

FALCON
MINERALS LIMITED

Quarterly Report

For the three months ending 31 March 2014

ASX Release: 30 April 2014

Summary & Highlights for the Quarter

Corporate

- End of quarter cash position was \$1.11M with 169,046,317 fully paid shares on issue; and
- Subsequent to end of quarter, Falcon Director's increased their holdings in the Company.

Exploration

- The Company continued to review joint venture / acquisition opportunities as well as maintain its greenfields project generation strategy; and
- No field exploration was undertaken on any project; and
- The Company is seeking joint venture partners for the Saxby and Collurabbie Projects.

Falcon Minerals Limited

ASX Code: **FCN**
ACN: 009 256 535

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Capital Structure

169.0 million shares
4.0 million unlisted options (\$0.2/0.4)

Cash at Bank - \$1.11M

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



www.falconminerals.com.au

Mineral Exploration Activities

As for the previous quarter, the Company continued to review a number of mineral exploration properties as part of its ongoing commitment to find an asset that can add value to the company's portfolio. Of the several projects reviewed none has so far satisfied the company's present criteria given its financial capacity, their development potential and the expected level of market interest.

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. 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 a high volume of drilling. The project includes the Olympia nickel-copper discovery and several other nickel and gold prospects and targets.

No field activities were undertaken on this project. An exploration licence application was lodged (E38/2912) to cover anomalous gold geochemistry associated with a buried banded iron formation. The Company is planning some low-level field activities (surface geochemistry) for the next quarter.

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

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

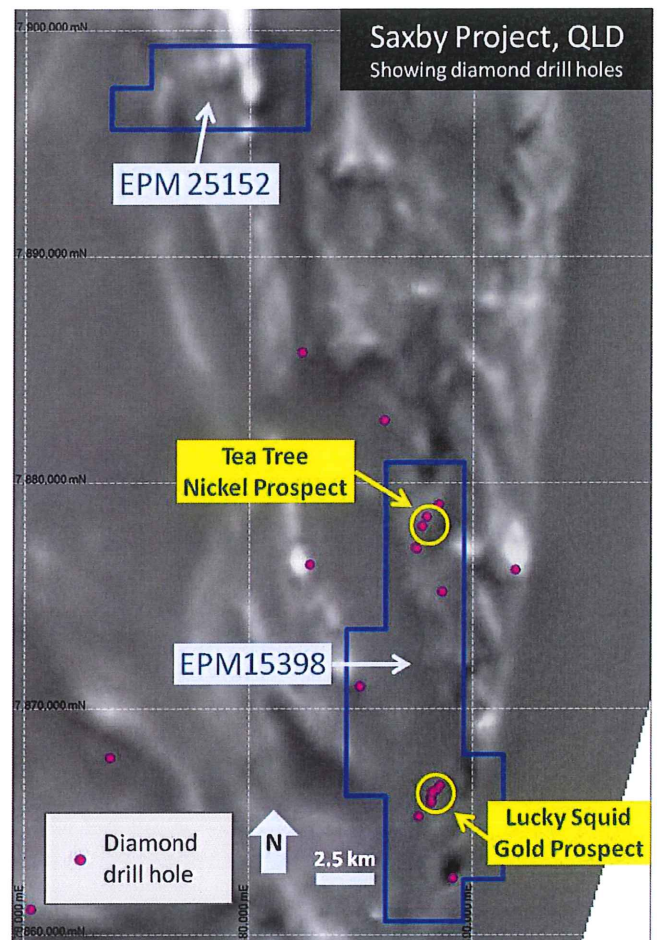
The Saxby Project consists of two exploration permits located 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland. EPM 15398 contains precious and base metal prospects (including the Lucky Squid Gold and Tea Tree Nickel prospects). These prospects are hosted by basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover. EPM 25152 covers the strongest magnetic feature in the district as this is considered to have potential for Ernest Henry style mineralisation.

During the quarter, administrative activities included,

- the reduction of EPM 15398 to an area of 29 sub-blocks;
- the lodgement of a 2 year renewal application for EPM 15398; and
- the lodgement of partial and annual reports for EPM 15398.

No field activities were undertaken on the project.

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



Cloncurry JV Project, Mt Isa Block QLD (100% Falcon, Minotaur earning 51%)

Minotaur Exploration can earn a 51% interest in EPM 18289 & EPM 18313 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. The Joint Venture commenced in June 2013. EPM 18289 is located 10km northeast of Cloncurry and 20km southwest of the Ernest Henry Cu-Au mine. EPM 18313 is located 85km south of Cloncurry.

During the quarter Minotaur Exploration lodged a 50% statutory reduction of EPM 18289 and commenced an assessment of the geophysical, geochemical and drilling data undertaken in the south-eastern part of EPM 18289.

Arunta 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.

No field activities were undertaken on this project during the quarter.

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.

No field activities were reported by the operators of the joint ventures.

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

Regis Resources Limited is the operator and manager of the JV which began in September 1998. The JV consists 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.

No field activities were reported by the operator of the joint venture.

Corporate

There were no changes to the capital structure of the Company and the cash reserves at the end of quarter were \$1.11 M.

Subsequent to the end of the quarter, Falcon Director's and other non-related parties agreed to purchase all 23,011,516 fully paid ordinary shares held by Xstrata Nickel Australasia Holdings Pty Ltd. The consideration payable to acquire the shares was \$230,000 (approximately \$0.01 / share). The Company Director's purchased approximately 12 million of the available shares and now hold a total of 23,918,390 shares (14.1% of the Issued Capital).

The mining tenements held at the end of the quarter and their location is listed in Table 1.

For further information on Falcon Minerals Limited please contact:



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or visit our website at: **www.falconminerals.com.au**

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed 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 2012 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.

The exploration results for all projects were previously prepared and disclosed under the JORC Code 2004 and have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified from the original market announcement. Refer to www.falconminerals.com.au for previous project announcements.

Table 1: Summary of mining tenements held at the end of quarter (31 March 2014) and their location

Interest in mining tenements acquired or increased	Tenement	Location	State	% at beginning of quarter	% at end of quarter	Operator
		E38/2912	Collurabbie	WA	0	100¹

The mining tenements held at the end of the quarter and their location	Tenement	Location	State	% at beginning of quarter	% at end of quarter	Operator
	E38/1986	Collurabbie	WA	100	100	Falcon
	E38/2009	Collurabbie	WA	100	100	Falcon
	M38/974	Collurabbie	WA	100	100	Falcon
	P38/3398	Collurabbie	WA	100	100	Falcon
	P38/3876	Collurabbie	WA	100	100	Falcon
	E38/2816	Collurabbie	WA	100¹	100¹	Falcon
	E38/2817	Collurabbie	WA	100¹	100¹	Falcon
	P38/4071	Collurabbie	WA	100¹	100¹	Falcon
	P38/4072	Collurabbie	WA	100¹	100¹	Falcon
	E38/2912	Collurabbie	WA	0	100¹	Falcon
	EPM 15398	Saxby	QLD	100	100	Falcon
	EPM 25152	Saxby	QLD	100	100	Falcon
	EL 29728	Arunta	NT	100	100	Falcon
	E38/2005	Duketon	WA	20	20	Regis Resources
	M38/1091	Duketon	WA	20	20	Regis Resources
	E38/1939	North Duketon	WA	20	20	Regis Resources
	M59/379	Windanning	WA	Iron JV: 18.7% diluting Gold JV: ~ 20% diluting	18.7 ~20	Gindalbie Minjar Gold
	M59/380	Windanning	WA	Iron JV:18.7% diluting Gold JV: ~ 20% diluting	18.7 ~20	Gindalbie Minjar Gold
	EPM 18289	Cloncurry	QLD	100%, Minotaur earning 51%	100	Minotaur
EPM 18313	Cloncurry	QLD	100% Minotaur earning 51%	100	Minotaur	

Note 1: % interest shown as 100¹ and in bold italics refer to pending mining tenement applications

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")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(32) (42)	(103) (224)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(64)	(296)
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	- - 69	- - 109
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	69	109
1.13 Total operating and investing cash flows (carried forward)	5	(187)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	5	(187)
	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	5	(187)
1.20	Cash at beginning of quarter/year to date	1,110	1,302
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,115	1,115

**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	55
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

1.23 Directors' salaries, fees and superannuation.

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	148	62
5.2 Deposits at call	967	1,048
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,115	1,110

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	169,046,317	169,046,317		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: 16 April 2014

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.