FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

Unaudited Condensed Interim Financial Statements for the First Quarter and Three Months Ended 31 May 2025 ("1Q FY2026")

Background

Fortress Minerals Limited ("**Fortress**" or the "**Company**" and collectively with its subsidiaries, the "**Group**") is principally engaged in the exploration, mining, production and sale of iron ore with low level of impurities. With a proven operational track record, the Group consistently supplies iron ore that meets regional market requirements to support stable and ongoing demand. All of our iron ore are efficiently priced in the United States Dollar, benchmarked against international iron ore indices in line with global industry practices.

Building on this strong foundation, the Group is entering a new phase of strategic growth. With shareholders' approval secured at the Extraordinary General Meeting in FY2024, Fortress is actively expanding into the exploration and development of other strategic and critical minerals, in line with global sustainability priorities and evolving market demands.

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 guided by core values of integrity, sustainability, empowerment, and prosperity, with a steadfast commitment to the safety and development of its people. Our team drives the business towards our vision of excelling in mineral exploration through strategic insights and alliances, addressing regional client demands, and maintaining ethical excellence.

Fortress Minerals Limited (SGX: OAJ) 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 2025 ("1Q FY2026")

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

		Group		
		Three months ended		
	Note	31 May 2025 US$	31 May 2024 US$	Change %
Revenue	3	15,923,618	9,776,353	62.9
Cost of sales		(7,834,449)	(2,649,639)	195.7
Gross profit		8,089,169	7,126,714	13.5
Other income		756,489	115,148	557.0
Selling and distribution expenses		(1,976,905)	(1,202,162)	64.4
Other operating expenses		(3,186,209)	(2,255,052)	41.3
Administrative expenses		(318,826)	(322,980)	(1.3)
Reversal of impairment loss on a financial asset		11,379	-	100.0
Fair value changes on derivative financial instrument		240,973	-	100.0
Finance costs		(108,461)	(179,029)	(39.4)
Profit before income tax	4	3,507,609	3,282,639	6.9
Income tax expense	5	(1,029,825)	(970,610)	6.1
Profit for the financial period		2,477,784	2,312,029	7.2
Profit/(Loss) attributable to:				
Owners of the Company		2,458,963	2,317,457	6.1
Non-controlling interests		18,821	(5,428)	nm
		2,477,784	2,312,029	7.2
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss:				
Fair value changes on equity instrument designated at fair value through other comprehensive income ("FVTOCI")		37,816	-	100.0
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		2,951,529	695,133	324.6
Total comprehensive income for the financial period, net of tax		5,467,129	3,007,162	81.8
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company		5,553,558	3,011,566	84.4
Non-controlling interests		(86,429)	(4,404)	1,862.5
		5,467,129	3,007,162	81.8
Earnings per share attributable to owners of the Company (cents)				
- Basic and diluted	6	0.47	0.44	6.8

nm – not meaningful

Condensed interim statements of financial position

		Group		Company	
	Note	31 May 2025 US$	28 February 2025 US$	31 May 2025 US$	28 February 2025 US$
ASSETS					
Non-current assets					
Investments in subsidiaries		-	-	43,014,878	43,014,878
Equity instrument at fair value through other comprehensive income ("FVTOCI")		425,915	-	425,915	-
Derivative financial instrument		240,973	-	240,973	-
Exploration and evaluation assets		3,680,428	3,342,203	-	-
Mining properties	8	44,309,015	42,800,000	-	-
Plant and equipment	9	25,145,529	23,883,089	-	-
Right-of-use assets	10	121,760	132,712	-	-
Intangible asset		3,185,116	3,023,271	-	-
		77,108,736	73,181,275	43,681,766	43,014,878
Current assets					
Inventories		7,270,577	6,176,861	-	-
Trade receivables		4,252,813	6,242,535	-	-
Other receivables, deposits and prepayments		9,874,070	7,987,530	1,503,180	59
Amounts due from subsidiaries		-	-	14,103,901	13,328,803
Current income tax receivables		909,334	745,588	-	-
Financial assets at fair value through profit or loss ("FVTPL")		988,544	1,040,510	764,136	799,451
Cash and bank balances	11	9,706,195	7,850,163	257,104	308,998
		33,001,533	30,043,187	16,628,321	14,437,311
Total assets		110,110,269	103,224,462	60,310,087	57,452,189
EQUITY AND LIABILITIES					
Equity					
Share capital	12	28,995,034	28,995,034	28,995,034	28,995,034
Other reserves		(4,623,259)	(7,717,854)	37,816	-
Retained earnings		60,380,163	57,921,200	29,031,383	26,331,932
		84,751,938	79,198,380	58,064,233	55,326,966
Non-controlling interests		(404,760)	(326,199)	-	-
Total equity		84,347,178	78,872,181	58,064,233	55,326,966
Non-current liabilities					
Bank borrowings	15	2,510,793	2,610,666	-	-
Lease liabilities	15	18,772	40,989	-	-
Deferred tax liabilities		4,140,115	3,830,229	-	-
Other payables		2,048,543	2,050,071	2,048,543	2,050,071
		8,718,223	8,531,955	2,048,543	2,050,071
Current liabilities					
Banks borrowings	15	6,033,323	3,462,281	-	-
Lease liabilities	15	106,489	94,049	-	-
Trade payables		810,963	1,864,835	-	-
Other payables and accruals		10,047,151	10,297,930	181,379	67,892
Amounts due to directors		-	-	-	-
Amounts due to subsidiaries		-	-	9,489	817
Current income tax payables		46,942	101,231	6,443	6,443
		17,044,868	15,820,326	197,311	75,152
Total liabilities		25,763,091	24,352,281	2,245,854	2,125,223
Total equity and liabilities		110,110,269	103,224,462	60,310,087	57,452,189

Condensed interim statements of changes in equity

Group	Share capital US$	Capital reserve US$	Foreign currency translation reserve US$	Merger reserve US$	Fair value reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total equity US$
Balance at 1 March 2025	**28,995,034**	**383,615**	**(4,535,493)**	**(3,565,976)**	**-**	**57,921,200**	**79,198,380**	**(326,199)**	**78,872,181**
Profit for the financial period	-	-	-	-	-	2,458,963	2,458,963	18,821	2,477,784
Other comprehensive income									
Fair value changes on equity instrument designated at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	37,816	-	37,816	-	37,816
Exchange differences on translating foreign operations	-	-	3,056,779	-	-	-	3,056,779	(105,250)	2,951,529
Other comprehensive (loss)/income for the financial period, net of tax	-	-	3,056,779	-	37,816	-	3,094,595	(105,250)	2,989,345
Total comprehensive (loss)/income for the financial period	-	-	3,056,779	-	37,816	2,458,963	5,553,558	(86,429)	5,467,129
Transactions with owners									
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	7,868	7,868
Total transactions with owners	-	-	-	-	-	-	-	7,868	7,868
Balance at 31 May 2025	**28,995,034**	**383,615**	**(1,478,714)**	**(3,565,976)**	**37,816**	**60,380,163**	**84,751,938**	**(404,760)**	**84,347,178**

Condensed interim statements of changes in equity (continued)

Group	**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 income for the financial period, net of tax	-	-	694,109	-	-	694,109	1,024	695,133
Total comprehensive 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)

Company	Share capital US$	Fair value reserve US$	Retained earnings US$	Total equity US$
Balance at 1 March 2025	**28,995,034**	**-**	**26,331,932**	**55,326,966**
Profit for the financial period	-	-	2,699,451	2,699,451
Other comprehensive income				
Fair value changes on equity instrument designated at fair value through other comprehensive income ("FVTOCI")	-	37,816	-	37,816
Other comprehensive (loss)/income for the financial period, net of tax	-	37,816	-	37,816
Total comprehensive income for the financial period	-	37,816	2,699,451	2,737,267
Balance at 31 May 2025	**28,995,034**	**37,816**	**29,031,383**	**58,064,233**

Company	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**

Condensed interim consolidated statements of cash flows

	Note	Group Three months ended 31 May 2025 US$	31 May 2024 US$
Operating activities			
Profit before income tax		3,507,609	3,282,639
Adjustments for:			
Amortisation of mining properties		10,584	31,963
Depreciation of plant and equipment		450,943	254,310
Depreciation of right-of-use assets		24,072	200,306
Interest expenses		108,461	179,029
Interest income		(46,446)	(21,418)
Distribution from financial assets at FVTPL		(13,101)	(36,460)
Fair value gain on financial assets at FVTPL		(505)	(3,412)
Fair value changes on derivative financial instrument		(240,973)	-
Reversal of impairment loss on a financial asset		(11,379)	-
(Gain)/Loss on disposal of plant and equipment		(23,961)	73,710
Modification of lease contracts		693	202
Unrealised foreign exchange (gain)/loss		(609,153)	(29,130)
Operating cash flow before working capital changes		3,156,844	3,931,739
Working capital changes:			
Inventories		225,705	(855,041)
Trade and other receivables		1,719,073	4,342,713
Trade and other payables		(2,854,113)	(12,680)
Cash generated from operations		2,247,509	7,406,731
Income tax paid		(1,048,283)	(1,107,159)
Income tax refunded		55,556	-
Net cash flow generated from operating activities		1,254,782	6,299,572
Investing activities			
Additions of exploration and evaluation assets		(150,748)	(301,674)
Additions of mining properties		(3,452)	(110,630)
Additions of plant and equipment		(666,590)	(934,344)
Acquisition of subsidiaries, net of cash acquired		(78,681)	84,520
Acquisition of additional interests in a subsidiary with no change in control		-	(640,500)
Proceeds from disposal of plant and equipment		137,836	175,429
Purchase of equity instrument at FVTOCI		(388,099)	-
Purchase of financial asset at fair value through profit or loss, net		59,338	(864,814)
Interest received		46,446	21,418
Distribution income received		13,101	36,460
Net cash flow used in investing activities		(1,030,849)	(2,534,135)
Financing activities			
Interest paid		(106,888)	(164,064)
Increase in short-term deposit pledged		-	(256)
Proceeds from bank borrowings		4,820,154	-
Repayments of bank borrowings		(3,289,130)	(1,811,797)
Repayment of lease liabilities		(26,553)	(697,278)
Proceed from issuance of new ordinary shares of a subsidiary to non-controlling interest		-	71,824
Net cash flow from/(used in) financing activities		1,397,583	(2,601,571)
Net change in cash and cash equivalents		1,621,516	1,163,866
Effects of exchange rate changes on cash and cash equivalents		234,516	(6,717)
Cash and cash equivalents at beginning of financial period		7,850,163	5,678,660
Cash and cash equivalents at end of financial period	11	9,706,195	6,835,809

<u>Notes to the condensed interim consolidated financial statements</u>

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 2025 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 2025 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 28 February 2025.

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 2025. 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 28 February 2025.

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 2025 to 31 May 2025	Iron Ore US$	Others US$	Group US$
Revenue			
External customers, representing total revenue	15,923,618	-	15,923,618
Results:			
Interest income from financial institutions	46,446	-	46,446
Distribution from financial assets at FVTPL	13,101	-	13,101
Fair value gain on financial assets at FVTPL	505	-	505
Gain on disposal of plant and equipment	23,961	-	23,961
Amortisation of mining properties	(10,584)	-	(10,584)
Depreciation of right-of-use assets	(24,072)	-	(24,072)
Depreciation of plant and equipment	(450,943)	-	(450,943)
Interest expense	(108,461)	-	(108,461)
Segment profit/(loss)	3,385,246	122,363	3,507,609
Assets:			
Additions to non-current assets	1,383,959	-	1,383,959
Segment assets	107,273,859	2,836,410	110,110,269
Segment liabilities	(25,569,615)	(193,476)	(25,763,091)

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)

3. Segment and revenue information (continued)

3.2 Disaggregation of revenue

Group	Three months ended 31 May 2025 US$	Three months ended 31 May 2024 US$
Geographical information:		
Malaysia	14,612,735	9,776,353
People's Republic of China	1,310,883	-
	15,923,618	9,776,353
Timing of revenue recognition:		
At a point in time	15,923,618	9,776,353

Seasonality of operations

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 2025 US$	Three months ended 31 May 2024 US$
Income		
Foreign exchange gain/(loss), net	565,992	(6,361)
(Loss)/Gain on disposal of plant and equipment, net	23,961	(73,710)
Expenses		
Amortisation of mining properties	10,584	31,963
Depreciation charge of:		
- plant and equipment	450,943	254,310
- right-of-use assets	24,072	200,306
Interest expenses on:		
- borrowings	106,841	163,682
- lease liabilities	1,620	15,347
Commission expense	124,982	94,490
Handling and transportation	716,750	520,591
Royalty expense	1,073,914	584,456
Upkeep of machinery	629,809	424,338
Upkeep of motor vehicles	238,260	231,611

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 2025	**31 May 2024**
	US$	**US$**
Transaction with an entity of common major shareholder of the Company		
Lease payments to:		
-Webcon Venture Sdn Bhd	13,723	12,676

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 2025	**31 May 2024**
	US$	**US$**
Directors' fees	143,312	187,609
Salaries and other emoluments	833,989	828,285
Contributions to defined contribution plans	99,507	71,023
Social security contributions	305	245
	1,077,113	1,087,162

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 2025	**31 May 2024**
	US$	**US$**
Current income tax expense	814,718	919,647
Deferred tax relating to origination/(reversal) of temporary differences	215,107	50,963
Income tax expense recognised in profit or loss	1,029,825	970,610

6. Earnings per ordinary share (“EPS”)

Group	Three months ended 31 May 2025 US$	Three months ended 31 May 2024 US$
Net profit attributable to owners of the Company (US$)	2,458,963	2,317,457
Weighted average number of ordinary shares	523,316,100	523,316,100
Basic and diluted EPS (US cents)	0.47	0.44

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 2025 and 28 February 2025:

	Group		Company	
	31 May 2025 US$	28 February 2025 US$	31 May 2025 US$	28 February 2025 US$
Financial assets carried at amortised cost				
Trade receivables	4,252,813	6,242,535	-	-
Other receivables and deposits (excluding prepayments)	5,620,654	3,246,263	1,503,180	59
Amounts due from subsidiaries	-	-	14,103,901	13,328,803
Cash and bank balances	9,706,195	7,850,163	257,104	308,998
	19,579,662	17,338,961	15,864,185	13,637,860
Financial assets carried at fair value				
Equity instrument at FVTOCI [(1)]	425,915	-	425,915	-
Derivative financial instrument at FVTPL [(2)]	240,973	-	240,973	-
Financial assets at FVTPL	988,544	1,040,510	764,136	799,451
	1,655,432	1,040,510	1,431,024	799,451
Total financial assets	21,235,094	18,379,471	17,295,209	14,437,311
Presented as				
Current assets	20,568,206	18,379,471	16,628,321	14,437,311
Non-current assets	666,888	-	666,888	-

7. Financial assets and financial liabilities (continued)

	Group		Company	
	31 May 2025	**28 February 2025**	**31 May 2025**	**28 February 2025**
	US$	**US$**	**US$**	**US$**
Financial liabilities carried at amortised cost				
Banks borrowings	8,544,116	6,072,947	-	-
Lease liabilities	125,261	135,038	-	-
Trade payables	810,963	1,864,835	-	-
Other payables and accruals	10,047,151	10,297,930	181,379	67,892
Amounts due to subsidiaries	-	-	9,489	817
	19,527,491	18,370,750	190,868	68,709
Financial liability carried at fair value				
Contingent consideration (3)	2,048,543	2,050,071	2,048,543	2,050,071
Total financial liabilities	21,576,034	20,420,821	2,239,411	2,118,780
Presented as				
Current liabilities	16,997,926	15,719,095	190,868	68,709
Non-current liabilities	4,578,108	4,701,726	2,048,543	2,050,071

(1) The Company holds an equity interest in Norwest Minerals Ltd ("NML"), a company listed on the Australian Securities Exchange. The investment is classified as an equity instrument designated at FVTOCI. This classification reflects the strategic nature of the investment, which is not held for trading. The fair value of the investment is determined based on quoted market prices in an active market and is presented as a Level 1 financial instrument under the fair value hierarchy. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with no subsequent reclassification to profit or loss.

(2) As part of the equity investment in NML, the Company received free options to acquire additional shares in NML. These options are recognised as derivative financial instruments and are measured at fair value through profit or loss. The fair value is determined using the Black-Scholes option pricing model, incorporating observable market inputs such as the underlying share price, expected volatility, risk-free interest rate, strike price, and time to maturity. The instrument is classified within Level 2 of the fair value hierarchy. Changes in fair value are recognised in profit or loss as they occur.

(3) 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 2025, 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 2025 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 assets and financial liability measured at fair value.

	Fair value measurement using			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
Group				
31 May 2025				
Financial assets				
Equity instrument at FVTOCI	425,915	-	-	425,915
Derivative financial instrument at FVTPL	-	240,973	-	240,973
Financial asset at FVTPL	-	988,544	-	988,544
Financial liability				
Contingent consideration	-	-	2,048,543	2,048,543
28 February 2025				
Financial asset				
Financial asset at FVTPL	-	1,040,510	-	1,040,510
Financial liability				
Contingent consideration	-	-	2,050,071	2,050,071
Company				
31 May 2025				
Financial asset				
Equity instrument at FVTOCI	425,915	-	-	425,915
Derivative financial instrument at FVTPL	-	240,973	-	240,973
Financial asset at FVTPL	-	764,136	-	764,136
Financial liability				
Contingent consideration	-	-	2,048,543	2,048,543
28 February 2025				
Financial asset				
Financial asset at FVTPL	-	799,451	-	799,451
Financial liability				
Contingent consideration	-	-	2,050,071	2,050,071

8. Mining properties

During the financial period ended 31 May 2025, the Group incurred addition of mining properties expenditures amounting to US$3,452 (31 May 2024: US$0.1 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 2025, the Group acquired plant and equipment with cost of US$1.2 million (31 May 2024: US$1.5 million), of which US$0.5 million (31 May 2024: US$0.7 million) was financed by asset financing.

Plant and equipment with net book value of US$0.1 million (31 May 2024: US$0.2 million) were disposed of by the Group during the financial period ended 31 May 2025, resulting in a net gain on disposal of US$23,961 (31 May 2024: Net loss on disposal of US$73,710).

10. Right-of-use assets

The Group leases office space, hostels and storage space in Malaysia. During the financial period ended 31 May 2025, the Group recognised addition of right-of-use assets for premises amounting to US$11,285 (31 May 2024: US$0.4 million).

The Group renegotiated and modified existing lease contracts for certain premises during the financial period ended 31 May 2025 which were accounted for as a lease modification with increase to the right-of-use assets and lease liabilities of US$3,531 and US$2,838 (31 May 2024: US$524,273 and US$524,475) respectively, resulting in loss on modification of lease contracts of US$693 (31 May 2024: Loss on modification of lease contracts of US$202).

11. Cash and bank balances

	Group		**Company**	
	31 May 2025 US$	**28 February 2025 US$**	**31 May 2025 US$**	**28 February 2025 US$**
Cash at banks	9,677,752	7,824,067	257,104	308,998
Cash on hand	28,443	26,096	-	-
Cash and cash equivalents as per consolidated statement of cash flows	9,706,195	7,850,163	257,104	308,998

12. Share capital

	Group and Company			
	31 May 2025		**28 February 2025**	
	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 2025. There were no subsidiary holdings during and as at the end of the current financial period reported on.

13. Dividends

	Group	
	31 May 2025 US$	28 February 2025 US$
<u>Ordinary dividends paid:</u>		
In respect of financial year ended 29 February 2024:		
- Final one-tier tax exempt dividend of 0.60 Singapore cents (equivalent to 0.46 US cents) per ordinary share	-	2,402,686
	-	2,402,686

14. Net Asset Value

	Group		Company	
	31 May 2025 US$	28 February 2025 US$	31 May 2025 US$	28 February 2025 US$
Net asset value ("NAV") (US$)	84,751,938	79,198,380	58,064,233	55,326,966
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)	16.20	15.13	11.10	10.57

15. Borrowings and lease liabilities

	Group	
	31 May 2025 US$	28 February 2025 US$
<u>Repayable within one year or on demand</u>		
Secured		
- Bank borrowings	6,033,323	3,462,281
Unsecured		
- Leases liabilities	106,489	94,049
	6,139,812	3,556,330
<u>Repayable after one year</u>		
Secured		
- Bank borrowings	2,510,793	2,610,666
Unsecured		
- Leases liabilities	18,772	40,989
	2,529,565	2,651,655

The Group's secured borrowings as at 31 May 2025 comprised 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$6.1 million (28 February 2025: US$5.7 million).

16. Capital commitments

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

	Group	
	31 May 2025	**28 February 2025**
	US$	**US$**
Capital expenditures contracted but not provided for		
- Plant and equipment	-	161,400

17. Subsequent events

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

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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 2025 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of financial position, 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 28 February 2025 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 2025 ("**1Q FY2026**") and the comparative financial period ended 31 May 2024 ("**1Q FY2025**").

	1Q FY2026	1Q FY2025	Increase/ (Decrease) (%)
Sold (**DMT***)	194,946	96,093	102.9
Revenue realised [(1)] **(US$)**	16,044,528	9,705,912	65.3
Average realised selling price **(US$/DMT)**	82.30	101.01	(18.5)

* DMT denotes Dry Metric Tonnes

(1) Excluding effect of foreign exchange.

As shown in the table above, the Group recorded revenue of US$16.0 million in 1Q FY2026, being 65.3% or US$6.3 million higher than 1Q FY2025 due to higher volume sold in the current financial period. This increase was mainly caused by an export shipment of iron ore to meet overseas demand and an increase in local sales, reflecting resilient demand from regional markets.

The increase was partially offset by the lower average realised selling price of US$82.30/DMT recorded in 1Q FY2026, a decrease of 18.5% or US$18.71/DMT due to the average benchmark IODEX CFR North China of Platts Daily Iron Ore Assessments price indices weakening in 1Q FY2026 as compared to 1Q FY2025.

Cost of sales

	1Q FY2026	1Q FY2025	Increase/ (Decrease) (%)
Sold **(WMT*)**	213,700	104,009	105.5
Cost of sales **(US$)**	7,834,449	2,649,639	195.7
Average unit cost of sales **(US$/WMT)**	36.66	25.48	43.9

* WMT denotes Wet Metric Tonnes

The Group's cost of sales increased by 195.7% to US$7.8 million in 1Q FY2026. The Group's average unit cost of sales increased by 43.9% or US$11.18/WMT to US$36.66/WMT in 1Q FY2026, mainly attributable to higher production costs such as direct materials, blasting and drilling expenses in line with the higher sales volume during the period. However, when compared to the average unit cost of sales for the full financial year ended 28 February 2025 of US$33.16/WMT, the increase was lower at 10.6%.

Gross profit and gross profit margin

As a result of the abovementioned reasons, gross profit for 1Q FY2026 of US$8.1 million was US$1.0 million higher than 1Q FY2025 and gross profit margin decreased 22.1% to 50.8% in 1Q FY2026.

Other income

The Group's other income increased by US$0.6 million to US$0.8 million in 1Q FY2026. The increase was mainly driven by the increase in unrealised gain on foreign exchange differences by US$0.6 million due to the strengthening of exchange rate movement of RM against USD.

Selling and distribution expenses

Selling and distribution expenses increased by US$0.8 million to US$2.0 million in 1Q FY2026, primarily due to the increase in royalty of US$0.5 million and increase in transportation charges of US$0.2 million, which is consistent with the higher volume sold in 1Q FY2026.

Other operating expenses

The Group's other operating expenses comprise mainly employee benefits expenses and plant maintenance expenses. Other operating expenses increased by US$0.9 million to US$3.2 million in 1Q FY2026 which was primarily due to the increase in plant maintenance expenses by US$0.4 million and employee benefits expenses by US$0.2 million as compared with 1Q FY2025. The increase also includes US$0.3 million in depreciation expenses for non-production plant and equipment, which were reclassified from cost of sales to other operating expenses in 1Q FY2026.

Administrative expenses

Administrative expenses comprise mainly miscellaneous expenses incurred to provide support for general business activities. Administrative expenses remained stable at US$0.3 million in 1Q FY2026.

Reversal of impairment loss on a financial asset

The reversal of impairment loss on a financial asset in 1Q FY2026 amounting to US$11,379 comprises cash recoveries of amounts previously impaired in prior reporting periods.

Fair value changes on derivative financial instrument

A fair value gain of US$0.2 million was recognised in 1Q FY2026. This movement relates to the adjustment for fair value changes in the free options received as part of the equity investment in NML (Refer to Part I Note 7).

Finance costs

Finance costs comprised interest expenses on bank borrowings and lease liabilities which had decreased by US$0.1 million to US$0.1 million in 1Q FY2026 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 FY2026.

The Group's effective tax rate in 1Q FY2026 was 29.4%, 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 FY2026 increased by US$0.2 million or 7.2%, to US$2.5 million from US$2.3 million in 1Q FY2025 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 2025 and 28 February 2025.

<u>Condensed interim statements of financial position</u>

<u>Non-current assets</u>

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$3.9 million from US$73.2 million as at 28 February 2025 to US$77.1 million as at 31 May 2025.

Equity instrument at FVTOCI comprised the equity interest in NML, a company listed on the Australian Securities Exchange ("ASX"). As at 31 May 2025, the fair value of the equity instrument increased to US$0.4 million, reflecting its initial recognition based on quoted market prices on the ASX.

Derivative financial instrument comprises free options received as part of the equity investment in NML. As at 31 May 2025, the fair value of the derivative financial instrument increased to US$0.2 million, reflecting its initial recognition based on a valuation using the Black-Scholes option pricing model, incorporating observable market inputs.

Exploration and evaluation assets increased by US$0.4 million to US$3.7 million as at 31 May 2025, mainly due to the on-going exploration activities undertaken by the Group at the Bukit Besi and CASB mine, which amounted to US$0.2 million. The increase also reflects the effects of exchange translation differences of US$0.2 million due to the strengthening of exchange rate movement of RM against USD.

Mining properties increased by US$1.5 million to US$44.3 million as at 31 May 2025. The increase is primarily attributable to the effects of exchange translation differences of US$1.7 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$0.2 million.

Plant and equipment increased by US$1.3 million to US$25.1 million as at 31 May 2025 from US$23.9 million as at 28 February 2025. 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$0.2 million and US$0.4 million, respectively;

- additions of motor vehicles amounting to US$0.6 million; and

- effects of exchange translation differences of US$1.4 million.

The increase was partially offset by the depreciation charges of US$1.3 million.

Right-of-use assets at the Group level refers to the leases office space, hostels and storage space for use at both the Bukit Besi and CASB mine. Right-of-use assets decreased by US$10,952 to US$0.1 million as at 31 May 2025, which was mainly attributable to the depreciation charges.

The intangible asset comprised the goodwill arising from the acquisition of Fortress Mengapur Group. The intangible asset increased by US$0.2 million to US$3.2 million as at 31 May 2025 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 2025, the Group's current assets remained strong and stood at US$33.0 million compared to US$30.0 million as at 28 February 2025. The increase was mainly attributable to the following:

- increase in inventories by US$1.1 million attributable to an increase in production and consumable inventories, driven by a higher production volume relative to the achieved sales volume;

- increase in other receivables, deposits and prepayments by US$1.9 million, primarily due to a first deposit payment of US$1.5 million in relation to the proposed acquisition of a 10% equity interest in Strategic Venture Pte. Ltd., an interested person transaction. Further details are available in the Company's announcement released via SGXNet on 7 May 2025;

- increase in current income tax receivables by US$0.2 million in 1Q FY2026 attributable 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$1.9 million 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 FY2026.

However, it was partially offset by the decrease in trade receivables by US$2.0 million due to a lower outstanding trade receivables as at 31 May 2025 which is consistent with the lower sales volume in the final month of 1Q FY2026 as compared to 4Q FY2025.

Non-current liabilities

As at 31 May 2025, the Group's non-current liabilities increased by US$0.2 million to US$8.7 million from US$8.5 million as at 28 February 2025.

The increase was mainly due to the increase in deferred tax liabilities of US$0.3 million and partially offset by the decrease in non-current bank borrowings as a result of the reclassification of non-current bank borrowings of US$0.1 million to current liabilities based on its maturity profile.

Current liabilities

As at 31 May 2025, the Group's current liabilities increased by US$1.2 million from US$15.8 million as at 28 February 2025 to US$17.0 million.

The increase was primarily due to the:

(i) drawdown of asset financing and trade financing of US$0.5 million and US$4.8 million, respectively; and

(ii) reclassification from non-current bank borrowings of US$0.1 million.

The increase was partially offset by the repayment of bank borrowings of US$3.3 million and the decrease in trade and other payables of US$1.3 million due to higher repayments made in 1Q FY2026.

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$16.0 million as at 31 May 2025 as compared to US$14.2 million as at 28 February 2025.

Condensed interim consolidated statements of cash flows

In 1Q FY2026, the Group's net cash generated from operating activities decreased to US$1.3 million as compared to US$6.3 million in 1Q FY2025.

The operating cash flow before working capital changes decreased by US$0.8 million to US$3.2 million as compared to US$3.9 million in 1Q FY2025. However, after adjusting for the decreased working capital inflows of US$4.4 million, which was mainly attributable to the lower collection from trade and other receivables of US$2.6 million and higher repayments made to trade and other payables of US$2.9 million in 1Q FY2026. This was mitigated by the increased inventory levels of US$1.1 million.

In 1Q FY2026, the Group's net cash flow used in investing activities decreased by US$1.5 million to US$1.0 million as compared to US$2.5 million in 1Q FY2025. The decrease was primarily attributable to:

- decrease in purchase of financial asset at FVTPL which comprise money market funds by US$0.9 million in 1Q FY2026;

- absence of purchase consideration paid to acquire additional shares in a subsidiary from non-controlling interests by US$0.6 million; and

- decrease in capital investment related to exploration and evaluation assets, mining properties, and plant and equipment by US$0.5 million.

The decrease was partially offset by a purchase consideration of US$0.4 million for an equity instrument classified as FVTOCI.

In 1Q FY2026, the Group's net cash flow from financing activities was US$1.4 million as compared to net cash flow used in financing activities of US$2.6 million in 1Q FY2025. The increase of US$4.0 million was primarily due to the proceeds from bank borrowings of US$4.8 million as compared to 1Q FY2025.

The increase was partially offset by higher repayments of bank borrowings of US$1.5 million as compared to 1Q FY2025.

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.

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.

<u>Market Outlook</u>

Global crude steel production decreased 0.3% yoy from April 2024 to April 2025, reaching 155.7 million tonnes. China, the world's largest steel producer, produced an estimated 86.0 million tonnes (Mt) in April 2025, in line with its production in April 2024. From January to April 2025, China's total production grew 0.4% yoy to 345.4 Mt[1].

Domestic steel demand in China continues to face headwinds, primarily from ongoing challenges in the property sector, with analysts lowering China's property price outlook for 2025 amid renewed trade risks[2]. Property investment fell by 9.8% yoy in the first two months of 2025, and April home prices declined 4.0% yoy[3]. However, iron ore and steel demand are decoupling from solely China's property sector to focus on manufacturing, infrastructure, and green sectors (i.e., renewable energy and electric vehicles)[4]. This supported a 4.6% yoy rise in China's steel output in March 2025, reaching a 10-month high of 92.84 Mt[5]. Steel exports reached 10.58 Mt in May 2025, marking a 1.1% increase mom and a 9.9% increase yoy.

In parallel, India's iron ore imports are expected to grow further to meet the government's crude steel output target of 300 Mt per annum by 2030[6].

Southeast Asia also continues to be a bright spot with strong and resilient economies, amidst global trade uncertainties. Malaysia's economy expanded by 4.4% in the first quarter of 2025, driven by steady domestic demand and robust household spending and business investments[7].

Demand for the Group's iron ore concentrate from regional steel mills remains strong, supported by recent offtake agreements and underlying decarbonisation trends. The Group will continue to closely monitor the uncertain macro environment and the impact of global trade policies on steel demand and supply dynamics.

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[1] The World Steel Association, April 2025: April 2025 crude steel production - worldsteel.org
[2] Reuters, 23 May 2025: Analysts downgrade China's property price outlook in 2025 as trade tensions pose fresh risk: Reuters poll
[3] Trading Economics, May 2025: China Newly Built House Prices YoY Change
[4] The Business Times, 27 May 2025: Iron ore stays relevant despite China's faltering property sector as demand drivers evolve
[5] Reuters, 8 May 2025: Iron ore tells a different story to the China tariff pain narrative
[6] Reuters, 3 June 2025: India's iron ore imports to trend higher, but it's no China
[7] Bank Negara Malaysia, 16 May 2025: Economic and Financial Developments in Malaysia in the First Quarter of 2025 - Bank Negara Malaysia

Operational Developments

On 7 May 2025, the Group entered into a share purchase agreement to acquire a 10% equity interest in Strategic Venture Pte. Ltd. ("**SVPL**"), the holding company of Cheroh Mining PNG Limited ("**Cheroh PNG**"). Cheroh PNG is in the business of minerals exploration and mining in Papua New Guinea. This investment in bauxite mining reflects the Group's continued efforts to diversify its portfolio and resource base, mitigate risks associated with market fluctuations on a single commodity and align with global sustainability initiatives, particularly in energy transition.

On 30 April 2025, the Group entered into an agreement with Norwest Minerals Limited ("**NML**"), a company listed on the Australian Securities Exchange, to subscribe for any undersubscribed portion of shares under its non-renounceable rights issue. Pursuant to this, the Group subscribed for 60,235,692 shares at AU$0.01 per share, with an equal number of free attaching options exercisable at AU$0.03. The transaction was completed on 29 May 2025. NML plans to use the proceeds for drilling at the Bulgera Gold project, focusing on near-surface and deeper gold targets, followed by an update to the 2022 gold resource model. This further demonstrates the Group's strategic focus on expanding its regional exposure through disciplined investments in complementary mining assets.

While the Group continues to advance its diversification strategy, it remains firmly committed to enhancing production capabilities at the Bukit Besi mine. Construction of a new crushing plant was successfully completed as scheduled in 1Q FY2026. To optimise operational efficiency, commissioning has been strategically aligned with its integration into the existing processing plant, forming a fully integrated processing facility. This integration is targeted for completion in FY2027, strengthening the Group's capacity to meet ongoing and future demand.

The Group also continues to advance the development of an integrated processing plant at the CASB mine to enhance production capabilities and support the production of iron ore, copper, and pyrrhotite concentrates. The flowsheet and engineering design for the new plant have been completed. Based on recommendations from consultants, the Group is progressing with the construction of a pilot plant for trial production.

Effective 31 May 2025, the mining lease for the CASB mine was transferred to Pahang Mining Corporation Sdn Bhd ("**PMC**"), a state-owned Government-Linked Company. This transfer was made in compliance with a state-wide administrative restructuring introduced by the Pahang State Government. As such, PMC serves as the central coordinating body for all mineral-related activities in the state, holding exclusive tenement rights and functioning as a one-stop centre for licensing, planning, and oversight of mining operations in Pahang.

This transition is part of a broader regulatory streamlining initiative that applies to all mining operators in the state and is not specific to CASB. It is intended to improve administrative efficiency, strengthen regulatory oversight, and enhance royalty collection.

To ensure operational continuity, the relevant authorities have granted CASB exclusive concessionaire rights for a period of two years, with the option for further extension. Under this arrangement, the Group retains full and uninterrupted access and control over the CASB mining area. In parallel, the Group is actively engaging with the authorities to apply for a longer-term concession, in support of its ongoing investments and long-term development plans. Operations at the site continue without disruption under the current arrangement.

In relation to the prospecting activities in Sabah by Saga Mineral Sdn. Bhd. ("**Telupid**") and Kencana Primary Sdn. Bhd. ("**Tongod**"), the Group had submitted renewal applications for their respective prospecting licenses, which expired on 14 December 2024 and 18 December 2024, respectively. Therefore, the prospecting activities at Telupid and Tongod have been put on hold until successful renewal of the licenses. The initial renewal applications were not approved, and the Group is actively pursuing appeals through the relevant authorities. In the meantime, the Group has reallocated its resources to other projects and operations. The Group will provide updates to shareholders should there be any material developments.

The Group continues to seek opportunities to grow its commodities portfolio in a disciplined manner via acquisitions, joint ventures and/or mining contracting services in Malaysia and the region, leveraging its strong capabilities and partnerships to meet growing demand.

The Group will 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 28 February 2025 to 31 May 2025. The Company’s share capital was US$28,995,034 comprising 523,316,100 shares as at 31 May 2025 and 28 February 2025.

There were no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 31 May 2025 and 31 May 2024.

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 2025	**As at 28 February 2025**
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 2025 and 28 February 2025.

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 28 February 2025.

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 FY2026 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 FY2026, 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.

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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 re-allocated	Amount utilised	Balance
	S$'000	S$'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	(800)	(2,636) [1]	1,764
Prospecting expenditures in relation to the two prospecting licenses in Sabah	3,500	800	(4,241) [2]	59
Total	**8,700**	**-**	**(6,812)**	**1,823**

(1) utilised for payment for purchase of machinery parts and initial design fees 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 17 July 2024 in relation to the change in and update on the use of proceeds from 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 FY2026, 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	0.15	0.20
Cost of sales	7.83	5.77
Selling and distribution costs	1.98	1.54
Total	**9.96**	**7.51**

During 1Q FY2026, the Group's cost of sales was higher than the projected amount by US$2.06 million which was mainly attributable to higher direct material consumption during the period, consistent with the increase in sales volume to fulfil market demand.

In 1Q FY2026, the selling and distribution costs were higher than the projected amount by US$0.44 million, primarily due to higher royalty expenses which are in line with higher sales volume in 1Q FY2026 as compared to the projected sales volume.

The Group utilised the planned funds in exploration and evaluation activities in 1Q FY2026 on the on-going exploration activities undertaken by the Group at the Bukit Besi and CASB mines 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	0.20
Cost of sales	7.36
Selling and distribution costs	1.74
Total	**9.30**

The Group will continue its exploration and evaluation activities at its East, Valley and West Deposits of Bukit Besi Mine and tenements held by Fortress Mengapur Group during the second quarter of FY2026 ("**2Q FY2026**"). Prospecting activities in Sabah are currently put on hold, while the Group actively pursues further appeals for the renewal of its prospecting licences.

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 and tenements held by Fortress Mengapur Group. Prospecting activities in Sabah will resume once the respective licences are successfully renewed. 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. Acquisition of Kota Suria Sdn. Bhd. ("KSSB")

An indirect wholly-owned subsidiary of the Company, FM Gold Sdn. Bhd., has on 2 April 2025, acquired 65,000 ordinary shares (representing 65% of the shareholding) in the share capital of KSSB from an unrelated third party for a cash consideration of MYR3,500,000 (approximately US$787,000), being MYR350,000 paid upon transfer of shares. The balance consideration of MYR3,150,000 is payable 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 KSSB and the mining rights to be acquired by KSSB.

The intended principal activity of KSSB is for acquisition of mines, mining rights, quarries and trading in minerals. However, KSSB has remained dormant since its date of incorporation. The current share capital of KSSB is MYR100,000 and KSSB has a shareholders' fund of MYR89,710 as at the acquisition date.

The acquisition of KSSB 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 2026.

Save as disclosed above, there was no incorporation of new entities, other acquisitions and realisation of shares during 1Q FY2026.

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BY ORDER OF THE BOARD OF
FORTRESS MINERALS LIMITED

Dato' Sri Ivan Chee
Chief Executive Officer
01 July 2025

*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 2025 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
01 July 2025