Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Southern Alliance Mining Ltd.

Stock code: QNS

Meeting details:
Date: 26 November 2026
Time: 10.00 a.m.
Venue: Room 3-2, ISCA House, 60 Cecil Street, Singapore 049709

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Q1. At the northern extension zone of the Chaah Mine, the group is commencing with underground mining while also transitioning the Southern Pit from open-pit to underground mining. The group has appointed a turnkey contractor to undertake full mining operations.

(i) Under the turnkey contractor model, how are operational responsibilities and performance accountability allocated between the contractor and the group? In particular, who controls mine planning, production scheduling and execution, and what performance measures or contractual obligations are used to ensure that the contractor delivers the targeted production levels? How are cost overruns, production shortfalls and operational risks allocated between the contractor and the group, and what protections does the group have against cost escalation or underperformance?

(ii) With the transition to underground mining, what are management's projected C1 cash cost and all-in cash cost per tonne?

In his message to shareholders, the managing director noted that underground ore extraction continued during the year, with approximately 48,700 tonnes extracted in the fourth quarter.

(iii) Can management provide greater clarity on the total production from the Chaah, Kahang and Gerik mines in FY2026?

Q2. Following completion of the acquisition on 12 September 2025, MCRE Resources Sdn. Bhd. (MCRE) is accounted for as a joint operation, with the group recognising its 40% share of MCRE's revenue, expenses, assets and liabilities.

(i) As a joint operation, what is the group's actual involvement in MCRE's operations and strategic decision-making? Specifically, what responsibilities does the group assume in operational management, technical oversight, financing and capital commitments?

During the year, MCRE produced approximately 3,600 wet tonnes of rare earth carbonate from Parcels 1 and 2. Development work has commenced at Parcel 3, with operations targeted to commence by the middle of FY2027. However, MCRE's export permit expired in June 2026.

(ii) Who was responsible for securing the renewal of MCRE's export permit, and why was the renewal not obtained before its expiry?

(iii) With MCRE's export permit having expired in June 2026, how has this affected its ability to sell and export rare earth carbonate, and what is its current working capital position? Does MCRE have sufficient financial resources to sustain its existing operations and complete the development of Parcel 3 without further funding from the joint operators?

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

At the Gerik Mine in Hulu Perak, MCRE's operations were subject to temporary work suspension orders. Operations resumed in January 2026 after MCRE addressed the matters identified by the authorities.

(iv) Following the regulatory suspension, how has the board independently assessed whether MCRE's environmental and operational controls are adequate to prevent a recurrence? Given that the independent directors do not appear to have direct mining or resource extraction experience, what independent technical expertise, site inspections and assurance mechanisms have they relied upon to discharge their oversight responsibilities?

Q3. The group's joint ventures include Rigid Temau Sdn. Bhd. (RTSB), Maha Hijau Sdn. Bhd. (MH), Southern Atlantic Metal Sdn. Bhd. and Sri Aman Minerals Sdn. Bhd.

On 28 September 2022, the group acquired a 50% interest in RTSB for RM7.16 million in cash and settled a further RM4.84 million, representing its 50% share of advances previously provided by the vendors to RTSB. RTSB commenced iron ore production in August 2023, but its mining licence subsequently expired. In addition to impairing the carrying value of the joint venture, the group recognised a RM16.2 million provision against amounts due from RTSB.

As at 31 July 2026, the carrying value of the group's investments in joint ventures had been fully impaired to nil. All four joint ventures have unrecognised share of loss, amounting to an aggregate of RM5.56 million.

Carrying amount for investment in:	2024 RM'000	2025 RM'000	2026 RM'000
Rigid Temau Sdn Bhd	11,993	9,540	–
Maha Hijau Sdn Bhd	4,607	–	–
Southern Atlantic Metal Sdn Bhd	349	–	–
Sri Aman Minerals Sdn Bhd	558	–	–
Total	**17,507**	**9,540**	**–**

(Compiled from company annual reports)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

In addition to the expiry of RTSB's licence, the exploration licences of Maha Hijau, Southern Atlantic Metal and Sri Aman Minerals were not renewed[1], resulting in corresponding impairment losses in FY2025.

(i) Can management clarify when exactly RTSB's mining licence expired, why it was not renewed and what efforts were made by RTSB to secure its renewal before expiry? Given the group's 50% interest in RTSB, what oversight did management and the board exercise over the joint venture's licence renewal process, and why was the risk of losing the licence not addressed in time?

The group's investment in RTSB has resulted in a fully impaired joint venture carrying value and a RM16.2 million provision against amounts due from RTSB.

(ii) What was the original RTSB investment case, including the expected production profile, mine life and financial returns, and how did actual performance compare with the investment assumptions? Has the board reviewed whether the original due diligence and subsequent monitoring were adequate, and what lessons have been incorporated into the group's investment approval process, especially for joint ventures?

(iii) How has the board assessed whether management has the capacity, capabilities and execution track record to oversee the critical transition to underground mining at the Chaah Mine and acquire a new REE mine while also managing the group's joint venture investments?

(iv) In light of the significant losses incurred on the group's joint venture investments, should the group suspend further joint venture investments until it has demonstrated that it has the necessary capabilities and oversight arrangements to manage them effectively?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

[1] A subsidiary, Sumber Alam Minerals (Sabah) Sdn, Bhd, also experienced the non-renewal of its exploration licence for its project in Sabah. The company recognised an impairment of RM4.68 million for FY2025 in respect of the amount due from Sumber Alam Minerals (Sabah) Sdn, Bhd.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y