



Quarterly Report

For the three months ending 30 June 2013

ASX Release: 24 July 2013

Summary & Highlights for the Quarter

- the Company's cash position was approximately \$1.3M at the end of the quarter. Measures to reduce the cash burn rate have been implemented by minimising field exploration activities and by the directors / management reducing their fees / salaries;
- the Cloncurry Project, considered prospective for IOCG mineralisation was farmed out to Minotaur Exploration;
- the Company continued to review joint venture / acquisition opportunities as well as maintain its greenfields project generation strategy;
- the Company continued to seek joint venture partner for its Saxby Project and Collurabbie Project; and
- Monax Alliance withdrew from their Option to Purchase the Peak-Denison property.

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 - \$1.3M

Board Members

Richard Diermayer – NE Chairman
Ron Smit - Managing Director
Ray Muskett – NE Director

Key Projects

Collurabbie Ni-Cu-PGE (100%)
Massive Ni-Cu-PGE sulphides at the Olympia Prospect. Significant potential remains for additional discoveries.
Seeking JV partner

Saxby Au (100%)
IOCG system with high-grade gold intercepts:
SXDD005: 17m at 6.8g/t Au from 631m
SXDD014: 15m at 9.1g/t Au from 701m
Seeking JV partner



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Mineral Exploration Activities

No field exploration activities were undertaken during the quarter. The Company has resolved to divest the Saxby and Collurabbie Projects and has prepared Information Memorandums. Both projects are in mineralised terranes and offer an opportunity for an incoming party to apply new ideas and a fresh approach to the technical challenges.

The Company is continuing its research to identify and where possible acquire prospective mineral assets.

Collurabbie Project, Duketon Belt, Yilgarn Block WA (100% Falcon, seeking JV partner)

The Collurabbie Project is 200 km north of Laverton in the Duketon Greenstone Belt of Western Australia. The project includes the Olympia nickel-copper discovery and several other nickel and gold prospects and targets.

The prospective Archaean basement is poorly exposed; in the southern part of the project area rare windows of deeply weathered Archaean material have been mapped whilst in the northern part of the project the on-lapping Proterozoic sediments of the Earahedy Basin blanket the Archaean rocks.

Falcon and / or its former JV partners have been exploring the project area for more than a decade and have completed airborne and ground geophysical surveys, surface geochemical surveys and drilled 230 reconnaissance AC holes, 83 RC holes and 133 diamond holes.

This work resulted in the discovery of several nickel prospects and includes the Olympia nickel-copper sulphide prospect. Many Nitargets remain to be drill tested.

Very limited gold exploration has been completed by Falcon and/or partners; however historical drill results from the 1990's produced a number of gold hits beneath shallow Proterozoic cover that remain untested. The better gold hits warrant further evaluation.

The Company is seeking a joint venture partner to progress mineral exploration.

Saxby Project, Mt Isa Block QLD (100% Falcon, seeking JV partner)

The Saxby Project is 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland. Following large tenement reductions the project now consists of one granted exploration permit that contains the Lucky Squid Gold Prospect, the Tea Tree Nickel Prospect and two other unnamed Cu-U prospects. These prospects are hosted by basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover.

In addition, the Company has an exploration permit application that covers the strongest magnetic feature in the district as this is considered to have potential for Ernest Henry style mineralisation. The target is at ~420m depth.

The Company is seeking a joint venture partner to progress mineral exploration.

Peak-Denison Project, Gawler Craton SA (100% Falcon)

In Decemebr 2012, Falcon granted Monax Alliance Pty Ltd (Monax Alliance) an Option to Purchase Falcon's interest in the Peak-Denison Project. The Peak-Denison Project is located on the western margin of Lake Eyre in northern South Australia and consists of two granted tenements (EL4350 & EL4536) that are considered prospective for copper-gold mineralisation.

During the quarter, Monax Alliance completed land access negotiations and detailed gravity surveys over two targets. Subsequent geophysical modelling of the data did not identify a target suggestive of a large iron-oxide copper-gold body.

In June 2013 Monax Alliance withdrew from the Option to Purchase Agreement. Falcon plans to review the new data collected by Monax Alliance and then determine what approach to take with the property.

Cloncurry Project, Mt Isa Block QLD (100% Falcon, Minotaur earning an Interest)

In June 2013, Falcon farmed-out its Cloncurry Project to Minotaur Exploration Limited to explore for copper-gold mineralisation. The project consists of two tenements (EPM 18289 & EPMA 18313). Minotaur can earn a 51% interest by spending \$250,000 over 2 years or a 75% interest by spending a total of \$750,000 over a total period of 5 years. Minotaur plans to undertake gravity, EM and IP surveys over selected, variably magnetite-dominant targets along the margins of granitic intrusions (refer to Falcon ASX release dated 3 June 2013). Field work has commenced.

Aunta Project, Arunta Block NT (100% Falcon)

EL29728 was granted in June 2013 for a term of six years. It is 300km north of Alice Springs and covers an area of concealed Proterozoic basement belonging to the Arunta Complex. Nearby mineral prospects include Kroda, Tulsa, Home of Bullion and Strzeleckie. A digital database has been compiled and a proposal for first past field work is being prepared.

Windanning Hill JV, Yalgoo Greenstone Belt WA (Falcon diluting; ~20% retained interest)

The Windanning Hill Project is 75km southeast of Yalgoo. It consists of two Mining Leases (M59/379 and M59/380). Falcon has an Iron JV with Gindalbie Metals Ltd and a Gold JV with Minjar Gold Pty Ltd.

Iron JV operator and manager Gindalbie Metals Ltd reported that the rehabilitation of drill sites was completed for those holes drilled in the previous quarter. No field activities were reported by Minjar Gold the operator-manager of the Gold JV.

Deleta Joint Venture, Duke ton Greenstone Belt WA (20% Falcon)

Regis Resources Limited are the operator and manager of the JV which began in September 1998. Over the last 12 months a number of JV tenements has been surrendered. The JV now comprises of three mining titles. E38/1939 is immediately south of Falcon's Collurabbie Project whilst E38/2005 and M38/1091 are immediately north of Regis's Moolart Well gold mine. Regis have identified a number of geochemical and geophysical targets which they intend to aircore drill in the third quarter of 2013.

Corporate

The Board of Directors have deemed it appropriate and responsible to reduce corporate and exploration expenditure given the current market conditions.

From 1 July 2013, Managing Director Ronald Smit has agreed to a salary reduction of \$70,000 per annum to \$170,000 per annum which shall be made up of \$120,000 cash and \$50,000 as FPO shares in the Company. The other directors have also agreed to take Shares in the Company as part of their remuneration (~30% of their fees as FPO shares in lieu of a cash). The distribution of FPO shares is subject to shareholder approval and will be tabled at the AGM held in November 2013.

There were no changes to the capital structure of the Company and the cash reserves at the end of quarter were \$1.3M.

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 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(48) (88)	(296) (568)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	15	93
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		96
Net Operating Cash Flows	(121)	(675)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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		
1.13 Total operating and investing cash flows (carried forward)	(121)	(675)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(121)	(675)
	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	(121)	(675)
1.20	Cash at beginning of quarter/year to date	1,423	1,977
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,302	1,302

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	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	50
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	150

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	195	51
5.2 Deposits at call	1,107	1,372
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,302	1,423

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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

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:

(Company secretary)

Date: 17 July 2013

Print name: Dean 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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+ See chapter 19 for defined terms.