



Quarterly Report

For the three months ending 30 June 2012

ASX Release: 24 July 2012

Summary & Highlights for the Quarter

Saxby Project – Lucky Squid Gold Prospect

- Four deep diamond holes totalling 3281.2m drilled;
- Major zone of faulting and alteration confirmed; system open in all directions;
- Multiple pyritic zones intersected which may be gold-bearing;
- SXDD017 intersected a 3m wide pyrite-carbonate breccia similar to the high-grade (> 1 oz/t) gold mineralisation observed in the discovery holes;
- Strike length of “pyrite mineralisation” extended to several hundreds’ of metres;
- Main structure is visible in geophysical datasets and traceable for several kilometres;
- 793 half-core samples have been submitted to the laboratory for gold and trace element analysis and results are expected in August.

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 - \$1.9M

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. 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.
4 holes drilled in 2012; results pending

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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 basement rocks of interest belong to the Eastern Succession of the Mt Isa Block and are buried beneath 420m of younger sedimentary cover.

Four deep diamond holes totalling 3,281.2m were drilled during the quarter to better define the extent and geometry of the gold mineralisation at the Lucky Squid gold prospect (Figure 1).

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

The drilling program was successful in that it intersected multiple zones of pyrite mineralisation associated with a major north-south trending fault and alteration zone. Previous drilling has established the link between pyrite mineralisation and elevated gold values. It is therefore not unreasonable to assume that some of the pyrite-rich zones will contain anomalous gold. A 3m wide zone of pyrite-carbonate breccia (Figure 2) intersected in SXDD017 closely resembles the high-grade (> 1 oz/t) rock-types observed in discovery holes SXDD005 & SXDD014.

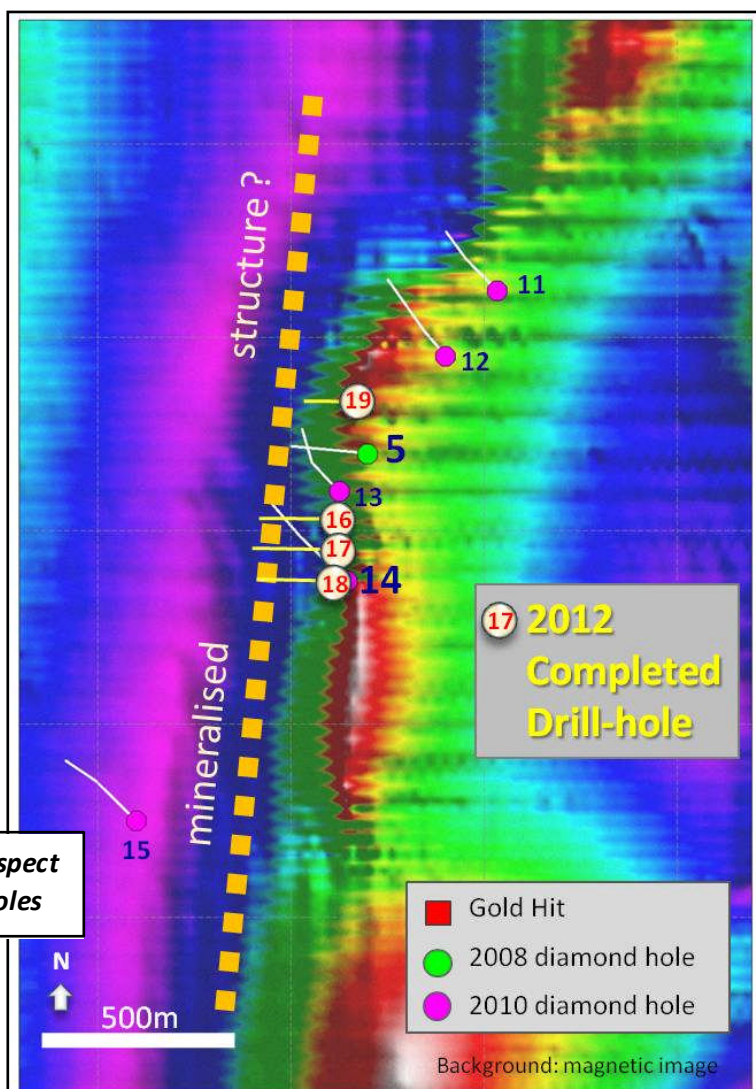
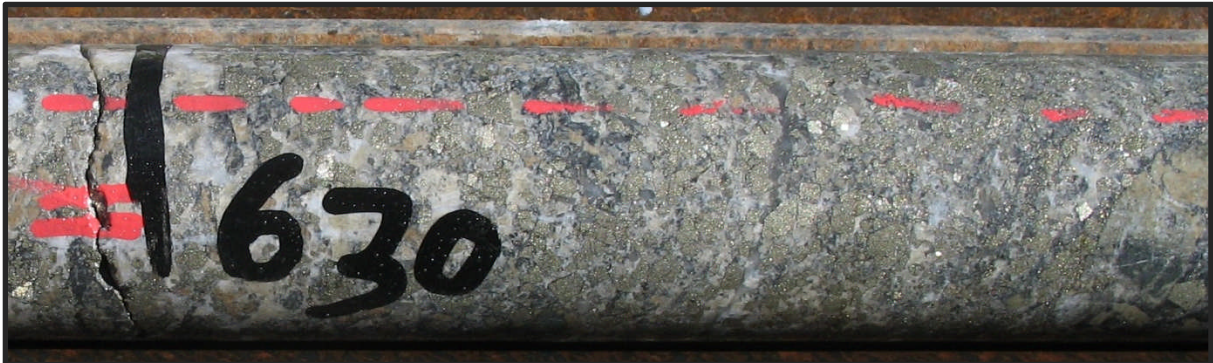


Figure 1: Lucky Squid Gold Prospect - Location of diamond drill holes

Figure 2: SXDD017, carbonate-pyrite breccia at 630m (3m wide zone 628-631m); this rock-type is similar to the high-grade gold rock-type observed in SXDD005 & SXDD014.



Geology: In very general terms the alteration and fault zone appears to be developed along the contact between a meta-mafic rock and a meta-granodiorite. Graphitic meta-sedimentary rocks are present and may be part of the meta-mafic rock package. The fault system is characterised by widespread sodic-potassic-quartz ± chlorite ± epidote alteration overprinted by graphitic-pyritic alteration that is restricted to along major shear structures. This later phase of alteration is thought to host gold mineralisation. Simplified geological observations are shown in Figure 3.

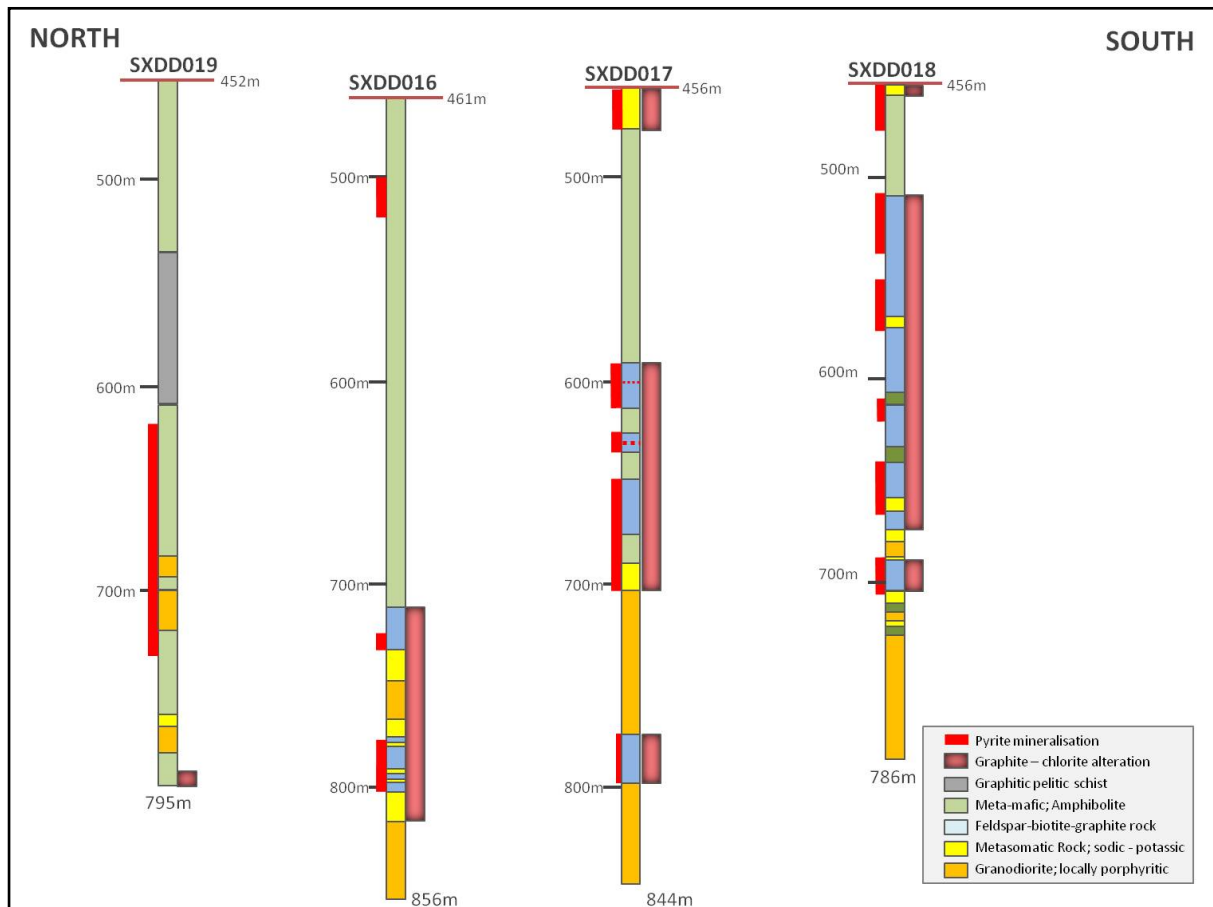


Figure 3: SXDD016 – 019 Strip Logs showing simplified geological observations

SXDD016, 017 and 018 were drilled south of the discovery holes (SXDD005 & SXDD014) and intersected the fault and alteration zone with significant widths of strong pyrite mineralisation. SXDD019 was drilled north of the discovery holes and due to severe steepening failed to intersect the main shear zone. Nonetheless, it did intersect significant pyrite mineralisation in fracture veins and narrow breccia associated with sodic-potassic altered meta-mafic rocks (670-700m). Furthermore, at the end of the hole it intersected graphitic alteration suggesting that the main fault and alteration zone are nearby (and to the west).

The fault and alteration zone has now been drilled over a 500m strike length. Geophysical observations indicate that this structural zone is several kilometres long.

Core Cutting and Sampling: A total of 793 half-core samples from the four holes have been submitted to the laboratory for gold and trace element analysis. Results are expected in August.

Collurabbie Project - Duketon Belt, Yilgarn Block WA

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

No field work was undertaken during the quarter at Collurabbie. This is considered a core project and a review of nickel and gold potential has been completed. Planning is underway with regard to a surface geochemical survey; the aim of which is to better define gold targets. Following this work a small drill program will be initiated to test the best Ni and Au targets.

Other Projects

No field work was undertaken on the **Peake-Denison** Project nor the **Cloncurry** Project. The Company is in discussions with a few groups that have expressed an interest in acquiring and/or joint venturing into these projects. At this stage no agreement(s) have been reached.

No significant field activities were undertaken by the **Windanning Hill** joint venture partners (Fe – Au) nor the **Duketon** (Ni – Au) joint venture partner.

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")

30 JUNE 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(737)	(1,527)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	(121)	(179)
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	25	198
1.7 Other (provide details if material)		
Net Operating Cash Flows	(833)	(1,508)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(6)	(6)
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	(6)	(6)
1.13 Total operating and investing cash flows (carried forward)	(839)	(1,514)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(839)	(1,514)
	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	(839)	(1,514)
1.20	Cash at beginning of quarter/year to date	2,817	3,492
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,978	1,978

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	102
1.24	Aggregate amount of loans to the parties included in item 1.10	

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.

	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	450
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	

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	450	115
5.2 Deposits at call	1,527	2,702
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,977	2,817

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	ML 38/975	Surrendered	100%	0%
	ML 38/976	Surrendered	100%	0%
	PL 38/3390	Surrendered	100%	0%
	EPM 18210	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 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>	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 Debentures <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: 16 July 2012
(Company secretary)

Print name: Dean William 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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