



**PRESS RELEASE**

**Fortress Minerals reports resilient set of results for 1H FY2022;  
 EBITDA increases by 34.0% to US\$15.6 million**

- Revenue for 1H FY2022 of US\$27.3 million exceeds comparative period by 35.8%, driven by record average realised selling price of iron ore of US\$142.57/DMT.
- Strong net cash flow generated from operating activities of US\$15.6 million in 1H FY2022, backed by increasing underlying EBITDA.
- Group remains well-positioned to execute growth plans and stay resilient with its disciplined capital allocation into strategic assets and infrastructure, and continued progress at Bukit Besi and Mengapur.

**SINGAPORE, 8 October 2021** – **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 financial period ended 31 August 2021 (“**2Q FY2022**” or “**1H FY2022**”).

**Financial Highlights**

	2Q FY2022	2Q FY2021	Change %	1H FY2022	1H FY2021	Change %	Full year FY2021
Sales volume (DMT*)	69,181	135,482	(48.9)	189,847	210,143	(9.7)	452,756
Average realised selling price (US\$/DMT)	141.82	95.99	47.7	142.57	95.62	49.1	105.43
Average unit cost (US\$/WMT#)	24.55	19.64	25.0	25.18	21.50	17.1	22.62
<i>(US\$'000)</i>							
Revenue	9,985	12,985	(23.1)	27,268	20,076	35.8	47,718
Gross profit	8,123	10,065	(19.3)	22,027	15,109	45.8	36,466
Gross profit margin	81.4%	77.5%	3.9	80.8%	75.3%	5.5	76.4%
Other operating income	153	222	(31.1)	309	212	45.5	412
Selling & distribution expenses	767	1,806	(57.5)	2,489	2,365	5.2	4,911
Other operating expenses	2,791	1,104	152.9	5,295	2,387	121.9	7,273
Administrative expenses	381	142	168.6	825	415	98.8	1,274
Finance costs	191	13	1,425.2	223	23	882.3	62
Net profit after income tax (NPAT)	3,281	5,681	(42.2)	10,481	7,840	33.7	18,245
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,289	8,065	(34.4)	15,612	11,654	34.0	26,560

\* DMT denotes Dry Metric Tonnes  
 \* WMT denotes Wet Metric Tonnes

## **Operational and Financial Review**

Fortress Minerals delivered a strong set of results for 1H FY2022, supported by a solid operational performance.

The Group achieved higher revenue of US\$27.3 million for 1H FY2022, exceeding revenue for the 6 months financial period ended 31 August 2020 (“1H FY2021”) by 35.8% year-on year (“yoy”), driven by higher average realised selling price of US\$142.57/DMT, up by 49.1% yoy, underpinned by a robust pricing environment.

Iron ore deliveries remained resilient with sales volume of 189,847 DMT, decreasing marginally by 9.7% or 20,296 DMT despite the lockdown restrictions imposed by the Malaysian Government for approximately five weeks at the beginning of 2Q FY2022. Lower sales volume in 1H FY2022 resulted in a lower dilution of production overhead costs and a corresponding increase in average unit cost by 17.1% to US\$25.18/WMT.

Operations continued to generate excellent underlying earnings for 1H FY2022, with the Group’s EBITDA and NPAT increasing 34.0% yoy to US\$15.6 million and increasing 33.7% yoy to US\$10.5 million, respectively. Earnings per share increased 33.8% yoy to 2.10 US cents as compared to 1H FY2021.

With the strong growth in earnings, the Group generated net cash flow from operating activities of US\$15.6 million, up by 841.7% yoy or US\$14.0 million. In 1H FY2022, the Group also increased its capital expenditure for both the Bukit Besi mine and Cermat Aman Sdn Bhd (the “CASB”) mine, with a total of US\$10.4 million invested into plant and equipment and developing mining infrastructure, reflecting the Group’s commitment to invest into strategic assets through the cycle, fuelling growth prospects and maximising long-term shareholder value.

Net asset value per share increased to 10.84 US cents as at 31 August 2021 compared to 9.68 US cents as at 28 February 2021 supported by the Group’s business resilience and strong balance sheet.

Dato’ Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented, *“Our high-quality assets, operational excellence and strong balance sheet, have continued to keep our business resilient and enabled us to deliver a strong set of results for 1H FY2022. The further easing of containment measures and reopening of economy sectors by the Malaysian Government reaffirms that the national recovery plan is on track. As we continue to maintain strict safety protocols and with our workforce achieving a vaccination rate of over 90%, we envision that we will be able to continue to ensure safe and smooth operations at our assets.”*

## **Market outlook**

The domestic steel mill demand and appetite on our iron ore concentrate remained strong throughout 2021 and the Group remains optimistic that the demand will remain healthy.

Following the further easing of containment measures, the rapid progress and swift vaccine rollout of the domestic vaccination program has allowed the Malaysian Government to ease COVID-19 restrictions and spur the reopening of economic sectors. These favourable factors help to affirm the Malaysian government’s policy status quo and its commitments toward the national recovery plan.

Quality differentiation is expected to remain a factor in determining iron ore prices. We expect high-grade ore to command premium pricing given its higher iron content and low impurities, which fit the needs of regional steel makers seeking to reduce their greenhouse gas emissions and raise blast furnace productivity.

## **Operational developments**

Operations at the Group's Bukit Besi Mine and CASB Mine had resumed on 5 July 2021 and we continuously strive to adhere to the standard operating procedures at all times to maintain a safe operating environment for all staff. The Group will also continue to focus on expediting the development phase at the tenements held by Fortress Mengapur and remains on track to commence iron ore production at the end of the financial year ending 28 February 2022 (“FY2022”).

Leveraging on the Group's expertise and experience, applying a disciplined approach to capital allocation, and balancing exploration and production activities, the Group aims to continue to grow value and returns for its shareholders in the long term.

The Board and management have considered the uncertainties and challenges arising from the COVID-19 pandemic and assessed the impact of the outbreak on its operations and are of the view that adequate funds are available for the Group's operating requirements for the purposes of meeting its debt obligations for the next 12 months. Customer order books remain healthy and the Group continues to closely monitor the credit quality of its customers to ensure the recoverability of the receivables.

The Group has increased its efforts to secure sales volume commitments that will provide recurrent income and cash flows to the Group and is in the midst of negotiations with a third party in relation thereto. No definitive agreement has been entered into and accordingly, there is no assurance or certainty that the sales commitment will materialise. Further announcement will be made by the Company via SGXNET if and when a definitive agreement is reached.

The Group also continues to seek opportunities to grow its commodities portfolio via acquisitions, joint ventures and/or provide mining contracting services both in Malaysia and in the region, where its strong capabilities provide it a competitive edge to tap on the growing demand. The Group will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

**\*\*End\*\***

*This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet.*

*This press release 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 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)*

## **About Fortress Minerals Limited (SGX: OAJ)**

Fortress Minerals is an 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.

The Group had on 7 April 2021 completed the acquisition of the entire issued and paid-up share capital of Fortress Mengapur Sdn. Bhd. (formerly known as Monument Mengapur Sdn. Bhd.) and its subsidiaries (“Fortress Mengapur”), which comprises the entire tenements held by its subsidiaries, namely Cermat Aman Sdn Bhd and Star Destiny Sdn Bhd. Following the completion of the acquisition, Fortress

Mengapur has become a wholly-owned subsidiary of the Company. Fortress Mengapur's tenements contains iron ore, copper, gold and silver Inferred Mineral Resources. At this juncture, the Group continues to focus on the magnetite iron ore mining and intends to stockpile other minerals, if encountered during potential mining, for future processing.

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

Media & Investor contact:

Dato' Sri Ivan Chee

Email: [corporate@fortress.sg](mailto:corporate@fortress.sg)

Tulchan Communications LLP

Email: [fortressminerals@tulchangroup.com](mailto:fortressminerals@tulchangroup.com)

Tel: +603 5630 1993