

# Fortress Minerals Limited

Results Presentation

2Q FY2023

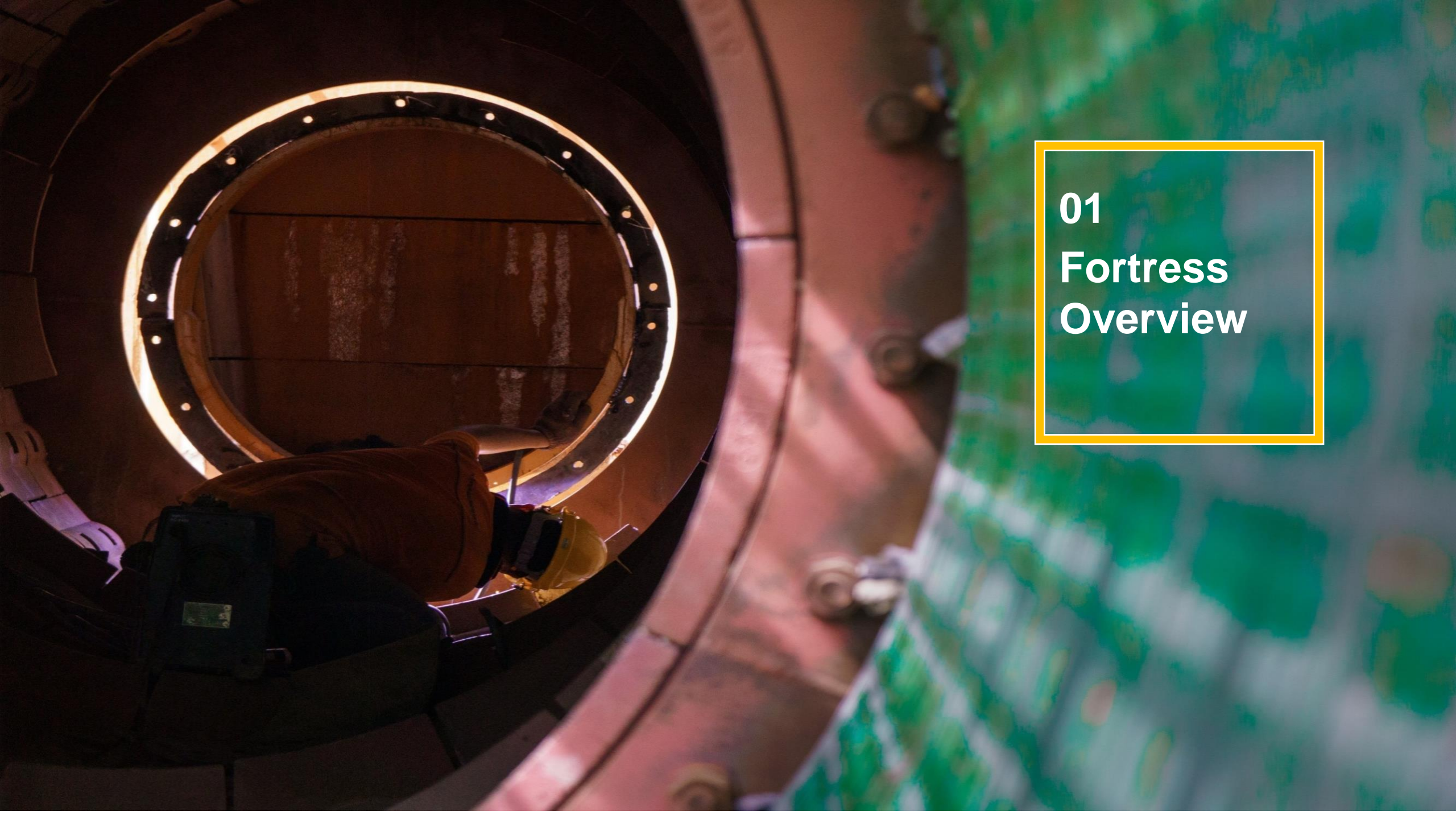
Malaysia - Singapore





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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

400

employees and contractors



Our Location



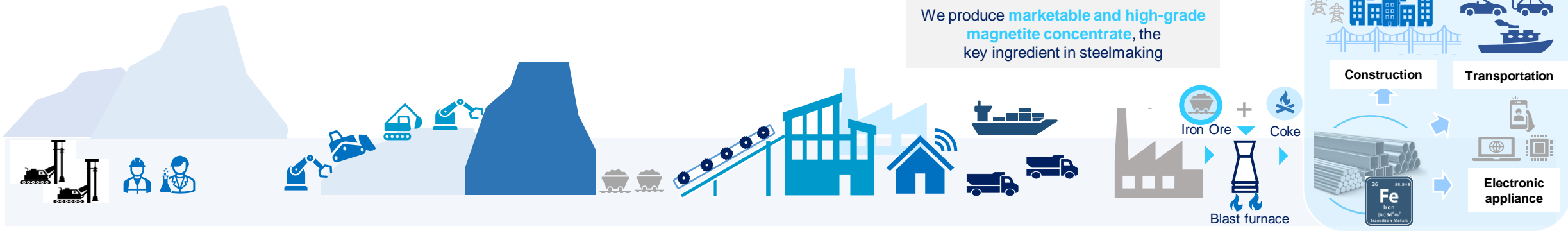
## Fortress operation and product

### 1 Exploration and evaluation

### 2 Infrastructure and development

### 3 Processing and production

### 4 Marketing and commercial



We produce marketable and high-grade magnetite concentrate, the key ingredient in steelmaking

#### Exploration: Unlocking 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**
- Fortress Mengapur: **951.68 hectare**

#### Extracting value from resources

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

#### Latent capacity and cost efficiency

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

#### Manage market risk, maximising value

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

## 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



## COMPLETION OF JORC DRILLING CAMPAIGN

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



## 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



## FIRST IRON ORE COMPANY LISTED ON SGX-ST

- S\$15.0 million in gross proceeds raised

## DIVIDEND PAY-OUT EXCEED 15% TARGET

- S\$2.6 million OR 29.3% Dividends distributed

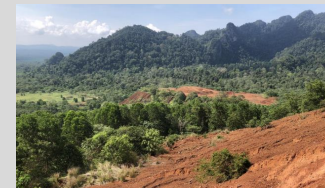


## RECORD UNDERLYING EARNING AND DIVIDEND EXCEED 20% TARGET

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

## 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 15.91 million tonnes grading 37.46% Fe



## FY2023



## COMMISSIONING OF CASB MINE AND COMMENCEMENT OF PRODUCTION

- Additional production capabilities
- Helps the Group realise synergies as it leverages existing downstream distribution lines
- Provides the ability to better match customers' specific demands and plan production to drive cost savings and extract further efficiencies
- On track to contribute positively to the Group in FY2023.

# 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**

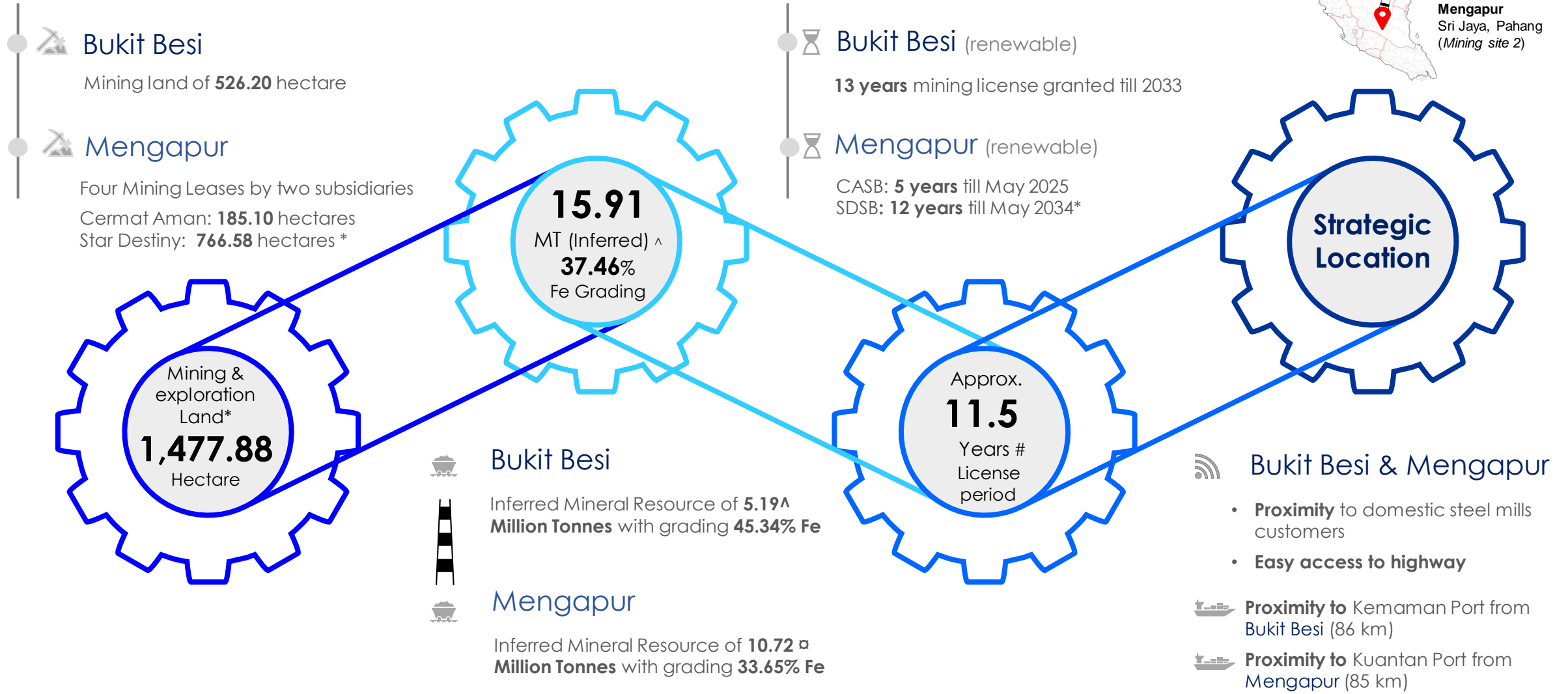


**02**

**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 and have been formally endorsed and issued by Pejabat Pengarah Tanah dan Galian Pahang ("PTG") on 19 May 2022 upon payment of the relevant tenement fees imposed under the ML Approvals.

<sup>^</sup> Million Tonnes ("MT") As of 28 February 2022. Please refer to Slide 10 for further details.

<sup>□</sup> Million Tonnes ("MT") As of 28 February 2022. Please refer to Slide 11 for further details.

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

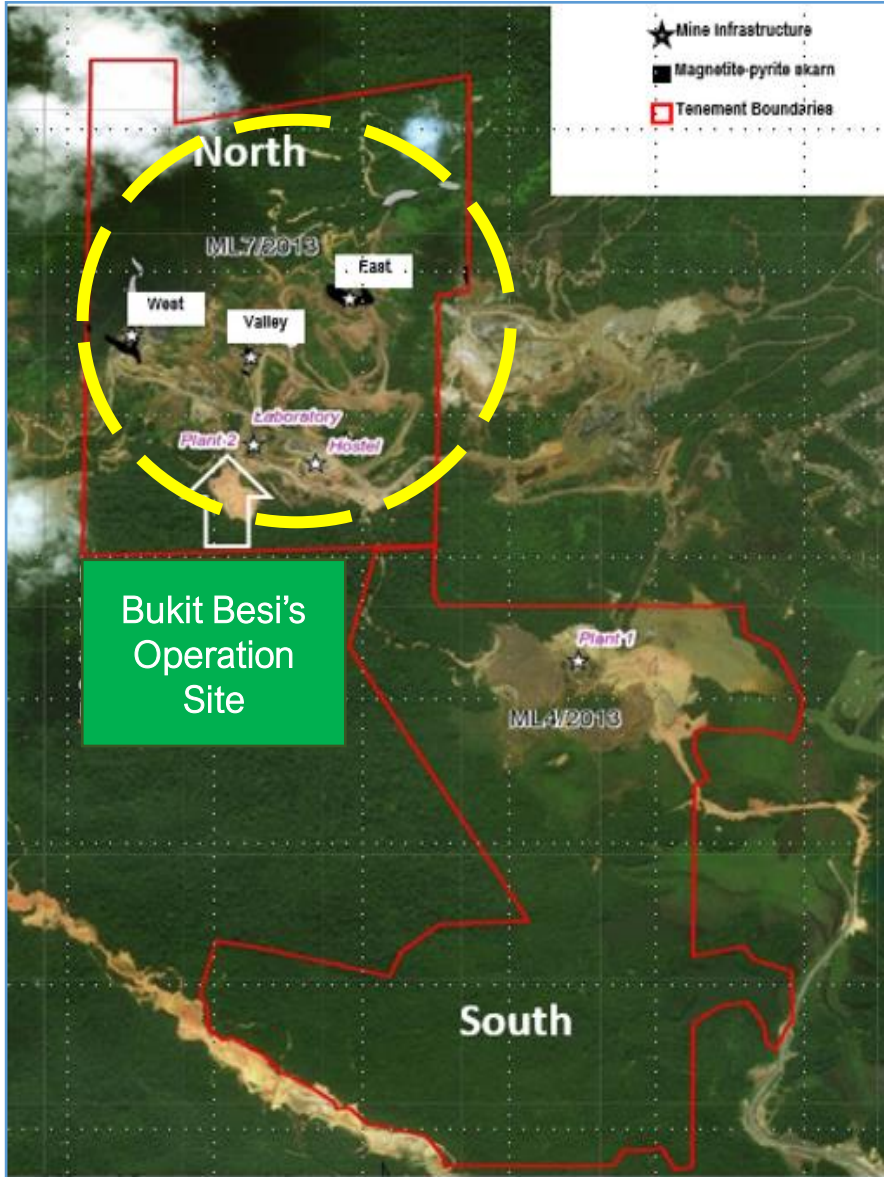


# Bukit Besi Mine Strategic location supported by good Infrastructure



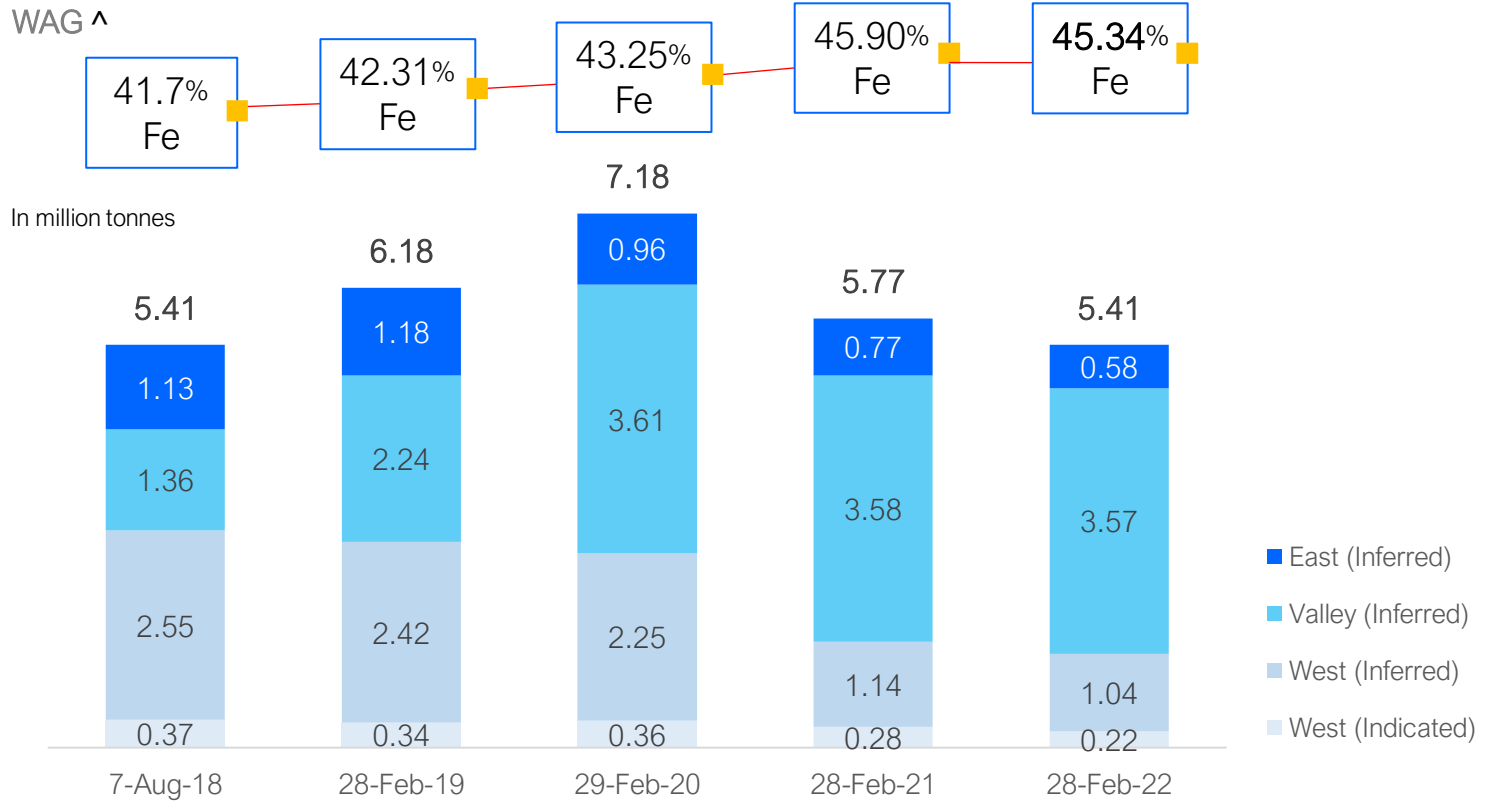
# Bukit Besi Mineral Resource

A closer look



## RESOURCE SUMMARY:

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

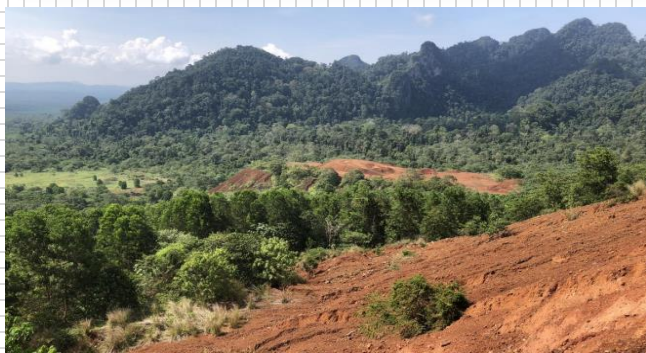


Note:  
The Bukit Besi Mineral Resource update (with reporting date of 28 February 2022) was announced in the FY2022 results on the SGXNET on 27 April 2022.

\* 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



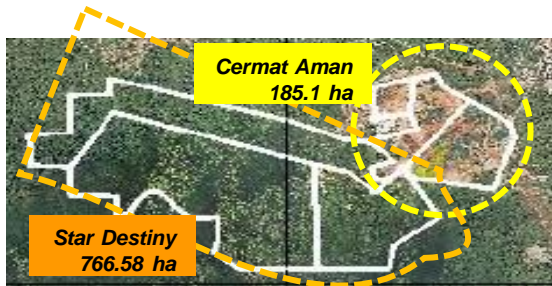
## Quick Snapshot & Introduction



### 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

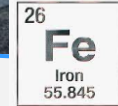
## ② Mengapur Mineral Resource Type and Estimate



Primary focus:  
Magnetite iron ore

10.72

Million tonnes (Inferred)

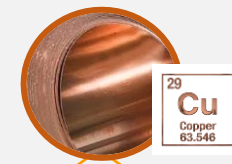


53.3%

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

### Other minerals

If encountered, will be stockpiled for future processing



Copper  
14.77  
Million Tonnes  
(Inferred)



Gold  
196.967



Wiring



Copper coil  
for EV vehicle



Silver  
107.868

### Mengapur Inferred Mineral Resource tabulation – 28 February 2022\*

JORC Category	Mineral Type	Gross Attributable to Licences <sup>1</sup>						Net Attributable to Fortress					Change from previous update (%)	Remarks	
		Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)	Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)			Grade S (%)
Inferred	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	0%	2
	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	0%	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	0%	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	0%	3
Total Inferred Copper		14.83	24.49	0.65	0.18	10.52	8.19	14.77	24.46	0.65	0.18	10.53	8.19	0%	2
Total Inferred Magnetite		10.75	33.67	0.14	0.19	4.52	1.45	10.72	33.65	0.14	0.19	4.52	1.46	0%	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.

3. The magnetite Mineral Resources reported above a 25% Fe cut-off.

\* 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 28/2/2022 of 0.22 Mt grading 44.95% Fe.



**03**  
**Financial**  
**Results**

# Financial results for 1H FY2023

Firm operational performance supported by increased production

## Financial performance

### Revenue

US\$ **30.1** Million  
Gross Revenue **↑** 10.4%^

### Margin

**71.3**%  
Gross Profit Margin **↓** 9.5ppt^

### Earnings

US\$ **15.0** Million  
Underlying EBITDA **↓** 4.0%^

## Balance sheet

### Operating cash flow

US\$ **14.9** Million  
Operating cash flow **↓** 4.9%^

### Liquidity

US\$ **7.9** Million  
Cash and bank balances

### NAV (Group basis)

**11.91** US cents  
Net asset value/share

## Value creation

### CAPEX (Group basis)

US\$ **6.6** Million  
Cash investment in CAPEX on plants and mine infrastructure

### EPS

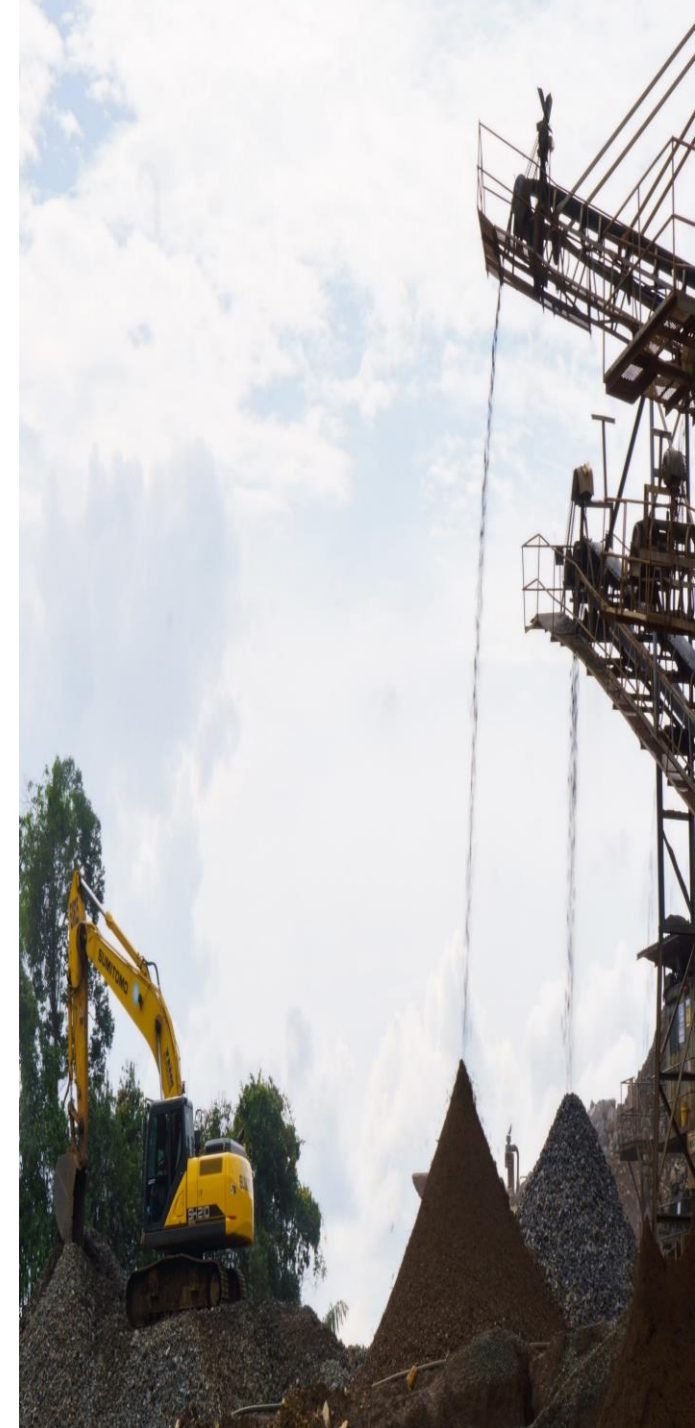
**1.81** US cent  
Earning per share

### ROCE #

**39.7** %  
Return of capital employed

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

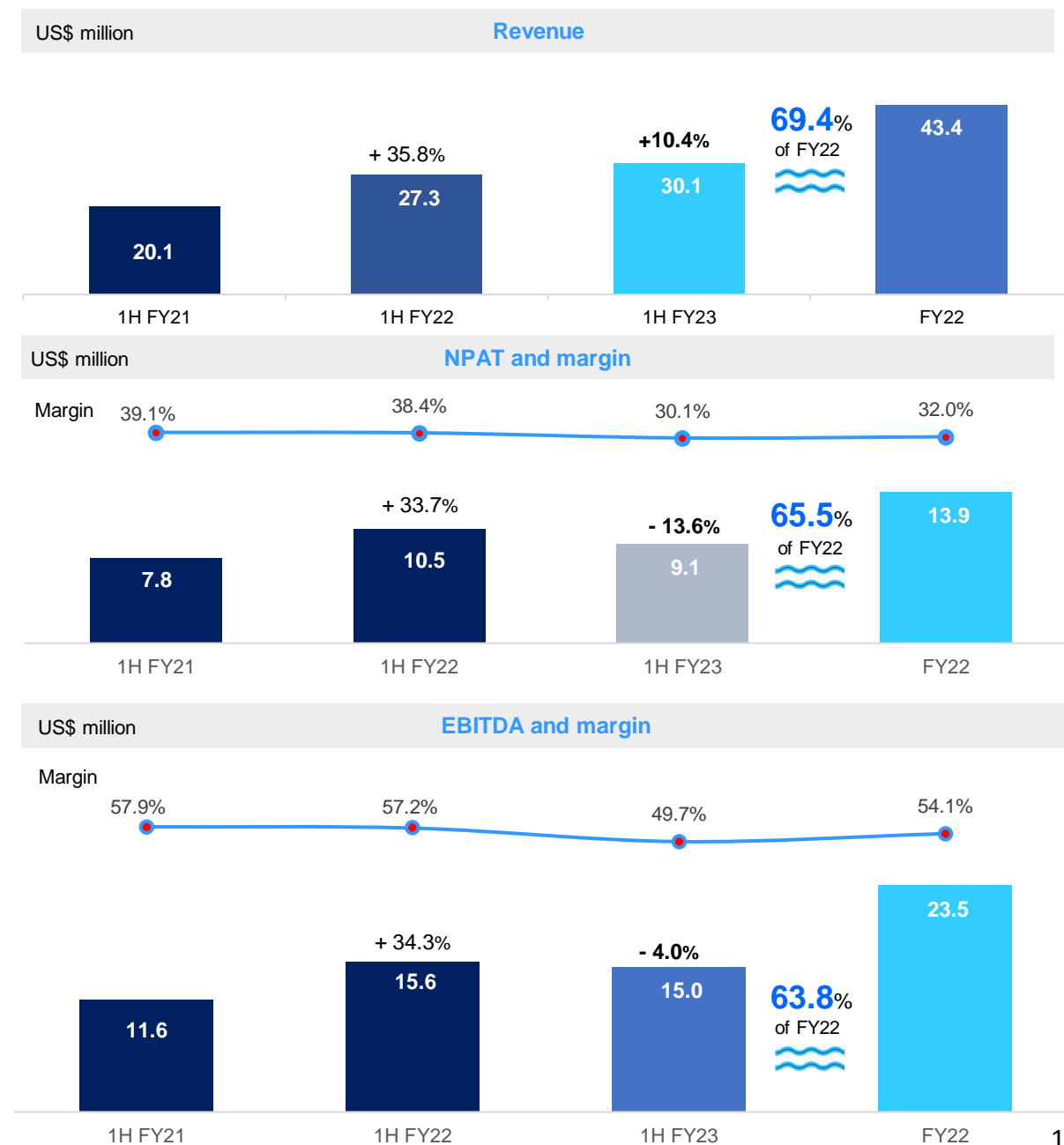
^ As compared to 1H FY2022



# Financial highlights

Strategic growth efforts to support strong operating revenue

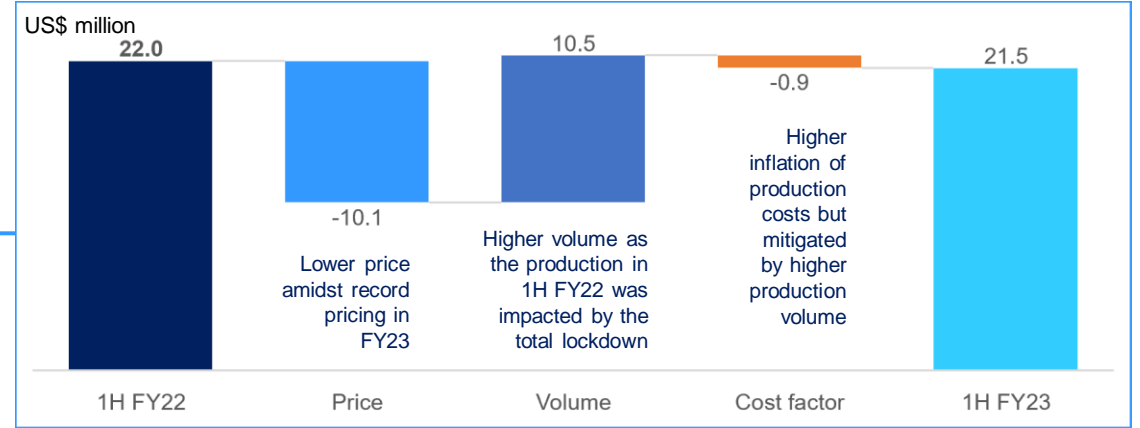
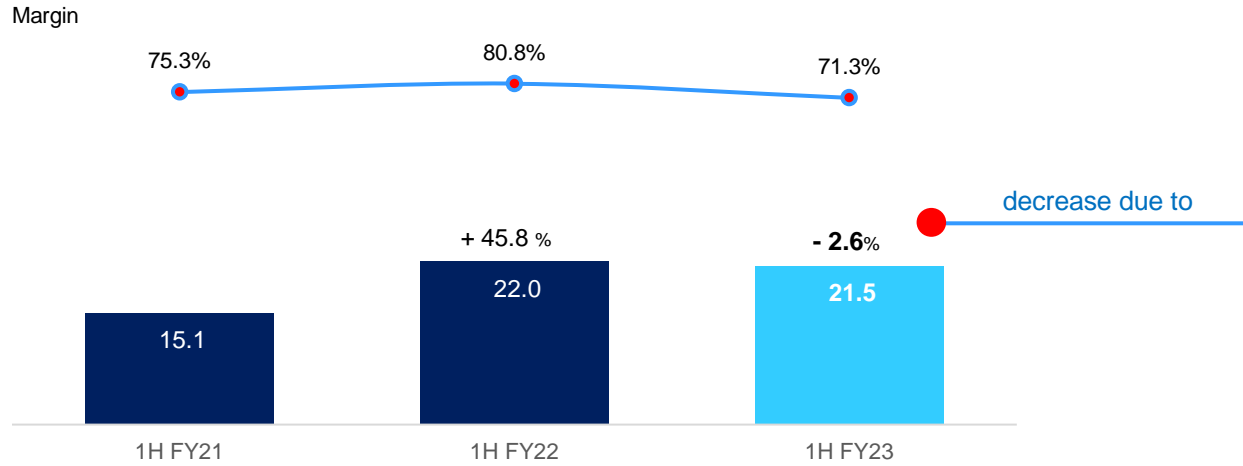
Financial metrics US\$' million	1H FY2021	1H FY2022	1H FY2023	Full Year 2022
Revenue	20.1	27.3	30.1	43.4
Gross profit	15.1	22.0	21.5	33.4
<b>Gross profit margin</b>	75.3%	80.8%	71.3%	<b>77.0%</b>
NPAT	7.8	10.5	9.1	13.9
<b>Net profit margin</b>	39.1%	38.4%	30.1%	<b>32.0%</b>
EBITDA	11.6	15.6	15.0	23.5
<b>EBITDA margin</b>	57.9%	57.2%	49.7%	<b>54.1%</b>
Operating cash flows	1.7	15.6	14.9	22.7



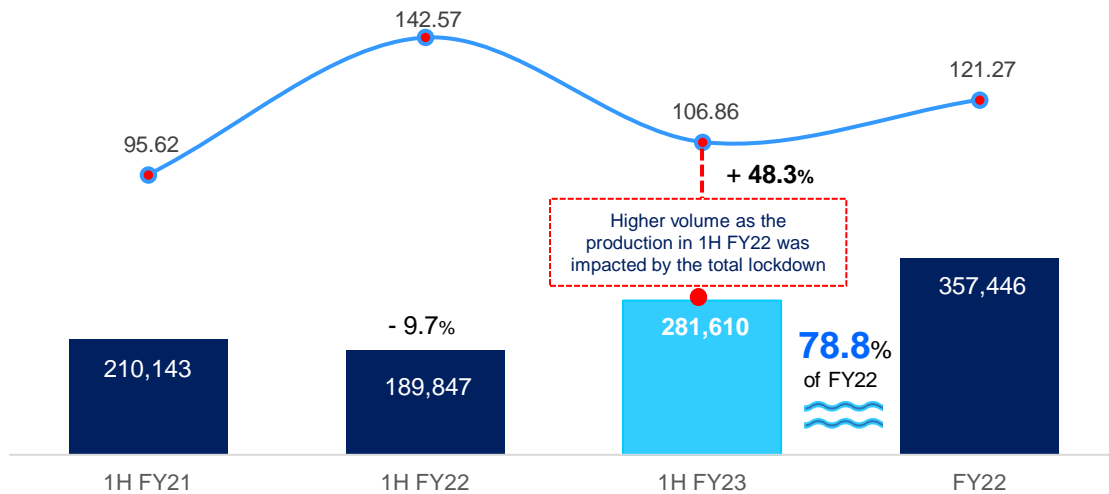
# Resilient gross profit margin

Driven by low unit cost and good throughput productivity

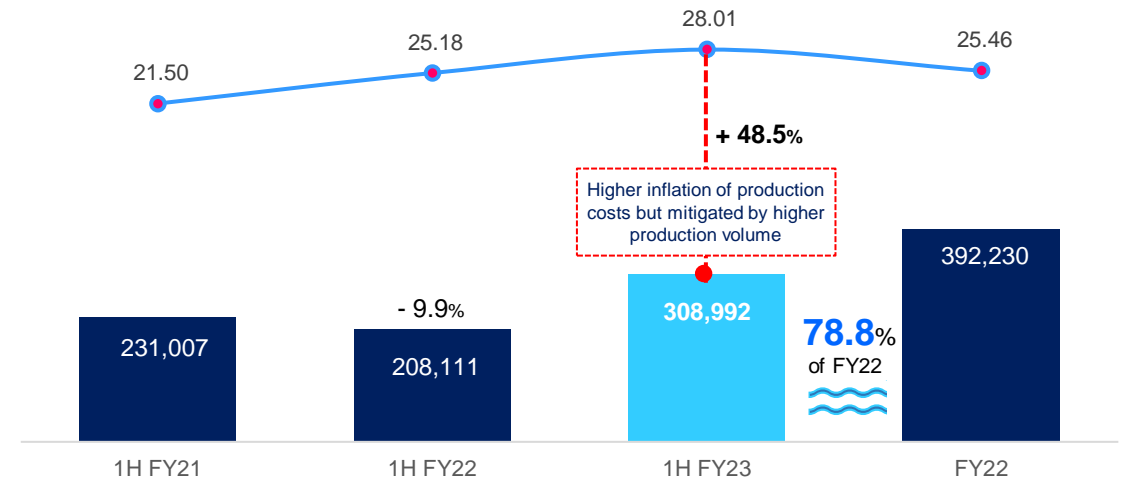
## GROSS PROFIT (US\$ Million) and Gross Profit Margin (%)



## 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

Financial  
performance  
A quick glance

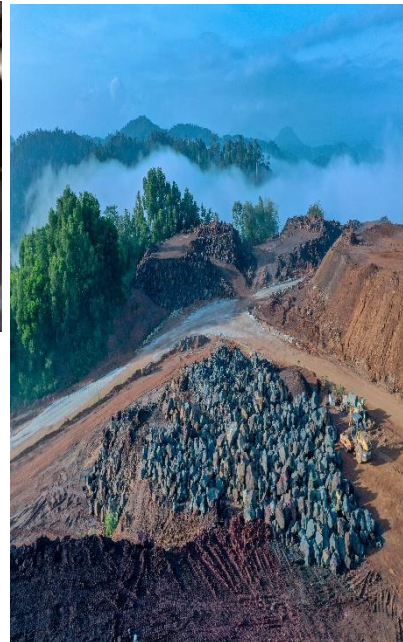
Operating metrics	1H	Full year			1Q	2Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	FY2023	FY2022	FY2021	FY2020	FY2023	FY2023	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
Average realised price/ DMT	106.86	121.27	105.43	95.93	119.80	97.05	143.00	141.82	87.44	126.63	94.97	95.99	110.06	116.22
Sales volume (DMT)	281,610	357,446	452,756	269,615	121,425	160,185	120,665	69,182	126,131	41,417	74,661	135,482	93,246	149,367
Average unit cost/WMT	28.01	25.46	22.62	28.81	32.08	24.91	25.55	24.55	20.22	42.77	24.88	19.64	25.26	22.61
Volume sold (WMT)	308,992	392,230	497,369	300,053	133,662	175,330	132,251	75,860	138,771	45,347	82,256	148,751	101,720	164,642
Financial metrics	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Revenue	30,116	43,366	47,718	25,925	14,598	15,518	17,283	9,985	10,864	5,234	7,090	12,985	10,304	17,339
Gross profit	21,461	33,381	36,466	17,279	10,310	11,151	13,905	8,123	8,059	3,294	5,044	10,065	7,734	13,623
Gross profit margin	71.3%	77.0%	76.4%	66.7%	70.6%	71.9%	80.5%	81.4%	74.6%	62.9%	71.1%	77.5%	75.1%	78.6%
EBITDA	14,980	23,479	26,560	12,222	6,896	8,084	10,335	5,289	5,310	2,545	3,591	8,065	5,947	8,957
Net profit after tax	9,053	13,881	18,245	6,497	4,192	4,861	7,200	3,281	2,832	568	2,158	5,681	4,338	6,067
Group Balance Sheet	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Non-current assets	74,662	74,264	26,285	22,694	75,406	74,662	56,738	68,909	71,899	74,264	21,843	22,768	23,909	26,285
Current assets	19,263	17,771	33,577	16,643	19,317	19,263	27,875	21,682	22,410	17,771	17,550	22,492	27,152	33,577
<b>Total assets</b>	<b>93,925</b>	<b>92,035</b>	<b>59,862</b>	<b>39,337</b>	<b>94,723</b>	<b>93,925</b>	<b>84,613</b>	<b>90,591</b>	<b>94,309</b>	<b>92,035</b>	<b>39,393</b>	<b>45,260</b>	<b>51,061</b>	<b>59,862</b>
Current Liabilities	18,369	15,046	8,732	8,110	17,973	18,369	15,169	15,154	15,977	15,046	1,526	6,291	7,093	8,732
Non-current Liabilities	16,047	20,204	2,722	1,652	18,074	16,047	18,344	21,269	21,147	20,204	6,634	1,668	1,658	2,722
<b>Total liabilities</b>	<b>34,416</b>	<b>35,250</b>	<b>11,454</b>	<b>9,762</b>	<b>36,047</b>	<b>34,416</b>	<b>33,513</b>	<b>36,423</b>	<b>37,124</b>	<b>35,250</b>	<b>8,160</b>	<b>7,959</b>	<b>8,751</b>	<b>11,454</b>
Equity attributable to owners	59,526	56,805	48,417	29,575	58,705	59,526	51,109	54,182	57,211	56,805	31,233	37,301	42,310	48,417
Non-controlling interest	(17)	(21)	(9)	-	(29)	(17)	(9)	(15)	(26)	(21)	-	-	*	(9)
<b>Total equity</b>	<b>59,509</b>	<b>56,784</b>	<b>48,408</b>	<b>29,575</b>	<b>58,676</b>	<b>59,509</b>	<b>51,100</b>	<b>54,167</b>	<b>57,185</b>	<b>56,784</b>	<b>31,233</b>	<b>37,301</b>	<b>42,310</b>	<b>48,408</b>
Group Cash Flows	US'000	US'000	US'000	US'000	US'000	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	14,864	22,698	15,785	9,188	5,857	9,007	9,296	6,337	6,456	609	1,606	54	11,662	2,463
Investing activities	(6,538)	(36,119)	(12,698)	(6,177)	(4,758)	(1,780)	(21,151)	(10,211)	(1,905)	(2,852)	(281)	(669)	(1,249)	(10,499)
Financing activities	(7,285)	10,362	(5,906)	5,537	(2,137)	(5,148)	16,866	(2,761)	(820)	(2,923)	(2,018)	(3,365)	(202)	(321)
Cash and cash equivalent	5,924 <sup>#</sup>	4,910 <sup>#</sup>	7,800 <sup>@</sup>	10,243	3,943 <sup>#</sup>	5,924 <sup>#</sup>	12,828	6,281	10,157	4,910 <sup>#</sup>	9,488	5,773	16,089	7,800

\* Amount less than US\$1,000

@ After accounted for consideration paid in relation to acquisition of Fortress Mengapur amounting to US\$9.0 million.

# Excluding deposit pledged to a financial institution of US\$2.0 million to finance part of the acquisition cost of Fortress Mengapur.





# THANK YOU

Stay in touch with us



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