

Falcon Minerals Ltd

ACN 009 256 535

Company Announcement

First Floor, 10 Outram Street, West Perth WA 6005
PO Box 109 West Perth WA 6872

Telephone: +61 8 9226 3666
Facsimile: +61 8 9226 3644

Date: July 29th 2008
To: Companies Announcement Office, ASX
Electronic Lodgement:
Number of pages: 10

FOURTH QUARTERLY ACTIVITY REPORT TO 30 JUNE 2008

SAXBY JOINT VENTURE – QUEENSLAND

(Nickel and Copper)

(Falcon 49%, Anglo American 51 % earning 70%)

Drilling on the Saxby Nickel/Copper Project commenced in June. Drilling was previously scheduled for May however delays were experienced due to rig and personnel availability. Progress during drilling the first target, hole number SXDD001 which is located some 5km's north west of the main conductor has been slow due to difficult ground conditions being encountered down the hole.

A maximum level of A\$150,000 for 50% of the direct drilling costs is being provided by the Queensland Department of Mines under their Collaborative Drilling SMART Funding initiative.

During the quarter additional and in fill SQUID TEM (transient electro-magnetic) surveying over new potential and defined targets to assist in drill hole location for the drill programme was also completed

The Saxby project which is located 150 km northeast of Cloncurry in Northwest Queensland was previously the subject of 2 holes drilled by Falcon in 2004. Of the drilling, hole SD02 intersected over 300m of sub-economic Ni/Cu supported by low level platinum anomalism in a sulphide bearing olivine gabbro from 443m (beginning of basement) to the end of hole. The work proved highly encouraging and shows the potential for a mafic hosted (Voisey's Bay or Noril'sk style) Ni/Cu massive sulphide system.

Under the joint venture with Anglo, Low Temp Squid TEM (transient electro-magnetic) surveying was completed in late 2007 and identified strong large bedrock conductors that lie adjacent to the low grade Ni/Cu mineralization intersected by Falcon in the 2004 drilling.

The locations of these conductors have the potential to represent a massive sulphide system containing higher grade Ni/Cu mineralization and will be tested by the drill programme currently underway. A plan view showing an average bedrock conductivity image and drill hole locations is shown in Figure 1. All the conductors are relatively strongly responsive and are likely to be sourced by sulphides including pyrrhotite within mafic rocks or sediments.

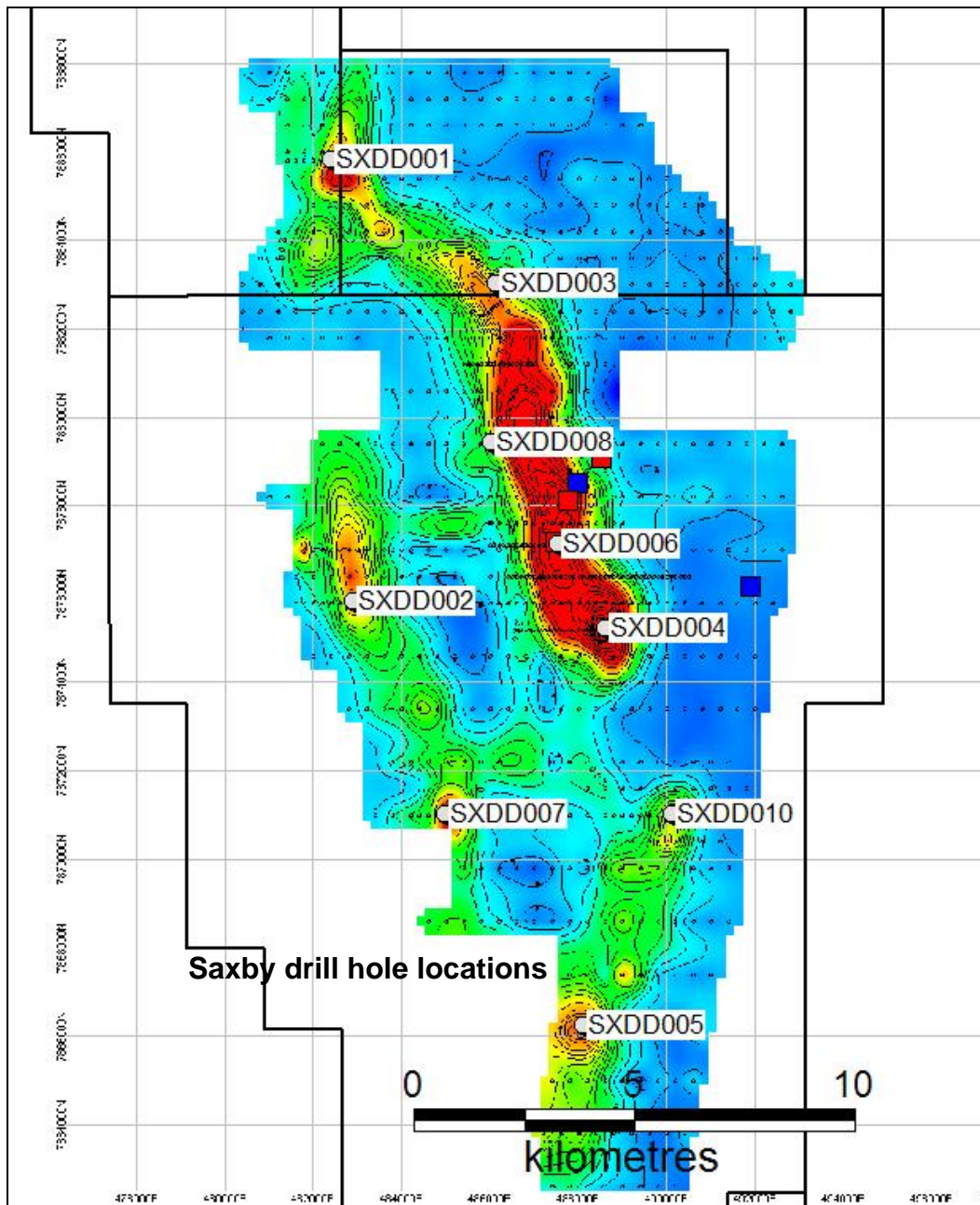


Figure 1: Proposed hole location shown on a bedrock conductance image.

Figure 2 shows a sectional representation of one such conductor on line 7,877,000N. Here the conductive cover sequence is clearly highlighted (yellow - orange) in the top ~400m, while the deep blue shows bedrock below. The orange-red feature in the centre of the section, dipping steeply to the east is a large EM conductor, which coincides with an untested off-hole conductor produced in a nearby historic drill hole.

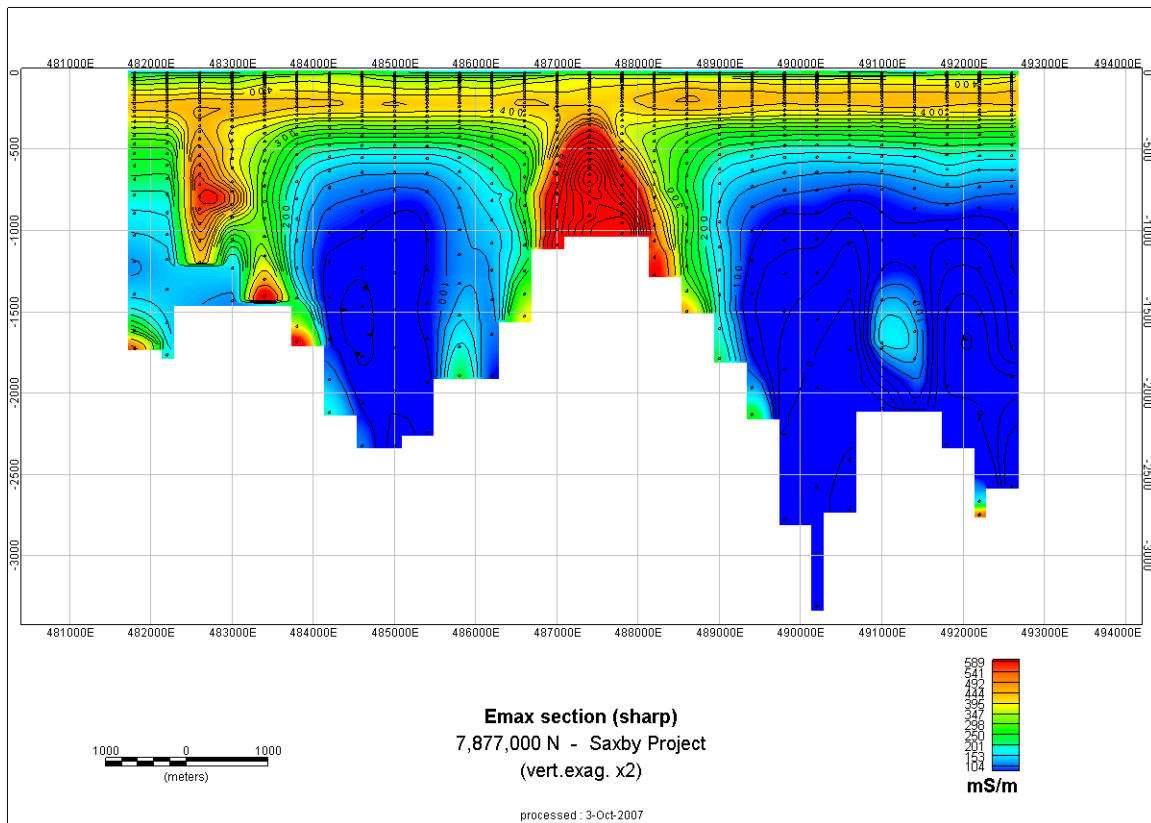


Figure 2: Saxby Project. Section 7877000N. Low Temperature Squid TEM Conductivity Depth Image.

With the difficulties experienced in the first hole it is now expected that the current drill programme consisting of 6 to 8 holes to depths of 850m for a minimum of 5,000m will take longer than the 3 months as initially proposed. Results from the drilling will be released as they come to hand.

COLLURABBIE JOINT VENTURE – W.A.

(Nickel and Platinum Group Elements Project)

(Falcon 30%, BHP Billiton 70%)

Background

The Collurabbie Project is located 160 km east of Mt Keith and 200 kilometres north of Laverton in the North Eastern Goldfields of Western Australia. Previous exploration at Collurabbie discovered disseminated nickel-copper-platinum group element (Ni/Cu/PGE) sulphide mineralisation, followed by the first massive sulphide intersections of Ni/Cu/PGE at the Olympia prospect (See Figure 3). The discovery at Olympia was considered significant in that it represented a style of mineralisation not encountered previously in Australia, and potentially a new Ni/Cu/PGE province.

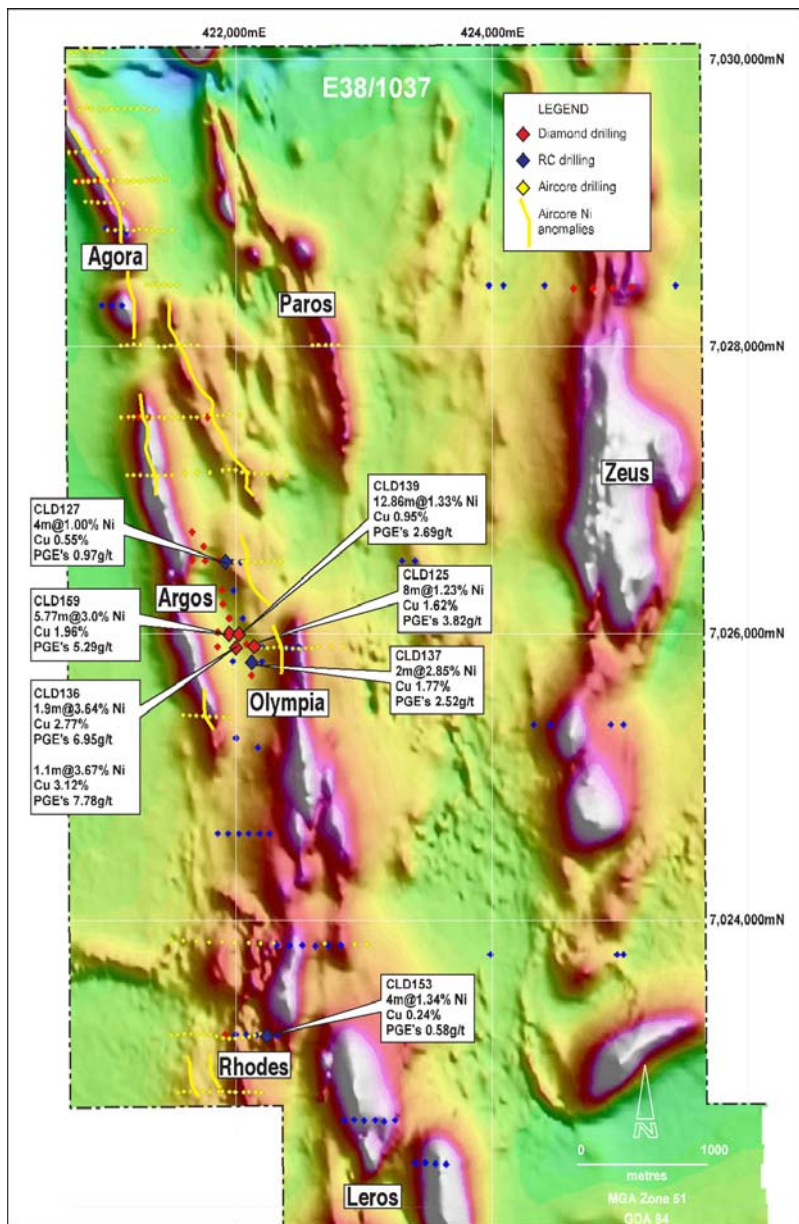


Figure 3: Collurabbie prospects and magnetics

CURRENT EXPLORATION

During the quarter, processing of data from the Falcon Airborne Gravity Gradiometer survey flown at Collurabbie in December 2007 continued.

The aim of the survey is to distinguish ultramafic units within relatively quiet magnetic areas, such as basalt terrains. In addition, specific domains of high, moderate or low density have been identified over areas of interest at the Collurabbie project. Relating the density domains to the geological interpretation has highlighted specific geological features and areas where the magnetic and geological interpretation can be refined. This is a significant step towards generating additional drill targets, particularly in the vicinity of the Beta and Gamma sills which are highly prospective horizons for Ni sulphide mineralisation.

In addition to regional geology, the Gravity Gradiometer data is an effective tool to aid structural mapping. At Collurabbie the data has been utilised to better define one of the major northwest trending structures which, dissects the area of interest.

Following completion of interpretation of this work further processing using a recently developed BHP Billiton proprietary processing technique of both the gravity and magnetic data was completed to account for the removal of remnant magnetism effects. This re-processing has resulted in a detailed geophysical inversion of the aeromagnetic and Falcon gravity data being undertaken.

The magnetic processing used has removed all magnetic remanence features and the building of a Solid-earth Model which allows a direct correlation (spatially) between ultramafics and other magnetic units. The data is currently being used to assess the effectiveness of all previous drilling with focus on whether drill holes have penetrated the full ultramafic stratigraphy. The data is also being used to explore down plunge increases in the ultramafic thickness with the view to generating new drill targets.

Ground access at Collurabbie is currently restricted due to lack of heritage clearances. To address this issue, planning for heritage surveys with all relevant claimant parties over the coming two quarters has commenced.

During the next quarter processing and modelling of the combined gravity-magnetic data will be utilized to generate further quality targets for drilling.

MULGARRIE JOINT VENTURE – W.A.

(Nickel)

(Falcon 30%, Hemisphere 70%)

The Mulgarrie Project comprises tenement E27/314, covering prospective komatiite stratigraphy, 15 - 20km north and along strike from the Silver Swan nickel deposit (See Figure 4). The project is in joint venture with Hemisphere Resources Ltd who, is spending \$300,000 on exploration, during which time Falcon is free carried.

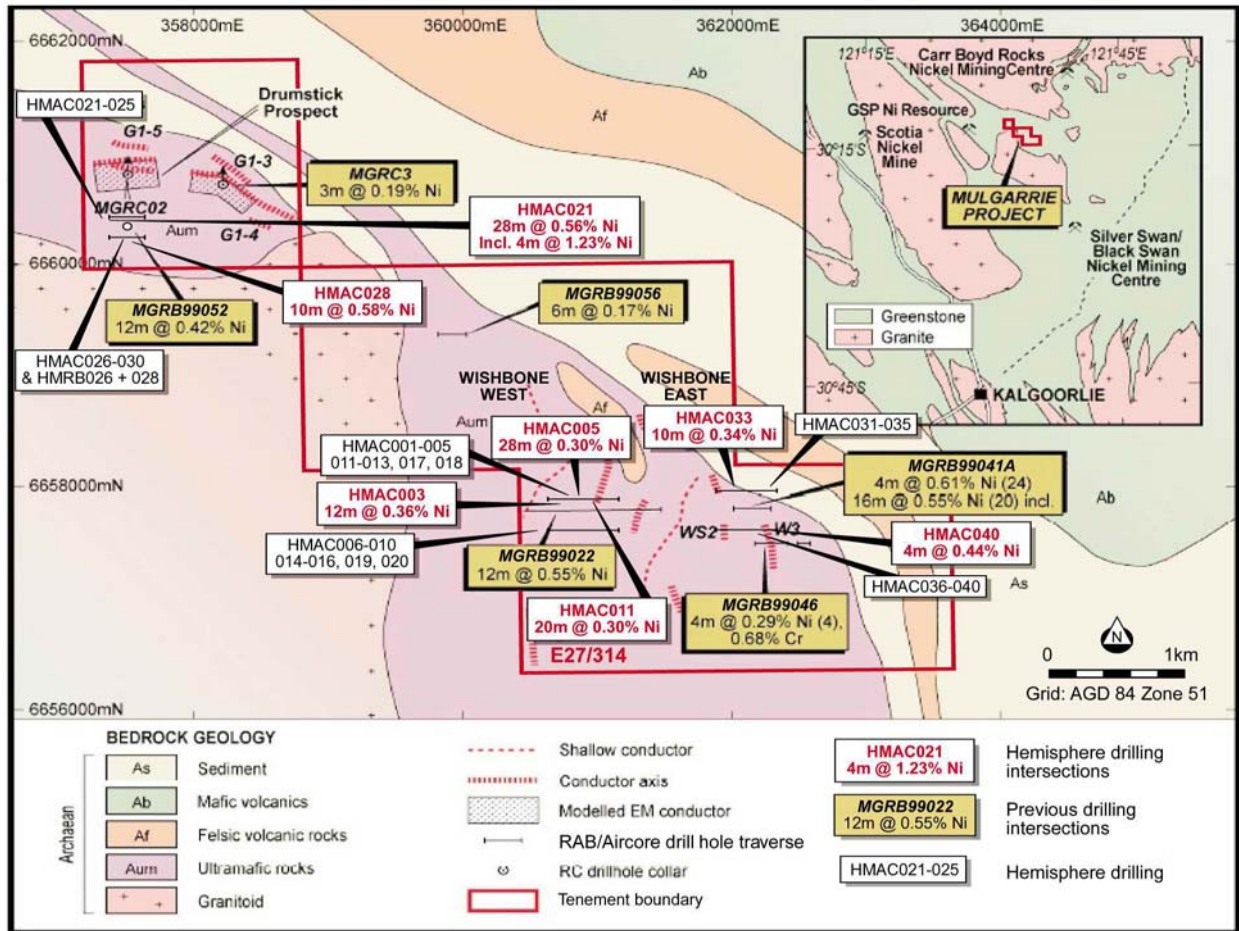


Figure 4: Mulgarrie Geology and drilling results

During the quarter results from 1m split samples from the previously reported air core programme at Drumstick were received and down hole electro magnetics completed.

Two traverses of aircore drilling on a 200m x 50m grid pattern were undertaken at the Drumstick Prospect. A total of 11 holes for 603m were completed to blade refusal varying from 32m to 75m in depth. Previous mineralisation targeted included 2m at 0.73% Ni and 96ppm Cu from 48m in olivine spinifex and 12m at 0.42% Ni and 177ppm Cu from 44m in B zone cumulate.

Drilling was carried out on traverses 100m both north and south of this previous drilling. Results from the recent drilling returned a number of significant results.

Significant Drill Results, Drumstick Prospect:

Hole	Northing (AGD 84)	Easting	RL	Azimuth	Dip	Depth	From (m)	To (m)	Interval	Grade (% Ni)
HMACO21	6660429	357403	404	270	-60	74	37	60	23	0.61
						Incl	41	55	14	0.78
						Incl	44	53	9	0.84
						Incl	44	46	2	1.55
						Incl	45	46	1	1.89
HMACO22	6660422	357454	404	270	-60	75	63	72	10	0.29
HMRB028 (RAB)	6660221	357501	403	270	-60	42	35	42	7	0.41
						Incl	41	42	1	0.71
HMACO29	6660221	357549	403	270	-60	58	45	47	2	0.51

Drilling has demonstrated quite strong saprolite and oxide zone development of Ni, while some holes also show anomalous Ni close to the base of oxidation. Results have occurred within a broad zone of near surface mineralization which is open in all directions. A down hole electromagnetic (EM) survey conducted on a previous drill hole HMDD001 completed to 335m shows a strong off hole conductor.

The tenor of the EM response indicates a body of high conductance that in other mine settings in Western Australia can be consistent with a pyrrhotite or pyrrhotite/pentlandite massive to semi massive sulphide lens.

Geophysical modelling down hole and surface data indicates a steeply dipping body of about 300m in down dip extent and greater than 200m strike length located about 200m below the surface. The position of this EM conductor plate is consistent with magnetic modelling undertaken on airborne magnetic data.

Drill testing of the EM conductor is scheduled for the next quarter.

DUKETON AND NORTH DUKETON PROJECTS – W.A.

(Gold and Nickel and Platinum Group Elements)

(Duketon 64%, Falcon 20%, Regis 16%)

The Duketon and North Duketon joint ventures comprise a large area of about 100 square kilometres, located directly south of Collurabbie, along the same greenstone belt (See Figure 5).

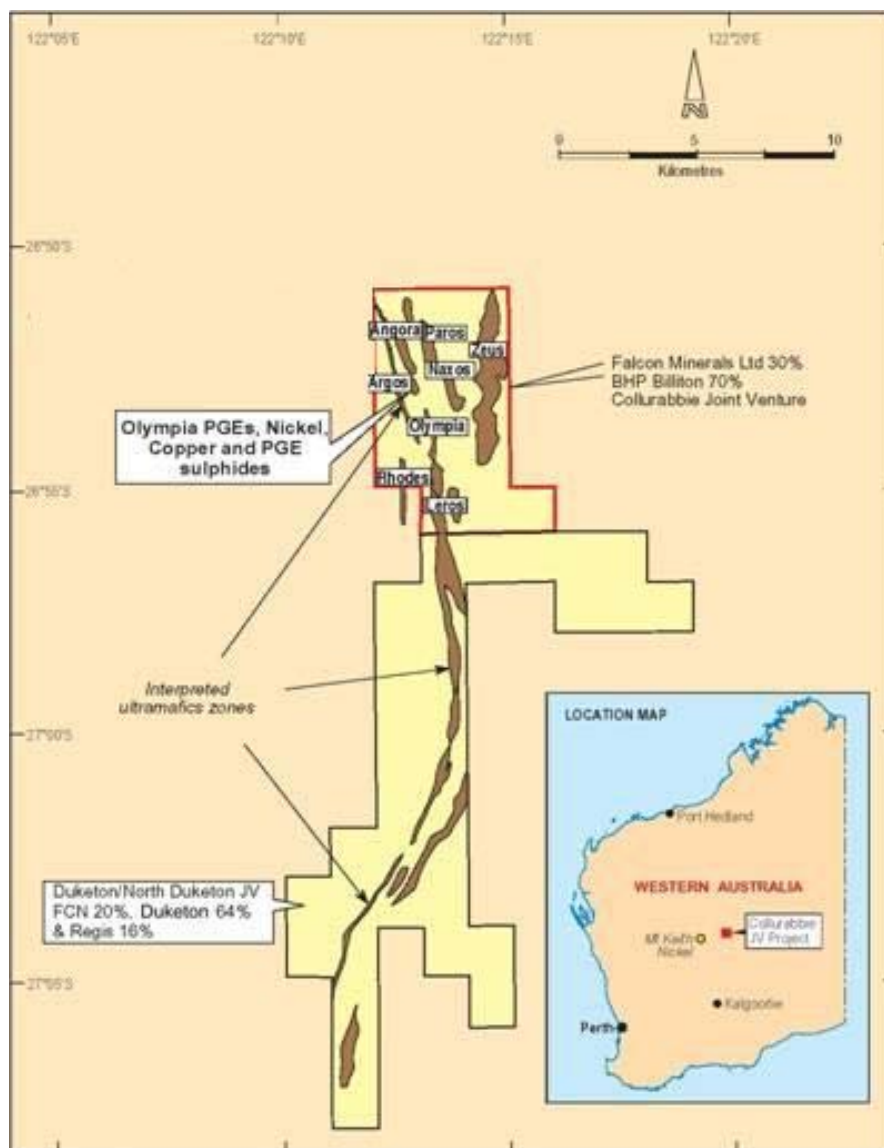


Figure 5: Duketon Projects - Location

During the quarter work focussed on the examination of past exploration work, geochemical assessments, and the commencement of an aircore drilling program.

Duketon

A more detailed examination of E38/419 at South Claypan commenced during the quarter. In particular, exploration has involved re-interpretation of past drilling, re-mapping of cross-sections, and examination into the structural controls on mineralisation.

North Duketon

A field trip to the area was undertaken with work focussing on the nature of the regolith across the ultramafic units. A regolith field guide is currently being compiled to assist geologists in the field with identification of weathered lithologies encountered during drilling activities. Environmental rehabilitation reviews of diamond drilling at North Duketon were also completed during the quarter.

Geological mapping programs across the entire region was undertaken in previous quarters and digitizing of the 1:10 000 and 1:50 000 scale map sheets of previous and digital geological interpretation of sections along the strike length of the Western Ultramafic Zone (WUZ) is ongoing.

In May 2008, a geochemical assessment of the WUZ was undertaken and included a study of assay results from previous aircore and diamond drilling. Previously identified Ni-Cu-Pt + Pd anomalies were prioritised and will be tested with deeper RC drilling.

A number of aircore holes at high priority RC target areas were re-logged and inspected to explain anomalous Au values, including RRLCRAC1442, 1444, 1477 (drilled July 2007). Anomalous Au (824ppb) in CRAC1444 was found to be associated with strong goethitic alteration. Goethite (ex sulphide) and quartz veins were also noted in CRAC1477 from 85 to 86m, which corresponds to elevated Au and Cu assays. Elevated Au values were found to coincide with goethitic silica cap development or silcrete development.

An infill aircore drilling program consisting of 84 holes commenced during the quarter. The drilling program was designed to reduce aircore drill spacings to 25m across the ultramafic in areas with anomalous Ni-Cu-Pt + Pd geochemistry, and more accurately define the location of the prospective contact.

At the end of the June quarter 68 aircore holes for 4519m had been drilled. Disseminated sulphides were noted in the ultramafic in CRAC1914 (7011400N 422825E, 200m south of Hermans) located on the western basal contact. The assays for all aircore drilling are awaited and will be reported in the next quarterly report.

PALTHRUBIE AND ACRAMAN – SOUTH AUSTRALIA

(Gold)

(Falcon 100%)

The Palthrubie and Acraman Projects are located in the prospective Gawler Craton region of South Australia. The primary target within the project has been high grade gold however recent work has also indicated the possibility of Uranium to be hosted in the palaeochannel which runs for 30km, east to west, through the middle of the project. The palaeochannel is flanked to the north and south by radiometric 'hot' granites (source rocks) and displays a number of subtle radiometric anomalies in association with salt lake development.

Falcon is seeking a joint venture partner for this project.

TAMBELLUP PROJECT – W.A.

(Nickel and Copper)

(Falcon 100%)

The Tambellup Ni/Cu project is located in the south west of WA approximately 270km from Perth and 100km north of Albany. It was acquired by Falcon because of its interpreted analogy to the Voisey's Bay Ni project in Canada.

Previously soil samples collected by Falcon over the project area and submitted for analysis confirmed previous anomalism, and generated 9 targets (See Figure 6). The Ni/Cu anomalies identified are generally of a low tenor, and track the major structures. There appears to be a mafic source generating the anomalism, although it may be affected by preferential weathering in the structural corridors. It is recommended that moving loop EM be conducted over the area to better define the targets.

Falcon is seeking a joint venture partner for this project.

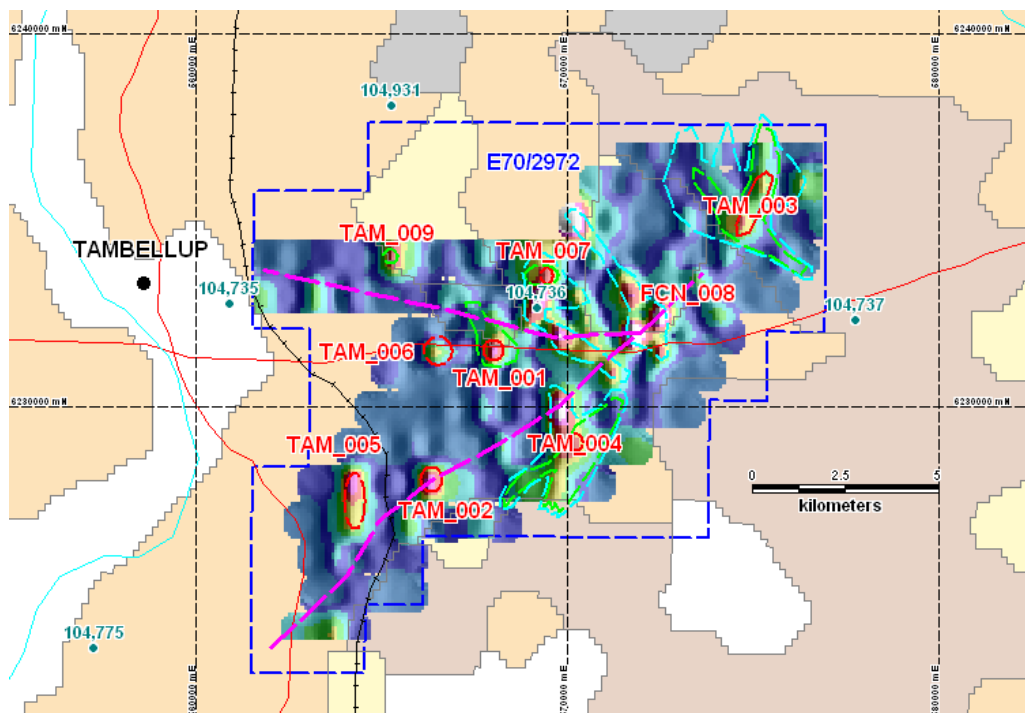


Figure 6: Tambellup Ni/Cu Anomalies

HAUGHTON RANGE PROJECT – W.A.

(Nickel and Copper)

(Falcon 100%)

The Haughton Range project lies at the southern end of the Halls Creek Orogen. To the north are the Panton Sill and Sally Malay Ni/Cu/PGE mines, and to the west is the Cadjebut Cu/Pb/Zn mine, indicating mineral endowment in the region (See Figure 7)

Geophysical modelling of magnetics indicates that burial depths of targets vary in places from 300 to 900m. Falcon will review its options for this project.

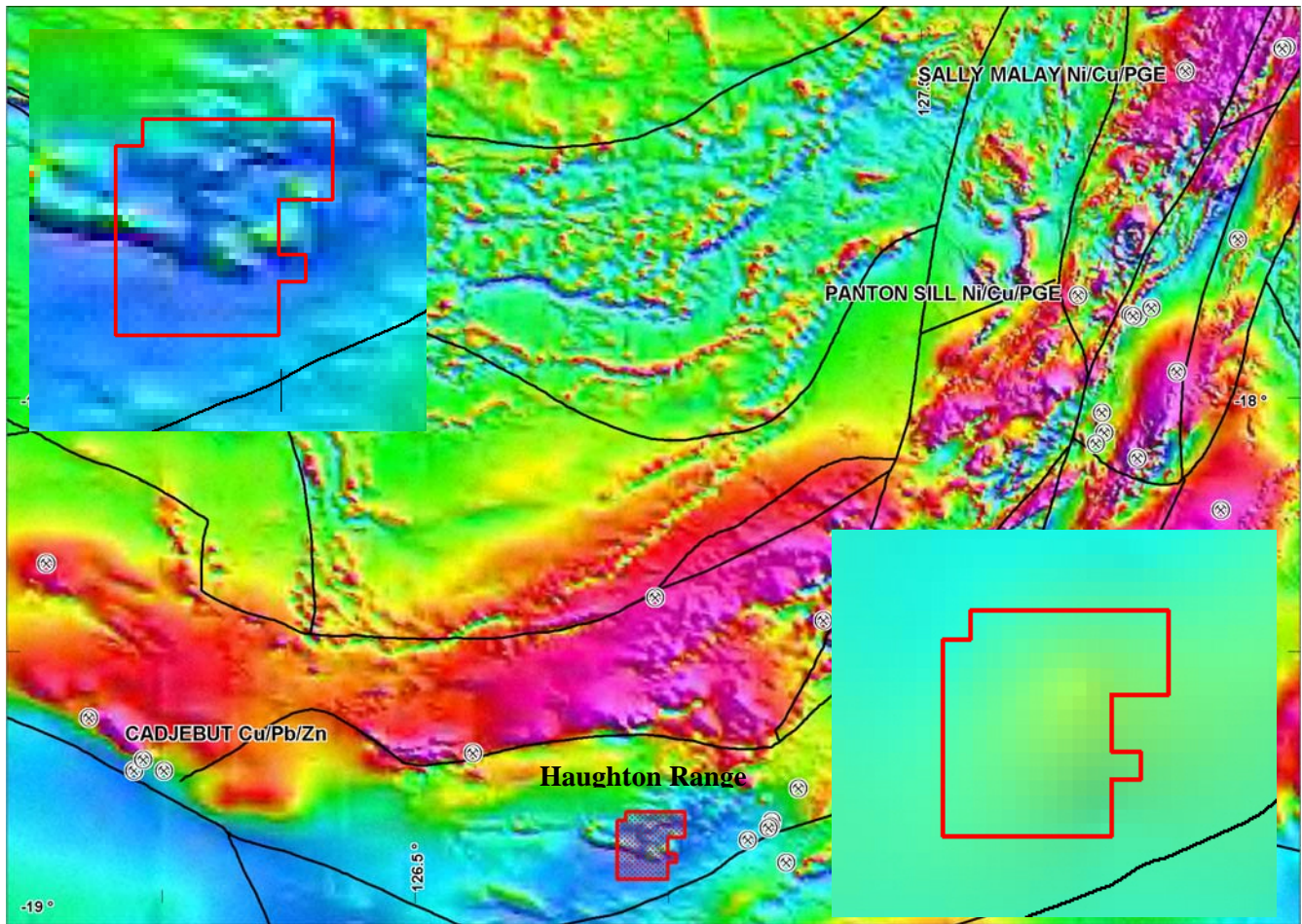


Figure 7: Location Plan – Close up of magnetics and gravity shown in inserts.

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 Ray Muskett, a Director of Falcon Minerals Ltd. Mr Muskett is a Member of the Australian 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 “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Muskett consents to the inclusion in the report of the matters based on his information, in the form and context in which it appears.

Please note that all maps are available in colour on our website:
www.falconminerals.com.au

Yours faithfully

Richard Diermajer
Managing Director

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

FALCON MINERALS LIMITED

ABN

20 009 256 535

Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(4)	(138)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	53	214
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(40)	(514)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(5) (3)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	222	10 222 33
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	222	257
1.13 Total operating and investing cash flows (carried forward)	182	(257)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	182	(257)
	Cash flows related to financing activities		
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)		
	Net financing cash flows		
	Net increase (decrease) in cash held	182	(257)
1.20	Cash at beginning of quarter/year to date	2,987	3,426
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,169	3,169

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	58
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All payments to directors and associates are on normal commercial terms.

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	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	50
4.2 Development	
Total	50

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	75	170
5.2 Deposits at call	3,094	2,817
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,169	2,987

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	Old Windidda	EL 38/2068	100%	0%
	Mt Morris	EL 45/3110, 45/3111	100%	0%
6.2 Interests in mining tenements acquired or increased	N/A			

+ 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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	142,526,303	142,526,303		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	100,000 200,000 200,000 200,000 100,000 100,000 100,000	Cancelled Cancelled Cancelled Cancelled Cancelled Cancelled Cancelled	<i>Exercise price</i> 40 cents 50 cents 75 cents \$1 55 cents 65 cents 75 cents	<i>Expiry date</i> 1 July 2008 1 October 2008 1 October 2009 1 October 2010 1 July 2009 1 July 2011 1 July 2013

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 29th July 2008

Print name: Dean 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

+ See chapter 19 for defined terms.