

PRESS RELEASE

Fortress Minerals scales up production, more than doubles earnings to US\$2.5 million in 2Q FY2020

- Ramped up production and robust high-grade iron ore demand boosted the Group’s revenue by 18.4% to US\$7.8 million for 2Q FY2020
- Continuous efforts to bolster production efficiencies, productivity, quality and overall competency improved gross profit margin (“GPM”) to 69.4%
- In line with revenue growth and enhancement of profit margins, the Group’s earnings jumped 107.8% to US\$2.5 million for 2Q FY2020 as compared to 2Q FY2019
- Additional ball mills and related machinery successfully commissioned in August 2019, lifting the total quarterly sales volume to 76,334 Dry Metric Tonnes (“DMT”) for 2Q FY2020

SINGAPORE, 9 October 2019 – 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 three months ended 31 August 2019 (“2Q FY2020”).

Financial Highlights

	2Q FY2020	2Q FY2019	Change %	1H FY2020	1H FY2019	Change %	FY2019
Sales volume (WMT)	85,739	74,004	15.9	147,124	74,004	98.8	245,038
Sales volume (DMT)	76,334	68,540	11.4	131,886	68,540	92.4	223,859
Average realised selling price (US\$/DMT)	102.95	91.04	13.1	103.10	91.04	13.2	89.65
Revenue (US\$'000)	7,783	6,572	18.4	13,624	6,572	107.3	20,629
Gross profit (US\$'000)	5,401	3,916	37.9	9,410	3,916	140.3	13,034
Gross profit margin	69.4%	59.6%	16.4	69.1%	59.6%	15.9	63.2%
Other operating income (US\$'000)	54	9	500.0	417	2,070	(79.9)	2,002
Selling and distribution expenses (US\$'000)	494	1,607	(69.3)	1,054	2,306	(54.3)	5,357
Other operating expenses (US\$'000)	989	392	152.3	1,853	604	206.8	1,570
Administrative expenses (US\$'000)	294	254	15.7	1,551	332	367.2	1,293
Finance costs (US\$'000)	17	-	nm	18	-	nm	7
Net profit after tax (NPAT) (US\$'000)	2,518	1,212	107.8	3,609	2,007	79.8	4,894
Adjusted net profit (US\$'000)	2,518	1,242 ⁽¹⁾	102.7	4,775 ⁽²⁾	2,194 ⁽³⁾	117.6	5,659 ⁽⁴⁾
Adjusted net profit margin	32.4%	18.9% ⁽¹⁾	71.4	35.0% ⁽²⁾	33.4% ⁽³⁾	4.8	27.4% ⁽⁴⁾

nm- not meaningful

- (1) Excluding the effect on foreign exchange gain of US\$101 and IPO expenses of US\$30,659 for 2Q FY2019.
(2) Excluding the effect on foreign exchange loss of US\$0.2 million and IPO expenses of US\$0.9 million for 1H FY2020
(3) Excluding the effect on foreign exchange gain of US\$10,146 and IPO expenses of US\$0.2 million for 1H FY2019
(4) Excluding the effect on foreign exchange gain of US\$8,170 and IPO expenses of US\$0.8 million for FY2019

Operational and Financial Review

With the new ball mills fully commissioned, the Group raised overall production since August 2019, at a time of strong demand from local steel mills, pushing quarterly revenue up by 18.4% to S\$7.8 million in 2Q FY2020. The Group grew its production volume, selling 76,334 dry metric tonnes (“DMT”) of iron ore at an average selling price of US\$102.95 for 2Q FY2020.

Gross profit increased 37.9% year-on-year (“yoy”) to US\$5.4 million, supported by strong margins on the back of favourable average selling price realised and the continuous optimisation of the Group’s productivity and efficiency initiatives.

In line with the Group’s expansion activities and some inflationary pressures, other operating expenses which comprise costs relating to employee benefits expense and upkeep of site machinery, motor vehicles and equipment at our Bukit Besi mine grew by 152.3% to US\$1.0 million for 2Q FY2020.

As a result of the above, the Group’s sustainable growth strategy worked well, with net profit after tax jumping by 107.8% to US\$2.5 million in 2Q FY2020. The net profit margin before non-recurring items for 2Q FY2020 was 32.4%, as compared to 18.9% in 2Q2019.

Earnings per share (EPS) for 2Q FY2020 stands at 0.50 US cents, while EPS for 1H FY2020 stands at 0.74 US cents. Higher EPS was directly attributable to favourable sales performance couple with cost efficacy initiative that helps to generate higher contribution. Net asset value per share stood at 5.54 US cents for 1H FY2020.

Outlook and Future Plans

Despite global trade uncertainties and volatile iron ore prices, demand for our Bukit Besi’s high grade iron ore concentrate remain robust especially from domestic steel mills in Malaysia.

The Group remains cautiously optimistic on the near to medium term outlook for its key markets while continuing to improve our economics of scale, operating efficiency and further develop and expand our Group’s processing capacity and mineral resource within our Bukit Besi mine. At the same time, our Group also intends to acquire, enter into joint venture and / or develop new mines as and when the opportunity arises.

Dato’ Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented on the second quarter performance and outlook of the Group, *“It has been a ‘roller coaster’ year for the global seaborne iron ore market. With our consistent efforts in cost control, safety management and efficiency enhancement, we have further improve our operational performance amid iron ore price volatilities. With our additional processing capacity, we are in a better position to capitalize on the increasing demand for our high-grade iron ore concentrate. We will continue to step up our efforts in the exploration at Bukit Besi mine to further enhance our overall potential.”*

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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 the PRC and Malaysia.

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

Issued for and on behalf of Fortress Minerals Ltd. By Financial PR

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