



# Quarterly Report

For the three months ending 30 September 2012

ASX Release: 31 October 2012

## Summary & Highlights for the Quarter

### Saxby Project – Lucky Squid Gold Prospect

- Results were received for the four deep diamond holes drilled at Saxby. Gold results included a few 1 to 3m intercepts with a peak 1m intersection of 26 g/t Au. The mineral system includes anomalous copper and uranium and has affinities to an IOCG system. A decision has been made to divest the project.

### Project Generation

- A project generation initiative focussed on gold, copper and nickel commodities within Proterozoic and (to a lesser extent Archaean) geological terrains has commenced.
- Four exploration licence applications lodged.

### Corporate

**AGM scheduled for Thursday 15 November 2012, Leederville WA**

### ***Falcon Minerals Limited***

ASX Code: **FCN**

ACN: 009 256 535

Suite 19, 100 Hay Street  
Subiaco WA 6008

PO Box 8319, Subiaco East WA 6008

Tel: 08 9382 1596

Fax: 08 9382 4637

Email: [rsmit@falconminerals.com.au](mailto:rsmit@falconminerals.com.au)

### ***Capital Structure***

163.6 million shares

4.0 million unlisted options (\$0.2/0.4)

### ***Cash at Bank - \$1.6M***

### ***Board Members***

Richard Diermayer - Chairman

Ron Smit - Managing Director

Ray Muskett - Non-Executive Director

### ***Key Projects***

#### ***Collurabbie Ni-Cu-PGE (100%)***

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

#### ***Saxby Au (100%)***

High-grade gold intercepts:

SXDD005: 17m at 6.8g/t Au from 631m

SXDD014: 15m at 9.1g/t Au from 701m

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## Mineral Exploration Activities

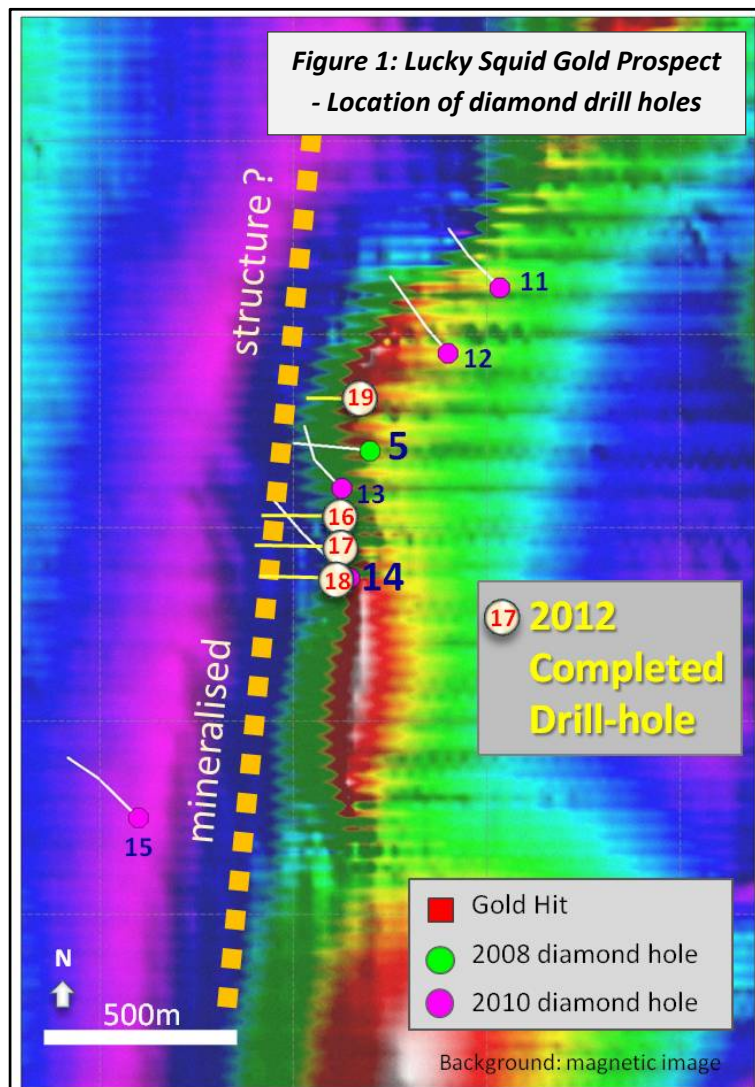
### Saxby Project – Mt Isa Block QLD

Gold, copper-gold (Falcon 100%)

The Saxby Project is 165 km north-northeast of Cloncurry in the Gulf Country of northwest Queensland. The Company is targeting gold and IOCG mineralisation within basement rocks of the Mt Isa Block that are buried beneath 400m of younger sedimentary cover. In the previous quarter four deep diamond holes (SXDD016-019) were drilled to better define the extent and geometry of the gold mineralisation at the Lucky Squid gold prospect (Figure 1).

This drilling intersected broad zones of faulting and alteration located along the contact of amphibolite and meta-porphyrty and this contact zone is characterised by widespread sodic-potassic alteration overprinted by graphitic-pyritic shear zones. A later carbonate-pyrite ± chlorite breccia and vein set appears to host gold mineralisation.

Assay results were received this quarter for all samples submitted to the laboratory for gold and trace element analysis. In total 46 precollar samples and 793 half core samples were collected from the four holes drilled.



**Gold results included a few 1 to 3m gold intercepts with a peak 1m intersection of 26 g/t;** those results > 1g/t Au are shown in Table 1. Anomalous copper and uranium accompany the mineral system (Table 2) and this along with some geological aspects suggests it has affinities to an IOCG system. The fault and alteration zone has now been drilled over a 500m strike length and geophysical observations indicate that this structural zone is several kilometres long.

The expectation of substantial and wide extensions of gold mineralisation away from the initial discovery holes were not met in this drilling campaign. The drill-hole geology and geochemistry has provided technical encouragement but given the depth of cover and cost of drilling the Company has decided to divest this property. This process will commence shortly.

**Table 1: Summary of Gold Results**

Hole Id	Interval (m)	Au g/t	From (m)
SXDD016	1	26.10	602
SXDD016	1	4.29	741
SXDD016	1	1.08	811
SXDD017	1	2.96	599
SXDD017	3	3.97	628
SXDD017	2	3.10	777

**Table 2: Summary of Copper & Uranium Results**

Hole Id	Interval (m)	Cu %	From (m)
SXDD016	17	0.067	716
SXDD017	6	0.145	661
SXDD017	14	0.082	680
SXDD018	4	0.135	458
SXDD018	9	0.113	466
SXDD018	16	0.113	649
SXDD019	5	0.102	653
SXDD019	6	0.146	689
Hole Id	Interval (m)	U ppm	From (m)
SXDD016	4	170	456
SXDD016	2	810	440
SXDD017	2	375	459

**Table 3: Diamond drilling collar details (projection GDA94 MGA Zone 54)**

Hole ID	Easting	Northing	RL	Azimuth	Dip	Total Depth
SXDD016	488168	7866030	60	263	-70	855.7m
SXDD017	488165	7865950	60	265	-65	843.8m
SXDD018	488149	7865870	63	265	-65	786.7m
SXDD019	488196	7866349	63	265	-65	795.0m

**Notes to accompany assay tables:**

Core samples taken as half core over 1m intervals;  
 All intervals quoted are down-hole depths;  
 Gold analysis by 30g Fire Assay/ASS;  
 Copper & uranium analysis by ICP;  
 Sample preparation and analysis performed by ALS, QLD; and  
 Hole collars picked up by handheld GPS (Table 3).

## Collurabbie Project - Duketon Belt, Yilgarn Block WA

### Nickel-copper-PGE search & Gold search (Falcon 100%)

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No field work was undertaken during the quarter at Collurabbie. This is considered a core project and a review of nickel and gold potential has been completed. A surface geochemical survey is scheduled to be undertaken in the December quarter.

## **Other Projects**

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No field work was undertaken on the **Peake-Denison** Project nor the **Cloncurry** Project. The Company is in discussions with a few groups that have expressed an interest in acquiring and/or joint venturing into these projects. At this stage no agreement(s) have been reached.

No significant field activities were undertaken by the **Windanning Hill** joint venture partners (Fe – Au) nor the **Duketon** (Ni – Au) joint venture partner.

## **Project Generation**

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### **Greenfields**

The Company has put in place a Project Generation strategy with a strong bias towards gold, copper and nickel in Proterozoic (and to a lesser extent Archaean) mineral belts. Area selection is the most important component of this exercise and is determined by an integrated approach which analyses regional-scale geophysical, geological and mineral deposit data. The objective is to accumulate title within high-priority regions that can be rapidly and effectively explored using modern-day technologies. The ground position in these identified regions is likely to evolve and expand over time. This greenfields strategy takes a longer view at positioning and requires patience.

An exploration licence application has been lodged for ground in the Yalgoo Belt, WA and subsequent to the end of the quarter the Company lodged three exploration licence applications in the Arunta Province of central NT.

### **Promoted Projects**

Over the last few months the Company has reviewed a range of mineral exploration plays ranging from advance to greenfields. To date, none have passed the Company's technical and/or corporate hurdles.

## **Kundi Well – Yalgoo Belt, Yilgarn Block WA**

### **Copper search (Application - Falcon 100%)**

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A 16 block Exploration Licence (EL59/1914, Kundi Well) has been applied for following the review of CSIRO laterite geochemistry. A review of the copper geochemistry showed an isolated sample returned 2080ppm Cu associated with iron pisoliths. The anomalous sample site is 8km north of Fields Find and 35km southeast of the Golden Grove base metal mine. The point anomaly occurs close to a granite-greenstone contact and a northwest trending fault zone.

A short geochemical sampling survey to confirm the validity of the copper anomaly will be undertaken when the tenement is granted.

## **Arunta Block NT**

### **Gold-copper-nickel search (Application - Falcon 100%)**

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Three exploration licence applications have been lodged in the NT. Ground selection was based on a combination of factors including proximity to a major crustal structure, structural complexity, Proterozoic geology and evidence of gold and base metal mineralisation in the district. Further details will be provided in the next quarterly report following a due diligence of the historical mineral exploration over these areas.

## **Corporate**

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There were no changes to the capital structure of the Company and the cash reserves at the end of quarter were \$1.5M.

### **Annual General Meeting**

The 2012 Annual General Meeting of shareholders will be held at Kailis Bros, Board Room, 1<sup>st</sup> Floor 101 Oxford Street Leederville WA at 10am on Thursday 15 November 2012.

For further information on Falcon Minerals Limited please contact:



**Ron Smit**

**Managing Director**

**Phone: 08-9382 1596**

**Mobile: 0408 095 452**

**[rsmit@falconminerals.com.au](mailto:rsmit@falconminerals.com.au)**

or visit our website at: **[www.falconminerals.com.au](http://www.falconminerals.com.au)**

#### **Competent Persons Statement**

*The information in this report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled 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 2004 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.*

# 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 SEPTEMBER 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(91)	(91)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	42	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(342)</b>	<b>(342)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(342)</b>	<b>(342)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(342)	(342)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>		
	<b>Net increase (decrease) in cash held</b>	(342)	(342)
1.20	Cash at beginning of quarter/year to date	1,977	1,977
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,635	1,635

**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	34
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**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

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	
4.3	Production	
4.4	Administration	100
<b>Total</b>		

**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	69	450
5.2	Deposits at call	1,566	1,527
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		1,635	1,977

**Changes in interests in mining tenements**

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	EL59/1914	Registered Applicant	0%	100%

+ 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	163,578,935	163,578,935		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,000,000		<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 June 2015
	2,000,000		\$0.40	30 June 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 October 2012  
(Company secretary)

Print name: Dean William Calder

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.