



FALCON METALS LIMITED

ACN 651 893 097

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: 29 November 2022

Time of Meeting: 12.00 PM (AEDT)

Place of Meeting: Level 30, 477 Collins Street, Melbourne VIC 3000

The business of the Meeting affects your shareholding, and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Shareholders are urged to vote by lodging the proxy form attached to the Notice in accordance with the instructions set out on that form by no later than 27 November 2022, 12.00 PM (AEDT). In compliance with ASX guidelines, each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Annual General Meeting.

The Company is happy to accept and answer questions submitted prior to the meeting by email to info@falconmetals.com.au. Where a written question is raised in respect of the key management personnel of the Company or the resolutions to be considered at the meeting, the Company will address the relevant question during the course of the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

The Company requests that Shareholders wishing to attend the Meeting in person should contact the Company Secretary (email: info@falconmetals.com.au) to confirm their attendance.

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of shareholders of Falcon Metals Limited ACN 651 893 097 (Company) will be held at Level 30, 477 Collins Street, Melbourne VIC 3000 on 29 November 2022 at 12.00 PM (AEDT).

Agenda

Ordinary business

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial period ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

1. Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial period ended 30 June 2022."

Note: the vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting exclusion statement:

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (1) does not specify the way the proxy is to vote on this Resolution; and
 - (2) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Intentions of Chair:

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolution the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying Explanatory Memorandum.

2. Resolution 2: Re-election of Director – Mark Bennett

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

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“That, Mr Mark Bennett, who ceases to hold office in accordance with clause 7.6 of the Constitution, and being eligible, offers himself for election, be re-elected as a Director of the Company.”

3. Resolution 3: Approval of Unlisted Options to be issued to Mark Bennett

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 500,000 Unlisted Options to Mr Mark Bennett, Non-executive Chairman of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to receive the securities as a result of the proposed issue, a person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolutions by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on Resolution 7 if:

- (a) the proxy is either:
 - (1) a member of the Company's Key Management Personnel; or
 - (2) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

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4. Resolution 4: Approval of Unlisted Options to be issued to Tim Markwell

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 500,000 Unlisted Options to Mr Tim Markwell, Managing Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to receive the securities as a result of the proposed issue, a person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolutions by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on Resolution 7 if:

- (a) the proxy is either:
 - (1) a member of the Company's Key Management Personnel; or
 - (2) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

5. Resolution 5: Approval of Unlisted Options to be issued to Alex Dorsch

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 300,000

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Unlisted Options to Mr Alex Dorsch, Non-executive Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."

Voting exclusion statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to receive the securities as a result of the proposed issue, a person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolutions by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on Resolution 7 if:

- (a) the proxy is either:
 - (1) a member of the Company's Key Management Personnel; or
 - (2) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

6. Resolution 6: Appointment of Auditor

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to section 327B of the Corporations Act and for all other purposes, approval is given for the appointment of HLB Mann Judd (WA Partnership) as the Company's auditor, with effect from the date of the Meeting."

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Special Resolutions

7. Resolution 7: Amendments to the Constitution

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective from the end of the Meeting the Shareholders approve the amendments to the Constitution as described in the Explanatory Memorandum.”

8. Resolution 8: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolutions by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Notes:

- (a) Terms used in this Notice of Meeting are defined in the “Interpretation” section of the accompanying Explanatory Memorandum.
- (b) A detailed summary of the Resolution(s) is contained within the Explanatory Memorandum.

The resolution(s) at this Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the Meeting by appointing a proxy or by poll during the Meeting.

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By order of the board



Pradeep Subramaniam

Company Secretary

28 October 2022

Notice of General Meeting

1. Introduction

This Explanatory Memorandum is provided to shareholders Falcon Metals Limited ACN 651 893 097 (**the Company**) to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 30, 477 Collins Street, Melbourne VIC 3000 on 29 November 2022 at 12.00 PM (AEDT).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend that Shareholders vote in favour of all Resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Terms used in this Explanatory Memorandum are defined in Section 10.

2. Financial Statements and Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial period ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report, and the auditor's report.

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.falconmetals.com.au.

The Company's Annual Report is placed before the Shareholders for discussion.

No voting is required for this item.

3. Resolution 1: Adoption of Remuneration Report

3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the Company's remuneration arrangements for the directors of the Company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial period.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

3.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

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If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the company.

3.3 Previous voting results

Since this is the Company's first annual general meeting as a listed company, the Spill Resolution is not relevant for this Annual General Meeting.

4. Resolution 2: Re-election of Director – Mark Bennett

4.1 General

Clause 7.6 (which mirrors ASX Listing Rule 14.4) of the Company's Constitution provides that the Directors may at any time appoint any person to be a director either to fill a casual vacancy or as an addition to the existing Directors but only where the total number of Directors does not at any time exceed the maximum number specified in the Constitution.

Pursuant to clause 14.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting of the Company and is then eligible for re-election by Shareholders.

Mr Mark Bennett was appointed as a director on 9 December 2021, following receipt of conditional approval for the Company's admission to the Official List of the ASX. Consequently, Mr Bennett resigns as a director at the Meeting and, being eligible, seeks approval to be elected as Director pursuant to Resolutions 2.

If Resolution 2 is not carried out, Mr Bennett will no longer be a Director of the Company and a new director would have to be appointed.

4.2 Qualifications and other material directorships

Qualifications	BSc (Mining Geology), PhD MAIG AusIMM GSL
Experience	Dr Mark Bennett is a highly experienced geologist and mining executive with over 30 years' experience in gold and base metal exploration. He was the founding Managing Director and CEO of Sirius Resources Ltd, where he was awarded the Association of Mining and Exploration Companies (AMEC) "Prospector of the Year Award" for the world-class Nova-Bollinger nickel-copper discovery in 2013. He went on to lead the company until its ~\$1.8 billion merger with IGO Ltd (ASX: IGO). Mark is a two-times winner of the AMEC award, having previously been recognised for the Thunderbox gold and Waterloo nickel discoveries in 2002 during his time as a key member of the senior leadership team of LionOre Mining International. In addition to his technical exploration expertise, Mark is experienced in corporate affairs, equity capital markets, investor relations and community engagement and led Sirius from pre-discovery to the construction stage, until the completion of its merger with IGO.
Other Directorships	S2 Resources Ltd

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Mr Bennett is considered to be an independent director.

4.3 Board recommendation

The Board supports the re-election of Mr Bennett as a Director of the Company and recommends (with Mr Bennett abstaining) that Shareholders vote in favour of Resolution 2.

5. Resolution 3 - 5: Approval of Unlisted Options to Mark Bennett, Tim Markwell and Alex Dorsch

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,300,000 Options (Related Party Options) to Mark Bennett, Tim Markwell and Alex Dorsch (or their nominees) (Related Parties) on the terms and conditions set out below.

To ensure the Company retains its key people, the Company has determined that the best way to reward and incentivise its board, executives and employees is via the issue of options over ordinary shares which have an exercise price that requires the share price to increase by approximately 50% (from grant date) before the options crystallise any value to the recipient while conserving cash and ensuring Falcon offers competitive market based remuneration. This results in the alignment of shareholder and board and employee interests in maximising Falcon's share price.

Resolutions 3 to 5 seeks Shareholder approval to issue the Related Party Options to the Related Parties.

5.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Related Party Options constitutes giving a financial benefit and Mark Bennett, Tim Markwell and Alex Dorsch are related parties of the Company by virtue of being Directors.

As the Related Party Options are proposed to be issued to all the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations act applies to the issue of the Options.

Accordingly, Shareholder approval for the issue of Related Party Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

5.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;

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- 10.11. 2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11. 4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11. 5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 3 to 5 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

5.4 Technical information required by Listing Rule 14.1A

If Resolutions 3 to 5 are passed, the Company will be able to proceed with the issue of the Related Party Options to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 to 5 are not passed, the Company will not be able to proceed with the issue of the Related Party Options and the Company will have to develop and alternate plan in how to remunerate their directors.

5.5 Technical information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 3 to 5:

(a) the Related Party Options will be issued to the following persons:

- (1) Mark Bennett (or their nominee) pursuant to Resolution 3;
- (2) Tim Markwell (or their nominee) pursuant to Resolution 4; and
- (3) Alex Dorsch (or their nominee) pursuant to Resolution 5,

Each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a director;

(b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) is 1,300,000 comprising:

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- (1) 500,000 Related Party Options to Mark Bennett (or their nominee) (Resolution 3);
 - (2) 500,000 Related Party Options to Tim Markwell (or their nominee) (Resolution 4); and
 - (3) 300,000 Related Party Options to Alex Dorsch (or their nominee) (Resolution 5);
- (c) the terms and conditions of the Related Party Options is set out in Schedule 1;
- (d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Related Party Options will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (f) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (g) the Related Party Options are unquoted Options. The Company has agreed to issue Related Party Options to the Related Parties for the following reasons:
 - (1) the Related Party Options are unquoted; therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
 - (2) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (3) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed;
- (h) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (1) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (2) the remuneration of the Related Parties; and
 - (3) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

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The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;

- (i) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	FY2022/2023			FY2021/FY2022		
	Cash Salary	Share Based Payment	Total	Cash Salary	Share Based Payment	Total
Mark Bennett	\$90,000	\$41,619	\$131,619¹	\$50,565	\$214,257	\$264,822²
Tim Markwell	\$298,350	\$41,619	\$339,969³	\$166,863	\$214,257	\$381,120⁴
Alex Dorsch	\$55,000	\$24,971	\$79,971⁵	\$30,900	\$107,129	\$138,029⁶

Notes:

¹Comprising Directors' fee of \$81,448, superannuation of \$8,552 and share based payments of \$41,619 being the value of the Related Party Options.

²Comprising Directors' fee of \$45,968, superannuation of \$4,597 and share based payments of \$214,257 being the value of the Pre-IPO Options.

³Comprising Directors' salary of \$270,000, superannuation of \$28,350 and share based payments of \$41,619 being the value of the Related Party Options.

⁴Comprising Directors' fee of \$151,694, superannuation of \$15,169 and share based payments of \$214,257 being the value of the Pre-IPO Options.

⁵Comprising Directors' fee of \$49,774, superannuation of \$5,226 and share based payments of \$24,971 being the value of the Related Party Options.

⁶Comprising Directors' fee of \$28,091, superannuation of \$2,809 and share based payments of \$107,129 being the value of the Pre-IPO Options.

⁷The previous financial year relates to the period from 9 December 2021 to 30 June 2022.

- (j) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (k) the Related Party Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options
Mark Bennett	249,439	3,540,000 ²
Tim Markwell	132,272	3,540,000 ²
Alex Dorsch	2,940,595	1,770,000 ³

Notes:

¹Fully paid ordinary shares in the capital of the Company (ASX: FAL).

²Unquoted Options, comprising of:

- 1,770,000 Options (exercisable at \$0.75 each on or before 15 December 2024); and
- 1,770,000 Options (exercisable at \$0.75 each on or before 15 December 2025).

³Unquoted Options, comprising of:

- 885,000 Options (exercisable at \$0.75 each on or before 15 December 2024); and
- 885,000 Options (exercisable at \$0.75 each on or before 15 December 2025).

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- (m) if the Related Party Options issued to the Related Parties are exercised, a total of 1,300,000 Shares would be issued. This will increase the number of Shares on issue from 177,000,000 (being the total number of Shares on issue as at the date of this Notice) to 178,300,000 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.73%, comprising 0.28% by Mr Bennett, 0.28% by Mr Markwell and 0.17% by Mr Dorsch;

The market price for Shares during the term of the Related Party Options would normally determine whether the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.895	6 January 2022
Lowest	\$0.180	8 July 2022
Last	\$0.200	21 October 2022

- (o) each Director has a material personal interest in the outcome of Resolutions 3 to 5 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 3 to 5 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 to 5 of this Notice; and
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 3 to 5.

6. Resolution 6: Appointment of Auditor

6.1 General

Pursuant to section 327A of the Corporations Act, the Directors of a public company must appoint an auditor within one month of registration. The Directors have appointed HLB Mann Judd (WA Partnership) (HLB) as the Company's auditor.

Section 327B(1) of the Corporations Act provides that a public company must appoint an auditor at its first annual general meeting and at any subsequent annual general meeting thereafter where there is a vacancy.

In accordance with section 328B of the Corporations Act, the Company has received written notice of nomination from a Shareholder for HLB to be appointed as the Company's auditor. A copy of the notice of nomination is attached to this Explanatory Memorandum as Schedule 3.

HLB has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act (subject to Shareholder approval of this Resolution).

Notice of General Meeting

If Resolution 6 is passed, the appointment of HLB as the Company's auditor will take effect at the conclusion of this meeting.

6.2 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

7. Resolution 7: Amendments to the Constitution

7.1 General

As part of the Company's regular review of its constituent documents and policies to ensure efficient administration, minimise costs and incorporate recent regulatory updates, the Company proposes to amend its Constitution as set out below. The amendments are proposed in order to bring the provisions of the Constitution in line with recent technological updates and will assist the Company to streamline communications with Shareholders as well as utilise various electronic platforms and tools to hold and conduct shareholder meetings.

Section 136(2) of the Corporations Act states that a company may "modify or repeal its constitution, or provision of its constitution, by special resolution". Accordingly, this Resolution is proposed as a special resolution.

7.2 Proposed amendments

Insert the following as new clause 5.6:

Use of technology at general meetings

- (a) The Company may hold a general meeting of Shareholders (whether called by Directors or requisition) at two or more venues, including by way of virtual or hybrid meeting, using any virtual technology that gives the Shareholders as a whole a reasonable opportunity to participate without being physically present in the same place. To avoid doubt:
 - (i) a reasonable opportunity to participate includes a reasonable opportunity to exercise a right to speak; and
 - (ii) a person may elect to exercise a right to speak (including a right to ask questions) orally rather than in writing.
- (b) If virtual meeting technology is used in holding a general meeting:
 - (i) all Shareholders participating in the meeting in accordance with clause 11.9(a) are taken for all purposes to be present in person at the meeting while so participating; and
 - (ii) all Shareholders so participating who are entitled to vote at the meeting:
 - (A) must be given the opportunity to participate in the vote in real time; and
 - (B) may be given the opportunity to record a vote in advance of the meeting at the election of the voter.

Notice of General Meeting

- (c) If:
 - (i) virtual meeting technology is used in holding a general meeting; and
 - (ii) a document is required or permitted to be tabled at the meeting;
 - (iii) the document is taken to have been tabled at the meeting if the document is:
 - (iv) given to the Shareholders (whether physically or using virtual meeting technology) before the meeting; or
 - (v) made accessible to the Shareholders attending the meeting (whether physically or using virtual meeting technology, in person or by proxy) during the meeting.

Insert the following as new clause 5.7:

Place and time of virtual meetings

- (d) This clause applies in relation to a general meeting if virtual meeting technology is used in holding the meeting.
- (e) If any of the persons entitled to attend the meeting is entitled to physically attend the meeting:
 - (i) the place for the meeting is taken to be:
 - (A) if there are 2 or more locations at which persons who are entitled to physically attend the meeting may do so—the main location for the meeting as set out in the notice of the meeting; and
 - (B) otherwise—the location where the persons may physically attend the meeting; and
 - (ii) the time for the meeting is taken to be the time at the place for the meeting.
- (f) If none of the persons entitled to attend the meeting is entitled to physically attend the meeting:
 - (i) the place for the meeting is taken to be the address of the registered office of the Company; and
 - (ii) the time for the meeting is taken to be the time at the place for the meeting.

Insert the following as new clause 5.8:

Adjournment for technological difficulties

If the technology used in accordance with clause 5.6 encounters a technical difficulty, whether before or during the meeting, which results in a Shareholder not being able to participate in the meeting, the chairman may, subject to the Corporations Act and this constitution, allow the meeting to continue or may adjourn the meeting either for such reasonable period as may

Notice of General Meeting

be required to fix the technology or to such other time and location as the chairman deems appropriate.

7.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

The Chair intends to vote all available proxies in favour of Resolution 7.

8. Resolution 8: Approval of 10% Placement Capacity

8.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**10% Placement Capacity**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 8 seeks Shareholder approval by way of special resolution for the Company to have the 10% Placement Capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the 10% Placement Capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

8.2 Information on 10% Placement Capacity

(a) Quoted securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company currently has one class of Equity Securities quoted on the ASX, being Ordinary Shares (ASX Code: FAL).

(b) Formula for 10% Placement Capacity

If this Resolution 8 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

A = the number of fully-paid ordinary securities on issue at the commencement of the Relevant Period:

- plus the number of fully-paid ordinary securities issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:

Notice of General Meeting

- the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the Relevant Period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the Relevant Period with approval under Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of partly-paid ordinary securities that became fully-paid in the Relevant Period;
- less the number of fully-paid ordinary securities cancelled in the Relevant Period;

D = 10%; and

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

8.3 Listing Rule requirements

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

(a) Period for which the 10% Placement Capacity is valid

The 10% Placement Capacity will commence on the date of the Meeting at which the Shareholder approval is obtained and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting (i.e. 29 November 2023), presuming Shareholder approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price at which equity securities may be issued

Any Equity Securities issued under the 10% Placement Capacity will be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(c) Use of funds raised under 10% Placement Capacity

Notice of General Meeting

The Company intends to use funds raised from issues of Equity Securities under the 10% Placement Capacity for:

- (i) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition);
- (ii) continued exploration expenditure on the Company's current assets/or projects (funds would then be used for project, feasibility studies and ongoing project administration);
- (iii) the development of the Company's current business; and
- (iv) general working capital.

(d) Risk of voting dilution

If Resolution 8 is passed and the Company issues securities under the 10% Placement Capacity, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date Shareholder approval is obtained for this Resolution; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date.

The table below shows the potential dilution of existing Shareholders following the issue of Equity Securities under the 10% Placement Capacity (based on the formula set out above) using difference variables for the number of issued Ordinary Shares and the market price of Ordinary Shares. The table overleaf is calculated using the closing market price of Shares and the number of Equity Securities on issue as at 10 October 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.10	\$0.20	\$0.40
			50% decrease	Issue Price	100% increase
			Funds Raised		
Current	177,000,000 Shares	17,700,000 Shares	\$1,770,000	\$3,540,000	\$7,080,000
50% increase	265,500,000 Shares	26,550,000 Shares	\$2,655,000	\$5,310,000	\$10,620,000
100% increase	354,000,000 Shares	35,400,000 Shares	\$3,540,000	\$7,080,000	\$14,160,000

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

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The table above uses the following assumptions:

- (i) There are 177,000,000 Shares on issue as at the date of this Notice (ASX Code: FAL).
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 10 October 2022.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (2) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (1) the purpose of the issue;
- (2) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (3) the effect of the issue of the Equity Securities on the control of the Company;
- (4) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (5) prevailing market conditions; and
- (6) advice from corporate, financial and broking advisers (if applicable).

Notice of General Meeting

(f) Previous approval under ASX Listing Rule 7.1A

The Company commenced listing on the ASX on 22 December 2021.

This annual general meeting is the first held since the listing, and as such, the Company has not previously sought and obtained shareholder approval for the 10% Placement Capacity under ASX Listing Rule 7.1A.

8.4 Voting Exclusion

A voting exclusion statement is included in this Notice of Meeting. As at the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

8.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 8

The Chair intends to vote all available proxies in favour of Resolution 8.

9. General Business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company. Specific comments relating to the Resolution(s) are set out in the Explanatory Memorandum.

Notice of General Meeting

10. Interpretation

10% Placement Capacity has the meaning given in Section 8.1.

Annual General Meeting means the Annual General Meeting of the Company pursuant to this Notice of Meeting.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

Board means the board of directors of the Company.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company means Falcon Metals Limited ACN 651 893 097.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001 (Cth)* as amended, varied or replaced from time to time.

Director means a director of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Official List means the official list of the ASX.

Option means an option to acquire a Share.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Previous Approval has the meaning given in section 8.3(f).

Proxy Form means the proxy form accompanying the Notice of Meeting.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

Resolution means a resolution proposed at the Meeting.

Share means a fully paid ordinary share in the issued capital of the Company.

Shareholder means a holder of Shares in the Company.

Special Resolution means a resolution:

Notice of General Meeting

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Any inquiries in relation to the Notice of Meeting or Explanatory Memorandum should be directed to:

Pradeep Subramaniam
Company Secretary
Phone: +61 (03) 8648 6684
Email: info@falconmetals.com.au

Notice of General Meeting

Schedule 1 EMPLOYEE SHARE OPTION PLAN

- (a) **(Entitlement)** The Options entitle you (or your nominees) to subscribe for one Share upon the exercise of each Option.
- (b) **(Plan)**: The Options are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.
- (c) **(Vesting)**: The Options will vest in four equal tranches over a three-year period, subject to the satisfaction (or waiver by the Board) of the relevant Vesting Condition as follows:

Tranche	Number of Options	Exercise Price	Vesting Condition	Vesting Date	Expiry Date
A	200,000	\$0.36	1.5 Years	31 Jan 2024	31 Jul 2025
B	200,000	\$0.36	2 Years	31 Jul 2024	31 Jul 2025
C	200,000	\$0.36	2.5 Years	31 Jan 2025	31 Jul 2026
D	200,000	\$0.36	3 years	31 Jul 2025	31 Jul 2026

The Options will vest if you continue to be employed or otherwise engaged by the Company or any of its subsidiaries at all times from the date of issue of the Options until the relevant Vesting Date.

The Board may, in its sole discretion, elect to waive any Vesting Condition.

- (d) **(Exercise price)**: Each Option has an exercise price of \$0.36 (**Exercise Price**), being the 150% premium of the 20-day VWAP on the day of grant¹.
- (e) **(Cashless exercise of Options)**: The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the twenty (20) trading days immediately preceding that given date.

- (f) **(Expiry Date)**: The Options will expire on the earlier to occur of: (i) 5:00pm (AEST) on the Expiry Date specified in paragraph (c); and (ii) the date on which the holder ceases to be employed or otherwise engaged by the Company or any of its subsidiaries (unless the Board elects in its sole discretion to permit the holder to retain the Options).

¹ Grant date as per taxation legislation and regulations

Notice of General Meeting

- (g) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (h) **(Transferability):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (i) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the form set out in the Notice of Exercise and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (j) **(Timing of issue of Shares on exercise):** Within five Business Days after the Exercise Date the Company will, subject to paragraph (k) below:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) if admitted to the Official List at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Options.
- (k) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, then within 20 Business Days of allotment, the Company must lodge a cleansing prospectus with ASIC pursuant to section 708A(11) of the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (l) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (m) **(Takeovers prohibition):**
 - (i) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
 - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
- (n) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights you hold in the Options are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

Notice of General Meeting

- (o) **(Change of control):** If the Company becomes, or in the opinion of the Board is likely to become, subject to a Change of Control, the Board may at its absolute discretion make a determination that some or all of your Options vest and allow you to exercise the vested Options in order to be able to dispose of the relevant Shares.
- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and you will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (q) **(Entitlement to dividends):** The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.
- (r) **(Entitlement to capital return):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.
- (s) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights you hold in the Options will be varied in accordance with the Listing Rules.
- (t) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which you would have received if you had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (u) **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.
- (v) **(Constitution):** Upon the issue of Shares on exercise of the Options, you agree to be bound by the Company's constitution.

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Schedule 2 VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 3 - 5 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions		
Series	Expiring 31 July 2025	Expiring 31 July 2026
Valuation date	5 October 2022	5 October 2022
Market price of shares	\$0.20	\$0,20
Exercise price	\$0.36	\$0.36
Expiry date (length of time from issue)	2.8 years	2.8 years
Risk free interest rate	3.22%	3.22%
Volatility (discount)	80%%	80%
Indicative value per Related Party Option	\$0.07	\$0.09
Total Value of Related Party Options	\$108,160	
Mark Bennett	\$41,619	
Tim Markwell	\$41,619	
Alex Dorsch	\$24,971	

Notice of General Meeting

Schedule 3 NOMINATION OF AUDITOR

The Company Secretary
Falcon Metals Ltd
Suite 6
Level 6, 350 Collins Street
MELBOURNE VIC 3000

1 September 2022

Dear Sir / Madam

Nomination of Auditor – Falcon Metals Ltd

For the purposes of section 328B of the Corporations Act 2001, I, Andrea Betti of Level 2, 22 Mount Street, Perth, Western Australia 6000, being a member of Falcon Metals Ltd ("Company") hereby nominate HLB Mann Judd (WA Partnership) (ABN 22 193 232 714) for appointment as auditor of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A Betti', with a stylized flourish at the end.

Ms Andrea Betti

FAL

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00pm (AEDT) on Sunday, 27 November 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Falcon Metals Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Falcon Metals Limited to be held at Level 30, 477 Collins Street, Melbourne, VIC 3000 on Tuesday, 29 November 2022 at 12:00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4 and 5 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Unlisted Options to be issued to Mark Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Unlisted Options to be issued to Tim Markwell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Unlisted Options to be issued to Alex Dorsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Amendments to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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