

*Unaudited Condensed Interim Consolidated Financial Statements of*

**FORTUNE BAY CORP.**

June 30, 2025

(Expressed in Canadian Dollars)

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# FORTUNE BAY CORP.

## Unaudited Condensed Interim Consolidated Statements of Financial Position

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<i>Expressed in Canadian dollars</i>	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,752,903	\$ 456,661
Restricted cash (Note 6)	116,408	76,381
Accounts receivable (Note 3)	81,303	42,431
Marketable securities (Note 4)	133,333	93,333
Prepaid expenses	19,668	53,121
	<u>2,103,615</u>	<u>721,927</u>
Reclamation deposit	40,847	40,847
Property and equipment (Note 5)	165,452	172,022
Exploration and evaluation assets (Note 6)	23,739,947	23,238,255
	<u>26,049,861</u>	<u>24,173,051</u>
<b>Total assets</b>	<u>\$ 26,049,861</u>	<u>\$ 24,173,051</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 553,808	\$ 746,495
Loan payable (Note 8)	-	543,935
	<u>553,808</u>	<u>1,290,430</u>
Deferred income tax liability (Note 10)	1,045,282	920,488
	<u>1,599,090</u>	<u>2,210,918</u>
<b>Equity</b>		
Shareholders' equity	<u>24,450,771</u>	<u>21,962,133</u>
<b>Total liabilities and equity</b>	<u>\$ 26,049,861</u>	<u>\$ 24,173,051</u>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 15)

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

Approved on behalf of the Board of Directors on August 26, 2025

“Wade Dawe”  
Director

“Melinda Lee”  
Director

# FORTUNE BAY CORP.

## Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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*Expressed in Canadian dollars*

	Three-month period ended June 30, 2025	Three-month period ended June 30, 2024	Six-month period ended June 30, 2025	Six-month period ended June 30, 2024
<b>Operating expenses</b>				
Office, travel and general	\$ 28,718	\$ 28,306	\$ 52,770	\$ 56,107
Depreciation	682	710	1,173	1,421
Finance fees and interest	6,032	15,699	44,790	50,782
Professional and consulting fees	54,641	38,533	88,394	62,820
Salaries and benefits	96,566	66,179	182,533	141,159
Contract services	3,000	3,000	6,000	6,000
Securities and regulatory	26,299	19,448	50,659	41,631
Marketing and investor relations	11,901	11,732	24,679	24,528
Property investigation costs (Note 6)	-	5,732	-	18,715
Share-based compensation	68,642	75,167	102,954	159,534
Foreign exchange loss	7,179	9,121	8,688	5,852
	<b>(303,660)</b>	<b>(273,627)</b>	<b>(562,640)</b>	<b>(568,549)</b>
<b>Other income (expenses)</b>				
Rental income	11,958	44,100	51,580	44,100
Unrealized gain (loss) on marketable securities (Note 4)	66,667	(13,333)	40,000	(13,333)
<b>Net loss before income tax</b>	<b>(225,035)</b>	<b>(242,860)</b>	<b>(471,060)</b>	<b>(537,782)</b>
Deferred income tax recovery (expense) (Note 10)	7,233	(97,354)	(124,794)	(78,975)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (217,802)</b>	<b>\$ (340,214)</b>	<b>\$ (595,854)</b>	<b>\$ (616,757)</b>
 Loss per share – basic and diluted	 <b>\$ 0.00</b>	 \$ 0.01	 <b>\$ 0.01</b>	 \$ 0.01
Weighted-average number of common shares outstanding	<b>55,793,038</b>	45,957,250	<b>52,258,417</b>	45,957,250

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

# FORTUNE BAY CORP.

## Unaudited Condensed Interim Consolidated Statements of Changes in Equity

<i>Expressed in Canadian dollars</i>	Number of Common Shares	Common Shares	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
		\$	\$	\$	\$	\$
<b>Balance, January 1, 2024</b>	<b>45,957,250</b>	<b>14,881,807</b>	<b>191,517</b>	<b>3,380,232</b>	<b>4,077,616</b>	<b>22,531,172</b>
Net loss and comprehensive loss for the period	-	-	-	-	(616,757)	(616,757)
Share-based compensation	-	-	-	170,874	-	170,874
<b>Balance, June 30, 2024</b>	<b>45,957,250</b>	<b>14,881,807</b>	<b>191,517</b>	<b>3,551,106</b>	<b>3,460,859</b>	<b>22,085,289</b>
 <b>Balance, January 1, 2025</b>	 <b>48,684,522</b>	 <b>15,368,004</b>	 <b>298,243</b>	 <b>3,707,773</b>	 <b>2,588,113</b>	 <b>21,962,133</b>
Net loss and comprehensive loss for the period	-	-	-	-	(595,854)	(595,854)
Units issued pursuant to private placement (note 9)	9,375,000	2,400,000	600,000	-	-	3,000,000
Warrants issued as finder's fee (note 9)	-	-	14,219	-	-	14,219
Share and warrant issue costs (note 9)	-	(40,347)	(10,087)	-	-	(50,434)
Share-based compensation	-	-	-	120,707	-	120,707
<b>Balance, June 30, 2025</b>	<b>58,058,522</b>	<b>17,727,657</b>	<b>902,375</b>	<b>3,828,480</b>	<b>1,992,259</b>	<b>24,450,771</b>

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

# FORTUNE BAY CORP.

## Unaudited Condensed Interim Consolidated Statements of Changes in Cash Flows

*Expressed in Canadian dollars*

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2024
<b>Operating activities</b>		
Net loss for the period	\$ (595,854)	\$ (616,757)
Charges to loss not involving cash:		
Depreciation	1,173	1,421
Share-based compensation	102,954	159,534
Unrealized loss (gain) on marketable securities (Note 4)	(40,000)	13,333
Finance fees	21,757	19,968
Deferred income tax expense (Note 10)	124,794	78,975
Net change in non-cash working capital related to operations (Note 11)	(324,716)	42,148
<b>Net cash used in operating activities</b>	<b>(709,892)</b>	<b>(301,378)</b>
<b>Financing activities</b>		
Proceeds received on financing, net of issue costs (Note 9)	2,963,785	-
Repayment of loan from related party (Note 8)	(565,692)	-
<b>Net cash received from financing activities</b>	<b>2,398,093</b>	<b>-</b>
<b>Investing activities</b>		
Net additions to exploration and evaluation assets	(386,792)	(207,925)
Purchases of property and equipment	(5,167)	-
<b>Net cash used in investing activities</b>	<b>(391,959)</b>	<b>(207,925)</b>
Net change in cash during the period	1,296,242	(509,303)
Cash, beginning of period	456,661	585,157
Cash, end of period	\$ 1,752,903	\$ 75,854

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

# **FORTUNE BAY CORP.**

## **Notes to the Unaudited Condensed Interim Consolidated Financial Statements**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

#### **Nature of operations**

Fortune Bay Corp. (the “Company” or “Fortune Bay”) was incorporated on February 4, 2016 as 9617337 Canada Limited under the laws of the Canada Business Corporations Act as part of a plan of arrangement with kneat.com, inc. which was completed on June 27, 2016. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) on July 4, 2016 under the symbol FOR. The Company also trades on the Frankfurt Stock Exchange under the symbol 5QN and on the OTCQX under the symbol FTBYF.

The Company’s principal activity is the acquisition, exploration and development of mineral interests. To date, the Company has not generated any revenues from operations and is considered to be in the exploration stage. The Company is incorporated and domiciled in Canada and its head office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia.

The Company is in the process of exploring and evaluating its mineral properties in Canada and Mexico. The recoverability of amounts spent for the acquisition, exploration and development of the mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licenses and permits from a number of governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture.

#### **Going concern**

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the six-month period ended June 30, 2025, the Company incurred a loss before income taxes of \$471,060 (year ended December 31, 2024 - \$1,263,577). The Company has no operating income or cash inflows from operations. In addition to its working capital requirements, the Company must secure sufficient funding for existing commitments, maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

During the period ended June 30, 2025, the Company completed a non-brokered private placement for aggregate gross proceeds of \$3,000,000, as outlined in note 9. These undertakings, while significant, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and existing commitments and, accordingly, management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

The Company’s ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of its properties. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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### 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements, except as discussed below.

#### a) Basis of presentation and statement of compliance

The unaudited condensed interim consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the CPA Canada Handbook – Accounting (“CPA Handbook”) which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2024.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS as of August 26, 2025, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ended December 31, 2025 could result in the restatement of these unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars and have been prepared on the historical cost convention except for certain financial instruments, which are measured at fair value. The unaudited condensed interim consolidated financial statements include the assets, liabilities and results of operations of the Company, including the following subsidiaries:

Subsidiary	Principal Activity	Country of Incorporation
Brigus Gold ULC	Administrative services	Canada
7153945 Canada Inc.	Exploration	Canada
Linear Gold Holdings Corp.	Holding company	Canada
Linear Gold Mexico, S.A. de C.V.	Exploration	Mexico
Linear Gold Mineração Ltda.	Exploration	Brazil
Servicios Ixhuatán, S.A. de C.V.	Exploration	Mexico
13096114 Canada Limited	Holding company	Canada
Range Minerals LLC	Property investigation	United States

The financial results of the subsidiaries above, which are controlled by Fortune Bay, are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date whereby control ceases. Control exists when an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. All subsidiaries have the same year end. All intercompany balances, revenue and expense transactions are eliminated upon consolidation.

These unaudited condensed interim consolidated financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2024. Refer to Note 2, *Summary of Material Accounting Policy Information*, of the Company’s annual consolidated financial statements for the year ended December 31, 2024 for information on the accounting policies.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 3. ACCOUNTS RECEIVABLE

	June 30, 2025	December 31, 2024
Sales tax	\$ 47,913	\$ 16,467
Trade amounts receivable	33,390	25,964
	<u>\$ 81,303</u>	<u>\$ 42,431</u>

### 4. MARKETABLE SECURITIES

During the year ended December 31, 2024, the Company received 2,666,666 common shares of Aero Energy Limited pursuant to the Option Agreement (see note 6). Aero Energy Limited is a TSX Venture Exchange listed entity and therefore the common shares held by the Company are recorded at their fair value by reference to the quoted price in the active market (classified as level 1 in the fair value hierarchy).

### 5. PROPERTY AND EQUIPMENT

Cost	Land and building	Computer and office equipment	Field equipment	Total
As at January 1, 2024	\$117,839	\$64,457	\$202,605	\$384,901
Additions	-	-	17,245	17,245
Disposal	-	-	(13,505)	(13,505)
As at December 31, 2024	117,839	64,457	206,345	388,641
Additions	-	3,573	1,594	5,167
As at June 30, 2025	<u>\$117,839</u>	<u>\$68,030</u>	<u>\$207,939</u>	<u>\$393,808</u>

Accumulated depreciation	Land and building	Computer and office equipment	Field equipment	Total
As at January 1, 2024	\$7,019	\$54,955	\$136,860	\$198,834
Disposal	-	-	(8,981)	(8,981)
Depreciation	3,753	2,859	20,154	26,766
As at December 31, 2024	10,772	57,814	148,033	216,619
Depreciation	1,782	1,173	8,782	11,737
As at June 30, 2025	<u>\$12,554</u>	<u>\$58,987</u>	<u>\$156,815</u>	<u>\$228,356</u>

Carrying amount	Land and building	Computer and office equipment	Field equipment	Total
Balance, December 31, 2024	<u>\$107,067</u>	<u>\$6,643</u>	<u>\$58,312</u>	<u>\$172,022</u>
Balance, June 30, 2025	<u>\$105,285</u>	<u>\$9,043</u>	<u>\$51,124</u>	<u>\$165,452</u>



# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 6. EXPLORATION AND EVALUATION ASSETS

	Goldfields	Strike	Murmac	Woods	Ixhuatán	Total
As at January 1, 2024	\$16,257,506	\$1,480,337	\$2,036,005	\$ -	\$3,373,700	\$23,147,548
Additions	112,326	27,756	232,621	50,757	281,358	704,818
Operator fee	-	-	(139,111)	-	-	(139,111)
Share recoveries received	-	(95,000)	(180,000)	-	-	(275,000)
Cash recoveries received	-	(40,000)	(160,000)	-	-	(200,000)
As at December 31, 2024	\$16,369,832	\$1,373,093	\$1,789,515	\$50,757	\$3,655,058	\$23,238,255
Additions	271,537	9,051	93,172	27,553	173,271	574,584
Operator fee	-	-	(72,892)	-	-	(72,892)
As at June 30, 2025	\$16,641,369	\$1,382,144	\$1,809,795	\$78,310	\$3,828,329	\$23,739,947

#### *Goldfields*

As at June 30, 2025, the Company held a 100% interest in the Goldfields property located near Uranium City, Saskatchewan, which includes the Box Deposit, the Athona Deposit and several exploration targets.

#### *Strike*

As at June 30, 2025, the Strike Project was 100% owned by the Company and is located west of the Goldfields property.

#### *Murmac*

As at June 30, 2025, the Murmac Project was 100% owned by the Company and is located in northern Saskatchewan.

#### *Option Agreement on Strike and Murmac*

The Company entered into a definitive option agreement (the “Aero Option Agreement”) on December 15, 2023 with 1443904 B.C. Ltd. On February 8, 2024, Aero Energy Limited (“Aero”) completed the acquisition of 1443904 B.C. Ltd., an arm’s-length private company (the “Optionee”).

Pursuant to the Aero Option Agreement, the Optionee will be granted the right to acquire up to a 70% interest in the Company’s Murmac and Strike Uranium Projects (the “Projects”) over a three-and-a-half year period by funding \$6.0 million in exploration expenditures, making cash payments totaling \$1.35 million, and issuing \$2.15 million in common shares. The Company will act as the operator during the option period and will be entitled to charge a management fee of 10% of the expenditures incurred on the Projects. During the six-month period ended June 30, 2025, the Company charged an operator fee of \$72,892, which has been recorded as a recovery against exploration expenditures. During the year ended December 31, 2024, the Company received cash consideration of \$200,000 and share consideration valued at \$275,000 and charged an operator fee of \$139,111, which have been recorded as recoveries against exploration expenditures.

During the six-month period ended June 30, 2025, the Company received \$770,000 from Aero for exploration expenditures on the Projects and incurred expenditures of \$685,261, of which \$237 is included in accounts payable as at June 30, 2025. During the year ended December 31, 2024, the Company received \$1,385,000 from Aero and incurred expenditures of \$1,353,568, of which \$44,949 remained in accounts payable as at December 31, 2024.

# **FORTUNE BAY CORP.**

## **Notes to the Unaudited Condensed Interim Consolidated Financial Statements**

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The balance of restricted cash associated with the Aero Option Agreement at June 30, 2025 is \$116,408 (December 31, 2024 - \$76,381).

A participating Joint Venture (“JV”) may be formed at the end of the option period, consistent with customary JV Terms, as defined in the Aero Option Agreement, with mutual intent to negotiate and execute a definitive JV agreement. If completed, the JV would allow for dilution and, should the Company’s interest fall below 10%, the Company will be granted (i) a 1% net smelter returns (“NSR”) royalty on the Murmac Project, and (ii) a 2% NSR royalty on the Strike Project. One-half (0.5%) percent of the 1% NSR on the Murmac Project may be repurchased at any time prior to commercial production for a cash payment of \$1.5 million.

### *Woods*

During the year ended December 31, 2024, the Company acquired the Woods Uranium Project, including the Spruce, Pine, Aspen, Birch, and Fir Projects, through claim staking and a \$10,000 cash payment. As at June 30, 2025, the Woods Uranium Project was 100% owned by the Company.

### *Option Agreement on Woods*

Subsequent to the period ended June 30, 2025, the Company entered into a definitive option agreement (the “Neu Horizon Option Agreement”) on July 25, 2025 with Neu Horizon Uranium Limited (“Neu Horizon”), a private Australian arm’s-length party. Pursuant to the Neu Horizon Option Agreement, Neu Horizon will be granted the option to acquire an 80% interest in the Woods Uranium Project.

Upon signing of the Neu Horizon Option Agreement, Neu Horizon must fund a cash payment (in Australian dollars) of A\$50,000 and issue consideration shares of New Horizon of A\$50,000. Exploration expenditures of A\$3.0 million and further share issuances totaling A\$700,000 will be funded over the course of the Neu Horizon Option Agreement. The Company will act as the operator during the option period and will be entitled to charge a management fee of 10% of the expenditures incurred on the Woods Uranium Project.

A participating JV may be formed at the end of the option period, consistent with customary JV Terms. If completed, the JV would allow for dilution and, should the Company’s interest fall below 10%, the Company will be granted a 2% NSR royalty on the Woods Uranium Project. One-half (1.0%) percent of the 2% NSR may be purchased at any time prior to commercial production for a cash payment of A\$5.0 million, subject to Consumer Price Index increases.

### *Poma Rosa*

As at June 30, 2025, the Company has a 100% interest in the Poma Rosa Project (formerly the Ixhuatán Project), which is located in the state of Chiapas, Mexico.

### *Other*

The Company has a 2% NSR over future production from the Huizopa Project, located in Chihuahua, Mexico. The Company also has the right to a production bonus of US\$4.0 million payable over two years from the date commercial production commences at Huizopa, as well as the right to 20% of the proceeds of disposal of Huizopa if it is disposed of prior to reaching commercial production. All consideration is contingent on the future development of the property. The Company considers the fair value of this consideration to be \$nil.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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The Company also holds a NSR on exploration properties in the Dominican Republic: the Ampliación Pueblo Viejo, Ponton and La Cueva properties. These properties were sold by the Company to an unrelated third party in 2014. The NSR is equal to 1.0% when the price of gold is less than US\$1,000 per ounce, 1.5% when the price of gold is between US\$1,000 and USD\$1,400 per ounce, and 2% when the price of gold is above US\$1,400 per ounce. The Company has assigned a value of \$nil to the NSR.

In connection with the sale of these properties in the Dominican Republic, the Company also received a promissory note equal to the greater of \$5.0 million or 1 million common shares of the purchaser. The promissory note is subject to the completion of a National Instrument (“NI”) 43-101 compliant measured and indicated resource estimate on these concessions of a minimum of one million ounces of gold equivalent (at an average grade of 2.5 grams per tonne (“gpt”) or higher for Ampliación Pueblo Viejo and 1.5 gpt or higher for Ponton and La Cueva) or actual gold production from these concessions plus a NI 43-101 compliant measured and indicated resource estimate on these concessions (at an average grade of 2.5 gpt gold equivalent for APV and 1.5 gpt gold equivalent or higher for Ponton and La Cueva) exceeding one million ounces of gold equivalent. The Company has assigned a value of \$nil to the promissory note.

### *Property Investigation Costs*

Certain costs related to property investigation are expensed as incurred when the Company does not yet have the right to explore the related property. These costs are included in the statement of loss and comprehensive loss as property investigation costs.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2025	December 31, 2024
Trade accounts payable and accrued liabilities	\$ 351,270	\$ 291,039
Amounts payable to related parties, including director fees	202,538	455,456
	<u>\$ 553,808</u>	<u>\$ 746,495</u>

## 8. LOAN PAYABLE

During the six-month period ended June 30, 2025, the Company had a loan agreement with a company that is jointly controlled by a director and officer of the Company. The loan was for up to \$700,000, had an annual interest rate of 12% on the drawn balance of the loan and a 4% lender fee which was deducted as amounts were drawn from the loan. The loan was payable on demand and had a term ending in July 2025. The Company repaid the loan in full during the period ended June 30, 2025.

Prior to the loan repayment during the six-month period ended June 30, 2025, the Company incurred a renewal fee of \$21,757 and recorded interest of \$23,022 on the loan. During the year ended December 31, 2024, the Company drew \$104,000 on the loan, including a lender fee of \$4,000, made a repayment of \$100,000, and recorded interest of \$64,608. As at June 30, 2025, the balance of the loan payable, including interest and fees, is \$nil (December 31, 2024— \$612,953).

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 9. SHARE CAPITAL

#### a) Common Shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

	Number of shares	Amount
Outstanding, January 1, 2024	45,957,250	\$ 14,881,807
Shares issued pursuant to private placement	2,727,272	492,000
Less: Share issuance costs	-	(5,803)
Outstanding, December 31, 2024	48,684,522	\$ 15,368,004
Shares issued pursuant to private placement	9,375,000	2,400,000
Less: Share issuance costs	-	(40,347)
	58,059,522	\$ 17,727,657

On April 23, 2025, the Company completed a private placement financing for aggregate gross proceeds of \$3,000,000. The Company issued 9,375,000 units at an issue price of \$0.32 per unit, with each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.45 per share for the first year from the date of issuance and \$0.55 per share for the second year from the date of issuance. The value allocated to the common shares issued through the unit financing was \$2,400,000, and the value allocated to the common share purchase warrants was \$600,000. Directors, officers and other non-arm's length parties of the Company subscribed for 1,531,250 units under the financing.

Numus Capital Corp., a company that a director and officer of the Company has ownership interest in, acted as a finder for a portion the private placement. Finder's fees of \$17,500 were paid in cash and a total of 54,688 non-transferable finder's warrants were issued, having an exercise price of \$0.45 per share for the first year from the date of issuance and \$0.55 per share for the second year from the date of issue. Each finder's warrant entitles the finder to purchase one common share at the applicable exercise price for two years from the date of issue. The value of the finder's warrants is \$14,219. Total costs associated with the private placement, including the finder's fees, finder's warrants, professional fees, and regulatory fees, were \$50,434. The Company allocated \$40,347 to the costs of issuing the common shares and \$10,087 to the costs of issuing the warrants.

On August 2, 2024, the Company completed a non-brokered private placement financing for aggregate gross proceeds of \$600,000. The Company issued 2,727,272 units at an issue price of \$0.22 per unit, with each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.30 per share for a period of two years. The value allocated to the common shares issued through the unit financing was \$492,000, and the value allocated to the common share purchase warrants was \$108,000. A director and officer of the Company subscribed for 1,000,000 of the units. Total costs associated with the private placement, primarily consisting of professional and regulatory fees, were \$7,077. The Company allocated \$5,803 to the costs of issuing the common shares and \$1,274 to the costs of issuing the warrants.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### b) Warrants

	Number of warrants	Amount
Outstanding, January 1, 2024	3,200,003	\$ 191,517
Warrants issued pursuant to private placement	1,363,636	108,000
Less: Warrant issue costs	-	(1,274)
Outstanding, December 31, 2024	4,563,639	\$ 298,243
Warrants issued pursuant to private placement	4,687,500	600,000
Finder's warrants issued	54,688	14,219
Less: Warrant issue costs	-	(10,087)
Outstanding, June 30, 2025	9,305,827	\$ 902,375

During the six-month period ended June 30, 2025, the Company issued 4,742,188 warrants, including 54,688 finder's warrants valued at \$14,219, pursuant to the private placement financing. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.45 per share for the first year from the date of issuance and \$0.55 per share for the second year from the date of issuance.

The Company issued 1,363,636 warrants pursuant to the private placement during the year ended December 31, 2024 that are exercisable at \$0.30 and expire on August 2, 2026.

The fair value of the warrants issued pursuant to the financings has been estimated at the grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the pricing model for the six-month period ended June 30, 2025 and the year ended December 31, 2024 was as follows:

	June 30, 2025	December 31, 2024
Risk-free interest rate	2.63%	3.29%
Expected life	2.0 years	2.0 years
Expected volatility	92%	95%
Expected dividend per share	\$nil	\$nil
Weighted-average fair value per warrant	\$0.26	\$0.09

As at June 30, 2025, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
3,200,003	\$0.30	October 30, 2025
1,363,636	\$0.30	August 2, 2026
4,742,188	\$0.45/\$0.55	April 23, 2027

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### c) Share-Based Compensation

The Company has adopted a share-based compensation plan, providing the Board of Directors with the discretion to issue an equivalent number of stock options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price the date preceding the date of grant.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. For options that vest based on non-market performance criteria, an estimate is made on the grant date and each reporting date as to the number of options that are expected to vest based on performance criteria being satisfied. Changes in the estimates can materially affect the share-based compensation expense recognized in the statement of loss and comprehensive loss.

The following table reconciles the stock option activity during the six-month period ended June 30, 2025 and the year ended December 31, 2024:

	Number of options	Weighted-average exercise price
Balance, January 1, 2024	2,915,000	\$ 0.761
Granted	1,230,000	0.23
Forfeited/Expired	(310,000)	0.41
Balance, December 31, 2024	3,835,000	\$ 0.50
Granted	1,170,000	0.53
Expired	(500,000)	0.79
Balance, June 30, 2025	4,505,000	\$ 0.48

The Company granted 1,170,000 stock options to directors, officers, contractors, and employees during the six-month period ended June 30, 2025. The options are exercisable at \$0.53 per share, vest over three years from the grant date and expire on May 28, 2030.

The Company granted 1,230,000 stock options to directors, officers, contractors, and employees during the year ended December 31, 2024. The options are exercisable at \$0.23 per share, vest over three years from the grant date and expire on January 25, 2029.

During the six-month period ended June 30, 2025, 500,000 stock options with an exercise price of \$0.79 per share expired unexercised. During the year ended December 31, 2024, 310,000 stock options with a weighted-average exercise price of \$0.41 expired or were forfeited unexercised.

The fair value of the stock options granted during the six-month period ended June 30, 2025 and the year ended December 31, 2024 has been estimated at the grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the pricing model are as follows:

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

	June 30, 2025	December 31, 2024
Risk-free interest rate	2.62%	4.19%
Expected life	4.5 years	4.5 years
Expected volatility	90%	94%
Expected dividend per share	\$nil	\$nil
Weighted-average fair value	\$0.36	\$0.15

The following table summarizes information relating to outstanding and exercisable stock options as at June 30, 2025:

Expiry date	Weighted-average remaining contractual life (in years)	Number of options outstanding	Number of options exercisable	Weighted-average exercise price
September 18, 2025	0.2	20,000	20,000	\$ 1.15
March 4, 2026	0.7	305,000	305,000	\$ 1.10
December 17, 2026	1.5	820,000	820,000	\$ 0.70
January 25, 2028	2.6	960,000	640,000	\$0.325
January 25, 2029	3.6	1,230,000	410,000	\$ 0.23
May 28, 2030	4.9	1,170,000	-	\$ 0.53

For the six-month period ended June 30, 2025, the estimated value of options earned was \$88,985 (2024 - \$103,023). \$17,753 was capitalized to resource properties (2024 - \$11,340), and \$71,232 was recorded in the unaudited interim consolidated statement of loss and comprehensive loss (2024 - \$91,683). As at June 30, 2025, 1,300,952 stock options were available for granting under the Plan.

### d) Deferred Share Units

As at June 30, 2025 and December 31, 2024, the maximum number of common shares which the Company is entitled to issue from treasury in connection with the redemption of deferred share units (“DSU”) granted under the DSU plan is 2,000,000 common shares. As at June 30, 2025, 430,558 remain available for granting under the terms of the DSU plan (December 31, 2024 – 680,558)

During the six-month period ended June 30, 2025, the Company granted 250,000 DSUs valued at \$142,500. There were no DSUs granted during the year ended December 31, 2024. As at June 30, 2025, 1,569,442 DSUs were outstanding (December 31, 2024 – 1,319,442), of which 874,876 had vested.

The value of DSUs granted are expensed over the three-year vesting period of the DSUs. During the six-month period ended June 30, 2025, \$31,722 was expensed in the statement of loss and comprehensive loss (2024 - \$67,851).

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 10. INCOME TAXES

#### a) Reconciliation of income tax recovery

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the net loss before tax provision due to the following:

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2024
Loss before income taxes	\$ (471,060)	\$ (537,782)
Statutory rate	29%	29%
Tax recovery at statutory rate	(136,607)	(155,957)
Expense for losses and deductible temporary differences not recognized in current and prior years	262,434	210,547
Permanent differences and other	(1,033)	24,385
Income tax expense (recovery)	\$ 124,794	\$ 78,975

#### b) Deferred income taxes

The tax effects of temporary differences that would give rise to the deferred tax assets and liabilities at June 30, 2025 and December 31, 2024 are as follows:

	June 30, 2025	December 31, 2024
<b>Deferred tax assets</b>		
Net operating losses carried forward	\$ 420,599	\$ 470,104
<b>Deferred tax liabilities</b>		
Exploration and development	1,465,881	1,390,592
Net deferred tax liability	\$ 1,045,282	\$ 920,488

At June 30, 2025, the Company recognized a net deferred tax liability of \$1,045,282 (December 31, 2024 - \$920,488) related to the difference between the book value and the tax value of the Company's exploration and evaluation assets in Mexico and Saskatchewan, Canada.



# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

Net changes in non-cash operating working capital items are as follows:

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2024
Accounts receivable	\$ (54,487)	\$ (304,085)
Prepaid expenses and deposits	33,453	32,682
Accounts payable and accrued liabilities	(303,682)	313,551
	<u>\$ (324,716)</u>	<u>\$ 42,148</u>

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	June 30, 2025	June 30, 2024
Capitalized share-based compensation	\$ 17,753	\$ 11,340
Capitalized depreciation	<u>\$ 10,564</u>	<u>\$ 11,658</u>

### 12. RELATED PARTY TRANSACTIONS

Amounts payable to officers, directors and companies owned thereby were \$202,538 as at June 30, 2025 (December 31, 2024 – \$999,391, including a loan and interest payable to a related party of \$612,953 (see note 8), which was paid off in full during the period ended June 30, 2025). During the six-month period ended June 30, 2025, the Company incurred costs for controller services from a company that a director and officer of the Company has ownership interest in, Numus Financial Inc. (“Numus”), in the amount of \$6,000, incurred rent and office costs in the amount of \$22,953 and incurred digital marketing costs of \$22,770. During the year ended December 31, 2024, the Company incurred costs for controller services from Numus of \$12,000, incurred rent and office costs in the amount of \$41,794 and incurred digital marketing costs of \$43,440. As at June 30, 2025, the net amount payable by the Company to Numus was \$125,261 (December 31, 2024 – \$143,639).

During the six-month period ended June 30, 2025, the Company completed a private placement financing of \$3,000,000 with 9,375,000 units issued at a price of \$0.32. Directors, officers and other non-arm’s length parties of the Company subscribed for an aggregate of 1,531,250 of the units issued. Numus Capital Corp., a company that a director and officer of the Company has ownership interest in, acted as a finder for a portion the private placement, receiving cash finder’s fees of \$17,500 and 54,688 non-transferable finder’s warrants valued at \$14,219. Each finder’s warrant entitles the finder to purchase one common share at an exercise price of \$0.45 per share for the first year from the date of issuance and \$0.55 per share for the second year from the date of issuance.

During the year ended December 31, 2024, the Company completed a non-brokered private placement of \$600,000, with 2,727,272 units issued at a price of \$0.22 per unit. A director of the Company subscribed for 1,000,000 of the units issued for this financing. See note 9 for further details on the private placement financings.

During the six-month period ended June 30, 2025, the Company issued 1,170,000 stock options, of which 950,000 were issued to officers and a director. The options issued to directors and officers are exercisable at \$0.53 per share and vest over three years from the date of grant. During the year ended December 31, 2024, the Company issued 1,230,000 stock options, of which 1,010,000 were issued to directors and officers. The options issued to directors and officers are exercisable at \$0.23 per share and vest over three years from the date of grant.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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During the period ended June 30, 2025, the Company repaid a related party loan in full. Refer to note 8 for details of the loan terms and transactions.

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### a) Capital Management

The primary objective of managing the Company's capital is to ensure that there is sufficient available capital to support the long-term growth strategy of the Company in a way that optimizes the cost of capital and ensures the Company remains in sound financial position. The capital of the Company consists of items included in equity, net of cash, as follows:

	June 30, 2025	December 31, 2024
Equity	\$ 24,450,771	\$ 21,962,133
Less: cash and cash equivalents	(1,752,903)	(456,661)
	<u>\$ 22,697,868</u>	<u>\$ 21,505,472</u>

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity or debt instruments from time to time. No changes were made in the objectives, policies or processes for managing capital during the six-month period ended June 30, 2025.

#### b) Fair Values of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued liabilities, and loans payable approximate fair values based on the immediate or short-term maturities of these financial instruments.

#### c) Financial Risk Management Objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include market risk, credit risk, liquidity risk, and currency risk. Where material, these risks are reviewed and monitored.

#### d) Market Risk

Gold and uranium prices are affected by various forces, including global supply and demand, interest rates, exchange rates, inflation or deflation and worldwide political and economic conditions. The ability of the Company to capitalize on its current exploration and evaluation assets is impacted by the market price of gold and uranium.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

#### e) Credit Risk

Credit risk on financial instruments arises from the potential for counterparties to default on their obligations to the Company.

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

The Company's maximum exposure to credit risk is represented by the carrying amount of the Company's cash and cash equivalents. Cash and cash equivalents are placed with high-credit quality financial institutions. There are no material financial assets that the Company considers to be past due.

At each reporting date, the Company assesses whether there has been an impairment of financial assets. The Company has not recorded an impairment on any financial assets during the six-month period ended June 30, 2025 or the year ended December 31, 2024.

### f) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditures, which are adjusted as input variables change. These variables include, but are not limited to, funding requirements of exploration and evaluation assets, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. Refer to Note 1 for further details.

Accounts payables and accrued liabilities are paid in the normal course of business generally according to their terms.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities:

	Payments due by period as of June 30, 2025				
	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$553,808	\$ -	\$ -	\$ -	\$553,808

### g) Currency Risk

The Company is exposed to currency risk on its United States dollar and Mexican peso cash and accounts payable and accrued liabilities in addition to certain of its operating costs. For the six-month period ended June 30, 2025, changes the exchange rate between the aforementioned currencies and the Canadian dollar would not have impacted the Company's net loss by a material amount as the balance of funds held, receivable or owing in these currencies was not material. The currency risk is minimal, therefore the Company does not hedge its currency risk.

### h) Fair value measurements recognized in the consolidated statements of financial position

The Company has historically held certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable).

# FORTUNE BAY CORP.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### 14. SEGMENT INFORMATION

The Company has one operating and reportable segment, which is the acquisition, exploration and development of mineral interests. The geographical information regarding the assets is as follows:

	Canada	Mexico	Total
<b>As at June 30, 2025</b>			
Property and equipment	\$ 165,452	\$ -	\$ 165,452
Evaluation and exploration assets	19,911,618	3,828,329	23,739,947
	<u>\$20,077,070</u>	<u>\$ 3,828,329</u>	<u>\$23,905,399</u>
	Canada	Mexico	Total
<b>As at December 31, 2024</b>			
Property and equipment	\$ 172,022	\$ -	\$ 172,022
Evaluation and exploration assets	19,583,197	3,655,058	23,238,255
	<u>\$19,755,219</u>	<u>\$3,655,058</u>	<u>\$23,410,277</u>

### 15. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. The Company conducts its operations so as to protect public health and the environment and it believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial conditions or future results of operations of the Company.

Certain of the Company's exploration and evaluation properties are subject to royalty obligations based on mineral production from the properties. Royalty obligations for the Goldfields Project may arise once the property enters production. The royalty obligations are a 2% NSR for the Box and Athona deposits at the Goldfields property. The Box area is also subject to a 1.5% NSR on all production beneath 50 metres below the mean sea level on the original mining claims. This royalty does not apply to the current Box mine plan since it is above the minus 50 metres below sea level elevation.

As at June 30, 2025, the Company has a services agreement with Numus, a related party, for the provision of controller services, rent and other office costs at a fee of \$32,400 per year, continuing until both parties mutually agree to terminate or either party provides at least six months' notice.

The Company has employment arrangements with the Chief Executive Officer and Chief Financial Officer of the Company which provide that, should a change in control event occur, the Chief Executive Officer will receive a lump sum payment equal to between 18 and 36 months of his then current base salary and the Chief Financial Officer will receive a lump sum payment equal to 12 months of her then current base salary. In the event of a change of control, the Executive Chairman will receive a lump sum payment of 72 months of his original base compensation.

# **FORTUNE BAY CORP.**

## **Notes to the Unaudited Condensed Interim Consolidated Financial Statements**

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### **16. SUBSEQUENT EVENTS**

Subsequent to the period ended June 30, 2025, 86,957 warrants with an exercise price of \$0.30 were exercised by a related party into 86,957 common shares of the Company.