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PRESS RELEASE

Fortress Minerals reports 3.9% increase in EBITDA to US\$3.8 million for 4Q FY2024

- Revenue increased 2.6% to US\$12.5 million for 4Q FY2024 as average realised selling price was higher for the quarter.
- Net cash flow generated from operations was US\$1.2 million for 4Q FY2024, supported by robust EBITDA margins of 30.5%.
- The Board proposes a final dividend of 0.60 Singapore cents per share for FY2024, representing a dividend payout ratio of 23.3%.
- The Group plans to grow production with two new ball mills at Bukit Besi, which will raise nameplate capacity by c.20% to 50,000 – 60,000 tonnes per month; expected completion by 2Q FY2025.
- The Group continues to leverage its strong business relationships with customers and the robust demand for high grade iron ore concentrate to expand and diversify its recurring revenue streams.

SINGAPORE, 24 April 2024 – 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 29 February 2024 (“4Q FY2024 and FY2024”).

Financial Highlights

	4Q FY2024	4Q FY2023	Change %	FY2024	FY2023	Change %
Sales volume (DMT*)	121,870	132,927	(8.3)	550,887	546,076	0.9
Average realised selling price (US\$/DMT)	103.04	91.48	12.6	97.85	98.04	(0.2)
Average unit cost (US\$/WMT#)	45.55	24.46	86.2	34.06	26.38	29.1
<i>(US\$'000)</i>						
Revenue	12,490	12,179	2.6	53,933	53,547	0.7
Gross profit	6,372	8,621	(26.1)	33,262	37,752	(11.9)
Gross profit margin	51.0%	70.8%	(19.8)	61.7%	70.5%	(8.8)
Interest income	65	19	244.8	220	33	561.9
Other operating income	(187)	(433)	(56.8)	361	436	(17.2)
Selling & distribution expenses	(1,429)	(2,056)	(30.5)	(6,688)	(6,833)	(2.1)
Other operating expenses	(2,055)	(2,444)	(15.9)	(9,863)	(9,175)	7.5
Administrative expenses	(217)	24	nm	(1,739)	(1,856)	(6.3)
Impairment losses on financial assets	(663)	-	100.0	(663)	-	100.0
Fair value loss on contingent consideration	(53)	(1,787)	(97.0)	(53)	(1,787)	(97.0)
Finance costs	(190)	(277)	(31.4)	(963)	(1,013)	(4.9)
Net profit after income tax (NPAT)	627	100	527.4	10,038	12,095	(17.0)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,805	3,665	3.9	20,997	23,868	(12.0)

* DMT denotes Dry Metric Tonnes

WMT denotes Wet Metric Tonnes

nm – not meaningful

Operational and Financial Review

Fortress Minerals remains focused on actively executing its strategic growth plans by leveraging the sustained demand for its high-grade iron ore products and strong business relationships to broaden and diversify its revenue streams.

For 4Q FY2024 and FY2024, the Group reported 2.6% and 0.7% year-on-year (“yoy”) increases in revenue to US\$12.5 million and US\$53.9 million respectively. The increase in revenue for 4Q FY2024 was attributable mainly to an increase in average realised selling price to US\$103.04/DMT. Overall, sales volume for FY2024 increased 0.9% to 550,887 DMT, offsetting the marginal 0.2% decline in average realised selling price to US\$97.85/DMT.

Average unit cost of sales rose from US\$24.46/WMT to US\$45.55/WMT for 4Q FY2024 as a result of higher inflation of certain production costs. Consequently, average unit costs for FY2024 rose 29.1% yoy to US\$34.06/WMT. This was partially mitigated by a 1.4% yoy increase in volume sold for FY2024 which yielded cost efficiencies for the Group.

The Group reported a healthy gross profit margin of 51.0% for 4Q FY2024 and 61.7% for FY2024.

EBITDA increased 3.9% yoy to US\$3.8 million and NPAT increased US\$0.5 million to US\$0.6 million for 4Q FY2024. This brought FY2024 EBITDA and NPAT to US\$21.0 million and US\$10.0 million, respectively. Earnings per share stood at 1.93 US cents for FY2024.

Supported by the Group’s consistent growth efforts, net asset value per share was 10.9% higher yoy at 13.81 US cents as at 29 February 2024, compared to 12.45 US cents as at 28 February 2023. The Group remains committed to disciplined capital management and growing its operations strategically to maximise long-term value for its shareholders.

Dato’ Sri Ivan Chee, Executive Director and Chief Executive Officer of Fortress Minerals, commented,

“The demand for high grade iron ore domestically and regionally remains robust. We remain actively engaged with our customers, securing offtake agreements to meet this growing demand. This is a testament to our strong and long-standing business relationships with customers and reinforces our reputation as a trusted and reliable provider of high-grade iron ore products.

This also forms our short, medium and long-term growth initiatives. We are well-placed to strengthen our recurring income streams, particularly with the upcoming additional ball mills at Bukit Besi.

Simultaneously, we have growth plans at Mengapur as well as exploration plans in Sabah which are progressing well. All these initiatives set the stage for us to achieve sustainable growth and generate long-term value for our shareholders.”

Market Outlook

Global crude steel production increased 3.7% yoy from February 2023 to February 2024¹. China, the world’s largest steel-producing country, is estimated to have produced 81.2 million tonnes in February 2024, up 3.5% yoy from February 2023¹.

¹ The World Steel Association, 2 March 2024: [February 2024 crude steel production](#)

Domestic demand for steel is expected to remain tepid as a result of various challenges including China's debt crisis and sluggish domestic spending. Robust prospects from the steel export sector however remains a bright spot for Chinese steelmakers.

As Chinese steelmakers continue to expand capacity, Chinese steel markets may continue to remain under pressure due to overcapacity. Chinese steelmakers plan to commission 42.5 million MT/year of electric-arc-furnace ("EAF") steelmaking capacity in total in 2024. With some new EAF's to be replacing existing ones, total EAF capacity in China is likely to expand by 21 million MT/year, to around 220 million MT/year at the end of 2024, accounting for 17.6% of China's total crude steel capacity².

Steel production capacity is also on the rise in emerging Asian markets. Indonesia and Malaysia are expected to have two new blast furnaces ramped up to full capacity by 2024, contributing to an annual supply of 4 million metric tons of hot-rolled coil ("HRC") steel³. Malaysia's steel industry in particular is developing rapidly with actual demand growth for steel of 4.8% expected in 2024, while exports are expected to increase further as well⁴.

Malaysia's economic outlook looks optimistic for 2024, with Malaysia's central bank forecasting the country's economy to grow between 4 and 5 per cent in 2024⁵. In particular, growth forecast is supported by improving external demand and export conditions. Malaysia's exports grew 8.7% yoy in January 2024 to RM122.4 billion⁶. The figure also reversed Malaysia's exports downtrend which began in March 2023.

Demand for the Group's iron ore concentrate from regional steel mills remains strong and is well supported by the offtake agreement announced on 23 January 2024. This will be bolstered by improvements in Malaysia's export sector. Increased focus on high grade magnetite iron ore continues to underpin demand, supported by efforts to decarbonise the global iron ore and steel industry and support the energy transition.

Operational developments

On 2 January 2024, the Group entered into a 12-month offtake agreement with a domestic steel mill in Malaysia for approximately 240,000 wet metric tonnes ("WMT") of iron ore. This agreement is a testament to the consistent demand for the Group's high grade iron ore concentrate, and the group's strong business relationships with customers.

The Group continues to grow its production capabilities at its first mine at Bukit Besi. Two new ball mills are expected to increase the nameplate capacity to a range of 50,000 to 60,000 tonnes per month, representing a targeted c.20% yoy increase from FY2024. Commissioning of the ball mills is targeted for 2Q FY2025. Additionally, the Group continues to further develop its Valley and West deposits at the Bukit Besi mine to expand its mineral resource for cost-efficient growth.

The Group has engaged the services of a renowned metallurgical and engineering company and has completed metallurgical test works and feasibility studies for the development of a new integrated processing plant at the Cermat Aman Sdn Bhd ("CASB") mine which will produce copper concentrate, pyrrhotite concentrate and high-grade iron ore concentrates.

The results of these studies will develop the ongoing flowsheet and engineering design of the plant which is targeted for completion by 2Q FY2025.

² S&P Global, 16 January 2024: [Tepid domestic demand, robust exports to tint China's steel sector in 2024](#)

³ S&P Global, 16 January 2024: [Tepid domestic demand, robust exports to tint China's steel sector in 2024](#)

⁴ Research & Markets, Malaysia Steel Industry Research Report 2023-2032: [Malaysia Steel Industry Research Report 2023-2032](#)

⁵ The Business Times, 20 March 2024: [Malaysia economy expected to grow 4-5% in 2024: Bank Negara](#)

⁶ The Business Times, 20 February 2024: [Malaysia's January exports exceed forecast to rise 8.7%, first expansion in 10 months](#)

The Group has also made progress on its two prospecting licences granted to its subsidiaries, 65%-owned Saga Mineral Sdn. Bhd. (“SMSB”) and 51%-owned Kencana Primary Sdn. Bhd. (“KPSB”). The Group has completed Phase 1 “Reconnaissance Survey” at SMSB which consisted of works such as spur & ridge and initial topography survey, geological mapping, stream sediment sampling, rock chip sampling, soil sampling, and accompanying geochemistry analysis and has identified several prospecting targets. Based on findings from Phase 1, the Group has progressed to Phase 2, “Prospecting” works. This entails the narrowing down of targets for the upcoming trenching and pitting program. It is expected to complete by May 2024. Phase 3, which includes detailed mapping, trenching, pitting and further mineral studies is projected to start in 2Q FY2025. The findings from Phase 3 will subsequently inform and allow for Phase 4, the exploration of identified mineralisation zones by means of geophysical survey and drilling. For KPSB, spur & ridge and initial topography survey is completed and the rest of Phase 1 is expected to start in May 2024 and complete by 2Q FY2025.

The Group continues to seek opportunities to grow its commodities portfolio prudently and in a disciplined manner via acquisitions, joint ventures and/or providing mining contracting services both in Malaysia and in the region, where its strong capabilities provide a competitive edge to tap on the demand.

The Group continues to explore various fund-raising opportunities to enhance its cash balances for operational needs when required. The Group will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

****End****

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 Limited (the “Company”) and its subsidiary companies (the “Group”) 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 high grade iron ore concentrates mined from its Bukit Besi mine and Cermat Aman Sdn Bhd (the “CASB”) mine in Malaysia and sells its iron ore concentrates primarily to steel mills in Malaysia and trading companies in the People’s Republic of China.

On 7 April 2021, the Company completed the acquisition of the entire issued and paid-up capital of Fortress Mengapur Sdn Bhd and its subsidiaries (“Fortress Mengapur Group”), which comprises the entire tenements held by its subsidiaries, namely CASB and Star Destiny Sdn Bhd (the “SDSB”), which cover approximately 951.68 hectares, save for the free digging oxide magnetite iron materials contained in the topsoil at certain areas of Mining lease no. ML. 8/2011 in respect of the mining land (the “Third-Party Iron Ore Interests”). Following the completion of the acquisition of Fortress Mengapur Group, the Group’s total mining and exploration land area is approximately 1,477.88 hectares.

Fortress Mengapur Group's tenements contain iron ore, copper, gold and silver Inferred Mineral Resource. On 28 June 2023, the Company gained the approval of its shareholders for the diversification of the Group's business to include the mining of manganese, copper, nickel, cobalt, zinc, lead, tin, chromite, tungsten, gold, silver and other minerals (the "**New Minerals**") and the trading in iron ore and the New Minerals mined or sourced from third parties.

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

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