



# Quarterly Report

For the three months ending 31 March 2012

ASX Release: 26 April 2012

## Summary & Highlights for the Quarter

### Saxby Project – Lucky Squid Gold Prospect

- Diamond drilling is expected to start in May 2012.
- Six diamond holes (~5,000m) planned to improve the geometry and understanding of gold mineralisation.
- Awarded a drilling grant from Queensland Government as part of the Greenfields 2020 Collaborative Drilling Initiative.

### Collurabbie Nickel & Gold Project

- A review of historical **gold** geochemical data has identified a number of modest-grade gold hits that have not been fully evaluated. A priority target is a drill hit of 2m at 5.2g/t Au (from 30m) near intersecting faults.

### **Falcon Minerals Limited**

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ACN: 009 256 535

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### **Capital Structure**

163.6 million shares

4.0 million unlisted options (\$0.2/0.4)

### **Cash at Bank - \$2.8M**

### **Board Members**

Richard Diermayer - Chairman

Ron Smit - Managing Director

Ray Muskett - Non-Executive Director

### **Key Projects**

#### **Collurabbie Ni-Cu-PGE (100%)**

Massive Ni-Cu-PGE sulphides at the Olympia Prospect – resource pending. 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.

Drilling April 2012

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## Mineral Exploration Activities

### Saxby Project – Mt Isa Block QLD

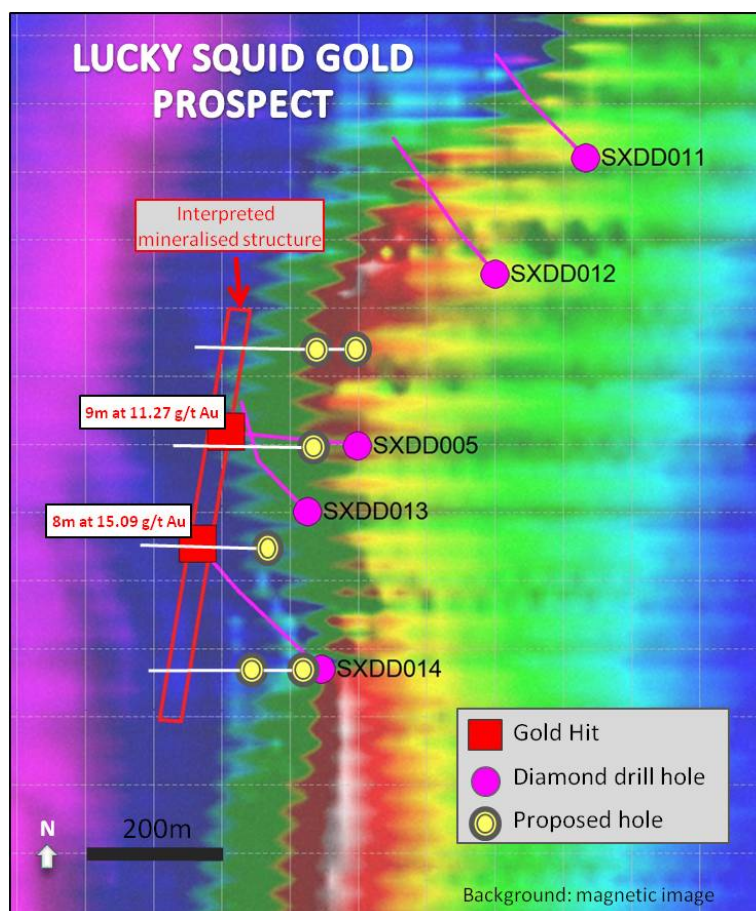
Gold, copper-gold (Falcon 100%)

The Saxby Project is 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland. The rocks of interest are buried beneath 420m of sedimentary cover. The Lucky Squid gold discovery was made in 2008 where drill hole SXD005 intersected **17m at 6.75g/t Au from 631m**. A follow-up hole in 2010 confirmed the importance of the gold discovery and intersected **15m at 9.09 g/t Au from 701m**. Spatially the two gold intersections are about 180m apart and the gold mineralization is open in all directions.

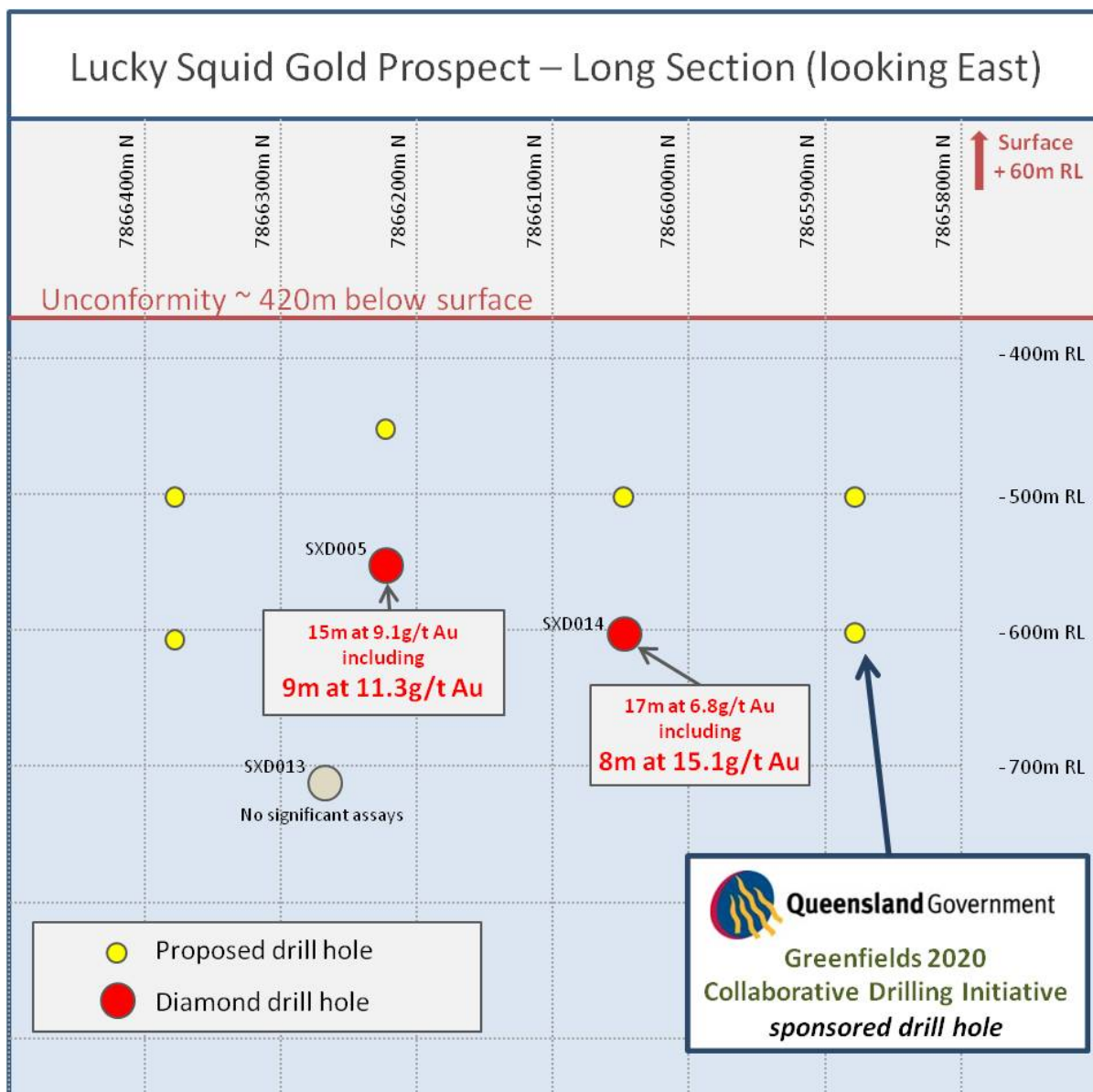
Follow-up diamond drilling is scheduled to commence in early May (this is a few weeks later than previously estimated due to wet ground conditions). The strategy is to drill incremental step-out holes to better define the extent and geometry of the gold mineralisation. The objective of this program is to determine if an Exploration Target of >1 Moz gold is an achievable.

Six holes (~ 5,000m) are planned as shown on Figure 1 (Plan View) and Figure 2 (Long Section).

The drill tender has been awarded to Tom Browne Drilling Services. They have excellent knowledge of the ground conditions as they completed the previous drilling campaign at the Lucky Squid Gold Prospect. All other permitting has been completed.



**Figure 1: Lucky Squid Gold Prospect**  
**Location of historical and proposed diamond drill holes**



**Figure 2: Lucky Squid Gold Prospect – Long section showing proposed drill holes**

**Greenfields 2020 Collaborative Drilling Initiative (CDI)**

Falcon was awarded a drilling grant by the Queensland State Government as part of the Greenfields 2020 Collaborative Drilling Initiative (CDI).

The company is entitled to a maximum of \$72,000 or half of the actual direct drilling costs; whichever is less, towards the drilling of a single deep hole into the high-grade Lucky Squid gold discovery. The CDI hole will be drilled to 800m depth and is planned to test the southern extension of the interpreted mineralised zone (as shown on Figure 2).

The CDI provides funding assistance to drill test innovative exploration concepts that have the potential to increase exploration investment in Queensland including expanding exploration into under-explored areas. The grants were awarded by an independent panel on the basis of demonstrable economic and technical merit.



## Collurabbie Project - Duketon Belt, Yilgarn Block WA

Nickel-copper-PGE search & Gold search (Falcon 100%)

### Collurabbie Gold Review

A review of historical gold geochemical data (surface & drill-hole) was completed. This review has shown that anomalous gold is present at a number of localities and that some of these are worthy of follow-up investigation. The area was sub-divided into the Western, Central and Eastern Gold Zones. The Eastern Gold Zone (Figure 3) appears to contain better geochemical responses and four anomalies (Anomalies EG1 – 4) have been identified for surface geochemistry and/or drilling. These anomalies were located by a gold explorer in the mid 1990's by wide-spaced aircore and RC drilling. The gold hits were not followed up.

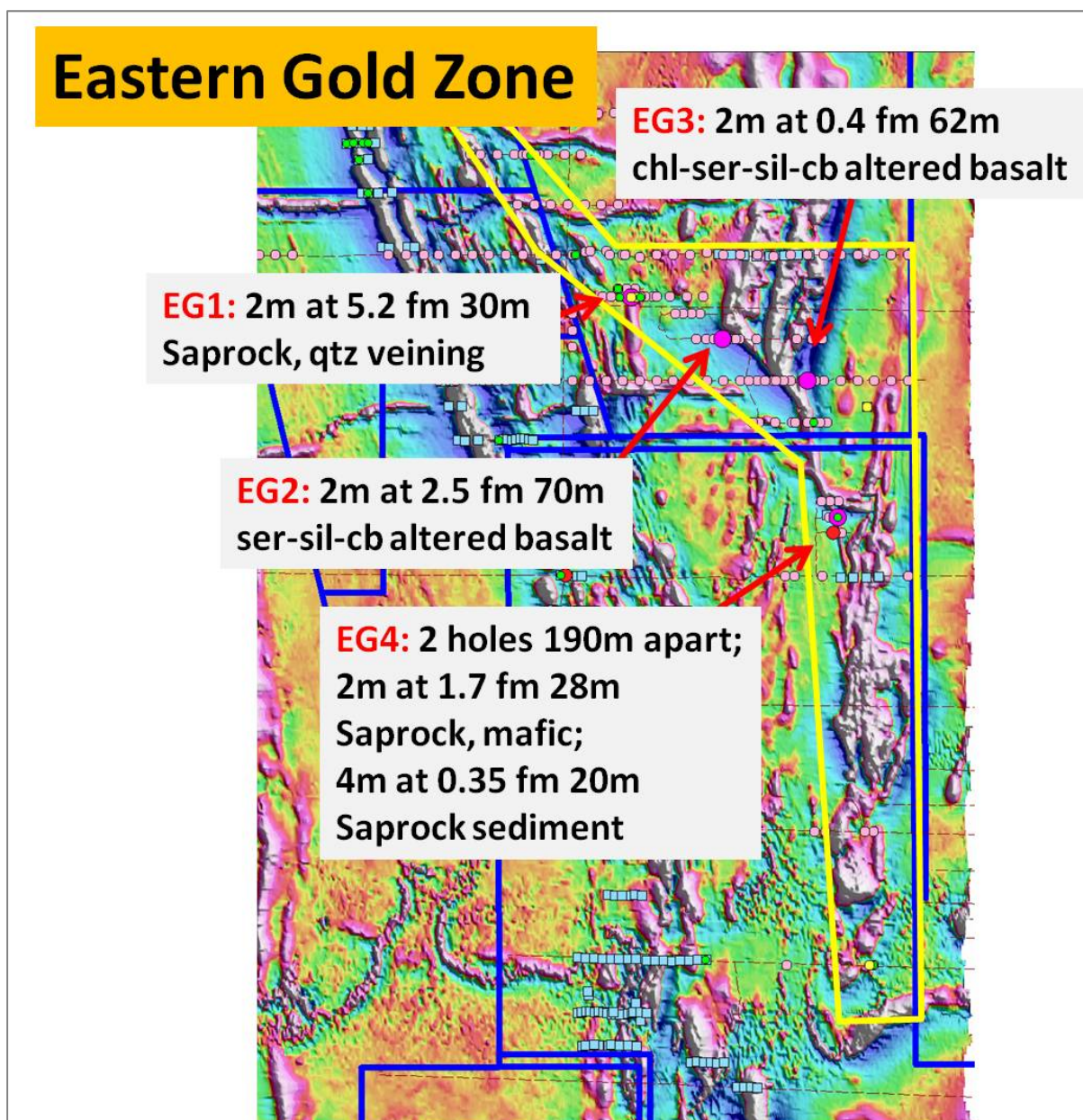
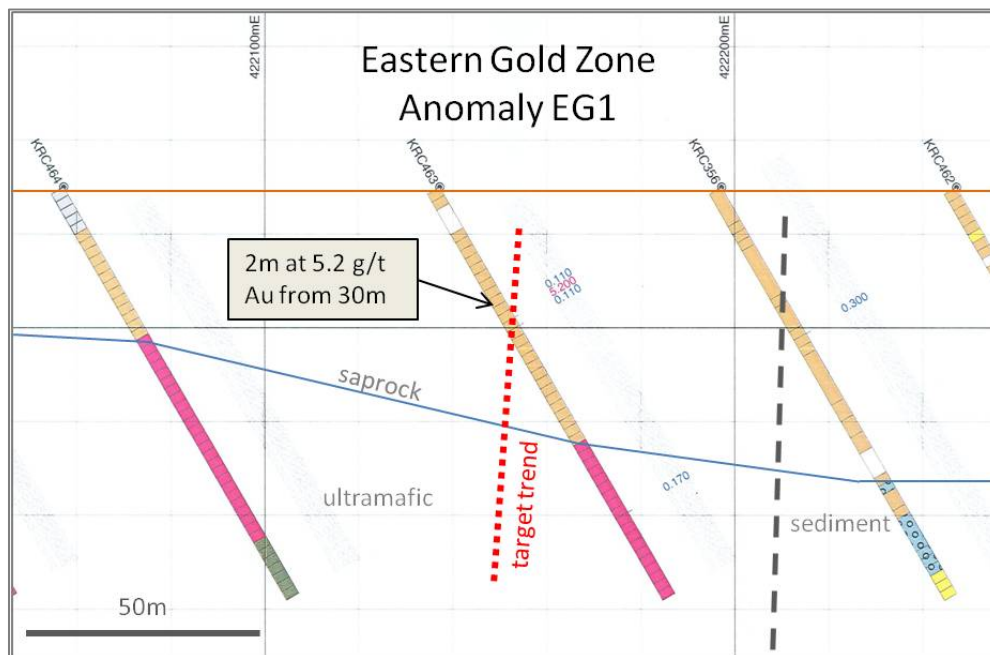


Figure 3: Eastern Gold Zone (yellow outline) showing gold anomalies of interest

The strongest gold hit is at Anomaly EG1 where drill-hole KRC463 intersected 2m at 5.2g/t Au from 30m. Gold mineralisation is hosted by saprock after ultramafic rock (Figure 4). This gold hit is associated with other weak hits in nearby holes and appears related to where a northerly trending magnetic unit intersects a NNW structure. The gold mineralisation is at shallow depth and a follow-up drilling is recommended.

A field program to inspect these anomalies was abandoned following heavy rains in the district. A ground inspection of these targets is now scheduled for late in the calendar year.



**Figure 4: EG1- Cross section showing gold mineralisation**

### **Collurabbie Ni Review**

A review of the WMC air-core drilling results defined two high priority targets (Anomaly A and Anomaly B). These were described in the previous Quarterly Report. A Program of Works (POW) to drill these targets was submitted and approved by the Department of Mines and Petroleum. These targets will be drilled late in the year.

## **Other Projects**

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No field work was undertaken on the Peake-Denison and Cloncurry Projects.

A review of the Cu-Au prospectivity of the Peak-Denison Project was completed. The two main tenements were retained and the remainder surrendered.

### **Windanning Hill Joint Ventures**

The Windanning Hill Project is located 75km southeast of Yalgoo and 80km northeast of Peronjori within the Yalgoo Mineral Field. Falcon has an Iron Joint venture with Gindalbie Metals Ltd and a Gold Joint Venture with Minjar Gold Pty Ltd. Falcon has a 21.75% diluting interest in the Iron JV and an approximate 21.5% diluting interest in the Gold JV.

Gindalbie Metals has identified three hematite targets where structures intersect the Golconda BIF and they are planning to undertake reconnaissance exploration involving geological mapping and rock chip sampling over the next 6 months.

Minjar Gold are planning an RC drilling program to further refine the small gold resource at Keronima within the next six months.

For further information on Falcon Minerals Limited please contact:



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### **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 Ronald Smit, Managing Director for Falcon Minerals Limited. Mr Smit 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 Smit 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")

31 MARCH 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(128)	(495)
1.3 Dividends received	(101)	(353)
1.4 Interest and other items of a similar nature received	35	173
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(194)	(675)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(194)	(675)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(194)	(675)
	<b>Cash flows related to financing activities</b>		
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)		
	<b>Net financing cash flows</b>		
	<b>Net increase (decrease) in cash held</b>	(194)	(675)
1.20	Cash at beginning of quarter/year to date	3,011	3,492
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	2,817	2,817

**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'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
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

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

	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	1,000
4.2 Development	
4.3 Production	
4.4 Administration	100
<b>Total</b>	

**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	115	93
5.2 Deposits at call	2,702	2,918
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,817</b>	<b>3,011</b>

**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	EL4417	Surrendered	100%	0%
	EL4444	Surrendered	100%	0%
	EL4488	Surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,000,000		<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 June 2015
	2,000,000		\$0.40	30 June 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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## 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: ..... Date: 26 April 2012  
(Company secretary)

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.

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