

FALCON MINERALS LIMITED

ACN 009 256 535

HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2010

FALCON MINERALS LIMITED
ACN 009 256 535

HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

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FALCON MINERALS LIMITED
ACN 009 256 535

COMPANY DIRECTORY

DIRECTORS

Mr Richard Diermajer	(Managing Director)
Mr Raymond Muskett	(Non-Executive Director)
Mr Graeme Cameron	(Executive Director)

COMPANY SECRETARY

Mr Dean Calder

REGISTERED OFFICE

Falcon Minerals
Suite 19, 100 Hay Street
SUBIACO WA 6005

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Facsimile: +61 8 9382 4637

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9389 8033

AUDITORS

Stantons International
Level 1, 1 Havelock Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING

The Company's shares and options are listed and quoted on the Australian Securities Exchange Limited.

Home Exchange: Perth, Western Australia

Australian Securities Exchange Limited Code: FCN

FALCON MINERALS LIMITED
ACN 009 256 535

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

Your directors submit the financial report of the Company for the half-year ended 31 December 2010.

DIRECTORS

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

Mr Richard Diermajer
Mr Raymond Muskett
Mr Graeme Cameron

RESULT

The loss after tax for the half-year ended 31 December 2010 was \$818,593 and for the half year ended 31 December 2009 was \$428,853.

REVIEW OF OPERATIONS

COLLURABBIE PROJECT – W.A.
(Nickel, Copper and Platinum Group Elements)
(Falcon 100%)

During the half year Falcon completed a diamond drilling programme, downhole electro-magnetic survey (EM) and detailed soil sampling at the Collurabbie nickel-copper-PGE Project in the Duketon greenstone belt of Western Australia.

The drilling campaign intersected further massive Ni-Cu-PGE sulphides at Olympia in drill hole CLD208 which was drilled to test the continuity of mineralisation to the south of the main mineralised ore horizon (Figure 1). Better down-hole assay results from CLD208 include:

- **2m @ 0.96% Ni, 1.25% Cu and 3.49g/t PGE (Pt+Pd) from 143m.**
- **6.79m @ 0.34% Ni, 0.24% Cu and 0.51g/t PGE (Pt+Pd) from 163.9m.**

The intersection in CLD208 is associated with strongly faulted zone of massive to brecciated Ni-Cu-PGE sulphide interpreted to sit in a hanging-wall position above the main mineralised horizon which remains to be fully tested by drilling. (Figure 1). The down-hole EM survey indicated a reasonably large off-hole conductor down-dip from CLD208 in the vicinity of the interpreted ore horizon.

Drill hole CLD207 was drilled to test the interpreted down-plunge extent of the Olympia massive sulphide zone and reached a target depth of 318m. Although no massive sulphides were intersected, the down-hole EM survey identified two large conductive sources immediately off-hole and to the south of CLD207 that will require further test work. The attitude of both conductors suggests a steeply dipping zone through the main nickel sulphide body and continues beneath discovery hole CLD159 (5.77m @ 3.00% Ni, 1.86% Cu, 5.29g/t PGE).

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

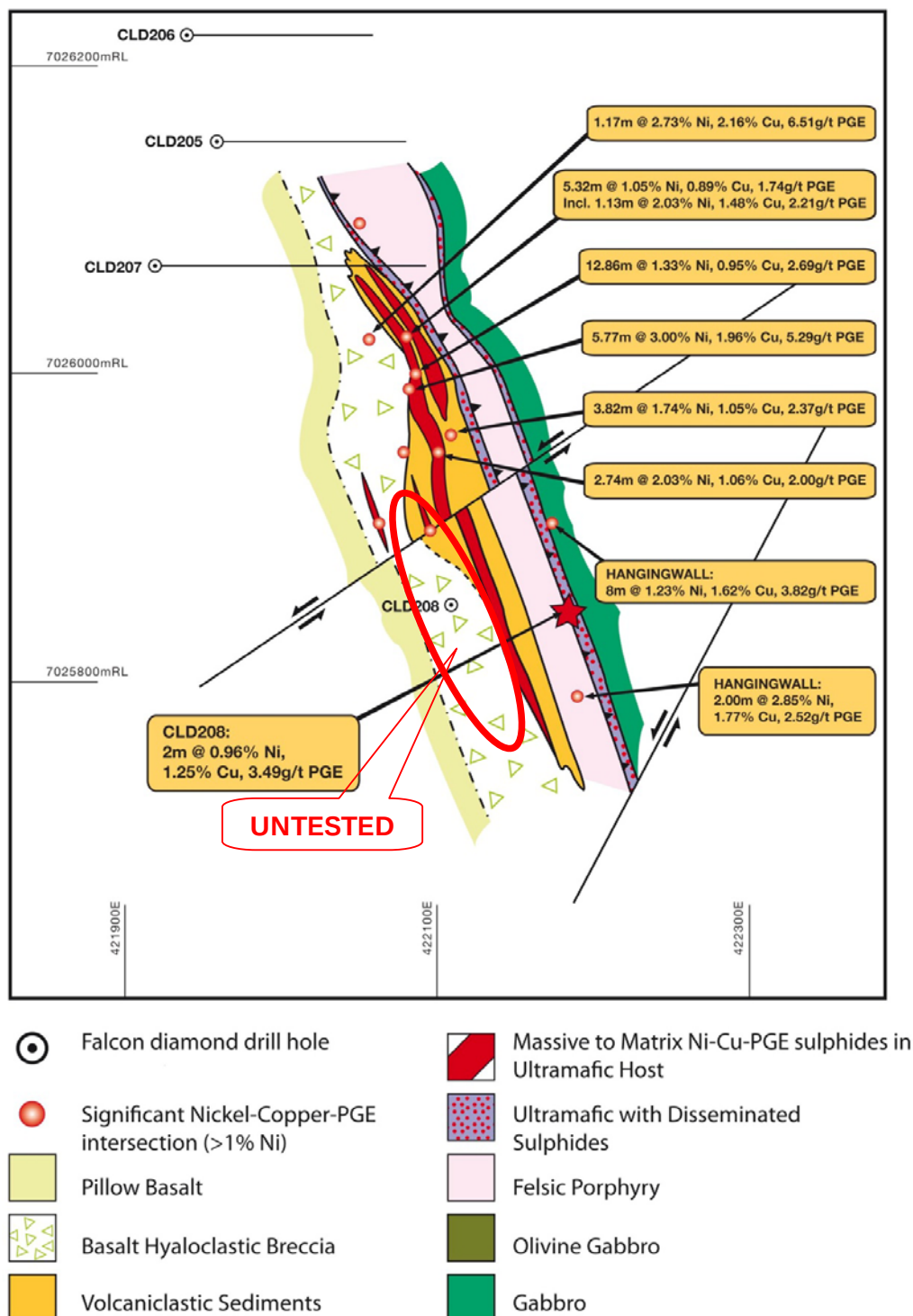


Figure 1 – Olympia Prospect geological interpretation (at 300m RL) showing drill result to date and location of recent Ni-Cu-PGE intersection in CLD208.

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

The drilling completed by Falcon has shed significant light on the controls on Ni-Cu-PGE sulphide mineralisation at the Collurabbie Project. A robust exploration model has now been developed and is being used to identify volcanic vent zones with VMS development and coincident Ni-Cu-PGE mineralisation in drilling or surface geochemistry (Figure 2). At least 5 prospects have been highlighted and will be the subject of drill campaigns in 2011.

In December 2010 a detailed geochemical soil sampling programme was completed at the Spartacus Prospect and defined at least four high-calibre poly-metallic drill targets, 6 kilometres along strike north from the Olympia mineralised zone. The soil geochemistry indicates several areas of highly-anomalous, coincident nickel-copper-PGEs with maximum nickel result of 1170ppb Ni (Figure 3). Each target also shows strong evidence for anomalous base metal (Cu-Zn) concentrations that may reflect a nearby volcanogenic exhalative environment.

Re-processing of ground and drill hole electro-magnetic data has also shown that several strong untested conductors are clearly associated with areas of anomalous geochemistry and will provide a focus for follow-up drilling.

Spartacus Prospect has excellent potential to host several zones of massive nickel-copper-PGE sulphide and significantly contribute to a resource base at Collurabbie.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

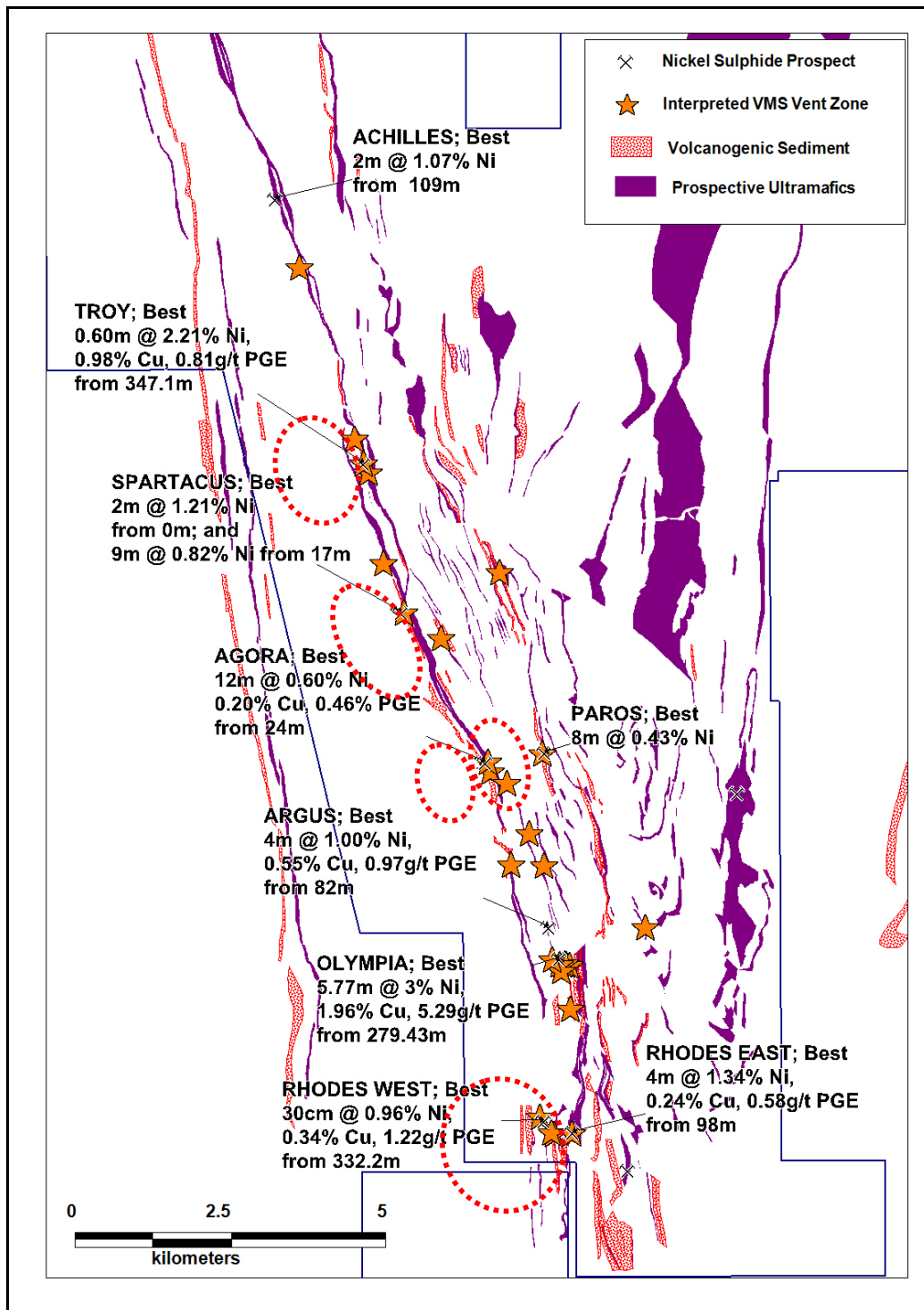


Figure 2 – Collurabbie Belt showing possible VMS vent zones and coincident nickel-copper-PGE in drilling.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

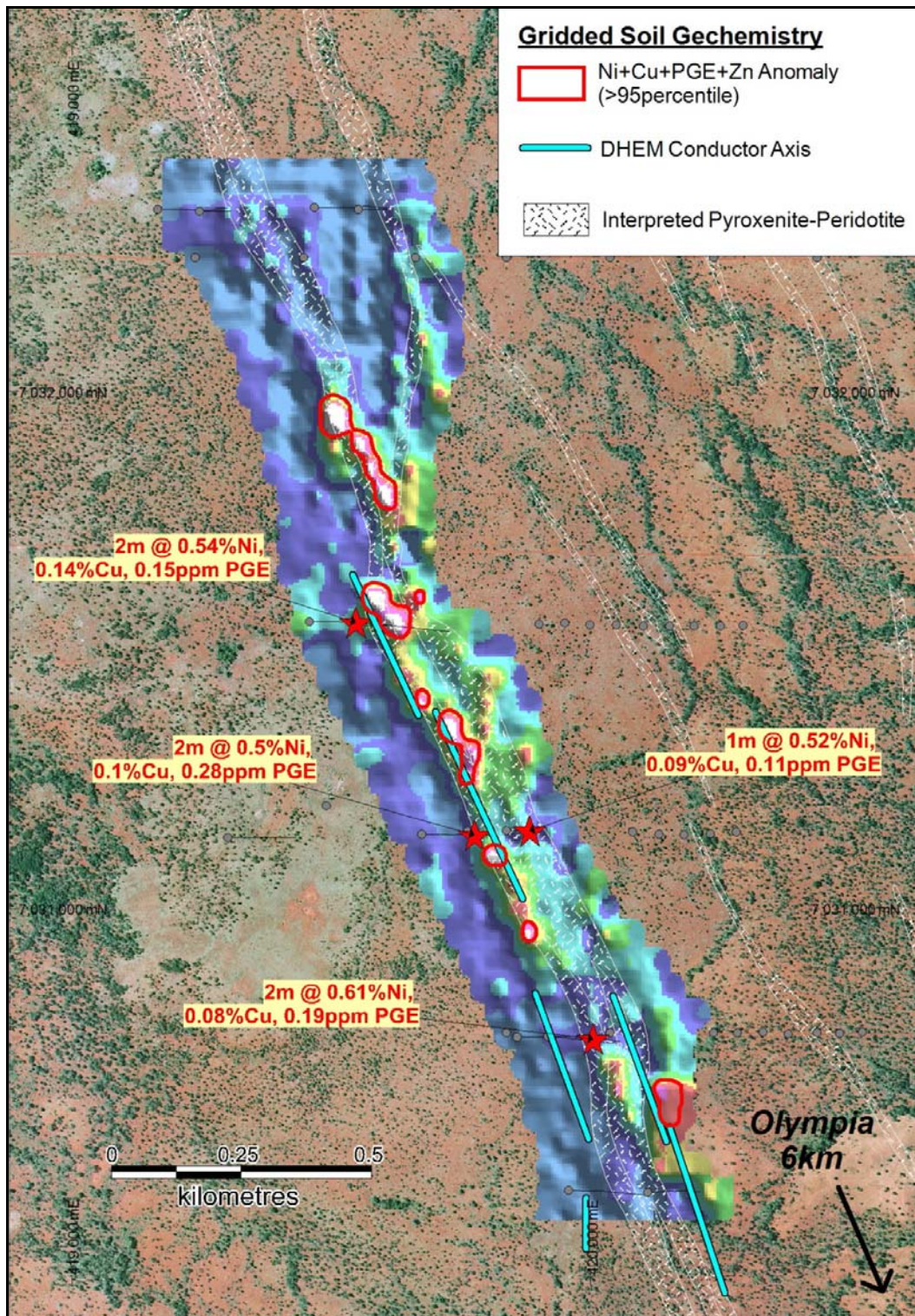


Figure 3 – Spartacus Prospect. Interpreted ultramafics and previous drilling results on gridded Ni+Cu+PGE+Zn soil geochemistry image.

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

SAXBY JOINT VENTURE – QUEENSLAND

(Gold, Nickel and Copper)

(Falcon 49%, AngloGold Ashanti Australia Limited 51 % earning 70%)

Recent high-grade gold intersections of 14m @ 4.61 g/t Au and 6.22 g/t Ag in SXDD014 released to the ASX on November 4th 2010 were significantly upgraded following re-assaying by Fire Assay methodology with the revised gold results shown below.

Drill Hole	East	North	From	To	Width (m)	Au (g/t)	Ag (g/t)	Intercept
SXDD014	488145	7865870	701.00	716.00	15.0	9.09	5.96	15.0 m @ 9.09 g/t Au
		<i>including</i>	701.00	709.00	8.0	15.09	9.63	8.0 m @ 15.09 g/t Au

NOTE: Check gold assays were performed using Fire Assay (50g) digest with an AAS finish.

SXDD014 was part of a 5 hole diamond drilling programme completed in August 2010 to test for gold mineralised structures away from previous AngloAmerican drill hole SXDD005 that intersected 17m @ 6.75g/t gold from 631m to 648m (Figure 4). High-grade gold mineralisation has now been intersected over a strike length of at least 300m and is open in all directions.

It is felt that the disparity between the earlier Aqua Regia analyses and the recent Fire Assay results is due to incomplete digestion of the gold by the acid digest in the presence of abundant iron sulphides (and/or graphite).

Patchy anomalous gold up to 0.95g/t was also returned from SXDD013. No significant gold mineralisation was returned from the other three diamond drill holes completed in 2010 (SXDD011, SXDD012 and SXDD015).

Leachwell check analyses of the main mineralised zone in SXDD014 indicate that about 90% of the gold is cyanide-soluble; that is, mineralisation does not appear to be refractory because of the association with telluride.

Intervals of strongly anomalous copper (but without significant gold) included:

- 8m @ 0.11% Cu from 744m in SXDD012
- 3m @ 0.12% Cu from 781m in SXDD013

On the back of these results it is felt that the Saxby JV project has excellent potential to host a major Tier 1 gold (+/-copper) deposit and will be the subject of further drilling in 2011.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

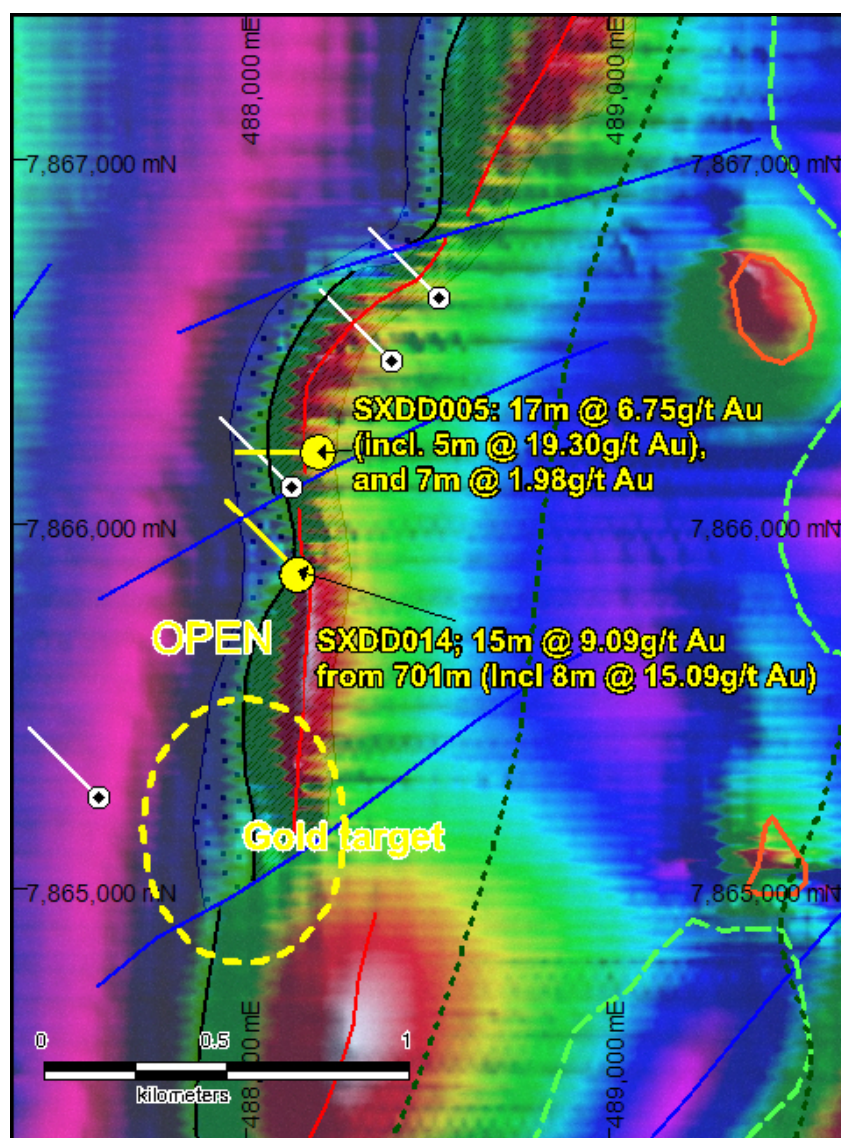


Figure 4 – Aeromagnetic image with interpreted geology and 2010 diamond drill holes

PEAKE-DENISON PROJECT – GAWLER CRATON, S.A.
(Copper-Gold-Iron, Uranium)
(Falcon 100%)

Regional targeting for iron oxide-copper-gold systems within the Gawler Craton was completed in 2009 using fully-integrated geophysical, geochemical and geological datasets to identify key controls on major mineralising systems. High-priority targets were identified resulting in the four large exploration within the Peake-Denison Inlier of the northern Gawler Craton. Peake-Denison represents a major uplifted Proterozoic basement block with discrete gravity-magnetic anomalies associated with major basement fault intersections. The geology of the Peake-Denison Inlier is thought to be analogous to the Olympic Dam and Prominent Hill geological settings.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

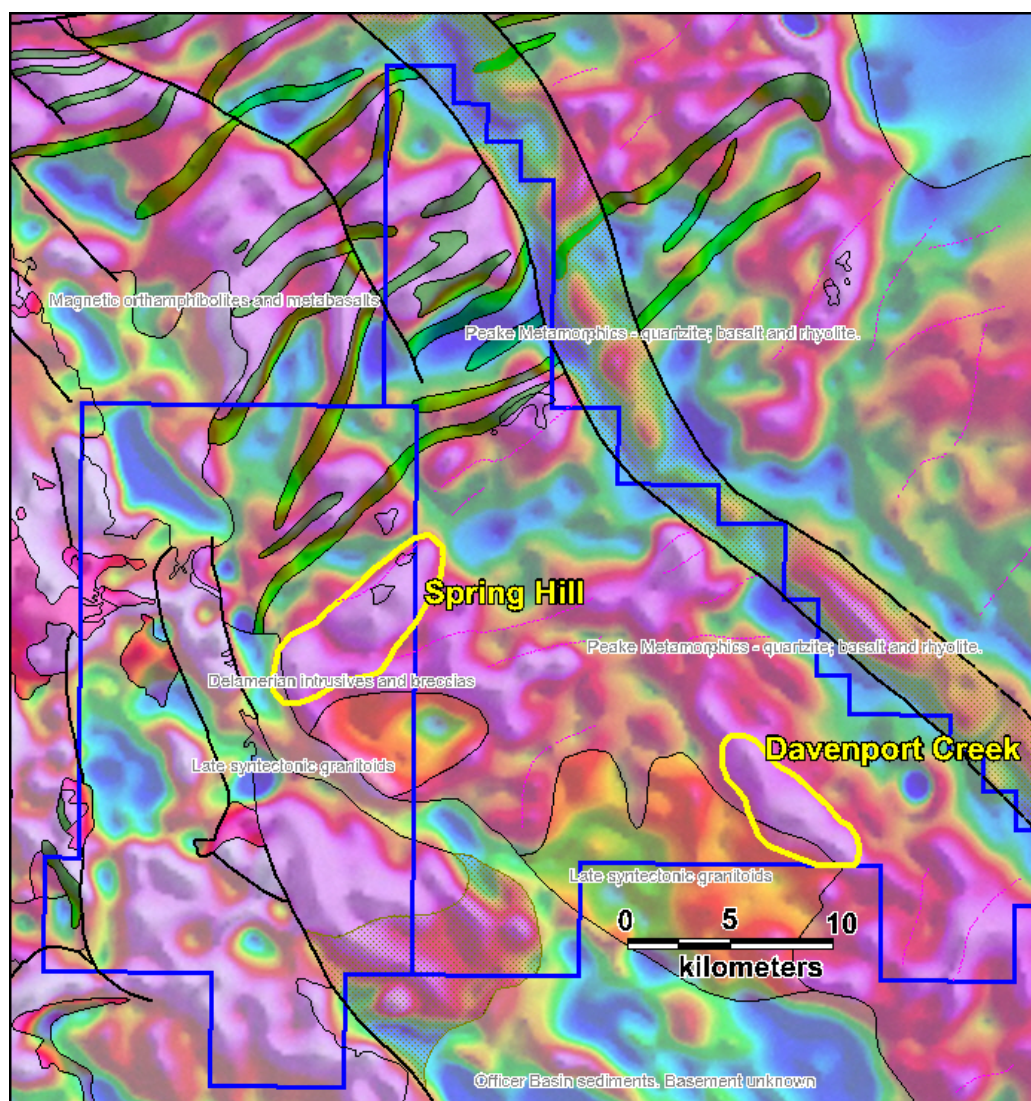


Figure 5 – Residual Bouguer gravity image showing Spring Hill and Davenport Creek gravity anomalies on Falcon Mt Margaret and Mt Charles ELs.

3D geophysical (inversion) modelling of detailed gravity data has defined two significant anomalies at Spring Hill and Davenport Creek (Figure 5). These targets comprise elongate to pipe-like bodies with densities of 3.1 to 3.6 g/cc and coincident, offset magnetic anomalies with susceptibilities up to 2.0 SI units (See Figure 6 and Figure 7). The geophysical expressions of the targets are consistent with known large iron-oxide-copper-gold alteration systems such as those associated with the Prominent Hill and Osborne copper-gold deposits.

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

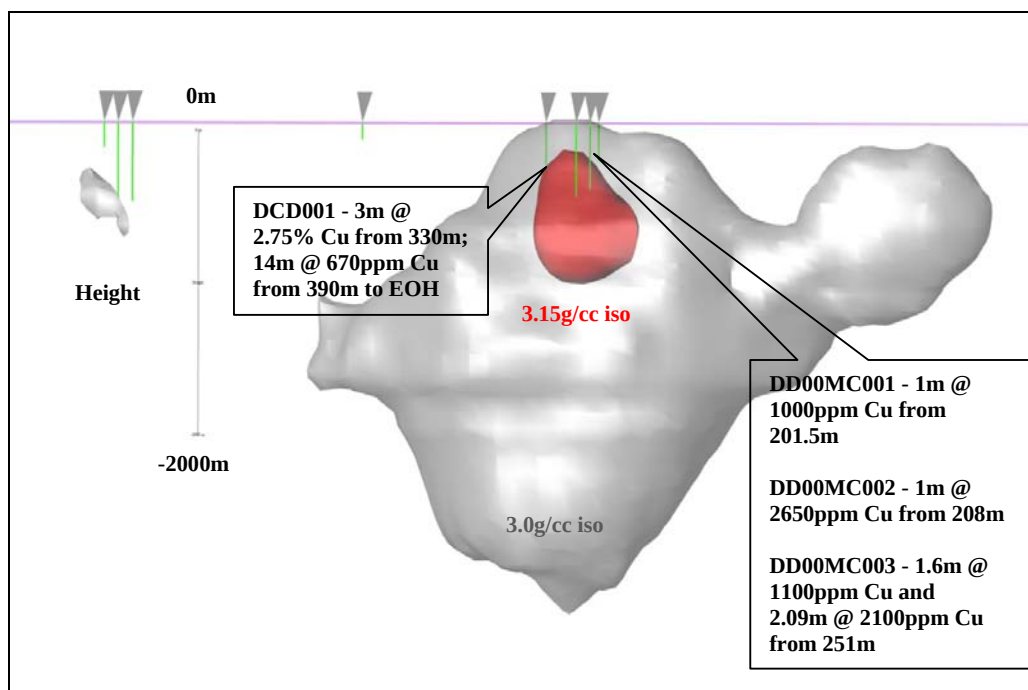


Figure 6 – Davenport Creek 3D gravity inversion model showing >3.0g/cc isosurfaces and previous drilling results (looking to the north-east).

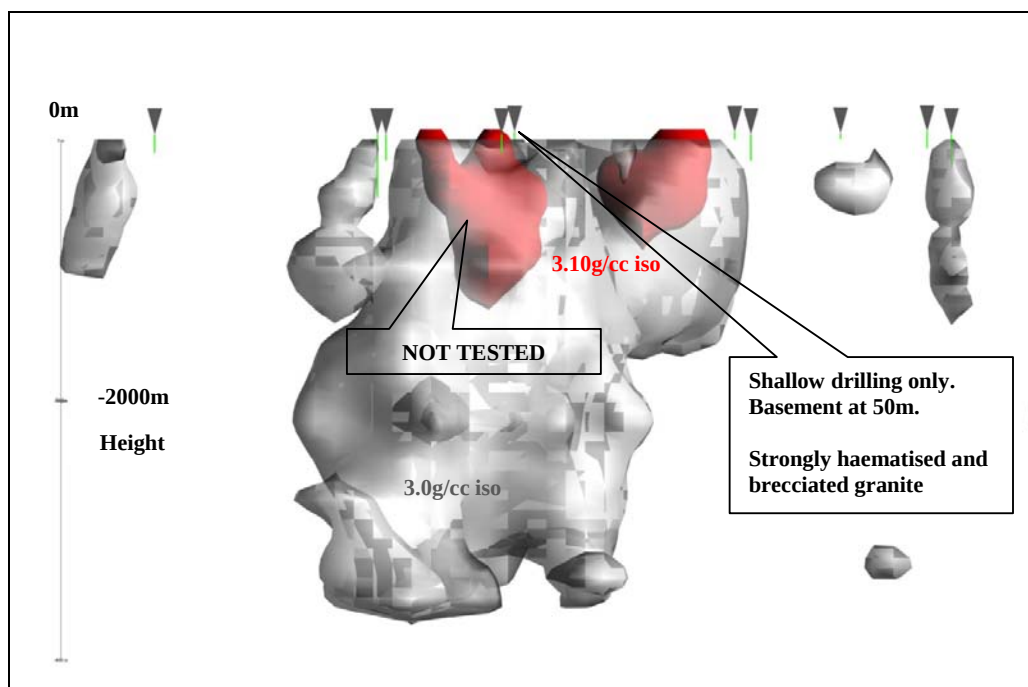


Figure 7 – Spring Hill 3D gravity inversion model showing >3.0g/cc isosurfaces and previous drilling results (looking to the north-west).

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DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

Previous exploration comprised limited drill testing only. Widespread copper anomalism ($>0.1\%$ Cu) was encountered in earlier drill holes at both the Spring Hill and Devonport areas, although it is clear from the 3D modelling that the historic drilling failed to test the core of the detailed gravity targets.

One historic drillhole, DCD001 at the Davenport Creek prospect reported an interval of 3m @ 2.75% Cu from 330m associated with magnetite-haematite-chalcopyrite-bornite breccias in basement rocks, and a further 14m of anomalous copper averaging 670ppm was intersected in altered pegmatite from 390m to the end of the hole. A downhole EM survey was completed and indicated an off-hole conductor away from the hole. Follow-up diamond drilling is planned for 2011.

DELETA JOINT VENTURE - DUKETON AND NORTH DUKETON PROJECTS - W.A.
(Gold and Nickel-Copper-Platinum Group Elements)
(Regis 80%, Falcon 20%)

The North Duketon Joint Venture comprises a large area of about 100 square kilometres within the Duketon greenstone belt, located directly south of the Collurabbie Project and to date, has returned broadly anomalous Ni-Cu-PGE drilling results from several prospects along the Collurabbie Ultramafic trend. The Duketon project lies immediately due north of the Regis Resources' regionally significant Moolart Well gold operation (2.22Moz).

No fieldwork was completed during the second half of 2010.

WINDANNING HILL JOINT VENTURE – W.A.
(Gold, Iron Ore)
(Minjar Gold Pty Ltd 78.5%, Falcon 21.5% diluting)

The Windanning JV is located within the Yalgoo-Singleton greenstone belt, 400 km north-north-east of Perth. The Yalgoo belt contains the world class Gossan Hill and Scuddles base metal deposits at Golden Grove and the Mt Gibson gold project.

In March 2009, Golden Stallion Resources bought Minjar Gold Pty Ltd and the Minjar gold asset (including the Windanning JV) from collapsed entity Monarch Gold Mining Company. In accordance with an earlier agreement with Monarch, Falcon retains its 21.5% equity in two separate joint ventures at Windanning Hill, each with Minjar Gold (gold and base metals) and Gindalbie Metals (iron ore).

The Windanning Hill JV hosts the Keronima gold deposit comprising a JORC-compliant Inferred Resource of 281,000 tonnes @ 2.2 g/t gold for 19,900 ounces of contained gold.

Falcon is continuing to review its options for the Windanning JV.

Mt Isa Inlier – Queensland
(Copper, gold)
(Falcon 100%)

Regional targeting for Ernest Henry- and Osborne-style Iron Oxide Copper-Gold (IOCG) systems was completed for the Mt Isa Inlier. Several new Tier-1 exploration licences have been acquired in the Cloncurry region and three exploration permits have been granted by the Queensland DME.

Historic data is currently compiled and a review is continuing to determine the nature and significance of these targets.

FALCON MINERALS LIMITED
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DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 15 for the half year ended 31 December 2010.

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

A handwritten signature in black ink, appearing to read 'Richard Edward Diermayer', with a large, sweeping flourish extending to the right.

Richard Edward Diermayer
Managing Director

Dated this 15th day of February 2011

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International
Chartered Accountants and Consultants

15 February 2011

Board of Directors
Falcon Minerals Limited
Suite 19, 100 Hay Street
SUBIACO WA 6005

Dear Directors

RE: FALCON MINERALS LIMITED

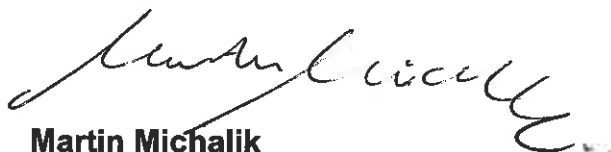
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Falcon Minerals Limited.

As Audit Director for the review of the financial statements of Falcon Minerals Limited for the six months ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

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



Martin Michalik
Director

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 December 2010

		31 December 2010 Note \$	31 December 2009 \$
Revenue	2	154,114	77,837
Operating Expenses			
Occupancy expenses		(21,750)	(20,704)
Administrative expenses		(251,202)	(287,370)
Depreciation	2	(40,582)	(8,044)
Exploration expenditure written off	2	(659,173)	(190,572)
		<u>(972,707)</u>	<u>(506,690)</u>
Loss before income tax		(818,593)	(428,853)
Income tax		-	-
Loss after tax		<u>(818,593)</u>	<u>(428,853)</u>
Other comprehensive income			
Revaluation of financial assets to fair value		-	155,000
Total other comprehensive income/(loss) for the period		-	155,000
Total comprehensive income/(loss)		<u>(818,593)</u>	<u>(273,853)</u>
Loss attributable to members of Falcon Minerals Limited		<u>(818,593)</u>	<u>(428,853)</u>
Total comprehensive income/(loss) attributable to members of Falcon Minerals Limited		<u>(818,593)</u>	<u>(273,853)</u>
Basic loss per share (cents per share)	4	(0.50)	(0.30)
Diluted loss per share (cents per share)	4	(0.50)	(0.30)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	31 December 2010 \$	30 June 2010 \$
Current Assets		
Cash and cash equivalents	4,737,797	5,458,904
Trade and other receivables	106,289	177,548
Total Current Assets	4,844,086	5,636,452
Non-Current Assets		
Plant & equipment	238,480	255,034
Financial assets	14,404	14,404
Total Non-Current Assets	252,884	269,438
Total Assets	5,096,970	5,905,890
Current liabilities		
Trade and other payables	83,103	58,695
Provisions	21,348	36,083
Total Current Liabilities	104,451	94,778
Total Liabilities	104,451	94,778
Net Assets	4,992,519	5,811,112
Equity		
Issued capital	20,397,612	20,397,612
Reserves	171,490	171,490
Accumulated losses	(15,576,583)	(14,757,990)
Total Equity	4,992,519	5,811,112

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

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2010

	Share Capital \$	Option Reserve \$	General Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.09	16,632,472	63,753	15,000	(13,774,061)	2,937,164
Total comprehensive income for the period					
Loss for the half year	-	-	-	(428,853)	(428,853)
Revaluation of financial assets to fair value	-	-	155,000	-	155,000
Total comprehensive loss for the period	-	-	155,000	(428,853)	(273,853)
Employee share options	-	68,171	-	-	68,171
Balance at 31.12.09	16,632,472	131,924	170,000	(14,202,914)	2,731,482
	Share Capital \$	Option Reserve \$	General Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.10	20,397,612	171,490	-	(14,757,990)	5,811,112
Total comprehensive income for the period					
Loss for the half year	-	-	-	(818,593)	(818,593)
Total comprehensive loss for the period	-	-	-	(818,593)	(818,593)
Balance at 31.12.10	20,397,612	171,490	-	(15,576,583)	4,992,519

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

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(242,852)	(227,408)
Interest received	181,846	57,553
Exploration, evaluation and project generation	(636,880)	(186,270)
Net cash (used in) operating activities	(697,886)	(356,125)
Cash flows from investing activities		
Payments for plant and equipment	(23,221)	(4,214)
Net cash from / (used in) investing activities	(23,221)	(4,214)
Net decrease in cash and cash equivalents held	(721,107)	(360,339)
Cash and cash equivalents at the beginning of the period	5,458,904	2,872,947
Cash and cash equivalents at the end of the period	4,737,797	2,512,608

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

FALCON MINERALS LIMITED
ACN 009 256 535

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. BASIS OF PREPARATION

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Falcon Minerals Limited during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2010.

In the half-year ended 31 December 2010, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2010.

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

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

Exploration and evaluation costs

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

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

FALCON MINERALS LIMITED
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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
2. OPERATING LOSS		
Operating loss before income tax has been determined after:		
(a) Revenue:		
Interest received	154,114	77,837
(b) Expense:		
Depreciation	40,582	8,044
Exploration expenditure written off	659,173	190,572
Share based payments	-	68,171

3. ISSUED CAPITAL

There were no movements in issued and paid up ordinary capital of the Company during the half-year ended 31 December 2010.

4. EARNINGS PER SHARE

	Half Year 31 December 2010	Half Year 31 December 2009
	cents	cents
Basic (loss) per share	(0.50)	(0.30)

Weighted average number of ordinary shares used in calculation of basic loss per share is 163,578,935 (31 December 2009: 142,526,303). Options to purchase ordinary shares not exercised at 31 December 2010 have not been included in the determination of basic earnings per share. Options outstanding at 31 December 2010 are out of the money and considered to be anti dilutive. Diluted loss per share is therefore the same as basic loss per share.

**FALCON MINERALS LIMITED
ACN 009 256 535**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010**

5. SEGMENT REPORTING

The Company operates in the mineral industry in Australia.

6. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there are no contingent assets or liabilities as at 31 December 2010.

7. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

FALCON MINERALS LIMITED
ACN 009 256 535

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 16 to 22, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 – Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Falcon Minerals Limited will be able to pay its debts as and when they become due and payable.

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

Dated at Perth this 15th day of February 2011

A handwritten signature in black ink, appearing to read 'Richard Edward Diermajer', with a large, stylized flourish extending from the end of the signature.

Richard Edward Diermajer
Managing Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Falcon Minerals Limited, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Falcon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Falcon Minerals Limited on 15 February 2011.

Conclusion

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

- (a) giving a true and fair view of the Company's financial position **as** at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

(Trading as Stantons International)

(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
15 February 2011