

28 April 2023

FALCON METALS MARCH QUARTER ACTIVITIES REPORT

For the three-month period ended 31 March 2023

- **Bedrock gold mineralised zones intersected in aircore (AC) drilling over a strike length of >500m at Ironbark East with highlights including:**
 - PHAC1079 12m @ 6.18g/t Au from 74m; *including*
 - 4m @ 17.7g/t Au from 77m; *that also includes*
 - 1m @ 52.9g/t Au from 77m
 - PHAC1080 7m @ 2.93g/t Au from 60m; *including*
 - 2m @ 9.39g/t Au from 61m; *that also includes*
 - 1m @ 14.2 g/t Au from 61m
 - PHAC1106 3m @ 5.34g/t Au from 69m; *including*
 - 2m @ 7.90 g/t Au from 69m
- **Mineralised zone intersected at Ironbark Central within a new diorite intrusion returning:**
 - PHAC1070 32m @ 0.52 g/t Au from 100m; *including*
 - 4m @ 3.03g/t Au from 100m
- **New diorite discovered 200m west of the Ironbark East diorite, with highlights including:**
 - PHAC1242 20m @ 0.85g/t Au from 99m; *including*
 - 8m @ 1.60g/t Au from 99m
- **Five diamond holes completed at the Ironbark East Prospect - assays expected May 2023**
- **An additional diamond drill hole has been completed at the new Ironbark East diorite discovery - assays expected June 2023**
- **Several strongly anomalous gold bedrock trends intersected from new AC drilling at Pyramid Hill**
- **Wandoo Prospect - 1km long trend, open along strike with highlights including:**
 - PHAC1300 6m @ 1.90g/t Au from 102m; *including*
 - 2m @ 3.61g/t Au from 106m with the hole ending in mineralisation
- **Banksia Prospect - Two anomalous trends of 3.5km and 1.5km long identified, both are open along strike**
- **Infill AC drilling well advanced to verify scale and identify higher grade zones within these mineralised trends**
- **Falcon earned in to 51% of the Viking Gold Project and exercised its option to increase its interest to 70% with additional \$1.75M expenditure by September 2025**
- **Falcon remains exceptionally well-funded with approximately \$20.6 million in cash**



CORPORATE

Finance

During the quarter, Falcon Metals Ltd (**ASX: FAL**) (**Falcon, the Company**) spent \$2.58 million on operating activities, including:

- \$2.31 million on exploration and evaluation costs
- \$0.14 million on corporate costs and overheads
- \$0.13 million on staff costs

Falcon also received \$0.19 million in interest on cash deposits. Net cash outflow from operating activities was \$2.38 million.

Exploration and evaluation expenditure were higher than the previous quarter as the Company commenced a major air core drilling program at its flagship, Pyramid Hill Gold Project in late December 2022 and completed 42,893m of air core drilling during the quarter. Falcon also commenced a diamond drilling program at Ironbark East in February 2023.

Corporate costs, overheads and staff costs were broadly in line with the previous quarter.

At the end of the March 2023 quarter, Falcon retained \$20.6 million cash.

Capital Structure

There was no change in the capital structure during the quarter with 177 million shares on issue.

On 22 March 2023, 125,000 share options with an exercise price of \$0.33 lapsed as a result of inability to meet vesting conditions.

EXPLORATION

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 Fosterhill Gold Mine owned by Agnico Eagle (NYSE:AEM).

During the quarter, Falcon continued its major aircore drilling program, completing 42,893m across the Pyramid Hill Gold Project including at Ironbark, Wandoo and Banksia, as well as regional first pass drilling (see Figure 1).

Subsequent to the end of the quarter, a further 122 holes for 13,730m of aircore drilling was also completed up to 25 April 2023, with both aircore rigs remaining operational. This includes regional reconnaissance to the north in EL006898 and EL006864 (near Pyramid Hill), and EL006669 (near Kerang), as well as to the southwest of Banksia in EL006737 and EL007320. It also includes infill aircore drilling at Banksia, with Wandoo infill aircore drilling presently underway.

This brings the total aircore holes completed to 540 for 59,147m so far, exceeding the objective at the start of the season of 50,000m.

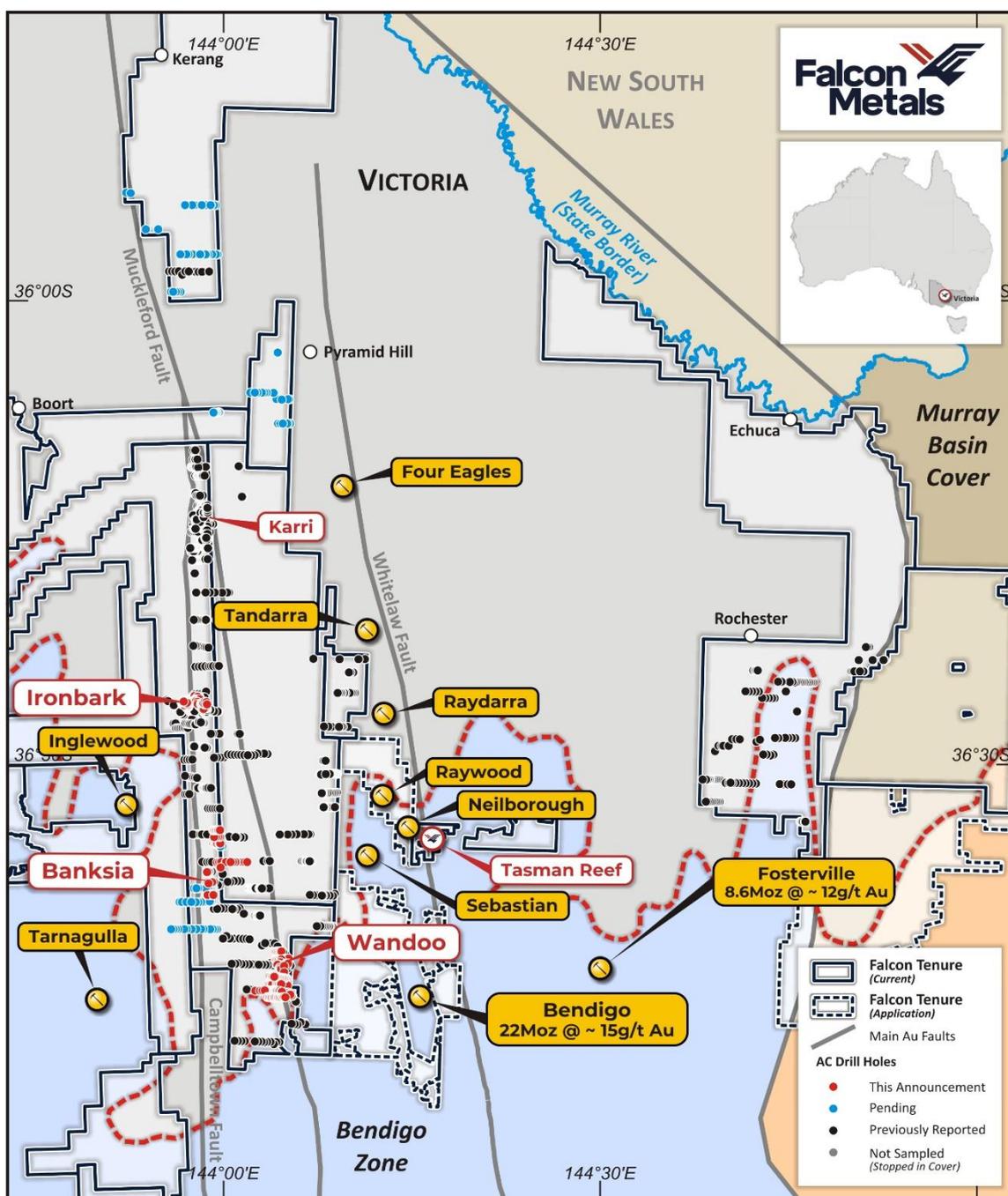


Figure 1 Location of the Pyramid Hill Gold Project

Ironbark East Prospect

Bedrock gold mineralised zones were intersected in aircore drilling over a strike length of >500m at Ironbark East and returned the highest-grade intercept to date at the Pyramid Hill Gold Project in hole PHAC1079 (see Figure 2).

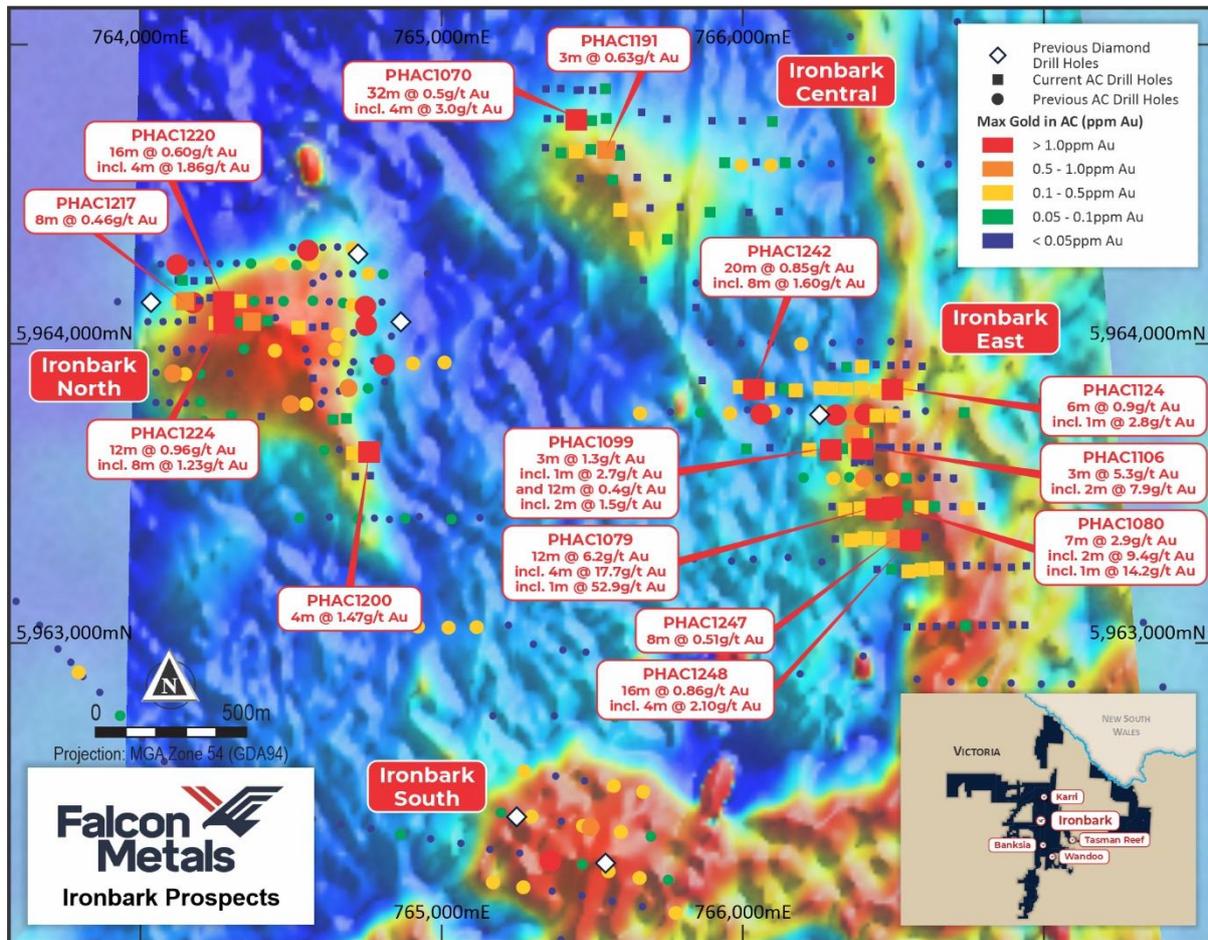


Figure 2 Ironbark Prospects with latest aircore drill results

Significant results included:

- PHAC1079 **12m @ 6.18g/t Au from 74m; including**
 - **4m @ 17.7g/t Au from 77m; that also includes**
 - **1m @ 52.9g/t Au from 77m**
- PHAC1080 **7m @ 2.93g/t Au from 60m; including**
 - **2m @ 9.39g/t Au from 61m; that also includes**
 - **1m @ 14.2g/t Au from 61m**
- PHAC1106 **3m @ 5.34g/t Au from 69m; including**
 - **2m @ 7.90 g/t Au from 69m**

This program focused on infilling the results received in last year's drill program, where Falcon announced a high-grade intercept in aircore hole **PHAC1030 of 40m @ 2.8g/t Au from 50m**, which included several one metre intercepts above 10g/t Au (refer to ASX Announcement dated 15 July 2022).



Highlights from the current aircore results include multiple gold intercepts within weathered diorite that are associated with quartz veining, arsenopyrite and pyrite. These higher-grade results appear to be aligned along a NNW-SSE trend that crosscuts the diorite, with high-grade results over 500m strike length along this trend.

Diamond drilling of five holes for 1,903.5m is now complete at Ironbark East. The objective of the diamond program was to test the contacts of the diorite with the Castlemaine Group stratigraphy, and below the most anomalous results within the diorite. The results are expected in May 2023.

A new mineralised diorite was intersected in aircore drilling on the western side of the Ironbark East Prospect in PHAC1242 with **20m @ 0.85g/t Au from 99m including 8m @ 1.60g/t Au from 99m** associated with quartz veins, pyrite and arsenopyrite. This was 80m to the north of where Falcon had previously intersected **9m @ 0.91g/t from 61m** in PA918¹ in Castlemaine Group stratigraphy. The new diorite intercept is 200m west of the main Ironbark East diorite and was not detected from the recent magnetic survey. Falcon has completed diamond drilling of one hole for 229.4m at this new target to test the extent of the mineralised zone and to gain more information about the structure and dimensions of the diorite. Results are expected in June 2023.

Plans for additional diamond drilling will depend on the assay results, including from the infill aircore drilling and access to the paddocks, which is dependent on both weather conditions and cropping plans.

Ironbark Central Prospect

This target was generated from the high-resolution aeromagnetic survey completed in November 2022. Falcon confirmed this as a diorite and also identified a new zone of primary mineralisation, with infill drilling completed down to a drill density of 50m x 100m. Highlights from the drilling include:

- PHAC1070 **32m @ 0.52 g/t Au from 100m**; including
 - **4m @ 3.03g/t Au from 100m**
- PHAC1191 **3m @ 0.63g/t Au from 100m**

Several holes failed to penetrate the cover due to the presence of a hard silcrete layer. Further drilling at this prospect is being considered for subsequent programs.

Ironbark North Prospect

Ironbark North also continues to deliver positive results from the infill drilling which closed some gaps in the previous aircore coverage. The best result from the present drilling was from PHAC1220 with **16m @ 0.60g/t Au from 108m, including 4m @ 1.86 g/t Au from 112m**. These results are being assessed for potential additional drilling.

Regional aircore drilling

Targeting work by Falcon indicated that Wandoo and Banksia were high priority sediment-hosted prospects for infill drilling, given the benchmarking of the 2021 first pass regional drilling against other

¹Refer to the Falcon Prospectus dated 3 November 2021



prospects at the same stage in the Falcon portfolio. Infill drilling has significantly upgraded both prospects in terms of grade and widths of mineralisation intersected at this early stage of exploration.

During the quarter, infill aircore drilling continued at the Banksia and Wandoo prospects. Initial results from both prospects were announced on 26 April 2023. Falcon also commenced regional reconnaissance aircore drilling to the north in EL006898 and EL006864 (near Pyramid Hill), EL006669 (near Kerang) as well as to the southwest of Banksia in EL006737 and EL007320.



Figure 3 Diamond drill rig at the Ironbark East Prospect

Wandoo

The Castlemaine Group stratigraphy at Wandoo straddles the Muckleford Fault, a major regional mineralising structure. The infill drilling was completed on 800m spaced lines to accelerate the program around a regional traverse that was the most anomalous in the Pyramid Hill Gold Project to date.

The best result was returned from PHAC1306 with **6m @ 1.90g/t Au from 102m, including 2m @ 3.61g/t Au from 106m**. This zone ended with blade refusal in mineralisation. This was within a >100ppb Au 1km long trend on the eastern side of the fault that remains open to the south. Several other >100ppb Au trends have also been defined to the west of the fault. Additional infill aircore drilling is presently underway over these prospective trends with results expected in June 2023 (see Figure 4).

Banksia

At Banksia, two distinct >100ppb Au trends have been identified in Castlemaine Group stratigraphy. The northern trend is presently 3.5km long and open to the south. The southern trend is presently 1.5km long and open along strike (see Figure 5).

The results from the northern zone confirm primary mineralisation with the best result returned from PHAC1164 of **24m @ 0.44g/t Au from 62m**. This is an encouraging result considering that the drill



density at this stage is 140m x 800m. Additional infill aircore drilling has subsequently been completed at this target, tightening the drill spacing to 70m x 400m in some areas.

The geology of the southern zone consists of a basalt flow of the Newer Volcanics Province overlying typical Murray Basin sediments. At the base of the Murray Basin sediments there are zones with gold bearing gravels on the contact with the Castlemaine Group stratigraphy. This can cause possible downhole contamination and results from these areas are assessed with some caution. The most anomalous result from this area was from PHAC1160 with **20m @ 0.60g/t Au from 102m**. The Murray Basin contact was logged at 106m, and the bedrock interval returned **16m @ 0.53g/t Au from 106m**. Although this may be impacted by downhole contamination, the basement zone had elevated Arsenic up to 440ppm which provides support that it could be primary mineralisation.

A more cautious approach has been undertaken in this southern target with tightening of the drill spacing to 140m x 800m to determine if sufficiently anomalous bedrock mineralisation can confidently be detected. Results from the infill at Banksia are expected in June 2023.

Both aircore drill rigs remain active and have been progressing the regional exploration program to the north (near the towns of Kerang and Pyramid Hill) when not carrying out infill drilling. The Company also expects to complete a regional program near Rochester in May 2023.

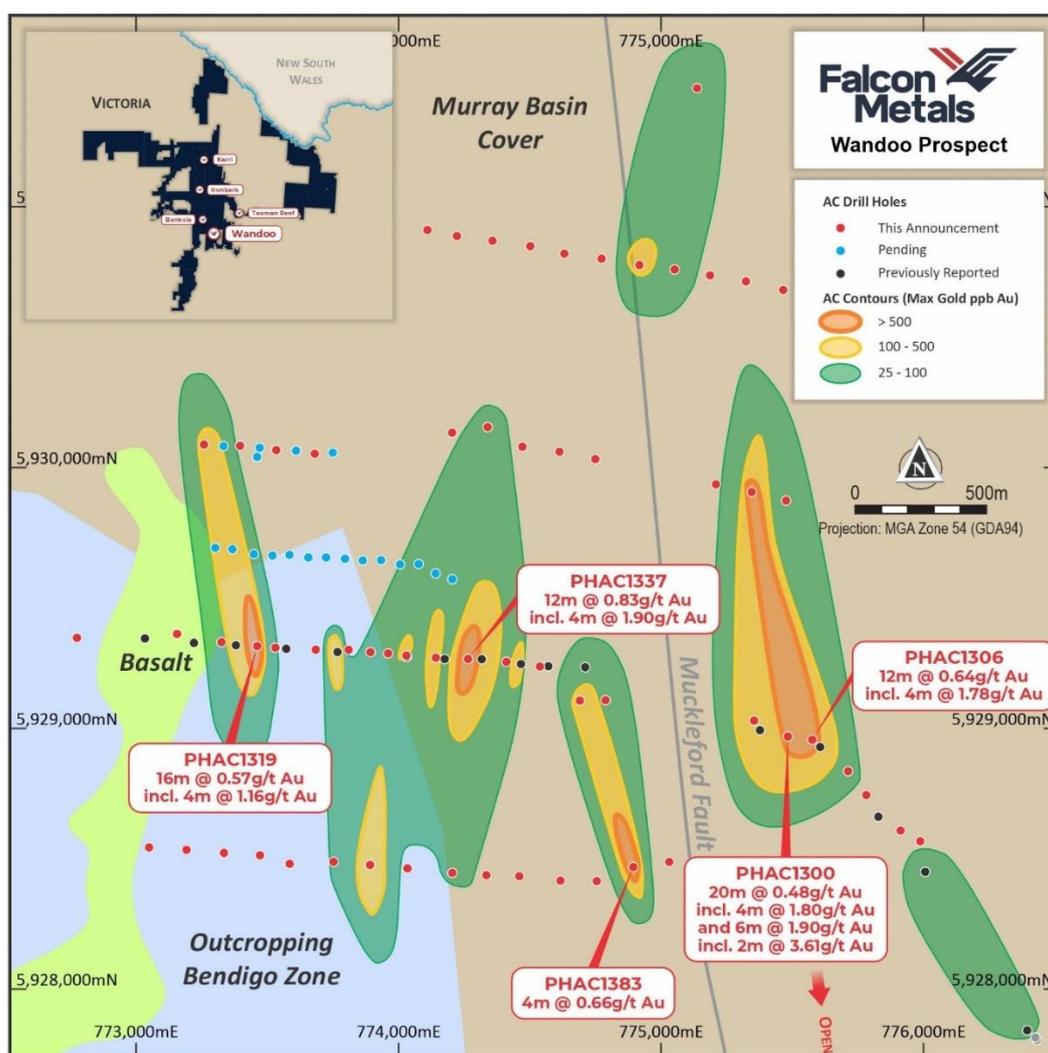


Figure 4 Plan map of the Wandoo Prospect showing aircore drilling results

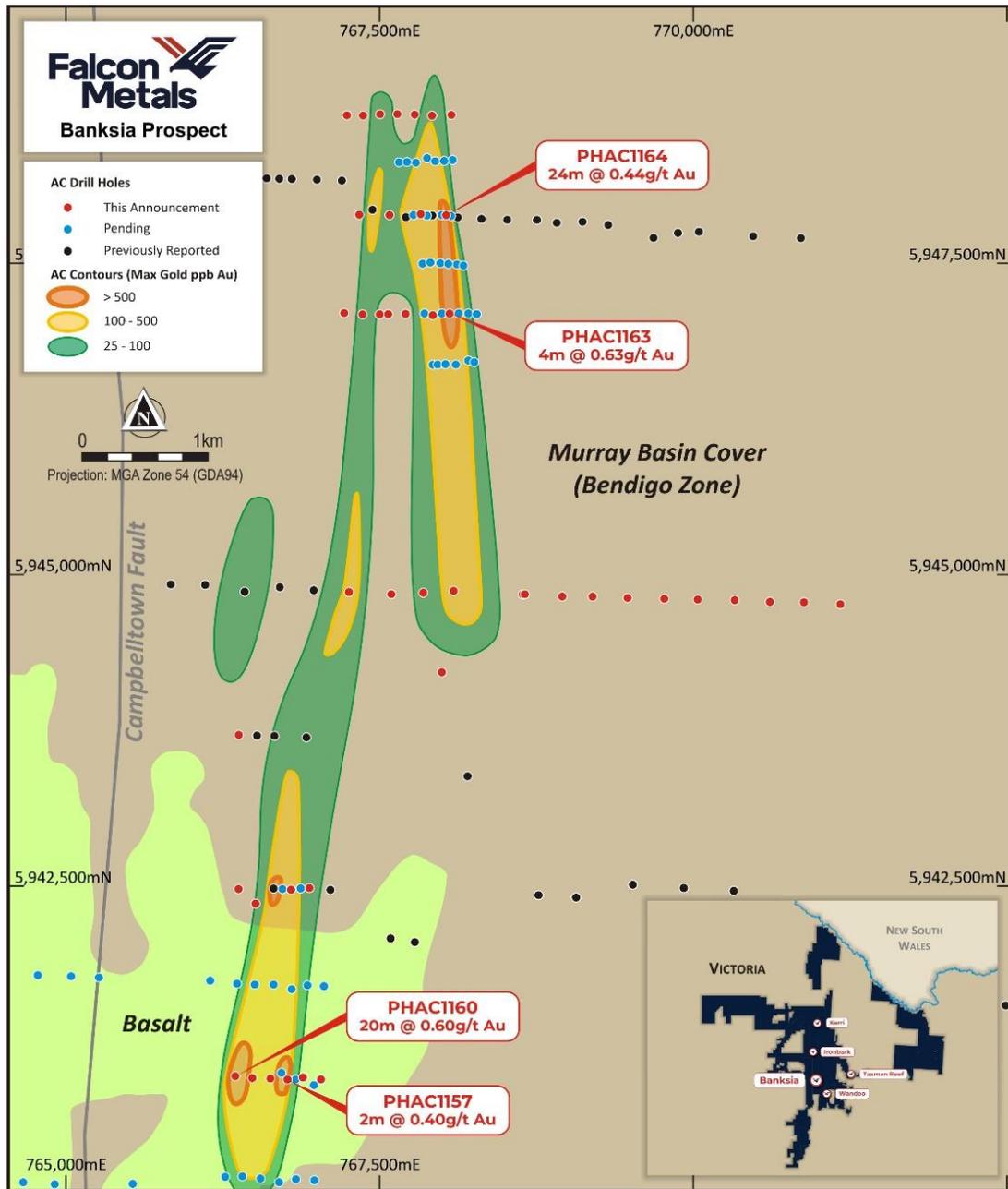


Figure 5 Plan map of the Banksia Prospect showing aircore drilling results

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.

During the quarter, Falcon received the results from the 4-hole diamond drilling program completed in December 2022 at Viking Gold Project. Although the targeted shear zones were identified in all four diamond holes at the Beaker 2 Prospect, no significant gold mineralisation was intersected.



The completion of this drill program has resulted in Falcon meeting its expenditure commitments to earn a 51% interest in the project from ASX-listed Metal Hawk Limited (ASX: MHK, "Metal Hawk"). Falcon has subsequently elected to exercise its option to further increase its interest in Viking to 70%, with an additional expenditure commitment of \$1.75m by September 2025.

Pursuant to the terms of the agreement, Falcon has the option to discontinue the earn in at any time, in which case its interest would remain at 51% and a joint venture will be formed with Metal Hawk.

The exploration focus at Viking will now shift to the prospective Viking Shear to the northeast of Beaker 2 that extends into the 100% owned Falcon exploration licence application.

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).

Subsequent to the end of the quarter, E77/2946 was granted following completion of a Heritage Protection Agreement with the Marlinyu Ghoorlie Native Title Claimant.

Planning for a soil sampling program to cover prospective areas of the project is well advanced and expected to commence in May 2023.



ASX ADDITIONAL INFORMATION

As per ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$2.31 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 March 2023	Total Expenditure per IPO Prospectus ^{1 2}
Exploration - Pyramid Hill	\$5,327,797	\$15,350,000
Exploration - Viking Gold	\$1,055,276	\$2,500,000
Exploration - Mt Jackson	\$86,382	\$250,000
Corporate Costs/Working Capital	\$2,307,226	\$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:

Tim Markwell
Managing Director
tmarkwell@falconmetals.com.au

Media and Investor Queries
Victoria Humphries / Ben Creagh
victoria@nwrcommunications.com.au
benc@nwrcommunications.com.au



Tenement Register

Project	Tenement Reference	Location	Interest at 01/01/2023	Acquired / Disposed	Interest at 31/03/2023	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%	CGM (WA) [^]
	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	-**		-**	Falcon Metals
	EL007840	Victoria	-**		-**	Falcon Metals
	EL007844	Victoria	100%		100%	Falcon Metals
EL007845	Victoria	-**		-**	Falcon Metals	
EL008084	Victoria	-*		-*	Falcon Metals	
EL008178	Victoria	-*		-*	Falcon Metals	
Viking	E63/1963	WA	-#	Acquired	51%	Falcon Metals
	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 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

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 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,308)	(3,915)
(b) development	-	-
(c) production	-	-
(d) staff costs	(130)	(459)
(e) administration and corporate costs	(109)	(241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	195	420
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)	(139)
1.9 Net cash from / (used in) operating activities	(2,380)	(4,334)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(22)
(d) exploration & evaluation	-	-
(e) investments	-	-
(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 (9 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)	-	(42)
2.6	Net cash from / (used in) investing activities	(3)	(64)

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)	(33)
3.10	Net cash from / (used in) financing activities	(11)	(33)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	22,979	25,016
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,380)	(4,334)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(64)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(33)

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20,585	20,585

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	20,585	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)	20,585	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	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.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,334)
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)	(4,334)
8.4 Cash and cash equivalents at quarter end (item 4.6)	20,585
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	20,585
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.6
<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: 28 April 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.