

HIGH GRADE IRON ORE CONCENTRATE PRODUCER IN MALAYSIA



fortress

FORTRESS MINERALS LIMITED

(Company Registration Number: 201732608K)

(Incorporated in the Republic of Singapore on 13 November 2017)

Placement in respect of 75,000,000 Placement Shares at S\$0.20 for each Placement Share (including 51,250,000 Cornerstone Shares), payable in full on application

OFFER DOCUMENT DATED 19 MARCH 2019

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 19 March 2019).

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this Offer Document carefully and consider whether you understand what is described in this Offer Document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

This offer is made in or accompanied by an Offer Document (the "Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 19 March 2019. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

In connection with the Placement (as defined herein), the Cornerstone Investors (as defined herein) have each entered into a cornerstone subscription agreement with Fortress Minerals Limited (the "Company") (collectively, the "Cornerstone Subscription Agreements") to subscribe for an aggregate of 51,250,000 new Shares (as defined herein) (the "Cornerstone Shares") at the Placement Price (as defined herein), which is conditional upon, among others, (i) the Management Agreement and Placement Agreement (both as defined herein) having been entered into and not having been terminated pursuant to its terms and; and (ii) the registration of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") has made an application to the SGX-ST for permission to deal in, and for quotation of, all the existing issued ordinary shares (the "Shares") in the capital of our Company, the new Shares which are the subject of this Placement (including the Cornerstone Shares) (the "Placement Shares"), the Project Manager Shares (as defined herein), the PPCF Shares (as defined herein) and the Option Shares (as defined herein) to be listed for quotation on Catalist of the SGX-ST ("Catalist"). Acceptance of applications will be conditional upon, *inter alia*, issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Placement Shares, the Project Manager Shares, the PPCF Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned at your own risk, without interest or any share of revenue or other benefit

arising therefrom and you will have no claim against us or the Sponsor, Issue Manager and Placement Agent (as defined herein), if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged or registered this Offer Document in any other jurisdiction.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS OFFER DOCUMENT. IN PARTICULAR, YOU SHOULD NOTE THE FOLLOWING RISKS FURTHER DESCRIBED IN THIS OFFER DOCUMENT: (1) WE HAVE A LIMITED OPERATING HISTORY AND TRACK RECORD OF CARRYING OUT OUR BUSINESS ACTIVITIES; (2) THE FINANCIAL CONDITION AND PERFORMANCE OF OUR GROUP IS DEPENDENT ON THE LEVEL AND AVAILABILITY OF MINERAL RESOURCE IN OUR BUKIT BESI MINE; (3) WE MAY NOT BE ABLE TO DISCOVER NEW MINERAL RESOURCE TO MAINTAIN A COMMERCIAL VIABLE MINING OPERATION; (4) WE HAVE YET TO ESTABLISH A STRONG SALES TRACK RECORD; (5) OUR RIGHTS TO MINE, EXTRACT, PROCESS AND SELL IRON ORE FROM OUR BUKIT BESI MINE FOR COMMERCIAL SALE IS DERIVED FROM THE IRON ORE MINING AGREEMENT; AND (6) THE CONTINUING EFFECT OF THE IRON ORE MINING AGREEMENT IS DEPENDENT ON THE RENEWAL OR EXTENSION OF THE MINING LEASES HELD BY LTAWNT (AS DEFINED HEREIN).

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration Number: 200207389D)

(Incorporated in the Republic of Singapore)

ABOUT FORTRESS MINERALS LIMITED

Incorporated in Singapore on 13 November 2017, Fortress Minerals Limited is a high grade iron ore concentrate producer in Malaysia. Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. Our Group presently produces magnetite iron ore concentrate with TFe grade of 65.0% and above, mined from the East, Valley and West Deposits in the Bukit Besi Mine. Our Group's iron ore concentrate is primarily sold to steel mills and trading companies in the PRC and Malaysia.



OUR MILESTONES

2016

- Awarded mining rights to Bukit Besi Mine
- Obtained operational mining scheme

2017

- Designed and implemented a JORC drilling campaign at the East, Valley and West Deposits in the Bukit Besi Mine
- Began development of mine infrastructure in the Bukit Besi Mine

2018

- Commenced commercial production of iron ore concentrate with TFe grade of at least 65.0% in April 2018 with a steady-state production of 40,000 WMT per month
- Maiden JORC indicated and inferred resource of 5.41 Mt in the East, Valley and West Deposits, covering an aggregate surface area representing approximately 4.71% of the total land area of the Bukit Besi Mine of 526.2ha

BUKIT BESI MINE OVERVIEW

Location: Terengganu, Malaysia

Total Concession Area:

526.2ha open pit

Connectivity: Kuantan and Kuala Terengganu airports (approximately 1.5 hours' drive); Kemaman Port (approximately 86 km)

Supporting Infrastructure: Mobile networks, water and electricity, public roads and highways

Products: Magnetite iron ore concentrate with TFe grade of 65.0% and above



Exploration:



Explored surface area within the East, Valley and West Deposits represents approximately 4.71% of the concession area of the Bukit Besi mine

- ★ East, Valley and West Deposits
- Mine infrastructure
- Tenement boundaries

MINERAL RESOURCE

Area	Category	Net attributable to our Group	
		Tonnes (Mt)	Grade (Fe%)
West Deposit	Indicated Resource	0.37	42.2
West Deposit	Inferred Resource	2.55	39.6
Valley Deposit	Inferred Resource	1.36	46.4
East Deposit	Inferred Resource	1.13	40.7
Total		5.41	41.7⁽¹⁾

Note:

(1) This refers to the average grade of iron ore

COMPETITIVE STRENGTHS

High Grade Iron Ore Concentrate

- Iron ore concentrate with TFe content of at least 65.0%
- Low levels of impurities which would command premium prices against lower grades and is generally preferred by steel mills

Considerable Exploration Upside

- Considerable exploration upside potential as only approximately 4.71% of mining area in the Bukit Besi Mine has been explored
- Mining rights for the Bukit Besi Mine granted to the Group up till early 2033

Strategic Location

- Favourable geological conditions
- Cost advantage over producers in the PRC and other countries given the relatively lower cost of electricity and ocean freight costs in Malaysia
- Access to good public infrastructure and close proximity to two (2) steel mills in Malaysia

Experienced and Professional Management

- Experience in resource prospecting, exploration, mining and processing
- Experience in dealing with the local and state regulatory authorities
- Good and lasting relationships with various government agencies of the mining industry



FINANCIAL HIGHLIGHTS

US\$'000	← Audited →			← Unaudited →		Unaudited Pro Forma	
	FY2016	FY2017	FY2018	1H2018	1H2019	FY2018	1H2019
Revenue	–	–	–	–	6,572	–	6,572
(Loss)/Profit from continuing operations, net of tax	(273)	(248)	(411)	(546)	2,007	(411)	2,007
Profit from discontinued operations, net of tax	2,097	323	–	–	–	–	–
Profit/(Loss) for the financial year/period attributable to owners of the Company	1,824	75	(411)	(546)	2,007	(411)	2,007

Proposed Dividends

Our Group currently does not have a fixed dividend policy. However, subject to certain factors, our Group intends to recommend and distribute dividends of:

1. not less than 10.0% of our Group's NPAT for FY2019;
2. not less than 15.0% of our Group's NPAT for FY2020; and
3. not less than 20.0% of our Group's NPAT for FY2021

INDUSTRY PROSPECTS

PRC's Demand for Iron Ore Likely to Remain Strong

- Our primary market, the PRC, is the world's largest steelmaker and consumer of iron ore
- According to the Australian Government Department of Industry, Innovation and Science Resources and Energy, the PRC's iron ore imports are expected to remain at a high level of 1,000Mt annually
- Under the "One Belt One Road" initiative, participating countries are expected to require 150Mt of steel products from the PRC for infrastructure development

PRC's Structural Reform Drives Demand for High Grade Iron Ore

- To address the problems of pollution and over capacity of the steel industry, the PRC government aims to cut down steel production capacity via closing out inefficient or smaller steel mills
- With the phasing out of older and less efficient steel mills, the remaining steel mills in the PRC were able to achieve better profit margins, thus encouraging them to enhance production yield with the use of high grade iron ore concentrate

Positive Outlook for High Grade Iron Ore

- The average price of iron ore with TFe grade of 65.0% has increased significantly from US\$61.42 in 2015 to US\$90.22 in 2018

FUTURE PLANS & STRATEGIES

Further Development of Existing Mine

- Carry out further exploration activities such as geological mapping, rock sampling, drilling activities, excavating, collection and analysis of exploration data and exploring, locating and developing new deposits within the Bukit Besi Mine
- Expand our iron ore processing capacity

Acquisition, Joint Venture and/or Development of New Mines

- Increase iron ore resource through possible strategic acquisitions of mining rights and/or tenements in Malaysia or elsewhere
- Continuously in exploratory discussions with several parties for the possible acquisition of new mining rights and/or tenements in Malaysia though these discussions remain preliminary and exploratory in nature

TABLE OF CONTENTS

CORPORATE INFORMATION	5
DEFINITIONS	7
GLOSSARY OF TECHNICAL TERMS	20
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	25
SELLING RESTRICTIONS	28
DETAILS OF THE PLACEMENT	30
INDICATIVE TIMETABLE FOR LISTING	35
PLAN OF DISTRIBUTION	37
OFFER DOCUMENT SUMMARY	39
THE PLACEMENT	43
EXCHANGE RATES	45
RISK FACTORS	48
<i>RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY</i>	48
<i>RISKS RELATING TO OUR OPERATIONS IN MALAYSIA</i>	59
<i>RISKS RELATING TO AN INVESTMENT IN OUR SHARES</i>	60
PLACEMENT STATISTICS	64
USE OF PROCEEDS AND LISTING EXPENSES	66
DIVIDEND POLICY	68
SHARE CAPITAL	69
SHAREHOLDING AND OWNERSHIP STRUCTURE	74
DILUTION	83
RESTRUCTURING EXERCISE	85
GROUP STRUCTURE	88
SELECTED COMBINED FINANCIAL INFORMATION	91
SUMMARY OF OUR PRO FORMA FINANCIAL INFORMATION	94
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION	97
CAPITALISATION AND INDEBTEDNESS	116
WORKING CAPITAL	118

TABLE OF CONTENTS

GENERAL INFORMATION ON OUR GROUP	120
<i>HISTORY</i>	120
<i>BUSINESS OVERVIEW</i>	124
<i>BUSINESS ACTIVITIES</i>	130
<i>QUALITY CONTROL</i>	139
<i>INDEPENDENT VALUATION</i>	140
<i>OUR MAJOR CUSTOMERS</i>	141
<i>OUR MAJOR SUPPLIERS</i>	142
<i>CREDIT POLICY</i>	143
<i>INVENTORY MANAGEMENT</i>	144
<i>SALES AND MARKETING</i>	144
<i>INSURANCE</i>	144
<i>INTELLECTUAL PROPERTY</i>	145
<i>LICENCES, PERMITS, APPROVALS AND GOVERNMENT REGULATIONS</i>	145
<i>KEY CONTRACTORS AND CONSULTANTS</i>	154
<i>STAFF TRAINING</i>	155
<i>ENVIRONMENTAL PROTECTION AND CORPORATE SOCIAL RESPONSIBILITY</i> ..	155
<i>INFRASTRUCTURE</i>	159
<i>HEALTH AND SAFETY POLICY</i>	159
<i>PROPERTIES AND FIXED ASSETS</i>	161
<i>LEGAL OPINION FROM AZMAN DAVIDSON & CO.</i>	163
<i>COMPETITION</i>	168
<i>COMPETITIVE STRENGTHS</i>	169
<i>INDUSTRY PROSPECTS</i>	172
<i>BUSINESS STRATEGIES AND FUTURE PLANS</i>	174
<i>ORDER BOOK</i>	174
<i>TREND INFORMATION</i>	175
DIRECTORS, MANAGEMENT AND EMPLOYEES	176
<i>DIRECTORS</i>	176
<i>KEY EXECUTIVE</i>	186
<i>MANAGEMENT REPORTING STRUCTURE</i>	188
<i>EMPLOYEES</i>	188
<i>REMUNERATION OF DIRECTORS, KEY EXECUTIVE AND RELATED</i> <i>EMPLOYEES</i>	189
<i>SERVICE AGREEMENT AND APPOINTMENT LETTER</i>	190

TABLE OF CONTENTS

FORTRESS EMPLOYEE SHARE OPTION SCHEME	195
CORPORATE GOVERNANCE	205
INTERESTED PERSON TRANSACTIONS	212
<i>OVERVIEW</i>	212
<i>INTERESTED PERSONS</i>	212
<i>PAST INTERESTED PERSON TRANSACTIONS</i>	216
<i>PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS</i>	223
<i>GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS</i>	225
<i>POTENTIAL CONFLICT OF INTERESTS</i>	227
<i>INTERESTS OF EXPERTS</i>	236
<i>INTERESTS OF SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT</i>	237
DESCRIPTION OF ORDINARY SHARES	238
EXCHANGE CONTROLS	243
TAXATION	246
CLEARANCE AND SETTLEMENT	253
GENERAL AND STATUTORY INFORMATION	255
APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED COMBINED FINANCIAL STATEMENTS OF FORTRESS MINERALS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018	A-1
APPENDIX B – INDEPENDENT AUDITORS’ REVIEW REPORT AND UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS OF FORTRESS MINERALS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018	B-1
APPENDIX C – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF FORTRESS MINERALS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018	C-1
APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION	D-1
APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.	E-1
APPENDIX F – QUALIFIED PERSON’S REPORT	F-1
APPENDIX G – INDEPENDENT VALUATION REPORT	G-1

TABLE OF CONTENTS

APPENDIX H	-	RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME	H-1
APPENDIX I	-	TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE	I-1

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Chew Wai Chuen Chee Yew Fei Ng Mun Fey Willa Chee Keng Fong Teh Lip Kim Loong Ching Hong Anita Chew Cheng Im Goh Kah Im	(Chairman and Independent Director) (Executive Director and CEO) (Executive Director and COO) (Non-executive and Non-independent Director) (Non-executive and Non-independent Director) (Non-executive and Non-independent Director) (Independent Director) (Independent Director)
COMPANY SECRETARY	:	Nor Hafiza Alwi, FCS, FCIS Loh Mei Ling, ACIS	
REGISTERED OFFICE	:	8 Robinson Road #03-00 ASO Building Singapore 048544	
PRINCIPAL PLACE OF BUSINESS	:	9-1 Jalan PJS 8/18 Dataran Mentari 46150 Petaling Jaya Selangor, Malaysia	
SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Income At Raffles Singapore 049318	
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY AS TO SINGAPORE LAW	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542	
LEGAL ADVISER TO OUR COMPANY AS TO MALAYSIA LAW	:	Azman Davidson & Co. Suite 13.03, 13th Floor Menara Tan & Tan 207 Jalan Tun Razak 50400 Kuala Lumpur Malaysia	

CORPORATE INFORMATION

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	BDO LLP 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Mr. Leong Hon Mun Peter (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT QUALIFIED PERSON AND INDEPENDENT VALUER	:	SRK Consulting (Australasia) Pty Ltd Level 1 10 Richardson Street West Perth, Western Australia 6005 Australia
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	B.A.C.S. Private Limited 8 Robinson Road #03-00 ASO Building Singapore 048544
PRINCIPAL BANKERS	:	OCBC Bank (Malaysia) Berhad 60, Jalan Metro Prima, Metro Prima 52100 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Oversea-Chinese Banking Corporation Limited 63 Chulia Street #10-00 OCBC Centre East Singapore 049514
RECEIVING BANKER	:	Oversea-Chinese Banking Corporation Limited 63 Chulia Street #10-00 OCBC Centre East Singapore 049514
PROJECT MANAGER		Laguna Star Ventures Limited Vistra Corporate Services Centre Wickhams Cay II Road Town Tortola British Virgin Islands

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group

“Company”	:	Fortress Minerals Limited, a company incorporated in Singapore on 13 November 2017
“Fortress Industries”	:	Fortress Industries Sdn. Bhd., a company incorporated in Malaysia on 18 September 2018 and an indirect wholly-owned subsidiary of our Company
“Fortress Logistics”	:	Fortress Logistics Sdn. Bhd., a company incorporated in Malaysia on 3 September 2018 and an indirect wholly-owned subsidiary of our Company
“Fortress Mining”	:	Fortress Mining Sdn. Bhd., a company incorporated in Malaysia on 14 December 2010 and a direct wholly-owned subsidiary of our Company
“Fortress Resources”	:	Fortress Resources Pte. Ltd., a company incorporated in Singapore on 8 November 2017 and a direct wholly-owned subsidiary of our Company
“Group” or “Group Companies”	:	Our Company and our subsidiaries as at the date of this Offer Document

Other Companies, Organisations and Agencies

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Authority”	:	Monetary Authority of Singapore
“Bank Negara”	:	Central bank of Malaysia
“Bursa Malaysia”	:	Bursa Malaysia Securities Berhad
“CDP” or “Depository”	:	The Central Depository (Pte) Limited
“Director General”	:	Director General of Environmental Quality
“DOE”	:	Department of Environment
“CPF”	:	Central Provident Fund
“EDSB”	:	Extra Diligent Sdn. Bhd., a company incorporated in Malaysia

DEFINITIONS

“GIPL”	:	Greger International Pte. Ltd., a company incorporated in Singapore. As at the Latest Practicable Date, our CEO, Chee Yew Fei, our COO, Ng Mun Fey, and the sister of our CEO, Chee Sook Ping, own an equity interest of 60.0%, 30.0% and 10.0% in GIPL respectively.
“GISB”	:	Greger International Sdn. Bhd., a company incorporated in Malaysia. As at the Latest Practicable Date, our CEO, Chee Yew Fei, our COO, Ng Mun Fey, and Yeow Boon Ban own an equity interest of 60.0%, 30.0% and 10.0% in GISB respectively.
“Guche Minerals”	:	Guche Minerals Sdn. Bhd., a company incorporated in Malaysia
“Independent Auditor”, “Reporting Accountant” or “BDO”	:	BDO LLP
“Independent Qualified Person”, “Independent Valuer” or “SRK”	:	SRK Consulting (Australasia) Pty Ltd
“IRAS”	:	Inland Revenue Authority of Singapore
“Issue Manager”, “Sponsor”, “Placement Agent” or “PPCF”	:	PrimePartners Corporate Finance Pte. Ltd.
“JMG”	:	Department of Mineral and Geoscience Malaysia (Jabatan Mineral Dan Geosains)
“Lebar Tinggi”	:	Lebar Tinggi Sdn. Bhd., a company incorporated in Malaysia
“LTAWNT”	:	Lembaga Tabung Amanah Warisan Negeri Terengganu
“Magnate Access”	:	Magnate Access Sdn. Bhd., a company incorporated in Malaysia
“Olympia Mining”	:	Olympia Mining Sdn. Bhd., a company incorporated in Malaysia
“Project Manager”	:	Laguna Star Ventures Limited
“PTG”	:	Pejabat Pengarah Tanah dan Galian
“Receiving Banker”	:	Oversea-Chinese Banking Corporation Limited
“SC”	:	Securities Commission of Malaysia

DEFINITIONS

“SDB Mining”	:	SDB Mining Sdn. Bhd., a company incorporated in Malaysia
“Segala Mewah”	:	Segala Mewah Minerals Sdn. Bhd., a company incorporated in Malaysia
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S. Private Limited
“Solicitors to the Placement”	:	Shook Lin & Bok LLP
“SSIPL”	:	Smith St Investment Pte. Ltd., a company incorporated in Singapore
“TWSS”	:	Teh Wan Sang & Sons Sdn. Berhad., a company incorporated in Malaysia
“Treasure Mining”	:	Treasure Mining Sdn. Bhd., a company incorporated in Malaysia
“WCSB”	:	Western Capital Sdn. Bhd., a company incorporated in Malaysia
“Webcon Australia”	:	Webcon Australia Pty. Ltd., a company incorporated in Australia
“Webcon Minerals”	:	Webcon Minerals Sdn. Bhd., a company incorporated in Malaysia
“Webcon Solomon”	:	Webcon Mining (Solomon) Limited, a company incorporated in the Solomon Islands
“Webcon Venture”	:	Webcon Venture Sdn. Bhd., a company incorporated in Malaysia
“WSB”	:	Webcon Sdn. Bhd., a company incorporated in Malaysia
“YFCH”	:	YF Chee Holdings Sdn. Bhd., a company incorporated in Malaysia. As at the Latest Practicable Date, YFCH is wholly-owned by our CEO, Chee Yew Fei

DEFINITIONS

General

- “1H” : Half year ended or ending, as the case may be, 31 August, unless otherwise stated
- “Application Forms” : The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
- “Application List” : The list of applications for the subscription of the Placement Shares
- “Appointment Letter” : The letter of appointment entered into between our Company and our COO, Ng Mun Fey, as described in the section entitled “Directors, Management and Employees – Service Agreement and Appointment Letter” of this Offer Document
- “associate” : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object;
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “associated company” : A company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group
- “Audit Committee” : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
- “Board” or “Board of Directors” : The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
- “Bauxite Moratorium” : The imposition of the moratorium on bauxite mining in the state of Pahang in Malaysia since January 2016

DEFINITIONS

“Bukit Besi Mine”	:	Our Group’s open pit mine comprising two (2) pieces of land at our Bukit Besi area known as Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu, Malaysia and Lot 60027, Mukim Besul, Daerah Dungun, Terengganu, Malaysia, and covering an aggregate area of approximately 526.2 ha
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“CEO”	:	Chief Executive Officer
“Companies Act”	:	Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
“Cornerstone Investors”	:	Mr. Loh Chen Yook, Mr. The Cheng Eng, Ms. The Kun Ann, Mr. Chang Chee Kheo, Arena Jujur Sdn. Bhd., First Grand Investment Pte. Ltd. and Teambuild Construction Pte. Ltd., collectively
“Cornerstone Shares”	:	The aggregate of 51,250,000 new Shares which the Cornerstone Investors have agreed to subscribe for at the Placement Price pursuant to the Cornerstone Subscription Agreements in connection with the Placement
“Cornerstone Subscription”	:	The subscription of the Cornerstone Shares at the Placement Price by the Cornerstone Investors in accordance with the terms of their respective Cornerstone Subscription Agreements in connection with the Placement
“Cornerstone Subscription Agreements”	:	The subscription agreements entered into between our Company and the Cornerstone Investors, pursuant to which the Cornerstone Investors agreed to subscribe for the Cornerstone Shares at the Placement Price
“Constitution”	:	The constitution of our Company, as amended, supplemented or modified from time to time
“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company, or may, where the context so requires, have the meaning ascribed to it in the Fourth Schedule to the SFR

DEFINITIONS

“COO”	:	Chief Operating Officer
“Current Iron Ore Resource”	:	Our current Inferred Mineral Resource and Indicated Mineral Resource in the East, Valley and West Deposits, as set out in the Qualified Person’s Report
“Director”	:	A director of our Company as at the date of this Offer Document
“Dividend Factors”	:	Shall have the meaning ascribed to it in the section entitled “Dividend Policy” of this Offer Document
“East Deposit”	:	A deposit area within Lot 60027, as illustrated in the section entitled “General Information on our Group – Our Mineral Resources” of this Offer Document
“East, Valley and West Deposits”	:	The East Deposit, Valley Deposit and West Deposit in the Bukit Besi Mine collectively, representing approximately 4.71% of the total land area of the Bukit Besi Mine of 526.2 ha
“EIA Report”	:	Environmental impact assessment report
“Entity at Risk”	:	(a) Our Company; (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and our Interested Person(s), has control over the associated company
“EPS”	:	Earnings per Share
“EQA”	:	Environmental Quality Act 1974 of Malaysia, as amended, supplemented or modified from time to time
“Executive Directors”	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
“FEA Notices”	:	Foreign Exchange Administration Notices
“FMA”	:	Factories and Machinery Act 1967 of Malaysia, as amended, supplemented or modified from time to time
“Fortress Employee Share Option Scheme” or “ESOS”	:	The share option scheme of our Company known as the “Fortress Employee Share Option Scheme” which was approved on 20 February 2019, the terms of which are set out in the section entitled “Appendix H – Rules of the Fortress Employee Share Option Scheme” of this Offer Document

DEFINITIONS

“FSA”	:	Financial Services Act 2013 of Malaysia, as amended, supplemented or modified from time to time
“FY”	:	Financial year ended or ending, as the case may be, 28 February or 29 February, as the case may be, unless otherwise stated
“IFSA”	:	Islamic Financial Services Act 2013 of Malaysia, as amended, supplemented or modified from time to time
“Independent Directors”	:	The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Independent Valuation Report”	:	The valuation report dated 6 December 2018 prepared by the Independent Valuer relating to the independent valuation of the fair market value of our East, Valley and West Deposits in relation to the Listing as set out in the section entitled “Appendix G – Independent Valuation Report” of this Offer Document
“Interested Person”	:	(a) a director, chief executive officer or Controlling Shareholder of our Company; or (b) an associate of any such director, chief executive officer or Controlling Shareholder
“Interested Person Transaction”	:	Means a transaction between an Entity at Risk and an Interested Person
“Iron Ore Mining Agreement”	:	The agreement dated 10 April 2016 entered into between LTAWNT, WSB and Fortress Mining
“JORC Code”	:	The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves promulgated by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
“Kelantan Mine”	:	The land measuring in area of approximately 1,050 ha in Mukim Pulai, Daerah Galas, Jajahan Gua Musang, Kelantan
“Kemaman Port”	:	Port at Kemaman Supply Base
“Key Executive”	:	The executive officer of our Company as at the date of this Offer Document, who is also a key executive as defined under the SFR, unless otherwise stated
“Latest Practicable Date” or “LPD”	:	15 February 2019, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST

DEFINITIONS

“LC”	:	Letter of credit
“Legal Opinion”	:	The legal opinion dated 19 March 2019 prepared by the Legal Adviser to our Company as to Malaysia Law set out in the section entitled “Appendix E – Legal Opinion from Azman Davidson & Co.” of this Offer Document
“Listing”	:	The listing of the Shares on Catalist
“Loan Novation”	:	The transfer of outstanding amount due by our Group to WSB which was transferred to YFCH
“Lot 60027”	:	Refers to Lot 60027, Mukim Besul, Daerah Dungun, Terengganu, Malaysia
“Lot 110548”	:	Refers to Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu, Malaysia
“LPS”	:	Loss per Share
“Malaysian Income Tax Act”	:	Income Tax Act 1967 of Malaysia, as amended, supplemented or modified from time to time
“Management Agreement”	:	The full sponsorship and management agreement entered into between our Company and PPCF pursuant to which PPCF agrees to sponsor and manage the Listing, details as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MDA”	:	Mineral Development Act 1994 of Malaysia, as amended, supplemented or modified from time to time
“Mining Leases”	:	Refers to ML4/2013 at Lot 110548, and ML7/2013 at Lot 60027 issued by the Terengganu State Authority
“NAV”	:	Net asset value
“Nominating Committee”	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
“Non-Executive Directors”	:	The non-executive Directors of our Company (including the Independent Directors) as at the date of this Offer Document, unless otherwise stated
“NPAT”	:	Net profit after tax
“NTA”	:	Net tangible assets

DEFINITIONS

“Offer Document”	:	This Offer Document dated 19 March 2019 issued by our Company in respect of the Placement
“Options”	:	The share options which may be granted pursuant to the Fortress Employee Share Option Scheme
“Option Shares”	:	The new Shares which may be allotted and issued upon the exercise of the Options
“OSHA”	:	Occupational Safety and Health Act 1994 of Malaysia, as amended, supplemented or modified from time to time
“PER”	:	Price earnings ratio
“Period Under Review”	:	The period which comprises FY2016, FY2017, FY2018 and 1H2019
“Placement”	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price subject to and on the terms and conditions as set out in this Offer Document
“Placement Agreement”	:	The placement agreement entered into between our Company and the Placement Agent pursuant to which the Placement Agent agrees to procure subscriptions for the Placement Shares at the Placement Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
“Placement Price”	:	S\$0.20 for each Placement Share
“Placement Shares”	:	The 75,000,000 new Shares (including 51,250,000 Cornerstone Shares) for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions set out in this Offer Document
“PPCF Shares”	:	The 4,000,000 new Shares allotted and issued to PPCF by our Company as part of PPCF’s management fees as the Sponsor and Issue Manager
“PRC”	:	The People’s Republic of China
“Pre-Restructuring FMSB Shareholders”	:	YFCH, GISB, SDB Mining, SSIPL and WCSB collectively, and “Pre-Restructuring FMSB Shareholder” shall be construed accordingly

DEFINITIONS

“Project Manager Shares”	:	The 2,250,000 new Shares allotted and issued to the Project Manager pursuant to our Company’s letter of appointment dated 8 August 2018 issued to the Project Manager
“Proposed Dividends”	:	Shall have the meaning ascribed to it in the section entitled “Dividend Policy” of this Offer Document
“Qualified Person’s Report”	:	The qualified person’s report dated 6 December 2018 prepared by SRK Consulting (Australasia) Pty Ltd relating to the East, Valley and West Deposits at our Bukit Besi Mine set out in the section entitled “Appendix F – Qualified Person’s Report” of this Offer Document
“Relevant Period”	:	The period comprising FY2016, FY2017, FY2018, 1H2019 and the period from 1 September 2018 to the Latest Practicable Date
“Remuneration Committee”	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
“Restructuring Exercise”	:	The corporate restructuring exercise implemented in connection with the Listing as set out in the section entitled “Restructuring Exercise” of this Offer Document
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act” or “SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
“Service Agreement”	:	The service agreement entered into between our Company and our CEO, Chee Yew Fei, as described in the section entitled “Directors, Management and Employees – Service Agreement and Appointment Letter” of this Offer Document
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“Shareholder(s)”	:	Registered holder(s) of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares

DEFINITIONS

“Shareholders’ Loans”	:	Means the aggregate sum of MYR64.0 million (equivalent to approximately S\$21.0 million ¹) comprising amounts of approximately MYR33.5 million, MYR6.6 million, MYR23.0 million, MYR0.5 million and MYR0.4 million (equivalent to approximately S\$11.0 million, S\$2.2 million, S\$7.7 million, S\$0.2 million and S\$0.1 million respectively) owing by Fortress Mining to YFCH, GISB, SDB Mining, SSIPL and WCSB respectively, and “Shareholder’s Loan” shall be construed accordingly
“Singapore”	:	The Republic of Singapore
“Substantial Shareholder(s)”	:	Persons who have an interest in one or more voting shares, and the total votes attaching to that share or those shares, represent not less than 5.0% of the total votes attaching to all the voting shares in our Company
“Terengganu”	:	A state in Malaysia
“Terengganu Mineral Enactment”	:	Mineral (Terengganu) Enactment 2002 of Malaysia, as amended, supplemented or modified from time to time
“USA”	:	United States of America
“VALMIN Code”	:	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 Edition, prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of the Australian Securities and Investment Commission, the Australian Stock Exchange Limited, the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Securities Association of Australia and representatives from the Australian finance sector
“Valley Deposit”	:	A deposit area within Lot 60027, as illustrated in the section entitled “General Information on our Group – Our Mineral Resources” of this Offer Document
“West Deposit”	:	A deposit area within Lot 60027, as illustrated in the section entitled “General Information on our Group – Our Mineral Resources” of this Offer Document

Currencies, Units and Others

“MYR” or “Ringgit”	:	Malaysian ringgit
“S\$” and “cents”	:	Singapore dollars and cents, respectively

¹ Based on the exchange rate of S\$1:MYR2.99, as set out in the FMSB SPA.

DEFINITIONS

“US\$” and “US cents”	:	USA dollars and cents, respectively
“DMT”	:	Dry Metric Tonnes
“g”	:	Grams
“ha”	:	Hectares
“kg”	:	Kilograms
“km”	:	Kilometres
“kt”	:	Kilo tonnes
“m”	:	Metres
“m ³ ”	:	Cubic metres
“mm”	:	Millimetres
“Mt”	:	Million tonnes
“sq ft”	:	Square feet
“sq km”	:	Square kilometres
“sq m”	:	Square metres
“t”	:	Tonnes
“WMT”	:	Wet Metric Tonnes
“%” or “per cent.”	:	Per centum or percentage

Any capitalised terms relating to the Fortress Employee Share Option Scheme which are not defined in this section of this Offer Document shall have the meanings ascribed to them as stated in the section entitled “Appendix H – Rules of the Fortress Employee Share Option Scheme” of this Offer Document.

The expression “subsidiary” shall have the meaning ascribed to it in the SFR and the Companies Act.

The expression “Entity” includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively in this Offer Document.

DEFINITIONS

Any discrepancies in tables included herein between the total sum of amounts listed and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Catalist Rules, Companies Act, SFA, SFR or any statutory modification thereof and used in this Offer Document, and the Application Forms shall, where applicable, have the meaning ascribed to it under the Catalist Rules, the Companies Act, the SFA, the SFR or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Forms is a reference to Singapore time unless otherwise stated.

Any reference in this Offer Document to the “Group”, “we”, “our”, “us” or their other grammatical variations is a reference to our Company, or Group, or any member of our Group, as the context requires.

Any information on our website or any other website directly or indirectly linked to such website does not form part of this Offer Document and should not be relied upon.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry. The terms and abbreviations and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage of these terms:

“ball mill”	:	a rotating cylindrical mill that uses heavy steel balls to grind ore into fine particle powder
“bauxite”	:	primary ore of aluminium
“CFR”	:	Cost and freight
“Conceptual Mine Life”	:	the conceptually determined mine life of the East, Valley and West Deposits, based on the assumption of 50% availability of our Current Iron Ore Resource at a steady-state production rate of 40,000 WMT per month
“crusher”	:	a machine for crushing solids to smaller grain sizes
“drilling”	:	a technique or process of making a circular hole in the ground with a drilling machine, which typically occurs to obtain a cylindrical core as a sample of ore. Alternatively, blasthole drilling is where the drilling technique is used to create a hole to house an explosive charge in preparation for blasting a zone of rock
“Fe”	:	chemical symbol for iron
“FeO”	:	chemical symbol for iron oxide
“gangue”	:	rocks and minerals of no economic value that occur with valuable minerals in ore
“grade”	:	the concentration, commonly expressed as percentage or grams per ton, of useful elements, minerals or their components in any ore or concentrate
“Indicated Mineral Resource” or “Indicated 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.

GLOSSARY OF TECHNICAL TERMS

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.

“Inferred Mineral Resource” or “Inferred 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.

“iron” : a silvery-white, lustrous, malleable, ductile, magnetic or magnetisable, metallic element occurring abundantly in combined forms, notably in hematite, limonite, magnetite, and taconite, and alloyed for use in a wide range of important structural materials

“iron ore concentrate” : concentrate whose main mineral content (by value) is iron

“iron ore” : compounds of iron and oxygen (iron oxides) mixed with impurities (gangue); it is a mineral which when heated in the presence of a reductant will yield metallic iron

“JORC” : the Australasian Joint Ore Reserves Committee

“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.

GLOSSARY OF TECHNICAL TERMS

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.

“middling”	:	materials produced after ore processing, which comprises a mixture of waste and medium grade iron ore
“mine life”	:	the number of years that a mine is expected to continue operations based on the current mine plan
“Mineral Resource”	:	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
“mining rights”	:	the rights to mine mineral resources and obtain mineral products
“Modifying Factors”	:	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
“open pit”	:	surface mining where the ore is extracted from a pit open to the surface
“ore”	:	mineral-bearing rock that contains one or more minerals
“ore processing” or “processing”	:	the process which in general refers to the extraction of usable portions of ores by using physical and/or chemical methods

GLOSSARY OF TECHNICAL TERMS

“Ore Reserve”	:	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.
“overburden”	:	earth and/or weathering rock covering a mineral deposit
“Probable Ore Reserve”	:	<p>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.</p> <p>Consideration of the confidence level of the Modifying Factors is important in conversion of Mineral Resources to Ore Reserves.</p> <p>A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.</p>
“Proved Ore Reserve”	:	<p>Economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.</p> <p>A Proved Ore Reserve represents the highest confidence category of reserve estimate and implies a high degree of confidence in geological and grade continuity, and the consideration of the Modifying Factors. The style of mineralisation or other factors could mean that Proved Ore Reserves are not achievable in some deposits.</p>
“RC”	:	reverse circulation
“RC drilling”	:	reverse circulation drilling, a drilling method by which rock chip samples are collected from the drill hole
“recovery rate”	:	the percentage of valuable mineral resource recovered from mining or processing activities, a measure of mining or processing efficiency
“sinter”	:	to bring about agglomeration in ore by heating

GLOSSARY OF TECHNICAL TERMS

“slurry”	:	a semi-liquid mixture, typically of fine particles of rock, minerals and water
“stevedore”	:	a company employed at a dock to load and unload ships
“strike length”	:	the length and direction of a vein or rock formation measured on a horizontal surface
“stripping ratio”	:	the ratio of the amount of rock removed to the amount of ore recovered
“tailings”	:	waste materials that are produced after ore processing
“TFe”	:	total iron content by mass
“vein”	:	a distinct sheetlike body of crystallised minerals within a rock
“XRF”	:	X-ray refraction

There is no industry standard definition for “high grade” iron ore concentrate. Generally, the IO Fines 65% FE CFR China under the S&P Global Platts is considered as a high grade index for iron ore.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Key Executive or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “anticipates”, “believes”, “plans”, “intends”, “estimates”, “seeks”, “projects”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) projections of capital expenditures in general and other financial items;
- (c) any expected growth;
- (d) other expected industry trends;
- (e) anticipated expansion plans; and
- (f) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, in no particular order of priority and amongst others, the following:

- (a) changes in political, social and economic conditions and the regulatory environment in which we conduct business or expect to conduct business;
- (b) war or acts of international or domestic terrorism;
- (c) occurrences of natural disasters, catastrophic events, outbreaks of communicable diseases and acts of God that affect our business or properties;
- (d) changes in government regulations and their interpretation, including mining laws, tax laws, property laws and foreign investment laws in the jurisdictions where we conduct business or expect to conduct our business;
- (e) our anticipated growth strategies and expected internal growth;
- (f) changes in customers’ demand or preferences;

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

- (g) changes in the availability and prices of utilities and supplies which we require for the operation of our business;
- (h) changes in competitive conditions and our ability to compete under such conditions;
- (i) changes in our senior management team or loss of key employees;
- (j) changes in labour relations;
- (k) changes in the costs associated with environmental, health and safety and security measures;
- (l) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (m) changes in currency exchange or interest rates;
- (n) any other matters not yet known to us;
- (o) other factors beyond our control; and
- (p) the factors described in the section entitled “Risk Factors” of this Offer Document.

The list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on our Group – Industry Prospects” and “General Information on our Group – Trend Information” of this Offer Document. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

The sections entitled “General Information on our Group – Industry Prospects” and “General Information on our Group – Trend Information” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analyses, forecasts, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete. These forward-looking statements are applicable only as at the date of this Offer Document.

None of us, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf has conducted an independent review or verified the accuracy or veracity of such data, information, financial analyses, forecasts, figures, statements, assumptions and projections (the “**Third Party Data**”). Where any of the Third Party Data or any information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf has been to ensure that such Third Party Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context. No representation is made by

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

us, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf in respect of any of the Third Party Data and none of us, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf takes any responsibility for any of the Third Party Data.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, investors are cautioned not to place undue reliance on these statements. None of us, the Sponsor, Issue Manager and Placement Agent, or any other person(s) acting on our or their behalf, represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We and the Sponsor, Issue Manager and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. Please refer to the section entitled "Details of the Placement" of this Offer Document for further details.

SELLING RESTRICTIONS

SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for our Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations, or of the legal or regulatory requirements, of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of our Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of our Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us and the Sponsor, Issue Manager and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us and the Sponsor, Issue Manager and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

MALAYSIA

This Offer Document has not been reviewed and approved by the SC and will not be registered as a prospectus with the SC but a copy of this Offer Document will be deposited with the SC in accordance with Section 229(4) of the Capital Markets and Services Act 2007 of Malaysia (“**CMSA**”).

Accordingly, this Offer Document or any amendment or supplement to it may not be distributed in Malaysia directly or indirectly for the purpose of making available, offering or subscription, or issuing an invitation to subscribe for, the Placement Shares in Malaysia except to a Qualified Person (as defined below).

Any investment to which this Offer Document relates in Malaysia is available only through a holder of Capital Markets Services License granted pursuant to the CMSA who carries on the business of dealing in securities to the following persons (“**Qualified Person**”):

- (a) a closed end fund approved by the SC;
- (b) a holder of a Capital Markets Services Licence under the CMSA;
- (c) a person who, if he or she acquire(s) the Placement Shares, does so only pursuant to a private placement, and as principal on terms that the Placement Shares are acquired at a consideration of no less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;
- (d) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds MYR3,000,000 or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;
- (e) an individual who has a gross annual income exceeding MYR300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;

SELLING RESTRICTIONS

- (f) an individual who, jointly with his or her spouse, has a gross annual income of exceeding MYR400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (g) a corporation with total net assets exceeding MYR10,000,000 or its equivalent in foreign currencies based on the last audited accounts;
- (h) a partnership with total net assets exceeding MYR10,000,000 or its equivalent in foreign currencies;
- (i) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 (Act 704);
- (j) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 (Act 705); and
- (k) any other person as may be specified by the SC.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Catalist Rules or any other legal or regulatory requirements, have been complied with. Neither the Authority nor the SGX-ST has, in any way, considered the merits of our existing issued Shares, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

The Sponsor, Issue Manager and Placement Agent has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares on Catalist. Such permission will be granted when we have been admitted to Official List of Catalist. Our acceptance of applications will be conditional upon, amongst others, permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares on Catalist. If the completion of the Placement does not occur because the said permission is not granted or for any reason, or if the admission, listing and trading of all our Shares that are already issued, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares do not proceed for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against us and the Sponsor, Issue Manager and Placement Agent. No Shares will be allotted and issued and/or reallocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares, the Placement Shares (including the Cornerstone Shares) the Project Manager Shares, the PPCF Shares and the Option Shares.

DETAILS OF THE PLACEMENT

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, our Company shall:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager and Placement Agent; or

DETAILS OF THE PLACEMENT

- (b) where the Placement Shares have been issued to the applicants, our Company shall:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Placement Shares which they do not wish to return title in, and
 - (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Placement Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the Placement Shares as void, in which case the issue shall be deemed void and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager and Placement Agent.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, as the case may be, notify our Company of this, whereupon our Company shall, within seven (7) days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company and the Sponsor, Issue Manager and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, as the case may be, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to our Company, whereupon our Company shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be deemed to be void, and he will not have any claim against our Company and the Sponsor, Issue Manager and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted, issued or sold. Such circumstances will include a situation where this Offer Document (i) contains any statement which, in the Authority's opinion, is false or misleading, (ii) omits any information that is required to be included in it under Section 243 of the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) if the Authority is of the opinion that it is in the public interest to do so.

DETAILS OF THE PLACEMENT

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claims against our Company and the Sponsor, Issue Manager and Placement Agent.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in the Offer Document misleading. Where information in the Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Offer Document in its proper form and context.

Neither our Company, the Sponsor, Issue Manager and Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by our Company and/or the Sponsor, Issue Manager and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and/or the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or Authority. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

DETAILS OF THE PLACEMENT

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any other persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income At Raffles
Singapore 049318

A copy of this Offer Document is also available on the SGX-ST's website at <http://www.sgx.com>.

The Placement will be open from 19 March 2019 (immediately upon the registration (the "Registration") of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority) until 12.00 noon on 25 March 2019.

The Application List will open immediately upon the Registration and will remain open until 12.00 noon on 25 March 2019 or for such further period or periods as our Directors may, in consultation with the Sponsor, Issue Manager and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application of the Placement Shares are set out in the section entitled "Appendix I – Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Placement and the trading of our Shares is set out below:

Indicative date/time	Event
19 March 2019 (immediately upon the Registration)	Commencement of the Placement
25 March 2019, 12.00 noon	Close of Application List
27 March 2019, 9.00 a.m.	Commence trading on a “ready” basis
1 April 2019	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List will be on 25 March 2019, the date of admission of our Shares to Catalist will be on 27 March 2019, the shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid prior to 27 March 2019. **The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.** All dates and times referred to above are Singapore dates and times.

Please note that the above timetable is indicative only and is subject to change (whether in relation to the Placement Shares or any mode of application thereof) at the discretion of our Company, with the agreement of the Sponsor, Issue Manager and Placement Agent. We may, at our discretion, in consultation with the Sponsor, Issue Manager and Placement Agent and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the Placement period, provided that the Offer may not be less than two (2) Market Days.

The above timetable and procedures may also be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST’s website (<http://www.sgx.com>); and
- (b) in a local newspaper(s) in Singapore.

We will publicly announce the level of subscription and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as practicable, after the closure of the Application List through the channels described in (a) and (b) above.

INDICATIVE TIMETABLE FOR LISTING

We reserve the right to reject or accept, in whole or in part, or to scale down any application for the Placement Shares, without assigning any reason, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The manner and method of applications and acceptances under the Placement will be determined by us and the Sponsor, Issue Manager and Placement Agent.

You should consult the SGX-ST's announcement on the "ready" trading date released on the internet (at the SGX-ST's website at <http://www.sgx.com>) or the local newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

PLAN OF DISTRIBUTION

THE PLACEMENT

The Placement is for 75,000,000 Placement Shares (including the Cornerstone Shares) at the Placement Price.

Prior to the Placement, there had been no public market for our Shares. The Placement Price was determined by us in consultation with the Sponsor, Issue Manager and Placement Agent, through a book-building process and taking into account, *inter alia*, prevailing market conditions and the estimated market demand for the Placement Shares. The Placement Price is the same for all Placement Shares and is payable in full on application.

Investors may apply to subscribe for the Placement Shares in multiples of 1,000 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Placement Shares to be allotted and/or allocated to any single applicant and allot and/or allocate the Placement Shares above or under such prescribed limit as we shall deem fit.

Pursuant to the Management Agreement entered into between us and PPCF as set out in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, we have appointed PPCF and PPCF has agreed to manage and to act as full Sponsor for the Listing. The Sponsor and Issue Manager will receive a management fee for its services rendered in connection with the Placement.

PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors. Applications for the Placement Shares may be made by way of the Application Forms or such manner as the Sponsor, Issue Manager and Placement Agent deems fit. The terms, conditions and procedures for application and acceptance are set out in the section entitled “Appendix I – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement entered into between us and PPCF as set out in the section entitled “General Statutory Information – Management and Placement Agreements” of this Offer Document, we have appointed PPCF as the Placement Agent and PPCF has agreed to procure subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for each Placement Share, payable by our Company. Subject to any applicable laws and regulations, our Company agrees that PPCF may, at its absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Placement Price (and the prevailing goods and services tax thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

SUBSCRIPTION FOR PLACEMENT SHARES

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for Placement Shares pursuant to the Placement. In the event that any Placement Shares are subscribed for by our Directors, Substantial Shareholders and/or their respective associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Catalist Rules.

PLAN OF DISTRIBUTION

To the best of our knowledge and belief, as of the date of this Offer Document, we are not aware of any of our Independent Directors, the members of our Company's management or employees who intends to subscribe for more than 5.0% of the Placement Shares.

To the best of our knowledge and belief and save for the Cornerstone Investors, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and allocation of the Placement Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

CORNERSTONE SHARES

In connection with the Placement, the Cornerstone Investors have each entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 51,250,000 Cornerstone Shares at the Placement Price, which is conditional upon, among others, (i) the Management Agreement and Placement Agreement having been entered into and not having been terminated pursuant to its terms and; (ii) the registration of the Offer Document with SGX-ST, acting as agent on behalf of the Authority.

The Cornerstone Shares will, in aggregate, constitute 10.25% of our share capital immediately after the Listing.

INTERESTS OF THE SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT

Save as disclosed in this Offer Document, including in the section entitled "General and Statutory Information – Management and Placement Arrangements" of this Offer Document, in the reasonable opinion of our Directors, our Company does not have any material relationship with the Sponsor, Issue Manager and Placement Agent, except as described below:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist; and
- (c) pursuant to the Management Agreement and as part of PPCF's fee as the Sponsor and Issue Manager, our Company issued and allotted 4,000,000 PPCF Shares at the Placement Price to PPCF, representing 0.8% of the issued and paid-up share capital of our Company immediately after the Placement. After the expiry of the moratorium period as set out in the section entitled "Shareholding and Ownership Structure – Moratorium" of this Offer Document, PPCF will be disposing its shareholding interest in our Company at its discretion.

OFFER DOCUMENT SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, particularly the matters set out in the section entitled “Risk Factors” of this Offer Document before deciding to invest in our Shares.

OUR COMPANY

Our Company was incorporated in Singapore on 13 November 2017 under the Companies Act as a private company limited by shares under the name of “Fortress Minerals Pte. Ltd.”. Our Company’s registration number is 201732608K. In preparation for our listing, we undertook the Restructuring Exercise whereby our Company became the holding company for all of our Subsidiaries. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.

Our Company was converted into a public company and renamed “Fortress Minerals Limited” on 20 February 2019.

OUR BUSINESS

Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. We presently produce iron ore concentrate with TFe grade of 65.0% and above from iron ore mined from the East, Valley and West Deposits of our Bukit Besi Mine, and we currently sell our iron ore concentrate primarily to steel mills and trading companies in the PRC and Malaysia. Our mining right for our Bukit Besi Mine covers a total area of approximately 526.2 ha, and will expire in early 2033.

Our business operations are principally located in Kuala Lumpur, Malaysia, but our Bukit Besi Mine is situated in Bukit Besi, Terengganu, Malaysia.

Our Bukit Besi Mine is an open pit mine comprising two (2) pieces of land known as Lot 110548 and Lot 60027, and enjoys access to good public utilities and infrastructure. Our Bukit Besi Mine is located approximately 86km away from the Kemaman Port, and is served by the Sultan Haji Ahmad Shah Airport in Kuantan and the Sultan Mahmud Airport in Kuala Terengganu, both of which are approximately within 1.5 hours’ drive away from our Bukit Besi Mine. We operate the mine through our subsidiary, Fortress Mining.

Currently, we produce magnetite iron ore concentrate with TFe grade of 65.0% and above derived from ores mined from the East, Valley and West Deposits in our Bukit Besi Mine. Our iron ore concentrate has various commercially attractive characteristics, including high iron content of at least 65.0% and low levels of impurities. In general, our iron ore concentrate is preferred by trading companies and steel mills, which may use them for, amongst others, the production of iron ore pellets and iron ore sinter, thus commanding relatively higher market price. In addition, the East, Valley and West Deposits also produce hematite iron ore fines and lumps with TFe grades between 55.0% to 60.0% which are also sold to trading companies and steel mills in the PRC and Malaysia.

A detailed discussion of our business and the products and services we provide is set out in the section entitled “General Information on our Group – Business Overview” of this Offer Document.

OFFER DOCUMENT SUMMARY

SUMMARY OF OUR FINANCIAL INFORMATION

The following summary of financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document and the “Independent Auditors’ Report and Audited Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018” as set out in Appendix A of this Offer Document, the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Period From 1 March 2018 to 31 August 2018” as set out in Appendix B of this Offer Document, and the “Independent Auditors’ Assurance Report and Unaudited Pro Forma Combined Financial Information of Fortress Minerals Limited and its Subsidiaries for the Financial Year Ended 28 February 2018 and for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix C of this Offer Document.

Selected combined statements of comprehensive income of our Group

US\$'000	← Audited →			← Unaudited →			
	FY2016	FY2017	FY2018	1H2018	1H2019	FY2018 (Pro forma)	1H2019 (Pro forma)
<u>Continuing operations</u>							
Revenue	–	–	–	–	6,572	–	6,572
(Loss)/Profit before tax from continuing operations	(273)	(248)	(357)	(546)	2,742	(357)	2,742
(Loss)/Profit from continuing operations, net of tax	(273)	(248)	(411)	(546)	2,007	(411)	2,007
Profit from discontinued operations, net of tax	2,097	323	–	–	–	–	–
Profit/(loss) for the year/period attributable to owners of the Company	1,824	75	(411)	(546)	2,007	(411)	2,007
Total comprehensive income for the financial year/period attributable to owners of the Company	1,823	(34)	(189)	(484)	1,843	357	1,505
Pre-Placement EPS/(LPS) (US cents) ⁽¹⁾	0.43	0.02	(0.10)	(0.13)	0.47	(0.10)	0.47
Post-Placement EPS/(LPS) (US cents) ⁽²⁾⁽³⁾	0.36	0.02	(0.08)	(0.11)	0.40	(0.08)	0.40

Notes:

- (1) For comparative purposes, the pre-Placement EPS/(LPS) for the Period Under Review have been computed based on the (loss)/profit for the financial year/period attributable to owners of the Company and our Company’s pre-Placement share capital of 425,000,000 Shares.
- (2) Had the Service Agreement and Appointment Letter (as set out in the section entitled “Directors, Management and Employees – Service Agreement and Appointment Letter” of this Offer Document) been in effect since 1 March 2017, the audited loss for the year attributable to owners of the Company and adjusted LPS based on our Company’s post-Placement share capital of 500,000,000 Shares for FY2018 would have been approximately US\$0.7 million and 0.14 US cents respectively.
- (3) For comparative purposes, the post-Placement EPS/(LPS) for the Period Under Review have been computed based on the (loss)/profit for the financial year/period attributable to owners of the Company and our Company’s post-Placement share capital of 500,000,000 Shares.

OFFER DOCUMENT SUMMARY

Selected combined statements of financial position of our Group

US\$'000	← Audited →			Unaudited	Unaudited Pro Forma
	As at 29 February 2016	As at 28 February 2017	As at 28 February 2018	As at 31 August 2018	As at 31 August 2018
Non-current assets	396	2,459	14,310	15,731	15,731
Current assets	4,473	1,395	2,818	5,070	5,070
Total assets	4,869	3,854	17,128	20,801	20,801
Non-current liabilities	–	1,378	72	16,046	8,715
Current liabilities	3,487	744	15,513	1,368	1,368
Total liabilities	3,487	2,122	15,585	17,414	10,083
Total equity	1,382	1,732	1,543	3,387	10,718
Total liabilities and equity	4,869	3,854	17,128	20,801	20,801
NAV per Share (US cents) ⁽¹⁾	0.33	0.41	0.36	0.80	2.52

Note:

(1) NAV per Share is computed based on the net asset value of our Group and our Company's pre-Placement share capital of 425,000,000 Shares.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:

- (a) we believe that we produce high grade iron ore concentrate with high Fe content of at least 65.0% TFe and low levels of impurities (such as arsenic, phosphorous and sulphur) at relatively low costs, and which command premium prices against lower grades;
- (b) we believe that we enjoy favourable geological conditions at our Bukit Besi Mine, which could translate to cost efficiency in our operations;
- (c) there is considerable exploration upside potential within our Bukit Besi Mine;
- (d) our Bukit Besi Mine is within close proximity to two (2) steel mills in the state of Terengganu and Pahang, Malaysia;
- (e) our iron ore processing facility is located within our Bukit Besi Mine concession area, complete with an office, workshop, laboratory, coverage storage, employees living quarters amongst others, and our access to all public infrastructure and urban facilities contribute to our operating efficiency;
- (f) we enjoy costs savings from lower processing and ocean freight costs;

OFFER DOCUMENT SUMMARY

- (g) we have experience in dealing with, and have developed a cordial working relationship with the local regulatory authorities and LTAWNT, a state-owned enterprise and the holder of the Mining Leases; and
- (h) our senior management comprises a group of highly experienced personnel with experience in the resource prospecting, exploration, mining and processing field.

A detailed discussion of our competitive strengths is set out in the section entitled “General Information on our Group – Competitive Strengths” of this Offer Document.

INDUSTRY PROSPECTS

Details of the prospects and trends relevant to our business are set out in the section entitled “General Information on our Group – Industry Prospects” of this Offer Document.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:

- (a) further development of our Bukit Besi Mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities; and
- (b) acquisition, joint venture and/or development of new mines.

A detailed discussion of our prospects, business strategies and future plans is set out in the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document.

OUR CONTACT DETAILS

Our Company’s registered office is located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 and our principal place of business is located at 9-1 Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Malaysia. Our Company’s telephone number is +60 (3) 56301993, our facsimile number is +60 (3) 56301995, and our email address is corporate@fortress.sg. Our Company’s website is www.fortress.sg. Information contained in our website does not constitute part of this Offer Document.

THE PLACEMENT

Placement Price : S\$0.20 for each Placement Share, payable in full on application.

Placement Size : 75,000,000 Placement Shares (including 51,250,000 Cornerstone Shares).

The Placement Shares, upon allotment and issue, will rank *pari passu* in all respects with our existing issued Shares.

The Placement : The Placement comprises a placement by the Placement Agent on behalf of our Company to investors in Singapore and elsewhere to subscribe for 75,000,000 Placement Shares (including 51,250,000 Cornerstone Shares) at the Placement Price, upon the terms and subject to the conditions of this Offer Document.

Purpose of the Placement : The primary purpose of the Placement is to raise additional funding for the further development of our Bukit Besi Mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities, acquisition, joint venture and/or development of new mines, and general working capital purposes.

The Placement will also provide the members of the public, our management, employees and business associates who have contributed to the success of our Group with an opportunity to participate in the equity of our Company. In addition, our Directors believe that the listing and quotation of our Shares on Catalist will enhance our public image locally and overseas and enable our Company to tap the capital markets to fund the expansion of our business.

Cornerstone Shares : In connection with the Placement, the Cornerstone Investors have each entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 51,250,000 Cornerstone Shares at the Placement Price, which is conditional upon, among others, (i) the Management Agreement and Placement Agreement having been entered into and not having been terminated pursuant to its terms; and (ii) the registration of the Offer Document with the SGX-ST, acting as agent on behalf on the Authority.

Based on the Placement Price, the gross proceeds from the issuance of the Cornerstone Shares will be S\$10.25 million.

THE PLACEMENT

- Listing Status : Prior to the Placement, there had been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to, amongst others, admission of our Company to Catalist and permission for dealing in, and for the listing and quotation of, our existing issued Shares, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares being granted by the SGX-ST, and the Authority not issuing a Stop Order.
- Risk Factors : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

EXCHANGE RATES

The following table sets out, for each of the financial years or period indicated, the average and closing exchange rates for S\$/US\$, MYR/S\$ and MYR/US\$ respectively. Where applicable, the exchange rates in the below tables used for the translation of our Group's financial statements are disclosed elsewhere in this Offer Document.

	S\$/US\$⁽¹⁾	
	Average	Closing
FY2016	1.3864	1.4066
FY2017	1.3813	1.4032
FY2018	1.3643	1.3248
1H2019	1.3422	1.3721

Source: Bloomberg

	MYR/S\$⁽¹⁾	
	Average	Closing
FY2016	3.0889	2.9606
FY2017	3.0212	3.1663
FY2018	2.8929	2.9919
1H2019	2.9685	2.9685

Source: Bloomberg

	MYR/US\$⁽¹⁾	
	Average	Closing
FY2016	4.0153	4.2030
FY2017	4.1691	4.4405
FY2018	4.2185	3.9170
1H2019	3.9830	4.1090

Source: Bloomberg

Note:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg and should not be construed as representations that the US\$ or MYR amounts (as the case may be) actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all. Bloomberg has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors and the Sponsor, Issue Manager and Placement Agent have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

EXCHANGE RATES

The table below sets forth the highest and lowest exchange rates between S\$/US\$, MYR/S\$ and MYR/US\$, respectively, for each of the past six (6) months prior to the Latest Practicable Date, and how much S\$ or MYR (as the case may be) can be bought with one US\$ or S\$ (as the case may be).

Month	S\$/US\$⁽¹⁾	
	High	Low
August 2018	1.3802	1.3618
September 2018	1.3789	1.3640
October 2018	1.3857	1.3717
November 2018	1.3842	1.3704
December 2018	1.3764	1.3629
January 2019	1.3665	1.3456

Source: Bloomberg

Month	MYR/S\$⁽¹⁾	
	High	Low
August 2018	3.0074	2.9734
September 2018	3.0336	3.0051
October 2018	3.0235	2.9980
November 2018	3.0562	3.0284
December 2018	3.0530	3.0358
January 2019	3.0452	3.0258

Source: Bloomberg

Month	MYR/US\$⁽¹⁾	
	High	Low
August 2018	4.1090	4.0665
September 2018	4.1477	4.1285
October 2018	4.1842	4.1380
November 2018	4.2010	4.1588
December 2018	4.1862	4.1335
January 2019	4.1453	4.095

Source: Bloomberg

EXCHANGE RATES

As at the Latest Practicable Date, the exchange rate (i) between S\$/US\$ was S\$1.3566 to US\$1.00; (ii) between MYR/S\$ was MYR3.0111 to S\$1.00; and (iii) between MYR/US\$ was MYR4.0860 to US\$1.00.

Note:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg and should not be construed as representations that the US\$ or MYR amounts (as the case may be) actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all. Bloomberg has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors and the Sponsor, Issue Manager and Placement Agent have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

RISK FACTORS

*An investment in our Shares involves risks. You should carefully consider and evaluate each of the following considerations and all of the other information set forth in this Offer Document before deciding to invest in our Shares. The following describes some of the significant risks known to us now that could directly or indirectly affect us and any investments in, or the value or trading price of, our Shares. The following does not state risks unknown to us now but which could occur in future and risks which we currently believe to be immaterial, which could turn out to be material. Should such risks occur or turn out to be material, they could materially and adversely affect our business operations, results of operations, financial condition, cash flow, profitability and performance, prospects or results (collectively referred to as “**Business**” in this section).*

Some of the following risk factors and considerations relate principally to the industry in which we operate and our business in general. Other risk factors and considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares. Headings are for ease of reference only and do not affect the interpretation or extent of considerations set forth in this Offer Document.

If any of the following considerations, risks and uncertainties develops into actual events, our Business and any investment in our Shares could be, directly or indirectly, materially and adversely affected. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In such event, the trading price of our Shares could decline due to any of these considerations, and you may lose all or part of your investment. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgment have been set out below. You should consider the information below in connection with the forward-looking statements in this Offer Document and you should also note the warning regarding forward-looking statements under the section entitled “Cautionary Note on Forward-Looking Statements” of this Offer Document.

Before deciding to invest in our Shares, you may wish to seek professional advice from your advisers regarding your particular circumstances.

RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY

We have a limited operating history and track record of carrying out our business activities

Our Group has a limited history upon which investors can evaluate future expected performance as our Group had only commenced mining of bauxite in January 2015 to January 2016. Prior to the commencement of our iron ore mining operations at our Bukit Besi Mine in 2017, we derived our revenue from the sale of bauxite from which we recorded revenue of approximately US\$18.4 million and approximately US\$2.1 million in FY2016 and FY2017² respectively. Subsequently, our Group ceased our bauxite mining business following the imposition of the Bauxite Moratorium to focus on the mining of iron ore at our Bukit Besi Mine. As such, our past financial performance relating to our discontinued operations of bauxite mining bears no relation to, and provides no indication as to, our ability of carrying out the business of exploration, mining, production and sale of iron ore concentrate and our Group’s future financial performance.

We did not derive any revenue from the sale of high grade iron ore in FY2016 and FY2017. However for 1H2019, we recorded revenue of approximately US\$6.6 million for the sale of iron ore concentrate since we commenced production in April 2018.

² Our Group had ceased operations on bauxite mining following the imposition of the Bauxite Moratorium in January 2016. However, certain revenue was recorded only in the beginning of FY2017.

RISK FACTORS

Our Group has a short operating history of iron ore mining and the failure of our Group to carry out our iron ore mining activities and ability to generate revenue and profits could have an adverse impact on the development of and future production from our Group's mining areas, which in turn could have an adverse effect on the financial condition and results of operations of our Group.

The financial condition and performance of our Group is dependent on the level and availability of Mineral Resource in our Bukit Besi Mine

As at the Latest Practicable Date, our Group only operates at our Bukit Besi Mine and it is envisaged that the mining and sale of iron ore mined from our Bukit Besi Mine will be our Group's only source of revenue. Assuming 50% availability of our Current Iron Ore Resource and at a steady-state production rate of 40,000 WMT per month, the East, Valley and West Deposits at our Bukit Besi Mine will have a conceptual Mine Life of three (3) years (where eight (8) months of the planned material to support production is derived from material classified as Indicated Mineral Resource).

Our Group's Current Iron Ore Resource will gradually be depleted as mining operations progress. As such, the future success of our Group's business will depend on its ability to find additional Mineral Resource within our Bukit Besi Mine, or develop or acquire additional iron ore mines under which there are sufficient and viable Mineral Resource for exploitation.

There is no assurance that the further exploitation of our Bukit Besi Mine and/or the acquisition of iron ore mine(s) will be successful, as they are dependent on various factors such as the availability of financing for further exploration or acquisition, the availability of suitable acquisition or investment targets as well as the level of competition for such acquisitions and investments. In addition, there is no assurance that our Group will be able to successfully integrate and operate its acquisitions and investments due to various reasons such as lack of availability of expertise and financial resources.

In the event that our Group's Current Iron Ore Resource is depleted and it is not able to further explore our Bukit Besi Mine for additional Mineral Resource or acquire additional iron ore mine(s) under which there are sufficient and viable Mineral Resource for exploitation, our business, financial results, financial position and prospects will be adversely affected.

Furthermore, there is no assurance that future acquisitions of iron ore mine(s) will allow our Group to maintain the required level of Mineral Resource or quality in order for its operations to be economically feasible.

We may not be able to discover new Mineral Resource to maintain a commercially viable mining operation

As indicated in the Qualified Person's Report, our Current Iron Ore Resource comprised Inferred Mineral Resource amounting to 5.04Mt and Indicated Mineral Resource amounting to 0.37Mt. Assuming 50% availability of this Current Iron Ore Resource and at a steady-state production rate of 40,000 WMT per month, the East, Valley and West Deposits at our Bukit Besi Mine will have a Conceptual Mine Life of three (3) years (where eight (8) months of the planned material to support production is derived from material classified as Indicated Mineral Resource). The Independent Qualified Person, SRK, has confirmed that the conceptual mine life in the Qualified Person's Report was derived based on (i) the assumption of 50% availability of this Current Iron Ore Resource which is reported in accordance with the JORC Code; and (ii) a steady state actual production rate of 40,000 WMT per month which our Group has been operating at since April 2018. SRK is of the view that the assumption of the 50% of Current Iron Ore Resource to derive the

RISK FACTORS

3-year mine life is appropriate given the operating environment in the Bukit Besi Mine. Please refer to the section entitled “Appendix F – Qualified Person’s Report” of this Offer Document for further details on the Qualified Person’s Report.

While our exploration activities are on-going, there is no assurance that these exploration activities will result in the discovery of new Mineral Resource. In addition, even if a Mineral Resource is discovered, it may require substantial capital expenditure and time from the initial phases of exploration until production commences during which the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ from those anticipated at the time of the discovery. In order to maintain iron ore production beyond the Conceptual Mine Life of our Current Iron Ore Resource, other than through acquisitions, additional Mineral Resource must be identified either to extend the life of our existing East, Valley and West Deposits or from unexplored areas within our Bukit Besi Mine. In the event that our on-going exploration activities fail to discover new Mineral Resource, there will be adverse impacts on the future operations, financial results, financial position and growth of our Group.

We have yet to establish a strong sales track record

Since the commissioning of our processing plant in April 2018, we have been actively marketing our iron ore and have been seeking to establish our sales channels and networks. As a new player in the market, we may not be able to secure a stable or regular source of sales or revenue through entry into and fulfilment of off-take agreements and/or unable to establish our sales channels and networks. Although we have entered into a term sheet with one of our overseas customers for the sale of our iron ore concentrate till July 2019, as well as a sale and purchase agreements in December 2018, January 2019 and February 2019 for the sale of our iron ore concentrate to a steel mill based in Malaysia, there is no assurance that we will be able to secure similar contracts or arrangements moving forward. Accordingly, our revenue and cash flow may be adversely affected which in turn will have an adverse effect on the financial results, financial position, prospects and future growth of our Group.

Our mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with regulatory requirements

Our mining operations at our Bukit Besi Mine have a finite life and will eventually be closed. Our Group will be required to incur the key costs and risks for mine closures as follows:

- (a) restoration and removal of equipment;
- (b) rehabilitation of the mine site in compliance with applicable laws and regulations; and
- (c) orderly retrenchment of employees.

We will be required to comply with all applicable governmental laws and regulations and the terms and conditions of our Iron Ore Mining Agreement in relation to the closure to the Bukit Besi Mine. Accordingly, any failure to comply with the relevant laws, regulations and conditions may incur penalties which may materially and adversely affect our business, financial results and our financial position.

Our Group has not made provisions on a continuing basis for the costs required for the eventual closure of mine operations as (i) Fortress Mining has been making annual cash payments to PTG in relation to the rehabilitation costs for the eventual closure of the mining operations pursuant to

RISK FACTORS

the Mining Leases and Iron Ore Mining Agreement; and (ii) Fortress Mining has also been performing ongoing environmental upkeeping work on the mine site to restore the natural habitat of the mined land such as planting trees and replenishing plantation.

Please refer to the section entitled “General Information on our Group – The Iron Ore Mining Agreement” of this Offer Document for further details on the salient terms of the Iron Ore Mining Agreement.

Our rights to mine, extract, process and sell iron ore from our Bukit Besi Mine for commercial sale is derived from the Iron Ore Mining Agreement

Pursuant to the Iron Ore Mining Agreement, our Group was granted rights by LTAWNT (the holder of the Mining Leases) to mine, extract, process and sell iron ore at our Bukit Besi Mine for commercial sales, from the date of the Iron Ore Mining Agreement and up to the expiration of the Mining Leases (i.e. 19 January 2033 for ML4/2013 at Lot 110548 and 17 March 2033 for ML7/2013 at Lot 60027). The Iron Ore Mining Agreement further provides that LTAWNT has the right to terminate the Iron Ore Mining Agreement if, amongst others, our Group breaches or fails to comply with the terms of the Iron Ore Mining Agreement and such breach or failure had not been remedied within 30 days from the date of receipt of notice from LTAWNT. Accordingly, our rights to mine, extract, process and sell iron ore from our Bukit Besi Mine for commercial sales is subject to the Iron Ore Mining Agreement remaining in full force and effect.

In the event of the Iron Ore Mining Agreement being terminated for whatever reason, we will cease to have the right to possess or to operate the Bukit Besi Mine, which as mentioned above, is our Group’s sole mining project and only source of revenue as at the Latest Practicable Date. Accordingly, the termination of the Iron Ore Mining Agreement may adversely affect the business operations, financial results, financial position and future growth of our Group.

Please refer to the section entitled “General Information on our Group – The Iron Ore Mining Agreement” of this Offer Document for further details on the salient terms of the Iron Ore Mining Agreement.

The continuing effect of the Iron Ore Mining Agreement is dependent on the renewal or extension of the Mining Leases held by LTAWNT

The Mining Leases will expire in early 2033, and there is no assurance that LTAWNT will be able to obtain the renewal or extension of the Mining Leases. In the event that the Mining Leases (or any one of them) are not renewed or extended by LTAWNT, LTAWNT will not be able to continue granting us the rights provided for in the Iron Ore Mining Agreement. Accordingly, our Group will not be able to continue the operations at our Bukit Besi Mine, which will have an adverse effect on the financial condition and results of operations of our Group.

Further, at the end of the tenure of the Iron Ore Mining Agreement and within the time frame as specified, our Group is required to, at its own cost and expenses, remove, uninstall and/or demolish all equipment, machinery, fixtures, buildings and structures relating to the mining works. In addition, our Group will also be required to remove all workers, contractors, supervisors and representatives from the mining location, and to hand over the vacant possession of the mining location to LTAWNT on an as-is where-is basis free from encumbrances, restrictions and/or claims. This will likely increase our costs or delay our business activities, which in turn could have an adverse effect on the financial results and financial position of our Group.

RISK FACTORS

We may not be able to obtain or renew governmental permits and approvals necessary for exploration, mining or production at our iron ore mines

In the ordinary course of business, mining companies are required to obtain governmental permits and approvals for exploration and mining, expansion and renewal of existing operations or for the commencement of new operations. Obtaining or renewing the necessary governmental permits and approvals can be a complex and time-consuming process involving several layers of approvals from government and regulatory bodies and often involving costly undertakings on our part. The duration and success of obtaining such approvals are contingent upon many variables and are dependent on the decisions of the regulatory authorities. Environmental protection and rehabilitation requirements, including the approvals of environmental assessment reports, environmental management plans, rehabilitation plans and compliance with the environmental monitoring requirements, may increase our costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits and approvals for our activities will be obtained and, if obtained, that the costs involved will not exceed those estimated by us. It is possible that the costs and delays associated with the compliance with such standards and regulations could affect our ability to proceed with the development or operation of a mine or mines. Accordingly, our operations, financial results, financial position and future growth will be adversely affected in such circumstances.

During the Relevant Period, there were no past incidents whereby our Group was not able to obtain or renew the governmental permits and approvals necessary for exploration, mining or production at our Bukit Besi Mine. As advised by the Legal Adviser to our Company on Malaysia Law and as confirmed by our management, the past renewals of the approvals, licences and/or permits required and/or obtained by our Group for its business and operations have been successful, and the past renewal of the OMS have also been successful. Please refer to the sections entitled “General Information on our Group – Legal Opinion from Azman Davidson & Co.” and “Appendix E – Legal Opinion from Azman Davidson & Co.” of this Offer Document for further details.

Our future cash flow, financial results and financial position will be affected if we fail to achieve our production estimates

Estimates of future production for the mining operations of our Group are subject to change and based on various assumptions. The production estimates are based on, among other things, resource estimates, assumptions regarding ground conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of production. Due to the above reasons, there is no assurance that we will be able to achieve our production estimates and in such event, the future cash flow, results of operations and financial condition of our Group could be adversely affected. Actual production may also vary from the estimates for a variety of other reasons as set out below:

- (a) actual ore mined varying from estimates in grade, tonnage, and metallurgical and other characteristics;
- (b) lower than estimated recovery rate;
- (c) mining dilution;
- (d) pit wall failures or cave-ins;

RISK FACTORS

- (e) industrial accidents;
- (f) equipment and plants failures;
- (g) natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes;
- (h) encountering of unusual or unexpected geological conditions;
- (i) changes in power costs and potential power shortages;
- (j) shortages of principal supplies needed for operation, including explosives, fuels, equipment parts and lubricating oil;
- (k) turnover of staff and employees (including technical advisers);
- (l) litigation; and
- (m) restrictions imposed by government authorities.

The occurrence of any of the above events could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to the property of our Group, or other monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable. Mining operations may experience unexpected problems, including delays or interruptions. As our Group is in the early stage of commercial production, actual cash operating costs and economic returns may differ significantly from estimates. There is no assurance that we will be able to realise the management's anticipated level of production and profitability at our Bukit Besi Mine or any other mines operated by us in the future and in such event, the future growth prospects, financial results and financial position of our Group may be adversely affected.

During the Relevant Period, there were no past incidents whereby our Group's cash flow, financial results and financial position were materially and adversely affected as a result of a failure to achieve production estimates.

Our operations are exposed to risks in relation to environmental protection and rehabilitation

Mining operations are subject to environmental risks and hazards. Our mining operations are regulated under various laws, rules and regulations imposed by the Malaysian government regarding environmental matters, such as prevention of pollution of the air, earth and water, the treatment and discharge of hazardous wastes and materials and environmental rehabilitation.

Environmental hazards may occur in connection with our operations as a result of human negligence, force majeure or otherwise. The occurrence of any environmental hazards may delay production, increase production costs, cause personal injuries and/or property damage, result in liabilities incurred by our Group and/or damage our Group's reputation. Such incidents may also result in a breach of the conditions of our Group's environmental approvals and/or mining lease or other consents, approvals or authorisations, which may result in fines, penalties, or even possible revocation of the mining rights granted to us. In any of such events, our business, financial results and financial position will be adversely affected.

RISK FACTORS

In the future, we may experience increased costs of production arising from compliance with environmental laws and regulations. In particular, we will incur additional costs for payments to be made into the common rehabilitation fund under the Mineral (Terengganu) Enactment 2002. Moreover, the development of the Malaysian economy and the improvements in the living standards of the population may lead to a heightened awareness of environmental protection. As a result, it is possible that more stringent environmental laws, regulations and policies may be implemented in the future, or the existing environmental laws, regulations and policies may be more strictly enforced. We may not always be able to comply with existing or future laws, regulations or policies in relation to environmental protection and rehabilitation economically or at all. Should we fail to comply with any such existing or future laws, regulations or policies, we may be subject to penalties and liabilities under Malaysian laws and regulations, including but not limited to warnings, fines, prosecution, suspension of production and closure of the facility that fails to comply with the relevant environmental standards. In addition, we may also be subject to actions by environment protection groups or other interested persons who object to the actual or perceived environmental impact of our mining operations or other actual or perceived condition at our mines. These actions may delay or halt production or may create negative publicity related to our mines. Accordingly, our operations and financial condition will be adversely affected in such circumstances.

During the Relevant Period, there were no past incidents whereby our Group's financials and/or operations were materially and adversely affected as a result of the occurrence of risks in relation to environmental protection and rehabilitation.

Our business, revenues and profits are affected by the volatility of prices for iron ore and the global economy

Our business and financial performance are highly sensitive to changes in the prices of iron ore. Iron ore prices fluctuate and are affected by numerous factors, including but not limited to expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic crises and governmental policies with respect to economic development.

Our business, financial condition and results are dependent upon the prices of, and demand for, iron ore, and also the global economy. A decline in iron ore prices and any economic downturn may adversely affect our business, revenue and profit. In this instance, our Group has the discretion to suspend mining works at our Bukit Besi Mine when the price of iron ore based on the "Platts Daily Iron Ore Price Assessment" for the composition of "62% (fe) ferum CFR North China" is less than US\$40.00 for each dry metric ton pursuant to the Iron Ore Mining Agreement. During the Relevant Period, our Group has not suspended mining works due to such circumstance.

Our profitability is, and will largely be determined by the difference between the prices received for iron ore that our Group produces and the costs of mining, producing and selling the iron ore produced. Historically, international prices for iron ore have fluctuated widely in response to changes in many factors. Our Group does not and will not have control over the factors affecting international prices for iron ore. These factors include:

- (a) global and regional political developments in iron ore producing regions;
- (b) the ability of the iron ore producing nations to set and maintain iron ore production levels and prices;
- (c) other actions taken by major iron ore producing or consuming countries;

RISK FACTORS

- (d) global and regional supply and demand for iron ore;
- (e) competition from other sources of construction materials;
- (f) domestic and foreign government regulations; and
- (g) global and regional economic conditions.

We expect that there may be continued volatility and uncertainty in international prices for iron ore in the future, and accordingly, our revenue and profit in any financial reporting period may be subject to significant volatility.

Our business is subject to foreign exchange exposure and currency fluctuations

Our revenue is denominated in US\$ while our operating costs, exploration and evaluation expenditure and/or purchases are denominated in US\$ and MYR. Our proceeds raised from the Placement are denominated in S\$.

To the extent that our revenue and operating costs, exploration and evaluation expenditure and/or purchases are not entirely matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, as the case may be, we are exposed to any adverse fluctuations of US\$ against S\$ and MYR or *vice versa*. Any significant fluctuations in the exchange rates of US\$ against S\$ and MYR could adversely affect the financial results and position of our Group.

Our actual operating costs may differ significantly from estimates

Our Group incurs various expenses such as for the purchase of fuel, diesel, chemicals and spare parts for our business operations. Fluctuations in the prices of these items and the processing capacity of our plant will therefore have a corresponding impact on our operating costs. The operating costs of our Group are based on certain estimates and assumptions with respect to the method and timing of mining activities. By their nature, these estimates and assumptions are subject to significant uncertainties and price fluctuations, and the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice and in the event that our Group has underestimated our operating costs, our financial results and financial position will be adversely affected.

Our operations are exposed to regulations and risks in relation to production safety and the occurrence of accidents

As a mining company, we are subject to extensive laws, rules and regulations imposed by the Malaysian government regarding occupational safety and health. In particular, our mining operations involve the use of explosives by third party licensed contractors, handling and storage of hazardous chemicals and other dangerous articles and the usage of various heavy machineries. We may experience in the future increased costs of production arising from compliance with occupational safety and health laws and regulations. There can be no assurance that more stringent laws, regulations or policies regarding occupational safety and health will not be implemented or that the existing laws, regulations and policies will not be more stringently enforced. We may not be able to comply with all existing or future laws, regulations and policies in relation to occupational safety and health issues economically or at all. Should we fail to comply with any occupational safety and health laws or regulations, we would be required to rectify the

RISK FACTORS

occupational safety and health problems within the period prescribed under the laws and regulations or as prescribed by the regulatory authorities. Failure to rectify any problem could lead to the suspension of our operations and offences committed under the laws and regulations could lead to penalties involving mandatory fines and/or imprisonment. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, our business, reputation, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities or criminal liabilities.

We may also encounter accidents, maintenance and technical problems, equipment failure, power supply interruptions or breakdown in the exploration, mining and production processes, as well as possible localised mud-slides, instability of the slopes, and subsidence of the working areas due to natural disasters. The occurrence of accidents may disrupt or result in a suspension of our operations, increase production costs, result in liabilities incurred by our Group and harm our Group's reputation. Such incidents may result in a breach of the conditions of the mining rights, or any other consents, approvals or authorisations, which may result in fines and penalties or even possible revocation of our mining rights. In any of such events, our business, financial results and financial position will be adversely affected.

On 18 August 2018, an accident at our Bukit Besi Mine resulted in the death of a plant operator (the "**Accident**"). Consequently, stop work orders ("**SWOs**") were issued by the Department of Occupational Safety and Health ("**DOSH**") and Department of Mineral and Geoscience Malaysia ("**JMG**") on 21 August 2018. During the period of the SWOs, our Group had put in place the following additional safety measures:

- (a) inspection and installation of safety steel covers and cowlings on belt conveyor end pulleys and power transmission belt drives;
- (b) installation of more easily accessible emergency power switches; and
- (c) circulation of new safety and work instruction manuals to all site personnel to emphasise on the safety protocols to be adhered to during operations.

With the additional safety remedial actions being implemented satisfactorily, the SWOs were lifted by DOSH and JMG on 28 August 2018 and 5 September 2018 respectively.

There were no fines or penalties imposed on our Group, and our Group did not face any claims from any party in connection with the Accident. The insurance compensation in relation to the Accident was covered under Fortress Mining's insurance policies and the Social Security Organisation contributions, a social security protection scheme administered by the government of Malaysia, which has been approved and paid out to the next-of-kin of the deceased plant operator.

In the event of accidents which are not covered by insurance or workmen's compensation policies taken by our Group, or if claims arising from such accidents are in excess of our insurance coverage, and/or any of our insurance claims are contested by the insurance companies, we will be required to pay such compensation. Under such circumstances, the business and financial performance of our Group may be adversely affected.

During the Relevant Period, save for the Accident, none of the circumstances described above has occurred which has adversely affected the financial result and financial position of our Group.

RISK FACTORS

Mineral Resource estimates are based on assumptions which may lead to inaccuracy

The Current Iron Ore Resource as stated in the Qualified Person's Report, are based on estimation methodology and procedures, various assumptions and professional judgement.

Additionally, there is no assurance that the Mineral Resource estimates are accurate. If the data on which the estimates are based on is not reliable, accuracy may be compromised. In addition, the Mineral Resource estimates are likely to be revised in the future, either upwards or downwards, as a result of future exploration activity or as additional information become available.

We may not be able to maintain adequate and uninterrupted supplies of electricity, water, diesel, auxiliary materials, equipment and spare parts

Electricity and water are the main utilities used in our exploration and mining activities. There can be no assurance that supplies of electricity, water, diesel, auxiliary materials, equipment or spare parts will not be interrupted or that their prices will not increase in the future. In the event that there are any prolonged interruptions to our supply of utilities or any of our existing suppliers cease to supply us with electricity, water, diesel, auxiliary materials, equipment or spare parts at existing or lower prices or at all, and we are not able to procure alternative sources of such supply, our financial results and financial position will be adversely affected.

We may be exposed to risk of loss and potential liabilities that may not be covered or adequately covered by insurance

We maintain insurance policies to provide coverage for various aspects of our business, operations and assets. However, certain liabilities and risks in respect of the business, operations and assets of our Group may not be covered or adequately covered by insurance for a variety of reasons such as acts of God, theft and robbery. In the event that we are not insured or are inadequately insured against such losses, damage or liabilities, the financial performance, financial position and prospects of our Group will be adversely affected. Please refer to the section entitled "General Information on our Group – Insurance" of this Offer Document for further details on our existing insurance coverage.

Severe weather conditions, natural disasters and other events beyond our control could materially and adversely affect our business and results of operations

Severe weather conditions such as tropical monsoons and natural disasters such as landslides, earthquakes, fire hazards and floods and other events beyond our control may require us to evacuate personnel or curtail operations and may result in damage to our mines, equipment or facilities, which could result in the temporary suspension of operations or a reduction in our productivity. During periods of curtailed activity due to adverse weather conditions, natural disasters or other events beyond our control, we may continue to incur operating expenses while production has slowed down or ceased altogether. Any damages to our projects or delays in our operations caused by severe weather conditions, natural disasters or other events beyond our control could materially and adversely affect our business, financial results and financial position.

During the Relevant Period, none of the circumstances described above has occurred which has adversely affected the financial performance and condition of our Group.

RISK FACTORS

We are dependent on certain key personnel for our continued success

Our success to date is attributable to the contributions and expertise of the Executive Directors and Key Executive of our Group, who have built the business of our Group under the guidance and leadership of our CEO, Chee Yew Fei, and our COO, Ng Mun Fey. Our Group's continued success and growth will depend, to a large extent, on our ability to retain the services of the Executive Directors and the Key Executive. The loss of services of the Executive Directors and the Key Executive without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our operations, financial results and financial position.

Please refer to the section entitled "Directors, Management and Employees" of this Offer Document for further details on our Executive Directors and Key Executive.

Our operations are dependent on our ability to retain and recruit skilled personnel and professional staff

The business of our Group requires skilled personnel and professional staff in the areas of mining and production of iron ore, operations, engineering, finance and accounting. Competition for such skilled personnel and professional staff is intense and comes primarily from similar businesses active in the industry, some of which possess greater resources. Limitations on our ability to hire, train and retain the required number of skilled personnel and professional staff would reduce our capacity to undertake further projects and may have an adverse impact on the operations, results and growth of our Group.

Our business is exposed to uncertainties in relation to its expansion plans

As described in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, the growth strategies of our Group include (i) further development of our Bukit Besi Mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities; and (ii) acquisition, joint venture and/or development of new mines.

There is no guarantee that the implementation and execution of such business strategies and future plans will be successful as this involves a number of risks and uncertainties and they are dependent on approvals from the governmental and regulatory authorities and requires substantial capital expenditure, financial and management resources. In the event that we are not able to achieve a sufficient level of revenue or manage our costs effectively or the commencement of these planned expansions is delayed or aborted, our future financial results and financial position may be adversely affected.

We may need further financing for our existing business and future growth

We may require additional funding for our existing business and growth plans. We have estimated our funding requirements in order to implement our growth plans as set out in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

In the event that the costs of implementing our growth plans exceed our funding estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this juncture, and the funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements. We will

RISK FACTORS

consider obtaining such funding from new issuances of equity, debt instruments and/or external bank borrowings, as appropriate. In addition, we may need to obtain additional equity or debt financing for other business opportunities that our Group deems favourable to our future growth and prospects. Funding through the new issuance of equity may lead to a dilution in the interests of our Shareholders. An increase in debt financing may be accompanied by conditions that restrict our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. In addition, there is no assurance that we will be able to obtain additional financing on terms that are favourable and acceptable. If we are not able to secure adequate financing, our business and growth may be adversely affected.

We have negative working capital for the Period Under Review

As at 28 February 2018, we had negative working capital of approximately US\$12.7 million mainly due to an interest-free loan provided by YFCH, GISB and SDB Mining to fund our capital expenditure. However, our Group recorded positive working capital of approximately US\$3.7 million as at 31 August 2018. Notwithstanding the foregoing, in the event that we record negative capital in the future and we do not have sufficient internal resources and are unable for any reason, to raise additional capital, debt or other financing to fund our financial obligations, our business, operating results, liquidity and financial position may be adversely affected. Please refer to the sections entitled "Working Capital" and "Management's Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources" of this Offer Document for more information.

RISKS RELATING TO OUR OPERATIONS IN MALAYSIA

We are subject to the Malaysian regulatory regime for the mining industry

Our operations are subject to various Malaysian laws, regulations, policies, guidelines, standards and requirements in relation to, amongst other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management. In addition, our existing mining right over the Bukit Besi Mine is granted by LTAWNT based on the grant of the Mining Leases to LTAWNT by the PTG, Terengganu. Any changes to the laws, regulations, policies, standards and requirements concerning any of the aforesaid matters (including any change to the policy regarding the grant of the mining lease or mining rights in Malaysia that is unfavourable to our Group) or to the interpretation or enforcement thereof may increase our operating costs and/or may affect our Group adversely. Our right to mine is derived from the contractual right under the Iron Ore Mining Agreement and we currently do not directly hold a mining lease issued in our favour. As such, in the event that LTAWNT breaches such contract, our mining rights will be affected. There is no assurance that we will be able to comply with any new Malaysian laws, regulations, policies, standards and requirements applicable to the iron ore mining industry or any changes in existing laws, regulations, policies, standards and requirements economically or at all. Further, any such new Malaysian laws, regulations, policies, standards and requirements or any such change in existing laws, regulations, policies, standards and requirements may also constrain our future expansion plans and adversely affect the financial results and financial position of our Group.

RISK FACTORS

Our business is subject to political, economic, regulatory and social conditions in Malaysia

We are currently operating our business in Malaysia. Our business operations are therefore dependent on the political, economic, regulatory and social conditions in Malaysia. Any changes in the policies implemented by the government of Malaysia which may result in currency and interest rate fluctuations, inflation, capital restrictions, price and wage controls, expropriation and changes in taxes and duties detrimental to our business may materially affect our operations, financial performance and future growth. In particular, in the event of expropriation, we may not be able to continue our business as we would not be able to enforce any mining or exploration rights we had obtained or receive any compensation for the loss of such mining or exploration rights. Unfavourable changes in the social, economic and political conditions of Malaysia or in the Malaysian government policies in the future may have a negative impact on the operations and business in Malaysia, which will in turn adversely affect the overall financial performance of our Group. In addition, Malaysian foreign exchange control may limit our ability to utilise our cash effectively and affect our ability to receive dividends and other payments from our Malaysian subsidiaries.

We are subject to the foreign exchange legislation and regulations in Malaysia

Local and foreign investors are subject to the Foreign Exchange Administration Rules in Malaysia. The legislations in Malaysia governing exchange control are the FSA and IFSA. In exercise of the power conferred by the FSA and IFSA, Bank Negara has issued FEA Notices which embody its general permissions and directions setting out transactions that are allowed by Bank Negara which are otherwise prohibited under the FSA and the IFSA. The FEA Notices read together with Schedule 14 of the FSA and IFSA set out the circumstances in which the specific approval of the Bank Negara must be obtained by residents and non-residents to remit funds to and from Malaysia. The FEA Notices are reviewed regularly by Bank Negara in line with the changing environment. As at the Latest Practicable Date, foreign investors are free to repatriate capital, divestment proceeds, profits, dividends, rental, fees and interests arising from investments in Malaysia provided that the repatriation is made in foreign currency. Any future restriction by the FEA Notices on repatriation of funds may limit our ability on dividends distribution to the Shareholders from business operations in Malaysia.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. In the event that there is any adverse change in the foreign exchange rules and regulations relating to the borrowing or repatriation of foreign currency, our business and results of operation may be adversely affected.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investment in shares quoted on Catalist involves a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. The future success and liquidity in the market of our Shares cannot be guaranteed.

RISK FACTORS

There is no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares

Prior to this Placement, there had been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or if developed, be sustained after the Placement. There is also no assurance that the market price for our Shares will not decline below the Placement Price. The market price of our Shares could be subject to significant fluctuations as investors' sentiments may be affected by external factors such as the outbreak of war, escalation of hostilities or outbreak of infectious diseases (whether in Singapore or elsewhere). Other factors including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations may also result in significant fluctuations in the market price of our Shares.

Our Share price may be volatile in the future which could result in substantial losses for investors subscribing for Shares pursuant to the Placement

The trading price of our Shares may fluctuate significantly and rapidly after the Placement as a result of, among others, the following factors, some of which are beyond our control:

- (a) variations of our operating results;
- (b) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (c) announcements made by us of significant acquisitions, strategic alliances or joint ventures;
- (d) additions or departures of key personnel;
- (e) fluctuations in stock market prices and volume;
- (f) involvement in litigation; and
- (g) changes in general economic and stock market conditions.

Future sale, availability or issuance of Shares could adversely affect our Share price

Any future sale, availability or issuance of a large number of our Shares can have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Placement, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described in the section entitled "Shareholding and Ownership Structure – Moratorium" of this Offer Document, there will be no restriction on the ability of our existing Shareholders to sell their Shares either on Catalist or otherwise.

In addition, our Share price may be under downward pressure if certain Shareholders sell their Shares upon the expiry of their moratorium periods.

RISK FACTORS

Negative publicity which includes those relating to any of our Directors, Key Executive or Substantial Shareholders may adversely affect our Share price

Negative publicity or announcements relating to our Group and any of our Directors, Key Executive or Substantial Shareholders may adversely affect the market perception or the Share performance of our Share, whether or not it is justified. Examples of these include unsuccessful attempts in joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

As a significant portion of our operations and assets are located outside Singapore, investors may find it difficult to enforce a Singapore judgment against our Group or management

A significant portion of our Group's operations and assets are located outside Singapore. Accordingly, Shareholders may encounter difficulties in effecting service of process in Singapore if they wish to make a claim against our Group, or the enforcement of a Singapore judgment against the assets of our Group.

Investors in our Shares would face immediate and substantial dilution in the NAV per Share and may experience future dilution

The Placement Price of our Placement Shares is substantially higher than our Group's NAV per Share of 6.19 cents based on our post-Placement share capital and after adjusting for the net proceeds from the allotment and issue of Placement Shares. If we were liquidated immediately following this Placement, each investor subscribing to this Placement would receive less than the price they paid for their Shares. Please refer to the section entitled "Dilution" of this Offer Document for details of the immediate dilution of our Shares incurred by new investors.

In addition, we may issue share options under an employee share option scheme, or share awards under a performance share plan. To the extent that such share options and/or share awards are ultimately granted and shares are issued pursuant to the exercise of such share options and/or grant of such share awards, there may be further dilution to investors participating in the Placement. Further details of the employee share option scheme adopted by our Company is described in the section entitled "Fortress Employee Share Option Scheme" of this Offer Document.

Control by our Controlling Shareholders may limit your ability to influence the outcome of decisions requiring the Shareholders' approval

After the completion of the Placement, our Controlling Shareholders, Y F Chee Holdings Pte. Ltd. and SDB Mining, will respectively hold approximately 43.1% and 31.0% of our issued share capital and will have majority control of our Company. As a result, our Controlling Shareholders will be able to exercise significant influence over all matters requiring Shareholders' approval (other than the approval of transactions for which they and their associates may be prohibited from voting), including the election of directors and the approval of significant corporate transactions. Our Controlling Shareholders will also effectively have veto power with respect to any Shareholders' action or approval requiring a majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company, which may otherwise have benefited our Shareholders. Please refer to the section entitled "Shareholding and Ownership Structure" of this Offer Document for more details.

RISK FACTORS

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders will depend on our future financial performance and distributable reserves of our Company. Our Company's future financial performance and distributable reserves depend on several factors, such as the successful implementation of our strategies, the general economic conditions, demand for and selling prices of our products and services. Many of these factors may be beyond our control and these factors could have a material adverse effect on our business, financial condition and results of operations. As such, there is no assurance that our Company will be able to pay dividends to our Shareholders after the completion of the Placement. In the event that any company in our Group enters into any loan agreements in the future, covenants therein may also limit when and how much dividends it can declare and pay.

PLACEMENT STATISTICS

Placement Price 20.00 cents

NAV per Share

NAV per Share based on the unaudited pro forma combined statement of financial position of our Group as at 31 August 2018 after adjusting for the allotment and issue of the Project Manager Shares and the PPCF Shares (the “**Adjusted NAV**”):

(a) before adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s pre-Placement share capital of 425,000,000 Shares 3.75 cents

(b) after adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s post-Placement share capital of 500,000,000 Shares 6.19 cents

Premium of Placement Price to the Adjusted NAV per Share as at 31 August 2018:

(a) before adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s pre-Placement share capital of 425,000,000 Shares 533.3%

(b) after adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s post-Placement share capital of 500,000,000 Shares 323.1%

LPS

LPS based on our Group’s unaudited pro forma combined statement of comprehensive income for FY2018 and our Company’s post-Placement share capital of 500,000,000 Shares (0.11) cents

LPS based on our Group’s unaudited pro forma combined statement of comprehensive income for FY2018 and our Company’s post-Placement share capital of 500,000,000 Shares, assuming that the Service Agreement and the Appointment Letter had been in place from the beginning of FY2018 (0.19) cents

PLACEMENT STATISTICS

Price Earnings Ratio ("PER")

PER based on the Placement Price and the LPS based on the unaudited pro forma combined statement of comprehensive income of our Group for FY2018 n.m.⁽²⁾

PER based on the Placement Price and the LPS based on the unaudited pro forma combined statement of comprehensive income of our Group for FY2018, assuming that the Service Agreement and the Appointment Letter had been in place from the beginning of FY2018 n.m.⁽²⁾

Net Operating Cash Flow⁽¹⁾

Pro forma net operating cash flow per Share based on the unaudited pro forma combined statement of cash flows of our Group for FY2018 and our Company's post-Placement share capital of 500,000,000 Shares (0.12) cents

Pro forma net operating cash flow per Share based on the unaudited pro forma combined statement of cash flows of our Group for FY2018 and our Company's post-Placement share capital of 500,000,000 Shares, assuming that the Service Agreement and the Appointment Letter had been in place from the beginning of FY2018 (0.21) cents

Price to Net Operating Cash Flow Ratio

Ratio of Placement Price to the unaudited pro forma net operating cash flow per Share for FY2018 based on our Company's post-Placement share capital of 500,000,000 Shares n.m.⁽²⁾

Ratio of Placement Price to the unaudited pro forma net operating cash flow per Share for FY2018 based on our Company's post-Placement share capital of 500,000,000 Shares, assuming that the Service Agreement and the Appointment Letter had been in place from the beginning of FY2018 n.m.⁽²⁾

Market Capitalisation

Market capitalisation based on the Placement Price and our Company's post-Placement share capital of 500,000,000 Shares S\$100.0 million

Notes:

(1) Net operating cash flow refers to net cash inflows or net cash outflows from operating activities.

(2) Not meaningful as our Group did not have earnings or net operating cash flow for FY2018.

USE OF PROCEEDS AND LISTING EXPENSES

The estimated net proceeds to be raised by our Company from the Placement, after deducting the aggregate estimated listing expenses in relation to the Placement of approximately S\$2.5 million, will be approximately S\$12.5 million.

USE OF PROCEEDS

We intend to use our gross proceeds from the issue of the Placement Shares (including the Cornerstone Shares) for the following purposes:

Use of proceeds from the Placement	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds to be raised from the Placement (cents)
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	46.7
Acquisition, joint venture and/or development of new mines	2,000	13.3
General working capital purposes	3,500	23.3
Net proceeds	12,500	83.3
Listing expenses⁽¹⁾⁽²⁾	2,500	16.7
Gross proceeds from the Placement	15,000	100.0

Notes:

- (1) Approximately S\$0.2 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statements of comprehensive income. Please refer to the section entitled "Use of Proceeds and Listing Expenses – Listing Expenses" below for further details.
- (2) The professional fees refer to the cash expenses incurred by our Company in connection with the Listing and the Placement and excludes part of the management fee of S\$0.8 million payable to the Sponsor and Issue Manager pursuant to the Management Agreement which has been satisfied in full by the allotment and issue of the PPCF Shares to PPCF, and the service fee of S\$0.45 million payable to the Project Manager as consideration for services rendered, which has been satisfied in full by the allotment and issue of the Project Manager Shares to the Project Manager.

Further details of our use of proceeds may be found in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document. Save as disclosed in this section and in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, we do not intend to use the net proceeds from the Placement to acquire or refinance the acquisition of any asset, business or entity, and as at the Latest Practicable Date, we have not identified any asset, business or entity to acquire or refinance.

The foregoing discussion represents our reasonable estimate of our allocation of the net proceeds from the Placement based on our current plans and reasonable estimates regarding our

USE OF PROCEEDS AND LISTING EXPENSES

anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to re-allocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that our Company decides to re-allocate the net proceeds or use portions of it for other purposes, our Company will publicly announce its intention to do so through a SGXNET announcement on the SGX-ST's website at <http://www.sgx.com>.

Pending the deployment of the net proceeds as described above, the funds may be placed in short-term deposits, money market instruments and/or used for our Group's working capital requirements, as our Directors may, in their absolute discretion, deem appropriate.

We will make periodic announcements on the use of the net proceeds from the Placement as and when such proceeds are materially disbursed, and provide a status report on the use of such proceeds in our financial results announcements and annual reports.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

None of the proceeds from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

LISTING EXPENSES

We estimate that the costs and expenses payable by us in connection with the Placement and the application for Listing, including placement commissions and all other incidental expenses relating to the Placement, will be approximately S\$2.5 million.

A breakdown of these estimated expenses is as follows:

	Estimated amount (S\$'000)	As a percentage of the gross proceeds from the Placement (%)
Expenses to be borne by our Company⁽¹⁾		
Listing and application fees	60	0.4
Professional fees ⁽²⁾	1,397	9.3
Placement commission ⁽³⁾	525	3.5
Miscellaneous expenses	518	3.5
Total	2,500	16.7

Notes:

- (1) Approximately S\$0.2 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statements of comprehensive income.
- (2) The professional fees refer to the cash expenses incurred by our Company in connection with the Listing and the Placement and excludes part of the management fee of S\$0.8 million payable to the Sponsor and Issue Manager pursuant to the Management Agreement which has been satisfied in full by the allotment and issue of the PPCF Shares to PPCF and the service fee of S\$0.45 million payable to the Project Manager as consideration for services rendered, which has been satisfied in full by the allotment and issue of the Project Manager Shares to the Project Manager.
- (3) The amount of placement commission per Placement Share, agreed upon between our Company and the Placement Agent is 3.5% of the Placement Price payable for each Placement Share. Please refer to the section entitled "General and Statutory Information – Management and Placement Arrangements" of this Offer Document for further details.

DIVIDEND POLICY

Our Company has not declared or paid any dividends since its incorporation and our subsidiaries have not declared or paid any dividends in the Relevant Period.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may, in their absolute discretion, deem appropriate (“**Dividend Factors**”). Therefore, there is no assurance that dividends will be paid in the future or of the amount or timing of any future dividends. We may declare an annual dividend subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders.

All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Subject to the above, our Directors intend to recommend and distribute dividends of:

- (a) not less than 10% of our Group’s NPAT for FY2019;
- (b) not less than 15% of our Group’s NPAT for FY2020; and
- (c) not less than 20% of our Group’s NPAT for FY2021,

(the “**Proposed Dividends**”).

However, investors should note that all foregoing statements, including statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our dividends payable in the future, which may be varied or totally withdrawn in our Directors’ sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group’s future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. The form, frequency and amount of future dividends will depend on the Dividend Factors. The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future.

For information relating to taxes payable on dividends, please refer to the section entitled “Taxation” of this Offer Document.

SHARE CAPITAL

Our Company (Registration Number: 201732608K) was incorporated in Singapore on 13 November 2017 under the Companies Act as a private company limited by shares under the name of “Fortress Minerals Pte. Ltd.”. On 20 February 2019, our Company changed its name to “Fortress Minerals Limited” in connection with its conversion into a public company limited by shares.

As at the date of incorporation, our issued and paid-up share capital was S\$1.00 comprising one (1) ordinary share. As at the Latest Practicable Date, our issued and paid-up share capital was S\$1,000.00 comprising 1,000 Shares. Pursuant to the completion of the Restructuring Exercise on 8 March 2019 and allotment and issue of the Project Manager Shares and PPCF Shares, our issued and paid-up share capital is approximately S\$16,429,328 comprising 425,000,000 Shares. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.

Pursuant to written resolutions passed on 20 February 2019 and 15 March 2019, our Shareholders approved, *inter alia*, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Fortress Minerals Limited”;
- (b) our adoption of a new set of Constitution with effect from the date of conversion of our Company into a public company;
- (c) the allotment and issue of the 75,000,000 Placement Shares (including the Cornerstone Shares) which are the subject of the Placement, 2,250,000 Project Manager Shares to the Project Manager, and 4,000,000 PPCF Shares to PPCF in part satisfaction of their management fees as Sponsor and Issue Manager, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (d) the approval of the listing and quotation of all our Shares that are already issued, the Placement Shares to be allotted and issued pursuant to the Placement, the Project Manager Shares, the PPCF Shares and the Option Shares, on Catalist;
- (e) the adoption of the Fortress Employee Share Option Scheme, and the authorisation of our Directors to allot and issue Shares pursuant to the exercise of Options granted under the Fortress Employee Share Option Scheme;
- (f) that authority be and is hereby given to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:
 - (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (each an “**Instrument**” and collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
 - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

SHARE CAPITAL

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

- (B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (a)(ii) and/or (a)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company), does not exceed 100.0% of the post-Placement issued share capital excluding treasury shares and subsidiary holdings, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares and subsidiary holdings;
- (ii) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and
- (iii) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution and pursuant to Rules 806(3) and 806(4) of the Catalist Rules, the “post-Placement issued share capital” shall mean the total number of issued Shares of our Company (excluding treasury shares and subsidiary holdings) immediately after the completion of the Placement, after adjusting for: (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided that the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

- (g) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in paragraph (f) above, authorisation of our Directors, pursuant to Section 161 of the Companies Act, to issue Shares other than on a *pro rata* basis, at a discount of not more than 10.0% to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that (unless

SHARE CAPITAL

revoked or varied by our Company in general meeting) the authority so conferred in this paragraph (g) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

As at the date of this Offer Document, there is only one (1) class of Shares in the capital of our Company, being the Shares. A summary of the Constitution of our Company relating to, among others, the voting rights of our Shareholders are set out in the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$16,429,328 comprising 425,000,000 Shares. Upon the allotment and issue of the Placement Shares which are the subject of the Placement, the resultant issued and paid-up share capital of our Company will be increased to S\$31,229,428 comprising 500,000,000 Shares.

Save for the Options which may be granted under the Fortress Employee Share Option Scheme, no person has, or has the right to be given, an option to subscribe for or purchase any securities of our Company or our subsidiaries. As at the Latest Practicable Date, no option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Key Executive.

Details of the changes in the issued and paid-up share capital of our Company since the date of incorporation and the resultant issued and paid-up share capital of our Company immediately after the completion of the Placement are set out below:

	Number of issued Shares	Issued and paid-up share capital (S\$)
Issued and fully paid Shares as at incorporation	1	1
Issue of new Shares pursuant to the increase in capital	999	999
Issue of new Shares pursuant to the Restructuring Exercise ⁽¹⁾	418,749,000	15,178,328
Issued and fully paid Shares immediately after the Restructuring Exercise ⁽¹⁾	418,750,000	15,179,328
Issue of PPCF Shares	4,000,000	800,000
Issue of Project Manager Shares	2,250,000	450,000
Issued and paid-up share capital immediately before the Placement	425,000,000	16,429,328
Placement Shares issued pursuant to the Placement (including the Cornerstone Shares)	75,000,000	14,800,100 ⁽²⁾
Issued and paid-up share capital immediately after the Placement	500,000,000	31,229,428

SHARE CAPITAL

Notes:

- (1) The Restructuring Exercise includes, *inter alia*, the FMSB Acquisition (as defined herein) and the loan Capitalisation (as defined herein). Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.
- (2) Approximately S\$0.2 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital. The balance of the estimated listing expenses will be accounted for under our Group’s statement of comprehensive income.

The issued and paid-up share capital and the Shareholders’ equity of our Company after adjustments to reflect the Restructuring Exercise, the allotment and issue of the Project Manager Shares, the PPCF Shares, and the Placement Shares (including the Cornerstone Shares) pursuant to the Placement are set forth below.

	As at Incorporation	After the Restructuring Exercise and the allotment and issue of the Project Manager Shares and PPCF Shares	After the Placement
Issued and fully paid-up shares (number of shares)	1	425,000,000	500,000,000
Issued and fully paid-up share capital (S\$)	1	16,429,328	31,229,428 ⁽¹⁾
Accumulated profits (S\$)	–	3,671,369	1,371,269 ⁽²⁾
Total shareholders’ equity (S\$)	1	20,100,697	32,600,697

Notes:

- (1) Assuming a set-off of our Company’s estimated listing expenses of approximately S\$0.2 million against our share capital.
- (2) Assuming that the listing expenses of approximately S\$2.3 million to be charged directly to our Group’s statements of comprehensive income.

Save as set out in this section and the section entitled “Restructuring Exercise” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within three (3) years preceding the Latest Practicable Date.

Date of Issue	Number of ordinary shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
Fortress Logistics				
3 September 2018	2	MYR2.00	Incorporation	MYR2.00 comprising two (2) ordinary shares

SHARE CAPITAL

Date of Issue	Number of ordinary shares issued	Issue price	Purpose of issue	Resultant issued and paid-up share capital
4 September 2018	299,998	MYR299,998	Injection of capital by shareholder	MYR300,000 comprising 300,000 ordinary shares
Fortress Resources				
8 November 2017	1	S\$1.00	Incorporation	S\$1.00 comprising one (1) ordinary share
Fortress Industries				
18 September 2018	100,000	MYR100,000	Incorporation	MYR100,000 comprising 100,000 ordinary shares
Our Company				
13 November 2017	1	S\$1.00	Incorporation	S\$1.00 comprising one (1) ordinary share
1 August 2018	999	S\$999	Restructuring Exercise	S\$1,000 comprising 1,000 ordinary shares
8 March 2019	418,749,000	S\$15,178,328	Restructuring Exercise	S\$15,179,328 comprising 418,750,000 ordinary shares

SHAREHOLDING AND OWNERSHIP STRUCTURE

SHAREHOLDING AND OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings immediately before and after the Placement are summarised below:

	Immediately Before the Placement				Immediately After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Chew Wai Chuen	–	–	–	–	–	–	–	–
Chee Yew Fei ⁽¹⁾⁽²⁾⁽³⁾	530	n.m.	251,249,470	59.12	530	n.m.	251,249,470	50.25
Ng Mun Fey ⁽¹⁾	–	–	35,593,750	8.38	–	–	35,593,750	7.12
Willa Chee Keng Fong ⁽²⁾	–	–	–	–	–	–	–	–
Teh Lip Kim ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	–	–	162,265,625	38.18	–	–	162,265,625	32.45
Loong Ching Hong ⁽⁸⁾⁽⁹⁾	–	–	5,234,375	1.23	–	–	5,234,375	1.05
Anita Chew Cheng Im	–	–	–	–	–	–	–	–
Goh Kah Im	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Y F Chee Holdings Pte. Ltd. ⁽³⁾⁽¹⁰⁾	215,655,720	50.74	–	–	215,655,720	43.13	–	–
Greger International Sdn. Bhd. ⁽¹⁾	35,593,750	8.38	–	–	35,593,750	7.12	–	–
SDB Mining Sdn. Bhd. ⁽¹¹⁾	154,937,500	36.46	–	–	154,937,500	30.99	–	–
Selangor Dredging Berhad ⁽¹¹⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99
Teh Wan Sang & Sons Sdn. Berhad. ⁽⁷⁾⁽¹²⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99
Teh Lip Bin ⁽⁶⁾⁽⁷⁾⁽¹³⁾	–	–	154,937,500	36.46	–	–	154,937,500	30.99
Other Shareholders								
Smith St Investment Pte. Ltd. ⁽⁵⁾	7,328,125	1.72	–	–	7,328,125	1.47	–	–
Western Capital Sdn. Bhd. ⁽⁹⁾	5,234,375	1.23	–	–	5,234,375	1.05	–	–
Laguna Star Ventures Limited ⁽¹⁴⁾	2,250,000	0.53	–	–	2,250,000	0.45	–	–
PPCF ⁽¹⁵⁾	4,000,000	0.94	–	–	4,000,000	0.80	–	–
Public Shareholders								
Cornerstone Investors ⁽¹⁶⁾	–	–	–	–	51,250,000	10.25	–	–
Other public shareholders	–	–	–	–	23,750,000	4.75	–	–
TOTAL	425,000,000	100.00			500,000,000	100.00		

Notes:

- (1) As at the Latest Practicable Date, the shareholders of GISB comprise our CEO, Chee Yew Fei, our COO, Ng Mun Fey, and Yeow Boon Ban, who respectively hold 60.0%, 30.0% and 10.0% of the total issued and paid-up share capital of GISB. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, each of our CEO, Chee Yew Fei, and our COO, Ng Mun Fey, is deemed to have an interest in the Shares held by GISB.
- (2) Willa Chee Keng Fong is the daughter of our CEO, Chee Yew Fei.
- (3) As at the Latest Practicable Date, our CEO, Chee Yew Fei, holds the entire issued and paid-up share capital of Y F Chee Holdings Pte. Ltd. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, our CEO, Chee Yew Fei is deemed to have an interest in the Shares held by Y F Chee Holdings Pte. Ltd.

SHAREHOLDING AND OWNERSHIP STRUCTURE

- (4) As at the Latest Practicable Date, Teh Lip Kim holds directly and indirectly approximately 60.3% in the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Kim is deemed to be interested in the Shares held by SDB Mining.
- (5) As at the Latest Practicable Date, Teh Lip Kim holds the entire issued and paid-up share capital of SSIPL. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Kim is deemed to have an interest in the Shares held by SSIPL.
- (6) Teh Lip Bin is the brother of our Non-executive and Non-independent Director, Teh Lip Kim.
- (7) The entire issued share capital of TWSS is held by members of the Teh family (including our Non-executive and Non-independent Director, Teh Lip Kim, and Teh Lip Bin) as well as a company controlled by the Teh family. In addition, Teh Lip Bin and our Non-executive and Non-independent Director, Teh Lip Kim, as well as some of their family members are directors of TWSS. Save as disclosed in this section and in the section entitled “Directors, Management and Employees” of this Offer Document, TWSS is not related to our Company, its Directors, Controlling Shareholders and/or their associates.
- (8) Loong Ching Hong is the group general manager of Selangor Dredging Berhad.
- (9) As at the Latest Practicable Date, Loong Ching Hong holds the entire issued and paid-up share capital of WCSB. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Loong Ching Hong is deemed to have an interest in the Shares held by WCSB.
- (10) Based on the consideration payable to YFCH for the FMSB acquisition and Loan Capitalisation. Y F Chee Holdings Pte. Ltd. has been designated to receive the consideration payable to YFCH. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.
- (11) As at the Latest Practicable Date, Selangor Dredging Berhad holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Selangor Dredging Berhad is deemed to be interested in the Shares held by SDB Mining.
- (12) As at the Latest Practicable Date, TWSS holds directly approximately 23.1% in the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, TWSS is deemed to be interested in the Shares held by SDB Mining.
- (13) As at the Latest Practicable Date, Teh Lip Bin holds directly and indirectly approximately 38.9% of the issued and paid-up share capital of Selangor Dredging Berhad, a company listed on the Main Market of Bursa Malaysia and which holds the entire issued and paid-up share capital of SDB Mining. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teh Lip Bin is deemed to be interested in the Shares held by SDB Mining.
- (14) Pursuant to our Company’s letter of appointment dated 8 August 2018 issued to the Project Manager, our Company allotted and issued the Project Manager Shares at the Placement Price to the Project Manager, which is wholly-owned by Teo Chee Kok as at the Latest Practicable Date, as consideration for services rendered in Malaysia. Accordingly, pursuant to Section 7 of the Companies Act and Section 4 of the SFA, Teo Chee Kok is deemed to be interested in the Project Manager Shares. Teo Chee Kok is not related to our Company, its Directors, Controlling Shareholders and/or their associates.
- (15) Pursuant to the Management Agreement and as part of PPCF’s fee as the Sponsor and Issue Manager, our Company allotted and issued the PPCF Shares at the Placement Price to PPCF. After the expiry of the moratorium period as set out in the section entitled “Shareholding and Ownership Structure – Moratorium” of this Offer Document, PPCF will dispose its shareholding interest in our Company at its discretion.
- (16) The Cornerstone Investors comprise Mr. Loh Chen Yook, Mr. The Cheng Eng, Ms. The Kun Ann, Mr. Chang Chee Kheo, Arena Jujur Sdn. Bhd., First Grand Investment Pte. Ltd. and Teambuild Construction Pte. Ltd.. Each of the Cornerstone Investors will not hold more than 5.0% of the Company’s total issued and paid-up share capital immediately after the Placement. Please refer to the section entitled “Shareholding and Ownership Structure – Cornerstone Investors” for more information.

Save as disclosed above and in the section entitled “Directors, Management and Employees” of this Offer Document, there are no other relationships among our Directors, Substantial Shareholders and Key Executive.

The Shares held by our Directors and Substantial Shareholders do not carry voting rights that are different from the Placement Shares. Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

SHAREHOLDING AND OWNERSHIP STRUCTURE

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of its incorporation on 13 November 2017 and the Latest Practicable Date.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly by any other corporation, any government or person.

Save as disclosed above and in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, no Shares or debentures were issued or agreed to be issued by our Company for cash or for a consideration other than cash during the last three (3) years preceding the Latest Practicable Date.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no significant changes in the percentage of ownership of our Directors and Substantial Shareholders in our Company between the date of incorporation on 13 November 2017 and the Latest Practicable Date.

CORNERSTONE INVESTORS

In connection with the Placement, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with our Company to subscribe for an aggregate of 51,250,000 Cornerstone Shares at the Placement Price, which is conditional upon, among others, (i) the Management Agreement and Placement Agreement having been entered into and not having been terminated pursuant to its terms and (ii) the registration of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

Details on the Cornerstone Investors are set out below:

Mr. Loh Chen Yook is the Chairman of Karyon Industries Berhad and a non-independent non-executive director of ENRA Group Berhad, both of which are listed on the Main Market of Bursa Malaysia. Karyon Industries Berhad and its subsidiaries are principally engaged in the manufacturing and trading of polymeric products, and ENRA Group Berhad is principally involved in the oil and gas industry and property development. He also holds directorships in various private companies.

Mr. The Cheng Eng is the founder and group managing director of Econpile Holdings Berhad, a company listed on the Main Market of Bursa Malaysia. Ms. The Kun Ann, daughter of Mr. The Cheng Eng, is an executive director of Econpile Holdings Berhad. Econpile Holdings Berhad and its subsidiaries are principally engaged in the provision of bored piling and foundation services, mainly for high-rise property developments and infrastructure projects in Malaysia. In particular, as an integrated provider, the group offers a full suite of piling and foundation services, which typically includes bored piles, earth retaining systems and construction of substructures.

Arena Jujur Sdn. Bhd. is a company incorporated in Malaysia and wholly-owned by Mr. Pang Sar, the executive director, group chief executive officer and substantial shareholder of Econpile Holdings Berhad, a company listed on the Main Market of Bursa Malaysia.

SHAREHOLDING AND OWNERSHIP STRUCTURE

Mr. Chang Chee Kheo is primarily involved in the hospitality business including hotel management and related services through his directorship and shareholdings in various privately owned companies incorporated in Malaysia.

First Grand Investment Pte. Ltd. is a company incorporated in Singapore, and is primarily engaged in property investment and development.

Teambuild Construction Pte. Ltd. is a company incorporated in Singapore, and is primarily engaged in general contractors works and metal scaffolding works.

Save for Mr. The Cheng Eng and Ms. The Kun Ann, the Cornerstone Investors are not related to each other. Each of the Cornerstone Investors is not related to our Company, its Directors, Controlling Shareholders and/or their associates.

MORATORIUM

Promoters

Under the Catalist Rules, (i) our Controlling Shareholders, namely, our CEO, Chee Yew Fei, our Non-executive and Non-independent Director, Teh Lip Kim, Y F Chee Holdings Pte. Ltd., SDB Mining, Selangor Dredging Berhad and Teh Lip Bin; and (ii) their associates; and (iii) Executive Directors with an interest in five per cent. (5.0%) or more of the issued share capital of our Company excluding subsidiary holdings as at our Company's date of admission to Catalist will be deemed promoters of our Company.

Name of Promoter	Nature of interest in Shares
Chee Yew Fei	<p>Our CEO, Chee Yew Fei, holds:</p> <ul style="list-style-type: none">(a) 530 Shares immediately after the Placement;(b) shares representing 60.0% in the issued share capital of GISB, which directly holds 35,593,750 Shares, representing approximately 7.12% of the issued and paid-up share capital of our Company immediately after the Placement; and(c) the entire issued share capital of Y F Chee Holdings Pte. Ltd., which directly holds 215,655,720 Shares, representing approximately 43.13% of the issued and paid-up share capital of our Company immediately after the Placement.

SHAREHOLDING AND OWNERSHIP STRUCTURE

Name of Promoter	Nature of interest in Shares
Teh Lip Kim	<p>Our Non-executive and Non-independent Director, Teh Lip Kim, holds:</p> <p>(a) directly and indirectly approximately 60.3% in the issued and paid-up share capital of Selangor Dredging Berhad, which holds the entire issued share capital of SDB Mining, which directly holds 154,937,500 Shares, representing approximately 30.99% of the issued and paid-up share capital of our Company immediately after the Placement; and</p> <p>(b) the entire issued and paid-up share capital of SSIPL, which directly holds 7,328,125 Shares, representing approximately 1.47% of the issued and paid-up share capital of our Company immediately after the Placement.</p>
Y F Chee Holdings Pte. Ltd.	<p>Our Controlling Shareholder, Y F Chee Holdings Pte. Ltd., holds 215,655,720 Shares, representing approximately 43.13% of the issued and paid-up share capital of our Company immediately after the Placement.</p> <p>Y F Chee Holdings Pte. Ltd. had been designated by YFCH to hold Shares further to the Loan Capitalisation and FMSB Acquisition. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details.</p>
SDB Mining	<p>Our Controlling Shareholder, SDB Mining, holds 154,937,500 Shares, representing approximately 30.99% of the issued and paid-up share capital of our Company immediately after the Placement.</p>
Selangor Dredging Berhad	<p>Our Controlling Shareholder, Selangor Dredging Berhad, holds shares representing the entire issued and paid-up share capital of SDB Mining, which directly holds 154,937,500 Shares, representing approximately 30.99% of the issued and paid-up share capital of our Company immediately after the Placement.</p>
Teh Lip Bin	<p>Our Controlling Shareholder, Teh Lip Bin, holds directly and indirectly approximately 38.9% of the issued and paid-up share capital of Selangor Dredging Berhad, which holds the entire issued and paid-up share capital of SDB Mining, which directly holds 154,937,500 Shares, representing approximately 30.99% of the issued and paid-up share capital of our Company immediately after the Placement.</p>
GISB	<p>Our Substantial Shareholder, GISB, is an associate of our CEO, Chee Yew Fei, and our COO, Ng Mun Fey.</p> <p>GISB directly holds 35,593,750 Shares, representing approximately 7.12% of the issued and paid-up share capital of our Company immediately after the Placement.</p>

SHAREHOLDING AND OWNERSHIP STRUCTURE

Name of Promoter	Nature of interest in Shares
SSIPL	SSIPL is an associate of our Controlling Shareholder and Non-executive and Non-independent Director, Teh Lip Kim. SSIPL directly holds 7,328,125 Shares, representing approximately 1.47% of the issued and paid-up share capital of our Company immediately after the Placement.
Ng Mun Fey	Our Executive Director and COO, Ng Mun Fey, holds shares representing 30.0% in the issued and paid-up share capital of GISB, which directly holds 35,593,750 Shares, representing approximately 7.12% of the issued and paid-up share capital of our Company immediately after the Placement.

Chee Yew Fei, Y F Chee Holdings Pte. Ltd., SDB Mining, GISB and SSIPL

To demonstrate their commitment to our Group, our CEO, Chee Yew Fei, our Controlling Shareholders, Y F Chee Holdings Pte. Ltd. and SDB Mining, our Substantial Shareholder, GISB, and SSIPL, an associate of our Controlling Shareholder and Non-executive and Non-independent Director, Teh Lip Kim, have each undertaken to our Company and the Sponsor and Issue Manager, for a period of 12 months from the date of admission of our Company to Catalist (“**Listing Date**”) (“**Initial Lock-Up Period**”):

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of its/his equity interest in our Company immediately after the Placement (“**Original Shareholding**”) (adjusted for any bonus issue or sub-division of shares, if applicable) (such Shares referred to below as the “**ListCo Lock-Up Shares**”);
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the ListCo Lock-Up Shares, in cash or otherwise;
- (c) not to deposit all of its/his effective interest in any ListCo Lock-Up Shares in any depository receipt facility;
- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

Our CEO, Chee Yew Fei, our Controlling Shareholders, Y F Chee Holdings Pte. Ltd. and SDB Mining, our Substantial Shareholder, GISB, and SSIPL have also each undertaken to our Company and the Sponsor and Issue Manager that the above restrictions will apply in respect of its/his effective interest in 50.0% of the ListCo Lock-Up Shares during the period commencing from the day immediately following the Initial Lock-Up Period until the day falling 18 months after the Listing Date (both dates inclusive).

SHAREHOLDING AND OWNERSHIP STRUCTURE

Chee Yew Fei, Ng Mun Fey, Teh Lip Kim and Selangor Dredging Berhad

In respect of:

- (a) our Executive Director and CEO, Chee Yew Fei's equity interests in Y F Chee Holdings Pte. Ltd. and GISB;
- (b) our Executive Director and COO, Ng Mun Fey's equity interests in GISB;
- (c) our Controlling Shareholder, Teh Lip Kim's equity interests in SSIPL; and
- (d) our Controlling Shareholder, Selangor Dredging Berhad's equity interests in SDB Mining

(such equity interests shall hereinafter be referred to as the "**Equity Interests Subject To Moratorium**"), each of the aforementioned parties has undertaken to our Company and the Sponsor and Issue Manager, for a period of 18 months from the Listing Date:

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of its/his Equity Interests Subject To Moratorium (adjusted for any bonus issue or sub-division of shares if applicable);
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of its/his Equity Interests Subject To Moratorium (adjusted for any bonus issue or sub-division of shares if applicable), in cash or otherwise;
- (c) not to deposit all of its/his Equity Interests Subject To Moratorium (adjusted for any bonus issue or sub-division of shares if applicable) in any depository receipt facility;
- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

Investors

WCSB

Pursuant to share sale agreements dated 7 January 2019 entered into between YFCH and SDB Mining, and between GISB and each of SDB Mining, SSIPL, and our Non-executive and Non-independent Director, Loong Ching Hong, respectively (collectively, the "**Share Sale Agreements**"), YFCH shall transfer 15,000 shares in the capital of Fortress Mining ("**FMSB Shares**") to SDB Mining, and GISB shall transfer 5,000, 17,500 and 12,500 FMSB Shares to SDB Mining, SSIPL and WCSB (as designated by Loong Ching Hong) respectively, on an 'as is where is' basis (the "**Share Transfers**") for a cash consideration of RM229.50 per FMSB Share. The consideration for the Share Transfers was arrived at on a willing-buyer willing-seller basis, taking into account, amongst others, the financial position and business prospects of Fortress Mining. The Share Transfers were completed on 24 January 2019.

SHAREHOLDING AND OWNERSHIP STRUCTURE

Pursuant to the Loan Capitalisation and FMSB Acquisition, each of SDB Mining, SSIPL and WCSB was allotted and issued 154,937,150, 7,328,125 and 5,234,375 Shares respectively. Please refer to the section entitled “Restructuring Exercise” of this Document for further details on the Loan Capitalisation and FMSB Acquisition. The moratorium undertaken by SDB Mining, SSIPL and their respective shareholders are set out above in this section of the Offer Document.

To demonstrate its commitment to our Group, WCSB has undertaken to our Company and the Sponsor and Issue Manager, for the Initial Lock-Up Period:

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of its ListCo Lock-Up Shares;
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the ListCo Lock-Up Shares, in cash or otherwise;
- (c) not to deposit all of its effective interest in any ListCo Lock-Up Shares in any depository receipt facility;
- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

WCSB has also undertaken to our Company and the Sponsor and Issue Manager that the above restrictions will apply in respect of its effective interest in 50.0% of the ListCo Lock-Up Shares during the period commencing from the day immediately following the Initial Lock-Up Period until the day falling 18 months after the Listing Date (both dates inclusive).

Loong Ching Hong

Our Non-executive and Non-independent Director, Loong Ching Hong, holds the entire issued and paid-up share capital of WCSB, which directly holds 5,234,375 Shares, representing approximately 1.05% of the issued share capital of our Company immediately after the Placement.

To demonstrate his commitment to our Group, Loong Ching Hong has undertaken to our Company and the Sponsor and Issue Manager, for a period of 18 months from the Listing Date:

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of his equity interest in WCSB (adjusted for any bonus issue or sub-division of shares if applicable);
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of his equity interest in WCSB (adjusted for any bonus issue or sub-division of shares if applicable), in cash or otherwise;
- (c) not to deposit all of his equity interest in WCSB (adjusted for any bonus issue or sub-division of shares if applicable) in any depository receipt facility;

SHAREHOLDING AND OWNERSHIP STRUCTURE

- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

Other Shareholders

PPCF

Pursuant to the Management Agreement and as part of PPCF's fees as the Sponsor and Issue Manager, our Company allotted and issued the PPCF Shares to PPCF, representing approximately 0.8% of the issued and paid-up share capital of our Company immediately after the Placement, at the Placement Price for each Share.

PPCF has undertaken to our Company, for a period of six (6) months from the Listing Date ("**Moratorium Period**"):

- (a) not to sell, contract to sell, offer, realise, transfer, assign, grant any option or right to acquire, pledge, grant any security over, directly or indirectly, or otherwise dispose of or encumber any part of its ListCo Lock-Up Shares;
- (b) not to enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the ListCo Lock-Up Shares, in cash or otherwise;
- (c) not to deposit all of its effective interest in any ListCo Lock-Up Shares in any depository receipt facility;
- (d) not to enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in any of the above; and
- (e) not to publicly announce any intention to do any of the above.

Upon the expiry of the Moratorium Period, PPCF will dispose its shareholding interest in our Company at its discretion.

DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers of our Shares in this Placement exceeds the pro forma NAV per Share of our Group immediately after the completion of the Placement. Our pro forma NAV per Share as at 31 August 2018, before adjusting for the estimated net proceeds due to our Company from the Placement and based on our Company's pre-Placement issued and paid-up share capital of 425,000,000 Shares, was approximately 3.75 cents per Share.

Pursuant to the Placement in respect of 75,000,000 Placement Shares at the Placement Price, our NAV per Share as at 31 August 2018 after adjusting for the Project Manager Shares, the PPCF Shares and estimated net proceeds due to our Company from the Placement and based on our Company's post-Placement issued and paid-up share capital of 500,000,000 Shares would have been approximately 6.19 cents. This represents an immediate increase in NAV per Share of approximately 2.44 cents to our existing Shareholders and an immediate dilution in NAV per Share of approximately 13.81 cents or approximately 69.05% to our new public Shareholders.

The following table illustrates the dilution on our NAV per Share basis as at 31 August 2018:

	Cents
Placement Price	20.00
NAV per Share adjusted for the Restructuring Exercise and the allotment and issue of the Project Manager Shares and the PPCF Shares but before adjusting for the estimated net proceeds from the Placement and based on our Company's pre-Placement share capital of 425,000,000 Shares	3.75
Increase in NAV per Share attributable to existing Shareholders	2.44
NAV per Share after the allotment and issue of Placement Shares and based on our Company's post-Placement share capital of 500,000,000 Shares	6.19
Dilution in NAV per Share to new public Shareholders	13.81
Dilution in NAV per Share to new public Shareholders (%)	69.05

DILUTION

The following table summarises the total number of Shares (as adjusted for the Restructuring Exercise) that have been acquired by and/or issued to our existing Shareholders since our incorporation, the total consideration paid by them and the average effective cash cost per Share in respect of such Shares to our Shareholders, and the public Shareholders who subscribe for the Placement Shares at the Placement Price pursuant to the Placement:

	Number of Shares acquired by such Shareholder	Total consideration (S\$)	Average effective cash cost per share (cents)
Directors			
Chee Yew Fei	530	530	100.00
Substantial Shareholders			
Greger International Sdn. Bhd. ⁽¹⁾	35,593,750	929,893	2.61
SDB Mining Sdn. Bhd. ⁽¹⁾⁽²⁾	154,937,500	20,412,806	13.17
Y F Chee Holdings Pte. Ltd. ⁽¹⁾⁽²⁾⁽³⁾	215,655,720	5,307,031	2.46
Others			
Smith St Investment Pte. Ltd. ⁽¹⁾⁽²⁾	7,328,125	1,333,815	18.20
Western Capital Sdn. Bhd. ⁽¹⁾⁽²⁾	5,234,375	952,725	18.20
Laguna Star Ventures Limited	2,250,000	450,000	20.00
PPCF	4,000,000	800,000	20.00
New public shareholders			
Cornerstone Investors	51,250,000	10,250,000	20.00
Other public shareholders	23,750,000	4,750,000	20.00

Notes:

- (1) Based on the exchange rate as at the Latest Practicable Date of MYR3.0111 to S\$1.00.
- (2) Please refer to the section entitled "Shareholding and Ownership Structure – Moratorium" of this Offer Document for more details on the Share Transfers.
- (3) Based on the Shares acquired by YFCH and total consideration paid by YFCH prior to the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more details.

RESTRUCTURING EXERCISE

In anticipation of the Placement, our Group undertook the Restructuring Exercise to rationalise and streamline our Group's corporate structure, pursuant to which our Company became the holding company for our subsidiaries.

The details of our Restructuring Exercise are as follows:

(1) Incorporation of Fortress Resources

Fortress Resources was incorporated in Singapore on 8 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1.00 comprising one (1) share held by our CEO, Chee Yew Fei.

(2) Incorporation of our Company

Our Company was incorporated in Singapore on 13 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1.00 comprising one (1) Share held by our CEO, Chee Yew Fei.

(3) Increase in capital of our Company

Our CEO, Chee Yew Fei, GISB and SDB Mining had on 1 August 2018 subscribed for 529, 120 and 350 Shares respectively. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of our Company was S\$1,000 comprising 1,000 Shares.

(4) Incorporation of Fortress Logistics

Fortress Logistics was incorporated in Malaysia on 3 September 2018 as a private company limited by shares with an initial paid-up capital of MYR2.00 comprising two (2) ordinary shares held by our wholly-owned subsidiary, Fortress Mining.

(5) Increase in capital of Fortress Logistics

Fortress Mining had on 4 September 2018 subscribed for 299,998 shares in the capital of Fortress Logistics. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of Fortress Logistics was MYR300,000 comprising 300,000 shares.

(6) Incorporation of Fortress Industries

Fortress Industries was incorporated in Malaysia on 18 September 2018 as a private company limited by shares with an initial paid-up capital of MYR100,000 comprising 100,000 ordinary shares held by our wholly-owned subsidiary, Fortress Mining.

(7) Acquisition of Fortress Resources by our Company

Pursuant to a share transfer instrument dated 30 November 2018, our Company acquired from our CEO, Chee Yew Fei, the entire issued and paid-up share capital of Fortress Resources, at a nominal consideration of S\$1.00. The acquisition consideration was arrived at on a willing-buyer willing-seller basis, taking into account, amongst others, the NAV of Fortress Resources as at 31 August 2018, as Fortress Resources is a newly incorporated company with no operations prior to the Restructuring Exercise.

RESTRUCTURING EXERCISE

Following the completion of the above transaction, Fortress Resources became a wholly-owned subsidiary of our Company on 12 December 2018.

(8) Acquisition of Fortress Mining by our Company and capitalisation of Shareholders' Loans

Acquisition of Fortress Mining by our Company ("FMSB Acquisition")

Pursuant to a sale and purchase agreement dated 19 February 2019 entered into between the Pre-Restructuring FMSB Shareholders, Fortress Mining, Chee Yew Fei and our Company (the "FMSB SPA"), taking into account the unaudited NTA value of Fortress Mining as at 31 August 2018, it was agreed that the consideration payable to the Pre-Restructuring FMSB Shareholders for the acquisition of shares in the capital of Fortress Mining is as set out below:

Pre-Restructuring FMSB Shareholder	Consideration payable by our Company	
	MYR	S\$ ³
YFCH	8,080,248	2,702,424
GISB	1,333,633	446,031
SDB Mining	5,805,226	1,941,547
SSIPL	274,571	91,830
WCSB	196,123	65,593
Total	15,689,801	5,247,425

Capitalisation of Shareholders' Loans ("Loan Capitalisation")

As at the Latest Practicable Date, an aggregate sum of MYR64.0 million (equivalent to approximately S\$21.0 million⁴) was owing by Fortress Mining to the Pre-Restructuring FMSB Shareholders as set out below (collectively, the "Shareholders' Loans", and each, a "Shareholder's Loan"):

Pre-Restructuring FMSB Shareholder	Amount of Shareholder's Loan	
	MYR	S\$ ⁵
YFCH	33,470,000	11,082,403
GISB	6,630,000	2,192,129
SDB Mining	23,000,000	7,618,625
SSIPL	525,000	175,585
WCSB	375,000	125,418
Total	64,000,000	21,194,160

³ Based on the exchange rate of S\$1:MYR2.99, as set out in the FMSB SPA.

⁴ *Ibid.*

⁵ *Ibid.*

RESTRUCTURING EXERCISE

Pursuant to the FMSB SPA, it was agreed that simultaneously with the completion of the sale and purchase of the shares in the capital of Fortress Mining held by the Pre-Restructuring FMSB Shareholders, MYR30.0 million (approximately S\$10.0 million) of the Shareholders' Loans shall be assigned to our Company in consideration of the allotment and issue of such number of Shares to each of the Pre-Restructuring FMSB Shareholders respectively.

Following the completion of the FMSB Acquisition and Loan Capitalisation, our Company allotted and issued new Shares to the Pre-Restructuring FMSB Shareholders as set out below:

Pre-Restructuring FMSB Shareholder	Number of new Shares allotted and issued
Y F Chee Holdings Pte. Ltd. (as designated by YFCH)	215,655,720
GISB	35,593,630
SDB Mining	154,937,150
SSIPL	7,328,125
WCSB	5,234,375
Total	418,749,000

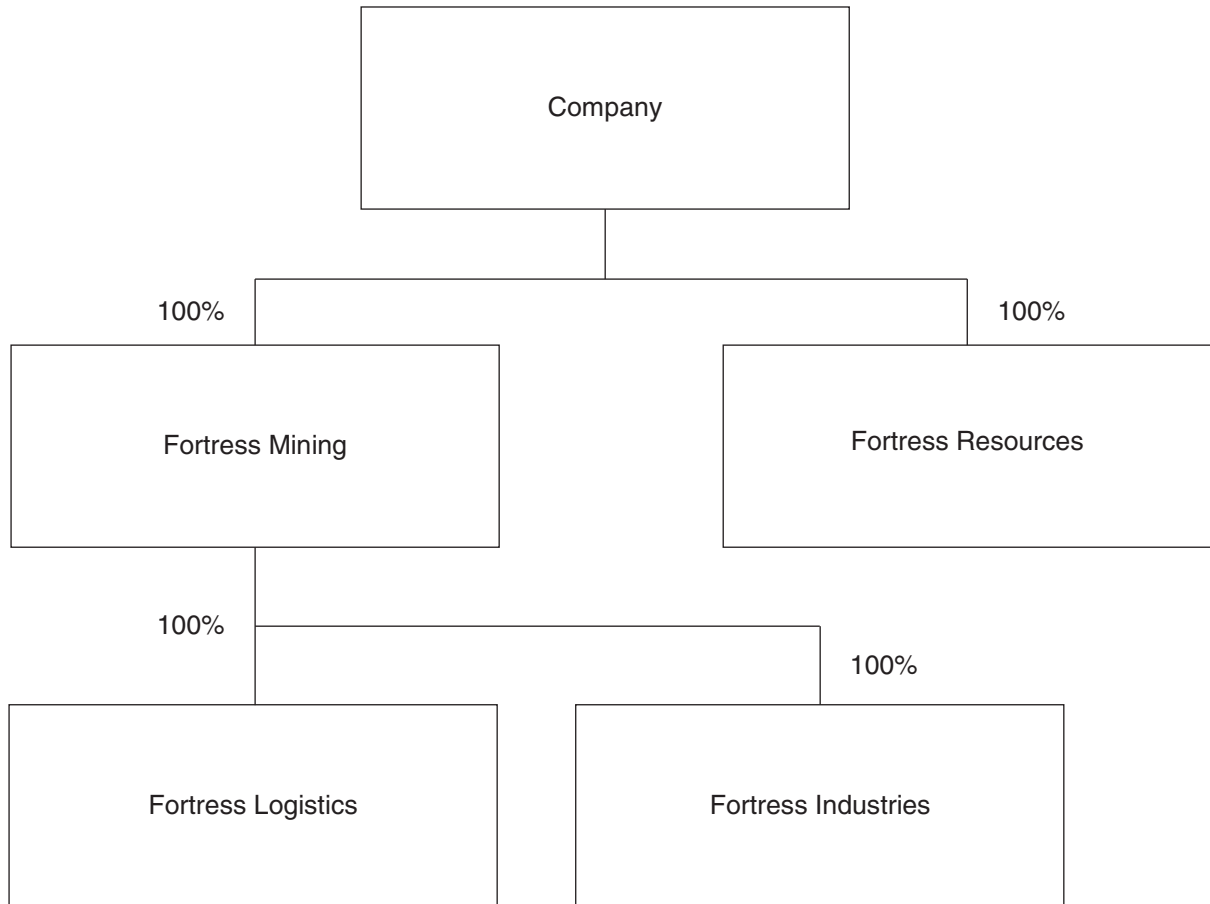
Following the completion of the above transactions, the resultant issued and paid-up share capital of our Company was S\$15,179,328 comprising 418,750,000 Shares.

Following the completion of the Loan Capitalisation, the Shareholders' Loans from SSIPL and WCSB have been fully repaid, while a portion of the Shareholder's Loan from SDB Mining of approximately MYR11.1 million (equivalent to approximately S\$3.6 million) was repaid. In respect of the remaining balance of the Shareholders' Loans, being MYR34.0 million (equivalent to approximately S\$11.4 million) owing to YFCH, GISB and SDB Mining:

- (a) each of YFCH, GISB and SDB Mining has committed not to demand any repayment of the respective amounts owing to them for a period of 18 months commencing from the date of admission of our Company to Catalist; but
- (b) Fortress Mining may repay the same at any time and in such amounts as it deems fit, provided always that any repayment to YFCH, GISB and SDB Mining shall be made on a *pro rata* basis (the "**Proposed Repayment**"). The Proposed Repayment shall be subject to the approval in writing by the Audit Committee, after taking into consideration, without limitation, the general financial and business conditions, results of operations, earnings, capital expenditure, cash flow requirements and development plans of our Company at the time of the Proposed Repayment.

GROUP STRUCTURE

Our Group structure after the Restructuring Exercise and as at the date of this Offer Document is as follows:



GROUP STRUCTURE

The details of our subsidiaries as at the date of this Offer Document are set out below:

Name of subsidiary	Date/Place of incorporation	Principal place of business	Registered capital/ Issued and paid-up capital	Percentage owned by our Group (%)	Principal activities
Fortress Mining Sdn. Bhd.	14 December 2010/ Malaysia	9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor, Malaysia	MYR1,000,000 comprising 1,000,000 ordinary shares	100	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals
Fortress Resources Pte. Ltd.	8 November 2017/ Singapore	Singapore	S\$1.00 comprising one (1) ordinary share	100	Wholesale trade of a variety of goods without a dominant product
Fortress Logistics Sdn. Bhd. ⁽¹⁾	3 September 2018/ Malaysia	9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor, Malaysia	MYR300,000 comprising 300,000 ordinary shares	100	Transport of iron ore and minerals, renting of transport equipments and vehicles and supporting services for transport equipment and vehicles
Fortress Industries Sdn. Bhd. ⁽¹⁾	18 September 2018/ Malaysia	9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor, Malaysia	MYR100,000 comprising 100,000 ordinary shares	100	Processing of iron ore concentrate and other minerals. Trading in minerals

GROUP STRUCTURE

Note:

(1) These entities have been dormant since the date of their incorporation and up to the Latest Practicable Date.

Save as disclosed above, our Group does not have any subsidiaries or associated companies.

Save as disclosed in this Offer Document, none of our Directors or Substantial Shareholders has any interest, whether direct or indirect, in our Group or any of our subsidiaries.

Our subsidiaries are not listed on any stock exchange.

SELECTED COMBINED FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “Independent Auditors’ Report and Audited Combined Financial Statements of Fortress Minerals Limited and Its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018”, the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and Its Subsidiaries for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix A and Appendix B respectively of this Offer Document.

A summary of the financial information of our Group in respect of FY2016, FY2017, FY2018 and 1H2019 is set out below:

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

US\$'000	← Audited →			← Unaudited →	
	FY2016	FY2017	FY2018	1H2018	1H2019
<u>Continuing operations</u>					
Revenue	–	–	–	–	6,572
Cost of sales	–	–	–	–	(2,656)
Gross profit	–	–	–	–	3,916
Other operating income	26	630	959	80	2,069
Selling and distribution expenses	–	–	–	–	(2,306)
Other operating expenses	(136)	(459)	(535)	(198)	(604)
Administrative expenses	(163)	(418)	(399)	(58)	(332)
Finance costs	–	(1)	(382)	(370)	(1)
(Loss)/Profit before tax from continuing operations	(273)	(248)	(357)	(546)	2,742
Income tax expense	–	–	(54)	–	(735)
(Loss)/Profit from continuing operations, net of tax	(273)	(248)	(411)	(546)	2,007
<u>Discontinued operations</u>					
Profit from discontinued operations, net of tax	2,097	323	–	–	–
Profit/(loss) for the financial year/period attributable to owners of the Company	1,824	75	(411)	(546)	2,007

SELECTED COMBINED FINANCIAL INFORMATION

US\$'000	← Audited →			← Unaudited →	
	FY2016	FY2017	FY2018	1H2018	1H2019
<i>Other comprehensive income</i>					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss:</u>					
Exchange difference on translating foreign operation	(1)	(109)	222	62	(164)
Other comprehensive income for the financial year/period, net of tax	(1)	(109)	222	62	(164)
Total comprehensive income for the financial year/period attributable to owners of the Company	1,823	(34)	(189)	(484)	1,843
Pre-Placement EPS/(LPS) (US cents) ⁽¹⁾	0.43	0.02	(0.10)	(0.13)	0.47
Post-Placement EPS/(LPS) (US cents) ⁽²⁾⁽³⁾	0.36	0.02	(0.08)	(0.11)	0.40

Notes:

- (1) For comparative purposes, the pre-Placement EPS/(LPS) for the Period under Review have been computed based on the (loss)/profit for the financial year/period attributable to owners of the Company and our Company's pre-Placement share capital of 425,000,000 Shares.
- (2) Had the Service Agreement and Appointment Letter (as set out in the section entitled "Directors, Management and Employees – Service Agreement and Appointment Letter" of this Offer Document) been in effect since 1 March 2017, the loss for the year attributable to owners of the Company and adjusted LPS based on our Company's post-Placement share capital of 500,000,000 Shares for FY2018 would have been approximately US\$0.8 million and 0.16 US cents respectively.
- (3) For comparative purposes, the post-Placement EPS/(LPS) for the Period under Review have been computed based on the (loss)/profit for the financial year/period attributable to owners of the Company and our Company's post-Placement share capital of 500,000,000 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

COMBINED STATEMENTS OF FINANCIAL POSITION

US\$'000	← As at 29 February 2016	Audited As at 28 February 2017	As at 28 February 2018	← Unaudited As at 31 August 2018 →
ASSETS				
Non-current assets				
Exploration and evaluation assets	359	405	–	–
Mining properties	–	–	7,009	7,213
Plant and equipment	37	2,054	7,301	8,518
	396	2,459	14,310	15,731
Current assets				
Inventories	305	–	223	1,629
Trade receivables	3,067	–	52	189
Other receivables, deposits and prepayment	279	1,349	2,359	2,013
Amount owing from a related company	124	–	–	–
Current income tax recoverable	–	–	143	–
Cash and bank balances	698	46	41	1,239
	4,473	1,395	2,818	5,070
Total assets	4,869	3,854	17,128	20,801
EQUITY AND LIABILITIES				
Equity				
Share capital	268	268	268	268
Other reserves	110	385	607	443
Retained earnings	1,004	1,079	668	2,676
Total equity	1,382	1,732	1,543	3,387
Non-current liabilities				
Borrowings	–	20	17	–
Deferred tax liability	–	8	55	406
Amount owing to ultimate holding company	–	1,350	–	–
Amount owing to shareholders	–	–	–	15,640
	–	1,378	72	16,046
Current liabilities				
Trade payables	–	–	–	76
Other payables and accruals	1,763	609	786	566
Amount owing to ultimate holding company	645	–	–	–
Amount owing to a related party	–	–	661	625
Amount owing to Shareholders	–	–	14,060	–
Amount owing to a Director	131	–	–	–
Provision for taxation	512	130	–	101
Borrowings	436	5	6	–
	3,487	744	15,513	1,368
Total liabilities	3,487	2,122	15,585	17,414
Total equity and liabilities	4,869	3,854	17,128	20,801
NAV per Share ⁽¹⁾ (US cents)	0.33	0.41	0.36	0.80

Note:

(1) NAV per Share is computed based on the net asset value of our Group and our Company's pre-Placement share capital of 425,000,000 Shares.

SUMMARY OF OUR PRO FORMA FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Independent Auditors’ Assurance Report and Unaudited Pro Forma Combined Financial Information of Fortress Minerals Limited and Its Subsidiaries for the Financial Year Ended 28 February 2018 and for the Financial Period From 1 March 2018 to 31 August 2018” as set out in Appendix C of this Offer Document.

UNAUDITED PRO FORMA COMBINED STATEMENTS OF COMPREHENSIVE INCOME

US\$'000	← Unaudited →	
	FY2018	1H2019
Revenue	–	6,572
Cost of sales	–	(2,656)
Gross profit	–	3,916
Other operating income	959	2,069
Selling and distribution expenses	–	(2,306)
Other operating expenses	(535)	(604)
Administrative expenses	(399)	(332)
Finance costs	(382)	(1)
(Loss)/Profit before tax	(357)	2,742
Income tax expense	(54)	(735)
(Loss)/Profit for the year/period attributable to owners of the Company	(411)	2,007
<i>Other comprehensive income</i>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Exchange difference on translating foreign operation	768	(503)
Other comprehensive income for the financial year/period, net of tax	768	(503)
Total comprehensive income for the financial year/period attributable to owners of the Company	357	1,504
Pre-Placement (LPS)/EPS (US cents) ⁽¹⁾	(0.10)	0.47
Post-Placement (LPS)/EPS (US cents) ⁽²⁾	(0.08)	0.40

Notes:

- (1) For comparative purposes, (LPS)/EPS for the Period Under Review have been calculated based on (loss)/profit for the year/period attributable to owners of the Company and our Company’s pre-Placement share capital of 425,000,000 Shares.
- (2) For comparative purposes, (LPS)/EPS for the Period Under Review have been calculated based on (loss)/profit for the year/period attributable to owners of the Company and our Company’s post-Placement share capital of 500,000,000 Shares.

SUMMARY OF OUR PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

US\$'000	← Unaudited →	
	FY2018	1H2019
ASSETS		
Non-current assets		
Mining properties	7,009	7,213
Plant and equipment	7,301	8,518
	14,310	15,731
Current assets		
Inventories	223	1,629
Trade receivables	52	189
Other receivables, deposits and prepayment	2,359	2,013
Current income tax recoverable	143	–
Cash and bank balances	2,342	1,239
	5,119	5,070
Total assets	19,429	20,801
EQUITY AND LIABILITIES		
Equity		
Share capital	7,391	7,392
Other reserves	1,153	650
Retained earnings	668	2,676
Total equity	9,212	10,718
Non-current liabilities		
Borrowings	17	–
Deferred tax liability	55	406
Amount owing to shareholders	–	8,309
	72	8,715
Current liabilities		
Trade payables	–	76
Other payables and accruals	786	566
Amount owing to a related party	661	625
Amount owing to shareholder	8,692	–
Provision for taxation	–	101
Borrowings	6	–
	10,145	1,368
Total liabilities	10,217	10,083
Total equity and liabilities	19,429	20,801
NAV per Share ⁽¹⁾ (US cents)	2.17	2.52

Note:

(1) NAV per Share is computed based on the total equity and our Company's pre-Placement share capital of 425,000,000 Shares.

SUMMARY OF OUR PRO FORMA FINANCIAL INFORMATION

BASIS OF PREPARATION

The unaudited pro forma combined financial information is based on the audited combined financial statements of our Group for FY2016, FY2017 and FY2018, which have been prepared in accordance with Singapore Financial Reporting Standards. The audited combined financial statements of our Group for FY2018 and 1H2019 were audited by BDO LLP in accordance with Singapore Standards on Auditing.

The unaudited pro forma combined financial information has been prepared using the same accounting policies as the audited combined financial statements of our Group.

The unaudited pro forma combined financial information for FY2018 and 1H2019 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show that:

- (a) the financial position of our Group as at 28 February 2018 and 31 August 2018 would have been if the Loan Capitalisation had taken place since the beginning of the financial year ended 28 February 2018; and
- (b) the financial performance and cash flows of our Group for FY2018 and 1H2019 would have been if the Loan Capitalisation had taken place on 1 March 2018 since the beginning of the financial year ended 28 February 2018.

The following pro forma adjustment ("**Pro Forma Adjustment**") was made assuming the transactions had taken place on 1 March 2018:

- (a) Inclusion in the pro forma financial information for 1H2019, where our Company capitalised the assigned Shareholders' Loans into issued and fully paid up share capital of our Company. The capitalisation resulted in an increase in share capital of our Company by US\$7,123,615.

Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details in relation to the Pro Forma Adjustment of the Loan Capitalisation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our business, financial condition and results of operations for Fortress Minerals Limited should be read in conjunction with the full text of this Offer Document, including the sections entitled "Independent Auditors' Report and Audited Combined Financial Statements of Fortress Minerals Limited and Its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018" and the "Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and Its Subsidiaries for the Financial Period from 1 March 2018 to 31 August 2018" as set out in Appendix A and Appendix B respectively of this Offer Document.

This discussion and analysis contains forward-looking statements which involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements. Factors that might cause our actual future results to differ from those projected in the forward-looking statements include, but not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document.

OVERVIEW

Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. We presently produce iron ore concentrate with TFe grade of 65.0% and above from iron ore mined from the East, Valley and West Deposits in our Bukit Besi Mine, and we currently sell our iron ore concentrate primarily to steel mills and trading companies in the PRC and Malaysia. Our mining right for our Bukit Besi Mine covers a total area of approximately 526.2 ha, and will expire in early 2033.

Please refer to the section entitled "General Information on our Group – Business Overview" of this Offer Document for further details of our business activities.

Revenue

We presently derive our revenue primarily from the sale of processed iron ore concentrate of TFe grade 65.0% and above mined from our Bukit Besi Mine to our customers.

Our Group ceased all bauxite mining activities towards the end of FY2016 following the imposition of the Bauxite Moratorium by the government of Malaysia in January 2016. We sold all our bauxite inventory by March 2016 during FY2017. Thereafter, we discontinued all bauxite mining and sale activities and focused on the preparation, exploration and development of the East, Valley and West Deposits in the Bukit Besi Mine for FY2016, FY2017, FY2018 and 1H2018, and there was no sale of fully processed iron ore concentrate during that period. We commenced production of high grade iron ore concentrate in 1H2019 and recognised revenue from the sale of iron ore concentrate of approximately US\$6.6 million for 1H2019.

Revenue from the sale of our iron ore concentrate is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where our Company does not have continuing managerial involvement over the iron ore concentrate, which coincides with the delivery of iron ore concentrate and acceptance by customers.

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Our revenue is presented net of rebates and discounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our revenue is mainly dependent on the following factors:

- (a) market prices of iron ore;
- (b) production and processing capacity of our plant;
- (c) the demand for our iron ore;
- (d) grade and quality of our iron ore; and
- (e) the general economy as a whole.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

Cost of sales

We did not recognise any cost of sales from our continuing operations for FY2016, FY2017, FY2018 and 1H2018.

For 1H2019, cost of sales was in relation to the sale of iron ore concentrate amounted to approximately US\$2.7 million, accounting for approximately 40.4% of our total revenue for 1H2019. Cost of sales for 1H2019 mainly comprised (i) mining and plant costs; (ii) direct labour costs; (iii) professional fees; (iv) site overhead costs; (v) raw material; and (vi) general expenses.

Mining and plant costs mainly relate to the expenses incurred for the rental of machinery and equipment, diesel and depreciation. Direct labour costs mainly comprised salary and benefits paid to our employees. Professional fees mainly relate to fees to professionals such as outsourced electrical engineer fee and outsourced environmental officer fee. Site overhead costs mainly included expenses such as electricity and water. General expenses were mainly in relation to the amortisation of production mine.

The factors that will affect our cost of sales include:

- (a) quantity of iron ore concentrate produced;
- (b) electricity and fuel consumption;
- (c) the feed grade of iron ore; and
- (d) our employees' remuneration.

Gross profit and gross profit margin

Gross profit is determined after deducting cost of sale from our Group's revenue. Accordingly, the determinants of gross profit are revenue generated and cost of sales.

The gross profit margin of our Group was approximately 59.6% for 1H2019. Our Group did not generate gross profit in FY2016, FY2017, FY2018 and 1H2018 from continuing operations as there was no revenue recognised from the sale of iron ore concentrate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other operating income

Other operating income comprised mainly sale of unprocessed iron ore prior to the commissioning of our processing plant on 1 April 2018, realised foreign exchange gain and interest income. Other operating income was approximately US\$26,000, US\$0.6 million, US\$1.0 million, US\$0.1 million, and US\$2.1 million for FY2016, FY2017, FY2018, 1H2018 and 1H2019 respectively.

Selling and distribution expenses

Selling and distribution expenses comprised mainly commission, ocean freight, royalty and handling and transport charges. Selling and distribution expenses was US\$2.3 million which accounted for approximately 35.1% of our total revenue for 1H2019. Our Group did not record any selling and distribution expenses for FY2016, FY2017, FY2018 and 1H2018 prior to the commissioning of our processing plant.

Other operating expenses

Other operating expenses comprised mainly employee salary, plant consumables, laboratory expenses, travelling costs and depreciation expenses. Other operating expenses was approximately US\$0.1 million, US\$0.5 million, US\$0.5 million, US\$0.2 million and US\$0.6 million for FY2016, FY2017, FY2018, 1H2018 and 1H2019 respectively.

Administrative expenses

Administrative expenses comprised mainly unrealised loss on foreign exchange, stamp duties and donation. Administrative expenses was approximately US\$0.2 million, US\$0.4 million, US\$0.4 million, US\$0.1 million and US\$0.3 million for FY2016, FY2017, FY2018, 1H2018 and 1H2019 respectively.

Finance costs

Finance costs comprised amount owing to ultimate holding company and hire purchase interest cost. Our Group did not incur any finance costs for FY2016 while the amount incurred during FY2017 was insignificant. Finance costs were approximately nil, US\$1,000, US\$0.4 million, US\$0.4 million and US\$1,000 for FY2016, FY2017, FY2018, 1H2018 and 1H2019 respectively.

Taxation

Our Group did not incur any income tax expense for our continuing operations for FY2016, FY2017 and 1H2018. We incurred a tax expense of approximately US\$0.1 million in FY2018 despite a loss before tax from continuing operations mainly due to other operating income in FY2018. We incurred a tax expense of approximately US\$0.7 million in 1H2019 and our overall effective tax rate was approximately 26.8%. The Malaysian statutory corporate tax rate for 1H2019 was 24%. Our effective tax rate for 1H2019 was higher than the Malaysian statutory corporate tax rate mainly due to tax effect of non-deductible expenses for income tax purposes and deferred tax liabilities recognised.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit from discontinued operations

Profit from discontinued operations relates to profit derived from our discontinued bauxite mining operations which we ceased after the imposition of the Bauxite Moratorium. Please refer to the section entitled "General Information on our Group – History" of this Offer Document for further details.

RESULTS OF OPERATIONS

Breakdown of our past performance by business division and geographical markets

The government of Malaysia imposed the Bauxite Moratorium in January 2016 and we ceased all our bauxite mining operations towards the end of FY2016. Notwithstanding the imposition of the Bauxite Moratorium on the mining of bauxite, operators were permitted to sell or export existing bauxite stockpiles. Hence, we made the last shipment of bauxite by March 2016 during FY2017 and following which, our Group discontinued all bauxite-related activities.

We commenced preliminary exploration activities at the East, Valley and West Deposits in the Bukit Besi Mine during FY2017. Iron ore concentrate mined from the East, Valley and West Deposits were sold to our customers in the PRC only during the Period Under Review. Therefore, a segmentation of our financial performance by business division and geographical regions will not be meaningful for the Period Under Review.

REVIEW OF PAST PERFORMANCE

Reconciliation of the audited and unaudited pro forma combined statements of comprehensive income for FY2018

In FY2018, our Group recorded exchange gain of approximately US\$0.2 million. Our Group will record a pro forma exchange gain of approximately US\$0.8 million. The increase in exchange gain of approximately US\$0.6 million is mainly due to the reversal of approximately US\$0.3 million of exchange differences from the foreign currency translation reserve, and approximately US\$0.3 million of revaluation gain, pursuant to the Pro Forma Adjustment.

Reconciliation of the audited and unaudited pro forma combined statements of comprehensive income for 1H2019

In 1H2019, our Group recorded exchange loss of approximately US\$0.2 million. Our Group will record a pro forma exchange loss of approximately US\$0.5 million. The increase in exchange loss of approximately US\$0.3 million is mainly due to the reversal of approximately US\$0.3 million of exchange differences from the foreign currency translation reserve, pursuant to the Pro Forma Adjustment.

FY2016 vs FY2017

Revenue and cost of sales

Our Group did not recognise any revenue and cost of sales for FY2016 and FY2017 for our continuing operations as we have not commenced the production and processing of iron ore.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other operating income

Our other operating income increased by approximately US\$0.6 million from approximately US\$26,000 in FY2016 to approximately US\$0.6 million in FY2017. This was mainly due to the sale of a shipment of low grade unprocessed iron ore from our Bukit Besi Mine.

Other operating expenses

Our other operating expenses increased by approximately US\$0.4 million or 238.0% from approximately US\$0.1 million in FY2016 to approximately US\$0.5 million in FY2017. The increase was mainly attributable to (i) the impairment of exploration and evaluation assets of approximately US\$0.2 million in FY2017 as the Directors did not anticipate any future economic benefits associated with certain exploration and evaluation assets in relation to our operations at Bukit Besi Mine; and (ii) an aggregate increase of approximately US\$0.2 million in relation to fuel consumption and bonus paid to our Directors and employees.

Administrative expenses

Our administrative expenses increased by approximately US\$0.2 million or 156.4%, from approximately US\$0.2 million in FY2016 to approximately US\$0.4 million in FY2017. The increase is mainly in relation to our Group's corporate social responsibilities where we contributed gifts and donations for the promotion of sport activities in the State of Terengganu.

Finance costs

Our finance costs were insignificant in FY2016 and FY2017.

Loss before income tax from continuing operations

Loss before tax decreased marginally by approximately US\$25,000 in FY2017 as a result of an increase in other operating expenses by approximately US\$0.4 million and an increase in administrative expenses by approximately US\$0.2 million. This was partially offset by an increase in other operating income of approximately US\$0.6 million.

Income tax expense

Our Group did not incur any income tax expense for our continuing operations in FY2016 and FY2017.

Profit after income tax from discontinued operations

Our profit after tax from discontinued operations decreased by approximately US\$1.8 million or 84.6% from approximately US\$2.1 million in FY2016 to approximately US\$0.3 million in FY2017 from the last shipment of our bauxite stockpile in March 2016. Our Group has since ceased all bauxite mining operations following the imposition of the Bauxite Moratorium in January 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2017 vs FY2018

Revenue and cost of sales

Our Group did not recognise any revenue or cost of sales for FY2017 and FY2018 for our continuing operations as we had not commenced the production and sale of iron ore concentrate then.

Other operating income

Our other operating income increased by approximately US\$0.4 million or 52.2%, from approximately US\$0.6 million in FY2017 to approximately US\$1.0 million in FY2018. The increase was mainly due the sale proceeds from the sale of semi-processed iron ore produced from the trial runs of our processing plant at our Bukit Besi Mine.

Other operating expenses

Our other operating expenses remained constant at approximately US\$0.5 million for FY2017 and FY2018.

Administrative expenses

Our administrative expenses remained constant at approximately US\$0.4 million for FY2017 and FY2018.

Finance costs

Our Group incurred finance costs of approximately US\$0.4 million in FY2018 mainly due to the unwinding of fair value arising from the reclassification of amount due to shareholders to current liability which we did not incur in FY2017.

During FY2018, the outstanding amount due to ultimate holding company, which was WSB, was transferred to a shareholder, YFCH ("**Loan Novation**"). As the Loan Novation was deemed to be a substantial modification of the terms of an existing financial liability, as a result, the existing financial liability is extinguished in accordance with FRS 39. Accordingly, the finance costs recognised in the profit or loss mainly relate to the impact of FRS 39 unwinding of interests and the difference between the carrying amount of the financial liability extinguished and the nominal amount of the loan transferred.

Loss before income tax from continuing operations

Loss before tax increased by approximately US\$0.1 million or 44.1% from approximately US\$0.3 million in FY2017 to approximately US\$0.4 million in FY2018 as a result of an increase in finance costs of approximately US\$0.4 million. This was partially offset by an increase in other operating income of US\$0.3 million.

Income tax expense

Our Group incurred income tax expense of approximately US\$54,000 in FY2018 as a result of taxation for sale of semi-processed iron ore produced from trial runs of our processing plant at our Bukit Besi Mine.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit after income tax from discontinued operations

Our Group did not recognise any profit from discontinued operations for FY2018 as we had ceased our bauxite mining operations and completed the sale of the remaining bauxite stockpile in FY2017.

1H2018 vs 1H2019

Revenue

Our Group recorded total revenue of approximately US\$6.6 million for 1H2019 as we had commenced commercial production of our high grade iron ore concentrate in April 2018. Our Group did not record any revenue in 1H2018 as commercial production only commenced in April 2018.

Cost of sales

Our Group recorded cost of sales of approximately US\$2.7 million for 1H2019 due to the commencement of commercial production of our high grade iron ore concentrate in April 2018. Our Group did not incur any cost of sales in 1H2018 as revenue was only recorded in 1H2019.

Gross profit and gross profit margin

Our gross profit for 1H2019 was approximately US\$3.9 million and our gross profit margin was 59.6%. This was mainly attributable to an increase in revenue of approximately US\$6.6 million. This was partially offset by an increase in cost of sales of approximately US\$2.7 million.

Other operating income

Our other operating income increased by approximately US\$2.0 million from approximately US\$0.1 million in 1H2018 to approximately US\$2.1 million in 1H2019. This was mainly due to the sale of semi-processed iron ore produced from the trial runs of our processing plant at our Bukit Besi Mine.

Selling and distribution expenses

Selling and distribution expenses was approximately US\$2.3 million for 1H2019 incurred for the shipments of iron ore concentrate which comprised (i) ocean freight costs of approximately US\$1.2 million; (ii) handling and transportation charges of approximately US\$0.6 million; and (iii) royalty and tribute paid to LTWANT, the holder of the Mining Leases, and PTG, the grantor of the Mining Leases, of approximately US\$0.5 million. Our Group did not incur any selling and distribution expenses in 1H2018 as commercial production had only commenced in April 2018.

Other operating expenses

Our other operating expenses increased by approximately US\$0.4 million or 205.9%, from approximately US\$0.2 million in 1H2018 to approximately US\$0.6 million in 1H2019. This was mainly due to an increase in cost relating to the upkeep of machinery and site of US\$0.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Administrative expenses

Administrative expenses increased by approximately US\$0.2 million or 470.6%, from approximately US\$0.1 million in 1H2018 to approximately US\$0.3 million in 1H2019. The increase was mainly due to (i) an increase in expenses relating to the preparation for the Listing of approximately US\$0.1 million; and (ii) an increase in realised loss on foreign exchange of approximately US\$0.1 million.

Finance costs

Finance costs decreased by approximately US\$0.4 million or 99.8% from approximately US\$0.4 million in 1H2018 to approximately US\$1,000 in 1H2019, as we did not incur the costs after the unwinding of fair value gain on the Shareholders' Loans.

(Loss)/Profit before income tax from continuing operations

Profit before taxation increased by approximately US\$3.3 million from a loss of approximately US\$0.5 million in 1H2018 to profit of approximately US\$2.7 million in 1H2019. The increase was mainly due to (i) a gross profit of approximately US\$3.9 million; (ii) an increase in other operating income of approximately US\$2.0 million; and (iii) a decrease in finance costs of approximately US\$0.4 million. The increase was partially offset by (i) selling and distribution expenses incurred of approximately US\$2.3 million; (ii) the increase in operating expenses of approximately US\$0.4 million; and (iii) an increase in administrative expenses of approximately US\$0.2 million.

Income tax expense

Our Group incurred income tax expense of approximately US\$0.7 million in 1H2019. The taxation was mainly for the provision for current year taxation and deferred taxation from the sale of shipments of iron ore concentrate in 1H2019 which was not incurred in 1H2018. Our Group did not incur any income tax expense in 1H2018 as commercial production had only commenced in April 2018.

Review of Financial Position

Reconciliation of the unaudited and pro forma statements of financial position as at 31 August 2018

As at 31 August 2018, we had total equity of approximately US\$3.4 million and total liabilities of approximately US\$17.4 million. Further to the Pro Forma Adjustment of the Loan Capitalisation, our Group recorded total equity of approximately US\$10.7 million and total liabilities of approximately US\$10.1 million as at 31 August 2018 on a pro forma basis.

As at 31 August 2018

Non-current assets

As at 31 August 2018, our non-current assets of approximately US\$15.7 million comprised mining properties, plant and equipment which accounted for approximately 75.6% of our total assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 31 August 2018, mining properties of approximately US\$7.2 million comprised overall development expenditure for the East, Valley and West Deposits in our Bukit Besi Mine which accounted for approximately 45.9% of our total non-current assets. Key components are (i) exploration and evaluation expenditure of approximately US\$1.5 million representing approximately 20.8% of our total mining properties; (ii) plant cost of approximately US\$4.3 million representing approximately 59.7% of our total mining properties; (iii) material expenditure of US\$0.1 million representing approximately 1.4% of our total mining properties; (iv) labour expenditure of US\$1.1 million representing approximately 15.3% of our total mining properties; (v) stripping asset activity of US\$0.1 million representing approximately 1.4% of our total mining properties; and (vi) infrastructure expenditure of approximately US\$0.1 million representing approximately 1.4% of our total mining properties.

As at 31 August 2018, property, plant and equipment amounted to approximately US\$8.5 million which accounted for approximately 54.1% of our total non-current assets. This comprised furniture and fittings, office equipment, site equipment, plant and machinery and motor vehicles.

Current assets

As at 31 August 2018, our current assets of approximately US\$5.1 million accounted for approximately 24.4% of our total assets. Our current assets comprised inventories, trade receivables, other receivables, deposit and prepayment and cash and bank balances.

As at 31 August 2018, our inventories of approximately US\$1.6 million accounted for approximately 32.1% of our total current assets. Our inventories comprised mainly processed iron ore concentrate which are stockpiled for shipment.

As at 31 August 2018, our trade receivables of approximately US\$0.2 million accounted for approximately 3.7% of our total current assets. Our trade receivables comprised mainly accrued receivables from shipments made to third party customers.

As at 31 August 2018, our other receivables of approximately US\$2.0 million accounted for approximately 39.7% of our total current assets. This comprised mainly the prepayment of tribute to LTWANT of approximately US\$1.1 million, deposits of approximately US\$0.4 million, GST receivables of approximately US\$0.4 million and other receivables of approximately US\$0.1 million.

Cash and bank balances as at 31 August 2018 amounted to approximately US\$1.2 million or approximately 24.4% of our total current assets.

Non-current liabilities

As at 31 August 2018, our non-current liabilities of approximately US\$16.0 million accounted for approximately 92.1% of our total liabilities. Our non-current liabilities comprised deferred tax liability and amount owing to shareholders.

As at 31 August 2018, deferred tax liability comprised temporary differences arising from plant and equipment and mining properties which amounted to approximately US\$0.4 million representing approximately 2.5% of our total non-current liabilities as at 31 August 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 31 August 2018, the amount owing to shareholders amounted to approximately US\$15.6 million or approximately 97.5% of our total non-current liabilities. This amount is in relation to the Shareholders' Loans provided to our Group. Please refer to the section entitled "Restructuring Exercise" and "Interested Person Transactions" of this Offer Document for more details.

Current liabilities

As at 31 August 2018, our current liabilities of approximately US\$1.4 million accounted for approximately 7.9% of our total liabilities. Our current liabilities comprised trade payables, other payables and accruals, amount owing to a related party and provision for tax.

As at 31 August 2018, trade payables amounted to approximately US\$0.1 million or approximately 5.6% of our total current liabilities as at 31 August 2018.

As at 31 August 2018, other payables amounted to approximately US\$0.6 million or approximately 41.4% of our total current liabilities as at 31 August 2018. Other payables comprised sundry payables of approximately US\$0.3 million, accrued end month payroll of approximately US\$0.1 million and accrued tribute payable to LTAWNT and PTG of approximately US\$0.2 million.

As at 31 August 2018, amount due to a related party of approximately US\$0.6 million or approximately 45.7% of our total current liabilities as at 31 August 2018. This pertains to amounts payable to WSB in relation to the rental of machinery.

As at 31 August 2018, provision for tax amounted to approximately US\$0.1 million or approximately 7.4% of our total current liabilities as at 31 August 2018.

Equity

As at 31 August 2018, our total equity amounted to approximately US\$3.4 million, which comprised mainly share capital of approximately US\$0.3 million, other reserves of approximately US\$0.4 million and retained earnings of approximately US\$2.7 million.

Reconciliation of the audited and pro forma statements of financial position as at 28 February 2018

As at 28 February 2018, we had total equity of US\$1.5 million and total liabilities of approximately US\$15.6 million. Further to the Pro Forma Adjustment of the Loan Capitalisation, our Group recorded total equity of approximately US\$9.2 million and total liabilities of approximately US\$10.2 million as at 28 February 2018 on a pro forma basis.

As at 28 February 2018

Non-current assets

As at 28 February 2018, our non-current assets of approximately US\$14.3 million comprised mining properties and property, plant and equipment, which accounted for approximately 83.6% of our total assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 28 February 2018, mining properties of approximately US\$7.0 million comprised overall development expenditure for the East, Valley and West Deposits in our Bukit Besi Mine, which accounted for approximately 49.0% of our total non-current assets. Key components are (i) exploration and evaluation expenditure of approximately US\$1.5 million representing approximately 21.4% of our total mining properties; (ii) plant cost of approximately US\$4.2 million representing approximately 60.0% of our total mining properties; (iii) material expenditure of US\$0.1 million representing approximately 1.4% of our total mining properties; (iv) labour expenditure of US\$1.1 million representing approximately 15.8% of our total mining properties; and (v) infrastructure expenditure of approximately US\$0.1 million representing approximately 1.4% of our total mining properties.

As at 28 February 2018, property, plant and equipment amounted to approximately US\$7.3 million which accounted for approximately 51.0% of our total non-current assets. This comprised furniture and fittings, office equipment, site equipment, plant and machinery, motor vehicles and capital work-in-progress.

Current assets

As at 28 February 2018, our current assets of approximately US\$2.8 million accounted for approximately 16.4% of our total assets. Our current assets comprised inventories, trade receivables, other receivables, deposits and prepayment, current income tax recoverable and cash and bank balances.

As at 28 February 2018, our inventories of approximately US\$0.2 million accounted for approximately 7.9% of our total current assets. Our inventories comprised mainly consumable stores such as chemical and steel balls.

As at 28 February 2018, our trade receivables amounted to approximately US\$0.1 million which accounted for approximately 1.8% of our total current assets. Our trade receivables comprised solely receivables from third parties from the sale of iron ore fines and lumps.

As at 28 February 2018, our other receivables, deposits and prepayment amounted to approximately US\$2.4 million which accounted for approximately 83.7% of our total current assets. This comprised prepayment of tribute to LTAWNT of approximately US\$1.4 million, GST receivables of US\$0.6 million and sundry receivables in relation to certain prepayment of approximately US\$0.3 million and deposits of approximately US\$0.1 million.

As at 28 February 2018, our current income tax recoverable of approximately US\$0.1 million which accounted for approximately 5.1% of our total current assets. Current income tax recoverable refer to tax instalments paid for the year of assessment 2018 net of provision for taxation for year of assessment 2018.

Cash and bank balances as at 28 February 2018 amounted to approximately US\$41,000 or approximately 1.5% of our total current assets.

Non-current liabilities

As at 28 February 2018, our non-current liabilities of approximately US\$0.1 million accounted for approximately 0.5% of our total liabilities. Our non-current liabilities comprised hire purchase payable and deferred tax liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Current liabilities

As at 28 February 2018, our current liabilities of approximately US\$15.5 million accounted for approximately 99.5% of our total liabilities. Our current liabilities comprised other payables and accruals, amount owing to related party, amount owing to a shareholder and borrowings.

As at 28 February 2018, other payables and accruals amounted to approximately US\$0.8 million or approximately 5.1% of our total current liabilities. Other payables comprised sundry payables of approximately US\$0.5 million, payroll accrual of approximately US\$0.2 million and accrued tribute payable to LTAWNT and PTG of US\$0.1 million.

As at 28 February 2018, the amount owing to a related party amounted to approximately US\$0.7 million or approximately 4.3% of our total current liabilities. This pertains to amounts payable to WSB in relation to the rental of machinery.

As at 28 February 2018, amount owing to Shareholders amounted to approximately US\$14.1 million or approximately 90.6% of our total current liabilities. This amount is in relation to Shareholders' Loans provided to our Group. Please refer to the section entitled "Restructuring Exercise" and "Interested Person Transactions" of this Offer Document for more details.

Equity

As at 28 February 2018, our total equity of approximately US\$1.5 million which comprised issued share capital of approximately US\$0.3 million, other reserves of approximately US\$0.6 million and retained earnings of approximately US\$0.6 million.

Liquidity and Capital Resources

As at the Latest Practicable Date, our Company has both internal and external sources of cash funding. Internal sources refer to cash generated from our Company's operating activities while external sources of funds comprise mainly trade credits and advances, loans and capital investment from our shareholders. These were utilised to fund both our day to day operating and capital expenditure.

Our Company's cashflow for FY2016, FY2017, FY2018, and 1H2019 are summarised below:

US\$'000	FY2016	FY2017	FY2018	1H2019
Net cash flow generated from/(used in) operating activities	313	1,021	(457)	1,609
Net cash used in investing activities	(418)	(2,392)	(10,801)	(2,673)
Net cash flow generated from financing activities	336	1,176	11,248	2,266
Net change in cash and cash equivalents	231	(195)	(10)	1,202
Effect of exchange rate changes on cash and cash equivalents	(34)	(3)	5	(4)
Cash and cash equivalents at the beginning of the financial year/period	47	244	46	41
Cash and cash equivalents at the end of the financial year/period	244	46	41	1,239

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2016

In FY2016, we recorded a net cash generated from operating activities of approximately US\$0.3 million which was a result of operating profit before working capital changes of approximately US\$2.5 million, adjusted for working capital outflows of approximately US\$2.2 million. The net working capital outflow was mainly due to the following:

- (a) increase in inventories of our bauxite stockpile of approximately US\$0.3 million from a nil balance at the beginning of FY2016; and
- (b) increase in trade and other receivables of approximately US\$3.5 million from a nil balance at the beginning of FY2016, as FMSB had just begun its mining operations in FY2016.

The above working capital outflow was partially offset by an increase in trade and other payables of approximately US\$1.6 million from a nil balance at the beginning of FY2016, as FMSB had just begun its mining operations in FY2016.

Net cash used in investing activity of approximately US\$0.4 million due to our additions to exploration and evaluation assets and plant and equipment.

Net cash flow generated from financing activity of US\$0.3 million was mainly due to (i) net drawdown of borrowing of approximately US\$0.4 million; (ii) proceeds from issuance of ordinary shares of approximately US\$0.3 million; and (iii) advance from ultimate holding company, which was WSB, of approximately US\$0.2 million. This was partially offset by (i) an increase in deposits pledged with a licensed bank of approximately US\$0.5 million and (ii) repayment to a related company of approximately US\$0.1 million.

As at 29 February 2016, our cash and cash equivalents were approximately US\$0.2 million.

FY2017

In FY2017, net cash generated from our operating activities was approximately US\$1.0 million which was a result of operating profit before working capital changes of approximately US\$0.4 million, adjusted for working capital inflow of approximately US\$1.1 million and tax paid of approximately US\$0.5 million. The net working capital inflow was mainly due to:

- (a) decrease in inventories of approximately US\$0.3 million as our Group had sold the last shipment of our bauxite stockpile by March 2016 in FY2017; and
- (b) decrease in trade and other receivables of approximately US\$1.9 million as we had received the payments from our customers from our discontinued operations after the imposition of the Bauxite Moratorium during FY2017.

The above working capital inflow was partially offset by a decrease in trade and other payables of US\$1.1 million as our Group did not accrue expenses from our discontinued operations after the imposition of the Bauxite Moratorium.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in investing activities amounted to approximately US\$2.4 million was mainly attributable to expenditure for exploration and evaluation assets of approximately US\$0.3 million incurred for the East, Valley and West Deposits and the purchase of plant and equipment of approximately US\$2.1 million.

Net cash flow generated from financing activities amounted to approximately US\$1.2 million was mainly attributable to (i) advances from ultimate holding company, which was WSB, of approximately US\$1.2 million; (ii) decrease in deposits pledged with a licensed bank of approximately US\$0.4 million; and (iii) advances from a related company, Webcon Venture, a company wholly-owned by WSB, of approximately US\$0.1 million. This was partially offset by (i) repayment of borrowing of approximately US\$0.4 million; and (ii) repayment of director's advance of approximately US\$0.1 million.

As at 28 February 2017, our cash and cash equivalents were approximately US\$46,000.

FY2018

In FY2018, we recorded a net cash flow used in operating activities of approximately US\$0.5 million which was a result of operating profit before working capital changes of approximately US\$0.1 million, adjusted for working capital outflow of US\$0.3 million and tax paid of approximately US\$0.3 million. The net working capital outflow was mainly due to the following:

- (a) increase in inventories of mainly consumable stores such as chemical and steel balls of approximately US\$0.2 million from a nil balance at the end of FY2017; and
- (b) increase in trade and other receivables of approximately US\$0.8 million which was contributed by (i) an increase in GST receivable of US\$0.5 million; (ii) an increase in utility deposit paid for our Bukit Besi Mine of US\$0.1 million; and (iii) increase in prepayment to suppliers of US\$0.2 million.

The above working capital outflow was partially offset by an (i) increase in trade and other payables of approximately US\$0.1 million; and (ii) amount owing to related party of approximately US\$0.6 million which were expenses incurred from the testing and commissioning of the processing plant at the Bukit Besi Mine.

Net cash flow used in investing activities amounted to approximately US\$10.8 million was mainly attributable to (i) expenditure for exploration and evaluation assets of approximately US\$1.2 million incurred for the East, Valley and West Deposits; (ii) additions to mine properties of approximately US\$4.9 million; and (iii) purchase of plant and equipment of approximately US\$4.7 million.

Net cash generated from financing activities amounted to approximately US\$11.2 million was mainly attributable to advances from Shareholders of approximately US\$13.0 million. This was partially offset by (i) repayment to a related company, which was WSB, of US\$1.4 million; and (ii) interest paid of approximately US\$0.4 million.

As at 28 February 2018, our cash and cash equivalents were approximately US\$41,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

1H2019

In 1H2019, we recorded a net cash flow generated from operating activities of approximately US\$1.6 million which was a result of operating profit before reinvestment in working capital of approximately US\$2.8 million, adjusted for working capital outflows of approximately US\$1.1 million and tax paid of approximately US\$0.1 million. The net working capital outflow was due to the following:

- (a) increase in inventories of approximately US\$1.1 million of processed iron ore concentrate mined and processed from our Bukit Besi Mine; and
- (b) decrease in trade and other payables of approximately US\$0.1 million.

The above working capital outflow was partially offset by a decrease in trade and other receivables of approximately US\$0.1 million.

Net cash used in investing activities amounted to approximately US\$2.7 million, which was mainly attributable to (i) the addition to mine properties of approximately US\$0.7 million; and (ii) purchase of plant and equipment of approximately US\$2.0 million.

Net cash flow generated from financing activities amounted to approximately US\$2.3 million which was mainly due to advances from Shareholders of approximately US\$2.3 million.

As at 31 August 2018, our cash and cash equivalents were approximately US\$1.2 million.

SEASONALITY

We do not generally experience seasonality in our business. However, adverse weather during the north-east monsoon season in Peninsular Malaysia which starts around November and continues until end January, may affect our mining activities. Our processing plants and storage facility at the Bukit Besi Mine are sheltered to mitigate such risk.

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

CAPITAL EXPENDITURE AND DIVESTMENTS AND COMMITMENTS

Capital Expenditure

The capital expenditures made by our Group during the Relevant Period were as follows:

US\$'000	FY2016	FY2017	FY2018	1H2019	From 1 September 2018 to the Latest Practicable Date
Furniture & fittings	1	–	11	2	11
Office equipment	1	8	3	2	12
Site equipment	45	2	225	132	421
Plant & machinery	–	25	364	304	6,384
Motor vehicles ⁽¹⁾	–	122	110	1,552	3,207
Capital work-in-progress ⁽²⁾	–	2,008	4,021	55	550
Total	47	2,165	4,734	2,047	10,585

Notes:

(1) Includes trucks and excavators held by our Group.

(2) Includes plant and machinery that are under construction, installation, testing and commissioning.

The above capital expenditures were primarily funded by externally generated sources which comprised the Shareholders' Loans provided to our Group.

Divestments

The divestments, including disposals, made by our Group during the Relevant Period were as follows:

US\$'000	FY2016	FY2017	FY2018	1H2019	From 1 September 2018 to the Latest Practicable Date
Site equipment	–	–	9	–	–
Motor vehicles	–	–	–	52	–
Total	–	–	9	52	–

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Capital Commitments

As at 28 February 2018, 31 August 2018 and the Latest Practicable Date, the capital commitments of our Group were as follows:

US\$'000	As at 28 February 2018	As at 31 August 2018	As at the Latest Practicable Date
Motor vehicles	–	2,145	689
Total	–	2,145	689

The capital commitments were and will be funded by internally generated funds.

Operating Lease Commitment

As at 28 February 2018, 31 August 2018 and the Latest Practicable Date, the operating lease commitments of our Group, which relate to office rental, were as follows:

US\$'000	As at 28 February 2018	As at 31 August 2018	As at the Latest Practicable Date
Not later than one (1) year	31	18	18
Later than one (1) year but not later than five (5) years	31	18	18
More than five (5) years	–	–	–
	62	36	36

The operating lease commitments were and will be primarily funded by internally generated funds.

Finance Lease Commitments

As at 28 February 2018, 31 August 2018 and the Latest Practicable Date, the finance lease commitments of our Group, which relate to the hire purchase, were as follows:

US\$'000	As at 28 February 2018	As at 31 August 2018	As at the Latest Practicable Date
Not later than one (1) year	6	–	–
Later than one (1) year but not later than five (5) years	17	–	–
More than five (5) years	–	–	–
	23	–	–

The above finance lease commitments were primarily funded by internally generated funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Contingent Liabilities

As at the Latest Practicable Date, our Group does not have any contingent liabilities.

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

Foreign currency transactions are translated into S\$/US\$/MYR at rates of exchange approximating those prevailing at transaction dates. Foreign currency monetary assets and liabilities are translated at rates as at the balance sheet date. All profits and losses on exchange are dealt with through the statements of comprehensive income.

Foreign Exchange Exposure

As at the Latest Practicable Date, our revenue is denominated in US\$ and accordingly, our Group does not have any exposure to foreign exchange risks for our revenue.

The proportions of our purchases and expenses denominated in S\$, MYR and US\$ and foreign currencies were as follows:

Percentage of cost of sales denominated in	FY2016 ⁽¹⁾ (%)	FY2017 ⁽¹⁾ (%)	FY2018 ⁽¹⁾ (%)	1H2018 ⁽¹⁾ (%)	1H2019 (%)
US\$	–	–	–	–	36.6
MYR	–	–	–	–	62.7
S\$	–	–	–	–	–
Others	–	–	–	–	0.7
	–	–	–	–	100.0

Note:

(1) Our Group did not recognise any cost of sales for our continuing operations for FY2016, FY2017, FY2018 and 1H2018.

Percentage of operating expenses denominated in	FY2016 (%)	FY2017 (%)	FY2018 (%)	1H2018 (%)	1H2019 (%)
US\$	0.3	0.5	11.6	0.5	37.5
MYR	99.7	99.5	77.5	99.4	58.0
S\$	–	–	10.7	–	1.9
Others	–	–	0.2	0.1	2.6
	100.0	100.0	100.0	100.0	100.0

Whenever our purchases and expenses are not in the same currency or our receipts and payments are at differing times, we will be exposed to currency fluctuations which in turn will affect our earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our net foreign exchange exposure for FY2016, FY2017, FY2018, 1H2018 and 1H2019 were as follows:

	FY2016	FY2017	FY2018	1H2018	1H2019
Net foreign exchange loss (US\$'000) ⁽¹⁾	91	98	9	7	42
As a% of revenue	n.m. ⁽²⁾	n.m. ⁽²⁾	n.m. ⁽²⁾	n.m. ⁽²⁾	0.6%
As a% of profit/(loss) before tax	33.3%	39.5%	2.5%	1.3%	1.5%

Notes:

(1) Includes both realised and unrealised foreign exchange gains and losses.

(2) Not meaningful as our Group did not recognise any revenue from our continuing operations for FY2016, FY2017, FY2018 and 1H2018.

We do not currently have a formal policy or procedure to hedge our foreign currency exposure against fluctuations. Should the need arise, we will develop appropriate policy and procedure before we enter into any currency hedging transactions. All such policy and procedure will be reviewed and approved by our Audit Committee and our Board prior to our adoption.

SIGNIFICANT ACCOUNTING POLICY CHANGES

The accounting policies have been consistently applied by our Group during the Period Under Review. We expect that the adoption of new or revised accounting standards issued but not yet effective for the Period Under Review will have no material impact on our future financial statements. Please refer to the section entitled "Summary of Significant Accounting Policies" in the "Independent Auditors' Report and Audited Combined Financial Statements of Fortress Minerals Limited and Its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018" as set out in Appendix A to this Offer Document, for details on our Group's accounting policies.

On 29 December 2017, the Accounting Standards Council Singapore has issued SFRS (I), Singapore's equivalent of the International Financial Reporting Standards. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS (I)s for annual periods beginning on or after 1 January 2018 which is in compliance with Paragraph 40, Part 9 of the Fifth Schedule of the SFR.

The adoption of SFRS(I) did not have a material impact on our Group's financial statements for the financial period ended 31 August 2018 and our Group does not expect the application of the SFRS (I) and interpretations to have a material impact on the financial statements moving forward.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the section entitled “Selected Combined Financial Information” and the sections entitled “Independent Auditors’ Report and Audited Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 And 28 February 2018” and the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix A and Appendix B respectively of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, shows our cash and cash equivalents, capitalisation and indebtedness:

- (i) as at 31 August 2018 based on our unaudited interim combined financial statements;
- (ii) as at the Latest Practicable Date based on our unaudited consolidated management accounts; and
- (iii) as adjusted to give effect to the Restructuring Exercise, the Loan Capitalisation, the allotment and issue of the Project Manager Shares and PPCF Shares and the application of the net proceeds from the Placement, after deducting the estimated listing expenses related to the Placement.

US\$'000	As at 31 August 2018	As at Latest Practicable Date	After the Restructuring Exercise, the Loan Capitalisation and as adjusted for the allotment and issue of the Project Manager Shares, the PPCF Shares and net proceeds from the Placement
Cash and short term deposits	1,239	1,419	13,919
Current			
Secured and guaranteed	–	–	–
Non-secured and non-guaranteed	–	–	–
	–	–	–
Non-current			
Secured and guaranteed	–	–	–
Non-secured and non-guaranteed	15,640	15,684	8,321
	15,640	15,684	8,321
Total indebtedness	15,640	15,684	8,321
Total equity and reserves	3,387	4,576	32,601
Total capitalisation and indebtedness	19,027	20,260	40,922

CAPITALISATION AND INDEBTEDNESS

As at the Latest Practicable Date, save for the (i) changes in working capital; and (ii) changes in our shareholders' equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to our capitalisation and indebtedness as disclosed above.

Credit Facilities

As at the Latest Practicable Date, our Group has no loans, borrowings or any credit facility from any financial institution.

WORKING CAPITAL

Our Group has both internal and external sources of working capital funding. Internal refer to funds generated from our Company's operating activities while external comprise mainly trade credits and advances, loans and capital investment from our shareholders. These were utilised to fund both our day to day operating and capital expenditure. Please refer to section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Group had cash and bank balances of approximately US\$0.7 million, US\$46,000, US\$41,000, US\$18,000 and US\$1.2 million FY2016, FY2017, FY2018, 1H2018 and 1H2019 respectively.

Our Group recorded positive working capital of approximately US\$1.0 million, US\$0.7 million and US\$3.7 million as at 29 February 2016, 28 February 2017 and 31 August 2018 respectively. However, our Group recorded negative working capital of approximately US\$12.7 million as at 28 February 2018. The negative working capital position as at 28 February 2018 was mainly due to the Shareholders' Loans of approximately MYR64.0 million (equivalent to approximately US\$14.1 million) provided by the Pre-Restructuring FMSB Shareholders to fund our Group's capital expenditure.

In assessing whether our Group has sufficient working capital for at least 18 months after the listing of our Company on the Catalist to meet our obligations as and when they fall due including our anticipated capital expenditure, our Directors have considered, *inter alia*, the following:

- (a) Commercial production of iron ore concentrate of our Bukit Besi Mine has been on-going since April 2018. From April 2018 to the Latest Practicable Date, we have sold an aggregate of approximately 224,507 tonnes of processed iron ore concentrate. Further details are set out in the section entitled "General Information on our Group – Ore Processing Facility and Capacity" of this Offer Document. Our Group continues to optimise our production efficiency and capacity to grow our revenue and operating cash flows and improve our working capital position;
- (b) For 1H2019, our Group had generated a NPAT of US\$2.0 million. During the same period, our Group generated approximately US\$1.6 million of cash from our operating activities; and
- (c) The Loan Capitalisation has reduced the Shareholders' Loans significantly by MYR30.0 million (approximately S\$10.0 million). Each of YFCH, GISB and SDB Mining has committed not to demand any repayment of the balance of the MYR34.0 million (approximately S\$11.4 million) respective amounts owing to them for a period of 18 months commencing from the date of admission of our Company to Catalist. Any Proposed Repayment shall be approved by the Audit Committee in writing. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details.

Taking into account the foregoing, our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account our anticipated capital expenditure, the cash flows generated from our operations, our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 18 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our anticipated capital expenditure, the cash flows generated from our operations, our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 18 months after the listing of our Company on Catalist.

WORKING CAPITAL

The Directors are also of the opinion that our Group is able to continue its mining operations and business for at least 18 months after the listing of our Company on the Catalist having considered:

- (a) since commercial production commenced on 1 April 2018, our Group has been mining in the East, Valley and West Deposits which include both the Indicated and Inferred Mineral Resources in order to optimise production and cost efficiency and at the same time achieve the desired end product quality. Our Group has also been continuously enhancing the efficiency of its processing facilities since commissioning in April 2018;
- (b) in addition to the Indicated Mineral Resources, the Bukit Besi Mine has 5.04 Mt of Inferred Mineral Resources which could be upgraded to Indicated Mineral Resources. Based on the extraction work at the East, Valley and West Deposits since the mineral resources estimation indicated in the Qualified Person's Report, our Group is confident that a high level of inferred resource can be mined and as such is able to extend its mining operations and business beyond the 18-month period;
- (c) the East, Valley and West Deposits represent only approximately 4.71% of the total land surface area of Bukit Besi Mine of 526.2 ha;
- (d) preliminary survey and exploration works at the unexplored land area within Bukit Besi Mine by our Group's in-house geologist are on-going and various visible outcrops of iron ore minerals have been identified in the unexplored land area; and
- (e) our Group has allocated S\$7.0 million and S\$2.0 million for further development at Bukit Besi Mine and acquisition and development of new mines respectively. As such, our Group is confident of increasing our mineral resources and extending the current mine plan.

GENERAL INFORMATION ON OUR GROUP

The following discussion on our Group's iron ore exploration and mining activities should be read in conjunction with the Qualified Person's Report as set out in the section entitled "Appendix F – Qualified Person's Report" of this Offer Document.

HISTORY

Overview

Our Company was incorporated in Singapore on 13 November 2017 under the Companies Act as a private company limited by shares under the name of "Fortress Minerals Pte. Ltd.". Our Company's registration number is 201732608K. In preparation for our listing, we undertook the Restructuring Exercise whereby our Company became the holding company for all of our subsidiaries. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details.

Our Company was converted into a public company and renamed "Fortress Minerals Limited" on 20 February 2019.

Experience of our CEO, Chee Yew Fei

Our CEO has over 20 years of civil and structural engineering experience and approximately eight (8) years of experience in the mining industry. He has undertaken several iron ore mining projects since the early 2010s, and had built up his reputation and portfolio in the mining industry.

Our CEO first undertook mining operations in the early 2010s when he was awarded contracts to carry out "dig and haul" mining contractor works in various locations throughout Malaysia. His consistent work quality and delivery strengthened his reputation in the industry and the rapport with his clients. Subsequently, he was awarded contracts to design and build basic iron ore processing plants for his clients. Capitalising on his strong industry reputation and experience, our CEO continued to secure contracts to design and build larger mining infrastructures, such as mine pit and tailing dams.

In 2013, our CEO and his team undertook various iron ore mining projects in Pagoh in the state of Johor and Bukit Ibam in the state of Pahang, in Malaysia. From October 2013 to August 2015, they undertook an iron ore mining project in the Bukit Besi district through Guche Minerals ("Guche Mine"). Guche Minerals was jointly owned by Solid Degree Sdn. Bhd.⁶ and Telok Kalong Construction & Development Sdn Bhd (a company owned by an unrelated third party). These iron ore mining projects have since been completed pursuant to the contract or discontinued as a result of the end of mine life and/or it was no longer economically feasible to continue mining operations thereat.

Armed with these experiences, our CEO and his team ventured to design and build more sophisticated iron ore concentrate processing plants to produce higher grade iron ore concentrate more efficiently. In addition, our CEO and his team have since 2013, collaborated with several metallurgical laboratories in Kunming, Shandong and Tangshan in the PRC to gain valuable exposure into the large-scale geology, mining, metallurgy and beneficiation "hypermarket value chain" in the PRC. These collaborations brought about a paradigm shift in our CEO's business strategies which evolved from a third-party mining contractor to a full scale mining company.

⁶ Solid Degree Sdn. Bhd. is a company incorporated in Malaysia and as at the Latest Practicable Date, the entire issued share capital of Solid Degree Sdn. Bhd. is collectively held by Mohamed Rosli bin Shahin and Yeow Boon Ban (brother-in-law of our CEO, Chee Yew Fei), both of whom are directors of Fortress Mining. Our CEO, Chee Yew Fei, was formerly a director and shareholder of Solid Degree Sdn. Bhd..

GENERAL INFORMATION ON OUR GROUP

Over the years, our CEO has developed a wide network of industry contacts, including industry professionals and specialists, steel mills and trading houses in the PRC and a broad network of investors in the region. His strong network has contributed significantly to the success of our Group.

In 2018, our CEO was awarded the Legacy and Business Excellence of the Year award by the SME & Entrepreneurship Business Award.

Please refer to the section entitled “Directors, Management and Employees” of this Offer Document for further details on our CEO, Chee Yew Fei’s experiences.

Early formative years of our Group

Our Group originated with the incorporation of Fortress Mining in December 2010, and our CEO was appointed as a director of Fortress Mining on 10 March 2011.

Our Group invested significant time and effort to equip ourselves with the necessary technical knowledge and expertise to grow our business. In 2017, we began to employ geologists, procure and operate drilling rigs, perform drilling campaigns and conduct mining works.

We have built a team of skilled talents, including but not limited to miners, fabricators, and engineers, and they have greatly contributed to our strong in-house capabilities. As such, we are able to function effectively and competently as a full-scale mining company.

Our bauxite mining operations

Fortress Mining was dormant from December 2010, being its date of incorporation, till January 2015, being the commencement date of its discontinued bauxite mining operations as described below.

From January 2015 to January 2016, Fortress Mining was involved in the business of prospecting, mining and dealing in bauxite in Kuantan, Pahang, Malaysia. Fortress Mining had sold an aggregate of approximately 873,000 WMT of bauxite and recorded an aggregate sales revenue of approximately US\$20.0 million in relation to its discontinued bauxite operations. Subsequently, due to the imposition of the Bauxite Moratorium and having identified considerable potential in the iron ore mining industry in Malaysia, our Group ceased all bauxite-related activities and ventured into iron ore mining, exploration and production.

Our iron ore mining operations

Prior to our Group securing the mining rights to our Bukit Besi Mine from LTAWNT in April 2016, LTAWNT had (from 2012 to 2016) engaged Treasure Mining, a company owned by a third party, as LTAWNT’s main contractor to mine, extract, process and sell minerals at the Guche Mine.^{7,8} In turn, Treasure Mining had appointed Guche Minerals as its sub-contractor to carry out the mining

⁷ Based on the Company’s management’s understanding, Treasure Mining and LTAWNT had agreed to operate the Guche Mine under a joint-venture basis, in which LTAWNT was responsible for, amongst others, the capital expenditure of the Guche Mine, while Treasure Mining is responsible as a main contractor, and the profit arising from this joint venture arrangement will be split between the parties. Guche Minerals and WSB, as sub-contractors to Treasure Mining, were not involved in the discussion in relation to the joint-venture.

⁸ To the best of the Company’s management’s understanding, the differences in the working arrangement between (i) Treasure Mining and LTAWNT; and (ii) Fortress Mining and LTAWNT arose as LTAWNT, being the holder of the mining leases, would be able to propose the best commercial terms to protect its own interest.

GENERAL INFORMATION ON OUR GROUP

and processing works and Guche Minerals had appointed WSB to construct the processing plant at the Guche Mine (“**Processing Factory**”). Our CEO was formerly a director of Guche Minerals.

In 2015, prior to the cessation of Treasure Mining’s contractual obligation with LTAWNT in respect of the Guche Mine, LTAWNT had invited our CEO and various other interested parties to tender for mining rights over their Mining Leases at the Bukit Besi Mine. Backed by our CEO’s industry reputation, prior experience at the Guche Mine and WSB’s existing fleet of machinery⁹ at Guche Mine, LTAWNT had, via its internal review and approval processes, conducted due diligence on Fortress Mining and assessed Fortress Mining’s operational experience, and subsequently approved and awarded Fortress Mining the Iron Ore Mining Agreement on 10 April 2016.

Pursuant to the Iron Ore Mining Agreement, Fortress Mining was granted the right to mine, extract, process and sell iron ore in respect of ML4/2013 at Lot 110548 and ML7/2013 at Lot 60027, for the period from the date of the Iron Ore Mining Agreement up to January 2033 and March 2033 respectively. Please refer to the section entitled “General Information on our Group – The Iron Ore Mining Agreement” for more details.

We obtained the first Operational Mining Scheme (“**OMS**”) from JMG on 16 May 2016 for our Group to conduct development and mining works at the Bukit Besi Mine. Subsequently, we began drilling works on the West Deposit in our Bukit Besi Mine with one (1) unit of RC drilling rig which is owned and operated by our in-house drilling team.

Following our discovery of significant iron ore deposit in the West Deposit in our Bukit Besi Mine in early May 2017, we proceeded to design and implement a JORC compliant drill campaign for the East, Valley and West Deposits in our Bukit Besi Mine under the supervision and guidance of the Independent Qualified Person. We mobilised one (1) drill rig during the initial stage of the campaign. Subsequently, we expanded our drilling program by mobilising four (4) additional drill rigs to a total of five (5) drill rigs. Of the five (5) drill rigs, our Group owns and operate two (2) RC drill rigs and one (1) diamond drill rig. The remaining two (2) diamond drill rigs were outsourced to external drilling contractors¹⁰. Our Group’s first drilling campaign was concluded in end of May 2018.

While the drilling campaign in the East, Valley and West Deposits was on-going, our engineering team began developing mine site infrastructure comprising:

- access roads especially a new connecting road for our Lot 110548 and Lot 60027. This new connecting road was designed and built to reduce our ore haulage distance, thus improving mine site operating efficiency;
- our processing plant comprising our crushers, feed tunnels, ball mills, magnetic separators, hydrocyclones, froth floatation cells, disc-vacuum-dryer, linear screen classifiers and a host of conveyor belts, water pumps and slurry pumps, as well as primary jaw crushers, horizontal impact crushers, vertical shaft impact crushers, classifying screens and feed tunnels. Our processing plant has been in commercial production since April 2018. Based on the Qualified Person’s Report, our existing processing plant at our Bukit Besi Mine can achieve a steady-state monthly output capacity of 40,000 WMT of iron ore concentrate;

⁹ WSB’s fleet of machinery include motor vehicles such as excavators, dump trucks and drilling machines but did not include the Processing Factory.

¹⁰ Our Group had terminated the rental of drill rigs and services provided by the external drilling contractors. In relation to the drill rigs provided previously by the drilling contractors during the campaign, our Group was responsible for the purchase of insurance and maintenance costs for the drill rigs pursuant to the rental contracts.

GENERAL INFORMATION ON OUR GROUP

- covered shed and uncovered yards for storage of processed ore;
- laboratory with drill core and sampling storage buildings. Our laboratory is fully staffed and equipped to conduct (i) wet chemical analysis; and (ii) XRF analysis using a combination of fusion beads method and pressed-pellet method. Our laboratory also has a secured sample room where split, crushed and pulverised drill samples are kept safe from contamination and misplacement; and
- site offices including weigh bridge, storage facility for spare equipment, parts and consumables and staff dormitory.

All of the abovementioned infrastructure has been completed prior to our Group commencing commercial production of iron ore concentrate in April 2018.

Our Group managed to secure its first high grade iron ore concentrate contract after commencing commercial production in April 2018 and since then, we have completed the following shipments up to the Latest Practicable Date:

No.	Date of Shipment	Name of customer	Amount of iron ore concentrate sold (WMT)	Grade of product
1	22 April 2018	Minmetals South-East Asia Corporation Pte. Ltd.	32,998	Iron ore concentrate with Fe content of 65.54%
2	2 July 2018	Sumec International Technology Co. Ltd.	30,502	Iron ore concentrate with Fe content of 67.57%
3	29 July 2018	Shaanxi Longmen Iron And Steel Group Import And Export Co. Ltd.	43,502	Iron ore concentrate with Fe content of 67.26%
4	21 October 2018	Shaanxi Longmen Iron And Steel Group Import And Export Co. Ltd.	40,267	Iron ore concentrate with Fe content of 66.24%
5	11 December 2018	Sharpmax International (Hong Kong) Co., Ltd	40,707	Iron ore concentrate with Fe content of 65.91%
6	20 December 2018	Domestic steel mill ⁽¹⁾	20,627	Iron ore concentrate with Fe content of 66.91%
7	1 February 2019	Sharpmax International (Hong Kong) Co., Ltd	26,850	Iron ore concentrate with Fe content of 65.25%
8	12 February 2019	Domestic steel mill ⁽¹⁾	22,052	Iron ore concentrate with Fe content of 66.59%

Note:

(1) The name of the buyer has been omitted due to our confidentiality obligation under the sale and purchase agreement.

GENERAL INFORMATION ON OUR GROUP

BUSINESS OVERVIEW

Our Group is principally in the business of exploration, mining, production and sale of iron ore concentrate. We presently produce iron ore concentrate from iron ore mined from the East, Valley and West Deposits in our Bukit Besi Mine, and sell our iron ore concentrate primarily to steel mills and trading companies in the PRC and Malaysia. Our mining right for our Bukit Besi Mine covers a total area of approximately 526.2 ha, and will expire in early 2033. Please refer to the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document for further details.

Our Iron Ore Products

Currently, we produce magnetite iron ore concentrate with TFe grade of 65.0% and above, mined from the East, Valley and West Deposits in our Bukit Besi Mine.

Our iron ore concentrate has various commercially attractive characteristics, including high iron content of at least 65.0% and low levels of impurities mainly attributable to the magnetite ore mined from the East, Valley and West Deposits in our Bukit Besi Mine and the concentration processing of the mined iron ore. In general, our iron ore concentrate is preferred by trading companies and steel mills, which may use them for, amongst others, the production of iron ore pellets and iron ore sinter, thus commanding a relatively higher market price.

In addition, our Group also produces hematite iron ore fines and lumps with TFe grades between 55.0% to 60.0% from the East, Valley and West Deposits, which are also sold to trading companies and steel mills in the PRC and Malaysia.

Our Bukit Besi Mine

Our Bukit Besi Mine is an open pit mine comprising two (2) pieces of land known as Lot 110548 and Lot 60027, located in the state of Terengganu on the east side of Peninsular Malaysia. Our Bukit Besi Mine enjoys access to good public utilities and infrastructure. Utilities such as electricity (from the national power grid), piped-in potable water and cellular telecommunication facilities are available to us at competitive rates. Sealed public roads and highways facilitate efficient access to our Bukit Besi Mine at all times. In addition, all of our iron ore cargo can be easily hauled by road to the nearest port at Kemaman Port, which is located approximately 86.0km away. As for airports, we are served by the Sultan Haji Ahmad Shah Airport in Kuantan and the Sultan Mahmud Airport in Kuala Terengganu, both of which are approximately within 1.5 hours’ drive away from our Bukit Besi Mine. We operate the mine through our wholly-owned subsidiary, Fortress Mining.

Our Bukit Besi Mine site is accessible all year round as the climate is amenable to mining operations for much of the year, and our Group’s processing plant are sheltered and remain unimpeded by weather conditions throughout the year. Relief in the area at which our Bukit Besi Mine is located is typically low and flat at approximately 80m above sea level, and isolated hills rise to heights of approximately 500m. The natural vegetation thereat consists of primary jungle together with swampy conditions in the low-lying areas.

To the best of our Company’s knowledge, there are no records of threatened ecological communities or protected species within the area on which our Bukit Besi Mine is situated, nor are there any heritage conservation policies affecting our Bukit Besi Mine in place.

GENERAL INFORMATION ON OUR GROUP

The diagrams below illustrate the location of our Bukit Besi Mine and proximity of our Bukit Besi Mine to the public highway:



The Iron Ore Mining Agreement

LTAWNT, an entity established under the Terengganu State Heritage Fund Enactment, is the registered holder of the Mining Leases issued by the Terengganu State Authority. Pursuant to the Iron Ore Mining Agreement, Fortress Mining has the contractual rights to mine, extract, process and sell iron ore from our Bukit Besi Mine until 19 January 2033 and 17 March 2033 for Lot 110548 and Lot 60027 respectively.

GENERAL INFORMATION ON OUR GROUP

Key terms of the Iron Ore Mining Agreement

Consideration

Pursuant to the Iron Ore Mining Agreement, Fortress Mining is to bear all the costs, fees, royalties and all payments relating to the mining works conducted at our Bukit Besi Mine to the authorities, including all mining tax and other payments, and to adhere to the terms as set out in the OMS.

In consideration of the provision of the Mining Leases to Fortress Mining, under the Iron Ore Mining Agreement, Fortress Mining shall amongst others:

- (a) pay a royalty fee directly to the State Government of Terengganu at the rate of 5.0% or such other rate as specified by the State Government of Terengganu and/or the relevant State Authority from time to time for each metric tonne of iron ore which has been mined and extracted from the location within the Mining Leases and sold by Fortress Mining (“**Royalty**”); and
- (b) pay to LTAWNT at triple the rate of the Royalty rate to the State Government of Terengganu, based on the calculations by the relevant State Authority, specifically the Department of the Mineral and Geoscience (“**Owner’s Tribute**”).

In addition, the Iron Ore Mining Agreement has also set out certain payment arrangements in respect of the Processing Factory (as defined herein) which were paid to WSB on behalf of LTAWNT, further details of which can be found in the section entitled “Interested Person Transactions” of this Offer Document.

Pursuant to the Iron Ore Mining Agreement, Fortress Mining had also agreed to pay an initial tribute of approximately MYR5.0 million (“**Initial Tribute Amount**”) as initial tribute to LTAWNT. The Initial Tribute Amount was paid up-front to LTAWNT, which can be used to offset against future tribute payments (up to the amount of the initial tribute payment that was made). As at the Latest Practicable Date, approximately MYR1.2 million of the Initial Tribute Amount remains and which is expected to be fully utilised/set-off during the first quarter of FY2020 based on our Group’s current production schedule. The Iron Ore Mining Agreement provides that the Initial Tribute may be refunded if (i) the mining period as determined in the Mining Leases ends before Fortress Mining manages to recoup or recover the total amount of the balance of the construction cost for the Processing Factory; (ii) the application to renew or extend the Mining Leases are not approved by the relevant authorities; or (iii) the application to extend or renew the operational mining scheme is not obtained.

Our Group is required to provide a monthly report (“**Monthly Report**”) to the relevant authorities on our total quantity of iron ore concentrate sold during the month. Following assessment of the Monthly Report, the relevant authorities will determine the Royalty and upon payment of the Royalty by us, our Group will notify LTAWNT who will determine the Owner’s Tribute to be payable by our Group.

GENERAL INFORMATION ON OUR GROUP

Termination

Pursuant to the terms of the Iron Ore Mining Agreement, if, *inter alia*, Fortress Mining:

- (a) breaches or fails to comply with the terms therein;
- (b) refuses and/or fails to pay the mining consideration (comprising the Royalty and Owner's Tribute) or any other payments that has to be made by it based on the method and time stipulated under the Iron Ore Mining Agreement or when claim by LTAWNT;
- (c) breaches and/or fails to adhere to the provisions under the law and/or rules by the relevant authorities; or
- (d) discontinues the mining works, abandons or vacates the mining area for a period exceeding four (4) consecutive months,

and this is not remedied within 30 days from the date of receipt of the notice from LTAWNT, LTAWNT shall be entitled to claim specific performance, or unilaterally terminate the Iron Ore Mining Agreement by giving written notice, and claim for any actual loss resulting therefrom.

In the event that Fortress Mining is wound up or enters into compositions or arrangements with its creditors or its assets are subject to execution, LTAWNT shall also be entitled to the remedies aforesaid.

The Iron Ore Mining Agreement may also be terminated in the following circumstances:

- (a) if the Government of Malaysia or Terengganu State Government, at any time directs the acquisition of the Mining Lease(s) and the relevant rights of LTAWNT on the grounds of national interest, national security and/or public interest, then LTAWNT shall, by giving three (3) months' written notice, inform Fortress Mining of such acquisition by the Government, and the parties shall allow the Government to proceed with the acquisition. The determination of "national interest", "public interest" and "national security" shall be at the full discretion of the Government and shall be final and binding on the parties.
- (b) If WSB, Fortress Mining and/or any of their staff, agents, representatives or employees are convicted of corruption offences or any illegal activity and/or unlawful activity in connection with the Iron Ore Mining Agreement by the court, LTAWNT reserves the right to cancel the Iron Ore Mining Agreement at any time by giving written notice to Fortress Mining immediately.

Our Company is of the view that WSB being a party to the Iron Ore Mining Agreement is not a concern as (i) our Executive Director and CEO, Chee Yew Fei, holds approximately 58.3% of the issued share capital of WSB as at the Latest Practicable Date, while Yeow Boon Ban and Mohamed Rosli hold approximately 38.7% and 3.0% equity interest in WSB respectively. Chee Yew Fei and Yeow Boon Ban are employees of our Group; and (ii) WSB is in the business of construction and infrastructure works but has not been engaged in any projects since the end of 2017. WSB was not involved in the conduct of mining activities at the Bukit Besi Mine since the date of the Iron Ore Mining Agreement. As such, the potential risk of WSB and/or staff, agents, representatives or employees being convicted of corruption, offences or any illegal activity and/or unlawful activity in connection with the Iron Ore Mining Agreement is remote.

GENERAL INFORMATION ON OUR GROUP

Pursuant to the Iron Ore Mining Agreement between LTAWNT, WSB and Fortress Mining, there is no term which mentions that Chee Yew Fei, Yeow Boon Ban or Mohamed Rosli is required to remain as a shareholder or employee of WSB or Fortress Mining during the tenure of the Iron Ore Mining Agreement. There is also no specific term which states that our Group is required to appoint WSB as a contractor or any other role in relation to the construction of new processing facility or enhancement to existing facility at our Bukit Besi Mine.

Temporary suspension of mining works

Fortress Mining has the discretion to suspend the mining works when the price of iron ore based on the “Platts Daily Iron Ore Price Assessment” for the composition of “62% (fe) ferum CFR North China” is less than US\$40.00 for each dry metric tonne, subject to the condition that the suspension is not for more than 12 months.

Development of our Bukit Besi Mine

Following the execution of the Iron Ore Mining Agreement, we commenced geological exploration and mine development activities at the East, Valley and West Deposits in our Bukit Besi Mine to transform the previously abandoned mine site. We conducted drilling campaigns and concurrently built access roads and infrastructure to facilitate commercial production and sale of iron ore concentrate mined from the East, Valley and West Deposits in our Bukit Besi Mine.

Please refer to the section entitled “General Information on our Group – History” of this Offer Document for more details on the development of our Bukit Besi Mine.

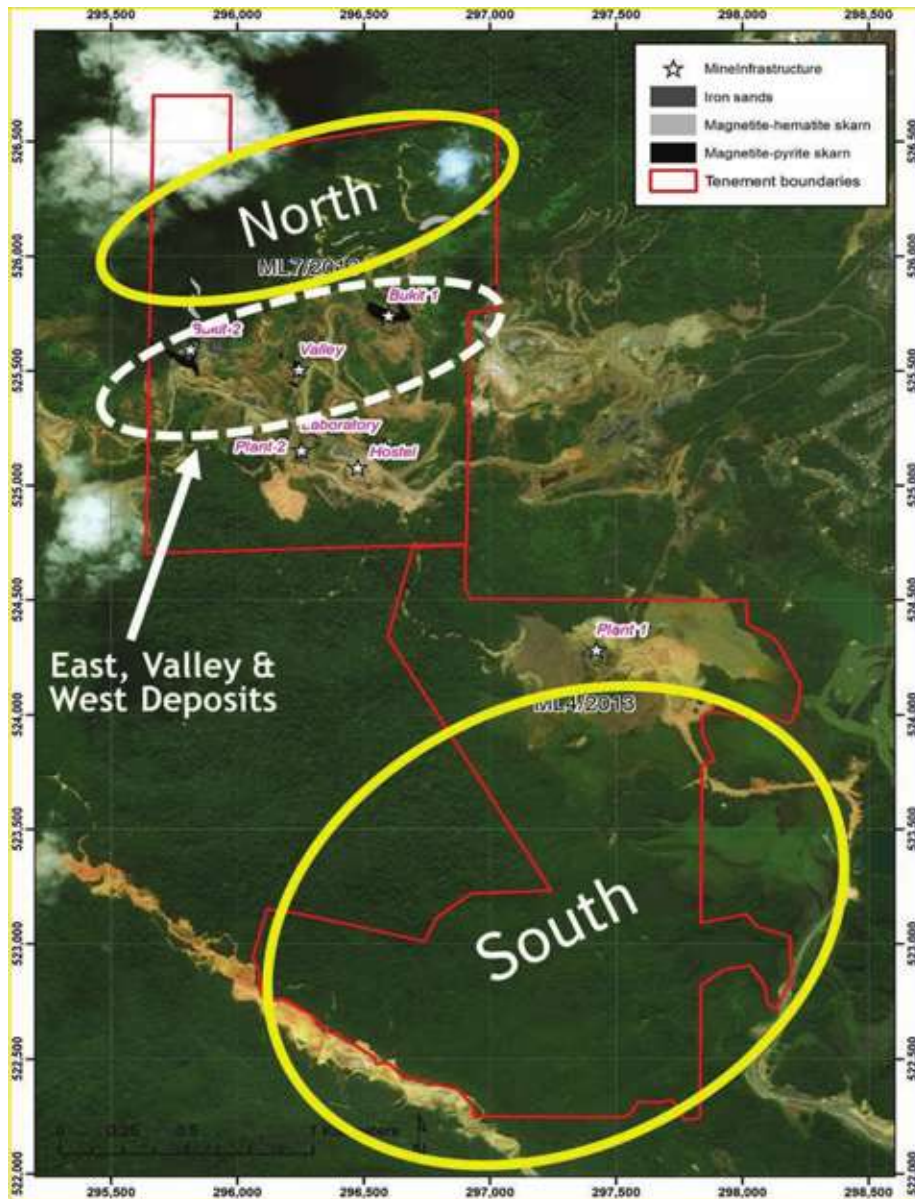
Our Mineral Resource

The Mineral Resource is contained within the following three (3) deposit areas within our Bukit Besi Mine:

- (a) West Deposit which contains six (6) mineralised veins with strike length of 350m, combined width of 75m and extending sub-vertically from the surface for 90m;
- (b) Valley Deposit which contains two (2) mineralised veins both with strike length of 125m, and each with a maximum width of 25m in the south at 100m depth, as well as veins that are tapered to thinner (approximately 5m) widths at the surface; and
- (c) East Deposit which contains six (6) mineralised veins with average strike length of 200m, average width of 10m and extending vertically from the surface for 100m.

GENERAL INFORMATION ON OUR GROUP

The map below illustrates the location of the West Deposit, Valley Deposit, East Deposit and our key infrastructure:



GENERAL INFORMATION ON OUR GROUP

According to the Qualified Person's Report, the total Mineral Resource estimates in the East, Valley and West Deposits, based on the JORC Code, as at 7 August 2018, is set out in the table below⁽¹⁾:

Area	Category	Mineral type	Gross attributable to ML7/2013		Net attributable to our Group		Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)	
West Deposit	Indicated Resource	Iron	0.37	42.2	0.37	42.2	None
West Deposit	Inferred Resource	Iron	2.55	39.6	2.55	39.6	None
Valley Deposit	Inferred Resource	Iron	1.36	46.4	1.36	46.4	None
East Deposit	Inferred Resource	Iron	1.13	40.7	1.13	40.7	None
Total (Indicated and Inferred Resource)			5.41	41.7⁽²⁾	5.41	41.7⁽²⁾	

Notes:

(1) Based on a block Fe cut-off grade of 10.0% and magnetic susceptibility greater than 100 and sulphur less than 10.0%.

(2) This refers to the average grade of iron ore.

Presently, our team of geologists has explored a surface area of 24.8ha located within the East, Valley and West Deposits, representing approximately 4.71% of the total land area of our Bukit Besi Mine of 526.2 ha.

After the listing, our Company will provide an update on our Group's level of mineral resources as at 28 February 2019, in accordance with Appendix 7D pursuant to Rule 1204(23) of the Catalist Rules, to shareholders in our annual report which is expected to be despatched in June 2019.

Pursuant to Rule 704(35)(a) of the Catalist Rules, we will also update our shareholders, as and when appropriate, if there are material changes to our Group's reserves and resources.

BUSINESS ACTIVITIES

Exploration Activities

Our exploration activities at our Bukit Besi Mine broadly encompass the following steps:

(a) Geological mapping

Mapping activities were carried out by our geologists, led by our experienced chief geologist, to identify lithology within the tenement boundary. Once the mapping process is complete, our geologists will then identify exploration targets based on the mineralisation discovered.

GENERAL INFORMATION ON OUR GROUP

(b) Geophysical surveys

Geophysical surveys such as ground magnetic survey and radiometric survey are carried out across the mapped areas to guide our geologists to identify mineralisation signatures.

(c) Exploration drill campaign

Once the mineralisation signatures have been identified, our geologists will design, plan and execute their exploration drill campaign. Drill holes are typically placed 50m apart to systematically narrow down and pinpoint the mineralised areas within the mapped exploration area.

(d) Resource drill campaign

Once mineralisation is found during the exploration drill campaign, our geologists will fine-tune these drill plans into a full scale resource drill campaign. Our ongoing resource drill campaign is designed by SRK in accordance with the JORC Code. This drill plan is further fine-tuned by our geologists as drilling activities are carried out.

(e) Resource model

Resulting drill cores and RC rock chips are sampled, prepared and analysed in accordance with the JORC Code. The drill data and sample analysis data is then used to construct a "resource model" to estimate the volume and tonnage of the resource. The resource model is then used to guide the design and development of an optimal mining plan for our Bukit Besi Mine throughout its estimated mine life.

(f) Mining plan

Typically, a resource model is developed before a mining plan is designed. However, in the situation of our Bukit Besi Mine, we commenced mining activities infrastructure development while the resource model was still being developed as we have identified sufficient mineralisation to justify commencing mining activities prior to the development of a mining plan.

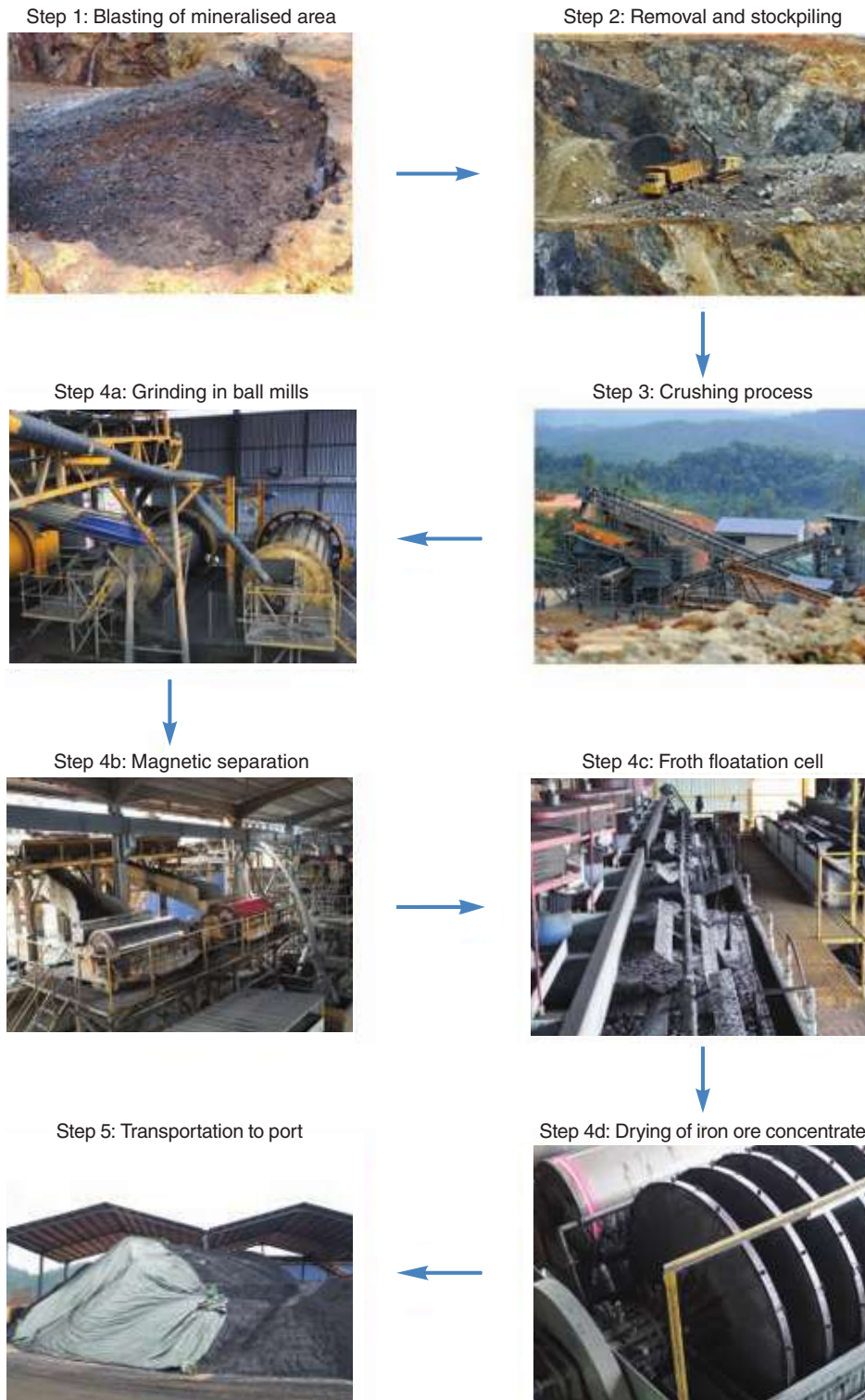
This has proven to be economical and efficient as our early and progressive stripping of overburden has facilitated our drill campaign to reach greater depth with little difficulty, thus indirectly contributing to lower exploration and mine development costs.

During our drill campaign, we have also identified non-mineralised areas within our Bukit Besi Mine to locate our dry dump, damming areas, our processing plants and work areas.

GENERAL INFORMATION ON OUR GROUP

Iron Ore Mining and Production Process

The following illustrates a typical mining and production workflow at our Bukit Besi Mine.



GENERAL INFORMATION ON OUR GROUP

The above iron ore mining and production processes are described as follows:

1. Blasting of mineralised area

Firstly, we identify mineralised areas from our geologists' resource models. Blast holes of varying depths and frequency are then drilled into the rock surface to place explosives. All our blasting activities are carried out by externally appointed qualified and licensed personnel. The blasted materials are then transported for stockpiling.



Diagram illustrating rock surface after blasting

2. Removal and stock piling of blasted materials

The blasted materials generally consist of (i) overburden such as iron (strip); (ii) gangue material; (iii) ore containing materials and other non-iron ore containing materials; (iv) diluted iron ore; and (v) other types of mineral-containing ore that may be identified.

Once identified by our on-site grade control geologists, blasted materials that contain iron ore are then transported to a stockpile in preparation for crushing at our crushing plants. The overburden, gangue material and other types of non-iron ore mineral containing materials are then transported to be dumped or stockpiled separately.

GENERAL INFORMATION ON OUR GROUP



Diagram illustrating removal of blasted materials in progress

3. Crushing process

Blasted materials containing iron ore will generally have a TFe grade of not less than 20.0% which are fed into the crushing plant to be crushed, sorted and stockpiled into:

- (a) iron ore fines and lumps of TFe grade 48.0% to 50.0%; and
- (b) dry dump comprising non-iron ore material.



Diagram illustrating the crushing plant

GENERAL INFORMATION ON OUR GROUP



Diagram illustrating the crushing plant



Diagram illustrating iron ore fines and lumps stockpile

4. Concentrate Processing

From the crushing plant, iron ore fines and lumps of TFe grade between 48.0% and 50.0% are further processed and sorted at our processing plant to be stockpiled as follows:

- (a) iron ore concentrate of TFe grade 65.0% or higher;
- (b) middling (if any); and
- (c) tailings.

GENERAL INFORMATION ON OUR GROUP

The concentrate processing process at the processing plant is briefly described in the following steps:

- (a) The iron ore fines and lumps are wet grinded in ball mills into iron ore slurry.



Diagram illustrating stage 1 grinding ball mills

- (b) The slurry is then fed into magnetic separators to separate magnetic and non-magnetic slurry. The magnetic slurry contains iron ore, while the non-magnetic slurry contains mainly silica, calcite and alumina which are washed into the tailing dam as waste.



Diagram illustrating magnetic separator

GENERAL INFORMATION ON OUR GROUP

- (c) The magnetic slurry is then fed into a further series of ball mills and magnetic separators before graduating as iron ore super fines with TFe grades of between 65.0% and 66.0%. Non-magnetic tailings are pumped into the tailing dam as waste.



Diagram illustrating the processing plant

- (d) The resulting iron ore super fine is then further processed to reduce its impurities to become iron ore concentrate.



Diagram illustrating froth floatation cells

GENERAL INFORMATION ON OUR GROUP

- (e) The iron ore concentrate is then dried and stockpiled. Quality control procedures are regularly performed on the stockpiled iron ore concentrate.



Diagram illustrating the drying of iron ore concentrate

5. Transportation to port



Diagram illustrating stockpiled iron ore concentrate ready to be transported

Our mine site is equipped with a weighbridge. All in-coming and out-going trucks are weighed at the weighbridge to determine and record the tonnage of iron ore concentrate before transportation to the Kemaman Port or any other suitable port, ready for shipment to our customers. Our mine gate weighbridge operator generates a mine gate weighbridge report which is then reconciled against the weighbridge report from the port provided by the stevedore.

GENERAL INFORMATION ON OUR GROUP

Ore Processing Facility and Capacity

Our processing plant is located within our Bukit Besi Mine, and has been in commercial production since April 2018. In addition, our mine site is fully equipped with an office building, plant workshop, laboratory, storage and living quarters for our employees.

Based on the Qualified Person's Report, the existing processing plant at our Bukit Besi Mine has a steady-state monthly output capacity of 40,000 WMT of iron ore concentrate. Since we began commercial production in April 2018, we have gradually ramped up production and our approximate capacity utilisation rate ranges from 60.0% to 85.0%, taking into account, amongst others, the days on which the processing plant is not operating as a result of maintenance works, public holidays and the SWOs (as described in the section entitled "General Information on our Group – Health and Safety Policy" of this Offer Document). The production capacity and utilisation rate of our processing plant prior to the commencement of commercial production in April 2018 was not meaningful.

As at the date of this Offer Document, we are in the process of installing, *inter alia*, additional ball mills to our existing processing plant, which were purchased previously at a total cost of approximately MYR0.6 million using our Group's internal financial resources. Upon the anticipated completion of installation and commissioning of such equipment in the second quarter of FY2020, the production capacity of our processing plant is expected to increase up to 40.0%.

Since the commencement of our processing plant in April 2018 till the Latest Practicable Date, our Group has sold in total 224,507 tonnes of iron ore concentrate with a TFe grade above 65.0%.

Our Group's team of technicians performs periodic maintenance and/or refurbishment works on our processing plant to ensure optimal efficiency and minimal downtime. We also maintain an inventory of machinery spare parts, consumables and equipment to support our production facilities on a continuous basis.

QUALITY CONTROL

We believe that maintaining high product quality is important to ensure sustained demand of our iron ore concentrate by customers. In order to produce high quality iron ore concentrate, it is crucial that we maintain high quality control throughout our production process as described below:

(a) Blasting and excavation

Quality control is carried out in the form of grade control. Prior to blasting, our geologist maps the mine pit wall to optimise volume of iron ore containing materials from the blast. Blasted materials are then sorted and transported for further processing, stockpiling or dry-dumping. Please refer to the section entitled "General Information on our Group – Business Activities" of this Offer Document for more details of our blasting and excavation process.

(b) Crushing process

We collect samples from various points during the crushing process for TFe content analysis at pre-determined intervals to ensure grade consistency. Should there be any inconsistency, our technicians will immediately make the necessary adjustments to the crushing machinery, thereby avoiding reworks and machinery downtime.

GENERAL INFORMATION ON OUR GROUP

(c) Iron ore concentrate processing

Throughout the entire process, we collect samples from various points at pre-determined intervals to analyse the slurry for, amongst others, TFe content, density and physical size. These analysis form part of our quality control processes to ensure grade consistency throughout our processes.

All samples collected are tested and analysed by our in-house laboratory, which is managed by a chemist who is registered with the Malaysian Institute of Chemistry and has many years of relevant experience. These samples are dried, crushed, pulverised and are fused into fusion discs for analysis of mineral contents using an X-ray analyser.

Laboratory results are monitored constantly by our personnel to ensure consistency and are compiled into our main database. This database guides our production personnel to make the necessary adjustments to our processes to ensure quality consistency.

In addition, for quality assurance purposes, all our laboratory equipment and machines are regularly calibrated using Certified Reference Material (CRM) sourced from externally certified laboratories.

As of the Latest Practicable Date, our quality control department is headed by a qualified and registered chemist, assisted by four (4) laboratory assistants.

During the Period under Review, we did not receive any complaints regarding the quality of our products that had a material adverse effect on our business, financial condition or results of operations.

INDEPENDENT VALUATION

As part of the Listing, our Group has appointed the Independent Valuer to conduct an independent valuation of the East, Valley and West Deposits in our Bukit Besi Mine. The Independent Valuation Report has been prepared in accordance with the VALMIN Code, and the valuation was carried out on a Market Value basis.

Market Value, as defined in the VALMIN Code (2015), means, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

Based on the results of the Independent Valuer's investigations and analysis outlined in the Independent Valuation Report, the Independent Valuer is of the opinion that the Market Value of the East, Valley and West Deposits in our Bukit Besi Mine, on a 100.0% equity, post-tax basis, and as at 18 September 2018, is in the range of US\$27.0 million to US\$37.0 million, with a preferred value of US\$32.0 million.

Please refer to the Independent Valuation Report in the section entitled "Appendix G – Independent Valuation Report" of this Offer Document for further details.

GENERAL INFORMATION ON OUR GROUP

OUR MAJOR CUSTOMERS

During the Period Under Review, we exported all our iron ore concentrate to the PRC. We entered into spot iron ore sale and purchase contracts with various customers, on negotiated terms.

Our major customers accounting for 5.0% or more of our Group's total revenue or other income from our continuing operations in relation to the sale of iron ore concentrate for the Period Under Review are set out below:

Name of customer	Percentage of total revenue/other income (%)			
	FY2016	FY2017	FY2018	1H2019
GIPL ⁽¹⁾	–	100.0 ⁽²⁾	–	–
China National Minerals Co. Ltd. ⁽¹⁾	–	–	100.0 ⁽²⁾	–
Shaanxi Longmen Iron And Steel Group Import And Export Co. Ltd.	–	–	–	45.6 ⁽³⁾
Sumec International Technology Co. Ltd.	–	–	–	30.5 ⁽³⁾
Minmetals South-East Asia Corporation Pte. Ltd. ⁽¹⁾	–	–	–	23.6 ⁽³⁾

Notes:

- (1) Our Group had sold semi-processed iron ore concentrate to GIPL, China National Minerals Co. Ltd. and Minmetals South-East Asia Corporation Pte. Ltd. and the sales were recognised under other income.
- (2) The percentage is calculated based on our other income for FY2017 and FY2018.
- (3) The percentage is calculated based on the aggregate of total revenue and other income for 1H2019.

During FY2016 and FY2017, our Group had mined and sold bauxite to various customers. For FY2016, our Group sold bauxite to Powerus Sdn. Bhd., Miva Bina Consult Sdn. Bhd., Good Man Venture Sdn. Bhd., Top International Holding Pte. Ltd. and IBOK Mining Minerals Sdn. Bhd., which respectively accounted for 55.3%, 22.5%, 11.0%, 5.8% and 5.3% of our Group's total revenue from discontinued operations. For FY2017, we sold our remaining stockpile of bauxite to Miva Bina Consult Sdn. Bhd. and Golden Prosperus Resources Sdn. Bhd., which respectively accounted for 87.7% and 12.3% of our Group's total revenue from discontinued operations. As our Group has since discontinued our bauxite-related operations, we have not recognised further revenue and other income thereto.

As at the date of this Offer Document, our Group's business or profitability is not materially dependent on any contract with any customer and our high grade iron ore concentrates are highly sought after in the market. Save for GIPL, none of our Directors, Key Executive, Substantial Shareholders or their respective associates has any interest, direct or indirect, in our major customers. Please refer to the section of the Offer Document entitled "Interested Person Transactions" for more details of our Group's transactions with GIPL.

GENERAL INFORMATION ON OUR GROUP

OUR MAJOR SUPPLIERS

Our major suppliers include suppliers of machinery and equipment, spare parts, diesel fuel, explosives and other production-related materials.

Our major suppliers accounting for 5.0% or more of our Group's total operating costs and exploration and evaluation expenditure incurred for the Period Under Review in relation to our continuing operations at the Bukit Besi Mine are set out below:

Name of supplier	Goods/services procured by our Group	Percentage of total operating costs and exploration and evaluation expenditure (%)			
		FY2016	FY2017	FY2018	1H2019
WSB	Supply and rental of equipment and machinery, rental of office and supply of workers	–	3.1	34.0	18.7
LTAWNT	Sale of processing plant	–	38.0	0.8	3.5
Finbond Heavy Machinery Sdn. Bhd.	Purchase of machineries	–	–	0.4	16.8
Best Base Shipping Co., Ltd.	Chartered vessel for the shipment of iron ore	–	9.6	–	7.7
Perwaja Steel Sdn. Bhd.	Supply of used ballmills and dewatering systems	–	10.1	–	–
Perwaja Rolling Mill & Development Sdn. Bhd.	Entitlement for the purpose of taking over the mining right	–	–	11.0	–
Magnate Access	Supply of iron ore for testing and commissioning of processing plant	–	–	6.8	–
GIPL	Purchase of iron ore for production purposes	–	–	–	6.9

In relation to our discontinued operations in FY2016 and FY2017, our Group had engaged Powerus Sdn. Bhd. as stevedore which accounted for approximately 31.4% and 9.8% of our Group's total operating costs and exploration and evaluation expenditure for FY2016 and FY2017 respectively. Our Group had procured and rented equipment and machinery, rented office space, engaged certain services and purchased goods from WSB in relation to our discontinued operations which accounted for approximately 15.2% and 0.6% of our Group's total operating costs and exploration and evaluation expenditure for FY2016 and FY2017 respectively. Our Group engaged Xing Her Logistics Sdn. Bhd. as stevedore which accounted for approximately 7.5% of our Group's total operating costs and exploration and evaluation expenditure for FY2016. In addition, our Group paid bauxite mining royalty fees via Miva Bina Consult Sdn. Bhd. which constituted approximately 7.7% of our Group's total operating costs and exploration and evaluation expenditure for FY2016. Our Group engaged Top Entertainment Sdn. Bhd. to assist our Group in securing contracts with overseas buyers in relation to our discontinued operations which constituted approximately 8.2% and 10.3% of our Group's total operating costs and exploration and evaluation expenditure for FY2016 and FY2017 respectively. As our Group has since discontinued our bauxite-related operations, we have not incurred further expenses thereto.

GENERAL INFORMATION ON OUR GROUP

As at the date of this Offer Document, our Group's business or profitability is not materially dependent on any contract with any supplier. Save for GIPL, WSB and Magnate Access, none of our Directors, Key Executive or Substantial Shareholders has any interest, direct or indirect, in any of the above suppliers. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for more details on our Group's transactions with GIPL, WSB and Magnate Access.

CREDIT POLICY

Credit terms offered to our customers

Our products are sold to customers in the PRC and Malaysia. We do not offer credit terms to our customers in the PRC as we require our customers to provide us with their bank's letters of credit ("LC") issued in our favour. The bank's LC is primarily a written commitment from the bank on behalf of our customer that payment will be made to us, provided that the terms and conditions stated in the LC have been met. Payment by way of the LC is common in international trade and goods delivery, where the credit risk of contracting parties cannot be readily and easily determined. The risk of default by our customers is substantially reduced as the bank underwrites the credit risk. Depending on the shipping terms negotiated with customers, typically, once the shipment departs the port of loading and the bill of lading has been issued, we would collect 95.0% of the total shipped goods value (provisional payment) from the bank via the LC. The remaining sum would then be collected upon delivery of our iron ore concentrate to the destination port and further verification by an independent surveyor at the destination port to derive the final price for the total value of the shipped goods.

We generally extend to our customer(s) in Malaysia credit up to seven (7) working days depending on the size of the contract, our customer's creditworthiness and payment history.

Credit terms granted by our suppliers

For the supply of processing machinery, suppliers generally require our Group to make payment of up to 50.0% of the consideration sum upon confirmation of the order, and the balance payment shall be made upon delivery and/or installation, as the case may be.

For the supply of trucks, excavators and related machinery, suppliers generally require our Group to make a minimum payment of 10.0% of the consideration sum upon delivery and the balance over a period not exceeding three (3) to six (6) months thereafter, as the case may be.

For the supply of consumables or services to our Group, suppliers usually grant a 30 to 90 days credit term. Our average trade payables' turnover days for the Period Under Review are as follows:

	FY2016	FY2017	FY2018	1H2019
Average trade payables' turnover days⁽¹⁾	n.m. ⁽²⁾	n.m. ⁽²⁾	n.m. ⁽²⁾	49

Notes:

(1) Trade payables' turnover days is computed as follows:

$$\frac{\text{Average trade payables balance}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

"Average trade payables balance" is the average of the opening and closing trade payables balance for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

(2) It is not meaningful to calculate the average trade payables' turnover days for FY2016, FY2017 and FY2018 as we did not incur any cost of sales related to our existing iron ore mining operations.

GENERAL INFORMATION ON OUR GROUP

INVENTORY MANAGEMENT

As at 31 August 2018, our inventory comprised mainly approximately 34,201 WMT iron ore concentrate and consumable stores (such as chemical and steel balls).

Due to the nature of our business, it is not meaningful to calculate the inventory turnover days. Typically, we ship our iron ore concentrate at intervals of between four (4) to six (6) weeks. As such, to facilitate quick and efficient ore haulage and cargo loading, we begin to stockpile our iron ore concentrate weeks prior to the arrival of a cargo ship.

We believe that we maintain strict control over our inventory. The processed iron ore fines are measured by the site supervisor/project manager and subsequently inspected by the lab analyst from our in-house laboratory. We keep records of our inventory and carry out periodic inventory assessments.

SALES AND MARKETING

Our target customers are mainly steel mills with sinter plants or iron ore pelletising facilities, as well as iron ore trading companies in the PRC and Malaysia.

Our sales and marketing activities are led and overseen by our CEO, Chee Yew Fei, and COO, Ng Mun Fey. Our sales and marketing activities include identifying potential customers, negotiating terms and maintaining customer relationships. Moving forward, our Group intends to forge long-term contractual relationships with our customers.

INSURANCE

We insure our business for, *inter alia*, the following:

- (a) workmen's compensation for our employees;
- (b) group personal accident;
- (c) group hospitalisation and surgical;
- (d) group term life;
- (e) fire and perils insurance;
- (f) special contingency insurance;
- (g) motor accidents; and
- (h) public liability.

For the Relevant Period, we were in compliance with applicable Malaysian laws, rules and regulations with respect to obtaining insurance for our employees.

As at the Latest Practicable Date, our Directors are of the view that the above insurance policies are adequate for our Group's current operations. Our Directors will review the insurance coverage of our Group from time to time to consider the adequacy of coverage.

GENERAL INFORMATION ON OUR GROUP

INTELLECTUAL PROPERTY

Our Group currently does not have any intellectual property on which our business or profitability is materially dependent. As at the Latest Practicable Date, our Group does not own any trademark, patent, or licence or has any application relating thereto or any other intellectual property rights.

LICENCES, PERMITS, APPROVALS AND GOVERNMENT REGULATIONS

Licences, permits and approvals

Our Group is required to comply with local regulatory and governmental licensing requirements during the course of our operations. As at the Latest Practicable Date, our Group holds the following approvals, licences and permits which are material to our operations:

Description of approval/licence/permit	Awarding authority	Purpose for which the approval/licence/permit is issued	Expiry date	Licence area
Approval for operational mining scheme ⁽¹⁾	Department of Mineral and Geoscience Malaysia, Terengganu	Approval given for the development and mining works carried out at our Bukit Besi Mine	19 January 2020	Lot 110548 and Lot 60027
Permit for the usage of explosives	Department of Mineral and Geoscience Malaysia, Terengganu	Approval given to carry out explosive works at Lot 110548	19 January 2020	Lot 110548
Mineral Licence	Department of Mineral and Geoscience Malaysia	Licence to possess, own, sell or store minerals in ML 4/2013 and ML 7/2013	15 October 2020	Lot 110548 and Lot 60027
Permit for scheduled controlled items	Malaysia Ministry of Domestic Trade, Co-operatives and Consumerism	Approval given to purchase 60,000 litres of diesel fuel and to store the same at Lot 60027	12 September 2019	Lot 60027
Permit for scheduled controlled items	Malaysia Ministry of Domestic Trade, Co-operatives and Consumerism	Approval given to purchase 40,000 litres of diesel fuel and to store the same at Lot 110548	27 May 2019	Lot 110548
Permit for scheduled controlled items	Malaysia Ministry of Domestic Trade, Co-operatives and Consumerism	Approval to purchase 11,000 litres of diesel fuel and being stored at PT 8871 Kawasan Perindustrian Teluk Kalong 24000 Kemaman Terengganu	18 August 2019	PT 8871 Kawasan Perindustrian Teluk Kalong 24000 Kemaman Terengganu ⁽²⁾

GENERAL INFORMATION ON OUR GROUP

Description of approval/licence/permit	Awarding authority	Purpose for which the approval/licence/permit is issued	Expiry date	Licence area
Export Licence	Ministry of Water, Land and Natural Resources	Permit given in respect of the export of up to 100,000,000 kg of iron ore fines to the PRC	21 May 2019	Not applicable
Export Licence	Ministry of Water, Land and Natural Resources	Permit given in respect of the export of up to 100,000,000 kg of iron ore fines to the PRC	27 May 2019	Not applicable
Business and industrial trade licence	Petaling Jaya City Council	Business licence for business office	31 December 2019	No. 9-1, Jalan Pjs 8/18, Dataran Mentari, Bandar Sunway 46150 Petaling Jaya, Selangor
Advertisement licence	Petaling Jaya City Council	Non-illuminated horizontal advertisement	31 December 2019	No. 9-1, Jalan Pjs 8/18, Dataran Mentari, Bandar Sunway 46150 Petaling Jaya, Selangor
Class C licence	Atomic Energy Licensing Board from the Ministry of Health	Purchasing, possessing, handling, using and storing the X-ray unit	15 August 2019	Not applicable

Notes:

- (1) The approval for the operational mining scheme is submitted for renewal by an accredited consultant by the relevant authorities.
- (2) The property on which the diesel fuel is stored is a yard under the control of a loading agent, which has agreed to allow our Company to park our excavator (which require diesel for mobilisation) for the purposes of loading and unloading iron ore from the truck.

Our Group will be renewing the relevant approvals, licences and/or permits which are due to expire within the next six (6) months from the date of this Offer Document before the relevant expiry date. Our Group has not previously encountered any difficulties or failures, and does not foresee any difficulty in renewing/obtaining such approvals, licences and/or permits in a timely manner.

In addition to the above-mentioned approvals, licences and/or permits, our Group was granted the right to mine, extract, process and sell iron ore at our Bukit Besi Mine as PTG had granted the Mining Leases to LTAWNT, thereby allowing LTAWNT to grant us the mining rights pursuant to the Iron Ore Mining Agreement. Pursuant to the Iron Ore Mining Agreement, our mining rights to Lot 110548 and Lot 60027 will expire on 19 January 2033 and 17 March 2033 respectively.

Furthermore, our Group has also obtained approval for our environmental impact assessment for our mining operations at our Bukit Besi Mine.

GENERAL INFORMATION ON OUR GROUP

To the best of our Directors' knowledge, our Group has obtained all necessary approvals, licences and/or permits for our business operations, and our Group is in compliance with all applicable laws and regulations. As at the Latest Practicable Date, none of the aforesaid approvals, licences and/or permits has been suspended, revoked or cancelled and, save as disclosed in the section entitled "Risk Factors" of this Offer Document, to the best of our Directors' knowledge and belief, we are not aware of any facts or circumstances which would cause such approvals, licences and/or permits to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these approvals, licences and/or permits to be rejected by the relevant authorities.

The Legal Adviser to our Company on Malaysia Law had advised that our Company has such authorisations, permits, certificates, licences and approvals as are relevant to its business and operations. Please refer to the sections entitled "General Information on our Group – Legal Opinion from Azman Davidson & Co." and "Appendix E – Legal Opinion from Azman Davidson & Co." of this Offer Document for the legal opinion from the Legal Adviser to our Company on Malaysia Law, in particular on the compliance by our Group with all the relevant laws, rules and regulations and title to or validity and enforceability of rights to our Group's assets.

Applicable Government Laws and Regulations

Singapore

As at the Latest Practicable Date, our Group's business operations in Singapore are not subject to any special legislation, regulatory controls or environmental issues other than those generally applicable to companies (including foreign investment companies) and business operating in Singapore. Our Group has not experienced any adverse effect on its business in complying with these regulations. Our Directors believe that our Group has complied with all relevant laws and regulations.

Malaysia

Our Group's mining operations in Malaysia are governed by various laws and regulations and subject to various licenses, permits and governmental approvals. Below is a summary of laws and regulations which have a material effect on our Group's mining operations:

Mining

Mineral Development Act 1994

MDA is a federal legislation, providing for the inspection and regulation of the exploration and mining of minerals and mineral ores and for other matters connected therewith.

Section 10 of the Mineral Development Act ("MDA") provides that the holder of a proprietary mining licence or mining lease shall be required to submit for approval by the Director of Mines appointed under the MDA, an operational mining scheme for development work and mining on the land which is the subject of such mineral tenement before the commencement of any development work or mining within the mineral tenement area.

Section 12 of the MDA provides that the holder of a proprietary mining licence or mining lease shall comply with the approved operational mining scheme under Section 10 of the MDA and carry out development work and mining in accordance with such approved operational mining scheme.

GENERAL INFORMATION ON OUR GROUP

Upon failure by the holder of a proprietary mining licence or mining lease to comply with the approved mining scheme, the Director of Mines shall inquire into the matter and may order the holder of such licence or lease to:

- (a) undertake all necessary measures to ensure compliance with the approved operational mining scheme; or
- (b) suspend development work or mining until the necessary measures are taken to comply with the approved operational mining scheme.

Mineral (Terengganu) Enactment 2002

As mining activity involves land which is a state matter, the approval for mining related applications is empowered to the respective states under which the applicable mineral state enactment in relation to the state of Terengganu is Mineral (Terengganu) Enactment 2002 ("**Enactment**"). The Enactment administers the state legislature tenement mineral production and revenues associated with it.

Section 63 of the Enactment provides that an application for a mining lease must be made to the state authority. Pursuant to Section 2, mining lease is defined as a mining lease granted under Section 63 of the Enactment and a mining lease granted or issued under any previous written law relating to mining.

A mining lease shall, subject to the provisions of Enactment, and other terms and conditions as stated in the mining lease grant exclusive mining rights in relation to the land to the lessee and subject to Section 71 and other relevant laws relating to minerals,

- (a) store, transport, process and sell any minerals extracted and dispose of any waste;
- (b) use any timber, sand or gravel required for mining within the land;
- (c) to use such portions of the mining land as may be required for the purposes of growing plants or vegetables, or keeping animals, poultry or fish as may be reasonable for use by the employees at the mine;
- (d) to use, such portions of the mining land as may be required for the purposes of erecting houses, lines, sheds or other buildings as may be reasonable for the purposes of the mining or for use by the employees at the mine;
- (e) to do any act or thing and construct and maintain any road and facility to effectually carry out the mining operations, on or under the land; and
- (f) to use, occupy and utilise the land in respect of which a mining lease has been granted for mining purposes.

The mining lease, subject to the Enactment and other terms and conditions contained therein, does not grant the lessee an exclusive right to use any public road, rail, canal, river and telecommunications system as may be required for mining within the mining land.

Pursuant to Section 71 of the Enactment, the lessee must not, unless otherwise authorised by any other written law, remove beyond the boundaries of the mining land in respect of which the mining lease has been granted, any timber or other forest products, any plant, vegetables, animals, poultry or fish; or any coral, soil, gravel, guano, loam, rocks, sand, shell, clay, bricks, lime, cement or other commodities manufactured from the materials obtained from the mining land.

GENERAL INFORMATION ON OUR GROUP

Section 72 of the Enactment provides that mining lease granted is subject to the following conditions imposed on the lessee:

- (a) to keep true and sufficient books of account of the mining and other activities conducted on the mining land, and disposals of minerals extracted; and to produce such books upon request by the authorised officers;
- (b) submit any information and periodical activity reports as may be prescribed;
- (c) allow scientific surveys provided there is no interference to the mining;
- (d) maintain the safety of mining land and in compliance with such environmental standards as may be prescribed;
- (e) comply with the approved environmental impact assessment, if such assessment is required under any written law;
- (f) comply with the approved plan for rehabilitation, if required under the Enactment;
- (g) allow access on or through the mining land to any adjoining land provided that it is in the opinion of the Superintendent of Mines, not interfering with the mining operations;
- (h) allow the construction and use of any water courses, canals, pipelines and transmission lines, public roads and public facilities on the mining land provided that it is in the opinion of the Superintendent of Mines, not interfering with the mining operations; and
- (i) not carrying out large scale operation on the mining land if the mining lease only authorises small scale operation on the mining land and vice versa.

Pursuant to Section 129 of the Enactment, the lessee shall establish and pay such amount into the common mining rehabilitation fund for the purposes of rehabilitating the mining land. Failure to pay into to the common rehabilitation fund as required under Section 129 of the Enactment might result in the revocation of the mining lease. Based on our legal due diligence inquiry, this payment towards the common rehabilitation fund has been paid up to date by our Company.

Terengganu Mineral Regulations 2005

The Terengganu Mineral Regulations 2005 (“**TMR**”) regulates the transfer, licencing and leasing of mineral tenement. Mineral tenement is defined under MDA as fossicking licence, dulang licence, individual mining licence, prospecting licence, exploration licence, proprietary mining licence, mining lease, or any of them for the purpose of exploration or mining of minerals or mineral ores, as the case may be, issued under any federal or state law regulating mineral tenements.

Environment

Environmental Quality Act 1974

The Environmental Quality Act 1974 (“**EQA**”) relates to the prevention, abatement, control of pollution and enhancement of the environment and shall apply to the whole of Malaysia.

Pursuant to Section 34A of the EQA, any person intending to carry out any of the prescribed activities shall, before any approval for the carrying out of such activity is granted by the relevant approving authority, appoint a qualified person to conduct an environmental impact assessment and submit a report to the Director General appointed under the EQA.

GENERAL INFORMATION ON OUR GROUP

Such qualified person shall:

- (a) be responsible for the environmental impact assessment and the recommendations of the environmental impact assessment;
- (b) ensure that the report and the recommendation do not contain any false or misleading information;
- (c) take a professional indemnity insurance for any liability arising from the environmental impact assessment and the recommendations of the environmental impact assessment.

Environmental Quality (Prescribed Activities) Environmental Impact Assessment) Order 2015

Prescribed activities include the following:

- (a) ore processing outside mineral tenement area, including concentrating of aluminium, copper, gold, iron, tantalum or rare earth element;
- (b) sand mining on land or river in coastal area or in territorial waters not exceeding three (3) nautical miles measured from the low-water line, involving an area of 20 hectares or more; and
- (c) sand mining in continental shelf area;

Public display of a report, at a place and within the time determined by the Director General, to obtain public comment in relation to the report is required for the following prescribed activities:

- (a) mining of minerals in new areas involving large scale operation; and
- (b) mining of minerals within or adjacent or near to environmental sensitive area.

Controlled article

Control of Supplies Act 1961

Section 6 of the Control of Supplies Act 1961 empowers the Minister to make regulations for carrying into effect the provisions of the Control Supplies Regulations 1974.

Control of Supplies Regulations 1974

Pursuant to Regulation 9 of the Control of Supplies Regulation (“**CSR**”), a wholesaler shall not sell the scheduled article which includes diesel fuel in which he is authorised to deal by wholesale to any person other than to a wholesaler or retailer authorised to deal in such scheduled article by wholesale or retail, as the case may be, unless the purchaser is authorised in writing by the Controller to purchase such scheduled article.

GENERAL INFORMATION ON OUR GROUP

Labour, Health and Safety

Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA**”) provides provisions for securing the safety, health and welfares of persons at work, for protecting persons at work against risks to safety or health in connection with the activities of persons at work and for matters connected therewith and applies throughout Malaysia to the mining industry.

Employers and every self-employed person must as far as is practicable, ensure the safety, health and welfare to work of all their employees by (including but without limitation):

- (a) the provisions and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;
- (b) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provisions of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of their employees;
- (d) so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provisions and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (e) the provision and maintenance of a working environment for their employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.

Except in such cases as may be prescribed, it shall be the duty of employers and self-employed persons to prepare and as often as may be appropriate to revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees.

Failure to comply with any of the above provisions constitutes an offence and on conviction the employer of the self-employed person is liable to a fine not exceeding MYR50,000.00 or to imprisonment for a term not exceeding two (2) years or to both.

Employment

Employment Act 1955

The Employment Act 1955 (“**EA**”) stipulate the rights and welfare benefits and other minimum terms and conditions for certain categories of workers which all employers are required to comply with, and applies to Peninsular Malaysia.

GENERAL INFORMATION ON OUR GROUP

The following types of employee falls within the purview of the EA:

- (a) Any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person's wages does not exceed MYR2,000.00 a month.
- (b) Any person who, irrespective of the amount of wages he earns in a month, has entered into a contract of service with an employer in pursuance of which –
 - (i) he is engaged in manual labour including such labour as an artisan or apprentice, provided that where a person is employed by one employer partly in manual labour and partly in some other capacity such person shall not be deemed to be performing manual labour unless the time during which he is required to perform manual labour in any one wage period exceeds one-half of the total time during which he is required to work in such wage period;
 - (ii) he is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes;
 - (iii) he supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their work;
 - (iv) he is engaged in any capacity in any vessel registered in Malaysia and who –
 - (A) is not an officer certificated under the Merchant Shipping Acts of the United Kingdom as amended from time to time;
 - (B) is not the holder of a local certificate as defined in Part VII of the Merchant Shipping Ordinance 1952; or
 - (C) has not entered into an agreement under Part III of the Merchant Shipping Ordinance 1952; or
 - (v) he is engaged as a domestic servant.

According to Section 8 of the EA, a contract of service shall not in any manner restrict the right of any employee who is a party to such contract –

- (a) to join a registered trade union;
- (b) to participate in the activities of a registered trade union, whether as an officer of such union or otherwise; or
- (c) to associate with any other persons for the purpose of organising a trade union in accordance with the Trade Union Act 1959.

Pursuant to Section 11(1) of the EA, a contract of service for a specified period of time or for the performance of a specified piece of work shall, unless otherwise terminated in accordance with the EA, terminate when the period of time for which such contract was made has expired or when the piece of work specified in such contract has been completed.

GENERAL INFORMATION ON OUR GROUP

Section 12(2) of the EA states that the length of notice of termination shall be the same for both employer and employee and shall be determined by a provision made in writing for such notice in the terms of the contract of service, or, in the absence of such provision in writing, shall not be less than –

- (a) four (4) weeks' notice if the employee has been so employed for less than two (2) years on the date on which the notice is given;
- (b) six (6) weeks' notice if he has been so employed for two (2) years or more but less than five (5) years on such date; and
- (c) eight (8) weeks' notice if he has been so employed for five (5) years or more on such date.

Provided that this notice shall not be taken to prevent either party from waiving his right to a notice under this subsection.

Pursuant to Section 19(1) of the EA, every employer shall pay to each of his employees their wages not later than seven (7) days after the last day of any wage period, less lawful deductions earned by such employee during such wage period.

Employment (Restriction) Act 1968

Employment (Restriction) Act 1968 (“**ERA**”) is an act which provides for the restriction of employment in business activities in Malaysia of persons not being citizens and the registration of such persons and for matters connected therewith.

Section 5 of the ERA prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit.

Pursuant to Section 18(1) of the ERA, any person who fails to comply with Section 5 of the ERA shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding MYR5,000.00 or to imprisonment for a term not exceeding one (1) year or to both.

Employees Provident Fund Act 1991

Employees Provident Fund Act 1991 (“**EPF Act**”) which provides for the law relating to a scheme of savings for employees' retirement and the management of the savings for retirement purposes and for matters incidental thereto.

Pursuant to Section 43(1) of the EPF Act, every employee and every employer of a person who is an employee within the meaning of the EPF Act shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPF Act.

Any person being an employer who fails to pay to any contributions which he is liable under the EPF Act to pay in respect of or on behalf of any employee in respect of any month shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three (3) years or to a fine not exceeding MYR10,000.00 or to both.

Employees' Social Security Act 1969

Employees' Social Security Act (“**SOCSSO Act**”) applies throughout Malaysia, provides social security in certain contingencies and makes provision for certain other matters in relation to it.

GENERAL INFORMATION ON OUR GROUP

Pursuant to Section 5(1) of the SOCSO Act, all employees in industries to which the SOCSO Act applies, irrespective of the amount of wages, shall be insured in the manner provided by the SOCSO Act.

Pursuant to Section 6 of the SOCSO Act, the contribution payable under the SOCSO Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the Social Security Organisation. The contributions fall into two (2) categories, namely –

- (a) the contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury; and
- (b) the contributions payable by or on behalf of employees insured only against the contingency of employment injury.

The contributions of the various categories shall be paid in accordance with the rates specified in the Third Schedule of the SOCSO Act.

KEY CONTRACTORS AND CONSULTANTS

Our Group selects third party contractors or consultants based on our internal selection procedures which include assessing the skills, experience and track record of the contractors or consultants. The agreements with the third party contractors or consultants are based on a fixed tenure of a specified term, or on a per assignment basis, which are renewable subsequently if the quality of the works carried out by them is satisfactory. Our Group enjoys a stable relationship with our contractors or consultants as we have been working with the same contractors or consultants since the commencement of operations at our Bukit Besi Mine.

Some of our key contractors and consultants are as follows:

Type of contractor/ consultant	Name	Brief description of their roles and responsibilities
Geologist	SRK Consulting (Australasia) Pty Ltd	<ul style="list-style-type: none">• Drilling and sampling guidance• Geological mapping• Design of drill plans• Preparation of Qualified Person's Report and Independent Valuation Report
Blasting contractor	Chong Yong Rock Blasting Sdn. Bhd.	<ul style="list-style-type: none">• Drill and charge explosives• Open blasting works

GENERAL INFORMATION ON OUR GROUP

Type of contractor/ consultant	Name	Brief description of their roles and responsibilities
Environmental consultant	Capai Cerah Sdn. Bhd.	<ul style="list-style-type: none">• Monitor and assess the environmental effects of our Group's mining operations and our Group's environmental policies• In addition, the environmental consultant will also appoint an environmental auditor, who will conduct periodic spontaneous audit on the environmental impact of our Group's activities• Propose mitigating measures to address material weaknesses uncovered by the environmental auditors (if any)

In addition to the above, we also engage visiting electrical engineers from time to time to conduct regular inspections on our substation and equipment at our Bukit Besi Mine at monthly intervals.

STAFF TRAINING

As at the Latest Practicable Date, our employees participate in on-the-job trainings and/or attend external training sessions on a need-to basis. As such, our Group has not incurred significant expenses in relation to staff training for the Period Under Review. Moving forward, our Group will develop a suitable training framework for our employees if our workforce continues to grow.

ENVIRONMENTAL PROTECTION AND CORPORATE SOCIAL RESPONSIBILITY

Our Group's policy in respect of environmental protection and corporate social responsibility is to ensure compliance with applicable environmental regulations, maintain sensitivity to local cultural and community expectations.

Environmental Protection

A summary of the key anticipated potential environmental impacts arising from our Group's mining operations and their associated mitigation measures are set out below:

GENERAL INFORMATION ON OUR GROUP

Nature of adverse impact	Source of impact	Mitigating measures
Dust pollution	Development/operation	<ul style="list-style-type: none"> • Frequent spraying of water on the exposed surface especially during dry seasons • Regular spraying of water at the entrance and exit points of the mining site • Implementation of a policy requiring all construction vehicles to go through the washing bay for tyre washing purposes, before exiting the mining site • Imposition of speed limits and traffic volume restrictions so as to reduce the amount of dust caused by moving traffic • Transportation of earth and materials into and out of the mining site shall be confined to non-peak hours as far as possible • Prohibition on burning of plant debris and other construction wastes • Proper maintenance and frequent servicing of vehicles to reduce exhaust fume emissions • Introduction of a dust monitoring program • Supply of respiratory masks to on-site personnel

GENERAL INFORMATION ON OUR GROUP

Nature of adverse impact	Source of impact	Mitigating measures
Noise and vibration	Development/operation	<ul style="list-style-type: none"> • Optimising machinery operating conditions • Shutting down idle machinery • Heavy vehicle route planning and noise control • Prompt response to complaints from nearby residents, if any • Imposition of speed limits on all on-site vehicles • Optimising daily vehicular road trips • Maintain natural noise buffer zones • Introduction of a noise monitoring programme • Use of earplugs or earmuffs by on-site personnel • Introduction of workshifts for workers • Conduct regular audiometric test on on-site personnel • Engaging qualified and licensed contractors for blasting and explosive works practising (i) safe blasting techniques; (ii) avoiding secondary blasting; (iii) utilising delay blasting technique and correct stemming; (iv) conduct of mine face survey; (v) monitor blast as feedback for future blast design; and (iv) install an effective noise suppression system
Water quality	Development/operation	<ul style="list-style-type: none"> • Ensure no direct water discharge into any of the nearby natural water courses • Channeling surface water run-off into sedimentation and siltation ponds before eventual discharge • Care and maintenance of sedimentation and siltation ponds • Proper handling and discharge of other waste materials including controlled waste, if any • Proper handling of domestic and solid waste

GENERAL INFORMATION ON OUR GROUP

Nature of adverse impact	Source of impact	Mitigating measures
Soil erosion and sedimentation	Development/operation	<ul style="list-style-type: none"> • Limit work area to the minimum and expedite work during dry season • Care and maintenance of sedimentation and siltation ponds, bund and drainage on site • Regular clearance of overburden stockpile
Waste generation	Development/operation	<ul style="list-style-type: none"> • Proper handling and discharge of all waste material
Health and safety (Operation)	Dust nuisance	<ul style="list-style-type: none"> • Introduction of a dust monitoring programme • Supply of respiratory masks to on-site personnel
	Noise nuisance	<ul style="list-style-type: none"> • Introduction of a noise monitoring program • Use of earplugs or earmuffs by on-site personnel • Introduction of workshifts for on-site personnel
	Occupational accidents	<ul style="list-style-type: none"> • Adherence to the emergency response plan formulated

As mentioned above, an EIA Report is required under the EQA to be submitted to the Director General before carrying out the mining activities. In respect of both Lot 60027 and Lot 110548, our Group has submitted its EIA Reports and approval from the DOE has been obtained for the same.

Further, the environmental consultant engaged by our Group, Capai Cerah Sdn. Bhd., will monitor and assess the environmental effects of our Group's mining operations and our Group's environmental policies. The environmental consultant will also appoint an environmental auditor, who will conduct periodic spontaneous audit. Thereafter, the environmental consultant will propose mitigating measures to address material weaknesses uncovered by the environmental auditors (if any) on the environmental impact of our Group's activities.

The relevant authorities will also conduct inspection of our Bukit Besi Mine in relation to environmental protection on a periodic basis. As at the Latest Practicable Date, there were no material issues or concerns highlighted by the relevant authorities.

Corporate Social Responsibility

Our Group has made efforts to integrate with the local population in the vicinity where our Bukit Besi Mine is located. We have provided the local community with new employment opportunities, training and skills development. We have also broadened the economic and commercial opportunities for local businesses, indirectly contributing to the economic growth of the region. We are also developing a corporate social responsibility policy which will address our Group's impact

GENERAL INFORMATION ON OUR GROUP

on the local community. On a broader scale, our Group contributes to the overall economic growth of and economic opportunities to the business community in the state of Terengganu and Malaysia.

However, the potential loss of jobs upon the closure of our mine in the future may have a negative social impact. In mitigation, our skilled employees will have been fully trained with sufficient skills and experience to gain employment with other mining businesses in the state.

Our Group also values social responsibility and has been participating in community development projects that align with the needs and objectives of local communities identified through engagement and consultation, as well as making contributions towards charitable causes. These include:

- (a) making donations to UNICEF that provides humanitarian and developmental assistance to children and mothers in developing countries;
- (b) making donations to YB Setiausaha Kerajaan Negeri Terengganu for a fund raising programme that promotes and develops sport activities in Terengganu; and
- (c) providing our local community with employment and skill development opportunities in our industry. Indirectly, we broaden the economic and commercial opportunities for local businesses, thereby contributing to the economic growth of the region.

INFRASTRUCTURE

Our Bukit Besi Mine enjoys access to good public utilities and infrastructure. Utilities such as electricity (from the national power grid), piped-in potable water and cellular telecommunication facilities are all available to us at competitive rates. Sealed public roads and highways facilitate efficient access to our Bukit Besi Mine at all times. In addition, all of our iron ore cargo can be easily hauled by road to the Kemaman Port, which is located approximately 86.0km away. As for airports, we are served by the Sultan Haji Ahmad Shah Airport in Kuantan and the Sultan Mahmud Airport in Kuala Terengganu, both of which are approximately within 1.5 hours' drive away from our Bukit Besi Mine.

Such good access to infrastructure and public utilities enables our Group to operate efficiently.

Please refer to the section entitled "General Information of our Group – History" and "General Information on our Group – Business Overview" for more details on the infrastructure of our Bukit Besi Mine.

HEALTH AND SAFETY POLICY

Due to the nature of our business, incidents that may have detrimental effects on the health and safety of our workers and the condition of our machinery and equipment may occur from time to time. Our Group aims to operate our business in such a manner that all reasonable and practicable measures will be taken to protect our workers and the condition of our machinery and equipment from such detrimental effects. In order for our Group to achieve this objective, our Group has adopted a set of environment, health and safety guidelines as follows:

- (a) identify and mitigate foreseeable risks on environment, health and safety that may arise from day-to-day work activities, or develop measures and work safety procedures to minimise and control the risks;

GENERAL INFORMATION ON OUR GROUP

- (b) regular briefing to and on-the-job training for all on-site personnel on day-to-day work hazards and risks;
- (c) conduct regular inspections in relation to adherence to work safety procedures by on-site personnel;
- (d) provide on-site personnel with the necessary work safety and health trainings;
- (e) ensure machinery and equipment deployed are in good and safe working conditions and are operated by skilled operators;
- (f) carry out regular work safety briefings to maintain and raise overall awareness; and
- (g) ensure our sub-contractors and suppliers adhere to our Group's environment, health and safety policies by monitoring their performance on a continuous basis.

On 18 August 2018, an accident at our Bukit Besi Mine resulted in the death of a plant operator. Consequently, SWOs were issued by DOSH and JMG on 21 August 2018. During the period of the SWOs, our Group had put in place the following additional safety measures:

- (a) inspection and installation of safety steel covers and cowlings on belt conveyor end pulleys and power transmission belt drives;
- (b) installation of more easily accessible emergency power switches; and
- (c) circulation of new safety and work instruction manuals to all site personnel to emphasise on the safety protocols to be adhered to during operation.

With the additional safety remedial actions being implemented satisfactorily, the SWOs were lifted by DOSH and JMG on 28 August 2018 and 5 September 2018 respectively. The insurance compensation in relation to the Accident are covered under Fortress Mining's insurance policies and the Social Security Organisation contributions, a social security protection scheme administered by the government of Malaysia, which has been approved and paid out to the next-of-kin of the deceased plant operator.

Since the commencement of our operations till the Latest Practicable Date, save for the Accident, we have not been subject to any claims arising from any accidents involving personal injury or property damage that has had a material adverse effect on our business, financial condition or results of operation.

Please refer to the risk factor entitled "Our operations are exposed to regulations and risks in relation to production safety and the occurrence of accidents" for more details.

GENERAL INFORMATION ON OUR GROUP

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group does not own any real property.

The following table sets out all the properties leased or tenanted by our Group as at the Latest Practicable Date:

Tenant/ Lessee	Location	Approximate size area occupied (square feet)	Tenure	Monthly rental (MYR)	Description of actual land use	Landlord/ Lessor
Fortress Mining	18231 Taman SP Perdana, Jalan Seberang Pintasan, Kampung Seberang Pintasan, 23000 Dungun, Terengganu	1,040	Two (2) years from 25 July 2017 to 24 July 2019 with the option to renew for a further two (2) years	600	Accommodation for management	Wee Teng Kong
Fortress Mining	No. 9-1, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor	3,463	From 1 March 2019 to 28 February 2021	6,000	Headquarter of our Group	WSB ⁽¹⁾
Fortress Mining	No. 78, Lorong Cempaka 9, Rumah Murah Bukit Kuang, 24000, Kemaman Terengganu	2,200	From 2 January 2019 to 1 January 2020	700	Accommodation for management	Suriani Binti Razali

Note:

(1) Please refer to the section entitled “Interested Person Transactions” of this Offer Document for details in relation to this tenancy with WSB.

Pursuant to the tenancy agreements between Fortress Mining and each of Wee Teng Kong and WSB, the landlord shall have the right to terminate the relevant tenancy agreement under the following circumstances:

- (a) failure to pay rent in accordance with the terms of such tenancy agreement; or
- (b) committing a breach of any term in such tenancy agreement; or

GENERAL INFORMATION ON OUR GROUP

- (c) committing an act of bankruptcy or entering into any composition or arrangement with its creditors or, being a company, entering into liquidation whether compulsory or voluntary other than for the purposes of reconstruction or amalgamation or suffering any execution to be levied against the company or its goods.

Pursuant to the tenancy agreement between Fortress Mining and Suriani Binti Razali, the tenancy may be terminated in the following circumstances:

- (a) if the tenant fails to pay rent in accordance with the terms of the agreement and where there is an outstanding payment of rent for more than one (1) month; or
- (b) if the tenant commits a breach of any term in the tenancy agreement; or
- (c) if the landlord repossesses the premise by providing not more than seven (7) days prior notice to the tenant or at the discretion of the landlord.

Our Directors confirm that as at the Latest Practicable Date, the actual land use of the aforementioned properties are in compliance with their respective permitted land use.

The following table sets out all the properties occupied by our Group for its mining operations, as at the Latest Practicable Date:

Location	Land area/ Gross built-in area (ha)	Term	Rental fee	Purpose	Lease holder
Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu	244	Five (5) years from 20 January 2013 to 19 January 2018 with a renewal for 15 years from 20 January 2018 to 19 January 2033	None ⁽¹⁾	For Fortress Mining to mine, extract, process and sell iron ore from mining areas under the Iron Ore Mining Agreement	LTAWNT
Lot 60027, Mukim Besul, Daerah Dungun, Terengganu	282.2	Five (5) years from 18 March 2013 to 17 March 2018 with a renewal for 15 years from 18 March 2018 to 17 March 2033	None ⁽¹⁾	For Fortress Mining to mine, extract, process and sell iron ore from mining areas under the Iron Ore Mining Agreement	LTAWNT

Note:

- (1) There is no rent imposed on Fortress Mining by LTAWNT for these land parcels but the terms of payment have been agreed between the relevant parties pursuant to the Iron Ore Mining Agreement.

GENERAL INFORMATION ON OUR GROUP

As set out in the section entitled “General Information on our Group – The Iron Ore Mining Agreement” of this Offer Document, LTAWNT, an entity established under the Terengganu State Heritage Fund Enactment, is the registered holder of the Mining Leases issued by the Terengganu State Authority. Pursuant to the Iron Ore Mining Agreement, Fortress Mining has the contractual rights to mine, extract, process and sell iron ore from our Bukit Besi Mine until 19 January 2033 and 17 March 2033 for Lot 110548 and Lot 60027 respectively.

As at 31 August 2018, our fixed assets consisting of property, plant and equipment had a net book value of approximately US\$8.5 million, particulars of which are set out below:

Description	Usage/Purpose	Approximate net book value (US\$'000)	Location
Furniture and fittings	Site office use	12	Bukit Besi
Office equipment	Office use	9	Headquarters and Bukit Besi
Site equipment	Exploration and mining use	330	Bukit Besi
Plant and machinery	Mining and processing use	6,567	Bukit Besi
Motor vehicles	Transport and operations	1,599	Bukit Besi

To the best of our Directors’ knowledge and belief, there are no regulatory requirements or environmental issues that may materially affect our Group’s utilisation of its material tangible fixed assets, save as disclosed in the sections entitled “Risk Factors”, “General Information on our Group – Licences, Permits, Approvals and Government Regulations” and “General Information on our Group – Environmental Protection and Corporate Social Responsibility” of this Offer Document.

LEGAL OPINION FROM AZMAN DAVIDSON & CO.

The Legal Adviser to our Company on Malaysia Law, Azman Davidson & Co, is a law firm practising in Malaysia. It has conducted a legal due diligence review on, *inter alia*, Fortress Mining in connection with the Listing.

The Legal Opinion has been prepared on the basis and subject to the limitations set out in Azman Davidson & Co’s terms of engagement, and the opinions of Azman Davidson & Co as set out below is subject to the assumptions and qualifications specified in the Legal Opinion.

Based on the foregoing, the salient details in the Legal Opinion are as follows:

A. Due incorporation

- (1) Fortress Mining was duly incorporated on 14 December 2010 under the laws of Malaysia, and all necessary governmental and regulatory approvals, permits, consents, licences, certificates, registrations and other filings in respect of the incorporation of Fortress Mining has been obtained or made.

GENERAL INFORMATION ON OUR GROUP

- (2) Fortress Mining is validly existing as a legal entity with limited liability, having full capacity, power and authority to enter into legally binding and enforceable contracts and undertakings with full power to sue or be sued in its own name.
- (3) Fortress Mining has full power and authority to carry on its business as presently conducted and to own, use, lease and operate its properties and assets as provided in its Constitution.
- (4) Based on Azman Davidson & Co's due diligence review, there are no provisions or irregularities, inconsistencies or other matters contained in the records of Fortress Mining which would adversely affect: (a) the status of Fortress Mining as a duly incorporated independent legal entity; (b) the power and authority to own, use, lease and operate its properties and other assets lawfully obtained; and (c) the business as presently conducted by Fortress Mining.
- (5) Based on the relevant searches conducted by Azman Davidson & Co and the declarations given by the Directors, (i) save as disclosed in the section entitled "General and Statutory Information – Information on Directors, Key Executive and Controlling Shareholders" of this Offer Document, none of the directors of Fortress Mining (comprising amongst others, Chee Yew Fei, Teh Lip Kim and Loong Ching Hong) have been declared bankrupt in Malaysia and no petition under any bankruptcy or insolvency laws has been filed (and not struck out or annulled) against any director of Fortress Mining in which he/she was a partner in Malaysia; and (ii) none of the directors of Fortress Mining have been charged with and/or convicted in any criminal proceedings or is a named subject of a pending criminal proceeding in Malaysia.

B. Share Capital

- (6) Our Company is the legal and beneficial owner of the total issued share capital in Fortress Mining.
- (7) All issues, allotments and transfers of shares and all changes in the issued and paid-up capital of Fortress Mining since its incorporation were validly conducted, duly authorised, duly recorded, have been fully paid-up (in respect of issues of shares) and have been effected in accordance with applicable laws of Malaysia and Fortress Mining's Constitution. Based on document and records provided to Azman Davidson & Co, all the necessary consents, authorisations and approvals required for the allotments, issues and transfers of shares have been obtained.
- (8) There were no irregularities in the transfer of shares in Fortress Mining that would affect shareholders' rights and obligation or the validity of the shareholding interest of the respective current shareholders.
- (9) There are no restrictions on transfers or holdings of the shares in Fortress Mining, or any restrictions on the right of persons deemed "non-resident" under the notices issued by Bank Negara Malaysia in exercising its power conferred by the Financial Services Act 2013 of Malaysia and Islamic Financial Services Act 2013 of Malaysia to hold or exercise the voting rights attached to the share capital of Fortress Mining imposed by any applicable law of Malaysia or Fortress Mining's Constitution.

GENERAL INFORMATION ON OUR GROUP

C. Title to, validity and enforceability of rights to assets (including licences and agreements)

Iron Ore Mining Agreement

(10) Under the Mining Agreement, Fortress Mining is granted by LTAWNT, being the lease holder of the Mining Leases, the right to access to:

(i) Lot 110548 for a period from the date of the Iron Ore Mining Agreement until 19 January 2018 (and subsequently until the expiry of the extended period from 20 January 2018 to 19 January 2033); and

(ii) Lot 60027 for a period from the date of the Iron Ore Mining Agreement until 17 March 2018 (and subsequently until the expiry of the extended period from 18 March 2018 to 17 March 2033),

for the purpose of carrying out mining operations including but not limited to rock blasting, tree cutting, excavating, extracting and processing iron ore found in and/or above the Bukit Besi Mine.

(11) Under the Iron Ore Mining Agreement, LTAWNT has warranted that no third party except for persons who have been declared under the Iron Ore Mining Agreement, being Fortress Mining, has interest on the Bukit Besi Mine.

(12) Based on Azman Davidson & Co's due diligence review and confirmation from Fortress Mining, they are of the opinion that the Iron Ore Mining Agreement is legally binding, valid and enforceable, and is in full force and effect.

Mining Leases

(13) The Mining Leases were renewed for a further period of 15 years, more particularly:

(i) from 20 January 2018 until 19 January 2033 for Lot 110548; and

(ii) from 18 March 2018 until 17 March 2033 for Lot 60027.

(14) There is nothing under the laws of Malaysia and the terms of the Mining Leases which prevents LTAWNT from granting Fortress Mining the mining rights to the Bukit Besi Mine.

(15) Based on Azman Davidson & Co's due diligence review and confirmation by Fortress Mining, they are not aware of any legal impediments that may prevent LTAWNT from renewing the Mining Leases, and there are no foreseeable difficulties with the renewal of the Mining Leases by LTAWNT, based further on the following:

(i) the past renewal of the Mining Leases having been successful;

(ii) there being no changes in the technical requirements for such renewals under the applicable law; and

(iii) there being no change to any current government or state policy with respect of such renewal.

GENERAL INFORMATION ON OUR GROUP

- (16) As LTAWNT is the registered lease holder of the Mining Leases, Azman Davidson & Co is of the view that there will not be any adverse implication that would affect Fortress Mining and/or the continued use of the Bukit Besi Mine by Fortress Mining for mining development work and activities, subject to applicable laws and the prevailing policies of the Government of Malaysia or Terengganu State Government.

OMS

- (17) An approval for the operational mining scheme dated 14 February 2019 has been issued by the Department of Mineral and Geoscience, Terengganu, Malaysia to LTAWNT (being the registered lease holder of the Mining Leases) and the OMS states Fortress Mining as the contractor to carry out mining operations and activities in the Bukit Besi Mine. The OMS approval is valid for the period up to 19 January 2020.
- (18) The Mining Leases are issued to LTAWNT which in turn, granted Fortress Mining the right to operate and mine the Bukit Besi Mine through a valid and legally enforceable contractual right under the Iron Ore Mining Agreement. The aforementioned arrangement is acknowledged through the OMS which expressly states LTAWNT as the lessee and Fortress Mining as the contractor to carry out mining works at the Bukit Besi Mine.

Fortress Mining's rights to carrying out mining operation is pursuant to the rights granted by LTAWNT (who has the rights to mine pursuant to the mining leases and not prohibited by law to grant Fortress Mining such right) under the Iron Ore Mining Agreement.

- (19) Based on Azman Davidson & Co's due diligence review and confirmation by Fortress Mining, they are not aware of any legal impediments that may prevent the renewal of OMS and further, the past renewal of the OMS by Fortress Mining has been successful.

Other licences and permits

- (20) Based on Azman Davidson & Co's due diligence review and confirmation from Fortress Mining, they are not aware of any legal impediments that may prevent the renewal of the licences described in the section entitled "General Information on our Group – Licences, Permits, Approvals and Government Regulations" of this Offer Document, and based on their due diligence inquiry and confirmation from Fortress Mining, and the past renewals of the abovementioned licences, where applicable, have been successful.
- (21) Based on Azman Davidson & Co's due diligence enquiry and confirmation from Fortress Mining, save as disclosed in the Legal Opinion, there are no other approvals, licences and/or permits required and/or obtained by Fortress Mining for its business and operations, as at the date of this Offer Document.

GENERAL INFORMATION ON OUR GROUP

Properties and fixed assets

- (22) As at the date of this Offer Document, Fortress Mining has obtained contractual rights to occupy the premises set out in the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document.
- (23) Fortress Mining does not own any real property. Save as disclosed in the Legal Opinion, Fortress Mining does not lease or occupy any other real property as at the date of this Offer Document.
- (24) Fortress Mining has valid and enforceable title and rights to its assets (including its processing plants and machinery), including such authorisations, permits, certificates, licences and approvals as are relevant to its business and operations, and based on Azman Davidson & Co’s due diligence inquiry, they are not aware of Fortress Mining having received any notice of any claim of any sort that has been asserted by anyone adverse to such rights of Fortress Mining, or affecting or questioning such rights of Fortress Mining.

D. Compliance with approvals and licences, laws, rules and regulations

- (25) Based on the information set out in the Legal Opinion, the documents and confirmation provided by Fortress Mining in the course of Azman Davidson & Co’s legal due diligence inquiry, Fortress Mining has obtained all the necessary authorisations, approvals, consents, permits, licences or certificates required to perform its business and operations, and such licences (constituting all such necessary authorisations, approvals, consents, permits, licences or certificates required to perform the business and operations of Fortress Mining) are valid and in full force and effect and have not been revoked, and will not cease to be valid or in full force and effect as a result of the Listing.
- (26) As at the date of this Offer Document and based on Azman Davidson & Co’s due diligence inquiry, Fortress Mining:
 - (i) is in compliance with and has not breached any relevant laws, rules and regulations in Malaysia which are material and relevant to its business operations (particularly in relation to its mining activities) since the date of its incorporation;
 - (ii) is in compliance with and has not breached the terms under the Iron Ore Mining Agreement, and no notice relating to suspension of works or termination of the Iron Ore Mining Agreement have been received by Fortress Mining;
 - (iii) is in compliance with the conditions attached to the OMS and the licences described in the section entitled “General Information on our Group – Licences, Permits, Approvals and Government Regulations” of this Offer Document, and no notices relating to the revocation of any licence, permit, order, certificate, approval or other authorisation have been received;
 - (iv) has not been provided with any notice of statutory or regulatory breaches, penalties or fines from the Ruler of the State of Terengganu (“**State Authority**”), or any relevant authorities or other third parties;

GENERAL INFORMATION ON OUR GROUP

- (v) has not been imposed with any statutory and regulatory penalties or fines from the relevant authorities or other third parties; and
- (vi) has not been involved in any legal dispute with the State Authority.

E. Litigation

- (27) Based on the confirmations and search reports obtained, save as disclosed in the section entitled “General and Statutory Information – Material Litigation” of this Offer Document, Fortress Malaysian Group (comprising Fortress Mining, Fortress Industries and Fortress Resources) is not the subject of or being involved in any other litigation, arbitration, claims or mediation or any such proceedings, including those pending, anticipated or threatened against Fortress Malaysian Group or any administrative proceedings or governmental investigation or inquiries made against Fortress Malaysian Group.

F. Others

- (28) Based on the confirmations and search reports obtained, save for the Accident, Fortress Malaysian Group is not the subject of or being involved in any other litigation, arbitration, claims or mediation or any such proceedings, including those pending, anticipated or threatened against Fortress Malaysian Group or any administrative proceedings or governmental investigation or inquiries made against Fortress Malaysian Group.

Please refer to the section entitled “Appendix E – Legal Opinion from Azman Davidson & Co.” of this Offer Document for the full legal opinion from the Legal Adviser to our Company on Malaysia Law. All capitalised terms used but not defined in this section entitled “General Information on our Group – Legal Opinion from Azman Davidson & Co.” shall have the same meanings ascribed to them in the section entitled “Appendix E – Legal Opinion from Azman Davidson & Co.” of this Offer Document.

A legal opinion is not issued in respect of Fortress Resources, as Fortress Resources does not possess title to or validity and enforceability of the rights to any mining assets (including licences and agreements) and there are no legal issues to be addressed.

COMPETITION

We face competition from both the PRC and global iron ore producers in our primary market. However, we believe that (i) the inherent characteristics of our Bukit Besi Mine which has access to good public infrastructure has allowed us to optimise both our operating and cost efficiency; and (ii) our experienced team of management and technical personnel has contributed significantly to our Group’s competitiveness in producing and selling high grade iron ore concentrate.

Given the clear geographical demarcation of Bukit Besi Mine, mining companies in general do not compete directly with each other in terms of mining operations. However, our Company competes with other mining companies for new exploration and mining rights and licences outside of our existing mining right.

For a discussion of the competitive risks that are faced by our Group in our iron ore mining industry, please refer to the section entitled “Risk Factors – Risks Relating to our Business or the Industry” of this Offer Document.

GENERAL INFORMATION ON OUR GROUP

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure the market share of our iron ore business.

COMPETITIVE STRENGTHS

Our Directors consider the following to be our core competitive strengths:

We produce high grade iron ore concentrate

We believe that we produce high grade iron ore concentrate with high Fe content of at least 65.0% TFe and low levels of impurities (such as arsenic, phosphorous and sulphur), at relatively low costs.

Up to the Latest Practicable Date, we have produced and sold iron ore concentrates with average TFe content of at least 65.0% with low impurities. As such, we believe our high grade iron ore concentrate with low levels of impurities would command premium prices against lower grades.

Moreover, as the iron ore mined from our Bukit Besi Mine consists primarily of fresh rock body, the oxidation level of such ore is lower. This results in an iron ore concentrate product that has relatively higher percentage of FeO content, which is generally preferred by steel mills.

In addition, we understand that in response to the PRC government's curb on environmental and industrial pollution, steel mills in the PRC have increased their consumption of high grade iron ore concentrates, so as to minimise pollution and optimise production efficiency and yield. Accordingly, we believe that our Group's product focus will give us a competitive advantage over other mining companies in Malaysia.

We enjoy favourable geological conditions at our Bukit Besi Mine

We believe that we enjoy favourable geological conditions at our Bukit Besi Mine for the following reasons:

- (a) Many ore bodies have already been identified from our ground magnetic survey and are relatively easy to target. As a result, we expect exploration costs and drilling campaign expenditure to be relatively low;
- (b) We believe our expenditure for the excavation and removal of overburden is relatively low;
- (c) The haulage of our blasted materials is mostly downhill due to the natural topography of our mine site and the location of the crushing and processing plant. Therefore, we believe that our fuel consumption will be relatively lower as compared to other conventional mines; and
- (d) The iron ore containing materials excavated from our Bukit Besi Mine are soft and brittle with naturally occurring cracks and are low in silica oxide content. Such characteristic reduces wear and tear on our machinery, thereby resulting in relatively lower machinery maintenance expenditure.

GENERAL INFORMATION ON OUR GROUP

There is considerable exploration upside potential within our Bukit Besi Mine

There is considerable exploration upside potential in the East, Valley and West Deposits in our Bukit Besi Mine.

Various exploration activities such as surface mapping, rock chip sampling and drilling are ongoing to identify new potential deposits. In particular, based on the Qualified Person's Report, (i) a total of 58 holes, covering a land area of approximately 4,062.2m² had been drilled at the East Deposit; (ii) a total of 52 holes, covering a land area of approximately 3,381.95m² had been drilled at the Valley Deposit; and (iii) a total of 138 holes, covering a land area of approximately 10,533.55m² had been drilled at the West Deposit. The Independent Qualified Person is of the view that further exploration is warranted in respect of the West Deposit, and the historical unsurveyed drill holes between the Valley Deposit and West Deposit. Based on the management's observation of iron ore presence in the open pit at the East, Valley and West Deposits, our Group is confident that a high level of the inferred resources can be mined.

Presently, our team of geologists has explored a surface area of 24.8ha located within the East, Valley and West Deposits, representing approximately 4.71% of the 526.2 ha total land area of our Bukit Besi Mine. This means that approximately 95.0% of the total land area of the Bukit Besi Mine has not been explored till date, and our Company believes that there is a potential of feasible iron ore resources in the unexplored areas within Bukit Besi Mine as (i) the Bukit Besi locality has an extensive history of iron ore exploration and production activities; and (ii) the presence of visible iron ore traces are evident in the unexplored area.

Our Bukit Besi Mine is in close proximity to steel mills

Our Bukit Besi Mine is within close proximity to two (2) steel mills in the state of Terengganu and Pahang, Malaysia. We are approximately 110.0km away from Alliance Steel (M) Sdn Bhd's steel mill in the Malaysia-China Kuantan Industrial Park¹¹ in the state of Pahang, and approximately 90.0km away from Eastern Steel Sdn Bhd's steel mill in Teluk Kalong in Terengganu. We aim to build mutually beneficial relationships with these steel mills.

¹¹ China's Guangxi Beibu Gulf builds integrated steel mill in MCKIP. (2014, August 4). Retrieved December 19, 2017, from <http://www.mida.gov.my/home/2222/news/china%E2%80%99s-guangxi-beibu-gulf-builds-integrated-steel-mill-in-mckip/>; Entry of China companies stirs excitement. (2015, November 14). Retrieved December 19, 2017, from <https://www.thestar.com.my/business/business-news/2015/11/14/entry-of-china-companies-stirs-excitement/>.

The Malaysian Investment Development Authority has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

The Star Online has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

GENERAL INFORMATION ON OUR GROUP

Our Bukit Besi Mine is in close proximity to urban facilities

Our iron ore processing facility is located within our Bukit Besi Mine, complete with an office, workshop, laboratory, coverage storage, employees living quarters, amongst others. Our access to all public infrastructure and urban facilities contribute to our operating efficiency. In particular, all of our iron ore cargo can be easily hauled by road within our Bukit Besi Mine by way of the in-mine haulage roads of approximately 2.0km, to the nearest port at Kemaman Port, which is located approximately 86.0km away.

We enjoy costs savings from lower processing and ocean freight costs

We believe we have a cost advantage over producers of iron ore in the PRC as our overall processing cost is relatively lower given that the cost of electricity in Malaysia is significantly lower than that in the PRC. We also believe our ocean freight costs is relatively lower as compared to other iron ore producers in India, Peru, Chile, Iran, Turkey and South Africa.

We have a good working relationship with the local regulatory authorities

We have experience in dealing with, and have developed a cordial working relationship with the local regulatory authorities, including PTG, a state government authority. We have also forged a good working relationship with LTAWNT, a state-owned enterprise and the holder of the Mining Leases. In addition, we have also established good and lasting working relationships with various Malaysian government agencies regulating the mining industry.

Effective communication with the aforesaid authorities is of utmost importance given the stringent regulations imposed on the mining industry in Malaysia. Since the commencement of our operations, we have been working closely with the regulatory authorities by providing regular reports to update them on the activities of our mining operations.

In addition to the above, establishing effective communication channels with LTAWNT is also of significant importance, given that our present operations rely heavily on our right to mine, extract, process and sell iron ore from our Bukit Besi Mine, which was granted to us by LTAWNT pursuant to the Iron Ore Mining Agreement.

Our management has extensive industry and management experience with an international vision

Our senior management comprises a group of highly experienced personnel with experience in the resource prospecting, exploration, mining and processing field.

Our CEO, Chee Yew Fei, has over 20 years of experience in civil and structural engineering and approximately eight (8) years of mining experience, while our COO, Ng Mun Fey, has approximately three (3) years of relevant experience in the mining industry. Our Executive Directors are assisted by our Financial Controller and a team of experienced mid-level operational personnel such as our geologist, chemist and supervisors. We believe that our management team possesses in-depth knowledge critical to our Group's success in the resource industry and is capable of identifying and seizing market opportunities, formulating sound business strategies, assessing and managing risks, implementing management and production schemes, and optimising shareholders' value. For a more detailed description of our Executive Directors and Key Executive, please refer to the section entitled "Directors, Management and Employees" of this Offer Document.

GENERAL INFORMATION ON OUR GROUP

INDUSTRY PROSPECTS

The following discussion about the iron ore mining industry's prospects includes forward-looking statements that involve risks and uncertainties. Actual results could differ from those that may be projected or implied in these forward-looking statements. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

Primary market for our Group's products

Our Directors believe that the prospects for the iron ore mining industry remain healthy with the PRC being our Group's primary focus market.

The PRC is the world's largest steelmaker and consumer of iron ore. According to the World Steel Association, the PRC has the highest steel usage and iron ore imports in 2017 at approximately 736.7Mt and 1,128.2Mt respectively which accounted for approximately 46.5% of global steel usage and 69.2% of global iron ore imports.¹² Despite concerns about the overcapacity of PRC's steel industry and iron ore imports, PRC's iron ore imports are forecasted to remain at a high level of above 1,000Mt annually according to the Australian Government Department of Industry, Innovation and Science Resources and Energy.¹³

The PRC's demand for iron ore is likely to remain strong and is mainly driven by the PRC's current pro-growth policies and compounded by their "One Belt One Road" economic initiative ("**OBOR**"). Countries participating in OBOR are expected to require 150Mt of steel products from the PRC for infrastructure developments¹⁴ which is expected to translate into a healthy demand for iron ores.

In addition, the strong economic growth and increasing urbanisation rate in PRC are positive indicators of a flourishing economy. Such a buoyant economy will drive various steel consuming industries within the PRC, especially the construction, property and automotive industries. In turn, iron ore producers will enjoy strong demand from these end-user industries.

Accordingly, our Directors believe that the demand of iron ore from PRC will continue to remain strong to support their economic growth and developments.

¹² This information is derived from the report entitled "World Steel in Figures 2018" dated 29 May 2018 by World Steel Association.

World Steel Association has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

¹³ This information is derived from the report entitled "Resources and Energy Quarterly June 2018" dated June 2018 by the Australian Government Department of Industry, Innovation and Science.

The Australian Government Department of Industry, Innovation and Science has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

¹⁴ This information is derived from the news article entitled "BHP says China's Belt and Road plan could require 150m tonnes of steel" dated 26 September 2017 by The Financial Times.

The Financial Times has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

GENERAL INFORMATION ON OUR GROUP

Structural reform in the PRC drives demand for high grade iron ore

To address the problems of pollution and overcapacity of the steel industry, the PRC government began to take a stronger stance towards pollution control and started to introduce various initiatives and policies aimed at reducing steel production capacity, especially the capacity for the production of low quality steel. As a result, many PRC steel mills with furnaces that were deemed too small by the PRC government, or with aging furnaces, or had poor pollution control facilities were ordered to cease operations. This led to an overall reduction in steel production capacity in the PRC, which gradually resulted in the increase of global steel prices. Following the rise in steel prices, prices of iron ore climbed steadily as well.

At the same time, steel manufacturers are switching to the use of high grade iron ore of at least 65.0% iron content as they consumed less coking coal as compared to a lower grade iron ore at 58.0% iron content in order to enhance production yield and reduce pollution. With the phasing out of older and less efficient steel mills, the remaining steel mills in the PRC were able to achieve better profit margins, thus encouraging them to enhance production yield with the use of high grade iron ore concentrates.¹⁵

Our Directors believe that our Group's high grade iron ore is well-positioned to meet the demand from the steel industry in the PRC.

Price outlook for high grade iron ore remains positive

In 2014, there was a slump in the prices of iron ore due to an over-production of steel in China, thereby resulting in a decrease in demand for iron ore from the PRC and globally. The prices of iron ore continued to fall in 2015, and low iron ore prices became normalised within the industry.

However, such trend reversed in 2016, especially for iron ore with TFe grade of 65.0% which has increased significantly from US\$61.42 in 2015 to US\$90.22 in 2018, as illustrated in the table below, as demand for high grade iron ore increased due to the PRC government policies described above.

Price per metric ton of iron ore (US\$) ⁽¹⁾	2015	2016	2017	2018
TFe grade of 65.0%	61.42	65.20	87.14	90.22

Note:

(1) Based on average annual data from Bloomberg.¹⁶

¹⁵ This information is derived from the news article entitled "China's shift to high grade iron ore isn't set in stone: Russell" dated 22 March 2018 by Thomson Reuters.

Thomson Reuters has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

¹⁶ Bloomberg has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

GENERAL INFORMATION ON OUR GROUP

Accordingly, our Directors are cautiously optimistic as the demand for high grade iron ore continues to remain strong and believe the price level of high grade iron ore to maintain at the current level as demand for high grade iron ore continues to remain strong.

BUSINESS STRATEGIES AND FUTURE PLANS

Our Group intends to implement the following growth strategies and future plans to drive our future growth and increase shareholder value:

Further development of our Bukit Besi Mine, including continuing and future exploration and geology work, as well as expansion of iron ore processing capacities

Based on the results of our existing exploration activities at the East, Valley and West Deposits in our Bukit Besi Mine, we intend to carry out further exploration activities such as geological mapping, rock sampling, drilling activities, excavating, collection and analysis of exploration data and exploring, locating and developing new deposits within specific areas permitted for exploration.

Our first drilling campaign in the East, Valley and West Deposits was successfully concluded in May 2018. Using the results of the first drilling campaign, planning and design works for the next drilling campaign is currently in progress. At the same time mining works comprising blasting, stripping and excavation of areas discovered during the first drilling campaign are also on-going, thus naturally removing overburdens for the next drilling campaign. This approach increases our drilling efficiencies and cost savings with reduced drilling meterage and lesser drilling of difficult in-ground conditions such as cracks, crevices and voids that exist naturally.

We expect to utilise approximately S\$7.0 million of our net proceeds from the Placement towards the further development of our Bukit Besi Mine, including conducting further exploration and geology work at our Bukit Besi Mine, and the expansion of our iron ore processing capacities.

Acquisition, joint venture and/or development of new mines

We intend to continue to increase our iron ore resource through possible strategic acquisitions of mining rights and/or tenements, whether in Malaysia or elsewhere, and may also expand through joint ventures and strategic alliances as part of our long term growth strategy. We will evaluate such opportunities as and when they arise.

Our Group is continuously in exploratory discussions with several parties for the possible acquisition of new mining rights and/or tenements in Malaysia but these discussions remain preliminary and exploratory in nature and there is no assurance that they may result in any successful outcome. Should such opportunities arise, our Group will seek approval, where necessary, from Shareholders and the relevant authorities as required by the relevant laws and regulations.

We expect to utilise approximately S\$2.0 million for acquisition, joint venture and/or development of new mines.

ORDER BOOK

Due to the nature of our business, the concept of an order book is not meaningful to us and our Group does not maintain an order book.

GENERAL INFORMATION ON OUR GROUP

TREND INFORMATION

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring any unforeseen circumstances, our Directors have made the following observations for the remaining of FY2019 and for the next 12 months from the Latest Practicable Date:

- (a) In line with the PRC's strict control on industrial pollution, we anticipate demand for our Group's iron ore concentrate to remain robust at present level prices. Any further increase in prices will benefit our Group;
- (b) We expect the present exchange rate of US\$ against MYR to remain at present levels. As our Group's revenue is denominated in the US\$, movements in the exchange rate will impact our profitability;
- (c) We expect our overall operating costs, especially labour and fuel costs, will rise due to inflationary pressures and possible change to regulations on minimum wage rates. To the best of our Directors' knowledge, as at the Latest Practicable Date, there has been no change to regulation on minimum wage in Malaysia. Any increase in minimum wage rates and fuel cost will increase our Group's operating costs; and
- (d) Our profitability for FY2019 will be impacted by a substantial increase in professional fees, compliance costs and administrative expenses incurred for the purpose of our Group's listing exercise. These expenses are one-off in nature and will be a substantial charge to our financial statements.

Save as discussed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position", "General Information on our Group – Industry Prospects" and "General Information on our Group – Business Strategies and Future Plans" of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any significant recent trends or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group's revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Offer Document to not be necessarily indicative of the future operating results or financial condition of our Group. Please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

DIRECTORS, MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Residential address	Country of principal residence	Position
Chew Wai Chuen	43	Blk 296A Choa Chu Kang Ave 2 #13-20 Singapore 681296	Singapore	Chairman and Independent Director
Chee Yew Fei	53	16, Jalan SS2/43, 47300 Petaling Jaya, Selangor	Malaysia	Executive Director and CEO
Ng Mun Fey	39	No. 66, Jalan Putra Mahkota 7/3E, Section 7 Putra Heights, 47650 Subang Jaya, Selangor	Malaysia	Executive Director and COO
Willa Chee Keng Fong	26	16, Jalan SS2/43, 47300 Petaling Jaya, Selangor	Malaysia	Non-executive and Non-independent Director
Teh Lip Kim	51	G19, Park Seven, No. 5 Persiaran KLCC, 50450 Kuala Lumpur	Malaysia	Non-executive and Non-independent Director
Loong Ching Hong	52	109, Jalan BU 2/7, Bandar Utama, 47800 Petaling Jaya, Selangor	Malaysia	Non-executive and Non-independent Director
Anita Chew Cheng Im	51	8D-2-8, Prima Damansara, Jalan Chempennai, Damansara Heights, 50490 Kuala Lumpur	Malaysia	Independent Director
Goh Kah Im	53	21 Jalan BK 4/6, Bandar Kinrara, 47180 Puchong, Selangor	Malaysia	Independent Director

DIRECTORS, MANAGEMENT AND EMPLOYEES

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

Chew Wai Chuen is our Chairman and Independent Director, as well as the chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee. He was appointed to our Board on 19 February 2019.

Mr. Chew is presently a non-executive director of Tungsten Mining NL, an Australian-based resources company listed on the Australian Securities Exchange and primarily focused on the exploration and development of tungsten projects in Australia, and is also the managing partner of Precious Capital Pte Ltd, a company engaged in the business of providing management and advisory services to mining companies in Australia and South East Asia.

Mr. Chew has more than 15 years of financial advisory experience, and specialises in the provision of corporate and wealth management for ultra-high net worth individuals. Mr. Chew was a private banking relationship manager at Credit Suisse Singapore from March 2006 to July 2011. His key areas of responsibilities include (i) serving a portfolio of offshore privilege banking customers with total Assets Under Management (“AUM”) worth approximately US\$300 million from various countries such as Malaysia, Singapore and China; (ii) serving a key role in the business development process, including customer acquisition and relationship building; and (iii) overseeing the sales planning and implementation process to determine the best way to reach out to target markets to achieve overall sales target. Mr. Chew was a privilege banking senior relationship manager (team head) at United Overseas Bank from March 2003 to February 2006, where his key areas of responsibilities include (i) serving a portfolio of offshore privilege banking customers with total AUM worth approximately US\$120 million from various countries such as Malaysia, Thailand and Brunei; and (ii) providing wealth management advice. From January 2002 to February 2004, he was a priority banking relationship manager for the offshore Jersey team at Standard Chartered Bank, where his key areas of responsibilities include (i) serving a portfolio of onshore and offshore priority banking customers with total AUM worth approximately US\$50 million from various countries such as Malaysia and Singapore; (ii) serving a key role in the business development process by sourcing for new prospects through referrals, networking and/or group presentations; and (iii) involvement in sales and marketing activities. From March 1999 to January 2002, Mr. Chew was a personal financial consultant at OCBC Bank Singapore.

Mr. Chew graduated from The Chartered Institute of Marketing with a Postgraduate Diploma in Marketing in June 1998. Subsequently, he obtained his bachelor degree in business administration from Thames Valley University (formerly known as University of West London) in February 2000.

Chee Yew Fei is currently our Executive Director and CEO, as well as a member of the Nominating Committee. He was appointed to our Board on 13 November 2017.

He has been with our Group since 2011, and is currently responsible for the overall management and operations of our Group, including formulating, implementing and monitoring our Group’s strategic directions, growth plans financial and and risk management.

Our CEO has over 20 years of civil and structural engineering experience and approximately eight (8) years of experience in the mining industry. He had undertaken several iron ore mining projects since the early 2010s, and had built up his reputation and portfolio in the mining industry.

Our CEO first undertook mining operations in the early 2010s when he was awarded contracts to carry out “dig and haul” mining contractor works in various locations throughout Malaysia. His

DIRECTORS, MANAGEMENT AND EMPLOYEES

consistent work quality and delivery strengthened his reputation in the industry and the rapport with his clients. Subsequently, he was awarded contracts to design and build basic iron ore processing plants for his clients. Capitalising on his strong industry reputation and experience, our CEO continued to secure contracts to design and build larger mining infrastructures such mine pit and tailing dams.

In 2013, our CEO and his team undertook various iron ore mining projects in Pagoh in the state of Johor and Bukit Ibam in state of Pahang, in Malaysia. From October 2013 to August 2015, they undertook an iron ore mining project in the Guche Mine through Guche Minerals, a company in which our CEO was formerly a director. Guche Minerals was jointly owned by Solid Degree Sdn. Bhd. and Telok Kalong Construction & Development Sdn Bhd.

Armed with these experiences, our CEO and his team ventured to design and build more sophisticated iron ore concentrate processing plants to produce higher grade iron ore concentrate more efficiently. In addition, our CEO and his team have since 2013, collaborated with several metallurgical laboratories in Kunming, Shandong and Tangshan in the PRC to gain valuable exposure into the large-scale geology, mining, metallurgy and beneficiation “hypermarket value chain” in the PRC. These collaborations brought about a paradigm shift in our CEO’s business strategies which evolved from a third-party mining contractor to a full scale mining company.

Over the years, our CEO has developed a wide network of industry contacts, including industry professionals and specialists, steel mills and trading houses in the PRC and a broad network of investors in the region. His strong network has contributed significantly to the success of our Group.

Our CEO, Chee Yew Fei, is also presently a controlling shareholder and non-executive director of Norwest Minerals Limited, a gold and base metals exploration company listed on the Australian Stock Exchange.

Our CEO, Chee Yew Fei, obtained a diploma from Taylor’s College Subang Jaya, Malaysia in December 1987.

In 2018, our CEO, Chee Yew Fei, was awarded the Legacy and Business Excellence of the Year award by the SME & Entrepreneurship Business Award.

Based on the due diligence conducted in accordance with Practice Note 2B of the Catalist Rules, PPCF is of the opinion that Chee Yew Fei’s character and integrity satisfied the requirement under Rule 406(3)(b) of the Catalist Rules.

Ng Mun Fey is our Executive Director and COO. He was appointed to our Board on 19 February 2019.

Mr. Ng has been with our Group since 2015, and is currently responsible for the overall management and day-to-day operations of our Bukit Besi Mine including but not limited to heading our Group’s marketing, geology, mining, processing and other supporting divisions. He has approximately three (3) years of relevant experience in the mining industry.

Prior to joining our Group, Mr. Ng worked for Broad-line Sdn. Bhd. from August 2005 to November 2012. During this period, he was the director of AD.House Marketing, an advertising company. He was also the general manager for Broad-line Communication Sdn. Bhd. and its related companies, which were in the business of reselling TMNet products. In addition, he was also a director of Penguin Soft Sdn. Bhd., which was in the business of reselling TMNet products. In addition to the

DIRECTORS, MANAGEMENT AND EMPLOYEES

foregoing, Mr. Ng was also the editor-in-chief of the “For Connoisseurs” magazine, a niche F&B, product and foreign culture magazine. Between January 2005 and July 2005, he worked for Melawangi Sdn. Bhd., where he was a resident manager for AmCorp Mall Serviced Suites. Between February 2002 and December 2004, he worked as a mechanical engineer at Vectorone Engineering Consultant, and had also undertaken the role of mechanical and electrical clerk of work from May 2003 to December 2004. Between July 2000 and December 2000, he worked as a mechanical and electrical draughtsman for Atec Consulting Engineers.

Mr. Ng graduated from the University of Southern Queensland with a Bachelor in Engineering Technology in September 2004.

Based on the due diligence conducted in accordance with Practice Note 2B of the Catalist Rules, PPCF is of the opinion that Ng Mun Fey’s character and integrity satisfied the requirement under Rule 406(3)(b) of the Catalist Rules.

Willa Chee Keng Fong is our Non-executive and Non-independent Director. She was appointed to our Board on 19 February 2019.

Ms. Chee is presently a digital analyst with AirAsia Bhd, where her key areas of responsibilities include, amongst others, analysing performance of marketing campaigns and providing actionable insights, setting key performance indicators and benchmarks for the product team to adhere to, understanding business objectives and suggesting relevant metrics, providing real-time data source to the information technology team, and providing online tracking advice to the subsidiaries of AirAsia Bhd. From October 2015 to August 2016, Ms. Chee worked as a digital ads performance and analytics junior associate with Dex Ventures Sdn. Bhd., where her key areas of responsibilities include, amongst others, setting up and optimising digital ads campaigns, provision of advice on digital marketing strategies, and rendering of advice to clients on possible improvements to their digital marketing strategies.

Ms. Chee graduated from Cardiff University with a Bachelor of Science in Finance and Management in July 2015.

Teh Lip Kim is our Non-executive and Non-independent Director. She was appointed to our Board on 19 February 2019.

Ms. Teh has been with our Group since 2017 and has always served a non-executive function in our Group. She is presently the managing director and substantial shareholder of Selangor Dredging Berhad, a property development company listed on Bursa Malaysia and which is the holding company of SDB Mining, a Controlling Shareholder of our Company. Ms. Teh was appointed as an executive director to the board of Selangor Dredging Berhad in August 1996, and was promoted to the position of managing director in July 1998. She also currently holds directorships in other subsidiary companies of Selangor Dredging Berhad. As managing director of Selangor Dredging Berhad, Ms. Teh is primarily responsible for formulating medium to long-term business strategies and managing business objectives, which include capital requirements, growth, turnover and profitability, to maximise the return to Selangor Dredging Berhad’s shareholders.

Ms. Teh graduated with a Bachelor of Science (Honours) in Accounting and Economics from Southampton University in United Kingdom in June 1989. Subsequently in 1991, she completed her Master in Shipping, Trade and Finance from the City University Business School in England. Upon graduation, she ventured into her own business and was also involved in the management of properties, plantations and hotels owned by her family.

DIRECTORS, MANAGEMENT AND EMPLOYEES

In 2012, Ms. Teh was awarded the Winner for Woman Entrepreneur Of The Year award by Ernst & Young, the Winner for Great Entrepreneur Brand Icon Leadership Award by Brand Laureate Award, and the Winner for Outstanding Entrepreneurship Award by Asia Pacific Entrepreneurship Award.

Ms. Teh was an executive member and is currently a member of the Young Presidents' Organization, Malaysian Chapter.

Loong Ching Hong is our Non-executive and Non-independent Director, as well as a member of the Remuneration Committee. He was appointed to our Board on 19 February 2019.

Mr. Loong has been with our Group since 2017 and has always served a non-executive function in our Group. He is presently the group general manager of Selangor Dredging Berhad, a property development company listed on Bursa Malaysia and which is the holding company of SDB Mining, a Controlling Shareholder of our Company. He also currently holds directorship in the subsidiaries and associated companies of Selangor Dredging Berhad. When he joined Selangor Dredging Berhad in 1996, he worked as deputy group financial controller, and was later promoted to group financial controller within the same year. From 1990 to 1995, he worked as an accountant in IJM Corporation Berhad, a public listed company in Malaysia. Mr. Loong started his career in 1988 as an audit senior in Chew Wai Khoo & Co and from 1989 to 1990, he worked as a cost controller in J.Walter Thompson Sdn. Bhd.

In addition, Mr. Loong is also presently a substantial shareholder and non-executive director of Norwest Minerals Limited, a gold and base metals exploration company listed on the Australian Stock Exchange.

Mr. Loong is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom.

Anita Chew Cheng Im is our Independent Director, as well as the chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. She was appointed to our Board on 19 February 2019.

Ms. Chew is presently an independent and non-executive director of several companies listed on Bursa Malaysia, namely MK Land Holdings Berhad (a property development company), Notion Vtec Berhad (a manufacturing company of precision components), K-One Technology Berhad (a company principally involved in the research, design, development and manufacturing of IoT gadgets, communication accessories, computer peripherals, consumer electronics lifestyle devices, security devices, healthcare/medical products, automotive aggregates and industrial products and development of software and/or mobile applications), and Yi-Lai Berhad (a tile manufacturing company).

Ms. Chew has substantial experience in the investment banking industry with a focus on corporate finance work including advising on initial public offerings, funds raising and corporate and debt restructuring exercises. Prior to that, Ms. Chew started her career in the audit department of KPMG Melbourne in 1990. She subsequently joined the corporate finance department of Bumiputra Merchant Bank Berhad (now known as Alliance Investment Bank Berhad, after its merger with Amanah Merchant Bank Berhad) in 1992.

From January 1997 to October 2003, she was a Director (Corporate Finance) of Alliance Investment Bank Berhad. From December 2003 to June 2007, she joined HwangDBS Investment Bank Berhad as the Senior Vice President (Equity Capital Markets).

DIRECTORS, MANAGEMENT AND EMPLOYEES

She also has extensive experience as an independent director of listed companies, as can be seen from her multiple directorships in various companies listed on Bursa Malaysia. She also sat on the board as an independent director on Nirvana Asia Ltd, a company listed on the Hong Kong Stock Exchange from December 2014 to November 2016. She is an independent and non-executive director of K-One Technology Berhad since May 2016, Yi-Lai Berhad since January 2016, MK land Berhad since February 2009 and Notion VTec Berhad since June 2007. Between September 2015 and October 2015, she was an independent and non-executive director of Wintoni Group Berhad, a company in the information technology sector and listed on Bursa Malaysia. From October 2007 to October 2014, she was an independent and non-executive director of Ni Hsin Resources Berhad, a company engaged in the business of manufacturing cookware and listed on Bursa Malaysia.

Ms. Chew graduated from Monash University, Australia in April 1990 with a Bachelor of Economics, majoring in Accounting.

Goh Kah Im is our Independent Director, as well as the chairman of the Audit Committee. He was appointed to our Board on 19 February 2019.

Mr. Goh is presently a management consultant for the Hong Kong Regional Office of Oxford University Press, a department of the University of Oxford, United Kingdom. His key areas of assignments include, amongst others, as the interim finance and/or operations director for the regional office and interim finance director for Pakistan Branch, providing support to the branches in Hong Kong, China, India, Pakistan and Malaysia on an ad-hoc project basis, involvement in compliance-related matters, policy development, management system and corporate governance, procurement, supply chain review, and development and implementation of the company's safety management system and performance monitoring system. Prior to his role as an independent consultant, Mr Goh was the finance and operations director for Oxford Fajar Sdn Bhd, a subsidiary of Oxford University Press, from October 2007 before he was promoted to deputy managing director in January 2011. He held that position until February 2014, including a six (6) month secondment as acting managing director for Oxford University Press Tanzania, a five (5) month secondment as finance director for Oxford University Press India Branch and an eight (8) month secondment as the finance and operations director of Oxford University Press's newly set up Hong Kong Regional Office.

Mr. Goh has 13 years' experience in the steel industry working for one (1) of the largest companies in Australia, BHP/BlueScope Group. He joined BHP Steel Malaysia in September 1994, where he worked as a financial accountant from September 1994 to May 1998, and was promoted to finance and administration manager in June 1998. Following the demerger with BHP in 2002, BHP Steel business group became an independent steel company and publicly listed on the Australian Stock Exchange and changed its name to BlueScope Steel Limited subsequently. Mr. Goh has held various positions within the BlueScope Group between 2002 and 2007, first as the regional finance manager of Lysaght Asian Region, the downstream rollforming businesses with 13 operations in China, Taiwan, Vietnam, Thailand, Malaysia, Singapore, Brunei, Indonesia and Sri Lanka. He was later appointed as vice president (finance) of Malaysian Region, the mid and downstream businesses in Malaysia, Singapore and Brunei following a management restructuring in October 2003. His last position with BlueScope was the vice president (commercial) for Lysaght Malaysian Region from May 2006 to September 2007, focusing on driving growth for the downstream businesses. His key areas of responsibilities at BHP/BlueScope Group include, amongst others, as a member of the board of directors of various subsidiaries, involvement in stewardship and finance governance to ensure compliance and robust risk management, involvement in strategic and business planning to revamp operations, evaluating projects and business case for new product development, restructuring finance functions to focus on

DIRECTORS, MANAGEMENT AND EMPLOYEES

commercial advisory, and developing value creation systems and processes. Mr. Goh was employed at Star Cruise as corporate executive/group accountant from December 1993 to August 1994, and was working as an audit assistant/audit senior in Deloitte Kassim Chan from January 1990 to November 1993.

Mr. Goh graduated from the University of Otago, New Zealand in 1989 with a Bachelor of Commerce (Accounting) degree. He is currently a Chartered Accountant registered with Malaysian Institute of Accountants.

Our Directors do not have prior experiences as directors of public listed companies in Singapore. Ms. Teh and Mr. Loong have attended the LCD 1 – Listed Company Director Essentials Course conducted by the Singapore Institute of Directors, while all our directors have attended the LED 1 – Listed Entity Director Essentials Course conducted by the Singapore Institute of Directors as prescribed in the Catalist Rules, to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore. All our Directors will attend the relevant prescribed mandatory trainings conducted by the Singapore Institute of Directors at the next available course date, and in any case, within the first year of our Company’s listing, in accordance with Practice Note 4D of the Catalist Rules.

Save as disclosed in this section and in the section entitled “Shareholding and Ownership Structure” of this Offer Document, none of our Directors are related to each other, our Key Executive or our Substantial Shareholders.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Chew Wai Chuen	Group Companies Nil Other Companies Tungsten Mining NL Precious Capital Pte. Ltd.	Group Companies Nil Other Companies HCY International Private Limited ⁽¹⁾ Parkway Minerals NL
Chee Yew Fei	Group Companies Fortress Industries Sdn. Bhd. Fortress Logistics Sdn. Bhd. Fortress Mining Sdn. Bhd. Fortress Resources Pte. Ltd.	Group Companies Nil

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
	<p>Other Companies Alam Lebar Sdn. Bhd. Amazing Harvard Sdn. Bhd. Bukit Selesa Development Sdn. Bhd. Crest Farm Sdn. Bhd. Crystal Timber And Trading Sdn. Bhd. Dynamic Output Sdn. Bhd. Extra Diligent Sdn. Bhd. Greger International Sdn. Bhd. Greger International Pte. Ltd. Independent Mining Sdn. Bhd. JM Mining Sdn. Bhd. Lebar Tinggi Sdn. Bhd. Magnate Access Sdn. Bhd. Norwest Minerals Limited Pearl View Mining Sdn. Bhd. Rox Mining Global Sdn. Bhd. Segala Mewah Minerals Sdn. Bhd. Webcon Australia Pty. Ltd. Webcon Holdings Sdn. Bhd. Webcon Minerals Sdn. Bhd. Webcon Land Sdn. Bhd. Webcon Plantation Sdn. Bhd. YF Chee Holdings Sdn. Bhd. (formerly known as Fortress Minerals Sdn. Bhd.) Y F Chee Holdings Pte. Ltd.</p>	<p>Other Companies Extensive Resources Sdn. Bhd. Guche Minerals Sdn. Bhd. Layar Tenang Mining Sdn. Bhd. NIC Global Pte. Ltd. Olympia Mining Sdn. Bhd. Prestige Profit Sdn. Bhd. Solid Degree Sdn. Bhd. South China Minerals Pte. Ltd. TN Resources Sdn. Bhd. Webcon Mining (Solomon) Limited⁽²⁾ Webcon Telecommunications Sdn. Bhd.⁽²⁾</p>
Ng Mun Fey	<p>Group Companies Nil</p> <p>Other Companies Contour Vista Development Sdn. Bhd. Greger International Sdn. Bhd. Greger International Pte. Ltd.</p>	<p>Group Companies Nil</p> <p>Other Companies Segala Mewah Minerals Sdn. Bhd. Webcon Mining (Solomon) Limited⁽²⁾</p>
Willa Chee Keng Fong	<p>Group Companies Nil</p> <p>Other Companies Nil</p>	<p>Group Companies Nil</p> <p>Other Companies Nil</p>

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
Teh Lip Kim	<p>Group Companies Fortress Mining Sdn. Bhd.</p> <p>Other Companies 102 Carrington Limited Champsworth Development Pte. Ltd. Chedstone Investment Holdings Pte. Ltd. Crescent Consortium Sdn. Bhd. Extra Diligent Sdn. Bhd. Hayat Abadi Sdn. Bhd. Prestij Permai Sdn. Bhd. Robotic ODM Investment Pte. Ltd. SDB Ampang Sdn. Bhd. SDB Asia Pte. Ltd. SDB Damansara Sdn. Bhd. SDB Green Energy Pte. Ltd. SDB Guernsey Limited SDB Host Sdn. Bhd. SDB International Sdn. Bhd. SDB Interiors Sdn. Bhd. SDB Mining Sdn. Bhd. SDB Properties Sdn. Bhd. SDB Property Management Sdn. Bhd. SDB SS2 Development Sdn. Bhd. SDB Teambuild Sdn. Bhd. Selangor Dredging Berhad Seldredge Industries Sdn. Bhd. Smith St Investment Pte. Ltd. Supergreen Solutions Sdn. Bhd. Teh Kien Toh Sdn. Berhad Teh Wan Sang & Sons Housing Development Sdn. Bhd. Teh Wan Sang & Sons Sdn. Berhad Teratai Investment Holdings Ltd. Tiara Land Pte. Ltd.</p>	<p>Group Companies Nil</p> <p>Other Companies Kemayan Hotels Sdn. Bhd.</p>

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
Loong Ching Hong	<p>Group Companies Fortress Industries Sdn. Bhd. Fortress Logistics Sdn. Bhd. Fortress Mining Sdn. Bhd.</p> <p>Other Companies Champsworth Development Pte. Ltd. Chedstone Investment Holdings Pte. Ltd. Crescent Consortium Sdn. Bhd. Extra Diligent Sdn. Bhd. Hayat Abadi Sdn. Bhd. JM Mining Sdn. Bhd. Norwest Minerals Limited Prestij Permai Sdn. Bhd. SDB Ampang Sdn. Bhd. SDB Asia Pte. Ltd. SDB Damansara Sdn. Bhd. SDB Green Energy Pte. Ltd. SDB Guernsey Limited SDB Host Sdn. Bhd. SDB International Sdn. Bhd. SDB Interiors Sdn. Bhd. SDB Mining Sdn. Bhd. SDB Properties Sdn. Bhd. SDB Property Management Sdn. Bhd. SDB SS2 Development Sdn. Bhd. SDB Teambuild Sdn. Bhd. Seldredge Industries Sdn. Bhd. Supergreen Solutions Sdn. Bhd. Teratai Investment Holdings Ltd. Tiara Land Pte. Ltd. Western Capital Sdn. Bhd.</p>	<p>Group Companies Nil</p> <p>Other Companies Kemayan Hotels Sdn. Bhd. Loong & Yeo Properties Sdn. Bhd. Pyrmont Holdings Sdn. Bhd.</p>

DIRECTORS, MANAGEMENT AND EMPLOYEES

Name	Present Directorships	Past Directorships
Anita Chew Cheng Im	<p>Group Companies Nil</p> <p>Other Companies K-One Technology Berhad M K Land Holdings Berhad Notion Vtec Berhad Yi-Lai Berhad</p>	<p>Group Companies Nil</p> <p>Other Companies Ni Hsin Resources Berhad Nirvana Asia Ltd Wintoni Group Berhad</p>
Goh Kah Im	<p>Group Companies Nil</p> <p>Other Companies GK Brothers Sdn. Bhd.</p>	<p>Group Companies Nil</p> <p>Other Companies Oxford Fajar Sdn. Bhd. Oxford University Press (Singapore) Pte. Ltd.</p>

Notes:

- (1) A voluntary application to strike off the name of this company has been made to ACRA as the company was dormant and had no business activities since incorporation.
- (2) These companies have been dissolved.

KEY EXECUTIVE

The day-to-day operations are entrusted to our Executive Directors who are assisted by a experienced and qualified Key Executive. The particulars of our Key Executive are set out below:

Name	Age	Residential address	Country of principal residence	Principal occupation
Chua Huan Kun @ Chua Wuan Chin	41	B6-6, Residency @ Park 51, Jalan 51A/241, Seksyen 51A, 46100 Petaling Jaya, Selangor, Malaysia	Malaysia	Financial Controller

DIRECTORS, MANAGEMENT AND EMPLOYEES

The business and working experience, education and professional qualifications, if any, and areas of responsibility of our Key Executive are set out below:

Chua Huan Kun @ Chua Wuan Chin is our Financial Controller, and she joined our Group in May 2017.

As our Financial Controller, she primarily manages all the finance and accounting operations of our Group, coordinates and directs the preparation of the budget and financial forecast and report, prepares and publishes timely monthly financial statements, and coordinates the preparation of regulatory reporting. Further, she researches technical accounting issues for compliance, ensures quality control over financial transactions and financial reporting, and develops and documents business processes and accounting policies, in order to maintain and strengthen internal controls.

Prior to joining our Group in May 2017, she was a finance and administration manager at EBIC Holdings Sdn. Bhd. From July 2007 to April 2010, she worked as a finance and administration manager at Techjaya Builders Sdn. Bhd., where she took charge of overall human resource matters by assisting and supporting the line managers or departmental head to deal with day-to-day people management issues. From December 2004 to June 2007, she worked as a senior accountant in Gamuda Bhd, and her responsibilities included, amongst others, assisting in the preparation of the group consolidated accounts, preparing the departmental budget, analysing the group budget, the review of subsidiaries accounts and the review of subsidiaries tax computations. She was employed as an accountant in Muhibbah Engineering (M) Bhd in 2004, and her responsibilities include, amongst others, assessing and evaluating the effectiveness and integrity of internal controls and conduct risk management for the company and its subsidiaries.

Chua Huan Kun @ Chua Wuan Chin graduated from EU Institute, London Chamber of Commerce and Industry with a 3rd Level Higher Diploma in Accounting in 1997, and obtained her certification from the Association of Chartered Certified Accountants in 2000. She is currently a Chartered Accountant registered with the Malaysian Institute of Accountants.

Save as disclosed in this section and in the section entitled "Shareholding and Ownership Structure" of this Offer Document, there is no family relationship between any of our Directors and/or Key Executive, or between any of our Directors, Key Executive and Substantial Shareholders.

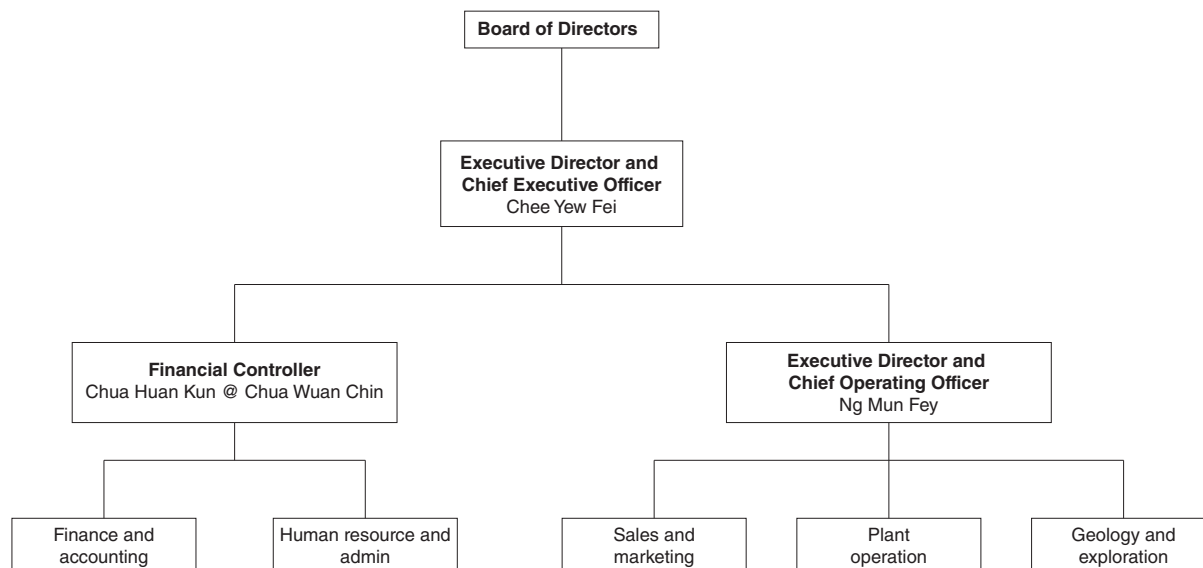
Save that Teh Lip Kim and Loong Ching Hong are nominated to the Board by SDB Mining, a Controlling Shareholder of our Company, and Willa Chee Keng Fong is nominated to the Board by our Controlling Shareholder, Chee Yew Fei, to the best of our knowledge, there is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Key Executive was selected as our Director or Key Executive.

Chua Huan Kun @ Chua Wuan Chin, a Key Executive of our Group, was not and is not a director of any company over the last five (5) years preceding the date of this Offer Document.

DIRECTORS, MANAGEMENT AND EMPLOYEES

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



EMPLOYEES

All the full-time employees of our Group for the Period Under Review are based in Malaysia. The functional distribution of full-time employees of our Group as at 29 February 2016, 28 February 2017, 28 February 2018 and 31 August 2018 were as follows:

	As at 29 February 2016	As at 28 February 2017	As at 28 February 2018	As at 31 August 2018
Management ⁽¹⁾	1	1	3	3
Finance and accounting	4	–	4	4
Human resource and admin	–	–	5	8
Sales and marketing	1	1	–	–
Plant operation	9	12	50	68
Geology and exploration	5	3	12	12
Total	20	17	74	95

Note:

(1) The Directors of our Group are classified under “Management”.

In line with the expansion of our Bukit Besi Mine and commercialisation of our processing plant, our Group’s workforce had increased from 20 to 95 (as at 31 August 2018). Moving forward, our Group will continue to review, streamline and optimise our workforce. As at the Latest Practicable Date, we have a total of 109 employees.

DIRECTORS, MANAGEMENT AND EMPLOYEES

The management of our Group is of the opinion that its dedicated and efficient employees are instrumental to its success. The relationship between the management of our Group and its employees is good and is expected to continue and remain as such in the future. The employees of our Group are not unionised and there have been no industrial disputes with the employees or any work stoppage which affected our Group's operations since it commenced operations.

Save for compliance with regulated employee funds, we do not provide for pension, retirement or similar benefits to our employees.

REMUNERATION OF DIRECTORS, KEY EXECUTIVE AND RELATED EMPLOYEES

Directors and Key Executive

Compensation paid by our Group to our Directors and Key Executive for FY2017 and FY2018 (being the two (2) most recent completed financial years) and estimates for FY2019 (on an aggregate basis and in remuneration bands⁽¹⁾) are as follows:

	FY2017	FY2018	FY2019 ⁽²⁾ (Estimated)
Directors			
Chew Wai Chuen	–	–	Band A
Chee Yew Fei	Band A	Band A	Band A
Ng Mun Fey	Band A	Band A	Band A
Willa Chee Keng Fong	–	–	Band A
Teh Lip Kim	–	–	Band A
Loong Ching Hong	–	–	Band A
Anita Chew Cheng Im	–	–	Band A
Goh Kah Im	–	–	Band A
Key Executive			
Chua Huan Kun @ Chua Wuan Chin	Band A	Band A	Band A

Notes:

(1) Band A: Compensation from S\$1 to S\$250,000 per annum.

(2) In respect of FY2019, the remuneration of our Executive Director and CEO, Chee Yew Fei, is assuming that his Service Agreement has not come into effect. Please refer to the section entitled "Directors, Management and Employees – Service Agreement and Appointment Letter" of this Offer Document for further details.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Related Employees

Our Non-executive and Non-independent Director, Willa Chee Keng Fong, is the daughter of our CEO, Chee Yew Fei.

Tan Seng Kim and Yeow Boon Ban, both of whom are directors of Fortress Mining, are the brothers-in-law of our CEO, Chee Yew Fei.

Save for the remuneration paid to Tan Seng Kim and Yeow Boon Ban in the ordinary course of their employment with the Group, our Group had not paid any other compensation to them for each of FY2017 and FY2018 respectively.

As at the Latest Practicable Date, save as disclosed in this section and in the section entitled “Shareholding and Ownership Structure” of this Offer Document, there is no employee who is related to the Directors and Substantial Shareholders of our Company.

The remuneration of any staff who are related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related staff will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he or she will abstain from the review.

SERVICE AGREEMENT AND APPOINTMENT LETTER

Our Company has entered into a service agreement (the “**Service Agreement**”) with our Executive Director and CEO, Chee Yew Fei.

The Service Agreement is valid for an initial period of three (3) years upon admission of our Company on Catalist, and upon the expiry of such period, the employment of our CEO, Chee Yew Fei, shall be automatically renewed for a further two (2) years, on such terms and conditions as set out in the Service Agreement unless either party notifies the other party of its intention not to renew the employment by giving six (6) months’ notice in writing. During the initial period of three (3) years, our CEO, Chee Yew Fei, shall not resign voluntarily but his employment may be terminated during such term either in circumstances specified in the Service Agreement or by our Company giving him not less than six (6) months’ written notice or six (6) months’ salary in lieu of notice. After the initial period of three (3) years, his employment may be terminated either as provided in the Service Agreement or by either party giving to the other not less than six (6) months’ written notice or six (6) months’ salary in lieu of notice.

Under the Service Agreement, our Company may terminate the employment of our CEO, Chee Yew Fei, upon notice in writing to him, if he:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (b) commits any act of criminal breach of trust or dishonesty or is convicted of any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment);

DIRECTORS, MANAGEMENT AND EMPLOYEES

- (c) misappropriates assets of our Group;
- (d) is or may be suffering from a mental disorder; or
- (e) by reason of ill health or injury caused by his own default becomes unable to perform any of his duties under the Service Agreement for a period of 120 days or more.

At any time during the employment of our Executive Director and CEO, Chee Yew Fei, our Company, without prejudice to any remedy which it may have against him for the breach or non-performance of any of the provisions of the Service Agreement, may terminate his employment with immediate effect if he, in the reasonable opinion of the Board, shall:

- (a) be guilty of any misconduct or default in the discharge of his duties;
- (b) be guilty of any act or thing which may bring serious discredit on our Company or our Group;
- (c) be guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (d) be found to have committed by act that is reported in general or trade press or otherwise achieves general notoriety which involves conduct that is likely to be regarded as illegal, immoral or scandalous and which, in the reasonable opinion of the Board is likely to discredit him to a degree which materially reduces the value of his services to our Company or may discredit our Company through association with him;
- (e) be found to be incompetent in the performance of his duties;
- (f) be found to have neglected or refused, without reasonable cause, to attend to the business of our Company; or
- (g) breach any material provision of the Service Agreement.

There are no benefits payable to him upon termination of his employment with our Group.

Pursuant to the Service Agreement, the monthly salary of our Executive Director and CEO, Chee Yew Fei, is S\$50,000.00.

In addition, our Executive Director and CEO, Chee Yew Fei, is entitled to receive an annual incentive bonus of a sum calculated based on the consolidated audited profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) (“PBT”) of our Group, subject to the terms and conditions in the Service Agreement. Such incentive is calculated as follows:

Group’s PBT	Incentive Bonus
Less than or equal to S\$8.0 million	–
More than S\$8.0 million but not exceeding S\$16.0 million	4.0% of PBT
More than S\$16.0 million	6.0% of PBT

DIRECTORS, MANAGEMENT AND EMPLOYEES

Under the Service Agreement, the incentive bonus may be paid in the form of cash and/or Shares, subject to requisite approvals for the same being obtained prior to the payment of the incentive bonus.

Under the Service Agreement, the remuneration of our CEO, Chee Yew Fei, is subject to review by the Remuneration Committee on the day falling one (1) week from the Board's approval of the audited financial statements for the immediate preceding financial year. He shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of his Service Agreement.

The Service Agreement contains certain undertakings which are effective during, as well as two (2) years after the cessation of, his employment with our Group. During such period, he shall, amongst others, keep secret and not reveal to any person, firm or company any of the trade secrets, secret or confidential operations, processes carried on or used by our Group, or dealings or confidential information of our Group or any information concerning the organisation, business, finances, transactions or affairs of our Group which may come to his knowledge or possession during the course of his employment with our Group and shall not use or attempt to use any such information in any manner which may (i) injure or cause loss, either directly or indirectly, to our Group or its business; and/or (ii) benefit, either directly or indirectly, himself or any third party; and shall not, amongst other things, make, use or permit to be used, otherwise than for the benefit of our Group, any document, note or memoranda (whether in print, in electronic form or otherwise) relating to any matter within the scope of the business of our Group or concerning any confidential information of our Group or any of its dealings or affairs, use the name or trading style of any company within our Group in any country in which our Group operates or any other part of the world, or use in any country in which our Group then operates any name or trading style which is the same as or similar to any of the trade or service marks of our Group or any brand name or proposed brand name of any of our Group's products or proposed products, or represent himself or themselves as carrying on or continuing or being connected with any company within our Group or its business for any propose whatsoever unless otherwise agreed by our Company in writing.

Our CEO, Chee Yew Fei, had also executed a deed of non-competition undertakings dated 28 February 2019, further details of which is set out in the section entitled "Interested Person Transactions – Potential Conflict of Interests" of this Offer Document.

In consideration of Chee Yew Fei's suitability as the Executive Director of our Company, the Nominating Committee (save for Chee Yew Fei) is of the view that Chee Yew Fei is suitable to be the CEO and Executive Director of our Company, given his wealth of experience and established network in the mining industry.

Our Company has issued a letter of appointment ("**Appointment Letter**") to our Executive Director and COO, Ng Mun Fey. Under the Appointment Letter, our COO shall not resign voluntarily for an initial period of three (3) years, but his employment may be terminated during such term either in circumstances specified in the Appointment Letter or by our Company giving him not less than six (6) months' written notice or six (6) months' salary in lieu of notice. After the aforementioned period, his employment may be terminated either in circumstances specified in the Appointment Letter or by either party giving to the other not less than six (6) months' written notice or six (6) months' salary in lieu of notice. His employment shall be automatically renewed for a further three (3) years, on the same terms as set out in the Appointment Letter upon expiry thereof unless either him or our Company notifies the other party by giving six (6) months' notice in writing prior to the expiry thereof, of its/his intention not to renew his employment.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Our Company shall be entitled to terminate Ng Mun Fey's employment, without prejudice to the rights and remedies of our Company for any breach of the Appointment Letter, in any of the following cases:

- (a) if he is convicted or otherwise found guilty by any court of any offence involving fraud or dishonesty;
- (b) if he becomes bankrupt or has a receiving order made against him or makes any general composition with his creditors;
- (c) if he is guilty of any act of thing which may bring serious discredit on our Company or our Group;
- (d) if he neglects or refuses, without reasonable cause, to attend to the business of our Company;
- (e) if he flagrantly or persistently fails to observe and perform any of the duties and obligations imposed by the Appointment Letter or which are imposed by law; or
- (f) if he otherwise acts in breach of the Appointment Letter so as materially to prejudice the business of our Company.

Under the Appointment Letter, Ng Mun Fey shall not be entitled to any compensation for loss of office upon termination of his employment with our Group.

The Appointment Letter contains certain undertakings which are effective during, as well as two (2) years after the cessation of, his employment with our Group. Pursuant to the Appointment Letter, Ng Mun Fey shall, amongst others, keep secret and not reveal to any person, firm or company any of the trade secrets, secret or confidential operations, processes carried on or used by our Group, or dealings or confidential information of our Group or any information concerning the organisation, business, finances, transactions or affairs of our Group which may come to his knowledge or possession during the course of his employment with our Group, and shall not use or attempt to use any such information in any manner which may (i) injure or cause loss, either directly or indirectly, to our Group or its business; and/or (ii) benefit, either directly or indirectly, himself or any third party; and shall not make, use or permit to be used, otherwise than for the benefit of our Group, any document, note or memoranda (whether in print, in electronic form or otherwise) relating to any matter within the scope of the business of our Group or concerning any confidential information of our Group or any of its dealings or affairs, use the name or trading style of any company within our Group in any country in which our Group operates or any other part of the world, or use in any country in which our Group then operates any name or trading style which is the same as or similar to any of the trade or service marks of our Group or any brand name or proposed brand name of any of our Group's products or proposed products, or represent himself or themselves as carrying on or continuing or being connected with any company within our Group or its business for any propose whatsoever unless otherwise agreed by our Company in writing.

He had also executed a deed of non-competition undertakings dated 28 February 2019, further details of which is set out in the section entitled "Interested Person Transactions – Potential Conflict of Interests" of this Offer Document.

In consideration of Ng Mun Fey's suitability as the Executive Director of our Company, the Nominating Committee is of the view that Ng Mun Fey is suitable to be the Executive Director of our Company, given his operational experience in the mining industry.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Save as disclosed above, there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors or Key Executive.

Save as disclosed above, there are no existing or proposed service contracts entered into or to be entered into by our Company or any of the subsidiaries of our Group with any of the Directors or Key Executive which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon the termination of employment with our Group.

Subject to the approvals of the Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, our CEO and COO shall be eligible to participate in any other employee scheme or plan implemented by our Company on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

On 20 February 2019, our Shareholders approved a share option scheme known as the Fortress Employee Share Option Scheme (“ESOS”).

The detailed rules of the ESOS are set out in the section entitled “Appendix H – Rules of the Fortress Employee Share Option” of this Offer Document. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Rule 2 of Appendix H of this Offer Document. A summary of the rules of the ESOS is set out below.

(A) Rationale for the Scheme

Our Company recognises that in order to maintain our Group’s competitiveness and for our Group to build sustainable businesses in the long term, our Group must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees. As such, the rationale for having the ESOS is to give our Company greater flexibility in structuring market-competitive compensation packages for eligible Participants and to provide an additional tool to motivate and retain key Group Employees, Group Executive Directors, Group Non-Executive Directors (including the Independent Directors), and directors, non-executive directors and employees of any Associated Company (if and where applicable) subject to our Company having control over such Associated Company. For the purposes of the Scheme, “Associated Company” refers to: (a) a company in which at least 20% but not more than 50% of its shares are held by our Company or our Group; or (b) any company, other than a subsidiary of our Group or a company which is an associated company of our Group by virtue of paragraph (a), the policies of which our Group, is able to control or influence materially.

The main objectives of the ESOS are as follows:

- (i) to motivate Participants to achieve higher efficiency and productivity and improve the performance of our Group and its businesses;
- (ii) to instil a sense of loyalty to our Group in the Participants, and to create an incentive for Participants to work towards the long term well-being of our Group;
- (iii) to align the interests of Participants to those of Shareholders;
- (iv) to make employee and/or director remuneration sufficiently competitive to recruit and retain Participants whose contributions are important to the growth and profitability of our Group;
- (v) to attract potential employees and/or directors with relevant skills to contribute to our Group; and
- (vi) to give recognition to the contributions made or to be made by Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) to the success of our Group.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

(B) Overview of the ESOS

A summary of the principal terms of the ESOS is set out below. More detailed information on the ESOS is set out in the section entitled “Appendix H – Rules of the Fortress Employee Share Option Scheme” of this Offer Document (“**ESOS Rules**”).

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Scheme:

- (a) Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors); and
- (b) directors, non-executive directors and employees of any Associated Company (if and where applicable) subject to our Company having control over such Associated Company,

provided that at the Date of Grant such person must (a) be confirmed in his/her employment with our Group and/or the relevant Associated Company; (b) have attained the age of 21 years; and (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

Controlling Shareholders and/or their Associates who have contributed or have the potential to contribute to the success and development of our Group shall also be, subject to the absolute discretion of the Committee, eligible to participate in the Scheme provided that the participation of and the terms of each grant and the actual number of Options granted under the Scheme to a person who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Options to be granted to that person. Our Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders and/or their Associates any Options, and such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the Scheme and grant of Options to them.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by our Company or any other company within our Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

(1) Size of the ESOS

The aggregate number of new Shares that may be allotted and issued from time to time upon the exercise of the Options granted pursuant to the ESOS (“**Option Shares**”) over which the Committee may grant Options on any date (including the number of Option Shares which have been and are to be issued upon the exercise of the Options in respect of all Options granted under the ESOS and any other share scheme then in force) shall not exceed fifteen per cent. (15.0%) of the total number of Shares (excluding Treasury Shares) on the day preceding that date.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

The aggregate number of Option Shares over which Options may be granted under the ESOS to Controlling Shareholders and/or their Associates shall not exceed twenty five per cent. (25.0%) of the Option Shares available under the ESOS, and the number of Option Shares over which an Option may be granted under the ESOS to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10.0%) of the Option Shares available under the ESOS.

To enjoy greater flexibility in structuring remuneration and compensation packages, our Company believes it should have a sufficient number of Shares to accommodate Options issued under the ESOS. Taking into account the number of issued Shares of our Company as well as the number of eligible Participants in the Scheme, the Proposed Directors believe that the above limit will enable our Company to grant a sufficient number of Options to the Participants to create a meaningful compensation for the Participants' contributions. However, it does not necessarily mean that our Company will definitely issue Shares up to the prescribed limit, as Options will only be granted to Eligible Persons who are selected at the discretion of the Committee. The size of the ESOS is intended to accommodate a reasonably large pool of Participants.

(2) Eligibility

The following persons shall be entitled to participate in the ESOS:

- (a) confirmed Group Employees;
- (b) Group Executive Directors;
- (c) Group Non-Executive Directors (including Independent Directors); and
- (d) directors, non-executive directors and employees of any Associated Company (if and where applicable), subject to our Company having control over such Associated Company,

provided that at the Date of Grant such person must (i) be confirmed in his/her employment with our Group and/or the relevant Associated Company; (ii) have attained the age of 21 years; and (iii) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors

Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above and Rule 4 as set out in Appendix H of this Offer Document).

For the purposes of determining eligibility to participate in the ESOS, the secondment of a confirmed Group Employee to another company within our Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of our Group.

(3) Exercise Price

Subject to any adjustment pursuant to Rule 10 of the ESOS Rules, the Exercise Price for each Share in respect of which an Option is exercisable shall be payable upon the exercise of the Option and shall be determined by the Committee in its absolute discretion, on the Date of Grant, and fixed by the Committee at:

- (a) the Market Price; or

FORTRESS EMPLOYEE SHARE OPTION SCHEME

- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed twenty per cent. (20.0%) of the Market Price. The Committee shall have the sole and absolute discretion to determine the exact amount of discount to each Participant; and
 - (ii) the Shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

Our Company shall determine whether a discount will be given and the amount of discount to be awarded depending on the circumstances and on a case-by-case basis. In making such a determination, the ESOS Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to:

- (a) the performance of our Company and our Group;
- (b) the years of service and individual performance of the eligible Participant;
- (c) the contribution or potential contribution of the eligible Participant to the success and development of our Company and/or our Group; and
- (d) the prevailing market conditions.

In measuring the performance of an eligible Participant, our Company will carry out an annual evaluation for each eligible Participant on the abovestated criteria as may be approved by the Committee, the results of which will be tabled for the Committee's discussion.

(4) Variation of Capital

- (a) If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, or a reduction, sub-division or consolidation or distribution, or otherwise howsoever of the existing Shares) shall take place, then:
 - (i) the Exercise Price for the Shares, class and/or number of Shares comprised in an Option to the extent unexercised and the rights attached to them; and/or
 - (ii) the class and/or number of Shares over which additional Options may be granted to the Participants,

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the record date relating to such variation precedes such date of exercise. Any adjustment, except in relation to a capitalisation issue, must be confirmed in writing by the auditors of our Company for the time being (acting only as experts and not as arbitrators), to be in their opinion, fair and reasonable.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

- (b) Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment:
- (i) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by our Company entitling holders thereof to subscribe for new Shares in the capital of our Company (including the exercise of any Options granted pursuant to this Scheme);
 - (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of our Company; and
 - (iv) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by our Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of our Company in general meeting and for the time being in force.
- (c) No such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and unless the Committee, after considering all relevant circumstances, considers it equitable to do so.
- (d) Upon any adjustment made pursuant to the ESOS Rules, our Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing informing him (or his duly appointed personal representatives where applicable) of the new Exercise Price thereafter in effect and the class and/or number of Option Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

(5) Duration of the ESOS

The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum duration of 10 years commencing from its adoption by Shareholders at the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The ESOS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by our Company thereafter.

(6) Exercise Period

Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after the first anniversary of the

FORTRESS EMPLOYEE SHARE OPTION SCHEME

Date of Grant of that Option, and Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable by a Participant after two (2) years from the Date of Grant of that Option.

Group Employees (including Executive Directors) who are granted Options must exercise their Options before the 10th anniversary from the Date of Grant and Group Non-Executive Directors (including Independent Directors) who are granted Options must exercise their Options before the fifth (5th) anniversary from the Date of Grant, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against our Company.

(7) Administration of the ESOS and Role and Composition of the Committee

The proposed ESOS will be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board, which will determine the terms and conditions of the grant of the Options. Where a member of the Committee is also a proposed Participant, he will not be involved in the deliberations and decisions of the Committee in respect of the Options granted, or to be granted, to him or his Associate(s).

(C) Rationale for including Controlling Shareholders and/or their Associates

The ESOS is intended to motivate eligible Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) of our Group by recognising their contribution to the performance of our Group and to serve as the motivation for the continued success of our Group. Our Company recognises that it is important to recruit, retain and motivate skilled and qualified personnel, and believes that the ESOS serves as an effective incentive tool to attract, recruit and retain such personnel. As such, Controlling Shareholders and their Associates should be equally entitled to participate in and benefit from the ESOS and our Company's system of remuneration. The extension of the ESOS to include Controlling Shareholders and their Associates allows our Group to have a fair and equitable system to reward eligible Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) of our Group who have made and who continue to make significant contributions to the long term growth of our Group. The participation of Controlling Shareholders and their Associates will serve as both a reward for their services to our Group and to encourage future contributions and long term commitment to our Group.

In accordance with the provisions of the Catalist Rules, the participation in the ESOS by each Controlling Shareholder and/or his Associates must be specifically approved by the independent Shareholders of our Company, in separate resolutions for each person. The actual number of and terms of the Options to be granted to a Controlling Shareholder or Associate must also be specifically approved by the independent Shareholders. In seeking such approval, clear justification as to their participation, as well as the actual number of Option Shares comprised in, and terms (including Exercise Price) of, the Options to be granted to a Controlling Shareholder must be provided.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

In determining the quantum of the grant of the Options to Controlling Shareholders and/or their Associates, the following factors, *inter alia*, will be taken into consideration:

- (a) their designation;
- (b) their scope of responsibility;
- (c) their experience;
- (d) their skills and expertise; and
- (e) the years of service, as well as overall past and potential contributions to the growth and development to our Group.

As a safeguard against abuse, only members of the Committee who are not the Controlling Shareholders or Associates of such Controlling Shareholders will be involved in deliberations and decisions in respect of the Options to be granted to or held by Controlling Shareholders and/or their Associates and the terms and conditions, including the performance targets and vesting periods attached to such Options. Examples of performance targets to be set include targets based on criteria such as profitability, growth, asset efficiency, return on capital, and other financial indicators, including penetration into new markets, increased market share and market ranking, management skills and succession planning.

Our Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and/or their Associates in the ESOS.

(D) Rationale for including directors and employees of Associated Companies

It is desired that our Company should have a share option scheme which caters to the directors and employees of our Group as well as persons who are not employed within our Group but who work closely with our Group and who, by reason of their relationship with the Group, are in a position to input and contribute their experience, knowledge and expertise to the development and prosperity of our Group. Such other persons would include the directors and employees of any Associated Companies (present and/or in the future) which our Group has control over.

(E) Rationale for including Group Non-Executive Directors (including Independent Directors) in the ESOS

Although our Group Non-Executive Directors (including Independent Directors) are not involved in the day-to-day running of our Group's business, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by our Group Non-Executive Directors (including Independent Directors) in the ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. The extension of the ESOS to Group Non-Executive Directors (including Independent Directors) allows our Group to have a fair and equitable system to reward Group Non-Executive Directors of our Group who have made and who continue to make significant contributions to the long-term growth of our Group.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

The Directors believe that the extension of the ESOS to Group Non-Executive Directors (including Independent Directors) will also enable our Company to attract, retain and incentivise Group Non-Executive Directors (including Independent Directors) to achieve higher standards of performance as well as to give recognition to past contributions and services as well as to motivate eligible Group Non-Executive Directors (including Independent Directors) generally to contribute towards the long-term growth and profitability of our Group.

To minimise any potential conflicts of interest, it is envisaged that the offer of Options, and hence, the number of Option Shares to be issued and allotted to our Group Non-Executive Directors, based on the criteria set out above will be relatively small, in terms of frequency and numbers, and hence, will not jeopardise the independence of the Independent Directors.

As a safeguard against abuse, the ESOS Rules provide that no member of the Committee shall be involved in any deliberation and decision in respect of Options to be granted to him. Our Company is of the view that the aforementioned safeguard against abuse resulting from the participation of our Group Non-Executive Directors (including Independent Directors) in the ESOS is sufficient.

(F) Rationale for Grant of Options at a Discount

All Participants may be granted Options at a discount under the ESOS Rules. The exercise price of the Options to be granted will be determined by the Committee. The Committee may grant Options with or without a discount. In the event that Options are granted at a discount, the discount shall not exceed twenty per cent. (20.0%) (or such other relevant limits as may be set by SGX-ST from time to time) of the Market Price.

The ability to offer Options at a discount to the Market Price of the Shares will give our Company flexibility in structuring the Options granted, and ensures that our Company maintains the competitiveness of its compensation strategy. Our Company may utilise the Options as a means to reward Participants for their outstanding performance as well as to motivate them to continue to excel and attract new talent into our Company. Being able to grant Options at a discount allows our Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from our Company with a greater potential for capital appreciation than Options granted at Market Price. This serves as an additional method available to our Company for compensating employees rather than through salaries, salary increments and cash bonuses as it enables our Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for the Shareholders.

Further, because Options granted at a discount under the ESOS are subject to a longer vesting period (two (2) years) than those granted at the Market Price (one (1) year), holders of such Options are encouraged to have a long term view of our Company, thereby promoting staff and employee retention and reinforcing their commitment to our Company.

FORTRESS EMPLOYEE SHARE OPTION SCHEME

(G) Financial Effects of the Scheme

Details of the costs to our Company of granting Options under the ESOS are as follows:

(1) Share capital

The ESOS will result in an increase in our Company's number of issued Shares (excluding Treasury Shares) to the extent that Option Shares are allotted and issued upon the exercise of the Options. This number of Option Shares issued will in turn depend on, *inter alia*, the number of Option Shares comprised in the Options granted, the number of Options that are exercised and the prevailing Market Price of the Shares on the SGX-ST.

If, instead of issuing Option Shares to the Participants upon the exercise of Options, Treasury Shares are delivered to the Participants, there would be no impact on our Company's number of issued Shares (excluding Treasury Shares). Similarly, there would be no impact on our Company's number of issued Shares (excluding Treasury Shares) if the relevant Options are not exercised.

(2) EPS

The ESOS will have a dilutive impact on our Company's consolidated EPS following the increase in our Company's number of issued Shares to the extent that Option Shares are allotted and issued pursuant thereto. As the monetary cost of granting Options with a discounted Exercise Price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of our Company's EPS.

(3) NTA

The issue of Option Shares upon the exercise of the Options will increase our Company's consolidated NTA by the aggregate Exercise Price of the Option Shares issued. On a per Share basis, the effect on the NTA of our Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

(4) Potential Costs of Options

All Options granted under the ESOS would have a fair value. In the event that such Options are granted with Exercise Prices below the fair value of the Options, there will be a cost to our Company. The costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares. In addition to the impact on our Company's consolidated EPS and consolidated NTA as described above, the cost to our Company of granting Options under the ESOS would be as follows:

- (a) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Company; and

FORTRESS EMPLOYEE SHARE OPTION SCHEME

- (b) the grant of Options under the ESOS will have an impact on our Company's reported profit/loss under SFRS as share-based payment requires the recognition of an expense in respect of Options granted under the ESOS. The expense will be based on the fair value of the Options at the Date of Grant (as determined by an option-pricing model) and will be recognised over the performance period. The requirement to recognise an expense in respect of Options granted to employees as set out in SFRS 102 is effective for financial periods beginning on or after 1 January 2005.

- (c) it should be noted that the financial effect discussed in (a) above would materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in (b) above would be recognised in the financial statements even if the Options are not exercised. Measured against the cost of granting the Options as described above is the desirable effect of the ESOS in attracting, recruiting, retaining and motivating directors and employees which could in the long term yield greater returns for our Company and Shareholders.

(H) Taxes, Costs and Expenses

All taxes (including income tax, if applicable) arising from the grant and/or disposal of Shares pursuant to the Options granted to any Participant under the ESOS shall be borne by that Participant.

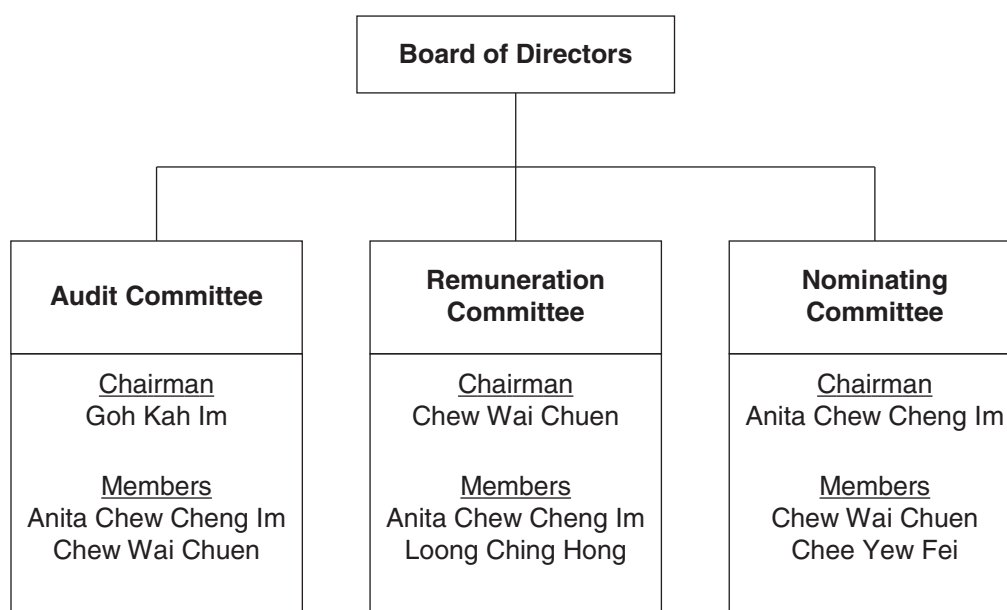
Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issue of any Shares in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

Save for the above, all other fees, costs and expenses incurred by our Company in relation to the ESOS shall be borne by our Company.

CORPORATE GOVERNANCE

Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long-term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will exert their best efforts to implement the good practices recommended in the Code of Corporate Governance 2018 and that outlined in the Best Practice Guide issued by SGX-ST. As a result, our Company has implemented the corporate governance model as set out below:



Board of Directors

We currently have eight (8) Directors on our Board, comprising two (2) Executive Directors, three (3) Non-Executive Directors, and three (3) Independent Directors.

None of our Directors are appointed for any fixed term. Each Director shall retire from office at least once every three (3) years. Directors who retire are eligible to stand for re-election.

The Board will have overall responsibility for the corporate governance of our Group so as to protect and enhance long-term shareholder value. It will set the overall strategy for our Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Board will be responsible for:

- (a) reviewing the financial performance and condition of our Group;
- (b) approving our Group's strategic plans, key operational initiatives, major investment and funding decisions; and
- (c) identifying the principal risks of our Group's business and ensuring the implementation of appropriate systems to manage the risks.

CORPORATE GOVERNANCE

The Board will hold quarterly meetings every year, with additional meetings for particular matters convened when necessary. Our Directors shall also periodically review the internal control and risk management systems of our Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

Audit Committee

Our Audit Committee comprises our Independent Directors, Goh Kah Im, Anita Chew Cheng Im and Chew Wai Chuen. The Chairman of our Audit Committee is Goh Kah Im.

Our business and operations are presently under the management and close supervision of our Executive Directors who are assisted by our Key Executive.

After our listing on Catalist, our Executive Directors and Key Executive will manage the business and operations of our Group. The Audit Committee will assist our Board of Directors with regards to discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls and risk management with an overall objective to ensure that our management has created and maintained an effective control environment in our Group, and that our management demonstrates and stimulates the necessary aspects of our Group's internal control structure among all parties. The Audit Committee will provide a channel of communication between the Board, the management and the external auditors of our Company on matters relating to audit.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders. Our Audit Committee will meet periodically to discuss and review, *inter alia*, the following functions where applicable:

- (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;
- (b) review with the internal auditors the internal audit plan and their evaluation of the adequacy of our internal controls and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report;
- (c) review the financial statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (d) review the internal control and procedures and ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

CORPORATE GOVERNANCE

- (f) review, where applicable, the scope and results of the internal audit procedures;
- (g) review and approve interested person transactions and review procedures thereof;
- (h) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (i) conduct periodic review and approval of foreign exchange transactions and hedging policies (if any) undertaken by our Group;
- (j) consider the appointment or re-appointment of the external auditors, the level of their remuneration and matters relating to resignation or dismissal of the external auditors;
- (k) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors;
- (l) review transactions falling within the scope of Chapter 10 of the Catalist Rules;
- (m) review the effectiveness and adequacy of our Group's administrative, operating, internal accounting and financial control procedures;
- (n) review arrangements by which our Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (o) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (p) undertake such other reviews and projects as may be requested by our Board of Directors and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (q) review and approve any Proposed Repayment of the Shareholders' Loans (or any part thereof); and
- (r) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Our Audit Committee shall also commission an annual internal controls audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such annual internal controls audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the Audit Committee's decision to decommission the annual internal controls audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up actions to be taken by the Board.

CORPORATE GOVERNANCE

Apart from the duties listed above, our Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular transaction.

In addition, all future transactions with related parties shall comply with the requirements of the Catalist Rules. Our Directors shall also abstain from voting in any contract or arrangement or proposed contract/arrangement in which he has a personal material interest. In relation to the Proposed Repayment of the Shareholders' Loans, Fortress Mining may repay the same at any time and in such amounts as it deems fit, provided always that any repayment to the Pre-Restructuring FMSB Shareholders shall be made on a *pro rata* basis, and shall be subject to the approval in writing by the Audit Committee, after taking into consideration, without limitation, the general financial and business conditions, results of operations, earnings, capital expenditure, cash flow requirements and development plans of our Company at the time of the proposed payment.

In addition to the above, our Audit Committee will also actively engage the relevant Directors, to be kept updated on the developments of the Kelantan Mine.

The Audit Committee having (i) conducted an interview with Chua Huan Kun @ Chua Wuan Chin; (ii) considered the qualifications and past working experience of Chua Huan Kun @ Chua Wuan Chin (as described in the section entitled "Directors, Management and Employees – Key Executive" of this Offer Document); (iii) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of any negative feedback from BDO, is of the view that Chua Huan Kun @ Chua Wuan Chin is suitable for the position of Financial Controller. Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the Audit Committee to cause them to believe that Chua Huan Kun @ Chua Wuan Chin does not have the competence, character and integrity expected of a Financial Controller of a listed issuer.

In preparation for our Listing, our Audit Committee has read the Internal Control Assessment Report prepared by our internal auditors, and held discussions with our Financial Controller in relation to our internal controls. Based on the Internal Control Assessment Report and the aforementioned discussions, our Audit Committee is of the opinion that the internal controls of our Group are adequate to address financial, operational and compliance risks of our Group.

Our Board has also noted that no material internal control weaknesses have been raised by our Independent Auditors in the course of their audit of the financial statements of our Group for FY2018.

Based on the internal controls and risk management framework established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and various Board committees, our Board, with the concurrence of our Audit Committee, is of the opinion that our risk management systems and internal controls (including financial, operational, compliance and information technology controls) are adequate and effective in addressing the various risks which are relevant and material to our operations.

CORPORATE GOVERNANCE

Remuneration Committee

Our Remuneration Committee comprises our Independent Directors, Chew Wai Chuen and Anita Chew Cheng Im, and our Non-executive and Non-independent Director, Loong Ching Hong. The Chairman of our Remuneration Committee is Chew Wai Chuen. Our Remuneration Committee is responsible for, *inter alia*, the following:

- (a) to recommend to our Board a framework of remuneration for our Directors and Key Executive, and to determine specific remuneration packages for each Executive Director and any chief executive officer (or executive of equivalent rank), if a chief executive officer is not an Executive Director, such recommendations to be submitted for endorsement by our entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options and benefits in kind;
- (b) in the case of service contracts (if any) for any Director or Key Executive, to consider what compensation commitments the Director's or Key Executive's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;
- (c) in respect of any long-term incentive schemes including share schemes as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes;
- (d) review the employment of any staff who are related to our Directors or Substantial Shareholders and the proposed terms of their employment with our Group; and
- (e) review, on an annual basis, the remuneration of any staff who are related to our Directors or Substantial Shareholders.

Each member of our Remuneration Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of matters in which he is interested.

The recommendations of our Remuneration Committee on remuneration of Directors and our CEO should be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind shall be covered by our Remuneration Committee.

The remuneration of any staff who is related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related staff will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he or she will abstain from the review.

The remuneration paid to employees who are immediate family members of our Directors will be disclosed in the annual report in the event such remuneration exceeds S\$150,000 for that financial year.

CORPORATE GOVERNANCE

Nominating Committee

Our Nominating Committee comprises our Independent Directors, Chew Wai Chuen and Anita Chew Cheng Im, and our Executive Director and CEO, Chee Yew Fei. The Chairman of our Nominating Committee is Anita Chew Cheng Im.

The Nominating Committee is responsible for, *inter alia*, the following:

- (a) making recommendations to the Board on all board appointments, including re-nominations, having regard, to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- (b) determining annually whether or not a Director is independent;
- (c) in respect of a Director who has multiple board representations on various companies, deciding whether or not such Director is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;
- (d) reviewing and approving any new employment of related persons and the proposed terms of their employment; and
- (e) deciding how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which addresses how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

Our Nominating Committee will decide how the Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term Shareholders' value. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Nominating Committee in respect of the assessment of his performance or re-nomination as Director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he/she will abstain from participating in the review and approval process relating to that matter.

CORPORATE GOVERNANCE

Board Practices

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One-third (or the number nearest to one-third) of our Directors are required to retire from office at each annual general meeting. Every Director must retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document.

Based on the above, our Directors are of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

INTERESTED PERSON TRANSACTIONS

OVERVIEW

In general, transactions between our Group and any of our Interested Persons (namely, our Directors, CEO, Controlling Shareholders of our Company and the Associates of such persons) would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules.

This section sets out the material Interested Person Transactions entered into by our Group for the Relevant Period on the basis of each member of our Group (namely, our Company and our subsidiaries) being an Entity at Risk and with Interested Persons being construed accordingly.

Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there have been no Interested Person Transactions over the Relevant Period involving our Group which are material in the context of this Placement.

INTERESTED PERSONS

Interested Persons	Relationship
Chee Yew Fei	Chee Yew Fei is our Executive Director and CEO. Accordingly, Chee Yew Fei is an Interested Person under Chapter 9 of the Catalist Rules.
Ng Mun Fey	Ng Mun Fey is our Executive Director and COO. Accordingly, Ng Mun Fey is an Interested Person under Chapter 9 of the Catalist Rules.
Teh Lip Kim	Teh Lip Kim is our Non-executive and Non-independent Director. Accordingly, Teh Lip Kim is an Interested Person under Chapter 9 of the Catalist Rules.
Loong Ching Hong	Loong Ching Hong is our Non-executive and Non-independent Director. Accordingly, Loong Ching Hong is an Interested Person under Chapter 9 of the Catalist Rules.
EDSB	<p>EDSB is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, our Controlling Shareholder, SDB Mining, and Rox Mining Global Sdn. Bhd. (which is wholly-owned by our CEO, Chee Yew Fei) in aggregate own the entire equity interests in EDSB. Accordingly, EDSB is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, EDSB is principally engaged in the mining and trading of mineral resources.</p>

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship
GIPL	<p>GIPL is a company incorporated in Singapore, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, our COO, Ng Mun Fey, and the sister of our CEO, Chee Sook Ping, in aggregate own the entire equity interests in GIPL. Accordingly, GIPL is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, GIPL is principally engaged in general wholesale trade.</p>
GISB	<p>Our Shareholder, GISB, is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, and our COO, Ng Mun Fey, own 60.0% and 30.0% equity interests in GISB respectively. Accordingly, GISB is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, GISB is inactive and only holds Shares in our Company.</p>
Magnate Access	<p>Magnate Access is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, owns 50.0% equity interests in Magnate Access. Accordingly, Magnate Access is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>Magnate Access was principally engaged in the mining and trading in mineral resources. As at the Latest Practicable Date, Magnate Access is inactive.</p>
Norwest Minerals Limited	<p>Norwest Minerals Limited is a company incorporated in Australia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei (through YFCH), and our Non-executive and Non-independent Director, Loong Ching Hong, own 7.95% and 7.95% equity interests in Norwest Minerals Limited respectively. In addition, the sister (through CNG Global Limited) and daughter of our CEO own 8.75% and 7.95% equity interests in Norwest Minerals Limited. Further, the mother of our CEO's children also owns 7.16% equity interests in Norwest Minerals Limited. Accordingly, Norwest Minerals Limited is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, Norwest Minerals Limited is involved in the exploration of gold and base metals at several locations in Western Australia.</p>
SDB Mining	<p>SDB Mining, a company incorporated in Malaysia, is our Controlling Shareholder. Accordingly, SDB Mining is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, SDB Mining is an investment holding company.</p>

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship
SSIPL	<p>SSIPL is a company incorporated in Singapore, and as at the Latest Practicable Date, our Non-executive and Non-independent Director, Teh Lip Kim, owns the entire equity interests in SSIPL. Accordingly, SSIPL is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, SSIPL is an investment holding company.</p>
WCSB	<p>WCSB is a company incorporated in Malaysia, and as at the Latest Practicable Date, our Non-executive and Non-independent Director, Loong Ching Hong, owns the entire equity interests in WCSB. Accordingly, WCSB is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, WCSB is an investment holding company.</p>
TWSS	<p>TWSS, a company incorporated in Malaysia, is our Controlling Shareholder by virtue of its deemed interest in the Shares held by SDB Mining. Accordingly, TWSS is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, TWSS is an investment holding company.</p> <p>Please refer to the section entitled “Shareholding and Ownership Structure” of this Offer Document for more information about TWSS.</p>
WSB	<p>WSB is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, owns approximately 58.3% equity interests in WSB. Accordingly, WSB is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, WSB is principally engaged in building construction works, infrastructure works and general contract works.</p>
YFCH	<p>YFCH is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, owns the entire equity interests in YFCH. Accordingly, YFCH is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, YFCH is an investment holding company.</p>

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship
Olympia Mining	<p>Olympia Mining is a company incorporated in Malaysia. Immediately prior to 8 November 2018, WSB owned 50.0% equity interests in Olympia Mining.</p> <p>On 8 November 2018, WSB disposed of all its shares in Olympia Mining to an unrelated third party. Our CEO, Chee Yew Fei also ceased to be a director of Olympia Mining since October 2018.</p> <p>Accordingly, as at the Latest Practicable Date, Olympia Mining is no longer an Interested Person.</p>
Webcon Australia	<p>Webcon Australia is a company incorporated in Australia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, owns the entire equity interests in Webcon Australia. Accordingly, Webcon Australia is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, Webcon Australia is currently dormant.</p>
Webcon Solomon	<p>Webcon Solomon was a company incorporated in the Solomon Islands and was previously wholly-owned by our CEO, Chee Yew Fei. However, Webcon Solomon was subsequently deregistered in April 2018. Accordingly, as at the Latest Practicable Date, Webcon Solomon is no longer in existence.</p>
Webcon Venture	<p>Webcon Venture is a company incorporated in Malaysia, and as at the Latest Practicable Date, WSB, an associate of our CEO, Chee Yew Fei, owns the entire equity interests in Webcon Venture. Accordingly, Webcon Venture is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, Webcon Venture is principally engaged in investment in properties.</p>
Lebar Tinggi	<p>Lebar Tinggi is a company incorporated in Malaysia, and as at the Latest Practicable Date, our CEO, Chee Yew Fei, owns 50.0% equity interests in Lebar Tinggi. Accordingly, Lebar Tinggi is an Interested Person under Chapter 9 of the Catalist Rules.</p> <p>As at the Latest Practicable Date, Lebar Tinggi is principally engaged in general trading.</p>
Chee Yau Soon	<p>Chee Yau Soon and our CEO, Chee Yew Fei, are siblings. Accordingly, Chee Yau Soon is an Interested Person under Chapter 9 of the Catalist Rules.</p>

INTERESTED PERSON TRANSACTIONS

PAST INTERESTED PERSON TRANSACTIONS

(a) Transactions with GIPL

Sale of low grade iron ore to GIPL

On 17 February 2017, Fortress Mining entered into a sale and purchase contract for the sale of low grade iron ore to GIPL. The shipment was completed on 3 May 2017, and GIPL made full payment of approximately US\$1.2 million and US\$0.1 million to Fortress Mining during FY2017 and FY2018 respectively.

The transaction was not on commercial terms and was not carried on an arm's length basis as the selling price was approximately 1.0% lower than the then prevailing market price accorded to GIPL. However, our Directors are of the view that this was justified given the lower payment default risk by GIPL, and therefore would not be prejudicial to the interests of our Group and minority Shareholders. Our Group does not intend to enter into similar transactions after the Listing.

Purchase of iron ore concentrate from GIPL

Fortress Mining entered into sale and purchase contracts on 18 May 2018 and 29 June 2018 with GIPL for the purchase of unprocessed/low grade iron ore concentrate from GIPL for production purposes. The transactions were fully completed on 28 August 2018, and Fortress Mining paid in aggregate approximately US\$0.7 million to GIPL during 1H2019.

The transactions were entered into on normal commercial terms, based on prevailing market prices, and were carried out on an arm's length basis. Accordingly, our Directors are of the view that the transactions were not prejudicial to our Group and minority Shareholders. Our Group does not intend to enter into similar transactions after the Listing.

(b) Transactions with WSB

Payments to WSB on behalf of LTAWNT pursuant to Iron Ore Mining Agreement

LTAWNT, WSB and Fortress Mining entered into the Iron Ore Mining Agreement dated 10 April 2016 for Fortress Mining to mine, extract, process and sell iron ore (the "**Mining Works**") at the Bukit Besi Mine. Under the terms of the Iron Ore Mining Agreement, Fortress Mining is to bear all costs, fees, royalties and all payments relating to the Mining Works to the authorities, including all mining tax and other payments to adhere to the terms as set out in the OMS.

Pursuant to the Iron Ore Mining Agreement, it was agreed between LTAWNT and WSB that the cost of constructing the Processing Factory in Guche Mine ("**Processing Factory**") which was payable by LTAWNT to WSB was approximately MYR10.2 million ("**Processing Factory Construction Cost**"). The Processing Factory Construction Cost was based on the actual contracted cost to LTAWNT and/or its contractor which was yet to be paid to WSB to construct the Processing Factory. This resulted in WSB not receiving payment from Guche Minerals for the Processing Factory Construction Cost. LTAWNT had agreed to sell, and Fortress Mining had agreed to purchase, the Processing Factory (inclusive of the machinery and equipment) from LTAWNT for use at the Bukit Besi Mine, for the consideration sum of approximately MYR5.2 million ("**Processing Factory Selling Price**"). The Processing Factory Selling Price was arrived at on a willing-buyer willing-seller basis, after taking into

INTERESTED PERSON TRANSACTIONS

consideration, *inter alia*, (i) the Processing Factory Construction Cost of approximately MYR10.2 million; and (ii) the depreciation of the Processing Factory after taking into account the usage period and operating hours of the Processing Factory. The Processing Factory is currently owned by our Group following the acquisition from LTAWNT pursuant to the Iron Ore Mining Agreement.

In addition, under the Iron Ore Mining Agreement, Fortress Mining had also agreed to pay the Initial Tribute Amount of approximately MYR5.0 million to LTAWNT. The Initial Tribute Amount was paid up-front to LTAWNT, which can be used to offset against future tribute payments (up to the amount of the initial tribute payment that was made).

Pursuant to the Iron Ore Mining Agreement, subject to the receipt of approval of the OMS by LTAWNT for the benefit of Fortress Mining, Fortress Mining agreed to pay the Processing Factory Selling Price to WSB on behalf of LTAWNT as part payment of the Processing Factory Construction Cost owing by LTAWNT to WSB. Fortress Mining also agreed to pay the Initial Tribute Amount to WSB on behalf of LTAWNT for the balance amount of the Processing Factory Construction Cost owing by LTAWNT to WSB.

In accordance with the Iron Ore Mining Agreement, Fortress Mining had made full payment of the Processing Factory Selling Price and Initial Tribute Amount to WSB on behalf of LTAWNT. Accordingly, there are no outstanding amounts due from our Group to LTAWNT or WSB in this regard.

Please refer to the section entitled “General Information on our Group – The Iron Ore Mining Agreement” of this Offer Document for further details on the salient terms of the Iron Ore Mining Agreement.

Our Directors are of the view that the above transaction was not on normal commercial terms and was not carried out on an arm’s length basis but was not prejudicial to the interests of our Group and minority Shareholders as the payment of the Processing Factory Selling Price and Initial Tribute Amount on behalf of LTAWNT to WSB was not in excess of the amount to be payable to LTAWNT pursuant to the Iron Ore Mining Agreement.

Our Group does not expect such transaction to recur after the Listing.

Payments on behalf of Fortress Mining by WSB

During the Relevant Period, WSB had provided certain payments on behalf of Fortress Mining which mainly include shipping fees, purchase of raw materials and royalties (“**Payments on Behalf of Fortress Mining by WSB**”). The aggregate amounts of Payments on Behalf of Fortress Mining by WSB were as follows:

US\$'000	FY2016	FY2017	FY2018	1H2019	1 September 2018 to the Latest Practicable Date
Payments on Behalf of Fortress Mining by WSB	393	32	278	1	–

INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, all Payments on Behalf of Fortress Mining by WSB have been fully repaid by Fortress Mining. As the Payments on Behalf of Fortress Mining by WSB were unsecured, interest-free and had no fixed term of repayment, they were not made on an arm's length basis and were not on normal commercial terms. However, our Directors are of the view that such transactions were not prejudicial to the interests of our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

Other transactions with WSB

During the Relevant Period, our Group had entered into other transactions with WSB ("**Other WSB Transactions**") and the amounts in relation to such transactions were as follows:

Transaction	FY2016 (US\$'000)	FY2017 (US\$'000)	FY2018 (US\$'000)	1H2019 (US\$'000)	1 September 2018 to the Latest Practicable Date (US\$'000)
Provision of services ⁽¹⁾	590	–	–	–	–
Supply of labour and general workers and operators to our Group ⁽²⁾	48	29	15	14	–
Rental of motor vehicles, machinery and equipment, and the mobilisation and demobilisation of such motor vehicles, machinery and equipment ⁽³⁾	672	98	2,748	1,465	–
Purchase of goods and miscellaneous services ⁽⁴⁾	38	–	1,260	430	17
Sale of equipment, diesel and labour services ⁽⁵⁾	14	29	103	–	–

Notes:

- (1) WSB provided soil exploration, site clearance, drainage and ancillary works for our Group's discontinued operations during FY2016.
- (2) For FY2016 and FY2017, the supply of staff and labour services by WSB to our Group was for our Group's discontinued operations. For FY2018 and 1H2019, WSB supplied labour and general workers and operators to carry out mining activities at Bukit Besi Mine pursuant to an agreement dated 1 September 2017 between Fortress Mining and WSB. The consideration payable to WSB under this arrangement includes the wages and other benefits payable to the workmen supplied, and was to be mutually agreed upon between Fortress Mining and WSB from time to time, and such consideration shall be guided upon the number of workmen required by Fortress Mining.
- (3) Monthly leases of motor vehicles, machinery and equipment by our Group from WSB for its discontinued operations and operations at our Bukit Besi Mine. The consideration payable for the leased machinery was based on the monthly rental of each machinery.
- (4) Purchase of motor vehicles, goods, equipment, and miscellaneous services by our Group from WSB.
- (5) Sale of equipment and diesel and provision of short-term labour by our Group to WSB.

INTERESTED PERSON TRANSACTIONS

The Other WSB Transactions were entered into on normal commercial terms, based on prevailing market prices, and were carried out on an arm's length basis. Accordingly, our Directors are of the view that the Other WSB Transactions were not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

(c) Transaction with Magnate Access

In FY2018, Magnate Access had supplied approximately US\$0.8 million of iron ore concentrate to our Group for testing and commissioning purposes.

This interested person transaction was entered into on normal commercial terms, based on prevailing market prices, and was carried out on an arm's length basis. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

(d) Transaction with EDSB

EDSB has been granted the sole and exclusive right ("**Mining Right**") to explore and mine for iron ore on, or from the land(s) within the Kelantan Mine (i.e. a piece of land measuring approximately 1,050 ha in Mukim Pulai, Daerah Galas, Jajahan Gua Musang, Kelantan) in respect of which a mining lease(s) has been granted ("**Mining Area**"), for so long as such mining lease(s) has not expired, or if expired, has been further extended, and subject to the mining lease(s) and the applicable mining approvals. Such right had been granted by the exploration licence holder of the exploration area, which has been granted the rights to explore for iron ore, gold and all other minerals at the Kelantan Mine for three (3) years commencing from 13 February 2017 and expiring on 12 February 2020. For the avoidance of doubt, mining for commercial production will not commence until the approval for operational mining scheme has been obtained from the Malaysia Minerals & Geoscience Department, Kelantan.

Pursuant to a call option agreement dated 28 February 2019 ("**Call Option Agreement**") entered into between EDSB, the shareholders of EDSB (collectively, the "**EDSB Shareholders**", and each, an "**EDSB Shareholder**") and our Company, a call option was granted to our Group to acquire or purchase the Mining Right over some or all of the Mining Area(s) or shares in the capital of EDSB held by the EDSB Shareholders ("**EDSB Shares**"), as the case may be, at any time during the Call Option Period (as defined hereunder) by serving a notice of exercise on EDSB or the relevant EDSB Shareholder, as the case may be. Please refer to the section entitled "Interested Person Transactions – Potential Conflict of Interests" of this Offer Document for more details of the Call Option Agreement.

Pursuant to the Call Option Agreement, our Group had paid a nominal consideration of S\$1.00 to EDSB and each EDSB Shareholder for the grant of the call option described above.

The above transaction was not made on an arm's length basis and was not on normal commercial terms. However, our Directors are of the view that such transaction was not prejudicial to the interests of our Group and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

(e) Transactions with our Directors and/or Controlling Shareholders

Fees paid to GISB

During FY2016 and FY2017, Fortress Mining had paid GISB approximately US\$0.2 million and US\$45,000 respectively for marketing and sourcing services for procurement of potential bauxite customers for Fortress Mining in relation to our discontinued operation.

The above interested person transactions were entered into based on normal commercial terms, prevailing market terms, and were carried out on an arm's length basis. Accordingly, our Directors are of the view that the transactions were not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

Provision of joint and several guarantee

During the Relevant Period, our CEO, Chee Yew Fei, provided a joint and several guarantee of approximately MYR0.2 million in favour of United Overseas Bank (Malaysia) Bhd, in respect of the commercial card facility of MYR150,000 provided by United Overseas Bank (Malaysia) Bhd to Fortress Mining.

As at the Latest Practicable Date, all amounts outstanding under the commercial card facility has been fully repaid and the personal guarantee set out above has been discharged.

The provision of joint and several guarantee by our CEO, Chee Yew Fei, was not on normal commercial terms and were not carried out on an arm's length basis. However, our Directors are of the view that as no benefit-in-kind, commission or interest were paid to our CEO, Chee Yew Fei, for providing the above guarantee, the transaction was not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transaction after the Listing.

Payment on behalf by and short-term advances from our Controlling Shareholders and WSB

During the Relevant Period, our Controlling Shareholders, namely SDB Mining and Chee Yew Fei, and WSB had provided short-term, interest-free and unsecured advances ("**Short-term Advances**") and the amount outstanding as at the end of the last three (3) financial years and as at the Latest Practicable Date were as follows:

US\$'000	As at 29 February 2016	As at 28 February 2017	As at 28 February 2018	As at 31 August 2018	As at the Latest Practicable Date
Short-term Advances	776	–	661	625	–

During the Relevant Period, the largest aggregate amount of the Short-term Advances was approximately US\$7.6 million.

INTERESTED PERSON TRANSACTIONS

During the Relevant Period, Chee Yew Fei had made certain payments on behalf of Fortress Mining (“**Payments on Behalf by Chee Yew Fei**”) and the amounts in relation to such transaction were as follows:

US\$'000	FY2016	FY2017	FY2018	1H2019	1 September 2018 to the Latest Practicable Date
Payments on Behalf by Chee Yew Fei	34	40	85	–	–

As at the Latest Practicable Date, our Group has fully repaid Chee Yew Fei.

As the Short-term Advances and Payments on Behalf by Chee Yew Fei were unsecured, interest-free and had no fixed term of repayment, they were not made on an arm’s length basis and were not on normal commercial terms. However, our Directors are of the view that such transactions were not prejudicial to the interests of our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

(f) Transactions with Olympia Mining

Fortress Mining paid approximately US\$0.1 million of operating expenses on behalf of Olympia Mining during FY2017 and purchased approximately US\$0.1 million of fixed assets from Olympia Mining during 1H2019. As at the Latest Practicable Date, there were no amounts due from Olympia Mining to our Group.

As the payment of operating expenses were unsecured, interest-free and had no fixed term of repayment, they were not made on an arm’s length basis and were not on normal commercial terms. However, our Directors are of the view that such transaction was not prejudicial to the interests of our Group and our minority Shareholders as the amount was insignificant.

The purchase of fixed assets was on normal commercial terms, based on prevailing market prices, and carried out on an arm’s length basis. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

On 8 November 2018, WSB disposed of all its shares in Olympia Mining to an unrelated third party. Our CEO, Chee Yew Fei also ceased to be a director of Olympia Mining since October 2018. Accordingly, as at the Latest Practicable Date, Olympia Mining is no longer an Interested Person.

Our Group does not intend to enter into similar transactions after the Listing.

(g) Transaction with Webcon Australia and Webcon Venture

During FY2016, Fortress Mining had provided approximately US\$0.1 million of short-term, interest-free unsecured advances to Webcon Venture. During FY2017, Fortress Mining had provided approximately US\$0.2 million of short-term, interest-free unsecured advances to

INTERESTED PERSON TRANSACTIONS

Webcon Australia. As at the Latest Practicable Date, no amounts were due from Webcon Venture or Webcon Australia to our Group.

The advances to Webcon Venture and Webcon Australia were not made on an arm's length basis and were not on normal commercial terms as they were unsecured, interest-free and had no fixed term of repayment. However, our Directors are of the view that they were not prejudicial to the interests of our Group and minority Shareholders as they were insignificant and were fully repaid to our Group within the financial year.

Our Group does not intend to enter into similar transactions after the Listing.

(h) Transaction with Webcon Solomon

During FY2017, Fortress Mining paid approximately US\$0.4 million of operating expenses on behalf of Webcon Solomon.

As at the Latest Practicable Date, no amounts were due from Webcon Solomon to our Group and Webcon Solomon was deregistered in April 2018. As the payment of operating expenses were unsecured, interest-free and had no fixed term of repayment, they were not made on an arm's length basis and were not on normal commercial terms. However, our Directors are of the view that this payment being insignificant was not prejudicial to the interests of our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

(i) Transaction with Lebar Tinggi

During FY2016, Fortress Mining paid approximately US\$0.5 million for the lease of heavy machinery from Lebar Tinggi for our discontinued operations.

This transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the lease price was based on prevailing market prices. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

(j) Transaction with Chee Yau Soon

During FY2016, Fortress Mining paid approximately US\$0.2 million to Chee Yau Soon for certain marketing and sourcing services for potential land in relation to our discontinued operations.

This transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the fee was comparable to those paid to independent third parties for similar services. Accordingly, our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders.

Our Group does not intend to enter into similar transactions after the Listing.

INTERESTED PERSON TRANSACTIONS

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(a) Lease of office premises from WSB

On 1 March 2017, Fortress Mining entered into a tenancy agreement with WSB for the tenancy of office premises located at No. 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor, which is used for our Group's corporate headquarter. The total gross floor area of the office premises is approximately 3,463 square feet. The premises are fully fitted, furnished, and equipped with computers, printers, servers, filing cabinets, multiple workstations, furniture and fittings, air conditioners and closed-circuit televisions.

The tenancy was renewed pursuant to the renewal of tenancy agreement dated 10 January 2018 entered into between WSB and Fortress Mining. The term of the lease is one (1) year, commencing on 1 March 2018 and ending on 28 February 2019, with the option to renew for a further period of one (1) year.

Pursuant to a variation letter dated 1 July 2018 issued by WSB, the monthly rental for the lease was revised to MYR6,000 (originally MYR10,000), as the costs of utilities and cleaning services have been excluded from the same.

The tenancy was extended for a further period of two (2) years, effective from 1 March 2019 until 28 February 2021, pursuant to a renewal of tenancy agreement dated 1 February 2019.

The aggregate amount paid by Fortress Mining to WSB for the above transaction during the Relevant Period were set out as follows:

US\$'000	FY2016	FY2017	FY2018	1H2019	From 1 September 2018 to the Latest Practicable Date
Rental paid	14	14	27	13	9

The monthly rental payable by Fortress Mining for the lease is based on the valuation performed by independent third party valuers. Accordingly, the transaction is on normal commercial terms and was carried out on an arm's length basis. Our Directors are of the view that the transaction was not prejudicial to our Group and minority Shareholders. We will continue to carry out the above transaction as long as it is in our interests to do so, and in accordance with the guidelines and procedures for interested person transactions set out under the section entitled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document and the requirements under Chapter 9 of the Catalist Rules.

(b) Shareholders' Loans from Pre-Restructuring FMSB Shareholders

Since its incorporation, Fortress Mining's working capital requirements have been entirely funded by the Pre-Restructuring FMSB Shareholders, by the extension of interest-free loans to Fortress Mining.

INTERESTED PERSON TRANSACTIONS

The aggregate amounts of the Shareholders' Loans outstanding as at the end of each of the last three (3) financial years and as at the Latest Practicable Date were as follows:

US\$'000	As at 29 February 2016	As at 28 February 2017	As at 28 February 2018	As at 31 August 2018	As at the Latest Practicable Date
Shareholders' Loans	–	–	14,060 ⁽¹⁾	15,640 ⁽²⁾	15,684 ⁽³⁾

Notes:

- (1) The Shareholders' Loans is approximately MYR55.0 million. The US\$ equivalent of the Shareholders' Loans is based on the exchange rate as at 28 February 2018.
- (2) The Shareholders' Loans is approximately MYR64.0 million. The US\$ equivalent of the Shareholders' Loans is based on the exchange rate as at 31 August 2018.
- (3) The Shareholders' Loans is approximately MYR64.0 million. The US\$ equivalent of the Shareholders' Loans is based on the exchange rate as at the Latest Practicable Date.

During the Relevant Period, the largest amount of the Shareholders' Loans outstanding was approximately US\$15.7 million.

Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more details on the Shareholders' Loans pursuant to the FMSB SPA.

As at the Latest Practicable Date, MYR30.0 million (approximately S\$10.0 million) of the Shareholders' Loans have been assigned to our Company in consideration of the allotment and issuance of Shares to the Pre-Restructuring FMSB Shareholders pursuant to the Restructuring Exercise. In respect of the remaining balance of the Shareholders' Loans, being MYR34.0 million (equivalent to approximately S\$11.4 million) owing to YFCH, GISB and SDB Mining:

- (a) each of YFCH, GISB and SDB Mining has committed not to demand any repayment of the respective amounts owing to them for a period of 18 months commencing from the date of admission of our Company to Catalist; but
- (b) Fortress Mining may repay the same at any time and in such amounts as it deems fit, provided always that any repayment to YFCH, GISB and SDB Mining (i.e. the Proposed Repayment) shall be made on a *pro rata* basis. The Proposed Repayment shall be subject to the approval in writing by our Audit Committee, after taking into consideration, without limitation, the general financial and business conditions, results of operations, earnings, capital expenditure, cash flow requirements and development plans of our Company at the time of the Proposed Repayment.

While the Shareholders' Loans were not entered into on an arm's length basis and were not on normal commercial terms as they were unsecured, interest-free and had no fixed repayment terms, our Directors are of the view that they were not prejudicial to the interests of our Group and minority Shareholders. Our Group does not intend to enter into similar transactions after the full repayment of the Shareholders' Loans.

Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details on the Shareholders' Loans.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures and Chapter 9 of the Catalist Rules will be implemented by our Group:

- (a) The Financial Controller will maintain a register of Interested Person Transactions, recording the basis on which Interested Person Transactions are entered into and the approval or review by the Audit Committee, Financial Controller or any duly appointed Director as the case may be. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. This register of Interested Person Transactions shall be reviewed by the Audit Committee at least on a quarterly basis;
- (b) In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. The Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier;
- (c) In relation to any sale of products or provision of services to Interested Persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than the lowest price of that charged to the unrelated third parties;
- (d) All interested person transactions above S\$100,000 are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our Group's usual business practices and policies, consistent with the usual margin given or price received by our Group for the same or substantially similar type of transactions between our Group and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties;
- (e) For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between our Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to unrelated parties;
- (f) Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the Interested Person Transaction will be approved by either our Executive Director and Financial Controller, if he/she has no interest in the transaction, or failing which our Audit Committee, in accordance with our usual business practices and policies in determining the transaction price payable to the Interested Person for such products and for services, factors such as, but not limited to quantity, requirements and specifications will be taken into account.

INTERESTED PERSON TRANSACTIONS

- (g) In addition, our Group shall monitor all Interested Person Transactions entered into by categorising the transactions as follows:
- (i) a “Category 1” Interested Person Transaction is one where the value thereof is in excess of 3.0% of the NTA of our Group; and
 - (ii) a “Category 2” Interested Person Transaction is one where the value thereof is below or equal to 3.0% of the NTA of our Group.

All “Category 1” Interested Person Transactions must be approved by the Audit Committee prior to entry whereas “Category 2” Interested Person Transactions need not be approved by the Audit Committee prior to entry but shall be reviewed on a quarterly basis by the Audit Committee; and

- (h) When renting properties from or to an Interested Person, the Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries. Such transactions shall be subject to review by the Audit Committee on a half-yearly basis.

Our Group will prepare relevant information to assist the Audit Committee in its review.

Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from the Audit Committee. The Audit Committee will review all Interested Person Transactions, if any, on a quarterly basis to ensure that they are carried out on an arm’s length basis and in accordance with the procedures outlined above. It will take into account all relevant non-qualitative factors. In the event that a member of the Audit Committee is interested in any Interested Person Transactions, he/she will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit Committee.

Disclosure will be made in our Group’s annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of our Group.

Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions at least on an annual basis. The internal audit report will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm’s length basis and do not prejudice the interests of our Group and our Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to the interests of our Group and our Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate.

INTERESTED PERSON TRANSACTIONS

In addition, the Audit Committee will include the review of Interested Person Transactions as part of the standard procedures while examining the adequacy of the internal controls of our Group. The Audit Committee will also review all Interested Person Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

Our Group will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future Interested Person Transactions, and if required under the Catalist Rules, Listing Manual, the Companies Act or the SFA, we will seek independent Shareholders' approval for such transactions.

All the Independent Directors, who are members of the Audit Committee, are of the view that the review procedures and systematic monitoring mechanism of all Interested Person Transactions as mentioned above, are adequate in ensuring that such transactions will be on normal commercial terms and will not be prejudicial to the interests of Shareholders in any way.

POTENTIAL CONFLICT OF INTERESTS

Generally, a conflict of interest arises when any of our Directors, CEO, Controlling Shareholders or their associates is carrying on the same business or dealing in similar products as our Group.

All of our Directors and Key Executive have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Extra Diligent Sdn. Bhd.

Our CEO, Chee Yew Fei, our Controlling Shareholder, SDB Mining, and Rox Mining Global Sdn. Bhd. (which is wholly-owned by our CEO, Chee Yew Fei) each owns 45.0%, 45.0% and 10.0% equity interests in EDSB respectively.

Pursuant to a prospecting, exploration and mining agreement dated 10 July 2017 between EDSB and Bonus Nusajaya Sdn. Bhd. ("**BNSB**") (and as supplemented by a supplemental agreement dated 18 August 2017), EDSB has been granted the sole and exclusive right to explore and mine for iron ore within the Kelantan Mine in accordance with the terms of the said agreement, by BNSB. BNSB has been granted the rights to explore for iron ore, gold and all other minerals at the Kelantan Mine for three (3) years commencing from 13 February 2017 and expiring on 12 February 2020.

BNSB is not related to our Company, its Directors, Controlling Shareholders and/or their associates.

Save for the foregoing, EDSB has not obtained rights to explore for iron ore or any other minerals at any other location.

The Directors are of the opinion that the development of the Kelantan Mine is still at a preliminary stage given that (i) the mining operations is still subject to obtaining applicable licences, approvals and permits from the authorities; (ii) exploration works are still at preliminary stage; (iii) a JORC study has not been commissioned and there is no certainty that the Kelantan Mine can be mined

INTERESTED PERSON TRANSACTIONS

feasibly; (iv) substantial investments and time are required to develop the Kelantan Mine. Accordingly, the current stage of development of the Kelantan Mine is not aligned with the business and interests of our Group.

Call Option Agreement

Our Company had entered into the Call Option Agreement with EDSB and the EDSB Shareholders, pursuant to which a call option was granted to our Group to acquire or purchase the Mining Right over some or all of the Mining Area(s) or EDSB Shares (as the case may be) (the “**Call Option**”) at any time during the Call Option Period by serving a notice of exercise on the relevant EDSB Shareholder(s) (as the case may be).

The salient terms of the Call Option Agreement are as follows:

- (a) our Company may exercise the Call Option over the Mining Right over a Mining Area or the EDSB Shares (as the case may be) at any time from the period commencing on the date of the Call Option Agreement and for so long as the Call Option Agreement had not been terminated pursuant to the termination clause, as set out below (the “**Call Option Period**”);
- (b) upon the exercise of the Call Option, the relevant parties shall negotiate in good faith to enter into a sale, purchase and transfer agreement in respect of the sale and transfer of the Mining Right (whether over some or all of the Mining Area(s)) or the Sale Shares (as the case may be) within three (3) months from the date of the notice of exercise. The consideration for the sale and transfer shall be based on the fair value, which shall be determined by a valuation conducted by an independent valuer (acting as an expert and not as an arbitrator) who shall be appointed by the Audit Committee within 10 Business Days after the Call Option is exercised by our Company, and who shall be acceptable to the parties and SGX-ST. All costs and expenses incurred including but not limited to the appointment of such independent valuer shall be borne solely by our Company;
- (c) EDSB undertakes that, for so long as the Call Option Agreement remains in effect, it shall not, and the EDSB Shareholders undertake that they shall procure that EDSB shall not, assign, transfer, novate, sell, dispose of, or do any act that has the effect of assigning, transferring, novating, selling or disposing of the Mining Right over any Mining Area, or otherwise result in the Mining Right over any Mining Area being vested in any third party;
- (d) each of EDSB and the EDSB Shareholders covenants to and undertakes with our Company that it shall notify our Company in writing of the occurrence of any Event (as set out below), as soon as reasonably practicable after it becomes aware of such circumstance, and in any case, no later than five (5) Business Days after the date it first becomes aware of the same;
- (e) our CEO, Chee Yew Fei, who is also a director of EDSB, further covenants to and undertakes with our Company that he shall, at every Board meeting, update the Board on all matters relating to, amongst others, the operations of EDSB, including providing such information, materials and/or documents which the Board may reasonably require; and
- (f) EDSB further covenants to and undertakes with our Company to deliver the management accounts of EDSB to our Company within 45 Business Days after the end of each financial quarter, and the audited financial statements of EDSB within 45 Business Days after each financial year.

INTERESTED PERSON TRANSACTIONS

Under the Call Option Agreement, an “Event” refers to any of the following:

- (a) the commencement of commercial production at the Mining Area(s) (i.e. the land(s) within the Kelantan Mine in respect of which a mining lease(s) has been granted);
- (b) any proposed assignment, transfer, novation, sale and/or disposal of the Mining Right over any Mining Area;
- (c) any written expression of interest or offer by a third party to acquire or purchase the Mining Right over any Mining Area;
- (d) any actual or threatened revocation of the Mining Right over any Mining Area by the holder of the applicable mining lease(s);
- (e) any agreement or arrangement which will affect the mining operation at the Mining Area(s) and/or Mining Right howsoever, including without limitation any proposed joint venture, sub-contracting or outsourcing;
- (f) any proposed transfer, sale and/or disposal by any EDSB Shareholder of its EDSB Shares (in whole or in part);
- (g) any written expression of interest or offer by a third party to acquire or purchase any or all of the EDSB Shares held by any EDSB Shareholder;
- (h) any litigation, investigation or proceeding affecting EDSB that could reasonably be expected to have a material adverse effect on its business, operations, properties, prospects or condition (financial or otherwise);
- (i) any event or matter that has resulted or is likely to result in a material adverse change or material adverse deterioration to EDSB’s business, operations, properties, prospects or condition (financial or otherwise) following the signing of the Call Option Agreement;
- (j) any event or development that would cause any of the representations, warranties, undertakings and/or covenants contained in the Call Option Agreement to be inaccurate or otherwise misleading; and/or
- (k) such other event or circumstances analogous or having a substantially similar effect to any of the events as set out in (a) to (j) above.

For the avoidance of doubt, any EDSB Shareholder may pledge, mortgage, charge or otherwise encumber its EDSB Shares as security in favour of any licenced lending institution for any indebtedness incurred by such EDSB Shareholder, provided that our Company is notified of such arrangement in writing. The EDSB Shares, if purchased by our Company pursuant to the exercise of the Call Option, will be free of pledges, mortgages, charges and encumbrances.

Further, pursuant to the Call Option Agreement, EDSB and EDSB Shareholders (or any of them) shall not do any act or thing (including but not limited to soliciting any offers and entering into any legal and/or binding documentation) in relation to any Event under items (e), (f) and (g) above unless our Company has given notice in writing to EDSB or the relevant EDSB Shareholder (as the case may be) of its non-exercise of the Call Option, or in the event that our Company is deemed to have elected not to exercise the Call Option pursuant to the Call Option Agreement, whichever is earlier.

INTERESTED PERSON TRANSACTIONS

Where any Event under items (e), (f) or (g) above occurs, our Company shall have up to 60 business days from the date on which written notification is given under the Call Option Agreement (the “**CO Block-Out Period**”) to assess and elect whether to exercise the Call Option, and shall be deemed to have elected not to exercise the Call Option upon the expiry of the CO Block-Out Period. For the avoidance of doubt, our Company shall be entitled to exercise the Call Option at any time during the Call Option Period without the occurrence of any Event.

Termination terms

It was agreed that the Call Option Agreement shall terminate and lapse and be of no further effect whatsoever upon the occurrence of the earliest of the following events:

- (a) any actual revocation of the Mining Right over all the Mining Area(s) by the holder of the applicable mining lease(s), or the termination of the agreement entered into with the holder of such mining lease(s);
- (b) any winding up proceeding is filed or winding up order is made against EDSB or our Company or if EDSB or our Company shall be unable to pay its debts or if an official receiver or manager and receiver or similar officer is appointed in respect of all or any part of the business or assets of EDSB or our Company; or
- (c) all of the parties thereto have mutually consented to the termination of the Call Option Agreement in writing.

It was further agreed that the Call Option Agreement shall terminate and lapse and be of no further effect whatsoever in respect of an EDSB Shareholder (hereinafter referred to as an “**Affected EDSB Shareholder**”) in the event that:

- (a) the shareholding interest (directly or indirectly) of the Affected EDSB Shareholder in EDSB has reduced to less than 5.0%; and
- (b) (i) in the case of our Controlling Shareholder, SDB Mining, its shareholding interests (directly or indirectly) in our Company has reduced to less than 5.0% and its nominee(s) is no longer a director, chief executive officer or key executive officer of our Company; or

(ii) in the case of our CEO, Chee Yew Fei, his shareholding interest (directly or indirectly) in our Company has reduced to less than 5.0% and he is no longer a Director, chief executive officer or key executive officer of our Company.

For the avoidance of doubt, notwithstanding the foregoing circumstances, the Call Option Agreement shall remain valid and binding as between the other EDSB Shareholders (excluding the Affected EDSB Shareholder) and our Company.

Our Group will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of the purchase of the Mining Right and/or the EDSB Shares pursuant to our Company’s exercise of the Call Option under the Call Option Agreement.

Save for the foregoing, EDSB has not obtained rights to explore for iron ore or any other minerals at any other location.

INTERESTED PERSON TRANSACTIONS

Pursuant to the CYF Undertaking (as defined hereunder) given by our CEO, Chee Yew Fei, he has undertaken to, amongst others, grant a right of first refusal to our Group in relation to his business interests that may be competitive to the business of our Group. Further details on the CYF Undertaking are set out below.

The following undertakings have been obtained from the respective parties in the interest of our Group:

Undertakings by our Directors, Chee Yew Fei, Ng Mun Fey, Teh Lip Kim and Loong Ching Hong

Pursuant to deeds of undertaking dated 28 February 2019, our CEO, Chee Yew Fei, our COO, Ng Mun Fey, and our Non-executive and Non-independent Directors, Teh Lip Kim and Loong Ching Hong, have respectively undertaken to our Group that for the duration of the period for which (i) he/she and/or his/her associates remains as a director, chief executive officer and/or key executive officer of our Group, or he/she and/or his/her associates are or are deemed to be, on an aggregate basis, Controlling Shareholder(s) of our Group; and (ii) the Shares continue to be listed on the SGX-ST, save in relation to his/her interest in EDSB (in the case of Chee Yew Fei, Teh Lip Kim and Loong Ching Hong) and subject to the Carve-out (as defined herein) and the mitigation mechanism set out below:

- (a) he/she shall not have any interest, directly or indirectly, in, and/or provide any assistance, financial, technical or otherwise, to, any person, entity or corporation whose business competes directly with the Restricted Business (as defined herein), in any country;
- (b) he/she shall procure that his/her associates (whether present or future) shall not (i) conduct, be engaged in or interested in any capacity in any business (either solely or jointly with or on behalf of any person, firm or corporation), which will compete directly with the Restricted Business in any country; and (ii) provide any assistance, financial, technical or otherwise, to any person, entity or corporation whose business competes directly with the Restricted Business in any country;
- (c) he/she shall not be a director and/or hold an executive management position (including but not limited to board membership) in any entity or corporation whose business competes directly with the Restricted Business in any country;
- (d) he/she shall ensure that no company or business in which he/she is and/or any of his/her associates (whether present or future) is in the position to control, dominate or influence decision-making shall engage in any business or activity that is directly in competition with the Restricted Business in any country;
- (e) he/she shall not, and shall procure that his/her associates (whether present or future) shall not, solicit, market to or entice away, or attempt to solicit, market to or entice away, whether directly or indirectly, from our Group any customer, client or supplier of our Group which will cause, or is likely to cause, such customer, client or supplier to cease or reduce the amount of business conducted with our Group;
- (f) he/she shall not, and shall procure that his/her associates (whether present or future) shall not, solicit, induce, recruit or encourage any of the employees of our Group to discontinue or terminate his/her employment with our Group;

INTERESTED PERSON TRANSACTIONS

- (g) he/she shall not, and shall procure that his/her associates (whether present or future) shall not, utilise the resources or assets of our Group for the benefit of, or otherwise assist, any person, entity or corporation carrying on any business or activity that is directly or indirectly in competition with the Restricted Business in any country;
- (h) he/she shall not use, divulge or communicate to any person, entity or corporation any important information related to our Group's affairs, business, customers, suppliers or business associates; and
- (i) if aware or made aware of any actual or potential conflicts of interest that may involve him, he/she shall use reasonable endeavours to disclose to the Audit Committee the extent of such actual or potential conflicts of interest. Following such disclosure, he/she and/or any of his/her associates shall abstain from participating in making decisions or voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Audit Committee has determined that no such conflict of interest exists.

Notwithstanding paragraphs (a) to (i) above, he/she and/or his/her associates are permitted to hold, directly or indirectly, for financial investment purposes, interests in any securities of any corporation listed or quoted on any stock exchange engaging in a business which may compete directly with the Restricted Business, as long as his/her and/or his/her associates' aggregate interests in the securities of such corporation does not exceed 5.0% (the "**Carve-out**").

Further, Chee Yew Fei, Ng Mun Fey, Teh Lip Kim and Loong Ching Hong have respectively further warranted, represented and undertaken that, amongst others, all of the companies in which he/she is presently a director (save for EDSB in the case of Chee Yew Fei, and EDSB and SDB Mining in the case of Teh Lip Kim and Loong Ching Hong) are not carrying on, and he/she shall procure that these companies will not carry on, any business or activity that is directly or indirectly in competition with the Restricted Business in any country, and such companies (or any one of them) do not, and he/she shall procure that they will not, hold any mining rights, leases and/or tenements in relation to the Restricted Business anywhere in the world.

Each of our CEO, Chee Yew Fei, and our Non-executive and Non-independent Directors, Teh Lip Kim and Loong Ching Hong, have further warranted, represented and undertaken that save for the Mining Right, EDSB is not a holder of any other mining rights, leases and/or tenements in relation to the Restricted Business in any country, and he/she shall procure that EDSB does not acquire or purchase any other mining rights, leases and/or tenements in relation to the Restricted Business anywhere in the world.

For the purpose of the aforementioned deeds of undertaking, "Restricted Business" means the business of exploration, mining, processing, trading and/or sale of iron ore, iron ore concentrate or any iron ore products, and such other business(es) of our Group from time to time.

INTERESTED PERSON TRANSACTIONS

Undertakings by our Controlling Shareholders, SDB Mining, Selangor Dredging Berhad, Y F Chee Holdings Pte. Ltd., and our Shareholder, GISB

Pursuant to deeds of undertaking dated 28 February 2019, our Controlling Shareholders, SDB Mining, Selangor Dredging Berhad and Y F Chee Holdings Pte. Ltd., and our Shareholder, GISB, have respectively undertaken to our Group that for the duration of the period for which (i) it and/or its associates are or are deemed to be, on an aggregate basis, Controlling Shareholder(s) of our Group; and (ii) the Shares continue to be listed on the SGX-ST, subject to the Carve-out and the mitigation mechanism set out below:

- (a) it shall not, and shall procure that its associates (whether present or future) shall not, carry on, be engaged in or be interested in any capacity (whether alone or with anyone else) any business or activity that is directly in competition with the Restricted Business in any country;
- (b) it shall not, and shall procure that its associates (whether present or future) shall not, have any interest, directly or indirectly, in and/or provide any assistance, financial, technical or otherwise, to any person, entity or corporation to carry on any business or activity that is directly in competition with the Restricted Business in any country;
- (c) it shall not be a corporate director in any entity or corporation whose business competes directly with the Restricted Business in any country;
- (d) it shall ensure that no company or business in which it and/or any of its associates (whether present or future) is in the position to control, dominate or influence decision-making shall engage in any business or activity that is directly in competition with the Restricted Business in any country;
- (e) it shall not, and shall procure that its associates (whether present or future) shall not, solicit, market to or entice away, or attempt to solicit, market to or entice away, whether directly or indirectly, from our Group any customer, client or supplier of our Group which will cause, or is likely to cause, such customer, client or supplier to cease or reduce the amount of business conducted with our Group; and
- (f) it shall not, and shall procure that its associates (whether present or future) shall not, solicit, induce, recruit or encourage any of the employees of our Group to discontinue or terminate his/her employment with our Group.

Mitigation mechanism

In addition to the above, pursuant to their respective deeds of undertaking, our CEO, Chee Yew Fei, our COO, Ng Mun Fey, our Non-executive and Non-independent Directors, Teh Lip Kim and Loong Ching Hong, our Controlling Shareholders, SDB Mining, Selangor Dredging Berhad and Y F Chee Holdings Pte. Ltd., and our Shareholder, GISB, have also undertaken to our Group that:

- (a) In respect of any Potential Investment (as defined hereunder):
 - (i) he/she/it shall immediately notify our Group and/or the Board in writing of any potential investments or projects relating to the Restricted Business in any country (a **“Potential Investment”**) which he/she/it may become aware of, and provide sufficient details of such Potential Investment to our Group and/or the Board. Our Group shall have up to 30 Business Days from the date of notification of such Potential Investment (the **“Block-out Period”**) to assess and elect in writing whether to undertake the opportunity to participate in the Potential Investment, and shall be deemed to have elected not to participate in the Potential Investment upon the expiry of the Block-out Period;

INTERESTED PERSON TRANSACTIONS

- (ii) he/she/it shall not, and shall procure that his/her/its associates (whether present or future) shall not, undertake any Potential Investment should our Group elect to undertake the opportunity to participate in the Potential Investment during the Block-out Period. For the avoidance of doubt, if our Group elects or is deemed to have elected not to participate in the Potential Investment, he/she/it and/or his/her/its associates will then be able to participate in such Potential Investment, subject to sub-paragraphs (a)(iii) and (a)(iv) below;
 - (iii) where our Group has elected or is deemed to have elected not to participate in such Potential Investment for any reason whatsoever, he/she/it and/or his/her/its associates shall nevertheless enter into and execute a call option agreement, on substantially the same terms as the Call Option Agreement with our Group (save for Ng Mun Fey and GISB, who are not parties to the Call Option Agreement), within one (1) month from the expiry of the Block-out Period or date of notification by our Company not to elect to undertake the Potential Investment (whichever is earlier), providing that for so long as he/she/it and/or his/her/its associates hold a stake over such Potential Investment (whether directly or indirectly), he/she/it and/or his/her/its associates have agreed and undertaken that our Group shall be entitled, at any time in its sole and absolute discretion, to exercise the right to acquire or purchase all of his/her/its/their stake in such Potential Investment from him/her/it and/or his/her/its associates based on a fair valuation to be independently agreed, to the extent permitted under applicable laws and regulations; and
 - (iv) in the event that he/she/it and/or his/her/its associates propose to assign, transfer, sell and/or dispose of, or otherwise do any act or thing that will have the effect of assigning, transferring, selling and/or disposing of, his/her/its/their stake in such Potential Investment (whether in whole or part), he/she/it and/or his/her/its associates have agreed and undertaken that, to the extent permitted under applicable laws and regulations, our Group shall be entitled to a right of first refusal to acquire or purchase his/her/its/their stake in such Potential Investment that is offered for sale based on a fair valuation to be independently agreed within such period of time as mutually agreed between the parties. For the avoidance of doubt, he/she/it and/or his/her/its associates may pledge, mortgage, charge or otherwise encumber his/her/its/their stake in such Potential Investment as security in favour of any licenced lending institution for any indebtedness incurred by he/she/it and/or his/her/its associates, provided that our Group is notified of such arrangement in writing;
- (b) In the event that any of the companies in which he/she/it and/or his/her/its associates (whether present or future) hold equity interests in (whether directly or indirectly) from time to time enters into any agreement, arrangement or transaction with the intent to undertake the Restricted Business in any country, or having a substantially similar effect to the foregoing (such company shall hereinafter be referred to as the “**Potential Interested Entity**”):
- (i) he/she/it shall immediately notify our Group and/or the Board in writing of such agreement, arrangement or transaction;
 - (ii) our Group shall have up to 30 Business Days from the date of the notification pursuant to sub-paragraph (b)(i) (the “**Block-out Period #2**”) to assess and elect in writing whether to acquire or purchase all of his/her/its/their stake in the Potential Interested Entity from him/her/it and/or his/her/its associates based on a fair valuation to be independently agreed, to the extent permitted under applicable laws and regulations.

INTERESTED PERSON TRANSACTIONS

Our Group shall be deemed to have elected not to acquire or purchase his/her/its/their stake in the Potential Interested Entity upon the expiry of the Block-out Period #2, and in such event, he/she/it and/or his/her/its associates shall subject to sub-paragraph (b)(iii) thereby be entitled to retain his/her/its/their stake in the Potential Interested Entity, as well as any existing directorship(s) in the Potential Interested Entity; and

- (iii) in the event that he/she/it and/or his/her/its associates propose to assign, transfer, sell and/or dispose of, or otherwise do any act or thing that will have the effect of assigning, transferring, selling and/or disposing of, his/her/its/their stake in the Potential Interested Entity (whether in whole or part), he/she/it and/or his/her/its associates have agreed and undertaken that, to the extent permitted under applicable laws and regulations, our Group shall be entitled to a right of first refusal to acquire or purchase his/her/its/their stake in the Potential Interested Entity that is offered for sale based on a fair valuation to be independently agreed within such period of time as mutually agreed between the parties; and
- (c) In the case of Chee Yew Fei, Ng Mun Fey, Teh Lip Kim and Loong Ching Hong, notwithstanding any of the above, in the event that any of the companies in which he/she is a director from time to time (but in which he/she does not own any direct or indirect equity interests whatsoever) enters into any agreement, arrangement or transaction with the intent to undertake the Restricted Business in any country, or having a substantially similar effect to the foregoing, he/she shall as soon as reasonably practicable notify our Company in writing of such circumstance, and shall ensure that he/she does not undertake any executive functions in such company going forward.

Norwest Minerals Limited

Our CEO, Chee Yew Fei, and our Non-executive and Non-independent Director, Loong Ching Hong, were appointed as a non-executive director of Norwest Minerals Limited on 1 August 2018 and 7 September 2018 respectively. Norwest Minerals Limited is a company incorporated in Australia and was listed on the Australian Stock Exchange on 29 November 2018. As at the Latest Practicable Date, the substantial shareholders of Norwest Minerals Limited include (i) Australian Mines Limited (“**AUZ**”), a company listed on the Australian Stock Exchange, US OTCQB and Frankfurt Stock Exchange, which holds 28.63% equity interests; (ii) CNG Global Limited, a company registered in Samoa and controlled by the sister of our CEO, Chee Sook Ping, which holds 8.75% equity interests; (iii) Merit Grace Global Limited, which holds 7.95%; (iv) Catherine Chee, the daughter of our CEO, Chee Yew Fei, who holds 7.95%; (v) YFCH, which holds 7.95%; (vi) Loong Ching Hong, our Non-executive and Non-independent Director, who holds 7.95%; (vii) Yeow May Lee, who holds 7.16% equity interests; and (iv) the Project Manager, who holds 2.99% equity interests.

As at the Latest Practicable Date, Norwest Minerals Limited is involved in the exploration of gold and base metals in several locations within Western Australia. Save for Chee Yew Fei and Loong Ching Hong who are non-executive directors, Norwest Minerals Limited is managed and governed by its own set of management team and board of directors, who are independent and separated from our Group. To the best of the knowledge of Chee Yew Fei and Loong Ching Hong, Norwest Minerals Limited has not engaged and does not intend to engage in the exploration, mining, production and sale of iron ore.

Based on the foregoing, our Directors are of the view that the current business and operations of Norwest Minerals Limited are currently not in conflict with the business of our Company.

INTERESTED PERSON TRANSACTIONS

In order to mitigate any potential conflicts of interest in the future, pursuant to the undertakings given by Chee Yew Fei and Loong Ching Hong, in the event that Norwest Minerals Limited enters into any agreement, arrangement or transaction with the intent to undertake the Restricted Business in any country, or having a substantially similar effect to the foregoing:

- (a) each of them shall immediately notify our Group and/or the Board in writing of such agreement, arrangement or transaction;
- (b) our Group shall have the full duration of the Block-out Period #2 to assess and elect in writing whether to acquire or purchase all of their respective stake in Norwest Minerals Limited based on a fair valuation to be independently agreed, to the extent permitted under applicable laws and regulations, failing which our Group shall be deemed to have elected not to undertake such acquisition or purchase; and
- (c) in the event that each of them and/or their respective associates propose to assign, transfer, sell and/or dispose of, or otherwise do any act or thing that will have the effect of assigning, transferring, selling and/or disposing of, their respective stake in Norwest Minerals Limited (whether in whole or part), each of them have agreed and undertaken that, to the extent permitted under applicable laws and regulations, our Group shall be entitled to a right of first refusal to acquire or purchase their respective stake in Norwest Minerals Limited that is offered for sale based on a fair valuation to be independently agreed within such period of time as mutually agreed between the parties.

Save as disclosed in the sections entitled “Interested Person Transactions”, “Directors, Management and Employees – Service Agreement and Appointment Letter” and “Restructuring Exercise” of this Offer Document, none of our Directors, Key Executive, Controlling Shareholders or any of their associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group’s customer or supplier of goods and services.

Save as disclosed in the sections entitled “Interested Person Transactions” and “Directors, Management and Employees – Service Agreement and Appointment Letter” of this Offer Document, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

INTERESTS OF EXPERTS

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company as our subsidiaries or are proposed to be acquired or disposed of by our leased to our Company or our subsidiaries.

No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

INTERESTED PERSON TRANSACTIONS

INTERESTS OF SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with the Sponsor, Issuer Manager and Placement Agent, PPCF, in relation to the Placement:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist; and
- (c) pursuant to the Management Agreement and as part of PPCF’s fees as the Sponsor and Issue Manager, our Company will allot and issue the PPCF Shares to PPCF. Upon completion of the relevant moratorium period as set out in the section entitled “Shareholding and Ownership Structure – Moratorium” of this Offer Document, PPCF will dispose its shareholding interest in our Company at its discretion.

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Constitution of our Company. These statements summarise the material provisions of our Constitution and are qualified in entirety by reference to the laws of Singapore and our Constitution. Please refer to the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document for further details.

A copy of our Constitution will be available for inspection at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document.

Shares

We have only one (1) class of shares, namely, our Shares, which have identical rights in all respects and rank equally with one another.

Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the date of this Offer Document, all of our Shares have been issued and fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the Catalist Rules, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

Shareholders

Only persons who are registered on our register of members and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the depository register for that Share. We may close our register of members for any time or times if we provide SGX-ST at least five (5) clear Market Days’ notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our shareholders’ entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the Directors and SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Directors may require.

DESCRIPTION OF ORDINARY SHARES

General Meetings of Shareholders

We are required to hold an annual general meeting within four (4) months after the end of each financial year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two (2) or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Constitution, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two (2) Shareholders present in person or by proxy and entitled to vote.

The following types of members (“**relevant intermediaries**” and each a “**relevant intermediary**”) are allowed to appoint more than two (2) proxies: (i) a licenced bank or its wholly-owned subsidiary which provides nominee services and holds Shares in that capacity; (ii) a capital market services licence holder which provides custodial services for securities and holds Shares in that capacity; and (iii) the CPF Board, in respect of Shares purchased on behalf of CPF members.

The Catalist Rules requires all resolutions at general meeting to be voted by poll.

In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our shareholders. Please refer to the section entitled “Description of Ordinary Shares – Capitalisation, Bonus and Rights Issue” below. All dividends are paid *pro rata* amongst our shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any

DESCRIPTION OF ORDINARY SHARES

Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Capitalisation, Bonus and Rights Issue

Our Directors may, with the approval from our Shareholders at a general meeting, capitalise any sum standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the financial statements and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings.

Our Directors may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which the Shares are listed.

Takeovers

Under the Take-over Code issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with persons acting or presumed to be acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares acquires additional voting Shares representing more than 1.0% of our voting Shares in any six (6)-month period.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, the holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto unless the same shall happen through his own negligence, default, breach of duty or breach of trust.

Subject to certain exceptions, our Company may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us. Such exceptions are (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against

DESCRIPTION OF ORDINARY SHARES

(a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

Limitations on Rights to Hold or Vote Shares

Except as described in the sections entitled “Description of Ordinary Shares – Voting Rights” and “Description of Ordinary Shares – Takeovers” above, there are no limitations imposed by Singapore law or by the Constitution on the rights of non-resident Shareholders to hold or vote ordinary Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of the Shareholders, including the applicant; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder’s Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our Company’s share capital;
- (e) in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company’s share capital; or
- (f) provide that we be wound up.

DESCRIPTION OF ORDINARY SHARES

Treasury Shares

The Constitution expressly permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with the requirements of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those Shares or stocks.

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully paid bonus Shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Shares of a greater or smaller amount, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; (iv) cancel the Shares (or any of them); or (v) sell, transfer or otherwise use the treasury Shares for such other purposes as the Minister for Finance may by order prescribe.

EXCHANGE CONTROLS

Singapore

As at the Latest Practicable Date, there are no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by our Group; and (b) the remittance of profits that may affect dividends, interests or other payments to Shareholders.

Malaysia

As stated in the section entitled “Risk Factors” of this Offer Document, the legislations in Malaysia governing exchange control are the FSA and IFSA and is mainly administered by Bank Negara. Under the Central Bank of Malaysia Act 2009, the principal objects of Bank Negara shall be to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy and its primary functions include amongst others to oversee the money market and foreign exchange market as well as to promote an exchange rate regime consistent with the fundamentals of the economy.

With regard to payments, pursuant to Section 214(2) of the FSA, a person must obtain written approval from Bank Negara for the following:

- (a) the making of any payment by a person to another person including a payment:
 - (i) to or for the credit of a non-resident;
 - (ii) by a resident or a non-resident;
 - (iii) as a consideration for or in association with the receipt of a payment or the acquisition of a property, outside Malaysia, by any person; or the creation in favour of, or the transfer to any person, of a right to receive a payment or to acquire a property, outside Malaysia;
 - (iv) under a judgment or order of any court or an award of any arbitrator or under any written law in favour of a non-resident, or a resident outside Malaysia; or
 - (v) for settlement of property in favour of a non-resident, or a resident outside Malaysia, other than (A) payment in ringgit between residents in Malaysia and (B) payment in foreign currency between non-residents outside Malaysia; and
- (b) the receiving of any payment in paragraph (a) above.

In exercise of the power conferred by the FSA and IFSA, Bank Negara, has issued FEA Notices which embody its general permissions and directions setting out transactions that are allowed by Bank Negara which are otherwise prohibited under the FSA and the IFSA. The FEA Notices read together with Schedule 14 of the FSA and IFSA set out the circumstances in which the specific approval of the Bank Negara must be obtained by residents and non-residents to remit funds to and from Malaysia. The FEA Notices are reviewed regularly by Bank Negara in line with the changing environment.

Under Notice 4 of the FEA Notices, as at the Latest Practicable Date, a resident is allowed to make or receive payment in ringgit, in Malaysia, to or from a non-resident, which are otherwise prohibited under the abovementioned restrictions as follows:

- (a) the settlement of a ringgit asset including any income and profit due from the ringgit asset;
- (b) the settlement of trade in goods;
- (c) the settlement of services, in any manner;

EXCHANGE CONTROLS

- (d) income earned or expense incurred, in Malaysia;
- (e) the settlement of a commodity murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;
- (f) the settlement of reinsurance for domestic insurance business or retakaful for domestic takaful business between a resident and a person licensed to undertake Labuan insurance or takaful business;
- (g) the settlement of a non-financial guarantee denominated in ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident; or
- (h) for any purpose between immediate family members.

With regards to payment in foreign currency, a resident is allowed to make or receive payment to or from a non-resident in foreign currency for any purpose, other than for:

- (a) a derivative denominated in foreign currency offered by the resident except where it has been approved by Bank Negara or allowed under Part B of Notice 5 of the FEA Notices in relation to issuance, buying or selling of financial instrument or Islamic financial instrument;
- (b) a derivative denominated in foreign currency offered by the non-resident; or
- (c) a derivative denominated in or referenced to ringgit except where it has been approved by the Bank or allowed under Part B of Notice 5 of the FEA Notices in relation to issuance, buying or selling of financial instrument or Islamic financial instrument.

Notwithstanding the restriction in receiving and making payment between a resident and non-resident in respect of derivative denominated in foreign currency offered by the non-resident, payment in foreign currency is allowed for:

- (a) a derivative denominated in foreign currency, other than exchange rate derivative with reference to ringgit, purchased by a licensed onshore bank for its own account;
- (b) an interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of Notice 2 of the FEA Notices; or
- (c) a derivative denominated in foreign currency, other than exchange rate derivatives, offered on a derivative market outside Malaysia as specified under the Malaysian Capital Markets and Services Act 2007 undertaken through a resident futures broker by a resident with firm commitment.

For the purpose of payment arising from the settlement of services, a resident is allowed to receive such payment in foreign currency from a non-resident in any manner.

A non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

EXCHANGE CONTROLS

Where payment between resident and non-resident is for purposes other than as allowed under the FEA Notices, the parties would be required to obtain a written approval from Bank Negara to proceed with making the payment.

TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and Malaysia and is not intended to be and does not constitute legal or tax advice.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore and Malaysia with respect to ownership of the Shares by Singapore investors, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the ownership of the Shares.

Prospective investors should consult their tax advisers regarding Singapore and Malaysia tax and other tax consequences of owning and disposing the Shares. It is emphasised that neither our Company, the Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE TAXATION

The following discussion describes the material Singapore income tax, stamp duty, goods and services tax and estate duty consequences of the purchase, ownership and disposal of the Shares.

Singapore Income Tax

Individual income tax

Individual taxpayers who are Singapore tax residents are subject to tax on income accrued or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received on or after 1 January 2004 in Singapore by tax resident individuals will be exempt from tax. Certain Singapore-sourced investment income (such as interest from debt securities) derived by tax resident individuals on or after 1 January 2004 from certain financial instruments (other than income derived through a partnership in Singapore or from the carrying on of a trade, business or profession) will be exempt from tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to a maximum rate of 22.0% after deduction of qualifying personal reliefs where applicable, with effect from the year of assessment 2017.

Non-resident individuals, subject to certain exceptions, are generally subject to income tax on income accrued in or derived from Singapore at a flat rate of 22.0%, with effect from year of assessment 2017 except that Singapore employment income is taxed at 15.0% or at the progressive resident rates, whichever yields a higher tax. However, Singapore does not tax capital gains. A non-resident individual (other than a director) exercising a short-term employment in Singapore for not more than 60 days may be exempt from tax in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

TAXATION

Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced service income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident corporate taxpayer on or after 1 June 2003 are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company’s business is exercised in Singapore. In general, control and management of the company is vested in its board of directors and therefore if the board of directors meets and conducts the company’s business in Singapore, the company will be regarded as tax resident in Singapore.

The corporate tax rate in Singapore is 17.0% with effect from the Year of Assessment 2010 after allowing partial tax exemption on the first S\$300,000 of a company’s chargeable income as follows:

- (a) 75.0% of up to the first S\$10,000 of a company’s chargeable income (excluding Singapore franked dividends); and
- (b) 50.0% of up to the next S\$290,000 of a company’s chargeable income (excluding Singapore franked dividends).

It is announced in the 2018 Budget that with effect from year of assessment 2020, the partial tax exemption scheme will be limited to the first S\$200,000 (instead of S\$300,000) of the normal chargeable income – 75.0% of the first S\$10,000 and 50.0% of the next S\$190,000.

Further, new start-up companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income (other than Singapore dividends) of up to S\$100,000 and 50.0% tax exemption on up to the next S\$200,000 of normal chargeable income in each of the company’s first three (3) consecutive years of assessment. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate. It has been announced in the 2018 Budget that with effect from the year of assessment 2020, the tax exemption scheme for new start-up companies will be limited to the first S\$200,000 (instead of S\$300,000) of the normal chargeable income. The tax exemption on the first S\$100,000 will also be reduced from 100.0% to 75.0%.

TAXATION

Dividend Distributions

As our Company will be tax resident in Singapore, dividends paid by our Company would be considered as sourced from Singapore. Dividends received in respect of the Shares by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Currently, (subject to certain transitional rules), Singapore has adopted the “One-Tier” Corporate Tax System (“**One-Tier System**”). Under this One-Tier System, the tax collected from corporate profits is the final tax and our Company can pay tax exempt (1-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

Capital Gains Tax

Singapore does not impose a tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and therefore be subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. Any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income.

Bonus Shares

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, *pro rata* to shareholders (“**bonus issue**”) does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. However, as our Company had moved to the One-Tier System after 31 December 2007, any dividend paid on or after 1 January 2008 will be exempt from Singapore tax. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the dividend declared will be treated as exempt (one-tier) dividend income and will not be subject to Singapore tax.

Adoption of FRS 39 treatment for Singapore income tax purposes

On 30 December 2005, the IRAS issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the FRS 39 Circular have been enacted via the Income Tax (Amendment) Act 2006, with such amendments having been deemed to come into operation on 1 January 2005. The FRS 39 Circular generally applies, subject to the tax treatment under the FRS 39 Circular, Shareholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or conversion of the Shares.

TAXATION

Adoption of SFRS (I) 9 Financial Instruments (“SFRS(I) 9”) Tax Treatment

The SFRS (I) 9 replaces the existing FRS 39 and it applies to companies for financial years beginning on or after 1 January 2018.

Generally, the tax treatment of financial assets and liabilities on revenue account that are recognised and measured under SFRS (I) 9 will generally be aligned with the accounting treatment. There is no option for companies to opt out of the SFRS (I) 9 tax treatment. Any gains or losses arising from our Shares that are held on revenue account recognised in the profit and loss account will be taxed or allowed as a deduction, regardless of whether the gains or losses are realised or not. Gains or losses arising from our Shares held on capital account will not be taxed or allowed as a deduction.

For equity instruments on revenue account measured at fair value through other comprehensive income (“OCI”), the gain or loss recognised in OCI will not be taxed or allowed as a deduction until they are realised. Therefore, at the time of de-recognition, the cumulative gains or losses recognised and remaining in OCI will be taxed or allowed as a deduction. Shareholders who are impacted by SFRS (I) 9 are advised to consult their own tax advisers accordingly.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

However, as our Shares will be listed on Catalist and their transfers will be scripless transfers via the CDP, no stamp duty will be imposed on the transfers of our Shares via the CDP.

Goods and Services Tax (“GST”)

The sale of the Shares by an investor belonging to Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt sale will become an additional cost to the investor.

Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may, subject to the provisions of the Goods and Services Tax Act, be offset against the investor’s GST liability and, in the event of an excess input tax credit, recovered from the Comptroller of GST of Singapore.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding

TAXATION

of our Shares will be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

Estate duty

With effect from 15 February 2008, Singapore estate duty has been abolished.

Individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore tax and estate duty consequences of their ownership of the Shares.

MALAYSIAN TAXATION

The following discussion describes the material Malaysian tax on dividend and tax on gains from sale.

Individual income tax

An individual is a tax resident in Malaysia for the basis period in a year of assessment if:

- (a) he is in Malaysia in that basis year for a period or periods amounting in all to one hundred and eighty-two days or more;
- (b) he is in Malaysia in that basis year for a period of less than one hundred and eighty-two days and that period is linked by or to another period of one hundred eighty-two or more consecutive days throughout which he is in Malaysia in the basis year for the year of assessment immediately preceding or after that particular year of assessment:

Provided that any temporary absence from Malaysia:

- (i) connected with his service in Malaysia and owing to service matters or attending conferences or seminars or study abroad;
- (ii) owing to ill-health involving himself or a member of his immediate family; and
- (iii) in respect of social visits not exceeding fourteen days in the aggregate;

shall be taken to form part of such period or that period as the case may be, if he is in Malaysia immediately prior to and after that temporary absence;

- (c) he is in Malaysia in that basis year for a period or periods amounting in all to ninety days or more, having been with respect to each of any three of the basis years for the four years of assessment immediately preceding that particular year of assessment either—
 - (i) resident in Malaysia within the meaning of the Malaysian Income Tax Act for the basis year in question; or
 - (ii) in Malaysia for a period or periods amounting in all to ninety days or more in the basis year in question; or

TAXATION

- (d) he is resident for the year immediately following that year and for each of the three (3) immediately preceding years.

Individual taxpayers who are Malaysian tax residents are generally subject to Malaysian income tax on income accruing in or derived from Malaysia.

The single-tier tax system was introduced in Budget 2008 to replace the imputation system with effect from year of assessment 2008. Under this system, corporate income is taxed at corporate level and this is a final tax. Companies may declare single tier exempt dividend that would be exempt from tax in the hands of their shareholders.

Non-resident individuals, subject to certain exceptions, are subject to Malaysian income tax on income accruing in or derived from Malaysia. Non-resident individuals are not subject to tax on foreign-sourced income received in Malaysia.

A Malaysian tax resident individual is taxed at progressive rates ranging from 0% to 28.0%. Income derived by a non-resident individual is, subject to certain exceptions, normally taxed at the rate of 28.0%.

Corporate income tax

A company is regarded as resident in Malaysia for Malaysian tax purposes if the control and management of its business is exercised in Malaysia.

Dividend Distributions

The single-tier system of taxation for companies completely replaced Malaysia's full imputation system on 1 January 2008. Under the single-tier system, tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Malaysia can be distributed to its shareholders as tax exempt (one-tier) dividends. Such dividends are tax exempt in the hands of shareholders.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident shareholders.

Gains on Disposal of Shares in a Malaysian company

Gains from disposal of shares are regarded as capital gains and normally not subject to income tax except for shares held in real property companies ("**RPC**") or if the gains arising from the disposal of the ordinary shares are construed to be of an income nature will be subject to tax. Hence, any profits derived from the disposal of ordinary shares are not taxable in Malaysia unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares will be taxable or if the shares are RPC shares. Likewise, if the gains are regarded by the Inland Revenue Board of Malaysia as having arisen from the carrying on of a trade or business in Malaysia, such gains may be taxed as trading income.

Stamp Duty

Transfer of shares in a Malaysian company is subject to stamp duty on the instrument of transfer of shares executed in Malaysia at the rate of 0.3% of the value of shares transferred. Stamp duty is payable by the transferee within 30 days from the date of the instrument of transfer.

TAXATION

Based on the guidelines issued by the Stamp Duty Unit of the IRB on 21 April 2001, the value of the shares (i.e. shares not quoted on Bursa Malaysia) transferred for stamp duty purposes is determined as follows:

- (a) In cases where sale of shares requires the approval of the Securities Commission, the price/value per share as approved by SC may be accepted.
- (b) In cases of companies incurring losses, the par value or net tangible assets or sale consideration whichever the highest is to be used.
- (c) In other cases, a comparison is to be made between net tangible assets, price earning multiple/price earnings ratio and sale consideration whichever is the highest to be used.

Goods and Services Tax (“GSTM”)

GSTM is a tax on domestic consumption of goods and services and on the importation of goods into Malaysia. The standard rate of GSTM is currently 6.0%. GSTM was taxed at the rate of 6.0%, unless specially reduced to 0% or exempted by Goods and Services Tax (Exempt Supply) Order 2014 (“GST Orders”). With effect from 1 June 2018, GSTM was taxed at the rate of 0%.

The buying or selling of ordinary shares is an exempt supply as set out in the Second Schedule of the GST Orders i.e. when a share is bought or sold there will be no GSTM on the gross contract amount, which is price x quantity of the securities. However, the supply of services relating to the buying and selling of shares such as clearing and settlement, brokerage etc. for which fees or commission are charged, will be subject to GSTM at the standard rate of 6.0%.

The Malaysian Goods and Service Tax Act was repealed on 1 September 2018.

Sales and Services Tax (“SST”)

SST is made up of two (2) separate taxes i.e. sales tax and services tax. Sales tax is imposed on taxable goods sold by registered manufacturers in Malaysia or on imported goods at 10.0%, unless specially reduced to 5.0% or exempted by Sales Tax Orders.

Service tax is imposed on a specific list of taxable services which are provided under the Service Tax Regulations 2018 at the rate of 6.0%.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the Depository Register maintained by the CDP will not be treated, under the Companies Act and our Constitution, as members of our Company in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP.

The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transfers and settlements pursuant to on-exchange trades will be charged on fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

CLEARANCE AND SETTLEMENT

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal “ready” basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, KEY EXECUTIVE AND CONTROLLING SHAREHOLDERS

1. Save as disclosed below, none of our Directors, Key Executive and Controlling Shareholders:
 - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;
 - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or key executive at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him or her;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) has, at any time during the last 10 years, had judgement entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, nor has he or she been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) has ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he or she was so concerned with entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings or assisted in any investigation, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosure in respect of Chee Yew Fei

An order was made against Chee Yew Fei in 2001 by the Kuantan High Court of Malaysia pursuant to the bankruptcy petitions filed by Tractors Malaysia (1982) Sdn Bhd (“**Tractors**”), Hong Leong Finance Bhd (“**Hong Leong Finance**”) and RHB Bank Bhd (“**RHB**”) (collectively, the “**Creditors**”). Tractors had filed a bankruptcy petition against our CEO, Chee Yew Fei who acted as the guarantor for Tangkai Maju Sdn Bhd (“**Tangkai Maju**”), a company where he had equity interests in, when Tangkai Maju failed to make repayment for the purchase of certain machinery and equipment. Subsequently, Chee Yew Fei paid a settlement amount of approximately MYR75,000. As Tangkai Maju also had hire purchase facilities for machineries (“**HP Facilities**”) provided by Hong Leong Finance and RHB, the cross-default clause was triggered, thereby resulting in Hong Leong Finance and RHB also filing bankruptcy petitions against him in his capacity as personal guarantor. Subsequently, Chee Yew Fei paid an aggregate settlement amount of MYR850,000 to Hong Leong Finance and RHB.

As our CEO, Chee Yew Fei had made full payment of the settlement amounts of approximately MYR925,000 in aggregate to the Creditors, he has been fully discharged and the bankruptcy order was annulled on 17 August 2010 pursuant to an order dated 17 August 2010 by the High Court of Malaya.

2. There is no shareholding qualification for Directors under the Constitution of our Company.

GENERAL AND STATUTORY INFORMATION

3. Save as disclosed in the sections entitled “Restructuring Exercise” and “Interested Person Transactions” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or our subsidiaries, or are proposed to be acquired or disposed of by or leased to, our Company or our subsidiaries.
4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
5. Save as disclosed above and in the sections entitled “Interested Person Transactions – Potential Conflict of Interests” and “Restructuring Exercise” of this Offer Document:
 - (a) None of our Directors, Key Executive, Substantial Shareholders or any of their associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
 - (b) None of our Directors, Key Executive, Substantial Shareholders or any of their associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
 - (c) None of our Directors, Key Executive, Substantial Shareholders or any of their associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
 - (d) None of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

SHARE CAPITAL

6. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Constitution of our Company.
7. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three (3) years preceding the Latest Practicable Date.
8. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries has been issued, or are proposed to be issued, as fully or partially paid for cash or for a consideration other than cash, during the last three (3) years preceding the Latest Practicable Date.

GENERAL AND STATUTORY INFORMATION

9. No option to subscribe for shares in, or debentures of, our Company or our subsidiaries has granted to, or was exercised by, any of our Directors or Key Executive.
10. Apart from the Fortress Employee Share Option Scheme, our Company does not have any arrangement that involves the issue or grant of options or shares to the Directors or employees of our Group.

CONSTITUTION

11. Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with the registration number 201732608K.
12. A summary of our Constitution relating to, among others, the Directors' powers to vote on contracts in which they are interested, Directors' remuneration, Directors' borrowing powers, Directors' retirement, Directors' share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in Appendix D entitled "Selected Extracts of our Constitution" of this Offer Document. The Constitution is available for inspection at our registered office as stated in the section entitled "General and Statutory Information – Documents Available for Inspection" of this Offer Document.

MATERIAL CONTRACTS

13. The following contracts, not being contracts entered into in the ordinary course of business, were entered into by our Company or our subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document, and are or may be material:
 - (a) the Cornerstone Subscription Agreements in relation to the subscription for the Cornerstone Shares by the Cornerstone Investors, referred to in the section entitled "Shareholding and Ownership Structure – Cornerstone Investors" of this Offer Document;
 - (b) the FMSB SPA referred to in the section entitled "Restructuring Exercise" of this Offer Document;
 - (c) the Call Option Agreement referred to in the section entitled "Interested Person Transactions – Potential Conflict of Interests" of this Offer Document;
 - (d) the Service Agreement and Appointment Letter referred to in the section entitled "Directors, Management and Employees – Service Agreement and Appointment Letter" of this Offer Document; and
 - (e) the Iron Ore Mining Agreement dated 10 April 2016 entered into between LTAWNT, WSB and Fortress Mining for the purposes of Fortress Mining to mine, extract, process and sell iron ore, referred to in the section entitled "General Information on our Group – The Iron Ore Mining Agreement" of this Offer Document.

GENERAL AND STATUTORY INFORMATION

MATERIAL LITIGATION

14. Save as disclosed below, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group's financial position and/or profitability:

Our wholly-owned subsidiary, Fortress Mining, has filed a claim of MYR700,000 against Wan Yahaya Bin Wan Awang ("**1st Defendant**") and Wan Mahadi Bin Wan Yahaya ("**2nd Defendant**", together with the 1st Defendant, the "**Defendants**"). The claim arose as the Defendants had failed to return Fortress Mining the total deposit¹⁷ of MYR700,000 that had been paid by Fortress Mining pursuant to an agreement entered into between the 2nd Defendant and Fortress Mining. Fortress Mining had commenced legal action against the Defendants on the grounds that the aforementioned agreement was frustrated due to the imposition of moratorium by the government. The parties, upon mediation, has entered into a consent judgment dated 18 January 2017, pursuant to which the Defendants shall pay the sum of MYR700,000 to Fortress Mining by way of instalments. On 26 June 2018, the Defendants proposed to settle the matter for the amount of MYR665,743.95 to be paid in instalments which Fortress Mining agreed. The Defendants have paid the amount of MYR300,000 to Fortress Mining on 5 July 2018. Subsequently, Fortress Mining had agreed to grant an extension of time to the Defendants to make payment of the remaining balance of MYR365,743.95 with interest charges of 5.0% per annum thereon. The Defendants and Fortress Mining eventually agreed on 15 October 2018 to settle the remaining balance of MYR350,000 with a waiver of the accrued interest in three (3) instalments. As at the Latest Practicable Date, the sum of MYR350,000 has been fully received by our Company.

Please refer to Appendix E entitled "Legal Opinion from Azman Davidson & Co." of this Offer Document for further details.

MANAGEMENT AND PLACEMENT ARRANGEMENTS

15. Pursuant to the Management Agreement dated 19 March 2019 entered into between our Company and PPCF, our Company has appointed (a) PPCF to sponsor and manage the Listing and PPCF will receive a management fee for such services rendered.
16. Pursuant to the Placement Agreement dated 19 March 2019 entered into between our Company and PPCF as the Placement Agent, our Company appointed PPCF as the Placement Agent and PPCF has agreed to procure subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for each Placement Share, to be paid by our Company. PPCF may, at its absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.
17. Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price to the Placement Agent (and the prevailing GST, if applicable). Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms

¹⁷ Our Company understands that generally it is market practice in Malaysia for tribute to be paid to the land owner by the appointed contractor for the removal of products mined or produced from the land. An initial tribute amount would usually be paid up-front to the land owner upon entering into an agreement, which may be used to offset against future tribute payments (up to the amount of the initial tribute payment that was made). Such an arrangement is also included as part of the Iron Ore Mining Agreement with LTAWNT. Accordingly, the agreement had provided for Fortress Mining to pay a total sum of MYR700,000 up-front, as the 1st Defendant was land owner then.

GENERAL AND STATUTORY INFORMATION

granted within the two (2) years preceding the date of this Offer Document or is payable to any Director, promoter, expert, proposed Director or any other person for purchasing and/or subscribing or agreeing to purchase and/or subscribe or procuring or agreeing to procure purchase and/or subscriptions for any shares in, or debentures of, our Company or any of our Subsidiaries.

18. The Management Agreement may be terminated by PPCF, the Sponsor and Issue Manager at any time on or before the close of the Application List, on the occurrence of certain events including the following:
- (a) PPCF becomes aware of any inaccuracy or misrepresentation by our Company and/or our respective agent(s) or any breach of any of the warranties, representations, covenants or undertakings given by our Company to PPCF in the Management Agreement;
 - (b) if any of the conditions specified in the Management Agreement has not been satisfied or waived by PPCF on or before the Closing Date;
 - (c) if there shall have been or come into effect, since the date of the Management Agreement:
 - (i) in the reasonable opinion of PPCF, any material adverse effect, or any development involving a prospective material adverse effect; or
 - (ii) in any relevant jurisdiction, any introduction or prospective introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including without limitation, any directive or request issued by the SGX-ST) or in the interpretation or application thereof by any court or other competent authority; or
 - (iii) any material adverse change, or any development involving a prospective material adverse change or crisis, in local, national or international monetary, financial and capital markets (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist); or
 - (iv) any material adverse change, or any development involving a prospective material adverse change, in local, national or international securities or stock markets or financial markets; or
 - (v) any occurrence or any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict that may have a material adverse effect on the financial markets; or
 - (vi) any regional or local outbreak of disease that may have a material adverse effect on the financial markets; or

GENERAL AND STATUTORY INFORMATION

- (vii) any event or series of events in the nature of *force majeure* (including without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, acts of God, accident, epidemics, earthquakes or interruption or delay in transportation); or
- (viii) any material adverse change, or any development involving a prospective material adverse change, in the business, trading position, operations or prospects of the Company or of the Group as a whole; or
- (ix) any material adverse change, or any development involving a prospective material adverse change, which make it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for PPCF to observe or perform or be obliged to observe or perform the terms of this Agreement,

which event(s) shall in the reasonable opinion of PPCF (1) be likely to prejudice the success of the placement or issue of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or be likely to have a material adverse effect or a material adverse effect on the Placement, or (2) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole, or (3) make it impracticable or inadvisable to proceed with the subscription, sale, placement, issue or transfer of the Placement Shares, or (4) be such that no reasonable full sponsor or issue manager would have entered into the Management Agreement or (5) result in a material fluctuation or material adverse conditions in the SGX-ST (including Catalist) which event(s) shall in the reasonable opinion of the Placement Agent exercised in good faith be likely to have a material adverse effect on the Placement, or (6) make it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for PPCF to observe or perform or be obliged to observe or perform the terms of the Management Agreement;

- (d) a stop order is issued by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority pursuant to the Securities and Futures Act (notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST);
- (e) if the SGX-ST or MAS or other regulatory body having authority over our Company shall make any ruling (or revoke any ruling previously made) the effect of which would restrict or impede the listing and quotation of the Placement Shares;
- (f) if the issue and subscription and/or sale and transfer of the Placement Shares in accordance with the provisions of this Agreement shall be prohibited by any statute, order, regulation or directive issued by, or objected to by, any legislative, executive or regulatory body or authority of Singapore or elsewhere (including without any limitation, the MAS and the SGX-ST); or
- (g) there is a conflict of interest for PPCF, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of PPCF.

GENERAL AND STATUTORY INFORMATION

Notwithstanding anything herein contained, PPCF may by notice in writing to the Company terminate the Management Agreement if:

- (a) there comes to the notice of PPCF (1) any statement contained in this Offer Document or Application Forms relating hereto which in the sole and absolute opinion of PPCF has become untrue, incorrect or misleading in any material respect; or (2) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the sole and absolute opinion of PPCF, a material omission of such information, and the Company fails to lodge a supplementary or replacement Offer Document or document within a reasonable time after being notified of such a material misrepresentation or omission or fails to promptly take such steps as PPCF may reasonably require to inform investors of the lodgement of such supplementary Offer Document or document; or
 - (b) our Company has not been admitted to the Official List of Catalist or there is no listing or quotation for trading of the Shares or the Placement Shares on Catalist on or before 30 April 2019 (or such other date as the Company and PPCF and the SGX-ST may agree).
19. The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon, *inter alia*, the following:
- (a) this Offer Document having been registered by the SGX-ST, acting as agent on behalf of the Authority, by the date of registration in accordance with the Catalist Rules;
 - (b) the notice of registration (“**Registration Notice**”) being issued or granted by the SGX-ST acting as agent on behalf of the Authority and such Registration Notice not being revoked or withdrawn on or prior to the Closing Date;
 - (c) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the Registration Notice (if any), where such conditions are required to be complied with by the Closing Date;
 - (d) the SGX-ST not having withdrawn or changed the terms and conditions of its listing and quotation notice for the admission of our Company to the Official List of Catalist (“**Admission**”) and our Company having complied with any conditions contained therein required to be complied with prior to the Admission;
 - (e) such approvals as may be required for the transactions described in the Placement Agreement and in this Offer Document in relation to the Admission and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as which Company and the Placement Agent may agree in writing);
 - (f) the offer, allotment, issue, transfer and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to our Company or the Placement Agent;

GENERAL AND STATUTORY INFORMATION

- (g) there not having occurred, in the reasonable opinion of the Placement Agent, any material adverse effect or any development likely to involve a prospective material adverse effect, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Placement Agent, is or is likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the secondary market nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations contained in the Placement Agreement nor any breach by the Company of any of its obligations;
 - (h) the compliance by our Company with all applicable laws and regulations concerning the Admission, the listing of the Shares on Catalist and the transactions contemplated in the Placement Agreement and this Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the listing of the Shares, the Placement Shares on Catalist;
 - (i) the letters of undertaking referred to in this Offer Document under the heading “Moratorium” being executed and delivered to PPCF before the date of registration of this Offer Document;
 - (j) the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement; and
 - (k) the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all respects as at the Closing Date and our Company having performed all of its obligations hereunder to be performed on or before the Closing Date.
20. In the reasonable opinion of our Directors, save as disclosed below, PPCF, the Sponsor, Issue Manager and Placement Agent does not have a material relationship with our Group:
- (a) PPCF is the Sponsor, Issue Manager and Placement Agent of the Listing and the Placement;
 - (b) PPCF will be the Continuing Sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist; and
 - (c) pursuant to the Management Agreement and as part of PPCF's fees as the Sponsor and Issue Manager, our Company will allot and issue the PPCF Shares to PPCF. Upon completion of the relevant moratorium period as set out in the section entitled “Shareholding and Ownership Structure – Moratorium” of this Offer Document, PPCF will dispose its shareholding interest in our Company at its discretion.

GENERAL AND STATUTORY INFORMATION

MISCELLANEOUS

21. The nature of the business of our Company has been stated earlier in this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled “Group Structure” of this Offer Document.
22. Save as disclosed in the section entitled “Restructuring Exercise” of this Offer Document, there has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of lodgement of this Offer Document.
23. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
24. No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
25. Save as disclosed in this Offer Document, no amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
26. Save as disclosed in the sections entitled “General and Statutory Information – Management and Placement Agreements” and “Use of Proceeds and Listing Expenses” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiaries.
27. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Banker. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
28. As at the Latest Practicable Date, there have been no material changes since the effective date of the Qualified Person’s Report. Please refer to the section entitled “Appendix F – Qualified Person’s Report” of this Offer Document for further details.
29. SRK Consulting (Australasia) Pty Ltd, the Independent Qualified Person and Independent Valuer, has reviewed the information contained in this Offer Document, which relates to the Qualified Person’s Report and Independent Valuation Report and confirms that the information presented is accurate, balanced, complete and not inconsistent with the Qualified Person’s Report and Independent Valuation Report.

GENERAL AND STATUTORY INFORMATION

30. SRK Consulting (Australasia) Pty Ltd, the Independent Qualified Person and Independent Valuer, has confirmed that the Qualified Person's Report and Independent Valuation Report do not include blanket disclaimers or contain indemnities for fraud and gross negligence.
31. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
32. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) the business and financial prospects and any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and services and known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues, profitability, liquidity, capital resources or operating income or that would cause financial information disclosed to be not necessarily indicative of the future operating results or financial condition of our Company.
33. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since 1 September 2018 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.
34. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the last three (3) financial years are as follows:

Name, Professional Qualification and Address	Partner-in-charge/Professional Qualification
---	---

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Leong Hon Mun Peter
(Chartered Accountant, a member of the
Institute of Singapore Chartered
Accountants)

We currently have no intention of changing our auditors after the Listing of our Company.

GENERAL AND STATUTORY INFORMATION

CONSENTS

35. The Independent Auditor and Reporting Accountant, BDO LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditors’ Report and Audited Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018” as set out in Appendix A of this Offer Document and the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix B of this Offer Document the “Independent Auditors’ Assurance Report and Unaudited Pro Forma Combined Financial Information of Fortress Minerals Limited and its subsidiaries for the Financial Year End 28 February 2018 and for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix C of this Offer Document and all references thereto, in the form and context in which they appear in this Offer Document, and all references to its name in the form and context in which it appears in this Offer Document, and to act in such capacity in relation to this Offer Document.
36. SRK Consulting (Australasia) Pty Ltd has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Qualified Person’s Report and Independent Valuation Report as set out respectively in Appendices F and G of this Offer Document and all references thereto, in the form and context in which they appear in this Offer Document, and all references to its name in the form and context in which it appears in this Offer Document, and to act in such capacity in relation to this Offer Document.
37. Azman Davidson & Co. has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its legal opinion set out in Appendix E of this Offer Document and all references thereto, in the form and context in which it appears in this Offer Document, and all references to its name in the form and context in which it appears in this Offer Document, and to act in such capacity in relation to this Offer Document.
38. The Sponsor, Issue Manager and Placement Agent, the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Share Registrar, the Principal Bankers and the Receiving Banker, have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their name and all references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
39. Each of the Legal Adviser to our Company on Singapore Law, the Share Registrar, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any persons which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

40. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS FOR INSPECTION

41. The following documents or copies thereof may be inspected at our registered office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours for a period of six (6) months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
- (a) the Constitution of our Company;
 - (b) the “Independent Auditors’ Report and Audited Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Years Ended 29 February 2016, 28 February 2017 and 28 February 2018” as set out in Appendix A of this Offer Document;
 - (c) the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Fortress Minerals Limited and its Subsidiaries for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix B of this Offer Document;
 - (d) the “Independent Auditors’ Assurance Report and Unaudited Pro Forma Combined Financial Information of Fortress Minerals Limited and its Subsidiaries for the Financial Year Ended 28 February 2018 and for the Financial Period from 1 March 2018 to 31 August 2018” as set out in Appendix C of this Offer Document;
 - (e) the legal opinion from Azman Davidson & Co. as set out in Appendix E of this Offer Document;
 - (f) the Qualified Person’s Report as set out in Appendix F of this Offer Document;
 - (g) the Independent Valuation Report as set out in Appendix G of this Offer Document;
 - (h) the Services Agreement and Appointment Letter referred to in the section entitled “Directors, Management and Employees – Service Agreement and Appointment Letter” of this Offer Document;
 - (i) the third party quotation report referred to in the section entitled “Interested Person Transactions” of this Offer Document;

GENERAL AND STATUTORY INFORMATION

- (j) the letters of consent referred to in the section entitled “General and Statutory Information – Consents” above;
- (k) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” above; and
- (l) the rules of the Fortress Employee Share Option Scheme.

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED
COMBINED FINANCIAL STATEMENTS OF FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED
29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

**FORTRESS MINERALS LIMITED
and its subsidiaries**

Independent Auditors’ Report And Audited Combined Financial Statements
For the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

We, Chee Yew Fei and Ng Mun Fey, being two of the directors of Fortress Minerals Limited (the “Company”), do hereby state that, in the opinion of the Board of Directors,

- the accompanying combined financial statements together with notes thereon as set out on pages A-6 to A-67 are drawn up in accordance with the Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Company and its subsidiaries (the “Group”) as at 29 February 2016, 28 February 2017 and 28 February 2018, and of the financial performance, changes in equity and cash flows of the Group for the financial years ended on those dates; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Chee Yew Fei
Director

Ng Mun Fey
Director

Singapore
19 March 2019

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

19 March 2019

The Board of Directors
Fortress Minerals Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Fortress Minerals Limited (the "Company") and its subsidiaries (the "Group") which comprise the combined statements of financial position of the Group as at 29 February 2016, 28 February 2017 and 28 February 2018, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 and a summary of significant accounting policies and other explanatory notes as set out on pages A-6 to A-67.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the combined financial position of the Group as at 29 February 2016, 28 February 2017 and 28 February 2018 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair combined financial statements and to maintain accountability of assets.

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018
(Continued)**

Report on the Audit of the Combined Financial Statements (Continued)

*Responsibilities of Management and Directors for the Combined Financial Statements
(Continued)*

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018
(Continued)**

Report on the Audit of the Combined Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Combined Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in relation to the proposed initial public offering of ordinary shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

	Note	2016 US\$	2017 US\$	2018 US\$
ASSETS				
Non-current assets				
Exploration and evaluation assets	5	358,545	405,379	–
Mining properties	6	–	–	7,009,136
Plant and equipment	7	37,761	2,053,998	7,301,357
		<u>396,306</u>	<u>2,459,377</u>	<u>14,310,493</u>
Current assets				
Inventories	8	304,652	–	222,901
Trade receivables	9	3,066,975	–	51,844
Other receivables, deposits and prepayment	10	279,051	1,348,998	2,359,180
Amount owing from a related company	11	124,001	–	–
Current income tax recoverable		–	–	142,446
Cash and bank balances	12	697,978	45,791	40,956
		<u>4,472,657</u>	<u>1,394,789</u>	<u>2,817,327</u>
Total assets		<u><u>4,868,963</u></u>	<u><u>3,854,166</u></u>	<u><u>17,127,820</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	13	267,673	267,673	267,675
Other reserves	14	110,097	384,757	607,168
Retained earnings		<u>1,004,580</u>	<u>1,079,655</u>	<u>668,262</u>
Total equity		<u><u>1,382,350</u></u>	<u><u>1,732,085</u></u>	<u><u>1,543,105</u></u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016, 28 FEBRUARY 2017 AND 28 FEBRUARY 2018 (Continued)**

	Note	2016 US\$	2017 US\$	2018 US\$
Non-current liabilities				
Borrowings	15	–	19,508	16,585
Deferred tax liability	17	–	8,105	54,703
Amount owing to ultimate holding company	19	–	1,350,214	–
		–	1,377,827	71,288
Current liabilities				
Other payables and accruals	18	1,762,243	609,191	786,445
Amount owing to ultimate holding company	19	644,928	–	–
Amount owing to a related party	20	–	–	660,634
Amount owing to shareholders	21	–	–	14,060,255
Amount owing to a Director	22	131,362	–	–
Provision for taxation		512,394	130,074	–
Borrowings	15	435,686	4,989	6,093
		3,486,613	744,254	15,513,427
Total liabilities		3,486,613	2,122,081	15,584,715
Total equity and liabilities		4,868,963	3,854,166	17,127,820

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

	Note	2016 US\$	2017 US\$	2018 US\$
<u>Continuing operations</u>				
Revenue		–	–	–
Cost of sales		–	–	–
Gross profit		–	–	–
Other operating income	23	25,785	630,476	958,575
Other operating expenses		(135,871)	(459,291)	(535,065)
Administrative expenses		(163,027)	(417,966)	(398,869)
Finance costs	25	–	(1,108)	(381,850)
Loss before tax from continuing operations	26	(273,113)	(247,889)	(357,209)
Income tax expense	27	–	–	(54,184)
Loss from continuing operations, net of tax		(273,113)	(247,889)	(411,393)
<u>Discontinued operations</u>				
Profit from discontinued operations, net of tax	28	2,097,388	322,964	–
Profit/(Loss) for the financial year attributable to owners of the Company		<u>1,824,275</u>	<u>75,075</u>	<u>(411,393)</u>
Loss per share from continuing operations	29			
– Basic and diluted (cents per share)		<u>(0.06)</u>	<u>(0.06)</u>	<u>(0.10)</u>
Earnings/(Loss) per share	29			
– Basic and diluted (cents per share)		<u>0.43</u>	<u>0.02</u>	<u>(0.10)</u>
Profit/(Loss) for the financial year attributable to owners of the Company		1,824,275	75,075	(411,393)
<i>Other comprehensive income</i>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange difference on translating foreign operation		(714)	(108,955)	222,411
Other comprehensive income for the financial year, net of tax		(714)	(108,955)	222,411
Total comprehensive income for the financial year attributable to owners of the Company		<u>1,823,561</u>	<u>(33,880)</u>	<u>(188,982)</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

	Note	Share capital US\$	(Accumulated losses)/ Retained earnings US\$	Foreign currency translation reserve US\$	Total equity US\$
Balance at 1 March 2015		1	(819,695)	110,811	(708,883)
Profit for the financial year		–	1,824,275	–	1,824,275
<u>Other comprehensive income</u>					
Exchange difference on translating foreign operation		–	–	(714)	(714)
Other comprehensive income for the financial year, net of tax		–	–	(714)	(714)
Total comprehensive income for the financial year		–	1,824,275	(714)	1,823,561
Contributions by owners					
Issue of shares	13	267,672	–	–	267,672
Total transactions with owners		267,672	–	–	267,672
Balance at 29 February 2016		267,673	1,004,580	110,097	1,382,350

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018 (Continued)**

	Note	Share capital US\$	Retained earnings US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Total equity US\$
Balance at 1 March 2016		267,673	1,004,580	–	110,097	1,382,350
Profit for the financial year		–	75,075	–	–	75,075
<u>Other comprehensive income</u>						
Exchange difference on translating foreign operation		–	–	–	(108,955)	(108,955)
Other comprehensive income for the financial year, net of tax		–	–	–	(108,955)	(108,955)
Total comprehensive income for the financial year		–	75,075	–	(108,955)	(33,880)
Contributions by owners						
Interest free loan from ultimate holding company	19	–	–	383,615	–	383,615
Total transactions with owners		–	–	383,615	–	383,615
Balance at 28 February 2017		<u>267,673</u>	<u>1,079,655</u>	<u>383,615</u>	<u>1,142</u>	<u>1,732,085</u>
Balance at 1 March 2017		267,673	1,079,655	383,615	1,142	1,732,085
Loss for the financial year		–	(411,393)	–	–	(411,393)
<u>Other comprehensive income</u>						
Exchange difference on translating foreign operation		–	–	–	222,411	222,411
Other comprehensive income for the financial year, net of tax		–	–	–	222,411	222,411
Total comprehensive income for the financial year		–	(411,393)	–	222,411	(188,982)
Contributions by owners						
Issue of shares	13	2	–	–	–	2
Total transactions with owners		2	–	–	–	2
Balance at 28 February 2018		<u>267,675</u>	<u>668,262</u>	<u>383,615</u>	<u>223,553</u>	<u>1,543,105</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

	Note	2016 US\$	2017 US\$	2018 US\$
Operating activities				
Loss before tax from continuing operations		(273,113)	(247,889)	(357,209)
Profit before tax from discontinued operations		2,630,656	484,317	–
Profit/(Loss) before tax, total		2,357,543	236,428	(357,209)
Adjustments for:				
Gain on disposal of plant and equipment		–	–	(633)
Unrealised foreign exchange loss		115,704	–	16,791
Impairment loss on exploration and evaluation assets	5	–	190,243	–
Depreciation of plant and equipment	7	7,238	18,116	10,263
Interest income		(1,229)	(6,522)	(192)
Interest expense		63,787	6,551	381,850
Operating profit before working capital changes		2,543,043	444,816	50,870
Working capital changes:				
Inventories		(317,063)	304,995	(207,043)
Trade and other receivables		(3,502,612)	1,914,724	(720,514)
Trade and other payables		1,589,788	(1,116,167)	87,636
Amount owing to a related party		–	–	613,634
Cash generated from/(used in) operations		313,156	1,548,368	(175,417)
Tax paid		–	(527,329)	(281,547)
Net cash flow generated from/(used in) operating activities		313,156	1,021,039	(456,964)

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018 (Continued)**

	Note	2016 US\$	2017 US\$	2018 US\$
Investing activities				
Additions of exploration and evaluation assets	5	(373,151)	(262,537)	(1,210,406)
Additions to mine properties	6	–	–	(4,948,601)
Additions of plant and equipment	7	(46,537)	(2,136,163)	(4,734,016)
Proceeds on disposal of exploration and evaluation assets	5	–	–	83,109
Proceeds on disposal of plant and equipment		–	–	9,023
Interest received		1,229	6,522	192
Net cash flow used in investing activities		<u>(418,459)</u>	<u>(2,392,178)</u>	<u>(10,800,699)</u>
Financing activities				
Proceeds from issuance of ordinary shares	13	267,672	–	2
Interest paid		(63,787)	(6,551)	(381,850)
Net drawdown/(repayment) of borrowings (Note A)		434,327	(420,931)	(4,794)
Repayment from immediate holding company		32,585	–	–
Advances from/(Repayment to) ultimate holding company (Note A)		168,818	1,174,321	(1,425,285)
Advances from shareholders (Note A)		–	–	13,059,961
(Repayments to)/Advances from a related company (Note A)		(129,052)	124,140	–
Advances from/(Repayments to) a Director (Note A)		79,039	(131,510)	–
(Increase)/Decrease in deposits pledged with a licensed bank		<u>(453,215)</u>	<u>435,965</u>	<u>–</u>
Net cash flow generated from financing activities		<u>336,387</u>	<u>1,175,434</u>	<u>11,248,034</u>
Net change in cash and cash equivalents		231,084	(195,705)	(9,629)
Effect of exchange rate changes on cash and cash equivalents		(33,772)	(2,647)	4,794
Cash and cash equivalents at beginning of financial year		<u>46,831</u>	<u>244,143</u>	<u>45,791</u>
Cash and cash equivalents at end of financial year	12	<u><u>244,143</u></u>	<u><u>45,791</u></u>	<u><u>40,956</u></u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018 (Continued)**

Note A: Changes in liabilities arising from financing activities

	At 1 March 2017 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 28 February 2018 US\$
Borrowings	24,497	(4,794)	2,975	22,678
Amount owing to ultimate holding company	1,350,214	(1,425,285)	75,071	–
Amount owing to shareholders	–	13,059,961	1,000,294	14,060,255
	<u>1,374,711</u>	<u>11,629,882</u>	<u>1,078,340</u>	<u>14,082,933</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

These notes form an integral part and should be read in conjunction with the combined financial statements.

These combined financial statements have been prepared for inclusion in the Offer Document of Fortress Minerals Limited (the “Company”) and its subsidiaries (the “Group”) and were authorised for issue by the Directors of the Company on 19 March 2019.

1. General corporate information

1.1 Domicile and activities

The Company was incorporated in Singapore on 13 November 2017 under the Singapore Companies Act, Chapter 50 (the “Act”) as a private limited liability company in the name of Fortress Minerals Pte. Ltd.. In connection with its conversion into a public company limited by shares, the Company changed its name from Fortress Minerals Pte. Ltd. to Fortress Minerals Limited on 20 February 2019. The registration number of the Company is 201732608K.

The Company’s registered office address is located at 8 Robinson Road #03-00 ASO Building Singapore 048544 and its principal place of business is located 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 1.3 to the combined financial statements.

1.2 Restructuring exercise

Prior to the Placement, a restructuring exercise (the “Restructuring Exercise”) was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

The details of the Restructuring Exercise are as follows:

(1) Incorporation of Fortress Resources Pte. Ltd. (“Fortress Resources”)

Fortress Resources was incorporated in Singapore on 8 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1 comprising 1 ordinary share held by the Company’s CEO, Chee Yew Fei.

(2) Incorporation of the Company

The Company was incorporated in Singapore on 13 November 2017 in accordance with the Companies Act as a private company limited by shares with an initial paid-up capital of S\$1 comprising 1 ordinary share held by the Company’s CEO, Chee Yew Fei.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(3) Increase in capital of the Company

The Company's CEO, Chee Yew Fei, Greger International Sdn. Bhd. ("GISB") and SDB Mining Sdn. Bhd. ("SDB Mining") had on 1 August 2018 subscribed for 529, 120 and 350 ordinary shares respectively. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of the Company was S\$1,000 comprising 1,000 ordinary shares.

(4) Incorporation of Fortress Logistics Sdn. Bhd. ("Fortress Logistics")

Fortress Logistics was incorporated in Malaysia on 3 September 2018 as a private company limited by shares with an initial paid-up capital of MYR2 comprising 2 ordinary shares held by Fortress Mining Sdn. Bhd ("Fortress Mining").

(5) Increase in capital of Fortress Logistics

Fortress Mining had on 4 September 2018 subscribed for 299,998 ordinary shares in the capital of Fortress Logistics. Following the completion of the aforementioned subscription, the resultant issued and paid-up share capital of Fortress Logistics was MYR300,000 comprising 300,000 ordinary shares.

(6) Incorporation of Fortress Industries Sdn. Bhd. ("Fortress Industries")

Fortress Industries was incorporated in Malaysia on 18 September 2018 as a private company limited by shares with an initial paid-up capital of MYR100,000 comprising 100,000 ordinary shares held by Fortress Mining.

(7) Acquisition of Fortress Resources by the Company

Pursuant to a share transfer instrument dated 30 November 2018, the Company acquired from the Company's CEO, Chee Yew Fei, the entire issued and paid-up share capital of Fortress Resources, at a nominal consideration of S\$1. The acquisition consideration was arrived at on a willing-buyer willing-seller basis, taking into account, amongst others, the NAV of Fortress Resources as at 31 August 2018, as Fortress Resources is a newly incorporated company with no operations prior to the Restructuring Exercise.

Following the completion of the above transaction, Fortress Resources became a wholly-owned subsidiary of the Company on 12 December 2018.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(8) Acquisition of Fortress Mining by the Company and capitalisation of Shareholders' Loans

Acquisition of Fortress Mining by the Company ("FMSB Acquisition")

Pursuant to a restructuring agreement dated 19 February 2019 entered into between the Pre-Restructuring FMSB Shareholders, Fortress Mining and the Company (the "FMSB SPA"), taking into account the unaudited NTA value of Fortress Mining as at 31 August 2018, it was agreed that the consideration payable to the Pre-Restructuring FMSB Shareholders for the acquisition of shares in the capital of Fortress Mining is as set out below:

Pre-Restructuring FMSB Shareholder	Consideration payable by our Company	
	MYR	S\$
YFCH	8,080,248	2,702,424
GISB	1,333,633	446,031
SDB Mining	5,805,226	1,941,547
Smith St Investment Pte. Ltd.	274,571	91,830
Western Capital Sdn. Bhd.	196,123	65,593
Total	15,689,801	5,247,425

Capitalisation of Shareholders' Loans ("Loan Capitalisation")

As at the Latest Practicable Date, an aggregate sum of MYR64.0 million (equivalent to approximately S\$21.4 million) was owing by Fortress Mining to the Pre-Restructuring FMSB Shareholders as set out below (collectively, the "Shareholders' Loans", and each, a "Shareholder's Loan"):

Pre-Restructuring FMSB Shareholder	Amount of Shareholder's Loan	
	MYR	S\$
YFCH	33,470,000	11,082,403
GISB	6,630,000	2,192,129
SDB Mining	23,000,000	7,618,625
Smith St Investment Pte. Ltd.	525,000	175,585
Western Capital Sdn. Bhd.	375,000	125,418
Total	64,000,000	21,194,160

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(8) Acquisition of Fortress Mining by the Company and capitalisation of Shareholders' Loans (Continued)

Capitalisation of Shareholders' Loans ("Loan Capitalisation") (Continued)

Pursuant to the FMSB SPA, it was agreed that simultaneously with the completion of the sale and purchase of the shares in the capital of Fortress Mining held by the Pre-Restructuring Shareholders, the Pre-Restructuring FMSB Shareholders shall assign MYR30.0 million (approximately S\$10.0 million) of the Shareholders' Loans to the Company in consideration of the allotment and issue of such number of Shares to the each of the Pre-Structuring FMSB Shareholders respectively.

Following the completion of the FMSB Acquisition and Loan Capitalisation, our Group allotted and issued new Shares to the Pre-Restructuring FMSB Shareholders as set out below:

Pre-Restructuring FMSB Shareholder	Number of new Shares allotted and issued
Y F Chee Holdings Pte. Ltd. (as designated by YFCH)	215,655,720
GISB	35,593,630
SDB Mining	154,937,150
Smith St Investment Pte. Ltd.	7,328,125
Western Capital Sdn. Bhd.	5,234,375
Total	418,749,000

Following the completion of the above transactions, the resultant issued and paid-up share capital of the Company was S\$15,179,328 comprising 418,750,000 ordinary shares.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(8) Acquisition of Fortress Mining by the Company and capitalisation of Shareholders' Loans (Continued)

Capitalisation of Shareholders' Loans ("Loan Capitalisation") (Continued)

Following the completion of the Loan Capitalisation, the Shareholders' Loans from Smith St Investment Pte. Ltd. and Western Capital Sdn. Bhd. have been fully repaid, while a portion of the Shareholder's Loan from SDB Mining of approximately MYR11.1 million (equivalent to approximately S\$3.6 million) was repaid. In respect of the remaining balance of the Shareholders' Loans, being MYR34.0 million (equivalent to approximately S\$11.4 million) owing to YFCH, GISB and SDB Mining:

- (a) each of YFCH, GISB and SDB Mining has committed not to demand any repayment of the respective amounts owing to them for a period of 18 months commencing from the date of admission of the Company to Catalist; but
- (b) Fortress Mining may repay the same at any time and in such amounts as it deems fit, provided always that any repayment to the YFCH, GISB and SDB Mining shall be made on a *pro rata* basis (the "Proposed Repayment"). The Proposed Repayment shall be subject to the approval in writing by the Audit Committee, after taking into consideration, without limitation, the general financial and business conditions, results of operations, earnings, capital expenditure, cash flow requirements and development plans of the Company at the time of the Proposed Repayment.

1.3 Details of subsidiaries

Upon completion of the Restructuring Exercise and as at the date of this report, the Company has the following subsidiaries:

Name of company	Principal place of business	Principal activities	Effective equity interest %
Fortress Mining Sdn. Bhd.	Malaysia	Acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals	100
Fortress Resources Pte. Ltd.	Singapore	Wholesale trade of a variety of goods without a dominant product	100

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

1. General corporate information (Continued)

1.3 Details of subsidiaries (Continued)

Name of company	Principal place of business	Principal activities	Effective equity interest %
Fortress Logistics Sdn. Bhd.	Malaysia	Transport of iron ore and minerals, renting of transport equipments and vehicles and supporting services for transport equipment and vehicles	100
Fortress Industries Sdn. Bhd.	Malaysia	Processing and pelletising of iron ore concentrate and other minerals and trading in minerals	100

2. Basis of preparation of combined financial statements

These combined financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries which are under common control. The combined financial statements of the Group for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiaries relationship was not established until after the Company formally acquired the share capital of the subsidiaries subsequent to the financial year ended 28 February 2018.

The audited combined financial statements of the Group for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) and on the historical cost except as disclosed in the accounting policies in Note 3 to the combined financial statements.

The statutory audited financial statements of all companies within the Group for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 covered by the combined financial statements were audited by the following firms of Chartered Accountants who issued unmodified audit opinions in their reports as follows:

Name of company	Auditors	Financial year
Fortress Mining Sdn. Bhd.	Khoo Wong & Chan Malaysia	Financial year ended 29 February 2016
	BDO, Malaysia	Financial years ended 28 February 2017 and 28 February 2018

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

2. Basis of preparation of combined financial statements (Continued)

For the purpose of inclusion in the combined financial statements, BDO had re-audited the financial statements for the financial year ended 29 February 2016.

Items included in the combined financial statements of the Company are measured using the currency of the primary economic environment in which the entities operate (“functional currency”). The combined financial statements are presented in United States Dollar (“US\$”) which is the functional currency and presentation currency of the Company.

The preparation of combined financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management’s best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

3. Summary of significant accounting policies

3.1 Changes in accounting policies

During the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018, the Group adopted the new or revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for each annual period respectively. Changes to the Group’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as detailed below.

FRS 7 (Amendments) Disclosure Initiative

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group adopted these amendments on 1 March 2017 and the additional disclosures have been included in the combined statements of cash flows.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective

Convergence with International Financial Reporting Standards (“IFRSs”)

On 29 December 2017, Accounting Standards Council Singapore issued SFRS(I)s, Singapore’s equivalent of the IFRSs. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and INT SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 9 and SFRS(I) 15 as disclosed below.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Convergence with International Financial Reporting Standards (“IFRSs”) (Continued)

SFRS(I) 9 Financial Instruments

Summary of the requirements

SFRS(I) 9 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

During the financial year, the Group completed its initial assessment of the impact on the Group’s financial statements.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Financial assets and liabilities currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9.

The new impairment requirements are not likely to result in significant changes in impairment loss allowance for trade and other receivables. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Convergence with International Financial Reporting Standards (“IFRSs”) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

Potential impact on the financial statements (Continued)

Under the new impairment model, the Group estimates that the impairment loss allowance on trade receivables and other receivables will not be significant when the new standard is adopted. The Group is currently finalising the policies and procedures in determining how to estimate the expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

The Group plans to adopt SFRS(I) 9 in the financial year beginning on 1 March 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

The Group will include additional financial statements disclosures in the financial year when SFRS(I) 9 is adopted.

SFRS(I) 15 and Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

Summary of the requirements

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Convergence with International Financial Reporting Standards (“IFRSs”) (Continued)

SFRS(I) 15 and Clarifications to SFRS(I) 15 Revenue from Contracts with Customers (Continued)

Summary of the requirements (Continued)

Clarifications to SFRS(I) 15 Revenue Contracts with Customers clarifies how to:

- (i) Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- (ii) Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- (iii) Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.

Potential impact on the financial statements

During the financial year, the Group completed its initial assessment of the impact on its financial statements.

The Group does not expect significant changes based on its initial assessment of revenue recognition as disclosed in Note 3.12 to the financial statements.

The Group plans to adopt the standard in the financial year beginning on 1 March 2018 with full retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

Applicable to financial statements for the financial year ending 28 February 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning on 1 January 2019, and have not been early adopted:

- SFRS(I) 1-19 *Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement*
- SFRS(I) 9 *Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation*

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Applicable to financial statements for the financial year ending 28 February 2020 and thereafter (Continued)

- SFRS(I) 1-28 *Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual improvements to SFRS(I) 2015-2017 cycle

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning 1 January 2020, and have not been early adopted:

- *Amendments to References to the Conceptual Framework in SFRS(I) Standards*
- *Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements*
- SFRS(I) 3: *Amendments to SFRS(I) 3: Definition of a Business*
- SFRS(I) 1-1 and SFRS(I) 1-8: *Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning 1 January 2021, and have not been early adopted:

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- SFRS(I) 10 and SFRS(I) 1-28 *Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above new SFRS(I), amendments to and interpretations of SFRS(I) will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below.

SFRS(I) 16 Leases

Summary of the requirements

SFRS(I) 16 eliminates the lessee’s classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Applicable to financial statements for the financial year ending 28 February 2020 and thereafter (Continued)

SFRS(I) 16 Leases (Continued)

Summary of the requirements (Continued)

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

Potential impact on the financial statements

On initial adoption of SFRS(I) 16, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of SFRS(I) 16, the Group will be required to capitalise its land and other operating facilities on the combined statement of financial position by recognising them as ‘right-of-use’ assets and their corresponding lease liabilities for the present value of future lease payments. The Group plan to adopt the standard in the financial year beginning on 1 March 2019 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in the financial statements for that financial year.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) issued but not yet effective (Continued)

Reconciliation of FRS to SFRS(I)

On 19 January 2018, Monetary Authority of Singapore (“MAS”) announced those entities who lodge prospectus with MAS on or after 1 January 2018 are required to prepare the restatement of up to 3 years of historical audited financial statements in accordance with SFRS (I) in the prospectus. However, transition relief was also given for these entities that choose to lodge a prospectus on or after 1 January 2018 using the current FRS by including the followings:

- audited statements of reconciliation of the four primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows) prepared in accordance with the FRS, and the respective financial statements prepared in accordance with the new framework, SFRS (I) for the historical financial information for the annual period beginning on or after 1 January 2017; and
- notes to describe any differences between the financial figures of the audited annual financial statements prepared in accordance with the FRS, and the financial figures of the annual financial statements prepared in accordance with the SFRS(I).

The Group has elected the transition relief to prepare the combined financial statements using the current FRS.

An assessment has been made with respect to the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1. There is no impact on the combined financial statements of the Group arising from the assessment on the adoption of SFRS(I). Accordingly, no audited reconciliation of the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the most recent completed financial year has been presented.

3.2 Basis of combination

The combined financial statements comprise the financial statements of the Company and its subsidiaries made up to end of the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.2 Basis of combination (Continued)

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiary are combined from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the combined financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

3.3 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

	Years
Furniture and fittings	5
Office equipment	5
Site equipment	5
Plant and machinery	5 to 10
Motor vehicles	5

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.3 Plant and equipment (Continued)

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Capital work-in progress represents installation of equipment in progress. The depreciation of capital work-in-progress begin when they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

3.4 Exploration, evaluation and development (“E,E&D”) assets

Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group have obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are stated at cost less accumulated impairment losses, if any. Exploration and evaluation costs include the cost of acquiring exploration rights, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies, gaining access to areas of interest including occupancy and relocation compensation and/or amortisation and depreciation charges in respect of assets consumed during the exploration and evaluation activities.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.4 Exploration, evaluation and development (“E,E&D”) assets (Continued)

Exploration and evaluation assets (Continued)

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are tested for impairment and transferred to development expenditures, a component of E,E&D assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

3.5 Subsidiary

Subsidiary is an entity over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

3.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset’s recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.6 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.8 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables” and “cash and cash equivalents” on the combined statements of financial position.

Recognition and derecognition

Financial assets are recognised on the combined statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial instrument. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

3.11 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.11 Financial liabilities (Continued)

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

- (i) Other payables and accruals, amount owing to ultimate holding company, amount owing to a Director and amount owing to a related party.

Other payables and accruals, amount owing to ultimate holding company and amount owing to a Director and amount owing to a related party, excluding advances received, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

- (ii) Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings using the effective interest method.

Recognition and derecognition

Financial liabilities are recognised on the combined statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.12 Revenue recognition

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented net of rebates and discounts.

3.13 Leases

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

3.14 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting period.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.15 Income tax (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

3.17 Discontinued operations

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

3.18 Mining property

The Company capitalises all cost related to mineral properties on a property-by-property basis. Such costs include mineral properties' acquisition costs and exploration and development expenditures, net of recoveries. These deferred expenditures will be amortised over estimated life of the properties following commencement of commercial production, or written off if the properties are sold, lapsed, abandoned or when impairment in value is determined to have occurred. Licenses cost paid in connection with a right to explore in existing exploration area are capitalised and amortised over the term of the permit.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

3. Summary of significant accounting policies (Continued)

3.18 Mining property (Continued)

During the production phase of a mine, stripping costs are accounted for as variable production costs and included in the cost of inventory produced during the period except for stripping costs incurred to provide access to sources of reserves that will be produced in future periods and would not otherwise have been accessible, which are capitalised to the cost of mineral properties and depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

The Company assesses the estimated life of mine at each reporting date and revises the estimated life of mine due to changes in the expected pattern of consumption. Revisions are not considered as errors, hence any revision in the estimated life of mine is accounted for prospectively as a change in accounting estimates.

Mine properties are not amortised until construction is completed and the assets are available for their intended use. This is signified by the formal commissioning of the mine for production.

Amortisation of mining expenditure is based on unit-of-production method over the reserves that directly benefit from the stripping activity. Management assesses the estimated reserves every year and the actual result may vary due to change in the technological developments, which resulting the adjustments to the mining expenditure. Amortisation of mining expenditure is capitalised under inventories and subsequently recognised in the profit or loss under cost of sales.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the combined financial statements except as discussed below.

(i) *Impairment of financial assets*

The Group follows the guidance of FRS 39 in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for a financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) *Allowance for impairment loss on doubtful receivables*

The management establishes allowance for doubtful receivables when it believes that payment of amounts owed is unlikely to occur. In establishing the allowance, the management considers the historical experience and the subsequent inability of the customers to make required payments. If the financial conditions of these customers were to deteriorate, resulting in impairment of the ability to make the required payments, additional allowance may be required. The carrying amounts of trade and other receivables of the Group as at 29 February 2016, 28 February 2017 and 28 February 2018 were US\$3,346,026, US\$1,348,998 and US\$2,411,024 respectively.

5. Exploration and evaluation assets

	2016	2017	2018
	US\$	US\$	US\$
Balance at beginning of financial year	–	358,545	405,379
Additions	–	23,239	141,864
Farm-in of interests during the financial year	373,151	239,298	1,068,542
Farm-out of interests during the financial year	–	–	(178,090)
Impairment loss recognised during the financial year	–	(178,833)	–
Transfer to mine properties (Note 6)	–	–	(1,437,695)
Foreign currency translation	(14,606)	(36,870)	–
Balance at end of financial year	<u>358,545</u>	<u>405,379</u>	<u>–</u>

The Group recognises its expenditures under the farm-in arrangements in respect of its own interest and that retained by the farmors, as and when the costs are incurred.

Recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

5. Exploration and evaluation assets (Continued)

In the financial year ended 28 February 2017, management impaired exploration and evaluation assets of the Group amounted to US\$190,243 because the Directors did not anticipate any future economic benefits associated with these exploration and evaluation assets.

In the financial year ended 28 February 2018, the Group disposed its exploration and evaluation assets for a consideration of US\$178,090 for which an amount of US\$94,981 remains outstanding. The Group wrote off the impairment of US\$178,833 provided previously upon the disposal of the asset.

Also in the same financial year, the Group transferred US\$1,437,695 from its exploration and evaluation assets to mining properties.

Movement in accumulated impairment loss is as follows:

	2016	2017	2018
	US\$	US\$	US\$
Balance at beginning of financial year	–	–	178,833
Charged during the financial year	–	190,243	–
Written-off during the financial year	–	–	(178,833)
Foreign currency translation	–	(11,410)	–
Balance at end of financial year	<u>–</u>	<u>178,833</u>	<u>–</u>

6. Mining properties

	2016	2017	2018
	US\$	US\$	US\$
Balance at beginning of financial year	–	–	–
Transfer from exploration and evaluation assets (Note 5)	–	–	1,437,695
Additions	–	–	5,050,248
Foreign currency translation	–	–	521,193
Balance at end of financial year	<u>–</u>	<u>–</u>	<u>7,009,136</u>

During the financial year ended 28 February 2018, the additions to mining properties includes the capitalisation of depreciation of plant and equipment of US\$101,647.

During the financial year, employee benefits expense of US\$846,544 (2017: US\$Nil; 2016: US\$Nil) was capitalised in mining properties and which includes contributions to defined contribution plans of US\$73,426 (2017: US\$Nil; 2016: US\$Nil).

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

7. Plant and equipment

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Cost							
Balance at 1 March 2015	–	–	–	–	–	–	–
Additions	124	498	45,915	–	–	–	46,537
Foreign currency translation	(4)	(20)	(1,797)	–	–	–	(1,821)
Balance at 29 February 2016	<u>120</u>	<u>478</u>	<u>44,118</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>44,716</u>
Accumulated depreciation							
Balance at 1 March 2015	–	–	–	–	–	–	–
Depreciation for the financial year	(25)	(100)	(7,113)	–	–	–	(7,238)
Foreign currency translation	1	4	278	–	–	–	283
Balance at 29 February 2016	<u>(24)</u>	<u>(96)</u>	<u>(6,835)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,955)</u>
Net carrying amount							
Balance at 29 February 2016	<u>96</u>	<u>382</u>	<u>37,283</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>37,761</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

7. Plant and equipment (Continued)

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Cost							
Balance at 1 March 2016	120	478	44,118	–	–	–	44,716
Additions	–	8,017	1,664	25,366	122,127	2,008,184	2,165,358
Foreign currency translation	(8)	(509)	(2,699)	(1,522)	(7,324)	(120,439)	(132,501)
Balance at 28 February 2017	<u>112</u>	<u>7,986</u>	<u>43,083</u>	<u>23,844</u>	<u>114,803</u>	<u>1,887,745</u>	<u>2,077,573</u>
Accumulated depreciation							
Balance at 1 March 2016	(24)	(96)	(6,835)	–	–	–	(6,955)
Depreciation for the financial year	(24)	(1,432)	(8,945)	(845)	(6,870)	–	(18,116)
Foreign currency translation	3	92	939	50	412	–	1,496
Balance at 28 February 2017	<u>(45)</u>	<u>(1,436)</u>	<u>(14,841)</u>	<u>(795)</u>	<u>(6,458)</u>	<u>–</u>	<u>(23,575)</u>
Net carrying amount							
Balance at 28 February 2017	<u>67</u>	<u>6,550</u>	<u>28,242</u>	<u>23,049</u>	<u>108,345</u>	<u>1,887,745</u>	<u>2,053,998</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

7. Plant and equipment (Continued)

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Cost							
Balance at 1 March 2017	112	7,986	43,083	23,844	114,803	1,887,745	2,077,573
Additions	10,649	3,462	225,191	364,105	109,769	4,020,840	4,734,016
Disposal	–	–	(9,498)	–	–	–	(9,498)
Reclassification	1,429	–	14,791	–	–	(16,220)	–
Foreign currency translation	941	1,355	23,532	31,141	24,072	564,304	645,345
Balance at 28 February 2018	<u>13,131</u>	<u>12,803</u>	<u>297,099</u>	<u>419,090</u>	<u>248,644</u>	<u>6,456,669</u>	<u>7,447,436</u>
Accumulated depreciation							
Balance at 1 March 2017	(45)	(1,436)	(14,841)	(795)	(6,458)	–	(23,575)
Depreciation for the financial year	(1,097)	(2,029)	(29,479)	(44,097)	(35,208)	–	(111,910)
Disposal	–	–	1,108	–	–	–	1,108
Foreign currency translation	(90)	(351)	(4,198)	(3,486)	(3,577)	–	(11,702)
Balance at 28 February 2018	<u>(1,232)</u>	<u>(3,816)</u>	<u>(47,410)</u>	<u>(48,378)</u>	<u>(45,243)</u>	<u>–</u>	<u>(146,079)</u>
Net carrying amount							
Balance at 28 February 2018	<u>11,899</u>	<u>8,987</u>	<u>249,689</u>	<u>370,712</u>	<u>203,401</u>	<u>6,456,669</u>	<u>7,301,357</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

7. Plant and equipment (Continued)

During the financial year, the Group made the following cash payments to purchase plant and equipment:

	2016 US\$	2017 US\$	2018 US\$
Purchase of plant and equipment	46,537	2,165,358	4,734,016
Financed by hire purchase and lease arrangement	–	(29,195)	–
	<u>46,537</u>	<u>2,136,163</u>	<u>4,734,016</u>
Cash payment on purchase of plant and equipment	<u>46,537</u>	<u>2,136,163</u>	<u>4,734,016</u>

The carrying amounts of plant and equipment of the Group secured by hire purchase creditor as at 29 February 2016, 28 February 2017, 28 February 2018 were US\$Nil, US\$27,889 and US\$24,518 respectively.

During the financial year, employee benefits expense of US\$232,552 (2017: US\$29,456; 2016: US\$Nil) was capitalised in plant and equipment and which includes contributions to defined contribution plans of US\$354 (2017: US\$Nil; 2016: US\$Nil).

8. Inventories

	2016 US\$	2017 US\$	2018 US\$
Bauxite	304,652	–	–
Consumables	–	–	222,901
	<u>304,652</u>	<u>–</u>	<u>222,901</u>

9. Trade receivables

	2016 US\$	2017 US\$	2018 US\$
Trade receivables			
– third parties	<u>3,066,975</u>	<u>–</u>	<u>51,844</u>

Trade receivables are unsecured, non-interest bearing and the trade credit terms granted by the Group were 90 days from the date of letter of credit.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

9. Trade receivables (Continued)

The currency exposure profiles of trade receivables were as follows:

	2016 US\$	2017 US\$	2018 US\$
Malaysian Ringgit	306,247	–	–
United States Dollar	2,760,728	–	51,844
	<u>3,066,975</u>	<u>–</u>	<u>51,844</u>

The ageing analysis of trade receivables of the Group was as follows:

	2016 US\$	2017 US\$	2018 US\$
Neither past due nor impaired	3,066,975	–	51,844

Trade receivables that were neither past due nor impaired were creditworthy customers with good payment record with the Group. Majority of the trade receivables of the Group arise from recurring business with the Group and have never defaulted.

10. Other receivables, deposits and prepayment

	2016 US\$	2017 US\$	2018 US\$
Other receivables	103,506	189,110	275,014
Deposits	175,545	27,758	146,802
Prepayment	–	1,124,733	1,379,845
GST receivables	–	7,397	557,519
	<u>279,051</u>	<u>1,348,998</u>	<u>2,359,180</u>

The currency exposure profiles of other receivables were as follows:

	2016 US\$	2017 US\$	2018 US\$
Malaysian Ringgit	279,051	1,348,998	2,260,081
United States Dollar	–	–	99,099
	<u>279,051</u>	<u>1,348,998</u>	<u>2,359,180</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

11. Amount owing from a related company

Amount owing from a related company was unsecured, interest-free and repayable on demand in cash.

The currency profile of amount owing from a related company as at the end of the respective reporting periods is Malaysian Ringgit.

12. Cash and bank balances

	2016	2017	2018
	US\$	US\$	US\$
Cash and bank balances	262,503	45,791	40,956
Fixed deposits with a bank	435,475	–	–
	<u>697,978</u>	<u>45,791</u>	<u>40,956</u>

As at 29 February 2016, the fixed deposits with a bank were subject to fixed weighted average interest rate of 2.70% and pledged to a bank for credit facilities granted to the Group (Note 15).

The currency exposure profiles of cash and bank balances were as follows:

	2016	2017	2018
	US\$	US\$	US\$
Malaysian Ringgit	261,610	35,938	40,824
United States Dollar	436,368	9,853	132
	<u>697,978</u>	<u>45,791</u>	<u>40,956</u>

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	2016	2017	2018
	US\$	US\$	US\$
Cash and bank balances	262,503	45,791	40,956
Fixed deposits with a bank	435,475	–	–
	697,978	45,791	40,956
Less: Deposits pledged with a bank (Note 15)	(435,475)	–	–
Less: Bank overdraft (Note 15)	(18,360)	–	–
	<u>244,143</u>	<u>45,791</u>	<u>40,956</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

13. Share capital

	2016	2017	2018
	US\$	US\$	US\$
<u>Issued and fully-paid ordinary share:</u>			
– Fortress Minerals Limited	–	–	1
– Fortress Mining Sdn. Bhd.	267,673	267,673	267,673
– Fortress Resources Pte. Ltd.	–	–	1
	<u>267,673</u>	<u>267,673</u>	<u>267,675</u>

As the Company was incorporated only on 13 November 2017, for the purpose of these combined financial statements, the share capital at 29 February 2016, 28 February 2017 and 28 February 2018 represents the aggregation of the Group's interest in the issued and paid-up capital of the Company and all of its subsidiaries.

On 19 March 2015 and 22 June 2015, the Company's subsidiary, Fortress Mining Sdn. Bhd. issued 99,998 ordinary shares and 900,000 ordinary shares respectively at the consideration MYR1 per ordinary share.

On 8 November 2017, the Director incorporated a 100% owned subsidiary, namely Fortress Resources Pte. Ltd. in Singapore with an issued and paid up share capital of US\$1 comprising 1 ordinary share.

On 13 November 2017, the Company issued 1 ordinary share of US\$1 each for cash at the date of incorporation.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

14. Other reserves

	2016	2017	2018
	US\$	US\$	US\$
Capital reserves	–	383,615	383,615
Foreign currency translation reserve	110,097	1,142	223,553
	<u>110,097</u>	<u>384,757</u>	<u>607,168</u>

Capital reserves

Capital reserves are non-distributable and represent the difference between fair value of the interest-free loan from the Company's ultimate holding company and the loan amount at inception (Note 19).

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

15. Borrowings

	2016	2017	2018
	US\$	US\$	US\$
Non-current liabilities			
Hire purchase creditor (Note 16)	–	19,508	16,585
Current liabilities			
Bank overdraft	18,360	–	–
Trust receipts	417,326	–	–
Hire purchase creditor (Note 16)	–	4,989	6,093
	<u>435,686</u>	<u>4,989</u>	<u>6,093</u>
	<u>435,686</u>	<u>24,497</u>	<u>22,678</u>

Bank overdraft and trust receipts were subject to fixed weighted average effective interest rates of 6.8% and 8.4% respectively. Bank overdraft and trust receipts were secured by the pledge of fixed deposits as disclosed in Note 12.

The currency profile of borrowings as at the end of the respective reporting periods is Malaysian Ringgit.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

16. Hire purchase creditor

	2016	2017	2018
	US\$	US\$	US\$
Minimum hire purchase payments			
– not later than one year	–	6,200	7,060
– later than one year and not later than five years	–	21,180	17,611
	–	27,380	24,671
Less: Future interest charges	–	(2,883)	(1,993)
Present value of hire purchase creditor	–	24,497	22,678
Repayable as follows:			
Current liabilities			
– not later than one year	–	4,989	6,093
Non-current liabilities			
– later than one year and not later than five years	–	19,508	16,585
	–	24,497	22,678

Hire purchase creditor of the Group is subject to fixed weighted average effective rates for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 are Nil%, 4.91% and 4.91% respectively with a maturity period of 5 years.

17. Deferred tax liability

	2016	2017	2018
	US\$	US\$	US\$
Balance at beginning of financial year	–	–	8,105
Recognised in profit or loss	–	8,622	42,256
Foreign currency translation	–	(517)	4,342
Balance at end of financial year	–	8,105	54,703

The deferred tax liability is attributable to temporary differences arising from plant and equipment.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

18. Other payables and accruals

	2016	2017	2018
	US\$	US\$	US\$
Other payables	616,649	43,191	450,657
Accruals	1,145,594	566,000	335,788
	<u>1,762,243</u>	<u>609,191</u>	<u>786,445</u>

The currency exposure profiles of other payables and accruals were as follows:

	2016	2017	2018
	US\$	US\$	US\$
Malaysian Ringgit	1,762,243	609,191	783,427
Singapore Dollar	—	—	3,018
	<u>1,762,243</u>	<u>609,191</u>	<u>786,445</u>

19. Amount owing to ultimate holding company

In the financial year ended 28 February 2017, the Group had negotiated the repayment term with its ultimate holding company and the repayments are not expected to be recalled in the next 12 months. The amount owing to ultimate holding company represents payments made on behalf which is unsecured, interest-free and repayable on demand in cash.

The current amount owing to ultimate holding company was unsecured, interest-free and repayable on demand in cash.

The currency profile of amount owing to ultimate holding company as at the end of the respective reporting periods is Malaysian Ringgit.

20. Amount owing to a related party

During the financial year ended 28 February 2018, the Group's ultimate holding company disposed its equity interest in Fortress Mining Sdn. Bhd. and accordingly ceased to be the ultimate holding company and became a related party of the Group.

The amount owing to a related party is trade related, unsecured, interest-free and repayable on demand in cash.

The currency profile of amount owing to a related party as at the end of the respective reporting periods is Malaysian Ringgit.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

21. Amount owing to shareholders

The amount owing to shareholders is unsecured, interest-free and repayable on demand in cash.

The currency profile of amount owing to shareholders as at the end of the respective reporting periods is Malaysian Ringgit.

22. Amount owing to a Director

The amount owing to a Director was unsecured, interest-free, repayable on demand and was settled in cash.

The currency profile of amount owing to a Director as at the end of the respective reporting periods is Malaysian Ringgit.

23. Other operating income

	2016	2017	2018
	US\$	US\$	US\$
Sale of iron ore stockpiles	–	587,203	901,883
Gain on disposal of plant and equipment	–	–	633
Interest income	1,229	6,522	192
Realised foreign exchange gain	24,556	–	45,295
Others	–	36,751	10,572
	<u>25,785</u>	<u>630,476</u>	<u>958,575</u>

24. Employee benefits expense

	2016	2017	2018
	US\$	US\$	US\$
Wages, salaries and other emoluments	107,393	354,411	197,253
Contributions to defined contribution plans	23,810	36,395	19,419
Social security contributions	2,201	2,343	1,547
Other benefits	32,601	31,025	140,452
Less: Discontinued operations	(65,127)	(306,419)	–
	<u>100,878</u>	<u>117,755</u>	<u>358,671</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

24. Employee benefits expense (Continued)

Included in the employee benefits expense were the remuneration of Directors of the Company as follows:

	2016	2017	2018
	US\$	US\$	US\$
Wages, salaries and other emoluments	16,170	68,320	29,195
Contributions to defined contribution plans	1,940	7,921	1,150
Social security contributions	–	–	159
	<u>18,110</u>	<u>76,241</u>	<u>30,504</u>

25. Finance costs

	2016	2017	2018
	US\$	US\$	US\$
Interest expense on:			
– amount owing to ultimate holding company	–	–	380,657
– hire purchase creditor	–	713	1,193
– others	–	395	–
	<u>–</u>	<u>1,108</u>	<u>381,850</u>

26. Loss before tax from continuing operations

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges:

	2016	2017	2018
	US\$	US\$	US\$
<i>Administrative expenses</i>			
Donations	7,961	239,777	1,589
Operating leases – office rental	–	14,669	27,307
Impairment loss on exploration and evaluation assets	–	190,243	–
Foreign exchange loss, net	<u>115,704</u>	<u>225,790</u>	<u>12</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

27. Income tax expense

	2016	2017	2018
	US\$	US\$	US\$
Current income tax			
– current financial year	–	–	12,851
– over provision in respect of prior financial year	–	–	(923)
Deferred tax			
– current income tax	–	–	33,656
– under provision in respect of prior financial year	–	–	8,600
Income tax attributable to continuing operations	–	–	54,184
Income tax attributable to discontinued operations (Note 28)	533,268	161,353	–
Income tax expense recognised in profit or loss	<u>533,268</u>	<u>161,353</u>	<u>54,184</u>

Reconciliation of effective income tax rate

The Singapore income tax is calculated at the statutory tax rate of 17% of the accounting profit for the fiscal year. The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group is as follows:

	2016	2017	2018
	US\$	US\$	US\$
Loss before tax from continuing operations	(273,113)	(247,889)	(357,209)
Profit before tax from discontinued operations	2,630,656	484,317	–
Accounting profit/(loss) before tax	<u>2,357,543</u>	<u>236,428</u>	<u>(357,209)</u>
Income tax calculated at Singapore's statutory income tax rate of 17%	400,782	40,193	(60,726)
Effect of different tax rate in other countries	188,604	16,550	(8,939)
Tax effect of non-deductible expenses for income tax purposes	193,474	111,789	148,594
Tax effect of income not subject to income tax	(82,428)	–	(25,298)

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

27. Income tax expense (Continued)

Reconciliation of effective income tax rate (Continued)

	2016 US\$	2017 US\$	2018 US\$
Utilisation of previously unrecognised deferred tax assets	(142,287)	–	–
Corporate tax rebate and incentive	(24,877)	(7,179)	(7,124)
Over provision of current income tax in respect of prior financial year	–	–	(923)
Under provision of deferred tax in prior financial year	–	–	8,600
	<u>533,268</u>	<u>161,353</u>	<u>54,184</u>

28. Discontinued operations

In financial year ended 29 February 2016, Malaysia's Ministry of Natural Resources and Energy terminated all permits issued to extract bauxite effective 15 January 2016. As a result, the Company ceased all bauxite operations and sold the remaining bauxite inventory in the financial year ended 28 February 2017 which was previously reported in the bauxite segment. As at each reporting date, the results of the bauxite segment are presented separately in profit or loss as "Profit from discontinued operations, net of tax".

Income statement disclosures

The results of the bauxite segment for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 are as follows:

	2016 US\$	2017 US\$	2018 US\$
Revenue	18,434,555	2,088,170	–
Expenses	<u>(15,740,112)</u>	<u>(1,598,410)</u>	–
Profit from operations	2,694,443	489,760	–
Finance costs	<u>(63,787)</u>	<u>(5,443)</u>	–
Profit before tax from discontinued operations	2,630,656	484,317	–
Income tax expense	<u>(533,268)</u>	<u>(161,353)</u>	–
Profit from discontinued operations	<u>2,097,388</u>	<u>322,964</u>	–

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

28. Discontinued operations (Continued)

Cash flow statement disclosures

The cash flows attributable to bauxite segment are as follows:

	2016 US\$	2017 US\$	2018 US\$
Operating	586,290	1,269,018	–
Financing	68,715	1,175,434	–
Net cash inflows	<u>655,005</u>	<u>2,444,452</u>	<u>–</u>

Earnings per share disclosures

	2016 US\$	2017 US\$	2018 US\$
Earnings per share from discontinued operations attributable to owners of the Company (cents per share)			
Basic and diluted	<u>0.49</u>	<u>0.08</u>	<u>–</u>

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These share data are presented in the tables in Note 29.

29. Earnings/(Loss) per share

Continuing operations

Basic earnings/(loss) per share from continuing operations is calculated by dividing profit/(loss) from continuing operations, net of tax, attributable to owners of the Company over 425,000,000 shares, being the number of shares held by the holding company after the Restructuring Exercise as disclosed in Note 1.2.

As the Group had no dilutive potential ordinary shares, the diluted earnings/(loss) per share is equivalent to basis earnings/(loss) per share for the financial year ended 29 February 2016, 28 February 2017 and 28 February 2018.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

29. Earnings/(Loss) per share (Continued)

Continuing operations (Continued)

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings per share financial years ended 29 February 2016, 28 February 2017 and 28 February 2018:

	2016	2017	2018
	US\$	US\$	US\$
<i>Earnings</i>			
Profit/(Loss) attributable to owners of the Company and earnings/(loss) used in basic EPS	1,824,275	75,075	(411,393)
Less: Profit from discontinued operations, net of tax	<u>(2,097,388)</u>	<u>(322,964)</u>	<u>–</u>
Loss used in diluted EPS	<u><u>(273,113)</u></u>	<u><u>(247,889)</u></u>	<u><u>(411,393)</u></u>

The basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) for the year attributable to owners of the Company over 425,000,000 shares, being the number of shares held by the holding company after the Restructuring Exercise as disclosed in Note 1.2 for basic and diluted earnings per share computation respectively.

30. Operating lease commitments

The Group as lessee

The Group leases office lots under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 1 to 2 years and rentals are fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	2016	2017	2018
	US\$	US\$	US\$
Within one financial year	–	26,994	30,677
After one financial year but within five financial years	<u>–</u>	<u>26,994</u>	<u>30,677</u>
	<u><u>–</u></u>	<u><u>53,988</u></u>	<u><u>61,354</u></u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

31. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group and its related parties during the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018:

	2016 US\$	2017 US\$	2018 US\$
With related parties			
Sales of goods and services	(47,287)	(1,178,945)	(102,118)
Purchase of goods and services	–	–	1,004,277
Purchase of fixed assets	–	–	260,472
Rental of machinery and motor vehicle	526,349	–	1,192,906
Rental of office	1,779	311	11,873
Supply of workers	(9,230)	–	6,551
Commission paid	203,167	45,210	–
Advance from	–	–	534,271
Paid on behalf by	1,766	184	81,610
Advance to	121,896	240,352	–
Payment on behalf for	24,877	447,847	1,482

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

31. Significant related party transactions (Continued)

	2016	2017	2018
	US\$	US\$	US\$
With ultimate holding company			
Sales of goods and services	(14,158)	(29,080)	(103,374)
Purchase of goods and services	–	–	193,868
Purchase of fixed assets	37,974	–	868,502
Rental of machinery and motor vehicle	671,718	97,640	1,555,315
Site Clearance	589,504	–	–
Rental of office	13,682	14,358	15,435
Supply of workers	48,074	28,716	8,645
Advance from	5,862,032	2,414,525	3,409,837
Paid on behalf by	393,071	32,232	197,497
	<u> </u>	<u> </u>	<u> </u>
With shareholders			
Advances	–	–	13,059,961
	<u> </u>	<u> </u>	<u> </u>
With director			
Advances	99,507	–	–
Paid on behalf by	34,188	40,396	85,020
	<u> </u>	<u> </u>	<u> </u>

32. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

	Iron ore	Bauxite	Unallocated	Adjustments	Group
	US\$	(Discontinued	US\$	and	US\$
		operations)		elimination	
		US\$	US\$	US\$	US\$
2016					
Revenue					
External customers, representing total revenue	–	18,434,555	–	(18,434,555)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results:					
Interest income	–	–	1,229	–	1,229
Depreciation of plant and equipment	–	(7,138)	(100)	7,138	(100)
Interest expense	–	(63,787)	(1,108)	63,787	(1,108)
Segment profit	–	2,630,656	(273,113)	(2,630,656)	(273,113)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

32. Segment information (Continued)

	Iron ore US\$	Bauxite (Discontinued operations) US\$	Unallocated US\$	Adjustments and elimination US\$	Group US\$
Assets:					
Additions to non-current assets	373,151	46,039	498	–	419,688
Segment assets	358,545	4,105,267	405,151	–	4,868,963
Segment liabilities	–	2,129,958	1,356,655	–	3,486,613
	Iron ore US\$	Bauxite (Discontinued operations) US\$	Unallocated US\$	Adjustments and elimination US\$	Group US\$
2017					
Revenue					
External customers, representing total revenue	–	2,088,170	–	(2,088,170)	–
Results:					
Interest income	–	–	6,522	–	6,522
Depreciation of plant and equipment	(5,292)	(7,473)	(5,351)	7,473	(10,643)
Interest expense	(27)	(5,443)	(1,081)	5,443	(1,108)
Impairment loss on exploration and evaluation asset	(190,243)	–	–	–	(190,243)
Segment profit	166,077	484,317	(413,966)	(484,317)	(247,889)
Assets:					
Additions to non-current assets	2,297,751	–	130,144	–	2,427,895
Segment assets	3,550,796	142,617	160,753	–	3,854,166
Segment liabilities	597,393	–	1,524,688	–	2,122,081

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

32. Segment information (Continued)

	Iron ore US\$	Bauxite (Discontinued operations) US\$	Unallocated US\$	Adjustments and elimination US\$	Group US\$
2018					
Revenue					
External customers, representing total revenue	–	–	–	–	–
Results:					
Interest income	–	–	192	–	192
Depreciation of plant and equipment	(201)	–	(10,062)	–	(10,263)
Interest expense	–	–	(381,850)	–	(381,850)
Segment profit	<u>571,591</u>	<u>–</u>	<u>(928,800)</u>	<u>–</u>	<u>(357,209)</u>
Assets:					
Additions to non-current assets	10,870,790	–	123,880	–	10,994,670
Segment assets	16,550,962	161,054	415,804	–	17,127,820
Segment liabilities	<u>1,436,136</u>	<u>–</u>	<u>14,148,579</u>	<u>–</u>	<u>15,584,715</u>

Note:

A The amounts relating to the Bauxite segment has been excluded to arrive at amount shown in profit or loss as they are presented separately in the combined statement of comprehensive income within one line item, "Profit from discontinued operations, net of tax".

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented during these financial years.

33. Financial instruments, financial risks and capital management

The Group's activities expose them to credit risks and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

33. Financial instruments, financial risks and capital management (Continued)

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

33.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk. The Group does not hold any collateral.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the respective reporting periods, there is no trade receivables past due but not impaired.

33.2 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet their working capital requirements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

33. Financial instruments, financial risks and capital management (Continued)

33.2 Liquidity risk (Continued)

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay.

	2016	2017	2018
	US\$	US\$	US\$
<u>One year or less</u>			
Other payables and accruals	1,762,243	609,191	786,445
Amount owing to ultimate holding company	644,928	–	–
Amount owing to a related party	–	–	660,634
Amount owing to shareholders	–	–	14,060,255
Amount owing to a Director	131,362	–	–
Borrowings	471,989	6,200	7,060
	<u>3,010,522</u>	<u>615,391</u>	<u>15,514,394</u>
<u>One to five years</u>			
Borrowings	–	21,180	17,611
Amount owing to ultimate holding company	–	1,710,819	–
	<u>–</u>	<u>1,731,999</u>	<u>17,611</u>
Total undiscounted financial liabilities	<u>3,010,522</u>	<u>2,347,390</u>	<u>15,532,005</u>

33.3 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group's overall strategy remains unchanged during the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

33. Financial instruments, financial risks and capital management (Continued)

33.3 Capital management policies and objectives (Continued)

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt includes, other payables and accruals and derivative financial instruments less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital and reserves.

	2016	2017	2018
	US\$	US\$	US\$
Other payables and accruals	1,762,243	609,191	786,445
Borrowings	435,686	24,497	22,678
Amount owing to ultimate holding company	644,928	1,350,214	–
Amount owing to a related party	–	–	660,634
Amount owing to shareholders	–	–	14,060,255
Amount owing to a Director	131,362	–	–
Less: Cash and cash equivalents	<u>(697,978)</u>	<u>(45,791)</u>	<u>(40,956)</u>
Net debt	2,276,241	1,938,111	15,489,056
Equity attributable to the owners of the Company	<u>1,382,350</u>	<u>1,732,085</u>	<u>1,543,105</u>
Total capital	<u>3,658,591</u>	<u>3,670,196</u>	<u>17,032,161</u>
Gearing ratio (%)	<u>62.2%</u>	<u>52.8%</u>	<u>90.9%</u>

The Group has no externally imposed capital requirements for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.

33.4 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

33. Financial instruments, financial risks and capital management (Continued)

33.4 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Amount owing to ultimate holding company

The valuation technique and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value is detailed in the table below:

Financial liabilities	Valuation and technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Amount owing to ultimate holding company	Discounted cash flow method	Discount rate (8.21%)	The higher the discount rate, the lower the fair value of the financial liabilities would be

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

33. Financial instruments, financial risks and capital management (Continued)

33.4 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments that are not carried at fair value (Continued)

The following table sets out the financial instruments as at the end of the respective reporting periods:

	2016	2017	2018
	US\$	US\$	US\$
Financial assets			
Loans and receivables	<u>4,168,005</u>	<u>262,659</u>	<u>514,616</u>
Financial liabilities			
Other financial liabilities, at amortised cost	<u>2,974,219</u>	<u>1,983,902</u>	<u>15,530,012</u>

34. Events after the reporting period

Pursuant to written resolutions passed on 20 February 2019 and on 15 March 2019, the shareholders of the Company approved, inter alia, the following:

- (a) the conversion of the Company into a public company limited by shares and the consequential change of name to “Fortress Minerals Limited”;
- (b) the adoption of a new set of Constitution with effect from the date of conversion of the Company into a public company;
- (c) the allotment and issue of 75,000,000 Placement Shares (including Cornerstone Shares) which are the subject of the Placement, 2,250,000 Project Manager Shares to the Project Manager, and 4,000,000 PrimePartners Corporate Finance Pte. Ltd. (“PPCF”) Shares to PPCF in part satisfaction of their management fees as Sponsor and Issue Manager, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (d) the approval of the listing and quotation of all shares that are already issued, the Placement shares to be issued and allotted pursuant to the Placement, the Project Manager shares, the PPCF shares and the Option shares, on Catalist;
- (e) the adoption of the Fortress Employee Share Option Scheme, and the authorisation of the Directors of the Company to allot and issue shares pursuant to the exercise of Options granted under the Fortress Employee Share Option Scheme;

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

34. Events after the reporting period (Continued)

(f) that authority be and is hereby given to the Directors of the Company, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:

- (a) (i) issue shares whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (each an "Instrument" and collectively, "Instruments") that might or would require shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares; and/or
- (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) issue shares in pursuance of any Instrument made or granted by the Directors of the Company pursuant to (a)(ii) and/or (a)(iii) above, while such authority was in force (notwithstanding that such issue of shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

- (1) the aggregate number of shares to be issued pursuant to such authority (including the shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of Company), does not exceed 100.0% of the post-Placement issued share capital excluding treasury shares and subsidiary holdings, and provided further that the aggregate number of shares to be issued other than on a *pro rata* basis to Shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares and subsidiary holdings;

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2016,
28 FEBRUARY 2017 AND 28 FEBRUARY 2018**

34. Events after the reporting period (Continued)

- (2) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (3) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution and pursuant to Rules 806(3) and 806(4) of the Catalist Rules, the “post-Placement issued share capital” shall mean the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) immediately after the completion of the Placement, after adjusting for: (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided that the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

This page has been intentionally left blank.

**APPENDIX B – INDEPENDENT AUDITORS’ REVIEW REPORT AND
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
OF FORTRESS MINERALS LIMITED AND ITS SUBSIDIARIES FOR THE
FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

**FORTRESS MINERALS LIMITED
and its subsidiaries**

Independent Auditors’ Review Report And
Unaudited Interim Condensed Combined Financial Statements
For the financial period from 1 March 2018 to 31 August 2018

**UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

STATEMENT OF DIRECTORS

We, Chee Yew Fei and Ng Mun Fey, being two of the directors of Fortress Minerals Limited (the “Company”), do hereby confirm that, in the opinion of the Board of Directors to the best of their knowledge, nothing has come to their attention which may render the accompanying unaudited interim condensed combined financial statements together with notes thereto are drawn up with the Financial Reporting Standards in Singapore (International) (“SFRS (I)”) for the financial period from 1 March 2018 to 31 August 2018 to be false or misleading.

On behalf of the Board of Directors

Chee Yew Fei
Director

Ng Mun Fey
Director

Singapore
19 March 2019

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

19 March 2019

The Board of Directors
Fortress Minerals Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Report on the Review of Unaudited Interim Condensed Combined Financial Statements

Introduction

We have reviewed the accompanying unaudited interim condensed combined financial statements of Fortress Minerals Limited (the "Company") and its subsidiaries (the "Group") which comprise the interim combined statement of financial position of the Group as at 31 August 2018, and the related unaudited interim condensed combined statements of comprehensive income, changes in equity and cash flows of the Group for the financial period from 1 March 2018 to 31 August 2018, and selected explanatory notes, as set out on pages B-5 to B-34. Management is responsible for the preparation and fair presentation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34, *Interim Financial Reporting* ("SFRS (I) 1-34"). Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International), 1-34 *Interim Financial Reporting*.

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

**Report on the Review of Unaudited Interim Condensed Combined Financial Statements
(Continued)**

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion in the Offer Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018**

	Note	28.2.2018 US\$ (Audited)	31.8.2018 US\$ (Unaudited)
ASSETS			
Non-current assets			
Mining properties	5	7,009,136	7,212,964
Plant and equipment	6	7,301,357	8,517,626
		<u>14,310,493</u>	<u>15,730,590</u>
Current assets			
Inventories	7	222,901	1,628,607
Trade receivables	8	51,844	189,238
Other receivables, deposits and prepayment	9	2,359,180	2,013,244
Current income tax recoverable		142,446	–
Cash and bank balances	10	40,956	1,239,178
		<u>2,817,327</u>	<u>5,070,267</u>
Total assets		<u>17,127,820</u>	<u>20,800,857</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	267,675	268,408
Other reserves	12	607,168	442,697
Retained earnings		668,262	2,675,730
Total equity		<u>1,543,105</u>	<u>3,386,835</u>
Non-current liabilities			
Borrowings	13	16,585	–
Deferred tax liability	15	54,703	405,910
Amount owing to shareholders	16	–	15,639,617
		<u>71,288</u>	<u>16,045,527</u>
Current liabilities			
Trade payables		–	76,592
Other payables and accruals	17	786,445	566,010
Amount owing to a related party	18	660,634	625,208
Amount owing to shareholders	16	14,060,255	–
Provision for taxation		–	100,685
Borrowings	13	6,093	–
		<u>15,513,427</u>	<u>1,368,495</u>
Total liabilities		<u>15,584,715</u>	<u>17,414,022</u>
Total equity and liabilities		<u>17,127,820</u>	<u>20,800,857</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE
INCOME FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

	Note	01.03.2017 to 31.08.2017 US\$ (Unaudited)	01.03.2018 to 31.08.2018 US\$ (Unaudited)
Revenue	19	–	6,572,044
Cost of sales		–	(2,656,169)
Gross profit		–	3,915,875
Other operating income	20	80,379	2,069,692
Selling and distribution expenses		–	(2,306,476)
Other operating expenses		(197,608)	(604,435)
Administrative expenses		(58,177)	(331,957)
Finance costs	22	(370,509)	(738)
(Loss)/Profit before tax	23	(545,915)	2,741,961
Income tax expense	24	–	(734,493)
(Loss)/Profit for the financial period attributable to owners of the Company		<u>(545,915)</u>	<u>2,007,468</u>
(Loss)/Earnings per share			
– Basic and diluted (cents per share)	25	<u>(0.13)</u>	<u>0.47</u>
(Loss)/Profit for the financial period attributable to owners of the Company		(545,915)	2,007,468
<i>Other comprehensive income</i>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translating foreign operation		61,494	(164,471)
Other comprehensive income for the financial period, net of tax		61,494	(164,471)
Total comprehensive income for the financial period attributable to owners of the Company		<u>(484,421)</u>	<u>1,842,997</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

	Share capital US\$	Retained earnings US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Total equity US\$
(Unaudited)					
Balance at 1 March 2017	267,673	1,079,655	383,615	1,142	1,732,085
Loss for the financial period	–	(545,915)	–	–	(545,915)
<u>Other comprehensive income</u>					
Exchange difference on translating foreign operation	–	–	–	61,494	61,494
Other comprehensive income for the financial period, net of tax	–	–	–	61,494	61,494
Total comprehensive income for the financial period	–	(545,915)	–	61,494	(484,421)
Balance at 31 August 2017	<u>267,673</u>	<u>533,740</u>	<u>383,615</u>	<u>62,636</u>	<u>1,247,664</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

	Note	Share capital US\$	Retained earnings US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Total equity US\$
(Unaudited)						
Balance at 1 March 2018		267,675	668,262	383,615	223,553	1,543,105
Profit for the financial period		–	2,007,468	–	–	2,007,468
<u>Other comprehensive income</u>						
Exchange difference on translating foreign operation		–	–	–	(164,471)	(164,471)
Other comprehensive income for the financial period, net of tax		–	–	–	(164,471)	(164,471)
Total comprehensive income for the financial period		–	2,007,468	–	(164,471)	1,842,997
Contributions by owners						
Issue of shares	11	733	–	–	–	733
Total transactions with owners		733	–	–	–	733
Balance at 31 August 2018		<u>268,408</u>	<u>2,675,730</u>	<u>383,615</u>	<u>59,082</u>	<u>3,386,835</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

	01.03.2017 to 31.8.2017 US\$ (Unaudited)	01.03.2018 to 31.8.2018 US\$ (Unaudited)
Operating activities		
(Loss)/Profit before tax	(545,915)	2,741,961
Adjustments for:		
Loss on disposal of plant and equipment	–	1,434
Unrealised foreign exchange loss/(gain)	29,635	(62,790)
Depreciation of plant and equipment (Note 6)	4,306	1,994
Amortisation of mine property	–	144,212
Interest expense	371,394	738
Operating cash flows before working capital changes	(140,580)	2,827,549
Working capital changes:		
Inventories	–	(1,082,456)
Trade and other receivables	(302,764)	106,386
Trade and other payables	(382,972)	(116,196)
Amount owing from/to a related party	(99,231)	(6,553)
Cash (used in)/generated from operations	(925,547)	1,728,730
Tax paid	(11,152)	(120,029)
Net cash (used in)/generated from operating activities	(936,699)	1,608,701
Investing activities		
Additions of exploration and evaluation assets	(1,210,406)	–
Additions to mine properties (Note 5)	(2,914,340)	(662,862)
Additions of plant and equipment (Note 6)	(2,069,304)	(2,046,020)
Proceeds on disposal of exploration and evaluation assets	83,109	–
Proceeds on disposal of plant and equipment	–	36,202
Net cash used in investing activities	(6,110,941)	(2,672,680)
Financing activities		
Proceeds from issuance of ordinary shares (Note 11)	–	733
Interest paid	(371,394)	(738)
Net repayment of borrowings (Note A)	(32)	(22,559)
Repayment to ultimate holding company (Note A)	(1,095,609)	–
Advances from shareholders (Note A)	8,485,606	2,288,693
Net cash generated from financing activities	7,018,571	2,266,129
Net change in cash and cash equivalents	(29,069)	1,202,150
Effect of exchange rate changes on cash and cash equivalents	973	(3,928)
Cash and cash equivalents at beginning of financial period	45,791	40,956
Cash and cash equivalents at end of financial period (Note 10)	17,695	1,239,178

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

Note A: Changes in liabilities arising from financing activities

	At 1 March 2017 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 31 August 2017 US\$
Borrowings	24,497	(32)	975	25,440
Amount owing to a shareholders	–	8,485,606	116,464	8,602,070
Amount owing to ultimate holding company	1,350,214	(1,095,609)	38,742	293,347
	<u>1,374,711</u>	<u>7,389,965</u>	<u>156,181</u>	<u>8,920,857</u>

	At 1 March 2018 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 31 August 2018 US\$
Borrowings	22,678	(22,559)	(119)	–
Amount owing to shareholders	14,060,255	2,288,693	(709,331)	15,639,617
	<u>14,082,933</u>	<u>2,266,134</u>	<u>(709,450)</u>	<u>15,639,617</u>

The accompanying notes form an integral part of these financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

These notes form an integral part and should be read in conjunction with the combined financial statements.

These combined financial statements have been prepared for inclusion in the Offer Document of Fortress Minerals Limited (the “Company”) and its subsidiaries (the “Group”) and were authorised for issue by the Directors of the Company on 19 March 2019.

1. General corporate information

1.1 Domicile and activities

The Company was incorporated in Singapore on 13 November 2017 under the Singapore Companies Act, Chapter 50 (the “Act”) as a private limited liability company in the name of Fortress Minerals Pte. Ltd.. In connection with its conversion into a public company limited by shares, the Company changed its name from Fortress Minerals Pte. Ltd. to Fortress Minerals Limited on 20 February 2019. The registration number of the Company is 201732608K.

The Company’s registered office address is located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 and its principal place of business is located 9-1, Jalan PJS 8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 1.3 to the audited combined financial statements.

2. Basis of preparation of unaudited interim condensed combined financial statements

The Group has adopted Singapore Financial Reporting Standards (International) (“SFRS (I)”) issued by the Accounting Standards Council on 1 March 2018 as required by the listing requirements of the Singapore Exchange. SFRS (I) is a new financial reporting framework identical to the International Financial Reporting Standards. There are no reconciling differences between FRS and SFRS(I) for the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 28 February 2018 and the statement of financial position as at 1 March 2018.

The unaudited interim condensed combined financial statements have been prepared for the financial period from 1 March 2018 to 31 August 2018 in accordance with Singapore Financial Reporting Standard (International) 1-34, Interim Financial Reporting (“SFRS(I) 1-34”). The unaudited interim condensed combined financial statements are presented in United State Dollar (“US\$”).

The unaudited interim condensed combined financial statements do not include the full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited combined financial statements for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

3. Summary of significant accounting policies

The unaudited interim condensed combined financial statements have been prepared on the historical basis except as disclosed in the accounting policies in the audited combined financial statements for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.

The accounting policies and methods of computation used in the unaudited interim condensed combined financial statements are consistent with those applied in the audited combined financial statements for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018. The accounting policies are set out in Note 3 to the audited combined financial statements for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018. Due to the adoption of the new standards and interpretation effective from 1 March 2018, the accounting policies for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* are disclosed below:

SFRS(I) 15 *Revenue from Contracts with Customers*

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, if any.

The Group is involved in selling of iron ores to its customers. Revenue from the sales of iron ores is recognized at point in time based on the incoterm as stipulated on the contract with the customer. Limited judgement needed to identify when the point of control passes to customers. There is no element of financing in the Group's revenue transactions as customers are required to pay within a credit term 7 days.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 Financial Instruments is effective from annual periods beginning on or after 1 January 2018. The Group has applied SFRS(I) 9 retrospectively, with the initial application date of 1 March 2018 and elect not to restate the comparative information for the period beginning 1 March 2017.

The accounting policy under SFRS(I) 9 is as follows:

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

3. Summary of significant accounting policies (Continued)

SFRS(I) 9 *Financial Instruments (Continued)*

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the combined statement of financial position.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

3. Summary of significant accounting policies (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the combined statement of financial position.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the combined financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial period are discussed below:

(i) *Allowance for impairment loss on doubtful receivables*

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade and other receivables. The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the trade and other receivables and loss allowance in the period in which such estimate has been changed. The carrying amounts of trade and other receivables of the Group as at 28 February 2018 and 31 August 2018 were US\$2,411,024 and US\$2,202,482 respectively.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

5. Mining properties

	28.2.2018	31.8.2018
	US\$	US\$
Balance at beginning of financial year/period	–	7,009,136
Additions	5,089,458	677,937
Amortisation of mine property	–	(144,212)
Transfer from exploration and evaluation assets	1,437,695	–
Foreign currency translation	481,983	(329,897)
Balance at end of financial year/period	<u>7,009,136</u>	<u>7,212,964</u>

During the financial period ended 31 August 2018, the additions to mining properties includes the capitalisation of depreciation of plant and equipment of US\$15,075 (28 February 2018: US\$101,647).

During the financial period, employee benefits expense of US\$94,549 (2017: US\$Nil) was capitalised in mining properties and which includes contributions to defined contribution plans of US\$6,984 (2017: US\$Nil)

6. Plant and equipment

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Cost							
Balance at 1 March 2017	112	7,986	43,083	23,844	114,803	1,887,745	2,077,573
Additions	10,649	3,462	225,191	364,105	109,769	4,020,840	4,734,016
Disposal	–	–	(9,498)	–	–	–	(9,498)
Reclassification	1,429	–	14,791	–	–	(16,220)	–
Foreign currency translation	941	1,355	23,532	31,141	24,072	564,304	645,345
Balance at 28 February 2018	<u>13,131</u>	<u>12,803</u>	<u>297,099</u>	<u>419,090</u>	<u>248,644</u>	<u>6,456,669</u>	<u>7,447,436</u>
Accumulated depreciation							
Balance at 1 March 2017	(45)	(1,436)	(14,841)	(795)	(6,458)	–	(23,575)
Depreciation for the financial year	(1,097)	(2,029)	(29,479)	(44,097)	(35,208)	–	(111,910)
Disposal	–	–	1,108	–	–	–	1,108
Foreign currency translation	(90)	(351)	(4,198)	(3,486)	(3,577)	–	(11,702)
Balance at 28 February 2018	<u>(1,232)</u>	<u>(3,816)</u>	<u>(47,410)</u>	<u>(48,378)</u>	<u>(45,243)</u>	<u>–</u>	<u>(146,079)</u>
Net carrying amount							
Balance at 28 February 2018	<u>11,899</u>	<u>8,987</u>	<u>249,689</u>	<u>370,712</u>	<u>203,401</u>	<u>6,456,669</u>	<u>7,301,357</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

6. Plant and equipment (Continued)

	Furniture and fittings US\$	Office equipment US\$	Site equipment US\$	Plant and machinery US\$	Motor vehicles US\$	Capital work-in- progress US\$	Total US\$
Cost							
Balance at 1 March 2018	13,131	12,803	297,099	419,090	248,644	6,456,669	7,447,436
Additions	1,535	2,215	131,669	303,580	1,552,354	54,668	2,046,021
Disposal	–	–	–	–	(51,662)	–	(51,662)
Reclassification	–	–	–	6,477,450	–	(6,477,450)	–
Foreign currency translation	(638)	(652)	(18,242)	(283,275)	(69,565)	(33,887)	(406,259)
Balance at 31 August 2018	<u>14,028</u>	<u>14,366</u>	<u>410,526</u>	<u>6,916,845</u>	<u>1,679,771</u>	<u>–</u>	<u>9,035,536</u>
Accumulated depreciation							
Balance at 1 March 2018	(1,232)	(3,816)	(47,410)	(48,378)	(45,243)	–	(146,079)
Depreciation for the financial period	(1,362)	(1,384)	(36,246)	(315,545)	(53,133)	–	(407,670)
Disposal	–	–	–	–	14,026	–	14,026
Foreign currency translation	108	222	3,506	14,455	3,522	–	21,813
Balance at 31 August 2018	<u>(2,486)</u>	<u>(4,978)</u>	<u>(80,150)</u>	<u>(349,468)</u>	<u>(80,828)</u>	<u>–</u>	<u>(517,910)</u>
Net carrying amount							
Balance at 31 August 2018	<u>11,542</u>	<u>9,388</u>	<u>330,376</u>	<u>6,567,377</u>	<u>1,598,943</u>	<u>–</u>	<u>8,517,626</u>

During the financial year/period, the Group's depreciation are charged as follows:

	28.2.2018 US\$	31.8.2018 US\$
Charged to profit or loss	10,263	1,994
Capitalised as mine property	101,647	15,075
Capitalised as inventory	–	390,601
Cash payment on purchase of plant and equipment	<u>111,910</u>	<u>407,670</u>

The carrying amounts of plant and equipment of the Group secured by hire purchase creditor as at 28 February 2018 and 31 August 2018 were US\$24,518 and US\$Nil respectively.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

7. Inventories

	28.2.2018	31.8.2018
	US\$	US\$
Iron Ore	–	1,285,332
Consumables	222,901	343,275
	<u>222,901</u>	<u>1,628,607</u>

8. Trade receivables

	28.2.2018	31.8.2018
	US\$	US\$
Trade receivables		
– third parties	51,844	189,238
	<u>51,844</u>	<u>189,238</u>

Trade receivables are unsecured, non-interest bearing and the trade credit terms granted by the Group were 90 days from the date of letter of credit. The currency profile of trade receivables as at the end of the respective reporting periods is United States Dollar.

The ageing analysis of trade receivables of the Group was as follows:

	28.2.2018	31.8.2018
	US\$	US\$
Neither past due nor impaired	51,844	189,238
	<u>51,844</u>	<u>189,238</u>

Trade receivables that were neither past due nor impaired were creditworthy customers with good payment record with the Group. Majority of the trade receivables of the Group arise from recurring business with the Group and have never defaulted.

None of the Company's trade receivables that were neither past due nor impaired have been renegotiated during the previous financial period.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

9. Other receivables, deposits and prepayment

	28.2.2018	31.8.2018
	US\$	US\$
Other receivables	275,014	117,907
Deposits	146,802	406,812
Prepayment	1,379,845	1,143,058
GST receivables	557,519	345,467
	<u>2,359,180</u>	<u>2,013,244</u>

The currency exposure profiles of other receivables were as follows:

	28.2.2018	31.8.2018
	US\$	US\$
Malaysian Ringgit	2,260,081	1,807,177
United States Dollar	99,099	206,067
	<u>2,359,180</u>	<u>2,013,244</u>

10. Cash and bank balances

	28.2.2018	31.8.2018
	US\$	US\$
Cash and bank balances	<u>40,956</u>	<u>1,239,178</u>

The currency exposure profiles of cash and bank balances were as follows:

	28.2.2018	31.8.2018
	US\$	US\$
Malaysian Ringgit	40,824	91,397
United States Dollar	132	1,147,781
	<u>40,956</u>	<u>1,239,178</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

11. Share capital

	28.2.2018	31.8.2018
	US\$	US\$
<u>Issued and fully-paid ordinary share:</u>		
– Fortress Minerals Limited	1	734
– Fortress Mining Sdn. Bhd.	267,673	267,673
– Fortress Resources Pte. Ltd.	1	1
	<u>267,675</u>	<u>268,408</u>

As the Company was incorporated only on 13 November 2017, for the purpose of these combined financial statements, the share capital at 28 February 2018 and 31 August 2018 represents the aggregation of the Group's interest in the issued and paid-up capital of the Company and all of its subsidiaries.

On 8 November 2017, the Director incorporated a 100% owned subsidiary, namely Fortress Resources Pte. Ltd. in Singapore with an issued and paid up share capital of US\$1 comprising 1 ordinary share.

On 13 November 2017, the Company issued 1 ordinary share of US\$1 each for cash at the date of incorporation. Subsequently on 1 August 2018, the Company increased its share capital by issuing of 999 new ordinary shares for a total consideration of S\$999.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

12. Other reserves

	28.2.2018	31.8.2018
	US\$	US\$
Capital reserves	383,615	383,615
Foreign currency translation reserve	223,553	59,082
	<u>607,168</u>	<u>442,697</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

12. Other reserves (Continued)

Capital reserve

Capital reserve are non-distributable and represents the difference between fair value of the interest-free loan from the Company's ultimate holding company and the loan amount at inception.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13. Borrowings

	28.2.2018	31.8.2018
	US\$	US\$
Non-current liabilities		
Hire purchase creditor (Note 14)	16,585	–
Current liabilities		
Hire purchase creditor (Note 14)	6,093	–
	<u>22,678</u>	<u>–</u>

The currency profile of borrowings as at the end of the reporting period is Malaysian Ringgit.

14. Hire purchase creditor

	28.2.2018	31.8.2018
	US\$	US\$
Minimum hire purchase payments		
– not later than one year	7,060	–
– later than one year and not later than five years	17,611	–
	<u>24,671</u>	<u>–</u>
Less: Future interest charges	(1,993)	–
Present value of hire purchase creditor	<u>22,678</u>	<u>–</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

14. Hire purchase creditor (Continued)

	28.2.2018	31.8.2018
	US\$	US\$
Repayable as follows:		
Current liabilities		
– not later than one year	6,093	–
Non-current liabilities		
– later than one year and not later than five years	16,585	–
	<u>22,678</u>	<u>–</u>

Hire purchase creditor of the Group is subject to fixed weighted average effective rates for the financial year ended 28 February 2018 of 4.91% with a maturity period of 5 years.

15. Deferred tax liability

	28.2.2018	31.8.2018
	US\$	US\$
Balance at beginning of financial year/period	8,105	54,703
Recognised in profit or loss	42,256	367,989
Foreign currency translation	4,342	(16,782)
Balance at end of financial year/period	<u>54,703</u>	<u>405,910</u>

The deferred tax liability is attributable to temporary differences arising from plant and equipment and mining property.

16. Amount owing to shareholders

As at 28 February 2018, the amount owing to shareholders represented advances, which was unsecured, interest-free and repayable on demand in cash.

As at 31 August 2018, the amount owing to shareholders represented advances that are quasi equity in nature.

The currency profile of amount owing to shareholders as at the end of the respective reporting periods is Malaysian Ringgit.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

17. Other payables and accruals

	28.2.2018	31.8.2018
	US\$	US\$
Other payables	450,657	188,136
Accruals	335,788	377,874
	<u>786,445</u>	<u>566,010</u>

The currency exposure profiles of other payables and accruals were as follows:

	28.2.2018	31.8.2018
	US\$	US\$
Malaysian Ringgit	783,427	566,010
Singapore Dollar	3,018	–
	<u>786,445</u>	<u>566,010</u>

18. Amount owing to a related party

During the financial year ended 28 February 2018, the Group's ultimate holding company disposed its equity interest in Fortress Mining Sdn. Bhd. and accordingly ceased to be the ultimate holding company and became a related party of the Group.

The amount owing to a related party are trade related, unsecured, interest-free and repayable on demand in cash.

The currency profile of amount owing to a related party as at the end of the respective reporting periods is Malaysian Ringgit.

19. Revenue

	31.8.2017	31.8.2018
	US\$	US\$
Sale of iron ore	–	6,572,044

20. Other operating income

	31.8.2017	31.8.2018
	US\$	US\$
Sale of iron ore stockpiles	74,943	2,041,317
Interest Income	–	220
Unrealised foreign exchange gain	1,193	10,147
Others	4,243	18,008
	<u>80,379</u>	<u>2,069,692</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

21. Employee benefits expense

	31.8.2017	31.8.2018
	US\$	US\$
Wages, salaries and other emoluments	77,260	404,929
Contributions to defined contribution plans	7,193	44,323
Social security contributions	608	3,855
Other benefits	12,445	182,712
	<u>97,506</u>	<u>635,819</u>

Included in the employee benefits expense were the remuneration of Directors of the Company as follows:

	31.8.2017	31.8.2018
	US\$	US\$
Wages, salaries and other emoluments	10,088	71,441
Contributions to defined contribution plans	388	10,929
Social security contributions	32	151
	<u>10,508</u>	<u>82,521</u>

22. Finance costs

	31.8.2017	31.8.2018
	US\$	US\$
Interest expense on:		
– amount owing to ultimate holding company	369,893	–
– hire purchase creditor	616	738
	<u>370,509</u>	<u>738</u>

23. (Loss)/Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges:

	31.8.2017	31.8.2018
	US\$	US\$
<i>Administrative expenses</i>		
Donations	–	15,680
Office rental	12,691	13,224
	<u>12,691</u>	<u>13,224</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

24. Income tax expense

	31.8.2017	31.8.2018
	US\$	US\$
Current income tax		
– current financial period	–	366,504
Deferred tax		
– current income tax	–	344,514
– under provision in prior financial period	–	23,475
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective income tax rate

The Singapore income tax is calculated at the statutory tax rate of 17% of the accounting profit for the fiscal year. The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group is as follows:

	31.8.2017	31.8.2018
	US\$	US\$
(Loss)/Profit before tax	(545,915)	2,741,961
Income tax calculated at Singapore's statutory income tax rate of 17%	(92,806)	466,133
Effect of different tax rate in other countries	(38,214)	206,133
Tax effect of non-deductible expenses for income tax purposes	–	46,381
Tax effect of non-taxable income for income tax purposes	–	(7,629)
Tax effect of unrecognised deferred tax assets	131,020	–
Under provision of deferred tax in prior financial period	–	23,475
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

25. (Loss)/Earnings per share

Continuing operations

Basic (loss)/earnings per share from continuing operations is calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company over 425,000,000 shares, being the number of shares held by the holding company after the Restructuring Exercise as disclosed in Note 1.2 to the audited combined financial statements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

25. (Loss)/Earnings per share (Continued)

Continuing operations (Continued)

As the Group had no dilutive potential ordinary shares, the diluted (loss)/earnings per share is equivalent to basic (loss)/earnings per share for the financial period ended 31 August 2017 and 31 August 2018.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share financial periods ended 31 August 2017 and 31 August 2018:

	31.8.2017	31.8.2018
	US\$	US\$
<i>Earnings</i>		
(Loss)/Profit attributable to owners of the Company and (loss)/earnings used in basic EPS	<u>(545,915)</u>	<u>2,007,468</u>

The basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit for the financial period attributable to owners of the Company over 425,000,000 shares, being the number of shares held by the holding company after the Restructuring Exercise as disclosed in Note 1.2 to the audited combined financial statements for basic and diluted earnings per share computation respectively

26. Operating lease commitments

The Group as lessee

The Group leases office lots under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 1 to 2 years and rentals are fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	28.2.2018	31.8.2018
	US\$	US\$
Within one financial period	30,677	17,595
After one financial year but within five financial period	<u>30,677</u>	<u>17,595</u>
	<u>61,354</u>	<u>35,190</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

27. Capital Commitments

As at the end of the reporting period, commitments in respect of capital expenditure are as follows:

	31.8.2017	31.8.2018
	US\$	US\$
Capital expenditure contracted but not provided for		
– commitments for the acquisition of plant and equipment	–	2,144,506
	<u>–</u>	<u>2,144,506</u>

28. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group and its related parties during the financial periods ended 31 August 2017 and 31 August 2018:

	31.8.2017	31.8.2018
	US\$	US\$
With related parties		
Sales of goods and services	(99,231)	–
Purchase of goods and services	789,364	967,638
Purchase of fixed assets	247,800	292,590
Rental of machinery and motor vehicle	–	1,464,687
Rental of office	–	13,224
Supply of workers	–	14,116
Advance from	–	813,758
Paid on behalf by	1,440	1,209
Payment on behalf for	2,022	–
	<u>2,022</u>	<u>–</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

28. Significant related party transactions (Continued)

	31.8.2017 US\$	31.8.2018 US\$
With ultimate holding company		
Sales of goods and services	(100,451)	–
Purchase of goods and services	130,790	–
Purchase of fixed assets	843,945	–
Rental of machinery and motor vehicle	1,307,587	–
Rental of office	12,691	–
Supply of workers	4,752	–
Advance from	3,031,918	–
Paid on behalf by	191,726	–
	<u>31.8.2017</u> <u>US\$</u>	<u>31.8.2018</u> <u>US\$</u>
With shareholders		
Advances	8,485,606	2,288,693
	<u>82,616</u>	<u>–</u>
With director		
Payment on behalf by	82,616	–

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

29. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

	Iron ore US\$	Bauxite US\$	Unallocated US\$	Adjustments and elimination US\$	Group US\$
31 August 2017					
Revenue					
External customers, representing total revenue	–	–	–	–	–
Results:					
Depreciation of plant and equipment	(53)	–	(4,253)	–	(4,306)
Interest expense	–	–	(370,509)	–	(370,509)
Segment profit	<u>(50,148)</u>	<u>–</u>	<u>(495,767)</u>	<u>–</u>	<u>(545,915)</u>
Assets:					
Additions to non-current assets	6,163,447	–	30,603	–	6,194,050
Segment assets	10,231,527	147,361	167,237	–	10,546,125
Segment liabilities	<u>508,867</u>	<u>–</u>	<u>8,789,594</u>	<u>–</u>	<u>9,298,461</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

29. Segment information (Continued)

	Iron ore US\$	Bauxite US\$	Unallocated US\$	Adjustments and elimination US\$	Group US\$
31 August 2018					
Revenue					
External customers, representing total revenue	6,572,044	–	–	–	6,572,044
Results:					
Depreciation of plant and equipment	(196)	–	(1,798)	–	(1,994)
Interest expense	–	–	(738)	–	(738)
Segment profit	3,188,357	–	(446,396)	–	2,741,961
Assets:					
Additions to non-current assets	1,152,778	–	1,556,104	–	2,708,882
Segment assets	19,428,615	80,642	1,291,600	–	20,800,857
Segment liabilities	1,202,396	–	15,011,334	–	16,213,730

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented during these financial years.

Major customers

The revenues from two customers of the Group's iron ore segment represent approximately US\$6,572,044.

30. Financial instruments, financial risks and capital management

The Group's activities expose them to credit risks and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

30. Financial instruments, financial risks and capital management (Continued)

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

30.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks. The Group does not hold any collateral.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the respective reporting periods, there is no trade receivables past due but not impaired.

30.2 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet their working capital requirements.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

30. Financial instruments, financial risks and capital management (Continued)

30.2 Liquidity risks (Continued)

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay.

	28.2.2018	31.8.2018
	US\$	US\$
<u>One year or less</u>		
Trade payables	–	76,592
Other payables and accruals	786,445	566,010
Amount owing to a related party	660,634	625,208
Amount owing to shareholders	14,060,255	–
Borrowings	7,060	–
	<u>15,514,394</u>	<u>1,267,810</u>
<u>One to five years</u>		
Borrowings	17,611	–
	<u>17,611</u>	<u>–</u>
Total undiscounted financial liabilities	<u>15,532,005</u>	<u>1,267,810</u>

30.3 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group's overall strategy remains unchanged during the financial year ended 28 February 2018 and during the financial period ended 31 August 2018.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

30. Financial instruments, financial risks and capital management (Continued)

30.3 Capital management policies and objectives (Continued)

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt includes, trade payables, other payables and accruals and borrowings less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital and reserves.

	28.2.2018	31.8.2018
	US\$	US\$
Trade payables	–	76,592
Other payables and accruals	786,445	566,010
Amount owing to a related party	660,634	625,208
Borrowings	22,678	–
Amount owing to shareholders	14,060,255	–
Less: Cash and cash equivalents	(40,956)	(1,239,178)
Net debt	15,489,056	28,632
Equity attributable to the owners of the Company	1,543,105	19,026,452
Total capital	17,032,161	19,055,084
Gearing ratio (%)	90.9%	0.2%

The Group has complied with all externally imposed capital requirements for the financial year ended 28 February 2018 and the financial period ended 31 August 2018.

30.4 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

30. Financial instruments, financial risks and capital management (Continued)

30.4 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The following table sets out the financial instruments as at the end of the respective reporting periods:

	28.2.2018	31.8.2018
	US\$	US\$
Financial assets		
Financial assets at amortised cost	514,616	1,953,135
Financial liabilities		
Other financial liabilities, at amortised cost	15,530,012	1,267,810

31. Events after reporting period

On 3 September 2018, the subsidiary of the Company, Fortress Mining Sdn. Bhd. incorporated a subsidiary namely Fortress Logistic Sdn. Bhd. for a total consideration of MYR 2. On 4 September 2018, Fortress Mining Sdn. Bhd. further subscribed for 299,998 ordinary shares for a total consideration of MYR299,998.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

31. Events after reporting period (Continued)

On 18 September 2018, the subsidiary of the Company, Fortress Mining Sdn. Bhd. incorporated a subsidiary namely Fortress Industries Sdn. Bhd. for a total consideration of MYR100,000.

On 12 December 2018, the Company acquired from the CEO of the Company the entire issued and paid-up share capital of Fortress Resources Pte. Ltd. at a nominal consideration of S\$1.

**APPENDIX C – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF
FORTRESS MINERALS LIMITED AND ITS SUBSIDIARIES FOR THE
FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND FOR THE FINANCIAL
PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

**FORTRESS MINERALS LIMITED
and its subsidiaries**

Unaudited Pro Forma Combined Financial Information
For the financial year ended 28 February 2018 and for
the financial period from 1 March 2018 to 31 August 2018

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

19 March 2019

The Board of Directors
Fortress Minerals Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Report on the compilation of unaudited pro forma combined financial information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Fortress Minerals Limited (the "Company") and its subsidiaries (the "Group"). The unaudited pro forma combined financial information consists of the pro forma combined statement of financial position of the Group as at 28 February 2018 and 31 August 2018, the pro forma combined statement of comprehensive income and pro forma combined statement of cash flows of the Group for the financial year ended 28 February 2018 and the financial period from 1 March 2018 to 31 August 2018, and related notes as set out on pages C-5 to C-21 of the Offer Document issued by the Company. The applicable criteria on the basis of which the management has compiled the unaudited pro forma financial information are described in Note 3.

The unaudited pro forma financial information has been compiled by the management to illustrate the impact of the significant events (the "Significant Events") set out in Note 2 on:

- (i) the financial position of the Group as at 28 February 2018 and 31 August 2018 as if the Significant Events had taken place on that date; and
- (ii) the financial performance and cash flows of the Group for the financial year ended 28 February 2018 and the financial period from 1 March 2018 to 31 August 2018 as if the Significant Events had taken place at 1 March 2017 and 1 March 2018 respectively.

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the management from the audited combined financial statements for the financial year ended 28 February 2018 and the financial period from 1 March 2018 to 31 August 2018 on which audit reports have been published.

Management's responsibility for the unaudited pro forma financial information

Management is responsible for compiling the unaudited pro forma financial information on the basis of the applicable criteria.

Our independence and quality control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

Auditors' responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma financial information has been compiled, in all material respects, by the management on the basis of the applicable criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Singapore Chartered Accountants. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited pro forma financial information on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of unaudited pro forma financial information included in the Offer Document is solely to illustrate the impact of the Significant Events on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective date would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

Opinion

In our opinion:

- (a) The unaudited pro forma financial information has been compiled:
- (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited combined financial statements, which are in accordance with Singapore Financial Reporting Standards (International);
 - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma financial information is appropriate for the purpose of preparing such unaudited combined financial information.

Restriction on distribution and use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in connection with the proposed initial public offering of ordinary shares of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018 AND 31 AUGUST 2018**

	28.2.2018	31.8.2018
	US\$	US\$
ASSETS		
Non-current assets		
Mining properties	7,009,136	7,212,964
Plant and equipment	7,301,357	8,517,626
	<u>14,310,493</u>	<u>15,730,590</u>
Current assets		
Inventories	222,901	1,628,607
Trade receivables	51,844	189,238
Other receivables, deposits and prepayment	2,359,180	2,013,244
Current income tax recoverable	142,446	–
Cash and bank balances	2,341,725	1,239,178
	<u>5,118,096</u>	<u>5,070,267</u>
Total assets	<u><u>19,428,589</u></u>	<u><u>20,800,857</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	7,391,290	7,392,023
Other reserves	1,152,783	650,152
Retained earnings	668,262	2,675,730
Total equity	<u>9,212,335</u>	<u>10,717,905</u>
Non-current liabilities		
Borrowings	16,585	–
Deferred tax liability	54,703	405,910
Amount owing to shareholders	–	8,308,547
	<u>71,288</u>	<u>8,714,457</u>
Current liabilities		
Trade payables	–	76,592
Other payables and accruals	786,445	566,010
Amount owing to a related party	660,634	625,208
Amount owing to shareholder	8,691,794	–
Provision for taxation	–	100,685
Borrowings	6,093	–
	<u>10,144,966</u>	<u>1,368,495</u>
Total liabilities	<u>10,216,254</u>	<u>10,082,952</u>
Total equity and liabilities	<u><u>19,428,589</u></u>	<u><u>20,800,857</u></u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

	28.2.2018 US\$	31.8.2018 US\$
Revenue	–	6,572,044
Cost of sales	–	(2,656,169)
Gross profit	–	3,915,875
Other operating income	958,575	2,069,692
Selling and distribution expenses	–	(2,306,476)
Other operating expenses	(535,065)	(604,435)
Administrative expenses	(398,869)	(331,957)
Finance costs	(381,850)	(738)
(Loss)/Profit before tax	(357,209)	2,741,961
Income tax expense	(54,184)	(734,493)
(Loss)/Profit for the year/period attributable to owners of the Company	(411,393)	2,007,468
(Loss)/Earnings per share		
– Basic and diluted ⁽¹⁾ (cents per share)	(0.10)	0.47
(Loss)/Profit for the year/period attributable to owners of the Company	(411,393)	2,007,468
<i>Other comprehensive income</i>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Exchange difference on translating foreign operation	768,026	(502,631)
Other comprehensive income for the financial year/period, net of tax	768,026	(502,631)
Total comprehensive income for the financial year/period attributable to owners of the Company	356,633	1,504,837

Note:

- (1) The calculation of pro forma basic and diluted earnings per share is based on profit attributable to owners of the Company for the financial year ended 28 February 2018 and financial period ended 31 August 2018, and a pre-Placement share capital of 425,000,000 shares.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

	28.2.2018	31.08.2018
	US\$	US\$
Operating activities		
(Loss)/Profit before tax	(357,209)	2,741,961
Adjustments for:		
(Gain)/loss on disposal of plant and equipment	(633)	1,434
Unrealised foreign exchange loss/(gain)	16,791	(62,790)
Amortisation of mine property	–	144,212
Depreciation of plant and equipment	10,263	1,994
Interest income	(192)	–
Interest expense	381,850	738
Operating profit before working capital changes	50,870	2,827,549
Working capital changes:		
Inventories	(207,043)	(1,082,456)
Trade and other receivables	(720,514)	106,386
Trade and other payables	87,636	(116,196)
Amount owing to/from a related party	613,634	(6,553)
Cash (used in)/generated from operations	(175,417)	1,728,730
Tax paid	(281,547)	(120,029)
Net cash flow (used in)/generated from operating activities	(456,964)	1,608,701
Investing activities		
Additions of exploration and evaluation assets	(1,210,406)	–
Additions to mine properties	(4,948,601)	(662,862)
Additions of plant and equipment	(4,734,016)	(2,046,020)
Proceeds on disposal of exploration and evaluation assets	83,109	–
Proceeds on disposal of plant and equipment	9,023	36,202
Interest received	192	–
Net cash flow used in investing activities	(10,800,699)	(2,672,680)
Financing activities		
Proceeds from issuance of ordinary shares	7,123,617	733
Interest paid	(381,850)	(738)
Net repayment of borrowings (Note A)	(4,794)	(22,559)
Repayment to ultimate holding company (Note A)	(1,425,285)	–
Advances from shareholders (Note A)	7,960,869	–
Net cash flow generated from/(used in) financing activities	13,272,557	(22,564)
Net change in cash and cash equivalents	2,014,894	(1,086,543)
Effect of exchange rate changes on cash and cash equivalents	281,040	(16,004)
Cash and cash equivalents at beginning of financial year/period	45,791	2,341,725
Cash and cash equivalents at end of financial year/period	2,341,725	1,239,178

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

Note A: Changes in liabilities arising from financing activities

	At 1 March 2017 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 28 February 2018 US\$
Borrowings	24,497	(4,794)	2,975	22,678
Amount owing to ultimate holding company	1,350,214	(1,425,285)	75,071	–
Amount owing to shareholders	–	7,960,869	730,925	8,691,794
	<u>1,374,711</u>	<u>6,530,790</u>	<u>808,971</u>	<u>14,082,933</u>
	At 1 March 2018 US\$	Cash flows US\$	Non cash changes Foreign currency translation US\$	At 31 August 2018 US\$
Borrowings	22,678	(22,559)	(119)	–
Amount owing to shareholders	8,691,794	–	(383,247)	8,308,547
	<u>8,714,472</u>	<u>(22,559)</u>	<u>(383,366)</u>	<u>8,308,547</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018 AND 31 AUGUST 2018**

As at 28 February 2018

	Audited combined statement of financial position US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of financial position US\$
ASSETS			
Non-current assets			
Mining properties	7,009,136		7,009,136
Plant and equipment	7,301,357		7,301,357
	<u>14,310,493</u>		<u>14,310,493</u>
Current assets			
Inventories	222,901		222,901
Trade receivables	51,844		51,844
Other receivables, deposits and prepayment	2,359,180		2,359,180
Current income tax recoverable	142,446		142,446
Cash and bank balances	40,956	2,300,769 ^{(i), (iv)}	2,341,725
	<u>2,817,327</u>		<u>5,118,096</u>
Total assets	<u><u>17,127,820</u></u>		<u><u>19,428,589</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	267,675	7,123,615 ⁽ⁱⁱⁱ⁾	7,391,290
Other reserves	607,168	545,615 ^{(ii), (iv)}	1,152,783
Retained earnings	668,262		668,262
Total equity	<u>1,543,105</u>		<u>9,212,335</u>
Non-current liabilities			
Borrowings	16,585		16,585
Deferred tax liability	54,703		54,703
	<u>71,288</u>		<u>71,288</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018 AND 31 AUGUST 2018
(Continued)**

As at 28 February 2018 (Continued)

	Audited combined statement of financial position US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of financial position US\$
Current liabilities			
Other payables and accruals	786,445		786,445
Amount owing to a related party	660,634		660,634
Amount owing to shareholders	14,060,255	(5,368,461) ^{(i), (ii), (iii)}	8,691,794
Borrowings	6,093		6,093
	<u>15,513,427</u>		<u>10,144,966</u>
Total liabilities	<u>15,584,715</u>		<u>10,216,254</u>
Total equity and liabilities	<u><u>17,127,820</u></u>		<u><u>19,428,589</u></u>

Note to the pro forma adjustments:

The pro forma adjustments relate to:

- (i) Injection of MYR9,000,000 from shareholders at the beginning of the financial year ended 28 February 2018.
- (ii) Reversal of US\$269,369 arising from exchange differences of amount owing to shareholders from foreign currency translation reserve.
- (iii) Capitalisation of loan from shareholders of MYR30,000,000 (US\$7,123,615) during the financial year
- (iv) Translation of MYR9,000,000 from the beginning of the financial year to year end rate
 - (a) US\$276,246 for the financial year ended 28 February 2018

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018 AND 31 AUGUST 2018
(Continued)**

As at 31 August 2018

	Audited combined statement of financial position US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of financial position US\$
ASSETS			
Non-current assets			
Mining properties	7,212,964		7,212,964
Plant and equipment	8,517,626		8,517,626
	<u>15,730,590</u>		<u>15,730,590</u>
Current assets			
Inventories	1,628,607		1,628,607
Trade receivables	189,238		189,238
Other receivables, deposits and prepayment	2,013,244		2,013,244
Cash and bank balances	1,239,178		1,239,178
	<u>5,070,267</u>		<u>5,070,267</u>
Total assets	<u>20,800,857</u>		<u>20,800,857</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	268,408	7,123,615 ⁽ⁱ⁾	7,392,023
Other reserves	442,697	207,455 ⁽ⁱⁱ⁾	650,152
Retained earnings	2,675,730		2,675,730
Total equity	<u>3,386,835</u>		<u>10,717,905</u>
Non-current liabilities			
Deferred tax liability	405,910		405,910
Amount owing to shareholders	15,639,617	(7,331,070) ^{(i), (ii)}	8,308,547
	<u>16,045,527</u>		<u>8,714,457</u>

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018 AND 31 AUGUST 2018
(Continued)**

As at 31 August 2018 (Continued)

	Audited combined statement of financial position US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of financial position US\$
Current liabilities			
Trade payable	76,592		76,592
Other payables and accruals	566,010		566,010
Amount owing to a related party	625,208		625,208
Provision for taxation	100,685		100,685
	<u>1,368,495</u>		<u>1,368,495</u>
Total liabilities	<u>17,414,022</u>		<u>10,082,952</u>
Total equity and liabilities	<u><u>20,800,857</u></u>		<u><u>20,800,857</u></u>

Note to the pro forma adjustments:

The pro forma adjustments relate to:

- (i) Capitalisation of loan from shareholders of MYR30,000,000 (US\$7,011,054) in the previous financial year.
- (ii) Reversal of cumulative of US\$207,455 arising from exchange differences of amount owing to shareholders from foreign currency translation reserve.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA
COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

**Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial
year ended 28 February 2018**

	Audited combined statement of comprehensive income US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of comprehensive income US\$
Revenue	–		–
Cost of sales	–		–
Gross profit	–		–
Other operating income	958,575		958,575
Selling and distribution expenses	–		–
Other operating expenses	(535,065)		(535,065)
Administrative expenses	(398,869)		(398,869)
Finance costs	(381,850)		(381,850)
Loss before tax	(357,209)		(357,209)
Income tax expense	(54,184)		(54,184)
Loss for the financial year attributable to owners of the Company	(411,393)		(411,393)
Loss per share			
– Basic and diluted ⁽¹⁾ (cents per share)	(0.10)		(0.10)
Loss for the financial year attributable to owners of the Company	(411,393)		(411,393)
<i>Other comprehensive income</i>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translating foreign operation	222,411	545,615 ^{(i), (ii)}	768,026
Other comprehensive income for the financial year, net of tax	222,411	545,615 ^{(i), (ii)}	768,026
Total comprehensive income for the financial year attributable to owners of the Company	(188,982)	545,615^{(i), (ii)}	356,633

(i) Reversal of US\$269,369 arising from exchange differences of amount owing to shareholders from foreign currency translation reserve.

(ii) Translation of MYR9,000,000 from the beginning of the financial year to year end rate

(a) US\$276,246 for the financial year ended 28 February 2018

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA
COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
FOR THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

Unaudited Pro Forma Consolidated Statement of Comprehensive Income for the financial period ended 31 August 2018

	Audited combined statement of comprehensive income US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of comprehensive income US\$
Revenue	6,572,044		6,572,044
Cost of sales	(2,656,169)		(2,656,169)
Gross profit	3,915,875		3,915,875
Other operating income	2,069,692		2,069,692
Selling and distribution expenses	(2,306,476)		(2,306,476)
Other operating expenses	(604,435)		(604,435)
Administrative expenses	(331,957)		(331,957)
Finance costs	(738)		(738)
Profit before tax	2,741,961		2,741,961
Income tax expense	(734,493)		(734,493)
Profit for the financial period attributable to owners of the Company	2,007,468		2,007,468
Earnings per share			
– Basic and diluted ⁽¹⁾ (cents per share)	0.47		0.47
Profit for the financial period attributable to owners of the Company	2,007,468		2,007,468
<i>Other comprehensive income</i>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference on translating foreign operation	(164,471)	(338,160) ⁽ⁱ⁾	(502,631)
Other comprehensive income for the financial period, net of tax	(164,471)	(338,160) ⁽ⁱ⁾	(502,631)
Total comprehensive income for the financial period attributable to owners of the Company	1,842,997	(338,160)⁽ⁱ⁾	1,504,837

(i) Reversal of US\$338,160 arising from exchange differences of amount owing to shareholders from foreign currency translation reserve.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

**Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended
28 February 2018**

	Audited combined statement of cash flows US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of cash flows US\$
Operating activities			
Loss before tax	(357,209)		(357,209)
Adjustments for:			
Gain on disposal of plant and equipment	(633)		(633)
Unrealised foreign exchange loss	16,791		16,791
Depreciation of plant and equipment	10,263		10,263
Interest income	(192)		(192)
Interest expense	381,850		381,850
Operating profit before working capital changes	50,870		50,870
Working capital changes:			
Inventories	(207,043)		(207,043)
Trade and other receivables	(720,514)		(720,514)
Trade and other payables	87,636		87,636
Amount owing to a related party	613,634		613,634
Cash absorbed by operations	(175,417)		(175,417)
Tax paid	(281,547)		(281,547)
Net cash flow (used in) operating activities	(456,964)		(456,964)
Investing activities			
Additions of exploration and evaluation assets	(1,210,406)		(1,210,406)
Additions to mine properties	(4,948,601)		(4,948,601)
Additions of plant and equipment	(4,734,016)		(4,734,016)
Proceeds from disposal of exploration and evaluation assets	83,109		83,109
Proceeds from disposal of plant and equipment	9,023		9,023
Interest received	192		192
Net cash flow (used in) investing activities	(10,800,699)		(10,800,699)

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

**Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial year ended
28 February 2018 (Continued)**

	Audited combined statement of cash flows US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of cash flows US\$
Financing activities			
Proceeds from issuance of ordinary shares	2	7,123,615 ⁽ⁱⁱⁱ⁾	7,123,617
Interest paid	(381,850)		(381,850)
Net drawdown/(repayment) of borrowings	(4,794)		(4,794)
Repayment to ultimate holding company	(1,425,285)		(1,425,285)
Advances from shareholders	13,059,961	(5,099,092) ^{(i), (iii)}	7,960,869
Net cash flow generated from financing activities	11,248,034		13,272,557
Net change in cash and cash equivalents	(9,629)	2,024,523 ^{(i), (iii)}	2,014,894
Effect of exchange rate changes on cash and cash equivalents	4,794	276,246 ⁽ⁱⁱ⁾	281,040
Cash and cash equivalents at beginning of financial year	45,791		45,791
Cash and cash equivalents at end of financial year	40,956		2,341,725

Note to the pro forma adjustments:

The pro forma adjustments relate to:

- (i) Injection of MYR9,000,000 from shareholders at the beginning of the financial year ended 28 February 2018
- (ii) Translation of MYR9,000,000 from the beginning of the financial year to year end rate
 - (a) US\$276,246 for the financial year ended 28 February 2018
- (iii) Reclass advances from shareholders to proceeds from issuance of shares

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

**Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial period from
1 March 2018 to 31 August 2018**

	Audited combined statement of cash flows US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of cash flows US\$
Operating activities			
Profit before tax	2,741,961		2,741,961
Adjustments for:			
Loss on disposal of plant and equipment	1,434		1,434
Unrealised foreign exchange gain	(62,790)		(62,790)
Depreciation of plant and equipment	1,994		1,994
Amortisation of mine property	144,212		144,212
Interest expense	738		738
Operating profit before working capital changes	2,827,549		2,827,549
Working capital changes:			
Inventories	(1,082,456)		(1,082,456)
Trade and other receivables	106,386		106,386
Trade and other payables	(116,196)		(116,196)
Amount owing from/to related party	(6,553)		(6,553)
Cash generated from operations	1,728,730		1,728,730
Tax paid	(120,029)		(120,029)
Net cash flow generated from operating activities	1,608,701		1,608,701
Investing activities			
Additions to mine properties	(662,862)		(662,862)
Additions of plant and equipment	(2,046,020)		(2,046,020)
Proceeds from disposal of plant and equipment	36,202		36,202
Net cash flow used in investing activities	(2,672,680)		(2,672,680)

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

**Unaudited Pro Forma Consolidated Statement of Cash Flows for the financial period from
1 March 2018 to 31 August 2018 (Continued)**

	Audited combined statement of cash flows US\$	Unaudited pro forma adjustments Note 4 US\$	Unaudited pro forma combined statement of cash flows US\$
Financing activities			
Proceeds from issuance of ordinary shares	733		733
Interest paid	(738)		(738)
Net repayment of borrowings	(22,559)		(22,559)
Advances from shareholders	2,288,693	(2,288,693) ⁽ⁱ⁾	–
Net cash flow used in financing activities	<u>2,266,129</u>		<u>(22,564)</u>
Net change in cash and cash equivalents	1,202,150	(2,288,693) ⁽ⁱ⁾	(1,086,543)
Effect of exchange rate changes on cash and cash equivalents	(3,928)	(12,076) ⁽ⁱ⁾	(16,004)
Cash and cash equivalents at beginning of financial period	<u>40,956</u>	2,300,769 ⁽ⁱ⁾	<u>2,341,725</u>
Cash and cash equivalents at end of financial period	<u><u>1,239,178</u></u>		<u><u>1,239,178</u></u>

Note to the pro forma adjustments:

The pro forma adjustments relate to:

- (i) Remove the effect MYR9,000,000 contribution from shareholders and the related foreign exchange effect to prior year.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018**

1. General corporate information

The Company was incorporated in Singapore on 13 November 2017 under the Singapore Companies Act, Chapter 50 (the “Act”) as a private limited liability company in the name of Fortress Minerals Pte. Ltd.. In connection with its conversion into a public company limited by shares, the Company changed its name to Fortress Minerals Limited on 20 February 2019. The Company’s registration number is 201732608K.

The Company’s registered office address is located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 and its principal place of business is located 9-1, Jalan PJS8/18, Dataran Mentari, 46150 Petaling Jaya, Selangor Darul Ehsan.

2. Significant event

Save for the following significant event relating to the capitalisation of shareholder’s loans (the “Significant Event”), the Directors of the Company, as at the date of this report, are not aware of any significant acquisitions or disposals of assets which have occurred since 1 March 2018 and any significant changes made to the capital structure of the Company subsequent to 31 August 2018:–

- (i) Pursuant a restructuring agreement dated 19 February 2019 entered into between the Pre-Restructuring Shareholders, Fortress Mining Sdn. Bhd. and the Company it was agreed that simultaneous with the completion of the sale and purchase of the shares in the capital of Fortress Mining Sdn. Bhd. held by the Pre-Restructuring Shareholders, the Pre-Restructuring Shareholders shall assign the MYR30.0 million of the Shareholders’ Loans to the Company in consideration of the allotment and issuance of such number of ordinary shares of the Company.

3. Basis of preparation of the unaudited pro forma combined financial information

The Group in this unaudited pro forma combined financial information relates to the companies referred to in the entities within Fortress Minerals Limited and its subsidiaries (the “Group”) subsequent to the Restructuring Exercise as referred to the Offer Document.

The unaudited pro forma combined financial information are presented in United States Dollar (US\$) except where otherwise indicated.

The unaudited pro forma combined financial information is based on the following:

- Audited combined financial statements of the Group for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018, which have been prepared in accordance with Singapore Financial Reporting Standards.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

**3. Basis of preparation of the unaudited pro forma combined financial information
(Continued)**

The audited combined financial statements of the Group for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018 were audited by BDO LLP in accordance with Singapore Standards on Auditing. The independent auditors' report relating to the auditing of the financial statements was not subject to any qualification.

- Unaudited interim condensed combined financial statements of the Group for the financial period from 1 March 2018 to 31 August 2018, which have been prepared by management in accordance with Singapore Financial Reporting Standard (International) 34, *Interim Financial Reporting*.

The unaudited interim condensed combined financial statements of the Group for the financial period from 1 March 2018 to 31 August 2018 were reviewed by BDO LLP in accordance with Singapore Standards on Review Engagements 2410, *Review of Interim Financial In Financial Information Performed by the Independent Auditor of the Entity* ("SSRE 2410"). The independent auditors' report relating to the review of unaudited interim condensed combined financial statements was not subject to any qualification.

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited combined financial statements of the Group.

The unaudited pro forma combined financial information for the financial year ended 28 February 2018 and the financial period from 1 March 2018 to 31 August 2018 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

- the financial position of the Group as at 28 February 2018 and 31 August 2018 would have been if the Significant Events had taken place since the beginning of the financial year ended 28 February 2018; and
- the financial performance and cash flows of the Group for the financial year ended 28 February 2018 and the financial period from 1 March 2018 to 31 August 2018 would have been if the Significant Events discussed in Note 2 had taken place on 1 March 2018 since the beginning of the financial year ended 28 February 2018.

Based on the assumptions discussed above, the material adjustments as set out in Note 4 have been made to the audited combined financial statements of the Group in arriving at the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in the explanatory notes, the Directors of the Company, for the purposes of preparing this set of unaudited pro forma combined financial information, have not considered the effects of the other events.

**FORTRESS MINERALS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 AND
THE FINANCIAL PERIOD FROM 1 MARCH 2018 TO 31 AUGUST 2018 (Continued)**

4. Pro forma adjustments

The following pro forma adjustments were made assuming the transactions taken place on 1 March 2018:–

- (i) Inclusion in pro forma financial information for the financial period ended 31 August 2018, where the Company capitalised assigned Shareholders' Loans into issued and fully paid up share capital of the Company. The capitalisation resulted in an increase in share capital of the Company by USD7,123,615.

This page has been intentionally left blank.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

This appendix provides information about certain provisions of our Constitution and certain aspects of Singapore company law. The description below is only a summary and is qualified in its entirety by reference to the Companies Act and our Constitution. The instrument that constitutes and defines us is our Constitution.

REGISTRATION NUMBER

Our Company is registered in Singapore with ACRA, and our company registration number is 201732608K.

SUMMARY OF THE CONSTITUTION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

(d) Retirement Age Limit

There is no retirement age limit for Directors under the Constitution.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Constitution of the Company.

2. Share rights and restrictions

We currently have one (1) class of shares, namely, ordinary shares. Only persons who are registered on our register of members are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of the Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid *pro rata* amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 72 hours before the general meeting. Except as otherwise provided in the Constitution, two (2) or more shareholders must be present in person or

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

by proxy to constitute a quorum at any general meeting. Under the Constitution, on a poll, every shareholder present in person or by proxy shall have one (1) vote for each ordinary share which he holds or represents. All resolutions at any general meeting shall be voted by poll if required by the Catalist Rules or the listing rules of any stock exchange upon which the shares of our Company may be listed, unless such requirement is waived by the SGX-ST or such other stock exchange. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote.

3. Change in capital

Certain changes in the capital structure of our Company (for example, an increase, consolidation, cancellation or sub-division of our share capital or the conversion of our share capital from one currency into another) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of the Constitution relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two (2) persons holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one (1) vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant provision does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

This page has been intentionally left blank.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.

Suite 13.03, 13th Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia



Telephone 603 2164 0200
Facsimile 603 2164 0280
query@azmandavidson.com.my
www.azmandavidson.com.my

Partners

Rajendra Navaratnam
BSc(Hons)(Eng)(UMIST) LLB(Hons)(Bucks) MIEM FCI/Arb
Lt. (Rtd) Paul K. W. Kwong (RMN)
LLB(Hons)(CMAA) LLM(Malaya)
H. Y. Chong
BSc LLB(Sydney) ACI/Arb
Yatiswara Ramachandran
LLB(Hons)(ANU) MA(Leeds) LLM(Hons)(Auckland)
Chu Ai Li
LLB(Hons)(Lond) LLM(Malaya) FCI/Arb FMI/Arb FAIADR
Sonia Abraham
LLB(Hons)(Kent)
Wong Hin Loong
LLB(Hons)(Lond)
Elaine Law Soh Ying
LLB(Hons)(Leicester) LLM(Leicester)
Neoh Li Ting
LLB(Hons)(Lond)

Annette Soh
LLB(Hons)(Lond) LLM(Wolverhampton)
Karen Ng Yueh Ying
LLB(Hons)(Malaya)
Karen Ng Gek Suan
LLB(Hons) LLM (Northumbria)
Allison Ong Lee Fong
LLB(Hons)(Lond)
Raja Kumar Raja Kandan
LLB(Hons)(UKM) ACI/Arb FAIADR
Mak Hon Pan
LLB(Hons)(Reading) MMI/Arb
Kenny Chan Yew Hoong
LLB(Hons)(Lond) LLM(Lond)

Consultants
Dato' W.S.W. Davidson DSDK
LLB(Hons)(Belfast) FCI/Arb FMI/Arb

Datuk Francis L. K. Tan PMW
LLB(Lond) FCIS ACTIM

Senior Associates
Toh Chia Hua @ Toh Wee Hua
LLB(Hons)(Lond) LLM(Malaya) MSc(UTM)
Lai Wern Ching
LLB(Hons)(UKM)
Koh Suan Suan
LLB(Hons)(Hull) LLM(Hull)
Daphne Lam Pooi Mun
LLB(Hons)(Lond)

Associates
Suzana Ahmad
LLB(Hons)(Malaya)
Michael Koh Boon Han
LLB(Hons)(Leeds)

Goh Chin How
LLB(Hons)(Malaya)
Soh Jing Han
LLB(Hons)(Malaya)
Lim Shan Yi
LLB(Hons)(UKM)
Ng Yee Fung
LLB(Hons)(Leeds)
Allen Cheng Peng Han
LLB(Hons)(UKM)
Natasha Ng Yean Shiuian
LLB(Hons)(Northumbria)
Chiok Li Wei
LLB(Hons)(UKM)
Kenny K. Y. Lam
LLB(Hons)(UKM)
Laura Lim Ai Wen
LLB(Hons)(Reading)

Jessica Kong Yin Yin
LLB(Hons)(Lond)
Muhammad Iqram Bin Zulkupri
BLS(Hons) LLB(Hons)(UTM)
Shafrina Binti Mohd Shahidan
LLB(Hons)(Cardiff)
Lawrence Tan Kim Kai
LLB(Hons)(Leeds)
Brandon Shen Shi Han
LLB(Hons)(Nottingham)
Lim Siew Ying, Serena
LLB(Hons)(Malaya)
Chloe Tan Ern-Yi
LLB(Hons)(Northumbria)
Wee Chiat Khee, Sandy
LLB(Hons)(Lond)

Your Ref:

Our Ref: EL/KSS/NN/20180285

Date: 19 March 2019

Fortress Mining Sdn Bhd

9-1, Jalan PJS 8/18
Dataran Mentari
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Attention: The Board of Directors

And

PrimePartners Corporate Finance Pte Ltd

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Attention: Mr. Mark Liew

Dear Sirs,

LEGAL OPINION (“OPINION”) IN RESPECT OF THE PROPOSED LISTING AND INITIAL PUBLIC OFFERING OF FORTRESS MINERALS LIMITED ON THE CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“PROPOSED LISTING”)

1. INTRODUCTION

1.1 We are a firm of advocates and solicitors duly qualified and authorised to practise Malaysian law in Malaysia. We have been appointed by Fortress Mining Sdn Bhd (“**Company**”) to conduct a legal due diligence review on the Company and its subsidiaries, Fortress Logistics Sdn Bhd (“**Fortress Logistics**”) and Fortress Industries Sdn Bhd (“**Fortress Industries**”) (collectively referred to as “**Fortress Malaysian Group**”) in connection with the Proposed Listing.

1.2 In providing this Opinion, we have:

- (a) examined copies of documents and statutory records of Fortress Malaysian Group, and other instruments provided to us by Fortress Malaysian Group, which fall within the terms of reference and scope of our legal due diligence inquiry carried out on the Fortress Malaysian Group;

Advocates & Solicitors • Notary Public • Registered Trade Mark & Patent Agent • Chartered Arbitrators
A member of Legalink (www.legalink.ch), an international association of independent law firms with 69 offices in 60 countries.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (b) conducted the necessary checks and inquiries in the event that the documents provided by Fortress Malaysian Group appear to be unusual or incomplete, or where no source documents are available for verification of certain information; and
- (c) taken into consideration the written and verbal confirmations provided by relevant governmental authorities in Malaysia in respect of certain specific issues.

2. ASSUMPTIONS AND QUALIFICATIONS

2.1 In rendering this Opinion, we have assumed that:

- (a) all documents and information relevant to the Fortress Malaysian Group for the purpose of this Opinion have been furnished to us;
- (b) all documents and information provided to us are true, accurate and complete response to our inquiries;
- (c) all signatures, seals and stamps on the documents submitted or made available to us are true and genuine;
- (d) all persons executing and delivering the documents (save in respect of the Fortress Malaysian Group) are competent and duly authorised to execute and deliver such documents;
- (e) all documents and records provided to us are, as at the date of this Opinion, up to date and remain in full force and effect, and have not been rescinded, revoked, repudiated, terminated, varied amended or supplemented (in any respect including as a result of any waiver) except to the extent that all documents evidencing such events have been provided to us;
- (f) all documents provided to us, including facsimiles of the documents and scanned copies of documents, are true and complete copies of the originals;
- (g) all the resolutions shown in the minutes books are complete and accurate record of all resolutions passed by the directors/shareholders of the Fortress Malaysian Group and have not been amended nor rescinded and are in full force and effect;
- (h) the information shown in the searches conducted by us is true and complete and up to date and that such information has not been materially altered;
- (i) there is no provision of the law of any jurisdiction (as to which we have made no independent investigation), other than Malaysia, which would render this Opinion expressed herein to be untrue, incorrect or inaccurate;
- (j) all statement made under written confirmations and/or declarations by relevant persons for the purpose of this Opinion are true, accurate, complete and up-to-date;
- (k) all documents, records and other instruments provided to us are genuine, complete, up-to-date and accurate and no material documents or information have been withheld from us whether deliberately or inadvertently; and
- (l) all facts stated in the records and the documents which we have relied on in providing this Opinion are correct, true and complete and there are no facts material to the Opinion in respect of the affairs of the Fortress Malaysian Group which have not been disclosed to us and/or which do not appear from the face of the documents examined by us.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- 2.2 Nothing has come to our attention to lead us to believe that such assumptions are incorrect and we have not made any verification on any of the assumptions or independent investigations with respect to the matters and the subject of the above assumptions. No assumption specified above is limited by reference to any other assumption.
- 2.3 Our opinion relates solely to Malaysian law as enforced and applied by the courts of Malaysia as of the date of this Opinion and this Opinion is given on the basis that it will be governed by and construed in accordance with the laws of Malaysia. We express no opinion on the laws of any other jurisdiction and have made no investigation on the laws of any other jurisdiction.
- 2.4 This Opinion is subject to the following qualifications:
- (a) This Opinion relates only to legal matters from the Malaysian law perspective and does not extend to verification of or contain any commentary in respect of information in the following areas:
 - (i) financial and accounting information (whether historical, projected or otherwise);
 - (ii) information on profitability, viability or reputation;
 - (iii) technical information and investment considerations; and
 - (iv) all other information which are within the scope of expertise of other advisers.
 - (b) This Opinion is rendered based solely on the information and documents provided to us by the Company and from the independent searches conducted by us as part of our legal due diligence inquiry.
 - (c) Except as expressly stated in this Opinion, we render no opinion on the accuracy of any statement of fact, warranty or representation made in the documents save if and insofar as the matters warranted or represented are the subject matter of the specific opinion set out in this Opinion.
 - (d) We express no opinion on the rights and obligations of any party other than the Fortress Malaysian Group to the extent of its obligations under the documents. In particular, as we did not draft any of the documents, except as expressly stated, no inference shall be made that the documents or any part thereof are sufficient for any purpose intended.
 - (e) Except as may be expressly described herein, we have not undertaken any independent investigation to determine the existence or absence of any facts and no inference as to our knowledge of the existence or absence of such facts should be drawn from our serving as counsel in rendering this Opinion.

3. OPINION

Based on the foregoing and subject to the assumptions and qualifications set out above, we are of the opinion that:

3.1 Due incorporation

3.1.1 The Company

- (1) The Company was duly incorporated on 14 December 2010 under the laws of Malaysia, and all necessary governmental and regulatory approvals, permits, consents, licences, certificates, registrations and other filings in respect of the incorporation of the Company has been obtained or made.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (2) The Company is validly existing as a legal entity with limited liability, having full capacity, power and authority to enter into legally binding and enforceable contracts and undertakings with full power to sue or be sued in its own name.
- (3) The Company has full power and authority to carry on its business as presently conducted and to own, use, lease and operate its properties and assets as provided in its Constitution.
- (4) The Constitution of the Company has been duly adopted and lodged with the Companies Commission of Malaysia, and constitute legal document regulating the relationship between the Company and its shareholders and among the shareholders *inter se*, and is valid and legally binding and enforceable between the Company and its shareholders, and by the shareholders against one another.
- (5) The amendments to the Constitution of the Company were duly authorised and are in order.
- (6) We are not aware of any instances where the Company is or has been in material breach or violation of its Constitution.
- (7) Based on our due diligence review, there are no provisions or irregularities, inconsistencies or other matters contained in the records of the Company which would adversely affect:
 - (a) the status of the Company as a duly incorporated independent legal entity;
 - (b) the power and authority to own, use, lease and operate its properties and other assets lawfully obtained; and
 - (c) the business as presently conducted by the Company.
- (8) The current board of directors were appointed in compliance with applicable laws of Malaysia and the Company's Constitution. The directors of the Company as at the date of this Opinion are Tan Seng Kim, Mohamed Rosli bin Shahin, Chee Yew Fei, Loong Ching Hong, Teh Lip Kim and Yeow Boon Ban ("**Directors**").
- (9) Each member of the current board of directors is of full age and capacity.
- (10) Based on the relevant searches conducted by us with CTOS Business Systems Sdn Bhd ("**CTOS**") and RAM Credit Information Sdn Bhd ("**RAM**") (both private Malaysian credit reporting agencies governed by the Credit Reporting Agencies Act 2010) and the Department of Insolvency of Malaysia on 15 February 2019 and 13 March 2019 respectively, and statutory declarations dated 14 December 2018 and 31 December 2018 made by each of the Directors and subsequent confirmations by each of them:
 - (a) save as disclosed below, none of the Directors have been declared bankrupt in Malaysia and no petition under any bankruptcy or insolvency laws has been filed (and not struck out or annulled) against any Directors in which he was a partner in Malaysia:

An order was made against Chee Yew Fei in 2001 by the Kuantan High Court of Malaysia pursuant to the bankruptcy petitions filed by Tractors Malaysia (1982) Sdn Bhd (Case No: 29-4844-98) ("**Tractors**"), Hong Leong Finance Bhd (Case No: 29-297-2000) ("**Hong Leong Finance**") and RHB Bank Bhd (Case No: 29-112-1999) ("**RHB**") (collectively, the "**Creditors**"). Tractors had filed a bankruptcy petition against him, who acted as the guarantor for Tangkai Maju Sdn Bhd ("**Tangkai Maju**"), a company where he had equity interests in, when Tangkai Maju failed to repay for the purchase of certain machinery and equipment. Subsequently, Chee Yew Fei paid a settlement amount of approximately RM75,000. As Tangkai Maju also had hire purchase facilities for

machineries (“**HP Facilities**”) provided by Hong Leong Finance and RHB, the cross-default clause was triggered, thereby resulting in Hong Leong Finance and RHB also filing bankruptcy petitions against him in his capacity as personal guarantor. Subsequently, Chee Yew Fei paid an aggregate settlement amount of RM850,000 to Hong Leong Finance and RHB.

Chee Yew Fei had subsequently made full repayment of the settlement amounts of approximately RM925,000 in aggregate to the Creditors, and as a result, Chee Yew Fei has been fully discharged and the bankruptcy order was annulled on 17 August 2010 pursuant to an order dated 17 August 2010 by the High Court of Malaya.

- (b) none of the Directors have been charged with and/or convicted in any criminal proceedings or is a named subject of a pending criminal proceeding in Malaysia.

3.1.2 Fortress Logistics

- (1) Fortress Logistics was duly incorporated on 3 September 2018 under the laws of Malaysia, and all necessary governmental and regulatory approvals, permits, consents, licences, certificates, registrations and other filings in respect of the incorporation of Fortress Logistics have been obtained or made.
- (2) Fortress Logistics is validly existing as a legal entity with limited liability, having full capacity, power and authority to enter into legally binding and enforceable contracts and undertakings with full power to sue or be sued in its own name.
- (3) Under the Malaysian Companies Act 2016, Fortress Logistics has full power and authority to carry on its business as presently conducted and to own, use, lease and operate its properties and assets.
- (4) Based on our due diligence review and confirmation by the Company, we are not aware of any provisions or irregularities, inconsistencies or other matters that are contained in the records of Fortress Logistics which would adversely affect:
 - (a) the status of Fortress Logistics as a duly incorporated independent legal entity; and
 - (b) the power and authority to own, use, lease and operate its properties and other assets lawfully obtained.
- (5) As at the date of this Opinion, Fortress Logistics is still dormant and has not carried out business activities.
- (6) The current board of directors were appointed in compliance with applicable laws of Malaysia. The directors of Fortress Logistics as at the date of this Opinion are Chee Yew Fei and Loong Ching Hong.

3.1.3 Fortress Industries

- (1) Fortress Industries was duly incorporated on 18 September 2018 under the laws of Malaysia, and all necessary governmental and regulatory approvals, permits, consents, licences, certificates, registrations and other filings in respect of the incorporation of Fortress Industries have been obtained or made.
- (2) Fortress Industries is validly existing as a legal entity with limited liability, having full capacity, power and authority to enter into legally binding and enforceable contracts and undertakings with full power to sue or be sued in its own name.
- (3) Under the Malaysian Companies Act 2016, Fortress Industries has full power and authority to carry on its business as presently conducted and to own, use, lease and operate its properties and assets.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (4) Based on our due diligence review, there are no provisions or irregularities, inconsistencies or other matters contained in the records of Fortress Industries which would adversely affect:
 - (a) the status of Fortress Industries as a duly incorporated independent legal entity; and
 - (b) the power and authority to own, use, lease and operate its properties and other assets lawfully obtained.
- (5) As at the date of this Opinion, Fortress Industries is still dormant and has not carried out business activities.
- (6) The current board of directors were appointed in compliance with applicable laws of Malaysia. The directors of Fortress Industries as at the date of this Opinion are Chee Yew Fei and Loong Ching Hong.

3.2 Share capital

3.2.1 The Company

- (1) The issued and paid up share capital of the Company as at the date of this Opinion is RM1,000,000 consisting of 1,000,000 ordinary shares. The Company has only one class of shares, being ordinary shares. All issued shares are free from any encumbrances or restrictions.
- (2) The present shareholder of the Company and its shareholding are as follows:

Shareholder	No. of shares held	% held
Fortress Minerals Limited	1,000,000	100

The present shareholder is the legal and beneficial owner of the shares set out against its name in the table above.

- (3) The issued shares of the Company are not subject to any pre-emptive rights, resale rights or similar rights of any party under the Constitution of the Company or the applicable laws of Malaysia or any agreement, deed or other instrument to which the Company is a party to.
- (4) All issues, allotments and transfers of shares and all changes in the issued and paid-up capital of the Company since its incorporation were validly conducted, duly authorised, duly recorded, have been fully paid-up (in respect of issues of shares) and have been effected in accordance with applicable laws of Malaysia and the Company's Constitution. Based on document and records provided to us, all the necessary consents, authorisations and approvals required for the allotments, issues and transfers of shares have been obtained.
- (5) There were no irregularities in the transfer of shares in the Company that would affect shareholders' rights and obligation or the validity of the shareholding interest of the respective current shareholders.
- (6) As at the date of this Opinion, the Company does not have any outstanding borrowings or credit facilities from any financial institutions.
- (7) There are no restrictions on transfers or holdings of the shares in the Company, or any restrictions on the right of persons deemed "non-resident" under the notices issued by Bank Negara Malaysia in exercising its power conferred by the Financial Services Act 2013 and Islamic Financial Services Act 2013 to hold or exercise the voting rights attached to the share capital of the Company imposed by any applicable law of Malaysia or the Company's Constitution.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (8) The Company does not have treasury shares and has never issued any preference shares or share options or convertible securities or instruments.

3.2.2 Fortress Logistics

- (1) The issued and paid up share capital of Fortress Logistics as at the date of this Opinion is RM300,000 consisting of 300,000 ordinary shares. Fortress Logistics has only one class of shares, being ordinary shares. All issued shares are free from any encumbrances or restrictions.
- (2) The present shareholder of Fortress Logistics and its shareholding are as follows:

Shareholder	No. of shares held	% held
Fortress Mining Sdn Bhd	300,000	100

The present shareholder is the legal and beneficial owner of the shares set out against its name in the table above.

- (3) The issued shares of Fortress Logistics are not subject to any pre-emptive rights, resale rights or similar rights of any party under the applicable laws of Malaysia or any agreement, deed or other instrument to which Fortress Logistics is a party to.
- (4) All issues and allotments of shares in Fortress Logistics since its incorporation were validly conducted, duly authorised, duly recorded, have been fully paid-up (in respect of issues of shares) and have been effected in accordance with applicable laws of Malaysia. Based on document and records provided to us, all the necessary consents, authorisations and approvals required for the allotments and issues of shares have been obtained.
- (5) As at the date of this Opinion, there has never been
- (a) any change in the issued shares of Fortress Logistics; and
 - (b) any transfer of shares in Fortress Logistics.
- (6) As at the date of this Opinion, Fortress Logistics does not have any outstanding borrowings or credit facilities from any financial institutions.
- (7) There are no restrictions on transfers or holdings of the shares in Fortress Logistics, nor any restriction on holding or exercising the voting rights attached to the share capital of Fortress Logistics imposed by any applicable law of Malaysia.
- (8) Fortress Logistics does not have treasury shares and has never issued any preference shares or share options or convertible securities or instruments.

3.2.3 Fortress Industries

- (1) The issued and paid up share capital of Fortress Industries as at the date of this Opinion is RM100,000 consisting of 100,000 ordinary shares. Fortress Industries has only one class of shares, being ordinary shares. All issued shares are free from any encumbrances or restrictions.
- (2) The present shareholder of Fortress Industries and its shareholding are as follows:

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



Shareholder	No. of shares held	% held
Fortress Mining Sdn Bhd	100,000	100

The present shareholder is the legal and beneficial owner of the shares set out against its name in the table above.

- (3) The issued shares of Fortress Industries are not subject to any pre-emptive rights, resale rights or similar rights of any party under the applicable laws of Malaysia or any agreement, deed or other instrument to which Fortress Industries is a party to.
- (4) All issues and allotments of shares in Fortress Industries since its incorporation were validly conducted, duly authorised, duly recorded, have been fully paid-up (in respect of issues of shares) and have been effected in accordance with applicable laws of Malaysia. Based on document and records provided to us, all the necessary consents, authorisations and approvals required for the allotments and issues of shares have been obtained.
- (5) As at the date of this Opinion, there has never been
 - (a) any change in the issued shares of Fortress Industries; and
 - (b) any transfer of shares in Fortress Industries.
- (6) As at the date of this Opinion, Fortress Industries does not have any outstanding borrowings or credit facilities from any financial institutions.
- (7) There are no restrictions on transfers or holdings of the shares in Fortress Industries, nor any restriction on holding or exercising the voting rights attached to the share capital of Fortress Industries imposed by any applicable law of Malaysia.
- (8) Fortress Industries does not have treasury shares and has never issued any preference shares or share options or convertible securities or instruments.

3.3 Title to, validity and enforceability of rights to assets (including licences and agreements)

3.3.1 The Company

Mining Agreement

- (1) Under the Iron Ore Mining Agreement dated 10 April 2016 (“**Mining Agreement**”) between Lembaga Tabung Amanah Warisan Negeri Terengganu (“**LTAWNT**”), the Company and Webcon Sdn Bhd, the Company is granted by LTAWNT, an entity established under the Terengganu State Heritage Fund Enactment (Terengganu State Government Enactment No. 2 Year 1990 and amendment No. 1 Year 1996), being the lease holder of mining leases no. ML4/2013 and ML7/2013 issued by the Terengganu State Authority (“**Mining Leases**”), the right to access to:
 - (a) Lot 110548, Mukim Jerangau, Daerah Dungun, Terengganu (“**ML 4 Land**”) for a period from the date of the Mining Agreement until 19 January 2018 (and subsequently until the expiry of the extended period from 20 January 2018 to 19 January 2033); and
 - (b) Lot 60027, Mukim Besul, Daerah Dungun, Terengganu (“**ML 7 Land**”) for a period from the date of this Agreement until 17 March 2018 (and subsequently until the expiry of the extended period from 18 March 2018 to 17 March 2033),

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



(ML4 Land and ML7 Land shall herein after collectively be referred to as “**Mining Area**”), for the purpose of carrying out mining operations including but not limited to rock blasting, tree cutting, excavating, extracting and processing iron ore found in and/or above the Mining Area (“**Mining Rights**”).

- (2) Under the Mining Agreement, LTAWNT has warranted that no third party except for persons who have been declared under the Mining Agreement, which is Fortress Mining, has interest on the Mining Area.
- (3) Other salient terms under the Mining Agreement are as follows:

Consideration

The Company is to bear all costs, fees, royalties and all payments relating to the mining works conducted at the Mining Area to the authorities, including all mining tax and other payments, and to adhere to the terms as set out in the OMS (as defined in sub-paragraph (8)).

In addition, in consideration of the provision of the Mining Leases to the Company, the Company shall, among others:

- (a) pay royalty fee directly to the State Government of Terengganu at the rate of 5.0% or such other rate as specified by the State Government of Terengganu and/or the relevant State Authority from time to time for each metric tonne of iron ore which has been mined and extracted from the location within the Mining Leases and sold by the Company (“**Royalty**”); and
- (b) pay to LTAWNT at triple the rate of the Royalty rate to the State Government of Terengganu, based on the calculations by the relevant State Authority, specifically the Department of the Mineral and Geoscience (“**Owner’s Tribute**”).

The Mining Agreement has also set out certain payment arrangements in respect of the iron ore processing factory on Mining Areas.

Termination

If, *inter alia*, the Company:

- (a) breaches or fails to comply with the terms of the Mining Agreement;
- (b) refuses and/or fails to pay the mining consideration (comprising the Royalty and Owner’s Tribute) or any other payments that has to be made by it based on the method and time stipulated under the Mining Agreement or when claimed by LTAWNT;
- (c) breaches and/or fails to adhere to the provisions under the law and/or rules by the relevant authorities; or
- (d) discontinues the mining works, abandons or vacates the mining area for a period exceeding 4 consecutive months,

and this is not remedied within 30 days from the date of receipt of the notice from LTAWNT, LTAWNT shall be entitled to claim specific performance, or unilaterally terminate the Mining Agreement by giving written notice, and claim for any actual loss resulting therefrom.

In the event that the Company is wound up or enters into compositions or arrangements with its creditors or its assets are subject to execution, LTAWNT shall also be entitled to the remedies aforesaid.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



The Mining Agreement may also be terminated in the following circumstances:

- (i) if the Government of Malaysia or Terengganu State Government, at any time direct the acquisition of the Mining Lease(s) and the relevant rights of LTAWNT on the grounds of national interest, national security and/or public interest, then LTAWNT shall, by giving three (3) months' written notice, inform the Company of such acquisition by the Government, and the parties shall allow the Government to proceed with the acquisition. The determination of "national interest", "public interest" and "national security" shall be at the full discretion of the Government and shall be final and binding on the parties.
- (ii) If Webcon Sdn Bhd, the Company and/or any of their staff, agents, representatives or employees are convicted of corruption offences or any illegal activity and/or unlawful activity in connection with the Mining Agreement by the court, LTAWNT reserves the right to cancel the Mining Agreement at any time by giving written notice to the Company immediately.

Temporary suspension of mining works

The Company has the discretion to suspend the mining works when the price of iron ore based on the "Platts Daily Iron Ore Price Assessment" for the composition of "62% (fe) ferum CFR North China" is less than US\$40.00 for each dry metric ton, subject to the condition that the suspension is not for more than 12 months.

Based on our due diligence review and confirmation from Company, we are of the opinion that the Mining Agreement is legally binding, valid and enforceable, and is in full force and effect.

Mining Lease

- (4) LTAWNT being the registered lease holder/lessee of the Mining Leases, has the following rights given under the Mining Leases and the Mineral (Terengganu) Enactment 2002:
 - (a) to exclusively mine the Mining Area;
 - (b) subject to Section 71 of the Mineral (Terengganu) Enactment 2002:
 - (i) and any other law relating to minerals, to store, transport, process and sell any mineral extracted and dispose of any waste;
 - (ii) to use any timber, sand or gravel as required for mining within the mining land;
 - (iii) to use such portions of the mining land as may be required for the purposes of growing plants and vegetables, or keeping animals, poultry or fish as may be reasonable for use by the employees at the mine;
 - (iv) to use such portions of the mining land as may be required for the purpose of erecting houses, lines, sheds or other buildings as may be reasonable for the purposes of the mine or for use by the employees at the mine;
 - (v) to do any act or thing and establish and maintain any road and facility to effectually carry out mining operations, on or under the land; and

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (vi) to use, occupy and enjoy the land in respect of which a mining lease has been granted for mining purposes.
- (5) The Mining Leases were renewed for a further period of 15 years, more particularly:
 - (a) from 20 January 2018 until 19 January 2033 for ML4 Land; and
 - (b) from 18 March 2018 until 17 March 2033 for ML7 Land.
- (6) There is nothing under the laws of Malaysia and the terms of the Mining Leases which prevents LTAWNT from granting the Company the Mining Rights.
- (7) Based on our due diligence review and confirmation by Company, we are not aware of any legal impediments that may prevent LTAWNT from renewing the Mining Leases, and there are no foreseeable difficulties with the renewal of the Mining Leases by LTAWNT, based further on the following:
 - (a) the past renewal of the Mining Leases having been successful;
 - (b) there being no changes in the technical requirements for such renewals under the applicable law; and
 - (c) there being no change to any current government or state policy with respect of such renewal.
- (8) As LTAWNT is the registered lease holder of the Mining Leases, we are of the view that there will not be any adverse implication that would affect the Company and/or the continued use of the Mining Area by the Company for mining development work and activities, subject to applicable laws and the prevailing policies of the Government of Malaysia or Terengganu State Government.

OMS

- (9) An approval for the operational mining scheme dated 14 February 2019 (the "**OMS**") has been issued by the Department of Mineral and Geoscience, Terengganu, Malaysia to LTAWNT (being the registered lease holder of the Mining Leases) and the OMS states the Company as the contractor to carry out mining operations and activities in the Mining Area. The OMS approval is valid for the period up to 19 January 2020.
- (10) The Mining Leases are issued to LTAWNT which in turn, granted the Company the Mining Right to operate and mine the Mining Area through a valid and legally enforceable contractual right under the Mining Agreement. The aforementioned arrangement is acknowledged through the OMS which expressly states LTAWNT as the lessee and the Company as the contractor to carry out mining works at the Mining Area.

The Company's rights to carrying out mining operation is pursuant to the rights granted by LTAWNT (who has the rights to mine pursuant to the mining leases and not prohibited by law to grant the company such right) under the Mining Agreement.
- (11) Based on our due diligence review and confirmation by Company, we are not aware of any legal impediments that may prevent the renewal of OMS and further, the past renewal of the OMS by the Company has been successful.

Other licenses and permits

- (12) In addition, the Company has obtained the following:
- (a) mineral licence to possess, own, sell or store minerals issued by the Department of Mineral and Geoscience, Terengganu, Malaysia ("**Mineral Licence**") for a period from 15 October 2017 until 15 October 2020;
 - (b) permit for the usage of explosives issued by the Department of Mineral and Geoscience, Terengganu, Malaysia ("**Explosive Permit**") for a period from 20 January 2019 until 19 January 2020;
 - (c) permits for Scheduled Controlled Items issued by Ministry of Domestic Trade, Co-operatives and Consumerism ("**Diesel Permits**") to purchase:
 - (i) 60,000 litres diesel fuel and being stored at ML7 Land for a period from 13 September 2018 until 12 September 2019;
 - (ii) 40,000 litres diesel fuel and being stored at ML4 Land for a period from 28 May 2018 until 27 May 2019; and
 - (iii) 11,000 litres diesel fuel and being stored at PT 8871 Kawasan Perindustrian Teluk Kalong 24000 Kemaman Terengganu for a period from 19 August 2018 until 18 August 2019;
 - (d) export permits for the export of 100,000,000 kgm iron ore fines to China issued by Ministry of Water, Land and Natural Resources (previously known as Ministry of Natural Resources and Environment) ("**Export Permits**") for periods from:-
 - (i) 22 November 2018 to 21 May 2019; and
 - (ii) 28 November 2018 to 27 May 2019;
 - (e) business and industrial trade license for the operations of the Company located at No. 9-1, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor issued by the Petaling Jaya City Council ("**Business and Industrial Trade License**") for a period from 1 January 2019 to 31 December 2019;
 - (f) advertisement license for the Company located at No. 9-1, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor issued by the Petaling Jaya City Council ("**Advertisement License**") for a period from 1 January 2019 to 31 December 2019; and
 - (g) class C license for the purposes of purchasing, possessing, handling, using, storing an X-ray unit for a period from 18 August 2017 until 15 August 2019 issued by the Atomic Energy Licensing Board from the Ministry of Health ("**Class C License**").
- (13) Based on our due diligence review and confirmation from Company, we are not aware of any legal impediments that may prevent the renewal of Mineral License, Explosive Permit, Diesel Permits, Export Permits, Business and Industrial Trade License and Advertisement License, Class C license and based on our due diligence inquiry and confirmation from Company, and the past renewals of the abovementioned licenses, where applicable, have been successful.
- (14) Based on our due diligence enquiry and confirmation from the Company, save as disclosed above, there are no other approvals, licences and/or permits required and/or obtained by Company for its business and operations, as at the date of this Opinion.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



Properties and fixed assets

- (15) As at the date of this Opinion, the Company has obtained contractual rights to occupy the following premises in Malaysia:
- (a) 18231 Taman SP Perdana, Jalan Seberang Pintasan, Kampung Seberang Pintasan, 23000 Dungun, Terengganu as accommodation for the management for a period of two (2) years from 25 July 2017 to 24 July 2019 with the option to renew for a further two (2) years pursuant to a tenancy agreement dated 15 July 2017;
 - (b) No. 9-1, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor for the Company's office for a period of one (1) year from 1 March 2018 to 28 February 2019 with the option to renew for a further period of one (1) year pursuant to a tenancy agreement dated 1 March 2017 and renewal of tenancy agreement dated 10 January 2018. The tenancy was extended for a further period of two (2) years, effective from 1 March 2019 until 28 February 2021 pursuant to a renewal of tenancy agreement dated 1 February 2019; and
 - (c) No. 78, Lorong Cempaka 9, Rumah Murah Bukit Kuang, 24000, Kemaman Terengganu as accommodation for the management for a period of one (1) year from 2 January 2019 to 1 January 2020 pursuant to a tenancy agreement dated 2 January 2019.
- (16) The tenancy agreements under paragraph 15(a) and (b) may be terminated by the landlord in the following circumstances if the tenant:
- (a) fails to pay rent in accordance with the terms of the agreement; or
 - (b) commits a breach of any term in the tenancy agreement; or
 - (c) commits an act of bankruptcy or enter into any composition or arrangement with its creditors or, being a company, enter into liquidation whether compulsory or voluntary other than for the purposes of reconstruction or amalgamation or suffer any execution to be levied against the company or its goods.
- (17) The tenancy agreement under paragraph 15(c) may be terminated in the following circumstances:
- (a) if the tenant fails to pay rent in accordance with the terms of the agreement and where there is an outstanding payment of rent for more than one month; or
 - (b) if the tenant commits a breach of any term in the tenancy agreement; or
 - (c) if the landlord repossesses the premise by providing not more than seven (7) days prior notice to the tenant or at the discretion of the landlord.
- (18) The Company does not own any real property. Save as disclosed herein, the Company does not lease or occupy any other real property as at the date of this Opinion.
- (19) We are instructed and informed by the Company that, as at the date of this Opinion, the fixed assets of the Company comprise of the following:
- (a) plant and machinery
 - (b) motor vehicle
 - (c) office equipment

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (d) furniture
- (e) survey equipment
- (f) site equipment / lab equipment

As at the date of this Opinion and based on our due diligence inquiry and confirmation from the Company, the Company has confirmed that it has valid titles to all the abovementioned equipment and machinery.

The Company has valid and enforceable title and rights to its assets (including its processing plants and machinery), including such authorisations, permits, certificates, licences and approvals as are relevant to its business and operations, and based on our due diligence inquiry, we are not aware of the Company having received any notice of any claim of any sort that has been asserted by anyone adverse to such rights of the Company, or affecting or questioning such rights of the Company.

3.3.2 Fortress Logistics

- (1) As at the date of this Opinion, Fortress Logistics:
 - (a) does not own any asset nor have any rights to asset;
 - (b) does not hold or require any license; and
 - (c) has not entered into any agreement.

3.3.3 Fortress Industries

- (1) As at the date of this Opinion, Fortress Industries:
 - (a) does not own any asset nor have any rights to asset;
 - (b) does not hold or require any license; and
 - (c) has not entered into any agreement.

3.4 Compliance with approvals and licences, laws, rules and regulations

3.4.1 The Company

- (1) Based on the aforementioned information, the documents and confirmation provided by the Company in the course of our legal due diligence inquiry, the Company has obtained all the necessary authorisations, approvals, consents, permits, licences or certificates required to perform its business and operations, and such licences (constituting all such necessary authorisations, approvals, consents, permits, licences or certificates required to perform the business and operations of the Company) are valid and in full force and effect and have not been revoked, and will not cease to be valid or in full force and effect as a result of the Proposed Listing.
- (2) As at the date of this Opinion and based on our due diligence inquiry, the Company:
 - (a) is in compliance with and has not breached any relevant laws, rules and regulations in Malaysia (a summary of the applicable Malaysian laws and regulations is attached as appendix) which are material and relevant to its business operations (particularly in relation to its mining activities) since the date of its incorporation;

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (b) is in compliance with and has not breached the terms under the Mining Agreement, and no notice relating to suspension of works or termination of the Mining Agreement have been received by the Company;
- (c) is in compliance with the conditions attached to the OMS, Mineral Licence, Explosive Permit, Diesel Permits, Export Permits, Business and Industrial Trade License and Advertisement License and no notices relating to the revocation of any licence, permit, order, certificate, approval or other authorisation have been received;
- (d) has not been provided with any notice of statutory or regulatory breaches, penalties or fines from the Ruler of the State of Terengganu ("**State Authority**"), or any relevant authorities or other third parties;
- (e) has not been imposed with any statutory and regulatory penalties or fines from the relevant authorities or other third parties; and
- (f) has not been involved in any legal dispute with the State Authority.

3.4.2 Fortress Logistics

- (1) Based on the aforementioned information, the documents and confirmation provided by Fortress Logistics in the course of our legal due diligence inquiry, Fortress Logistics is dormant and has not carried out business activities and as such does not require any authorisations, approvals, consents, permits, licences or certificates as at the date of this Opinion.

3.4.3 Fortress Industries

- (1) Based on the aforementioned information, the documents and confirmation provided by Fortress Industries in the course of our legal due diligence inquiry, Fortress Industries is dormant and has not carried out business activities and as such does not require any authorisations, approvals, consents, permits, licences or certificates as at the date of this Opinion.

4. LITIGATION

- (1) There are no official central search systems available in Malaysia to verify the involvement in litigation or arbitration proceedings. In the alternative, confirmations have been obtained from Fortress Malaysian Group and their panel solicitors, and searches have been conducted with CTOS and RAM.
- (2) Based on the confirmations and search reports obtained, save as disclosed in sub-paragraph 4(3) below, Fortress Malaysian Group is not the subject of or being involved in any other litigation, arbitration, claims or mediation or any such proceedings, including those pending, anticipated or threatened against Fortress Malaysian Group or any administrative proceedings or governmental investigation or inquiries made against Fortress Malaysian Group.
- (3) The Company has commenced action against Wan Yahaya Bin Wan Awang ("**Wan Yahaya**") and Wan Mahadi Bin Wan Yahaya ("**Wan Mahadi**") at the Sessions Court of Kuantan on 13 July 2016, pertaining to an agreement dated 20 October 2015 entered into between the Company and Wan Mahadi for the appointment of the Company as the exclusive main contractor to extract, remove, transport and sell minerals (laterite soil) from the land belonging to Wan Yahaya ("**Land**"). On 18 January 2017, the parties entered into a consent judgment Wan Yahaya and Wan Mahadi agreed to pay to the Company RM700,000.00 by way of instalments.

As at 25 October 2017, a total sum of RM630,000.00 was outstanding from Wan Yahaya and Wan Mahadi. On 9 February 2018, a prohibitory order was obtained against Wan Yahaya prohibiting him from affecting any dealings in relation to his Land. On 26 June 2018, the Defendants proposed to settle the matter for the

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



amount of RM665,743.95 to be paid in installments to which the Company agreed.

The Defendants have paid the amount of RM300,000.00 to the Company on 5 July 2018. On 30 July 2018, Wan Yahaya and Wan Mahadi have via their solicitors, requested for a postponement of the final payment amounting to RM365,743.95 (“**Final Sum**”) which ought to be paid by 31 July 2018. The Company had via its solicitors, based on the letter dated 2 August 2018 agreed to an extension until 21 September 2018 with interest charges of 5% p.a. on the Final Sum. The Defendants and the Company then agreed on 15 October 2018 to settle the remaining balance of RM350,000.00 with a waiver of the accrued interest in three instalments. As at the date of this Opinion, the sum of RM350,000.00 has been fully paid to the Company.

5. OTHERS

Based on our due diligence inquiry and confirmation by the Company, save as disclosed below, the Company confirmed that there have not been any accident or workman injury incidents at Mining Area since the commissioning of the mining works to the date of this Opinion:

On 18 August 2018, a skilled plant operator accidentally had his arm caught in a moving belt conveyor which caused him substantial injury. Emergency response was immediately activated to transport the injured to the local medical centre. However due to severe bleeding, the injured was pronounced dead upon arrival at the medical centre.

Stop work orders were issued by the Department of Occupational Health and Safety and Department of Mineral and Geoscience Malaysia on 21 August 2018 on the Company’s processing plant, situated in ML4 Land. Following the stop work orders, processing activities were temporarily halted for immediate reinforcement of the following safety remedial actions:

- inspection and installation of safety steel covers and cowlings on belt conveyor end pulleys and power transmission belt drives;
- installation of more easily accessible emergency power switches; and
- circulation of new safety and work instruction manuals to all site personnel.

With the safety remedial actions been satisfactorily implemented, both the stop work orders were lifted on 28 August 2018 and 5 September 2018 respectively and the Company’s operations and processing activities returned to normalcy.

6. OFFER AND LISTING

The Proposed Listing does not breach any laws or regulations that are applicable to Fortress Malaysian Group, does not directly or indirectly impede or affect the current business operations of Fortress Malaysian Group, and does not conflict with or constitute a default under any provision of the agreements and licences and approvals (which constitute all such necessary authorisations, approvals, permits, licences or certificates required to perform Fortress Malaysian Group’s business and operations.

7. FOREIGN EXCHANGE CONTROL

Repatriation of Funds

- 7.1 Pursuant to the Financial Services Act 2013 (“**FSA**”) and the notices issued by Bank Negara Malaysia (“**BNM**”) (“**Notices**”) as at the date of this Opinion, which set out the transactions that are prohibited under the FSA but may be allowed with prior approval of BNM, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestments of ringgit assets, provided that the repatriation is made in foreign currency.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



Investment Abroad pursuant to the Restructuring Exercise

- 7.2 The corporate restructuring exercise in connection with the Proposed Listing which involves the acquisition of the Company by Fortress Mineral Limited (“**Listco**”) from YF Chee Holdings Sdn Bhd, Greger International Sdn Bhd, SDB Mining Sdn Bhd (“**SDB Mining**”), Smith St Investment Pte Ltd and Western Capital Sdn Bhd (“**Vendors**”), and assignment of debt (owing by the Company to the Vendors) to the Listco, for consideration to be satisfied by way of issuance of the Listco’s shares to the Vendors or their nominee (“**Restructuring Exercise**”), is subject to the provisions of the FSA and the Notices.

Under Rule 4(1)(a) and (b) of Part B of Notice 3

- 7.3 (a) a resident entity without domestic ringgit borrowing is allowed to undertake an investment abroad (which includes swapping of shares) of any amount; and
- (b) a resident entity with domestic ringgit borrowing is allowed to undertake an investment abroad of up to RM50 million equivalent in aggregate per calendar year through, *inter alia*, the swapping of financial assets (which includes swapping of shares),

without having to obtain BNM’s prior approval.

Definitions

“Domestic ringgit borrowing” means borrowing in ringgit obtained by a resident from another resident. For a resident entity, the borrowing shall exclude borrowing from another resident entity within its group of entities with parent-subsiary relationship.

“Borrowing” means any credit facility, financing facility, trade guarantee or guarantee for payment of goods, redeemable preference share, Islamic redeemable preference share, private debt security or Islamic private debt security other than –

- (a) trade credit terms extended by a supplier for all types of goods or services;
- (b) forward contract with a licensed onshore bank excluding a contract that involves –
- (i) the exchanging or swapping of ringgit or foreign currency debt obligation with another foreign currency debt obligation; or
- (ii) the exchanging or swapping of foreign currency debt obligation with a ringgit debt obligation;
- (c) performance guarantee or financial guarantee;
- (d) operational leasing facility;
- (e) factoring facility without recourse;
- (f) a credit facility or financing facility obtained by a resident individual from a resident to purchase one residential property and one vehicle; or
- (g) credit card and charge card facility obtained by a resident individual from a resident.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- 7.4 Based on the above, YF Chee Holdings Sdn Bhd, Greger International Sdn Bhd and Western Capital Sdn Bhd being resident entities without domestic ringgit borrowing, are allowed to undertake the Restructuring Exercise without having to obtain BNM's prior approval. SDB Mining, being a resident entity with domestic ringgit borrowing, will undertake the Restructuring Exercise not exceeding the limit under Rule 4(1)(b) of Part B of Notice 3 and therefore is allowed to undertake the Restructuring Exercise without having to obtain BNM's prior approval.

Based on the provisions in the FSA and Notices, there is no restriction on a person being appointed as nominee of either Vendor to hold the consideration shares on behalf of the relevant Vendor after completion. In our view, this is allowed provided that there is no purchase of the shares by the nominee from the Vendor. Any purchase of the shares by the nominee may be subjected to the provisions of Notice 3.

8. TAXATION

No taxes are payable to the taxing authority in Malaysia under the laws of Malaysia in respect of the payment of dividends declared and payable on the shares of Fortress Malaysian Group.

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



This Opinion is addressed to the Company and PrimePartners Corporate Finance Pte. Ltd. solely for the purpose of the Proposed Listing, and except where disclosure is permitted to be made to the Singapore legal counsel appointed for the Proposed Listing and the relevant regulatory authorities in Singapore, this Opinion is not to be transmitted or disclosed to or used or relied upon by any other person or for any other purposes except with our prior written consent. Notwithstanding the foregoing, this Opinion and/or its contents, as well as our firm's name and details, may be disclosed, extracted or referenced in or appended to the Offer Document and other documents related to the Proposed Listing with our prior written consent as to the form and context in which it appears.

Yours faithfully,
AZMAN DAVIDSON & CO

A handwritten signature in black ink, appearing to read 'Elaine Law Soh Ying'.

.....
ELAINE LAW SOH YING
PARTNER

APPENDIX – SUMMARY OF RELEVANT MALAYSIAN LAWS AND REGULATIONS

Mining

Mineral Development Act 1994

MDA is a federal legislation, providing for the inspection and regulation of the exploration and mining of minerals and mineral ores and for other matters connected therewith.

Section 10 of the Mineral Development Act (“MDA”) provides that the holder of a proprietary mining licence or mining lease shall be required to submit for approval by the Director of Mines appointed under the MDA, an operational mining scheme for development work and mining on the land which is the subject of such mineral tenement before the commencement of any development work or mining within the mineral tenement area.

Section 12 of the MDA provides that the holder of a proprietary mining licence or mining lease shall comply with the approved operational mining scheme under Section 10 of the MDA and carry out development work and mining in accordance with such approved operational mining scheme.

Upon failure by the holder of a proprietary mining licence or mining lease to comply with the approved mining scheme, the Director of Mines shall inquire into the matter and may order the holder of such licence or lease to:

- (a) undertake all necessary measures to ensure compliance with the approved operational mining scheme; or
- (b) suspend development work or mining until the necessary measures are taken to comply with the approved operational mining scheme.

Mineral (Terengganu) Enactment 2002

As mining activity involves land which is a state matter, the approval for mining related applications is empowered to the respective states under which the applicable mineral state enactment in relation to the state of Terengganu is Mineral (Terengganu) Enactment 2002 (“**Enactment**”). The Enactment administers the state legislature tenement mineral production and revenues associated with it.

Section 63 of the Enactment provides that an application for a mining lease must be made to the state authority. Pursuant to Section 2, mining lease is defined as a mining lease granted under section 63 of the Enactment and a mining lease granted or issued under any previous written law relating to mining.

A mining lease shall, subject to the provisions of Enactment, and other terms and conditions as stated in the mining lease grant exclusive mining rights in relation to the land to the lessee and subject to Section 71 and other relevant laws relating to minerals,

- (a) store, transport, process and sell any minerals extracted and dispose of any waste;
- (b) use any timber, sand or gravel required for mining within the land;
- (c) to use such portions of the mining land as may be required for the purposes of growing plants or vegetables, or keeping animals, poultry or fish as may be reasonable for use by the employees at the mine;
- (d) to use, such portions of the mining land as may be required for the purposes of erecting houses, lines, sheds or other buildings as may be reasonable for the purposes of the mining or for use by the employees at the mine;
- (e) to do any act or thing and construct and maintain any road and facility to effectually carry out the mining operations, on or under the land; and

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



- (f) to use, occupy and utilise the land in respect of which a mining lease has been granted for mining purposes.

The mining lease, subject to the Enactment and other terms and conditions contained therein, does not grant the lessee an exclusive right to use any public road, rail, canal, river and telecommunications system as may be required for mining within the mining land.

Pursuant to Section 71 of the Enactment, the lessee must not, unless otherwise authorised by any other written law, remove beyond the boundaries of the mining land in respect of which the mining lease has been granted, any timber or other forest products, any plant, vegetables, animals, poultry or fish; or any coral, soil, gravel, guano, loam, rocks, sand, shell, clay, bricks, lime, cement or other commodities manufactured from the materials obtained from the mining land.

Section 72 of the Enactment provides that mining lease granted is subject to the following conditions imposed on the lessee:

- (a) to keep true and sufficient books of account of the mining and other activities conducted on the mining land, and disposals of minerals extracted; and to produce such books upon request by the authorised officers;
- (b) submit any information and periodical activity reports as may be prescribed;
- (c) allow scientific surveys provided there is no interference to the mining;
- (d) maintain the safety of mining land and in compliance with such environmental standards as may be prescribed;
- (e) comply with the approved environmental impact assessment, if such assessment is required under any written law;
- (f) comply with the approved plan for rehabilitation, if required under the Enactment;
- (g) allow access on or through the mining land to any adjoining land provided that it is in the opinion of the Superintendent of Mines, not interfering with the mining operations;
- (h) allow the construction and use of any water courses, canals, pipelines and transmission lines, public roads and public facilities on the mining land provided that it is in the opinion of the Superintendent of Mines, not interfering with the mining operations; and
- (i) not carrying out large scale operation on the mining land if the mining lease only authorises small scale operation on the mining land and vice versa.

Pursuant to Section 129 of the Enactment, lessee shall establish and pay such amount into the common mining rehabilitation fund for the purposes of rehabilitating the mining land. Failure to pay into to the common rehabilitation fund as required under Section 129 of the Enactment might result in the revocation of the mining lease. Based on our legal due diligence inquiry, this payment towards the common rehabilitation fund has been paid up to date by the Company.

Terengganu Mineral Regulations 2005

The Terengganu Mineral Regulations 2005 (“**TMR**”) regulates the transfer, licencing and leasing of mineral tenement. Mineral tenement is defined under MDA as fossicking licence, dulang licence, individual mining licence, prospecting licence, exploration licence, proprietary mining licence, mining lease, or any of them for the purpose of exploration or mining of minerals or mineral ores, as the case may be, issued under any federal or state law regulating mineral tenements.

Environment

Environmental Quality Act 1974

The Environmental Quality Act 1974 (“**EQA**”) relates to the prevention, abatement, control of pollution and enhancement of the environment and shall apply to the whole of Malaysia.

Pursuant to Section 34A of the EQA, any person intending to carry out any of the prescribed activities shall, before any approval for the carrying out of such activity is granted by the relevant approving authority, appoint a qualified person to conduct an environmental impact assessment and submit a report to the Director General appointed under the EQA.

Such qualified person shall:

- (a) be responsible for the environmental impact assessment and the recommendations of the environmental impact assessment;
- (b) ensure that the report and the recommendation do not contain any false or misleading information;
- (c) take a professional indemnity insurance for any liability arising from the environmental impact assessment and the recommendations of the environmental impact assessment.

Environmental Quality (Prescribed Activities) Environmental Impact Assessment) Order 2015

Prescribed activities includes the following:

- (a) ore processing outside mineral tenement area, including concentrating of aluminium, copper, gold, iron, tantalum or rare earth element;
- (b) sand mining on land or river in coastal area or in territorial waters not exceeding 3 nautical miles measured from the low-water line, involving an area of 20 hectares or more; and
- (c) sand mining in continental shelf area;

Public display of a report, at a place and within the time determined by the Director General, to obtain public comment in relation to the report is required for the following prescribed activities:

- (a) mining of minerals in new areas involving large scale operation; and
- (b) mining of minerals within or adjacent or near to environmental sensitive area.

Controlled article

Control of Supplies Act 1961

Section 6 of the Control of Supplies Act 1961 empowers the Minister to make regulations for carrying into effect the provisions of the Control Supplies Regulations 1974.

Control of Supplies Regulations 1974 (“CSR**”)**

Pursuant to Regulation 9 of the Control of Supplies Regulation (“**CSR**”), a wholesaler shall not sell the scheduled article which includes diesel fuel in which he is authorised to deal by wholesale to any person other than to a wholesaler or retailer authorised to deal in such scheduled article by wholesale or retail, as the case may be, unless the purchaser is authorised in writing by the Controller to purchase such scheduled article.

Labour, Health and Safety

Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“OSHA”) provides provisions for securing the safety, health and welfares of persons at work, for protecting persons at work against risks to safety or health in connection with the activities of persons at work and for matters connected therewith and applies throughout Malaysia to the mining industry.

Employers and every self-employed person must as far as is practicable, ensure the safety, health and welfare to work of all their employees by (including but without limitation):

- (a) the provisions and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;
- (b) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provisions of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of their employees;
- (d) so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provisions and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (e) the provision and maintenance of a working environment for their employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.

Except in such cases as may be prescribed, it shall be the duty of employers and self-employed persons to prepare and as often as may be appropriate to revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees.

Failure to comply with any of the above provisions constitutes an offence and on conviction the employer of the self-employed person is liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 2 years or to both.

Employment

Employment Act 1955

The Employment Act 1955 (“EA”) stipulate the rights and welfare benefits and other minimum terms and conditions for certain categories of workers which all employers are required to comply with, and applies to Peninsular Malaysia.

The following types of employee falls within the purview of the EA:

- (a) Any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person’s wages does not exceed RM2,000.00 a month.
- (b) Any person who, irrespective of the amount of wages he earns in a month, has entered into a contract of service with an employer in pursuance of which –
 - (i) he is engaged in manual labour including such labour as an artisan or apprentice, provided that where a person is employed by one employer partly in manual labour and partly in some other capacity such person shall not be deemed to be performing manual labour unless the time during which he is

APPENDIX E – LEGAL OPINION FROM AZMAN DAVIDSON & CO.



required to perform manual labour in any one wage period exceeds one-half of the total time during which he is required to work in such wage period;

- (ii) he is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes;
- (iii) he supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their work;
- (iv) he is engaged in any capacity in any vessel registered in Malaysia and who –
 - (A) is not an officer certificated under the Merchant Shipping Acts of the United Kingdom as amended from time to time;
 - (B) is not the holder of a local certificate as defined in Part VII of the Merchant Shipping Ordinance 1952; or
 - (C) has not entered into an agreement under Part III of the Merchant Shipping Ordinance 1952; or
- (v) he is engaged as a domestic servant.

According to Section 8 of the EA, a contract of service shall not in any manner restrict the right of any employee who is a party to such contract –

- (a) to join a registered trade union;
- (b) to participate in the activities of a registered trade union, whether as an officer of such union or otherwise; or
- (c) to associate with any other persons for the purpose of organising a trade union in accordance with the Trade Union Act 1959.

Pursuant to Section 11(1) of the EA, a contract of service for a specified period of time or for the performance of a specified piece of work shall, unless otherwise terminated in accordance with the EA, terminate when the period of time for which such contract was made has expired or when the piece of work specified in such contract has been completed.

Section 12(2) of the EA states that the length of notice of termination shall be the same for both employer and employee and shall be determined by a provision made in writing for such notice in the terms of the contract of service, or, in the absence of such provision in writing, shall not be less than –

- (a) 4 weeks' notice if the employee has been so employed for less than 2 years on the date on which the notice is given;
- (b) 6 weeks' notice if he has been so employed for 2 years or more but less than 5 years on such date; and
- (c) 8 weeks' notice if he has been so employed for 5 years or more on such date.

Provided that this notice shall not be taken to prevent either party from waiving his right to a notice under this subsection.

Pursuant to Section 19(1) of the EA, every employer shall pay to each of his employees their wages not later than 7 days after the last day of any wage period, less lawful deductions earned by such employee during such wage period.

Employment (Restriction) Act 1968

Employment (Restriction) Act 1968 (“**ERA**”) is an act which provides for the restriction of employment in business activities in Malaysia of persons not being citizens and the registration of such persons and for matters connected therewith.

Section 5 of the ERA prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit.

Pursuant to Section 18(1) of the ERA, any person, who fails to comply with Section 5 of the ERA shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding 1 year or to both.

Employees Provident Fund Act 1991

Employees Provident Fund Act 1991 (“**EPF Act**”) which provides for the law relating to a scheme of savings for employees’ retirement and the management of the savings for retirement purposes and for matters incidental thereto.

Pursuant to Section 43(1) of the EPF Act, every employee and every employer of a person who is an employee within the meaning of the EPF Act shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPF Act.

Any person being an employer who fails to pay to any contributions which he is liable under the EPF Act to pay in respect of or on behalf of any employee in respect of any month shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000.00 or to both.

Employees’ Social Security Act 1969

Employees’ Social Security Act (“**SOCSSO Act**”) applies throughout Malaysia, provides social security in certain contingencies and makes provision for certain other matters in relation to it.

Pursuant to Section 5(1) of the SOCSSO Act, all employees in industries to which the SOCSSO Act applies, irrespective of the amount of wages, shall be insured in the manner provided by the SOCSSO Act.

Pursuant to Section 6 of the SOCSSO Act, the contribution payable under the SOCSSO Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer’s contribution) and contribution payable by the employee (hereinafter referred to as the employee’s contribution) and shall be paid to the Social Security Organisation. The contributions fall into 2 categories, namely –

- (a) the contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury; and
- (b) the contributions payable by or on behalf of employees insured only against the contingency of employment injury.

The contributions of the various categories shall be paid in accordance with the rates specified in the Third Schedule of the SOCSSO Act.

This page has been intentionally left blank.

Qualified Person’s Report – Bukit Besi Iron Project, Malaysia

Report Prepared for

Fortress Mining Sdn Bhd



Report Prepared by

 **srk** consulting

SRK Consulting (Australasia) Pty Ltd

WEB003

December 2018

Qualified Person’s Report – Bukit Besi Iron Project, Malaysia

Fortress Mining Sdn Bhd

9-1, Jalan PJS 8/18, Dataran Mentari
46150 Petaling Jaya, Malaysia

SRK Consulting (Australasia) Pty Ltd

Level 1, 10 Richardson Street, West Perth WA 6005, Australia

Email: perth@srk.com.au
website: www.asia-pacific.srk.com

Tel: +61 08 9288 2000
Fax: +61 08 9288 2001

SRK Project Number WEB003

December 2018

Compiled by

Karen Lloyd
Associate Principal Consultant
(Project Evaluation)

Email: klloyd@srk.com.au

Authors:

Karen Lloyd; Leesa Collin.

Peer Reviewed by

Dr Bert De Waele and David Slater
Principal Consultants
(Geology/ Resource Estimation)

APPENDIX F – QUALIFIED PERSON’S REPORT

Executive Summary

Fortress Mining Sdn Bhd (Fortress) intends to lodge a Prospectus in support of a proposed listing on the Catalist, the secondary board of the Singapore Stock Exchange (SGX). The listed entity will be Fortress Minerals Pte Ltd.

Fortress is the lessee of mining leases ML4/2013 and ML7/2013 in the district of Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Bukit Besi or Project). Fortress was granted the Mining Rights for the Project by the Terengganu State Authority pursuant to an agreement dated 10 April 2016 which expires in 2033.

The aim of this Qualified Person’s Report (QPR) is to provide a responsible, unbiased and independent opinion on the technical aspects of the Project, with the ultimate purpose of informing and protecting investors. It is intended to properly inform readers of Fortress’s Prospectus regarding the status and exploration potential of the Project.

Unless otherwise explicitly stated, all quantitative data as reported in this QPR are reported on a 100% basis.

Fortress re-established historical mining operations at the Project in 2017. The current operations consist of two open pit mining areas with conventional excavator and trucking of feed to a magnetite processing plant within mining lease ML7/2013. Processing of the feed is undertaken at the onsite processing facilities which include a 10-stage onsite crushing, grinding and magnetitic separation process to produce a magnetite concentrate. Iron concentrate is produced and transported by road at approximately 40,000 wet metric tonnes (wmt) every four weeks. Shipments are exported to China via the Port of Kemaman.

SRK was commissioned in July 2018 to complete a maiden Mineral Resource estimate (MRE) for the three deposit areas – West, Valley and East. In August 2018, an update was completed for the Valley deposit area to include additional results that became available after the initial data cut-off date. An MRE of 5.41 Mt at 41.71% Fe was reported based on a mine survey as at 7 August 2018.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code (2012) on a qualitative basis taking into consideration numerous factors including; data quality, geological complexity, data coverage, recovery testwork and potential eventual economic extraction as shown in Table ES-1 and Appendix A).

Table ES-1: Bukit Besi Mineral Resource summary – 7 August 2018*

Area	Category	Mineral type	Gross attributable ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)	Change from previous update (%)	
West	Indicated	Iron	0.37	42.2	0.37	42.2	N/A	None
West	Inferred	Iron	2.55	39.6	2.55	39.6	N/A	None
Valley	Inferred	Iron	1.36	46.4	1.36	46.4	N/A	None
East	Inferred	Iron	1.13	40.7	1.13	40.7	N/A	None
Total Indicated + Inferred		Iron	5.41	41.7	5.41	41.7	N/A	None

Notes:

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

APPENDIX F – QUALIFIED PERSON’S REPORT

There are no Ore Reserves reported in accordance with JORC Code (2012) guidelines at the Project. A 3-year mine schedule has been developed by Fortress based on historical production performance records and production reconciliation of operating performance data from the current operation. The mine plan used the MRE as the basis for available material to feed the processing facilities, where eight months of the planned material to support production is from material classified as Indicated Mineral Resources. Feed material underpinning the planned production in subsequent years will be sourced from Inferred Mineral Resources.

SRK cautions that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that the mine schedule itself will be realised. Actual material mined may be different in quality and tonnage to the estimates; the waste stripping ratios and geological and mining conditions anticipated may prove to be different.

The operation utilises a conventional truck and shovel open pit mining method. Material is being mined on a bench height of 2.0 m, with drill and blast limited to a one bench depth in areas containing mill feed material. The average strip ratio is 4 to 1 waste to mill feed.

A conventional crushing, milling, magnetic separation and flotation processing method is used at the Project prior to Iron concentrates being trucked to the Port of Kemaman for delivery overseas.

Fortress has signed an indicative term sheet with Shaanxi Longmen Iron and Steel Group Import and Export Co. Ltd (Shaanxi) for offtake sales of Iron concentrate in 40,000 wmt monthly shipments for the period July 2018 to July 2019, with an option to renegotiate sales terms beyond the contract expiry date.

Provisional pricing is based on the trailing 3-day average Platts 65% Fe CFR North China Index Pricing and price adjustments are quality based.

SRK has not undertaken a detailed review of the terms of the Shaanxi term sheet and has assumed that for the purpose of the Report, this contract will be executed over the coming weeks and is suitable to allow site operations to continue unimpeded by contractual constraints should listing on the Catalist proceed.

APPENDIX F – QUALIFIED PERSON’S REPORT

Table of Contents

Executive Summary	ii
Table of Contents	iv
List of Abbreviations	vii
1 Introduction	1
1.1 Independent Qualified Person’s statement	1
1.2 Reliance on SRK	3
1.3 Aim of the Report	3
1.4 Scope of the Report	4
1.5 Basis of the Report	4
1.5.1 Data sources	4
1.5.2 Data validation	4
1.5.3 Reliance on other experts	5
1.6 Reporting standard	6
1.7 Currency reporting	6
1.8 Site visits	6
1.9 Limitations	6
1.10 Consent	7
1.11 Indemnities provided by the Company	7
2 Property Description	8
2.1 Summary of assets and nature of rights	8
2.2 Permissions	9
2.3 Size and location	10
2.4 Access	11
2.5 Natural and cultural environment	11
2.6 History	12
2.7 Geological setting	13
2.7.1 Regional geology	13
2.7.2 Local geology	14
2.7.3 Geophysical setting	15
2.7.4 Mineralisation styles and characteristics	15
3 Exploration, Resource Estimates and Prospectivity	17
3.1 Exploration data	17
3.1.1 Drilling and sampling	17
3.1.2 Sample preparation	18
3.1.3 Analytical methods	18
3.1.4 Sample security	19
3.2 Quality assurance and quality control	19

APPENDIX F – QUALIFIED PERSON’S REPORT

3.3	Pit and prospect mapping	20
3.3.1	West area	20
3.3.2	Valley area	21
3.3.3	East area	22
3.4	Mineral Resource estimate	27
3.4.1	Mineralisation and topographical modelling	27
3.4.2	Estimation and modelling techniques	28
3.4.3	Mineral Resource classification	35
3.4.4	Mineral Resource reporting	35
3.5	Prospectivity	36
4	Mineral Processing and Metallurgical Testing	39
4.1.1	Metallurgical testwork	39
4.1.2	Processing flowsheet	39
5	Mining	42
5.1	Extraction and processing method	42
5.2	Production reconciliation	42
5.3	Material availability	42
5.4	Production schedule	43
6	Infrastructure, Environment and Permitting	44
6.1	Water supply	44
6.2	Tailings storage	44
6.3	Power supply	44
6.4	Service agreements	44
6.5	Environment and the Community	44
7	Financial Analysis	45
7.1	Capital and operating expenditure	45
7.1.1	Capital costs	45
7.1.2	Operating costs	45
7.2	Revenue	46
7.3	Taxes and liabilities	46
7.3.1	Corporate taxation	46
7.3.2	Royalties	46
7.3.3	Human Resources Development Fund Levy	46
7.3.4	Environmental obligation	46
7.4	Marketing and sales agreements	46
8	Interpretation, Conclusions and Recommendations	48
9	Date and Signature Page	49
10	References	50

APPENDIX F – QUALIFIED PERSON’S REPORT

List of Tables

Table 1-1:	Site visit summary	6
Table 2-1:	Summary of assets	8
Table 3-1:	Drilling summary	17
Table 3-2:	Variogram parameters	29
Table 3-3:	Estimation search parameters	29
Table 3-4:	Composite grade vs global model grade statistics	29
Table 3-5:	Bukit Besi Project - Mineral Resource summary – 7 August 2018*	36
Table 5-1:	Average crushing ore grade	42
Table 5-2:	Availability assumptions	43
Table 5-3:	High-level mining schedule*	43

List of Figures

Figure 2-1:	Project tenements	9
Figure 2-2:	Project location	10
Figure 2-3:	Project access (unsealed road in pink)	11
Figure 2-4:	Regional geology with Project location	14
Figure 2-5:	Typical replacement pattern at Bukit Besi	16
Figure 3-1:	West pit looking north	21
Figure 3-2:	Valley area	22
Figure 3-3:	East area looking west	23
Figure 3-4:	Interpreted geology of the West area	24
Figure 3-5:	Interpreted geology of the Valley area	25
Figure 3-6:	Interpreted geology of the East area	26
Figure 3-7:	Drill collar locations and interpreted mineralisation wireframes	28
Figure 3-8:	West area - visual comparison of block and sample Fe% grade	30
Figure 3-9:	Valley area - visual comparison of block and sample Fe% grade	31
Figure 3-10:	East area - visual comparison of block and sample Fe% grade	32
Figure 3-11:	Visual comparison of block and sample Fe% grade in long section	33
Figure 3-12:	Swath plots all veins – West area	34
Figure 3-13:	Petroseis lithology interpretation over ground magnetic analytical signal with Prospectivity Locations 1 to 5	37
Figure 4-1:	Processing plant layout including sampling point locations	41

List of Appendices

Appendix A:	Table 1 – JORC Code 2012
-------------	--------------------------

APPENDIX F – QUALIFIED PERSON’S REPORT

List of Abbreviations

CRM	Certified Reference Material
CSH	calc-silicate hornfels
DD	diamond core
DGPS	differential global positioning system
DTR	Davis tube recovery
EMMCO	Eastern Mining and Metals Company Limited
g/m ³	grams per cubic centimetre
GBG	biotite granite
HRDF	Human Resources Development Fund
JAS	Jabatan Alam Sekitar
JORC	Joint Ore Reserves Committee
KNA	Kriging Neighbourhood Analysis
LOI	Loss on Ignition
LTAWNT	Lembaga Tabung Amanah Warisan Negeri Terengganu
m ³ /hr	cubic metres per hour
Magsus	magnetic susceptibility
ML	mining lease
MRE	Mineral Resource estimate
Mtpa	million tonnes per annum
OK	Ordinary Kriging
PSMB	<i>Pembangunan Sumber Manusia Berhad (Act)</i>
QA	quality assurance
QC	quality control
QPR	Qualified Person’s Report
RC	reverse circulation
SGX	Singapore Stock Exchange
SKA	actinolite-tremolite skarn
SKM	magnetite skarn
SKS	sulphide skarn
SOP	Standard Operating Procedures
SRK	SRK Consulting (Australasia) Pty Ltd
SRTM	Shuttle Radar Topography Mission
SXRF	sulphur measured by X-ray fluorescence
tpm	tonnes per month
wmt	wet metric tonnes
XRF	X-ray fluorescence

1 Introduction

Fortress Mining Sdn Bhd (Fortress or the Company) is the lessee of mining leases ML4/2013 and ML7/2013 in the district of Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Bukit Besi or Project). Fortress was granted the Mining Rights for the Project by the Terengganu State Authority pursuant to an agreement dated 10 April 2016.

SRK Consulting (Australasia) Pty Ltd (SRK) has been appointed by Fortress to prepare a Qualified Person’s Report (QPR or Report) in accordance with the Listing Rules of the Singapore Stock Exchange (SGX).

Fortress intends to publish a Prospectus, in support of a proposed listing on the Catalist, the secondary board of the SGX.

This QPR is addressed to the Directors of Fortress Mining Sdn Bhd. SRK understands that this QPR will be set out as an appendix to the Prospectus. For the purposes of the SGX Listing Rules, SRK is responsible for this QPR as part of the Prospectus. SRK declares that it has taken all reasonable care to ensure that the information contained in this QPR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. SRK consents to the inclusion of this QPR and reference to any part of the report in the Prospectus.

1.1 Independent Qualified Person’s statement

This QPR has been prepared based on a technical and economic review by a team of consultants from SRK’s Perth office in Australia, whose registered address is:

SRK Consulting (Australasia) Pty Ltd
Level 1, 10 Richardson Street
West Perth WA 6005 Australia

In accordance with the rulebook of the Singapore Stock Exchange:

- a) The Qualified Person who has responsibility for this QPR is Ms Karen Lloyd, Associate Principal Consultant of SRK.
- a) The Qualified Person who has responsibility for the Mineral Resource estimate is Mr David Slater, Principal Consultant of SRK.
- b) The QPR was directly supervised by Mr David Slater, Principal Consultant and Dr Bert de Waele, Principal Consultant. Mr Slater and Dr de Waele are equity partners of SRK.
- c) Ms Lloyd, Mr David Slater, Dr De Waele, SRK and its partners, directors, substantial shareholders and their associates are independent of the Company, its directors and substantial shareholders
- d) Ms Lloyd, Dr De Waele, SRK and its partners, directors, substantial shareholders and their associates do not have any interest, direct or indirect, in the Company, its subsidiaries or associated companies and will not receive benefits other than remuneration paid in connection with the QPR.
- e) Remuneration paid to SRK in connection with the Mineral Resource estimate and QPR is A\$64,000 and is not dependent on the findings of the QPR.

APPENDIX F – QUALIFIED PERSON’S REPORT

Further details on the project team are given here:

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc(Hons), MBA, FAusIMM

Karen is a mineral economist with more than 20 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe. Karen has experience in the valuation and evaluation of mineral projects worldwide.

Karen is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

David Slater, Principal Consultant (Resource Estimation), DipEd, BAppSci, MAIG, MAusIMM(CP)

David is a resource geologist with over 25 years’ experience in the mining industry. For the past 14 years, he has consulted at principal level in mineral resources and audits, which provided exposure to many projects in various commodities. David provides high quality outcomes by combining technical experience and leadership abilities; his refined technical and practical geological skills enable him to offer appropriate solutions to clients and provide mentorship to less experienced consultants. David has wide experience in evaluation of projects at all stages of the mining cycle in both open pit and underground operations scenarios, where his strengths include optimisation of operations with regard to sampling, grade control, resource estimation (linear and non-linear) and reconciliation. A key element of David’s consulting work is understanding of the process delivery to enable companies to extract maximum value from assets; he has worked at corporate levels to ensure this process is robust and practically achievable. David has completed considerable due diligence and technical reporting over a range of commodities and locations worldwide.

David is a Member of the Australian Institute of Geoscientists (MAIG), a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and accredited as a Chartered Professional (CP) by the AusIMM in the Geology discipline. and has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

Leesa Collin, Senior Consultant (Resource Estimation), BSc AppSci (Geophys), GDip AppSci (Economic Geol), MAusIMM

Leesa Collin is a geologist with 17 years’ experience working on mineral exploration, resource development and project evaluation. She has experience across multiple commodities including (Battery minerals, precious metals, base metals and bulk commodities). She has spent two years working in Indonesia and has experience across multiple other jurisdictions including; Australia, Malaysia, Vietnam, Cambodia, Laos, Korea, West Africa, Eastern Europe, and Russia. Leesa has undertaken prospectus development for multiple listings, Independent Technical Expert reporting for merger and acquisition activity. She has the ability to assess and form an opinion and articulate the risk profile of opportunities on behalf of mining, banking and investment houses for project financing and merger and acquisition activity. Leesa has an interest in the development and implementation of modernised work practises to value add and improve cost efficiencies, particularly in exploration and resource development phases.

Leesa is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has the appropriate relevant qualifications, experience, competence and independence to be considered a

APPENDIX F – QUALIFIED PERSON’S REPORT

‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

Dr Bert de Waele, Principal Consultant (Exploration Geology), PhD (Geology), RP Geo, MAIG

Bert has over 23 years of experience. He has conducted Independent Technical Assessments on various mineral assets including gold, porphyry copper, iron ore, manganese, diamond, mineral sands, phosphate, evaporite and uranium. He also developed both expert and data-driven exploration targeting systems for gold and iron exploration projects. Bert’s regional mapping experience includes mapping 1: 100,000 and 1: 250,000 products in Zambia, Mauritania, Madagascar and Papua New Guinea, and prospect or tenement-scale mapping in Australia, Gabon, Ghana, Guinea, Indonesia, Ivory Coast, Lao PDR, Liberia, Malaysia, Mauritania, Morocco, Philippines, Republic of Congo, Sierra Leone and Western Sahara. His research interests focus on regional geology and tectonics, by integrating field and laboratory work, including U-Pb microprobe geochronology, isotope (147Sm-144Nd and 87Rb-86Sr) and whole-rock geochemistry and Geographic Information Systems. Bert has a strong commitment to transfer of knowledge, holding an Adjunct Research posting at Curtin University. Bert has taught structural geology, computing in geoscience (GIS – Remote Sensing and DPA (Geosoft)) and supervised field classes, mapping projects and theses (BSc, MSc and PhD) both in French-speaking and English-speaking environments. Much of his work has included on-the-job training of sampling teams and mapping geologists using cutting-edge paperless mapping technologies.

Bert is a Member of the Australian Institute of Geoscientists (MAIG) and has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) Code and JORC (2012) Code, respectively.

1.2 Reliance on SRK

SRK is responsible for this QPR, and for all the technical information that has been directly extracted from the QPR and reported in the Prospectus.

SRK declares that it has taken all reasonable care to ensure that the information contained in the QPR and included in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK confirms that the presentation of information contained elsewhere in the Prospectus, which relates to information in the QPR, is accurate, balanced and not inconsistent with the QPR.

SRK considers that its opinion must be considered as a whole and, that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this QPR. The preparation of an QPR is a complex process and does not lend itself to partial analysis or summary.

SRK has no obligation or undertaking to advise any person of any development in relation to the mineral assets which comes to its attention after the date of this QPR. SRK will not review, revise or update the QPR, or provide an opinion in respect of any such development occurring after the date of this QPR.

1.3 Aim of the Report

The aim of this QPR is to provide a responsible, unbiased and independent opinion on the technical aspects of the Project, with the ultimate purpose of informing and protecting investors. It is intended to properly inform readers of Fortress’s Prospectus regarding the status and exploration potential of the Project.

Unless otherwise explicitly stated, all quantitative data as reported in this QPR are reported on a 100% basis.

APPENDIX F – QUALIFIED PERSON’S REPORT

1.4 Scope of the Report

This QPR presents the following key Information as at 18 September 2018:

- Title page
- Table of contents
- Executive summary
- Introduction
- Property description, size, location, access, natural and cultural environment
- History of the property, including exploration history and production history
- Geological and geophysical setting, type and characteristics of the deposit
- Exploration data including drilling and sampling, sampling and analysis methods, sample preparation and security, quality assurance and quality control on the sample analyses
- Mineral processing and metallurgical testwork
- Resource estimates and exploration results in accordance with JORC Code (2012) guidelines
- Extraction method, processing method, capital costs, operating costs, considerations including social, environmental, health and safety factors that may affect exploration and/or exploitation activities; and production schedule
- Financial analysis of the operations, taxes, liabilities and marketing
- Interpretation and conclusions
- Recommendations.

1.5 Basis of the Report

1.5.1 Data sources

In assessing the technical aspects relevant to this QPR, SRK has relied on information provided by Fortress, as well as information sourced from the public domain. In respect of the technical Information as provided by the Company and taken in good faith by SRK, and other than where expressly stated, any figures presented have not been independently verified by means of re-calculation.

1.5.2 Data validation

SRK has conducted a review and assessment of all material technical issues likely to influence the technical Information included in this QPR, which included the following:

- Examination of the historical data made available by the Company in respect of Fortress’s assets
- Inspection visits to the Bukit Besi project in June and August 2017 and in June 2018, including current mining and processing areas and associated infrastructure
- Enquiry of Fortress’s key technical and head office personnel during the site visits in respect of the mineral assets and other related matters
- An examination of Fortress’s historical information for the three years and six months ending 30 June 2018
- An examination, review and, where appropriate, identification of the key technical risks and opportunities as they relate to the Technical Information reported herein.

Accordingly, Fortress has provided technical data (geological information, assay information, exploration programs) to SRK for this review and inclusion in the QPR. SRK confirms that it has performed all necessary validation and verification procedures deemed necessary and/or appropriate by SRK to place an appropriate level of reliance on such technical information.

APPENDIX F – QUALIFIED PERSON’S REPORT

1.5.3 Reliance on other experts

SRK has relied upon the accuracy and completeness of technical, financial and legal information and data furnished by or through Fortress.

Fortress has confirmed to SRK in writing that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. SRK has no reason to believe that any material facts have been withheld. Whilst SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK’s assessment of exploration results for the mineral assets is based on information provided by Fortress throughout the course of SRK’s investigations, which in turn reflect various technical and economic conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time. Should these change materially the assumptions could be materially different in these changed circumstances.

This QPR specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/or contracts Fortress may have entered into.

This QPR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

Technical reliance

SRK places reliance on the Company and its technical representatives that all technical Information provided to SRK as at 18 September 2018 (Effective Date) is accurate.

Financial reliance

In considering all financial aspects relating to Fortress’s mineral assets, SRK has placed reliance on the Company that the following information is appropriate as at the Effective Date:

- Operating expenditures as included in the Company’s development strategy and exploration programs
- Capital expenditures as included in the Company’s development strategy and exploration programs
- All statutory and regulatory payments as may be necessary to execute the Company’s development strategy and exploration programs.

Legal reliance

In consideration of all legal aspects relating to Fortress’s mineral assets, SRK has placed reliance on the representations of the Company that the following are correct as of the Effective Date:

- Other than as disclosed in the Prospectus, the Company Directors are not aware of any legal proceedings that may have any influence on the rights to explore, develop and mine the minerals present within and associated with the Company’s mineral assets.
- The legal owners of all mineral and surface rights have been verified.
- Other than as expressly mentioned in the risk factors of the main body of the Prospectus, SRK understands that there are no significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

Fortress’s legal representatives are Azman Davidson & Co (Azman Davidson), Malaysia. SRK has relied on the accuracy of the information provided by Azman Davidson in the preparation of this Report.

APPENDIX F – QUALIFIED PERSON’S REPORT

A full legal opinion report prepared by Azman Davidson is included in the Prospectus.

1.6 Reporting standard

This QPR has been prepared to the standard of, and is considered by SRK to be, a Qualified Person’s Report under the Rule Book of the Catalist Board of the Singapore Stock Exchange and the guidelines of the 2015 Edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code) (Standard).

The VALMIN Code incorporates the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code).

As per the JORC Code (for significant projects the reporting of all criteria of sections 1 to 3 of Table 1 on an ‘if not, why not’ basis is required, preferably as an appendix), the required sections are included in Appendix A.

1.7 Currency reporting

All monetary figures used in this QPR are expressed in United States dollar (US\$) and Malaysian ringgit (RM) terms using an exchange rate of 0.24 US\$ to 1.00 RM which is the exchange rate at 18 September 2018.

1.8 Site visits

Fortress have utilised the services from SRK in assisting the geological delineation and drilling operations since July 2017 with Reverse Circulation and diamond drilling operations being undertaken to define a Mineral Resource estimate (MRE) in accordance with JORC (2012) guidelines.

Table 1-1 provides a summary of the site visits made by SRK personnel for the purpose of this QPR.

Table 1-1: Site visit summary

Competent Person	Position/ Company	Purpose of site visit	Date of site visit
Bert De Waele	Principal Consultant (Geology)/ SRK Consulting (Australasia) Pty Ltd	Exploration review	August 2017
Karen Lloyd	Associate Principal Consultant (Project Evaluation)/ SRK Consulting (Australasia) Pty Ltd	Operations review	June 2018
Leesa Collin	Senior Consultant (Geology)/ SRK Consulting (Australasia) Pty Ltd	Resource review	July 2018

1.9 Limitations

The technical information presented within this QPR relies on assumptions regarding certain forward-looking statements. These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially. The projections as presented and discussed herein have been proposed by Fortress’s management and cannot be assured; they are necessarily based on economic assumptions, many of which are beyond the control of the Company. Future cashflows and profits derived from such forecasts are inherently uncertain and actual results may be significantly more or less favourable. Unless otherwise expressly stated, all the opinions and conclusions expressed in this QPR are those of SRK.

APPENDIX F – QUALIFIED PERSON’S REPORT

1.10 Consent

SRK will give its written consent to the inclusion of this QPR in the Prospectus and all of the information to be contained in the Prospectus, which has been extracted directly from this QPR.

1.11 Indemnities provided by the Company

Fortress has warranted, in writing to SRK, that full disclosure has been made of all information material to the matters considered in the QPR, and that, to the best of its knowledge and understanding, such information is complete, accurate and true. As recommended by the VALMIN Code, Fortress has provided SRK with an indemnity under which Fortress agrees to indemnify for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Fortress or from Fortress not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this QPR, provided that SRK does not undertake any additional work without the prior consent of Fortress.

SRK has made reasonable enquiries and exercised its judgement on the reasonable use of such information; and found no reason to doubt the accuracy or reliability of the information provided.

APPENDIX F – QUALIFIED PERSON’S REPORT

2 Property Description

Fortress re-established historical mining operations at the Project in 2017. The current operations consist of two open pit mining areas which are located within mining lease ML7/2013, with conventional excavator and trucking of feed to a magnetite processing plant which is located within mining lease ML4/2013. Processing of the feed is undertaken at the onsite processing facilities which include a 10-stage crushing, grinding and magnetitic separation process to produce a magnetite concentrate. Waste material is placed external to the Mineral Resource footprint and external to the known geophysical magnetic signature in designated waste placement areas. Iron concentrate is produced and transported by road at approximately 40,000 wmt every four weeks. Shipments are exported to China via the Port of Kemaman.

2.1 Summary of assets and nature of rights

Figure 2-1 present a summary of the assets which are the subject of this Report.

Table 2-1: Summary of assets

Asset Name/ Country	Company Interest	Development Status	Licence Expiry Date	Licence Area (km ²)	Type of Deposit	Remarks
ML4/2013 Bukit Besi, Malaysia	100%*	Production	19 January 2033	2.4	Iron Ore	Footnote A*
ML7/2013 Bukit Besi, Malaysia	100%*	Production	17 March 2033	2.8	Iron Ore	Footnote A*

*Footnote

A: SRK has sighted documentation obtained by Fortress from Azman Davidson, an independent legal firm based in Kuala Lumpur, Malaysia. The document, dated 26 June 2018, indicates that Fortress has the legal rights to the minerals which are the subject of this Report. SRK has made all reasonable enquiries into this status as at 18 September 2018.

Specifically, Azman Davidson notes, that based on its review, Fortress has the right to access the mining area for the purpose of carrying out mining operations (Mining Rights) including but not limited to rock blasting, tree cutting, excavating, extracting and processing iron ore found in that area which comprises:

1. Lot 110548 (ML4/2013), Mukim Jerangau, Daerah Dungun, Terengganu for a period from 10 April 2016 until 19 January 2033.
2. Lot 60027 (ML7/2013), Mukim Besul, Daerah Dungun, Terengganu for a period from 10 April 2016 until 17 March 2033.

The Mining Rights were granted to Fortress by Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT), being the lessee of ML4/2013 and ML7/2013 issued by the Terengganu State Authority pursuant to the iron ore mining agreement dated 10 April 2016 between LTAWNT, Fortress and Webcon Sdn Bhd.

Based on the review by Azman Davidson, under the approval for operational mining scheme issued by Malaysia Minerals & Geoscience Department, Terengganu, Fortress Mining Sdn Bhd is acknowledged as a contractor for the development and mining works to be carried out at the Mining Area.

SRK has relied on the accuracy of the information provided by Azman Davidson for the purpose of this Report.

APPENDIX F – QUALIFIED PERSON’S REPORT

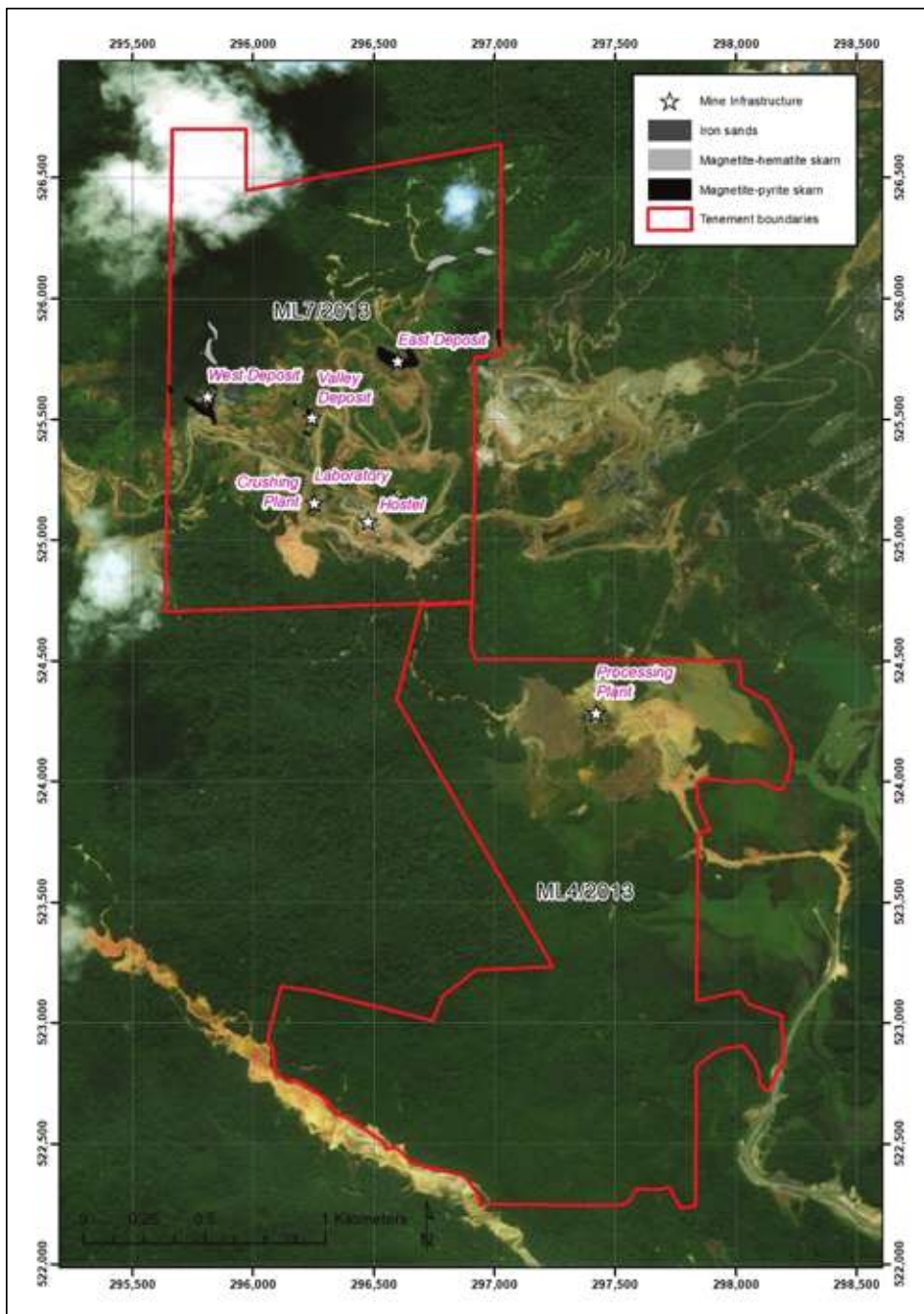


Figure 2-1: Project tenements

2.2 Permissions

SRK understands that all approvals and permits are either in place or planned to allow production at the Project to continue unimpeded for the modelled life and has relied on the accuracy of the information provided by Azman Davidson as noted in Section 1 of this report. SRK has made all reasonable enquiries into this status at 18 September 2018.

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK notes that the existing operations at the Project are unique in that steady-state production and the sale of iron concentrate had been established prior to the formalisation of documentation and studies to support the guidelines of the 2012 edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), and satisfy the regulatory framework for which the JORC Code was designed to support.

The Project is governed by the Malaysian regulatory framework, which allows for mining operations to be permitted without the estimation of Ore Reserves.

2.3 Size and location

Fortress’s wholly owned Bukit Besi Iron Project comprises two granted Mining Leases covering a combined area of 5.2 km². The Project is located approximately 80 km south of the regional centre of Kuala Terengganu and 26.5 km west of the township and port of Kuala Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Figure 2-2).

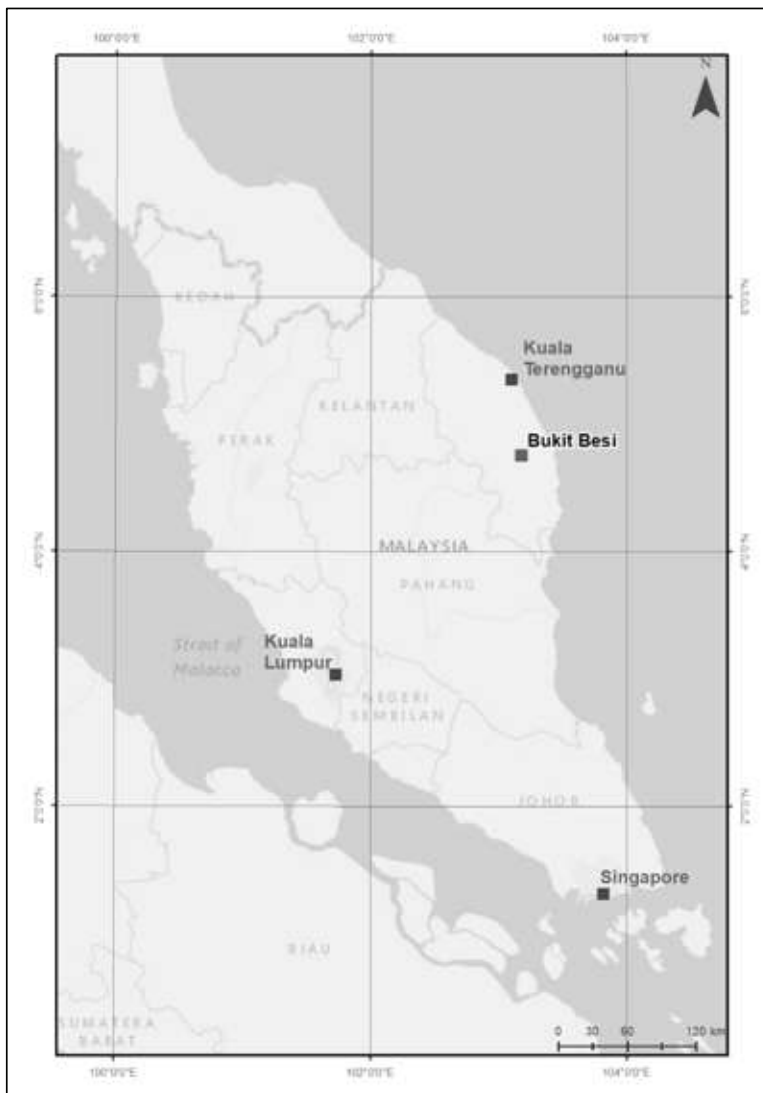


Figure 2-2: Project location

APPENDIX F – QUALIFIED PERSON’S REPORT

Fortress re-established historical mining operations at the Project in 2017. The current operations consist of two open pit mining areas with conventional excavator and trucking of feed to a magnetite processing plant within the mining lease. Processing of the feed is undertaken at the onsite processing facilities which include a 10-stage crushing, grinding and magnetitic separation process to produce a magnetite iron concentrate as described in Section 4.1.2. Iron concentrate is produced and transported by road at approximately 40,000 wet metric tonnes (wmt) every four weeks. Shipments are exported to China via the Port of Kemaman. Waste rock is placed external to the Mineral Resource footprint and external to the known geophysical magnetic signature.

2.4 Access

Access to the Project is via the sealed East Coast Expressway and then sealed Federal Route 14 to the Universiti Teknologi Mara (UTM) Bukit Besi campus exit, from where the Project is accessed from an unsealed road (Figure 2-3).



Figure 2-3: Project access (unsealed road in pink)

2.5 Natural and cultural environment

The region surrounding the Project experiences a tropical monsoonal climate, with two monsoonal periods December to March and June to September. Annual rainfall in the area is approximately 2 m. Average temperatures are approximately 27°C with little annual variation.

The site is accessible all year round. Mining operations can be occasionally impeded during monsoonal events, which provide substantial runoff, and the occasional electrical storm; however, the

APPENDIX F – QUALIFIED PERSON’S REPORT

climate is amenable to mining operations for much of the year. The processing facilities are housed undercover and remain unimpeded by weather events year-round.

Relief in the area is typically low and flat at approximately 80 m above sea level. Isolated hills rise to heights of approximately 500 m.

The natural vegetation consists of primary jungle together with swampy conditions in the low-lying areas.

SRK understands that there are no records of threatened ecological communities or protected species within the Project area.

SRK understands that there are no heritage agreements in place at the Project and has relied on the information supplied by Azan Davidson in this regard.

Labour is sourced from a local workforce living in the township of Bukit Besi or its surrounds. Professional labour is sourced from the Malaysian university system or externally where required. Fortress owns several local houses to accommodate workers whose primary residence is not located within the wider Bukit Besi region. Additionally, a workers' camp is located within the Project area.

2.6 History

The Project area has a long history of exploration and production since iron ore mineralisation was first identified by Japanese explorers in 1916.

In 1923 the Terengganu State Government issued a prospecting licence covering the area to the Kuhara Mining Company, which subsequently became the Nippon Mining Company (Nippon).

Prospecting by Nippon was undertaken between 1923 and 1930. During this time, Nippon excavated a total of 302 pits and drove 45 adits (for a total length of around 7,000 m) into Bukit Besi.

By 1927 Nippon had signed a contract to supply the Yawata Steel Works in Japan with iron ore. The construction of a light railway commenced in 1928, and in 1929 the Nippon obtained a 50-year Mining Lease covering 1,271 acres.

By 1930 mining operations had commenced using 130 Japanese staff and a local labour force of 1,500, which was quickly expanded to 3,000.

The first shipment of iron ore left Bukit Besi in September 1930. The Nippon operations focused on superficial boulder deposits which were mined manually. Larger boulders were hand-picked, and the remainder screened to +2.5 cm. Additional small-scale production was achieved from solid in situ ore by drilling and blasting, though generally large primary masses were left untouched.

Mining was undertaken 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.

Production progressed at a rate of one million tons per annum 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.

Shortly after the Japanese occupation of the peninsula, the Japanese government re opened the mine; however, production was very much below the pre-war level.

An acute shortage of shipping vessels prevented large-scale exports and led to the accumulation of large stockpiles at the two shipping centres of Nibong and Sara.

As a result of the vessel shortage, the Japanese government constructed two smelting plants at Bukit Besi, resulting in the production of approximately 3,500 t of pig iron by May 1945.

APPENDIX F – QUALIFIED PERSON’S REPORT

Further to the 1945 Japanese surrender to the Allied forces, all Japanese-owned property in West Malaysia was placed under control of the Custodian of Enemy Property.

In 1948, the Bukit Besi property rights, stockpiles, and equipment were acquired by the Eastern Mining and Metals Company Limited (EMMCO) and the first shipments of ore from the old Japanese stockpiles were made later that year.

In 1949, small-scale mechanised mine production by EMMCO commenced and nearly 0.5 Mt was extracted in the first full year of production. The rate of production gradually increased to more than 1 Mt in the third year.

By 1965 EMMCO had mined 36.5 Mt at 63% Fe from the Bukit Besi area.

In 1971, in the height of the Communist insurgency, EMMCO abandoned the mine, citing the prevailing economic downturn and depleting resources. As a result of the mine closure, the refineries were abandoned and remain as ruins in the Bukit Besi township area.

In 2009, the Terengganu State Government announced that it had approved the appointment of a number of companies to revive mining at Bukit Besi and exploration in the wider area re-commenced.

In September 2012, mining activities recommenced for a short time prior to closure in August 2013. Fortress (formally known as Webcon Sdn Bhd) subsequently acquired the Mining Rights in 2017 and began construction of an onsite processing plant incorporating in-pit coarse cobbing with magnetic separation, crushing milling and grinding circuit, 3-stage magnetic separation, reverse flotation and rotary drier to produce a magnetite concentrate at 80% passing 75 µm at approximately 65% Fe. Shipments from the Fortress operation in 2018 have typically been in the order of 30,000 tpm. With the recent addition of further milling capacity, steady-state exports of 40,000 tpm are planned.

2.7 Geological setting

2.7.1 Regional geology

Tectonically, the Malay peninsula can be divided into three longitudinal belts – Western, Central and Eastern, each of which has its own distinctive characteristics and geological development:

- 1 The Western Belt can be subdivided into a northwest sector and a Kinta-Malacca sector. The northwest sector is underlain by clastic units, limestones and minor volcanics, and the Kinta-Malacca sector is characterised by deposition of argillaceous and calcareous sediments in the early Palaeozoic, followed by more limestone deposition in the Kinta region, but by clastic units in the Kuala Lumpur area.
- 2 The Central Belt is underlain predominantly by Permian-Triassic clastics, volcanics and limestones.
- 3 The Eastern belt is largely underlain by Carboniferous and Permian clastics and volcanics. A phase of regional metamorphism, folding and uplift probably occurred in the late Palaeozoic followed by deposition of an older series of continental deposits. The pan-peninsula late Triassic orogenic event uplifted the Eastern Belt. This was followed by deposition of a younger series of continental deposits which are only gently dipping and were up-lifted in the late Cretaceous.

The Project is located in the Eastern Belt where continental deposits of Jurassic–Cretaceous age, such as the Gagau Group, lie unconformably on the older Carboniferous and Permian sediments (Figure 2-4).

APPENDIX F – QUALIFIED PERSON’S REPORT

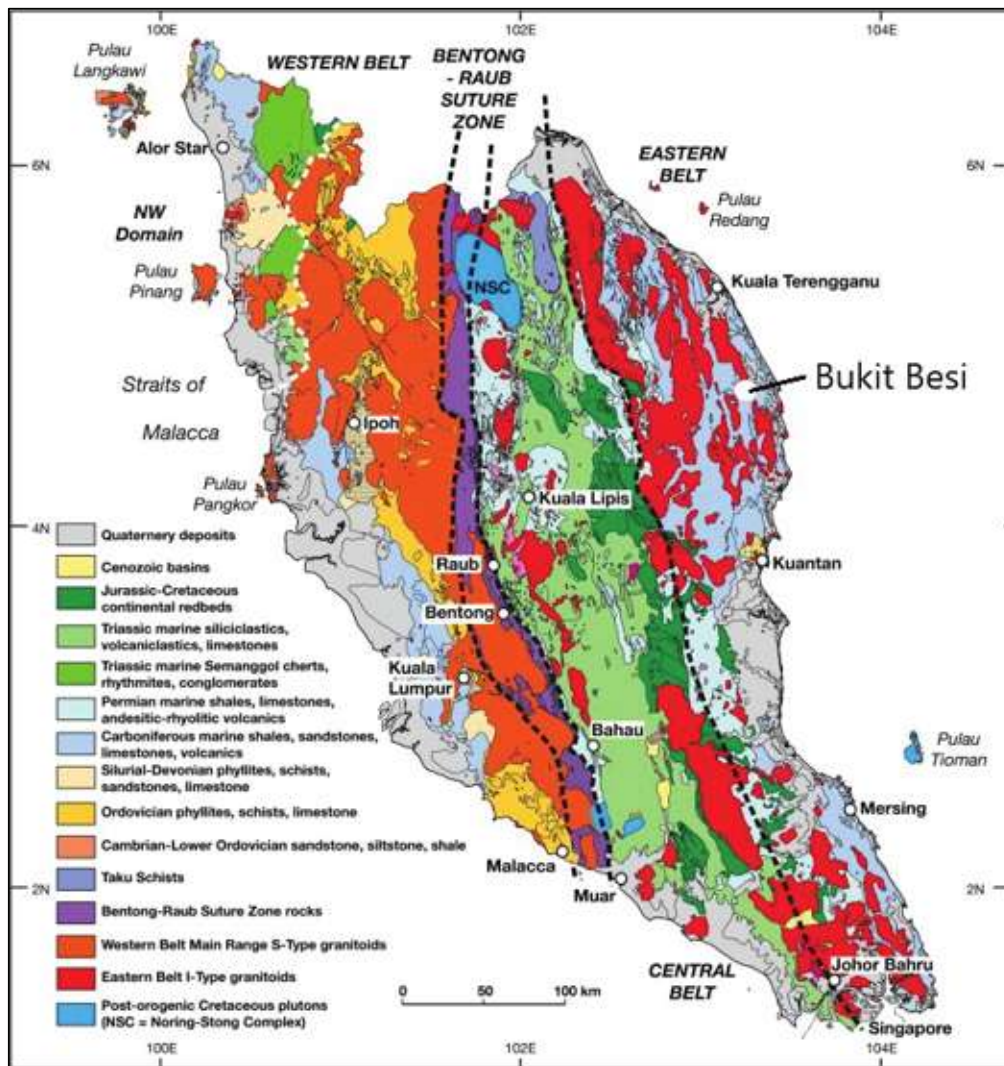


Figure 2-4: Regional geology with Project location

Source: Pour & Hashim (2015)

2.7.2 Local geology

Hill (2011) notes that the wider historical Bukit Besi mining area straddles the contact between Palaeozoic sediments and granite, which is 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 have been caught up within the body of the granite.

There appears to have been considerable assimilation by the granite magma, and hybrid rock-types associated with the intrusion are wide-spread. In most places the contact shows strong intrusive cross-cutting by the granite, but in others it is apparent that the granite has only succeeded in pushing the sediments aside. Small quartz veins cut the granite and sediments in several places.

APPENDIX F – QUALIFIED PERSON’S REPORT

Low grade thermal metamorphism of the Palaeozoic sediments near the granite contact is evident:

- 1 Disseminated pyrite has been introduced to a relatively unaltered quartzite unit.
- 2 The shale beds appear to have become indurated and contain shreds of chlorite and laths of tremolite-actinolite.
- 3 The limestone units have undergone the highest degree of alteration; impure argillaceous units show partial re-crystallisation and minute fracturing and the less argillaceous units contain patches of broken garnet. The limestone units almost invariably show shattering with later cementation by secondary calcite and chloritic material.

Amphibolite units occur as isolated masses across the Project area in two distinct types:

- 1 Those associated with skarns with no sulphides
- 2 Those not obviously associated with skarns, which contain sulphides.

2.7.3 Geophysical setting

Airborne-magnetometer and scintillation-counter surveys were conducted by the Malaysian Government between 1956 and 1957 over 16,000 square miles of the Malay Peninsula, including a 2,396 square mile area covering the Terengganu region. The survey revealed several anomalies which indicated possible mineralisation including several anomalies over the current Project.

In October 2017, a localised ground magnetic survey allowed the comparison of the analytical signal and reduced to the equator filtered magnetic data to determine areas of higher concentration of magnetic rocks and an analysis of the radiometric data distribution to determine groupings of major rock types.

More detail on this interpretation is presented in Section 3.5 of this report,

2.7.4 Mineralisation styles and characteristics

The iron ore deposits consist principally of magnetite and its alteration product martite. There is some primary haematite and large amounts of secondary haematite. Goethite is also present.

Almost all the orebodies occur as replacements in the sediments along or within a hundred metres 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 bodies of shale engulfed by the granite.

Where overburden remains in-situ, boulders of magnetite, haematite, and goethite float can be found.

Although five mineralisation styles (replacements in limestone skarns, replacements in shale, lenses and pod-shaped bodies, dissemination and replacements in granite), most of the remaining identified mineralisation at the Project, as well as the bulk of the ore produced historically is associated with the shale units in two deposit types:

- 1 Irregular masses have formed where there was no bedding left to act as a control. The ore generally consists of magnetite, martite, and secondary haematite with colloform banding, while the gangue is simply unreplaced shale.
- 2 Regular tabular bodies where the bedding was not destroyed during the period of metamorphism. These replacements vary in thickness from simple partings parallel to the bedding planes up to units 10 m in thickness. The lengths of these bodies are also variable; some more than 30 m long have been identified. In the western part of the historical main mining area the shale is host to numerous closely spaced tabular orebodies containing considerable quantities of pyrite. In many instances the replacements are part tabular and part highly irregular in outline. Pyrite is generally

APPENDIX F – QUALIFIED PERSON’S REPORT

more abundant in the tabular replacements than in the irregular type. It is thought possible that the bedding planes acted as channels for this mineralisation, and where these had been destroyed its ability to penetrate the shale was considerably reduced.

Only one generation of magnetite has been recognised in the Project area. While this replaces skarns and other rocks, it is replaced itself by later sulphides where it has been corroded and altered to martite along grain boundaries and fractures. Replacement bodies of both primary and secondary haematite are found across the Project area.

Hill (2011) notes that significant orebodies at the Project have all been found within 100 m of the contact of the granite. The mineralising fluids made their way along bedding and contacts in the country rocks, as well as fracturing caused by the intrusion itself. The formation of embayment structures in the granite-shale contact allowed for localised replacement. Here, the intruded sediments were partially but not altogether isolated, producing structural traps (Figure 2-5).

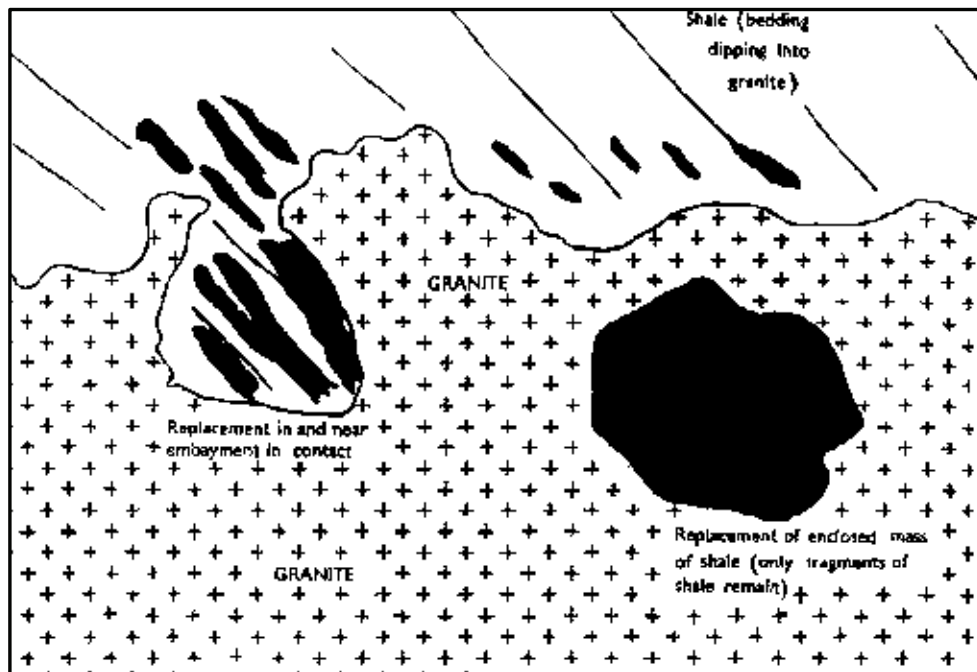


Figure 2-5: Typical replacement pattern at Bukit Besi

Source: Hill, 2011.

APPENDIX F – QUALIFIED PERSON’S REPORT

3 Exploration, Resource Estimates and Prospectivity

3.1 Exploration data

3.1.1 Drilling and sampling

Since 2013, reverse circulation (RC) and diamond core (DD) drilling targeting magnetic highs identified from ground magnetic surveys has occurred at the Project (Table 3-1). In mid-2017, SRK prepared a set of Standard Operating Procedures (SOPs) to guide Fortress’s drilling programs. Of the 248 holes drilled in the Project area used to inform the Mineral Resource, 209 have followed these procedures. Drilling information was captured into standardised Excel spreadsheets using look-up codes. All the Fortress drilling has been geologically logged. The RC drilling chips were logged at the time of drilling while the drill core was logged later inside at an onsite storage facility.

Both the wet sieved and dry RC samples were placed on a numbered grid sheet that identified the hole number and sample intervals before being logged, photographed and then stored in chip trays. The diamond core trays were carefully transported to an onsite storage facility where they were photographed following industry standard procedures before being logged, sampled and stored. The DD core was not orientated.

Table 3-1: Drilling summary

Year	Company	Drilling method	East		Valley		West	
			Number of holes	Total metres	Number of holes	Total metres	Number of holes	Total metres
2013	Perwaja Group	DD	7	597.2			6	587.3
2016	Webcon	RC					7	355
2017	Fortress	DD					19	2370.2
		RC	12	751	12	455	75	4860
	Webcon	RC			9	534	10	630
2018	Fortress	DD	8	688	19	1842.95	2	288.05
		RC	31	2026	12	550	19	1443
Total			58	4062.2	52	3381.95	138	10533.55

SRK and Fortress staff have verified the collar locations and downhole surveys for 24 of the ‘I’ pre-Fortress drill holes. Where historical drill core was available, this has been re-logged and half core split for XRF (X-ray refraction) analysis.

The Fortress drilling programs used a contract surveyor to locate drill hole collars by DGPS (differential global positioning system) in WGS84 Zone 48N UTM format. Downhole surveys were completed after drilling by Reflex GyroSmart in the open hole. SRK considers that drill holes are appropriately located, show consistent deviations and are of sufficient confidence to be used in the resource estimation.

Primary sampling of the RC and DD drill holes was completed onsite by Fortress geologists and technical assistants. Sampling intervals were approximately 1 m length from within the mineralised zone and 2–3 m into the interpreted waste for both the RC and DD drilling programs.

The whole 1 m RC sample was collected into large green plastic bags and taken to an onsite storage area. The intervals selected for sampling were then moved to the onsite laboratory preparation area for splitting using a 3-tier riffle splitter. Samples collected from the riffle splitter were retained in pre-numbered plastic sample bags. DD core was marked up by Fortress geologists with sample lengths

APPENDIX F – QUALIFIED PERSON’S REPORT

varying from 0.5 m to 1.2 m based on lithological contacts. Intervals selected for sampling were cut onsite with the half core retained in the core tray.

Sub-sampling was conducted by Fortress and supervised by qualified onsite laboratory staff. Appropriate sub-sampling procedures were adopted by Fortress for sample weighing, drying, crushing and pulverising.

Every DD and RC drill hole had a blank, Certified Reference Material (CRM) and duplicate sample inserted for analysis. Duplicate DD samples were cut from the remaining core, resulting in a quarter core duplicate sample. Duplicate RC samples were taken from the sample pulp.

3.1.2 Sample preparation

The selected 1 m RC samples for analysis were transported from the storage area to the onsite laboratory preparation facility where they were split using a 3-tier riffle splitter into pre-numbered plastic sample bags. The split samples had an average weight of 3.8 kg; 90% of the samples weighed more than 2 kg.

The selected core was cut in half using onsite diamond saw, broken into 10 cm lengths and collected in pre-numbered plastic sample bags. The average sample weight of the core samples was 2.9 kg.

Subsequent sample preparation undertaken at the onsite laboratory was:

- Crushing using a jaw crusher to an average size of 6 mm
- Oven drying for 5 hours at a temperature of 105°C
- Further subsampling using riffle splitter to an average weight of 200–250 g prior to pulverising
- Pulverising using ring mill pulveriser to a size of <75 µm/ 200 mesh
- All pulverized material was taken from the bowl and stored in a sealed plastic jar
- For analysis undertaken locally, a charge weight of 10 g was scooped from the jar when required.
- For pulps sent to an external laboratory, a weight of 20 g was scooped from the jar and placed into placed into a small sealable plastic bag. Samples were combined into larger plastic bags and put into sealed wooded boxes for transport.

A field duplicate, CRM and a blank sample were inserted into the sample run for each drill hole.

A pulp check sample was taken by the local laboratory at a rate of 1 in 20 for submission to the Bureau Veritas laboratory for check analysis.

Sampling nomograms have not been prepared to assess the adequacy of the sample weight and grind size combinations; however, other quality assurance results completed do not indicate significant issues or global bias.

3.1.3 Analytical methods

Samples were analysed by the Fortress owned onsite laboratory and the independent Bureau Veritas laboratory in Canning Vale, Perth, Western Australia. In the sampling database used for estimation purposes, slightly over two-thirds of the analyses were undertaken by Bureau Veritas. The Fortress laboratory is managed by a licensed chemist (L/1779/5800/0) who is registered with the Malaysian Institute of Chemistry and has over 10 years of relevant experience. Bureau Veritas maintains an ISO9001.2000 quality system and the Canning Vale laboratory is registered with the National Association of Testing Authorities, Australia (NATA).

Pulp samples 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 Al₂O₃, As, Ba, CaO, Cl, Co, Cr, Cu, Fe, K₂O, MgO, Mn, Na, Ni, P, Pb, S, SiO₂, Sn, Sr, TiO₂, V, Zn, Zr determined by XRF. Loss on Ignition (LOI) results

APPENDIX F – QUALIFIED PERSON’S REPORT

were determined using a robotic TGA (thermogravimetric analysis) system. With furnaces in the system set to 110°C and 1,000°C.

The Fortress laboratory analysed for Fe, SiO₂, Al₂O₃, TiO₂, MnO, CaO, P, S, MgO, K₂O, Zn, Pb, Cu, Ba, As, Ni, Na₂O via XRF, and LOI. FeO was estimated by titration using hydrofluoric and sulphuric acids.

Fortress was given standard procedures for density determination using the Archimedes method with competent drill core. Over 300 determinations have been completed.

3.1.4 Sample security

Samples were transported from drill rig to laboratory by site geologists for logging and sample preparation. Samples sent to Bureau Veritas-Perth were sent via registered international carrier. SRK is satisfied that the sample chain-of-custody does not pose a material risk to the integrity of the assay data.

3.2 Quality assurance and quality control

The results of check samples analysed at the laboratories of both Bureau Veritas and Fortress were compiled and assessed by SRK. While the overall quality control (QC) results are good, there is a consistent indication that results for mineralised material, those samples with high Fe and low SiO₂, Al₂O₃ and LOI, are slightly biased in the Fortress laboratory, which causes Fe to be underestimated compared to results from Bureau Veritas. However, SRK considers the bias not material in scale. There is also a consistent indication that samples have been sporadically mis-labelled when prepared for dispatch and analysis at Bureau Veritas, although it is possible this may only affect QC samples.

SRK concluded that it was not possible to assess potential contamination in sample preparation at the Fortress laboratory. The blank samples used was a carbonate rock; however, the composition varied from fairly pure limestone to samples with 16% MgO. Iron content also varied, but this appeared to be a natural variation given that increased Fe content correlated with increasing MgO content.

SRK ran standard data validation routines on the drilling dataset provided by Fortress in Microsoft Access before importing csv files in Datamine Studio RM for desurveying and visual validation. SRK reported minor omissions and errors were corrected promptly by Fortress.

Core recovery was assessed for the drill core data (50% of the estimation dataset) with recovery varying from an average of 60% at surface to greater than an average of 80% from 20 m onwards. SRK reviewed the diamond core photos and found the estimation of core recovery to be accurate and the recoveries as expected for this style of mineralisation.

Sample recovery data was not available for the RC drilling. In lieu of this, the representivity of the RC drilling was assessed by comparing it to the core drilling using Q-Q plots for the major elements and magnetic susceptibility. Analytical results from 12 drill holes where they intersected the largest mineralised zone from along its complete strike length from the west were selected. The results from this type of comparison can be sensitive to drill hole selection, but the analysis did not indicate major differences between the grade and magnetic susceptibility distributions of the RC and DD programs.

SRK reviewed the drill core photos and bulk density determinations made by Fortress. Due to the nature of the determination method and after a review of the core photos, SRK is concerned that the selected material is biased towards the more competent mineralisation zones. SRK has taken a conservative approach and, based on statistical analysis of the distribution, with the elimination of outliers, has assigned a density of 3.7 g/cm³ to the unweathered mineralised material and 3.4 g/cm³ to the weathered mineralised material. SRK generated a weathering surface from oxidation information captured in the lithology logging. Fortress submitted 11 core samples to an external

laboratory for check density determinations. The core samples were collected from the major lithologies in the Project area and on average showed acceptable correlation.

3.3 Pit and prospect mapping

The pit and prospect mapping are overseen by Chief Geologist, Mr Herry Susanto, whose experience in the skarn environment includes 17 years at Freeport-MacMoran’s Grasberg mine in the Papua province of Indonesia. During his time at Freeport and subsequent years working in Indonesia and Australia, Mr Susanto gained broad experience from regional exploration through to underground mining. Mr Susanto is assisted by a number of geologists who are all engaged in the mapping programs.

3.3.1 West area

A cross section of the main lithologies in the Project area is exposed in the northern half of the West Pit. The primary unit in the pit is fine-grained calc-silicate hornfels (CSH). The northern wall of the pit (Figure 3-1) exposes, from left to right, the bounding quartzite, Western magnetite skarn (SKM), actinolite-tremolite skarn (SKA), Middle SKM, SKA, Eastern SKM, SKA, sulphide skarn (SKS) and then a brecciated zone. The bounding quartzite dips between 65° and 80° towards the east. It has a sharp contact with the CSH and is outcropping in the north of the pit. Biotite granite outcropping is visible to the south and east of the pit.

Mr Susanto described the likely paragenetic sequence as:

- 1 Intrusion of granitic magma. The core drilling indicates this is a multi-phase intrusion with an older coarse-grained phase intruded by a finer-grained magma.
- 2 Metamorphic alteration of sandstone to quartzite and silty limestone or calcareous shale to CSH.
- 3 Deep-seated deformation resulting in NE–SW trending structural zone.
- 4 Prograde metasomatism forming SKA due to the intrusion of Fe-rich magmatic fluids released from the magma along fracture planes. As the temperature dropped to ~500°C, magnetite ore deposition occurred.
- 5 Retrograde metasomatism causing pervasive chlorite alteration; in the west magnetite is replaced by phlogopite. Later pyrite metasomatism is seen in the eastern part of the pit as lenses of varying thicknesses up to 3 m wide.
- 6 Late-stage fracturing and hydrothermal alteration resulting in thin calcite, pyrite and haematite veins. These often occur at the margins of the skarn zone but are also found cross-cutting various lithology.

In the pit, the CSH is identified as being fine grained, often silicified and a light grey-green. Due to its higher Fe content, the SKA is a darker green to black and is coarser grained. Under hand lens the fibrous radiating lathes of actinolite can be seen in the fresher rock.

The later brecciation is polymictic, matrix supported with angular fragments composed of granite, CSH, and SKS.



Figure 3-1: West pit looking north

Outcrop exposed by streams and infrastructure works has been mapped by the Fortress geologists. The mapping was combined with the ground magnetic and radiometric survey data to produce an interpreted geology map of the West area (Figure 3-4). SRK has reviewed the mapping and the interpretation during site visits and compared it to the downhole geology logging and SRK’s broad interpretation. SRK’s observations are consistent with the Fortress geology interpretation in the West area.

3.3.2 Valley area

The lithologies at the Valley area are exposed in a small stream and by earthworks for the preparation of drill pads and the recent removal of historical tailings (Figure 3-2). Very little outcrop has been mapped in the area by Fortress geologists (Figure 3-4). The interpreted south-eastern actinolite-tremolite skarn (SE-SKA) has been mapped with a NNE strike length of 200 m and a width up to 50 m. On the eastern side of the SE-SKA, on the edge of a deformation zone, structural measurements of faults, joints and bedding in the biotite granite (GBG) indicate, on average, the zone dips steeply to the east. The deformation zone is approximately 150 m wide. In the north of the Valley area, another lens of SKA has been mapped (NW_SKA) which is offset from the southern lens by 80 m to the west. There is a stream that runs sub-parallel to the western edge of the SE-SKA before dog-legging to the west and following the western edge of the NW-SKA. This reflects the structural complexity of the deposit which may include multiple phases of deformation.

APPENDIX F – QUALIFIED PERSON’S REPORT



Figure 3-2: Valley area

Notes:

Photo L – Looking north along drill pads with large boulders defining drop-off to stream and historical tailings on the right.
Photo R – Looking south-west over stream to eastern SKM underneath historical tailings.

Minor occurrences on iron mineralisation have been mapped at surface by Fortress geologists:

- Four instances of SKH to the east of SE-SKA
- A single instance of SKM in the north of SE-SKA
- A single instance of SKH in the under the tailings to the west of the stream
- A single instance of SKS to the north of the tailings to the west of the stream.

Drill hole logging indicate that the iron mineralisation in the NNE trending deformation zone is hosted primarily in SKA, with minor veins in calc-silicate hornfels (CSH) and in small intrusions of biotite-granite (GBG). The interpretation of the wider deformation zone being surrounded by GBG is supported by results of the ground magnetic and radiometric surveys conducted for Fortress in 2017.

Most of the iron mineralisation logged in the drill core and chips is magnetite (SKM) with minor occurrences of haematite (SKH), pyrrhotite (SKS), and pyrite (SKS). The main SKM mineralisation follows the western edge of the SE-SKA right along its strike length. Due to the lack of down dip drilling intersections, this vein has been interpreted as being conformable to the deformation zone thus, trending NNE with a steep easterly dip. The last few holes drilled at the Valley area intersected magnetite mineralisation approximately 50 m to the west of the main mineralisation, which SRK has interpreted as two separate sub-parallel magnetite veins.

For both veins the thickest and deepest intersects (at 100 m vertical depth) are in the south; in the north the mineralisation was intersected within 30 m of the surface. Minor thin veins of SKH and SKS mineralisation have been logged in the northern drill holes. Fortress geologists have interpreted the new magnetite intersections as being part of the same vein.

3.3.3 East area

In the East mining area, massive magnetite mineralisation that has a sub-vertical contact with a 3 m wide pyrrhotite vein, is exposed. Locally, primary and secondary haematite mineralisation is also prevalent. Late-stage cross-cutting soft pyrite veins occur on the north of the exposure and an unidentified white salt is pervasive throughout (Figure 3-3).

APPENDIX F – QUALIFIED PERSON’S REPORT



Figure 3-3: East area looking west

Fortress geologists have mapped numerous outcrops of SKM, SKH and SKS in the deposit area along with joint and bedding planes. Their interpretation (Figure 3-6) presents a complex deformation environment with predominantly north–south structural trends within the mineralisation zone.

Mineralisation trends at the East area are complex. SRK was able to wireframe five mineralised veins with an E–W strike that dipped steeply to the north.

APPENDIX F – QUALIFIED PERSON’S REPORT

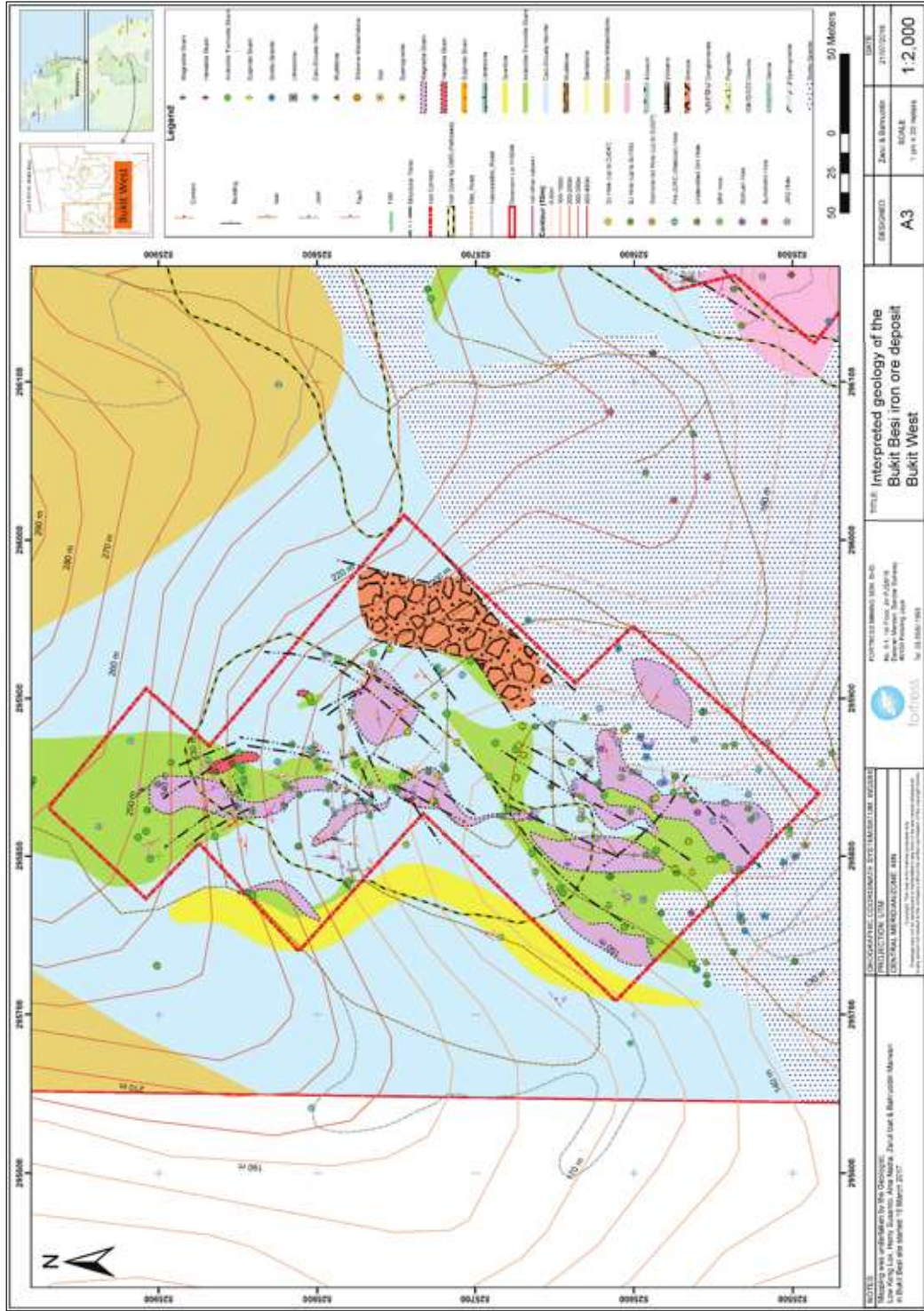


Figure 3-4: Interpreted geology of the West area

APPENDIX F – QUALIFIED PERSON’S REPORT

3.4 Mineral Resource estimate

SRK was commissioned in July 2018 to complete maiden MREs for three areas within the Project, East, Valley and West. In August 2018, an update was completed for the Valley area to include additional results that became available after the initial data cut-off date.

The following reporting close-off dates were used:

- 1 The resource model was prepared using a database provided by Fortress, with a stated close-off date of 7 August 2018 (*BukitBesj_Awang_database_050818_07.xlsx*, provided to SRK on 7 August 2018).
- 2 To assist with any reconciliation studies, the models have been extended up to an SRTM surface, as defined in “*n04_e103_1arc_v3_UTM48N.dxf*”, which was provided by Fortress in November 2017. The acquisition date for the survey was 11 February 2000, with an updated publication date of 2 January 2015.
- 3 Survey files were provided by Fortress for the three deposit areas:
 - 180817_EAST_HILL_TOPO.dwg
 - 180815_Valley_Topo.dwg
 - 180814_WESTHILL TOPO.dwg.

SRK extracted the pit floor topographic strings from these files and combined them with the SRTM surface to create a single mining depletion surface.

3.4.1 Mineralisation and topographical modelling

The Mineral Resource is contained within three deposit areas:

- West: Six mineralised veins with strike length of 350 m, combined width of 75 m and extending sub-vertically from surface for 90 m
- Valley: Two mineralised veins both with strike length of 125 m, each with a maximum width of 25 m in the south at 100 m depth; veins are tapered to thinner (approximately 5 m) widths at the surface
- East: Six mineralised veins with and average strike length of 200 m, average width of 10 m and extending vertically from surface for 100 m.

The wireframes of the mineralisation interpretation and location of the three deposit areas with respect to each other is shown in Figure 3-7.



Figure 3-7: Drill collar locations and interpreted mineralisation wireframes

Estimation domain definition was based on geochemical and magnetic susceptibility data, with boundaries being defined by step changes in magnetic susceptibility, Fe%, SiO₂% and TiO₂%. Domain geometry was observed to be relatively consistent and predictable over the extent of the drill coverage, with reasonable continuity between drill holes, although pinching and swelling of the veins was evident in both down dip and along strike directions. In places, continuity was extended between drill hole intersections to the maximum range of statistical continuity observed in the variograms. The geological interpretation is considered consistent with datasets, as well as with the broadly accepted understanding of the local geology.

On an as-required basis, Fortress’s contract surveyor updates the topographic survey for the three areas where Fortress is currently mining. For elevation data beyond the three mining areas, SRK used SRTM (Shuttle Radar Topography Mission) survey data from a pass flown in 2000.

3.4.2 Estimation and modelling techniques

The MREs were prepared using conventional block modelling and geostatistical estimation techniques. A single model was prepared to represent the defined extents of the mineralisation. The resource modelling and estimation study was performed using Datamine Studio RM and Supervisor software.

Kriging neighbourhood analyses (KNA) studies were used to assess a range of parent cell dimensions, and a size of 5 × 10 × 5 m (XYZ) was considered appropriate given the drill spacing, grade continuity characteristics, and the mining method. Sub-celling at 2.5 × 5 × 2.5 m (XYZ) was used so that interpreted domain volumes were accurately represented.

The original sample data were downhole composited to 1 m intervals. Probability plots were used to assess for outlier values, and grade cutting was not considered necessary.

Variographic studies were conducted on the Fe% grades to quantify grade continuity, and to assist with the selection of estimation parameters. Experimental variograms were relatively well defined for the major lode in each of the deposit areas given the low sample numbers. The variogram directions

APPENDIX F – QUALIFIED PERSON’S REPORT

aligned with the plane of the vein and there was no evidence of a plunge component. A single theoretical model was adopted for all the veins with the with directions adjusted accordingly.

The variographic parameters for each deposit area are presented in Table 3-2.

Table 3-2: Variogram parameters

Rotation (ZXZ)			Nugget C0	Structure 1				Structure 2			
R 1	R 2	R 3		Major Axis	Mid Axis	Minor Axis	C1	Major Axis	Mid Axis	Minor Axis	C2
West											
-60	100	0	0.10	10	10	5	0.6	90	90	15	0.3
Valley											
-60	100	0	0.10	10	10	5	0.6	90	90	15	0.3
East											
-160	80	0	0.10	10	10	5	0.6	90	90	15	0.3

The parent cell grades were estimated using Ordinary Kriging. The domain wireframes were used as hard boundary estimation constraints. Search orientations and weighting factors were derived from variographic studies and matched to vein geometry. A multiple-pass estimation strategy was invoked, with KNA (Kriging Neighbourhood Analysis) used to assist with the selection of search distances and sample number constraints as described in Table 3-3. Extrapolation was limited to approximately half the nominal drill spacing.

Table 3-3: Estimation search parameters

Search pass	Search radius (m)	Primary dip / direction	Samples
1	25 × 20 × 5	Matched to vein geometry	10–24
2	Factor = 2	Matched to vein geometry	10–24
3	Factor = 3	Matched to vein geometry	4–24

Model validation included:

- Visual comparisons between the input sample and estimated model grades (Figure 3-8 to Figure 3-11)
- Global and local statistical comparisons between the sample and model data (Table 3-4 and Figure 3-12)
- An assessment of estimation performance measures including kriging efficiency, slope of regression, and percentage of cells estimated in each search pass.

Table 3-4: Composite grade vs global model grade statistics

Area	Composite Grades				Model Grades				Relative difference (%)
	Mean	Min.	Max.	Std Dev	Mean	Min.	Max.	Std Dev	
West	40.1	1.9	70.0	20.7	39.4	1.9	68.0	12.0	-2
Valley	49.0	1.9	70.9	15.6	46.4	15.3	68.7	9.6	-5
East	30.9	1.9	68.7	21.8	36.5	1.9	59.0	13.3	18

APPENDIX F – QUALIFIED PERSON’S REPORT

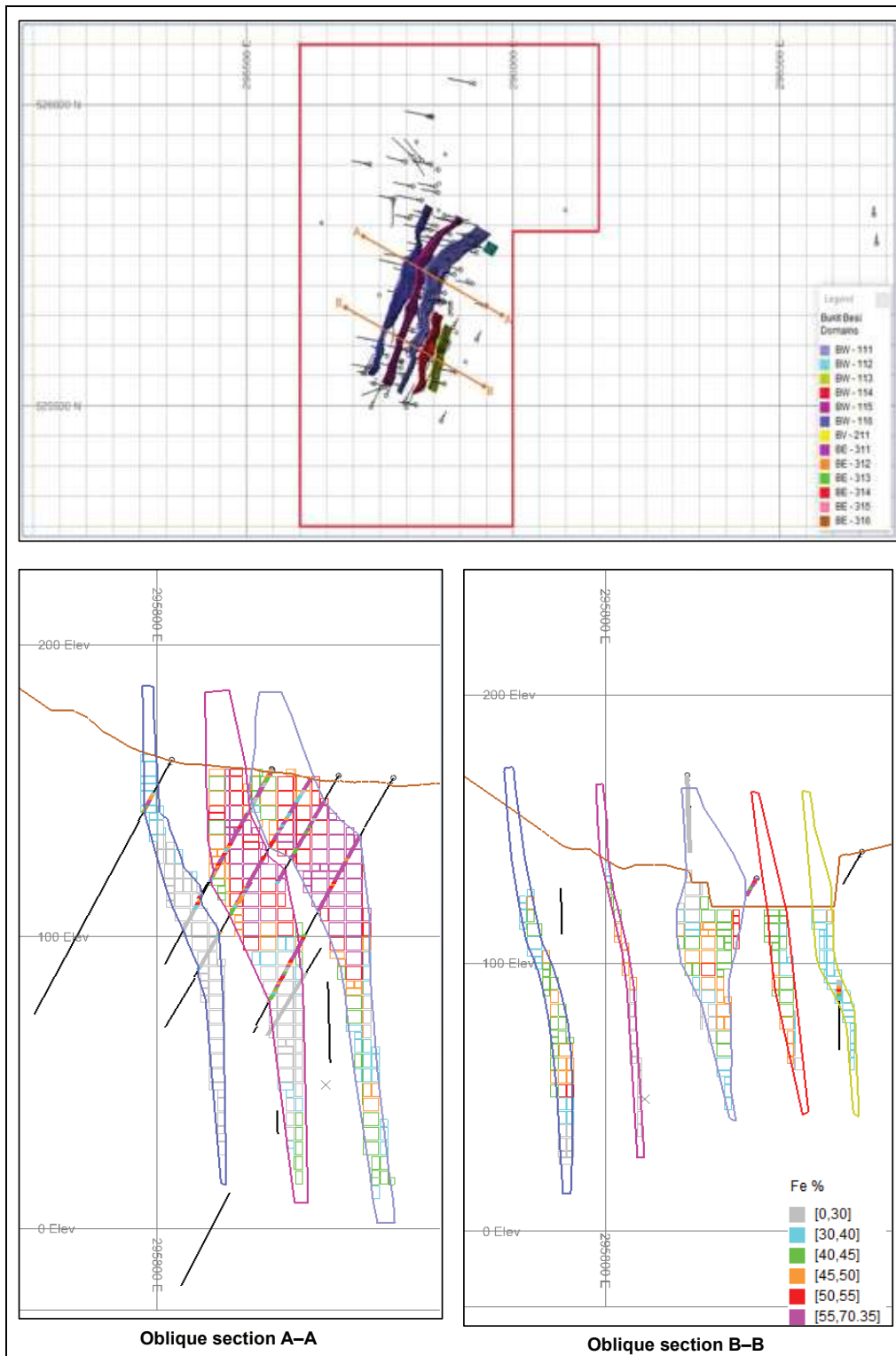


Figure 3-8: West area - visual comparison of block and sample Fe% grade

APPENDIX F – QUALIFIED PERSON’S REPORT

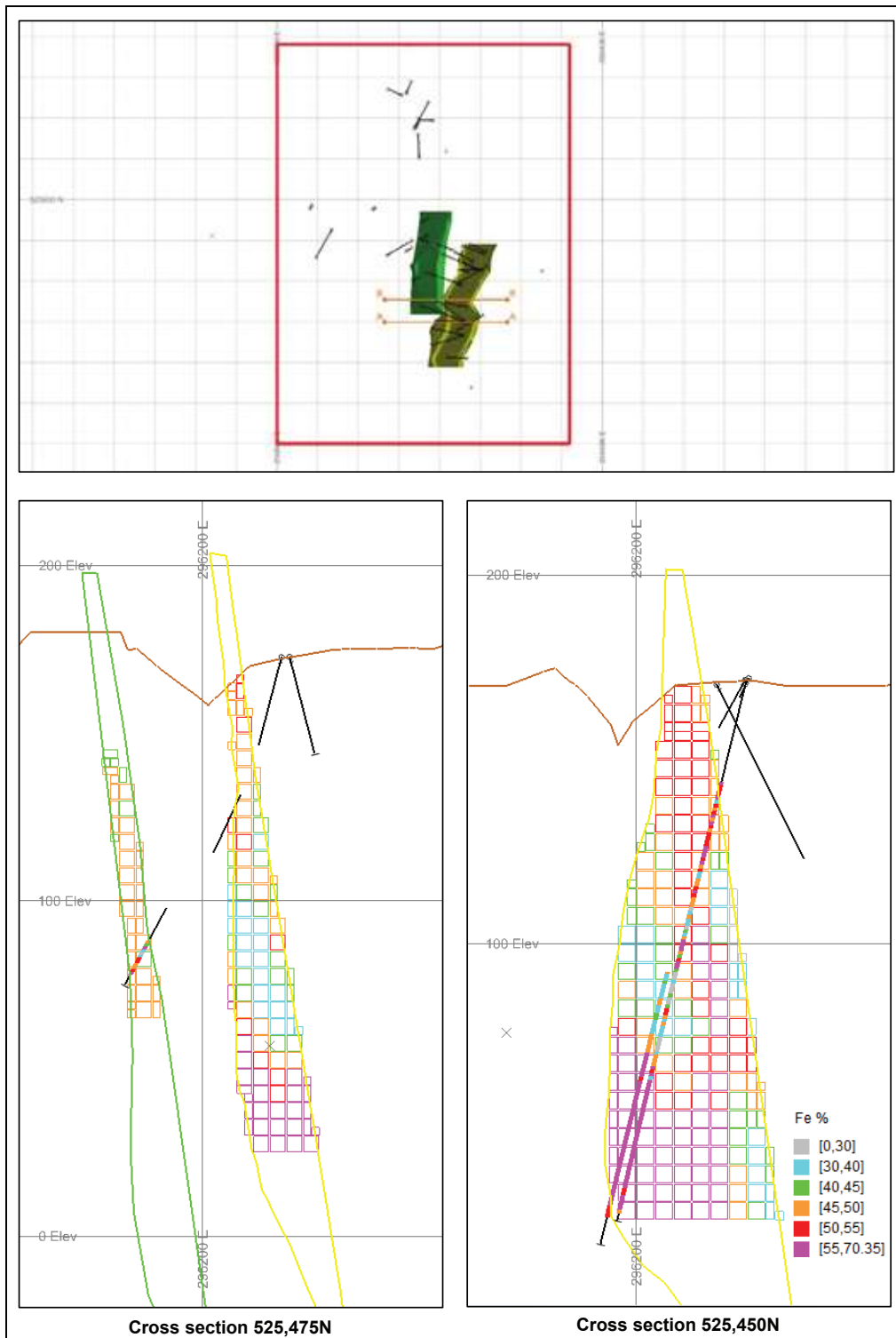


Figure 3-9: Valley area - visual comparison of block and sample Fe% grade

APPENDIX F – QUALIFIED PERSON’S REPORT

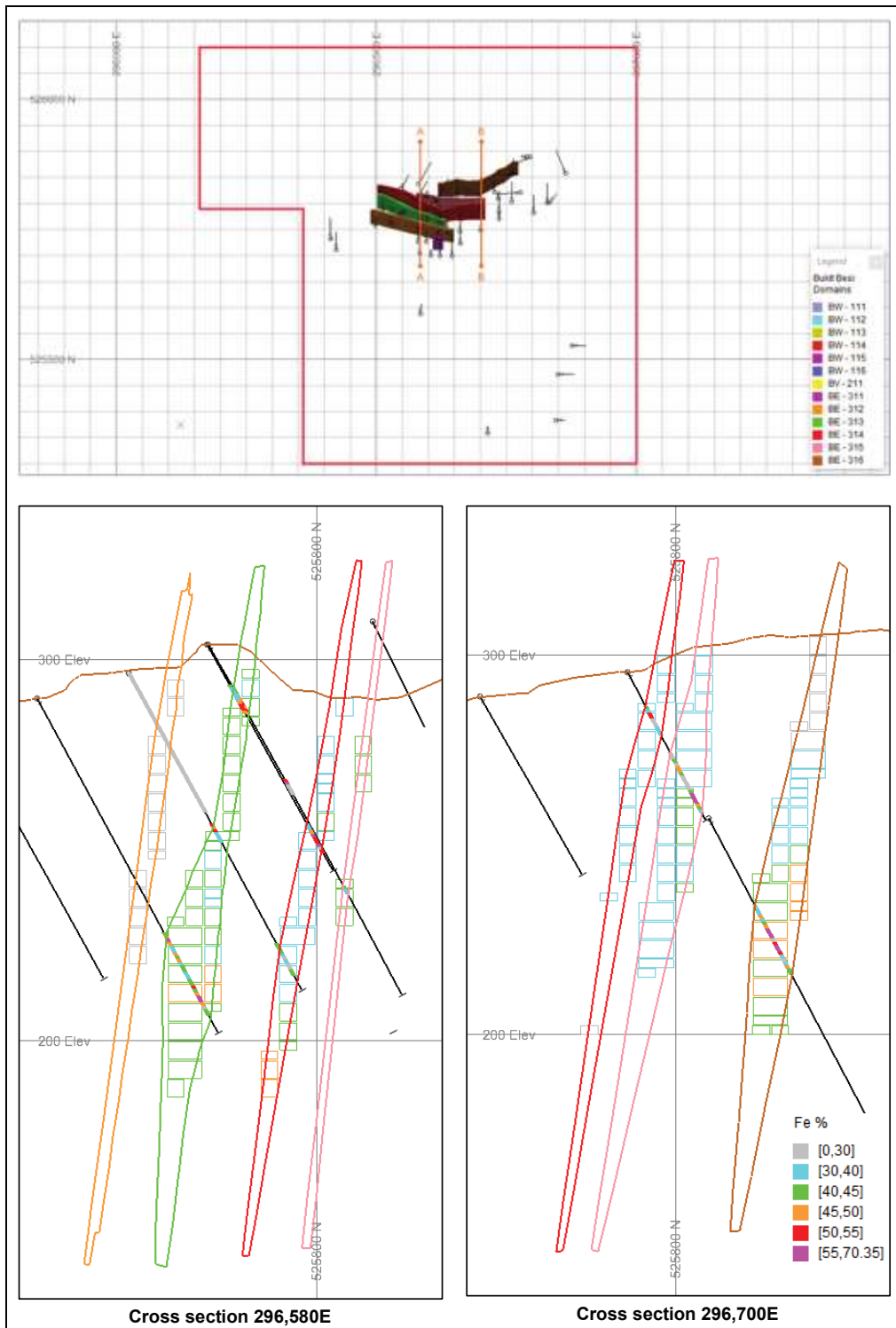


Figure 3-10: East area - visual comparison of block and sample Fe% grade

APPENDIX F – QUALIFIED PERSON’S REPORT

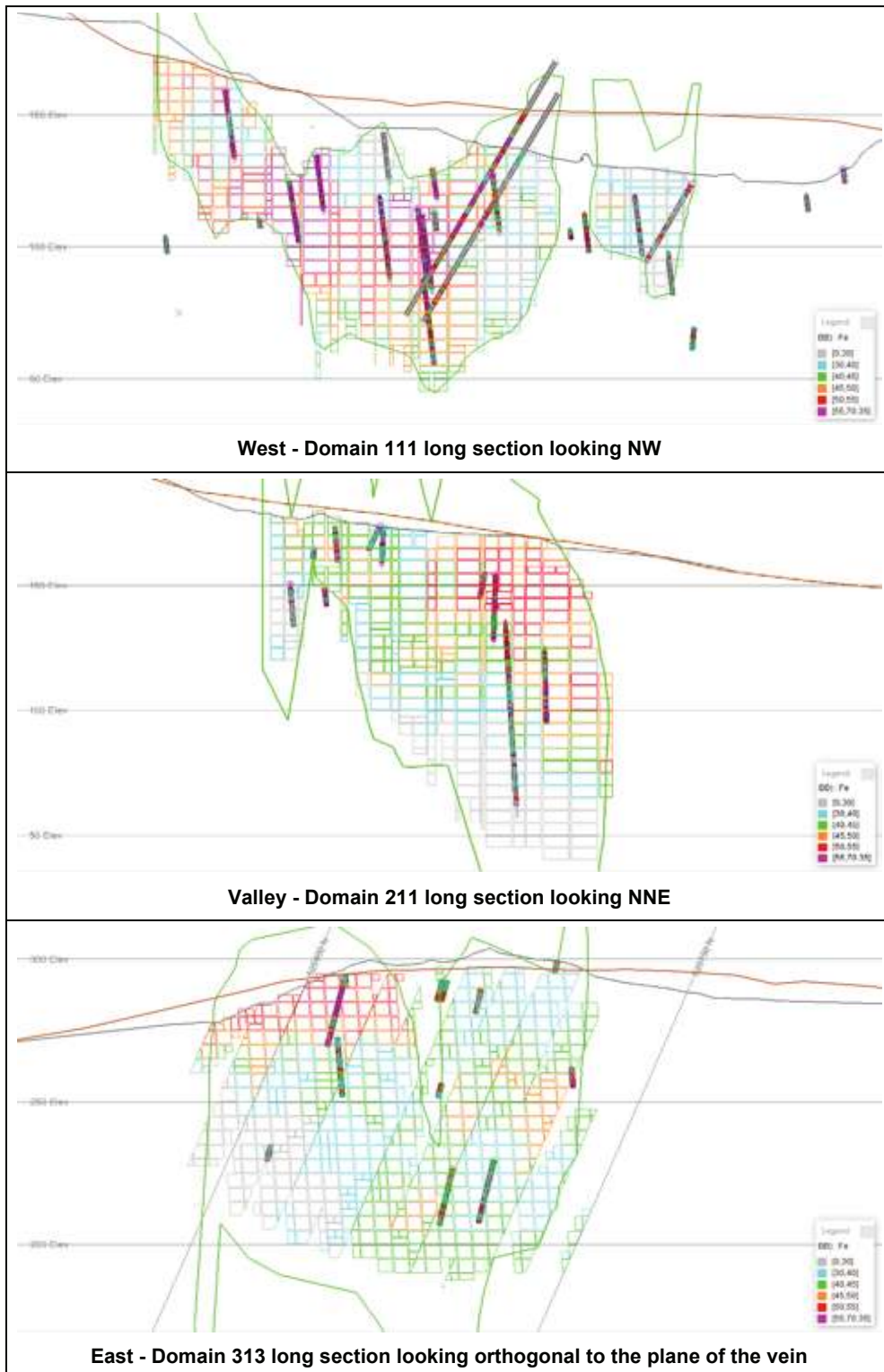


Figure 3-11: Visual comparison of block and sample Fe% grade in long section

APPENDIX F – QUALIFIED PERSON’S REPORT

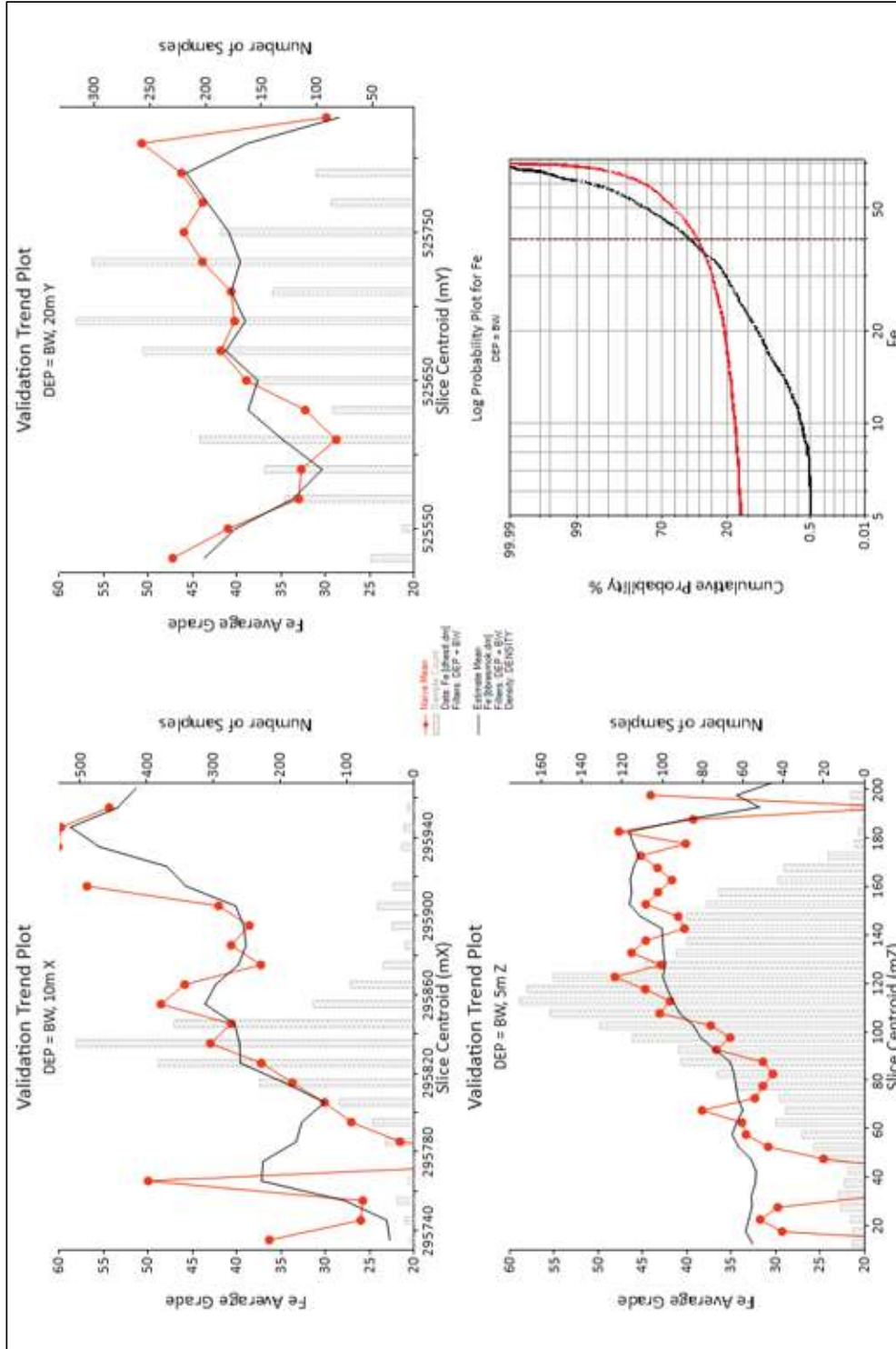


Figure 3-12: Swath plots all veins – West area

APPENDIX F – QUALIFIED PERSON’S REPORT

3.4.3 Mineral Resource classification

The Bukit Besi MRE was classified in accordance with the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code, 2012). The following factors were taken into consideration when assigning the classifications to the resource estimates:

- The mineralised domains show continuity between drill hole sections even though the drill hole spacing often does not allow for the intersection of all the steeply dipping veins on each section. This could result in the distance between drill hole intersections for individual veins being at the extent of the variographic ranges of up to 90 m.
- It is considered that adequate quality assurance (QA) data are available to demonstrate that the Fortress dataset is sufficiently reliable for the assigned classifications, although minor biases were evident and minor errors apparent, which SRK considers are not material.
- Production reconciliation data, collected over a twenty-five-day period from the mined material in the Bukit West pit, has been used to validate Iron grade and recovery in lieu of representative metallurgical testwork such as Davis tube recovery (DTR).
- The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended, and the confidence in the estimates is consistent with the classifications that have been applied.

Based on the findings summarised above, it was concluded that the controlling factor for classification is sample coverage and production reconciliation data. A resource classification boundary was defined on long section for each deposit area. The extents were nominally set at 10 m past the last mineralised intercept that was captured in the wireframes along strike and nominally 50 m down dip. The down-dip extents were constrained to within the drill coverage; although the spacing between intercepts along strike at depth were occasionally at the very extents of demonstrated grade continuity.

All vein model cells within the defined extents were initially assigned a classification of Inferred Mineral Resource. Confidence in the Indicated Mineral Resource classification assigned at the West is supported by the production reconciliation data and the continuity of the mineralisation near surface as seen during mining. The boundary for the Indicated Mineral Resource classification was set to a maximum of 15 m below the 14 August 2018 pit surface. The final resource model contains the model cells for vein material that has been assigned a Mineral Resource classification.

3.4.4 Mineral Resource reporting

SRK was commissioned to complete maiden MREs for the three areas within the Project area – West, Valley and East. In August 2018, an estimate was completed using assay data to a 7 August 2018 cut-off date. An MRE of 5.41 Mt at 41.71% Fe was reported based on a mine survey as at 7 August 2018.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code (2012) on a quantitative and qualitative basis taking numerous factors, as discussed in Section 3.4.3, including estimation quality parameters (such as number and distance of informing samples and kriging efficiency), data quality, geological complexity, data coverage, production reconciliation data and the potential eventual economic extraction into consideration (Table 3-5 and Appendix A).

APPENDIX F – QUALIFIED PERSON’S REPORT

Table 3-5: Bukit Besi Project - Mineral Resource summary – 7 August 2018*

Area	Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (Mt)	Grade (Fe%)	Tonnes (Mt)	Grade (Fe%)	Change from previous update (%)	
West	Indicated	Iron	0.37	42.2	0.37	42.2	N/A	None
West	Inferred	Iron	2.55	39.6	2.55	39.6	N/A	None
Valley	Inferred	Iron	1.36	46.4	1.36	46.4	N/A	None
East	Inferred	Iron	1.13	40.7	1.13	40.7	N/A	None
Total Indicated + Inferred		Iron	5.41	41.7	5.41	41.7	N/A	None

Notes:

*Based on a block Fe cut-off grade of 10% and Magnetic Susceptibility greater than 100 and Sulphur less than 10%.

SRK notes that concentrations of elements other than Iron are not considered to be deleterious to the concentrate production and are considered to be immaterial by both Fortress and SRK with respect to resource estimation:

- 1 There are no contractual limits on any elements other than Iron. A unique price is paid for each shipment based on its specification, with penalties and credits applied as detailed in Section 7 of this report.
- 2 No shipments have been rejected to date. While SRK is cognisant of dynamic global markets, SRK is also aware of the unique market positioning Fortress has successfully negotiated with its customer base which allows substantial flexibility.

3.5 Prospectivity

In October 2017 Petroseis Sdn Bhd (Petroseis) undertook a ground magnetic and radiometric survey over the Project area. The ground magnetic survey was performed by using a GEMSYS-19 Overhauser Magnetometer with a Geometric System G-856 magnetometer as base station. The positioning system was a Hemisphere S321 DGPS. The ground radiometric survey was conducted using GEORADIS GT-40S and positions were taken using Hemisphere S321 DGPS. Due to the hilly terrain and thick vegetation, the survey data was not collected on gridded lines.

Petroseis analysed the data using several techniques:

- Comparing the analytical signal and reduced to the equator filtered magnetic data to determine areas of higher concentration of magnetic rocks
- Analysing the radiometric data distribution using bivariate plots of eThorium vs Potassium and eThorium vs eUranium to determine groupings of major rock types.

Figure 3-13 shows the Petroseis-interpreted lithology units over the current mineralisation wireframes and analytical signal response from the ground magnetics within the Project area.

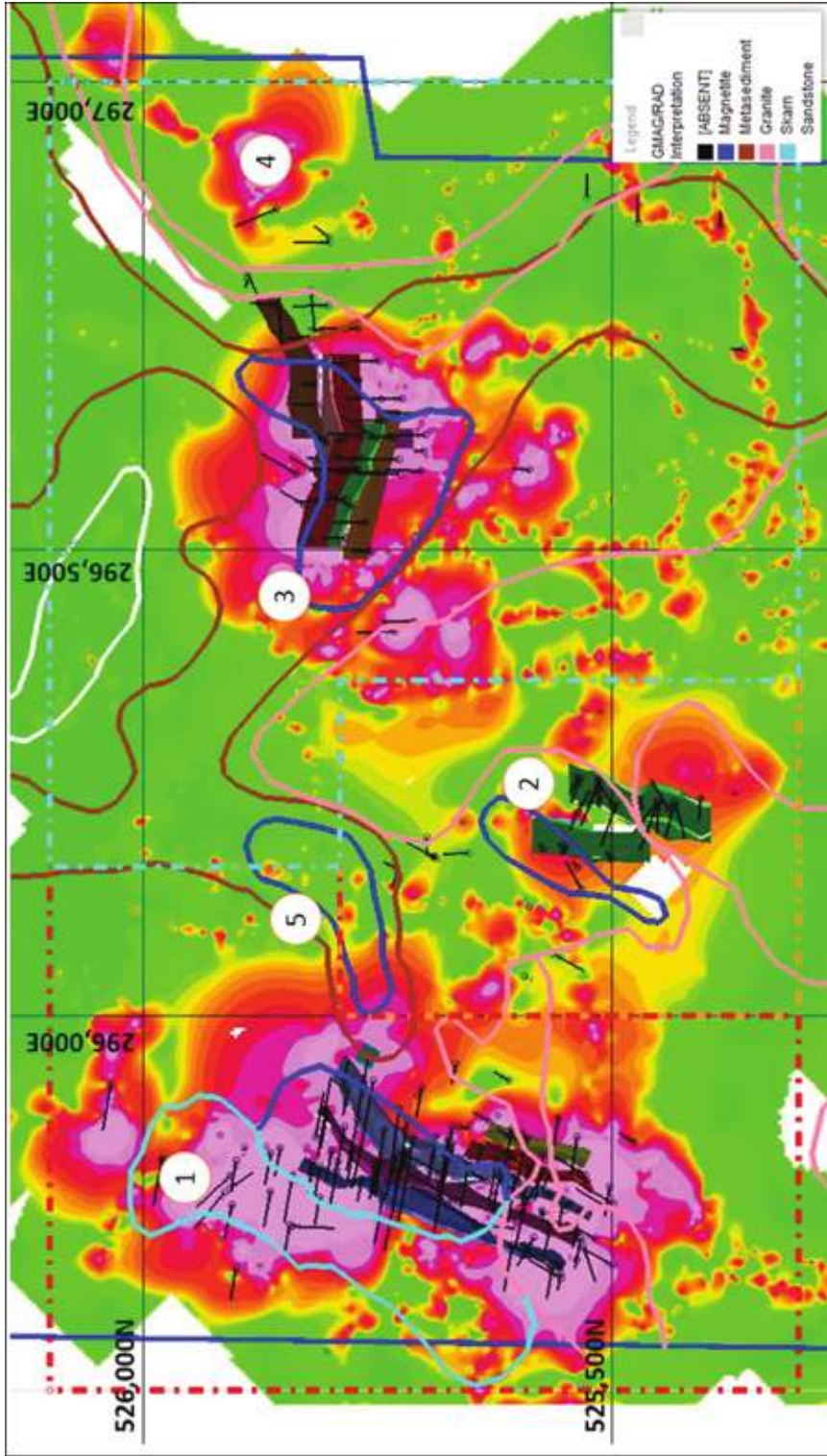


Figure 3-13: Petroseis lithology interpretation over ground magnetic analytical signal with Prospectivity Locations 1 to 5

Source: After Petroselis, 2017.

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK has broadly reviewed the Petroseis interpretation and finds it reasonable. SRK cautions that there may have been possible interference to both the radiometric and magnetic signals due to ground disturbance and infrastructure placement, but considers the results fit for purpose.

SRK has used the Petroseis interpretation in conjunction with the drilling data to identify potential extensions of current resources and outline conceptual targets.

Prospectivity locations shown in Figure 3-13 are described below:

- 1 **West:** The geophysics suggests there is skarn material to the NNW of the current interpretation. The existing drilling in this area shows evidence of possible mineralisation. The two larger mineralisation wireframes in this area remain open to the NE, but the geophysics suggest the extension is limited in strike. When reviewing the track log, SRK notes that this may be a function of limited data collection and further exploration is warranted.
- 2 **Valley:** The NNE analytical signal anomalies are consistent with the interpretation of the mineralisation from the drilling. The geophysics suggests their extent is limited by biotite-granite boundaries in the south, east and north.
- 3 **East:** Two of the central mineralised veins are open to the west. The magnetic anomalies to the south have been drill tested, with all three holes intersecting skarn material with minor iron mineralisation.
- 4 **Conceptual Target A:** Minor iron mineralisation has been intersected in drill holes to the southwest of this geophysical analytical signal anomaly. Petroseis interpreted the radiometric signal in this area as being due to granites which downgrades its prospectivity. This area does have evidence of historical mining within the Fortress tenement and is adjacent to current mining on the neighbouring lease.
- 5 **Conceptual Target B:** This area was identified by Petroseis as magnetite based on the radiometric signal. SRK notes that there is no associated high analytical signal response from the magnetics in this area.

SRK notes that two historical unsurveyed drill holes (BH01 and BH02) have not been included in the digital dataset. Based on historical, unvalidated drill logs significant mineralisation was intersected in these drill holes between the Valley and West areas. In SRK’s opinion, the mineralisation intersected in these two drill holes warrants follow-up exploration.

4 Mineral Processing and Metallurgical Testing

4.1.1 Metallurgical testwork

In 2017, Yantai Xinhai Mining Research and Design Company Ltd (Yantai) supported Fortress in optimising the process flowsheet during the design, construction and optimisation of the existing processing facilities, which have a 1.2 Mtpa throughput capacity.

A three-phase metallurgical testwork program was undertaken on a 200 kg bulk sample of mineralised material sourced from the West area.

The material sampled tested by Yantai had grades of 62.41% Fe, 3.95% S, 0.24 g/t Au and 0.02% Sn. Phase 1 was designed to optimise grind size, Phase 2 was designed to optimise reagent performance and flotation time and Phase 3 was designed to optimise the findings of the Phase 1 and Phase 2 testwork programs and to provide a feasibility case for construction. The following production specification targets were set based on communication with several potential offtake partners:

- 1 Greater than 67% Fe
- 2 Less than 0.7% S
- 3 Greater than 70% mass recovery
- 4 Moisture less than 10%.

The testwork concluded that a traditional crushing, magnetic separation, milling and flotation flowsheet would allow the target specification to be met and Fortress made the decision to construct the processing facility on this basis.

4.1.2 Processing flowsheet

The processing flowsheet (Figure 4-1) uses a 10-stage circuit which is summarised as follows:

- 1 Near-pit jaw crushing and coarse cobbling of the ore using dry magnetic separation.
- 2 Dual ball milling to produce a product P₄₀ 75 µm that is pumped for screening.
- 3 Screening using a 1 mm aperture screens, with undersize passing to a Stage 1 magnetic separation and the oversize recycling to the ball mills.
- 4 Stage 1 magnetic separation, at a nominal 2,400 Gauss, to remove barren material to tailings and a magnetic fraction for regrind.
- 5 A regrind circuit, to grind the coarse magnetic material.
- 6 A cyclone cluster to direct fines material (P₈₀ 75 µm) to flotation and the coarse material for further regrinding.
- 7 Stage 2 magnetic separation, at a nominal 2,400 Gauss, of the cyclone overflow material to remove a barren tailings stream.
- 8 Reverse flotation of the Stage 2 magnetic material where the sulphur-rich froth layer is removed to a second tailings stream while the iron-enriched underflow passes to filtration.
- 9 A disc filter to remove excess moisture from the concentrate.
- 10 Storage in the Final Concentrate stockpile.

Process sampling points are labelled A to O (Figure 4-1), with sampling undertaken daily for production reconciliation and operational assessment. SRK considers that the flowsheet selection is appropriately based on the metallurgical testwork results. The flowsheet has been informed by the experience of Yantai and Fortress. The process technology selected is well proven and is technically low risk for iron concentrate production.

APPENDIX F – QUALIFIED PERSON’S REPORT

Processing tailings are pumped to a series of containment and evaporation ponds, where processing water is re-cycled using 1500 m³/hr, 5.5 Bar rated stainless steel, centrifugal double-end suction pumps. After evaporation, the dry tailings are paddock dumped in historical pits as landfill. Fortress has provided SRK with volume estimates to suggest that the installed storage capacity is more than adequate to accommodate the tailings produced over the conceptual 3-year mine plan and hence this is considered a low risk. The risk of overtopping in a high-rainfall event is considered extremely low, given the volume estimates.

The recent start-up of operations has demonstrated the capacity of the processing facility to meet the target product specification.

APPENDIX F – QUALIFIED PERSON’S REPORT

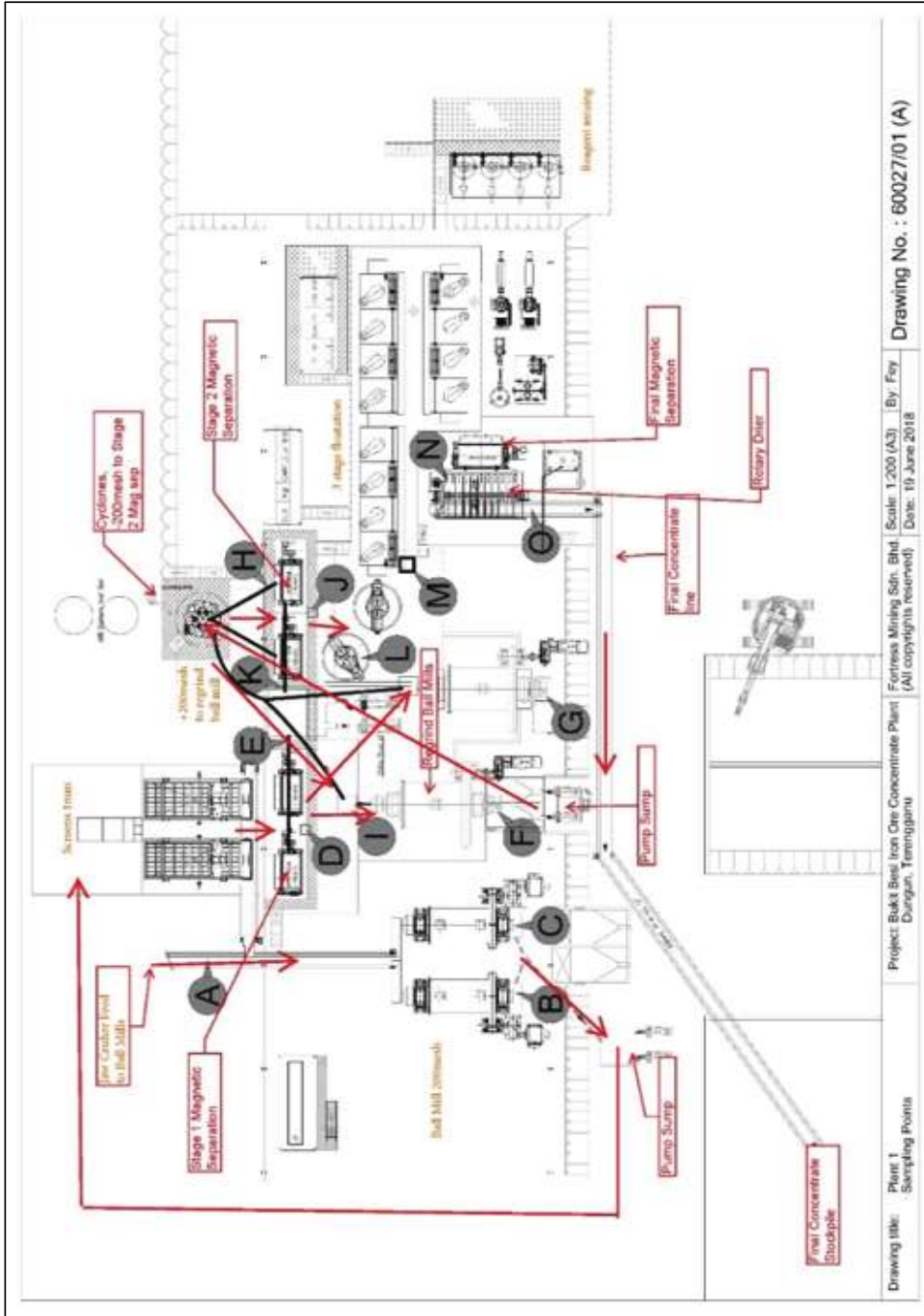


Figure 4-1: Processing plant layout including sampling point locations

Source: Fortress.

APPENDIX F – QUALIFIED PERSON’S REPORT

5 Mining

To date, no Ore Reserves have been reported in accordance with the JORC Code (2012) guidelines at the Project.

Despite no formal techno-economic studies (such as a Feasibility Study) or a full life-of-mine (LoM) schedule having been completed to date, Fortress has commenced iron ore mining and processing and has achieved steady-state production and export operations supported by a short-term off-take indicative term sheet. As such, this section describes the operating environment, rather than providing formal commentary on modifying factors which would be used to report an Ore Reserve

5.1 Extraction and processing method

The Bukit Besi mining operation uses a conventional truck and shovel open pit mining method and a conventional drill and blast approach. Mill feed is being mined on a bench height of 2.0 m, with drill and blast limited to a one bench depth in areas containing ore. The average stripping ratio is 4: 1 (waste to mill feed), with waste being placed external to the Mineral Resource footprint and external to the known geophysical magnetic signature. The operation uses a 10-stage processing method as described in Section 4.1.2.

5.2 Production reconciliation

Fortress provided SRK with operating performance data over 25-day period in July 2018 to allow the derivation of a suitable Iron mining cut-off grade and dilution and recovery estimates, which were back-calculated from the supplied data (Table 5-1). Operations during this period focused on the West pit.

An average ore loss factor of 5% and an average mining dilution factor of between 15% and 18% can be derived from the operating performance data, which SRK considers to be reasonable for the mining practices observed during the site visit. SRK notes that while Iron grade recoveries were provided, tonnage estimates were not provided for the sampling period.

Table 5-1: Average crushing ore grade

Sampling location	Average Fe grade (%) over 25 days
West Pit	
1. Post near-pit jaw crushing but prior to coarse cobbling (considered to be analogous to pit production)	34.00
2. After coarse magnetic separation	40.11
Mill	
3. Input grade into mill	43.72
4. After 2-stage magnetic separation	65.45
5. After froth flotation	67.66

Grade control sampling is not undertaken on elements other than Iron given that there are no product specification limits set under the current offtake agreement as detailed in Section 7 of this report.

5.3 Material availability

The mine plan used the MRE as the basis for material availability, where eight months of the planned material to support production is from material classified as Indicated Mineral Resources.

Feed material underpinning the planned production in subsequent years will be sourced from Inferred Mineral Resources. SRK understands that drilling to support the conversion of Inferred Mineral Resources to Indicated Mineral Resources is underway.

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK cautions that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the mine plan itself will be realised.

SRK cautions that there are no Ore Reserves reported at the Project.

Table 5-2 presents the availability assumptions that were applied to the MRE.

Table 5-2: Availability assumptions

Area	Class	Tonnes (Mt)	Grade (Fe%)	Loss	Dilution	Plant feed (Mt)	Plant grade (Fe%)
West	Indicated	0.37	42.2	5%	18%	0.42	34.6
West	Inferred	2.55	39.6	5%	18%	2.86	32.4
Valley	Inferred	1.36	46.4	5%	18%	1.53	38.0
East	Inferred	1.13	40.7	5%	18%	1.26	33.4
Total Indicated + Inferred		5.41	41.7	5%	18%	6.06	34.2

5.4 Production schedule

A high-level schedule was developed by Fortress allows the production of 40,000 wmt of concentrate per month for three years based on the material availability assumptions as described in Section 5.3 and the production reconciliation information. SRK used 50% of the available Inferred Mineral Resources to develop a revised mining schedule based on the confidence level attached to the reporting of Mineral Resources in the Inferred category (Table 5-3).

SRK considers this schedule to be optimistic, but reasonable. All inputs have been averaged in the absence of a reported Ore Reserve.

Table 5-3: High-level mining schedule*

Year	Tonnes mined (Mt)	Grade mined (Fe%)	Waste tonnes mined (Mt)	Plant feed tonnes (Mt)	Plant grade (Fe%)	Product tonnes (Mt)	Product grade (Fe%)
1	1.008	41.7	4.03	0.96	34.2	0.48	68.5
2	1.008	41.7	4.03	0.96	34.2	0.48	68.5
3	1.008	41.7	4.03	0.96	34.2	0.48	68.5
Total	3.02	41.7	12.09	2.88	34.2	1.44	68.5

Note: *Figures have been rounded.

6 Infrastructure, Environment and Permitting

As a historical mining area, SRK notes that there is sufficient infrastructure to adequately support the current mining operation and the 3-year plan. SRK has relied on the accuracy of the information provided by Azman Davidson in the preparation of Section 6 of this Report. A full legal opinion report prepared by Azman Davidson is included in the Prospectus.

6.1 Water supply

Given the tropical monsoonal climate, the long-term water supply to the Project is considered very low risk, with the current supply sourced from runoff. The runoff water has a pH value of 3 (acidic), which is balanced to a pH of 6.23 (neutral) by Fortress using processing tailings which are calcitic. Processing tailings are pumped to a series of containment and evaporation ponds, where processing water is re-cycled using 1,500 m³/hr, 5.5-barrated, stainless steel, centrifugal double-end suction pumps. After evaporation, the dry tailings are paddock-dumped in historical pits as landfill.

6.2 Tailings storage

Processing tailings are pumped to a series of containment and evaporation ponds, where processing water is re-cycled using 1,500 m³/hr, 5.5 Bar rated stainless steel, centrifugal double-end suction pumps. After evaporation, the dry tailings are paddock dumped in historical pits as landfill. Fortress has provided SRK with volume estimates to suggest that the installed storage capacity is more than adequate to accommodate the tailings produced over the conceptual 3-year mine plan and hence this is considered a low risk. The risk of overtopping in a high-rainfall event is considered extremely low, given the volume estimates.

6.3 Power supply

The availability of site power is a very low production risk. Tenaga Nasional Berhad (TNB) supplies 4.2 MW 11 kV (3-phase) power via an underground cable from the main sub-station at the nearby UiTM university. The high voltage supply is then stepped down into 415 V 3-phase power at the processing facilities and the crushing plant. The Project has several diesel generation sets (1 × 550 kVA, 1 × 650 kVA, and 2 × 20 kVA) which act as an emergency back-up supply in the event of a power outage. These installations were observed during the site visit which was undertaken while the operation was running at the design throughput.

6.4 Service agreements

There are various service agreements in place at the Project that cover mining, drill and blast, and the supply of fuel. SRK has not undertaken a detailed review of these contracts and has assumed for the purpose of this Report, that the contracts are suitable to allow site operations to continue unimpeded by contractual constraints should listing on the Catalist proceed. Legal reliance is placed upon Azman Davidson as noted in Section 1 of this report.

6.5 Environment and the Community

On 27 August 2018, the Project area was gazetted as, “Mining” under the local town planning scheme and on 17 September 2018 Jabatan Alam Sekitar (JAS) approved the Environmental Impact Assessment (EIA) for the Project. Twice-yearly auditing will be undertaken by JAS.

SRK understands that all environmental approvals and permits are in place to allow production at the Project to continue unimpeded.

Fortress, as the legal contractor at the Project, will be required to renew its Operational Mining Scheme (OMS) annually and its mining permit every three years. These renewals are considered administrative only. The permits provide for safety and health obligations as well as duty of care.

7 Financial Analysis

All monetary figures used in this QPR are expressed in United States dollar (US\$) and Malaysian ringgit (RM) terms using an exchange rate of 0.24 US\$ to 1.00 RM which is the exchange rate at 18 September 2018.

7.1 Capital and operating expenditure

7.1.1 Capital costs

RM26.4M (US\$6.45M) capital has been expended by Fortress on the fixed assets at the Project to date, which includes the supply and installation of the processing facilities, supporting infrastructure and other minor capital items. RM6.2M (US\$1.51M) has been expended by Fortress on the exploration and evaluation of the assets to date. This includes RM5.5M(US\$1.34M) for the purchase of the Mining Rights, RM0.1M (US\$0.024M) for metallurgical testwork, and RM0.5M (US\$0.12M) for external consultancy and contract work.

No further initial capital expenditures are required. Going forward, sustaining capital is likely to be in the order of 2% per annum.

7.1.2 Operating costs

An operating cost estimate was developed Fortress which includes all key cost areas including mining, crushing, processing, product transport and storage, general and administrative expenses and corporate costs. This has been informed by the operating performance to date (including a 6-month ramp-up period), together with the contract rates from key suppliers.

Under Section 13(1) of the *Pembangunan Sumber Manusia Berhad (PSMB) Act 2001*, a levy payment of 1% of wages paid is due to the Human Resources Development Fund (HRDF) in respect of each employee.

The build-up of cost reflects the operating performance history and includes electrical power, labour, maintenance, reagents and other costs. The HRDF levy was estimated from a head count and salaries. Maintenance costs were factored based on the installed capital costs (the 2% sustaining capital allocation). Reagent usage was based on testwork consumptions, supplier quotes and industry standards.

The operating cost estimate seems reasonable based on the operating history to date. SRK understands that Fortress is looking to achieve efficiency and yield improvements over the coming months now that steady-state production has been achieved.

C1 cost (Net direct cash cost)

Representing the cash cost incurred at each processing stage, from mining through to recoverable Iron delivered to the market, the C1 cost per wmt of concentrate production based on a steady-state concentrate production of 40,000 wmt per month has been estimated at between RM140 (US\$34.20) and RM160 (US\$39.09) per wmt (nominal).

C2 cost (Production cost)

Representing the sum of the net direct cash cost (C1) and depreciation, depletion and amortisation, the C2 cost per wmt of concentrate production based on a steady-state concentrate production of 40,000 wmt per month has been estimated at between RM160 (US\$39.09) and RM190 (US\$46.42) per wmt (nominal).

APPENDIX F – QUALIFIED PERSON’S REPORT

C3 cost (Fully allocated cost)

Representing the sum of the production (C2) cost, indirect costs* and net interest charges, the C3 cost per wmt of production based on a steady-state concentrate production of 40,000 wmt per month has been estimated at between RM180 (US\$43.98) and RM215 (US\$52.53) per wmt (nominal).

Note: *Corporate overheads, exploration costs, royalties and taxes, extraordinary costs and interest charges attributable to the Project.

7.2 Revenue

Revenue received by Fortress from early concentrate shipments which were sold prior to steady-state operations had an average price of RM317.40 (US\$77.50) per wmt.

SRK understand the June 2018 and July 2018 shipments to be representative of the product specification being realised through steady-state production. These shipments realised an average price of RM354.79 (US\$86.63) per wmt after accommodation of the product specification penalties as detailed in Section 7.4.

7.3 Taxes and liabilities

7.3.1 Corporate taxation

The Malaysian company tax rate of 24% is payable on all Project profits.

7.3.2 Royalties

Two royalty streams are payable on concentrate produced at the Project.

- Royalty 1: RM5 (US\$1.22) per dry metric tonne of concentrate shipped payable to PTG
- Royalty 2: RM15 (US\$3.66) per dry metric tonne of concentrate shipped payable to LTAWNT.

7.3.3 Human Resources Development Fund Levy

Under Section 13(1) of the *Pembangunan Sumber Manusia Berhad (PSMB) Act 2001*, a levy payment of 1% of wages paid is due to the Human Resources Development Fund (HRDF) in respect of each employee.

7.3.4 Environmental obligation

The environmental closure obligation to Fortress for each mining lease is an annual contribution of RM6,000 (US\$1,466) and a lump sum contribution of RM14,000 (US\$3,420) at the completion of operations.

7.4 Marketing and sales agreements

Iron concentrate shipments to date have been undertaken using single-shipment contracts between Fortress and several different offtake partners on a Cost and Freight (CFR) basis, including Shaanxi. Steady-state exports of 40,000 wmt per month concentrate are included in the 3-year plan.

The latest concentrate prices achieved during steady-state operations are in the RM340 (US\$83) per wmt to RM368 (US\$90) per wmt range based on concentrate grades between 63% Fe and 67% Fe with shipment moisture readings averaging 8%. Steady-state operations have now been achieved.

Fortress has signed an indicative term sheet with Shaanxi for offtake sales of Iron concentrate in 40,000 t monthly shipments for the period July 2018 to July 2019, with an option to renegotiate sales terms beyond the contract expiry date.

APPENDIX F – QUALIFIED PERSON’S REPORT

As noted in Section 3, concentrations of elements other than Iron are not considered to be deleterious to the concentrate production and are considered to be immaterial by both Fortress and SRK with respect to resource estimation.

No shipments have been rejected to date. While SRK is cognisant of dynamic global markets, SRK is also aware of the unique market positioning Fortress has successfully negotiated with their customer base, which allows substantial operational flexibility.

Provisional pricing is based on the trailing 3-day average Platts 65% Fe CFR North China Index Pricing and price adjustments are quality based. No specification limits are set for either Iron or any other elements which would usually be considered deleterious under the more commonly used 62% index pricing agreements.

Price adjustments are made on the following basis:

Total Iron adjustments:

- If the Iron content is higher than 65.00%, the price shall be increased by US\$1 .50/dmt for each 1.0% above, fraction pro rata
- If the Iron content is lower than 65.00%, the price shall be decreased by US\$1 .50/dmt for each 1.0% below, fraction pro rata.

Silica adjustments:

- If the Silica content is higher than 3.5%, the price shall be decreased by US\$0.05/dmt for each 0.1% above, fraction pro rata.

Alumina adjustments:

- If the Alumina content is higher than 1.3%, the price shall be decreased by US\$0.05/dmt for each 0.1% above, fraction pro rata.

Phosphorous adjustments:

- If the Phosphorous content is higher than 0.08%, the price shall be decreased by US\$0.30/dmt for each 0.01% above, fraction pro rata.

Sulphur adjustments:

- If the Sulphur content is higher than 0.4%, the price shall be decreased by US\$1.00/dmt for each 0.1% above, fraction pro rata.

Physical size adjustments:

- No penalties for physical size.

SRK has not undertaken a detailed review of the terms of the Shaanxi term sheet and, for the purpose of the Report, has assumed that this contract will be executed over the coming weeks and is suitable to allow site operations to continue unimpeded by contractual constraints should listing on the Catalist proceed.

8 Interpretation, Conclusions and Recommendations

The aim of this QPR is to provide a responsible, unbiased and qualified opinion on the technical aspects of the Project, with the ultimate purpose of informing and protecting investors. It is intended to properly inform readers of Fortress’s Prospectus regarding the status and exploration potential of the Project.

SRK is mindful that the Project is producing approximately 40,000 wmt of iron concentrate per month based on optimal utilisation of the existing infrastructure. However, there are no Ore Reserves prepared under the JORC Code (2012) at the Project. The Mineral Resources prepared under the JORC Code (2012) guidelines at the Project are best estimates based on individual judgement and reliance upon knowledge and experience using industry standards and the available database.

The mine plan uses the Mineral Resources as the basis for material availability, where eight months of the planned material to support production is from material classified as Indicated Mineral Resources. Feed material underpinning the planned production in subsequent years will be sourced from material currently classified as Inferred Mineral Resources.

SRK cautions that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of additional Indicated Mineral Resources or that the mine plan itself will be realised. Actual material mined may be different in quality and tonnage to the estimates, and the waste stripping ratios, geological and mining conditions anticipated may prove to be different.

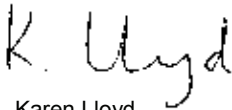
SRK deems the availability of processing feed material to sustain the 3-year plan to be moderate risk when considering the existing MRE.

SRK recommends that Fortress prepares an Ore Reserve estimate under the JORC Code (2012) guidelines to allow resource to reserve risk mitigation and allow a fully optimised pit design, dynamic cut-off grade strategy, detailed production schedule and grade control system to be developed.

APPENDIX F – QUALIFIED PERSON’S REPORT

9 Date and Signature Page

This Qualified Person’s Report has been compiled by

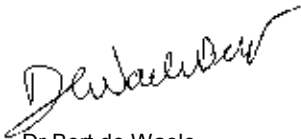


Karen Lloyd

Associate Principal Consultant (Project Evaluation)

6 December 2018

This Qualified Person’s Report has been peer reviewed by



Dr Bert de Waele

Principal Consultant (Geology)

SRK Equity Partner

6 December 2018



David Slater

Principal Consultant (Geology)

SRK Equity Partner

6 December 2018

APPENDIX F – QUALIFIED PERSON’S REPORT

10 References

- Hill, JH, 2011. Geology of the Bukit Besi Iron-Deposits, in Iron-Ore Deposits of West Malaysia (ed: J H Bean), Minerals and Geoscience Department Malaysia, Kuala Lumpur, Malaysia, pp 125–148.
- Pour, AB and Hashim, M, 2015. Structural mapping using PALSAR data in the Central Gold Belt, Peninsular Malaysia. *Ore Geology Reviews*, 64, pp13–22.
- Robb, LJ, 2008. Introduction to Ore-Forming Processes, Blackwell Publishing, Oxford, UK.
- SRK Consulting (Australasia) Pty Ltd, 2013. Outcomes of Geological Mapping – Drilling Programme (author: M Lacorde), 10 p.
- SRK Consulting (Australasia) Pty Ltd, 2017. Bukit Besi Review: Results from site visit and recommendations (author: B De Waele), 30 p.
- Wu, JC, 2001. The Mineral Industry of Malaysia, U.S Geological Survey Minerals Yearbook 2001, pp 16.1–16.7.

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK Consulting

Appendices

Appendices

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK Consulting

Appendix A

Appendix A: Table 1 – JORC Code 2012

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> • 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 handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • 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. • 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.). 	<p>The datasets used for Mineral Resource estimation were derived from Perwaja Group drilling programs (13 drill holes) conducted in 2012 and 2013 and from Fortress drilling (235 drill holes) after 2016. Approximately 94% of the data were sourced from the Fortress drilling programs. As limited information is available for the Perwaja Group programs, the commentary in Table 1 pertains mostly to the Fortress drilling program.</p> <p><u>Fortress drilling:</u></p> <ul style="list-style-type: none"> • RC samples were collected on 1 m intervals into green plastic bags from a cyclone attached to the drill rig. Samples from each hole were transferred to the onsite storage area in bulka bags. Samples selected for analysis were separated and transferred to the laboratory preparation area. • DD samples were taken from 1/2 cut HQ core with sample lengths between 0.5 m and 1.2 m. Core samples intervals were selected so as not to cross geological boundaries. <p>Samples from within the interpreted mineralised zones and 3 m into waste were selected for sample preparation and analysis. Onsite sample preparation included air drying, crushing, splitting, oven drying and then pulverising.</p> <p>Little information is available about the Perwaja Group drilling programs, but compiled Excel spreadsheets record drilling methods and sample size as:</p> <ul style="list-style-type: none"> • Reverse circulation (RC) • Diamond drilling (DD), HQ & NQ core <p>The Fortress drilling programs were carried out by internal Fortress contractors (DRC) who have been involved with the project since 2017. Five drill rigs were used, the drill rig numbers were recorded against the drill collar information for the holes drilled. The following drilling and sampling equipment was used:</p> <p>RC drilling:</p> <ul style="list-style-type: none"> • Drill rigs – M1 & M2 - Hitachi Zarxis 120, purchased by Fortress in 2016 • Compressors – LG950, purchased in 2015 • Sampling was undertaken through 3 m long x 3" diameter drill rods with 4.5" diameter bits. Depending on ground conditions, a tricone or face-sampling hammer bit was used. <p>DD drilling:</p> <ul style="list-style-type: none"> • Drill rigs D1 – Scanvik DE 710, purchased by Fortress in 2016 • D2 – Desco SRC5500 • D3 – Desco SRC7500

APPENDIX F – QUALIFIED PERSON’S REPORT

Appendix A-2

SRK Consulting

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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. 	<ul style="list-style-type: none"> Sampling with 3 m long HQ diameter drill rods producing a core with diameter of 63.5 mm, the core was recovered via double tube. <p>The diamond core drilling was predominantly carried out using the Scanvik rig.</p> <p>Diamond core recovery was measured by Fortress geologists and entered into standard Excel spreadsheets for core run recovery and rock quality designation (RQD) calculation.</p> <p>Core recoveries were assessed downhole with an average of 60% at surface to greater than 80% from 20 m onwards. These are considered reasonable for the style of mineralisation and weathering environment.</p> <p>Chip recoveries were not directly measured. In lieu of this, the representivity of the RC drilling was assessed by comparing it to the core drilling using Q-Q plots for the major elements and magnetic susceptibility. Analytical results from 12 drill holes where they intersected the largest mineralised zone from along its complete strike length from West area were selected. The results indicated no major differences between the grade and magnetic susceptibility distributions of the RC and DD programs.</p> <p>No relationship was observed between sample recovery and grade.</p>
Logging	<ul style="list-style-type: none"> 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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged. 	<p>All relevant intersections used for resource estimation were geologically logged to a level of detail deemed sufficient to enable the delineation of geological domains appropriate to support Mineral Resource estimation and classification.</p> <p>A total of 6,373.7 m of core samples were geologically logged, photographed, and marked up for sampling. Core is retained undercover and protected at Fortress's online sample preparation area.</p> <p>Sieved rock chips from each metre of 11,604 m of RC drilling were collected into chip trays, photographed, and retained for reference. Both dry and wet sieved subsamples were stored in chip trays for future reference.</p> <p>All logging, except for the geotechnical core logging, is deemed to be qualitative.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 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. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<p>Fortress geologists recorded the sample condition as being 'dry' for 95% of the samples used in the Mineral Resource estimate.</p> <p>The 1 m RC samples selected for analysis were transported from the storage area to the onsite laboratory preparation facility where they were split using a three-tier riffle splitter into pre-numbered plastic sample bags. The split samples had an average weight of 3.8 kg, with 90% of the samples having a weight above 2 kg.</p> <p>The selected 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"> Crushing using a jaw crusher to an average size of 6 mm Oven drying for 5 hours at 105°C

LLOY/DEW/ASL/AT/pjgg

WEB003_Burkit Besi - Qualified Persons Report_Rev5.docx

6 December 2018

APPENDIX F – QUALIFIED PERSON’S REPORT

Appendix A-3

SRK Consulting

Criteria	JORC Code explanation	Commentary
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • 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. 	<ul style="list-style-type: none"> • Further subsampling using a riffle splitter to an average weight of 200–250 g prior to pulverising • Pulverising using a ring mill pulveriser to a size of <75 µm/ 200 mesh • All pulverised material was taken from the bowl and stored in a sealed plastic jar. • For analysis undertaken locally, a charge weight of 10 g was scooped from the jar when required. • For pulps sent to an external laboratory, a weight of 20 g was scooped from the jar and placed into a small sealed plastic bag. Samples were combined into larger plastic bags and put into a sealed wood box for transport. <p>A field duplicate, Certified Reference Material (CRM), and a blank sample were inserted into the sample run for each drill hole.</p> <p>A pulp check sample was taken by the local laboratory at a rate of 1 in 20 for submission to the Bureau Veritas laboratory for check analysis.</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>Samples were analysed by the Fortress-owned onsite laboratory and the independent Bureau Veritas laboratory in Canning Vale, Perth, Western Australia. In the dataset used for estimation purposes, just over two-thirds of the analysis were undertaken by Bureau Veritas.</p> <p>Sample pulps that were 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 Al₂O₃, As, Ba, CaO, Cl, Co, Cr, Cu, Fe, K₂O, MgO, Mn, Na, Ni, P, Pb, S, SiO₂, Sn, Sr, TiO₂, V, Zn, Zr determined by X-ray fluorescence (XRF). Loss on Ignition (LOI) results were 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, SiO₂, Al₂O₃, TiO₂, MnO, CaO, P, S, MgO, K₂O, Zn, Pb, Cu, Ba, As, Ni, Na₂O via XRF and LOI. FeO was estimated by titration using hydrofluoric, sulphuric and boric acids.</p> <p>Magnetic susceptibility measurements were carried out using a Terraplus (Georadis) KT-10 v2 magnetic susceptibility meter. Measurements were recorded for all sample pulps by Fortress laboratory staff. The purpose of the measurements was for estimation domain delineation, and QAQC procedures were therefore not deemed necessary for the level of accuracy and precision required for this purpose.</p>

LLOY/DEWASL/AT/pjgg

WEB003_Burkit Besi - Qualified Persons Report_Rev5.docx

6 December 2018

APPENDIX F – QUALIFIED PERSON’S REPORT

Appendix A-4

SRK Consulting

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<p>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). In lieu of certification of the Fortress laboratory duplicates or CRMs, samples were taken at a rate of 1 in 20 from the Fortress sampling sequence, with the check sample sent to Bureau Veritas. CRMs GIOP-103 and GIOP-135, from Geostats were used. Overall QC results are good; however, there is a consistent indication that results for ore material, those samples with high Fe and low SiO₂, Al₂O₃ and LOI, are slightly biased to lower grades in the local site laboratory. There is also a consistent indication that samples have been sporadically mislabelled when prepared for dispatch and analysis at Bureau Veritas, although it is possible this may only affect QC samples.</p> <p>SRK examined the assay data in section carrying out visual checks of the grade continuity for the major elements. Spot checks of assay grades against log sheets and original laboratory reports were also completed.</p> <p>SRK decided to maintain continuity and form of the mineralised domain wireframes and to include minor unsampled (waste) intervals in the estimation domain wireframes. These intervals were mostly located at depth or inside thicker mineralisation zones.</p> <p>No direct twin holes have been completed.</p> <p>The primary data is stored in Excel spreadsheets in a standardised format. Although logging used standardised codes, these are not controlled at the time of entry.</p> <p>The Fortress dataset was provided to SRK in Excel format as a series of worksheets. SRK compiled the worksheets into a set of CSV files suitable for estimation. Standard data validation routines were undertaken in Microsoft Access before importing the CSV files in Datamine Studio RM for desurveying and further validating.</p> <p>All Lower Detection Limit (LDL) values in the assay data were converted to their positive equivalents. The Fortress laboratory reported an Upper Detection Limit (UDL) for some analytes; they were converted to their positive equivalents. The table below lists the detections limits and the percentage of samples within the mineralisation wireframes that were adjusted prior to compositing. These adjustments are immaterial to the reporting of the Fe% Mineral Resource estimate but may affect future waste characterisation studies.</p>

LLOY/DEWASL/AT/pjgg

WEB003_Bukit Besi - Qualified Persons Report_Rev5.docx

6 December 2018

APPENDIX F – QUALIFIED PERSON’S REPORT

Appendix A-5

SRK Consulting

Criteria	JORC Code explanation	Commentary				
		Analyte	Upper Detection Limits (UDL)		Lower Detection Limits (LDL)	
			Value	Percent within domain changed	Value	Percent within domain changed
		Magnesium	-	-	-	-
		SiO ₂	-	-	-	-
		Al ₂ O ₃	25.46	0%	-	-
		TiO ₂	-	-	0.1/ 0.01	11%
		Mn	-	-	0.0387	0%
		CaO	4.665	4%	0.05	3%
		PXRF	1.15, 0.13	0%	0.03	16%
		SXRF	7	2%	0.05	2%
		MgO	5.57	6%	0.1	0%
		K ₂ O	2.91	1%	0.2	10%
		Zn	0.122	0%	0.01	18%
		Pb	0.585	0%	0.03	15%
		Cu	-	-	0.05	16%
		Ba	-	-	0.1	17%
		As	0.15	2%	0.05/0.001	21%
		Ni	-	-	0.001/0.01	26%
		Na	2.597	1%	0.44514	9%
		LOI1000	-	-	-	-
Location of data points	<ul style="list-style-type: none"> 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. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>The collar coordinates for the historical drill holes used in the Mineral Resource estimate were validated and located by a handheld GPS unit in WGS84 Zone 48N UTM format. Recent Fortress drill hole collars were located by DGPS in WGS84 Zone 48N UTM format. The accuracy of the survey data is +/- 150 mm. The survey was carried by Hisham Ab. Rahman who is supervised by Fong Ah Meng, Project Manager.</p> <p>Downhole surveys were completed by Fortress staff post-drilling, using a Reflex GyroSmart in an open hole.</p> <p>The surface topography model between the deposit areas was prepared using Shuttle Radar Topography Mission (SRTM) data from 2000. This is considered to be of an acceptable, although low, accuracy given there is minimal drilling outside of the immediate deposit areas.</p>				

LLOY/DEWASLAT/pjg

WEB003_Bukit Besi - Qualified Persons Report_Rev5.docx

6 December 2018

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<p>Within the drilling and current mining deposit areas, survey control is carried out on an as-required basis. The survey data is collated in AutoCAD software and is used for exploration and mining. Data was supplied to SRK as a DWG file incorporating both string and point data. SRK extracted the string data and combined it with the SRTM data to create a project-wide 'current mined surface'.</p> <p>The drill coverage is variable both between and within individual deposit areas, but the nominal spacings for each area are as follows:</p> <ul style="list-style-type: none"> West area: 20–40 m spaced holes on 15–20 m section lines. Most holes are angled as 60° to west. In the south of the West area, approximately 25% of the holes are drilled sub-parallel to the strike of the mineralisation. Valley area: 2 to 4 holes on a drill pad with 7 drill pads spaced 25 m apart. Holes are drilled in an arc from WSW to WNW and angled between 60° and 70°. East area: 10–40 m spaced holes on 20 m section lines. Most holes are angled as 60° to north. <p>At the West area the intersection of the mineralisation in the top 15–20 m was adequate to define the vein continuity between each section and is considered appropriate for the Mineral Resource classification applied. In the other deposit areas and at depth in the West area, due to the steep dip of the mineralisation and capacity of the drill rig, the intersection of the mineralisation at depth was often at every second or third drill line, which is reflected in the Mineral Resource classification applied.</p> <p>A 1 m composite size was selected, as it is consistent with the original sample length for most of the data and considered to be appropriate for both the model cell dimensions and the interpreted ore zone thicknesses. The composite interval was slightly increased or reduced at vein boundaries to prevent the creation of residuals or the composites spanning domain boundaries.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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. 	<p>The mineralisation in the three areas is interpreted as steeply dipping veins. The sampling, for most of the drilling, has been done across the mineralisation from footwall to hanging wall, and as such no bias was observed.</p> <p>25% of the drilling in the south of the West area has been drilled parallel to strike resulting in some drill holes starting and/or ending in mineralisation.</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<p>Samples were transported from drill rig to laboratory by site geologists for logging and sample preparation. Samples sent to Bureau Veritas (Perth) were sent via registered international carrier.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<p>SRK has been associated with the drilling program since mid-2017 and has supplied Standard Operating Procedures; however, SRK is not aware of any further independent reviews or audits of the data collection procedures.</p>

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<ul style="list-style-type: none"> 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. 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. 	<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 on 17 March 2033. There are no material issues, overriding royalties, native title or environmental constraints on the Project which may be deemed an impediment to the continuity of the Project.</p>
<p>Exploration done by other parties</p>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>Exploration and mining has been carried out in the area since iron ore mineralisation was first identified by the Japanese in 1916. At its peak in the 1930s, a local labour work force of 3,000 was engaged in the Nippon mining operations. Mining was undertaken 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) and 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, and it was not until 2009 that the Terengganu Government announced that it had approved the appointment of 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.</p> <p>Fortress (formerly known as Webcon Sdn Bhd) was awarded the Mining Rights in 2017 and began construction of an onsite 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 to produce a magnetite concentrate at 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>

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>The Project is located in the most eastern of the three longitudinal belts that divide the Malay Peninsula. The Eastern belt is largely underlain by Carboniferous and Permian clastics and volcanics. A phase of regional metamorphism, folding and uplift probably occurred in the late Palaeozoic, followed by deposition of an older series of continental deposits. The pan-peninsula late Triassic orogenic event uplifted the Eastern Belt. This was followed by deposition of a younger series of continental deposits which are only gently dipping and were probably uplifted in the late Cretaceous.</p> <p>The mining area straddles the contact between Palaeozoic sediments and granite which is 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 have been caught up and lie within the body of the granite.</p> <p>Almost all the orebodies 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 bodies of shale engulfed by the granite.</p>
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: <ul style="list-style-type: none"> easting and northing of the drillhole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar dip and azimuth of the hole downhole length and interception depth hole length. 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. 	<p>No exploration results are reported.</p>
Data aggregation methods	<ul style="list-style-type: none"> 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. 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. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p>No exploration results are reported.</p>

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. 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'). 	No exploration results are reported.
Diagrams	<ul style="list-style-type: none"> 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. 	See body of the report for the relevant plan and sectional views.
Balanced reporting	<ul style="list-style-type: none"> 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. 	Not applicable as no exploration results are reported.
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<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> <ul style="list-style-type: none"> Comparing the Analytical Signal and Reduced to the Equator filtered magnetic data to determine areas of higher concentration of magnetic rocks Analysing the radiometric data distribution using bivariate plots of eThorium vs Potassium and eThorium vs eUranium to determine groupings of major rock types. <p>SRK notes that deleterious elements are considered to lie within the bounds of the product specification. 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"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	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.

APPENDIX F – QUALIFIED PERSON’S REPORT

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> 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. Data validation procedures used. 	Data logging was completed in MS Excel templates using standard logging codes on laptop computers. Data was validated for internal database integrity as part of the standard database compilation process completed by SRK.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	The CP has relied on detailed descriptions of the field activities and geology provided by SRK consultants, Bert De Waele, who visited the site late 2017, and Leesa Collin, who visited the site in August 2018. Mr De Waele also acts as the CP for Section 1 and 2 of this JORC Code Table 1.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	The geological interpretation is considered consistent with datasets, as well as with the broadly accepted understanding of the local geology. Estimation domain definition was primarily based on geochemical and magnetic susceptibility data, with boundaries generally defined by distinct changes in magnetic susceptibility, Fe%, SiO ₂ % and TiO ₂ %. Domain geometry was observed to be relatively consistent and predictable over the extents of the drill coverage, with reasonable continuity between drill holes, although pinching and swelling of the veins was evident in both down dip and along strike directions. In places, continuity was extended between drill hole intersections and the maximum range of statistical continuity that was observed in the variograms.
Dimensions	<ul style="list-style-type: none"> 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. 	The Mineral Resource is contained within three deposit areas: <u>West area:</u> Six mineralised veins with a strike length of 350 m, a combined width of 75 m and extending sub-vertically from surface for 90 m. <u>Valley area:</u> Two mineralised veins both with strike lengths of 125 m, each with a maximum width of 25 m in the south at 100 m depth. Veins are tapered to thinner (approximately 5 m) widths at the surface. <u>East area:</u> Six mineralised veins with an average strike length of 200 m, average width of 10 m and extending vertically from surface for 100 m.
Estimation and modelling techniques	<ul style="list-style-type: none"> 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. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. 	The Mineral Resource estimates were prepared using conventional block modelling and geostatistical estimation techniques – Ordinary Kriging (OK). A single model was prepared to represent the defined extents of the mineralisation. The resource modelling and estimation study was performed using Datamine Studio RM and Supervisor. Kriging neighbourhood analyses (KNA) studies were used to assess a range of parent cell dimensions, and a size of 5 x 10 x 5 m (XYZ) was considered appropriate given the drill spacing, grade continuity characteristics, and the mining method. Sub-celling at 2.5 x 5 x 2.5 m (XYZ) was used so that interpreted domain volumes were accurately represented. The original sample data were downhole composited to 1 m intervals. Probability plots were used to assess for outlier values, and grade cutting was not considered necessary.

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available. Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. The basis of the adopted cut-off grade(s) or quality parameters applied. 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. 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 an explanation of the basis of the metallurgical assumptions made. 	<p>The parent cell grades were estimated using ordinary block kriging. The domain wireframes were used as hard boundary estimation constraints. Search orientations and weighting factors were derived from variographic studies. A multiple-pass estimation strategy was invoked, with 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>Although the formal Mineral Resource statement only declares estimates for Fe, the model contains local estimates for an additional 18 constituents that may be of interest for other discipline studies (including mining, processing, environmental, and marketing studies).</p> <p>Model validation included:</p> <ul style="list-style-type: none"> 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. <p>The resource estimates are expressed on a dry tonnage basis, and in situ moisture content has not been estimated. A description of density data is presented below.</p> <p>The Mineral Resource is reported at a combined cut-off of greater than 100 magnetic susceptibility and greater than 10% Fe and less than 10% S. The magnetic susceptibility value is coincident with the value used to define the mineralised domains. The Fe% and S% cut-off values result in average grades consistent with current production feed material.</p> <p>Mining is underway at the Project using a conventional open pit truck and shovel technique. The current 5-year mine plan allows for 5% ore loss and 15%–18% dilution as applied to the Mineral Resource estimate.</p> <p>In lieu of data support from recovery testwork, analytical results from sampling undertaken over a 25-day period in June 2018 from Fortress’s crushing and milling facilities at the existing mining operation were used to derive a milling head grade of 34%. The current mining operation typically produces between 30,000 and 40,000 Wet Metric Tonnes (wmt) of iron ore concentrate, where material is being sourced from the resource area. This is considered suitable as a demonstration of its prospect for eventual economic extraction.</p>
Moisture		
Cut-off parameters		
Mining factors or assumptions		
Metallurgical factors or assumptions		

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
<p>Environmental factors or assumptions</p>	<ul style="list-style-type: none"> 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. 	<p>The current operation has all necessary environmental permits and licences and no significant environmental constraints are envisaged.</p>
<p>Bulk density</p>	<ul style="list-style-type: none"> 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. 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. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<p>The dry bulk density dataset was derived from 300 water immersion tests performed on 15 cm core fragments collected from 21 diamond core holes. SRK evaluated the selection of the core samples using core photographs and deemed they were biased towards more competent material. Based on the statistical review and eliminating outliers, the following densities were assigned to the mineralised domains based on a weathering surface wireframe using logging data:</p> <ul style="list-style-type: none"> Weathered – 3.4 g/cm³ Fresh – 3.7 g/cm³
<p>Classification</p>	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. 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). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<p>The Mineral Resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the economic viability of the material. The following points are considered:</p> <ul style="list-style-type: none"> The mineralised domains show continuity between drill hole sections even though the drill hole spacing often does not allow for the intersection of all the steeply dipping veins on each section. This could result in the distance between drill hole intersections for individual veins being at the extent of the variographic ranges of up to 90 m. It is considered that adequate QA data is available to demonstrate that the Fortress dataset is sufficiently reliable for the assigned classifications, although biases were evident and errors apparent. The lack of representative metallurgical testwork, such as Davis Tube Recovery (DTR) (so that the Fe head grades can be converted to a recoverable concentrate), is of concern. However, production reconciliation data, as detailed in Section 5, has been used to validate grade and recovery contained within the extended model in proximity to the Indicated classified material.

APPENDIX F – QUALIFIED PERSON’S REPORT

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended, and the confidence in the estimates is consistent with the classifications that have been applied. <p>Based on the findings summarised above, it was concluded that the controlling factor for classification is sample coverage. A resource classification boundary was defined on the long section for each area. The extents were nominally set at 10 m past the last mineralised intercept that was captured in the wireframes. The down-dip extents were constrained to within the drill coverage; although the spacing between intercepts along strike at depth were occasionally at the very extents of demonstrated grade continuity. All vein model cells within the defined extents were initially assigned a classification of Inferred Resource. Confidence in the Indicated Mineral Resource classification assigned at the West area is supported by the production grade data provided Fortress and the continuity of the mineralisation near surface as seen visually during mining. The boundary for the Indicated Mineral Resource classification was set to a maximum of 15 m below the 22 May 2018 pit surface.</p> <p>The final resource models contain the model cells for vein material that has been assigned a Mineral Resource classification.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	No independent audits or reviews have been conducted on the latest Mineral Resource estimates; however, SRK has internally completed a peer review on the Mineral Resource estimates.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> 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. 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. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<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 estimates.</p> <p>The largest sources of uncertainty are considered to be related to the confidence in the geological models (particularly at East area) and the lack of representative metallurgical and density testwork.</p> <p>The resource quantities should be considered as global estimates only.</p> <p>The accompanying models are considered suitable to support global mine planning studies, but are not considered suitable for detailed production planning, or studies that place significant reliance on the local estimates.</p>

APPENDIX F – QUALIFIED PERSON’S REPORT

SRK Consulting

Distribution Record

SRK Report Client Distribution Record

Project Number: WEB003

Report Title: Qualified Person Report - Bukit Besi Project, Malaysia

Date Issued: 6 December 2018

Name/Title	Company
Mr Mun Fey Ng	Fortress Mining Sdn Bhd

Rev No.	Date	Revised By	Revision Details
0	22/08/2018	Karen Lloyd	Draft Report
1	28/08/2018	Karen Lloyd	Final Report
2	11/09/2018	Karen Lloyd	Revised Final Report
3	11/10/2018	Karen Lloyd	Revised Final Report
4	24/10/2018	Karen Lloyd	Revised Final Report
5	06/12/2018	Karen Lloyd	Revised Final Report

This Report is protected by copyright vested in SRK Consulting (Australasia) Pty Ltd. It may not be reproduced or transmitted in any form or by any means whatsoever to any person without the written permission of the copyright holder, SRK.

Independent Valuation Report Bukit Besi Iron Project, Malaysia

Report Prepared for
Fortress Mining Sdn Bhd



Report Prepared by



SRK Consulting (Australasia) Pty Ltd

WEB004

December 2018

Independent Valuation Report

Bukit Besi Iron Project, Malaysia

Fortress Mining Sdn Bhd

9-1, Jalan PJS 8/18, Dataran Mentari
46150 Petaling Jaya, Malaysia

SRK Consulting (Australasia) Pty Ltd

Level 1, 10 Richardson Street
West Perth WA 6006, Australia

Email: perth@srk.com.au
website: www.asia-pacific.srk.com

Tel: +61 08 9288 2000
Fax: +61 08 9288 2001

SRK Project Number WEB004

December 2018

Compiled by

Karen Lloyd
Associate Principal Consultant

Email: klloyd@srk.com.au

Signed by
Mark Noppé
Corporate Consultant (Geology and Project Evaluation)
Director and Chairman

Author:

Karen Lloyd

Peer Reviewed by

Jeames McKibben
Principal Consultant

APPENDIX G – INDEPENDENT VALUATION REPORT

Executive Summary

Fortress Mining Sdn Bhd (Fortress) intends to lodge a Prospectus in support of a proposed listing on the Catalist, the secondary board of the Singapore Stock Exchange (SGX). The listed entity will be Fortress Minerals Pte. Ltd.

Fortress is the lessee of two mining leases, ML4/2013 and ML7/2013, in the district of Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Bukit Besi or Project). Fortress was granted the Mining Rights for the Project by the Terengganu State Authority, pursuant to an agreement dated 10 April 2016, which expires in 2033.

SRK Consulting (Australasia) Pty Ltd (SRK) has been appointed by Fortress to provide an Independent Valuation Report (IVR or Report) for inclusion with documentation associated with the proposed listing. SRK has not been requested by Fortress to provide comment on the fairness and reasonableness of any proposed transaction related to the listing.

The aim of this IVR is to provide a balanced, unbiased and independent opinion on the techno-economic assumptions that would likely be considered by the market as part of a potential investment or transaction process involving the Project, with the ultimate purpose of informing and protecting investors.

Unless otherwise explicitly stated, all quantitative data as reported in this IVR are on a 100% equity basis.

Fortress re-established historical mining operations at the Project in 2017. The current operations consist of two open pit mining areas which are located within ML4/2013.

SRK was commissioned in July 2018 to complete a maiden Mineral Resource estimate for three deposit areas – West, Valley and East. In August 2018, an update was completed for the Valley Deposit to include additional results that became available after the initial data cut-off date. A Mineral Resource estimate of 5.41 Mt at 41.71% Fe was reported based on a mine survey as at 7 August 2018.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code (2012) on a qualitative basis, taking into consideration numerous factors, including data quality, geological complexity, data coverage, recovery testwork and potential eventual economic extraction as shown in Table ES-1.

Table ES-1: Bukit Besi Mineral Resource summary – 7 August 2018*

Area	Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (millions)	Grade (Fe%)	Tonnes (millions)	Grade (Fe%)	Change from previous update (%)	
West	Indicated	Iron	0.37	42.2	0.37	42.2	N/A	None
West	Inferred	Iron	2.55	39.6	2.55	39.6	N/A	None
Valley	Inferred	Iron	1.36	46.4	1.36	46.4	N/A	None
East	Inferred	Iron	1.13	40.7	1.13	40.7	N/A	None
Total		Iron	5.41	41.7	5.41	41.7	N/A	None

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

APPENDIX G – INDEPENDENT VALUATION REPORT

There are no Ore Reserves reported in accordance with JORC Code (2012) guidelines at the Project. Despite no formal techno-economic studies (such as a Feasibility Study) or a full life of mine (LoM) schedule having been completed to date, Fortress has commenced iron ore mining and processing and has achieved steady-state production and export operations supported by a short-term offtake agreement.

For valuation purposes a 3-year mine plan based on historical production performance records and production reconciliation of operating performance data from the current operation has been developed by SRK

The mine plan used 50% of the current Mineral Resource estimate as the basis for material availability, where eight months of the planned material to support production is derived from material classified as Indicated Mineral Resources. Feed material underpinning the 3-year plan (i.e. beyond the first eight months) will be sourced from Inferred Mineral Resources and requires further drilling and analysis to convert to at least an Indicated Mineral Resource status.

SRK cautions that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that the mine schedule itself will be realised. Actual material mined may be different in quality and tonnage to the estimates; the waste stripping ratios and geological and mining conditions anticipated may also prove to be different.

The current operation uses a conventional truck and shovel open pit mining method. Material is being mined from the West pit, which is being developed using a bench height of 2.0 m, using drill and blast methods, limited to a one bench depth in areas containing mill feed. The average strip ratio is estimated at 4 to 1 waste to mill feed.

A conventional crushing, milling, magnetic separation and flotation processing method is used at the Project to produce an iron concentrate which is trucked to the Port of Kemaman for delivery overseas.

Fortress has signed an indicative term sheet (Shaanxi term sheet) with Shaanxi Longmen Iron and Steel Group Import and Export Co. Ltd (Shaanxi) for offtake sales of Iron concentrate in 40,000 wmt in monthly shipments for the period July 2018 to July 2019, with an option to renegotiate sales terms beyond the contract expiry date.

Provisional pricing is based on the trailing 3-day average Platts 65% Fe cost and freight (CFR North China Index Pricing and price adjustments are quality based).

SRK has not undertaken a detailed review of the terms of the Shaanxi term sheet and has assumed that for the purpose of the Report, this contract will be executed over the coming weeks and is suitable to allow site operations to continue unimpeded by contractual constraints should listing on the Catalist (secondary board of the Singapore Stock Exchange, SGX) proceed.

Using a discounted cashflow (DCF) model as its primary valuation method, SRK cautions that the Project's economics are highly sensitive to concentrate output, product pricing and operating cost.

SRK considers the market would pay within the following range for a 100% interest in the Production project on a 100% equity, post-tax basis.

Table ES-2: Valuation range

Asset	Low (US\$m)	High (US\$m)	Preferred (US\$m)
Bukit Besi Project	27	37	32

APPENDIX G – INDEPENDENT VALUATION REPORT

Table of Contents

Executive Summary	ii
1 Introduction	1
1.1 Independent Qualified Person’s Statement	1
1.2 Aim of the Report	2
1.3 Scope of the Report	3
1.4 Basis of the Report.....	3
1.4.1 Data sources	3
1.4.2 Data validation.....	3
1.4.3 Reliance on other experts	4
1.5 Reporting standard.....	5
1.6 Currency reporting	5
1.7 Site visits	5
1.8 Limitations	5
1.9 Consent.....	5
1.10 Indemnities provided by the Company.....	6
2 Property Description	7
2.1 Summary of assets and nature of rights	7
2.2 Permissions.....	8
2.3 Size and location.....	9
2.4 Access.....	9
2.5 Natural and cultural environment.....	10
2.6 History	11
2.7 Geological setting.....	12
2.7.1 Geophysical setting	12
2.7.2 Mineralisation styles and characteristics.....	13
3 Mineral Resource Estimate.....	14
4 Mineral Processing and Metallurgical Testing.....	15
4.1.1 Metallurgical testwork.....	15
4.1.2 Processing flowsheet	15
5 Mining.....	17
5.1 Extraction and processing method.....	17
5.2 Production reconciliation	17
5.3 Material availability.....	17
5.4 Production schedule.....	18
6 Infrastructure, Environment and Permitting	19

APPENDIX G – INDEPENDENT VALUATION REPORT

7	Financial Analysis	20
7.1	Capital and operating expenditure	20
7.1.1	Capital costs	20
7.1.2	Operating costs	20
7.2	Pricing	21
7.3	Taxes and liabilities	21
7.3.1	Corporate taxation	21
7.3.2	Royalties	21
7.3.4	Environmental obligation	21
7.4	Marketing and sales agreements	21
8	Valuation	24
8.1	Previous valuations	24
8.2	Methodology	24
8.3	Valuation approaches	25
8.4	Valuation basis	26
8.4.1	Income approach – Cashflow model	27
8.4.3	Valuation summary	33
8.5	Valuation risks	33
9	Date and Signature Page	34
10	References	35

List of Tables

Table 2-1:	Summary of assets	7
Table 3-1:	Bukit Besi Mineral Resource summary as at 7 August 2018*	14
Table 5-1:	Average crushing ore grade	17
Table 5-2:	Availability assumptions	18
Table 5-3:	High-level mining schedule*	18
Table 8-1:	Suggested valuation approaches according to development status	25
Table 8-2:	Valuation basis	27
Table 8-3:	WACC inputs	27
Table 8-4:	SRK real price protocol in 2018 terms	28
Table 8-5:	Base case cashflow modelling input parameters	29
Table 8-6:	Cashflow modelling – Base case results	29
Table 8-7:	General guide regarding confidence for target and Resource/ Reserve estimates	29
Table 8-8:	Probabilistic ranges	30
Table 8-9:	Cashflow modelling – probabilistic summary outcomes	31
Table 8-10:	Post-tax valuation summary	33

APPENDIX G – INDEPENDENT VALUATION REPORT

List of Figures

Figure 2-1: Project tenements	8
Figure 2-2: Project location.....	9
Figure 2-3: Project access (unsealed road in pink).....	10
Figure 7-1: July 2018 shipment – quality billet	23
Figure 8-1: Forecast value distributions	31

List of Appendices

Appendix A: Table 1 - JORC Code 2012	
--------------------------------------	--

1 Introduction

Fortress Mining Sdn Bhd (Fortress or the Company) is the lessee of two mining leases, ML4/2013 and ML7/2013, located in the district of Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Bukit Besi or Project). Fortress was granted the Mining Rights for the Bukit Besi Project by the Terengganu State Authority pursuant to an agreement dated 10 April 2016.

SRK Consulting (Australasia) Pty Ltd (SRK) has been appointed by Fortress to prepare an Independent Valuation Report (IVR or Report) in accordance with the Rulebook of the Singapore Stock Exchange (SGX).

SRK has been advised that Fortress intends to publish a Prospectus in support of a proposed listing of the Company on Catalist, the secondary board of the SGX.

This IVR is addressed to the Directors of Fortress Mining Sdn Bhd. SRK understands that this IVR will be set out as an appendix to the Prospectus. For the purposes of the SGX listing rules, SRK is responsible for this IVR as part of the Prospectus. SRK declares that it has taken all reasonable care to ensure that the information contained in this IVR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. SRK consents to the inclusion of this IVR and reference to any part of the report in the Prospectus.

1.1 Independent Qualified Person's Statement

This IVR has been prepared based on a technical and economic review by a team of consultants from SRK's Perth office in Australia, whose registered address is:

SRK Consulting (Australasia) Pty Ltd, Level 1, 10 Richardson Street, West Perth WA 6006 Australia

In accordance with the Rulebook of the SGX:

- a) The qualified person who has responsibility for this IVR is Ms Karen Lloyd, Associate Principal Consultant of SRK.
- a) The IVR was peer reviewed by Mr Jeames McKibben, Principal Consultant of SRK.
- b) The IVR was signed off by Mr Mark Noppé, Principal Consultant and Director and Chairman of SRK.
- c) Ms Lloyd, Mr McKibben, Mr Noppé, SRK and its directors, substantial shareholders and their associates are independent of the Company, its directors and substantial shareholders.
- d) Ms Lloyd, Mr McKibben, Mr Noppé, SRK and its partners, directors, substantial shareholders and their associates do not have any interest, direct or indirect, in the Company, its subsidiaries or associated companies and will not receive benefits other than remuneration paid in connection with the Qualified Person's Report.
- e) Remuneration paid to SRK in connection with the IVR is A\$38,000 and is not dependent on the findings of the IVR.

Further details on Ms Lloyd and Mr McKibben are as follows:

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc(Hons), MBA, FAusIMM

Karen is a mineral economist with more than 20 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in

APPENDIX G – INDEPENDENT VALUATION REPORT

Australia, Asia, Africa, the Americas and Europe. Karen has experience in the valuation and evaluation of mineral projects worldwide.

Karen is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Jeames McKibben, Principal Consultant (Project Evaluation), BSc(Hons), MBA, MAusIMM(CP), MAIG, MRICS

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Jeames is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM), a Member of the Australian Institute of Geoscientists (MAIG), and a Member of the Royal Institution of Chartered Surveyors (MRICS). Jeames has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

SRK is responsible for this IVR, and for all the technical information that has been directly extracted from the IVR and reported in the Prospectus.

SRK declares that it has taken all reasonable care to ensure that the information contained in the IVR and included in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK confirms that the presentation of information contained elsewhere in the Prospectus, which relates to information in the IVR, is accurate, balanced and not inconsistent with the IVR.

SRK considers that its opinion must be considered as a whole and that selecting portions of the analysis, or factors considered by it, without considering all factors and analyses together could create a misleading view of the process underlying the opinions presented in this IVR. The preparation of an IVR is a complex process and does not lend itself to partial analysis or summary.

SRK has no obligation or undertaking to advise any person of any development in relation to the mineral assets which comes to its attention after the date of this IVR. SRK will not review, revise or update the IVR, or provide an opinion in respect of any such development occurring after the date of this IVR.

1.2 Aim of the Report

The aim of this IVR is to provide a responsible, unbiased and independent opinion on the techno-economic assumptions that would likely be considered by the market as part of a potential investment or transaction process involving the Project, with the ultimate purpose of informing and protecting investors.

SRK has selected the most appropriate valuation technique for the Project, based on the maturity of the Project and the available information. This Report expresses an opinion regarding the value of

APPENDIX G – INDEPENDENT VALUATION REPORT

the Project. This Report does not comment on the 'fairness and reasonableness' of any potential transaction between the owners of these mineral interests and any other parties.

Unless otherwise explicitly stated, all quantitative data as reported in this IVR are reported on a 100% basis.

1.3 Scope of the Report

This IVR presents the following key information as at 18 September 2018:

- Title page
- Table of contents
- Executive summary
- Introduction
- Property description
- History of the property
- Method of valuation and the reason for choice of the valuation method
- The principal assumptions used in arriving at the valuation
- Analysis of the sensitivity of the valuation to a variation in the principal assumptions
- Interpretation and conclusions
- Recommendations.

1.4 Basis of the Report

1.4.1 Data sources

In assessing the technical and economic aspects relevant to this IVR, SRK has relied on information provided by Fortress, as well as information sourced from the public domain.

In respect of the technical information as provided by the Company and taken in good faith by SRK, and other than where expressly stated, any figures presented have not been independently verified by means of re-calculation.

1.4.2 Data validation

SRK has conducted a review and assessment of all material technical issues likely to influence the technical information included in this IVR, which included the following:

- Examination of the historical data made available by the Company in respect of Fortress's assets
- Inspection visits to the Bukit Besi project in June and August 2017 and in June 2018, including current mining and processing areas and associated infrastructure
- Enquiry of Fortress's key technical and head office personnel during the site visits in respect of the mineral assets and other related matters
- An examination of Fortress's historical information for the three years and six months ending 30 June 2018
- An examination, review and, where appropriate, identification of the key risks and opportunities as they relate to the technical information reported herein.

Accordingly, Fortress has provided data to SRK for this review and inclusion in the IVR. SRK confirms that it has performed all necessary validation and verification procedures deemed necessary and/ or appropriate by SRK to place an appropriate level of reliance on such technical information.

APPENDIX G – INDEPENDENT VALUATION REPORT

1.4.3 Reliance on other experts

SRK has relied upon the accuracy and completeness of technical, financial and legal information and data furnished by, or through, Fortress.

SRK has made all reasonable enquiries and exercised its judgement on the reasonable use of this information and has found no reason to doubt the accuracy or reliability of this information.

Fortress has confirmed to SRK in writing that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. SRK has no reason to believe that any material facts have been withheld. While SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK's assessment of exploration results for the mineral assets is based on information provided by Fortress throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time. Should these change materially, the assumptions could be materially different in these changed circumstances.

This IVR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

Technical reliance

SRK places reliance on the Company and its technical representatives that all technical information provided to SRK as at 18 September 2018 (Effective Date) is accurate. SRK has undertaken all reasonable enquiries as to this status through communication with Fortress and its representatives.

Financial reliance

In considering all financial aspects relating to Fortress's mineral assets, SRK has placed reliance on the Company that the following information is appropriate as at the Effective Date:

- Operating expenditures, as included in the Company's development strategy and exploration programs
- Capital expenditures, as included in the Company's development strategy and exploration programs
- All statutory and regulatory payments, as may be necessary to execute the Company's development strategy and exploration programs.

Legal reliance

In consideration of all legal aspects relating to Fortress's mineral assets, SRK has placed reliance on the representations of the Company that the following are correct as of the Effective Date:

- Other than as disclosed in the Prospectus, the Company Directors are not aware of any legal proceedings that may have any influence on the rights to explore, develop and mine the minerals present within and associated with the Company's mineral assets.
- The legal owners of all mineral and surface rights have been verified.
- Other than as expressly mentioned in the risk factors of the main body of the Prospectus, no significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

APPENDIX G – INDEPENDENT VALUATION REPORT

The legal representatives of the Company are Azman Davidson & Co (Azman Davidson), Malaysia. SRK has relied on the accuracy of the information provided by Azman Davidson in the preparation of this IVR.

1.5 Reporting standard

This IVR has been prepared to the standard of, and is considered by SRK to be, an Independent Valuation Report under the Rulebook of the Catalist Board of the SGX and the guidelines of the 2015 Edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code) (Standard).

The VALMIN Code incorporates the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code).

As per the VALMIN Code, a first draft of the report was supplied to Fortress to check for material error, factual accuracy and omissions before the final report was issued. SRK's scope of work was limited to the second draft of the Report after a round of edits by Fortress. The final report was issued following review of comments by the project team.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

1.6 Currency reporting

All monetary figures used in this IVR are expressed in United States dollars (US\$) and Malaysian Ringgit (RM) terms using an exchange rate of US\$0.24/RM, which is the exchange rate as at 18 September 2018. Project sensitivities to this exchange rate are presented in Section 8 of the IVR.

1.7 Site visits

Ms Karen Lloyd, Associate Principal Consultant (Project Evaluation) at SRK's Perth office, undertook a site inspection of the Bukit Besi site in June 2018 for the purpose of this IVR.

1.8 Limitations

The technical information presented within this IVR relies on assumptions regarding certain forward-looking statements. These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially. The projections as presented and discussed herein have been proposed by Fortress's management and cannot be assured; they are necessarily based on economic assumptions, many of which are beyond the control of the Company. Future cashflows and profits derived from such forecasts are inherently uncertain and actual results may be significantly more or less favourable. Unless otherwise expressly stated, all the opinions and conclusions expressed in this IVR are those of SRK.

1.9 Consent

SRK will give its written consent to the inclusion of this IVR in the Prospectus and all of the information to be contained in the Prospectus, which has been extracted directly from this IVR.

APPENDIX G – INDEPENDENT VALUATION REPORT

1.10 Indemnities provided by the Company

Fortress has warranted, in writing to SRK, that full disclosure has been made of all information material to the matters considered in the IVR, and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended by the VALMIN Code, Fortress has provided SRK with an indemnity under which Fortress agrees to indemnify for any liability and/ or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Fortress or from Fortress not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this IVR, provided that SRK does not undertake any additional work without the prior consent of Fortress.

SRK has made reasonable enquiries and exercised its judgement on the reasonable use of such information; and found no reason to doubt the accuracy or reliability of the information provided.

APPENDIX G – INDEPENDENT VALUATION REPORT

2 Property Description

Fortress re-established historical mining operations at the Project in 2017. The current operations consist of two open pit mining areas which are located within ML7/2013, with conventional excavator and trucking of feed to a magnetite processing plant which is also located within ML4/2013. Processing of the feed is undertaken at the onsite processing facilities which includes a 10-stage onsite crushing, grinding and magnetitic separation process to produce a magnetite concentrate. Waste material is placed external to the Mineral Resource footprint and external to the known geophysical magnetic signature in designated waste placement areas. Iron concentrate is produced and transported by road at a rate of approximately 40,000 wmt every month. Shipments are exported to China via the Port of Kemaman.

2.1 Summary of assets and nature of rights

Table 2-1 presents a summary of the assets which are the subject of this IVR.

Table 2-1: Summary of assets

Asset name/ Country	Company interest	Development status	Licence expiry date	Licence area (km ²)	Type of deposit	Remarks
ML4/2013 Bukit Besi, Malaysia	100%*	Production	19 January 2033	2.4	Iron ore	Footnote A*
ML7/2013 Bukit Besi, Malaysia	100%*	Production	17 March 2033	2.8	Iron ore	Footnote A*

* Footnote A:

SRK has sighted documentation obtained by Fortress from Azman Davidson, an independent legal firm based in Kuala Lumpur, Malaysia. The document, dated 26 June 2018, indicates that Fortress has the legal rights to the minerals which are the subject of this Report. SRK has made all reasonable enquiries into this status as at 18 September 2018.

Specifically, Azman Davidson notes that, based on its review, Fortress has the right to access the mining area for the purpose of carrying out mining operations (Mining Rights), including but not limited to rock blasting, tree cutting, excavating, extracting and processing iron ore found in that area, which comprises:

- 1 Lot 110548 (ML4/2013), Mukim Jerangau, Daerah Dungun, Terengganu for a period from 10 April 2016 until 19 January 2033
- 2 Lot 60027 (ML7/2013), Mukim Besul, Daerah Dungun, Terengganu for a period from 10 April 2016 until 17 March 2033.

The Mining Rights were granted to Fortress by Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT), being the lessee of ML4/2013 and ML7/2013 issued by the Terengganu State Authority pursuant to the iron ore mining agreement dated 10 April 2016 between LTAWNT, Fortress and Webcon Sdn Bhd.

Based on the review by Azman Davidson, under the approved operational mining scheme issued by Malaysia Minerals & Geoscience Department, Terengganu, Fortress Mining Sdn Bhd is acknowledged as a contractor for the development and mining works to be carried out at the Mining Area.

SRK has relied on the accuracy of the information provided by Azman Davidson for the purpose of this IVR.

Figure 2-1 shows the location of the assets and tenure.

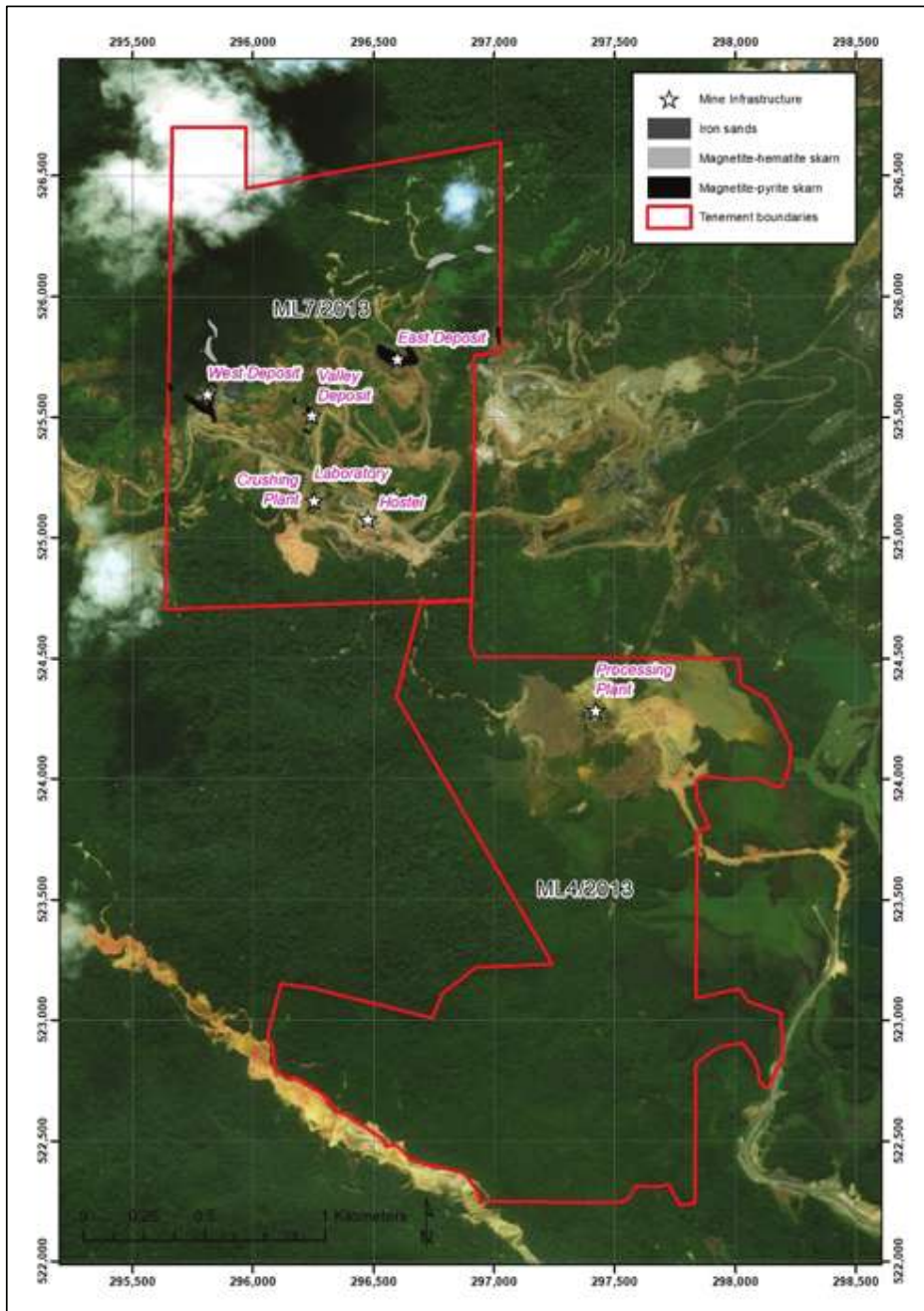


Figure 2-1: Project tenements

2.2 Permissions

SRK understands that all approvals and permits are either in place or planned to allow production at the Project to continue unimpeded for the modelled life and has relied on the accuracy of the information provided by Azman Davidson as noted in Section 1 of this Report. SRK has made all reasonable enquiries into this status at 18 September 2018 through communication with Fortress.

APPENDIX G – INDEPENDENT VALUATION REPORT

2.3 Size and location

Fortress's wholly owned Bukit Besi Iron Project comprises two granted Mining Leases covering a combined area of 5.2 km². The Project located approximately 80 km south of the regional centre of Kuala Terengganu and 26.5 km west of the township of Kuala Dungun in the Terengganu sultanate and constitutive state of Federal Malaysia (Figure 2-2)

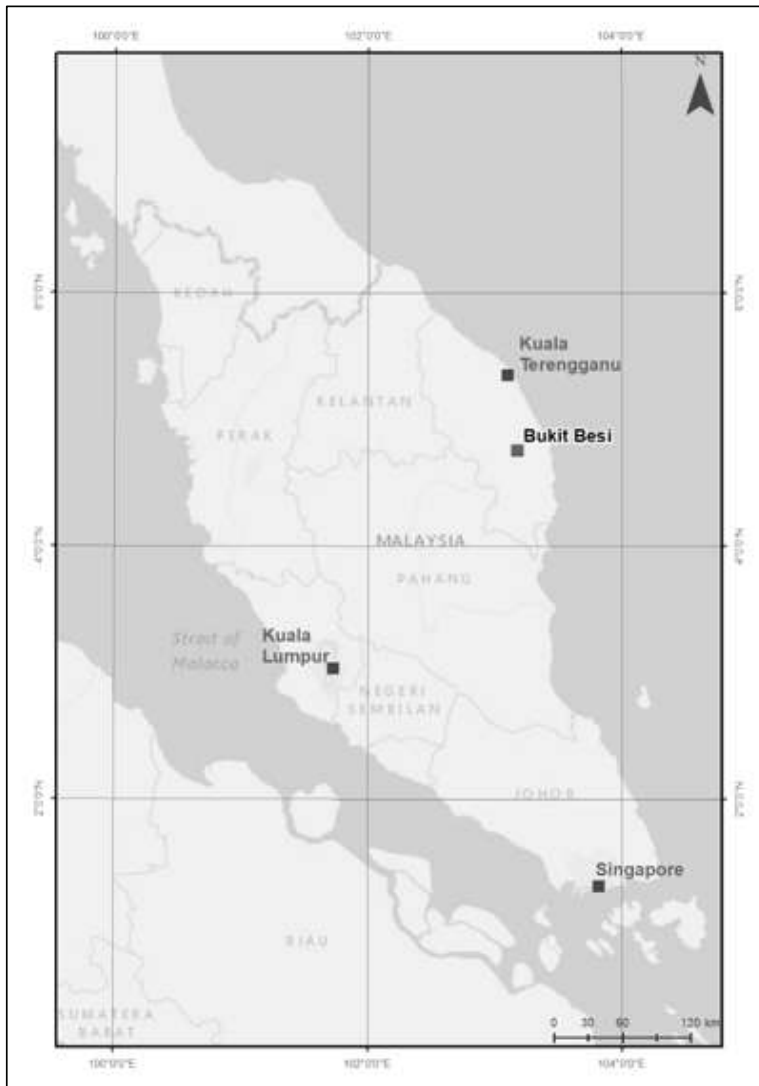


Figure 2-2: Project location

2.4 Access

Access to the Bukit Besi Project from the provincial capital of Kuala Terengganu is via the sealed East Coast Expressway and then the sealed Federal Route 14 to the Universiti Teknologi MARA (UiTM) Bukit Besi campus exit, from where the Project is accessed from an unsealed private road (Figure 2-3). The total driving time from Kuala Terengganu is approximately 1.5 hours.



Figure 2-3: Project access (unsealed road in pink)

2.5 Natural and cultural environment

The region surrounding the Bukit Besi Project experiences a tropical monsoonal climate, with two monsoonal periods extending from December to March and June to September. Annual rainfall in the area is around 2 m. Average temperatures are around 27 °C and there is little annual variation.

The site is accessible all year round. Mining operations can be occasionally impeded during monsoonal events, which provide substantial runoff, and the occasional electrical storm; however, the climate is amenable to mining operations for much of the year. The processing facilities are housed undercover and remain unimpeded by weather events year-round.

Relief in the surrounding area to the Project is typically low and flat at around 80 m above sea level. Isolated hills rise to heights of around 500 m. The main mining area at Bukit Besi is developed over a number of low lying hills, while the processing plant is located on an adjacent plain.

The natural vegetation consists of primary jungle, together with swampy conditions in the low-lying areas.

SRK understands that there are no records of threatened ecological communities or protected species within the Project area and that there are no heritage agreements in place at the Project. SRK has relied on information supplied by Azan Davidson in this regard.

Labour is sourced from a local workforce living in the township of Bukit Besi or its surrounds. Professional labour is sourced from the Malaysian university system or externally where required.

APPENDIX G – INDEPENDENT VALUATION REPORT

Fortress owns several local houses to accommodate workers whose primary residence is not located within the wider Bukit Besi region. Additionally, a workers' camp is located within the Project area.

2.6 History

The Project area has a long history of exploration and production since iron ore mineralisation was first identified by Japanese explorers in 1916.

In 1923 the Terengganu State Government issued a prospecting licence covering the area to the Kuhara Mining Company, which subsequently became the Nippon Mining Company (Nippon).

Prospecting by Nippon was undertaken between 1923 and 1930. During this time, Nippon excavated a total of 302 pits and drove 45 adits (for a total length of around 7,000 m).

By 1927 Nippon had signed a contract to supply the Yawata Steel Works in Japan with iron ore. The construction of a light railway commenced in 1928, and in 1929 the Nippon obtained a 50-year Mining Lease covering 1,271 acres.

By 1930 mining operations had commenced using 130 Japanese staff and a local labour force of 1,500, which was quickly expanded to 3,000.

The first shipment of iron ore left Bukit Besi in September 1930. The Nippon operations focused on superficial boulder deposits which were mined manually. Larger boulders were hand-picked, and the remainder screened to +2.5 cm. Additional small-scale production was achieved from solid in situ ore by drilling and blasting, though generally large primary masses were left untouched.

Mining was undertaken 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.

Production progressed at a rate of one million tons per annum 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.

Shortly after the Japanese occupation of the peninsula, the Japanese government re opened the mine; however, production was very much below the pre-war level.

An acute shortage of shipping vessels prevented large-scale exports and led to the accumulation of large stockpiles at the two shipping centres of Nibong and Sara.

As a result of the vessel shortage, the Japanese government constructed two smelting plants at Bukit Besi, resulting in the production of approximately 3,500 t of pig iron by May 1945.

Further to the 1945 Japanese surrender to the Allied forces, all Japanese-owned property in West Malaysia was placed under control of the Custodian of Enemy Property.

In 1948, the Bukit Besi property rights, stockpiles, and equipment were acquired by the Eastern Mining and Metals Company Limited (EMMCO) and the first shipments of ore from the old Japanese stockpiles were made later that year.

In 1949, small-scale mechanised mine production by EMMCO commenced and nearly 0.5 Mt was extracted in the first full year of production. The rate of production gradually increased to more than 1 Mt in the third year.

By 1965 EMMCO had mined 36.5 Mt at 63% Fe from the Bukit Besi area.

In 1971, in the height of the Communist insurgency, EMMCO abandoned the mine, citing the prevailing economic downturn and depleting resources. As a result of the mine closure, the refineries were abandoned and remain as ruins in the Bukit Besi township area.

APPENDIX G – INDEPENDENT VALUATION REPORT

In 2009, the Terengganu State Government announced that it had approved the appointment of several companies to revive mining at Bukit Besi and exploration in the wider area re-commenced.

In September 2012, mining activities recommenced for a short time prior to closure in August 2013. Fortress (formally known as Webcon Sdn Bhd) subsequently acquired the Mining Rights in 2017 and began construction of an onsite processing plant incorporating in-pit coarse cobbing with magnetic separation, crushing milling and grinding circuit, 3-stage magnetic separation, reverse flotation and rotary drier to produce a magnetite concentrate at 80% passing 75 µm at approximately 65% Fe. Monthly shipments from the Fortress operation in 2018 have typically been in the order of 30,000 wmt. With the recent addition of further milling capacity, steady-state exports of 40,000 wmt per month are planned.

2.7 Geological setting

Tectonically, the Malay Peninsula can be divided into three longitudinal belts: Western, Central and Eastern, each of which has its own distinctive characteristics and geological development.

The Bukit Besi Project is in the Eastern Belt, where continental sedimentary deposits of Jurassic-Cretaceous age, such as the Gagau Group, lie unconformably on the older Carboniferous and Permian sedimentary units.

Hill (2011) notes that the wider historical Bukit Besi mining area straddles the contact between Palaeozoic sediments and granite, which is presumed to be of late Cretaceous age. Granite apophyses (tapering offshoots from a larger igneous mass) have invaded the sedimentary units for up to 100 metres beyond the main line of the irregular contact. Additionally, blocks of shale have been caught up and lie within the body of the granite.

There appears to have been considerable assimilation by the granite magma, and hybrid rock-types associated with the intrusion are wide-spread. In most places, the granite-sedimentary contact shows strong intrusive cross-cutting by the granite, but in others it is apparent that the granite has only succeeded in pushing the sediments aside. Small quartz veins cut the granite and sediments in several places.

Low-grade thermal metamorphism of the Palaeozoic sediments near the granite contact is evidenced by the following:

- 1 Disseminated pyrite has been introduced to a relatively unaltered quartzite unit.
- 2 The shale beds appear to have become indurated and contain shreds of chlorite and laths of tremolite-actinolite.
- 3 The limestone units have undergone the highest degree of alteration; impure argillaceous units show partial re-crystallisation and minute fracturing and the less argillaceous units contain patches of broken garnet. The limestone units almost invariably show shattering, with later cementation by secondary calcite and chloritic material.

Amphibolite units occur as isolated masses across the Project area in two distinct types:

- 1 Those associated with skarns with no sulphides
- 2 Those not obviously associated with skarns, which contain sulphides.

2.7.1 Geophysical setting

Airborne-magnetometer and scintillation-counter surveys were conducted by the Malaysian Government between 1956 and 1957 over 16,000 square miles of the Malay Peninsula, including a 2,396 square mile area covering the Terengganu region. The survey revealed several anomalies which indicated possible mineralisation including several anomalies over the current Project.

APPENDIX G – INDEPENDENT VALUATION REPORT

In October 2017, a localised ground magnetic survey allowed the comparison of the analytical signal and reduced to the equator filtered magnetic data to determine areas of higher concentration of magnetic rocks and an analysis of the radiometric data distribution to determine groupings of major rock types.

2.7.2 Mineralisation styles and characteristics

The iron ore deposits consist principally of magnetite and its alteration product martite. There is some primary haematite and large amounts of secondary haematite. Goethite is also present.

Almost all the deposits occur as replacements in the sediments along or within 100 m of the granite-sedimentary contact. Magnetite and haematite replacement can also be seen within the granite. Here, fragments of altered sedimentary rock suggest that the magnetite has completely replaced bodies of shale engulfed by the granite.

Where overburden remains in situ, boulders of magnetite, haematite, and goethite float can be found.

Although five mineralisation styles are known at the Project (replacements in limestone skarns, replacements in shale, lenses and pod-shaped bodies, dissemination and replacements in granite), most of the remaining identified mineralisation at the Project, as well as the bulk of the ore produced historically is associated with the shale units in two deposit types:

- 1 Irregular masses have formed where there was no bedding left to act as a control. The ore generally consists of magnetite, martite, and secondary haematite with colloform banding, while the gangue is simply unreplaced shale.
- 2 Regular tabular bodies where the bedding was not destroyed during the period of metamorphism. These replacements vary in thickness from simple partings parallel to the bedding planes up to units 10 metres in thickness. The lengths of these bodies are also variable, and some more than 30 m long have been identified. In the western part of the historical main mining area the shale is host to numerous closely spaced tabular orebodies containing considerable quantities of pyrite. In many instances, the replacements are part tabular and part highly irregular in outline. Pyrite is generally more abundant in the tabular replacements than in the irregular type. It is thought possible that the bedding planes acted as channels for this mineralisation, and where these had been destroyed, its ability to penetrate the shale was considerably reduced.

Only one generation of magnetite has been recognised in the Bukit Besi area. While this magnetite replaces skarn alteration assemblages and other rocks, it is replaced itself by later sulphides, where it has been corroded and altered to martite along grain boundaries and fractures. Replacement bodies of other primary and secondary haematite are found across the Project area.

Hill (2011) notes that significant iron ore deposits at the Project have all been found within 100 m of the granite-shale contact. The mineralising fluids are interpreted to have made their way along bedding planes and contacts in the country rocks, as well as fracturing caused by the granitic intrusion itself. The formation of embayment structures in the granite-shale contact allowed for localised replacement. Here, the intruded sediments were partially isolated, producing structural traps.

APPENDIX G – INDEPENDENT VALUATION REPORT

3 Mineral Resource Estimate

In July 2018, SRK was commissioned to complete a maiden Mineral Resource estimate for the three iron ore deposits defined in the Bukit Besi Project area. In August 2018, an update was completed for the Valley deposit to include additional results that became available after the initial data cut-off date. An Indicated and Inferred Mineral Resource estimate of 5.41 Mt at 41.7% Fe was reported based on a mine survey as at 7 August 2018.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code (2012) on a qualitative basis taking into consideration numerous factors including; data quality, geological complexity, data coverage, recovery testwork and potential for eventual economic extraction (Table 3-1).

Table 3-1: Bukit Besi Mineral Resource summary as at 7 August 2018*

Area	Category	Mineral type	Gross attributable to ML7/2013		Net attributable to Fortress			Remarks
			Tonnes (millions)	Grade (Fe%)	Tonnes (millions)	Grade (Fe%)	Change from previous update (%)	
West	Indicated	Iron	0.37	42.2	0.37	42.2	N/A	None
West	Inferred	Iron	2.55	39.6	2.55	39.6	N/A	None
Valley	Inferred	Iron	1.36	46.4	1.36	46.4	N/A	None
East	Inferred	Iron	1.13	40.7	1.13	40.7	N/A	None
Total		Iron	5.41	41.7	5.41	41.7	N/A	None

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

The reader is referred to the SRK Qualified Person’s Report dated September 2018 (QPR), which provides further detail on the exploration data, analytical methods, quality assurance and quality control, and estimation methodology used to complete and report the Mineral Resource estimate.

Prospectivity at the Project is also detailed in the QPR. For the purpose of this IVR, the Mineral Resource Estimate is deemed to encapsulate all the value at the Bukit Besi Project.

SRK notes that deleterious elements are considered to lie within the bounds of the product specification. Concentrations of deleterious material in the concentrate are considered minimal and no shipments have been rejected on this basis and the presence of deleterious elements is therefore not considered material. Section 4 of this Report contains further commentary on the product specification limits.

In SRK’s opinion, the Mineral Resource estimate for the Project provides a reasonable representation of global grades and tonnages and is suitable for valuation purposes.

4 Mineral Processing and Metallurgical Testing

4.1.1 Metallurgical testwork

In 2017, Yantai Xinhai Mining Research and Design Company Ltd (Yantai) supported Fortress in optimising the process flowsheet during the design, construction and optimisation of the existing processing facilities, which have a 1.2 Mtpa throughput capacity.

A 3-phase metallurgical testwork program was undertaken on a 200 kg bulk sample of mineralised material sourced from the West area.

The material sampled tested by Yantai had grades of 62.41% Fe, 3.95% S, 0.24 g/t Au and 0.02% Sn. Phase 1 was designed to optimise grind size, Phase 2 was designed to optimise reagent performance and flotation time and Phase 3 was designed to optimise the findings of the Phase 1 and Phase 2 testwork programs and to provide a feasibility case for construction.

The following production specification targets were set based on communication with several potential offtake partners:

- 1 Greater than 67% Fe
- 2 Less than 0.7% S
- 3 Greater than 70% mass recovery
- 4 Moisture less than 10%.

The testwork concluded that a traditional crushing, magnetic separation, milling and flotation flowsheet would allow the target specification to be met and Fortress made the decision to construct the processing facility on this basis.

4.1.2 Processing flowsheet

The processing flowsheet () uses a 10-stage circuit which is summarised as follows:

- 1 Near-pit jaw crushing and coarse cobbling of the ore using dry magnetic separation.
- 2 Dual ball milling to produce a product P40 75 µm that is pumped for screening.
- 3 Screening using a 1 mm aperture screens, with undersize passing to a Stage 1 magnetic separation and the oversize recycling to the ball mills.
- 4 Stage 1 magnetic separation, at a nominal 2,400 Gauss, to remove barren material to tailings and a magnetic fraction for regrind.
- 5 A regrind circuit, to grind the coarse magnetic material.
- 6 A cyclone cluster to direct fines material (P80 75 µm) to flotation and the coarse material for further regrinding.
- 7 Stage 2 magnetic separation, at a nominal 2,400 Gauss, of the cyclone overflow material to remove a barren tailings stream.
- 8 Reverse flotation of the Stage 2 magnetic material where the sulphur-rich froth layer is removed to a second tailings stream while the iron-enriched underflow passes to filtration.
- 9 A disc filter to remove excess moisture from the concentrate.
- 10 Storage in the Final Concentrate stockpile.

Process sampling points are labelled A–O (), with sampling undertaken daily for production reconciliation and operational assessment. SRK considers that the flowsheet selection is appropriately based on the metallurgical testwork results. The flowsheet has been informed by the experience of

APPENDIX G – INDEPENDENT VALUATION REPORT

Yantai and Fortress. The process technology selected is well proven and is technically low risk for iron concentrate production.

Processing tailings are pumped to a series of containment and evaporation ponds, where processing water is re-cycled using 1,500 m³/hr, 5.5 bar rated stainless steel, centrifugal double-end suction pumps. After evaporation, the dry tailings are paddock dumped in historical pits as landfill. Fortress has provided SRK with volume estimates to suggest that the installed storage capacity is more than adequate to accommodate the tailings produced over the conceptual 3-year mine plan and hence this is considered a low risk. The risk of overtopping in a high rainfall event is considered extremely low, given the volume estimates.

The recent start-up of operations has demonstrated the capacity of the processing facility to meet the target product specification.

APPENDIX G – INDEPENDENT VALUATION REPORT

5 Mining

To date, no Ore Reserves have been reported in accordance with the JORC Code (2012) guidelines at the Project.

Despite no formal techno-economic studies (such as a Feasibility Study) or a full life of mine (LoM) schedule having been completed to date, Fortress has commenced iron ore mining and processing and has achieved steady-state production and export operations are supported by a short-term offtake indicative term sheet.

5.1 Extraction and processing method

The Bukit Besi mining operation uses a conventional truck and shovel open pit mining method using a conventional drill and blast approach. Mill feed is being mined on a bench height of 2.0 m, with drill and blast limited to a one bench depth in areas containing ore. The average strip ratio is 4 to 1 waste to mill feed (noting that no formal optimisation work has been undertaken to support a detailed schedule), with waste being dumped external to the Mineral Resource footprint and external to the known geophysical magnetic signature.

The operation utilises a 10-stage processing method as described in Section 4.1.2, which was based on 3-phase metallurgical testing and provides a reasonable basis for the production levels assumed in the DFC valuation.

5.2 Production reconciliation

Fortress provided SRK with operating performance data over a 25-day period in July 2018 to allow the derivation of a suitable mining cut-off grade and dilution and recovery estimates, which were back-calculated from the supplied data (Table 5-1). Operations during this period were focused on the West pit, which can be considered representative of the mineralisation style and geometry at the Project.

An average ore loss factor of 5% and an average mining dilution factor of between 15% and 18% can be derived from the operating performance data, which SRK considers to be reasonable for the mining practices observed during the site visit. SRK notes that while grade recoveries were provided, tonnage estimates were not provided for the sampling period.

Table 5-1: Average crushing ore grade

Sampling location	Average grade (Fe %) over 25 days
West pit	
1. Post near-pit jaw crushing but prior to coarse cobbling (considered to be analogous to pit production)	34.00
2. After coarse magnetic separation	40.11
Mill	
3. Input grade into mill	43.72
4. After 2-stage magnetic separation	65.45
5. After froth flotation	67.66

5.3 Material availability

For valuation purposes, SRK has developed a high-level 3-year mine plan based on historical production performance records and production reconciliation of limited operating performance data from the current operation.

APPENDIX G – INDEPENDENT VALUATION REPORT

The mine plan used the current Mineral Resource estimate as the basis for material availability, where eight months of the planned material to support production is derived from material classified as Indicated Mineral Resources. Feed material underpinning the longer-term planned production (i.e. beyond the first eight months) will be sourced from Inferred Mineral Resources and requires further drilling and analysis to convert to at least an Indicated Mineral Resource status. SRK understands that this drilling to support the conversion of Inferred Mineral Resources to Indicated Mineral Resources is underway.

SRK cautions that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the mine plan itself will be realised.

SRK cautions that there are no Ore Reserves reported at the Project.

Table 5-2 presents the availability assumptions as applied to the Mineral Resource estimate.

Table 5-2: Availability assumptions

Area	Class	Tonnes (Mt)	Grade (Fe%)	Loss	Dilution	Plant feed (Mt)	Plant grade (Fe %)
West	Indicated	0.37	42.2	5%	18%	0.42	34.6
West	Inferred	2.55	39.6	5%	18%	2.86	32.4
Valley	Inferred	1.36	46.4	5%	18%	1.53	38.0
East	Inferred	1.13	40.7	5%	18%	1.26	33.4
Total		5.41	41.7	5%	18%	6.06	34.2

5.4 Production schedule

A high-level schedule was developed by Fortress to consider the production of 40,000 wmt of concentrate per month over a 3-year period, based on the material availability assumptions as described in Section 5.2 and the production reconciliation information. SRK utilised 50% of the available Inferred Mineral Resources to develop a revised mining schedule based on the confidence level attached to the reporting of Mineral Resources in the Inferred category (Table 5-3) SRK considers this schedule to be optimistic given the reliance on Inferred Mineral Resource, but reasonable for valuation purposes.

Table 5-3: High-level mining schedule*

Year	Tonnes mined (Mt)	Grade mined (Fe%)	Waste tonnes mined (Mt)	Plant feed tonnes (Mt)	Plant feed grade (Fe%)	Product tonnes (Mt)	Product grade (Fe%)
1	1.008	41.7	4.03	0.96	34.2	0.48	68.5
2	1.008	41.7	4.03	0.96	34.2	0.48	68.5
3	1.008	41.7	4.03	0.96	34.2	0.48	68.5
Total	3.02	41.7	12.09	2.88	34.2	1.44	68.5

Note: *Figures have been rounded.

6 Infrastructure, Environment and Permitting

As a historical mining area, SRK notes that there is sufficient infrastructure to adequately support the current mining operation and the 3-year plan. SRK has relied on the accuracy of the information provided by Azman Davidson in the preparation of this section. A full legal opinion report prepared by Azman Davidson is included in the Prospectus.

6.1 Water supply

Given the tropical monsoonal climate, the long-term water supply to the Project is considered very low risk, with the current supply sourced from runoff. The runoff water has a pH value of 3 (acidic), which is balanced to a pH of 6.23 (neutral) by Fortress using processing tailings which are calcitic.

6.2 Tailings storage

Processing tailings are pumped to a series of containment and evaporation ponds, where processing water is re-cycled using 1,500 m³/hr, 5.5 bar rated stainless steel, centrifugal double-end suction pumps. After evaporation, the dry tailings are paddock dumped in historical pits as landfill. Fortress has provided SRK with volume estimates to suggest that the installed storage capacity is more than adequate to accommodate the tailings produced over the conceptual 3-year mine plan and hence this is considered a low risk. The risk of overtopping in a high rainfall event is considered extremely low, given the volume estimates.

6.3 Power supply

The availability of site power is a very low production risk. Tenaga Nasional Berhad (TNB) supplies 4.2 MW 11 kV (3-phase) power via an underground cable from the main sub-station at the nearby UiTM. The high voltage supply is then stepped down into 415 V 3-phase power at the processing facilities and the crushing plant. The Project has several diesel generation sets (1 × 550 kVA, 1 × 650 kVA, and 2 × 20 kVA) which act as an emergency back-up supply in the event of a power outage. These installations were observed during the site visit which was undertaken while the operation was running at a steady-state throughput.

6.4 Service agreements

There are various service agreements in place at the Project that cover mining, drill and blast, and the supply of fuel. SRK has not undertaken a detailed review of these contracts and has assumed for the purpose of this Report that the contracts are suitable to allow site operations to continue unimpeded by contractual constraints should listing on Catalist proceed. Legal reliance is placed upon Azman Davidson as noted in Section 1.

6.5 Environment and the community

On 27 August 2018, the Project area was gazetted as, "Mining" under the local town planning scheme and on 17 September 2018 Jabatan Alam Sekitar (JAS) approved the Environmental Impact Assessment (EIA) for the Project. Twice-yearly auditing will be undertaken by JAS.

SRK understands that all environmental approvals and permits are in place to allow production at the Project to continue unimpeded.

Fortress, as the legal contractor at the Project, will be required to renew its Operational Mining Scheme (OMS) annually and its mining permit every three years. These renewals are considered administrative only. The permits provide for safety and health obligations as well as duty of care.

7 Financial Analysis

All monetary figures used in this IVR are expressed in United States dollars (US\$) and Malaysian Ringgit (RM) terms using an exchange rate of US\$0.24/RM which is the exchange rate at 18 September 2018.

7.1 Capital and operating expenditure

7.1.1 Capital costs

To date, RM26.4m (US\$6.45m) in capital has been expended by Fortress on the fixed assets at the Project, which includes the supply and installation of the processing facilities, supporting infrastructure and other minor capital items.

In addition, RM6.2m (US\$1.51m) has been expended by Fortress on the exploration and evaluation of the Bukit Besi assets to date. This includes RM5.5m (US\$1.34m) for the purchase of the mining rights, RM0.1m (US\$0.024m) for metallurgical testwork, and RM0.5m (US\$0.12m) for external consultancy and contract work.

No further initial capital expenditures are required. Going forward, sustaining capital is likely to be in the order of 2% per annum.

7.1.2 Operating costs

An operating cost estimate was developed by Fortress, which includes all key cost areas including mining, crushing, processing, product transport and storage, general and administrative expenses and corporate costs. This has been informed by the past years' operating performance (including a 6-month ramp-up period), together with the contract rates from key suppliers.

Under Section 13(1) of the *Pembangunan Sumber Manusia Berhad (PSMB) Act 2001*, a levy payment of 1% of wages paid is due to the Human Resources Development Fund (HRDF) in respect of each employee.

Fortress's build-up of cost reflects the operating performance history and includes electrical power, labour, maintenance, fuel, reagents and other costs. The HRDF levy was estimated from a head count and salaries. Maintenance costs were factored based on the installed capital costs (and the 2% sustaining capital allocation). Reagent usage was based on testwork consumptions, supplier quotes and industry standards.

Based on its review of Fortress's operating cost estimate, SRK considers the estimate to be reasonable for valuation purposes, based on the operating history to date.

C1 Cost (Net Direct Cash cost)

Representing the cash cost incurred at each processing stage, from mining through to recoverable Iron delivered to the market, the C1 cost based on a steady-state concentrate production of 40,000 wmt per month (or 480,000 wmt annually) has been estimated at between RM140 (US\$34.20) and RM160 (US\$39.09) per wmt of concentrate.

C2 Cost (Production cost)

Representing the sum of the net direct cash cost (C1) and depreciation, depletion and amortisation, the C2 cost based on a steady-state concentrate production of 40,000 wmt concentrate per month (or 480,000 wmt concentrate annually) has been estimated at between RM160 (US\$39.09) and RM190 (US\$46.42) per wmt of concentrate production.

APPENDIX G – INDEPENDENT VALUATION REPORT

C3 Cost (Fully Allocated cost)

Representing the sum of the production (C2) cost, indirect costs* and net interest charges, the C3 cost, based on a steady-state concentrate production of 40,000 wmt concentrate per month (or 480,000 wmt concentrate annually), has been estimated at between RM180 (US\$43.98) and RM215 (US\$52.53) per wmt of concentrate production (* indirect costs include corporate overheads, exploration costs, royalties and taxes, extraordinary costs and interest charges attributable to the Project).

7.2 Pricing

Pricing received by Fortress from initial concentrate shipments sold prior to steady-state operations being achieved had an average price of RM317.40 (US\$77.50) per wmt.

SRK understands the June 2018 and July 2018 shipments are representative of the product specification being realised through steady-state production. These shipments realised an average price of RM354.79 (US\$86.63) per wmt and were sold to the current offtake partner.

7.3 Taxes and liabilities

7.3.1 Corporate taxation

The Malaysian company tax rate of 24% is payable on all Project profits.

7.3.2 Royalties

Two royalty streams are payable on concentrate produced at the Project.

Royalty 1

RM5 (US\$1.22) per dry metric tonne of concentrate shipped is payable to PTG (Department of Director General of Lands and Mines).

Royalty 2

RM15 (US\$3.66) per dry metric tonne of concentrate shipped is payable to LTWANT.

7.3.3 Human resources development fund levy

Under Section 13(1) of the *PSMB Act 2001*, a levy payment of 1% of wages paid is due to the HRDF in respect of each employee.

7.3.4 Environmental obligation

The environmental closure obligation to Fortress for each mining lease is an annual contribution of RM6,000 (US\$1,466) and a lump sum contribution of RM14,000 (US\$3,420) at the completion of operations.

7.4 Marketing and sales agreements

Iron concentrate shipments to date have been undertaken using single-shipment contracts between Fortress and a number of different Asian offtake partners on a CFR basis including Shaanxi. SRK has sighted these contracts. Steady-state exports of 40,000 wmt per month of concentrate are included in the conceptual 3-year plan.

The latest concentrate prices achieved during steady-state operations are in the RM340 (US\$83) per wmt to RM368 (US\$90) per wmt range, based on iron concentrate grades of between 63% and 67%.

APPENDIX G – INDEPENDENT VALUATION REPORT

with shipment moisture readings averaging 8% (Figure 7-1). Steady-state operations have now been achieved.

Concentrations of elements other than Iron are not considered to be deleterious to the concentrate production and are considered to be minimal to immaterial by both Fortress and SRK with respect to resource estimation.

No shipments have been rejected to date. While SRK is cognisant of dynamic global markets, SRK is aware of the unique market positioning Fortress has successfully negotiated with its customer base which allows substantial operational flexibility.

The indicative term sheet with Shaanxi for offtake sales of iron concentrate in 40,000 wmt monthly shipments is for offtake during the period July 2018 to July 2019, with an option to renegotiate sales terms beyond the contract expiry date. Provisional pricing outlined in this term sheet is based on the trailing 3-day average Platts 65% Fe CFR North China Index Pricing, and price adjustments are based on quality. No specification limits are set for either Iron or any other elements which would usually be considered deleterious under the more commonly used 62% index pricing agreements.

Price adjustments are made on the following basis:

Total Iron Adjustments:

- If the Iron content is higher than 65.00%, the price shall be increased by US\$1.50/dmt for each 1.0% above, fraction pro rata
- If the Fe content is lower than 65.00%, the price shall be decreased by US\$1.50/dmt for each 1.0% below, fraction pro rata.

Silica Adjustments:

- If the Silica content is higher than 3.5%, the price shall be decreased by US\$0.05/dmt for each 0.1% above, fraction pro rata.

Alumina Adjustments:

- If the Alumina content is higher than 1.3%, the price shall be decreased by US\$0.05/dmt for each 0.1% above, fraction pro rata.

Phosphorous Adjustments:

- If the Phosphorous content is higher than 0.08%, the price shall be decreased by US\$0.30/dmt for each 0.01% above, fraction pro rata.

Sulphur Adjustments:

- If the Sulphur content is higher than 0.4%, the price shall be decreased by US\$1.00/dmt for each 0.1% above, fraction pro rata.


Physical size adjustments:

- No penalties for physical size.

SRK has sighted but has not undertaken a detailed review of the terms of the Shaanxi term sheet and has assumed that for the purpose of this IVR, this will be executed as a contract over the coming weeks, and that the contract will be suitable to allow site operations to continue unimpeded by contractual constraints should listing on Catalist proceed.

APPENDIX G – INDEPENDENT VALUATION REPORT

Inspectorate Malaysia Sdn. Bhd. (Co. No. 19520031)
 4-1-2, 7th Floor, South Tower Citicorp AS
 0101 One The Terrace, Leohor, Damansara U,
 Kuala Lumpur, Kuala Lumpur, 50488 Kuala Lumpur,
 Selangor Darul Ehsan, Malaysia
 T: +60 (0)3 5119 5662
 F: +60 (0)3 5119 8556
 www.inspectorate.com


INSPECTORATE

OUR REF: MYKTMJ18200046

KEMAMAN: 3RD JULY, 2018

CERTIFICATE OF ANALYSIS AND QUALITY

Acting on the instruction from Messrs Fortress Mining Sdn Bhd (Formerly known as Webcon Mining Sdn Bhd), we have carried out the sampling and analysis on the under-mentioned goods and report as follows:-

Vessel	:	MV. XINYIHAI 55
Commodity	:	IRON ORE
B/L Quantity	:	30,500.00 MT
B/L No.	:	XINYIHAI/KMN-01
Load Port	:	KEMAMAN PORT, MALAYSIA
Discharge Port	:	RUGAO, CHINA

PLACE AND DATE OF SAMPLING

At EW3, Kemaman Port, Malaysia at the time of loading from 24th to 29th June, 2018.

SAMPLING AND ANALYSIS

Manual sampling was carried out by us with number of increments according to ISO 3082. Incremental samples were collected by us individually during loading into Hold No. 1, 2, 3, 4 and 5 of the vessel. The gross samples thus collected were mixed together, labelled, sealed and submitted to our laboratory in Kuantan for analysis. Results are reproduced as below:-

30,500.00 MT of Iron Ore in bulk



On Dry Basis

Test Parameters	Results %	Physical Size	Results %
FE	67.51	Above 0.075 mm	29.28
SiO2	2.81	Below 0.075 mm	70.72
Al2O3	0.52		
P	0.045		
S	0.40		
As	0.006		
Free Moisture Content (arb)	7.50		

The remaining pulverized samples shall be under our retention for three months only, after which time shall be disposed of.
 (This report represents our findings at time and place of inspection only and does not refer to any other matter). All Operations to be carried out in accordance with Bureau Veritas Commodities Division General Conditions of Service (2014 Edition). An electronic version can also be viewed on our company website: http://www.inspectorate.com/general_conditions_of_service

DATE: 3RD JULY, 2018
 MSS/MAR/ MYKTMJ18200046

-----000000-----

All services are rendered in accordance with Inspectorate's General Terms and Conditions of Business, available on request or at www.inspectorate.com/terms_and_conditions/index.asp
 Certified by ISO 9001:2008

Figure 7-1: July 2018 shipment – quality billet

8 Valuation

The objective of this section is to provide a valuation of the mineral assets of the Project. SRK has not valued Fortress, this being the corporate entity which is the beneficial owner of the mineral assets considered in this Report.

The valuation estimated by SRK is current as at 18 September 2018. The value is considered a Market Value as defined in the VALMIN Code (2015).

Key technical information and assumptions for the valuation are presented in the previous sections of this IVR

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Project and the Project's associated tenure.

8.1 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Having asked the question of Fortress, SRK is not aware of any previous Independent Valuation reports relating to the assets that are the subject of this Report.

8.2 Methodology

All projects can be classified according to the development stage categories as defined in the VALMIN Code (2015):

Exploration Areas – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

Advanced Exploration Areas – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.

Pre-development Projects – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.

Development Property – properties for which a decision has been made to proceed with construction and/ or production, but which are not yet commissioned or are not yet operating at design levels.

Production Project – mineral properties, particularly mines and processing plants that have been commissioned and are in production.

SRK has classified the Project as a Production Project.

APPENDIX G – INDEPENDENT VALUATION REPORT

8.3 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

- 1 Market Approach
- 2 Income Approach
- 3 Cost Approach.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The *Income Approach* is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. Table 8-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Table 8-1: Suggested valuation approaches according to development status

Valuation approach	Exploration projects	Pre-development projects	Development projects	Production projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The market-based approach to valuation is generally accepted as the most suitable approach for valuation of a Production Project.

An income-based method, such as a discounted cashflow (DCF) model is commonly adopted for assessing the value of a tenure containing a deposit where an Ore Reserve has been reported following an appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012), **or where the asset is at the production stage** (Table 8-1).

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, i.e. prior to estimation of Mineral Resources.

APPENDIX G – INDEPENDENT VALUATION REPORT

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market value (defined below) of mineral assets, using market-derived data.

The **Market value** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market value has the same intended meaning and context as the International Valuation Standards Committee's (IVSC) term of the same name.

The **Technical Value** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Valuation methods are, in general, subsets of valuation approaches. For example, the income-based approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb that are considered suitable only to benchmark valuations completed using primary methods.

The methods traditionally used to value exploration and development properties include:

- Multiples of Exploration Expenditure (MEE)
- Joint venture terms (expenditure-based)
- Geoscience ratings (e.g. Kilburn – area-based)
- Comparable market value (real estate-based)
- Metal Transaction Ratio (MTR) analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – real estate-based)
- Yardstick/ rule of thumb (e.g. \$/resource or production unit, percentage of an in situ value)
- Geological risk.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

8.4 Valuation basis

In estimating the value of the Project as at the valuation date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has considered the currently defined Mineral Resources estimated at the Project, as well as the operating environment.

An operating mine would typically have a reported Ore Reserve, where Modifying Factors had been derived and documented in accordance with JORC Code (2012) guidelines which is supported by an appropriate level of technical study (such as a pre-feasibility study or feasibility study).

SRK notes that the Project does not fit into the traditional regulatory framework with respect to JORC (2012) guidelines in that it is a Production level project which has achieved steady-state operations without a feasibility level studies.

While the conceptual 3-year plan for the Project has been developed with reliance on Mineral Resources classified in the Inferred category, SRK is satisfied that the recent operating performance data sufficiently supports the use of Inferred Mineral Resources in the 3-year plan in addition to the Indicated Mineral Resources. As noted in Sections 5.3 and 5.4 of this Report, SRK has assumed a

APPENDIX G – INDEPENDENT VALUATION REPORT

50% conversion rate of Inferred to Indicated Mineral Resources and has used 50% of the Inferred Mineral Resource material to support two years of the 3-year plan.

SRK is cognisant that Inferred Mineral Resources are not sufficient to allow the application of technical and economic parameters which would allow the public reporting of an Ore Reserve or feasibility study to allow mining operations to be permitted under the Australian regulatory framework.

SRK notes that the guidelines of the JORC (2012) and VALMIN (2015) codes were designed to fit within the Australian regulatory framework that would not allow the construction and operation of a mine in the absence of a reported Ore Reserve and feasibility studies.

However, as the Project sits within the Malaysian regulatory framework, construction has been completed, and the Project is at steady-state production.

SRK notes that while it is atypical to use an Income based approach where no Ore Reserves are reported, it would not be reasonable to use a Cost based approach in this instance as the Cost based approach would not consider the existing revenue stream.

On this basis, SRK has elected to use cashflow modelling as its primary method to value the Project. SRK has also considered comparable transactions in valuing the Project (Table 8-2).

Table 8-2: Valuation basis

Development Stage	Description	Valuation basis
Production	Within the 3-year mine plan	Income: Cashflow model Market: Comparable transactions*

Note: *See Section 8.4.2.

8.4.1 Income approach – Cashflow model

Fortress developed a base case financial model to accommodate the conceptual 3-year plan. SRK reviewed the financial model and held discussions with Fortress personnel to clarify some elements of the capital and operating estimates. SRK modified the technical assumptions and cost projections where appropriate and prepared a DCF to arrive at a base case net present value (NPV) in United States dollars.

Discount rate

SRK used the Bloomberg platform to derive a 10% post-tax, real discount rate as a reflection of the Project's Weighted Average Cost of Capital (WACC), using the inputs presented in Table 8-3, which SRK deems are reasonable for use.

Table 8-3: WACC inputs

Metric	Input value
Risk-free rate (10-year US government bond rate)	2.73%
Beta (assumes parity with market* given the purpose of the Prospectus, i.e. no adjustment for diversification)	1.00
Market risk premium	5.8%
Cost of equity	10.2%
Debt allocation	5%
Pre-tax cost of debt	10%
Post-tax cost of debt	7%
Post-tax WACC	10%
Pre-tax WACC	14.4%

Note: * FTSE ST Small Cap Index (SGX: FSTS).

APPENDIX G – INDEPENDENT VALUATION REPORT

No additional discounting has been applied to accommodate the use of Mineral Resources classified in the Inferred category as this risk discount was applied as a 50% material availability assumption as noted in Sections 5.3 and 5.4.

Prices

Iron concentrate shipments to date have been undertaken using single-shipment contracts between Fortress and several different offtake partners on a CFR basis, including Shaanxi. Steady-state exports of 40,000 wmt per month of concentrate are included in the 3-year plan.

The latest concentrate prices achieved during steady-state operations at Bukit Besi are in the range RM340 (US\$83) per wmt to RM368 (US\$90) per wmt, based on iron concentrate grades between 63% and 67%, with shipment moisture readings averaging 10%. These exports were sold to Shaanxi. Steady-state operations have now been achieved.

Provisional pricing is based on the trailing 3-day average Platts 65% Fe CFR North China Index Pricing and price adjustments are based on quality as described in Section 7. SRK has accommodated the possible price adjustments in the valuation using a probabilistic sensitivity approach.

SRK has sighted but has not undertaken a detailed review of the terms of the Shaanxi term sheet and has assumed for the purpose of this IVR that this contract will be executed over the coming weeks and is suitable to allow site operations to continue unimpeded by contractual constraints should listing on Catalyst proceed.

The volatility in iron ore prices and corresponding market sentiment over the past five years makes it important to consider the spot iron ore market to provide understanding of iron ore price trends for consideration of the fair market value.

Using data sourced from SRK’s internal databases and the S&P Global Market Intelligence (formerly SNL Financial) subscription database SRK applied a long-term real consensus forecast price for 65% Fe CFR in the cashflow modelling (Table 8-4).

Using historical averages, the 65% Fe CFR price was set at a premium of US\$25 to the 62% Fe CFR Price. SRK used the United States Consumer Price Index (US CPI) forecast as the real price deflator.

SRK notes that the forecast price was arrived at after due and careful enquiry and reflects a reasonable outlook of the future.

Table 8-4: SRK real price protocol in 2018 terms

Price/ Year	2018	2019	2020	2021	2022	2023
62% Fe CFR (US\$/wmt) nominal	65	65	65	65	65	65
65% Fe CFR (US\$/wmt) nominal	90	90	90	90	90	90
US CPI Forecast	245.14	251.38	257.5	263	268.33	273.9
Deflation (%)	100%	97.5%	95.2%	93.2%	91.4%	89.5%
65% Fe CFR (US\$/wmt) real	90	88	86	84	82	81

Exchange rate

All monetary figures used in this IVR are expressed in United States dollars (US\$) and Malaysian Ringgit (RM) terms using a base case exchange rate of US\$0.24/RM which is the exchange rate at 18 September 2018. The base parameters for cashflow modelling are presented in Table 8-5.

APPENDIX G – INDEPENDENT VALUATION REPORT

Table 8-5: Base case cashflow modelling input parameters

Item	Value	Description
Mining rate	1 Mtpa	SRK Mineral Resource (50% utility based on Inferred resource status), Fortress operating performance and production reconciliation to date.
Head grade	34.2%	SRK Mineral Resource, Fortress operating performance and production reconciliation (constant)
Concentrate tonnes	40,000 wmt	Per month
Concentrate grade	65%	Average constant contracted grade
Initial Capital	Nil	Capital already repaid (5% contingency in WACC)
Sustaining capital	2%	2% of gross sales value per annum
C1 cost	US\$39/wmt	Fortress operating history and average forecast
C2 cost	US\$46/wmt	Fortress operating history and average forecast
Total CFR costs (C3 cost)	US\$53/wmt	Fortress operating history and average forecast
Sales price*	US\$90/wmt	Consensus forecast (Platts IODEX 65%) nominal
Pre-tax discount rate	14.4%	Pre-tax weighted average cost of capital
Post-tax discount rate	10%	Post-tax weighted average cost of capital
Tax	24%	Malaysian corporate tax

The base case cashflow modelling results are presented in Table 8-6.

Table 8-6: Cashflow modelling – Base case results

Metric	US\$m
NPV 14.4% Pre-tax	40.9
NPV 10% Post-tax	32.6

SRK cautions that the base case cashflow model relies on the use of Inferred Mineral Resources (50% of total mined material). Table 8-7 presents a general guide of the confidence in targets, resource and reserve estimates, hence value, referred to in the mining industry. This risk been factored into the valuation as noted in Sections 5.3, 5.4 and 8.4 of this Report.

Table 8-7: General guide regarding confidence for target and Resource/ Reserve estimates

Classification	Estimate range (90% Confidence Limit)
Proven/ Probable Ore Reserves	±5% to 10%
Measured Mineral Resources	±10% to 20%
Indicated Mineral Resources	±30% to 50%
Inferred Mineral Resources	±50% to 100%
Exploration Target	+100%

Sensitivity analysis

In accordance with Practice Note 4C of the Catalist Rulebook– Disclosure Requirements for Mineral, Oil and Gas Companies, an analysis of the economic sensitivity to variation in the principal assumptions relating to the commodity price and discount rate was undertaken. Additionally, SRK analysed the Project’s economic sensitivity to operating costs.

Rather than performing a traditional univariate sensitivity analysis on the deterministic outcome of the cashflow modelling, SRK elected to perform probabilistic scenario modelling.

APPENDIX G – INDEPENDENT VALUATION REPORT

This was undertaken to allow the assessment of the Project’s risk profile in the context of likelihood of event occurrence and considers the risk around the utility of Inferred Mineral Resource material in the 3-year plan.

The following methodology was used to perform scenario-based, probabilistic modelling on the SRK base case model.

1. A range analysis was performed to identify the minimum and maximum values on key project risk variables and probability weights were given to those values to fit distribution curves and correlation coefficients for Monte Carlo simulations. Given the uncertainty around the grade estimates, liberal input ranges were used around these project risk variables.
2. Simulation runs were performed using Oracle Crystal Ball software. In all, 5,000 simulation runs were used to ensure a good representation of random values of risk variables and the probability that those variables will contribute to a risk event.
3. Statistical analysis of the simulation results was performed and cumulative probability distribution curves of all 5,000 simulation runs were plotted to assess the overall project risk and arrive at a valuation opinion.

Table 8-8 presents the probabilistic ranges used to inform the sensitivity analysis.

Table 8-8: Probabilistic ranges

Variable	Distribution	Range	Minimum	Maximum	Range on actuals	Range on forecast
Price (with adjustments) Per Wet Metric Tonne	Triangular (Consensus forecast – Platts IODEX 65% nominal)	US\$80–100	US\$80	US\$100	-8% + 12%	-20% + 20%
Pre-tax WACC	Triangular	11.4%–17.4%	11.40%	17.40%	N/A	N/A
Post-tax WACC	Triangular	7%–13%	7%	13%	N/A	N/A
Concentrate	Triangular (wmt concentrate per month)	30,000–50,000	30,000	50,000	-25% + 25%	-25% + 25%
C1 cost*	Triangular (US\$/wmt)	US\$35–\$55	US\$35	US\$55	-11% /+ 41%*	0% /+ 26%

Note: *Conservative range analysis.

The potential variability in income, as determined by the variations in product specification and related price points has been accommodated in the cashflow model using the probabilistic price range as presented in Table 8-8.

The potential variability in income, as determined by the variations in concentrate output relating to the availability of feed material has been accommodated in the cashflow model using the probabilistic range presented in Table 8-8.

No special allowance was given to the higher confidence feed material underpinning Year 1 production.

The potential variability in value, as determined by the variations in costs relating to mine planning assumptions, has been accommodated in the cashflow model using the probabilistic range as presented in Table 8-8.

The potential variability in the WACC, as determined by systematic risk been accommodated in the cashflow model using the probabilistic price range presented in Table 8-8.

APPENDIX G – INDEPENDENT VALUATION REPORT

Statistics

Figure 8-1 presents the trial statistics and forecast value distributions for the Monte Carlo simulations.

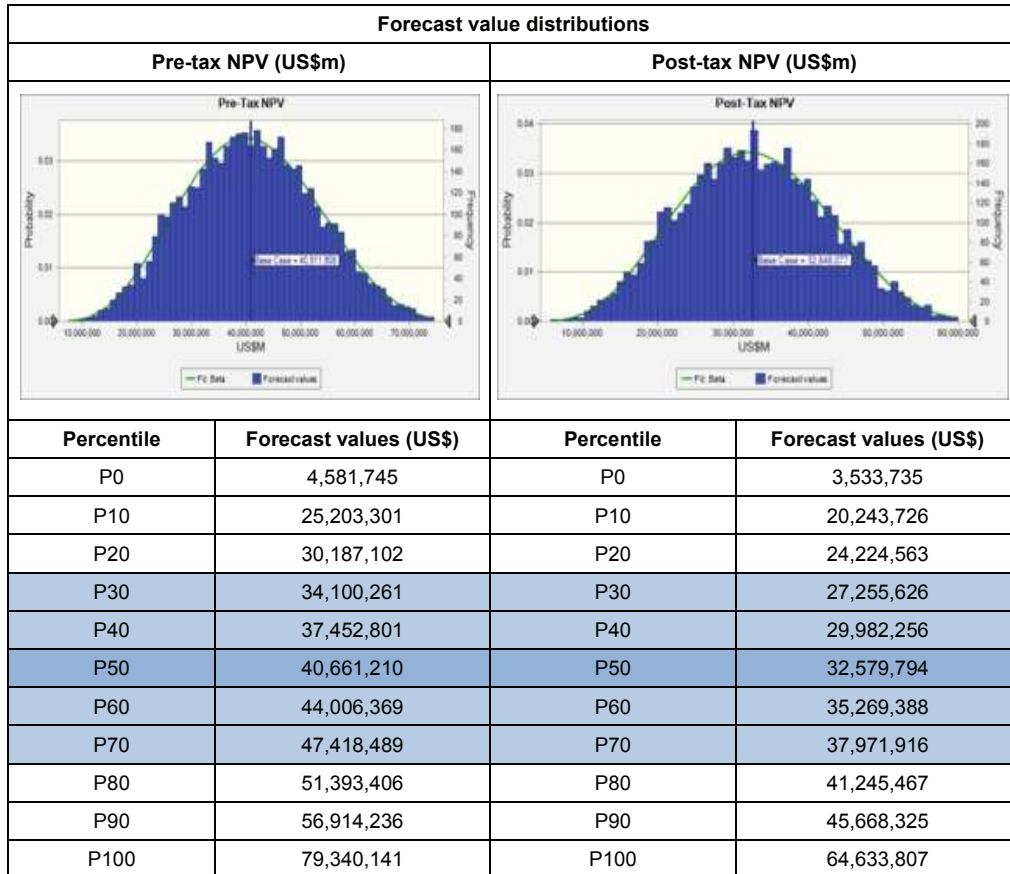


Figure 8-1: Forecast value distributions

The probabilistic modelling produced the summary outcomes shown in Table 8-9. SRK elected to use the 30th and 70th percentiles as the lower and upper range limits of the forecast values (approximately one standard deviation).

Table 8-9: Cashflow modelling – probabilistic summary outcomes

Metric (US\$m)	Base case (deterministic)	Low case (probabilistic)	High case (probabilistic)
NPV 14.4% Pre-tax	40.9	34	47
NPV 10% Post-tax	32.6	27	37

Contributing variables

Concentrate output, product pricing and C1 cost contributed significantly to the forecast value distributions reported in the probabilistic modelling. This indicates that the Project’s economics are highly sensitive to these three variables. The Project’s economics are not sensitive to changes in the discount rate used in cashflow modelling.

APPENDIX G – INDEPENDENT VALUATION REPORT

Market premium or discount

SRK considers the probabilistic valuation range to be representative of the likely market valuation range given the accommodation of a discount range distribution in the Monte Carlo simulation trials, where the WACC has been used as a discount rate proxy.

The Beta input value to WACC can be considered to be a measure of systematic risk (a measure of volatility against market movements, undiversifiable risk or market risk). Obvious subjectivity arising from the use of beta to quantify market risk is the choice of market and suitable index against which it should be compared.

SRK notes that the FTSE ST Small Cap Index (SGX: FSTS) was used to represent the market for the calculation of WACC. Given the purpose of the Prospectus, SRK has not applied a market premium or discount to the technical value to arrive at a market value using the discounted cashflow method. For the purpose of the Prospectus, SRK notes that a reasonable level of technical risk has been accommodated in the use of 50% of the Mineral Resources.

8.4.2 Market approach

Comparable transactions

As a secondary valuation approach, SRK used its internal databases and the S&P Global Market Intelligence subscription database, to research recent transactions involving iron ore in the Indo-Pacific region. The mineral assets incumbent within these transactions were assessed according to the project development categories outlined in the VALMIN Code (2015) and analysed to assess the comparability of the mineral assets relative to the Project.

SRK did not find any unrelated comparable transactions in the Indo-Pacific region, where production level projects are operating in the absence of a reported Ore Reserve.

SRK notes that a single related transaction was undertaken on 9 May 2017. Selangor Dredging Berhad Connect Sdn Bhd, a wholly owned subsidiary of Selangor Dredging Berhad Sdn Bhd, entered into a Share Sale Agreement with Dato' Sri Chee Yew Fei for the purpose of acquiring 20% equity interest of Webcon Mining Sdn Bhd (now Fortress).

The consideration for this acquisition was RM20m (US\$4.87m), for an equivalent enterprise value of RM100m (US\$24.35m), where the only assets in the Webcon portfolio at the time were the assets which are the subject of this Report.

SRK suggests that it is impractical to use this single related transaction to inform the valuation range given that the Project has progressed through construction since the date of the transaction and is now at steady-state production levels.

For transparency, and in accordance with Section 8.3 of VALMIN Code (2015), the following reasons for not using the second valuation method to inform the valuation range are provided:

- 1 There have been no recent unrelated transactions in the Indo-Pacific region where the operators of those projects are publicly listed companies and information relating to those projects is both available and transparent and there have been no comparable transactions in the Indo-Pacific region over the last five years with respect to jurisdiction, operating environment and study-level maturity.
- 2 There has been one related transaction which was undertaken on the assets which are the subject of this Report. This related transaction was undertaken prior to construction at the Project, and prior to the achievement of steady-state production levels where the operating cost environment and product quality could be suitably quantified.

APPENDIX G – INDEPENDENT VALUATION REPORT

8.4.3 Valuation summary

SRK has elected to use the discounted cashflow model as its primary valuation method and has chosen to use the values implied by the base case (deterministic) method as the lower end of the valuation range and the high case (probabilistic) as the upper end of the valuation range, with consideration of the market premium as described in Section 8.4.1.

On this basis, SRK considers the market would pay within the following range for a 100% interest in the Production Project on a 100% equity, post-tax basis.

Table 8-10: Post-tax valuation summary

Asset	Low (US\$m)	High (US\$m)	Preferred (US\$m)
Bukit Besi Project, Malaysia	27	37	32

8.5 Valuation risks

SRK is conscious of the risks associated with valuing assets which can impact the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. The key risks include, but are not limited to, risks outlined in the following subsections.

Mineral Resources prepared under the JORC Code (2012) are best estimates based on individual judgement and reliance on knowledge and experience using industry standards and the available database. SRK deems the resource to be a moderate risk when considering the resources considered in the cashflow model. SRK cautions that the base case cashflow model relies on the use of Inferred Mineral Resources.

In SRK's opinion, the Project's ability to deliver the 3-year plan is dependent upon the conversion of the Mineral Resource into suitable feed material to supply the processing facilities and has factored this risk into its valuation of the Project through the discounted availability of Inferred feed material (50%) as noted in the previous sections of this Report.

The recent start-up of operations has demonstrated the capacity of the processing facility to meet the target product specification. In SRK's opinion, this is acceptable as a reasonable representation of the likely operating environment at the Project.

SRK considers the environmental risk, land access risk, market risk and infrastructure risk at the Project to be low.

APPENDIX G – INDEPENDENT VALUATION REPORT

9 Date and Signature Page

This Independent Valuation Report has been compiled by

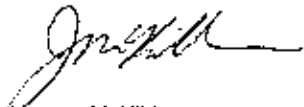


Karen Lloyd

Associate Principal Consultant (Project Evaluation)

6 December 2018

This Independent Valuation Report has been peer reviewed by



James McKibben

Principal Consultant (Project Evaluation)

6 December 2018

This Independent Valuation Report has been signed by



Mark Noppé

Corporate Consultant (Geology and Project Evaluation), Director and Chairman

6 December 2018

10 References

- Hill, JH, 2011. Geology of the Bukit Besi Iron-Deposits, In: Bean, J.H. (Ed.), Iron-Ore Deposits of West Malaysia. Minerals and Geoscience Department Malaysia, Kuala Lumpur, Malaysia, pp. 125-148.
- Pour, AB and Hashim, M, 2015. Structural mapping using PALSAR data in the Central Gold Belt, Peninsular Malaysia. *Ore Geology Reviews*, 64, pp.13-22.
- Robb, LJ, 2008. Introduction to Ore-Forming Processes, Blackwell Publishing, Oxford, UK.
- SRK Consulting (Australasia) Pty Ltd, 2013. Outcomes of Geological Mapping – Drilling Programme (author: M Lacorde), 10 p.
- SRK Consulting (Australasia) Pty Ltd, 2017a. Bukit Besi drilling program drilling, logging and sampling guidelines, (author: B De Waele), 36 p.
- SRK Consulting (Australasia) Pty Ltd, 2017. Bukit Besi Review: Results from site visit and recommendations, (author: B de Waele), 30 p.
- Wu, JC, 2001. The Mineral Industry of Malaysia, U.S. Geological Survey Minerals Yearbook 2001, p 16.1-16.7

APPENDIX G – INDEPENDENT VALUATION REPORT

SRK Consulting

Appendices

Appendices

APPENDIX G – INDEPENDENT VALUATION REPORT

Appendix A: Table 1 - JORC Code 2012

Section 1: Sampling Techniques and Data

Criteria in this section apply to all succeeding sections.

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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 handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. <p>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.</p>	<p>The datasets used for Mineral Resource estimation were derived from Perwaja Group drilling programs (13 drill holes) conducted in 2012 and 2013 and from Fortress drilling (235 drill holes) after 2016. Approximately 94% of the data was sourced from the Fortress drilling programs. As there is limited information available for the Perwaja Group programs, the commentary in Table 1 pertains mostly to the Fortress drilling program.</p> <p>Fortress drilling:</p> <ul style="list-style-type: none"> RC samples were collected on 1 m intervals into green plastic bags from a cyclone attached to the drill rig. Samples from each hole were transferred to the onsite storage area in bulka bags. Samples selected for analysis were separated and transferred to the laboratory preparation area. DD samples were taken from half-cut HQ core with sample lengths between 0.5 m and 1.2 m. Core samples intervals were selected so as not to cross geological boundaries. Samples from within the interpreted mineralised zones and 3 m into waste were selected for sample preparation and analysis. Onsite sample preparation included air drying, crushing, splitting, oven drying and then pulverising.
Drilling techniques	<p>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.).</p>	<p>The information about the Perwaja Group drilling programs is limited, but compiled MS Excel spreadsheets record drilling methods and sample size as:</p> <ul style="list-style-type: none"> reverse circulation (RC) diamond drilling (DD), HQ & NQ core. <p>The Fortress drilling programs were carried out by internal Fortress contractors (DRC) who has been involved with the project since 2017. Five drill rigs were used. The drill rig numbers were recorded against the drill collar information for the holes drilled.</p> <p>The following drilling and sampling equipment was used:</p> <p>RC drilling:</p> <ul style="list-style-type: none"> Drill rigs – M1 & M2 - Hitachi Zarxis 120, purchased by Fortress in 2016 Compressors – LG950, purchased in 2015 Sampling was undertaken through 3 m long x 3" diameter drill rods with 4.5" diameter bits. Depending on ground conditions, a tricone or face-sampling hammer bit was used. <p>DD drilling:</p> <ul style="list-style-type: none"> Drill rigs – D1 – Scanvik DE 710, purchased by Fortress in 2016, D2 – Desco SRC5500 and D3 – Desco SRC7500 Sampling with 3 m long HQ diameter drill rods producing a core with diameter of 63.5 mm, the core was recovered via double tube. <p>The diamond core drilling was predominantly carried out using the Scanvik rig.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. <p>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.</p>	<p>Diamond core recovery was measured by Fortress geologists and entered into standard MS Excel spreadsheets for core run recovery and rock quality designation (RQD) calculation. Core recoveries were assessed downhole with an average of 60% at surface to >80% from 20 m onwards. The recoveries are considered reasonable for the style of mineralisation and weathering environment.</p> <p>Chip recoveries were not directly measured. In lieu of this, the representivity of the RC drilling was assessed by comparing it to the core drilling using Q-Q plots for the major elements and magnetic susceptibility. Analytical results from 12 drill holes where holes intersected the largest mineralised zone from along its complete strike length from West area were selected. The results indicated no major differences between the grade and magnetic susceptibility distributions of the RC and DD programs.</p> <p>No relationship between sample recovery and grade was observed.</p>
Logging	<ul style="list-style-type: none"> 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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. <p>The total length and percentage of the relevant intersections logged.</p>	<p>All relevant intersections used for resource estimation were geologically logged to a level of detail deemed sufficient to enable the delineation of geological domains appropriate to support Mineral Resource estimation and classification.</p> <p>A total of 6,373.7 m of core samples were geologically logged, photographed, and marked up for sampling. Core is retained under cover and protected at Fortress's online sample preparation area.</p> <p>Sieved rock chips from each metre of 11,604 m of RC drilling were collected into chip trays, photographed, and retained for reference. Both dry and wet sieved subsamples were stored in chip trays for future reference.</p> <p>All logging, except for the geotechnical core logging, is deemed to be qualitative.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> if core, whether cut or sawn and whether quarter, half or all core taken. if non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 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. <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<p>Fortress geologists recorded the sample condition as being 'dry' for 95% of the samples used in the Mineral Resource estimate.</p> <p>The 1 m RC samples selected for analysis were transported from the storage area to the onsite laboratory preparation facility where they were split using a 3-tier riffle splitter into pre-numbered plastic sample bags. The split samples had an average weight of 3.8 kg, with 90% of the samples having a weight >2 kg.</p> <p>The selected core was cut in half using a 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"> Crushing using a jaw crusher to an average size of 6 mm Oven drying for 5 hours at 105 °C Further subsampling using a riffle splitter to an average weight of 200–250 g prior to pulverising Pulverising using a ring mill pulveriser to a size of <75 µm/ 200 mesh Pulverised material taken from the bowl and stored in a sealed plastic jar For analysis undertaken locally, a charge weight of 10 g was scooped from the jar when required

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. <p>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.</p>	<ul style="list-style-type: none"> For pulps sent to an external laboratory, a weight of 20 g was scooped from the jar and placed into a small sealed plastic bag. Samples were combined into larger plastic bags and put into a sealed wood box for transport. <p>A field duplicate, Certified Reference Material (CRM), and a blank sample were inserted into the sample run for each drill hole.</p> <p>A pulp check sample was taken by the local laboratory at a rate of 1 in 20 for submission to the Bureau Veritas laboratory for check analysis.</p> <p>Sampling nomograms to assess the adequacy of the sample weight and grind size combinations have not been prepared; however, although a slight bias is present, the quality assurance results do not indicate significant issues.</p> <p>Samples were analysed by the Fortress-owned onsite laboratory and the independent Bureau Veritas laboratory in Canning Vale, Perth, Western Australia. In the dataset used for estimation purposes, just over two-thirds of the analysis was undertaken by Bureau Veritas. Sample pulps that were 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 Al₂O₃, As, Ba, CaO, Cl, Co, Cr, Cu, Fe, K₂O, MgO, Mn, Na, Ni, P, Pb, S, SiO₂, Sn, Sr, TiO₂, V, Zn, Zr determined by X-ray fluorescence (XRF). Loss on Ignition (LOI) results were determined using a robotic thermogravimetric analysis (TGA) system, with furnaces in the system set to 110 °C and 1000 °C.</p> <p>The Fortress laboratory analysed for Fe, SiO₂, Al₂O₃, TiO₂, MnO, CaO, P, S, MgO, K₂O, Zn, Pb, Cu, Ba, As, Ni, Na₂O via XRF and LOI. FeO was estimated by titration using hydrofluoric, sulphuric and boric acids.</p> <p>Magnetic susceptibility measurements were carried out using a Terraplus (Georadis) KT-10 v2 magnetic susceptibility meter. Measurements were recorded for all sample pulps by Fortress laboratory staff. The purpose of the measurements was for estimation domain delineation, and QA/QC procedures were therefore not deemed necessary for the level of accuracy and precision required for this purpose.</p> <p>Bureau Veritas Minerals maintains an ISO 9001:2000 quality system and the Canning Vale laboratory is registered with the National Association of Testing Authorities (NATA). In lieu of certification of the Fortress laboratory duplicates or CRMs, samples were taken at a rate of 1 in 20 from the Fortress sampling sequence, with the check sample sent to Bureau Veritas. CRMs GIOP-103 and GIOP-135 (from Geostats) were used. Overall QC results are good; however, there is a consistent indication that results for ore material, those samples with high Fe and low SiO₂, Al₂O₃ and LOI, are slightly biased to lower grades in the local site laboratory. There is also a consistent indication that samples have been sporadically mislabelled when prepared for dispatch and analysis at Bureau Veritas, although it is possible this may only affect QC samples.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary																																																																		
		Upper Detection Limits (UDL)	Lower Detection Limits (LDL)																																																																	
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<p>SRK examined the assay data in section carrying out visual checks of the grade continuity for the major elements. Spot checks of assay grades against log sheets and original laboratory reports were also completed.</p> <p>SRK decided to maintain continuity and form of the mineralised domain wireframes and to include minor unsampled (waste) intervals in the estimation domain wireframes. These intervals were mostly located at depth or inside thicker mineralisation zones.</p> <p>No direct twin holes have been completed.</p> <p>The primary data is stored in MS Excel spreadsheets in a standardised format. Although logging used standardised codes, these are not controlled at the time of entry.</p> <p>The Fortress dataset was provided to SRK in MS Excel format as a series of worksheets. SRK compiled the worksheets into a set of CSV files suitable for estimation. Standard data validation routines were undertaken in MS Access before importing the CSV files in Datamine Studio RM for desurveying and further validating.</p> <p>All Lower Detection Limit (LDL) values in the assay data were converted to their positive equivalents. The Fortress laboratory reported an Upper Detection Limit (UDL) for some analytes; they were converted to their positive equivalents. The table below lists the detections limits and the percentage of samples within the mineralisation wireframes that were adjusted prior to compositing. These adjustments are immaterial to the reporting of the Fe% Mineral Resource estimate but may affect future waste characterisation studies.</p>																																																																		
		<table border="1"> <thead> <tr> <th>Analyte</th> <th>Value</th> <th>Percent within domain changed</th> <th>Value</th> <th>Percent within domain changed</th> </tr> </thead> <tbody> <tr> <td>Magnesium</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>SiO₂</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Al₂O₃</td> <td>25.46</td> <td>0%</td> <td>-</td> <td>-</td> </tr> <tr> <td>TiO₂</td> <td>-</td> <td>-</td> <td>0.1/ 0.01</td> <td>11%</td> </tr> <tr> <td>Mn</td> <td>-</td> <td>-</td> <td>0.0387</td> <td>0%</td> </tr> <tr> <td>CaO</td> <td>4.665</td> <td>4%</td> <td>0.05</td> <td>3%</td> </tr> <tr> <td>PXRF</td> <td>1.15, 0.13</td> <td>0%</td> <td>0.03</td> <td>16%</td> </tr> <tr> <td>SXRF</td> <td>7</td> <td>2%</td> <td>0.05</td> <td>2%</td> </tr> <tr> <td>MgO</td> <td>5.57</td> <td>6%</td> <td>0.1</td> <td>0%</td> </tr> <tr> <td>K₂O</td> <td>2.91</td> <td>1%</td> <td>0.2</td> <td>10%</td> </tr> <tr> <td>Zn</td> <td>0.122</td> <td>0%</td> <td>0.01</td> <td>18%</td> </tr> <tr> <td>Pb</td> <td>0.585</td> <td>0%</td> <td>0.03</td> <td>15%</td> </tr> </tbody> </table>		Analyte	Value	Percent within domain changed	Value	Percent within domain changed	Magnesium	-	-	-	-	SiO ₂	-	-	-	-	Al ₂ O ₃	25.46	0%	-	-	TiO ₂	-	-	0.1/ 0.01	11%	Mn	-	-	0.0387	0%	CaO	4.665	4%	0.05	3%	PXRF	1.15, 0.13	0%	0.03	16%	SXRF	7	2%	0.05	2%	MgO	5.57	6%	0.1	0%	K ₂ O	2.91	1%	0.2	10%	Zn	0.122	0%	0.01	18%	Pb	0.585	0%	0.03	15%
Analyte	Value	Percent within domain changed	Value	Percent within domain changed																																																																
Magnesium	-	-	-	-																																																																
SiO ₂	-	-	-	-																																																																
Al ₂ O ₃	25.46	0%	-	-																																																																
TiO ₂	-	-	0.1/ 0.01	11%																																																																
Mn	-	-	0.0387	0%																																																																
CaO	4.665	4%	0.05	3%																																																																
PXRF	1.15, 0.13	0%	0.03	16%																																																																
SXRF	7	2%	0.05	2%																																																																
MgO	5.57	6%	0.1	0%																																																																
K ₂ O	2.91	1%	0.2	10%																																																																
Zn	0.122	0%	0.01	18%																																																																
Pb	0.585	0%	0.03	15%																																																																

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary			
		Cu	-	0.05	16%
		Ba	-	0.1	17%
		As	0.15	2%	21%
		Ni	-	0.001/0.01	26%
		Na	2.597	1%	9%
		LOI1000	-	-	-
Location of data points	<ul style="list-style-type: none"> 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. Specification of the grid system used. <p>Quality and adequacy of topographic control.</p>	<p>The collar coordinates for the historical drill holes used in the Mineral Resource estimate were validated and located by a handheld GPS unit in WGS84 Zone 48N UTM format. Recent Fortress drill hole collars were located by DGPS in WGS84 Zone 48N UTM format. The accuracy of the survey data is +/- 150 mm. The survey was carried by Hisham Ab. Rahman who is supervised by Fong Ah Meng, Project Manager.</p> <p>Downhole surveys were completed by Fortress staff post-drilling, using a Reflex GyroSmart in an open hole.</p> <p>The surface topography model between the deposit areas was prepared using Shuttle Radar Topography Mission (SRTM) data from 2000. This is considered to be of an acceptable, although low, accuracy given there is minimal drilling outside of the immediate deposit areas. Within the drilling and current mining deposit areas, survey control is carried out on an as-required basis. The survey data is collated in AutoCAD software and is used for exploration and mining. Data was supplied to SRK as a DWG file incorporating both string and point data. SRK extracted the string data and combined it with the SRTM data to create a project-wide 'current mined surface'.</p> <p>The drill coverage is variable both between and within individual deposit areas, but the nominal spacings for each area are as follows:</p> <ul style="list-style-type: none"> West area: 20–40 m spaced holes on 15–20 m section lines. Most holes are angled as 60° to west. In the south of the West area, approximately 25% of the holes are drilled sub-parallel to the strike of the mineralisation. Valley area: 2 to 4 holes on a drill pad with 7 drill pads spaced 25 m apart. Holes are drilled in an arc from WSW to WNW and angled between 60° and 70°. East area: 10–40 m spaced holes on 20 m section lines. Most holes are angled as 60° to north. <p>At the West area the intersection of the mineralisation in the top 15–20 m was adequate to define the vein continuity between each section and is considered appropriate for the Mineral Resource classification applied. In the other deposit areas and at depth in the West area, due to the steep dip of the mineralisation and capacity of the drill rig, the intersection of the mineralisation at depth was often at every second or third drill line, which is reflected in the Mineral Resource classification applied.</p> <p>A 1 m composite size was selected, as it is consistent with the original sample length for most of the data and considered to be appropriate for both the model cell dimensions and the</p>			
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. <p>Whether sample compositing has been applied.</p>	<p>The drill coverage is variable both between and within individual deposit areas, but the nominal spacings for each area are as follows:</p> <ul style="list-style-type: none"> West area: 20–40 m spaced holes on 15–20 m section lines. Most holes are angled as 60° to west. In the south of the West area, approximately 25% of the holes are drilled sub-parallel to the strike of the mineralisation. Valley area: 2 to 4 holes on a drill pad with 7 drill pads spaced 25 m apart. Holes are drilled in an arc from WSW to WNW and angled between 60° and 70°. East area: 10–40 m spaced holes on 20 m section lines. Most holes are angled as 60° to north. <p>At the West area the intersection of the mineralisation in the top 15–20 m was adequate to define the vein continuity between each section and is considered appropriate for the Mineral Resource classification applied. In the other deposit areas and at depth in the West area, due to the steep dip of the mineralisation and capacity of the drill rig, the intersection of the mineralisation at depth was often at every second or third drill line, which is reflected in the Mineral Resource classification applied.</p> <p>A 1 m composite size was selected, as it is consistent with the original sample length for most of the data and considered to be appropriate for both the model cell dimensions and the</p>			

APPENDIX G – INDEPENDENT VALUATION REPORT

SRK Consulting

Appendix A-6

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. <p>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.</p>	<p>interpreted ore zone thicknesses. The composite interval was slightly increased or reduced at vein boundaries to prevent the creation of residuals or the composites spanning domain boundaries.</p> <p>The mineralisation in the three areas is interpreted as steeping dipping veins. The sampling, for most of the drilling, has been done across the mineralisation from footwall to hanging wall, and no bias was therefore observed.</p> <p>25% of the drilling in the south of the West area has been drilled parallel to strike resulting in some drill holes starting and/ or ending in mineralisation.</p>
Sample security	The measures taken to ensure sample security.	Samples were transported from drill rig to laboratory by site geologists for logging and sample preparation. Samples sent to Bureau Veritas (Perth) were sent via registered international carrier.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	SRK has been associated with the drilling program since mid-2017 and has supplied Standard Operating Procedures; however, SRK is not aware of any further independent reviews or audits of the data collection procedures.

LLOYMCKINOPPIpgg

WEB004_Independent Valuation_SGX - Bukit Besi_Rev4.docx

6 December 2018

APPENDIX G – INDEPENDENT VALUATION REPORT

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • 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. • 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. 	<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 on 17 March 2033. There are no material issues, overriding royalties, native title or environmental constraints on the Project which may be deemed an impediment to the continuity of the Project.</p>
Exploration done by other parties	<ul style="list-style-type: none"> • Acknowledgment and appraisal of exploration by other parties. 	<p>Exploration and mining has been carried out in the area since iron ore mineralisation was first identified by Japanese explorers in 1916. At its peak in the 1930s, a local labour work force of 3,000 was engaged in the Nippon mining operations. Mining was undertaken 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) and 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, and it was not until 2009 that the Terengganu Government announced that it had approved the appointment of 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 to target the magnetic intensity highs.</p> <p>Fortress (formerly known as Webcon Sdn Bhd) was awarded the Mining Rights in 2017 and began construction of an onsite 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 to produce a magnetite concentrate at 80% passing 75 µm at approximately 65% Fe. Shipments from the Fortress operation in 2018 have typically been in the order of 30,000 tpm.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • Deposit type, geological setting and style of mineralisation. 	<p>The Project is located in the most eastern of the three longitudinal belts that divide the Malay Peninsula. The Eastern belt is largely underlain by Carboniferous and Permian clastics and volcanics. A phase of regional metamorphism, folding and uplift probably occurred in the late Palaeozoic, followed by deposition of an older series of continental deposits. The pan-peninsula late Triassic orogenic event uplifted the Eastern Belt. This was followed by deposition of a younger series of continental deposits which are only gently dipping and were probably uplifted in the late Cretaceous.</p> <p>The mining area straddles the contact between Palaeozoic sediments and granite which is 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 have been caught up and lie within the body of the granite.</p> <p>Almost all the orebodies 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 bodies of shale engulfed by the granite.</p>
Drill hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: <ul style="list-style-type: none"> • easting and northing of the drillhole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar • dip and azimuth of the hole • downhole length and interception depth • hole length. • 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. 	<p>No exploration results are reported.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Appendix A-9

SRK Consulting

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> • 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. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	No exploration results are reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. • 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'). 	No exploration results are reported.
Diagrams	<ul style="list-style-type: none"> • 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. 	See body of the report for the relevant plan and sectional views.
Balanced reporting	<ul style="list-style-type: none"> • 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. 	Not applicable as no exploration results are reported.

LLOYMCKINOPPIpgg

WEB004_Independent Valuation_SGX - Bukit Besi_Rev4.docx

6 December 2018

APPENDIX G – INDEPENDENT VALUATION REPORT

Appendix A-10

SRK Consulting

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<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> <ul style="list-style-type: none"> Comparing the Analytical Signal and Reduced to the Equator filtered magnetic data to determine areas of higher concentration of magnetic rocks Analysing the radiometric data distribution using bivariate plots of eThorium vs Potassium and eThorium vs eUranium to determine groupings of major rock types. <p>SRK notes that deleterious elements are considered to lie within the bounds of the product specification. 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"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<p>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.</p>

LLOYMCKINOPPIpgg

WEB004_Independent Valuation_SGX-Bukit Besi_Rev4.docx

6 December 2018

APPENDIX G – INDEPENDENT VALUATION REPORT

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> 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. Data validation procedures used. 	<p>Data logging was completed in MS Excel templates using standard logging codes on laptop computers.</p> <p>Data was validated for internal database integrity as part of the standard database compilation process completed by SRK.</p>
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<p>The CP has relied on detailed descriptions of the field activities and geology provided by SRK consultants, Bert De Waele, who visited the site late 2017, and Leesa Collin, who visited the site in August 2017. Mr De Waele also acts as the CP for Section 1 and 2 of this JORC Code Table 1.</p>
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<p>The geological interpretation is considered consistent with datasets, as well as with the broadly accepted understanding of the local geology. Estimation domain definition was primarily based on geochemical and magnetic susceptibility data, with boundaries generally defined by distinct changes in magnetic susceptibility, Fe%, SiO₂% and TiO₂%.</p> <p>Domain geometry was observed to be relatively consistent and predictable over the extents of the drill coverage, with reasonable continuity between drill holes, although pinching and swelling of the veins was evident in both down dip and along strike directions. In places, continuity was extended between drill hole intersections and the maximum range of statistical continuity that was observed in the variograms.</p>
Dimensions	<ul style="list-style-type: none"> 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. 	<p>The Mineral Resource is contained within three deposit areas:</p> <p>West area: Six mineralised veins with a strike length of 350 m, a combined width of 75 m and extending sub-vertically from surface for 90 m.</p> <p>Valley area: Two mineralised veins both with strike lengths of 125 m, each with a maximum width of 25 m in the south at 100 m depth. Veins are tapered to thinner (approximately 5 m) widths at the surface.</p> <p>East area: Six mineralised veins with an average strike length of 200 m, average width of 10 m and extending vertically from surface for 100 m.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
<p>Estimation and modelling techniques</p>	<ul style="list-style-type: none"> • The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domainning, 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. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available. 	<p>The Mineral Resource estimates were prepared using conventional block modelling and geostatistical estimation techniques – Ordinary Kriging (OK). A single model was prepared to represent the defined extents of the mineralisation. The resource modelling and estimation study was performed using Datamine Studio RM and Supervisor. Kriging neighbourhood analyses (KNA) studies were used to assess a range of parent cell dimensions, and a size of 5 x 10 x 5 m (XYZ) was considered appropriate given the drill spacing, grade continuity characteristics, and the mining method. Sub-celling at 2.5 x 5 x 2.5 m (XYZ) was used so that interpreted domain volumes were accurately represented.</p> <p>The original sample data were downhole composited to 1 m intervals. Probability plots were used to assess for outlier values, and grade cutting was not considered necessary.</p> <p>The parent cell grades were estimated using ordinary block kriging. The domain wireframes were used as hard boundary estimation constraints. Search orientations and weighting factors were derived from variographic studies. A multiple-pass estimation strategy was invoked, with 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>Although the formal Mineral Resource statement only declares estimates for Fe, the model contains local estimates for an additional 18 constituents that may be of interest for other discipline studies (including mining, processing, environmental, and marketing studies). Model validation included:</p> <ul style="list-style-type: none"> • 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.
<p>Moisture</p>	<ul style="list-style-type: none"> • Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<p>The resource estimates are expressed on a dry tonnage basis, and in situ moisture content has not been estimated. A description of density data is presented below.</p>
<p>Cut-off parameters</p>	<ul style="list-style-type: none"> • The basis of the adopted cut-off grade(s) or quality parameters applied. 	<p>The Mineral Resource is reported at a combined cut-off of greater than 100 magnetic susceptibility and greater than 10% Fe and less than 10% S. The magnetic susceptibility value is coincident with the value used to define the mineralised domains. The Fe% and S% cut-off values result in average grades consistent with current production feed material.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	<ul style="list-style-type: none"> 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. 	<p>Mining is underway at the Project using a conventional open pit truck and shovel technique. The current 5-year mine plan allows for 5% ore loss and 15%–18% dilution as applied to the Mineral Resource estimate.</p>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> 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 an explanation of the basis of the metallurgical assumptions made. 	<p>In lieu of data support from recovery testwork, analytical results from sampling undertaken over a 25-day period in June 2018 from Fortress's crushing and milling facilities at the existing mining operation were used to derive a milling head grade of 34%.</p> <p>The current mining operation typically produces between 30,000 wmt and 40,000 wmt of iron ore concentrate, where material is being sourced from the resource area. This is considered suitable as a demonstration of its prospect for eventual economic extraction.</p>
Environmental factors or assumptions	<ul style="list-style-type: none"> 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. 	<p>The current operation has all necessary environmental permits and licences and no significant environmental constraints are envisaged.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
Bulk density	<ul style="list-style-type: none"> 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. 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. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<p>The dry bulk density dataset was derived from 300 water immersion tests performed on 15 cm core fragments collected from 21 diamond core holes. SRK evaluated the selection of the core samples using core photographs and deemed they were biased towards more competent material. Based on the statistical review and eliminating outliers, the following densities were assigned to the mineralised domains based on a weathering surface wireframe using logging data:</p> <ul style="list-style-type: none"> Weathered – 3.4 g/cm³ Fresh – 3.7 g/cm³.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. 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). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<p>The Mineral Resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the economic viability of the material. The following points are considered:</p> <ul style="list-style-type: none"> The mineralised domains show continuity between drill hole sections even though the drill hole spacing often does not allow for the intersection of all the steeply dipping veins on each section. This could result in the distance between drill hole intersections for individual veins being at the extent of the variographic ranges of up to 90 m. It is considered that adequate QA data is available to demonstrate that the Fortress dataset is sufficiently reliable for the assigned classifications, although biases were evident and errors apparent. The lack of representative metallurgical testwork, such as Davis Tube Recovery (DTR) (so that the Fe head grades can be converted to a recoverable concentrate), is of concern. However, production reconciliation data, as detailed in Section 5, has been used to validate grade and recovery contained within the extended model in proximity to the indicated classified material. The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended, and the confidence in the estimates is consistent with the classifications that have been applied. <p>Based on the findings summarised above, it was concluded that the controlling factor for classification is sample coverage. A resource classification boundary was defined on the long section for each area. The extents were nominally set at 10 m past the last mineralised intercept that was captured in the wireframes. The down-dip extents were constrained to within the drill coverage; although the spacing between intercepts along strike at depth were occasionally at the very extents of demonstrated grade continuity.</p> <p>All vein model cells within the defined extents were initially assigned a classification of Inferred Mineral Resource. Confidence in the Indicated Mineral Resource classification assigned at the West area is supported by the production grade data provided Fortress and the continuity of the mineralisation near surface as seen visually during mining. The boundary for the Indicated</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

Criteria	JORC Code explanation	Commentary
		Mineral Resource classification was set to a maximum of 15 m below the 22 May 2018 pit surface. The final resource models contain the model cells for vein material that has been assigned a Mineral Resource classification.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	No independent audits or reviews have been conducted on the latest Mineral Resource estimates; however, SRK has internally completed a peer review on the Mineral Resource estimates.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> 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. 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. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<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 estimates.</p> <p>The largest sources of uncertainty are considered to be related to the confidence in the geological models (particularly at East area) and the lack of representative metallurgical and density testwork.</p> <p>The resource quantities should be considered as global estimates only. The accompanying models are considered suitable to support global mine planning studies, but are not considered suitable for detailed production planning, or studies that place significant reliance on the local estimates.</p>

APPENDIX G – INDEPENDENT VALUATION REPORT

SRK Consulting

Distribution Record

SRK Report Client Distribution Record

Project Number: WEB004

Report Title: Independent Valuation Report - Bukit Besi Magnetite Iron Ore Project

Date Issued: 6 December 2018

Name/Title	Company
Ng Mun Fey	Fortress Mining Sdn Bhd

Rev No.	Date	Revised By	Revision Details
0	30/08/2018	Karen Lloyd	Draft Report
1	14/09/2018	Karen Lloyd	Final Report
2	10/10/2018	Karen Lloyd	Revised Final Report
3	24/10/2018	Karen Lloyd	Revised Final Report
4	06/12/2018	Karen Lloyd	Revised Final Report

This Report is protected by copyright vested in SRK Consulting (Australasia) Pty Ltd. It may not be reproduced or transmitted in any form or by any means whatsoever to any person without the written permission of the copyright holder, SRK.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

1 NAME OF THE SCHEME

The Scheme (as defined below) shall be called the “**Fortress Employee Share Option Scheme**”.

2 DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“**Adoption Date**” : The date on which the Scheme is adopted by the Company in a general meeting

“**Associate**” : (a) In relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

(b) In relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more

“**Associated Company**” : (a) a company in which at least 20.0% but not more than 50.0% of its shares are held by the Company or the Group; or

(b) any company, other than a subsidiary of the Group or a company which is an associated company of the Group by virtue of paragraph (a), the policies of which the Group, is able to control or influence materially

“**Auditors**” : The auditors of the Company for the time being

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

“Board”	:	The board of Directors
“Catalist”	:	The Catalist Board of the SGX-ST
“Catalist Rules”	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The remuneration committee of our Company, or such other committee comprising Directors of our Company duly authorised and appointed by our Board to administer the Scheme
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Fortress Minerals Limited
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company or (b) in fact exercises control over the Company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	The date on which an option is granted to a Participant pursuant to Rule 7
“Directors”	:	The directors of the Company for the time being
“Exercise Notice”	:	Has the meaning ascribed to it in Rule 12.1
“Exercise Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9 , as adjusted in accordance with Rule 10
“Grantee”	:	A person to whom an offer of an Option is made

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

“Group”	:	The Company and its subsidiaries
“Group Director”	:	A director of the Company and/or any of its Subsidiaries
“Group Employee”	:	An employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Scheme in accordance with Rule 4
“Group Executive Director”	:	A director of the Group who performs an executive function
“Group Non-Executive Director”	:	A director of the Group other than a Group Executive Director but including an Independent Director
“Independent Director”	:	An independent Director of the Company
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	A price equal to the average of the closing market prices of the Shares over a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the closing market price for the Shares on such Market Day shall be deemed to be the closing market price of the Shares on such Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Scheme
“Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme
“Option Period”	:	The period(s) within which an Option has to be exercised as stated in Rule 11
“Participant”	:	A person who is selected by the Committee to participate in the Scheme in accordance with the rules thereof

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

- “Record Date”** : The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
- “Rules”** : Rules of the Scheme, as may be amended from time to time, and any reference to a particular rule shall be construed accordingly
- “Scheme”** : The proposed employee share option scheme of the Company known as the “Fortress Employee Share Option Scheme”, as amended or modified from time to time pursuant to the rules set out herein
- “SFA”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Shareholders”** : Persons who are registered as holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall mean the Depositors who have Shares credited to their Securities Accounts
- “Shares”** : Ordinary shares in the capital of the Company
- “Subsidiary”** : A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
- “treasury shares”** : Treasury shares shall have the meaning ascribed to it in Section 4 of the Companies Act
- “S\$” and “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent”** : Per centum or percentage
- 2.2 The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA or any statutory modification thereof, as the case may be.
- 2.3 Words importing the singular number shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.
- 2.4 Any reference in this Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or any

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

statutory modification thereof and used in this Scheme shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA or any statutory modification thereof, as the case may be.

2.5 Any reference to a time of a day in the Scheme is a reference to Singapore time.

3 OBJECTIVES OF THE SCHEME

3.1 The Company places a strong emphasis on the recruitment and retention of quality employees with talent in all areas of the Group's operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Group to realise its strategic and long-term business goals.

3.2 The Scheme will provide the Company with the means to use share options as part of a compensation scheme for attracting as well as promoting long-term staff retention, by providing an opportunity for employees who satisfy the eligibility criteria as set out in **Rule 4** of the Scheme, to participate in the equity of the Company, namely Group Employees (including Group Executive Directors), Group Non-Executive Directors (including Independent Directors), and directors, non-executive directors and employees of any Associated Company (if and where applicable) subject to the Company having control over such Associated Company.

3.3 The Scheme is a share incentive scheme. The purpose of the Scheme is to recognise the fact that the services of such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) are important to the ongoing and continued growth and success of the Group. Implementation of the Scheme will give the Company the flexibility in relation to the Group's remuneration packages and allow the Group to better manage its fixed overheads. At the same time, it will give such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who have contributed significantly or who can contribute significantly to the growth and development of the Group to have a personal stake in the Company at a relatively low direct cost to the Company's profitability. The Scheme is intended to be employed by the Group to reward, retain and motivate Participants and will help to achieve the following objectives:

- (a) motivate Participants to achieve higher efficiency and productivity and improve the performance of the Group and its businesses;
- (b) instil a sense of loyalty to the Group in the Participants, and to create an incentive for Participants to work towards the long term well-being of the Group;
- (c) to align the interests of Participants to those of Shareholders;
- (d) to make employee and/or Director remuneration sufficiently competitive to recruit and retain Participants whose contributions are important to the growth and profitability of the Group;
- (e) to attract potential employees and/or Directors with relevant skills to contribute to the Group; and

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

- (F) to give recognition to the contributions made or to be made by Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) to the success of the Group.

4 ELIGIBILITY

- 4.1 Subject to the absolute discretion of the Committee, the following persons who meet the eligibility criteria in **Rule 4.2** shall be eligible to participate in the Scheme:

- (a) Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors); and
- (b) directors, non-executive directors and employees of any Associated Company (if and where applicable) subject to the Company having control over such Associated Company.

- 4.2 Any person shall be eligible to participate in the Scheme at the absolute discretion of the Committee, provided that at the Date of Grant such person must:

- (a) be confirmed in his/her employment with the Group and/or the relevant Associated Company;
- (b) have attained the age of 21 years; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

- 4.3 Controlling Shareholders and/or their Associates who meet the eligibility criteria in **Rule 4.2** and who have contributed or have the potential to contribute to the success and development of the Group are, subject to the absolute discretion of the Committee, eligible to participate in the Scheme provided that the participation of and the terms of each grant and the actual number of Options granted under the Scheme to a person who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Options to be granted to that person. The Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders and/or their Associates any Options.

Such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the Scheme and grant of Options to them.

- 4.4 For the purposes of determining eligibility to participate in the Scheme, the secondment of a confirmed Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

- 4.5 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or any other company within the Group.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

- 4.6 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

5 MAXIMUM ENTITLEMENT

Subject to **Rules 4, 6** and **10**, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as, *inter alia*, rank, skills, experience, past performance, years of service and potential for future development and contribution to the Group of the Participant.

6 LIMITATION ON SIZE OF THE SCHEME

- 6.1 The aggregate number of new Shares over which the Committee may grant Options on any date, when added to the number of new Shares issued and issuable and/or transferred or transferrable in respect of all Options granted under the Scheme, and all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury Shares, as defined in the Companies Act) on the day preceding that date.
- 6.2 The aggregate number of Shares issued and issuable in respect of all Options granted under the Scheme available to Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the Scheme.
- 6.3 The number of Shares issued and issuable in respect of all Options granted under the Scheme available to each Controlling Shareholder or his/her Associate shall not exceed 10.0% of the total number of Shares available under the Scheme.

7 DATE OF GRANT

- 7.1 The Committee may, save as provided in **Rules 4, 5** and **6**, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.
- 7.2 Any grant of Options by the Company will be announced in accordance with the Catalist Rules.
- 7.3 An offer to grant an Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in **Annex 1**, subject to such modification as the Committee may determine from time to time.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

8 ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to **Rule 7.3** may only be accepted by the Grantee within 30 days after the relevant Date of Grant and not later than 5.00 p.m. on the 30th day from such Date of Grant (a) by completing, signing and returning to the Company the acceptance form (the “**Acceptance Form**”) in or substantially in the form set out in **Annex 2**, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this **Rule 8**, such offer shall, upon the expiry of the 30-day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this **Rule 8** or Exercise Notice (as defined below) given pursuant to **Rule 12** which does not strictly comply with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee’s prior written approval, but may be exercised by the Grantee’s duly appointed personal representative as provided in **Rule 11.6** in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in **Rule 8.1** within the 30-day period;
 - (b) the Grantee dies prior to his acceptance of the Option;
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
 - (d) the Grantee, being a Group Director or the director of an Associated Company, ceases to be a Group Director or the director of the relevant Associated Company and also ceases to be a Group Employee or an employee of the Associated Company (if applicable) prior to his acceptance of the Option; or
 - (e) the Company is liquidated prior to the Grantee’s acceptance of the Option.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

9 EXERCISE PRICE

9.1 Subject to any adjustment pursuant to **Rule 10**, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price; and
 - (ii) the Shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

9.2 In making any determination under **Rule 9.1(b)** on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of the Company and the Group;
- (b) the years of service and individual performance of the eligible Participant;
- (c) the contribution or potential contribution of the eligible Participant to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.

9.3 The ability to offer Options at a discount to the Market Price of the Shares will allow flexibility in structuring the Options. Being able to offer Options at a discount is important in situations where it is more meaningful for the Company to acknowledge a Participant's achievement through offering Options at a discount to the Market Price rather than paying him a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at Market Price, or in situations where more compelling motivation is required in order to attract new talent into the Group and/or retain talented individuals.

10 ALTERATION OF CAPITAL

10.1 If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of **Rule 10.1** above, no such adjustment shall be made
- (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and
 - (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.
- 10.3 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment under this **Rule 10**:
- (a) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to subscribe for new Shares in the capital of the Company pursuant to the Scheme or through any other share-based incentive schemes implemented by the Company;
 - (c) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
 - (d) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.
- 10.4 The restriction on the number of Shares to be offered to any Grantee under **Rule 5** above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this **Rule 10**.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

11 OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after the first anniversary of the Date of Grant of that Option provided always that such Options granted with the Exercise Price set at Market Price (other than Options granted to Group Non-Executive Directors (including Independent Directors)) shall be exercised before the tenth anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors (including Independent Directors) shall be exercised before the fifth anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after two (2) years from the Date of Grant of that Option, provided always that the Options (other than Options granted to Group Non-Executive Directors (including Independent Directors)) shall be exercised before the tenth anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors (including Independent Directors) shall be exercised before the fifth anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to **Rule 11.5**, upon the Participant ceasing to be a Group Employee or a Group Director, or in the case of an employee or director of an Associated Company, ceasing to be an employee or director of the relevant Associated Company, for any reason whatsoever;
 - (b) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of events resulting in termination for cause including but not limited to gross negligence, wilful misconduct, insubordination or incompetence on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of **Rule 11.3(a)**, a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse pursuant to **Rule 11.3(a)** in the event of any transfer of employment of a Grantee within the Group or to an Associated Company or upon the cessation of employment of a Group Executive Director who shall continue to serve as a Group Non-Executive Director.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

11.4 If a Participant ceases to be employed by the Group by reason of his:

- (a) ill-health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee, or for any other reason approved in writing by the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary or Associated Company (as the case may be):

- (a) by reason of the Subsidiary or Associated Company, by which he is principally employed and/or a director thereof, ceasing to be a company within the Group or ceasing to be an Associated Company (as the case may be), or the undertaking or part of the undertaking of such Subsidiary or Associated Company being transferred otherwise than to another company within the Group; or
- (b) for any other reason approved in writing by the Committee,

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and as at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representative(s) of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also a Group Executive Director or a Group Non-Executive Director (including Independent Directors), ceases to be a Group Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12 EXERCISE OF OPTIONS, ALLOTMENT, TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in **Annex 3** (the “**Exercise Notice**”), subject to such modification as the Committee may from time to time determine.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules, and the Constitution, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with **Rule 12.1**, allot and issue or transfer the Shares in respect of which such Option has been exercised by the Participant and deliver the relevant share certificates to CDP for the crediting of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued or transferred upon exercise of the Option and the Shares (if any) which may be issued or transferred to the Participant pursuant to any adjustments made in accordance with **Rule 10**.

12.4 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or transferred, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP, or to the Participant's securities sub-account with a CDP Depository Agent, or if such securities account is not available, in the name of the Participant.

12.5 Shares allotted and issued or transferred upon the exercise of an Option shall be subject to all provisions of the Constitution and shall rank *pari passu* in all respects with the then existing issued Shares (excluding treasury shares) in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.6 Except as set out in **Rule 12.2** and subject to **Rule 10**, an Option does not confer on a Participant any right to participate in any new issue of Shares.

12.7 The Company shall keep available sufficient unissued Shares (or treasury shares) to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

13 MODIFICATIONS TO THE SCHEME

13.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would fall to be allotted or transferred upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in a general meeting;
- (c) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (d) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

For the purposes of **Rule 13.1(a)**, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

13.2 Notwithstanding anything to the contrary contained in **Rule 13.1**, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this **Rule 13** shall be given to all Participants.

14 DURATION OF THE SCHEME

14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated; no further Options shall be offered by the Company hereunder.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in **Rule 8**, whether such Options have been exercised (whether fully or partially) or not.

15 TAKE-OVER AND LIQUIDATION OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of **Rule 11.1** and **Rule 11.2**) holding Options as yet unexercised shall, notwithstanding **Rules 11** and **12** but subject to **Rule 15.5**, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (b) the date of the expiry of the Option Period relating thereto, whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to **Rule 11.3**, remain exercisable until the expiry of the Option Period.

15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of **Rule 11.1** and **Rule 11.2**) shall notwithstanding **Rules 11** and **12** but subject to **Rule 15.5**, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the 10th anniversary of the Date of Grant.

15.3 If an order or an effective resolution is passed for the liquidation of the Company on the basis of its insolvency, all Options, to the extent unexercised, at the date of such order or resolution shall lapse and become null and void.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a liquidation plan and/or a resolution to appoint a liquidator of the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provisions of this **Rule 15.4**) and thereupon, each Participant (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue or transfer the relevant Shares to the Participant credited as fully-paid.
- 15.5 If in connection with the making of a general take-over referred to in **Rule 15.1** above or the scheme referred to in **Rule 15.2** above or the liquidation referred to in **Rule 15.4** above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this **Rule 15**.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this **Rule 15**, it shall lapse and become null and void.

16 ADMINISTRATION OF THE SCHEME

- 16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the Committee who is a Participant shall not be involved in the deliberations and decisions of the Committee in respect of the Options to be granted to him or his Associates in compliance with the requirements of the Catalist Rules.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).

17 NOTICES

- 17.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address as may be notified by the Company to him in writing.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

17.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company and if sent by post, shall be deemed to have been given on the day following the date of posting.

18 TERMS OF EMPLOYMENT UNAFFECTED

18.1 The Scheme or any Option shall not form part of any contract of employment between any member of the Group and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group.

19 TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

20 COSTS AND EXPENSES OF THE SCHEME

20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issue or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in **Rule 19** which shall be payable by the relevant Participant.

20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the exercise of any Option shall be borne by the Company.

21 CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

22 DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of the New Shares on the SGX-ST.

23 DISCLOSURES IN ANNUAL REPORT

The Company shall make the following disclosure or include the relevant negative statement in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates (if any); and
 - (iii) Participants, other than those in (b)(i) and (b)(ii) above who receive 5.0% or more of the total number of Options available under the Scheme;

Name of participants	Options granted during the financial year under review (including terms)	Aggregate Options granted since commencement of the Scheme to the end of the financial year under review	Aggregate Options exercised since commencement of the Scheme to the end of the financial year under review	Aggregate Options outstanding as at the end of the financial year under review

- (c) The number and proportion of Options granted at the following discounts to average market value of the Shares during the financial year under review in respect of every 10.0% discount range, up to the maximum quantum of discount under this Scheme of 20.0%; and
- (d) Such other information as may be required by the Catalist Rules or the Companies Act.

An appropriate negative statement will be included in the annual report to the Shareholders in the event the disclosure of any of the abovementioned information is not applicable.

APPENDIX H – RULES OF THE FORTRESS EMPLOYEE SHARE OPTION SCHEME

24 ABSTENTION FROM VOTING

- 24.1 Shareholders who are eligible to participate in the Scheme are to abstain from voting on any Shareholders' resolution relating to the Scheme, in particular, implementation of the Scheme, discount quantum and participation by and Options granted to Controlling Shareholders and their Associates.
- 24.2 Participants are allowed to act as proxies of Shareholders, but they will not vote unless specific instructions have been given in the proxy instruments on how the Shareholders wish their votes to be cast for each of the resolutions contemplated.

25 DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

26 GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**APPENDIX H – RULES OF THE FORTRESS EMPLOYEE
SHARE OPTION SCHEME**

**ANNEX 1
LETTER OF OFFER**

Serial No. _____

Private and Confidential

[Date]

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Committee of Directors of Fortress Minerals Limited (the “**Company**”) to participate in the Fortress Employee Share Option Scheme (the “**Scheme**”).

Accordingly, an offer is hereby made to grant you an Option (as defined in the Scheme), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ new ordinary shares in the capital of the Company (“**Shares**”) at the price of S\$_____ per Share.

This Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee (as defined in the Scheme).

The Option shall be subject to the rules of the Scheme, a copy of which is available for inspection at the business address of the Company, as well as the terms of this letter.

If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form, with a sum of S\$1.00, not later than 5.00 p.m. on _____, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully

THE COMMITTEE
FORTRESS EMPLOYEE SHARE OPTION SCHEME
FORTRESS MINERALS LIMITED

**APPENDIX H – RULES OF THE FORTRESS EMPLOYEE
SHARE OPTION SCHEME**

**ANNEX 2
ACCEPTANCE FORM**

Serial No. _____

Private and Confidential

To: The Committee
Fortress Employee Share Option Scheme
Fortress Minerals Limited
c/o The Company Secretary
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Closing Date and Time for Acceptance of
the Offer : _____

Number of new ordinary shares in the capital
of the Company ("**Shares**") Offered : _____

Exercise Price per Share : S\$ _____

Total Amount payable for the Shares
(exclusive of the relevant CDP charges) : S\$ _____

I have read your Letter of Offer dated _____ (Date of Grant) and agree to be bound by the terms of the Letter of Offer and the Rules of the Fortress Employee Share Option Scheme referred to therein. Terms defined in the Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$_____.

*I enclose a *cheque/cashier's order/bank draft/postal order for S\$1.00 as consideration for the grant of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that the acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares or the Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue or transfer of any Shares in CDP's name, to the credit of my Securities Account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the "**CDP charges**").

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer dated _____, this Acceptance Form and the Scheme (as the same may be from time to time amended) constitute the entire agreement between us relating to the offer.

I agree to maintain confidentiality with regards to all information relating to the grant of the Option to me.

**APPENDIX H – RULES OF THE FORTRESS EMPLOYEE
SHARE OPTION SCHEME**

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport Number : _____

Signature : _____

Date : _____

* Please Delete Accordingly

Notes:

1. Shares must be accepted in full or multiples of 100.
2. The Acceptance Form must be forwarded to the Committee in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of the Option.

**APPENDIX H – RULES OF THE FORTRESS EMPLOYEE
SHARE OPTION SCHEME**

**ANNEX 3
EXERCISE NOTICE**

Serial No. _____

Private and Confidential

To: The Committee
Fortress Employee Share Option Scheme
Fortress Minerals Limited
c/o The Company Secretary
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Total number of ordinary shares in the capital of
the Company ("**Shares**") offered at
S\$_____ per Share under the Scheme on
_____ (Date of Grant) : _____

Number of Shares previously allotted and issued
or transferred thereunder : _____

Outstanding balance of Shares to be allotted and
issued or transferred thereunder : _____

Number of Shares now to be subscribed : _____

1. Pursuant to your Letter of Offer dated _____ (Date of Grant) and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares (in multiples of 100) at the Exercise Price of S\$ _____ per Share.

2. I hereby request the Company to allot and issue or transfer the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my Securities Account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees or other charges as may be imposed by CDP (the "**CDP charges**") in respect thereof:

*(a) Direct Securities Account Number : _____

Or

*(b) Securities Sub-Account Number : _____

Name of Depository Agent : _____

**APPENDIX H – RULES OF THE FORTRESS EMPLOYEE
SHARE OPTION SCHEME**

3. I enclose a *cheque/cashier's order/bank draft/postal order with number _____ of S\$_____ in payment for the subscription of the total number of the said Shares and *CDP charges of S\$_____.
4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Fortress Employee Share Option Scheme (as the same may be from time to time amended) and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport Number : _____

Signature : _____

Date : _____

* Please Delete Accordingly

Notes:

1. An Option may be exercised, in whole or in part, provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the Committee in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of the Option.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. SUBJECT TO A MINIMUM OF 1,000 SHARES. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms or in such other manner or forms of application as the Sponsor, Issue Manager and Placement Agent may deem appropriate.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.

3. **You are allowed to submit only one (1) application in your own name for the Placement Shares.**

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

Joint applications shall be rejected. Multiple applications for the Placement Shares shall be liable to be rejected at the discretion of our Company, the Sponsor, Issue Manager and Placement Agent. If you submit or procure submissions of multiple share applications, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the discretion of our Company, the Sponsor, Issue Manager and Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account maintained with CDP in the name of the deceased at the time of application.

No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

6. WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.

Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION. If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one (1) individual direct Securities Account with CDP, your application shall be rejected.

8. If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.

9. Our Company, in consultation with the Sponsor, Issue Manager and Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or which are not honoured upon their first presentation. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. Our Company, in consultation with the Sponsor, Issue Manager and Placement Agent, further reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. In deciding the basis of allotment and/or allocation which shall be at our discretion, due consideration will be given to the desirability of allotting and/or allocating the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms.
12. In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, our Company shall:
- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager and Placement Agent; or

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (b) where the Placement Shares have been issued to the applicants, our Company shall:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Placement Shares which they do not wish to return title in, and
 - (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Placement Shares which they do not wish to retain title in; or
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company the Placement Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the Placement Shares as void, in which case the issue shall be deemed void and our Company shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager and Placement Agent.

Any applicant who wishes to exercise his option under paragraph 12(a)(i) or 12(a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, as the case may be, notify our Company of this, whereupon our Company shall, within seven (7) days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company and the Sponsor, Issue Manager and Placement Agent.

An applicant who wishes to exercise his option under paragraph 12(b)(i) or 12(b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, as the case may be, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to our Company, whereupon our Company shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be deemed to be void, and he will not have any claim against our Company and the Sponsor, Issue Manager and Placement Agent.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement Offer Document, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement Offer Document.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted and/or allocated to you pursuant to your application, to us, the Sponsor and the Placement Agent and, any other parties so authorised by the foregoing persons.
14. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Placement Shares by way of a **BLUE** Placement Shares Application Form or such other forms of application as the Sponsor, Issue Manager and Placement Agent deem appropriate.
15. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of the Company;
 - (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you;
 - (c) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon application; and
 - (d) (i) consent to the collection, use and disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar and share transfer agent, SCCS, SGX-ST, CDP, our Company, the Sponsor, Issue Manager and Placement Agent and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Placement Shares; (ii) consent that the Relevant Persons may disclose or share Personal Data with third parties who provide necessary services to the Relevant Persons, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Persons may transfer your personal data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Placement Shares; (iv) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the consent of the beneficial owners to paragraphs (i), (ii) and (iii) and that any disclosure of Personal Data to our Company is in compliance with applicable laws; and (v) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties (collectively, “**Personal Data Privacy Terms**”). Where any Personal Data is transferred to a country or territory outside of Singapore, the Relevant Persons will ensure that the recipient of

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

the Personal Data provides a standard of protection that is comparable to the protection which Personal Data enjoys under the laws of Singapore, and where these countries or territories do not have personal data protection laws which are comparable to that in Singapore, the Relevant Persons will enter into legally enforceable agreements with the recipients to ensure that they protect the Personal Data to the same standard as required under the laws of Singapore. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor, Issue Manager and Placement Agent and any other parties so authorised by the foregoing persons.

- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor, Issue Manager and Placement Agent will infringe any such laws as a result of the acceptance of your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the Placement Shares (including the Cornerstone Shares), the Project Manager Shares, the PPCF Shares and the Option Shares on Catalist;
 - (b) the Management Agreement and the Placement Agreement referred to in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and
 - (c) the Authority has not issued a stop order under the SFA which directs that no further shares to which this Offer Document relates be allotted and/or allocated (“**Stop Order**”).
17. In the event that a Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST or other competent authority, and applications to subscribe for and/or purchase the Placement Shares have been made prior to the Stop Order, then:
- (a) where the Placement Shares have not been issued and/or transferred to you, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled, and our Company shall, within 14 days from the date of the Stop Order, refund all monies you have paid in respect of your application for the Placement Shares; or
 - (b) where the Placement Shares have already been issued and/or transferred to you but trading has not commenced, our Company shall, within 14 days from the date of the Stop Order, pay to you all monies paid by you to us for the Placement Shares, and the issue and/or transfer of the Placement Shares shall be deemed to be void.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Such monies paid in respect of an application will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims against our Company, the Sponsor, Issue Manager and the Placement Agent, provided however, that such monies shall be returned to you subject to and against the return or transfer of the Placement Shares within such 14 day period free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with our Company's instructions in relation to the returns of such monies or return or transfer of the Placement Shares, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

This shall not apply where only an interim Stop Order has been served.

18. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, no Placement Shares shall be issued to you until the Authority revokes the interim Stop Order.
19. The Authority or the SGX-ST (acting on behalf of the Authority) is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed on a securities exchange and trading in them has commenced.
20. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a generally circulating daily press.
21. We will not hold any application in reserve.
22. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the Exchange, acting as agent on behalf of the Authority.
23. Additional terms and conditions for applications by way of Application Forms are set out in the "Additional Terms and Conditions for Applications using Application Forms" below.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the section entitled "Terms, Conditions And Procedures For Applications" of this Offer Document and the Constitution of our Company.

1. Your application must be made using the Application Forms for the Placement Shares, accompanying and forming part of this Offer Document or such other manner or forms of application as the Sponsor, Issue Manager and Placement Agent may deem appropriate **ONLY ONE APPLICATION** should be enclosed in each envelope.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

We draw your attention to the detailed instructions contained in the Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company, in consultation with the Sponsor, Issue Manager and Placement Agent, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances or which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, except those under the heading **“FOR OFFICIAL USE ONLY”**, must be completed and the words **“NOT APPLICABLE”** or **“N.A.”** should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT or CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**FORTRESS MINERALS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. **We will not accept applications not accompanied by any payment or accompanied by any other form of payment.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement of receipt will be issued by our Company or the Sponsor for applications and application monies received.
8. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a stop order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor, Issue Manager and Placement Agent and/or any other party involved in the Placement, and if, in any such event, our Company, the Sponsor, Issue Manager and Placement Agent does not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor, Issue Manager and Placement Agent and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application at **12.00 noon on 25 March 2019** or such other time or date as our Directors may, in consultation with the Sponsor, decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (b) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Sponsor, Issue Manager and Placement Agent nor any other person involved in the Placement and Listing shall have any liability for any information not so contained;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (g) you irrevocably agree and undertake to subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decide to allot and/or allocate any smaller number of Placement Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.
- (h) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Placement Share that may be allotted to you.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms or in such other manner or forms of application as the Sponsor, Issue Manager and Placement Agent may deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Fortress Minerals Limited c/o B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544, to arrive by 12.00 noon on 25 March 2019 or such other time as our Company may, in consultation with the Sponsor, Issue Manager and Placement Agent decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

This page has been intentionally left blank.



fortress

FORTRESS MINERALS LIMITED

(Company Registration Number: 201732608K)
(Incorporated in the Republic of Singapore on 13 November 2017)