



## FORTRESS MINERALS LIMITED

(Company Registration No. 201732608K)

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### PROPOSED PLACEMENT OF UP TO 23,316,100 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“PLACEMENT SHARES”) AT THE ISSUE PRICE OF S\$0.386 PER PLACEMENT SHARE

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#### 1. INTRODUCTION

The board of directors (the “**Board**”) of Fortress Minerals Limited (the “**Company**”, and together with its subsidiaries, referred to as the “**Group**”) wishes to announce that the Company has, on 20 March 2023, entered into a placement agreement (the “**Placement Agreement**”) with Stirling Coleman Capital Limited (the “**Placement Agent**”), pursuant to which the Placement Agent has agreed to procure placees (the “**Placees**”) to subscribe for up to 23,316,100 **Placement Shares** at the Placement Price (as defined below), on a best efforts basis, by way of a placement (the “**Proposed Placement**”), upon the terms and subject to the conditions set out in the Placement Agreement.

When completed, and assuming that the Placement Shares are fully subscribed, the Placement Shares will represent approximately 4.66% of the existing issued and paid-up shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any<sup>1</sup>) as at the date of this announcement, and approximately 4.46% of the enlarged issued and paid-up shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) immediately after completion of the Proposed Placement. The Proposed Placement will increase the issued and paid-up shares in the capital of the Company from 500,000,000 ordinary shares in the capital of the Company (“**Shares**”) to 523,316,100 Shares.

The price at which each Placement Share is proposed to be allotted and issued is S\$0.386 (the “**Placement Price**”), amounting to an aggregate consideration of up to approximately S\$9.0 million (equivalent to up to approximately US\$6.7 million<sup>2</sup>). Each Placee subscribing for the Placement Shares pursuant to the Placement Agreement will be independently procured by the Placement Agent. A commission of 3.0% of the aggregate of the Placement Price for all of the Placement Shares subscribed pursuant to the Placement Agreement is payable by the Company to the Placement Agent. Under the terms of the Placement Agreement, the Placement Agent may make sub-placement arrangements in respect of its placement obligations under the Placement Agreement upon such terms and conditions as the Placement Agent deems fit.

The Placement Shares will not be placed to (i) any person who is a director of the Company (each a “**Director**”) or a substantial shareholder of the Company, an interested person as defined in Chapter 9 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), or any other person in the categories set out in Rule 812(1) of the Catalist Rules or (ii) one or more of the persons specified above, unless specific shareholders’ approval has been obtained and the relevant restricted parties (who are also shareholders of the Company (the “**Shareholders**”)) must abstain from voting on the resolution approving the Proposed Placement.

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<sup>1</sup> As at the date hereof, the Company does not have any treasury shares or subsidiary holdings.

<sup>2</sup> Based on an exchange rate of US\$/S\$ 1.3421 as at 17 March 2023.

The Proposed Placement will not result in a transfer of controlling interest of the Company. The number of Placement Shares to be placed to any Placee is not expected to result in the Placee becoming a substantial shareholder of the Company. In the event that any Placee becomes a substantial shareholder as a result of the Proposed Placement, a further announcement will be released in accordance with applicable Catalist Rules and guidelines. The Placees will not be entitled to any benefit(s) other than by the placement of the Placement Shares to them.

There are no share borrowing arrangements entered into for the purposes of facilitating the delivery of the Placement Shares for the Proposed Placement.

## **2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT**

### **2.1 Ranking and No Encumbrances**

The Placement Shares shall be allotted and issued free from any pledge, lien, charge, security interest, encumbrance, claim, equitable interest or other third party right whatsoever and, when issued and fully paid, shall rank in all respects *pari passu* with the existing Shares, save that they shall not rank for any dividend, right, allotment or other distributions, the record date for which is on or before the relevant date of allotment and issue of the Placement Shares. For the purposes of this paragraph, “**record date**” means the date fixed by the Company for the purposes of determining entitlements to dividends, rights, allotments or other distributions of holders of Shares.

### **2.2 Placement Price**

The Placement Price of S\$0.386 per Placement Share represents a discount of approximately 9.90% to the volume weighted average price of the Shares of S\$0.4284 for trades done on the Catalist Board of the SGX-ST for the full market day on 16 March 2023 (being the last full market day on which the Placement Agreement was signed) and up to the time a trading halt for the Shares was called at 6:55 am on 17 March 2023, which is within the 10% discount limit as stated in Rule 811(1) of the Catalist Rules.

The Placement Price was commercially agreed between the Company and the Placement Agent after arm's length negotiations and taking into account historical trading performance of the Company, prevailing market conditions and the future prospects of the Group.

### **2.3 General Mandate**

The Placement Shares will be allotted and issued pursuant to the general mandate which was granted by Shareholders to the Directors pursuant to Section 161 of the Companies Act 1967 of Singapore by way of an ordinary resolution at the annual general meeting of the Company held on 22 June 2022 (the “**General Mandate**”).

Under the General Mandate, the Directors are authorised to, in the case where shares are issued other than on a *pro-rata* basis to existing Shareholders, allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of passing by Shareholders of the General Mandate, after adjusting for, (a) any new Shares arising from the conversion or exercise of any convertible securities which were issued and outstanding or subsisting at the time the General Mandate was approved; (b) any new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time the General Mandate was approved (provided that such options or awards (as

the case may be) were granted in compliance with the provisions of the Part VIII of Chapter 8 of the Catalist Rules); and (c) any subsequent bonus issue, consolidation or subdivision of Shares.

The total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing by Shareholders of the General Mandate was 500,000,000 Shares. As at the date of this announcement, the Company has not allotted and/or issued any Shares under the General Mandate and no event has occurred which would result in any adjustment in the number of Shares on which the General Mandate is based.

The Placement Shares represent approximately 4.66% of the total number of issued Shares of 500,000,000 Shares (excluding treasury shares and subsidiary holdings, if any) as at the date the General Mandate was approved. Accordingly, the proposed issue of the Placement Shares is within the limit approved by Shareholders pursuant to the General Mandate.

## **2.4 Additional Listing Application**

The Company will be making an application to the SGX-ST via the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for the listing of and quotation for the Placement Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcement in due course upon receipt of the listing and quotation notice from the SGX-ST.

## **2.5 Conditions Precedent**

The Proposed Placement is conditional upon, *inter alia*, the receipt of the approval in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST and such approval not being revoked, and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Placement Agent and the Company and to the extent that any conditions to such approval are required to be fulfilled on or before the completion of the Proposed Placement, they are so fulfilled, prior to the completion of the Proposed Placement.

## **2.6 Completion**

Completion shall take place on a date falling no later than seven (7) business days after the conditions precedent are satisfied or, where applicable, waived in accordance with the Placement Agreement or such later date as the parties may agree (the "**Completion Date**").

# **3. RATIONALE AND USE OF PROCEEDS**

## **3.1 Rationale**

The proceeds from the Proposed Placement will partially fund the Group's exploration efforts in Sabah arising from the receipt of the two prospecting licences announced by the Company on 6 March 2023. In addition to the strong iron ore producing assets at the Company's Bukit Besi mine, the exploration of new geographies and minerals provides the potential to diversify the Group's revenue streams and bolster sustainable growth for the long term. The Group's strategic growth plan is to venture into new mining opportunities and enhance long term shareholder value, thereby expanding the Group's commodities profile.

The proceeds from the Proposed Placement will also fund the Company's efforts to build up its production capabilities at the Cermat Aman Sdn Bhd mine (the “**CASB Mine**”) located at Mengapur, which commenced production in July 2022. The Company intends to build a new integrated processing plant which will enhance production capabilities at the CASB Mine and enabling the Company to produce high grade iron ore, copper and pyrrhotite concentrate as part of the effort to grow business top lines. These initiatives will continue to propel the Company's pipeline growth and support sustainability of earnings in the long term.

The Placement Shares to be allotted and issued pursuant to the Proposed Placement will increase the number of Shares in issue. This increase in the total number of Shares in issue and the enlarged shareholder base of the Company are expected to improve the trading liquidity of the Shares.

### 3.2 Use of Proceeds

Based on the Placement Price and assuming the Placement Shares will be taken up in full, the net proceeds from the Proposed Placement (after deducting estimated commission, costs and expenses of approximately US\$0.2 million (approximately S\$0.3 million<sup>3</sup>) (the “**Net Proceeds**”) of approximately US\$6.5 million (approximately S\$8.7 million<sup>4</sup>) will be applied in the following estimated proportions:

<b>Proposed Use of Net Proceeds</b>	<b>Amount Allocated</b>	<b>Percentage of Net Proceeds from the Proposed Placement</b>
Further development of the CASB Mine, including continuing and future exploration and geology work, as well as addition of a new integrated processing plant	Up to US\$3.9 million	Up to 60%
Prospecting expenditures in relation to the two prospecting licences in Sabah	Up to US\$2.6 million	Up to 40%
<b>Total</b>	<b>Up to US\$6.5 million</b>	<b>100%</b>

The Company will announce the use of the Net Proceeds as and when the Net Proceeds are materially disbursed and whether such use of the Net Proceeds is in accordance with the stated use and the percentage allocated. Where there is any material deviation from the stated use, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Further, where the Net Proceeds are used for working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in the Company's announcements on the use of proceeds and in the annual report.

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-

<sup>3</sup> Please refer to footnote 2 above.

<sup>4</sup> Please refer to footnote 2 above.

term money markets and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

#### **4. NO PROSPECTUS OR OFFER INFORMATION STATEMENT**

The Proposed Placement is not underwritten and will be undertaken by way of a placement to investors in accordance with Sections 272B, 274, 275(1) and/or 275(1A) of the Securities and Futures Act 2001 of Singapore (the “SFA”). As such, no prospectus or offer information statement will be issued by the Company and lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

#### **5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

To the best of the Company’s knowledge, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement (other than through their respective direct and indirect shareholdings and/or directorships in the Company).

#### **6. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

The financial effects of the Proposed Placement as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and the Company following completion of the Proposed Placement.

The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 28 February 2022 (“FY2022”) subject to the following assumptions:

- (1) the Placement Shares are fully placed out;
- (2) the financial effects of the Proposed Placement on the net tangible assets (“NTA”) per share of the Company are computed assuming that the Proposed Placement had been completed on 28 February 2022;
- (3) the financial effects of the Proposed Placement on the earnings per share (“EPS”) of the Company are computed assuming that the Proposed Placement had been completed on 1 March 2021; and
- (4) the expenses incurred by the Company in connection with the Proposed Placement are approximately US\$0.2 million (approximately S\$0.3 million),

and based on an exchange rate of US\$/S\$ 1.3421 as at 17 March 2023.

##### **6.1 Share Capital**

	<b>Number of Shares<sup>5</sup></b>
As at the date of this announcement	500,000,000
After the completion of the Proposed Placement	523,316,100

##### **6.2 Financial Effects on NTA per Share**

<sup>5</sup> Please refer to footnote 1 above.

	<b>Before the Proposed Placement</b>	<b>After the Proposed Placement</b>
NTA (US\$)	56,805,231	63,328,275
Number of shares	500,000,000	523,316,100
NTA per share (US cents)	11.36	12.10

### 6.3 Financial Effects on EPS

	<b>Before the Proposed Placement</b>	<b>After the Proposed Placement</b>
Profit attributable to the owners of the Company (US\$)	13,892,410	13,892,410
Weighted average number of shares	500,000,000	523,316,100
EPS (US cents)	2.78	2.65

The *pro forma* financial effects of the Proposed Placement are presented solely for illustrative purposes only and are not intended to be indicative or reflective of the actual financial position of the Group after completion of the Proposed Placement.

## 7. DIRECTORS' OPINION

The Directors are of the opinion that, as at the date of this announcement, after taking into consideration:

- (1) the Group's present bank facilities, internal resources and operating cashflows, the working capital available to the Group is sufficient to meet its present requirements. Please refer to paragraph 3.1 of this announcement for the rationale for the Proposed Placement; and
- (2) the Group's present bank facilities, internal resources and operating cashflows, and the Net Proceeds of the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

## 8. CONFIRMATION BY THE PLACEMENT AGENT

The Placement Agent has confirmed that:

- (1) the Placement Shares to be allotted and issued pursuant to the Proposed Placement will not be made without the prior approval of shareholders in a general meeting if such issuance would bring about a transfer of controlling interest;
- (2) the Placement Shares to be allotted and issued pursuant to the Proposed Placement will not be made to (i) any persons under Rule 812 of the Catalist Rules or interested persons as defined under Chapter 9 of the Catalist Rules; or (ii) one or more of the persons specified above, unless specific shareholders' approval has been obtained and the relevant restricted parties (who are also Shareholders) must abstain from voting on the resolution approving the Proposed Placement;
- (3) the Placement Agent will obtain (as the case may be) representations from each Placee that each of them and its directors and substantial shareholders (to the extent applicable) do not have any relationship/connections (including any business relationship) with the Company, the Directors and/or the substantial

shareholders of the Company. In the event that there are such connections, the Company, after being so informed by the Placement Agent, will disclose such information in the completion announcement to be released by the Company for the Placement;

- (4) there are no share borrowing arrangements entered into for the purposes of facilitating the delivery of the Placement Shares for the Proposed Placement; and
- (5) the commission payable by the Company to Placement Agent for the Proposed Placement will not be shared with any person to whom the Placement Shares are allotted and issued to.

## **9. DOCUMENT(S) AVAILABLE FOR INSPECTION**

A copy of the Placement Agreement is available for inspection at the registered office of the Company at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896 during normal business hours for a period of three (3) months from the date of this announcement.

## **10. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares. The Proposed Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

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

### **BY ORDER OF THE BOARD OF FORTRESS MINERALS LIMITED**

Dato' Sri Ivan Chee Yew Fei  
Chief Executive Officer  
20 March 2023

### **Important Notice**

Notification under Section 309B of the SFA: The Placement Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products)

Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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*This announcement has been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

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