

# Falcon Minerals Ltd

ACN 009 256 535

## Company Announcement

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### FOURTH QUARTER ACTIVITY REPORT

#### HIGHLIGHTS

- WMC announces nickel, copper and PGE mineralisation over 7 kilometres on strike of and adjacently northwest of Falcon's Collurabbie Nickel Project.
- WMC commences drilling on Falcon's Collurabbie Nickel Project.
- Ground gravity surveys define Olympic Dam and large volcanogenic targets for drilling at the Naracoorte, Coonamble South, Shepparton, Racehorse Mountain and Mt McDonald Projects.
- Paltrubie and Acraman in South Australia – A new gold discovery to its south and another to its north renders these tenements prospective for structurally controlled gold deposits in addition to Olympic Dam style exploration.

#### **Collurabbie Joint Venture, WA – Nickel, Copper and PGE's** (FCN 100%, WMC earning 70%)

On July 15, 2003 WMC Resources Ltd announced in their quarterly report that a zone of combined nickel, copper and PGE (platinum group elements) mineralisation has been confirmed over a strike length of approximately seven kilometres at WMC's Collurabbie exploration project located 170 km's east north east of the Mt Keith operation in Western Australia and that a comprehensive drilling programme will commence in the coming quarter.

At Falcon's Collurabbie Joint Venture Nickel Project, WMC is earning 70% equity by expenditure of \$400,000.

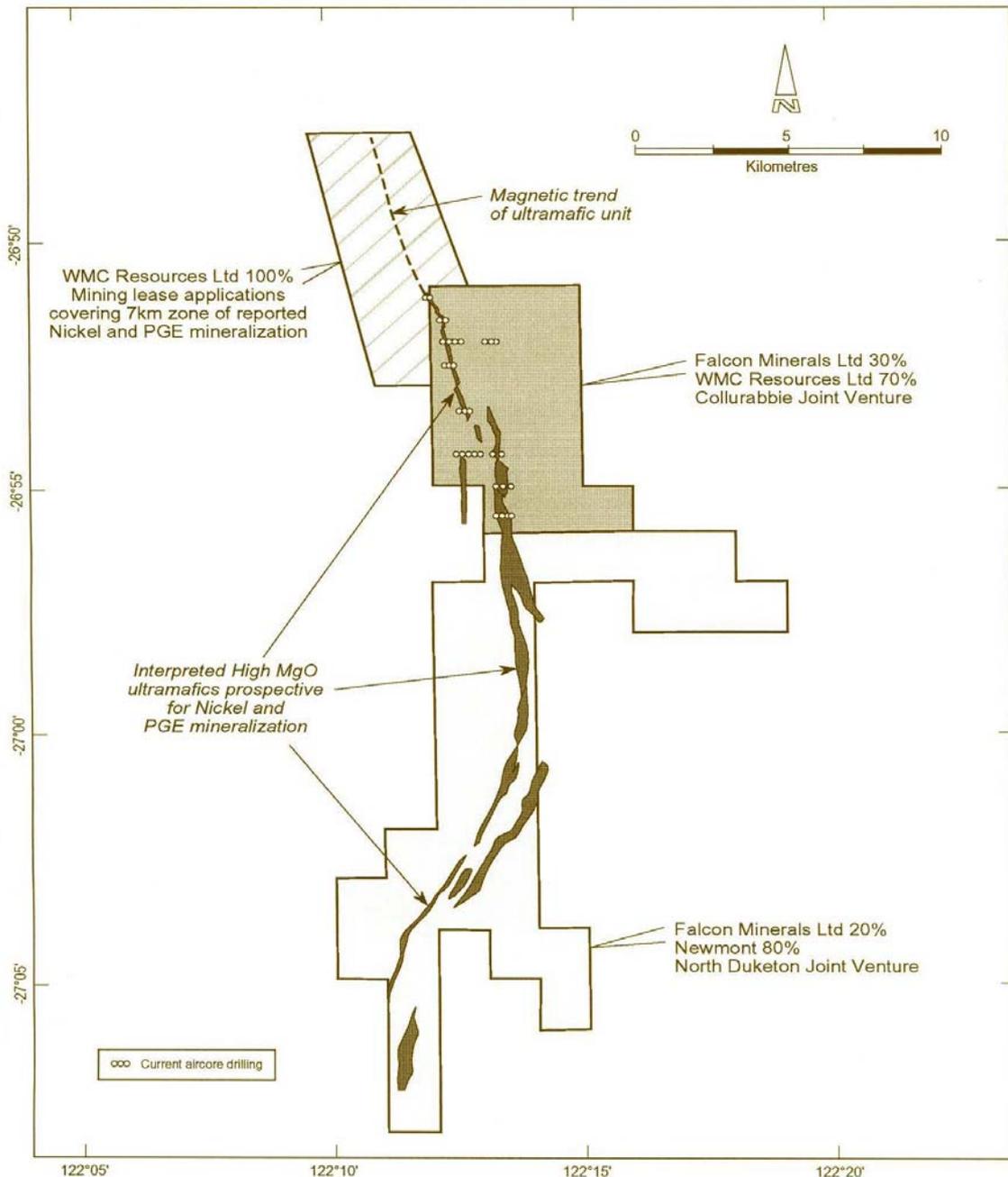
The Collurabbie Joint Venture tenement abuts and is directly along strike to the south of WMC's discovery of nickel sulphide mineralisation (see figure 1). Within the Joint Venture ground the

prospective horizon targeted by WMC is interpreted to extend over a strike length of approximately 9 kilometres.

A 76 hole air core drilling program to bed rock by WMC to detect zones of sulphide nickel and PGE mineralisation has commenced at the Collurabbie joint venture ground and results will be released in due course.

Falcon also holds ground at its North Duketon Project adjacent to and south of the Collurabbie Joint Venture ground under joint venture with Newmont where it has a 20% free carried interest to bankable feasibility.

**FIGURE 1**



**FALCON MINERALS Ltd**  
**COLLURABBIE JV PROJECT**  
**Tenure Holding**

FIGURE 1

## **Duketon and North Duketon Joint Ventures, Gold/Nickel**

(FCN 20% free carried, Newmont 80% contributing)

### **Gold**

At the Duketon Project approximately 50km's south of the Collurabbie Project results from six drill holes completed last month at the Moolart Well prospect were received with the best intersection of 4m @ 0.58 ppm Au from 68 metres. Results from 38 drill holes completed last month at Camel Toe prospect were disappointing with maximum gold value at 84 ppb au.

### **Nickel**

However Newmont advised that elevated nickel results were returned from four holes associated with an extensive NNW trending highly siliceous and ferruginous carbonate-talc ultramafic.

<b>Hole</b>	<b>From</b>	<b>To</b>	<b>Int</b>	<b>Ni%</b>
CTAC049	52	78 EOH	26	0.41
CTAC050	48	64	16	0.50
Incl.	56	60	4	0.65
CTAC082	36	64	28	0.35
CTAC084	48	60	12	0.35

These results are mostly from the clay saprolite zone above the ultramafic and are not necessarily indicative of nickel in sulphides. Deeper drilling into fresher rock will be required to further test these areas however as Newmont is focused on gold, discussions about nickel sulphide exploration have commenced.

At the North Duketon Project directly south and adjacent to the Collurabbie Project a total of 51 aircore holes (CRA C001-016, 023-033, 038-052, 068-076) for 5,191m were completed. The drilling was targeting anomalous lag geochemistry associated with layer parallel shearing within a major thrust corridor.

Results were received for holes CRA C001-76 with the best intersections below.

<b>Hole</b>	<b>From</b>	<b>To</b>	<b>Int</b>	<b>Au ppm</b>
CRAC009	48	60	12	0.24
CRAC038	64	72	8	0.52
CRAC040	76	84	8	1.56

Given the recent discovery of nickel sulphides further north, the twenty kilometres of ultramafics interpreted by Falcon to exist in this ground is regarded as having potential for nickel sulphides and PGE's.

## **Cargo Project, Gold/Copper**

(FCN earning 70%, Golden Cross 100%)

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.

Recent magnetic modelling on the Cargo Joint Venture area over other priority targets under cover has identified at least two Ridgeway style targets that are being more closely assessed for drilling. 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 modelling on depths to these targets is currently underway prior to a decision to drill.

## **OLYMPIC DAM STYLE EXPLORATION PROJECTS**

### **Coonamble South – New South Wales**

(FCN 90% with an option to earn 100%)

This project area with sedimentary cover that is expected to be around 150m deep over basement rocks has seen no past drilling to basement in the area and shows a significant anomaly that is similar to the other targets identified by Falcon in its Olympic Dam Initiative. A recent gravity survey conducted over the project has identified a large target that will require drilling.

Research of land status for drilling access with landowners is currently progressing.

### **Shepparton Project, Victoria**

(FCN 90% with an option to earn 100%)

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

### **Paltrubie and Bond Hill – South Australia**

(FCN 90% with an option to earn 100%)

These project areas consist of two EL's in central South Australia's Gawler Craton.

Research has shown that areas have mineralising fluids consistent with Olympic Dam style mineralisation including evidence of sericite, chlorite, hematite, fluorite, barite, up to 0.95% copper from past rock chip sampling and gold.

These minerals were intersected in various drill holes, surface ironstone and limited rock chip sampling over large areas from past exploration in this area.

The 900 km<sup>2</sup> Palthrubie tenement lies approximately half way between the new Barnes gold discovery 90 km to the south southeast and the Helix Resources, Tunkilla gold discovery to the north north northwest.

This new development means that Palthrubie and Acraman tenements are prospective for structurally controlled gold mineralisation. Close spaced aeromagnetics show extensive zones of hydrothermal magnetite destruction along faults and shear zones throughout the tenement. Further work will involve near surface sampling for gold, probably with calcrete sampling in addition to its exploration for Olympic Dam style deeper seated targets.

### **Naracoorte – South Australia**

(FCN 90% with an option to earn 100%)

A gravity survey completed by Falcon over the Naracoorte project has confirmed and defined a large intrusive target for drilling. The target is within rocks similar to the Mt Read Volcanics of western Tasmania that are younger than the Proterozoic granitic rocks at Palthrubie and Bond Hill.

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

### **Keith – South Australia**

(FCN 90% with an option to earn 100%)

A gravity survey completed has confirmed a large intrusive target that will be further modelled with geophysics and prioritised against other targets the company has defined for drilling.

### **Saxby – Queensland**

(FCN 90% with an option to earn 100%)

The Saxby target, which is located within the Mt Isa District of 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 1990's 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 30% throughout the holes with 3% to 15% sulphides common 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 the drilling had missed the original target.

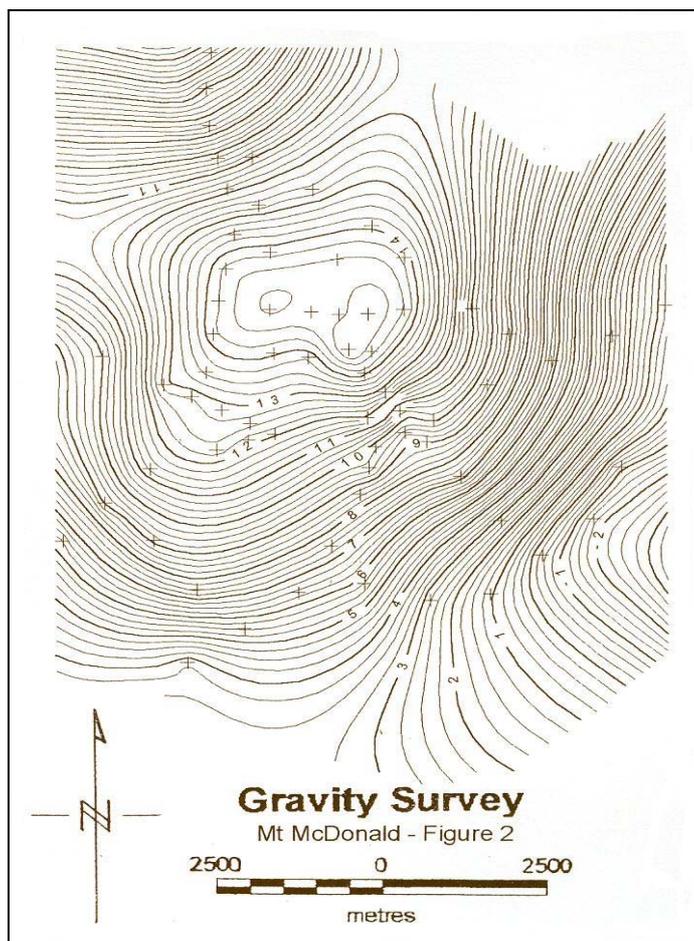
Besides being a possible Olympic Dam style target, it was during the 1990's and still is, considered to be a potential Canadian Sudbury, Russian Norilsk or Canadian Voiseys Bay type body with the potential for large tonnage copper and nickel sulphides. Magnetic and gravity modelling has been completed to drill target definition stage. Negotiations for a drilling agreement with the relevant Native Title party is in progress.

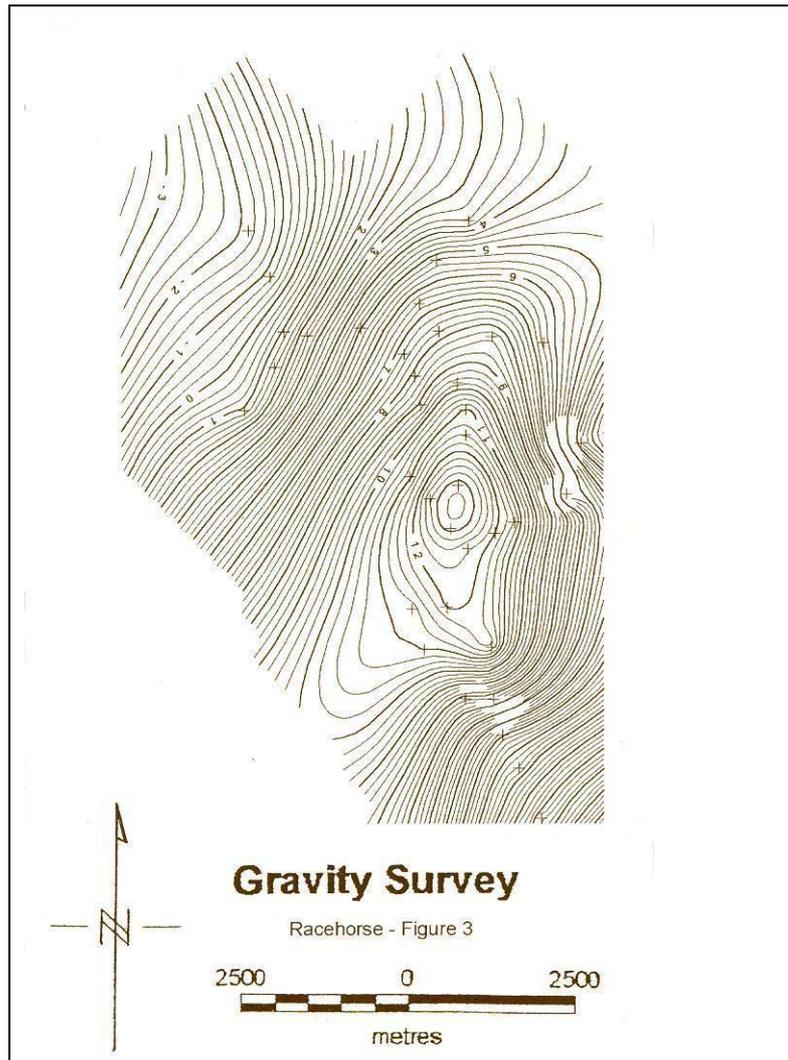
### **Racehorse and Mt McDonald Projects**

(FCN 90% with an option to earn 100%)

During the last quarter ground gravity surveys conducted by Falcon identified a large intrusive target within each project with potential for gold/copper mineralisation (see figures 2 and 3).

These projects 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. Land access approvals for drilling are currently progressing.





## **OTHER PROJECTS**

### **Murray Basin, Victoria – Mineral Sands**

(FCN 10% free carried, Basin 90%)

In the June quarter of 2002 Iluka Resources Limited announced an agreed takeover offer for all the shares in Basin Minerals for \$2.10 cash per share. FCN is 10%, free carried to final mining feasibility in the high grade Echo deposit located within the Basin Mineral's Douglas Project in the Murray Basin, Victoria. Drilling of the Echo deposit to date has established 4.1 million tonnes of heavy minerals.

Full details of the Douglas Project's current resources, as contained in Basin Minerals 2001 Annual Report are reproduced below:-

Deposit	Grade		Mineralogy			Estimated Tonnage		Overburden
	HM%	Rut%	Zirc%	Ilm%	Leu%	HM	Ore	OB:Ore
						Total Mt	Total Mt	Ratio
<b>Acapulco</b>	7.1	7	5	38	6	2.4	33	3:2
<b>Bondi East</b>	8.7	5	15	53	5	3.9	44	1:2
<b>Bondi</b>	7.3	7	8	42	7	8.4	116	0:9
<b>Echo</b>	10.7	1	7	38	3	4.1	38	1:0
<b>Chetwynd</b>	4.5	15	12	48	6	0.4	8	2:6
<b>Total Douglas</b>	8.0	5	9	43	6	19.2	240	1:3

Notation:

Mineralogy Rut%-Rutile; Zirc% - Zircon%; Ilm% - Ilmenite%; Leu% - Leucoxene%

Grade HM% - Heavy Mineral

Tonnage Mt – Million Tonnes

Overburden OB-Overburden

### **Cooljarloo, WA – Mineral Sands**

(FCN 100%)

During the quarter, proceeds of \$500,000 from the sale of the Cooljarloo project were received and will be used to progress the Company's Olympic Dam and large gold/copper volcanogenic targets.

### **Black Hills, SA – Nickel, Platinum and Palladium**

(FCN 100%)

Situated approximately 90km NE of Adelaide South Australia.

Falcon Minerals has a 221 km square tenement covering Cambrai and Black Hill mafic – ultramafic layered intrusive complexes. The tenement that is currently being replaced under a new Exploration Licence is considered highly prospective for platinum group elements, disseminated low grade copper-nickel sulphides and minor gold within rounded and partly deformed funnel structured mafic/ultramafic intrusives. Assays of past drilling over significant areas returned nickel, copper and PGE's in weakly disseminated sulphides.

There are close analogies with the PGE bearing Munni Munni complex in WA, the PGE bearing Skaergaard Intrusion of Greenland and others.

A joint venture partner is being sought for this project.

**Keronima (Windanning Hill) JV, WA - Gold**

(FCN 27%, Gindalbie 73%)

Quoted Reserves and Resources rounded to two significant figures are:-

Proven and Probable Reserves 62,000 tonnes @ 2.4 g/t gold (4,900 ounces). 97% as Proven Reserves.

Measured and Indicated Resources 36,000 tonnes @ 2.3 g/t gold (2,700 ounces). 97% as Measured Resources.

Total Reserves and Resources 98,000 tonnes @ 2.4 g/t gold for 7,600 ounces.

Gindalbie Gold is seeking granting of Mining Lease 59/432 within the joint venture area as it has sound indications for further gold mineralization and has seen little previous work.

**Mulgarrie, WA – Nickel**

(FCN 80%, Croesus 20% diluting)

Situated approximately 12km north of the Silver Swan Nickel mine.

Data review by a third party with a view of farming in is currently underway.

*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

# 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")

**30 June 2003**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Sales	–	–
1.2 Payments for		
(a) exploration and evaluation	(255)	(628)
(b) development	–	–
(c) production	–	–
(d) administration	(23)	(249)
1.3 Refunds received – EL applications & other	–	–
1.4 Interest and other items of a similar nature received	16	38
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	–	–
<b>Net Operating Cash Flows</b>	<b>(262)</b>	<b>(839)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	–	–
(b)equity investments	–	–
(c) other fixed assets	–	–
1.9 Proceeds from sale of:		
(a)prospects	500	500
(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)	–	–
<b>Net Investing cash flows</b>	<b>500</b>	<b>500</b>
1.13 Total operating and investing cash flows (carried forward)	238	(339)

1.13	Total operating and investing cash flows (carried forward)	238	(339)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	992
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) capital raising costs		
<b>Net financing cash flows</b>		-	992
<b>Net increase (decrease) in cash held</b>		238	653
1.20	Cash at beginning of quarter/year to date	1,118	703
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,356	1,356

**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	94
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments for management and technical services

**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	150
4.2 Development	–
<b>Total</b>	150

### 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	95	23
5.2 Deposits at call	1,262	1,095
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
<b>Total: cash at end of quarter (item 1.22)</b>	1,356	1,118

### 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	EL(A)'s 09/1051, 09/1052, 08/1245, 08/1246	Whitby Dam – ELA	70%	Nil
	RL 70/15	Cooljarloo RL	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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Issued during quarter				
7.3 <b>+Ordinary securities</b>	99,277,043	99,277,043		Fully paid
7.4 Issued during quarter				
7.5 <b>+Convertible debt securities</b> <i>(description and conversion factor)</i>				
7.6 Issued during quarter				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	4,300,000		<i>Exercise price 20c</i>	<i>Expiry date 30 November 2003</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 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: 25 July 2003  
(Company Secretary)

Print name: Paul Fromson

## 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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