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FOR IMMEDIATE RELEASE

Southern Alliance Mining Reports Resilient FY2025, Accelerates Underground Mining and Diversification

- FY2025 revenue increased by 20% y-o-y, reaching RM199.5 million
- Lower iron ore prices and non-cash impairment losses impacted profitability, despite a surge in sales volumes across all product segments
- Underground mining at Chaah Mine on track to deliver long-term cost efficiencies
- Diversification efforts progress for Rare Earth Elements ("**REEs**") sector with the completion of its acquisition of 40% equity interest in MCRE Resources Sdn Bhd ("**MCRE**")

Singapore, 26 September 2025 – Southern Alliance Mining Ltd. ("**SAM**" or the "**Company**", together with its subsidiaries, "**the Group**"), a leading producer of high-grade iron ore in Malaysia, today announced its financial results for the fiscal year ended 31 July 2025 ("**FY2025**"). The Group weathered significant market headwinds, demonstrating operational resilience through ongoing investment in underground mining and diversification into new mineral resources, including rare earth elements ("**REEs**") and gold.

FY2025 Financial Highlights

	FY2025 (RM'000)	FY2024 (RM'000)	Y-o-Y Change
Revenue	199,460	165,848	20%
Gross Profit	3,095	9,084	(66%)
Gross Profit Margin (%)	1.6%	5.5%	(3.9 ppt*)
Loss before Tax	(31,566)	(2,511)	(1,157%)
Loss Attributable to Equity Holders	(27,310)	(4,427)	(517%)
Net Cash from Operating Activities	4,411	14,936	(70%)

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Basic & Diluted EPS	(5.59)	(0.91)	(514%)

*ppt: Percentage points

Southern Alliance Mining Limited reported a **20% increase in revenue** for the full fiscal year ended 31 July 2025, rising from RM165.8 million in FY2024 to RM199.5 million in FY2025. This growth was driven predominantly by new revenue stream from bauxite sales during the financial year.

Gross profit for FY2025 declined by 66% to RM3.1 million from RM9.1 million in FY2024, due to softer iron ore prices in the steel industry, which led to a substantial y-o-y decline in average realised selling prices for iron ore products.

Despite the challenging pricing environment, which saw a general decline in the average realised selling prices ("**ARSP**") across iron ore products in FY2025, the Group **achieved significant increases in sales volumes** across its key products in FY2025. Iron ore concentrate sales volume rose by 22%, crushed iron ore sales volume surged by 350%, and iron ore tailings sales volume grew by 5%. The increase in volume results from previous investments in underground mining at the Chaah Mine concession. At present, all iron ore products are sourced mainly from extraction operations in the northern zone of the mine. Additional investments in underground mining are underway in the southern zone, with stoping activities and extraction scheduled to begin in 2026, and these developments are anticipated to lead to further increases in production volume thus sales volume. Additionally, the introduction of bauxite sales from the Kahang Mine contributed approximately 146,200 tonnes in sales volume during the financial year (subsequent bauxite sales will depend on further discoveries at the Kahang Mine).

In FY2025, the Group recognised a total sum of RM26.1 million in non-cash impairment losses. These impairment losses arose primarily from (i) a RM18.9 million non-cash impairment loss on the Group's mining assets due to the slowdown in demand for iron ore products from the steel industry and lower price projections; (ii) a RM5.0 million non-cash impairment loss relating to the Group's investments in joint ventures following the non-renewal of exploration licences in Sabah, Malaysia, which were acquired as part of earlier portfolio expansion efforts; and (iii) a RM2.2 million non-cash impairment loss on the Group's investment in a joint venture with an iron ore mining site in the state of Pahang, Malaysia, in which the decrease in forecasted iron ore prices resulted in a lower recoverable amount as compared to the carrying value of the investment. **These impairment losses are one-off accounting adjustment and do not impact the Group's cash flow. For illustrative purposes only, the Group's loss before tax attributable to equity holders of the company would have been RM5.4 million instead of RM31.5 million if these non-cash impairment losses were to be excluded.**

SAM recorded a positive operating cash flow of RM4.4 million in FY2025, even under challenging market conditions and increased working capital requirements due to higher inventories and receivables. The Company maintained a strong financial position with cash and bank balances of RM113.8 million.

Advancement of Underground Mining at Chaah Mine

SAM has successfully transitioned its flagship Chaah Mine from open-pit to exclusively underground operations, ceasing open-pit mining in September 2023. This strategic move, supported by RM33.3 million in tunnel infrastructure investments, is designed to enhance long-term operational efficiency by eliminating overburden removal and improving production stability. While the initial transition impacted production, this new underground method has proven to deliver increased reliability, cost-effectiveness, and environmental sustainability. Following positive extraction yields in the northern zone of the Chaah Mine, SAM will continue deeper mining there, and begin underground operations in the southern zone to further increase extraction and boost sales volumes.

Business Outlook

Building on its established expertise, Southern Alliance Mining is strategically expanding into the burgeoning REEs sector. This diversification aligns with the Group's broader vision to create a more resilient and sustainable revenue base, mitigating risks associated with the cyclical iron ore market.

The global demand for REEs is experiencing significant growth due to their critical role in manufacturing advanced technologies, including semiconductors, electric vehicles, renewable energy systems, and other high-tech electronics. Governments worldwide are prioritising secure and sustainable supply chains for these critical minerals to support the accelerating transition to low-carbon and electrification technologies[1]. As countries intensify efforts to ensure secure and sustainable supplies of these essential minerals, SAM's move into the REEs space positions it at the forefront of this evolving market demand.

On 2 September 2025, the Group received unanimous approval at its EGM for its diversification initiative and to acquire a 40% stake in REEs mining company, MCRE Resources Sdn Bhd ("**MCRE**"). The acquisition of MCRE has been completed as of 12 September 2025 and is expected to complement SAM's existing resource portfolio and enhance its technical capacities in exploration and development.

SAM's established operational capabilities and geological expertise derived from its iron ore business provide a strong foundation to efficiently evaluate and develop REEs projects. The Group plans to leverage these strengths to accelerate exploration activities, optimise production, and ensure regulatory compliance, enabling it to build a sustainable income stream in the fast-growing critical minerals sector.

This strategic expansion aligns with SAM's long-term vision to deliver shareholder value amidst market volatility and to capitalise on the strong global momentum for clean energy and advanced technology solutions that drive REEs demand. With the ongoing global push for clean energy solutions and advanced technologies, SAM anticipates strong demand growth for REEs, reaffirming the Group's confidence in its diversified growth strategy.

Following the completion of SAM's acquisition of a 40% interest in MCRE, which provides exposure to rare earth elements (REEs), together with our prior and ongoing investments in underground mining operations at both the northern and southern zones of the Chaah Mine, the Company anticipates an improved performance in FY2026.

Dato' Sri Pek Kok Sam, Managing Director of Southern Alliance Mining, commented: ***"FY2025 was a challenging year marked by softer iron ore prices and the complexities of transitioning to underground mining. However, our resilient sales volume growth, prudent financial management and strategic investments in infrastructure provide a solid foundation for sustainable long-term value creation. We maintain an optimistic outlook for FY2026 and remain committed to diversifying our resource portfolio."***

[1] International Energy Agency (IEA): The Role of Critical Minerals in Clean Energy Transitions

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About Southern Alliance Mining Ltd

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

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

In addition to the Chaah Mine, the Group has also been granted the right to carry out exploration and mining operations at five (5) potential iron ore mines located in Johor, Malaysia ("**Exploration Assets**"). The Group plans to undertake formalised exploration activities at the Exploration Assets to identify mineral deposits for further business growth. The Group has also extended its core business to include mining of gold and other precious metals, base metals and minerals as well as trading in other commodities. The Group has been granted to right to carry out exploration for gold mineralisation in the State of Johor and had commenced exploration activities since February 2022.

In September 2025, the Group successfully acquired a 40% equity interest in MCRE Resources Sdn Bhd, thereby marking its strategic entry into the rare earth elements (REEs) sector. This move is intended to capitalise on the increasing demand for REEs and to further diversify the Group's income streams, reducing dependence on a single commodity.

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