



# FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

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## Unaudited Financial Statement and Dividend Announcement for the Full Financial Year Ended 28 February 2021

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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.**

	<b>Group</b>		
	<b>Twelve Months Ended</b>		
	<b>28 February 2021 US\$</b>	<b>29 February 2020 US\$</b>	<b>Change %</b>
Revenue	47,718,246	25,925,041	84.1
Cost of sales	(11,251,832)	(8,645,043)	30.2
Gross profit	36,466,414	17,279,998	111.0
Other operating income	411,900	686,866	(40.0)
Selling and distribution expenses	(4,911,132)	(2,080,877)	136.0
Other operating expenses	(7,273,726)	(4,531,313)	60.5
Administrative expenses	(1,273,658)	(1,775,395)	(28.3)
Finance costs	(62,033)	(42,721)	45.2
Profit before income tax	23,357,765	9,536,558	144.9
Income tax expense	(5,112,441)	(3,039,112)	68.2
<b>Profit for the financial year</b>	<b>18,245,324</b>	<b>6,497,446</b>	<b>180.8</b>
<b>Profit/(Loss) attributable:</b>			
Owners of the Company	18,253,936	6,497,446	180.9
Non-controlling interest	(8,612)	-	nm
	<b>18,245,324</b>	<b>6,497,446</b>	<b>180.8</b>
<b>Other comprehensive income</b>			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translating foreign operations	1,162,555	(567,714)	nm
Other comprehensive income/ (loss) for the financial year, net of tax	1,162,555	(567,714)	nm
<b>Total comprehensive income for the financial year</b>	<b>19,407,879</b>	<b>5,929,732</b>	<b>227.3</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company	19,416,790	5,929,732	227.4
Non-controlling interest	(8,911)	-	nm
	<b>19,407,879</b>	<b>5,929,732</b>	<b>227.3</b>

*nm – not meaningful*

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

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

	<b>Group</b>		
	<b>Financial Year Ended</b>		
	<b>28 February 2021 US\$</b>	<b>29 February 2020 US\$</b>	<b>Change %</b>
<i>Cost of sales:</i>			
Depreciation of plant and equipment	2,364,949	1,950,918	21.2
Amortisation of mining properties	432,318	376,176	14.9
<i>Selling and distribution expenses:</i>			
Commission expense	785,201	312,235	151.5
Handling and transportation charges	1,134,987	1,177,180	(3.6)
Ocean freight	1,097,732	-	nm
Royalty expense	1,725,568	1,205,179	43.2
<i>Other operating expenses:</i>			
Upkeep of machineries	1,395,409	957,746	45.7
Upkeep of motor vehicles	845,533	702,751	20.3
<i>Administrative expenses:</i>			
Donations	65,090	19,610	231.9
Foreign exchange loss, net	193,188	175,821	9.9
Listing expenses	-	929,683	nm
Loss on disposal of plant and equipment	-	3,594	nm
<i>Finance costs</i>	62,033	42,721	45.2
<i>Income tax expense:</i>			
(Overprovision)/ underprovision of tax in prior year	(412,768)	402,084	nm
<i>Other operating income:</i>			
Interest income	(39,047)	(146,632)	(73.4)
Gain on disposal of plant and equipment	(29,537)	-	nm
Proceeds from sale of semi-processed iron ore	-	(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	
	28 February 2021 US\$	29 February 2020 US\$	28 February 2021 US\$	29 February 2020 US\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	12,402,992	11,405,647
Exploration and evaluation assets	3,306,243	2,321,853	-	-
Mining properties	6,162,325	6,343,918	-	-
Plant and equipment	16,605,126	13,498,301	-	-
Right-of-use assets	211,216	529,741	-	-
	<u>26,284,910</u>	<u>22,693,813</u>	<u>12,402,992</u>	<u>11,405,647</u>
<b>Current assets</b>				
Inventories	1,029,105	864,727	-	-
Trade receivables	11,208,481	3,393,708	-	-
Other receivables, deposits and prepayments	13,519,229	2,141,848	9,000,050	-
Amounts due from subsidiaries	-	-	2,463,813	4,346,240
Taxation recoverable	20,403	-	-	-
Cash and bank balances	7,800,262	10,242,507	4,590,919	7,807,721
	<u>33,577,480</u>	<u>16,642,790</u>	<u>16,054,782</u>	<u>12,153,961</u>
<b>Total assets</b>	<u>59,862,390</u>	<u>39,336,603</u>	<u>28,457,774</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	(2,452,957)	(3,615,811)	-	-
Retained earnings	28,407,131	10,728,012	5,945,417	1,034,422
	<u>48,417,447</u>	<u>29,575,474</u>	<u>28,408,690</u>	<u>23,497,695</u>
Non-controlling interest	(8,905)	-	-	-
<b>Total equity</b>	<u>48,408,542</u>	<u>29,575,474</u>	<u>28,408,690</u>	<u>23,497,695</u>
<b>Non-current liabilities</b>				
Bank borrowings	1,301,895	34,359	-	-
Lease liabilities	35,289	150,456	-	-
Deferred tax liabilities	1,384,724	1,466,788	-	-
	<u>2,721,908</u>	<u>1,651,603</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Bank borrowings	652,881	37,983	-	-
Lease liabilities	200,422	393,553	-	-
Trade payables	420,167	377,755	-	-
Other payables and accruals	5,851,693	2,550,341	45,836	52,162
Amounts due to shareholders	-	4,495,457	-	-
Current income tax payables	1,606,777	254,437	3,248	9,751
	<u>8,731,940</u>	<u>8,109,526</u>	<u>49,084</u>	<u>61,913</u>
<b>Total liabilities</b>	<u>11,453,848</u>	<u>9,761,129</u>	<u>49,084</u>	<u>61,913</u>
<b>Total equity and liabilities</b>	<u>59,862,390</u>	<u>39,336,603</u>	<u>28,457,774</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 28 February 2021		As at 29 February 2020	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
652,881	200,422	37,983	4,889,010

**Amount repayable after one year**

As at 28 February 2021		As at 29 February 2020	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
1,301,895	35,289	34,359	150,456

**Details of any collateral**

The Group's secured borrowings as at 28 February 2021 are secured over certain of the Group's motor vehicles and plants and machinery (29 February 2020: motor vehicles).

The carrying amounts of the secured motor vehicles and plant and machinery as at 28 February 2021 amounted to US\$2.3 million (29 February 2020: US\$0.1 million) and US\$0.2 million respectively (29 February 2020: nil).

The Group's unsecured borrowings as at 28 February 2021 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.**

	<b>Group</b>	
	<b>Twelve Months Ended</b>	
	<b>28 February 2021 US\$</b>	<b>29 February 2020 US\$</b>
<b>Operating activities</b>		
Profit before income tax	23,357,765	9,536,558
Adjustments for:		
Amortisation of mining properties	432,318	376,176
Depreciation of plant and equipment	2,364,949	1,950,918
Depreciation of right-of-use assets	342,595	315,226
Gain on modification of lease contracts	(149)	(208)
Interest expenses	62,033	42,721
Interest income	(39,047)	(146,632)
Share-based payment expenses	-	786,946
(Gain)/Loss on disposal of plant and equipment	(29,537)	3,594
Plant and equipment written off	-	831
Unrealised foreign exchange loss/(gain)	398,584	(7,113)
<b>Operating cash flow before working capital changes</b>	<b>26,889,511</b>	<b>12,859,017</b>
Working capital changes:		
Inventories	(58,035)	(419,951)
Trade and other receivables	(9,936,264)	(1,842,636)
Trade and other payables	3,183,347	654,787
<b>Cash generated from operations</b>	<b>20,078,559</b>	<b>11,251,217</b>
Income tax paid	(4,093,879)	(2,232,170)
Income tax refunded	586	168,965
<b>Net cash flow generated from operating activities</b>	<b>15,985,266</b>	<b>9,188,012</b>
<b>Investing activities</b>		
Additions of exploration and evaluation assets	(717,012)	(1,933,683)
Additions of plant and equipment	(3,151,035)	(4,420,313)
Consideration transferred on acquisition of the subsidiary	(9,000,000)	-
Proceeds from disposal of plant and equipment	130,985	29,536
Interest received	39,047	146,632
<b>Net cash flow used in investing activities</b>	<b>(12,698,015)</b>	<b>(6,177,828)</b>
<b>Financing activities</b>		
Interest paid	(62,033)	(42,721)
Repayments of from bank borrowings	(251,839)	(22,063)
Repayments to shareholders	(4,691,694)	(3,316,929)
Repayment of lease liabilities	(525,372)	(297,566)
Proceeds from issuance of new ordinary shares	-	11,098,500
Proceed from issuance of new ordinary share to non-controlling interest by a subsidiary	6	-
Shares issue expenses	-	(550,117)
Dividends paid	(574,817)	(1,331,820)
<b>Net cash flow (used in)/ generated from financing activities</b>	<b>(6,105,749)</b>	<b>5,537,284</b>
Net change in cash and cash equivalents	(2,818,498)	8,547,468
Effects of exchange rate changes on cash and cash equivalents	376,253	(434,389)
Cash and cash equivalents at beginning of financial year	10,242,507	2,129,428
Cash and cash equivalents at end of financial year	7,800,262	10,242,507

**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 -----							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 March 2020</b>	22,463,273	383,615	(433,450)	(3,565,976)	10,728,012	29,575,474	-	29,575,474
<b>Profit for the financial year</b>	-	-	-	-	18,253,936	18,253,936	(8,612)	18,245,324
<u>Other comprehensive income</u>								
Exchange differences on translating foreign operations	-	-	1,162,854	-	-	1,162,854	(299)	1,162,555
Other comprehensive income/(loss) for the financial year, net of tax	-	-	1,162,854	-	-	1,162,854	(299)	1,162,555
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	1,162,854		18,253,936	19,416,790	(8,911)	19,407,879
<b>Transactions with owners</b>								
Issuance of share to non-controlling interest by a subsidiary	-	-	-	-	-	-	6	6
FY2020 Final dividend paid	-	-	-	-	(574,817)	(574,817)	-	(574,817)
<b>Total transactions with owners</b>	-	-	-	-	(574,817)	(574,817)	6	(574,811)
<b>Balance at 28 February 2021</b>	<u>22,463,273</u>	<u>383,615</u>	<u>729,404</u>	<u>(3,565,976)</u>	<u>28,407,131</u>	<u>48,417,447</u>	<u>(8,905)</u>	<u>48,408,542</u>



<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>Profit for the financial year representing total comprehensive income for the financial year</b>	-	5,485,812	5,485,812
<b>Distribution to owners</b>			
Dividend paid	-	(574,817)	(574,817)
<b>Total transaction with owners</b>	-	(574,817)	(574,817)
<b>Balance at 28 February 2021</b>	<b>22,463,273</b>	<b>5,945,417</b>	<b>28,408,690</b>

<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 year representing total comprehensive income for the financial year</b>	-	3,439,397	3,439,397
<b>Contributions by and distributions to owners</b>			
Issuance of shares pursuant to the restructuring exercise	11,163,855	-	11,163,855
Issuance of shares in satisfaction of professional fees	925,583	-	925,583
Issuance of placement shares	11,098,500	-	11,098,500
Shares issue expenses	(725,399)	-	(725,399)
Dividends paid	-	(1,331,820)	(1,331,820)
<b>Total transactions with owners</b>	22,462,539	(1,331,820)	21,130,719
<b>Balance at 29 February 2020</b>	<b>22,463,273</b>	<b>1,034,422</b>	<b>23,497,695</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 30 November 2020 up to 28 February 2021. The Company's share capital was US\$22,463,273 comprising 500,000,000 shares as at 28 February 2021 and 30 November 2020.

There were no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 28 February 2021 and 29 February 2020.

**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 28 February 2021	As at 29 February 2020

Total number of issued shares excluding treasury shares

500,000,000	500,000,000
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The Company did not have any treasury shares as at 28 February 2021 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 (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") 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 year 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 Twelve months ended	
	28 February 2021	29 February 2020
Earnings per ordinary share (“EPS”)		
Net profit attributable to owners of the Company (US\$)	18,253,936	6,497,446
Weighted average number of ordinary shares	500,000,000	494,774,590
Basic and diluted EPS (US cents)	3.65	1.31

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 years.

**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	
	28 February 2021	29 February 2020	28 February 2021	29 February 2020
Net asset value (“NAV”) (US\$)	48,417,447	29,575,474	28,408,690	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)	9.68	5.92	5.68	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 financial year ended 28 February 2021 ("FY2021") and the comparative financial year ended 29 February 2020 ("FY2020").

	<b>FY2021</b>	<b>FY2020</b>	<b>Change (%)</b>
Revenue realised <sup>(1)</sup> (US\$)	47,734,053	25,864,833	84.6
Sold (DMT*)	452,756	269,615	67.9
Average realised selling price (US\$/DMT)	105.43	95.93	9.9

\* DMT denotes Dry Metric Tonnes

(1) Excluding effect of foreign exchange on translation of sales and insignificant rounding difference.

The Group registered higher revenue in FY2021 with revenue realised increasing by US\$21.9 million or 84.6% to US\$47.7 million as compared to FY2020, underpinned by a significant increase in volume sold and higher average realised selling price of iron ore concentrate.

Sales volume reached record level in FY2021 with 452,756 DMT of iron ore concentrate sold, an increase of 67.9% over FY2020, reflecting resilient demand from regional markets and higher production volume achieved.

The Group's average realised selling price increased by US\$9.50/DMT to US\$105.43/DMT in FY2021 primarily due to higher average benchmark IODEX CFR North China of Platts Daily Iron Ore Assessments price indices recorded in FY2021.

Cost of sales

	<b>FY2021</b>	<b>FY2020</b>	<b>Change (%)</b>
Cost of sales (US\$)	11,251,832	8,645,043	30.2
Sold (WMT*)	497,369	300,053	65.8
Average unit cost of sales (US\$/WMT)	22.62	28.81	(21.5)

\* WMT denotes Wet Metric Tonnes

The Group's average unit cost of sales decreased by 21.5% or US\$6.19/WMT to US\$22.62/WMT as compared to FY2020 of US\$28.81/WMT, which was contributed by productivity gains and efficacy achieved from higher production volume in FY2021.

Gross profit and gross profit margin

Gross profit for FY2021 of US\$36.5 million was 111.0% or US\$19.2 million higher than FY2020, with gross profit margin of 76.4% primarily reflective of record sales volume achieved supported by higher realised selling price of iron ore concentrate, coupled with lower unit cost driven by higher throughput productivity in FY2021.

### Other operating income

The Group's other operating income in FY2021 decreased by US\$0.3 million as compared to FY2020 primarily due to absence of sale of semi-processed iron ore of US\$0.4 million and lower interest income of US\$0.1 million as a result of utilisation of IPO proceeds for the acquisition of Monument Mengapur Sdn Bhd and its subsidiaries (“**MMSB Group**”).

The decrease in other operating income was partially cushioned by unrealised foreign exchange gain of US\$0.2 million caused by weakening exchange rate movement of USD against MYR on foreign-currency denominated banks balances.

### Selling and distribution expenses

Selling and distribution expenses increased by US\$2.8 million to US\$4.9 million in FY2021 primarily due to additional ocean freight charge for export sales of US\$1.1 million and higher handling and transportation charges, royalty and commission expenses, in line with higher sales volume achieved.

### 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\$2.7 million to US\$7.3 million in FY2021. The increase was attributable to:

- increase in key management personnel's performance incentive of US\$1.4 million in line with the increase in Group's profit before tax due to the reasons stated above; and
- increase in maintenance of plant and vehicle of US\$1.2 million which is in line with the higher productivity activities and expansion of fleet truck in FY2021.

### Administrative expenses

Administrative expenses comprise mainly of miscellaneous expenses for general business support activity and foreign exchange loss.

Administrative expenses decreased by US\$0.5 million to US\$1.3 million in FY2021 which was primarily due to absence of listing expenses of US\$0.9 million and partially cushioned by foreign exchange loss on foreign denominated purchase transactions of US\$0.2 million together with due diligence cost in relation to the acquisition of MMSB Group which amounted to US\$0.2 million.

### Finance costs

Finance costs comprised interest expenses on borrowings and lease liabilities. The increase is in line with additional truck fleets financed by borrowings.

### Income tax expense

Income tax expense increased by US\$2.1 million to US\$5.1 million in 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 FY2021 amounted to US\$5.5 million. The increase is in line with the higher profit before income tax generated in FY2021.

The Group's effective tax rate in FY2021 was 23.7%, which is broadly in line with the Group's applicable tax rate of 24.0%.

### Profit after tax

Our Group profit after tax increased by US\$11.7 million from US\$6.5 million in FY2020 to US\$18.2 million in 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 28 February 2021 and 29 February 2020.

### Non-current assets

Non-current assets as at 28 February 2021 stood at US\$26.3 million, an increase of approximately US\$3.6 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\$1.0 million which is in line with continuous exploration activities carried on at the Bukit Besi mine throughout FY2021.

Mining properties decreased by US\$0.1 million to US\$6.2 million after accounting for yearly amortisation of mining properties amounting to US\$0.4 million.

Plant and equipment increased to US\$16.6 million after accounting for an additional capital investment of US\$5.1 million and the effect on exchange rate changes of US\$0.4 million which was partially offset by depreciation charge of US\$2.4 million. The addition was attributable to the expansion of truck fleet and on-going capital expenditures reinvestment at our Bukit Besi mine. The increase in depreciation of plant and equipment by US\$0.4 million is in line with investments in additional plant and equipment in FY2021.

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

### Current assets

As at 28 February 2021, our Group's current assets increased by US\$17.0 million to US\$33.6 million from US\$16.6 million as at 29 February 2020. The increase was mainly due to:

- (i) an increase in trade receivables by US\$7.8 million in line with completion of various customers' contracts towards the end of FY2021;
- (ii) an increase in non-trade receivables by US\$11.4 million which is attributable to:
  - consideration of US\$9.0 million paid to an escrow account maintained with a licensed trust company in Singapore in relation to the acquisition of 100% equity interest in MMSB Group as announced on 11 January 2021;
  - additional prepayments of royalty and to suppliers amounting to US\$1.4 million and US\$0.2 million respectively, in line with the higher sales volume achieved and the Group's expansion activities in FY2021; and
  - payments to third parties amounting to US\$0.8 million for the evaluation of mines as part of the Group's due diligence assessment.
- (iii) an increase in inventories by US\$0.2 million which is in tandem with our overall growth in processing volume and revenue.

The overall increase in current assets is further cushioned by decrease in cash and bank balances by US\$2.4 million which was primarily attributable to increase in receivables balances as stated in the foregoing coupled with prompt debts repayments to shareholders and borrowings.

### Non-current liabilities

As at 28 February 2021, our Group's non-current liabilities increased by US\$1.0 million to US\$2.7 million. This increase is attributable to increase in bank borrowing by US\$1.3 million to finance the purchase of motor vehicles and partially cushioned by the following:

- decrease in lease liabilities of US\$0.2 million due to the effect of repayments; and
- decrease in deferred tax liabilities of US\$0.1 million due to realisation of tax credits against profit generated in FY2021.

### Current liabilities

As at 28 February 2021, our Group's current liabilities increased by US\$0.6 million from US\$8.1 million as at 29 February 2020 to US\$8.7 million. The increase was mainly due to the following:

- (i) an increase in other payables by US\$3.2 million which is attributable to:
  - higher royalty payable of US\$1.2 million which is in line with higher volume sold;

- additional provision of annual incentive bonus of a key management personnel of approximately US\$1.4 million pursuant to the service agreement; and
  - increase in payables arising from purchase of consumables of US\$0.6 million.
- (ii) an increase in current income tax payables of US\$1.3 million driven by higher profit before income tax generated by the Group in FY2021; and
- (iii) increase in bank borrowings of US\$0.6 million as a result from purchase of truck fleet.

and cushioned by full settlement of amounts owing to shareholders of US\$4.5 million in FY2020.

### Working capital

Our Group recorded a positive working capital position of US\$24.8 million as at 28 February 2021, compared to US\$8.5 million as at 29 February 2020 as a result of the above.

### **Statements of Cash Flow**

In FY2021, our Group's net cash generated from operating activities increased by US\$6.8 million to US\$16.0 million from US\$9.2 million in FY2020, after accounting for increase in operating profit before working capital changes of US\$14.0 million and adjusted for working capital outflow of US\$6.8 million.

The working capital outflow is primarily due to higher receivables balances attributable to credit sales from completion of various customers' contracts towards the end of the financial year.

During FY2021, our Group invested an aggregate sum of US\$3.9 million in exploration and evaluation assets and plant and equipment as compared to US\$6.4 million in FY2020. The decrease is primarily due to concentration on performing due diligence exercise on the acquisition of the MMSB Group and major processing plants being successfully commissioned in FY2020.

In addition, the Group also invested US\$9.0 million in FY2021 as partial consideration paid for the acquisition of the entire issued and paid-up share capital of the MMSB Group.

The Group's net cash flow in financing activities decreased by US\$11.6 million to cash outflow of US\$6.1 million in FY2021, primarily attributable to prompt repayments of borrowings and lease liabilities, full settlement of shareholders loan, and absence of one-off initial public offering proceeds of US\$10.5 million.

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

The Company's board of directors (the "**Directors**") have previously disclosed their intentions to recommend and distribute dividends of not less than 20% of the Group's net profit after tax for FY2021 as set out on page 68 of the Company's offer document dated 19 March 2019.

In view of the Group's performance for FY2021, the Directors have declared a one-tier tax exempt interim dividend of 1.0 Singapore cents per share for FY2021 ("**Interim Dividend**") amounting to S\$5.0 million (approximately US\$3.8 million) on 21 April 2021. The book closure date for the Interim Dividend will be on 30 April 2021 and the Interim Dividend will be paid on 10 May 2021.

The Interim Dividend represents a dividend payout ratio of 20.6% of the Group's net profit after tax for FY2021. This payout ratio exceeds the 20% payout ratio as previously targeted by the Group.

The Directors do not recommend the payment of any final dividend in respect of FY2021.

The Directors have declared an interim dividend instead of a final dividend for FY2021 after taking into account the Group's financial performance for FY2021 and cash reserves to enable shareholders to be entitled to the dividend at an earlier time interval to maximise shareholder value.

Save for the above, there were no forecast or prospect statement previously disclosed to shareholders.

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**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 iron ore concentrate continued to grow in 2021 as global crude steel production increased in January and February by 4.8% and 4.1% year-on-year, respectively<sup>1</sup>. The Group remains positive on the outlook of high-grade iron ore concentrate, of which prices continue to steadily increase, up by 7.6% year-to-date.<sup>2</sup> This is supported by the expected recovery of the economy, with the International Monetary Fund increasing global growth estimates to 6% for 2021 in April from 5.5% in its earlier forecast in January 2021<sup>3</sup>, as well as policymakers signalling commitment to growth and to re-establishing normality of supply chains.

The Group will continue to focus on increasing its mineral resource through exploration at the Bukit Besi mine, as well as its efforts to optimise its processing capabilities to improve its overall production tonnage and cost efficiencies, which have improved significantly in FY2020. The Group's strong relationships within the regional mining ecosystem, secured offtake agreement with a third-party domestic steel mill in Malaysia, strong sales order book, as well as healthy working capital cycles, continue to support its success.

The Board and management have considered the uncertainties and challenges arising from the Covid-19 pandemic on the Group's operations and assessed that the receivables of the Group remain healthy and that there are no indications that the credit quality of receivables have deteriorated. With the present price of iron ore and the cash reserves of the Group, the Group is of the view that adequate funds are available for its operating requirements for the purposes of meeting its debt obligations for the next 12 months. In view of the above, the Board and management do not see any going concern issue and there are no indications that would require the impairment of assets. So far, neither the Company nor any of its counterparties have exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts.

The Company had on 7 April 2021 completed the acquisition of the entire issued and paid-up share capital in MMSB. Following the completion of the acquisition, MMSB and its subsidiaries have become wholly-owned subsidiaries of the Group.

As part of the Group's growth strategy to increase its mineral resource, the acquisition is another significant step towards becoming a multi-disciplinary premier iron ore player in the region. Following the completion of the acquisition of MMSB and taking into account the Mineral Resource estimates of the Bukit Besi mine as at 28 February 2021, the Group's Inferred Mineral Resource has increased to 16.22 million tonnes with grading 37.86% Fe in addition to the Bukit Besi Indicated Mineral Resource of 0.28 million tonnes grading 42.57% Fe, all from within magnetite mineralisation domains.

The assets held by MMSB exhibit the same strategic qualities that the Group seeks in an asset in terms of the quality and quantity of its mineral resource, the asset life and its efficient location, which provide considerable growth opportunities. The Board believes that

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<sup>1</sup> World Steel Association: [January 2021](#) and [February 2021](#) crude steel production

<sup>2</sup> Platts: 65% Fe CFR North China Index, January – March 2021

<sup>3</sup> International Monetary Fund: [World Economic Outlook, Managing Divergent Recoveries](#), April 2021

paralleled exposure to the same key mineral resource in iron ore will create synergies by leveraging existing downstream distribution lines to deliver greater volumes on an accelerated basis to meet the growing demand. This creates significant value through cost savings and other volume-driven benefits.

MMSB has existing plants and machineries which will enable the Group to commence operations relatively quickly. Leveraging on the Group's expertise and experience, the Group will be able to expedite processing plant modifications and the time required to commence mining operations at MMSB.

Notwithstanding the acquisition of MMSB, 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 service. The Company will make the necessary announcement(s) via SGXNET if and when there are any material developments on the aforementioned.

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## 11. Dividend

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

Yes

Name of dividend	Interim dividend
Dividend type	Cash
Dividend amount per share	S\$0.0100 per ordinary share
Tax rate	Tax exempt one tier

- 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 FY2020:

Name of dividend	Final dividend
Dividend type	Cash
Dividend amount per share	S\$0.0016 per ordinary share
Tax rate	Tax exempt one tier

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

The Interim Dividend is one-tier tax exempt.

- d) **Date payable**

The Interim Dividend will be paid on 10 May 2021.

- e) **Book closure date**

The book closure date for the Interim Dividend will be on 30 April 2021.

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

Not applicable.

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 FY2021, there were no interested person transactions of S\$100,000 and above.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENT**

14. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Iron ore US\$	Unallocated US\$	Group US\$
<b><u>FY2021</u></b>			
<b>Revenue</b>			
External customers, representing total revenue	47,718,246	-	47,718,246
<b>Results:</b>			
Interest income	23,365	15,682	39,047
Gain on disposal of plant and equipment	29,537	-	29,537
Amortisation of mining properties	(432,318)	-	(432,318)
Depreciation of right-of-use assets	(342,595)	-	(342,595)
Depreciation of plant and equipment	(2,364,949)	-	(2,364,949)
Interest expense	(62,033)	-	(62,033)
Segment profit/(loss)	23,867,396	(509,631)	23,357,765
<b>Assets:</b>			
Additions to non-current assets	5,119,176	-	5,119,176
Segment assets	54,336,991	5,525,399	59,862,390
Segment liabilities	11,402,492	51,356	11,453,848
<b><u>FY2020</u></b>			
<b>Revenue</b>			
External customers, representing total revenue	25,925,041	-	25,925,041
<b>Results:</b>			
Interest income	19,957	126,675	146,632
Amortisation of mining properties	(376,176)	-	(376,176)
Depreciation of right-of-use assets	(315,226)	-	(315,226)
Depreciation of plant and equipment	(1,950,918)	-	(1,950,918)
Loss on disposal of plant and equipment	(3,594)	-	(3,594)
Plant and equipment written off	(831)	-	(831)
Interest expense	(42,721)	-	(42,721)
Segment profit/(loss)	10,916,312	(1,379,754)	9,536,558
<b>Assets:</b>			
Additions to non-current assets	7,226,534	-	7,226,534
Segment assets	31,510,308	7,826,295	39,336,603
Segment liabilities	5,201,724	4,559,405	9,761,129

## **Geographical Information**

The Group's revenue by geographical area is as follows:-

Segment by area	<b>FY2021</b> US\$	<b>FY2020</b> US\$
Malaysia	39,896,749	25,925,041
People's Republic of China	2,700,486	-
Vietnam	5,121,011	-
<b>Total</b>	<b>47,718,246</b>	<b>25,925,041</b>

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

During FY2021, our Group continued to mine and sell high-grade iron ore concentrate to regional steel mills. There has been no material change in contributions to our Group's revenue and earnings by operating segments.

**16. A breakdown of sales as follows:**

	<b>FY2021</b> US\$	<b>FY2020</b> US\$	<b>Change</b> %
<b><u>Group</u></b>			
(a) Sales reported for first half year	20,075,788	13,624,016	47.4
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	7,839,814	3,608,633	117.3
(c) Sales reported for second half year	27,642,458	12,301,025	124.7
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	10,405,510	2,888,813	260.2

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2021		FY2020	
	US\$	S\$	US\$	S\$
Ordinary shares (tax-exempt 1- tier)				
- Interim / First interim	3,765,344 <sup>(1,2)</sup>	5,000,000 <sup>(1)</sup>	591,920	800,000
- Second interim	-	-	739,900	1,000,000
- Final	-	-	574,817	800,000
<b>Total Annual Dividend</b>	<b>3,765,344</b>	<b>5,000,000</b>	<b>1,906,637</b>	<b>2,600,000</b>

(1) The book closure date for the Interim Dividend will be on 30 April 2021 and the Interim Dividend will be paid on 10 May 2021.

(2) Based on exchange rate of USD/SGD 1.3279 as at 26 February 2021.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Seng Kim	66	Brother in law of our CEO, Chee Yew Fei	Company director cum human resource director of Fortress Mining Sdn Bhd since 2017.  Primarily responsible for the human resource and administration matters.	Not applicable
Yeow Boon Ban	44	Brother in law of our CEO, Chee Yew Fei	Company director cum maintenance manager of Fortress Mining Sdn Bhd since 2017.  Primarily responsible for all mine site repair and maintenance activities.	Not applicable

## 19. 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) <sup>(2)</sup>	-
General working capital purposes	3,500	(3,500) <sup>(3)</sup>	-
<b>Total</b>	<b>12,500</b>	<b>(12,500)</b>	<b>-</b>

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

(2) utilised for the acquisition of the entire issued and paid-up share capital of the MMSB Group.

(3) 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.

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

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

In the fourth quarter of FY2021 (“4Q FY2021”), funds/cash was mainly used for the following activities, as compared to the projections: -

Purpose	Amount (US\$ million)	
	Actual	Projected
Exploration and evaluation activities	0.55	0.30
Cost of sales	3.72	3.20
Selling and distribution costs	2.02	0.80
<b>Total</b>	<b>6.29</b>	<b>4.30</b>

The Group utilised more than planned funds for exploration and evaluation activities in 4Q FY2021 due to resumption of exploration activities at its Bukit Besi mine upon completion of due diligence exercise on the acquisition of the MMSB Group.

During 4Q FY2021, both of the Group’s cost of sales and selling and distribution costs were higher than the projected amounts by US\$0.5 million and US\$1.2 million respectively, primarily due to unanticipated higher production and sales volume during the quarter under review coupled with additions of ocean freight charge incurred for unplanned export sale.

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

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.40
Cost of sales	2.70
Selling and distribution costs	0.80
<b>Total</b>	<b>3.90</b>

Our Group will continue to carry out exploration and evaluation activities at its East, Valley and West Deposits during the first quarter of FY2022 (“1Q FY2022”).

In furtherance of the completion of the acquisition of MMSB Group in 1Q FY2022, the Group expects to incur additional exploration and evaluation costs of US\$0.2 million on mining land and approvals from the Pejabat Pengarah Tanah dan Galian Pahang (“PTG”) for mining leases for areas of 380 hectares, 188.3 hectares and 198.28 hectares at the Compartment 110 and part of compartments 108, 109, 111 and 112 of Hutan Simpan Berkelah at Bukit Mengapur, Mukim Hulu Lepar, District of Kuantan, State of Pahang, Malaysia (“**Exploration Land**”) for a period of 12 years

(“**ML Approvals**”) held by the MMSB Group to support mine planning and mineral processing. This includes renewal of operating mining lease and ML Approvals fees issued by PTG.

Exploration and evaluation expenses expected to be incurred is as tabulated above.

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

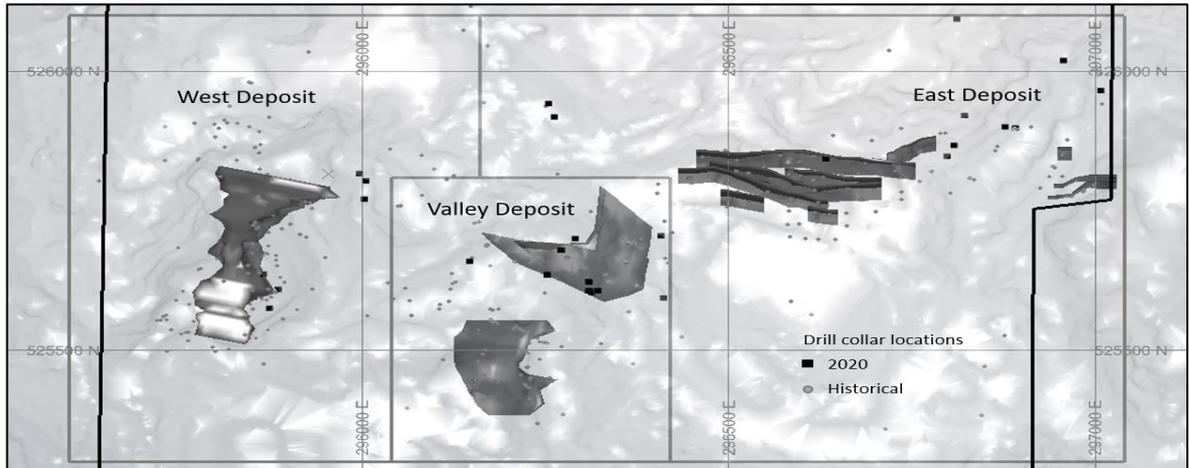
The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

**22. 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 FY2021, Fortress Mining Sdn Bhd (Fortress) engaged MinOre Consulting Pty Ltd (MinOre) to complete the annual update of the mineralisation models and report Mineral Resource estimates (MRE) for the Bukit Besi Iron Project (Bukit Besi or the Project). On behalf of MinOre, Leesa Collin completed the work and accepted the responsibility of a Competent Person (CP) as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 (JORC). Ms Collin also has the responsibility of an “Independent Qualified Person” (QP) as defined in the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual Section B: Rules of Catalist (Catalist Rules).

MinOre prepared the MRE from drill datasets dated 28 February 2021 and a mine survey dated 31 December 2020. Since the previous MRE update in 2020, Fortress drilled an additional two reverse circulation (RC) and 27 diamond core (DD) drillholes in the Project area. Most of the new drillholes tested magnetite targets outside the current mining areas at the West and East deposits. The new drillholes, drilled in the 2020 calendar year, are highlighted in the figure below.

## Bukit Besi drillhole, mineralisation wireframe, and deposit locations



Four holes drilled into the southwest wall of the West deposit pit intersected near-surface skarn alteration with predominantly massive pyrrhotite and minor pyrite. Three drillholes targeted the magnetite mineralisation extension to the northeast of the West deposit, with magnetite intersected in two of the drillholes, extending the easternmost mineralisation lode for 60 m.

Fortress did not carry out additional drilling into the main magnetite lode in the southern Valley deposit area. Of the eleven holes drilled into the shallow dipping magnetite mineralisation in the northern Valley deposit area, two drillholes intersected significant hematite mineralisation, and one intersected reasonable magnetite mineralisation.

Fortress drilled five confirmation holes to target the interpreted magnetite lodes to the east of the central East Hill mining area, intersecting granite only. The other six drillholes unsuccessfully targeted mineralisation far north of the current mining area at the East deposit. The table below summarises the project's drilling history; note the reduced drilling meters completed in 2020. The COVID19 pandemic, poor ground conditions, and the RC drill rig's limited availability negatively impacted Fortress's drilling program in 2020.

### Bukit Besi drilling history

Calendar Year	Company	Drilling method	East Deposit		Valley Deposit		West Deposit		Total	
			Number of holes	Total meters	Number of holes	Total meters	Number of holes	Total meters	Number of holes	Total meters
<b>Historical drilling - analysis not used for Mineral Resource estimation</b>										
2013	Perwaja	DD	7	597.20	-	-	6	587.30	13	1,184.50
2016	Webcon	RC	-	-	-	-	3	207.00	3	207.00
2017	Fortress	RC	-	-	15	791.00	-	-	15	791.00
	Webcon	RC	-	-	-	-	19	1,045.00	19	1,045.00
<b>Total historical drilling</b>			<b>7</b>	<b>597.20</b>	<b>15</b>	<b>791.00</b>	<b>28</b>	<b>1,839.30</b>	<b>50</b>	<b>3,227.50</b>
<b>Recent drilling – analysis used for Mineral Resource estimation</b>										
2017	Fortress	DD	-	-	-	-	19	2,370.20	19	2,370.20
		RC	12	751.00	12	456.00	75	4,858.00	99	6,065.00
2018	Fortress	DD	8	739.00	28	3,103.15	2	288.05	38	4,130.20
		RC	43	2,908.00	12	550.00	19	1,443.00	74	4,901.00
2019	Fortress	DD	4	323.10	10	1,048.00	6	682.30	20	2,053.40
		RC	24	2,108.00	18	1,634.00	12	1,048.00	54	4,790.00
2020	Fortress	DD	9	732.60	11	842.60	7	569.60	27	2,144.80
		RC	2	203.00	-	-	-	-	2	203.00
<b>Total recent drilling</b>			<b>102</b>	<b>7764.70</b>	<b>91</b>	<b>7,633.75</b>	<b>140</b>	<b>11,259.15</b>	<b>333</b>	<b>26,657.60</b>

Fortress's Mining Engineer advised the CP that he planned to use a Selective Mining Unit (SMU) size of 5 mE x 5 mN x 3 mRL at the Bukit Besi deposits. At this SMU size, any narrow magnetite veins would be heavily diluted. The CP updated the magnetite mineralisation domain wireframes at West deposit to remove the narrow veins and create a single domain with up to 2 m of internal waste. The new model also conformed to the updated pit surface mapping and removed any mineralisation in the underlying granite. The volume of the West deposit magnetite mineralisation wireframes decreased by 40%. Similarly, at the Valley deposit, the wireframes were remodelled to accommodate the SMU size, updated surface mapping and drilling results, with a small 3% increase in volume. The CP did not change the wireframing 'style' at the East deposit and the volume of the wireframes reduced by 10% to accommodate the new drill data and mapping information.

Statistically, the drill data spacing at West and Valley deposits supports using Ordinary Kriging (OK) linear estimation technique with a block (panel) size of 20 mE x 20 mN x 3 mRL. To represent the grade variability at the SMU size, the CP used the non-linear process of Uniform Conditioning (UC) to calculate the estimated metal-tonnage distributions at various cut-offs. Localized Uniform Conditioning (LUC) was then used to assign grades to each SMU within a panel such that the distribution of SMU grades is the same as the distribution of grades for the same panel in the UC model. At the East deposit, the grades are estimated using Ordinary Kriging into the larger panels sized blocks, which are sub-called to the SMU size. Hence, domain volumes are accurately represented.

After consultation with the Fortress Mining Engineer, the bulk density assignments, based on lithology, weathering and percentage magnetite, was reviewed by the CP. Bulk density values were assigned to each sample and then estimated into the SMU/Panels. Overall, the bulk density reduced by 8 % at the West and East deposits and 3 % at Valley deposit. The CP notes, these bulk density reductions translate into overall tonnage reductions.

As required by the JORC guidelines, the CP must assess the quantity, distribution and quality of the data used to inform the MRE. The overall levels of confidence the CP assigns to the data collection and estimation processes are used to determine the Mineral Resource classification. The CP's assessment of confidence in the informing data and MRE processes are listed in the following table.

The Memorandum attached to this announcement from MinOre Consulting contains a summary of the CP's assessment of the informing data, description of estimation methodology and JORC Table 1. The full MRE report will be uploaded to Fortress's website in due course.

## Bukit Besi confidence levels assigned to informing data and estimation processes

Area & Overall Confidence Level		Sub-Areas and Confidence levels - where: 1= Low, 3 = Moderate, 5 = High * these are critical sub-areas whose confidence level over-rides other levels					
Survey	2	SOP	Collar	Downhole	DTM	Grid	
		2	2	1	2	4	
Geology Logging	1	SOP	Validation	Geology & Mineralisation	Structural	Weathering	Geotech
		2	1	3	1	1	2
Primary Sample	1	SOP	Sample recovery*	Delineation			
		2	1	1			
Sub-Sampling DD	2	SOP	Selection	Sampling*	Mark-up	Chain of Custody	
		1	2	2	3	3	
Sub-sampling RC	1	SOP	Selection	Sampling*	Chain of custody		
		1	1	1	3		
Laboratory	3	SOP	Tracking	Internal quality*	External check*	LIMS	
		2	2	4	3	2	
Modifying Factors	1	Bulk Density*	Magnetitic Susceptibility*	Mass Recovery*	Geotech	Hydrogeology	Moisture
		1	2	1	1	1	3
Database	1	SOP	Control (qualitative)*	Control (quantitative)*	Prioritisation	Currency	Security
		1	2	1	1	1	1
Geology Domain Model	2	SOP	Honour geology	Honour assays*	Honour controls	Construction	
		1	2	2	2	4	
Mineralisation Domain Model	3	SOP	Honour assays*	Honour controls	Construction		
		1	4	2	5		
MRE Data Analysis	3	SOP	Univariate statistics*	Compositing	Spatial analysis	Search volumes	
		1	3	3	3	3	
MRE Methodology	3	SOP	Choice of Methodology	Global estimate OK=CoS	Sample Selection		
		1	4	4	3		
MRE RPEEE	2	SOP	Cut-off	Mining assumptions	Processing assumptions	Reconciliation	Historical Production
		1	2	2	2	2	4
MRE Validation	3	SOP	Visual	Statistical	Trend		
		1	4	4	3		

The updated and depleted MRE for the Bukit Besi Iron Project is 5.78 million tonnes grading 45.90 % iron, with a reporting date of 28 February 2021. The MRE is classified as Indicated and Inferred following the JORC guidelines on a qualitative basis, considering numerous factors including data quality, geological complexity, data coverage, estimation validation and limited magnetite mass recovery data.

## Bukit Besi Mineral Resource tabulation – 28 February 2021\*

Area	JORC Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress		Change from previous update (%)	Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)		
West	Indicated	Iron	0.28	42.57	0.28	42.57	-18.1	None
West	Inferred	Iron	1.14	44.26	1.14	44.26	-42.2	None
Valley	Inferred	Iron	3.58	48.45	3.58	48.45	3.0	None
East	Inferred	Iron	0.77	37.73	0.77	37.73	-26.6	None
<b>Total Indicated + Inferred</b>		<b>Iron</b>	<b>5.78</b>	<b>45.90</b>	<b>5.78</b>	<b>45.90</b>	<b>-14.6</b>	<b>None</b>

### Notes:

\*Based on a block cut-off grade of 10% Fe and magnetic susceptibility greater than 100 and sulphur less than 10%. Some discrepancies may occur due to rounding.

### Competent Person Statement

The Competent Person responsible for the preparation and reporting of the Group’s Mineral Resource estimates is Leesa Collin, who is a Director and Principal Geologist of MinOre Consulting Pty Ltd. Leesa has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Leesa Collin consents to the inclusion in this announcement of the matters based on her information in the form and context in which they appear.

### Cautionary Note

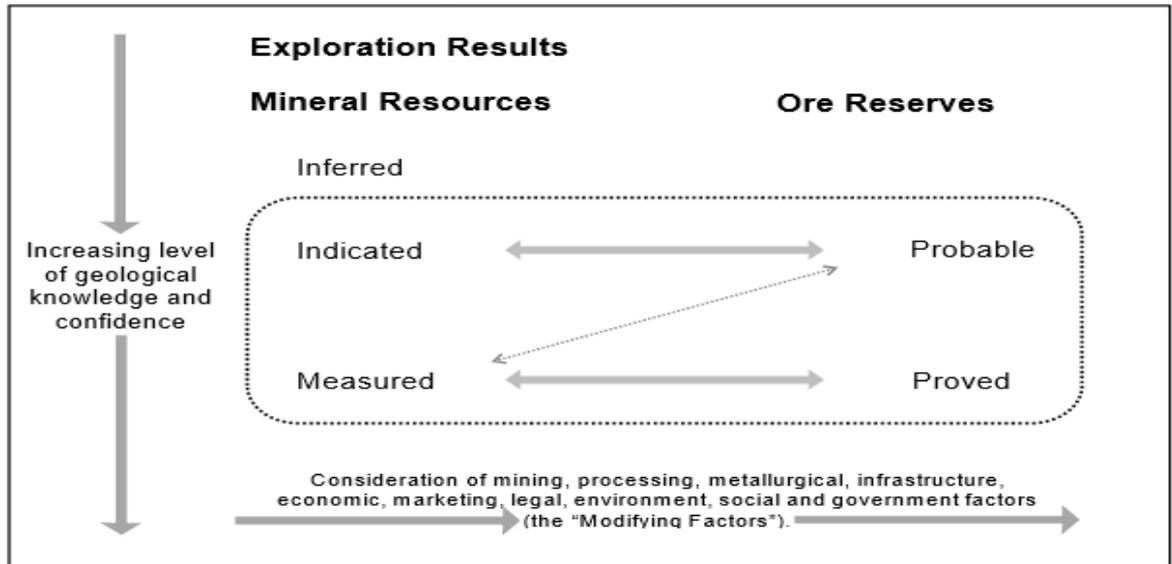
MinOre cautions that there is a low level of geological and data confidence associated with Inferred Mineral Resources. There is no certainty Fortress will realise any mine schedule based on these resources. The general uncertainties associated with targets, resource and reserve estimates are presented below.

Classification	Estimate Range (90% confidence limit) #1
Proven/Probable Reserves	± 5 to 10 %
Measured Mineral Resources	± 10 to 20 %
Indicated Mineral Resource	± 30 to 50 %
Inferred Mineral Resources	± 50 to 100 %
Exploration Target	+ 100 %

Note: #1 Source: SRK (2019a)

Further technical studies, infill drilling, and improvements in current drilling and geology processes may increase the Mineral Resource classification. The confidence in the estimate of Inferred Mineral Resources is not sufficient to allow the results of the application of technical and economic parameters used for detailed planning in Pre-Feasibility (JORC Clause 39) or Feasibility (JORC Clause 40) Studies. For this reason, there is no direct link from an Inferred Mineral Resource to any category of Ore Reserves; that is, Ore Reserves cannot be estimated from Inferred Mineral Resources.

**General relationship between Exploration Results, Mineral Resources and Ore Reserves**



**23. 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).

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

### **24. Incorporation of Fortress Shared Services Sdn. Bhd. (“FSSSB”)**

The Company has, on 2 March 2021, incorporated a wholly-owned subsidiary in Malaysia known as Fortress Shared Services Sdn. Bhd. (“FSSSB”).

The share capital of FSSSB is MYR100.00. The intended principal activity of FSSSB is to serve its function as a centre of excellence and provide support across the Group’s financial accounting, payroll, information technology, purchasing, corporate services and other shared services. However, FESB has remained dormant since the date of incorporation.

The incorporation of FSSSB was funded through internal resources and will 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 2022.

### **Acquisition of the MMSB Group**

The Company has on 7 April 2021 completed the acquisition of entire issued and paid-up share capital of MMSB. Following the completion of the acquisition, MMSB has become a wholly-owned subsidiary of the Company. For further details on the acquisition, please refer to the announcements dated 11 January 2021, 14 January 2021, 24 January 2021, 16 February 2021, 7 April 2021 and the circular issued by the Company to its shareholders on 1 February 2021 released by the Company via SGXNET.

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

Dato’ Sri Ivan Chee Yew Fei  
Chief Executive Officer  
21 April 2021

*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “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).*

## Memorandum

<b>Client:</b>	Fortress Mining	<b>Date:</b>	20 April 2021
<b>Attention:</b>	Mun Fey Ng	<b>From:</b>	Leesa Collin
<b>Project No:</b>	FTR006	<b>Revision No:</b>	E
<b>Project Name:</b>	2021 Bukit Besi Iron Project Mineral Resource Estimate Update		
<b>Subject:</b>	Summary Information for Fortress Minerals Ltd Quarterly Report		

The following text and JORC Table 1 summarise the pertinent information used in the Mineral Resource estimate. These are a fair and balanced representation of the information contained within the complete Bukit Besi Iron Project 2021 Mineral Resource Estimate report from MinOre Consulting Pty Ltd (**MinOre**) to be uploaded to the Fortress Minerals Ltd (**Fortress**) website in due course.

JORC Table 1 is a checklist or reference of criteria to be considered by the Competent Person (**CP**) to develop their documentation and prepare a Public Report. The table format is appended to the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**JORC**). JORC Table 1 provides the full technical details of the informing data and estimation process.

The summary text below is intended for a non-technical reader and is a simplified overview of JORC Table 1. The author recommends the non-technical reader understand the JORC terms and definitions appended in a glossary after the JORC Table 1.

### Geology and Geological Interpretation

The Project is in the most eastern of the three longitudinal belts that divide the Malay Peninsula; historically, this belt is world-famous for its tin mining. The Japanese first identified iron ore mineralisation in 1916 near Bukit Besi. At its peak in the 1930s, a local labour workforce of 3,000 was engaged, with production rates of 1 Mtpa at an unknown grade until 1941.

The mining area straddles the contact between Palaeozoic sediments and granite, presumed to be of late Cretaceous age. Granite tongues have invaded the sediments for up to 100 m beyond the main line of the irregular contact. Additionally, blocks of shale are caught up and lie within the body of the granite.

Almost all the Magnetite skarn mineralisation at Bukit Besi occur as replacements in the sediments along or within 100 m of their contact with the granite. Magnetite and haematite replacement can also be seen within the granite. Here, fragments of altered sedimentary rock in this ore suggest that the ore has completely replaced shale bodies engulfed by the granite. The orientation of the mineralisation is controlled by NE-SW, NW-SE and N-S trending structures.

Broadly, the 3D magnetite mineralisation interpretation is considered consistent with supplied datasets, surface mapping, and the local geology's accepted understanding. The CP notes numerous inconsistencies between the downhole logging of the lithology/mineralisation and the subsequent geochemical analysis.

The magnetite mineralisation domains wireframed at the West and Valley Deposits are a single large irregular body incorporating minor waste (less than 2 m wide) intervals. The CP notes that minor lenses of mineralisation external to the main body are excluded from the mineralisation domain.

The CP is unaware of any detailed scientific or quantitative studies commissioned by Fortress to investigate the paragenetic sequence or orientation of the controlling structures for the mineralisation. Fortress also provided the CP with their internal interpretation of the mineralisation domain based on downhole logging of the lithology and mineralisation. Often, there are considerable differences between the CP's and Fortress's interpretation of the mineralisation domains, which is thus reflected in the Mineral Resource classification of Inferred.

### Drilling Techniques

The Bukit Besi Mineral Resource are defined using reverse circulation (RC) and diamond core (DD) drilling techniques. Drilling data collected since late 2017 inform the mineral resources with a total of 26,657.6 m drilled (10,698.6 m DD and 15,959 m RC). Statistically, the mineralisation is best intersected when drilled on a regular grid pattern with drill holes orientated at right angles to the body. Given the steep tropical terrain at Bukit Besi, the drill grid pattern and drillhole orientation are irregular, with multiple drillholes often drilled from the same drill pad. The CP does not consider the irregular grid and orientation a significant drawback.

Diamond core drilling is more likely to achieve a representative sample of the underlying rock but takes more time to drill each sample. Usually, the diamond core would provide detailed structural information so that the orientation of; the mineralisation, faults or other structures can be accurately measured and confidently plotted in 3D. Unfortunately, Fortress elected not to purchase the tools required to orientate the diamond core samples; thus, the CP's confidence in the 3D geological models are significantly reduced.

The Fortress RC drill rig does not have the quality of sampling system expected for Mineral Resource definition drilling. The sample mass recovered for each RC drilling meter was measured and is well below the predicted mass required for a representative sample. It is hence impossible to know if the resulting 'lost' portion of the sample is mineralised material or waste; either way, it is impossible to accurately measure the drilled rock's grade if the drilling collects only a portion of the whole sample.

As the drill bit cuts a path through the various rocks, the drill hole path will bend depending on the torque applied at the drill bit face and the changing rock characteristics. Accurately measuring the drill hole path's orientation is necessary for accurate 3D modelling of the mineralisation and mine planning. The Fortress tool for measuring downhole orientation does not fit inside the RC drill rods, and Fortress consider it too risky to use the device in an open hole. Thus, the RC drillhole path is a straight line and, consequently, 3D interpretations based on the RC drill data are of low confidence.

The diamond core drill holes have their curved traces measured.

The collar locations of the drillholes that contain mineralisation are measured using a Differential Global Positioning System (DGPS), which is industry-standard. Fortress technicians locate barren drillhole collars using the less accurate hand-held GPS.

All drill core and RC chips are logged according to company geologists' standardized procedures for geological and geotechnical features. The CP notes the lack of systematic quality control and detailed interpretation and reporting procedures for the logging data to ensure that logging is consistent between geologists.

### Sampling and Subsampling Method and Sample Analysis Method

The CP is satisfied with the quality of the sub-sampling and analysis completed at the Fortress laboratory. The quality control procedures used at the laboratory are industry standard. The CP cautions that the underlying concerns with the poor location and quality of the RC drilling samples are not 'improved' by the laboratory performance.

Fortress needs to complete magnetic susceptibility and bulk density measurement with the same degree of thoroughness and control and geochemical analysis. Currently, this is not the case. The bulk density measurements are used to estimate each mined block's tonnage, thus it is a critical mine planning parameter. The magnetic susceptibility measurement is used to differentiate magnetite/hematite and pyrrhotite/pyrite mineralisation as they have different processing routes; thus, it is a critical metallurgical parameter.

### Resource Estimation Methodology

For the West and Valley Deposits, estimates of Fe %, S %, magnetic susceptibility and bulk density are prepared by the CP using Localised Uniform Conditioning (**LUC**) into a 3D block model. This estimation method can produce a grade estimate at a block size suitable for mining (5.0 m x 5.0 m x 3.0 m XYZ) that is statistically valid and not over-smoothed.

Standard linear estimation methods such as Ordinary Kriging (**OK**) with skewed and highly variable data distributions and relatively wide-spaced data, like at Bukit Besi, generally result in an over smoothed estimate that is not valid.

For the East Deposit, the Mineral Resource estimates are prepared using conventional block modelling and geostatistical estimation techniques; Ordinary Kriging into panels at 20.0 m x 20.0 m x 3.0 m (XYZ) size with sub-celling to 5.0 m x 5.0 m x 3.0 m (XYZ) to retain domain volumes.

The CP used industry-standard data preparation, statistical and geospatial analysis to prepare for block grade estimation. The magnetite mineralisation domain wireframes were used as a hard boundary to constrain the block estimate and select data. Again, the CP used industry-standard strategies to complete the initial OK estimation process.

Model validation included:

- Visual comparisons between the input sample and estimated model grades
- Global and local statistical comparisons between the sample and model data
- An assessment of estimation performance measures including kriging efficiency, slope of regression, and percentage of cells estimated in each search pass.
- Statistical comparison of OK and LUC model at zero cut-off grade.

### Classification Criteria

The Mineral Resources classification assessment considers confidence in; the quality and quantity of the input data, the geological interpretation, the estimation technique, determination of modifying factors, and the material's economic viability. For the Bukit Besi deposits, the following points are pertinent:

- There is low confidence in the RC drilling primary sample's quality due to the low average sample recovery. Samples from the RC drilling comprise just over half the estimation dataset.
- The RC sub-sampling system is not to the standard expected for a Mineral Resource definition drill program.
- A downhole survey was not used to determine the orientation of the RC drillholes.

- Overall there is low confidence in geological logging primarily due to the lack of systematic quality control and detailed interpretation and reporting. As the diamond core is not orientated, the structural logging is deemed qualitative and of little use.
- The lack of representative metallurgical test work, such as Davis Tube Recovery (**DTR**), used to determine the portion of magnetic material in a sample. This significantly limits the Mineral Resources reporting to the average iron grade and not the mass recovery of magnetite concentrate. Given the development stage of Bukit Besi, it would be expected for Fortress to report the percentage recoverable mass of magnetite concentrate in its Mineral Resource statement.
- The confidence in the interpretation surfaces and volumes used to code and constrain the block estimation is low to moderate. Multiple interpretations are possible, and continuity is often assumed.

The confidence in the Fortress laboratory analysis and subsequent data analysis and estimation methodology is moderate and appropriate for the style of mineralisation. Based on the findings summarised above, the mineral resources are classified as Inferred, except the near-surface resources at West Deposit exposed in the pit are classified as Indicated.

### Cut-off Grades

The 3D Mineral Resource block model contains blocks with iron and/or sulphur and/or magnetic susceptibility estimated values that indicate the material inside the block is not magnetite. It is not economical to process this material; thus, it is excluded from the Mineral Resource statement.

The Mineral Resource is reported at a combined cut-off of; greater than 100 magnetic susceptibility, greater than 10% Fe and less than 10% S. The magnetic susceptibility value is coincident with the value used to define the magnetite mineralised domains. The Fe% and S% cut-off values result in average grades consistent with current production feed material.

### Mining and metallurgical Methods and Parameters

Mining is underway at Bukit Besi using a conventional open-pit truck and shovel technique. Fortress's recently employed Mine Engineer informed the CP that mine planning and design would use a Selective Mining Unit (**SMU**) size of 5.0 m x 5.0 m x 3.0 m (XYZ). The current mining operation typically produces between 30,000 and 40,000 Wet Metric Tonnes (**wmt**) of iron ore concentrate annually. Delineation of mineralisation material within the mining areas is done visually by the excavator operators. The CP notes Fortress has not completed extensive magnetic material mass recovery test work for the various deposits at Bukit Besi.

**Mineral Resource Statement**

The updated and depleted Mineral Resource estimate of 5.78 million tonnes grading 45.90 % iron has a reporting date of 28 February 2021. The MRE is classified as Indicated and Inferred following the JORC guidelines on a qualitative basis, considering numerous factors including data quality, geological complexity, data coverage and limited magnetite mass recovery data.

**Bukit Besi Mineral Resource tabulation - 28 February 2021\***

Area	JORC Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress		Change from previous update (%)	Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)		
West	Indicated	Iron	0.28	42.57	0.28	42.57	-18.1	None
West	Inferred	Iron	1.14	44.26	1.14	44.26	-42.2	None
Valley	Inferred	Iron	3.58	48.45	3.58	48.45	3.0	None
East	Inferred	Iron	0.77	37.73	0.77	37.73	-26.6	None
<b>Total Indicated + Inferred</b>		<b>Iron</b>	<b>5.78</b>	<b>45.90</b>	<b>5.78</b>	<b>45.90</b>	<b>-14.6</b>	<b>None</b>

Notes:

\*Based on a block cut-off grade of 10% Fe and magnetic susceptibility greater than 100 and sulphur less than 10%. Some discrepancies may occur due to rounding.

**Competent Person Statement**

The Competent Person responsible for the preparation and reporting of the Group’s Mineral Resource estimates is Leesa Collin, who is a Director and Principal Geologist of MinOre Consulting Pty Ltd. Leesa has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Leesa Collin consents to the inclusion in this announcement of the matters based on her information in the form and context in which they appear.

**Cautionary Note**

The CP cautions that there is a low level of geological and data confidence associated with Inferred Mineral Resources. There is no certainty Fortress will realise any mine schedule based on these resources. The general uncertainties associated with targets, resource and reserve estimates are presented below.

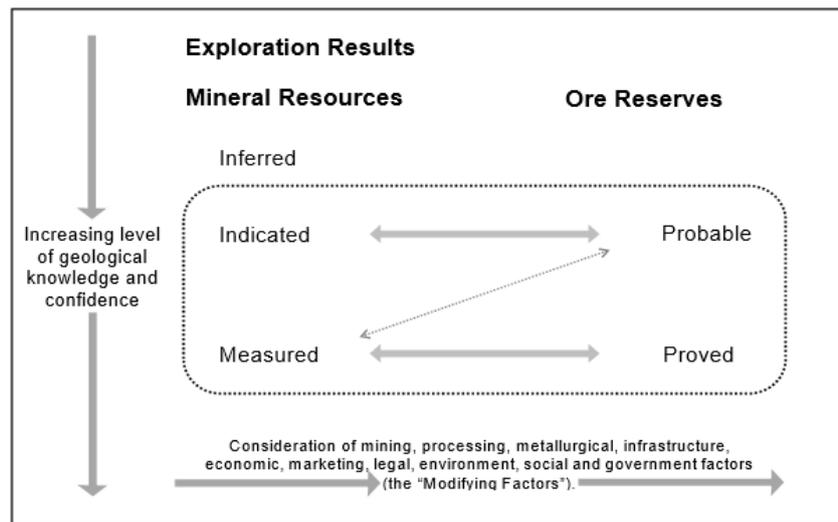
Classification	Estimate Range (90% confidence limit) #1
Proven/Probable Reserves	± 5 to 10 %
Measured Mineral Resources	± 10 to 20 %
Indicated Mineral Resource	± 30 to 50 %
Inferred Mineral Resources	± 50 to 100 %
Exploration Target	+ 100 %

Note: #1 Source: SRK (2019a)

Further technical studies, infill drilling, and improvements in current drilling and geology processes may increase the Mineral Resource classification. The confidence in the estimate of Inferred Mineral Resources is not sufficient to allow the results of the application of technical and economic parameters used for detailed planning in Pre-Feasibility (JORC Clause 39) or Feasibility (JORC Clause 40) Studies.

For this reason, there is no direct link from an Inferred Mineral Resource to any category of Ore Reserves; that is, Ore Reserves can't be estimated from Inferred Mineral Resources.

**General relationship between Exploration Results, Mineral Resources and Ore Reserves**



Yours Sincerely

Leesa Collin

MAusIMM, BSc AppSci (Geophys), GDip AppSci (Economic Geol)

Director and Principal Geologist, Minore Consulting Pty Ltd

Attachments:

- JORC Table 1
- Glossary of JORC terms and definitions

JORC Code - Table 1 - Section 1 - Sampling Techniques and Data

Notes: Criteria in this section apply to all succeeding sections. Dates refer to calendar year, not financial year

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or hand-held XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done, this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p>Only the drilling, sampling and analytical data collected since mid-2017 are used to calculate the Mineral Resource estimates. Historical drilling information collected before mid-2017 is used as a general reference to guide the geology and REDOX domain wireframes; the estimation process does not use any analytical results from the historical drilling. As such, the following commentary in Table 1 pertains to the Fortress drilling programs since mid-2017.</p> <ul style="list-style-type: none"> <li>The RC samples were collected at 1 m intervals into green plastic bags from a cyclone attached to the drill rig. Technicians collect all samples from each drillhole into bulka bags before transferring to the onsite storage area, where portions selected for analysis were separated and sent to the laboratory preparation area.</li> <li>In general, DD core samples are cut by technicians from HQ half-core, with lengths between 0.5 m and 1.2 m. Core samples intervals were selected so as not to cross geological boundaries.</li> </ul> <p>In general, Fortress used a selective sampling method for the magnetite skarn with samples selections extending 3 m into surrounding unmineralised material.</p>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<p>Since 2017, internal Fortress contractors completed the drilling programs using five drill rigs. Fortress geologists record the drill rig number in the collar table when logging the drillhole.</p> <p>The drilling and sampling equipment used are:</p> <p>RC drilling:</p> <ul style="list-style-type: none"> <li>Drill rigs - M1 &amp; M2 - Hitachi Zarxis 120, purchased by Fortress in 2016</li> <li>Compressors - LG950, purchased in 2015 and Sullair 1070XHH, purchased in 2018</li> <li>Sampling was through 3 m long x 3" diameter drill rods with 4.5" diameter bits. Depending on the ground conditions, a tricone or face-sampling hammer bit was used at the drill face.</li> </ul> <p>DD drilling:</p> <ul style="list-style-type: none"> <li>Drill rigs                             <ul style="list-style-type: none"> <li>D1 - Scanvik DE 710, purchased by Fortress in 2016</li> <li>D2 - Desco SRC5500</li> <li>D3 - Desco SRC7500</li> </ul> </li> <li>Core samples were obtained from 3 m long HQ diameter drill rods to produce a core with a diameter of 63.5 mm and recovered via a double tube.</li> </ul> <p>The Sandvik rig predominantly completes the diamond core drilling.</p>

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<p>Fortress geologists measure the DD core recovery with data entered into Excel spreadsheets for core run recovery and rock quality designation (RQD) calculation. Core recoveries are assessed downhole with an average of 60% at surface to greater than 95% from 60 m onwards. These are acceptable for the style of mineralisation and weathering environment.</p> <p>In 2019, Fortress completed a systematic RC sample recovery program where, for each RC sample interval, the primary (alpha weight), secondary (duplicate weight), and reject (reject weight) weights are taken and recorded in an Excel spreadsheet. Fortress technicians weighed over 5,000 sample intervals, of which 243 are from the magnetite skarn mineralisation (SKM). At that time, SRK calculated the theoretical SKM sample weight using the sample interval volume multiplied by a density of 3.7 g/cm<sup>3</sup> for fresh to weakly weather material or 3.4 g/cm<sup>3</sup> for moderately to very weathered material. The average sample recovery for the 2019 RC drilling in SKM is 63%, which by Australian industry standards is low. SRK noted the sample recovery does increase with depth to nearly 80% at 100 m. RC composite samples comprise 60% of the estimation dataset.</p> <p>No relationship is observed between the sample recovery and analytical grade.</p> <p>The low sample recovery from the 2019 RC program and the significant number of RC composites in the estimation dataset is taken into account by the CP when applying a Mineral Resource classification to the block model estimate as sample bias is likely.</p>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<p>Geologists log all relevant intersections to a level of detail deemed sufficient to enable the delineation of geological domains appropriate to support Mineral Resource estimation. All logging, except for the geotechnical core logging, is considered to be qualitative.</p> <p>The diamond core is not orientated; thus, the structural observations are also qualitative.</p> <p>Fortress technicians photograph the wet and dry RC chips and DD core.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> </ul>	<p>Fortress geologists recorded the sample condition as 'dry' for 95% of the Mineral Resource estimate's samples.</p> <p>The 1 m RC samples selected for analysis are transported from the storage area to the onsite laboratory preparation facility for sub-sampling, using a three-tier riffle splitter into pre-numbered plastic sample bags. The sub-samples had an average weight of 3.8 kg, with 90% of the samples weighing above 2 kg. The selected DD core was cut in half using an onsite diamond saw, broken into 10 cm lengths and collected in pre-numbered plastic sample bags. The average core sample weight was 2.9 kg.</p> <p>Subsequent sample preparation undertaken at the onsite laboratory was as follows:</p> <ul style="list-style-type: none"> <li>Crushing using a jaw crusher to an average size of 6 mm</li> <li>Oven drying for 5 hours at 105°C</li> <li>Further subsampling using a riffle splitter to an average weight of 200-250 g before pulverising</li> <li>Pulverising using a ring mill pulveriser to a size of &lt;75 µm/ 200 mesh</li> <li>All pulverised material is taken from the bowl and stored in a sealed plastic jar.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>For analysis undertaken locally, a charge weight of 10 g is scooped from the pulp storage jar when required.</li> </ul> <p>The laboratory inserts four quality control samples into the analytical stream every 20 samples; one Blank sample, two Certified Reference Material (CRM) GIOP-135 and GIOP-103 from Geostats, and one Duplicate sample.</p> <p>Fortress sources the blank samples from beach sand, although historically, they came from a limestone quarry.</p> <p>The RC 'Duplicate' sample is from the coarse reject of the primary sample after the first crush. The DD 'Duplicate' is ¼ core from the remaining ½ core left in the core trays. The CP notes neither of these 'duplicates' is an actual duplicate of the primary sample.</p> <p>An additional duplicate pulp sample is taken at a rate of 1 in 20 for submission to the Bureau Veritas laboratory for check analysis. A weight of 20 g is scooped from the pulp storage jar and placed into a small sealed plastic bag. Samples are combined into larger plastic bags and put into a sealed wood box for transport.</p> <p>Sampling nomograms have not been prepared to assess the adequacy of the sample weight and grind size combinations. However, although a slight bias is present, the quality assurance results do not indicate significant issues.</p>
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, hand-held XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<p>Pulp samples are analysed at the Fortress-owned onsite laboratory and the independent Bureau Veritas laboratory in Canning Vale, Perth, Western Australia. Bureau Veritas Minerals maintains an ISO9001.2000 quality system, and the Canning Vale laboratory is registered with the National Association of Testing Authorities, Australia (NATA). The Fortress analysis comprises two-thirds of the estimation dataset.</p> <p>The sample pulps submitted to Bureau Veritas laboratory have been cast using a 66:34 flux with 4% Lithium nitrate added to form a glass bead and analysed for Al<sub>2</sub>O<sub>3</sub>, As, Ba, CaO, Cl, Co, Cr, Cu, Fe, K<sub>2</sub>O, MgO, Mn, Na, Ni, P, Pb, S, SiO<sub>2</sub>, Sn, Sr, TiO<sub>2</sub>, V, Zn, Zr determined by X-ray fluorescence (XRF). Loss on Ignition (LOI) results are determined using a robotic thermogravimetric analysis (TGA) system, with furnaces in the system set to 110°C and 1,000°C.</p> <p>The Fortress laboratory analysed for; Fe, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, TiO<sub>2</sub>, MnO, CaO, P, S, MgO, K<sub>2</sub>O, Zn, Pb, Cu, Ba, As, Ni, Na<sub>2</sub>O via XRF and LOI. FeO was estimated by titration using hydrofluoric, sulphuric and boric acids.</p> <p>Fortress laboratory staff take magnetic susceptibility measurements of the stored pulp sample using a Terraplus (Georadis) KT-10 v2 magnetic susceptibility meter. Since 2018, Fortress has used an internal 'magnetite' standard to monitor the quality of magnetitic susceptibility measurements. In May 2020, the susceptibility meter started reading 'low', affecting 6% of the estimation dataset readings. The CP has not corrected the estimation dataset's magnetic susceptibility readings, as the concerned quantity is low. The magnetic susceptibility readings are used with the sulphur and iron analysis to define the magnetite domains.</p> <p>Overall, the QC results for the Fortress check and CRM analysis are within acceptable tolerances; however, there is a consistent indication that the results for mineralised material, those with high Fe and</p>

Criteria	JORC Code explanation	Commentary
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<p>low SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub> and LOI, are slightly biased to lower grades in the local site laboratory. There is also a consistent indication that samples are sporadically mislabelled when dispatched for analysis at Bureau Veritas.</p> <p>Significant magnetite intersections are validated using core or chip photographs and on drill cross-sections for grade continuity of major elements along strike and up/down-dip. Spot checks of assay grades against log sheets, original laboratory reports are also completed.</p> <p>No twin holes to check for short-range mineralisation variability or bias between the RC and DD drill samples are drilled at the Project. Instead of this, at the West deposit, the representivity of the RC drilling was assessed by comparing it to the core drilling using Q-Q plots for the significant elements and magnetic susceptibility. SRK (2018) assessed the analytical results from 12 drill holes in the West deposit, where they intersected the largest mineralised zone from along its complete strike. The results indicate no significant bias between the RC and DD programs' grade and magnetic susceptibility distributions.</p> <p>The primary data is stored in Excel spreadsheets in a standardised format. Although Fortress geologists use standardised logging codes, these are not controlled at the time of entry.</p> <p>Fortress provides the drilling dataset in Excel format as a series of worksheets: collar, survey, assay, geology, density, corerun and structure. Minimal metadata is supplied with the data, and no Standard Operating Procedures relating to data management have been sighted.</p> <p>The CP runs standard data validation routines in Microsoft Access on the supplied data before importing it into Datamine Studio RM™ for desurveying and further validating. The CP spent considerable time addressing validation errors and data inconsistencies with Fortress staff and correcting these.</p> <p>To maintain continuity and form of the mineralised domain wireframes, up to 2 m of unsampled (waste) intervals are included in the mineralisation domain wireframes at West and Valley deposit. The unsampled gaps are assessed on a case-by-case basis and assigned average values of nearby sample intervals logged with a similar lithology and mineralogy. The small core sample intervals selected for bulk density testing often have missing assays. These intervals were assigned the average of the adjacent grades.</p> <p>Before Mineral Resource estimation, all Lower Detection Limit (LDL) values in the estimation dataset are converted to their positive equivalents. The Fortress laboratory reports an Upper Detection Limit (UDL) for some analytes, particularly sulphur. Historically sulphur is reported to 7 % and in 2020 improved to 13 % UDL.</p>
<p>Location of data points</p>	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control.</li> </ul>	<p>Differential Global Positioning system (DGPS) is used to locate the collar coordinates of the drill holes used in the Mineral Resource estimate in WGS84 Zone 48N UTM format. The accuracy of the survey data is +/- 150 mm. Recently Fortress have begun locating drillholes that did not intersect mineralisation using hand-held GPS.</p> <p>Downhole surveys were completed by Fortress staff post-drilling, using a Reflex GyroSmart inside the drill rods. Fortress survey only the DD holes as the RC drill rods are too narrow for the tool. Thus, just over half the samples in the estimation dataset are not located using downhole survey measurements.</p> <p>Within the drilling and current mining areas, topographic survey control is carried out on an as-required basis by Fortress staff. In 2019 Fortress improved the accuracy and efficiency of topographic control with the purchase of DJI MATRICE 210 RTK drone with a DJI ZENMUSE X4S camera. The surveys are flown</p>

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> <li>• Data spacing for reporting of Exploration Results.</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<p>on 30 m spaced lines using a 70% overlap side-ratio and 80% front-overlap ratio. Fortress have used 12 Ground Control Points (GCPs) over the survey area to improve accuracy further. Fortress estimate the horizontal positioning's accuracy is +/- 0.10 m to 0.50 m, and the vertical positioning is +/- 0.25 m to 0.5 m. Agisoft Metashape Professional Version 1.5 software is used to process the data and create images, 3D Digital Elevation Model (DEM) and contours. The DEM is collated in AutoCAD software with the processed data supplied to the CP as a triangulated 3D Digital Terrain Model (DTM) in DXF format.</p> <p>The drill coverage is variable both between and within individual deposit areas, but the nominal spacings for each deposit are as follows:</p> <p>West deposit: 10-20 m spaced holes on 25-40 m section lines. Most holes are angled as 60° to the west. In the southern portion of the West area, approximately 25% of the holes are drilled sub-parallel to the mineralisation strike.</p> <p>Valley deposit (South): Consists of two to four drillholes on each drill pad with seven drill pads spaced 25 m apart. Holes are drilled in an arc from WSW to WNW and angled between 60° and 70°.</p> <p>Valley deposit (North): Most holes drilled to the north-northwest on an irregular grid with 10-40 m between drill collars.</p> <p>East deposit: 20-40 m spaced holes on 20-40 m section lines. Most holes are angled as 60° to the north.</p> <p>East deposit (Far East): This area has a very irregular drill grid and hole orientated pattern. In plan mineralisation, intersections are 10-30 m apart.</p> <p>At the West deposit, significant mineralisation is exposed along the length of the pit floor. Here the drill data is supported by detailed pit mapping and the near-surface Mineral Resource estimate has an Inferred classification. There are insufficient mineralisation intersections on each section to assume or confirm the mineralisation continuity in the other deposit areas and at depth in the West deposit.</p> <p>A 1 m composite size was selected. It is consistent with the original sample length for most of the data and considered appropriate for both the model cell dimensions and the interpreted mineralised zone thicknesses. The composite interval was slightly increased or reduced at vein boundaries to prevent residuals or the composites spanning domain boundaries.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<p>The mineralisation at the three deposits is interpreted as steeply dipping veins. The sampling in the East and Valley deposits is across the mineralisation from footwall to hanging wall, and as such, no bias was observed.</p> <p>In the southern half of the West deposit, approximately 25 % of the drilling is parallel to the mineralisation strike. Thus, some drill holes start and/ or end in mineralisation.</p>
Sample security	<ul style="list-style-type: none"> <li>• The measures taken to ensure sample security.</li> </ul>	<p>Samples were transported from the drill rig to the laboratory by site geologists for logging and sample preparation. Fortress sent samples to Bureau Veritas (Perth) via a registered international carrier.</p>
Audits or reviews	<ul style="list-style-type: none"> <li>• The results of any audits or reviews of sampling techniques and data.</li> </ul>	<p>The CP is not aware of other independent reviews or audits of the data collection procedures. The CP visited the Project in 2018 and had limited, though sufficient, opportunity to review the data collection procedures.</p>

JORC Code - Table 1 - Section 2 - Reporting of Exploration Results

Notes: Criteria listed in section 1, and where relevant in section 2, also apply to this section. Dates refer to calendar year, not financial year

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<p>The Project comprises two granted mining leases (ML4/2013 and ML7/2013). Fortress is the lessee of the mining leases and holds the Mining Rights to the leases under an agreement dated 10 April 2016, which expires in 2033.</p> <p>There are no material issues, overriding royalties, native title or environmental constraints on the Project, which may be deemed an impediment to the project's continuity.</p>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<p>Exploration and mining have been carried out in the area since the Japanese first identified iron ore mineralisation in 1916. At its peak in the 1930s, a local labour workforce of 3,000 was engaged in the Nippon mining operations. Mining was on a series of benches connected by several inclined endless rope haulage ways. Over 100 miles of narrow-gauge rail lines were laid on the benches to facilitate transportation of the ore to the inclined haulage ways.</p> <p>Production progressed at a rate of 1 Mtpa at an unknown grade until 1941, when the Malaysian Government froze all Japanese credits in West Malaysia and placed an embargo on exports of iron ore. After the war, the Bukit Besi property rights, stockpiles, and equipment were acquired by Eastern Mining and Metals Company Limited (EMMCO). By 1965 EMMCO had mined 36.5 Mt at 63% iron from the Bukit Besi area.</p> <p>During the communist years, the mine and refinery were abandoned. It was not until 2009 that the Terengganu Government announced that it had approved a number of companies to revive mining at Bukit Besi.</p> <p>Modern exploration commenced in 2012 with Perwaja Steel Sdn Bhd commissioning the Geophysical Prospecting Brigade of Sichuan (2012) to carry out regional ground magnetic and radiometric geophysical surveys. Perwaja drilled 28 RC and 13 DD core holes targeting the magnetic intensity highs. Fortress (formerly known as Webcon Sdn Bhd) was awarded the Mining Rights in 2017. A processing plant incorporating in-pit coarse cobbing with magnetic separation, crushing milling and grinding circuit, 3-stage magnetic separation, reverse flotation, and a rotary drier was completed to produce a magnetite concentrate with 80% passing 75 µm at approximately 65% iron. Shipments from the Fortress operation in 2018 have typically been in the order of 30,000 tpm.</p>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<p>The Project is in the most eastern of the three longitudinal belts that divide the Malay Peninsula. Carboniferous and Permian clastics and volcanics predominantly underlie the Eastern belt. A phase of regional metamorphism, folding, and uplift probably occurred in the late Palaeozoic, followed by an older series of continental deposits. The pan-peninsula late Triassic orogenic event uplifted the Eastern Belt, followed by the deposition of a younger series of continental deposits, which are gently dipping and probably uplifted in the late Cretaceous.</p>

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> <li>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</li> <li>• easting and northing of the drillhole collar</li> <li>• elevation or RL (Reduced Level - elevation above sea level in metres) of the drillhole collar</li> <li>• dip and azimuth of the hole</li> <li>• downhole length and interception depth</li> <li>• hole length.</li> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<p>The mining area straddles the contact between Palaeozoic sediments and granite, presumed to be of late Cretaceous age. Granite tongues have invaded the sediments for up to 100 m beyond the main line of the irregular contact. Additionally, blocks of shale are caught up and lie within the body of the granite. Almost all the Magnetite skarn mineralisation at Bukit Besi occur as replacements in the sediments along or within 100 m of their contact with the granite. Magnetite and haematite replacement can also be seen within the granite. Here, fragments of altered sedimentary rock in this ore suggest that the ore has completely replaced shale bodies engulfed by the granite. The orientation of the mineralisation is controlled by NE-SW, NW-SE and N-S trending structures.</p> <p>No exploration results are reported.</p>
Data aggregation methods	<ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<p>No exploration results are reported.</p>
Relationship between mineralisation widths and	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> </ul>	<p>No exploration results are reported.</p>

Criteria	JORC Code explanation	Commentary
intercept lengths	<ul style="list-style-type: none"> <li>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</li> <li>If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	
Diagrams	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.</li> </ul>	Not applicable as no exploration results are reported.
Balanced reporting	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	Not applicable as no exploration results are reported.
Other substantive exploration data	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<p>In October 2017, Petroseis Sdn Bhd (Petroseis) undertook a ground magnetic and radiometric survey over the Project area. Petroseis identified four prospective magnetic targets using the following techniques:</p> <p>Comparing the Analytical Signal and Reduced to the Equator filtered magnetic data to determine areas of higher concentration of magnetic rocks</p> <p>Analysing the radiometric data distribution using bivariate plots of eThorium vs Potassium and eThorium vs eUranium to determine groupings of major rock types.</p> <p>Fortress has advised that concentrations of deleterious material in the concentrate are considered minimal, and no shipments have been rejected on this basis. The presence of deleterious elements is therefore not considered material.</p>
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	Fortress is continuing Mineral Resource infill drilling in the Bukit Besi Mining Area to increase confidence and evaluate exploration drilling on known magnetite skarns in the district.

JORC Code - Table 1 - Section 3 - Estimation and Reporting of Mineral Resources

Notes: Criteria in this section apply to all succeeding sections. Dates refer to calendar year, not financial year)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</li> <li>Data validation procedures used.</li> </ul>	<p>Data logging was completed in MS Excel templates using standard logging codes on laptop computers. The CP validated the supplied data for internal database integrity as part of a standard database compilation process before importing and further validating in Datamine Studio RM software.</p> <p>The CP did not check for valid but incorrect codes (transcription or keying errors) as the 'original' data from the logging geologists was not supplied.</p>
Site visits	<ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> <li>If no site visits have been undertaken indicate why this is the case.</li> </ul>	<p>The Competent Person spent one week at the Project in August 2018. The CP inspected; RC drilling, primary sampling, logging and storage facilities, QAQC protocols and procedures, local geology of the deposit, sample preparation techniques and the Fortress onsite laboratory facilities.</p> <p>The Fortress laboratory manager freely discussed the site laboratory and systems' limitations, and overall the laboratory facilities appeared well managed, clean and organised. The Fortress geology manager spent considerable time explaining the local geology and his interpretation of the likely paragenetic sequence. There did not appear to be a centralised or master digital geological dataset to review, with data spread across personal and company computers. The CP recommended improvements to the geology data management and quality control procedures. The CP briefly inspected the RC drill rig in operation at a remote exploration site before it blew a hole in the wear-bend. The presentation of the drill pad and drill rig was immaculate and well organised. The CP notes the safety and sampling systems associated with the drill rig are not to the industry standards expected for Mineral Resource definition drilling.</p>
Geological interpretation	<ul style="list-style-type: none"> <li>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</li> <li>Nature of the data used and of any assumptions made.</li> <li>The effect, if any, of alternative interpretations on Mineral Resource estimation.</li> <li>The use of geology in guiding and controlling Mineral Resource estimation.</li> <li>The factors affecting continuity both of grade and geology.</li> </ul>	<p>Broadly, the geological interpretation is considered consistent with supplied datasets, surface mapping, and the local geology's accepted understanding. The CP notes numerous inconsistencies between the downhole logging of the lithology/mineralisation and the subsequent geochemical analysis.</p> <p>The mineralisation domains used as hard boundaries to constrain the Mineral Resource estimation are wireframed independently by the CP. The domain boundaries are located by step changes in the iron and sulphur analysis and magnetic susceptibility readings. The Fortress downhole logging is checked for consistency against the interpreted boundary, but the CP considers it less reliable than the analytical data.</p> <p>The mineralisation domain is wireframed at the West and Valley deposits as a large irregular single domain incorporating minor waste (less than 2 m wide) intervals. The CP notes that minor lenses of mineralisation external to the main body are not included in the mineralisation domain. This wireframing schema is to accommodate the Selective Mining Unit (SMU) size of 5 m x 5 m x 3 m (X by Y by Z direction) currently used at the West deposit pit and planned for the Valley deposit pit.</p> <p>The CP is unaware of any detailed scientific or quantitative studies commissioned by Fortress to investigate the paragenetic sequence or orientation of the controlling structures for the mineralisation. The current interpretations are based on pit mapping as downhole structural measurements are not possible as the core is unoriented. Fortress also provide the CP with their internal interpretation of the mineralisation domain based on downhole logging of the lithology and mineralisation. Often, there are</p>

Criteria	JORC Code explanation	Commentary
Dimensions	<ul style="list-style-type: none"> <li>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</li> </ul>	<p>considerable differences between the CP's and Fortress interpretation of the mineralisation domains, which is thus reflected in the Mineral Resource classification.</p> <p>The Mineral Resources are reported for three deposit areas:</p> <p>West deposit: A single mineralisation domain with a strike length of 320 m, width between 60 m and 150 m and extending vertically between 50 m and 90 m from surface.</p> <p>Valley deposit (South): An irregular triangular shaped body that is 150 m wide at 30m below the surface and plunges 60° to the northwest over 200 m to a depth of nearly 150 m below surface. The mineralisation is between 30 m and 50 m thick.</p> <p>Valley deposit (North): Three stacked magnetite veins moderately dipping to the southeast. The veins vary in true thickness between 8 and 15 m. The sheets are between 100 m – 150 m wide and long.</p> <p>East deposit: Eight mineralised veins with an average strike length of 200 m, with an average width of 5 m and extending vertically from the surface for 100 m.</p> <p>East deposit (Far East): Consists of three narrow lodes striking west to southwest and steeply dipping. The veins vary between 25 m and 80 m in length and are less than 5 m in true width.</p>
Estimation and modelling techniques	<ul style="list-style-type: none"> <li>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen, include a description of computer software and parameters used.</li> <li>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</li> <li>The assumptions made regarding recovery of by-products.</li> <li>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</li> <li>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</li> <li>Any assumptions behind modelling of selective mining units.</li> <li>Any assumptions about correlation between variables.</li> </ul>	<p>For the West and Valley deposits, the Mineral Resource estimates of Fe %, S %, magnetitic susceptibility and density are prepared using Localised Uniform Conditioning (LUC) into a 3D block model. Broadly, LUC is a three-step process:</p> <ol style="list-style-type: none"> <li>Use linear Ordinary Kriging (OK) to estimate into panels at 20.0 m x 20.0 m x 3.0 m (XYZ) size.</li> <li>Use the non-linear process of Uniform Conditioning (UC) to calculate the estimated metal-tonnage distributions at various cut-offs into the panel sized blocks.</li> <li>Finally, use Localized Uniform Conditioning (LUC) to assign grades to each SMU sized 5.0 m x 5.0 m x 3.0 m (XYZ) block within a panel such that the distribution of SMU grades is the same as the distribution of grades for the same panel in the UC model.</li> </ol> <p>This approach can produce SMU scale block grade estimates that are not over-smoothed. Standard linear methods such as Ordinary Kriging (OK) with positively skewed and highly variable data distributions and relatively wide-spaced data, like at Bukit Besi, generally result in an over smoothed Mineral Resource estimate.</p> <p>For the East deposit, the Mineral Resource estimates were prepared using conventional block modelling and geostatistical estimation techniques; Ordinary Kriging (OK) into panels at 20.0 m x 20.0 m x 3.0 m (XYZ) size with sub-celling to 5.0 m x 5.0 m x 3.0 m (XYZ) to retain domain volumes.</p> <p>The estimates are combined into a single model to represent the defined extents of the magnetite mineralisation. The Mineral Resource modelling and Mineral Resource estimation study used Datamine's Studio RM™ and Supervisor™ software.</p> <p>The original sample data were downhole composited to 1 m intervals.</p> <p>A combination of histograms, log probability, mean and variance, and cumulative metal plots are used to assess for outlier values. Minor grade cutting was applied to the sulphur assays at the West and Valley deposits to reduce the influence of isolated small pyrrhotite lenses.</p> <p>The magnetite mineralisation domain wireframes were used as a hard boundary to constrain the Mineral Resource estimate.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Description of how the geological interpretation was used to control the resource estimates.</li> <li>Discussion of basis for using or not using grade cutting or capping.</li> <li>The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.</li> </ul>	<p>Search orientations and weighting factors were derived from variographic studies. A multiple-pass estimation strategy was invoked, with Kriging Neighborhood Analysis (KNA) used to assist with the selection of search distances and sample number constraints. Extrapolation was limited to approximately half the nominal drill spacing.</p> <p>Model validation included:</p> <ul style="list-style-type: none"> <li>Visual comparisons between the input sample and estimated model grades</li> <li>Global and local statistical comparisons between the sample and model data</li> <li>An assessment of estimation performance measures including kriging efficiency, slope of regression, and percentage of cells estimated in each search pass.</li> <li>Statistical comparison of OK and LUC model at zero cut-off grade.</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</li> </ul>	The resource estimates are on a dry tonnage basis, and in situ moisture content has not been estimated.
Cut-off parameters	<ul style="list-style-type: none"> <li>The basis of the adopted cut-off grade(s) or quality parameters applied.</li> </ul>	The Mineral Resource estimate is reported at a combined cut-off of; greater than 100 magnetic susceptibility, greater than 10% Fe and less than 10% S. The magnetic susceptibility value is coincident with the value used to define the magnetite mineralised domains. The Fe% and S% cut-off values result in average grades consistent with current production feed grade material.
Mining factors or assumptions	<ul style="list-style-type: none"> <li>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</li> </ul>	Mining is underway at the Project using a conventional open-pit truck and excavator fleet technique. The mine plan allows for 5% ore loss and between 15%-18% mining dilution, applied to the Mineral Resource estimate during mine planning and determination of mineable inventory.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with</li> </ul>	<p>In the 2021 financial year, the Bukit Besi mining operation produced just over 450,000 Dry Metric Tonnes (DMT) of iron ore concentrate.</p> <p>Delineation of mineralisation material within the mining areas is done visually by the excavator operators. This is considered suitable as a demonstration of its prospect for eventual economic extraction.</p> <p>The CP notes Fortress has not completed extensive magnetic material mass recovery test work (for example, Davis Tube test work) for the various deposits at Bukit Besi.</p>

Criteria	JORC Code explanation	Commentary
Environmental factors or assumptions	<p>an explanation of the basis of the metallurgical assumptions made.</p> <ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<p>The current operation has all necessary environmental permits, and licences and no significant ecological constraints are envisaged.</p>
Bulk density	<ul style="list-style-type: none"> <li>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</li> <li>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<p>The dry bulk density dataset contains nearly 1,200 water immersion tests performed on 10 cm to 15 cm diamond cores and over 400 gas pycnometer measurements on sample pulps. SRK previously noted that the core samples selected for density determinations were biased towards more competent material. Fortress submitted 39 core samples to Bureau Veritas laboratory for check density determination. The CP assessment is that Fortress's determinations of bulk density using the Archimedes method are reliable, but cautions the samples are most likely biased. Fortress also reported 112 duplicate determinations of density using both the Archimedes and gas pycnometer methods. The CP's assessment shows a poor correlation between the two methods and that the pycnometer readings are unexpectedly, on average, 20% less than the Archimedes readings. The CP has elected to assign bulk density values to each sample interval based on the logged; lithology, weathering zone and percentage of contained magnetite. The assigned density values are consistent with global averages expected for the lithologies and weathering zones at Bukit Besi.</p>
Classification	<ul style="list-style-type: none"> <li>The basis for the classification of the Mineral Resources into varying confidence categories.</li> <li>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</li> <li>Whether the result appropriately reflects the Competent Person's view of the deposit.</li> </ul>	<p>The Mineral Resources classification assessment considers confidence in; the quality and quantity of the input data, the geological interpretation, the estimation technique, determination of modifying factors, and the material's economic viability. For the Bukit Besi deposits, the following points are pertinent:</p> <ul style="list-style-type: none"> <li>There is low confidence in the RC drilling primary sample's quality due to the low average sample recovery. Samples from the RC drilling comprise just over half the estimation dataset.</li> <li>The RC sub-sampling system is not to the standard expected for a Mineral Resource definition drill program.</li> <li>A downhole survey was not used to determine the orientation of the RC drillholes.</li> <li>Overall there is low confidence in geological logging primarily due to the lack of systematic quality control and detailed interpretation and reporting. As the diamond core is not orientated, the structural logging is deemed qualitative and of little use.</li> </ul>

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>The lack of representative metallurgical test work, such as Davis Tube Recovery (DTR) to determine the percentage recoverable mass of magnetite concentrate. This significantly limits the Mineral Resources reporting to the average total iron grade and not the magnetic iron grade which would report to the mass recovery of the magnetite concentrate as would be expected for a magnetite mineral resource.</li> <li>The confidence in the interpretation surfaces and volumes used to code and constrain the block estimation is low to moderate. Multiple interpretations are possible, and continuity is often assumed. Thus practical mining is highly likely to find a difference in mineralisation volumes and locations.</li> </ul> <p>The confidence in the Fortress laboratory analysis and subsequent data analysis and estimation methodology is moderate and appropriate for the style of mineralisation.</p> <p>Based on the findings summarised above, the Mineral Resources are classified as Inferred Mineral Resources, except the near-surface Mineral Resources at West deposit exposed in the pit which are classified as Indicated Mineral Resources.</p>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Mineral Resource estimates.</li> </ul>	<p>No independent audits or reviews have been conducted on the latest Mineral Resource estimates as at 28 February 2021; however, MinOre has internally completed a peer review on the aforementioned Mineral Resource estimates.</p>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>Where appropriate, a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> <li>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</li> </ul>	<p>The Mineral Resource estimates have been prepared and classified in accordance with the JORC Code (2012) guidelines, and no attempts have been made to further quantify the uncertainty in the Mineral Resource estimates.</p> <p>The most significant sources of uncertainty are related to the confidence in the primary sample and geological models.</p> <p>The Mineral Resource estimate quantities are considered as global estimates only. The accompanying Mineral Resource estimation block models are considered suitable to support global mine planning studies but are not regarded as suitable for detailed production planning or studies that place significant reliance on the local estimates.</p>

## Glossary - JORC Terms and Definitions

The following is from the 2012 JORC Code.

**Principals:** The principles governing the operation and application of the JORC Code are Transparency, Materiality and Competence.

- **Transparency** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of material information that is known to the Competent Person.
- **Materiality** requires that a Public Report contains all the relevant information that investors and their professional advisers would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Exploration Results, Mineral Resources or Ore Reserves being reported. Where relevant information is not supplied an explanation must be provided to justify its exclusion.
- **Competence** requires that the Public Report be based on work that is the responsibility of suitably qualified and experienced persons who are subject to an enforceable professional code of ethics (the Competent Person).

**Public Reports:** Public Reports are reports prepared for the purpose of informing investors or potential investors and their advisers on Exploration Results, Mineral Resources or Ore Reserves. They include, but are not limited to, annual and quarterly company reports, press releases, information memoranda, technical papers, website postings and public presentations.

**Competent Person:** A 'Competent Person' is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member.

A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking.

If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves.

**Modifying Factors:** 'Modifying Factors' are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

**Exploration Target:** An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

**Exploration Results:** Exploration Results include data and information generated by mineral exploration programmes that might be of use to investors but which do not form part of a declaration of Mineral Resources or Ore Reserves.

**Mineral Resource:** A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

**Inferred Mineral Resource:** An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**Indicated Mineral Resource:** An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

**Measured Mineral Resource:** A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

**Ore Reserve:** An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as

appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

**Probable Ore Reserve:** A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.

**Proved Ore Reserve:** A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

**Scoping Study:** A Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

**Preliminary Feasibility Study:** A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

**Feasibility Study:** A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.