



FALCON METALS LTD

Interim Financial Report

31 December 2025

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Corporate Directory

Directors

Mark Bennett
Timothy Markwell
Alexander Dorsch
Katina Law

Non-Executive Chair
Managing Director and Chief Executive Officer
Non-Executive Director
Non-Executive Director

Company Secretary

Pradeep Subramaniam

Registered and Principal Office

Suite 6, Level 6, 350 Collins Street
Melbourne VIC 3000

Phone: +61 3 8648 6684

Email: info@falconmetals.com.au

Website: www.falconmetals.com.au

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street Abbotsford VIC 3067

Securities Exchange Listing

Australian Securities Exchange (ASX)
Code: FAL

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
Perth WA 6000

ABN: 87 651 893 097

Your directors present their report, together with the half-year financial report on the consolidated entity (referred to hereafter as the 'Group') consisting of Falcon Metals Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of or during the period.

DIRECTORS

The names of directors in office at any time during or since the end of the period are listed below. Directors have been in office since the beginning of the financial period to the date of this report unless otherwise stated.

Mark Bennett	Non-Executive Chair
Timothy Markwell	Managing Director and Chief Executive Officer
Alexander Dorsch	Non-Executive Director
Katina Law	Non-Executive Director

PRINCIPAL ACTIVITIES

During the financial period, the principal activities of the Company consisted of mineral exploration.

REVIEW OF OPERATIONS

Operating Result

The loss from continuing operations for the period amounted to \$3,799,420 (31 December 2024: \$2,345,504).

During the half year ended 31 December 2025, the Company's primary exploration focus was the Blue Moon Gold Project, directly north of the prolific 22Moz Bendigo Goldfield, where \$3,552,283 of the total exploration and evaluation expense of \$3,880,489 (31 December 2024: \$1,424,274) was spent executing a high-impact diamond drilling program. The diamond drilling program at the Blue Moon Gold Project commenced in June 2025 with a second rig commenced in October 2025 following the initial positive results, driving the significantly higher exploration expenditure.

Activities at Pyramid Hill Gold Project incurred \$175,556 and was mainly related to planning and preparation for an aircore drilling program which commenced in mid-January 2026. The Company spent \$127,336 at the Errabiddy Gold Project in Western Australia on soil and rock chip sampling as well as preparation for drilling in 2026, including planning for a Heritage Survey for which a Heritage Agreement is currently underway. Limited expenditures were incurred on the Farrelly Mineral Sands Project as the Company continues to work through the land access challenges. The Mount Jackson Project was relinquished following the initial drilling. The Company also disposed of its 51% interest in the Viking Gold Project to TalonX Resources Limited (ASX: TXR, previously known as Mount Burgess Mining NL) for equity and options in the company.

Employee benefits expenses of \$433,239 (31 December 2024: \$452,015) were broadly consistent with the comparative period. Share-based payments were \$628,914 (31 December 2024: \$261,910) representing the amortisation over the vesting period of share options issued to the option holders. Administrative expenses of \$367,902 (31 December 2024: \$245,470) were higher than the comparative period reflecting increased activities post the discovery of Blue Moon as well as increased overheads indirectly related to the capital raising. All other expenses were broadly in line with the comparative period.

Other Income for the period was \$1,550,480 (31 December 2024: \$79,735) which consisted of interest on term deposits of \$385,014 (31 December 2024: \$266,261) driven by higher average cash balance and increasing interest rates, and fair value gain in financial assets of \$1,165,466 (31 December 2024: fair value loss of \$185,164). The fair value gain was largely driven by the initial recognition of the shares and options in TalonX Resources Limited, following the disposal of the Company's 51% interest in the Viking Gold Project.

At 31 December 2025, the Company had \$22,444,491 (30 June 2025: \$7,826,627) in cash and cash equivalents. Net cash outflow from operating activities was \$4,130,767 (31 December 2024: \$1,860,567), net cash outflow from investing activities was \$25,118 (31 December 2024: \$5,541) and net cash inflow from financing activities was \$18,773,749 (31 December 2024: \$23,519). The significant increase in net cash outflow from operating activities was driven by the increased exploration activities at the Blue Moon Gold Project. The net cash inflow from financing activities were primarily related to a \$20,000,000 capital raising completed in August 2025 offset by transaction costs of \$1,252,198.

At balance date, the Company had net assets of \$23,346,124 (30 June 2025: \$7,714,880) and net current assets of \$21,910,825 (30 June 2025: \$7,437,853).

Exploration

Blue Moon Gold Project (Victoria, 100%)

The Blue Moon Gold Project is located in the richly endowed Bendigo Zone in Victoria, home to two world class gold deposits; the Bendigo Goldfield (22 Moz @ ~15g/t Au) and the Fosterville Gold Mine with the Swan Zone (2.3 Moz @ 49.6g/t Au) (see Figure 1).

Blue Moon is the down-plunge extension of the Garden Gully anticline, a conceptual target that was developed from a 3D reconstruction of the historical Bendigo workings, historical reports and field mapping. The Garden Gully anticline was the most productive in the Bendigo Goldfield, estimated to have produced 5.2 Moz @ 15g/t Au from areas where the more prospective parts of the sequence either outcropped or were close to the surface.

In addition to Garden Gully anticline, the Bendigo Goldfield hosts other lines of reef, including New Chum (3.8 Moz @ 15.1g/t Au) and Hustlers (0.9 Moz @ 17.6g/t Au) (see Figure 2). It is interpreted that these lines of reef extend into Falcon tenure, which continues for approximately 6km from the initial Blue Moon parent hole.

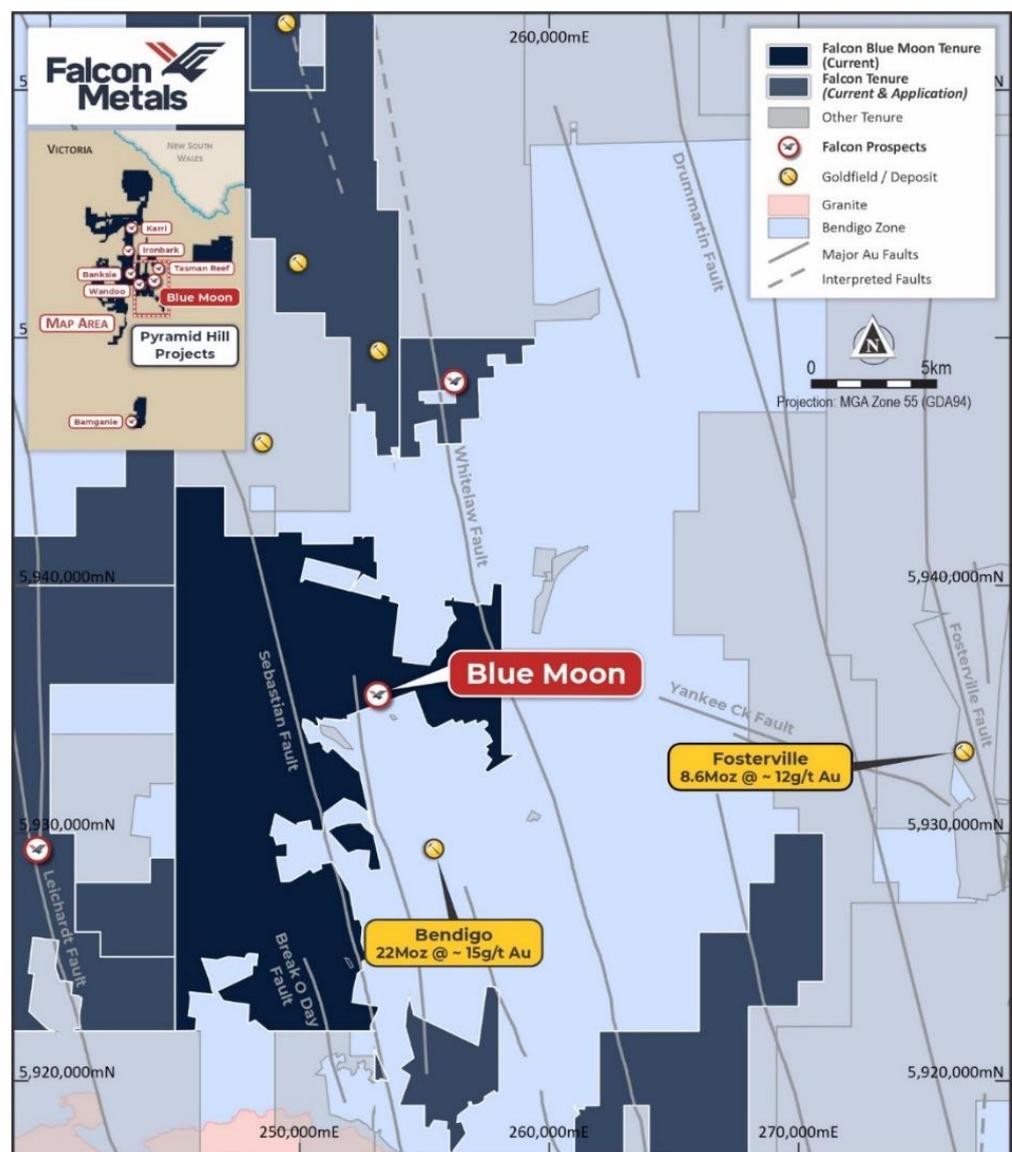


Figure 1 Location of the Blue Moon Gold Project

The drilling program received all required approvals to proceed under the Victorian Government's low-impact exploration guidelines, including consultation with the Dja Dja Wurrung as Traditional Owners of the area.

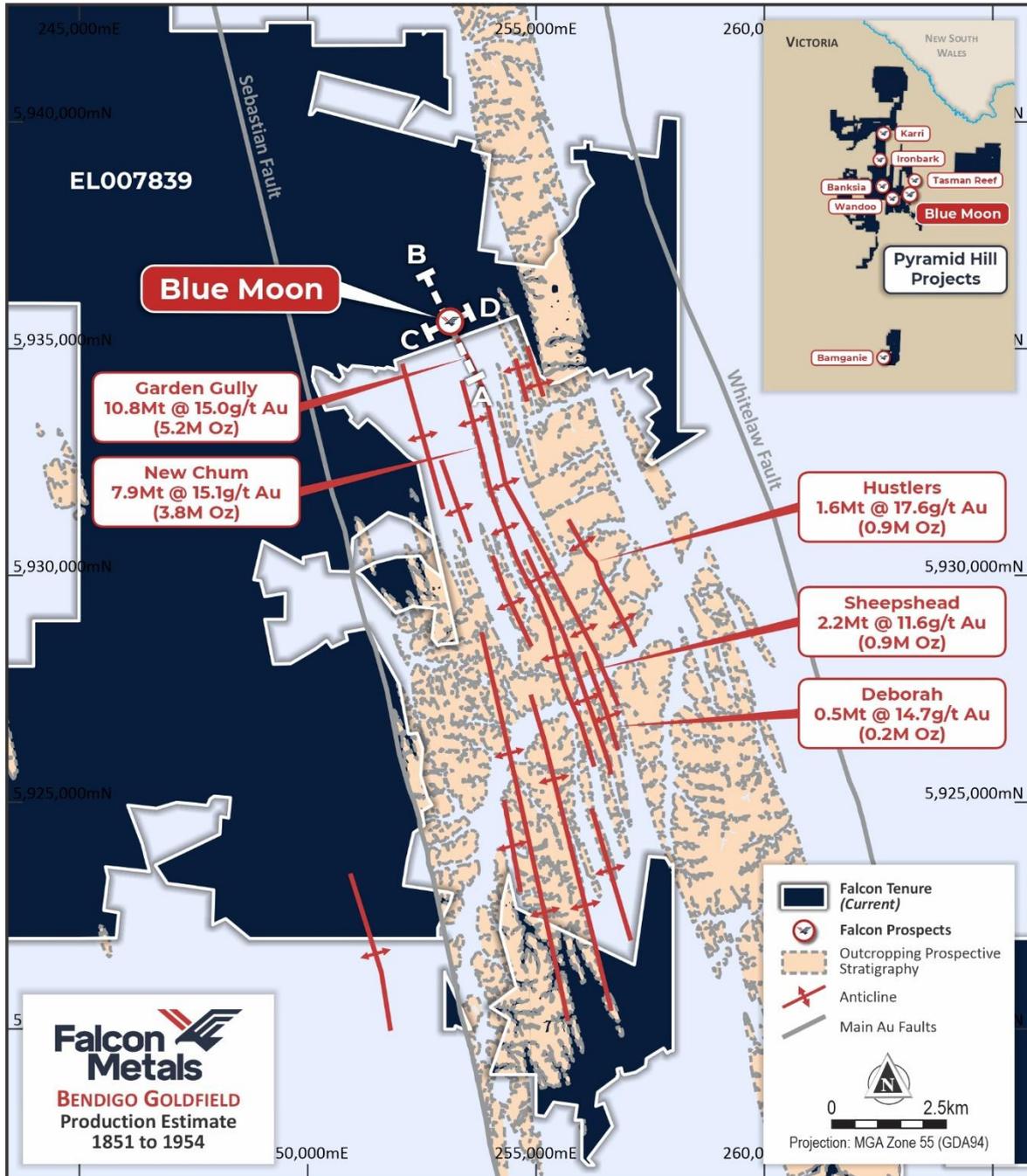


Figure 2 Bendigo Goldfield historical production

The recent drilling by Falcon has confirmed the northern continuation of the Garden Gully line of reef into EL007839 which suggests that the entire Bendigo Goldfield is likely to continue into Falcon's tenure. Drilling has now intersected three classic Bendigo style, stacked high-grade zones at Blue Moon, with a gentle northerly plunge, at varying below-surface depths; Morning Glory Zone (~30-40m), Lotus Zone (~500-700m) and Dahlia Zone (~750-900m) (see Figure 3).

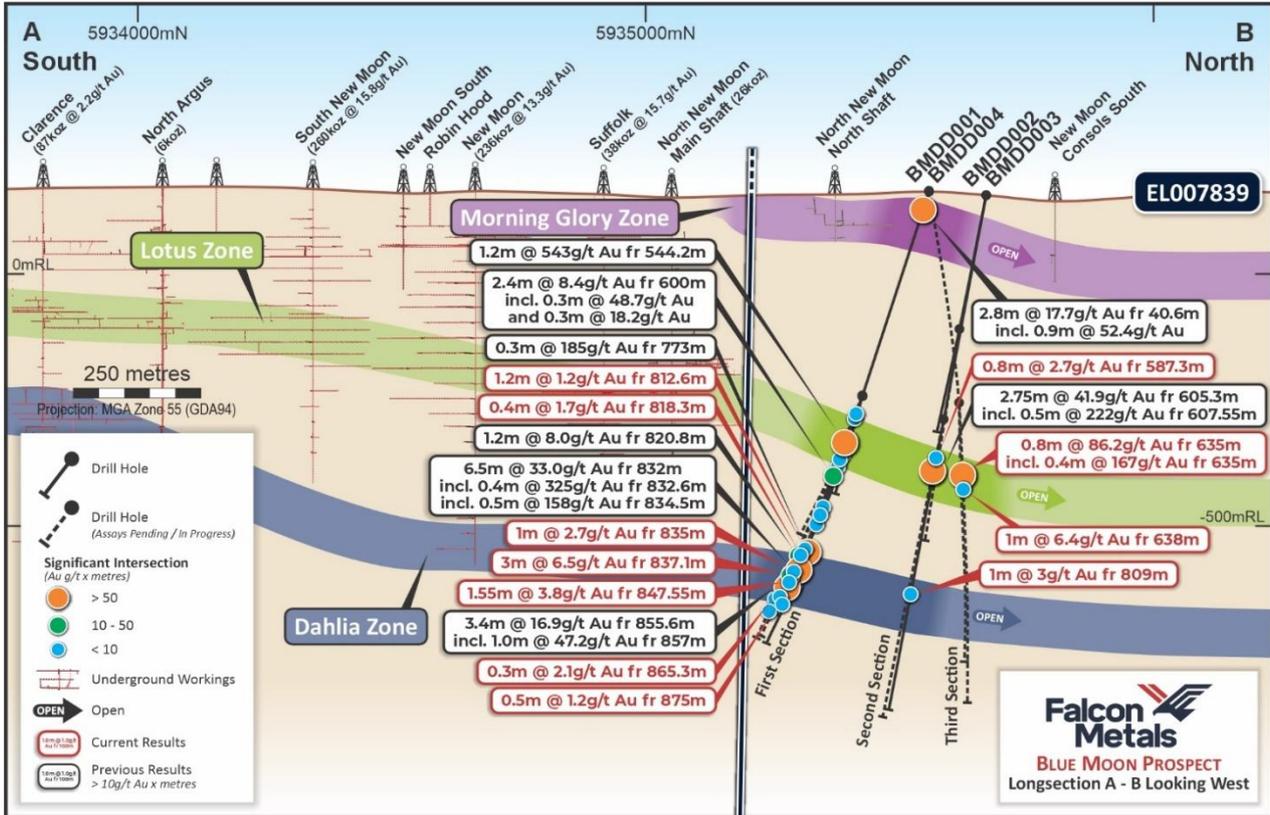


Figure 3 Long section of the Blue Moon drilling

Highlights from drilling at Blue Moon to date include:

Morning Glory Zone:

- BMDD001** 2.8m @ 17.7g/t Au from 40.6m; including
 - 0.9m @ 52.4g/t Au from 40.6m

Lotus Zone:

- BMDD001** 2.4m @ 8.4g/t Au from 600m; including
 - 0.3m @ 48.7g/t Au from 600m; and
 - 0.3m @ 18.2g/t Au from 602.1m
- BMDD001W1** 1.2m @ 543g/t Au from 544.2m; including
 - 0.6m @ 557g/t Au from 544.2m; and
 - 0.6m @ 529g/t Au from 544.8m
- BMDD001W2** 1.0m @ 4.6g/t Au from 446.0m
- BMDD001W3** 0.8m @ 4.1g/t Au from 557.0m
- BMDD001W4** 1.0m @ 3.9g/t Au from 540.0m
- BMDD003** 2.75m @ 41.9g/t Au from 605.3m; incl.
 - 0.5m @ 222g/t Au from 607.55m
 0.8m @ 2.7g/t Au from 587.3m
- BMDD004W1** 0.8m @ 86.2g/t Au from 635.0m; incl.
 - 0.4m @ 167g/t Au from 635.0m
 1m @ 6.4g/t Au from 638.0m



Dahlia Zone:

BMDD001W3	0.3m @ 185g/t Au from 773.0m
BMDD001W6	6.5m @ 33.0g/t Au from 832.0m; including <ul style="list-style-type: none"> • 0.4m @ 325g/t Au from 832.6m; and • 0.5m @ 158g/t Au from 834.5m 3.4m @ 16.9g/t Au from 855.6m; incl. <ul style="list-style-type: none"> • 1m @ 47.2g/t Au from 857m
BMDD001W7	1.2m @ 8.0g/t Au from 820.8m
BMDD001W9	1.2m @ 1.2g/t Au from 812.6m 0.4m @ 1.7g/t Au from 818.3m 3.0m @ 6.5g/t Au from 837.1m; including <ul style="list-style-type: none"> • 0.9m @ 9.2g/t Au from 837.1m; and • 1.3m @ 8.5g/t Au from 838.8m 1.55m @ 3.8g/t Au from 847.55m 0.3m @ 2.1g/t Au from 865.3m 0.5m @ 1.2g/t Au from 875m
BMDD001W11	1.0m @ 2.7g/t Au from 835m
BMDD003	1.0m @ 3.0g/t Au from 809.0m

High-grade quartz veins with visible gold (See Figures 4 to 8) have now been intersected on all three sections drilled in the Lotus Zone over a 280m strike length (see Figures 9 to 11 for cross sections of the three sections drilled to date).

The Dahlia Zone has now been intersected over a 200m strike length with drilling currently targeting this zone further out in the eastern limb and along strike.

Due to the coarse nature of the gold intersected at Blue Moon, with variable grades and nuggetty gold, the current exploration focus is on targeting quartz veins in structures where high-grade visible gold has already been confirmed, as opposed to merely following assay results.



Figure 4 BMDD001W1 – visible gold at 544.6m in intercept 1.2m @ 543g/t Au from 544.2m



Figure 5 BMDD001W1 – visible gold at 544.9m in intercept 1.2m @ 543g/t Au from 544.2m



Figure 6 BMDD003 showing three occurrences of visible gold (red circles) in a stylolitic quartz carbonate vein at 607.6m

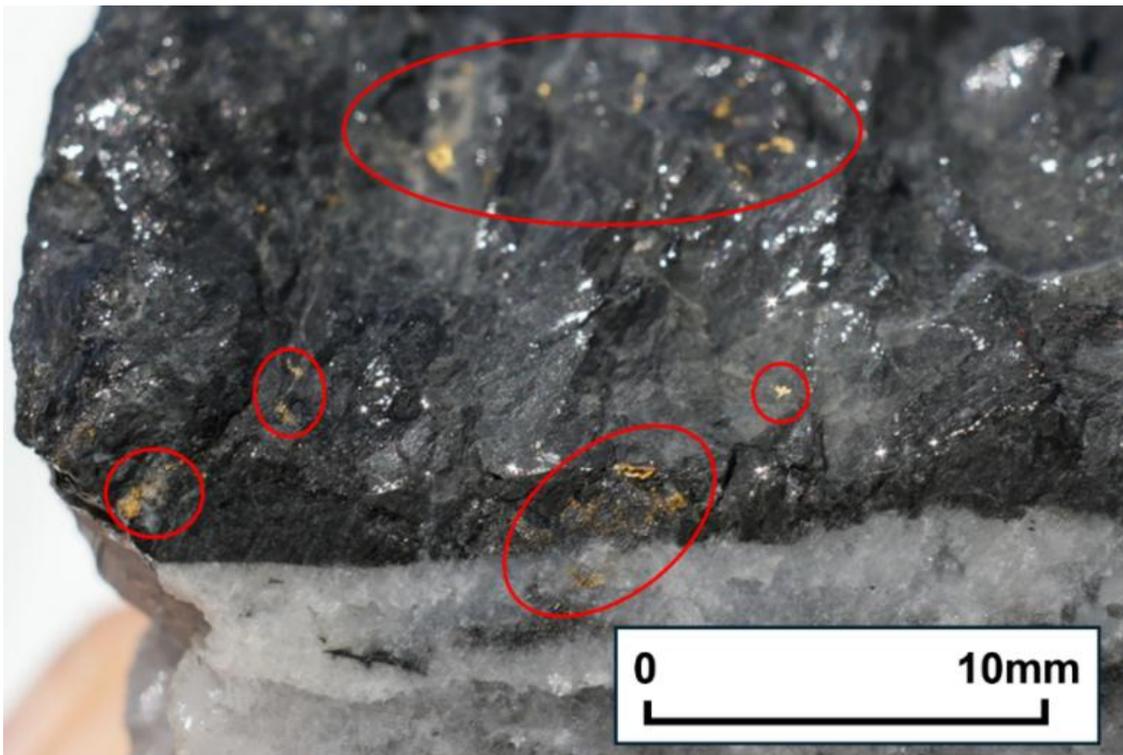


Figure 7 BMDD004W1 showing visible gold (red circle) in a quartz carbonate vein at 635.4m (downhole depth)

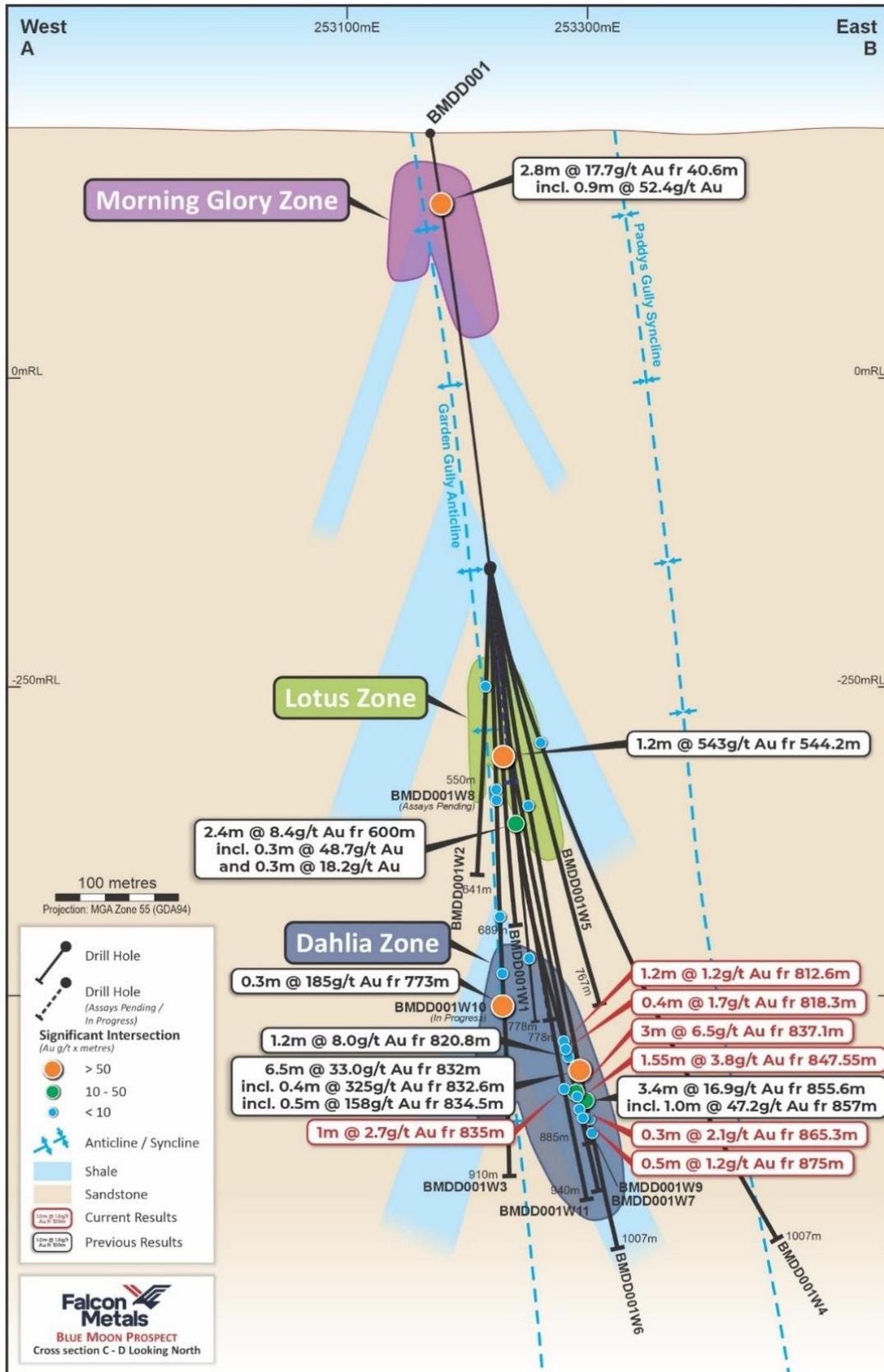


Figure 8 First Section - schematic cross section of BMDD001 looking north

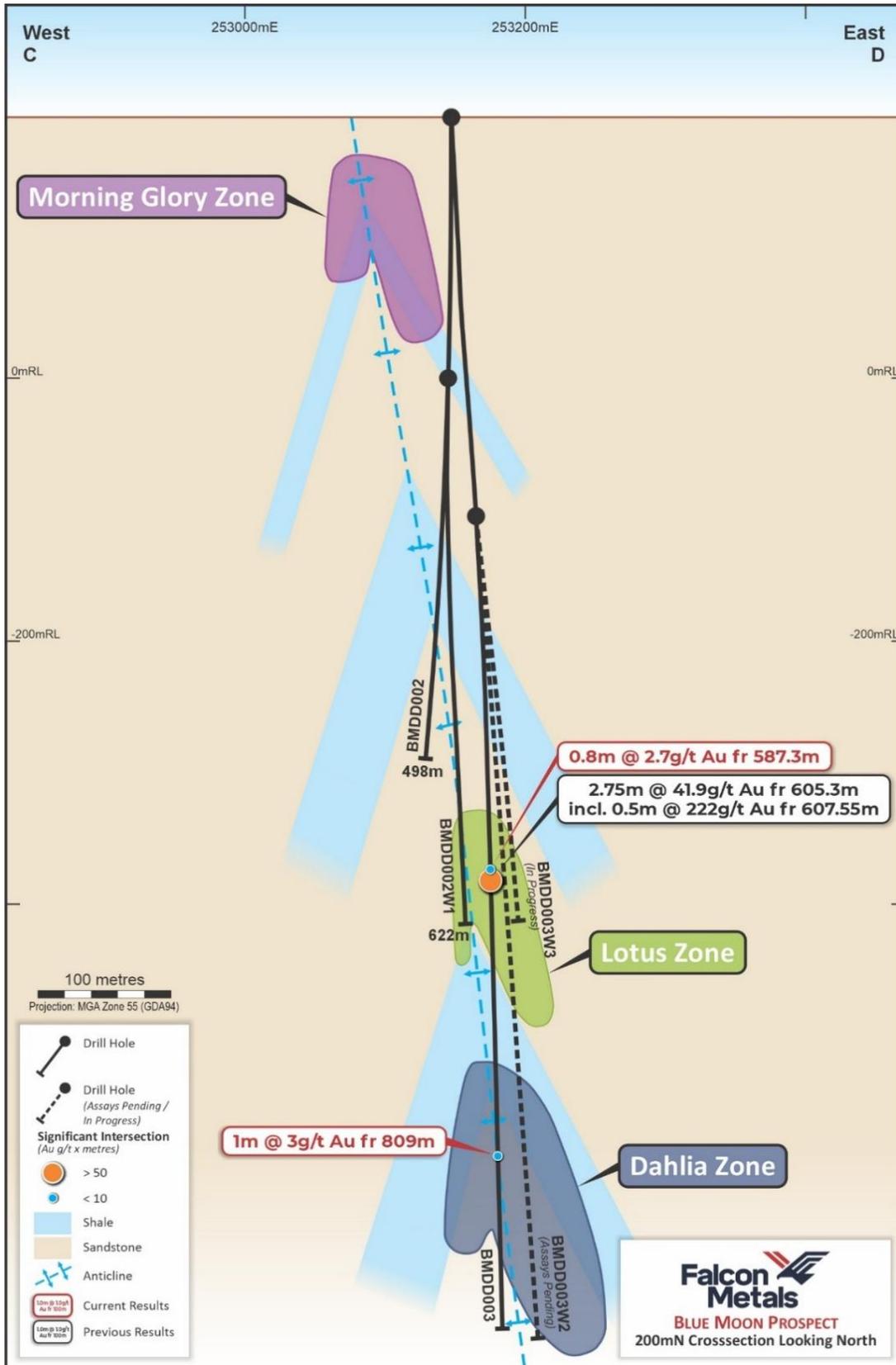


Figure 9 Second Section - schematic cross section of BMDD002 and BMDD003 looking north show the Lotus Zone and Dahlia Zone

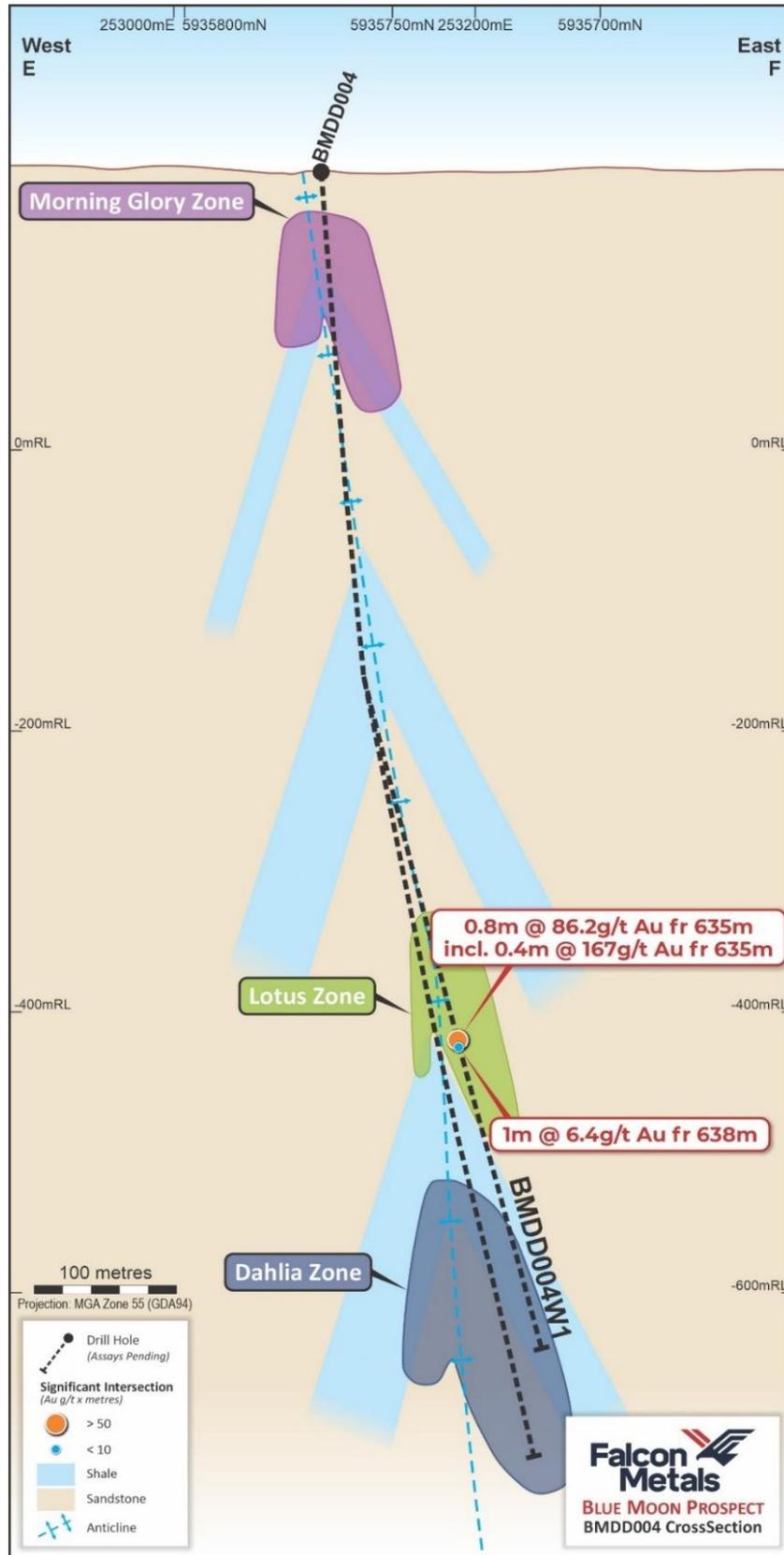


Figure 10 Third Section - schematic cross section looking north showing the intercept in the Lotus Zone

Next Steps

Drilling is ongoing with two diamond rigs currently drilling 24/7 targeting additional wedge holes, before commencing the next step-out drilling along strike to the north (See Figure 12).

Planning is underway for a series of holes targeting the along strike continuation of the shallow Morning Glory Zone where BMDD001 intersected 2.8m @ 17.7g/t Au from 40m.

Review work continues, with the Bendigo Goldfield now confirmed to extend into the Blue Moon permit, including the prolific New Chum (3.8Moz) and Hustlers (0.9Moz) lines of reef, providing multiple future drill targets. Planning is underway for a third rig for an initial program to test the New Chum line of reef.

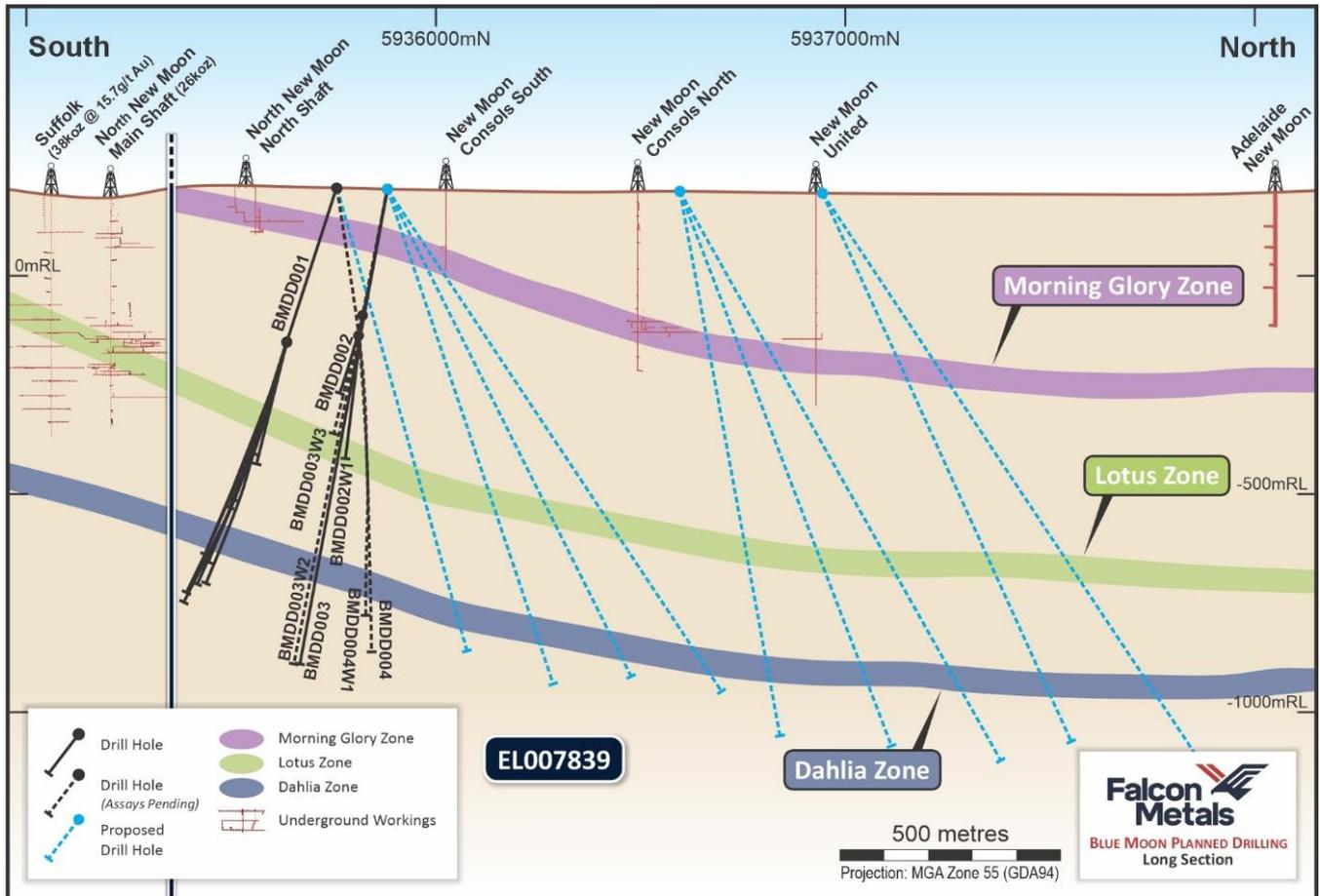


Figure 11 Current progress and planned step out drilling to the north showing interpreted target zones

Pyramid Hill Gold Project (Victoria, 100%)

A program of aircore drilling commenced in mid-January 2026 at priority targets under Murray Basin cover, including both infill and reconnaissance aircore drilling, as well as possible diamond drilling of more advanced targets to be considered later in the program. This includes the Loddon Vale, Pyramid Hill, and Tasman Reef targets, and the first systematic reconnaissance aircore drilling to the north of Raywood, located approximately 10km northwest of Tasman Reef (see Figure 13). The initial aircore phase of drilling is expected take approximately 3-months to complete.

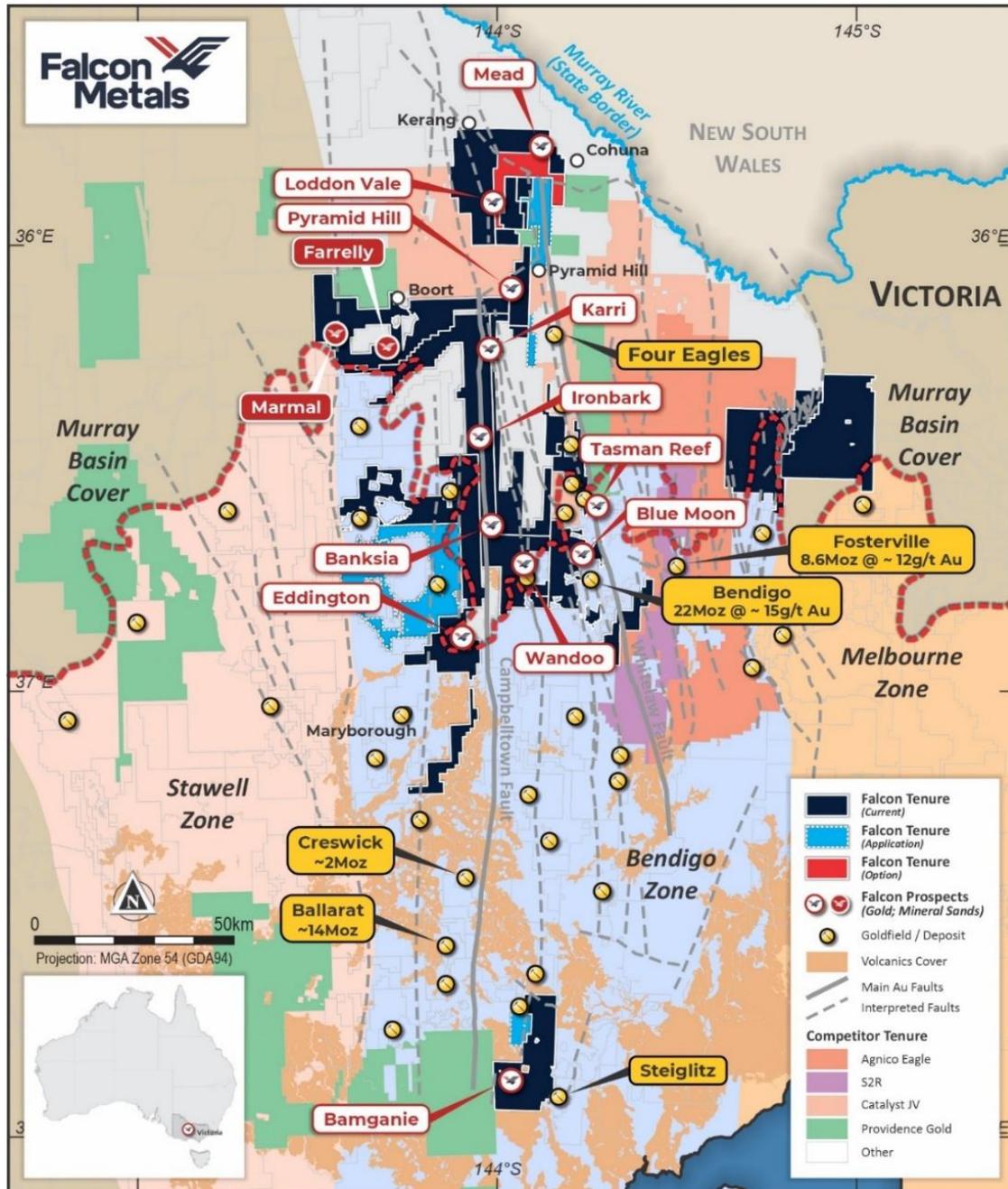


Figure 12 Falcon's Victorian tenements

Farrelly Mineral Sands Project (Victoria, 100%)

Falcon lodged a submission to the Office of the Mining Warden in Victoria, who has specialist expertise in land access matters such as this, to enable discussions to occur through a facilitated process, and to increase the likelihood of arriving at an appropriate outcome for the Company and the landowners.

The Mining Warden has informed Falcon that the landowners at Farrelly Mineral Sands Project are currently unwilling to participate in a mediation process.

Falcon continues to assess its options to achieve an amicable solution with the landowners at Farrelly in order to undertake the next phase of low impact exploration.

Errabiddy Gold Project (Earning up to 70% plus 100%-owned application)

Falcon entered into an Earn-in, Joint Venture and Mineral Rights Agreement with ASX-listed West Coast Silver (ASX: WCE) (previously Errawarra Resources) in November 2024, granting Falcon the right to earn up to a 70% interest in Exploration Licence E09/2457, covering all minerals excluding graphite.

The 519km license covers a 42km strike extent of the Errabiddy shear zone, located along the northern margin of the Yilgarn Craton, 220km northwest of Meekatharra (see Figure 14). Falcon further increased the size of the ground holding in the project area with application E09/2984 covering an additional 102km² and extending coverage of the Errabiddy shear zone strike extent by 22km to the east. The joint venture tenement and the adjoining 100% Falcon-owned application make up the Errabiddy Gold Project (see Figure 15).

The Olsen Well target is considered to be analogous to Benz Mining's Glenburgh Deposit (16.3Mt @ 1.0g/t for 510,000 ounces of gold), also discovered from regional stream sampling followed by soil sampling in gneissic terrain along the northwest margin of the Yilgarn Craton.

During the period, Falcon completed a 272-sample ultrafine soil survey, consisting of infill sampling following up on previous results where extensional sampling was successful in increasing the strike extent of the anomaly at a >10ppb Au threshold from 3km to 5.8km length.

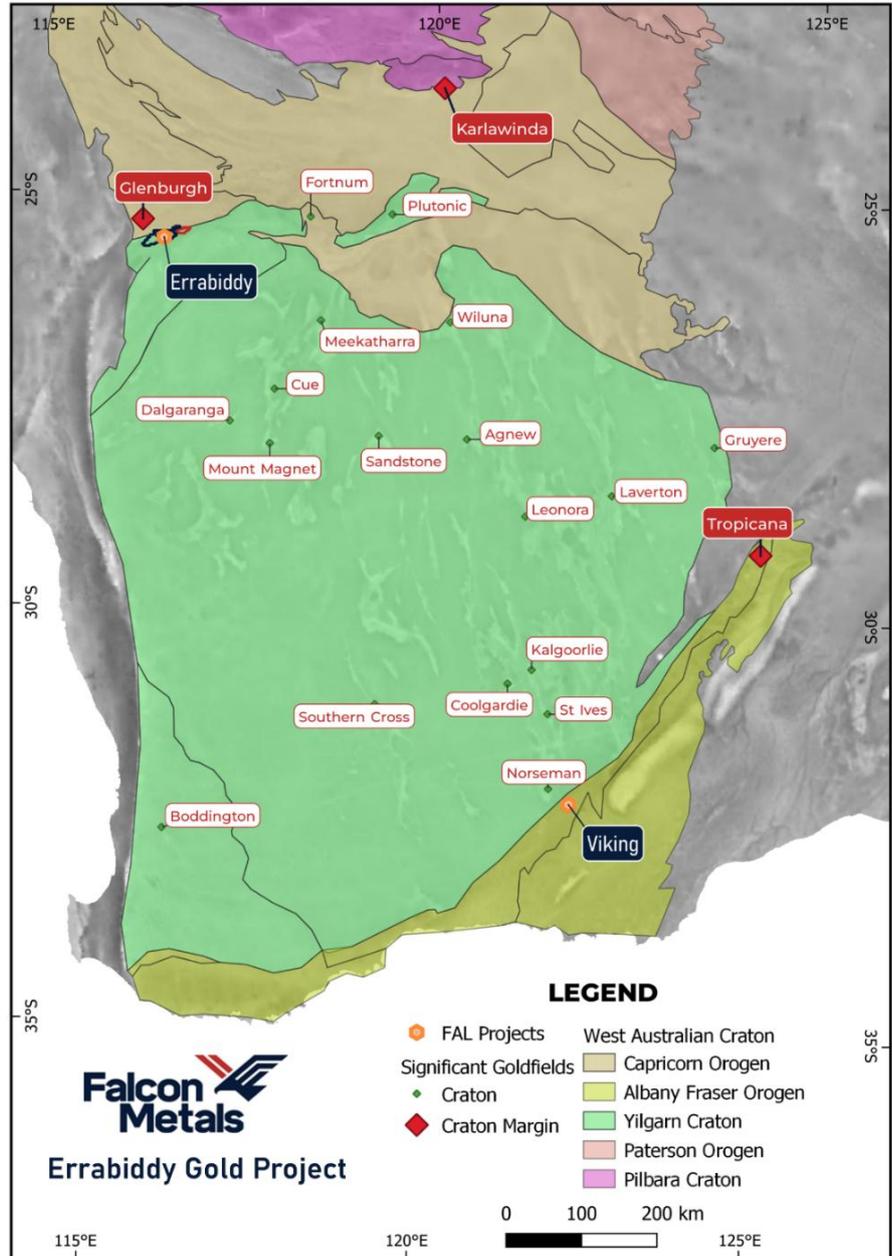


Figure 13 Location of the Errabiddy Gold Project

This was followed by an additional phase of surface sampling consisting of 86 rock chip samples and 75 ultrafine soil samples. This further refined the surface anomalism and confirmed that the results generated from the soils were from a bedrock source.

Planning is now underway for a heritage survey to be undertaken followed by RC drilling of the most anomalous zones within the Olsen Well target.

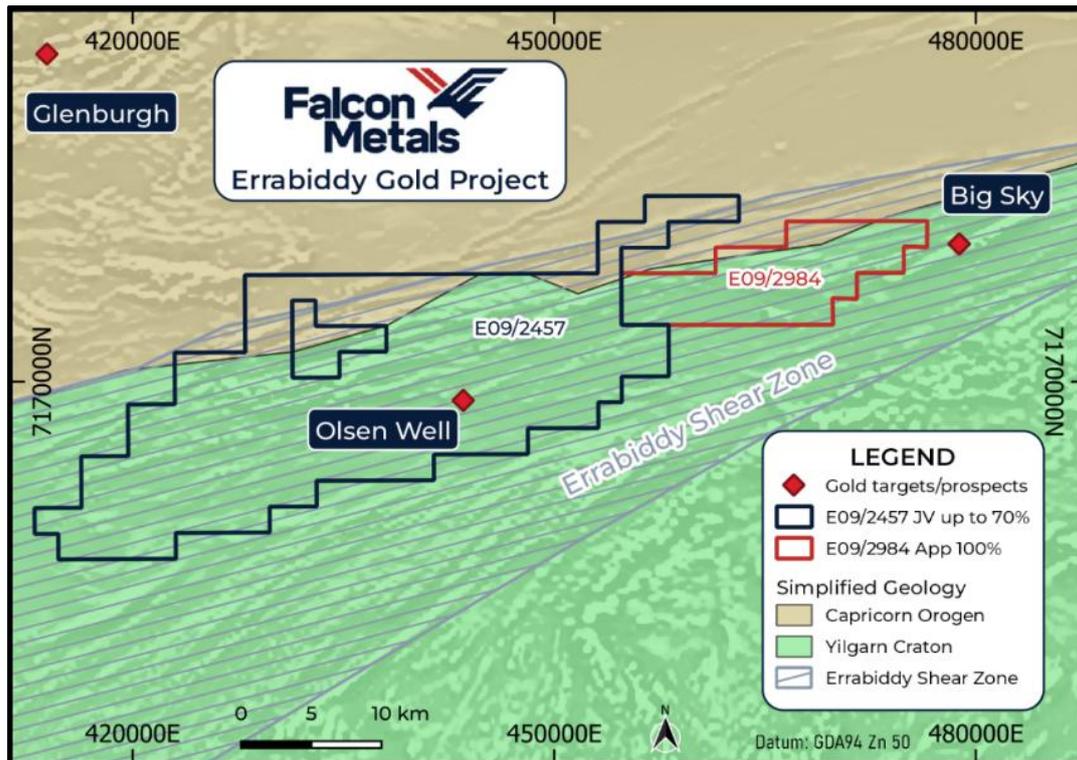


Figure 14 Errabiddy Gold Project tenements showing inset for Figure 14

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Corporate

On 27 January 2026, the Company announced the issue of 800,000 employee share options with an exercise price of \$1.09 expiring equally on 31 January 2029 and 31 January 2030.

On 23 February 2026, the Company announced the issue of 1,066,667 fully paid ordinary shares following the exercise of 1,950,000 employee share options by directors and employees. 1,300,000 of the employee share options were due to expire on 30 June 2026 and 650,000 of the employee share options were due to expire on 31 July 2026.

Exploration

On 16 February 2026, the Company announced that the Blue Moon Gold Project was extended 80m along strike in the Lotus Zone with visible gold intersected in BMDD004W1 with results including 0.4m @ 167g/t Au. High-grade gold mineralisation in the Lotus Zone has now been intersected over a strike length of 280m.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within this half-year financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Timothy Markwell
Managing Director

Date: 13 March 2026
Melbourne

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2025

	Notes	31 December 2025	31 December 2024
		\$	\$
Other income	2	1,550,480	79,735
Exploration expenditure	3	(3,880,489)	(1,424,274)
Employee benefits expenses		(433,239)	(452,015)
Share-based payments	11, 12	(628,914)	(261,910)
Administration expenses		(367,902)	(245,470)
Depreciation expense		(35,473)	(38,852)
Finance costs		(3,883)	(2,718)
Loss before income tax		(3,799,420)	(2,345,504)
Income tax expense		-	-
Loss for the period		(3,799,420)	(2,345,504)
Other comprehensive income		-	-
Total comprehensive loss for the period		(3,799,420)	(2,345,504)
Loss per share			
Basic and diluted loss per share (cents)	15	(1.87)	(1.33)

The accompanying notes form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at 31 December 2025



	Notes	31 December 2025 \$	30 June 2025 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	22,444,491	7,826,627
Trade and other receivables	5	559,701	446,810
Total current assets		23,004,192	8,273,437
Non-current assets			
Other receivables	5	31,838	28,240
Plant and equipment	6	130,020	128,496
Right-of-use asset	7	44,185	63,122
Financial asset		1,259,606	104,799
Total non-current assets		1,465,649	324,657
Total assets		24,469,841	8,598,094
LIABILITIES			
Current liabilities			
Trade and other payables	8	887,880	665,488
Lease liabilities	9	53,763	50,441
Provisions		151,724	119,655
Total current liabilities		1,093,367	835,584
Non-current liabilities			
Lease liabilities	9	9,518	37,182
Provisions		20,832	10,448
Total non-current liabilities		30,350	47,630
Total liabilities		1,123,717	883,214
Net assets		23,346,124	7,714,880
EQUITY			
Issued capital	10	106,303,655	87,451,842
Reserves	12	1,106,219	1,940,495
Accumulated losses		(84,063,750)	(81,677,457)
Total equity		23,346,124	7,714,880

The accompanying notes form part of this financial report.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2025



	Issued Capital \$	Share based payment reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2024	87,451,842	2,693,739	(77,920,636)	12,224,945
Loss for the period	-	-	(2,345,504)	(2,345,504)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,345,504)	(2,345,504)
Transactions with owners in their capacity as owners				
Share-based payments	-	(863,677)	1,125,587	261,910
Balance at 31 December 2024	87,451,842	1,830,062	(79,140,554)	10,141,350
Balance at 1 July 2025	87,451,842	1,940,495	(81,677,457)	7,714,880
Loss for the period	-	-	(3,799,420)	(3,799,420)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(3,799,420)	(3,799,420)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	18,747,802	-	-	18,747,802
Share-based payments	104,011	(834,276)	1,413,127	682,862
Balance at 31 December 2025	106,303,655	1,106,219	(84,063,750)	23,346,124

The accompanying notes form part of this financial report.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2025



	Notes	31 December 2025	31 December 2024
		\$	\$
Cash flows from operating activities			
Interest received		257,856	278,138
Payments to suppliers and employees		(828,558)	(757,117)
Payments for exploration and evaluation		(3,560,065)	(1,381,588)
Net cash outflow from operating activities		(4,130,767)	(1,860,567)
Cash flows from investing activities			
Payments for property, plant and equipment		(18,060)	(15,531)
Proceeds from sale of financial assets		10,659	-
Payments for security deposits		(17,717)	9,990
Net cash outflow from investing activities		(25,118)	(5,541)
Cash flows from financing activities			
Proceeds from issue of shares		20,054,000	-
Share issue transaction costs		(1,252,198)	-
Repayment of lease liabilities	9	(28,053)	(23,519)
Net cash inflow/(outflow) from financing activities		18,773,749	(23,519)
Net decrease in cash held		14,617,864	(1,889,627)
Cash at the beginning of the financial period		7,826,627	11,815,755
Cash at the end of the financial period	4	22,444,491	9,926,128

The accompanying notes form part of this financial report.

1. Summary of significant accounting policies

Basis of Preparation

The half-year financial report is a general purpose financial report that has been prepared for the period 1 July 2025 to 31 December 2025 in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with any public announcements made by Falcon Metals Limited (the "Company" or "Parent Entity") during the period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The Company was registered on 12 July 2021 and is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Company incurred a loss before income tax of \$3,799,420 (31 December 2024: \$2,345,504) and had cash outflows from operating activities of \$4,130,767 (31 December 2024: \$1,860,567) for the period ended 31 December 2025. As at that date, the Company had net current assets of \$21,910,825 (30 June 2025: \$7,437,853), including \$22,444,491 in cash and cash equivalents.

The directors believe that there are reasonable grounds to believe that the Company will continue as a going concern, after taking into consideration its planned activities for the next 12 months and forecast cash flows over that period.

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

New and Revised Accounting Standards and Interpretations

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Company.



	31 December 2025 \$	31 December 2024 \$
2. Other Income		
Interest income	385,014	266,261
Fair value gain/(loss) on investment	1,165,466	(185,164)
Loss on disposal of property, plant and equipment	-	(1,362)
	1,550,480	79,735

The fair value gain on investment relates to investments in listed entities.

	31 December 2025 \$	31 December 2024 \$
3. Exploration Expenditure		
Expenditure incurred during the year	3,880,489	1,424,274
	3,880,489	1,424,274

The Company currently holds the Blue Moon Gold Project, Pyramid Hill Gold Project and the Farrelly Mineral Sands Project, located in Victoria and the Errabiddy Gold Project located in Western Australia. The Company previously undertook exploration activities at the Mount Jackson and Viking Projects in Western Australia. The Company expends all exploration and evaluation expenditure incurred. The cumulative exploration expenditure incurred since the acquisition of the projects are as follows:

	Cumulative Expenditure \$
Blue Moon Gold Project	4,204,995
Pyramid Hill Gold Project (VIC)	13,258,948
Farrelly Mineral Sands Project (VIC)	1,037,458
Errabiddy Gold Project (WA)	326,929
Others	2,509,553
Cumulative exploration expenditure incurred	21,337,883

	31 December 2025 \$	30 June 2025 \$
4. Cash and Cash Equivalents		
Cash at bank and on hand	22,444,491	7,826,627



	31 December 2025	30 June 2025
	\$	\$
5. Trade and other receivables		
<i>Current</i>		
Interest receivable	176,856	49,752
GST receivable	71,351	46,864
Prepayments (a)	80,597	133,416
Security deposits	230,896	216,777
Other debtors	1	1
	559,701	446,810
<i>Non-current</i>		
Security deposits	31,838	28,240

(a) Prepayments primarily relate to insurance premiums paid in advance for the period of cover.

6. Property, plant and equipment

	31 December 2025	30 June 2025
	\$	\$
Plant & equipment – at cost	173,636	165,851
Less: Accumulated depreciation	(74,241)	(62,932)
	99,395	102,919
Computer equipment – at cost	40,758	31,799
Less: Accumulated depreciation	(29,915)	(28,841)
	10,843	2,958
Office equipment – at cost	11,171	10,564
Less: Accumulated depreciation	(5,016)	(3,973)
	6,155	6,591
Motor vehicles – at cost	25,416	25,416
Less: Accumulated depreciation	(11,789)	(9,388)
	13,627	16,028
Property, plant and equipment – at cost	250,981	233,629
Less: Accumulated depreciation	(120,961)	(105,133)
	130,020	128,496

6. Property, plant and equipment (continued)

Reconciliations of the written down values at the beginning and end of the current financial period is set out below:

	Plant and equipment \$	Computer equipment \$	Office equipment \$	Motor vehicles \$	Total \$
Opening balance – 1 July 2024	113,023	8,562	5,331	20,792	147,708
Additions	12,921	2,610	2,980	-	18,511
Disposals	(1,362)	-	-	-	(1,362)
Depreciation	(21,663)	(8,214)	(1,720)	(4,764)	(36,361)
Balance at 30 June 2025	102,919	2,958	6,591	16,028	128,496
Opening balance – 1 July 2025	102,919	2,958	6,591	16,028	128,496
Additions	8,084	9,669	607	-	18,360
Disposals	(300)	-	-	-	(300)
Depreciation	(11,308)	(1,784)	(1,043)	(2,401)	(16,536)
Balance at 31 December 2025	99,395	10,843	6,155	13,627	130,020

7. Right of use assets

	31 December 2025 \$	30 June 2025 \$
Office lease – Right of use	189,366	189,366
Less: Accumulated depreciation	(145,181)	(126,244)
	44,185	63,122
Plant and equipment – Right of use	5,901	5,901
Less: Accumulated depreciation	(5,901)	(5,901)
	-	-
Right of use assets	195,267	195,267
Less: Accumulated depreciation	(151,082)	(132,145)
	44,185	63,122

Additions to the right-of-use assets during the period were nil (30 June 2025: nil).

The Company entered into a lease agreement for its office in May 2022 and also lease a photocopier. The lease term of the office is three years plus an option to extend a further two years; and the term for the photocopier is three years. The leases are reflected in the Statement of Financial Position as right-of use assets and lease liabilities assuming duration of 5 years and 3 years respectively.



	31 December 2025	30 June 2025
	\$	\$
8. Trade and Other Payables		
Trade creditors	745,248	490,110
Accrued expenses	27,000	57,371
Other creditors	115,632	118,007
	887,880	665,488

	31 December 2025	30 June 2025
	\$	\$
9. Lease Liabilities		
Current	53,763	50,441
Non-current	9,518	37,182
	63,281	87,623

Changes in liabilities arising from financing activities

	31 December 2025	30 June 2025
	\$	\$
Lease Liabilities		
Balance at the start of the period	87,623	127,490
Net cash used in financing activities	(28,053)	(50,452)
Non-cash interest expense	3,711	10,585
Balance at the end of the period	63,281	87,623

10. Issued Capital

	31 December 2025		30 June 2025	
	Number	\$	Number	\$
At 1 July	177,000,000	87,451,842	177,000,000	87,451,842
Issue of shares – exercise of options – 21 July 2025	402,000	87,996	-	-
Issue of shares – exercise of options – 25 July 2025	155,307	16,015	-	-
Issue of shares – share placement – 20 August 2025	35,087,720	20,000,000	-	-
Share issue transaction costs, net of tax	-	(1,252,198)	-	-
Balance at end of period	212,645,027	106,303,655	177,000,000	87,451,842

Falcon completed a successful Share Placement led by new and existing high-quality global institutions in August 2025, raising \$20,000,000 (before costs) at \$0.57 per share to accelerate exploration across its 100% owned Blue Moon Gold Project and working capital.

31 December
2025
\$

31 December
2024
\$

11. Share-based Payment Transactions

Options – recognised as a Share-based Payment Expense 628,914 261,910

For the options issued during the current period, a Black-Scholes option pricing model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ Forfeited	Balance at the end of the period	Exercisable at the end of the period
15/12/2021	15/12/2025	\$0.75	5,398,500	-	-	(5,398,500)	-	-
8/08/2022	31/7/2025	\$0.36	1,212,500	-	(1,212,500)	-	-	-
8/08/2022	31/7/2026	\$0.36	1,212,500	-	(81,250)	-	1,131,250	1,131,250
4/07/2023	30/06/2026	\$0.35	1,430,000	-	(130,000)	-	1,300,000	1,300,000
4/07/2023	30/06/2027	\$0.35	1,430,000	-	-	-	1,430,000	-
1/10/2023	30/09/2026	\$0.24	250,000	-	-	-	250,000	250,000
1/10/2023	30/09/2027	\$0.24	250,000	-	-	-	250,000	-
15/07/2024	30/06/2027	\$0.38	1,920,000	-	-	-	1,920,000	960,000
15/07/2024	30/06/2027	\$0.38	1,920,000	-	-	-	1,920,000	-
25/02/2025	31/01/2028	\$0.20	80,000	-	-	-	80,000	-
25/02/2025	31/01/2029	\$0.20	80,000	-	-	-	80,000	-
05/03/2025	05/03/2028	\$0.20	200,000	-	-	-	200,000	50,000
1/7/2025	30/06/2028	\$0.20	-	2,790,000	-	-	2,790,000	-
1/7/2025	30/06/2029	\$0.20	-	2,790,000	-	-	2,790,000	-
4/8/2025	31/07/2028	\$0.65	-	500,000	-	-	500,000	500,000
21/11/2025	31/10/2028	\$0.93	-	100,000	-	-	100,000	-
21/11/2025	31/10/2029	\$0.93	-	100,000	-	-	100,000	-
			15,383,500	6,280,000	(1,423,750)	(5,398,500)	14,841,250	4,191,250

Share-based Payment Transactions (continued)

For the options issued during the current year, a Black-Scholes option pricing model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Number of Options	Value per Option	Total Value
		\$	\$	%	%		\$	\$
1/07/2025	30/06/2028	0.13	0.20	174	-	910,000	0.1086	98,826
1/07/2025	30/06/2029	0.13	0.20	174	-	910,000	0.1164	105,924
1/07/2025 ¹	30/06/2028	0.68	0.20	109	-	1,880,000	0.5604	1,053,553
1/07/2025 ¹	30/06/2029	0.68	0.20	105	-	1,880,000	0.5789	1,088,332
4/08/2025	31/07/2028	0.47	0.65	175	-	500,000	0.4003	200,150
21/11/2025	31/10/2028	0.55	0.93	186	-	100,000	0.4737	47,370
21/11/2025	31/10/2029	0.55	0.93	186	-	100,000	0.5095	50,950

¹ The options issued to directors were granted on 1 July 2025 but approved by the shareholders at the Annual General Meeting held on 29 October 2025.

The options vest equally in 18, 24, 30 and 36 months and requires the option holder to remain in employment or be available for employment during that period, unless the vesting conditions is waived at the Board of Director's discretion.

	31 December 2025	30 June 2025
	\$	\$
11. Reserves		
Share-based Payments Reserve	1,106,219	1,940,495
Movements		
Balance at beginning of period	1,940,495	2,693,739
Share-based payments expense for the period	628,914	424,206
Transferred to Issued Capital – exercise of options	(50,011)	-
Transferred to Accumulated Losses – expiry/forfeiture of options	(1,413,179)	(1,177,450)
Balance at end of period	1,106,219	1,940,495

12. Related Party Transactions

3,760,000 options granted to key management personnel on 1 July 2025 were issued to key management personnel on 29 October 2025, following shareholder approval at the 2025 Annual General Meeting (Refer to Note 11).

13. Commitments for Expenditure

Exploration and Evaluation

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial periods. Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations (including from relinquishments), however they are expected to be fulfilled in the normal course of operations.

	31 December 2025
	\$
The company has tenement rental and expenditure commitments payable of:	
- Not later than 12 months	3,178,518
- Between 12 months and 5 years	4,514,412
	<u>7,692,930</u>

The expenditure commitment relates to the tenements currently granted to the Group. Over time, these commitments will change depending on granting, relinquishment or surrender of tenements. Falcon is in the process of screening its large landholding to identify areas of interest which might host a large deposit and it is expected that as this process is progressively completed, the commitments will reduce over time.

14. Loss per share

	31 December 2025	31 December 2024
	\$	\$
Loss after income tax	(3,799,420)	(2,345,504)
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used in calculating basic loss per share	203,046,367	177,000,000
Basic and diluted loss per share (cents)	(1.87)	(1.33)

15. Events after the Reporting Date

Corporate

On 27 January 2026, the Company announced the issue of 800,000 employee share options with an exercise price of \$1.09 expiring equally on 31 January 2029 and 31 January 2030.

On 23 February 2026, the Company announced the issue of 1,066,667 fully paid ordinary shares following the exercise of 1,950,000 employee share options by directors and employees. 1,300,000 of the employee share options were due to expire on 30 June 2026 and 650,000 of the employee share options were due to expire on 31 July 2026.

Exploration

On 16 February 2026, the Company announced that the Blue Moon Gold Project was extended 80m along strike in the Lotus Zone with visible gold intersected in BMDD004W1 with results including 0.4m @ 167g/t Au. High-grade gold mineralisation in the Lotus Zone has now been intersected over a strike length of 280m.

16. Contingent Liabilities

The Company had no contingent liabilities as at 31 December 2025.



17. Operating Segments

The Company is organised into one operating segment, being mining exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

18. Financial Instruments

The Group has a number of financial assets and liabilities which are not measured at fair value on a recurring basis whose carrying amounts approximate their fair values.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Timothy Markwell
Managing Director

Date: 13 March 2026
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Falcon Metals Limited for the half-year ended 31 December 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
13 March 2026



M R Ohm
Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Falcon Metals Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the interim financial report of Falcon Metals Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Falcon Metals Limited does not comply with the *Corporations Act 2001* including:

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

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

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HLB Mann Judd ABN 22 193 232 714

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2026



M R Ohm
Partner