



Fortress Minerals Limited

Results Presentation

FY2022

Malaysia - Singapore



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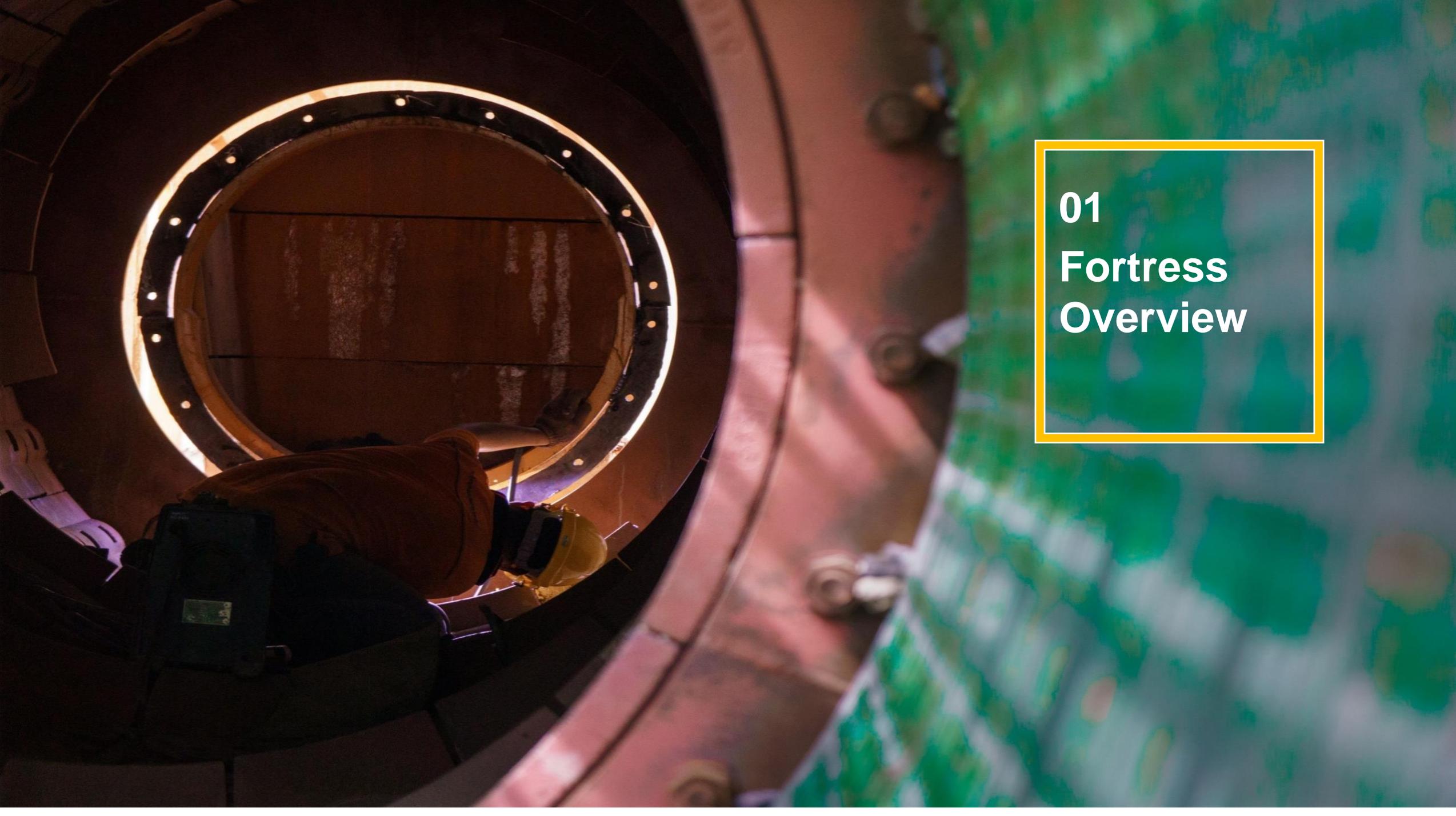


Mengapur Mineral Resource

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

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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 producer and exporter of marketable and high-grade iron ore



We employ over

400

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: Unlocking 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**
- Fortress Mengapur: **951.68 hectare**

Extracting value from resources

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

Latent capacity and cost efficiency

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

Manage market risk, maximising value

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

Corporate achievements

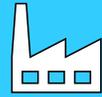


FY2016

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



DIVIDEND PAY-OUT EXCEED TARGET

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

FY2021 to 2022

ACQUISITION OF FORTRESS 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\$24.5 million (2021: US\$26.6M)
- Proposed final dividend FY2022 of S\$4.0 million, a 20.5% dividend payout ratio
- 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.

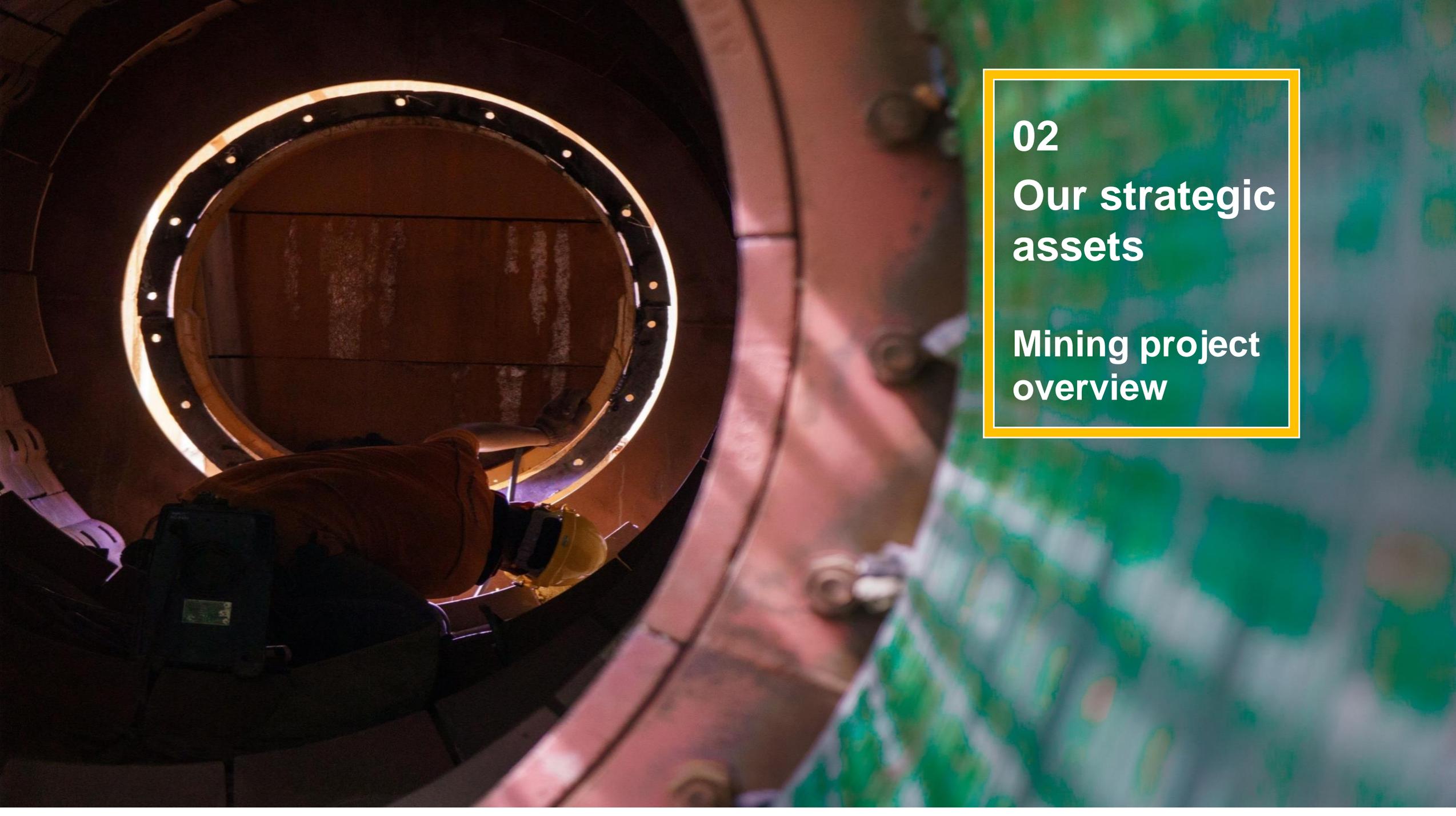
**Executive Director &
Chief Operating Officer**



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

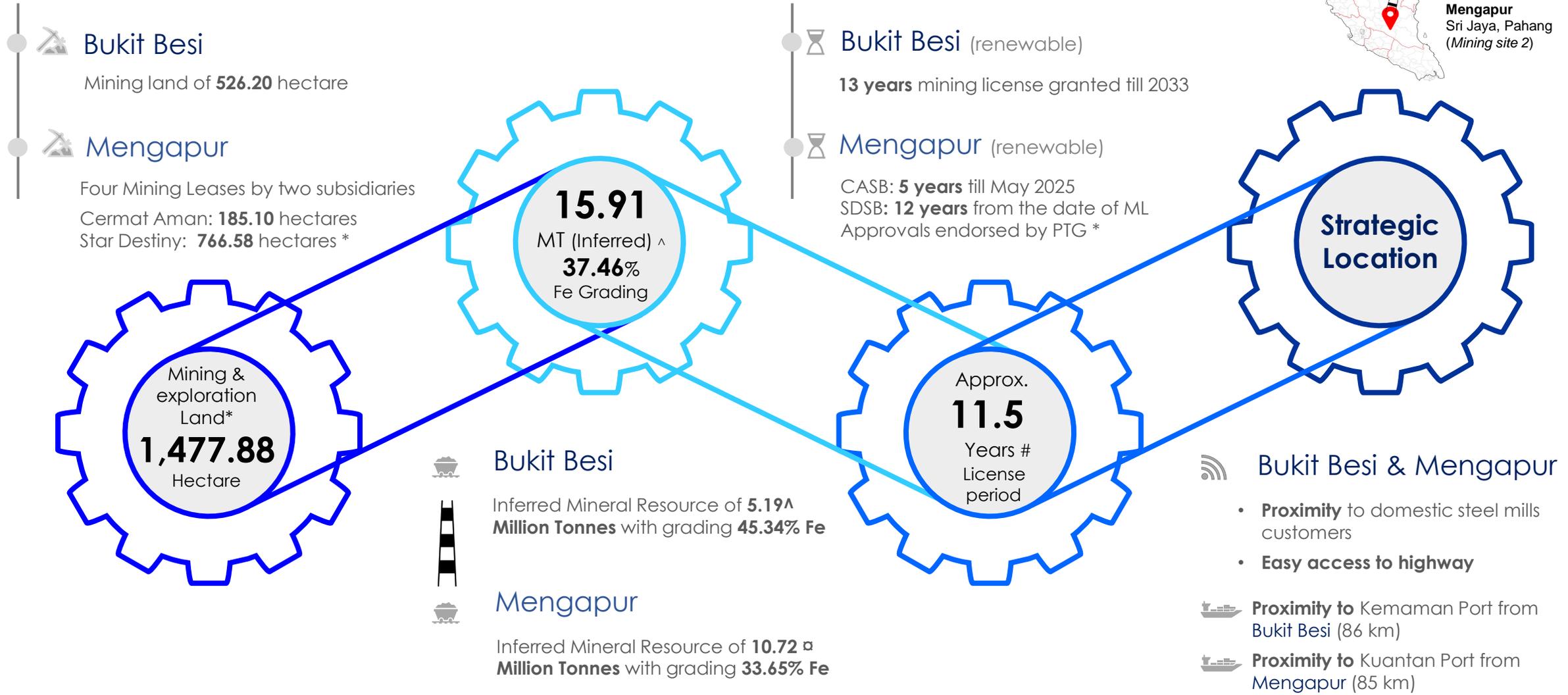


02

**Our strategic
assets**

**Mining project
overview**

At a glance: Mining assets of Fortress Minerals



* Included exploration lands of Star Destiny which comprises Compartment 110 and part of compartments 108, 109, 111, 112 of Hutan Simpan Berkelah at Bukit Mengapur Mukim Hulu Lepar, District of Kuantan, State of Pahang, Malaysia. The Mining Lease Approvals on this exploration land have been obtained on 15 October 2020, however, they have yet to be formally endorsed and issued by Pejabat Pengarah Tanah dan Galian Pahang ("PTG") upon payment of the relevant tenement fees imposed under the ML Approvals.

□ Million Tonnes ("MT") As of 28 February 2022. Please refer to Slide 11 for further details.

^ Million Tonnes ("MT") As of 28 February 2022. Please refer to Slides 10 and 11 for further details.

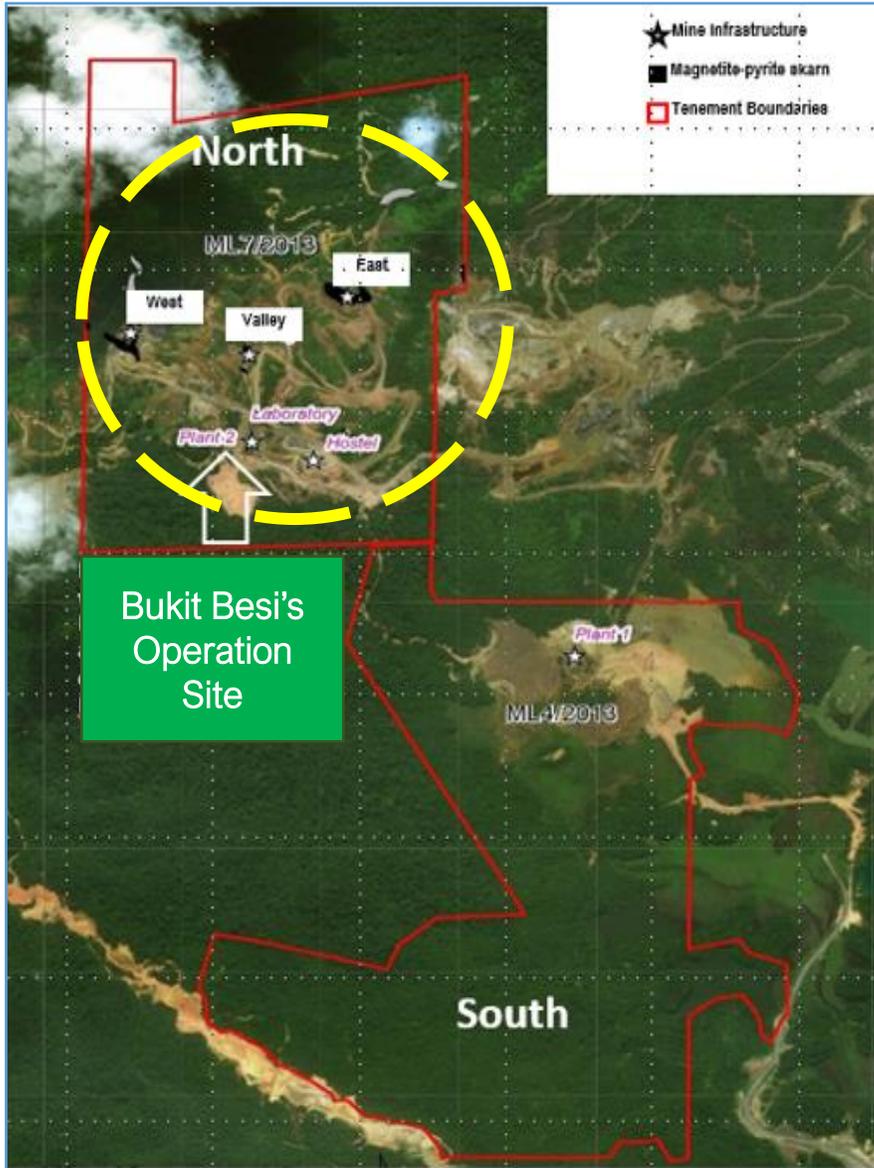
Based on weighted average basis as computed based on license period in relative to the size of mining / exploration land.

Bukit Besi Mine Strategic location supported by good Infrastructure



Bukit Besi Mineral Resource

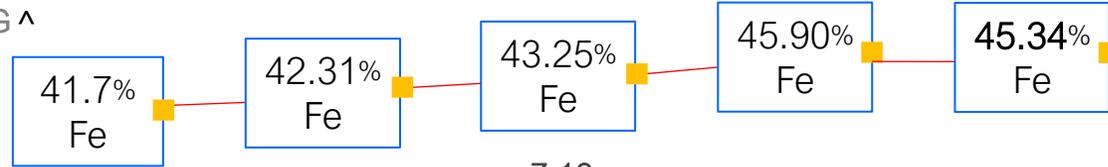
A closer look



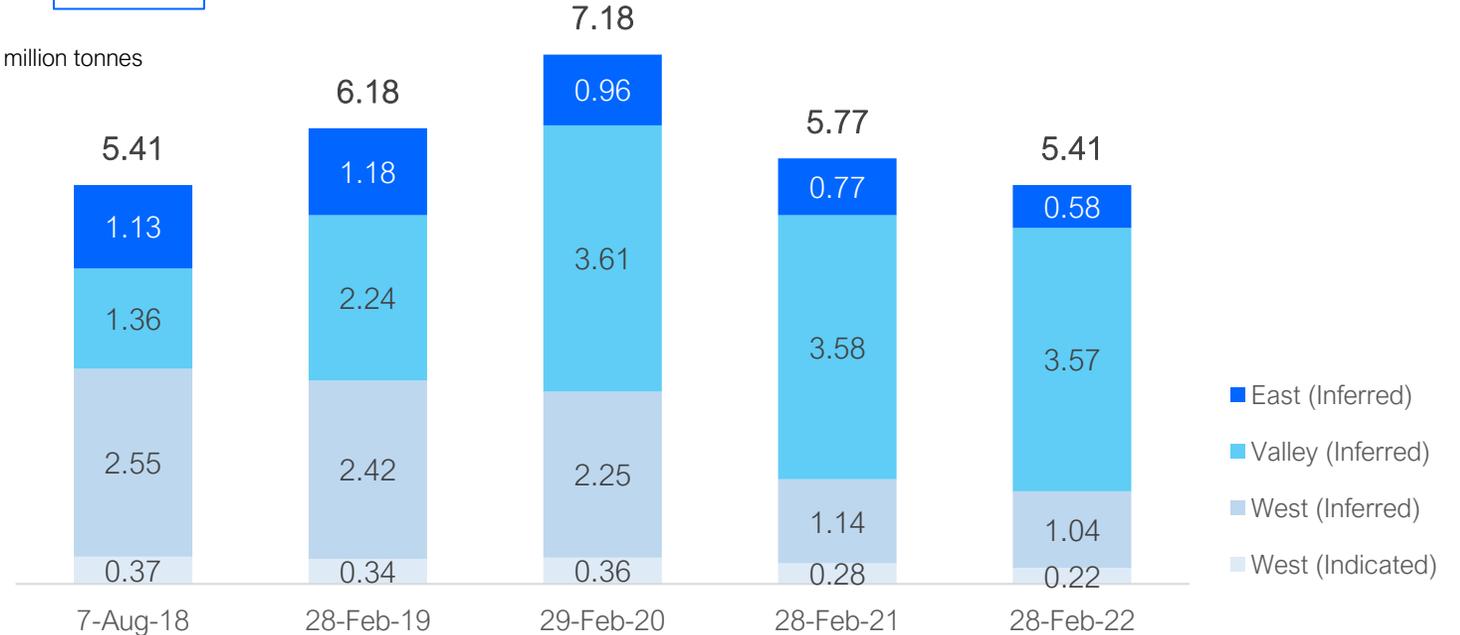
RESOURCE SUMMARY:

West, Valley and East Deposits (Bukit Besi) *

WAG ^



In million tonnes



Note:

The Bukit Besi Mineral Resource update (with reporting date of 28 February 2022) was announced in the FY2022 results on the SGXNET on 27 April 2022.

* 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

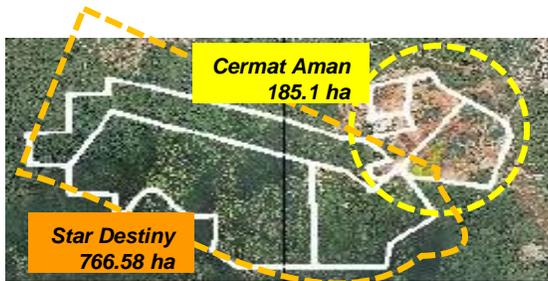
Quick Snapshot & Introduction



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

Domestic customers

Kuantan Port 85 km

Seamless export shipment



Easy access to highways
Seamless transportation flows

② Mengapur Mineral Resource Type and Estimate

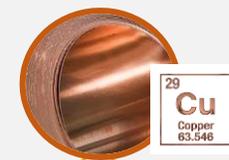


Primary focus:
Magnetite iron ore
10.72
Million tonnes (Inferred)

26
Fe
Iron
55.845

53.5%
More iron metal than Bukit Besi's Inferred Mineral Resource ^

Other minerals
If encountered, will be stockpiled for future processing



Copper
14.77
Million Tonnes (Inferred)



Gold
79
Au
Gold
190.857



Silver
47
Ag
Silver
107.868



Wiring



Copper coil for EV vehicle

Mengapur Inferred Mineral Resource tabulation – 28 February 2022*

JORC Category	Mineral Type	Gross Attributable to Licences ¹						Net Attributable to Fortress					Change from previous update (%)	Remarks	
		Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)	Grade S (%)	Tonnes (Mt)	Grade Fe (%)	Grade Cu (%)	Grade Au (g/t)	Grade Ag (g/t)			Grade S (%)
Inferred	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	0%	2
	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	0%	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	0%	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	0%	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	0%	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	1.46	0%	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.

3. The magnetite Mineral Resources reported above a 25% Fe cut-off.

* 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 28/2/2022 of 0.22 Mt grading 44.95% Fe.



03
Financial
Results

Financial results for FY2022

Resilient operational performance supported by strategic growth efforts

Financial performance

Revenue

US\$ **43.4** Million
Gross Revenue \downarrow 9.1%

Margin

77.0 %
Gross Profit Margin \uparrow 0.6ppt

Earnings

US\$ **24.5** Million
Underlying EBITDA \downarrow 7.9%

Balance sheet

Operating cash flow

US\$ **23.3** Million
Operating cash flow \uparrow 47.8%

Liquidity

US\$ **6.9** Million
Cash and bank balances

NAV (Group basis)

11.46 US cents
Net asset value/share

Value creation

CAPEX (Group basis)

US\$ **15.9** Million
Cash investment in CAPEX on plants and mine infrastructure

EPS

2.88 US cent
Earning per share

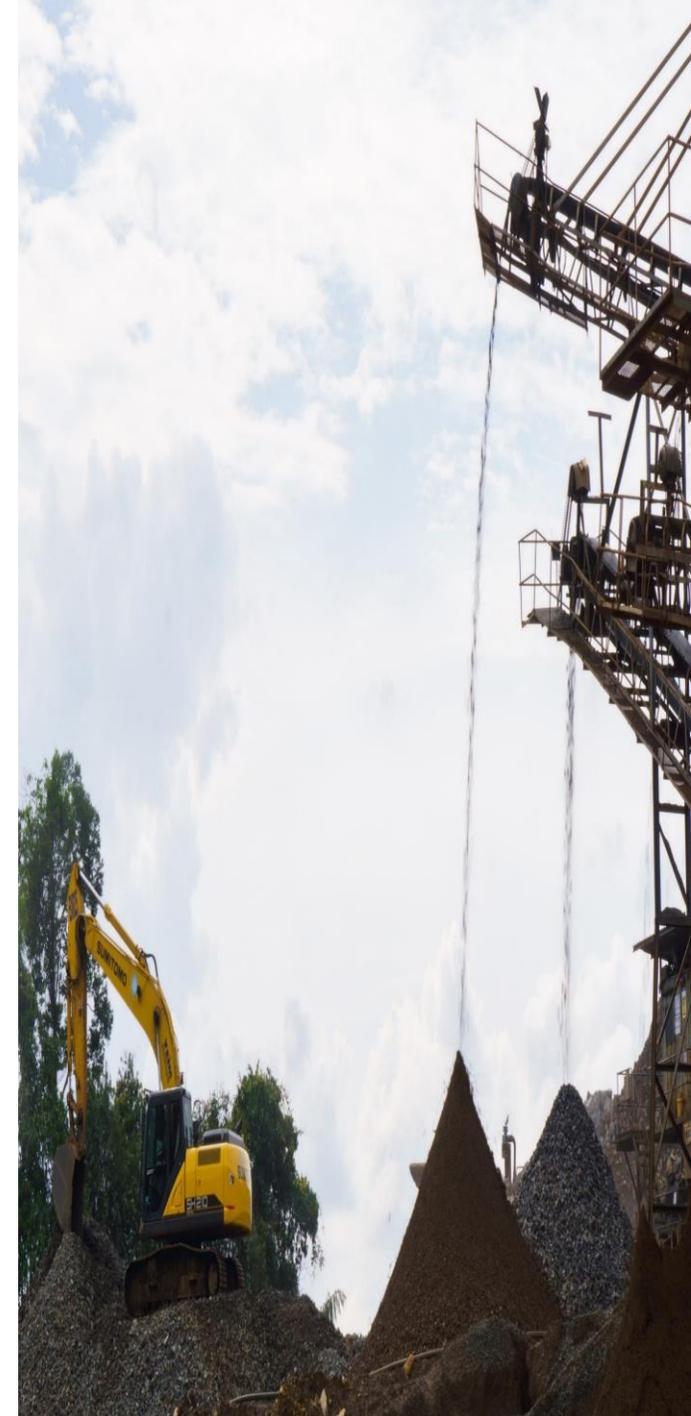
ROCE

31.6 %
Return of capital employed*

ROCE = EBITDA / Capital Employed., whereby Capital Employed = Total Assets – Current Liabilities

* Excluding:

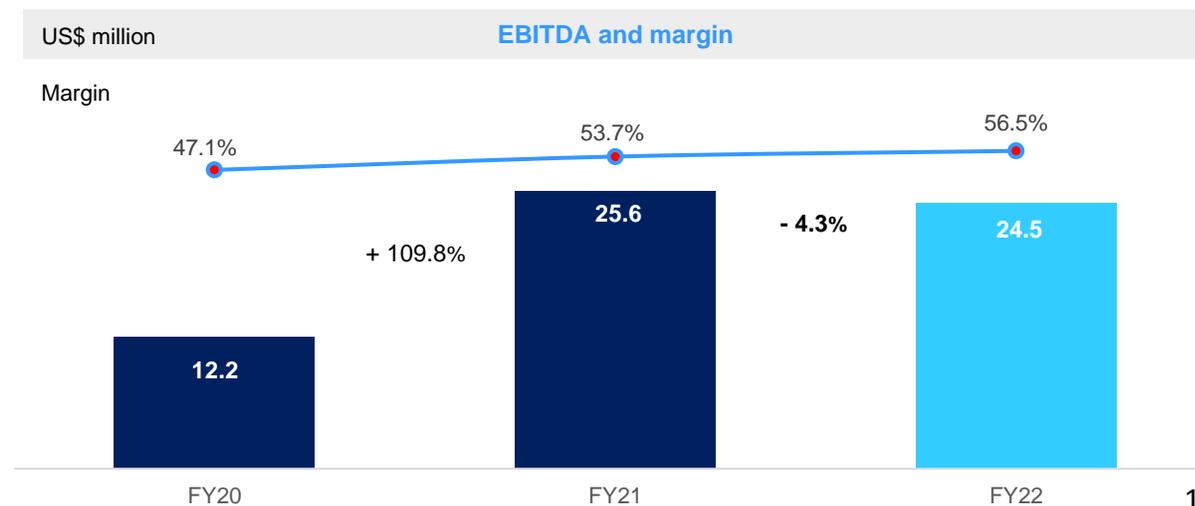
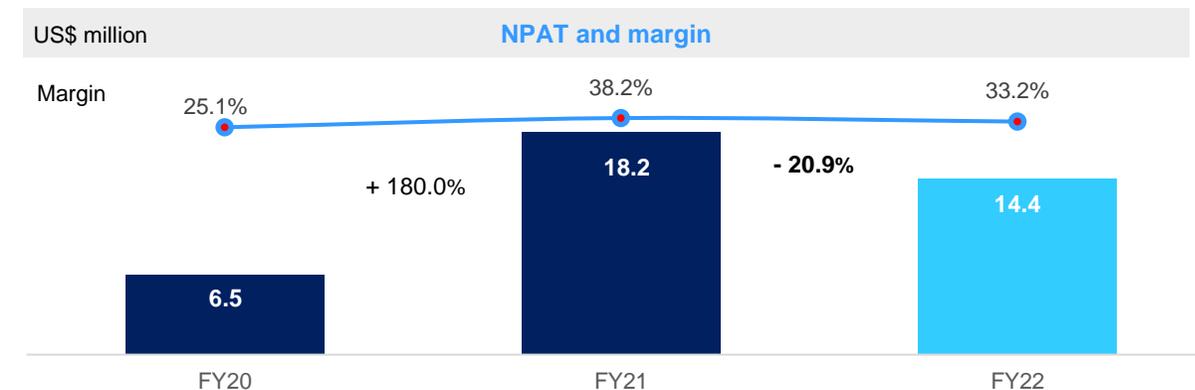
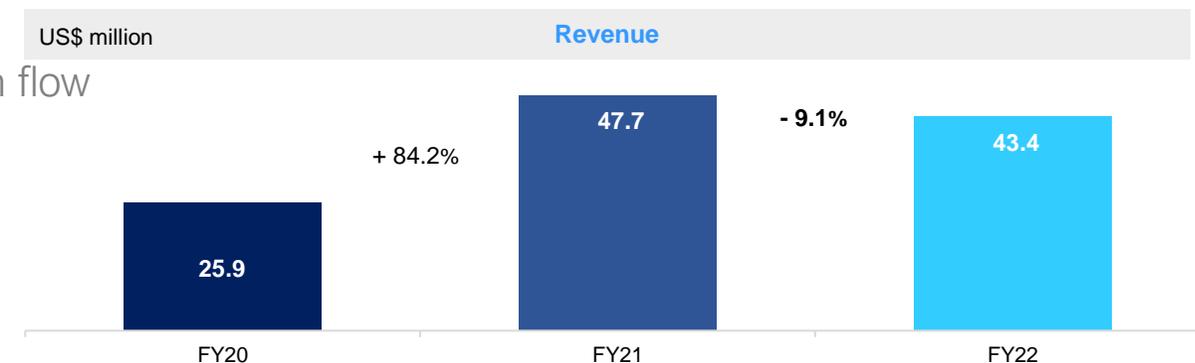
- (i) Assets and liabilities for Fortress Mengapur of an aggregate sum of US\$30.6 million (net) as Fortress Mengapur is in development stage with no income generation as at FY2022;
- (ii) Loss before tax and interest expenses for Fortress Mengapur of US\$0.3 million as Fortress Mengapur is in development stage in FY2022; and
- (iii) Total assets at US\$92.1 million as at 28 February 2022.



Financial highlights

Strategic growth efforts continue to support strong operating cash flow

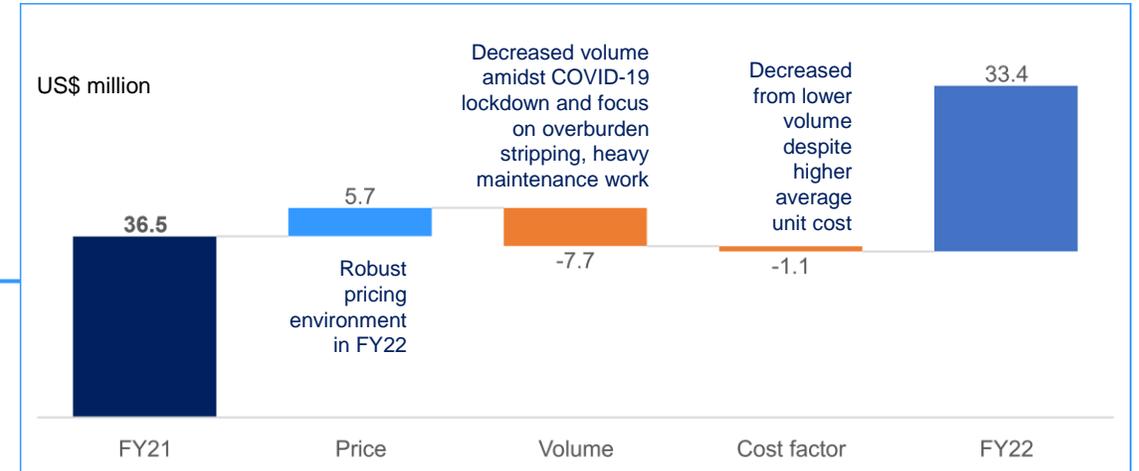
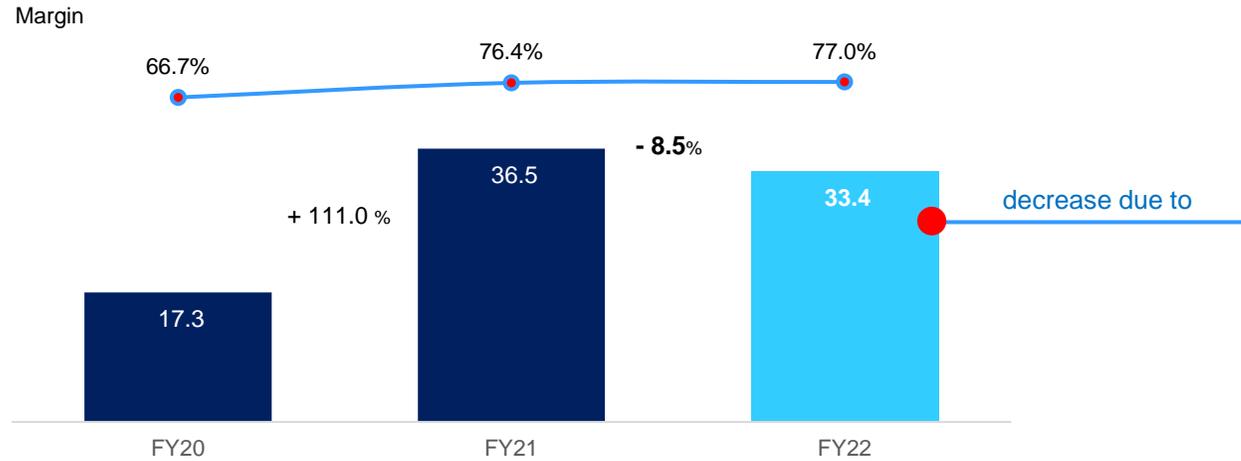
Financial metrics US\$' million	FY2020	FY2021	FY2022
Revenue	25.9	47.7	43.4
Gross profit	17.3	36.5	33.4
Gross profit margin	66.7%	76.4%	77.0%
NPAT	6.5	18.2	14.4
Net profit margin	25.1%	38.2%	33.2%
EBITDA	12.2	25.6	24.5
EBITDA margin	47.1%	53.7%	56.5%
Operating cash flows	9.2	16.0	23.3



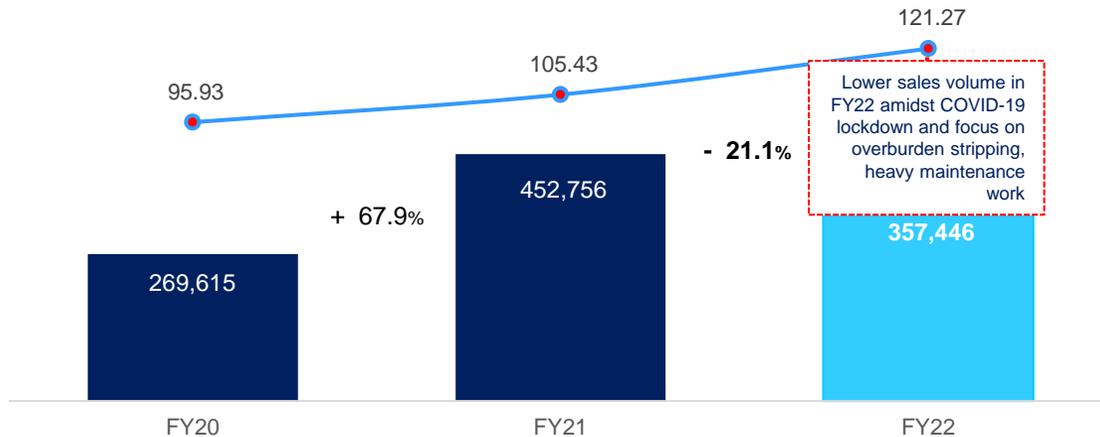
Strong gross profit margin

Driven by low unit cost and good throughput productivity

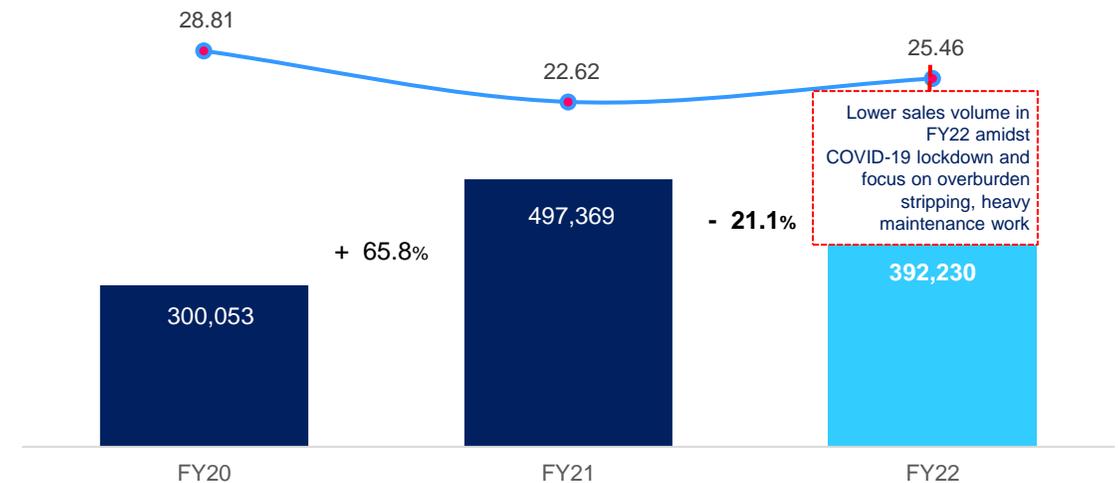
GROSS PROFIT (US\$ Million) and Gross Profit Margin (%)



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

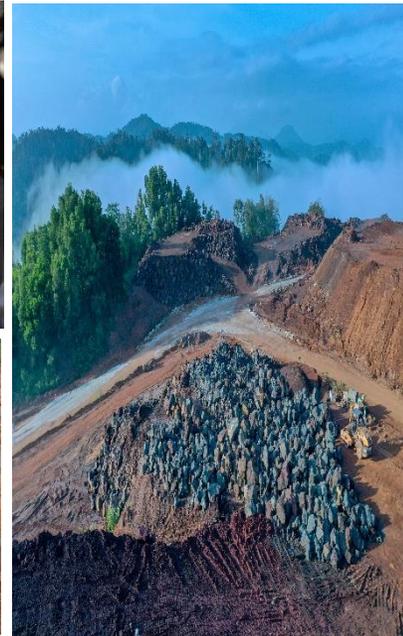
Financial performance
A quick glance

Operating metrics	Full year			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	FY2022	FY2021	FY2020	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021	FY2020	FY2020	FY2020	FY2020
Average realised price/ DMT	121.27	105.43	95.93	143.00	141.82	87.44	126.63	94.97	95.99	110.06	116.22	103.29	102.95	84.65	91.45
Sales volume (DMT)	357,446	452,756	269,615	120,665	69,181	126,131	41,417	74,661	135,482	93,246	149,367	55,552	76,334	48,121	89,611
Average unit cost/WMT	25.46	22.62	28.81	25.55	24.55	20.22	42.77	24.88	19.64	25.26	22.61	29.84	27.78	32.30	27.17
Volume sold (WMT)	392,230	497,369	300,053	132,251	75,860	138,771	45,347	82,256	148,751	101,720	164,642	61,386	85,739	53,815	99,113
Financial metrics	US'000														
Revenue	43,366	47,718	25,925	17,283	9,985	10,864	5,234	7,090	12,985	10,304	17,339	5,841	7,783	4,106	8,195
Gross profit	33,381	36,466	17,279	13,905	8,123	8,059	3,294	5,044	10,065	7,734	13,623	4,010	5,401	2,368	5,501
Gross profit margin	77.0%	76.4%	66.7%	80.5%	81.4%	74.6%	62.9%	71.1%	77.5%	75.1%	78.6%	68.6%	69.4%	57.7%	67.1%
EBITDA	24,549	26,560	12,222	10,335	5,289	5,310	3,615	3,591	8,065	5,947	8,957	2,957	4,017	928	4,320
Net profit after tax	14,381	18,245	6,497	7,200	3,281	2,832	1,068	2,158	5,681	4,338	6,067	1,091	2,518	751	2,137
Group Balance Sheet	US'000														
Non-current assets	74,264	26,285	22,694	56,738	68,909	71,899	74,264	21,843	22,768	23,909	26,285	22,694	21,704	23,155	22,694
Current assets	17,847	33,577	16,643	27,875	21,682	22,410	17,847	17,550	22,492	27,152	33,577	16,643	19,380	15,482	16,643
Total assets	92,111	59,862	39,337	84,613	90,591	94,309	92,111	39,393	45,260	51,061	59,862	39,337	41,084	38,637	39,337
Current Liabilities	14,392	8,732	8,110	15,169	15,154	15,977	14,392	1,526	6,291	7,093	8,732	1,652	3,575	2,639	8,110
Non-current Liabilities	20,438	2,722	1,652	18,344	21,269	21,147	20,438	6,634	1,668	1,658	2,722	8,110	9,820	8,175	1,652
Total liabilities	34,830	11,454	9,762	33,513	36,423	37,124	34,830	8,160	7,959	8,751	11,454	9,762	13,395	10,814	9,762
Equity attributable to owners	57,301	48,417	29,575	51,109	54,182	57,211	57,301	31,233	37,301	42,310	48,417	29,575	27,689	27,823	29,575
Non-controlling interest	(21)	(9)	-	9	15	26	(21)	-	-	*	(9)	-	-	-	-
Total equity	57,280	48,408	29,575	51,100	54,167	57,185	57,280	31,233	37,301	42,310	48,408	29,575	27,689	27,823	29,575
Group Cash Flows	US'000														
Net cash flows from/(used in)															
Operating activities	23,334	15,785	9,188	9,296	6,337	6,456	1,245	1,606	54	11,662	2,463	(490)	8,181	1,585	(88)
Investing activities	(36,756)	(12,698)	(6,177)	(21,151)	(10,211)	(1,905)	(3,489)	(281)	(669)	(1,249)	(10,499)	(1,703)	(2,236)	(1,863)	(375)
Financing activities	10,375	(5,906)	5,537	16,866	(2,761)	(820)	(2,910)	(2,018)	(3,365)	(202)	(321)	9,914	(52)	(2,672)	(1,653)
Cash and cash equivalent	4,910 #	7,800@	10,243	12,828	6,281	10,157	4,910 #	9,488	5,773	16,089	7,800	9,850	15,437	12,510	10,243

* Amount less than US\$1,000

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

Excluding deposit pledged to a financial institution of US\$2.0 million to finance part of the acquisition cost of Fortress Mengapur.



THANK YOU

Stay in touch with us



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