

PRESS RELEASE

Fortress Minerals reports strong set of results for 9M FY2022; EBITDA up 18.5% to US\$20.9 million

- Revenue for 9M FY2022 increased by 25.5% to US\$38.1 million, underpinned by a 4.2% increase in volume sold to 315,977 DMT and strong average realised selling price of iron ore in 9M FY2022.
- Net cash flow generated from operating activities for 9M FY2022 increased by 65.1% to US\$22.1 million, backed by strong EBITDA margins of 55.1%.
- Strategic growth plans and efforts to maintain disciplined capital allocation into key assets and infrastructure are on track and continue to support the Group’s progress and resilience.

SINGAPORE, 12 January 2022 – **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 periods third quarter and nine months ended 30 November 2021 (“3Q FY2022”) and (“9M FY2022”), respectively.

Financial Highlights

	3Q FY2022	3Q FY2021	Change %	9M FY2022	9M FY2021	Change %	Full year FY2021
Sales volume (DMT*)	126,131	93,246	35.3	315,977	303,389	4.1	452,756
Average realised selling price (US\$/DMT)	87.44	110.06	(20.6)	120.55	100.06	20.5	105.43
Average unit cost (US\$/WMT#)	20.22	25.26	(20.0)	23.19	22.65	2.4	22.62
<i>(US\$'000)</i>							
Revenue	11,053	10,304	7.3	38,132	30,379	25.5	47,718
Gross profit	8,247	7,734	6.6	30,086	22,843	31.7	36,466
Gross profit margin	74.6%	75.1%	(0.5)	78.9%	75.2%	3.7	76.4%
Other operating income	268	121	121.7	526	334	57.6	412
Selling & distribution expenses	2,059	525	291.8	4,360	2,891	50.8	4,911
Other operating expenses	2,151	1,695	26.9	7,446	4,081	82.4	7,273
Administrative expenses	341	417	(18.3)	1,114	832	33.9	1,274
Finance costs	188	13	1,401.7	411	35	1,066.6	62
Net profit after income tax (NPAT)	2,831	4,338	(34.7)	13,312	12,178	9.3	18,245
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,310	5,947	(10.7)	20,990	17,656	18.9	26,560

* DMT denotes Dry Metric Tonnes

* WMT denotes Wet Metric Tonnes

Operational and Financial Review

Fortress Minerals showcased continued resilience through a strong operational performance and good set of results for 9M FY2022.

The Group achieved higher revenue of US\$38.1 million for 9M FY2022, an increase of 25.5% year-on-year (“yoy”) over 9M FY2021, underpinned by a 4.1% increase in volume sold to 315,977 DMT and strong average realised selling price of iron ore for 9M FY2022.

Sales volume is expected to remain strong and be well-supported by the Group’s new 15-month offtake agreement announced on 12 October 2021 to deliver approximately 375,000 WMT to a third-party domestic steel mill in Malaysia, as well as the Group’s strong business relationships in the regional iron ore ecosystem.

The Group’s ramp up in production allowed the Group to trim average unit cost by 20.0% to US\$20.22/WMT for 3Q FY2022 and maintain a relatively low average unit cost of US\$23.19/WMT for 9M FY2022. Selling and distribution expenses increased with the increase in sales volume, and other operating expenses increased, in line with the Group’s efforts to support business expansion activities.

The Group’s EBITDA and NPAT increased 18.9% yoy to US\$21.0 million and 9.3% yoy to US\$13.3 million for 9M FY2022, respectively. Earnings per share increased 9.4% yoy to 2.67 US cents.

Strong earnings growth and disciplined cost management sustained the Group’s strong net cash flow from operating activities which increased 65.1% yoy to US\$20.1 million for 9M FY2022. The Group also continues to take a disciplined approach towards capital management, investing strategically into both the Bukit Besi mine and Cermat Aman Sdn Bhd (the “CASB”) mine, reflecting the Group’s commitment to invest through the cycle to sustain growth prospects and maximise long-term shareholder value.

Net asset value per share increased to 11.44 US cents as at 30 November 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 disciplined cost management practices, commitment to invest in strategic assets, and strong relationships in the region have continued to enable us to leverage on our quality assets to deliver a resilient set of results for 9M FY2022.”*

We look forward to bringing production at the CASB mine to commencement in the first quarter of the financial year ending 28 February 2023 (“1Q FY2023”) and focusing on our cost control measures, which will allow us to remain resilient and support our growth.

Strict safety protocols also remain a priority to ensure continued operational excellence as economic activity resumes normalcy in Malaysia and the country’s growth prospects improve.”

Market outlook

The Group remains optimistic on the demand for its iron ore concentrate from regional steel mills. The high grade of its iron ore is expected to continue being a favourable determining factor in pricing and appetite for iron ore. Higher iron content with lower impurities fulfils the needs of regional steel makers seeking to reduce greenhouse gas emissions and raise blast furnace productivity.

Iron ore production and sales for the Group remain strong and the Group’s growth prospects are well-supported by efforts to invest in growing its portfolio sustainably, as well as its strong relationships with its customers and quality operations which had led to the new offtake agreement announced on 12 October

2021. For further details on the offtake agreement, please refer to the announcement dated 12 October 2021 released by the Company on SGXNET.

In Malaysia, the gradual easing of containment measures, opening of its economy and swift rollout of the domestic vaccination program have assisted in the resumption of economic activities and improvement in consumer and business sentiments. These favourable factors are expected to support a stronger economic recovery in 2022.

Operational developments

The Group continues to prioritise the safety of its people and is committed to pursuing long-term growth prospects and disciplined cost controls to maintain operational excellence, and to meet ongoing and continuous demand. Efforts to secure sales volume commitments that will maintain the Group's strong operating cashflows have been fruitful, demonstrated by the new offtake agreement announced on 12 October 2021.

The CASB mine was targeted to commence production at the end of February 2022. However, due to recent wet weather conditions between December 2021 and January 2022 at the CASB Mine that disrupted the final plants commissioning stage, the CASB Mine is expected to commence production soon in 1Q FY2023 instead.

The Group continues to leverage on its expertise and experience to employ disciplined cost and capital management measures to ensure sustainable growth and long-term value for its shareholders.

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 continues to seek opportunities to grow its commodities portfolio responsibly via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide it a competitive edge to tap on the 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

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 mining, for future processing.

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

Media & Investor contact:

Dato’ Sri Ivan Chee

Email: corporate@fortress.sg

Tulchan Communications LLP

Email: fortressminerals@tulchangroup.com

Tel: +603 5630 1993