



FALCON

Energy Materials plc

Annual Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

TSX-V: FLCN



Independent auditor's report

To the Shareholders of Falcon Energy Materials plc

Our opinion

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

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maxime Lessard.

/s/PricewaterhouseCoopers LLP¹

Montréal, Quebec

April 28, 2026

¹ CPA auditor, public accountancy permit No. A152513

Falcon Energy Materials plc
Consolidated Statements of Financial Position
(in Canadian dollars)

		December 31, 2025	December 31, 2024
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,136,284	3,715,577
Sales taxes and other receivables		-	10,977
Prepaid expenses and deposits		137,394	256,296
		2,273,678	3,982,850
Non-current assets			
Sales taxes and other receivables		70,925	-
Property, plant and equipment	6	2,922,713	270,312
TOTAL ASSETS		5,267,316	4,253,162
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,110,973	707,869
Lease liability	8	18,686	97,458
		1,129,659	805,327
EQUITY			
Share capital	9	49,433,436	43,916,296
Contributed surplus	10	15,860,104	12,792,338
Foreign currency translation reserve		(10)	-
Deficit		(61,155,873)	(53,260,799)
		4,137,657	3,447,835
TOTAL LIABILITIES AND EQUITY		5,267,316	4,253,162

Subsequent events (Note 20)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board,

Marc Filion /s/
Director

Yves Grou /s/
Director

Falcon Energy Materials plc
Consolidated Statements of Loss and Comprehensive loss
(in Canadian dollars)

	Notes	Years ended December 31,	
		2025	2024
		\$	\$
Expenses			
Anode Plant			
	7		
Engineering study		758,973	594,763
Professional and consulting fees		426,382	355,632
CSPG ⁽¹⁾ production for customers and tests		21,080	-
Share-based payments	10	538,208	615,181
		1,744,643	1,565,576
General and administrative			
Professional and consulting fees	19	2,289,259	1,266,311
Salaries and benefits		-	152,960
Travel and representation		415,433	525,315
Other general and administrative		96,206	88,566
Insurance		168,499	126,351
Investor relations fees	19	627,424	311,205
Transfer agent and filing fees		116,601	70,182
Due diligence costs		49,273	-
Amortization	6	58,337	44,612
Share-based payments	10	1,798,482	1,956,766
		5,619,514	4,542,268
Other expenses	11	8,647	554,715
Net loss from continuing operations		7,372,804	6,662,559
Net loss from discontinued operations	4	522,270	1,215,230
Net loss		7,895,074	7,877,789
Other comprehensive loss			
Exchange differences on translating foreign operations		10	-
Net comprehensive loss		7,895,084	7,877,789
Basic and diluted loss per common share from continuing operations	16	0.06	0.06
Basic and diluted loss per common share from discontinued operations	16	0.00	0.01
Basic and diluted loss per common share	16	0.06	0.07
Weighted average number of shares – basic and diluted	16	125,011,710	117,410,951

The accompanying notes are an integral part of these consolidated financial statements.

Other comprehensive loss is subject to reclassification

⁽¹⁾ Coated Spherical Purified Graphite

Falcon Energy Materials plc
Consolidated Statements of Changes in Equity
(in Canadian dollars)

		Number of issued and outstanding common shares	Share capital	Contributed surplus	AOCI – Foreign exchange translation reserve	Deficit	Total equity
	Notes		\$	\$	\$	\$	\$
Balance as at January 1, 2025		117,538,895	43,916,296	12,792,338	-	(53,260,799)	3,447,835
Issuance of common shares, net of issue costs	9	10,874,832	6,248,215	-	-	-	6,248,215
Issuance of warrants, net of issue costs	9	-	(731,075)	731,075	-	-	-
Share-based compensation	10	-	-	2,336,691	-	-	2,336,691
Net loss for the year		-	-	-	-	(7,895,074)	(7,895,074)
Other comprehensive loss for the year		-	-	-	(10)	-	(10)
Balance as at December 31, 2025		128,413,727	49,433,436	15,860,104	(10)	(61,155,873)	4,137,657
Balance as at January 1, 2024		117,385,961	43,780,682	10,312,381	-	(45,383,010)	8,710,053
Exercise of stock options	9	75,000	82,281	(38,657)	-	-	43,624
Exercise of deferred share units	9	77,934	53,333	(53,333)	-	-	-
Share-based compensation	10	-	-	2,571,947	-	-	2,571,947
Net loss and comprehensive loss for the year		-	-	-	-	(7,877,789)	(7,877,789)
Balance as at December 31, 2024		117,538,895	43,916,296	12,792,338	-	(53,260,799)	3,447,835

The accompanying notes are an integral part of these consolidated financial statements.

Falcon Energy Materials plc

Consolidated Statements of Cash Flows

(in Canadian dollars)

	Notes	Years ended December 31,	
		2025	2024
Cash flows provided by (used in)		\$	\$
OPERATING ACTIVITIES			
Net loss from continuing operations		(7,372,804)	(6,662,559)
Adjustments for non-cash items			
Amortization	6	58,337	44,612
Accreted interest	8	1,657	1,502
Foreign exchange		32,297	(561)
Share-based compensation	10	2,336,691	2,571,947
Change in non-cash working capital items			
Change in non-cash working capital items from continuing operations	17	66,729	138,499
Cash used in operating activities from continuing operations		(4,877,093)	(3,906,560)
Cash used in operating activities from discontinued operations		(393,823)	(1,140,831)
		(5,270,916)	(5,047,391)
INVESTING ACTIVITIES			
Property, plant and equipment additions	6,17	(2,430,034)	-
Disposal of investments		-	8,132,717
Cash used in investing activities from continuing operations		(2,430,034)	8,132,717
Cash used in investing activities from discontinued operations		(157)	(23,648)
		(2,430,191)	8,109,069
FINANCING ACTIVITIES			
Lease liabilities	8	(57,577)	(41,108)
Issuance of shares as part of a private placement	9	6,524,900	-
Share issuance costs	9	(276,685)	-
Exercise of stock options	9	-	43,624
Cash provided by in financing activities from continuing operations		6,190,638	2,516
Cash used in financing activities from discontinued operations		(36,904)	(85,707)
		6,153,734	(83,191)
Net change in cash and cash equivalents		(1,547,373)	2,978,487
Effect of exchange rate changes on cash and cash equivalents		(31,920)	-
Cash and cash equivalents, beginning of year		3,715,577	737,090
Cash and cash equivalents, end of year		2,136,284	3,715,577

The accompanying notes are an integral part of these consolidated financial statements.

Falcon Energy Materials plc

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(in Canadian dollars)

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Falcon Energy Materials plc (the Corporation) is an Abu Dhabi Global Market mineral development business with activities in Africa. The Corporation was incorporated on April 16, 1996 under the *Canada Business Corporations Act*, and continued under the Abu Dhabi Global Market *Companies Regulations 2020* on June 24, 2024. The Corporation's common shares are listed on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "FLCN.V" and on the OTCQB Venture Market ("**OTCQB**") under the trading symbol "FLCNF". The Corporation's head office is located at Level 7, Al Maryah Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE.

These consolidated financial statements were authorized for publication by the Board of Directors on April 28, 2026.

As at December 31, 2025, the Corporation had a working capital of \$1.21 million, which included cash of \$2.1 million. Management believes that it has sufficient funds, following the private placement of \$25 million (Note 20) closed subsequent to year-end, to pay its ongoing general and administrative expenses and to meet its other liabilities, obligations and existing commitments beyond the ensuing 12 months as they fall due. The Corporation has the ability to scale its development activities and capital expenditures, and will do so as necessary, based on cash availability. The Corporation will need to raise further financing to fund its future operations and its development expenditures.

2. MATERIAL ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Corporation has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

Basis of consolidation

In addition to the Corporation, the consolidated financial statements include all subsidiaries controlled by the Corporation. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is acquired by the Corporation. Intercompany transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Corporation ceases.

The list of material subsidiaries of the Corporation, all of which are wholly owned, are as follows:

Subsidiaries	Jurisdiction of incorporation
Falcon EM International Ltd	Abu Dhabi Global Market
Falcon EM Maroc SARLU	Morocco

The subsidiary SRG Guinée SARL has been presented as discontinued operations in these consolidated financial statements, refer to Note 4 Discontinued Operations for more information.

Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of the Corporation that either has been disposed of, or is classified as held for sale, and:

- i) represents a separate major line of business or geographical area of operations;
- ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- iii) is a subsidiary acquired exclusively with a view to resale.

A component of the Corporation comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Corporation. Discontinued operations are

Falcon Energy Materials plc

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(in Canadian dollars)

excluded from the results of continuing operations and are presented as a single amount as earnings or loss after tax from discontinued operations in the consolidated statement of loss and comprehensive loss.

Functional and presentation currency

The functional currency for the parent entity and its subsidiaries is the currency of the primary economic environment in which each entity operates. The functional currency of most of the group entities is the Canadian dollar (CAD), except for Falcon EM Maroc SARLU, which is using the Moroccan dirham (MAD). These consolidated financial statements are presented in Canadian dollars. The determination of the functional currency may involve certain judgments as to defining the primary economic environment, and the parent entity will reconsider the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment in which these entities operate.

These consolidated financial statements are presented in Canadian dollars.

Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss and comprehensive loss.

The assets and liabilities of foreign operations whose functional currency differs from the presentation currency are translated at the closing rate at the reporting date. Income and expenses are translated at the average exchange rates for the period. Exchange differences arising on translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences are reclassified to profit or loss.

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty and which are subject to an insignificant risk of change in value.

Property, plant and equipment ("PP&E")

PP&E are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of a PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

PP&E are recorded at cost and depreciated as follows:

Category	Straight-line method
Computer equipment and software	3 years
Furniture	5 years
Equipment	5-10 years
Building	10-25 years
Right-of-use assets	Over the lease term

The estimated residual values, estimated useful lives and depreciation methods are reviewed annually.

PP&E are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of loss and comprehensive loss.

Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not

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generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation currently classifies its financial assets at amortized cost.

Impairment

The Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. An external rating of "investment grade" is considered to indicate that a financial instrument may be considered as having low credit risk.

Financial liabilities

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest method.

Share Capital

Common shares issued by the Corporation are classified as equity. Costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any related income tax effects.

Equity financing

Equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Corporation adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the transaction date. The balance, if any, is allocated to the attached warrants. When underlying shares are issued, the amounts previously credited to contributed surplus are transferred to share capital.

Share-based payments

The fair value, at the grant date, of equity-settled share-based awards is recognized as an expense over the period for which the benefits of the employee and others providing similar services are expected to be received using the graded

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(in Canadian dollars)

vesting method. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes valuation model, which considers the following factors:

- i) Exercise price
- ii) Expected volatility
- iii) Risk-free interest rate
- iv) Expected life of the award
- v) Current market price

The amount recognized as an expense is adjusted to reflect the actual number of share purchase options for which the related service and vesting conditions are met. Consideration received on the exercise of share purchase options is recorded as share capital and the related contributed surplus is transferred to share capital.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss. Current tax expense, if any, is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of outstanding stock options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method.

Deferred share units

The Deferred Share Unit Plan (the "DSU Plan") provides for the payment of directors' compensation with deferred share units ("DSU"s). Each DSU is a right granted by the Corporation to an eligible director or officer to receive an equivalent to the value of one common share on termination of service. DSU payments are ultimately recognized as an expense in the consolidated statements of loss and comprehensive loss as share-based compensation. The Corporation may and intends to make payments due under the DSU Plan by issuing one common share for each DSU. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by the volume-weighted average price of the Common Shares on the Toronto Stock Venture Exchange for the five trading days immediately preceding the date of grant. The Corporation uses the fair value method to recognize compensation expense related to the granting of DSUs. When underlying shares are issued, the amounts previously credited to contributed surplus are transferred to share capital.

Restricted share units

The Restricted Share Unit plan (the "RSU Plan") allows the grant to directors, employees, or service providers nontransferable Restricted Share Units ("RSU"s) based on the value of the Corporation's share price at volume-weighted average price of the Common Shares on the Toronto Stock Venture Exchange for the five trading days immediately preceding the date of grant. Unless otherwise stated, the awards typically have a vesting schedule over a three-year period and can be settled either in cash or equity upon vesting at the discretion of the Corporation. The Corporation intends to settle all RSUs in equity. The Corporation uses the fair value method to recognize compensation expense related to the granting of RSUs. When underlying shares are issued, the amounts previously credited to contributed surplus are transferred to share capital.

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(in Canadian dollars)

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Corporation

IFRS 18 *Presentation and Disclosure in Financial Statements*

The IASB issued IFRS 18 to improve reporting of financial performance. The new standard replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The new Accounting Standard introduces significant changes to the structure of income statements and introduces new principles for aggregation and disaggregation of information. The impact of adoption of the amendments has not yet been determined by the Corporation.

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instrument Disclosures*

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The impact of adoption of the amendments has been assessed and is immaterial.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant judgments and estimation uncertainty

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

a) Going concern and liquidity risk

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements and anode plant activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) Determination of the functional currency of the parent and subsidiaries

A number of judgments were made in the determination of the subsidiaries' functional currency. The parent entity has determined the functional currency of Falcon EM Maroc SARLU, a subsidiary of the Corporation incorporated in 2025, as the Moroccan dirham, based on an assessment of the primary economic environment in which it operates, including the currency of its costs, funding, and regulatory environment. All other entities have the Canadian dollar as their functional currency. The determination of the functional currency may involve certain judgments as to defining the primary economic environment, and the parent entity will reconsider the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment in which these entities operate. If a different conclusion had been reached for any one of those assumptions, it could have resulted in the identification of functional currency different from the one actually identified by the Corporation.

c) Provision for foreign tax and value-added tax

The Corporation is subject to foreign tax and value-added tax in numerous jurisdictions. Significant judgment is required in determining the provision for foreign tax and value-added taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues

Falcon Energy Materials plc

Notes to Consolidated Financial Statements

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based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the current foreign tax and value-added tax liabilities in the period in which such determination is made.

4. DISCONTINUED OPERATIONS

Loss of control of the Lola Project

On November 6, 2019, the Government of Guinea awarded Falcon's subsidiary SRG Guinée, through presidential order NoD/2019/291/PRG/SGG the mining permit for its Lola Project near the town of Lola in eastern Guinea, West Africa. The fifteen (15) year renewable permit was officially granted by the Government of Guinea through presidential decree number D/2019/291/PRG/SGG. The mining permit covers an area of 94.38 square kilometers. SRG Guinée has agreed to develop the mine and had an obligation to invest US\$110,000,000 within the first year of the permit being granted. The mining permit is subject to the general obligations of the Guinean mining code. In June 2020, the Corporation asked the Government of Guinea for a deferment due to the ongoing Covid-19 crisis. A number of events since its receipt of the mining permit, namely the COVID pandemic as well as a Coup d'État, each of which the Corporation considers being a Force Majeure event, rendered impossible the fulfillment of certain obligations by the Corporation during a significant period of time. Furthermore, on June 5, 2021, the Corporation and the government of Guinea signed an agreement which stipulates that the Corporation must begin work on its Lola project within six months of being formally reissued the Gogota permit.

On May 14, 2025, the President of the Republic of Guinea issued a decree revoking certain exploration and exploitation permits (the "Decree"). The Decree suggests that the Government of Guinea revoked 51 exploitation permits, including the one held by the Corporation.

On May 20, 2025, the Banque Centrale de la République de Guinée issued an order to freeze all bank accounts belonging to the entities touched by the Decree.

While the Corporation remains the legal owner of SRG Guinée, the Corporation concluded upon the freeze of its bank accounts, that it had lost control of the Lola Project because it cannot effectively exercise power over the relevant activities related to the project and is no longer exposed to variable returns, nor can it affect the returns of the project through its managerial involvement. As a result of the loss of control event, the Corporation derecognized the assets and liabilities of the Lola Project at their carrying amounts at the date when control was lost. The Corporation deemed the loss of control a significant event and concluded that the Lola Project should be treated as a discontinued operation since May 20, 2025. Consequently, all amounts related to the Lola Project have been classified as discontinued operation in both the current and comparative periods in the consolidated statements of loss and comprehensive loss and consolidated statements of cash flows and the associated notes to the consolidated financial statements. However, amounts related to the Lola Project are included in the consolidated statements of financial position as at December 31, 2024.

While the Corporation is continuing to enforce its rights to the Lola Project through the international arbitration proceedings and other available legal avenues (see Note 20), the Corporation's participation in the future cash flows of the Lola Project remains uncertain, and consequently no value was ascribed to the Corporation's interest in SRG Guinée. A loss on the change of control of \$82,113, equal to the net carrying value of assets and liabilities of the Lola Project at the date when control was lost, was recognized in the consolidated statements of loss and comprehensive loss.

The net loss from discontinued operations from the Lola Project, which include the results of operating activities while it was under the Corporation's control up to May 20, 2025, for the year ended December 31, 2025 and 2024 are as follow:

	Notes	Years ended December 31,	
		2025	2024
		\$	\$
Expenses from discontinued operations		440,157	1,215,230
Loss on the change of control of the Lola Project		82,113	-
Net loss before income tax		522,270	1,215,230

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The assets and liabilities of the Lola Project, over which control was lost, are summarized in the table below:

	December 31, 2025
	\$
Current assets	
Cash and cash equivalents	157
Sales taxes and other receivables	5,211
Prepaid expenses and deposits	15,789
Non-current assets	
Property, plant and equipment	121,395
Assets derecognized	142,552
Current liabilities	
Accounts payable and accrued liabilities	60,439
Liabilities derecognized	60,439
Net assets derecognized	82,113

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS

	2025	2024
	\$	\$
Cash	2,136,284	965,670
Guaranteed investment certificate, maturing February 24, 2025, 4.25%	-	1,666,648
BNS tiered corporate investment savings account, Serie F	-	1,083,259
	2,136,284	3,715,577

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6. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Furniture	Computer, equipment and software	Building	Assets under construction	Right of use assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at January 1, 2024	668,464	101,550	159,650	121,162	-	311,714	1,362,540
Additions	-	23,648	-	-	-	86,942	110,590
Disposals	-	-	-	-	-	(31,043)	(31,043)
As at December 31, 2024	668,464	125,198	159,650	121,162	-	367,613	1,442,087
Additions	-	-	2,873	-	2,900,598	55,356	2,958,827
Disposals	-	-	-	-	-	(95,395)	(95,395)
Derecognition due to loss of control of the Lola Project	(668,464)	(125,198)	(48,389)	(121,162)	-	(272,218)	(1,235,431)
As at December 31, 2025	-	-	114,134	-	2,900,598	55,356	3,070,088
Accumulated depreciation							
As at January 1, 2024	554,404	82,082	144,914	56,608	-	194,124	1,032,132
Amortization	30,932	6,417	7,248	12,457	-	110,826	167,880
Disposals	-	-	-	-	-	(28,237)	(28,237)
As at December 31, 2024	585,336	88,499	152,162	69,065	-	276,713	1,171,775
Amortization	30,008	8,909	6,193	12,116	-	85,330	142,556
Disposals	-	-	-	-	-	(52,919)	(52,919)
Derecognition due to loss of control of the Lola Project	(615,344)	(97,408)	(47,885)	(81,181)	-	(272,218)	(1,114,036)
As at December 31, 2025	-	-	110,470	-	-	36,906	147,376
Carrying amount							
As at December 31, 2024	83,128	36,699	7,488	52,097	-	90,900	270,312
As at December 31, 2025	-	-	3,664	-	2,900,598	18,450	2,922,713

Assets under construction of \$2,900,598 at December 31, 2025 relate to the Anode Plant pilot facility being developed at Jorf Lasfar, Morocco. No borrowing costs were capitalized during the period as the Corporation has no qualifying borrowings. The assets are not yet available for use and no depreciation has been recognized.

During the year ended December 31, 2025, as a result of the loss of control of the Lola Project (Note 4), assets with a net book value of \$121,395 were derecognized.

7. ANODE PLANT EXPENSES

The Corporation aims to develop an Anode Plant in the Kingdom of Morocco. The Corporation entered into several commercial and technical partnerships in order to develop a pilot plant and a large scale anode plant for the production of coated spherical purified graphite ("CSPG") at Jorf Lasfar, near Casablanca, in the Kingdom of Morocco. A Class 3-level technical study has been completed on October 20, 2025.

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8. LEASE LIABILITIES

The Corporation leases office space for employees. These leases are for a period of one year and include an option to renew after the end of the contract term.

The movement in lease liabilities during the years ended December 31, 2025 and 2024 is comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Lease liabilities at the beginning of the year	97,458	117,703
Lease payments	(56,523)	(42,380)
Lease addition	55,356	52,919
Lease termination	-	(2,922)
Accreted interest	1,657	1,502
Foreign exchange (loss) gain	387	819
Discontinued Operations	(79,649)	(30,183)
Balance, end of year	18,686	97,458
Current portion	18,686	97,458

9. SHARE CAPITAL

2024

During the year ended December 31, 2024, 75,000 stock options were exercised at an average strike price of \$0.58 per option for a total proceed of \$43,624, and 77,934 shares were issued to former directors from a previous DSU grant.

2025

On March 24, 2025, the Corporation announced the closing of a non-brokered private placement for the issuance of 10,874,832 units at a price of \$0.60 per unit for gross proceeds of \$6,524,900. Each unit is comprised of one ordinary share of the Corporation and one share purchase warrant, which grants the holder the right to purchase one additional share at a price of \$0.75 per warrant share for a period of 36 months from the date of closing.

The participation of La Mancha Fund SCSp (acting via its wholly owned subsidiary, La Mancha Investments S.à.r.l.) in the Private Placement was approved on June 9, 2025, during the annual general meeting.

Using the residual method of allocation of the proceeds between the shares and warrants, \$5,763,661 has been allocated to the shares and \$761,238 to the warrants issued in the private placement, as the fair market value of the shares was below the offering price at \$0.53 per unit.

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Warrants

The outstanding share purchase warrants as at December 31, 2025 and December 31, 2024 and the respective changes during the years ended are summarized as follows:

	Years ended December 31,			
	2025		2024	
	Number	\$	Number	\$
Balance, beginning of year	-	-	-	-
Issued	10,874,832	0.75	-	-
Balance, end of year	10,874,832	0.75	-	-

10. SHARE-BASED PAYMENTS

Share purchase options

The Corporation has a fixed stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 22,764,466 shares of the Corporation, less any shares reserved for issuance under the DSU Plan and the RSU Plan. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than \$0.05, being the minimum exercise price allowable under TSX-V policy.

The following table shows the changes in stock options:

	Year ended December 31,			
	2025		2024	
	Number	\$(¹)	Number	\$(¹)
Balance, beginning of year	13,407,213	0.63	8,385,500	0.69
Granted	4,971,641	0.65	5,096,713	0.54
Exercised	-	-	(75,000)	0.58
Balance, end of year	18,378,854	0.64	13,407,213	0.63
Exercisable, end of year	14,824,745	0.63	10,608,857	0.66

(1) Weighted average exercise price.

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The number of outstanding share purchase options that could be exercised for an equal number of common shares is as follows:

	Number outstanding	Number exercisable	December 31, 2025 Exercise price \$
February 20, 2027	1,852,007	1,852,007	0.365
April 25, 2027	100,000	100,000	0.50
June 14, 2027	25,000	25,000	0.45
November 22, 2027	325,000	325,000	1.30
January 14, 2028	125,000	125,000	1.72
August 8, 2028	2,085,000	2,085,000	1.10
May 11, 2030	1,108,493	1,108,493	0.37
June 19, 2030	950,000	950,000	0.51
February 9, 2031	440,000	440,000	0.69
March 1, 2032	1,300,000	1,300,000	0.70
April 12, 2034	4,096,713	4,096,713	0.48
October 4, 2034	850,000	637,500	0.68
October 4, 2034	150,000	112,500	1.25
March 24, 2035	1,698,487	849,244	0.60
November 28, 2035	3,273,154	818,289	0.67
	18,378,854	14,824,745	

The fair value of share purchase options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	During the year ended December 31,	
	2025	2024
Weighted average price at the grant date	\$0.64	\$0.52
Weighted average exercise price	\$0.65	\$0.54
Expected dividend	-\$	-\$
Expected average volatility	93.75%	95.01%
Risk-free average interest rate	3.13%	3.53%
Expected average life	10 years	10 years
Weighted fair value per share purchase option	\$0.57	\$0.46

The expected underlying volatility was based on the historical data of the Corporation's shares over a period equivalent to the expected average life of the options.

Deferred share units

The DSU Plan provides for the payment of directors' compensation with DSUs. Each DSU is a right granted by the Corporation to an eligible director to receive an equivalent of the value of one common share on termination of service. The Corporation may make payments due under the DSU Plan by issuing one common share for each DSU. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by the average closing price of the common shares on the TSX-V, for five trading days immediately preceding such date. Under the DSU Plan, a maximum number of common shares available and reserved for issuance is 22,764,466 shares of the Corporation, less any shares reserved for issuance under the stock option Plan and the RSU Plan.

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The following table summarizes the changes in DSUs during the years ended December 31, 2025 and 2024:

	Number	Years ended December 31,		
		2025	2024	
		\$ ⁽²⁾	Number	\$ ⁽²⁾
Balance, beginning of year	1,112,801	0.72	767,021	0.75
Granted	442,308	0.65	423,714	0.68
Settled	-	-	(77,934)	0.68
Balance, end of year	1,555,109	0.70	1,112,801	0.72

(2) Weighted average fair value.

Restricted share units

The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 22,764,466 shares of the Corporation, less any shares reserved for issuance under the Plan and the RSU Plan. The RSUs are time-based awards and all the amount of RSUs granted will vest upon the continuous involvement with the Corporation of the Participants on the third anniversaries of the RSU grant, starting from the date of the grant or such other period not exceeding three years determined by the Board of Directors.

Pursuant to the terms of the RSU Plan, Participants will receive, upon vesting of the RSUs, common shares of the Corporation issued from treasury. The outstanding RSU's as at December 31, 2025 are as follows:

	Number	Years ended December 31,		
		2025	2024	
		\$ ⁽³⁾	Number	\$ ⁽³⁾
Balance, beginning of year	-	-	1,750,000	0.70
Cancelled	-	-	(1,750,000)	0.70
Balance, end of year	-	-	-	-
Exercisable, end of year	-	-	-	-

(3) Weighted average fair value.

11. Other expenses (income)

	2025	2024
	\$	\$
Redomiciliation costs	-	861,080
Interest income	(40,602)	(278,231)
Foreign exchange (gain) loss	49,249	(28,134)
	8,647	554,715

12. INCOME TAXES

On June 24, 2024, the Corporation redomiciled to Abu Dhabi Global Market ("ADGM"), United Arab Emirates, which triggered a deemed disposition of the parent's assets for Canadian tax purposes.

The resulting taxable capital gain was fully offset by available non-capital losses, with no income tax expense or payable recognized. All remaining Canadian non-capital losses and other tax attributes were forfeited upon completion of the redomiciliation.

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The Corporation's loss before income taxes for the year ended December 31, 2025 amounted to \$7.37 million (2024 – \$6.7 million), substantially all of which was incurred in UAE.

The corporate tax rate in the ADGM free zone is 0%. Tax losses may be carried forward indefinitely, subject to certain restrictions. The corporate tax rate in Morocco is 20% and tax losses may be carried forward for up to 4 years, subject to certain restrictions. No deferred tax assets have been recognized as at December 31, 2025 or December 31, 2024.

13. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure, which will allow it to pursue the development of the anode plant.

The Corporation considers its capital structure to include shareholders' equity. The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and develop the anode plant, the Corporation prepares annual expenditure budgets, which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favorable terms, issue more debts or convertible debenture instruments, and enter into joint venture arrangements.

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended December 31, 2025.

The changes in the Corporation's capital are disclosed in the consolidated statements of changes in shareholder's equity.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification

The Corporation's financial instruments as at December 31, 2025 and 2024 consist of cash and cash equivalents and accounts payable and accrued liabilities.

The classification of financial instruments is summarized as follows:

Financial Assets	Classification	December 31,	
		2025	2024
		\$	\$
Cash and cash equivalent	Financial assets at amortized cost	2,136,284	3,715,577
		2,136,284	3,715,577

Financial Liabilities	Classification	December 31,	
		2025	2024
		\$	\$
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	735,336	258,752
		735,336	258,752

The Corporation's risk exposures and the impact of these exposures on the Corporation's financial instruments are summarized below:

Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Corporation's financial assets and financial liabilities approximate their fair values due to their relatively short periods to maturity. Investments (other than guaranteed investment certificates) are valued at the quoted prices.

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Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is exposed to credit concentration risk by holding cash and guaranteed investment certificates. This risk is minimized by holding cash and guaranteed investment certificates balances with large Canadian financial institutions and a minimal amount with local banks in Africa.

Liquidity risk

The Corporation manages its liquidity risk by using budgets that enable it to determine the amounts required to fund the development of its anode plant. The Corporation also ensures that it has sufficient working capital available to meet its day-to-day commitments. Further disclosure related to the Corporation's liquidity risk has been included in Note 1 to these consolidated financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

Except for the fixed interest recognized on the guaranteed investment certificates, all of the Corporation's assets and liabilities are non-interest-bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

Market risk

Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange ("FX") risk as cash is primarily held in United States dollars, while a significant portion of expenditures are denominated in Canadian dollars and Moroccan dirham and, to a lesser extent, Euros, United Arab Emirates dirham and British pound sterling.

The table below shows the impact on net earnings and equity of a 10% increase or decrease in material foreign currencies on the Corporation's net loss:

	December 31, 2025 in CAD	Impact of 10% change in FX	December 31, 2024 in CAD	Impact of 10% change in FX
United States dollar	1,800,702	+/- 180,070	141,913	+/- 14,191
Euro	48,991	+/- 4,899	41,268	+/- 4,127
British pound sterling	67,894	+/- 6,789	-	+/- (nil)

Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian dollar and other currencies, as outlined above. As the Corporation has not yet developed commercial mineral interests, the Corporation is not a party to financial instruments exposed to the price of commodities. However, the Corporation is indirectly exposed to commodity price risk, as it impacts the Corporation's access to capital and funding.

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15. RELATED PARTIES

Remuneration of key management personnel

Key management personnel are the members of the Board of Directors, and executive officers of the Corporation. During the years ended December 31, 2025 and 2024, the remuneration awarded to key management personnel is as follows:

	Years ended December 31,	
	2025	2024
	\$	\$
Salaries and benefits	-	50,709
Consulting and professional fees	1,453,138	1,106,991
Share-based payments	1,684,153	2,058,356
	3,137,290	3,216,056

As at December 31, 2025, consulting fees of \$375,638 are due to key management personnel (2024 - \$286,189).

Termination and change of control provisions

Certain agreements between the executive team and the Corporation contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2026, the total amounts payable in respect of severance would amount to \$1,985,050. If a change of control would occur during the year ending December 31, 2026, the total amounts payable in respect of severance, if elected by the executive members, would amount to \$3,324,450.

16. LOSS PER SHARE

Basic earnings or loss per share is the net earnings or loss available to common shareholders divided by the weighted average number of common shares outstanding during the year. Diluted net earnings or loss per share adjusts basic net earnings per share for the effects of potential dilutive common shares. Warrants, stock options, deferred share units and restricted share units were excluded from the calculation of the diluted weighted average number of common shares outstanding for the years ending December 31, 2025 and December 31, 2024, as their effects would have been anti-dilutive.

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Years Ended December 31,	
	2025	2024
	\$	\$
Changes in working capital items		
Sales taxes and other receivables	(68,919)	46,481
Prepaid expenses and deposits	104,625	(154,596)
Accounts payable and accrued liabilities	31,023	246,614
	66,729	138,499
Non-cash transactions		
Change in accounts payable and accrued liabilities related to PP&E	(473,437)	-

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18. OPERATING SEGMENTS

The Corporation operates the anode plant business segment. As at December 31, 2025, \$2,900,598 of the Corporation's non-current assets are located in in the Kingdom of Morocco and \$22,114 are located in Abu Dhabi, United Arab Emirates. As at December 31, 2024 \$248,317 of the Corporation's non-current assets were located in Guinea, Africa and \$21,995 in Abu Dhabi, United Arab Emirates.

19. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures of the year ended December 31, 2024 have been reclassified to conform with the current year's presentation. The reclassifications from the previously reported figures are presented after considering the impact of the discontinued operations. These reclassifications had no impact on previously reported net loss or equity.

	Restated	Previously reported
	\$	\$
Expenses		
General and administrative		
Professional and consulting fees	1,266,311	1,420,009
Advertising and marketing	-	71,461
Investor relations fees	311,205	86,046
	1,577,516	1,577,516

20. SUBSEQUENT EVENTS

On February 20, 2026, the Corporation announced the closing of a non-brokered private placement at a price of \$0.60 per unit of 41,666,666 units for gross proceeds of \$25,000,000. Each unit is comprised of one ordinary common share of the Corporation and one non-transferable share purchase warrant. Each warrant grants the holder the right to purchase one additional common share at a price of \$0.75 per warrant for a period of 36 months from the date of closing.

On March 16, 2026, the Corporation filed a Request for Arbitration before the International Centre for the Settlement of Investment Disputes ("ICSID") against the Republic of Guinea pursuant to the 2011 bilateral investment treaty between the Republic of Guinea and United Arab Emirates. The claim arises from the revocation of the Corporation's exploration permits on May 14, 2025.

On April 9, 2026, the Corporation announced a non-binding term sheet with a tier-one strategic and financial partner for a financing transaction directed toward the construction of the Corporation's anode material facility in the Kingdom of Morocco. This financial partner has agreed to provide Falcon with US\$65 million in non-dilutive financing as well as US\$5 million in support in future equity issuance. The Transaction is subject to satisfaction of customary conditions including an offtake agreement, completion of definitive documentation, and receipt of all required regulatory and stock exchange approvals.