



PRESS RELEASE

**Group’s 1Q FY2021 Revenue surpassed US\$7.1 million with
 Gross Profit Margin of 71.1%
 Strong Adjusted EBITDA of US\$ 3.6 million**

- Group’s revenue increased by 21.4% to US\$7.1 million in 1Q FY2021 driven by an increase in sales volume by 34.4% or 19,109 DMT despite the recent restricted movement period in Malaysia.
- Lower average unit cost of US\$24.88/WMT resulted in a stronger gross profit margin of 71.1% in 1Q FY2021.
- Solid adjusted EBITDA of US\$3.6 million, positive working capital of US\$10.9 million and a free cash flow of US\$9.5 million as at 31 May 2020.

SINGAPORE, 8 July 2020 – Fortress Minerals Limited (the “Company” or “Fortress Minerals”) and its subsidiaries (collectively the “Group”), a high-grade iron ore concentrate producer and exporter from Malaysia, today announced the financial results for the period ended 31 May 2020 (“1Q FY2021”).

Financial Highlights

	1Q FY2021	1Q FY2020	Change %	FY2020
Sales volume (DMT*)	74,661	55,552	34.4	269,615
Average realised selling price (US\$/DMT)	94.97	103.29	(8.1)	95.93
Average unit cost (US\$/WMT*)	24.88	29.84	(16.6)	28.81
Revenue (US\$'000)	7,090	5,841	21.4	25,925
Gross profit (US\$'000)	5,044	4,010	25.8	17,280
Gross profit margin	71.1%	68.6%	2.5	66.7%
Other operating income (US\$'000)	75	420	(82.1)	687
Selling & distribution expenses (US\$'000)	559	560	(0.2)	(2,081)
Other operating expenses (US\$'000)	1,413	865	63.3	(4,531)
Administrative expenses (US\$'000)	228	1,314	(82.7)	(1,775)
Finance costs (US\$'000)	10	0.1	1,473.4	(43)
Net profit after tax (NPAT)(US\$'000)	2,158	1,090	97.9	6,497
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) (US\$'000)	3,591 ⁽¹⁾	2,957 ⁽²⁾	21.4	13,530 ⁽³⁾

* DMT denotes Dry Metric Tonnes

* WMT denotes Wet Metric Tonnes

(1) Excluding the effects on foreign exchange loss of US\$1,748 for 1Q FY2021.

(2) Excluding the effect on foreign exchange loss of US\$0.2 million and IPO expenses of US\$0.9 million for 1Q FY2020

(3) Excluding the effect on foreign exchange loss of US\$0.4 million and IPO expenses of US\$0.9 million for FY2020.

Operational and Financial Review

Our Group's mining, processing and business activities have returned to normalcy since 29 April 2020.

In 1Q FY2021, the Group benefited from a y-o-y increase of 21.4% in Group revenue to US\$7.1 million, with 74,661 DMT of high-grade iron ore concentrate being sold. The increase is driven by strong demand from domestic steel mill customers; However, the strong demand is offset by a lower realised selling price of US\$94.47/DMT, down 8.1% or US\$8.32/DMT from 1Q FY2020.

The Group achieved an overall lower average unit cost with a y-o-y decrease of 16.6% to US\$24.88/WMT contributed by improved economies of scale brought about through higher production volume.

The overall strong demand and lower production costs resulted in improved gross profit margin of 71.1%, up by 2.5% from 1Q FY2020.

Operating costs increased by 63.3% to US\$1.4 million in 1Q FY2021 which was primarily due to continuous payout of employees' payroll expenses for our daily remunerated site workers as mandated by the Malaysian Government, throughout the temporary cessation of business brought about by the MCO.

Consequently, the Group recorded a US\$2.2 million net profit after tax in 1Q FY2021, up by 97.9% from 1Q FY2020 of US\$1.1 million.

On the back of the strong profit growth, the Group's recorded a positive working capital position of US\$10.9 million with free cash flow of US\$9.5 million as at 31 May 2020.

Earnings per share ("EPS") for 1Q FY2021 stood at 0.43 US cents, an increase of 87.0% over 1Q FY2020. The Group's net asset value per share improved to 6.25 US cents in 1Q FY2021, demonstrating the Group's business resilience and healthy financial position.

Outlook and Future Plans

Our Group's mining, processing and business activities have returned to normalcy since 29 April 2020. The Group had implemented new protocols for our people and is taking a range of measures such as social distancing and boosting cleaning and sanitising regime to keep our environment safe.

As majority of our operational staff are from the local community in Bukit Besi, the Group faced minimal supply disruption constraints during the resumption of its operations as the production assembly line can be synchronised efficiently by our proximity labour workforce. The Group has been continuing to deliver products to our domestic steel mills customers.

Going forward, our Group remains cautiously optimistic as the iron ore market remains volatile. The management has considered the uncertainties and challenges arising from the COVID-19 pandemic and assessed the impact of the outbreak on its operations, and is of the view that adequate funds are available for the Group's operating requirements and meeting its debt obligations. Our customer order books remain healthy and the Group continues to monitor the credit quality of our customers to ensure the recoverability of the receivables.

The Group continues to seek opportunities through acquisitions, joint ventures and/or provide mining contracting services both in Malaysia and in the region.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented on the 1Q FY2021 performance and outlook of the Group, "*Despite the disruptions during the restrictive movement period in Malaysia, our Group's mining, production and business operations have returned to normalcy since 29 April 2020.*"

Our business has remained resilient and well positioned to weather these challenges. Fortress performed well in 1Q FY2021 and delivered a commendable underlying EBITDA of US\$3.6 million, up by 21.4% with higher revenue generated of US\$7.1 million, outpaced 1Q FY2020 by 21.4%. Fortress is well placed for further growth into the future."

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This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet. Fortress Minerals Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 March 2019. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This Press Release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with Rules 226(2)(b) and 753 (2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has also not drawn on any specific technical expertise in its review of this Press Release.

This Press Release has not been examined nor approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this Press Release.

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

About Fortress Minerals Limited (SGX: OAJ)

Fortress Minerals is a high-grade iron ore concentrate producer based in Malaysia. The Group is principally in the business of exploration, mining, production and sale of iron ore concentrates. The Group presently produces magnetite iron ore concentrates with TFe grade of 65.0% and above, mined from the East, Valley and West Deposits in its Bukit Besi Mine, and sells its iron ore concentrates primarily to steel mills and trading companies in Malaysia.

For more information, please visit: <https://fortress.sg/>

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