Falcon Minerals Ltd

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Company Announcement

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UPDATE ON THE COMPANY'S ACTIVITIES

Introduction

Following the initial drilling at Cargo NSW, Falcon Minerals has assessed its exploration objectives of its Olympic Dam and large volcanogenic gold/copper exploration initiative. Its first percussion drilling program in March and April 2003 at the Cargo joint venture area returned a number of significant but sub economic low grade gold and a few narrow higher grade gold intercepts. While work on the Cargo and adjoining Belubula tenements continue, the company intends to bring forward some of its other Olympic Dam and large volcanogenic gold/copper projects discussed below, towards the drilling stage. Work on these projects was deferred while Falcon concentrated on the first drilling program at Cargo. The prime objective of a major drill intersection at Cargo was not achieved in the initial drilling phase and the company's other major targets need to be advanced to drill testing stage.

As Falcon now has 18 separate targets at various stages of advancement to drill in South Australia, Victoria, NSW and Queensland, it has been preparing farm out documents on some of these projects and conducting its own exploration on others to enable it to maintain momentum on its initiative.

Cargo Project NSW, Gold and Copper

(Falcon earning 70%)

Following the completion of 2,488m of percussion drilling at Cargo in April, the drilling and sampling data has been reviewed and further work on interpretation of results for other targets is continuing.

The Cargo Project was selected for the first Falcon drilling program under its new initiative as it was an existing granted tenement with immediate access and comprised a known gold and copper bearing porphyry intrusive that correlated reasonably well with one of three broad target areas in the Cargo and Belubula lease areas. These targets being identified under the company's volcanogic gold/copper geological target identification approach to exploration.

The initial targeting approach as it applies to this style of volcanogenic extrusive/porphyry intrusive deposit is broad in that it identifies an area of a few to several square km where large-scale mineralisation may occur. A ground geophysical survey is required to define target precision prior to drilling exploratory holes for a large mineralized body.

At Cargo the already existing shallowly drilled resource at Spur Dalcoath (including 147,000 ounces of gold at 1.2 g/t) and other gold and copper bearing areas about the Cargo volcanogenic/porphyry intrusive satisfactorily correlated with the Falcon targeting system. Greater target precision required to define drill hole locations led to collecting another layer of information, in this case Induced Polarization (IP).

To upgrade the Cargo target area to drill target status, an advanced ground IP survey was completed in order to search for large accumulation of more intense sulphide concentrations at depth. The IP survey over 9 km^2 produced a number of strong chargeability anomalies at depth that were considered to indicate large buried zones of strongly sulphide bearing rock often beneath existing shallowly drilled low grade gold mineralized zones

This presented an excellent opportunity for drilling and subsequent drilling into a few of these zones beneath known gold mineralisation produced smaller amounts of sulphides however no thick zones of several percent sulphides or higher were encountered that would explain the IP chargeability anomalies. Despite the lower than expected sulphide content, there were sporadic narrow medium gold grades with wide zones of low-grade gold. The lower than expected sulphide content of IP anomalies under Spur Dalcoath remains enigmatic and the company's consultant independent geophysicists will be further evaluating the data to determine why a high sulphide system was not intersected in drill holes completed to date.

Recent magnetic modeling on the Cargo Joint Venture area over other priority targets under cover has identified two Ridgeway style targets that are being more closely assessed for drilling in the coming months. One such target is near the historic but small scale Burley Jacky mine, where modest past mine production recorded grades of about 30% copper and 12g /t gold. Further geophysical modeling on depths to these targets is currently underway prior to a decision to drill.

South Australian Projects
(Falcon 90% with an option to earn 100%)

Falcon has 5 tenements in South Australia (Palthrubie, Bond Hill, Keith, Naracoorte, and Pimba) that cover Olympic Dam and Volcanogenic gold/copper style targets.

Geophysical data processing has identified drill targets at Palthrubie, which is in south central South Australia. Palthrubie has a history of shallow drill holes in the general area returning evidence of Olympic Dam style mineralizing fluids including hematite, fluorite and barite.

Gravity surveys conducted by Falcon over the Keith and Naracoorte projects have confirmed and defined these targets for drilling (See Figures 1 and 2). These targets are within rocks similar to the Mt Read Volcanics of western Tasmania that are younger than the Proterozoic granitic rocks at Palthrubie, Bond Hill, and Pimba.

They hold potential for not only older Olympic Dam but also for younger Volcanogenic gold and copper and some other base metal styles of mineralisation. Consents with landowners and the authorities for drilling are progressing.

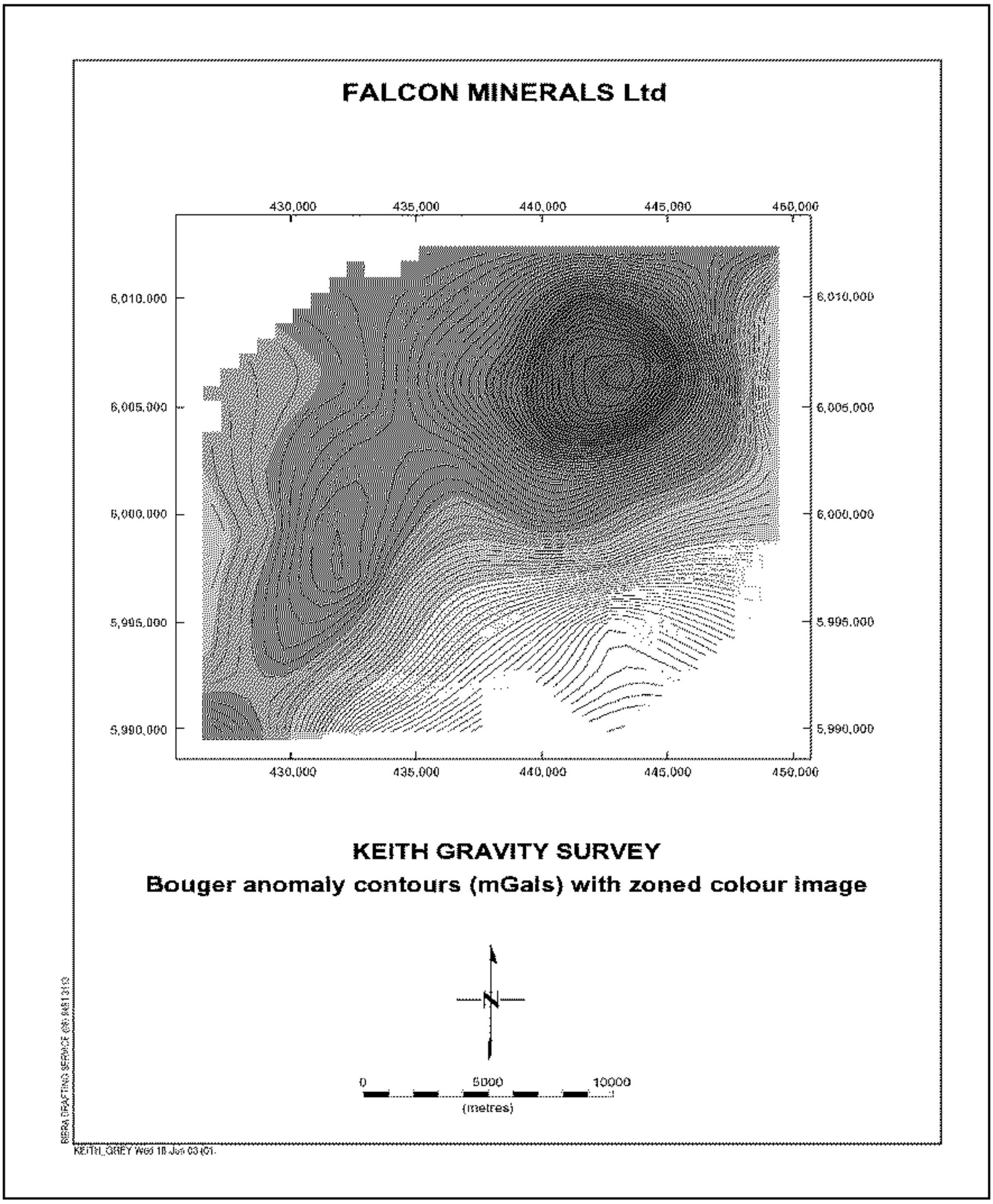

Figure 1

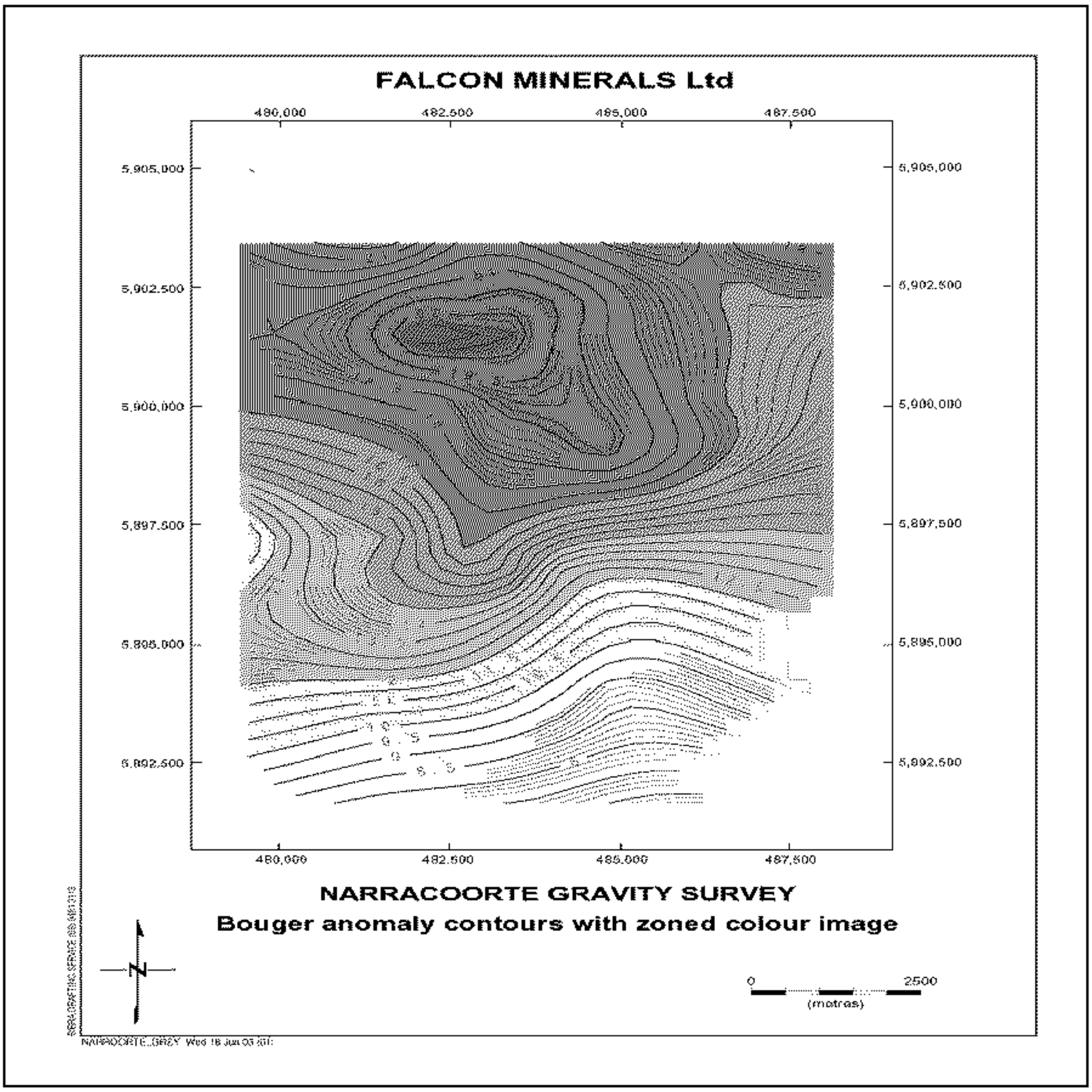

Figure 2

Pimba, a newer tenement requires ground geophysical follow up work to confirm its target.

Saxby Project, Queensland
(Falcon 90% with an option to earn 100%)

The Saxby target, which is attractively located within the Mt Isa District in Queensland under cover of about 300m to 400m, is very large at 4.5km by 6km and was the subject of three deep holes in the 1990s on the eastern side of the target area. Drilling was directed towards a specific magnetic zone within the much larger Falcon target zone and an altered igneous gabbroic rock was intersected in all three holes. Drilling from 400m to over 700m depths consistently returned thick zones of pyrrhotite iron sulphides with subordinate low-level copper iron sulphides (chalcopyrite) and some nickel sulphides (pentlandite). Sulphides varied from <1% up to 20% throughout the holes as fine interlocking networks of veinlets and some coarse blebs and disseminations. The best intersection was 10.4m @ 0.28% copper and 0.25% nickel.

Interpretation of Falcon's processed magnetic data indicates that drilling had missed the original target.

Besides being a possible Olympic Dam style target, it was during the 1990s and still is, considered to be a potential Canadian Sudbury, Russian Norilsk or Canadian Voiseys Bay type body with the potential for large tonnage copper and nickel sulphides.

Magnetic and gravity modeling has being completed to drill target definition stage. Negotiations for a drilling agreement with the relevant Native Title party is in progress.

Shepparton Project, Victoria
(Falcon 90% with an option to earn 100%)

In Victoria, a recently completed gravity survey (see Figure 3) by Falcon confirmed and defined this target ready for drilling under soil cover over an area of 0.5 km x 3 km, as having some characteristics of both the volcanogenic gold/copper and Olympic Dam style mineralisation due the presence of copper, gold, fluorite and hematite in outcrop along strike. As it's relatively shallow at between 100m and 200m under soil and sedimentary cover, drilling is planned for later this year. Approvals with authorities and landowners for drilling access are progressing.

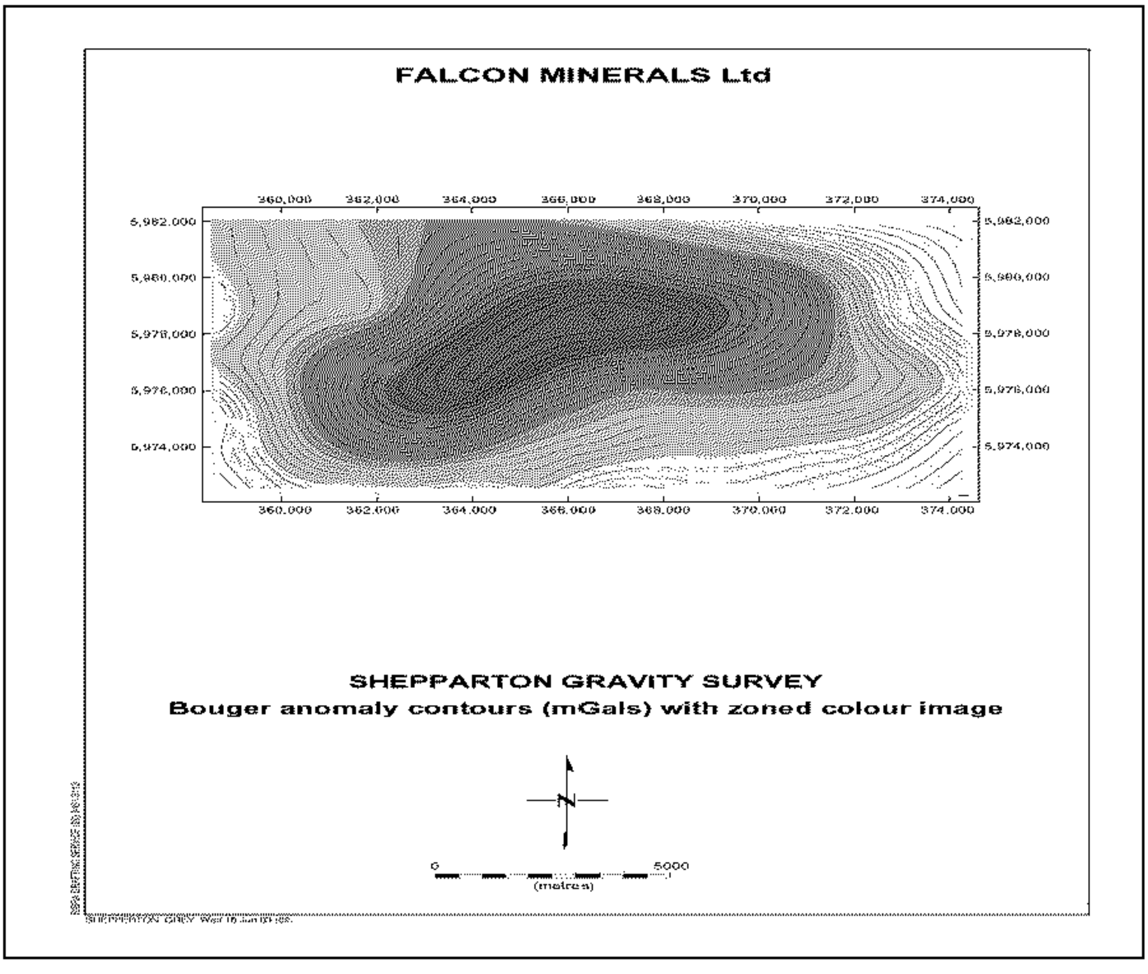

Figure 3

Racehorse and McDonald Projects
(Falcon 90% with an option to earn 100%)

These two projects in south east Queensland that have been identified as likely to have large intrusive targets are presently undergoing ground geophysical surveys for confirmation and better target definition via Fugro Geophysics. Planning for drilling will be dependent on those results expected within a month. These tenements are at the southern end of the Drummond Basin within the geological province that contains some notable discoveries to its north such as the historic Peak Downs volcanogenic massive sulphide copper mine and the Pajingo gold mine further north.

Conclusion

The Olympic Dam and large Volcanogenic gold/copper exploration targeting approach of Falcon provides the opportunity for a major discovery. It is a numbers exercise whereby only one of Falcon's targets needs to be successful and had the first drilling attempt at Cargo been outstanding it would have had a positive impact on the company's share price. Work by Falcon will continue maturing all of its Olympic Dam targets towards drilling as evidenced by the results of gravity surveys completed over some of its targets in defining Olympic Dam style signatures. Persistence and focus with some targets to be drilled by Falcon and others farmed out to increase the drilling test rate will continue.

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

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