Falcon Oil & Gas Ltd.

Form 51-102F1
Management's Discussion & Analysis
For the Year Ended 31 December 2023

(Presented in U.S. Dollars)

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INTRODUCTION

The following management's discussion and analysis (the "**MD&A**") was prepared as at 25 April 2024 and is management's assessment of Falcon Oil & Gas Ltd.'s ("**Falcon**") financial and operating results and provides a summary of the financial information of the Company (as hereinafter defined) for the three months and year ended 31 December 2023. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2023 and 2022.

The information provided herein in respect of Falcon includes information in respect of its wholly-owned subsidiaries: TXM Oil and Gas Exploration Kft., a Hungarian limited liability company ("**TXM**"); Falcon Oil & Gas Ireland Ltd., an Irish limited liability company ("**Falcon Ireland**"); Falcon Oil & Gas Holdings Ireland Ltd., an Irish limited liability company ("**Falcon Holdings Ireland**"); Falcon Exploration and Production South Africa (Pty) Ltd., a South African limited liability company ("**Falcon South Africa**") and its 98.1% majority owned subsidiary, Falcon Oil & Gas Australia Limited, an Australian limited liability company ("**Falcon Australia**") (collectively, the "**Company**" or the "**Group**"). Mako Energy Corporation, a Delaware company and Falcon Oil & Gas USA Inc., a Colorado company former wholly owned subsidiaries of Falcon, were dissolved in 2021.

Additional information related to the Company, including the Company's Annual Information Form ("**AIF**") for the year ended 31 December 2023 dated 25 April 2024 can be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca and Falcon's website at www.falconoilandgas.com.

Forward-looking statements

Certain statements contained in this MD&A constitute forward-looking statements and are based on Falcon's beliefs and assumptions based on information available at the time the assumption was made. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Any statements not of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "preliminary" "projects", "dependent", "potential", "scheduled", "forecast", "outlook", "budget", "hope", "support" "ongoing", "objective", "measure", "depends", "could" or the negative of those terms or similar words suggesting future outcomes. In particular forward-looking statements in this MD&A include, but are not limited to, statements with respect to: strategy of the Board of Directors of Falcon (the "**Board**") and countries it believes support the exploitation of unconventional oil and gas; the shale oil and shale gas potential of the Beetaloo Sub-basin; the Beetaloo Sub-basin Stage 3 work programme; objectives of the wells to be drilled in the Beetaloo Sub-basin Australia; expectations on bringing the project to commerciality and a multi-well pilot programme in 2024; information relating to drilling operations at the Amungee NW-3H ("**A3H**") well and initial evaluation of drilling results and reservoir conditions; information relating to drilling operations at the Shenandoah South 1H ("**SS1H**") well and the belief that the SS1H 30-day initial production ("**IP30**") and the 60-day initial production ("**IP60**") results to be above the commercial threshold required to progress the Beetaloo to pilot development during 2024, IP30 and IP60 flow test extrapolation for proposed future development wells, geological rock properties in the region indicative of favourable well performance with potential to result in long-term, low-declining gas production, that this region is one of the best locations in the Beetaloo Sub-basin to commence pilot development activities, IP90 flow rate results expected to be announced in late April 2024, result of SS1H providing the Beetaloo Joint Venture ("**BJV**") BJV confidence to progress development plans for the proposed 40 million cubic feet per day (**"MMcf/d**") Pilot Project at the Shenandoah South location subject to funding and key approvals; the project is expected to require six 10,000-foot development wells initially to achieve plateau production of 40 MMcf/d. Drilling of the first of these wells is planned to commence in Q2 2024 and the JV is targeting first gas in H1 2026; drilling of the first of these wells planned to commence in Q2 2024 and the targeting of first gas in H1 2026, funding to commence drilling of the initial two wells in the program and evaluation of opportunities to support funding the remaining capital commitments to reach first production, including issuance of equity and/or debt, evaluation of pre-payment for gas from the proposed Pilot Project and potential farm-down opportunities; signing of a Binding Agreement for a long term Gas Sales Agreement to supply tie Northern Territory, conditional on entering a binding Gas Transportation Agreement and Gas Processing Agreement and reaching a final investment decision on upstream drilling activity and the plan for first gas flow in H1 2026; information and analysis relating to the conducted diagnostic fracture injection test ("**DFIT**"); treatment under governmental regulatory regimes and tax laws; the quantity of petroleum and natural gas resources or reserves; statements relating to the Group's activities in the Beetaloo Sub-basin; the results at Kyalla 117 N2-1H ST2 ("**Kyalla 117**"); the contingent resource estimate for the Amungee NW-1H ("**A1H**") Velkerri B shale gas pool and statements relating to whether all frack stages contributed to the initial extended production test in 2016; details relating to normalised gas flow rates at Amungee, the prospectivity of the Amungee

Member/Middle Velkerri play, anticipated production rates, information relating to the letter of intent ("LOI") executed with Tamboran (B2) Pty Limited ("Tamboran B2") following Origin Energy B2 Pty Ltd.'s ("Origin") divestment of its interest in the Beetaloo Exploration Permits, amendments to the Joint Operating Agreement and the Farm-In Agreement following the executed LOI, limited proration units on sole risk operations providing future participation optionality and future sole risk operations; fiscal terms regarding the Karoo basin, South Africa, the Mineral and Petroleum Resources Development Amendment Bill ("**MPRDA Bill**"), the awarding of exploration rights; liquidity and financial capital including the going concern capabilities of the Company; expectations regarding the ability of Falcon to access additional sources of funding including those not currently available; and Falcon's ability to leverage its experience in the unconventional oil and gas industry to acquire interests in licenses.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in the Republic of Hungary, the Commonwealth of Australia, the Republic of South Africa and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters adversely impacting the exploitation of unconventional oil and gas resources; introduction of a moratorium; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risk and for relatively under-explored basins such as the Beetaloo Sub-basin there may not be the shale oil and gas commercial potential; renewal of Exploration Permits; need to obtain regulatory approvals before development commences; environmental risks and hazards and cost of compliance with environmental regulations; aboriginal claims;;; initial evaluation confirming reservoir continuity of the Amungee Member B-shale over 150 kilometres between A2H and Beetaloo W-1 wells including a target development area of approximately 1 million acres where the shale depth exceeds 2,700 metres may not be accurate; risks and uncertainties associated with wellbore or reservoir conditions, geological, technical, drilling and processing problems; unanticipated operating events which can delay exploration and appraisal or reduce production or cause production to be shut-in or delayed; willingness of joint venture partners to continue with a work programme and bringing towards commerciality; the ability of our joint venture partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; uncertainties inherent in estimating quantities of reserves and resources and bringing to commerciality; the need to obtain required approvals from regulatory authorities with delays impacting work programmes and associated costs or not receiving the requisite license to explore; risks associated with drilling wells which is speculative and often involves significant costs that may be more than estimated and may not result in any discoveries; cash availability to meet expenses as they fall due; pandemics such as COVID-19 may be prolonged, delaying work programmes and increasing cost; macroeconomic risks such as inflationary pressures and the current Ukraine Russia conflict also delay work programmes due to delivery of goods and increasing costs and the other factors considered under "**Risk Factors**" in Falcon's AIF dated 25 April 2024.

With respect to forward-looking statements contained in this MD&A, Falcon has made assumptions regarding: the countries where the Group operates supporting the exploitation of unconventional oil and gas; the shale oil and shale gas commercial potential of the Beetaloo Sub-basin while it remains relatively under-explored; the continuation of the Beetaloo Sub-basin work programme and the project being brought towards commerciality; the original gas in place and contingent gas resource calculated with respect to the Beetaloo Sub-basin are the best estimates based on the drilling results to date and other data (including seismic) available; work with Falcon's joint venture partner, Tamboran B2, will continue, adopting recommendations of the scientific inquiry and obtaining necessary approvals to complete the remaining work programme; estimated date for the awarding of the exploration right over the acreage in the Karoo Basin; the Group's ability to continue as a going concern; the Beetaloo Sub-basin project being brought towards commerciality.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide readers with a more complete perspective on Falcon's future operations and such information may not be appropriate for other purposes. Falcon's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Falcon disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulation. In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Advisory regarding oil and gas information

Any references in this MD&A to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Falcon. Such rates are based on field estimates and may be based on limited data available at this time.

Contingent resource estimates are those quantities of gas (produced gas minus carbon dioxide and inert gasses) that are potentially recoverable from known accumulations, but which are not yet considered commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original gas in place, and confirmation of prices and development costs. There is uncertainty that it will be commercially viable to produce any portion of the resources. For additional information relating to contingent resource estimates in respect of the Amungee NW-1H Velkerri B Shale Gas Pool which were prepared by an Origin employee and a Qualified Reserves and Resources Evaluator effective as of February 15, 2017, please refer to Falcon's AIF dated April 25, 2024, which is available on SEDAR+ at www.sedarplus.ca.

Dollar amounts

All dollar amounts in this document are in United States dollars **"$"**, except as otherwise indicated. "**CDN$**" where referenced represents Canadian dollars; "**£**" where referenced represents British pounds sterling, "**HUF**" where referenced represents Hungarian forints and "**A$**" where referenced represents Australian dollars.

The financial information provided herein has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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OVERVIEW OF BUSINESS AND OVERALL PERFORMANCE

About the Group

Falcon is an international oil and gas company engaged in the exploration and development of unconventional oil and gas assets. The Company's interests are located in internationally diversified countries that are characterised by a high regional demand for energy and are close to existing infrastructure allowing for rapid delivery of oil and gas to market in Australia and Hungary.

Falcon's strategy is to leverage the Group's expertise in the unconventional oil and gas industry to acquire interests in licences covering large acreages of land and to build on its internationally diversified portfolio of unconventional assets and interests, which are located in countries that the Board believes support the exploitation of unconventional oil and gas. Falcon seeks to add value to its assets by entering into farm-in arrangements with major oil and gas companies that will fully or partially carry Falcon through seismic and drilling work programmes. The Group's principal interest is located in the underexplored Beetaloo Sub-basin in Australia; with further interests in Hungary and an underexplored basin in South Africa, covering approximately 12.3 million gross acres in total. The carrying value at 31 December 2023 of the Company's interest in Australia is $51 million, while the Hungarian asset is nil due to a determination in 2014 that the estimated recoverable amount was insufficient to cover the carrying value of the asset. For the South African interest, costs associated with the technical cooperation permit are expensed as incurred.

Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary. Falcon's Common Shares are traded on Toronto's TSX Venture Exchange ("**TSX-V**") (symbol: FO.V); and AIM, a market operated by the London Stock Exchange (symbol: FOG).

Summary of Operations

The following table summarises the principal oil and gas interests of the Company in Australia, South Africa and Hungary:

Assets (Country)	**Interest (%)**	**Operator**	**Status**	**Gross Area (km^2)**
Exploration Permit EP76 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5(i)	Tamboran B2(iii)	Exploration	1,891.3
Exploration Permit EP98 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5(i)	Tamboran B2(iii)	Exploration	10,316.0
Exploration Permit EP117 (Beetaloo Sub-basin, Northern Territory, Australia)	22.5(i)	Tamboran B2(iii)	Exploration	6,412.0
Technical Cooperation Permit, (Karoo Basin, South Africa) (ii)	100	Falcon	TCP	30,327.9
Makó Production Licence (Makó Trough, Hungary)	100	TXM	Production	994.6

Notes:

(i) Falcon owns 98.1% of Falcon Australia, which holds a 22.5% interest in EP76, EP98 and EP117 (collectively the "**Exploration Permits**"). The remaining 1.9% interest of Falcon Australia is held by others. Renewal applications for EP76 and EP117 were submitted in September 2022 ahead of the end of the five year term which expired in December 2022, a further renewal application for EP98 was submitted in March 2023 ahead of the current five year term expiring in June 2023. Both renewal applications have been approved by the Northern Territory Government. The permits are currently in year 1 with a permit year end 31 May 2028.

(ii) In compliance with the terms of the Technical Cooperation Permit ("**TCP**"), the Company submitted its application for an exploration licence in August 2010. Local counsel has confirmed that despite the TCP having an expiry date of October 2010, the Company's interests remain valid and enforceable.

(iii) In September 2022 Origin announced the divestment of their interest in the Exploration Permits to Tamboran B2, details are included on page 7. Tamboran B2 were appointed as operator.

<u>Beetaloo Sub-basin, Northern Territory, Australia</u>

Overview

Falcon Australia is one of the two registered holders of approximately 4.6 million gross acres (~ 18,619 km^2), 1 million net acres, of the Exploration Permits in the Beetaloo Sub-basin, Northern Territory, Australia. The Beetaloo Sub-basin is located 600 kilometres south of Darwin, close to infrastructure including a highway, a pipeline and a railway, offering transport options to the Australian market and beyond via the existing and developing liquified natural gas capacity in Darwin.

The Beetaloo Sub-basin is a Proterozoic and Cambrian tight oil and gas basin. In its entirety, the Beetaloo Sub-basin covers approximately 8.7 million acres (~ 35,260 km^2) and is a relatively underexplored onshore exploration basin. The area is also remote and sparsely populated. Considering all these factors, the Board believes the Beetaloo Sub-basin has shale oil and shale gas potential.

Exploration Permits
A summary of Falcon Australia's Beetaloo Exploration Permits is contained in the table on the previous page.

In accordance with local law and regulations, Falcon Australia's acreage interests are subject to combined government and Northern Land Council royalties on production values of up to approximately 12% and 3% to other parties. Falcon Australia is subject to Commonwealth Government corporation tax of 30%, however where the entity has aggregated annual turnover of less than A$50 million for the financial year and 'base rate entity passive income' of 80% or less of assessable income, Falcon Australia would be considered a 'base rate entity' for Australian tax purposes and would be taxed at a lower rate of 25%. Falcon Australia is also subject to the Commonwealth Government's Petroleum Resource Rent Tax ("**PRRT**") levied at the rate of 40% on taxable profits derived from the petroleum projects. The PRRT is calculated on the individual projects, and royalties are deductible for PRRT purposes. The PRRT tax system is separate from the company income tax system and is based on cash flow. Both royalties and PRRT are deductible for corporate income tax purposes.

Overriding Royalty - Beetaloo Sub-basin Exploration Permits
On **31 March 2022** it was announced that Falcon Australia had agreed to grant Sheffield Holdings LP ("**Sheffield**") a 2% overriding royalty interest ("**ORRI**") over Falcon Australia's 22.5% working interest in return for a cash payment of $6 million. The 2% ORRI granted to Sheffield will be calculated on equal economic terms as the Malcolm John Gerrard, Territory Oil & Gas LLC and Tom Dugan Family Partnership LLC ("**TOG Group**"), with the cash proceeds of $6 million used to exercise Falcon Australia's call option to reduce the existing ORRI with the TOG group from 3% to 1%. Both transactions took place in April 2022. These changes to the ORRI's were submitted for registration to the Northern Territory Government, Australia and were approved.

On **18 April 2024** Falcon announced that Falcon Australia had agreed to grant Daly Waters Energy, LP ("**Daly Waters**") and a major US-based energy industry service provider an ORRI over Falcon Australia's working interests in the Beetaloo Sub-basin exploration permits in return for cash payments of $3 million and $1 million, respectively. Completion of the grant of the ORRIs is subject to agreement of final legal documentation and to submission to the Northern Territory Government, Australia for registration.

Falcon Australia agreed to grant:

- to Daly Waters, in consideration for a cash payment of $3 million, an ORRI of 6.0% in respect of the area around the Pilot development, measuring 51,200 acres, in which Falcon Australia has a 5% working interest, and an ORRI of 1.3333% in respect of the remaining 4.52 million acres; and
- to a major US-based energy services provider, in consideration for a cash payment of $1 million, an ORRI of 2% in respect of the area around the Pilot development, measuring 51,200 acres, and an ORRI of 0.4444% in respect of the remaining 4.52 million acres.

Transformational Farm Out of Beetaloo unconventional acreage
On **21 August 2014**, Falcon Australia completed its farm-in agreement and joint operating agreement (collectively the **"Agreements"**) with Origin and a subsidiary of Sasol Limited, each farming into 35% of Falcon Australia's Exploration Permits in the Beetaloo Sub-basin. In May 2017 Origin acquired Sasol's 35% interest in the joint venture with Sasol departing to focus its capital investment on its African and North American footprint.

On **16 August 2018**, Falcon announced it had signed an agreement to amend the farm-in agreement with Origin to deem Stage 1 of the exploration and appraisal drilling programme in the Beetaloo Sub-basin complete and to commence Stage 2, with an A$15 million increase to the Stage 2 capped expenditure.

On **7 April 2020** it was announced that Falcon Australia had executed an agreement which included a restated Farm-in Agreement and Joint Operating Agreement (collectively "**the 2020 Agreements**") with Origin farming down 7.5% of Falcon Australia's participating interest ("**PI**") in the Exploration Permits. Following the transaction Falcon Australia now holds a 22.5% PI. Full details of the announcement are included in the Company's AIF for the year ended 31 December 2023 dated 25 April 2024 on page 12.

On **19 September 2022** Origin announced its divestment of their 77.5% interest in the Exploration Permits to Tamboran B2, a 50:50 joint venture between Daly Waters Energy, LP and Tamboran (West) Pty Limited.

On **11 October 2022** Falcon announced that Falcon Australia had entered into a binding LOI with Tamboran B2 pursuant to which the parties have agreed to amend the terms of the joint operating agreement ("**JOA**") and the farm-in agreement ("**FIA**"), each dated 2 May 2014 (as amended), entered into with Origin in respect of Falcon Australia's interest in the Beetaloo Sub-basin Exploration Permits. The key terms of the LOI provide for:

- Falcon Australia to earn an additional carry on future well costs of up to A$30m (A$6.75m net to Falcon Australia);
- the introduction of limited proration units (now referred to as a DSU) on sole risk operations providing Falcon Australia with participation optionality on the drilling of future wells; For further details on the optionality created please refer to details included in Capital expenditures on page 26.
- the sharing of well data on any sole risk wells, providing Falcon Australia with visibility on crucial data and analysis even where it elects not to participate; and
- pre-emptive rights in relation to Origin's divestment of its 77.5% interest in the Beetaloo Sub-basin would not be exercised by Falcon Australia and all pre-emptive and similar rights are to be removed from the JOA, providing Falcon Australia with greater flexibility for realisation of licence interests.

Discoveries and Prospectivity

The work programme commenced in 2015 with the drilling of three wells, Kalala S-1 to a total depth ("**TD**") of 2,619 metres, Amungee NW-1 to a TD of 2,611 metres and A1H to a TD of 3,808 metres, including a 1,100-metre horizontal section. In 2016, the Beetaloo W-1 well was drilled to a TD of 3,173 metres and the horizontal A1H well was hydraulic stimulated.

On **12 October 2016**, Falcon announced that Origin had submitted a notification of discovery and an initial report on discovery ("**Notification of Discovery**") to the Department of Primary Industry and Resources of the Northern Territory on the A1H well.

On **15 February 2017** it was announced that Origin had submitted the Results of Evaluation of the Discovery and Preliminary Estimate of Petroleum in Place for the Amungee NW-1H Velkerri B Shale Gas Pool ("**Discovery Evaluation Report**") to the Northern Territory Government. The submission followed the completion of extended production testing at the A1H exploration well of the "B Shale" member of the Middle Velkerri formation.

In addition, Origin undertook a resource study based on the A1H well results and other key wells in the Beetaloo Sub-basin including regional seismic data to determine a best estimate ("**2C**") contingent gas resource estimate for the Middle Velkerri B Shale Pool within EP76, EP98 and EP117. For key details of the Discovery Evaluation Report and Origin's contingent gas resource estimate please refer to the Company's AIF, dated 25 April 2024, on pages 14-15.

On **19 January 2021** Falcon announced that Origin had submitted a Notification of Discovery to the Department of Industry, Tourism and Trade of the Northern Territory ("**DITT**") on Kyalla 117.

Current Activity

On **10 November 2022** Falcon announced the spudding of the A2H well with the Silver City Rig 40 in EP98, with Falcon Australia Limited's joint venture partner, Tamboran B2.

- Tamboran B2 planned to drill the vertical and build section to a depth of approximately 2,450 metres, followed by the drilling of a 1,000-metre horizontal section within the primary target of the Amungee Member B Shale.
- Following drilling, the A2H well was expected to commence a hydraulic fracture stimulation programme with a US style unconventional shale design. The well was designed with 5-½ inch casing to allow for effective placement of proppant into the formation, optimizing completion efficiency.
- The A2H well was the first of two horizontal wells in the Stage 3 programme to be drilled during this current drilling campaign.

On **23 December 2022** Falcon announced that drilling operations, including casing and cementing at the A2H well were successfully completed. The A2H well was drilled to a TD of 3,883 metres, including a 1,275-metre horizontal section within the Amungee Member B Shale.
Key points to note:

- The A2H well intersected the Amungee Member B Shale at 2,413 metres vertical depth.
- Preliminary drilling data confirmed elevated gas shows with high concentration C1, (methane) observed.

- Drilling was completed in 38 days (spud to TD) and a total cost of A$14.1 million (excluding casing and cementing), slightly ahead of pre-drill design days and budget. Falcon remained fully carried for the cost of these operations.
- Up to 24 stimulation stages were planned within the Amungee Member B Shale.

On **16 February 2023** Falcon announced the commencement of the well stimulation programme at the A2H well. Details of the stimulation programme were as follows:

- The stimulation programme would include up to 24 stimulation stages over a 1,200-metre horizontal section within the Amungee Member B Shale, with operations expected to be completed within 2-3 weeks.
- The A2H stimulation programme was to be executed utilising proven US-style shale stimulation designs and techniques, including the use of 5-½-inch casing, by Condor Energy Services, a respected Australian energy services provider.
- 5-½-inch casing would allow the optimal placement of sand and fluid at an increased rate to the perforations during stimulation and has been proven to deliver significantly higher production rates.
- Following stimulation, up to four-weeks of fluid flow back was expected to take place prior to the installation of production tubing.

On **22 March 2023** Falcon announced the successful completion of a 25-stage stimulation programme at the A2H well. The stimulation programme details were as follows:

- 25 stages were successfully stimulated across a 1,020-metre horizontal section within the Amungee Member B Shale, with approximately 2,125 pound per foot of proppant placed along the completed horizontal section.
- Proppant was placed using 5-½-inch casing and was based on modern US shale design, the design is anticipated to result in improved flow rates during the extended production test.
- Stimulation fluid flow back would commence imminently and was estimated to take several weeks before the well is shut-in for installation of production tubing.

On **22 June 2023** Falcon provided an update on operations at A2H. Operations to install production tubing were completed in late-April 2023 and the well was subsequently re-opened in preparation for production flow testing. This was only the sixth well drilled and fracture stimulated in the Beetaloo Sub-basin to June 2023.

Update on Flow Testing

- The A2H well achieved gas breakthrough, however modelling and independent third-party analysis from a US laboratory identified a potential skin inhibiting the flow of gas from the stimulated shale. Despite this, the gas flowed at an average rate of 0.97 million cubic feet per day (**"MMcf/d"**) over 50 days with circa 10% of the water used in the simulation programme recovered at the date of the announcement, well below other wells in the basin.
- The BJV believe flows from the well did not establish an uninhibited 30-day initial production rate.
- As of June 2023, the well was producing approximately 0.83 MMcf/d and water recovery was approximately 50 bbl/d with cumulative gas production and water recovery of 52.37 MMcf and 17,879 bbl, respectively.
- The hydrocarbon phases recovered were dry gas with 90.4% methane and 2.9% ethane.
- The BJV believes the results were not indicative of the underlying production potential of the Amungee Member B Shale as the A1H well achieved flow rates of >5 MMcf/d over a normalised 1,000 metres from the same well pad in 2021. Comparative details are included in the table below:

	A2H	**A1H (full)***	**A1H (flow)***
Stimulated Lat. Length (m)	1020	682	162
Stages	25	11	4
Proppant Volume (kbbls)	169	67	31
Proppant Tonnage (million pounds)	7.1	2.5	1.5

** [1]The A1H well was stimulated over a 682-metre horizontal section in the Amungee Member B Shale. Following testing, the flow was determined to be flowing over four stages (stage 8 – 11). A1H (flow) shows flow across this smaller length. A1H (full) is over 1,000 metre)*

- Results from the laboratory to determine how the BJV can potentially clean-up potential skin within the A2H well and apply learnings going forward on future completion operations.
- Analysis was also conducted to compare the completion and stimulation design of the A2H well and the A1H fracture stimulation in 2016, which had a production logging test completed in 2021, to establish the optimum approach to future completion and fracture stimulation designs.

On **24 July 2023** Falcon announced that preparations to drill SS1H were underway.

- The Helmerich and Payne **("H&P**") (NYSE: HP) super spec FlexRig® Flex 3 rig ("**H&P Rig**") was successfully mobilised to the SS1H well pad location, in EP117, ahead of drilling the first of a two well programme in 2023.
- Drilling of the SS1H well was expected to commence in early August 2023, subject to final joint venture approval, with drilling operations expected to take approximately 45 days.
- The SS1H well would target the Amungee Member B-shale at an estimated target depth of 3,200 metres, (approximately 700 metres deeper than the A2H well in EP98).
- The SS1H well would be located approximately 60 kilometres south of the A2H well site. The deeper reservoir is expected to deliver higher pressures, based on data from the two Santos-operated Tanumbirini wells in EP161.

On **1 August 2023** Falcon announced the spudding of SS1H with the H&P Rig.

- The SS1H well, including a horizontal section of approximately 1,000 meters, would target the Amungee Member B-shale at an estimated target depth of 3,200 metres.
- Falcon participated in the SS1H well at its full PI of 22.5% which, under the terms of the JOA, created a drilling spacing unit ("DSU") (previously referred to as a proration unit) of 20,480 acres.
- Falcon remained fully funded for its share of all costs associated with the drilling and testing of the SS1H well.

On **30 August 2023** Falcon provided an update on operations at the SS1H well. A pilot hole in EP117 reached a total vertical depth ("**TVD**") of 3,300 metres, intersecting approximately 90 metres of the Amungee Member B-shale with strong dry gas shows.

- The 90 metres of the Amungee Member B-shale intersected represents the thickest section seen in the Beetaloo Sub-basin depocenter to date.
- The H&P Rig reached TVD in 21.5 days, drilling at 153 metres per day, a new record for wells drilled below 3,000 metres in the Beetaloo Sub-basin.
- Logging of the Amungee Member B-shale formation indicated potentially higher porosity and gas saturation relative to offset wells.
- Initial evaluation confirmed reservoir continuity of the Amungee Member B-shale over 150 kilometres between A2H and Beetaloo W-1 wells. This includes a target development area of approximately 1 million acres where the shale depth exceeds 2,700 metres.
- Tamboran B2 would commence a 1,000-metre horizontal section within the shale formation ahead of a stimulation program of up to 10 stages over a 500-metre section, which was planned for Q4 2023.

On **18 September 2023** Falcon announced that drilling operations on the SS1H well were successfully completed. The well was drilled to a TD of 4,300 metres, including a horizontal section over 1,074m in length in the Amungee Member B-shale, with casing and cementing also complete.

- The H&P Rig would be mobilised to the A3H well site to be drilled from the same pad as A2H. The A3H well is the second of the two well programme in 2023, targeting the Amungee Member B-Shale at an estimated depth of 2,450 metres TVD, with spudding of the well expected by the end of September 2023. Falcon Australia would participate at its full 22.5% interest.

On **25 September 2023** Falcon announced the spudding of the A3H horizontal well in EP98 with the H&P Rig.

- The A3H well is located approximately 60 kilometres north of the SS1H well.
- Drilling activity was expected to take approximately 25 days, including a 1,000-metre horizontal section.
- Falcon participated in the A3H well at its full PI of 22.5% which, under the terms of the JOA, created a DSU of 20,480 acres.

On **16 October 2023** Falcon announced that drilling operations on the A3H well were successfully completed.

- The A3H well was drilled, cased and cemented to a TD of 3,837 metres, including a horizontal section of 1,100 metres in the Amungee Member B-shale.
- The well intersected the Amungee Member B-shale at a TVD of 2,272 metres and encountered significant gas shows, in line with pre-drill expectations.
- Drilling took 17.9 days, at an average rate of 214 metres per day, and 20 days faster than the A2H well, the H&P Rig delivered the anticipated drilling efficiencies.
- A stimulation program is planned for the second quarter of 2024, following the Northern Territory wet season.
- Total costs for the drilling and cementing of the A3H well was A$12.6 million. Cost reductions of A$1.8 million, compared to A2H, demonstrates the application of learnings from previously drilled wells and the improvement in drilling technology with the H&P Rig.

On **30 October 2023** Falcon provided an operational update on the SS1H well.

- A DFIT of the Amungee Member B-shale on the SS1H well was conducted to analyse geo-mechanical and reservoir properties, with results verified by third-party subsurface experts, Subsurface Dynamics, Inc.
- Formation pressures at SS1H were monitored for over 20 days and analysed to provide a pore pressure prediction for the area.
- DFIT results demonstrated an over pressured regime, with a pore pressure gradient of at least 0.54 pounds per square inch ("**psi**") per foot, which is consistent with an over pressured regime observed in the core area of the Marcellus shale. In addition, this result provides confidence that the upcoming flow test of the SS-1H well can replicate or exceed commercial flow tests achieved at the Santos-operated Tanumbirini 2H and Tanumbirini 3H wells (0.51 – 0.56 psi per foot) in the EP161 acreage.
- Condor Energy Services commenced the mobilisation of stimulation equipment to the SS1H well pad ahead of the planned 10 stage stimulation program in November 2023.
- On successful flow testing of SS1H, the BJV would expect to be in a position to sanction a proposed pilot development in the Shenandoah South region.

On **27 November 2023** Falcon announced the commencement of stimulation activities at the SS1H well in EP117.

- The planned program, conducted by Condor Energy Service, included 10 stimulation stages within the Amungee Member B-shale over a 500-metre horizontal section of SS1H. The stimulation operation was expected to be completed in December 2023.
- On completion of the stimulation campaign, production tubing would be installed ahead of expected flowback of stimulation fluid and gas breakthrough.
- The stimulation program incorporated lessons learned from the joint venture's A2H well in EP98 and the Tanumbirini wells in Santos operated EP161. This included an increase in hydraulic horsepower and higher well design pressures to increase effectiveness of stimulation treatments and fluid conditioning methodologies to decrease the risk of skin damage.
- Results from the SS1H well are a key deliverable that will support the sanctioning of the joint venture's proposed 40 MMcf/d pilot project at Shenandoah South.

On **7 December 2023** Falcon announced the completion of the 10-stage stimulation program over a 500 metre horizontal section of the Amungee Member B-Shale within the SS1H well in EP117.

- The stimulation program at SS1H delivered a proppant intensity of 2,212 pounds per foot (lb/ft) and the average proppant injection per stage was 356,000 pounds.
- The stimulation program achieved rates of 100 barrels per minute ("**bpm**") using slickwater, a first in the Amungee Member B-Shale and in-line with current US shale basin stimulation designs.
- Tamboran B2 planned to install production tubing ahead of the SS1H well commencing flow back of stimulation fluid.
- Proof of commercial flow rates as measured over the IP30 day period and which Falcon Australia estimated to be 1.5 MMcf/d over the 500 metre horizontal section (3.0 MMcf/d normalised over 1,000 metres) or greater will allow us to progress the sanctioning of the proposed 40 MMcf/d pilot project at Shenandoah South during the first half of 2024.

On **29 January 2024** Falcon announced the commencement of the IP30 testing at the SS1H well in EP117. Following the completion of the 10-stage stimulation program announced on 7 December 2023 and the subsequent successful installation of production tubing, the SS1H well was opened to allow sufficient flow back of stimulation fluid ahead of commencing the IP30 test. For normal operational reasons, the SS1H well was shut-in for a three week soak period and was successfully re-opened on 25 January 2024. The aim of soaking was to allow for sufficient stimulation fluid to be absorbed by the shale, increasing the relative permeability to gas of the formation and enhancing future production performance.

On **26 February 2024** Falcon announced that the SS1H well in EP117 achieved commercial IP30 flow rate of 3.2 MMcf/d (normalised to 6.4 MMcf/d over 1,000 metres), significantly higher than pre-drill expectations.

- The SS1H well in EP117 achieved an average 30-day IP30 flow rate of 3.2 MMcf/d over the 1,644-foot (501 metres), 10 stage stimulated length within the Amungee Member B-Shale, normalised to 6.4 MMcf/d over 3,281-feet (1,000 metres).
- Results from the SS1H well significantly exceeded pre-drill expectations and achieved what Falcon and its partners believe to be above the commercial threshold required to progress the Beetaloo to pilot development during 2024.
- Exit rate trajectory after the 30 days of flow testing showed a steady low declining curve at 2.9 MMcf/d over the stimulated length (normalised at 5.8 MMcf/d per 3,281 feet) and stable reservoir back pressure of 575 psi.

- The IP30 flow test extrapolates to ~19.5 MMcf/d for proposed future 10,000-foot (3,000 metres) development wells, in line with some of the highest flow rates achieved in the US Marcellus shale.
- The geological rock properties at SS1H, indicative of favourable well performance, met or exceed that of the US Marcellus shale, including reservoir pressure, effective porosity and gas-in-place. This creates the potential to result in long-term, low decline gas production, ultimately leading to very significant estimated ultimate recovery per well ("**EUR**").
- Results to date confirm that this region measuring more than 1 million gross acres below 8,850 feet (2,700 metres) is one of the best locations in the Beetaloo Sub-Basin to commence pilot development activities.
- Flow testing of the SS1H well will continue for the next 60 days to achieve average IP90 flow rates to better determine the well's EUR. IP90 flow rate results are expected to be announced in April 2024.

Shenandoah South 1H flow results

The SS1H well in permit EP117 successfully achieved IP30 flow rates following the 10-stage stimulation program within the bottom 501 metres (1,644 ft) of the 1,020-metre (3,346 ft) lateral section in the Amungee Member B-Shale (depth of c. 9,957ft). The fracture stages had an average interval spacing of 50 metre (164ft) and the average proppant concentrations of 2,212 lbs/ft across the 10 main stages with a total of over 3.5 million pounds of sand placed.

Testing was carried out following the installation of production tubing and a three-week soaking period to allow for water used in the stimulation process to be absorbed by the shale. The soaking aims to increase the relative permeability to gas of the formation and enhance production performance.

During the initial draw down period from 25 January to 08 February (13.3 days) the choke was opened from 16/64 to 40/64 over staged intervals resulting in gas rates from 12.9 MMcf/d to 3.0 MMcf/d, with flowing wellhead pressures drawn down from 4,611 to 792 psi. During the subsequent flowing period from 08 Feb – 24 Feb (16.7 days) the choke was opened up to 43/64 at the beginning of the period, resulting in gas rates from 3.3 to 2.9 MMcf/d, with an average of 3.0 MMcf/d with flowing wellhead pressures drawn down from 792 to 578 psi. Total cumulative gas production during the IP30 test was 92.2 MMcf.

The well achieved an IP30 flow rate of 3.2 MMcf/d over the 501 metres (1,644 ft), normalised to 6.4 MMcf/d over 1,000 metres (3,481 ft), and 19.5 MMcf/d over 3,048 metres (10,000 ft) significantly exceeding Falcon's normalised pre-drill expectations and Falcon's estimated Beetaloo Basin commerciality threshold.

Table 1: Breakdown of the SS1H IP30 flow result

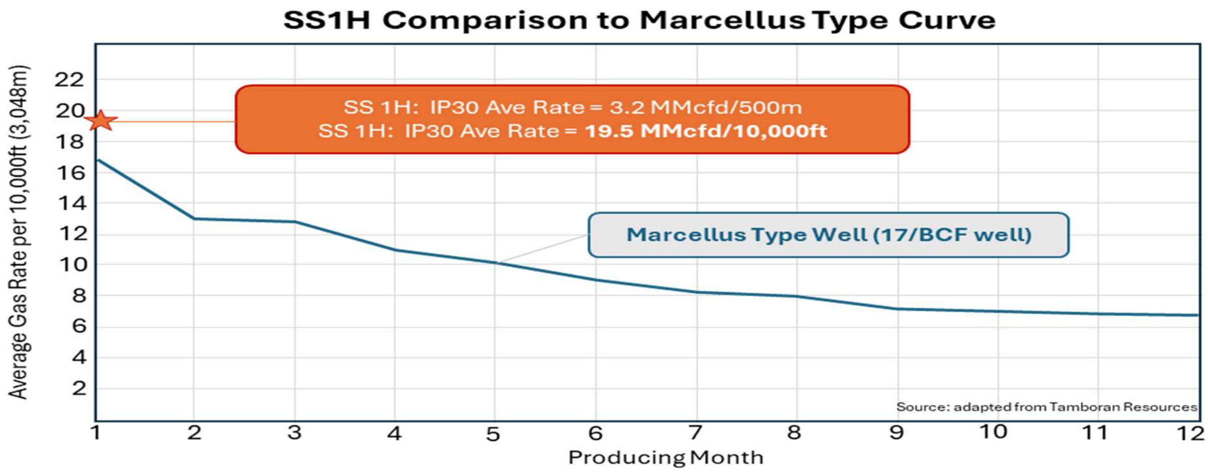
SS1H Rates (MMcf/d)	**Actual (501m; 1,644 ft)**	**Normalized (1,000m; 3,281 ft)**	**Normalized (3,048m; 10,000 ft)**
Average IP30 flow rate	3.2	6.4	19.5
Peak rate	12.9	N/A	N/A
IP30 exit rate	2.9	5.8	18.3

Source: Company Data

The SS1H has demonstrated that the geological rock properties, indicative of favourable well performance, met or exceed the US Marcellus shale (incl. reservoir pressure, effective porosity and gas in place). The analysis of the gas recovered at SS1H confirms that it is Dry Gas with the following composition (mole %): Methane 91.7, Ethane 2.8 and CO_2 3.4. Flow testing has demonstrated pore pressure gradient of ~0.6 psi/ft, resulting in higher reservoir pressure at Shenandoah compared to all other Basin wells.

The SS1H IP30 flow rate delivered the highest normalised rates achieved in the Beetaloo Basin to date, exceeding the previous normalised IP30 record achieved by the Tanumbirini 3H well in the Santos-operated EP 161 acreage in 2022. The SS1H result continues to demonstrate that the deepest regions of the basin have the most consistent geology and deliver the highest flow rates and recoverable volumes. The SS1H IP30 flow rate extrapolated over 10,000ft (3,048m) of 19.5 MMcf/d compares very favourably with the average US Marcellus Type Well (figure 1).

Figure 1: Comparison of SS1H flow potential performance to the US Marcellus Shale Type Well



Pilot Development Program

The results from the SS1H well give the BJV confidence to progress to the proposed 40 MMcf/d Pilot Project 9 MMcf/d net Falcon) in the Shenandoah South region. The BJV is targeting first production from the project in H1 2026, which is expected to deliver volumes into the Northern Territory gas market over a 10-year plateau period, subject to completion of a binding Gas Sales Agreement, funding and key stakeholder approvals.

The program is expected to include six development wells drilled to 10,000 feet to achieve plateau production, the construction of the 40 MMcf/d Sturt Plateau Compression Facility (SPCF) and the 35-kilometre Sturt Plateau Pipeline (SPP) connecting the SPCF to the APA-owned Amadeus Gas Pipeline. Additional wells will be required over the project life, which are expected to be funded from future project cash flow.

Liberty Energy Inc (NYSE: LBRT), a leading North American energy services firm with significant operational and subsurface engineering expertise, plans to import a modern frac fleet into the Beetaloo Basin in 2024 to support the Shenandoah South Pilot Programme ("**Pilot**") stimulation campaign. Liberty plans to dedicate a frac fleet and crew to the Beetaloo to reduce any potential for delays in mobilising equipment to site and increasing completion efficiencies while reducing costs of future stimulation programs. Liberty's presence in the Basin follows on from the previously announced similar arrangement with H&P, the largest drilling solutions provider in the US, whereby H&P imported a 2,000HP rig into the Beetaloo, which is expected to support a material reduction in drilling times and costs.

On **25 March 2024** Falcon announced that it had elected to reduce its working interest in the proposed Pilot from 22.5% to 5%. This optimises Falcon's interest in the Beetaloo, since Falcon will only have to pay for 5% of the costs of the two wells to be drilled in 2024 as part of the Pilot but will still retain a 10% working interest in the enlarged area of circa 72,000 acres around the Pilot and a 22.5% working interest in the remaining 4.52 million acres.

On **26 March 2024** Falcon announced that the SS1H well achieved above commercial IP60 flow rate of 3.0 MMcf/d (normalised to 6.0 MMcf/d over 1,000 metres).

- The SS1H well achieved an average IP60 flow rate of 3.0 MMcf/d over the 1,644-foot (501 metres), 10 stage stimulated length, normalised to 6.0 MMcf/d over 3,281-feet (1,000 metres).
- Exit rate trajectory after the 60 days of flow testing showed a steady low declining curve at 2.76 MMcf/d over the stimulated length (normalised at 5.52 MMcf/d per 3,281 feet) and stable reservoir back pressure of 530 psi.
- The SS1H IP60 flow test indicates that future development wells with lateral length of 10,000-foot (3,000 metres) may be capable of delivering average rates of 18.4 MMcf/d over the first 60 days of production.
- Results to date confirm that this region measuring more than 1 million gross acres below 8,850 feet (2,700 metres) is one of the best locations in the Beetaloo Basin to commence pilot development activities.
- Flow testing of the SS1H well will continue for the next 30 days to achieve average IP90 flow rates to better determine the well's EUR. IP90 flow rate results are expected to be announced in late April 2024.
- The BJV Partners of Falcon and Tamboran B2 will continue to progress development plans for the proposed 40 MMcf/d Pilot Project at the Shenandoah South location. The project is expected to require six 10,000-foot development wells initially to achieve plateau production of 40 MMcf/d. Drilling of the first of these wells is planned to commence in Q2 2024 and the JV is targeting first gas in H1 2026.

SS1H Rates (MMcf/d)	**Actual (501m; 1,644 ft)**	**Normalized (1,000m; 3,281 ft)**	**Normalized (3,048m; 10,000 ft)**
Peak rate	12.9	N/A	N/A
Average IP30 flow rate	3.2	6.4	19.5
IP30 exit rate	2.9	5.8	17.6
Average IP60 flow rate	3.0	6.0	18.4
IP60 exit rate	2.8	5.5	16.8

Source: Tamboran

On **18 April 2024** Falcon announced that Falcon Australia had agreed to grant Daly Waters Energy, LP ("**Daly Waters**") and a major US-based energy industry service provider ORRIs over Falcon Australia's working interests in the Beetaloo Sub-Basin exploration permits in return for cash payments of US$3 million and US$1 million, respectively, as further detailed below. Completion of the grant of the ORRIs is subject to agreement of final legal documentation and to submission to the Northern Territory Government, Australia for registration.

Falcon Australia agreed to grant:

- to Daly Waters, in consideration for a cash payment of $3 million, an ORRI of 6.0% in respect of the area around the Pilot development, measuring 51,200 acres, in which Falcon Australia has a 5% working interest, and an ORRI of 1.3333% in respect of the remaining 4.52 million acres; and
- to a major US-based energy services provider, in consideration for a cash payment of $1 million, an overriding royalty interest of 2% in respect of the area around the Pilot development, measuring 51,200 acres, and an ORRI of 0.4444% in respect of the remaining 4.52 million acres.

On **23 April 2024** Falcon announced that the BJV has signed a Binding Agreement for a long-term Gas Sales Agreement ("**GSA**") to supply the Northern Territory Government (Buyer) with 14.6 PJ (13.8 BCF) per annum from the proposed Shenandoah South Pilot Project for an initial term of nine years, with a Buyer's option to extend for a further six-and-a-half years.

Details of the Binding Agreement are as follows:

- Gas will be delivered to the APA-owned Amadeus Gas Pipeline on a take-or-pay basis at a market-competitive gas price, escalating at 100% of the Consumer Price Index. The Buyer's extension option is at a slightly discounted price.
- The Agreement is a binding supply commitment conditional on the BJV entering into a binding Gas Transportation Agreement with APA on the proposed Sturt Plateau Pipeline, a binding Gas Processing Agreement for the proposed Sturt Plateau Compression Facility, reaching a Final Investment Decision **("FID")** on upstream drilling activity and receiving all necessary approvals to proceed with these projects.
- The BJV is targeting FID on the proposed 40 TJ (38,000 MCF/D) per day upstream drilling program in mid-2024, subject to securing funding and key regulatory and stakeholder approvals. First gas flow is planned for H1 2026.
- Falcon Australia holds a 5% working interest in the 51,200-acre area that will include the wells required to deliver the proposed Pilot Project volumes.

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Karoo Basin, South Africa

The Company holds a TCP covering an area of approximately 7.5 million acres (~ 30,327 km^2), in the southwest Karoo Basin, South Africa. The TCP granted Falcon exclusive rights to apply for an exploration right over the underlying acreage, which they duly did in August 2010, submitting an application to the Petroleum Agency of South Africa ("**PASA**"). Local counsel has confirmed that despite the TCP having an expiry date of October 2010, the Company's interests remain valid and enforceable The Company also submitted an environmental management plan in January 2011 which was updated at the request of the PASA and submitted on 27 February 2015. The Board awaits the new legislation for the petroleum industry following the withdrawal of the MPRDA Bill in 2018 and the Board does not foresee the awarding of an exploration right over the acreage within the next 12 months. For further details on South Africa, please refer to the AIF dated 25 April 2024 on page 23.

Makó Trough, Hungary

Falcon has been active in the Makó Trough since 2005 when it acquired the Makó and the Tisza exploration licences. In 2007, Falcon's subsidiary, TXM, was awarded the 35-year Makó Production Licence which covers some of the acreage originally covered by the Makó and the Tisza exploration licences. Falcon continues to maintain and safeguard its Hungarian wells and review its operations in Hungary, evaluating all options available to the Group to deliver shareholder value. The Group maintains its 100% interest in the Makó Trough. For further details on the Makó Trough, please refer to the AIF dated 25 April 2024 on page 24.

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SELECTED ANNUAL INFORMATION

(In thousands of $ unless otherwise indicated)	2023	2022	2021
For the year ended 31 December:			
Revenues	-	-	2
Loss and comprehensive loss for the year	(3,341)	(3,991)	(4,696)
Basic & diluted - Loss per share - $	(0.003)	(0.004)	(0.005)
Cash dividend per share	Nil	Nil	Nil
At 31 December:			
Total assets	61,537	61,958	51,439
Non-current liabilities	16,204	15,602	11,775

The Group is an exploration company with no revenue. The Group's net loss and net loss per share relate to the Group's operations during a particular period and are not seasonal in nature.

For the twelve months of 2021 the Group incurred losses of $4.7 million. General and administrative expenses, share based compensation and an increase to the decommissioning provision were the main contributors to the loss for the year.

For the twelve months of 2022 the Group incurred losses of $3.9 million. General and administrative expenses, share based compensation and an increase to the decommissioning provision were the main contributors to the loss for the year, these were offset by favourable foreign exchange gains for the year.

For the twelve months of 2023 the Group incurred losses of $3.3 million. General and administrative expenses, share based compensation and the decommissioning provision were the main contributors to the loss for the year, these were offset by favourable foreign exchange gains for the year. Management continues to review costs and reduce where possible.

Generally, the Group's total assets, exploration and evaluation costs, working capital and total shareholders' equity fluctuate in proportion to one another until such time as the Group completes additional financing.

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RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023 and 2022.

Management's Discussion and Analysis of financial condition and results of operations for the three months ended 31 December 2023 as compared to the three months ended 31 December 2022

The Company reported a loss of $0.9 million for the three months ended 31 December 2023 compared to a net loss of $1.1 million for the three months ended 31 December 2022. Changes between 2023 and 2022 were as follows:

	Three months ended 31 December		Changes	
	2023 $'000	**2022 $'000**	**$'000**	**%**
Revenue				
Oil and natural gas revenue	**-**	-	-	N/A
	-	-	-	N/A
Expenses				
Exploration and evaluation expenses	**(68)**	(45)	(23)	51%
General and administrative expenses	**(556)**	(639)	83	-13%
Decommissioning provision	**(480)**	(825)	345	-42%
Foreign exchange (loss) / gain	**(148)**	152	(300)	-197%
	(1,252)	(1,357)	105	-8%
Results from operating activities	**(1,252)**	(1,357)	105	-8%
Finance income				
Interest income on bank deposits	**15**	28	(13)	-46%
Accretion of decommission provisions	**(127)**	(134)	7	-5%
Net foreign exchange gain	**473**	367	106	29%
	361	261	100	4%
Loss income before taxation	**(891)**	(1,096)	205	-19%
Taxation	**-**	-	-	-
Loss income and comprehensive loss	**(891)**	(1,096)	205	-19%
Equity holders of the company	**(893)**	(1,100)	207	-19%
Non-controlling interest	**2**	4	(2)	-50%
Loss and comprehensive loss	**(891)**	(1,096)	205	-19%

Exploration and evaluation expenses

	Three months ended 31 December 2023 $'000	2022 $'000	Change $'000	%
Consulting, legal and other associated costs	**(8)**	(8)	-	0%
Well related costs	**(60)**	(37)	(23)	60%
	(68)	(45)	(23)	51%

Exploration and evaluation expenses represent recurring maintenance and landowners' costs in maintaining and safeguarding the Group's Hungarian wells along with exploration costs associated with the Group's TCP in South Africa. Movement period on period is attributable to increased landowner costs and ad hoc well related costs in Hungary.

General and administrative expenses

	Three months ended 31 December 2023 $'000	2022 $'000	Change $'000	%
Accounting and audit fees	**(46)**	(48)	2	-4%
Consulting fees	**(15)**	(11)	(4)	36%
Legal fees	**(17)**	(3)	(14)	467%
Investor relations	**(73)**	(34)	(39)	115%
Office and administrative costs	**(34)**	(43)	9	-21%
Payroll and related costs	**(247)**	(238)	(9)	4%
Directors' fees	**(59)**	(55)	(4)	7%
Travel and promotion	**(25)**	(28)	3	-11%
Share based compensation	**(40)**	(179)	139	-78%
	(556)	(639)	83	-13%

General and administrative expenses decreased by $83,000 to $556,000 in 2023 from $639,000 in 2022.

The main changes were as follows:
- Accounting and audit fees: There were minimal changes in accounting and audit fees period on period
- Consulting and legal fees: The increase in consulting and legal fees period on period was driven by business needs.
- Investor relations: One of the main focuses of the Group's management is to actively engage with its shareholders and investors. The increase period on period is attributable to various business needs and the appointment of a joint broker, Tennyson, in Q4 2023.
- Office and administrative costs: There was a decrease period on period as management continue to manage costs closely.
- Travel and promotion costs: The decrease is due to the timing of ad hoc travel period on period.
- Share based compensation: The reduction in cost is attributable to the timing of the granting of options in 2021 and 2022, the vesting schedule attributed to these grants and the associated charge for the respective grants. There were no grants in 2023.

Share based compensation
On 6 June 2022 there were 16,250,000 stock options granted at an exercise price of £0.15, with one third vesting immediately, with an additional one third vesting on each subsequent anniversary with the options fully vested on 6 June 2024. The Options have an expiry date of 5 June 2027.

On 29 November 2022 there were 2,500,000 stock options granted at an exercise price of £0.15, with one third vesting immediately, with an additional one third vesting on each subsequent anniversary with the options fully vested on 29 November 2024. The Options have an expiry date of 28 November 2027.

Decommissioning provision
The charge for the period reflects a revision to the decommissioning cost estimates in light of rising costs for services and materials that would be required.

Foreign exchange (loss) /gain
The foreign exchange loss recorded in operating expenses for the three months ended 31 December 2023 is attributed to unfavorable movements to the US dollar since 30 September 2023. The same three-month period in 2022 had favorable movements to the US dollar.

Finance income
The Q4 2023 movement is due mainly to favourable foreign exchange gains for the three months to December 2023 compared to a gain for the same period in 2022. There was also a slight decrease in the accretion expense in the period to December 2023 and a decrease in interest earned.

Gain attributable to non-controlling interest
The amount reflected in 2023 and 2022 represent Falcon Australia's gain attributable to shareholders other than Falcon.

Cash flow

	Three months ended 31 December	
	2023 **$'000**	**2022** **$'000**
Net cash used in operating activities	**(572)**	(475)
Net cash used by investing activities	**(6,061)**	-
Change in cash and cash equivalents	**(6,633)**	(475)
Effect of exchange rates on cash & cash equivalents	**471**	355
Cash and cash equivalents at beginning of period	**14,154**	16,905
Cash and cash equivalents at end of period	**7,992**	16,785

Cash and cash equivalents have decreased by $8.8 million to $8.0 million since Q4 2022. The main changes quarter on quarter were as follows:

- Effect of exchange rates on cash & cash equivalents: There were favourable movements against the US Dollar in Q4 2023.
- Net cash used in operating activities: The increase is driven by the timing of payments and operational costs for certain activities in 2023.
- Net cash used in investing activities: In August 2023 Tamboran B2 reached the associated carry commitment of A$264 million from the farm-in agreement previously agreed, the first tranche of the additional carry agreed under the terms of the binding LOI announced on 11 October 2022 was also reached and, in September 2023 Falcon started contributing to BJV costs at its PI of 22.5%, resulting in the increased net cash used in investing activities.

RESULTS OF OPERATIONS

Management's Discussion and Analysis of financial condition and results of operations for the year ended 31 December 2023 as compared to year ended 31 December 2022

The Company reported a loss of $3.3 million for the year ended 31 December 2023 compared to a loss of $3.9 million for the year ended 31 December 2022. Changes between 2023 and 2022 were as follows:

	Year ended 31 December		Changes	
	2023 $'000	2022 $'000	$'000	%
Revenue				
Oil and natural gas revenue	**-**	-	-	N/A
	-	-	-	N/A
Expenses				
Exploration and evaluation expenses	**(197)**	(151)	(46)	30%
General and administrative expenses	**(2,470)**	(2,865)	395	-14%
Decommissioning provision	**(480)**	(825)	345	-42%
Foreign exchange loss	**(63)**	(138)	75	-54%
	(3,210)	(3,979)	769	-19%
Results from operating activities	**(3,210)**	(3,979)	769	-19%
Finance expense				
Interest income on bank deposits	**170**	43	127	295%
Accretion of decommission provisions	**(453)**	(310)	(143)	46%
Net foreign exchange gain	**152**	255	(103)	-40%
	(131)	(12)	(119)	992%
Loss before taxation	**(3,341)**	(3,991)	650	-16%
Taxation	**-**	-	-	-
Loss and comprehensive loss	**(3,341)**	(3,991)	650	-16%
Loss and comprehensive loss attributable to:				
Equity holders of the company	**(3,337)**	(3,994)	657	-16%
Non-controlling interest	**(4)**	3	(7)	-233%
Loss and comprehensive loss	**(3,341)**	(3,991)	650	-16%

Exploration and evaluation expenses

	Twelve months ended 31 December		Change	
	2023	**2022**		
	$'000	**$'000**	**$'000**	**%**
Consulting, legal and other associated costs	**(32)**	(29)	(3)	10%
Well related costs	**(165)**	(122)	(43)	35%
	(197)	(151)	(46)	30%

Exploration and evaluation expenses represent recurring maintenance and landowners' costs in maintaining and safeguarding the Group's Hungarian wells along with exploration costs associated with the Group's TCP in South Africa. Movement period on period is attributable to increased landowner costs and ad hoc well related costs in Hungary for the current period.

General and administrative expenses

	Year ended 31 December		Change	
	2023	**2022**		
	$'000	**$'000**	**$'000**	**%**
Accounting and audit fees	**(176)**	(158)	(18)	11%
Consulting fees	**(52)**	(44)	(8)	18%
Legal fees	**(38)**	(29)	(9)	31%
Investor relations	**(214)**	(215)	1	0%
Office and administrative costs	**(145)**	(167)	22	-13%
Payroll and related costs	**(1,249)**	(1,169)	(80)	7%
Directors' fees	**(237)**	(212)	(25)	12%
Travel and promotion	**(43)**	(62)	19	-31%
Share based compensation	**(316)**	(809)	493	-61%
	(2,470)	(2,865)	395	-14%

General and administrative expenses had a decrease of $0.4m to $2.5 million in 2023. Changes include the following:

- Accounting and audit fees: Audit fee increases are the main contributor to the movement period on period.
- Consulting and legal fees: There was an increase in consulting fees period on period due to increased costs, while legal fees costs were driven by business needs.
- Investor relations: The minimal change period on period was attributable to no communication advisory costs for 2023 due to the termination of the advisory contract in the second quarter of 2022 offset against the appointment of a joint broker, Tennyson, in Q4 2023 and other ad hoc business requirements.
- Office and administrative costs: There was a decrease period on period as management continue to manage costs closely.
- Travel and promotion costs: The decrease is due to the timing of ad hoc travel period on period.
- Share based compensation: The reduction in cost is attributable to the timing of the granting of options in 2021 and 2022, the vesting schedule attributed and the associated charge for the respective grants. There were no grants in 2023.

Share based compensation
On 6 June 2022 16,250,000 stock options were granted at an exercise price of £0.15, with one third vesting immediately, with an additional one third vesting on each subsequent anniversary with the options fully vested on 6 June 2024. The Options have an expiry date of 5 June 2027.

On 29 November 2022 2,500,000 stock options were granted at an exercise price of £0.15, with one third vesting immediately, with an additional one third vesting on each subsequent anniversary with the options fully vested on 29 November 2024. The Options have an expiry date of 28 November 2027.

Decommissioning provision
The charge for the year reflects a revision to the decommissioning cost estimates as a result of rising costs for services and materials that would be required.

Foreign exchange loss
The foreign exchange loss recorded in operating expenses for the year ended 31 December 2023 is attributed to unfavorable movements to the US dollar since 31 December 2022, there were similar unfavorable movements in the twelve months to 31 December 2022.

Finance expense
The increase in the net finance expense for the twelve months ended 31 December 2023 is attributable to increased accretion expenses driven by Australia offset by a decrease in a foreign exchange gain and increased interest income earned in the period.

(Loss) / gain attributable to non-controlling interest
The amount reflected in 2023 and 2022 represent Falcon Australia's (loss) / gain attributable to shareholders other than Falcon.

Cash flow

	Year ended 31 December	
	2023	2022
	$'000	$'000
Net cash used in operating activities	**(2,401)**	(2,261)
Net cash used in investing activities	**(6,543)**	(55)
Net cash generated from financing activities	**-**	9,950
Change in cash and cash equivalents	**(8,944)**	7,634
Effect of exchange rates on cash & cash equivalents	**151**	257
Cash and cash equivalents at beginning of year	**16,785**	8,894
Cash and cash equivalents at end of year	**7,992**	16,785

Cash and cash equivalents have decreased by $8.8 million to $8.0 million in 2023 from $16.8 million in 2022. The main changes were as follows:

- Net cash used in operating activities: The increase is driven by the timing of payments.
- Net cash generated from financing activities: Net cash generated in 2022 relates to equity raised through a private placement in the period, there was no similar activity in 2023.
- Net cash used in investing activities: In August 2023 Tamboran B2 reached the associated carry commitment of A$264 million from the farm-in agreement previously agreed, the first tranche of the additional carry agreed under the terms of the binding LOI announced on 11 October 2022 was also reached and in September 2023 Falcon started contributing to BJV costs at its PI of 22.5%, resulting in the increased net cash used in investing activities. 2022 movement related to exploration and evaluation costs for legal and tax offset by interest received in the period.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the eight most recently completed quarters:

(In thousands of $ unless otherwise stated)

As of:

For the three months ended:	**31 March 2023**	**30 June 2023**	**30 September 2023**	**31 December 2023**
Revenue	-	-	-	-
Loss	(660)	(741)	(1,049)	(891)
Loss attributable to common shareholders	(658)	(740)	(1,046)	(893)
Loss per share-basic and diluted (cent)	(0.001)	(0.001)	(0.001)	(0.001)

For the three months ended:	**31 March 2022**	**30 June 2022**	**30 September 2022**	**31 December 2022**
Revenue	-	-	-	-
Loss	(750)	(1,323)	(822)	(1,096)
Loss attributable to common shareholders	(750)	(1,322)	(822)	(1,100)
Loss per share-basic and diluted (cent)	(0.001)	(0.001)	(0.001)	(0.001)

The Group is an exploration company with no revenue. The Group's loss and loss per share relate to the Group's operations during a particular period and are not seasonal in nature. Factors that have impacted the Group's results during these quarterly periods presented above include:

Quarter 1 2022
General and administrative ("**G&A**") costs have remained relatively constant year on year, the main reduction relates to share based compensation given the vesting schedule of the 2021 grants, with an associated reduction in the charge of over $0.4 million for the quarter relative to the same period in 2021.

Quarter 2 2022
G&A expenses were the main cost for Q2 2022, with an increase due to bonus payments made during the period. There was also an increase to the share-based compensation expense resulting from the grant of options in June 2022.

Quarter 3 2022
Similar to Q2 2022 G&A expenses were the main cost for Q3 2022, there was a decrease to the share based compensation expense and an increase in the foreign exchange losses due to unfavourable movements to the US dollar.

Quarter 4 2022
The decommissioning provision was the main expense recorded for Q4 2022, due to a revision of costs for the year, followed by G&A expenses. There were significant movements in foreign exchange gains due to favourable movement against the US dollar.

Quarter 1 2023
G&A costs have remained relatively constant period on period. The overall movement period on period was driven by foreign exchange gains for the period relative to losses for the same three months in 2022.

Quarter 2 2023
G&A costs have decreased period on period by $0.5 million, this is driven by reduced payroll costs due to bonuses paid in Q2 2022 and no similar payment in the same quarter in 2023, along with a reduction in share based compensation expenses, driven by the vesting schedule of the share options and their associated cost. Further movement period on period was driven by foreign exchange loss reductions for the period relative to losses for the same three months in 2022.

Quarter 3 2023
The accretion cost has increased period on period due to provisioning costs for the Group's Australian assets commencing during 2023, G&A costs have also increased period on period due to bonuses being paid during the

quarter. There was no similar payment in Q3 2022 as bonuses were paid in Q2 2022. The quarterly loss was also impacted by movements in the foreign exchange gains and losses.

Quarter 4 2023
G&A costs were the largest cost for the quarter but have decreased period on period due to a decrease to the share based compensation expense. The decommissioning provision charge is due to a revision of costs for the year, The accretion cost has increased period on period due to provisioning costs for the Group's Australian assets commencing during 2023. There was a net favourable decrease on the foreign exchange gain period on period.

For further details of 2023/2024 updates please refer to the Beetaloo Sub-basin, Northern Territory, section of this document.

Generally, the Group's total assets, exploration and evaluation costs, working capital and total shareholders' equity fluctuate in proportion to one another unless the Group completes financing. On 17 May 2019 the Company completed a Placing and raised gross proceeds of c. £7 million (c.$9 million). On 31 March 2022 Falcon announced it had received a subscription from Sheffield for a US$10 million private placement. On 22 April 2024 Falcon announced the Company had raised gross proceeds of c. $4.9 million (c. £3.9 million) through the Subscription and Placing, for a total number of 64,794,087 New Common Shares at an Issue Price of £0.06p per share. Details of placements are included on page 27.

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LIQUIDITY AND CAPITAL RESOURCES

Going Concern

For the year ended 31 December 2023, the Group incurred losses of $3.3 million and had operating cash outflows of $2.4 million and a deficit of $407.2 million. For the year ended 31 December 2022, the Group incurred losses of $3.9 million, had operating cash outflows of $2.3 million and a deficit of $403.9 million.

As at 31 December 2023 the Group had $8m of cash and cash equivalents. Management has plans and estimations in various stages of progress for additional funding which are estimated to be sufficient to cover Falcon's operating costs and it's Beetaloo committed costs for the next 12 months from the date of the approval of this document, however as outlined below further funding will be required for Falcon Australia's continued participation in the Beetaloo. Falcon Australia holds a 22.5% participating interest ("PI") in the Exploration Permits situated in the Beetaloo Sub-basin, Northern Territory, Australia with Tamboran (B2) Pty Limited ("Tamboran B2") appointed as operator. As part of the transaction agreed and the latest executed Joint Operating Agreement ("JOA") Tamboran B2 granted Falcon Australia an additional carry beyond Stage 3 of A$30 million and terms were agreed on drilling spacing units ("DSU") for sole risk operations, the size of these DSUs vary depending on (a) the type and length of the well to be drilled and (b) whether or not the well is a "commitment well" under the terms of the exploration permit, a non-commitment well creates a DSU to a maximum of 6,400 acres, while a commitment well creates a DSU to a maximum of 25,600 acres, providing Falcon Australia with participation optionality on the drilling of future wells. As announced on 25 March 2024 Falcon has elected to reduce its working interest in the proposed Shenandoah South Pilot Project ("Pilot) from 22.5% to 5%, optimizing Falcon's interest in the Beetaloo, since Falcon will only have to pay for 5% of the costs of the two wells to be drilled in 2024 as part of the Pilot but will still retain a 10% working interest in the enlarged area of circa 72,000 acres around the Pilot and a 22.5% working interest in the remaining 4.52 million acres.

The A$263.8 million cost cap and additional carry for 2023 are now fully utilized, therefore cash on hand at 31 December 2023, funds raised as announced on 22 April 2024 of $8.9 million, the 2024 carry and an estimation for a R&D refund for exploration costs in the Beetaloo under the Research and Development Tax Incentive, which will be completed and submitted for approval to the Australian authorities in the coming months, are sufficient to cover estimated committed costs for the 2024 Pilot programme including the well pad and the two commitment wells and other estimated Beetaloo general operating costs for twelve months from the date of the approval of the financial statements, however funding will be required to meet expenditure beyond this date.

Management and those charged with governance are confident that further funding required can be raised through either an equity raise or debt funding. As at the date of the approval of this document no such further funding has been raised and there can be no certainty that sufficient funds can be raised if required. This indicates the existence of a material uncertainty, which may cast significant doubt over the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern. Having given due consideration to the cash requirements of the Group, management and those charged with governance has a reasonable expectation that the Group will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of this document. For this reason, the Board continues to adopt the going concern basis in preparing its consolidated financial statements which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Working Capital

Cash and cash on deposit as at 31 December 2023 was $8.0 million, a decrease of $8.8 million from $16.8 million as at 31 December 2022. Working capital as at 31 December 2023 decreased to $5.7 million from $16.5 million in 2022.

The decrease to cash and cash equivalents was the result of net cash used in operating activities of $2.4 million and investing activities of $6.6 million.

Accounts Receivable

Current accounts receivable as at 31 December 2023 were $0.1 million, which is predominantly prepayments.

Accounts Payables and Accrued Expenses

Accounts payable and accrued expenses as at 31 December 2023 were $2.3 million which includes $0.1 million for accounts payable and $2.2 million accrued expenditures.

Capital Expenditures

For the period ended 31 December 2023 the following expenditure commitments exist.

Australia - Beetaloo Sub-Basin, Northern Territory, Australia

The Group planned a drilling programme which commenced in 2015 with its farm-in partners.

Originally the Group indicated that it expected the work to be undertaken between 2016 and 2018, however the introduction of a moratorium on hydraulic fracturing delayed the completion of the drilling and exploration programme. In March 2018, the inquiry concluded its work with the publication of a Final Report and on 17 April 2018, the Northern Territory government announced they would be lifting the moratorium on hydraulic fracturing. Work recommenced in 2019, details of current operations to date are included in this document on pages 8 to 14.

In August 2018 the Group agreed to amend the original farm-in agreement to deem Stage 1 of the exploration and appraisal drilling programme complete, thereby removing the requirement to fracture stimulate a vertical well and accelerate the programme into Stage 2 with a A$15 million increase to the Stage 2 Cost Cap to approximately A$65 million. Costs above the Cost Cap would need to be financed by the Group in accordance with their PI.

On 7 April 2020 it was announced that Falcon Australia had agreed to farm down 7.5% of its PI in the Exploration Permits, such that following the transactions, Falcon Australia holds a 22.5% PI. In consideration for the farm down Origin agreed to increase the gross cost cap of the work program by A$150.5 million. The previous farm-in arrangement included a Stage 2 gross cost cap of A$65.3 million and a Stage 3 gross cost cap of A$48 million, or A$113.3 million in total. Under the Agreements, the Stage 2 and Stage 3 gross cost caps were combined and increased by A$150.5 million to A$263.8 million. Furthermore, as announced on 11 October 2022, Falcon Australia were granted an additional carry on future well costs up to A$30 million and the introduction of DSUs on sole risk operations provides optionality to Falcon Australia on future wells drilled. As part of the latest executed JOA the size of a DSU varies depending on (a) the type and length of the well to be drilled and (b) whether or not the well is a "commitment well" under the terms of the exploration permit, a non-commitment well creates a DSU to a maximum of 6,400 acres, while a commitment well creates a DSU to a maximum of 25,600 acres. The optionality created by the DSUs allows Falcon to participate at its PI of 22.5% or reduce its interest as low as 0% in a particular DSU without impairing the percentage it participates in a future DSU across the acreage. The cost cap and the first portion of the additional carry have now been consumed and Falcon is contributing to the costs in proportion to its 22.5% participating interest or reduced interest as elected. A Pilot project for six wells at the Shenandoah South location over 2 years will commence in 2024. Falcon has elected to reduce it's participation interest in the Pilot project to 5%.

The latest updates on the work programme are included on pages 8 to 14.

South Africa - Karoo Basin, South Africa

On granting of an approved exploration right in South Africa, the Group will be required to make a payment to the South African government of approximately $0.7 million.

Hungary - Makó Trough, Hungary

As at 31 December 2023, the Group's cumulative expenditures for the Production License and Exploration Licenses, including the acquisition, seismic testing, drilling of exploratory wells, and initial testing and completion of wells, was approximately $245 million.

The Group is not planning any independent technical operations in Hungary, and as such no material capital expenditures are expected.

Debt and Equity Capital

The availability of debt and equity capital, and the price at which additional capital could be issued will be dependent upon the success of the Group's exploration activities, and upon the state of the capital markets generally.

On 31 March 2022 Falcon announced it had received a subscription from Sheffield for a $10 million private placement through the issue of 62,500,000 Common Shares at a price of CDN$0.20 per share. The Placing Shares were restricted from trading on the TSX Venture Exchange Market until the date that was four months and a day after the day of issuance. The Company's total issued share capital following Admission was 1,044,347,425 Common Shares. The Placing added $10 million to the Company's cash balance.

On **08 April 2022** Falcon announced that, following the approval of the TSX Venture Exchange, it issued a total of 62,500,000 Common Shares ("Placing Shares") at a price of CDN$0.20 per share to Sheffield for gross proceeds of $10 million pursuant to the private placement announced on 31 March 2022

The Company applied for admission of the Placing Shares to trading on AIM ("Admission"), with Admission taking place on 13 April 2022. As noted previously, the Placing Shares did not trade on the TSX Venture Exchange Market until the date that was four months and a day after the day of issuance, being 07 August 2022. The Company's total issued share capital following Admission was 1,044,347,425 Common Shares.

On **22 April 2024** Falcon announced the Company had raised gross proceeds of c. $4.9 million (c. £3.9 million) through the Subscription and Placing, for a total number of 64,794,087 New Common Shares at an Issue Price of £0.06 per share.

The Fundraising is conditional on the admission of the New Common Shares to trading on AIM and the approval of the TSX Venture Exchange. It is expected that settlement of the relevant New Common Shares forming part of the First Admission (being 58,155,490 New Common Shares) will occur on 26 April 2024 and that admission will become effective and dealings in those New Common Shares will commence on AIM at 8.00 a.m. on 26 April 2024. The New Common Shares will not trade on the TSX Venture Exchange Market until the date that is four months and a day after the day of issuance.

The New Common Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank equally in all respects with the existing Common Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Common Shares after the date of issue of the Placing Shares. The Company's total issued share capital following First Admission will be 1,102,502,915 Common Shares. A separate announcement will be made in respect of the Second Admission.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as at 31 December 2023 and 25 April 2024:

Class of securities	31 December 2023	25 April 2024
Common shares(1)	1,044,347,425	1,044,347,425
Stock options	59,750,000	59,750,000
Fully diluted common shares	1,104,097,425	1,104,097,425

(1) On 22 April 2024 Falcon announced the Company had raised gross proceeds of c. $4.9 million (c. £3.9 million) through the Subscription and Placing, for a total number of 64,794,087 New Common Shares at an Issue Price of £0.06 per share. The Fundraising is conditional on the admission of the New Common Shares to trading on AIM and the approval of the TSX Venture Exchange. It is expected that settlement of the relevant New Common Shares forming part of the First Admission (being 58,155,490 New Common Shares) will occur on 26 April 2024 and that admission will become effective and dealings in those New Common Shares will commence on AIM at 8.00 a.m. on 26 April 2024. The New Common Shares will not trade on the TSX Venture Exchange Market until the date that is four months and a day after the day of issuance.

The New Common Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank equally in all respects with the existing Common Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Common Shares after the date of issue of the Placing Shares. The Company's total issued share capital following First Admission will be 1,102,502,915 Common Shares. A separate announcement will be made in respect of the Second Admission.

LEGAL MATTERS

The Company may, from time to time, be involved in various claims, lawsuits, disputes with third parties, or breach of contract incidental to the operations of its business. The Company is not currently involved in any claims, disputes, litigation or other actions with third parties which it believes could have a material adverse effect on its financial condition or results of operations.

TRANSACTION WITH NON - ARMS LENGTH PARTIES AND RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company does not have any off-balance sheet arrangements, other than an office lease, which is deemed immaterial and payments with regards to overriding royalties as disclosed within section "Overriding Royalty Beetaloo Sub-basin exploration permits" on page 6. The Company has no proposed transactions.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Derivative financial instruments

Derivatives (including embedded derivatives) are initially recognized at fair value of the date a derivative contract is entered into and subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedges as at 31 December 2023 or 31 December 2022. The Group has not entered into any contract for "other instruments" during 2023. The Group has no "other instruments" as at 31 December 2023 or 31 December 2022.

NEW ACCOUNTING PRONOUNCEMENTS

The below were adopted on 1 January 2023 but have no material impact on the financial statements.

New Standards, Interpretations and Amendments effective for periods beginning 1 January 2023	Effective date
Amendments to IAS 1 Classification of Liabilities as Current	1 January 2023
Amendments to IAS 1 Disclosure of Accounting policies	1 January 2023
Amendments to IAS 8 Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023

Several new standards and amendments to existing standards and interpretations, which have been issued by the IASB, and which are expected to apply to the Group are not yet effective and have not been applied in preparing these financial statements. The Group does not expect the adoption of these new standards and interpretations, to have a material impact on the financial statements as they are neither relevant nor require accounting which is consistent with the Group's current accounting policies.

New Standards, Interpretations and Amendments applicable to future periods	Effective date
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024
Amendments to IAS 1 Non-Current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024

CRITICAL ACCOUNTING ESTIMATES

Preparation of financial statements pursuant to IFRS requires a significant number of judgemental assumptions and estimates to be made. This impacts the income and expenses recognised in the statement of operations and comprehensive loss together with the valuation of the assets and liabilities in the statement of financial position. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that the impact of valuation in some assumptions and estimates can have a material impact on the reported results.

The following are key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies:

Critical judgments

(i) Exploration and evaluation assets
The carrying value of exploration and evaluation assets was $51 million at 31 December 2023 (2022: $43 million). The Group has determined that there are no indicators of impairment present in accordance with IFRS 6 "Exploration for and evaluation of mineral interests" regarding its Australian exploration and evaluation assets.

Renewal applications for Exploration Permits 76 and 117 were submitted in September 2022 ahead of the end of the five-year term which expired in December 2022, a further renewal application for exploration permit 98 was submitted in March 2023 ahead of the current five-year term expiring in June 2023. Both renewal applications have been approved by the Northern Territory Government for a period of 5 years. The permits have a permit year end of 31 May 2028.

Management's conclusion on the facts and circumstances regarding its Australian exploration and evaluation assets required judgment based on experience and the expected progress of current exploration and evaluation activities. The critical facts supporting the judgements are included in detail on pages 8–14 of this document.

The Group does not believe the delay brought about by the moratorium on hydraulic fracturing impacted the carrying value of the asset. The inquiry concluded its work with the publication of a Final Report in March 2018 and was followed by the Northern Territory government's decision to lift the moratorium in April 2018.

The announcements during 2023 and 2024 along with the 2017 Discovery Evaluation Report from the A1H well as outlined in this document provide sufficient evidence to support the carrying value of the asset.

(ii) Going Concern
As at the date of the approval of this document, further funding will be required as noted on page 25, however no such further funding has been raised and there can be no certainty that sufficient funds can be raised if required. Having given due consideration to the cash requirements of the Group, management and those charged with governance have a reasonable expectation that the Group will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of its financial statements and are confident that further funding required can be raised through either an equity raise or debt funding. For this reason, the Board continues to adopt the going concern basis in preparing these consolidated financial statements which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Critical estimates

(ii) Decommissioning Provision
The decommissioning provision represents the Group's best estimate of the costs involved in the various exploration and production licence areas to return them to their original condition in accordance with the licence terms. These estimates include certain management assumptions with regard to future costs, inflation rates, timing of cash flows and discount rates.

MANAGEMENT'S RESPONSIBILITY FOR MD&A

The information provided in this MD&A is the responsibility of management. In the preparation of this MD&A, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in this MD&A.

The audit committee has reviewed the MD&A with management and has reported to the Board. The Board has approved the MD&A as presented.

[End of document]