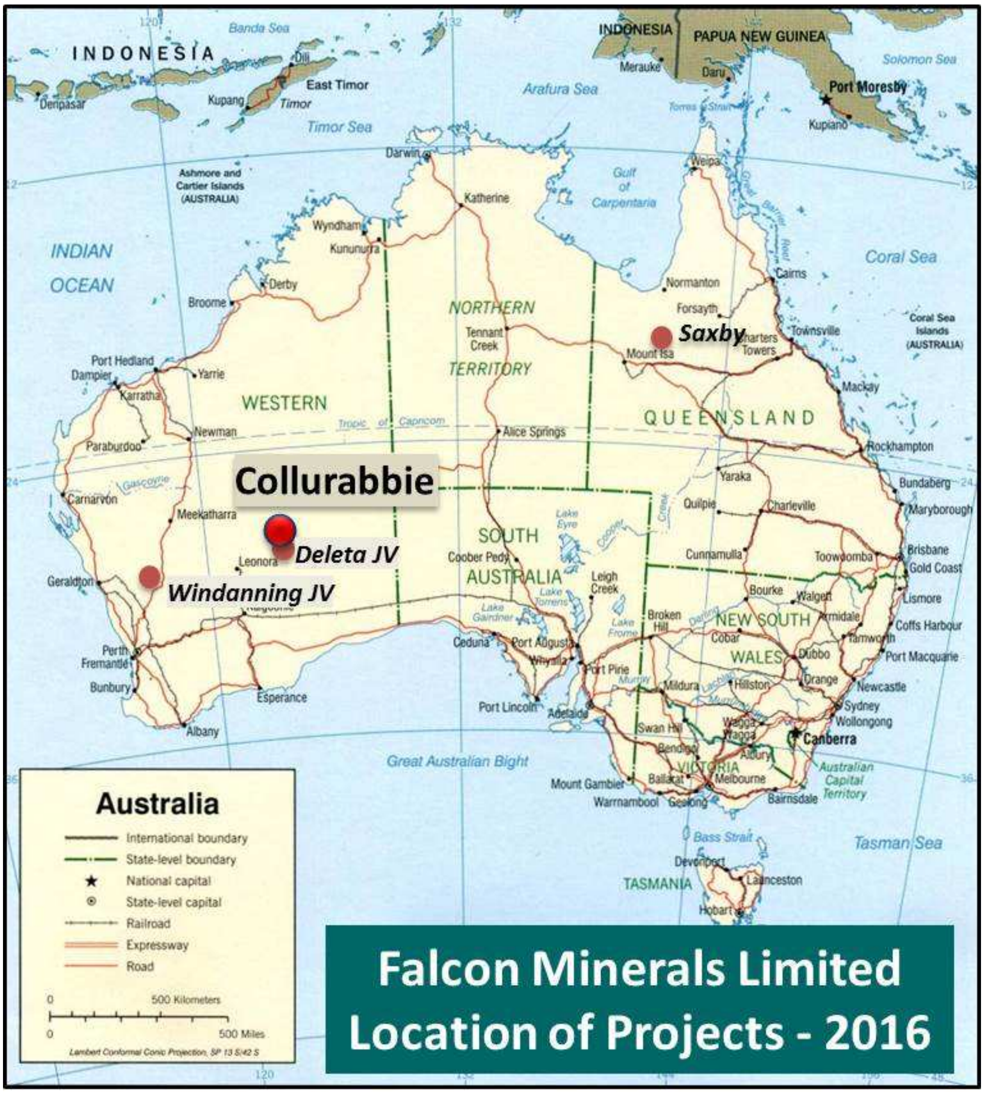
FALCON MINERALS LTD

A.C.N. 009 256 535

ANNUAL REPORT 2016

Location of Projects



CORPORATE DIRECTORY

DIRECTORS	Richard Diermajer Ray Muskett Ronald Smit
SECRETARY	Dean Calder
REGISTERED OFFICE	Level 2 34 Colin Street WEST PERTH WA 6005
	Telephone: (08) 9382 1596 Facsimile: (08) 9382 4637 Email: fcn@falconminerals.com.au Website: www.falconminerals.com.au
	Postal Address: PO Box 8319, Subiaco East Western Australia 6008
ACN	009 256 535
AUDITORS	Stantons International Level 2 1 Walker Avenue, West Perth Western Australia
BANKERS	BankWest 1215 Hay Street, West Perth Western Australia
STOCK EXCHANGE	The Company's shares are quoted on the official list of the Australian Securities Exchange Ltd (code FCN)
SHARE REGISTRY	Advanced Share Registry 150 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033

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DIRECTORS' REPORT

The directors present their report with the financial report of Falcon Minerals Limited ("Falcon" or "the Company") for the year ended 30 June 2016 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the year are:

Richard Edward Diermajer (Chairman) – Director since 3rd July 1987

Mr Diermajer, holds a degree in Legal Studies and has a background in mining law and administration from 12 years experience with the Department of Industry and Resources in Western Australia. In 1981 he established Sentinel Exploration Services providing consultancy services to the mining sector in mining property management and administration, project generation and acquisition, native title negotiations and mineral exploration. Mr Diermajer has over 40 years' experience in the mineral exploration and mining industry and was previously a Director of Eagle Bay Resources NL and Geographe Resources Ltd which in the 1990's held an interest in the Chalice gold mine in Western Australia.

Within the last three years, Mr Diermajer has not been a director of any other publicly listed Company.

Ray Muskett (Non-Executive Director) – Appointed 24th November 2004

Ray Muskett is an experienced geologist in both mining, exploration and is a WA School of Mines graduate. He is a member of the Australasian Institute of Mining and Metallurgy (AustIMM).

He has worked for a variety of companies and held senior positions in management and directorships on boards of listed and unlisted exploration companies. Other companies worked for include Western Mining Corporation, Hamersley Exploration, CRA, Nevoria Gold Mines, Brimstone Resources. He also operates as a consultant to exploration companies. He has been responsible for the acquisition of and advancement of exploration ground packages that have led to significant discoveries (including the high grade Chalice Gold Mine) and played key roles in raising capital. In recent times he raised capital for and successfully sold unlisted Brimstone Resources Ltd. He does exploration and evaluations of projects in Australia, Brazil and South East Asia. Experience and interests cover gold, iron ore, manganese, tin, nickel, copper and diamonds.

Within the last three years, Mr Muskett has not been a director of any other publicly listed Company.

Ronald Smit (Managing Director) – Appointed 19th July 2011

Mr Ronald Smit, holds a BSc(Hons) Geology and a member of the Australasian Institute of Mining and Metallurgy (AustIMM), with over 30 years' experience in the mineral exploration and mining industry. He worked for BHP Minerals International (now BHP Billion plc) for much of this period and held many senior technical and management positions. He has conducted exploration for base metals, precious metals and diamonds throughout Australia, North America and Papua New Guinea. He has extensive experience in Archaean and Proterozoic mineral systems and has been involved in the discovery of gold deposits in the Eastern Goldfields of Western Australia, manganese in the Northern Territory, copper in Queensland and magnetite in Western Australia. Over the last ten years he has been involved in the junior mining sector with the successful ASX listings of Marengo Mining Limited and Buxton Resources Limited. The core responsibility with these groups was strategic planning and technical management of all exploration activities.

Within the last three years, Mr Smit has not been a director of any other publicly listed Company.

DIRECTORS' INTERESTS

As at the date of this report the directors hold the following beneficial interests in the capital of the Company:

	Shares		Options	
	In own name	**In other names**	**In own name**	**In other names**
R Diermajer	–	17,738,716	–	–
R Muskett	5,525,934	5,000	–	–
R Smit	9,290,035	7,176,832	–	–

DIRECTORS' REPORT (Continued)

COMPANY SECRETARY

Dean Calder (Company Secretary) – Appointed 20th November 2007

Dean Calder is a qualified Chartered Accountant who has over 25 years' experience. Mr Calder completed a Bachelor of Business degree in 1988 with a double major in Accounting and Business Law. He qualified as a Chartered Accountant in 1992 and after spending 8 years working for international accounting firms, he commenced public practice as a partner in a West Perth accounting firm in 1997. Mr Calder is also a Chartered Secretary and has sat on various ASX listed Company boards in recent years.

DIVIDENDS

No dividends have been paid or will be recommended to be paid for the current year.

PRINCIPAL ACTIVITY

The principal activity of the Company is mineral exploration for gold and base metals.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the year under review not disclosed in this report or in the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the year, the Sale and Purchase of the Saxby Project entered into in December 2015 was completed. The transfer of tenure to Strategic Energy Resources was approved and registered by the Queensland Department of Natural Resources and Mines and the 3,000,000 consideration shares were allocated to Falcon.

RESULTS

The Company incurred an after tax operating loss of $484,778 (2015: Loss $306,577).

Further information on the likely developments and expected results of operations of the Company has not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

REVIEW OF OPERATIONS

As noted last year, the Board decided to broaden its scope of enquiry to include non-resource related projects and investment opportunities. To assist in its search for a suitable entity, the Company established a mandate with GTT Ventures, a specialist corporate advisory and venture capital firm, to identify new business opportunities for the Company's consideration. As part of the process, a capital raising was completed in August-September 2015 to ensure the Company was appropriately financed to pursue such opportunities as well as provide working capital to maintain its current mineral interests.

90,158,035 fully paid ordinary shares were issued via a Placement and Rights Issue and raised $811,421 (before costs). The Company has at the date of this report 259,204,352 fully paid ordinary shares on issue. There are no Listed Options or Unlisted Options on issue.

Proposed acquisition of Albion 3D Investments Pty Ltd

In December 2015, Falcon announced that it had 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).

As the Transaction will constitute a significant change in the 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 (including preparing a full form prospectus). This re-compliance will be accompanied by a capital raising to provide additional working capital for the new business.

The proposed transaction has not progressed as quickly as first hoped due initially in delays in commencing the audit of Robo 3D and more recently delays attached to changes to the ASX listing rules and the need for the Company to seek clarification from the ASX to a number of elements of the proposed transaction. The timetable for completion of the transaction is later this calendar year.

DIRECTORS' REPORT (Continued)

Robo 3D is rated amongst the top-selling desktop 3D printers on amazon.com, the leading online 3D printer retailer. It plans to launch two new printer models in late 2016. 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.

Suspension of Falcon securities

The Company's securities went into suspension in May 2016 following the release of a replacement term sheet for the acquisition of Albion 3D that coincided with the ASX making amendments to its Suspension from Quotation policy, with immediate effect. As a consequence, the Company's securities were suspended by the ASX from the time of the announcement of the replacement term sheet and will remain suspended until the Company has re-complied with the ASX's admission and quotation requirements.

The Company's Mineral Assets

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.

Collurabbie Project (Ni-Cu), Duketon Belt, Yilgarn Block WA (100% Falcon)

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.

The Company has previously outlined an Exploration Target for the Olympia Prospect based on a high volume of drilling. The Exploration target is:

- Massive Zone: 150,000 – 200,000 tonnes at 1.5 – 2.0% Ni, 1.1 - 2.0% Cu, 2 - 3g/t PGE; and
- Disseminated Zone: 600,000-700,000 tonnes at 0.45 - 0.55% Ni, 0.3 -0.4% Cu, 0.4- 0.6g/t PGE.

Cautionary Note: The term Exploration Target should not be misconstrued as an estimate of Mineral Resources and Reserves and the term has not been used in that context. The term is conceptual in nature and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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

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

Regis Resources Limited is the operator and manager of the Deleta Joint Venture (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. Falcon retains a 20% free carried interest to completion of feasibility study. The project is located within the northern parts of the Duketon greenstone belt and is considered prospective for gold and nickel.

During the year,

- 37 aircore holes were drilled totalling 2,698m on E38/1939 to test the Hermans, Old Camp Granite, WUZ and Evans Junction gold prospects. Anomalous gold was returned from each prospect and these are summarised in Table 1.

- 24 aircore holes were drilled totalling 1453m to test regional gold targets on E38/2005 and M38/1091. No anomalous gold results > 0.5g/t were reported from 4m composite samples.

DIRECTORS' REPORT (Continued)

Table 1: E38/1939 - Summary of aircore drilling results (intersections > 1.0ppmAu and >1g/t Au*m)

Hole ID	Prospect	East	North	Elevation (m)	Total Depth (m)	From (m)	To (m)	Interval (m)	Au (ppm)
RRLCRAC2119	Hermans	422607	7012398	500	88	84	88	4	1.11
RRLCRAC2120	Hermans	422477	7012404	500	86	64	68	4	1.61
RRLCRAC2122	Hermans	422480	7012873	500	87	52	60	8	1.43
RRLCRAC2122	Hermans	422480	7012873	500	87	84	86	2	1.38
RRLCRAC2123	Hermans	422355	7012873	500	79	60	64	4	1.35
RRLCRAC2127	Old Camp Granite	421569	7006720	540	82	32	36	4	1.88
RRLCRAC2130	Old Camp Granite	421320	7006603	540	80	32	36	4	2.07
RRLCRAC2143	WUZ	421587	7008622	545	52	48	52	4	1.44
RRLCRAC2145	WUZ	421563	7008618	539	69	64	69	5	2.76
RRLCRAC2151	Evans Junction	429611	7018338	520	76	24	28	4	1.02

Saxby Project (Cu-Au-U), Cloncurry District, Mt Isa Block QLD (Sold)

In December 2015, the Company announced that it had conditionally sold the **Saxby Project** (EPM 15398) to Strategic Energy Resources Limited (Strategic) for 3,000,000 fully paid ordinary Strategic shares and a retained 1.5% net smelter return royalty in the event that Strategic commences mining at the Saxby Project. The project is 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland and contains the Lucky Squid gold prospect. The prospect is hosted by basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover.

Subsequent to the end of the year, the transfer of tenure to Strategic was approved and as a consequence the sale of the Saxby Project was completed.

Windanning Hill JV, Yalgoo Greenstone Belt WA (Sold)

In May 2016, the Company 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. Falcon has not contributed to mineral exploration on this project for several years and held a diluting interest which was approximately 19% at the time of the sale agreement. Transfer of title to Minjar Gold and payment to Falcon is expected in the second half of the 2016 calendar year. Falcon will retain no interest in the project.

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 the Collurabbie, Saxby and Windanning Hill 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.

DIRECTORS' REPORT (Continued)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2016.

There were a total of 6 directors meetings held during the year.

Director	Number Eligible to Attend	Number Attended
Richard Diermajer	7	7
Ronald Smit	7	7
Ray Muskett	7	7

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2016. There was one Audit Committee meeting held during the year.

Director	Number Eligible to Attend	Number Attended
Richard Diermajer	0	0
Ray Muskett	0	0

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2016. There was one Remuneration Committee meeting held during the year.

Director	Number Eligible to Attend	Number Attended
Richard Diermajer	0	0
Ray Muskett	0	0

ENVIRONMENTAL ISSUES

The Company's policy is to comply with all relevant legislation and best practice conventions in respect of its exploration and mining activities on the tenements it holds.

DIRECTORS' REPORT (Continued)

DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no director of the Company has received, or become entitled to receive, (other than a remuneration benefit included in the remuneration report), a benefit because of a contract that:

(a) the director; or

(b) a firm of which the director is a member; or

(c) an entity in which the director has a substantial financial interest has made (during the year ended 30 June 2016, or at any other time) with the Company; or

(d) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit (if any);

other than the provision of management and consultancy services through directors' private companies as disclosed in the remuneration report.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Falcon Minerals Limited.

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Richard Diermajer	Non Executive Director
Mr Ray Muskett	Non Executive Director
Mr Ron Smit	Managing Director
Mr Dean Calder	Company Secretary

DIRECTORS' REMUNERATION POLICY

The Remuneration Committee's policy of determining the nature and amount of compensation of key management is as follows:-

The compensation structure for key management personnel is reviewed periodically by the Remuneration Committee having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Remuneration Committee. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

(a) The policy of the Company is to pay remuneration of directors and senior executives in cash and in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as part of the executives' way of conducting business.

(b) The Company's performance, and hence that of its directors and executives, is measured in terms of:
1. Company share price growth;
2. Cash raised;
3. Exploration carried out; and
4. Farm-in expenditure attracted.

DIRECTORS' REPORT (Continued)

(c) Details of the nature and amount of the remuneration of the Directors and highest paid Executives is as follows:

	Primary				Post employment		Share based payment	Total
	Salary & Fees	Cash Bonus	Shares[1]	Non-Monetary	Super-annuation	Retireme-nt Benefits	Options	$
Directors								
Richard Diermajer – Non Executive Director								
2016	30,000	-	-	-	-	-	-	30,000
2015	16,442	-	-	1,818	889	-	-	19,149
Ray Muskett – Non Executive Director								
2016	24,000	-	-	-	-	-	-	24,000
2015	14,611	-	-	1,818	1,058	-	-	17,487
Ronald Smit – Managing Director								
2016	133,183	-	-	8,638	14,720	-	-	156,541
2015	89,840	-	-	1,818	10,160	-	-	101,818
Total Remuneration Directors								
2016	187,183	-	-	8,638	14,720	-	-	210,541
2015	120,893	-	-	5,454	12,107	-	-	138,454
Executives								
Dean Calder - Company Secretary								
2016	32,590	-	-	-	-	-	-	32,590
2015	7,380	-	-	1,819	-	-	-	9,199
Total Remuneration: Executives								
2016	32,590	-	-	-	-	-	-	32,590
2015	7,380	-	-	1,819	-	-	-	9,199

SERVICE AGREEMENTS

Richard Diermajer

There is currently no formal service agreement in place with Mr Richard Diermajer. Mr Richard Diermajer's current employment package is $30,000 per annum including 9.5% superannuation effective from 1 July 2015, and is reviewed annually.

Ronald Smit

Mr Ronald Smit has a service agreement with the Company which is reviewed annually. Mr Ronald Smit's current employment package of $150,000 per annum including 9.5% superannuation is effective from 1 July 2015. The employment of Mr Ronald Smit may be terminated by either party by giving 28 days written notice. On termination Mr Ronald Smit is entitled to payment in lieu of annual leave to which he is entitled and salary and superannuation accrued up to the date of termination.

Ray Muskett

There is currently no formal service agreement in place for Mr Ray Muskett. Mr Ray Muskett current employment package is $24,000 per annum including 9.5% superannuation effective from 1 July 2015, and is reviewed annually.

Company Secretary

Fees of $62,450 (2015: $31,170) were paid to Calder Roth & Co, an accounting firm of which Dean Calder is a principal, for accounting, Company secretarial, taxation and other services during the year. Included in these fees are $32,590 (2015: $7,380) which have been disclosed in the Executive table as directly related to Dean Calder's services.

DIRECTORS' REPORT (Continued)

Shareholdings of Key Management Personnel

Year Ended 30 June 2016

Number of Shares held by Key Management Personnel

	Balance 1 July 2015	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	**Balance 30 June 2016**
Richard Diermajer	10,361,413	-	-	7,377,303	-	**17,738,716**
Ray Muskett	4,149,451	-	-	1,381,483	-	**5,530,934**
Ronald Smit	9,407,526	-	-	7,059,341	-	**16,466,867**
TOTAL	**23,918,390**	**-**	**-**	**15,818,127**	**-**	**39,736,517**

Shareholdings of Key Management Personnel

Year Ended 30 June 2015

Number of Shares held by Key Management Personnel

	Balance 1 July 2014	Granted as Remuneration	Options Exercised	Net Change Other	Held on date of resignation	**Balance 30 June 2015**
Richard Diermajer	10,361,413	-	-	-	-	**10,361,413**
Ray Muskett	4,149,451	-	-	-	-	**4,149,451**
Ronald Smit	9,407,526	-	-	-	-	**9,407,526**
TOTAL	**23,918,390**	**-**	**-**	**-**	**-**	**23,918,390**

Option Holdings of Key Management Personnel

Year Ended 30 June 2016

Number of Options held by Key Management Personnel

	Balance 1 July 2015	Granted as Remune-ration	Options Exercised	Net Change Other	Held on date of resignation	**Balance 30 June 2016**	Exercisable	Un-exercisable
Richard Diermajer	-	-	-	-	-	-	-	-
Ray Muskett	-	-	-	-	-	-	-	-
Ronald Smit	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Option Holdings of Key Management Personnel

Year Ended 30 June 2015

Number of Options held by Key Management Personnel

	Balance 1 July 2014	Granted as Remune-ration	Options Exercised	Net Change Other	Held on date of resignation	**Balance 30 June 2015**	Exercisable	Un-exercisable
Richard Diermajer	-	-	-	-	-	-	-	-
Ray Muskett	-	-	-	-	-	-	-	-
Ronald Smit	4,000,000	-	-	(4,000,000)	-	-	-	-
TOTAL	**4,000,000**	**-**	**-**	**(4,000,000)**	**-**	**-**	**-**	**-**

DIRECTORS' REPORT (Continued)

Options Issued

No options were issued during the year ended 30 June 2016 (2015: Nil). 4,000,000 options lapsed during 2015 financial year.

Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares were issued as a result of the exercise of options.

Un-issued shares under option

At the date of report, there are no un-issued shares under option.

INDEMNIFICATION

During the year $10,327 was incurred as an expense for Directors and officeholders insurance which covers all directors and officeholders. A policy has been entered into for the year ended 30 June 2016.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

RELATED PARTY TRANSACTIONS

There were no related party transactions other than the issue of shares in the prior year outlined above.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

No non audit services have been provided by the auditors during the year.

DIRECTORS' REPORT (Continued)

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 36. The Auditor has not provided during the year, any non-audit services.

Signed in accordance with a resolution of the directors dated this 26th day August 2016.

CORPORATE GOVERNANCE

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behavior and accountability. Please refer to the corporate governance statement dated 26 August 2016 released to ASX and posted on the Company's website at www.falconminerals.com.au/coporate

R Smit
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 $	2015 $
Revenue	2	**181,391**	27,594
Depreciation of plant & equipment	3	**(5,927)**	(2,661)
Exploration expenditure written off	3	**(66,683)**	(155,211)
Occupancy expenses		**(18,225)**	(20,100)
Employee benefit expenses		**(198,224)**	(55,430)
Compliance and professional fees		**(336,026)**	(78,569)
Administration expenses		**(41,084)**	(22,200)
Expenses from operations		**(666,169)**	(334,171)
(Loss) from operations before income tax expense		**(484,778)**	(306,577)
Income tax expense	4	**-**	-
(Loss) after income tax expense		**(484,778)**	(306,577)
Other comprehensive income (loss)		**-**	-
Total comprehensive (loss)		**(484,778)**	(306,577)
Net (loss) attributable to members of Falcon Minerals Ltd		**(484,778)**	(306,577)
Total comprehensive (loss) attributable to members of Falcon Minerals Ltd		**(484,778)**	(306,577)
Basic loss per share (cents)	25	**(0.20)**	(0.18)
Diluted loss per share (cents)	25	**(0.20)**	(0.18)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTES	2016	2015
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**310,424**	712,951
Trade and other receivables	5	**179,074**	6,733
Prepayments		**12,629**	11,578
TOTAL CURRENT ASSETS		**502,127**	731,262
NON-CURRENT ASSETS			
Plant and equipment	7	**5,222**	9,136
Financial assets	6	**502,500**	7,500
TOTAL NON-CURRENT ASSETS		**507,722**	16,636
TOTAL ASSETS		**1,009,849**	747,898
CURRENT LIABILITIES			
Trade and other payables	9	**19,185**	15,128
Provisions	10	**16,330**	7,692
TOTAL CURRENT LIABILITIES		**35,515**	22,820
TOTAL LIABILITIES		**35,515**	22,820
NET ASSETS		**974,334**	725,078
EQUITY			
Issued capital	11	**21,201,646**	20,467,612
Accumulated losses	12	**(20,464,402)**	(19,979,624)
Reserves	13	**237,090**	237,090
TOTAL EQUITY		**974,334**	725,078

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	$	$	$
Balance at 30 June 2014		**20,467,612**	**(19,673,047)**	**237,090**	**1,031,655**
Loss attributable to members		-	(306,577)	-	(306,577)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	(306,577)	-	(306,577)
Balance at 30 June 2015		**20,467,612**	**(19,979,624)**	**237,090**	**725,078**
Loss attributable to members		-	(484,778)	-	(484,778)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	(484,778)	-	(484,778)
Transactions with owners recorded directly into equity					
Issue of ordinary shares net of capital raising costs		734,034	-	-	734,034
Balance at 30 June 2016		**21,201,646**	**(20,464,402)**	**237,090**	**974,334**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	**$**	$
Payments to suppliers and employees	**(662,006)**	(362,826)
Interest received	**22,458**	22,994
Net cash (used in) operating activities **(Note b)**	**(639,548)**	(339,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of plant and equipment	**(2,013)**	-
Refunds of bonds	**5,000**	11,904
Unsecured loan	**(250,000)**	-
Advanced deposit	**(250,000)**	-
Net cash provided by/ (used in) investing activities	**(497,013)**	11,904
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of capital raising costs	**734,034**	-
Net cash provided by financing activities	**734,034**	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(402,527)**	(327,928)
Cash and cash equivalents at the beginning of the financial year **(Note a)**	**712,951**	1,040,879
Cash and cash equivalents at the end of the financial year **(Note a)**	**310,424**	712,951

(a) Cash and cash equivalents includes

Cash at Bank	**278,714**	5,674
Term Deposits	**31,710**	707,277
	310,424	712,951

Cash at bank earns interest at floating rates based on a daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earns interest at the respective short term deposit rates.

(b) Reconciliation of net cash used in operating activities to (loss) after income tax

Loss after income tax	**(484,778)**	(306,577)
Depreciation	**5,927**	2,661
Changes in working capital:		
Increase in trade and other receivables	**(172,341)**	(4,204)
Increase in prepayments	**(1,051)**	-
Increase/ (Decrease) in trade and other payables	**4,057**	(17,645)
Increase/ (Decrease) in provision for employee entitlements	**8,638**	(14,067)
Net cash used in operating activities	**(639,548)**	(339,832)

(c) Credit Standby Facilities

Credit Facility	**30,000**	30,000
Amount Utilised	**-**	-
	30,000	30,000

The only facility is in relation to credit card facilities.

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Falcon Minerals Limited is a listed public Company, incorporated and domiciled in Australia.

The financial report of Falcon Minerals Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented, except as stated below.

Reporting Basis and Conventions
The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Accounting Policies

a) Principles of going concern

The Company has recorded a loss of $484,778 for the year ended 30 June 2016 and as at 30 June 2016 has net cash and cash equivalents of $310,424. The financial report has been prepared on the going concern basis. The company is acquiring Albion 3D and expects that the completion of acquisition and relisting on the ASX will occur towards the end of the calendar year. As part of the relisting, the Company will undertake a capital raising of $4,000,000. The Directors believe that its current cash reserves are sufficient to complete the transaction.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income
Interest income is recognised as it accrues.

Asset sales
The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

c) Exploration and Evaluation Expenditure

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.

d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

d) Financial Instruments (Continued)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand, and short-term deposits with an original maturity of 3 months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

g) Earnings per Share

Basic earnings per share is determined by dividing the operating profit or loss after income tax by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment, office furniture and computer equipment is depreciated using the diminishing value method and straight line method at rates between 13% and 67%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

h) Property, Plant and Equipment (Continued)

Impairment

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognized.

i) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

i) Income Tax (Continued)

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess. Tax losses may be lost following the reverse takeover, a review of this will be done once the reverse takeover transaction is completed.

j) Employee Entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability. Lease payments received reduce the liability.

m) Interest in Joint Venture Operations

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not by themselves generate revenue and profit. The Company's direct and indirect interests in the joint ventures are included in the statement of financial position.

n) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

o) Share Based Payments

Equity settled transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes option pricing model, further details of which are given in the remuneration report.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Falcon Minerals Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

p) Comparatives

Certain comparatives have been reclassified to be consistent with the current year's disclosures.

q) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Non-recognition of Deferred tax assets

The Company has decided at this stage that it does not want to include in the balance sheet the potential benefit of deferred tax assets as the Company is still in exploration phase, and it is not probable that the assets would be realised. Tax losses could potentially be lost following the reverse take-over, a review of tax losses carried forward will be done once the reverse takeover is complete.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

2. REVENUE

	2016	2015
	$	$
Interest received/receivable	**17,891**	27,594
Gain on sale of exploration license (i)	**51,000**	-
Gain on sale of interest in joint venture (ii)	**112,500**	-
	181,391	27,594

(i) In December 2015, the Company announced that it had conditionally sold the Saxby Project (EPM 15398) to Strategic Energy Resources Limited (Strategic) for 3,000,000 fully paid ordinary Strategic shares Subsequent to the end of the year, the transfer of tenure to Strategic was approved and as a consequence the sale of the Saxby Project was completed. At the date of receipt of the consideration, the realizable value of these shares was $42,000.

(ii) The Company has agreed to sell its interest in the Windanning Hill Project to its joint venture partner Minjar Gold Pty Ltd 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. The Company retained no interest in the project.

3. LOSS FOR THE YEAR

Loss for the year includes the following:	**2016**	2015
	$	$
Exploration expenditure written-off	**66,683**	115,211
Depreciation of plant and equipment	**5,927**	2,661

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

4. INCOME TAX

		2016 $	2015 $
a.	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
		-	-
b.	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	**(484,778)**	(306,577)
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2015: 30%)	**(145,433)**	(91,973)
	Add tax effect of:		
	— Other non-allowable items	**7,339**	6,327
	— Other assessable items	-	-
	— Share based payments	-	-
	— Tax benefit of revenue losses not recognised	**106,673**	96,668
		114,012	102,995
	Less tax effect of:		
	— Other tax benefits not recognised	**(31,421)**	(11,022)
		(31,421)	(11,022)
	Income tax	-	-
	The applicable weighted average effective tax rates are as follows:	**0%**	0%
c.	The following deferred tax balances at 30% (2014: 30%) have not been recognised		
	Deferred Tax Assets:		
	Carry forward revenue losses	**5,512,361**	5,405,688
	Carry forward capital losses	**152,026**	152,026
	Section 40-880 deductions	**31,498**	-
	Provisions and accruals	**8,271**	6,021
		5,704,156	5,563,735

The tax benefits of the above Deferred Tax Assets will only be obtained if:

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

b) the Company continues to comply with the conditions for deductibility imposed by law; and

c) no changes in income tax legislation adversely affect the Company in utilising the benefits; and

d) tax losses could potentially be lost following the reverse takeover, a review of tax losses carried forward will be done once the reverse takeover is complete.

	2016 $	2015 $
Deferred Tax Liabilities:		
Other	**3,789**	91
Accrued interest	**10**	1,380
	3,799	1,471

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

5. TRADE & OTHER RECEIVABLES

	2016	2015
Current	**$**	$
Other	**174,783**	4,600
GST refund due	**4,291**	2,133
	179,074	6,733

Included in receivables is an amount due of $51,000 in respect of the sale of a tenement which was subsequently settled by the issue of 3,000,000 shares in Strategic Energy Resources Limited and an amount due of $123,750 in respect of the sale of a tenement to Minjar Gold Pty Ltd.

There are no amounts which are past due or impaired.

6. FINANCIAL ASSETS

Non Current		
Advanced deposit	**250,000**	-
Unsecured loan	**250,000**	-
Other receivables - bonds	**2,500**	7,500
	502,500	7,500

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 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 553,500,000 fully paid ordinary to the vendors of Albion 3D.

7. PLANT & EQUIPMENT

Plant and equipment at cost	**5,849**	7,394
Less: accumulated depreciation	**(3,494)**	(4,817)
	2,355	2,577
Electronic equipment at cost	**10,208**	32,683
Less: accumulated depreciation	**(7,341)**	(28,689)
	2,867	3,994
Software at cost	**-**	16,440
Less: accumulated depreciation	**-**	(13,875)
	-	2,565
Total Plant and equipment at cost	**16,057**	56,517
Less: accumulated depreciation	**(10,835)**	(47,381)
	5,222	9,136

Movements in Plant and Equipment		
Balance at beginning of the year	**9,136**	11,797
Additions	**2,013**	-
Disposals/Write Offs – at cost	**(31,466)**	-
Disposals/Write Offs – accumulated depreciation	**31,466**	-
Depreciation expense	**(5,927)**	(2,661)
Balance at end of the year	**5,222**	9,136

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

8. MINERAL EXPLORATION EXPENDITURE

Non Current

Costs bought forward	**-**	-
Exploration expenditure incurred (net of refunds received) on mineral tenements and joint ventures	**66,683**	155,211
Less: Expenditure written off to the statement of profit or loss and comprehensive income	**(66,683)**	(155,211)
Costs carried forward	**-**	-

9. TRADE & OTHER PAYABLES

	2016 **$**	2015 $
Current		
Other creditors and accruals	**19,185**	15,128

All creditors and accruals are not past due.

10. PROVISIONS

	2016 **$**	2015 $
Current		
Employee entitlements	**16,330**	7,692

11. ISSUED CAPITAL

	2016 No	2015 No	**2016 $**	2015 $
ISSUED AND FULLY PAID UP CAPITAL				
Ordinary Shares				
Opening balance	**169,046,317**	169,046,317	**20,467,612**	20,467,612
Net movement during the year	**90,158,035**	-	**734,034**	-
Closing balance	**259,204,352**	169,046,317	**21,201,646**	20,467,612
Options				
Opening balance	-	4,000,000		
Employee options forfeited	-	4,000,000		
Closing balance	**-**	-		

Details of options outstanding are included in Note 14.

12. ACCUMULATED LOSSES

	2016 $	2015 $
Accumulated Losses:		
Balance at the beginning of the year	**(19,979,624)**	(19,673,047)
Net loss for the year	**(484,778)**	(306,577)
Balance at the end of the year	**(20,464,402)**	(19,979,624)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

13. RESERVES

(a) Option Premium Reserve:

Balance at the beginning of the year	**237,090**	237,090
Options issued	**-**	-
Balance at the end of the year	**237,090**	237,090

14. SHARE BASED PAYMENTS

In the past options were issued to key management personnel as part of their compensation. Any future option issues would be subject to the recommendations of the Remuneration Committee.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under Share Based Payment Scheme during the year:

	2016		2015	
	Number of Options	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
At beginning of reporting year	-	-	4,000,000	0.30
Granted during the period	-	-	-	-
Expired during the period	-	-	(4,000,000)	0.30
Balance at end of reporting year	-	-	-	-
Exercisable at end of reporting period	-		-	

Options issued

No options were issued during the year ended 30 June 2016 (2015: nil)

Options exercised

No options issued under the share based payment scheme were exercised during the year ended 30 June 2016 (2015: Nil).

Options lapsed

2,000,000 options over ordinary shares with an exercise price of 20 cents each, expired on 30 June 2015.

2,000,000 options over ordinary shares with an exercise price of 40 cents each, expired on 30 June 2015.

No options lapsed in the current year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

15. KEY MANAGEMENT PERSONNEL

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Richard Diermajer	Non Executive Director
Mr Ray Muskett	Non Executive Director
Mr Ronald Smit	Managing Director
Mr Dean Calder	Company Secretary

Compensation for Key Management Personnel

	2016 $	2015 $
Short-term employee benefits	**228,411**	135,546
Post employment benefits	**14,720**	12,107
Share based payment	**-**	-
Total Compensation	**243,131**	147,653

Other transactions and balances with Key Management Personnel

Consultancy services

Fees of $62,450 (2015: $31,170) were paid to Calder Roth & Co, an accounting firm of which Dean Calder is a principal, for accounting, company secretarial, taxation and other services during the year. Included in those fees are $32,590 (2015: $7,380) as executive remuneration to Dean Calder which is part of total compensation to key management personnel.

16. REMUNERATION OF AUDITORS

	2016 $	2015 $
During the year, the following fees were received or due and receivable by Stantons International for:-		
Audit and review of financial report	**22,323**	17,073

17. EXPLORATION INTERESTS

Exploration

The Company has entered into farm out ventures where the farmee may earn its interest in mining and exploration tenements held by the Company, as set out in the various agreements. The Company's interest in the operations which have been formed for the purposes of exploration for gold and other minerals are as follows:-

Project	Percentage Interest	
	2016	**2015**
Duketon	20% free carried	20% free carried
North Duketon	20% free carried	20% free carried
Cloncurry	-	100%
Windanning Hill Gold	-	19% diluting

There are no costs carried forward in respect of areas of interest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

18. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there are no contingent assets or liabilities as at 30 June 2016 and no changes in the interval between 30 June 2016 and the date of this report.

19. COMMITMENTS

Exploration Licence Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals to meet the minimum expenditure requirements of the Western Australian and Queensland Departments of Minerals and Energy. These obligations are subject to renegotiation upon expiry of the exploration licenses or when application for a mining lease is made. These obligations are not provided for in the financial statements.

	2016	2015
	$	$
Not later than one year	**96,212**	463,267
After one year but less than five years	**144,781**	708,708
	240,993	1,171,975
Operating Lease Commitments		
Not later than one year	**4,500**	4,500
After one year but not later than five years	**-**	-
	4,500	4,500

The operating lease being rental lease on the Company's premises. The lease expires on 30 September 2016 with the option to renew on a yearly basis.

20. RELATED PARTIES

Directors

The names of persons who were directors of Falcon Minerals Ltd at any time during the financial year were as follows: R E Diermajer; R Muskett and R Smit.

Other Related Party Transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

No amounts in addition to those disclosed in the remuneration report to the financial statements were paid or payable to Directors of the Company in respect of the year ended 30 June 2016.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the year, the Sale and Purchase of the Saxby Project entered into in December 2015 was completed. The transfer of tenure to Strategic Energy Resources was approved and registered by the Queensland Department of Natural Resources and Mines and the consideration shares were allocated to Falcon.

22. ECONOMIC DEPENDENCY

The Company is not economically dependent on any party.

23. PLACE OF INCORPORATION

The Company is incorporated in Australia and its principal place of business is Perth, Western Australia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

24. SEGMENT REPORTING

The Company operates in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

25. LOSS PER SHARE

	2016 Cents per share	2015 Cents per share
a) Basic loss per share	**(0.20)**	(0.18)
b) Net loss used in calculating	**$**	$
- Basic loss per share	**(484,778)**	(306,577)
	Number	Number
c) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	**241,006,470**	169,046,317

d) Effect of dilutive securities

Diluted earnings per share are calculated where potential ordinary shares on issues are dilutive. As there are no potential ordinary shares on issue, diluted earnings per share is the same as basic earnings per share.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, the Company has not traded in shares or options and holds no such investments at 30 June 2016.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these and other risks and they are summarised below:

a) Interest Rate Risk Exposures

The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

b) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on financial assets of the Company which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company is not materially exposed to any individual overseas country or individual customer.

c) Commodity price risk

The Company is not yet in production and is not exposed to any significant extent to commodity price risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Foreign currency risk

The Company operates in Australia and its expenditure and revenue are denominated in Australian dollars. The Company is not exposed to any significant currency risk.

e) Market price risk

The Company is not exposed to market price risk.

27. FINANCIAL INSTRUMENTS

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	Floating Interest rate		Fixed Interest Less than 1 year		Non-interest Bearing		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$	$	**$**	$	**$**	$	**$**	$
Financial Assets								
Cash and cash equivalents	**278,714**	5,673	**31,710**	707,278	**-**	-	**310,424**	712,951
Trade and other receivables (net of shares of stock receivable)	-	-	**-**	-	**128,074**	6,733	**128,074**	6,733
Financial assets	-	-	**-**	-	**502,500**	7,500	**502,500**	7,500
Total Financial Assets	**278,714**	5,673	**31,710**	707,278	**630,574**	14,233	**940,998**	727,184
Interest Rate	**1.87%**	2.91%	**2.87%**	2.67%				
Financial Liabilities								
Trade and other payables	**-**	-	**-**	-	**19,185**	15,128	**19,185**	15,128
Total Financial Liabilities	-	-	**-**	-	**19,185**	15,128	**19,195**	15,128
Net Financial Assets/ (Liabilities)	**278,714**	5,673	**31,710**	707,278	**611,389**	(895)	**921,813**	712,056

Net Fair Values - The financial assets and liabilities included in current assets and current liabilities in the statement of financial position are carried at amounts that approximate net fair values.

Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

27. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	$	$
Change in Profit		
- Increase in interest rate by 1%	**3,104**	7,130
- Decrease in interest rate by 1%	**(3,104)**	(7,130)
Change in equity		
- Increase in interest rate by 1%	**3,104**	7,130
- Decrease in interest rate by 1%	**(3,104)**	(7,130)

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 32 are in accordance with the Corporations Act 2001 and;

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company;
   (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. The Executive Director and Company Secretary have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and noted for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view;

3. In the directors' opinion there are reasonable grounds to believe that the Company 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 Board of Directors.

R Smit
Director

Dated this 26th day of August 2016

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FALCON MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Falcon Minerals Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Falcon Minerals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Material Uncertainty Regarding Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matters:

As referred to in note 1(a) to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2016 the Company had cash and cash equivalents of $310,424 and a net working capital of $466,612. The Company had incurred a net loss for the year ended 30 June 2016 of $484,778.

The ability of the Company to continue as a going concern and meet its administration costs and other commitments is dependent upon the Company successfully completing its acquisition of Albion 3D Investments Pty Ltd and raising further working capital, and/or successfully exploiting its mineral assets. In the event that the Company cannot successfully complete its acquisition of Albion 3D Investments Pty Ltd and raise further equity or successfully exploit its mineral assets, the Company may not be able to meet its liabilities as they fall due and the realisable value of the Company's non-current assets may be significantly less than book value.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 11 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of Falcon Minerals Limited for the year ended 30 June 2016 complies with section 300 A of the *Corporations Act 2001.*

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

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
26 August 2016

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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26 August 2016

Board of Directors
Falcon Minerals Limited
Level 1, 8 Colin Street
West Perth WA 6005

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 the Audit Director for the audit of the financial statements of Falcon Minerals Limited for the year ended 30 June 2016, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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

Samir Tirodkar
Director

STOCK EXCHANGE INFORMATION

The additional information set out below relates to shares, options and tenements that was applicable at 25th August 2016.

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	Number of shareholders
1 – 1,000	209
1,001 – 5,000	551
5,001 – 10,000	462
10,001 – 100,000	1007
100,001 and over	378
Total shareholders	2,607
Number of shareholders with less than a marketable parcel of $500 at 1.5 cents per share	1,797

SUBSTANTIAL SHARE HOLDERS – as advised to the Company

Name	No of shares
Avon Management	17,738,716
Ronald Smit	16,466,867

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

TWENTY LARGEST SHAREHOLDERS

	Name Of Shareholder	No. of Shares	%
1	Avon Management Company Pty Ltd <Diermajer Family S/F A/C>	13,738,717	5.30
2	Illawong Investments Pty Ltd <The Cocks S/F No 1 A/C>	10,102,158	3.90
3	Monex Boom Securities (HK) Ltd <Clients Account>	6,855,963	2.65
4	Mr Ronald Smit + Mrs Julie Smit <Lucky Jar Superfund A/C>	6,590,166	2.54
5	S & CJ Pty Ltd <Falcon Gold Super Fund A/C>	6,050,000	2.33
6	Mr Ronald Smit	6,003,005	2.32
7	Mr Justin Laurence Barry	4,250,000	1.64
8	Mr Raymond Muskett	4,002,002	1.54
9	Berne No132 Nominees Pty Ltd <221414 A/C> & <224266 A/C>	3,380,000	1.30
10	Mr Ronald Smit	3,287,030	1.27
11	Mr Yao Qu	3,000,000	1.16
12	Avon Management Co Pty Ltd	2,666,666	1.03
13	Mr Kevin John Cairns <Cairns Family A/C>	2,500,000	0.96
14	Mr Richard Anthony Ham	2,270,000	0.88
15	J P Morgan Nominees Australia Limited	2,091,634	0.81
16	HSBC Custody Nominees (Australia) Limited	2,057,245	0.79
17	Zero to Hero Pty Ltd	2,000,000	0.77
18	Allua Holdings Pty Ltd <The DRG A/C>	2,000,000	0.77
19	Crossroads (Aust) Pty Ltd	1,800,000	0.69
20	Mr Robert Kenneth Bruce McGowan	1,584,519	0.61
	Top 20 largest shareholders	**86,229,105**	**33.27**
	Total Shares Issued	**259,204,352**	**100.00**

TENEMENT SCHEDULE

Project	Tenements	Falcon %	Joint Venture
Nickel (WA)			
Collurabbie	EL's 38/2009 & 38/2912	100%	
Nickel & Gold (WA)			
Duketon	EL 38/2005 ML 38/1091	20%	Regis 80%
North Duketon	EL 38/1939	20%	Regis 80%
Gold (QLD)			
Saxby	EPM 15398	100%	
Gold (WA)			
Windanning Hill (Gold)	ML 59/379 & ML 59/380	19%	Minjar Gold 81%