



**Falcon Oil & Gas Ltd.**

Interim Condensed Consolidated Financial Statements  
Three Months Ended 31 March 2023 and 2022

(Presented in U.S. Dollars)

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23 May 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 months ended 31 March 2023, 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 2023 and 2022**

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

(Unaudited)

		Three months ended 31 March 2023 \$'000	Three months ended 31 March 2022 \$'000
	Notes		
<b>Revenue</b>			
Oil and natural gas revenue	3	-	-
<b>Expenses</b>			
Exploration and evaluation expenses		(43)	(40)
General and administrative expenses	12	(597)	(608)
Foreign exchange gain / (loss)		56	(45)
		<b>(584)</b>	<b>(693)</b>
<b>Results from operating activities</b>		<b>(584)</b>	<b>(693)</b>
Finance income	4	68	3
Finance expense	4	(144)	(60)
Net finance expense		(76)	(57)
<b>Loss and comprehensive loss for the period</b>		<b>(660)</b>	<b>(750)</b>
Loss and comprehensive loss attributable to:			
Equity holders of the company		(658)	(750)
Non-controlling interests		(2)	-
<b>Loss and comprehensive loss for the period</b>		<b>(660)</b>	<b>(750)</b>
Loss per share attributable to equity holders of the company:			
Basic and diluted	5	(\$.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 2023 \$'000	At 31 December 2022 \$'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	6	42,979	42,977
Property, plant and equipment		6	7
Trade and other receivables		20	20
Restricted cash	7	2,146	2,090
		<b>45,151</b>	<b>45,094</b>
<b>Current assets</b>			
Cash and cash equivalents	8	16,269	16,785
Trade and other receivables		140	79
		<b>16,409</b>	<b>16,864</b>
<b>Total assets</b>		<b>61,560</b>	<b>61,958</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		402,120	402,120
Contributed surplus		47,200	47,063
Deficit		(404,518)	(403,860)
		<b>44,802</b>	<b>45,323</b>
<b>Non-controlling interests</b>		<b>699</b>	<b>701</b>
<b>Total equity</b>		<b>45,501</b>	<b>46,024</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Decommissioning provision	13	15,677	15,602
		<b>15,677</b>	<b>15,602</b>
<b>Current liabilities</b>			
Accounts payable and accrued expenses	14	382	332
		<b>382</b>	<b>332</b>
<b>Total liabilities</b>		<b>16,059</b>	<b>15,934</b>
<b>Total equity and liabilities</b>		<b>61,560</b>	<b>61,958</b>

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	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
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9	-	136	-	136	-	136
Loss and total comprehensive loss for the period		-	-	(750)	(750)	-	(750)
<b>At 31 March 2022</b>		<b>392,170</b>	<b>46,390</b>	<b>(400,616)</b>	<b>37,944</b>	<b>698</b>	<b>38,642</b>
At 1 January 2023		402,120	47,063	(403,860)	<b>45,323</b>	701	<b>46,024</b>
<i>Contributions by and distributions to the owners:</i>							
Share based compensation	9		137		<b>137</b>		<b>137</b>
Loss and total comprehensive loss for the period				(658)	<b>(658)</b>	(2)	<b>(660)</b>
<b>At 31 March 2023</b>		<b>402,120</b>	<b>47,200</b>	<b>(404,518)</b>	<b>44,802</b>	<b>699</b>	<b>45,501</b>

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	Three months ended 31 March	
		2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Net loss for the period		(660)	(750)
Adjustments for:			
Share based compensation	9	137	136
Depreciation		1	2
Net finance expense		66	57
Effect of exchange rates on operating activities		(56)	45
Change in non-cash working capital:			
Increase in trade and other receivables		(61)	(89)
Increase in accounts payable and accrued expenses		51	30
<b>Net cash used in operating activities</b>		<b>(522)</b>	<b>(569)</b>
<b>Cash flows from investing activities</b>			
Interest received		78	3
Exploration and evaluation assets		(2)	(29)
<b>Net cash generated by / (used in) investing activities</b>		<b>76</b>	<b>(26)</b>
Change in cash and cash equivalents		(446)	(595)
Effect of exchange rates on cash and cash equivalents		(70)	2
Cash and cash equivalents at beginning of period		16,785	8,894
<b>Cash and cash equivalents at end of period</b>	8	<b>16,269</b>	<b>8,301</b>

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 2023 and 2022

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#### 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 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.sedar.com](http://www.sedar.com).

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, "**GBP£**" represents British Pounds Sterling, "**HUF**" represents Hungarian Forints, and "**A\$**" represents Australian Dollars.

As at 31 March 2023 the Group had \$16.3m 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 (B1) Pty Limited ("**Tamboran B1**"). As part of the transaction agreed and the binding Letter of Intent ("**LOI**") executed and announced on 11 October 2022, Tamboran B1 granted Falcon Australia an additional carry beyond Stage 3 of A\$30 million and terms were agreed on limited proration units for sole risk operations to a maximum of 6,400 acres per well, providing Falcon Australia with participation optionality on the drilling of future wells. Falcon also completed an equity raise of \$10million in 2022.

The remaining cost cap coupled with the cash on hand are sufficient to cover estimated committed costs under Stage 3 of the work programme 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 executed LOI, participation in drilling activities beyond Stage 3 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 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



**Falcon Oil & Gas Ltd.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)  
For the Three Months Ended 31 March 2023 and 2022****2. Accounting policies (continued)**

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
Three months ended 31 March 2023					
Revenue	-	-	-	-	-
Net loss <sup>(i)</sup>	(156)	(14)	(107)	(381)	(658)
At 31 March 2023					
Capital assets <sup>(ii)</sup>	42,979	-	2,113	39	45,131
Three months ended 31 March 2022					
Revenue	-	-	-	-	-
Net loss <sup>(i)</sup>	(89)	(14)	(185)	(462)	(750)
At 31 March 2022					
Capital assets <sup>(ii)</sup>	40,237	-	2,200	11	42,448

(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 2023 and 2022**

**4. Finance income and expense**

	Notes	Three months ended 31 March	
		2023 \$'000	2022 \$'000
<b>Finance income</b>			
Interest income on bank deposits		68	3
		<b>68</b>	<b>3</b>
<b>Finance expense</b>			
Accretion of decommissioning provisions	13	(75)	(59)
Net foreign exchange loss		(69)	(1)
		<b>(144)</b>	<b>(60)</b>
Net finance expense		<b>(76)</b>	<b>(57)</b>

**5. Loss per share**

Basic and diluted loss per share is calculated as follows:

	For the three months ended 31 March	
	2023 \$'000	2022 \$'000
Loss attributable to equity holders of the company	(658)	(750)
Weighted average number of common shares in issue - (thousands)	1,044,347	981,847
Loss / diluted loss per share	<b>(\$.001)</b>	<b>(\$0.001)</b>

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 \$'000	Total \$'000
At 1 January 2023	42,977	42,977
Additions	2	2
<b>At 31 March 2023</b>	<b>42,979</b>	<b>42,979</b>
	Australia \$'000	Total \$'000
At 1 January 2022	40,197	40,197
Additions	86	86
Granting an ORRI to Sheffield Holdings	(6,000)	(6,000)
Exercising TOG Group call option	6,000	6,000
Decommissioning provision	2,694	2,694
<b>At 31 December 2022</b>	<b>42,977</b>	<b>42,977</b>

**Falcon Oil & Gas Ltd.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)  
For the Three Months Ended 31 March 2023 and 2022****6. Exploration and Evaluation (“E&E”) assets (continued)**

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

**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.

	<b>31 March 2023 \$’000</b>	31 December 2022 \$’000
Restricted cash	<b>2,146</b>	2,090
	<b>2,146</b>	2,090

**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.

	<b>31 March 2022 \$’000</b>	31 December 2022 \$’000
Cash	<b>16,269</b>	16,785
	<b>16,269</b>	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 \$137,000 during the period ended 31 March 2023 (2022: \$136,000).

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 GBP£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 GBP£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 Months Ended 31 March 2023 and 2022****9. Share based compensation (continued)**

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

	Three months ended 31 March 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	GBP£0.11	47,000,000	GBP£0.10
Expired	-	-	(6,000,000)	CDN\$0.20
Granted	-	-	18,750,000	GBP£0.15
Outstanding at end of period	59,750,000	GBP£0.11	59,750,000	GBP£0.11
Exercisable at end of period	46,250,000	GBP£0.10	33,583,333	GBP£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	GBP£0.08	17 February 2026	2.89
18 February 2021	16,500,000	GBP£0.12	17 February 2026	2.89
10 September 2021	3,000,000	GBP£0.10	9 September 2026	3.45
6 June 2022	16,250,000	GBP£0.15	5 June 2027	4.18
29 November 2022	2,500,000	GBP£0.15	28 November 2027	4.67
	<b>59,750,000</b>	<b>GBP£0.11</b>		

The fair value of the 2022 Options granted at GBP£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	GBP£0.04	GBP£.02
Share price as at grant date	GBP£0.09	GBP£.06
Exercise price	GBP£0.15	GBP£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 equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses*

As at 31 March 2023 and 31 December 2022, 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.

**Falcon Oil & Gas Ltd.**

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)  
For the Three Months Ended 31 March 2023 and 2022**

**11. Financial Instruments and risk management**

The following tables provide fair value measurement information for financial assets and liabilities as at 31 March 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 amortized cost.

	31 March 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>				
Cash and cash equivalents including restricted cash	18,415	18,415	18,875	18,875
Accounts receivable	151	151	85	85
<b>Financial Liabilities:</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued expenses	382	382	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**

	Notes	For the three months ended 31 March	
		2023	2022
		\$'000	\$'000
Accounting and audit fees		(45)	(42)
Consulting fees		(13)	(13)
Legal fees		(6)	(9)
Investor relations		(38)	(69)
Office and administrative costs		(41)	(39)
Payroll and related costs		(252)	(234)
Directors' fees		(59)	(57)
Travel and promotion		(6)	(9)
Shared based compensation	9	(137)	(136)
		(597)	(608)

**Falcon Oil & Gas Ltd.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)  
For the Three Months Ended 31 March 2023 and 2022****13. Decommissioning provision**

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

	<b>31 March 2023 \$'000</b>	31 December 2022 \$'000
Balance as at beginning of year	15,602	11,775
Revision to Hungarian provision	0	825
Adjustment for Beetaloo working interests	0	2,694
Adjustment for Canadian working interests	0	(2)
Accretion	75	310
<b>Non – current; balance at end of period</b>	<b>15,677</b>	<b>15,602</b>

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 \$12.9 million as at 31 March 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 31 March 2023 (31 December 2022: 2.33%). The inflation factor related to the liability, was 2.52% as at 31 March 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 (\$581,210) / \$614,842.

The estimated net present value of the decommissioning provision for its Australian Beetaloo well interests is \$2.7 million as at 31 March 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 31 March 2022 and 31 December 2022. The inflation factor related to the liability, was 2.50% as at 31 March 2023 and 31 December 2022. A 1% increase / (decrease) in the discount rate will (decrease) / increase the provision by (\$423,778) / \$267,707.

**14. Accounts payable and accrued expenses**

	<b>31 March 2023 \$'000</b>	31 December 2022 \$'000
<b>Current</b>		
Accounts payable	127	84
Accrued expenses	255	248
	<b>382</b>	<b>332</b>

**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-out 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 are included in the Management's Discussion & Analysis document for the three months ended 31 March 2023.

In August 2018 the Group agreed to amend the original farm-out 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 participating interest.

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 B1. 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 limited proration units on sole risk operations provides optionality to Falcon Australia on future wells drilled.

#### *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.

#### *Hungary - Makó Trough, Hungary*

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

## **17. Subsequent Events**

There are no subsequent events to note.

## **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 23 May 2023.

**[End of document]**