

Fortress Minerals Limited

Results Presentation

3Q & 9M FY2022

Malaysia - Singapore





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01
Fortress
Overview

Fortress at a glance



1ST

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



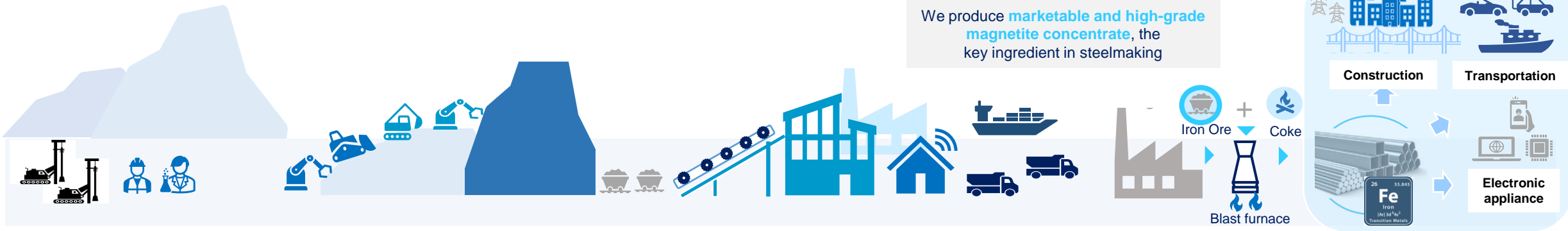
Fortress operation and product

1 Exploration and evaluation

2 Infrastructure and development

3 Processing and production

4 Marketing and commercial



Exploration: 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**

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

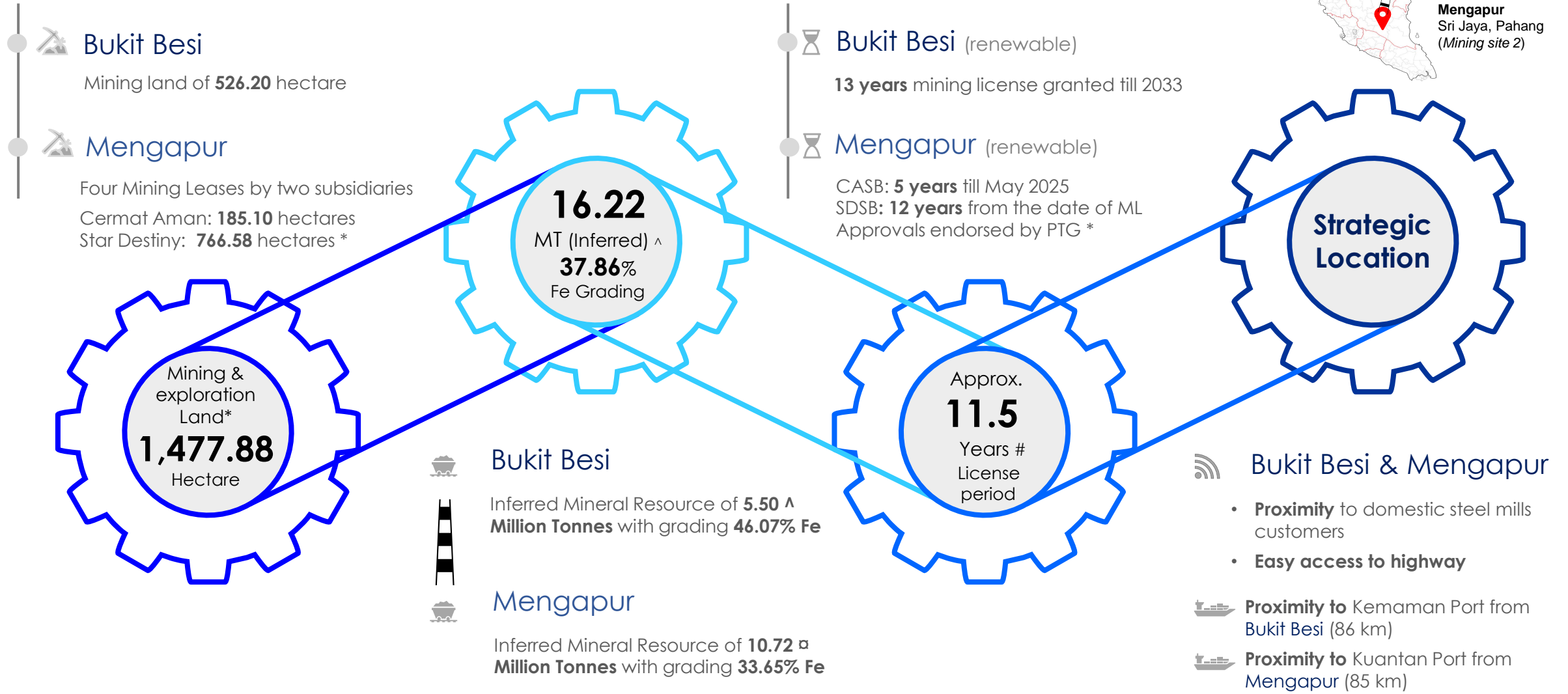


02

**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.

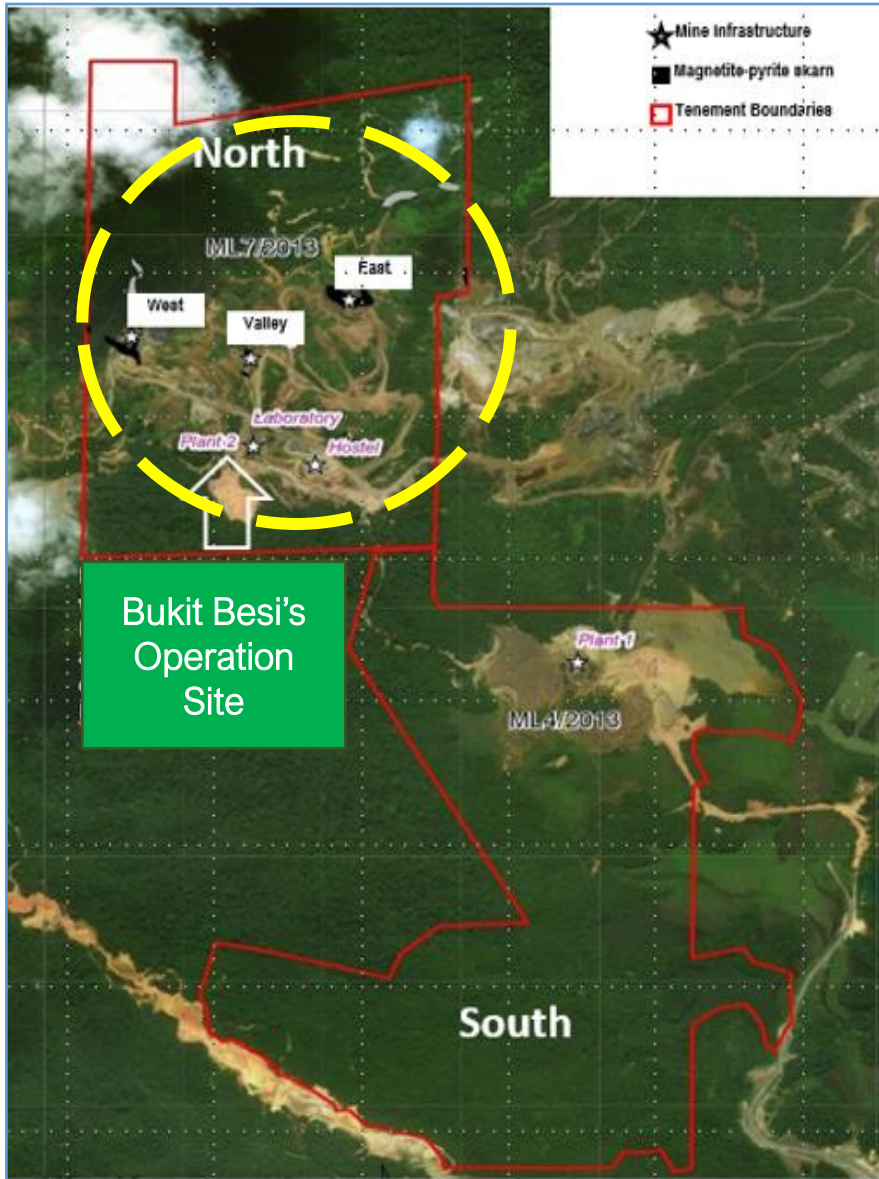
Based on weighted average basis as computed based on license period in relative to the size of mining / exploration land.

Bukit Besi Mine Strategic location supported with good Infrastructure



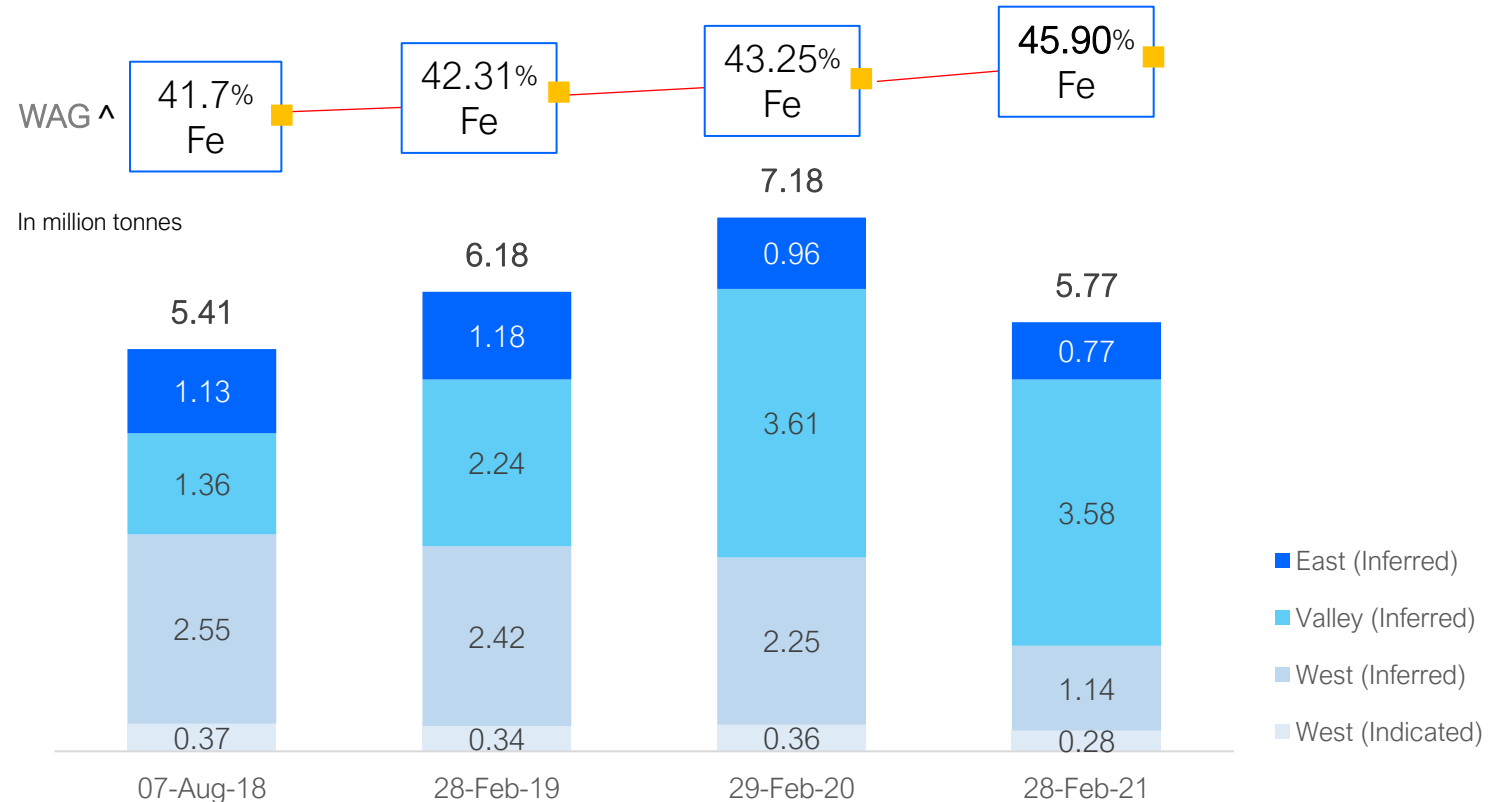
Bukit Besi Mineral Resource

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

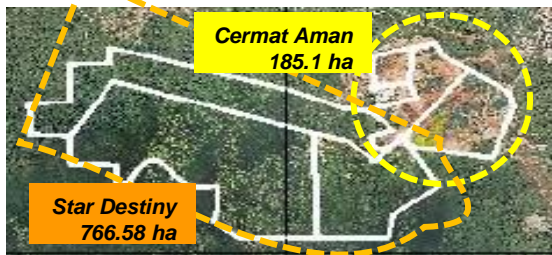
Quick Snapshot & Introduction



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 ¹						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
	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	-22%	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	1.45	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

Resilient financial results for 9M FY2022

Solid operational performance supported by strategic growth efforts

Financial performance

Revenue

US\$ **38.1** Million
Gross Revenue ↑ 25.5%

Margin

78.9 %
Gross Profit Margin ↑ 3.7ppt

Earnings

US\$ **21.0** Million
Underlying EBITDA ↑ 18.9%

Balance sheet

Operating cash flow

US\$ **22.1** Million
Operating cash flow ↑ 65.1%

Liquidity

US\$ **12.2** Million
Cash and bank balances

NAV (Group basis)

11.44 US cents
Net asset value/share

Value creation

CAPEX (Group basis)

US\$ **12.4** Million
Cash investment in CAPEX on plants and mine infrastructure

EPS

2.67 US cent
Earning per share

ROCE

44.1 %
Return of capital employed*

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

* Excluding:

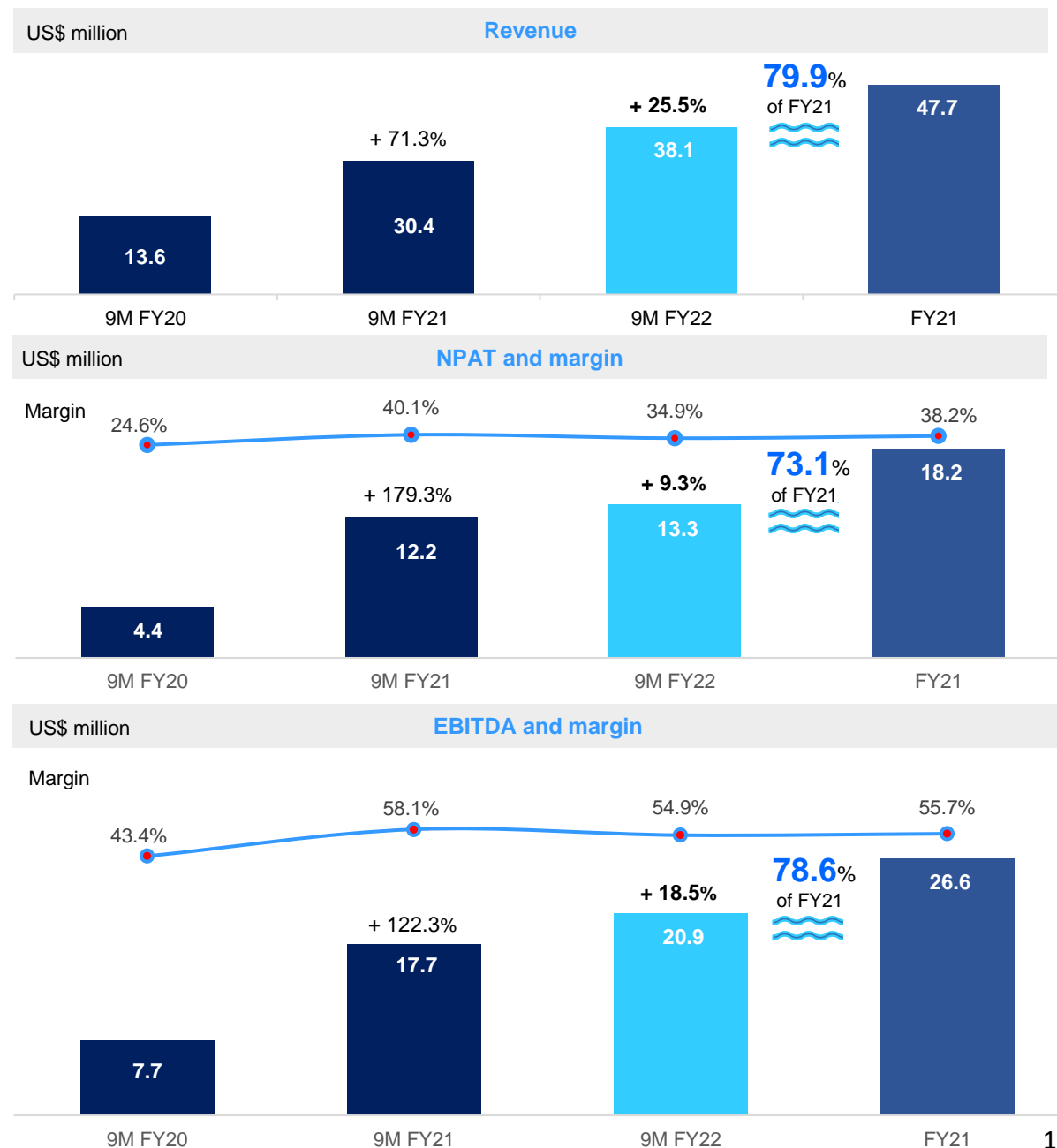
- (i) Assets and liabilities for Fortress Mengapur of an aggregate sum of US\$33.4 million (net) as Fortress Mengapur is in development stage with no income generation as at 9M FY2022;
- (ii) EBITDA excluded loss before interest, tax, depreciation and amortisation for Fortress Mengapur of US\$0.6 million as Fortress Mengapur is in development stage in 9M FY2022; and
- (iii) Total assets excluding Goodwill at provisional basis of US\$11.9 million



Financial highlights

Solid profitability translating into strong operating cash flow

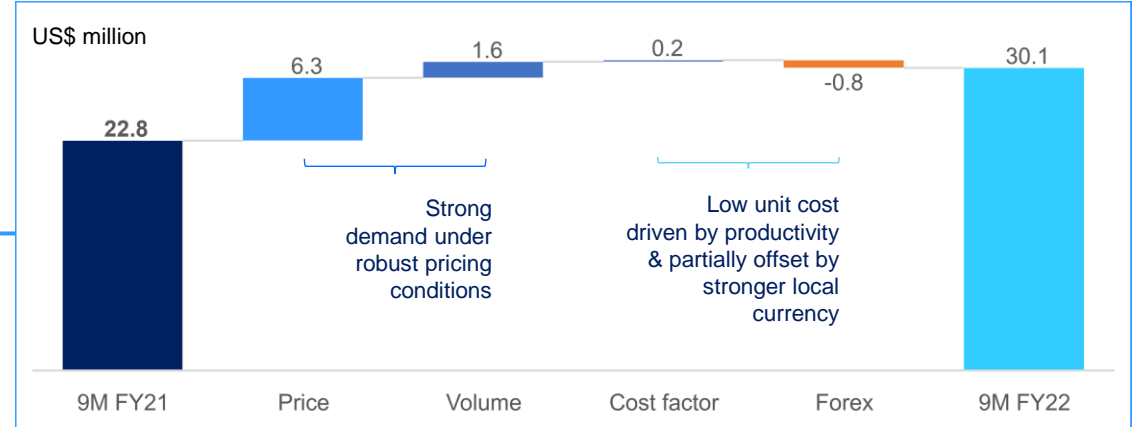
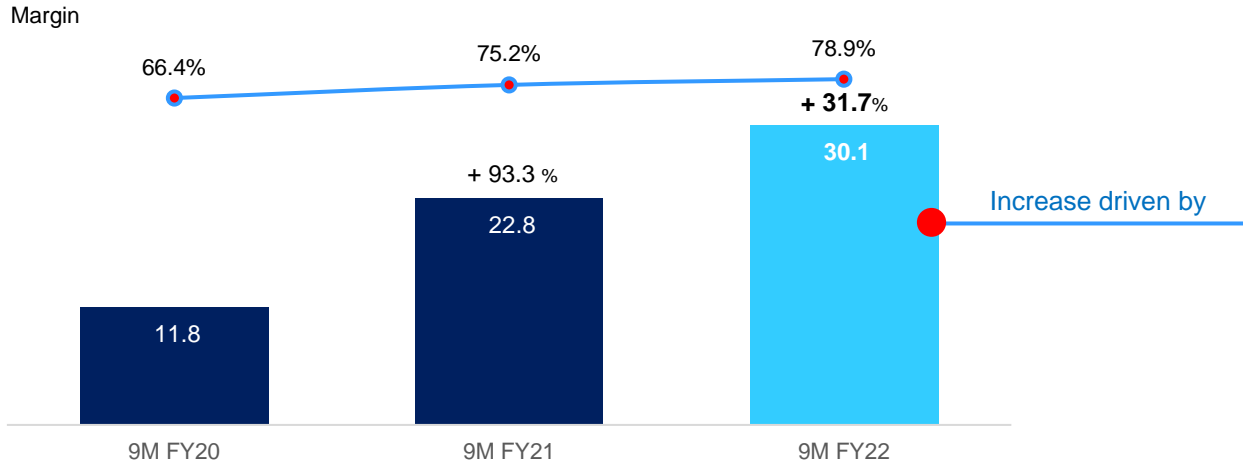
Financial metrics US\$' million	9M FY2020	9M FY2021	9M FY2022	Full year 2021
Revenue	17.7	30.4	38.1	47.7
Gross profit	11.8	22.8	30.1	36.5
Gross profit margin	66.4%	75.2%	78.9%	76.4%
NPAT	4.4	12.2	13.3	18.2
Net profit margin	24.6%	40.1%	34.9%	38.2%
EBITDA	7.7	17.7	20.9	26.6
EBITDA margin	43.4%	58.1%	54.9%	55.7%
Operating cash flows	9.2	13.4	22.1	16.0



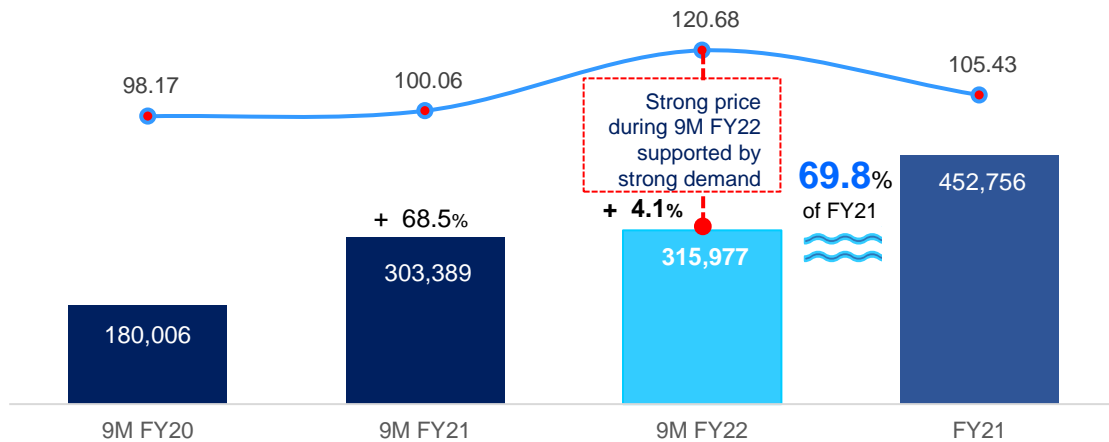
Strong gross profit margin

Driven by lower unit cost and higher throughput productivity

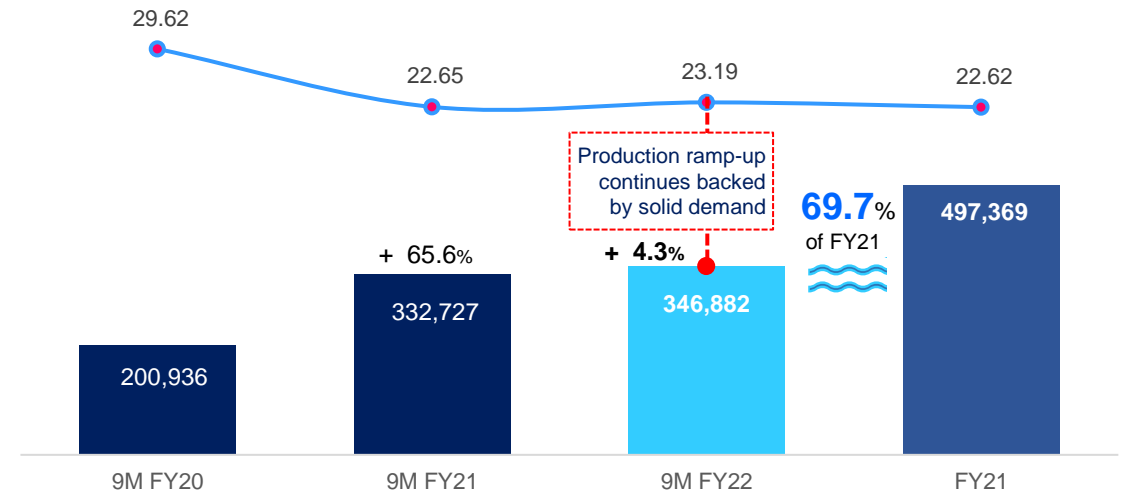
GROSS PROFIT (US\$ Million) and Gross Profit Margin (%)



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	Full year		1Q	2Q	3Q	1Q	2Q	3Q	1Q	2Q	3Q
	FY2021	FY2020	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2020	FY2020	FY2020
Average realised price/ DMT	105.43	95.93	143.00	141.82	87.44	94.97	95.99	110.06	103.29	102.95	84.65
Sales volume (DMT)	452,756	269,615	120,665	69,181	126,131	74,661	135,482	93,246	55,552	76,334	48,121
Average unit cost/VMT	22.62	28.81	25.55	24.55	20.22	24.88	19.64	25.26	29.84	27.78	32.30
Volume sold (VMT)	497,369	300,053	132,251	75,860	138,771	82,256	148,751	101,720	61,386	85,739	53,815
Financial metrics	US'000	US'000	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	9,985	11,053	7,090	12,985	10,304	5,841	7,783	4,106
Gross profit	36,466	17,279	13,905	8,123	8,247	5,044	10,065	7,734	4,010	5,401	2,368
Gross profit margin	76.4%	66.7%	80.5%	81.4%	74.6%	71.1%	77.5%	75.1%	68.6%	69.4%	57.7%
EBITDA	26,560	12,222	10,335	5,289	5,310	3,591	8,065	5,947	2,957	4,017	928
Net profit after tax	18,245	6,497	7,200	3,281	2,831	2,158	5,681	4,338	1,091	2,518	751
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
Non-current assets	26,285	22,694	56,738	68,909	71,899	21,843	22,768	23,909	22,694	21,704	23,155
Current assets	33,577	16,643	27,875	21,682	22,410	17,550	22,492	27,152	16,643	19,380	15,482
Total assets	59,862	39,337	84,613	90,591	94,309	39,393	45,260	51,061	39,337	41,084	38,637
Current Liabilities	8,732	8,110	15,169	15,154	15,977	1,526	6,291	7,093	1,652	3,575	2,639
Non-current Liabilities	2,722	1,652	18,344	21,269	21,147	6,634	1,668	1,658	8,110	9,820	8,175
Total liabilities	11,454	9,762	33,513	36,423	37,124	8,160	7,959	8,751	9,762	13,395	10,814
Equity attributable to owners	48,417	29,575	51,109	54,182	57,211	31,233	37,301	42,310	29,575	27,689	27,823
Non-controlling interest	-	9	-	9	15	-	-	*	-	-	-
Total equity	48,408	29,575	51,100	54,167	57,185	31,233	37,301	42,310	29,575	27,689	27,823
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
Net cash flows from/(used in)											
Operating activities	15,985	9,188	9,296	6,337	6,456	1,606	54	11,662	-	490	8,181
Investing activities	-	12,698	-	21,151	10,211	1,905	-	281	-	669	1,249
Financing activities	-	6,106	5,537	16,866	2,761	820	-	2,018	-	3,365	202
Cash and cash equivalent	@ -	2,818	10,243	12,828	6,281	10,157	#	9,488	5,773	10,211	9,850

* 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.



04
**Corporate
update**



Offtake-Agreement signed in 3Q FY2022

Scope of agreement

375,000 WMT

Approximately
Sale volume commitment secured
With quantity variance of

337,500 **-10%** | **+30%** 487,500
At the option of Fortress

Period

15 MONTHS

commencing October 21 to
December 22

Pricing

Platts for

65%

Fe CFR North China

Average of the available daily Platts
and adjusted to the Fe content of
each shipment

ADVANTAGE AND BENEFIT FROM THIS OFF-TAKE AGREEMENT

Value chain benefits

**Cost & productivity
efficiencies**



Integration with our customer's
complex supply chain

Earnings & Demand

Positive

Secured revenue order book
with the Off-take commitment

High

Consistent demand for our iron ore
commodity product

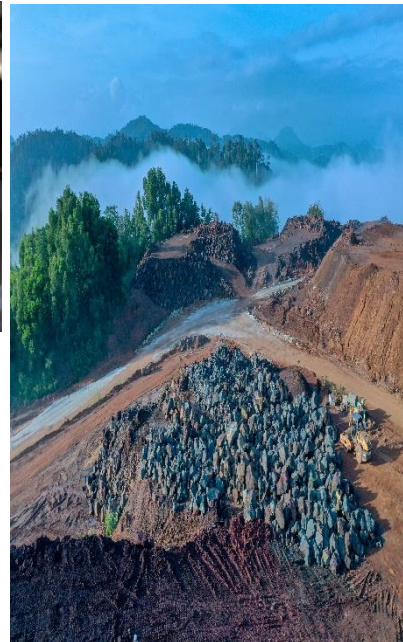
Marked to market

Market-based pricing

Fortress is not disadvantaged in term
of pre-fixed pricing

**S&P Global
Platts**





THANK YOU

Stay in touch with us



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