Falcon Minerals Ltd

ACN 009 256 535

Company Announcement

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THIRD QUARTER ACTIVITY REPORT TO 31 MARCH 2005

1. CORPORATE

In January 2005 Jubilee Mines NL (JBM) acquired an 18.35% interest in Falcon Minerals Limited (FCN) making it the largest shareholder in the company. This investment by JBM represents a strategic growth opportunity into the Collurabbie nickel-copper-platinum project held by FCN. Jubilee's interest is based on its belief in the high value mineralisation identified at Collurabbie and the potential for large tonnage, long mine life discoveries.

JBM's strategy is long term and geologically based.

As a result of the investment, FCN has appointed Mr Kerry Harmanis (Executive Chairman of JBM) as Non Executive Chairman, and Mr Gary Lethridge (CFO – JBM) as Non Executive Director to the Board of Directors. The initiative by JBM will bring nickel exploration and mining expertise to FCN, as well as financial strength that could assist FCN to maximise its exposure and participation in the continued emergence of the exciting Collurabbie project.

2. COLLURABBIE JOINT VENTURE - WA

(FCN 30%, WMC Resources Ltd [WMR] 70%)

Background

The Collurabbie Project is located 160 km east of the Mt Keith and 200km north of Laverton in the North Eastern Goldfields of Western Australia (Figure 1). The project has generated significant interest since WMR announced the discovery of disseminated nickel-copper-platinum group element (Ni-Cu-PGE) sulphide mineralisation over large areas in July 2003, followed by the first massive sulphide intersections in the Collurabbie joint venture towards the end of 2004.

The significance of the discovery is that it represents a high value style of mineralisation never encountered previously in this geological setting and has identified potentially a new nickel, copper and PGE's province. Whilst a view is only forming it is likely that the style of mineralisation is similar to that currently being mined at the world class Raglan Nickel Camp in northern Canada. Additionally the host rock is relatively low in magnesium oxide (MgO). Lower MgO sulphide ores are preferentially more attractive to smelter operations.

The initial program of aircore drilling confirmed that the ultramafic sequences hosted significant zones of Ni-Cu-PGE mineralisation in sulphides over strike lengths extending kilometres.

Having established the excellent prospectivity of the joint venture ground, programs of deeper drilling commenced in November - December 2004, largely focused on the Olympia Prospect. This work rapidly identified the presence of both disseminated and massive Ni-Cu-PGE mineralisation over a strike length of 800 metres and to a depth of 300 metres below the surface (figure 2 – long section). Significant results from within the Olympia Zone are presented in Tables 1 and 2.

The drilling completed to date at Olympia is considered to be very wide spaced and requires infill work to fully understand the continuity and controls on the mineralisation. In addition, further drilling is required, especially down-plunge to the south, to determine the overall size of the Olympia massive sulphide zone. At 300 metres below surface the drilling is still considered to be relatively shallow and repetitions of disseminated and massive sulphides may exist in the Olympia trend as part of a Ni-Cu-PGE sulphide system.

To advance the overall joint venture, the opportunity is being taken to undertake a number of orientation surveys over Olympia (including geochemistry and geophysics), to help determine the most effective and efficient ways to continue exploration.

The Collurabbie Project provides Falcon with the chance to participate in a "First Mover Opportunity" with what could become a new and significant mineral bearing province.

Current Exploration

During the March quarter exploration consisted of a 6 hole diamond and reverse circulation drilling program (drilling details are provided in Table 2), reconnaissance moving loop electromagnetic surveys (MLEM) and programs of geochemistry.

Olympia Prospect

A total of 3 diamond holes (1,051 metres) and 1 reverse circulation hole (200 metres) were completed at Olympia.

Hole CLD165 was drilled at depth on the southern margin of the currently defined mineralized zone to test down-dip positions. The hole intersected a broad zone of disseminated sulphides that returned results of 14.5m @ 0.35%Ni, 0.16% Cu and 0.41g/t Pt/Pd. This result is highly significant as it demonstrates that the mineralized system remains open in this southern position.

Holes CLD176 and CLD161 were drilled to test the northern strike extent of the mineralized horizon. Both holes intersected iron-rich massive sulphides in the basal position that appear to lack nickel sulphides however, additional disseminated mineralisation exists stratigraphically above. Results for these holes are pending.

Hole CLD142 was drilled to the south of Olympia to test a discrete magnetic anomaly along the projected strike of the mineralisation. This hole intersected chert and mafic rocks only. No significant results are expected.

A program of petrological work undertaken on core from the Olympia Prospect has confirmed the nature of the mineralisation to be comparable to the world class Raglan Belt in Quebec, Canada.

The work to date at Olympia has defined a significant zone of Ni-Cu-PGE mineralisation that has the potential to extend with additional drilling. It provides critical information as to the key geological signatures of this style of mineralisation that will form the basis for exploration across the broader joint venture.

Rhodes Prospect

The Rhodes Prospect is located approximately 2.5 kilometres to the south west of Olympia on a separate sequence of ultramafic rocks. Assay results from hole CLD153 were completed during the quarter and returned a significant first up result of **4m @ 1.34% Ni, 0.24% Cu and 0.58g/t Pt/Pd** from 98 metres down hole (see Table 1 for details).

In order to advance the prospect a MLEM survey is currently being completed to aid in targeting and prioritising the next phase of drilling.

Agora Prospect

The Agora Prospect is located in the north of the joint venture project area. Hole CLD069 (7029151mN) intersected a significant shallow oxide zone result (**12m @ 0.61% Ni, 0.25% Cu and 0.73g/t Pt/Pd**) that indicate nickel sulphides at depth.

The prospect is currently scheduled for a MLEM survey.

Naxos Prospect

Two reverse circulation drill holes were completed at Naxos, which is located approximately 1.5 kilometres north east of Olympia. The target at Naxos was a trend in the magnetic data that possibly could be the prospective ultramafic horizon.

The holes both intersected a magnetite bearing gabbro rock unit that at least locally explains the feature in the magnetic data.

Future Work

Over the next quarter it is planned for the following work programs to be undertaken;

- An extensive program of surface geochemical sampling will be applied in an attempt to define the position of currently undetected prospective ultramafic sequences and/or mineralized positions.
- Electromagnetic survey coverage will be extended into the broader area.
- A structural study at the Olympia Prospect to determine potential controls on the mineralisation,

- Planning for the next phase of drilling.

Table 1 – Significant drill results to date

Hole_Id	Drill Type	Section	Down Hole Interval (m)	Mineralisation	Analytical
CLD159	D	7026000mN	279.43 – 285.2	Massive & Matrix	5.77m @ 3.00% Ni, 1.96% Cu, 4.55g/t Pt+Pd, 5.29g/t total PGM
CLD139	D	7026000mN	131.64 – 144.5	Matrix, minor & dissem.	12.86m @ 1.33% Ni, 0.95% Cu, 2.25g/t Pt+Pd, 2.69g/t total PGM
CLD136	D	7025898mN	184.9 - 186	Massive	1.10m @ 3.67% Ni, 3.12% Cu, 6.85g/t Pt+Pd, 7.78g/t total PGM
CLD136	D	7025898mN	176 – 177.9	Massive	1.90m @ 3.64% Ni, 2.77% Cu, 6.39g/t Pt+Pd, 6.95g/t total PGM
CLD125	D	7025902mN	64 – 72	-	8.00m @ 1.21% Ni, 1.62% Cu, 3.64g/t Pt+Pd, 3.84g/t total PGM
CLD137	RC	7025798mN	136 – 138	Massive	2.00m @ 2.85% Ni, 1.77% Cu, 2.52g/t Pt+Pd
CLD122	D	7026101mN	200.18 – 200.26	Massive	0.08m @ 2.93% Ni, 2.26% Cu, 0.11g/t Pt+Pd, 2.24g/t total PGM
CLD127	RC	7026499mN	82 - 86	-	4.00m @ 1.00% Ni, 0.55% Cu, 0.97g/t Pt+Pd
CLD 153	RC	7023198mN	98 – 102	Dissem, moderate	4.00m @ 1.34% Ni, 0.24% Cu, 0.58g/t Pt+Pd

Table 2 - Drilling completed during the March Quarter 2005

Hole_Id	Prospect	East	North	EOH	Depth	Method	Mineralisation	Analytical
CLD165	Olympia	421978	7025801	501	401	D	Moderate , weakly dissem.	14.5m from 338.5m @ 0.35% Ni, 0.16% Cu, 0.41g/t Pt+Pd
CLD153	See Table 1 for details							
CLD176	Olympia	421750	7026600	400	150	D	Iron sulphides + Moderate to weak dissem.	Assays Pending
CLD161A	Olympia	421657	7026704	500	500	D	Iron sulphides	No significant results
CLD142	Olympia	422001	7025266	200	200	RC	No sulphides	No significant results
CLD172	Naxos	423300	7026501	200	200	RC	No sulphides	No significant results
CLD173	Naxos	423403	7026501	216	216	RC	No sulphides	No significant results
	Naxos Total				**416**			
	Olympia Total				**1251**			
	Grand Total				**1667**			

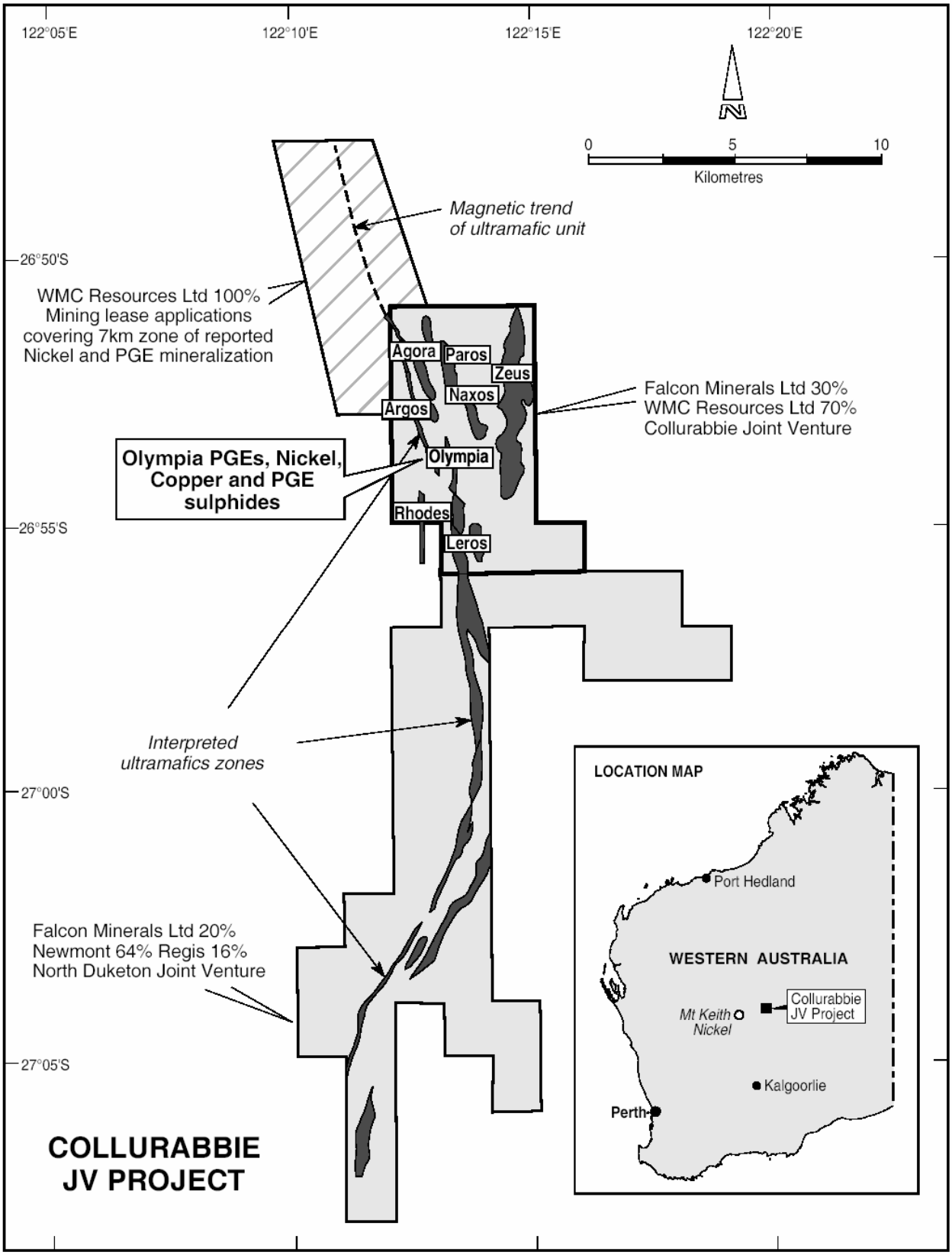
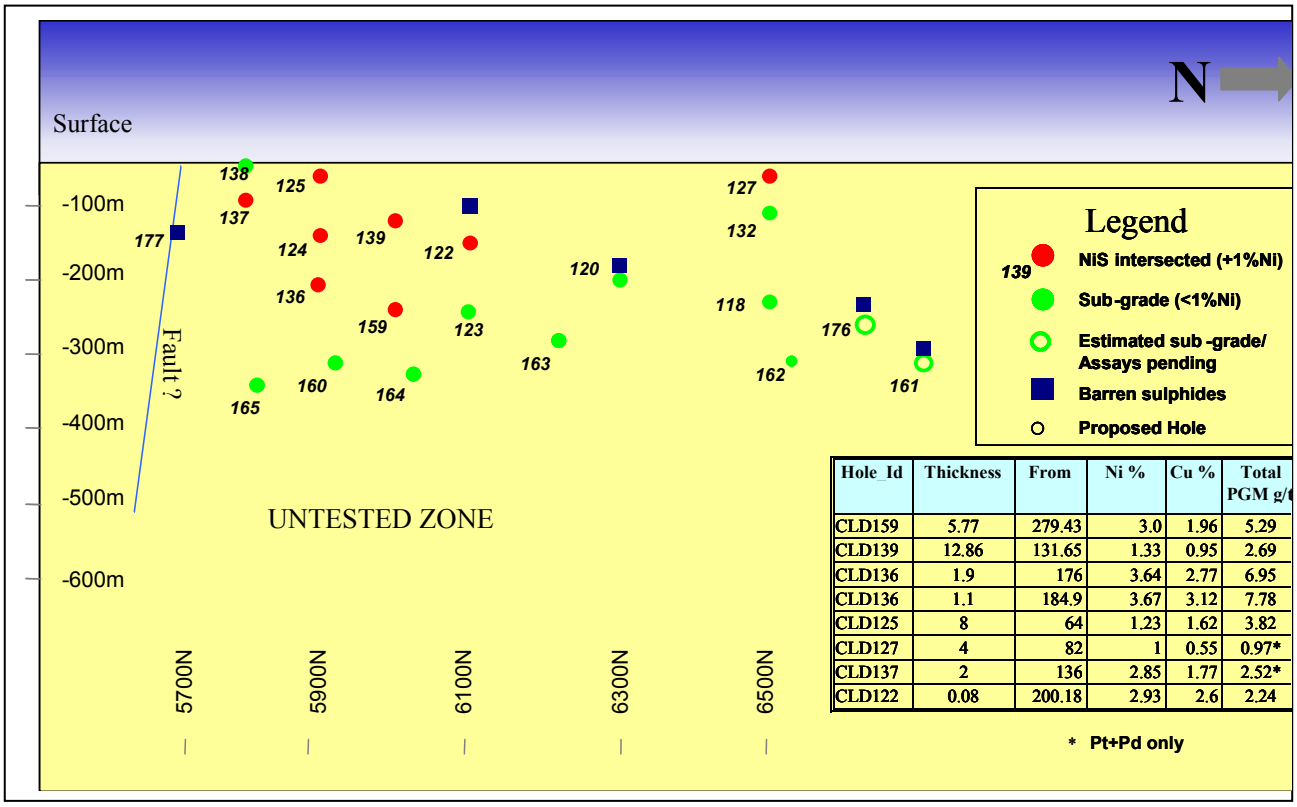


Figure 1 - Collurabbie Regional Plan



Hole_Id	Thickness	From	Ni %	Cu %	Total PGM g/t
CLD159	5.77	279.43	3.0	1.96	5.29
CLD139	12.86	131.65	1.33	0.95	2.69
CLD136	1.9	176	3.64	2.77	6.95
CLD136	1.1	184.9	3.67	3.12	7.78
CLD125	8	64	1.23	1.62	3.82
CLD127	4	82	1	0.55	0.97*
CLD137	2	136	2.85	1.77	2.52*
CLD122	0.08	200.18	2.93	2.6	2.24

Figure 2 - Olympia Prospect Long Section

3. OTHER PROJECTS

Falcon has developed a series of projects across Australia targeted at both Olympic Dam-style copper-gold iron oxide deposits and high grade gold systems. The strategy is to target new areas that have little competitive activity and to establish an early position.

Palthrubie and Acraman South Australia
(FCN 100%)

The Palthrubbie and Acraman Projects are located in the highly prospective Gawler Craton, South Australia. The primary target is high grade gold. The region has recently become a focus of gold exploration with significant results being reported by Adelaide Resources at the Barnes Project and Minotaur-Helix at Tunkillia.

The project covers a strong regional zone of gold-in-calcrete anomalism associated with a series of large cross cutting fault zones. Planning is currently underway to complete a preliminary drill test of the area, to both understand the controls on the gold anomalism and the underlying geology.

Shepparton Vic
(FCN 100%)

At the Shepparton Project, a large gravity feature has been modeled that is interpreted to be the possible unexposed basal contact zone to the Mt Major block, where previous work has defined anomalous occurrences of gold, copper and nickel.

Prior to any drilling additional gravity data is required.

Coonamble NSW

(FCN 100%)

The Coonamble Project is located in central NSW and is centered on a large gravity model that indicates the presence of a large domal feature beneath recent sedimentary cover. No activity has been undertaken on this project during the quarter. Planning for further gravity work was commenced during the quarter.

Gravity modeling attains a bulk density shell at 2.95 at 750m depth. The same body at BD 2.85 is at 250m depth with an upper surface of BD 2.8 at 100-200m depth beneath recent sedimentary cover. It forms a ring dome with a lower density core. Such domal structures are often interesting since such structures are sometimes associated with significant mineral deposits.

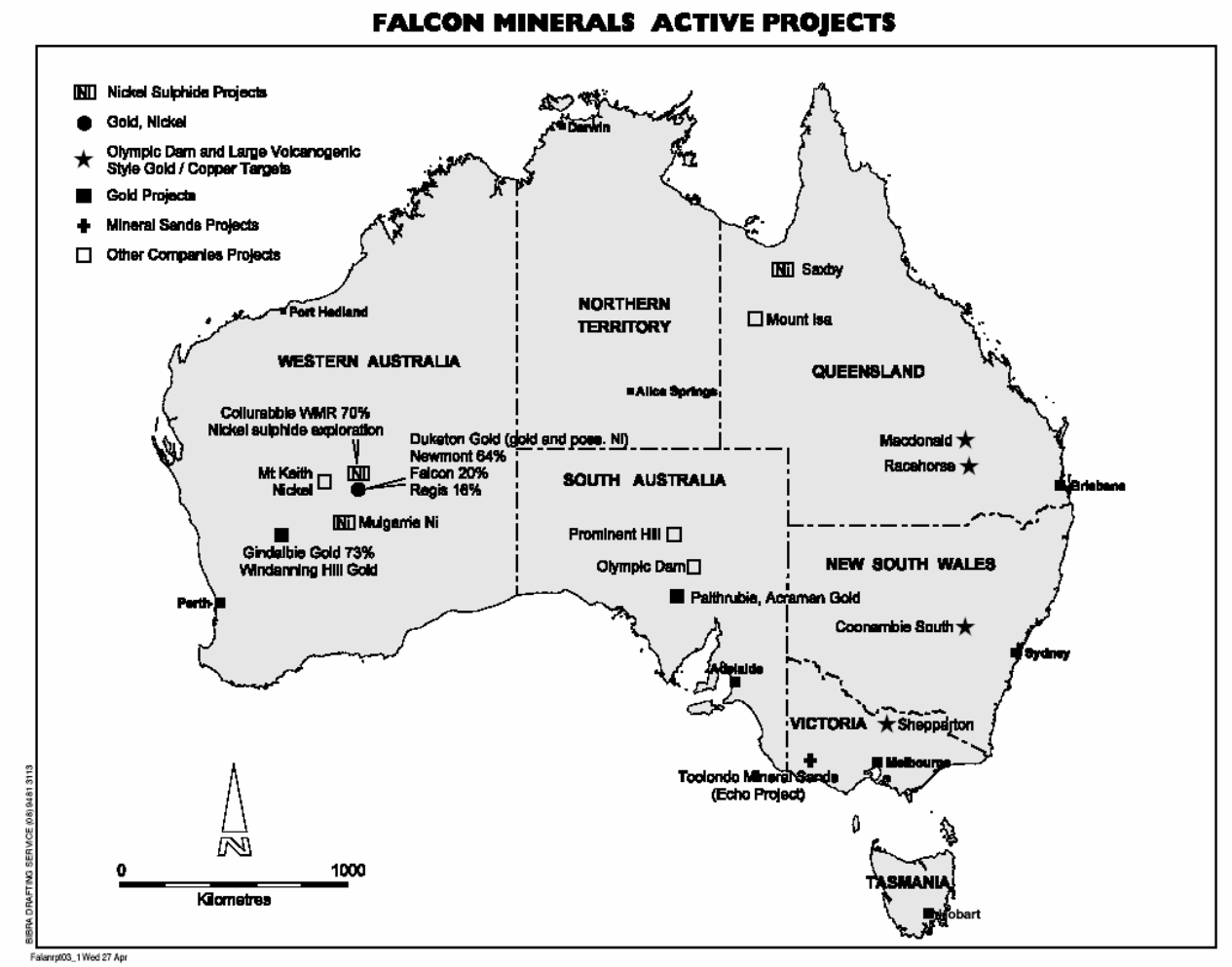
Racehorse/McDonald QLD
(FCN 100%)

The Racehorse/McDonald Projects are located in south Queensland, where modeling of gravity data has led to two buried conceptual high density targets that may be prospective for gold-copper mineralisation within a large anticlinal feature that at surface has returned anomalous gold and base metals. Infill gravity and drilling programs are currently being developed.

Cargo and Belubula Joint Venture with Golden Cross.
(FCN earning 70%, GCR 30%)

Cargo has seen a significant exploration effort with several rounds of RC drilling being in June 2004 at Belubula for 3 holes and December 2004 and January 2005 at Cargo over 6 targets to relatively shallow depths of 250m to intersect the upper parts of qtz monzonite – diorite intrusives. The last ASX release announced some significant sulphide intercepts in intrusive porphyries with sub grade copper and gold.

The company has decided to withdraw from the Cargo – Belubula joint venture with Golden Cross Resources after the last round of RC drilling. Although zones of sulphides with low grade copper and gold were intersected it was concluded that better opportunities lay in the Company's other projects and this frees up its capacity to take on new projects of merit.



For better quality & colored maps please visit our website at ***www.falconminerals.com.au***

The information in this report as it relates to mineralisation is based on information compiled by Mr R Muskett who is a geologist 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 R Muskett.

Yours faithfully

Richard Diermajer
Director

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97.

Name of entity

Falcon Minerals Limited

ACN or ARBN

009 256 535

Quarter ended ("current quarter")

31 March 2005

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (9 months) $A'000
Cash flows related to operating activities				
1.1	Sales		–	–
1.2	Payments for	(a) exploration and evaluation	(854)	(1,189)
		(b) development	–	–
		(c) production	–	–
		(d) administration	(104)	(207)
1.3	Refunds received – EL applications & other		–	–
1.4	Interest and other items of a similar nature received		39	128
1.5	Interest and other costs of finance paid		–	–
1.6	Income taxes paid		–	–
1.7	Aggregate cashflows from disposals of entities net of cash received		–	–
1.8	Net GST Refund/(Paid)		(57)	(15)
	Net Operating Cash Flows		(976)	(1,283)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	--	--
		(b)equity investments	–	--
		(c) other fixed assets	–	(5)
1.9	Proceeds from sale of:	(a)prospects	–	–
		(b)equity investments	--	--
		(c)other fixed assets	--	--
1.10	Loans to other entities		–	–
1.11	Loans from other entities		–	–
1.12	Other (provide details if material)			
	Net Investing cash flows		–	(5)
1.13	Total operating and investing cash flows (carried forward)		(976)	(1,288)

1.13	Total operating and investing cash flows (carried forward)	(976)	(1,288)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	265	345
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 - capital raising costs	-	-
	Net financing cash flows	265	345
	Net increase (decrease) in cash held	(711)	(943)
1.20	Cash at beginning of quarter/year to date	3,421	3,653
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	**Cash at end of quarter**	2,710	2,710

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	88
1.24	Aggregate amount of loans to the parties included in item 1.10	–

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

Nil

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

Nil

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	–	–
3.2	Credit standby arrangements	–	–

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	300
4.2	Development	–
	Total	300

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	409	157
5.2	Deposits at call	2,301	3,264
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,710	3,421

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	Bond Hill 2947		100%	Nil
6.2	Interests in mining tenements acquired or increased	No change			

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.

		Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1	**Preference +securities** *(description)*				
7.2	Issued during quarter				
7.3	**+Ordinary securities**	125,652,349	125,652,349		Fully paid
7.4	Issued during quarter	1,090,676	1,090,676		Fully paid
7.5	**+Convertible debt securities** (*description and conversion factor)*				
7.6	Issued during quarter				
7.7	**Options** *(description and conversion factor)*	16,793,954	16,793,954	Exercise price 20 cents	Expiry Date 30 June 2005
7.8	Issued during quarter				
7.9	Exercised during quarter	1,090,676			
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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: ..... Date: 27 April 2005
(Company Secretary)

Print name: Graham Anderson

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 compiled with

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