



FALCON
MINERALS LIMITED

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26 August 2015

Company Announcements Platform
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

NON-RENOUNCEABLE RIGHTS ISSUE – NOTICE PURSUANT TO PARAGRAPH 708AA (2) (F) OF THE CORPORATIONS ACT 2001 (ACT)

Falcon Minerals Limited (**Company**) announced on 26 August 2015 a pro-rata non-renounceable rights issue of fully paid ordinary shares in the capital of the Company (**New Shares**) on the basis of one (1) New Share for every three (3) existing shares (**Rights Issue**) held at the record date of 1 September 2015 (**Record Date**).

New Shares under the Rights Issue will be offered at 0.9 cents per Share. The maximum number of New Shares which may be issued under the Rights Issue is 64,801,088 to raise approximately \$583,209 (before expenses, based on the current capital structure of the Company).

An offer document will be mailed to eligible shareholders on 2 September 2015, together with personalised entitlement and acceptance forms. For informational purposes, a sample copy of this offer document has been attached to this notice.

The Rights Issue is fully underwritten by GTT Ventures Pty Ltd (an unrelated party), and the directors Richard Diermajer and Ron Smit (**Underwriters**). Full details of the underwriting arrangements and the potential impact on the Company are outlined in the attached Offer Document. Refer to Section 1.9 of the Offer Document for details regarding the terms of the underwriting agreement between the Company and the Underwriters (**Underwriting Agreement**).

NOTICE UNDER s708AA OF THE ACT

The Company hereby notifies ASX under paragraph 708AA (2) (f) of the Corporations Act 2001 (Cth) (**Act**) that:

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
- (c) as at the date of this notice the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;

- (d) as at the date of this notice the Company has complied with section 674 of the Act;
- (e) as at the date of this notice there is no information of the type referred to in sections 708AA(8) and 708AA(9) of the Act :
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to the Shares; and
- (f) the potential effect the Rights Issue will have on the control of the Company, and the consequences of that effect, is set out below:

It is not possible to exactly predict the effect of the Rights Issue on the control of the Company. There are various possible outcomes that may arise and these, in large part, will depend on the extent to which Eligible Shareholders take up their entitlements under the Rights Issue.

An outline of the most likely scenarios is as follows:

- (i) If all Eligible Shareholders take up their Entitlement for New Shares under the Rights Issue, the Rights Issue will have no effect on the control of the Company.
- (ii) In the more likely event that all Eligible Shareholders do not participate in the Rights Issue, any Eligible Shareholder that fails to take up their Entitlement for New Shares under the Rights Issue will have their percentage holding in the Company diluted by the issue of the remaining New Shares to the Underwriters.
- (iii) To the extent that any New Shares remains after allocation of under the Offer, that final shortfall of unallocated New Shares will then be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement (**Underwritten Shares**).
- (iv) The Underwriters will be required to take up those Underwritten Shares. The potential effect of control that may arise as a result of the Underwriting Agreement is as follows:

| | GTT | Richard Diermayer | Ron Smit | Total |
|--|------------|-------------------|------------|------------|
| Shares held prior to the Offer | 4,000,000 | 10,361,413 | 9,407,526 | 23,768,939 |
| % holding prior to the Offer | 2.05% | 5.33% | 4.84% | 12.22% |
| % holding following the Offer assuming no Shortfall Shares issued to the Underwriters | 2.05% | 5.33% | 4.84% | 12.22% |
| % holding following the Offer assuming 75% of New Shares subscribed under the Offer or Excess Entitlement Facility | 5.80% | 6.58% | 6.09% | 18.47% |
| % holding following the Offer assuming 50% of New Shares subscribed under the Offer or Excess Entitlement Facility | 9.55% | 7.83% | 7.34% | 24.72% |
| % holding following the Offer assuming 25% of New Shares subscribed under the Offer or Excess Entitlement Facility | 13.30% | 9.08% | 8.59% | 30.97% |
| Maximum number of new Shares which may be issued pursuant to the Underwriting Agreement | 38,880,653 | 12,960,218 | 12,960,218 | 68,801,088 |
| Maximum % holding following the Offer assuming all New Shares are issued to the Underwriters | 17.05% | 10.33% | 9.84% | 37.22% |

Ron Smit
Managing Director

 26/09/2015