

Interim Condensed Consolidated Financial Statements

Fortune Minerals Limited

September 30, 2025

Fortune Minerals Limited

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

(expressed in Canadian dollars)

unaudited

As at	September 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents <i>[note 9]</i>	2,875,082	1,592,329
Accounts receivable <i>[note 3]</i>	707,400	730,276
Prepaid expenses	195,073	154,060
Total current assets	3,777,555	2,476,665
Reclamation security deposits <i>[note 6]</i>	203,632	199,982
Deposits on capital assets <i>[note 3i]</i>	2,837,500	1,937,500
Property and equipment <i>[note 7]</i>	150,885	200,878
Total assets	6,969,572	4,815,025
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	288,708	588,203
Lease liability <i>[note 11]</i>	62,553	58,484
Current debt <i>[note 10]</i>	11,129,146	10,278,992
Convertible security <i>[note 12]</i>	3,866,063	2,286,658
Deferred government grants <i>[note 3]</i>	2,193,123	2,735,892
Total current liabilities	17,539,593	15,948,229
Provision for environmental rehabilitation <i>[note 6]</i>	160,461	156,551
Lease liability <i>[note 11]</i>	63,126	110,720
Total liabilities	17,763,180	16,215,500
SHAREHOLDERS' DEFICIENCY		
Share capital and warrants <i>[note 4]</i>	186,012,459	182,527,005
Other reserves <i>[note 5]</i>	18,326,724	17,431,528
Deficit	(215,132,791)	(211,359,008)
Total shareholders' deficiency	(10,793,608)	(11,400,475)
Total liabilities and shareholders' deficiency	6,969,572	4,815,025

See accompanying notes to the consolidated financial statements

See note 2 going concern uncertainty

Commitments and contingencies [notes 10, 11, 12 and 20]

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS**

(expressed in Canadian dollars)

unaudited

For the three and nine months ended September 30,

	2025	2024	2025	2024
EXPENSES				
Exploration and evaluation expenditures <i>[note 3]</i>	61,382	(141,951)	190,424	386,944
General and administrative	194,131	198,919	594,600	666,582
Stock-based compensation <i>[note 5]</i>	—	—	754,330	—
Interest	284,179	283,546	872,797	821,489
Corporate development	26,037	10,920	45,202	112,199
Amortization <i>[note 7]</i>	16,664	16,632	49,993	49,003
Gain on modification of debt <i>[note 10]</i>	(16,668)	(155,768)	(16,668)	(157,733)
Change in fair value of convertible security <i>[note 12]</i>	328,677	36,579	1,006,818	106,048
Amortization of deferred day 1 loss of convertible security <i>[note 12]</i>	116,525	54,247	338,657	126,577
Total expenses	1,010,927	303,124	3,836,153	2,111,109
INCOME				
Interest and other income <i>[note 14]</i>	(16,911)	1,994	62,370	122,377
Total income	(16,911)	1,994	62,370	122,377
Net loss and comprehensive loss for the period	(1,027,838)	(301,130)	(3,773,783)	(1,988,732)
Basic and diluted loss per share <i>[note 18]</i>	0.00	0.00	(0.01)	(0.00)

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF
CASH FLOWS**

(expressed in Canadian dollars)

unaudited

For the nine months ended September 30,

	2025	2024
OPERATING ACTIVITIES		
Net loss for the year from continuing operations	(3,773,783)	(1,988,732)
Add (deduct) items not involving cash		
Debt forgiveness		
Unrealized foreign exchange		
Amortization [note 7]	49,993	49,003
Flow-through share premium	—	(124,215)
Stock-based compensation [note 5]	754,330	—
Interest expense on debentures and loans payable [note 10]	866,822	811,710
Interest expense on lease liability [note 11]	5,975	9,779
Change in fair value related to provision for environmental rehabilitation [note 6]	3,910	3,141
Gain on modification of debt [note 10]	(16,668)	(157,733)
Change in fair value of convertible security [note 12]	1,006,818	106,048
Amortization of deferred day 1 loss of convertible security [note 12]	338,657	126,577
Proceeds from government assistance, net [note 3]	(542,769)	1,442,426
Changes in non-cash working capital balances		
related to operations		
Accounts receivable	22,876	(93,322)
Prepaid expenses	(41,013)	(32,567)
Accounts payable and accrued liabilities	(299,495)	123,402
Cash used in operating activities	(1,624,347)	275,517
INVESTING ACTIVITIES		
Purchase of capital assets [note 7]	—	(16,741)
Deposits on capital assets [note 3[i]]	(900,000)	(1,282,500)
Posting of security for reclamation security deposits [note 6]	(3,650)	1,101
Cash used in investing activities	(903,650)	(1,298,140)
FINANCING ACTIVITIES		
Lease payments [note 11]	(49,500)	(49,500)
Proceeds on exercise of warrants	814,000	—
Proceeds on exercise of options	11,250	—
Proceeds on issuance of debt [note 10]	—	100,000
Debt issuance costs	3,155,000	1,250,000
Convertible security fees [note 12]	(120,000)	(50,000)
Repayment of corporate facility	—	(40,000)
Cash provided (used) in financing activities	3,810,750	1,210,500
Decrease in cash and cash equivalents		
 during the period, net	1,282,753	187,877
Cash and cash equivalents, beginning of the period	1,592,329	673,635
Cash and cash equivalents, end of the period [note 9]	2,875,082	861,512
Cash and cash equivalents is comprised of the following:		
Cash on hand and balances with banks	2,870,901	857,533
Short-term investments	4,181	3,979
Supplemental Cash Flow Disclosure		
Conversion of convertible security	2,801,070	534,373

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(expressed in Canadian dollars)

unaudited

	Common shares		Warrants		Subtotal	Other reserves	Deficit (Note 3)	Total shareholders' deficiency
	#	\$	#	\$	\$	\$	\$	\$
December 31, 2023	499,643,862	181,558,107	33,541,106	470,167	182,028,274	17,258,719	(207,750,963)	(8,463,970)
Issued as a result of:								
Conversion of convertible security <i>[note 12]</i>	8,560,883	534,373	—	—	534,373	—	—	534,373
Warrants issued as part of convertible security <i>[note 12]</i>	—	—	12,500,000	—	—	—	—	—
Net income for the period	—	—	—	—	—	—	(1,988,732)	(1,988,732)
September 30, 2024	508,204,745	182,092,480	46,041,106	470,167	182,562,647	17,258,719	(209,739,695)	(9,918,329)
December 31, 2024	511,519,270	182,229,647	56,853,530	297,358	182,527,005	17,431,528	(211,359,008)	(11,400,475)
Issued as a result of:								
Conversion of convertible security <i>[note 12]</i>	42,241,432	2,801,070	—	—	2,801,070	—	—	2,801,070
Warrants issued as part of convertible security <i>[note 12]</i>	—	—	15,641,293	—	—	—	—	—
Exercise of warrants <i>[note 4ii.[b]]</i>	11,880,000	942,503	(11,880,000)	(128,503)	814,000	—	—	814,000
Exercise of stock options <i>[note 5]</i>	250,000	17,500	—	—	17,500	(6,250)	—	11,250
Stock options granted <i>[note 5]</i>	—	—	—	—	—	754,330	—	754,330
Expiration of warrants <i>[note 4ii[a]]</i>	—	—	(13,155,356)	(147,116)	(147,116)	147,116	—	—
Net loss for the period	—	—	—	—	—	—	(3,773,783)	(3,773,783)
September 30, 2025	565,890,702	185,990,720	47,459,467	21,739	186,012,459	18,326,724	(215,132,791)	(10,793,608)

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

1. CORPORATE INFORMATION

Fortune Minerals Limited's business activity is the exploration and development of mineral properties in Canada. Fortune Minerals Limited is incorporated under the laws of Ontario, domiciled in London, Ontario, Canada, and its shares are publicly traded on the Toronto Stock Exchange ["TSX"] and the OTCQB in the United States.

The interim condensed consolidated financial statements of Fortune Minerals Limited ["the Company"] for the nine months ended September 30, 2025, were authorized for issuance by the Board of Directors on November 13, 2025.

2. BASIS OF PRESENTATION

i. Statement of Compliance

These interim condensed consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"] and in accordance with International Accounting Standard ["IAS"] 34, *Interim Financial Reporting*.

ii. Going Concern of Operations

These interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of the Company's assets and discharge of its liabilities and commitments in the normal course of business. With the Company's negative working capital of \$13,762,038 on September 30, 2025 [2024 - \$1,712,444], which includes \$11,129,146 related to debt maturing on April 7, 2026 [2024 - long-term debt of \$9,988,640], the Company will require additional further funding to repay these debts. The NICO project also requires further funding to advance the project through to production. This results in the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. The Company has historically been successful in financing its activities, however, there can be no assurances that the Company will be able to obtain continued support from existing lenders or obtain sufficient financing on terms acceptable to management to be able to meet its current liabilities as they come due. These interim condensed consolidated financial statements do not include adjustments, which may be material, to the amounts and classification of assets and liabilities that would be necessary should the going concern principle not be appropriate.

iii. Title Risk

The Company is in the process of exploring its mineral property and the recoverability of the amounts expended on its mineral property is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and

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resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to exploration properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to other licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

iv. Basis of Consolidation

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Fortune Minerals Limited is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. These financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. Where the ownership of a subsidiary is less than 100%, and a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ["JO"] and joint ventures ["JV"]. A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. As at September 30, 2025, the Company assessed its investment in Arctos Anthracite as a JV, and has accounted for it under the equity method. During the nine months ended September 30, 2025, the Arctos JV did not have any assets or liabilities other than the reclamation security deposit, for which the Company is solely responsible for [Notes 3ii and 6].

These interim condensed consolidated financial statements have been prepared on a historical cost basis. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

v. Basis of Measurement

These interim condensed consolidated financial statements are presented in Canadian dollars ["CDN"], which is also the Company's and its subsidiaries' functional currency.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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These interim condensed consolidated financial statements reflect the financial position and results of operations of the Company and its wholly owned subsidiaries Fortune Minerals NWT Inc. ["FMNWT"], Fortune Minerals Alberta Inc. ["FMAI"] [formerly Fortune Minerals Saskatchewan Inc.], Fortune Coal Limited ["FCL"], and Fortune Minerals Mining Limited ["FMML"]. The Arctos Anthracite Joint Venture ["Arctos JV"] is accounted for as a joint operation and FCL recognizes its 50% interest in the assets, liabilities, income, loss, and expenses. All intercompany transactions and balances have been eliminated upon consolidation.

The accounting policies have been applied consistently to all years presented in these interim condensed consolidated financial statements, unless otherwise indicated.

vi. *Judgments and Estimates*

The preparation of interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results, however, may differ from the estimates used in the interim condensed consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, the Company has identified the following areas where significant judgments, estimates, and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

[a] *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

**NOTES TO INTERIM CONDENSED CONSOLIDATED
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[b] Share-based payments and warrants

Management estimates the values for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

[c] Discount rates and lease terms used in application of IFRS 16, Leases

The determination of the Company's lease liabilities and right-of-use assets depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Management determines the incremental borrowing rate for each leased asset by taking into account the Company's credit standing, the guarantee, the term and the value of the underlying leased asset, as well as the economic environment in which the leased asset is operated. Incremental borrowing rates can be changed due to macroeconomic changes in the environment. To determine the appropriate lease term, management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease. Changes in the assumptions used may have a significant effect on the interim condensed consolidated financial statements.

[d] Estimation of decommissioning and reclamation costs and timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

[e] Valuation of financial instruments

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its long-term debts. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

**NOTES TO INTERIM CONDENSED CONSOLIDATED
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[f] *Estimated useful lives and depreciation of property and equipment and right-of-use assets*

Depreciation and amortization of property and equipment and right-of-use assets are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

[g] *Impairment of property and equipment and right-of-use assets*

The assessment of any impairment on property and equipment and right-of-use assets is dependent upon estimates of recoverable amounts. As the recoverable amount is the higher of fair value less costs of disposal ["FVLCD"] and value in use ["VIU"], management must consider factors such as economic and market conditions, estimated future cash flows, discount rates and asset-specific risks.

[h] *Going concern*

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 2ii.

[i] *Convertible Securities*

The initial value of the convertible security was determined by valuing the components of the hybrid financial instrument, including the host debt, the conversion option and the buy-back option, which required a number of assumptions. The significant assumptions used in determining the value of the convertible security include the discount rate used in the discounted cash flow of the host debt. In determining the appropriate discount rate, the Company considered rates of benchmark yields based on management's assessment of the Company's credit rating. The fair value of the conversion option as well as the buy-back option were determined using complex valuation models, such as the Geometric Brownian motion. Management used significant judgement in determining that the fair value on the convertible security on issuance did not equal the transaction price. The resulting difference between the transaction price and the fair value on initial recognition (the "Day 1 loss") was deferred as the fair value of the convertible security is based on a valuation technique where not all the inputs are observable. The unrecognized Day 1 loss was recorded in net loss only to the extent that it arises from a change in factor that market participants would take into account when pricing the convertible security. The Company believes that time is such a factor specific to the convertible security and the Day 1 loss is recognized on a straight-line basis in the statement of loss over the contractual life of the convertible security.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

3. EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditures incurred by the Company on its properties during the three and nine months ended September 30, 2025 and 2024 were spent on the projects as follows:

	Three months ended September 30, 2025	Nine months ended September 30, 2025
NICO	\$946,915	\$2,470,501
Other	—	2,255
Government assistance	(885,533)	(2,282,332)
Total exploration and evaluation expenditures	\$ 61,382	\$ 190,424

	Three months ended September 30, 2024	Nine months ended September 30, 2024
NICO	\$550,552	\$ 1,507,639
Other	2,255	2,255
Government assistance	(694,758)	(1,122,950)
Total exploration and evaluation expenditures	\$ (141,951)	\$ 386,944

During the nine months ended September 30, 2025, the Company has netted \$2,282,332 [2024 - \$1,122,950] and \$142,933 [2024 - \$nil] of government funding received and receivable against exploration and evaluation expenditures and general and administrative expenses, respectively, in the period in which the eligible expenditures were incurred.

During the nine months ended September 30, 2025, the company received an advance of \$900,000. This advance was initially recorded in deferred government grants and is being applied against eligible expenditures in the period in which eligible expenditures are incurred.

During the nine months ended September 30, 2025, the Company repaid \$547,228 of funding it was ineligible to receive in the prior year, and the amount has been added to the funding allocation for the current year.

At September 30, 2025, \$594,359 of government funding was receivable.

i. NICO Project, Northwest Territories [“NICO”]

The NICO project and the related leases in the Marian River Area, Northwest Territories are wholly owned by the Company.

In January 2022, the Company entered into an option to purchase a brownfield site in Alberta [the “2022 Option”]. The site was formerly a steel fabrication plant, and the Company had until July 2022 to carry out additional due diligence and complete the purchase for \$5.5 million. A non-refundable deposit of \$100,000 was paid as part of the 2022 Option. In July 2022, the Company

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entered into an extension to the 2022 Option extending the option to September 30, 2022, in consideration for the payment of \$15,000 per month, deductible from the purchase price, provided the option has not been exercised on or before the date the consideration is due. The 2022 Option was also subject to the Vendor's right to list the property, subject to Fortune's right of first refusal or to complete the option purchase for any month an extension payment has been made at the agreed purchase price. The option had been extended on several occasions on the same terms as the original extension and expired on June 28, 2024.

Effective August 1, 2024, the Company entered into a new option agreement to purchase the brownfield site. Pursuant to the new option agreement [the "2024 Option"], the Company has the option to acquire the site for \$6,000,000 until November 30, 2025. The monthly option payments during the term are \$100,000. All of the amounts previously paid by the Company on account of the 2022 Option and 2024 Option are deductible from the purchase price. During the nine months ended September 30, 2025, the Company made total option payments of \$900,000 [2024 - \$1,282,500]. As at September 30, 2025, the Company has paid a total of \$2,837,500 [December 31, 2024 - \$1,937,500] in deposits.

Subsequent to September 30, 2025, the Company entered into a binding offer letter for a loan with a principal amount of \$3,800,000 from Prosper NWT, a public agency of the Government of the Northwest Territories. The loan will enable the Company to exercise the 2024 Option to purchase the brownfield site.

ii. Arctos Anthracite Project, British Columbia ["Arctos"]

On May 1, 2015, the Company, FCL, Posco Canada Ltd. ["POSCAN"] and POSCO Klappan Coal Ltd. ["POSCO Klappan"] entered into an agreement [the "Arctos Sale Agreement"] with Her Majesty the Queen in Right of the Province of British Columbia [the "Province"] and British Columbia Railway Company ["BC Rail"] pursuant to which the Arctos JV sold its interests of the coal licenses comprising the Arctos project to BC Rail.

The Company, FCL, POSCAN and POSCO Klappan also entered into an Amendment to Exploration, Development and Mine Operating Joint Venture Agreement ["Amended Agreement"] to restructure the Arctos JV and share the proceeds from the sale of the Arctos coal licenses on an equal basis after purchasing the royalty held by the previous owner of the property. Pursuant to the Amended Agreement, FCL transferred 30% of its interest in the Arctos JV to POSCO Klappan, thereby reducing its interest from 80% to 50%, in exchange for the elimination of the future capital contribution to be made by FCL. The Company was made solely responsible for reclamation of the Arctos property except for the access road for which the Province will be responsible. The Company was entitled to receive the cash provided as security for its reclamation obligations once the reclamation was completed. Management considers the reclamation to be completed and is awaiting the return of the remainder of the security deposit.

Under the Arctos Sale Agreement, the Arctos JV partners maintained the exclusive right to purchase back the coal licenses at the same price for a 10-year option period, expiring May 1, 2025. No value was attributed to the option at the time of the agreement and the option has expired unexercised.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

4. SHARE CAPITAL AND RESERVES

i. Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As of September 30, 2025, the weighted average number of common shares outstanding was 535,688,966 [December 31, 2024 - 504,324,343].

ii. Share Purchase Warrants

The following is a summary of changes in warrants for the nine months ended September 30,

	2025		2024	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of period	56,853,530	\$ 0.07	33,541,106	\$ 0.08
Issue of warrants [note 12]	15,641,293	\$ 0.11	12,500,000	0.07
Exercise of warrants	(11,880,000)	\$ 0.07	—	—
Expiry of Warrants [notes 4ii[a]]	(13,155,356)	\$ 0.10	—	—
Warrants outstanding, end of period	47,459,467	\$ 0.08	46,041,106	\$ 0.08

The following is a summary of the outstanding warrants for nine months ended September 30, 2025 and September 30, 2024;

Outstanding Warrants September 30, 2025	Outstanding Warrants September 30, 2024	Expiry Date	Exercise Price \$
—	1,667,000	August 26, 2024	0.10
—	3,858,750	December 2, 2024	0.08
—	2,846,643	February 3, 2025	0.10
—	35,000	February 3, 2025	0.07
—	714,285	March 6, 2025	0.10
—	4,331,428	March 15, 2025	0.10
—	228,000	March 15, 2025	0.07
—	5,000,000	June 15, 2025	0.10
2,100,000	2,100,000	October 27, 2025	0.04
—	11,000,000	December 14, 2025	0.07
880,000	1,760,000	December 14, 2025	0.05
12,500,000	12,500,000	May 21, 2029	0.07
16,338,174	—	December 23, 2029	0.06
15,641,293	—	July 31, 2030	0.11
47,459,467	46,041,106		

[a] During the nine months ended September 30, 2025, 13,155,356 warrants with an average exercise price of \$0.10 expired unexercised. These warrants had a book value of \$147,116.

[b] During the nine months ended September 30, 2025, 11,880,000 warrants with a book value of \$128,503 were exercised raising gross proceeds of \$814,000.

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[c] Subsequent to September 30, 2025, 2,100,000 warrants with a book value of \$829 were exercised raising gross proceeds of \$75,600.

iii. Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's Consolidated Statements of Financial Position include Other Reserves and Deficit.

Other Reserves is used to recognize the value of stock option grants and amendments and expiration of share purchase warrants.

Deficit is used to record the Company's change in deficit from earnings from year to year.

5. STOCK-BASED COMPENSATION

The estimated fair value of the options granted during the nine months ended September 30, 2025 was \$754,330. The options granted have a maximum term of three years and vested immediately. The value of the options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions used for grants as follows: dividend yield of 0%, expected volatility of 127.60%, based on historical share data, risk free interest rate of 2.65% and expected life of 3 years.

A summary of the status of the Company's stock option plan as at September 30, 2025 and December 31, 2024, and changes during the periods ended on those dates are presented below:

	<u>September 30, 2025</u>		<u>December 31, 2024</u>	
	Number of shares #	Weighted- average exercise price \$	Number of shares #	Weighted- average exercise price \$
Options outstanding, beginning of period	22,800,000	0.07	28,200,000	0.08
Granted	15,650,000	0.065	—	—
Expired	(10,650,000)	0.105	(5,400,000)	0.10
Exercised	(250,000)	0.045	—	—
Options outstanding, end of period	27,550,000	0.06	22,800,000	0.07
Options vested and outstanding, end of period	27,550,000	0.06	22,800,000	0.07

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

The following tables summarizes information about the options outstanding as at September 30, 2025:

September 30, 2025				
Range of exercise prices	Number outstanding	Number vested and outstanding	Weighted average exercise price – all [i]	Weighted average remaining contract life – all [i]
\$	#	#	\$	years
Nil – 0.065	27,550,000	27,550,000	0.06	1.68

[i] The weighted average exercise price and weighted average remaining contract life are the same for options outstanding and options vested and outstanding.

During the nine months ended September 30, 2025, 250,000 options with a book value of \$6,250 were exercised for gross proceeds of \$11,250.

6. PROVISION FOR ENVIRONMENTAL REHABILITATION AND SECURITY DEPOSITS

Although the ultimate amount of the environmental rehabilitation provision is uncertain, the estimate of these obligations is based on information currently available including the most recently estimated mine life, estimated future expenditures, discount rate, inflation rate and applicable regulatory requirements. Significant closure activities include primarily land rehabilitation for impacts to date.

The provision for environmental rehabilitation and key assumptions are as follows:

	September 30, 2025	December 31, 2024
NICO Project		
Estimated remaining life	21 years	22 years
Discount rate	3.33%	3.33%
Average inflation rate	3.00%	3.00%
Total provision for environmental rehabilitation	\$ 160,461	\$ 156,551

The Company has provided reclamation security deposits in the form of a letter of credit in favour of the Government of the Northwest Territories and the Province for NICO and Arctos, respectively, in the amounts of \$167,569 and \$25,000, respectively.

The following is an analysis of the provision for environmental rehabilitation:

Balance, December 31, 2024	\$	156,551
Effect of changes in the inflation and discount rate		3,910
Balance, September 30, 2025	\$	160,461

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September 30, 2025

Reclamation security deposits consist of the following:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
	Deposit amount \$	Deposit amount \$
NICO Project	175,277	172,150
Arctos Anthracite Project	28,355	27,832
Total Net Book Value	203,632	199,982

The security for the reclamation of the Arctos Anthracite Project is held in the Arctos JV. The Company expects this amount to be released once the Province has completed its reclamation work plan review. The security held for the NICO and Arctos reclamation security deposits consists of cash balances and highly liquid money market funds in investment accounts with a large Canadian financial institution.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following for the periods ending September 30, 2025 and December 31, 2024:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Corporate property and equipment [a]	123,138	167,198
Property and equipment at NICO [b]	27,747	33,680
Total property and equipment	\$ 150,885	\$ 200,878

[a] Corporate property and equipment

	Computer equipment \$	Furniture and fixtures \$	Software \$	Right-to- use Assets \$	Total \$
Cost					
As at December 31, 2024	197,673	107,363	328,690	353,367	987,093
As at September 30, 2025	197,673	107,363	328,690	353,367	987,093
Accumulated amortization					
As at December 31, 2024	175,640	103,585	326,126	214,544	819,895
Amortization for the period	4,958	569	673	37,860	44,060
As at September 30, 2025	180,598	104,154	326,799	252,404	863,955
Net book value					
As at December 31, 2024	22,033	3,778	2,564	138,823	167,198
As at September 30, 2025	17,075	3,209	1,891	100,963	123,138

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

[b] Property and equipment at NICO

	Surface facilities \$	Camp structures \$	Mobile equipment \$	Site furniture and equipment \$	Asset retirement obligation ["ARO"] \$	Total \$
Cost						
As at December 31, 2024	1,179,717	593,724	609,813	53,369	6	2,436,629
As at September 30, 2025	1,179,717	593,724	609,813	53,369	6	2,436,629
Accumulated amortization						
As at December 31, 2024	1,157,794	593,051	603,648	48,456	—	2,402,949
Amortization for the period	3,289	151	1,387	1,106	—	5,933
As at September 30, 2025	1,161,083	593,202	605,035	49,562	—	2,408,882
Net book value						
As at December 31, 2024	21,923	673	6,165	4,913	6	33,680
As at September 30, 2025	18,634	522	4,778	3,807	6	27,747

8. EXPENSES BY NATURE

	September 30, 2025	September 30, 2024
Employee and contractor compensation and benefits (i)	\$ 829,444	\$ 608,980
Stock-based compensation	754,330	—
Interest expense on lease liability	5,975	9,779
Amortization	49,993	49,003
Foreign exchange (gain) loss	(38,842)	14,742

(i) \$330,707 [2024 - \$341,241], \$478,149 [2024 - \$229,566] and \$20,588 [2024 - \$38,173] of employee and contractor compensation benefits are included in general and administrative, exploration and evaluation and corporate development expenses, respectively, on the consolidated statements of loss and comprehensive loss.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid money market funds and cashable guaranteed investment certificates.

The Company's investment policy is to invest its cash in highly liquid, short-term, interest-bearing investments in order to have funds available on a short-term basis. Where cash is not expected to be required in the short-term, the policy is to invest in investments with an intermediate to long-term horizon that still allows for conversion to cash, if required.

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

10. CURRENT DEBT

	September 30, 2025	December 31, 2024
Debenture [a]	7,239,508	6,718,929
Loan [b]	3,649,383	3,341,514
Loan [c]	240,255	218,549
Total current debts	\$ 11,129,146	\$ 10,278,992

- [a] The Company has a \$5,298,651 secured debenture outstanding as of September 30, 2025. The debenture is secured by all of the assets of the Company, including the NICO Project. The debenture bears interest at 10% per annum, compounding monthly, and both principal and interest are payable at maturity. The loan matures on April 7, 2026.

On July 31, 2025 the holder of the debenture agreed to extend the maturity date from December 31, 2025 to April 7, 2026. The extension is not considered a substantial modification. As a result, the debenture was restated to the net present value of the revised cash flows using the original effective interest rate of 10%. As the effective interest rate equates the coupon rate, there was no gain or loss on the modification.

For the nine months ended September 30, 2025, \$520,579 [December 31, 2024 - \$639,111] was recognized as accretion expense using the effective interest rate method.

The debenture is summarized as follows for the periods ended September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Debenture	\$ 6,718,929	\$ 6,079,818
Accretion	520,579	639,111
	\$ 7,239,508	\$ 6,718,929

- [b] The Company has a secured loan agreement for \$2,750,000 outstanding as of September 30, 2025. The loan is secured by the NICO leases. The loan bears interest at 9% per annum, compounding annually and both principal and interest are payable at maturity. The loan matures on April 7, 2026.

On July 31, 2025 the holder of the loan agreed to extend the maturity date from December 31, 2025 to April 7, 2026. The extension is not considered a substantial modification. As a result, the debenture was restated to the net present value of the revised cash flows using the original effective interest rate of 14.5%. A gain on modification of debt of \$19,140 has been recognized in the Consolidated Statements of Loss and Comprehensive Loss.

The loan is summarized as follows for the periods ended September 30, 2025 and December 31, 2024:

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

	September 30, 2025	December 31, 2024
Loan	\$ 3,341,514	\$ 3,047,619
Accretion	327,009	440,575
Gain on modification	(19,140)	(146,680)
	<u>\$ 3,649,383</u>	<u>\$ 3,341,514</u>

For the period ended September 30, 2025, \$327,009 [December 31, 2024 - \$440,575] was amortized to interest expense using the effective interest rate method.

- [c] The Company has a secured loan agreement for a maximum amount of \$250,000, of which \$210,000 has been drawn down as at September 30, 2025. The loan is secured by the NICO leases. The loan bears interest at 9% per annum, compounding annually and both principal and interest are payable at maturity. The loan matures on April 7, 2026.

On July 31, 2025 the holder of the loan agreed to extend the maturity date from December 31, 2025 to April 7, 2026. The extension is not considered a substantial modification. As a result, the debenture was restated to the net present value of the revised cash flows using the original effective interest rate of 14.5%. A loss on modification of debt of \$2,472 has been recognized in the Consolidated Statements of Loss and Comprehensive Loss.

The loan is summarized as follows for the periods ended September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Loan	\$ 218,549	\$ 107,226
Advance	—	100,000
Accretion	19,234	22,376
Loss (gain) on modification	2,472	(11,053)
	<u>\$ 240,255</u>	<u>\$ 218,549</u>

For the period ended September 30, 2025, \$19,234 [December 31, 2024 - \$22,376] was amortized to interest expense using the effective interest rate method.

11. LEASES

The Company entered into a lease agreement effective September 25, 2020, to lease office space for a term of two years with 5 subsequent renewal periods of one year each and monthly lease payments of \$5,000 increasing at an annual rate of 3%. The Company recorded a Right-to-use Asset [ROU Asset] in property and equipment [Note 7] and corresponding lease liability. The ROU Asset is being amortized over the term of the lease, including the estimated extension of the lease terms. Effective September 2022, the Company renewed its lease for a 2-year term. The Company is currently paying month to month.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

The lease liability is summarized as follows for the nine months ended September 30, 2025 and the year ended December 31, 2024;

	2025	2024
Opening balance	\$ 169,204	\$ 222,603
Interest Expense	5,975	12,601
Lease Payments	(49,500)	(66,000)
	<u>\$ 125,679</u>	<u>\$ 169,204</u>
Current portion of lease liability	\$ 62,553	\$ 58,484
Long-term portion of lease liability	<u>\$ 63,126</u>	<u>\$ 110,720</u>

12. CONVERTIBLE SECURITY

On May 21, 2024, the Company entered into a convertible security funding agreement with Lind Global Fund II, LP ("LGF II") for initial proceeds [the "First Tranche"] of \$1,250,000 and a potential additional amount of up to \$10,000,000 of convertible securities. On December 23, 2024, the Company issued an additional convertible security for an amount [the "Second Tranche"] of \$1,575,000. On July 29, 2025, the Company entered into a new convertible security funding agreement with Lind Global Fund III, LP ("LGF III") to draw down \$3,155,000 [the "Third Tranche"] in exchange for the issuance of a convertible security. LGF II and LGF III will be collectively referred to as Lind.

The convertible securities may be converted to common shares of the Company at a rate of no more than \$66,668, \$100,000 and \$157,250 of the face value of principal amount of the First, Second and Third Tranche, respectively, in any given month and at a price per share equal to 80%, 85% and 85% of the volume weighted average price per share for the five consecutive trading days immediately prior to the conversion date for the First, Second and Third Tranche, respectively. Lind reserves the right at any time to increase the conversion limit to \$900,000, \$250,000 and \$300,000 in relation to the First, Second and Third Tranche, providing that increased amounts do not exceed 20% of the aggregate trading volume of the shares for the immediately preceding twenty days.

The Company has the right to buy-back the outstanding face value of the loan face value at any time for an amount equal to 105% of amount outstanding. If the Company elects to exercise its buy-back rights, Lind will have the option to convert up to 33% of such face value to common shares of the Company at the price that is equal to 80%, 85% and 85%, of the volume weighted average price per share for the five consecutive trading days immediately prior, for the First, Second and Third tranche, respectively.

The convertible security agreement contains a clause that allows Lind to convert an unlimited amount of the outstanding balance to shares under certain market capitalization or cash balance events. During the nine months ended September 30, 2025, the Company's market capitalization fell below the \$27,000,000 level qualifying as a market capitalization event with respect to the First and Second Tranche. Management considered the holder's ability to convert up to \$300,000 of face value of principal per month in the classification of the Third Tranche as a current liability. As a result, the Company has classified the First, Second and Third Tranche of the convertible security as a current liability in the interim condensed consolidated financial statements at September 30, 2025.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

On May 21, 2024, the Company executed the First Tranche for an initial principal amount of \$1,600,000, due two years from the date of issuance, maturing on May 21, 2026. The First Tranche is secured by all of the assets of the Company. The First Tranche includes covenants that the Company must comply with on a regular basis, and as at September 30, 2025, the Company believes it has met the covenants.

In relation to the First Tranche, the Company issued to Lind, 12,500,000 common share purchase warrants at an exercise price of \$0.065 for a term of 60 months from the date of issuance, expiring May 21, 2029. On the issuance date, the fair value of the First Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 127.7% based on historical volatility of the Company's common shares, risk-free rate of 4.24%, share price on issuance date of \$0.09 and expected life of 2 years. The fair value of the First Tranche of the convertible security is \$1,595,038, which resulted in a loss of \$395,038 compared to proceeds received of \$1,200,000, net of the first closing fee of \$50,000. The Company determined that this loss cannot be recognized immediately in the consolidated statement of loss, but rather should be deferred against the convertible security and realized over the term of the convertible security, as factors that a market participant would include in pricing the instrument including time, become observable.

On December 23, 2024, the Company drew down an additional principal amount of \$1,890,000, the Second Tranche, due two years from the date of issuance, maturing on December 23, 2026. The Second Tranche is secured by all of the assets of the Company. The Second Tranche includes covenants that the Company must comply with on a regular basis, and as at September 30, 2025, the Company has met the covenants.

In relation to the Second Tranche, the Company issued to Lind, 16,338,174 common share purchase warrants at an exercise price of \$0.061 for a term of 60 months from the date of issuance, expiring December 23, 2029. On the issuance date, the fair value of the Second Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 133.17% based on historical volatility of the Company's common shares, risk-free rate of 3.01%, share price on issuance date of \$0.05 and expected life of 2 years. The fair value of the Second Tranche of the convertible security is \$1,753,226, which resulted in a loss of \$238,226 compared to proceeds received of \$1,515,000, net of the second closing fee of \$60,000. The Company determined that this loss cannot be recognized immediately in the consolidated statement of loss, but rather should be deferred against the convertible security and realized over the term of the convertible security, as factors that a market participant would include in pricing the instrument including time, become observable.

On July 29, 2025, the Company executed the Third Tranche for an initial principal amount of \$3,774,000, due two years from the date of issuance, maturing on July 29, 2027. The Third Tranche is secured by a lien against the Company's mining assets. The Third Tranche includes covenants that the Company must comply with on a regular basis, and as at September 30, 2025, the Company has met the covenants.

In relation to the Third Tranche, the Company issued to Lind LP, 15,641,293 common share purchase warrants at an exercise price of \$0.1141, for a term of 60 months from the date of issuance, expiring

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

July 29, 2030. On the issuance date, the fair value of the Third Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 145.18% based on historical volatility of the Company's common shares, risk-free rate of 2.77%, share price on issuance date of \$0.09 and expected life of 2 years. The fair value of the Third Tranche of the convertible security is \$3,284,259, which resulted in a loss of \$249,259 compared to proceeds received of \$3,035,000, net of the third closing fee of \$120,000. The Company determined that this loss cannot be recognized immediately in the consolidated statement of loss, but rather should be deferred against the convertible security and realized over the term of the convertible security, as factors that a market participant would include in pricing the instrument including time, become observable.

Subsequent to September 30, 2025, the Company issued 16,961,137 shares on conversion of a portion of the outstanding convertible securities and the First Tranche has been fully repaid.

The Company has recorded the convertible security at fair value through profit and loss. The convertible security has been recorded at Level 3 in the fair value hierarchy.

During the nine months ended September 30, 2025, 42,241,432 shares with a book value of \$2,801,070, have been issued pursuant to conversions to shares under the convertible security agreement.

The fair value of the Convertible Security for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

September 30, 2025				
Convertible Security	Tranche #1	Tranche #2	Tranche #3	Total
Issued at fair value	\$ 1,010,889	\$ 1,747,925	\$ 3,284,259	\$ 6,043,073
Early conversions	(1,229,126)	(1,071,082)	(500,862)	(2,801,070)
Loss (gain) on fair value adjustment	359,818	441,329	205,671	1,006,818
Balance at end of period	141,581	1,118,172	\$ 2,989,068	4,248,821
Unrecognized Day 1 Loss	(236,477)	(235,679)	(249,259)	(721,415)
Recognized loss during the period	208,488	103,357	26,812	338,657
Balance at end of period	(27,989)	(132,322)	(222,447)	(382,758)
Total balance at end of period	\$ 113,592	\$ 985,850	\$2,766,621	\$ 3,866,063

December 31, 2024			
Convertible Security	Tranche #1	Tranche #2	Total
Issued at fair value	\$ 1,595,038	\$1,753,226	\$ 3,348,264
Early conversions	(671,540)	—	(671,540)
Loss (gain) on fair value adjustment	87,391	(5,301)	82,090
Balance at end of period	1,010,889	1,747,925	2,758,814
Unrecognized Day 1 Loss	(395,038)	(238,226)	(633,264)
Recognized loss during the period	158,561	2,547	161,108
Balance at end of period	(236,477)	(235,679)	(472,156)
Total balance at end of period	\$ 774,412	\$1,512,246	\$ 2,286,658

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

13. FINANCIAL INSTRUMENTS

The Company is exposed to risks through its operations that arise from its use of financial instruments, which include credit risk, commodity price risk, liquidity risk and foreign exchange risk. Under the normal course of operations, the Company's management believes that these risks are minimal due to the nature of the financial instruments. The principal financial instruments used by the Company, from which financial instrument risk arises, are cash and cash equivalents, reclamation security deposits, amounts receivable, accounts payable and accrued liabilities, lease liability, and current debts.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the nine months ended September 30, 2025.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and cash equivalents, reclamation security deposits and amounts receivable. Cash and cash equivalents and reclamation security deposits are held with major banks in Canada. Amounts receivable are due from the governments of Canada and the United States. Management believes that the credit risk with respect to its financial instruments is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company's current assets of \$3,777,555 [2024 - \$1,073,501] were not sufficient to settle current liabilities. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk.

i. Financial instruments by category

Financial assets

	Financial assets at amortized cost	
	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 2,875,082	\$ 1,592,329
Reclamation security deposits	203,632	199,982
Amounts receivable	707,400	730,276
Total financial assets	<u>\$ 3,786,114</u>	<u>\$ 2,522,587</u>

Fortune Minerals Limited

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Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 288,708	\$ 588,203
Lease liability	—	—	125,679	169,204
Current debts	—	—	11,129,146	10,278,992
Convertible security	3,866,063	2,286,658	—	—
Total financial liabilities	\$ 3,866,063	\$ 2,286,658	\$ 11,543,533	\$ 11,036,399

ii. Financial instruments at amortized cost

The fair value of the Company's cash and cash equivalents, reclamation security deposits, amounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The fair value of the lease liability measured at amortized cost has a fair value of approximately \$123,000 [December 31, 2024 - \$164,000] estimated using an 8% discount rate. The fair value of the current debt measured at amortized cost has a fair value of approximately \$9,731,000 [December 31, 2024 - \$9,116,000] estimated using a 14.5% discount rate.

iii. Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

	Level 3	
	September 30, 2025	December 31, 2024
Convertible security	\$ 3,866,063	\$ 2,286,658

There were no transfers between levels during the year.

The Company determined the estimated fair value of the convertible security using the Geometric Brownian motion model. Note 12 outlines the key assumptions used by the Company in determining the estimated fair values of its convertible security.

Fortune Minerals Limited

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025

iv. Contractual maturities of financial liabilities

The following table details the Company's contractual maturities for its financial liabilities as at September 30, 2025. Payments due by year are as follows:

	Total	2025	2026	2027	Greater than 3 years
Accounts payable and accrued liabilities	\$ 288,708	\$ 288,708	\$ —	\$ —	\$ —
Lease liability	132,335	16,995	68,660	46,680	—
Provision for environmental rehabilitation	167,569	—	—	—	167,569
Current debt	8,258,651	—	8,258,651	—	—
Accrued interest on current debt	3,511,763	—	3,511,763	—	—
Convertible security	4,553,618	1,176,868	2,495,700	881,050	—
	<u>\$16,912,644</u>	<u>\$ 1,482,571</u>	<u>\$ 14,334,774</u>	<u>\$ 927,730</u>	<u>\$ 167,569</u>

14. INTEREST AND OTHER INCOME

Interest and other income consist of the following for the nine months ended September 30,

	2025	2024
Interest income	\$ 27,528	\$ 12,904
Foreign exchange gain (loss)	34,842	(14,742)
Flow-through share premium income	—	124,215
Total Interest and Other Income	<u>\$ 62,370</u>	<u>\$ 122,377</u>

15. INCOME TAXES

The Company has non-capital loss carryforwards totaling \$63,980,000, net capital loss carryforwards of \$20,200,000, un-deducted debt and share issuance costs of \$112,000 and unused investment tax credits on pre-production mining costs of \$1,974,000. The non-capital losses will begin to expire in 2026. The benefit of certain non-capital losses and undeducted share issuance costs has been recorded in the interim condensed consolidated financial statements only to the extent of existing taxable temporary differences. The potential benefits of these carry-forward non-capital losses, capital losses, and other deductible temporary differences have not been recognized in these interim condensed consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	September 30, 2025 \$	December 31, 2024 \$
Unrecognized deferred tax assets		
Non-capital loss carry-forwards	65,004,000	60,885,000
Share issue costs	112,000	360,000
Mineral property costs	64,350,000	65,069,000
Other temporary differences	15,551,000	13,801,000
Total temporary differences	145,017,000	140,115,000

The reconciliation of income taxes computed at the statutory income tax rates to the provision for (recovery of) income taxes is as follows:

	September 30, 2025 \$	September 30, 2024 \$
Combined federal and provincial/state income tax rate	26.50%	26.50%
(Loss) before income taxes	(3,773,783)	(1,988,732)
Corporate income tax recovery at statutory rate	(1,000,000)	(527,000)
Increase (decrease) in income taxes resulting from		
Non-deductible stock-based compensation and other expenses	223,000	(99,000)
Tax value of loss carryforwards not recognized	777,000	626,000
	—	—

16. MANAGEMENT OF CAPITAL

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments.

To facilitate the management of its capital requirements, the Company prepares forecasts or expenditure budgets for its activities that are used to monitor performance. Variances to plan will result in adjustments to capital deployment subject to various factors and industry conditions. The Company's activities and associated forecasts or budgets are approved by the Board of Directors.

The Company is not subject to any externally imposed capital requirements limiting or restricting the use of its capital, except for in relation to the Second and Third Tranche of the convertible security, whereby the Company will be in default if the cash falls below \$250,000. In order to maximize ongoing development efforts, the Company does not pay out dividends currently.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Toronto Stock Exchange ("TSX") which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able

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to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in the interim condensed consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

17. RELATED PARTY TRANSACTIONS

For the nine months ended September 30, 2025, the Company paid key management personnel including officers, directors or their related entities for salaries and benefits and consulting services and/or management services.

The following compensation was earned by key management personnel for services provided during the period ended:

	September 30, 2025	September 30, 2024
Salaries and benefits	\$ 135,166	\$ 130,124
Consulting services	348,143	287,251
Stock based compensation	638,650	—
	\$ 1,121,959	\$ 417,375

As at September 30, 2025, \$56,198 [2024 - \$30,887] was owing to key management personnel for services provided during the period. The outstanding amounts are unsecured, not-interest bearing with no fixed terms of repayment.

18. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of common shares outstanding in each respective period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of outstanding stock options and warrants, is the same as basic loss per share. For the three and nine months ending September 30, 2025 and 2024, the conversion of stock options and warrants was not included in the diluted loss per share calculation because the calculation would be anti-dilutive.

	Three months ending September 30, 2025	Nine months ending September 30, 2025
Net loss	\$ (1,027,838)	\$ (3,773,783)
Weighted average number of common shares	556,059,988	535,688,966
Basic loss per share	\$ (0.00)	\$ (0.01)

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	Three months ending September 30, 2024	Nine months ending September 30, 2024
Net loss	\$ (301,130)	\$ (1,988,732)
Weighted average number of common shares	506,458,007	502,161,794
Basic loss per share	\$ (0.00)	\$ (0.00)

19. STANDARDS, AMENDMENTS, AND INTERPRETATIONS

i. Future accounting standards

The Company has not yet determined the full extent of the impact of the following new standards, amendments, and interpretations, which have not been applied in these consolidated financial statements:

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statement to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 2027, including interim financial statements. Retrospective application is required, and early adoption is permitted.

20. COMMITMENT AND CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.