



ABN 96 095 684 389

(FORMERLY LANTHANEIN RESOURCES LTD)

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2025

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Fortuna Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Fortuna Metals Limited ("**Fortuna**" or "**the Company**") and the entities it controlled at the end of, or during, the half-year ended 31 December 2025 (**Period**).

DIRECTORS

The following persons were directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Peter Pawslowitch (Non-Executive Chairman)
Brian Thomas (Non-Executive Director)
David Frances (Non-Executive Director)

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$2,167,089 (2024: profit of \$55,518). There is no dividend paid or recommended.

REVIEW OF OPERATIONS

Mkanda & Kampini Rutile Projects 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.

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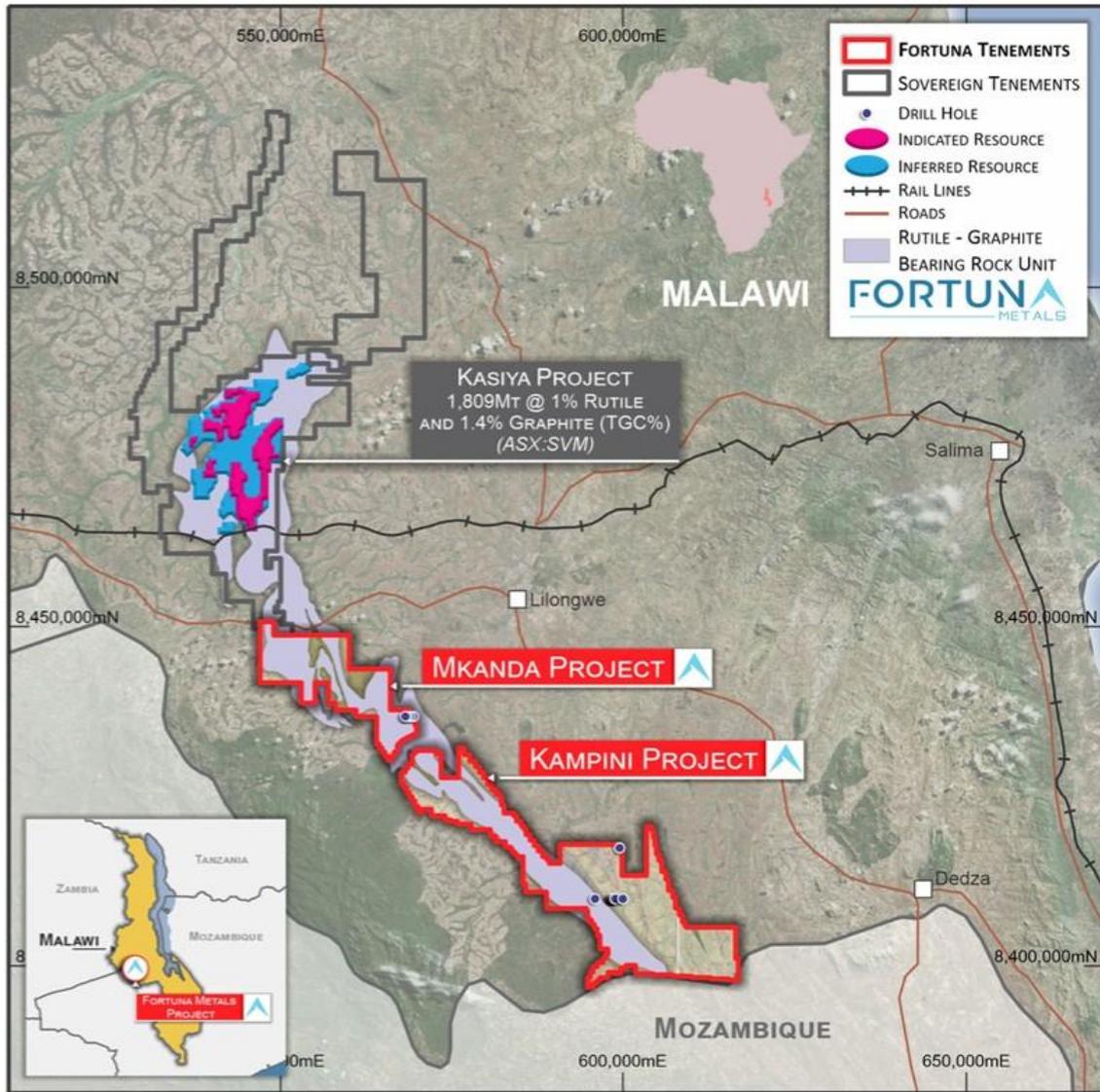


Figure 1. Locations of the Projects in Malawi, Africa.

During the most recent quarter, the Company announced the first results from 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.

Since acquiring the project in September, the Company has 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**),

The hand auger drilling to date is averaging 8m with drillholes terminated as sample quality declines once in the water table. Drilling next dry season will use an Aircore drill rig from approximately April/May 2026 to infill the highest grade areas as defined by the hand auger results. The use of Aircore drilling is critical to be able to drill past the perched water table and deeper down to the saprock boundary. The saprock boundary has been defined at Kasiya to be about 20 – 30m depth. The Aircore drilling will be key to demonstrating the resource potential at these greater depths and vastly improve the project economics.

The first results from hand auger drilling have now been received and further results are anticipated to be consistently reported throughout Q1 2026 from the remainder of the hand auger drilling completed in 2025.

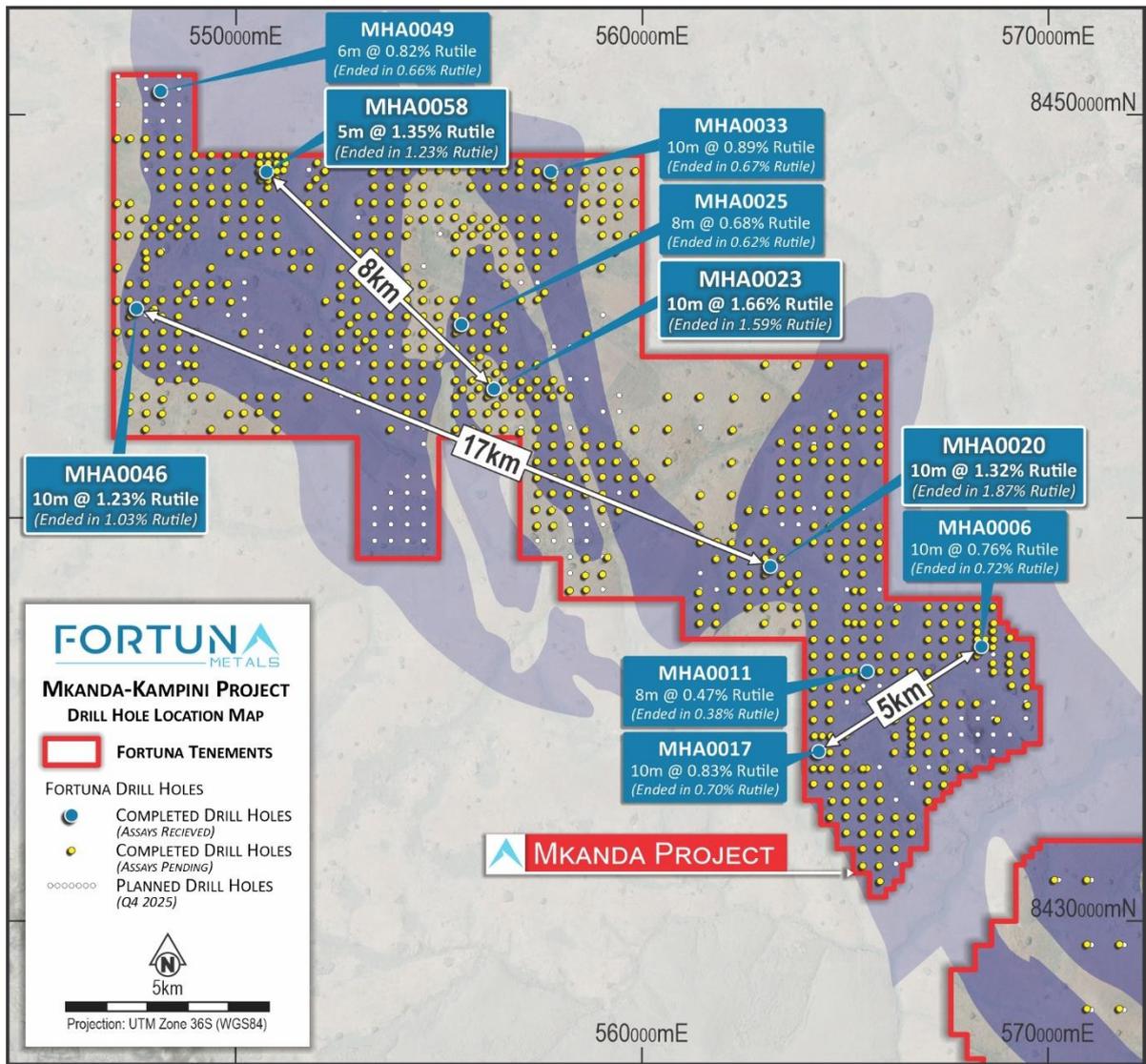


Figure 2. Rutile results across Mkanda project showing high grade over wide areas.

Table 1: Drill Results from Mkanda Project (no cut-off applied) (ASX: 15 December 2025)

Hole ID	From (m)	To (m)	In situ rutile intercept	Ended in Rutile %
MHA0023	0	10	10m @ 1.66% rutile	1.59%
MHA0020	0	10	10m @ 1.32% rutile	1.87%
MHA0046	0	10	10m @ 1.23% rutile	1.03%
MHA0058	0	5	5m @ 1.35% rutile	1.23%
MHA0033	0	10	10m @ 0.89% rutile	0.67%
MHA0017	0	10	10m @ 0.83% rutile	0.70%
MHA0006	0	10	10m @ 0.76% rutile	0.72%
MHA0011	0	8	8m @ 0.47% rutile	0.38%
MHA0025	0	8	8m @ 0.68% rutile	0.62%
MHA0049	0	6	6m @ 0.82% rutile	0.66%

The Company will commence commissioning of an in-country laboratory in Lilongwe in early 2026 which will accelerate turnaround times of assays.

Lyons and Edmund Project - Gascoyne WA

A soil sampling program was completed in September 2025. The survey was planned on a line spacing of 1,000m with samples collected every 200m along lines, for a total of 202 samples. Analysis was done on the <2µm fraction using the UltraFine+ method for 53 elements.

The most coherent copper-gold anomaly is on the western end of the northern line, recording a peak copper value above 60ppm and gold results in the range of 3 – 5ppb, Figures 8, 9. In the most southern line peak gold values of 10.6ppb and 8.1ppb in close spatial association warrant further investigation. Further rare earth and niobium exploration programs will focus on the carbonatite and ironstone potential in the remainder of the tenement, specifically Lyons 23 potential carbonatite and Lyons 27 ironstone that was discovered in 2023 and remains open, Figure 7 (Refer ASX Announcement 21 October 2022).

Analysis of the reactive 2-micron clay fraction, with microwave digestion and using the latest low detection level ICPMS technology, has proven to be useful for geologists and geochemists to help see through shallow to moderate cover.

UltraFine+™ is now an established approach to surface exploration analysis using proven geochemical methods to identify sensitive signals at surface. Concentration of metals in the ultrafine fraction gives stronger signals, generally well above instrumental detection limits, and increased signal-to-background ratios.

The soil sampling was investigating an area that had multiple base metal prospects that were identified in the 1980's through to the 1990's when a number of major mining house exploration teams, including BHP Minerals, Newmont Australia and Newcrest Mining, conducted extensive exploration in the area. The project also has potential for REE mineralisation associated with circular carbonatite bodies interpreted from magnetics imagery, including Lyons_23, which potentially show associated magnetic fenite alteration, similar to the Mangaroon Carbonatites identified by neighbouring Dreadnought Resources.

CORPORATE

Appointment of CEO

In conjunction with the acquisition of the Mkanda & Kampini Rutile Projects in Malawi, Fortuna announced the appointment of Tom Langley as Chief Executive Officer (CEO). Mr. Langley has extensive experience in both exploration and mining geology, including overseeing large scale resource definition drill programs, early-stage project evaluation, project generation and grassroots exploration programs across multiple commodities and deposit types.

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

Mr. Langley is currently a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM), the Australian Institute of Company Directors (MAICD) and the Australian Institute of Geoscientists (MAIG).

Name Change

Following shareholder approval on 1 August 2025, the Company's name officially changed with the Australian Securities and Investments Commission to Fortuna Metals Limited (formerly Lanthanein Resources Ltd). The ticker code changed from 'LNR' to 'FUN'.

Consolidation

At the same General Meeting on 1 August 2025, shareholders also approved the consolidation of the Company's capital. The consolidation was completed on 8 August 2025.

Underwritten Rights Issue & Placement

On 5 June 2025 the Company advised it had secured firm commitments to raise approximately \$275,000 (before costs) through a placement of 366.5 million shares on a pre-consolidation basis. Allotment of the Placement Shares occurred on 12 June 2025.

Inyati Capital Pty Ltd acted as lead manager to the placement. Pursuant to the mandate with Inyati, the Company issued 90 million options with a strike price at a 50% premium to the placement issue price expiring four years from the date of issue.

In addition to the placement the Company offered eligible shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise up to approximately \$2.1 million (before costs) on the basis of three (3) new shares for every four (4) shares held at the record date at an issue price of \$0.001 per share, together with one (1) free-attaching share for every three (3) shares subscribed for and issued, on a pre-consolidation basis (**Entitlement Offer**). Inyati agreed to fully underwrite the Entitlements Offer and received a 6% cash fee for the funds raised under the Entitlement Offer.

Subject to shareholder approval the Company issued Inyati (or its nominees) 25,000,000 options exercisable at \$0.0338 expiring 4 years from issue on a post-consolidation basis. Director Mr Peter Pawlowitsch agreed to sub-underwrite the Entitlement Offer up to a maximum of \$257,000.

The Company advised on 25 July 2025 that it had received applications under the Entitlement 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. Inyati subscribed for a total of 1,414,771,785 Shortfall Shares which were issued on 4 August 2025.

Placement

On 13 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**).

Under the Placement, the Company issued 31,363,638 new fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.11 per Placement Share to raise a total of approximately \$3.5 million (before costs).

The Board and management of Fortuna participated in the Placement with CEO Tom Langley subscribing for \$50,000 and Chairman Peter Pawlowitsch \$50,000 (with shareholder approval).

The Placement was strongly supported by new and existing investors and ensures the Company is well funded to advance planned exploration programs at the Company's 100% owned Mkanda and Kampini rutile and graphite Projects (Projects) in Malawi, Africa.

The proceeds of the Placement are intended to be used for:

- Systematic hand auger drilling across large areas of Mkanda project on an 800m & 400m infill grid pattern high priority zones
- Systematic hand auger drilling across large areas of Kampini project
- Assays, mineralogical and metallurgical analysis
- Aircore drilling to saprock boundary to increase resource potential – Q2 2026
- Corporate and general working capital

Annual General Meeting

At the annual general meeting held on 30 October 2025, all resolutions put to shareholders were passed on a poll and the remuneration report was passed with 95.67% approval.

Expiry of Options

At the end of the period, on 31 December 2025, a total of 2,666,666 options expired unvested.

SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

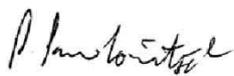
Subsequent to the period on 5 February 2026 the Company advised it had received a letter from the Malawi Department of Mining within the Ministry of Energy and Mining, containing official notification that the Executive Order No. 2 of 2025 regarding the restriction of raw mineral exports, issued on 23 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.

There were no other significant events occurring after the reporting date.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

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



Peter Pawlowitsch
Non-Executive Chairman

12 March 2026

FORTUNA METALS LTD

Competent Person's Statement:

FORTUNA METALS LTD

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is 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 (MAAusIMM). 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.

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Schedule 1 – Fortuna Metals Limited Tenement Information as at 31 December 2025

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.*

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

To the directors of Fortuna Metals Limited

As lead auditor for the review of Fortuna Metals Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, 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
12th day of March 2026



Moore Australia Audit (WA)
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FORTUNA METALS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Fortuna Metals Limited (the company) and its controlled entities (the group or consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

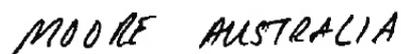
Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SUAN-LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

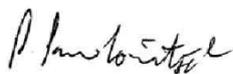
Signed at Perth this 12th day of March 2026.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Fortuna Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Peter Pawlowitsch
Non-Executive Chairman

12th of March 2026

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FORTUNA METALS LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Notes	Half-year	
		2025	2024
		\$	\$
Continuing Operations			
Interest income		53,429	19,914
Gain on disposal of investments	2	-	738,000
		<u>53,429</u>	<u>757,914</u>
Exploration expenditure		(18,329)	-
Administration and insurance		(359,183)	(154,590)
Consultancy		(44,992)	(25,093)
Corporate compliance and shareholder relations		(76,959)	(109,891)
Depreciation		-	(4,201)
Director fees		(1,163,585)	(247,486)
Foreign exchange loss		(13,585)	(19,549)
Personnel expenses		(295,044)	-
Project evaluation expenses		(248,841)	-
Impairment		-	(141,586)
Profit/(Loss) from continuing operations		<u>(2,167,089)</u>	<u>55,518</u>
Income tax expense		-	-
Profit /(Loss) after income tax		<u>(2,167,089)</u>	<u>55,518</u>
Profit/(Loss) for the half-year is attributable to:			
Equity holders of Fortuna Metals Limited		(2,167,089)	55,518
Non-controlling interest		-	-
Total profit/(loss) for the half-year		<u>(2,167,089)</u>	<u>55,518</u>
Other comprehensive income			
Total comprehensive profit/(loss) for the half-year is attributable to:			
Equity holders of Fortuna Metals Limited		(2,167,089)	55,518
Non-controlling interest		-	-
Total comprehensive profit/(loss) for the half-year		<u>(2,167,089)</u>	<u>55,518</u>
Profit/(Loss) per share for loss attributable to the ordinary equity holders of Fortuna Metals Limited		Cents	Cents
Basic and diluted loss per share		(0.13)	0.01

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

FORTUNA METALS LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	31-Dec-25 \$	30-Jun-25 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,991,419	2,938,891
Trade and other receivables		519,249	37,352
Total Current Assets		7,510,668	2,976,243
Non-Current Assets			
Plant and equipment		37,468	37,468
Exploration & Evaluation Expenditure	6	22,843,435	6,777,560
Total Non-Current Assets		22,880,903	6,815,028
Total Assets		30,391,571	9,791,271
LIABILITIES			
Current Liabilities			
Trade and other payables		408,989	158,836
Total Current Liabilities		408,899	158,836
Total Liabilities		408,899	158,836
Net Assets		29,982,672	9,632,435
EQUITY			
Contributed equity	4	65,274,759	51,968,773
Reserves	5	15,887,532	6,676,191
Accumulated losses		(51,179,619)	(49,012,529)
Total Equity		29,982,672	9,632,435

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

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FORTUNA METALS LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2025

Consolidated Entity	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total
Balance at 30 June 2024	51,781,027	(41,864,993)	4,123,976	2,304,474	-	16,344,484
Profit for the half-year	-	55,518	-	-	-	55,518
Total Comprehensive Income for the period	-	55,518	-	-	-	55,518
Transactions with equity holders -						
Share-based payment expense during the period	-	-	-	188,579	-	188,579
Shares issued during the period	-	-	-	-	-	-
Balance at 31 December 2024	51,781,027	(41,809,475)	4,123,976	2,493,053	-	16,588,581
Balance at 30 June 2025	51,968,773	(49,012,529)	4,123,976	2,552,215	-	9,632,435
(Loss) for the half-year	-	(2,167,089)	-	-	-	(2,167,089)
Total Comprehensive (Loss) for the period	-	(2,167,089)	-	-	-	(2,167,089)
Transactions with equity holders -						
Equities issued for acquisitions	-	-	7,700,000	-	-	7,700,000
Share-based payment expense during the period	-	-	349,051	344,938	-	693,989
Options issued as capital raising costs	-	-	-	817,352	-	817,352
Shares issued during the period	14,425,138	-	-	-	-	14,425,138
Cost of shares issued	(1,119,153)	-	-	-	-	(1,119,153)
Balance at 31 December 2025	65,274,758	(51,179,618)	12,173,027	3,714,505	-	29,982,672

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FORTUNA METALS LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Half-year	
	2025	2024
	\$	\$
Cash Flows from Operating Activities		
Receipt of interest	53,429	19,914
Payments to suppliers and employees	(507,122)	(339,146)
Payments for exploration and evaluation activities	(265,791)	-
Net cash outflow from operating activities	<u>(719,484)</u>	<u>(319,232)</u>
Cash Flows from Investing Activities		
Tenements payments	(100,000)	(200,000)
Payments for exploration and evaluation expenditure	(365,387)	(591,224)
Proceeds from disposal of prospects	-	445,705
Proceeds from disposal of listed shares	-	2,388,000
Net cash flows from/(used in) investing activities	<u>(465,387)</u>	<u>2,042,481</u>
Cash Flows from Financing Activities		
Proceeds from application funds held in trust	50,000	-
Payment for issues of shares	(356,273)	-
Proceeds from issue of shares	5,543,672	-
Net cash flow from financing activities	<u>5,237,399</u>	<u>-</u>
Net increase in cash and cash equivalents	4,052,528	1,723,249
Cash and cash equivalents at the beginning of the half-year	2,938,891	2,793,474
Cash and cash equivalents at end of the half-year	<u>6,991,419</u>	<u>4,516,723</u>

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

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FORTUNA METALS LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fortuna Metals Limited and its controlled entities. As such, Fortuna Metals Limited and its controlled entities (the Group) does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2025 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements except as described below.

Application of new and revised accounting standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Although the Group reported a net loss after tax of \$2,167,089 (31 December 2024: Profit of \$55,518) for the period ended 31 December 2025, it incurred a net cash outflow of operating activities of \$719,484 and a net cash outflow of investing activities of \$465,387. At balance date, the Group had \$6,991,419 of available cash.

The directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial statement and have determined that the existing cash reserves are sufficient to facilitate the Group's ongoing exploration and working capital commitments for at least the next 12 months.

2. GAIN ON DISPOSAL OF INVESTMENTS

	2025	2024
	\$	\$
Proceeds on disposal of ASX-listed investments	-	2,388,000
Less:		
Carrying value of ASX-listed investment	-	(1,650,000)
	<hr/>	<hr/>
	-	738,000

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3. 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.

4. EQUITY SECURITIES

	Dec 2025	Jun 2025	Dec 2025	Jun 2025
	Shares	Shares	\$	\$
Balance at beginning of the period	2,810,181,546	2,443,636,128	51,968,773	51,781,027
Share issue – rights entitlement	2,810,182,282	-	2,107,637	-
Share capital consolidation	(5,433,019,741)	-	-	-
Shares issued to vendor	55,000,000	-	7,700,000	-
Shares issued to director	5,000,000	-	700,000	-
Share issue – placement	31,363,638	366,545,418	3,450,000	274,909
Shares issued to suppliers	4,250,000	-	467,500	-
Share capital raising costs	-	-	(1,119,151)	(87,163)
Balance at end of the period	<u>282,957,725</u>	<u>2,810,181,546</u>	<u>65,274,759</u>	<u>51,968,773</u>

Options to purchase ordinary shares	Dec 2025	Jun 2025
	Options	Options
Balance at 1 July	253,200,000	496,450,011
Share capital consolidation	(244,760,007)	-
Issue of brokers options	28,000,000	-
Issue of directors and consultant's options	11,500,000	-
Lapsing of options	(2,666,666)	(243,250,011)
Balance at end of the period	<u>45,273,327</u>	<u>253,200,000</u>

Performance shares	Dec 2025	Jun 2025
	Rights	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	-
Lapsing of Class B Performance Rights	-	(13,461,538)
Lapsing of Class D Performance Rights	-	(18,750,000)
Balance at end of the period	<u>85,227,273</u>	<u>-</u>

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5. RESERVES

	Dec 2025	Jun 2025
	\$	\$
Share based payment reserve	12,173,027	4,123,976
Options premium reserve	3,714,505	2,552,215
	<u>15,887,532</u>	<u>6,676,191</u>

Movements – Share based payment reserve

Balance at beginning of the period	4,123,976	4,123,976
Performance shares expense- vendors (Ice Shelf Resources Pty Ltd)	7,700,000	-
Performance shares expense- director and CEO	315,507	-
Performance shares expense- consultant	33,544	-
Balance at end of the period	<u>12,173,027</u>	<u>4,123,976</u>

Movements – Options premium reserve

Balance at beginning of the period	2,552,215	2,304,473
Options issued to brokers	817,352	247,742
Options issued to directors and consultants	344,938	-
Balance at end of the period	<u>3,714,505</u>	<u>2,552,215</u>

6. CAPITALISED EXPLORATION AND EVALUATION

	Dec 2025	Jun 2025
	\$	\$
Exploration and evaluation assets	22,843,435	6,777,560
Reconciliation:		
Balance at beginning of the period	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	565,875	2,159,879
Impairment	-	(7,001,961)
Application Costs incurred	<u>22,843,435</u>	<u>6,777,560</u>

*During the period, 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 exploration and evaluation assets is dependent on the successful development or commercial exploitation, or alternatively, sale of the respective areas of interest.

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7. 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 \$315,507, and performance shares issued to a consultant was \$33,544. In addition, the Company issued 55 million ordinary shares valued at \$7.7 million (Note 6) and 55 million performance shares valued at \$7.7 million (Note 6 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, \$378,125 was prepaid with the balance of \$89,375 expensed.

For the half year period, a total of \$693,989 in share-based payment expense was recognised in profit and loss excluding the value of ordinary shares issued for consultancy and marketing expenses.

Broker Options– 5 June 2025

On 5 June 2025, the Company agreed to issue 90,000,000 (3,000,000 post-consolidation) options to brokers, each exercisable at \$0.001125 with a 4.00 year expiry period. These options were valued at \$67,485 using a Black-Scholes valuation model with the valuation model inputs used to determine the fair value at the grant date as tabled below. 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.

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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	279%	3.85%	0%	90,000,000	\$0.00075	67,485	Immediately

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.

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

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7. SHARE BASED PAYMENTS (continued)

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 \$219,731 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 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.

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7. 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	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 \$95,776 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.

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 \$33,544 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 vest upon 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.

8. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has assumed an existing 1.5% gross revenue royalty in place following acquisition of the Mkanda and Kampini Rutile Projects

Other than the above the Group's commitments remain consistent with those noted at 30 June 2025. The Group has no other contingent liabilities at 31 December 2025.

9. DIVIDENDS

There were no dividends paid or recommended during the financial period ended 31 December 2025.

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10. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the period on 5 February 2026 the Company advised it had received 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.

There were no other significant events occurring after the reporting date.

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