



77 Robinson Road
 #06-03 Robinson 77
 Singapore 068896
 Tele: +60(3)-7800 0113
 Registration No: 201732608K

PRESS RELEASE

Fortress Minerals reports EBITDA of US\$4.7 million for 3Q FY2024

- 3Q FY2024 revenue remains stable at US\$10.9 million with higher average realised selling price during the quarter.
- Gross profit margin remained healthy at 65.9% for 3Q FY2024 despite the impact of higher average unit cost of sales due to inflationary pressures coupled with lower production volume.
- Net cash flow generated from operations for 3Q FY2024 remained robust at US\$5.4 million and strong EBITDA margins of 43.5%.
- The Group continues to be well-supported by strong regional demand and recurring offtake agreements as it focuses on enhancing production capabilities to expand and diversify its revenue streams.

SINGAPORE, 11 January 2024 – 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 and nine months ended 30 November 2023 (“3Q FY2024 and 9M FY2024”).

Financial Highlights

	3Q FY2024	3Q FY2023	Change %	9M FY2024	9M FY2023	Change %	Full year FY2023
Sales volume (DMT*)	116,106	131,539	(11.7)	429,017	413,149	3.8	546,076
Average realised selling price (US\$/DMT)	93.45	85.81	8.9	96.38	100.16	(3.8)	98.04
Average unit cost (US\$/WMT#)	28.99	24.84	16.7	30.80	27.00	14.1	26.38
<i>(US\$'000)</i>							
Revenue	10,870	11,253	(3.4)	41,443	41,368	0.2	53,547
Gross profit	7,159	7,670	(6.7)	26,890	29,131	(7.7)	37,752
Gross profit margin	65.9%	68.2%	(2.3)	64.9%	70.4%	(5.5)	70.5%
Interest income	77	5	1489.2	155	14	982.8	33
Other operating income	475	595	(20.2)	548	869	(36.9)	436
Selling & distribution expenses	(1,549)	(1,417)	9.3	(5,259)	(4,778)	10.1	(6,833)
Other operating expenses	(2,458)	(2,078)	18.3	(7,808)	(6,732)	16.0	(9,175)
Administrative expenses	(609)	(955)	(36.2)	(1,522)	(1,880)	(19.0)	(1,856)
Finance costs	(238)	(268)	(11.2)	(772)	(735)	5.1	(1,013)
Net profit after income tax (NPAT)	2,327	2,942	(20.9)	9,411	11,995	(21.5)	12,095
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,732	5,223	(9.4)	17,192	20,204	(14.9)	23,868

* DMT denotes Dry Metric Tonnes

WMT denotes Wet Metric Tonnes

Operational and Financial Review

Fortress Minerals remains focused on leveraging the sustained demand for its high-grade iron ore products and is actively executing its strategic growth plans to broaden and diversify its revenue streams.

For 3Q FY2024 and 9M FY2024, the Group reported a 3.4% year-on-year (“yoy”) decrease and an 0.2% yoy increase in revenue to US\$10.9 million and US\$41.4 million respectively. The decrease in revenue in 3Q FY2024 was due to lower volume of iron ore sold, amounting to 116,106 DMT, representing a 11.7% decrease from 3Q FY2023. The decrease in revenue in 3Q FY2023 was partially offset by an increase in average realised selling price of US\$93.45/DMT compared to US\$85.81/DMT in 3QFY2023. Overall, sales volume for 9M FY2023 was 3.8% higher at 429,017 DMT.

Average unit cost of sales rose 16.7% yoy to US\$28.99/WMT for 3Q FY2024 mainly attributable to higher inflation of production costs. Average unit cost of sales for 9M FY2024 was 14.1% higher yoy, partially mitigated by a 4.2% yoy increase in production volume which yielded cost efficiencies for the Group.

Consequently, the Group reported gross profit margin of 65.9% for 3Q FY2024 and 64.9% for 9M FY2024.

The Group reported a 9.4% decrease in EBITDA to US\$4.7 million, while NPAT decreased 20.9% to US\$2.3 million for 3Q FY2024, bringing 9M FY2024 EBITDA and NPAT to US\$17.2 million and US\$9.4 million respectively. Earnings per share stood at 1.81 US cents for 9M FY2024.

Supported by the Group’s consistent growth efforts, the Group’s net asset value per share was higher at 13.94 US cents as at 30 November 2023 compared to 12.45 US cents as at 30 November 2022. The Group remains committed to disciplined capital management and growing its operations strategically to maximise long-term value for its shareholders.

Dato’ Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented, *"Iron ore demand remains robust, especially from the region and for our high-grade products. This is supported by the recent offtake agreements we entered into with a local steel mill. To continue to meet this demand, we're actively expanding our production at the CASB mine and advancing exploration in East Malaysia to diversify our revenue streams."*

"We remain well-positioned to deliver on our growth strategies to provide enhanced long-term value to our shareholders."

Market Outlook

Global crude steel production increased 3.3% yoy for November 2022 to November 2023¹. China, the world’s largest steel-producing country, posted a 1.5% increase for January to November 2023 compared to the corresponding period last year to 952.1 million tonnes.

Forecasts indicates that China's robust finished steel exports could approach or surpass 90 million metric tonnes in 2023, a level not seen since 2016. This trend is expected to continue into 2024, driven by potential easing of steel output curbs and continued strong export demand, despite limited improvement in domestic steel demand². With significant new steel facilities in operation, Chinese steelmakers are compelled to maintain high production levels for market share protection, cost reduction, and to generate cash flows.

Furthermore, China’s government-mandated steel output cuts for decarbonisation may not be strictly implemented in 2024, as ensuring decent economic growth would still be the government's top priority³.

¹ The World Steel Association, 21 December 2023: [November 2023 crude steel production](#)

² S&P Global, 7 December 2023: [S&P Global Commodity Insights Dec 7](#)

³ S&P Global, 7 December 2023: [S&P Global Commodity Insights Dec 7](#)

Globally, steel demand is projected to grow by 20-30 million tonnes in 2024, with India leading the way. India anticipates a 9% increase in finished steel consumption in the financial year ending March 2025 (FY25), following a 12% rise in 2024⁴. Although imports have risen, they are not expected to threaten domestic producers significantly. India's steel demand is expected to grow at a Compound Annual Growth Rate of 7% reaching 190 million tonnes by 2030⁵. India's crude steel production is projected to be 210 million tonnes by 2030, a 45% increase from 2023 levels.

Meanwhile, Malaysia's apparent steel consumption is anticipated to grow by 4.1% to 7.8 million tonnes in 2023 and another 4.1% to 8.1 million tonnes in 2024⁶. It is expected to continue growing in tandem with the country's development.

The Malaysian government has also implemented a two-year moratorium on steel investments, effective from August 15, 2023⁷, aiming to address industry challenges and align with the New Industrial Master Plan 2030 (NIMP 2030). This suspension covers all facets of steel-related applications, with potential exemptions for those supporting high-value, low-carbon technology projects. This renewed focus may further support demand for higher grade steel products and thus high-grade iron ore.

The Group's high-grade magnetite iron ore concentrate continues to experience strong demand from regional steel mills. This demand is further bolstered by global initiatives to reduce carbon emissions within the iron ore and steel industry.

Operational developments

On 12 October 2023, the Group entered into two new 9-month offtake agreements with an independent third-party domestic steel mill in Malaysia for approximately 150,000 wet metric tonnes ("WMT") and 90,000 WMT respectively of iron ore. These agreements are a testament to the consistent demand for the Group's high grade iron ore concentrate, and the Group's efficient business operations and strong business relationships with its customers.

The Group is continuing its exploration and evaluation activities at our East, Valley and West Deposits at Bukit Besi mine, tenements held by Fortress Mengapur Group and prospecting areas in Sabah. These efforts ensure adequate Mineral Resources in the medium to long term to support continued cost-efficient growth. Additionally, the Group is enhancing its production capabilities at the Cermat Aman Sdn Bhd ("CASB") mine by the addition of a new integrated processing plant. This strategic move will enable the Group to produce high-grade iron ore, copper, and pyrrhotite concentrate.

The Board and management have considered the uncertainties and challenges in the current environment and the effect on the Group's 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 prudently and in a disciplined manner via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide a competitive edge to tap on the demand.

⁴ Southeast Asia Iron and Steel Institute, 18 December 2023: [Steel Demand Recovery to Continue in Most Markets in 2024, Excluding China](#)

⁵ Southeast Asia Iron and Steel Institute, 27 November 2023: [India's steel demand to touch 190 MT-mark in 2023Q1 production to reach 210 MT: SteelMint](#)

⁶ The Edge Malaysia, 30 November 2023: [Cover Story: Steelmakers welcome government's two-year moratorium on long products](#)

⁷ Southeast Asia Iron and Steel Institute, 16 November 2023: [Malaysia imposes two-year moratorium on steel investment](#)

The Group continues to explore various fund-raising opportunities to enhance its cash balances for operational needs when required. 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 document.

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

About Fortress Minerals Limited (SGX: OAJ)

Fortress Minerals Limited (the "**Company**") and its subsidiary companies (the "**Group**") 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 high grade iron ore concentrates mined from its Bukit Besi mine and Cermat Aman Sdn Bhd (the "**CASB**") mine in Malaysia and sells its iron ore concentrates primarily to steel mills in Malaysia and trading companies in the People's Republic of China.

On 7 April 2021, the Company completed the acquisition of the entire issued and paid-up capital of Fortress Mengapur Sdn Bhd and its subsidiaries ("**Fortress Mengapur Group**"), which comprises the entire tenements held by its subsidiaries, namely CASB and Star Destiny Sdn Bhd (the "**SDSB**"), which covers approximately 951.68 hectares, save for the free digging oxide magnetite iron materials contained in the topsoil at certain areas of Mining lease no. ML. 8/2011 in respect of the mining land (the "Third-Party Iron Ore Interests"). Following the completion of the acquisition of Fortress Mengapur Group, the Group's total mining and exploration land area is approximately 1,477.88 hectares.

Fortress Mengapur Group's tenements contain iron ore, copper, gold and silver mineral resources. On 28 June 2023, the Company gained the approval of its shareholders for the diversification of the Group's business to include the mining of manganese, copper, nickel, cobalt, zinc, lead, tin, chromite, tungsten, gold, silver and other minerals (the "**New Minerals**") and the trading in iron ore and the New Minerals mined or sourced from third parties.

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

Media & Investor contact:

Dato' Sri Ivan Chee

Email: corporate@fortress.sg

Teneo

Email: fortressminerals@teneo.com

Tel: +603 7800 0113