

Falcon Minerals Ltd

ACN 009 256 535

Company Announcement

**Suite 19, 100 Hay Street, Subiaco WA 6008
PO Box 8319 Subiaco East WA 6008**

**Telephone: +61 8 9382 1596
Facsimile: +61 8 9382 4637**

Date: 11th October 2010
To: Companies Announcement Office, ASX
Electronic Lodgement:
Number of pages: 64

LODGEMENT OF NOM, PROXY FORM & ANNUAL REPORT 2010

Please find attached a copy of the Notice of Annual General Meeting, Proxy Form and the final copy of our Annual Report which is being sent to the shareholders this week, via the Share Registry. Please note that we already lodged the Annual Report previously with the ASX (Lodgement number 883283) now attached the final printed version.

Kind Regards

**Natasha Byrne
Administration Officer**

FALCON MINERALS LTD

ACN 009 256 535

Unit 19, 100 Hay Street, Subiaco, WA 6008

PO Box 8319, Subiaco East, WA 6008

Ph: (08) 9382 1596 Fax: (08) 9382 4637

PROXY FORM



2003 FCN-94900010346

HIN/SRN:

I/We _____

NUMBER OF
SHARES HELD

Of _____

Please fill in number

being a member of Falcon Minerals Ltd ("Falcon") hereby appoint:

_____ or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 17 November 2010 at 10:00am at the Fellows Room, Trinity Conference Centre, Crawley, WA 6009, and at any adjournment thereof.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report (Non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Change of Audit Firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr R Muskett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of allotment and issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do not wish to direct your proxy how to vote on the resolutions please place a mark in this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of these resolution. The votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of the resolutions.

If no directions are given, my proxy may vote as the proxy thinks fit or may abstain.

Dated: 2010.

*This Proxy is appointed to represent ___% of my voting right, or if 2 proxies are appointed Proxy 1 represents ___% and Proxy 2 represents ___% of my total votes
My total voting right is _____ shares*

If the shareholder is an individual:

Signature: _____ Name: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

PROXIES

A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the member. The proxy need not be a member of Falcon. Proxy Forms must be lodged at the principal office of Falcon at Unit 19, 100 Hay Street, Subiaco, Western Australia 6008, (PO Box 8319, Subiaco East, Western Australia 6008) not later than 48 hours before the time of the meeting.

ENTITLEMENT TO VOTE

For the determination of voting entitlements, the Directors have determined that the numbers of shares registered in the names of each member 24 hours prior to the time of the meeting will be taken, for the purposes of the meeting, to be held by the person who held them at that time.

A Proxy Form accompanies this Notice of Meeting.

FALCON MINERALS LTD
ACN 009 256 535

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

Date of Meeting

17th November 2010

Time of Meeting

10.00am

Place of Meeting

The Fellows Room
Trinity Conference Centre

230 Hampden Road
Crawley WA 6009

(see attached map)

FALCON MINERALS LTD

ACN 009 256 535

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF FALCON MINERALS LTD (“Falcon”) WILL BE HELD AT THE FELLOWS ROOM, TRINITY CONFERENCE CENTRE, 230 HAMPDEN RD CRAWLEY, WESTERN AUSTRALIA ON 17th NOVEMBER 2010, AT 10.00 AM

BUSINESS

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

ORDINARY BUSINESS

To receive and consider the annual financial report of the Company and the reports of the directors and the auditors for the financial year ended 30 June 2010.

To consider and if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:-

1. **Resolution 1 – Adoption of Remuneration Report (Non-binding)**

“That the remuneration report as contained within the Directors’ Report and forming part of the Company’s 2010 Annual Report, which accompanied the notice convening this meeting, be adopted.”

2. **Resolution 2 – Change of Audit Firm**

“To consider and if thought fit to appoint Stantons International Audit and Consulting Pty Ltd, trading as Stantons International, as auditors of the Company.”

3. **Resolution 3 - Re-election of Mr Ray Muskett as a Director**

“That, Mr Ray Muskett, who retires in accordance with clause 8.1(e) of the Company’s Constitution and being eligible, offers himself for re-election, be re-elected as a Director.”

4. **Resolution 4 – Ratification of allotment and issue of Shares**

“That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 21,052,632 Shares (at an issue price of \$0.19 each) on 17 March 2010 to the parties and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Dated 6 October 2010



Dean Calder
Company Secretary

FALCON MINERALS LTD

ACN 009 125 197

EXPLANATORY STATEMENT

This Explanatory Statement is for the information of Shareholders of Falcon Minerals Ltd (Falcon) in connection with Resolutions to be considered at the Annual General Meeting of Falcon to be held on Tuesday, 17th November 2010 at 10:00am. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

Ordinary Business

To receive and consider the financial statements and reports for the year ended 30 June 2010.

The Annual Report 2010 has been sent to all shareholders and will be tabled at the meeting. There is no formal resolution to accept the financial statements and reports, but provision will be made for shareholders to question the Directors and the Auditor should they wish to do so.

Resolution 1 – To Adopt the Remuneration Report

Section 250R of the Corporations Act requires a listed company to put to its shareholders at each annual general meeting a resolution adopting the report on the remuneration of the Company's directors, executives and senior managers included in the Company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory only and does not bind the Company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

Resolution 2 – Change of Audit Firm

Due to an internal restructure of Stantons International Pty Ltd trading as Stantons International a new authorised audit company, Stantons International Audit and Consulting Pty Ltd trading as Stantons International, has been incorporated. In accordance with the Corporations Act 2001 there is a requirement for shareholders to approve the appointment of Stantons International Audit and Consulting Pty Ltd trading as Stantons International as the auditor of the company.

Resolution 3 – To Re-elect Ray Muskett as a Director

Clause 8.1(e) of the Company's Constitution provides that at each Annual General Meeting, one-third of the Directors (except the Managing Director) or any other director, if he does not retire, who at the conclusion of the meeting have been in office for 3 or more years and for 3 or more AGMs since he or she was last elected to office, must retire from office as directors.

Mr Ray Muskett retires in accordance with this requirement, and submits himself for re-election.

Resolution 4 – Ratification of Issue of Shares

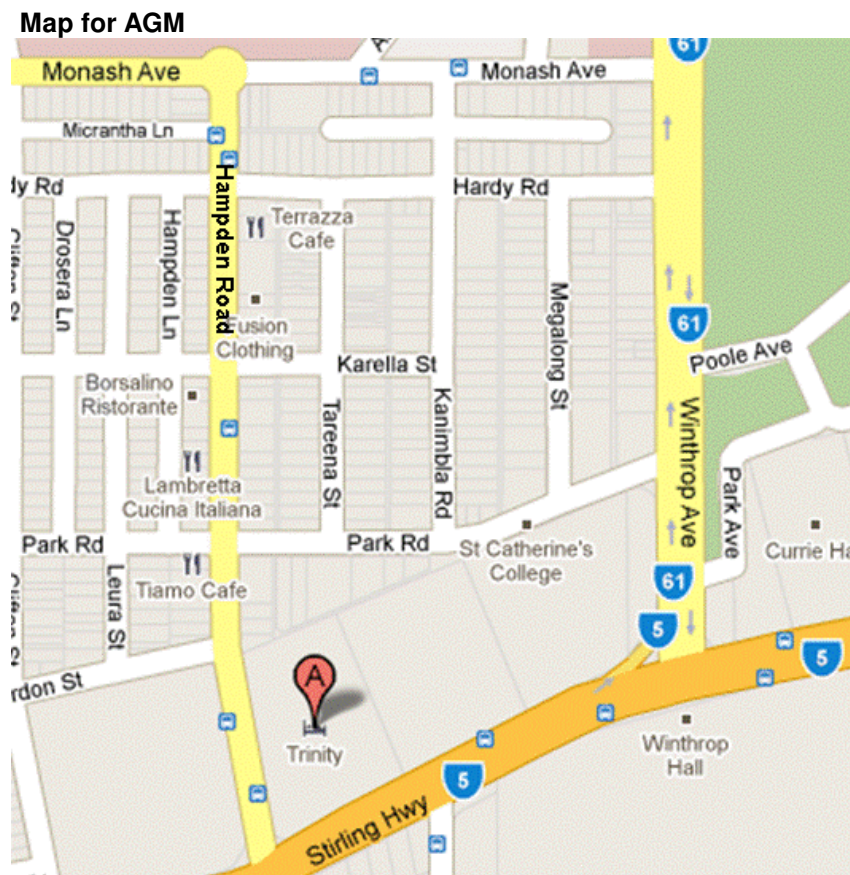
As announced on 12 March 2010, the Company made a placement issue of an additional 21,052,632 Shares issued at \$0.19 per Share. The placement of the additional Shares raised an additional \$4,000,000. Bell Potter Securities Limited acted as the Lead Manager for the placement.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold in Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 4, shareholder ratification is sought under Listing Rule 7.4 for the issue of Shares that was made on 17 March 2010 in order to restore the right of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

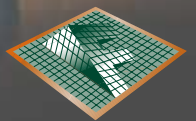
- (a) 21,052,632 Shares were allotted and issued;
- (b) The Shares were issued at an issue price of \$0.19 each;
- (c) The Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) The Shares were issued to sophisticated and institutional investors who were clients of Bell Potter Securities Limited, the allottees were unrelated parties of the Company; and
- (e) Fund raised from the issue are being used to pursue drilling campaigns at the Collurabbie Project in Western Australia and to provide additional working capital



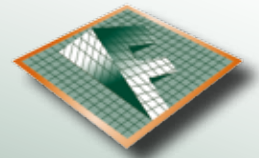
Point A marks the Trinity Conference Centre
Free parking at front of conference centre or
there is free street parking.



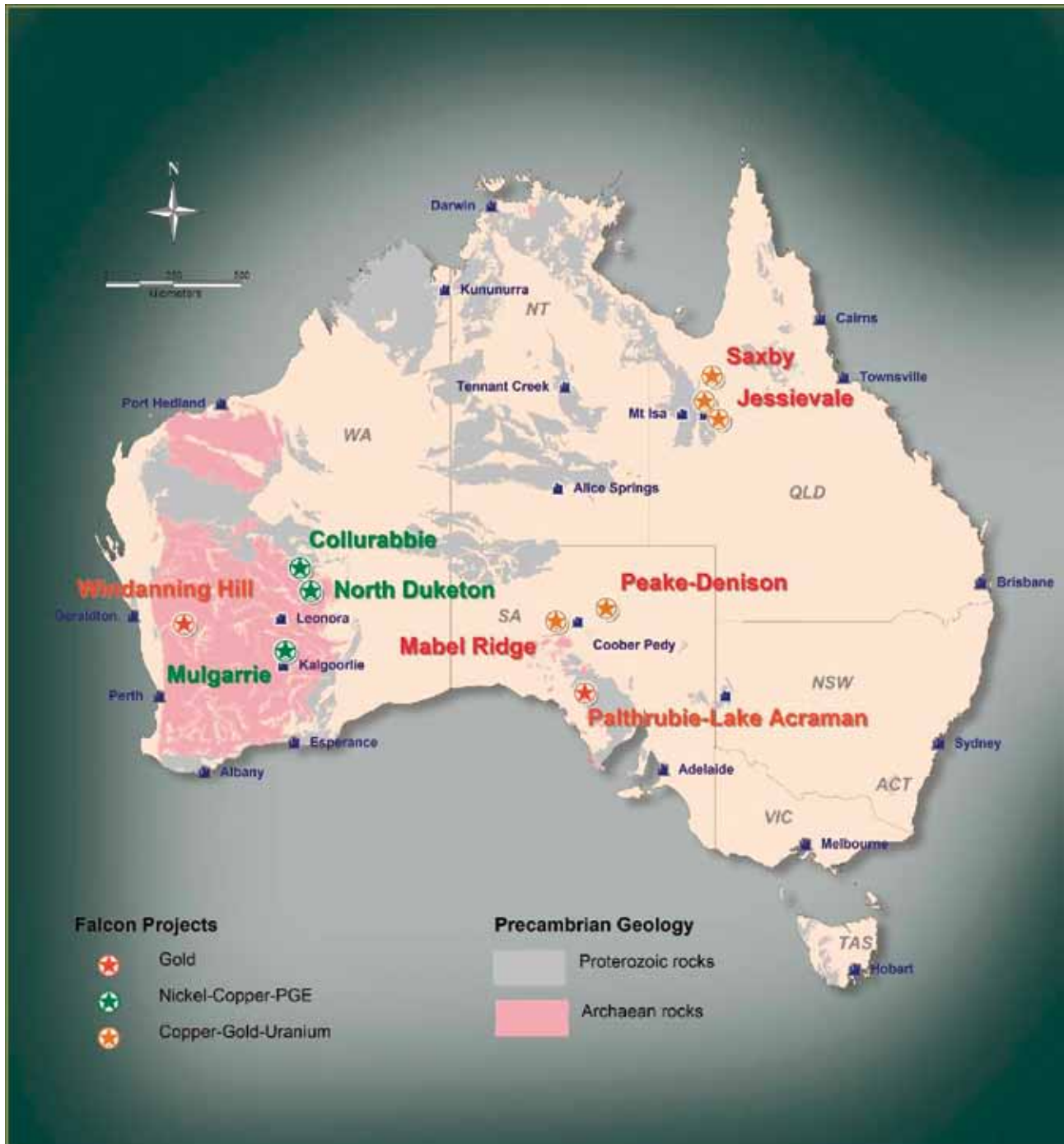
FALCON
MINERALS LIMITED

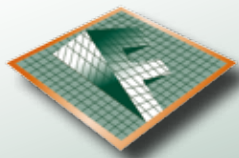


Annual Report 2010



LOCATION OF PROJECTS





CORPORATE DIRECTORY

DIRECTORS

Richard Diermajer
Ray Muskett
Graeme Cameron

SECRETARY

Dean Calder

REGISTERED OFFICE

Unit 19, 100 Hay Street
Subiaco Western Australia 6008

Telephone: (08) 9382 1596
Facsimile: (08) 9382 4637
Email: fcf@falconminerals.com.au
Website: www.falconminerals.com.au

Postal Address:
PO Box 8319, Subiaco East
Western Australia 6008

ACN

009 256 535

AUDITORS

Stantons International
Level 1
1 Havelock Street, West Perth
Western Australia

BANKERS

BankWest
1215 Hay Street, West Perth
Western Australia

STOCK EXCHANGE

The Company's shares are quoted on the official list of the Australian Securities Exchange Ltd (code FCN)

SHARE REGISTRY

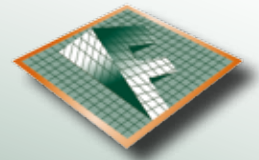
Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009
Telephone (08) 9389 8033

SOLICITORS

Brickhills
Barristers & Solicitors
Level 1, 10 Outram St, West Perth
Western Australia

CONTENTS

Chairman's Letter	3
Review of Operations	4
Directors' Report	14
Corporate Governance Statement	19
Statement of Comprehensive Income	27
Statement of Financial Position	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to and Forming Part of the Financial Statements	32
Directors' Declaration	51
Independent Audit Report to the Members	52
Auditor's Independence Declaration	54
Additional Stock Exchange Information	55
Tenement Schedule	56



CHAIRMAN'S LETTER

Dear Shareholder

During the year the Company announced the finalisation of successful negotiations with BHP-Billiton in respect to the highly prospective Collurabie Ni/Cu/PGE Project. Under the terms of the agreement reached, Falcon acquired 100% interest in the tenements whilst BHP-Billiton retained an option for offtake rights in relation to any ore or concentrate produced from the project.

This is a significant milestone for the Company as it has now seen the recommencement of exploration activities at Collurabie with the first drilling campaign since 2004 completed at the Olympia Prospect in June this year. Results from the June campaign proved highly encouraging and confirmed the presence of high nickel, copper and platinum-palladium values over a strike length of at least 300 meters and indicates that mineralisation is open to the south and particularly down plunge to the north which, along with other defined targets will be subjected to further drilling this year.

Drilling at Saxby to follow up the previous drill result of 17m @ 6.75 g/t gold in SXDD005 was also completed with two holes intersecting the same stratigraphic /structural package as seen in the above-mentioned gold mineralised hole. Although results are still pending, the project is considered to have good potential to host a large gold system.

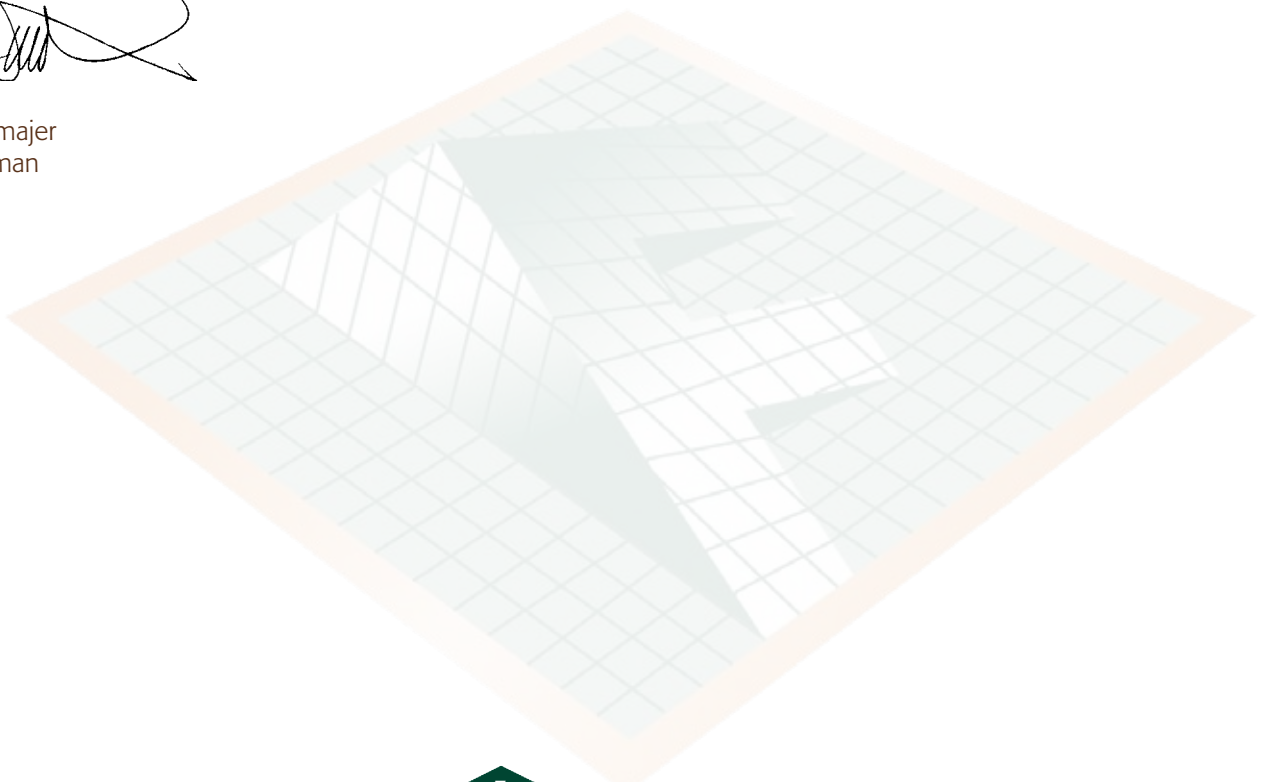
In addition to the above work, 3D modeling of gravity and magnetic data over prospects within the Peake-Denison Inlier in the northern Gawler Craton in South Australia was completed and identified several anomalies interpreted to represent large alteration systems related to iron oxide copper gold mineralisation. Detailed infill gravity surveys are planned for the area to define targets for drilling.

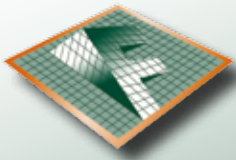
Under Falcon's project generation strategy, further geophysical targeting continued in respect to its' other projects in the Gawler Craton of South Australia and the Cloncurry region of Northern Queensland for assessment of prospective signatures that could represent major iron-oxide copper gold systems. This work is ongoing and essential to proving up targets for further testwork.

Finally, I wish to thank my fellow Board Members, Company Staff, consultants and contractors for their sustained efforts throughout the past 12 months and shareholders for their patience and support as we look forward to our exciting exploration campaigns over the next financial year.

Yours faithfully

Richard Diermajer
Acting Chairman





REVIEW OF OPERATIONS EXPLORATION ACTIVITIES

COLLURABBIE PROJECT – WESTERN AUSTRALIA

(Nickel, Copper and Platinum Group Elements)

(Falcon 100%)

The Collurabbie Project is located 160 km east of Mt Keith and 200 km north of Laverton in the Duketon Greenstone Belt of Western Australia (Figure 1). Previous exploration by Western Mining Corporation (WMC) at Collurabbie discovered disseminated nickel-copper-platinum group element (Ni-Cu-PGE) sulphide mineralisation, followed by the discovery of the first massive nickel sulphides in drillhole CLD159 at the Olympia prospect. The discovery at Olympia is considered significant in that it bears similarities to the high-grade Raglan Ni-Cu-PGE deposits in Canada, and as such represents a style of mineralisation not encountered previously in Australia, and potentially a new Ni-Cu-PGE province.

During the year the Company announced the finalisation of successful negotiations with former JV partner BHP-Billiton whereby, under the terms of the agreement reached, Falcon acquired 100% interest in the Collurabbie tenements whilst BHP-Billiton retains an option for offtake rights in relation to any ore or concentrate produced from the project.

Subsequently, the WA Department of Industry and Resources (DOIR) granted Falcon a Programme-of-Work to re-commence exploration at Olympia. In June 2010 Falcon successfully completed 10 diamond drillholes for a total of 3101m on six 40/50m-spaced lines with the aim to test the continuity and better define the extent of massive sulphide mineralisation intersected in previous drilling.

High nickel, copper and platinum-palladium (PGE) values were returned in eight drillholes on five lines and indicate good continuity of poly-metallic, massive and matrix sulphide mineralisation within a 1m to 9.65m zone (true thickness) over a strike length of at least 300m (Figure 2). Better drillhole intercepts are listed in Table 1 below. The mineralised zone is clearly defined within a northerly-plunging envelope and remains open to the north and south of 7026100N and 7025800N respectively. Downhole electro-magnetic (EM) logging has been extensively used to target conductors associated with additional massive sulphide mineralisation away from diamond drill holes. Recent EM modeling indicates several highly conductive plates associated with the Olympia mineralised horizon. Further drilling is currently being planned for the second half of 2010 to test the down-plunge extent of the massive Ni-Cu-PGE sulphides.

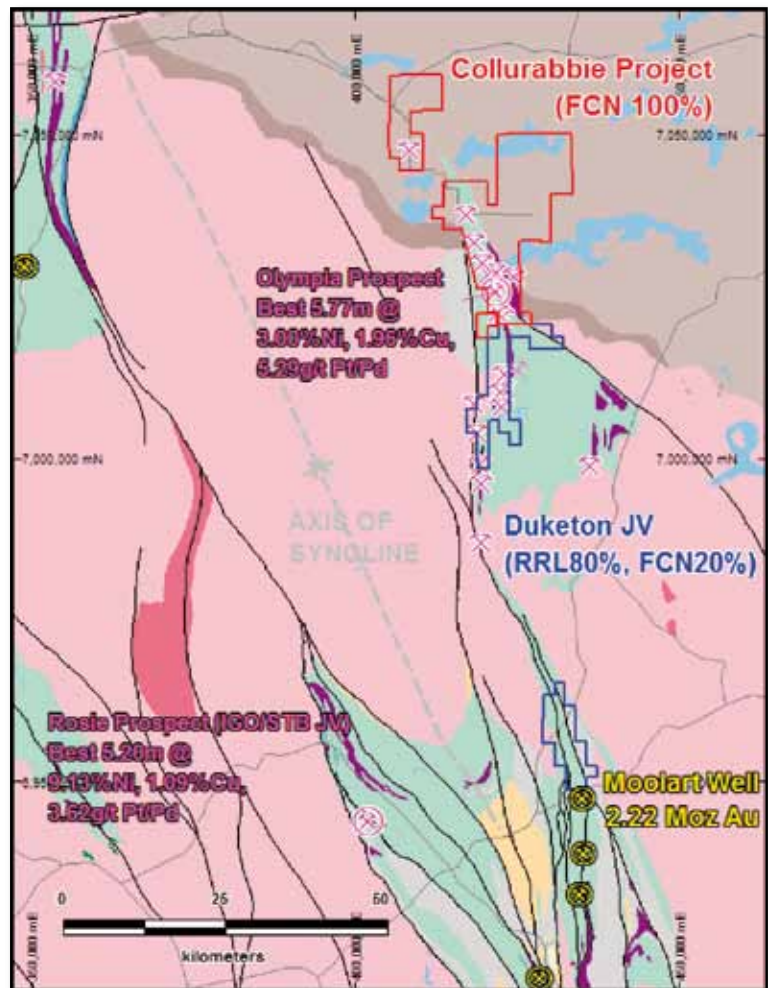
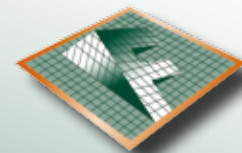


Figure 1 - Regional geology of the northern Duketon Belt showing location of Collurabbie Project and Ni-Cu-PGE sulphide occurrences.

**Table 1 – Significant Ni-Cu-PGE assay results from Olympia Prospect**

Hole ID	N	E	From	To	Width (m)	True Width (m)	Ni%	Cu%	Total PGE (g/t)
CLD122	7026102	421952	200.18	200.26	0.08	0.06	2.93	2.60	2.24*
CLD125	7025902	422141	64.00	72.00	8.00	6.00	1.23	1.62	3.82
CLD127	7026500	421914	82.00	86.00	4.00	3.00	1.00	0.55	0.97*
CLD136	7025899	421999	176.00	177.90	1.90	1.43	3.64	2.77	6.95
		and	184.90	186.00	1.10	0.85	3.67	3.12	7.78
CLD137	7025799	422120	136.00	138.00	2.00	1.5	2.85	1.77	2.52*
CLD139	7026000	422019	131.64	144.50	12.86	9.65	1.33	0.95	2.69
CLD159	7026000	421946	279.43	285.20	5.77	4.33	3.00	1.96	5.29
CLD195	7026000	421980	231.55	232.11	0.56	0.42	1.44	0.44	2.37*
CLD196	7025960	421990	218.16	220.9	2.74	2.06	2.03	1.06	2.00*
		including	218.16	219	0.84	0.63	3.18	0.97	2.57*
CLD197	7025960	421950	268.27	269.69	1.42	1.07	1.13	0.73	1.34*
CLD198	7026040	421920	277.30	278.47	1.17	0.88	2.73	2.16	6.51*
		including	277.30	278.17	0.87	0.65	3.36	2.58	7.56*
CLD199	7026040	421960	226.27	231.59	5.32	3.99	1.05	0.89	1.74*
		including	230.15	231.28	1.13	0.85	2.03	1.48	2.21*
CLD201	7025900	422010	163.75	167.49	3.74	2.81	1.47	1.59	4.43*
		including	163.75	165.17	1.42	1.07	2.72	2.13	7.49*
		and	170.01	170.45	0.44	0.33	1.29	0.79	2.98*
CLD202	7025960	422030	130.95	131.25	0.30	0.23	3.01	2.57	0.001*
		and	153.88	157.70	3.82	2.87	1.74	1.05	2.37*
CLD203	7026100	421880	376.10	380.48	4.38	3.29	0.82	0.30	0.76*
		including	379.10	379.90	0.80	0.6	1.22	0.31	1.14*

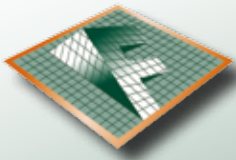
*Pt+Pd only

The 2010 drilling data has shed new light on the controls of mineralisation at Olympia and indicates that massive-to-heavily disseminated nickel-copper-PGE sulphides are associated with at least two ultramafic bodies which intruded along a basalt-volcaniclastic channel at, or near, the ancient sea floor position.

Highly anomalous zinc-lead-copper mineralised veins and exhalative massive sulphide were intersected (Table 2) at this sea floor interface and it is thought that these zones contributed to the sulphur budget necessary to form massive nickel-copper sulphides at the basal contact of the ultramafic host rocks.

Table 2 – Significant zinc-lead-copper assay results from Olympia Prospect

Hole ID	From (m)	To (m)	Width (m)	Zn (%)	Pb (%)	Cu (%)
CLD196	239.40	239.84	0.44	3.45	0.37	0.01
CLD197	282.41	283.41	1.00	1.06	0.05	0.01
CLD201	163.75	170.45	6.70	2.21		
including	163.75	167.49	3.74	3.25	0.82	1.59
including	165.17	165.99	0.82	9.63	1.60	2.00



COLLURABBIE PROJECT (Continued)

Falcon considers that significant potential remains for further massive Ni-Cu-PGE sulphide discoveries along strike from Olympia. In light of the recent results, a new exploration model has been developed and several highly prospective (and as yet untested) targets are currently being defined for further ground geophysics and drill testing.

Work proposed for 2010-2011 includes:

- Step-out diamond drilling at **Olympia** to better define the down-plunge and strike extent of the massive sulphide lenses. 3D visualisation of the modelled geology coupled with downhole EM data indicates a northerly plunge to the massive sulphide shoots with limited previous drill testing.
- Step-out diamond drilling at the **Rhodes Prospect** to the south of Olympia to test modelled GeoFerret EM conductors for massive extensions to nickel sulphide lenses intersected in earlier diamond drillholes CLD153 (4m @ 1.34% Ni, 3830ppm Cu, 285ppb Pt) and CLD182 (0.3m @ 0.96% Ni, 3360ppm Cu and 571ppb Pt).
- Infill drilling at several prospects on M38/974, M38/975 and M38/976 (**Spartacus, Troy and Paros Prospects**) to test EM conductors and discrete magnetic anomalies beneath widespread disseminated nickel-copper-PGE mineralisation in previous broad-spaced drilling (Figure 3). It is envisaged that sensitive β -field ground EM (SQUID) technology will be applied over key areas to better define drill targets.
- Detailed geophysical VTEM/SQUID EM surveys over the **Achilles** prospect on E38/1986 (Figure 3) to define future drill targets.

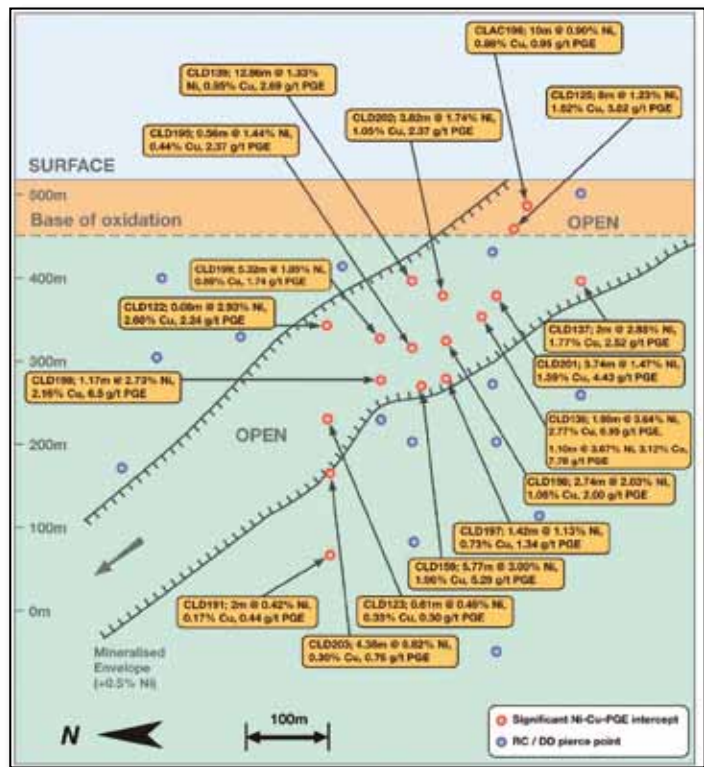


Figure 2 – Longitudinal section (looking to the east) showing significant nickel-copper-PGE intercepts to date within northerly plunging mineralised envelope.

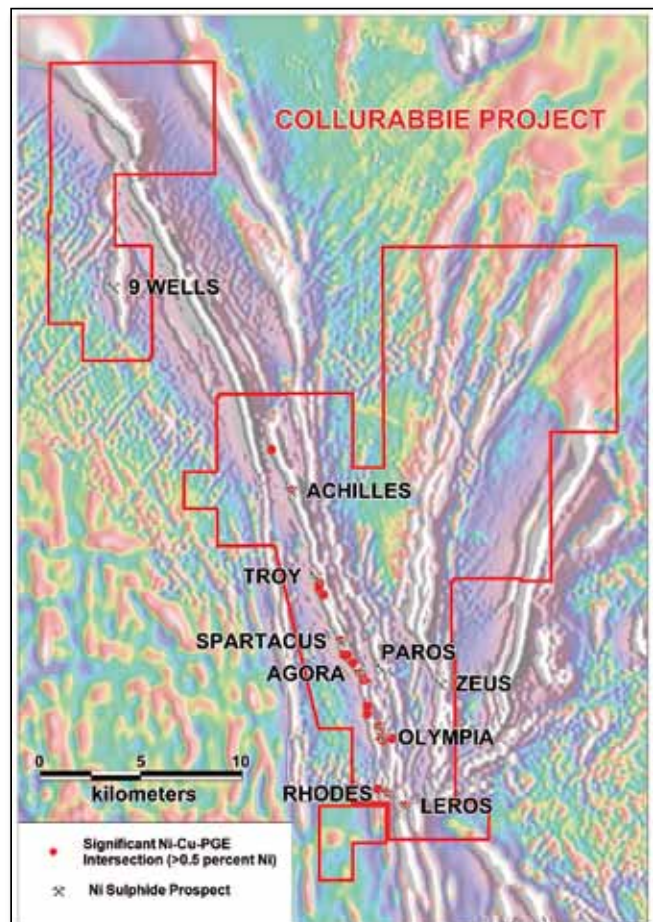
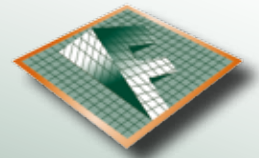


Figure 3 - Falcon land position at Collurabbie with nickel sulphide occurrences and significant nickel drill intercepts over regional magnetic image.



SAXBY JOINT VENTURE – QUEENSLAND

(Nickel and Copper-Gold)

(Falcon 49%, AngloGold Ashanti Australia 51% earning 70%)

The Saxby project is located 150 km northeast of Cloncurry in Northwest Queensland. The Project was acquired under Falcon's Volcanogenic Copper-Gold Initiative and is considered to have good potential for both Iron Oxide-Copper-Gold (IOCG) and mafic-hosted (Voisey's Bay style) Ni-Cu massive sulphide systems.

In August 2009 Anglo American Exploration (Australia) Pty Ltd (AAE) assigned its interest in the Saxby Joint Venture to AngloGold Ashanti Australia Limited (AGAA). AGAA assumes all of AAE's obligations under the Saxby Joint Venture Agreement by holding a 51% interest (FCN 49%) with the right to earn an additional 19% when total expenditure of AUD\$7 million has been incurred on the project area prior to 20th December, 2013.

Significant gold mineralisation was intersected by diamond drilling by Anglo American Exploration in September 2008 in drillhole SXDD005 collared at 7866200N, 488200E, as follows:

- **17m @ 6.75g/t gold from 631m to 648m** *Note: Includes 5m @ 19.30g/t gold from 635m to 640m and 1.3m @ 67.23g/t gold from 636.7 to 638m (with copper up to 1198ppm)*
- **7m @ 1.98g/t gold from 614m to 621m**

The gold mineralised zone intersected in SXDD005 is part of a much broader zone from 610-648m characterised by strong IOCG-style "red rock" K-feldspar-calcite-hematite-magnetite-quartz alteration in strongly brecciated diorite-granodiorite and pegmatite sills.

During the year JV partner AngloGold Ashanti Australia Limited, drilled five diamond drill holes at the Saxby project for a total of 4047.1m (Figure 4; SXDD011-SXDD015). Two holes, SXDD013 and SXDD014, were drilled to test for significant gold mineralisation up-dip and away from discovery drill hole SXDD005 respectively, and a further three holes were drilled to test nearby geophysical anomalies defined by the detailed SQUID EM and magnetic surveys conducted in 2009.

SXDD013 was drilled to follow-up the 2009 gold intercept in SXDD005 and intersected the same basement package as SXDD005 and extended deeper into the footwall where some 140m of "red-rock" altered diorite-granodiorite was intersected.

SXDD014 drilled 200m to the south-west of SXDD005 intersected a variably altered, veined and brecciated package of meta-igneous rocks ranging from dolerite to granodiorite-tonalite in composition. Strong albite-hematite-(epidote)-chlorite alteration at 620-720m is associated with chlorite-pyrite veins that hydro-fracture the rock. Where this alteration is most intense, veins of fine-grained calcite with magnetite and (rarer) hematite are present, ranging in size from a few mm to 350mm wide, some containing breccia. In places, coarse-grained pyrite overprints these calcite-magnetite veins in the same manner as mineralised intervals in Anglo American's hole SXDD005.

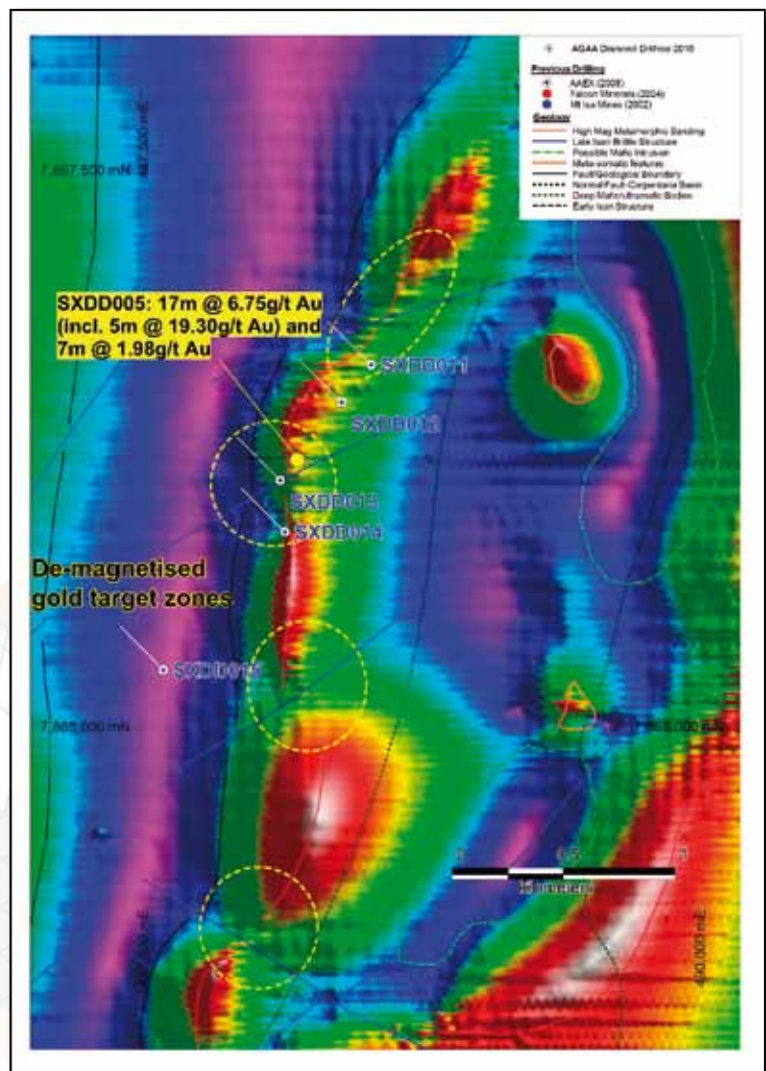
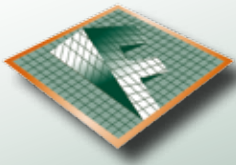


Figure 4 - Saxby JV Project. Detailed aeromagnetic image with interpreted geology and 2010 diamond drillholes.



SAXBY JOINT VENTURE (Continued)

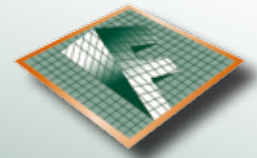
The diamond drill core is currently being transported to Perth for processing and analysis.

In a regional context the gold mineralisation in SXDD005 lies along an interpreted NNE-trending structural corridor and appears associated with cross-cutting ENE trending faults and related quartz-chlorite-pyrite veining. It is thought that strong bedrock alteration and fracturing is controlled by the confluence of NNE- and ENE trending faults and resulted in demagnetisation of earlier magnetite mineralisation. Several structural targets are evident in the detailed magnetic data (Figure 4) and a further 7 km of strike length along the anomalous trend remains to be drill tested.

With respect to nickel exploration, previous drilling targeted a significant gravity anomaly and coincident magnetic high. Three drillholes intersected coarse-grained net-textured olivine gabbro and gabbro-norite with varying amounts of sulphide, ranging from background disseminated pyrrhotite and pyrite to narrow intervals of semi-massive magmatic sulphide (pyrrhotite with minor pentlandite and chalcopyrite).

Best results included 10.4m @ 0.25% Ni and 0.28% Cu from 508m in drillhole TT001D. Subsequent drilling by Falcon in 2004 and Anglo American in 2008 intersected over 300m of sulphide-bearing olivine gabbro from 443m (beginning of basement) with sub-economic Ni-Cu sulphides (up to 0.38% Ni) supported by low level copper and platinum anomalism.

Drilling to date has now intersected the uppermost part of a mineralised gabbroic body in five drillholes over a strike length of 2.2 kilometers and remains open in all directions. Several mafic-ultramafic bodies are interpreted to occur to the north and south of SXDD006 and remain to be tested.



DUKETON AND NORTH DUKETON PROJECTS – WESTERN AUSTRALIA

(Nickel, Copper and Platinum Group Elements, Gold)

(Falcon 20%, Regis 80%)

The North Duketon Project comprises a large area of about 100 square kilometres within the Duketon greenstone belt, located directly south of the Collurabbie project area (Figure 5). The Duketon project area (E38/2005, M38/1091) lies immediately north of the regionally significant Moolart Well gold mine (2.22M Oz).

Drilling at North Duketon to date has intersected highly anomalous Ni-Cu-PGE mineralisation associated with a basal mafic/ultramafic contact position along the Western Ultramafic Zone (see Table 3 below).

During the year, RC drilling was completed at the **Giles Prospect** along the Western Ultramafic Zone at Collurabbie (Figure 5). Five RC drill holes (RRLRC005 to RRLRC009) were completed for 1,412m to test beneath earlier aircore Ni-Cu-PGE geochemical anomalies.

This round of drilling did not intersect massive nickel sulphides despite encountering wide zones of cumulate-textured, high-MgO peridotite and footwall sulphidic sediments. The source of the Ni-Cu-PGE anomalism in earlier shallow drillholes however, remains to be explained. Further work is warranted to better understand the distribution of metals in the regolith profile and deeper RC/diamond drilling is planned to test for primary massive nickel sulphide mineralisation associated with fresh rocks along the Western ultramafic basal contact.

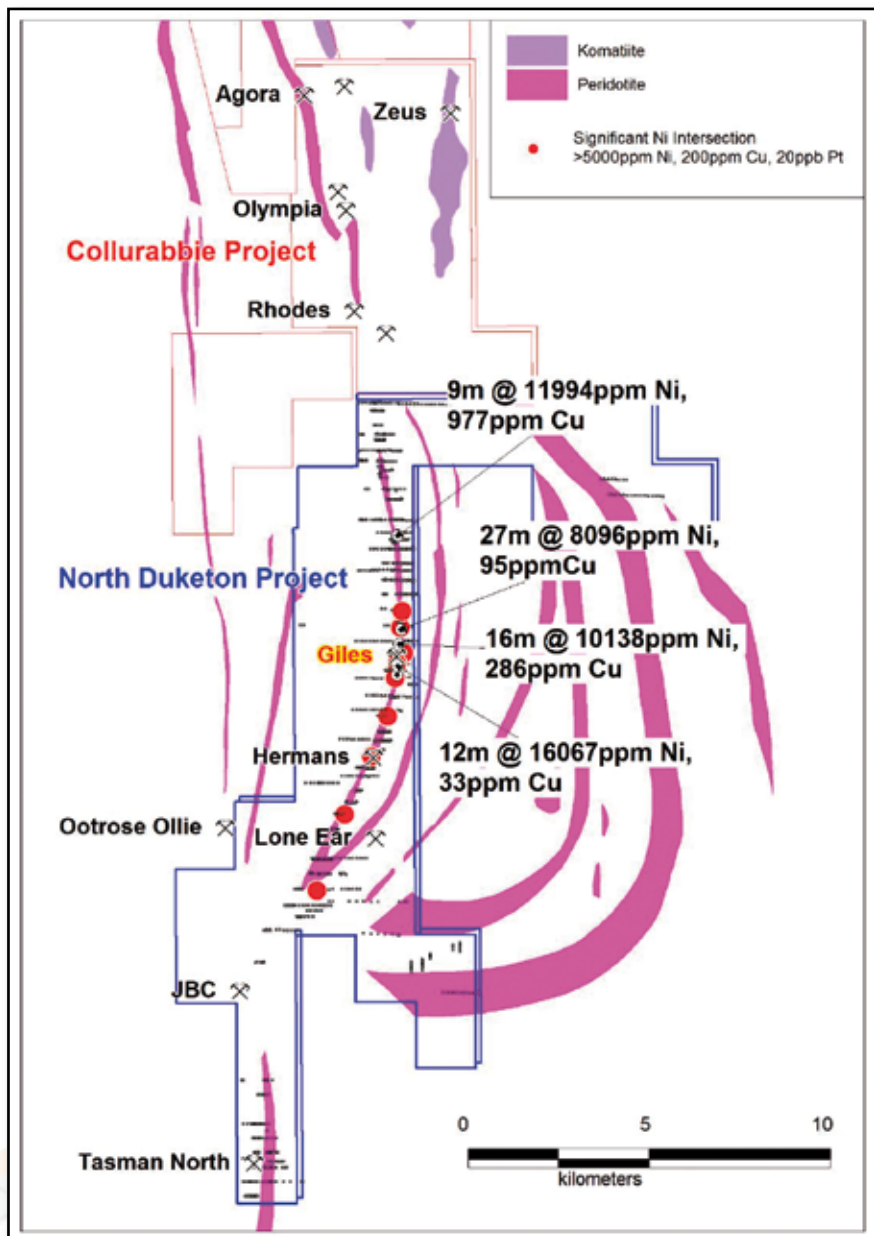
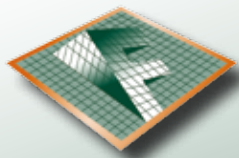


Figure 5 - Interpreted geology of the North Duketon JV Project with nickel prospects and better nickel intercepts.

Table 3 – Significant nickel results from drilling at the North Duketon Project

Hole	Northing	Easting	From (m)	To (m)	Downhole Width (m)	Ni (ppm)	Cu (ppm)	Pt + Pd (ppb)
RRLCRAC2070	7013800	423400	48	64	16	10,138	286	18
RRLCRAC2057	7013200	423350	48	60	12	16,067	33	37
RRLCRAC2092	7016800	423350	32	41	9	11,994	977	35
RRLCRAC2075	7014200	423450	48	75	27	8,096	95	24



DUKETON AND NORTH DUKETON PROJECT (Continued)

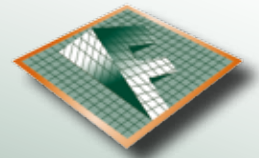
Significant gold mineralisation was intersected in holes RRLCRR005, 006, 007, and 009 (see Table 4). The gold-bearing intervals are hosted by sulphidic black shale and mafic/ultramafic rocks, within shear zones with abundant disseminated pyrite and arsenopyrite.

Further work is being planned to determine the significance of these gold results.

Table 4 - North Duketon JV. Significant gold intersections from RC drilling at the Giles Prospect.

HOLE NO	NORTHING	EASTING	FROM (m)	TO (m)	METRES	Au g/t
RRLCRR005	7013280	423255	100	104	4*	0.69
RRLCRR005	7013280	423255	124	128	4*	1.31
RRLCRR005	7013280	423255	140	144	4*	0.69
RRLCRR006	7013280	423205	136	148	12*	3.20
RRLCRR006	7013280	423205	208	220	12*	1.99
RRLCRR007	7013200	423200	132	136	4*	3.96
RRLCRR007	7013200	423200	140	141	1	0.51
RRLCRR007	7013200	423200	208	216	8*	1.10
RRLCRR009	7013400	423280	180	184	4*	1.33

NB: * = 4m composite interval/s



PEAKE-DENISON PROJECT – GAWLER CRATON, SOUTH AUSTRALIA

(Copper, Gold, Uranium)

(Falcon 100%)

Regional targeting for IOCG systems within the Gawler Craton was completed in 2009 using fully-integrated geophysical, geochemical and geological datasets to identify key controls on major mineralising systems. High-priority targets were identified and used to guide the acquisition of new tenure in the region.

Four large exploration licenses have been acquired within the Peake-Denison Inlier of the Northern Gawler Craton (Figure 6). The Peake-Denison represents a major uplifted Proterozoic basement block with discrete gravity-magnetic anomalies associated with major basement fault intersections. The geology of the Peake-Denison Inlier is thought to be analogous to the Olympic Dam and Prominent Hill geological settings.

During the year, Falcon completed further 3D geophysical modeling of regional gravity and magnetic data over the Mt Charles, Mt Margaret and Peake Siding areas to determine the amplitude and significance of geophysical targets and to better define drill targets for on-ground follow-up in 2010.

Several untested geophysical targets have been identified on the Mt Margaret and Mt Charles project areas. 3D modeling indicates that the geophysical expressions of the Spring Hill and Davenport Creek targets on Mt Margaret and Mt Charles respectively, are consistent with known large IOCG mineralised systems. These targets comprise circular to pipe-like anomalous bodies with densities of 3.1 to 3.6 g/cc and coincident offset magnetic anomalies with susceptibilities up to 2.0 SI units.

Previous exploration comprised gravity and magnetic surveys and reconnaissance geochemistry with limited drill testing only. One historic drillhole, DCD001 at the Davenport Creek prospect reported an interval of 3m @ 2.75% Cu from 330m associated with magnetite-hematite-chalcopyrite breccias in basement rocks. Furthermore, a downhole EM survey was completed and indicated an off-hole conductor away from DCD001.

Falcon is currently compiling all available data over the targets and has planned several detailed infill gravity surveys on 250m x 100m grid pattern to better define final drill targets.

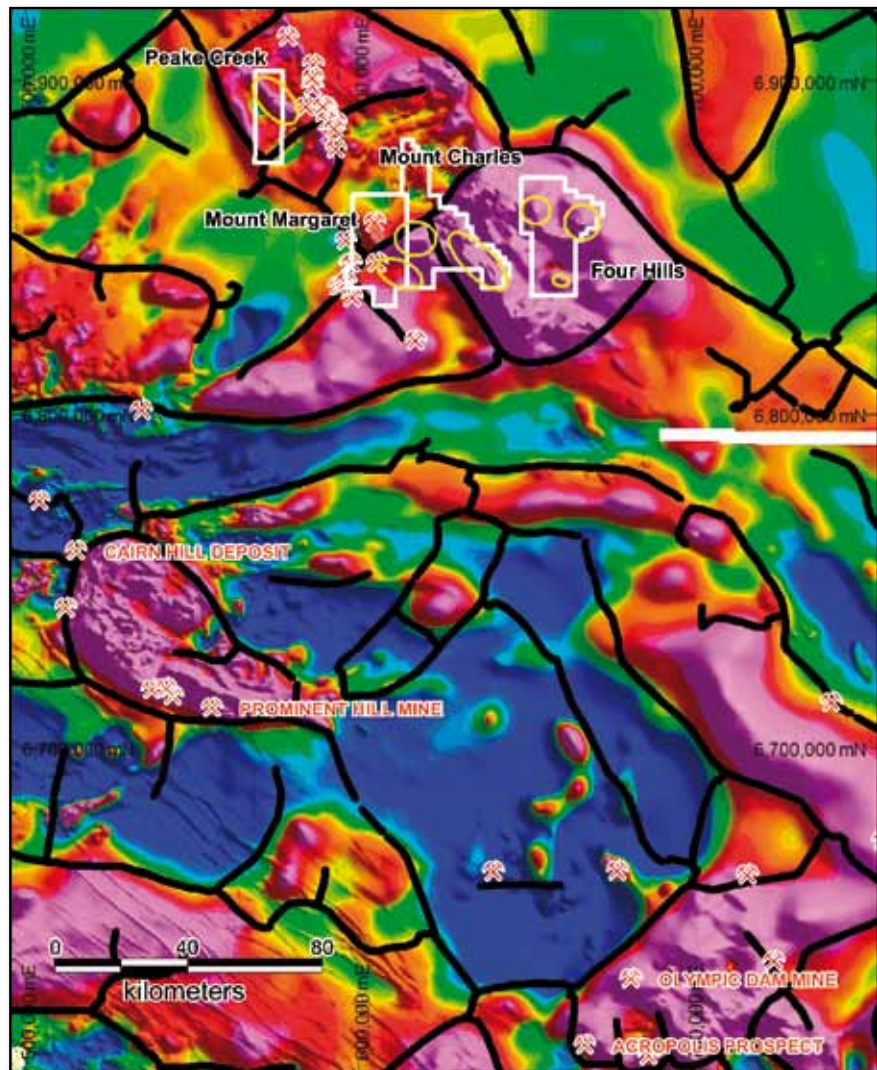
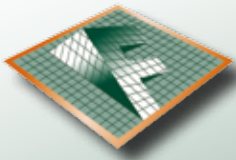


Figure 6 - North-Eastern Gawler Craton, South Australia. Bouguer gravity image, major gravity structures and copper-gold occurrences. Falcon project areas are shown in white with coincident gravity/magnetic targets in yellow.



CLONCURRY REGION – QUEENSLAND

(Copper, Gold)

(Falcon 100%)

Regional targeting for Ernest Henry- and Osborne-style Iron Oxide Copper-Gold (IOCG) systems has also been completed for the Mt Isa Inlier. Again, highly-ranked, Tier 1 targets have been identified and three exploration permits have been granted by the Queensland DME (Figure 7).

The **Mayfields** EPM18210 lies in a similar stratigraphic position to the nearby Eloise Cu-Au deposit on the eastern margin of a major interpreted Williams-Sybella batholith. Geophysical processing indicates coincident gravity-magnetic anomalous reflection IOCG-style alteration along a major N-S trending fault.

The **Jessievale** EPM18211 comprises several Ernest Henry-style magnetic-gravity targets along a major NE-trending fault zone on the northern margin of the Sybella batholiths.

The **Mt Marathon** EPM18289 lies on the south-eastern margin of the Williams-Naraku Batholith 25km to the south-west of the Ernest Henry Cu-Au mine.

Work is currently being conducted to determine the nature and significance of these targets.

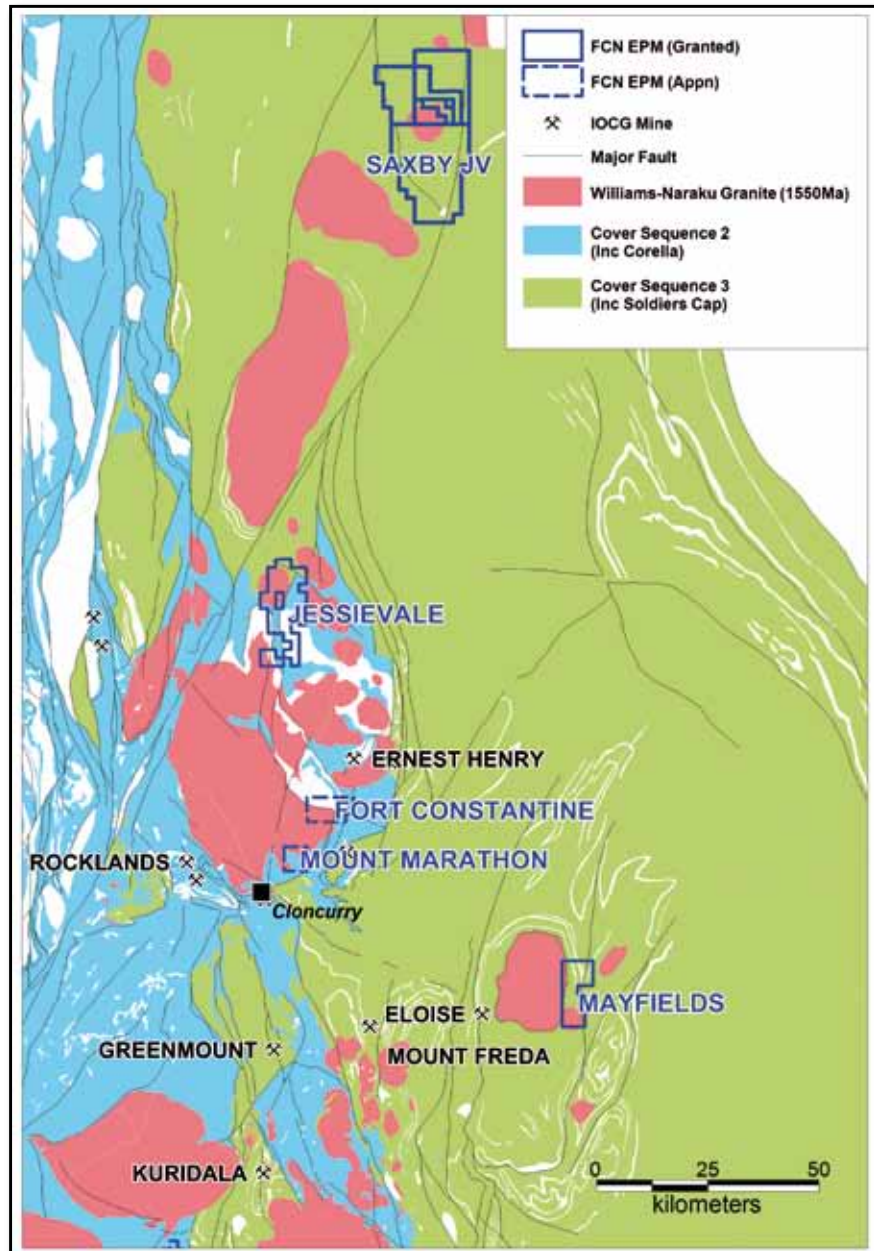
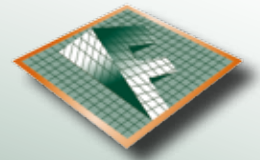


Figure 7 – Cloncurry District, Queensland. Regional geology and Falcon EPMs.



WINDANNING HILL JOINT VENTURE – WESTERN AUSTRALIA

(Gold, Iron Ore)

(Minjar Gold Pty Ltd 78.5%, Falcon 21.5% diluting)

The Windanning JV is located within the Yalgoo-Singleton greenstone belt, 400 km north-north-east of Perth. The Yalgoo belt contains the world class Gossan Hill and Scuddles base metal deposits at Golden Grove, and the Mt Gibson gold project.

In March 2009, Golden Stallion Resources bought Minjar Gold Pty Ltd and the Minjar gold asset (which includes the Windanning JV) from collapsed entity Monarch Gold Mining Company. In accordance with an earlier agreement with Monarch, Falcon retains its 21.5% equity in two separate joint ventures at Windanning Hill, each with Minjar Gold (gold and base metals) and Gindalbie Metals (iron ore).

The Windanning Hill JV hosts the Keronima gold deposit comprising a JORC Code-compliant Inferred Resource of 281,000 tonnes @ 2.2 g/t gold for 19,900 ounces of contained gold.

During the year, Minjar Gold completed a resource definition RC drilling programme at Keronima comprising 43 drill holes for 3749m on 20m x 20m centres. The drill programme aimed to better define gold mineralisation at the Keronima Prospect, and to upgrade the current resource base in preparation for pre-feasibility open pit optimisation and mining development studies.

Gindalbie also completed a limited RC programme during the year to test the iron ore potential of the Keronima iron formations on the western portion of M59/380. Previous rock chip sampling returned analyses with up to 60% iron and four RC drill holes have been drilled for a total of 200m to test the potential beneath the better surface results. Results are pending.

Falcon will review its options for the Windanning JV following a complete review of the Keronima data in the coming year.

PALTHRUBIE AND LAKE ACRAMAN – SOUTH AUSTRALIA

(Gold, Uranium)

(Falcon 100%)

The Palthrubie and Lake Acraman Projects are located in the prospective Gawler Craton region of South Australia. The primary target within the project has been high-grade "Tunkillia-style" gold mineralisation hosted within Hiltaba Suite granites which intrude the area.

Limited aircore drilling at the Deep Well and Sisters West Prospects has returned shallow gold intersections up to 1g/t Au with a best result to date of 6m @ 1.002 g/t gold from 12m in drillhole JDAC035. Mineralisation is hosted by quartz veins within Hiltaba granite with associated strong sericite-pyrite alteration. Several gold-in-calcrete anomalies remain untested.

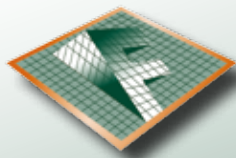
A review of the data has also indicated the possibility of uranium hosted in a major palaeochannel which runs for 30km, east to west, through the middle of the project. The palaeochannel is flanked to the north and south by radiometric 'hot' granites (source rocks) and displays a number of subtle radiometric anomalies in association with salt lake development.

COMPETENT PERSON STATEMENT

The following competent person statement relates to the 2010 Annual Review of Operations Report lodged with the ASX on 6th September 2010.

Competent Persons' Statement

The information in this ASX release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Graeme Cameron, Technical Director for Falcon Minerals Ltd. Mr Cameron is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a competent person, as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cameron consents to the inclusion in the report of the matters based on his information, in the form and context in which it appears.



DIRECTORS' REPORT

The directors present the following report for the financial year ended 30 June 2010.

DIRECTORS

The directors of Falcon Minerals Ltd at any time during or since the end of the year are:

Peter Langworthy (Non-Executive Chairman) – Resigned 31st July 2009

Mr Langworthy currently holds the position of Technical Director at Talisman Mining Limited. He has over 22 years experience in the exploration and mining industry, including senior technical and management roles. Mr Langworthy is also a current Non-Executive Director of Pioneer Nickel Ltd and Northern Star Resources Ltd.

Richard Edward Diermajer (Managing Director) – Director since 3rd July 1987

Mr Diermajer holds a degree in Legal Studies and has an extensive background in mining law and administration from 12 years experience with the Department of Industry and Resources in Western Australia. Mr Diermajer was previously a Director of Geoprobe Resources Ltd, which was involved, in the rich Chalice gold mine in Western Australia. In 1981 he established Sentinel Exploration Services, a firm that provided consultancy services to the mining industry throughout Australia in mining property management and administration, property acquisitions, project generation, native title negotiations and mineral exploration. Within the last three years, Mr Diermajer has also been a director of Strategic Energy Resources NL (formerly Eagle Bay Resources NL).

Ray Muskett (Non-Executive Director) – Appointed 24th November 2004

Ray Muskett is an experienced geologist in both mining and exploration. He is a WA School of Mines graduate who formulated various concepts and supporting databases that have been orientated to the identification of Olympic Dam style ore bodies and other large volcanogenic gold/copper deposits.

He has worked for a variety of companies including Western Mining Exploration Division at Kambalda, the WMC partly owned Kalgoorlie Lake View consortium in Kalgoorlie, Hamersley Exploration (and seconded to CRA diamond exploration) and consulted to various companies including Nevorita Gold Mines, a joint venture with Billiton Australia, Newmont and others. Within the last three years, Mr Muskett has not been a director of any other publicly listed company.

Graeme Cameron (Executive Director) – Appointed 17th February 2009

Mr Graeme Cameron was elected to the Board in April 2009 and currently holds the position of Technical Director of Falcon Minerals. Graeme graduated with a BSc (Honours) from the University of Western Australia and subsequently completed an MSc from Edith Cowan University. He has over 20 years experience in the exploration and mining industry, including senior technical and management roles with 3D technology-focused Geoinformatics Exploration, Acacia Resources, AngloGold Ashanti and Sons of Gwalia. Graeme has extensive experience in new project generation in Australia, Canada, Mexico and the United States, across a wide range of commodities including; magmatic nickel-copper-PGE, IOCG, porphyry copper-gold, Archaean gold and precious metal VHMS deposits. Within the last three years, Mr Cameron has not been a director of any other publicly listed company.

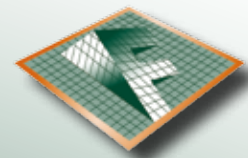
As at the date of this report the directors hold the following beneficial interests in the capital of the Company:

	Shares		Options	
	In own name	In other names	In own name	In other names
R Diermajer	–	3,500,000	–	–
R Muskett	440,000	5,000	–	–
G Cameron	–	-	2,000,000	–

COMPANY SECRETARY

Dean Calder (Company Secretary) – Appointed 20th November 2007

Dean is a qualified Chartered Accountant who has over 19 years' experience. Dean completed a Bachelor of Business degree in 1988 with a double major in Accounting and Business Law. Dean qualified as a Chartered Accountant in 1992 and after spending 8 years working for international chartered accounting firms, before he commenced public practice as a partner in a West Perth accounting firm in 1997. Dean also currently acts as Company Secretary for Oropa Limited and has acted in that capacity since July 1999.



DIRECTORS' REPORT (Continued)

PRINCIPAL ACTIVITY

The principal activity of the Company is exploration for gold, base metals and mineral sands.

REVIEW OF OPERATIONS AND RESULTS

Details of the operations of the Company are set out in the Review of Operations on pages 4 to 13.

The Company incurred an after tax operating loss of \$983,929 (2009: Loss \$326,431).

Further information on the likely developments and expected results of operations of the company has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

DIVIDENDS

No dividend is recommended for the current year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the year under review not disclosed in this report or in the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the opinion of the Directors there have been no matters that have arisen since 30 June 2009, that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2010.

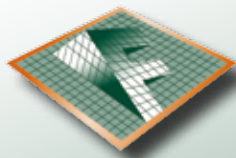
There were a total of 4 directors meetings held during the year.

Director	Number Eligible to Attend	Number Attended
Richard Diermajer	4	4
Peter Langworthy	1	0
Graeme Cameron	4	4
Ray Muskett	4	4

The Audit Committee did not hold any meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at committee meetings:

Director	Number of meetings attended
Ray Muskett (chair)	0
Peter Langworthy (independent) – retired 31 July 2009	0

As Peter Langworthy retired during the year, the Company is considering its search for a non-executive independent chair and Audit Committee meetings will recommence at this time.



DIRECTORS' REPORT (Continued)

The Remuneration Committee did not hold any meetings during the Reporting Period. The following table identifies those directors who are members of the Remuneration Committee and shows their attendance at committee meetings:

Director	Number of meetings attended
Ray Muskett (chair)	0
Peter Langworthy (independent)	0

As Peter Langworthy retired during the year, the Company is considering its search for a non-executive independent chair and Remuneration Committee meetings will recommence at this time.

ENVIRONMENTAL ISSUES

The Company's policy is to comply with all relevant legislation and best practice conventions in respect of its exploration and mining activities on the tenements it holds.

DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no director of the Company has received, or become entitled to receive, (other than a remuneration benefit included in the remuneration report), a benefit because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest has made (during the year ended 30 June 2010, or at any other time) with the Company; or
- (d) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit (if any);
other than the provision of management and consultancy services through directors' private companies as disclosed in the remuneration report.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Falcon Minerals Limited .

Names and positions held of key management personnel in office at any time during the financial year are:

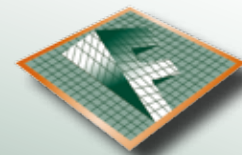
Key Management Person	Position
Mr Richard Diermajer	Managing Director
Mr Peter Langworthy	Non Executive Chairman (Resigned 31st July 2009)
Mr Ray Muskett	Non Executive Director
Mr Graeme Cameron	Technical Director

DIRECTORS' REMUNERATION POLICY

The Board's policy of determining the nature and amount of compensation of key management is as follows:-

The compensation structure for key management personnel is reviewed periodically by the Board having regard to performance, relevant comparative information and , where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board, with recommendations being made by the non-executive directors. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.



DIRECTORS' REPORT (Continued)

- (a) The policy of the Company is to pay remuneration of directors and senior executives in cash and in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as part of the executives' way of conducting business.
- (b) The Company's performance, and hence that of its directors and executives, is measured in terms of:
1. Company share price growth;
 2. Cash raised;
 3. Exploration carried out; and
 4. Farm-in expenditure attracted.
- (c) Details of the nature and amount of the remuneration of the Directors and highest paid Executives is as follows:

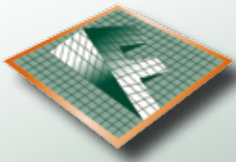
	PRIMARY			POST EMPLOYMENT		SHARE BASED PAYMENT	Other Benefits	TOTAL	Performance Related	Value of Options as a Proportion of Remuneration
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Options		\$	%	%
Directors										
Richard Diermajer - Managing Director										
2010	212,195	-	50	17,851	-	-	-	230,096	-	-
2009	197,933	-	6,703	17,851	-	-	-	222,487	-	-
Ray Muskett - Non Executive Director										
2010	18,349	-	50	1,651	-	-	-	20,050	-	-
2009	24,829	-	-	1,651	-	-	-	26,480	-	-
Peter Langworthy - Non Executive Director (Resigned 31 July 2009)										
2010	-	-	-	-	-	-	-	-	-	-
2009	20,153	-	-	-	-	-	-	20,153	-	-
Graeme Cameron - Executive Director										
2010	228,349	-	50	19,651	-	107,737	-	355,787	-	30.28
2009	169,279	-	-	14,814	-	27,863	-	211,956	-	13.15
Total Remuneration Directors										
2010	458,893	-	150	39,153	-	107,737	-	605,933	-	-
2009	412,194	-	6,703	34,316	-	27,863	-	481,076	-	-

Highest Paid Executives										
Dean Calder - Company Secretary (Appointed 20 November 2007)										
2010	16,210	-	-	-	-	-	-	16,210	-	-
2009	10,189	-	-	-	-	-	-	10,189	-	-
Total Remuneration: Highest Paid Executives										
2010	16,210	-	-	-	-	-	-	16,210	-	-
2009	10,189	-	-	-	-	-	-	10,189	-	-

Service Agreements

Richard Diermajer

There is currently no formal service agreement in place with Mr Richard Diermajer. Mr Richard Diermajer's current employment package of \$180,000 per annum plus 10% superannuation is effective from 1 July 2008, and is to be reviewed annually. For the year ended 30 June 2010 Mr Richard Diermajer's employment package was \$180,000 plus 10% superannuation.



DIRECTORS' REPORT (Continued)

Graeme Cameron

There is currently a Term of Agreement of 2 years. Mr Graeme Cameron's current employment package of \$200,000 per annum plus 9% superannuation is effective from 30 September 2008. The employment of Mr Graeme Cameron may be terminated by either party by giving 28 days written notice. On termination Mr Graeme Cameron is entitled to payment in lieu of annual leave to which he is entitled and salary and superannuation accrued up to the date of termination. Mr Graeme Cameron is also paid annual Directors fees of \$20,000 including superannuation.

Company Secretary

Fees of \$40,183 (2008; \$38,050) were paid to Calder Roth & Co, an accounting firm of which DW Calder is a principal, for accounting, company secretarial, taxation and other services during the year. Included in these fees are \$16,210 (2009; \$10,189) which have been disclosed in the Highest Paid Executive table as directly related to Dean Calder's services.

Options Issued

No options were issued during the period ended 30 June 2010.

Details of vesting profiles of the options granted as remuneration to each of the key management personnel of the Company are detailed below:

Director	Number	Date	% vested in year	% forfeited in year	Financial year in which grant vests
Graeme Cameron	2,000,000	16 April 2009	100%	-0%	30 June 2010

Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares were issued as a result of the exercise of options.

Un-issued shares under option

At the date of report, there are 2,000,000 un-issued shares under option.

INDEMNIFICATION

During the year \$200 was incurred as an expense for Directors and officeholders insurance which covers all directors and officeholders. A policy has been entered into for the year ended 22 June 2011.

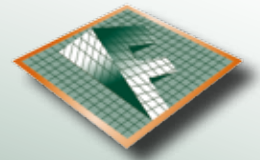
The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 57. The Auditor has not provided during the year, any non-audit services.

Signed in accordance with a resolution of the directors dated this 3rd day September 2010.

G Cameron
Director



CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Falcon Minerals Ltd ("the Company") have adhered to the principles of corporate governance. A description of the main corporate governance practices is set out below. Unless otherwise stated, the practices were in place for the entire year.

Board of Directors

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary responsibilities of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of Executive Directors; and
- the establishment and maintenance of appropriate ethical standards.

The responsibility for the operation and administration of the Company is carried out by one of the Directors, who operate in an executive capacity, supported by non executive directors and senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge their responsibilities, and assesses on an ongoing basis the performance of the management team, to ensure that management's objectives and activities are aligned with the expectations and risks identified by the board.

The Directors of the Company are as follows:

Richard Edward Diermajer (Managing Director) – Director since 3rd July 1987

Mr Diermajer holds a degree in Legal Studies and has an extensive background in mining law and administration from 12 years experience with the Department of Industry and Resources in Western Australia. Mr Diermajer was previously a Director of Geographe Resources Ltd, which was involved, in the rich Chalice gold mine in Western Australia. In 1981 he established Sentinel Exploration Services, a firm that provided consultancy services to the mining industry throughout Australia in mining property management and administration, property acquisitions, project generation, native title negotiations and mineral exploration.

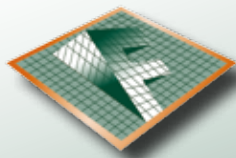
Ray Muskett (Non-Executive Director) – Appointed 24th November 2004

Ray Muskett is an experienced geologist in both mining and exploration. He is a WA School of Mines graduate who formulated various concepts and supporting databases that have been orientated to the identification of Olympic Dam style ore bodies and other large volcanogenic gold/copper deposits.

He has worked for a variety of companies including Western Mining Exploration Division at Kambalda, the WMC partly owned Kalgoorlie Lake View consortium in Kalgoorlie, Hamersley Exploration (and seconded to CRA diamond exploration) and consulted to various companies including Nevorita Gold Mines, a joint venture with Billiton Australia, Newmont and others.

Graeme Cameron (Technical Director) – Appointed 17th February 2009

Mr Graeme Cameron graduated with a BSc (Honours) from the University of Western Australia and subsequently completed an MSc from Edith Cowan University. He has over 20 years experience in the exploration and mining industry, including senior technical and management roles with 3D technology-focused Geoinformatics Exploration, Acacia Resources, AngloGold Ashanti and Sons of Gwalia. Graeme has extensive experience in new project generation in Australia, Canada, Mexico and the United States, across a wide range of commodities including; magmatic nickel-copper-PGE, IOCG, porphyry copper-gold, Archaean gold and precious metal VHMS deposits.



CORPORATE GOVERNANCE (Continued)

Independent Directors

Under ASX guidelines none of the current Board is considered to be independent directors. Mr Diermajer is an executive director and Mr Muskett is a former employee of the company and the ASX guidelines deem them not to be independent by virtue of their positions or former positions. Mr Cameron is the Technical Director of the company and is therefore not considered independent. The Board is satisfied that the structure of the Board is appropriate for the size of the company and the nature of its operations and is a cost effective structure for managing the company.

Communication to Market & Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to all shareholders;
- other periodic reports which are lodged with ASX and available for shareholder scrutiny;
- other announcements made in accordance with ASX Listing Rules;
- special purpose information memoranda issued to shareholders as appropriate; and
- the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate.

Board Composition

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any director so appointed must then stand for election at the next Annual General Meeting of the Company.

Terms of Appointment as a Director

The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

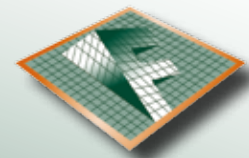
Audit Committee

The Audit Committee held no meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at committee meetings:

Director	No. of meetings attended
Ray Muskett (chair)	0
Peter Langworthy (independent) – Resigned 31st July 2009	0

As Peter Langworthy retired during the year, the Company is considering its search for a non-executive independent chair and Audit Committee meetings will recommence at this time.

Details of each of the Audit Committee member's qualifications are set out in the Director's Report. Both of the committee members consider themselves to be financially literate and have industry knowledge. Furthermore, the Company Secretary, Mr Dean Calder, a Chartered Accountant, is available to attend committee meetings in order to assist the committee with financial matters, if required.



CORPORATE GOVERNANCE (Continued)

Remuneration Committee

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The Remuneration Committee held no meetings during the Reporting Period. The following table identifies those directors who are members of the Remuneration Committee and shows their attendance at committee meetings:

Director	No. of meetings attended
Ray Muskett (chair)	0
Peter Langworthy (independent)	0

As Peter Langworthy retired during the year, the Company is considering its search for a non-executive independent chair and Remuneration Committee meetings will recommence at this time.

Prior to the formation of the Committee, the full Board considered remuneration matters on an on-going basis and will continue to do this until another non-executive independent chair is found.

Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board, with recommendations being made by the non-executive directors. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Share Trading

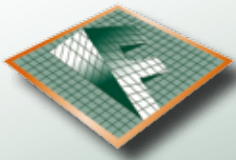
Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Code of Conduct

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

External Auditors

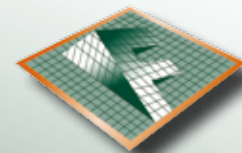
In late 2003 the Board reviewed the appointment of the external auditor and conducted a tender process for the appointment of the external auditor. As a result the company sought and obtained shareholder approval and changed its external auditor to Stantons International. The auditors attend the Annual General Meeting and have regular contact with management and directors in accounting and regulatory issues.



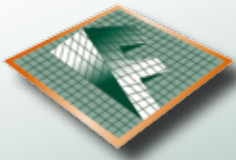
ASX CORE PRINCIPLES OF CORPORATE GOVERNANCE AND ASX GUIDELINES

Australian Securities Exchange Ltd (ASX) has published 8 core principles of corporate governance in the second edition of 'Corporate Governance Principles and Recommendations' in August 2007, which it believes underlie good corporate governance together with guidelines to satisfy those core principles. Under ASX listing rules, listed companies are required to provide a statement in their annual reports outlining the extent to which they have followed these best practice guidelines. In the following table the ASX core principles and guidelines are listed in the left hand column, and the company's comment/response is listed in the right hand column.

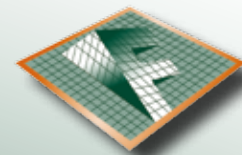
<p>ASX Principle 1 Lay Solid Foundations Recognise and publish the respective roles and responsibilities of the Board and management</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 1.1 Formalise and disclose the functions reserved to the Board and those delegated to management</p>	<p>The Board is comprised of a Managing Director who is currently acting as Chairman, Technical Director and one Non Executive Director. Management of the company is carried out by the Executive and Technical Director with little or no delegation to staff. The full Board meets on a regular basis for both management and Board meetings.</p>
<p>1.2 Disclose the process for evaluating the performance of senior executives.</p>	<p>Due to the size and structure of the Board a formal evaluation process is not conducted.</p>
<p>1.3 The information indicated in the Guide to reporting on Principle 1 should be provided. (See Guide Notes at end of table)</p>	<p>See above.</p>
<p>ASX Principle 2 Board Structure Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 2.1 A majority of Board members should be independent directors</p>	<p>There is no independent director according to the ASX definition of independence due to two directors being executive and one non executive director being a former employee. In view of the size of the company and the nature of its activities the Board considers that the current Board is cost effective and practical method of directing and managing the company.</p>
<p>2.2 The chairperson should be an independent director</p>	<p>As stated above the chairman is the managing director and is not considered independent under the ASX definition. The company is mindful of the costs and availability of experienced non-executive independent chairman and is satisfied the current Board structure is appropriate for the size of the company and the nature of its activities. The Company is currently searching for a non-executive independent chairman.</p>
<p>2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual</p>	<p>The Managing Director fulfils the role of chief executive officer and is also currently acting as Chairman of the Company until a replacement Chairman can be found.</p>



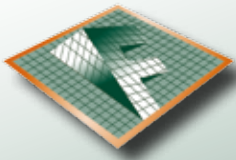
<p>2.4 The Board should establish a nomination committee</p>	<p>In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for Board nominations would contribute little to its effective management. Accordingly the nomination of new Directors are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).</p>
<p>2.5 The process for evaluating the performance of the Board, it's committees and individual directors should be disclosed.</p>	<p>See 1.2 above.</p>
<p>2.6 The information indicated in Guide to reporting on Principle 2 should be provided. (See Guide Notes at end of table)</p>	<p>Not applicable.</p>
<p>ASX Principle 3 Ethical and responsible decision-making Actively promote ethical and responsible decision-making</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 3.1 The Company should establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to the practices necessary to maintain confidence in the company's integrity, and the responsibility and accountability of individuals for reporting or investigating reports of unethical practices</p>	<p>The Company has a written code of conduct which sets out minimum standards necessary to guide executives, management and employees in carrying out their duties and responsibilities.</p>
<p>3.2 Disclose the policy concerning trading in company securities by directors, officers and employees</p>	<p>The Company has a formal policy which sets out time restrictions on share dealings. The Company policy is that of the Corporations Act 2001 and ASX Listing Rules which state that dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. It also states that no share dealings should be carried out by a Director without first receiving written clearance from the Managing Director.</p>
<p>3.3 Provide the information indicated in Guide to Reporting on Principles. (See Guide Notes at end of table)</p>	<p>See above.</p>
<p>ASX Principle 4 Financial reporting integrity Have a structure in place to independently verify and safeguard the integrity of the company's financial reporting</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 4.1 The Board should establish an audit committee</p>	<p>The attendance at meetings of the Audit Committee is shown in the table above.</p>
<p>4.2 Structure the audit committee so that it consists of: - Only non-executive directors - A majority of independent directors - An independent chairperson who is not the chairperson of the Board - At least three members</p>	<p>The Audit Committee members consist of the Company's only non-executive director. Mr Dean Calder, the Company Secretary, also attends the meetings. Meetings have been postponed on the resignation of the Company's only other independent non-executive director, but will recommence when the Company appoints a non-executive independent Chairman.</p>



<p>4.3 Create a formal operating charter for the audit committee</p>	<p>The Board has adopted, and applies an Audit Committee Charter when considering all matters relating to the financial affairs of the company.</p>
<p>4.4 Understand and provide the information indicated in the Guide to reporting on Principle 4. (See Guide Notes at end of table)</p>	<p>See above.</p>
<p>ASX Principle 5 Timely and balanced disclosure Promote timely and balanced disclosure of all material matters concerning the company</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance</p>	<p>It is the policy of the Company to fully comply with disclosure obligations contained in the Listing Rules of the Australian Securities Exchange Limited (ASX). It is the policy of the Company to nominate Disclosing Officers who are the only persons authorised to make public disclosures in accordance with these procedures. The Managing Director and the Company Secretary are the Disclosing Officers. At periodic Board and Executives meetings the full Board considers and reviews the continuous disclosure process and obligations of the Company. All of the above is set out in the Companies Continuous Disclosure Policy.</p>
<p>5.2 Understand and provide the information indicated in the Guide to Reporting on Principle 5. (See Guide Notes at end of table)</p>	<p>See above.</p>
<p>ASX Principle 6 Shareholder rights Respect the rights of shareholders and facilitate the effective exercise of those rights</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings</p>	<p>See the section on Communication to Market and Shareholders.</p>
<p>6.2 Understand and provide the information indicated in the Guide to Reporting on Principle 6. (See Guide Notes at end of table)</p>	<p>See above.</p>
<p>ASX Principle 7 Risk Management Establish a sound system of risk oversight and management and internal control</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 7.1 The Board or appropriate Board committee should establish policies on risk oversight and management</p>	<p>In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees would contribute little to its effective management. Accordingly risk oversight and management issues and policies are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).</p>



<p>7.2 The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the of the company's management of its material business risks.</p>	<p>Not applicable – see above.</p>
<p>7.3 The Board should disclose whether it has received assurance from the CEO (or equivalent) and the CEO (or equivalent) that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Not applicable – see above.</p>
<p>7.4 Information indicated in the Guide to Reporting on Principle 7 should be understood and provided. (See Guide Notes at end of table)</p>	<p>Not applicable for reasons stated above</p>
<p>ASX Principle 8 Remunerate fairly and responsibly Ensure that the level and composition of remuneration is sufficient and reasonable and relationship to performance is clear</p>	<p>Comment/Response by Company</p>
<p>ASX Recommendations 8.1 The Board should establish a remuneration committee</p>	<p>The Remuneration Committee members consist of the Company's only non-executive director. Mr Dean Calder, the Company Secretary, also attends the meetings. Meetings have been postponed on the resignation of the Company's only other independent non-executive director, but will recommence when the Company appoints a non-executive independent Chairman.</p>
<p>8.2 The structure of non-executive directors' remuneration should be distinguished from that of executive directors and senior executives.</p>	<p>Executive directors are paid consulting fees to entities which they control and these consulting arrangements are governed by formal contracts. Directors' fees are paid separately to all Directors. The different types of remuneration including fringe benefits, superannuation, consulting fees and directors' fees are all clearly outlined in the Annual Report.</p>
<p>8.3 Ensure information indicated in ASX Guide to Reporting on Principle 8 is understood and provided. (See Guide Notes at end of table)</p>	<p>See above</p>



CORPORATE GOVERNANCE (Continued)

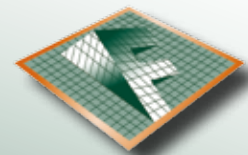
ASX Guide to Reporting on Principles

ASX rules require that the following material should be included in the corporate governance section of the annual report:

- Principles 1 to 8 inclusive - an explanation of any departure from best practice recommendations 1.1 to 8.3
- Principle 1 – whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.
- Principle 2 - the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report.
- Principle 2 - The names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds.
- Principle 2 – the existence of any of the relationships listed in Box 2.1 and an explanation of why the Board considers a director to be independent, notwithstanding the existence of those relationships.
- Principle 2 - A statement as to whether there is a procedure agreed by the Board for directors to take independent professional advice at the expense of the company.
- Principle 2 - The term of office held by each director in office at the date of the annual report
- Principle 2 - The names of members of the nomination committee and their attendance at meetings of the committee.
- Principle 2 – whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed.
- Principle 4 - Details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfill the functions of an audit committee.
- Principle 4 - The number of meetings of the audit committee and the names of the attendees.
- Principle 7 – Whether the Board has received the report from management under Recommendation 7.2
- Principle 7 – Whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.
- Principle 8 – The names of the members of the remuneration committee and their attendance at meetings of the committee or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out.
- Principle 8 – the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors

ASX guidelines also recommend that the following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

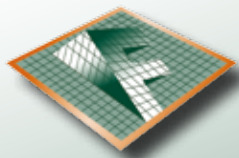
- Principle 1 - a statement of matters reserved for the Board or a summary of the Board charter or a statement of delegated authority to management.
- Principle 2 - A description of the procedure for the selection and appointment of new directors to the Board.
- Principle 2 - The charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee.
- Principle 2 - The nomination committee's policy for the appointment of directors.
- Principle 3 - Any applicable code of conduct or a summary of its main provisions.
- Principle 3 - The trading policy or a summary of its main provisions.
- Principle 4 - The audit committee charter.
- Principle 4 - Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
- Principle 5 - A summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.
- Principle 6 - A description of the arrangements the company has to promote communication with shareholders.
- Principle 7 – A summary of the company's policies on risk oversight and management of material business risks.
- Principle 8 - The charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.
- Principle 8 - A summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk or participating in invested entitlements under any equity-based remuneration schemes.



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	NOTES	2010 \$	2009 \$
Revenue	2	767,330	522,930
Depreciation of plant & equipment	3	(35,563)	(18,062)
Capitalised exploration expenditure written off	3	(1,117,468)	(247,321)
Share based payments	3	(107,737)	(27,863)
Occupancy expenses		(41,820)	(60,684)
Employee benefit expense		(217,659)	(316,243)
Loss on disposal of assets	3	-	(1,186)
Compliance and professional fees		(132,538)	(106,297)
Administration expenses		(98,474)	(71,705)
Expenses from operations		(1,751,259)	(849,361)
Loss from operations before income tax expense		(983,929)	(326,431)
Income tax expense	4	-	-
Loss after income tax expense		(983,929)	(326,431)
Other comprehensive income			
Revaluation of financial assets to fair value		155,000	(23,400)
Transfer to income on realisation of interest		(170,000)	-
Total other comprehensive income/(loss) for the year		(15,000)	(23,400)
Total comprehensive income/(loss)		(998,929)	(349,831)
Net loss attributable to members of Falcon Minerals Ltd		(983,929)	(326,431)
Total comprehensive income/(loss) attributable to members of Falcon Minerals Ltd		(998,929)	(349,831)
Basic loss per share (cents)	25	(0.66)	(0.23)
Diluted loss per share (cents)	25	(0.66)	(0.23)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

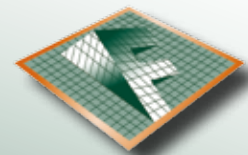


STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	NOTES	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents		5,458,904	2,872,947
Trade and other receivables	5	177,548	37,597
Financial assets	6	-	20,000
TOTAL CURRENT ASSETS		5,636,452	2,930,544
NON-CURRENT ASSETS			
Plant and equipment	7	255,034	36,527
Financial assets	6	14,404	14,404
TOTAL NON-CURRENT ASSETS		269,438	50,931
TOTAL ASSETS		5,905,890	2,981,475
CURRENT LIABILITIES			
Trade and other payables	9	58,695	39,083
Provisions	10	36,083	5,228
TOTAL CURRENT LIABILITIES		94,778	44,311
TOTAL LIABILITIES		94,778	44,311
NET ASSETS		5,811,112	2,937,164
EQUITY			
Issued capital	11	20,397,612	16,632,472
Accumulated losses	12	(14,757,990)	(13,774,061)
Reserves	13	171,490	78,753
TOTAL EQUITY		5,811,112	2,937,164

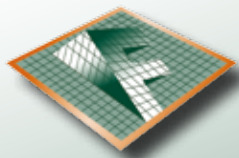
The above statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued Capital \$	Accumulated Losses \$	General Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2008		16,632,472	(13,447,630)	38,400	35,890	3,259,132
Loss attributable to members		-	(326,431)	-	-	(326,431)
Other comprehensive income						
Transfer to income statement on sale of shares	13(b)	-	-	(3,400)	-	(3,400)
Revaluation of financial assets to fair value	13(b)	-	-	(20,000)	-	(20,000)
Total comprehensive loss for the year		-	(326,431)	(23,400)	-	(349,831)
Share based payments	13(a)	-	-	-	27,863	27,863
Balance at 30 June 2009		16,632,472	(13,774,061)	15,000	63,753	2,937,164
Loss attributable to members		-	(983,929)	-	-	(983,929)
Other comprehensive income						
Revaluation of financial assets to fair value	13(b)	-	-	155,000	-	155,000
Transfer to income statement on sale of shares	13(b)	-	-	(170,000)	-	(170,000)
Total comprehensive loss for the year		-	(983,929)	(15,000)	-	(998,929)
Issue of shares		4,000,000	-	-	-	4,000,000
Share issue costs		(234,860)	-	-	-	(234,860)
Share based payments	13(a)	-	-	-	107,737	107,737
Balance at 30 June 2010		20,397,612	(14,757,990)	-	171,490	5,811,112

The above statement of changes in equity should be read in conjunction with the accompanying notes.

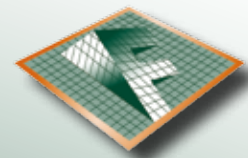


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Payments to suppliers and employees	(1,642,920)	(813,326)
Interest received	127,165	144,607
Net cash used in operating activities (Note b)	(1,515,755)	(668,719)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of tenements	408,400	350,000
Proceeds from sale of investments	182,242	40,771
Proceeds on sale of plant and equipment	-	845
Purchases of plant and equipment	(254,070)	(19,064)
Net cash provided by investing activities	336,572	372,552
CASH FLOWS FROM FINANCING ACTIVITIES	\$	\$
Proceeds from issue of shares	4,000,000	-
Share issue costs	(234,860)	-
Net cash provided by financing activities	3,765,140	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,585,957	(296,167)
Cash and cash equivalents at the beginning of the financial year (Note a)	2,872,947	3,169,114
Cash and cash equivalents at the end of the financial year (Note a)	5,458,904	2,872,947
(a) Cash and cash equivalents includes		
Cash at Bank	35,195	235,149
Term Deposits	5,423,709	2,637,798
	5,458,904	2,872,947

Cash at bank earns interest at floating rates based on a daily bank deposit rates.

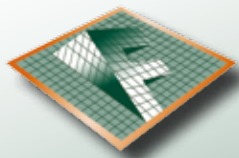
Short -term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earns interest at the respective short-term deposit rates.



	2010	2009
	\$	\$
(b) Reconciliation of net cash used in operating activities to (loss) after income tax		
Loss after income tax	(983,929)	(326,431)
Exploration expenditure written off	1,117,468	247,321
Profit on sale of exploration assets	(408,400)	(350,000)
Profit / (Loss) on sale of plant and equipment	-	1,186
Net Surplus on sale of investments	(177,242)	(6,771)
Exploration expenditure incurred	(1,117,468)	(252,321)
Share based payments/Employee options expensed	107,737	27,863
Depreciation	35,563	18,062
(Decrease) / Increase in provision for employee entitlements	30,855	377
(Increase) / Decrease in trade and other receivables	(139,951)	(27,079)
Increase/ (Decrease) in trade and other payables	19,612	(926)
Net cash used in operating activities	(1,515,755)	(668,719)
(c) Credit Standby Facilities		
Credit Facility	30,000	30,000
Amount Utilised	(4,634)	(182)
	25,366	29,818

The only facility is in relation to credit card facilities.

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Falcon Minerals Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Falcon Minerals Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented, except as stated below.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Statement of Compliance

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

The adoption of these standards has impacted the disclosure and presentation of certain information in the financial statements. The revised version of AASB 101: Presentation of Financial Statements has certain terminology changes including the amendment of the names of the primary financial statements. The Company's financial statements now includes a statement of comprehensive income. The revised version of AASB 101, includes the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in the profit and loss as required by other Australian Accounting Standards. The revised version of AASB 8: Operating Segments requires the 'management approach' to the identification, measurement and disclosure of operating segments. As the Company only operates in the exploration area and only in Australia, the adoption of the management approach to segment reporting has not resulted in a change to the reportable segments in 2010.

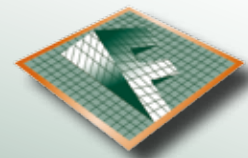
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. Falcon Minerals Limited's assessments of the impact of new standards and interpretations that may affect the Company are set out below:

- 1) AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

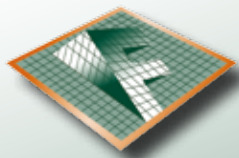
The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

- 2) AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. The changes are not expected to materially affect the Company.
- 3) AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.
- 4) AASB 2009-8; Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).
These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Company.
- 5) AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).
These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.
- 6) AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues] AASB 132] applicable for annual reporting periods commencing on or after 1 February 2010).
These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.
- 7) AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.
- 8) AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).
This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.
- 9) AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).
This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the Company.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

- 10) AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

Accounting Policies

a) Principles of going concern

The Company has recorded a loss of \$983,929 for the year ended 30 June 2010 and as at 30 June 2010 has net cash and cash equivalents of \$5,458,904. The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors are of the opinion that cash assets are sufficient to meet the needs of the Company for at least the coming year.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised as it accrues.

Asset sales

The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

c) Exploration and Evaluation Expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

d) Financial Instruments

Recognition

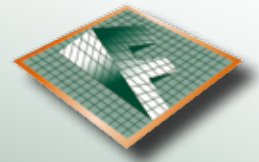
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of 3 months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

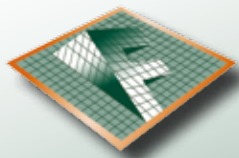
g) Earnings per Share

Basic earnings per share is determined by dividing the operating profit or loss after income tax by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment, office furniture and computer equipment is depreciated using the diminishing value method at rates between 20% and 50%.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

Impairment

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

i) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

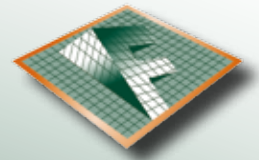
Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

j) Employee Entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

m) Interest in Joint Venture Operations

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not by themselves generate revenue and profit. The Company's direct and indirect interests in the joint ventures are included in the statement of financial position.

n) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

o) Share Based Payments

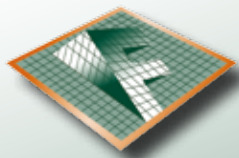
Equity settled transactions

The company provides benefits to employees (including senior executives) of the company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes option pricing model, further details of which are given in the remuneration report.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Falcon Minerals Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

p) Comparatives

Certain comparatives have been reclassified to be consistent with the current year's disclosures.

q) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

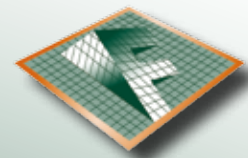
The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Non-recognition of Deferred tax assets

The Company has decided at this stage that it does not want to include in the balance sheet the potential benefit of deferred tax assets as the Company is still in exploration phase, and it is not probable that the assets would be realised.

2. REVENUE

	2010	2009
	\$	\$
Interest received/receivable – other persons	181,688	166,159
Profit on sale of shares	7,242	3,371
Transfer from general reserve on sale of shares	170,000	3,400
Profit on sale of exploration assets	408,400	350,000
	767,330	522,930



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

3. LOSS FOR THE YEAR

	2010	2009
	\$	\$
Loss for the year includes the following:		
Exploration expenditure written-off	1,117,468	247,321
Depreciation of plant and equipment	35,563	18,062
Loss from sale of plant & equipment	-	1,186
Share based payments	107,737	27,863

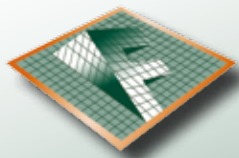
4. INCOME TAX

- a. The components of tax expense comprise:

Current tax	-	-
Deferred tax	-	-
	-	-

- b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2009: 30%)	(295,179)	(97,929)
Add tax effect of:		
– Other non-allowable items	18,402	10,914
– Other assessable items	8,800	2,334
– Share based payments	32,321	8,359
– Tax benefit of revenue losses not recognised	338,423	108,905
	397,946	130,512
Less tax effect of:		
– Other non-assessable items	(78,329)	(10,831)
– Other tax benefits not recognised	(24,438)	(20,171)
– Deductible Exploration Expenditure	-	(1,581)
	(102,767)	(32,583)
Income tax	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

4. INCOME TAX (continued)

	2010	2009
	\$	\$
c. The following deferred tax balances at 30% (2009: 30%) have not been recognised		
Deferred Tax Assets:		
Carry forward revenue losses	3,837,875	3,499,451
Carry forward capital losses	152,026	205,198
Capital raising costs	56,366	928
Provisions and accruals	17,425	7,596
	4,063,692	3,713,173

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Deferred Tax Liabilities:

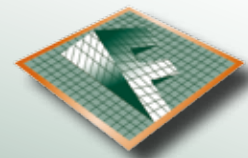
Investment (equity)	-	4,500
Other	558	471
Accrued interest	25,157	-
	25,715	4,971

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

5. TRADE & OTHER RECEIVABLES

	2010	2009
	\$	\$
Current		
Prepayments	17,018	2,358
Other	83,855	29,333
GST refund due	76,675	5,906
	177,548	37,597

There are no amounts which are past due or impaired



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

6. FINANCIAL ASSETS

Current

Options listed on prescribed Stock Exchange	-	20,000
---	---	--------

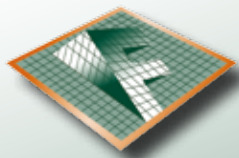
The company currently holds Nil (2009: 500,000) of the options of Hemisphere Resources Ltd. The market value of these options at 30 June 2010 was Nil (2009: \$20,000). As the options expired on 31 March 2010 they were recognised as current financial assets at 30 June 2009. These options were carried in the financial statements at fair value and any unrealised gains were through equity. On sale of the options the realised gains were transferred to the income statement.

Non Current

Other receivables	14,404	14,404
-------------------	---------------	--------

7. PLANT & EQUIPMENT

	2010	2009
	\$	\$
Plant and equipment at cost	12,954	3,789
Less: accumulated depreciation	(4,066)	(3,275)
	8,888	514
Office furniture at cost	17,245	16,795
Less: accumulated depreciation	(12,783)	(11,014)
	4,462	5,781
Electronic equipment at cost	76,795	54,934
Less: accumulated depreciation	(49,807)	(39,633)
	26,988	15,301
Software at cost	17,532	17,437
Less: accumulated depreciation	(9,557)	(2,506)
	7,975	14,931
Motor Vehicles	222,499	-
Less: accumulated depreciation	(15,778)	-
	206,721	-
Total Plant and equipment at cost	347,025	92,955
Less: accumulated depreciation	(91,991)	(56,428)
	255,034	36,527



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

7. PLANT & EQUIPMENT (Continued)

	2010	2009
	\$	\$
Movements in Plant and Equipment		
Balance at beginning of the year	36,527	37,555
Additions	254,070	19,065
Disposal of Assets - Cost	-	(6,208)
- Accumulated Depreciation	-	4,177
Depreciation expense	(35,563)	(18,062)
Balance at end of the year	<u>255,034</u>	<u>36,527</u>

8. MINERAL EXPLORATION EXPENDITURE

Non Current

Costs bought forward	-	-
Exploration expenditure incurred (net of refunds received) on mineral tenements and joint ventures	1,117,468	247,321
Less: Expenditure written off to the statement of comprehensive income	(1,117,468)	(247,321)
Costs carried forward	<u>-</u>	<u>-</u>

9. TRADE & OTHER PAYABLES

Current

Other creditors and accruals	<u>58,695</u>	<u>39,083</u>
------------------------------	---------------	---------------

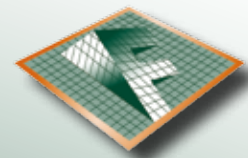
All creditors and accruals are not past due.

10. PROVISIONS

Current

Employee entitlements	36,083	5,228
-----------------------	--------	-------

There were 5 employees (2009: 3 full time employees) at reporting date.



11. ISSUED CAPITAL

	2010	2009	2010	2009
	No	No	\$	\$
ISSUED AND FULLY PAID UP CAPITAL				
Ordinary Shares				
Opening balance	142,526,303	142,526,303	16,632,472	16,632,472
Net movement during the year	21,052,632	-	3,765,140	-
Closing balance	163,578,935	142,526,303	20,397,612	16,632,472
Options				
Opening balance	2,000,000	2,000,000		
Employee options issued	-	-		
Employee options forfeited	-	-		
Closing balance	2,000,000	2,000,000		

Details of options outstanding are included in Note 14.

12. ACCUMULATED LOSSES

	2010	2009
	\$	\$
Accumulated Losses:		
Balance at the beginning of the year	(13,774,061)	(13,447,630)
Net loss for the year	(983,929)	(326,431)
Balance at the end of the year	(14,757,990)	(13,774,061)

13. RESERVES

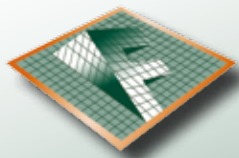
(a) Option Premium Reserve:

Balance at the beginning of the year	63,753	35,890
Options issued to employees	107,737	27,863
Forfeited during the period prior to vesting (Note 14)	-	-
Balance at the end of the year	171,490	63,753

(b) General Reserve:

Balance at the beginning of the year	15,000	38,400
Transfer to income statement on sale of shares	(170,000)	(3,400)
Revaluation of financial assets to fair value	(155,000)	(20,000)
Balance at the end of the year	-	15,000

Total	171,490	78,753
--------------	----------------	---------------



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

14. SHARE BASED PAYMENTS

Options are issued to key management personnel as part of their compensation. The options issued may be subject to performance criteria and are issued to key management personnel of Falcon Minerals Limited to increase goal congruence between key management personnel and shareholders.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under Share Based Payment Scheme during the year:

	2010		2009	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
At beginning of reporting period	2,000,000	0.25	-	-
Granted during the period				
- Employee remuneration	-	-	1,000,000	0.20
- Employee remuneration	-	-	1,000,000	0.30
Balance at end of reporting period	<u>2,000,000</u>	0.25	<u>2,000,000</u>	0.25
Exercisable at end of reporting period	<u>2,000,000</u>		<u>-</u>	

The outstanding balance at 30 June 2010 is represented by:

1,000,000 options over ordinary shares with an exercise price of 20 cents each, exercisable until 30th September 2012.

1,000,000 options over ordinary shares with an exercise price of 30 cents each, exercisable until 30th September 2012.

Options issued

No options were issued during the period ended 30 June 2010 (2009: 2,000,000)

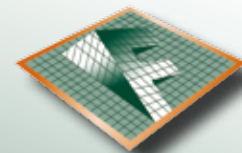
Options exercised

No options issued under the share based payment scheme were exercised during the period ended 30 June 2010 (2009: Nil).

15. KEY MANAGEMENT PERSONNEL

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Richard Diermajer	Managing Director
Mr Ray Muskett	Non Executive Director
Mr Graeme Cameron	Technical Director
Mr Peter Langworthy	Non Executive Chairman – Resigned 31 st July 2009



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

Compensation for Key Management Personnel

	2010	2009
	\$	\$
Short-term employee benefits	475,253	429,086
Post employment benefits	39,153	34,316
Other long-term benefits	-	-
Termination benefits	-	-
Share based payment	107,737	27,863
Total Compensation	622,143	491,265

Falcon Minerals Limited has applied the option under *Corporations Amendments Regulation 2006* to transfer KMP remuneration disclosures required by *AASB 124 Related Part Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

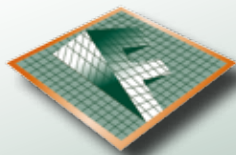
The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the company and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the balance date is as follows:

Shareholdings of Key Management Personnel

Year Ended 30 June 2010						
Number of Shares held by Key Management Personnel						
	Balance 1 July 2009	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	Balance 30 June 2010
Richard Diermajer	2,500,000	-	-	1,000,000	-	3,500,000
Ray Muskett	445,000	-	-	-	-	445,000
Graeme Cameron	-	-	-	-	-	-
Peter Langworthy	-	-	-	-	-	-
TOTAL	2,945,000	-	-	1,000,000	-	3,945,000

Shareholdings of Key Management Personnel

Year Ended 30 June 2009						
Number of Shares held by Key Management Personnel						
	Balance 1 July 2008	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	Balance 30 June 2009
Richard Diermajer	2,500,000	-	-	-	-	2,500,000
Ray Muskett	445,000	-	-	-	-	445,000
Graeme Cameron	-	-	-	-	-	-
Peter Langworthy	-	-	-	-	-	-
TOTAL	2,945,000	-	-	-	-	2,945,000



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

15. KEY MANAGEMENT PERSONNEL (Continued)

Option Holdings of Key Management Personnel

Year Ended 30 June 2010									
Number of Options held by Key Management Personnel									
	Balance 1 July 2009	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	Balance 30 June 2010	Exercisable	Un-exercisable	
Richard Diermajer	-	-	-	-	-	-	-	-	-
Ray Muskett	-	-	-	-	-	-	-	-	-
Peter Langworthy	-	-	-	-	-	-	-	-	-
Graeme Cameron	2,000,000	-	-	-	-	2,000,000	2,000,000	-	-
TOTAL	2,000,000	-	-	-	-	2,000,000	2,000,000	-	-

Option Holdings of Key Management Personnel

Year Ended 30 June 2009									
Number of Options held by Key Management Personnel									
	Balance 1 July 2008	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	Balance 30 June 2009	Exercisable	Un-exercisable	
Richard Diermajer	-	-	-	-	-	-	-	-	-
Ray Muskett	-	-	-	-	-	-	-	-	-
Peter Langworthy	-	-	-	-	-	-	-	-	-
Graeme Cameron	-	2,000,000	-	-	-	2,000,000	-	2,000,000	-
TOTAL	-	2,000,000	-	-	-	2,000,000	-	2,000,000	-

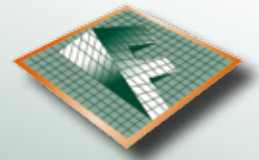
Other transactions and balances with Key Management Personnel

Consultancy services

There were no other transactions and balances with key management personnel.

16. REMUNERATION OF AUDITORS

	2010	2009
	\$	\$
During the year, the following fees were received or due and receivable by Stantons International for:-		
Audit and review of financial report	25,579	19,574



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

17. JOINT VENTURES

Exploration

The Company has entered into unincorporated joint ventures where the joint venturer may earn its interest in mining and exploration tenements held by the Company, as set out in the various agreements. The Company's interest in the joint ventures which have been formed for the purposes of exploration for gold and other minerals are as follows:-

Project	JOINT VENTURES Percentage Interest	
	2010	2009
Duketon	20% free carried	20% free carried
North Duketon	20% free carried	20% free carried
Mulgarrie	30% free carried	30% free carried
Windanning Hill	21.50% diluting	21.57% diluting
Collurabbie Hills	-	30% contributing
Saxby	49% diluting	49% diluting

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not by themselves generate revenue and profit. The Company's direct and indirect interests in the joint ventures are included in the statement of financial position.

There are no costs carried forward in respect of these joint venture areas of interest.

In respect of Collurabbie Hills the Company no longer has a joint venture interest but now owns 100% of the tenements.

18. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there are no contingent assets or liabilities as at 30 June 2010 and no changes in the interval between 30 June 2010 and the date of this report.

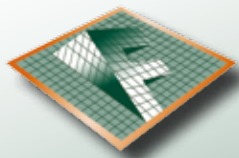
19. COMMITMENTS

Exploration Licence Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals to meet the minimum expenditure requirements of the Western Australian, Victorian, Queensland, New South Wales and South Australian Departments of Minerals and Energy. These obligations are subject to renegotiation upon expiry of the exploration licenses or when application for a mining lease is made. These obligations are not provided for in the financial statements.

	2010	2009
	\$	\$
Not later than one year	1,067,358	199,515
After one year but less than five years	2,921,724	798,210
	3,989,082	997,725
Operating Lease Commitments		
Not later than one year	20,848	35,740
After one year but not later than five years	-	20,848
	20,848	56,588

There is one operating lease being a rental lease on the Company's premises. The lease expires on 31st January 2011.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

20. RELATED PARTIES

Directors

The names of persons who were directors of Falcon Minerals Ltd at any time during the financial year were as follows: R E Diermajer; R Muskett; P Langworthy; G Cameron.

Other Related Party Transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

No amounts in addition to those disclosed in the remuneration report to the financial statements were paid or payable to Directors of the Company in respect of the year ended 30 June 2010.

21. EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors there have been no matters that have arisen since 30 June 2010, that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

22. ECONOMIC DEPENDENCY

The Company is not economically dependent on any party.

23. PLACE OF INCORPORATION

The Company is incorporated in Australia and its principal place of business is Perth, Western Australia.

24. SEGMENT REPORTING

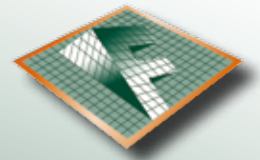
The Company operates in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

25. LOSS PER SHARE

	2010	2009
	Cents per share	Cents per share
a) Basic loss per share	(0.66)	(0.23)
b) Net loss used in calculating	\$	\$
- Basic loss per share	(983,929)	(326,431)
	Number	Number
c) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share 39,496,583	148,582,540	142,526,303

d) Effect of dilutive securities

There were no dilutive potential ordinary shares on issue at balance date. Accordingly, diluted loss per share is the same as basic loss per share.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, the Company traded in shares. The Company is no longer exposed to risk as there are no options held as investments.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these and other risks and they are summarised below:

a) Interest Rate Risk Exposures

The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

b) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on financial assets, excluding investments, of the Company, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

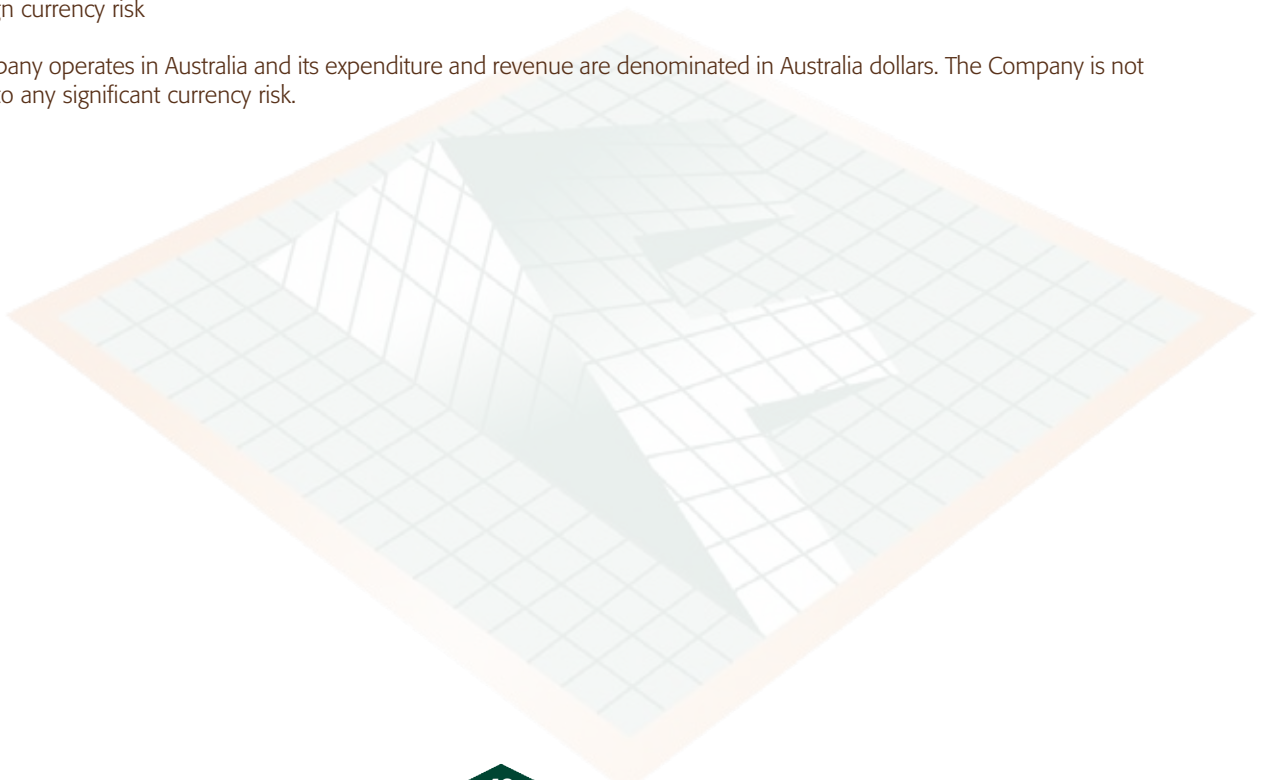
The Company is not materially exposed to any individual overseas country or individual customer.

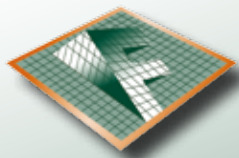
c) Commodity price risk

The Company is not yet in production and is not exposed to any significant extent to commodity price risk.

d) Foreign currency risk

The Company operates in Australia and its expenditure and revenue are denominated in Australia dollars. The Company is not exposed to any significant currency risk.





NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

27. FINANCIAL INSTRUMENTS

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	Floating Interest rate		Fixed Interest Less than 1 year		Non-interest Bearing		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash and cash equivalents	-	29,607	5,423,709	2,637,798	35,195	205,542	5,458,904	2,872,947
Trade and other receivables	-	-	-	-	160,530	35,239	160,530	35,239
Financial Assets	-	-	-	-	14,404	34,404	14,404	34,404
Total Financial Assets	-	29,607	5,423,709	2,637,798	210,129	275,185	5,633,838	2,942,590
Interest Rate	-	1.55%	6.11%	4.05%				
Financial Liabilities								
Trade and other payables	-	-	-	-	58,695	39,083	58,695	39,083
Total Financial Liabilities	-	-	-	-	58,695	39,083	58,695	39,083
Net Financial Assets/(Liabilities)	-	29,607	5,423,709	2,637,798	151,434	236,102	5,575,143	2,903,507

a) Net Fair Values - The financial assets and liabilities included in current assets and current liabilities in the statement of financial position are carried at amounts that approximate net fair values.

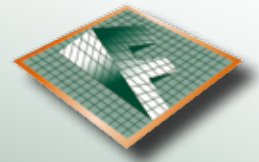
Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010	2009
	\$	\$
Change in Profit		
- Increase in interest rate by 1%	54,237	26,674
- Decrease in interest rate by 1%	(54,237)	(26,674)
Change in equity		
- Increase in interest rate by 1%	54,237	26,674
- Decrease in interest rate by 1%	(54,237)	(26,674)



DIRECTORS' DECLARATION

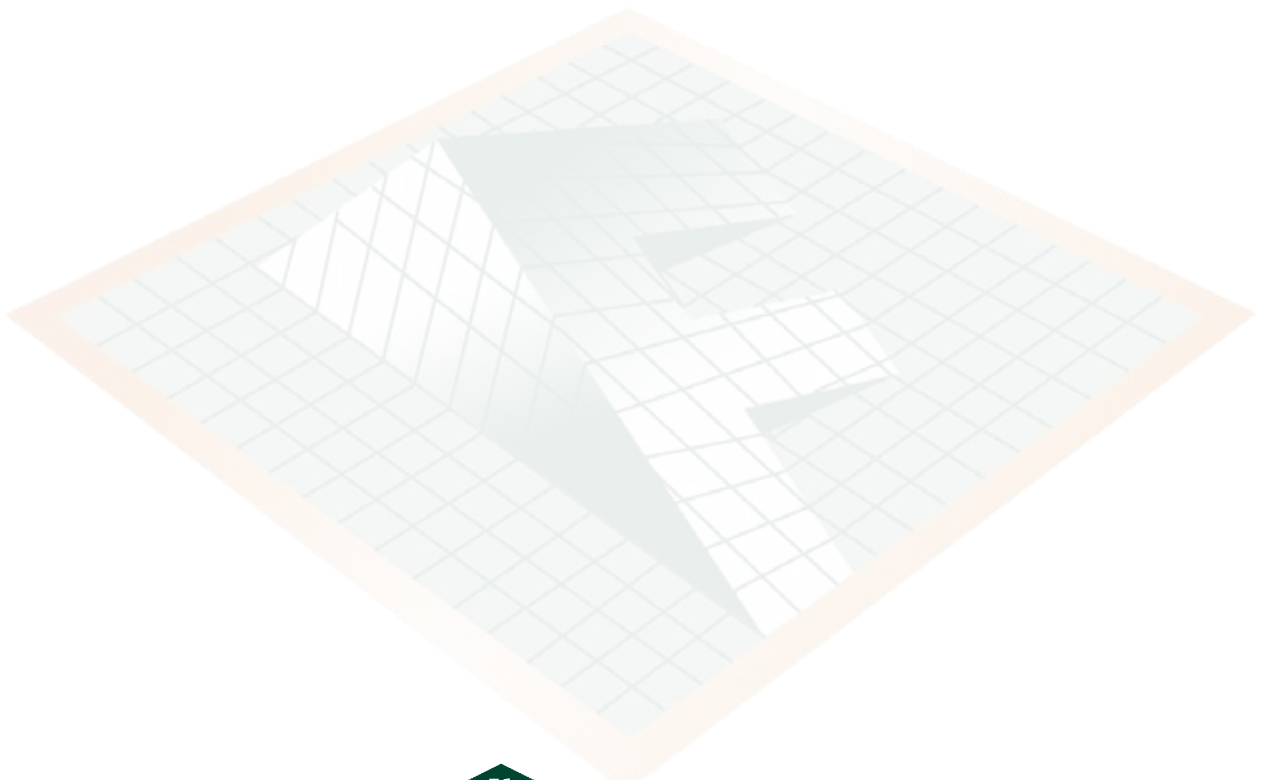
The directors of the company declare that:

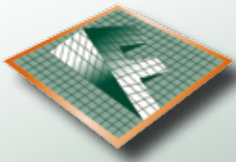
1. The financial statements and notes, as set out on pages 32 to 53 are in accordance with the Corporations Act 2001 and;
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company;
 - (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

G Cameron
Director

Dated this 3rd day of September 2010





AUDIT REPORT

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FALCON MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Falcon Minerals Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

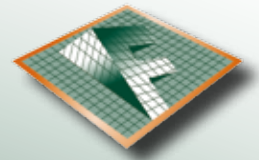
Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



AUDIT REPORT (Continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Falcon Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 20 to 22 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

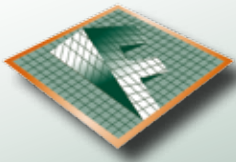
In our opinion the remuneration report of Falcon Minerals Limited for the year ended 30 June 2010 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL (An Authorised Audit Company)

Stantons International

**Keith Lingard
Director**

West Perth, Western Australia
3 September 2010



AUDITOR'S INDEPENDENCE DECLARATION

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

3 September 2010

Board of Directors
Falcon Minerals Limited
Suite 19, 100 Hay Street
SUBIACO, WA 6008

Dear Directors

RE: FALCON MINERALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Falcon Minerals Limited.

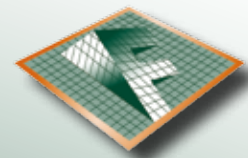
As Audit Director for the audit of the financial statements of Falcon Minerals Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL
(Authorised Audit Company)

Keith Lingard
Director



STOCK EXCHANGE INFORMATION

The additional information set out below relates to shares, options and tenements that was applicable at 30th August 2010.

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	Number of shareholders
1 – 1,000	218
1,001 – 5,000	730
5,001 – 10,000	609
10,001 – 100,000	1,193
100,001 and over	226
Total shareholders	2,976
Number of shareholders with less than a marketable parcel of \$500 at 15.0 cents per share	631

SUBSTANTIAL SHARE HOLDERS – as advised to the Company

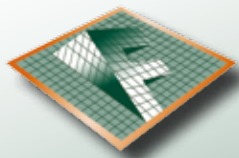
Name	No of shares
Xstrata Nickel Australasia	23,011,516

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No of shares	%
1. Xstrata Nickel Australasia	23,011,516	14.07
2. Boom Securities (HK) Ltd	9,029,031	5.52
3. Illawong Investments Pty Ltd	3,944,000	2.41
4. Avon Management Company Pty Ltd	3,500,000	2.14
5. HSBC Custody Nominees	3,072,627	1.88
6. Red Dragon Trading Pty Ltd	2,676,316	1.64
7. Harman Nominees Pty Ltd	2,300,000	1.41
8. Mr Steven Jan Zielinski & Mrs Karen Lyn Zielinski	1,810,000	1.11
9. S & CJ Pty Ltd	1,700,000	1.04
10. ABN Amro Clearing Sydney Nominees Pty Ltd	1,132,660	0.69
11. ANZ Nominees Ltd	1,131,758	0.69
12. Pan Australian Nominees Pty Ltd	1,125,000	0.69
13. Mr Ian Sterling & Mrs Irene Sterling	1,100,000	0.67
14. National Nominees Ltd	1,047,154	0.64
15. Mr Brett William Thompson	1,040,000	0.64
16. Hulme Developments Pty Ltd	1,000,000	0.61
17. Syrian Pty Ltd	1,000,000	0.61
18. Sacrosanct Pty Ltd	1,000,000	0.61
19. Gascorp Australia Pty Ltd	1,000,000	0.61
20. Mr Paul Jeffery Pittard & Mrs Julie Anne Pittard	1,000,000	0.61
Top 20 largest shareholders	62,620,062	38.28
Total Shares Issued	163,578,935	100.00



TENEMENT SCHEDULE

Project	Tenements	Falcon %	Joint Venture
Nickel (WA)			
Mulgarrie	EL 27/314	30%	Hemisphere 70%
Collurabbie Hills	EL's 38/2009, 38/1598, 38/1985 to 38/1987, ML's 38/974 to 38/976, PL's 38/3390, 38/3398 &, 38/3876	100%	
Nickel & Gold (WA)			
Duketon	EL 38/2005, PL 38/3566 to 38/3567, PL 38/3568, M 38/1091	20%	Regis 80%
North Duketon	EL 38/1939 PL 38/3358 to 38/3363, 38/3375	20%	Regis 80%
Copper/Gold (SA)			
Lake Acraman	EL 3995	100%	
Paltrubie	EL 3996	100%	
Mt Margaret	EL 4350	100%	
Four Hills	EL 4417	100%	
Mangun West	EL 4444	100%	
Peake Siding	EL 4488	100%	
Mt Charles	EL 4536	100%	
Nickel/Gold (QLD)			
Saxby	EPM 13630, 15326, 15398, 15872, 16715, 16952, 15851		AngloGold Ashanti 51% (earning 70%)
Gold/Iron Ore (WA)			
Windanning Hill	ML 59/379, 59/380	21%	Gindalbie Metals 79% Minjar Gold 79%
Copper/Gold (Qld)			
Mayfields	EPM 18210	100%	
Jessievale	EPM 18211	100%	
Fort Constantine (Appn.)	EPM 18312	100%	
Mt Agate (Appn.)	EPM 18313	100%	
Mt Marathon (Appn.)	EPM 18289	100%	

FALCON
MINERALS LIMITED

