



fortress

FORTRESS MINERALS LIMITED(Company Registration Number: 201732608K)
(Incorporated in the Republic of Singapore on 13 November 2017)

PLACEMENT OF 75,000,000 NEW ORDINARY SHARES (INCLUDING 51,250,000 CORNERSTONE SHARES) IN THE CAPITAL OF FORTRESS MINERALS LIMITED (THE “PLACEMENT SHARES”) AT S\$0.20 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION

Prior to making a decision to subscribe for the Placement Shares, you should carefully consider all the information contained in the offer document dated 19 March 2019 issued by Fortress Minerals Limited (the “Company”, and together with its subsidiaries, the “Group”) in respect of the Placement (the “Offer Document”). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Placement Shares, you should consult your legal, financial, tax or other professional adviser(s).

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Placement Shares contained in the Offer Document. It complements the Offer Document².
- You should not subscribe for the Placement Shares if you do not understand the nature of an investment in equity securities, our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.

Issuer	Fortress Minerals Limited	Place of incorporation	Singapore
Details of this offer	Placement of 75,000,000 Placement Shares (including 51,250,000 Cornerstone Shares)	Total amount to be raised in this offer	Estimated gross proceeds of S\$15.0 million and estimated net proceeds of approximately S\$12.5 million
Placement Price	S\$0.20 for each Placement Share	Listing status of Issuer and the Placement Shares	An application has been made to the SGX-ST for permission for the listing and quotation of all of our Shares already issued, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares on Catalist. The Shares are expected to be listed on 27 March 2019.
Sponsor, Issue Manager and Placement Agent	PrimePartners Corporate Finance Pte. Ltd. (“PPCF”)	Underwriter	The Placement is not underwritten.

¹ Subject to and on the terms and conditions set out in the Offer Document. This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Any decision to subscribe for any Placement Shares should be made solely on the basis of information contained in the Offer Document after seeking appropriate professional advice, and you should not rely on any information other than that contained in the Offer Document.

² The Offer Document has been registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on 19 March 2019. A printed copy of the Offer Document (together with this Product Highlights Sheet) may be obtained on request, subject to availability, during office hours, from PrimePartners Corporate Finance Pte. Ltd., 16 Collyer Quay #10-00 Income at Raffles Singapore 049318. An electronic copy of the Offer Document (together with this Product Highlights Sheet) is also available on the SGX-ST website at <http://www.sgx.com>.

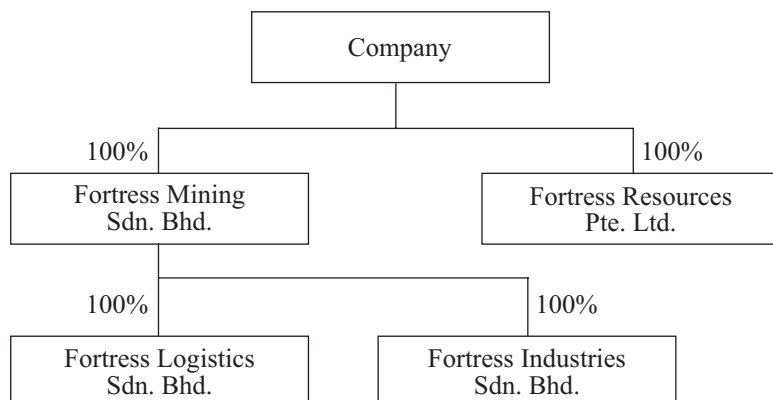
OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

Our Group

Our Company was incorporated in Singapore on 13 November 2017 under the Companies Act as a private company limited by shares under the name of “Fortress Minerals Pte. Ltd.”. Our Company was converted into a public company and renamed “Fortress Minerals Limited” on 20 February 2019.

The structure of our Group as at the date of the Offer Document is as follows:



Our Business

Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. We presently produce iron ore concentrate with TFe grade of 65.0% and above from iron ore mined from the East, Valley and West Deposits in our Bukit Besi Mine, which is an open pit mine comprising two (2) pieces of land known as Lot 110548 and Lot 60027 situated in Bukit Besi, Terengganu, Malaysia. Our Bukit Besi Mine covers a total area of approximately 526.2 hectares, and our mining right for our Bukit Besi Mine will expire in early 2033.

Our iron ore concentrate has various commercially attractive characteristics, including high iron content of at least 65.0% and low levels of impurities. In general, our iron ore concentrate is preferred by trading companies and steel mills, which may use them for, amongst others, the production of iron ore pellets and iron ore sinter, thus commanding relatively higher market price.

We sell our iron ore concentrate primarily to steel mills and trading companies in the People’s Republic of China (“**PRC**”) and Malaysia.

Further information

Refer to the sections entitled “General Information on our Group – History” and “General Information on Our Group – Business Overview” on pages 120 to 123 and 124 to 130 respectively of the Offer Document for more information on our history and business.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVE?

Our board of Directors comprise:

- (a) Chew Wai Chuen (Chairman and Independent Director)
- (b) Chee Yew Fei (Executive Director and Chief Executive Officer)
- (c) Ng Mun Fey (Executive Director and Chief Operating Officer)
- (d) Willa Chee Keng Fong (Non-executive and Non-independent Director)
- (e) Teh Lip Kim (Non-executive and Non-independent Director)
- (f) Loong Ching Hong (Non-executive and Non-independent Director)
- (g) Anita Chew Cheng Im (Independent Director)
- (h) Goh Kah Im (Independent Director)

Our Key Executive is Chua Huan Kun @ Chua Wuan Chin, the Financial Controller of the Company.

Refer to the sections entitled “Directors, Management and Employees – Directors” and “Directors, Management and Employees – Key Executive” on pages 176 to 186 and 186 to 187 respectively of the Offer Document for more information on our directors and executive officer.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

The respective shareholdings of our Controlling Shareholders in our Company immediately before and after the Placement (as at the date of the Offer Document) are summarised below:

	Immediately Before the Placement				Immediately After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Chee Yew Fei ⁽¹⁾⁽²⁾	530	n.m.	251,249,470	59.12	530	n.m.	251,249,470	50.25
Teh Lip Kim ⁽³⁾⁽⁴⁾	–	–	162,265,625	38.18	–	–	162,265,625	32.45
Y F Chee Holdings Pte. Ltd. ⁽²⁾	215,655,720	50.74	–	–	215,655,720	43.13	–	–
SDB Mining Sdn. Bhd. (“SDB Mining”) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	154,937,500	36.46	–	–	154,937,500	30.99	–	–
Selangor Dredging Berhad ⁽⁵⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99
Teh Wan Sang & Sons Sdn. Berhad (“TWSS”) ⁽⁶⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99
Teh Lip Bin ⁽⁷⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99

Notes:

- (1) As at the Latest Practicable Date, our CEO, Chee Yew Fei, holds 60.0% of the total issued and paid-up share capital of GISB which will hold approximately 7.12% of our total Shares immediately after the Placement. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, our CEO, Chee Yew Fei, is deemed to have an interest in the Shares held by GISB.
- (2) As at the Latest Practicable Date, our CEO, Chee Yew Fei, holds the entire issued and paid-up share capital of Y F Chee Holdings Pte. Ltd. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, our CEO, Chee Yew Fei is deemed to have an interest in the Shares held by Y F Chee Holdings Pte. Ltd.
- (3) As at the Latest Practicable Date, Teh Lip Kim holds directly and indirectly approximately 60.3% in the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Kim is deemed to be interested in the Shares held by SDB Mining.
- (4) As at the Latest Practicable Date, Teh Lip Kim holds the entire issued and paid-up share capital of Smith St Investment Pte. Ltd. (“SSIPL”) which will hold approximately 1.47% of our total Shares immediately after the Placement. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Kim is deemed to have an interest in the Shares held by SSIPL.
- (5) As at the Latest Practicable Date, Selangor Dredging Berhad holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Selangor Dredging Berhad is deemed to be interested in the Shares held by SDB Mining.
- (6) As at the Latest Practicable Date, TWSS holds directly approximately 23.1% in the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, TWSS is deemed to be interested in the Shares held by SDB Mining.
- (7) As at the Latest Practicable Date, Teh Lip Bin holds directly and indirectly approximately 38.9% of the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Bin is deemed to be interested in the Shares held by SDB Mining.

Refer to the section entitled “Shareholding and Ownership Structure” on pages 74 to 76 of the Offer Document for more information on our Controlling Shareholder’s shareholdings.

**HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND
WHAT IS OUR CURRENT FINANCIAL POSITION?**

Key profit and loss information

US\$'000	← Audited →			← Unaudited →		Unaudited ← Pro Forma →	
	FY2016	FY2017	FY2018	1H2018	1H2019	FY2018	1H2019
Revenue	–	–	–	–	6,572	–	6,572
(Loss)/Profit before tax from continuing operations, net of tax	(273)	(248)	(357)	(546)	2,742	(357)	2,742
Profit from discontinued operations, net of tax	2,097	323	–	–	–	–	–
Profit/(Loss) for the financial year/period attributable to owners of the Company	1,824	75	(411)	(546)	2,007	(411)	2,007
Pre-Placement EPS/(LPS) (US cents) ⁽¹⁾	0.43	0.02	(0.10)	(0.13)	0.47	(0.10)	0.47
Post-Placement EPS/(LPS) (US cents) ^{(2) (3)}	0.36	0.02	(0.08)	(0.11)	0.40	(0.08)	0.40

Notes:

- (1) For comparative purposes, the pre-Placement EPS/(LPS) for the Period Under Review have been computed based on the (loss)/profit the financial year/period attributable to owners of the Company and our Company's pre-Placement share capital of 425,000,000 Shares.
- (2) Had the Service Agreement and the Appointment Letter (as set out in the section entitled "Directors, Management and Employees – Service Agreement and Appointment Letter" of the Offer Document) been in effect since 1 March 2017, the loss for the year attributable to owners of the Company and adjusted LPS based on our Company's post-Placement share capital of 500,000,000 Shares for FY2018 would have been approximately US\$0.7 million and 0.14 US cents respectively.
- (3) For comparative purposes, the post-Placement EPS/(LPS) for the Period Under Review have been computed based on the (loss)/profit the financial year/period for the year attributable to owners of the Company and our Company's post-Placement share capital of 500,000,000 Shares.

Key cash flows information

US\$'000	← Audited →			← Unaudited →		Unaudited ← Pro Forma →	
	FY2016	FY2017	FY2018	1H2018	1H2019	FY2018	1H2019
Net cash flow generated from/ (used in) operating activities	313	1,021	(457)	(937)	1,609	(457)	1,609
Net cash flow used in investing activities	(418)	(2,392)	(10,801)	(6,111)	(2,673)	(10,801)	(2,673)
Net cash flow generated from financing activities	336	1,176	11,248	7,018	2,266	13,273	(23)
Net change in cash and cash equivalents	231	(195)	(10)	(29)	1,202	2,015	(1,087)
Cash and cash equivalents at end of financial year/period	244	46	41	18	1,239	2,342	1,239

Refer to the sections entitled "Selected Combined Financial Information", "Summary of our Pro Forma Financial Information" and "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 91 to 93, 94 to 96 and 97 to 115 respectively of the Offer Document for more information on our financial position and financial performance.

Key balance sheet information

US\$'000	Audited As at 28 February 2018	Unaudited As at 31 August 2018	Unaudited Pro Forma As at 31 August 2018
Total assets	17,128	20,801	20,801
Total liabilities	15,585	17,414	10,083
Total equity	1,543	3,387	10,718
Total liabilities and equity	17,128	20,801	20,801
NAV per Share (US cents) ⁽¹⁾	0.36	0.80	2.52

Note:

(1) NAV per Share is computed based on the net asset value of our Group and our Company's pre-Placement share capital of 425,000,000 Shares.

Our Group did not recognise any revenue from our continuing operations for FY2016, FY2017 and FY2018 as we commenced production and sale of high grade iron ore concentrate in 1H2019. Our revenue and profit recognised during FY2016 and FY2017 were derived from our operations in relation to bauxite mining activities which was discontinued following the imposition of the Bauxite Moratorium by the government in January 2016. We sold our entire bauxite stockpile by March 2016 during FY2017.

The most significant factors contributing to our financial performance in 1H2019 are as follows:

- Our Group recorded revenue of approximately US\$6.6 million in 1H2019 following the commencement of the production of high grade iron ore concentrate in April 2018.
- Our profit before taxation increased by approximately US\$3.3 million from a loss of approximately US\$0.5 million in 1H2018 to a profit of approximately US\$2.7 million in 1H2019 mainly due to (i) a gross profit of approximately US\$3.9 million; (ii) an increase in other operating income of approximately US\$2.0 million; and (iii) a decrease in finance costs of approximately US\$0.4 million.
- In 1H2019, we recorded net cash flow generated from operating activities of approximately S\$1.6 million mainly due to operating profit before reinvestment in working capital of approximately US\$2.8 million, adjusted for working capital outflows of approximately US\$1.1 million and tax paid of approximately US\$0.1 million.

The above factors are not the only factors contributing to our financial performance for FY2016, FY2017, FY2018 and 1H2019. Please refer to the other factors set out in the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 97 to 115 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Our Group intends to implement the following growth strategies and future plans to drive our future growth and increase shareholder value:

- **Further development and exploration work at our Bukit Besi Mine**

Based on the results of our existing exploration activities at the East, Valley and West Deposits in our Bukit Besi Mine, we intend to carry out further exploration activities such as geological mapping, rock sampling, drilling activities, excavating, collection and analysis of exploration data and exploring, locating and developing new deposits within specific areas permitted for exploration.

We expect to utilise approximately S\$7.0 million of our net proceeds from the Placement for this purpose.

- **Acquisition, joint venture and/or development of new mines**

We intend to continue to increase our iron ore resource through possible strategic acquisitions of mining rights and/or tenements, whether in Malaysia or elsewhere, and may also expand through joint ventures and strategic alliances as part of our long term growth strategy. We will evaluate such opportunities as and when they arise.

Our Group is continuously in exploratory discussions with several parties for the possible acquisition of new mining rights and/or tenements in Malaysia but these discussions remain preliminary and exploratory in nature and there is no assurance that it may result in any successful outcome. Should such opportunities arise, our Group will seek approval, where necessary, from Shareholders and the relevant authorities as required by the relevant laws and regulations.

We expect to utilise approximately S\$2.0 million of our net proceeds from the Placement for this purpose.

Refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” on page 174 of the Offer Document for more information on our business strategies and future plans.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring any unforeseen circumstances, our Directors have made the following observations for the remaining of FY2019 and for the next 12 months from the Latest Practicable Date:

- (a) In line with the PRC’s strict control on industrial pollution, we anticipate demand for our Group’s iron ore concentrate to remain robust at present level prices. Any further increase in prices will benefit our Group;
- (b) We expect the present exchange rate of US\$ against MYR to remain at present levels. As our Group’s revenue is denominated in the US\$, movements in the exchange rate will impact our profitability;
- (c) We expect our overall operating costs especially labour and fuel costs will rise due to inflationary pressures and possible change to regulations on minimum wage rates. To the best of our Directors’ knowledge, as at the Latest Practicable Date, there has been no change to regulation on minimum wage in Malaysia. Any increase in minimum wage rates and fuel cost will increase our Group’s operating costs; and
- (d) Our profitability for FY2019 will be impacted by a substantial increase in professional fees, compliance costs and administrative expenses incurred for the purpose of our Group’s listing exercise. These expenses are one-off in nature and will be a substantial charge to our financial statements.

The above are not the only trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on us. Please refer to the other factors set out in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group – Business Strategies and Future Plans” on pages 48 to 63, 97 to 115 and 174 respectively of the Offer Document.

Refer to the “General Information on our Group – Trend Information” on page 175 of the Offer Document for more information on trend information.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR PLACEMENT SHARES?

We set out below a summary of what we consider the most important key risks which had materially affected or could materially affect our business operations, financial position and results and your investment in our Shares.

- **We have a limited operating history and track record of carrying out our business activities**

Our Group has a limited history upon which investors can evaluate future expected performance as our Group had only commenced mining of bauxite in January 2015 to January 2016. Prior to the commencement of our iron ore mining operations at our Bukit Besi Mine in 2017, we derived our revenue from the sale of bauxite from which we recorded revenue of approximately US\$18.4 million and approximately US\$2.1 million in FY2016 and FY2017³ respectively. Subsequently, our Group ceased our bauxite mining business following the imposition of the Bauxite Moratorium to focus on the mining of iron ore at our Bukit Besi Mine. As such, our past financial performance relating to our discontinued operations of bauxite mining bears no relation to, and provides no indication as to, our ability of carrying out the business of mining and processing of iron ore and our Group's future financial performance.

We did not derive any revenue from the sale of high grade iron ore in FY2016 and FY2017. However for 1H2019, we recorded revenue of approximately US\$6.6 million for the sale of iron ore concentrate since we commenced production in April 2018.

Our Group has a short operating history of iron ore mining and the failure of our Group to carry out our iron ore mining activities and ability to generate revenue and profits could have an adverse impact on the development of and future production from our Group's mining areas, which in turn could have an adverse effect on the financial condition and results of operations of our Group.

- **The financial condition and performance of our Group is dependent on the level and availability of Mineral Resource in our Bukit Besi Mine**

As at the Latest Practicable Date, our Group only operates at our Bukit Besi Mine and it is envisaged that the mining and sale of iron ore mined from our Bukit Besi Mine will be our Group's only source of revenue. Assuming 50% availability of our Current Iron Ore Resource and at a steady-state production rate of 40,000 WMT per month, the East, Valley and West Deposits at our Bukit Besi Mine will have a conceptual Mine Life of three (3) years (where eight (8) months of the planned material to support production is derived from material classified as Indicated Mineral Resource).

Our Group's Current Iron Ore Resource will gradually be depleted as mining operations progress. As such, the future success of our Group's business will depend on its ability to find additional Mineral Resource within our Bukit Besi Mine, or develop or acquire additional iron ore mines under which there are sufficient and viable Mineral Resource for exploitation.

There is no assurance that the further exploitation of our Bukit Besi Mine and/or the acquisition of iron ore mine(s) will be successful, as they are dependent on various factors such as the availability of financing for further exploration or acquisition, the availability of suitable acquisition or investment targets as well as the level of competition for such acquisitions and investments. In addition, there is no assurance that our Group will be able to successfully integrate and operate its acquisitions and investments due to various reasons such as lack of availability of expertise and financial resources.

Refer to the section entitled "Risk Factors" on pages 48 to 63 of the Offer Document for more information on risk factors.

³ Our Group had ceased operations on bauxite mining following the imposition of the Bauxite Moratorium in January 2016. However, certain revenue was recorded only in the beginning of FY2017.

In the event that our Group's Current Iron Ore Resource is depleted and it is not able to further explore our Bukit Besi Mine for additional Mineral Resource or acquire additional iron ore mine(s) under which there are sufficient and viable Mineral Resource for exploitation, our business, financial results, financial position and prospects will be adversely affected.

Furthermore, there is no assurance that future acquisitions of iron ore mine(s) will allow our Group to maintain the required level of Mineral Resource or quality in order for its operations to be economically feasible.

- **We may not be able to discover new Mineral Resource to maintain a commercially viable mining operation**

As indicated in the Qualified Person's Report, our Current Iron Ore Resource comprised Inferred Mineral Resource amounting to 5.04Mt and Indicated Mineral Resource amounting to 0.37Mt. Assuming 50% availability of this Current Iron Ore Resource and at a steady-state production rate of 40,000 WMT per month, the East, Valley and West Deposits at our Bukit Besi Mine will have a Conceptual Mine Life of three (3) years (where eight (8) months of the planned material to support production is derived from material classified as Indicated Mineral Resource). The Independent Qualified Person, SRK, has confirmed that the conceptual mine life in the Qualified Person's Report was derived based on (i) the assumption of 50% availability of this Current Iron Ore Resource which is reported in accordance with the JORC Code; and (ii) a steady state actual production rate of 40,000 WMT per month which our Group has been operating at since April 2018. SRK is of the view that the assumption of the 50% of Current Iron Ore Resource to derive the 3-year mine life is appropriate given the operating environment in the Bukit Besi Mine. Please refer to the section entitled "Appendix F – Qualified Person's Report" of the Offer Document for further details on the Qualified Person's Report.

While our exploration activities are on-going, there is no assurance that these exploration activities will result in the discovery of new Mineral Resource. In addition, even if a Mineral Resource is discovered, it may require substantial capital expenditure and time from the initial phases of exploration until production commences during which the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ from those anticipated at the time of the discovery. In order to maintain iron ore production beyond the Conceptual Mine Life of our Current Iron Ore Resource, other than through acquisitions, additional Mineral Resource must be identified either to extend the life of our existing East, Valley and West Deposits or from unexplored areas within our Bukit Besi Mine. In the event that our on-going exploration activities fail to discover new Mineral Resource, there will be adverse impacts on the future operations, financial results, financial position and growth of our Group.

- **Our rights to mine, extract, process and sell iron ore from our Bukit Besi Mine for commercial sale is derived from the Iron Ore Mining Agreement**

Pursuant to the Iron Ore Mining Agreement, our Group was granted rights by LTAWNT (the holder of the Mining Leases) to mine, extract, process and sell iron ore at our Bukit Besi Mine for commercial sales, from the date of the Iron Ore Mining Agreement and up to the expiration of the Mining Leases (i.e. 19 January 2033 for ML4/2013 at Lot 110548 and 17 March 2033 for ML7/2013 at Lot 60027). The Iron Ore Mining Agreement further provides that LTAWNT has the right to terminate the Iron Ore Mining Agreement if, amongst others, our Group breaches or fails to comply with the terms of the Iron Ore Mining Agreement and such breach or failure had not been remedied within 30 days from the date of receipt of notice from LTAWNT. Accordingly, our rights to mine, extract, process and sell iron ore from our Bukit Besi Mine for commercial sales is subject to the Iron Ore Mining Agreement remaining in full force and effect.

In the event of the Iron Ore Mining Agreement being terminated for whatever reason, we will cease to have the right to possess or to operate the Bukit Besi Mine, which as mentioned above, is our Group's sole mining project and only source of revenue as at the Latest Practicable Date. Accordingly, the termination of the Iron Ore Mining Agreement may adversely affect the business operations, financial results, financial position and future growth of our Group.

Please refer to the section entitled "General Information on our Group – The Iron Ore Mining Agreement" of the Offer Document for further details on the salient terms of the Iron Ore Mining Agreement.

- **The continuing effect of the Iron Ore Mining Agreement is dependent on the renewal or extension of the Mining Leases held by LTAWNT**

The Mining Leases will expire in early 2033, and there is no assurance that LTAWNT will be able to obtain the renewal or extension of the Mining Leases. In the event that the Mining Leases (or any one of them) are not renewed or extended by LTAWNT, LTAWNT will not be able to continue granting us the rights provided for in the Iron Ore Mining Agreement. Accordingly, our Group will not be able to continue the operations at our Bukit Besi Mine, which will have an adverse effect on the financial condition and results of operations of our Group.

Further, at the end of the tenure of the Iron Ore Mining Agreement and within the time frame as specified, our Group is required to, at its own cost and expenses, remove, uninstall and/or demolish all equipment, machinery, fixtures, buildings and structures relating to the mining works. In addition, our Group will also be required to remove all workers, contractors, supervisors and representatives from the mining location, and to hand over the vacant possession of the mining location to LTAWNT on an as-is where-is basis free from encumbrances, restrictions and/or claims. This will likely increase our costs or delay our business activities, which in turn could have an adverse effect on the financial results and financial position of our Group.

- **We have yet to establish a strong sales track record**

Since the commissioning of our processing plant in April 2018, we have been actively marketing our iron ores and have been seeking to establish our sales channels and networks. As a new player in the market, we may not be able to secure a stable or regular source of sales or revenue through entry into and fulfilment of off-take agreements and/or unable to establish our sales channels and networks. Although we have entered into a term sheet with one (1) of our overseas customers for the sale of our iron ore concentrate till July 2019, as well as a sale and purchase agreement in December 2018, January 2019 and February 2019 for the sale of our iron ore concentrate to a steel mill based in Malaysia, there is no assurance that we will be able to secure similar contracts or arrangements moving forward. Accordingly, our revenue and cash flow may be adversely affected which in turn will have an adverse effect on the financial results, financial position, prospects and future growth of our Group.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares; and accordingly, should not be construed as a comprehensive list of all risks. Please refer to the section entitled “Risk Factors” on pages 48 to 63 of the Offer Document for more information on the above risk factors and for a discussion on other risk factors. Prior to making a decision to invest in our Shares, you are advised to apprise yourself of all factors involving the risks of investing in our Shares from your professional advisers before making any decision to invest in our Shares, and you should also consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE PLACEMENT SHARES OFFERED?

As at the date of the Offer Document, following the completion of the Restructuring Exercise and the allotment and issue of the PPCF Shares and Project Manager Shares, the issued and paid up share capital of our Company is approximately S\$16,429,328 comprising 425,000,000 Shares. Upon the allotment and issue of the Placement Shares (including the Cornerstone Shares), the resultant issued and paid-up share capital of our Company will be increased to approximately S\$31,229,428 comprising 500,000,000 Shares.

We have only one (1) class of shares, being ordinary shares. The Placement Shares (including the Cornerstone Shares) will, upon allotment and issue, rank *pari passu* in all respects with the existing issued Shares. Subject to the Constitution, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company.

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules.

Refer to the sections entitled “Share Capital” and “Description of Ordinary Shares” on pages 69 to 73 and 238 to 242 respectively of the Offer Document for more information on the Placement Shares.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised by our Company from the Placement, after deducting the aggregate estimated cash expenses in relation to the Placement of approximately S\$2.5 million, will be approximately S\$12.5 million.

We intend to use our gross proceeds from the issue of the Placement Shares (including the Cornerstone Shares) in the following manner:

Use of proceeds from the Placement	Amount in aggregate (\$'000)	Estimated amount allocated for each dollar of the gross proceeds to be raised from the Placement (cents)
Further development of our Bukit Besi Mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities	7,000	46.7
Acquisition, joint venture and/or development of new mines	2,000	13.3
General working capital purposes	3,500	23.3
Net proceeds	12,500	83.3
Listing expenses ⁽¹⁾⁽²⁾	2,500	16.7
Gross proceeds from the Placement	15,000	100.0

Notes:

- (1) Approximately S\$0.2 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under the Group's statements of comprehensive income.
- (2) The professional fees refer to the cash expenses incurred by our Company in connection with the Listing and the Placement and excludes part of the management fee of S\$0.8 million payable to the Sponsor and Issue Manager pursuant to the Management Agreement which has been satisfied in full by the allotment and issue of PPCF Shares to PPCF, and the service fee of S\$0.45 million payable to the Project Manager as consideration for services rendered, which has been satisfied in full by the allotment and issue of the Project Manager Shares to the Project Manager.

Refer to the sections entitled "Use of Proceeds and Listing Expenses" and "General Information on our Group – Business Strategies and Future Plans" on pages 66 to 67 and 174 respectively of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE PLACEMENT?

Our Company has not declared or paid any dividends since its incorporation and our subsidiaries have not declared or paid any dividends in the Relevant Period.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate ("**Dividend Factors**"). Therefore, there is no assurance that dividends will be paid in the future or of the amount or timing of any future dividends. We may declare an annual dividend subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders.

Subject to the above, our Directors intend to recommend and distribute dividends of:

- not less than 10.0% of our Group's NPAT for FY2019;
- not less than 15.0% of our Group's NPAT for FY2020; and
- not less than 20.0% of our Group's NPAT for FY2021, (the "**Proposed Dividends**").

However, investors should note that all foregoing statements, including statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our dividends payable in the future, which may be varied or totally withdrawn in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. The form, frequency and amount of future dividends will depend on the Dividend Factors. The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future.

Refer to the section entitled "Dividend Policy" on page 68 of the Offer Document for more information on our dividend policy.

DEFINITIONS

In this Product Highlights Sheet, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

“1H2019”	:	Half year ended 31 August 2018
“Bauxite Moratorium”	:	The imposition of the moratorium on bauxite mining in the state of Pahang in Malaysia since January 2016
“Bukit Besi Mine”	:	Our Group’s open pit mine comprising two (2) pieces of land at our Bukit Besi area known as Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu, Malaysia and Lot 60027, Mukim Besul, Daerah Dungun, Terengganu, Malaysia, and covering an aggregate area of approximately 526.2 hectares
“Catalist Rules”	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“Conceptual Mine Life”	:	The conceptually determined mine life of the East, Valley and West Deposits, based on the assumption of 50% availability of our Current Iron Ore Resource at a steady-state production rate of 40,000 WMT per month
“Cornerstone Investors”	:	Mr. Loh Chen Yook, Mr. The Cheng Eng, Ms. The Kun Ann, Mr. Chang Chee Kheo, Arena Jujur Sdn. Bhd., First Grand Investment Pte. Ltd. and Teambuild Construction Pte. Ltd., collectively
“Cornerstone Shares”	:	The aggregate of 51,250,000 new Shares which the Cornerstone Investors have agreed to subscribe for at the Placement Price pursuant to the Cornerstone Subscription Agreements in connection with the Placement
“Cornerstone Subscription”	:	The subscription of the Cornerstone Shares at the Placement Price by the Cornerstone Investors in accordance with the terms of their respective Cornerstone Subscription Agreements in connection with the Placement
“Cornerstone Subscription Agreements”	:	The subscription agreements entered into between our Company and the Cornerstone Investors, pursuant to which the Cornerstone Investors agreed to subscribe for the Cornerstone Shares at the Placement Price
“Current Iron Ore Resource”	:	Our current Inferred Mineral Resource and Indicated Mineral Resource in the East, Valley and West Deposits, as set out in the Qualified Person’s Report
“East, Valley and West Deposits”	:	The East Deposit, Valley Deposit and West Deposit of the Bukit Besi Mine collectively, representing approximately 4.71% of the total land area of the Bukit Besi Mine of 526.2 hectares
“EPS”	:	Earnings per Share
“Fe”	:	Chemical symbol for iron
“FY”	:	Financial year ended or ending, as the case may be, 28 February or 29 February, as the case may be, unless otherwise stated
“Group”	:	The Company and its subsidiaries
“Indicated Mineral Resource”	:	An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit
“Inferred Mineral Resource”	:	An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
“Iron Ore Mining Agreement”	:	The agreement dated 10 April 2016 entered into between LTAWNT, Webcon Sdn. Bhd. and Fortress Mining Sdn. Bhd.
“Latest Practicable Date”	:	15 February 2019, being the latest practicable date before the lodgement of the Offer Document with the SGX-ST
“Listing”	:	The listing of the Shares on Catalist
“Lot 60027”	:	Refers to Lot 60027, Mukim Besul, Daerah Dungun, Terengganu, Malaysia
“Lot 110548”	:	Refers to Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu, Malaysia
“LPS”	:	Loss per Share
“LTAWNT”	:	Lembaga Tabung Amanah Warisan Negeri Terengganu
“Management Agreement”	:	The full sponsorship and management agreement entered into between our Company and PPCF pursuant to which PPCF agrees to sponsor and manage the Listing, details as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of the Offer Document

“Mineral Resource”	:	A concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
“Mining Leases”	:	Refers to ML4/2013 at Lot 110548, and ML7/2013 at Lot 60027 issued by the Terengganu State Authority
“Modifying Factors”	:	Considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
“Mt”	:	Million tons
“NPAT”	:	Net profit after tax
“open pit”	:	Surface mining where the ore is extracted from a pit open to the surface
“Option Shares”	:	The new Shares which may be allotted and issued upon the exercise of the share options which may be granted pursuant to the Fortress Employee Share Option Scheme
“Period Under Review”	:	The period which comprises FY2016, FY2017, FY2018 and 1H2019
“Placement”	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price subject to and on the terms and conditions as set out in this Offer Document
“Placement Price”	:	S\$0.20 for each Placement Share
“Placement Shares”	:	The 75,000,000 new Shares (including 51,250,000 Cornerstone Shares) for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions set out in the Offer Document
“PPCF Shares”	:	The 4,000,000 new Shares allotted and issued to PPCF by our Company as part of PPCF’s management fees as the Sponsor and Issue Manager
“Project Manager”	:	Laguna Star Ventures Limited
“Project Manager Shares”	:	The 2,250,000 new Shares allotted and issued to the Project Manager pursuant to our Company’s letter of appointment dated 8 August 2018 issued to the Project Manager
“Qualified Person’s Report”	:	The qualified person’s report dated 6 December 2018 prepared by SRK Consulting (Australasia) Pty Ltd relating to the East, Valley and West Deposits at our Bukit Besi Mine set out in the section entitled “Appendix F – Qualified Person’s Report” of this Offer Document
“Relevant Period”	:	The period comprising FY2016, FY2017, FY2018, 1H2019 and the period from 1 September 2018 to the Latest Practicable Date
“Restructuring Exercise”	:	The corporate restructuring exercise implemented in connection with the Listing as set out in the section entitled “Restructuring Exercise” of the Offer Document
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“TFe”	:	Total iron content by mass
“WMT”	:	Wet Metric Tons

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Issuer	:	Fortress Minerals Limited
Registered Office	:	8 Robinson Road #03-00 ASO Building Singapore 048544
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Telephone No./Facsimile No.	:	+60 (3) 56301993/+60 (3) 56301995
Internet address/Email address	:	www.fortress.sg/corporate@fortress.sg
Sponsor, Issue Manager and Placement Agent	:	PrimePartners Corporate Finance Pte. Ltd.
Address	:	16 Collyer Quay #10-00 Income at Raffles Singapore 049318
Telephone No.	:	(65) 6229 8088