



Falcon Oil & Gas Ltd.

Interim Condensed Consolidated Financial Statements
Three Months Ended 31 March 2024 and 2023

(Presented in U.S. Dollars)

22 May 2024

To the shareholders of Falcon Oil & Gas Ltd.

Notice of No Auditor Review

The accompanying unaudited interim condensed consolidated financial statements as at and for the three months ended 31 March 2024, have been prepared by the management of the Company and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023

Table of Contents

	Page Number
Interim Condensed Consolidated Statement of Operations and Comprehensive Loss	4
Interim Condensed Consolidated Statement of Financial Position	5
Interim Condensed Consolidated Statement of Changes in Equity	6
Interim Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Condensed Consolidated Financial Statements	8

Falcon Oil & Gas Ltd.**Interim Condensed Consolidated Statement of Operations and Comprehensive Loss**

(Unaudited)

		Three months ended 31 March 2024 \$'000	Three months ended 31 March 2023 \$'000
	Notes		
Revenue			
Oil and natural gas revenue	3	-	-
		-	-
Expenses			
Exploration and evaluation expenses		(44)	(43)
General and administrative expenses	12	(528)	(597)
Foreign exchange gain		120	56
		(452)	(584)
Results from operating activities		(452)	(584)
Finance income	4	8	68
Finance expense	4	(362)	(144)
Net finance expense		(354)	(76)
Loss and comprehensive loss for the period		(806)	(660)
Loss and comprehensive loss attributable to:			
Equity holders of the company		(804)	(658)
Non-controlling interests		(2)	(2)
Loss and comprehensive loss for the period		(806)	(660)
Loss per share attributable to equity holders of the company:			
Basic and diluted	5	(\$0.001)	(\$0.001)

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Financial Position
(Unaudited)

		At 31 March 2024 \$'000	At 31 December 2023 \$'000
	Notes		
Assets			
Non-current assets			
Exploration and evaluation assets	6	52,462	51,287
Property, plant and equipment		1	2
Trade and other receivables		25	26
Restricted cash	7	2,116	2,176
		54,604	53,491
Current assets			
Cash and cash equivalents	8	4,289	7,992
Trade and other receivables		139	54
		4,428	8,046
Total assets		59,032	61,537
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		402,120	402,120
Contributed surplus		47,415	47,379
Deficit		(408,001)	(407,197)
		41,534	42,302
Non-controlling interests		695	697
Total equity		42,229	42,999
Liabilities			
Non-current liabilities			
Decommissioning provision	13	16,240	16,204
		16,240	16,204
Current liabilities			
Accounts payable and accrued expenses	14	563	2,334
		563	2,334
Total liabilities		16,803	18,538
Total equity and liabilities		59,032	61,537

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)

		Share capital	Contributed surplus	Deficit	Equity interests of the parent	Non- Controlling interests ("NCI")	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2023		402,120	47,063	(403,860)	45,323	701	46,024
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9	-	137	-	137	-	137
Loss and total comprehensive loss for the period		-	-	(658)	(658)	(2)	(660)
At 31 March 2023		402,120	47,200	(404,518)	44,802	699	45,501
At 1 January 2024		402,120	47,379	(407,197)	42,302	697	42,999
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9		36		36		36
Loss and total comprehensive loss for the period				(804)	(804)	(2)	(806)
At 31 March 2024		402,120	47,415	(408,001)	41,534	695	42,229

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)

		Three months ended 31 March	
		2024	2023
	Notes	\$'000	\$'000
Cash flows from operating activities			
Net loss for the period		(806)	(660)
Adjustments for:			
Share based compensation	9	36	137
Depreciation		1	1
Net finance expense		354	66
Effect of exchange rates on operating activities		(120)	(56)
Change in non-cash working capital:			
Increase in trade and other receivables		(83)	(61)
Increase in accounts payable and accrued expenses		7	51
Net cash used in operating activities		(611)	(522)
Cash flows from investing activities			
Interest received		8	78
Exploration and evaluation assets		(2,869)	(2)
Net cash (used in) / generated by investing activities		(2,861)	76
Change in cash and cash equivalents		(3,472)	(446)
Effect of exchange rates on cash and cash equivalents		(231)	(70)
Cash and cash equivalents at beginning of period		7,992	16,785
Cash and cash equivalents at end of period	8	4,289	16,269

The notes are an integral part of these interim condensed consolidated financial statements.

Falcon Oil & Gas Ltd.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the Three Months Ended 31 March 2024 and 2023

1. General Information

Falcon Oil & Gas Ltd. ("**Falcon**") is an oil and gas company engaged in the exploration and development of unconventional oil and gas assets. Falcon's interests are located in Australia, Hungary, and South Africa. The carrying value at 31 March 2024 of the Company's interest in Australia is \$52.5 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 permits 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).

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**").

2. Accounting policies

Basis of preparation and going concern

These Interim Condensed Consolidated Financial Statements ("**Interim Statements**") of the Group have been prepared in accordance with IAS 34 'Interim Financial Reporting' and, except as described below, on the basis of the same accounting principles as, and should be read in conjunction with, the Consolidated Financial Statements for the year ended 31 December 2023 (pages 11 to 18) as filed on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca.

There are no amended accounting standards or new accounting standards that have any significant impact on these interim financial statements applicable as at 1 January 2024.

The Interim Statements are presented in United States dollars ("**\$**"). All amounts, except as otherwise indicated, are presented in thousands of dollars. Where referenced in the Interim Statements "**CDN\$**" represents Canadian Dollars, "**£**" represents British Pounds Sterling, "**HUF**" represents Hungarian Forints, and "**A\$**" represents Australian Dollars.

As at 31 March 2024 the Group had \$4.3 million 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 appointed as operator. As part of the transaction agreed and the latest executed JOA, Tamboran B2 granted Falcon Australia an additional carry beyond Stage 3 of A\$30 million and terms were agreed on DSUs 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 Pilot Project 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 March 2024, 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.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023****2. Accounting policies (continued)**

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.

3. Segment information

Based on internal reporting information, it was determined that there is one reportable segment. All of the Group's operations are in the petroleum and natural gas industry with its principal business activity being in the acquisition, exploration and development of petroleum and natural gas properties. The Group has no producing petroleum and natural gas properties, the Group has unproven petroleum and natural gas interests in Australia, South Africa and Hungary.

The key performance measures reviewed for the segment which management believes are the most relevant information when evaluating the results of the Group are:

- the progress and extent to which farm-out agreements have been executed over the Group's acreage; and
- cash flow, capital expenditure and operating expenses.

An analysis of the geographic areas is as follows:

	Australia \$'000	South Africa \$'000	Hungary \$'000	Other \$'000	Total \$'000
Three months ended 31 March 2024					
Revenue	-	-	-	-	-
Net loss ⁽ⁱ⁾	(194)	(16)	(253)	(341)	(804)
At 31 March 2024					
Capital assets ⁽ⁱⁱ⁾	52,462	-	2,084	34	54,580
	Australia \$'000	South Africa \$'000	Hungary \$'000	Other \$'000	Total \$'000
Three months ended 31 March 2023					
Revenue	-	-	-	-	-
Net loss ⁽ⁱ⁾	(156)	(14)	(107)	(381)	(658)
At 31 March 2023					
Capital assets ⁽ⁱⁱ⁾	42,979	-	2,113	39	45,131

(i) Net loss attributable to equity holders of the company.

(ii) Capital assets consist of exploration & evaluation assets, restricted cash and property, plant and equipment.

Falcon Oil & Gas Ltd.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023**

4. Finance income and expense

		Three months ended 31 March	
	Notes	2024 \$'000	2023 \$'000
Finance income			
Interest income on bank deposits		8	68
		8	68
Finance expense			
Accretion of decommissioning provisions	13	(130)	(75)
Net foreign exchange loss		(232)	(69)
		(362)	(144)
Net finance expense		(354)	(76)

5. Loss per share

Basic and diluted loss per share is calculated as follows:

	For the three months ended 31 March	
	2024 \$'000	2023 \$'000
Loss attributable to equity holders of the company	(804)	(658)
Weighted average number of common shares in issue - (thousands)	1,044,347	1,044,347
Loss / diluted loss per share	(\$0.001)	(\$0.001)

Future shares issuable under the Group share option plan would be anti-dilutive as those shares would reduce the loss per share.

6. Exploration and Evaluation ("E&E") assets

	Australia - Total \$'000
At 1 January 2024	51,287
Additions	1,211
Decommissioning provision	(36)
At 31 March 2024	52,462

	Australia - Total \$'000
At 1 January 2023	42,977
Additions	8,648
Decommissioning provision	(338)
At 31 December 2023	51,287

E&E assets consist of the Group's Australian exploration project which is pending the determination of proven or probable reserves.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023****7. Restricted cash**

Restricted cash includes cash held by financial institutions as collateral for ongoing Group operations. In January 2015, the Group placed \$2 million on deposit for the benefit of the Hungarian mining authority as a security deposit with regards the Group's decommissioning obligations, with movements period on period related to foreign exchange revaluations.

	31 March 2024 \$'000	31 December 2023 \$'000
Restricted cash	2,116	2,176
	2,116	2,176

8. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short term highly liquid investments with initial maturities of three months or less at inception.

	31 March 2024 \$'000	31 December 2023 \$'000
Cash	4,289	7,992
	4,289	7,992

9. Share based compensation

The Group, in accordance with the policies of the TSX-V, may grant options to directors, officers, employees and consultants, to acquire up to 10% of the Group's issued and outstanding common stock. The exercise price of each option is based on the market price of the Group's stock at the date of grant, which may be discounted in accordance with TSX-V policies. The exercise price of all options granted to date has been based on the market price of the Group's stock at the date of grant, and no options have been granted at a discount to the market price. The options can be granted for a maximum term of five years. The Group records compensation expense over the vesting period based on the fair value at the grant date of the options granted. All Options granted have a vesting schedule allowing one third of the Options to vest immediately at the date of grant with an additional one third vesting on each subsequent anniversary. These amounts are recorded as contributed surplus. Any consideration paid on the exercise of these options together with the related contributed surplus associated with the exercised options is recorded as share capital.

The Group incurred a share-based expense of \$36,000 during the period ended 31 March 2024 (2023: \$137,000).

A summary of the Group's stock option plan as of 31 March 2024 and 31 December 2023 and changes during the periods then ended, is presented below:

	Three months ended 31 March 2023		Year ended 31 December 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of period	59,750,000	£0.11	59,750,000	£0.11
Outstanding at end of period	59,750,000	£0.11	59,750,000	£0.11
Exercisable at end of period	53,500,000	£0.11	53,500,000	£0.11

Falcon Oil & Gas Ltd.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023**

9. Share based compensation (continued)

The exercise prices of the outstanding options are as follows:

Date of grant	Options	Exercise price	Date of Expiry	Weighted average contractual life remaining (years)
18 February 2021	21,500,000	£0.08	17 February 2026	1.88
18 February 2021	16,500,000	£0.12	17 February 2026	1.88
10 September 2021	3,000,000	£0.10	9 September 2026	2.44
6 June 2022	16,250,000	£0.15	5 June 2027	3.18
29 November 2022	2,500,000	£0.15	28 November 2027	3.66
	59,750,000	£0.11		

10. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods outlined below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses

As at 31 March 2024 and 31 December 2023, the fair value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximated their carrying value due to their short term to maturity.

11. Financial Instruments and risk management

The following tables provide fair value measurement information for financial assets and liabilities as at 31 March 2024 and 31 December 2023. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued expenses included in the consolidated statement of financial position approximate fair value due to the short term nature of those instruments. Financial assets in the table below are measured at amortized cost.

	Carrying value	31 March 2024 Fair value	31 December 2023 Carrying value	31 December 2023 Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Cash and cash equivalents including restricted cash	6,405	6,405	10,168	10,168
Accounts receivable	155	155	61	61
Financial Liabilities:				
<i>Other financial liabilities</i>				
Accounts payable and accrued expenses	563	563	2,334	2,334

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Fair Value Measurements

- Level 1 fair value measurements are based on unadjusted quoted market prices.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023****11. Financial Instruments and risk management (continued)***Level 2 Fair Value Measurements*

- Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 Fair Value Measurements

- Level 3 fair value measurements are based on unobservable information. No financial assets or liabilities have been valued using the Level 3 fair value measurements.

12. General and administrative expenses

	Notes	For the three months ended 31 March	
		2024 \$'000	2023 \$'000
Accounting and audit fees		(53)	(45)
Consulting fees		(19)	(13)
Legal fees		(4)	(6)
Investor relations		(59)	(38)
Office and administrative costs		(36)	(41)
Payroll and related costs		(243)	(252)
Directors' fees		(59)	(59)
Travel and promotion		(19)	(6)
Shared based compensation	9	(36)	(137)
		(528)	(597)

13. Decommissioning provision

A reconciliation of the decommissioning provision for the period ended 31 March 2024 and the year ended 31 December 2023 is provided below:

	31 March 2024 \$'000	31 December 2023 \$'000
Balance as at beginning of year	16,204	15,602
Revision to Hungarian provision	0	480
Additions to Beetaloo working interests	-	341
Revision to previous Beetaloo decommissioning provision	16	(708)
Foreign exchange revaluation	(110)	36
Accretion	130	453
Non – current; balance at end of period	16,240	16,204

The Group's decommissioning provision results from its ownership interest in oil and natural gas assets. The total decommissioning provision is estimated based on the Group's net ownership interest in the wells, estimated costs to reclaim and abandon these wells and the estimated timing of the costs to be incurred in future years.

The Group has estimated the net present value of the decommissioning provision for its Hungarian well interests to be \$13.7 million as at 31 March 2024 (31 December 2023: \$13.6 million) based on an undiscounted total future liability of \$15.1 million (31 December 2023: \$15.2 million). These payments are expected to be made in 4 years. The discount factor, being the risk-free rate related to the liability, was 2.7% as at 31 March 2024 (31 December 2023: 2.7%). The inflation factor related to the liability, was 2.25% as at 31 March 2024 (31 December 2023: 2.25%). A 1% increase / (decrease) in the discount rate to 3.7% / 1.7% will (decrease) / increase the provision by (\$488,000) / \$511,000.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023****13. Decommissioning provision (continued)**

The estimated net present value of the decommissioning provision for its Australian Beetaloo well interests is \$2.5 million as at 31 March 2024 (31 December 2023: \$2.5 million) based on an undiscounted total future liability of \$5.7 million (31 December 2023: \$5.6 million). These payments are expected to be made between 5-30 years. The discount factors, being the risk-free rate related to the liability, were 3.95% and 4.85% respectively as at 31 March 2024 and 31 December 2023. The inflation factor related to the liability, was 2.50% as at 31 March 2024 and 31 December 2023. A 1% increase / (decrease) in the discount rate will (decrease) / increase the provision by (\$294,000) / \$376,000.

14. Accounts payable and accrued expenses

	31 March 2024 \$'000	31 December 2023 \$'000
Current		
Accounts payable	76	139
Accrued expenses	487	2,195
	563	2,334

15. Related party transactions

There were no related party transactions during the period.

16. Commitments**Work program commitments***Australia - Beetaloo Sub-Basin, Northern Territory, Australia*

The Group planned a drilling programme which commenced in 2015 with its farm-in partners. Work recommenced in 2019 following the moratorium on hydraulic fracturing, details of current operations are included in the Management's Discussion & Analysis document for the three and twelve months ended 31 December 2023.

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 its participation interest in the Pilot project to 5%.

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. Management does not foresee this payment falling due within the next 12 months based on the expected timeframe of being granted an approved exploration right.

Falcon Oil & Gas Ltd.

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three Months Ended 31 March 2024 and 2023**

16. Commitments (continued)

Hungary - Makó Trough, Hungary

The Group is not committed to any independent technical operations in Hungary.

17. Subsequent Events

On **18 April 2024** Falcon announced that Falcon Australia had agreed to grant Daly Waters Energy, LP 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 \$3 million and \$1 million, respectively.

Completion of the grant of the ORRIs is subject to submission to the Northern Territory Government, Australia for registration. The financial effects cannot be estimated.

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 settlement of the relevant New Common Shares forming part of the First Admission (being 58,155,490 New Common Shares) and the admission became effective and dealings in those New Common Shares commenced on 26 April 2024. The settlement of the relevant New Common Shares forming part of the Second Admission (being 6,638,597 New Common Shares) and the admission became effective and dealings in those New Common Shares commenced on 7 May 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 admissions is 1,109,141,512 Common Shares.

On **23 April 2024** Falcon announced that the Beetaloo Joint venture had signed a Binding Agreement for a long-term Gas Sales Agreement to supply the Northern Territory Government (Buyer) with 14.6 petajoules (13.8 billion cubic feet) 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. The financial effects cannot be estimated.

On **26 April 2024** Falcon announced that the Shenandoah South 1H (SS1H) well in EP117 achieved above commercial IP90 flow rate of 2.9 million cubic feet per day (MMcf/d) (normalised to 5.8 MMcf/d over 1,000 metres). The SS1H well achieved an average 90-day initial production (IP90) flow rate of 2.9 MMcf/d over the 1,644-foot (501 metres), 10 stage stimulated length within the Amunee Member B-Shale, normalised to 5.8 MMcf/d over 3,281-feet (1,000 metres). On completion of the IP90 flow test, the well was delivering 2.7 MMcf/d, normalized to 5.4 MMcf/d over 3,281-feet (1,000 metres) at a pressure of 518 psi prior to being shut-in. The SS1H flow test indicates that future development wells with lateral lengths of 10,000 feet may be capable of delivering average rates of 17.8 MMcf/d over the first 90 days of production. The financial effects cannot be estimated.

On **7 May 2024** Falcon confirmed that it had received TSX Venture Exchange conditional approval for the second tranche of the Subscription by Sheffield Holdings LP, as previously announced on 22 April 2024. Accordingly, the Company issued a further 6,638,597 New Common Shares to Sheffield Holdings LP at an Issue Price of £0.06p per share, taking the aggregate interests of Sheffield Holdings LP to 116,386,398 Common Shares, representing 10.49 per cent of the enlarged issued share capital.

There were no other significant changes in the state of affairs of the Company that occurred since the end of the period under review.

18. Approval of Interim financial statements

These Interim Financial Statements were approved by the Audit Committee as delegated by the Board of Directors and authorised for issue on 22 May 2024.

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