

PRESS RELEASE

Fortress Minerals' EBITDA of US\$1.1 million, after distributing 2nd interim dividend of 0.2 Singapore cents per share in 3Q FY2020

- Despite a lower iron ore price, revenue increased by 23.3% to US\$4.1 million for 3Q FY2020 as compared to 3Q FY2019.
- Continuous efforts to bolster production efficiencies, productivity, quality and overall competency, improved gross profit margin ("GPM") to 57.7% in 3Q FY2020.
- Solid sales, encouraging margin improvement and elimination of non-value-added costs pushing the Group's EBITDA to US\$1.1 million in 3Q FY2020.
- In line with revenue growth and stronger profit margins, the Group's earnings jumped to US\$0.8 million for 3Q FY2020 as compared to a loss of US\$0.1 million in 3Q FY2019.

SINGAPORE, 8 January 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 three months and nine months ended 30 November 2019 ("3Q FY2020").

Financial Highlights

| | 3Q FY2020 | 3Q FY2019 | Change % | 9 months FY2020 | 9 months FY2019 | Change % | FY2019 |
|---|----------------------|--------------------|-------------|----------------------|----------------------|-------------|----------------------|
| Sales volume (DMT) | 48,121 | 36,873 | 30.5 | 180,006 | 105,413 | 70.8 | 223,859 |
| Average realised selling price (US\$/DMT) | 84.65 | 94.47 | (10.4) | 98.17 | 92.24 | 6.4 | 79.12 ⁽⁶⁾ |
| Revenue (US\$'000) | 4,106 | 3,331 | 23.3 | 17,730 | 9,903 | 79.0 | 20,629 |
| Gross profit (US\$'000) | 2,368 | 1,759 | 34.6 | 11,778 | 5,675 | 107.6 | 13,034 |
| Gross profit margin | 57.7% | 52.8% | 4.9 | 66.4% | 57.3% | 9.1 | 63.2% |
| Other operating income (US\$'000) | 297 | * | nm | 594 | 1,989 | (70.1) | 2,002 |
| Selling & distribution expenses (US\$'000) | 366 | 1,048 | (65.1) | 1,420 | 3,262 | (56.5) | 5,357 |
| Other operating expenses (US\$'000) | 1,266 | 577 | 119.5 | 3,119 | 1,181 | 164.1 | 1,570 |
| Administrative expenses (US\$'000) | 122 | 281 | 56.5 | 1,553 | 624 | 148.8 | 1,293 |
| Finance costs (US\$'000) | 13 | - | nm | 31 | 1 | 4,096.3 | 7 |
| Net profit/(loss) after tax (NPAT)(US\$'000) | 751 | (147) | nm | 4,360 | 1,860 | 134.4 | 4,894 |
| Adjusted Earnings before interest, tax, depreciation and amortisation (EBITDA) (US\$'000) | 1,094 ⁽¹⁾ | 228 ⁽²⁾ | 379.5 | 7,944 ⁽³⁾ | 3,232 ⁽⁴⁾ | 145.8 | 7,873 ⁽⁵⁾ |
| Adjusted net profit (US\$'000) | 758 ⁽¹⁾ | 145 ⁽²⁾ | 423.3 | 5,533 ⁽³⁾ | 2,267 ⁽⁴⁾ | 144.1 | 5,618 ⁽⁵⁾ |
| Adjusted net profit margin | 18.5% | 4.3% | 14.2 | 31.2% | 22.9% | 8.3 | 27.2% |

* negligible
 nm- not meaningful

- (1) Excluding the effect on foreign exchange loss of US\$7,049 for 3Q FY2020.
- (2) Excluding the effect on foreign exchange loss of US\$63,005 and IPO expenses of US\$0.23 million for 3Q FY2019.
- (3) Excluding the effects on foreign exchange loss of US\$0.24 million and IPO expenses of US\$0.94 million for 9 months ended 30 November 2019.
- (4) Excluding the effect on IPO expenses of US\$0.41 million for 9 months ended 30 November 2018.
- (5) Excluding the effect on foreign exchange gain of US\$32,850 and IPO expenses of US\$0.76 million for FY2019
- (6) Excluding ocean freight and stevedoring charges for comparison purposes

Operational and Financial Review

Despite global iron ore index price volatilities during 3Q FY2020, demand for our Group's high-grade iron ore concentrates remained robust with an increase in tonnage sold by 30.5% to 48,121 DMT. Although average realised selling price declined by 10.4% to US\$84.65/DMT, the Group's continuous effort to enhance efficiency and disciplined cost management have improved gross profit margin by 4.9% to 57.7%.

This has increased the Group's gross profit by 34.6% year-on-year ("yoy") to US\$2.4 million.

Selling and distribution expenses decreased by US\$0.6 million from US\$1.0 million in 3Q FY2019 to US\$0.4 million in 3Q FY2020 due to the absence of ocean freight and stevedoring charges.

Unscheduled production stoppages for machinery upgrading and maintenance works at the Group's Bukit Besi processing plant and an increase in employee benefits in 3Q FY2020 contributed to a 119.5% yoy increase in operating costs.

As a result of the above, the Group's net profit after tax continues to strengthen at US\$0.8 million in 3Q FY2020 as compared to a loss of US\$0.1 million in 3Q FY2019.

The net profit margin after non-recurring items for 3Q FY2020 was 18.5%, as compared to 4.3% in 3Q FY2019.

During 3Q FY2020, the Group declared and have paid out a one-tier tax exempt second interim dividend of 0.20 Singapore cents per share for the financial year ending 29 February 2020 ("**FY2020**") ("**Second Interim Dividend**"), amounting to S\$1,000,000 representing approximately 22.9% of the Group's net profit after taxation for the 9 months financial period ended 30 November 2019 ("**9M FY2020**"), on 20th November 2019. This Second Interim Dividend distribution is in line with the Group's directors' intention to further declare and distribute dividends of not less than 15% of the Group's NPAT for FY2020 as previously set out in page 68 of the offer document dated 19 March 2019.

Earnings per share ("**EPS**") for 3Q FY2020 stands at 0.15 US cents while the Loss per share for 3Q FY2019 stands at 0.04 US cents. Higher EPS yoy was directly attributable to stronger profitability driven by a combination of sustainable cost strategy management and optimum production plan achieved in 3Q FY2020. Net asset value per share stands at 5.56 US cents as at 30 November 2019.

Outlook and Future Plans

The Group expects demand for Bukit Besi's high-grade iron ore concentrates to remain robust at competitive prices. However, the Group remains cautiously optimistic of global iron ore index price volatilities in the near term.

The Group will continue its efforts to enhance operational efficiency at our Bukit Besi mine. At the same time, our Group is also on the constant lookout for acquisition and/or joint venture opportunities in the region.

Dato' Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented on the third quarter performance and outlook of the Group, *"Staying rooted in our long-term strategy – elevating our production capacity and efficiency - has again delivered profitability amid global iron ore price volatilities. We expect the demand for high-grade iron ore to remain robust in the coming quarters"*.

**** 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 the PRC and Malaysia.

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

Issued for and on behalf of Fortress Minerals Ltd. By Financial PR

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