

17 July 2012

ASX Announcement



LUCKY SQUID GOLD PROSPECT - Diamond Drilling UPDATE #4

- **SXDD019 terminated short of main target zone due to severe steepening of the hole;**
- **Geological evidence suggest main alteration and structure west of drill hole;**
- **A “pyrite mineralised zone” intersected.**

SXDD019, the fourth and last hole in the diamond drilling program was finished on the 30th June. The hole was drilled to a depth of 795.0m and intersected meta-dolerite, meta-sediment (graphitic schist) and meta-felsic intrusive rocks.

Albite-potassic +/- -quartz alteration increases towards the base of the hole and the first appearance of graphite alteration was noted near the end of the hole. It was probable that the hole was nearing the target zone (main fault and alteration zone) but given the severe steepening of the hole it was terminated.

The hole steepened from 65 degrees to a near-vertical 86 degrees. All holes in the drill program steepened significantly and this is a technical issue that needs to be resolved before drilling recommences.

A broad zone (from 623 to 728m) of sulphide mineralisation occurs as fracture/breccia fill associated with

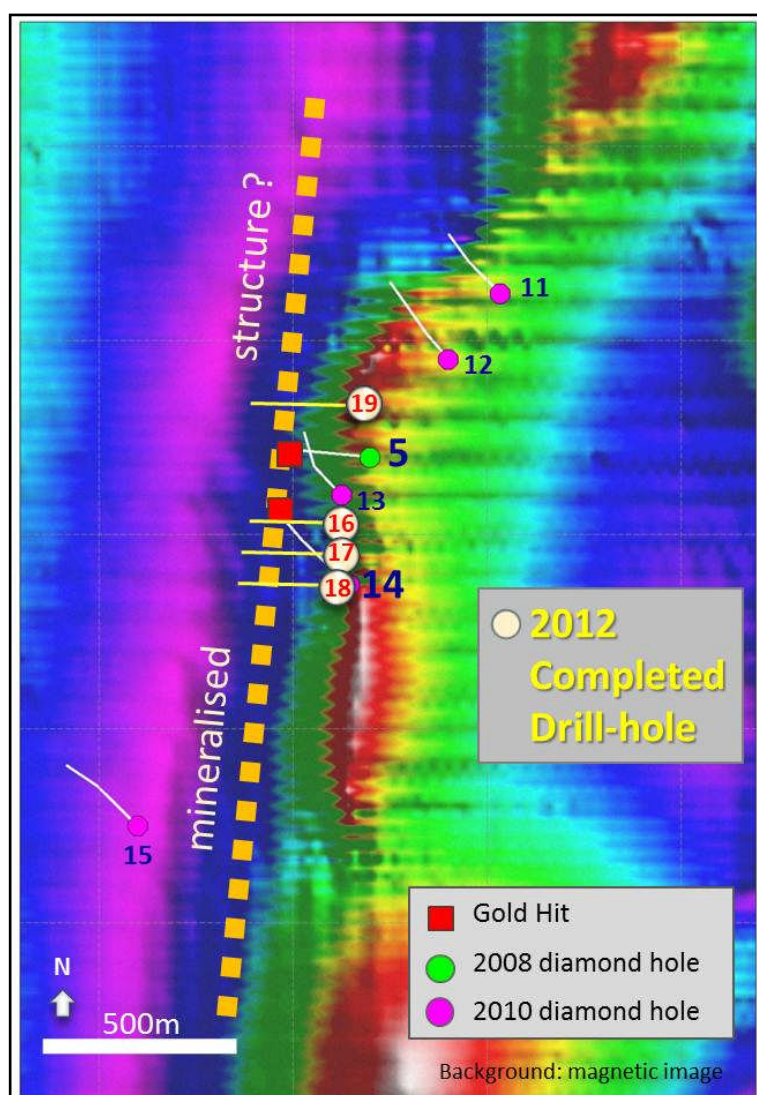
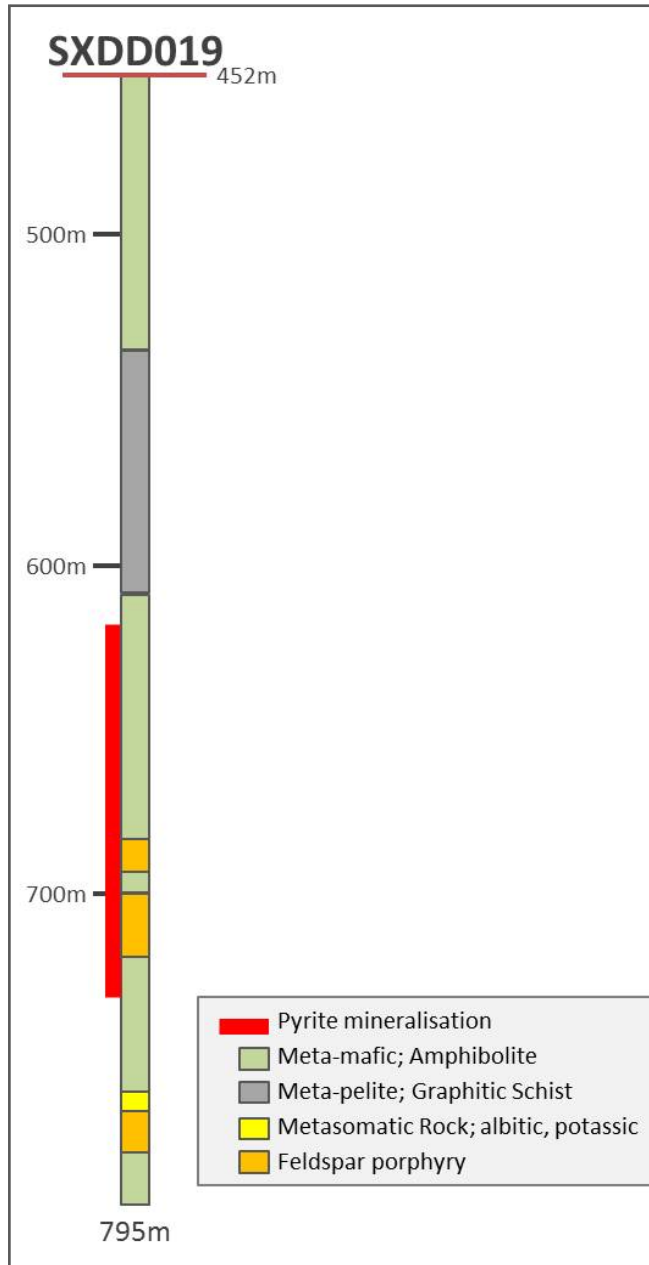


Figure 1: Location of diamond drill holes

Figure 2: SXDD019 geological strip log



albite-potassic +/- quartz alteration in mafic rocks, intermediate intrusives and feldspar porphyry. Within this zone there are several significant zones of sulphides separated by wider low sulphide intervals. The two widest zones of sulphide mineralisation are as follows:

6m wide zone from 632m: 5-7% pyrite with local zones up to 10% pyrite occurring as fine grained disseminations and large patches hosted by meta-mafic rock.

15m wide zone from 643m: 2-5%, locally 7% pyrite with significant traces of chalcopyrite, as fine grained disseminations and in irregular clusters hosted by meta-mafic rock.


CORE PROCESSING

423 half-core samples from SXDD016 and SXDD017 have been submitted to the laboratory for gold and trace element analysis. Results are expected in three weeks. Samples from SXDD018 and SXDD019 are expected to be submitted to the laboratory early next week.

Diamond drilling collar details (projection GDA94 MGA Zone 54)

Hole_ID	Easting	Northing	RL	Azimuth	Dip	Total_Depth
SXDD016	488168	7866030	60	263	-70	855.7m
SXDD017	488165	7865950	60	265	-65	843.8m
SXDD018	488149	7865870	63	265	-65	786.7m
SXDD019	488196	7866349	63	265	-65	795.0m

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 Concurry, 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 completed four deep diamond holes in 2012 and results are expected in August.

