FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

Unaudited Condensed Interim Financial Statements for the First Quarter and Three Months Ended 31 May 2024 ("1Q FY2025")

Background

Fortress Minerals Limited ("**Fortress**" or the "**Company**" and collectively with its subsidiaries, the "**Group**") is principally in the business of exploration, mining, production and sale of iron ore of low level of impurities. All of our iron ore are efficiently priced in the United States Dollar against international iron ore indexes as practiced world-wide.

The Group is enhancing its production capabilities and expanding its mineral resources at the Bukit Besi mine. It is also developing a new integrated processing plant at the CASB mine and advancing its prospecting efforts in Sabah through various phases of mineral exploration.

The Group continues to seek opportunities to grow its commodities portfolio prudently and in a disciplined manner via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide a competitive edge to tap on the demand.

Fortress is committed to our team's safety and values of integrity, sustainability, empowerment, and prosperity. Our team drives the business to achieve our vision of excelling in mineral exploration through strategic insights and alliances, addressing regional client demands, and maintaining ethical excellence.

Fortress Minerals Limited (OAJ: SGX) has been listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 27 March 2019.

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

Part I – Condensed Interim Financial Statements for the First Quarter and Three Months ended 31 May 2024 ("1Q FY2025")

Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
		Three months ended		
	Note	31 May 2024 US$	31 May 2023 US$	Change %
Revenue	3	9,776,353	13,252,330	(26.2)
Cost of sales		(2,649,639)	(4,970,738)	(46.7)
Gross profit		7,126,714	8,281,592	(13.9)
Other income		115,148	103,089	11.7
Selling and distribution expenses		(1,202,162)	(1,393,922)	(13.8)
Other operating expenses		(2,255,052)	(2,721,798)	(17.1)
Administrative expenses		(322,980)	(613,129)	(47.3)
Finance costs		(179,029)	(270,964)	(33.9)
Profit before income tax	4	3,282,639	3,384,868	(3.0)
Income tax expense	5	(970,610)	(881,509)	10.1
Profit for the financial period		2,312,029	2,503,359	(7.6)
Profit/(Loss) attributable to:				
Owners of the Company		2,317,457	2,510,079	(7.7)
Non-controlling interests		(5,428)	(6,720)	(19.2)
		2,312,029	2,503,359	(7.6)
Other comprehensive income				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translating foreign operations		695,133	(1,673,271)	nm
Total comprehensive income for the financial period, net of tax		3,007,162	830,088	262.3
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company		3,011,566	831,832	262.0
Non-controlling interests		(4,404)	(1,744)	152.5
		3,007,162	830,088	262.3
Earnings per share attributable to owners of the Company (cents)				
- Basic and diluted	6	0.44	0.48	(8.3)

nm – not meaningful

Condensed interim statements of financial position

	Note	Group 31 May 2024 US$	Group 29 February 2024 US$	Company 31 May 2024 US$	Company 29 February 2024 US$
ASSETS					
Non-current assets					
Investments in subsidiaries		-	-	43,014,921	43,014,921
Exploration and evaluation assets		5,371,065	4,977,668	-	-
Mining properties	8	41,795,601	41,589,686	-	-
Plant and equipment	9	21,897,029	21,211,697	-	-
Right-of-use assets	10	1,740,860	1,436,973	-	-
Intangible asset		2,869,556	2,834,372	-	-
		73,674,111	72,050,396	43,014,921	43,014,921
Current assets					
Inventories		5,438,847	3,135,168	-	-
Trade receivables		3,078,032	7,205,929	-	-
Other receivables, deposits and prepayments		4,205,857	4,197,106	-	-
Amounts due from subsidiaries		-	-	14,152,169	13,372,073
Current income tax receivables		961,520	754,860	-	-
Financial assets at fair value through profit or loss ("**FVTPL**")		3,064,341	2,196,115	1,722,417	2,196,115
Cash and bank balances	11	8,838,814	7,681,409	2,136,796	2,073,664
		25,587,411	25,170,587	18,011,382	17,641,852
Total assets		99,261,522	97,220,983	61,026,303	60,656,773
EQUITY AND LIABILITIES					
Equity					
Share capital	12	28,995,034	28,995,034	28,995,034	28,995,034
Other reserves		(10,695,792)	(11,389,901)	-	-
Retained earnings		56,317,178	54,639,963	24,699,277	23,130,320
		74,616,420	72,245,096	53,694,311	52,125,354
Non-controlling interests		153,178	1,496	-	-
Total equity		74,769,598	72,246,592	53,694,311	52,125,354
Non-current liabilities					
Bank borrowings	15	1,223,517	1,918,301	-	986,994
Lease liabilities	15	132,716	205,331	-	-
Deferred tax liabilities		3,615,631	3,543,846	-	-
Other payables		2,294,970	2,309,552	2,294,970	2,309,552
		7,266,834	7,977,030	2,294,970	3,296,546
Current liabilities					
Banks borrowings	15	6,557,051	6,939,565	4,697,974	4,947,974
Lease liabilities	15	1,647,681	1,270,384	-	-
Trade payables		2,249,109	1,180,197	-	-
Other payables and accruals		6,756,532	7,593,013	280,225	245,618
Amounts due to directors		390	1,529	-	-
Amounts due to subsidiaries		-	-	58,731	41,199
Current income tax payables		14,327	12,673	92	82
		17,225,090	16,997,361	5,037,022	5,234,873
Total liabilities		24,491,924	24,974,391	7,331,992	8,531,419
Total equity and liabilities		99,261,522	97,220,983	61,026,303	60,656,773

Condensed interim statements of changes in equity

Group	Note	Share capital US$	Capital reserve US$	Foreign currency translation reserve US$	Merger reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 March 2024		**28,995,034**	**383,615**	**(8,207,540)**	**(3,565,976)**	**54,639,963**	**72,245,096**	**1,496**	**72,246,592**
Profit/(loss) for the financial period		-	-	-	-	2,317,457	2,317,457	(5,428)	2,312,029
Other comprehensive income									
Exchange differences on translating foreign operations		-	-	694,109	-	-	694,109	1,024	695,133
Other comprehensive (loss)/income for the financial period, net of tax		-	-	694,109	-	-	694,109	1,024	695,133
Total comprehensive (loss)/income for the financial period		-	-	694,109	-	2,317,457	3,011,566	(4,404)	3,007,162
Transactions with owners									
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	84,520	84,520
Acquisition of additional interests in a subsidiary with no change in control		-	-	-	-	(640,242)	(640,242)	(258)	(640,500)
Issuance of new ordinary shares of a subsidiary to non-controlling interest		-	-	-	-	-	-	71,824	71,824
Total transactions with owners		-	-	-	-	(640,242)	(640,242)	156,086	(484,156)
Balance at 31 May 2024		**28,995,034**	**383,615**	**(7,513,431)**	**(3,565,976)**	**56,317,178**	**74,616,420**	**153,178**	**74,769,598**

Condensed interim statements of changes in equity (continued)

Group	Note	Share capital US$	Capital reserve US$	Foreign currency translation reserve US$	Merger reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 March 2023		**22,463,273**	**383,615**	**(4,782,270)**	**(3,565,976)**	**47,741,243**	**62,239,885**	**(25,183)**	**62,214,702**
Profit/(loss) for the financial period		-	-	-	-	2,510,079	2,510,079	(6,720)	2,503,359
Other comprehensive income									
Exchange differences on translating foreign operations		-	-	(1,678,247)	-	-	(1,678,247)	4,976	(1,673,271)
Other comprehensive (loss)/income for the financial period, net of tax		-	-	(1,678,247)	-	-	(1,678,247)	4,976	(1,673,271)
Total comprehensive (loss)/income for the financial period		-	-	(1,678,247)	-	2,510,079	831,832	(1,744)	830,088
Transactions with owners									
Issuance of new ordinary shares		6,531,761	-	-	-	-	6,531,761	-	6,531,761
Total transactions with owners		6,531,761	-	-	-	-	6,531,761	-	6,531,761
Balance at 31 May 2023		**28,995,034**	**383,615**	**(6,460,517)**	**(3,565,976)**	**50,251,322**	**69,603,478**	**(26,927)**	**69,576,551**

Condensed interim statements of changes in equity (continued)

Company	Notes	Share capital US$	Retained earnings US$	Total equity US$
Balance at 1 March 2024		**28,995,034**	**23,130,320**	**52,125,354**
Profit for the financial period representing total comprehensive income for the financial period		-	1,568,957	1,568,957
Balance at 31 May 2024		**28,995,034**	**24,699,277**	**53,694,311**

Company	Notes	Share capital US$	Retained earnings US$	Total equity US$
Balance at 1 March 2023		**22,463,273**	**17,152,427**	**39,615,700**
Profit for the financial period representing total comprehensive income for the financial period		-	1,522,712	1,522,712
Transactions with owners				
Issuance of new ordinary shares		6,531,761	-	6,531,761
Total transaction with owners		6,531,761	-	6,531,761
Balance at 31 May 2023		**28,995,034**	**18,675,139**	**47,670,173**

Condensed interim consolidated statements of cash flows

	Note	Group Three months ended 31 May 2024 US$	 31 May 2023 US$
Operating activities			
Profit before income tax		3,282,639	3,384,868
Adjustments for:			
Amortisation of mining properties		31,963	82,072
Depreciation of plant and equipment		254,310	327,741
Depreciation of right-of-use assets		200,306	116,797
Interest expenses		179,029	270,964
Interest income		(21,418)	(1,492)
Distribution from financial assets at FVTPL		(36,460)	(12,968)
Fair value gain on financial assets at FVTPL		(3,412)	(18,960)
Loss/(Gain) on disposal of plant and equipment		73,710	(45,411)
Modification of lease contracts		202	(377)
Unrealised foreign exchange (gain)/loss		(29,130)	84,951
Operating cash flow before working capital changes		3,931,739	4,188,185
Working capital changes:			
Inventories		(855,041)	1,529,832
Trade and other receivables		4,342,713	(2,391,753)
Trade and other payables		(12,680)	(1,204,807)
Cash generated from operations		7,406,731	2,121,457
Income tax paid		(1,107,159)	(1,612,919)
Net cash flow generated from operating activities		6,299,572	508,538
Investing activities			
Additions of exploration and evaluation assets		(301,674)	(242,494)
Additions of mining properties		(110,630)	(244,361)
Additions of plant and equipment		(934,344)	(737,668)
Acquisition of subsidiaries, net of cash acquired		84,520	-
Acquisition of additional interests in a subsidiary with no change in control		(640,500)	-
Proceeds from disposal of plant and equipment		175,429	51,451
Purchase of financial asset at fair value through profit or loss, net		(864,814)	(4,092,431)
Interest received		21,418	1,492
Distribution income received		36,460	12,968
Net cash flow used in investing activities		(2,534,135)	(5,251,043)
Financing activities			
Interest paid		(164,064)	(262,243)
Increase in short-term deposit pledged		(256)	(256)
Repayments of bank borrowings		(1,811,797)	(1,895,821)
Repayment of lease liabilities		(697,278)	(487,263)
Proceed from issuance of new ordinary shares		-	6,531,761
Proceed from issuance of new ordinary shares of a subsidiary to non-controlling interest		71,824	-
Net cash flow used in financing activities		(2,601,571)	3,886,178
Net change in cash and cash equivalents		1,163,866	(856,327)
Effects of exchange rate changes on cash and cash equivalents		(6,717)	(43,608)
Cash and cash equivalents at beginning of financial period		5,678,660	3,667,825
Cash and cash equivalents at end of financial period	11	6,835,809	2,767,890

Notes to the condensed interim consolidated financial statements

1. Corporate information

Fortress Minerals Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim financial statements as at and for the three months ended 31 May 2024 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are:

(a) acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals;
(b) transport of iron ore and minerals;
(c) contractors for drilling and blasting works, other site preparation activities and mining work; and
(d) provide support across the Group's financial accounting, payroll, information technology, purchasing, corporate services and others.

2. Basis of preparation

The condensed interim financial statements for the three months period ended 31 May 2024 have been prepared in accordance with the Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore ("ASC"). The condensed interim financial statements do not include all the information and disclosures required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last audited annual financial statements for the period ended 29 February 2024.

The condensed interim financial statements of the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The condensed interim financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

The condensed interim financial statements are presented in United States dollar ("US$"), which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS(I)s") and Interpretations of SFRS(I) ("SFRS(I) INTs") that are mandatory for the accounting periods beginning on or after 1 March 2024. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

2. Basis of preparation (continued)

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 29 February 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- *Impairment assessment of mining assets*

  The Group assesses these assets at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is determined as the higher of fair value less costs to sell and value in use. In determining if there are indicators of impairment of these assets, judgement is used to consider if there are external and internal sources of information that indicates these assets may be impaired. The Group has determined that there are no indications of impairment on mining assets taking into consideration the remaining estimated mining resource, production costs, iron ore prices and continuation of the production activities.

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:

- *Amortisation of mining properties*

  Mining properties are amortised on a unit of production basis over the economically recoverable resources of the mine concerned except for the mining rights which are amortised over the term of permit. Management have engaged external expert to review and revise the estimates of the recoverable resources of the mines and remaining useful life and residual values of mining properties at the end of each reporting date. Any changes in estimates of the recoverable resource of the mine, the useful life, and residual values of the mining properties would impact the amortisation charges and consequently affect the Group's financial performance.

2. Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

- *Impairment of goodwill arising from acquisition of Fortress Mengapur Group*

  Management determines whether goodwill is impaired at least on an annual basis and whenever there is an indication that they are impaired. The process of evaluating potential impairment of goodwill requires significant judgements and assumptions. Management estimates the recoverable amount of the cash-generating-unit ("CGU") to which the goodwill has been allocated. The recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. Any excess of the carrying value over the discounted future cash flows are recognised as impairment loss in profit or loss.

- *Expected credit loss ("ECL") allowance on other receivables and deposits*

  Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on other receivables and deposits, by considering forward looking information using industry market data and customer profile. For those where the credit risk has not increased significantly since initial recognition, 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.

3. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). 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.

The Group has one (1) reportable segment being iron ore. The Group's reportable segment is as follows:

(i) Iron ore – exploration, mining, drilling and blasting works, production and sales of iron ore; and
(ii) Others – Group's remaining minor trading and investment holding activities which are not included within reportable segment as they are not separately reported to the CODM and they contribute minor amounts of income to the Group.

3. Segment and revenue information (continued)

3.1 Reportable segments

1 March 2024 to 31 May 2024	Iron Ore US$	Others US$	Group US$
Revenue			
External customers, representing total revenue	9,776,353	-	9,776,353
Results:			
Interest income from financial institutions	21,418	-	21,418
Distribution from financial assets at FVTPL	36,460	-	36,460
Fair value gain on financial assets at FVTPL	3,412	-	3,412
Loss on disposal of plant and equipment	(73,710)	-	(73,710)
Amortisation of mining properties	(31,963)	-	(31,963)
Depreciation of right-of-use assets	(200,306)	-	(200,306)
Depreciation of plant and equipment	(254,310)	-	(254,310)
Interest expense	(179,029)	-	(179,029)
Segment profit/(loss)	3,461,157	(178,518)	3,282,639
Assets:			
Additions to non-current assets	2,403,852	-	2,403,852
Segment assets	99,127,731	133,791	99,261,522
Segment liabilities	(24,278,777)	(213,147)	(24,491,924)

1 March 2023 to 31 May 2023	Iron Ore US$	Others US$	Group US$
Revenue			
External customers, representing total revenue	13,252,330	-	13,252,330
Results:			
Interest income from financial institutions	1,492	-	1,492
Distribution from financial assets at FVTPL	12,968	-	12,968
Fair value gain on financial assets at FVTPL	18,960	-	18,960
Gain on disposal of plant and equipment	45,411	-	45,411
Amortisation of mining properties	(82,072)	-	(82,072)
Depreciation of right-of-use assets	(116,797)	-	(116,797)
Depreciation of plant and equipment	(327,741)	-	(327,741)
Interest expense	(270,964)	-	(270,964)
Segment profit/(loss)	3,608,080	(223,212)	3,384,868
Assets:			
Additions to non-current assets	1,694,642	-	1,694,642
Segment assets	97,522,698	170,657	97,693,355
Segment liabilities	(27,805,256)	(311,548)	(28,116,804)

3. Segment and revenue information (continued)

3.2 Disaggregation of revenue

Group	Three months ended	
	31 May 2024 US$	31 May 2023 US$
Geographical information:		
Malaysia	9,776,353	13,252,330
Timing of revenue recognition:		
At a point in time	9,776,353	13,252,330

<u>Seasonality of operations</u>

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

4. Profit before income tax

4.1 Significant items

Group	Three months ended	
	31 May 2024 US$	31 May 2023 US$
Income		
Interest income from financial institutions	21,418	1,492
Distribution from financial assets at FVTPL	36,460	12,968
Fair value gain on financial assets at FVTPL	3,412	18,960
(Loss)/Gain on disposal of plant and equipment, net	(73,710)	45,411
Expenses		
Amortisation of mining properties	31,963	82,072
Depreciation charge of:		
- plant and equipment	254,310	327,741
- right-of-use assets	200,306	116,797
Foreign exchange loss, net	6,361	268,960
Interest expenses on:		
- borrowings	163,682	262,243
- lease liabilities	15,347	8,721
Commission expense	94,490	285,992
Handling and transportation	520,591	324,564
Royalty expense	584,456	752,723
Upkeep of machinery	424,338	740,068
Upkeep of motor vehicles	231,611	183,712

4. Profit before income tax (continued)

4.2 Related party transactions

Material transactions with related parties are as follows:

Group	**Three months ended**	
	31 May 2024 US$	**31 May 2023 US$**
Transaction with an entity of common major shareholder of the Company		
Lease payments to:		
-Webcon Venture Sdn Bhd	12,676	13,422

Key management personnel remuneration

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly, or indirectly. The details of their remunerations are as follows:

Group	**Three months ended**	
	31 May 2024 US$	**31 May 2023 US$**
Directors' fees	187,609	129,937
Salaries and other emoluments	828,285	615,363
Contributions to defined contribution plans	71,023	54,134
Social security contributions	245	130
	1,087,162	799,564

5. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

Group	**Three months ended**	
	31 May 2024 US$	**31 May 2023 US$**
Current income tax expense	919,647	1,144,559
Deferred tax relating to origination/(reversal) of temporary differences	50,963	(263,050)
Income tax expense recognised in profit or loss	970,610	881,509

6. Earnings per ordinary share (“EPS”)

Group	Three months ended 31 May 2024 US$	Three months ended 31 May 2023 US$
Net profit attributable to owners of the Company (US$)	2,317,457	2,510,079
Weighted average number of ordinary shares	523,316,100	520,704,187
Basic and diluted EPS (US cents)	0.44	0.48

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

7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 31 May 2024 and 29 February 2024:

	Group		Company	
	31 May 2024 US$	29 February 2024 US$	31 May 2024 US$	29 February 2024 US$
Financial assets carried at amortised cost				
Trade receivables	3,078,032	7,205,929	-	-
Other receivables and deposits (excluding prepayments)	2,224,776	2,193,895	-	-
Amounts due from subsidiaries	-	-	14,152,169	13,372,073
Cash and bank balances	8,838,814	7,681,409	2,136,796	2,073,664
	14,141,622	17,081,233	16,288,965	15,445,737
Financial assets carried at fair value				
Financial assets at FVTPL	3,064,341	2,196,115	1,722,417	2,196,115
Total financial assets	17,205,963	19,277,348	18,011,382	17,641,852
Presented as				
Current assets	17,205,963	19,277,348	18,011,382	17,641,852

7. **Financial assets and financial liabilities** (continued)

	Group		Company	
	31 May 2024	**29 February 2024**	**31 May 2024**	**29 February 2024**
	US$	**US$**	**US$**	**US$**
Financial liabilities carried at amortised cost				
Banks borrowings	7,780,568	8,857,866	4,697,974	5,934,968
Lease liabilities	1,780,397	1,475,715	-	-
Trade payables	2,249,109	1,180,197	-	-
Other payables and accruals	6,689,360	7,525,841	213,054	178,446
Amounts due to directors	390	1,529	-	-
Amounts due to subsidiaries	-	-	58,731	41,199
	18,499,824	19,041,148	4,969,759	6,154,613
Financial liability carried at fair value				
Contingent consideration *****	2,362,141	2,376,724	2,362,141	2,376,724
Total financial liabilities	20,861,965	21,417,872	7,331,900	8,531,337
Presented as				
Current liabilities	17,210,762	16,984,688	5,036,930	5,234,791
Non-current liabilities	3,651,203	4,433,184	2,294,970	3,296,546

* As part of the acquisition of the entire issued and paid-up share capital in Fortress Mengapur Group from Monument Mining Limited (the "Vendor"), the Company had also on the same date entered into a royalty agreement with the Vendor for the payment of royalties by the Company at the rate of 1.25% of gross revenue on all mineral products produced in forms ready for sale from the area within the boundaries of the entire tenements held by the subsidiaries namely CASB and SDSB, save for free digging oxide magnetite iron materials contained on the top soil at certain areas of the tenement held by CASB in accordance with the terms thereof. This portion of the consideration was determined to be contingent, as it is based on the performance of Fortress Mengapur Group.

As at 31 May 2024, the condition of Fortress Mengapur Group showed that it is highly probable that the performance indicator would be achieved due to continuous development of mining activities. Hence, the fair value of the contingent consideration determined at 31 May 2024 reflected this development.

The fair value is determined using the discounted cash flow method. This is a level 3 fair value measurement.

7. **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).

The following presented the financial liability measured at fair value.

	Fair value measurement using			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Group				
31 May 2024				
Financial asset				
Financial asset at FVTPL	-	3,064,341	-	3,064,341
Financial liability				
Contingent consideration	-	-	2,362,141	2,362,141
29 February 2024				
Financial asset				
Financial asset at FVTPL	-	2,196,115	-	2,196,115
Financial liability				
Contingent consideration	-	-	2,376,724	2,376,724
Company				
31 May 2024				
Financial asset				
Financial asset at FVTPL	-	1,722,417	-	1,722,417
Financial liability				
Contingent consideration	-	-	2,362,141	2,362,141
29 February 2024				
Financial asset				
Financial asset at FVTPL	-	2,196,115	-	2,196,115
Financial liability				
Contingent consideration	-	-	2,376,724	2,376,724

8. Mining properties

During the financial period ended 31 May 2024, the Group incurred addition of mining properties expenditures amounting to US$0.1 million (31 May 2023: US$0.2 million) reflecting the Group's ongoing commitment to improve existing mines and sustain mining operations.

9. Plant and equipment

Acquisitions and disposals

During the financial period ended 31 May 2024, the Group acquired plant and equipment with cost of US$0.9 million (31 May 2023: US$0.7 million), excluding capitalisation of depreciation charge of right-of use assets and motor vehicles of US$16,158 in the previous financial period ended 31 May 2023. There is no capitalisation of depreciation charge during the current financial period ended 31 May 2024.

Plant and equipment with net book value of US$0.2 million (31 May 2023: US$6,040) were disposed of by the Group during the financial period ended 31 May 2024, resulting in a net loss on disposal of US$73,710 (31 May 2023: Net gain on disposal of US$45,411).

10. Right-of-use assets

The Group leases office space, hostels, storage space and motor vehicles in Malaysia. During the financial period ended 31 May 2024, the Group recognised addition of right-of-use assets for motor vehicles and premises amounting to US$0.4 million (31 May 2023: US$0.2 million).

The Group renegotiated and modified existing lease contracts for a few motor vehicles during the financial period ended 31 May 2024 which were accounted for as a lease modification with increase to the right-of-use assets and lease liabilities of US$524,273 and US$524,475 (31 May 2023: US$1,064,575 and US$1,064,198) respectively, resulting in loss on modification of lease contracts of US$202 (31 May 2023: Gain on modification of lease contracts of US$377).

11. Cash and bank balances

	Group		**Company**	
	31 May 2024 US$	**29 February 2024 US$**	**31 May 2024 US$**	**29 February 2024 US$**
Cash at banks	4,028,953	4,549,852	133,791	70,915
Cash on hand	240,978	27,657	-	-
Short-term deposits	4,568,883	3,103,900	2,003,005	2,002,749
	8,838,814	7,681,409	2,136,796	2,073,664

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the followings:

	Group	
	31 May 2024 US$	**29 February 2024 US$**
Cash and bank balances as above	8,838,814	7,681,409
Less: Short-term deposit pledged	(2,003,005)	(2,002,749)
Cash and cash equivalents as per consolidated statement of cash flows	6,835,809	5,678,660

12. Share capital

	Group and Company			
	31 May 2024		29 February 2024	
	Number of shares	Amount US$	Number of shares	Amount US$
Total number of issued shares excluding treasury shares	523,316,100	28,995,034	523,316,100	28,995,034

The Company did not have any treasury shares as at 31 May 2024. There were no subsidiary holdings during and as at the end of the current financial period reported on.

13. Dividends

	Group	
	31 May 2024 US$	29 February 2024 US$
<u>Ordinary dividends paid:</u>		
In respect of financial year ended 28 February 2023: - Final one-tier tax exempt dividend of 0.80 Singapore cents (equivalent to 0.60 US cents) per ordinary share	-	3,149,157
	-	3,149,157

14. Net Asset Value

	Group		Company	
	31 May 2024 US$	29 February 2024 US$	31 May 2024 US$	29 February 2024 US$
Net asset value (“NAV”) (US$)	74,616,420	72,245,096	53,694,311	52,125,354
Total number of issued shares excluding treasury shares	523,316,100	523,316,100	523,316,100	523,316,100
NAV per Share (US cents)	14.26	13.81	10.26	9.96

15. Borrowings and lease liabilities

	Group		Company	
	31 May 2024 US$	**29 February 2024 US$**	**31 May 2024 US$**	**29 February 2024 US$**
<u>Repayable within one year or on demand</u>				
Secured				
- Bank borrowings	6,557,051	6,939,565	4,697,974	4,947,974
Unsecured				
- Leases liabilities	1,647,681	1,270,384	-	-
	8,204,732	8,209,949	4,697,974	4,947,974
<u>Repayable after one year</u>				
Secured				
- Bank borrowings	1,223,517	1,918,301	-	986,994
Unsecured				
- Leases liabilities	132,716	205,331	-	-
	1,356,233	2,123,632	-	986,994

The Group's secured borrowings as at 31 May 2024 comprised:

(i) bank borrowings which were used to finance the purchase of certain plant and equipment and are secured over certain of the Group's motor vehicles and machinery with carrying amounts amounted to US$3.5 million (29 February 2024: US$3.0 million); and

(ii) bank borrowings which were used to finance part of the acquisition of Fortress Mengapur Group and charge over all new monies securities comprising assignments of proceeds from certain subsidiaries for all monies payable under the borrowing facility and a short-term deposit pledged (Note 11).

16. Capital commitments

As at the end of reporting period, commitments in respect of capital expenditures are as follows:

	Group	
	31 May 2024 US$	**29 February 2024 US$**
Capital expenditures contracted but not provided for		
- Plant and equipment	528,296	310,329

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Part II – Other information required by Appendix 7C of the Catalist Rules

1. Review

The condensed interim statements of financial position of Fortress Minerals Limited and its subsidiaries as at 31 May 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for first quarter and three months then ended and the selected explanatory notes (the "Condensed Interim financial Statements") have not been audited or reviewed by the Company's auditors.

The Group's latest audited financial statements for the financial year ended 29 February 2024 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

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

<u>Condensed interim consolidated statement of profit or loss and other comprehensive income</u>

<u>Revenue</u>

Below is a summary of the iron ore sales performance of the Group for the financial period ended 31 May 2024 ("**1Q FY2025**") and the comparative financial period ended 31 May 2023 ("**1Q FY2024**").

	1Q FY2025	1Q FY2024	Increase/ (Decrease) (%)
Sold (**DMT***)	96,093	126,324	(23.9)
Revenue realised [1] **(US$)**	9,705,912	13,254,486	(26.8)
Average realised selling price **(US$/DMT)**	101.01	104.92	(3.7)

* DMT denotes Dry Metric Tonnes

(1) Excluding effect of foreign exchange.

As shown in the table above, the Group recorded revenue of US$9.7 million in 1Q FY2025, being 26.8% or US$3.5 million lower than 1Q FY2024 due to lower volume sold in the current financial period. This decrease was largely caused by stockpiling iron ore to meet overseas demand, as shipment delays had deferred exports to the following month.

The decrease was further impacted by the lower average realised selling price of US$101.01/DMT recorded in 1Q FY2025, a decrease of 3.7% or US$3.91/DMT due to the average benchmark IODEX CFR North China of Platts Daily Iron Ore Assessments price indices weakening in 1Q FY2025 as compared to 1Q FY2024.

Cost of sales

	1Q FY2025	1Q FY2024	Increase/ (Decrease) (%)
Sold **(WMT*)**	104,009	138,722	(25.0)
Cost of sales **(US$)**	2,649,639	4,970,738	(46.7)
Average unit cost of sales **(US$/WMT)**	25.48	35.83	(28.9)

* WMT denotes Wet Metric Tonnes

The Group's cost of sales decreased by 46.7% to US$2.6 million in 1Q FY2025. The Group's average unit cost of sales decreased by 28.9% or US$10.35/WMT to US$25.48/WMT in 1Q FY2025, which was driven by higher production volume achieved during the current financial period, which allowed the Group to benefit from economies of scale.

Gross profit and gross profit margin

As a result of the abovementioned reasons, gross profit for 1Q FY2025 of US$7.1 million was US$1.2 million lower than 1Q FY2024 and gross profit margin increased 10.4% to 72.9% in 1Q FY2025.

Other income

The Group's other income increased by US$12,059 to US$115,148 in 1Q FY2025. The increase was mainly driven by the increase in interest income from financial institutions and distribution income from financial assets at FVTPL by US$19,926 and US$23,492 respectively. The increase was mitigated by the decrease in gain on disposal of plant and equipment of US$45,411.

Selling and distribution expenses

Selling and distribution expenses decreased by US$0.2 million to US$1.2 million in 1Q FY2025, primarily due to the decrease in royalty of US$0.2 million which is consistent with the lower volume sold in 1Q FY2025.

Other operating expenses

The Group's other operating expenses comprise mainly employee benefits expenses and plant maintenance expenses. Other operating expenses decreased by US$0.5 million to US$2.3 million in 1Q FY2025 which was primarily due to the decrease in plant maintenance expenses by US$0.5 million as compared with 1Q FY2024. The decrease was mainly due to fewer maintenance activities performed as compared to the previous corresponding period.

Administrative expenses

Administrative expenses comprise mainly miscellaneous expenses incurred to provide support for general business activities.

Administrative expenses decreased by US$0.3 million to US$0.3 million in 1Q FY2025 primarily due to the decrease in realised and unrealised losses on foreign exchange differences by US$0.2 million due to the strengthening of exchange rate movement of RM against USD.

Finance costs

Finance costs comprised interest expenses on bank borrowings and lease liabilities which had decreased by US$0.1 million to US$0.2 million in 1Q FY2025 mainly due to repayment of principal amounts on bank borrowings.

Income tax expense

Income tax expense increased by US$0.1 million to US$1.0 million in 1Q FY2025.

The Group's effective tax rate in 1Q FY2025 was 29.6%, which is higher than the Group's applicable tax rate of 24% mainly due to non-deductibility of certain expenses and losses in certain subsidiaries, thus the inability to offset against taxable profits in other subsidiaries within the Group.

Profit after income tax

Our Group's profit after income tax in 1Q FY2025 decreased by US$0.2 million or 7.6%, to US$2.3 million from US$2.5 million in 1Q FY2024 as a result of the aforementioned reasons.

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

The comparative performance of the assets and liabilities listed below is based on the financial statements as at 31 May 2024 and 29 February 2024.

Condensed interim statements of financial position

Non-current assets

Non-current assets comprise exploration and evaluation assets, mining properties, plant and equipment, right-of-use assets and goodwill. The Group's non-current assets increased by US$1.6 million from US$72.1 million as at 29 February 2024 to US$73.7 million as at 31 May 2024.

Exploration and evaluation assets increased by US$0.4 million to US$5.4 million as at 31 May 2024, mainly due to the on-going exploration activities undertaken by the Group at the CASB mine of US$0.1 million and the Sabah exploration areas of US$0.3 million as at 31 May 2024.

Mining properties increased by US$0.2 million to US$41.8 million as at 31 May 2024. The increase is primarily attributable to the:

- mining development expenditure incurred to gain access to mineral deposits and for mine processing purposes at the CASB mine amounting to US$0.1 million; and

- the effects of exchange translation differences of US$0.4 million due to the strengthening of exchange rate movement of RM against USD.

However, the increase was partially offset by the amortisation charges of US$0.3 million.

Plant and equipment increased by US$0.7 million to US$21.9 million as at 31 May 2024 from US$21.2 million as at 29 February 2024. The increase was mainly due to the following:

- construction work-in-progress of processing plants in the Bukit Besi and CASB mine amounting to US$0.3 million and US$0.3 million, respectively;

- additions of motor vehicles amounting to US$0.9 million; and

- effects of exchange translation differences of US$0.3 million.

The increase was partially offset by the depreciation charges of US$1.0 million.

Right-of-use assets at the Group level refers to the leases of motor vehicles, machineries, office and hostels premises for use at both the Bukit Besi and CASB mine. Right-of-use assets increased by US$0.3 million to US$1.7 million as at 31 May 2024, which was attributable to addition and modification of lease terms which amounted to US$1.0 million but was partially offset by the depreciation charges amounting to US$0.7 million.

The intangible asset comprised the goodwill arising from the acquisition of Fortress Mengapur Group. The intangible asset increased by US$0.1 million to US$2.9 million as at 31 May 2024 due to the effects of exchange translation differences from the strengthening of exchange rate movement of RM against USD.

Current assets

As at 31 May 2024, the Group's current assets remained solid and stood at US$25.6 million compared to US$25.2 million as at 29 February 2024. The increase was mainly attributable to the following:

- increase in inventories by US$2.3 million is attributed to an increase in production and consumable inventories, driven by a higher production volume relative to the achieved sales volume.

- increase in financial assets at fair value through profit or loss by US$0.9 million which comprise money-market funds as at 31 May 2024;

- increase in current income tax receivables by US$0.2 million in 1Q FY2025 is attributed to higher tax installments paid to tax authorities compared to the tax provision for the same financial period; and

- increase in cash and bank balances of US$1.2 million was primarily due to the net cash flow generated from operating activities being higher than the net cash flow used in investing and financing activities in 1Q FY2025.

However, it was partially offset by the decrease in trade receivables by US$4.1 million due to a lower outstanding trade receivables as at 31 May 2024 which is consistent with the lower sales volume in the final month of 1Q FY2025 as compared to 4Q FY2024.

Non-current liabilities

As at 31 May 2024, the Group's non-current liabilities decreased by US$0.7 million to US$7.3 million from US$8.0 million as at 29 February 2024.

The decrease was mainly due to the decrease in non-current bank borrowings as a result of the reclassification of non-current bank borrowings of US$0.7 million to current liabilities based on its maturity profile.

Current liabilities

As at 31 May 2024, the Group's current liabilities increased by US$0.2 million from US$17.0 million as at 29 February 2024 to US$17.2 million.

The increase was primarily due to the:

(i) drawdown of hire purchase borrowings of US$0.7 million;

(ii) reclassification from non-current bank borrowings of US$0.7 million;

(iii) addition of lease liabilities from new and modification leases of US$1.0 million; and

(iv) increase in trade and other payables of US$0.2 million due to lower repayments made in 1Q FY2025.

The decrease was offset by the repayment of bank borrowings and lease liabilities of US$1.8 million and US$0.7 million respectively made in 1Q FY2025.

Working capital

Consequent to the Group's profitability and positive net operating cashflow, the Group continues to record a positive working capital position of US$8.4 million as at 31 May 2024 as compared to US$8.2 million as at 29 February 2024.

Condensed interim consolidated statements of cash flows

In 1Q FY2025, the Group's net cash generated from operating activities increased to US$6.3 million as compared to US$0.5 million in 1Q FY2024.

The operating cash flow before working capital changes decreased by US$0.3 million to US$3.9 million as compared to US$4.2 million in 1Q FY2024. However, after adjusting for the increased working capital inflows of US$5.5 million, which was mainly attributable to the higher collection from trade and other receivables of US$6.7 million and lower repayments made to trade and other payables of US$1.2 million in 1Q FY2025. This was mitigated by the increased inventory levels of US$2.4 million.

In 1Q FY2025, the Group's net cash flow used in investing activities decreased by US$2.7 million to US$2.5 million as compared to US$5.2 million in 1Q FY2024. The decrease was primarily attributable to:

- decrease in purchase of financial asset at FVTPL which comprise money market funds of US$3.2 million in 1Q FY2025; and

- increase in proceeds from disposal of plant and equipment of US$0.1 million in 1Q FY2025.

The decrease was mitigated by the purchase consideration paid to acquire additional shares in a subsidiary from non-controlling interests of US$0.6 million.

In 1Q FY2025, the Group's net cash flow used in financing activities was US$2.6 million as compared to net cash flow generated from financing activities of US$3.9 million in 1Q FY2024. The decrease of US$6.5 million was primarily due to the absence of proceeds from issuance of new ordinary shares as compared to 1Q FY2024.

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

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

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

Market Outlook

Global crude steel production decreased 0.1% yoy for January to May 2024[1]. China, the world's largest steel-producing country, is estimated to have produced 438.6 million tonnes (Mt) in the same period, down 1.4% yoy[1]. However, China's production for May 2024 saw a 2.7% increase yoy to 92.9 Mt[1]. The increase in steel output in May was likely supported by a series of favourable macro policies and high raw material prices, which buoyed steelmakers' profitability and prompted many mills to speed up steel production accordingly.[2]

The Southeast Asian Iron and Steel Institute (SEAISI) estimates that steel demand in Southeast Asian countries will grow by 3.7% yoy to 76.5 Mt for 2024[3]. The expected increase in 2024 is attributed to optimism in the ASEAN economies on achieving their economic growth targets, given the strong private consumption, infrastructure and construction projects, and tourism recovery, as inflation rates approach target ranges.[3]

In Malaysia, domestic steel consumption is expected to increase this year to between 8.3 Mt and 9.0 Mt, driven by construction of data centres, the expansion of the semiconductor industry and infrastructure projects such as the Penang light rail transit.[4]

Overall, increased focus on high grade magnetite iron ore continues to underpin demand, supported by efforts to decarbonise the global iron ore and steel industry and support the energy transition.

Operational developments

The Group continued to enhance its production capabilities at its Bukit Besi mine. Two new ball mills were commissioned in May 2024 ahead of schedule and will increase nameplate capacity to a range of 50,000 to 60,000 tonnes per month, representing a targeted c.20% yoy increase from FY2024. The Group continues to further develop its East, Valley and West deposits at the Bukit Besi mine to expand its mineral resource for cost-efficient growth.

On 27 June 2024, the Group secured two new 12-month offtake agreements with an independent domestic steel mill in Malaysia. These agreements, totalling approximately 552,000 WMT, will run concurrently from 1 July 2024 to 30 June 2025. This is a testament to the consistent demand for the Group's high grade iron ore concentrate, efficient business operations, and strong business relationships with its customers.

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[1] The World Steel Association, 21 June 2024: May 2024 crude steel production

[2] Southeast Asia Iron and Steel Institute, 20 June 2024: Steel output at key Chinese steel hubs gains in May | SEAISI

[3] Southeast Asia Iron and Steel Institute, 2 July 2024: Steel demand in Southeast Asia to grow by 3.7% y/y in 2024

[4] The Edge Malaysia, 1 July 2024: Data centre boom, chip industry expansion expected to boost local steel demand

The Group also looks forward to completing the development of the ongoing flowsheet and engineering design of the plant at the Cermat Aman Sdn Bhd ("**CASB**") mine by 2Q FY2025. Once this is completed, the next stage will be to work on the construction drawing, which is estimated to be completed by the end of 4Q FY2025. Ultimately, the Group looks to develop a new integrated processing plant at the CASB mine which will produce copper concentrate, pyrrhotite concentrate and high-grade iron ore concentrates.

The Group has also made progress on its two prospecting licences granted to its subsidiaries, namely 65%-owned Saga Mineral Sdn. Bhd. ("**SMSB**") and 65%-owned Kencana Primary Sdn. Bhd. ("**KPSB**"). The Group has completed Phase 2 "Prospecting" at SMSB which consisted of narrowing down of targets for the upcoming trenching and pitting program. It is currently in Phase 3 "Detailed mapping" to conduct detailed mapping, trenching, pitting and further mineral studies. For KPSB, spur & ridge and initial topography survey is completed, and the rest of Phase 1 has commenced and is expected to be completed by 2Q FY2025. The work from Phase 1 will enable the commencement of Phase 2 "Prospecting" at KPSB.

The Group continues to seek opportunities to grow its commodities portfolio prudently and in a disciplined manner via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide a competitive edge to tap on the demand.

The Group continues to explore various fund-raising opportunities to enhance its cash balances for operational needs when required. The Group will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

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

There was no change in the issued and paid-up share capital of the Company from 29 February 2024 to 31 May 2024. The Company's share capital was US$28,995,034 comprising 523,316,100 shares as at 31 May 2024 and 29 February 2024.

There were no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 31 May 2024 and 31 May 2023.

6. To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	As at 31 May 2024	**As at 29 February 2024**
Total number of issued shares excluding treasury shares	523,316,100	523,316,100

The Company did not have any treasury shares as at 31 May 2024 and 29 February 2024.

7. A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

8. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

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

Except as disclosed in Section 2.1 of Part I above, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 29 February 2024.

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10. Dividend information

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

No dividend has been declared or recommended for the current reporting period.

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

No dividend has been declared or recommended for the corresponding reporting period.

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

Not applicable.

d) Date payable

Not applicable.

e) Books closure date

Not applicable.

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

No dividend has been declared or recommended during 1Q FY2025 to enable the Group to conserve cash for its working capital purposes.

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

The Group has not obtained a general mandate from shareholders for IPTs. In 1Q FY2025, there were no interested person transactions of S$100,000 and above.

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

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

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

The Group only has 1 operating segment, and the factors leading to any material changes in contribution to the Group's revenue and earnings has been disclosed in Para 2 of Part II – Other information required by Appendix 7C of the Catalist Rules above.

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

On 10 April 2023, our Company received S$8.7 million (net of placement expenses of S$0.3 million) as placement net proceeds. As at the date of this announcement, the status on the use of the placement net proceeds is as follows:

Use of net proceeds	Amount allocated	Amount utilised	Balance
	S$'000	S$'000	S$'000
Further development of the CASB mine, including continuing and future exploration and geology work, as well as addition of a new integrated processing plant	5,200	(2,177) [1]	3,023
Prospecting expenditures in relation to the two prospecting licenses in Sabah	3,500	(3,133) [2]	367
Total	**8,700**	**(5,310)**	**3,390**

[1] utilised for payment for purchase of machinery parts for the new integrated processing plant.

[2] utilised for payment for purchase of plant and equipment, licensing fees, operating expenses and employee benefit expenses.

The above utilisation of the placement proceeds is in accordance with the intended use as stated in the Company's announcement dated 20 March 2023 in relation to the placement of 23,316,100 new ordinary shares in the capital of the Company.

At the appropriate juncture, our Group will deploy the remaining placement proceeds as the Group intends to further develop the CASB mine and undertake exploration activities in Sabah. Pending such deployment, funds have been placed in interest bearing deposits with licenced banks in Singapore and Malaysia.

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

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

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

During 1Q FY2025, funds/cash was mainly used for the following production activities, as compared to the projections: -

Purpose	Amount (US$ million)	
	Actual	Projected
Exploration and evaluation activities	0.30	0.30
Cost of sales	2.65	4.70
Selling and distribution costs	1.20	1.54
Total	**4.15**	**6.54**

During 1Q FY2025, the Group's cost of sales was lower than the projected amount by US$2.05 million which was driven by higher production volume achieved during the current financial period, which allowed the Group to benefit from economies of scale.

In 1Q FY2025, the selling and distribution costs were lower than the projected amount by US$0.34 million, primarily due to lower royalty and commission expenses which are in line with lower sales volume in 1Q FY2025 as compared to the projected sales volume.

The Group utilised the planned funds in exploration and evaluation activities in 1Q FY2025 on the on-going exploration activities undertaken by the Group at the CASB mine and the Sabah exploration areas during the quarter under review.

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

Purpose	Amount (US$ million)
Exploration and evaluation activities	0.30
Cost of sales	4.50
Selling and distribution costs	2.16
Total	**6.96**

The Group will continue its exploration and evaluation activities at its East, Valley and West Deposits of Bukit Besi Mine, tenements held by Fortress Mengapur Group and prospecting areas in Sabah during the second quarter of FY2025 ("**2Q FY2025**").

Total exploration and evaluation expenses, cost of sales, and selling and distribution costs expected to be incurred are as tabulated above.

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

The Group has continued to carry out exploration and evaluation activities at our East, Valley and West Deposits at Bukit Besi mine, tenements held by Fortress Mengapur Group and prospecting areas in Sabah. These exploration and evaluation activities include ground and air-borne geological survey, sampling, exploration and laboratory assay activities. All of these activities are being undertaken by our in-house team of geologists. Cost incurred for these exploration and evaluation activities are as tabulated in Section 16 above.

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

i. Change in effective interest in Kencana Primary Sdn. Bhd. ("KPSB")

On 22 January 2024, a wholly-owned subsidiary of the Company, Fortress Ni Sdn. Bhd. had entered into a share purchase agreement with a third party to acquire share capital of MYR112,000 comprising 112,000 ordinary shares for a cash consideration of MYR3,000,000 (approximately US$640,500), of which the entire cash consideration has been paid upon transfer of shares. The share transfer was completed on 13 March 2024. Consequently, the Company's effective interest in KPSB had increased from 51% to 65%.

The purchase consideration was arrived at after arm's length negotiations, on a willing buyer-willing seller basis after taking into consideration, among other things, the potential earnings and future prospects of KPSB and the prospecting rights held by KPSB.

The change in effective interest in KPSB is not expected to have any significant impact on the net tangible assets and earnings per share of the Group for the financial year ending 28 February 2025.

ii. Acquisition of Gemilang Mining Sdn. Bhd. ("GMSB")

A wholly-owned subsidiary of the Company, Fortress Mining Sdn. Bhd., has on 27 March 2024, acquired share capital of MYR300,000 comprising 300,000 ordinary shares (representing 60% of the shareholding) in the share capital of GMSB from an unrelated third party for a cash consideration of RM3,000,000 (approximately US$634,000), of which RM300,000 has been paid-to-date upon transfer of shares. The balance consideration of RM2,700,000 is to be paid once the condition precedents are fulfilled.

The purchase consideration was arrived at after arm's length negotiations, on a willing buyer-willing seller basis after taking into consideration, among other things, the potential earnings and future prospects of GMSB and the mining rights to be acquired by GMSB.

The intended principal activity of GMSB is for acquisition of mines, mining rights, quarries and trading in minerals. However, GMSB has remained dormant since its date of incorporation. The current share capital of GMSB is RM500,000 and GMSB has a shareholders' fund of RM496,750 as at the acquisition date.

The acquisition of GMSB is not expected to have any significant impact on the net tangible assets and earnings per share of the Group for the financial year ending 28 February 2025.

18. PART III – ADDITIONAL INFORMATION REQUIRED PURSUANT TO CATALIST RULE 706A (continued)

iii. Acquisition of Sejati Lombong Sdn. Bhd. ("SLSB")

A wholly-owned subsidiary of the Company, Fortress Mining Sdn. Bhd., has on 27 March 2024, acquired share capital of MYR300,000 comprising 300,000 ordinary shares (representing 60% of the shareholding) in the share capital of SLSB from an unrelated third party for a cash consideration of RM3,000,000 (approximately US$634,000), of which RM300,000 has been paid-to-date upon transfer of shares. The balance consideration of RM2,700,000 is to be paid once the condition precedents are fulfilled.

The purchase consideration was arrived at after arm's length negotiations, on a willing buyer-willing seller basis after taking into consideration, among other things, the potential earnings and future prospects of SLSB and the mining rights to be acquired by SLSB.

The intended principal activity of SLSB is for acquisition of mines, mining rights, quarries and trading in minerals. However, SLSB has remained dormant since its date of incorporation. The current share capital of SLSB is RM500,000 and SLSB has a shareholders' fund of RM496,800 as at the acquisition date.

The acquisition of SLSB is not expected to have any significant impact on the net tangible assets and earnings per share of the Group for the financial year ending 28 February 2025.

Save as disclosed above, there was no incorporation of new entities, other acquisitions and realisation of shares during 1Q FY2025.

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BY ORDER OF THE BOARD OF
FORTRESS MINERALS LIMITED

Dato' Sri Ivan Chee
Chief Executive Officer
11 July 2024

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

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

Confirmation by the Board pursuant to Catalist Rule 705(6)(b)

On behalf of the Board of Directors of the Company, we the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the 3-months ended 31 May 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dato' Sri Ivan Chee Executive Director	Ng Mun Fey Executive Director

Singapore
11 July 2024