



**PRESS RELEASE**

**Fortress Minerals reports FY2022 results;  
 proposed final dividend of 0.80 Singapore cents per share,  
 representing 20.5% dividend payout ratio**

- FY2022 revenue decreased by 9.1% to US\$43.4 million as the Group focused on overburden stripping and maintenance work during the year amidst disruptions and restrictions due to Covid-19; sales volume of 357,394 DMT for FY2022 and record average realised selling price of US\$121.27.
- Net cash flow generated from operating activities for FY2022 increased by 47.8% to US\$23.3 million, backed by strong EBITDA margins of 56.6%.
- Strategic growth plans remain on track for positive contribution in FY2023; Group continues to maintain disciplined capital allocation into key assets and infrastructure to sustain growth prospects and support long-term shareholder value.
- Proposed final dividend of 0.80 Singapore cents per share for FY2022, representing a dividend payout ratio of 20.5%, to reward shareholders for their continued support as the Group continues its growth plans.

**SINGAPORE, 27 April 2022 – 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 fourth quarter and twelve months ended 28 February 2022 (“4Q FY2022”) and (“FY2022”) respectively.

**Financial Highlights**

	FY2022	FY2021	Change %
Sales volume (DMT*)	357,446	452,756	(21.1)
Average realised selling price (US\$/DMT)	121.27	105.43	15.0
Average unit cost (US\$/WMT#)	25.46	22.62	12.6
<i>(US\$'000)</i>			
Revenue	43,366	47,718	(9.1)
Gross profit	33,381	36,466	(8.5)
Gross profit margin	77.0%	76.4%	0.6
Interest income	13	39	(66.7)
Other operating income	664	85	681.2
Selling & distribution expenses	4,799	4,911	(2.3)
Other operating expenses	8,701	7,274	19.6
Administrative expenses	1,114	986	13.0
Finance costs	788	62	1,171.0
Net profit after income tax (NPAT)	14,381	18,245	(21.2)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24,549	26,560	(7.6)

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

## **Operational and Financial Review**

Fortress Minerals' strategy during the year amidst disruptions and restrictions due to Covid-19 was aimed at ensuring continued growth and resilience for the long-term.

The Group reported revenue of US\$43.4 million for FY2022, a 9.1% year-on-year (“yoy”) decrease as it was focused on overburden stripping and heavy maintenance work during machineries' downtime at its Bukit Besi mine, and establishing operations at the Cermat Aman Sdn Bhd (the “CASB”) mine to prepare for commencement of operations in the first quarter of the financial year ending 28 February 2023 (“1Q FY2023”). The Group saw record average realised selling price of iron ore in FY2022 of US\$121.27.

Volume sold for FY2022 was 357,446 DMT due to the approximate five-week lockdown restrictions in 2Q FY2022 and as the Group was focused on overburden stripping and heavy maintenance work during machineries' downtime at its Bukit Besi mine, and establishing operations at the CASB mine to prepare for commencement of operations in 1Q FY2023. The Group's sales volume continues to be well-supported by the 15-month offtake agreement announced on 12 October 2021 of approximately 375,000 WMT and by its strong business relationships in the regional iron ore ecosystem.

Average unit cost remained low but increased 12.6% yoy to US\$25.46/WMT for FY2022, which was attributable to the greater reduction in production volume of 105,139WMT or 21.1% as compared to the decrease in cost of sales of US\$1.3 million or 11.3%. Selling & distribution expenses decreased slightly in line with the decrease in sales volume, whilst other operating expenses increased to support business expansion activities.

The Group's EBITDA and NPAT was US\$24.5 million and US\$14.4 million for FY2022, respectively. Earnings per share was 2.88 US cents.

Disciplined cash flow management sustained the Group's strong net cash flow from operating activities which increased 47.8% yoy to US\$23.3 million for FY2022. Disciplined capital management is also a key focus for the Group as it continues to invest strategically through the cycle into both the Bukit Besi mine and the CASB mine, reflecting its commitment to maximising long-term shareholder value.

Net asset value per share increased to 11.46 US cents as at 28 February 2022 compared to 9.68 US cents as at 28 February 2021, supported by the Group's growth efforts, business resilience and strong balance sheet.

The Group is committed to reinvesting in its business to strengthen its ability to sustain growth to improve long-term shareholder value and return excess cash to shareholders. The Board is pleased to recommend a one-tier tax exempt final dividend of 0.80 Singapore cents per share for FY2022, to reward shareholders for their support as the Group's continues its strategic growth plans. The proposed final dividend will be paid at the date to be announced in due course, subject to shareholders' approval at the forthcoming annual general meeting to be convened at a later date.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented, *“We continued to leverage our experience and quality assets to ensure our growth prospects remain strong through the uncertainties and disruptions seen during the year. Disciplined cost management continues to be a key focus to ensure business sustainability as we commit to investing in the Group's future for the benefit of long-term shareholder value.”*

*As economic activity recovers in Malaysia and the region, we look forward to the commencement of operations at the CASB mine soon as well as its positive contribution in FY2023 and beyond, amidst the strong iron ore pricing environment.”*

## **Market outlook**

Global crude steel production declined 5.5% year-on-year for January to February 2022.<sup>1</sup> The latest lockdowns in China in cities affected by Covid-19 continue to add to China's supply chain challenges, disrupting construction activities and steel transactions in the near-term. However, China's renewed focus on propping up the economy continues to buoy iron ore prices as expectations rise for more infrastructure activity to soften China's economic slowdown. China has also set 2030 as the new deadline for peak-emissions for the steelmaking sector, against an earlier target of 2025<sup>2</sup>. Despite the slowdown in steel production, iron ore prices have continued to rise on the back of these expectations, increasing 29.5% from December 2021 to February 2022.<sup>3</sup>

On 8 March 2022, the Malaysian government announced that Malaysia is transitioning to the endemic phase from 1 April 2022. The swift vaccine rollout and implementation of economic policy support measures during the pandemic looks to have put the economy on the path of recovery, with the Ministry of Finance expecting 5.5% to 6.5% gross domestic product (GDP) growth for 2022.<sup>4</sup>

Demand for the Group's iron ore concentrate from regional steel mills remains strong and is well-supported by the offtake agreement announced on 12 October 2021. The key underlying theme of decarbonisation in the steel industry also continues to support demand for higher grade iron ore in the long-term as lower impurities fulfil the needs of regional steel makers seeking to reduce greenhouse gas emissions and raise blast furnace productivity. The Group's high grade iron ore continues to be a favourable determining factor in pricing and appetite for iron ore.

## **Operational developments**

The Group continues to work hard to ensure safe operations at its work sites and improve operational efficiencies, against the backdrop of the pandemic and rising inflation and operating costs as a result of the Russia-Ukraine conflict.

Iron ore production and sales for the Group remain strong and the Group's growth prospects are well-supported by efforts to invest in growing its portfolio sustainably. Committed to pursuing long-term growth prospects and disciplined cost controls to maintain operational excellence to meet ongoing and continuous demand, the CASB mine remains on track to commence production in 1Q FY2023. This will position the Group well to capture oncoming demand as the global economy recovers.

The Group will continue to leverage on its expertise and experience to employ disciplined cost and capital management measures to ensure sustainable growth and long-term value for its shareholders.

The Board and management have considered the uncertainties and challenges arising from the COVID-19 pandemic and assessed the impact of the outbreak on its operations and are of the view that adequate funds are available for the Group's operating requirements for the purposes of meeting its debt obligations for the next 12 months. Customer order books remain healthy and the Group continues to closely monitor the credit quality of its customers to ensure the recoverability of the receivables.

The Group continues to seek opportunities to grow its commodities portfolio responsibly via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide it a competitive edge to tap on the demand. The Group is also currently exploring various fund-raising opportunities to enhance its cash balances for operational needs. The Group will update shareholders via SGXNET as and when there are any material developments on the aforementioned. The Company will also be seeking shareholders' approval for the adoption of a share buy-back mandate at an extraordinary general meeting to be convened in due course.

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<sup>1</sup> World Steel Association, 22 March 2022: [February 2022 crude steel production](#)

<sup>2</sup> Bloomberg, 8 February 2022: [Iron Ore Smashes \\$150 After Beijing Eases Steel's Green Targets](#)

<sup>3</sup> Platts: 65% Fe CFR North China Index, December 2021 – February 2021

<sup>4</sup> The Edge, 22 March 2022: [OECD forecasts Malaysia economy to grow 6% in 2022](#)

*Washing Plant at the soon-to-be complete CASB mine*



*This press release should be read in conjunction with the related announcements uploaded by Fortress Minerals Limited on SGXNet.*

*This press release 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.*

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## **About Fortress Minerals Limited (SGX: OAJ)**

Fortress Minerals is an 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.

The Group had on 7 April 2021 completed the acquisition of the entire issued and paid-up share capital of Fortress Mengapur Sdn. Bhd. (formerly known as Monument Mengapur Sdn. Bhd.) and its subsidiaries (“**Fortress Mengapur**”), which comprises the entire tenements held by its subsidiaries, namely Cermat Aman Sdn Bhd and Star Destiny Sdn Bhd. Following the completion of the acquisition, Fortress Mengapur has become a wholly-owned subsidiary of the Company. Fortress Mengapur’s tenements contains iron ore, copper, gold and silver Inferred Mineral Resources. At this juncture, the Group continues to focus on the magnetite iron ore mining and intends to stockpile other minerals, if encountered during potential mining, for future processing.

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

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