

Consolidated Financial Statements

Fortune Minerals Limited

December 31, 2025 and 2024

Independent Auditor's Report

To the Shareholders of Fortune Minerals Limited

Opinion

We have audited the consolidated financial statements of Fortune Minerals Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company's current liabilities exceeded its current assets as at December 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><i>Convertible Security</i></p> <p>We draw attention to Note 12 of the consolidated financial statements. Management concluded that the convertible securities included a conversion option and buy-back option that were embedded derivatives.</p> <p>Management designated each entire hybrid contract as a financial liability instrument measured at fair value through profit or loss. Management estimates the fair value of the convertible securities by using complex valuation models and an external valuation expert.</p> <p>We identified the estimation of the fair value of the convertible securities as a key audit matter, as it requires a high degree of management judgement and the use of estimates giving rise to inherent uncertainty in the amounts recorded in the financial statements.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> – Reviewing the underlying agreements and assessing management’s accounting analysis associated with the convertible securities. – Evaluating the competency and independence of the expert retained by the Company to assist with the valuation of the warrants and the convertible securities. – Using the work of a valuation expert to assist us in evaluating the methodologies, assumptions and data used and assessing the reasonableness of the fair values of the warrants and the convertible securities. – Reviewing the appropriateness of the disclosures in the consolidated financial statements with regards to the convertible securities.

Other information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 31, 2026

RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and the Management Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ["IFRS"]. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise as they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis given currently available information to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and its members are outside directors. The Committee meets with management as well as the external auditors to discuss auditing matters and financial reporting issues and to review the consolidated financial statements, the Management's Discussion and Analysis and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

The consolidated financial statements for the years ended December 31, 2025 and 2024 have been audited by McGovern Hurley LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Company's shareholders. The external auditors have free access to the Audit Committee.

[Signed]
Robin Goad
President and
Chief Executive Officer

[Signed]
Patricia Penney
Interim Chief
Financial Officer

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

(expressed in Canadian dollars)

As at	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents <i>[note 9]</i>	2,257,451	1,592,329
Accounts receivable <i>[note 3]</i>	1,534,337	730,276
Prepaid expenses	142,380	154,060
Total current assets	3,934,168	2,476,665
Reclamation security deposits <i>[note 6]</i>	204,643	199,982
Deposits on land and building <i>[notes 3i and 7]</i>	—	1,937,500
Property and equipment <i>[note 7]</i>	6,154,575	200,878
Total assets	10,293,386	4,815,025
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities <i>[note 17]</i>	698,637	588,203
Lease liability <i>[note 11]</i>	63,923	58,484
Current debt <i>[note 10]</i>	15,255,153	10,278,992
Convertible security <i>[note 12]</i>	2,432,280	2,286,658
Deferred government grants <i>[note 3]</i>	1,678,847	2,735,892
Total current liabilities	20,128,840	15,948,229
Provision for environmental rehabilitation <i>[note 6]</i>	148,369	156,551
Lease liability <i>[note 11]</i>	46,797	110,720
Total liabilities	20,324,006	16,215,500
SHAREHOLDERS' DEFICIENCY		
Share capital and warrants <i>[note 4]</i>	187,421,910	182,527,005
Other reserves <i>[note 5]</i>	18,431,124	17,431,528
Deficit	(215,883,654)	(211,359,008)
Total shareholders' deficiency	(10,030,620)	(11,400,475)
Total liabilities and shareholders' deficiency	10,293,386	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]

[Signed]

Robin Goad
Director

[Signed]

Mahendra Naik
Director

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS**

(expressed in Canadian dollars)

For the years ended December 31,

	2025	2024
EXPENSES		
Exploration and evaluation expenditures <i>[note 3]</i>	457,666	1,391,503
General and administrative	681,906	971,011
Stock-based compensation <i>[note 5]</i>	858,730	—
Interest <i>[note 10 and 11]</i>	1,200,345	1,114,663
Corporate development	189,529	149,870
Depreciation <i>[note 7]</i>	66,654	66,534
Gain on modification of debt <i>[note 10]</i>	(16,668)	(157,733)
Change in fair value of convertible security <i>[note 12]</i>	669,232	82,090
Amortization of deferred day 1 loss of convertible security <i>[note 12]</i>	529,501	161,108
Total expenses	4,636,895	3,779,046
INCOME		
Interest and other income <i>[note 14]</i>	112,249	171,001
Total income	112,249	171,001
Net loss and comprehensive loss for the year	(4,524,646)	(3,608,045)
Basic and diluted loss per share <i>[note 18]</i>	(0.01)	(0.01)

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

**CONSOLIDATED STATEMENTS OF
CASH FLOWS**

(expressed in Canadian dollars)

For the years ended December 31,

	2025	2024
OPERATING ACTIVITIES		
Net loss for the year from continuing operations	(4,524,646)	(3,608,045)
Add (deduct) items not involving cash		
Unrealized foreign exchange	(84,606)	79,700
Amortization <i>[note 7]</i>	66,654	66,534
Flow-through share premium	—	(201,427)
Stock-based compensation <i>[note 5]</i>	858,730	—
Interest expense on debentures and loans payable <i>[note 10]</i>	1,200,345	1,114,663
Posting of security for reclamation security deposits <i>[note 6]</i>	(4,661)	(653)
Loss on disposal of capital assets	49	—
Change in fair value related to provision for environmental rehabilitation <i>[note 6]</i>	(8,182)	17,880
Gain on modification of debt <i>[note 10]</i>	(16,668)	(157,733)
Change in fair value of convertible security <i>[note 12]</i>	672,042	82,090
Amortization of deferred day 1 loss of convertible security <i>[note 12]</i>	529,501	161,108
Changes in non-cash working capital balances		
related to operations		
Accounts receivable	(804,061)	(703,948)
Prepaid expenses	11,680	(94,288)
Accounts payable and accrued liabilities	110,434	400,752
Change in government receivable, net <i>[note 3]</i>	(972,439)	2,656,192
Cash used in operating activities	(2,965,828)	(187,175)
INVESTING ACTIVITIES		
Purchase of capital assets <i>[note 7]</i>	(2,982,900)	(20,631)
Deposits on land and building <i>[note 3][i]</i>	(1,100,000)	(1,582,500)
Cash used in investing activities	(4,082,900)	(1,603,131)
FINANCING ACTIVITIES		
Lease payments <i>[note 11]</i>	(66,000)	(66,000)
Proceeds on exercise of warrants	933,600	—
Proceeds on exercise of options	11,250	—
Proceeds on issuance of mortgage <i>[note 10]</i>	3,800,000	100,000
Convertible security proceeds <i>[note 12]</i>	3,155,000	2,825,000
Convertible security fees <i>[note 12]</i>	(120,000)	(110,000)
Repayment of corporate facility	—	(40,000)
Cash provided in financing activities	7,713,850	2,709,000
Decrease in cash and cash equivalents		
during the year, net	665,122	918,694
Cash and cash equivalents, beginning of the year	1,592,329	673,635
Cash and cash equivalents, end of year <i>[note 9]</i>	2,257,451	1,592,329
Cash and cash equivalents is comprised of the following;		
Cash on hand and balances with banks	2,253,187	1,588,148
Short-term investments	4,264	4,181
Supplemental Cash Flow Disclosure		
Conversion of convertible security	4,090,921	671,540

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(expressed in Canadian dollars)

	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 [note 12]	11,875,408	671,540	—	—	671,540	—	—	671,540
Warrants issued as part of convertible security [note 12]	—	—	28,838,174	—	—	—	—	—
Expiration of warrants [note 4ii[c]]	—	—	(5,525,750)	(172,809)	(172,809)	172,809	—	—
Net loss for the year	—	—	—	—	—	—	(3,608,045)	(3,608,045)
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 [note 12]	66,635,001	4,090,921	—	—	4,090,921	—	—	4,090,921
Warrants issued as part of convertible security [note 12]	—	—	15,641,293	—	—	—	—	—
Exercise of warrants [note 4ii[a]]	14,860,000	1,083,842	(14,860,000)	(150,242)	933,600	—	—	933,600
Exercise of stock options [note 5]	250,000	17,500	—	—	17,500	(6,250)	—	11,250
Stock options granted [note 5]	—	—	—	—	—	858,730	—	858,730
Expiration of warrants [note 4ii[b]]	—	—	(13,155,356)	(147,116)	(147,116)	147,116	—	—
Net loss for the year	—	—	—	—	—	—	(4,524,646)	(4,524,646)
December 31, 2025	593,264,271	187,421,910	44,479,467	—	187,421,910	18,431,124	(215,883,654)	(10,030,620)

See accompanying notes to the consolidated financial statements

Fortune Minerals Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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 consolidated financial statements of Fortune Minerals Limited ["the Company"] for the year ended December 31, 2025, were authorized for issuance by the Board of Directors on March 31, 2026.

2. BASIS OF PRESENTATION

i. Statement of Compliance

These consolidated financial statements of the Company have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ["IASB"].

ii. Going Concern of Operations

These 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 \$16,194,672, on December 31, 2025 [2024 - \$13,471,564], which includes \$15,255,153 related to debt maturing on April 30, 2026 or due on demand [2024 - \$10,278,992], the Company will require additional further funding to repay these debts when due or on demand. 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 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 resources, securing and maintaining title and beneficial interest in its properties, making the required

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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 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 December 31, 2025, the Company assessed its investment in Arctos Anthracite as a JV, and has accounted for it under the equity method. During the year ended December 31, 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 consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

v. Basis of Measurement

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

These 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

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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 consolidated financial statements, unless otherwise indicated.

vi. Judgments and Estimates

The preparation of 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 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.

[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,

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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 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.

[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.

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[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.

3. EXPLORATION AND EVALUATION EXPENDITURES

Payments of cash and common shares pursuant to option agreements, costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable and technically feasible.

Exploration and evaluation expenditures incurred by the Company on its properties during the years ended December 31, 2025 and 2024 were spent on the projects as follows:

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December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
NICO	\$4,585,197	\$2,609,824
Other	2,830	2,830
Government awards	(4,130,361)	(1,221,151)
Total exploration and evaluation expenditures	\$ 457,666	\$ 1,391,503

The Company recognizes government awards given on eligible expenditures when it is reasonably assured that the Company will comply with the conditions attached to them and the grants will be received. Grants are recognized as either income over the period(s) necessary to match them with the related costs or if related to a specific expense, as a reduction to the expenses for which they are intended to reimburse. Grants receivable for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which the grant is receivable. If a grant becomes repayable, it is treated as a change in estimate. Where the original grant related to income, the repayment would be applied first against any related unamortized deferred credit, and any excess would be expensed. Where the original grant related to an asset, the repayment would be treated as increasing the carrying amount of the asset or reducing the deferred income balance. The cumulative depreciation which would have been charged had the grant not been received would be charged as an expense. Grants received in advance of incurring the eligible expenditures are recorded to deferred government grants in the statement of financial position

During the year ended December 31, 2025, the Company received a total of \$3,236,641 [2024 - \$3,281,180] of government funding from Natural Resources Canada, Alberta Innovates and the United States Department of Defense for the advancement of the NICO Project.

During the year ended December 31, 2025, the Company has netted \$4,130,361 [2024 - \$1,221,151] and \$293,330 [2024 - \$69,515] 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. There was no government funding received during the year related to an asset.

During the year ended December 31, 2025, the Company repaid \$807,602 of funding it was ineligible to receive in the prior year, of which \$547,213 was added to the funding allocation for 2025.

At December 31, 2025, \$1,356,362 [2024 - \$628,442] of government funding was receivable.

i. NICO Project

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 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

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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 had the option to acquire the site for \$6,000,000 until November 30, 2025. The monthly option payments during the term were \$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 year ended December 31, 2025, the Company made total option payments of \$1,100,000 [2024 - \$1,582,500]. During the year, the Company paid an additional \$1,100,000 in deposits, bringing the total deposits paid to \$3,037,500 [December 31, 2024 - \$1,937,500]. On November 14, 2025, the Company exercised the 2024 Option and finalized the purchase on December 12, 2025. The balance of \$3,037,500 in deposits paid was applied to the purchase price of \$6,000,000. At December 31, 2025, there are no deposits outstanding. On December 12, 2025, the Company also entered into a license agreement with the seller of the brownfield site whereby the licensee will have license to use the property, at no charge, for a period of 18 months to conduct business as it is presently conducted on the property. Either party can terminate the agreement after twelve months on 60 days written notice. See Note 7 Property and Equipment for more details.

On October 28, 2025, the Company entered into an Agreement 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 proceeds of the loan were used to purchase the brownfield site in Alberta. See Note 10 Debts for more details.

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 completed the vast majority of the reclamation and most of the reclamation security was released by the B.C. Government. A \$25,000 amount is still being held pending the removal of a pallet of sand and cement from the airstrip at the site after which the BC Government indicates the remainder will be released.

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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.

4. SHARE CAPITAL AND RESERVES

The Company's common shares, share warrants, stock options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxes, from the proceeds.

Any premium between the amount recognized in common shares and the amount that investors pay for flow-through shares is recognized as a liability, which is recognized as income on flow-through share premium when the eligible expenditures have been renounced.

i. Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As of December 31, 2025, the weighted average number of common shares outstanding was 548,948,128 [December 31, 2024 - 504,324,343].

ii. Share Purchase Warrants

The following is a summary of changes in warrants for the years ended December 31;

	2025		2024	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of year	56,853,530	\$ 0.07	33,541,106	\$ 0.08
Issue of warrants [note 12]	15,641,293	\$ 0.11	28,838,174	0.06
Exercise of warrants [note 4ii[a]]	(14,860,000)	\$ 0.06	—	—
Expiry of Warrants [note 4ii[b]]	(13,155,356)	\$ 0.10	(5,525,750)	0.09
Warrants outstanding, end of year	44,479,467	\$ 0.08	56,853,530	\$ 0.07

The following is a summary of the outstanding warrants for years ended December 31, 2025 and December 31, 2024;

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Outstanding Warrants December 31, 2025	Outstanding Warrants December 31, 2024	Expiry Date	Exercise Price \$
—	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	October 27, 2025	0.04
—	11,000,000	December 14, 2025	0.07
—	1,760,000	December 14, 2025	0.05
12,500,000	12,500,000	May 21, 2029	0.07
16,338,174	16,338,174	December 23, 2029	0.06
15,641,293	—	July 31, 2030	0.11
44,479,467	56,853,530		

[a] During the year ended December 31, 2025, 14,860,000 warrants with a book value of \$150,242 were exercised raising gross proceeds of \$933,600.

[b] During the year ended December 31, 2025, 13,155,356 warrants with an average exercise price of \$0.10 expired unexercised. These warrants had a book value of \$147,116.

[c] During the year ended December 31, 2024, 5,525,750 warrants with an average exercise price of \$0.09 expired unexercised. These warrants had a value of \$172,809.

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 Company has a fixed stock-based compensation plan, approved by the shareholders at the Company's annual meeting held on June 22, 2005. The plan was most recently confirmed and approved at the Company's annual meeting held on June 28, 2023. Under the plan, the Company may grant options to eligible individuals for up to 10% of the issued and outstanding common shares, subject to certain conditions. As at December 31, 2025, the Company has 29,526,427 [2024 – 28,351,927] options available for grant in addition to any options issued and outstanding. The exercise price of each option is equal to or higher than the market price of the Company's stock on the date of grant. The plan does not provide for a maximum term. Options are granted and their terms determined at the discretion of the Board of Directors.

The estimated fair value of the options granted during the year ended December 31, 2025 was \$858,730. The options granted have a maximum term of between two and three years and vested immediately. The value of the options were estimated using the Black-Scholes option pricing model

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with the following weighted average assumptions used for grants as follows: dividend yield of 0%, expected volatility between 127.60% and 142.92%, based on historical share data, risk free interest rate between 2.5% and 2.65% and expected life of 2 and 3 years.

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

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	Number	Weighted-	Number	Weighted-
	of shares	average	of shares	average
	#	exercise	#	exercise
		price		price
		\$		\$
Options outstanding, beginning of year	22,800,000	0.07	28,200,000	0.08
Granted	17,650,000	0.07	—	—
Expired	(10,650,000)	0.105	(5,400,000)	0.10
Exercised	(250,000)	0.045	—	—
Options outstanding, end of year	29,550,000	0.06	22,800,000	0.07
Options vested and outstanding, end of year	29,550,000	0.06	22,800,000	0.07

The following tables summarizes information about the options outstanding as at December 31, 2025 and 2024:

<u>December 31, 2025</u>				
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 – 0.075	29,550,000	29,550,000	0.06	1.57

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

<u>December 31, 2024</u>				
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 – 0.11	22,800,000	22,800,000	0.07	1.05

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

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During the year ended December 31, 2025, 250,000 options with a book value of \$6,250 were exercised for gross proceeds of \$11,250.

Subsequent to December 31, 2025, 1,100,000 options were exercised raising gross proceeds of \$71,500.

6. PROVISION FOR ENVIRONMENTAL REHABILITATION AND SECURITY DEPOSITS

Provision is made for asset retirement, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, resulting in a legal or constructive obligation to the Company. 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:

	December 31, 2025	December 31, 2024
NICO Project		
Estimated remaining life	22 years	22 years
Discount rate	3.85%	3.33%
Average inflation rate	3.00%	3.00%
Total provision for environmental rehabilitation	\$ 148,369	\$ 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, 2023	\$	138,671
Effect of changes in the inflation and discount rate		17,880
Balance, December 31, 2024	\$	156,551
Effect of changes in the inflation and discount rate		(8,182)
Balance, December 31, 2025	\$	148,369

Reclamation security deposits consist of the following:

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	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Deposit amount \$	Deposit amount \$
NICO Project	176,143	172,150
Arctos Anthracite Project	28,500	27,832
Total Net Book Value	204,643	199,982

The security for the reclamation of the Arctos Anthracite Project is held in the Arctos JV. 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 are stated at historical cost less accumulated depreciation and impairment losses.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately are capitalized. Depreciation of corporate property and equipment and property and equipment used in the exploration and evaluation phase is recorded using the declining balance method, with management reviewing the useful lives of property and equipment at each consolidated statement of financial position reporting date to verify the asset is being amortized over a period equivalent to the useful life of the asset. Depreciation of right-to-use assets are recorded using the straight line method over the useful life of the asset. Depreciation of building will begin when the building is in the condition necessary for it to operate in the manner intended by management and will be amortized over the useful life of the building on a straight line basis.

The carrying values of property and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ["CGUs"] for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical basis. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of operations so as to reduce the carrying amount to its recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of loss.

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The assets are depreciated at the following rates:

Asset class	Rate of depreciation %
Surface facilities	20
Furniture and fixtures	20 to 30
Camp structures	30
Mobile equipment	30
Computer equipment	30
Site furniture and equipment	30
Software	35
Right-to-use asset	straight line over the lease term
Buildings	straight line over useful life (20 years)
Land	N/A

Property and equipment consist of the following for the years ending December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
Corporate property and equipment [a]	108,406	167,198
Property and equipment at NICO [b]	6,046,169	33,680
Total property and equipment	\$ 6,154,575	\$ 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
Disposals	—	(1,920)	—	—	(1,920)
As at December 31, 2025	197,673	105,443	328,690	353,367	985,173
Accumulated depreciation					
As at December 31, 2024	175,640	103,585	326,126	214,544	819,895
Depreciation for the year	6,610	755	897	50,481	58,743
Disposals	—	(1,871)	—	—	(1,871)
As at December 31, 2025	182,250	102,469	327,023	265,025	876,767
Net book value					
As at December 31, 2024	22,033	3,778	2,564	138,823	167,198
As at December 31, 2025	15,423	2,974	1,667	88,342	108,406

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	Computer equipment \$	Furniture and fixtures \$	Software \$	Right-to- use Assets \$	Total \$
Cost					
As at December 31, 2023	177,042	107,363	328,690	353,367	966,462
Additions	20,631	—	—	—	20,631
As at December 31, 2024	197,673	107,363	328,690	353,367	987,093
Accumulated depreciation					
As at December 31, 2023	172,430	102,640	324,746	164,063	763,879
Depreciation for the year	3,210	945	1,380	50,481	56,016
As at December 31, 2024	175,640	103,585	326,126	214,544	819,895
Net book value					
As at December 31, 2023	4,612	4,723	3,944	189,304	202,583
As at December 31, 2024	22,033	3,778	2,564	138,823	167,198

[b] Property and equipment at NICO

	Buildings \$	Land \$	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
Additions	4,267,625	1,752,775	—	—	—	—	—	6,020,400
As at December 31, 2025	4,267,625	1,752,775	1,179,717	593,724	609,813	53,369	6	8,457,029
Accumulated depreciation								
As at December 31, 2024	—	—	1,157,794	593,051	603,648	48,456	—	2,402,949
Depreciation for the year	—	—	4,386	201	1,850	1,474	—	7,911
As at December 31, 2025	—	—	1,162,180	593,252	605,498	49,930	—	2,410,860
Net book value								
As at December 31, 2024	—	—	21,923	673	6,165	4,913	6	33,680
As at December 31, 2025	4,267,625	1,752,775	17,537	472	4,315	3,439	6	6,046,169

On December 12, 2025, the Company completed the purchase of property consisting of land and buildings at a cost of \$6,020,400. The costs of \$4,267,625 and \$1,752,775 were allocated to buildings and land, respectively, based on relative fair value at acquisition date.

	Surface facilities \$	Camp structures \$	Mobile equipment \$	Site furniture and equipment \$	Asset retirement obligation ["ARO"] \$	Total \$
Cost						
As at December 31, 2023	1,179,717	593,724	609,813	53,369	6	2,436,629
As at December 31, 2024	1,179,717	593,724	609,813	53,369	6	2,436,629
Accumulated depreciation						
As at December 31, 2023	1,152,312	592,763	601,006	46,350	—	2,392,431
Depreciation for the year	5,482	288	2,642	2,106	—	10,518
As at December 31, 2024	1,157,794	593,051	603,648	48,456	—	2,402,949
Net book value						
As at December 31, 2023	27,405	961	8,807	7,019	6	44,198
As at December 31, 2024	21,923	673	6,165	4,913	6	33,680

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8. EXPENSES BY NATURE

	December 31, 2025	December 31, 2024
Employee and contractor compensation and benefits (i)	\$ 1,149,220	\$ 865,721
Stock-based compensation	858,730	—
Interest expense on lease liability	7,516	12,601
Depreciation	66,654	66,534
Foreign exchange (gain) loss	(65,632)	50,570

(i) \$465,745 [2024 - \$442,032], \$631,213 [2024 - \$380,949] and \$52,262 [2024 - \$42,740] 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.

10. CURRENT DEBT

Current Debt

	December 31, 2025	December 31, 2024
Debenture [a]	7,424,470	6,718,929
Loan [b]	3,765,049	3,341,514
Loan [c]	247,180	218,549
Mortgage [d]	3,818,454	—
Total current debts	\$ 15,255,153	\$ 10,278,992

[a] The Company has a secured debenture outstanding with an original principal of \$5,298,651 as of December 31, 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.

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For the year ended December 31, 2025, \$705,541 [December 31, 2024 - \$639,111] was recognized as accretion expense using the effective interest rate method and capitalized to the carrying value of the debt.

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

	December 31, 2025	December 31, 2024
Debtenture	\$ 6,718,929	\$ 6,079,818
Interest	705,541	639,111
	\$ 7,424,470	\$ 6,718,929

- [b] The Company has a secured loan agreement outstanding with an original principal of \$2,750,000 as of December 31, 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 December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
Loan	\$ 3,341,514	\$ 3,047,619
Interest	442,675	440,575
Gain on modification	(19,140)	(146,680)
	\$ 3,765,049	\$ 3,341,514

For the years ended December 31, 2025, \$442,675 [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 December 31, 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.

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

	December 31, 2025	December 31, 2024
Loan	\$ 218,549	\$ 107,226
Advance	—	100,000
Interest	26,159	22,376
Loss (gain) on modification	2,472	(11,053)
	\$ 247,180	\$ 218,549

For the year ended December 31, 2025, \$26,159 [December 31, 2024 - \$22,376] was amortized to interest expense using the effective interest rate method.

- [d] On December 12, 2025, the Company secured a mortgage of \$3,800,000 to purchase the property under option in Alberta. The mortgage is secured by the property purchased. The mortgage bears interest at 8.45% per annum, compounding monthly. Interest only payments will be made for the first 24 months and a blended principal and interest payments thereafter. The mortgage has a term of 5 years and is due on demand.

The mortgage is summarized as follows for the year ended December 31, 2025:

	December 31, 2025
Mortgage	\$ 3,800,000
Accrued Interest	18,454
	\$ 3,818,454

The following is a summary of the changes in the current debt for the year ended December 31, 2025 and 2024:

	2025		2024	
Balance, beginning of year	\$	10,278,992	\$	9,274,663
Additions		3,800,000		100,000
Modifications		(16,668)		(157,733)
Repayment of debt		—		(40,000)
Interest and accretion		1,192,829		1,102,062
Balance, end of year	\$	15,255,153	\$	10,278,992

Subsequent to December 31, 2025, the maturity dates for the Loans in [a], [b], and [c] above were extended from April 7, 2026 to April 30, 2026.

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11. LEASES

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less.

Lease liabilities are initially measured at present value of the contractual payments due to the lessor over the lease term and also include, if applicable, amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised. Subsequent measurement of the lease liability is increased as a result of interest charged based on an effective interest rate and reduced by lease payments made.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognized where the Company is contractually required to dismantle, remove, or restore the leased asset. Right-of-use assets are amortized on a straight-line basis over the term of the lease.

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.

The lease liability is summarized as follows for the years ended December 31, 2025 and December 31, 2024;

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 169,204	\$ 222,603
Interest Expense	7,516	12,601
Lease Payments	<u>(66,000)</u>	<u>(66,000)</u>
	<u>\$ 110,720</u>	<u>\$ 169,204</u>
Current portion of lease liability	<u>\$ 63,923</u>	<u>\$ 58,484</u>
Long-term portion of lease liability	<u>\$ 46,797</u>	<u>\$ 110,720</u>

12. CONVERTIBLE SECURITY

The initial fair value of the convertible security was determined by valuing the components of the hybrid financial instrument, including the principal liability component, conversion option component and buy-back feature. The liability component does not meet the fixed for fixed criterion as the security is convertible at a variable share price. The entire hybrid instrument has been recorded at its estimated fair value with the fair value being estimated using the Geometric Brownian motion model. Subsequent to initial recognition, changes in fair value are recorded through the consolidated

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statement of loss. As part of the instrument, the Company issued warrants to the lender. The warrants meet the criteria to be recorded as equity and were assigned a value of \$nil, being the residual value remaining after deducting the fair value from the proceeds received.

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 the 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 year ended December 31, 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 consolidated financial statements at December 31, 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. The First Tranche was fully converted during the year ended December 31, 2025.

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%,

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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 December 31, 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 December 31, 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 July 31, 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 \$3,459,821, which resulted in a loss of \$424,821 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.

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Subsequent to December 31, 2025, the Company issued 14,258,802 shares on conversion of a portion of the outstanding convertible securities.

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 year ended December 31, 2025, 66,635,001 [2024 – 11,875,408] shares with a book value of \$4,090,921 [2024 – \$671,540], have been issued pursuant to conversions to shares under the convertible security agreement.

The fair value of the Convertible Security for the years ended December 31, 2025 and December 31, 2024 is as follows;

December 31, 2025				
Convertible Security	Tranche #1	Tranche #2	Tranche #3	Total
Beginning fair value	\$ 1,016,234	\$ 1,749,717	\$ 3,459,821	\$ 6,225,772
Early conversions	(1,163,127)	(1,713,104)	(1,214,690)	(4,090,921)
Loss (gain) on fair value adjustment	146,893	380,981	141,358	669,232
Balance at end of year	—	417,594	\$ 2,386,489	2,804,083
Unrecognized Day 1 Loss	(239,347)	(237,136)	(424,821)	(901,304)
Recognized loss during the year	239,347	155,395	134,759	529,501
Balance at end of year	—	(81,741)	(290,062)	(371,803)
Total balance at end of year	—	\$ 335,853	\$2,096,427	\$ 2,432,280

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 year	1,010,889	1,747,925	2,758,814	
Unrecognized Day 1 Loss	(395,038)	(238,226)	(633,264)	
Recognized loss during the year	158,561	2,547	161,108	
Balance at end of year	(236,477)	(235,679)	(472,156)	
Total balance at end of year	\$ 774,412	\$1,512,246	\$ 2,286,658	

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13. FINANCIAL INSTRUMENTS

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ["FVTPL"], at fair value through other comprehensive income (loss) ["FVTOCI"] or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading and the convertible security are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. The Company classified cash, cash equivalents, reclamation security deposits, amounts receivable, accounts payable and accrued liabilities, lease liability, current debt and deferred government grants at amortized cost.

(ii) Measurement

Financial assets and liabilities at amortized cost

- Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost, using the Effective Interest Rate method, less any impairment.

Financial assets and liabilities at FVTPL

- Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

- The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets

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and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

- The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and /or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(v) Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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, current debts and convertible security.

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 year ended December 31, 2025 and 2024.

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 December 31, 2025, the Company's current assets of \$3,934,168 [2024 - \$2,476,665] 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.

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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	
	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 2,257,451	\$ 1,592,329
Reclamation security deposits	204,643	199,982
Amounts receivable	1,534,337	730,276
Total financial assets	<u>\$ 3,996,431</u>	<u>\$ 2,522,587</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 698,637	\$ 588,203
Lease liability	—	—	110,720	169,204
Current debts	—	—	15,255,153	10,278,992
Convertible security	2,432,280	2,286,658	—	—
Total financial liabilities	<u>\$ 2,432,280</u>	<u>\$ 2,286,658</u>	<u>\$ 16,064,510</u>	<u>\$ 11,036,399</u>

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 \$105,000 [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 \$14,715,000 [December 31, 2024 - \$9,116,000] estimated using a 14.5% discount rate.

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iii. Financial instruments measured at fair value

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

	Level 3	
	December 31, 2025	December 31, 2024
Convertible security	\$ 2,432,280	\$ 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.

iv. Contractual maturities of financial liabilities

The following table details the Company's contractual maturities for its financial liabilities as at December 31, 2025. Payments due by year are as follows:

	Total	2026	2027	2028	Greater than 3 years
Accounts payable and accrued liabilities	\$ 698,637	\$ 698,637	\$ —	\$ —	\$ —
Lease liability	111,980	66,660	45,320	—	—
Provision for environmental rehabilitation	167,569	—	—	—	167,569
Current debt	12,058,651	12,058,651	—	—	—
Accrued interest on current debt	3,834,215	3,834,215	—	—	—
Convertible security	2,826,750	2,531,200	295,550	—	—
	<u>\$19,697,802</u>	<u>\$19,189,363</u>	<u>\$ 340,870</u>	<u>\$ —</u>	<u>\$ 167,569</u>

14. INTEREST AND OTHER INCOME

Interest and other income consist of the following for the years ended December 31,

	2025	2024
Interest income	\$ 46,666	\$ 20,144
Foreign exchange gain (loss)	65,632	(50,570)
Flow-through share premium income	—	201,427
Loss on disposal of capital assets	(49)	—
Total Interest and Other Income	<u>\$ 112,249</u>	<u>\$ 171,001</u>

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15. INCOME TAXES

The Company has non-capital loss carryforwards totaling \$64,261,000, net capital loss carryforwards of \$20,200,000, un-deducted debt and share issuance costs of \$95,000 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 have been recorded in the 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 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:

	December 31, 2025	December 31, 2024
	\$	\$
Unrecognized deferred tax assets		
Non-capital loss carry-forwards	61,372,000	60,885,000
Share issue costs	338,000	360,000
Mineral property costs	66,750,000	65,069,000
Other temporary differences	14,310,000	13,801,000
Total temporary differences	142,770,000	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:

	December 31, 2025	December 31, 2024
	\$	\$
Combined federal and provincial/state income tax rate	26.50%	26.50%
(Loss) before income taxes	(4,524,646)	(3,608,045)
Corporate income tax recovery at statutory rate	(1,200,000)	(956,000)
Increase (decrease) in income taxes resulting from		
Non-deductible stock-based compensation and other expenses	228,000	33,000
Flow-through renunciation	—	393,000
Tax value of loss carryforwards not recognized	972,000	530,000
	—	—

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

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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 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 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 consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

There have been no changes to the Company's approach to capital management during the years ended December 31, 2025 and 2024.

17. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2025 and 2024, 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 year ended:

	December 31, 2025	December 31, 2024
Salaries and benefits	\$ 188,620	\$ 172,963
Consulting services	532,822	458,983
Stock based compensation	757,510	—
	\$ 1,478,952	\$ 631,946

As at December 31, 2025, \$48,096 [2024 - \$99,265] was owing to key management personnel for services provided during the year. The outstanding amounts are unsecured, not-interest bearing with no fixed terms of repayment.

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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 year. 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 2025 and 2024 years presented, the conversion of stock options and warrants was not included in the diluted loss per share calculation because the calculation would be anti-dilutive.

	December 31, 2025	December 31, 2024
Net loss	\$ (4,524,646)	\$ (3,608,045)
Weighted average number of common shares	548,948,128	504,324,343
Basic loss per share	\$ (0.01)	\$ (0.01)

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.

The Company has indemnified current and previous flow-through subscribers for any tax and related costs payable by them in the event the Company does not incur the required exploration expenditures. No amounts have been recorded in these financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place.