



Falcon Oil & Gas Ltd.

Interim Condensed Consolidated Financial Statements
Three and Six Months Ended 30 June 2023 and 2022

(Presented in U.S. Dollars)

24 August 2023

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 and six months ended 30 June 2023 and 2022, 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 and Six Months Ended 30 June 2023 and 2022

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Falcon Oil & Gas Ltd.

Interim Condensed Consolidated Statement of Operations and Comprehensive Loss

(Unaudited)

	Notes	Three months ended 30 June 2023 \$'000	Three months ended 30 June 2022 \$'000	Six months ended 30 June 2023 \$'000	Six months ended 30 June 2022 \$'000
Revenue					
Oil and natural gas revenue	3	-	-	-	-
Expenses					
Exploration and evaluation expenses		(47)	(37)	(90)	(77)
General and administrative expenses	12	(578)	(1,076)	(1,175)	(1,684)
Foreign exchange (loss) / gain		(9)	(129)	47	(174)
		(634)	(1,242)	(1,218)	(1,935)
Results from operating activities		(634)	(1,242)	(1,218)	(1,935)
Finance income	4	44	2	112	5
Finance expense	4	(151)	(83)	(295)	(143)
Net finance expense		(107)	(81)	(183)	(138)
Loss and comprehensive loss for the period		(741)	(1,323)	(1,401)	(2,073)
Loss and comprehensive loss attributable to:					
Equity holders of the company		(740)	(1,322)	(1,398)	(2,072)
Non-controlling interests		(1)	(1)	(3)	(1)
Loss and comprehensive loss for the period		(741)	(1,323)	(1,401)	(2,073)
Loss per share attributable to equity holders of the company:					
Basic and diluted	5	(0.001 cent)	(0.001 cent)	(0.001 cent)	(0.002 cent)

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 30 June 2023 \$'000	At 31 December 2022 \$'000
	Notes		
Assets			
Non-current assets			
Exploration and evaluation assets	6	43,014	42,977
Property, plant and equipment		5	7
Trade and other receivables		20	20
Restricted cash	7	2,141	2,090
		45,180	45,094
Current assets			
Cash and cash equivalents	8	15,658	16,785
Trade and other receivables		110	79
		15,768	16,864
Total assets		60,948	61,958
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	18	402,120	402,120
Contributed surplus		47,294	47,063
Retained deficit		(405,258)	(403,860)
		44,156	45,323
Non-controlling interests		698	701
Total equity		44,854	46,024
Liabilities			
Non-current liabilities			
Decommissioning provision	13	15,753	15,602
		15,753	15,602
Current liabilities			
Accounts payable and accrued expenses	14	341	332
		341	332
Total liabilities		16,094	15,934
Total equity and liabilities		60,948	61,958

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)

	Notes	Share capital \$'000	Contributed surplus \$'000	Retained deficit \$'000	Equity interests of the parent \$'000	Non-Controlling interests ("NCI") \$'000	Total equity \$'000
At 1 January 2022		392,170	46,254	(399,866)	38,558	698	39,256
Loss and total comprehensive loss for the period		-	-	(2,072)	(2,072)	(1)	(2,073)
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9	-	483	-	483	-	483
Equity Raise	18	9,950	-	-	9,950	-	9,950
<i>Sub-total</i>		<i>9,950</i>	<i>483</i>	<i>-</i>	<i>10,433</i>	<i>-</i>	<i>10,433</i>
At 30 June 2022		402,120	46,737	(401,938)	46,919	697	47,616
At 1 January 2023		402,120	47,063	(403,860)	45,323	701	46,024
Loss and total comprehensive loss for the period		-	-	(1,398)	(1,398)	(3)	(1,401)
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9	-	231	-	231	-	231
At 30 June 2023		402,120	47,294	(405,258)	44,156	698	44,854

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)

	Notes	Six months ended 30 June	
		2023	2022
		\$'000	\$'000
Cash flows from operating activities			
Net loss for the period		(1,401)	(2,073)
Adjustments for:			
Share based compensation	9	231	483
Depreciation		2	3
Net finance expense		173	138
Effect of exchange rates on operating activities		(47)	174
Change in non-cash working capital:			
Increase in trade and other receivables		(31)	(35)
Increase / (decrease) in accounts payable and accrued expenses		6	(63)
Net cash used in operating activities		(1,067)	(1,373)
Cash flows from investing activities			
Interest received		122	5
Exploration and evaluation assets		(37)	(44)
Net cash generated from / (used in) investing activities		85	(39)
Cash flows from financing activities			
Net proceeds from private placement	18	-	9,950
Net cash generated from financing activities		-	9,950
Change in cash and cash equivalents		(982)	8,538
Effect of exchange rates on cash & cash equivalents		(145)	(37)
Cash and cash equivalents at beginning of period		16,785	8,894
Cash and cash equivalents at end of period	8	15,658	17,395

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 and Six Months Ended 30 June 2023 and 2022

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, South Africa and Canada. The carrying value at 30 June 2023 of the Company’s interest in Australia is \$43 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 2022 (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 2023.

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 30 June 2023 the Group had \$15.7m of cash and cash equivalents, which is sufficient to cover ongoing operating costs for the next 12 months from the date of the approval of the financial statements. Falcon Australia holds a 22.5% participating interest (“**PI**”) in the Exploration Permits situated in the Beetaloo Sub-Basin, Northern Territory, Australia which has a gross cost cap of A\$263.8 million, with costs above this cost cap to be borne by the joint venture partners in proportion to their respective PI. With Origin Energy B2 Pty Ltd.’s (“**Origin**”) divestment announced on 19 September 2022, the cost caps and obligations transferred to Tamboran (B2) Pty Limited (“**Tamboran B2**”). 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. Falcon completed an equity raise of \$10 million in 2022.

The remaining cost cap and additional carry coupled with the cash on hand are sufficient to cover estimated committed costs under Stage 3 of the work programme including the drilling and testing of the Shenandoah South 1H (“**SS1H**”) well and other general operating costs for twelve months from the date of the approval of the financial statements. While Falcon has participation optionality in future drilling activities based on the latest executed JOA, participation in drilling activities beyond SS1H at Falcon’s PI requires further funding.

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 these financial statements no such further

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****2. Accounting policies (continued)**

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 these financial statements. 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.

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
Six months ended 30 June 2023					
Revenue	-	-	-	-	-
Net loss ⁽ⁱ⁾	(367)	(30)	(281)	(720)	(1,398)
At 30 June 2023					
Non-current assets ⁽ⁱⁱ⁾	43,014	-	2,109	37	45,160
Six months ended 30 June 2022					
Revenue	-	-	-	-	-
Net loss ⁽ⁱ⁾	(242)	(42)	(506)	(1,282)	(2,072)
At 30 June 2022					
Non-current assets ⁽ⁱⁱ⁾	40,244	-	2,050	10	42,304

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

⁽ⁱⁱ⁾ Capital assets consist of exploration and 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 and Six Months Ended 30 June 2023 and 2022**

4. Finance expense

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Finance income					
Interest income on bank deposits		44	2	112	5
		44	2	112	5
Finance expense					
Accretion of decommissioning provisions	13	(75)	(58)	(150)	(117)
Net foreign exchange loss		(76)	(25)	(145)	(26)
		(151)	(83)	(295)	(143)
Net finance expense		(107)	(81)	(183)	(138)

5. Net loss per share

Basic and diluted loss per share is calculated as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Loss attributable to equity holders of the company	740	(1,322)	(1,398)	(2,072)
Weighted average number of common shares in issue - (thousands)	1,044,347	1,040,913	1,044,347	1,011,544
Loss diluted loss per share	(0.001 cent)	(0.001 cent)	(0.001 cent)	(0.002 cent)

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

	Australia Total \$'000
At 1 January 2023	42,977
Additions	37
At 30 June 2023	43,014
	Australia Total \$'000
At 1 January 2022	40,197
Additions	86
Granting an ORRI to Sheffield Holdings	(6,000)
Exercising TOG Group call option	6,000
Decommissioning provision	2,694
At 31 December 2022	42,977

E&E assets consist of the Group's exploration projects which are pending the determination of proven or probable reserves.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****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.

	30 June 2023 \$'000	31 December 2022 \$'000
Restricted cash	2,141	2,090
	2,141	2,090

8. Cash and cash equivalents

Cash and cash equivalents includes 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.

	30 June 2023 \$'000	31 December 2022 \$'000
Cash and cash equivalents	15,658	16,785
	15,658	16,785

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. 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 \$231,000 during the period ended 30 June 2023 (2022: \$483,000).

On 7 June 2022 Falcon announced it granted Options on 6 June 2022 to directors and officers to purchase an aggregate of 16,250,000 common shares of Falcon. Options were granted at an exercise price of £0.15 (equivalent to CDN\$0.24). The Options have an expiry date of 5 June 2027.

On 30 November 2022 Falcon announced it granted Options on 29 November to Tom Layman (Non-Executive Director) to purchase 2,500,000 common shares of Falcon at an exercise price of £0.15 (equivalent to CDN\$0.24). The Options have an expiry date of 28 November 2027.

All Options granted in 2022 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 with the Options fully vested 6 June 2024 and 29 November 2024 respectively.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****9. Share based compensation (continued)**

A summary of the Group's stock option plan as of 30 June 2023 and 31 December 2022 and changes during the periods then ended, is presented below:

	Six months ended 30 June 2023		Year ended 31 December 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	59,750,000	£0.11	47,000,000	£0.10
Expired	-	-	(6,000,000)	CDN\$0.20
Granted	-	-	18,750,000	£0.15
Outstanding at beginning of period	59,750,000	£0.11	59,750,000	£0.11
Exercisable at end of period	51,666,667	£0.11	33,583,333	£0.11

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	2.64
18 February 2021	16,500,000	£0.12	17 February 2026	2.64
10 September 2021	3,000,000	£0.10	9 September 2026	3.20
6 June 2022	16,250,000	£0.15	5 June 2027	3.93
29 November 2022	2,500,000	£0.15	28 November 2027	4.42
	59,750,000	£0.11		

The fair value of the 2022 Options granted at £0.15 were estimated using a Black Scholes model with the following inputs:

Date of Grant	6 June 2022	29 November 2022
Fair value as at grant date	£0.04	£.02
Share price as at grant date	£0.09	£.06
Exercise price	£0.15	£0.15
Volatility	67.806%	69.732%
Expected option life	4.05 years	4.09 years
Dividends	Nil	Nil
Risk - free interest rate	1.997%	3.079%

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

As at 30 June 2023 and 31 December 2022, the fair value of cash and cash on equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximated their carrying value due to their short term to maturity.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****11. Financial Instruments and risk management**

The following tables provide fair value measurement information for financial assets and liabilities as at 30 June 2023 and 31 December 2022. 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 amortised cost.

	30 June 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Cash and cash equivalents including restricted cash	17,799	17,799	18,875	18,875
Accounts receivable	119	119	85	85
Financial Liabilities:				
<i>Other financial liabilities</i>				
Accounts payable and accrued expenses	341	341	332	332

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.

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

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accounting and audit fees	(47)	(36)	(92)	(78)
Consulting fees	(11)	(10)	(24)	(23)
Legal fees	(8)	(11)	(14)	(20)
Investor relations	(64)	(73)	(102)	(142)
Office and administrative costs	(40)	(42)	(81)	(81)
Payroll and related costs	(244)	(483)	(496)	(717)
Directors' fees	(60)	(54)	(119)	(111)
Travel and promotion	(10)	(20)	(16)	(29)
Shared based compensation (Note 9)	(94)	(347)	(231)	(483)
	(578)	(1,076)	(1,175)	(1,684)

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****13. Decommissioning provision**

A reconciliation of the decommissioning provision for the period ended 30 June 2023 and the year ended 31 December 2022 is provided below:

	30 June 2023 \$'000	31 December 2022 \$'000
Balance as at beginning of year	15,602	11,775
Revision to Hungarian provision	-	825
Adjustment for Beetaloo working interests	-	2,694
Adjustment for Canadian working interests	1	(2)
Accretion	150	310
Non – current; balance at end of period	15,753	15,602

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 million as at 30 June 2023 (31 December 2022: \$12.9 million) based on an undiscounted total future liability of \$14.3 million (31 December 2022: \$14.4 million). These payments are expected to be made in 4 years. The discount factor, being the risk-free rate related to the liability, was 2.33% as at 30 June 2023 (31 December 2022: 2.33%). The inflation factor related to the liability, was 2.52% as at 30 June 2023 (31 December 2022: 2.52%). A 1% increase / (decrease) in the discount rate to 3.33% / 1.33% will (decrease) / increase the provision by (\$445,000) / \$688,000.

The estimated net present value of the decommissioning provision for its Australian Beetaloo well interests is \$2.7 million as at 30 June 2023 (31 December 2022: \$2.7million) based on an undiscounted total future liability of \$3.4million (31 December 2022: \$3.4m). These payments are expected to be made between 5-30 years. The discount factors, being the risk-free rate related to the liability, were 3.70% and 4.34% respectively as at 30 June 2023 and 31 December 2022. The inflation factor related to the liability, was 2.50% as at 30 June 2023 and 31 December 2022. A 1% increase / (decrease) in the discount rate will (decrease) / increase the provision by (\$453,000) / \$232,000.

14. Accounts payable and accrued expenses

	30 June 2023 \$'000	31 December 2022 \$'000
Current		
Accounts payable	91	84
Accrued expenses	250	248
	341	332

15. Related party transactions

There were no related party transactions during the period.

Falcon Oil & Gas Ltd.**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022****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-out 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 six months ended 30 June 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. Costs in excess of the cost cap of A\$263.8 million will be funded in proportion to the participating interest of the joint venture partners. With Origin's divestment announced on 19 September 2022, the cost caps and obligations transfer to Tamboran B2. Furthermore, as announced on 11 October 2022, Falcon Australia will earn an additional carry on future well costs up to A\$30m 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

Hungary - Makó Trough, Hungary

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

17. Subsequent Events

There were no subsequent events noted up to the approval of the of these interim financial statements on 24 August 2023.

18. Share capital

As at 30 June 2023 and 31 December 2022, the Company was authorised to issue an unlimited number of common shares, without par value.

The following is a reconciliation of issued and outstanding common shares:

	Number of shares	Share capital \$'000
At 1 January 2021	981,847,425	392,170
At 31 December 2021	981,847,425	392,170
Private placement – April 2022	62,500,000	10,000
Private placement – April 2022 - expenses	-	(50)
	62,500,000	9,950
At 31 December 2022	1,044,347,425	402,120
At 30 June 2023	1,044,347,425	402,120

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

Falcon Oil & Gas Ltd.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the Three and Six Months Ended 30 June 2023 and 2022

19. 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 24 August 2023.

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