

**PRESS RELEASE**

## Fortress Minerals reports stable net profit of US\$4.5 million for 2Q FY2025; drives progress across key growth initiatives

- Revenue decreased by 10.4% year-on-year (“yoy”) to US\$15.5 million for 2Q FY2025, due to lower sales volumes coupled with the decrease in average realised selling price.
- EBITDA declined by 11.3% yoy to US\$7.4 million, with net cash flow from operating activities of US\$4.1 million for 2Q FY2025.
- Gross profit margin maintained at a healthy 66.2% for 2Q FY2024 as lower average realised selling price offset by higher production volume achieved leading to lower average unit cost.
- Underpinned by strong demand and offtake agreements, the Group continues to capitalise on its enhanced production capabilities to progress its growth strategies and grow long term shareholder value.

**SINGAPORE, 10 October 2024 – Fortress Minerals Limited** (the “Company” or “Fortress Minerals”) and its subsidiaries (collectively the “Group”), a high-grade iron ore concentrate producer and exporter from Malaysia, today announced the financial results for the second quarter and half-year ended 31 August 2024 (“2Q FY2025” and “1H FY2025” respectively).

### Financial Highlights

	2Q FY2025	2Q FY2024	Change %	1H FY2025	1H FY2024	Change %	Full year FY2024
<b>Sales volume (DMT*)</b>	175,078	186,587	(6.2)	271,171	312,911	(13.3)	550,887
<b>Average realised selling price (US\$/DMT)</b>	88.46	92.42	(4.3)	92.90	97.47	(4.7)	97.85
<b>Average unit cost (US\$/WMT#)</b>	27.44	28.53	(3.8)	26.75	31.47	(15.0)	34.06
<i>(US\$'000)</i>							
<b>Revenue</b>	15,517	17,320	(10.4)	25,293	30,572	(17.3)	53,933
<b>Gross profit</b>	10,265	11,450	(10.3)	17,392	19,732	(11.9)	33,262
<b>Gross profit margin</b>	66.2%	66.1%	0.1 ppt	68.8%	64.5%	4.3 ppt	61.7%
<b>Other income</b>	1,498	47	3,057.7	1,613	151	971.6	416
<b>Selling &amp; distribution expenses</b>	(1,908)	(2,316)	(17.6)	(3,110)	(3,710)	(16.2)	(6,688)
<b>Other operating expenses</b>	(3,062)	(2,628)	16.5	(5,317)	(5,350)	(0.6)	(9,863)
<b>Administrative expenses</b>	(622)	(300)	107.3	(945)	(913)	3.5	(1,574)
<b>Finance costs</b>	(154)	(264)	(41.7)	(333)	(535)	(37.8)	(963)
<b>Net profit after income tax (NPAT)</b>	4,536	4,580	(1.0)	6,848	7,084	(3.3)	10,038
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	7,369	8,310	(11.3)	11,256	12,459	(9.7)	20,997

\* DMT denotes Dry Metric Tonnes

# WMT denotes Wet Metric Tonnes

## **Financial Overview**

The Group's revenue for 2Q FY2025 was US\$15.5 million, down 10.4% year-on-year, largely due to lower average selling prices. Sales volume decreased 6.2% to 175,078 DMT for the quarter.

The average unit cost of sales decreased by 3.8% to US\$27.44/WMT for 2Q FY2025. This decline was primarily due to higher production volumes achieved during the quarter enabling the Group to benefit from economies of scale.

Consequently, the Group reported a healthy gross profit margin of 66.2% for 2Q FY2025, consistent with 66.1% for 2Q FY2024.

The Group reported EBITDA and NPAT of US\$7.4 million and US\$4.5 million respectively for 2Q FY2025.

As the Group continued its growth efforts, the Group's net asset value (NAV) per share was 15.5% higher at 15.61 US cents as at 31 August 2024 compared to 13.52 US cents as at 31 August 2023. The Group remains committed to disciplined capital management and growing its operations strategically to maximise long-term value for its shareholders.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented, *"We remain steadfast in our commitment to strategic and selective growth while strengthening our core operations at Bukit Besi. We have made steady progress at our CASB mine and two prospective mining license sites, while maintaining a healthy profit margin that supports our financial resilience."*

*Our focus remains on growing shareholder value through the cycle and for the long term. By pursuing growth opportunities that enhance operational efficiencies and leveraging economies of scale, we are reinforcing our position as the partner of choice in an evolving market landscape. We believe these efforts set the stage for our continued growth and future success."*

## **Market Outlook**

Global crude steel production decreased by 1.5% yoy for January to August 2024<sup>1</sup>. China, the global leading steel producer, also saw a decline of 3.3% yoy decrease to 691.4 million tonnes over the same period<sup>1</sup>.

The combination of reduced domestic production and weakening domestic demand is leading to increased exports from China. China's monthly steel exports are projected to rise to 8.7 million mt in 2024, up from 7.7 million mt in 2023<sup>2</sup>. The increase in exports of semi-finished and finished steel products and high level of inventories continue to be a factor in lower global steel prices and consequently iron ore demand.

Production from India however has increased 6.5% yoy to 98.5 million tonnes for January to August 2024<sup>1</sup>, buoyed by domestic demand.

Southeast Asia is projected to experience a 3.7% increase in steel demand, reaching 76.5 million mt in 2024.<sup>3</sup> This is supported by strong private consumption and infrastructure and construction projects, tourism recovery and as inflation approaches its targets<sup>3</sup>. The Malaysian Iron and Steel Industry Federation (MISIF) expects domestic steel consumption in Malaysia to rise between 8.3 million tonnes

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<sup>1</sup> The World Steel Association, 24 September 2024: [August 2024 crude steel production - worldsteel.org](https://www.worldsteel.org/en/donors-and-partners/press-releases/2024/09/24/august-2024-crude-steel-production/)

<sup>2</sup> Southeast Asia Iron and Steel Institute, 23 September 2024: [Global steel market faces imbalance amid surging Chinese exports, outlook pessimistic: Irepas | SE AISI](https://seaisi.org/insights/global-steel-market-faces-imbalance-amid-surging-chinese-exports-outlook-pessimistic-irepas-seaisi)

<sup>3</sup> Southeast Asia Iron and Steel Institute, 23 May 2024: [Steel demand in Southeast Asia to grow by 3.7% y/y in 2024 – SE AISI](https://seaisi.org/insights/steel-demand-in-southeast-asia-to-grow-by-3-7-y/y-in-2024-seaisi)

and 9.0 million tonnes this year, bolstered by investments in data centres, the expansion of the semiconductor industry, and infrastructure projects like the Penang light rail transit<sup>4</sup>.

Malaysia's economy grew 5.9% in Q2 2024, driven by strong domestic demand and export expansion<sup>5</sup>. This exceeds Q1's 4.2% growth and marks the highest rate since early 2023, signaling strong demand for iron ore. The construction sector saw higher activities with growth of 17.3 percent. In line with this, Manufacturing output grew 4.7 percent in second quarter, an improvement from first quarter's 1.9 percent growth<sup>5</sup>.

Overall, the Group continues to see resilient domestic demand compared to global trends and is well supported by its enlarged offtake agreements with domestic steel mills. In the long term, demand for high-grade iron ore will likely persist as countries aim to reduce emissions amidst decarbonisation efforts in the steel industry.

### **Operational developments**

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.

The Group continued to enhance its production capabilities at its Bukit Besi mine. The recent addition of two new ball mills synergises with the construction of a new crushing plant featuring efficient equipment integrated with advanced technology, strategically positioned to support future scalable operations. The new crushing plant is expected to be commissioned in FY2026. 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.

The Group also has completed the development of flowsheet and engineering design of the plant at the Cermat Aman Sdn Bhd (“**CASB**”) mine. Following this, we will initiate the tendering process for the next phase, which involves the preparation of construction drawings. 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 continues to make progress on its two prospecting licences granted to its subsidiaries, 65%-owned Saga Mineral Sdn. Bhd. (“**SMSB**”) and 65%-owned Kencana Primary Sdn. Bhd. (“**KPSB**”). At SMSB, the Group is currently in Phase 3 “Detailed mapping” to conduct detailed mapping, trenching, pitting and further mineral studies. This allowed the Group to narrow findings and focus on selective areas with indication of copper, iron and gold mineralisation.

At KPSB, the Group is now in its final stages of Phase 1 “Reconnaissance Survey”, showing progress in identifying large laterite zones with nickel potential. After this, it will progress to Phase 2, the “Prospecting” works stage, to narrow down target areas for the upcoming trenching and pitting program in Phase 3 “Detailed mapping”.

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.

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<sup>4</sup> Southeast Asia Iron and Steel Institute, 2 July 2024: [Data centre boom, chip industry expansion expected to boost local steel demand](#)

<sup>5</sup> McKinsey & Co, 3 September 2024: [Southeast Asia quarterly economic review: Q2 2024 | McKinsey](#)

**\*\*End\*\***

*This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet.*

*This press release 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 press release, including the correctness of any of the statements or opinions made or reports contained in this press release. 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](mailto:sponsorship@ppcf.com.sg)*

### **About Fortress Minerals Limited (SGX: OAJ)**

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>

Media & Investor contact:

Dato' Sri Ivan Chee

Email: [corporate@fortress.sg](mailto:corporate@fortress.sg)

Teneo

Email: [fortressminerals@teneo.com](mailto:fortressminerals@teneo.com)

Tel: +603 7800 0113