

18 January 2023

FALCON METALS DECEMBER QUARTER ACTIVITIES REPORT

For the three-month period ending 31 December 2022

- Assay results received for reverse circulation (RC) drilling program at Viking Gold Project intersected high-grade gold including:
 - VKB2RC004 6m @ 1.02 g/t Au from 93m; including 1m @ 5.01g/t from 93m; and 6m @ 5.11g/t from 141m; including 1m @ 28.5g/t from 141m
 - VKB2RC001 3m @ 6.07g/t from 43m; including 1m @ 13.4 g/t from 45m
 - VKB1RC003 4m @ 1.87g/t from 124m; including 1m @ 5.08g/t from 124m
- Primary mineralised shear zones intersected in all holes at the Beaker 1 and Beaker 2 Prospects highlights structural continuity along strike and at depth
- Accelerated four-hole follow-up diamond drilling program at Viking Gold Project completed in December 2022 with results due in Q1 2023
- Major aircore (AC) drilling program commenced at Pyramid Gold Project, Victoria in mid-December 2022
- Initially started with one rig on the regional program before moving to the high-priority Ironbark East prospect early in the New Year coinciding with the arrival of the second aircore rig
- Results from this program will be progressively released as they become available
- Falcon remains exceptionally well-funded with approximately \$23 million in cash


CORPORATE

Finance

During the quarter, Falcon Metals Ltd (ASX: FAL) (Falcon, the Company) spent \$1.40 million on operating activities, including:

- \$1.17 million on exploration and evaluation costs
- \$0.09 million on corporate costs and overheads
- \$0.14 million on staff costs

and received \$0.15 million in interest on cash deposits. Net cash outflow from operating activities was \$1.25 million.



Exploration and evaluation expenditure were higher than the previous quarter as the Company completed an RC drilling program and a four-hole diamond drilling program at its Viking Gold Project in Norseman, Western Australia. In addition, the Company commenced a major aircore drilling program at its flagship Pyramid Hill Gold Project near Bendigo, Victoria.

Corporate costs and overheads were lower than the previous quarter, primarily due to timing of listing and compliance costs. Staff costs were broadly in line with the previous quarter with a higher allocation of staff costs to exploration, and evaluation expenditure in line with the increase in exploration activities.

At the end of the December 2022 quarter Falcon retained \$22.98 million cash.

Annual General Meeting

The Company held its first Annual General Meeting on 29 November 2022. All resolutions proposed at the meeting were passed (refer ASX announcement, 29 November 2022).

Capital Structure

There was no change in the capital structure during the quarter with 117 million shares on issue.

Following shareholder approval at the Annual General Meeting, Falcon issued 1,300,000 share options to directors with an exercise price of \$0.36 which expire equally on 31 July 2025 and 31 July 2026.

On 12 December 2022, Falcon also issued 125,000 share options with an exercise price of \$0.33 which expire equally on 30 November 2025 and 30 November 2026.

EXPLORATION

Viking (E62/1963 - 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.

During the quarter, Falcon announced results from its first RC drilling program comprising 10 holes for 1,691m at the Viking Gold Project, WA (refer ASX announcement, 21 November 2022).

Drilling tested for primary mineralisation down-dip to the oxide zone intercepts at the Beaker 1 and Beaker 2 Prospects, with high-grade results intersected in multiple holes with grades up to 28.5g/t in shallowly dipping mineralised shear zones up to 6 metres wide. The structures are open along strike and down plunge at both prospects. There are also indications of a potential new target zone to the northeast of Beaker 2 where deeper cover precluded effective testing by previous exploration.

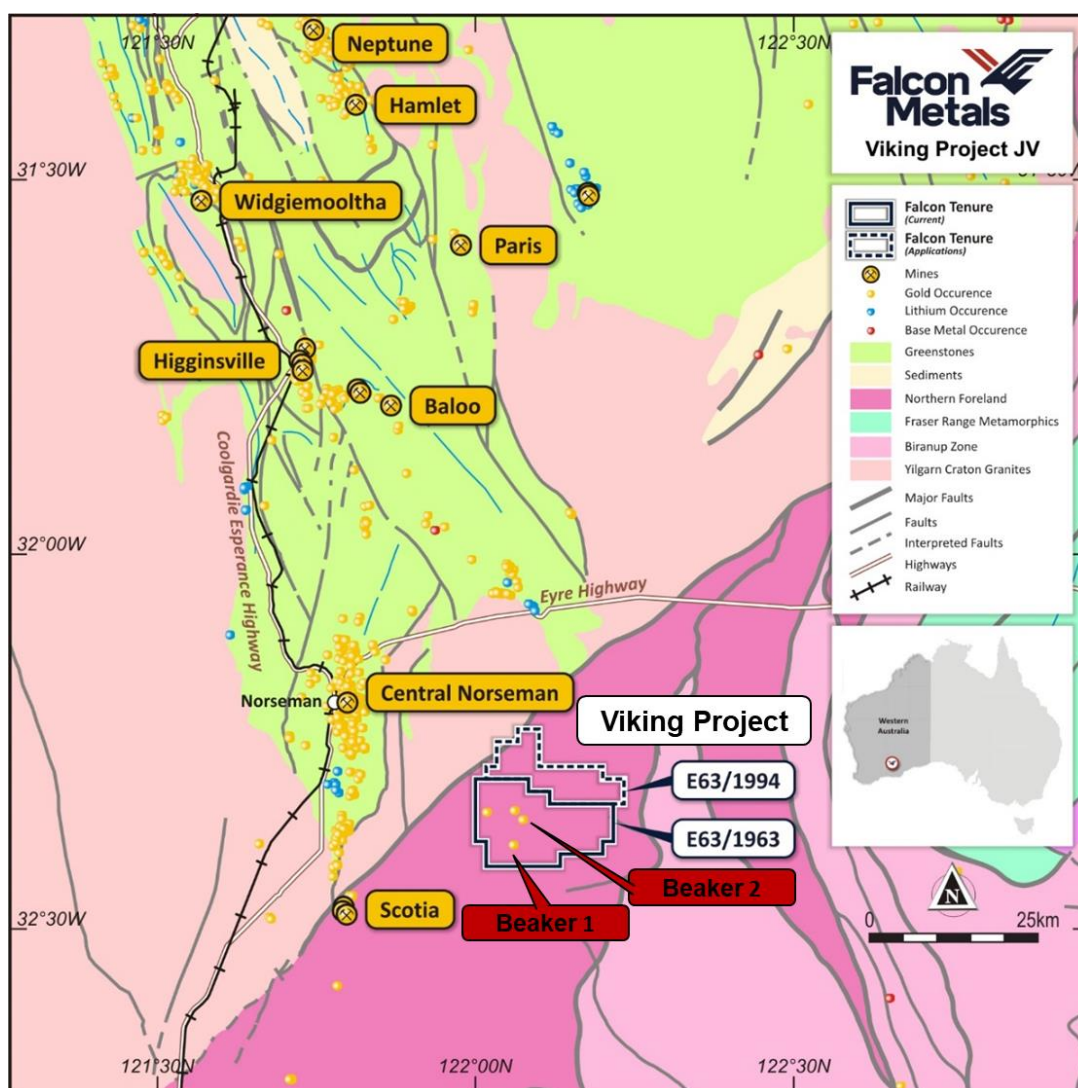


Figure 1 Location of the Viking Project

Highlights from the RC drilling at Viking include:

- **VKB1RC002** **3m @ 1.00 g/t Au from 85m**
- **VKB1RC003** **4m @ 1.87g/t Au from 124m; including 1m @ 5.08g/t from 124m**
- **VKB2RC001** **3m @ 6.07g/t Au from 43m; including 1m @ 13.4 g/t from 45m**
- **VKB2RC004** **6m @ 1.02 g/t Au from 93m; including 1m @ 5.01g/t from 93m**
6m @ 5.11 g/t Au from 141m; including 1m @ 28.5g/t from 141m

The shear zones were successfully targeted with the drilling, however due to some challenging ground conditions, several holes did not reach target depth. Although these mineralised shear zones are quite continuous and predictable, the continuity of grade within these prospective zones is highly variable and requires further investigation.

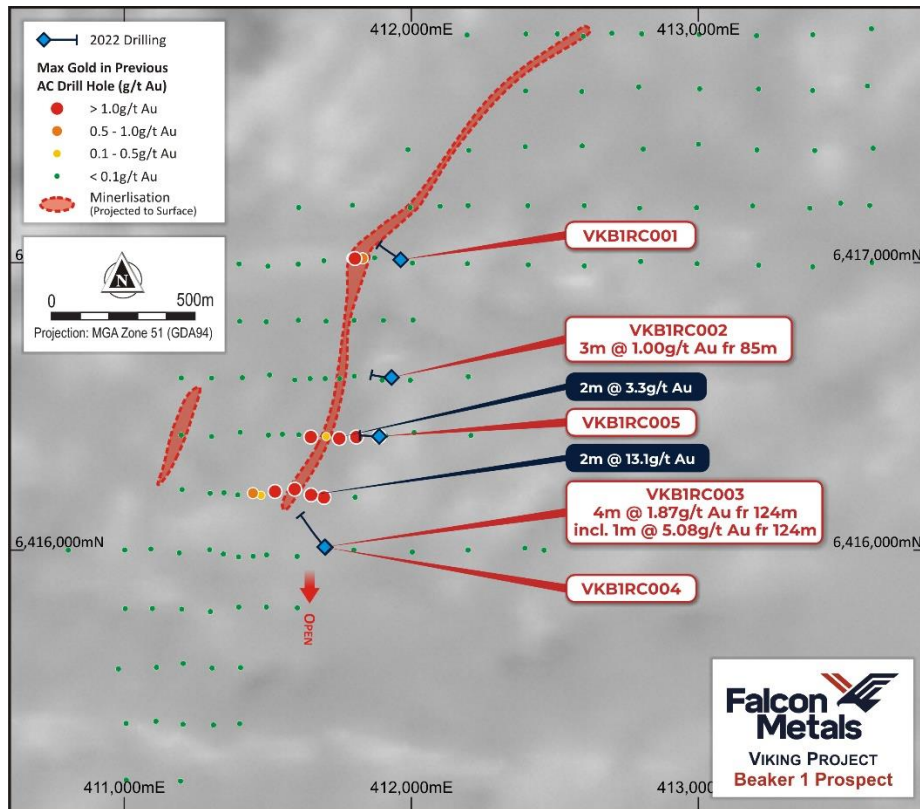


Figure 2 Drilling results from the October 2022 RC program at the Beaker 1 Prospect

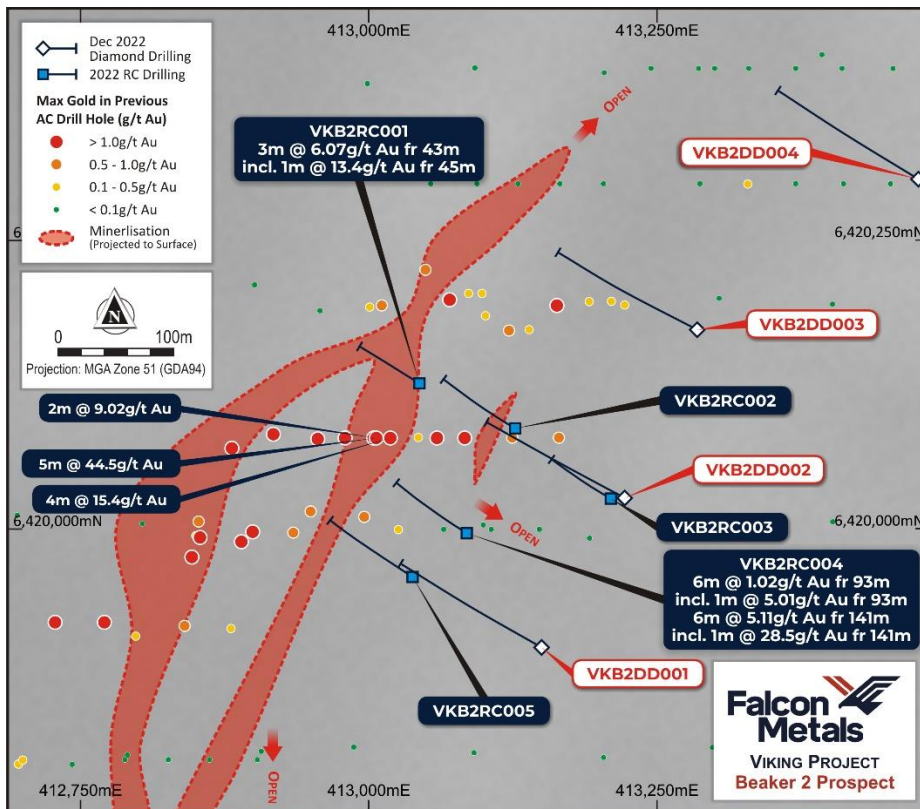


Figure 3 Drilling results from the October 2022 RC program at the Beaker 2 Prospect with the four diamond holes completed in December 2022 (assays pending)

The understanding of the mineralised structures has improved from relogging existing diamond holes, detailed logging of the RC chips and targeted litho-geochemical sampling. This suggests the mineralisation was associated with magmatic-sourced hydrothermal fluids (intrusion-related orogenic gold model). This style of mineralisation is expected to be regionally extensive, particularly along the prospective structure that hosts the Beaker 1 and Beaker 2 Prospects. Of particular interest is the continuation of this structure, named the Viking Shear, to the northeast, where the previous exploration was ineffective due to the increased depth of cover along this structure (see Figure 4).

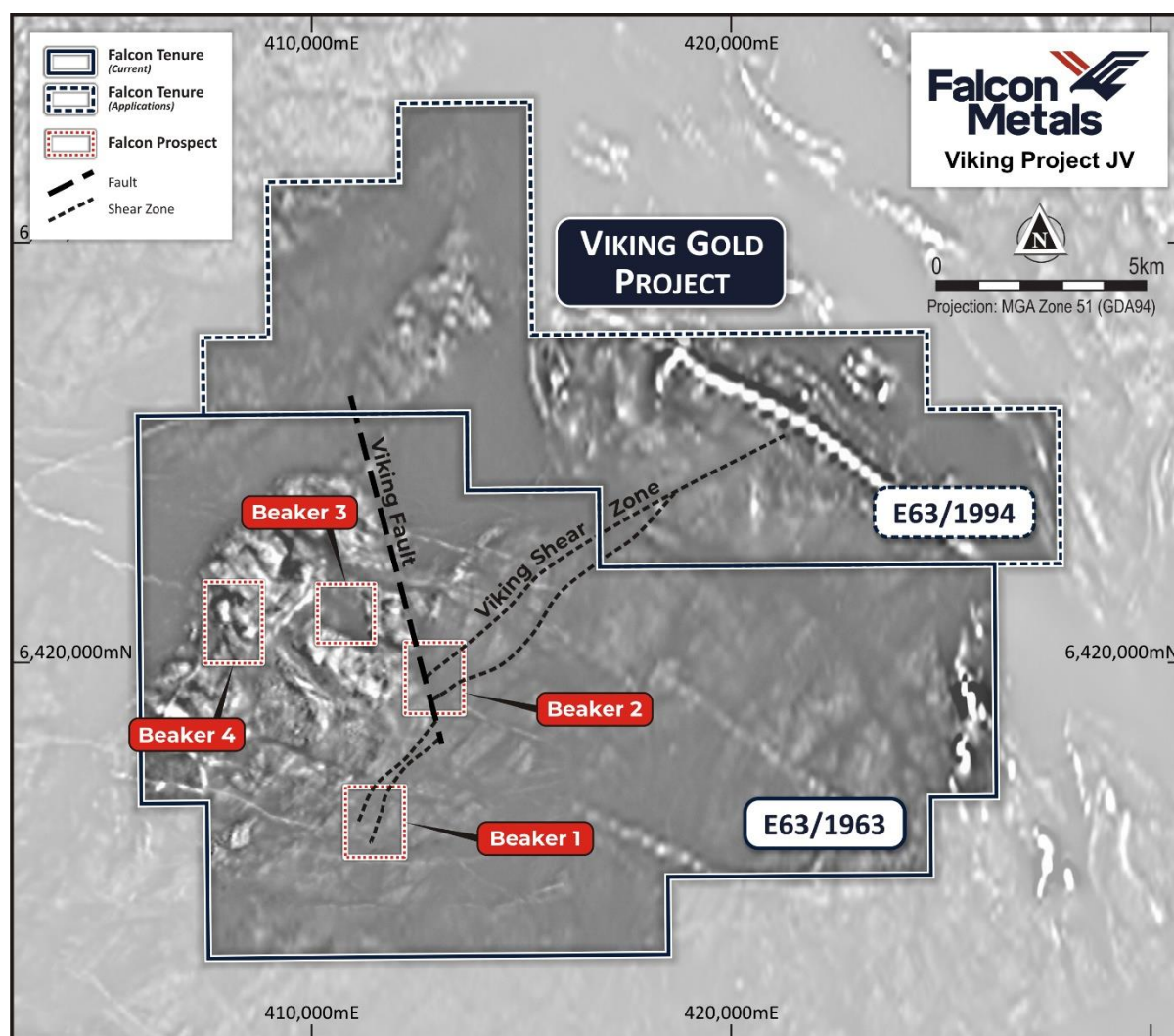


Figure 4 Viking Shear Zone on magnetic TMI1VD RTP image

An accelerated diamond drilling program commenced in late November 2022 to further test the extent of the mineralised structures at Viking. Drilling targeted along strike and down-dip extensions to several high-grade RC drill intercepts. Topdrive Drillers Australia (“**Topdrive**”) was appointed to undertake the diamond drilling campaign which was completed in December 2022 with four diamond holes drilled for 1,133 metres at Beaker 2. The targeted shear zones were identified in all four holes. Additional detail will be provided once assays from the diamond drilling program become available, expected in Q1 2023.



Pyramid Hill (100% FAL)

Falcon has >5,000km² of granted permits in Victoria, north of the high-grade historic >22 Moz Bendigo goldfield and the ~9 Moz Fosterville Gold Mine owned by Agnico Eagle (NYSE:AEM).

An aeromagnetic survey was flown over 11 target areas for a total of 1,521 line kms at a 50m line spacing by Pegasus Air using an Unmanned Aerial Vehicle (UAV). The survey was designed to provide better resolution over magnetic features that were identified from existing regional magnetic data sets. This will assist in discriminating between intrusives such as diorites and palaeochannels. Early results indicated the presence of a new diorite at Ironbark which was been added to the aircore drilling program, although more detailed interpretation of the data from the survey is still ongoing.

Falcon commenced a major aircore drilling program at Pyramid Hill in mid-December 2022. The program comprises a two-pronged approach, with both infill target definition drilling and regional prospect generation to be undertaken. Bostech Drilling Australia was selected as the aircore driller. Initially one aircore rig commenced on the regional exploration program on 13 December 2022 and completed 20 holes for 2,207m before a short Christmas break (see Figure 5). Results have been received for this drilling completed in December and are in line with expectations from regional AC drilling, returning three assays >0.1g/t Au. Results from the regional drilling are reviewed on an ongoing basis and infill drilling may be planned later in the program. See Appendix 1 and 2 for further details.

Subsequent to the end of the quarter, drilling recommenced on 7 January 2023 with the rig moved to the Ironbark Prospect. Logging of the initial holes confirmed the presence of diorite in the new target identified from the aeromagnetic survey. Drilling then moved to the high priority Ironbark East Prospect on 12 January 2023, the day after harvesting was completed, and this coincided with the arrival of the second aircore drill rig.

The drilling program will also include infill aircore drilling at the Wandoo, Karri and Banksia Prospects, as well as a significant regional program.

Falcon also intends to complete a targeted diamond drill program in Q1 2023 once results from the infill program from Ironbark East are received. Falcon's proposed aircore drilling program is likely to be one of the more extensive regional exploration programs by a gold explorer in Victoria, with more than 50,000m of aircore drilling expected in a single season.

Results received from the roadside soil sampling of EL007200 identified an anomalous area coincident with the historic Bamganie Goldfield. A review of the previous exploration undertaken at the Bamganie Goldfield is presently being undertaken.

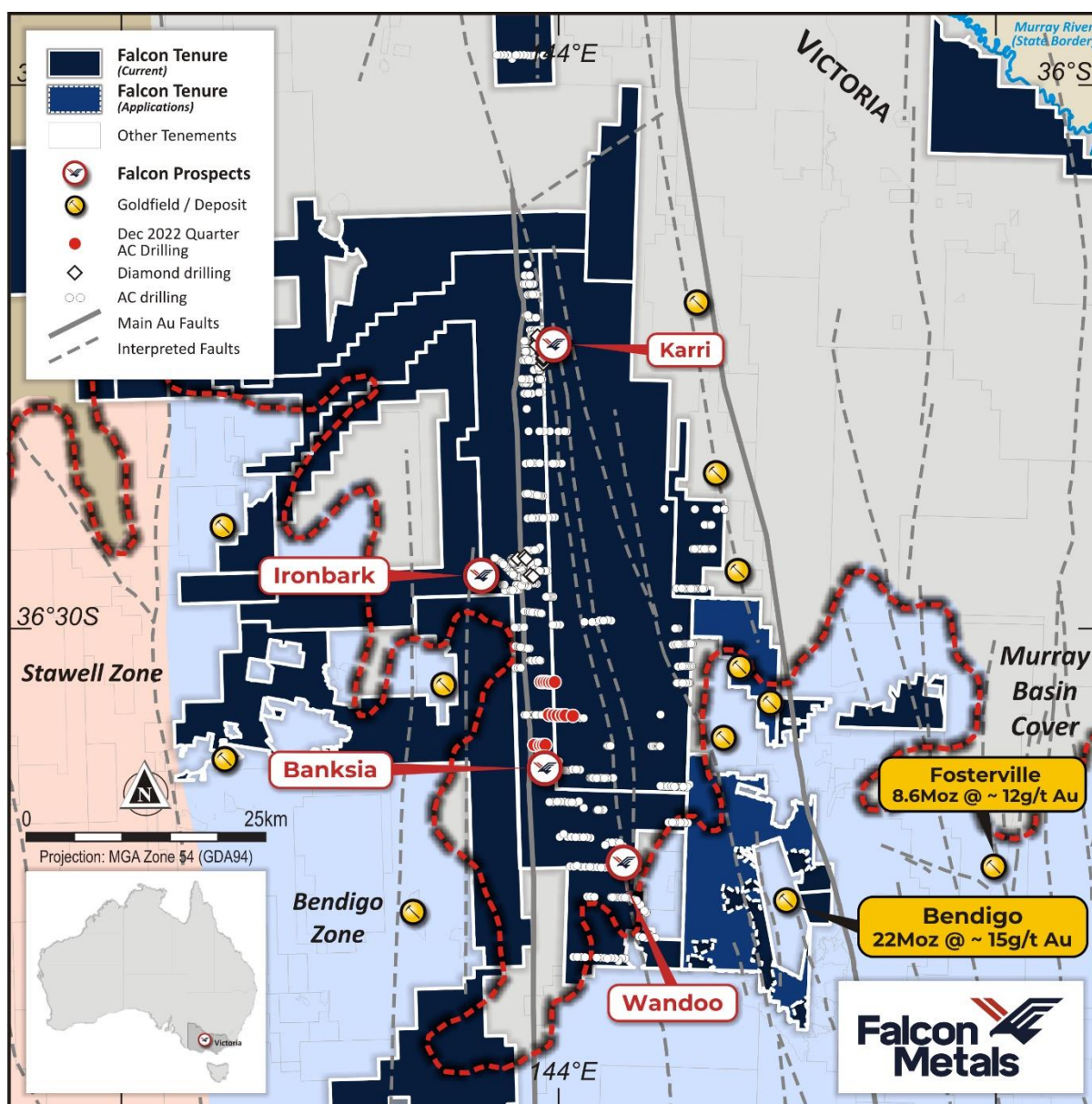


Figure 5 Map of the Pyramid Hill Gold Project, including the drilling completed in December 2022

New Victorian Permits Granted

Falcon had four Exploration Licences granted in the Pyramid Hill Gold Project during the quarter as shown in the below table and in Figure 6.

Tenement	Grant Date	Area (km ²)
EL006943	21/10/2022	470
EL007656	4/11/2022	198
EL007838	15/11/2022	22
EL007844	15/11/2022	35



EL006943 occurs in the Melbourne zone in an area that is concealed by Murray Basin cover and has not been systematically explored. Continued success at the Costerfield gold mine by Mandalay Resources Corporation (TSX:MND), as well as encouraging exploration results from the historic Sunday Creek Project by Southern Cross Gold Limited (ASX:SXG) have increased the prospectivity of the Melbourne Zone.

EL007656 extends the project further south along the area to the west of the Campbelltown Fault. This is in a similar structural position to the Ballarat Goldfield but is predominantly covered with thin basalt flows that have prevented the area being explored effectively in the past.

EL007838 straddles the Whitelaw Fault to the North of Bendigo and will be targeted by a regional soil sampling program. This tenement also contains several historical gold reefs that have had limited modern-day exploration. The most recent work on the tenement was by Bendigo Mining NL who conducted an extensive RC program in 1996 on the Tasman Reef. This involved 108 RC holes drilled across 12 lines for a total of 3,771m. at an average hole depth of 35m. Numerous intersections >1g/t Au were identified, and a zone of high-grade gold was intersected in TAR030 with 29m @ 4.6 g/t Au from 21m. This was followed up with 50m lines of shallow drilling either side with little success¹. It is possible that this mineralised zone has a steep plunge and was subsequently missed in the limited infill drilling. There has been no diamond drilling completed at the prospect and it has only been RC drilled to very shallow depths. Given the complex structural nature and the propensity to have stacked ore shoots at Bendigo, the Tasman Reef is considered to require additional deeper drilling.

EL007844 is directly southeast of the Wedderburn Goldfield and has significant areas of shallow cover. The Korong Creek Tonalite occurs within EL007844 under this shallow cover and is potentially related to the diorites that Falcon has had exploration success with further east. This provides a compelling target for AC drilling.

Falcon will commence community engagement and planning on the new permits, with the intent of soil sampling programs or aircore drilling later in 2023.

¹ 1997, J. Cahill; Annual Report EL3656 for period to 13 October 1997; Bendigo Mining N.L.

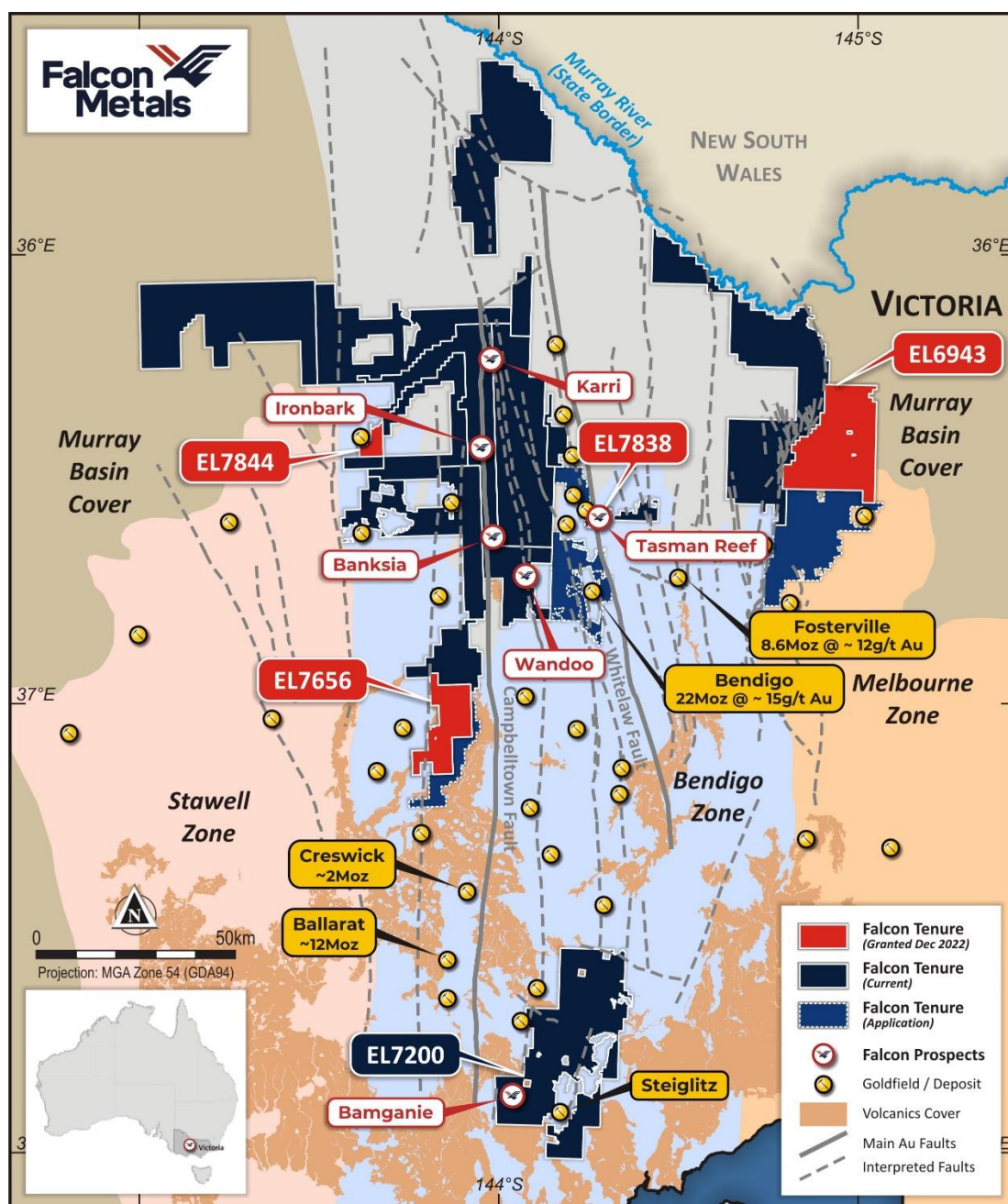


Figure 6 New permits granted during the quarter

Mt Jackson (100% FAL)

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

Soil sampling is planned for the June quarter in 2023.

ASX ADDITIONAL INFORMATION

As per ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$1.17 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 \$0.11m 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 2022	Total Expenditure per IPO Prospectus ^{1 2}
Exploration - Pyramid Hill	\$3,068,018	\$15,350,000
Exploration - Viking Gold	\$1,019,027 ³	\$2,500,000
Exploration - Mt Jackson	\$73,795	\$250,000
Corporate Costs/Working Capital	\$2,025,881	\$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

³Includes \$44,940 of GST receivable which will be recovered in the subsequent quarter

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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Tenement Register

Project	Tenement Reference	Location	Interest at 01/10/2022	Acquired / Disposed	Interest at 31/12/2022	Registered Holder / Applicant [^]
Pyramid Hill	EL006738	Victoria	100%		100%	Falcon Metals
	EL006943	Victoria	-	Acquired	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%	CGM (WA) [^]
	EL007320	Victoria	100%		100%	CGM (WA) [^]
	EL007322	Victoria	100%		100%	Falcon Metals
	EL007656	Victoria	- *	Acquired	100%	CGM (WA) [^]
	EL007838	Victoria	- *	Acquired	100%	Falcon Metals
	EL007839	Victoria	- **		- **	Falcon Metals
	EL007840	Victoria	- **		- **	Falcon Metals
	EL007844	Victoria	- *	Acquired	100%	Falcon Metals
	EL007845	Victoria	- **		- **	Falcon Metals
	EL007971	Victoria	- **		- **	Falcon Metals
	EL008084	Victoria	-		- *	Falcon Metals
	EL008178	Victoria	-		- *	Falcon Metals
Viking	E63/1963	WA	- #		- #	Metal Hawk
	ELA63/1994	WA	- *		- *	CGM (WA) [^]
Mt Jackson	E77/2577	WA	100%		100%	CGM (WA) [^]
	E77/2946	WA	- *		- *	Falcon Metals

^{*}Applications

^{**}Competing Applications

[#] E63/1963 subject to earn in agreement with Metals Hawk (MHK) whereby Falcon Metals can earn 51% by spending \$1M and a 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



Appendix 1: Aircore drill hole details

Prospect	Hole ID	Easting (m)	Northing (m)	RL (m)	Zone	Grid	Azimuth UTM (°)	Dip (°)	Depth (m)
Regional	PHAC1043	767443	5947934	131	54	GDA94	0	-90	115
Regional	PHAC1044	767918	5947888	131	54	GDA94	0	-90	118
Regional	PHAC1045	768311	5947861	131	54	GDA94	0	-90	117
Regional	PHAC1046	231882	5947871	131	55	GDA94	0	-90	123
Regional	PHAC1047	232246	5947879	131	55	GDA94	0	-90	138
Regional	PHAC1048	233010	5947836	131	55	GDA94	0	-90	103
Regional	PHAC1049	766726	5951288	129	54	GDA94	0	-90	94
Regional	PHAC1050	767001	5951272	129	54	GDA94	0	-90	69
Regional	PHAC1051	767278	5951261	129	54	GDA94	0	-90	114
Regional	PHAC1052	767558	5951247	129	54	GDA94	0	-90	120
Regional	PHAC1053	767843	5951241	129	54	GDA94	0	-90	102
Regional	PHAC1054	768116	5951235	129	54	GDA94	0	-90	106
Regional	PHAC1055	766110	5944923	133	54	GDA94	0	-90	98
Regional	PHAC1056	765835	5944928	133	54	GDA94	0	-90	111
Regional	PHAC1057	766424	5944869	133	54	GDA94	0	-90	125
Regional	PHAC1058	766705	5944905	133	54	GDA94	0	-90	90
Regional	PHAC1059	766975	5944881	133	54	GDA94	0	-90	116
Regional	PHAC1060	766916	5943700	134	54	GDA94	0	-90	121
Regional	PHAC1061	766661	5943712	134	54	GDA94	0	-90	97
Regional	PHAC1062	766523	5943715	134	54	GDA94	0	-90	130

Appendix 2: Aircore drill intersections >0.1g/t Au

Prospect	Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
Regional	PHAC1043	44	48	4	0.22	Associated with Iron, possibly supergene
Regional	PHAC1044	91	95	4	0.26	Primary, associated with qtz veins
Regional	PHAC1059	112	116	4	0.14	Transported gravels


Appendix 3: JORC Table 1 – Pyramid Hill Gold Project

A-1 Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> The Aircore samples were collected every metre. The geologist on the rig identified the zones to be sampled with 4m composite samples were collected. 1m samples were also collected so that they could be sent for assay if elevated results were obtained in the composite samples. All samples were pulverised to nominal 80% passing 75 microns to produce a 50g charge for fire assay.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> The Aircore drilling was completed by Bostech Drilling Australia using blade bits with a diameter of 85mm. Indicator use a Mantis 200 rig utilising a low air drilling process designed to limit hole collapse. This resulted in significantly wetter samples than what had been achieved in previous programs.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Aircore samples were recorded as wet or dry, and samples with low recovery were recorded. Geologists logging the chips were checking for any signs of downhole contamination and this was noted.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> The aircore chips were logged and sampled at the rig with the entire hole being logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and 	<ul style="list-style-type: none"> For the aircore drilling 4m composite samples were routinely collected of all of the bedrock and the bottom 8m of the Murray Basin. If there were layers of gravels or organic beds within the Murray Basin these units were also sampled.



Criteria	JORC Code explanation	Commentary
	<p>appropriateness of the sample preparation technique.</p> <ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Any area that was selected for sampling also had a 1m sample collected. If anomalous results are obtained in the 4m composite sample then assaying can be down at 1m intervals. Duplicate samples were collected every 100th sample for the aircore drilling.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e.. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Samples have been sent to the On Site Laboratory Services (OSLS) in Bendigo. The samples were analysed using a 50g fire assay that is considered a total digest and an 8 element Aqua Regia digest that is considered a partial digest. The Aqua Regia is specifically targeting pathfinder elements associated with gold mineralisation in central Victoria. Falcon has its own internal QAQC procedure involving the use of certified reference materials. For exploration aircore, 1 blank per hole, 2 standards per 100 samples and 1 duplicate per 100 samples are submitted. Due to the highly variable nature of Central Victorian gold all 50g FA results over 0.2 ppm Au are sent for a 300g Photon Assay. The lab also use their own certified standards and blanks and this data is also provided to Falcon.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Significant intersections are checked by the Project Geologist and the Exploration Manager. Significant intersections are cross-checked with the geology logged after final assays are received. No twin holes have been drilled for comparative purposes. The targets are still considered to be in an early exploration stage. Primary data was digitally collected and entered via a field Toughbook computer using in house logging codes. The data is sent to the database manager where the data is validated and loaded into the master database. No adjustments have been made to the assay data received.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Hole collar locations have been picked up by Falcon employees using a handheld GPS with a +/- 3m error. The grid system used for the location of all drill holes is MGA_GDA94 (Zone 54 or Zone 55). A grid zone boundary transects the larger project area. RL data have been assigned from 10m DEM satellite data.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. 	<ul style="list-style-type: none"> Spacing of the aircore drilling varies. Regional drilling is conducted on a nominal spacing of 280m x 3200m. Subsequent infill is done at a nominal spacing of 140m x 1600m, followed by 70m x 800m. Once a prospect is defined additional infill will continue until the target is defined suitably to allow targeting of



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> diamond drilling. This is likely to be a nominal 35m x 100m. The current spacing is not considered sufficient to assume any geological or grade continuity of the results intersected. No sample compositing has been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Sampling is initiated 8m above the basement contact and continues to the end of the hole. If gravel or organic layers are identified within the Murray Basin these are also sampled.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are stored on site and collected by an OSLS employee who takes the samples directly to the lab.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No review has been carried out to date.

A-2 Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Drilling was carried out within EL006737 and EL006661. These licences are wholly owned by Falcon Gold Resources Pty Ltd, a wholly owned subsidiary of Falcon Metals Limited with no known encumbrances.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> There was little effective exploration completed by other parties in the immediate vicinity of the targets that were identified by Chalice Mining Limited. Chalice compiled historical records dating back to the early 1980's which indicate only sporadic reconnaissance drilling has been completed by various parties over the project area. All known effective drill holes that reached the basement and were assayed for gold have been compiled. Homestake Mining completed initial surface sampling which has been evaluated and used by Chalice for some targeting purposes. Falcon is continuing the exploration that was started by Chalice after the gold assets of Chalice were demerged into Falcon Metals Ltd in December 2021.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralisation being explored for is orogenic style like that seen within the Bendigo and Fosterville gold deposits of the Bendigo Zone. Gold mineralisation in these deposits is typically hosted by quartz veins within Ordovician age Castlemaine Group Sediments. Diorite hosted gold deposits are also being targeted.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Refer Appendices
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short 	<ul style="list-style-type: none"> A length-weighted averaging technique has been applied where necessary to produce all displayed and tabulated drill intersections. In Appendix tables and figures, results are calculated using either a minimum 0.1g/t or 1.0g/t lower cut-off grade and max 4m internal dilution.



	<p>lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Not Applicable. Not Applicable.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The relationship between gold anomalism and true width remains poorly constrained and requires further drilling to interpret true widths more accurately. Downhole lengths are reported.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> The results of the AC drilling do not require plotting on a map at this stage. As infill is completed and prospects begin to be defined appropriate plan maps will be generated.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Only results above 0.1g/t Au have been tabulated in Error! Reference source not found. The results are considered representative with no intended bias.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Geophysical interpretation is presently ongoing.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Further diamond drilling at the Ironbark prospects will improve the understanding of the geological controls to mineralisation. Additional AC drilling will continue to regionally screen the project area and infill drilling will also continue to allow Falcon to vector in to mineralised structures.

**COMPETENT PERSON STATEMENT:**

The information contained within this announcement relates to exploration results based on and fairly represents information compiled and reviewed by Mr Doug Winzar who is a Member of the Australian Institute of Geoscientists. Mr Winzar is a full-time employee of Falcon Metals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Winzar consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

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.

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 2022

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	(1,174)	(1,607)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(139)	(329)
	(e) administration and corporate costs	(57)	(132)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	151	225
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)	(28)	(111)
1.9	Net cash from / (used in) operating activities	(1,247)	(1,954)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(15)	(19)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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)	(1)	(42)
2.6	Net cash from / (used in) investing activities	(16)	(61)

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)	(22)
3.10	Net cash from / (used in) financing activities	(11)	(22)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,253	25,016
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,247)	(1,954)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(61)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(22)

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	22,979	22,979

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	22,979	22,979
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)	22,979	22,979

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	111
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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,247)
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)	(1,247)
8.4	Cash and cash equivalents at quarter end (item 4.6)	22,979
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	22,979
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	18.4
	<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?	
	Answer: N/A	
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?	
	Answer: N/A	

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: 18 January 2023

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.