

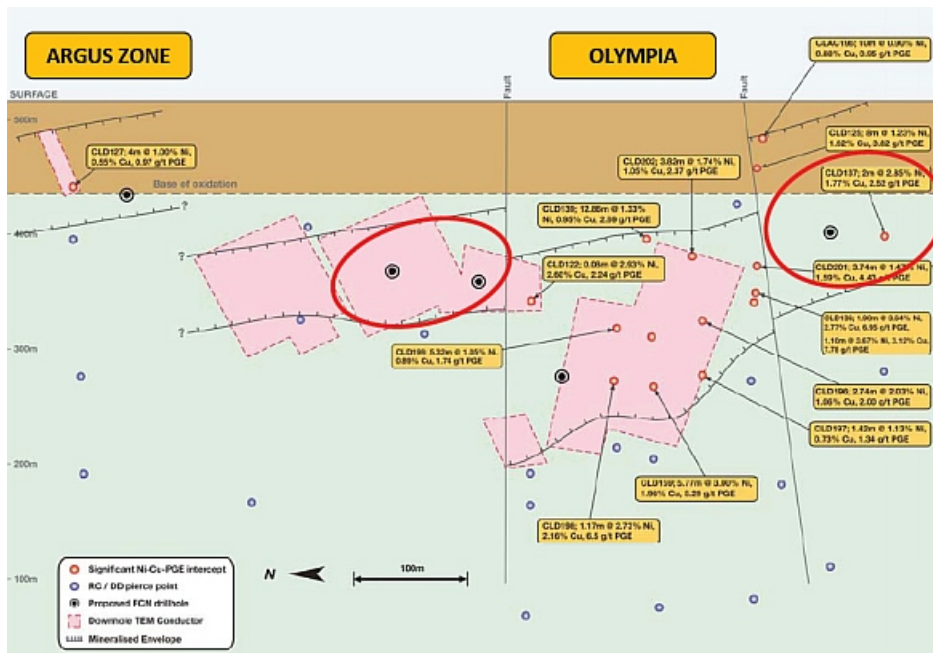


- AUD \$0.13
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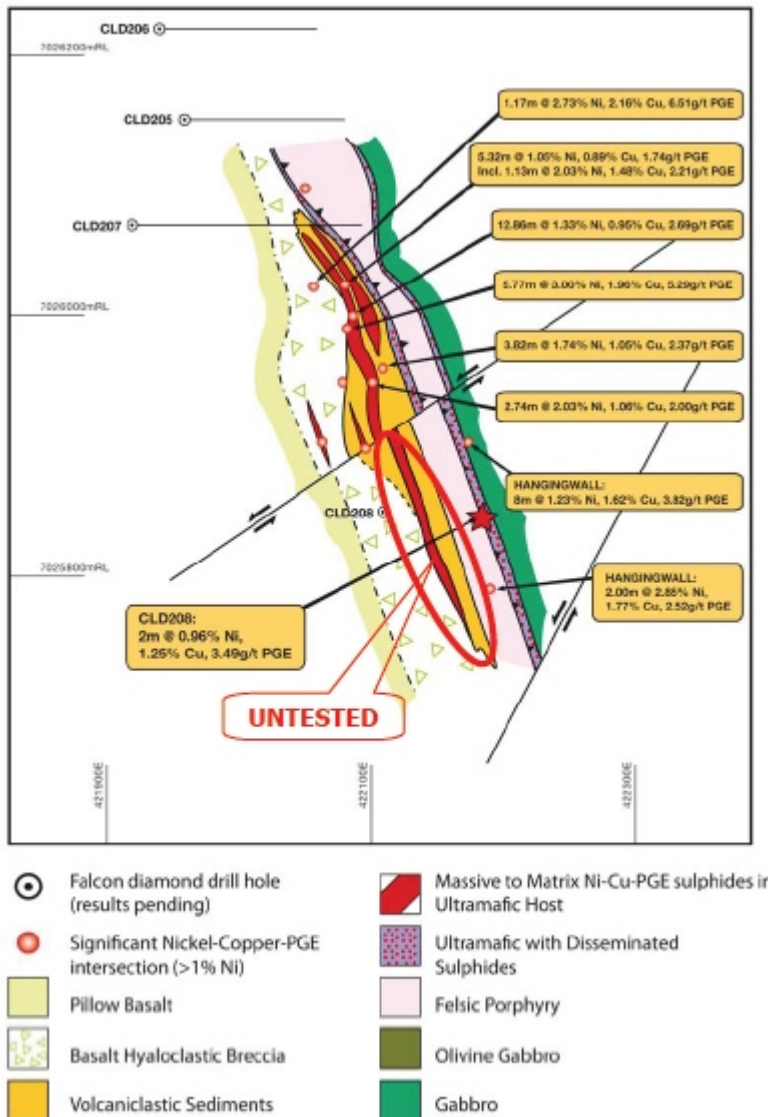
To create value the drill rigs have to be working; now they are

Now that Falcon Minerals is in full control of its Collurabbie nickel-copper-platinum group elements (PGE) project the company has commenced drilling on site. The first programme of drilling commenced in June 2010 at the Olympia prospect. During the 1st quarter 2011, the company has continued to roll out new drilling programmes. A new six drill holes programme has been instigated, with the objective to test the extension of the known mineralisation at Olympia and test the new Argus prospect. At the company's Saxby joint venture gold project, partner AngloGold Ashanti has been also drilling during the quarter. Falcon Minerals currently holds a 49% interest in the Saxby project. Geological surveys were undertaken at the company's Peake-Denison Project.

The first drilling since 2006 saw the company complete a six hole drilling programme in 1Q11 for a total of 1,367 metres. The objective of the programme was to test for new mineralisation zones to the north of Olympia at the Argus prospect and further delineate the mineralisation along the southern extension of the Olympia prospect. The southern extension was discovered in the 4Q10 drilling campaign. The following figure shows a schematic of the Collurabbie deposit. The encircled black dots are the drill targets for the 1Q11 programme.



Drilling in the southern extension zone has intersected further nickel-copper-PGE mineralisation, with the better assay results being; 2 metres showing 0.92% nickel, 1.25% copper and 3.49g/t PGE (platinum and palladium) from 143 metres deep and 6.79 metres showing 0.34% nickel, 0.51% copper and 0.51g/t PGE (platinum and palladium) from 163.9 metres deep. **The extension results give us added confidence that the Olympia prospect could prove to be a major nickel-copper-PGE deposit.** The following figure is a model of the Olympia deposit.



The red star in the above diagram indicates the latest drilling result as detailed in the preceding paragraph. Members should note the untested zone below the fault line remains untested. **The mineralisation above the fault line has proven to be highly prospective; the two zones are anticipated to be one mineralisation zone interrupted by a movement in the earth.**

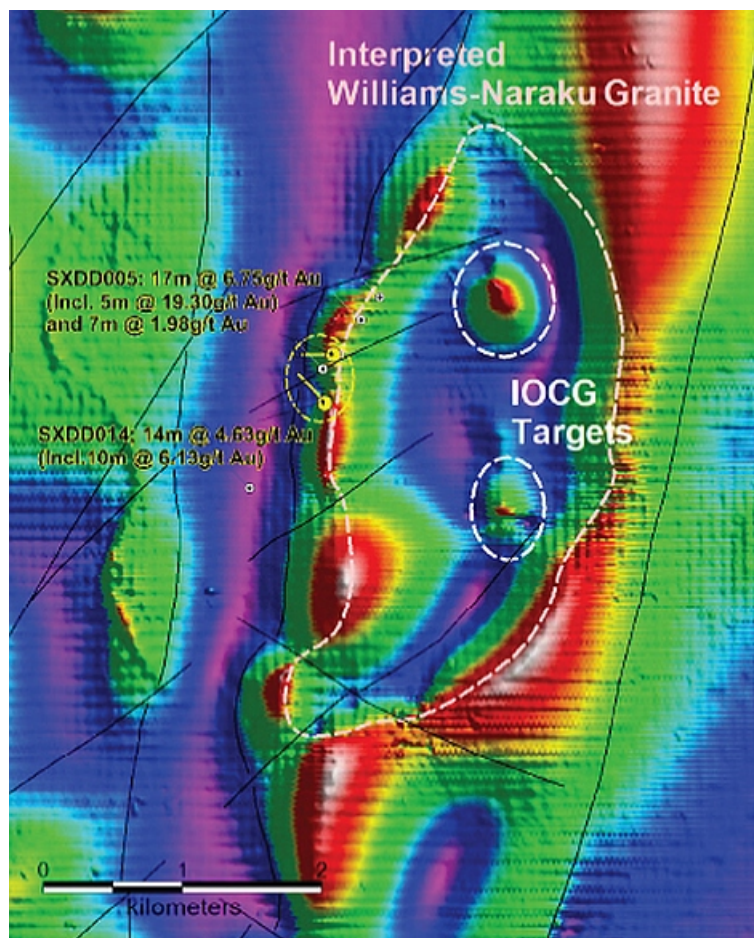
The company completed two step-out drill holes at Argus to test earlier drilling from 4Q10. One returned no mineralisation while the other intersected a thick ultramafic body with disseminated nickel-copper mineralisation. A down hole electromagnetic survey was conducted which identified a number of off hole anomalies. The company will investigate for further testing in the future.

A deep hole drill to 318 metres has shown no mineralisation at depth at Olympia. However, anomalies have been detected after a down hole electromagnetic survey was conducted. Although it is disappointing that Olympia is not immediately open at depth we will monitor deep drilling announcements closely. **The mineralisation does appear to be open on the southern flank and to the north with the Argus prospect.**

From the drilling completed to date the company has developed an exploration plan to explore a number of mineralisation anomalies. The company plans to drill six of these anomalies during 2011. **We say "LET THE RIGS DRILL"**. We will monitor closely this programme as we believe only further drilling will reveal the full potential value of the Collurabbie project.

The company has been able to focus on its Collurabbie project, but work still continues at its Saxby joint venture gold project. Operator of the project is AngloGold Ashanti Australia (Anglo), who currently hold a 51% interest in Saxby. Anglo is farming-in to a 70% interest by spending a minimum A\$7 million on the project area prior to December 2013. For a dilution of ownership to 30% Falcon Minerals will get a free ride at Saxby.

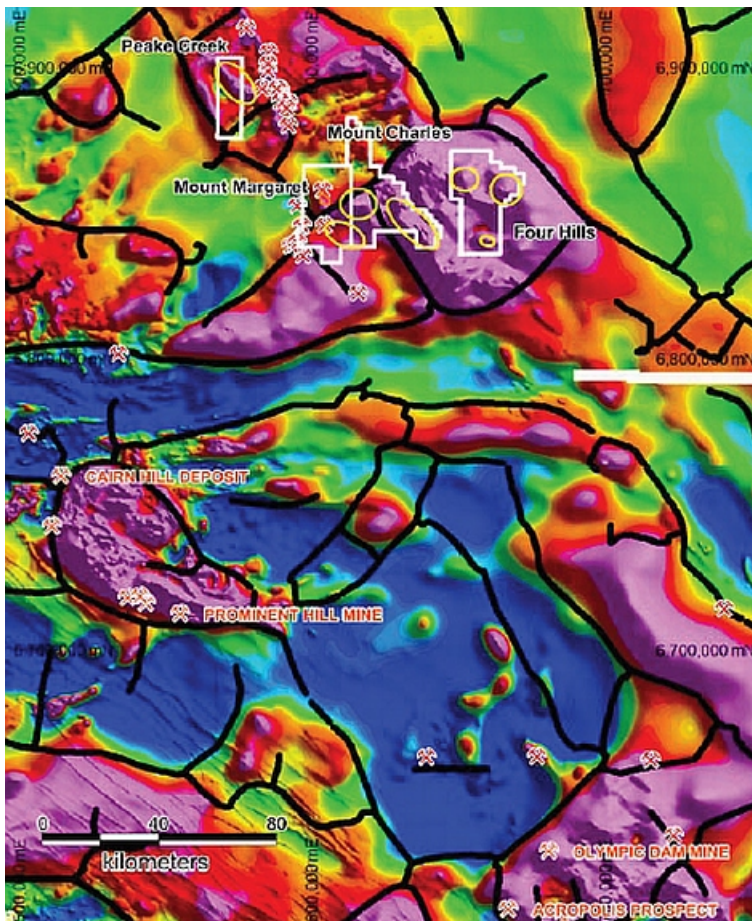
The operator drilled five holes at Saxby for a total drill of 4,045 metres with all assay results from the programme yet to be received from the laboratory. The aim of the programme was to develop a better understanding of the gold mineralisation deposit at Saxby. Drilling has intersected gold and silver with the best intersection being 14 metres showing 5.63g/t gold and 6.22g/t silver from 701 metres deep. Included in this intersection was a richer zone of 10 metres showing 6.13g/t gold and 7.9g/t silver from 701 metres deep. The following figure is an electromagnetic survey of part of a highly prospective section of the Saxby tenement.



The operator has yet to determine an exploration programme for 2011, which we expect will happen once all assay results have been received and interpreted. From the geological surveys and drilling results to date, the highlighted sections of the above figure are of significant

interest to the joint venture partners. **In our opinion the results to date indicate the potential is there for Saxby to become a future gold producer.**

At the company's Peake-Denison copper-gold-iron and uranium project a 3D geophysical survey over the Mt Charles and Mt Margaret prospects has identified a number of mineralisation anomalies. The following figure is an electromagnetic survey of the Gawler Craton. Falcon's Peake-Denison interests are in white with likely targets circled in yellow.



We bring to Members attention the prominent names with operations in the Gawler Craton: BHP with Olympic Dam (bottom right), and Oz Minerals with Prominent Hill Mines (lower mid left). The Gawler Craton does have a very good pedigree, with Peake-Denison well located in the region. Although it is very early days in the exploration of this project, the company is compiling data to commence a drilling programme in 1H11. **We will watch the company's activities in this region with interest.**

The company had cash and cash equivalents at 30 September 2010 of \$5.2 million. Non exploration cash burn is some A\$170,000 per quarter. **We consider the company is well placed to deliver an aggressive drilling programme during 2011.**



Falcon Minerals reached a high of 35 cents on April 15. However, since reaching this level, a sharp pullback has followed. The decline broke below both the 50 (green line) and 200 period (red line) moving averages, which is an indication of momentum and trend to favour the downside. Solid downside support lies at the July 2009 low of 9 cents.



From the weekly chart, a convincing break above the 35 cents high is required to see a switch of sentiment back to the upside

Falcon is very highly leveraged to success and now in a position to control its flagship Collurabbie project. We expect news flow from drilling during 2011 will be positive. We recommend Falcon Minerals as a BUY at \$0.13 for Members who do not already have exposure.

Snapshot FCN

Falcon Minerals

The company is a focused exploration company, with its two most prospective projects involving farm-outs to major companies. Since October 2003 when Ni, Cu and PGE anomalism was announced at Collurabbie, the joint venture with BHP Billiton in WA has steadily grown in importance. The discovery at Collurabbie and in particular the style of mineralisation and the combination of metals has not been previously encountered in Australia and whilst still in its early days, drill results to date suggest the area could host one or a number of poly metallic nickel-copper-PGE deposits. At the company's Saxby project, which is located 180km NE of Mt Isa and under a joint venture with Anglo American, a number of highly encouraging large strong conductors have been identified. Work undertaken shows the potential for a mafic-hosted (Voisey's Bay-style) large, Ni/Cu massive sulphide system at Saxby that will be subjected to test work over several years.

Market Capitalisation	A\$21.27m
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