



FALCON

Energy Materials plc

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED ON SEPTEMBER 30, 2025

TSX-V: FLCN

INDEX

SCOPE OF MD&A AND NOTICE TO INVESTORS.....	2
FORWARD LOOKING STATEMENTS	2
CORPORATION OVERVIEW.....	3
HIGHLIGHTS	3
TECHNICAL STUDY ON THE MOROCCO ANODE PLANT	4
OVERALL PERFORMANCE.....	8
FINANCING.....	8
LIQUIDITY & CAPITAL RESOURCES.....	8
SELECTED FINANCIAL INFORMATION.....	9
RELATED PARTIES TRANSACTIONS.....	12
OUTSTANDING SHARE DATA.....	12
OFF-BALANCE SHEET INFORMATION.....	14
CONFLICTS OF INTEREST.....	14
MATERIAL ACCOUNTING POLICIES.....	14
CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS.....	14
RISK AND UNCERTAINTIES	14

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

SCOPE OF MD&A AND NOTICE TO INVESTORS

This management's discussion and analysis of financial position and results of operations ("**MD&A**") is prepared as of November 18, 2025 and complements the audited consolidated financial statements of Falcon Energy Materials plc (the "**Corporation**" or "**Falcon**"), which include: SRG Guinee SARL ("**SRG Guinee**"), SRG Graphite International Inc. ("**SRG Intl**"), SRG Liberia Inc. ("**SRG Liberia**"), Falcon EM International Ltd ("**Falcon EM**") and Falcon EM Maroc SARLU ("**Falcon EM Maroc**"), its wholly owned subsidiaries, for the year ended on December 31, 2024. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Corporation has prepared this MD&A following the requirements of National Instrument 51-102, Continuous Disclosure Obligations.

The interim condensed consolidated financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Corporation. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Corporation and the notes thereto for the year ended December 31, 2024.

Management of the Corporation is responsible for the preparation and presentation of the annual consolidated financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Corporation complies with the laws and regulations applicable to its activities.

The audited consolidated financial statements and the MD&A have been reviewed and approved by the audit committee on November 18, 2025, as delegated by the Board of directors. These documents and more information about the Corporation are available on SEDAR+ at www.sedarplus.com.

FORWARD-LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information within the meaning of securities legislation. Forward-looking statements are included to provide information about management's current expectations and plans that allow investors and others to have a better understanding of the Corporation's business plans and financial performance and condition. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "aim", "anticipate", "assume", "believe", "estimate", "expect", "goal", "intend", "objective", "outlook", "plan", "potential", "projection", "strategy", "target", "vision", or variations of such words and phrases or state that certain actions, events or results "may", "could", "will", "would", "might" or "likely") that are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Specific forward-looking statements in this MD&A include, but are not limited to, statements and information with respect to: the pilot plant project economics, financial and operational parameters, including, without limitation, timing for construction of the pilot plant and production capacity targets; the technical study, notably those statements under "Highlights" and "Technical Study on the Morocco Anode Plant"; the results of the technical study discussed in this MD&A, including, without limitation, the project economics, financial and operational parameters such as annual production target, capital costs and operating costs as presented on Tables 2 and 3, location, processing methods, plant design, producing steps, proposed mix (SG18 and SG8), timeline for engineering, design, construction, commissioning and first production; the economic viability of the anode plant; the composition of the Corporation's strategic partnerships; the commitment of the strategic partners; the Corporation's expectations regarding its ability to scale production and achieve competitive cost efficiencies; the European and North American markets growth; the Corporation's expectations on governmental policies on international trade and investment, including sanctions and actions in respect to global trade, tariffs, and trade agreement; availability of graphite feedstock; the Corporation's expectations on costs of future operations; future price of CSPG; expected next steps in the development of the anode plant and the pilot plant; anticipated levels of expenditures required until the end of the year 2025; the Corporation's belief that current working capital sufficiently covers all cash requirements until the end of the year 2025; the Corporation's expectations regarding future price assumptions, financial performance and other outlook; the Corporation's future operating results and economic performance, and its objectives and strategies, including its aim to become a fully-integrated supplier of battery anode material and to generating sustainable, long-term benefits that are shared with the host countries and the communities where it operates; the Corporation's expected results from its business model; the legality of the decree signed by the

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

President of the Republic of Guinea ("Guinea") revoking certain exploration and exploitation permits; the Government of Guinea's intention to revoke the Lola Graphite Project exploitation permit; and the outcome of any legal proceeding, in the applicable jurisdiction, to be pursued by the Corporation to defend the Corporation's rights and investment in the Lola Graphite Project.

Forward-looking information is based upon certain assumptions and other important factors and assumptions subject to significant business, geological, economic and competitive uncertainties and contingencies that, if untrue, could cause the actual results, performance or achievements of the Corporation to be materially different from future results, performance or achievements expressed or implied by such information or statements. There can be no assurance that such information or statements will prove to be accurate. Key assumptions upon which the Corporation's forward-looking information is based include, without limitation: (1) the current market will continue and grow; (2) the legality of the decree signed by the President of Guinea revoking certain exploration and exploitation permits; (3) the Government of Guinea's intention to revoke the Lola Graphite Project exploitation permit; (4) the Corporation's capacity to execute on its strategic and operational plans, including its ability to develop the pilot plant and anode plant on the anticipated timeline and budget; (5) stable political, social, and legal conditions in Morocco and Republic of Guinea and the absence of significant disruptions affecting operations due to civil unrest, regulatory changes, or other external factors; (6) that economic and market conditions, including interest rates, inflation, exchange rates, commodity prices, and applicable trade policies, remain consistent with current expectations; (7) the ability of Falcon to secure additional financing or strategic investment on favourable terms, if and when needed, to fund projects development; (8) the assumption that no material adverse events will occur that prevent Falcon from achieving its objective of becoming a fully integrated supplier of battery anode materials; (9) the continuation and effectiveness of the strategic partnerships currently in place between Falcon and its industrial partners; (10) sector-specific demand will continue to grow in line with current forecasts; (11) the capital and operational costs of the pilot plant and anode plant; and (12) the risks listed below under the heading "Risks and Uncertainties" will not adversely impact the business of the Corporation. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. These include, but not limited to, the risks, uncertainties and other factors, many of which are beyond the control of the Corporation that could influence actual results, which risks are summarized below under the heading "Risks and Uncertainties", as well as: (1) volatile stock price; (2) the general global markets and economic conditions; (3) the possibility of write-downs and impairments; (4) the risk associated with exploration, development and operations of mineral deposits and mine plans for the Corporation's mining operations; (5) the risk associated with establishing title to mineral properties and assets including permitting, development, operations and production from the Corporation's operations being consistent with expectations and projections; (6) there being no significant disruptions affecting the operations of the Corporation whether due to artisanal miners, access to water, extreme weather events and other or related natural disasters, labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (7) asset impairment (or reversal) potential, being consistent with the Corporation's current expectations (8) the Government of Guinea's ability to revoke the Lola Graphite Project exploitation permit; (9) the Corporation's ability to defend the Corporation's rights and investment in the Lola Graphite Project.

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Corporation does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

CORPORATION OVERVIEW

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. Falcon Energy Materials plc common shares are currently listed on the TSX-V under the trading symbol "FLCN.V" and on the 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.

Falcon aims to become a fully-integrated supplier of battery anode material. The integrated business model would result in the creation of a mine-to-market active anode material producer, hosting a large high-purity graphite production

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

mine in the Republic of Guinea, and a value-added, coated spherical purified graphite conversion facility in the Kingdom of Morocco.

With attractive operating costs, proximity to European end-markets and strong ESG credentials, the Corporation is poised to become a reliable supplier while promoting sustainability and supply chain transparency. Falcon is committed to generating sustainable, long-term benefits that are shared with the host countries and communities where it operates.

HIGHLIGHTS

- On August 13, 2025, the Corporation announced significant progress in the construction of its pilot plant (the "**Pilot Plant**") at Jorf Lasfar, near Casablanca, Morocco, a milestone positioning the Corporation as a leader in the development of large-scale, high purity coated spherical purified graphite ("**CSPG**") for the global battery industry outside of China:
 - Construction contract awarded to Open Steel Structure Maroc S.A.R.L ("**Open Steel**"), the Moroccan subsidiary of Open Building Systems of China, leveraging their expertise in industrial-scale battery infrastructure;
 - All major processing equipment delivered to Hensen Graphite & Carbon Corporation ("**Hensen**") for assembly and testing;
 - Pilot Plant production capacity targeted at 100 kg per day of CSPG, enabling large-scale customer qualification programs;
- On October 14, 2025, the Corporation announced its approval to transition from the OTC Pink Market to the OTCQB Venture Market ("**OTCQB**"), operated by OTC Markets Group Inc. The company will trade under the ticker symbol "FLCNF" on the OTCQB, while continuing to be listed on the TSX Venture Exchange as "FLCN".
- On October 16, 2025, the Corporation announced that first CSPG samples had been produced and three potential customers have commenced their CSPG qualification process.
- On November 13, 2025, the Corporation announced the completion of a Technical Study ("**Technical Study**"). Refer to the "*Technical Study on the Morocco Anode Plant*" section.

TECHNICAL STUDY ON THE MOROCCO ANODE PLANT

The Technical Study, prepared to the standards of the Association for the Advancement of Cost Engineering ("**AACE**") Class 3 level of accuracy by Dorfner Anzaplan UK Limited ("**Anzaplan**"), demonstrates the strong financial and operational fundamentals of Falcon's vision to become a low-cost producer of CSPG at industrial scale.

HIGHLIGHTS

- Target annual production of 25,000 tonnes of CSPG and 19,000 tonnes of fines;
- Initial capital costs, including contingency, estimated at US\$86 million; and
- Operating costs of US\$3,168 per tonne of CSPG¹.

Leveraging Advanced Technology and Procurement through Hensen Partnership

The anode plant in Morocco (the "**Anode Plant**") is supported by a strategic partnership with Hensen, with extensive experience building and operating both synthetic and natural graphite anode plants in China. Hensen recently successfully built and commissioned in a large-scale anode plant in Weihai, China (the "**Weihai Plant**"). Falcon and Hensen have leveraged the proven design, procurement and supply chain expertise from the Weihai Plant to establish a highly competitive facility in Morocco.

¹ Operating costs are based on the actual costs of the previously built Hensen Weihai Plant, adjusted for costs associated with logistics and operations in Morocco using fiscal 2025 cost assumptions.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

This partnership enables Falcon to leverage established technology, procurement chains and learnings from recent process efficiencies to deliver high quality anode material at scale and competitive costs, to the rapidly growing European and North American markets.

Anode Plant Flow Sheet

The Technical Study represents an additional step in confirming the economic viability of the CSPG facility in Morocco. Falcon's Anode Plant design includes:

- **Spheroidization Plant:** Using the latest processes to shape graphite flakes into spheres, increasing surface area and energy density, to produce spherical graphite ("**SG**");
- **Purification Plant:** Using hydrofluoric acid alongside hydrochloric and nitric acids to remove impurities, producing >99.95% spherical purified graphite ("**SPG**"); and
- **Coating Plant:** Applying an amorphous carbon (pitch tar) coating on SPG to enhance energy density and increase battery safety and longevity, producing CSPG.

Location and Infrastructure

The Anode Plant, requiring approximately five hectares of land, will be strategically located in Jorf Lasfar, Morocco, benefiting from access to key port and energy infrastructure and free trade agreements with both the United States and the European Union. Falcon contemplates the construction of one single building (the "**Super Building**") to optimize the Anode Plant footprint and operational efficiencies.

Graphite Concentrate

Falcon has tested several high quality and attractively priced graphite concentrates that can serve as feedstock for the Anode Plant. There is a relative abundance of graphite feedstock available in the market, sourced from China, other international producers, and Falcon's own Lola Graphite Project once in production.

Spheroidization Plant

The spheroidization plant consists of three process steps: micronization, spheroidization of the micronized graphite to produce coarse primary SG, and secondary spheroidization to produce fine SG. The overall yield of the spheroidization plant is 60% resulting in 28,000tpa of SG. The process produces spherical particles averaging 18 microns (categorized as "**SG18**") and 8 microns (categorized as "**SG8**"). SG18, representing 80% of the feed, is collected into a main collector and sent to the purification plant by pneumatic transportation. SG8, representing 20% of the feed is collected and sent to secondary spheroidization circuit in the purification plant, while the remaining fines by-product particles are sent directly to the bagging station and sold separately.

Figure 1: Illustration of Falcon's Super Building at Jorf Lasfar



Purification Plant

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

The purification plant increases SG purity from 95% to 99.95%, producing SPG. The purification plant consists of four separate process steps: a thermally supported chemical reaction, pressure filtration, washing, and drying. The SG is washed with a mixture of hydrofluoric acid, hydrochloric acid, nitric acid (the "Key Acids") and steam to remove impurities such as SiO₂, Al₂O₃, MgO, Fe₂O₃, and CaO. Key Acids are recovered and reused while final washing and drying reduce moisture to below 1%.

Coating Plant

The coating process is the final step in CSPG production. Graphite particles are coated with a thin carbon film (3-25 nanometres thick), using 10% wt. pitch tar as a carbon precursor, followed by thermal treatment in a coating furnace for SP18 and SP8 products. The cooled CSPG is deagglomerated, demagnetized, sieved and bagged to meet stringent end-user specifications.

Gas and Water Treatment

The Anode Plant incorporates advanced gas and water treatment systems to meet Moroccan environmental standards. The gas scrubber neutralizes off-gasses from the purification and coating plant using hydrated lime. The water treatment system, with a capacity for 432,000 t/a, treats all effluents before discharge to the local sewage network, ensuring compliance with Moroccan discharge limits.

Capital and Operating Costs

The estimated capital and operating costs for the project are presented below in Tables 2 and 3. The capital and operational costs are based on the actual costs of the Weihai Plant, adjusted for costs associated with logistics and construction in Morocco based on fiscal 2025 cost assumptions. There can be no assurance that costs incurred during the future operation of the Anode Plant will not be materially different than the cost estimates provided below, which are based on fiscal 2025 cost assumptions. The capital and operating cost estimates comply with the AACE' Class 3 level of engineering (recommended Practice 47R-11), with accuracy ranging between -15% to +20%.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

Table 1: Capital Costs

Anode Plant	
Preliminary, General Earthworks and Terracing	\$3M
Civils, Architectural and Fencing	\$5M
Structural Steel	\$22M
Electrical and Fire Suppression	\$2M
Water and Sewage management	\$1M
Bulk Power Infrastructure and Prefabricated Buildings	\$8M
CSPG Processing Circuit	\$30M
Indirect costs	\$4M
Escalation	\$5M
Contingency	\$6M
Anode Total Capital Costs	\$86M

Note I: Numbers may not add due to rounding;

Note II: All monetary figures presented are expressed in US dollars; and

Note III: These above-mentioned results should not be relied upon for investment decisions. The Technical Study is not a technical report for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”) and is limited to a techno-economical evaluation of the Anode Plant.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

Table 2: Anode Plant Operating Costs

Operating Costs in US\$ per tonne CSPG	
Power	\$466
Water	\$59
Reagent	\$1,149
Tailings (Fines)	\$15
Land	\$182
Labour	\$24
Maintenance	\$85
Laboratory	\$68
Miscellaneous	\$14
Sustaining Capital	\$98
Direct Operating Costs	\$2,160
Feed and Transport	\$1,008
All-In Operating Costs	\$3,168

Note I: Numbers may not add due to rounding;

Note II: All monetary figures presented are expressed in US dollars; and

Note III: These above-mentioned results should not be relied upon for investment decisions. The Technical Study is not a technical report for the purposes of NI 43-101 and is limited to a techno-economical evaluation of the Anode Plant.

Economic Analysis

Current consensus long term CSPG pricing is US\$8,300 per tonne for the proposed product mix (SG18 and SG8). The Corporation expects a 9-month detailed engineering and design period followed by a 15-month construction and commissioning period, targeting first production H2 2027.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

Table 3: Economic Analysis

Key Financial Metrics	
Capital Costs	\$86M
Operating Costs	\$3,168 / t
Average Sales Price	\$8,300 / t
Target Production (All Products)	26ktpa
Construction Time	15 months

Note: The capital and operational costs are based on the actual costs of the Hensen Weihai Plant, adjusted for costs associated with logistics and operation in Morocco based on fiscal 2025 cost assumptions. There can be no assurance that costs incurred during the future operation of the Anode Plant will not be materially different than the cost estimates provided in this table, which are based on fiscal 2025 cost assumptions.

OVERALL PERFORMANCE

Over the past 12 months, the Corporation has focused on the redomiciliation to the UAE, arranging financing required for construction, obtaining, and maintaining the necessary permits and finding a partner for its Anode Plant project.

FINANCING

No financing during the quarter ended September 30, 2025.

LIQUIDITY & CAPITAL RESOURCES

The current estimate for expenditures on the Anode Plant (both corporate and capitalized expenditures) until the end of the year is in line with the expenditure of \$6,000,000 estimated in the 2024 annual MD&A for technical study on the Anode Plant, construction of the Pilot Plant and general and administrative working capital. Current working capital of \$3.2M sufficiently covers all cash requirements until the end of year.

SELECTED FINANCIAL INFORMATION

FINANCIAL POSITION ANALYSIS

	September 30, 2025	December 31, 2024
	\$	\$
Total assets	6,070,531	4,253,162
Total liabilities	642,056	805,327
Total equity	5,428,475	3,447,835
Working capital*	3,166,682	3,177,523

*Working capital is a measure of current assets less current liabilities.

ASSETS

Total assets as at September 30, 2025 were \$6,070,531 compared to \$4,253,162 at December 31, 2024, an increase of \$1,817,369 mainly due to an increase of \$1,991,481 in property and equipment due to the purchase of equipment and capitalized construction costs of the Pilot Plant in Morocco, offset by a decrease of \$104,364 in prepaid expenses and deposits.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

LIABILITIES

Total liabilities as at September 30, 2025, were \$642,056 compared to \$805,327 at December 31, 2024, a decrease of \$163,271. The decrease is mostly related to the payment of \$97,614 of accounts payable and variation in lease liability of \$65,657.

EQUITY

As at September 30, 2025, the Corporation had an equity balance of \$5,428,475 compared to \$3,447,835 at December 31, 2024, an increase of \$1,980,640, mainly due to the March 2025 private placement, offset by the comprehensive loss of the period of \$5,562,350.

OPERATING RESULTS ANALYSIS

	Three-month periods ended		Nine-month periods ended	
	2025	September 30, 2024	2025	September 30, 2024
	\$	\$	\$	\$
Revenues	-	-	-	-
Net loss	1,521,856	1,515,833	5,562,350	5,401,769
Net loss per share	0.01	0.01	0.04	0.05

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2025, COMPARED TO THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

For the three-month period ended September 30, 2025, the Corporation recorded a net loss of \$1,521,856 compared to \$1,515,833 for the same period in 2024, an increase of \$6,023.

Exploration and evaluation expenses decreased by \$156,934 from the same period in 2024, as a direct result of the Corporation's mining license having been revoked by the Guinea government and its local bank accounts frozen.

Anode Plant expenses increased by \$52,767 from the same period in 2024, due to an increase in engineering study by \$46,724, in professional and consulting fees by \$23,318, offset by the decrease in the non-cash item share-based payments by \$17,275.

General and administrative expenses increased by \$158,082 from the same period in 2024, mostly due to the increase in professional and consulting fees by \$317,021, in investor relations fees by \$86,734, offset by a decrease in travel and representation by \$106,365, in the non-cash item share-based payments by \$91,670 and in salaries and benefits by \$60,447.

Other expenses decreased by \$47,892, mostly due to a decrease in redomiciliation fees by \$91,631, offset by a decrease in interest income of \$41,190.

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025, COMPARED TO THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

For the nine-month period ended September 30, 2025, the Corporation recorded a net loss of \$5,562,350 compared to \$5,401,769 for the same period in 2024, an increase of \$160,581.

Exploration and evaluation expenses decreased by \$277,432 from the same period in 2024, mainly due to a decrease in engineering study by \$96,043, in salaries and wages by \$86,961 and in exploration expenses by \$83,582.

Anode Plant expenses increased by \$597,634 from the same period in 2024, due to an increase in engineering study by \$616,621, in professional and consulting fees by \$52,362, offset by the decrease in the non-cash item share-based payments by \$71,349.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

General and administrative expenses increased by \$430,258 from the same period in 2024, mostly due to the increase in professional and consulting fees by \$939,910, in investor relations fees by \$205,895 and in insurance costs by \$60,102, offset by a decrease in the non-cash item share-based payments by \$443,975, in salaries and benefits by \$258,486, and in travel and representation by \$102,542.

Other expenses decreased by \$589,879, mostly due to redomiciliation fees of \$841,016 in 2024, offset by a decrease in interest income of \$195,339 and foreign exchange gains variation of \$55,798.

CASH FLOWS ANALYSIS

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash required by operating activities	(1,318,943)	(976,394)	(4,170,671)	(3,597,268)
Cash generated (required) by investing activities	(1,505,590)	104,592	(2,147,468)	4,104,592
Cash generated (required) by financing activities	(157,957)	(32,897)	6,240,805	(88,470)

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2025, COMPARED TO THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

Operating Activities

For the three-month period ended September 30, 2025, operating activities required cash flows of \$1,318,943 compared to \$976,394 for the same period in 2024, an increase of cash consumption of \$342,549. The variation is mostly due to an increase in the net loss after adjustments for items not affecting cash, which went from \$900,087 in Q3 2024 to \$1,197,451 in Q3 2025.

Investing Activities

For the three-month period ended September 30, 2025, investing activities required cash flows of \$1,505,590 related to the purchase of equipment and construction of the Pilot Plant in Morocco, compared to generated cash flows of \$104,592 for the same period in 2024 related to the disposal of investments.

Financing Activities

For the three-month period ended September 30, 2025, financing activities required cash flows of \$157,957 compared to \$32,897 for the same period in 2024, an increase in cash requirement of \$125,060. The variation is mostly due to recognition of share issuance costs related to the March 2025 financing.

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025, COMPARED TO THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

Operating Activities

For the nine-month period ended September 30, 2025, operating activities required cash flows of \$4,170,671 compared to \$3,597,268 for the same period in 2024, an increase of cash consumption of \$573,403. The variation is mostly due to an increase in the net loss after adjustments for items not affecting cash, which went from \$3,490,807 in 2024 to \$4,169,835 in 2025.

Investing Activities

For the nine-month period ended September 30, 2025, investing activities required cash flows of \$2,147,468 related to the purchase of equipment for the Pilot Plant in Morocco, compared to \$4,104,592 for the same period in 2024 related to the disposal of investments.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

Financing Activities

For the nine-month period ended September 30, 2025, financing activities generated cash flows of \$6,240,805 compared to requiring \$88,470 for the same period in 2024, an increase in cash generation of \$6,329,275. The variation is mostly due to the March 2025 private placement.

QUARTERLY RESULTS TRENDS

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our financial statements for the period ended September 30, 2025.

	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Revenues	-	-	-	-	-	-	-	-
Net loss	(1,521,856)	(1,884,471)	(2,156,023)	(2,476,020)	(1,515,833)	(2,405,013)	(1,480,923)	(1,460,680)
Net loss per share	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)

RELATED PARTIES TRANSACTIONS

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are the members of the Board of Directors, and executive officers of the Corporation. During the three and nine-month periods ended September 30, 2025 and 2024, the remuneration awarded to key management personnel (including the amounts above) is as follows:

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries and benefits	-	17,876	-	50,709
Consulting and professional fees	344,734	308,656	1,034,203	759,399
Share-based payments	190,041	364,133	837,972	1,578,837
	534,775	690,666	1,872,175	2,388,946

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, 2025, the total amounts payable in respect of severance would amount to \$1,873,750. If a change of control would occur during the year ending December 31, 2025, the total amounts payable in respect of severance, if elected by the executive members, would amount to \$3,157,500.

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Outstanding as of November 18, 2025	128,413,727
Shares reserved for issuance pursuant to stock options outstanding	15,105,700
Shares reserved for issuance pursuant to warrants outstanding	10,874,832
Shares reserved for issuance under the deferred stock unit plan	1,112,801
	155,507,060

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

As at the date of this MD&A, the Corporation had outstanding stock options enabling holders to acquire common shares of the Corporation as follows:

	Number outstanding	Number exercisable	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	0.36
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	3,072,535	0.48
October 4, 2034	850,000	425,000	0.68
October 4, 2034	150,000	75,000	1.25
February 21, 2035	1,698,487	849,244	0.60
	15,105,700	12,732,278	

DEFERRED SHARE UNIT PLAN

The deferred share units ("DSU") plan (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 DSU Plan and the restricted share unit ("**RSU**") plan (the "**RSU Plan**").

The following table summarizes the changes in DSUs issued during the six-month period ended September 30, 2025:

	Nine-month period ended		Year ended	
	September 30, 2025		December 31, 2024	
	Number	\$(²)	Number	\$(²)
Balance, beginning of year	1,112,801	0.72	767,021	0.75
Granted	-	-	423,714	0.68
Settled	-	-	(77,934)	0.68
Balance, end of year	1,112,801	0.72	1,112,801	0.72

(2) Weighted average fair value.

RESTRICTED SHARE UNIT PLAN

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 DSU Plan and the RSU Plan. The RSUs are time-based awards and all the amount of RSUs granted will vest upon the continuous employment 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.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

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 September 30, 2025, are as follows:

	Nine-month period ended September 30, 2025		Year ended December 31, 2024	
	Number	\$(³)	Number	\$(³)
Balance, beginning of period	-	-	1,750,000	0.70
Cancellation	-	-	(1,750,000)	0.70
Balance, end of period	-	-	-	-
Exercisable, end of period	-	-	-	-

(3) Weighted average fair value.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

CONFLICTS OF INTEREST

The Corporation's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Corporation may participate, the directors and officers of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Corporation will follow the provisions of the Abu Dhabi Global Market Companies Regulations 2020 dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Corporation's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted. In accordance with the federal laws of Abu Dhabi Global Market, the directors and officers of the Corporation are required to act honestly, in good faith, and in the best interests of the Corporation.

MATERIAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is full disclosure of the Corporation's material accounting policies in Note 2 of the audited consolidated financial statements for the year ended December 31, 2024.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2024.

RISKS AND UNCERTAINTIES

The Corporation is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Corporation currently has no source of revenue other than interest on cash balances. The Corporation will rely mainly on equity financing to fund activities on its mineral properties.

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Corporation may be subject.

Impact of Epidemics

The Corporation's operations are subject to the risk of emerging infectious diseases or the threat of viruses or other contagions or epidemic diseases, including COVID-19. Any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Corporation's business, results of operations and financial condition.

Early Stage – Need for Additional Funds

The Corporation has no history of profitable operations, and its present business is at an early stage. As such, the Corporation is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Exploration and Evaluation

Mineral exploration and evaluation is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The mineral claims to which the Corporation has a right to acquire an interest are in the exploration stages only and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Supplies, Health and Infrastructure

The Corporation's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surface access, skilled labor, healthy labor, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. In Guinea, power may need to be generated onsite.

Mining Title Risks

On May 14, 2025, a presidential decree was issued in Guinea purporting to revoke a number of exploration and exploitation permits, including the exploitation permit held by the Corporation for the Lola Graphite Project (the "Decree"). On August 20, 2025, Falcon received a letter from the Prime Minister of the Republic of Guinea indicating that its government was open to exploring avenues towards an amicable resolution of its dispute with Falcon. However, as of the date of this MD&A it remains unclear whether, or if, a timely and reasonable resolution of the dispute with the Republic of Guinea is achievable.

The Corporation believes that its exploitation permit for the Lola Graphite Project remains valid and that the Decree is unlawful and inconsistent with Guinean mining law. The Corporation is actively assessing its legal options and intends to defend its rights. However, there can be no assurance that the Decree or any related governmental action will not adversely affect the Corporation's rights or its ability to maintain or enforce its title to the Lola Graphite Project. In addition, the Corporation's mineral property interests may be subject to prior unregistered agreements, transfers, or native claims, and title may be affected by undetected defects. Any impairment to, or revocation of, the Corporation's exploitation permit, or any prior unregistered agreements or claim, could have a material adverse effect on the Corporation's ability to advance the Lola Graphite Project, as well as on its business, operations, financial condition, and future results

Environmental Regulations, Permits and Licenses

The Corporation's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labor standards, occupational health, waste disposal, safety and other matters. Environmental legislation in most countries provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

The Corporation believes that it is in compliance with all material laws and regulations which currently apply to its activities. However, there can be no assurance that all permits which the Corporation may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Corporation might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases and the Corporation competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Corporation's ability to acquire suitable properties or prospects in the future.

The Corporation may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Corporation may not be able to finance the expenditures required to complete recommended programs.

Political and Economic Risks of Doing Business in Guinea

The Corporation's mineral properties are currently located in Guinea. The fiscal laws and practices are well established and generally consistent with Western rules and regulations. However, there is no assurance that future political and economic conditions in this country will not result in its government adopting different policies respecting foreign development and ownership of mineral properties. Any changes in laws, regulations or shifts in political attitudes regarding investment in the Guinea mining industry are beyond its control and may adversely affect its business. The Corporation's exploration and evaluation activities may be affected in varying degrees by a variety of economic and political risks, including cancellation or renegotiation of permits and contracts, changes in Guinean domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, price controls, expropriation of property, fluctuations in foreign currency, restrictions on the ability to repatriate earnings and pay dividends offshore, restrictions on the ability to hold foreign currencies in offshore bank accounts, environmental legislation, employment practices and mine safety. In the event of a dispute regarding any of these matters, the Corporation may be subject to the jurisdiction of courts outside of Abu Dhabi Global Market which could have adverse implications on the outcome.

Dependence on Management

The Corporation is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Corporation could result, and other persons would be required to manage and operate the Corporation.

Information Systems Security Threats

Although the Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Operating Hazards and Risks

Mining operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Corporation has a direct or indirect interest will be subject to all

Falcon Energy Materials plc

Management's discussion and analysis for the period ended September 30, 2025

the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Although the Corporation maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial conditions.