

Fortress Minerals Limited

Result Presentation for FY2021

Malaysia - Singapore





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Competent Person's Statement:

Mengapur Mineral Resource

The information in this announcement that relates to the Mengapur Mineral Resources is based on information compiled by Ms Leesa Collin who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Collin, is a Director and Principal Geologist of MinOre Consulting Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Leesa Collin consents to the inclusion in this announcement of the matters based on her information in the form and context in which they appear.

Bukit Besi Mineral Resource

The information in this announcement that relates to the Bukit Besi Mineral Resources is based on information compiled by Ms Leesa Collin who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Collin, is a Director and Principal Geologist of MinOre Consulting Pty Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

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01

Fortress
Overview



Fortress at a glance



1ST

iron ore company listed
on Catalist Board of SGX-ST
on 27 March 2019

We are a
High-grade
iron ore concentrate
Producer and exporter



We employ over

200

employees and contractors



Our Location



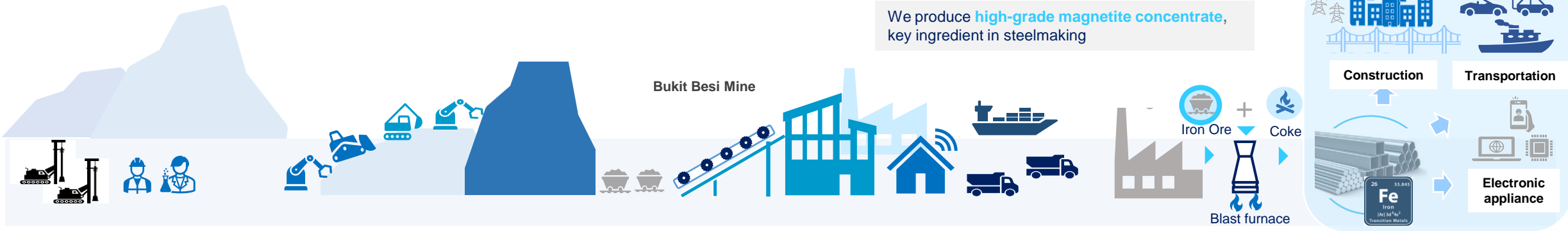
Fortress operation and product

1 Exploration and evaluation

2 Infrastructure and development

3 Processing and production

4 Marketing and commercial



Exploration: Unlocks resources

Experienced in-house team in resource prospecting, exploration and mining.

Considerable exploration upside potential within our mines' covered tenements' areas of:

- Bukit Besi: **526.2 hectare**
- Recent acquisition of MMSB Group: **951.68 hectare**

Maximum value from resources

We evaluate, plan and invest in infrastructure through disciplined capital investment.

Latent capacity and cost effective

- Steady-state processing capability
- Favorable geological conditions and cost advantage
- Access to good public infrastructure

Manage market risk: Maximise value

- Close proximity to steel mills customers in Malaysia
- Our **high-grade magnetite concentrate**
 - **Reduces greenhouse gas emissions**
 - **Raises blast furnace productivity**

Corporate achievement

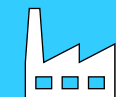


FY2016

AWARDED BUKIT BESI MINING RIGHT



- 13 years long-life mining rights expiring in the year 2033
- Two mining leases covered area of 526.2 ha



FY2017

COMPLETION OF JORC DRILLING CAMPAIGN

- Completed JORC drilling campaign on East, Valley & West Deposits
- Construction of major processing plants



FY2018

COMMERCIAL PRODUCTION LAUNCH



- Commercial production of high grade iron ore concentrate in April 2018
- Indicated and inferred Mineral Resource of 5.41 Mt in the East, Valley and West Deposits



FY2020

FIRST IRON ORE COMPANY LISTED ON SGX-ST

- S\$**15.0** million in gross proceeds were raised



TARGET

- S\$ **2.6** million OR **29.3%** Dividends Distributed
> 15% Targeted distribution



FY2021

ACQUISITION OF MENGAPUR



- Gross consideration of US\$ **30.0** million plus 1.25% Gross Revenue Royalty
- Comprises **4** mining leases covering tenements areas of **951.68** ha.
- Group's Inferred Mineral Resource increased to **16.22** million tonnes grading 37.86% Fe

RECORD UNDERLYING EARNING AND DIVIDEND

- Record underlying EBITDA of **US\$26.6** million
- Interim dividend FY2021 of **S\$5.0** million, a **20.6%** dividend payout ratio
>20% Targeted distribution

Management team

Talents responsible for the stewardship and long-term sustainable success of the Group



Dato' Sri Ivan Chee

- Responsible for the overall management and operations of the Group, including formulating, implementing and monitoring the Group's strategic directions, growth plans, financial and risk management.
- Extensive experience in civil and structural engineering and the mining industry.

**Executive Director &
Chief Executive Officer**



Ng Mun Fey

- Responsible for the overall management and day-to-day operations of the Bukit Besi Mine, including heading the Group's marketing, geology, mining, processing and other supporting divisions.

**Executive Director &
Chief Operating Officer**



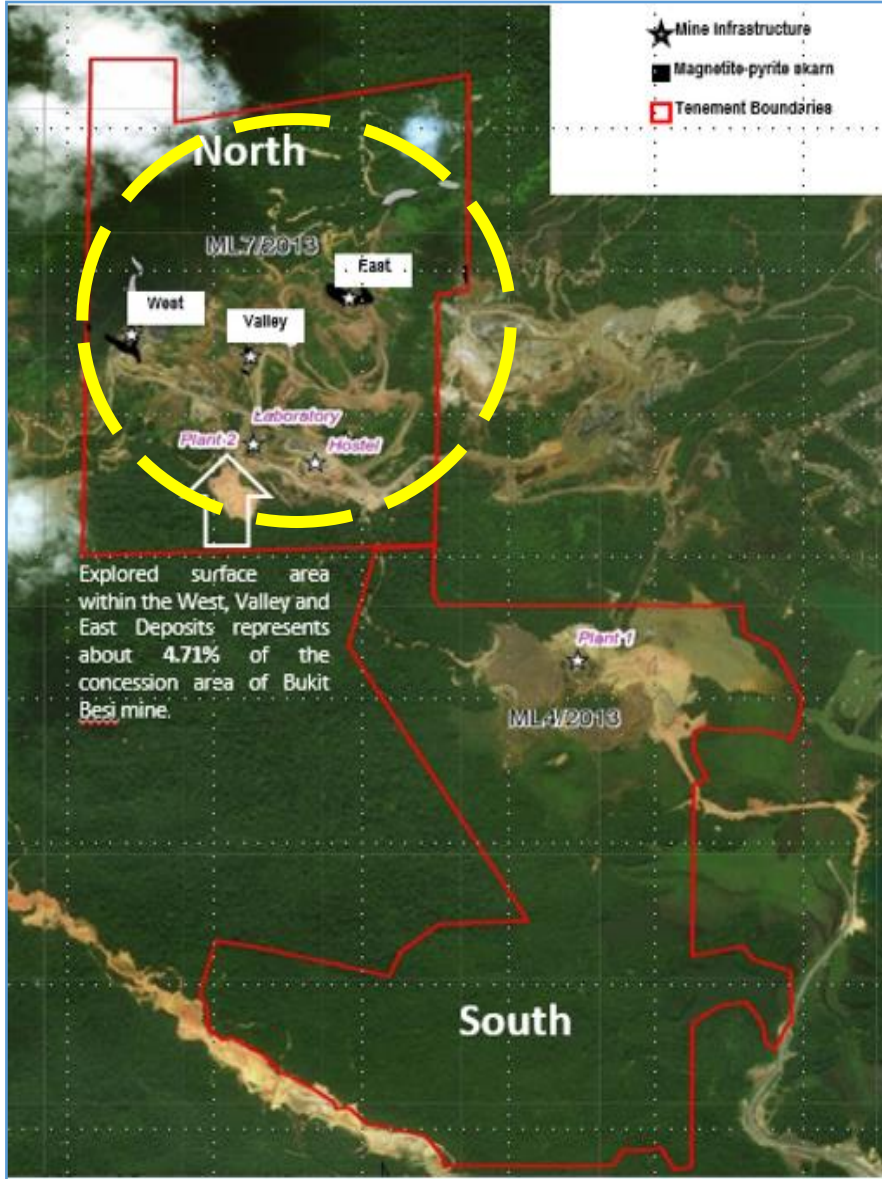
Fionne Chua

- Responsible for all finance and accounting operations of the Group.
- Coordinates and directs the preparation of the budget, financial forecast, reports and financial statements and coordinates the preparation of regulatory reporting.
- A Chartered Accountant with more than 10 years of relevant experience.

Financial Controller

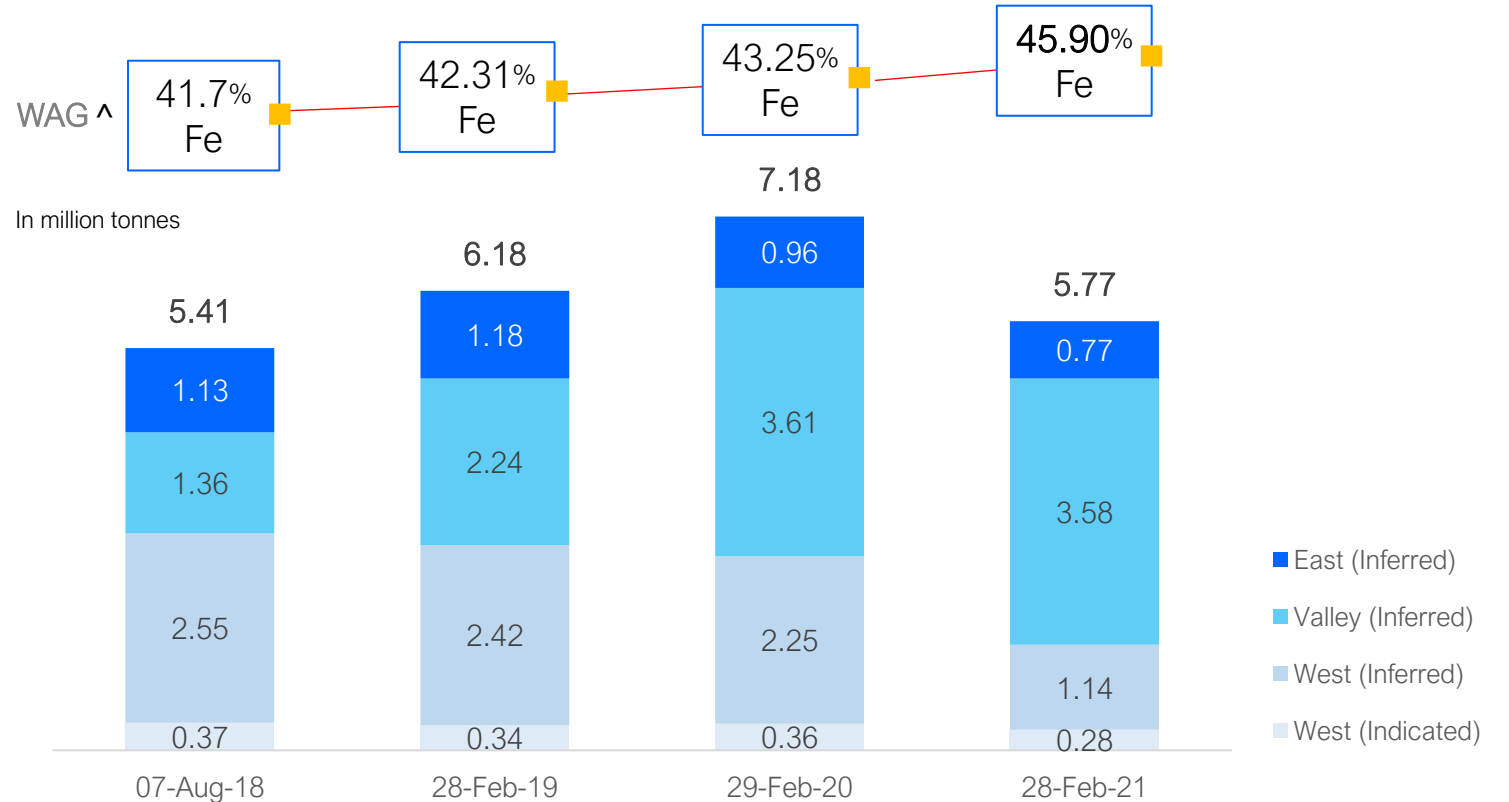
Bukit Besi Mine Strategic location supported with good Infrastructure





RESOURCE SUMMARY:

West, Valley and East Deposits (Bukit Besi) *



Note:

The Bukit Besi Mineral Resource update (with reporting date of 28 February 2021) was announced in the FY2021 results on the SGXNET on 21 April 2021.

* Based on a block cut-off grade of 10% Fe and magnetic susceptibility greater than 100 and sulphur less than 10%.

^ WAG denotes Weighted average grade

02

Financial Results



A robust performance in FY2021

Volume, earnings and operating result surpassed any year in Fortress' history

Financial performance

Revenue

US\$ **47.7** Million
Gross Revenue ↑ 84.1%

Margin

76.4 %
Gross Profit Margin ↑ 8.8ppt

Earnings

US\$ **26.6** Million
Underlying EBITDA ↑ 117.3%

Balance sheet

Operating cash flow

US\$ **16.0** Million
Operating cash flow ↑ 74.0%

Liquidity

US\$ **7.8** Million*
Cash and cash equivalent

NAV

9.68 US cent
Net asset value/share

Value creation

Capital expenditure

US\$ **3.9** Million
Capital asset invested

EPS

3.65 US cent
Earning per share

Dividends

S\$ **5.0** million^
20.6%
Dividend pay-out ratio

* After accounting for consideration paid for acquisition of Monument Mengapur Sdn Bhd and its subsidiaries amounting to US\$9.0 million.

^ The book closure date for the one-tier tax exempt interim dividend ("Interim Dividend") will be on 30 April 2021 and the Interim Dividend will be paid on 10 May 2021..

"ppt" means percentage points.



Financial highlights

Solid earnings supported by strong price and higher volume

Financial metrics US\$' million	2019 Audited	2020 Audited	2021 (Unaudited)
Revenue	20.6	25.9	47.7
Gross profit	13.0	17.3	36.5
Gross profit margin	63.2%	66.7%	76.4%
NPAT	4.9	6.5	18.2
Net profit margin	23.7%	25.1%	38.2%
EBITDA	9.0	12.2	26.6
EBITDA margin	43.6%	47.1%	55.7%
Dividends declared	-	1.9 (S\$ 2.6)	3.8* (S\$ 5.0)

* The book closure date for the Interim Dividend will be on 30 April 2021 and the Interim Dividend will be paid on 10 May 2021.

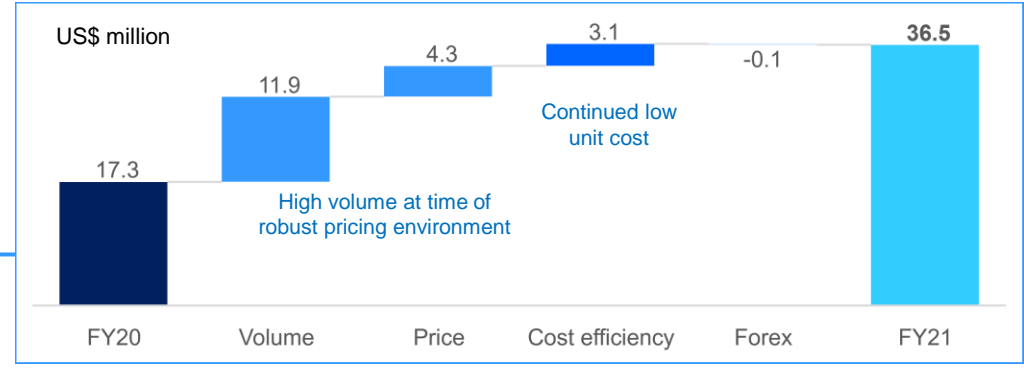
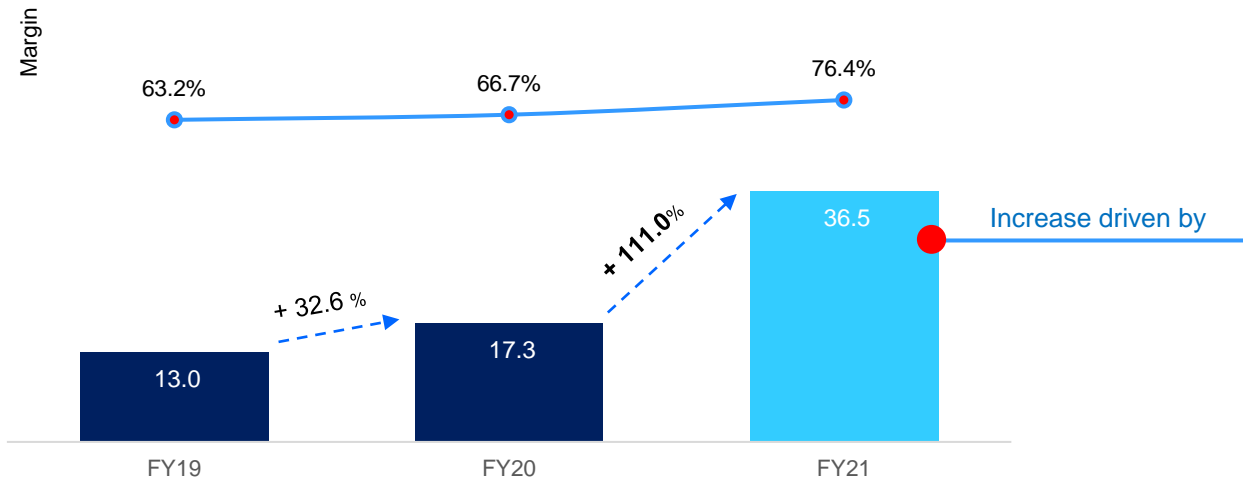
^ CGR denotes compound growth rate.



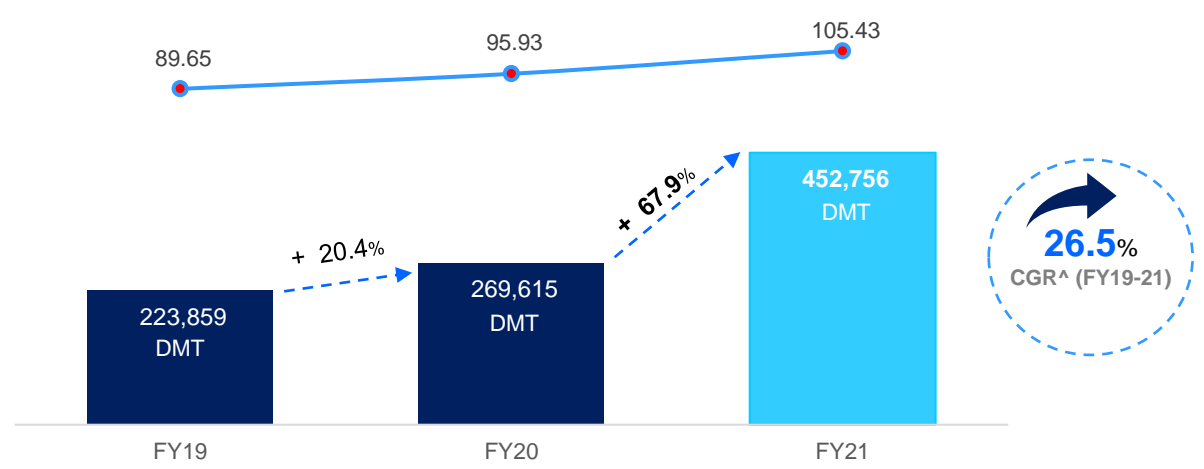
Strong gross profit margin

Driven by record volume and continued low unit cost

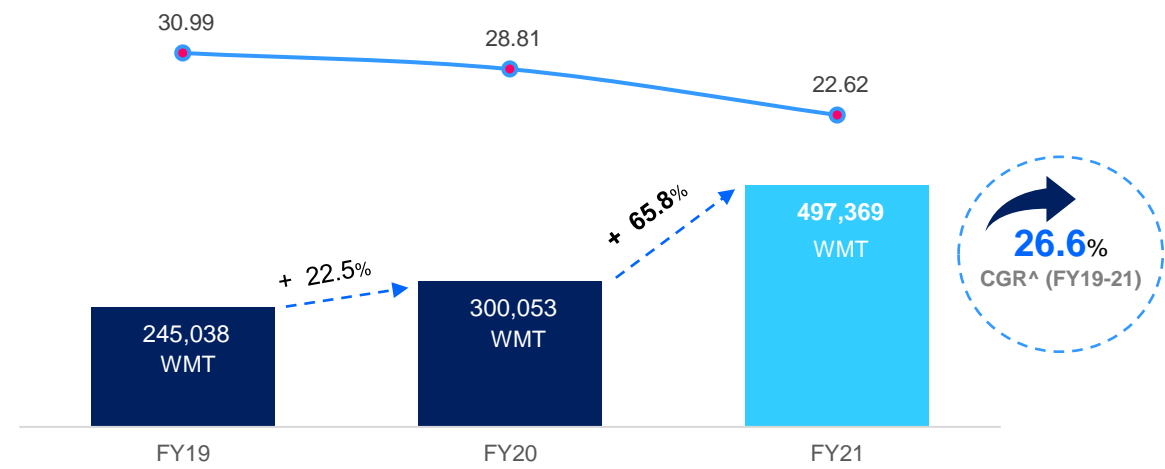
US\$ million **GROSS PROFIT** (US\$ Million) and Gross Profit Margin (%)



SALES: Average selling price (US\$/DMT) and Sales Volume (DMT*)



PRODUCTIVITY: Average unit cost (US\$/WMT) and Volume (WMT#)



* DMT denotes Dry metric tonnes # WMT denotes Wet metric tonnes
 ^ CGR denotes compound growth rate.



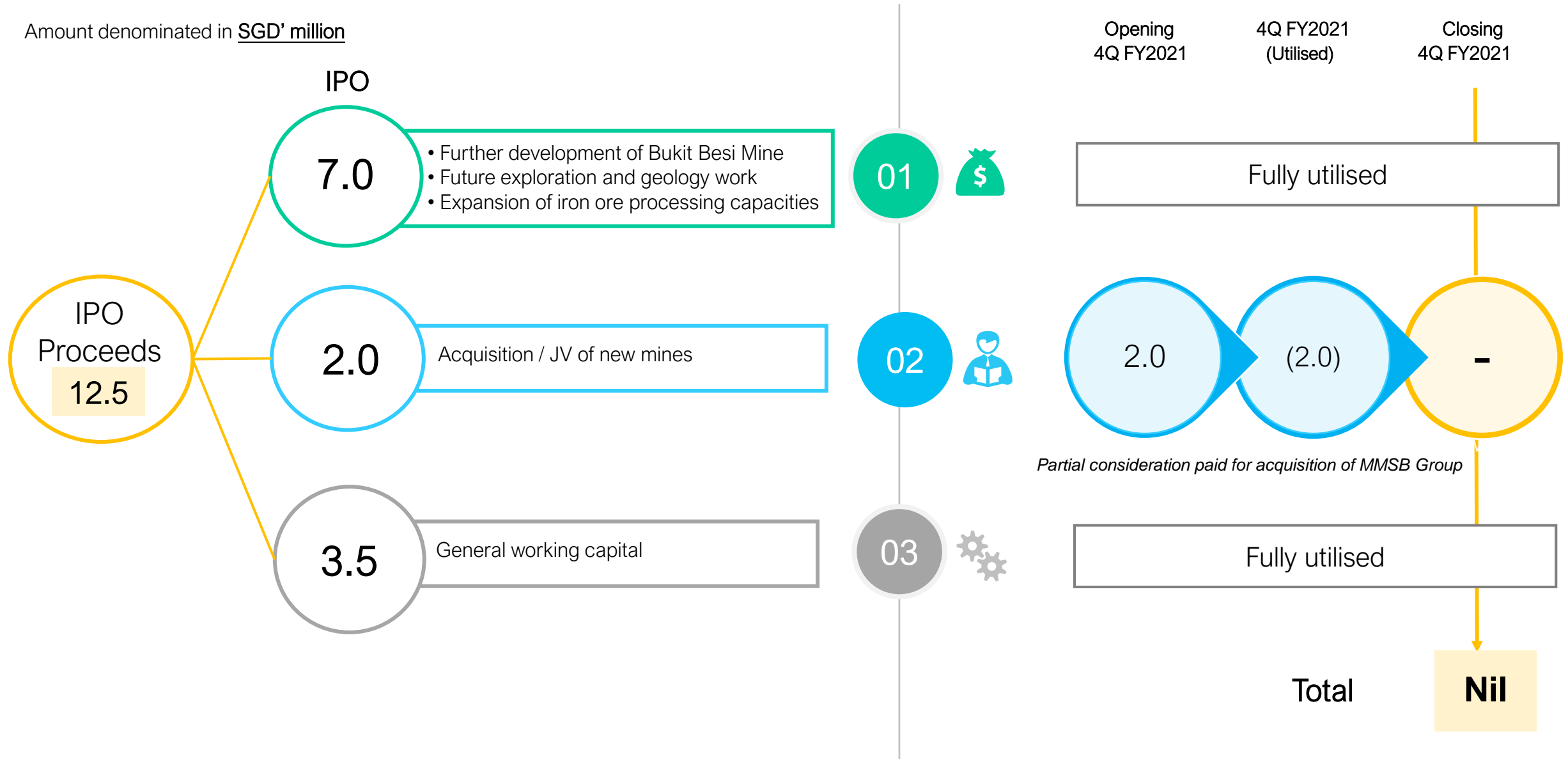
Operating metrics	Full year		1Q	2Q	3Q	1Q	2Q	3Q
	FY2021	FY2020	FY2021	FY2021	FY2021	FY2020	FY2020	FY2020
Average realised price/ DMT	105.43	95.93	94.97	95.99	110.06	103.29	102.95	84.65
Sales volume (DMT)	452,756	269,615	74,661	135,482	93,246	55,552	76,334	48,121
Average unit cost/WMT	22.62	28.81	24.88	19.64	25.26	29.84	27.78	32.30
Volume sold (WMT)	497,369	300,053	82,256	148,751	101,720	61,386	85,739	53,815
Financial metrics	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Revenue	47,718	25,925	7,090	12,985	10,304	5,841	7,783	4,106
Gross profit	36,466	17,279	5,044	10,065	7,734	4,010	5,401	2,368
Gross profit margin	76.4%	66.7%	71.1%	77.5%	75.1%	68.6%	69.4%	57.7%
EBITDA	26,560	12,222	3,591	8,065	5,947	2,957	4,017	928
Net profit after tax	18,245	6,497	2,158	5,681	4,338	1,091	2,518	751
Group Balance Sheet	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Non-current assets	26,285	22,694	21,843	22,768	23,909	22,694	21,704	23,155
Current assets	33,577	16,643	17,550	22,492	27,152	16,643	19,380	15,482
Total assets	59,862	39,337	39,393	45,260	51,061	39,337	41,084	38,637
Current Liabilities	8,732	8,110	1,526	6,291	7,093	1,652	3,575	2,639
Non-current Liabilities	2,722	1,652	6,634	1,668	1,658	8,110	9,820	8,175
Total liabilities	11,454	9,762	8,160	7,959	8,751	9,762	13,395	10,814
Equity attributable to owners	48,417	29,575	31,233	37,301	42,310	29,575	27,689	27,823
Non-controlling interest	- 9	-	-	-	*	-	-	-
Total equity	48,408	29,575	31,233	37,301	42,310	29,575	27,689	27,823
Group Cash Flows	US'000	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Net cash flows from/(used in)								
Operating activities	15,985	9,188	1,606	54	11,662	- 490	8,181	1,585
Investing activities	- 12,698	- 6,177	- 281	- 669	- 1,249	- 1,703	- 2,236	- 1,863
Financing activities	- 6,106	5,537	- 2,018	- 3,365	- 202	9,914	- 52	- 2,672
Cash and cash equivalent	- 2,818 @	10,243	9,488	5,773	10,211	9,850	15,437	12,510

* Amount less than US\$1,000

@ After accounted for consideration paid in relation to acquisition of MMSB Group amounting to US\$9.0 million.

Use of IPO proceeds – status in FY2021

Amount denominated in SGD' million





03
Corporate
Update

26

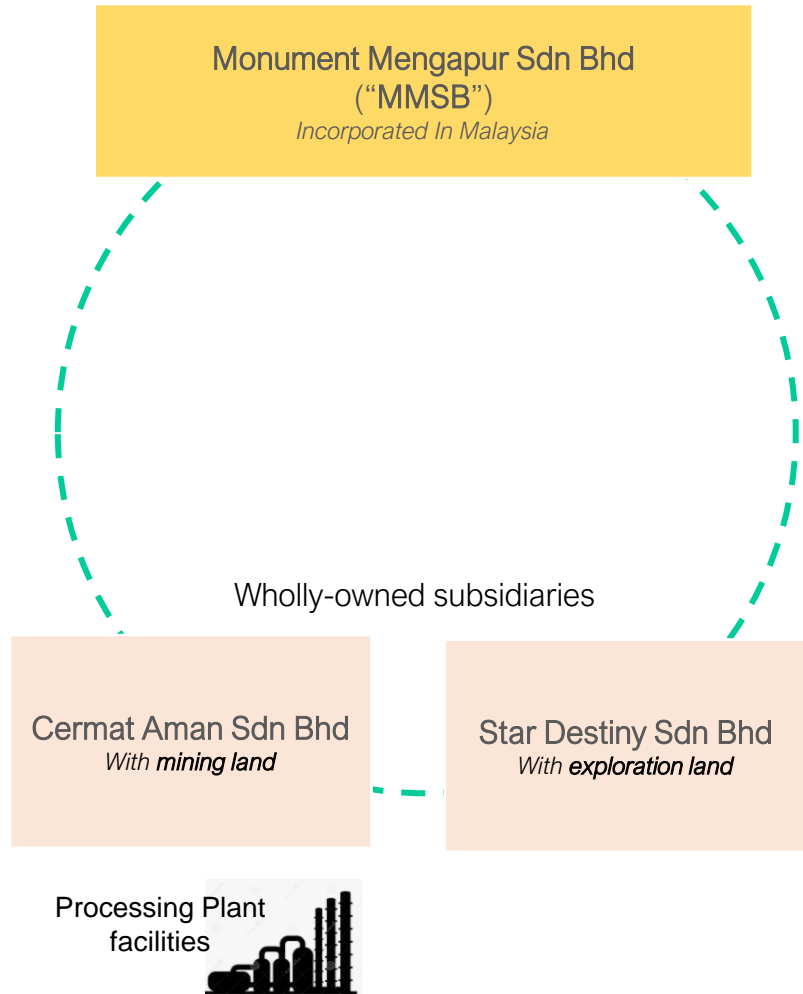
Fe

Iron


55.845



Acquisition of MMSB Group



Consideration

US\$ **30.0** Million  **1.25%**
Cash consideration *royalty on revenue*
Contingent consideration

Cermat Aman

5 years
Mining land covering
Approximately
185.10 ha

Star Destiny

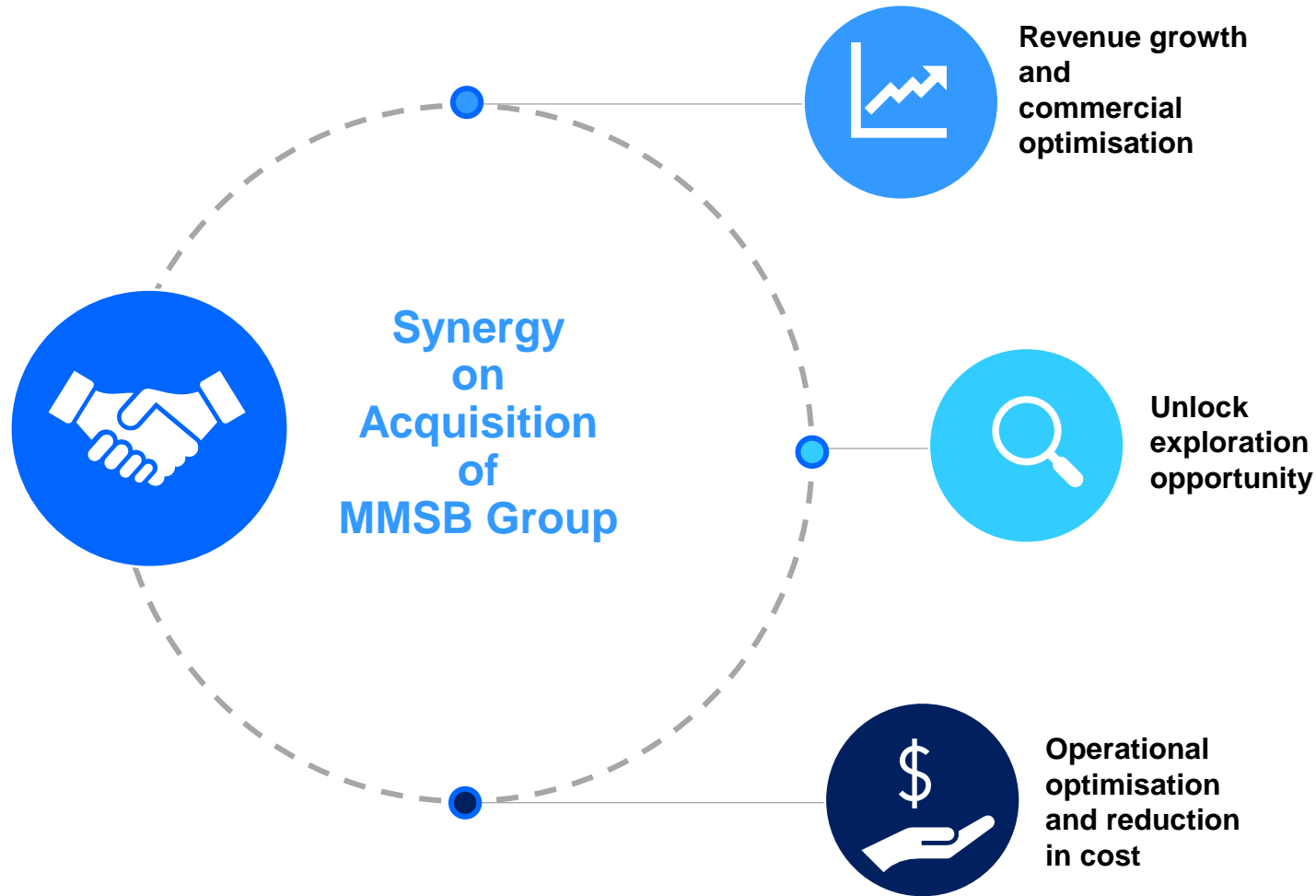
12 years
Exploration Land covering
Approximately
766.58 ha

Status

Completed

as at the date of this presentation

∞ Rationale for Acquisition of MMSB Group



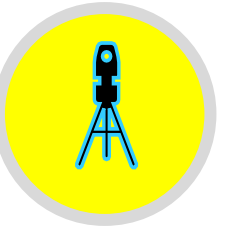
- **Boosts Group's revenue opportunity**
(Inferred Magnetite Resource: 10.72 million tonnes)

- **Potential revenue diversification**
Comprises other minerals, such as copper, gold & silver*.
** This will be stockpiled for future processing after evaluation*

- **A step closer to long-term goals**
To become a significant regional player in the iron ore industry



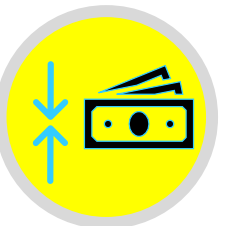
- **77.7% larger tenement area than Bukit Besi**
Considerable exploration upside potential within our tenements' areas



- **Transportation optimisation:**
Close proximity to two largest steel mills in Malaysia

- **85km distance to Kuantan Port**
Seamless export shipment

- **Nearby city of Kuantan**
Easier to source for labour and materials



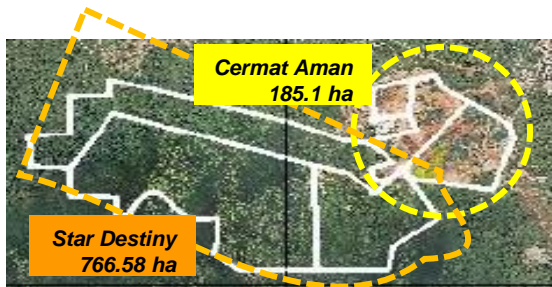
Quick Snapshot & Introduction



Mengapur

The Mengapur Project covers 951.68 ha with skarn-hosted

(Iron) Fe- (Copper) Cu- (Gold) Au ± (Silver) Ag ± (Sulphur) S mineralisation



① Mengapur Larger & Ready for development

Bk Besi 526.2ha

Sri Jaya 172 km

Mengapur - Sri Jaya 951.68 ha

77.7%

Larger area than Bukit Besi tenement

Shorten delivery lead time



Seamless export shipment



Easy access to highways

Seamless transportation flows

② Mengapur Mineral Resource Type and Estimate



Primary focus:
Magnetite iron ore

10.72

Million tonnes (Inferred)

26 Fe
Iron
55.845

42.3%

More iron metal than Bukit Besi's Inferred Mineral Resource ^

Other minerals

If encountered, will be stockpiled for future processing



Wiring

Copper coil for EV vehicle

Copper

14.77

Million Tonnes (Inferred)



Gold

79 Au
Gold
196.867



Silver

47 Ag
Silver
107.868

Mengapur Inferred Mineral Resource estimates (26 October 2020)

JORC Category	Mineral Type	Gross Attributable to Licences ¹						Net Attributable to Fortress						Change from previous update (%)	Remarks
		Tonnes (millions)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)	Tonnes (millions)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)		
Mineral Resources*															
	Skarn-hosted (Cu, Ag)	8.63	20.07	0.64	0.08	13.90	2.54	8.63	20.07	0.64	0.08	13.90	2.54	N/A	2
Inferred	Pyrrhotite-hosted (Cu, Au, S, Fe)	6.21	30.62	0.67	0.31	5.80	16.08	6.14	30.62	0.67	0.31	5.80	16.08	N/A	2
	Massive Magnetite (Fe)	5.27	31.04	0.08	0.11	2.42	2.79	5.27	31.04	0.08	0.11	2.42	2.79	N/A	3
	Brecciated Magnetite (Fe, Au)	5.48	36.19	0.19	0.26	6.54	0.17	5.45	36.19	0.19	0.26	6.54	0.17	N/A	3
	Total Inferred Copper	14.83	24.49	0.65	0.18	10.52	8.19	14.77	24.46	0.65	0.18	10.53	8.19	-22%	2
	Total Inferred Magnetite	10.75	33.67	0.14	0.19	4.52	1.45	10.72	33.65	0.14	0.19	4.52	1.45	N/A	3

1 A non-material portion of the resources in CASB are in the 'red free-digging' soils and attributable to Phoenix Lake Sdn Bhd (PLSB) and ZCM Minerals Sdn Bhd (ZCM)

2 The copper Mineral Resources reported above a 0.5% Cu cut-off. The copper Mineral Resources previously reported by Monument were current at June 2020. The total change from the previous update calculated from copper in the skarn and pyrrhotite domains only.

3 The magnetite Mineral Resources reported above a 25% Fe cut-off. The CP is not aware of previous public magnetite resources reported for the Project.

* No Ore Reserves or Mineral Reserves stated. Mineral Resources that are not Ore Reserves or Mineral Reserves do not have demonstrated economic viability. The Mineral Resource is limited to within the CASB and SDSB boundaries. Some discrepancies may occur due to rounding.

Note: There have been no material changes in the estimated Mineral Resources, underlying assumptions or technical parameters since the SGX-ST announcement date of 11 January 2021.

^ Excludes Bukit Besi's Indicated Mineral Resource as at 28/2/2021 of 0.28 Mt grading 42.57 %Fe.



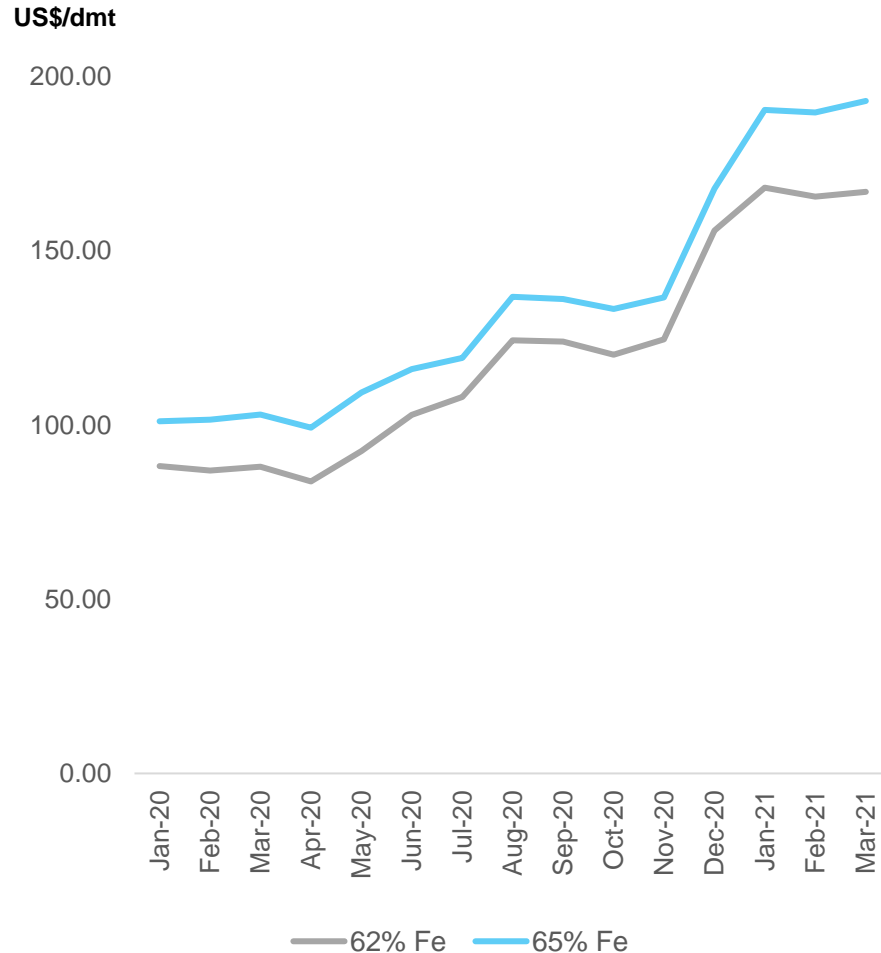
04
**Outlook
and Future
Plans**

Well-positioned for growth

Strong macro and operational factors supporting Fortress' growth

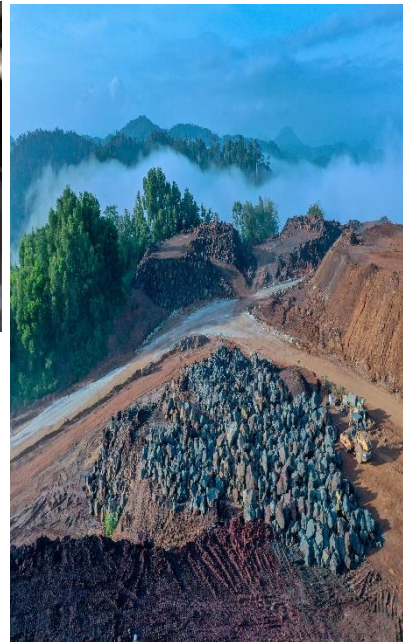


Monthly Average Platts Iron Ore Market Rate



- **Demand for iron ore continued to grow** in 2021 as global crude steel production increased in January and February by 4.8% and 4.1% year-on-year, respectively.¹
- **The Group remains positive** on the outlook of high-grade iron ore, of which prices continue to steadily increase, up 7.6% year-to-date.
- **Policymakers continue to signal commitment to growth** and to re-establishing normality of supply chains.
- With an increased total exploration area to 1,477.88 ha and Inferred Mineral Resource of 16.22 Mt grading 37.86% Fe in addition to the Bukit Besi Indicated Mineral Resource of 0.28 Mt grading 42.57% Fe, the Group is **well-positioned** with strong operating cash flows to continue to enhance shareholders' value.
- The Group will leverage its expertise and experience, strong relationships within the regional mining ecosystem, and quality assets to increase its mineral resource through exploration and optimise its processing capabilities to improve overall production tonnage and cost efficiencies.

* World Steel Association: [January 2021](#) and [February 2021](#) crude steel production



THANK YOU

Stay in touch with us



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