



FORTRESS MINERALS LIMITED

(Company Registration No.: 201732608K)

MATERIAL VARIANCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 27 April 2022.

The board of directors (“**Board**”) of Fortress Minerals Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company relating to its unaudited financial results for the financial year ended 28 February 2022 (“**FY2022**”) (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2022 (the “**Audited Financial Statements**”) and the report thereon by the Company's independent auditor included in the Company's annual report for FY2022 which will be released on the SGXNet by 6 June 2022.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, certain adjustments and reclassifications were made to the Unaudited Financial Statements following the finalisation of the audit by the Company's external auditor.

The material variances between the Unaudited Results and Audited Results are set out below:

Consolidated Statement of Financial Position

Group 28 February 2022	Audited	Unaudited	Variance		Note
	US\$	US\$	US\$	%	
Non-current assets					
Exploration and evaluation assets	3,569,637	3,569,637	-	-	
Mining properties	41,154,609	41,154,609	-	-	
Plant and equipment	23,394,351	23,394,351	-	-	
Right-of-use assets	2,540,359	2,540,359	-	-	
Deferred tax assets	337,581	337,581	-	-	
Intangible asset	3,267,053	3,267,053	-	-	
	<u>74,263,590</u>	<u>74,263,590</u>	-	-	
Current assets					
Inventories	3,104,477	3,104,477	-	-	
Trade receivables	1,317,621	1,317,621	-	-	
Other receivables, deposits and prepayments	6,388,783	6,388,783	-	-	
Current income tax receivable	49,072	125,153	(76,081)	(60.8)	(1)
Cash and bank balances	6,911,225	6,911,225	-	-	
	<u>17,771,178</u>	<u>17,847,259</u>	(76,081)	(0.4)	
Total assets	<u>92,034,768</u>	<u>92,110,849</u>	(76,081)	(0.1)	

Consolidated Statement of Financial Position (cont'd)

Group	Audited	Unaudited	Variance		
28 February 2022	US\$	US\$	US\$	%	Note
Equity and liabilities					
Equity					
Share capital	22,463,273	22,463,273	-	-	
Other reserves	(4,192,539)	(4,196,466)	3,927	(0.1)	
Retained earnings	38,534,497	39,034,497	(500,000)	(1.3)	(1)
Equity attributable to owners of the Company	56,805,231	57,301,304	(496,073)	(0.9)	
Non-controlling interest	(20,504)	(20,504)	-	-	
Total equity	56,784,727	57,280,800	(496,073)	(0.9)	
Non-current liabilities					
Bank borrowings	15,757,516	15,757,516	-	-	
Lease liabilities	568,963	568,963	-	-	
Deferred tax liabilities	3,484,378	3,484,378	-	-	
Other payables	393,471	626,849	(233,378)	(37.2)	(2)
	20,204,328	20,437,706	(233,378)	(1.1)	
Current liabilities					
Bank borrowings	6,356,953	6,356,953	-	-	
Lease liabilities	1,918,110	1,918,110	-	-	
Trade payables	985,838	985,838	-	-	
Other payables and accruals	4,986,980	4,753,602	233,378	4.9	(2)
Current income tax payables	797,832	377,840	419,992	111.2	(1)
	15,045,713	14,392,343	653,370	4.5	
Total liabilities	35,250,041	34,830,049	419,992	1.2	
Total equity and liabilities	92,034,768	92,110,849	(76,081)	(0.1)	

Notes:

- (1) The variance is due to the adjustments made for tax provision as disclosed in Note (4).
- (2) The variance is due to reclassification from other payables in non-current liabilities to other payables and accruals in current liabilities relating to the contingent consideration payable to Monument Mining Ltd as part of the acquisition of Fortress Mengapur Sdn. Bhd. and its subsidiaries during the year.

Consolidated Statement of Comprehensive Income

Group 28 February 2022	Audited	Unaudited	Variance		Note
	US\$	US\$	US\$	%	
Revenue	43,366,218	43,366,218	-	-	
Cost of sales	<u>(9,985,320)</u>	<u>(9,985,320)</u>	-	-	
Gross profit	33,380,898	33,380,898	-	-	
Interest income	12,992	12,992	-	-	
Other operating income	362,808	663,876	(301,068)	(45.4)	(3)
Selling and distribution expenses	(4,798,596)	(4,798,596)	-	-	
Other operating expenses	(8,701,482)	(8,701,482)	-	-	
Administrative expenses	(813,295)	(1,114,363)	301,068	(27.0)	(3)
Finance costs	<u>(787,993)</u>	<u>(787,993)</u>	-	-	
Profit before income tax	18,655,332	18,655,332	-	-	
Income tax expense	<u>(4,774,618)</u>	<u>(4,274,618)</u>	(500,000)	11.7	(4)
Profit for the financial year	13,880,714	14,380,714	(500,000)	(3.5)	(4)
Other comprehensive (loss):					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	<u>(1,739,490)</u>	<u>(1,743,417)</u>	3,927	(0.2)	
Other comprehensive loss for the financial year, net of tax	<u>(1,739,490)</u>	<u>(1,743,417)</u>	3,927	(0.2)	
Total comprehensive income for the financial year	<u>12,141,224</u>	<u>12,637,297</u>	(496,073)	(3.9)	
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company	13,892,410	14,392,410	(500,000)	(3.5)	(4)
- Non-controlling interest	<u>(11,696)</u>	<u>(11,696)</u>	-	-	
	13,880,714	14,380,714	(500,000)	(3.5)	
Total comprehensive income for the financial year attributable to:					
- Owners of the Company	12,152,828	12,648,901	(496,073)	(3.9)	(4)
- Non-controlling interest	<u>(11,604)</u>	<u>(11,604)</u>	-	-	
	<u>12,141,224</u>	<u>12,637,297</u>	(496,073)	(3.9)	

Notes:

- (3) The variance is due to reclassification from administrative expenses to other operating income to net-off foreign exchange differences for presentation purposes in the audited financial statements.
- (4) The variance is due to adjustments made for tax provision in a subsidiary.

Consolidated Statement of Cash Flows

Group	Audited	Unaudited	Variance		
28 February 2022	US\$	US\$	US\$	%	Note
Operating activities					
Profit before income tax	18,655,332	18,655,332	-	-	
Adjustments for:					
Amortisation of mining properties	417,851	549,730	(131,879)	(24.0)	(5)
Depreciation of plant and equipment	2,643,961	3,118,608	(474,647)	(15.2)	(6)
Depreciation of right-of-use assets	973,863	1,437,346	(463,483)	(32.2)	(6)
Loss on modification of lease contracts	5,949	5,949	-	-	
Interest income	(12,992)	(12,992)	-	-	
Interest expense	787,993	787,993	-	-	
Bad debt written off	11,938	11,938	-	-	
Gain on disposal of plant and equipment	(34,318)	(34,318)	-	-	
Unrealised foreign exchange gain	(365,851)	(365,851)	-	-	
Operating cash flows before working capital changes	23,083,726	24,153,735	(1,070,009)	(4.4)	
Working capital changes:					
Inventories	(1,678,515)	(2,112,313)	433,798	(20.5)	(7)
Trade and other receivables	7,736,450	7,736,450	-	-	
Trade and other payables	(523,631)	(523,631)	-	-	
Cash generated from operations	28,618,030	29,254,241	(636,211)	(2.2)	
Income tax paid	(5,920,422)	(5,920,422)	-	-	
Net cash flow from operating activities	22,697,608	23,333,819	(636,211)	(2.7)	
Investing activities					
Additions of exploration and evaluation assets	(336,938)	(382,078)	45,140	(11.8)	(7)
Additions of mining properties	(7,104,103)	(7,182,561)	78,458	(1.1)	(7)
Additions of plant and equipment	(7,822,800)	(8,336,145)	513,345	(6.2)	(7)
Acquisition of a subsidiary	(21,000,000)	(21,000,000)	-	-	
Proceeds from disposal of plant and equipment	131,614	131,614	-	-	
Interest received	12,992	12,992	-	-	
Net cash used in investing activities	(36,119,235)	(36,756,178)	636,943	(1.7)	

Consolidated Statement of Cash Flows (cont'd)

Group	Audited	Unaudited	Variance		
28 February 2022	US\$	US\$	US\$	%	Note
Financing activities					
Repayment of bank borrowings	(4,863,776)	(4,863,776)	-	-	
Interest paid on bank borrowings	(723,711)	(723,711)	-	-	
Repayment of principal portion of lease liabilities	(1,520,806)	(1,507,076)	(13,730)	0.9	
Repayment of interest portion of lease liabilities	(64,282)	(64,282)	-	-	
Proceeds from borrowings	23,300,000	23,300,000	-	-	
Proceed from issuance of new ordinary share to non-controlling interest by a subsidiary	5	5	-	-	
Increase in short-term deposit pledged	(2,000,796)	(2,000,796)	-	-	
Dividends paid	(3,765,044)	(3,765,044)	-	-	
Net cash flow from financing activities	<u>10,361,590</u>	<u>10,375,320</u>	(13,730)	(0.1)	
Net change in cash and cash equivalents	(3,060,037)	(3,047,039)	(12,998)	0.4	
Effect of exchange rate changes on cash and cash equivalents	170,204	157,206	12,998	8.3	
Cash and cash equivalents at beginning of financial year	<u>7,800,262</u>	<u>7,800,262</u>	-	-	
Cash and cash equivalents at end of financial year	<u><u>4,910,429</u></u>	<u><u>4,910,429</u></u>	-	-	

Notes:

- (5) The variance is due to reclassification of amortisation of mining properties that were capitalised into inventories to working capital changes: inventories.
- (6) The variance is due to reclassification of depreciation of plant and equipment and right-of-use assets that were capitalised into exploration and evaluation assets, plant and equipment and mining properties to their respective line items within investing activities.
- (7) The variance is due to the capitalisation of costs as disclosed in Note (5) and (6).

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

Dato' Sri Ivan Chee Yew Fei
Chief Executive Officer
3 June 2022

*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 document, including the correctness of any of the statements or opinions made or reports contained in this document. 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 Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.