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ABN 96 095 684 389

(FORMERLY LANTHANEIN RESOURCES LTD)

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

FORTUNA METALS LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

Non-Executive Chairman Peter Pawlowitsch	Registered Office Level 8 99 St Georges Terrace Perth, WA, 6000 Australia Telephone: (08) 9486 4036 Facsimile: (08) 9486 4799 Email: matt.foy@ftcorporate.com.au Website: www.fortunametals.limited	Share Registry Automatic Group Pty Ltd Level 5,191 St Georges Terrace Perth, Western Australia 6000
Non-Executive Directors Brian Thomas David Frances		Auditors Moore Australia Audit (WA) Level 15, 2 The Esplanade Perth, WA, 6000 Australia
Company Secretary Matthew Foy		Bankers Westpac Banking Corp. Level 13, 109 St Georges Tce Perth, WA, 6000 Australia
Stock Exchange Australian Securities Exchange – FUN	Postal Address: PO Box 5638 St Georges Terrace Perth, WA, 6831 Australia	

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group consisting of Fortuna Metals Ltd (“Fortuna” or “the Company”) and its controlled entities for the financial year ended 30 June 2025, the notes to the financial statements and the auditor’s report thereon.

DIRECTORS

The following persons were Directors of Fortuna Metals Ltd during the financial year and up to the date of this report unless otherwise stated:

Peter Pawlowitsch (Non-Executive Chairman) (Appointed 21 May 2025)
David Frances (Non-Executive Director)
Brian Thomas (Non-Executive Director)
Thomas Langley (Non-Executive Director) (Resigned 16 August 2024)
Anees Sabet (Non-Executive Director) (Resigned 21 May 2025)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were exploration and evaluation of economic minerals in Australia.

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax amounted to \$7,147,536 (2023: \$664,325 profit). There were no dividends paid or recommended during the financial year ended 30 June 2025.

REVIEW OF OPERATIONS

During the year the Company has progressed exploration and activities across four projects being the:

- Lady Grey Lithium-Tantalum Project, Western Australia
- Gascoyne Rare Earth Elements (REE) Project, Western Australia;
- Murraydium REE Project, South Australia; and
- Koolya Project, Western Australia.

Lady Grey Project, Western Australia

During the period the Company continued its exploration and assessment of the Lady Grey Project at Mt Holland in WA’s Yilgarn.

The Company completed the first stage of diamond drilling during the period, testing modelled conductor plates under Moving Loop EM (MLMEM) Survey Lines #1 & #6. On Line #6 three RC pre-collars with diamond tails were drilled for a combined 1,457m. On Line #1 two diamond holes were drilled for a combined 676m. The core from all holes was transported to Perth where the detailed logging and sampling was completed.

The Company reported the following assay results from the Lady Grey Project during the period:

Table 1: Assay Results showing >0.1g/t Au and associated assays

Sample ID	Hole number	From (m)	To (m)	Au >0.1g/t	Ag g/t	As ppm
LNR20727	LGDH002	76	77	0.11	0.01	12.5
LNR20851	LGDH003	50	51	0.11	0.08	13.6
LNR22033	LGDH004	66.5	67.5	0.843	0.06	84.3
LNR22034	LGDH004	67.5	68.5	0.124	0.05	60.6
LNR22038	LGDH004	71.4	72.4	0.268	0.53	95.5
LNR22112	LGDH004	134.66	135.65	1.16	0.56	97.4
LNR22116	LGDH004	136.28	136.48	2.28	0.75	680

DIRECTORS' REPORT

Sample ID	Hole number	From (m)	To (m)	Au >0.1g/t	Ag g/t	As ppm
LNR22118	LGDH004	136.96	137.66	0.944	0.7	2320
LNR22119	LGDH004	137.66	138.76	3.66	2.24	50820
LNR22218	LGDH005	41	42	0.415	0.005	203
LNR22272	LGDH005	89.52	90.04	0.323	0.31	5030
LNR22273	LGDH005	90.04	90.51	0.312	0.31	5760
LNR22275	LGDH005	90.91	91.2	0.345	0.12	6550
LNR22280	LGDH005	94	95.2	0.632	0.28	6960
LNR22281	LGDH005	95.2	96.1	0.242	0.1	2290
LNR22303	LGDH005	115	116	0.107	0.12	1345
LNR22311	LGDH005	121	122	0.263	0.09	132.5
LNR22312	LGDH005	122	123	0.156	0.06	169
LNR22316	LGDH005	126	127	0.183	0.1	391
LNR22323	LGDH005	133	134	0.159	0.06	610
LNR22447	LGDH005	285.35	285.9	0.457	0.25	609
LNR22452	LGDH005	287.41	287.71	0.125	0.29	449
LNR22453	LGDH005	287.71	288.68	0.985	0.77	6390

On 26 May 2025, Fortuna advised that it had given notice to Gondwana Resources Limited that it withdraws from the Farm-In Agreement dated 1 December 2023 with respect to the Lady Grey Lithium Project to earn up to a 70% interest in tenement E77/2143.

Gascoyne Rare Earth Elements (REE) Project, Western Australia

The Lyons Project is located adjacent to the Yangibana REE deposit, owned by Hastings Technology Metals Ltd (ASX.HAS). This is an advanced project which has completed a Definitive Feasibility Study and is advancing to construction. Mineralisation at Yangibana is hosted in the same Yangibana Ironstones which hosts mineralisation at Lyons.

During the period the Company conducted a detailed desktop review of all historical exploration for gold and base metals in the project area. A number of major mining house exploration teams, including BHP Minerals, Newmont Australia and Newcrest Mining, conducted extensive exploration in the area from the 1980's through to the 1990's.

A number of geochemical and radiometric anomalies were generated by both Newmont and Newcrest particularly in the Hart Bore area on the Lyons EL. Several were drilled with auger and RAB drilling with anomalous gold, base metals and REE values encountered.

The Company is reviewing this historical data and is planning additional geochemical sampling of the areas with gold and base metals anomalism.

Koolya Project, Western Australia

During the period the Company relinquished the Koolya exploration licences. Whilst exploration did encounter significant kaolin in the air core drilling, the inconsistent quality of the kaolin does not justify further studies on its commercial viability.

The Company remains focused on its strategic objectives and continues to explore and assess acquisitions and investment opportunities to enhance shareholder value.

DIRECTORS' REPORT

MATERIAL BUSINESS RISK

The Group makes every effort to identify materials risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Exploration and evaluation risks

The tenements of the Company are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

This is managed where possible by the employment of competent personnel and reputable consultants with the relevant skills and experience to deal with these issues, extensive technical analysis and planning, and undertaking field exploration activities during more favourable seasonal weather patterns.

Native Title and Aboriginal heritage and Access to Tenure

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and landowners/occupiers are generally required before the Company can access land for exploration or mining activities. Further, activities can be restricted by the Aboriginal heritage sites that may be present. Inability to access, or delays experienced in accessing the land, may adversely impact on the Company's activities.

If native title rights do exist the ability of the Company to gain access to tenements (through obtaining consent of the native title claimants or holders, or any relevant landowners as applicable), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Company contacts relevant stakeholders prior to commencing activities as per requirements of regulations, guidelines and codes of practice. Heritage surveys are undertaken as required in accordance with regulations and agreements to ensure positive working relationships with key stakeholders are maintained.

Reliance on key personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business. The Company remunerates and incentivises at appropriate market rates to reduce the risk of losing key personnel.

DIRECTORS' REPORT

Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Inherent exploration and mining risks

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

This is managed where possible by the employment of competent personnel and reputable consultants with the relevant skills and experience to deal with these issues, extensive technical analysis and planning, and undertaking field exploration activities during more favourable seasonal weather patterns.

Future capital requirements

The Company's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations. There is a risk that Regener8 may not be able to access equity or debt capital markets to support its business objectives. Management and the Board constantly monitor and optimise non-discretionary expenditure and critically assess discretionary spend to ensure alignment with strategy. Cash flow forecasts are reviewed approximately monthly in order to assess future funding requirements and the optimal time and methods to access capital when required.

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest rates, inflation and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

DIRECTORS' REPORT

ESG Update

Environmental

As part of our ongoing dedication to environmental stewardship, we have been diligently working on the development of disclosures and metrics in line with the World Economic Forum (WEF) framework.

Social

We continue to conduct Heritage Avoidance Surveys in collaboration with all of the Native Title Groups present on the project areas. This ongoing engagement ensures that our operations are sensitive to the cultural heritage and traditions of the communities we operate in.

Governance

The annual review of Fortuna's Governing Policies has been successfully completed for the financial year ending 30 June 2025. These policies are available on the Company's website further strengthen our governance framework and ensure we are aligned with the highest ethical standards.

We remain dedicated to embedding ESG principles into every aspect of our operations. We will continue to engage with stakeholders, seek feedback, and incorporate best practices to drive meaningful change and sustainable impact.

CORPORATE

Board Changes

On 16 August 2024 Mr Tom Langley resigned as a Director of the Company. On 21 May 2025 Fortuna announced the appointment of Mr Peter Pawlowitsch as a Non-Executive Director and Chairman of the Company. Peter Pawlowitsch is an experienced ASX company Director and qualified accountant (CPA) having served as a director of many companies over the past 20 years.

Peter Pawlowitsch specialises in sourcing and evaluating businesses, ideas and projects, and developing solutions to enable growth. Skills include providing strategic direction, business structuring, restructuring, mergers and acquisitions and funding (both debt and equity). Peter Pawlowitsch is also a Fellow of the Governance Institute of Australia and holds a Master of Business Administration from Curtin University.

Fortuna further advised that Mr David Frances will remain on the Board becoming a Non-Executive Director and that Mr Anees Sabet had resigned as a Non-Executive Director of the Company.

Capital Raisings

The Company advised on 5 June 2025 that it had received firm commitments from professional and sophisticated investors to raise \$274,909 (before costs) via a placement (**Placement**) of approximately 366.5 million shares at an issue price of \$0.00075 per share (**Placement Shares**).

The funds raised from the Placement are intended to be used primarily for exploration activities at the Company's Lyons and Edmund Projects in the Gascoyne region of WA, and to identify and assess acquisitions and investment opportunities and for general working capital.

Inyati Capital Pty Ltd (**Inyati**) acted as lead manager to the Placement. Allotment of the Placement Shares took place on 12 June 2025.

DIRECTORS' REPORT

Fully Underwritten Non-Renounceable Entitlement Offer

In addition to the Placement, Fortuna also advised it would offer eligible shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise up to approximately \$2.1 million (before costs) on the basis of three (3) new shares for every four (4) shares held at the record date at an issue price of \$0.001 per share, together with one (1) free-attaching share for every three (3) shares subscribed for and issued (**Entitlement Offer**).

The structure of the pricing and free-attaching shares makes the effective cost of acquiring new shares subscribed for under the Entitlement Offer as \$0.00075 per share. Further information on the Entitlement Offer was contained in a transaction specific prospectus issued by the Company on ASX on 4 July 2025.

Inyati agreed to fully underwrite the Entitlement Offer pursuant to an underwriting agreement entered into between Inyati and the Company. Inyati received a total 6% fee on the funds raised under the Entitlement Offer as well as 750 million options exercisable at \$0.001125 each and expiring 4 years from the date of issue (on a pre-Consolidation basis) (being, 25 million options exercisable at \$0.0338 each and expiring 4 years from the date of issue (on a post-Consolidation basis)) (Underwriter Options), as approved by shareholders.

Mr Peter Pawlowitsch, Non-Executive Chairman, agreed to sub-underwrite the Entitlement Offer up to a maximum of \$257,000.

Name Change and Consolidation of Capital

On 1 August 2025, the Company received shareholder approval to change its name to 'Fortuna Metals Ltd' and to consolidate its issued capital at a ratio of 30:1 (**Consolidation**). The Company changed its ASX ticker code from 'LNR' to 'FUN'.

The purpose of the Consolidation was to reduce the Company's issued capital to a more appropriate and effective capital structure to facilitate continued growth and investor interest. The Consolidation was carried out following the issue of the Placement Shares and the issue of the shares under the Entitlement Offer

General Meeting

The Company convened a general meeting of shareholders on 1 August 2025 to approve the issue of the Broker Options, the Underwriter Options and the Director Options, the change of company name and the Consolidation. All resolutions put to the shareholders were passed on a poll.

Sale of Tolu Minerals Shares

Following completion of the sale of the Company's former subsidiary, Frontier Copper PNG Ltd, the holder of the Tolukuma Exploration Licence EL2531 in PNG to Tolu Minerals Limited (ASX 10 November 2023), the Company received consideration of A\$2 million comprising A\$500,000 equivalent cash and A\$1.5 million by way of issue of 3 million fully paid ordinary shares in Tolu Minerals escrowed for 12 months. The shares were released from escrow on 11 November 2024 and were sold on market on 15 November 2024 for A\$2.4m less costs

Schedule 1 – Fortuna Metals Limited Tenement Information (Australia) as at 30 June 2025

Tenement Number and Name	Ownership	Sub-blocks	Area (sq.km)	Application /Grant Date	Expiry Date
E 09/2515 - Gascoyne (WA)	100% LNR via Dalkeith Capital Pty Ltd	47	147.02	17-Dec-21	16-Dec-26
E 09/2516 - Gascoyne (WA)	100% LNR via Dalkeith Capital Pty Ltd	25	78.35	17-Dec-21	16-Dec-26
E 52/4012 - Mt Clere (WA)	100% LNR via Dalkeith Capital Pty Ltd	191	591.63	23-Mar-22	22-Mar-27
EL6717 - Murraydium (SA)	100% LNR via Southern Rare Earths Pty Ltd	78	876.00	06-Apr-22	05-Apr-28
EL6969 – Murraydium (SA)	100% LNR via Southern Rare Earths Pty Ltd	671km2	671.00	17 Jan 24	16 Jan 30

DIRECTORS' REPORT

FORTUNA METALS LTD

The information in this report that relates to Exploration Results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Brian Thomas, a Non-Executive Director of Fortuna Metals Ltd. Brian Thomas is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Brian Thomas consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

The Company confirms that all material assumptions and technical parameters underpinning the Exploration Results continue to apply and have not materially changed. The Company confirms that the form and context in which the Exploration Results are presented have not been materially modified.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 25 July 2025 advised the results of its non-renounceable pro-rata entitlement issue (Offer) announced to ASX on 5 June 2025 and closed on Tuesday, 23 July 2025. The Company advised it had received applications under the Offer for 692,864,885 New Shares raising gross proceeds of \$692,864.88. The issue of 692,864,885 New Shares and 230,954,912 Free Attaching Shares under the Offer occurred on 30 July 2025. The Underwriter (and sub-underwriters) subscribed for a total of 1,414,771,785 Shortfall Shares, issued on 6 August 2025.

On 1 August 2025 the Company convened a general meeting of shareholders to approve the issue of the Broker Options, the Underwriter Options and the Director Options, the change of company name and a Consolidation. All resolutions put to the shareholders were passed on a poll.

On 11 September 2025 the Company advised it had appointed Mr Thomas Langley as Chief Executive Officer of the Company. Details of Mr Langley's proposed remuneration was set out in the announcement and included the issue of up to 22.5 million performance shares to be issued subject to shareholder approval.

On 11 September 2025 the Company advised it had entered into a share sale agreement to acquire 100% of the Mkanda and Kampini Rutile Project in Malawi in consideration for 55 million ordinary shares and 55 million performance shares subject to shareholder approval at the Company's annual general meeting scheduled for on or around 31 October 2025. In addition, the Company advised it intended to seek shareholder approval to issue an entity related to Director Mr Peter Pawlowitsch, 5,000,000 Shares and 5,000,000 Performance Shares (split equally between, and on the same terms and conditions as, the proposed Classes A and B Performance Shares, in connection with the work completed by Mr Pawlowitsch in identifying the acquisition and for facilitating and implementing the transaction.

Other than the above there were no matters or circumstance that has arisen since 30 June 2025 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the Group's state of affairs in future financial years.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is available on its website <https://fortunametals.limited/>

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group and the expected results of those operations in subsequent financial years are consistent with those reported for the current period.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its mineral exploration activities.

The Group has exploration and mining tenements in Australia. The Group is not aware of any breach of environmental regulations during or since the end of the financial year.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial years. The Directors will reassess this position as and when the need arises.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Director and Experience

Peter Pawlowitsch (appointed 21 May 2025)

Non-Executive Chairman

Mr Pawlowitsch is an experienced ASX company Director and qualified accountant (CPA) having served as a director of many companies over the past 20 years.

Mr Pawlowitsch specialises in sourcing and evaluating businesses, ideas and projects, and developing solutions to enable growth. Skills include providing strategic direction, business structuring, restructuring, mergers and acquisitions and funding (both debt and equity).

Mr Pawlowitsch is also a Fellow of the Governance Institute of Australia and holds a Master of Business Administration from Curtin University.

Mr Pawlowitsch is currently a Non-Executive Director of VRX Silica Ltd as well as Non-Executive Chairman of Qoria Limited and Novatti Group Ltd.

Particulars of Directors Interest in Securities in the Company¹:

6,459,432 Fully paid ordinary shares

6,260,025 Options exercisable at \$0.0338 and expiring 15/08/2029

David Frances (appointed 4 February 2022)

Non-Executive Director (Non-Executive Chairman 4 February 2022 – 20 May 2025)

Mr Frances is an international executive of nearly 30 years with a track record of transacting, discovering, funding, developing and operating assets in Australia and Africa. He has been a key figure in the transformation of several companies including Province Resources and their proposed 8GW green hydrogen project in Western Australia.

Mr Frances has served as Chairman both Executive and Non-Executive, President, Managing Director and Non-Executive Director for a variety of ASX and TSX listed and private Companies across a diverse range of business. He has dealt with multiple governments at all levels and specialises in the delivery of tough projects in complex jurisdictions. He is committed to seeing companies move towards adopting the global standard for Environmental, Social and Governance (ESG) metrics and disclosures as released by the World Economic Forum.

Mr Frances is currently Managing Director of Province Resources Ltd and Non-Executive Director of Southern Hemisphere Mining Ltd.

Particulars of Directors Interest in Securities in the Company²:

500,000 options exercisable at \$0.90 expiring 31/12/2025

500,000 options exercisable at \$0.60 expiring 31/12/2025

2,000,000 options exercisable at \$0.0338 expiring 15/08/2029

¹ Following shareholder approval on 1 August 2025, the Company's securities were consolidated on 4 August 2025. Director holdings are reported Post consolidation.

² Following shareholder approval on 1 August 2025, the Company's securities were consolidated on 4 August 2025. Director holdings are reported Post consolidation.

DIRECTORS' REPORT

Brian Thomas (appointed 22 October 2021)

Non-Executive Director

Mr Thomas is a very experienced Director and Corporate Executive with significant domestic and international resources management experience. He is the principal of a boutique corporate advisory practice working with small to mid-market capitalisation companies and investor groups predominantly in the resources industry overseeing market oriented technical reviews plus advising on corporate finance, mergers & acquisitions and investor relations. He has held both Executive and Non-Executive Director roles with numerous ASX listed and unlisted companies after an extensive career in the financial services sector in corporate stockbroking, investment banking, funds management and corporate banking. He has more than 35 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas.

Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a certificate in Applied Finance and Investment.

Mr Thomas is currently Non-Executive Chairman of Peregrine Gold Ltd and a Non-Executive Director of Castle Minerals Ltd.

Particulars of Directors Interest in Securities in the Company³:

500,000 options exercisable at \$0.60 expiring 31/12/2025

500,000 options exercisable at \$0.90 expiring 31/12/2025

4,000,000 options exercisable at \$0.0338 expiring 15/08/2029

Thomas Langley (appointed 26 October 2023, resigned 16 August 2024)

Non-Executive Director

Mr Langley holds a BSc Geology from the University of Western Australia and a MSc Economic Geology from the University of Tasmania (CODES). He has >10 years experience working for several resource companies including BHP Nickel West, Northern Star Resources and Creasy Group.

Mr Langley has extensive experience in both exploration and mining geology, including overseeing large scale resource definition drill programs, early-stage project evaluation, project generation and grassroots exploration programs across multiple commodities and deposit types in the Proterozoic Albany - Fraser Range, Proterozoic Paterson Province and the Archean Yilgarn Craton.

Mr Langley was appointed as the Company's Chief Executive Officer on 11 September 2025.

Anees Sabet (appointed 6 December 2023, Resigned 21 May 2025)

Non-Executive Director

COMPANY SECRETARY

Matthew Foy - BCom, GradDipAppFin, GradDipACG, SAFin, FGIA, FCG

Matthew is a professional company secretary with over 17 years' experience facilitating Public Company compliance with core strengths in the ASX Listing Rules, operational and governance disciplines.

³ Following shareholder approval, the Company's securities were consolidated on 4 August 2025. Director holdings are reported Post consolidation.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year (and the number each Director was entitled to attend):

	Directors' Meetings	
	Number eligible to attend	Number attended
David Frances	1	1
Brian Thomas	1	1
Peter Pawlowitsch (Appointed 21 May 2025)	N/A	N/A
Thomas Langley (Resigned 16 August 2024)	N/A	N/A
Anees Sabet (Resigned 21 May 2025)	1	1

REMUNERATION REPORT (Audited)

The information in this remuneration report has been audited as required by s.308 (3C) of the *Corporations Act 2001*.

(a) Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As there is no remuneration committee the role is assumed by the full Board of Directors. The Board ensures that director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- attracts and retains high calibre executives;
- rewards capability and experience;
- reflects competitive reward for contribution to shareholder growth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Relationship between remuneration and Group performance

During the past year and since listing on 9 April 2003 the Group has generated losses because it is still involved in mineral exploration, not in production.

Given that the remuneration is commercial, the link between remuneration, Group performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Since listing the Group has recorded significant losses as it carries out exploration activities on its tenements, and no dividend has been paid. Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration. Share prices, largely unrelated to profit and loss, have fluctuated between \$0.001 and \$0.003 during the last twelve months, and at 30 June 2025 the price was \$0.001.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect their responsibilities and the demands placed on individual Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees

The current base remuneration was last reviewed with effect from February 2022. Directors' fees are inclusive of committee fees.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$300,000 per annum for Non-Executive Directors has approved at the Company's Annual General Meeting on 26 November 2019.

Retirement allowances for Directors

The Company provides no retirement allowances for Non-Executive Directors.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term incentives;
- long-term incentives through Directors options (refer Note 22); and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually by the Board to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives receive no benefits outside of the base pay, options and superannuation disclosed in this report.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Retirement benefits

Other than statutory superannuation contributions, no retirement benefits are provided for executives except statutory entitlements.

Short-term incentives

Key management personnel are entitled to short term incentives (STI's) based on performance that is agreed by the board from time to time.

Performance Conditions

There are no performance conditions on remuneration. The Board may from time to time pay a cash bonus to employees on the achievement of agreed individual performance indicators.

(b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group are set out in the following tables:

	Short-term employee benefits			Post-employment benefits		Share-based payment		Total \$
	Cash salary and fees \$	Consulting fees \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options* \$	Shares \$	
2025								
<i>Non-Executive Directors</i>								
David Frances	57,795	-	-	-	-	88,743	-	146,538
Brian Thomas	40,000	126,250	-	-	-	88,743	-	254,993
Peter Pawlowitsch (i)	4,409	-	-	-	-	-	-	4,409
Anees Sabet (ii)	33,333	45,000	-	-	-	59,163	-	137,496
Tom Langley (iii)	-	-	-	-	-	11,093	-	11,093
Total	135,537	171,250	-	-	-	247,742	-	554,529
(i)	Appointed 21 May 2025							
(ii)	Resigned 21 May 2025							
(iii)	Resigned 16 August 2024							

	Short-term employee benefits			Post-employment benefits		Share-based payment		Total \$
	Cash salary and fees \$	Consulting fees \$	Non-Monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options* \$	Shares \$	
2024								
<i>Non-Executive Directors</i>								
David Frances	60,000	-	-	-	-	44,372	-	104,372
Brian Thomas (ii)	40,000	68,750	-	-	-	44,372	-	153,122
Anees Sabet	22,796	12,390	-	-	-	29,581	-	64,767
Peter Swiridiuk (iii)	32,802	76,971	-	-	-	-	-	109,773
Tom Langley (i)	20,000	6,000	-	-	-	29,580	-	55,580
Total	175,598	164,111	-	-	-	147,905	-	487,614
(i)	Appointed 26 October 2023							
(ii)	Appointed 5 December 2023							
(iii)	Resigned 23 April 2024							

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Remuneration that is performance based % is that percentage of remuneration that consisted of options.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk - STI		At risk – LTI *	
	2025	2024	2025	2024	2025	2024
David Frances	39%	57%	-	-	61%	43%
Brian Thomas	65%	71%	-	-	35%	29%
Peter Pawlowitsch (i)	100%	-	-	-	-	-
Anees Sabet (ii)	57%	54%	-	-	43%	46%
Tom Langley (iii)	-	47%	-	-	100%	53%
Peter Swiridiuk (iv)	-	100%	-	-	-	-

* Long-term incentives reflect the value of remuneration consisting of options expensed during the year.

(i) Appointed 21 May 2025

(ii) Resigned 21 May 2025

(iii) Resigned 16 August 2024

(iv) Resigned 23 April 2024

(c) Service agreements – Non Executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The term of appointment of all non-executive directors is subject to re-nomination and re-election at Annual General Meetings. There is no notice period required by non-executive directors and non-executive directors are not entitled to annual or long service leave benefits. For the year ended 30 June 2025, non-executive directors receive an annual director's fee in the range of \$40,000 to \$60,000.

(d) Share-based Compensation

Options

Options may be granted to key management personnel under the Fortuna Metals Ltd Long Term Incentive Plan (the Plan) last approved by shareholders on 10 November 2023.

In the last three years the Company has issued the following options pursuant to the Plan:

1. 50,000,000 options exercisable at \$0.02 expiring 31/12/2025 granted on 22 March 2024 (on a pre-consolidation basis) which vest over 12 months. Hence the option expense amortised over FY2024 and FY2025;

2. 50,000,000 options exercisable at \$0.03 expiring 31/12/2025 granted on 22 March 2024 (on a pre-consolidation basis) which vest over 12 months. Hence the option expense amortised over FY2024 and FY2025;

3. 1,500,000 options exercisable at \$0.00338 expiring 15 August 2029

Options granted under the Plan carry no dividend or voting rights. All options were provided at no cost to the recipients. When exercisable, each option is convertible into one ordinary share of Fortuna Metals Ltd. Further information on options is set out in Note 22 to the Financial Statements.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(e) Equity Instrument disclosures relating to KMP

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report, if applicable.

(ii) Option holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

2025	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name						
Directors -						
David Frances	41,250,000	-	-	(11,250,000)	30,000,000	30,000,000
Brian Thomas	37,500,000	-	-	-	37,500,000	37,500,000
Peter Pawlowitsch (i)	-	-	-	-	-	-
Anees Sabet (ii)	20,000,000	-	-	(20,000,000)	-	-
Tom Langley (iii)	20,000,000	-	-	(20,000,000)	-	-
Total	118,750,000	-	-	(51,250,000)	67,500,000	67,500,000

(i) Appointed 21 May 2025

(ii) Resigned 21 May 2025

(iii) Resigned 16 August 2024

The number of options over ordinary shares held by each KMP of the Group during the previous financial year is as follows:

2024	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name						
Directors -						
David Frances	11,250,000	30,000,000	-	-	41,250,000	41,250,000
Brian Thomas	7,500,000	30,000,000	-	-	37,500,000	37,500,000
Anees Sabet (ii)	-	20,000,000	-	-	20,000,000	20,000,000
Tom Langley (i)	-	20,000,000	-	-	20,000,000	20,000,000
Peter Swiridiuk (iii)	7,500,000	-	-	(7,500,000)	-	-
Total	26,250,000	100,000,000	-	(7,500,000)	118,750,000	118,750,000

(i) Appointed 26 October 2023

(ii) Appointed 5 December 2023

(iii) Resigned 23 April 2024

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Fortuna Metals Ltd and other key management personnel of the consolidated group are set out below.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(e) Equity Instrument disclosures relating to KMP (continued)

2025	Balance at the start of the year	Received during the year on the exercise of options	Purchases of Securities	Other changes during the year	Balance at the end of the year
Directors					
David Frances	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Peter Pawlowitsch (i)	-	-	-	-	-
Anees Sabet (ii)	110,666,666	-	-	(110,666,666)	-
Tom Langley (iii)	-	-	-	-	-
Total	110,666,666	-	-	(110,666,666)	-
(i)	Appointed 21 May 2025				
(ii)	Resigned 21 May 2025				
(iii)	Resigned 16 August 2024				

2024	Balance at the start of the year	Received during the year on the exercise of options	Purchases of Securities	Other changes during the year	Balance at the end of the year
Directors					
David Frances	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Anees Sabet (ii)	-	-	-	110,666,666	110,666,666
Tom Langley (i)	-	-	-	-	-
Peter Swiridiuk (iii)	770,000	-	-	(770,000)	-
Total	770,000	-	-	(109,896,666)	110,666,666
(i)	Appointed 26 October 2023				
(ii)	Appointed 5 December 2023				
(iii)	Resigned 23 April 2024				

(f) Loans to Directors and executives

No loans were made to Directors of Fortuna Metals Ltd or other key management personnel of the consolidated group, including their personally-related entities (2024: Nil).

(g) Other transactions with Directors and other key management personnel

Director, Anees Sabet, has a controlling interest in Syndicate Minerals Pty Ltd. During the prior year, the Company issued 44,000,000 ordinary shares to Syndicate Minerals at a value of \$220,000 in respect to the acquisition of the Gondwana Vendor Option which was approved by shareholders on 23 February 2024.

No other transactions occurred between the Group and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Group.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(h) Additional information

The Company has a share trading policy which imposes basic trading restrictions on all employees of the Company with 'insider information', and additional trading restrictions on the Directors of the Company.

Full details of the Share Trading Policy can be found on the Company's website.

No options provided as remuneration were exercised during the year.

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2025	2024	2023	2022	2021
Profit/(Loss) for the year	(\$7,147,536)	\$664,325	(\$769,111)	(\$2,101,860)	(\$801,389)
Closing Share Price	0.1 cents	0.4 cents	1.5 cents	1.7 cents	1.4 cents
KMP Incentives	\$247,741	\$147,905	\$nil	\$447,421	\$nil
Total KMP Remuneration	\$554,529	\$487,614	\$539,996	\$789,200	\$227,025

Remuneration Consultants

The Group did not engage the services of any remuneration consultants during the year.

END OF AUDITED REMUNERATION REPORT

SHARES UNDER OPTION

The following unissued ordinary shares (on a post consolidation basis) of Fortuna Metals Ltd under option are on issue as at the date of this report:

1. 3,333,331 options exercisable at \$0.18 expiring 1 March 2027
2. 1,333,333 options exercisable at \$0.60 expiring 31 December 2025
3. 1,333,333 options exercisable at \$0.90 expiring 31 December 2025
4. 2,439,996 options exercisable at \$0.204 expiring 21 August 2027
5. 39,500,000 options exercisable at \$0.0038 expiring 15 August 2029

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year ended 30 June 2025, there were nil shares of Fortuna Metals Ltd issued upon the exercise of options. None have been issued since the end of the financial year.

INSURANCE OF OFFICERS

Since the end of the previous financial year the consolidated group has paid insurance premiums in respect of directors' and officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The Company has not otherwise, during or since the end of the year, except at the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Group are important.

Details of the amounts paid or payable to the auditor (Moore Australia Audit (WA)) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board in its capacity as the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2025 \$	2024 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	32,453	31,474
Total remuneration for audit and assurance services	32,453	31,474
Taxation and Accounting Services		
Moore Australia (WA)	5,100	3,500
Sinton Spence Chartered Accountants (PNG)	-	2,516
Total remuneration for taxation services	5,100	6,016

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsible on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.



Peter Pawlowitsch
Non-Executive Chairman

18 September 2025

Auditor's Independence Declaration **Under Section 307c of the Corporations Act 2001**

To the directors of Fortuna Metals Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Suan Lee Tan
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)
Perth
18 September 2025



Moore Australia Audit (WA)
Chartered Accountants

FINANCIAL REPORT – 30 JUNE 2025

This financial report includes the consolidated financial statements and notes of Fortuna Metals Ltd and its controlled entities ('Consolidated Group' or 'Group'). The financial report is presented in the Australian currency.

Fortuna Metals Ltd is a company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Fortuna Metals Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000

Its registered office is:

Fortuna Metals Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000

A description of the nature of the Group's operations and principal activities is included in the Managing Director's Review of Operations in the Directors' report.

The financial report was authorised for issue by the Directors on 18 September 2025. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.fortunametals.limited.

For queries in relation to our reporting please call +61 8 9486 4036 or email matt.foy@ftcorprrate.com.au.

FORTUNA METALS LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Revenue from Continuing Operations			
Revenue	4	37,675	31,168
Other income	5	738,000	1,529,253
		<u>775,675</u>	<u>1,560,421</u>
Exploration expenditure		-	(6,389)
Administration and insurance expenses		(287,819)	(171,470)
Corporate compliance and shareholder relations		(202,368)	(345,942)
Directors fees		(135,537)	(175,598)
Directors benefits expense		(247,742)	(147,905)
Impairment	11	(7,001,995)	-
Depreciation	10	(4,201)	(10,346)
Consultancy		(24,000)	(3,700)
Unrealised FX losses		(19,549)	(34,746)
Profit/(Loss) before income tax		<u>(7,147,536)</u>	<u>664,325</u>
Income tax expense/(benefit)	6		-
Profit/(Loss) after tax from continuing operations		<u>(7,147,536)</u>	<u>664,325</u>
Profit/(Loss) for the year attributable to ordinary equity holders of Fortuna Metals Ltd		<u>(7,147,536)</u>	<u>664,325</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency translation		-	-
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year attributable to ordinary equity holders of Fortuna Metals Ltd		<u>(7,147,536)</u>	<u>664,325</u>
Profit/(Loss) per share for the year attributable to members of Fortuna Metals Ltd			
Continuing operations		(0.003)	0.0005
Total basic and diluted profit/(loss) per share	18	<u>(0.003)</u>	<u>0.0005</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

FORTUNA METALS LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 \$	2024 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,938,891	2,793,474
Trade and other receivables	8	37,352	139,647
Deposits held in trust	9	-	465,253
Total Current Assets		<u>2,976,243</u>	<u>3,398,374</u>
Non-Current Assets			
Trade and other receivables	8	-	-
Plant and equipment	10	37,468	41,669
Exploration and evaluation expenditure	11	6,777,560	11,419,642
Investments	12	-	1,650,000
Total Non-Current Assets		<u>6,815,028</u>	<u>13,111,311</u>
Total Assets		<u>9,791,271</u>	<u>16,509,685</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	13	158,836	165,202
Total Current Liabilities		<u>158,836</u>	<u>165,202</u>
Total Liabilities		<u>158,836</u>	<u>165,202</u>
Net Assets		<u>9,632,435</u>	<u>16,344,483</u>
EQUITY			
Contributed equity	16	51,968,773	51,781,027
Reserves	17	6,676,191	6,428,449
Accumulated losses	17	(49,012,529)	(41,864,993)
Total Equity		<u>9,632,435</u>	<u>16,344,483</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

FORTUNA METALS LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	48,043,643	(42,529,318)	4,123,976	1,304,255	(605,767)	10,336,789
Loss attributable to ordinary equity holders of Fortuna Metals Ltd	-	664,325	-	-	-	664,325
Other comprehensive income						
Write back of reserve – disposal of foreign subsidiary	-	-	-	-	605,767	605,767
Total comprehensive loss for the year	48,043,643	(41,864,993)	4,123,976	1,304,255	-	11,606,881
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	1,000,218	-	1,000,218
Performance rights issued during the year	-	-	-	-	-	-
Shares issued during the year, net of costs	3,737,384	-	-	-	-	3,737,384
Balance at 30 June 2024	51,781,027	(41,864,993)	4,123,976	2,304,473	-	16,344,483
Balance at 1 July 2024	51,781,027	(41,864,993)	4,123,976	2,304,473	-	16,344,483
Loss attributable to ordinary equity holders of Fortuna Metals Ltd	-	(7,147,536)	-	-	-	(7,147,536)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	(7,147,536)	-	-	-	(7,147,536)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	247,742	-	247,742
Performance rights issued during the year	-	-	-	-	-	-
Shares issued during the year, net of costs	187,746	-	-	-	-	187,746
Balance at 30 June 2025	51,968,773	(49,012,529)	4,123,976	2,552,215	-	9,632,435

The above Consolidated Statement of Changes in Equity
Should be read in conjunction with the accompanying notes.

FORTUNA METALS LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(592,284)	(552,948)
Interest received		37,119	31,168
Interest paid		-	(9,144)
Payments to exploration expenditure		-	(12,566)
Net cash outflow from operating activities	24	(555,165)	(543,490)
Cash Flows From Investing Activities			
Tenement payments		(200,000)	(1,500,000)
Payments for exploration and evaluation		(2,191,125)	(2,250,636)
Receipt of drilling co-funding payment		-	113,687
Proceeds from sale of prospects		445,705	-
Proceeds from sale of investments		2,388,000	-
Net cash inflow/(outflow) from investing activities		442,580	(3,636,949)
Cash Flows From Financing Activities			
Proceeds from the issue of shares and options		274,909	4,399,272
Payments for capital raising costs		(16,907)	(317,575)
Proceeds from borrowings		-	250,000
Repayment of borrowings		-	(250,000)
Net cash inflow/(outflow) from financing activities		258,002	4,081,697
Net increase/(decrease) in cash and cash equivalents		145,417	(98,742)
Cash at 1 July		2,793,474	2,892,216
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash at 30 June	7	2,938,891	2,793,474

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated financial statements and notes of Fortuna Metals and controlled entities ('Consolidated Group' or 'Group').

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Fortuna Metals Ltd is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of plant and equipment.

Critical accounting estimates

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Fortuna Metals Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognizes non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(c) Exploration and evaluation expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Items of plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required.

Expected useful lives are: Plant and Equipment between 4 years and 7 years.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) Plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(e) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Employee benefits (continued)

Defined contribution superannuation benefits

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 12% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the drilling contract is recognised based on the terms of the contract that provide for revenue recognition on the basis of actual meters drilled at contract rates. Revenue from ancillary charges, primarily relating to extra services to the customer, is recorded when the services are rendered. Revenue in relation to the reimbursable expenditure is recognised in the period in which the expenditure was incurred,

All revenue is stated net of the amount of goods and services tax (GST).

(h) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Potential shares as a result of options outstanding at the end of the year are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(m) Foreign currency transactions and balances

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(m) Foreign currency transactions and balances (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- a. Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- b. Income and expenses are translated at average exchange rates for the period; and
- c. Share capital and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(o) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(p) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These standards did not materially affect the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(q) New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. Management is currently assessing the impact of these standards on the Group's financial statements in the year of initial application.

(r) Financial Instruments

The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(r) Financial Instruments (continued)

The Group subsequently measures all equity investments at fair value. The Group has not elected to present fair value gains and losses on equity investments in OCI, where there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

NOTE 2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned.

Risk management is carried out by the board as a whole and no formal risk management policy has been adopted but is in the process of development.

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to material foreign exchange risk.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. Exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2025	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	2,938,891	-	2,938,891
Trade and other receivables	-	37,352	37,352
Deposits held in trust	-	-	-
	<u>2,938,891</u>	<u>37,352</u>	<u>2,976,243</u>
Financial liabilities			
Trade and other payables	-	158,836	158,836
	<u>-</u>	<u>158,836</u>	<u>158,836</u>
Net financial assets	<u>2,938,891</u>	<u>(121,484)</u>	<u>2,817,407</u>
2024	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	2,793,474	-	2,793,474
Trade and other receivables	-	139,647	139,647
Deposits held in trust	-	465,253	465,253
	<u>2,793,474</u>	<u>604,900</u>	<u>3,398,374</u>
Financial liabilities			
Trade and other payables	-	165,202	165,202
	<u>-</u>	<u>165,202</u>	<u>165,202</u>
Net financial assets	<u>2,793,474</u>	<u>439,698</u>	<u>3,233,172</u>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

The following table illustrates sensitivities of the Group's exposure to changes in interest rates. The table indicates the impact on how profit reported at balance date would have been affected by changes in the interest rate risk variable that management considers to be reasonably possible.

	2025	2024
	\$	\$
Net financial assets subject to variable interest rates	2,938,891	2,793,474
Increase in profits resulting from a 1% pa increase in variable interest rates	29,389	27,935
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(29,389)	(27,935)

The entity is not exposed to material price risk.

Net Fair Value

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

(b) Credit risk

Credit risk exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including intercompany loans and cash. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. Credit terms are generally 30 days from the invoice date. The Group has no concentrations of credit risk, other than holding all its cash with Westpac Bank. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position, which has not changed materially from the prior year.

Credit risk exposures

Credit risks related to balances with bank and other financial institutions is managed by the Board in accordance with Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. Cash is held with Westpac Banking Corporation, which is AA Rated.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is as follows:

	2025	2024
	\$	\$
Current Assets:		
Cash and cash equivalents	2,938,891	2,793,474
Trade and other receivables	37,352	139,647
Deposits held in trust	-	465,253
Non-Current Assets:		
Trade and other receivables	-	-
	<u>2,976,243</u>	<u>3,398,374</u>

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The Group's current financial assets and liabilities are summarised as follows:

	2025	2024
	\$	\$
Cash and cash equivalents	2,938,891	2,793,474
Trade and other receivables	37,352	139,647
Deposits held in trust	-	465,253
Trade and other payables	<u>(158,836)</u>	<u>(165,202)</u>
	2,817,407	3,233,172

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days from the reporting date.

The contractual amounts payable are equal to the carrying amounts in the accounts.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(b) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in Note 22.

	2025	2024
	\$	\$
NOTE 4 REVENUE		
From continuing operations		
Interest – unrelated parties	37,675	31,168
Total Revenue	<u>37,675</u>	<u>31,168</u>

	2025	2024
	\$	\$
NOTE 5 OTHER INCOME		
Gain on shares held	-	150,000
Gain on disposal of Tolukuma project (i)	-	1,379,253
Gain on disposal of investments	738,000	-
Total Other Income	<u>738,000</u>	<u>1,529,253</u>

- (i) In the prior year on 10 November 2023, the Company announced that it had completed the 100% sale of the Company's subsidiary Frontier Copper PNG Ltd, the holder of the Tolukuma exploration licence to Tolu Minerals Limited ("Tolu") for a total consideration of \$2 million comprising \$500,000 equivalent cash (Note 9) and \$1.5 million by way of 3 million fully paid shares in Tolu (Note 12). Details of the disposal are tabled below:

	2025	2024
	\$	\$
Consideration received	-	2,000,000
Less:		
Net assets/(liabilities) disposed	-	(14,980)
Disposal costs/writeback of foreign translation reserve on disposal	-	(605,767)
Total Other Income	<u>-</u>	<u>1,379,253</u>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 6: INCOME TAX EXPENSE

	2025 \$	2024 \$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense / (benefit) reported in Statement of Profit and Loss and Other Comprehensive Income	-	-
lb. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(Loss) from continuing operations before income tax	(7,147,536)	664,325
Prima facie tax benefit on loss from continuing operations at 30% (2022: 30%)	(2,144,261)	199,298
Add / (less) tax effect of:		
- Other non-allowable items	74,322	44,488
- Revenue losses not recognised	687,467	412,477
- Other deferred tax balances not recognised	1,382,471	(59,449)
- Disposal of Frontier Copper PNG	-	(596,814)
Income tax expense / (benefit) reported in the consolidated statement of Profit and Loss and Other Comprehensive Income from ordinary operations	-	-
c. Deferred tax recognised at 30% (2023: 30%) (Note 1):		
Deferred tax liabilities:		
Capitalised exploration	(637,555)	(2,112,700)
Property, plant & equipment	(278,976)	(189,677)
Deferred tax assets:		
Revenue losses	916,731	2,302,377
Net deferred tax	-	-
d. Unrecognized deferred tax assets at 30% (2023: 30%) (Note 1):		
Carry forward revenue losses	6,886,676	4,970,257
Carry forward capital losses	529,850	529,850
Financial assets	304,840	304,840
Other	114,587	154,437
	7,835,953	5,959,384

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 7	CASH AND CASH EQUIVALENTS	2025	2024
		\$	\$
	Cash and cash equivalents	2,938,891	2,793,474
	Reconciliation of Cash		
	Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
	Cash at bank	2,938,891	2,793,474
	Bank deposits at call	-	-
	Cash on hand	-	-
	Cash and cash equivalents	<u>2,938,891</u>	<u>2,793,474</u>
	Cash at bank earns an interest rate of 2.50% (2024: 2.25%). Refer to note 2 for the Group's exposure to interest rate risk.		

NOTE 8 TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (a)	37,352	139,647
	<u>37,352</u>	<u>139,647</u>

NON-CURRENT

Deposits – tenements and premises	-	-
	<u>-</u>	<u>-</u>

(a) Other current receivables are all non-interest bearing.

No receivables were past due but not impaired.

NOTE 9 DEPOSITS HELD IN TRUST

Reconciliation:

Balance at beginning of the period		
Transfer of funds to solicitors trust account – Papua New Guinea	-	500,000
Currency revaluation	-	(34,747)
Balance at end of the period	<u>-</u>	<u>465,253</u>

On 10 November 2023, the Company announced that it had completed the 100% sale of the Company's subsidiary Frontier Copper PNG Ltd, the holder of the Tolukuma exploration licence to Tolu Minerals Limited ("Tolu") which included the equivalent of \$500,000 cash held in trust in solicitor's trust account in Papua New Guinea Kina ('PGK'). These funds were transferred into the Company's bank account in July 2024.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2025 **2024**
\$ **\$**

NOTE 10 PLANT AND EQUIPMENT

Plant and equipment

Plant and equipment at cost	52,015	52,015
Less accumulated depreciation	(14,547)	(10,346)
Carrying amount at the end of the financial year	<u>37,468</u>	<u>41,669</u>

Reconciliation

Reconciliations of the carrying amount of plant and equipment at the beginning and end of the financial year are set out below:

Carrying amount at the beginning of the financial year	41,669	52,015
Additions	-	-
Depreciation expense	(4,201)	(10,346)
Carrying amount at the end of the financial year	<u>37,468</u>	<u>41,669</u>

NOTE 11 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation assets	6,777,560	11,419,642
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Reconciliation:

Balance at beginning of the year	11,419,642	7,746,794
Farm-in acquisition costs	-	1,500,000
Farm-in extension costs	200,000	-
Exploration expenditure	2,159,879	2,172,848
Impairment	(7,001,961)	-
	<u>6,777,560</u>	<u>11,419,642</u>

The recoverability of the carrying amount of these capitalised assets is dependent on successful development or commercial exploitation, or alternatively, sale of the respective area of interest.

NOTE 12 INVESTMENTS

Reconciliation:

Balance at beginning of the period	-	-
Issue of shares in ASX-listed company – Tolu Minerals Limited	-	1,500,000
Market revaluation	-	150,000
Carrying amount at the end of the financial year	<u>-</u>	<u>1,650,000</u>

On 10 November 2023, the Company announced that it had completed the 100% sale of the Company's subsidiary Frontier Copper PNG Ltd, the holder of the Tolukuma exploration licence to Tolu Minerals Limited ("Tolu") which included \$1.5 million by way of 3 million fully paid shares in Tolu. These shares were disposed of during the year ended 30 June 2025.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2025
\$

2024
\$

NOTE 13 TRADE AND OTHER PAYABLES

CURRENT

Trade and sundry creditors (a)	31,018	125,506
Accrued expenses	127,818	39,700
	<u>158,836</u>	<u>165,202</u>

(a) All creditors are non-interest bearing and are normally settled on 30 day terms.

Refer to note 2 for the Group's exposure to liquidity risk.

NOTE 14 COMMITMENTS

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Outstanding obligations are not provided for in the accounts and are payable:

Not later than 1 year	305,787	349,059
Later than 1 year but not later than 5 years	-	-
Any greater than 5 years	-	-
	<u>305,787</u>	<u>349,059</u>

NOTE 15 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2025.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 16	CONTRIBUTED EQUITY	2025 Shares	2024 Shares	2025 \$	2024 \$
(a) Paid Up Capital					
	Ordinary shares – fully paid of no-par value	2,810,181,546	2,443,636,128	51,968,773	51,781,027

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

(b) Movements in ordinary share capital of the Company:

Date	Details	Number of Shares	Issue Price \$	\$
30 Jun 2023	Closing Balance	1,121,575,570		48,043,643
6 Dec 2023	Shares issued – placement	168,236,335	0.003	504,709
1 March 2024	Shares issued – placement	565,096,998	0.003	1,695,290
8 March 2024	Shares issued – placement	100,000,000	0.005	500,000
14 May 2024	Shares issued – placement	488,727,225	0.0045	2,199,273
	Share capital raising costs			(1,161,888)
30 June 2024	Closing Balance	2,443,636,128		51,781,027
12 June 2025	Shares issued – placement	366,545,418	0.00075	274,909
	Share capital raising costs			(87,163)
30 June 2024	Closing Balance	2,810,181,546		51,968,773

(c) Option Issues

Options to purchase ordinary shares	Jun 2025 Options	Jun 2024 Options
Balance at 1 July	496,450,011	223,250,011
Issue of directors and consultant's options	-	100,000,000
Issue of brokers options	-	173,200,000
Less expired options	(243,250,011)	-
Balance at 30 June	253,200,000	496,450,011

(d) Option Exercise

During the financial year nil options were exercised.

(e) Option Expiry

On 13 August 2024 the Company advised that 20,000,000 unlisted options exercisable at \$0.02 had expired on 13 August 2024.

On 21 August 2024 the Company advised that 10,000,000 unlisted options exercisable at \$0.02 and 10,000,000 unlisted options exercisable at \$0.03 and expiring on 31 December 2025 had been cancelled by mutual agreement and for nil consideration.

On 13 November 2024 the Company advised that 192,000,011 unlisted options exercisable at \$0.02 would be expiring on 31 December 2024.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 16 CONTRIBUTED EQUITY (continued)

(e) Option Expiry (continued)

On 3 January 2025 the Company advised that 11,250,000 unlisted options exercisable at \$0.03 and expiring on 31 December 2024 had expired.

(f) Option Cancellation and Lapse

During the financial year nil options lapsed.

(g) Performance Rights Issues

Options to purchase ordinary shares

	Jun 2025 Rights	Jun 2024 Rights
Balance at 1 July	32,211,538	32,211,538
Lapsing of Class B Performance Rights	(13,461,538)	-
Lapsing of Class D Performance Rights	(18,750,000)	-
Balance at 30 June	-	32,211,538

(h) Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 30 June 2025 and 30 June 2024 was as follows:

	2025 \$	2024 \$
Cash and cash equivalents	2,938,891	2,793,474
Trade and other receivables	37,352	604,900
Trade and other payables	(158,836)	(165,202)
Working capital position	<u>2,817,407</u>	<u>3,233,172</u>

The Group is not subject to any externally imposed capital requirements.

Refer to note 2 for Financial Risk Management.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	2025 \$	2024 \$
NOTE 17 RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share based payment reserve	4,123,976	4,123,976
Options premium reserve	2,552,215	2,304,473
Foreign currency translation reserve	-	-
	<u>6,676,191</u>	<u>6,428,449</u>
Movements		
<i>Share based payment reserve</i>		
Balance 1 July	4,123,976	4,123,976
Option expense	-	-
Vesting of performance rights to ordinary shares	-	-
Balance 30 June	<u>4,123,976</u>	<u>4,123,976</u>
<i>Options premium reserve</i>		
Balance 1 July	2,304,473	1,304,255
Options expense	247,742	1,000,218
Balance 30 June	<u>2,552,215</u>	<u>2,304,473</u>
<i>Foreign currency translation reserve</i>		
Balance 1 July	-	(605,767)
Currency translation – disposal of subsidiary (i)	-	605,767
Balance 30 June	<u>-</u>	<u>-</u>
(i) In the prior year on 10 November 2023, the Company announced that it had completed the 100% sale of the Company's subsidiary Frontier Copper PNG Ltd, the holder of the Tolukuma exploration licence to Tolu Minerals Limited ("Tolu")		
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(41,864,993)	(42,529,318)
Net profit/(loss) for the year	(7,147,536)	664,325
Balance 30 June	<u>(49,012,529)</u>	<u>(41,864,993)</u>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 17 RESERVES AND ACCUMULATED LOSSES (continued)

(c) Nature and purpose of reserves

Share based payment reserve

This reserve is used to recognise the fair value of share-based payments.

Options premium reserve

This reserve is used to recognise the fair value of options issued.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(n). The reserve is recognised in profit or loss when the net investment is disposed of.

	2025 \$	2024 \$
NOTE 18 LOSS PER SHARE ("EPS")		
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(7,147,536)	664,325
Weighted average number of shares used in the calculation of the basic EPS.	2,461,762,000	1,322,060,558
The number of potential ordinary shares relating to options not exercised at the end of the year. These potential ordinary shares are anti-dilutive in both years and so have not been included in the EPS calculations.		
Basic and diluted profit/(loss) per share	(0.003)	0.0005

NOTE 19 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2025 (2024: nil).

NOTE 20 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and specified executives

Disclosures relating to Directors and specified executives are set out in Directors' Remuneration Report.

Wholly-owned group

The consolidated group consists of Fortuna Metals Ltd and its wholly-owned subsidiaries, Southern Rare Earths Pty Ltd and Dalkeith Capital Pty Ltd. Ownership interests in these subsidiaries are set out in Note 25.

Other related parties

Director, Anees Sabet, has a controlling interest in Syndicate Minerals Pty Ltd. During the prior year, the Company issued 44,000,000 ordinary shares to Syndicate Minerals at a value of \$220,000 in respect to the acquisition of the Gondwana Vendor Option which was approved by shareholders on 23 February 2024.

No other transactions occurred between the Group and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Group.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel (KMP) Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2025.

The totals of remuneration paid to KMP during the year are as follows:

	2025	2024
	\$	\$
Short term employee benefits	306,787	339,709
Post-employment benefits	-	-
Share based payments	247,742	147,905
	<u>554,529</u>	<u>487,614</u>

NOTE 22 SHARE-BASED PAYMENTS

The total expense arising from share-based payment transactions recognised during the period in relation to the performance rights was \$nil, options issued to directors and consultants was \$247,742, and options issued to brokers was \$nil, totaling \$247,742 in share based payment expenses for the year (2024: \$1,000,218). Full details of the director share options issued in the previous financial year are detailed in the 2024 financial statements and copied below.

Broker Options– 5 June 2025

On 5 June 2025, the Company issued 90,000,000 options to brokers, each exercisable at \$0.001125 with a 4.00 year expiry period. These options were valued using a Black-Scholes valuation model and the cost recognised in full at their issue date is \$67,485. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
05/06/2025	05/06/29	\$0.00075	\$0.001125	372%	3.85%	0%	90,000,000	\$0.00075	67,485	Immediately

As the options were only issued on 1 August 2025 following shareholder approval, the \$67,485 has been recorded as an accrued cost in Note 13.

Director Options– 23 February 2024

During the previous year on 23 February 2024, the Company issued 50,000,000 options to Directors, each exercisable at \$0.02 with a 1.85 year expiry period. These options were valued using a Black-Scholes valuation model with a total value of \$224,258. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend Yield	Number of options	Value per Option	Total Value \$	Vesting terms
23/02/2024	31/12/25	\$0.005	\$0.02	283%	0.25%	0%	50,000,000	\$0.004485	224,258	12 months

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 22 SHARE-BASED PAYMENTS (continued)

Director Options– 23 February 2024

During the previous year on 23 February 2024, the Company issued 50,000,000 options to Directors, each exercisable at \$0.03 with a 1.85 year expiry period. These options were valued using a Black-Scholes valuation model with a total value of \$219,458. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
23/02/2024	31/12/25	\$0.005	\$0.03	283%	0.25%	0%	50,000,000	\$0.004389	219,458	12 months

NOTE 23 OPERATING SEGMENTS

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The financial statements presented above are the same as the reports the directors review. The Company operates exclusively in one segment, which is mineral exploration in Australia.

NOTE 24 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of operating loss after income tax to the net cash flow from operations:	2025	2024
Operating profit/(loss) after income tax	(7,147,536)	664,325
Adjustment for non-cash items:		
- Share-based payments expense	236,649	147,905
- Depreciation expense	4,201	10,346
- Gain on shares held	-	(150,000)
- Gain on disposal of Frontier Copper PNG	-	(1,379,253)
- Impairment expense	7,001,995	-
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(82,926)	(174,725)
- Trade and other receivables	(567,548)	337,912
Net cash outflow from operating activities	(555,165)	(543,490)

There were no non-cash financing and investing activities during the year (2024: nil).

NOTE 25 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2025 %	2024 %
Southern Rare Earths Pty Ltd	Australia	Ordinary	100	100
Dalkeith Capital Pty Ltd	Australia	Ordinary	100	100

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	2025	2024
	\$	\$
NOTE 26 PARENT ENTITY DISCLOSURES		
(a) Financial Position of Fortuna Metals Ltd		
CURRENT ASSETS		
Cash and cash equivalents	2,938,891	2,793,474
Trade and other receivables	37,352	604,900
TOTAL CURRENT ASSETS	2,976,243	3,398,374
NON-CURRENT ASSETS		
Plant and equipment	37,468	41,669
Investments	-	1,650,000
Exploration and evaluation expenses	6,777,560	11,419,642
TOTAL NON-CURRENT ASSETS	6,815,028	13,111,311
TOTAL ASSETS	9,791,271	16,509,685
CURRENT LIABILITIES		
Trade and other payables	158,836	165,202
TOTAL CURRENT LIABILITIES	158,836	165,202
TOTAL LIABILITIES	158,836	165,202
NET ASSETS	9,632,435	16,344,483
EQUITY		
Contributed equity	51,968,773	51,781,027
Reserves	6,676,191	6,428,449
Accumulated losses	(49,012,529)	(41,864,993)
TOTAL EQUITY	9,632,435	16,344,483

(b) Financial Performance of Fortuna Metals Ltd

	2025	2024
	\$	\$
Profit/(Loss) for the year	(7,147,536)	664,325
Total comprehensive profit/(loss)	(7,147,536)	664,325

(c) Guarantees entered into by Fortuna Metals Ltd to the debts of its subsidiaries

There are no guarantees entered into by Fortuna Metals Ltd for the debts of its subsidiaries as at 30 June 2025 (2024: none).

(d) Contingent liabilities of Fortuna Metals Ltd

Refer to Note 15 for details of contingent liabilities as at 30 June 2025.

(e) Commitments Fortuna Metals Ltd

There are no commitments as at 30 June 2025 (2024: none).

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 27 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the Group, their related practices and non-related audit firms.

	2025 \$	2024 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	32,453	31,474
Total remuneration for audit services	32,453	31,474
Non-Assurance services		
Taxation and Accounting Services		
Moore Australia Audit (WA)	5,100	3,500
Sinton Spence Chartered Accountants (PNG)	-	2,516
Total remuneration for taxation services	5,100	6,016

NOTE 28 EVENTS OCCURRING AFTER THE BALANCE DATE

On 25 July 2025 advised the results of its non-renounceable pro-rata entitlement issue (Offer) announced to ASX on 5 June 2025 and closed on Tuesday, 23 July 2025. The Company advised it had received applications under the Offer for 692,864,885 New Shares raising gross proceeds of \$692,864.88. The issue of 692,864,885 New Shares and 230,954,912 Free Attaching Shares under the Offer occurred on 30 July 2025. The Underwriter (and sub-underwriters) subscribed for a total of 1,414,771,785 Shortfall Shares, issued on 6 August 2025.

On 1 August 2025 the Company convened a general meeting of shareholders to approve the issue of the Broker Options, the Underwriter Options and the Director Options, the change of company name and a Consolidation. All resolutions put to the shareholders were passed on a poll.

On 11 September 2025 the Company advised it had appointed Mr Thomas Langley as Chief Executive Officer of the Company. Details of Mr Langley's proposed remuneration was set out in the announcement and included the issue of up to 22.5 million performance shares to be issued subject to shareholder approval.

On 11 September 2025 the Company advised it had entered into a share sale agreement to acquire 100% of the Mkanda and Kampini Rutile Project in Malawi in consideration for 55 million ordinary shares and 55 million performance shares subject to shareholder approval at the Company's annual general meeting scheduled for on or around 31 October 2025. In addition, the Company advised it intended to seek shareholder approval to issue an entity related to Director Mr Peter Pawlowitsch, 5,000,000 Shares and 5,000,000 Performance Shares (split equally between, and on the same terms and conditions as, the proposed Classes A and B Performance Shares, in connection with the work completed by Mr Pawlowitsch in identifying the acquisition and for facilitating and implementing the transaction.

Other than the above there were no matters or circumstance that has arisen since 30 June 2025 that has significantly affected, or may significantly affect:

- (iv) the Group's operations in future financial years; or
- (v) the results of those operations in future financial years; or
- (vi) the Group's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

30 June 2025

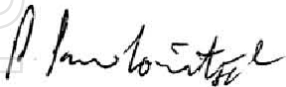
Name	Entity type	Body corporate country of incorporation	Country of tax residence	Body corporate % of ownership interest	
				2025 %	2024 %
<u>Parent Entity</u>					
Fortuna Metals Ltd	Body Corporate	Australia	Australia	-	-
<u>Subsidiaries</u>					
Southern Rare Earths Pty Ltd	Body Corporate	Australia	Australia	100	100
Dalkeith Capital Pty Ltd	Body Corporate	Australia	Australia	100	100

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2025 and of the performance of the year ended on that date of the consolidated group.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.
4. The remuneration disclosures included in pages 13 to 19 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2025, comply with section 300A of the *Corporations Act 2001*.
5. The consolidated entity disclosure statement for Fortuna Metals Ltd and its controlled entities as at 30 June 2025 is true and correct.
6. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Peter Pawlowitsch
Non-Executive Chairman

18 September 2025

Independent Audit Report

To the members of Fortuna Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fortuna Metals Ltd (the Company) and its subsidiaries (the “Group”), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors’ declaration. The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial period

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group’s financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the “Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How the matter was addressed in our audit

Exploration and Evaluation

Refer to Note 3(a) - Impairment of Assets and Note 11 – Exploration and Evaluation Expenditure

The Group's total exploration and evaluation expenditure capitalized for the year was \$6.78 million at balance date, being its single largest asset.

The ability to recognise and defer exploration and evaluation assets under AASB 6: Exploration and Evaluation for Mineral Resources is impacted by the Group's ability and intention to continue to explore the tenements or its ability to realise this value through development or sale.

Due to the significance of these assets and the subjectivity involved in assessing the ability to continue to defer these assets, this is considered a key audit matter

Our procedures included:

- Ensuring the Group has the ongoing right to explore in the relevant exploration areas of interests which included performing ownership searches of the tenements to Department of Mines WA & other agreements.
- Tested a sample of exploration & evaluation expenditures capitalised during the year to supporting documentation including acquisition agreements.
- Ensuring the Group is committed to continue exploration and evaluation activity in the relevant exploration areas of interest by assessing their exploration and future development expenditures that have been budgeted for and reviewing minutes of Board meetings, other internal reports and ASX announcements.
- Assessing the carrying value of these assets for impairment including the appropriateness of the \$7 million impairment recognised during the year ended 30 June 2025 following an impairment review performed by management.
- We also assessed the reasonableness and appropriateness of the disclosures contained in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and
- c) for such internal control as the directors determine is necessary to enable the preparation of:
 - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Fortuna Metals Ltd, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



SUAN LEE TAN
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)
Perth
18 September 2025



Moore Australia Audit (WA)
Chartered Accountants

ADDITIONAL INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES

The Company has the following quoted securities on issue:

- a) Fully Paid Ordinary Shares: Distribution of Shareholders as at 26 August 2025.

Holding Ranges	No of Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	707	387,225	0.21%
above 1,000 up to and including 5,000	1,124	2,940,730	1.57%
above 5,000 up to and including 10,000	504	3,679,692	1.96%
above 10,000 up to and including 100,000	797	25,496,747	13.61%
above 100,000	188	154,839,693	82.65%
Totals	3,320	187,344,087	100.00%

- b) Based on the price per security of \$0.056 as at 26 August 2025, there were 2,307 holders with an unmarketable holding amounting to 3.36% of Issued Capital.
- c) The Company has the following unquoted securities on issue at 26 August 2025.

Number	Class
3,333,331	UNL OPTS EXP 01/3/2027 @ \$0.18
1,333,333	UNL OPTS EXP 31/12/2025 @ \$0.60
1,333,333	UNL OPTS EXP 31/12/2025 @ \$0.90
2,439,996	UNL OPTS EXP 21/8/2027 @ \$0.204
39,500,000	UNL OPTS EXP 15/8/2029 @ \$0.0338

d) Distribution of Unquoted Equities

Holding Ranges	UNL OPTS EXP 01/3/2027 @ \$0.018		UNL OPTS EXP 31/12/2025 @ \$0.60 and @\$0.90	
	No of Holders	% Issued Capital	No of Holders	% Issued Capital
above 0 up to and including 1,000	-	-	-	-
above 1,000 up to and including 5,000	-	-	-	-
above 5,000 up to and including 10,000	-	-	-	-
above 10,000 up to and including 100,000	-	-	-	-
above 100,000	6	100.00%	3	100.00%
Totals	6	100.00%	3	100.00%

Holding Ranges	UNL OPTS EXP 21/8/2027 @ \$0.204		UNL OPTS EXP 15/8/2029 @ \$0.0338	
	No of Holders	% Issued Capital	No of Holders	% Issued Capital
above 0 up to and including 1,000	-	-	-	-
above 1,000 up to and including 5,000	-	-	-	-
above 5,000 up to and including 10,000	-	-	-	-
above 10,000 up to and including 100,000	-	-	-	-
above 100,000	7	100.00%	22	100.00%
Totals	7	100.00%	22	100.00%

e) Twenty largest shareholders as at 26 August 2025.

Position	Holder Name	Holding	% IC
1	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C>	12,000,000	6.41%
2	PHEAKES PTY LTD <SENATE A/C>	7,576,916	4.04%
3	BROWN BRICKS PTY LTD <HM A/C>	6,859,432	3.66%
4	MR JULIAN RODNEY STEPHENS <ONE WAY A/C>	6,603,627	3.52%
5	VAULT (WA) PTY LTD <VAULT A/C>	6,459,432	3.45%
6	OXLEY PROPERTY NOMINEES PTY LTD <OXLEY FAMILY A/C>	4,782,222	2.55%
7	SIMPLE EQUITIES PTY LTD	4,743,877	2.53%
8	SYNDICATE MINERALS PTY LTD	3,688,888	1.97%
9	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	3,599,270	1.92%
10	GOLDFIRE ENTERPRISES PTY LTD	3,456,882	1.85%
11	MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	3,271,610	1.75%
11	TEN BRICKS PTY LTD	3,271,610	1.75%
12	BLUE COASTERS PTY LTD	2,903,877	1.55%
13	PARLIN INVESTMENTS PTY LTD <PARLIN DISCRETIONARY A/C>	2,604,943	1.39%
13	CYM HOLDINGS PTY LTD	2,604,943	1.39%

13	MR THOMAS EDWARD LANGLEY <LANGLEY MINERAL HOLDINGS A/C>	2,604,943	1.39%
14	CAPRODITE TRANSACTION EXECUTION PTY LTD	2,562,800	1.37%
15	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	2,288,888	1.22%
16	MR ZHIFENG ZHANG	2,133,333	1.14%
17	TOMELA PTY LTD <THE COTTEE FAMILY A/C>	2,115,555	1.13%
18	ORC PTY LTD	1,966,666	1.05%
19	MRS LYDIA PARKER	1,777,777	0.95%
20	BEACH 302 PTY LIMITED	1,733,333	0.93%
	Total	91,610,824	48.90%
	Balance of Register	95,733,263	51.10%
	Total issued capital - Fully Paid Ordinary Shares	187,344,087	100.00%

f) Substantial Shareholders

As at 28 August 2025, the following shareholders held 5% or more of the issued capital of the Company:

% held	Shareholder
6.41%	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C> ⁴

g) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative or, if a determination has been made by the Board in accordance with clause 13.35, by Direct Vote);
- ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote (even though he or she may represent more than one Shareholder); and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder (or where a Direct Vote has been lodged) shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

h) There are currently no on-market buybacks in process.

i) There are nil securities currently subject to escrow.

j) As at 26 August 2025 the following classes of unquoted securities that were not issued under an employee incentive scheme, had a holder with greater than 20% of the class:

Class/Name	Number of Securities Held	% Held
<i>Unquoted options exercisable at \$0.18 and expiring 1 March 2027</i>		
INYATI FUND PTY LTD	1,666,666	50.00%
MR DAVID JAMES WALL	833,333	25.00%
Class/Name	Number of Securities Held	% Held

⁴ The last notice of change of interest of substantial holder was provided to the ASX on 28 August 2025. The next notice of change of interest of substantial holder is only required where there is a change in holding greater than 1% from the previous notice.

<i>Unquoted options exercisable at \$0.204 and expiring 21 August 2027</i>		
INYATI FUND PTY LTD	1,137,777	46.63%
MR DAVID JAMES WALL	568,888	23.32%
Class/Name	Number of Securities Held	% Held
<i>Unquoted options exercisable at \$0.0338 and expiring 15 August 2029</i>		
INYATI FUND PTY LTD <INYATI FUND NO 2 UNIT A/C>	9,036,669	22.89%

k) Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: <https://fortunametals.limited/corporate-governance/>

l) Domicile - Fortuna Metals Ltd, incorporated and domiciled in Australia, is a public listed Company limited by Shares.