



ABN 96 095 684 389

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026

FORTUNA METALS LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

Non-Executive Chairman Peter Pawlowitsch	Registered Office Ground Floor 8 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 2026, 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)

David Frances (Non-Executive Director)

Brian Thomas (Non-Executive Director)

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax amounted to \$3,985,259 (2025: \$7,147,536 loss). There were no dividends paid or recommended during the financial year ended 30 June 2026.

REVIEW OF OPERATIONS

During the year the Company progressed exploration and development of the Mkanda and Kampini Rutile Projects in Malawi, Africa.

Mkanda & Kampini Rutile Project, Malawi

During the period, Fortuna entered into a binding agreement to acquire 100% of the issued capital of a holding company which holds a 100% interest in two granted exploration licences forming the Mkanda and Kampini Projects (**Projects**) highly prospective for rutile and graphite.

The Mkanda and Kampini Projects extend over an area of 658km² and are located in Malawi, immediately to the south of Sovereign Metals Limited's (ASX: SVM) world class Kasiya rutile project. Kasiya is the largest rutile and the second largest flake graphite deposit in the world.

The projects cover the majority of the 70km strike extent of the same Lilongwe Plain weathered gneiss that hosts the rutile and graphite at Kasiya. The high-grade rutile deposit at Kasiya is best described as a residual placer or eluvial heavy mineral deposit. The enrichment of rutile into economic mineralisation is a result of weathering of the primary host rock and concentration, in-place of heavy minerals, as opposed to the high energy transport and concentration of heavy minerals in a traditional placer. The enrichment stage came as tropical weathering during the Tertiary depleted the top ~5 to 10m of physically and chemically mobile minerals. This caused significant volume loss and concurrent concentration of heavy minerals including rutile.

The projects have excellent infrastructure availability, with the central region being approximately 20km from the capital city of Lilongwe, 25km from rail access (11km at the most northern boundary), 15km from high-capacity power lines and with plentiful fresh water (**Figure 1**).

Rutile is the purest high grade natural mineral of titanium which is considered critical for future-facing sectors, with demand expected to grow driven by applications in robotics, humanoids, aerospace, defence applications and advanced manufacturing.

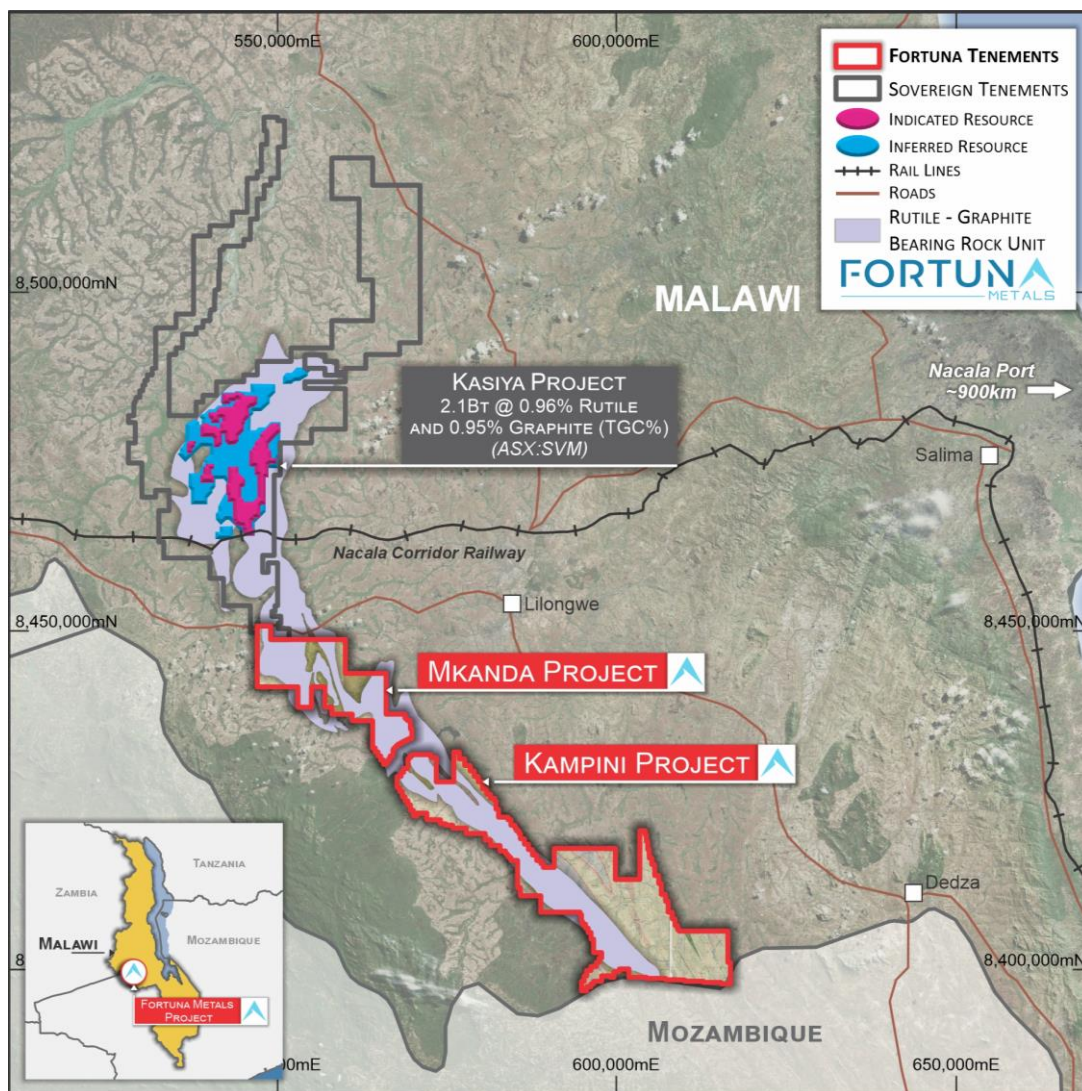


Figure 1: Locations of the Projects in Malawi, Africa.

Soon after completion of the acquisition of the Projects, the Company announced the results from first 10 hand auger drill holes confirming insitu rutile grades of up to 2.21% rutile and continuous drill intervals of 1.66% rutile over 10m and 1.32% rutile over 10m at the Mkanda rutile and graphite project.

The drilling results demonstrated that high grade rutile continues from surface to end of hole, with 4 drill holes ending in mineralisation above 1.0% rutile, and 9 of the 10 drill holes ending in mineralisation above 0.5% rutile. These 10 drill holes were selected for priority assay as a first pass to highlight the wide spread nature of the rutile mineralisation at Mkanda.

During the quarter ending 31 December 2025 Fortuna completed 675 drill holes on a notional 800 and 400m spacing across 180km² of the Mkanda project and 28 drill holes at the Kampini project. The purpose of the drill spacing is to define the highest grade rutile mineralisation ahead of further infill and step out drilling in 2026 (**Figure 2**).

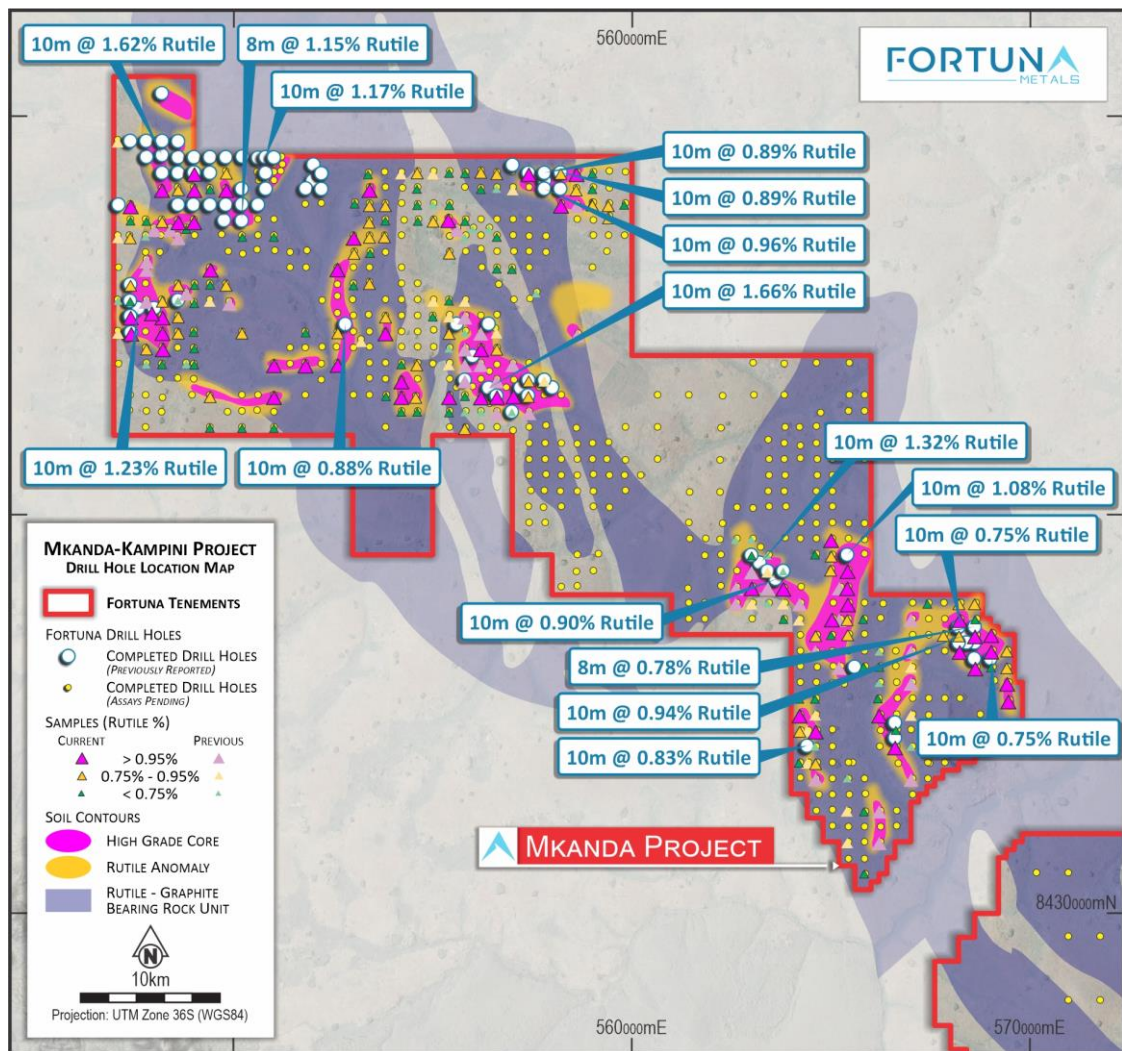


Figure 2: Rutile results across Mkanda project showing high grade over wide areas (10/3/26).

During the period Fortuna confirmed that the receipt of a letter from the Malawi Department of Mining within the Ministry of Energy and Mining, containing official notification that the Executive Order No. 2 of 2025 regarding the restriction of raw mineral exports, issued on 23 October 2025 does not apply to the Company where it undertakes in Malawi beneficiation and upgrading of rutile and graphite mined and exports premium grade rutile and high quality graphite products.

Globally Significant Rutile – Graphite Resource at Mkanda

Subsequent to the Period on 15 July 2026 the Company announced a maiden Mineral Resource Estimate (**MRE**) at the Mkanda rutile and graphite Project (**Project**) in Malawi, Africa. The MRE has confirmed Mkanda as a globally significant rutile-graphite resource Table 1. Co-products of zircon and monazite are being investigated with process and recovery test work confirmation currently underway.

Malawi has emerged as one of the world's most important jurisdictions for natural rutile and coarse flake graphite discoveries, demonstrating the potential for very large-scale, near-surface rutile-graphite systems hosted in weathered basement-derived material.

With only 228 drillholes with assays to end of hole, there remains significant potential for resource expansion and additional discovery. Drilling programs in 2026 are focused on discovery and resource conversion to support feasibility studies in H2 2026 and 2027. The Company continues to advance multiple work streams including conceptual studies, pilot plant studies, graphite flotation test work, rare earth analysis and marketing/offtake discussions with downstream buyers and trading houses.

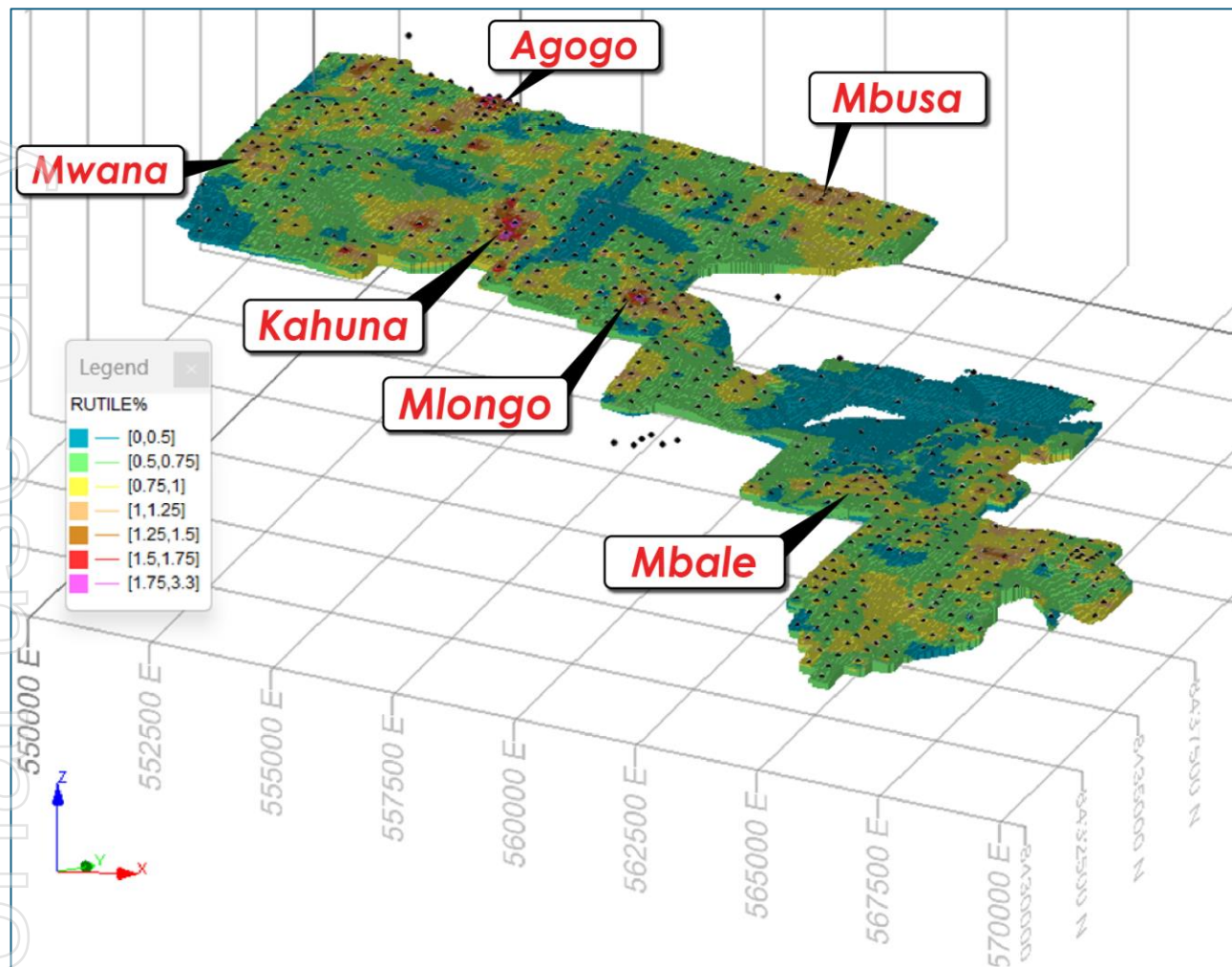


Figure 3: Modelled rutile grade oblique with NW view at the Mkanda Project in Malawi, Africa.

The maiden MRE represents a significant technical milestone for the Company and confirms the presence of a large, shallow, laterally extensive rutile-graphite mineralised system at Mkanda.

The MRE is based on first-pass hand auger drilling completed on a broad nominal 400m by 400m drill spacing, with holes drilled to an average depth of 8.4m. The hand auger program was designed to test the near-surface weathered profile and provide sufficient geological and assay data to support a maiden Inferred Mineral Resource classification. A total of 228 drillhole were sent for full hole analysis, with the remainder of the assays relating to the shallow 0-2m samples. Further assays are pending for the remainder of the drillholes where only the 0-2m sample has been assayed.

Importantly, the maiden MRE has been defined from shallow drilling only. Mineralisation remains open laterally and at depth in a number of areas, with the current resource limited by the depth capacity of hand auger drilling rather than by a demonstrated geological limit of mineralisation.

The Company considers the maiden MRE to be an important first step in defining the scale potential of the Mkanda Project, with further resource growth targeted through deeper drilling, infill drilling and extension drilling.

The 648 hand auger holes completed in 2026 on a 200m by 200m grid and the aircore drilling currently underway on a 200m by 200m grid in the high grade areas, has the potential to substantially add to the overall resource base and increase resource confidence for JORC estimation to Indicated category.

DIRECTORS' REPORT

Environmental and Social Considerations

The Mkanda Project is at an early stage of technical evaluation. Future work programs will include baseline environmental and social impact assessment studies (ESIA), community engagement, land access planning, farm studies and rehabilitation assessment.

The near-surface nature of mineralisation, the soft weathered host material and the potential for physical mineral separation may provide environmental advantages relative to hard-rock mining and chemically intensive processing routes, subject to future study.

Next Technical Work Programs

Following completion of the maiden MRE, Fortuna plans to advance Mkanda through a staged technical work program.

Planned work includes:

1. **Infill drilling** to reduce drill spacing and improve geological confidence (in progress);
2. **Deeper drilling** to test the full depth extent of the weathered mineralised profile below the current average hand auger depth of 8.4m (in progress);
3. **Extension drilling** to test lateral continuity and expand the resource footprint (in progress);
4. **Metallurgical test work** to optimise rutile recovery, graphite recovery, rare earths recovery, zircon recovery and product quality (H2 2026);
5. **Mineralogy** to better define rutile liberation, graphite characteristics, zircon and monazite potential and quality and other heavy mineral components (H2 2026);
6. **Bulk density test work** to improve tonnage confidence and quantify mining bench variability (H2 2026);
7. **Environmental and social baseline work** to support future permitting and development studies (H2 2026);
8. **Scoping-level mining and processing studies** to assess project scale, operating assumptions and preliminary economics (H2 2026); and
9. **Customer and strategic partner engagement** focused on natural rutile, graphite and potential by-products (H2 2026).

The Company considers these work programs to be important steps toward expanding the resource base, improving resource confidence and assessing the development potential of Mkanda.

Maiden Inferred Mineral Resource Estimate

The Mkanda MRE has been prepared by independent consultant, Placer Consulting Pty Ltd (**Placer**). Variography analysis and peer review were conducted by Datamine Australia, resource geologists. The following information is provided in accordance with ASX Listing Rule 5.8 and the JORC Code 2012.

The Mkanda maiden MRE meets an Inferred classification with some areas remaining unclassified and un-reported due to the paucity of informing drill data. Confidence in the MRE reflects the broad-spaced drilling, the early-stage status of the geological and topographic dataset and the requirement for further drilling to increase confidence in geological and grade continuity.

The MRE has been reported using various rutile % cut-off grades stated in the Table 1 below.

Table 1. Mkanda Maiden MRE. All mineralisation is classified as Inferred.

Cut-off Rutile %	Resource (Mt)	Rutile %	Contained Rutile (Mt)	Total Graphitic Content (TGC) %	Contained TGC (Mt)
0.4	697	0.70	4.85	1.04	7.27
0.5	602	0.73	4.43	1.09	6.59
0.6	457	0.79	3.62	1.15	5.27

DIRECTORS' REPORT

Cut-off Rutile %	Resource (Mt)	Rutile %	Contained Rutile (Mt)	Total Graphitic Content (TGC) %	Contained TGC (Mt)
0.7	298	0.87	2.59	1.19	3.55
0.8	159	0.98	1.56	1.11	1.78
0.9	87	1.09	0.94	1.04	0.91
1	51	1.19	0.60	1.04	0.52

Notes:

1. Tonnages and grades are rounded to reflect the appropriate level of confidence. Rounding may result in minor apparent discrepancies.
2. The estimate is based on hand auger drilling to an average depth of 8.4m on a nominal 400m by 400m drill spacing.
3. No Ore Reserves have been estimated.
4. Inferred Mineral Resources have a lower level of geological confidence than Indicated or Measured Mineral Resources and there is no certainty that further exploration will result in conversion to a higher confidence category.

Metallurgical Testwork Confirms High Quality +96% Titanium Rutile Product

On 10 June 2026 Fortuna advised that 66kg of rutile had been produced in a non-magnetic Heavy Mineral Concentrate (**HMC**) from the bulk sample test work completed by Mineral Technologies in Johannesburg for the Mkanda rutile and graphite Project in Malawi, Africa.

A 5.4 tonne bulk sample went through feed processing and concentration, sample characterisation, magnetic separation and is currently in the final stages of electrostatic separation prior to XRF, XRD and QEMSCAN analysis. Separated fractions are then processed into clean samples of rutile, monazite, zircon and ilmenite for further characterisation and to be made up into product samples for potential customers.

The final results of the test work were completed in late June. Subsequent to the Period end on 3 July 2026, the Company announced the successful production of a high quality Rutile product +96% TiO_2 from the bulk sample metallurgical test work completed by Mineral Technologies for the Project in Malawi, Africa.



Figure 4: Mkanda rutile product +96% TiO_2

Graphite flotation testwork will be completed in Q3 2026 ahead of additional metallurgical testwork as part of initial feasibility studies.

DIRECTORS' REPORT

Table 2: Mkanda Rutile Specifications

Constituent		Mkanda (Fortuna Metals)	Kasiya (Sovereign Metals)	Sierra Rutile (Leonoil)	Kwale (Base Resources)
TiO ₂	%	96.66	95.7	96.3	96.2
ZrO ₂ +HfO ₂	%	0.18	0.18	0.78	0.72
SiO ₂	%	0.37	0.7	0.62	0.94
Fe ₂ O ₃	%	0.94	0.98	0.38	1.25
Al ₂ O ₃	%	0.5	0.44	0.31	0.23
Cr ₂ O ₃	%	0.16	0.1	0.19	0.17
V ₂ O ₅	%	0.61	0.58	0.58	0.52
Nb ₂ O ₅	%	0.39	0.37	0.15	-
P ₂ O ₅	%	<0.025	0.018	0.01	0
MnO	%	<0.025	0.007	0.01	0.03
MgO	%	<0.025	0.001	0.01	0.1
CaO	%	<0.025	0.011	0.01	0.04
S	%	results pending	0.005	<0.01	-
U + Th	ppm	results pending	30	26	53

Sovereign Metals selected rutile product specification derived from bulk testwork on samples representing the first three years of mining, which is broadly representative of the overall Kasiya Ore Reserve. Energy Fuels Inc. acquired all the shares of Base Resources in October 2024. Sources: Sovereign Metals DFS published 16 April 2026, Sierra Rutile and Kwale data from the 2010 BGR Assessment Manual titled "Heavy Minerals of Economic Importance."

Rutile Mineralisation Footprint Expanded

On 27 April 2026 the Company announced assay results from 28 drill holes at the Mkanda rutile and graphite Project.

A total of 28 drill holes and a further 306 drillholes 0-2m samples have been received. Results confirm rutile mineralisation is present over large areas at Mkanda with best results of 10m @ 1.43%, 4m @ 1.22%, 5m @ 1.04%, 9m @ 0.88% and 10m @ 0.74%. Peak results from the 0-2m samples include 2.52%, 2.5%, 2.05%, 1.89%, 1.74% rutile with 73% of results above 0.5% cut-off grade and an average grade of 0.9% rutile.

A new central prospect outlined with high grade rutile of 2.5%, 2.05%, 1.89%, 1.74% within an area that now extends ~5km north-south and ~1km east-west is a very encouraging result.

The Mbale prospect has been extended >1.6km to the north, to include results of 1.5%, 1.07%, 1.01% and 0.94% rutile in the shallow 0-2m samples. Higher grade results within Mbale of 1.32% and 1.23% validates the prospective areas already identified to date.

Overall the surface area of coherent rutile anomalies now covers a total of approximately 53km² with a higher grade 'core' covering approximately 28km².

DIRECTORS' REPORT

The 2026 drilling programs are designed to delineate large areas of rutile, graphite and rare earth mineralisation across the Mkanda project. The first major hand auger infill drill program of 2026 has been completed for a total of 648 drill holes to an average depth of 8.4m for a total of 5,313m. A total of 1,323 hand auger drillholes have now been completed for a total of 10,713m across the Mkanda project to an average depth of 8m.

The drilling in 2025 was designed as first-pass reconnaissance to investigate large areas of high-grade rutile and graphite mineralisation on a 400m by 400m spacing and to inform our maiden inferred Mineral Resource Estimate (MRE) in July 2026.

The drilling programs in 2026 are focused on building the resource and increasing resource confidence by drilling on a 200m by 200m spacing. A 5,000m aircore drill program will continue through July, August and September to deliver expanded, high-confidence resource estimates.

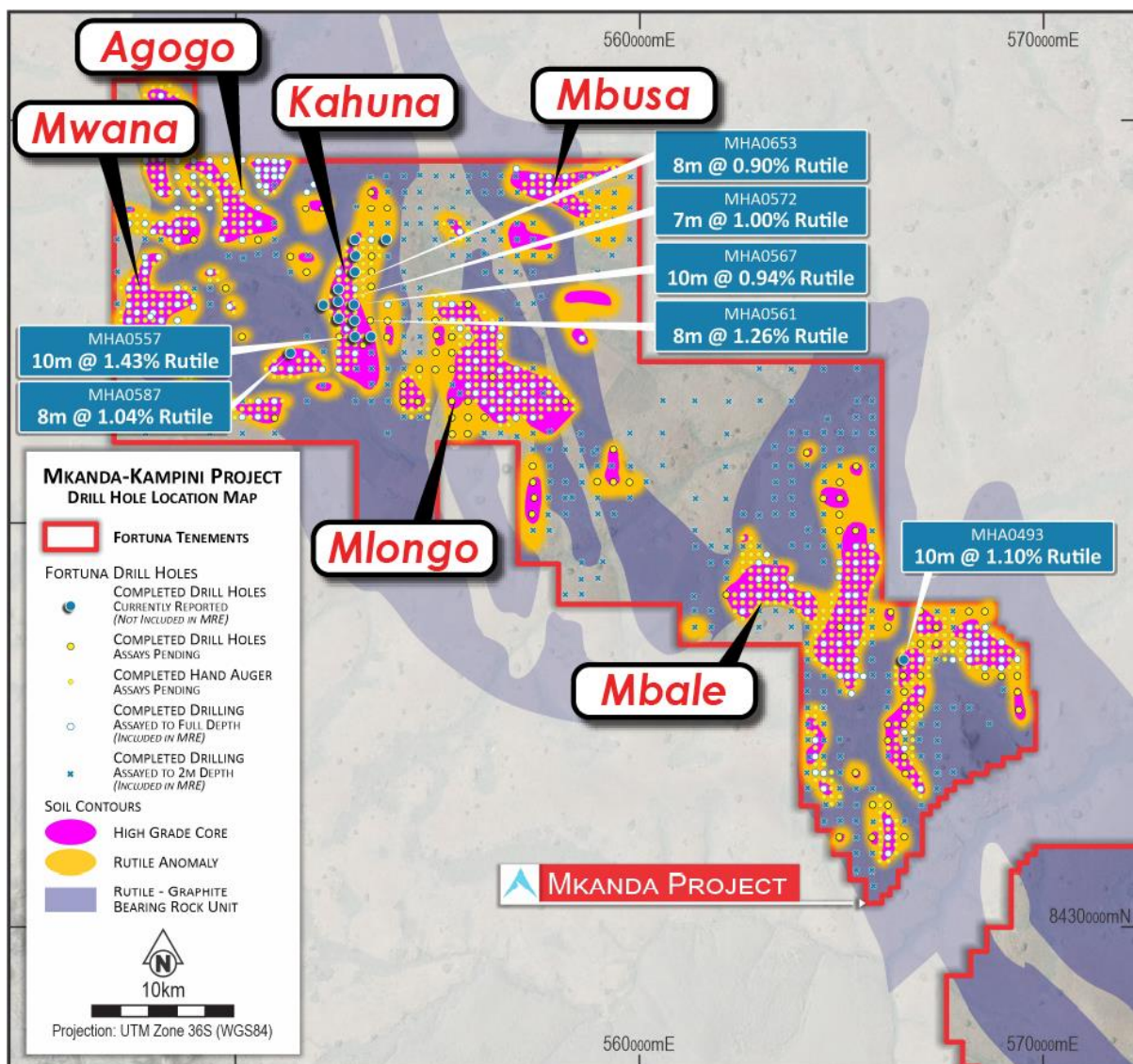


Figure 5: Drill hole collar locations at the Mkanda Project in Malawi, Africa. Showing the 228 full depth hand auger holes for a total of 1,929m used in the MRE and additional drilling awaiting assays.

Laboratory Commissioned

On 18 June 2026 the Company advised the successful commissioning of the Fortuna Metals laboratory in Lilongwe for the Mkanda rutile and graphite Project in Malawi, Africa.

DIRECTORS' REPORT

Commissioning of the laboratory involved training up to 15 technicians to perform the tasks to the Company's Standards of Operating Procedure (SOP). Duplicate samples were analysed to external laboratory results as further quality assurance and quality control. Competent person audit has been completed on the laboratory facility and no outstanding advisory items remain at the time of reporting.



Figure 6: Fortuna Metals Laboratory Geologists and Technicians, Fortuna CEO Tom Langley and Fortuna Resource CP Consultant Richard Stockwell (left to right)



Figure 7: Akatswiri Geologists and Technicians (navy) and Drilling team (green).

MATERIAL BUSINESS RISK

The Group makes every effort to identify material 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.

DIRECTORS' REPORT

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.

Future capital requirements

The ongoing development of the Company's mineral properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further development of the Company's mineral properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Sovereign Risk

The Company's operations in the Republic of Malawi are exposed to various levels of political, economic and other risks and uncertainties. The Republic of Malawi is a developing country and economy which does not have an established mining industry. There can be no assurances that the future political developments in Malawi will not directly impact the Company's operations

Commodity Price and Foreign Exchange Risks

The price of rutile, graphite and other commodities fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties will be dependent upon the price of rutile and graphite and other commodities being adequate to make these properties economic.

Current and planned development activities are predominantly denominated in US dollars and the Company's ability to fund these activities may be adversely affected if the Australian dollar continues to fall against the US Dollar. The Company currently does not engage in any hedging or derivative transactions to manage commodity price or foreign exchange risk. As the Company's operations change, this policy will be reviewed periodically.

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.

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. At our Malawian projects we have commenced an Environmental Social Impact Assessment (ESIA) which will assist in identifying and minimising impacts of potential future development. The ESIA will be completed to Malawian and World Bank IFC standards allowing for a mining permit to be applied for in 2027.

Social

Fortuna is engaging with farmers within the Mkanda project area and the local Agricultural Extension Working Group to provide agronomic support and run some demonstrations. Further to this Fortuna is investing in a local school based education programs providing school supplies and assistance to teachers.

At our Australian projects, Fortuna continue to engage with Native Title groups to ensure 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 2026. These policies are available on the Company's website and 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

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'.

Change of Address

During the quarter the Company advised that its registered office and principal place of business will change to:

C/- Minerva Corporate Pty Ltd
Ground Floor, 8 St Georges Terrace
Perth WA 6000

The Company's office number remains +61 8 9486 4036

Management & Technical Consultant Updates

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 which were issued subject to shareholder approval at the Annual General Meeting.

During the period Fortuna appointed key technical consultants, Mr Richard Stockwell and Mr Dave Bougourd, to provide significant oversight for resource and project development at the Mkanda rutile and graphite Project.

DIRECTORS' REPORT

Richard Stockwell

Richard is a leading mineral sands geologist with 26 years dedicated to mineral sands with demonstrated success in exploration, resource estimation, project development, PFS, DFS, mining, and senior management roles in a number of the world's leading mineral sands companies. Mr Stockwell has played an instrumental role in mineral sands discoveries and developments throughout Africa and Australasia, with considerable understanding and knowledge of eluvial mineral deposits as Competent Person for the Sovereign Metals Kasiya project in Malawi and the Lion Rock Minerals Minta Rutile project in Cameroon. Mr Stockwell has been instrumental in exploration targeting, discovery and mineral resource development in Australia, Fiji, Kenya, Malawi, Malaysia, Tanzania, Sri Lanka, and Cameroon.

Dave Bougourd

Dave Bougourd, Principal of Midwest Metallurgy, is an experienced Mining Professional with over 30 years experience in the industry in a variety of roles of processing, mining, operations and maintenance including GM Iluka Eneabba Mining Operations, Operations Manager Geraldton Port, and Mine Manager at Hastings and Atlantic Vanadium. Mr Bougourd's Mineral Sand plant experience covers process engineering and design review, having set up efficient and low cost operations for greenfield sites and troubleshooting existing mining operations which range from 250 – 3,000 tph ore feed Heavy Mineral Separation (HMS) Concentrator plants and HMC processing plants to produce upgraded products, ranging from 20 – 120 tph feed rate. Mr Bougourd's focus is to improve costs, recoveries and efficiency of new and existing operations by establishing metallurgical test work programs and optimum process flow and equipment selection, combined with his experience with material movements including shipping and road transport he can provide significant oversight to the Company during pre-development phase at Mkanda.

Ian Hind

During the period Fortuna appointed Mr. Ian Hind to lead the marketing strategy at the Mkanda and Kampini rutile and graphite Projects in Malawi, Africa. Ian will greatly assist with developing Fortuna's global market strategy for titanium mineral sales as the Company progresses the Mkanda project through resource and feasibility studies this year.

Notification of Milestones Vesting

On 1 June 2026 the Company announced that 30,000,000 Class A Performance Shares had vested and were converted into shares as per the terms approved by shareholders at the Annual General Meeting on 30 October 2025.

Subsequent to the Period on 28 July 2026, the Company advised that following the successful delineation a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code) (see ASX Announcements dated 20 July 2026), 30,000,000 Class B Performance Shares had vested and were converted into shares as per the terms approved by shareholders at the Annual General Meeting on 30 October 2025.

Equity Raisings

On 25 July 2025 the Company 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.

In November 2025 the Company advised that it had secured firm commitments to raise a total of \$3.5 million (before costs) through a placement of approximately 31.8 million shares to professional and sophisticated investors at an issue price of \$0.11 per share (**Placement**).

DIRECTORS' REPORT

The Placement was strongly supported by new and existing investors and ensures the Company is well funded with an estimated pro-forma cash position of approximately A\$7.4 million which were used to advance planned exploration programs at the Company's 100% owned Mkanda and Kampini rutile and graphite Projects in Malawi, Africa. The Board and management of Fortuna participated in the Placement with CEO Tom Langley subscribing for \$50,000 and Chairman Peter Pawlowitsch \$50,000 following shareholder approval. The Placement was completed and the shares issued on 21 November 2025.

Strategic US Cornerstone Investment

On 3 June 2026, Fortuna advised that the Company had entered into an agreement with WNDRCO Holdings III LP (**WNDR**) providing for a minimum \$8.6 million cash investment in the Company and establishing a long-term partnership to foster new strategic relationships for Fortuna within the United States.

WNDR is a Silicon Valley-based, technology-focused investment firm with over US\$3 billion in assets under management. Often described as "the founders behind the founders," WNDR provides strategic capital and operational expertise to companies across AI, cybersecurity, consumer technology and future of work. The firm has a growing interest in the critical minerals – including titanium – that underpin the next generation of AI, robotics, defence, and advanced technology applications.

The investment comprised the issue of 78,300,000 Shares at an issue price of \$0.11 and 39,150,000 Options, each with an exercise price of \$0.11 and expiring 30 June 2031 subject to vesting linked to the objectives of the long term partnership and to be achieved by 30 June 2029. The issue of these securities was approved at a shareholders meeting held in July 2026.

Share sale Agreement

On 11 September 2025 the Company advised it had entered into a binding share sale agreement to acquire 100% of the Mkanda and Kampini Rutile Project in Malawi.

The material terms of the Acquisition included the issue of 55 million ordinary shares and 55 million performance shares subject to shareholder approval at the Company's annual general meeting (**Consideration Securities**), together with a cash payment of \$100,000, as reimbursement of costs incurred on the Projects to date. At Completion the Company assumed the existing 1.5% gross revenue royalty in place on the Projects.

The Consideration Securities are subject to voluntary escrow on the basis that one third is subject to escrow for 6 months and one third is subject to escrow for 12 months.

The milestones for the conversion of the Performance Shares are as follows:

- 27,500,000 Class A Performance Shares which will convert into Shares upon the Company announcing a minimum of five drilling intersections each with an average grade equal to or greater than 1.25% RutEq over a minimum of 8 metres on the Projects (as reported by the Company to the ASX in accordance with the JORC code), within 4 years of the date of issue of the Class A Performance Shares; and
- 27,500,000 Class B Performance Shares which will convert into Shares upon the Company delineating a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq on the Projects (as reported by the Company to the ASX in accordance with the JORC code), within 4 years of the date of issue of the Class B Performance Shares.

On 31 October 2025 the Company announced that the acquisition of the Mkanda and Kampini Rutile Projects in Malawi had been completed.

DIRECTORS' REPORT

Shareholder Meetings

During the period the Company held the following shareholder meetings where all resolutions put to shareholders were passed on a poll:

- General Meeting – 1 August 2025
- Annual General Meeting - 30 October 2025
- General Meeting – 22 December 2025

Schedule 1 – Fortuna Metals Limited Tenement Information as at 30 June 2026

Tenement Number and Name	Ownership	Sub-blocks	Area (sq.km)	Application /Grant Date	Expiry Date
E 09/2515 - Gascoyne (WA)	100% FUN via Dalkeith Capital Pty Ltd	47	147.02	17-Dec-21	16-Dec-26
E 09/2516 - Gascoyne (WA)	100% FUN via Dalkeith Capital Pty Ltd	25	78.35	17-Dec-21	16-Dec-26
EL6717 - Murraydium (SA)	100% FUN via Southern Rare Earths Pty Ltd	-	621km ²	06-Apr-22	05-Apr-28
EL6969 – Murraydium (SA)	100% FUN via Southern Rare Earths Pty Ltd	-	671km ²	17 Jan 24	16 Jan 30
EL0839-25 – Mkanda (Malawi)	100% FUN via Ice Shelf Resources Pty Ltd	-	181.6km ²	15 Aug 25	15 Aug 28*
EL0840-25 – Kampini (Malawi)	100% FUN via Ice Shelf Resources Pty Ltd	-	471.1km ²	15 Aug 25	15 Aug 28*

**The Malawi mining laws state an exploration licence is valid for three years and may be renewed for up to two further terms of two years each.*

FORTUNA METALS LTD

The information in this announcement that relates to the Mineral Resource Estimate is based on, and fairly represents, information compiled by Mr Richard Stockwell, a Competent Person who is a Fellow of the Australian Institute of Geoscientists. Mr Stockwell is a principal of Placer Consulting Pty Ltd, an independent consulting company, and a shareholder, however Mr Stockwell believes this shareholding does not create a conflict of interest. Mr Stockwell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stockwell consents to the inclusion in this announcement 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 Mineral Resource Estimate, the results 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 released on ASX on 15 July 2026.

The information in this document that relates to Exploration Results and Exploration Targets are based on information compiled by Mr Thomas Langley who is a member of the Australian Institute of Geoscientists (MAIG) and a member of the Australasian Institute of Mining and Metallurgy (MAusIMM). The Exploration Target was first published on ASX on 15 July 2026. Mr Thomas Langley is a full-time employee of Fortuna Metals Limited, and is a shareholder, however Mr Thomas Langley believes this shareholding does not create a conflict of interest, and Mr Langley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Langley consents to the inclusion in this presentation 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 exploration results 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.

DIRECTORS' REPORT

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 28 July 2026, the Company raised A\$8.6 million by way of issuing 78,300,000 ordinary shares at \$0.11 per Share and 39,150,000 options exercisable at 11¢ expiring 30/6/2031 to WNDR in settlement of the strategic investment and partnership with the USA based technology focused investment firm announced on 3 June 2026.

In addition the Company advised that, following the successful delineation a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code) (refer ASX Announcement dated 20 July 2026), 30,000,000 Class B Performance Shares had vested and were converted into shares as per the terms approved by shareholders at the Annual General Meeting on 30 October 2025.

Other than the above there were no matters or circumstance that have arisen since 30 June 2026 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/>

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 and Malawi. 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.

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 the Interim Chair of VRX Silica Ltd, Deputy Chair and Lead Independent Director of Aura Consolidated Group, INC. Non-Executive Chairman of Novatti Group Ltd. Particulars of Directors Interest in Securities in the Company¹: 16,913,978 Fully paid ordinary shares 6,260,025 Options exercisable at \$0.0338 and expiring 15/08/2029 19,575,000 Performance Options exercisable at \$0.11 and expiring 30/06/2031
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 Black Horse Mining and Non-Executive Director of Southern Hemisphere Mining Ltd. Particulars of Directors Interest in Securities in the Company²: 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 was a Non-Executive Director of Castle Minerals Ltd (resigned 13 October 2025)

Particulars of Directors Interest in Securities in the Company³:

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

CHIEF EXECUTIVE OFFICER

Thomas Langley

Tom's experience ranges from early-stage exploration for rare earths, gold, copper, lithium, nickel and potash, through to near mine resource definition and open pit and underground mining. Tom has focussed on the identification of prospective ground and evaluation of projects that can lead to an economic discovery.

Tom led the identification and discovery of the high-grade rare earth bearing ironstones adjacent to the world class Hastings Technology Metals Yangibana deposit in the Gascoyne Region of Western Australia, resulting in a maiden Mineral Resource Estimate (MRE) for the Lyons REE Project of 0.99 million tonnes at 0.32% TREO (Total Rare Earth Oxides).

Tom has a Masters of Economic Geology from the University of Tasmania and a BSc Geology at University of Western Australia. Tom is a member of the Australian Institute of Geoscientists, AusIMM, and Institute of Company Directors.

COMPANY SECRETARY

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

Mr Matthew Foy is a Chartered Secretary and a Fellow of Governance Institute of Australia. Matthew is a professional Company Secretary and Director with over 18 years' experience facilitating ASX and private companies' regulatory compliance and governance frameworks. He has extensive corporate experience in the international and Australian resources sector with skills developed across a range of engagements.

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	6	6
Brian Thomas	6	5
Peter Pawlowitsch	6	6

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 \$0.055 and \$0.22 during the last twelve months, and at 30 June 2026 the price was \$0.095

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 any 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			
	Cash salary and fees	Consulting fees	Non-Monetary benefits	Super-annuation	Retirement benefits	Performance Rights	Options*	Shares	Total
2026	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>									
David Frances	39,993	-	-	-	-	-	59,989	-	99,982
Brian Thomas	40,000	1,250	-	-	-	-	119,979	-	161,229
Peter Pawlowitsch	86,667	-	-	9,600	-	471,500	119,979	700,000	1,387,746
<i>Chief Executive Officer</i>									
Tom Langley (i)	192,244	-	-	23,069	-	861,204	-	-	1,076,517
Total	358,904	1,250	-	32,669	-	1,332,704	299,947	700,000	2,725,474

(i) Appointed 8 September 2025

	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

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 *	
	2026	2025	2026	2025	2026	2025
David Frances	40%	39%	-	-	60%	61%
Brian Thomas	36%	65%	-	-	74%	35%
Peter Pawlowitsch (i)	7%	100%	-	-	93%	-
Anees Sabet (ii)	-	57%	-	-	-	43%
Tom Langley (iii)	20%	-	-	-	80%	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, re-appointed 8 September 2025

(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 2026, the Non-Executive Chairman's remuneration was revised on 1 December 2025 from \$40,000 per annum to \$120,000 per annum exclusive of statutory superannuation. All other non-executive directors receive an annual director's fee in the range of \$40,000 to \$60,000.

CEO

The Company has entered into an executive services agreement with the CEO commencing 8 September 2025. The service agreement confirms the terms of the CEO's full time employment on a base salary of \$200,000 per annum. On 1 December 2025 the CEO's remuneration was revised to \$250,000 per annum exclusive of statutory superannuation. The CEO has been issued 22,500,000 performance rights for the performance period up to 30 September 2028. Further details of the performance rights granted to the executive are set out in note 20 below. There is a three-month notice period required by both the Company and the executive.

(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 30 October 2025.

In the last three years the Company has issued the following options (on a post-consolidation basis) pursuant to the Plan:

- 1,666,667 options exercisable at \$0.60 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;
- 1,666,667 options exercisable at \$0.90 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;
- 1,500,000 options exercisable at \$0.00338 expiring 15 August 2029

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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.

(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:

2026 Name	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
Directors -						
David Frances	30,000,000	2,000,000	-	(30,000,000)	2,000,000	2,000,000
Brian Thomas	37,500,000	4,000,000	-	(37,500,000)	4,000,000	4,000,000
Peter Pawlowitsch	-	4,000,000	-	2,260,025	6,260,025	6,260,025
Chief Executive Officer -						
Tom Langley (iii)	-	-	-	-	-	-
Total	67,500,000	10,000,000	-	(65,239,975)	12,260,025	12,260,025

(i) Appointed 8 September 2025

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

2025 Name	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
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

(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)

2026	Balance at the start of the year	Received during the year on the exercise of options/rights	Received as compensation during the year	Purchases of Securities	Other changes during the year	Balance at the end of the year
Directors						
David Frances	-	-	-	-	-	-
Brian Thomas	-	-	-	-	-	-
Peter Pawlowitsch	-	2,500,000	5,000,000	194,237,520	(187,323,542)	14,413,978
Chief Executive Officer						
Tom Langley	-	-	-	-	-	-
Total	-	2,500,000	5,000,000	194,237,520	(187,323,542)	14,413,978

(i) Appointed 8 September 2025

2025	Balance at the start of the year	Received during the year on the exercise of options	Received as compensation during the year	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)	-

(ii) Appointed 21 May 2025

(iii) Resigned 21 May 2025

(iv) Resigned 16 August 2024

(iv) Performance rights

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

2026	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	-	-	-	-	-	-
Brian Thomas	-	-	-	-	-	-
Peter Pawlowitsch	-	5,000,000	(2,500,000)	-	2,500,000	2,500,000
Chief Executive Officer -						
Tom Langley (iii)	-	22,500,000	-	-	22,500,000	22,500,000
Total	-	27,500,000	(2,500,000)	-	25,000,000	25,000,000

(ii) Appointed 8 September 2025

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

The number of performance rights over ordinary shares held by each KMP of the Group during the previous 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	-	-	-	-	-	-
Brian Thomas	-	-	-	-	-	-
Peter Pawlowitsch (i)	-	-	-	-	-	-
Anees Sabet (ii)	-	-	-	-	-	-
Tom Langley (iii)	-	-	-	-	-	-
Total	-	-	-	-	-	-

(iv) Appointed 21 May 2025

(v) Resigned 21 May 2025

(vi) Resigned 16 August 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 (2025: Nil).

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

Director, Peter Pawlowitsch, has a controlling interest in Gyoen Pty Ltd. During the year, the Company issued 5,000,000 shares at a value of \$700,000 and performance rights at a value of \$471,500 to Gyoen Pty Ltd for consultancy services. Refer to note 20 for details of the performance rights.

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.

(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:

	2026	2025	2024	2023	2022
Profit/(Loss) for the year	(\$3,985,259)	(\$7,147,536)	\$664,325	(\$769,111)	(\$2,101,860)
Closing Share Price	9.5 cents	0.1 cents	0.4 cents	1.5 cents	1.7 cents
KMP Incentives	\$2,332,651	\$247,741	\$147,905	\$nil	\$447,421
Total KMP Remuneration	\$2,725,474	\$554,529	\$487,614	\$539,996	\$789,200

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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. 2,439,996 options exercisable at \$0.204 expiring 21 August 2027
3. 39,500,000 options exercisable at \$0.038 expiring 15 August 2029
4. 6,363,636 options exercisable at \$0.165 expiring 5 January 2026
5. 58,725,000 performance options exercisable at \$0.11 expiring 30 June 2031
6. 22,500,000 performance rights expiring 30/09/2029
7. 2,727,273 performance rights expiring 30/11/2026

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year ended 30 June 2026, 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.

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:

DIRECTORS' REPORT

NON-AUDIT SERVICES (continued)

- 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 29.

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.

	2026 \$	2025 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	33,416	32,453
Total remuneration for audit and assurance services	33,416	32,453
Taxation and Accounting Services		
Moore Australia (WA)	4,300	5,100
Total remuneration for taxation services	4,300	5,100

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

21 September 2026

Auditor's Independence Declaration
Under Section 307c of the Corporations Act 2001**To the directors of Fortuna Metals Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026, 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
21 September 2026



Moore Australia Audit (WA)
Chartered Accountants

FINANCIAL REPORT – 30 JUNE 2026

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
Ground Floor, 8 St Georges Terrace
Perth WA 6000

Its registered office is:

Fortuna Metals Ltd
Ground Floor, 8 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 21 September 2026. 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@ftcorporate.com.au.

FORTUNA METALS LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 \$	2025 \$
Revenue from Continuing Operations			
Revenue	4	121,981	37,675
Other income	5	-	738,000
		<u>121,981</u>	<u>775,675</u>
Exploration expenditure		(29,069)	-
Administration and insurance expenses		(812,061)	(287,819)
Corporate compliance and shareholder relations		(220,388)	(202,368)
Directors fees		(176,260)	(135,537)
Directors benefits expense		(1,471,446)	(247,742)
CEO remuneration		(1,076,517)	-
Project evaluation		(260,325)	-
Impairment	10	-	(7,001,995)
Depreciation	9	-	(4,201)
Consultancy		(44,992)	(24,000)
Unrealised FX losses		(16,182)	(19,549)
Profit/(Loss) before income tax		(3,985,259)	(7,147,536)
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		<u>(3,985,259)</u>	<u>(7,147,536)</u>
Loss for the year attributable to ordinary equity holders of Fortuna Metals Ltd		(3,985,259)	(7,147,536)
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 loss for the year attributable to ordinary equity holders of Fortuna Metals Ltd		(3,985,259)	(7,147,536)
Loss per share for the year attributable to members of Fortuna Metals Ltd			
Continuing operations		(0.007)	(0.003)
Total basic and diluted loss per share	16	<u>(0.007)</u>	<u>(0.003)</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 2026

	Notes	2026 \$	2025 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,233,682	2,938,891
Trade and other receivables	8	54,168	32,688
Prepayments		261,597	4,664
Total Current Assets		5,549,447	2,976,243
Non-Current Assets			
Plant and equipment	9	37,468	37,468
Exploration and evaluation expenditure	10	24,796,837	6,777,560
Total Non-Current Assets		24,834,305	6,815,028
Total Assets		30,383,753	9,791,271
LIABILITIES			
Current Liabilities			
Trade and other payables	11	1,027,247	158,836
Total Current Liabilities		1,027,247	158,836
Total Liabilities		1,027,247	158,836
Net Assets		29,356,506	9,632,435
EQUITY			
Contributed equity	14	69,497,778	51,968,773
Reserves	15	12,856,516	6,676,191
Accumulated losses	15	(52,997,788)	(49,012,529)
Total Equity		29,356,506	9,632,435

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 2026

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
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
Balance at 1 July 2025	51,968,773	(49,012,529)	4,123,976	2,552,215	-	9,632,435
Loss attributable to ordinary equity holders of Fortuna Metals Ltd	-	(3,985,259)	-	-	-	(3,985,259)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	(3,985,259)	-	-	-	(3,985,259)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	1,162,290	-	1,162,290
Performance rights issued during the year – acquisitions	-	-	7,700,000	-	-	7,700,000
Performance rights issued during the year - other	-	-	1,518,035	-	-	1,518,035
Vesting of performance rights during the year to ordinary shares	4,200,000	-	(4,200,000)	-	-	-
Shares issued during the year, net of costs	13,329,005	-	-	-	-	13,329,005
Balance at 30 June 2026	69,497,778	(52,997,788)	9,142,011	3,714,505	-	29,356,506

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 2026

	Note	2026	2025
		\$	\$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(956,075)	(592,284)
Interest received		121,981	37,119
Payments to exploration expenditure		(287,646)	-
Net cash outflow from operating activities	22	(1,121,740)	(555,165)
Cash Flows From Investing Activities			
Tenement payments		-	(200,000)
Payments for exploration and evaluation		(1,793,888)	(2,191,125)
Proceeds from sale of prospects		-	445,705
Proceeds from sale of investments		-	2,388,000
Net cash inflow/(outflow) from investing activities		(1,793,888)	442,580
Cash Flows From Financing Activities			
Proceeds from the issue of shares and options		5,593,672	274,909
Payments for capital raising costs		(383,253)	(16,907)
Net cash inflow/(outflow) from financing activities		5,210,419	258,002
Net increase/(decrease) in cash and cash equivalents		2,294,791	145,417
Cash at 1 July		2,938,891	2,793,474
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash at 30 June	7	5,233,682	2,938,891

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

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 23.

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 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 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 2026. 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 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).

(s) Equity compensation to non-employees

Equity-settled compensation

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 and performance rights are determined using the Black-Scholes and/or binomial pricing models respectively. The number of performance rights 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.

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 2026**

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:

2026	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	5,233,682	-	5,233,682
Trade and other receivables	-	54,168	54,168
Prepayments	-	261,597	261,597
	<u>5,233,682</u>	<u>315,765</u>	<u>5,549,447</u>
Financial liabilities			
Trade and other payables	-	1,027,247	1,027,247
	<u>-</u>	<u>1,027,247</u>	<u>1,027,247</u>
Net financial assets	<u>5,233,682</u>	<u>(711,482)</u>	<u>4,522,200</u>
2025	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	2,938,891	-	2,938,891
Trade and other receivables	-	32,688	32,688
Prepayments	-	4,664	4,664
	<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>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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.

	2026	2025
	\$	\$
Net financial assets subject to variable interest rates	5,233,682	2,938,891
Increase in profits resulting from a 1% pa increase in variable interest rates	52,337	29,389
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(52,337)	(29,389)

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 2026**

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is as follows:

	2026	2025
	\$	\$
Current Assets:		
Cash and cash equivalents	5,233,682	2,938,891
Trade and other receivables	54,168	32,688
Prepayments	261,597	4,664
Non-Current Assets:		
Trade and other receivables	-	-
	<u>5,549,447</u>	<u>2,976,243</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:

	2026	2025
	\$	\$
Cash and cash equivalents	5,233,682	2,938,891
Trade and other receivables	54,168	32,688
Prepayments	261,597	4,664
Trade and other payables	<u>1,027,247</u>	<u>(158,836)</u>
	<u>4,522,200</u>	<u>2,817,407</u>

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 TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

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.

(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 20.

NOTE 4 REVENUE

From continuing operations

Interest – unrelated parties

Total Revenue

2026
\$

2025
\$

121,981 37,675

121,981 37,675

2026
\$

2025
\$

NOTE 5 OTHER INCOME

Gain on disposal of investments

Total Other Income

- 738,000

- 738,000

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 6: INCOME TAX EXPENSE

	2026 \$	2025 \$
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	(3,985,259)	(7,147,536)
Prima facie tax benefit on loss from continuing operations at 30% (2025: 30%)	(1,195,578)	(2,144,261)
Add / (less) tax effect of:		
- Other non-allowable items	-	74,322
- Revenue losses not recognised	539,050	687,467
- Other deferred tax balances not recognised	(134,863)	1,382,471
- Foreign company expenses	78,098	-
- Share based payments	713,293	-
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% (2025: 30%) (Note 1):		
Deferred tax liabilities:		
Capitalised exploration	(1,479,294)	(637,555)
Property, plant & equipment	4,634	(278,976)
Prepayments	(466)	-
Deferred tax assets:		
Revenue losses	1,475,127	916,731
Net deferred tax	-	-
d. Unrecognized deferred tax assets at 30% (2025: 30%) (Note 1):		
Carry forward revenue losses	7,190,772	6,886,676
Carry forward capital losses	873,508	529,850
Financial assets	-	304,840
Other	115,336	114,587
	8,179,616	7,835,953

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 2026**

NOTE 7 CASH AND CASH EQUIVALENTS

**2026
\$** **2025
\$**

Cash and cash equivalents 5,233,682 2,938,891

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 5,233,682 2,938,891

Bank deposits at call - -

Cash on hand - -

Cash and cash equivalents 5,233,682 2,938,891

Cash at bank earns an interest rate of 2.75% (2025: 2.50%). Refer to note 2 for the Group's exposure to interest rate risk.

NOTE 8 TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (a) 54,168 32,688

54,168 32,688

NON-CURRENT

Deposits – tenements and premises - -

- -

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

No receivables were past due but not impaired.

**2026
\$** **2025
\$**

NOTE 9 PLANT AND EQUIPMENT

Plant and equipment

Plant and equipment at cost 52,015 52,015

Less accumulated depreciation (14,547) (14,547)

Carrying amount at the end of the financial year 37,468 37,468

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 37,468 41,669

Additions - -

Depreciation expense - (4,201)

Carrying amount at the end of the financial year 37,468 37,468

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation assets	24,796,837	6,777,560
Reconciliation:		
Balance at beginning of the year	6,777,560	11,419,642
Issue of ordinary shares – project acquisitions*	7,700,000	-
Issue of performance rights – project acquisitions*	7,700,000	-
Cash payment – project acquisitions	100,000	-
Farm-in extension costs	-	200,000
Exploration expenditure	2,519,277	2,159,879
Impairment	-	(7,001,961)
	<u>24,796,837</u>	<u>6,777,560</u>

*During the year, the Company acquired 100% of the equity interests in Ice Shelf Resources Pty Ltd, the entity which ultimately holds the Mkanda & Kampini Rutile Projects in Malawi. This has been accounted for as an asset acquisition and not a business combination under AASB 3.

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.

2026
\$

2025
\$

NOTE 11 TRADE AND OTHER PAYABLES

CURRENT

Trade and sundry creditors (a)	968,747	31,018
Accrued expenses	58,500	127,818
	<u>1,027,247</u>	<u>158,836</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 12 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	373,386	305,787
Later than 1 year but not later than 5 years	-	-
Any greater than 5 years	-	-
	<u>373,386</u>	<u>305,787</u>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 13 CONTINGENT LIABILITIES

As part of the acquisition of Ice Shelf Resources Pty Ltd that completed on 31 October 2025, the Company assumed an existing 1.5% gross revenue royalty that was in place over the Mkanda and Kampini exploration licences in Malawi. The Group had no other contingent liabilities as at 30 June 2026

NOTE 14	CONTRIBUTED EQUITY	2026 Shares	2025 Shares	2026 \$	2025 \$
(a) Paid Up Capital					
	Ordinary shares – fully paid of no-par value	313,412,271	2,810,181,546	69,497,778	51,968,773

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 2024	Closing Balance	2,443,636,128		51,781,027
12 Jun 2025	Shares issued – placement	366,545,418	0.00075	274,909
	Share capital raising costs			(87,163)
30 Jun 2025	Closing Balance	2,810,181,546		51,968,773
30 Jul 2025	Shares issued – rights issue	923,819,797	0.001	692,865
6 Aug 2025	Shares issued – rights issue shortfall	1,886,362,485	0.001	1,414,772
8 Aug 2025	Share capital consolidation	(5,433,019,741)		-
31 Oct 2025	Shares issued to vendor	55,000,000	0.14	7,700,000
31 Oct 2025	Shares issued to director	5,000,000	0.14	700,000
21 Oct 2025	Shares issued – placement	31,363,638	0.11	3,450,000
21 Oct 2025	Shares issued to suppliers	4,250,000	0.11	467,500
5 Jan 2026	Shares issued – placement (director)	454,546	0.11	50,000
1 Jun 2026	Conversion of tranche A performance rights	30,000,000	0.14	4,200,000
	Share capital raising costs			(1,146,132)
30 June 2026	Closing Balance	313,412,271		69,497,778

(c) Option Issues

Options to purchase ordinary shares	Jun 2026 Options	Jun 2025 Options
Balance at 1 July	253,200,000	496,450,011
Share capital consolidation	(244,760,007)	-
Issue of directors and consultant's options	11,500,000	-
Issue of brokers options	34,363,637	-
Less expired options	(2,666,666)	(243,250,011)
Balance at 30 June	51,636,964	253,200,000

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 14 CONTRIBUTED EQUITY (continued)

(d) Option Exercise

During the financial year nil options were exercised.

(e) Option Expiry

On 2 January 2026 the Company advised that 1,333,333 unlisted options exercisable at \$0.60 and 1,333,333 unlisted options exercisable at \$0.90 had expired on 31 December 2025.

(f) Performance Rights Issues

Options to purchase ordinary shares	Jun 2026 Rights	Jun 2025 Rights
Balance at 1 July	-	32,211,538
Issue of vendor performance rights – Ice Shelf Resources Pty Ltd acquisition	55,000,000	-
Issue of performance rights - CEO	22,500,000	-
Issue of performance rights - Director	5,000,000	-
Issue of performance rights - Consultant	2,727,273	-
Conversion of Class A performance rights	(30,000,000)	-
Lapsing of Class B Performance Rights	-	(13,461,538)
Lapsing of Class D Performance Rights	-	(18,750,000)
Balance at 30 June	55,227,273	-

(g) 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 2026 and 30 June 2025 was as follows:

	2026 \$	2025 \$
Cash and cash equivalents	5,233,682	2,938,891
Trade and other receivables	54,168	32,688
Prepayments	261,597	4,664
Trade and other payables	(1,027,247)	(158,836)
Working capital position	4,522,200	2,817,407

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 2026**

	2026 \$	2025 \$
NOTE 15 RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share based payment reserve	9,142,011	4,123,976
Options premium reserve	3,714,505	2,552,215
Foreign currency translation reserve	-	-
	<u>12,856,516</u>	<u>6,676,191</u>
Movements		
<i>Share based payment reserve</i>		
Balance 1 July	4,123,976	4,123,976
Performance rights expense	9,218,035	-
Vesting of performance rights to ordinary shares	(4,200,000)	-
Balance 30 June	<u>9,142,011</u>	<u>4,123,976</u>
<i>Options premium reserve</i>		
Balance 1 July	2,552,215	2,304,473
Options expense	1,162,290	247,742
Balance 30 June	<u>3,714,505</u>	<u>2,552,215</u>
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(49,012,529)	(41,864,993)
Net profit/(loss) for the year	(3,985,259)	(7,147,536)
Balance 30 June	<u>(52,997,788)</u>	<u>(49,012,529)</u>
(c) Nature and purpose of reserves		
<i>Share based payment reserve</i>		
This reserve is used to recognise the fair value of share-based payments.		
<i>Options premium reserve</i>		
This reserve is used to recognise the fair value of options issued.		
<i>Foreign currency translation reserve</i>		
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(m). The reserve is recognised in profit or loss when the net investment is disposed of.		

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

	2026 \$	2025 \$
NOTE 16 LOSS PER SHARE ("EPS")		
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(3,985,259)	(7,147,536)
Weighted average number of shares used in the calculation of the basic EPS.	564,654,712	2,461,762,000
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	(0.007)	(0.003)

NOTE 17 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2026 (2025: nil).

NOTE 18 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, Dalkeith Capital Pty Ltd, Ice Shelf Resources Pty Ltd and Ice Breaker Limited. Ownership interests in these subsidiaries are set out in Note 23.

Other related parties

No 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 19 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 2026.

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

	2026 \$	2025 \$
Short term employee benefits	360,153	306,787
Post-employment benefits	32,669	-
Share based payments	2,332,651	247,742
	<u>2,725,473</u>	<u>554,529</u>

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 20 SHARE-BASED PAYMENTS

The total expense arising from share-based payment transactions recognised during the period in relation to the director options was \$299,946, options issued to consultants was \$44,992, options issued to brokers was \$817,352 (as capital raising costs), performance shares issued to a director and the CEO was \$1,332,704, and performance shares issued to a consultant was \$185,331. In addition, the Company issued 55 million ordinary shares valued at \$7.7 million (Note 14) and 55 million performance shares valued at \$7.7 million (Note 14 and detailed below) to the vendors of Ice Shelf Pty Ltd.

The Company issued 5 million ordinary shares valued at \$700,000 and 5 million performance shares to Gyoen Pty Ltd, a director related entity, for consultancy services. These equities were issued on 31 October 2025 following shareholder approval. Separately, 4.25 million ordinary shares valued at \$467,500 were issued to two consulting firms for marketing services. Of this amount, \$226,875 was prepaid with the balance of \$240,625 expensed.

For the year ended 30 June 2026, a total of \$1,862,971 in share-based payment expense was recognised in profit and loss including the value of ordinary shares issued for consultancy and marketing expenses.

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

The \$67,485 was initially recognised as an accrued cost in the prior financial year and has now been reclassified to the Share Option Premium reserve during the current half year upon its issue on 1 August 2025 following shareholder approval.

Broker, Director and Consultant Options– 1 August 2025

On 1 August 2025, the Company issued 36,500,000 options to brokers, directors and consultants, each exercisable at \$0.0338 with a 4.04 year expiry period. These options were valued using a Black-Scholes valuation model and the cost recognised in full at their issue date is \$1,094,804. Of this amount, \$749,866 were issued to brokers in the form of capital raising costs. 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
01/08/2025	15/08/29	\$0.00100	\$0.03380	279%	3.85%	0%	36,500,000	\$0.00100	1,094,804	Immediately

Performance Rights – Ice Shelf Resources Pty Ltd acquisition

On 30 October 2025, the Company issued 55,000,000 performance rights to vendors in respect to the acquisition of Ice Shelf Resources Pty Ltd. These performance rights were issued in two tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Fortuna Metals Limited upon achievement of the performance milestone.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 20 SHARE-BASED PAYMENTS (continued)

The company has assessed the probability of achievement of each class being achieved and have recognised an expense accordingly. The details of each class are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	27,500,000	30/10/25	Nil	65%	30/09/29	30/09/26	\$0.140	\$3,850,000
B	27,500,000	30/10/25	Nil	55%	30/09/29	30/09/27	\$0.140	\$3,850,000

These performance rights were valued at their issue dates at \$7,700,000 which has been recognised immediately. This expense has been capitalised as part of the acquisition cost of Ice Shelf Resources Pty Ltd.

Details of performance milestones as follows:

- (i) Tranche A – upon the Company announcing a minimum of five drilling intersections each with an average grade equal to or greater than 1.25% RutEq over a minimum of 8 metres (as reported by the Company to the ASX in accordance with the JORC code); and
- (ii) Tranche B – upon the Company delineating a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code).

Performance Rights – Chief Executive Officer

On 30 October 2025, the Company issued 22,500,000 performance rights to the Chief Executive Officer. These performance rights were issued in six tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Fortuna Metals Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement of each class being achieved and have recognised an expense accordingly. The details of each class are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	2,000,000	30/10/25	Nil	65%	30/09/29	30/09/26	\$0.140	\$280,000
B	4,625,000	30/10/25	Nil	55%	30/09/29	30/09/27	\$0.140	\$647,500
C	4,625,000	30/10/25	Nil	20%	30/09/29	n/a	\$0.140	\$nil
D	2,000,000	30/10/25	Nil	n/a	30/09/29	30/09/26	\$0.140	\$231,400
E	4,625,000	30/10/25	Nil	n/a	30/09/29	30/09/27	\$0.140	\$475,913
F	4,625,000	30/10/25	Nil	n/a	30/09/29	30/09/28	\$0.140	\$439,838

These performance rights were valued at their issue dates at \$861,204 which has been recognised over the expected life of achievement of each milestone. This expense has been recognised in the profit and loss statement.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 20 SHARE-BASED PAYMENTS (continued)

Details of performance milestones as follows:

- (i) Tranche A – upon the Company announcing a minimum of five drilling intersections each with an average grade equal to or greater than 1.25% RutEq over a minimum of 8 metres (as reported by the Company to the ASX in accordance with the JORC code) and remain continuously employed by the Company at 30 September 2026;
- (ii) Tranche B – upon the Company delineating a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code) and remain continuously employed by the Company at 30 September 2027;
- (iii) Tranche C – upon the Company completing a positive feasibility study demonstrating a post-tax Net Present Value (NPV) exceeding A\$500m (as reported by the Company to the ASX in accordance with the JORC code) and remain continuously employed by the Company at 30 September 2028;
- (iv) Tranche D – upon the Company achieving a 20-day volume weighted average price (VWAP) of Shares of at least \$0.075 and remain continuously employed by the Company at 30 September 2026;
- (v) Tranche E – upon the Company achieving a 20-day volume weighted average price (VWAP) of Shares of at least \$0.15 and remain continuously employed by the Company at 30 September 2027; and
- (vi) Tranche F – upon the Company achieving a 20-day volume weighted average price (VWAP) of Shares of at least \$0.25 and remain continuously employed by the Company at 30 September 2028.

Performance Rights – Director

On 30 October 2025, the Company issued 5,000,000 performance rights to Gyoen Pty Ltd, a director-related entity, for consultancy services. These performance rights were issued in two tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Fortuna Metals Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement of each class being achieved and have recognised an expense accordingly. The details of each class are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	2,500,000	30/10/25	Nil	65%	30/09/29	30/09/26	\$0.140	\$350,000
B	2,500,000	30/10/25	Nil	55%	30/09/29	30/09/27	\$0.140	\$350,000

These performance rights were valued at their issue dates at \$471,500 which has been recognised over the expected life of achievement of each milestone. This expense has been recognised in the profit and loss statement.

Details of performance milestones as follows:

- (i) Tranche A – upon the Company announcing a minimum of five drilling intersections each with an average grade equal to or greater than 1.25% RutEq over a minimum of 8 metres (as reported by the Company to the ASX in accordance with the JORC code); and
- (ii) Tranche B – upon the Company delineating a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code).

Performance Rights – Consultant

On 21 November 2025, the Company issued 2,727,273 performance rights to a consultant. These performance rights were issued in one tranche. Each performance right will convert into 1 ordinary share of Fortuna Metals Limited upon achievement of the performance milestone.

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 20 SHARE-BASED PAYMENTS (continued)

The Company has assessed the probability of achievement and have recognised an expense accordingly. The details are tabled below:

Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
2,727,273	21/11/25	Nil	75%	30/11/26	30/11/26	\$0.115	\$313,636

These performance rights were valued at their issue dates at \$185,331 which has been recognised over the expected life of achievement of the milestone. This expense has been recognised in the profit and loss statement.

The Performance Rights will vest progressively and convert automatically into ordinary shares within five business days of presentation of each valid invoice from the consultant up to a maximum of \$300,000 settled at a fixed conversion price of \$0.11 per share, conditional on the consultant remaining engaged by the Company.

NOTE 21 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 and Malawi.

NOTE 22 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:	2026	2025
Operating profit/(loss) after income tax	(3,985,259)	(7,147,536)
Adjustment for non-cash items:		
- Share-based payments expense	2,377,642	236,649
- Depreciation expense	-	4,201
- Impairment expense	-	7,001,995
Change in operating assets and liabilities:		
- Trade and other payables and provisions	278,413	(82,926)
- Trade and other receivables	207,464	(567,548)
Net cash outflow from operating activities	(1,121,740)	(555,165)

There were nil non-cash financing and investing activities during the year (2025: nil).

NOTE 23 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2026 %	2025 %
Southern Rare Earths Pty Ltd	Australia	Ordinary	100	100
Dalkeith Capital Pty Ltd	Australia	Ordinary	100	100
Ice Shelf Resources Pty Ltd	Australia	Ordinary	100	-
Ice Breaker Limited	Malawi	Ordinary	100	-

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 24 PARENT ENTITY DISCLOSURES

(a) Financial Position of Fortuna Metals Ltd

CURRENT ASSETS

Cash and cash equivalents	5,233,682	2,938,891
Trade and other receivables	315,765	37,352
TOTAL CURRENT ASSETS	5,549,447	2,976,243

NON-CURRENT ASSETS

Plant and equipment	37,468	37,468
Investments	-	-
Exploration and evaluation expenses	24,796,837	6,777,560
TOTAL NON-CURRENT ASSETS	24,834,305	6,815,028

TOTAL ASSETS

30,383,753	9,791,271
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CURRENT LIABILITIES

Trade and other payables	1,027,247	158,836
TOTAL CURRENT LIABILITIES	1,027,247	158,836

TOTAL LIABILITIES

1,027,247	158,836
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NET ASSETS

29,356,506	9,632,435
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EQUITY

Contributed equity	69,497,778	51,968,773
Reserves	12,856,516	6,676,191
Accumulated losses	(52,997,788)	(49,012,529)
TOTAL EQUITY	29,356,506	9,632,435

(b) Financial Performance of Fortuna Metals Ltd

	2026	2025
	\$	\$
Profit/(Loss) for the year	(3,985,259)	(7,147,536)
Total comprehensive profit/(loss)	(3,985,259)	(7,147,536)

(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 2026 (2025: none).

(d) Contingent liabilities of Fortuna Metals Ltd

Refer to Note 13 for details of contingent liabilities as at 30 June 2026.

(e) Commitments Fortuna Metals Ltd

There are no commitments as at 30 June 2026 (2025: none).

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

NOTE 25 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.

	2026 \$	2025 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	33,416	32,453
Total remuneration for audit services	33,416	32,453
Non-Assurance services		
Taxation and Accounting Services		
Moore Australia Audit (WA)	4,300	5,100
Total remuneration for taxation services	4,300	5,100

NOTE 26 EVENTS OCCURRING AFTER THE BALANCE DATE

On 28 July 2026, the Company raised A\$8.6 million by way of issuing 78,300,000 ordinary shares at \$0.11 per Share and 39,150,000 options exercisable at 11¢ expiring 30/6/2031 to WNDR in settlement of the strategic investment and partnership with the USA based technology focused investment firm announced on 3 June 2026.

In addition the Company advised that, following the successful delineation a JORC-compliant Inferred Mineral Resource of at least 100 million tonnes with a grade equal to or greater than 1.25% RutEq (as reported by the Company to the ASX in accordance with the JORC code) (refer ASX Announcement dated 20 July 2026), 30,000,000 Class B Performance Shares had vested and were converted into shares as per the terms approved by shareholders at the Annual General Meeting on 30 October 2025.

Other than the above there were no matters or circumstance that have arisen since 30 June 2026 that have 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 2026

Name	Entity type	Body corporate country of incorporation	Country of tax residence	Body corporate % of ownership interest	
				2026 %	2025 %
<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
Ice Shelf Resources Pty Ltd	Body Corporate	Australia	Australia	100	-
Ice Breaker Limited	Body Corporate	Malawi	Australia	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 2026 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 20 to 27 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2026, 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 2026 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



21 September 2026

Independent Audit Report

To the members of Fortuna Metals Ltd

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 2026, 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 2026 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
Carrying value of exploration and evaluation expenditures
Refer to Note 10 – Exploration and Evaluation Expenditure

The Group's total exploration and evaluation expenditure capitalized for the year was \$24.8 million at balance date, being its single largest asset.

The ability to recognise and defer exploration and evaluation ("E & E") 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:

- Assessing the Group's accounting policy for compliance with AASB 6.
- Ensuring the Group has the ongoing right to explore in the relevant exploration areas of interests which included performing ownership searches across online government mining departments (e.g. Department of Mines WA and Malawi Mining Cadastre Map Portal).
- Tested a sample of E & E expenditures capitalised during the year to supporting documentation including acquisition agreements.
- Assessing and evaluation management's assessment on capitalised E & E expenditure recognition and that no indicators of impairment existed at the reporting date.
- 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 and evaluating management's assessment that E & E activities have not yet reached a stage where the existence of an economically recoverable mineral reserve may be assessed.
- Compared the Group's market capitalization as at and post 30 June 2026 to its net asset position. Market capitalization below net assets is an indicator of possible impairment, thereby requiring further consideration. Market capitalization was higher than net assets at balance date.
- We also assessed the reasonableness and appropriateness of the disclosures contained in the financial report.

Share-based payments

Refer to Remuneration Report, Notes 1(s) Accounting policies, 3(b) Critical Accounting Estimates & Judgements, 10 Exploration & Evaluation Expenditure and 20 Share Based Payments

During the financial year, the Group transacted with Key Management Personnel, employees and other parties including:

- Awarded share-based payments in the form of shares, performance rights and options to directors, CEO, brokers (capital raising fees) and consultants.
- Awarded \$15.4 million in shares and performance rights to vendors as consideration for the purchase of interests in companies holding various mining tenements or permits.

The value of share-based payments is a key audit matter due to it being key material transactions, the valuation of which involves significant judgement and accounting estimation.

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 audit procedures included:

- Enquiring and obtaining confirmation from Key Management Personnel regarding related party transactions occurring during the period.
- Reviewing minutes of meetings, ASX announcements and agreements, and considered other transactions undertaken during the period.
- Reviewing payments, receipts and general journals throughout the period, and examining transactions with known related parties, or those that appear large or unusual for the Group.
- Critically evaluating the valuation methodology used by management to estimate fair value of shares, options and performance rights issued, including testing the integrity of the information provided and assessing the appropriateness of key assumptions built into the valuation model such as management's assessment of the likelihood of vesting.
- Assessing whether share-based payments have been appropriately classified and accounted for in the financial statements in accordance with AASB 2 Share-Based Payment.
- Assessing the appropriateness of the relevant disclosures in the financial statements

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 2026 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 2026.

In our opinion, the Remuneration Report of Fortuna Metals Ltd, for the year ended 30 June 2026 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
21 September 2026



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 17 August 2026.

Holding Ranges	No of Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	643	344,515	0.08%
above 1,000 up to and including 5,000	980	2,651,544	0.63%
above 5,000 up to and including 10,000	534	3,946,175	0.94%
above 10,000 up to and including 100,000	904	31,330,626	7.43%
above 100,000	265	383,439,411	90.92%
Totals	3,326	42,1712,271	100.00%

- b) Based on the price per security of \$0.092 as at 17 August 2026, there were 1,668 holders with an unmarketable holding amounting to 0.77% of Issued Capital.

- c) The Company has the following unquoted securities on issue at 17 August 2026.

Number	Class
3,333,331	UNL OPTS EXP 01/3/2027 @ \$0.18
2,439,996	UNL OPTS EXP 21/8/2027 @ \$0.204
39,500,000	UNL OPTS EXP 15/8/2029 @ \$0.0338
6,363,636	UNL OPTS EXP 05/01/2029 @ \$0.165
58,725,000	PERFORMANCE OPTS EXP 30/06/2031 @ \$0.11
2,727,273	PERFORMANCE RIGHTS EXP 30/11/26
22,500,000	PERFORMANCE RIGHTS EXP 30/09/29

- d) Distribution of Unquoted Equities

	UNL OPTS EXP 01/3/2027 @ \$0.018		UNL OPTS EXP 15/8/2029 @ \$0.0338	
Holding Ranges	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	3	5.00%	-	-
above 100,000	3	95.00%	23	100.00%
Totals	6	100.00%	23	100.00%

	UNL OPTS EXP 21/8/2027 @ \$0.204		UNL OPTS EXP 05/01/2029 @ \$0.165	
Holding Ranges	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	3	3.01%	-	-
above 100,000	4	96.99%	6	100.00%
Totals	7	100.00%	6	100.00%

	PERFORMANCE RIGHTS EXP 30/09/2029 and 30/11/2026		PERFORMANCE OPTS EXP 30/06/2031 @ \$0.11	
Holding Ranges	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	1	100.00%	2	100.00%
Totals	1	100.00%	2	100.00%

e) Twenty largest shareholders as at 17August 2026.

Position	Holder Name	Holding	% IC
1	WNDRCO HOLDINGS III LP	78,300,000	18.57%
2	GREYSKULL NOMINEES PTY LTD	56,000,000	13.28%
3	BUSTER GROUP PTY LTD <MONTY FAMILY A/C>	23,725,135	5.63%
4	VAULT (WA) PTY LTD <VAULT A/C>	16,913,978	4.01%
5	BROWN BRICKS PTY LTD <HM A/C>	16,859,432	4.00%
6	INYATI FUND PTY LTD <INYATI FUND NO2 UNIT A/C>	12,000,000	2.85%
7	PHEAKES PTY LTD <SENATE A/C>	7,276,916	1.73%
8	WELLSTAR HOLDINGS PTY LTD <WELLSTAR SF A/C>	7,150,000	1.70%
9	MR JULIAN RODNEY STEPHENS <ONE WAY A/C>	6,520,294	1.55%
10	MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	6,400,000	1.52%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	6,008,373	1.42%
12	SIMPLE EQUITIES PTY LTD	4,233,342	1.00%
13	GOLDFIRE ENTERPRISES PTY LTD	3,820,518	0.91%
14	ENDEAVOUR ONE PTY LTD	3,743,948	0.89%
15	SYNDICATE MINERALS PTY LTD	3,688,888	0.87%

16	SYDSTICKS PTY LTD <AYTON SUPER FUND A/C>	3,589,636	0.85%
17	COLIPAT PTY LTD <COLIPAT SUPER A/C>	3,550,000	0.84%
18	MR THOMAS EDWARD LANGLEY <LANGLEY MINERAL HOLDINGS A/C>	3,059,489	0.73%
19	TEN BRICKS PTY LTD	3,000,000	0.71%
19	PHOENIX GLOBAL INVESTMENTS PTY LTD	3,000,000	0.71%
20	CAPRODITE TRANSACTION EXECUTION PTY LTD	2,562,800	0.61%
	Total	271,402,749	64.36%
	Balance of Register	150,309,522	35.64%
	Total issued capital - Fully Paid Ordinary Shares	421,712,271	100.00%

- f) Substantial Shareholders
As at 17 August 2026, the following shareholders held 5% or more of the issued capital of the Company:

% held	Shareholder
18.57%	WNDRCO HOLDINGS III LP 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:
- 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;
 - 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
 - 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 17 August 2026 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
<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>		

⁴ The last notice of change of interest of substantial holder was provided to the ASX on 4 August 2026. 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.

INYATI FUND PTY LTD <INYATI FUND NO 2 UNIT A/C>	9,036,669	22.89%
Class/Name	Number of Securities Held	% Held
<i>Unquoted options exercisable at \$0.165 and expiring 5 January 2029</i>		
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,483,863	39.03%
Class/Name	Number of Securities Held	% Held
<i>Unquoted performance options @\$0.11 and expiring 30 June 2031</i>		
WNDRCO HOLDINGS III LP	39,150,000	66.67%
VAULT (WA) PTY LTD	19,575,000	33.33%

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.