

17 August 2012

ASX Announcement

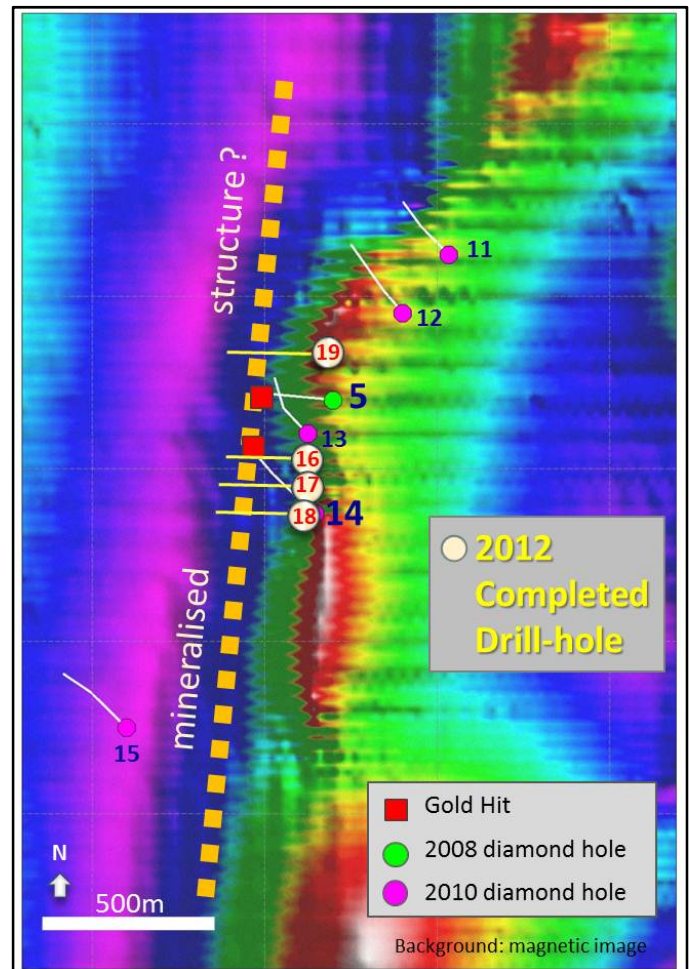


LUCKY SQUID GOLD PROSPECT – DIAMOND DRILL RESULTS

Diamond drill hole results have been received for all four holes drilled at the Lucky Squid Gold Prospect. 46 precollar samples and 793 half core samples were submitted for gold and trace element analysis. Narrow gold intersections were recorded and those at > 1g/t Au are shown in Table 1. Elevated copper and uranium intersections are presented as Table 2.

The drill holes intersected a broad zone of faulting and alteration located along the contact of amphibolite and meta-porphry and this zone is characterised by widespread sodic-potassic alteration overprinted by graphitic-pyritic shear zones. Assay results returned a few 1 to 3m gold intercepts with a peak 1m intersection of 26 g/t. Anomalous copper and uranium accompany the mineral system.

The earlier reported wide gold intercepts were not repeated in holes of the current drilling program. The depth of drilling and some hole deviations during drilling make this a difficult target. Expectations of substantial and wide extensions of gold mineralisation away from the initial discovery holes were not met in this drilling campaign. This is a disappointing outcome and a strategic review of the gold and IOCG potential of the project has been initiated.



Lucky Squid Gold Prospect - Location of drill holes on magnetic image

Table 1: Summary of Gold Results

| Hole Id | Interval (m) | Au g/t | From (m) |
|---------|--------------|--------|----------|
| SXDD016 | 1 | 26.10 | 602 |
| SXDD016 | 1 | 4.29 | 741 |
| SXDD016 | 1 | 1.08 | 811 |
| SXDD017 | 1 | 2.96 | 599 |
| SXDD017 | 3 | 3.97 | 628 |
| SXDD017 | 2 | 3.10 | 777 |

Table 2: Summary of Copper & Uranium Results

| Hole Id | Interval (m) | Cu % | From (m) |
|---------|--------------|-------|----------|
| SXDD016 | 17 | 0.067 | 716 |
| SXDD017 | 6 | 0.145 | 661 |
| SXDD017 | 14 | 0.082 | 680 |
| SXDD018 | 4 | 0.135 | 458 |
| SXDD018 | 9 | 0.113 | 466 |
| SXDD018 | 16 | 0.113 | 649 |
| SXDD019 | 5 | 0.102 | 653 |
| SXDD019 | 6 | 0.146 | 689 |

| Hole Id | Interval (m) | U ppm | From (m) |
|---------|--------------|-------|----------|
| SXDD016 | 4 | 170 | 456 |
| SXDD017 | 2 | 375 | 459 |

Notes to accompany assay tables:

Core samples taken as half core over 1m intervals;
All intervals quoted are down-hole depths;
Gold analysis by 30g Fire Assay/ASS;
Copper & uranium analysis by ICP;
Sample preparation and analysis performed by ALS, QLD; and
Hole collars picked up by handheld GPS (Table 3).

Table 3: 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 GOLD PROSPECT:

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. Falcon completed four deep diamond holes in 2012.

