

FALCON MINERALS LIMITED
ACN 009 256 535

HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

**FALCON MINERALS LIMITED
ACN 009 256 535**

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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FALCON MINERALS LIMITED
ACN 009 256 535

COMPANY DIRECTORY

DIRECTORS

Mr Richard Diermajer	(Chairman)
Mr Ronald Smit	(Managing Director)
Mr Raymond Muskett	(Non-Executive Director)

COMPANY SECRETARY

Mr Dean Calder

REGISTERED OFFICE

Level 2
34 Colin Street
WEST PERTH WA 6005

Telephone: +61 8 9382 1596
Facsimile: +61 8 9382 4637

SHARE REGISTRY

Advanced Share Registry
150 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9389 8033

AUDITORS

Stantons International
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company's shares and options are listed and quoted on the Australian Securities Exchange Limited.
Home Exchange: Perth, Western Australia

Australian Securities Exchange Limited Code: FCN

FALCON MINERALS LIMITED
ACN 009 256 535

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Your directors submit the financial report of the Company for the half year ended 31 December 2015.

DIRECTORS

The names of the directors of the Company in office during the half year and to the date of this report are:-

Mr Richard Diermajer
Mr Raymond Muskett
Mr Ronald Smit

RESULT

The loss after tax for the half year ended 31 December 2015 was \$283,181 and for the half year ended 31 December 2014 was \$192,868.

REVIEW OF OPERATIONS

During the half year and to the date of this report the Company:

Capital Raising

In August, the Company completed a placement of 25,356,947 shares at 0.9 cents per share to exempt investors (under section 708 of the Corporations Act (2001)) under the Company's existing 15% allowance in accordance with Listing Rule 7.1. The placement raised \$228,212 (before costs).

In September, the Company completed a pro-rata non-renounceable rights issue on the basis of one (1) new share for every three (3) existing shares held, and at a price of 0.9 cents per share ("Rights Issue"). 64,801,088 shares were issued and raised \$583,209 (before costs).

Executed a binding term sheet to acquire Albion 3D Investments Pty Ltd (Albion 3D):

The Company has signed a Binding Term Sheet with Albion 3D for the acquisition of 100% of the issued capital of Albion 3D. Albion 3D has been funding and holds the rights to acquire 51% of Robo3D, Inc, a fast growing USA-based company that designs and markets a range of consumer focused 3D printers.

As the transaction will constitute a significant change in nature and scale of Falcon's activities, the Company is required to re-comply with the listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules. This re-compliance will be accompanied by a capital raising (in 2016) to provide additional working capital for the new business.

Mineral Assets

- Undertook measures to reduce its cash outflow by minimizing field exploration;
- Reduced and consolidated its tenement portfolio at the Collurabbie Project down to those areas considered the most prospective;
- Monitored joint venture (JV) activities undertaken by the operators of the Deleta JV and Windanning Hill JV;
- The Company has sold the Saxby Project to Strategic Energy Resources Limited (**Strategic**) for 3,000,000 fully paid ordinary Strategic shares and retains a 1.5% net smelter return royalty in the event Strategic commences mining at the Saxby Project. The sale was conditional upon Falcon obtaining approval in writing from Queensland Department of Natural Resources and Mines (DNRM) for the renewal of EPM 15398 for a further 2 years. Subsequent to the end of the half year, the DNRM approved the renewal of EPM 15398 and the sale is now unconditional.

**FALCON MINERALS LIMITED
ACN 009 256 535**

**DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

REVIEW OF OPERATIONS (continued)

Mineral Assets


It is recommended that this interim report be read in conjunction with the 30 June 2015 Annual Report and any public announcements made by the Company during the interim period for the half year ended 31 December 2015.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding exploration and other activities of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2015.

This report is signed in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to read 'Ronald Smit', with a horizontal line extending from the end of the signature.

**Ronald Smit
Managing Director**

Dated this 19th day of February 2016

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

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19 February 2016

The Directors
Falcon Minerals Limited
Suite 1
245 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

RE: FALCON MINERALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Falcon Minerals Limited.

As Audit Director for the review of the financial statements of Falcon Minerals Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Sam Tirodkar
Director

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		31 December 2015	31 December 2014
	Note	\$	\$
Revenue	2	12,159	16,908
<hr/>			
Operating Expenses			
Occupancy expenses		(9,075)	(11,100)
Administrative expenses		(235,473)	(103,472)
Depreciation	2	(4,112)	(1,338)
Exploration expenditure written off	2	(46,680)	(93,866)
		<hr/>	<hr/>
		(295,340)	(209,776)
<hr/>			
Loss before income tax		(283,181)	(192,868)
Income tax		-	-
<hr/>			
Loss after tax		(283,181)	(192,868)
<hr/>			
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<hr/>			
Total comprehensive loss		<hr/>	<hr/>
		(283,181)	(192,868)
<hr/>			
Loss attributable to members of Falcon Minerals Limited		<hr/>	<hr/>
		(283,181)	(192,868)
<hr/>			
Total comprehensive loss attributable to members of Falcon Minerals Limited		<hr/>	<hr/>
		(283,181)	(192,868)
<hr/>			
Basic loss per share (cents per share)	4	(0.13)	(0.11)
Diluted loss per share (cents per share)	4	(0.13)	(0.11)
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The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	31 December 2015	30 June 2015
	Note	
	\$	\$
Current Assets		
Cash and cash equivalents	689,206	712,951
Trade and other receivables	47,522	6,733
Other assets – prepayments	6,564	11,578
	<hr/>	<hr/>
Total Current Assets	743,292	731,262
	<hr/>	<hr/>
Non-Current Assets		
Plant & equipment	6,134	9,136
Advanced deposit	7 250,000	-
Unsecured loan	7 250,000	-
Other financial assets	2,500	7,500
	<hr/>	<hr/>
Total Non-Current Assets	508,634	16,636
	<hr/>	<hr/>
Total Assets	1,251,926	747,898
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	57,534	15,128
Provisions	18,461	7,692
	<hr/>	<hr/>
Total Current Liabilities	75,995	22,820
	<hr/>	<hr/>
Total Liabilities	75,995	22,820
	<hr/>	<hr/>
Net Assets	1,175,931	725,078
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Issued capital	21,201,646	20,467,612
Reserves	237,090	237,090
Accumulated losses	(20,262,805)	(19,979,624)
	<hr/>	<hr/>
Total Equity	1,175,931	725,078
	<hr/> <hr/>	<hr/> <hr/>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Share Capital \$	Option Reserve \$	General Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.14	20,467,612	237,090	-	(19,673,047)	1,031,655
Total comprehensive income for the period					
Loss for the half year	-	-	-	(192,868)	(192,868)
Total comprehensive loss for the period	-	-	-	(192,868)	(192,868)
Balance at 31.12.14	20,467,612	237,090	-	(19,865,915)	838,787
	Share Capital \$	Option Reserve \$	General Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.15	20,467,612	237,090	-	(19,979,624)	725,078
Total comprehensive income for the period					
Loss for the half year ended 31 December 2015	-	-	-	(283,181)	(283,181)
Total comprehensive loss for the period	-	-	-	(283,181)	(283,181)
Transactions with owners recorded directly into equity Issue of ordinary shares net of capital raising costs	734,034	-	-	-	734,034
Balance at 31.12.15	21,201,646	237,090	-	(20,262,805)	1,175,931

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(230,511)	(126,216)
Interest received	15,522	16,104
Exploration, evaluation and project generation	(46,680)	(88,742)
Net cash used in operating activities	<u>(261,669)</u>	<u>(198,854)</u>
Cash flows from investing activities		
Payments for plant and equipment	(1,110)	-
Advanced deposit paid for an investment in subsidiary	(250,000)	-
Loan granted	(250,000)	-
Bond refund	5,000	-
Net cash flows provided by investing activities	<u>(496,110)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares net of capital raising costs	734,034	-
Net cash flows provided by financing activities	<u>734,034</u>	<u>-</u>
Net decrease in cash and cash equivalents held	(23,745)	(198,854)
Cash and cash equivalents at the beginning of the period	712,951	1,040,879
Cash and cash equivalents at the end of the period	<u>689,206</u>	<u>842,025</u>

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 Interim Financial Reporting, applicable accounting standards and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Falcon Minerals Limited during the half year ended in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2015.

In the half year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2015.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company's accounting policies.

The financial report for the half year ended 31 December 2015 has been prepared on an accruals basis and is based on historical costs modified if applicable, by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015	31 December 2014
	\$	\$
2. OPERATING LOSS		
Operating loss before income tax has been determined after:		
(a) Revenue:		
Interest received	12,159	16,908
Other income	-	-
(b) Expense:		
Depreciation	4,112	1,338
Exploration expenditure written off	46,680	93,866

3. ISSUED CAPITAL

	Half Year 31 December 2015	Half Year 31 December 2014
169,046,317 fully paid ordinary shares	20,467,612	20,467,612
25,356,947 fully paid ordinary shares	228,212	-
64,801,088 fully paid ordinary shares	583,209	-
Transaction costs relating to share issues	(77,387)	-
	21,201,646	20,467,612

4. EARNINGS PER SHARE

	Half Year 31 December 2015	Half Year 31 December 2014
	Cents	Cents
Basic (loss) per share	(0.13)	(0.11)
Diluted (loss) per share	(0.13)	(0.11)

Weighted average number of ordinary shares used in calculation of basic loss per share is 223,006,391 (31 December 2014: 169,046,317). Basic and diluted earnings per share are the same as there are no options outstanding at 31 December 2015.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

5. SEGMENT REPORTING

The Company operates in the mineral industry in Australia.

6. SALE OF SAXBY PROJECT

The Company has conditionally sold the Saxby Project to Strategic Energy Resources Limited (Strategic) for 3,000,000 fully paid ordinary Strategic shares and retains a 1.5% net smelter return royalty in the event Strategic commences mining at the Saxby Project. The sale is conditional upon Falcon obtaining approval in writing from Queensland Department of Natural Resources and Mines for the renewal of EPM 15398 for a further 2 years. EPM 15398 is scheduled to expire on 9 April 2016. The sale of the Saxby Project will be accounted for on completion of the transaction in 2016.

7. ACQUISITION OF ALBION 3D INVESTMENTS PTY LTD (ALBION 3D)

The Company has signed a Binding Term Sheet with Albion 3D Investments Pty Ltd for the acquisition of 100% of the issued capital of Albion 3D. Albion 3D has been funding and holds the rights to acquire 51% of Robo3D, Inc, a fast growing USA-based company that designs and markets a range of consumer focused 3D printers. As the transaction will constitute a significant change in nature and scale of Falcon's activities, the Company is required to re-comply with the listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules. This re-compliance will be accompanied by a capital raising to provide additional working capital for the new business.

The Company paid a non-refundable deposit of \$250,000 (Deposit) upon signing of the Binding Term Sheet. In addition, the Company advanced to Albion 3D by way of a loan (Loan) a further \$250,000. The funds advanced pursuant to the Loan will be on an interest free basis.

As part of the consideration to acquire Albion 3D the Company will issue 541,000,000 fully paid ordinary to the vendors of Albion 3D.

8. EVENTS SUBSEQUENT TO REPORTING DATE

Other than progressing the proposed acquisition of Albion 3D investments Pty Ltd no other matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

FALCON MINERALS LIMITED
ACN 009 256 535

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 13, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 – Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended 31 December 2015 on that date.
2. In the directors' opinion there are reasonable grounds to believe that Falcon Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 19th day of February 2016



Ronald Smit
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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West Perth WA 6872
Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FALCON MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Falcon Minerals Limited, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, and the condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Falcon Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Falcon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Falcon Minerals Limited on 19 February 2016.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Falcon Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Sam Tirodkar
Director



West Perth, Western Australia
19 February 2016