FALCON
MINERALS LIMITED
ACN 009 256 535
1st Floor, 14 Outram Street,
West Perth, Western Australia 6005
PO Box 913, West Perth WA 6872
Telephone: (08) 9481 3322
Facsimile: (08) 9481 3330
Email: falcon@indigo.net.au
Website: falcon.indigo.net.au

## Company Announcement

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AUSTRALIAN STOCK EXCHANGE
FCN000004

# FALCON INCREASES INTEREST IN "OLYMPIC DAM AND MAJOR VOLCANOGENIC GOLD/COPPER PROJECTS"

Falcon Minerals Limited is pleased to announce that it has finalised an Agreement to acquire interests in projects held by Mr Ray Muskett under the "Olympic Dam and Major Volcanogenic Gold/Copper Initiative" including the highly prospective "Cargo Joint Venture" in the Lachlan Fold Belt in New South Wales.

Under the terms of an earlier Agreement with Falcon, Muskett holds a 10% interest in the Cargo Joint Venture and a 20% interest in tenements forming the "Olympic Dam and Major Volcanogenic Gold/Copper Initiative". The interest is free carried to completion of a Bankable Feasibility Study.

The consideration payable for the acquisition of Muskett's interest will be satisfied by the issue of 4 million fully paid shares in Falcon under the following terms:-

i) 2 million shares to be issued on execution of the Agreement for 50% of Musketts interests.
ii) Within two years, issue 1 million shares when the shares have traded at 15 cents or greater for 5 consecutive days for a further 25% interest.
iii) Within two years, issue a further 1 million shares when the shares have traded at 20 cents or greater for 5 consecutive days for the remaining 25% equity.

Under the terms of the Agreement, Falcon will have the right to increase its interest from 63% to 70% in the Cargo Joint Venture and hold 100% interest in all projects held under the "Olympic Dam and Major Volcanogenic Gold/Copper Initiative".

The results of an advanced Induced Polarization (IP) Survey completed in December 2002 at Cargo has been highly encouraging.

The survey designed to cover the Cargo Intrusive Complex, outlined two extensive chargeability zones one almost 2.8 km long and up to 500m wide and another 1.5 km in length extending south east from the Spur-Dalcoath resource. Very high chargeability anomalies between 30 and 200 mV/V were recorded. A reading of 30mV/V is considered to be a significant response in this geological environment.

The northern part of the anomaly forms a broad arcuate feature concave to the west. Potassically altered intrusive rocks occur on the western side of the anomaly and are associated with a large area of highly anomalous copper (>600ppm) in soils and rock samples. On the convex eastern side, gold mineralisation in old workings, drill holes, rocks and soil samples is located on the leading edge. At surface the anomaly coincides with areas of both phyllic alteration and magnetite in volcanic rocks.

The anomaly is believed to represent an extensive zone of sulphide-bearing rock with potential to host gold and copper mineralisation similar to the nearby Cadia-Ridgeway mine. The Spur-Dalcoath inferred gold resource containing 3.7 Mt at 1.24 g/t is located on the southern end of the anomaly in a zone of moderate chargeability.

The vertical extent of the sulphide zones varies but is substantial with the deeper northern end extending from about 50m to 200m beneath surface to over 500m in depth. Gold and copper mineralisation in the region is invariably associated with iron and copper sulphides.

Three gold target zones have been selected and drilling is scheduled to commence at a date to be set in the second half of February 2003. Two have potential for Cadia and Ridgeway styles of mineralisation and one has potential for low temperature hydrothermal to epithermal mineralisation. Cargo is located 12 km to the west of Ridgeway, lies within rocks of similar age, and contains a similar style mineralisation. Cadia Hill alone produces in the order of 270,000oz of gold and 22,000 tonnes of copper per annum from a measured resource in the order of 260 Mt at 0.73 g/t gold and 0.17% copper. Further details regarding these targets will be released in the December quarterly report.

*The information in this report as it relates to mineralisation is based on information compiled by Mr Ray Muskett who is a Geological Consultant of the company and a Competent person as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr Ray Muskett.*

Yours faithfully

**Richard Diermajer**
Director

**For Further Information**
**Please Contact:**

Mr Ray Muskett
Chief Geological Consultant
Falcon Minerals Limited
Telephone: (08) 9481 3322
Fax:: (08) 9481 3330
Email: falcon@indigo.net.au