Falcon Oil & Gas Ltd.

Form 51-102F1
Management's Discussion & Analysis
For the Year Ended 31 December 2025

(Presented in U.S. Dollars)

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INTRODUCTION

The following management's discussion and analysis (the "**MD&A**") was prepared as at 28 April 2026 and is management's assessment of Falcon Oil & Gas Ltd.'s ("**Falcon**") financial and operating results and provides a summary of the financial information of the Company (as hereinafter defined) for the three months and year ended 31 December 2025. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2025 and 2024.

The information provided herein in respect of Falcon includes information in respect of its wholly-owned subsidiaries: TXM Oil and Gas Exploration Kft., a Hungarian limited liability company ("**TXM**"); Falcon Oil & Gas Ireland Limited., an Irish limited liability company ("**Falcon Ireland**"); Falcon Oil & Gas Holdings Ireland Limited., an Irish limited liability company ("**Falcon Holdings Ireland**"); Falcon Exploration and Production South Africa (Pty) Ltd., a South African limited liability company ("**Falcon South Africa**") and its 98.1% majority owned subsidiary, Falcon Oil & Gas Australia Limited, an Australian limited liability company ("**Falcon Australia**") (collectively, the "**Company**" or the "**Group**").

Additional information related to the Company, including the Company's Annual Information Form for the year ended 31 December 2025 dated 28 April 2026 ("**AIF**") can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca and Falcon's website at www.falconoilandgas.com.

Forward-looking statements

Certain statements contained in this MD&A constitute forward-looking statements and are based on Falcon's beliefs and assumptions based on information available at the time the assumption was made. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Any statements not of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "preliminary" "projects", "dependent", "potential", "scheduled", "forecast", "outlook", "budget", "hope", "support" "ongoing", "objective", "measure", "depends", "could" or the negative of those terms or similar words suggesting future outcomes. In particular forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the strategy of the Board of Directors of Falcon (the "**Board**") and countries it believes support the exploitation of unconventional oil and gas; statements relating to the definitive agreement ("**Transaction**") entered into by Falcon and Tamboran Resources Corporation (NYSE: TBN, ASX: TBN) ("**Tamboran Corp**") for the sale of Falcon's subsidiaries; statements regarding the expected closing date of the Transaction, subject to all necessary closing conditions; statements relating to the Group's activities in the Beetaloo Sub-basin, Australia; the prospectivity of the Amungee Member play, Beetaloo Sub-basin; the shale oil and shale gas potential of the Beetaloo Sub-basin; information relating to drilling operations at the Shenandoah South 1H ("**SS1H**") well; the objectives and information relating to drilling of the two wells drilled in 2024 (Shenandoah SS2-2H ("**SS2H**"), Shenandoah SS2-2H sidetrack ("**SS2H ST1**") and the Shenandoah SS2-4H ("**SS4H**") wells) and the three wells drilled in 2025 (Shenandoah South SS2-1H ("**SS2-1H**"), SS2-3H ("**SS3H**") and SS2-5H ("**SS5H**") wells), collectively known as the Shenandoah South Pilot Project ("**Pilot Project**"); the belief by the Beetaloo Joint Venture partners ("**BJV**") of Falcon Australia and Tamboran (B2) Pty Limited ("**Tamboran B2**") that the SS1H well and SS2H ST1 well 30-day initial production ("**IP30**"), 60-day initial production ("**IP60**") and 90-day initial production ("**IP90**") results were above the commercial threshold required to progress development plans for the proposed 40 million cubic feet per day (**"MMcf/d**") stimulation campaign at the Shenandoah South location subject to funding and key approvals; Falcon's ownership in the northern and southern pilot areas and remaining acreage following the execution of the checkerboard; the geological rock properties in the region indicative of favourable well performance with potential to result in long-term, low-declining gas production, this region being one of the best locations in the Beetaloo Sub-basin for Pilot Project development activities; signing of a Binding Agreement for a long term Gas Sales Agreement to supply the Northern Territory, conditional on entering a binding Gas Transportation Agreement and Gas Processing Agreement and the plan for first gas flow in 2026; details on the 20-day initial production ("**IP20**") flow test results of SS2-1H including assumptions that it compares favourably to the average performance of more than 11,000 producing wells in the Marcellus Shale dry gas fairway with over 12 months of production history; consistency of the results of SS2-1H with SS-2H ST1; details on the planned three well stimulation campaign including the plan to commence in 2Q 2026; the commencement of gas sales in 3Q 2026 and the plan to tie the wells to the SPCF and bring to production during 3Q 2026; treatment under governmental regulatory regimes and tax laws; the quantity of petroleum and natural gas resources or reserves; anticipated production rates; the future coming into effect of the Upstream Petroleum Resources Development Act 23 of 2024 with respect to the Group's interest in the Karoo basin, South Africa; the awarding of exploration rights; liquidity and financial capital including the going concern capabilities of the Company; expectations regarding the ability of Falcon to access additional sources of funding to meet its obligations prior to the closure of the Transaction including those not currently available; and Falcon's ability to leverage its experience in the unconventional oil and gas industry to acquire interests in licenses.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: failure to satisfy all conditions of the Transaction; general economic conditions in the Republic of Hungary, the Commonwealth of Australia, the Republic of South Africa and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters adversely impacting the exploitation of unconventional oil and gas resources; introduction of a moratorium; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risk and for relatively under-explored basins such as the Beetaloo Sub-basin there may not be the shale oil and gas commercial potential; renewal of exploration permits; need to obtain regulatory approvals before development commences; environmental risks and hazards and cost of compliance with environmental regulations; aboriginal claims; risks and uncertainties associated with wellbore or reservoir conditions, geological, technical, drilling and processing problems; unanticipated operating events which can delay exploration and appraisal or reduce production or cause production to be shut-in or delayed; willingness of joint venture partners to continue with a work programme and bringing towards commerciality; the ability of our joint venture partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; uncertainties inherent in estimating quantities of reserves and resources and bringing to commerciality; the need to obtain required approvals from regulatory authorities with delays impacting work programmes and associated costs or not receiving the requisite license to explore; risks associated with drilling wells which is speculative and often involves significant costs that may be more than estimated and may not result in any discoveries; risks associated with the ability to raise necessary funds to continue to meet obligations and cash availability to meet expenses as they fall due; pandemics such as COVID-19 may be prolonged, delaying work programmes and increasing cost; macroeconomic risks such as inflationary pressures and the current Russian-Ukrainian war also delay work programmes due to delivery of goods and increasing costs and the other factors considered under "**Risk Factors**" in Falcon's 2025 AIF.

With respect to forward-looking statements contained in this MD&A, Falcon has made assumptions regarding: the successful completion of the Transaction, the countries where the Group operates supporting the exploitation of unconventional oil and gas; the shale oil and shale gas commercial potential of the Beetaloo Sub-basin while it remains relatively under-explored; the continuation of the Beetaloo Sub-basin Pilot Project and being brought towards commerciality; the original gas in place and contingent gas resource calculated with respect to the Beetaloo Sub-basin are the best estimates based on the drilling results to date and other data (including seismic) available; work with Falcon's joint venture partner, Tamboran B2, will continue, obtaining necessary approvals to continue working in the Beetaloo; estimated date for the awarding of the exploration right over the acreage in the Karoo Basin; cost estimates for twelve months from the date of approval of this document and the Group's ability to continue as a going concern; the Beetaloo Sub-basin project being brought towards commerciality.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide readers with a more complete perspective on Falcon's future operations and such information may not be appropriate for other purposes. Falcon's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Falcon disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulation. In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Advisory regarding oil and gas information

Any references in this MD&A to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Falcon. Such rates are based on field estimates and may be based on limited data available at this time.

Contingent resource estimates are those quantities of gas (produced gas minus carbon dioxide and inert gasses) that are potentially recoverable from known accumulations, but which are not yet considered commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original gas in place, and confirmation of prices and development costs. There is uncertainty that it will be commercially viable to produce any portion of the resources. For additional information relating to contingent resource estimates in respect of the Amungee NW-1H Velkerri B Shale Gas Pool which were prepared by an Origin Energy B2 Pty Ltd.'s ("**Origin**") employee and a Qualified Reserves and Resources Evaluator effective as of February 15, 2017, please refer to Falcon's AIF, which is available on SEDAR+ at www.sedarplus.ca.

Dollar amounts

All dollar amounts in this document are in United States dollars **"$"**, except as otherwise indicated. "**CDN$**" where referenced represents Canadian dollars; "**£**" where referenced represents British pounds sterling, "**HUF**" where referenced represents Hungarian forints and "**A$**" where referenced represents Australian dollars.

The financial information provided herein has been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) (collectively IFRS Accounting Standards).).

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OVERVIEW OF BUSINESS AND OVERALL PERFORMANCE

About the Group

Falcon is an international oil and gas company engaged in the exploration and development of unconventional oil and gas assets. The Company's interests are located in internationally diversified countries that are characterised by a high regional demand for energy and are close to existing infrastructure allowing for rapid delivery of oil and gas to market in Australia and Hungary.

Falcon's strategy is to leverage the Group's expertise in the unconventional oil and gas industry to acquire interests in licences covering large acreages of land and to build on its internationally diversified portfolio of unconventional assets and interests, which are located in countries that the Board believes support the exploitation of unconventional oil and gas. Falcon seeks to add value to its assets by entering into farm-in arrangements with major oil and gas companies that will fully or partially carry Falcon through seismic and drilling work programmes. The Group's principal interest is located in the underexplored Beetaloo Sub-basin in Australia; with further interests in Hungary and an underexplored basin in South Africa, covering approximately 12.3 million gross acres in total. The carrying value at 31 December 2025 of the Company's interest in Australia is $56.8 million, while the Hungarian asset is nil due to a determination in 2014 that the estimated recoverable amount was insufficient to cover the carrying value of the asset. For the South African interest, costs associated with the technical cooperation permit are expensed as incurred.

Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland. Falcon's Common Shares are traded on Toronto's TSX Venture Exchange ("TSX-V") (symbol: FO.V); and AIM, a market operated by the London Stock Exchange (symbol: FOG).

Proposed sale of all Falcon subsidiaries to Tamboran Corp

On 30 September 2025 Falcon entered into a Transaction to sell all its subsidiaries to Tamboran Corp. Tamboran Corp will acquire all of Falcon's subsidiaries in exchange for 6,537,503 shares of Tamboran Corp NYSE Common Stock and cash consideration of $23.7 million. On completion, eligible Falcon shareholders will exchange their common shares for Tamboran Corp shares at an exchange ratio of 0.00687 shares of Tamboran Corp NYSE Common Stock for each Falcon common share and the cash consideration will be paid by Tamboran into a blocked account in the name of a sanctioned shareholder. The Transaction has been unanimously approved by the Board of Directors of Tamboran Corp and Falcon. The Transaction is expected to close in the second quarter of 2026, subject to satisfaction of closing conditions. The Transaction will on completion result in Falcon ceasing to own all its assets and business. The entities being acquired pursuant to the Transaction are all of Falcon's subsidiaries, namely TXM, Falcon Ireland, Falcon Holdings Ireland, Falcon South Africa, a South African limited liability company and Falcon's 98.1% majority owned subsidiary, Falcon Australia ("Falcon's subsidiaries").

Summary of Operations

The following table summarises the principal oil and gas interests of the Company in Australia, South Africa and Hungary:

Assets (Country)	Interest (%)	Operator	Status	Gross Area (km^2)
Exploration Permit EP76 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5 (i)	Tamboran B2 (iii)	Exploration	1,891.3
Exploration Permit EP98 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5 (i)	Tamboran B2 (iii)	Exploration	10,316.0
Exploration Permit EP117 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5 (i)	Tamboran B2 (iii)	Exploration	6,412.0
Technical Cooperation Permit, (Karoo Basin, South Africa) (ii)	100	Falcon	TCP	30,327.9
Makó Production Licence (Makó Trough, Hungary)	100	TXM	Production	994.6

Notes:
(i) Falcon owns 98.1% of Falcon Australia, which holds a 22.5% interest in EP76, EP98 and EP117 (collectively the "**Exploration Permits**"). The remaining 1.9% interest of Falcon Australia is held by others. The Exploration Permits are currently in year 3 with a permit year end of 31 May 2028. On 25 March 2024 Falcon announced that Falcon Australia had elected to reduce its participating interest ("**PI**") in the proposed Pilot Project from 22.5% to 5% for the first two wells and on 24 January 2025 it was announced that Falcon Australia would reduce its participation in the remaining wells of the Pilot Project to 0%.

(ii) In compliance with the terms of the Technical Cooperation Permit ("**TCP**"), the Company submitted its application for an exploration licence in August 2010. Local counsel has confirmed that despite the TCP having an expiry date of October 2010, the Company's interests remain valid and enforceable.

(iii) In September 2022 Origin announced the divestment of their interest in the Exploration Permits to Tamboran B2,with Tamboran B2 appointed as operator.

Beetaloo Sub-basin, Northern Territory, Australia

Overview

Falcon Australia is one of the two registered holders of approximately 4.6 million gross acres (~ 18,619 km^2), 1 million net acres, of the Exploration Permits in the Beetaloo Sub-basin, Northern Territory, Australia. The Beetaloo Sub-basin is located 600 kilometres south of Darwin, close to infrastructure including a highway, a pipeline and a railway, offering transport options to the Australian market and beyond via the existing and developing liquified natural gas capacity in Darwin.

Exploration Permits

A summary of Falcon Australia's Exploration Permits is contained in the table on the previous page.

In accordance with local law and regulations, Falcon Australia's acreage interests are subject to combined government and Northern Land Council royalties on production values of up to approximately 12%, for other royalties granted by Falcon Australia, please refer to the section below. Falcon Australia is subject to Commonwealth Government corporation tax of 30%, however where the entity has aggregated annual turnover of less than A$50 million for the financial year and 'base rate entity passive income' of 80% or less of assessable income, Falcon Australia would be considered a 'base rate entity' for Australian tax purposes and would be taxed at a lower rate of 25%. Falcon Australia is also subject to the Commonwealth Government's Petroleum Resource Rent Tax ("**PRRT**") levied at the rate of 40% on taxable profits derived from the petroleum projects. The PRRT is calculated on the individual projects, and royalties are deductible for PRRT purposes. The PRRT tax system is separate from the company income tax system and is based on cash flow. Both royalties and PRRT are deductible for corporate income tax purposes.

Overriding Royalty - Beetaloo Sub-basin Exploration Permits

On 18 April 2024 Falcon announced that Falcon Australia had agreed to grant Daly Waters Energy, LP ("**Daly Waters**") and a major US-based energy industry service provider an overriding royalty interest ("**ORRI**") over Falcon Australia's PI in the Exploration Permits in return for cash payments of $3 million and $1 million respectively.

Falcon Australia agreed to grant:

- to Daly Waters, in consideration for a cash payment of $3 million, an ORRI of 6.0% in respect of the area around the Pilot Project development in which Falcon Australia has a 5% PI, and an ORRI of 1.3333% in respect of the remaining ~4.5 million acres; and
- to a major US-based energy services provider, in consideration for a cash payment of $1 million, an ORRI of 2% in respect of the area around the Pilot Project development, and an ORRI of 0.4444% in respect of the remaining ~4.5 million acres.

Other ORRIs granted in previous years over Falcon Australia's 22.5% PI are as follows:

- 2% ORRI to Sheffield Holdings LP ("**Sheffield**"); and
- 1% ORRI Malcolm John Gerrard, Territory Oil & Gas LLC and Tom Dugan Family Partnership LLC.

Current Activity

Pilot Project, reduced participating interest

On 25 January 2025, it was announced that Falcon Australia would reduce its participation to 0% for the three wells drilled in 2025.

***SS2H & SS2H ST1 well* - Falcon PI @ 5%**

On 7 February 2025 Falcon announced the completion of the SS2H ST1 well stimulation with 35 stages successfully completed across the 1,671-metre (5,483-foot) horizontal section of the Amungee Member B-shale with the Liberty Energy (NYSE: LBRT) modern stimulation equipment. Stimulation activities achieved five stages over a 24-hour period on multiple days, the average proppant intensity was 2,706 pounds per foot and achieved wellhead injection rates above 100 barrels per minute and the average stage spacing was 48-metres (~157-feet). On 14 May 2025 Falcon announced that flow testing had commenced after a longer soaking period following analysis of wells across the Beetaloo Sub-basin, allowing water to imbibe into the rock, increasing the formation's relative permeability to gas.

On 16 June 2025 it was announced that SS2H ST1 well achieved an average IP30 flow rate of 7.2 MMcf/d over 1,671-metres (5,483-foot) across a 35-stage stimulated length, making it the highest IP30 result in the Beetaloo to date. The normalized flow rate of 13.2 MMcf/d over an extrapolated 10,000-foot horizontal section is in-line with the average of more than 11,000 wells in the Marcellus Shale dry gas area on production over a 12-month period. The results demonstrate the commercial deliverability of gas from the Amungee Member B-Shale in the Australian East Coast gas market that typically sells at a premium to Henry Hub in the United States and under long term CPI-linked contracts. The exit rate trajectory continues a steady, low-declining curve at 6.7 MMcf/d (normalized at 12.2 MMcf/d per 10,000-feet) with a flowing wellhead pressure of ~910 psi. The steady state decline curve on SS2H ST1 well was consistent with that achieved from the SS1H well.

On 14 July 2025 it was announced that SS2H ST1 well achieved an IP60 flow rate of 6.8 MMcf/d over 1,671-metres (5,483-foot) across a 35-stage stimulated horizontal. The exit rate maintained a steady, low-declining curve at 6.4 MMcf/d with a flowing wellhead pressure of ~720 psi and exhibited less decline than that of the SS1H well over the 31-60 day period of testing.

Furthermore, on 11 August 2025 it was announced that SS2H ST1 well achieved an average IP90 flow rate of 6.7 MMcf/d over 1,671 metres (5,483-foot). At the completion of the 90-day period, the well was flowing at 6.5 MMcf/d with a wellhead pressure of ~700 psi, a ~3% decline in wellhead pressure from the end of day 60. SS2H ST1 was suspended ahead of expected stimulation in H1 2026.

***SS4H well -* Falcon PI @ 5%**

On 25 November 2024 Falcon announced the spudding of the SS4H horizontal well in EP98 and on the 23 December 2024 it was announced that SS4H well was successfully drilled, cased and cemented to a measured depth of 6,452 metres (21,169 feet). Data has indicated strong gas shows, and a continuation of the high-quality shale and rock properties observed in the SS1H well and SS2H ST1 well locations with no faulting observed along the entire 3,048-metre (10,000 foot) lateral section. In February 2025 it was noted that stimulation operations commenced in January 2025, however Tamboran B2 took proactive and precautionary steps to pause completion operations due to the detection of stress in a casing connection.

2025 Drilling campaign

SS2-1H, SS3H and SS5H wells – Falcon PI @ 0%

On 14 July 2025 it was noted that the 2025 drilling campaign would target up to three 3,000 metre (~10,000-foot) horizontal wells to be drilled back-to-back over the following few months.

On 29 September 2025 it was announced that the first two wells of the 2025 drilling campaign were drilled and cased, each with a 3,000-metre horizontal section.

On 15 October 2025 it was announced that the three wells of the 2025 drilling campaign were successfully cased, drilled and suspended ahead of stimulation, each with a 3,000 metre horizontal section. The 2025 drilling campaign was the first multi-well drilling program implementing batch drilling in the Beetaloo Sub-basin.

- The average drilling to target depth was 26.7 days with the drilling and casing time delivered within the 35-day forecast.
- Modifications to the mud system and use of anti-vibration drilling bits led to increased drilling efficiency. This resulted in reaching ~1,000 metres drilled in a day in the SS2-1H well, the fastest horizontal section drilled in the Amungee Member B-shale to date.

On 15 December 2025 Falcon announced the completion of the SS2-1H stimulation program.

- 58 stages were stimulated across a ~3,050-metre horizontal section within the Amungee Member B Shale, with an average intensity of 2,206 pounds per foot of proppant placed along the completed horizontal section.
- Optimization of the stimulation design during the campaign increased stage spacing from ~50 metres to 60 metres reducing the total number of stages required. This adjustment is expected to lower costs in future stimulation programs.

- Due to an equipment issue encountered during the cleaning out of the well, it was determined that ~2,632-metres of the horizontal section (86%) will contribute to unimpeded flow but flow may be impeded for the remaining ~419-metre section from the toe.
- The well will be soaked for 30 days before being flow tested for 30 days.
- 30-day initial production (IP30) flow rates are expected during the first quarter of 2026.
- In H1 2026, three wells (which includes the second well of the 2024 drilling campaign) are expected to be stimulated ahead of the commencement of gas sales.
- All wells included in the Pilot Project are expected to deliver the contracted 40 MMcf/d volume required under the Gas Sales Agreement with the Northern Territory Government subject to weather conditions and final stakeholder approvals.

On 2 April 2026 Falcon announced that SS2-1H achieved an average IP20 flow rate of 10.3 MMcf/d over 2,632-metres (8,635-foot) across a 57-stage stimulated length within the Amungee Member B-Shale. The following was noted:

- The normalized flow rate of 11.9 MMcf/d over an extrapolated 10,000-foot horizontal section compares favourably to the average performance of more than 11,000 producing wells in the Marcellus Shale dry gas fairway with over 12 months of production history.
- The exit rate trajectory continues a steady, low-declining curve at 8.8 MMcf/d (normalized at 10.2 MMcf/d per 10,000-feet) with a flowing wellhead pressure of ~580 psi. The steady state decline curve on SS2-1H is consistent with that achieved from the SS-2H ST1.
- Testing has been intentionally curtailed to avoid unnecessary flaring and carbon emissions and preserve reservoir energy ahead of tie-into the Sturt Plateau Compression Facility ("SPCF") and the commencement of gas sales in 3Q 2026.
- The 2026 stimulation campaign for the Shenandoah South 3H, 4H and 5H wells is planned to commence in the second quarter, with all three wells expected to be tied into the SPCF and brought into production during 3Q 2026.

Beneficial use of Gas agreement ("Appraisal Agreement")

On 14 August 2025 Falcon announced that the BJV had signed an historic agreement with Native Title Holders and the Northern Land Council for the sale of appraisal gas from their Exploration Permits. The Appraisal Agreement provides Native Title Holders' consent to the BJV to the sale of appraisal gas from EP98 and EP117 of up to 60 TJ per day from the Pilot Project over a three-year period, subject to the Appraisal Agreement's terms. Furthermore, on 2 September 2025 Falcon announced that approval had been granted from the Northern Territory Government for the sale of appraisal gas from the Pilot Project.

Gas Sales Agreement ("GSA")

On 23 April 2024 Falcon announced that the BJV had signed a Binding Agreement for a long-term GSA to supply the Northern Territory Government (Buyer) with 14.6 PJ (13.8 BCF) per annum from the proposed Pilot Project for an initial term of nine years, with a Buyer's option to extend for a further six-and-a-half years. The GSA is a binding supply commitment conditional on the BJV entering into a binding Gas Transportation Agreement with APA on the proposed Sturt Plateau Pipeline, a binding Gas Processing Agreement for the proposed Sturt Plateau Compression Facility, reaching a final investment decision on upstream drilling activity and receiving all necessary approvals to proceed with these projects. First gas flow is planned for 2026.

Checkerboard

On 13 May 2025 it was announced that Tamboran Corp and Daly Waters had signed a binding agreement to finalise the checkerboard of their joint acreage across the Exploration Permits. Both parties will hold operated working interest areas at 77.5% (except two smaller areas which are the subject of the sale of 100,000 acres by Tamboran Corp to Daly Waters), with Falcon Australia having the remaining 22.5% non-operating interest across the wider acreage. Ownership of the proposed northern Pilot Area containing 20,309 acres, the focus for initial gas production, remains unchanged with Falcon Australia at 5%, Tamboran Corp (operator) 47.5% and Daly Waters 47.5%. Ownership of the anticipated expansion into the southern Pilot Area containing 20,309 acres will be Falcon Australia at 22.5%, Tamboran Corp 38.75% and Daly Waters (operator) 38.75%. Falcon Australia is uniquely placed as the only party with an interest across all checkboard pieces.

Karoo Basin, South Africa

The Company holds a TCP covering an area of approximately 7.5 million acres (~ 30,327 km^2), in the southwest Karoo Basin, South Africa. The TCP granted Falcon exclusive rights to apply for an exploration right over the underlying acreage, which they duly did in August 2010, submitting an application to the Petroleum Agency of South Africa ("**PASA**"). Local counsel has confirmed that despite the TCP having an expiry date of October 2010, the Company's interests remain valid and enforceable The Company also submitted an environmental management plan in January 2011 which was updated at the request of the PASA and submitted on 27 February 2015. On 25 April 2024, the National Council of Provinces passed the Upstream Petroleum Resources Development Bill ("**Upstream Bill**") which separated the regulatory frameworks governing mining and upstream petroleum exploration and production which were previously collectively addressed under the Mineral and Petroleum Resources Development Act, 2002. On 25 October 2024 the Upstream Bill, now the Upstream Petroleum Resources Development Act 23 of 2024 ("**Upstream Act**") was assented by the South African President and published in the Government Gazette on 29 October 2024. The Upstream Act will only come into effect by a further proclamation by the South African President. The Board does not foresee the awarding of an exploration right over the acreage within the next 12 months. For further details on South Africa, please refer to Falcon's AIF on page 15.

Makó Trough, Hungary

Falcon has been active in the Makó Trough since 2005 when it acquired the Makó and the Tisza exploration licences. In 2007, Falcon's subsidiary, TXM, was awarded the 35-year Makó Production Licence which covers some of the acreage originally covered by the Makó and the Tisza exploration licences. Falcon continues to maintain and safeguard its Hungarian wells and review its operations in Hungary, evaluating all options available to the Group to deliver shareholder value. The Group maintains its 100% interest in the Makó Trough. For further details on the Makó Trough, please refer to Falcon's AIF on page 16.

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SELECTED ANNUAL INFORMATION

(In thousands of $ unless otherwise indicated)	2025	2024	2023
For the year ended 31 December:			
Revenues	-	-	-
Loss and comprehensive loss for the year	(2,596)	(2,965)	(3,341)
Basic & diluted - loss per share - $	(0.002)	(0.003)	(0.003)
Cash dividend per share	Nil	Nil	Nil
At 31 December:			
Total assets	61,089	62,241	61,537
Non-current liabilities	17,261	16,587	16,204

Falcon is an international oil and gas company engaged in the exploration and development of unconventional oil and gas assets with no revenue. The Group's net loss and net loss per share relate to the Group's operations during a particular period and are not seasonal in nature.

For the twelve months of 2023 the Group incurred losses of $3.3 million. General and administrative expenses and the decommissioning provision were the main contributors to the loss for the year, these were offset by favourable foreign exchange gains for 2023.

For the twelve months of 2024 the Group incurred losses of $3.0 million. General and administrative expenses and finance expenses were the main contributors to the loss for the year.

For the twelve months of 2025 the Group incurred losses of $2.6 million. General and administrative expenses and finance expenses were the main contributors to the loss for the year. Management continues to review costs and reduce where possible.

Generally, the Group's total assets, exploration and evaluation costs, working capital and total shareholders' equity fluctuate in proportion to one another until such time as the Group completes additional financing.

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RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2025 and 2024.

Management's Discussion and Analysis of financial condition and results of operations for the three months ended 31 December 2025 as compared to the three months ended 31 December 2024

The Company reported a loss of $0.9 million for the three months ended 31 December 2025 compared to a net loss of $1.2 million for the three months ended 31 December 2024. Changes between 2025 and 2024 were as follows:

	Three months ended 31 December		Changes	
	2025	2024		
	$'000	$'000	$'000	%
Revenue				
Oil and natural gas revenue	**-**	-	-	N/A
	-	-	-	N/A
Expenses				
Exploration and evaluation expenses	**(51)**	(66)	15	-23%
General and administrative expenses	**(682)**	(430)	(252)	59%
Decommissioning provision	**26**	-	26	N/A
Foreign exchange loss / (gain)	**(56)**	123	(179)	-146%
	(763)	(373)	(390)	105%
Results from operating activities	**(763)**	(373)	(390)	105%
Finance (expense) / income				
Interest income on bank deposits	**4**	11	(7)	-64%
Interest expense lease liability	**(1)**	-	(1)	N/A
Accretion of decommission provisions	**(140)**	(84)	(56)	67%
Net foreign exchange gain / (loss)	**18**	(721)	739	-102%
	(119)	(794)	675	-85%
Loss income before taxation	**(882)**	(1,167)	285	-24%
Taxation	**(27)**	-	(27)	N/A
Loss income and comprehensive loss	**(909)**	(1,167)	258	-22%
Equity holders of the company	**(903)**	(1,160)	257	-22%
Non-controlling interest	**(6)**	(7)	1	-14%
Loss and comprehensive loss	**(909)**	(1,167)	258	-22%

Exploration and evaluation expenses

	Three months ended 31 December		Change	
	2025	**2024**		
	$'000	**$'000**	**$'000**	**%**
Consulting, legal and other associated costs	**(9)**	(8)	(1)	13%
Well related costs	**(42)**	(58)	16	-28%
	(51)	(66)	15	-23%

E&E expenses relate to maintenance and landowner costs in maintaining and safeguarding the Company's Hungarian wells along with costs associated with the Company's TCP in South Africa. Movement period on period for E&E expenses is mainly attributable to costs incurred with respect to the wells in 2024 that were not required in 2025.

General and administrative ("**G&A**") *expenses*

	Three months ended 31 December		Change	
	2025	**2024**		
	$'000	**$'000**	**$'000**	**%**
Accounting and audit fees	**(75)**	(35)	(40)	114%
Consulting fees	**(15)**	(14)	(1)	7%
Legal fees	**(104)**	(7)	(97)	1386%
Investor relations	**(123)**	(66)	(57)	86%
Office and administrative costs	**(37)**	(33)	(4)	12%
Payroll and related costs	**(266)**	(205)	(61)	30%
Directors' fees	**(59)**	(58)	(1)	2%
Travel and promotion	**(3)**	(10)	7	-70%
Share based compensation	**-**	(2)	2	-100%
	(682)	(430)	(252)	59%

General and administrative expenses increased by $252,000 to $682,000 in 2025 from $430,000 in 2024.

The main changes were as follows:
- Accounting and audit fees: The increased costs in the three months to December 2025 is driven by tax fees incurred as a result of the Transaction, increased audit fees and other related ad hoc tax fees.
- Consulting and legal fees: Consulting fees have remained broadly in line period on period. For legal fees the increase is driven by the requirements of the Transaction.
- Investor relations: Main driver for the movement period on period were fees incurred on an independent report for the Falcon Australia shareholder meeting to approve the Transaction.
- Office and administrative costs: There was minimal movement period on period as management continue to manage costs closely.
- Travel and promotion costs: The decrease is due to the timing of ad hoc travel period on period, with an overall decrease for the twelve months.
- Share based compensation: There was no charge in 2025 given the vesting periods of the latest grants issued in 2022.

Foreign exchange (loss) / gain
The foreign exchange loss recorded in operating expenses for the three months ended 31 December 2025 is attributed to unfavorable movements to the US dollar since 30 September 2025. The same three-month period in 2024 had favorable movements to the US dollar.

Finance expense
The Q4 2025 movement is due mainly to favourable foreign exchange movements for the three months to December 2025 compared to a loss for the same period in 2024. The favourable movement on foreign exchange was offset by an increase in the accretion costs period on period.

Loss attributable to non-controlling interest
The amount reflected in 2025 and 2024 represent Falcon Australia's loss and gain respectively attributable to shareholders other than Falcon.

Cash flow

	Three months ended 31 December	
	2025	**2024**
	$'000	**$'000**
Net cash used in operating activities	**(705)**	(471)
Net cash used in investing activities	**(19)**	(1,946)
Net cash used in financing activities	**15**	(6)
Change in cash and cash equivalents	**(709)**	(2,423)
Effect of exchange rates on cash & cash equivalents	**18**	(719)
Cash and cash equivalents at beginning of period	**1,973**	9,965
Cash and cash equivalents at end of period	**1,282**	6,823

Cash and cash equivalents have decreased by $5.5 million to $1.3 million since Q4 2024. The main changes quarter on quarter were as follows:

- Net cash used in operating activities: The increase is driven by the timing of payments and operational costs for certain activities quarter on quarter and the additional costs incurred as a result of the Transaction.
- Net cash used in investing activities: BJV costs drive the movement period on period, given the Transaction, there has been a freeze on the BJV costs paid as we approach close. The reduction in the costs is due to Tamboran having agreed to pay costs on Falcon's behalf pending completion of the Transaction.
- Net cash used in financing activities: No material movement quarter on quarter.
- Effect of exchange rates on cash & cash equivalents: There were favourable movements against the US Dollar in Q4 2025 compared to favourable movements in the same period in 2024.

RESULTS OF OPERATIONS

Management's Discussion and Analysis of financial condition and results of operations for the year ended 31 December 2025 as compared to year ended 31 December 2024

The Company reported a loss of $2.6 million for the year ended 31 December 2025 compared to a loss of $3 million for the year ended 31 December 2024. Changes between 2025 and 2024 were as follows:

	Year ended 31 December		Changes	
	2025 $'000	2024 $'000	$'000	%
Revenue				
Oil and natural gas revenue	**-**	-	-	N/A
	-	-	-	N/A
Other income				
Other income	**63**	-	63	N/A
	63	-	63	N/A
Expenses				
Exploration and evaluation expenses	**(187)**	(196)	9	-5%
General and administrative expenses	**(2,351)**	(2,031)	(320)	16%
Decommissioning provision	**26**	-	26	N/A
Foreign exchange gain	**151**	256	(105)	-41%
	(2,361)	(1,971)	(390)	20%
Results from operating activities	**(2,298)**	(1,971)	(327)	17%
Finance expense				
Interest income on bank deposits	**24**	42	(18)	-43%
Accretion of decommission provisions	**(565)**	(477)	(88)	18%
Net foreign exchange gain / (loss)	**278**	(559)	837	-150%
Interest expense – lease liabilities	**(8)**	-	(8)	N/A
	(271)	(994)	723	-73%
Loss before taxation	**(2,569)**	(2,965)	396	-12%
Taxation	**(27)**	-	(27)	N/A
Loss and comprehensive loss	**(2,596)**	(2,965)	369	-12%
Loss and comprehensive loss attributable to:				
Equity holders of the company	**(2,587)**	(2,958)	371	-13%
Non-controlling interest	**(9)**	(7)	(2)	29%
Loss and comprehensive loss	**(2,596)**	(2,965)	369	-12%

Exploration and evaluation expenses

	Twelve months ended 31 December		Change	
	2025	2024		
	$'000	$'000	$'000	%
Consulting, legal and other associated costs	**(34)**	(32)	(2)	6%
Well related costs	**(153)**	(164)	11	-7%
	(187)	(196)	9	-5%

E&E expenses relate to maintenance and landowner costs in maintaining and safeguarding the Company's Hungarian wells along with costs associated with the Company's TCP in South Africa. Movement period on period for E&E expenses is mainly attributable to ad hoc well related costs not being required in 2025.

General and administrative expenses

	Twelve months ended 31 December		Change	
	2025	2024		
	$'000	$'000	$'000	%
Accounting and audit fees	**(297)**	(235)	(62)	26%
Consulting fees	**(69)**	(63)	(6)	10%
Legal fees	**(260)**	(53)	(207)	391%
Investor relations	**(288)**	(265)	(23)	9%
Office and administrative costs	**(132)**	(115)	(17)	15%
Payroll and related costs	**(1,038)**	(945)	(93)	10%
Directors' fees	**(232)**	(236)	4	-2%
Travel and promotion	**(35)**	(52)	17	-33%
Share based compensation	**-**	(67)	67	-100%
	(2,351)	(2,031)	(320)	16%

General and administrative expenses increased $0.3 million to $2.4 million in 2025. Changes include the following:

- Accounting and audit fees: Main driver for the increase year on year are professional service costs related to the Transaction, along with increased audit fees and other ad hoc tax fees.
- Consulting and legal fees: Consulting fees are driven by business needs. The increased legal costs period on period are driven by legal fees incurred for the Transaction
- Investor relations: The increase period on period is mainly attributable to costs incurred for the Transaction which were offset to a certain degree by the termination of a joint broker contract with Tennyson in Q4 2024.
- Office and administrative costs: There was an increase period on period due, management continues to manage costs closely.
- Travel and promotion costs: The decrease is due to the timing of ad hoc travel period on period.
- Share based compensation: There was no charge in 2025 given the vesting periods of the latest grants issued in 2022.

Foreign exchange gain
The foreign exchange gain recorded in operating expenses for the year ended 31 December 2025 is attributed to favourable movements to the US dollar since 31 December 2024, there were also favourable movements in the twelve months to 31 December 2024.

Finance expense
The decrease in the net finance expense for the twelve months ended 31 December 2025 is driven predominately by an increased favourable movement in foreign exchange losses against the US dollar coupled offset by an increased accretion expense in the year to 31 December 2025.

Loss attributable to non-controlling interest
The amount reflected in 2025 and 2024 represent Falcon Australia's loss attributable to shareholders other than Falcon.

Cash flow

	Year ended 31 December	
	2025	2024
	$'000	$'000
Net cash used in operating activities	**(2,403)**	(2,108)
Net cash used in investing activities	**(3,393)**	(3,068)
Net cash generated from financing activities	**(23)**	4,564
Change in cash and cash equivalents	**(5,819)**	(612)
Effect of exchange rates on cash & cash equivalents	**278**	(557)
Cash and cash equivalents at beginning of year	**6,823**	7,992
Cash and cash equivalents at end of year	**1,282**	6,823

Cash and cash equivalents have decreased by $5.5 million to $1.3 million in 2025 from $6.8 million in 2024. The main changes were as follows:

- Net cash used in operating activities: The increase is driven by the timing of payments and operational costs and costs incurred with respect to the Transaction.
- Net cash generated from financing activities: The cash used in financing activities were costs related to the office lease. 2024 cash generated related to net equity proceeds raised through a private placement.
- Net cash generated from investing activities: The cash used in investing activities were additions to E&E assets and payments towards Asset retirement obligations. Given the Transaction, there has been a freeze on the BJV costs paid since September 2025. Tamboran have agreed to pay costs on Falcon's behalf pending completion of the Transaction. 2024 cash movements related to E&E asset additions offset by $4m raised from the sale of ORRI's during the period. For further details on the ORRI's please refer to page 7.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the eight most recently completed quarters:

(In thousands of $ unless otherwise stated)

As of:

For the three months ended:	**31 March 2025**	**30 June 2025**	**30 September 2025**	**31 December 2025**
Revenue	-	-	-	-
Loss	(497)	(375)	(815)	(909)
Loss attributable to common shareholders	(497)	(374)	(813)	(903)
Loss per share-basic and diluted (cent)	(0.000)	(0.000)	(0.001)	(0.001)

For the three months ended:	**31 March 2024**	**30 June 2024**	**30 September 2024**	**31 December 2024**
Revenue	-	-	-	-
Loss	(806)	(749)	(243)	(1,167)
Loss attributable to common shareholders	(804)	(747)	(247)	(1,160)
Loss per share-basic and diluted (cent)	(0.001)	(0.001)	(0.000)	(0.001)

The Group is engaged in the exploration and development of unconventional oil and gas assets with no revenue. The Group's loss and loss per share relate to the Group's operations during a particular period and are not seasonal in nature. Factors that have impacted on the Group's results during these quarterly periods presented above include:

Quarter 1 2024

G&A costs were the largest cost for the quarter but decreased period on period due to a decrease to the share-based compensation expense, given the vesting schedule of the 2022 grants, with an associated reduction in the charge of over $0.1 million for the quarter relative to the same period in 2023. The accretion cost increased period on period due to decommissioning provision for the Group's Australian assets recognised from 2023. There was a net unfavourable decrease on the foreign exchange gain period on period.

Quarter 2 2024

G&A costs reduced slightly period on period, mainly due to a reduction in share-based compensation expenses, driven by the vesting schedule of the share options and their associated cost. There were increased foreign exchange losses for the period relative to the losses for the same three months in 2023. The accretion cost increased period on period due to the decommissioning provision for the Group's Australian assets as further wells are drilled.

Quarter 3 2024

G&A costs decreased period on period due to bonuses being paid in Q3 2023 with no similar payment in Q3 2024. The quarterly loss was also impacted by favourable foreign exchange movements and a reduction in share-based compensation period on period.

Quarter 4 2024

G&A costs decreased period on period across most categories of costs, the main drivers were payroll related costs and share based compensation costs with further reductions in the decommissioning provision. These reduced costs were offset by significant unfavourable movements in foreign exchange in the quarter.

Quarter 1 2025

G&A costs decreased period on period mainly because of no share-based compensation expense in the period as all share options are fully vested and a reduction in investor relations given the termination of the joint broker agreement in December 2024. There were also significant favourable movements in foreign exchange in the quarter.

Quarter 2 2025

G&A costs, while the largest cost for the quarter decreased period on period mainly due to no share-based compensation expense given the vesting schedule for the latest grants in 2022 is complete. The accretion cost increased slightly period on period due to decommissioning provision for the Group's Australian assets. There was a significant net favourable increase in the foreign exchange gain period on period.

Quarter 3 2025

G&A costs have increased period on period mainly due to an increase in legal fees as a result of costs associated with the Transaction. The accretion cost increased slightly period on period due to decommissioning provision for the Group's Australian assets. There was a significant decrease in the foreign exchange gain period on period.

Quarter 4 2025

G&A costs have increased significantly period on period as a result of the work required to finalise the Transaction. There were also increases to the accretion costs period on period based on factors applied to the calculation but offsetting these were overall favourable movements on foreign exchange for the 3 months to December 2025 relative to the same three months in 2024.

For further details of 2024/2025 updates please refer to the Beetaloo Sub-basin, Northern Territory, section of this document. Please refer to Falcon's AIF for details of prior periods.

Generally, the Group's total assets, exploration and evaluation costs, working capital and total shareholders' equity fluctuate in proportion to one another unless the Group completes financing.

On 22 April 2024 the Company announced that it had raised gross proceeds of c.$4.9 million (c. £3.9 million) through the Subscription and Placing for a total number of 64,794,087 Common Shares at an issue price of £0.06 per share, details of which are included on page 21.

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LIQUIDITY AND CAPITAL RESOURCES

Going Concern

For the year ended 31 December 2025, the Group incurred losses of $2.6 million, had operating cash outflows of $2.4 million and a deficit of $412.7 million. For the year ended 31 December 2024, the Group incurred losses of $3 million and had operating cash outflows of $2.1 million and a deficit of $410.2 million.

On 30 September 2025 Falcon and Tamboran entered into a Transaction whereby Tamboran will acquire all of Falcon's subsidiaries (as listed above under "*1. General Information*") in exchange for 6,537,503 shares of Tamboran NYSE Common Stock (the "Share Consideration") and cash consideration of $23.7 million (the "Cash Consideration") for non-eligible shareholders, which was approved by the Company's shareholders on 11 March 2026. The Transaction will result in the transfer of substantially all of the Group's assets and liabilities, and it will have no active operations going forward. Pursuant to the Transaction, eligible Falcon shareholders will exchange their common shares for the Share Consideration on the basis of 0.00687 Tamboran common shares for each Falcon common share and the Cash Consideration will be paid by Tamboran into a blocked account in the name of a sanctioned shareholder. The Transaction is expected to close in 2Q 2026, subject to satisfaction of closing conditions. Furthermore, as agreed as part of the Transaction, Tamboran has, subject to certain conditions, agreed to use commercially reasonable endeavours to pay any cash calls or credit support required to be paid by Falcon, in accordance with the terms of the Beetaloo Joint Operating Agreement and the APA Development Agreement as applicable from the 30 September 2025. The Arrangement Agreement further provides that, upon termination under certain circumstances, Falcon would be required to pay to Tamboran a termination fee of $1.62 million or reimburse Tamboran for its documented out-of-pocket expenses incurred in connection with the arrangement in connection with such termination and should Tamboran terminate they would be required to pay to Falcon a termination fee of $3.75 million in connection with such termination.

As of 31 December 2025, the Group had $1.3 million of cash and cash equivalents however that money has been expended at the date of the approval of these financial statements. Tamboran has provided funding in the intervening period to ensure Falcon continues to meet its obligations as they fall due in the period to completion of the Transaction. In addition to this, Falcon has submitted a Research and Development tax Incentive application for approximately $2 million with the refund expected subsequent to the issue of the financial statements and will provide additional cash resources for the Group towards its own operating costs.

Management and those charged with governance are confident that the Transaction will be completed since shareholder approval was obtained on 11 March 2026 and the Supreme Court of British Columbia approved the final order regarding the Transaction, subject to certain amendments on 26 March 2026, however if the Transaction does not complete further funding would be required and there can be no certainty that sufficient funds can be raised as required. This indicates the existence of a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern. Having given due consideration to the Transaction as noted above and the cash requirements of the Group, management and those charged with governance has a reasonable expectation that the Group will have adequate resources to continue in operational existence for a period up to the finalization of the Transaction or if for whatever reason the Transaction does not proceed for at least twelve months from the date of approval of these financial statements. For this reason, the Board continues to adopt the going concern basis in preparing its consolidated financial statements which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Working Capital

Cash and cash on deposit as at 31 December 2025 was $1.3 million, a decrease of $5.5 million from $6.8 million as at 31 December 2024. Working capital as at 31 December 2025 decreased to negative $0.3 million from $8.9 million in 2024.

The decrease to cash and cash equivalents was the result of net cash used in operating activities of $2.4 million and investing activities of $3.4 million.

Accounts Receivable

Current accounts receivable as at 31 December 2025 were $0.2 million.

Accounts Payables and Accrued Expenses

Accounts payable and accrued expenses as at 31 December 2025 were $1.8 million which includes $1.4 million for accounts payable and $0.4 million accrued expenditures.

Capital Expenditures

For the period ended 31 December 2025 the following expenditure commitments exist.

Australia - Beetaloo Sub-basin, Northern Territory, Australia

The Group planned a drilling programme which commenced in 2015 with its farm-in partners. Work recommenced in 2019 following the moratorium on hydraulic fracturing, details of current operations are included on pages 7-9.

Since April 2020 Falcon Australia holds a 22.5% PI in the Exploration Permits and there was also an overall cost cap of A$263.8 million resulting from farm out transactions agreed to up to that date. In October 2022, Falcon Australia was granted an additional carry on costs up to A$30 million (gross) and there was the introduction of DSUs on sole risk operations providing optionality to Falcon Australia on future wells drilled. The size of a DSU varies depending on (a) the type and length of the well to be drilled and (b) whether or not the well is a "commitment well" under the terms of the Exploration Permits, a non-commitment well creates a DSU to a maximum of 6,400 acres, while a government commitment well creates a DSU to a maximum of 25,600 acres. The optionality created by the DSUs allows Falcon Australia to participate at its PI of 22.5% or reduce its interest as low as 0% in a particular DSU without impairing the percentage it participates in a future DSU across the acreage. The cost cap and the additional carry have now been consumed and Falcon Australia is contributing to the costs in proportion to its 22.5% PI or reduced interest as elected. The Pilot Project commenced in 2024 with Falcon Australia electing to reduce its PI in the first two wells of the Pilot Project to 5% and further reducing its PI in the remaining wells drilled in the Pilot Project in 2025 to 0%.

The terms of the Beetaloo Joint Venture continue to necessitate specific minimum work obligations through May 2028. Future commitments for the next two years to May 2028 include an expected gross spend of A$101,750,000 across the three exploration permits, related to drilling and multi-stage stimulations, 3D seismic survey, and sub-surface studies, with gross expenditure across EP76 of A$750,000, EP 98 of A$80,250,000 and EP 117 of A$20,750,000.

South Africa - Karoo Basin, South Africa

On granting of an approved exploration right in South Africa, the Group will be required to make a payment to the South African government of approximately $0.7 million.

Hungary - Makó Trough, Hungary

As at 31 December 2025, the Group's cumulative expenditures for the Production License and Exploration Licenses, including the acquisition, seismic testing, drilling of exploratory wells, and initial testing and completion of wells, was approximately $245 million. The Group is not planning any independent technical operations in Hungary, and as such no material capital expenditures are expected.

Debt and Equity Capital

The availability of debt and equity capital, and the price at which additional capital could be issued will be dependent upon the success of the Group's exploration activities, and upon the state of the capital markets generally.

On 31 March 2022 Falcon announced it had received a subscription from Sheffield for a $10 million private placement through the issue of 62,500,000 Common Shares at a price of CDN$0.20 per share. The Company's total issued share capital following Admission was 1,044,347,425 Common Shares. The Placing added $10 million to the Company's cash balance.

On 22 April 2024 Falcon announced the Company had raised gross proceeds of c. $4.9 million (c. £3.9 million) through the Subscription and Placing for a total number of 64,794,087 Common Shares at an Issue Price of £0.06 per share. The settlement of the subscription and placing was completed in two tranches.

The settlement of the relevant Common Shares forming part of the First Admission (being 58,155,490 Common Shares) and the admission became effective and dealings in those Common Shares commenced on 26 April 2024. The settlement of the relevant Common Shares forming part of the Second Admission (being 6,638,597 Common Shares) and the admission became effective and dealings in those Common Shares commenced on 7 May 2024.

The Company's total issued share capital following Admission is 1,109,141,512 Common Shares.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as at 31 December 2025 and 28 April 2026:

Class of securities	31 December 2025	28 April 2026
Common shares(1)	1,109,141,512	1,109,141,512
Stock options(2)	59,750,000	21,750,000
Fully diluted common shares	1,168,891,512	1,130,891,512

(1) On 22 April 2024 Falcon announced the Company had raised gross proceeds of c. $4.9 million (c. £3.9 million) through the Subscription and Placing, for a total number of 64,794,087 Common Shares at an Issue Price of £0.06 per share.
(2) Options with an expiry date of 17 February 2026 expired unexercised.

LEGAL MATTERS

The Company may, from time to time, be involved in various claims, lawsuits, disputes with third parties, or breach of contract incidental to the operations of its business. The Company is not currently involved in any claims, disputes, litigation or other actions with third parties which it believes could have a material adverse effect on its financial condition or results of operations.

TRANSACTION WITH NON - ARMS LENGTH PARTIES AND RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company does not have any off-balance sheet arrangements, other than an office lease, which is deemed immaterial and payments with regards to overriding royalties as disclosed within section "Overriding Royalty Beetaloo Sub-basin Exploration Permits" on page 7. The Company has no proposed transactions.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Derivative financial instruments

Derivatives (including embedded derivatives) are initially recognized at fair value of the date a derivative contract is entered into and subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedges as at 31 December 2025 or 31 December 2024. The Group has not entered into any contract for "other instruments" during 2024. The Group has no "other instruments" as at 31 December 2025 or 31 December 2024.

NEW ACCOUNTING PRONOUNCEMENTS

The below were adopted on 1 January 2025 but have no material impact on the financial statements.

New Standards, Interpretations and Amendments effective for periods beginning 1 January 2024	Effective date
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

Several new standards and amendments to existing standards and interpretations, which have been issued by the IASB, and which are expected to apply to the Group are not yet effective and have not been applied in preparing these financial statements. The Group does not expect the adoption of these new standards and interpretations, to have a material impact on the financial statements as they are neither relevant nor require accounting which is consistent with the Group's current accounting policies apart from IFRS 18, which the Group is currently evaluating.

New Standards, Interpretations and Amendments applicable to future periods	Effective date
Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - IFRS 10, IFRS 9, IFRS 1, IAS 7, IFRS 7	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

CRITICAL ACCOUNTING ESTIMATES

Preparation of financial statements pursuant to IFRS requires a significant number of judgemental assumptions and estimates to be made. This impacts the income and expenses recognised in the statement of operations and comprehensive loss together with the valuation of the assets and liabilities in the statement of financial position. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that the impact of valuation in some assumptions and estimates can have a material impact on the reported results.

The following are key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies:

Critical judgments

(i) Exploration and evaluation assets
The carrying value of exploration and evaluation assets was $xx million at 31 December 2025 (2024: $50 million). The Group has determined that there are no indicators of impairment present in accordance with IFRS 6 "Exploration for and evaluation of mineral interests" regarding its Australian exploration and evaluation assets.

Renewal applications for EP76, EP98 and EP117 were approved by the Northern Territory Government in May 2023 for a period of 5 years, up to 31 May 2028.

Management's conclusion on the facts and circumstances regarding its Australian exploration and evaluation assets required judgment based on experience and the expected progress of current exploration and evaluation activities. The critical facts supporting the judgements are included in detail on pages 7–9 of this document.

The Group does not believe the delay brought about by the moratorium on hydraulic fracturing impacted the carrying value of the asset. The inquiry concluded its work with the publication of a Final Report in March 2018 and was followed by the Northern Territory government's decision to lift the moratorium in April 2018.

The announcements during 2024 and 2025 along with the 2017 Discovery Evaluation Report from the A1H well as outlined in the AIF provide sufficient evidence to support the carrying value of the asset.

(ii) Going Concern
Details of going concern and management assessment are outlined on page 20.

Critical estimates

(ii) Decommissioning Provision
The decommissioning provision represents the Group's best estimate of the costs involved in the various exploration and production licence areas to return them to their original condition in accordance with the licence terms. These estimates include certain management assumptions with regard to future costs, inflation rates, timing of cash flows and discount rates.

MANAGEMENT'S RESPONSIBILITY FOR MD&A

The information provided in this MD&A is the responsibility of management. In the preparation of this MD&A, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in this MD&A.

The audit committee has reviewed the MD&A with management and has reported to the Board. The Board has approved the MD&A as presented.

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