

19 October 2023

FALCON METALS SEPTEMBER QUARTER ACTIVITIES REPORT

For the three-month period ended 30 September 2023

- Final assay results received for all aircore holes completed during the 2023 drilling program at the Pyramid Hill Gold Project, Victoria
- Highly anomalous results returned from the southernmost reconnaissance aircore line in EL006960 with highlights including:
 - PHAC1654 3m @ 0.59g/t Au from 68m; including
 - 1m @ 1.4g/t Au from 68m
 - PHAC1659 2m @ 0.42g/t Au from 100m to EOH
- A mineralised diorite near the margin of the Pyramid Hill Granite in EL006669 has also been identified with anomalous results to end of hole
- Minerals sands with Rare Earth Elements (REE) potential that warrants assessment and confirmatory drilling has been identified on several permits within Pyramid Hill
- Soil sampling from the Mt Jackson Project in WA identified several gold and base metals anomalies with follow-up soil sampling underway to further refine targets for aircore drilling
- Additional exploration applications made for Pyramid Hill and Mt Jackson Projects
- Drilling set to resume at Pyramid Hill Gold Project in the December 2023 quarter
- Ms Katina Law appointed as Non-Executive Director
- Falcon remains well funded with \$16.1 million cash at the end of the quarter

CORPORATE

Appointments

Ms Katina Law was appointed as an independent Non-Executive Director, effective 1 October 2023. She has over 30 years of experience in the mining industry and has a strong financial background, serving as Chair of Finance and Audit committees.

Ms Law is a graduate from the Australian Institute of Company Directors and holds a Bachelor of Commerce from the University of Western Australia. She is also a Certified Practising Accountant and has an MBA from the London Business School.

Ms Law currently serves as a Non-Executive Director of Yandal Resources (ASX: YRL), is a Board Member of Health Support Services, a co-founder and Director of IPS Management Consultants and as Chair of Dutjahn Sandalwood Oils Pty Ltd. Previously, she has held positions as Non-Executive Chair of Ardea Resources (ASX: ARL) and Non-Executive Director of DGO Gold (ASX: DGO).



Annual General Meeting

The Annual General Meeting of Falcon Metals Ltd (**ASX: FAL**) (**Falcon**, the **Company**) will be held on 28 November 2023. Shareholders will be provided with further details in a separate Notice of Meeting in due course.

Finance

During the quarter, the Company spent \$1.09 million on operating activities, including:

- \$0.63 million on exploration and evaluation costs
- \$0.17 million on corporate costs and overheads
- \$0.29 million on staff costs

Falcon also received \$0.19 million in interest on cash deposits. Net cash outflow from operating activities was \$0.9 million.

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

During the quarter, the Company also invested \$0.26 million in a TSX-V listed entity.

At the end of the September 2023 quarter, Falcon retained \$16.1 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, the Company issued 1.16 million share options to employees with an exercise price of \$0.35, expiring equally on 30 June 2026 and 30 June 2027. In addition, 2.36 million share options were issued to directors of the Company, subject to 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).

During the quarter, Falcon Metals received the remaining assay results from the 2023 aircore drilling program of the final 185 holes for 19,339m of this program (refer ASX announcement dated 14 September 2023).

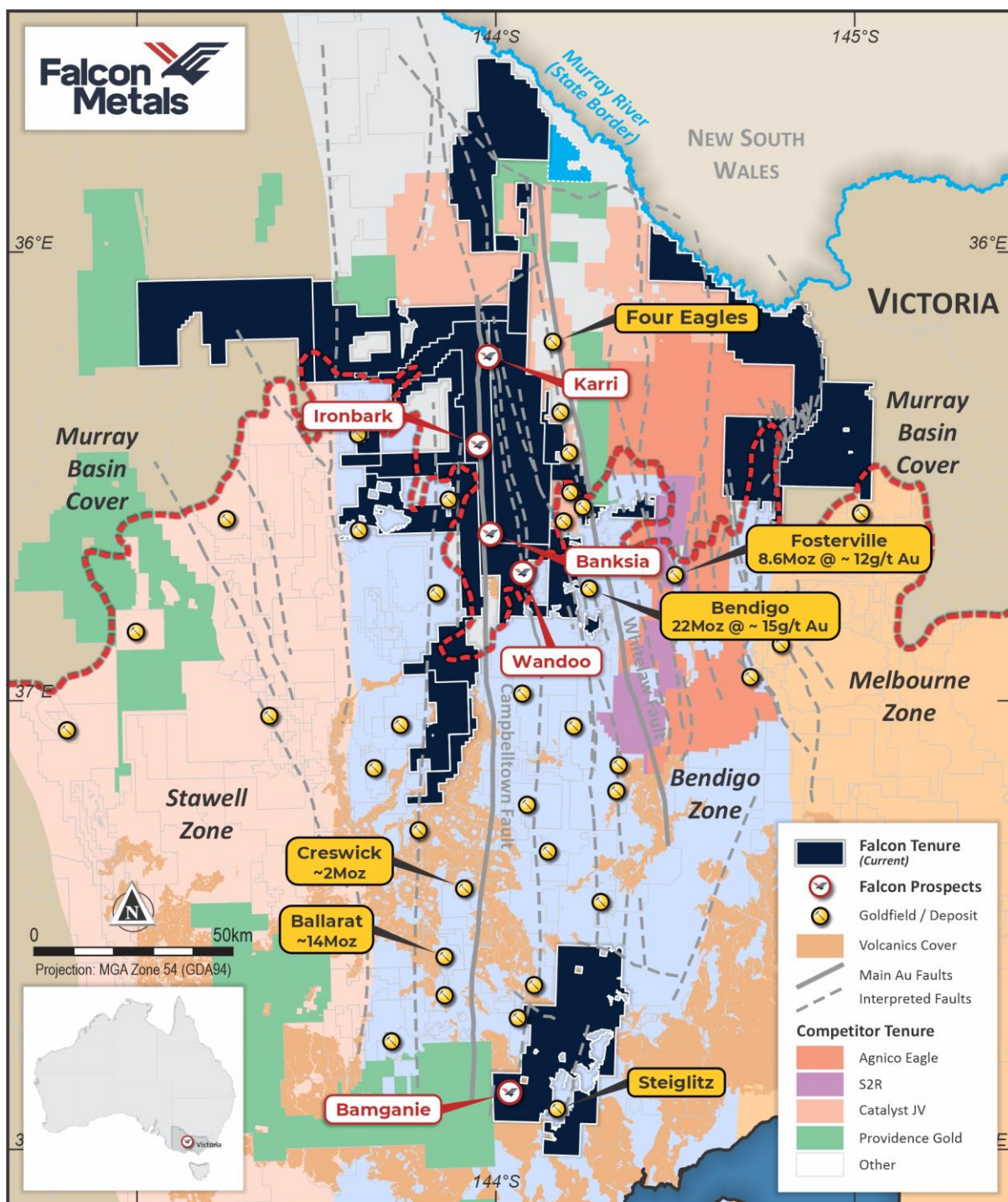


Figure 1 Location of the Pyramid Hill Gold Project

The results from the latter part of the program were from the regional reconnaissance drilling that is systematically screening the extensive Falcon tenement holding for possible large-scale gold deposits. This drilling is completed on a wide grid spacing with 280m between holes on lines several kilometres apart, mostly on roadsides.



At this initial screening phase, results of >25ppb Au are considered anomalous and are targets for follow up exploration. The best results from the reconnaissance drilling were returned from the southernmost line drilled at the project to date (EL006960), located about 30km southwest of Bendigo. Falcon drilled nine aircore holes on this line in an area of Murray Basin and basalt cover, returning anomalous results from two holes with intercepts up to 1.4g/t Au (see Figure 2).

PHAC1654 intersected 3m @ 0.59g/t Au from 68m, including 1m @ 1.40g/t Au from 68m and PHAC1659 intersected 2m @ 0.42g/t Au from 100m, ending in a mineralised quartz vein at 102m.

This area will be prioritised for further screening and follow-up drilling as these new results have elevated the prospectivity of the structural corridor along the west of the Campbelltown Fault in the southern part of the project area.

Falcon holds the ground for 35km to the south of this zone which is largely unexplored due to shallow cover from flood basalts of the Newer Volcanics Province. Aircore drill rigs are now able to efficiently drill through shallow basalt cover, opening these previously unexplored areas to modern day exploration.

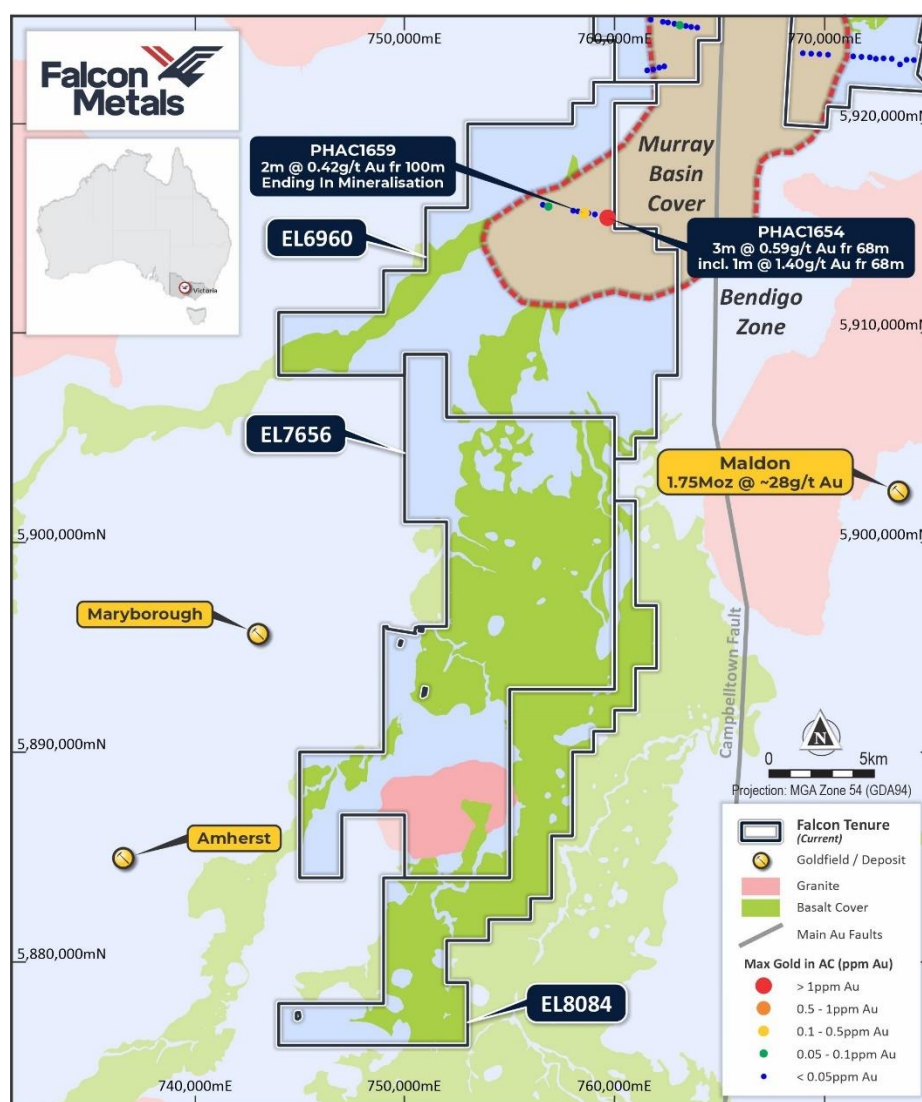


Figure 2 Plan map showing anomalous aircore results in EL006960 and the shallow basalt cover to the south

Regional drilling carried out on EL006669 has identified a mineralised diorite close to the margin of the Pyramid Hill Granite, 9km northwest of Cohuna (see Figure 3). This is 70km northeast of the Ironbark Prospects and has confirmed that these intrusions are prospective throughout the Bendigo Zone. PHAC1642 intersected 4m @ 0.11g/t Au from 90m and 3m @ 0.12g/t Au from 102m both in diorite, with the hole ending in mineralisation.

Due to these encouraging results, Falcon applied for EL008360, to the east of the mineralised intercept. Tenements EL008302 and EL008303 have also been recently granted and are located in preferred structural positions to the west of the Whitelaw Fault, similar to Bendigo, Raywood (held by FAL) and the Four Eagles Project (held by Catalyst Metals, ASX: CYL).

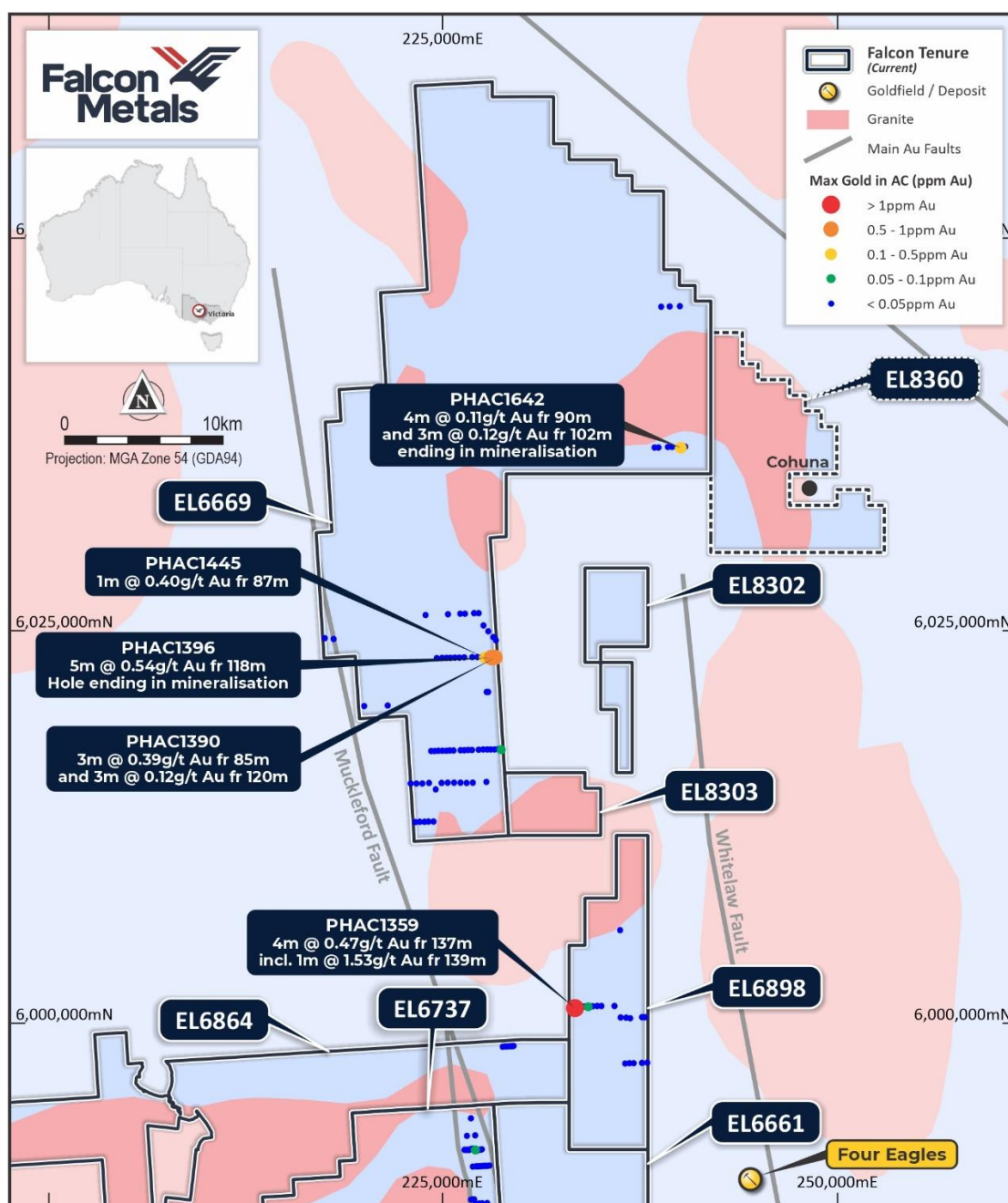


Figure 3 Plan map showing the anomalous results on EL006669 and the new application EL008360



Upcoming Pyramid Hill Drilling Program

A full review of both the aircore and diamond drilling has been completed. An aircore rig has commenced mobilisation from WA and drilling is anticipated to commence in late October 2023. The program will focus on continuing the regional screening program on Falcon's large prospective ground holding of more than 7,000km². It will also include follow-up drilling on areas where anomalous results were generated from this year's regional reconnaissance program, as well as on the more advanced targets.

Mineral Sands Potential at Pyramid Hill

A review of the Falcon land position in Victoria for critical minerals has identified several areas with known mineral sands and related REE potential in the Murry Basin cover on permits EL006864 and EL007120. Assessment and confirmatory drilling will be included in the upcoming field season to determine the potential of the identified areas.

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 completed a comprehensive soil sampling program with the objective of confirming the previous soil anomalies identified on permit E77/2577, and also extending the soil sampling coverage to its newly granted permit, E77/2946 (see Figure 4). Due to the early encouraging results, the project has been expanded with an additional application, EL77/3134 to the north of EL77/2946 (see ASX announcement dated 14 September 2023).

Several areas with multi-point anomalous gold values have been identified (See Figure 5). The strongest results appear to be orientated along a northwest structure and coincident with interpreted mafic/ultramafic rocks under shallow cover. The other anomalous gold results generally occur along more subtle northeast trending structures.

Two zones have been identified as base metal targets along the interpreted greenstone trend where there are coincident anomalism in Ni, Cu, Pt and Pd (See Figure 6). These areas will also be tested with further follow-up sampling.

Follow-up soil sampling was completed with the collection of 823 samples to increase the sample density to 100m x 100m in these areas. Once results from the current infill soil sampling are available, a final phase will be conducted to tighten the spacing to 50m over the most anomalous zones. Areas will then be selected for testing with aircore drilling, expected in Q2 2024. This will be the first exploration drilling at the Mt Jackson Project.

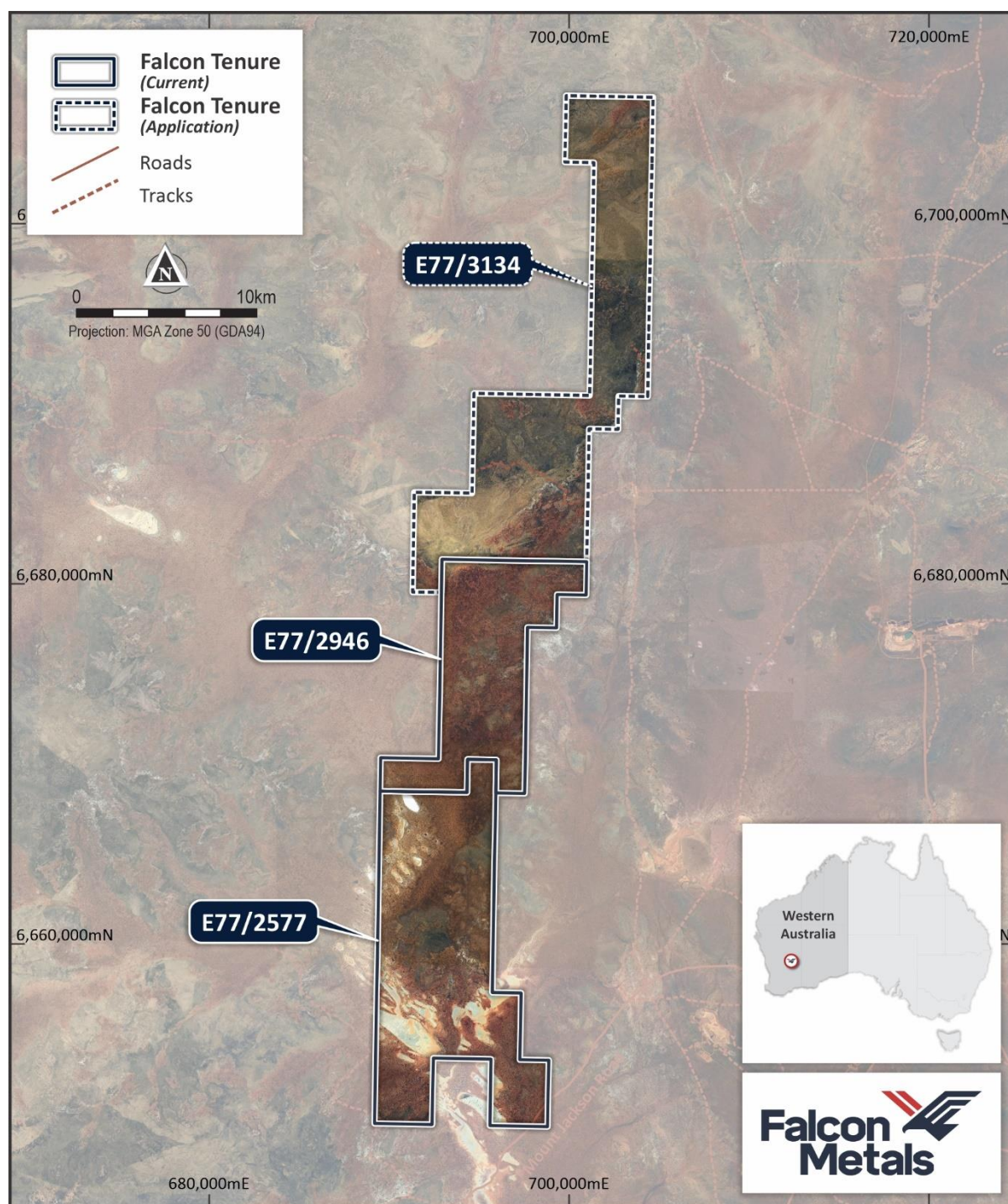


Figure 4 Location of the Mt Jackson Project

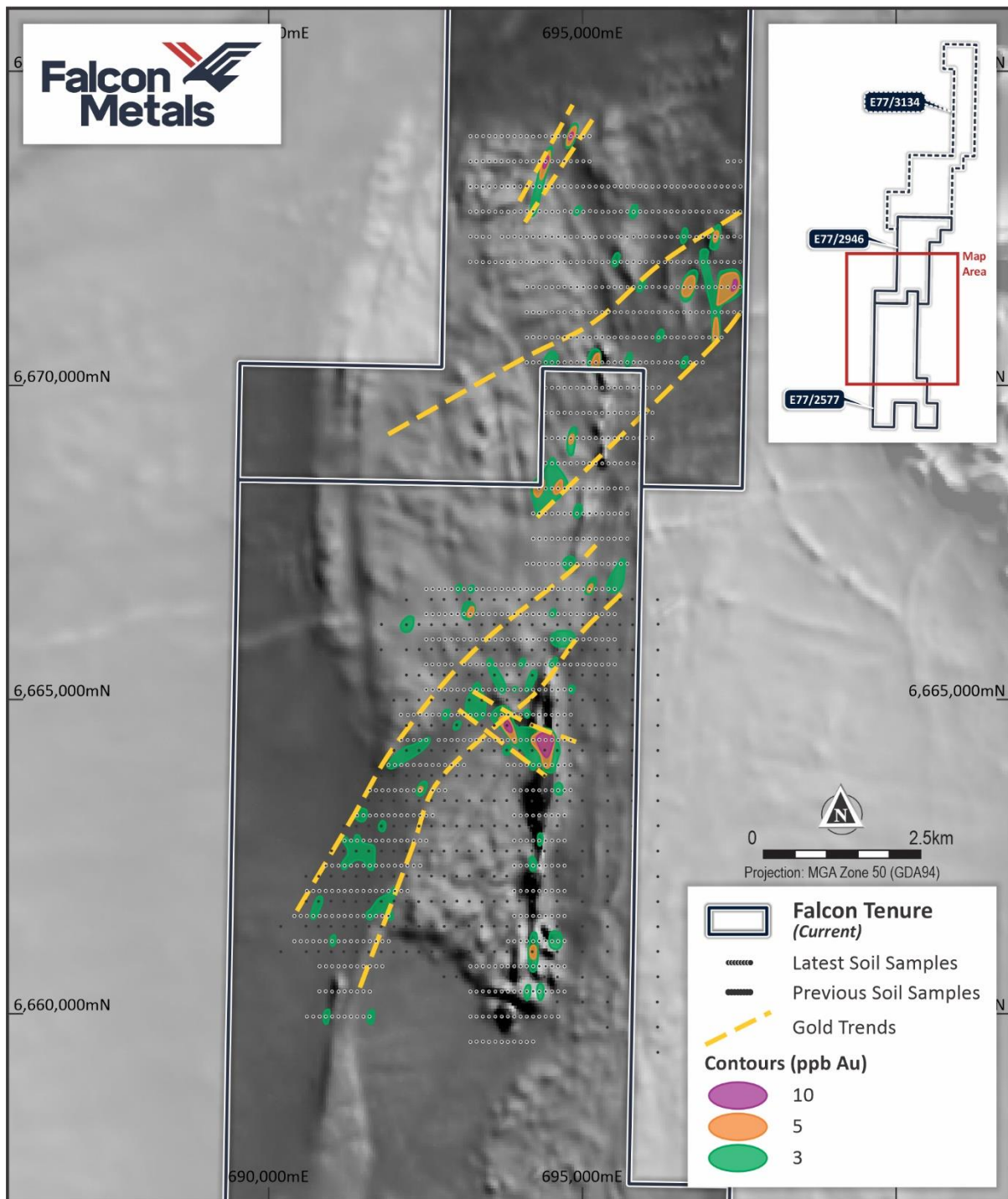


Figure 5 Plan map of Mt Jackson showing new Au soil sampling results

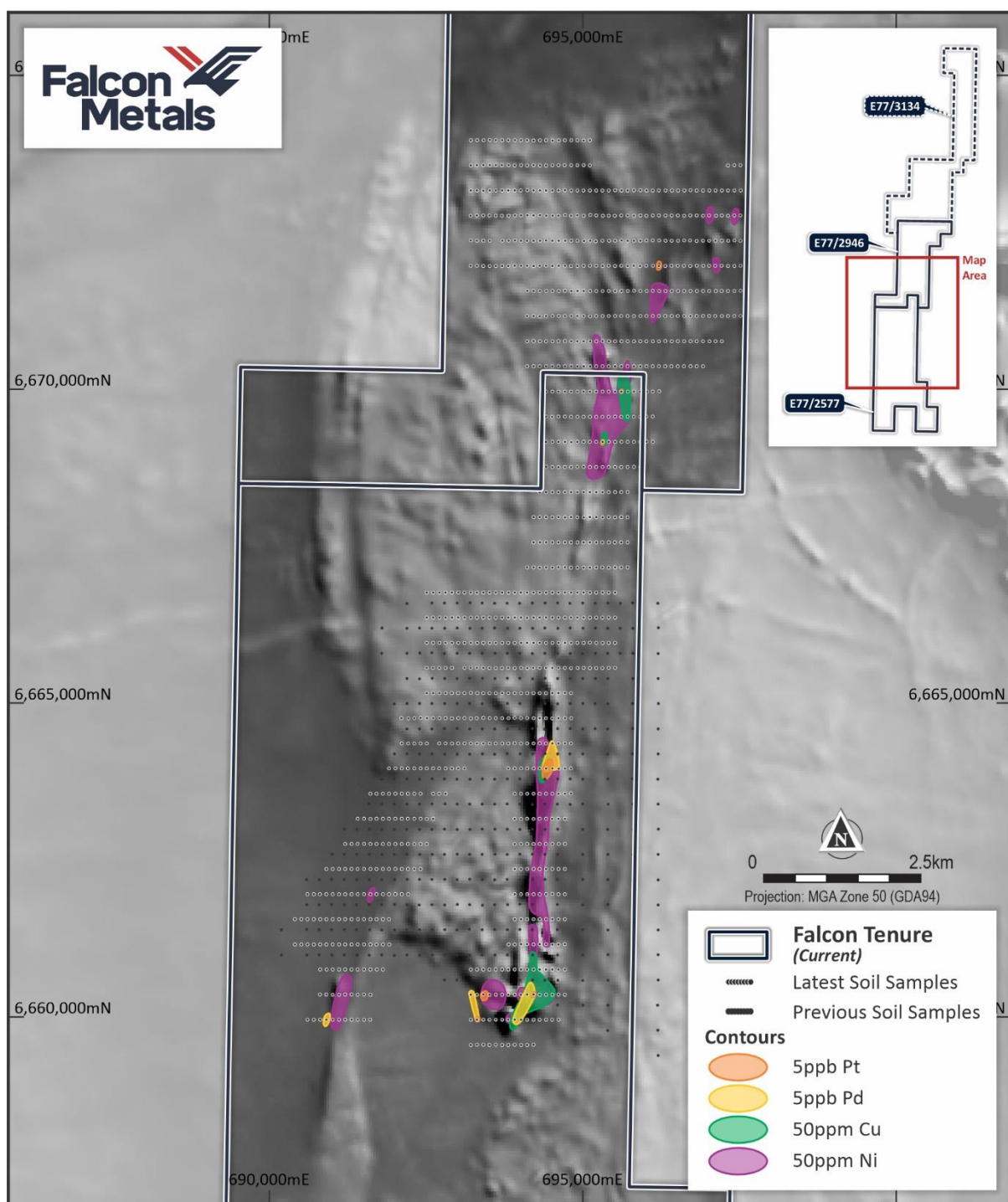


Figure 6 Plan map of Mt Jackson showing new base metals and PGM soil sampling results

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 \$0.6 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 \$0.12m 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	8,809,978	15,350,000
Exploration - Viking Gold	1,091,273	2,500,000
Exploration - Mt Jackson	327,450	250,000
Corporate Costs/Working Capital	3,172,713	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
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Tenement Register

Project	Tenement Reference	Location	Interest at 1/07/2023	Acquired / Disposed	Interest at 30/09/2023	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	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	-	Acquired	100%	Falcon Metals
	EL008303	Victoria	-	Acquired	100%	Falcon Metals
	EL008360	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%	Falcon Metals
	ELA63/1994	WA	-*		-*	CGM (WA) [^]

^{*}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")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(629)	(629)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(292)	(292)
	(e) administration and corporate costs	(100)	(100)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	190	190
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)	(69)	(69)
1.9	Net cash from / (used in) operating activities	(900)	(900)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(29)	(29)
	(d) exploration & evaluation	-	-
	(e) investments	(255)	(255)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	(29)	(29)
2.6	Net cash from / (used in) investing activities	(313)	(313)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,305	17,305
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(900)	(900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(313)	(313)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	16,081	16,081

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	16,081	17,305
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)	16,081	17,305

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	115
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. 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)	(900)
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)	(900)
8.4 Cash and cash equivalents at quarter end (item 4.6)	16,081
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	16,081
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	17.9
<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	

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: 19 October 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.