



Quarterly Report

For the three months ending June 2011

ASX Release: 25 July 2011

Summary & Highlights for the Quarter

Collurabbie Project

- Further massive nickel-copper-PGE sulphides intersected at Olympia extending the southern extension of the main mineralised zone. Better results from drillhole CLD211 include:

**3.75m @ 2.21% Ni, 1.82% Cu and 3.53g/t PGE (Pt+Pd)
from 189.75m**

- Strong indications for further massive Ni-Cu-PGE sulphides in drillhole CLD213, 100m to the north of Olympia, with massive stringer sulphides in footwall rocks and pentlandite in massive exhalative sulphides at a basal ultramafic contact. Downhole EM surveys identify strong off-hole conductors in the near vicinity of mineralisation.
- Broad zones of disseminated Ni-Cu-PGE sulphides intersected in thick ultramafic unit at Spartacus Prospect.
- At least four new nickel-copper-PGE anomalies defined by shallow auger drilling over Zeus and Rhodes Prospects.
- RC drilling commences on Deleta Joint Venture, due south of Collurabbie, to test several structural/geochemical targets.

Corporate

- Board changes with Richard Diermajer moving from Managing Director to Chairman, and Ron Smit appointed as Managing Director.

Falcon Minerals Limited

ASX Code: **FCN**

ACN: 009 256 535

Suite 19, 100 Hay Street
Subiaco WA 6008

PO Box 8319, Subiaco East WA 6008

Tel: 08 9382 1596

Fax: 08 9382 4637

Email: rsmit@falconminerals.com.au

Capital Structure

163.6 million shares

2.0 million unlisted options

Cash at Bank - \$3.5M

Board Members

Richard Diermajer - Chairman

Ron Smit - Managing Director

Graeme Cameron - Technical Director

Ray Muskett - Non-Executive Director

Key Projects

Collurabbie Ni-Cu-PGE (100%)

Massive Ni-Cu-PGE sulphides at the Olympia Prospect - resource pending further infill drilling. Significant potential remains for additional discoveries.

Saxby Au (100%)

High-grade gold intercepts:

SXDD005: 17m at 6.8g/t Au from 631m

SXDD014: 15m at 9.1g/t Au from 701m

Open in all directions.

www.falconminerals.com.au

Mineral Exploration Activities

Collurabbie Project - Duketon Belt, Yilgarn Block WA

Nickel-copper-PGE search (Falcon 100%)

The June Quarter 2011 was a busy period for Falcon with several work programmes completed including nine diamond drill holes for 3014m at the **Spartacus** and **Olympia** Prospects and shallow geochemical auger drilling at the **Zeus** and southern **Rhodes** Prospects (Figure 1, Table 1). The drilling programme was originally scheduled to commence in the March Quarter but was delayed due to significant rainfall in the Duketon District that caused severe flooding and damage to access roads. By the end of the March Quarter the Collurabbie field camp was set up and drilling commenced in the second week in April.

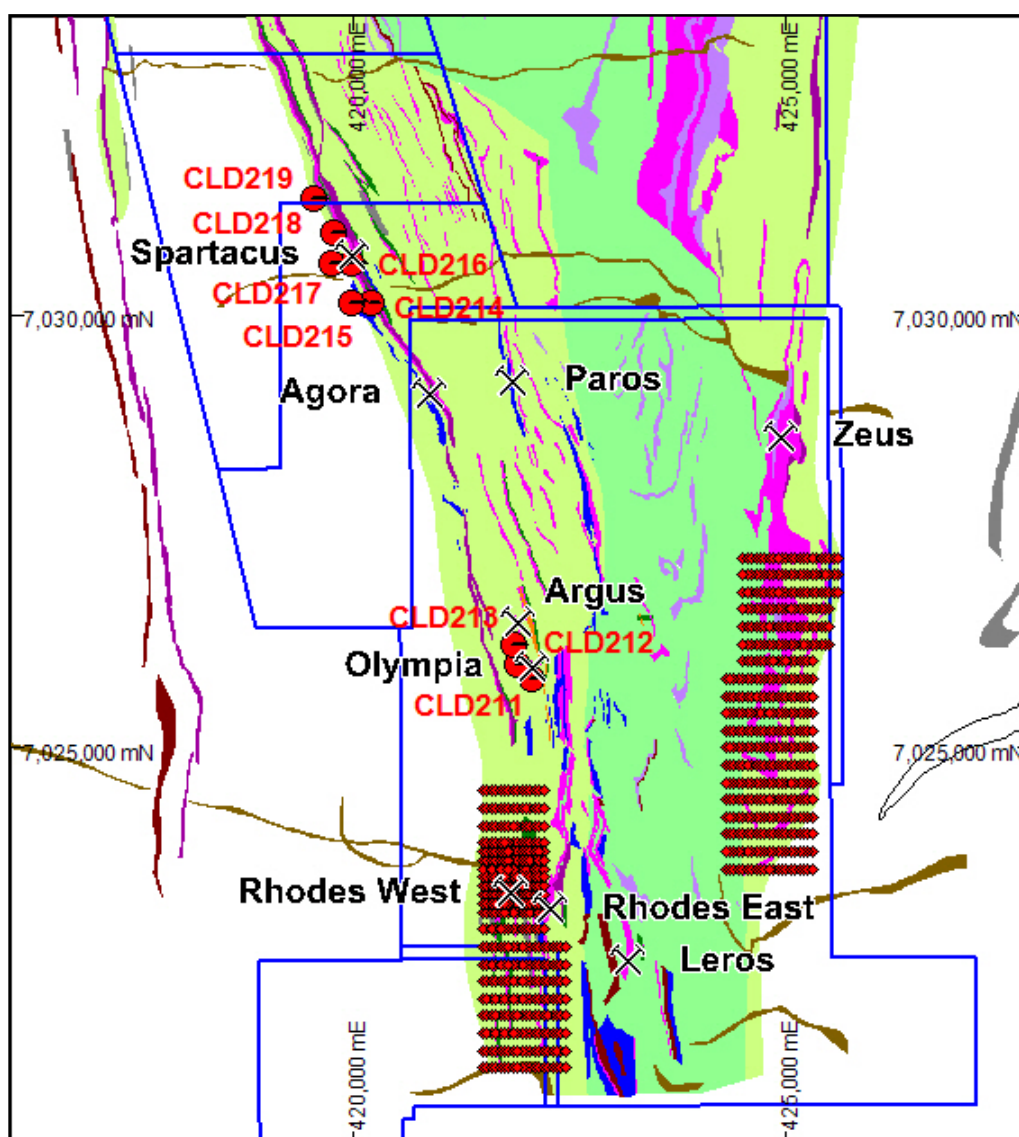


Figure 1 – Collurabbie interpreted geology showing diamond drillhole locations and auger geochemistry sample sites, June Quarter 2011. Note: Ultramafics are in purple.

Table 1 – Drillhole Collars.

PROSPECT	HOLE	TENURE	EAST	NORTH	DEPTH	DIP	AZIMUTH
OLYMPIA	CLD211	E 38/2009	422070	7025800	251.0	-60	85
OLYMPIA	CLD212	E 38/2009	421900	7025960	354.9	-60	85
OLYMPIA	CLD213	E 38/2009	421850	7026200	485.4	-70	85
SPARTACUS	CLD214	M 38/974	420200	7030150	243.6	-60	85
SPARTACUS	CLD215	M 38/974	419990	7030150	345.9	-60	85
SPARTACUS	CLD216	M 38/974	419990	7030600	365.3	-60	85
SPARTACUS	CLD217	M 38/974	419760	7030600	377.2	-60	85
SPARTACUS	CLD218	M 38/974	419770	7030950	296.8	-60	85
SPARTACUS	CLD219	M 38/975	419550	7031350	294.4	-60	85

OLYMPIA PROSPECT

Three diamond drill holes (CLD211-213) were completed at the Olympia Prospect during the June Quarter for a total of 1091.3m. Further massive nickel-copper-PGE sulphides were intersected in two holes, CLD211 and CLD213, drilled to test for southern and northern extensions to the main mineralised zone, respectively. Better results include:

CLD211 (7025800N, 422070E):

- 3.75m @ 2.21% Ni, 1.82% Cu and 3.53g/t PGE (Pt+Pd) from 189.75m associated with massive to matrix sulphides,
- 5.05m @ 0.51% Ni, 0.37% Cu and 0.54g/t PGE (Pt+Pd) from 232.95m associated with disseminated sulphides.

The intersection in CLD211 is significant in that it confirms the continuity of the main massive nickel-copper-PGE zone over a strike length of at least 100m to the south of the previously drill-tested mineralised zone. A moderate off-hole conductor was detected in the down-hole electromagnetic (EM) survey and appears to be coincident with the mineralised horizon. The mineralisation remains open to the south (Figure 2).

CLD213 (7026200N, 421850E):

- 0.45m @ 0.94% Ni, 0.66% Cu and 1.89g/t PGE (Pt+Pd) from 319.95m associated with stringer massive sulphides in fractured footwall basalt,
- 0.60m @ 0.55% Ni, 0.15% Cu and 0.24g/t PGE (Pt+Pd) from 383.05m associated with massive exhalative sulphides at a basal ultramafic contact.

The intersections from CLD213 indicate that massive nickel-copper-PGE sulphides are still evident some 100m north along strike from the main zone at Olympia. In particular, massive nickel sulphides intersected in fractured footwall basalt in CLD213 are interpreted to be locally-derived and may immediately underlie a significant massive nickel sulphide horizon. This position remains to be drill tested.

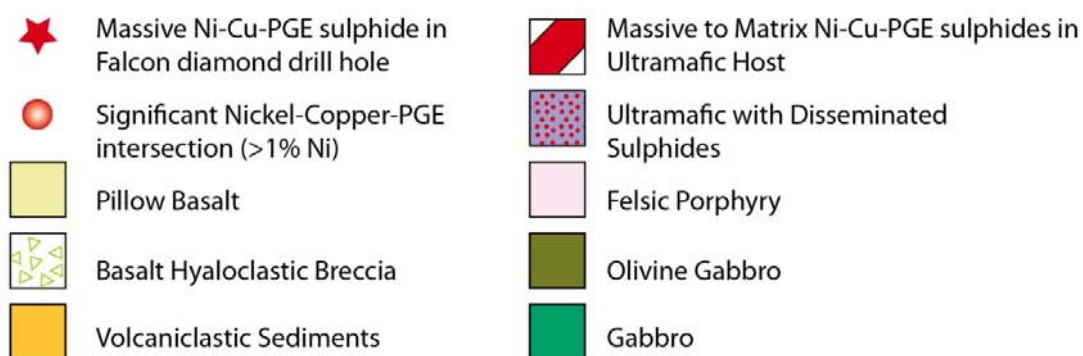
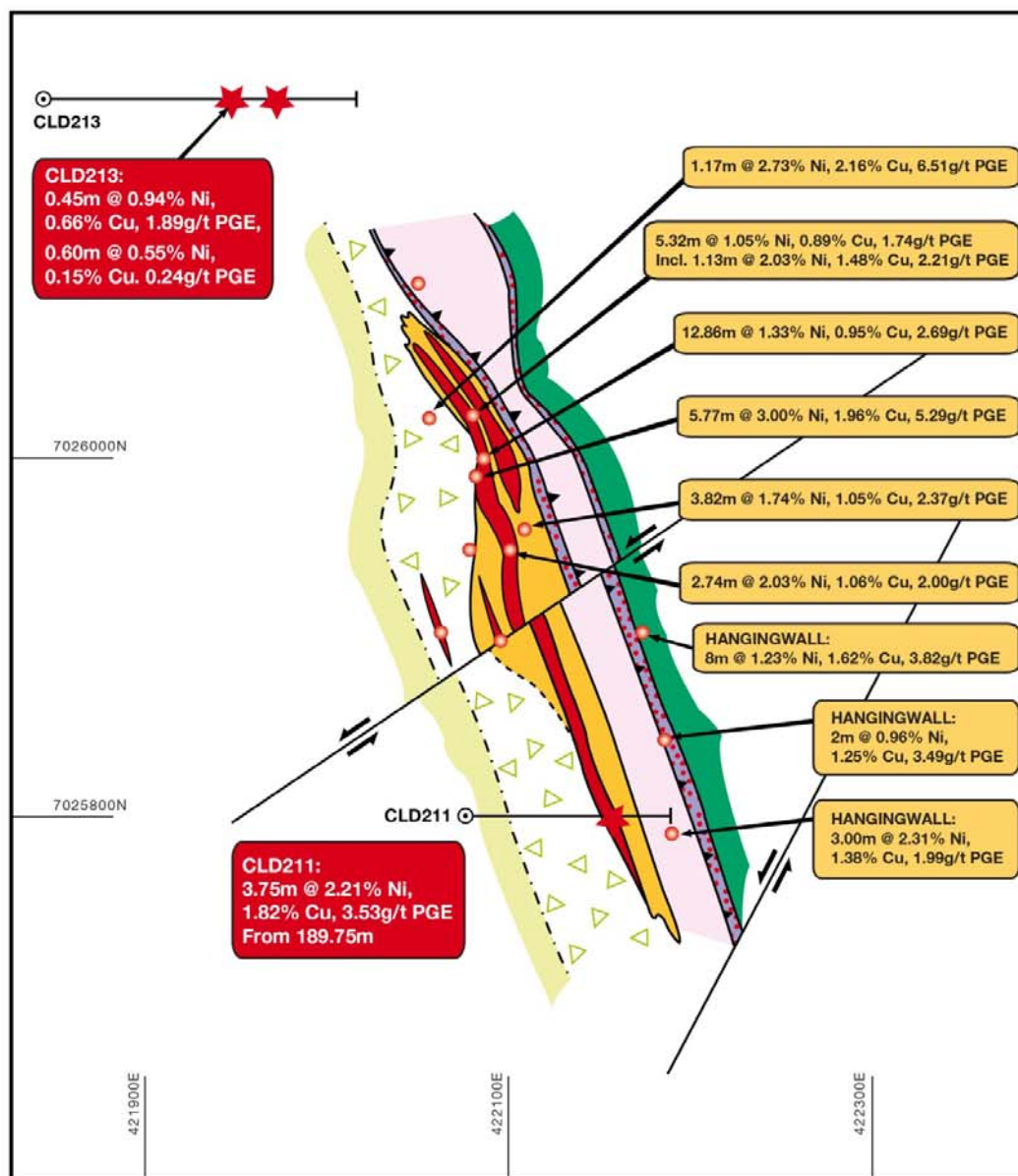


Figure 2 – Interpreted geology of the Olympia Prospect showing recent massive Ni-Cu-PGE sulphide intercepts in CLD211 and CLD213.

Down-hole electromagnetic (EM) data collected during the recent drilling campaign has confirmed that a very strong conductor is associated with the intersections in CLD213. 3D plates have been modelled and will be used to vector towards possible massive nickel sulphide mineralisation (Figure 3).

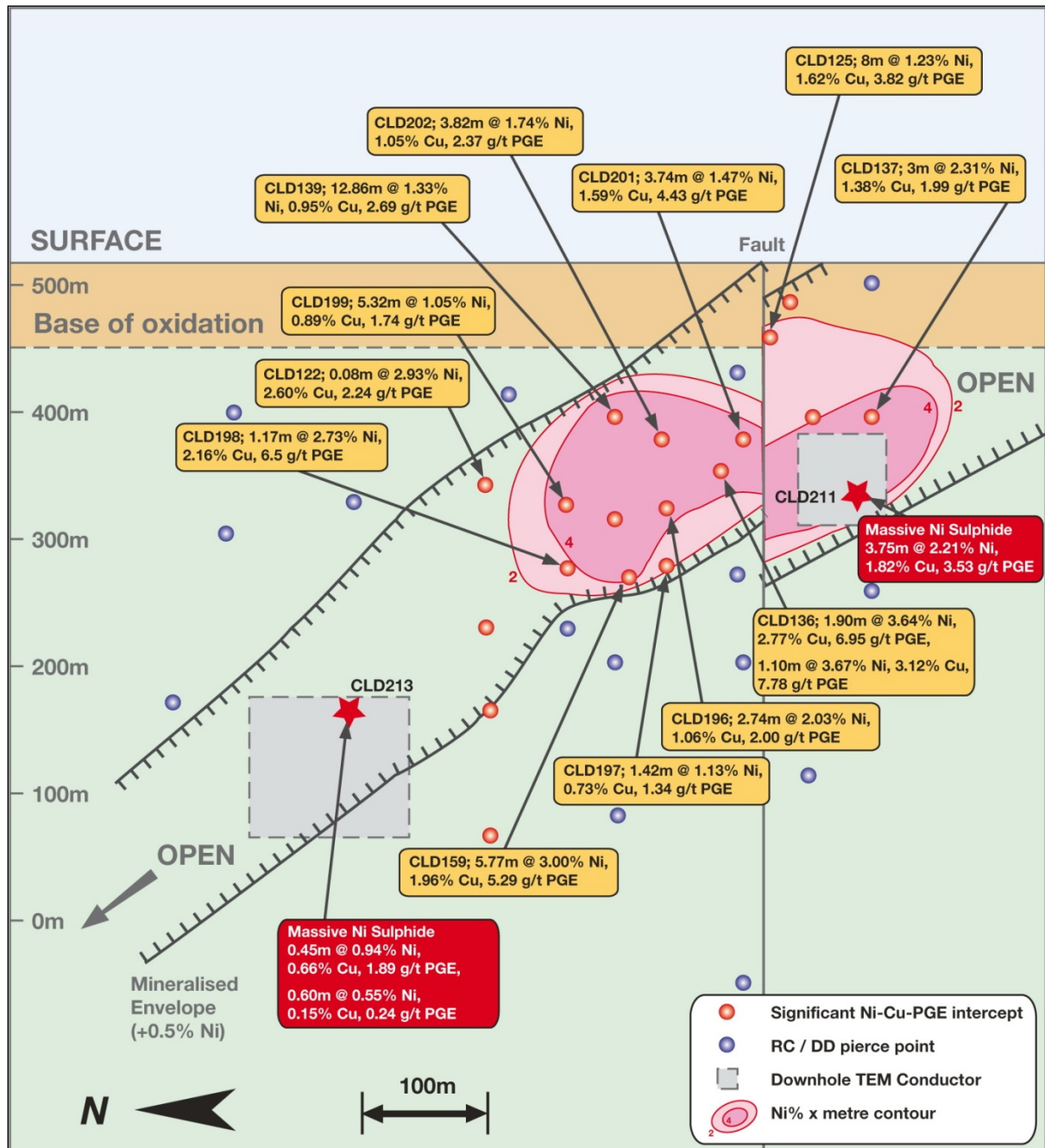


Figure 3 – Long section through the Olympia prospect showing recent massive Ni-Cu-PGE sulphide intercepts in CLD211 and CLD213.

SPARTACUS PROSPECT

Six broadly-spaced holes were drilled on four lines for a total of 1923m to test geochemical and geophysical targets associated with thicker portions of the Spartacus ultramafic horizon over a mineralised strike length of more than 2km.

Significant, widespread disseminated nickel-copper-PGE sulphide mineralisation was intersected in four drill holes and better results, shown in Figure 4, include:

- CLD219 (419550E, 7031350N) - 20.25m @ 0.38% Ni, 0.10% Cu, 0.13g/t PGE (Pt+Pd) from 188.75m,
- CLD218 (419770E, 7030950N) – 5.20m @ 0.43% Ni, 0.20% Cu, 0.33g/t PGE (Pt+Pd) from 190.8m,
- CLD217 (419760E, 7030600N) – 12.25m @ 0.43% Ni, 0.13% Cu, 0.23g/t PGE (Pt+Pd) from 233.4m,
- CLD215 (419990E, 7030150N) – 8.4m @ 0.36% Ni, 0.14% Cu, 0.25g/t PGE (Pt+Pd) from 215.6m.

Further work will be conducted to examine the potential for a large, bulk tonnage low-grade Ni-Cu-PGE deposit at Spartacus that will include the Troy Prospect immediately to the north where broad disseminated sulphide zones were previously intersected. These disseminated sulphide drill hole intercepts include **20m @ 0.68% Ni, 0.28% Cu, and 0.62g/t PGE** from 145m in CLD040, as well as matrix sulphide along the basal contact (e.g. 0.6m @ 2.21% Ni, 0.98% Cu, 0.81g/t PGE from 347.10m in CLD053).

Downhole electromagnetic surveys completed during the Quarter also identified several moderate to strong conductors away from drill holes CLD218 and CLD219 that may represent discrete massive nickel sulphides associated with the basal contact of the Spartacus Sill.

It is pertinent to note that a broad chalcopyrite-rich, exhalative sulphide horizon was intersected by drill hole CLD216 immediately to the east of the Spartacus ultramafic horizon. This indicates that the ultramafic horizons (see midsection of Figure 4) located up-sequence have good potential to host further Olympia-style massive nickel-copper sulphides. Several magnetic and conductive targets have been identified and will be the target for further drill testing.

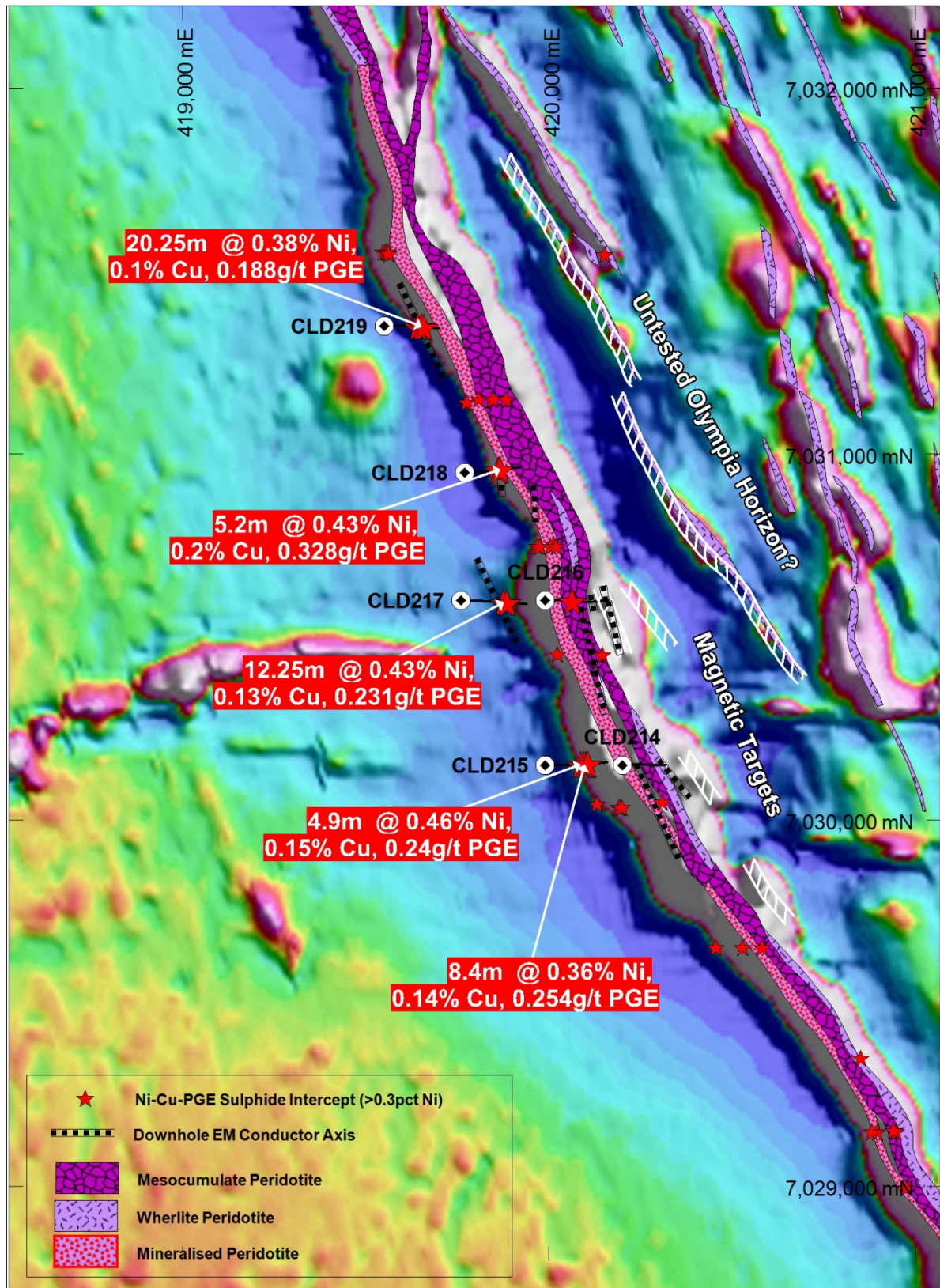


Figure 4 – Aeromagnetics and geology of the Spartacus Prospect showing widespread disseminated Ni-Cu-PGE sulphide intersections in recent diamond drillholes. Note: The Olympia stratigraphic position remains untested to the east of the recent drilling (shown as white crosshatching).

Two auger drilling programmes were run concurrently during the April drilling campaign. These programmes were designed to test the Zeus and southern Rhodes areas which have received little attention over the years. Both areas are known to host prospective ultramafic horizons with positive indications for Ni-Cu-PGE mineralisation (Figure 5).

A total of 756 auger samples were taken on 200m x 50m grids over both Zeus and Rhodes to test beneath areas of thin sheet-wash and alluvial cover. This sampling work has identified several new poly-metallic Ni-Cu-Pt+Pd anomalies at both areas (Figure 5). Of particular note is a robust anomaly at Rhodes West where elevated Ni-Pt-Pd values were detected on 5 lines, with up to 141ppm nickel and up to 14.5ppb Pt+Pd in silicified colluvium material. Historical drilling at Rhodes West returned 0.3m @ 0.96%Ni, 0.34% Cu and 1.21g/t PGE in drill hole CLD182 immediately to the south of the Rhodes West anomaly.

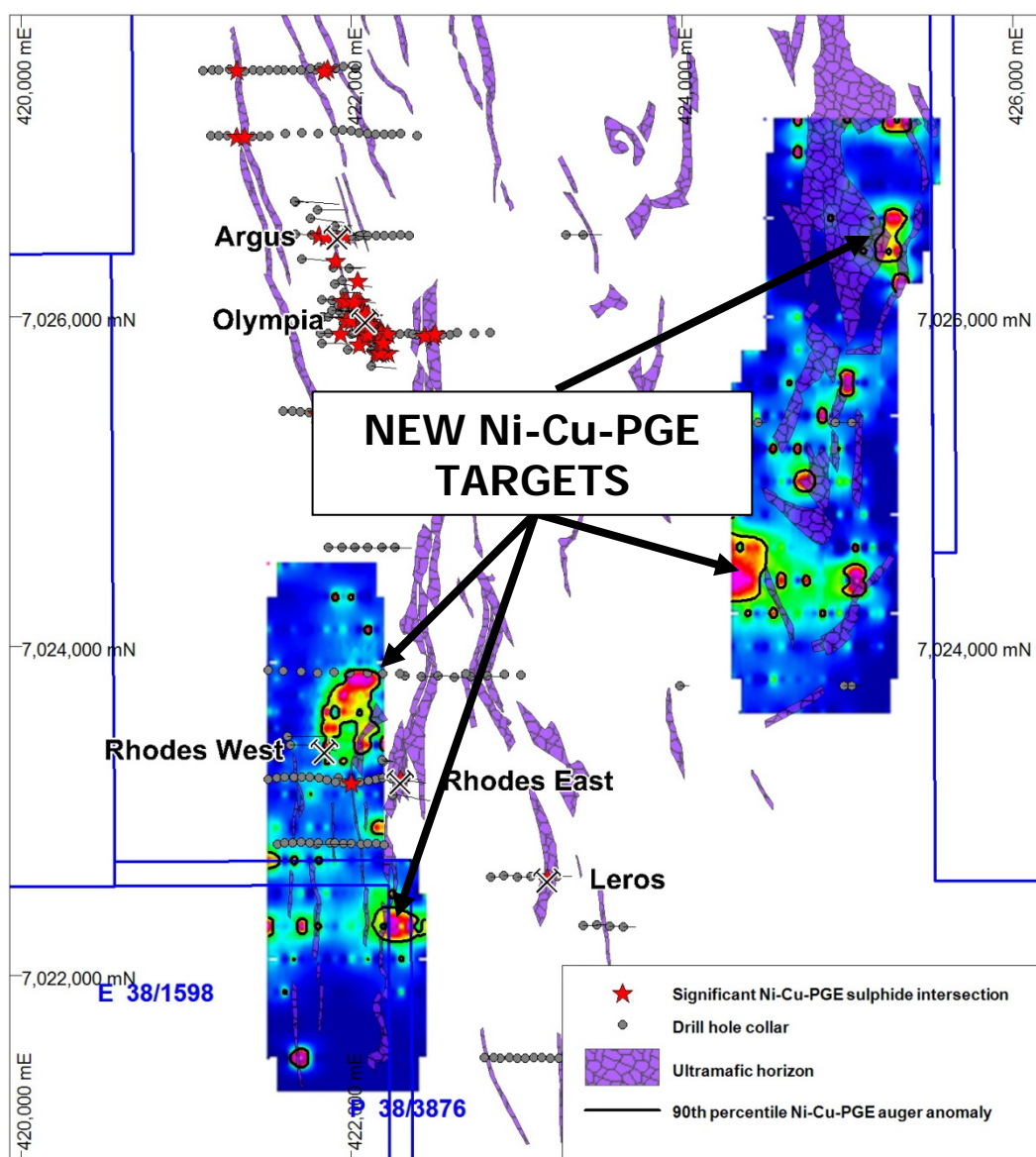


Figure 5 – Ni-Cu-PGE auger geochemistry over Rhodes and Zeus prospects

Deleta Joint Venture - Duketon Belt, Yilgarn Block WA

Gold, nickel-copper-PGE search (Regis 80%, Falcon 20%)

The Deleta Joint Venture comprises a large area of about 100 square kilometres within the northern parts of the Duketon greenstone belt, located directly south of the Collurabbie Project. Shallow aircore and limited RC drilling to date, has returned widespread anomalous, Ni-Cu-PGE results from several prospects along the Collurabbie ultramafic trend. The Duketon project lies immediately due north of the Regis Resources' Moolart Well gold operation (with 2.22Moz contained gold).

During the June Quarter, joint venture operator, Regis Resources, commenced an RC drilling programme immediately south of Falcon's ground to test several structural and geochemical targets along the southern continuation of the Collurabbie ultramafic belt (Figure 6). It is proposed to drill approximately 9 angled RC drill holes to a maximum depth of 300m, for a total of 2100m.

It is anticipated that the drilling programme will run for approximately two to three weeks and the results will be announced as they come to hand.

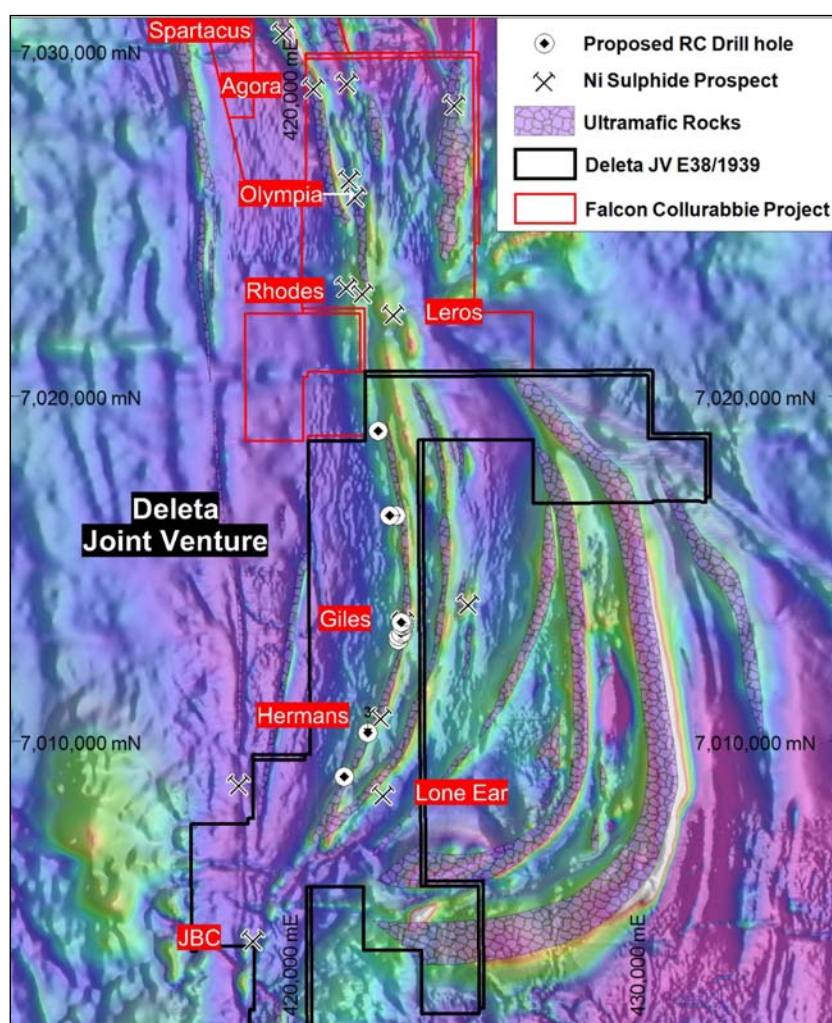


Figure 6 - Regional aeromagnetics showing location of Deleta JV Project and proposed RC drilling, July 2011.

Saxby Project – Mt Isa Block QLD

Gold, copper-gold, nickel search (Falcon 100%)

Diamond drilling to date by previous joint venture partners has returned **significant gold intersections of 17m @ 6.75 g/t Au from 631m and 15m @ 9.09 g/t Au from 701m**. The gold mineralised intervals are associated with strong quartz-chlorite-pyrite breccia and veins overprinting pervasive hematite-magnetite-K feldspar alteration zones. This may be indicative of a significant Iron Oxide-Copper-Gold (IOCG) mineralisation system that has not been previously recognised or explored for in the Saxby project area.

Widespread, anomalous copper mineralisation has also been intersected in several drill holes with intersections hosted by highly-altered and sulphidised calc-silicate skarn and/or granitic breccia bodies. Better results include; 23m @ 0.11% Cu, 292ppm Ce and 261ppm La from 691m in SXDD007.

Falcon considers the Saxby Project to have considerable potential to host a major Tier 1 gold and/or copper-gold deposit. A new joint venture partner is currently being sought to advance the exploration effort and unlock the potential of the Saxby area.

Other Projects

PEAKE-DENISON PROJECT – Gawler Craton, SA

Copper-gold-iron, uranium search (Falcon 100%)

No ground fieldwork was conducted during the Quarter. Falcon is currently preparing an Exploration Work Approval and Environmental Management Plan for future exploration activities in accordance with statutory requirements set out by the Department of Primary Industries and Resources, South Australia.

CLONCURRY PROJECT - Mt Isa Block QLD

Gold, copper-gold search (Falcon 100%)

Several Ernest Henry and Osborne-style Iron Oxide Copper-Gold (IOCG) targets have been identified in the Mt Isa Inlier of north-west Queensland. Historic data is currently being compiled and a review is continuing to determine the nature and significance of these targets.

Corporate

Board Restructure

Changes were made to the Board of Falcon Minerals Limited this quarter. Mr Ron Smit was appointed as Managing Director. Mr Smit has over 30 years' experience in the mineral exploration industry having worked with a major mining house (BHP) as well as junior explorers Marengo Mining Limited and Buxton Resources Limited.

To accommodate the above change, Mr Richard Diermajer will move from the position of Managing Director to Executive Chairman.

Also, Mr Graeme Cameron has tendered his resignation as Technical Director but will remain as a Non-Executive Director effective from July 27th 2011 to pursue other interests in the exploration and mining industry. The Board acknowledges Mr Cameron's invaluable contribution and commitment to the Company over the past three years and wish him well in his future endeavours.

For further information on Falcon Minerals Limited please contact:



Ron Smit

Managing Director

Phone: 08-9382 1596

Mobile: 0408 095 452

rsmit@falconminerals.com.au

or visit our website at: **www.falconminerals.com.au**

Competent Persons Statement

The information in this report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Graeme Cameron, Technical Director for Falcon Minerals Limited. 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

FALCON MINERALS LIMITED

ABN

20 009 256 535

Quarter ended ("current quarter")

30 JUNE 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(844)	(1,773)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	38	319
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(944)	(1,935)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(5)	(33)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(5)	(33)
1.13 Total operating and investing cash flows (carried forward)	(949)	(1,968)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(949)	(1,968)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(949)	(1,968)
1.20	Cash at beginning of quarter/year to date	4,440	5,459
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,491	3,491

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	100	57
5.2 Deposits at call	3,391	4,383
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,491	4,440

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Mulgarrie Project	EL 27/314	30%	Nil
6.2 Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	163,578,935	163,578,935		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,000,000		<i>Exercise Price</i> \$0.20	<i>Expiry Date</i> 30 September 2012
	1,000,000		\$0.30	30 September 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
------	-------------------------------	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 20 July 2011

Print name: Dean Calder

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.