



FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

Unaudited Condensed Interim Financial Statements for the Third Quarter and Nine Months Ended 30 November 2024 (“3Q 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, subject to the renewal of the prospecting licenses, as the current prospecting licenses expired in December 2024.

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 Third Quarter and Nine Months ended 30 November 2024 (“3Q FY2025”)

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

		Group			Group		
		Three months ended			Nine months ended		
	Note	30 November 2024 US\$	30 November 2023 US\$	Change %	30 November 2024 US\$	30 November 2023 US\$	Change %
Revenue	3	13,001,657	10,870,431	19.6	38,294,923	41,442,697	(7.6)
Cost of sales		(5,742,618)	(3,711,919)	54.7	(13,643,780)	(14,552,656)	(6.2)
Gross profit		7,259,039	7,158,512	1.4	24,651,143	26,890,041	(8.3)
Other income		112,665	552,292	(79.6)	1,448,268	702,813	106.1
Selling and distribution expenses		(1,240,043)	(1,549,473)	(20.0)	(4,350,194)	(5,258,986)	(17.3)
Other operating expenses		(3,583,230)	(2,458,008)	45.8	(8,900,155)	(7,807,835)	14.0
Administrative expenses		(592,234)	(608,838)	(2.7)	(1,259,695)	(1,521,987)	(17.2)
Finance costs		(144,268)	(237,722)	(39.3)	(476,971)	(772,282)	(38.2)
Profit before income tax	4	1,811,929	2,856,763	(36.6)	11,112,396	12,231,764	(9.2)
Income tax expense	5	(1,068,555)	(529,296)	101.9	(3,520,650)	(2,820,745)	24.8
Profit for the financial period		743,374	2,327,467	(68.1)	7,591,746	9,411,019	(19.3)
Profit/(Loss) attributable to:							
Owners of the Company		695,798	2,327,044	(70.1)	7,472,106	9,418,227	(20.7)
Non-controlling interests		47,576	423	11,147.3	119,640	(7,208)	nm
		743,374	2,327,467	(68.1)	7,591,746	9,411,019	(19.3)
Other comprehensive income							
<u>Item that may be reclassified</u>							
<u>subsequently to profit or loss:</u>							
Exchange differences on translating foreign operations		(1,663,877)	(146,181)	1,038.2	4,043,761	(2,106,478)	nm
Total comprehensive income for the financial period, net of tax		(920,503)	2,181,286	nm	11,635,507	7,304,541	59.3
Total comprehensive income/(loss) for the financial period attributable to:							
Owners of the Company		(958,725)	2,180,073	nm	11,503,963	7,305,921	57.5
Non-controlling interests		38,222	1,213	3,050.6	131,544	(1,380)	nm
		(920,503)	2,181,286	nm	11,635,507	7,304,541	59.3
Earnings per share attributable to owners of the Company (cents)							
- Basic and diluted	6	0.14	0.45	(68.9)	1.43	1.81	(21.0)

nm – not meaningful

Condensed interim statements of financial position

	Note	Group		Company	
		30 November 2024 US\$	29 February 2024 US\$	30 November 2024 US\$	29 February 2024 US\$
ASSETS					
Non-current assets					
Investments in subsidiaries		-	-	43,014,899	43,014,921
Exploration and evaluation assets		6,508,983	4,977,668	-	-
Mining properties	8	43,219,987	41,589,686	-	-
Plant and equipment	9	24,685,626	21,211,697	-	-
Right-of-use assets	10	100,193	1,436,973	-	-
Intangible asset		3,041,114	2,834,372	-	-
		<u>77,555,903</u>	<u>72,050,396</u>	<u>43,014,899</u>	<u>43,014,921</u>
Current assets					
Inventories		8,822,461	3,135,168	-	-
Trade receivables		4,872,955	7,205,929	-	-
Other receivables, deposits and prepayments		7,565,826	4,197,106	-	-
Amounts due from subsidiaries		-	-	14,918,752	13,372,073
Current income tax receivables		786,777	754,860	-	-
Financial assets at fair value through profit or loss (“FVTPL”)		1,090,665	2,196,115	1,090,665	2,196,115
Cash and bank balances	11	6,361,380	7,681,409	2,133,729	2,073,664
		<u>29,500,064</u>	<u>25,170,587</u>	<u>18,143,146</u>	<u>17,641,852</u>
Total assets		<u>107,055,967</u>	<u>97,220,983</u>	<u>61,158,045</u>	<u>60,656,773</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	28,995,034	28,995,034	28,995,034	28,995,034
Other reserves		(7,358,044)	(11,389,901)	-	-
Retained earnings		59,069,141	54,639,963	27,465,179	23,130,320
		<u>80,706,131</u>	<u>72,245,096</u>	<u>56,460,213</u>	<u>52,125,354</u>
Non-controlling interests		346,089	1,496	-	-
Total equity		<u>81,052,220</u>	<u>72,246,592</u>	<u>56,460,213</u>	<u>52,125,354</u>
Non-current liabilities					
Bank borrowings	15	2,990,743	1,918,301	-	986,994
Lease liabilities	15	2,409	205,331	-	-
Deferred tax liabilities		3,889,283	3,543,846	-	-
Other payables		2,285,829	2,309,552	2,285,829	2,309,552
		<u>9,168,264</u>	<u>7,977,030</u>	<u>2,285,829</u>	<u>3,296,546</u>
Current liabilities					
Banks borrowings	15	4,424,322	6,939,565	2,223,987	4,947,974
Lease liabilities	15	99,671	1,270,384	-	-
Trade payables		2,727,173	1,180,197	-	-
Other payables and accruals		9,569,043	7,593,013	168,529	245,618
Amounts due to directors		-	1,529	-	-
Amounts due to subsidiaries		-	-	13,721	41,199
Current income tax payables		15,274	12,673	5,766	82
		<u>16,835,483</u>	<u>16,997,361</u>	<u>2,412,003</u>	<u>5,234,873</u>
Total liabilities		<u>26,003,747</u>	<u>24,974,391</u>	<u>4,697,832</u>	<u>8,531,419</u>
Total equity and liabilities		<u>107,055,967</u>	<u>97,220,983</u>	<u>61,158,045</u>	<u>60,656,773</u>

Condensed interim statements of changes in equity

<u>Group</u>	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		-	-	-	-	7,472,106	7,472,106	119,640	7,591,746
Other comprehensive income									
Exchange differences on translating foreign operations		-	-	4,031,857	-	-	4,031,857	11,904	4,043,761
Other comprehensive (loss)/income for the financial period, net of tax		-	-	4,031,857	-	-	4,031,857	11,904	4,043,761
Total comprehensive (loss)/income for the financial period		-	-	4,031,857	-	7,472,106	11,503,963	131,544	11,635,507
Transactions with owners									
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	141,483	141,483
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
FY2024 Final dividend paid	13	-	-	-	-	(2,402,686)	(2,402,686)	-	(2,402,686)
Total transactions with owners		-	-	-	-	(3,042,928)	(3,042,928)	213,049	(2,829,879)
Balance at 30 November 2024		28,995,034	383,615	(4,175,683)	(3,565,976)	59,069,141	80,706,131	346,089	81,052,220

Condensed interim statements of changes in equity (continued)

<u>Group</u>	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		-	-	-	-	9,418,227	9,418,227	(7,208)	9,411,019
Other comprehensive income									
Exchange differences on translating foreign operations		-	-	(2,112,306)	-	-	(2,112,306)	5,828	(2,106,478)
Other comprehensive (loss)/income for the financial period, net of tax		-	-	(2,112,306)	-	-	(2,112,306)	5,828	(2,106,478)
Total comprehensive (loss)/income for the financial period		-	-	(2,112,306)	-	9,418,227	7,305,921	(1,380)	7,304,541
Transactions with owners									
Issuance of new ordinary shares		6,531,761	-	-	-	-	6,531,761	-	6,531,761
Issuance of new ordinary shares of a subsidiary to non-controlling interest		-	-	-	-	-	-	30,782	30,782
FY2023 Final dividend paid	13	-	-	-	-	(3,149,157)	(3,149,157)	-	(3,149,157)
Total transactions with owners		6,531,761	-	-	-	(3,149,157)	3,382,604	30,782	3,413,386
Balance at 30 November 2023		<u>28,995,034</u>	<u>383,615</u>	<u>(6,894,576)</u>	<u>(3,565,976)</u>	<u>54,010,313</u>	<u>72,928,410</u>	<u>4,219</u>	<u>72,932,629</u>

Condensed interim statements of changes in equity (continued)

	Notes	Share capital US\$	Retained earnings US\$	Total equity US\$
<u>Company</u>				
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		-	6,737,545	6,737,545
Transaction with owners				
Dividend paid	13	-	(2,402,686)	(2,402,686)
Balance at 30 November 2024		28,995,034	27,465,179	56,460,213

	Notes	Share capital US\$	Retained earnings US\$	Total equity US\$
<u>Company</u>				
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		-	8,094,677	8,094,677
Transactions with owners				
Issuance of new ordinary shares	13	6,531,761	-	6,531,761
Dividend paid		-	(3,149,157)	(3,149,157)
Total transactions with owners		6,531,761	(3,149,157)	3,382,604
Balance at 30 November 2023		28,995,034	22,097,947	51,092,981

Condensed interim consolidated statements of cash flows

Note	Group	
	Nine months ended	
	30 November 2024 US\$	30 November 2023 US\$
Operating activities		
Profit before income tax	11,112,396	12,231,764
Adjustments for:		
Amortisation of mining properties	459,318	618,982
Depreciation of plant and equipment	2,023,601	2,408,057
Depreciation of right-of-use assets	517,812	1,315,457
Interest expenses	476,971	772,282
Interest income	(127,132)	(23,766)
Distribution from financial assets at FVTPL	(100,855)	(88,505)
Fair value gain on financial assets at FVTPL	(6,549)	(42,652)
Deposits written off	4,829	-
Loss/(Gain) on disposal of plant and equipment	49,915	(134,315)
Modification of lease contracts	(36,576)	(2,302)
Unrealised foreign exchange (gain)/loss	(733,663)	(376,339)
Operating cash flow before working capital changes	13,640,067	16,678,663
Working capital changes:		
Inventories	(3,510,684)	1,104,915
Trade and other receivables	1,089,500	(526,074)
Trade and other payables	1,712,976	(367,635)
Cash generated from operations	12,931,859	16,889,869
Income tax paid	(3,272,642)	(3,732,035)
Income tax refunded	883	48,301
Net cash flow generated from operating activities	9,660,100	13,206,135
Investing activities		
Additions of exploration and evaluation assets	(1,094,444)	(1,846,430)
Additions of mining properties	(198,161)	(216,280)
Additions of plant and equipment	(1,436,416)	(2,043,274)
Acquisition of subsidiaries, net of cash acquired	(219,790)	-
Acquisition of additional interests in a subsidiary with no change in control	(640,500)	-
Proceeds from disposal of plant and equipment	659,256	164,539
Purchase of financial asset at fair value through profit or loss, net	1,111,999	(3,832,323)
Interest received	127,132	23,766
Distribution income received	100,855	88,505
Net cash flow used in investing activities	(1,590,069)	(7,661,497)
Financing activities		
Interest paid	(454,421)	(735,661)
Increase in short-term deposit pledged	(32,963)	(744)
Repayments of bank borrowings	(5,825,671)	(5,591,083)
Repayment of lease liabilities	(950,960)	(1,598,040)
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	30,782
Dividends paid	(2,402,686)	(3,149,157)
Net cash flow used in financing activities	(9,594,877)	(4,512,142)
Net change in cash and cash equivalents	(1,524,846)	1,032,496
Effects of exchange rate changes on cash and cash equivalents	171,855	321,138
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 4,325,669	5,021,459

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 and nine months ended 30 November 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 and nine months period ended 30 November 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 financial year 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 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 financial 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 financial year. 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 statement.

- *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 September 2024 to 30 November 2024	Iron Ore US\$	Others US\$	Group US\$
Revenue			
External customers, representing total revenue	13,001,657	-	13,001,657
Results:			
Interest income from financial institutions	44,145	-	44,145
Distribution from financial assets at FVTPL	26,121	-	26,121
Fair value gain on financial assets at FVTPL	377	-	377
Gain on disposal of plant and equipment	59,876	-	59,876
Amortisation of mining properties	(156,457)	-	(156,457)
Depreciation of right-of-use assets	(60,600)	-	(60,600)
Depreciation of plant and equipment	(997,202)	-	(997,202)
Interest expense	(144,268)	-	(144,268)
Segment profit/(loss)	2,017,876	(205,947)	1,811,929
Assets:			
Additions to non-current assets	1,349,727	-	1,349,727
Segment assets	106,807,949	248,018	107,055,967
Segment liabilities	(25,741,067)	(262,680)	(26,003,747)
1 September 2023 to 30 November 2023	Iron Ore US\$	Others US\$	Group US\$
Revenue			
External customers, representing total revenue	10,870,431	-	10,870,431
Results:			
Interest income from financial institutions	16,293	-	16,293
Distribution from financial assets at FVTPL	56,737	-	56,737
Fair value gain on financial assets at FVTPL	4,333	-	4,333
Gain on disposal of plant and equipment	89,614	-	89,614
Amortisation of mining properties	(204,938)	-	(204,938)
Depreciation of right-of-use assets	(589,387)	-	(589,387)
Depreciation of plant and equipment	(920,849)	-	(920,849)
Interest expense	(237,722)	-	(237,722)
Segment profit/(loss)	2,929,393	(72,630)	2,856,763
Assets:			
Additions to non-current assets	1,794,669	-	1,794,669
Segment assets	98,609,997	120,190	98,730,187
Segment liabilities	(25,628,872)	(168,686)	(25,797,558)

3. Segment and revenue information (continued)

3.1 Reportable segments (continued)

	Iron Ore US\$	Others US\$	Group US\$
1 March 2024 to 30 November 2024			
Revenue			
External customers, representing total revenue	38,294,923	-	38,294,923
Results:			
Interest income from financial institutions	127,132	-	127,132
Distribution from financial assets at FVTPL	100,855	-	100,855
Fair value gain on financial assets at FVTPL	6,549	-	6,549
Loss on disposal of plant and equipment	(49,915)	-	(49,915)
Amortisation of mining properties	(459,318)	-	(459,318)
Depreciation of right-of-use assets	(517,812)	-	(517,812)
Depreciation of plant and equipment	(2,023,601)	-	(2,023,601)
Interest expense	(476,971)	-	(476,971)
Segment profit/(loss)	11,700,972	(588,576)	11,112,396
Assets:			
Additions to non-current assets	7,301,661	-	7,301,661
Segment assets	106,807,949	248,018	107,055,967
Segment liabilities	(25,741,067)	(262,680)	(26,003,747)
1 March 2023 to 30 November 2023			
Revenue			
External customers, representing total revenue	41,442,697	-	41,442,697
Results:			
Interest income from financial institutions	23,766	-	23,766
Distribution from financial assets at FVTPL	88,505	-	88,505
Fair value gain on financial assets at FVTPL	42,652	-	42,652
Gain on disposal of plant and equipment	134,315	-	134,315
Amortisation of mining properties	(618,982)	-	(618,982)
Depreciation of right-of-use assets	(1,315,457)	-	(1,315,457)
Depreciation of plant and equipment	(2,408,057)	-	(2,408,057)
Interest expense	(772,282)	-	(772,282)
Segment profit/(loss)	12,645,467	(413,703)	12,231,764
Assets:			
Additions to non-current assets	7,014,462	-	7,014,462
Segment assets	98,609,997	120,190	98,730,187
Segment liabilities	(25,628,872)	(168,686)	(25,797,558)

3. Segment and revenue information (continued)

3.2 Disaggregation of revenue

Group	Three months ended		Nine months ended	
	30 November 2024	30 November 2023	30 November 2024	30 November 2023
	US\$	US\$	US\$	US\$
Geographical information:				
Malaysia	13,001,657	8,622,758	36,259,253	37,362,501
People's Republic of China	-	2,247,673	2,035,670	4,080,196
	<u>13,001,657</u>	<u>10,870,431</u>	<u>38,294,923</u>	<u>41,442,697</u>
Timing of revenue recognition:				
At a point in time	<u>13,001,657</u>	<u>10,870,431</u>	<u>38,294,923</u>	<u>41,442,697</u>

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		Nine months ended	
	30 November 2024	30 November 2023	30 November 2024	30 November 2023
	US\$	US\$	US\$	US\$
Income				
Foreign exchange gain/(loss), net	(418,619)	(45,211)	262,954	(351,180)
(Loss)/Gain on disposal of plant and equipment, net	59,876	89,614	(49,915)	134,315
Expenses				
Amortisation of mining properties	156,457	204,938	459,318	618,982
Depreciation charge of:				
- plant and equipment	997,202	920,849	2,023,601	2,408,057
- right-of-use assets	60,600	589,387	517,812	1,315,457
Interest expenses on:				
- borrowings	142,409	225,067	453,241	735,661
- lease liabilities	1,859	12,655	23,730	36,621
Commission expense	99,969	179,745	301,232	907,170
Handling and transportation	215,236	697,664	1,431,669	1,706,108
Royalty expense	857,261	672,880	2,492,948	2,576,454
Upkeep of machinery	734,675	502,238	1,742,144	1,874,639
Upkeep of motor vehicles	188,452	197,552	600,823	621,174

4. Profit before income tax (continued)

4.2 Related party transactions

Material transactions with related parties are as follows:

Group	Three months ended		Nine months ended	
	30 November 2024 US\$	30 November 2023 US\$	30 November 2024 US\$	30 November 2023 US\$
Transactions with entities of common major shareholder of the Company				
Lease payments to:				
-Webcon Venture Sdn Bhd	13,804	12,739	39,513	39,163

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		Nine months ended	
	30 November 2024 US\$	30 November 2023 US\$	30 November 2024 US\$	30 November 2023 US\$
Directors' fees	179,636	129,040	540,968	380,166
Salaries and other emoluments	784,088	880,076	2,644,402	2,098,583
Contributions to defined contribution plans	77,251	64,523	221,213	170,541
Social security contributions	293	186	789	441
	1,041,268	1,073,825	3,407,372	2,649,731

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		Nine months ended	
	30 November 2024 US\$	30 November 2023 US\$	30 November 2024 US\$	30 November 2023 US\$
Current income tax expense	1,395,475	474,843	3,296,910	3,062,014
Deferred tax relating to (reversal)/ origination of temporary differences	(326,920)	54,453	223,740	(241,269)
Income tax expense recognised in profit or loss	1,068,555	529,296	3,520,650	2,820,745

6. Earnings per ordinary share (“EPS”)

Group	Three months ended		Nine months ended	
	30 November 2024 US\$	30 November 2023 US\$	30 November 2024 US\$	30 November 2023 US\$
Net profit attributable to owners of the Company (US\$)	695,798	2,327,044	7,472,106	9,418,227
Weighted average number of ordinary shares	523,316,100	520,704,187	523,316,100	520,704,187
Basic and diluted EPS (US cents)	0.13	0.45	1.43	1.81

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 30 November 2024 and 29 February 2024:

	Group		Company	
	30 November 2024 US\$	29 February 2024 US\$	30 November 2024 US\$	29 February 2024 US\$
Financial assets carried at amortised cost				
Trade receivables	4,872,955	7,205,929	-	-
Other receivables and deposits (excluding prepayments)	3,090,973	2,193,895	-	-
Amounts due from subsidiaries	-	-	14,918,752	13,372,073
Cash and bank balances	6,361,380	7,681,409	2,133,729	2,073,664
	14,325,308	17,081,233	17,052,481	15,445,737
Financial assets carried at fair value				
Financial assets at FVTPL	1,090,665	2,196,115	1,090,665	2,196,115
Total financial assets	15,415,973	19,277,348	18,143,146	17,641,852
Presented as				
Current assets	15,415,973	19,277,348	18,143,146	17,641,852

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

	Group		Company	
	30 November 2024	29 February 2024	30 November 2024	29 February 2024
	US\$	US\$	US\$	US\$
Financial liabilities carried at amortised cost				
Banks borrowings	7,415,065	8,857,866	2,223,987	5,934,968
Lease liabilities	102,080	1,475,715	-	-
Trade payables	2,727,173	1,180,197	-	-
Other payables and accruals	9,501,871	7,525,841	101,357	178,446
Amounts due to directors	-	1,529	-	-
Amounts due to subsidiaries	-	-	13,721	41,199
	19,746,189	19,041,148	2,339,065	6,154,613
Financial liability carried at fair value				
Contingent consideration *	2,353,001	2,376,724	2,353,001	2,376,724
Total financial liabilities	22,099,190	21,417,872	4,692,066	8,531,337
Presented as				
Current liabilities	16,820,209	16,984,688	2,406,237	5,234,791
Non-current liabilities	5,278,981	4,433,184	2,285,829	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 30 November 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 30 November 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			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
Group				
30 November 2024				
<u>Financial asset</u>				
Financial asset at FVTPL	-	1,090,665	-	1,090,665
<u>Financial liability</u>				
Contingent consideration	-	-	2,353,001	2,353,001
29 February 2024				
<u>Financial asset</u>				
Financial asset at FVTPL	-	2,196,115	-	2,196,115
<u>Financial liability</u>				
Contingent consideration	-	-	2,376,724	2,376,724
Company				
30 November 2024				
<u>Financial asset</u>				
Financial asset at FVTPL	-	1,090,665	-	1,090,665
<u>Financial liability</u>				
Contingent consideration	-	-	2,353,001	2,353,001
29 February 2024				
<u>Financial asset</u>				
Financial asset at FVTPL	-	2,196,115	-	2,196,115
<u>Financial liability</u>				
Contingent consideration	-	-	2,376,724	2,376,724

8. Mining properties

During the nine months ended 30 November 2024, the Group incurred addition of mining properties expenditures amounting to US\$0.2 million (30 November 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 nine months ended 30 November 2024, the Group acquired plant and equipment with cost of US\$5.4 million (30 November 2023: US\$3.6 million), of which US\$4.1 million (30 November 2023: US\$1.5 million) was financed by hire purchase borrowings.

Plant and equipment with net book value of US\$0.5 million (30 November 2023: US\$0.4 million) were disposed of by the Group during the financial period ended 30 November 2024, resulting in a net loss on disposal of US\$0.1 million (30 November 2023: Net gain on disposal of US\$0.1 million).

10. Right-of-use assets

The Group leases office space, hostels, storage space and motor vehicles in Malaysia. During the nine months ended 30 November 2024, the Group recognised addition of right-of-use assets for motor vehicles and premises amounting to US\$0.5 million (30 November 2023: US\$1.0 million).

The Group renegotiated and modified existing lease contracts for motor vehicles during the nine months ended 30 November 2024 which were accounted for as a lease modification with decrease to the right-of-use assets and lease liabilities of US\$930,907 and US\$967,483 (30 November 2023: increase of US\$1,406,022 and US\$1,403,720) respectively, resulting in gain on modification of lease contracts of US\$36,576 (30 November 2023: US\$2,302).

11. Cash and bank balances

	Group		Company	
	30 November 2024	29 February 2024	30 November 2024	29 February 2024
	US\$	US\$	US\$	US\$
Cash at banks	4,186,834	4,549,852	98,017	70,915
Cash on hand	138,835	27,657	-	-
Short-term deposits	2,035,712	3,103,900	2,035,712	2,002,749
	<u>6,361,381</u>	<u>7,681,409</u>	<u>2,133,729</u>	<u>2,073,664</u>

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

	Group	
	30 November 2024	29 February 2024
	US\$	US\$
Cash and bank balances as above	6,361,381	7,681,409
Less: Short-term deposit pledged	<u>(2,035,712)</u>	<u>(2,002,749)</u>
Cash and cash equivalents as per consolidated statement of cash flows	<u>4,325,669</u>	<u>5,678,660</u>

12. Share capital

	Group and Company			
	30 November 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 30 November 2024. There were no subsidiary holdings during and as at the end of the current financial period reported on.

13. Dividends

	Group	
	30 November 2024 US\$	29 February 2024 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	-
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
	<u>2,402,686</u>	<u>3,149,157</u>

14. Net Asset Value

	Group		Company	
	30 November 2024 US\$	29 February 2024 US\$	30 November 2024 US\$	29 February 2024 US\$
Net asset value ("NAV") (US\$)	80,706,131	72,245,096	56,460,213	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)	<u>15.42</u>	<u>13.81</u>	<u>10.79</u>	<u>9.96</u>

15. Borrowings and lease liabilities

	Group		Company	
	30 November 2024 US\$	29 February 2024 US\$	30 November 2024 US\$	29 February 2024 US\$
<u>Repayable within one year or on demand</u>				
Secured				
- Bank borrowings	4,424,322	6,939,565	2,223,987	4,947,974
Unsecured				
- Leases liabilities	99,671	1,270,384	-	-
	<u>4,523,993</u>	<u>8,209,949</u>	<u>2,223,987</u>	<u>4,947,974</u>
<u>Repayable after one year</u>				
Secured				
- Bank borrowings	2,990,743	1,918,301	-	986,994
Unsecured				
- Leases liabilities	2,409	205,331	-	-
	<u>2,993,152</u>	<u>2,123,632</u>	<u>-</u>	<u>986,994</u>

The Group's secured borrowings as at 30 November 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\$5.9 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	
	30 November 2024 US\$	29 February 2024 US\$
Capital expenditures contracted but not provided for		
- Plant and equipment	184,739	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 Catalyst Rules

1. Review

The condensed interim statements of financial position of Fortress Minerals Limited and its subsidiaries as at 30 November 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 the third quarter and nine 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

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

Revenue

Below is a summary of the iron ore sales performance of the Group for the financial period ended 30 November 2024 (“3Q FY2025”) and the comparative financial period ended 30 November 2023 (“3Q FY2024”).

	3Q FY2025	3Q FY2024	Increase/ (Decrease) (%)
Sold (DMT*)	138,878	116,106	19.6
Revenue realised ⁽¹⁾ (US\$)	13,037,683	10,850,431	20.2
Average realised selling price (US\$/DMT)	93.88	93.45	0.5

* DMT denotes Dry Metric Tonnes

⁽¹⁾ Excluding effect of foreign exchange.

As shown in the table above, the Group recorded revenue of US\$13.0 million in 3Q FY2025, being 19.6% or US\$2.2 million higher than 3Q FY2024 due to higher volume sold in the current financial period. This increase is primarily attributable to the heavy maintenance work in 3Q FY2024, which resulted in significantly longer machinery downtime at the Bukit Besi mine in the previous financial period.

The increase was further impacted by the higher average realised selling price of US\$93.88/DMT recorded in 3Q FY2025, an increase of 0.5% or US\$0.43/DMT due to the average benchmark IODEX CFR North China of Platts Daily Iron Ore Assessments price indices strengthening in 3Q FY2025 as compared to 3Q FY2024.

Cost of sales

	3Q FY2025	3Q FY2024	Increase/ (Decrease) (%)
Sold (WMT*)	152,799	128,046	19.3
Cost of sales (US\$)	5,742,618	3,711,919	54.7
Average unit cost of sales (US\$/WMT)	37.58	28.99	29.6

* WMT denotes Wet Metric Tonnes

The Group's cost of sales increased by 54.7% to US\$5.7 million in 3Q FY2025. The Group's average unit cost of sales increased by 29.6% or US\$8.59/WMT to US\$37.58/WMT in 3Q FY2025, which was mainly due to variations in production levels and the sales mix of inventories with higher batch unit costs in the current financial period.

Gross profit and gross profit margin

As a result of the abovementioned reasons, gross profit for 3Q FY2025 of US\$7.3 million was US\$0.1 million higher than 3Q FY2024. However, the gross profit margin decreased to 55.8% in 3Q FY2025.

Other income

The Group's other income decreased by US\$0.4 million to US\$0.1 million in 3Q FY2025. The decrease was mainly driven by the decrease in unrealised gain on foreign exchange differences by US\$0.4 million due to the weakening of exchange rate movement of RM against USD.

Selling and distribution expenses

Selling and distribution expenses decreased by US\$0.3 million to US\$1.2 million in 3Q FY2025. This was primarily driven by the decrease in handling and transportation charges of US\$0.5 million due to increased use of the Group's own fleet of trucks, partially offset by the increase in royalty expenses of US\$0.2 million, consistent with the higher sales volume in 3Q FY2025.

Other operating expenses

The Group's other operating expenses comprise mainly employee benefits expenses and plant maintenance expenses. Other operating expenses increased by US\$1.1 million to US\$3.6 million in 3Q FY2025 which was primarily due to the increase in plant maintenance expenses by US\$1.0 million as a result of higher upkeep and maintenance of machineries.

Administrative expenses

Administrative expenses comprise mainly miscellaneous expenses incurred to provide support for general business activities. Administrative expenses remained fairly consistent in 3Q FY2025.

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 3Q FY2025 mainly due to repayment of principal amounts on bank borrowings.

Income tax expense

Income tax expense increased by US\$0.5 million to US\$1.1 million in 3Q FY2025.

The Group's effective tax rate in 3Q FY2025 was 31.7%, 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 3Q FY2025 decreased by US\$1.6 million to US\$0.7 million 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 30 November 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\$5.5 million from US\$72.1 million as at 29 February 2024 to US\$77.6 million as at 30 November 2024.

Exploration and evaluation assets increased by US\$1.5 million to US\$6.5 million as at 30 November 2024, mainly due to the on-going exploration activities undertaken by the Group at the CASB mine of US\$0.2 million and the Sabah exploration areas of US\$1.0 million as at 30 November 2024. The increase was also partially due to the effects of exchange translation differences of US\$0.3 million due to the strengthening of exchange rate movement of RM against USD.

Mining properties increased by US\$1.6 million to US\$43.2 million as at 30 November 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\$0.2 million; and
- the effects of exchange translation differences of US\$2.2 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\$0.8 million.

Plant and equipment increased by US\$3.5 million to US\$24.7 million as at 30 November 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\$1.5 million and US\$0.4 million, respectively;
- additions of motor vehicles amounting to US\$3.3 million; and
- effects of exchange translation differences of US\$1.8 million.

The increase was partially offset by the depreciation charges of US\$3.3 million and disposals of plant and equipment with aggregate net book value of US\$0.5 million as at 30 November 2024.

Right-of-use assets at the Group level refers to the leases of motor vehicles, machineries, office and hostel premises for use at both the Bukit Besi and CASB mine. Right-of-use assets decreased by US\$1.4 million to US\$0.1 million as at 30 November 2024, which was attributable to modification of lease terms which amounted to US\$0.9 million and depreciation charges amounting to US\$0.9 million. This was partially offset by the addition of right-of-use assets of US\$0.5 million.

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\$3.0 million as at 30 November 2024 due to the effects of exchange translation differences from the strengthening of exchange rate movement of RM against USD.

Current assets

As at 30 November 2024, the Group's current assets increased by US\$4.3 million to US\$29.5 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\$5.7 million is attributed to an increase in production and consumable inventories, driven by a higher production volume relative to the achieved sales volume; and
- increase in other receivables, deposits and prepayments by US\$3.4 million which was mainly attributable to the higher prepayments to suppliers for purchase of plants and equipment of US\$2.5 million and increase in deposits for mining contracts of US\$0.7 million in 3Q FY2025.

However, it was partially offset by the:

- decrease in trade receivables by US\$2.3 million due to a lower outstanding trade receivables as at 30 November 2024 which is consistent with the lower sales volume in the final month of 3Q FY2025 as compared to 4Q FY2024;
- decrease in financial assets at fair value through profit or loss by US\$1.1 million which comprise money-market funds as at 30 November 2024; and
- decrease in cash and bank balances of US\$1.3 million was primarily due to the net cash flow generated from operating activities being lower than the net cash flow used in investing and financing activities in 3Q FY2025.

Non-current liabilities

As at 30 November 2024, the Group's non-current liabilities increased by US\$1.2 million to US\$9.2 million from US\$8.0 million as at 29 February 2024.

The increase was mainly due to the increase in deferred tax liabilities of US\$0.3 million and the increase in non-current bank borrowings of US\$1.1 million from the drawdown of hire purchase borrowings as at 30 November 2024. This was partially offset by the decrease in non-current lease liabilities by US\$0.2 million.

Current liabilities

As at 30 November 2024, the Group's current liabilities decreased by US\$0.2 million from US\$17.0 million as at 29 February 2024 to US\$16.8 million.

The decrease was primarily due to the repayment of bank borrowings and lease liabilities of US\$5.8 million and US\$1.0 million respectively made as at 30 November 2024.

However, it was offset by the drawdown of hire purchase borrowings of US\$4.1 million and the increase in trade and other payables of US\$3.5 million due to lower repayments made as at 30 November 2024.

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\$12.7 million as at 30 November 2024 as compared to US\$8.2 million as at 29 February 2024.

Condensed interim consolidated statements of cash flows

In 3Q FY2025, the Group's net cash generated from operating activities decreased to US\$9.7 million as compared to US\$13.2 million in 3Q FY2024.

The operating cash flow before working capital changes decreased by US\$3.1 million to US\$13.6 million as compared to US\$16.7 million in 3Q FY2024. However, after adjusting for the increased working capital outflows of US\$0.9 million, which was mainly attributable to the increased inventory levels of US\$4.6 million. This was partially offset by the higher collection from trade and other receivables of US\$1.6 million and lower repayments made to trade and other payables of US\$2.1 million in 3Q FY2025.

In 3Q FY2025, the Group's net cash flow used in investing activities decreased by US\$6.1 million to US\$1.6 million as compared to US\$7.7 million in 3Q FY2024. The decrease was primarily attributable to:

- decrease in capital expenditure investments for the mining and exploration activities of the Group in Bukit Besi mine, CASB mine and prospecting areas in Sabah amounting to US\$1.4 million;
- decrease in purchase of financial asset at FVTPL which comprise money market funds of US\$4.9 million in 3Q FY2025; and
- increase in proceeds from disposals of plant and equipment of US\$0.5 million in 3Q 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 and purchase consideration for acquisition of subsidiaries of US\$0.2 million.

In 3Q FY2025, the Group's net cash flow used in financing activities was US\$9.6 million as compared to US\$4.5 million in 3Q FY2024. The increase of US\$5.1 million was primarily due to the absence of proceeds from issuance of new ordinary shares of US\$6.5 million as compared to 3Q FY2024. This was partially offset by:

- decrease in dividends paid by US\$0.7 million as compared to 3Q FY2024;
- decrease in repayments of lease liabilities by US\$0.6 million; and
- decrease in interest paid on bank borrowings by US\$0.2 million.

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.

Market outlook

Global crude steel production decreased 1.4% yoy for January to November 2024¹. China, the world's largest steel-producing country, posted a 2.7% decrease for January to November 2024 compared to the corresponding period last year. However, China experienced a 2.5% yoy increase for November 2024¹.

Iron ore demand continues to face headwinds in China, driven by a broad economic slowdown and ongoing struggles in China's property sector, which accounts for roughly 40% of global iron ore consumption². In September, China introduced its largest stimulus package since the COVID-19 pandemic, featuring interest rate cuts and targeted support for the property sector. The impact of the stimulus on iron ore demand remains muted as policies focus on clearing existing property inventories rather than initiating new construction projects².

The World Steel Association predicts a continued decline into 2025 in China to reflect a structural shift as the country transitions away from its decades-long reliance on infrastructure and property development toward high-tech manufacturing and green technologies to drive economic growth².

In India, the world's second-largest steel producer, steel growth witnessed a 5.9% yoy increase between January to November 2024¹. The market continues to be a key growth market for steel, with expectations of significant production increases and stronger margins³. To further support domestic producers, the government is considering a temporary tax of up to 25% on steel imports to curb cheap imports from China⁴. This measure, which has gained broad support, aims to protect local steelmakers while ensuring that small manufacturers receive raw materials at reduced prices⁴.

Malaysia's economy is expected to achieve a growth rate of 4.3% to 5% in 2025⁵. Malaysia's economy grew strongly in 2024, with 3Q GDP rising 5.3%, driven by exports and investment. Malaysia's data centre growth, driven by AI investments, is set to boost steel demand, with up to 700MW of new rollouts annually supporting infrastructure needs⁶.

Looking ahead, the Group is well-positioned to meet the growing demand for high-grade magnetite iron ore, driven by domestic demand, regional steel production and global decarbonisation efforts within the industry.

Operational developments

On 7 November 2024, the Group entered into two new offtake agreements with a domestic steel mill in Malaysia, covering in aggregate approximately 510,000 WMT of iron ore for delivery from 1 November 2024 to 31 December 2025. These agreements run concurrently and highlight

¹ The World Steel Association, 23 December 2024 : [November 2024 Crude Steel Production](#)

² Think ING, 11 December 2024: [Iron ore set to struggle amid subdued steel demand](#)

³ Fitch Rating, 12 December 2024: [Global Steel Outlook 2025](#)

⁴ Reuters, 17 December 2024: [India plans up to 25% temporary tax to curb cheap Chinese steel imports](#)

⁵ The Edge Malaysia, 15 November 2024: [Economists sanguine on Malaysia's 4Q prospects but flag global uncertainties may weigh on 2025](#)

⁶ New Straits Times, 29 December 2024: [Malaysia set for booming data centre growth in 2025](#)

sustained demand for the Group's high-grade iron ore concentrate and reaffirm its strong and enduring relationships with customers.

The Group continues to enhance its production capabilities at Bukit Besi mine while progressing the development of the East, Valley, and West deposits to expand its mineral resources. Two new ball mills have been added to support the construction of a new crushing plant with advanced, efficient equipment. The plant, positioned for scalable operations, is expected to be commissioned in FY2026.

The Group continues to advance the development of an integrated processing plant at the CASB mine to enhance production capabilities and produce high-grade iron ore, copper, and pyrrhotite concentrates. The flowsheet and engineering design for the new plant are complete. Based on consultants' recommendations, the Group is in the preparation stage to construct a pilot plant for trial production.

In relation to the prospecting activities in Sabah by Saga Mineral Sdn. Bhd. ("**Telupid**"), and Kencana Primary Sdn. Bhd. ("**Tongod**"), the Group is awaiting the renewal of their respective prospecting licenses upon the expiry of the current ones on 14 December 2024 and 18 December 2024 respectively, with the process currently under review by the relevant authorities.

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 30 November 2024. The Company's share capital was US\$28,995,034 comprising 523,316,100 shares as at 30 November 2024 and 29 February 2024.

There were no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 30 November 2024 and 30 November 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 30 November 2024	As at 29 February 2024
Total number of issued shares excluding treasury shares	<u>523,316,100</u>	<u>523,316,100</u>

The Company did not have any treasury shares as at 30 November 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 3Q 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 3Q 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 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)	(2,395) ⁽¹⁾	2,005
Prospecting expenditures in relation to the two prospecting licenses in Sabah	3,500	800	(4,058) ⁽²⁾	242
Total	8,700	-	(6,453)	2,247

(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 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 3Q 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	0.40	0.30
Cost of sales	5.74	4.00
Selling and distribution costs	1.24	1.50
Total	7.38	5.80

During 3Q FY2025, the Group's cost of sales was higher than the projected amount by US\$1.74 million due to variations in production levels and the sales mix of inventories with higher batch unit costs in the current financial period.

In 3Q FY2025, the selling and distribution costs were lower than the projected amount by US\$0.26 million, primarily driven by the decrease in handling and transportation charges of US\$0.2 million due to increased use of the Group's own fleet of trucks.

The Group utilised more than planned funds in exploration and evaluation activities in 3Q 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	0.20
Cost of sales	8.15
Selling and distribution costs	2.11
Total	10.46

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 fourth quarter of FY2025 ("4Q FY2025"). Prospecting activities in Sabah are currently put on hold, pending the renewal of prospecting licences upon the expiry of the current ones in December 2024.

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. Change in effective interest in Sinar Mining Sdn. Bhd. (“SinarM”) (formerly known as FM Nickel Sdn. Bhd.)**

The Company has, on 19 September 2024, changed the name of a wholly-owned subsidiary in Malaysia formerly known as FM Nickel Sdn. Bhd. to Sinar Mining Sdn. Bhd. (“SinarM”).

On 23 September 2024, the Company transferred 51% shareholding in SinarM with an issued and paid-up capital of MYR100 comprising 100 ordinary shares to another wholly-owned subsidiary in Malaysia known as Fortress Logistics Sdn. Bhd. (“FLSB”). The remaining 49% shareholding was disposed to a third-party individual, not related to any of the Directors or substantial shareholders of the Company at consideration of MYR49. Consequently, the Company’s effective interest in SinarM’s ordinary shares was diluted from 100% to 51%.

The intended principal activity of SinarM is for the acquisition of mines, mining rights, metalliferous land, quarries and trading in minerals. However, SinarM has remained dormant since its date of incorporation. The current share capital of SinarM is MYR100 and SinarM has a shareholders’ fund of MYR29,777 as at the transfer date.

The change in effective interest in SinarM 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)

ii. Acquisition of SMA Mineral Sdn. Bhd. (“SMAM”)

An indirect wholly-owned subsidiary of the Company, Fortress Logistics Sdn. Bhd., has on 21 October 2024, acquired share capital of MYR255,000 comprising 255,000 ordinary shares (representing 51% of the shareholding) in the share capital of SMAM from an unrelated third party for a cash consideration of MYR400,000 (approximately US\$93,000), which had been fully paid upon transfer of shares.

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 SMAM and the mining rights to be acquired by SMAM.

The intended principal activity of SMAM is for acquisition of mines, mining rights, quarries and trading in minerals. However, SMAM has remained dormant since its date of incorporation. The current share capital of SMAM is RM500,000 and SMAM has a shareholders' fund of MYR499,908 as at the acquisition date.

The acquisition of SMAM 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 3Q FY2025.

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

Dato' Sri Ivan Chee
Chief Executive Officer
9 January 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 and 9-months ended 30 November 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
9 January 2025