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PRESS RELEASE

Record earnings of US$ 13.5 million Adjusted EBITDA and dividend pay-out ratio of 29.30% to our shareholders

- Strong sales demand and higher average realised selling price achieved have driven up the Group's revenue by 25.7% to US$25.9 million in FY2020.
- Effectiveness in productivity initiative and expansion of production capacity bolstered production output lead to lower unit cost by 7% and strong gross profit margin of 66.7% recorded in FY2020.
- High earnings records for EBITDA and NPAT (Adjusted basis) of US$13.5 million and US$7.8 million respectively derived from strong operational performance.
- Strong profitability translating to higher shareholders' returns of 29.3%. Final proposed dividends of S$0.8 million is recommended by the Board for FY2020.

SINGAPORE, 22 April 2020 – Fortress Minerals Limited (the "**Company**" or "**Fortress Minerals**") and its subsidiaries (collectively the "**Group**"), a high-grade iron ore concentrate producer and exporter from Malaysia, today announced the financial results for the year ended 29 February 2020 ("**FY2020**").

Financial Highlights

	FY2020	FY2019	Change %
Sales volume (DMT*)	269,615	223,859	*20.4*
Average realised selling price (US$/DMT)	95.93	89.65	*7.0*
Average unit cost (US$/WMT*)	28.81	30.99	*(7.0)*
Revenue (US$'000)	25,925	20,629	*25.7*
Gross profit (US$'000)	17,280	13,034	*32.6*
Gross profit margin	*66.7%*	*63.2%*	*3.5*
Other operating income (US$'000)	687	2,002	*(65.7)*
Selling & distribution expenses (US$'000)	(2,081)	(5,357)	*61.2*
Other operating expenses (US$'000)	(4,531)	(1,570)	*188.6*
Administrative expenses (US$'000)	(1,775)	(1,293)	*37.3*
Finance costs (US$'000)	(43)	(7)	*496.9*
Net profit after tax (NPAT)(US$'000)	6,497	4,894	*32.8*
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) (US$'000)	13,530 (1)	8,987 (2)	*50.6*
Adjusted net profit after tax (NPAT) (US$'000)	7,784 (1)	5,659 (2)	*37.5*

* DMT denotes Dry Metric Tonnes
* WMT denotes Wet Metric Tonnes

(1) Excluding the effect on foreign exchange loss of US$0.4 million and IPO expenses of US$0.9 million for FY2020.
(2) Excluding the effects on foreign exchange loss of US$8,169 and IPO expenses of US$0.8 million for FY2019.

Operational and Financial Review

The Group entered FY2020 in good shape. Our team had delivered stronger margin and operational performance in FY2020. The IODEX 65% Fe CFR North China of Platts Daily Iron Ore Assessment price indices while volatile, has since rallied and ended in a favourable position in FY2020, showing a year-on-year ("y-o-y") increase by 16.7% to US$105.99/DMT.

In FY2020, the Group generated higher revenue, reflecting a y-o-y increase of 25.7% to US$25.9 million, with 269,615 DMT being sold. Higher revenue was attributable to the increase in average realised price by 7% to US$95.93/DMT and strong demand from domestic steel mills in line with the Group's expansion of its processing capacity.

The Group achieved lower average unit cost, revealing a y-o-y reduction of 7% to US$28.81/WMT. The lower unit cost was primarily driven by the expansion of production capacity and disciplined approach to cost control, resulting in an improvement in economics of scale.

Strong sales achieved coupled with lower production costs generated a stronger gross profit margin of 66.7%, up 3.5% from FY2019.

Selling and distribution expenses decreased by US$3.3 million to US$2.1 million in FY2020 due to the absence of ocean freight and stevedoring charges as sales in FY2020 are wholly derived from domestic sales to Malaysia steel mills with cost competitive advantages over saving in selling and distribution costs.

Operating costs increased by 188.6% to US$4.5 million in FY2020 which was primarily due to the increase in plant maintenance expenditures and employee benefit expenses to support business expansion activity.

As a result of the above, the Group recorded a US$7.8 million adjusted net profit after tax in FY2020, up by 37.5% from FY2019.

The Group has managed to translate the stronger profitability into higher returns to our shareholders. The Board is pleased to propose a one-tier tax exempt final dividend of S$0.8 million; equivalent to 0.16 Singapore cents per share for FY2020 ("**Final Dividend**"), subject to the approval of shareholders at the forthcoming annual general meeting. If the Final Dividend is approved, the resultant dividend pay-out ratio is 29.30% in FY2020 based on the Group's NPAT which has exceeded the 15% pay-out ratio as previously targeted by the Group.

Earnings per share ("**EPS**") for FY2020 stands at 1.31 US cents, up by 12.0% from FY2019. Higher EPS was directly attributable to stronger profitability achieved in FY2020. Net asset value per share was further enhanced to 5.92 US cents in FY2020, up by 366.1% from FY2019, demonstrating the Group's strengthening balance sheets and cash flows.

Outlook and Future Plans

Following the Malaysian government's announcement on the implementation of the nationwide restricted movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 (the "**Order**"), effective 18 to 31 March 2020 and subsequently extended to 14 April 2020, which was further extended to 28 April 2020 ("**Effective Periods**"), the Group had ceased all mining activities at our Bukit Besi mine throughout the Effective Periods.

The Group is committed to recommencing mining activities as soon as the Order is lifted. While the Group expects the Order to adversely impact the earnings per share and net asset value per share of the Group for the financial year ending 28 February 2021 ("**FY2021**") (the "**Financial Performance**"), at this stage, the Group is unable to quantify nor determine the actual extent of the impact to the Group's Financial Performance for FY2021.

Moving forward, the economic landscape remains uncertain due to the on-going development of COVID-19. However, the Group remains cautiously optimistic as countries impacted by the pandemic had begun to launch large scale liquidity and economic stimulus policies to cushion their respective economies.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented on the full year FY2020 performance and outlook of the Group, "*We have delivered strong financial results, grounded in solid operational performance. Underlying adjusted EBITDA was up 50.6% to US$13.5 and stronger gross profit margin of 66.7% achieved in FY2020, up by 3.5%.*

Presently, the Covid-19 is causing vast disruptions to both global and domestic businesses. We are closely monitoring the impact of the Covid-19 virus and are prepared for some near-term impacts, such as supply-chain issues arising from the Government's order.

However, we remain convinced about the positive underlying fundamentals of our high-grade iron ore concentrate with attractive supply side fundamentals, durable and near-term demand growth. The Group is committed to recommencing mining activities as soon as the Government's order is lifted."

***** End*****

This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet. Fortress Minerals Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 March 2019. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This Press Release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with Rules 226(2)(b) and 753 (2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has also not drawn on any specific technical expertise in its review of this Press Release.

This Press Release has not been examined nor approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this Press Release.

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

About Fortress Minerals Limited (SGX: OAJ)

Fortress Minerals is a high-grade iron ore concentrate producer based in Malaysia. The Group is principally in the business of exploration, mining, production and sale of iron ore concentrates. The Group presently produces magnetite iron ore concentrates with TFe grade of 65.0% and above, mined from the East, Valley and West Deposits in its Bukit Besi Mine, and sells its iron ore concentrates primarily to steel mills and trading companies in Malaysia.

For more information, please visit: https://fortress.sg/

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