



FALCON
MINERALS LIMITED

Quarterly Report

For the three months ending 30 June 2016

ASX Release: 29 July 2016

Summary & Highlights for the Quarter

ACQUISITION OF ALBION 3D

- The Company continues to work closely with Albion 3D to ensure the successful acquisition of an interest in Robo 3D; a fast growing USA-based company that designs and markets a range of consumer-focused products in the emerging 3D printing industry.
- The Company has held discussions with the ASX regarding its proposed transaction and is working through some points to move the transaction to completion. Falcon has lodged a submission with the ASX and expects to provide some news on the transaction in early August 2016.

ROBO 3D

- Robo 3D has experienced strong growth across its business, generating estimated sales of c. US\$4.6 million in the 12 months to June 2016, compared to c. US\$2.4 million over the corresponding prior year period (unaudited).

SUSPENSION OF SECURITIES

- The Company's securities will remain suspended until the Company completes the Albion 3D transaction.

MINERAL ASSETS

- The Board intends to seek opportunities to divest the Company's existing mineral exploration assets.
- The sale of the Saxby Project was completed during the quarter.
- The Company agreed to sell the Windanning Hill project to its joint venture partner for a cash consideration of \$112,500. The transaction is expected to complete this quarter.
- Preliminary discussions have been held regarding the divestment of the Collurabbie Ni-Cu-PGE Project.

Falcon Minerals Limited

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Capital Structure

259.2 million shares

Cash at Bank - \$0.31M

Board Members

Richard Diermajer – NE Chairman

Ron Smit - Managing Director

Ray Muskett – NE Director

Key Projects

Pending acquisition of Albion 3D (51% interest in Robo 3D)

Develops, designs, manufactures and sells 3D printers

Collurabbie Ni-Cu-PGE (100%)

Massive Ni-Cu-PGE sulphides at the Olympia Prospect. Significant potential remains for additional discoveries.

www.falconminerals.com.au

Corporate

Acquisition of Albion 3D Investments Pty Ltd

As announced on 3 December 2015, Falcon has agreed to acquire 51% of the share capital of Robo 3D, Inc (**Robo 3D**) via the acquisition of 100% of the share capital of Albion 3D Investments Pty Ltd (**Albion 3D**), subject to shareholder approval. Robo 3D is a fast growing USA-based company (founded in 2012) that designs and markets a range of consumer focused products in the emerging 3D printing industry. The key terms of the agreement are outlined in the ASX release dated 3 December 2015 (Falcon to acquire Robo 3D) and as revised in the ASX release dated 18 May 2016 (Update on Acquisition of Albion 3D).

Suspension of Falcon Securities

On 2 May 2016, Falcon went into a trading halt and subsequently a voluntary suspension whilst it executed a replacement term sheet for the acquisition of Albion 3D.

On 12 May 2016, the ASX released a Consultation Paper detailing a number of proposed changes to its admission and quotation requirements. In addition, ASX made amendments to Guidance Note 12: Significant Changes to Activities to address some emerging issues in relation to back door listings. The ASX (among other things) amended the Suspension from Quotation policy, with immediate effect, so that entities securities would be suspended from the time of the announcement of the proposed transaction and would remain suspended until the entity has re-complied with the ASX's admission and quotation requirements.

On 18 May 2016, Falcon released to the market information pertaining to changes to the original term sheet to acquire 51% of Robo 3D. The ASX under its new policy enforced the continuation of the suspension of Falcon securities. The Company's securities will remain suspended until it completes the Albion 3D transaction.

Submission to the ASX

The Company has held discussions with the ASX regarding its proposed transaction and is working through some points to move the transaction to completion. Falcon has lodged a submission with the ASX and understands that the Listing Committee will review the matter in the first week of August 2016. The Company will provide some news on the transaction in early August 2016.

Robo 3D Growth

Robo 3D has experienced strong growth across its business, generating estimated sales of c. US\$4.6 million in the 12 months to June 2016, compared to c. US\$2.4 million over the corresponding prior year period (unaudited).

Sales of US\$2.1 million for the six months ended 30 June 2016 (unaudited), c. 80% higher than corresponding period last year.

Cash Balance & Investments

At the end of the quarter the Company had a cash balance of \$0.31M. Shares held by the Company in other entities are listed in Table 1.

Table 1: Share investments held by Falcon Minerals Limited

Investments	Number of shares held
Kingston Resources Limited (KSN)	91,895
Strategic Energy Resources Limited (SER)	3,000,000

Mineral Exploration Activities

The Board intends to seek opportunities to divest the Company's existing exploration assets.

The Company currently manages and operates one exploration project, namely the Collurabbie Project. It has an interest in three other projects which are subject to sale or joint venture (Saxby, Windanning Hill & Deleta) and are managed by other parties.

- The **Collurabbie Project** is the Company's most advanced project and contains significant but to date sub-economic nickel mineralisation (Olympia Prospect). The project is 200 km north of Laverton in the Duketon Greenstone Belt of Western Australia. The Company and 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 Company has a 100% interest in this project with BHPB retaining an option over the off-take rights to any ore or concentrate produced.

During the quarter, the Company surrendered a number of mineral leases deemed non-strategic. It has retained two exploration licences that cover the most prospective ground and includes the Olympia Prospect. The Company has commenced preliminary discussions regarding the sale of the project and expects to make a decision on the divestment in the next month or so. Any sale will be subject to the completion of the acquisition of Albion 3D.

- Subsequent to the end of the quarter, the sale of the **Saxby Project** (EPM 15398) to Strategic Energy Resources Limited (Strategic) was completed. The transfer of tenure was approved on 5 July 2016 by QLD DNRM. The Company has been issued 3,000,000 fully paid ordinary shares in Strategic and Falcon retains a 1.5% net smelter return royalty in the event that Strategic commences mining at the Saxby Project. The Saxby Project is 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland and contains the Lucky Squid gold prospect.
- The Company has agreed to sell its interest in the **Windanning Hill Project** to its joint venture partner Minjar Gold Pty Ltd (Minjar Gold) for \$112,500. The project is located 75km southeast of Yalgoo and consists of two Mining Leases (M59/379 and M59/380) and includes the Keronima gold deposit. Transfer of title and payment is expected this quarter. Falcon will retain no interest in the project.
- Regis Resources Limited is the operator and manager of the **Deleta Joint Venture** which began in September 1998. The project is located within the northern parts of the Duketon greenstone belt (and immediately south of the Company's Collurabbie Project) and is considered prospective for gold and nickel. The Company retains a 20% free carried interest to completion of a feasibility study.

There were no major field activities completed on the Company's project during the quarter.

General

During the quarter \$11,000 was spent on exploration activities. The mining tenements held at the end of the quarter and their location is listed in Table 2.

For further information on Falcon Minerals Limited and/or Albion 3D Investments Pty Ltd please contact:

Falcon Minerals

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Albion 3D

Ryan Legudi

Director

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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 2: Summary of mining tenements held at the end of quarter (30 June 2016) and their location

Interest in mining tenements acquired, increased or decreased	Tenement	Location	State	% at beginning of quarter	% at end of quarter	Status / Operator
	E38/1986	Collurabbie	WA	100	0	Falcon
	M38/974	Collurabbie	WA	100	0	Falcon
	P38/3398	Collurabbie	WA	100	0	Falcon
	E38/2816	Collurabbie	WA	100	0	Falcon
	E38/2817	Collurabbie	WA	100	0	Falcon
	P38/4071	Collurabbie	WA	100	0	Falcon
	P38/4072	Collurabbie	WA	100	0	Falcon

The mining tenements held at the end of the quarter and their location	E38/2009	Collurabbie	WA	100	100	Falcon
	E38/2912	Collurabbie	WA	100	100	Falcon
	EPM 15398	Saxby ¹	QLD	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 ²	WA	Gold JV: ~ 19% diluting	~19	Minjar Gold
	M59/380	Windanning ²	WA	Gold JV: ~ 19% diluting	~19	Minjar Gold

Note 1: Subsequent to end of quarter, transfer of title completed to Strategic.

Note 2: Project sold, transfer of title to Minjar Gold expected to complete this quarter.

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 2016

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	(11)	(116)
(b) development	-	-
(c) production	-	-
(d) administration	(202)	(537)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	15
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	(211)	(638)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(250)
(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	-	(273)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(523)
1.13 Total operating and investing cash flows (carried forward)	(211)	(1,161)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(211)	(1,161)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	759
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	-	759
	Net increase (decrease) in cash held	(211)	(402)
1.20	Cash at beginning of quarter/year to date	522	713
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	311	311

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	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

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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

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+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total outflows	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	279	486
5.2 Deposits at call	32	36
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	311	522

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	E38/1986	Surrendered	100	0
	M38/974	Surrendered	100	0
	P38/3398	Surrendered	100	0
	E38/2816-2817	Surrendered	100	0
	P38/4071-4072	Surrendered	100	0
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	259,204,352	259,204,352	Fully Paid	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>			Exercise price	Expiry date
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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: 29/07/2016

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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