



# Fortress Minerals Limited

Results Presentation for 1Q FY2022

Malaysia - Singapore



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**01**  
**Fortress**  
**Overview**

# Fortress at a glance



1<sup>ST</sup>

iron ore company listed on Catalist Board of SGX-ST on 27 March 2019

We are a producer and exporter of marketable and high-grade iron ore.



We employ over

200

employees and contractors



Our Location



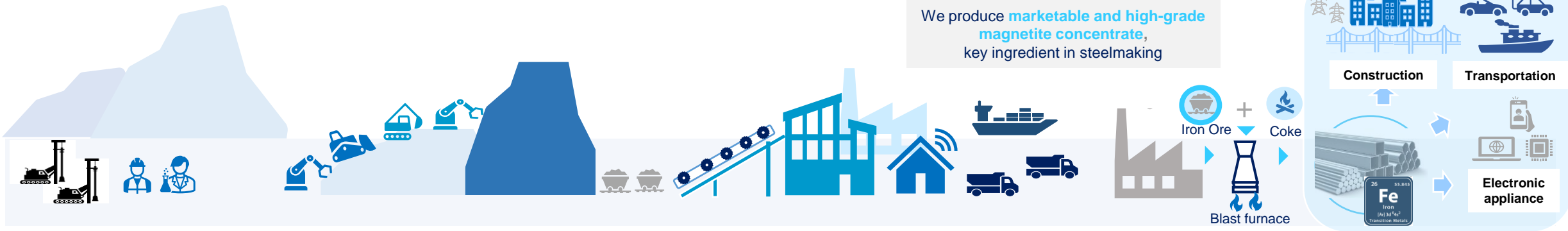
## Fortress operation and product

### 1 Exploration and evaluation

### 2 Infrastructure and development

### 3 Processing and production

### 4 Marketing and commercial



#### Exploration: Unlocks resources

Experienced in-house team in resource prospecting, exploration and mining.

Considerable exploration upside potential within our mines' covered tenements' areas of:

- Bukit Besi: **526.2 hectare**
- Recent acquisition of Fortress Mengapur: **951.68 hectare**

#### Maximum value from resources

We evaluate, plan and invest in infrastructure through disciplined capital investment.

#### Latent capacity and cost effective

- Steady-state processing capability
- Favourable geological conditions and cost advantage
- Access to good public infrastructure

#### Manage market risk: Maximise value

- Close proximity to steel mills customers in Malaysia
- Our **high-grade magnetite concentrate**
- **Reduces greenhouse gas emissions**
- **Raises blast furnace productivity**

# Corporate achievements

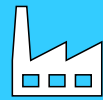


FY2016

## AWARDED BUKIT BESI MINING RIGHT



- 13 years long-life mining rights expiring in the year 2033
- Two mining leases covered area of 526.2 ha



FY2017

## COMPLETION OF JORC DRILLING CAMPAIGN

- Completed JORC drilling campaign on East, Valley & West Deposits
- Construction of major processing plants



FY2018

## COMMERCIAL PRODUCTION LAUNCH



- Commercial production of high grade iron ore concentrate in April 2018
- Indicated and inferred Mineral Resource of 5.41 Mt in the East, Valley and West Deposits



FY2020

## FIRST IRON ORE COMPANY LISTED ON SGX-ST

- S\$**15.0** million in gross proceeds were raised



## DIVIDEND PAY-OUT EXCEED TARGET

- S\$ **2.6** million OR **29.3%** Dividends Distributed > **15% Targeted distribution**



FY2021

## ACQUISITION OF FORTRESS MENGAPUR



- Gross consideration of US\$ **30.0** million plus 1.25% Gross Revenue Royalty
- Comprises **4** mining leases covering tenements areas of **951.68** ha.
- Group's Inferred Mineral Resource increased to **16.22** million tonnes grading 37.86% Fe

## RECORD UNDERLYING EARNING AND DIVIDEND

- Record underlying EBITDA of **US\$26.6** million
- Interim dividend FY2021 of **S\$5.0** million, a **20.6%** dividend payout ratio >**20% Targeted distribution**

# Management team

Talents responsible for the stewardship and long-term sustainable success of the Group



## Dato' Sri Ivan Chee

- Responsible for the overall management and operations of the Group, including formulating, implementing and monitoring the Group's strategic directions, growth plans, financial and risk management.
- Extensive experience in civil and structural engineering and the mining industry.

**Executive Director &  
Chief Executive Officer**



## Ng Mun Fey

- Responsible for the overall management and day-to-day operations of the Bukit Besi Mine, including heading the Group's marketing, geology, mining, processing and other supporting divisions.

**Executive Director &  
Chief Operating Officer**



## Fionne Chua

- Responsible for all finance and accounting operations of the Group.
- Coordinates and directs the preparation of the budget, financial forecast, reports and financial statements and coordinates the preparation of regulatory reporting.
- A Chartered Accountant with more than 10 years of relevant experience.

**Financial Controller**

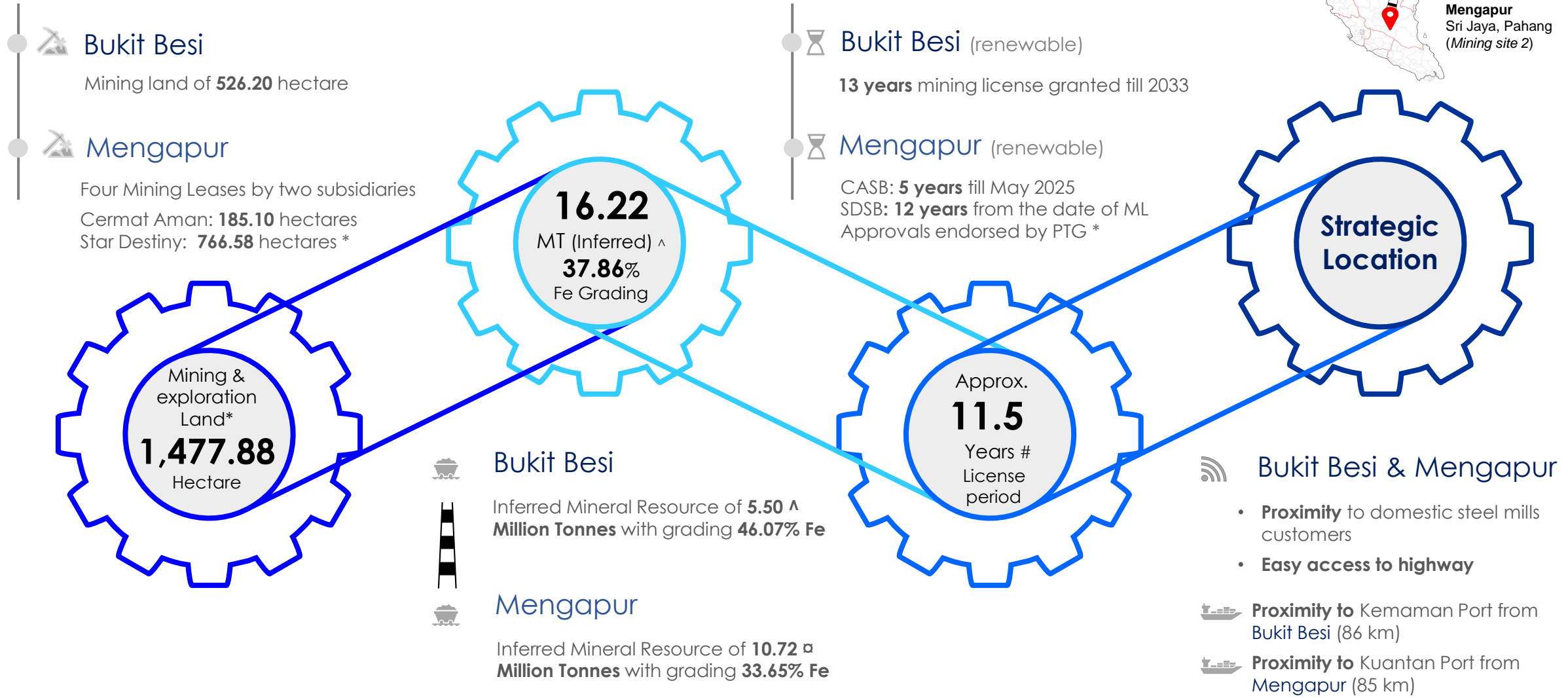


02

Our strategic  
assets

Mining project  
overview

# At a glance: Mining assets of Fortress Minerals



\* Included exploration lands of Star Destiny which comprises Compartment 110 and part of compartments 108, 109, 111, 112 of Hutan Simpan Berkelah at Bukit Mengapur Mukim Hulu Lepar, District of Kuantan, State of Pahang, Malaysia. The Mining Lease Approvals on this exploration land have been obtained on 15 October 2020, however, they have yet to be formally endorsed and issued by Pejabat Pengarah Tanah dan Galian Pahang ("PTG") upon payment of the relevant tenement fees imposed under the ML Approvals.

□ Million Tonnes ("MT") As of 26 October 2020. Please refer to Slide 11 for further details.

^ Million Tonnes ("MT") As of 28 February 2021. Please refer to Slides 10 and 11 for further details.

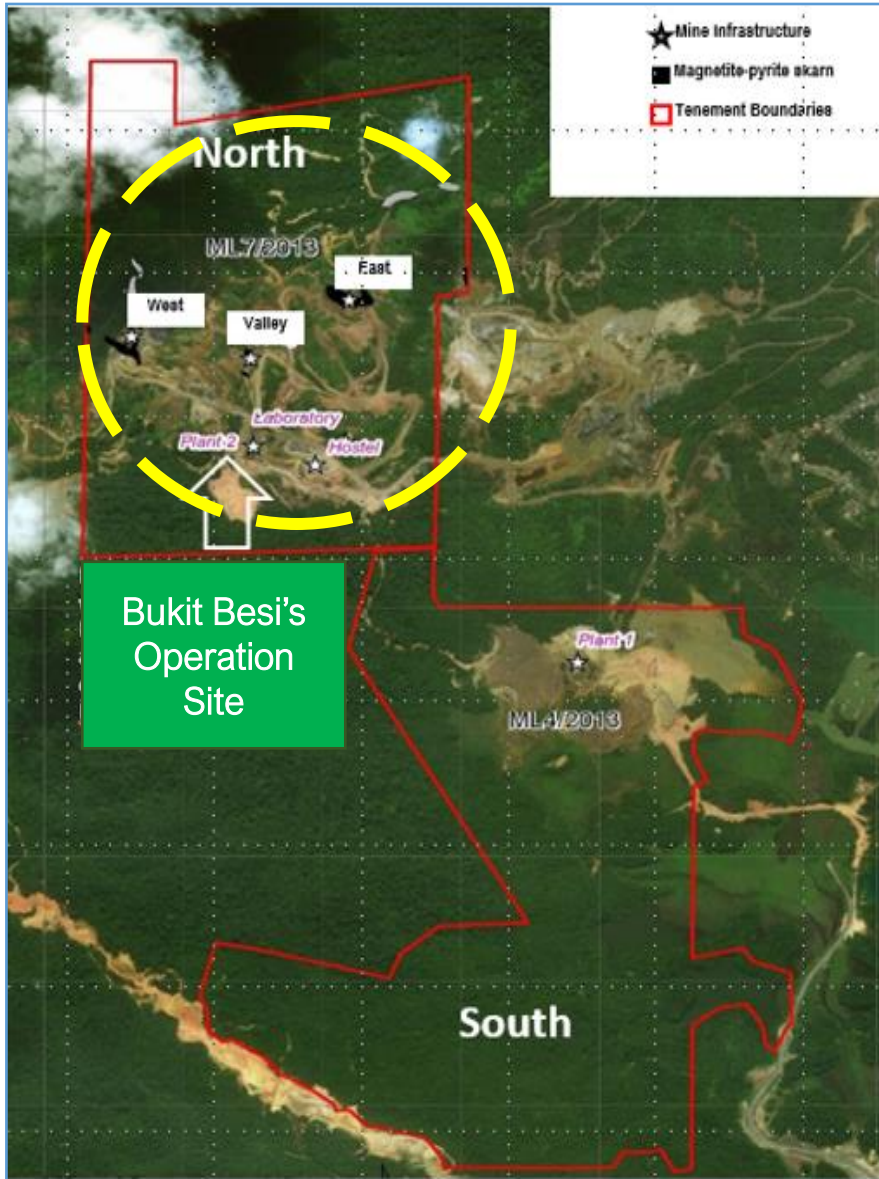
# Based on weighted average basis as computed based on license period in relative to the size of mining / exploration land.



# Bukit Besi Mine Strategic location supported with good Infrastructure

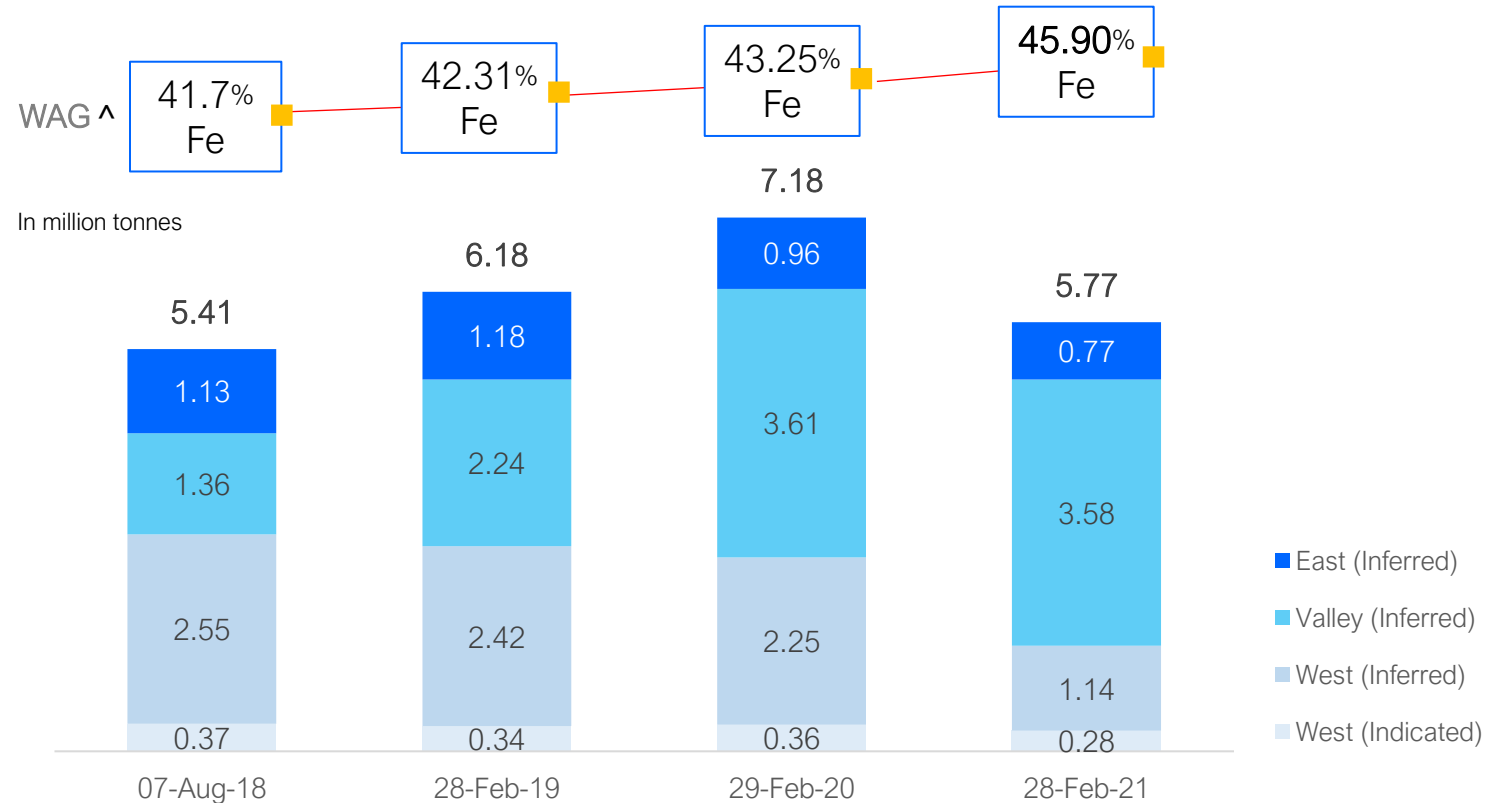


# Bukit Besi Mineral Resource – A closer look



## RESOURCE SUMMARY:

### West, Valley and East Deposits (Bukit Besi) \*



#### Note:

The Bukit Besi Mineral Resource update (with reporting date of 28 February 2021) was announced in the FY2021 results on the SGXNET on 21 April 2021.

\* Based on a block cut-off grade of 10% Fe and magnetic susceptibility greater than 100 and sulphur less than 10%.

^ WAG denotes Weighted average grade

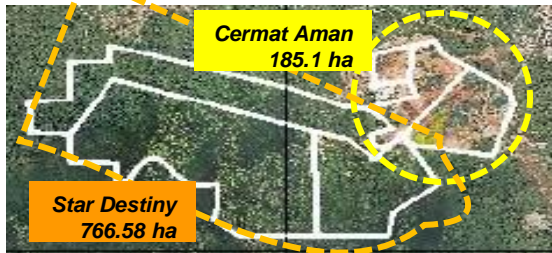
## Quick Snapshot & Introduction



### Mengapur

The Mengapur Project covers 951.68 ha with skarn-hosted

(Iron) Fe- (Copper) Cu- (Gold) Au ± (Silver) Ag ± (Sulphur) S mineralisation



## ① Mengapur Larger & Ready for development

Bk Besi 526.2ha

Sri Jaya 172 km

Mengapur - Sri Jaya 951.68 ha

77.7%

Larger area than Bukit Besi tenement

Shorten delivery lead time



Seamless export shipment



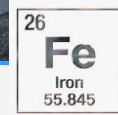
Easy access to highways

Seamless transportation flows

## ② Mengapur Mineral Resource Type and Estimate



Primary focus:  
Magnetite iron ore  
**10.72**  
Million tonnes (Inferred)



**42.3%**  
More iron metal than Bukit Besi's Inferred Mineral Resource ^

Other minerals  
If encountered, will be stockpiled for future processing



Wiring  
Copper coil for EV vehicle

Copper  
**14.77**  
Million Tonnes (Inferred)



### Mengapur Inferred Mineral Resource estimates (26 October 2020)

JORC Category	Mineral Type	Gross Attributable to Licences <sup>1</sup>						Net Attributable to Fortress						Change from previous update (%)	Remarks
		Tonnes (millions)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)	Tonnes (millions)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)		
Mineral Resources*															
	Skarn-hosted (Cu, Ag)	8.63	20.07	0.64	0.08	13.90	2.54	8.63	20.07	0.64	0.08	13.90	2.54	N/A	2
Inferred	Pyrrhotite-hosted (Cu, Au, S, Fe)	6.21	30.62	0.67	0.31	5.80	16.08	6.14	30.62	0.67	0.31	5.80	16.08	N/A	2
	Massive Magnetite (Fe)	5.27	31.04	0.08	0.11	2.42	2.79	5.27	31.04	0.08	0.11	2.42	2.79	N/A	3
	Brecciated Magnetite (Fe, Au)	5.48	36.19	0.19	0.26	6.54	0.17	5.45	36.19	0.19	0.26	6.54	0.17	N/A	3
<b>Total Inferred Copper</b>		14.83	24.49	0.65	0.18	10.52	8.19	14.77	24.46	0.65	0.18	10.53	8.19	-22%	2
<b>Total Inferred Magnetite</b>		10.75	33.67	0.14	0.19	4.52	1.45	10.72	33.65	0.14	0.19	4.52	1.45	N/A	3

1 A non-material portion of the resources in CASB are in the 'red free-digging' soils and attributable to Phoenix Lake Sdn Bhd (PLSB) and ZCM Minerals Sdn Bhd (ZCM)

2 The copper Mineral Resources reported above a 0.5% Cu cut-off. The copper Mineral Resources previously reported by Monument were current at June 2020. The total change from the previous update calculated from copper in the skarn and pyrrhotite domains only.

3 The magnetite Mineral Resources reported above a 25% Fe cut-off. The CP is not aware of previous public magnetite resources reported for the Project.

\* No Ore Reserves or Mineral Reserves stated. Mineral Resources that are not Ore Reserves or Mineral Reserves do not have demonstrated economic viability. The Mineral Resource is limited to within the CASB and SDSB boundaries. Some discrepancies may occur due to rounding.

Note: There have been no material changes in the estimated Mineral Resources, underlying assumptions or technical parameters since the SGX-ST announcement date of 11 January 2021.

^ Excludes Bukit Besi's Indicated Mineral Resource as at 28/2/2021 of 0.28 Mt grading 42.57 %Fe.

03

## Financial Results



# Maintaining strong growth momentum for 1Q FY2022

Strong operational performance delivering superior returns

## Financial performance

### Revenue

US\$ **17.3** Million  
Gross Revenue ↑ 143.8%

### Margin

**80.5** %  
Gross Profit Margin ↑ 9.4ppt

### Earnings

US\$ **10.3** Million  
Underlying EBITDA ↑ 188.0%

## Balance sheet

### Operating cash flow

US\$ **9.3** Million  
Operating cash flow ↑ 478.7%

### Liquidity

US\$ **12.8** Million  
Cash and cash equivalent

### NAV

**10.22** US cent  
Net asset value/share

## Value creation

### Portfolio

US\$ **21.0** Million  
Completed acquisition of  
Fortress Mengapur ^

### EPS

**1.44** US cent  
Earning per share

### ROCE #

**27.4** % \*  
ROCE ↑ 251.3ppt

^ The Company has 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").

# ROCE = EBITDA / Capital Employed., whereby Capital Employed = Total Assets – Current Liabilities

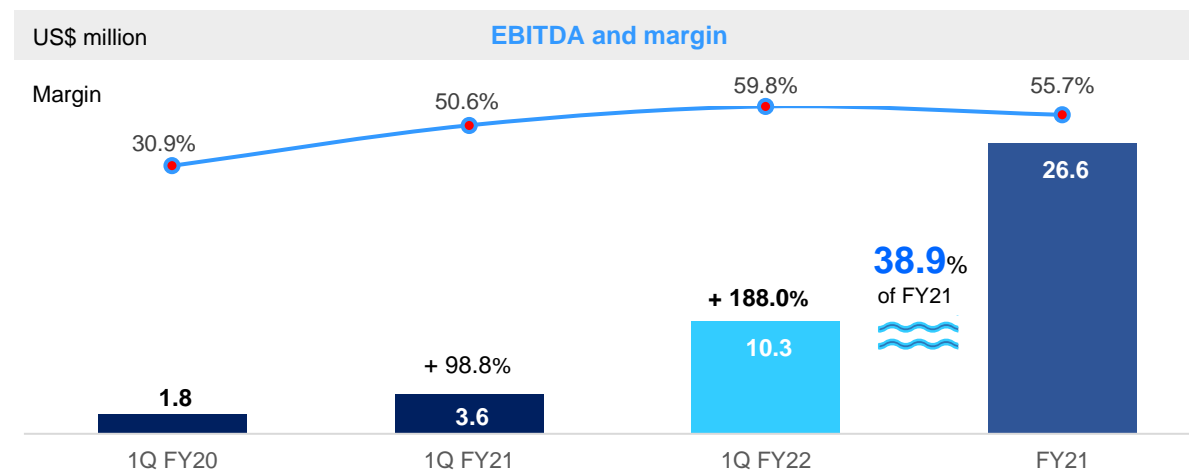
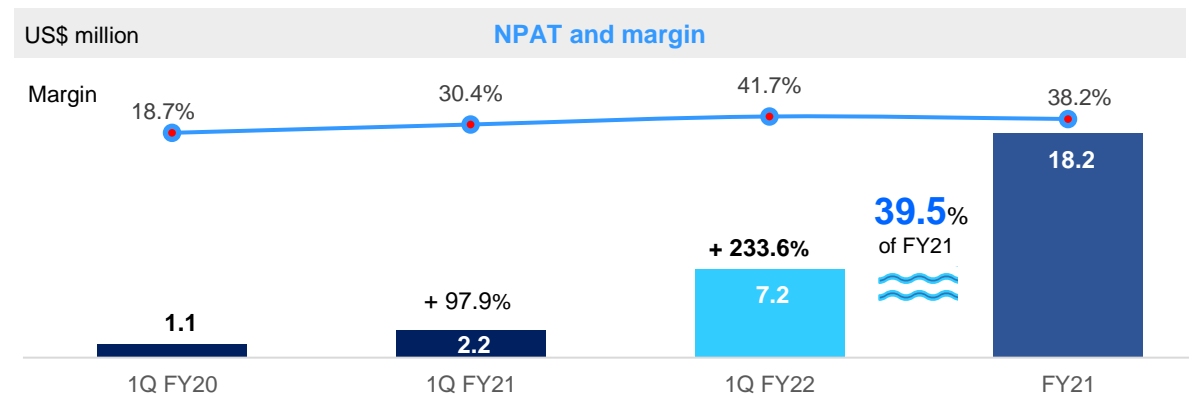
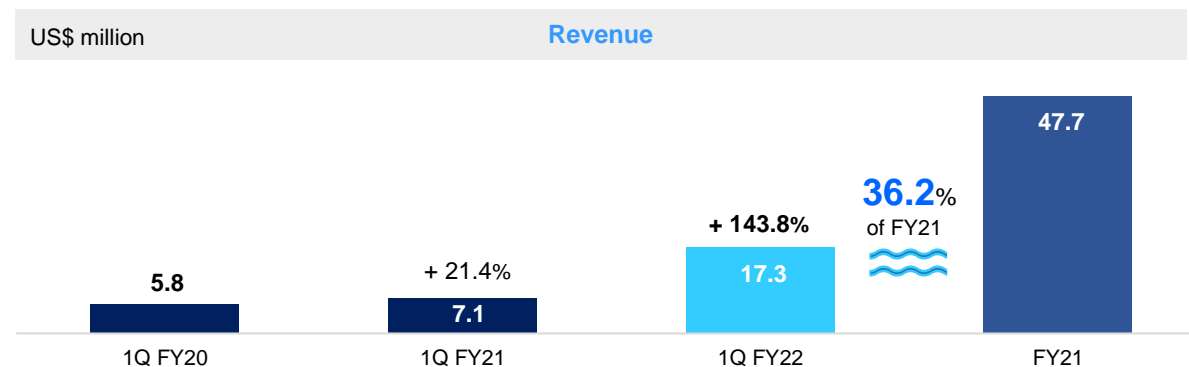
\* Excluding assets and liabilities for Fortress Mengapur and Goodwill of US\$ 20.4 million and US\$ 11.3 million respectively as Fortress Mengapur is in development stage.



# Financial highlights

Record underlying earnings deliver strong operating cash flow

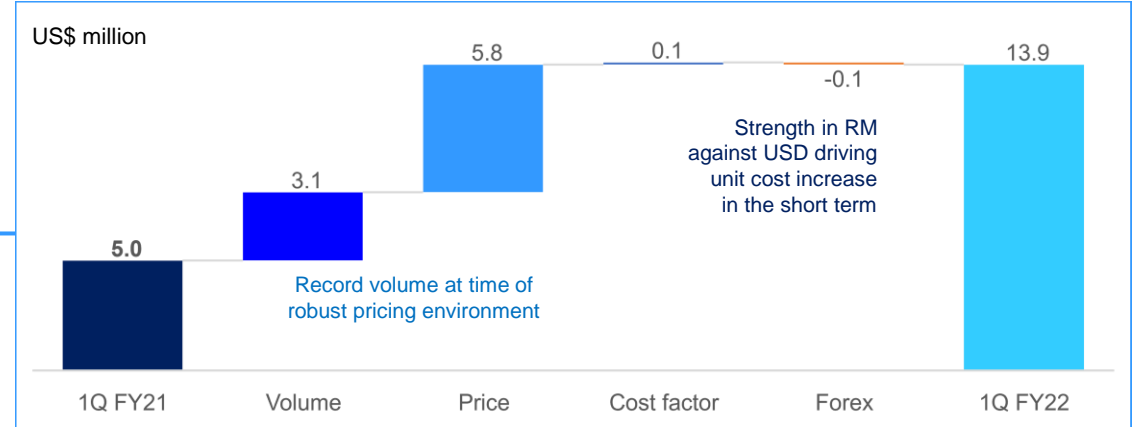
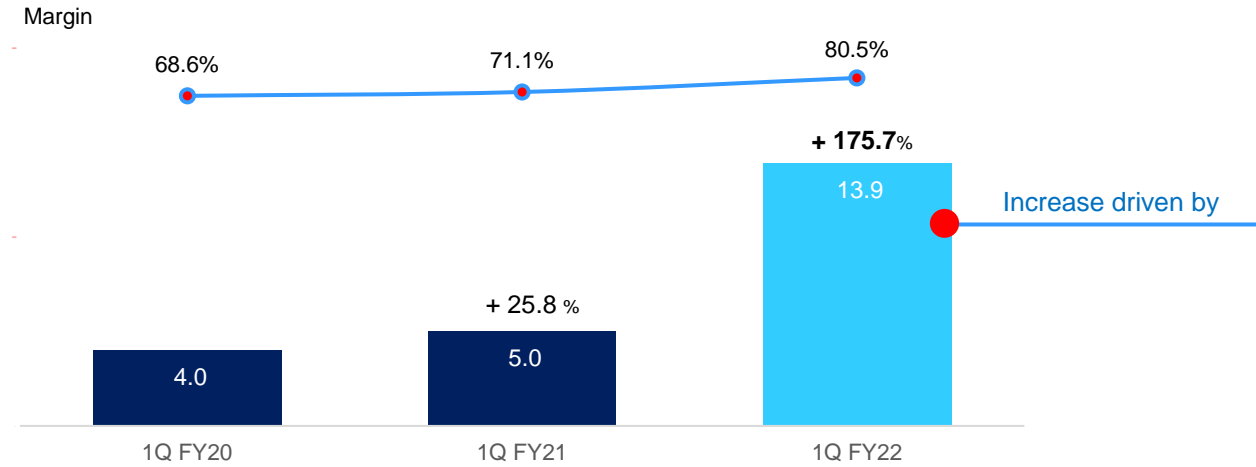
Financial metrics US\$' million	1Q FY2020	1Q FY2021	1Q FY2022	Full year 2021
Revenue	5.8	7.1	17.3	47.7
Gross profit	4.0	5.0	13.9	36.5
<b>Gross profit margin</b>	68.6%	71.1%	80.5%	<b>76.4%</b>
NPAT	1.1	2.2	7.2	18.2
<b>Net profit margin</b>	18.7%	30.4%	41.7%	<b>38.2%</b>
EBITDA	1.8	3.6	10.3	26.6
<b>EBITDA margin</b>	30.9%	50.6%	59.8%	<b>55.7%</b>
Operating cash flows	(0.5)	1.6	9.3	16.0



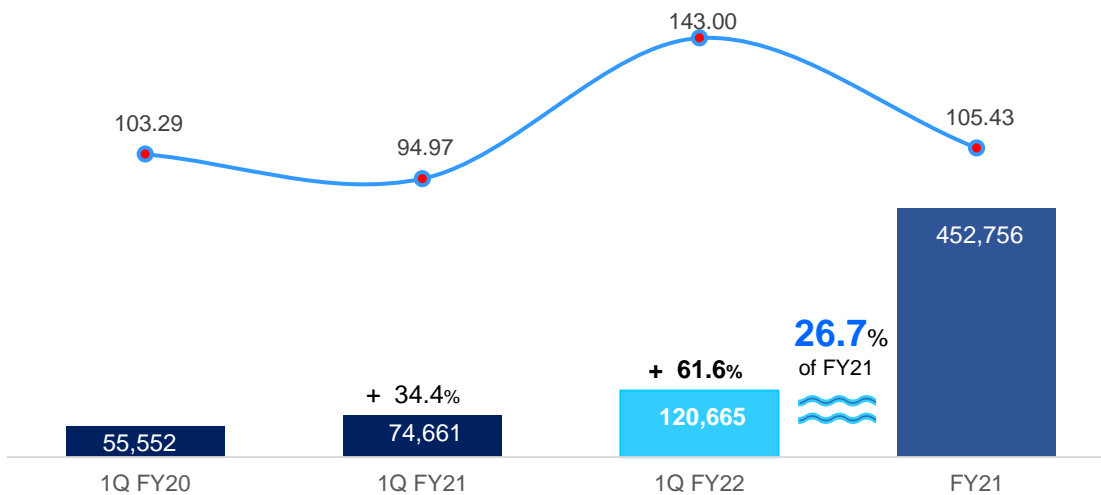
# Robust gross profit margin

Driven by record volume and higher realised price

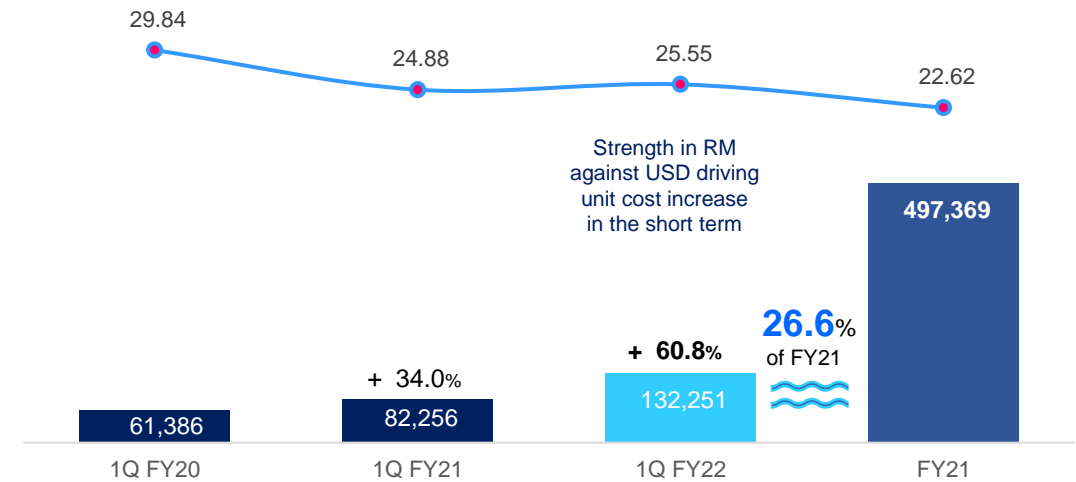
## GROSS PROFIT (US\$ Million) and Gross Profit Margin (%)



## SALES: Average selling price (US\$/DMT) and Sales Volume (DMT\*)



## PRODUCTIVITY: Average unit cost (US\$/WMT) and Volume (WMT#)



\* DMT denotes Dry metric tonnes # WMT denotes Wet metric tonnes

# Historical Financial Results

Operating metrics	Full year		1Q	1Q	2Q	3Q	1Q	2Q	3Q
	FY2021	FY2020	FY2022	FY2021	FY2021	FY2021	FY2020	FY2020	FY2020
Average realised price/ DMT	105.43	95.93	143.00	94.97	95.99	110.06	103.29	102.95	84.65
Sales volume (DMT)	452,756	269,615	120,665	74,661	135,482	93,246	55,552	76,334	48,121
Average unit cost/WMT	22.62	28.81	25.55	24.88	19.64	25.26	29.84	27.78	32.30
Volume sold (WMT)	497,369	300,053	132,251	82,256	148,751	101,720	61,386	85,739	53,815
<b>Financial metrics</b>	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Revenue	47,718	25,925	17,283	7,090	12,985	10,304	5,841	7,783	4,106
Gross profit	36,466	17,279	13,905	5,044	10,065	7,734	4,010	5,401	2,368
Gross profit margin	76.4%	66.7%	80.5%	71.1%	77.5%	75.1%	68.6%	69.4%	57.7%
EBITDA	26,560	12,222	10,335	3,591	8,065	5,947	1,805	4,017	928
Net profit after tax	18,245	6,497	7,200	2,158	5,681	4,338	1,091	2,518	751
<b>Group Balance Sheet</b>	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Non-current assets	26,285	22,694	56,738	21,843	22,768	23,909	22,694	21,704	23,155
Current assets	33,577	16,643	27,875	17,550	22,492	27,152	16,643	19,380	15,482
<b>Total assets</b>	<b>59,862</b>	<b>39,337</b>	<b>84,613</b>	<b>39,393</b>	<b>45,260</b>	<b>51,061</b>	<b>39,337</b>	<b>41,084</b>	<b>38,637</b>
Current Liabilities	8,732	8,110	15,169	1,526	6,291	7,093	1,652	3,575	2,639
Non-current Liabilities	2,722	1,652	18,344	6,634	1,668	1,658	8,110	9,820	8,175
<b>Total liabilities</b>	<b>11,454</b>	<b>9,762</b>	<b>33,513</b>	<b>8,160</b>	<b>7,959</b>	<b>8,751</b>	<b>9,762</b>	<b>13,395</b>	<b>10,814</b>
Equity attributable to owners	48,417	29,575	51,109	31,233	37,301	42,310	29,575	27,689	27,823
Non-controlling interest	- 9	-	- 9	-	-	*	-	-	-
<b>Total equity</b>	<b>48,408</b>	<b>29,575</b>	<b>51,100</b>	<b>31,233</b>	<b>37,301</b>	<b>42,310</b>	<b>29,575</b>	<b>27,689</b>	<b>27,823</b>
<b>Group Cash Flows</b>	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Net cash flows from/(used in)									
Operating activities	15,985	9,188	9,296	1,606	54	11,662	- 490	8,181	1,585
Investing activities	- 12,698	- 6,177	- 21,151	- 281	- 669	- 1,249	- 1,703	- 2,236	- 1,863
Financing activities	- 6,106	5,537	16,866	- 2,018	- 3,365	- 202	9,914	- 52	- 2,672
Cash and cash equivalent	- 2,818	10,243	12,828	9,488	5,773	10,211	9,850	15,437	12,510

\* Amount less than US\$1,000



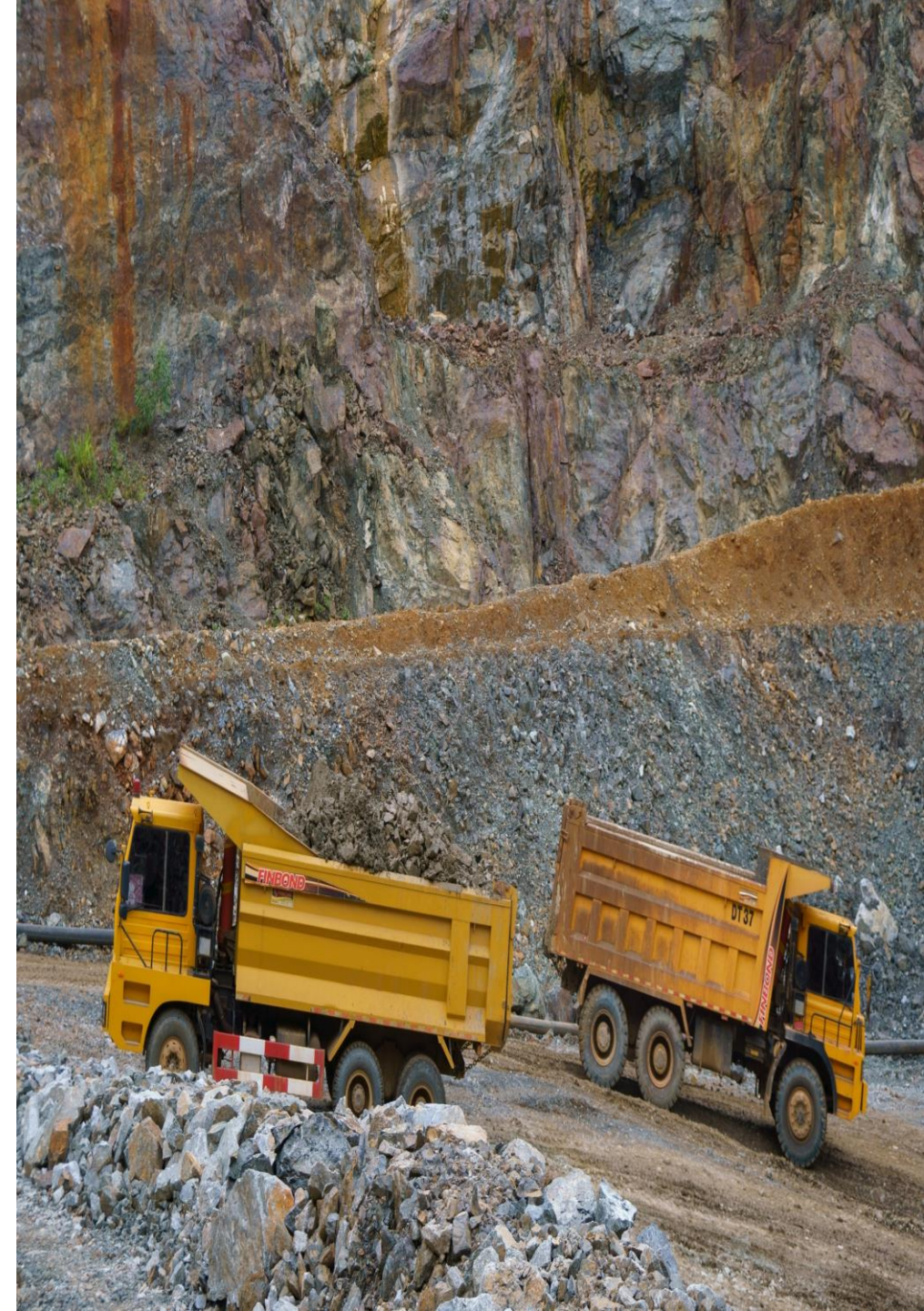


04  
Outlook  
and Future  
Plans

# Operations returned to normalcy

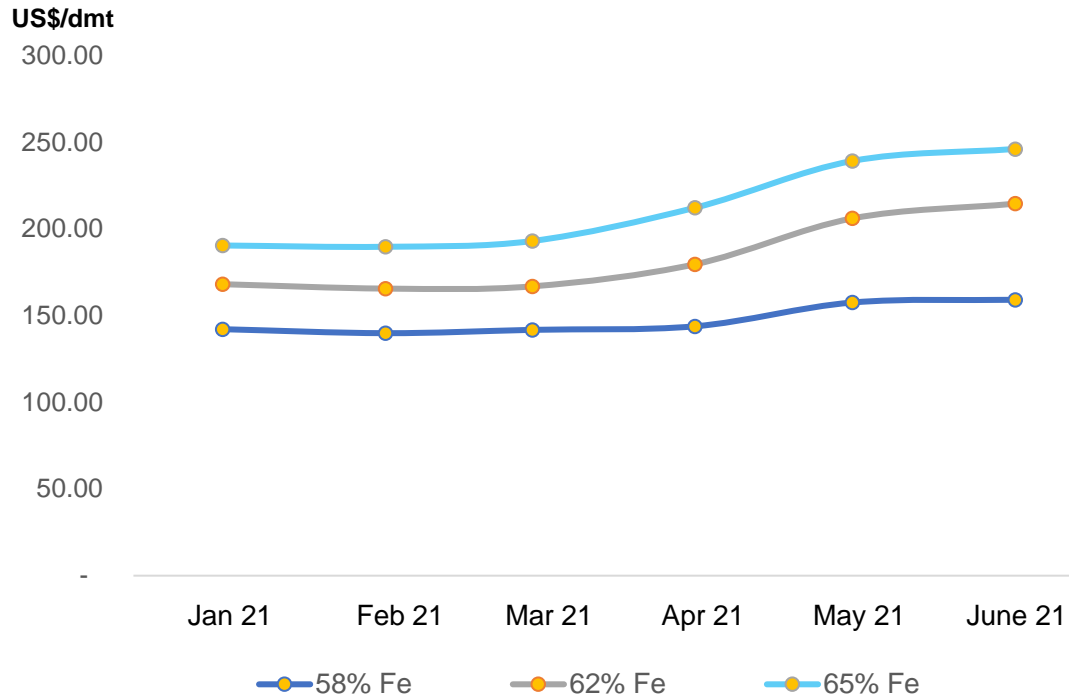
Focus on growth and safety to continue delivering superior returns and value

- The Malaysian government announced the implementation of the Phase 1 Full Movement Control Order (“**FMCO**”, also known as “**Total Lockdown**”) nationwide from 1 June 2021 to 14 June 2021 and which was subsequently extended to 28 June 2021 (“**Effective Period**”).
- The Group’s mining operations were operating in a “warm idle” condition throughout the Effective Period, i.e. operating with a 10% workforce capacity.
- Following the Standard Operating Procedures (“**SOP**”) of Phase 2 of the National Recovery Plan (“**NRP**”), the Group’s mining and processing activities in Bukit Besi, Terengganu, Malaysia have resumed at the approved worker capacity of 80% on **5 July 2021**.
- The Group’s mining activities have gradually returned to normalcy and the Group continues to adhere to SOP at all times and have in place strict protocols and a range of measures to keep its operating environment safe for its people.
- The Group will focus on ramping up production in its Bukit Besi Mine and expediting the development phase at Mengapur. With the resumption of preparation works at Mengapur, the Group will endeavour to commence production of iron ore at Mengapur at the end of the financial year ending 28 February 2022 (“**FY2022**”), as per initially planned.

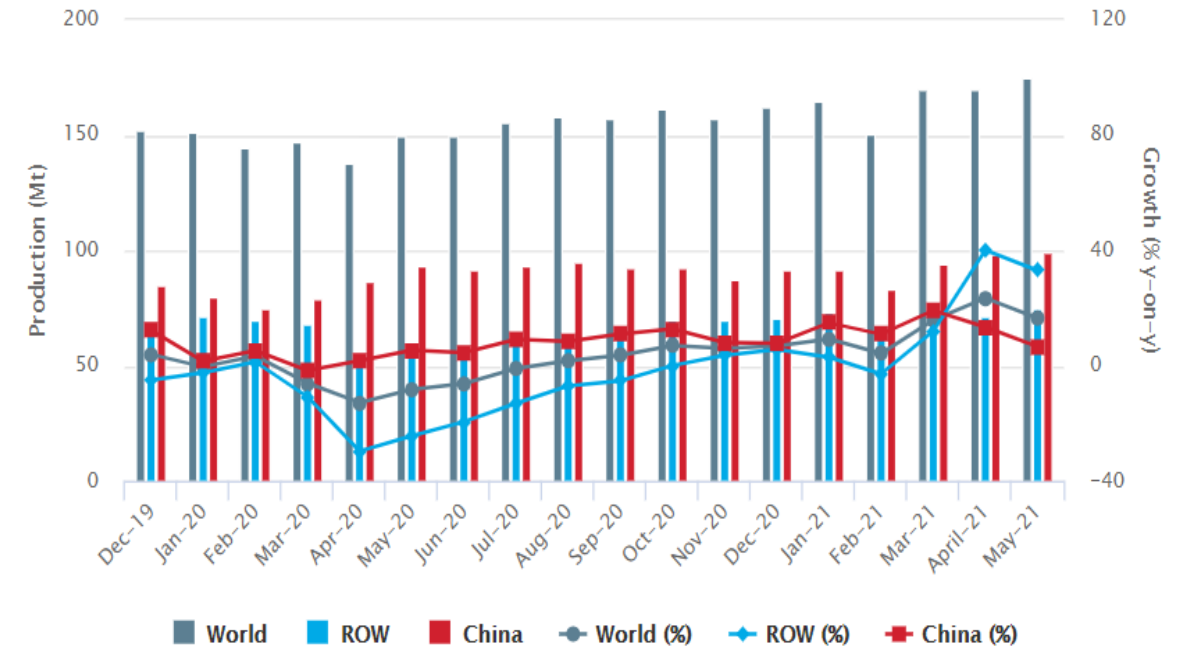


# Robust pricing environment supported by strong demand

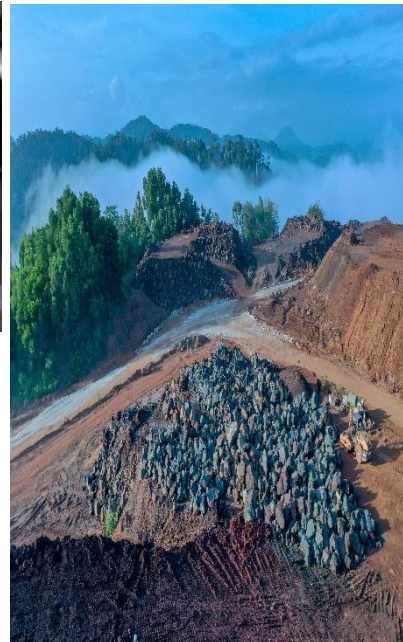
Monthly Average Platts Iron Ore Market Rate



World Crude Steel Production \* World Steel Association: May 2021 crude steel production



- **Demand for iron ore continued to grow** in 2021 with global crude steel production up 14.5% year-on-year for January to May 2021.
- Based on source from S&P Platt's, **prices for marketable grade of iron ore** continue to increase steadily and **up by 19.2%** in Jun 21 (at weighted average basis).
- Demand and price premiums for iron ore **remained strong and sustained** in 2021, buoyed by increasing steel production.
- The Group will continuously optimise its processing capabilities to improve overall production tonnage and cost efficiencies.



# THANK YOU

Stay in touch with us



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