

16 January 2024

FALCON METALS DECEMBER QUARTER ACTIVITIES REPORT

For the three-month period ended 31 December 2023

- Drilling program recommenced at Pyramid Hill with 236 aircore (AC) holes for total of 15,886m completed during the quarter
- Results received for the first ever drilling at the historical high-grade Bamganie Goldfield including
 - BAAC0032* 8m @ 6.22g/t Au from 29m; including
 - 5m @ 9.77g/t Au from 32m that also includes
 - 2m @ 20.02g/t Au from 32m
 - *Hole terminated in historical mine working at 37m
 - BAAC0007 25m @ 0.29g/t Au from 98m to EOH; including
 - 1m @ 1.45/t Au from 120m
 - BAAC0033 13m @ 0.56g/t Au from 99m; including
 - 1m @ 1.93g/t Au from 99m, and
 - 3m @ 1.34g/t Au from 107m
 - BAAC0036 2m @ 2.66g/t Au from 16m; including
 - 1m @ 5.14g/t Au from 16m
 - BAAC0044 13m @ 0.42g/t Au from 45m; including
 - 2m @ 1.59g/t Au from 51m
 - 13m @ 0.51g/t Au from 95m; including
 - 3m @ 1.73g/t Au from 95m
- Infill AC drilling near Kerang intersected mineralisation 830m south of previous intercept in PHAC1396 (5m @ 0.54g/t Au from 118m¹) including:
 - PHAC1826 2m @ 0.47g/t Au from 105m; and
 - 3m @ 0.46g/t Au from 127m
- Results for infill AC drilling at the Wandoo and Eddington Prospects expected in February 2024
- Falcon is planning to drill at Pyramid Hill until the end of April 2024 and expects to complete more than 40,000m of aircore
- Results from 818 soil samples at Mt Jackson Project confirm gold, nickel and lithium potential with planning underway for a ground EM survey and follow up soil sampling
- Aircore drilling on the Mt Jackson permit expected mid-2024
- Falcon remains well funded with \$15.1 million cash at the end of the quarter

¹ ASX announcement "Targets Upgraded at the Pyramid Hill Gold Project" dated 14 June 2023



CORPORATE

Annual General Meeting

Falcon Metals Ltd (**ASX: FAL**) (**Falcon**, the **Company**) Annual General Meeting was held on 28 November 2023. All resolutions were passed by shareholder vote.

Finance

During the quarter, Falcon spent \$1.1 million on operating activities, including:

- \$0.9 million on exploration and evaluation costs;
- \$0.1 million on corporate costs and overheads; and
- \$0.1 million on staff costs.

Falcon also received \$0.2 million in interest on cash deposits. Net cash outflow from operating activities was \$0.9 million.

During the quarter, the Company completed 15,886m of air core drilling, resulting in higher exploration and evaluation costs.

Corporate costs, overheads and staff costs were broadly in line with the previous quarter, with slightly higher allocation of staff costs into project costs.

At the end of the December 2023 quarter, Falcon retained \$15.1 million cash.

Capital Structure

There was no change in the number of fully paid shares on issue during the quarter, which remain at 177 million.

During the quarter, 2.36 million share options were issued to directors of the Company, following shareholder approval at the 2023 Annual General Meeting.

EXPLORATION

Pyramid Hill (100% FAL)

Falcon has >7,000km² of granted permits in Victoria, focused on undercover areas of the Bendigo Zone that is host to the high-grade historic >22 Moz Bendigo goldfield and the ~9 Moz Fosterville Gold Mine owned by Agnico Eagle (NYSE:AEM).

An aircore (AC) drilling program recommenced during the December quarter at the Pyramid Hill Project with a focus on regional screening across the large tenement holding of >7,000km², following up on areas with anomalous results from prior drilling and assessment of minerals sands and potential Rare Earth Element (REE) mineralisation.

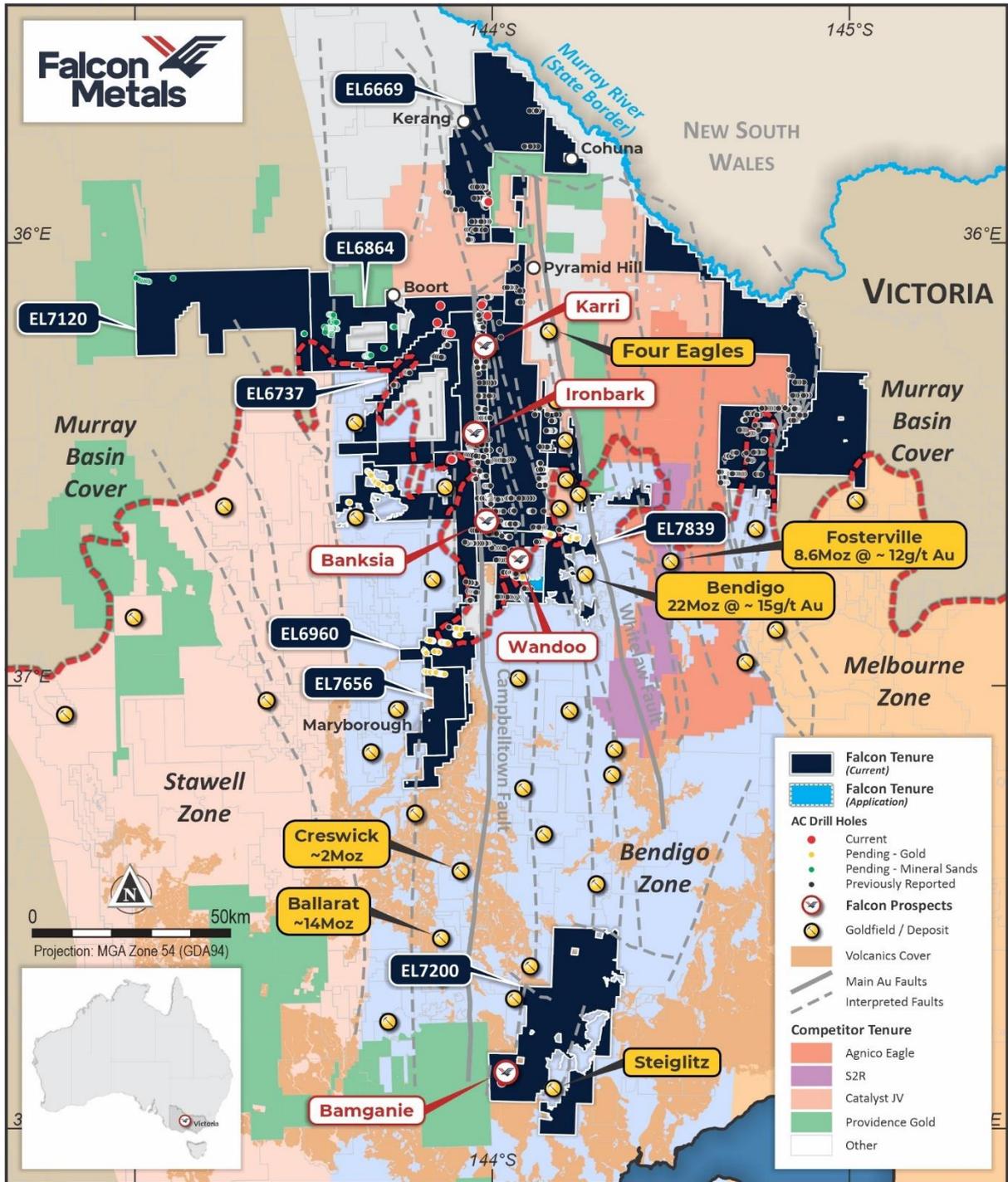


Figure 1 Location of the Pyramid Hill Project

Falcon completed a total of 15,886m of AC drilling comprising both infill and regional reconnaissance drilling. The drilling program involved 159 holes for a total of 12,425m focused on gold exploration and 77 holes for a total of 3,461m focused on mineral sands and associated REE exploration. Assay results relating to the gold exploration for 72 holes were received post-quarter. The remaining gold and mineral sands results are expected during the March 2024 quarter.



Figure 2 Aircore Rig drilling for mineral sands and REE at the Pyramid Hill Project

Bamganie Reconnaissance AC Drilling

The gold exploration drilling completed during the December quarter included the first ever drilling at the Bamganie Gold Prospect located 35km southeast of the 14Moz Ballarat Goldfield. Bamganie is a historical goldfield that was mined in the early 1900's, with workings extending over 2.5km of strike length. No drilling has ever been completed at the prospect, however the extent of historical workings makes it of interest to Falcon.

Falcon completed 56 holes for 3,452m of AC drilling at Bamganie targeting an area of historical gold workings and a north-south striking gold-in-soil anomaly that had been defined by an extensive soil sampling program completed in the 1990's by previous explorers.

Drilling completed during the quarter successfully defined a mineralised corridor of abundant quartz veining and sulphides across a strike length of over 1km that is open to the north and south (see Figure 3). An additional trend to the east of the main mineralised zone was also detected in several drillholes which highlights the potential for parallel structures.

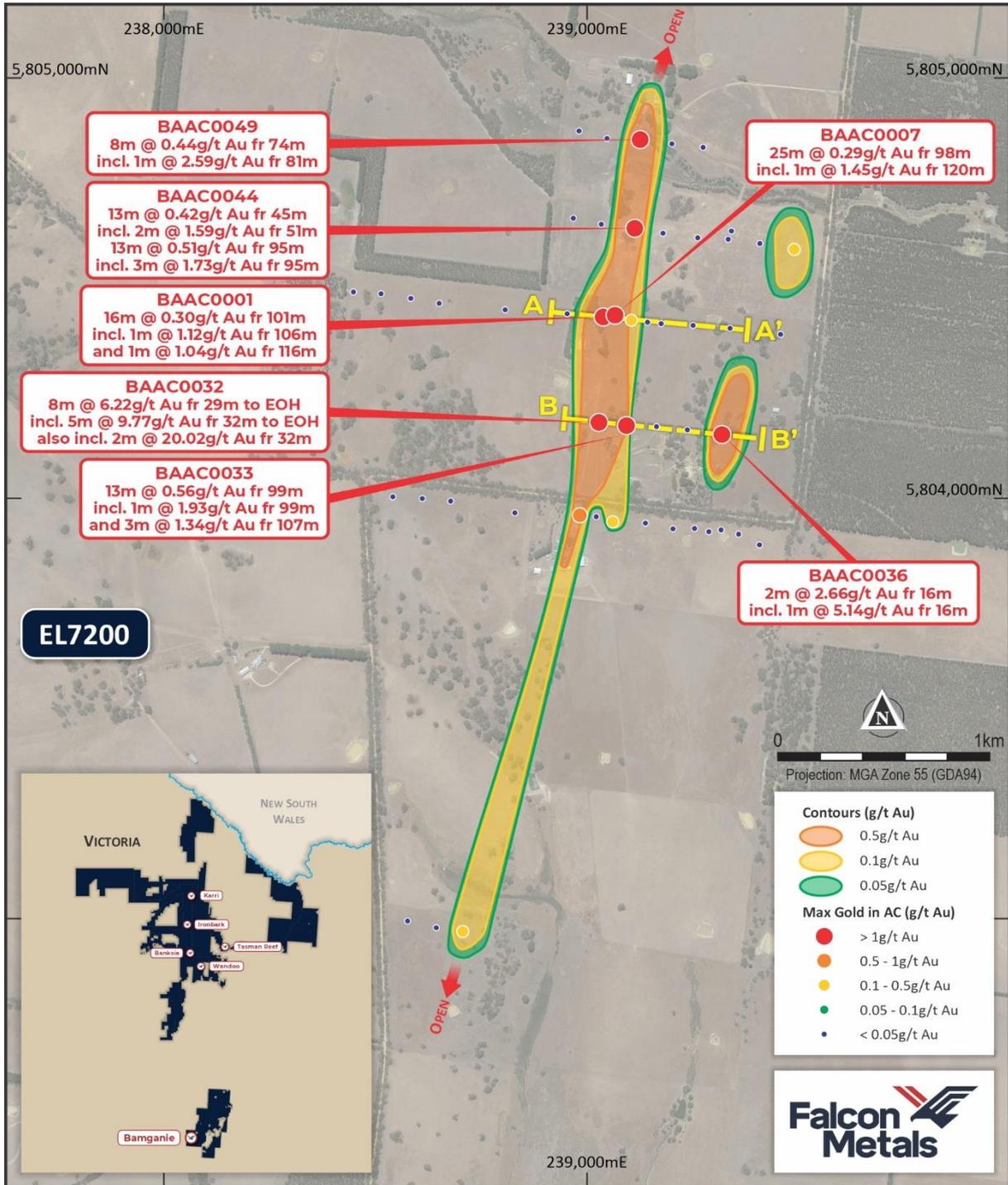


Figure 3 Plan map showing Bamganie AC drilling results



The best result from the current program was from BAAC0032, located closest to the Duke of Wellington shaft that was the most productive mine on the goldfield. This was mined from 1901-1909 and official production figures were 17,945 oz at a grade of 12.1g/t Au². BAAC0032 intersected a high-grade zone prior to entering a void from historical underground mine workings at 37m as shown in Figure 4.

- **BAAC0032*** 8m @ 6.22g/t Au from 29m; including
 - 5m @ 9.77g/t Au from 32m that also includes
 - 2m @ 20.02g/t Au from 32m

In the section 250m north of BAAC0032, broad mineralised zones were intersected at the base of BAAC0001 and BAAC0007 (see Figure 5) with both holes ending in mineralisation.

- **BAAC0001** 16m @ 0.30g/t Au from 101m to end of hole; including
 - 1m @ 1.12g/t Au from 106m, and
 - 1m @ 1.04g/t Au from 116m to end of hole
- **BAAC0007** 25m @ 0.29g/t Au from 98m to end of hole; including
 - 1m @ 1.45g/t Au from 120m

Interpretation of the mineralisation from the drill results is ongoing, along with planning for additional AC drilling to better define the mineralised zones and additional testing along strike to the north and south, which remain open. It is expected that diamond drilling will be required to gain a better understanding on the controls of mineralisation and to test the prospect at depth.

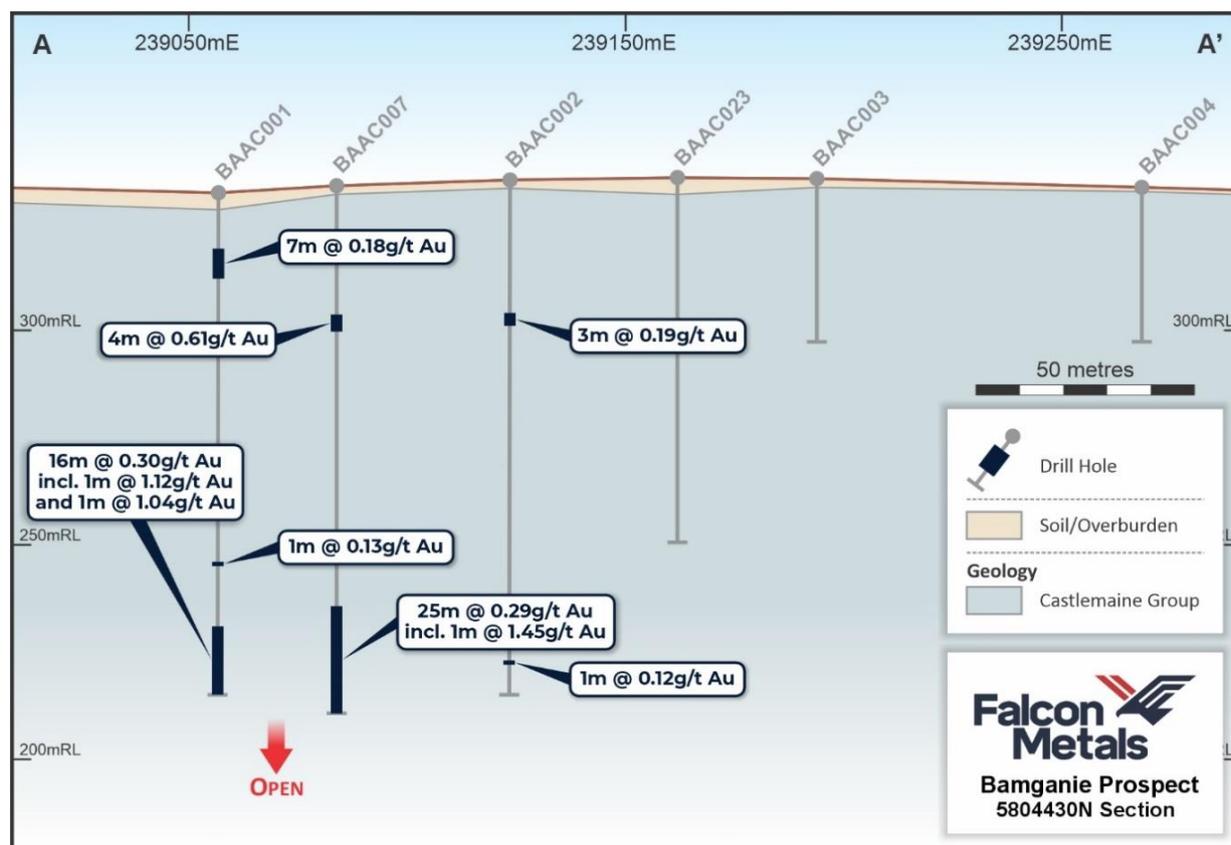


Figure 4 Cross-section A-A' through Bamganie

² Geological Survey of Victoria Technical Record 2011/3 pp 21-22

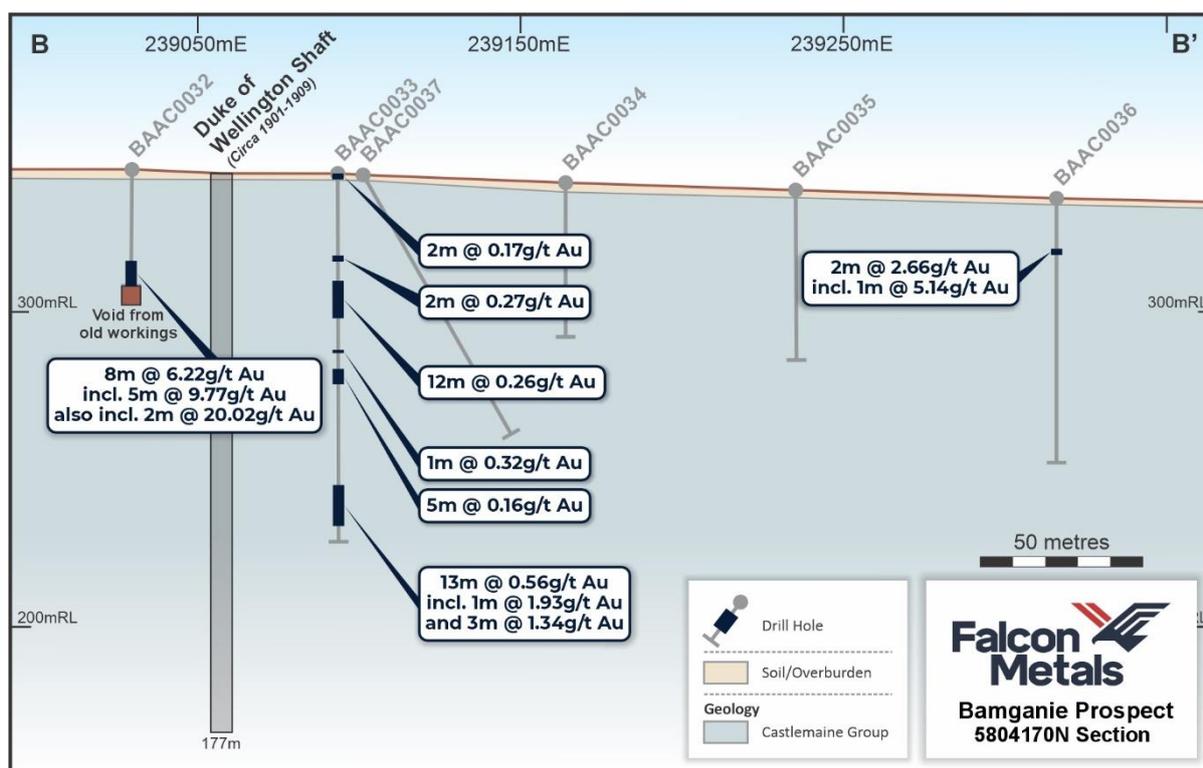


Figure 5 Cross-section B-B' through Bamganie

Infill AC Drilling

Several targets generated from Falcon's ongoing regional reconnaissance program were prioritised for infill drilling during the quarter:

- EL6669 near Kerang (six holes);
- EL6960 near Eddington, east of Maryborough (ten holes); and
- EL6737 at the Wandoo Prospect, west of Bendigo (eight holes).

Post quarter, results were received from one line of six holes of infill drilling completed in EL6669, near the town of Kerang. These six holes were drilled on 140m spacing E-W, 830m south of anomalous holes PHAC1390 (3m @ 0.39g/t Au from 85m) and PHAC1396 (5m @ 0.54g/t Au from 118m)³, extending the mineralised trend on this permit. Drillhole PHAC1826 returned 2m @ 0.46g/t Au from 105m and 3m @ 0.44g/t Au from 127m, with the trend remaining open to the north and south (see Figure 6). This area will be a focus for further infill and extensional drilling.

Results are still pending for the Eddington and Wandoo drilling which are expected in February 2024.

³ ASX announcement "Targets Upgraded at the Pyramid Hill Gold Project" dated 14 June 2023

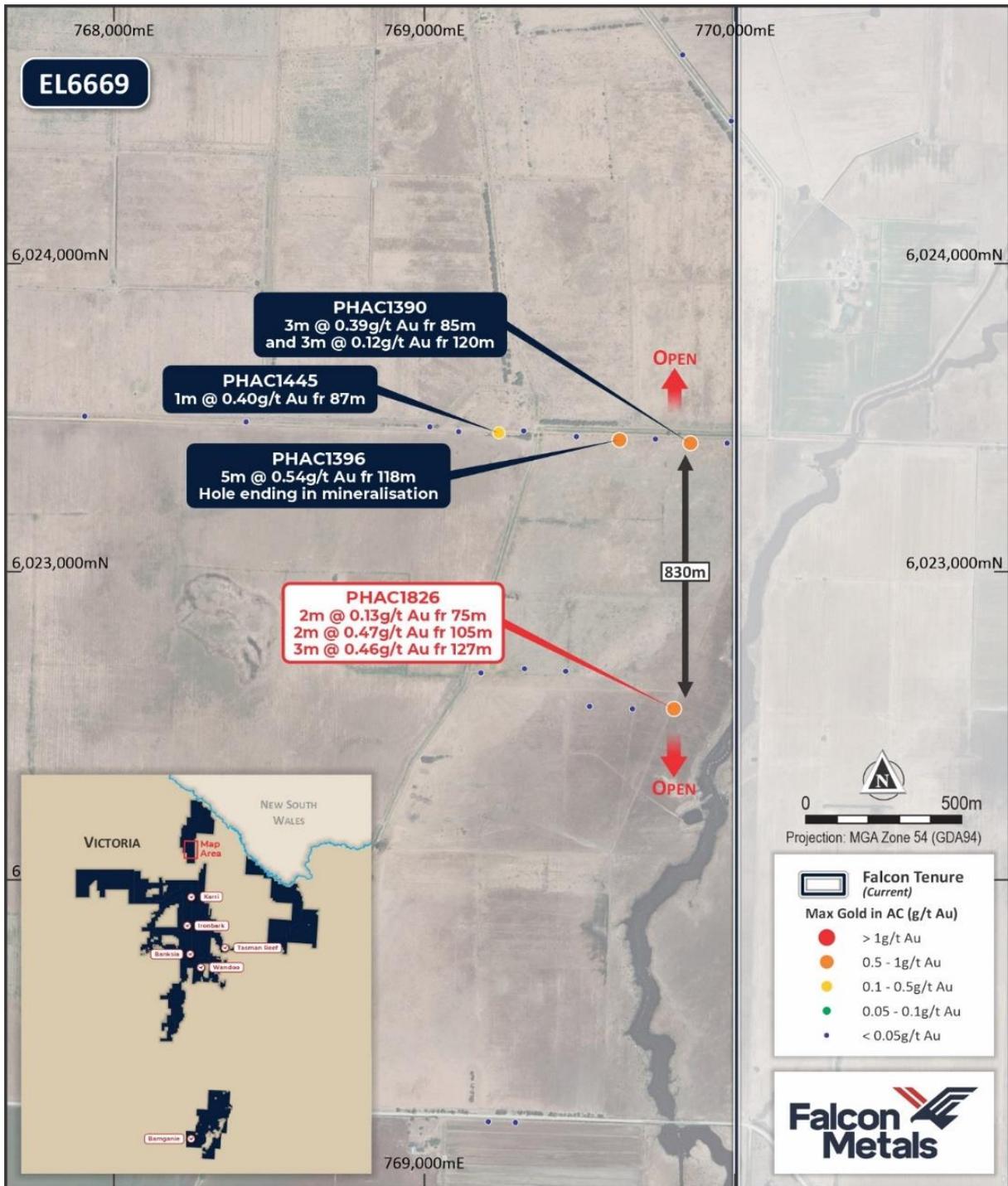


Figure 6 Plan map showing new drill results on EL6669



Regional Reconnaissance AC Drilling

Reconnaissance drilling is ongoing across the Pyramid Hill Project and is an important part of the Falcon strategy in discovering large scale gold deposits in Victoria. This also included the testing of several magnetic features identified from the detailed drone magnetics completed in 2022. The regional program during the quarter focused on extending the sampling south from Eddington in EL6960 and EL7656 and drilling to the north of Bendigo in areas with shallow cover. Assay results are expected by February 2024.

The current focus for AC drilling is near the towns of Cohuna, Pyramid Hill and Maryborough.

Mineral Sands Exploration

A review of the northern tenements in the Pyramid Hill Project for mineral sands prospectivity identified areas within EL6864 and EL7120 that warranted drill testing. This initial phase of drilling involved 77 holes for a total of 3,461m focused on mineral sands and associated REE. Samples will undergo heavy mineral separation and results will be reported once available, which is expected in the March quarter.

Mt Jackson (100% FAL)

The project is located approximately 350 km northeast of Perth and 110 km north of Southern Cross. The Mt Jackson project area is located at the northern end of the Southern Cross Belt where it converges with the Koolyanobbing Shear Zone. The Southern Cross Greenstone Belt has a prolonged mining history and hosts multiple significant gold deposits, including Marvel Loch (>1.5Moz).

During the quarter, Falcon received results for 818 soil samples taken at the Company's Mt Jackson Project. The soil sampling was following up results previously announced, to infill several gold and nickel targets to a sample density of 100m x 100m. The sampling provides increased confidence in several orogenic gold, komatiitic nickel and lithium pegmatite targets that warrant further exploration, including ground Electromagnetic (EM) surveys, further soil sampling and AC drilling.

These new results have further refined several of the gold targets (see Figure 8) with the highlight being a 1km long north-south trending target >3ppb Au with a peak value of 17.5ppb Au that is coincident with the interpreted Southern Cross Greenstone Belt. In addition to this, a 7km long northeast-southwest anomaly has been confirmed in a demagnetised zone that is interpreted to be associated with the Youanmi Shear Zone and is open to the south. This anomaly is >2ppb Au and is a more subtle response given the extensive aeolian cover interpreted to be developed in this location on the eastern side of a salt lake system.

In addition, three zones with coincident nickel, copper, platinum and palladium anomalism along the interpreted Southern Cross Greenstone Belt have been prioritised. Moving Loop Electromagnetic (MLEM) surveying is planned to test for nickel sulphide mineralisation (See Figure 9). Drill planning for these targets will be dependent on the outcomes of the MLEM surveys.

Although the soil sampling programs were designed to test largely for gold and base metals, several anomalous lithium zones (see Figure 10) were also detected. The sampling and assaying methodology is not considered optimal for lithium exploration and specific orientation programs will be required if encouraging results are obtained from the current work programs. Although the level of lithium anomalism is low, they have formed discrete anomalies relative to the background and these zones are considered targets requiring further soil sampling and potential aircore drilling. The Southern Cross region is prospective for lithium given it hosts the Earl Grey Mt Holland Lithium Deposit. A large



LCT pegmatite system has also been identified directly southwest of permit E77/2577 by Midas Minerals (refer ASX: MM1 announcement dated 16 January 2023 'Midas defines priority lithium and gold target zones over 20km strike at Newington, WA').

Planning is underway for an aircore drilling program in 2024 which will be the first exploration drilling undertaken in the highly prospective Mt Jackson Project area for any commodity.

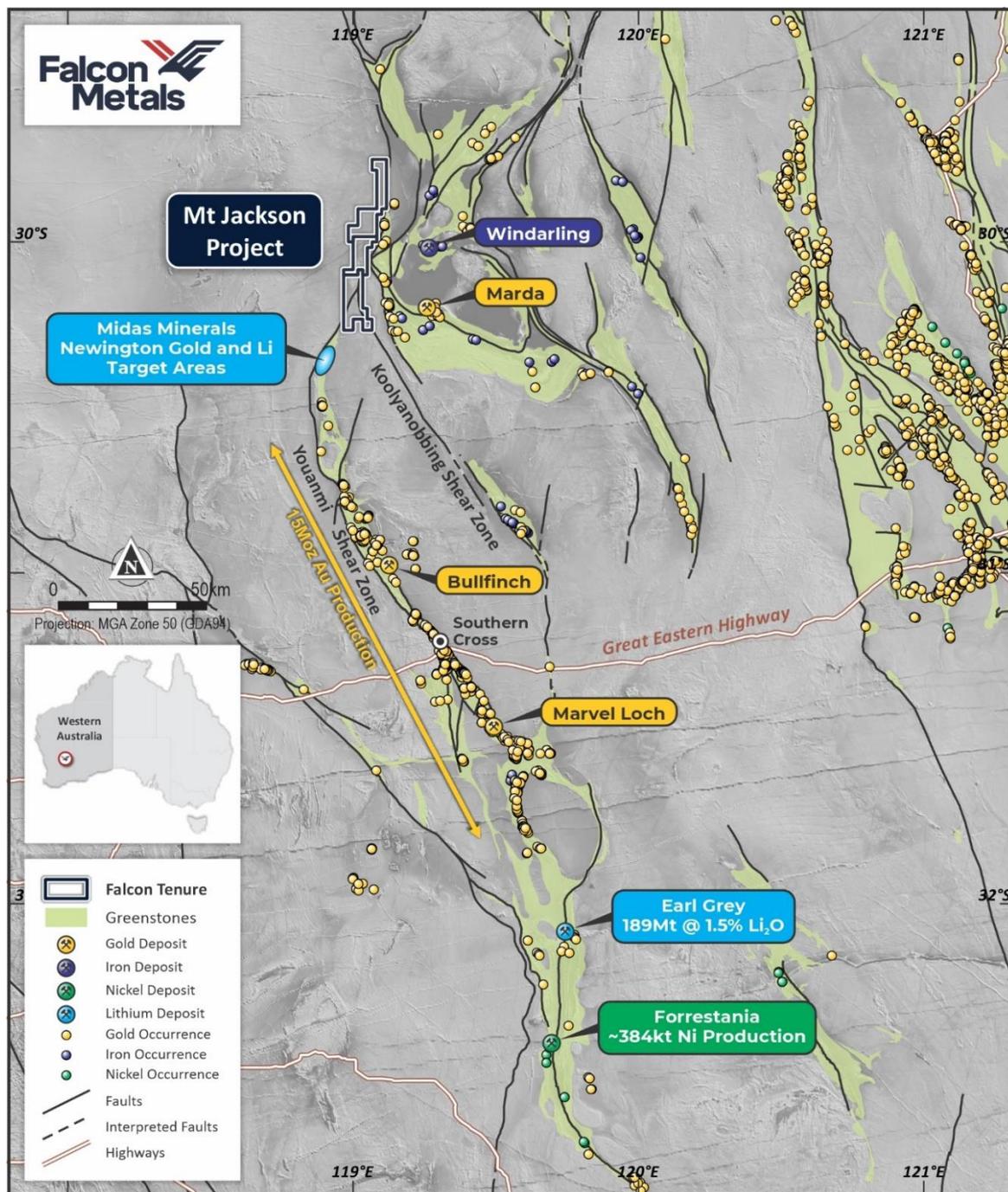


Figure 7 Location of the Mt Jackson Project in reference to the Southern Cross Greenstone Belt

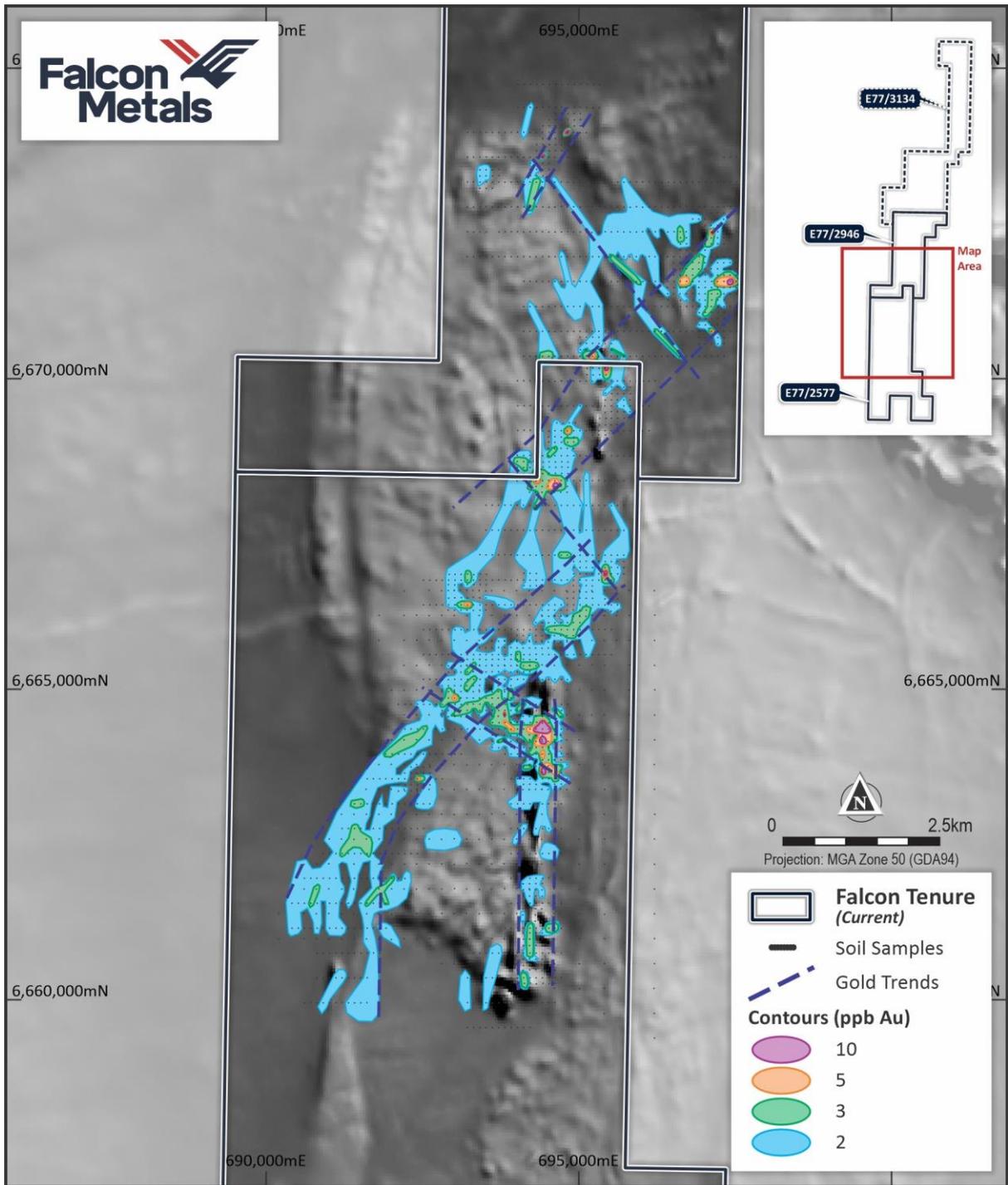


Figure 8 Plan map of Mt Jackson showing the Au soil sampling results

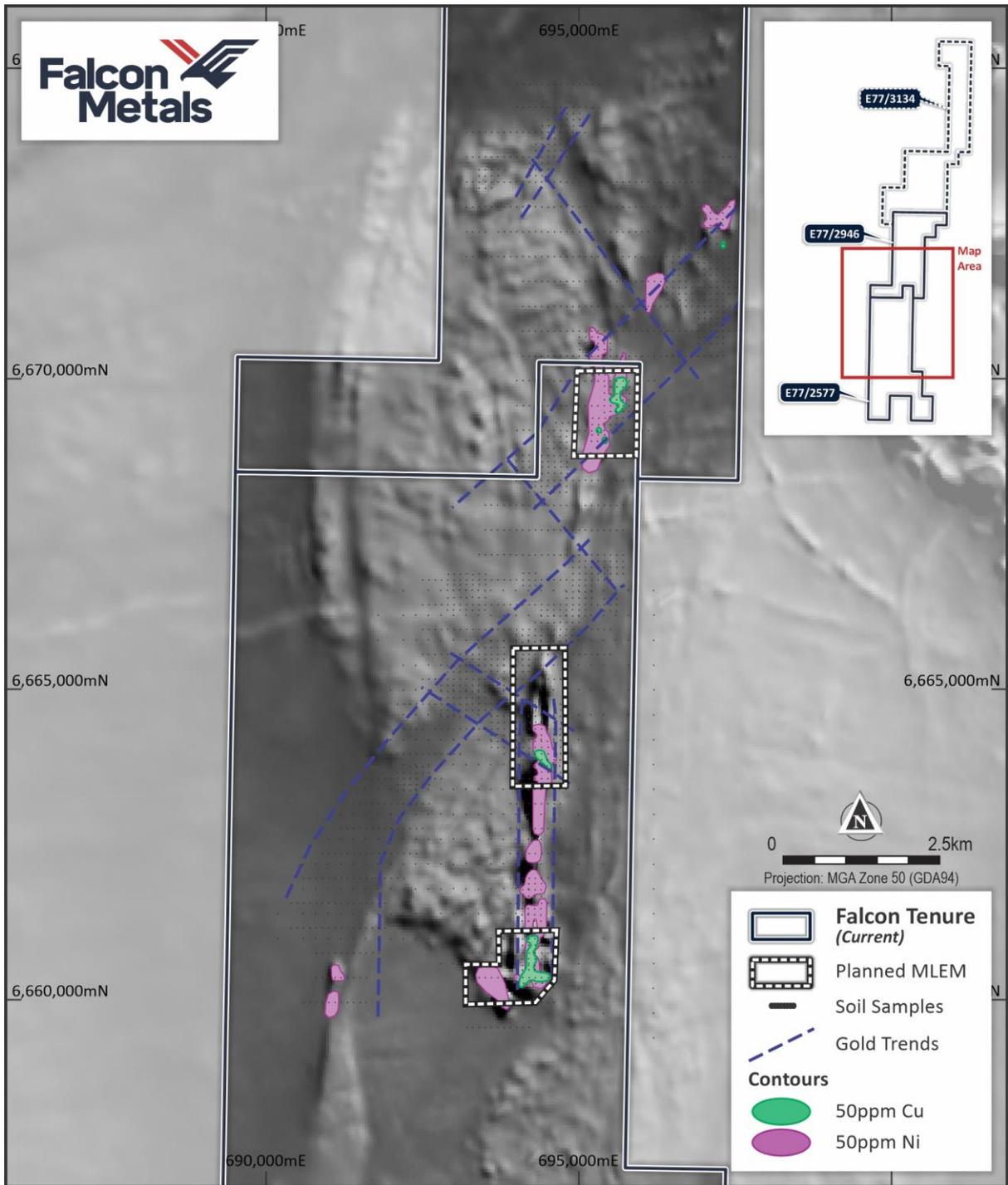


Figure 9 Plan map of Mt Jackson showing the Cu-Ni soil sampling results

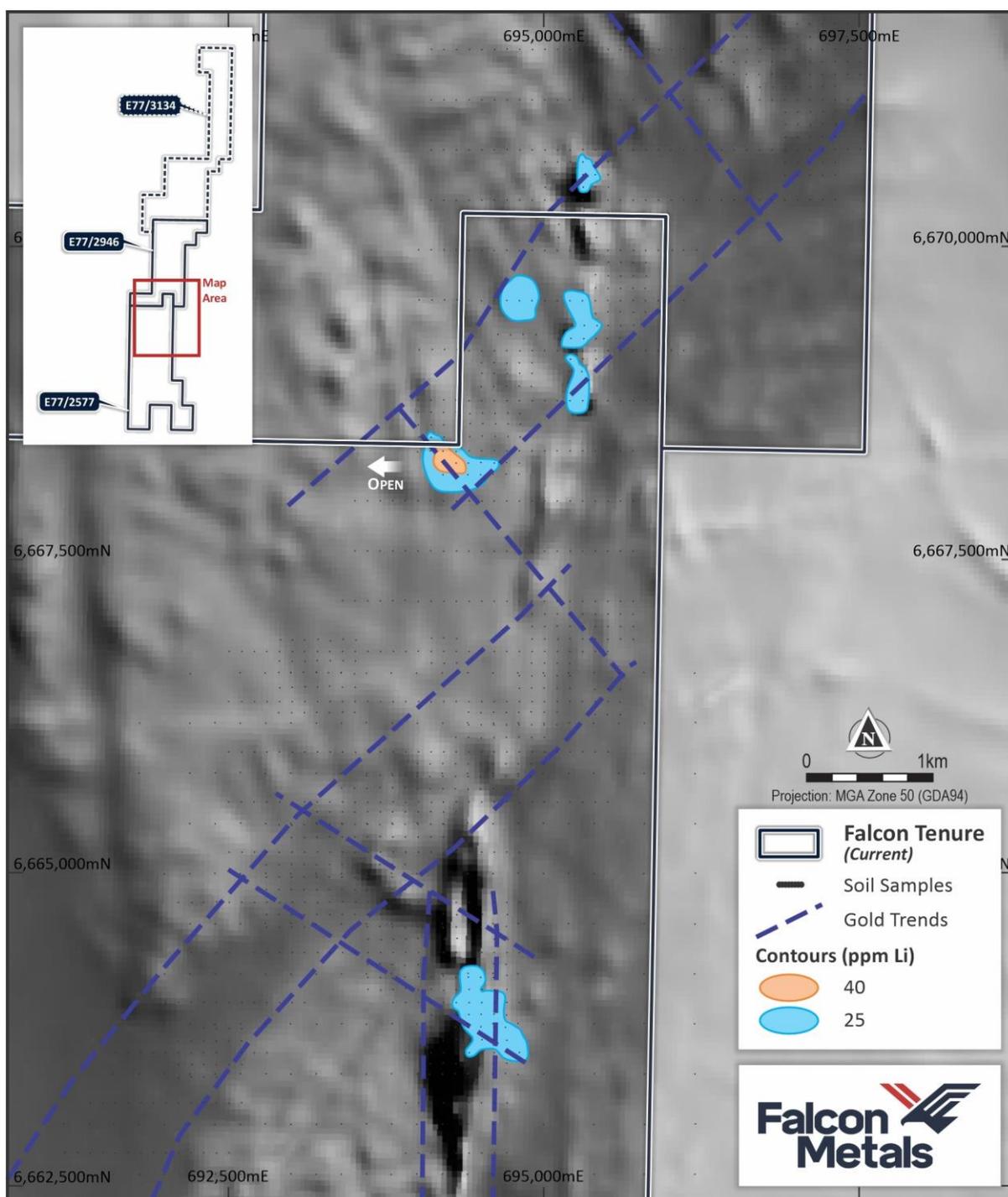


Figure 10 Plan map of Mt Jackson showing the Li soil sampling results

Viking (E63/1963 – 51% FAL, earning up to 70% & application E63/1994 - 100% FAL)

The project is located approximately 30 km east of the regional township of Norseman within the high-grade metamorphic Albany-Fraser Province, host of the Tropicana Gold Mine operated by AngloGold Ashanti, that has produced over 3Moz since 2013.

There was no activity at the Viking Project during the quarter.



ASX ADDITIONAL INFORMATION

As per ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$0.87 million. Full details of exploration activity during the Quarter are set out in this report.

As per ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the Quarter.

As per ASX Listing Rule 5.3.5: There were payments of \$0.13m consisting of director fees to related parties of the Company and their associates during the Quarter.

As per ASX Listing Rule 5.3.4 the following expenditures have occurred since listing:

Item	Actual Expenditure from IPO to 31 December 2023	Total Expenditure per IPO Prospectus ^{1 2}
Exploration - Pyramid Hill	\$9,566,224	\$15,350,000
Exploration - Viking Gold	\$1,096,661	\$2,500,000
Exploration - Mt Jackson	\$401,847	\$250,000
Corporate Costs/Working Capital	\$3,528,744	\$10,450,000
Costs of the Offer	\$1,059,113	\$1,450,000

¹IPO Prospectus dated 3 November 2021

²Expenditure is over a two-year period

Commentary:

1. Actual exploration expenditure will vary due to timing of the exploration programs on the various projects which is dependent on weather, access and availability of suppliers.
2. Working capital/corporate costs collectively is lower due to a lower administrative and overhead spend.

This announcement has been approved for release by the Board of Falcon Metals.

For more information, please contact:

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Media and Investor Queries
Ben Creagh / Andrew Willis
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Tenement Register

Project	Tenement Reference	Location	Interest at 1/09/2023	Acquired / Disposed	Interest at 31/12/2023	Registered Holder / Applicant [^]
Pyramid Hill	EL006738	Victoria	100%		100%	Falcon Metals
	EL006943	Victoria	100%		100%	CGM (WA) [^]
	EL006661	Victoria	100%		100%	Falcon Metals
	EL006669	Victoria	100%		100%	Falcon Metals
	EL006737	Victoria	100%		100%	Falcon Metals
	EL006864	Victoria	100%		100%	Falcon Metals
	EL006898	Victoria	100%		100%	Falcon Metals
	EL006901	Victoria	100%		100%	Falcon Metals
	EL006960	Victoria	100%		100%	Falcon Metals
	EL007121	Victoria	100%		100%	Falcon Metals
	EL007120	Victoria	100%		100%	Falcon Metals
	EL007040	Victoria	100%		100%	Falcon Metals
	EL007200	Victoria	100%		100%	Falcon Metals
	EL007320	Victoria	100%		100%	CGM (WA) [^]
	EL007322	Victoria	100%		100%	Falcon Metals
	EL007656	Victoria	100%		100%	CGM (WA) [^]
	EL007838	Victoria	100%		100%	Falcon Metals
	EL007839	Victoria	100%		100%	Falcon Metals
	EL007840	Victoria	100%		100%	Falcon Metals
	EL007844	Victoria	100%		100%	Falcon Metals
	EL007845	Victoria	100%		100%	Falcon Metals
	EL008084	Victoria	100%		100%	Falcon Metals
	EL008302	Victoria	100%		100%	Falcon Metals
EL008303	Victoria	100%		100%	Falcon Metals	
EL008360	Victoria	100%		100%	Falcon Metals	
EL008447	Victoria	-		-*	Falcon Metals	
Mt Jackson	E77/2577	WA	100%		100%	Falcon Metals
	E77/2946	WA	100%		100%	Falcon Metals
	E77/3134	WA	-		-*	Falcon Metals
Viking	E63/1963 [#]	WA	51%		51%	Falcon Metals
	ELA63/1994	WA	-*		-*	CGM (WA) [^]
Basin Edge	E04/2883	WA	-		-*	Falcon Metals
	E04/2884	WA	-		-*	Falcon Metals
	E04/2885 ^{&}	WA	-	Acquired	100%	Falcon Metals

^{*}Applications

[#] E63/1963 subject to earn in agreement with Metals Hawk (MHK) whereby Falcon Metals has earned 51% by spending \$1M and can earn further 19% by spending an additional \$1.75M

[^] Tenements registered to CGM (WA) Pty Ltd have an executed deed of transfer to Falcon Metals Ltd

[&] E04/2885 is located in the Yampi Sound Training Area and approval is required from the Department of Defence before exploration activities can take place

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FALCON METALS LTD

ABN

87 651 893 097

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(867)	(1,495)
(b) development	-	-
(c) production	-	-
(d) staff costs	(158)	(450)
(e) administration and corporate costs	(62)	(162)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	197	387
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (listing/compliance costs, insurance, bank fees and legal)	(25)	(94)
1.9 Net cash from / (used in) operating activities	(915)	(1,814)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(29)
(d) exploration & evaluation	-	-
(e) investments	-	(255)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (security deposits paid)	(69)	(98)
2.6	Net cash from / (used in) investing activities	(69)	(382)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(11)	(23)
3.10	Net cash from / (used in) financing activities	(11)	(23)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,081	17,305
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(915)	(1,814)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(382)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(23)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,086	15,086

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	15,086	16,081
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,086	16,081

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	129
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(915)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(915)
8.4 Cash and cash equivalents at quarter end (item 4.6)	15,086
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	15,086
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	16.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: N/A</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: N/A</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 16 January 2024

Authorised by: By the Board of Falcon Metals Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.