing under the laws of Malaysia. MCRE is a separate legal entity, capable of suing and being sued. MCRE has all the requisite powers and authority to own, use, lease and operate assets (including land and property), to conduct business as set out in its constitutive documents, and to enter into legally binding and enforceable contracts and undertakings. The Company will continue to be in existence until it has been dissolved.
2. The principal activities of the Company, as confirmed in the Letter of Confirmation, fall within the registered scope of business of the Company, and there has been no change since the Company was incorporated.
3. Based on the Due Diligence Documents and the Letter of Confirmation, there has been no conversion of company type since the incorporation of the Company.
4. Based on the Letter of Confirmation, the Company does not have a Constitution. Section 31 of the Act provides that it is not mandatory for a company to have a constitution. Further, pursuant to Section 31(3) of the Act, if a company has no constitution, the company, each director and each member of the company shall have the rights, powers, duties and obligations as set out in the Act.
5. Based on the Due Diligence Documents, we note that the lodgement date of the 2023 annual return was 30 days later from the anniversary of the company's incorporation date, which is contrary to the requirement of Section 68(1) of the Act. Pursuant to Section 68(9) of the Act, the company and every officer who contravene Section 68 of the Act commit an offence and shall, on conviction, be



liable to a fine not exceeding RM50,000.00 and, in the case of a continuing offence, to a further fine not exceeding RM1,000.00 for each day during which the offence continues after conviction. In this regard, the Company has confirmed in the Letter of Confirmation that no late lodgement penalty was imposed on the Company as at the LPD.

## **F. Share Capital**

1. The Company's current issued and paid-up share capital is RM3,000,000.00 consisting of 3,000,000 Ordinary Shares.
2. Based on our review of the Due Diligence Documents and the Letter of Confirmation:
  - (a) Save as provided in Section 2, Part A of the Report, there are no other classes of shares or securities issued by the Company.
  - (b) There are no minimum capitalisation requirements for the Company under the Act.
  - (c) Based on the Letter of Confirmation, the Company has not bought back any of its issued shares and does not have any treasury shares.
3. Based on our review of the Due Diligence Documents and the Letter of Confirmation, the following shareholders are the current legal and beneficial owners of the shares in the Company set out against their respective names in the table below:

Shareholders	Number of ordinary shares
Dato' Lee Tek Mook @ Lee Teh Moh	340,000
Dato' Lee Yoke Eng	180,000
Dato' Sri Pek Kok Sam	520,000
Dato' Teh Teck Tee	520,000
Jimmy Chin	144,000
Johnny Chin	97,200
Lim Wei Hung	118,800
Qingdao Joyful Investment Co., Ltd	1,080,000

4. Based on the Due Diligence Documents and Letter of Confirmation:
  - (a) the shareholders' equity interest in the Company is free from any encumbrances such as mortgage, lien, pledge, charge, title retention, right to acquire, security interest, option or any other encumbrance or condition whatsoever as at the LPD;
  - (b) there are no nominee, voting or trust arrangements in relation to the shares of the Company;

- (c) save as provided in Sections 2.5 and 2.6, Part A of the Report, there have been no other changes in ownership of shares in the capital of the Company since its incorporation;
  - (d) there are no Bumiputera shareholding requirements found applicable to the Company; and
  - (e) the allotment and issuance of the shares as set out in the Report were duly authorised, effected and made in accordance with the Act. There is no procedural irregularity which would affect the validity of the shareholding interests of the current shareholders.
5. Pursuant to the Due Diligence Documents, there is no prohibition applicable to the Company in paying dividends to its shareholders or making any other distribution on its capital, save as provided under the Act.
6. Based on the Letter of Confirmation:
- (a) the Company is not directly or indirectly owned, or controlled, whether severally or jointly, by any government;
  - (b) the Company has not conducted any share buybacks since incorporation;
  - (c) the Company has not issued any convertible securities since incorporation;
  - (d) there are no outstanding convertible securities granted or to be granted, by the Company that may upon exercise, require it to issue any new shares;
  - (e) the Company has not issued any options (including but not limited to employee stock options) since incorporation;
  - (f) there are no outstanding options (including but not limited to employee stock options) granted or to be granted, by the Company that may upon exercise, require it to issue any new shares;
  - (g) there is no record of any arrangement which involves the employees of the Company in the equity of the Company, including any arrangement that involves the issue or grant of units in, or options on or any other derivatives of units in the Company.
7. Save as provided in Section 2.6, Part A of the Report, there have been no other transfers of shares since incorporation. All transfers of shares were duly authorised, effective and in accordance with the Act. The transfer instruments have been duly stamped and transfers of shares as set out above have been duly recorded in the Register of Members.

8. Based on the Letter of Confirmation:

- (a) the Register of Members of the Company has been duly maintained and updated;
- (b) there were no procedural irregularities in the transfer of shares in the Company that would affect shareholders' rights and obligations or the validity of the shareholding interests of the current shareholders as set out in the Report;
- (c) there are no restrictions on transfers or holdings of shares of the Company, or any restrictions on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares of the Company. However, it may be subject to Section 5 (Payment in Foreign Currency Between Resident and Non-Resident) of Notice 4 of the Foreign Exchange Policy Notices.

9. Save for the Shareholders' Agreement dated 3 April 2025, there are no shareholders' agreements, joint venture agreements, subscription or share issue agreements that have been entered into by or involving the Company, nor any proposals, commitments or undertakings to increase the authorised or issued share capital and no known arrangement the operation of which may potentially, at a subsequent date, result in a change in control of the Company.

10. The Directors, Dato' Sri Pek Kok Sam and Dato' Teh Teck Tee, directly hold in aggregate 34.6% of the issued share capital of the Company.

**G. Mining Agreements / Licences / Permits**

1. Based on our review of the Due Diligence Documents, the Company has contractual rights to carry out mining operations at various mining sites pursuant to various agreements, the details of which are set out in the table below:

No.	Mining Site	Size	Proprietary Mining License ("PML") or Mining Lease ("ML") / Duration	Operational Mining Scheme ("OMS") / Duration	Relevant agreements ("Mining Agreements")
(a)	H.S.(D) 4385, PT 1759, Mukim Kenering, Daerah Hulu Perak, State of	215.778 hectares	PML 01/2024 / 30 years expiring on 23 January 2054	JMG.PRK (M) 20/2024/24(NR-REE) / 2 years expiring on 20 November 2026	(i) Memorandum of Agreement dated 28 February 2020

No.	Mining Site	Size	Proprietary Mining License (“PML”) or Mining Lease (“ML”) / Duration	Operational Mining Scheme (“OMS”) / Duration	Relevant agreements (“Mining Agreements”)
	Perak Darul Ridzuan				(ii) Sub-Mining Operator Agreement dated 15 June 2020
(b)	H.S.(D) 4386, PT 1760, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	231.914 hectares	PML 07/2024 / 30 years expiring on 5 March 2054	OMS has not yet been obtained	
(c)	H.S.(D) 4387, PT 1761, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	213.761 hectares	PML 06/2021 / 30 years expiring on 17 January 2051	JMG.PRK (M) 15/2024/22(NR-REE) / 2 years expiring on 31 August 2026	
(d)	H.S.(D) 4388, PT 1762, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	25.059 hectares	PML 08/2024 / 30 years expiring on 5 March 2054	OMS has not yet been obtained	
(e)	H.S.(D) 4389, PT 1763, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	58.812 hectares	PML 09/2024 / 30 years expiring on 5 March 2054	OMS has not yet been obtained	
(f)	H.S.(D) 4390, PT 1764, Mukim Kenering, Daerah Hulu	192.694 hectares	PML / ML has not yet been obtained <sup>1</sup>	OMS has not yet been obtained	

No.	Mining Site	Size	Proprietary Mining License (“PML”) or Mining Lease (“ML”) / Duration	Operational Mining Scheme (“OMS”) / Duration	Relevant agreements (“Mining Agreements”)
	Perak, State of Perak Darul Ridzuan				
(g)	H.S.(D) 4502, PT 2235, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	607.088 hectares	PML 05/2022 / 30 years expiring on 6 July 2052	JMG.PRK (M) 02/2025/25(NR-REE) / 2 years expiring on 11 March 2027	(i) Mining Rights Agreement dated 4 July 2022
(h)	Part of Hutan Simpan Kenderong, Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	125.61 hectares	PML / ML has not yet been obtained	OMS has not yet been obtained	(i) Mining Rights Agreement dated 5 March 2020 (ii) Sub-Mining Operator Agreement dated 15 September 2020
(i)	Part of the Government Land at Mukim Kenering, Daerah Hulu Perak, State of Perak Darul Ridzuan	Approximately 922 acres	PML / ML has not yet been obtained	OMS has not yet been obtained	(i) Mining Rights Agreement dated 28 February 2020 (ii) Sub-Mining Operator Agreement dated 15 September 2020

*Note:*

- (1) *The Company obtained approval from the Perak Office of the Director of Lands and Mines (Perak Pejabat Pengarah Tanah dan Galian) dated 30 December 2020 for its application for a mining*

*lease, subject to the terms and conditions stipulated therein. As at the LPD, the authority has not yet issued the Form G (Proprietary Mining Licence) to the Company.*

2. Based on our review of the Mining Agreements which MCRE is a party to, MCRE has been granted the exclusive contractual rights to conduct mining operations on the Mining Sites.
3. Based on the Letter of Confirmation, the Company confirms that, as at the LPD, all Mining Agreements are valid, subsisting and in effect.
4. Based on our review of the Due Diligence Documents and the Letter of Confirmation neither the Company nor any party(ies) to the Mining Agreements is in material breach of the relevant Mining Agreements.
5. Based on our review of the Due Diligence Documents, the conditions precedent of the following contracts are not fulfilled within the respective conditional period specified therein, and the parties did not request for an extension of time.:
  - (a) Mining rights agreement dated 5 March 2020
  - (b) Mining rights agreement dated 28 February 2020

Nevertheless, based on the Letter of Confirmation, the Company has confirmed that the agreements are still valid, binding and in effect as at the LPD.

6. MCRE obtained the PML for PT1759 and PT2235 on 26 January 2024 and 7 July 2022 respectively, and the OMS for PT1759 and PT2235 on 21 November 2024 and 12 March 2025 respectively, which constitute the primary approvals for the commencement of mining operations. Based on our review of the Due Diligence Documents, the requisite approvals under the Environmental Quality Act 1974 (“**EQA 1974**”) have yet to be obtained. MCRE has confirmed in the Letter of Confirmation that the relevant applications and notifications, namely the Environmental Management Plan and the Erosion and Sedimentation Control Plan were submitted to the relevant authorities on 25 June 2025 and 23 July 2025 respectively, but the approvals remain pending. This may constitute an offence Section 34A of the EQA 1974, which if convicted, provides for imprisonment for a term not exceeding five years and a fine of not less than one hundred thousand ringgit and not exceeding one million ringgit. In this regard, the Company has confirmed in the Letter of Confirmation that – (a) there are no indications to the best of their knowledge that the application for approvals under the EQA 1974 will be rejected; (b) its mining operations on PT 1759 and PT 2235 will not be affected, as the primary approvals, namely the PML and OMS have been obtained; and (c) the officers from the relevant authorities have verbally mentioned that they are generally satisfied with the current operations when conducting regular site visits at PT 1759 and PT 2235.

## **H. Benefit**

1. This Abridged Opinion is addressed to the Client, and the Financial Adviser at their request and for their benefit, and shall not, without our prior written consent, be –
  - (a) disclosed or relied on by any other person, firm or entity or in respect of any other matter except that it may be provided and disclosed without any liability on our part (but not relied upon without our prior written consent) to the Client and the Financial Adviser's respective advisers, directors, officers, employees, agents and controlling persons, the Singapore Exchange Securities Trading Limited, or otherwise required by law or rules or regulations, or order of a court or authority;
  - (b) disclosed, except to persons who in the ordinary course of business have access to the Financial Adviser's papers and records on the basis that it is disclosed without any liability on our part and they (other than governmental or regulatory authorities) will make no further disclosure; or
  - (c) used for any purpose other than those stated in this Abridged Opinion.
2. This Abridged Opinion is strictly limited to the matters stated in it and does not apply by implication to any other matters. Our firm's name and details, may be disclosed, extracted or referenced in the circular and other documents related to the Proposed Acquisition with our prior written consent as to the form and context in which it appears.

This Abridged Opinion is given on the date of this letter.

Yours faithfully,

For and on behalf of

**MESSRS. ROSLI DAHLAN SARAVANA PARTNERSHIP**



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**D.P Naban**

Senior Partner

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## **APPENDIX E – IFA LETTER**

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18 August 2025

**SOUTHERN ALLIANCE MINING LTD.**

36 Robinson Road  
#20-01 City House  
Singapore 068877

Attention: The Non-Interested Directors (as defined herein)

Dear Non-Interested Directors

**LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF SOUTHERN ALLIANCE MINING LTD (THE “COMPANY”) IN RELATION TO INTERESTED PERSON TRANSACTIONS IN CONNECTION WITH THE PROPOSED ACQUISITION OF ORDINARY SHARES REPRESENTING 40% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF MCRC RESOURCES SDN BHD (“MCRC”) (THE “PROPOSED ACQUISITION”)**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to Shareholders of the Company dated 18 August 2025 (the “Circular”).*

**1. INTRODUCTION**

On 3 April 2025, the Company announced that its wholly-owned subsidiary, SAM Advance Minerals Holdings Sdn. Bhd. (“**SAM Advance Minerals**”) has entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Dato’ Sri Pek Kok Sam (“**Dato’ Sri Pek**”), Dato’ Teh Teck Tee (“**Dato’ Teh**”) and Dato’ Lee Tek Mook @ Lee Teh Moh (“**Dato’ Lee**”) (collectively, the “**Vendors**”) for the proposed acquisition of such number of ordinary shares representing 40.0% interest in the capital of MCRC (the “**Sale Shares**”) for RM242.4 million (the “**Consideration**”) to be satisfied by the allotment and issuance of 147,982,380 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) at the issue price of S\$0.4471 for each Consideration Share (the “**Issue Price**”) and a deferred cash consideration of RM23.4 million (the “**Deferred Cash Consideration**”) to be paid to the Vendors annually over a period of four (4) years, with the first repayment date being the first (1<sup>st</sup>) anniversary of the Completion Date (being the 10 business days after the date of written notification by SAM Advance Minerals to the Vendors of the fulfilment to the satisfaction or waiver of SAM Advance Minerals of the conditions precedent to the Sale and Purchase Agreement (the “**Conditions Precedent**”) or such other time or date as the MCRC Parties may agree in writing).

In connection with the Proposed Acquisition, SAM Advance Minerals had also entered into a shareholders’ agreement with the remaining shareholders of MCRC after the Proposed Acquisition (the “**MCRC Remaining Shareholders**”) and MCRC to govern their respective rights and obligations and regulate their relationships, *inter se*, in the conduct of the business and related affairs of MCRC (the “**Shareholders’ Agreement**”).



As set out in Section 2.7 of the Circular, the Proposed Acquisition only constitutes a “discloseable transaction” under Chapter 10 of the Catalyst Rules and the Company does not need Shareholders’ approval for the Proposed Acquisition under Chapter 10 of the Catalyst Rules.

However, as set out in Section 2.8 of the Circular, as at 31 July 2025 (the “**Latest Practicable Date**”):

- (a) Dato’ Sri Pek is the Managing Director and a controlling shareholder of the Company holding approximately 63.62% interest (direct and indirect) in the capital of the Company. Accordingly, Dato’ Sri Pek is an “interested person” of the Company under Chapter 9 of the listing manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (b) Dato’ Teh is a Non-Executive Non-Independent Director of the Company. Accordingly, Dato’ Teh is also an “interested person” of the Company under Chapter 9 of the listing manual (Section B: Rules of Catalyst) of the SGX-ST (the “**Catalist Rules**”). Dato’ Teh is also a shareholder of the Company holding approximately 4.62% interest in the capital of the Company as at the Latest Practicable Date.

Dato’ Lee is a substantial shareholder of the Company holding approximately 6.91% interest in the capital of the Company as at the Latest Practicable Date but is not an “interested person” of the Company under Chapter 9 of the Catalyst Rules.

Nevertheless, as Dato’ Sri Pek and Dato’ Teh are “interested persons” of the Company under Chapter 9 of the Catalyst Rules, the acquisition of the portion of Sale Shares held by Dato’ Sri Pek and Dato’ Teh by the Company, and the proposed allotment and issue of Consideration Shares to Dato’ Sri Pek and Dato’ Teh, on the terms and subject to the conditions of the Sale and Purchase Agreement as partial satisfaction of the portion of the Consideration payable to Dato’ Sri Pek and Dato’ Teh in relation to the Proposed Acquisition, are “interested person transactions” under Chapter 9 of the Catalyst Rules (hereinafter referred to as the “**Interested Person Transactions in connection with the Proposed Acquisition**”).

As the portion of the Consideration attributable to the Interested Person Transactions in connection with the Proposed Acquisition aggregates RM210.1 million and represents 62.19% of the Company’s latest audited consolidated net tangible assets (“**NTA**”) as at 31 July 2024, the Interested Person Transactions in connection with the Proposed Acquisition are subject to, *inter alia*, the approval of the Company’s shareholders (“**Shareholders**”) who have no interest, direct or indirect, in the Proposed Acquisition (the “**Independent Shareholders**”) at an extraordinary general meeting of the Company to be convened (“**EGM**”) pursuant to Rule 906 of the Catalyst Rules, and in accordance with Rule 921(4)(a) of the Catalyst Rules, the Circular must include opinions from an independent financial adviser (“**IFA**”) on whether the Interested Person Transactions in connection with the Proposed Acquisition (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalyst Rules) (i) is on normal commercial terms, and (ii) is prejudicial to the interests of the Company and its minority Shareholders.

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed as the IFA pursuant to Rule 921(4)(a) of the Catalyst Rules as well as to advise the directors of the Company (the “**Directors**”) who are deemed to be independent for the purposes of making a recommendation on the Proposed Acquisition as, namely, Mr. Chin Chee Choon, Independent



Director and chairman of the audit committee of the Company (the “**Audit Committee**”), Dato’ Gainneos Jacob Goldie, Independent Non-Executive Chairman of the Board of Directors of the Company (the “**Board**”), and Mr. Sim Chin Hoe, Independent Director (collectively, the “**Non-Interested Directors**”) and opine on whether the Interested Person Transactions in connection with the Proposed Acquisition (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) (i) are on normal commercial terms, and (ii) are prejudicial to the interests of the Company and its minority Shareholders.

We note that the Company is seeking Shareholders’ approval for the Proposed Acquisition under one (1) ordinary resolution, as well as the proposed allotment and issue of 64,120,770 Consideration Shares to Dato’ Sri Pek (the “**Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek**”) and the proposed allotment and issue of 64,120,770 Consideration Shares to Dato’ Teh (the “**Proposed Allotment and Issue of Consideration Shares to Dato’ Teh**”) under two (2) separate resolutions. Therefore, we have assessed the Proposed Acquisition as one (1) “interested person transaction” and the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh as separate “interested person transactions” under Chapter 9 of the Catalist Rules.

This letter (this “**IFA Letter**”) sets out our evaluation of the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh, and our opinions on the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh in accordance with Rule 921(4)(a) of the Catalist Rules. This IFA Letter is prepared for the Non-Interested Directors in connection with the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh, and forms part of the Circular issued by the Company in connection with, *inter alia*, the Proposed Acquisition.

## 2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Non-Interested Directors on whether the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) (i) are on normal commercial terms, and (ii) are prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations entered into by the Company or in the deliberations leading up to the decision of the Directors to, *inter alia*, undertake the Proposed Acquisition or to seek the approval of Independent Shareholders for the Proposed Acquisition. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition, other than to express our opinions on whether the terms of the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) (i) are on normal commercial terms, and (ii) are prejudicial to the interests of the Company and its minority Shareholders.



We have not conducted a comprehensive review of the business, operations or financial condition of the Company and its subsidiaries (the “**Group**”). We have also not conducted a comprehensive review of the business, operations or financial condition of MCRE. We have also not evaluated the strategic or commercial merits or risks of the Proposed Acquisition or the future growth prospects, financial position or earnings potential of the Group upon completion of the Proposed Acquisition (“**Completion**”). Accordingly, we do not express any view as to the prices at which the ordinary shares in the capital of the Company (the “**Shares**”) may trade upon Completion or on the future growth prospects, financial position and earnings potential of the Group after Completion. We are also not addressing the relative merits of the Proposed Acquisition as compared to any alternative transaction previously considered by the Company or that may otherwise become available to the Company in the future. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinions.

In the course of our evaluation and for the purpose of our opinions in relation to the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh, we have had discussions with the Directors, the management of the Company (the “**Management**”) and the Company’s professional advisers, and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management, and the Company’s professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the proposed allotment and issue of the Consideration Shares to the Vendors (the “**Proposed Allotment**”) and the proposed diversification of the Group’s business to include the rare earth minerals business as additional core business of the Group (the “**Proposed Diversification**”) (and the Proposed Acquisition, the Proposed Allotment and the Proposed Diversification shall be collectively referred to herein as the “**Proposed Transactions**”) and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

In relation to this IFA Letter, the Directors have confirmed that the facts relating to the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the



Proposed Allotment and Issue of Consideration Shares to Dato' Teh as set out herein, are to the best of their knowledge and belief, fair and accurate in all material aspects.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real property) of the Group and MCRE. However, MCRE is currently the appointed mining or sub-mining operator and has secured exclusive operational rights in relation to the mining and extraction activities for a rare earth mine covering nine (9) land parcels totalling 2,161 hectares located in Kenering, Hulu Perak, Malaysia (the "**Gerik Mine**") through agreements executed with the designated developers appointed by the landowners or license holders. The carrying value of the Gerik Mine is reflected under 'mine properties', 'exploration and evaluation assets' and 'inventories' in the balance sheet of MCRE. As at 31 January 2025, the unaudited carrying values of 'mine properties', 'exploration and evaluation assets' and 'inventories' in the balance sheet of MCRE aggregated approximately RM65.2 million. The Company has commissioned SRK Consulting China Ltd ("**SRK China**") to undertake an independent technical assessment of the Gerik Mine. The independent qualified person's report prepared by SRK China ("**Independent Qualified Person's Report**") setting out the estimated mineral resources and ore reserves attributable to MCRE in accordance with (i) the Australasian Code for Reporting of Exploration Result, Mineral Resources and Ore Reserves (2012 Edition) (the "**JORC Code**"); and (ii) the requirements for mineral, oil and gas companies in the Catalist Rules is a document for inspection at the registered office of the Company for a period of six (6) months from the date of the Circular while a summary of the Independent Qualified Person's Report is set out as Appendix B to the Circular. The Company has also commissioned SRK Consulting (Australasia) Pty. Ltd. (the "**Independent Valuer**") to perform an independent valuation of the Gerik Mine. The valuation report prepared by the Independent Valuer (the "**Independent Valuation Report**") in accordance with the requirements of Practice Note 4C of the Catalist Rules and the guidelines and principles of the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets (2015 Edition) promulgated by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the "**VALMIN Code**") and the JORC Code is set out as Appendix C to the Circular.

We are not experts in the assessment, evaluation or appraisal of the Gerik Mine as set out in the Independent Qualified Person's Report and the Independent Valuation Report. We are not involved in the preparation and assume no responsibility for the Independent Qualified Person's Report and the Independent Valuation Report. We have not independently verified the information in the Independent Qualified Person's Report and the Independent Valuation Report, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information. We have nevertheless made enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy or reliability of the Independent Qualified Person's Report and the Independent Valuation Report.

Our opinions are based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinions in light of any subsequent development after the Latest Practicable Date that may affect our opinions contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition which may be released by the Company after the Latest Practicable Date.





In arriving at our opinions, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions are for the use and benefit of the Non-Interested Directors in their deliberation of the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh, and the recommendations made by the Non-Interested Directors to the Independent Shareholders shall remain the responsibility of the Non-Interested Directors.

Our opinions in relation to the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than the Proposed Acquisition at any time and in any manner without our prior written consent in each specific case.

### **3. THE PROPOSED ACQUISITION**

#### **3.1 THE SALE SHARES**

The subject of the Proposed Acquisition is the Sale Shares which constitute 40% interest in the issued and paid-up share capital of MCRE.

The Sale Shares will be acquired by the Company free from all encumbrances together with all rights and entitlements attaching respectively thereto on and from the Completion Date.



### 3.2 THE CONSIDERATION

The Consideration comprises the following:

The Vendors	Number of Consideration Shares	Value of Consideration Shares (RM'million) <sup>(1)</sup>	Deferred Cash Consideration (RM'million) <sup>(2)</sup>	Total (RM'million)
Dato' Sri Pek	64,120,770	94.90	10.14	105.04
Dato' Teh	64,120,770	94.90	10.14	105.04
Dato' Lee	19,740,840	29.20	3.12	32.32
<b>TOTAL</b>	<b>147,982,380</b>	<b>219.00</b>	<b>23.40</b>	<b>242.40</b>

**Notes:**

- (1) Based on the Issue Price of S\$0.4471 for each Consideration Share and the exchange rate of S\$1.00 to RM3.31 applied in the Sale and Purchase Agreement.
- (2) The Deferred Cash Consideration shall be payable in the following milestones:

RM'million	1 <sup>st</sup> anniversary from Completion Date	2 <sup>nd</sup> anniversary from Completion Date	3 <sup>rd</sup> anniversary from Completion Date	4 <sup>th</sup> anniversary from Completion Date	Total Deferred Cash Consideration
Dato' Sri Pek	1.30	1.91	3.03	3.90	10.14
Dato' Teh	1.30	1.91	3.03	3.90	10.14
Dato' Lee	0.40	0.59	0.93	1.20	3.12
<b>TOTAL</b>	<b>3.00</b>	<b>4.41</b>	<b>6.99</b>	<b>9.00</b>	<b>23.40</b>

The basis of the Consideration is set out in Section 2.3(b) of the Circular. We extract as follows:

*"The Consideration was determined on a willing-buyer willing-seller basis, after negotiations which were conducted on an arm's length basis between SAM Advance Minerals and the Vendors, and after taking into account, inter alia:*

- (a) *The Independent Qualified Person's Report;*
- (b) *The Independent Valuation Report;*
- (c) *the NTA and NAV of MCRE of approximately RM110.9 million (approximately S\$33.7 million<sup>6</sup>) as at 31 January 2025;*
- (d) *the profit after tax of MCRE of approximately RM32.5 million (approximately S\$9.6 million<sup>4</sup>), RM36.6 million (approximately S\$10.6 million<sup>5</sup>) and RM52.9 million (approximately S\$16.1 million<sup>6</sup>) for FP2023, FY2024 and 1H2025, respectively;*



- (e) the dividend of RM9.0 million (approximately S\$2.7 million) declared by MCRE on 28 March 2025;
- (f) the rationale for the Proposed Acquisition;
- (g) the results of the due diligence undertaken by the Company as at 31 May 2025; and
- (h) the prospects of the Gerik Mine.

*Following the signing of the Sale and Purchase Agreement, the Company commissioned the Independent Valuer to update the independent valuation on the market value of the 100% interest in the Gerik Mine to as at 31 July 2025. Based on the Independent Valuation Report, the Consideration represents a discount of approximately 14.3% to the market value of a 40% interest in the Gerik Mine of approximately US\$66.4 million (approximately RM282.8 million<sup>7</sup> or S\$86.2 million<sup>8</sup>) as at 31 July 2025. Based on, inter alia, the Independent Valuation Report dated 15 August 2025 as at 31 July 2025, the Parties agreed that no further adjustments are required in relation to the Consideration."*

### **3.3 THE CONSIDERATION SHARES AND THE ISSUE PRICE**

#### **(a) The Consideration Shares**

The allotments and issues of the Consideration Shares to the Vendors (including Dato' Sri Pek and Dato' Teh) are subject to approvals of the Independent Shareholders at the EGM to be convened, and will not be allotted and issued pursuant to the general share issue mandate of the Company.

The Consideration Shares will be allotted and issued in full on Completion.

An application will be made by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. to the SGX-ST for permission for the listing and quotation of the Consideration Shares to be allotted and issued for listing on the Catalist. The listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Group, MCRE, the Enlarged Group, the Shares and the Consideration Shares.

The Consideration Shares, when allotted and issued, shall be credited as fully-paid and free from any encumbrances and shall rank *pari passu* in all respects with, and carry all rights similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of the allotment and issuance of the Consideration Shares.

The 147,982,380 Consideration Shares represent approximately 23.2% of the enlarged share capital of the Company comprising 636,741,380 Shares (excluding treasury Shares), assuming no new Shares are issued by the Company and no Share has been repurchased by the Company under the Company's share purchase mandate approved by Shareholders on 28 November 2024 between the date of the Circular and the Completion Date.

To demonstrate their commitment to the Company, the Vendors shall not, directly or indirectly sell, transfer, assign, mortgage, charge, encumber, dispose or otherwise deal with any of the





Consideration Shares for a period of 12 months from the Completion Date pursuant to the Sale and Purchase Agreement.

**(b) The Issue Price**

The Issue Price of S\$0.4471 was determined based on the average of:

- (i) the volume weighted average price (“**VWAP**”) for Shares traded on the SGX-ST for the seven (7) traded market days prior to and including 28 March 2025 (the “**Last Traded Day**”), being the market date with trading of Shares prior to the date of the Sale and Purchase Agreement. As a reference, the VWAP was S\$0.4358; and
- (ii) the VWAP for Shares traded on the SGX-ST for the 21 traded market days prior to and including the Last Traded Day. As a reference, the VWAP was S\$0.4584.

**3.4 THE DEFERRED CASH CONSIDERATION**

As set out in paragraph 3.2 of this IFA Letter, the Deferred Cash Consideration will be paid annually over a period of four (4) years.

We note that the Deferred Cash Consideration is staggered as follows:

Payment milestone	Amount of Deferred Cash Consideration (RM)	Percentage of Deferred Cash Consideration
1 <sup>st</sup> anniversary from Completion Date	3,000,000	12.82%
2 <sup>nd</sup> anniversary from Completion Date	4,410,000	18.85%
3 <sup>rd</sup> anniversary from Completion Date	6,990,000	29.87%
4 <sup>th</sup> anniversary from Completion Date	9,000,000	38.46%
Total Deferred Cash Consideration	23,400,000	100.00%

**3.5 RATIONALE FOR THE PROPOSED ACQUISITION**

The full text of the rationale for the Proposed Acquisition is set out in Section 2.2 of the Circular.

We extract as follows:

*“The Proposed Acquisition is in line with the Company’s long-term strategy to build sustainable revenue and diversify earnings stream in addition to the Group’s iron ore mining operation and gold exploration.”*

*“The global rare earth market is expected to grow from US\$3.74 billion in 2024 to US\$8.14 billion in 2032, with a compound annual growth rate of 10.2%<sup>2</sup>. Also, the Malaysia government has identified the potential of rare earth elements and intends to tap into its 18.2 million tons of non-radioactive rare earth reserves which is valued at RM747.2 billion by 2030<sup>3</sup>. It is a critical component in driving high-technology growth in Malaysia and it is expected that the rare earth*



elements will contribute RM9.5 billion to Malaysia's gross domestic product ("GDP") as early as 2025<sup>2</sup>. Upon Completion, the Group will be able to diversify its revenue source with an additional income stream from the sale of ion adsorption clay rare earth minerals."

"The Board is of the view that the Proposed Acquisition will grow the mineral assets of the Group and may also help to attract more investment interest from the investment community focused on the minerals and mining sector."

"The Board believes that the Proposed Acquisition will strategically position the Company as a key player of rare earth minerals in Malaysia and potentially in Asia, outside the PRC, in the future."

"Further, a major consideration of the Company (in alignment with the Group's sustainability objectives) when assessing the Proposed Acquisition was ensuring that the environmental impact from its rare earth mining operations is minimised. Based on due diligence conducted as at 31 May 2025, the Company understands that MCRE is a pioneer in extracting ion adsorption clay rare earth minerals in Malaysia via an in-situ leaching technique, which is a sustainable mining technique. The Group will benefit and gain a competitive edge from such technique as it does not involve massive land clearing and helps to preserve the natural landscape with an overall low carbon emission footprint."

### 3.6 THE CONDITIONS PRECEDENT

The full Conditions Precedent are set out in Section 2.3(e) of the Circular.

Completion is subject to the Conditions Precedent being satisfied or waived in accordance with the Sale and Purchase Agreement, and we highlight the following:

- "(i) the results of a due diligence exercise (including but not limited to financial, business, tax, legal, regulatory, technical and compliance due diligence) over the business, affairs, operations, assets, financial condition, prospects and records of MCRE being satisfactory to SAM Advance Minerals, the Company and its financial advisor(s) in its absolute discretion and in compliance with the requirements of the Catalist Rules;"
- "(ii) the findings and methodology presented in the Independent Valuation Report and Independent Qualified Person's Report which is compliant with the Catalist Rules being satisfactory to SAM Advance Minerals, the Company and its financial advisor(s) for the transactions contemplated by the Sale and Purchase Agreement, and the SGX-ST;"
- "(iii) the entry into new non-compete undertakings by each of the Vendors to the extent required by the sponsor of the Company or the SGX-ST, which shall include businesses, opportunities and projects relating to rare earth;"
- "(v) approval and non-withdrawal of the approval from the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist of the SGX-ST, and any conditions attached to such approval which are required to be fulfilled on or before Completion having been fulfilled on or before Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST;"



- “(vi) SAM Advance Minerals obtaining all necessary approvals, waivers or consents as may be required for the transactions contemplated by the Sale and Purchase Agreement (including any management, corporate and/or shareholder approvals, government or regulatory consents, anti-trust clearances or notifications), and such approvals, waivers or consents not having been revoked, expired, amended or withdrawn on or before the Completion Date, and where any such approvals, waivers or consents is subject to conditions, such conditions being fulfilled by the relevant date, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;”
- “(vii) approval from the shareholders of the Company for (a) the purchase of the Sale Shares on the terms and conditions set out in the Sale and Purchase Agreement and all transactions contemplated thereby, (b) the issue of the Consideration Shares to the Vendors in full satisfaction of the Consideration for the Sale Shares, (c) the diversification of SAM Advance Minerals Group’s business to include MCRE’s business, (d) the interested person transaction under Chapter 9 of the Catalist Rules relating to the transactions contemplated by the Sale and Purchase Agreement and (e) any other matters contemplated by the Sale and Purchase Agreement;”

As at the Latest Practicable Date, the Conditions Precedent under sub-paragraphs (ii), (iii), (x), (xii), (xiv), (xvii) and (xviii) of Section 2.3(e) of the Circular have been fulfilled.

### 3.7 LONG STOP DATE

If any of the Conditions Precedent is not fully satisfied or waived in accordance with the Sale and Purchase Agreement prior to 31 December 2025 or such later date as may be agreed to be extended by SAM Advance Minerals (the “**Long Stop Date**”), the Sale and Purchase Agreement shall automatically terminate with immediate effect and SAM Advance Minerals shall owe no liabilities to the Vendors.

### 3.8 INTERESTED PERSONS TRANSACTION WHICH IS A SUBJECT OF AGGREGATION WITH THE PROPOSED ACQUISITION, THE PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO DATO’ SRI PEK AND THE PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO DATO’ TEH

As set out in Section 2.8(c) of the Circular, there is no interested person transaction which is a subject of aggregation with the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato’ Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato’ Teh.

## 4. ABOUT MCRE

MCRE is a private company incorporated in Malaysia, established on 3 April 2020, principally engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth materials in Malaysia. MCRE is currently the appointed mining or sub-mining operator and has obtained the relevant licences in relation to the mining and extraction activities for the Gerik Mine. We note from the Independent Qualified Person’s Report that MCRE received the approval for its environmental impact assessment together with an operational mining scheme which enables MCRE to commence its pilot processing plant production in 2022. MCRE delivered its first



shipment of rare earth carbonate (“**REC**”) to the People’s Republic of China (“**PRC**”) in February 2023.

Please refer to paragraph 4.5 below for information relating to the shareholders of MCRE.

As at the Latest Practicable Date, MCRE has three (3) directors, namely, Dato’ Sri Pek, Dato’ Teh and Mr Su Yunchun.

#### 4.1 THE FINANCIAL RESULTS OF MCRE

We summarise the statements of comprehensive income of MCRE for the 10 months ended 31 July 2023 (“**10M31Jul2023**”) <sup>(1)</sup>, the financial year ended 31 July (“**FY**”) 2024 and the half year ended 31 January (“**1H**”) 2024 and 1H2025 (collectively, “**Track Record Period**”) as follows:

RM’000	10M 31Jul2023 <sup>(1)</sup>	FY2024	1H2024	1H2025	LTM 31Jan2025 <sup>(2)</sup>
Revenue	130,178	128,962	101,713	183,564	210,813
Gross profit	51,611	56,822	50,043	76,674	83,453
Profit before tax	43,024	48,415	45,904	69,790	72,301
Profit, net of tax, for the year/period	32,454	36,580	34,877	52,937	54,640

##### Notes:

- (1) MCRE changed its financial year end from 30 September 2023 to 31 July 2023, accordingly, the financial period ended 31 July 2023 comprised only 10 months from 1 October 2022 to 31 July 2023.
- (2) “**LTM31Jan2025**” refers to the period for the last 12 months ended 31 January 2025, calculated by subtracting the financials for 1H2024 from, and adding the financials for 1H2025 to, the financials for FY2024.

MCRE generates revenue by extracting ion-adsorption rare earth minerals and processing such minerals into REC for sale. We note from the Circular that:

- (a) MCRE derives all its revenue from one (1) trading partner. MCRE has entered into one (1) trading agreement for the sale of MCRE’s REC. The trading agreement was entered into with Chinalco Guangxi Nonferrous Rare-earth Development Co., Ltd. (“**Chinalco Guangxi Nonferrous Rare Earth**”) and is valid for a duration of three (3) years and may be renewed upon its expiry; and
- (b) under the trading agreement with Chinalco Guangxi Nonferrous Rare Earth, Chinalco Guangxi Nonferrous Rare Earth or its group entities agree to purchase REC produced by MCRE at a price based on a fixed formula which is pegged to the price for rare earth oxide (“**REO**”) elements and subject to change based on prevailing market conditions. We note from the Independent Valuation Report that the selling price of MCRE’s REC is determined largely based on the prices of five (5) REO elements and multiplying the spot price of each specific REO elements by the estimated proportion of each REO element found in the REC produced by MCRE.



#### *10M31Jul2023 versus FY2024*

MCRE recorded lower revenue in FY2024 as compared to 10M31Jul2023 although there were 12 operational months in FY2024 as compared to 10 operational months in 10M31Jul2023. MCRE's revenue for FY2024 was approximately RM1.2 million (or 0.93%) lower than its revenue for 10M31Jul2024. We note from the Independent Valuation Report that the spot prices of the five (5) REO elements named in the trading agreement were generally higher in calendar year 2023 as compared to 2024.

Despite the lower revenue, MCRE recorded higher gross profit for FY2024 as compared to 10M31Jul2023 as MCRE registered a higher percentage decrease to its cost of sales as compared to the percentage decrease to its revenue. While revenue decreased by 0.93% from 10M31Jul2023 to FY2024, cost of sales decreased by 8.18% from 10M31Jul2023 to FY2024. As a result, MCRE's gross profit margin improved from 39.65% in 10M31Jul2023 to 44.06% in FY2024.

MCRE had higher administrative and other operating expenses of RM9.4 million in FY2024 as compared to RM8.7 million in 10M31Jul2023. MCRE's administrative and other operating expenses represented 7.27% of MCRE's revenue for FY2024 as compared to 6.68% of MCRE's revenue for 10M31Jul2023. The higher administrative and other operating expenses for FY2024 can be attributed to employee remuneration (including directors' remuneration) in FY2024.

With the higher gross profit and higher other income in FY2024, MCRE recorded higher profit before tax for FY2024 as compared to 10M31Jul2023. MCRE's profit before tax margin also improved from 33.05% in 10M31Jul2023 to 37.54% in FY2024.

#### *1H2024 versus 1H2025*

MCRE recorded a significant improvement in its revenue in 1H2025 as compared to 1H2024. MCRE's revenue for 1H2025 was approximately RM81.9 million (or 80.47%) higher as compared to its revenue for 1H2024 due to higher volume of REC sold.

Despite the 80.47% increase in revenue, MCRE's gross profit only increased by 53.22% from 1H2024 to 1H2025. This was mainly due to lower average selling price of MCRE's REC for 1H2025 as compared to 1H2024. As a result, MCRE's gross profit margin decreased by 7.43 percentage points from 49.20% in 1H2024 to 41.77% in 1H2025.

Despite the 80.47% increase in revenue, MCRE's administrative and other operating expenses only increased by 38.39% from 1H2024 to 1H2025.

With a lower gross profit margin for 1H2025, MCRE recorded a lower profit before tax margin of 38.02% in 1H2025 as compared to 45.13% in 1H2024.



## 4.2 THE FINANCIAL POSITION OF MCRE

We summarise the financial position of MCRE as at 31 July 2024 and 31 January 2025 as follows:

RM'000	Audited as at 31 July 2024	Unaudited as at 31 January 2025
Current assets	63,215	88,694
Current liabilities	(68,914)	(37,400)
Net current (liabilities) / assets	(5,699)	51,294
Non-current assets	74,092	65,777
Non-current liabilities	(6,510)	(6,152)
Total equity / Net asset value ("NAV")	61,883	110,919

### *Current assets*

The current assets of MCRE as at 31 July 2024 consisted mainly inventories which constituted approximately 80% of MCRE's current assets as at 31 July 2024 while the current assets of MCRE as at 31 January 2025 consisted mainly cash and bank balances which constituted approximately 60% of MCRE's current assets as at 31 January 2025. MCRE had inventories of RM50,613,000 as at 31 July 2024 and RM18,524,000 as at 31 January 2025. MCRE had higher inventories as at 31 July 2024 as it had accumulated inventories as a result of an unexpectedly prolonged export licence approval period from 3 April 2024 to 25 September 2024 due to the Malaysian government's new policy plan in relation to the restriction of rare earth raw materials exports as it is examining the development of the domestic rare earth industry in Malaysia. MCRE's cash and bank balances increased from RM3,526,000 as at 31 July 2024 to RM53,319,000 as at 31 January 2025 with collection of trade receivables. We note that MCRE did not have any trade receivables as at 31 July 2024.

### *Non-current assets*

The non-current assets of MCRE as at 31 July 2024 and 31 January 2025 comprised property, plant and equipment, mine properties and exploration and evaluation assets, breakdown as follows:

RM'000	Audited as at 31 July 2024	Unaudited as at 31 January 2025
Property, plant and equipment	20,381	19,117
Mine properties	26,583	23,586
Exploration and evaluation assets	27,129	23,074

Property, plant and equipment consisted mainly plant and machinery, other equipments, office premises and motor vehicles. All items of property, plant and equipment are initially recognised at cost and carried at cost less accumulated depreciation in the books of MCRE. Save for office





premises which are depreciated over 30 years, all items of MCRE's property, plant and equipment are depreciated over five (5) years. MCRE reviews the carrying values of its property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value of the property, plant and equipment may not be recoverable.

Mine properties relates to MCRE's mining related development expenditure. Mine properties are depreciated on a unit of production basis based on expected production of minerals over the life of the components. Mine properties will be written off to profit or loss if the mine is abandoned.

Exploration and evaluation assets are capitalised costs incurred in the search for mineral resources, determination of technical feasibility and the assessment of commercial viability of an identified resource. To the extent that capitalised exploration and evaluation cost is not expected to be recovered, it will be charged to MCRE's profit or loss.

We note that there is no impairment or write-off of MCRE's property, plant and equipment, mine properties as well as exploration and evaluation assets in the Track Record Period.

#### *Current liabilities*

The current liabilities of MCRE as at 31 July 2024 consisted mainly trade and other payables while the current liabilities of MCRE as at 31 January 2025 consisted mainly trade and other payables and income tax payable.

#### *Non-current liabilities*

The non-current liabilities of MCRE as at 31 July 2024 and 31 January 2025 comprised deferred tax liabilities and lease and hire purchase liabilities.

### (iii) Statements of Cash Flows

A summary of the statements of cash flows of MCRE for 10M31Jul2023 and FY2024 are set out below:

RM'000	10M31Jul2023	FY2024
Net cash generated from operating activities	33,910	17,384
Net cash used in investing activities	(25,422)	(20,540)
Net cash from/(used in) financing activities	30,093	(39,085)
Net increase/(decrease) in cash and cash equivalents for the year/period	38,581	(42,240)

MCRE reported positive cash flow from operating activities for 10M31Jul2023 and FY2024. While the statement of cash flow of MCRE for 1H2025 was not available, we note that MCRE's cash and cash balances increased significantly from RM3.5 million as at 31 July 2024 to RM53.3 million as at 31 January 2025.



#### 4.3 THE RESERVES AND VALUATION OF THE GERIK MINE

As mentioned in the Circular and earlier paragraphs of this IFA Letter, MCRE has secured exclusive operational rights in relation to the mining and extraction activities for the Gerik Mine.

The carrying value of the Gerik Mine is reflected under 'mine properties', 'exploration and evaluation assets' and 'inventories' in the balance sheet of MCRE which had aggregate unaudited carrying value of approximately RM65.2 million as at 31 January 2025.

Based on the Independent Qualified Person's Report, the estimated ion adsorption clay rare earth minerals ore reserves of the Gerik Mine attributable to MCRE as at 30 April 2025 was approximately 84.3 million metric tonnes with an average grade of 495.2 grams per metric tonne of soluble REO, equivalent to 38.9 kilotonnes of REO.

Based on the Independent Valuation Report, the market value of 100% interest in the Gerik Mine attributable to MCRE as at 31 July 2025 is between US\$158.2 million and US\$174.0 million with a preferred value of US\$165.5 million. 40% of the market value of Gerik Mine will be between US\$63.3 million and US\$69.6 million with a preferred value of US\$66.2 million. Based on the exchange rate of RM1.00 to US\$0.234 applied by the Independent Valuer, 40% of the market value of Gerik Mine will be between RM270.4 million and RM297.4 million with a preferred value of RM282.9 million. Shareholders may wish to note that the ore reserves and REO set out in the Independent Valuation Report excludes materials already extracted by MCRE as at 30 April 2025. Accordingly, the value above will only have impact to the carrying value of the 'mine properties' and 'exploration and evaluation assets' of MCRE. Please refer to paragraph 6.1 of this IFA Letter for our calculations of the RNAV of MCRE based on the market value opined by the Independent Valuer.

Shareholders may wish to note that the above 40% market value of the Gerik Mine is a simple arithmetic calculation and does not take into account any control premium or minority discount which may be awarded to the 40% market value of the Gerik Mine or the fluctuating exchange rates between United States dollars and Ringgit Malaysia.

We understand from the Independent Valuation Report that the Chinese government implements quota controls on REO element production and separation. As a result, the price of mixed REC is not publicly available and transparent, and is not influenced by global REO element supply and demand trends. Accordingly, for purposes of the Independent Valuation Report, the Independent Valuer has determined the market value of the Gerik Mine with the average price of each REO elements derived from Asian Metal's five-year historical pricing data. The Independent Valuer has also highlighted that REO element prices are influenced by several factors, including supply and demand dynamics as well as geopolitical considerations. Nevertheless, based on internet searches, the website of Asian metal (asianmetal.cn) seems to a reliable source for metal industry information.

#### 4.4 MCRE TO BE CLASSIFIED AS A JOINT OPERATION UPON COMPLETION

Under Financial Reporting Standard 111, joint arrangements are classified into (i) joint operations or (ii) joint ventures. Under a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement ("**Joint Operation**"). Under a joint venture, the parties that have joint control of the arrangement have





rights to the net assets of the arrangement (“**Joint Venture**”). An entity is required to determine the classification of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. It is important to note that judgement is required in determining whether the joint arrangement is a Joint Operation or a Joint Venture.

Pursuant to the terms of the Shareholders’ Agreement, the Board is of the view that the interests in MCRE shall be recognised as a Joint Operation in the Enlarged Group’s financial statements.

We understand that the Company will determine how will the assets, liabilities, revenues and expenses of MCRE be recognised and presented in the Group’s financial statements after discussion with the Company’s auditors.

#### 4.5 THE SHAREHOLDERS OF MCRE BEFORE AND AFTER THE PROPOSED ACQUISITION

We set out the changes to the shareholders of MCRE and their holdings of ordinary shares in the share capital of MCRE (“**MCRE Shares**”) before and after the Proposed Acquisition as follows:

Name of shareholders	As at the Latest Practicable Date		After the Proposed Acquisition	
	Number of MCRE Shares	Percentage shareholding in MCRE	Number of MCRE Shares	Percentage shareholding in MCRE
The Group (through SAM Advance Minerals)	-	-	1,200,000	40.00%
Qingdao Joyful Investment Co., Ltd <sup>(1)</sup>	1,080,000	36.00%	1,080,000	36.00%
Dato’ Sri Pek (the managing director and controlling Shareholder of the Company)	520,000	17.33%	-	-
Dato’ Teh (a non-executive non-independent director and a Shareholder of the Company)	520,000	17.33%	-	-
Dato’ Lee (a substantial Shareholder of the Company) <sup>(2)</sup>	340,000	11.33%	180,000	6.00%
Dato’ Lee Yoke Eng (son of Dato’ Lee) <sup>(2)</sup>	180,000	6.00%	180,000	6.00%
Mr. Jimmy Chin	144,000	4.80%	144,000	4.80%



Name of shareholders	As at the Latest Practicable Date		After the Proposed Acquisition	
	Number of MCRE Shares	Percentage shareholding in MCRE	Number of MCRE Shares	Percentage shareholding in MCRE
Mr. Lim Wei Hung <sup>(2)</sup> (Executive Director and Chief Operating Officer of the Company)	118,800	3.96%	118,800	3.96%
Mr. Johnny Chin	97,200	3.24%	97,200	3.24%
TOTAL	3,000,000	100.00%	3,000,000	100.00%

**Notes:**

- (1) Mr. Su Yunchun, a shareholder of Qingdao Joyful Investment Co., Ltd., is also a director of MCRE. Mr. Su Yunchun is not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.
- (2) We understand that Dato' Lee and Mr. Lim Wei Hung are also Shareholders of the Company and will abstain from recommending and voting on the resolutions relating to the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh. Dato' Lee Yoke Eng, being an associate of Dato' Lee, will also abstain from voting on the resolutions relating to the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh.

## 5. THE VENDORS AND THEIR SHAREHOLDING CHANGES IN THE COMPANY

As set out in Section 1.1(b) of the Circular and paragraph 1 of this IFA Letter, all three (3) Vendors are Shareholders of the Company.

We set out the changes to the shareholding interest of the Vendors in the share capital of the Company before and after the allotment and issue of the Consideration Shares as follows:

	As at the Latest Practicable Date		After the allotment and issue of the Consideration Shares	
	Number of Shares	% interest in the capital of the Company	Number of Shares	% interest in the capital of the Company on enlarged basis
Dato' Sri Pek	310,946,600	63.62%	375,067,370	58.90%
Dato' Teh	22,600,000	4.62%	86,720,770	13.62%
Dato' Lee	33,770,000	6.91%	53,510,840	8.40%
TOTAL	367,316,600	75.15%	515,298,980	80.93%



## 6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the Consideration versus the revalued NAV (“**RNAV**”) of MCRE;
- (b) the financial performance of MCRE;
- (c) the Issue Price;
- (d) comparison of valuation statistics implied by the Consideration with selected companies comparable to MCRE;
- (e) the financial effects of the Proposed Acquisition; and
- (f) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

### 6.1 THE CONSIDERATION VERSUS THE RNAV OF MCRE

As set out in Section 2.3(b) of the Circular, the factors determining the Consideration include the Independent Valuation Report.

We summarise the key information relevant to our evaluation of the Consideration in the following table. Information extracted from the Independent Valuation Report are set out in *italics*.

Date of valuation	31 July 2025
Subject of valuation	100% interest in the Gerik Mine
Valuation guidelines and standards	The Independent Valuation Report has been prepared in accordance with the guidelines outlined in the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets (2015 Edition)
Methodologies	The Independent Valuer has considered the discounted cashflow (“ <b>DCF</b> ”) method as its primary valuation method and used comparable transactions and peer multiples valuation methods as a crosscheck
Principal basis and assumptions	The Independent Valuer has classified the Gerik Mine as a development stage mineral asset for valuation purposes. As at 30 April 2025, the net book value of historical capital expenditure was RM44.9 million and further capital expenditure of RM177.4 million is estimated for continuing investments in other wet plants and mining lots.

	<p>Principal assumptions of the DCF methodology includes:</p> <ul style="list-style-type: none"> <li>- For valuation purposes, SRK has adopted 2.00% for the determination of its discount rate.</li> <li>- Consequently, for the basis of price projections, SRK has averaged the respective REO prices over the past 5 years.</li> <li>- SRK has estimated a derived settlement unit price, 205,562 RMB/t REO (92%) (133,615 RMB/t REO).</li> <li>- SRK's financial model is based on the Chinese Yuan (RMB), and Ringgit Malaysian (RM) at an average exchange rate between August 2024 and April 2025. SRK's assumed exchange rates remain constant throughout the LOM with no adjustments for inflation or escalation. The adopted exchange rate is RMB1 = RM0.60.</li> <li>- Production costs comprise more than 80% of total operating costs.</li> <li>- A total of RM2.4 M has been included for reclamation costs, occurring at five separate intervals following the completion of production from different lots.</li> <li>- The total estimated Capex over the LOM is RM222.29 M.</li> <li>- Working capital is calculated based on 30 days' turnaround on inventory, accounts payable and receivable.</li> <li>- For the Gerik Project, it is assumed that the depreciation life of all fixed assets such as machinery, electronic equipment and transportation equipment is 5 years or service life, and there is no salvage value at the end of this period. Intangible assets and other assets are amortised according to the service life.</li> <li>- The taxes and surcharges associated with the project primarily consist of royalties and tributes (payments to landowners). SAM has informed SRK that the royalty rate is 12%, while the tribute rate is 3% (excluding PT 2235) or 5% (for PT 2235) of the sales revenue.</li> <li>- SRK has adopted a real WACC of 7.4% (9.6%, real) as the base discount rate as calculated in Appendix A.</li> </ul> <p>We note that the market values derived by the Independent Valuer using the comparable transactions and peer trading methods are much lower than the market value derived using the DCF method.</p> <p>The Independent Valuer states that "SRK considers that the value implied by the DCF analysis is reasonable, as it highlights the value generated by the reduced mining costs associated with the ISL operation."</p>
Limitations and reliance	<p>The Independent Valuer's opinion is based on information provided by SAM Advance Minerals or SRK China throughout the course of investigations, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided was taken in good faith by the Independent Valuer. The Independent Valuer has not recalculated the mineral resources or</p>



	<p>ore reserves estimates by has independently assessed the reasonable of these estimates for the purposes of the valuation.</p> <p><i>Generally, the project appears to meet the minimum requirements as set out by the Malaysia regulatory and legal frameworks. The EIA approved by the DoE for the proposed mining and beneficiation for the project indicates acceptable risks after implementation of the recommended mitigating measures. Approvals for the remaining mining areas are yet to be granted and thus represents a material risk to the project progressing through its planned operational phases.</i></p>
Conclusion	<p>The Independent Valuer estimates the market value of 100% interest in the Gerik Mine as at 31 July 2025 resides between US\$158.2 million and US\$174.0 million with a preferred value of US\$165.0 million.</p>

We calculate the RNAV of MCRE based on the preferred market value opined by the Independent Valuer as follows:

	US\$'million	RM'million
NAV of MCRE as at 31 January 2025		110.9
Less: Carrying value of Gerik Mine <sup>(1)</sup> in the books of MCRE as at 31 January 2025		
- Mine properties		(23.6)
- Exploration and evaluation assets		(23.1)
Add: Preferred market value of Gerik Mine	165.5	707.3 <sup>(2)</sup>
Less: Dividends declared by MCRE on 28 March 2025		(9.0)
RNAV of MCRE		762.5
40% of RNAV of MCRE		305.0

**Notes:**

- (1) As mentioned in paragraph 4.3 of this IFA Letter, the Independent Valuation Report determines the market value based on the ore reserves of the Gerik Mine as at 30 April 2025 and such ore reserves excludes materials already extracted by MCRE as at 30 April 2025.
- (2) Converted to RM based on the exchange rate of RM1.00 to US\$0.234 applied by the Independent Valuer.

Based on the above, the Consideration represents a discount of RM62.6 million (or 20.5%) to 40% of the RNAV of MCRE as at 31 January 2025, or a price to RNAV ("**P/RNAV**") ratio of 0.8 times.



## 6.2 THE FINANCIAL PERFORMANCE OF MCRE

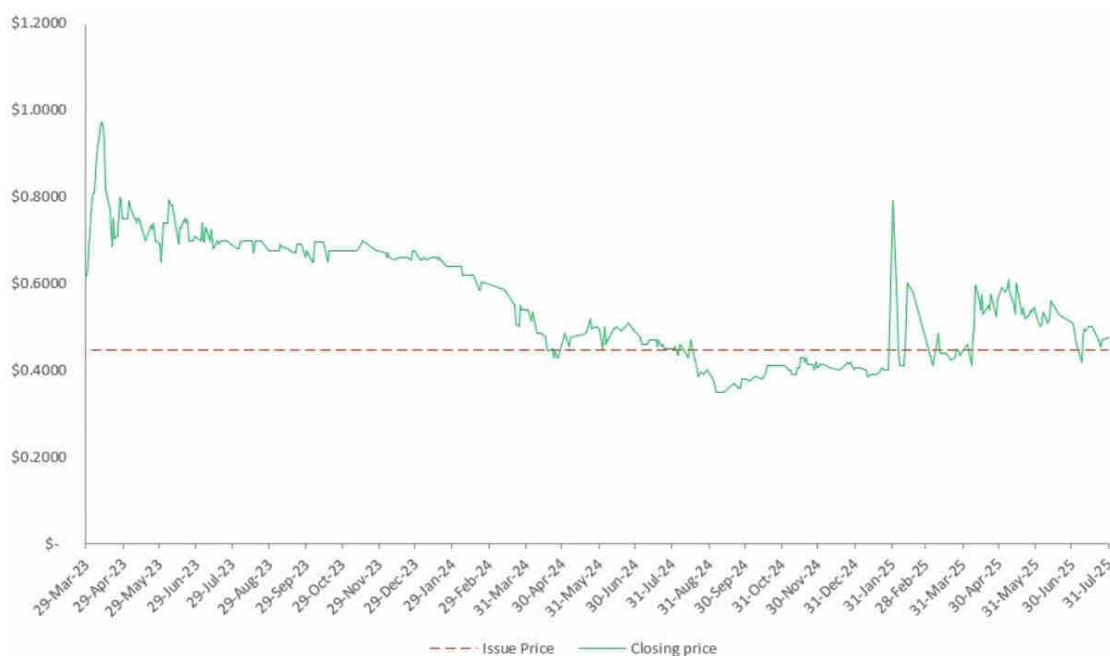
As set out in paragraph 4.1 of this IFA Letter, although the Gerik Mine only commenced pilot production in 2022 and delivered its first shipment of REC in February 2023, MCRE reported profits throughout the Track Record Period.

As set out in paragraph 4.1 of this IFA Letter, we calculate the MCRE's profit for LTM31Jan2025 to be RM54.6 million. Based on the Consideration for 40% of MCRE, the price to earnings ("P/E") ratio implied by the Consideration is 11.1 times.

## 6.3 THE ISSUE PRICE

### (a) The Issue Price versus the historical closing prices of the Shares

The following chart compares the Issue Price with the daily closing prices of the Shares for the period commencing from 29 March 2023 (which is the commencement date for the 24 months period prior to and including 28 March 2025, being the Last Traded Day immediately prior to the announcement of the Proposed Acquisition by the Company up to the Latest Practicable Date (the "Reference Period"):



Source: Bloomberg Finance L.P.

There has been no change to the Company's issued and paid-up share capital comprising 488,759,000 Shares (excluding 241,000 Shares held in treasury) during the Reference Period.

As seen from the chart above, the Issue Price is generally below the closing prices of the Shares for the Reference Period.



We note that the Issue Price represents:

- (a) approximately 2.78% premium to the closing price of the Shares of S\$0.435 per Share on the Last Traded Day;
- (b) approximately 53.91% discount to the highest closing price of the Shares of S\$0.97 per Share during the Reference Period;
- (c) approximately 27.74% premium to the lowest closing price of the Shares of S\$0.35 per Share during the Reference Period; and
- (d) approximately 5.87% discount to the closing price of the Shares of S\$0.475 per Share on the Latest Practicable Date.

The discounts to the closing prices of the Shares on the Last Traded Day and the Latest Practicable Date are within the 10% discount permitted under the Catalist Rules.

**(b) The Issue Price versus the historical traded prices of the Shares**

We tabulate below selected statistical information on the traded prices and liquidity of the Shares during the Reference Period:

	VWAP <sup>(1)</sup> (S\$)	Premium of Issue Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)	Average daily traded volume <sup>(2)</sup>	Average daily traded volume as percentage of free float <sup>(3)</sup> (%)
<u>Periods prior to and including 28 March 2025</u>						
Last 24 months	0.7151	(37.48)	0.980	0.350	34,743	0.05
Last 12 months	0.4307	3.81	0.790	0.350	16,443	0.02
Last six (6) months	0.4234	5.60	0.790	0.375	22,012	0.03
Last three (3) months	0.4441	0.68	0.790	0.385	22,975	0.03
Last one (1) month	0.4372	2.26	0.500	0.405	37,942	0.05
The Last Traded Day	0.4350	2.78	0.435	0.435	50,000	0.07





	VWAP <sup>(1)</sup> (S\$)	Premium of Issue Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)	Average daily traded volume <sup>(2)</sup>	Average daily traded volume as percentage of free float <sup>(3)</sup> (%)
<u>Period after the announcement of the Proposed Acquisition</u>						
4 April 2025 to the Latest Practicable Date, both dates inclusive	0.5107	(12.45)	0.610	0.410	28,835	0.04
The Latest Practicable Date	0.475	(5.87)	0.475	0.475	3,800	0.01

Source: Bloomberg Finance L.P.

**Notes:**

- (1) "VWAP" is stated at four (4) decimal places in the above table.
- (2) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the market days where the Shares were traded ("Trading Days") during those periods.
- (3) Free float is calculated based on 15% of the issued share capital of the Company.

We note the following with regards to the traded prices of the Shares:

- (a) save for the VWAP of the Shares for the 24 months period prior to and including the Last Traded Day, the Issue Price represents premium to the VWAPs of the Shares for the various periods prior to and including the Last Traded Day set out in the table above;
- (b) the Issue Price represents approximately 2.78% premium to the VWAP of the Shares of S\$0.435 per Share on the Last Traded Day. We note that there were only two (2) trades of Shares, both transacted at S\$0.435 per Share, on the Last Traded Day; and
- (c) the Issue Price represents a discount of approximately 12.45% to the VWAP of the Shares for the period after the Announcement Date up to the Latest Practicable Date.

The premium/(discount) to the VWAPs of the Shares on the Last Traded Day and the Latest Practicable Date are also within the 10% discount permitted under the Catalist Rules.

We note the following on the trading liquidity of the Shares:

- (i) the average daily traded volumes of the Shares for all the periods prior to and including the Last Traded Day in the table above were less than or equal to 50,000 Shares or a maximum of 0.07% of the free float of the Company;





- (ii) the average daily traded volume of the Shares for the period after the announcement of the Proposed Acquisition; and
- (iii) in general, the Shares were traded on not more than or equal to 60% of the market days which the SGX-ST were open for trading ("**SGX Market Days**") for the periods prior to and including the Last Traded Day set out in the table.

Shareholders are also advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

**(c) The valuation statistics of the Company implied by the Issue Price as compared to the valuation statistics of the Proposed Acquisition**

Based on the Issue Price, we calculate the implied value of the Company to be S\$218.5 million, equivalent to RM723.3 million.

We calculate the loss after tax of the Company for LTM31Jan2025 to be RM13.5 million. Accordingly, there is no P/E ratio for the Company based on the Issue Price. As MCRE generated profits for the Track Record Period, the Proposed Acquisition is earnings accretive to the Group. As set out above, the P/E ratio implied by the Consideration is 11.1 times.

Based on the implied value of the Company, we added the value of the Group's loans and borrowings, preference shares, non-controlling interest and deducted the cash and cash equivalents of the Group as at 31 January 2025 to obtain an enterprise value ("**EV**") of approximately RM622.2 million for the Company. We then calculate the earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of the Group for LTM31Jan2025 to be RM8.8 million. The EV to EBITDA ("**EV/EBITDA**") ratio of the Group implied by the Issue Price is 71.0 times.

Based on the Consideration, we calculate the EV of MCRE to be approximately RM555.4 million. We also calculate the EBITDA of MCRE for LTM31Jan2025 to be RM103.4 million. Accordingly, the EV/EBITDA of MCRE implied by the Consideration is 5.4 times. From the EV/EBITDA perspective, the Proposed Acquisition is also earnings accretive to the Group.

On assets ratio, we calculate the price to NAV ("**P/NAV**") ratio of the Group and MCRE to be 2.2 times and 5.5 times respectively. Accordingly, the Proposed Acquisition does not seem to be assets accretive to the Group. However, the NAV of MCRE as at 31 January 2025 did not reflect the market value of the Gerik Mine opined by the Independent Valuer. Accordingly, the assets valuation ratio may not be meaningful for the evaluation of the Proposed Acquisition.

**(d) The valuation statistics of the Company implied by the Issue Price versus the valuation statistics of listed companies comparable to the Group**

The Group is principally engaged in the exploration, mining and processing and sales of primarily iron ore extracted from a single mine in Malaysia. Reference is made to companies which are listed and traded on the regional exchanges, and are involved in the exploration of minerals (other than coal) ("**Group Comparable Companies**") to give an indication of the current market expectations with regards to the valuation of these mining companies, implied by their respective closing market prices as at the Latest Practicable Date. As the Company's implied valuation



based on the Issue Price is S\$218.5 million, we have selected listed companies with market valuation between S\$100 million and S\$500 million for a more meaningful comparison.

For the comparison with these Group Comparable Companies, we have referred to the following widely applied valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies:

Valuation ratio	General description of the valuation ratio
EV/EBITDA	The "EV/EBITDA" multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/E	The P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
P/NAV	P/NAV ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

As there are limited listed mining companies and the minerals of these mining companies are different, we have not considered price to sales ratio or price to reserves/resources ratio in our evaluation.



We set out in the table below the list of Group Comparable Companies:

Group Comparable Companies	Listing location	Brief business description	Market capitalisation as at the Latest Practicable Date <sup>(1)</sup> (\$\$'million)
Aumas Resources Bhd	Bursa Malaysia	Aumas Resources Bhd operates as a mining company. The company acquires and develops gold mining projects. Aumas Resources Bhd serves customers worldwide.	293.3
CNMC Goldmine Holdings Limited	SGX-ST	CNMC Goldmine Holdings Limited operates as a holding company. The company, through its subsidiaries, engaged in the business of exploration, mining of gold and the processing of mined ore into gold dorés. CNMC Goldmine Holdings Limited serves customers in Asia.	200.6
Fortress Minerals Limited	SGX-ST	Fortress Minerals Limited mines, processes, and distributes iron ore. The company focuses on exploration, mining, production, and distribution of iron ore concentrates. Fortress Minerals Limited serves customers in Singapore and Malaysia.	115.1
GT Gold Holdings Limited	Gold Hong Kong	GT Gold Holdings Limited operates as a mining company. The Company focuses on gold exploration, mining, and mineral processing in the PRC. GT Gold Holdings Limited current principal gold project-Taizhou Mining locates in Tongguan County, Shaanxi Province along the Xiao Qinlin Mineralized Belt.	319.2

Source: Bloomberg Finance L.P.

These Group Comparable Companies are not directly comparable to the Company in terms of geographical presence, mineral resources, scale of operations, track record, future prospects, asset base, risk profile, customer base and other relevant criteria. Comparisons of valuation statistics between the Company and the Group Comparable Companies may be affected, *inter alia*, by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.



In view of the above, it should be noted that any comparison made with respect to the Group Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

We set out the valuation ratios of the Group Comparable Companies and the Company as implied by the Issue Price as follows:

<b>Group Comparable Companies</b>	<b>Net profit <sup>(1)</sup> (S\$m)</b>	<b>EV/EBITDA <sup>(2)(3)</sup> (times)</b>	<b>P/E <sup>(1)</sup> (times)</b>	<b>P/NAV <sup>(4)</sup> (times)</b>
Aumas Resources Bhd	12.0	11.3	24.0	2.4
CNMC Goldmine Holdings Limited	13.2	5.9	15.7	3.2
Fortress Minerals Limited	8.6	4.8	13.7	1.0
GT Gold Holdings Limited	11.4	13.2	29.0	3.0
Maximum		13.2	29.0	3.2
Minimum		4.8	13.7	1.0
Mean		8.8	20.6	2.4
Median		8.6	19.9	2.7
The Company <sup>(5)</sup>	Loss making	71.0	Negative	2.2

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

**Notes:**

- (1) Based on the latest last twelve months net profits attributable to shareholders as announced by the respective companies.
- (2) EV of the companies are based on their respective market capitalisations and latest announced balance sheet items available as at the Latest Practicable Date.
- (3) Based on the latest last twelve months EBITDA as announced by the respective companies.
- (4) Based on the NAV for the latest balance sheet items as announced by the respective companies.
- (5) As calculated in paragraph 6.3(c) of this IFA Letter.

As set out in the above table, while the P/NAV of the Company as implied by the Issue Price is lower than the mean and median P/NAV ratios of the Group Comparable Companies, the



EV/EBITDA ratio of the Company as implied by the Issue Price is higher than the range of EV/EBITDA ratios of the Group Comparable Companies.

#### 6.4 COMPARISON OF VALUATION STATISTICS IMPLIED BY THE CONSIDERATION WITH SELECTED COMPANIES COMPARABLE TO MCRE

MCRE is principally engaged in the exploration, mining, processing and sale of ion adsorption clay rare earth minerals in Malaysia. We have searched for listed companies which are similarly engaged in the exploration, mining, processing and sale of rare earth minerals worldwide. However, based on the result of the searches, all of the comparable listed rare earth exploration and mining companies (including rare earth exploration and mining companies identified by the Independent Valuer, save for Lynas Rare Earths Ltd which had a market capitalisation of approximately S\$8.2 billion as at the Latest Practicable Date) were loss making with negative EBITDA. Given the lack of rare earth mining companies listed, we have compared the valuation statistics of MCRE implied by the Consideration to the same set of comparable companies as the Group.

Similarly, these Group Comparable Companies are not directly comparable to MCRE in terms of geographical presence, mineral resources, scale of operations, track record, future prospects, asset base, risk profile, customer base and other relevant criteria.

We set out the valuation ratios of the Group Comparable Companies and MCRE as implied by the Consideration as follows:

Group Comparable Companies	Net profit <sup>(1)</sup> (S\$m)	EV/EBITDA <sup>(2)(3)</sup> (times)	P/E <sup>(1)</sup> (times)	P/NAV <sup>(4)</sup> (times)
Aumas Resources Bhd	12.0	11.3	24.0	2.4
CNMC Goldmine Holdings Limited	13.2	5.9	15.7	3.2
Fortress Minerals Limited	8.6	4.8	13.7	1.0
GT Gold Holdings Limited	11.4	13.2	29.0	3.0
Maximum		13.2	29.0	3.2
Minimum		4.8	13.7	1.0
Mean		8.8	20.6	2.4
Median		8.6	19.9	2.7
MCRE <sup>(5)</sup>	16.5	5.4	11.1	5.5

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.



**Notes:**

- (1) Based on the latest last twelve months net profits attributable to shareholders as announced by the respective companies.
- (2) EV of the companies are based on their respective market capitalisations and latest announced balance sheet items available as at the Latest Practicable Date.
- (3) Based on the latest last twelve months EBITDA as announced by the respective companies.
- (4) Based on the NAV for the latest balance sheet items as announced by the respective companies.
- (5) As calculated in paragraph 6.3(c) of this IFA Letter

As set out in the above table, while the P/NAV of MCRE as implied by the Consideration is higher than the range of P/NAV ratios of the Group Comparable Companies, both earnings valuation (namely, the EV/EBITDA ratio and the P/E ratio) of MCRE as implied by the Consideration are lower than the mean and median EV/EBITDA ratios of the Group Comparable Companies. The P/E ratio of MCRE as implied by the Consideration is also lower than the range of P/E ratios of the Group Comparable Companies.

As mentioned above, one of the rare earth exploration and mining companies identified by the Independent Valuer is Lynas Rare Earths Ltd. As Lynas Rare Earths Ltd had a market capitalisation of approximately S\$8.2 billion as at the Latest Practicable Date, we have not regard Lynas Rare Earths Ltd as a comparable company to MCRE. For reference, Lynas Rare Earths Ltd had EV/EBITDA ratio, P/E ratio and P/NAV ratio of 90.6 times, 192.7 times and 4.2 times as at the Latest Practicable Date.

## **6.5 THE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The Company has set out the *pro forma* financial effects of the Proposed Acquisition in Section 6 of the Circular.

We summarise the *pro forma* financial effects of the Proposed Acquisition as follows:

- (a) the loss per Share will turnaround from RM 0.91 cents to earnings per Share of RM 1.60 cents after the Proposed Acquisition; and
- (b) the NTA per Share would improve from RM0.69 to RM0.88 after the Proposed Acquisition.

## **6.6 THE DEFERRED CASH CONSIDERATION**

As set out in Section 1.1(a) of the Circular and paragraph 3.4 of this IFA Letter, the Deferred Cash Consideration will be paid annually over a period of four (4) years. The Deferred Cash Consideration will be paid in staggered milestones with the majority of the Deferred Cash Consideration payable in the 3<sup>rd</sup> and 4<sup>th</sup> anniversary of the Completion Date. This will help with the cash flow management of the Group.



## 6.7 OTHER CONSIDERATIONS

In our assessment of the Proposed Acquisition, we have also considered the following:

### (a) Dilution impact of the allotment and issue of the Consideration Shares

As set out in Section 10 of the Circular, the shareholding interest of the existing public Shareholders will be diluted from approximately 14.94% as at the Latest Practicable Date to approximately 11.47% of the enlarged share capital of the Company following the allotment and issue of the Consideration Shares.

### (b) Moratorium of the Consideration Shares

The Vendors will be observing a moratorium over the Consideration Shares held by them for a period of 12 months.

### (c) Abstention from recommendation and voting

#### Abstention from recommendation

Dato' Sri Pek and Dato' Teh, being interested persons under Chapter 9 of the Catalist Rules, will abstain from making any recommendations to the Shareholders in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh in their capacity as Directors.

For good corporate governance, Mr Lim Wei Hung, being the Executive Director and Chief Operating Officer of the Company, and an MCRE Existing Shareholder will also abstain from making any recommendations to the Shareholders in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh in his capacity as Director.

#### Abstention from voting

Each of Dato' Sri Pek and Dato' Teh will abstain, and will ensure that their respective associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

Dato' Lee, being the Vendor in respect of the Proposed Acquisition, will abstain, and will ensure that his associates will abstain, from voting in respect of the resolutions in connection with





Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

For good corporate governance, Mr Lim Wei Hung, being the Executive Director and Chief Operating Officer of the Company, and an existing shareholder of MCRE will abstain, and will ensure that his associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

**(d) The Group as the single largest shareholder of MCRE**

As set out in paragraph 4.5 of this IFA Letter, the Group (through SAM Advance Minerals) will be the single largest shareholder of MCRE upon Completion. Nevertheless, as the Group will not hold an outright majority of the paid-up share capital of MCRE, it would not be able to exercise control over the management of MCRE's business.

However, SAM Advance Minerals, the MCRE Remaining Shareholders as well as MCRE had on 3 April 2025 entered into the Shareholders' Agreement to regulate certain matters of MCRE, including but not limited to the appointment of directors to the board of MCRE, reserved matters such as the appointment or dismissal of key executives, the sale and purchase of any assets or shares other than in the ordinary course of business and the making of any significant and material amendments to the hiring plan of MCRE which must be approved in writing by all the shareholders of MCRE.

Pursuant to the terms of the Shareholders' Agreement, the Board is of the view that MCRE shall be classified as a Joint Operation and the Group's financial statements upon Completion shall be prepared under Joint Operation.

Please refer to Section 2.4 of the Circular for further details of the Shareholders' Agreement and the FRS in relation to Joint Operation accounting.

**(e) Risk factors**

Shareholders are advised to read the information in Section 3.7 entitled "Risks associated with the New Businesses" of the Circular carefully. We extract in *italics* the following:

*"The current and expected future price of rare earth metals can change rapidly and significantly and this can have a substantial effect on the value of MCRE's mining assets and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any ion adsorption clay rare earth minerals extracted will be affected by numerous factors beyond the control of MCRE or the Group."*





*"The Enlarged Group faces competition for new rare earth mining assets from competitors, who are also engaged in similar businesses or are prospecting for similar opportunities."*

*"MCRE does not usually enter into any fixed or long-term contracts with any of its suppliers and/or contractors. There is therefore no assurance that the suppliers and/or contractors will continue to provide their respective services to MCRE and/or on terms that are favourable to MCRE."*

*"Similar to the Group, MCRE's operations are subject to a range of Malaysian laws, regulations, policies, guidelines, standards and requirements which include, but are not limited to, rare earth mineral extraction and processing, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management. MCRE faces inherent risks of liabilities in their operation and may be required to incur significant capital and maintenance expenditures to comply with laws and regulations."*

*"MCRE's revenue and cashflow are dependent on the creditworthiness of its trading partner, Chinalco Guangxi Nonferrous Rare Earth, which will designate one of its group entities as the end customer (the "Offtake-Partner"). Material default or significant delay in payment by the Offtake-partner may adversely affect MCRE's financial performance and cash flow."*

*"Pursuant to the sub-mining operator agreements signed between MCRE and each of Aras Kuasa Geological Sdn Bhd, Aras Kuasa and Tulus Mentari Holdings Sdn Bhd, and the mining rights agreement entered into between MCRE, Felcra Berhad and Menteri Besar Incorporated (Perak), MCRE has been granted the exclusive right to carry out mining activities at the Gerik Mine. Accordingly, its rights to carry out mining activities at the Gerik Mine is subject to the mining rights agreement and sub-mining operator agreements remaining in full force and effect. In the event of the mining rights agreement and sub-mining operator agreements being terminated for whatever reason (including termination due to the counter parties' exercise of their respective rights of termination under the mining rights agreement and sub-mining operator agreements), MCRE will cease to have the right to conduct mining activities at the Gerik Mine. Such termination may materially and adversely affect MCRE's business."*

## **7. OPINIONS**

Having regard to our terms of reference, in arriving at our opinions, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh. A summary of the key factors we have taken into our consideration is set out below:

- (a) the Consideration represents a discount of RM62.6 million (or 20.53%) to 40% of the RNAV of MCRE as at 31 January 2025, or a P/RNAV ratio of 0.8 times;
- (b) the premium/(discount) to the closing prices and VWAPs of the Shares on the Last Traded Day and the Latest Practicable Date are within the 10% discount permitted under the Catalist Rules;



- (c) based on the earnings ratios, the Proposed Acquisition is earnings accretive to the Group and based on the financial effects set out in paragraph 6.5 of this IFA Letter, the Proposed Acquisition is earnings and assets accretive to the Group;
- (d) while the P/NAV of the Company as implied by the Issue Price is lower than the mean and median P/NAV ratios of the Group Comparable Companies, the EV/EBITDA ratio of the Company as implied by the Issue Price is higher than the range of EV/EBITDA ratios of the Group Comparable Companies;
- (e) while the P/NAV of MCRE as implied by the Consideration is higher than the range of P/NAV ratios of the Group Comparable Companies, both earnings valuation (namely, the EV/EBITDA ratio and the P/E ratio) of MCRE as implied by the Consideration are lower than the mean and median EV/EBITDA ratios of the Group Comparable Companies. The P/E ratio of MCRE as implied by the Consideration is also lower than the range of P/E ratios of the Group Comparable Companies;
- (f) the majority of the Deferred Cash Consideration payable in the 3rd and 4th anniversary of the Completion Date. This will help with the cash flow management of the Group; and
- (g) other considerations as set out in paragraph 6.7 of this IFA Letter.

**Accordingly, after taking into account the above factors, we are of the opinion that the Proposed Acquisition, the Proposed Allotment and Issue of Consideration Shares to Dato' Sri Pek and the Proposed Allotment and Issue of Consideration Shares to Dato' Teh are on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.**

This IFA Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of making recommendations to the Independent Shareholders for the ordinary resolutions related to the Proposed Acquisition. Any decision made by the Non-Interested Directors in relation to their recommendations for the ordinary resolutions related to the Proposed Acquisition shall remain the responsibility of the Non-Interested Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose other than the Proposed Acquisition, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly  
For and on behalf of  
**XANDAR CAPITAL PTE LTD**

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE

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## **APPENDIX F – INDUSTRY REPORT**

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# Global Rare Earth Market Status & Outlook

by Beijing Antaike Information Technology Co., Ltd.  
18 August 2025

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Glossary for technical terms

No.	terms	Glossary
1	Rare earth	The lanthanide series, also known as the lanthanides or simply the lanthanides, are the 15 chemical elements with atomic numbers 57 through 71, from lanthanum (La) through lutetium (Lu), which follow lanthanum in the periodic table. In addition to the lanthanide series, scandium (Sc) with atomic number 21 and yttrium (Y) with atomic number 39 are also considered as rare earth elements. These 17 elements are collectively referred to as rare earth elements and are usually denoted by the symbol RE. They share similar chemical properties. However, in the rare earth industry and product standards, rare earth elements generally refer to the 15 elements excluding promethium (Pm) and scandium (Sc).
2	light rare earth elements	The collective term for the four elements of lanthanum (La), cerium (Ce), praseodymium (Pr), and neodymium (Nd).
3	middle rare earth elements	The collective term for the three elements of samarium (Sm), europium (Eu), and gadolinium (Gd).
4	heavy rare earth elements	The collective term for the eight elements of terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu).
5	Medium and heavy rare earths	Other rare earth elements besides light rare earth elements are classified as medium and heavy rare earths. Currently, terbium and dysprosium are the most important medium and heavy rare earth elements in downstream applications.
6	rare earth metal	The general term for metals produced from one or more compounds of rare earths as raw materials using molten salt electrolysis, metal thermal reduction, or other methods.
7	individual rare earth metal	Metal produced from the compound of a specific rare earth element as the raw material, using methods such as molten salt electrolysis, metal thermal reduction, or other methods.
8	misch rare earth metals	The general term for substances composed of two or more rare earth metals, typically dominated by lanthanum, cerium, praseodymium, and neodymium.
9	rare earth compound	The general term for compounds containing rare earths formed by the reaction of rare earth metals or rare earth oxides with acids or alkalis.

10	rare earth oxide-REO	The general term for compounds formed by the combination of rare earth elements and oxygen, usually represented by the chemical formula $RE_xO_y$ .
11	individual rare earth oxide	The compound formed by the combination of a specific rare earth element and oxygen.
12	mixed rare earth oxide	The compound formed by the combination of two or more rare earth elements with oxygen.
13	rare earth deposit	A deposit of rare earth minerals that are produced within a specific geological environment in the earth's crust and have exploitation and utilization value.
14	rare earth ore	A natural aggregate of minerals from which useful rare earth components can be extracted.
15	rare earth grade	The mass fraction of rare earth elements in the ore, calculated as REO and expressed as a percentage, is the main indicator for measuring the quality of rare earth ore.
16	ion-adsorption rare earth ore	A unique type of rare earth deposit formed by the long-term weathering of surface rocks, where free rare earths migrate and accumulate in a clay mineral in an ion-adsorbed state, also known as a weathered crust leaching-accumulation type rare earth deposit. The mixed rare earth oxide or carbonate concentrate products produced through metallurgical extraction from this type of deposit are called ion-adsorbed rare earth ores.
17	rare earth concentrate	After beneficiation and concentration of rare earth ore, the product with rare earth content meeting the smelting requirements is obtained. The natural distribution of rare earth elements remains unchanged.
18	bastnaesite concentrate	The concentrate obtained from bastnaesite through beneficiation. The mineral name and molecular formula are: $Ce[(CO_3)F]$ .
19	monazite concentrate	The concentrate obtained from monazite sand ore through beneficiation. The mineral name and molecular formula are: $(Ce,La,Nd,Th)PO_4$ .
20	Rock-ore type rare earth ore	Rock-ore type rare earth ore is a classification of rare earth ore, including bastnaesite and monazite. It is characterized by high content of light rare earth elements and large resource reserves.
21	praseodymium metal	The metal produced from the compound of praseodymium as the raw material, using molten salt electrolysis. It has active chemical properties and is easily oxidized in the air. It is mainly used for the preparation of magnetic materials and others.



22	neodymium metal	The metal produced from the compound of neodymium as the raw material, using molten salt electrolysis. It has active chemical properties and is easily oxidized in the air. It is mainly used for the preparation of magnetic materials, non-ferrous metal alloys, and others.
23	terbium metal	The metal with a silver-gray luster at the fracture is produced from the compound of terbium as the raw material, using metal thermal reduction. When placed in the air for a long time, its surface is easily oxidized. It is mainly used for the preparation of magnetostrictive alloys, magneto-optical recording materials, and others.
24	dysprosium metal	The metal with a silver-gray luster at the fracture is produced from the compound of dysprosium as the raw material, using metal thermal reduction. When placed in the air for a long time, the surface of dysprosium metal is easily oxidized. It is mainly used for the preparation of magnetic materials, nuclear control rods, magnetostrictive alloys, and others.
25	praseodymium-neodymium metal (Pr-Nd metal)	The metal produced by the molten salt electrolysis method using praseodymium-neodymium oxide as the raw material is mainly used as a raw material for magnetic materials.
26	Mother liquor	Mother liquor is the saturated solution that remains after the precipitation or crystal is separated during chemical precipitation or crystallization.
27	mixed rare earth chlorine	Compound of mixed rare earth and chlorine. Mixed rare earth chloride, which is extracted from rare earth concentrates and produced through the hydrometallurgical process, is in the form of blocks or crystals. Generally, its rare earth content (calculated as REO) is not less than 45%. It is prone to deliquescence in the air. It can be used as a petroleum catalytic cracking agent, a cocatalyst, and a raw material for extracting and separating single rare earth elements.
28	rare earth functional materials	With rare earth elements as the main components, and taking advantage of the excellent optical, electrical, magnetic, chemical, and other special properties of rare earth elements, special physical, chemical, and biological effects can be formed to accomplish the mutual conversion of functions. This type of functional materials are mainly used as high-tech materials to produce various functional components, and are applied in various high-tech fields. Commonly used rare earth functional

		materials include rare earth magnetic materials, rare earth luminescent materials, rare earth hydrogen storage materials, rare earth catalytic materials, rare earth polishing materials, etc.
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Source: Antaiko, open sources

**Abstract**

This report mainly studies the current situation of the global rare earth market and makes forecast on future trends. Firstly, the report introduced the properties and main application fields of rare earth elements, the classification of different types of rare earth resources, the mainstream production methods for rare earth concentrate mining, and the basic situation of the rare earth industry chain. Then, the report elaborates on the situation of the global rare earth market from aspects such as the distribution of global rare earth resources, global rare earth mining, smelting and separation production, consumption, trade, brief profiles of major enterprises, and relevant policies. In the last part, the report analyzes the main factors influencing rare earth prices and reviewing historical trends, and makes an outlook on future trends.

**Key words:** Rare earth, rare earth oxide, ion-adsorption rare earth ore, rare earth concentrate, terbium, dysprosium, etc

## 1. General Overview

### 1.1 Rare earth element definition and properties introduction

Rare earth is the general name of 17 metal elements in the periodic table, which include all rare earth elements except for scandium and yttrium. The 17 rare earth elements, which are usually divided into two groups, light rare earth and heavy rare earth elements. Light rare earth elements include lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium. Heavy rare earth elements include gadolinium, terbium, dysprosium, holmium, erbium, thulium, lutetium, scandium and yttrium.

Due to excellent optical, electrical, magnetic and other physical properties, rare earth elements can form a wide variety of new materials with different properties when combined with other materials. Known as "industrial gold", they have important uses in many fields.

Table RE-1 Properties and applications of rare earth elements

Element Name	Performance	Application
Lanthanum (La)	Silver white metal, with good ductility and malleable such that it is soft enough to be cut when exposed to the air, is one of the most active rare earth elements	It can be used to produce nickel hydrogen batteries, as well as to manufacture special alloy precision optical glass, high refractive optical fiber board, suitable for making cameras, microscope lenses, and advanced optical instrument prisms, etc
Cerium (Ce)	Silver gray active metal, its powder is highly oxidizable in air, prone to spontaneous combustion, and soluble in acids	It can be used to make flint, as well as arc carbon rods for searchlights and movie projectors
Praseodymium (Pr)	Silver metal with good ductility and conductivity	In the petrochemical industry, it can be used as a catalyst and can be used for grinding and polishing materials
Neodymium (Nd)	Silver metal loses its lustre in the air. Neodymium has a large specific heat capacity at low temperatures	It can be used to manufacture ceramics, bright purple glass, artificial rubies in lasers, and special glass that can filter infrared rays. Used together with praseodymium to manufacture goggles for glass blowing workers
Promethium (Pm)	Natural radioactive rare earth elements that will decay into other elements in the crust	It can serve as a heat source and provide auxiliary energy for vacuum detection and artificial satellites. In addition, it is also widely used in the steel manufacturing, plastic industry, and paper industry

Element Name	Performance	Application
Samarium (Sm)	Medium hardness silver metal that slowly oxidizes in air. Samarium appears light yellow	It can be used in the electronics and ceramics industry, as well as in the manufacturing of laser materials, microwave and infrared equipment. In addition, it has important applications in the atomic energy industry
Europium (Eu)	Medium hardness silver metal, easily oxidizes in air and water. Europium can be used as a light source	It can be used as fluorescent powder for colour televisions, with important applications in laser materials and atomic energy industries
Gadolinium (Gd)	It is quite stable in dry air and forms an oxide film on the surface in humid air. Soluble in acid, insoluble in water. Easy to combine with non-metallic elements	It can be used to manufacture capacitors, X-ray intensifying screens, etc. Widely used in the fields of healthcare, industry, nuclear energy, etc
Terbium (Tb)	A metal with good magnetic and conductive properties. It has a relatively high density and high melting and boiling points	It can be used for non-destructive inspection of welding points on ships and pipelines, and has a small number of applications in special lasers and solid-state components
Dysprosium (Dy)	Soft metal, glossy and ductile. Easily corroded by air at high temperatures, but relatively stable at room temperature with good magnetism	It can be used as a fluorescent powder activator and also in the preparation of dysprosium lamps
Holmium (Ho)	Similar to dysprosium, it has good magnetism	It can be used as an additive for metal halide lamps as well as a colouring agent for glass, and can also be used as an additive for yttrium iron or yttrium aluminium garnet, etc
Erbium (Er)	Erbium exhibits antiferromagnetism at low temperatures, strong ferromagnetism near absolute zero, and is a superconductor. Slowly oxidized by air and water at room temperature	It can be used to produce glaze colours for pottery, as well as medical laser materials, etc

Element Name	Performance	Application
Thulium (Tm)	Silver white metal, with ductility and relatively soft texture, can be cut with a knife and is relatively stable in the air	Introducing high-purity halides into high-intensity discharge light sources with the aim of utilizing the spectrum of thulium. It can also be used as ceramic magnetic materials in microwave equipment, etc
Ytterbium (Yb)	Silver white soft metal, glossy, easily oxidized, slowly corroded in air, soluble in dilute acids and liquid ammonia	It is commonly used as fluorescent powder activators, radio ceramics, additives for electronic computer memory components (magnetic bubbles), and optical glass additives
Lutetium (Lu)	Silver white metal	Stable lutetium nuclides play a catalytic role in petroleum cracking, alkylation, hydrogenation, and polymerization reactions
Yttrium (Y)	Grey black metal with good ductility. Reacts with hot water and is easily soluble in dilute acids	It is widely used in the automotive industry, aerospace, medical equipment and other fields. It can also be used as a filter for certain rays, superconductors, superalloys, and special glass.
Scandium (Sc)	Silver white metal, soft in texture, soluble in acids, easily oxidizes in air, has high thermal stability and good conductivity	It is widely used in chemical engineering, metallurgy, and oceanography. In medicine, some people are still researching the use of <sup>46</sup> Sc to treat cancer

Source: Antaiko

## 1.2 Introduction to the classification of rare earth minerals

There are broadly three types of rare earth minerals – ion adsorption type rare earth, bastnaesite and monazite.

### 1.2.1 Ion adsorption type rare earth

The proven ion adsorption type rare earth ore resources (weathering crust leaching rare earth ore) are mainly distributed in China and Southeast Asia. In these regions, the ion adsorption type rare earth ore resources are high concentrated with abundant reserves, and mainly characterised by low radioactivity, rich content and full range of medium and heavy rare earth elements.

Currently, weathered crust leaching type rare earth ore is the main source of medium and heavy rare earth, which has the characteristics of shallow mining depth as they can be found and extracted nearer the surface, full range of rare earth elements, easy mining and relatively high economic return. The commercial mining and production of extracting rare earth elements was first started in China. The in-situ leaching mining method which is widely adopted in China does not require crushing and concentrating processes, but instead only uses a leaching process to obtain rare earth oxides which contain a mixture of various rare earth elements. Therefore, physical manual labour and semi-mechanized mining techniques are suitable to be adopted for in-situ leaching mining method.

### 1.2.2 Bastnaesite

Bastnaesite is a type of rare earth mineral with the highest rare earth content and the most widely available. It is under the cerium group of rare earth elements (i.e. light rare earth) with fluorocarbonate mineralization which has important industrial usages.

Bastnaesite is widely distributed in nature, but there are not many deposits of industrial significance formed in the globally. Up to now, the most famous bastnaesite mines are Mountain Pass in the United States and Baiyunebo in China. Besides, there are Dong Pao in Vietnam, Weishan in Shandong of China, Maoniuping and Dalucao in Sichuan of China and Gakara in Burundi, all of which are important rare earth mines in the world. Among them, Baiyunebo, Weishan, Maoniuping and Dalucao are major light rare earth mines. Baiyunebo is a mine comprising mainly bastnaesite and monazite, while the rest are single bastnaesite mines.

### 1.2.3 Monazite

Monazite ore is produced in granite, syenite, gneiss and sand ore, which is the main mineral for extracting lanthanum and cerium. The content of rare earth oxides in monazite is usually at 55% to 56%, also containing other rare earth elements like praseodymium, neodymium, terbium and dysprosium. In addition to rare earth elements, however, it also contains thorium, uranium and other highly radioactive elements in mining and utilization of monazite, which poses a certain threat to the ecological environment and human health.

Monazite resources are widely distributed in the world, and several large monazite mines have been successfully developed in Australia in recent years. In India, the monazite resources are distributed in coastal and inland sand ores. The apatite deposit at Steenkampskraal in South Africa is the only single monazite rare earth deposit in the world. Besides, monazite resources are proven in Thailand, Vietnam and Indonesia in Southeast Asia, Sri Lanka in South Asia, Brazil in South America, and Nigeria and D.R. Congo in Africa. Although monazite resources are generally distributed around the world, the value of mining depends on factors such as the quality and size of the ore and the difficulty and feasibility of mining.

## 1.3 Introduction to the key production method of rare earth concentrate

There are three key methods for producing rare earth concentrate depending on the rare earth mineralisation, which are (1) in-situ leaching mining methods; (2) acid process; and (3) alkali process.

### 1.3.1 In-situ leaching mining method

In-situ leaching mining method is in the case of natural ore production by drilling from the surface to the ore-bearing layer of the borehole and injecting a leaching agent (chemical reagents). The leaching agent moves along the ore body or the leached ore through the injection system, so that the rare earth components are converted into a liquid state through reactions with the leaching agent. Following this, the metal-rich liquid is collected from the borehole at the surface, and then transported to the refining processing unit by pipelines.

Compared to conventional mining and smelting methods, in-situ leaching method has the following advantages:

- 1) The production cost is relatively low as heavy mining or stripping engineering which involve drilling and blasting are not required. The ore transportation and construction period for the crushing process are also not required or limited;
- 2) The in-situ mining method is relatively environmentally friendly, and generally does not damage farmland and mountain forests;

- 3) The safety and health care conditions of production workers are better as compared to conventional mining; and
- 4) There is a relatively higher recovery rate of rare earth resources as the resources can be fully extracted through the in-situ leaching method.

The disadvantages of in-situ leaching method:

- 1) the scope of application is limited, because it is only suitable for deposits with certain conditions (e.g. the deposit floor of the mining area should be a full piece and non-porous without gaps);
- 2) After the rare earth resources have been extracted from the mine, there may be a possibility of low recovery rate if the mineralization is not consistent, the degree of ore consolidation and permeability in each part of the ore layer is not consistent, or some rare earth elements components in the ore are difficult to leach;
- 3) There is a risk of groundwater pollution if ammonium carbonate, ammonium bicarbonate or cyanide is leaked into groundwater during use, but this risk can be effectively eliminated by using existing technology and strict management and monitoring measures.

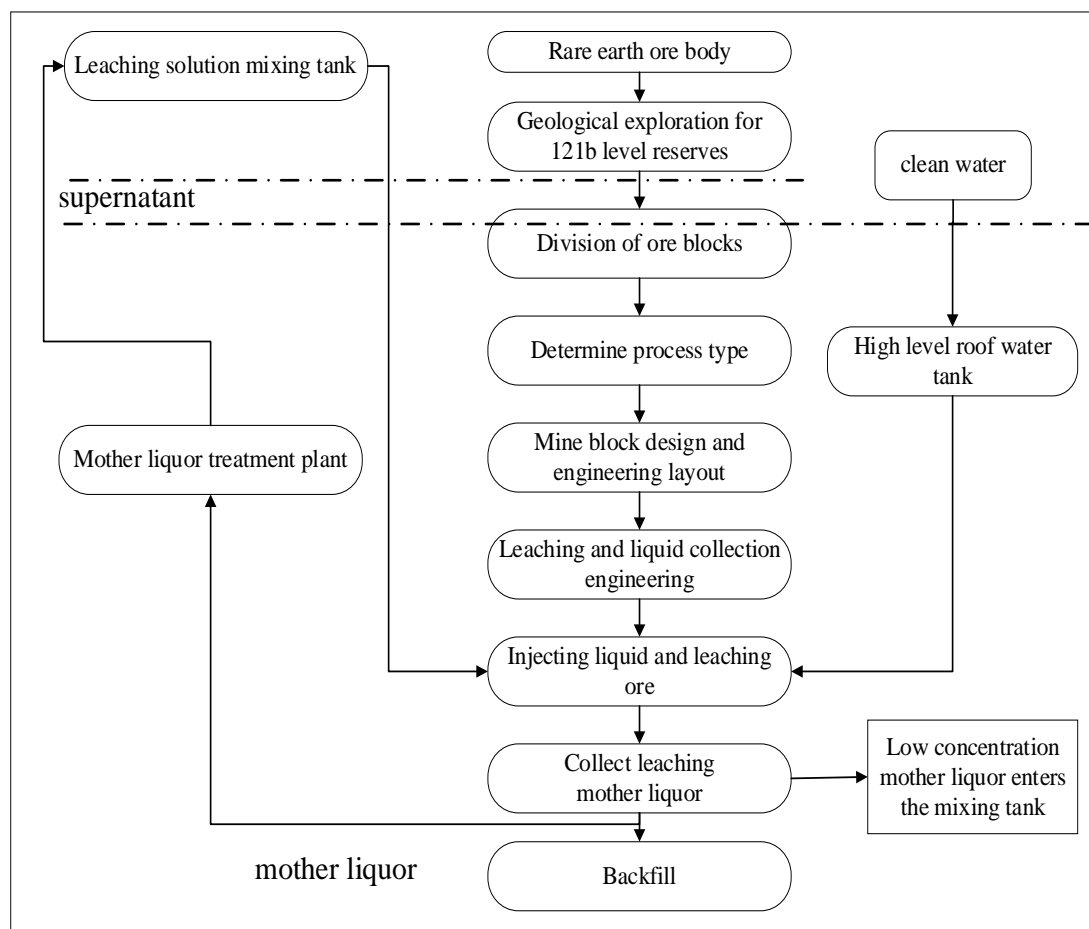


Chart RE-1 In-situ leaching process flow diagram

### 1.3.2 Acid process

The acid process (acid leaching) refers to the mineral leaching process using an aqueous solution of inorganic acid as the leaching agent. After the 1960s, with the industrial production of Mountain Pass Mine (also known as the “Mountain Pass Era”, currently owned by MP Materials) in the United States, the country began to dominate the global supply of rare earth, and the mainstream process



was oxidation roasting fluorocarbon-hydrochloric acid leaching on bastnaesite. China began to research and develop the uses of rare earth in the 1950s. The Baotou mixed rare earth concentrate smelting process was developed by China Grinn Group Co., Ltd., a state owned enterprise in China. After the 1970s, and the first, second and third-generation sulfuric acid smelting process was developed successively, which has been widely used and has become the leading industrial production technology for the treatment of Baotou rare earth concentrate (Baiyunebo).

The third generation acid leaching method: the rare earth concentrate and sulfuric acid are mixed in the rotary kiln for intensive incineration and decomposition; thorium and phosphorus produce insoluble pyrophosphate into the slag and rare earth minerals are transformed into soluble rare earth sulfuric acid; after water immersion, neutralization and impurity removal, rare earth sulfuric acid liquor is obtained; then transformed into mixed rare earth chloride liquor; after extraction and separation process by 2-Ethylhexyl Phosphate (also known as P507), La, Ce, Pr, Nd single rare earth elements are obtained. The third-generation acid leaching method has the advantages of a simple process flow, continuous, easy to control, easy to large-scale production, low requirement on concentrate grade and low operating cost.

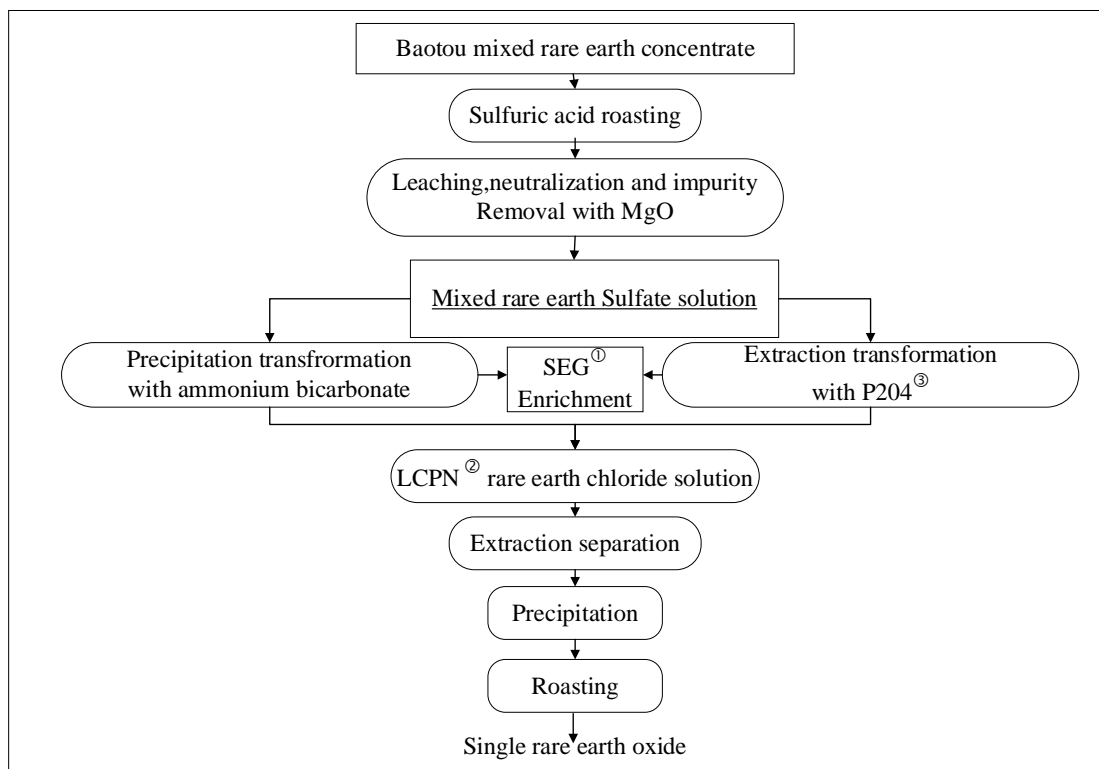


Chart RE-2 Baotou mixed rare earth concentrate, third generation acid process flow diagram<sup>1</sup>

### 1.3.3 Alkali process

The alkali leaching process is a mineral leaching process using strong alkali solution as a leaching agent. After the processes of calcium washing with chloride, decomposition by liquid alkali, filtration and washing, the rare earth solution and slag were obtained by hydrochloric acid solution. The rare earth solution is used to produce mixed rare earth chloride (middle and heavy rare earth

<sup>1</sup> Note: ① SEG — Samarium, europium, gadolinium element abbreviations.

② LCPN — Abbreviations for lanthanum, cerium, praseodymium, and neodymium elements.

③ P204 — An extractant, the abbreviation for di (2-ethylhexyl) physiological acid.

compounds and mixed light rare earth chloride). The slag is further roasted with sulfuric acid to recover rare earth and curing thorium.

The advantages of this method are:

- 1) No harmful gases such as acid gas are produced during the decomposition process;
- 2) There is no need to use complex waste treatment equipment; and
- 3) The investment required is relatively low.

The disadvantage is that the requirement for the grade of rare earth concentrate is higher, and it is not suitable for processing mixed rare earth concentrate with low rare earth grade (i.e. REO content of less than 50%).

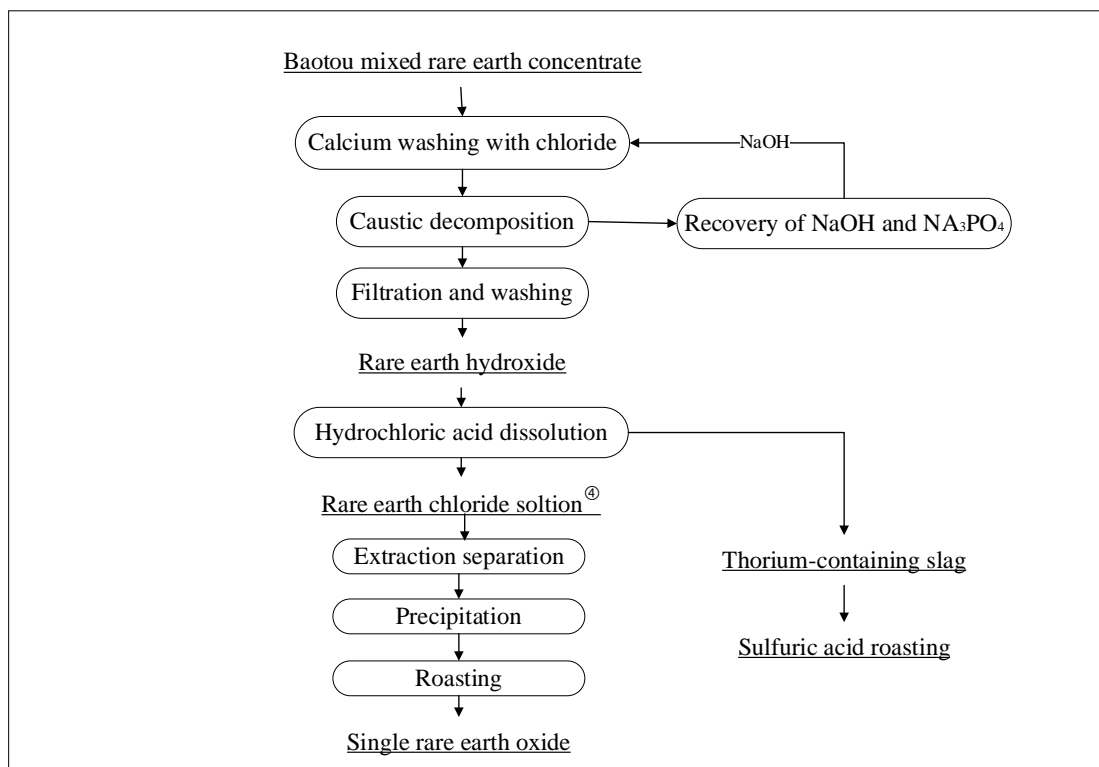


Chart RE-3 Baotou's mixed rare earth concentrate process flow diagram<sup>2</sup>

#### 1.4 Introduction to the rare earth industrial chain

##### 1.4.1 Upstream: rare earth minerals extraction and mining

The upstream of the rare earth industry chain mainly refers to the mining of rare earth resources to rare earth concentrate (Rock-ore type rare earth ore) and leaching mother liquor (Ion-adsorption type rare earth ore), before smelting and separation. Presently, China is in a leading position in the upstream of the global rare earth industry chain with rich resources and reserves, and mature extraction and mining technology. According to Antaiko's study from various sources<sup>3</sup>, in recent

<sup>2</sup> Note: Rare earth chloride solution (selective solution): After washing and filtering the precipitate of rare earth hydroxide, the alkaline cake is dissolved in hydrochloric acid to preferentially dissolve rare earth elements. After further filtration, a solution containing mixed rare earth chlorides is obtained.

<sup>3</sup> Notes: Information obtained from data published from the following websites:

- AP News dated 4 February 2025, <https://apnews.com/article/trump-ukraine-europe-rare-earth-russia-war-9af06a9f17dbaa49a05dcba3a3363977> (last accessed on April 16th, 2025);

years, due to the rapid growth of demand for rare earth products, some countries paid more attention to the rare earth industry chain and invested a large sum of funds to explore rare earth resources and the construction of rare earth mines.

At present, the world's major active rare earth mines include (1) Baiyunebo in Inner Mongolia, Maoniuping and Dalucao in Sichuan, Weishan in Shandong and weathering crust type rare earth mines in 7 south provinces (regions) of China; (2) Mountain Pass and Saint Honore in the United States; (3) Mount Weld in Australia; (4) Araxa and Catalao in Brazil; (5) coastal placer mines in India; (6) Lovozero in Russia; (7) Phuket in Thailand; (8) NamXe in Vietnam; (9) Palabora in South Africa; and (10) Kachin and Shan in Myanmar.

In recent years, there has been a global boom in rare earth exploration, and many countries such as the United States, Australia, Russia, Thailand and Vietnam have enhanced their efforts in exploration of rare earth resources as well as gradually restoring and increasing rare earth mine production activities. Since 2018, this has led to a more diverse global production of rare earth minerals.

Table RE-2 Share of global rare earth production in 2023

Country	2023
China	69%
United States	12%
Australia	5%
Myanmar	10%
Thailand	2%
Others	2%

Source: USGS, Antaiko

#### 1.4.2 Midstream: rare earth minerals refining and preparation

The midstream of the rare earth industry chain consists of mainly rare earth oxides and rare earth metals mills. Large smelting and separation enterprises and their processing facilities are mostly located in China, most of which are owned by China Rare Earth Group Co., Ltd. and China Northern Rare Earth (Group) High-Tech Co., Ltd. The rare earth smelting and separation facilities located outside China are mainly: Lynas Rare Earths Ltd.'s (an Australian rare earths mining company) Kuantan plant in Malaysia and NEO Performance Materials Inc's Silmet plant in Estonia. Besides, India, Vietnam and some other countries also have smaller-scale smelting and separation facilities. At present, the vast majority of rare earth mining products in the United States and Myanmar are shipped to China for processing because of the lack of processing capacity at the mine sites. According to Antaiko's study on the China's output of end using products of rare earth, in recent years, under the influence of the rapid development of strategic emerging industries and clean energy transformation driven by "dual carbon" (carbon dioxide emission and carbon neutrality),

- Lynas Rare Earths, <https://lynasrareearths.com/mt-weld-western-australia-2/> (last accessed on April 16th);
- Hastings Technology Metals Limited (Yangibana Project), <https://hastingstechmetals.com/yangibana-project/> (last accessed on April 16th); and
- Xin Hua Net dated 26 June 2025, <https://english.news.cn/europe/20250225/0c086718a12846ceb233d9a5555d0eb0/c.html> (last accessed on April 16th).

the demand for rare earth products has grown tremendously.<sup>4</sup> In order to meet market demand and reduce dependence on a single source of supply (i.e. China), some countries are also actively planning and constructing new smelting and separation production lines.<sup>5</sup> The rare earth smelting and separation capacity of MP Materials in the United States has been completed and put into operation in the third quarter of 2023, with an annual capacity of 25,000 tonnes, based on MP Materials' website.

#### 1.4.3 Downstream: an overview of the application of rare earth materials

The downstream of the rare earth industry chain mainly involves the following fields: rare earth permanent magnet materials (Pr, Nd, Tb, Dy, Gd, Sm), rare earth hydrogen storage materials (La, Ce, Nd, Pr), rare earth optical functional materials (Eu, Ho, Er, Lu, Y, Sm, Tm, Yb), rare earth polishing materials (Ce), rare earth catalysts (La, Ce, Sc), etc. The demand for rare earth permanent magnet materials accounts for the highest proportion.

##### Permanent Magnets

Rare earth permanent magnet materials are mainly used in the sectors of electric vehicles, industrial robots, wind power, consumer electronics, medical devices, industrial motors, etc. In recent years, China paid increasingly more attention to low-carbon energy conservation, driving up the demand of electric vehicles, wind power, industrial energy-saving motors. According to Antaiko's study on the China's output of end using products of permanent magnet, the demand for rare earth permanent magnet materials is growing rapidly.<sup>4</sup>

##### Rare earth hydrogen storage materials

Rare earth hydrogen storage materials are mainly used in high-performance rechargeable batteries (nickel-metal hydride batteries). Based on Antaiko's study of various paper published by industry veterans of battery sector, although the emergence of lithium batteries in recent years replaced most of the market share of small nickel-metal hydride batteries, due to the high safety performance and wider working temperature range of nickel-metal hydride batteries, this type of battery still occupies a considerable share in the power battery market.

##### Rare earth optical functional materials

Rare earth optical functional materials are widely used in lighting, display, imaging, medical radiation images, radiation field detection and recording, etc. Based on statistics of the Association of China Rare Earth Industry as at 2023, in recent years, with the rapid growth of the demand for low-carbon energy-saving products, the production of light emitting diode (LED) phosphors has also shown rapid growth.

##### Rare earth polishing materials

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<sup>4</sup> Information obtained from data published from the following websites:

- China Association of Automobile Manufacturers dated 13 January 2025, [http://www.caam.org.cn/chn/5/cate\\_29/con\\_5236619.html](http://www.caam.org.cn/chn/5/cate_29/con_5236619.html) (last accessed on July 15th);
- National Bureau of Statistic, <https://data.stats.gov.cn/easyquery.htm?cn=A01> (last accessed on July 15th).

<sup>5</sup> Information obtained from data published from the U.S. Chamber of Commerce:

- <https://www.uschamber.com/security/reshoring-rare-earth-supply-chains-for-u-s-sustainability> (last accessed on July 15th).

Rare earth polishing materials are widely used in liquid crystal display, mobile phone cover plate, integrated circuit, optical glass, precision optical components, high-end jewellery and other fields of polishing.

#### Rare earth catalytic materials

Rare earth catalytic materials are mainly used in automobile exhaust purification catalysis, petroleum catalytic cracking, combustion catalysts, volatile organic compounds purification catalysis, etc. China has announced its proposed target of achieving "carbon peaking" by 2030 and "carbon neutrality" by 2060 in September 2020 ("Double Carbon Goal").<sup>6</sup> Driven by the "Double Carbon Goal", the energy industry has set a target of clean and low-carbon development, and diversified development routes of energy solution will become the mainstream. In the transportation sector, although the adoption of electric vehicles is increasing rapidly, it is unlikely to fully replace fuel-based vehicles in the short term.

### 1.5 Value analysis of the rare earth industrial chain

**Rare earth mine:** The extraction and mining of rare earth mines are the upstream of the rare earth industry chain and the main source of rare earth elements. Its value mainly depends on its resources/reserves, grade, mining costs and other factors. The value of rare earth mines is generally higher than the mines of other minerals, mainly due to the uneven distribution of rare earth elements in the earth's crust and the difficulty of mining, and that rare earth elements play an important role in many application fields. In recent years, with the acceleration of the global energy transformation process and the increasing focus on energy conservation and environmental protection, rare earth elements have become indispensable and important raw materials in many fields. This has been the general consensus in relation to rare earth.

**Rare earth smelting and separation:** Rare earth smelting and separation sector represents the midstream of the rare earth industry chain. It involves extraction, separation and purification of rare earth elements from concentrates using various physical and chemical methods. The technical level and product quality at this stage directly affect the performance and quality of products in downstream application fields. Based on Antaiko's research, in recent years, under the influence of the rapid development of strategic emerging industries<sup>7</sup>, the demand for rare earth smelting and separation products has increased significantly, leading to the continuous improvement of its value.

**Rare earth functional materials:** As downstream products of the rare earth industry chain, rare earth functional materials have unique physical and chemical properties, and are widely used in electronics, information technology, energy, environmental protection and other fields. Rare earth functional materials are the most valuable part of the rare earth industry chain. Taking rare earth permanent magnet materials as an example, with the continuous promotion of clean energy transformation driven by China's "Double Carbon Goal" strategy, the demand for rare earth permanent magnet materials is increasing, especially for electric vehicles, wind power generation, industrial robots, consumer electronics and medical devices. The conclusion is made by Antaiko

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<sup>6</sup> Information obtained from data published from The State Council of the P.R.C., [https://www.gov.cn/xinwen/2021-05/27/content\\_5613268.htm](https://www.gov.cn/xinwen/2021-05/27/content_5613268.htm) (last accessed on July 15th).

<sup>7</sup> Information obtained from data published from The Central People's Government of the P.R.C., [https://www.gov.cn/zwgk/2010-10/18/content\\_1724848.htm](https://www.gov.cn/zwgk/2010-10/18/content_1724848.htm) (last accessed on July 15th).

based on China's industry development of permanent magnet materials and related end using products.

Generally, the value of the rare earth industry chain is distributed in the entire industry chain from mining to smelting and separation, and then to functional materials. According to the data from the China Rare Earth Industry Association, based on the proportion of the value contributed by each segment of the value chain, the rare earth mining industry accounts for 17%, smelting and separation occupies 27%, and the downstream of rare earth functional materials contributes 56%.

Table RE-3 China rare earth industrial chain production value

	Proportion
Rare earth functional materials	56%
Rare earth smelting and separation	27%
Rare earth mine	17%

Source: China Rare Earth Industry Association

## 2. Global rare earth resources and distribution

In addition to China which has relatively rich rare earth resources, more than 30 countries and regions such as the United States, Vietnam, Brazil, Australia, Russia, India, Myanmar and Malaysia have their own rare earth resources. Although there are many countries with proven rare earth resources, the distribution of rare earth resources with economic exploitation value is not uniform that are economically feasible to extract varies, which are mainly concentrated in a few countries and regions such as China, the United States, Australia, Brazil, India, Russia, Myanmar and Vietnam<sup>8</sup>.

Table RE-4 2024 Global Rare Earth Mineral Reserve for Major Countries

Country	Reserves/t	Proportion of the total world
China	44,000,000	48.4%
Brazil	21,000,000	23.1%
India	6,900,000	7.6%
Australia	5,700,000	6.3%
Russia	3,800,000	4.2%
Vietnam	3,500,000	3.9%
United States	1,900,000	2.1%
Greenland	1,500,000	1.7%
Tanzania	890,000	1.0%
Canada	830,000	0.9%
South Africa	860,000	0.9%
World total	90,000,000	100.0%

Source: USGS, Antaiko

With the improvement of rare earth mining technology and the increasing demand for rare earth products, several countries have increased the exploration of rare earth resources, and some new rare earth deposits have been discovered. Therefore, the global reserve structure of rare earth resources has also changed over time. For example, Vietnam, Brazil and some other countries have discovered new rare earth resources. Vietnam has proven several mid and large-sized rare earth deposits and has become the world's second largest rare earth resources country bringing a significant impact on the global rare earth resource distribution pattern. The increasingly diversified distribution pattern of rare earth reserves is deepening.

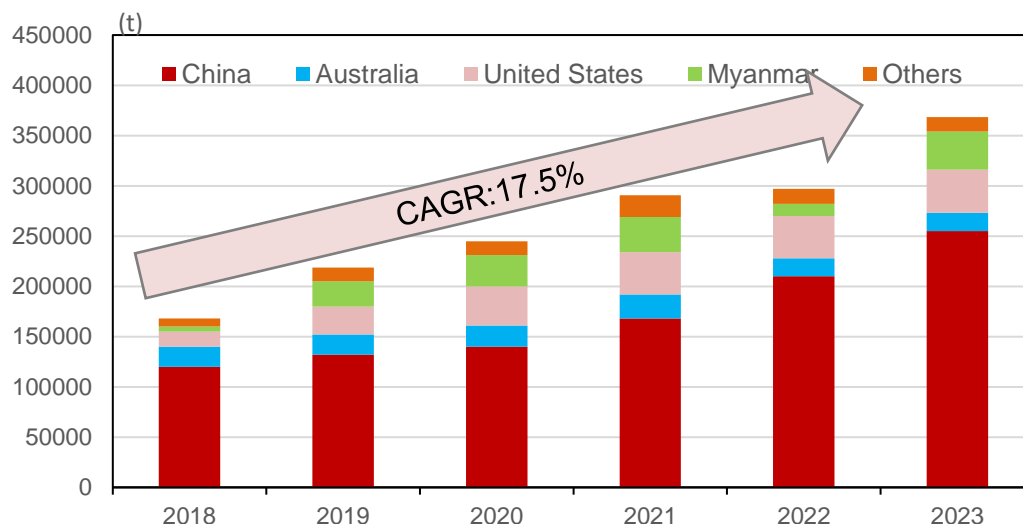
<sup>8</sup> Information obtained from the data as of 2024 published by United States Geological Survey (USGS), the world's proven reserves of rare earth resources reached 90 million tonnes.

### 3. Global rare earth mining, smelting and separation production

#### 3.1 Rare earth mine production

##### 3.1.1 World

From 2018 to 2023, the global rare earth mine production grew rapidly and experienced continuous growth, with an average annual growth rate ("CAGR") of 17.5%, and the combined output of China, the United States, Australia and Myanmar accounts for about 95.0% of the global production total, making these countries the main suppliers of rare earth minerals in the world. Information obtained from data published from USGS, the global rare earth mine production was about 368kt (hereinafter referred to as REO) in 2023, representing a year-on-year increase of 24.0%. Among all the producing countries, China's rare earth mine production was 255 kt, a year-on-year increase of 21.4%, accounting for 69.2% of the global total; The United States produced 42 kt, almost the same as the production in the previous year in 2022, accounting for 11.7% of the global total; Australia produced about 18 kt, similar to 2022, accounting for 4.9% of the global total; Production in Myanmar increased significantly to about 38 kt, up by 208% year on year, accounting for nearly 10.3% of the global total. Meanwhile, the mine production in Russia, Brazil, India, Thailand and other countries totalled 14 kt, accounting for about 4% of the global total.



Source: USGS Antaiko

Country	2018	2019	2020	2021	2022	2023	2024
China	120,000	132,000	140,000	168,000	210,000	255,000	270,000
United States	15,000	28,000	39,000	42,000	42,000	43,000	45,000
Australia	20,000	20,000	21,000	24,000	18,000	18,000	13,000
Myanmar	5,000	25,000	31,000	35,000	12,000	38,000	31,000
Others	8,000	13,776	13,700	21,660	14,920	14,320	31,000
Total	168,000	218,776	244,700	290,660	296,920	368,320	390,000

Chart RE-4 Global rare earth mine production in 2018-2024

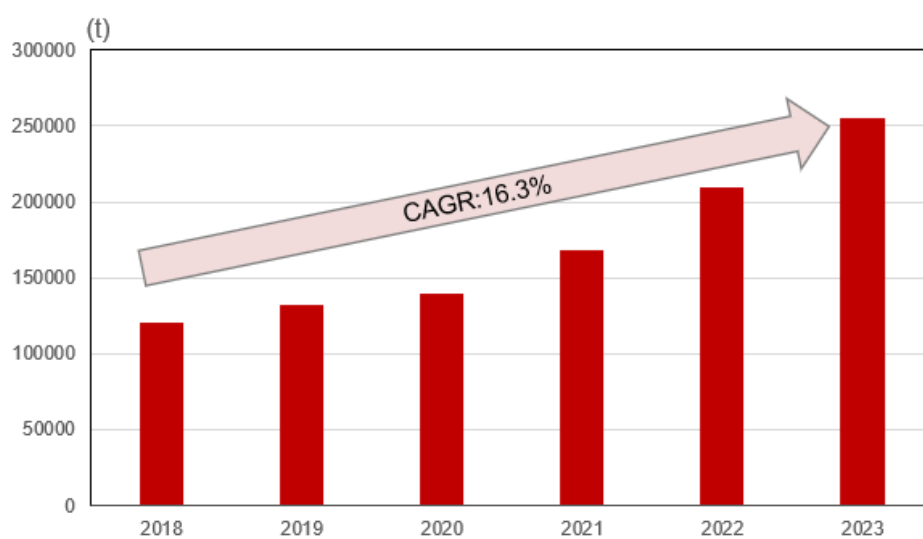
In 2024, the world total rare earth mine production was about 390kt, an increase of 6% year-on-year. China, the United States and Myanmar rank the top 3, about 270,000 tons, 45,000 tons and 31,000 tons respectively, accounting for 68.5%, 11.4% and 7.9% of the global total. Australia, Nigeria and Thailand are tied for fourth, with a production of 13kt, accounting for 3.3%, respectively. Compared with 2023, Nigeria and Thailand's rare earth production increased



significantly by 80.6% and 261.1% year on year in 2024, and China and the United States also increased to varying degrees by 5.9% and 8.2% in 2024 compared with 2023.<sup>9</sup>

### 3.1.2 China

China's rare earth ore production adopts the measure of production quota, and the annual rare earth ore production indicators are jointly issued by the Ministry of Industry and Information Technology of P.R.C. (MIIT) and the Ministry of Natural Resources of P.R.C. (DNR) to domestic rare earth enterprises every year. From 2018 to 2023, China's rare earth ore production continued to grow, with an CAGR of 16.3%, and the output reached 255 kt in 2023, an increase of 21.4% year on year. Among the total output, mineral type rare earth ore production quota was 235,850 tonnes in the year, an increase of 23.6% year on year; while the production quota of ionic clay rare earth ore was 19,150 tonnes, maintaining the level of the previous year.



Source: MIIT, DNR

	2018	2019	2020	2021	2022	2023	2024
China total	120,000	132,000	140,000	168,000	210,000	255,000	270,000

Chart RE-5 China's rare earth mine production quota in 2018-2024

In 2024, China's rare earth ore production quota further increased to 270 kt, including 250,850 tonnes of mineral type rare earth ore and 19,150 tonnes of ionic clay rare earth ore.

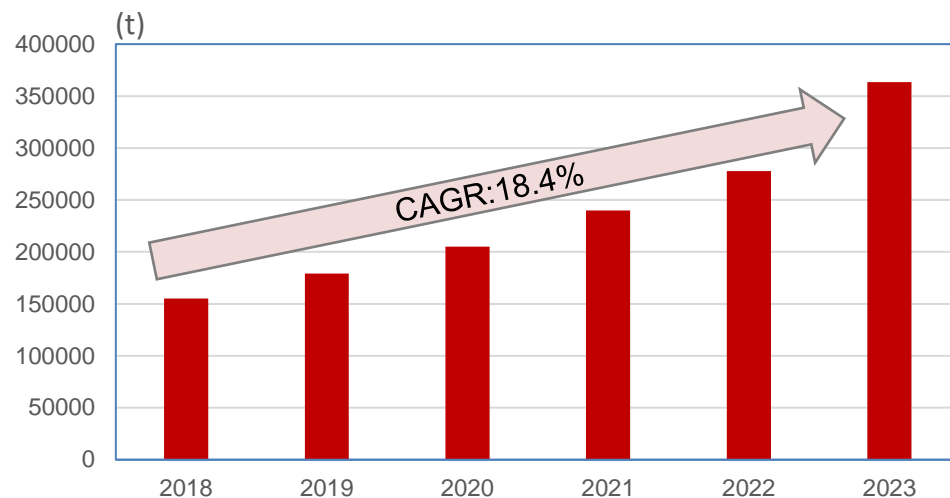
Rare earth smelting and separation production

### 3.1.3 World

Currently, the world's existing rare earth smelting and separation capacity is nearly 400 kt/y, which is mostly in China, Malaysia, Estonia and the United States. China's capacity accounts for about 90% of the global total. From 2018 to 2023, driven by demand, global rare earth oxide production continued to grow, with an CAGR of 18.4%. In 2023, the global production of rare earth smelting and separation products was about 363 kt, an increase of nearly 31%. Among key production countries, China produced 340kt, an increase of 31%; Malaysia produced about 14 kt, down by

<sup>9</sup> Information obtained from data published from U.S. Geological Survey, Mineral Commodity Summaries, January 2025, <https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-rare-earths.pdf> (last accessed on July 15th).

15.6% compared with the previous year in 2022; Estonia produced about 2 kt almost unchanged against the previous year.



Source: Antaiko, Public Data

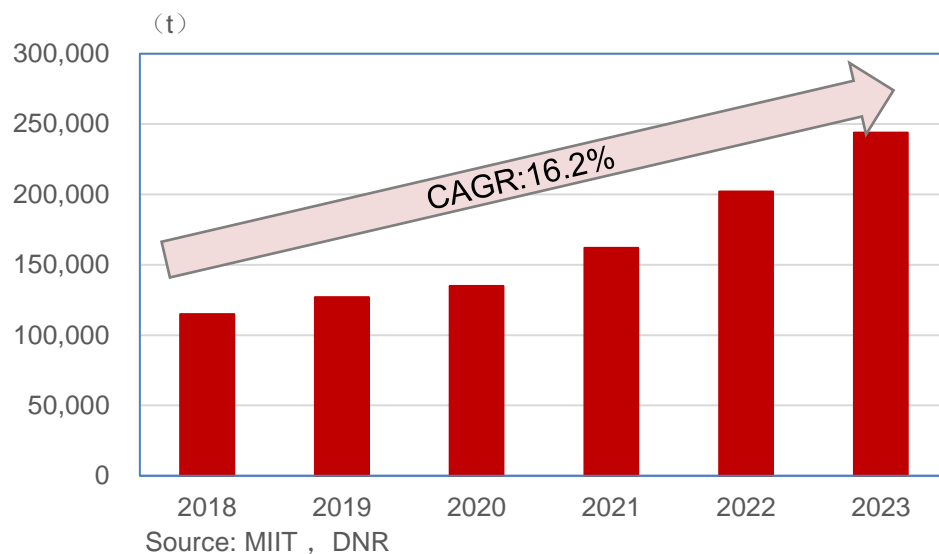
	2018	2019	2020	2021	2022	2023	2024
World total	155,007	179,154	205,194	239,828	277,700	363,356	402,000

Chart RE-6 Global rare earth smelting & separation production in 2018-2023

In 2024, the global production of rare earth smelting and separation products was about 402 kt. Among key production countries, China produced 380kt in 2024, accounting for 94.6% of world total; Malaysia produced about 12.3 kt, accounting for 2.8%; the United States produced 7.8 kt, accounting for 1.9%.

#### 3.1.4 China

The production of rare earth smelting and separation products in China adopts the measure of production quota, and the annual production indicators of rare earth smelting and separation products are jointly issued by the Ministry of Industry and Information Technology of P.R.C. (MIIT) and the Ministry of Natural Resources of P.R.C. (DNR) to domestic rare earth enterprises. From 2018 to 2023, in order to meet the growing demand of the market, China's smelting and separation production quota continued to grow, with an CAGR of 16.2%. In 2023, it reached 243,850 tonnes. In addition to using domestically mined ores, China also imports and processes rare earth containing raw materials from the United States, Southeast Asia, Africa and other regions. It is estimated that China's production of rare earth smelting and separation products, which would be further refined to produce rare earth oxide products, was nearly 340 kt in 2023, of which nearly 100 kt was depending on imported materials.



Quotas	2018	2019	2020	2021	2022	2023
total	115,000	127,000	135,000	162,000	202,000	243,850

Chart RE-7 China's rare earth smelting & separation quotas in 2018-2023

In 2024, China's smelting and separation production quota further increased to 254 kt, increasing by 4.2% year-on-year. It is estimated that China's production of rare earth smelting and separation products which would be further refined to produce rare earth oxide products, was nearly 380 kt in 2024, of which nearly 126 kt was depending on imported materials.

#### 4. Rare earth consumption in major countries

Global rare earth consumption is relatively concentrated in both geographical distribution and consumption field distribution. From a regional perspective, rare earth consumption is mainly concentrated in China, the United States, Japan and Europe. Based on the research of Roskill Information Services Limited, China accounted for 83% of the global total rare earth consumption in 2022; Japanese consumption accounted for about 11%; the United States consumption accounted for about 4%; Europe and other regions took the remainder 2%. From the perspective of types of rare earth materials, rare earth functional materials account for 82% of total rare earth consumption. Of which, rare earth permanent magnet materials account for about 49%; catalytic materials account for 12%; polishing materials account for 10%; battery materials account for 10%; and optical function materials account for 1%. Further, metallurgy, glass, ceramics and other traditional application areas jointly occupy 18% of the total.

Table RE-5 Global rare earth consumption structure

Region	2022
China	83%
Japan	11%
United States	4%
Europe and other Regions	2%

Segment	2022
permanent magnetic materials	49%
catalysts	12%
polishing	10%
Hydrogen storage alloy	10%
glass	5%
ceramics	3%
phosphors	1%
steel additives	1%
other	9%

Source: Roskill Information services Limited

##### 4.1 The United States

As one of the world's major rare earth consumers, the United States relies on foreign rare earth supply sources as much as 95%. Information obtained from data published by USGS's 2024 annual report, 74% of U.S. rare earth compounds and metals import sources (2019-2022)<sup>10</sup> include China 72%, Malaysia 11%, Japan 6%, Estonia 5% and other 6%. From the perspective of consumption, the largest rare earth consumption area in the United States is catalytic materials, accounting for about 74%; ceramics and glass accounted for 10%; metallurgy and alloys accounted for 6%; polishing materials accounted for 4%; and other fields accounted for 6%.

<sup>10</sup> Information obtained from data published from U.S. Geological Survey, Mineral Commodity Summaries, January 2025, <https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-rare-earths.pdf> (last accessed on July 15th).

Table RE-6 U.S. rare earth consumption structure

Segment	2021
catalysts	74%
metallurgical applications and alloys	6%
ceramics and glass	10%
polishing	4%
other	6%

Source: USGS

#### 4.2 Japan

Japan is the world's second largest rare earth consumer following China, while its rare earth supply is fully dependent on imports. According to the statistics of Japan's Publication - "Industry Rare Metals (工業レアメタル) No. 139 2023", Japan's rare earth consumption maintained at about 20 kt in recent years, and the consumption in 2023 was about 22 kt. Among the usage of rare earth materials, the largest consumption area is rare earth permanent magnet materials, accounting for about 26.6%, followed by hydrogen storage materials, accounting for 20.2%; polishing materials accounted for about 18%; catalytic materials accounted for about 15.4%; optical function materials accounted for about 4.1%.

Table RE-7 Japan's rare earth consumption structure in 2023

Segment	2023
Hydrogen storage alloy	20.2%
permanent magnetic materials	26.6%
phosphors	4.1%
catalysts,	15.4%
polishing	18.0%
other	15.7%

Source: Industry Rare Metals (工業レアメタル) No. 139 2023

#### 4.3 China

As the world's largest rare earth consumer, China's consumption sector is mainly rare earth functional materials, accounting for about 94% of the total consumption. Among them, rare earth permanent magnet materials are the largest consumption field, accounting for 56.3%; followed by polishing materials, accounting for 27.6%; catalytic materials accounted for 6.6%; hydrogen storage alloys accounted for 2.5%; optical function materials accounted for 0.7%. In 2023, China's rare earth permanent magnet materials output reached 280 kt, increasing by 16% year on year. The data are calculated by Antaiko on the basis of statistics published by the Association of China Rare Earth Industry. In 2024, Antaiko estimated China's rare earth permanent magnet materials output reached 300 kt.

Table RE-8 China's rare earth consumption structure

Segment	2022
permanent magnetic materials	56.3%
polishing	27.6%
phosphors	0.7%

Hydrogen storage alloy	2.5%
catalysts	6.6%
ferro-silicon alloy	2.9%
other	3.4%

Source: Association of China Rare Earth Industry

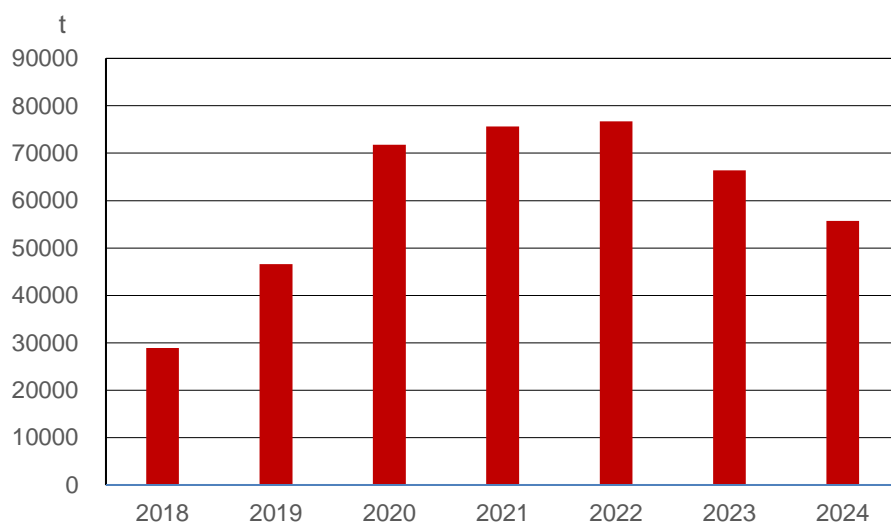
## 5. China's rare earth trade status

### 5.1 Import

Since 2018, China has transitioned from a net exporter of rare earth products to a net importer, and the import of primary processed products such as rare earth concentrates and rare earth compounds mainly from the United States and Southeast Asia has increased significantly, making China a major importer of rare earth raw materials.

#### 5.1.1 China rare earth concentrate imports

In recent years, China's imports of rare earth concentrate mainly from the United States, accounting for 99.7% of China's total imports of the material. After the Mountain Pass mine in the United States resumed production in 2018, the output increased year by year, and the concentrate was exported to China for further smelting and separation. Due to the pilot production of its supporting smelting separation project in the third quarter of 2023, exports to China declined slightly. In 2023, China's import of rare earth concentrate was 66 kt, down by 13.5% year-on-year.



	2018	2019	2020	2021	2022	2023	2024
Exports	28,918	46,598	71,803	75,671	76,751	66,415	55,712

Chart RE-8 China's rare earth concentrate imports in 2018-2024

In 2024, China imported 55.7 kt of rare earth concentrate, decreasing by 16.1% year-on-year.

#### 5.1.2 China rare earth smelting and separation products imports

In 2023, China imported 109 kt of rare earth smelting and separation products (containing rare earth metals, oxides and compounds), an increase of 143.8%, and the import value was USD1.89 billion, an increase of 80.42%. In the import of smelting products, rare earth compounds accounted for the largest proportion, 58.8%, followed by rare earth oxides, accounting for 40.9%.

In 2023, China's import of rare earth compounds was 64 kt, an increase of 116.2%. From the perspective of imported varieties, the imports of unspecified rare earth metals and their mixtures were 44 kt, accounting for 68.1% of China's total imports of rare earth compounds; Mixed rare earth carbonate imports were 15 kt, accounting for 23.4%. Southeast Asian countries such as Myanmar, Malaysia, Laos and Vietnam account for 47.7%, 27.1%, 16.7% and 4.6% of the total imports of rare earth compounds, respectively.

Table RE-9 China's rare earth compounds imports structure

Segment	2023
unspecified rare earth metals and their mixtures	68%
mixed rare earth carbonate	24%
cerium carbonate	4%
mixed rare earth chloride	4%

Source: China Customs

According to China Customs, in 2023, China imported 45kt of rare earth oxides, which was a significant increase of 1,048.9% from 2022. In terms of types of imported rare earth oxides, the unspecified rare earth oxide (HS code: 28469019) (HS CODE is the abbreviation of the Harmonized System of Commodity Names and Codes. The Harmonization System Code (HS-Code) was developed by the International Customs Council.) accounted for 98.2% of the total import of rare earth oxides; Neodymium oxide was next, accounting for 0.7% of total imports. In terms of the source of imports, the import of rare earth oxides is mainly from Myanmar, nearly 42kt, accounting for 93.3%, followed by Malaysia, with imports of 1,564 tonnes, accounting for 3.5%. The import data are published by China Customs, which doesn't indicate whether the imports were from Lynas. In addition, there are a small number of rare earth oxides imported from Japan, Vietnam, Laos and other countries.

Table RE-10 China's rare earth oxides imports structure

Segment	2023
unspecified rare earth oxide	98%
others	2%

Source: China Customs

Compared with the other two series of smelting products (oxides and compounds), the import of rare earth metals and alloy products is very small. In 2023, to achieve a year-on-year increase of 1,048.9%, the total amount required for imports was only 255 tonnes of rare earth metals and alloy products, increasing by 564.9% on a yearly basis, which amounts to USD20.37 million. From the perspective of imported varieties, the "other rare earth metals, scandium and yttrium have been mixed or fused with each other" accounted for 99.8% of total rare earth metals and alloy products imports. The main sources of imports were Vietnam (87.1%) and Japan (12.7%). In 2024, China imported 77.2 kt of rare earth smelting and separation products (containing rare earth metals, oxides and compounds), an decrease of 29.3% year-on-year, and the import value was USD 1.4 billion USD, an decrease of 25.7% year-on-year. In the import of smelting products, rare earth oxides accounted for the largest proportion, 64.3%, followed by rare earth compounds, accounting for 35.3%.<sup>11</sup>

### 5.1.3 China rare earth permanent magnets imports

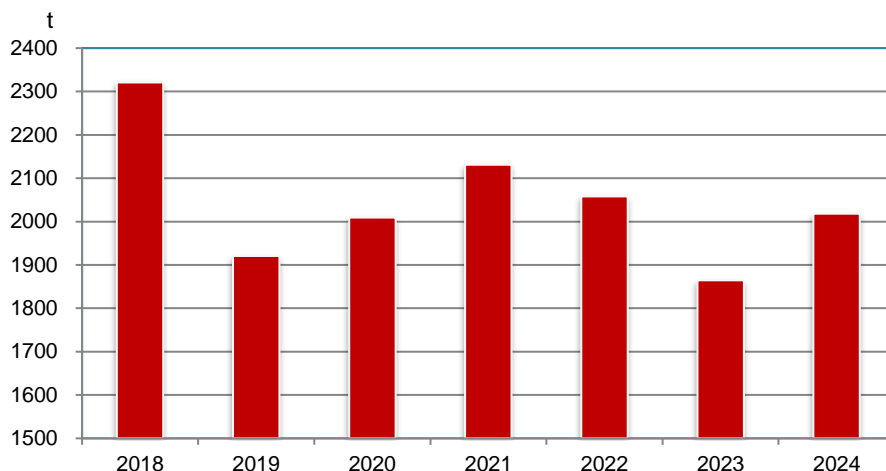
In 2023, China imported 1,864 tonnes of rare earth permanent magnets, a year-on-year decrease of 9.4%.

China's rare earth permanent magnet import sources mainly include Japan, Malaysia, Vietnam and the Philippines, and the imports from the above four countries reached 595 tonnes, 299 tonnes, 292 tonnes and 267 tonnes, respectively, accounting for 31.9%, 16%, 15.6% and 14.3% of China's

<sup>11</sup> Information obtained from data published from the General Administration of Customs of the P.R.C., <http://stats.customs.gov.cn/> (last accessed on July 15th).



total rare earth permanent magnet material imports. In 2024, China imported 2,018 tonnes of rare earth permanent magnets, a year-on-year increase of 8.3%.



	2018	2019	2020	2021	2022	2023	2024
Exports	2,321	1,921	2,009	2,131	2,058	1,864	2,018

Chart RE-9 China's rare earth permanent magnet materials imports

#### Export

China's exports of rare earth products are mainly compounds, oxides, metals, magnetic materials and other high value-added products. The main export destinations include Japan, the United States, the European Union and some other regions, according to Antaiko's research on the basis of China's import and export statistics from China Customs.

##### 5.1.4 China rare earth smelting and separation products exports

In 2023, China exported about 52 kt of rare earth smelting and separation products (containing rare earth metals, oxides and compounds), an increase of 7.3%, involving an export amount of USD 790 million, down 23.7%. In the export of smelting products, the proportion of rare earth compounds is the largest at 42.7%; The second was rare earth oxides, which accounted for 39.7%. Rare earth metals accounted for the smallest share of exports at 17.6%. In terms of net trade for each type of rare earth oxides / metals, China's rare earth oxides and rare earth compounds are net imports, while rare earth metals are net exports.

In 2023, China's export volume of rare earth compounds was 22kt, an increase of 25.0%, and net import volume reached 42kt. In terms of exports, lanthanum carbonate export volume is the largest (6203 tonnes), accounting for 28.3%; Followed by cerium carbonate (4,349 tonnes), accounting for 19.8%; The second was mixed rare earth chloride (2,844 tonnes), accounting for 13.0%. China's main exports of rare earth compounds are the United States, Taiwan, the Netherlands and Japan, accounting for 27.7%, 24.9%, 17.3% and 10.8%, respectively. Other export regions include Russia (4.6%), South Korea (3.0%), France (2.9%) and so on.

Table RE-11 China's rare earth compounds export structure

Segment	2023
lanthanum carbonate	28%
cerium carbonate	20%
mixed RE chloride	13%

other RE chloride	10%
other cerium compound	8%
lanthanum chloride	7%
other RE carbonate	7%
others	7%

Source: China Customs

In 2023, China's exports of rare earth oxides were about 20,600 tonnes, down 5.4% year-on-year. In terms of exports, lanthanum oxide accounted for the largest proportion, 46.7% (9,625 tonnes), followed by unspecified rare earth oxide, accounting for 21.5% (4,421 tonnes), cerium oxide exports ranked third, accounting for about 15.3% (3,144 tonnes), yttrium oxide exports accounted for about 12.6% (2,600 tonnes) of total oxide exports, ranking fourth. China's rare earth oxides are mainly exported to the United States and Japan. Among them, the United States accounted for 30.4% (6,171 tonnes) of China's total oxide exports; Japan accounted for 24.7% (5,080 tonnes) of China's total oxide exports. Other major export countries and regions of China's rare earth oxides include Taiwan (6.2%), South Korea (6.0%), Brazil (5.9%), Italy (5.3%), the Netherlands (4.6%), and Russia (3.5%).

Table RE-12 China's rare earth oxides exports structure

Segment	2023
lanthanum oxide	47%
unspecified rare earth oxide	21%
cerium oxide	15%
yttrium oxide	13%
other	4%

Source: China Customs

In 2023, China's export volume of rare earth metals and alloys was 9,427 tonnes, an increase of 3.4%, and the export amount was about USD310 million, a decrease of 20%. In terms of exports, the export volume of "other rare earth metals, scandium and yttrium, which have been mixed or fused with each other" was 5024 tonnes, accounting for 53.1%; lanthanum export was 3,097 tonnes, accounting for 32.8%. Japan is China's largest importer of rare earth metals and alloys with a total export of 5,769 tonnes of rare earth metals to Japan, accounting for 61% of China's total export of rare earth metals. The rest were India 928 tonnes, accounting for 9.8%; Netherlands 815 tonnes, accounting for 8.76%; The United States 300 tonnes, 3.2%.

Table RE-13 China's rare earth metals export structure

Segment	2023
other RE metals, scandium and yttrium mixed or fused with each other	53%
lanthanum metal	33%
others	14%

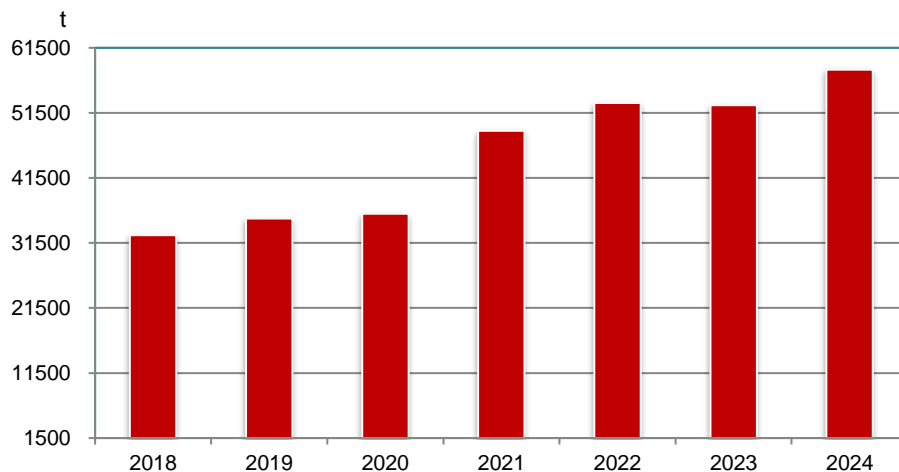
Source: China Customs

In 2024, China exported about 55 kt of rare earth smelting and separation products (containing rare earth metals, oxides and compounds), an increase of 6.5%, while the export amount decreased by 45.6% of export amount to USD430 million. In the export of smelting products, the

proportion of rare earth compounds is the largest at 42%; The second was rare earth oxides, which accounted for 41.9%.

#### 5.1.5 China rare earth permanent magnets exports

In 2023, China exported about 53kt of rare earth permanent magnet materials, a year-on-year decrease of 0.62%. The main destinations and proportion are: Germany 8,818 tonnes, accounting for 16.7%; The United States 7,341 tonnes, accounting for 13.9%; South Korea 5,965 tonnes, accounting for 11.3%. In 2024, China exported about 58kt of rare earth permanent magnet materials, a year-on-year increase of 10.4%.



	2018	2019	2020	2021	2022	2023	2024
Exports	32,696	35,269	36,003	48,762	53,018	52,690	58,000

Chart RE-10 China's rare earth permanent magnet materials exports in 2018-2024

## 6. Overview of world's major rare earth production enterprises

### 6.1 MCRE Resources Sdn Bhd in Malaysia

The Malaysia's mining company - MCRE Resources Sdn Bhd ("MCRE") was incorporated on 3 April 2020. It is authorized to operate the Gerik Ionic Adsorption Clay Rare Earths Project ("the Gerik project") activities.

In September 2022, MCRE initiated a pilot in-situ leach mining operation on total area of approximately 2,161 hectares. It has successfully begun the leaching and processing production of rare earth carbonates. As a unique competitive strength, it is the only producing mine in Malaysia that has exported its rare earth carbonate to China Rare Earth Group Co., Ltd. since February 2023. Unlike MCRE, another major rare earth producer in Malaysia – Lynas Rare Earths Limited's ("Lynas") Kuantan plant is not a rare earth mining project, which only processes rare earth ores from Australia.

Gerik mine is an ion-adsorption rare earth mine, while Weld mine of Lynas is a rock-ore type rare earth mine. The main difference is that the content of medium and heavy rare earth elements in ion adsorption rare earth mine is much higher than that in rock-ore type rare earth mine. Due to scarcity and irreplaceability, the market prices of medium and heavy rare earth elements (such as Dy and Tb) are much higher than light rare earth (such as Pr and Nd).<sup>12</sup> In 2024, the average annual price of Dy oxide in China was 1.84 million yuan/t; that of Tb oxide was 5.77 million yuan/t. Meanwhile, the average annual price of PrNd oxide was lower than 0.4 million yuan/t in 2024, according to statistics compiled by Antaika from public sources.

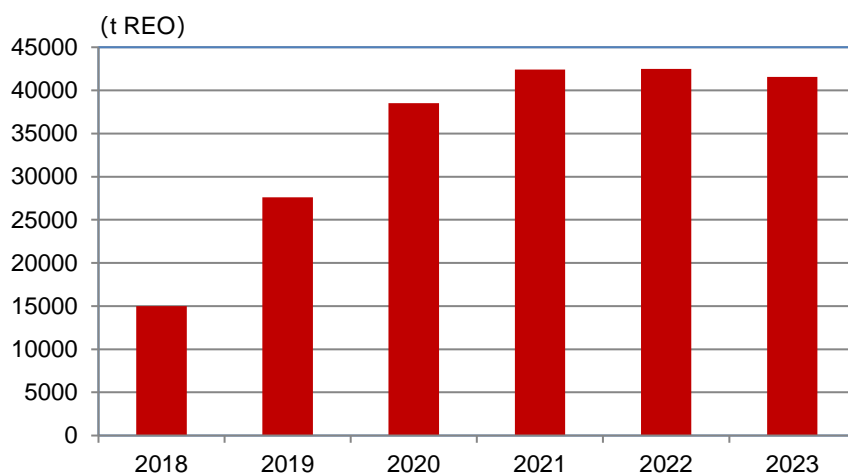
### 6.2 MP Materials of the United States

MP Materials was founded in June 2017 by the US consortium JHL holding 65%, QVT holding 25% and Shenghe Resources holding 10%.

According to information in MP Materials' website, the company's Mountain Pass mine has a capacity of 40 kt/y, and since the resumption of production in January 2018, the output has continued to rise. The output was 43 kt in 2023 (REO), and the rare earth concentrate output was mainly exported to China for further smelting and separation. In August 2023, the smelting and separation line began trial operation and produced 50 tonnes of Pr-Nb oxide in the third quarter. At the same time, the company's magnetic material production facility in Fort Worth, Texas, was also under construction, with a capacity of 1kt per year. Over the next 4 years, the company plans to increase production of rare earth concentrate by 50% to 60 kt/y. In 2024, MP Materials produced 45,455 tonnes of rare earth concentrate (REO) in 2024.<sup>13</sup>

<sup>12</sup> Information obtained from data published from Lynas Rare Earths, <https://lynasrareearths.com/mt-weld-western-australia-2/> (last accessed on July 15th).

<sup>13</sup> Information obtained from data published from MP Materials, <https://mpmaterials.com/news/mp-materials-reports-fourth-quarter-and-full-year-2024-results> (last accessed on July 15th).



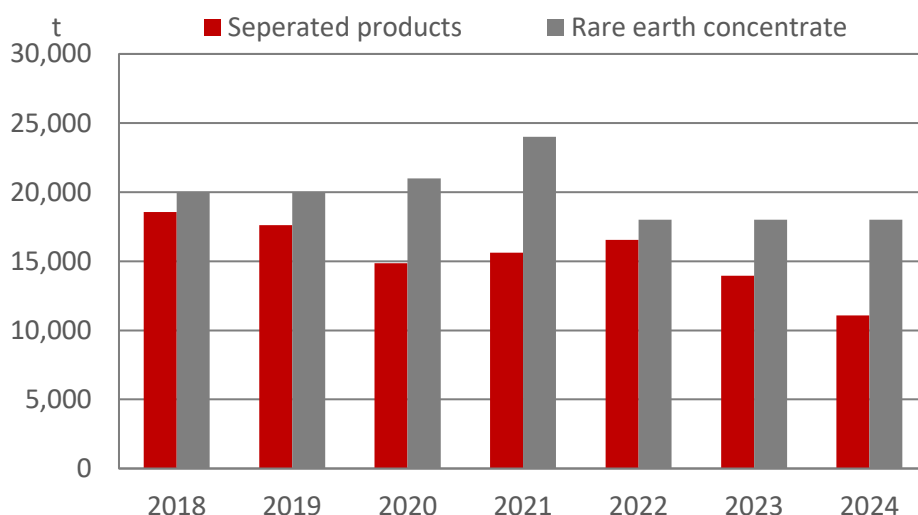
Source: MP Material

	2018	2019	2020	2021	2022	2023	2024
Production	15,000	27,620	38,503	42,413	42,499	41,557	45,455

Chart RE-11 MP Materials' RE concentrate production in 2018-2024

#### Lynas Co. Of Australia

Lynas' Mount Weld mine (Mount Weld) is located in western Australia with an annual output of about 24kt. The company's smelting and separation plant is located in Kuantan, Malaysia (Lynas is not operating a producing mine in Malaysia, but only processing) with an existing capacity of 25 kt/y. After the plant was put into operation in 2012, its production continued to increase, and in 2018 the production of rare earth oxides reached a record high of 18,600 tonnes, of which the Pr-Nd oxides accounted for 30%. Now, the company's products are mainly exported to Japan, China, the United States and Europe. In 2023, the company's rare earth oxides output decreased by 15.6% year-on-year to 14kt, and the main reason for the decline was due to the equipment upgrade project in the fourth quarter.



	2018	2019	2020	2021	2022	2023	2024
RE concentrate	20,000	20,000	21,000	24,000	18,000	18,000e	18,000e
RE oxide	18,556	17,613	14,864	15,616	16,552	13,960	11,072

Chart RE-12 Lynas's RE concentrate & oxide production in 2018-2024

In recent years, Lynas has continued to build new facilities at home and in the United States to expand capacity, and plans to increase production of Pr-Nd oxide by 50% to 10,500 tonnes per year by 2025 or earlier. This includes the company's new Kalgoorlie rare earth preliminary processing plant in Australia that has been put into production at the end of 2023, and the mixed rare earth carbonates products will be gradually shipped to the Malaysian plant from late March 2024. The project cost about AU\$730 million, and the Pr-Nd oxide nominal capacity in mixed rare earth carbonate is 9,000 t/y.

Lynas' Mt Weld mine has 55 million tonnes of resources and a TREO grade of 5.4%, which implies 3 million tonnes of REO content. It is now investing US\$ 500 million in expansion, and plans to increase the capacity of Pr-Nd oxide in concentrate by 70% in 2024, from the current 7 kt/y to 12 kt/y.

Lynas is now constructing a rare earth separation project in Seadrift, Texas, in the United States, which is scheduled to be commissioned between July 2025 and June 2026. The U.S. Department of Energy allocated US\$ 258 million for heavy rare earth plants and US\$ 30.4 million for light rare earth plants. After completion, the rare earth separation project will have a heavy rare earth capacity of about 2.5-3 kt/y and a light rare earth capacity of 5 kt/y (including 1,250 t/y of Pr-Nd oxide). The mixed rare earth carbonates demand from the US plant will be met by Lynas' Kalgoorlie rare earth preliminary processing plant. All the information and data was published in Lynas' website.

In 2024, Lynas produced 11,072 tonnes of rare earth oxide..

### 6.3 China's major rare earth producer

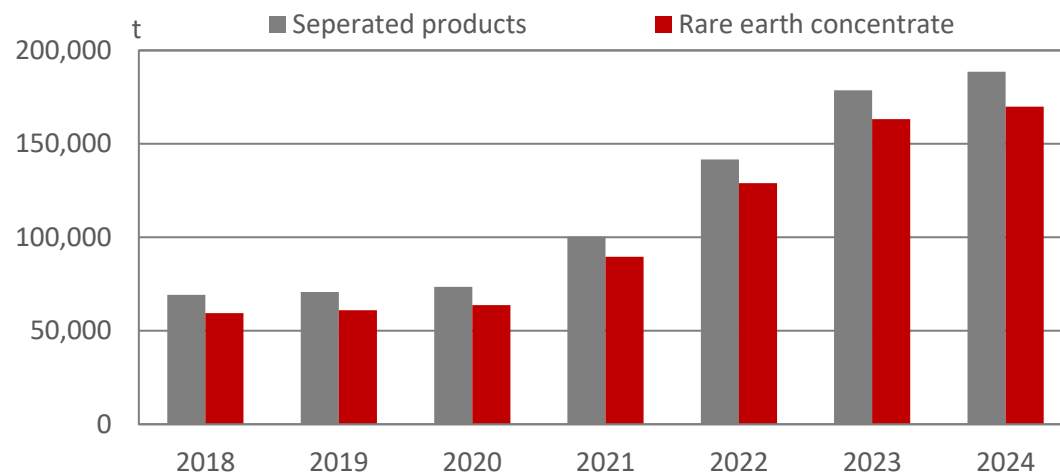
#### 6.3.1 China Northern Rare Earth (Group) High-Tech Co., Ltd. (producer of carbonatite type rare earth ore)

China Northern Rare Earth (Group) High-Tech Co., Ltd. (Northern Rare Earth) was founded in 1961, and headquartered in Baotou City, Inner Mongolia Autonomous Region of China. It is the holding subsidiary of Baotou Steel Group, which was listed on the Shanghai Stock Exchange in 1997. The company has built the world's largest rare earth raw material production base and rare earth functional materials manufacturing base. Baiyunebo Mine under Baotou Steel Group is a polymetallic mine. The main minerals and elements are iron, rare earth, fluorite, niobium, scandium, thorium, etc. It is widely known as the world biggest rare earth mine. The company's existing rare earth smelting and separation capacity is 120 kt/y; the capacity of rare earth metals is 16 kt/y; the magnetic material capacity is 41 kt/y; the polishing material capacity is 32 kt/y; the hydrogen storage material capacity is 8,300 t/y; the catalytic material capacity is 12,000 cubic meters/year; the nickel-metal hydride power battery capacity is million sets per year. In general, the company has built a whole industrial chain from rare earth smelting and separation to deep processing of new materials, and further to terminal application.

In 2023, the rare earth mine production quota of the company was 178,650 tonnes, an increase of 37 kt over the previous year, accounting for 70% of China's total. The quota of smelting and separation products was 163,234 tonnes in 2023, an increase of 34,300 tonnes over the previous year, accounting for 67% of China's total. The production quota of rare earth mining and smelting and separation is issued by Ministry of Industry and Information Technology of P.R.C. (MIIT).

In 2024, the rare earth mine production quota of the company was 188,650 tonnes, an increase of 10 kt over the previous year, accounting for 70% of China's total. The quota of smelting and

separation products was 170,001 tonnes in 2024, an increase of 6,767 tonnes over the previous year, accounting for 67% of China's total.



	2018	2019	2020	2021	2022	2023	2024
RE concentrate	69,250	70,750	73,550	100,350	141,650	178,650	188,650
Separated products	59,484	60,984	63,784	89,634	128,934	163,234	170,001

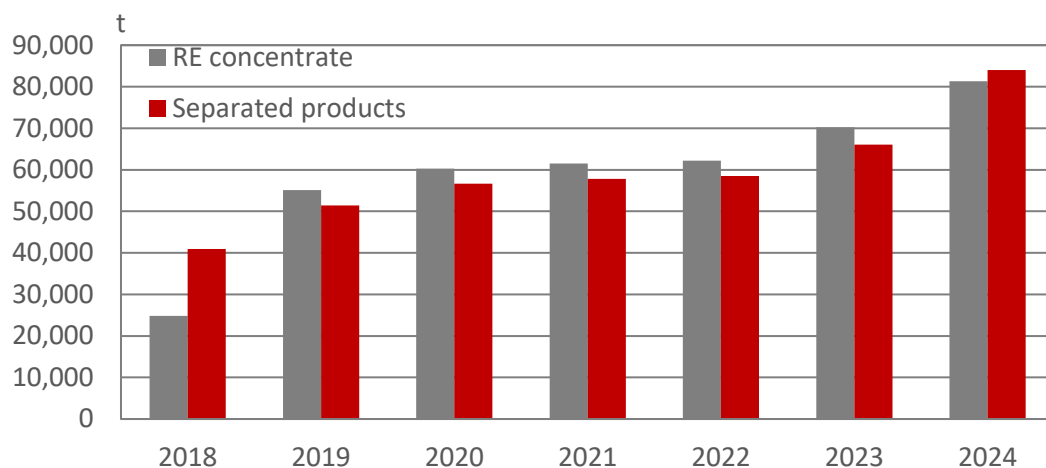
Chart RE-13 Northern Rare Earth's RE concentrate & oxide production quota in 2018-2024

#### 6.3.2 China Rare Earth Group Co., Ltd. (producer of ion absorption type rare earth ore)

Established in December 2021, China Rare Earth Group Co., Ltd. (REGCC) is jointly funded by the State-owned Assets Supervision and Administration Commission of the State Council, Aluminum Corporation of China Limited, China Minmetals Corporation Limited, China Iron & Steel Research Institute Group Co., Ltd., China Grinm Group Co., Ltd., and Ganzhou Rare Earth Group Co., Ltd., headquartered in Ganzhou, Jiangxi Province, China. In the two years since its establishment, REGCC has successively integrated and reorganized rare earth enterprises in Sichuan, Hunan, Fujian, Guangdong, Yunnan, etc, and become the largest medium and heavy rare earth production enterprise in China.

In 2023, REGCC's rare earth mine production quota was 70,210 tonnes, of which, 57,200 tonnes was rock rare earth ore, up by 8 kt year on year, and 13,010 tonnes was ionic rare earth ore, unchanged compared with the previous year. The smelting and separation products quota was 66,049 tonnes in the same year, an increase of 7,550 tonnes over the previous year. The production quota of rare earth mining and smelting and separation is issued by Ministry of Industry and Information Technology of P.R.C. (MIIT).

In 2024, REGCC's rare earth mine production quota was 81,350 tonnes, of which, 62,200 tonnes was rock rare earth ore, up by 5 kt year on year, and 19,150 tonnes was ionic rare earth ore, up by 6,140 tonnes compared with the previous year. The smelting and separation products quota was 83,999 tonnes in the same year, an increase of 17,950 tonnes over the previous year.



	2018	2019	2020	2021	2022	2023	2024
RE concentrate	24,860	55,110	60,310	61,510	62,210	70,210	81,350
Separated products	40,949	51,449	56,649	57,799	58,499	66,049	83,999

Chart RE-14 REGCC's RE concentrate & oxide production quota in 2018-2024



## 7. Policies for rare earth

### 7.1 The United States

In order to ensure the supply of rare earth raw materials, the United States has introduced a number of policies to encourage the exploration and exploitation of domestic rare earth resources. In September 2020, the President of the United States officially signed the "Executive Order on Addressing the Threat to the Domestic Supply Chain from Reliance on Critical Minerals from Foreign Adversaries", declaring the country's mining industry a national emergency and directing relevant departments to apply the National Defense Production Act to accelerate the development of critical mines including rare earths.

At the same time as the development of rare earth resources, the United States also places importance to the reserve of rare earth materials, in March 2010, the US House of Representatives proposed the "Rare Earth Act" and called for the establishment of a national rare earth reserve. The bill states that the United States should take steps to establish a globally competitive domestic strategic raw material industry, ensure self-sufficiency in the U.S. domestic market, and diversify mining, processing, smelting, and manufacturing. The bill required the Department of Defense to purchase rare earth products and include them in the national reserve because they were critical to national security.

To ensure the long-term, safe and sustainable supply of key elements used in rare earth permanent magnet materials, the United States has implemented the "Rare Earth Magnet Manufacturing Production Tax Credit Act" to reduce reliance on imports and to reduce onshore production costs for rare earth and critical minerals. The U.S. Department of Energy (DOE) has committed US\$ 30 million to support the extraction of rare earth and critical minerals from a range of available resources, including coal, coal waste, and related byproducts.

As the president of the United States, Biden introduced the "Inflation Reduction Act", which implemented a 10-year and totalled USD 369 billion in subsidies to support the production of electric vehicles, critical minerals and power generation facilities for production and sales companies in the United States or North American.

The United States has also increased cooperation with its allies, including the establishment of the Indo-Pacific Economic Framework (IPEF) in October 2021, spearheading the launch of the Mineral Security Partnership in June 2022 to strengthen G7 collaboration in key mineral sectors, etc. At the Camp David summit, the United States, Japan and South Korea agreed to establish an early warning system (EWS) for the supply of raw materials for core products including semiconductors.

### 7.2 The European Union

At present, the European Union is estimated to be more than 90% dependent on rare earth supply from China. In recent years, especially after the Russia-Ukraine crisis, the EU has realized that it must move away from dependence on a single source to obtain more supply security of key minerals and raw materials such as energy and rare earths.

In September 2020, the European Union established the European Raw Materials Alliance. On November 13, 2023, the European Union passed the "Critical Raw Materials Act", which achieved an agreement on local supply targets for key minerals and made it possible to reduce external dependence on rare earths and other key raw materials. There are 34 key raw materials in the bill, of which 17 are strategic raw materials. The bill proposes that 10% of the EU's annual supply of

17 key raw materials should come from local mining production by 2030, 25% from recycling and 40% from local processing. It also stressed that the dependence of any strategic raw material such as rare earth, lithium, cobalt, copper, magnesium and titanium on any third country should not exceed 65%. According to the agreement, the approval time should not exceed 27 months for mining projects and 15 months for processing projects, including the public consultation time for project environmental impact assessment. The bill also contains provisions to control consumption. It requires companies, which are engaged in battery production, hydrogen production, renewable energy generation, data storage and transmission, and aircraft manufacturing, to conduct regular supply chain risk assessments if they face shortages of strategic raw materials.

### 7.3 Japan

For a long time, Japan has adopted a variety of policies and measures to deal with the extremely poor situation of domestic rare earth resources. The Japanese government formally included rare earths in the reserve system in 2006 which became an important part of the country's rare earth policies in the long term. In addition, Japan has reduced its dependence on rare earth imports by encouraging resource recycling and developing alternative materials.

In recent years, Japan has taken various measures to strengthen its diversified supply chain of rare earth. In April 2021, Japan launched a supply chain initiative to connect India and Australia. Projects supported by the policy include overseas development and smelting of lithium, rare earth and some other key minerals, and domestic support for used battery recycling facilities. The energy and metal mineral resources agency - JOGMEC selected 24 countries based on their energy and resource supply potential, and developed corresponding diplomatic strategies according to the characteristics and circumstances of each resource-rich country. The supported materials in plan include copper, lithium, nickel, cobalt and rare earth metals.

### 7.4 China (Including export policies for related technologies)

Since 2006, China has adopted production quota measure for the domestic rare earth mining and smelting production.

In November 2023, the Ministry of Commerce of P.R.C. issued an announcement to include rare earths subject to export license management in the "Catalogue of Energy and Resources Products subject to Export Reports." Foreign trade operators who import and export rare earth-related products shall fulfill the obligation of reporting relevant import and export information.

In December 2023, Chinese government issued the Catalogue of "China bans export restrictions on export technology ". The content related to rare earth includes "rare earth extraction, processing and utilization technologies", specifically involving rare earth extraction and separation technology, production technologies of rare earth metals and alloys, production technologies of samarium cobalt, Nd-Fe-B, cerium magnets and rare earth calcium oxyborate, etc.

Table RE-14 China bans export restrictions on export technology (2023 version)

Industrial field	Number	Technical name	Control points
<b>Export ban</b>			
Nonferrous metal smelting and rolling industry	083201J	Extraction, processing and manufacturing technology of rare earth	<ul style="list-style-type: none"> <li>Rare earth extraction separation technology</li> <li>Rare earth technology and alloy material production technology</li> </ul>

			<ul style="list-style-type: none"> <li>Preparation technology of samarium cobalt, Nd-Fe-B, cerium magnets</li> <li>Preparation technology of rare earth calcium oxyborate</li> </ul>
Non-metallic mineral manufacturing industry	083001J	Production technology of amorphous inorganic nonmetals	High power and large size neodymium glass for laser technology
Nonferrous metal mining and concentrating industry	080901X	Mining engineering technology	Ionic rare earth mining leaching technology
Nonferrous metal smelting and rolling industry	213301X	Nonferrous metal metallurgy technology	<ul style="list-style-type: none"> <li>Rare earth mining, concentrating and smelting technology</li> <li>Synthesis process and formulation of rare earth extractant</li> <li>Rare earth modification and adding technology to metal materials</li> </ul>
<b>Export restriction</b>			
Non-metallic mineral products industry	083002X	Artificial crystal growth and processing technology	<ul style="list-style-type: none"> <li>Preparation technology of Tb-Dy-Fe giant magnetostrictive single crystal material</li> <li>Lifting method non-polluting magnetic levitation cold reactor crystal growth process</li> <li>Single crystal composition and structure control technology</li> <li>Growth technology of neodymium-doped aluminum borate yttrium (NYAB) crystals</li> <li>Yttrium-lutetium silicate (LYSO) crystal growth technology</li> <li>Lanthanum bromide (LaBr<sub>3</sub>:Ce) crystal growth process</li> </ul>

Metallic products industry	083301X	Heat treatment technology	<ul style="list-style-type: none"> <li>• Mold thermal treatment technology</li> <li>• Rare earth-boron agent formula</li> <li>• Rare earth-boron co-overflow treatment process</li> <li>• Rare earth, carbon, nitriding and rare earth, carburizing formula and process</li> </ul>
Transportation equipment manufacturing industry	083707X	Aviation material production technology	<ul style="list-style-type: none"> <li>• Preparation technology of aluminum-potassium alloy containing rare earth</li> <li>• The type and content of rare earth elements contained and the method of adding rare earth elements</li> </ul>
Electrical machinery and equipment manufacturing	083801X	Wire and cable manufacturing technology	Formulation and manufacturing process of rare earth aluminum wire for conducting electricity

Sources: MIIT, DNR

In accordance with relevant laws and regulations such as the Export Control Law of the People's Republic of China, on April 4th, the Ministry of Commerce, in conjunction with the General Administration of Customs, issued Announcement No. 18 of 2025 on the implementation of export control measures for seven types of medium and heavy rare earth items including samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium, which came into effect on the date of issuance.

#### 7.5 Malaysia

Currently, the Malaysian government is developing a policy to ban the export of rare earth raw materials, with the aim of avoiding resource loss and ensuring a maximum profit in the rare earth sector.<sup>14</sup>

On 11 September 2023, when presenting the Mid-term Review Report of the 12th Malaysian Plan in the House of Representatives of Malaysia, Prime Minister Anwar Ibrahim pointed out that the Government had decided to draft a new national minerals policy, which would enable the government to promote the comprehensive development of the country's mineral industry based on the principles of sustainability and responsibility (the Government will ensure that Malaysia's rare earth raw materials are processed before they are exported to increase the added value of the rare earth sector).

In addition, the Malaysian government will develop a detailed mapping of rare earth element resources and develop a business model that integrates upstream, middle and downstream to

<sup>14</sup> Information obtained from data published from the website <https://www.straitstimes.com/asia/se-asia/malaysia-to-ban-exports-of-rare-earths-as-demand-soars-amid-trade-row> (last accessed on July 15th)

maintain Malaysia's rare earth value chain. By 2025, the rare earth industry is expected to contribute RM 9.5 billion to Malaysia's GDP and create nearly 7,000 jobs.

**7.6 Analysis of entry barriers of the global ion adsorption clay industry (including resource location, high capital requirements, technological expertise, scale and economy of production, etc)**

Globally, ion-adsorbed rare earth minerals are relatively scarce resources, mainly distributed in Jiangxi, Hunan, Yunnan, Guangxi, Guangdong, Fujian, Sichuan and other southern provinces (regions) of China as well as Myanmar, Malaysia, Vietnam, Laos and other Southeast Asian countries.

In terms of technology, China has included rare earth mining, mineral processing and smelting technologies in the list of the export bans of technologies, according to the List of Technologies Limited and Prohibited for Export issued by the Ministry of Commerce of P.R.C. (MOFCOM). In terms of industry, Antaiko hasn't seen any mature smelting and separation project using ion adsorption type rare earth ores outside China. Now, the development of ion adsorption type rare earth mines outside China is mainly distributed in Southeast Asian countries. In Myanmar, for example, local ion-type rare earth ores are processed into intermediate smelting products and exported to China for further smelting and separation. Myanmar's local rare earth mining and processing equipment as well as production-required raw materials and auxiliary materials are also mostly imported from China.

The "Rare Earth Industry Admittance Qualification" put forward a series of economic and technical requirements for China's domestic ion adsorption type rare earth mines and smelting & separation enterprises:

The production scale of ion adsorption type rare earth mining enterprises should not be less than 500 t/y, the comprehensive recovery rate of mining and extraction should be more than 75%, and the recycling rate of production water should be over 90%.

The production scale of independent smelting and separation enterprises using ion adsorption type rare earth ores should not be less than 3,000 t/y. The total yield of rare earth from mixed rare earth to single or enriched rare earth compounds should be more than 92%.

The minimum capital ratio of the above fixed asset investment projects shall not be less than 20%. The admittance qualification also makes clear provisions in the method and equipment, energy consumption, environmental protection and other aspects.

## 8. Outlook of rare earth market

### 8.1 Influence factors

#### 8.1.1 Macro economy

On January 4, the UN released its World Economic Situation and Prospects for 2024, pointing out that global economic growth in 2024 will slow from 2.7% in 2023 to 2.4% in the face of challenges posed by escalating conflicts, sluggish global trade, high interest rates and increased climate disasters. Both figures are lower than the 3% growth seen before the pandemic in 2020. Before that, the International Monetary Fund and the Organization for Economic Cooperation and Development had projected global growth of 2.9% and 2.7%, respectively, in 2024.

In its latest global economic outlook report, the World Bank said tensions in the Middle East and the Russia-Ukraine conflict could lead to higher interest rates, slower growth and persistent inflation. In the near future, the sudden escalation of the crisis in the Red Sea could adversely affect energy supplies and cause energy prices to spike. This would have significant spillover effects on other commodity prices and exacerbate geopolitical and economic uncertainty, which in turn could dampen investment and lead to further weaker growth.

Overall, in 2024, the US economic slowdown, China's transformation and upgrading, and the geopolitical super cycle will become the three major factors affecting global economic development, and the GDP growth rate of major emerging markets and developing countries is expected to be about 3.0%, a slight decline from the 2023 level. China remains the world's biggest growth engine, with the International Monetary Fund forecasting 4.6%.

#### 8.1.2 Supply

In recent years, the United States and other Western countries have paid more attention to the security of the supply of rare earth as well as other strategic mineral resources, not only from the funding, policy and other aspects of the mine exploration and development support, but also continue to expand supply channels, such as the development of monazite and dissolving materials processing technologies to ensure supply chain security. In addition, Africa and Southeast Asia are rich in rare earth resources and are gradually starting to develop them.

At present, the rare earth mines in large-scale production are mainly concentrated in China except the Mt Weld mine in Australia and the Mountain Pass mine in the United States. As the world's largest rare earth producer, China's rare earth mineral products quota and smelting and separation products quota in 2023 are 255kt and 244kt, an increase of 21.4% and 20.7%, respectively. The production quota of rare earth mining and smelting and separation is issued by Ministry of Industry and Information Technology of P.R.C. (MIIT). In 2024, China's rare earth mineral products quota and smelting and separation products quota were 270kt and 254kt, an increase of 5.9% and 4.1%, respectively.

#### 8.1.3 Demand

At present, the global economic structure is quietly improving. In the post-COVID-19 era, new drivers of global economic growth are rapidly gathering momentum, and a new round of technological revolution and industrial transformation presents new opportunities. In particular, technological breakthroughs in artificial intelligence, commercial aerospace, quantum technology, and bio-manufacture are accelerating. Green development is accelerating the transformation of production and consumption, ushering in industrial transformation, and providing a broader stage for global economic development.

(1) The capacity of magnetic materials continues to expand

In order to meet the growing demand, China's major rare earth magnetic material enterprises have steadily advanced production expansion plans. Preliminary statistics show that by 2025, the capacity of rare earth permanent magnet materials (uncut raw material) of major magnetic materials enterprises is expected to reach 306 kt/y, an increase of 120 kt/y over the existing capacity. The numbers were estimated by Antaika from various sources. In addition, the United States, the United Kingdom and some other countries have new rare earth permanent magnet material capacity plans.

**(2) The output of electric vehicles continues to grow rapidly**

In 2023, driven by supporting policy and demand, China's new energy vehicle output reached 9.587 million units, an increase of 35.8% year on year, and the market share of all vehicles was 31.6%, according to China Association of Automobile Manufacturers (CAAM). As electric vehicles enter a new stage of comprehensive market expansion, Antaika estimated that the penetration rate of electric vehicles in the Chinese market is expected to reach 50% as early as 2025.

**(3) The newly installed capacity of wind power increases rapidly.**

In the context of the global energy structure transition from fossil energy to non-fossil energy, wind energy has become one of the most widely developed and applied clean energy with its advantages of abundant resources, environmental protection and higher cost effectiveness, and has achieved large-scale development and application worldwide. According to the Global Wind Energy Council's (GWEC) "Global Wind Energy Report 2023", the cumulative installed capacity of global wind power capacity in 2022 reached 914.6GW, of which, onshore wind power was 848.8GW, and offshore wind power was 65.8GW. It is expected that the CAGR of newly installed capacity of wind power in the next five years will reach 15%. According to the "China Marine Energy Development Report 2023", China's new offshore wind power installed capacity was 6.04GW in 2023, and the cumulative grid-connected installed capacity was 36.5GW. It is expected that in 2024 China's new offshore wind power installed capacity will exceed 10GW.

Due to energy security concerns caused by regional conflicts such as the Russia-Ukraine war, the Palestinian-Israeli conflict, and the Red Sea crisis, many countries have accelerated the pace of wind power construction. In April 2023, nine countries - Belgium, Denmark, Germany, the Netherlands, France, the United Kingdom, Ireland, Norway and Luxembourg - signed the Ostend Manifesto on the development of offshore wind energy in the North Sea, aiming to increase the installed capacity of offshore wind power in countries near the North Sea to 120GW by 2030 and more than 300GW by 2050.

**(4) The robotics industry is expected to become a new engine for the growth of magnetic material demand in the future**

The robotics industry, especially humanoid robots, has become a bright spot in the development of science and technology. With the continuous progress of technology and the continuous acceptance of society, the robotics field will enter a period of rapid growth.

According to relevant statistics, between 2017 and 2022, the CAGR of China's robot market scale was about 31%, and the market size reached 170 billion yuan in 2022, of which 450,000 industrial robotics were produced, accounting for 66% of the total Chinese robotics market.

In foreign countries, as baby boomers retire, fertility rates decline, and labour shortages become serious, the transformation of companies to robotics and automation technologies accelerates in order to improve productivity, remain competitive, and ensure long-term sustainability.



(5) The transformation and upgrading of energy-saving motors, home appliances and other industries has driven the demand for rare earth permanent magnet motors

According to statistics issued by the National Bureau of Statistics of P.R.C. (NBS of China), as of 2022, China's industrial motor output was 380 million kw; the proportion of high-efficiency energy-saving motors was about 20%; the permeability of high-efficiency energy-saving motors was further improved in 2023; and the annual industrial motor output was expected to be 410 million kw; the permeability was about 35%. However, there is still a lot of room for improvement from the target of 70% in 2025 proposed in "Industrial energy efficiency improvement action Plan" issued by the Ministry of Industry and Information Technology of P.R.C. (MIIT).

With the continuous improvement of the quality of human life, the home appliance industry is moving towards intelligent, green and orderly development. High efficiency and energy saving have become the basic attributes of the current home appliance products.

#### 8.1.4 Short term trends for 2024-2025

According to the forecasts of the IMF and some other major institutions, the global economic outlook still faces multiple challenges, and geopolitical tensions pose a growing threat to the world economy. 2024 might be the third year that the global economy would be slowing down continuously, and maintain low-speed growth. The main reason is that the high interest rate of the United States and other western countries inhibits consumption, investment and other factors, which directly promote economic development. In this macroeconomic context, the growth rate of terminal applications such as transportation, energy, real estate, and electronics has slowed down, thus curbing the growth of demand for functional materials such as rare earth permanent magnet materials. In addition, new projects abroad are gradually put into production, which will increase supply. At the same time, China's rare earth production quotas will maintain a stable increase, which will put pressures on prices too. The recent outbreak of conflict as well as the coming rainy season in northern Myanmar will affect imports of rare earth mine products from the country. With the production-increasing of smelting and separation capacity of MP Materials in the United States, its rare earth concentrate export volume to China will decline.

Generally, the raw materials supply will be limited in China rare earth market that will support the prices in a term. Antaiko forecasts that the rare earth prices will fluctuate in a narrow range in 2024. In 2025, the United States has launched a trade war against China and other countries, imposing unreasonable high tariffs. As a result, global trade as well as consumption and investment would be affected, exerting a cumulative adverse impact on rare earth demand. Therefore, it is necessary to strengthen regional cooperation between ASEAN and China and other economic bodies to expand downstream demand.

On the supply side, although overseas rare earth projects led by the United States and Europe are advancing at a fast pace, the increase rate of rare earth supply would still be limited in the short term. China would still be the most import rare earth supplier, and the domestic production quota will fit the market demand basically.

Considering macroeconomic, geopolitical, downstream demand prospects and supply expectations, rare earth market supply and demand will still be in a tight balance with a slight surplus in 2025, and the price will fluctuate in a wide range.

In accordance with relevant laws and regulations such as the Export Control Law of the People's Republic of China, on April 4th, the Ministry of Commerce, in conjunction with the General Administration of Customs, issued Announcement No. 18 of 2025 on the implementation of export



control measures for seven types of medium and heavy rare earth items including samarium, gadolinium, terbium, dysprosium, lutetium, scandium and yttrium, which came into effect on the date of issuance.

The main trend of Malaysia's rare earth industry is to strengthen the development of rare earth mine production, while strengthening exploration to increase reserves, and strengthening communication and cooperation with advanced China's enterprises to cope with technical limitations. In addition, Malaysia's rare earth miners and processors should be cautious to prevent environmental risks in operation. In the future, industrial insiders need to pay attention to changes in export policies, trends in international cooperation and the effectiveness of environmental governance.

According to the International Monetary Fund (IMF), global economic growth in 2025 is forecasted to be 3.2%, the same as 2024. In terms of rare earth supply, although the development of overseas rare earth projects is accelerating, the effective supply in the short term is still mainly in the United States, Australia and Myanmar in 2025, and the supply pattern dominated by China will not be broken for the time being.

Taking into account factors such as macroeconomic, geopolitical, downstream demand prospects and supply expectations, Antaika believes that in 2025, the supply and demand of the rare earth market will still be in a tight balance with a slight surplus. The supply growth will exert pressure on prices, but the expansion of upstream production costs and downstream consumption will provide support for rare earth prices, which will fluctuate in a reasonable range with upward pressure and downward support in 2025.

## 8.2 Outlook for the future

### 8.2.1 Supply

In 2023, from the supply side, the global rare earth mine production was about 377 kt (REO), an increase of 25% year-on-year, and about 72,300 tonnes of Pr-Nd oxide supply can be added. Among them, China's rare earth ore production was 255 kt, including 51 kt of Pr-Nd oxide (including Pr-Nd oxide from monazite ore smelting and separation production). From the demand side, affected by the lack of global economic recovery and magnetic material demand growth was less than expected. It is estimated that the global Nd-Fe-B magnetic material production was about 301kt in 2023, bringing about 65kt of additional Pr-Nd oxide demand, of which China's Nd-Fe-B magnetic material output was about 278kt, adding 57kt of Pr-Nd oxide demand. Global oversupply of Pr-Nd oxides was about 7 kt.

In 2024, from the supply side, the global rare earth mine production was about 402 kt (REO), an increase of 9% year-on-year, and about 78,700 tonnes of Pr-Nd oxide supply can be added. Among them, China's rare earth ore production was 270 kt, including 54 kt of Pr-Nd oxide (including Pr-Nd oxide from monazite ore smelting and separation production). From the demand side, affected by the lack of global economic recovery and magnetic material demand growth was less than expected. It is estimated that the global Nd-Fe-B magnetic material production was about 321kt in 2024, bringing about 68kt of additional Pr-Nd oxide demand, of which China's Nd-Fe-B magnetic material output was about 300 kt, adding 60 kt of Pr-Nd oxide demand. Global oversupply of Pr-Nd oxides was about 11 kt.

In the next two years, as many countries around the world place increasing importance to strategic resources, the development progress of rare earth mines in Australia, Southeast Asia, Africa and other regions will accelerate, and the supply of primary mines will increase. Depending on the

abundant rare earth resources, Malaysia has a good potential to fully develop rare earth mining production. Along with the effort in exploration and mining development, the country is rising rare earth mine production and exports rapidly. Based on the statistics released by China Customs, Malaysia exported a total of more than 19 kt of rare earth oxides and compounds (physical weight) to China in 2023, increasing by 164% compared with 2022. In 2024, the data was 16 kt.

At the same time, the supply of associated mines is also expected to continue to grow. In addition, the secondary materials recycled from wind power, electronics and other end using fields will be reused in production that would bring more supply. In terms of demand, although the global green and low-carbon development process led to unchanged growth trend of rare earth demand, the Russia-Ukraine war, the Palestinian-Israeli conflict, and anti-globalization will have an adverse impact on the recovery of the global economy in the short term. Then, demand growth rate might be lower than the supply growth rate, resulting in a small range surplus in the supply.

#### 8.2.2 Demand

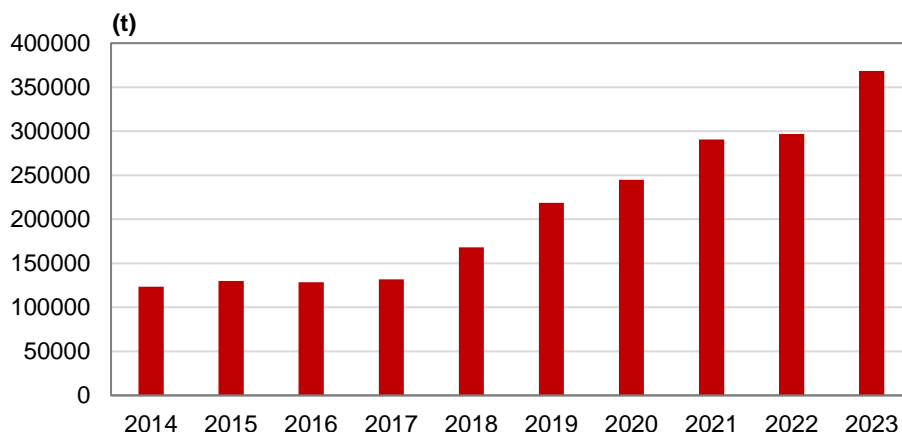
Although the global economic situation is not optimistic, there are also opportunities. According to the World Economic Forum (WEF) 's latest Global Competitiveness Report, the global economy is undergoing a profound transformation. In 2024, the digital economy and low-carbon economy will continue to release positive effects, providing new directions and impetus for the recovery and growth of the global economy. At the same time, with the increasing global concern about climate change, the green industry will continue to accelerate development, including renewable energy, clean energy, environmental protection technology and other fields.

#### 8.2.3 Prices (including historical prices and forecast of Praseodymium Oxide, Lanthanum Oxide, Cerium Oxide, Terbium Oxide, Ytterbium Oxide, Dysprosium Oxide, Neodymium Oxide, Erbium Oxide)

In the current global macroeconomic background, the demand for key minerals will continue to grow. In order to ensure supply chain security, countries are accelerating the progress of mine project development and technological progress to increase supply. In the short term, the uncertainty of global economic growth will block the recovery process of demand, resulting in higher supply growth than demand growth. Then, there will be a small oversupply putting pressure on prices, which would be in a downward movement, and eventually fluctuate in a range with upward pressure and downward support.

Those rare earth elements mentioned below are critical among the 17 rare earth elements. Praseodymium (Pr), neodymium (Nd), terbium (Tb) and dysprosium (Dy) are mainly used in permanent magnets, which is the most important end using field of rare earth elements. The content of lanthanum (La) and cerium (Ce) in rare earth deposit is typically higher than other elements, and the two elements are mainly used in polishing materials.

Lanthanum oxide ( $\text{La}_2\text{O}_3$ ) and cerium oxide ( $\text{CeO}_2$ )



Source: USGS

Year	2014	2015	2016	2017	2018
Production	123,240	129,790	128,620	131,780	168,000
Year	2019	2020	2021	2022	2023
Production	218,776	244,700	290,660	296,920	368,320

Chart RE-15 Global rare earth mine production in 2014-2023

In 2024, the world total rare earth mine production was about 390kt, an increase of 6% year-on-year.

In the past 10 years, global rare earth mine production kept on an uptrend, due to the relatively high proportion of lanthanum oxide and cerium oxide in rare earth mines, such as the proportion of lanthanum oxide and cerium oxide as high as 75% in Baiyunebo mine, resulting in the rapid growth of the production of the two elements' (La and Ce) products. However, the downstream demand has not grown simultaneously, and therefore leading to a large surplus supply and a sharp decline in prices. From 2014 to 2023, the average price of lanthanum oxide and cerium oxide was 11,602 yuan/t and 11,376 yuan/t, respectively. From 2019 to 2023, the average price of the 2 products decreased to 9,095 yuan/t and 9,396 yuan/t, respectively. In recent years, due to the wide application of cerium oxide in polishing materials and the industrial production of cerium magnets, the demand for cerium oxide has been booming. Then, the price of cerium oxide has been higher than that of lanthanum oxide. It is expected that in the future, with the continuous growth of rare earth mine production, the lanthanum oxide and cerium oxide prices will continue to decrease continuously unless more downstream applications are developed. For instance, Lanthanum can be used to produce nickel hydrogen batteries, as well as to manufacture special alloy precision optical glass, high refractive optical fiber board, suitable for making cameras, microscope lenses, and advanced optical instrument prisms, etc., and Cerium can be used to make flit, as well as arc carbon rods for searchlights and movie projectors.

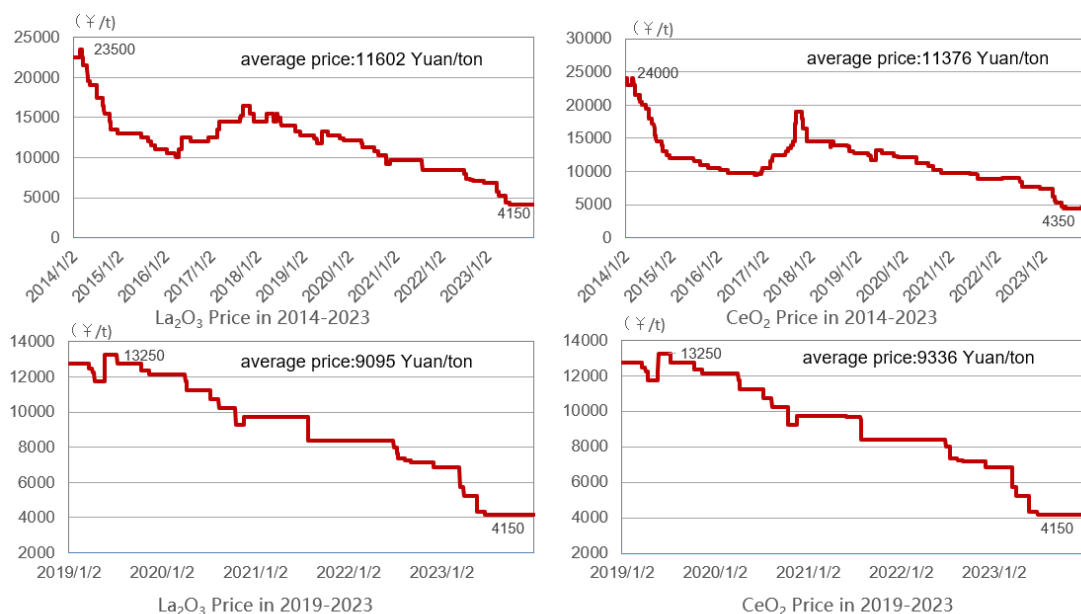
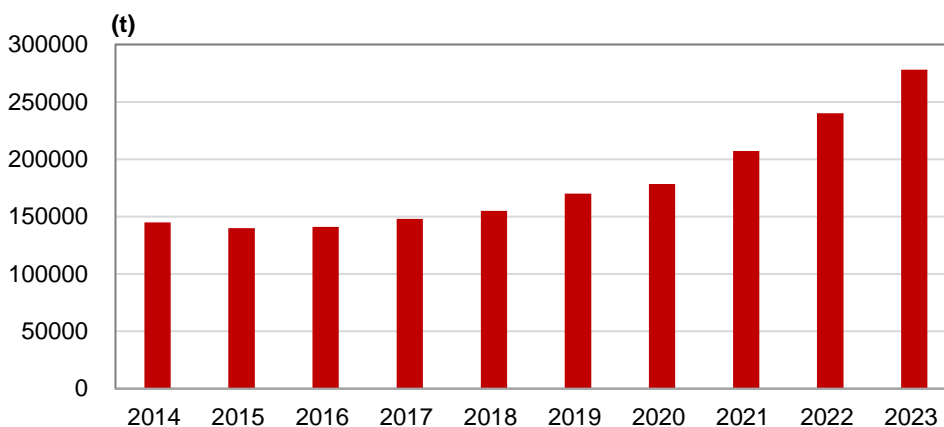


Chart RE-16 Lanthanum oxide and cerium oxide prices trends

In 2024, the annual average prices of lanthanum oxide was 3,500 yuan/t, decreasing by 28.6% year-on-year; the annual average prices of cerium oxide was 7,200 yuan/t, increasing by 33% year-on-year.

Praseodymium oxide (Pr6O11) and Neodymium oxide (Nd2O3)



Year	2014	2015	2016	2017	2018
Production	145,000	140,000	141,000	148,000	155,000
Year	2019	2020	2021	2022	2023
Production	170,000	178,500	207,100	240,200	278,000

Chart RE-17 China's Nd-Fe-B magnets production in 2014-2023

Praseodymium metal and neodymium metal are the 2 main raw materials for the production of Nd-Fe-B magnetic materials, with a content of about 29%-32.5%. In recent years, with the rapid growth of Nd-Fe-B magnetic material production, the demand for Pr-Nd metals has also increased significantly, and the price of Pr-Nd oxide as a raw material for Pr-Nd metals has risen. From 2014 to 2023, the average price of praseodymium oxide and neodymium oxide was 473,000 yuan/t and 419,000 yuan/t, respectively. The average price between 2019 and 2023 rose to 537,000 yuan/t and

540,000 yuan/t, respectively. In the future, with the rapid development of global clean energy, electric vehicles, robots and other fields, the demand for rare earth permanent magnet materials will maintain a relative high-speed growth, supporting the price of praseodymium oxide and neodymium oxide.

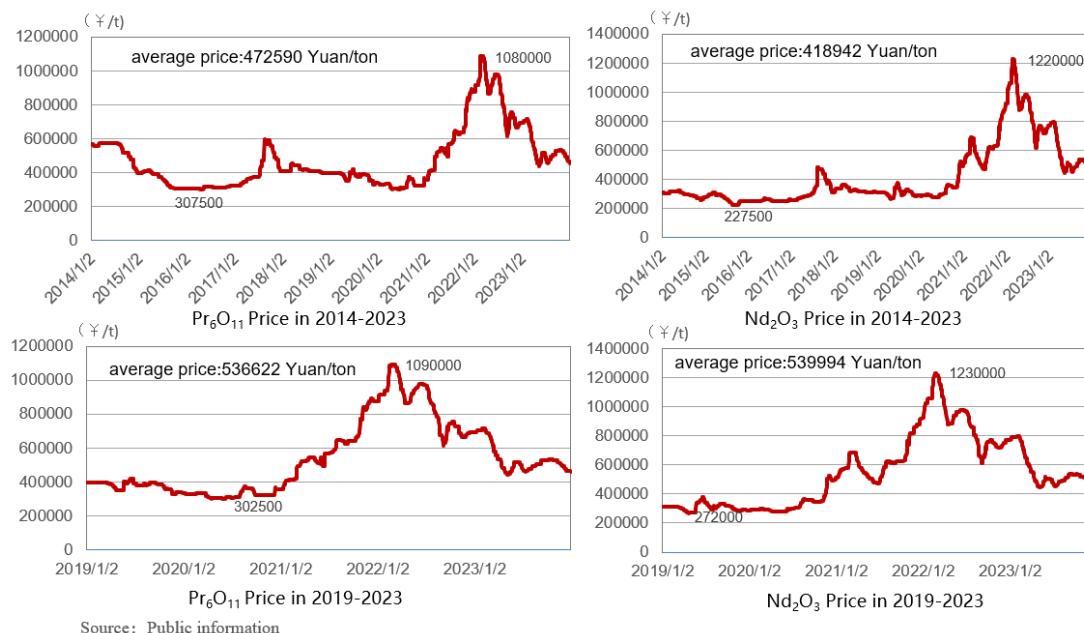


Chart RE-18 Praseodymium oxide and neodymium oxide prices trends

In 2024, the annual average prices of praseodymium oxide was 402,200 yuan/t, decreasing by 25.4% year-on-year; the annual average prices of neodymium oxide was 398,500 yuan/t, decreasing by 28% year-on-year.

**Terbium oxide (Tb<sub>4</sub>O<sub>7</sub>) and dysprosium oxide (Dy<sub>2</sub>O<sub>3</sub>)**

Dysprosium and terbium are 2 important raw materials for the production of Nd-Fe-B magnetic materials, with dysprosium content of about 1%-2% and terbium content of 0.5%. In recent years, with the rapid growth of Nd-Fe-B magnetic material production, the demand for dysprosium and terbium increased rapidly and drove up the price of dysprosium oxide and terbium oxide. However, the expensive cost of the 2 materials also stimulated the progress of reduction and substitution technology in the application field, and guided the return of dysprosium oxide and terbium oxide prices from high levels to a certain extent. From 2014 to 2023, the average price of dysprosium oxide and terbium oxide was 1.76 million yuan/t and 5.47 million yuan/t, respectively. The average price between 2019 and 2023 was 2.19 million yuan/t and 7.9 million yuan/t, respectively. Antaika forecasts the clean energy, electric vehicles and robots industries will face a rapid development in China and some other countries. Accordingly, the demand for rare earth permanent magnet materials will still increase significantly, supporting the price of terbium oxide and dysprosium oxide.

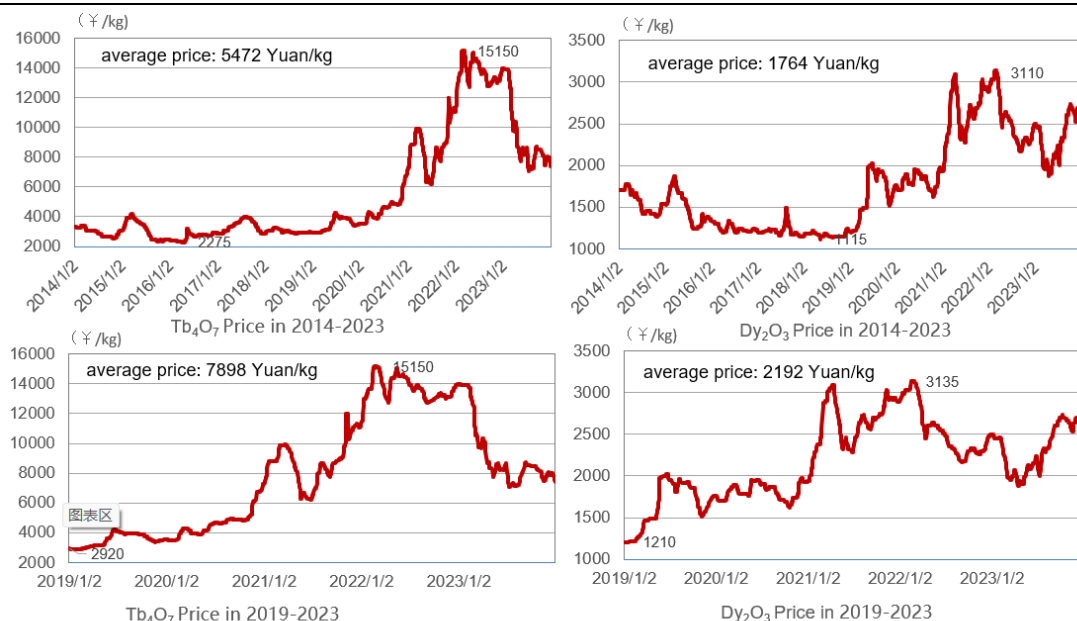


Chart RE-19 Dysprosium oxide and terbium oxide prices trends

In 2024, the annual average prices of dysprosium oxide was 1.8 million yuan/t, decreasing by 21.5% year-on-year; the annual average prices of terbium oxide was 5.8 million yuan/t, decreasing by 37.6% year-on-year.

#### Erbium oxide ( $\text{Er}_2\text{O}_3$ )

Because of its excellent optical properties, erbium oxide is widely used in optical devices, semiconductor devices, lighting, display, medical and other fields. At the same time, it can also be used as an additive and colorant for ceramic materials. The price of erbium oxide is relatively stable. During 2014-2023, the average price of erbium oxide was 220,000 yuan/t. The average price in 2019-2023 was 230,000 yuan/t. It is expected that with the expansion in application fields in the future, the erbium oxide price will obtain stable support.

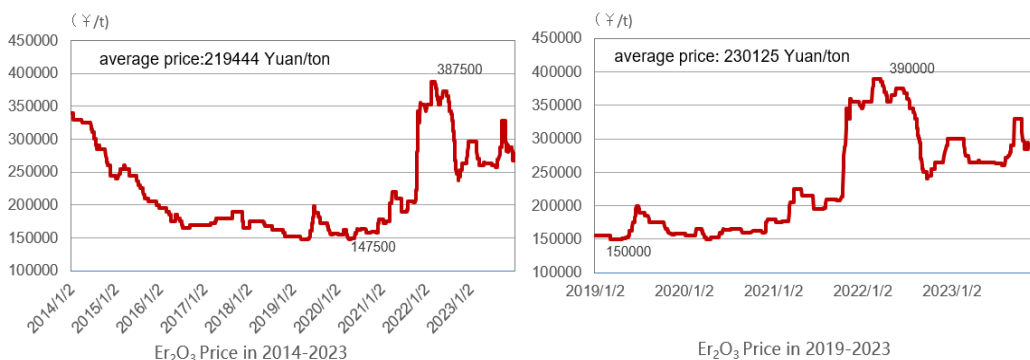


Chart RE-20 Erbium oxide and terbium oxide prices trends

In 2024, the annual average prices of Erbium oxide was 300,700 yuan/t, increasing by 8% year-on-year.

**Disclaimer:** All the information and data in the Industry Report are objective and publicly available and is provided to the Company only for reference. The Company shall bear all risks about the Proposed Acquisition, and we shall not be liable therefore.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SOUTHERN ALLIANCE MINING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201931423D)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Southern Alliance Mining Ltd. (the “**Company**”) will be held at Room 3-3, ISCA House, 60 Cecil Street, Singapore 049709 on 2 September 2025, at 2.00 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions as set out below.

*Unless otherwise defined herein, all capitalised terms in this Notice of EGM which are not defined herein shall have the same meaning ascribed to them in the circular dated 18 August 2025 (the “**Circular**”) issued by the Company.*

#### **ORDINARY RESOLUTION 1 – THE PROPOSED ACQUISITION AS A DISCLOSEABLE TRANSACTION AND AN INTERESTED PERSON TRANSACTION**

**THAT**, subject to and contingent upon the passing of Ordinary Resolutions 2, 3, 4 and 5:

- (a) For the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given for the proposed acquisition by the Company’s wholly-owned subsidiary, SAM Advance Minerals Holding Sdn. Bhd., as purchaser, of 40.0% of the issued and paid-up share capital of MCRE Resources Sdn. Bhd. from the Vendors for a consideration of RM242.4 million (approximately S\$73.2 million), subject to and otherwise in accordance with the terms and conditions of the Sale and Purchase Agreement (the “**Proposed Acquisition**”); and
- (b) The Directors, and each and any of them be and are/is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, finalising, approving and executing all such documents as may be required) as they and/or he may in their and/or his absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

#### **ORDINARY RESOLUTION 2 – THE PROPOSED ALLOTMENT**

**THAT**, subject to and contingent upon the passing of Ordinary Resolutions 1, 3, 4 and 5:

- (a) Pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 804, Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the proposed allotment and issuance of 147,982,380 Consideration Shares at an issue price of S\$0.4471 for each Consideration Share to the Vendors, subject to and otherwise in accordance with the terms and conditions of the Sale and Purchase Agreement; and
- (b) The Directors and each and any of them be and are/is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, finalising, approving and executing all such documents as may be required) as they and/or he may in their and/or his absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ORDINARY RESOLUTION 3 – THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' SRI PEK KOK SAM

**THAT**, subject to and contingent upon the passing of Ordinary Resolutions 1, 2, 4 and 5:

- (a) Pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 804, Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the proposed allotment and issuance of 64,120,770 Consideration Shares at an issue price of S\$0.4471 for each Consideration Share to Dato' Sri Pek Kok Sam, subject to and otherwise in accordance with the terms and conditions of the Sale and Purchase Agreement; and
- (b) The Directors and each and any of them be and are/is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, finalising, approving and executing all such documents as may be required) as they and/or he may in their and/or his absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

### ORDINARY RESOLUTION 4 – THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO DATO' TEH TECK TEE

**THAT**, subject to and contingent upon the passing of Ordinary Resolutions 1, 2, 3 and 5:

- (a) Pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 804, Rule 805(1) and Rule 812 of the Catalist Rules, approval be and is hereby given for the proposed allotment and issuance of 64,120,770 Consideration Shares at an issue price of S\$0.4471 for each Consideration Share to Dato' Teh Teck Tee, subject to and otherwise in accordance with the terms and conditions of the Sale and Purchase Agreement; and
- (b) The Directors and each and any of them be and are/is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, finalising, approving and executing all such documents as may be required) as they and/or he may in their and/or his absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

### ORDINARY RESOLUTION 5 – THE PROPOSED DIVERSIFICATION

**THAT**, subject to and contingent upon the passing of Ordinary Resolutions 1, 2, 3 and 4:

- (a) Approval be and is hereby given for the Company to undertake the Proposed Diversification to broaden the scope of its business activities to include the New Business as additional core businesses of the Group ("**Proposed Diversification**");
- (b) subject to compliance with the Catalist Rules requiring approval from Shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase, lease or otherwise acquire or dispose of, from time to time any such assets, businesses, investments and shares or interests in any entity that is in the New Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, lease, acquisition or disposal; and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) The Directors and each and any of them be and are/is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, finalising, approving and executing all such documents as may be required) as they and/or he may in their and/or his absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

### Shareholders should note that:

**Resolution 1** (in respect of the Proposed Acquisition), **Resolution 2** (in respect of the Proposed Allotment of Consideration Shares to the Vendors), **Resolution 3** (in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek Kok Sam), **Resolution 4** (in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Teh Teck Tee) and **Resolution 5** (in respect of the Proposed Diversification) are inter-conditional upon each other. This means that if any of these Resolutions are not approved, none of these Resolutions will be passed.

Each of Dato' Sri Pek, Dato' Teh, Dato' Lee and Mr. Lim Wei Hung will abstain, and will ensure that their respective associates will abstain, from voting in respect of the resolutions in connection with Ordinary Resolution 1 in respect of the Proposed Acquisition, Ordinary Resolution 2 in respect of the Proposed Allotment, Ordinary Resolution 3 in respect of the Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek and Ordinary Resolution 4 in respect of the Proposed Allotment and Issuance of Consideration to Dato' Teh, nor accept any nominations to act as proxy for any Shareholder at the EGM unless specific instructions as to voting are given by such Shareholder in the proxy form.

### BY ORDER OF THE BOARD

Kong Wei Fung and Chin Yee Seng  
Company Secretaries  
18 August 2025

### Notes:

1. The members of the Company are invited to attend physically at the EGM. There will be no option for members to participate virtually.
2. Printed copies of this Notice of EGM and the accompanying Proxy Form will be despatched via post to Shareholders and have also been published on the Company's website (together with the Circular) at <https://southernallianceminining.com/> and will also be made available on SGXNet at <https://www.sgx.com/securities/company-announcements>.

A member who wishes to request for a physical copy of the Circular may do so by completing and returning the request form which is sent to him/her/it by email or post to the Company no later than 26 August 2025.

3. Members may submit questions related to the Resolutions which will be tabled for approval at the EGM, in advance of the EGM by email to the Company at [general@SAMiningLtd.com](mailto:general@SAMiningLtd.com) by 26 August 2025. When submitting the questions, please provide the Company with the following details, for verification purpose:—
  - (i) Full name as it appears on his/her/its CDP/Scrip/SRS share records;
  - (ii) NRIC/Passport/UEN number;
  - (iii) Current mailing address;
  - (iv) Contact number; and
  - (v) Number of shares held.

Please also indicate the manner in which you hold shares in the Company (e.g. via CDP, Scrip or SRS). The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. The Company will respond to substantive and relevant questions received from members by publishing the responses to such questions on both the Company's website at <https://southernallianceminig.com/> and on SGXNet at <https://www.sgx.com/securities/company-announcements> by 28 August 2025, after trading hours. Any subsequent clarifications sought, or follow-up questions, or substantive and relevant questions received after the Cut-Off Time will be consolidated and addressed at the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the minutes of the EGM on SGXNet within one (1) month of EGM and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.
5. A member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend, speak and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the proxy form. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and who wishes to appoint the Chairman of the EGM as proxy should approach their SRS Operators to submit their votes at least seven (7) working days before the EGM.

6. The instrument appointing a proxy(ies), together with the power of attorney or other authority, if any, under which the instrument of proxy(ies) is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy(ies) and must be left at the office or such other place (if any) as is specified for the purpose in the notice convening the EGM not less than 72 hours before the time appointed for the holding of the EGM or adjourned EGM (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy(ies) must:
  - (i) if sent by hand or by post, be deposited at the registered office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877; or
  - (ii) if submitted electronically, to be submitted via email to In.Corp Corporate Services Pte. Ltd. at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia),

in either case, by no later than 2.00 p.m. (Singapore time) on 30 August 2025, being not less than 72 hours before the time appointed for the EGM, and in default the instrument of proxy(ies) shall not be treated as valid.

**Members are strongly encouraged to submit completed proxy forms electronically by email to the Company at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia).**

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

### PERSONAL DATA PRIVACY

By (a) attending, speaking or voting at the EGM and/or adjournment thereof; (b) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof; or (c) submitting any questions prior to, or at, the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof), addressing substantive and relevant questions from members received prior to, or at, the EGM, preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company (or its agents or service providers) in connection with any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the representation and warranty.

# SOUTHERN ALLIANCE MINING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201931423D)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the EGM in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Operators to appoint the Chairman of the EGM to act as their proxy and submit their votes at least 7 working days before the EGM, in which case, the SRS Investors shall be precluded from attending the EGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We\* \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Company Registration No.)

of \_\_\_\_\_ (Address)  
being a member/members\* of **Southern Alliance Mining Ltd.** (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or\* (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

or failing him/her/them\*, the **Chairman of the EGM** as my/our\* proxy/proxies\* to attend, speak and vote on my/our\* behalf at the EGM to be held at Room 3-3, ISCA House, 60 Cecil Street, Singapore 049709 on 2 September 2025 at 2.00 p.m. and at any adjournment thereof.

I/We\* direct my/our proxy/proxies\* to vote for or against or to abstain from voting on the resolutions to be tabled at the EGM as indicated hereunder. If no specific direction as to voting or abstention is given or in the event of any other matter arising at the EGM and at any adjournment thereof, my/our proxy/proxies\* may vote or abstain from voting at his/her/their\* or her discretion.

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 18 August 2025 issued by the Company.

(Voting will be conducted by poll. Please indicate your vote "For", "Against" or "Abstain" from voting with a tick (✓) within the boxes provided. Alternatively, please indicate the number of votes as appropriate. If you mark the "Abstain" box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

Ordinary Resolutions	No. of Votes For	No. of Votes Against	No. of Votes Abstain
1. The Proposed Acquisition as a Discloseable Transaction and an Interested Person Transaction			
2. The Proposed Allotment			
3. The Proposed Allotment and Issuance of Consideration Shares to Dato' Sri Pek Kok Sam			
4. The Proposed Allotment and Issuance of Consideration Shares to Dato' Teh Teck Tee			
5. The Proposed Diversification			

\* Delete as appropriate

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

Total number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)  
or Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*) entitled to attend, speak and vote at the EGM of the Company is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number or class of shares shall be specified).
5. Subject to note 6, completion and return of this instrument appointing a proxy(ies) shall not preclude a member from attending, speaking and voting at the EGM if the member so wishes. Any appointment of the proxy(ies) will be deemed to be revoked if a member attends the EGM in person and votes, and in such event, the Company reserves the right to refuse to admit any proxy(ies) appointed under the instrument of proxy(ies) to the EGM.
6. An investor who holds shares under Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend, speak and cast his/her vote(s) at the EGM in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Operators to appoint the Chairman of the EGM to act as his/her proxy, in which case, SRS Investors shall be precluded from attending the EGM.
7. The instrument appointing a proxy(ies), together with the power of attorney or other authority, if any, under which the instrument of proxy(ies) is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy(ies) and must be left at the office or such other place (if any) as is specified for the purpose in the notice convening the EGM not less than 72 hours before the time appointed for the holding of the EGM or adjourned EGM (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The instrument appointing a proxy(ies) must:
  - (i) if sent by hand or by post, be deposited at the registered office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road #20-01 City House Singapore 068877; or
  - (ii) if submitted electronically, to be submitted via email to In.Corp Corporate Services Pte. Ltd. at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia),in either case, by no later than 2.00 p.m. (Singapore time) on 30 August 2025, being not less than 72 hours before the time appointed for the EGM, and in default the instrument of proxy(ies) shall not be treated as valid.

**Members are strongly encouraged to submit completed proxy forms electronically by email to the Company at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia).**

\*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## General:

The Company shall be entitled to reject an instrument appointing a proxy(ies) which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy(ies). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy(ies) lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

## Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 18 August 2025.