

16 May 2012

ASX Announcement



Diamond Drilling underway at the LUCKY SQUID Gold Prospect

Australian gold and base-metal explorer, Falcon Minerals Limited (ASX: FCN) is pleased to announce that diamond drilling has commenced at the Lucky Squid Gold Prospect. The gold prospect is located about 150km north-northeast of Cloncurry, Queensland and is part of the company's Saxby Project (Figure 1). Six holes totalling 5,000m is planned and this work is expected to take two months to complete.

In the last few weeks access roads have been constructed as well as site works for drill holes. A geological office and an accommodation camp with capacity to provide accommodation for 12 workers has also been established.



The Company intends to provide geology and drilling updates at regular intervals over the next few months.

A handwritten signature in black ink, appearing to read "Ron Smit".

For further information please contact:

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About Falcon:

Falcon is a gold and base-metal explorer.

The Company has two key projects in Australia with the prospectivity to deliver an important discovery. Collurabbie is an advanced nickel-copper-PGE project in Western Australia and Lucky Squid is a lightly explored high-grade gold prospect in Queensland.

The Collurabbie Project covers a fertile nickel belt that contains the Olympia massive sulphide prospect and several lower-grade disseminated sulphide prospects. At Olympia, massive and matrix Ni-Cu-PGE sulphide mineralization up to 9m thick has been detected over a 300m strike length. The Olympia deposit is small and is currently regarded as sub-economic; however further study and drilling success may significantly improve its economics. There remains considerable potential for additional discoveries in the district.

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.

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.