



# FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

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## Unaudited Financial Statement and Dividend Announcement for the Third Quarter Ended 30 November 2020 (“3Q FY2021”)

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### **Background**

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 the East, Valley and West Deposits in its Bukit Besi 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.

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 March 2019. The initial public offering of the Company (the “**IPO**”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).

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

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	Three Months Ended			Nine Months Ended		
	30 November 2020 US\$	30 November 2019 US\$	Change %	30 November 2020 US\$	30 November 2019 US\$	Change %
Revenue	10,303,562	4,106,485	150.9	30,379,350	17,730,501	71.3
Cost of sales	(2,569,464)	(1,738,491)	47.8	(7,536,462)	(5,952,009)	26.6
Gross profit	7,734,098	2,367,994	226.6	22,842,888	11,778,492	93.9
Other operating income	121,129	296,922	(59.2)	333,530	594,053	(43.9)
Selling and distribution expenses	(525,488)	(365,845)	43.6	(2,890,760)	(1,420,061)	103.6
Other operating expenses	(1,694,845)	(1,265,691)	33.9	(4,081,380)	(3,119,117)	30.9
Administrative expenses	(416,847)	(122,179)	241.2	(831,742)	(1,553,424)	(46.5)
Finance costs	(12,489)	(13,107)	(4.7)	(35,204)	(30,969)	13.7
Profit before income tax	5,205,558	898,094	479.6	15,337,332	6,248,974	145.4
Income tax expense	(867,495)	(146,943)	490.4	(3,159,455)	(1,889,190)	67.2
<b>Profit for the financial period</b>	<b>4,338,063</b>	<b>751,151</b>	<b>477.5</b>	<b>12,177,877</b>	<b>4,359,784</b>	<b>179.3</b>
<b>Profit/(Loss) attributable:</b>						
Owners of the Company	4,338,488	751,151	477.6	12,178,302	4,359,784	179.3
Non-controlling interest	(425)	-	nm	(425)	-	nm
	<b>4,338,063</b>	<b>751,151</b>	<b>477.5</b>	<b>12,177,877</b>	<b>4,359,784</b>	<b>179.3</b>
<b>Other comprehensive income</b>						
<u>Item that may be reclassified subsequently to profit or loss:</u>						
Exchange differences on translating foreign operations	670,536	123,130	444.6	1,131,303	(182,520)	nm
Other comprehensive income/ (loss) for the financial period, net of tax	670,536	123,130	444.6	1,131,303	(182,520)	nm
<b>Total comprehensive income for the financial period</b>	<b>5,008,599</b>	<b>874,281</b>	<b>472.9</b>	<b>13,309,180</b>	<b>4,177,264</b>	<b>218.6</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	5,009,042	874,281	472.9	13,309,622	4,177,264	218.6
Non-controlling interest	(443)	-	nm	(442)	-	nm
	<b>5,008,599</b>	<b>874,281</b>	<b>472.9</b>	<b>13,309,180</b>	<b>4,177,264</b>	<b>218.6</b>

nm – not meaningful

## 1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit before taxation is stated after charging/(crediting) the following:

	Group			Group		
	Three Months Ended			Nine Months Ended		
	30 November 2020 US\$	30 November 2019 US\$	Change %	30 November 2020 US\$	30 November 2019 US\$	Change %
<i>Selling and distribution expenses:</i>						
Commission expense	107,156	44,474	140.9	372,174	196,909	89.0
Handling and transportation charges	84,286	32,930	156.0	613,041	340,375	80.1
Ocean freight	-	-	nm	626,668	-	nm
Royalty expense	271,589	213,766	27.0	1,161,677	806,449	44.0
<i>Other operating expenses:</i>						
Upkeep of machineries	385,070	276,025	39.5	964,027	780,118	23.6
Upkeep of motor vehicles	321,764	180,961	77.8	632,581	512,228	23.5
<i>Administrative expenses:</i>						
Donations	7,250	-	nm	39,899	14,405	177.0
Foreign exchange loss, net	247,616	-	nm	247,273	937,193	(73.6)
Loss on disposal of plant and equipment	-	781	nm	-	3,590	nm
<i>Other operating income:</i>						
Gain on disposal of plant and equipment	(25,857)	-	nm	(29,203)	-	nm
Sale of semi-processed iron ore	-	-	nm	-	(354,103)	nm

nm – not meaningful

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**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	30 November 2020 US\$	29 February 2020 US\$	30 November 2020 US\$	29 February 2020 US\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	11,405,670	11,405,647
Exploration and evaluation assets	2,676,937	2,321,853	-	-
Mining properties	6,262,854	6,343,918	-	-
Plant and equipment	14,654,767	13,498,301	-	-
Right-of-use assets	314,123	529,741	-	-
	<u>23,908,681</u>	<u>22,693,813</u>	<u>11,405,670</u>	<u>11,405,647</u>
<b>Current assets</b>				
Inventories	1,336,635	864,727	-	-
Trade receivables	1,818,597	3,393,708	-	-
Other receivables, deposits and prepayments	7,908,009	2,141,848	3,805,941	-
Amounts due from subsidiaries	-	-	-	4,346,240
Cash and bank balances	16,089,063	10,242,507	7,662,728	7,807,721
	<u>27,152,304</u>	<u>16,642,790</u>	<u>11,468,669</u>	<u>12,153,961</u>
<b>Total assets</b>	<u>51,060,985</u>	<u>39,336,603</u>	<u>22,874,339</u>	<u>23,559,608</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	22,463,273	22,463,273	22,463,273	22,463,273
Other reserves	(2,484,490)	(3,615,811)	-	-
Retained earnings	22,331,497	10,728,012	358,369	1,034,422
	<u>42,310,280</u>	<u>29,575,474</u>	<u>22,821,642</u>	<u>23,497,695</u>
Non-controlling interest	(437)	-	-	-
<b>Total equity</b>	<u>42,309,843</u>	<u>29,575,474</u>	<u>22,821,642</u>	<u>23,497,695</u>
<b>Non-current liabilities</b>				
Bank borrowings	396,341	34,359	-	-
Lease liabilities	23,905	150,456	-	-
Deferred tax liabilities	1,237,879	1,466,788	-	-
	<u>1,658,125</u>	<u>1,651,603</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Bank borrowings	186,096	37,983	-	-
Lease liabilities	332,393	393,553	-	-
Trade payables	356,936	377,755	-	-
Other payables and accruals	4,298,098	2,550,341	45,691	52,162
Amounts due to shareholders	-	4,495,457	-	-
Amounts due to subsidiaries	-	-	23	-
Current income tax payables	1,919,494	254,437	6,983	9,751
	<u>7,093,017</u>	<u>8,109,526</u>	<u>52,697</u>	<u>61,913</u>
<b>Total liabilities</b>	<u>8,751,142</u>	<u>9,761,129</u>	<u>52,697</u>	<u>61,913</u>
<b>Total equity and liabilities</b>	<u>51,060,985</u>	<u>39,336,603</u>	<u>22,874,339</u>	<u>23,559,608</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 30 November 2020		As at 29 February 2020	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
186,096	332,393	37,983	4,889,010

**Amount repayable after one year**

As at 30 November 2020		As at 29 February 2020	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
396,341	23,905	34,359	150,456

**Details of any collateral**

The Group's secured borrowings as at 30 November 2020 are secured over the Group's motor vehicles. The carrying amounts of the motor vehicles as at 30 November 2020 amounted to US\$0.5 million (29 February 2020: US\$0.1 million).

The Group's unsecured borrowings as at 30 November 2020 comprised lease liabilities (29 February 2020: lease liabilities and interest free amounts owing to shareholders).

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**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group Three Months Ended		Group Nine Months Ended	
	30 November 2020 US\$	30 November 2019 US\$	30 November 2020 US\$	30 November 2019 US\$
<b>Operating activities</b>				
Profit before income tax	5,205,558	898,094	15,337,332	6,248,974
Adjustments for:				
Amortisation of mining properties	100,152	74,115	305,786	268,230
Depreciation of plant and equipment	576,509	1,861	1,657,133	4,456
Depreciation of right-of-use assets	52,066	99,687	265,197	217,764
Interest expenses	12,489	13,107	35,204	30,969
Interest income	(2,711)	(50,071)	(35,176)	(110,172)
Share-based payment expenses	-	-	-	786,946
(Gain)/Loss on disposal of plant and equipment	(25,857)	781	(29,203)	3,590
Plant and equipment written off	-	-	-	849
Unrealised foreign exchange loss	205,204	7,049	451,886	236,372
<b>Operating cash flow before working capital changes</b>	6,123,410	1,044,623	17,988,159	7,687,978
Working capital changes:				
Inventories	46,804	553,063	(383,160)	1,257,591
Trade and other receivables	5,891,836	972,469	(3,942,700)	1,320,746
Trade and other payables	232,065	(715,806)	1,618,041	(21,644)
<b>Cash generated from operations</b>	12,294,115	1,854,349	15,280,340	10,244,671
Income tax paid	(632,451)	(268,949)	(1,906,397)	(1,005,347)
Income tax refunded	-	-	586	-
<b>Net cash flow generated from operating activities</b>	11,661,664	1,585,400	13,374,529	9,239,324
<b>Investing activities</b>				
Additions of exploration and evaluation assets	(43,497)	(851,714)	(167,988)	(1,988,150)
Additions of plant and equipment	(1,320,285)	(1,091,765)	(2,141,400)	(3,976,139)
Proceeds from disposal of plant and equipment	112,351	30,137	130,153	52,218
Interest received	2,711	50,071	35,176	110,172
<b>Net cash flow used in investing activities</b>	(1,248,720)	(1,863,271)	(2,144,059)	(5,801,899)
<b>Financing activities</b>				
Interest paid	(12,489)	(13,107)	(35,204)	(30,969)
Net (repayments of)/proceed from bank borrowings	(29,154)	11,873	(57,354)	82,596
Repayments to shareholders	-	(1,835,348)	(4,668,661)	(1,835,348)
Repayment of lease liabilities	(160,281)	(95,246)	(357,156)	(205,877)
Proceeds from issuance of new ordinary shares	-	-	-	11,098,500
Proceed from issuance of share to non-controlling interest by a subsidiary	6	-	6	-
Shares issue expenses	-	-	-	(550,117)
Dividends paid	-	(739,900)	(574,817)	(1,331,820)
<b>Net cash flow (used in)/ generated from financing activities</b>	(201,918)	(2,671,728)	(5,693,186)	7,226,965
Net change in cash and cash equivalents	10,211,026	(2,949,599)	5,537,284	10,664,390
Effects of exchange rate changes on cash and cash equivalents	104,696	19,125	309,272	(286,875)
Cash and cash equivalents at beginning of financial period	5,773,341	15,437,417	10,242,507	2,129,428
Cash and cash equivalents at end of financial period	16,089,063	12,506,943	16,089,063	12,506,943

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<u>Group</u>	----- Attributable to owners of the Company -----							<u>Total equity US\$</u>
	<u>Share capital US\$</u>	<u>Capital reserve US\$</u>	<u>Foreign currency translation reserve US\$</u>	<u>Merger reserve US\$</u>	<u>Retained earnings US\$</u>	<u>Equity attributable to owners of the Company US\$</u>	<u>Non-controlling interest US\$</u>	
<b>Balance at 1 March 2020</b>	<b>22,463,273</b>	<b>383,615</b>	<b>(433,450)</b>	<b>(3,565,976)</b>	<b>10,728,012</b>	<b>29,575,474</b>	<b>-</b>	<b>29,575,474</b>
<b>Profit for the financial period</b>	-	-	-	-	2,158,344	2,158,344	-	2,158,344
<u>Other comprehensive income</u>								
Exchange differences on translating foreign operations	-	-	(500,360)	-	-	(500,360)	-	(500,360)
Other comprehensive loss for the financial period, net of tax	-	-	(500,360)	-	-	(500,360)	-	(500,360)
<b>Total comprehensive income for the financial period</b>	-	-	(500,360)	-	2,158,344	1,657,984	-	1,657,984
<b>Total transactions with owners</b>								
<b>Balance at 31 May 2020</b>	<b>22,463,273</b>	<b>383,615</b>	<b>(933,810)</b>	<b>(3,565,976)</b>	<b>12,886,356</b>	<b>31,233,458</b>	<b>-</b>	<b>31,233,458</b>
<b>Profit for the financial period</b>	-	-	-	-	5,681,470	5,681,470	-	5,681,470
<u>Other comprehensive income</u>								
Exchange differences on translating foreign operations	-	-	961,127	-	-	961,127	-	961,127
Other comprehensive income for the financial period, net of tax	-	-	961,127	-	-	961,127	-	961,127
<b>Total comprehensive income for the financial period</b>	-	-	961,127	-	5,681,470	6,642,597	-	6,642,597
<b>Distribution to owners</b>								
FY2020 Final dividend paid	-	-	-	-	(574,817)	(574,817)	-	(574,817)
<b>Total transaction with owners</b>	-	-	-	-	(574,817)	(574,817)	-	(574,817)
<b>Balance at 31 August 2020</b>	<b>22,463,273</b>	<b>383,615</b>	<b>27,317</b>	<b>(3,565,976)</b>	<b>17,993,009</b>	<b>37,301,238</b>	<b>-</b>	<b>37,301,238</b>

<u>Group</u>	----- ----- Attributable to owners of the Company ----- -----							Total equity US\$
	Share capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Merger reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interest US\$	
<b>Balance at 1 September 2020</b>	<b>22,463,273</b>	<b>383,615</b>	<b>27,317</b>	<b>(3,565,976)</b>	<b>17,993,009</b>	<b>37,301,238</b>	-	<b>37,301,238</b>
<b>Profit/(Loss) for the financial period</b>	-	-	-	-	4,338,488	4,338,488	(425)	4,338,063
<u>Other comprehensive income</u>								
Exchange differences on translating foreign operations	-	-	670,554	-	-	670,554	(18)	670,536
Other comprehensive income/(loss) for the financial period, net of tax	-	-	670,554	-	-	670,554	(18)	670,536
<b>Total comprehensive income for the financial period</b>	-	-	670,554	-	4,338,488	5,009,042	(443)	5,008,599
<b>Transaction with owner</b>								
Issuance of share to non-controlling interest by a subsidiary	-	-	-	-	-	-	6	6
<b>Total transaction with owner</b>	-	-	-	-	-	-	6	6
<b>Balance at 30 November 2020</b>	<b>22,463,273</b>	<b>383,615</b>	<b>697,871</b>	<b>(3,565,976)</b>	<b>22,331,497</b>	<b>42,310,280</b>	<b>(437)</b>	<b>42,309,843</b>



<u>Group</u>	Share capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Merger reserve US\$	Retained earnings US\$	Total equity US\$
<b>Balance at 1 March 2019 *</b>	268,407	383,615	134,264	-	5,562,386	6,348,672
<b>Profit for the financial period</b>	-	-	-	-	1,090,662	1,090,662
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	(207,435)	-	-	(207,435)
Other comprehensive loss for the financial period, net of tax	-	-	(207,435)	-	-	(207,435)
<b>Total comprehensive income for the financial period</b>	-	-	(207,435)	-	1,090,662	883,227
<b>Contributions by and distributions to owners</b>						
Issuance of shares pursuant to the restructuring exercise	10,896,182	-	-	(3,565,976)	-	7,330,206
Issuance of shares pursuant to an initial public offering exercise	12,024,083	-	-	-	-	12,024,083
Shares issue expenses	(725,399)	-	-	-	-	(725,399)
FY2020 First interim dividend declared and paid	-	-	-	-	(591,920)	(591,920)
<b>Total transactions with owners</b>	22,194,866	-	-	(3,565,976)	(591,920)	18,036,970
<b>Balance at 31 May 2019</b>	<u>22,463,273</u>	<u>383,615</u>	<u>(73,171)</u>	<u>(3,565,976)</u>	<u>6,061,128</u>	<u>25,268,869</u>
<b>Profit for the financial period</b>	-	-	-	-	2,517,971	2,517,971
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	(98,215)	-	-	(98,215)
Other comprehensive loss for the financial period, net of tax	-	-	(98,215)	-	-	(98,215)
<b>Total comprehensive income for the financial period</b>	-	-	(98,215)	-	2,517,971	2,419,756
<b>Balance at 31 August 2019</b>	<u>22,463,273</u>	<u>383,615</u>	<u>(171,386)</u>	<u>(3,565,976)</u>	<u>8,579,099</u>	<u>27,688,625</u>

<u>Group</u>	Share capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Merger reserve US\$	Retained earnings US\$	Total equity US\$
<b>Balance at 1 September 2019</b>	22,463,273	383,615	(171,386)	(3,565,976)	8,579,099	27,688,625
<b>Profit for the financial period</b>	-	-	-	-	751,151	751,151
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	123,130	-	-	123,130
Other comprehensive loss for the financial period, net of tax	-	-	123,130	-	-	123,130
<b>Total comprehensive income for the financial period</b>	-	-	123,130	-	751,151	874,281
<b>Contributions by and distribution to owners</b>						
FY2020 Second interim dividends declared and paid	-	-	-	-	(739,900)	(739,900)
<b>Total transaction with owners</b>	-	-	-	-	(739,900)	(739,900)
<b>Balance at 30 November 2019</b>	<u>22,463,273</u>	<u>383,615</u>	<u>(48,256)</u>	<u>(3,565,976)</u>	<u>8,590,350</u>	<u>27,823,006</u>

\*For the Group's comparative figures in the financial year ended 28 February 2019, the share capital of the Group represents the aggregated value of the issued and fully paid-up share capital of Fortress Minerals Limited, Fortress Resources Pte. Ltd. and Fortress Mining Sdn. Bhd

<u>Company</u>	Share capital US\$	Retained earnings US\$	Total equity US\$
<b>Balance at 1 March 2020</b>	22,463,273	1,034,422	23,497,695
<b>Loss for the financial period representing total comprehensive loss for the financial period</b>	-	(155,916)	(155,916)
<b>Balance at 31 May 2020</b>	<u>22,463,273</u>	<u>878,506</u>	<u>23,341,779</u>
<b>Profit for the financial period representing total comprehensive income for the financial period</b>	-	85,990	85,990
<b>Distribution to owners</b>			
FY2020 Final dividend paid	-	(574,817)	(574,817)
<b>Total transaction with owners</b>	-	(574,817)	(574,817)
<b>Balance at 31 August 2020</b>	<u>22,463,273</u>	<u>389,679</u>	<u>22,852,952</u>
<b>Loss for the financial period representing total comprehensive loss for the financial period</b>	-	(31,310)	(31,310)
<b>Balance at 30 November 2020</b>	<u>22,463,273</u>	<u>358,369</u>	<u>22,821,642</u>

<u>Company</u>	Share capital US\$	(Accumulated losses) / Retained earnings US\$	(Total deficit) / Total equity US\$
<b>Balance at 1 March 2019</b>	734	(1,073,155)	(1,072,421)
<b>Profit for the financial period representing total comprehensive income for the financial period</b>	-	1,246,654	1,246,654
<b>Contributions by and distributions to owners</b>			
Issuance of shares pursuant to the restructuring exercise	11,163,855	-	11,163,855
Issue of shares in satisfaction of professional fees	925,583	-	925,583
Issue of placement shares	11,098,500	-	11,098,500
Shares issue expenses	(725,399)	-	(725,399)
<b>Total transactions with owners</b>	22,462,539	-	22,462,539
<b>Balance at 31 May 2019</b>	<b>22,463,273</b>	<b>173,499</b>	<b>22,636,772</b>
<b>Profit for the financial period representing total comprehensive income for the financial period</b>	-	315,775	315,775
<b>Distribution to owners</b>			
FY2020 First interim dividend declared and paid	-	(591,920)	(591,920)
<b>Total transaction with owners</b>	-	(591,920)	(591,920)
<b>Balance at 31 August 2019</b>	<b>22,463,273</b>	<b>(102,646)</b>	<b>22,360,627</b>
<b>Profit for the financial period representing total comprehensive income for the financial period</b>	-	1,152,763	1,152,763
<b>Distribution to owners</b>			
FY2020 First interim dividend declared and paid	-	(739,900)	(739,900)
<b>Total transaction with owners</b>	-	(739,900)	(739,900)
<b>Balance at 30 November 2019</b>	<b>22,463,273</b>	<b>310,217</b>	<b>22,773,490</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the issued and paid-up share capital of the Company from 31 August 2020 up to 30 November 2020. The Company's share capital was US\$22,463,273 comprising 500,000,000 shares as at 30 November 2020 and 31 August 2020.

There were no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 30 November 2020 and 30 November 2019.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Company	
As at 30 November 2020	As at 29 February 2020

Total number of issued shares excluding treasury shares

500,000,000	500,000,000
-------------	-------------

The Company did not have any treasury shares as at 30 November 2020 and 29 February 2020.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications, or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern). –**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable, as the latest financial statements were not subjected to an adverse opinion, qualified opinion or disclaimer of opinion.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the Group's audited financial statements for the year ended 29 February 2020.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 March 2020. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

- (a) Based on the weighted average number of ordinary shares in issue; and  
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group Three months ended		Group Nine months ended	
	30 November 2020	30 November 2019	30 November 2020	30 November 2019
Earnings per ordinary share ("EPS")				
Net profit attributable to owners of the Company (US\$)	4,338,488	751,151	12,178,302	4,359,784
Weighted average number of ordinary shares	500,000,000	500,000,000	500,000,000	493,045,455
Basic and diluted EPS (US cents)	0.87	0.15	2.44	0.88

The basic and diluted EPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	30 November 2020	29 February 2020	30 November 2020	29 February 2020
Net asset value ("NAV") (US\$)	42,310,280	29,575,474	22,821,642	23,497,695
Total number of issued shares excluding treasury shares	500,000,000	500,000,000	500,000,000	500,000,000
NAV per Share (US cents)	8.46	5.92	4.56	4.70

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue

Illustrated below is the summary of iron ore sales performance of the Group for the 3 months ended 30 November 2020 ("3Q FY2021") and the comparative 3 months ended 30 November 2019 ("3Q FY2020").

	<b>3Q FY2021</b>	<b>3Q FY2020</b>	<b>Increase (%)</b>
Revenue realised <sup>(1)</sup> (US\$)	10,262,202	4,073,596	151.9
Sold (DMT*)	93,246	48,121	93.8
Average realised selling price (US\$/DMT)	110.06	84.65	30.0

\* DMT denotes Dry Metric Tonnes

(1) Excluding effect of foreign exchange on translation of sales.

The Group's revenue realised increased to US\$10.3 million in 3Q FY2021, 151.9% higher than 3Q FY2020, contributed by higher volume sold and higher pricing for high-grade iron ore concentrate.

Sales volume in 3Q FY2021 was 93,246 DMT, an increase of 93.8% over 3Q FY2020 attributable to higher production volume and strong demand from domestic markets.

Average realised selling price increased by US\$25.41/DMT to US\$110.06/DMT in 3Q FY2021 attributable to the increase in the benchmark IODEX 65% Fe CFR North China of Platts Daily Iron Ore Assessments price indices.

Cost of sales

	<b>3Q FY2021</b>	<b>3Q FY2020</b>	<b>Increase/ (Decrease) (%)</b>
Cost of sales (US\$)	2,569,464	1,738,491	47.8
Sold (WMT*)	101,720	53,815	89.0
Average unit cost of sales (US\$/WMT)	25.26	32.30	(21.8)

\* WMT denotes Wet Metric Tonnes

The Group's average unit cost of sales decreased by 21.8% or US\$7.04/WMT from US\$32.30/WMT in 3Q FY2020 to US\$25.26/WMT in 3Q FY2021 which was attributable to productivity gains arising from higher production volume achieved.

Gross profit and gross profit margin

Gross profit for 3Q FY2021 was US\$7.7 million, an increase of US\$5.3 million or 226.6% as compared to 3Q FY2020, with gross profit margin of 75.1% driven by favourable sales performance with increased sales volume achieved supported by higher pricing for high-grade iron ore concentrate, coupled with lower unit cost from high throughput productivity.



### Other operating income

The Group's other operating income in 3Q FY2021 decreased by US\$0.2 million as compared to 3Q FY2020 primarily due to absence of foreign exchange gain caused by weakening exchange rate movement of USD against MYR on foreign-currency denominated banks balances' transactions.

### Selling and distribution expenses

Selling and distribution expenses increased by US\$0.1 million from US\$0.4 million in 3Q FY2020 to US\$0.5 million in 3Q FY2021 which is in tandem with higher sales volume achieved, resulting in an increase in transportation and commission expense in 3Q FY2021.

### Other operating expenses

The Group's other operating expenses comprise mainly of employee benefits expenses and plants maintenance expenses. Our Group's other operating expenses increased by US\$0.4 million from US\$1.3 million in 3Q FY2020 to US\$1.7 million in 3Q FY2021.

The increase is mainly attributable to increase in maintenance of plant and vehicle of US\$0.4 million which is in line with the expansion of fleet truck in 3Q FY2021.

### Administrative expenses

Administrative expenses increased by US\$0.3 million from US\$0.1 million in 3Q FY2020 to US\$0.4 million in 3Q FY2021. Administrative expenses comprise mainly of miscellaneous expenses for general business support activity and foreign exchange loss.

The increase is primarily due to the foreign exchange loss driven by the weakening exchange rate movement of USD against MYR on foreign denominated banks balances' transactions.

### Income tax expense

Income tax expense increased from US\$0.1 million in 3Q FY2020 to US\$0.9 million in 3Q FY2021. Excluding the effect of prior year's over provision of income tax expenses of US\$0.4 million, the effective income tax expenses for 3Q FY2021 amounts to US\$1.3 million. The increase is in line with the higher profit before income tax generated during the current reporting quarter.

The Group's effective tax rate of 24.5% in 3Q FY2021 was marginally higher than the Group's applicable tax rate of 24.0% primarily due to the effect of miscellaneous expenses incurred which were not deductible for tax determination purposes.

### Profit after tax

Our Group profit after tax increased by US\$3.5 million from US\$0.8 million in 3Q FY2020 to US\$4.3 million in 3Q FY2021 due to the reasons stated above.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The comparative performance of the assets and liabilities listed below is based on the financial statements as at 30 November 2020 and 29 February 2020.

Non-current assets

Non-current assets as at 30 November 2020 stood at US\$23.9 million, an increase of approximately US\$1.2 million from US\$22.7 million as at 29 February 2020, comprising exploration and evaluation assets, mining properties, plant and equipment and right-of-use assets.

Exploration and evaluation assets increased by US\$0.4 million which is in line with on-going exploration activities carried out at the Group's Bukit Besi mine throughout 3Q FY2021.

Mining properties remained at US\$6.3 million net of amortisation of mining properties amounting to US\$0.3 million.

Plant and equipment expanded to US\$14.7 million after accounting for an additional capital investment of US\$2.5 million and the effect on exchange rate changes of US\$0.4 million which was partially offset by depreciation charge of US\$1.7 million. The addition was attributable to the expansion of truck fleet and capital expenditures at our Bukit Besi mine.

Right-of-use assets at the Group level refers to the leases of office, hostels premises and vehicles for use at our Bukit Besi mine. The decrease was attributable to the effect of depreciation charges.

Current assets

As at 30 November 2020, our Group's current assets increased by US\$10.6 million to US\$27.2 million from US\$16.6 million as at 29 February 2020. The increase was mainly due to:

- (i) an increase in cash and bank balances by US\$5.8 million in line with increase in sales;
- (ii) an increase in non-trade receivables by US\$5.8 million which is attributable to:
  - Deposit amounting to US\$3.8 million paid into an escrow account maintained with a licensed trust company in Singapore in relation to the acquisition of 100% equity interest in Monument Mengapur Sdn Bhd and its subsidiaries ("**MMSB Group**") as announced on 11 January 2021; and
  - Prepayments to suppliers amounting to US\$2.0 million for the purchase of plants and consumables.
- (iii) an increase in inventories by US\$0.5 million which is in tandem with our overall growth in processing volume and revenue.

The overall increase is further cushioned by decrease in trade receivables by US\$1.6 million which was attributable to prompt collection received from customers.

#### Non-current liabilities

As at 30 November 2020, our Group's non-current liabilities comprising bank borrowings, lease liabilities and deferred tax liabilities remained at US\$1.7 million. This is arrived after accounting for increase in bank borrowing by US\$0.4 million to finance the purchase of vehicles and partially cushioned by reduction in deferred tax liabilities and lease liabilities which amounted to US\$0.3 million and US\$0.1 million respectively.

Decrease in the deferred tax liabilities was due to realisation of tax credits against profit generated for current financial period, while reduction in lease liabilities was due to the effect of repayments.

#### Current liabilities

As at 30 November 2020, our Group's current liabilities decreased by US\$1.0 million from US\$8.1 million as at 29 February 2020 to US\$7.1 million. The decrease was mainly due to the full settlement of amounts owing to shareholders of US\$4.5 million and was cushioned by the following:

- (i) an increase in payables by US\$1.7 million attributable to higher royalty payable of US\$1.0 million which is in line with higher volume sold and increase in purchase of consumables of US\$0.7 million.
- (ii) an increase in current income tax payables of US\$1.7 million driven by higher profit before income tax generated by the Group; and
- (iii) increase in bank borrowings of US\$0.1 million as a result from purchase of truck fleet.

#### Working capital

Our Group recorded a positive working capital position of US\$20.1 million as at 30 November 2020, compared to US\$8.5 million as at 29 February 2020 as a result of the above.

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## **Statements of Cash Flow**

In 3Q FY2021, our Group's net cash generated from operating activities increased by US\$10.1 million to US\$11.7 million from US\$1.6 million in 3Q FY2020, after accounting for increase in operating profit before working capital changes of US\$5.1 million and adjusted for working capital inflow of US\$6.2 million.

Increase in working capital is consistent with the higher sales volume, better pricing and prompt collection during the period under review.

During 3Q FY2021, our Group invested an aggregate sum of US\$1.3 million in exploration and evaluation assets and plant and equipment at our Bukit Besi mine as compared to US\$1.9 million during 3Q FY2020. The decrease in exploration and evaluation assets is partially cushioned by capital expenditures at our Bukit Besi mine.

The Group's net cash flow used in financing activities decreased by US\$2.5 million to US\$0.2 million in 3Q FY2021 as compared to 3Q FY2020 of US\$2.7 million. Lower cash outflow from financing activities in 3Q FY2021 was attributable to full settlement of shareholders loan in 2Q FY2021 which was partially cushioned by increase in repayments of borrowings to finance the purchase of truck fleet in 3Q FY2021.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There were no forecast or prospect statement previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Demand for the high-grade iron ore concentrate remained strong throughout 2020 and the Group remains optimistic that the demand will remain healthy following our new "off-take agreement" signed with a customer as announced in October 2020 that allow us to secure sales volume commitment of approximately 400,000 WMT for a period from 1 September 2020 to 31 August 2021.

The Company had, on 8 January 2021, entered into a conditional share purchase agreement (the "SPA") with Monument Mining Limited (the "Vendor") for the acquisition of the entire issued and paid-up share capital (the "Sale Shares") in Monument Mengapur Sdn. Bhd. (the "Target" and together with its subsidiaries, the "Target Group") for a cash consideration of US\$30,000,000 (the "Consideration") in accordance with the terms and conditions of the SPA (the "Proposed Acquisition"). In connection with the Proposed Acquisition, the Company has also on even date entered into a royalty agreement (the "Royalty Agreement") with the Vendor for the payment of royalties by the Company at the rate of 1.25% of gross revenue on all mineral products produced in forms ready for sale from the area within the boundaries of the entire tenements held by the Target's subsidiaries namely Cermat Aman Sdn Bhd ("CASB") and Star Destiny Sdn Bhd ("SDSB"), save for free digging oxide

magnetite iron materials contained on the top soil at certain areas of the tenement held by CASB, subject to the completion of the Proposed Acquisition and in accordance with the terms thereof.

The Board is of the view that the Proposed Acquisition is in the best interest of the Company as the Group's total magnetite resource will increase from approximately 7.18 million tons (from its Bukit Besi mine as of February 2020) to 17.93 million tons. The Company believes that the Proposed Acquisition will bolster the Company's objective to become a significant regional player in the iron ore industry and its efforts to explore and develop a number of iron ore assets across Malaysia as well as complement its existing portfolio of advanced iron ore projects. The Proposed Acquisition is subject to, amongst others, shareholders' approval at an extraordinary general meeting to be convened and is expected to be completed by Q1 FY2022.

For further details on the Proposed Acquisition, please refer to the announcement dated 11 January 2021 released by the Company on SGXNET. The Company will make the necessary announcement(s) via SGXNET if and when there are any material developments on the aforementioned.

Notwithstanding the Proposed Acquisition, the Group continues to explore various opportunities to acquire and/or enter into joint ventures to expand its portfolio of mining assets as well as provide mining contracting services both in Malaysia and the region.

The Board and management of the Company have considered the uncertainties and challenges arising from the Covid-19 pandemic on the Group's operations and assessed that the trade receivables of the Group still remain healthy and there are no indications that the credit quality of trade receivables have deteriorated. Further, with the present price of iron ore and the cash reserve of the Group, the Group is of the view that adequate funds are available for the Group's operating requirements and for the purposes of meeting the Group's debt obligations for the next 12 months.

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**11. Dividend**

- a) **Current financial period reported on:** Any dividend declared for the current financial period reported on?

None.

- b) **Corresponding period of the immediately preceding financial year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Dividend declared and paid in 3Q FY2020:

Name of dividend	Second interim dividend
Dividend type	Cash
Dividend amount per share	S\$0.0020 per ordinary share
Tax rate	Tax exempt one tier

- c) **Whether the dividend is before tax, net of tax or tax exempt**

Not applicable.

- d) **Date payable**

Not applicable.

- e) **Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended during 3Q FY2021 to enable the Group to conserve cash for the Proposed Acquisition and its working capital purpose.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPTs. In 3Q FY2021, there were no interested person transactions of S\$100,000 and above.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).)

**15. Use of proceeds pursuant to Rule 704(30)**

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<b>Use of proceeds</b>	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
	S\$'000	S\$'000	S\$'000
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	(7,000) <sup>(1)</sup>	-
Acquisition, joint venture and/or development of new mines	2,000	-	2,000
General working capital purposes	3,500	(3,500) <sup>(2)</sup>	-
<b>Total</b>	<b>12,500</b>	<b>(10,500)</b>	<b>2,000</b>

<sup>(1)</sup> utilised for payment of exploration and geology work and expansion of iron ore processing capacities.

<sup>(2)</sup> utilised for payment of operating expenses, employee benefit expenses and taxes.

The above utilisation of the IPO proceeds is in accordance with the intended use as stated in the Company's offer document dated 19 March 2019 in relation to the initial public offering of the Company on the Catalist of the Singapore Stock Exchange Securities Trading Limited.

At the appropriate juncture, our Group will deploy the remaining IPO proceeds as the Group intends to acquire, enter into joint venture and/or develop new mines as and when the opportunity arises. Pending such deployment, funds have been placed in interest bearing deposits with licenced banks in Singapore.

The Company will make periodic announcements on the utilisation of the proceeds from the IPO as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial statements.

**16. Use of funds/cash by mineral, oil and gas companies pursuant to Rule 705(6)**

**i. Use of funds/cash for the quarter: -**

In 3Q FY2021, funds/cash was mainly used for the following activities, as compared to the projections: -

<b>Purpose</b>	<b>Amount (US\$ million)</b>	
	Actual	Projected
Exploration and evaluation activities	0.10	0.30
Cost of sales	2.57	3.20
Selling and distribution costs	0.53	0.50
<b>Total</b>	<b>3.20</b>	<b>4.00</b>

The Group utilised less than planned funds for exploration and evaluation activities in 3Q FY2021 which was primarily due to our in-house geologists' team concentrating on performing due diligence exercise on the Proposed Acquisition.

During 3Q FY2021, our Group's cost of sales decreased by US\$0.6 million as compared to projected amount primarily due to higher production volume achieved.

**ii. Projection on the use of funds/cash for the next immediate quarter, including material assumptions: -**

<b>Purpose</b>	<b>Amount (US\$ million)</b>
Exploration and evaluation activities	0.30
Cost of sales	3.20
Selling and distribution costs	0.80
<b>Total</b>	<b>4.30</b>

Our Group will continue to carry out exploration and evaluation activities at its East, Valley and West Deposits during the fourth quarter of FY2021 ("4Q FY2021"). Exploration and evaluation expenses expected to be incurred is as tabulated above.

**17. Negative Confirmation by the Board pursuant to Rule 705(6)(b) of Catalist Listing Manual.**

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.



- 18. Pursuant to Rule 705(7) - Details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

During 3Q FY2021, our Group has continued to carry out exploration and evaluation activities at our East, Valley and West Deposits at our Bukit Besi mine. These exploration and evaluation activities include ground and air-borne geological survey, sampling, exploration and laboratory assay activities. All of these activities are being undertaken by our in-house team of geologist. Cost incurred for these exploration and evaluation activities are as tabulated in Section 16 above.

- 19. Negative confirmation by the Board pursuant to Rule 705(5)**

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited financial results for 3Q FY2021 to be false or misleading in any material aspect.

### **PART III – ADDITIONAL INFORMATION REQUIRED PURSUANT TO CATALIST RULE 706A**

- 20. Incorporation of Fortress FE Sdn. Bhd. (“FESB”)**

The Company's direct wholly-owned subsidiary, Fortress Mining Sdn Bhd (“FMSB”) has, on 7 October 2020, incorporated a subsidiary in Malaysia known as Fortress FE Sdn. Bhd. (“FESB”).

The share capital of FESB is MYR100.00. FMSB holds 75% interest in the capital of FESB and the remaining 25% interest is held by SLK FE Mining Sdn. Bhd., which is not related to any of the Directors or controlling shareholders of the Company.

The intended principal activity of FESB is acquisition of mines, mining rights, metalliferous land, quarries and dealing in minerals. However, FESB has remained dormant since the date of incorporation.

The incorporation of FESB was funded through internal resources and did not have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 28 February 2021.

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**BY ORDER OF THE BOARD OF  
FORTRESS MINERALS LIMITED**

Dato' Sri Ivan Chee Yew Fei  
Chief Executive Officer  
11 January 2021

*Fortress Minerals Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited on 27 March 2019. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”).*

*This announcement has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

*The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

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