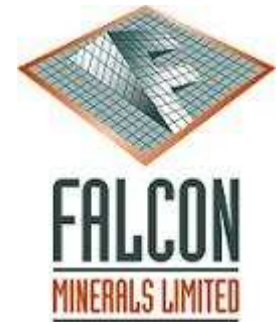


13 June 2012

ASX Announcement



LUCKY SQUID GOLD PROSPECT - Diamond Drilling UPDATE #2

- **Broad zones of pyrite mineralisation intersected in SXDD017;**
- **3m wide pyrite-carbonate breccia intersected which resembles the high-grade gold mineralisation observed in SXDD005 & SXDD014;**
- **Multiple graphitic shears +/- pyrite mineralisation;**
- **Strike length of “pyrite mineralised zone” extended south.**

SXDD017, the second hole in the diamond drilling program was finished on the 11th June at a depth of 844m. The objective of this hole was achieved in that it established the southern extension of the target zone. It intersected multiple graphitic and pyritic shear zones with local pyrite-carbonate breccias. The pyrite-carbonate breccia rock-type resembles the high-grade gold rock-types observed in SXDD005 & SXDD014.

This hole, like SXDD016 steepened in the pre-collar and had to be drilled much deeper than anticipated. SXDD017 was located approximately 80m south of SXDD016 (Figure 1).

SXDD017 contains several zones of pyrite mineralisation (Figure 2). It is not known if these are gold-bearing and this will only be established following sampling and assaying. All intervals below refer to down-hole intervals and do not reflect true width.

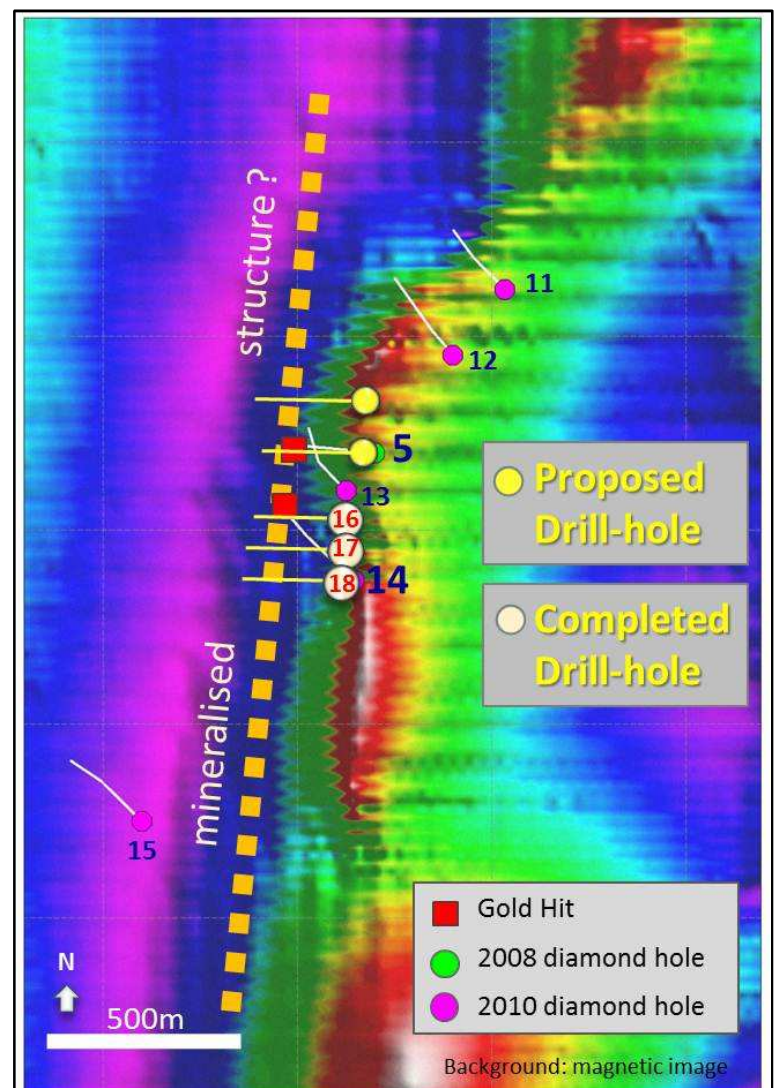
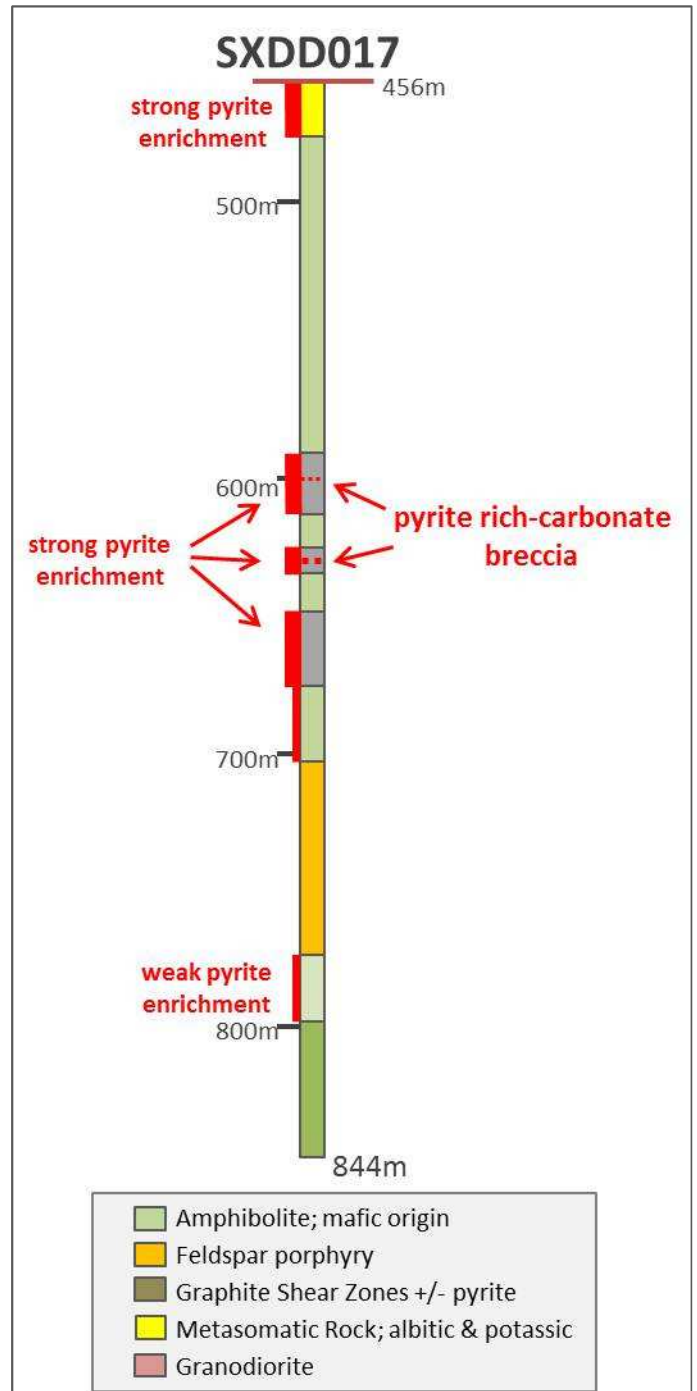


Figure 1: Location of diamond drill holes

Figure 2: SXDD017 geological strip log



21m wide zone from 456m: bleached massive albitite (Metasomatic Rock) with common disseminated graphite and crackle hairline chlorite. Pyrite is common (5-8%) as hairline veinlets, local disseminations and occasional thicker seams (10-50mm).

20m wide zone from 592m: grey foliated and altered pyritic (5%) albitite-graphite-feldspar-epidote-biotite-sericite rock. It includes a narrow zone of pyrite rich-carbonate breccia.

10m wide zone from 625m: altered and brecciated pyrite (2-5%) albitite-graphite-feldspar-chlorite rock; includes 3m wide zone of pyrite-carbonate breccia (Figure 3). This breccia resembles rock-types containing high-grade gold mineralisation in SXDD005 & SXDD014.

27m wide zone from 648m: graphitic shear & breccia zone with pyrite (1-5%). Local zones with 10-15% pyrite and accessory pyrrhotite & chalcopyrite.

19m wide zone from 675m: Fine grained mafic unit with albitite-potassic alteration. Pyrite content is 1-3% (max. 5%) with accessory pyrrhotite and chalcopyrite. Occasional narrow pyrite seams (< 100mm).

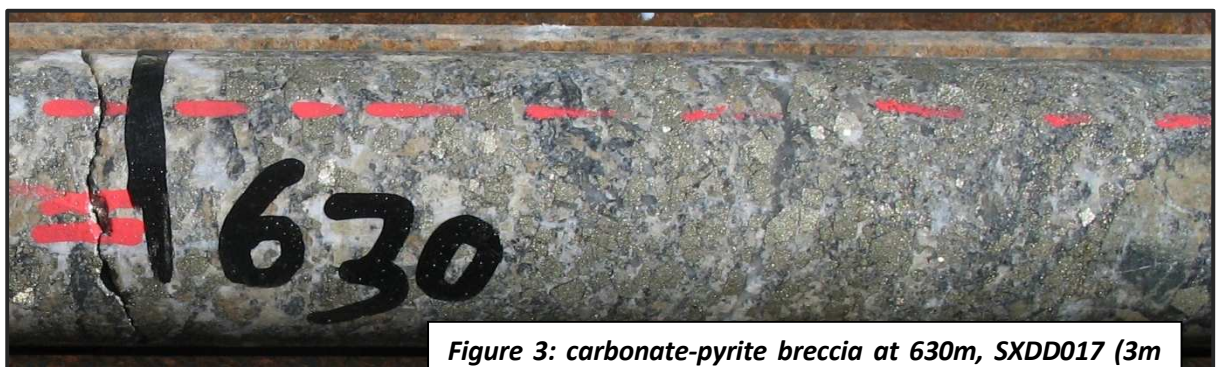


Figure 3: carbonate-pyrite breccia at 630m, SXDD017 (3m wide zone 628-631m); this rock-type is similar to the high-grade gold rock-type observed in SXDD005 & SXDD014.

This hole has extended the zone of pyrite mineralisation 80m south (Figure 4).

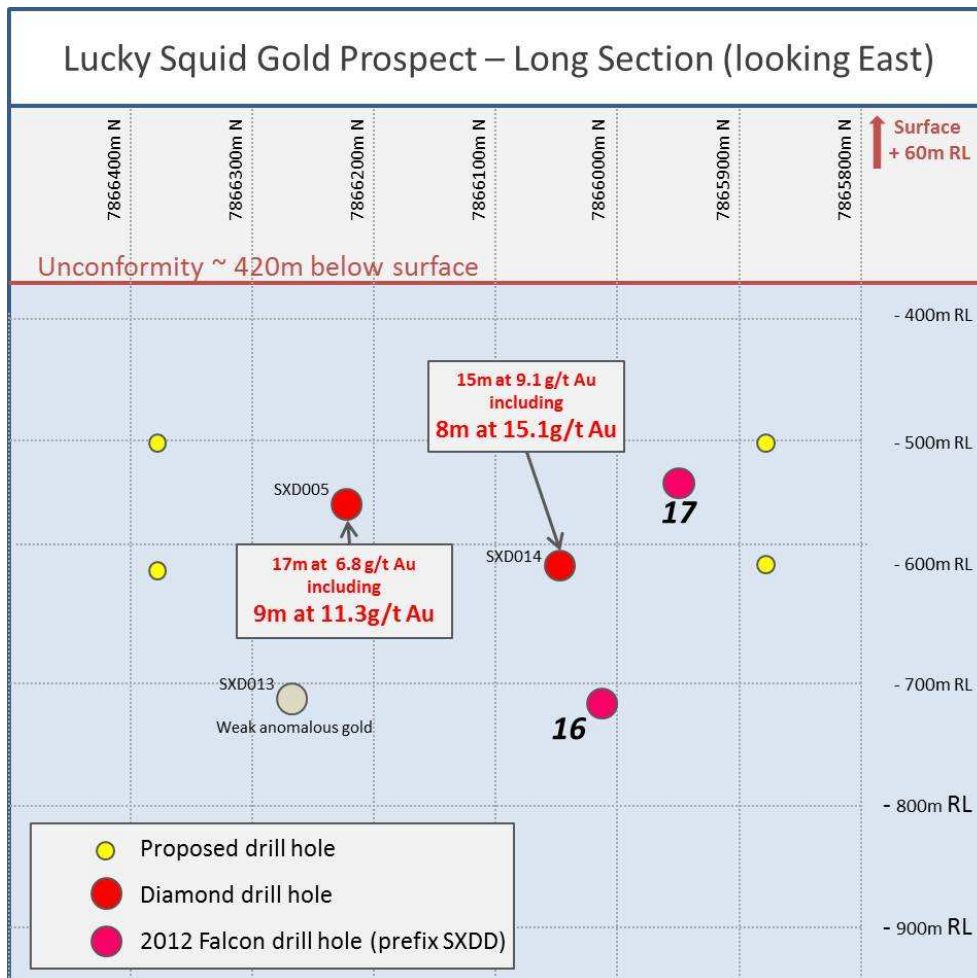
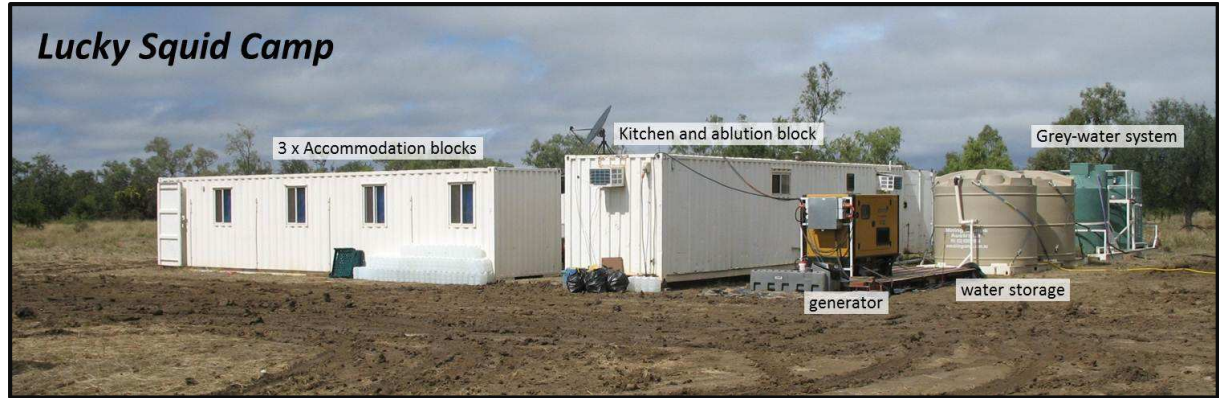


Figure 4: Lucky Squid Gold Prospect: Long-section looking east showing SXDD016 & SXDD017 pierce Points

Drill core cutting has been delayed as the Cloncurry River crossing close to site has become impassable due to late unseasonal rains. It is expected that the first two holes will be transported to Cloncurry within the next 7-10 days and that core cutting will start shortly thereafter. First assay results are not expected until late-July.

SXDD018 has been collared a further 80m south of SXDD017 with the objective to establish the southern continuation of the mineralised corridor. This hole is part funded by the Queensland State Government as part of the Greenfields 2020 Collaborative Drilling Initiative.

Further drilling updates will be provided at the completion of each hole.



Lucky Squid Gold Prospect – 12 man camp

Diamond drilling collar details (projection GDA94 MGA Zone 54)

Hole_ID	Easting	Northing	RL	Azimuth	Dip	Total_Depth
SXDD016	488170	7866030	60	263	-70	855.7m
SXDD017	488165	7865950	60	265	-65	843.8m

For further information please contact:

Ron Smit

Managing Director

+618 9382 1596

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 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.

About LUCKY SQUID:

The Lucky Squid Gold Prospect is a lightly explored high-grade gold prospect located about 150km north-northeast of Cloncurry, Queensland and is part of the company's Saxby Project. It is a challenging prospect as the gold mineralisation is concealed by 420m of barren cover rocks.

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. Falcon has five to six deep diamond holes planned for the current drill campaign.

