

Monday, 17 January 2022

Falcon commences drilling at Pyramid Hill's Karri Prospect; new Victorian permit granted

- **Diamond drilling underway at the Karri Prospect**
 - Initial hole planned along strike from previous high-grade intercept of 5.1m @ 14g/t Au incl. 2.2m @ 32.1g/t Au
 - More than 5,500m of diamond drilling planned across the Karri and Ironbark prospects
 - The first drilling program following Falcon's ASX listing in December 2021
- **Falcon granted new highly prospective 434km² permit adjacent to Karri and Ironbark**

Falcon Metals Limited (**ASX: FAL**) ("**Falcon**" or "**the Company**") advises that it has commenced drilling at the Karri prospect at the Pyramid Hill Gold Project, north of Bendigo in Victoria, Australia. The first diamond drill rig has mobilised to site and is drilling approximately 100m along strike from the previously announced intercept of 5.1m @ 14g/t Au including 2.2m @ 32.1g/t Au¹. The second diamond drill rig is expected to arrive in the coming week. Falcon Metals has planned a program of more than 5,500m of diamond drilling across the Karri and Ironbark prospects, which will run until April 2022.

Karri is one of the advanced prospects at Pyramid Hill and is a 4 kilometre long gold anomaly under Murray Basin cover that was previously defined by aircore drilling (Figure 1). Prior diamond drilling at Karri has intersected several zones of mineralisation along interpreted upright anticlinal fold hinges like those known to host high-grade gold mineralisation in the Bendigo zone. Falcon's planned drilling is targeting possible down-plunge and along strike extensions to these intercepts based on structural models from the region.

In addition to the commencement of drilling, Falcon has been granted Exploration Licence EL07320, a highly prospective 434km² exploration permit adjacent to existing Falcon tenure and in a similar structural position to the Ironbark Prospect, directly west of the Campbelltown Fault.

Falcon Metals' Managing Director Tim Markwell said:

"Falcon Metals is delighted to begin drilling so quickly after listing on the ASX on 22 December and this is testament to the dedication of the Falcon team and contractors. Karri is an exciting prospect with a large 4km gold anomaly and previous high-grade diamond drilling results. The Bendigo region has exceptional pedigree in hosting world-class gold deposits such as Fosterville and the historical Bendigo Goldfield, and we are looking forward to the results from this drill program.

We are also pleased to add to our already strategic ground position with EL07320. With the promising results to date from both Karri and Ironbark, acquiring this permit consolidates Falcon's position in this area with ground alongside the Campbelltown fault."

¹ Refer Falcon Prospectus dated 3 November 2021

Diamond Drilling Commences at Karri

The diamond drilling at Karri and Ironbark will run until April 2022 with 17 drill holes for more than 5,500m planned. The number of holes and metres are likely to vary depending on results.

The initial diamond hole is at Karri and is targeted approximately 100m along strike and down plunge from the previous high-grade results in PHDH015, from the 2021 drilling. This includes 5.1m @ 14g/t Au from 100.9m depth, including 2.2m @ 32.1g/t Au in hole PHDH015 which was drilled to follow up on a wide aircore intercept of 30m @ 1.1g/t Au².

The mineralisation at Karri is hosted in Castlemaine Group stratigraphy, the main host unit for all gold deposits in the Bendigo Zone which hosts >60Moz of historical gold production from outcropping areas. The target structures are upright anticlines and the fold hinges, with several interpreted to run north-south through the 4km long Karri gold anomaly. Stratigraphic and structural correlation across the prospect has defined four major upright anticlinal fold hinges which are the focus of the planned drilling. Mineralisation is associated with quartz veining and arsenopyrite.

First assays from the diamond drilling program are expected by the end of Q1 2022. An aircore drill rig is also planned to be mobilised to site in late January to generate additional targets for subsequent testing with diamond drilling.

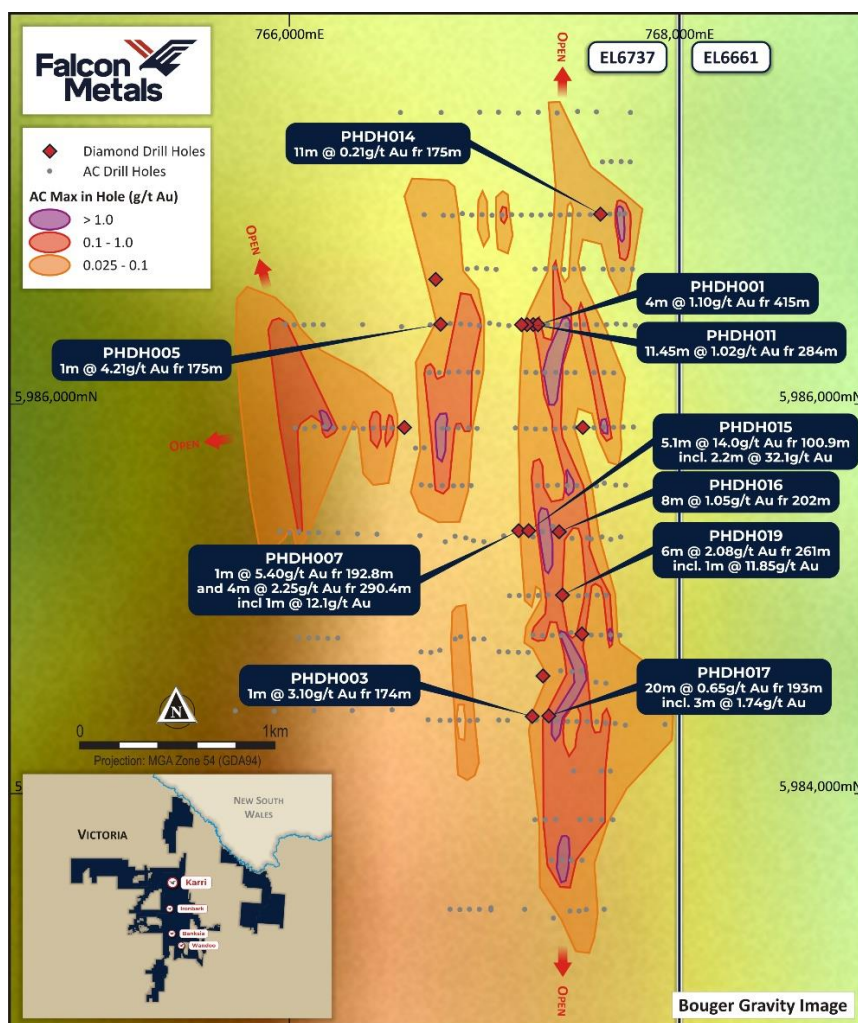


Figure 1 Map showing the Karri prospect with aircore anomaly and significant diamond drill results

² Refer Falcon Prospectus dated 3 November 2021



Figure 2 Drill rig at Karri

EL7320 Permit Granted

Exploration licence EL07320 was awarded to Falcon Metals after being assessed against two competing applicants. This highly prospective tenement expands Falcons' footprint to the west of the Campbelltown Fault which is the second most gold endowed structure in Victoria (Figure 3). The Campbelltown Fault and the important splay structures associated with it have seen limited exploration for primary gold mineralization because they are mostly undercover.

In the north and in the vicinity of EL07320 the fault is covered by Murray Basin sediments. To the south of the tenement the fault is covered by scoria cones and basalt flows of the Newer Volcanics. Creswick and Ballarat are notable gold centres in a similar structural position to the west of the Campbelltown Fault that are located south of EL07320. Both goldfields were discovered because windows of the older Bendigo Zone sediments are exposed at surface.

The tenement also extends westward covering prospective geology to both the north and south of Inglewood, a section of the Tarnagulla Fault and the northern extension of the Wehla Goldfield.

Falcon will commence community engagement and reconnaissance work, with the intent of commencing aircore drilling in the next field season with the objective of defining future targets for diamond drilling.

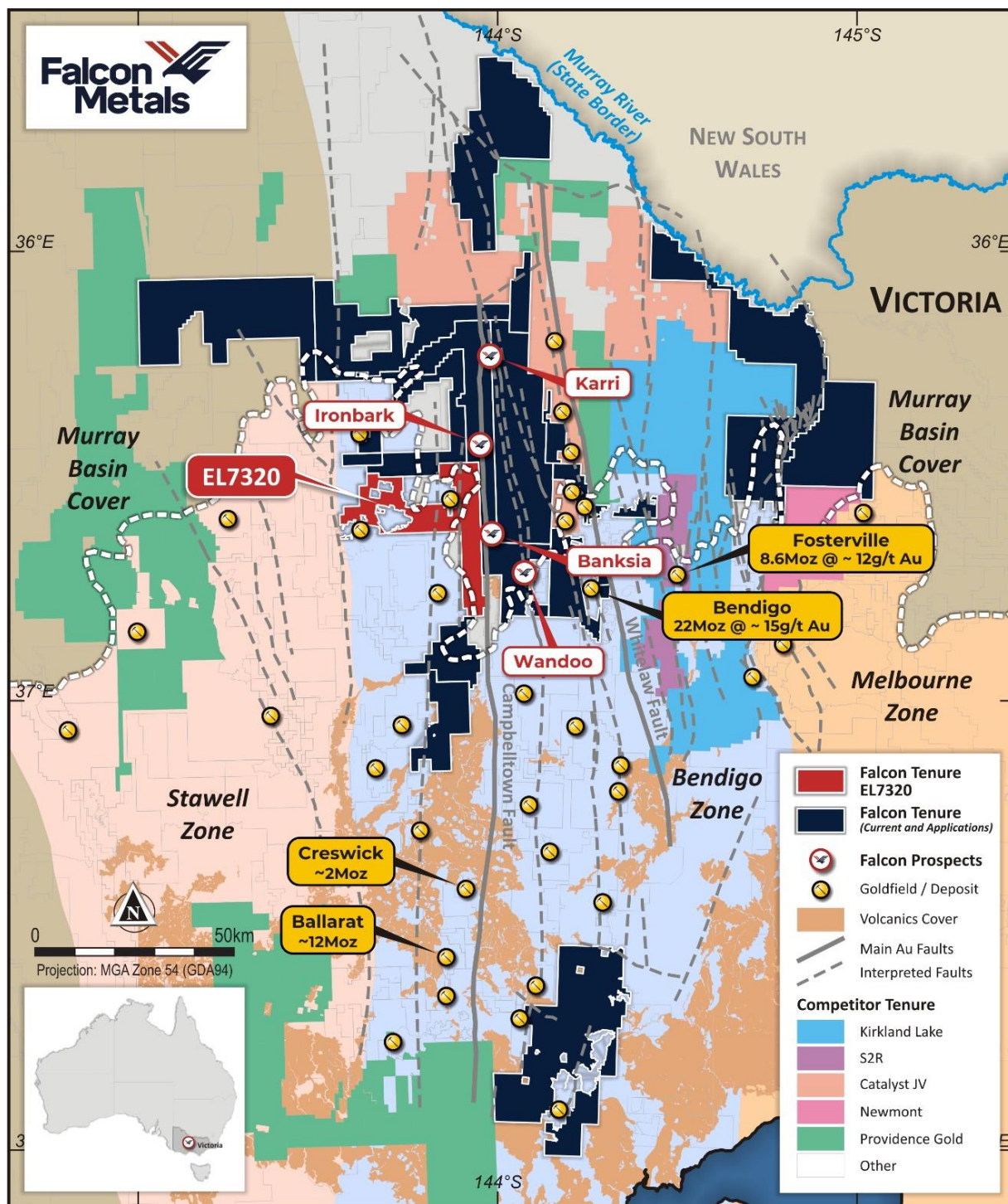


Figure 3 Regional permit map showing EL07320 in relation to the existing Falcon permits and the prospective geological features like the Campbelltown Fault



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

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Past Exploration results reported in this announcement have been previously prepared and disclosed by Falcon Metals Ltd in accordance with JORC 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in these market announcements. The Company confirms that the form and content in which the Competent Person's findings are presented here have not been materially modified from the original market announcement. Refer to www.falconmetals.com.au for details on past exploration results and the Falcon Metals Ltd Initial Public Offering Prospectus dated 3 November 2021 (Falcon Prospectus). The Falcon Prospectus is available to view on the Company's website or on the ASX website (www.asx.com.au)

COMPETENT PERSON STATEMENT:

The information contained within this announcement is extracted from the Falcon Metals Ltd Initial Public Offering Prospectus dated 3 November 2021 (Falcon Prospectus). The Falcon Prospectus is available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Falcon Prospectus and that all material assumptions and technical parameters underpinning the information in the Falcon Prospectus continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original Falcon Prospectus.

FORWARD LOOKING STATEMENT:

This announcement may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (Forward Statements). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance.