

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **001-40111**

Flame Acquisition Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

85-3514078
(I.R.S. Employer
Identification No.)

700 Milam Street, Suite 3300
Houston, TX 77002
(Address of Principal Executive Offices, Zip Code)

(713) 579-6106
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units, each consisting of one share of Class A common stock and one-half of one warrant	FLME.U	The New York Stock Exchange
Class A common stock, par value \$0.0001 per share	FLME	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	FLME.WS	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

As of November 14, 2023 there were 13,292,182 shares of Class A common stock, \$0.0001 par value, issued and outstanding.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

FLAME ACQUISITION CORP.
CONDENSED BALANCE SHEETS

	September 30, 2023 (unaudited)	December 31, 2022
Assets		
Current assets:		
Cash	\$ 709,450	\$ 100,256
Prepaid expenses	246,392	88,212
Total current assets	955,842	188,468
Investments held in Trust Account	63,939,672	290,718,297
Total assets	\$ 64,895,514	\$290,906,765
Liabilities, Common Stock Subject to Possible Redemption and Stockholders' Deficit		
Accounts payable and accrued expenses	\$ 6,153,608	\$ 4,625,892
Excise tax payable	2,308,378	—
Income taxes payable	785,543	330,151
Promissory notes to related parties	1,128,630	370,000
Convertible promissory notes – related parties, at fair value	2,645,096	1,409,730
Total current liabilities	13,021,255	6,735,773
Warrant liabilities	15,154,125	12,149,250
Total liabilities	28,175,380	18,885,023
Commitments and Contingencies		
Class A common stock subject to possible redemption; 6,104,682 and 28,750,000 shares at redemption value at September 30, 2023 and December 31, 2022, respectively (\$10.34 and \$10.10 at September 30, 2023 and December 31, 2022)	63,123,555	290,347,008
Stockholders' Deficit:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 200,000,000 shares authorized; 7,187,500 and no shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively, excluding 6,104,682 and 28,750,000 shares subject to possible redemption at September 30, 2023 and December 31, 2022, respectively	719	—
Class B common stock, \$0.0001 par value; 20,000,000 shares authorized; no shares issued and outstanding at September 30, 2023 and 7,187,500 shares issued and outstanding at December 31, 2022	—	719
Additional paid-in capital	—	—
Accumulated deficit	(26,404,140)	(18,325,985)
Total Stockholders' Deficit	(26,403,421)	(18,325,266)
Total Liabilities, Common Stock Subject to Possible Redemption and Stockholders' Deficit	\$ 64,895,514	\$290,906,765

The accompanying notes are an integral part of these unaudited condensed financial statements.

FLAME ACQUISITION CORP.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating costs	\$ 996,938	\$ 1,281,508	\$ 3,485,342	\$ 2,012,339
Loss from operations	(996,938)	(1,281,508)	(3,485,342)	(2,012,339)
Other income (expenses):				
Interest income from Trust Account	699,906	1,245,964	3,840,682	1,615,323
Change in fair value of convertible promissory notes – related parties	(757,488)	1,200	37,804	(21,011)
Change in fair value of warrant liabilities	(9,271,875)	372,750	(3,004,875)	10,003,125
Total other (loss) income, net	(9,329,457)	1,619,914	873,611	11,597,437
(Loss) income before income taxes	(10,326,395)	338,406	(2,611,731)	9,585,098
Income tax expense	(146,980)	(530,156)	(785,543)	(530,156)
Net (loss) income	\$ (10,473,375)	\$ (191,750)	\$ (3,397,274)	\$ 9,054,942
Weighted average redeemable Class A common stock outstanding	8,169,859	28,750,000	12,660,640	28,750,000
Basic and diluted net (loss) income per redeemable Class A common share	\$ (0.68)	\$ (0.01)	\$ (0.17)	\$ 0.25
Weighted average non-redeemable Class A and Class B common stock outstanding	7,187,500	7,187,500	7,187,500	7,187,500
Basic and diluted net (loss) income per non-redeemable Class A and Class B common share	\$ (0.68)	\$ (0.01)	\$ (0.17)	\$ 0.25

The accompanying notes are an integral part of these unaudited condensed financial statements.

FLAME ACQUISITION CORP.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(UNAUDITED)

For the three and nine months ended September 30, 2023

	Common Stock Class A		Common Stock Class B		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	—	—	7,187,500	\$ 719	\$ —	\$(18,325,985)	\$(18,325,266)
Initial fair value adjustment of convertible promissory notes – related parties	—	—	—	—	—	42,205	42,205
Remeasurement of Class A common stock subject to possible redemption	—	—	—	—	—	(1,776,354)	(1,776,354)
Excise tax on Class A common stock redemptions	—	—	—	—	—	(2,068,297)	(2,068,297)
Net income	—	—	—	—	—	2,036,482	2,036,482
Balance as of March 31, 2023	—	—	7,187,500	719	—	(20,091,949)	(20,091,230)
Initial fair value adjustment of convertible promissory notes - related parties	—	—	—	—	—	186,194	186,194
Remeasurement of Class A common stock subject to possible redemption	—	—	—	—	—	(626,422)	(626,422)
Net income	—	—	—	—	—	5,039,619	5,039,619
Balance as of June 30, 2023	—	—	7,187,500	719	—	(15,492,558)	(15,491,839)
Initial fair value adjustment of convertible promissory notes - related parties	—	—	—	—	—	304,801	304,801
Remeasurement of Class A common stock subject to possible redemption	—	—	—	—	—	(502,927)	(502,927)
Conversion of Class B common stock to Class A common stock	7,187,500	719	(7,187,500)	(719)	—	—	—
Excise tax on Class A common stock redemptions	—	—	—	—	—	(240,081)	(240,081)
Net loss	—	—	—	—	—	(10,473,375)	(10,473,375)
Balance of September 30, 2023	<u>7,187,500</u>	<u>\$ 719</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$(26,404,140)</u>	<u>\$(26,403,421)</u>

For the three and nine months ended September 30, 2022

	Common Stock Class A		Common Stock Class B		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2021	—	—	7,187,500	\$ 719	\$ —	\$(12,940,155)	\$(12,939,436)
Initial fair value adjustment of convertible promissory notes – related parties	—	—	—	—	—	52,126	52,126
Net income	—	—	—	—	—	6,421,767	6,421,767
Balance as of March 31, 2022	—	—	7,187,500	719	—	(6,466,262)	(6,465,543)
Remeasurement of Class A common stock subject to possible redemption	—	—	—	—	—	(84,375)	(84,375)
Net income	—	—	—	—	—	2,824,925	2,824,925
Balance as of June 30, 2022	—	—	7,187,500	719	—	(3,725,712)	(3,724,993)
Remeasurement of Class A common stock subject to possible redemption	—	—	—	—	—	(665,808)	(665,808)
Net loss	—	—	—	—	—	(191,750)	(191,750)
Balance of September 30, 2022	<u>—</u>	<u>—</u>	<u>7,187,500</u>	<u>\$ 719</u>	<u>\$ —</u>	<u>\$(4,583,270)</u>	<u>\$(4,582,551)</u>

The accompanying notes are an integral part of these unaudited condensed financial statements.

FLAME ACQUISITION CORP.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	<u>Nine Months Ended</u> <u>September 30, 2023</u>	<u>Nine Months Ended</u> <u>September 30, 2022</u>
Cash flows from operating activities:		
Net (loss) income	\$ (3,397,274)	\$ 9,054,942
Adjustments to reconcile net income to net cash used in operating activities:		
Interest income from Trust Account	(3,840,682)	(1,615,323)
Change in fair value of convertible promissory notes – related parties	(37,804)	21,011
Change in fair value of warrant liabilities	3,004,875	(10,003,125)
Changes in current assets and current liabilities:		
Prepaid expenses	(158,180)	362,012
Accounts payable and accrued expenses	1,527,716	812,797
Income taxes payable	455,392	530,156
Net cash used in operating activities	<u>(2,445,957)</u>	<u>(837,530)</u>
Cash flows from investing activities:		
Cash withdrawn from Trust Account in connection with redemptions	230,129,156	—
Cash withdrawn from Trust Account to pay taxes	490,151	320,000
Net cash provided by investing activities	<u>230,619,307</u>	<u>320,000</u>
Cash flows from financing activities:		
Payments for redemptions of Class A common stock	(230,129,156)	—
Proceeds from convertible promissory notes – related parties	1,080,000	335,000
Proceeds from promissory notes – related parties	1,485,000	—
Net cash (used in) provided by financing activities	<u>(227,564,156)</u>	<u>335,000</u>
Net change in cash	609,194	(182,530)
Cash, beginning of the period	100,256	322,768
Cash, end of the period	<u>\$ 709,450</u>	<u>\$ 140,238</u>
Supplemental disclosure of noncash investing and financing activities		
Conversion of Promissory Notes to Convertible Promissory Notes	\$ 726,370	\$ —
Initial measurement of fair value of Convertible Promissory Notes	\$ (533,200)	\$ (52,126)
Remeasurement of Class A common stock subject to possible redemption	\$ 2,905,703	\$ 750,183
Excise tax payable as a result of redemptions of Class A common stock	\$ 2,308,378	\$ —
Supplemental Disclosure of Cash Flow Information:		
Payment of cash taxes	<u>\$ 330,151</u>	<u>\$ —</u>

The accompanying notes are an integral part of these unaudited condensed financial statements.

FLAME ACQUISITION CORP.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 2023

Note 1 — Organization, and Business Operations

Organization and General

Flame Acquisition Corp. (the "Company") was incorporated in Delaware on October 16, 2020. The Company was formed for the purpose of entering into a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (a "Business Combination"). The Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies. The Company has selected December 31 as its fiscal year end.

On November 2, 2022, the Company entered into an agreement and plan of merger, dated as of November 2, 2022 (as it may be amended, supplemented, or otherwise modified from time to time, the "Merger Agreement"), with Sable Offshore Corp., a Texas corporation ("SOC"), and Sable Offshore Holdings, LLC, a Delaware limited liability company and the parent company of SOC ("Holdco" and, together with SOC, "Sable"), as fully disclosed in the Current Report on Form 8-K filed by the Company with the U.S Securities and Exchange Commission ("SEC") on November 2, 2022. The Merger Agreement provides for, among other things, the following transactions at the closing: (i) Holdco will merge with and into the Company, with the Company surviving the merger (the "Holdco Merger"), and (ii) immediately following the effective time of the Holdco Merger, SOC will merge with and into the Company, with the Company surviving the merger (the "SOC Merger"). The Holdco Merger together with the SOC Merger are referred to as the "Merger," and the Merger and other transactions contemplated by the Merger Agreement are referred to as the "Business Combination." In connection with the Business Combination, the Company will change its name to Sable Offshore Corp. The independent members of the board of directors of the Company (the "Board") approved, and recommended that the Board approve, the Merger Agreement and the transactions contemplated thereby. Subsequently, the Board approved the Merger Agreement and the transactions contemplated thereby.

The obligations of the parties to consummate the Business Combination are subject to the satisfaction or waiver of certain customary closing conditions. The closing of the Merger is expected to occur on the third business day after the satisfaction or waiver (if legally permissible) of the conditions set forth in the Merger Agreement, except as otherwise mutually agreed by the parties. The Merger Agreement may be terminated under certain customary and limited circumstances at any time prior to the Closing and the Company can provide no assurance that the Business Combination will be consummated at the expected time, or at all.

In connection with the Business Combination, Holdco entered into subscription agreements (the "Sable PIPE Subscription Agreements") with certain investors (the "Sable PIPE Investors"), pursuant to which the Sable PIPE Investors agreed to purchase, in the aggregate, 7,450,000 limited liability company membership interests in Holdco designated as Class B shares at \$10.00 per share, for an aggregate commitment amount of approximately \$74,500,000 (the "Sable PIPE Investment").

The Sable PIPE Subscription Agreements provide that, in the event the Merger is consummated, the Sable PIPE Investors will be deemed to have subscribed for and will purchase our Class A common stock at the same price per share and, by operation of law pursuant to the Merger, the Company will have succeeded to Holdco's obligations under the Sable PIPE Subscription Agreements. The Sable PIPE Subscription Agreements provide that, if the Merger is consummated, we must file a registration statement within 30 calendar days after consummation of the Merger registering the resale of the shares of our Class A common stock issued to the Sable PIPE Investors, and must use our commercially reasonable efforts to have the registration statement declared effective by the SEC by the earlier of (i) the 90th calendar day (or 120th calendar day if the SEC notifies us that it will review the registration statement) following the closing of the Merger and (ii) the 10th business day after the date we are notified (orally or in writing, whichever is earlier) by the SEC that the registration statement will not be reviewed or will not be subject to further review. We thereafter will be required to maintain a registration statement that is continuously effective and to cause the registration statement to regain effectiveness in the event that it ceases to be effective.

On November 10, 2022, the Company filed a preliminary proxy statement relating to the Business Combination (as amended, the "Proxy Statement"), which included a recommendation of the Board to the Company's stockholders that they approve the proposals included in the Proxy Statement. The Company also filed amended preliminary proxy statements on December 23, 2022, January 27, 2023 and September 14, 2023 for the purpose of addressing SEC Staff comments.

On February 27, 2023, at a special meeting of stockholders, the Company's stockholders voted to approve an amendment (the "First Extension Amendment Proposal") to the amended and restated certificate of incorporation to extend the date by which the Company must complete a business combination (the "First Extension") from March 1, 2023, to September 1, 2023 (the "First Extended Date"). In connection with the First Extension, stockholders holding 20,317,255 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 70.67% of our then issued and outstanding Class A common stock. As a result, \$206,121,060 (approximately \$10.15 per share) was removed from the Trust Account to pay such redeeming holders on March 2, 2023.

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On June 13, 2023, Sable, Exxon Mobil Corporation (“Exxon”) and Mobil Pacific Pipeline Company (“MPPC,” and together with Exxon, “EM”) entered into a First Amendment (the “Amendment”) to the Purchase and Sale Agreement dated November 1, 2022 among Sable and EM. Pursuant to the Amendment, Sable and EM agreed to amend the Sable-EM Purchase Agreement to, among other things, provide that the closing of the transactions contemplated by the Sable-EM Purchase Agreement was scheduled to take place on June 30, 2023 (the “Sable-EM Scheduled Closing Date”), unless one or more of the conditions to closing described in the Sable-EM Purchase Agreement was not satisfied as of the Sable-EM Scheduled Closing Date, in which case the closing would be held three business days after all such conditions were satisfied or waived, or such other date as the parties may mutually agree in writing, but in no event later than December 31, 2023. The Amendment also lowers the “Minimum Cash Threshold” (as defined in the Sable-EM Purchase Agreement) from \$200,000,000 to \$150,000,000.

On June 30, 2023, the Company and Sable entered into a Second Amendment to the Merger Agreement, pursuant to which the parties agreed to extend the date by which the parties must consummate the Business Combination, or otherwise either Flame or Sable may terminate the Merger Agreement, from June 30, 2023, to March 1, 2024.

On August 22, 2023, we issued an aggregate of 7,187,500 shares of Class A common stock to the Sponsor, FL Co-Investment, Intrepid Financial Partners, our independent directors and certain of our executive officers, upon the conversion of an equal number of shares of Class B common stock (the “Class B Conversion”). The 7,187,500 shares of Class A common stock issued in connection with the Class B Conversion are subject to the same restrictions as applied to the shares of Class B common stock before the Class B Conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial business combination, as described in the prospectus for the Initial Public Offering (“IPO”) described below. After the Class B Conversion, no shares of Class B common stock remained outstanding.

On August 29, 2023, at a special meeting of stockholders, the Company’s stockholders voted to approve a proposal (the “Second Extension Amendment Proposal”) to amend the amended and restated certificate of incorporation to extend the date by which the Company must complete a business combination (the “Second Extension”) from September 1, 2023, to March 1, 2024 (the “Second Extension Amendment”). In connection with the Second Extension, stockholders holding 2,328,063 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 27.61% of our then issued and outstanding Class A common stock. As a result, \$24,008,096 (approximately \$10.31 per share) was removed from the Trust Account to pay such redeeming holders on August 31, 2023.

On August 29, 2023, in connection with the Second Extension, we filed the Second Extension Amendment to the Company’s amended and restated certificate of incorporation with the Secretary of State of the State of Delaware. The Second Extension Amendment extends the date by which we must consummate our initial business combination from September 1, 2023 to March 1, 2024.

As of September 30, 2023, the Company had not yet commenced any operations. All activity through September 30, 2023 relates to the Company’s formation, the IPO and, since the closing of the IPO, the search for a target for our initial Business Combination, and since the signing of the Merger Agreement, completing our initial Business Combination. The Company will not generate any operating revenues until after the completion of its initial business combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the IPO and non-operating income or expense from changes in the fair value of warrant liabilities and convertible promissory notes.

Financing

The registration statement for the Company’s IPO was declared effective on February 24, 2021 (the “Effective Date”). On March 1, 2021, the Company consummated the IPO of 28,750,000 units (the “Units” and, with respect to the common stock included in the Units sold, the “Public Shares”), at \$10.00 per Unit, generating gross proceeds of \$ 287,500,000, which is discussed in Note 3.

Simultaneously with the closing of the IPO, the Company consummated the sale of 7,750,000 warrants (the “Private Placement Warrants”), at a price of \$1.00 per Private Placement Warrant, which is discussed in Note 4.

Trust Account

Following the closing of the IPO on March 1, 2021, an amount of \$ 287,500,000 from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account (“Trust Account”) which is invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company. However, to mitigate the risk of our being deemed to be an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act) and thus subject to regulation under the Investment Company Act, on February 21, 2023, we instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account, to liquidate the investments previously held in the Trust Account and to hold all funds in the Trust Account in cash (which may include an interest bearing demand deposit account at a national bank) until the earlier of the consummation of our initial business combination or the liquidation of the Company. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its tax obligations (see Note 2), the proceeds from the

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IPO and the sale of the Private Placement Warrants will not be released from the Trust Account until the earliest of (a) the completion of the Company's initial business combination, (b) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company's amended and restated certificate of incorporation, and (c) the redemption of the Company's Public Shares if the Company is unable to complete the initial business combination by March 1, 2024, subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of the Company's creditors, if any, which could have priority over the claims of the Company's public stockholders.

Initial Business Combination

The Company's management has broad discretion with respect to the specific application of the net proceeds of the IPO, although substantially all of the net proceeds are intended to be generally applied toward consummating a business combination.

The Company's business combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (net of taxes payable) at the time of the signing of an agreement to enter into a business combination. However, the Company will only complete a business combination if the post-business combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a business combination.

The Company will provide its public stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of the initial business combination either (i) in connection with a stockholder meeting called to approve the initial business combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a proposed initial business combination or conduct a tender offer will be made by the Company, solely in its discretion. The stockholders will be entitled to redeem their shares for a pro rata portion of the amount then on deposit in the Trust Account (initially \$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations).

The shares of common stock subject to redemption are recorded at a redemption value and classified as temporary equity upon the completion of the IPO, in accordance with Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity" ("ASC 480"). The Company will proceed with a business combination if the Company has net tangible assets of at least \$5,000,001 either immediately prior to or upon consummation of a business combination and, if the Company seeks stockholder approval, a majority of the issued and outstanding shares voted are voted in favor of the business combination.

The Company has until March 1, 2024 to consummate a business combination (the "Combination Period"). However, if the Company is unable to complete a business combination within the Combination Period, the Company will redeem 100% of the outstanding Public Shares for a pro rata portion of the funds held in the Trust Account, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company for the payment of taxes, and less up to \$100,000 of interest to pay dissolution expenses, divided by the number of then outstanding Public Shares, subject to applicable law, and then seek to dissolve and liquidate.

Flame Acquisition Sponsor, LLC a Delaware company (the "Sponsor"), and the Company's officers and directors have agreed to (i) waive their redemption rights with respect to their Founder Shares (see Note 5), Private Placement Warrants and Public Shares in connection with the completion of the initial business combination, (ii) waive their redemption rights with respect to their Founder Shares and Public Shares in connection with a stockholder vote to approve an amendment to the Company's amended and restated certificate of incorporation, and (iii) waive their rights to liquidating distributions from the Trust Account with respect to their Founder Shares and Private Placement Warrants if the Company fails to complete the initial business combination within the Combination Period.

The Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or business combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per Public Share and (ii) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act. However, the Company has not asked the Sponsor to reserve for such indemnification obligations. The Company has not independently verified whether the Sponsor has sufficient funds to satisfy its indemnity obligations and believes that the Sponsor's only assets are securities of the Company. Therefore, the Company cannot be certain that the Sponsor would be able to satisfy those obligations.

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Going Concern

As of September 30, 2023, the Company had cash outside the Trust Account of \$ 709,450 available for working capital needs and a working capital deficit of \$12,065,413. All remaining cash held in the Trust Account is generally unavailable for the Company's use, prior to an initial business combination, and is restricted for use either in a Business Combination, to redeem common stock or to use for payment of taxes. As of September 30, 2023, \$816,118 of the amount in the Trust Account was available to be withdrawn as described above.

Through September 30, 2023, the Company's liquidity needs have been satisfied through various promissory notes from its sponsor (see further discussion of the individual promissory notes in Note 5).

Until consummation of its Business Combination, the Company will be using the funds not held in the Trust Account, and any additional Working Capital Loans (as defined in Note 5) from the initial stockholders, the Company's officers and directors, or their respective affiliates (which is described in Note 5), for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination.

If the Company's estimates of the costs of undertaking in-depth due diligence and negotiating a business combination are less than the actual amounts necessary to do so, the Company may have insufficient funds available to operate its business prior to the business combination and will need to raise additional capital through loans from the Sponsor, its officers and/or directors, or third parties. Except as contemplated by the terms of the Working Capital Loans, neither the Sponsor nor the Company's officers or directors are under any obligation to advance additional funds to, or to invest in, the Company (see Note 5). If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. The Company is also subject to a mandatory liquidation and subsequent dissolution requirement if it does not complete its initial business combination by March 1, 2024. In connection with the Company's assessment of going concern considerations in accordance with ASC Subtopic 205-40, Presentation of Financial Statements - Going Concern, the Company cannot assure you that its plans to raise capital or to consummate an initial business combination before March 1, 2024 will be successful. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and the conflict in Ukraine and the surrounding region, and has concluded that while it is reasonably possible that these risks and uncertainties could have a negative effect on the Company's financial position, results of operations and/or search for a target company, the specific impact is not readily determinable as of the date of these unaudited condensed financial statements. The unaudited condensed financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Inflation Reduction Act of 2022

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly traded U.S. domestic corporations and certain U.S. domestic subsidiaries of publicly traded foreign corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its shareholders from whom shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases made during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the "U.S. Treasury") has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax.

Any redemption or other repurchase that occurs after December 31, 2022, in connection with a Business Combination, extension vote or otherwise, may be subject to the excise tax. Whether and to what extent the Company would be subject to the excise tax in connection with a Business Combination, extension vote or otherwise would depend on a number of factors, including (i) the fair market value of the redemptions and repurchases in connection with the Business Combination, extension or otherwise, (ii) the structure of a Business Combination, (iii) the nature and amount of any "PIPE" or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of

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a Business Combination) and (iv) the content of regulations and other guidance from the U.S. Treasury. In addition, because the excise tax would be payable by the Company and not by the redeeming holder, the mechanics of any required payment of the excise tax have not been determined. The foregoing could cause a reduction in the cash available on hand to complete a Business Combination and in the Company's ability to complete a Business Combination.

The Company determined that the \$230,129,156 in Trust Account value relating to the Class A common stock redeemed during the nine months ended September 30, 2023 (as noted above) is currently subject to the excise tax. Accordingly, an excise tax payable of \$2,308,378 was recognized upon the redemptions and was recorded as a liability on the condensed balance sheet and as a charge to Accumulated Deficit. The Company will continue to assess the excise tax payable recognizing an additional excise tax liability for any future stock repurchases/redemptions and netting such liability for any future qualifying stock issuances within the same annual period.

Note 2— Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K as filed with the SEC on March 31, 2023, as well as the Company's Current Reports on Form 8-K. The accompanying condensed balance sheet as of December 31, 2022 has been derived from our audited financial statements included in that Annual Report. The interim results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future interim periods.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant accounting estimates include inputs utilized to fair value warrant liabilities and convertible promissory notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2023 and December 31, 2022, respectively.

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Marketable Securities Held in Trust Account

At December 31, 2022, the Trust Account had \$ 290,718,297 in marketable securities. As discussed in Note 1, during the nine months ended September 30, 2023, the investments previously held in the Trust Account were liquidated with all funds in the Trust Account to be held in cash (which may include an interest bearing demand deposit account). During the nine months ended September 30, 2023 and the year ended December 31, 2022, the Company withdrew \$490,151 and \$786,918, respectively, of interest income from the Trust Account to pay its tax obligations. Additionally, as discussed further below, approximately \$ 230.1 million was removed from the Trust Account to pay redeeming holders during the nine months ended September 30, 2023.

Marketable securities held in the Trust Account are classified as "Trading Securities" in accordance with ASC 320, "Investments – Debt Securities" and are reported at fair value with unrealized gains or losses included in earnings of the current period.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. At September 30, 2023 and December 31, 2022, the Company did not experience losses on this account.

Common Stock Subject to Possible Redemption

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480, "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock are classified as stockholders' equity. The Company's redeemable Class A common stock feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of September 30, 2023 and December 31, 2022, 6,104,682 and 28,750,000 shares of Class A common stock subject to possible redemption, representing all outstanding shares of redeemable Class A common stock on those dates, are presented at redemption value as temporary equity, outside of the stockholders' deficit section of the Company's condensed balance sheets, respectively.

Under ASC 480-10-S99, the Company has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of the reporting period. This method would view the end of the reporting period as if it were also the redemption date of the security. Effective with the closing of our initial public offering, we recognized the remeasurement amount from initial book value to redemption amount, which, resulted in charges against additional paid-in capital (to the extent available) and accumulated deficit.

Amount remeasured in 2023 represents investment income accrued in the Trust Account during the period reduced by the amounts of Delaware franchise tax and income taxes paid and payable for 2021, 2022 and 2023, net of cash withdrawn from the Trust Account to pay these obligations.

On February 23, 2023, the Company was notified by stockholders holding 20,317,255 shares of Class A common stock that they exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$206,121,060 (approximately \$10.15 per share) was removed from the Trust Account to pay such redeeming holders on March 2, 2023.

On August 29, 2023, the Company was notified by stockholders holding 2,328,063 shares of Class A common stock that they exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$24,008,096 (approximately \$10.31 per share) was removed from the Trust Account to pay such redeeming holders on August 31, 2023.

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At September 30, 2023 and December 31, 2022, the Class A common stock reflected in the condensed balance sheets is reconciled in the following table:

	<u>Shares</u>	<u>Value</u>
Gross proceeds from Initial Public Offering	28,750,000	\$ 287,500,000
Less:		
Common stock issuance costs	—	(6,326,922)
Proceeds allocated to public warrants	—	(12,218,750)
Plus:		
Remeasurement of Class A common stock subject to possible redemption	—	21,392,680
Contingently redeemable common stock at December 31, 2022	28,750,000	290,347,008
Less:		
Redemptions of Class A common stock	(22,645,318)	(230,129,156)
Plus:		
Remeasurement of Class A common stock subject to possible redemption	—	2,905,703
Contingently redeemable Class A common stock at September 30, 2023	<u>6,104,682</u>	<u>\$ 63,123,555</u>

Class A Common Stock

On August 22, 2023, we issued an aggregate of 7,187,500 shares of Class A common stock to the Sponsor, FL Co-Investment, Intrepid Financial Partners, our independent directors and certain of our executive officers, upon the conversion of an equal number of shares of Class B common stock (the "Class B Conversion"). The 7,187,500 shares of Class A common stock issued in connection with the Class B Conversion are subject to the same restrictions as applied to the shares of Class B common stock before the Class B Conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial business combination, as described in the prospectus for the Initial Public Offering ("IPO") described below. After the Class B Conversion, no shares of Class B common stock remained outstanding.

Net (Loss) Income Per Share of Common Stock

The Company complies with accounting and disclosure requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 260, "Earnings Per Share." Net (loss) income per share of common stock is computed by dividing net (loss) income by the weighted average number of shares of common stock outstanding for the period. Subsequent remeasurement of the redeemable Class A common stock is excluded from (loss) income per share of common stock as the redemption value approximates fair value. Net (loss) income per share of common stock is computed by dividing the pro rata net (loss) income between the shares of Class A common stock and the shares of Class B common stock by the weighted average number of shares of common stock outstanding for each of the periods. The calculation of diluted (loss) income per share does not consider the effect of the warrants issued in connection with the IPO, as well as warrants issuable upon the exercise of the conversion option on outstanding working capital loans, since the exercise of the warrants is contingent upon the occurrence of future events. The warrants are exercisable for 25,431,370 and 23,625,000 shares of Class A common stock in the aggregate as of September 30, 2023 and 2022, respectively.

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The following table reflects the calculation of basic and diluted net (loss) income per share of common stock (in dollars, except share amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Common stock subject to possible redemption				
Numerator:				
Net (loss) income allocable to Class A common stock subject to possible redemption	\$(5,571,661)	\$ (153,400)	\$ (2,167,037)	\$ 7,243,954
Denominator:				
Weighted Average Redeemable Class A common stock, Basic and Diluted	8,169,859	28,750,000	12,660,640	28,750,000
Basic and Diluted net (loss) income per share, Redeemable Class A common stock	\$ (0.68)	\$ (0.01)	\$ (0.17)	\$ 0.25
Non-Redeemable common stock				
Numerator:				
Net (loss) income allocable to Class A and Class B common stock not subject to redemption	\$(4,901,714)	\$ (38,350)	\$ (1,230,237)	\$ 1,810,988
Denominator:				
Weighted Average Non-redeemable Class A and Class B common stock, Basic and Diluted	7,187,500	7,187,500	7,187,500	7,187,500
Basic and diluted net (loss) income per share of Non-redeemable Class A and Class B common stock	\$ (0.68)	\$ (0.01)	\$ (0.17)	\$ 0.25

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under the FASB ASC 820, "Fair Value Measurement," approximates the carrying amounts represented in the condensed balance sheets.

Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company accounts for its 22,125,000 common stock warrants issued in connection with its Initial Public Offering (14,375,000) and Private Placement (7,750,000) as derivative warrant liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's condensed statements of operations. The fair value of warrants issued by the Company in connection with the Initial Public Offering and Private Placement had been estimated using Monte-Carlo simulations at the initial measurement date. However, for each subsequent measurement, beginning on April 19, 2021, the public warrants were measured at the Observable Quoted Price in Active Markets and the private warrants were measured using the Modified Black-Scholes Option Pricing Model.

Convertible Promissory Notes—Related Party

The Company accounts for the convertible promissory notes under ASC 815. The Company has made the election under 815-15-25 to account for the notes under the fair value option. Using the fair value option, the convertible promissory notes are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Differences between the face value of the note and fair value at issuance are recognized as either an expense in the condensed statement of operations (if issued at a premium) or as a capital contribution (if issued at a discount). Changes in the estimated fair value of the notes are recognized as non-cash gains or losses in the condensed statements of operations.

Income Taxes

The Company accounts for income taxes under ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also requires that an annual effective tax rate be determined and that such annual effective rate be applied to year-to-date income in interim periods. Using provisions of ASC 740 that allow certain tax items to be recorded in the interim period in which these items are reported, the Company's effective tax rate was negative 1.42% and 156.66% for the three months ended September 30, 2023 and 2022, respectively. The effective tax rate differs from the statutory tax rate of 21% for the three months ended September 30, 2023 and 2022, due primarily to changes in fair value of the warrant liability, which are not included in taxable income, non-deductible merger related expenditures, and the valuation allowance on the deferred tax assets.

The Company's effective tax rate was negative 30.08% and 5.53% for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rate differs from the statutory tax rate of 21% for the nine months ended September 30, 2023 and 2022, due primarily to changes in fair value of the warrant liability, which are not included in taxable income, non-deductible merger related expenditures, and the valuation allowance on the deferred tax assets.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of September 30, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only "major" tax jurisdiction.

The Company may be subject to potential examination by federal and state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Recent Accounting Standards

In August 2020, the FASB issued ASU 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for scope exception, and it simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective no later than January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently reviewing what impact, if any, adoption will have on the Company's financial position, results of operations or cash flows.

The Company's management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Note 3 — Initial Public Offering

Pursuant to the Initial Public Offering, the Company sold 28,750,000 Units, which includes the full exercise by the underwriters of their option to purchase an additional 3,750,000 Units, at a price of \$10.00 per Unit. Each Unit consists of one share of Class A common stock, par value \$0.0001 per share, and one-half of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share.

Note 4 — Private Placement Warrants

Simultaneously with the closing of the IPO, the Sponsor, Intrepid Financial Partners, LLC (an affiliate of one of the Company's underwriters) ("Intrepid Financial Partners") and FL Co-Investment, LLC (an affiliate of one of the Company's underwriters) ("FL Co-Investment") collectively, the ("Initial Stockholders"), purchased an aggregate of 7,750,000 Private Placement Warrants at a price of \$1.00 per warrant (\$7,750,000 in the aggregate), and each Private Placement Warrant is exercisable to purchase one share of Class A common stock at a price of \$11.50 per share. A portion of the purchase price of the Private Placement Warrants was added to the proceeds from this offering to be held in the Trust Account.

Note 5 — Related Party Transactions

Founder Shares

In November 2020, our founders acquired 7,187,500 founder shares (the "Founder Shares") for an aggregate purchase price of \$ 25,000 (the "Class B common stock"), or approximately \$0.0035 per share. The Sponsor purchased 4,671,875 Founder Shares, FL Co-Investment purchased 1,257,813 Founder Shares and Intrepid Financial Partners purchased 1,257,812 Founder Shares. On November 25, 2020, the Sponsor sold 434,375 Founder Shares to some of the Company's directors and executives, including Gregory D. Patrinely, the Company's Chief Financial Officer and Secretary, at their original purchase price. Simultaneously with such transfer, each of FL Co-Investment and Intrepid Financial Partners transferred 13,125 Founder Shares to the Sponsor, respectively, at their original purchase price. Such sale of Founder Shares to the Company's directors and executives is within the scope of FASB ASC Topic 718, "Compensation-Stock Compensation" ("ASC 718"). Under ASC 718, stock-based compensation associated with equity-classified awards is measured at fair value upon the grant date. The Founder Shares were sold to directors and executives and effectively transferred subject to a performance condition (i.e., the consummation of a Business Combination). Compensation expense related to the Founder Shares is recognized only when the performance condition is probable of achievement under the applicable accounting literature. Stock-based compensation would be recognized at the date a Business Combination is considered probable in an amount equal to the number of Founder Shares times the grant date fair value per share (unless subsequently modified) less the amount initially received for the purchase of the Founder Shares. On November 2, 2022, the Company entered into the Merger Agreement (see Note 1); however, the Merger Agreement is subject to certain conditions to closing, such as, for example, approval by the Company's stockholders. As a result, the Company determined that there is a possibility that a Business Combination might not happen and, therefore, no stock-based compensation expense has been recognized.

The Initial Stockholders have agreed that, subject to certain limited exceptions, the Founder Shares will not be transferred, assigned, sold or released from escrow until the earlier of (A) one year after the completion of a Business Combination or (B) subsequent to a Business Combination, if (x) the last reported sale price of the shares of our Class A common stock equals or exceeds \$ 12.00 per share (as adjusted for stock splits, stock, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property, the converted Class A common stock will be released from the lock-up.

On August 22, 2023, we issued an aggregate of 7,187,500 shares of Class A common stock to the Sponsor, FL Co-Investment, Intrepid Financial Partners, our independent directors and certain of our executive officers, upon the conversion of an equal number of shares of Class B common stock (the "Class B Conversion"). The 7,187,500 shares of Class A common stock issued in connection with the Class B Conversion are subject to the same restrictions as applied to the shares of Class B common stock before the Class B Conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial business combination, as described in the prospectus for the Initial Public Offering ("IPO"). After the Class B Conversion, no shares of Class B common stock remained outstanding.

Convertible Promissory Notes ("Working Capital Loans")

In order to finance transaction costs in connection with a Business Combination, the initial stockholders or an affiliate of the initial stockholders or certain of the Company's directors and officers may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company will repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company or convert them to warrants as described below. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, such Working Capital Loans may be convertible into warrants of the post-Business Combination entity at a price of \$1.00 per warrant. Initially up to \$ 1,500,000, which was increased to \$3,500,000 on March 24, 2023, of such loans may be convertible into warrants. The warrants would be identical to the Private Placement Warrants. As discussed below, since inception, the Company has entered into nine convertible promissory notes under this arrangement with the Sponsor to provide Working Capital Loans.

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On March 1, 2021, the Company issued an unsecured promissory note to the Sponsor (the "First Working Capital Loan"), pursuant to which the Company may borrow up to an aggregate principal amount of \$365,000. The First Working Capital Loan is non-interest bearing and payable on the consummation of the Company's Business Combination. The First Working Capital Loan was fully drawn down in the period ended December 31, 2021. The Sponsor assigned \$145,000 of the First Working Capital Loan to our Executive Vice President and Chief Financial Officer, Gregory Patrinely, \$110,000 of the First Working Capital Loan to our Executive Vice President, General Counsel and Secretary, Anthony Duenner, and \$110,000 of the First Working Capital Loan to our President, Caldwell Flores. As of September 30, 2023 and December 31, 2022, the First Working Capital Loan in the amount of \$365,000 was fully drawn. The fair value of the note was estimated by the Company to be \$383,323 at initial measurement, \$292,000 and \$343,034 at September 30, 2023 and December 31, 2022, respectively.

On December 27, 2021, the Company issued an unsecured promissory note to the Sponsor (the "Second Working Capital Loan"), pursuant to which the Company may borrow up to an aggregate principal amount of \$800,000. The Second Working Capital Loan is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023 and December 31, 2022, the Second Working Capital Loan in the amount of \$800,000 was fully drawn. The fair value of the note was estimated by the Company to be \$656,560 at initial measurement, \$640,000 and \$751,856 at September 30, 2023 and December 31, 2022, respectively.

On March 29, 2022, the Company issued an unsecured promissory note to the Sponsor (the "Third Working Capital Loan"), pursuant to which the Company may borrow up to an aggregate principal amount of \$335,000. The Third Working Capital Loan is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023 and December 31, 2022, the Third Working Capital Loan in the amount of \$335,000 was fully drawn. The Sponsor assigned \$111,667 of the Third Working Capital Loan to each of our Executive Vice President and Chief Financial Officer, Gregory Patrinely, and President Caldwell Flores, and \$111,666 of the Third Working Capital Loan to our Executive Vice President, General Counsel and Secretary, Anthony Duenner. The fair value of the note was estimated by the Company to be \$282,874 at initial measurement, and the amount by which the proceeds from the Third Working Capital Loan exceeded its initial fair value has been recognized as a credit within stockholders' deficit during the year ended December 31, 2022. The fair value of the note was estimated by the Company to be \$268,000 and \$314,840 at September 30, 2023 and December 31, 2022, respectively.

On September 30, 2022, the Company issued an unsecured promissory note to the Sponsor (the "Q3 2022 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$170,000 (see Promissory Note Amendments above). The Q3 2022 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On October 5, 2022, the Q3 2022 Promissory Note was fully drawn down by the Company. The fair value of the note was estimated by the Company to be \$136,000 at September 30, 2023.

On October 31, 2022, the Company issued an unsecured promissory note to the Sponsor (the "Q4 2022 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$200,000 (see Promissory Note Amendments above). The Q4 2022 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On October 31, 2022, the Q4 2022 Promissory Note was fully drawn down by the Company. The fair value of the note was estimated by the Company to be \$160,000 at September 30, 2023.

On February 6, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Q1 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$535,000 of which \$356,370 is convertible in to warrants post-Business Combination (see Promissory Note Amendments below). The Q1 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On February 7, 2023, the Q1 2023 Promissory Note was fully drawn down by the Company. The fair value of the convertible portion of the note was estimated by the Company to be \$285,096 at September 30, 2023.

On May 12, 2023, the Company issued an unsecured promissory note to the Sponsor (the "First Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$395,000. The First Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On May 15, 2023, the First Q2 2023 Promissory Note was fully drawn down by the Company. The fair value of the note was estimated by the Company to be \$229,653 at initial measurement, and the amount by which the proceeds from the First Q2 2023 Promissory Note exceeded its initial fair value has been recognized as a credit within stockholders' deficit during the nine months ended September 30, 2023. The fair value of the note was estimated by the Company to be \$316,000 at September 30, 2023.

On June 22, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Fourth Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$50,000. The Fourth Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. The fair value of the note was estimated by the Company to be \$29,150 at initial measurement and \$40,000 at September 30, 2023, and the amount by which the proceeds from the Fourth Q2 2023 Promissory Note exceeded its initial fair value has been recognized as a credit within stockholders' deficit during the nine months ended September 30, 2023. On June 28, 2023, the Fourth Q2 2023 Promissory Note was fully drawn down by the Company.

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On August 30, 2023, the Company issued an unsecured promissory note to the Sponsor (the "First Q3 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$635,000. The First Q3 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. The fair value of the note was estimated by the Company to be \$330,199 at initial measurement and \$508,000 at September 30, 2023, and the amount by which the proceeds from the First Q3 2023 Promissory Note exceeded its initial fair value has been recognized as a credit within stockholders' deficit during the three and nine months ended September 30, 2023. On August 30, 2023, the First Q3 2023 Promissory Note was fully drawn down by the Company.

On March 29, 2023, the Company and Flame Acquisition Sponsor LLC entered into amendments to each of the Q3 2022 Promissory Note, Q4 2022 Promissory Note and Q1 2023 Promissory Note, pursuant to which loans made under such notes are, at the lender's discretion, convertible into warrants of the post-Business Combination entity. On May 12, 2023, the Q1 2023 Promissory note was amended to clarify that approximately \$356,370 of the note proceeds are convertible into warrants of the post-Business Combination entity at a price of \$ 1.00 per warrant, while the remainder of the note proceeds are non-convertible notes to be used to fund advances to the acquisition target. Such warrants are identical to the private placement warrants, including as to exercise price, exercisability and exercise period. The Company evaluated the amendments to each of the Q3 2022 Promissory Note, Q4 2022 Promissory Note and Q1 2023 Promissory Note under ASC 470-50, "Debt – Modification and Extinguishment", and concluded that the amendments resulted in terms that were substantially different and thus resulted in debt extinguishments. The fair value of the Q3 2022 Promissory Note, Q4 2022 Promissory Note and Q1 2023 Promissory Note (\$726,370 in aggregate proceeds) was estimated by the Company to be \$ 684,165 upon the amendments. The amount by which the proceeds from each of the Q3 2022 Promissory Note, Q4 2022 Promissory Note and Q1 2023 Promissory Note exceeded their fair value has been recognized as a capital contribution within stockholders' deficit during the nine months ended September 30, 2023.

As of September 30, 2023, each of the First Working Capital Loan, Second Working Capital Loan, Third Working Capital Loan, Q 3 2022 Promissory Note, Q4 2022 Promissory Note, First Q2 2023 Promissory Note, Fourth Q2 2023 Promissory Note, First Q3 2023 Promissory Note and a portion of the Q1 2023 Promissory Note may be convertible into warrants (\$ 3,306,370 in total proceeds or 3,306,370 in aggregate warrants as of September 30, 2023) at a price of \$1.00 per warrant at the option of the lender. There were no additional borrowings under Convertible Promissory Notes other than those described above.

Promissory Note Loans

In addition, the Company has borrowed certain funds from the Sponsor under non-convertible promissory notes ("Promissory Note Loans") that have been used to pay for expenditures of the acquisition target. As discussed below, since inception, the Company has entered into four non-convertible promissory notes under this arrangement with the Sponsor. In accordance with the Merger Agreement, the Company is to pay for up to \$1.5 million (subsequently amended to a cap of \$3.0 million) in reasonable out-of-pocket fees and expenses for any agents, advisors, consultants, experts, independent contractors and financial advisors engaged on behalf of Holdco or Sable and incurred in connection with the transactions contemplated by the Merger Agreement and Sable-EM Purchase Agreement at closing of the Business Combination. During the three and nine months ended September 30, 2023, the Company paid \$123,897 and \$726,868, respectively, in such expenditures on behalf of Sable which have been recorded and included in Operating costs on the condensed statements of operations for the three and nine months ended September 30, 2023. From October 1, 2023 to November 14, 2023, the Company paid approximately \$106,000 in additional such expenditures on behalf of Sable. The Company is under no obligation to make further advances prior to the closing of the Business Combination.

On May 12, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Second Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$355,000. The Second Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On May 15, 2023, the Second Q2 2023 Promissory Note was fully drawn down by the Company.

On June 22, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Third Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$100,000. The Third Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On June 28, 2023, the Third Q2 2023 Promissory Note was fully drawn down by the Company.

On August 30, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Second Q3 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$495,000. The Second Q3 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. On August 30, 2023, the Second Q3 2023 Promissory Note was fully drawn down by the Company.

As of September 30, 2023, each of the First Working Capital Loan, Second Working Capital Loan, Third Working Capital Loan, Q3 2022 Promissory Note, Q4 2022 Promissory Note, First Q2 2023 Promissory Note, Fourth Q2 2023 Promissory Note, First Q3 2023 Promissory Note and a portion of the Q1 2023 Promissory Note (collectively the "Convertible Promissory Notes") may be convertible into warrants (\$3,306,370 in total proceeds or 3,306,370 in aggregate warrants as of September 30, 2023) at a price of \$ 1.00 per warrant at the option of the lender. There were no additional borrowings under Convertible Promissory Notes other than those described above.

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The following tables presents the balances of the convertible promissory notes – related parties, at fair value and the promissory notes to related parties as of the respective period ends:

	Principal Value \$ Amount	Fair Value	
		September 30, 2023	December 31, 2022
Convertible notes –related parties, at fair value			
First Working Capital Loan	\$ 365,000	\$ 292,000	\$ 343,034
Second Working Capital Loan	800,000	640,000	751,856
Third Working Capital Loan	335,000	268,000	314,840
Q3 2022 Promissory Note	170,000	136,000	—
Q4 2022 Promissory Note	200,000	160,000	—
Q1 2023 Promissory Note	356,370	285,096	—
First Q2 2023 Promissory Note	395,000	316,000	—
Fourth Q2 2023 Promissory Note	50,000	40,000	—
First Q3 2023 Promissory Note	635,000	508,000	—
Total	\$ 3,306,370	\$ 2,645,096	\$ 1,409,730
Promissory notes to related parties			
Q3 2022 Promissory Note	\$ —	\$ —	\$ 170,000
Q4 2022 Promissory Note	—	—	200,000
Q1 2023 Promissory Note	178,630	178,630	—
Second Q2 2023 Promissory Note	355,000	355,000	—
Third Q2 2023 Promissory Note	100,000	100,000	—
Second Q3 2023 Promissory Note	495,000	495,000	—
Total	\$ 1,128,630	\$ 1,128,630	\$ 370,000

Note 6 — Commitments and Contingencies

Registration Rights

The holders of the Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration rights agreement. The holders of these securities, and certain Promissory Notes, are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lockup period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Business Combination Marketing Agreement

The Company has engaged underwriters as advisors in connection with its business combination to assist it in holding meetings with the Company's stockholders to discuss the potential business combination and the target business's attributes, introduce it to potential investors that are interested in purchasing its securities in connection with the potential business combination, assist it in obtaining stockholder approval for the business combination and assist the Company with its press releases and public filings in connection with the business combination. The Company will pay the Marketing Fee (as defined in the Company's registration statement on Form S-1, as amended, that was filed with the SEC on February 5, 2021) for such services upon the consummation of its initial business combination in an amount equal to, in the aggregate, 3.5% of the gross proceeds of the IPO, including the proceeds from the exercise of the over-allotment option. The underwriters will not be entitled to such fee unless the Company consummates its initial business combination. In connection with the Extension, stockholders holding 20,317,255 shares of Flame Class A common stock subject to possible redemption stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 70.67% of our issued and outstanding Flame Class A common stock subject to possible redemption stock. After this redemption, 8,432,745 shares of Flame Class A common stock subject to possible redemption stock remained outstanding. In connection with the Second Extension, stockholders holding 2,328,063 shares of Flame Class A common stock subject to possible redemption stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 27.61% of our issued and outstanding Flame Class A common stock subject to possible redemption stock. After this redemption, 6,104,682 shares of Flame Class A common stock subject to possible redemption stock remained outstanding. If no additional public stockholders exercise redemption rights with respect to their shares of Flame Class A common stock, the amount of effective underwriting commissions due to the underwriters upon the consummation of the Business Combination will represent 15.9% of the aggregate proceeds from the Flame IPO retained by Flame.

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Underwriters Agreement

On March 1, 2021, the Company paid a fixed underwriting discount of \$ 0.20 per Unit, or \$ 5,750,000 in the aggregate.

Deferred Legal Fees

As of September 30, 2023 and December 31, 2022, the Company has incurred unbilled legal costs of \$ 3,623,594 and \$2,633,139, respectively, related to its prospective initial Business Combination. These costs are deferred until the completion of the Company's initial Business Combination and are included in accounts payable and accrued expenses on the Company's condensed balance sheets.

Note 7 — Stockholders' Deficit

Preferred Stock — The Company is authorized to issue a total of 1,000,000 shares of preferred stock at par value of \$ 0.0001 each. At September 30, 2023 and December 31, 2022, there were no shares of preferred stock issued or outstanding.

Class A Common Stock — The Company is authorized to issue a total of 200,000,000 shares of Class A common stock at par value of \$0.0001 each. At September 30, 2023 and December 31, 2022, there were 7,187,500 and no shares, respectively, issued and outstanding (excluding 6,104,682 and 28,750,000 shares subject to possible redemption, respectively). On February 23, 2023, the Company was notified by stockholders holding 20,317,255 shares of Class A common stock that they exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$206,121,060 (approximately \$10.15 per share) was removed from the Trust Account to pay such redeeming holders on March 2, 2023. On August 29, 2023, the Company was notified by stockholders holding 2,328,063 shares of Class A common stock that they exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$24,008,096 (approximately \$10.31 per share) was removed from the Trust Account to pay such redeeming holders on August 31, 2023.

On August 22, 2023, we issued an aggregate of 7,187,500 shares of Class A common stock to the Sponsor, FL Co-Investment, Intrepid Financial Partners, our independent directors and certain of our executive officers, upon the Class B Conversion transaction. After the Class B Conversion, no shares of Class B common stock remained outstanding.

Class B Common Stock — The Company is authorized to issue a total of 20,000,000 shares of Class B common stock at par value of \$0.0001 each. At September 30, 2023 and December 31, 2022, there were 0 and 7,187,500 shares of Class B common stock, respectively, issued or outstanding.

Common stockholders of record are entitled to one vote for each share held on all matters to be voted on by stockholders. Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders, except as required by law.

Shares of the Class B common stock are identical to the shares of Class A common stock included in the units sold in the IPO, and holders of Class B common stock have the same stockholder rights as public stockholders, except that (i) the Class B common stock are subject to certain transfer restrictions, as described in more detail below, (ii) our founders, officers and directors have entered into a letter agreement with us, pursuant to which they have agreed (A) to waive their redemption rights with respect to any Class B common stock and any Public Shares held by them in connection with the completion of our Business Combination and (B) to waive their rights to liquidating distributions from the Trust Account with respect to any Class B common stock held by them if the Company fails to complete our Business Combination within the prescribed time period, although they will be entitled to liquidating distributions from the Trust Account with respect to any Public Shares they hold if the Company fails to complete our Business Combination within such time period, (iii) the Class B common stock are shares of our Class B common stock that will automatically convert into shares of our Class A common stock at the time of our initial Business Combination, on a one-for-one basis, subject to adjustment pursuant to certain anti-dilution rights and (iv) are subject to registration rights. If the Company submits our Business Combination to our public stockholders for a vote, our Initial stockholders have agreed to vote any Class B common stock and any Public Shares purchased during or after the IPO in favor of our initial Business Combination.

With certain limited exceptions, the Class B common stock are not transferable, assignable or salable (except to our officers and directors and other persons or entities affiliated with the Sponsor, each of whom will be subject to the same transfer restrictions) until the earlier of (A) one year after the completion of our initial Business Combination or (B) subsequent to our initial Business Combination, (x) if the last sale price of our Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after our initial Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property.

The 7,187,500 shares of Class A common stock issued in connection with the Class B Conversion are subject to the same restrictions as applied to the shares of Class B common stock before the Class B Conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial business combination, as described in the prospectus for the IPO described above.

Note 8 — Warrants

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the IPO. The Public Warrants will expire five years from the completion of a Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable, and the Company will not be obligated to issue a share of Class A common stock upon exercise of a warrant unless the share of Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, it will use its commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the shares of Class A common stock issuable upon exercise of the warrants. The Company will use its commercially reasonable efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption. In addition, if the shares of Class A common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of the Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company elects to do so, the Company will not be required to file or maintain in effect a registration statement, but it will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of Class A common stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied the excess of the "fair market value" less the exercise price of the warrants by (y) the fair market value and (B) 0.361. The "fair market value" shall mean the volume weighted average price of the shares of Class A common stock for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

Redemption of Warrants For Cash—Once the warrants become exercisable, the Company may redeem the outstanding Public Warrants for cash:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last sale price of our Class A common stock equals or exceeds \$ 18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws. However, the Company will not redeem the warrants unless an effective registration statement under the Securities Act covering the shares of Class A common stock issuable upon exercise of the warrants is effective and a current prospectus relating to those shares of Class A common stock is available throughout the 30-day redemption period, except if the warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act.

Redemption of Warrants For Shares of Class A Common Stock—commencing 90 days after the warrants become exercisable, the Company may redeem the outstanding warrants for shares of Class A common stock:

- in whole and not in part;
- at a price equal to a number of shares of Class A common stock to be determined by reference to the agreed table set forth in the warrant agreement based on the redemption date and the "fair market value" of the Class A common stock;

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- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last sale price of our Class A common stock equals or exceeds \$ 10.00 per share (as adjusted per share splits, share dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The exercise price and number of shares of Class A common stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of shares of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors, and in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the completion of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company's shares of Class A common stock during the 20 trading day period starting on the trading day prior to the day on which the Company completes a Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the Public Warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$ 10.00 and \$18.00 per share redemption trigger prices described above adjacent to "Redemption of Warrants For Cash" and "Redemption of Warrants For Shares of Class A Common Stock" will be adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the IPO, except that (x) the Private Placement Warrants and the shares of Class A common stock issuable upon the exercise of the Private Placement Warrants are not transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions, (y) the Private Placement Warrants are exercisable on a cashless basis and non-redeemable so long as they are held by the initial purchasers or their permitted transferees and (z) the Private Placement Warrants and the shares of Class A common stock issuable upon exercise of the Private Placement Warrants are entitled to registration rights. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Additionally, as discussed in Note 5, the Working Capital Loans, and certain Promissory Notes, would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, such Working Capital Loans may be convertible into warrants of the post-Business Combination entity at a price of \$1.00 per warrant. Initially up to \$1,500,000, which was increased to \$3,500,000 on March 24, 2023, of such loans may be convertible into warrants.

Note 9— Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

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The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description:	Level	September 30, 2023	Level	December 31, 2022
Assets:				
Funds Held in Trust Account	1	\$ —	1	\$290,718,297
Liabilities:				
Warrant liability—Public Warrants	1	\$ 11,500,000	1	\$ 9,343,750
Warrant liability—Private Warrants	3	\$ 3,654,125	3	\$ 2,805,500
Convertible Promissory Notes—Related Parties	3	\$ 2,645,096	3	\$ 1,409,730

Investments Held in Trust Account

As of September 30, 2023 and December 31, 2022, investments in the Company's Trust Account consisted of \$ 63,939,672 in a demand deposit account (and are therefore not reflected in the table above) and \$290,718,297 in U.S. Money Market funds, respectively.

There were no transfers between Levels 1, 2 or 3 during the three and nine months ended September 30, 2023.

Level 1 instruments include investments in money markets. The Company uses inputs such as actual trade data, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

Warrant Liabilities

The fair value of warrants issued by the Company in connection with the Public Offering and Private Placement had been estimated using Monte-Carlo simulations at the initial measurement date up to the date when the Public Warrants started trading on April 19, 2021. For each subsequent measurement since April 19, 2021, the public warrants were measured at the Observable Quoted Price in Active Markets. Private warrants were measured using the Modified Black-Scholes Optional Pricing Model. The estimated fair value of the private warrant liability is determined using Level 3 inputs. Inherent in a binomial options pricing model are assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

The aforementioned warrant liabilities are not subject to qualified hedge accounting.

As Private Placement Warrants held by FL Co-Investment and Intrepid Financial Partners, will not be exercisable more than five years from the effective date of the registration statement, the exercise period end date is different than other Private Placement Warrants which will expire five years after the completion of the initial Business Combination or earlier upon redemption or liquidation. Accordingly, they have different inputs to the Modified Black-Scholes Optional Pricing Model.

The following table provides quantitative information regarding Level 3 inputs used to determine the fair values of Private Placement Warrants held by FL Co-Investment and Intrepid Financial Partners as of September 30, 2023 and December 31, 2022.

Inputs	September 30, 2023	December 31, 2022
Stock price	\$ 10.46	\$ 10.05
Strike price	\$ 11.50	\$ 11.50
Term (in years)	2.40	3.15
Volatility	0.0%	0.0%
Risk-free rate	4.82%	4.12%
Dividend yield	0.00%	0.00%

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The following table provides quantitative information regarding Level 3 fair value measurements used to determine the fair value of the Private Placement Warrants, excluding Private Placement Warrants held by FL Co-Investment and Intrepid Financial Partners, as of September 30, 2023 and December 31, 2022.

Inputs	September 30, 2023	December 31, 2022
Stock price	\$ 10.46	\$ 10.05
Strike price	\$ 11.50	\$ 11.50
Term (in years)	5.30	5.25
Volatility	0.0%	0.0%
Risk-free rate	4.50%	3.91%
Dividend yield	0.00%	0.00%

The following table presents the changes in the fair value of warrant liabilities:

	Public	Private Placement	Warrant Liabilities
Fair value as of December 31, 2021	\$ 8,625,000	\$ 4,022,250	\$12,647,250
Change in valuation inputs or other assumptions	(4,456,250)	(2,402,500)	(6,858,750)
Fair value as of March 31, 2022	4,168,750	1,619,750	5,788,500
Change in valuation inputs or other assumptions	(1,868,750)	(902,875)	(2,771,625)
Fair value as of June 30, 2022	2,300,000	716,875	3,016,875
Change in valuation inputs or other assumptions	(287,500)	(85,250)	(372,750)
Fair value as of September 30, 2022	2,012,500	631,625	2,644,125
Fair value as of December 31, 2022	9,343,750	2,805,500	12,149,250
Change in valuation inputs or other assumptions	(1,150,000)	(201,500)	(1,351,500)
Fair value as of March 31, 2023	8,193,750	2,604,000	10,797,750
Change in valuation inputs or other assumptions	(3,737,500)	(1,178,000)	(4,915,500)
Fair value as of June 30, 2023	4,456,250	1,426,000	5,882,250
Change in valuation inputs or other assumptions	7,043,750	2,228,125	9,271,875
Fair value as of September 30, 2023	\$11,500,000	\$ 3,654,125	\$15,154,125

Convertible Promissory Notes – Related Parties

The convertible promissory notes were valued using a combination of Black-Scholes and Geske models, which utilize unobservable Level 3 fair value measurement inputs. The estimated fair value of the Promissory Notes was based on the following significant inputs:

Inputs	2023 Inputs (a)	September 30, 2023	December 31, 2022
Exercise price	\$ 11.50	\$ 11.50	\$ 11.50
Volatility	1.9% - 2.5%	2.5%	1.2%
Expected term to warrant expiration	5.2 - 5.6 years	5.3 years	5.3 years
Risk-free-rate	3.39% - 4.17%	4.50%	3.91%
Dividend yield	0%	0%	0%
Stock price	\$10.13 - \$10.39	\$ 10.46	\$ 10.05

- (a) Represents the range of inputs utilized on the respective dates of the initial valuations of the various convertible note draws and extinguishment during the nine months ended September 30, 2023.

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The following table presents the changes in the fair value of the Level 3 Promissory Notes:

Fair value as of December 31, 2021	\$ 956,115
Proceeds received through Convertible Promissory Note on March 29, 2022	335,000
Initial measurement of fair value of Promissory Note	(52,126)
Change in fair value of Promissory Notes	27,611
Fair value as of March 31, 2022	<u>\$1,266,600</u>
Change in fair value of Promissory Notes	(5,400)
Fair value as of June 30, 2022	<u>\$1,261,200</u>
Change in fair value of Promissory Notes	(1,200)
Fair value as of September 30, 2022	<u>\$1,260,000</u>
Change in fair value of Promissory Notes	149,730
Fair value as of December 31, 2022	<u>\$1,409,730</u>
Principal amount of Promissory Notes amended on March 29, 2023	726,370
Initial measurement of fair value of Promissory Notes upon extinguishment of debt	(42,205)
Change in fair value of Promissory Notes	3,120
Fair value as of March 31, 2023	<u>\$2,097,015</u>
Proceeds received through Convertible Promissory Notes on May 12, 2023 and June 28, 2023	445,000
Initial measurement of fair value of Promissory Notes	(186,194)
Change in fair value of Promissory Notes	(798,412)
Fair value as of June 30, 2023	<u>\$1,557,409</u>
Proceeds received through Convertible Promissory Notes on August 30, 2023	635,000
Initial measurement of fair value of Promissory Notes	(304,801)
Change in fair value of Promissory Notes	757,488
Fair value as of September 30, 2023	<u>\$2,645,096</u>

There were no transfers in or out of Level 3 from other levels in the fair value hierarchy during the three months ended September 30, 2023 and 2022.

Note 10 — Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the condensed balance sheet date up to the date that the condensed financial statements were issued. Based upon this review, the Company, other than as previously described herein or listed below, did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On October 13, 2023 and November 6, 2023, the Company filed amendments to the Proxy Statement for the purpose of addressing SEC Staff comments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to Flame Acquisition Corp. References to our "management" or our "management team" refer to our officers and directors, references to the "Sponsor" refer to Flame Acquisition Sponsor LLC, and references to our "founders" refer collectively to the Sponsor, FL Co-Investment LLC ("FL Co-Investment") and Intrepid Financial Partners, L.L.C. ("Intrepid Financial Partners"). The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report on Form 10-Q including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's final prospectus for its Initial Public Offering filed with the U.S. Securities and Exchange Commission (the "SEC"), the risk factors described in Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022, and our preliminary proxy statement, filed with the SEC on November 10, 2022 (as amended). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We are a blank check company incorporated in Delaware on October 16, 2020 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. We are an emerging growth company and, as such, we are subject to all of the risks associated with emerging growth companies. Our sponsor is Flame Acquisition Sponsor LLC, a Delaware limited liability and an affiliate of certain of our officers and directors.

Potential Business Combination

On November 2, 2022, we entered into an agreement and plan of merger, dated as of November 2, 2022 (as it may be amended, supplemented, or otherwise modified from time to time, the "Merger Agreement"), with Sable Offshore Corp., a Texas corporation ("SOC"), and Sable Offshore Holdings, LLC, a Delaware limited liability company and the parent company of SOC ("Holdco" and, together with SOC, "Sable"). The Merger Agreement provides for, among other things, the following transactions at the closing: (i) Holdco will merge with and into the Company, with the Company surviving the merger (the "Holdco Merger"), and (ii) immediately following the effective time of the Holdco Merger, SOC will merge with and into the Company, with the Company surviving the merger (the "SOC Merger"). The Holdco Merger together with the SOC Merger are referred to as the "Merger," and the Merger and other transactions contemplated by the Merger Agreement are referred to as the "Business Combination." In connection with the Business Combination, the Company will change its name to Sable Offshore Corp. The independent members of the board of directors of the Company (the "Board") approved, and recommended that the Board approve, the Merger Agreement and the transactions contemplated thereby. Subsequently, the Board approved the Merger Agreement and the transactions contemplated thereby.

The obligations of the parties to consummate the Business Combination are subject to the satisfaction or waiver of certain customary closing conditions. The closing of the Merger is expected to occur on the third business day after the satisfaction or waiver (if legally permissible) of the conditions set forth in the Merger Agreement, except as otherwise mutually agreed by the parties. The Merger Agreement may be terminated under certain customary and limited circumstances at any time prior to the Closing and the Company can provide no assurance that the Business Combination will be consummated at the expected time, or at all.

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On November 10, 2022, we filed a preliminary proxy statement relating to the Business Combination (as amended, the "Proxy Statement"), which included a recommendation of the Board to the Company's stockholders that they approve the proposals included in the Proxy Statement. For more information on the Business Combination and the transactions contemplated thereby, please refer to the Company's Current Report on Form 8-K, filed with the SEC on November 2, 2022 and the Company's preliminary proxy statement on Schedule 14A filed with the SEC on November 10, 2022 (as amended from time to time, including on December 23, 2022, January 27, 2023, September 14, 2023, October 13, 2023, and November 6, 2023).

Recent Developments

On February 21, 2023, to mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), we instructed American Stock Transfer & Trust Company, the trustee with respect to the Trust Account, to liquidate the investments in U.S. government securities or money market funds held in the Trust Account (which may include an interest bearing demand deposit account at a national bank) until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company's stockholders.

On February 27, 2023, at a special meeting of stockholders, the Company's stockholders voted to approve an amendment (the "Extension Amendment Proposal") to the amended and restated certificate of incorporation to extend the date by which the Company must complete a business combination (the "Extension") from March 1, 2023, to September 1, 2023 (the "Extended Date"). In connection with the Extension, stockholders holding 20,317,255 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 70.67% of our then issued and outstanding Class A common stock. As a result, \$206,121,060 (approximately \$10.15 per share) was removed from the Trust Account to pay such redeeming holders on March 2, 2023.

On February 27, 2023, in connection with the Extension, we filed an amendment (the "Extension Amendment") to our Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The Extension Amendment extended the date by which we must consummate our initial business combination from March 1, 2023 to September 1, 2023.

On June 13, 2023, Sable, Exxon Mobil Corporation ("Exxon") and Mobil Pacific Pipeline Company ("MPPC," and together with Exxon, "EM") entered into a First Amendment (the "Amendment") to the Purchase and Sale Agreement dated November 1, 2022 among Sable and EM. Pursuant to the Amendment, Sable and EM agreed to amend the Sable-EM Purchase Agreement to, among other things, provide that the closing of the transactions contemplated by the Sable-EM Purchase Agreement was scheduled to take place on June 30, 2023 (the "Sable-EM Scheduled Closing Date"), unless one or more of the conditions to closing described in the Sable-EM Purchase Agreement was not satisfied as of the Sable-EM Scheduled Closing Date, in which case the closing would be held three business days after all such conditions were satisfied or waived, or such other date as the parties may mutually agree in writing, but in no event later than December 31, 2023. The Amendment also lowers the "Minimum Cash Threshold" (as defined in the Sable-EM Purchase Agreement) from \$200,000,000 to \$150,000,000.

On June 30, 2023, the Company and Sable entered into a Second Amendment to the Merger Agreement, pursuant to which the parties agreed to extend the date by which the parties must consummate the Business Combination, or otherwise either Flame or Sable may terminate the Merger Agreement, from June 30, 2023 to March 1, 2024.

On August 22, 2023, we issued an aggregate of 7,187,500 shares of Class A common stock to the Sponsor, FL Co-Investment, Intrepid Financial Partners, our independent directors and certain of our executive officers, upon the conversion of an equal number of shares of Class B common stock (the "Class B Conversion"). The 7,187,500 shares of Class A common stock issued in connection with the Class B Conversion are subject to the same restrictions as applied to the shares of Class B common stock before the Class B Conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial business combination, as described in the prospectus for the Initial Public Offering ("IPO"). After the Class B Conversion, no shares of Class B common stock remained outstanding.

On August 29, 2023, at a special meeting of stockholders, the Company's stockholders voted to approve a proposal (the "Second Extension Amendment Proposal") to amend the amended and restated certificate of incorporation to extend the date by which the Company must complete a business combination (the "Second Extension") from September 1, 2023, to March 1, 2024 (the "Second Extension Amendment"). In connection with the Second Extension, stockholders holding 2,328,063 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account, representing approximately 27.61% of our then issued and outstanding Class A common stock. As a result, \$24,008,096 (approximately \$10.31 per share) was removed from the Trust Account to pay such redeeming holders on August 31, 2023.

On August 29, 2023, in connection with the Second Extension, we filed the Second Extension Amendment to the Company's amended and restated certificate of incorporation with the Secretary of State of the State of Delaware. The Second Extension Amendment extends the date by which we must consummate our initial business combination from September 1, 2023 to March 1, 2024.

Results of Operations

Our entire activity since inception through September 30, 2023 was related to our formation, the preparation for our initial public offering, and since the closing of our initial public offering, the search for a target for our initial business combination (see Note 1). We have neither engaged in any operations nor generated any revenues to date. We will not generate any operating revenues until after completion of our initial business combination. We will generate non-operating income in the form of interest income on cash and cash equivalents and changes in fair value of our derivative warrant liabilities and promissory notes. We expect to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended September 30, 2023, we had a net loss of \$10,473,375, which consisted of interest income on our amounts held in the Trust Account of \$699,906, an increase in the fair value of the previously issued promissory notes of \$757,488, an increase in the fair value of warrants of \$9,271,875 (due to a corresponding increase in the market price of the warrants), operating costs of \$996,938, and income tax expense of \$146,980.

For the three months ended September 30, 2022, we had a net loss of \$191,750, which consisted of interest income on our amounts held in the Trust Account of \$1,245,964, a decrease in the fair value of the previously issued promissory notes of \$1,200 and a decrease in the fair value of warrants of \$372,750, offset by operating costs of \$1,281,508 and income tax expense of \$530,156.

For the nine months ended September 30, 2023, we had a net loss of \$3,397,274, which consisted of interest income on our amounts held in the Trust Account of \$3,840,682, a decrease in the fair value of the previously issued promissory notes of \$37,804, an increase in the fair value of warrants of \$3,004,875, operating costs of \$3,485,342, and income tax expense of \$785,543.

For the nine months ended September 30, 2022, we had a net income of \$9,054,942, which consisted of interest income on our amounts held in the Trust Account of \$1,615,323, an increase in the fair value of the previously issued promissory notes of \$21,011, and a decrease in the fair value of warrants of \$10,003,125 (due to a corresponding decrease in the market price of the warrants), partially offset by operating costs of \$2,012,339, income tax expense of \$530,156, and an increase in the fair value of the previously issue promissory notes of \$21,011.

Going Concern

Until consummation of its Business Combination, the Company will be using the funds not held in the Trust Account, and any additional Working Capital Loans (as defined in Note 5) from the initial stockholders, the Company's officers and directors, or their respective affiliates, for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination.

If the Company's estimates of the costs of undertaking in-depth due diligence and negotiating a business combination are less than the actual amounts necessary to do so, the Company may have insufficient funds available to operate its business prior to the business combination and will need to raise additional capital through loans from the Sponsor, its officers and/or directors, or third parties. Except as contemplated by the terms of the Working Capital Loans (as defined in Note 5 to the financial statements), neither the Sponsor nor the Company's officers or directors are under any obligation to advance funds to, or to invest in, the Company. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all.

As of September 30, 2023, we had \$709,450 in cash and a working capital deficit of approximately \$12,065,413. We are also subject to a mandatory liquidation and subsequent dissolution requirement if we do not complete our initial business combination by March 1, 2024. All remaining cash held in the Trust Account is generally unavailable for the Company's use, prior to an initial business combination, and is restricted for use either in a Business Combination, to redeem common stock or to use for payment of taxes. During the nine months ended September 30, 2023, the Company withdrew \$490,151 for payment of taxes, leaving \$816,118 available for withdrawal from the Trust Account as of September 30, 2023. Further, we expect to incur significant costs in pursuit of our acquisition plans. Management's plans to address this need for capital are discussed in Note 1. In connection with the Company's assessment of going concern considerations in accordance with ASC Subtopic 205-40, Presentation of Financial Statements—Going Concern, we determined that our plans to raise capital and to consummate our initial business combination by March 1, 2024 may not be successful. These factors, among others, raise substantial doubt about our ability to continue as a going concern. The financial statements contained elsewhere in this Quarterly Report on Form 10-Q do not include any adjustments that might result from our inability to continue as a going concern.

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Liquidity and Capital Resources

As of September 30, 2023, we had cash of \$709,450. Until the consummation of our initial public offering, our only sources of liquidity were an initial purchase of common stock by our founders and a loan from the Sponsor, FL Co-Investment and Intrepid Financial Partners.

Our registration statement for our initial public offering was declared effective on February 24, 2021. On March 1, 2021, we consummated our initial public offering of 28,750,000 units, which included 3,750,000 units issued pursuant to the full exercise by the underwriters of their over-allotment option, at \$10.00 per Unit, generating gross proceeds of \$287,500,000 and incurring offering costs of \$16,670,251, inclusive of \$10,062,500 in deferred underwriting commissions pursuant to the Business Combination Marketing Agreement with Cowen and Company, LLC and Intrepid Partners, LLC (the "Business Combination Marketing Agreement").

Simultaneously with the closing of our initial public offering, we consummated the private placement of 7,750,000 warrants to our initial stockholders, each exercisable to purchase one share of Class A common stock at \$11.50 per share, at a price of \$1.00 per private placement warrant, generating gross proceeds to us of \$7,750,000.

Upon the closing of our initial public offering and the private placement, \$287,500,000 of the net proceeds of the sale of the Units in our initial public offering and the sale of private placement warrants in the private placement were placed in the Trust Account, located in the United States at J.P. Morgan Chase Bank, N.A., with American Stock Transfer & Trust Company acting as trustee, and invested only in U.S. "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act having a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations, as determined by us, until the earlier of: (i) the completion of our initial business combination and (ii) the distribution of the Trust Account as described below. Except with respect to interest earned on the funds held in the Trust Account that may be released to us to pay our taxes, if any, the funds held in the Trust Account will not be released until the earliest to occur of: (a) the completion of our initial business combination, (b) the redemption of any public shares properly submitted in connection with a stockholder vote to amend our amended and restated certificate of incorporation (A) to modify the substance or timing of our obligation to allow redemption in connection with our initial business combination or redeem 100% of our public shares if we do not complete our initial business combination by March 1, 2024, or (B) with respect to any other provision relating to stockholders' rights or pre-initial business combination activity and (c) the redemption of our public shares if we are unable to complete our initial business combination by March 1, 2024, subject to applicable law. On February 21, 2023, to mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), the investments in U.S. government securities or money market funds held in the Trust Account were liquidated to thereafter be held in cash (which may include an interest-bearing demand deposit account at a national bank) until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company's stockholders. The proceeds deposited in the trust account could become subject to the claims of our creditors, if any, which could have priority over the claims of our public stockholders.

If we are unable to complete our initial business combination by March 1, 2024, we will (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible but no more than ten business days thereafter subject to lawfully available funds therefor, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to us to pay our taxes, and expenses relating to the administration of the Trust Account (less up to \$100,000 of interest to pay dissolution expenses) divided by the number of the then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law; and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the board of directors, liquidate and dissolve, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to our warrants, which will expire worthless if we fail to complete our initial business combination by the end of the Combination Period, or by the applicable deadline as may be extended.

Related Party Loans

On November 25, 2020, our founders agreed to loan us an aggregate of up to \$300,000 to cover expenses related to our initial public offering pursuant to a promissory note (the "Initial Promissory Note"). This loan was non-interest bearing and payable upon the completion of our initial public offering. We borrowed \$75,000 under the Initial Promissory Note and repaid the Initial Promissory Note to our founders in full as of September 30, 2021.

On March 1, 2021, we issued an unsecured promissory note as a working capital loan to the Sponsor in the principal amount of \$365,000 to cover additional expenses related to our initial public offering (the "First Working Capital Loan"). This loan was non-interest bearing and is payable upon the completion of the initial business combination. The Sponsor assigned \$145,000 of the First Working Capital Loan to our Executive Vice President and Chief Financial Officer, Gregory Patrinely, \$110,000 of the First Working Capital Loan to our Executive Vice President, General Counsel and Secretary, Anthony Duenner, and \$110,000 of the First Working Capital Loan to our President, Caldwell Flores. As of September 30, 2023, we have borrowed \$365,000 under the First Working Capital Loan.

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On December 27, 2021, we issued an unsecured promissory note as a working capital loan to the Sponsor in the principal amount of \$800,000 to cover additional expenses related to our search for the initial business combination (the "Second Working Capital Loan"). This loan was non-interest bearing and payable upon the completion of the initial business combination. As of September 30, 2023, we have borrowed \$800,000 under the Second Working Capital Loan.

On March 29, 2022, we issued an unsecured promissory note as a working capital loan to the Sponsor in the principal amount of \$335,000 to cover additional expenses related to our search for the initial business combination (the "Third Working Capital Loan"). This loan is non-interest bearing and payable upon the completion of the initial business combination. As of September 30, 2023, we have borrowed \$335,000 under the Third Working Capital Loan. The Sponsor assigned \$111,667 of the Third Working Capital Loan to each of our Executive Vice President and Chief Financial Officer, Gregory Patrinely, and President Caldwell Flores, and \$111,666 of the Third Working Capital Loan to our Executive Vice President, General Counsel and Secretary, Anthony Duenner.

On September 30, 2022, we issued an unsecured promissory note as a working capital loan to the Sponsor in the principal amount of \$170,000 to cover additional expenses related to our search for the initial business combination (the "Q3 2022 Promissory Note"). This loan is non-interest bearing and payable upon the completion of the initial business combination. As of September 30, 2023, we have borrowed \$170,000 under the Q3 2022 Promissory Note.

On October 31, 2022, the Company issued an unsecured promissory note to the Sponsor (the "Q4 2022 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$200,000. The Q4 2022 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$200,000 under the Q4 2022 Promissory Note.

On February 6, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Q1 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$535,000. The Q1 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$535,000 under the Q1 2023 Promissory Note.

On May 12, 2023, the Company issued an unsecured promissory note to the Sponsor (the "First Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$395,000. The First Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$395,000 under the First Q2 2023 Promissory Note. Also on May 12, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Second Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$355,000. The Second Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$355,000 under the Second Q2 2023 Promissory Note.

On June 22, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Third Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$100,000. The Third Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$100,000 under the Third Q2 2023 Promissory Note. Also on June 22, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Fourth Q2 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$50,000. The Fourth Q2 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$50,000 under the Fourth Q2 2023 Promissory Note.

On August 30, 2023, the Company issued an unsecured promissory note to the Sponsor (the "First Q3 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$635,000. The First Q3 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$635,000 under the First Q3 2023 Promissory Note. Also on August 30, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Second Q3 2023 Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of \$495,000. The Second Q3 2023 Promissory Note is non-interest bearing and payable on the consummation of the Company's Business Combination. As of September 30, 2023, we have borrowed \$495,000 under the Second Q3 2023 Promissory Note.

In addition, in order to finance transaction costs in connection with an intended initial business combination, the Sponsor or an affiliate of the Sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete our initial business combination, we may repay such loaned amounts. In the event that our initial business combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from the Trust Account would be used for such repayment. Initially up to \$1,500,000, which was increased to \$3,500,000 on March 24, 2023, of such loans may be convertible into warrants at a price of \$1.00 per warrant at the option of the lender (the "Convertible Promissory Notes"). Such warrants are identical to the private placement warrants, including as to exercise price, exercisability and exercise period. On March 29, 2023, the Company and the Sponsor entered into amendments to each of the Q3 2022 Promissory Note, Q4 2022 Promissory Note and Q1 2023 Promissory Note, pursuant to which loans made under such notes are, at the lender's discretion, convertible into warrants of the post-Business Combination entity at a price of \$1.00 per warrant. On May 12, 2023, the Q1 2023 Promissory note was amended to clarify that approximately \$356,370 of the note proceeds are convertible into warrants of the post-Business Combination entity at a price of \$1.00 per warrant.

The following table presents the balances of the Working Capital Loans (at principal value) as of September 30, 2023. The Working Capital Loans are recorded at their respective fair value on each balance sheet date (see Note 5 and Note 9 to the financial statements for further discussion). If we complete the initial business combination, all such Working Capital Loans may be convertible into warrants at a price of \$1.00 per warrant at the option of the lender. Such warrants are identical to the private placement warrants, including as to exercise price, exercisability and exercise period.

	<u>Amount</u>
Working Capital Loans	
First Working Capital loan	\$ 365,000
Second Working Capital loan	800,000
Third Working Capital loan	335,000
Q3 2022 Promissory Note	170,000
Q4 2022 Promissory Note	200,000
Q1 2023 Promissory Note	356,370
First Q2 2023 Promissory Note	395,000
Fourth Q2 2023 Promissory Note	50,000
First Q3 2023 Promissory Note	635,000
Total convertible notes	<u>\$3,306,370</u>

The following table presents the balances of the Promissory Note Loans (at principal value) as of September 30, 2023. None of the Promissory Note Loans are convertible into warrants.

Promissory Note Loans	
Q1 2023 Promissory Note	\$ 178,630
Second Q2 2023 Promissory Note	355,000
Third Q2 2023 Promissory Note	100,000
Second Q3 2023 Promissory Note	<u>495,000</u>
Total promissory notes to related parties	\$1,128,630

Critical Accounting Estimates

This management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to fair value of financial instruments and accrued expenses. We base our estimates on historical experience, known trends and events and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no material changes during the period to our critical accounting estimates included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06 to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. We are currently reviewing what impact, if any, adoption will have on the Company's financial position, results of operations or cash flows.

Our management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying condensed financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were not effective as of September 30, 2023, due to the material weaknesses in our internal control over financial reporting over the accounting for complex financial instruments, which resulted in the restatement of the Company's financial statements for certain prior periods. In light of this, we performed additional analysis as deemed necessary to ensure that the accompanying condensed financial statements were prepared in accordance with U.S. GAAP. Accordingly, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

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Item 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this report include the risks described under the heading “Risk Factors” included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the “2022 10-K”) and our preliminary proxy statement, filed with the SEC on November 10, 2022 (as amended, the “Preliminary Proxy Statement”). Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the 2022 10-K or the Preliminary Proxy Statement. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<u>No.</u>	<u>Description of Exhibit</u>
10.1 ⁽¹⁾	Promissory Note, dated August 30, 2023, issued by Flame Acquisition Corp to Flame Acquisition Sponsor LLC.
10.2 ⁽¹⁾	Promissory Note, dated August 30, 2023, issued by Flame Acquisition Corp to Flame Acquisition Sponsor LLC.
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished

(1) Previously filed as an exhibit to our Current Report on Form 8-K filed on August 31, 2023 and incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FLAME ACQUISITION CORP.

Date: November 14, 2023

By: /s/ James C. Flores
Name: James C. Flores
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2023

By: /s/ Gregory D. Patrinely
Name: Gregory D. Patrinely
Title: Executive Vice President and Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

CERTIFICATION

I, James C. Flores, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Flame Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

/s/ James C. Flores

James C. Flores
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Gregory D. Patrinely, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Flame Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

/s/ Gregory D. Patrinely
Gregory D. Patrinely
Executive Vice President and Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Flame Acquisition Corp. (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. Flores, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

/s/ James C. Flores
James C. Flores
Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Flame Acquisition Corp. (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory D. Patrinely, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

/s/ Gregory D. Patrinely
Gregory D. Patrinely
Executive Vice President and Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)