FALCON MINERALS LIMITED
ACN 009 256 535
14, Outram Street, West Perth WA 6005
Tel 08 9481332 Fax 08 94813330 Email falcon@indigo.net.au

Annual Report
Induced Polarisation Anomaly Drill Test Holes FC001-12
Cargo Gold-Copper Project
EL5238 Central Tablelands, NSW
Falcon Minerals Ltd-Golden Cross Resources NL Joint Venture.

Distribution; Falcon Minerals Ltd (1)
Golden Cross Resources NL. (1)

N & K Swingler and Associates.
June 2003.

CONTENTS.

Digital Text File Name;EL5238-2004-01report.pdf

		Page
SUMMARY & CONCLUSIONS		5
1	Introduction	6
1.1	Statistics	6
2	Tenure	6
3	Geological setting.	6
4	Work completed.	7
4.1	Induced Polarisation Survey	7
4.2	Drill Program	7
4.3	Geochemical soil and rock sampling	8
5	Discussion of Results.	8
5.1	Induced Polarisation Survey	8
5.2	Drill holes FC001-012	9
5.3	Geochemical soil and rock sampling	12
6	Drill hole rehabilitation	12
7	Expenditure Statement	13
8	References.	14

TABLES

		Digital File Names
1	Mineralised and Anomalous Drill hole intersections FC001-012	EL5238-2004-02-table.txt

FIGURES

1	Location of EL5238	EL5238-2004-03-Fig1.pdf
2	Cargo Chargeability Anomalies (425Mrl) and Drill Holes FC001-12	EL5238-2004-04-Fig2.pdf
3	Cross-Sections of Cargo Chargeability Anomalies and Drill Holes FC003-5,12	EL5238-2004-05-Fig3.pdf
3A	Geology, Alteration and Geochemistry	EL5238-2004-06-Fig3A.pdf
4	Location of FC001-012 and past drill holes	EL5238-2004-07-Fig4.pdf
5	Drill section FC001	EL5238-2004-08-Fig
6	Drill section FC002 and 12	EL5238-2004-09-Fig6.pdf
7	Drill section FC003	EL5238-2004-10-Fig7.pdf
8	Drill section FC004	EL5238-2004-11-Fig8.pdf

9	Drill section FC005	EL5238-2004-12-Fig9.pdf
10	Drill Section FC006	EL5238-2004-13-Fig10.pdf
11	Drill Section FC007	EL5238-2004-14-Fig11.pdf
12	Drill Section FC008	EL5238-2004-15-Fig12.pdf
13	Drill Section FC009	EL5238-2004-16-Fig13.pdf
14	Drill Section FC010	EL5238-2004-17-Fig14.pdf
15	Drill Section FC011	EL5238-2004-18-Fig15.pdf
16	Image of Gold soil values and location of FC001,002, 011 & 012	EL5238-2004-19-Fig16.pdf
17	Soil Geochemistry at NW and Hay Shed Anomalies	EL5238-2004-20-Fig17.pdf
18	Rock Chip locations-Dump Creek	EL5238-2004-21-Fig18.pdf

APPENDICES

1	Geological Logs for Drill Holes FC001-12	EL5238-2004-22-Appx1.odf
2	Drill Hole Summaries: FC001-12	EL5238-2004-23-Appx2.pdf
3	Certificate of Analysis (ALS Chemex (Orange)).Soil, rock, and drill hole cuttings	EL5238-2004- 24-Appx3.pdf
4	Drill hole FC001-12 “Collar file”	EL5238-2004-25-Appx4.txt
5	Drill Hole FC001-12 “Survey file”	EL5238-2004-26-Appx5.txt
6	Drill hole FC001-12 “Geology file”	EL5238-2004-27-Appx6.txt
7	Drill hole FC001-12 “Assay file for 3m samples”	EL5238-2004-28-Appx7.txt
8	Drill hole FC001-12 “Assay file for 1m samples”	EL5238-2004-29-Appx8.txt
9	Soil geochemistry	EL5238-2004-30-Appx9.txt
10	Rock Chip Geochemistry	EL5238-2004-31-Appx10.txt
11	Petrographic Descriptions for six drill chip samples-Mason Geoscience Pty Ltd	EL5238-2004-32-Appx11.pdf

SUMMARY & CONCLUSIONS

This report details the results of percussion drill testing of Induced Polarisation anomalies in the vicinity of the Cargo Igneous Complex for concealed intrusive related Gold-Copper mineralisation (Cadia-Ridgeway style). Surface sampling (soil and rock chip) was also completed over other potential drill target areas (Hay Shed, NW, Gazzards, Thistle and Dump Creek).

The Cargo Igneous Complex is encompassed by Exploration Licence (EL) 5238 and together with contiguous EL 5796 is the subject of a Farm-in Agreement between Golden Cross Operations Pty Ltd and Falcon Minerals Ltd. It is situated 12km west of the "global size" Cadia-Ridgeway gold-copper mines operated by Newcrest Mines Limited.

The "Cargo" Licence area is centred on an Ordovician andesitic volcanic pile that is intruded by dacite porphyry, quartz diorite and quartz monzonite informally known as the Cargo Igneous Complex. The complex hosts porphyry style copper-molybdenum mineralisation. Auriferous quartz-sulphide vein deposits occur in the andesitic country rock. The current land surface is considered to be at the top of the porphyry copper system.

At the Spur-Dalcoath (sheeted quartz-sulphide vein system) and Gum Flat (alluvial) Prospects inferred resources have been determined by Golden Cross Resources NL;

Spur-Dalcoath	Inferred Resource	3.7 million tonnes @ 1.24 g/t gold (147,000oz)
Gum Flat	Inferred Resource	4.8 million tonnes @ 0.5 g/t gold (77,000oz)

Twelve percussion holes (FC001-012) totaling 2488m were completed. These were all inclined and ranged in length from 65m to 343m.
Most of the holes intersected propylitised (chlorite-carbonate-hematite) andesitic sequences of lava, crystal-lithic and/or lapilli tuff and volcaniclastic sandstone with widespread disseminated and/or veined pyrite (trace to 10% by volume). In some holes there were narrow intrusions of dacite porphyry, diorite and/or monzonite suite rocks.

The best intersections were;

1m @ 16.00ppm gold from 67m (1ppm cut off)	FC011
1m @ 6.38ppm gold from 10m	FC004
5m @ 2.30ppm gold from 327m	FC005
3m @ 3.56ppm gold from 327m	FC005
1m @ 4.17ppm gold from 23m	FC008
1m @ 3.69ppm gold from 51m	FC008
1m @ 3.05ppm gold from 94m	FC008
8m @ 2.00ppm gold from 5m	FC009
1m @ 3.22ppm gold from 187m	FC009
1m @ 3.21ppm gold from 258m	FC009

It was concluded;

- Drill tested chargeability anomalies are attributed to disseminated pyrite.
- None of the holes appear to have intersected significant quartz vein systems and/or strongly altered monzonite porphyry to indicate that the Induced Polarisation targets are associated with Cadia-Ridgeway style mineralisation.
- The high grade (**16ppm**) gold intersection of FC011 is encouraging, but width and/or strike length would have to increase for this to be viable. Ostensibly soil geochemistry and workings indicate a strike length of 400m trending northeast. However spotty gold anomalism on line to the north suggests a broader northwest zone of mineralisation may exist. Infill soil geochemistry may resolve this. It would appear that this potential zone was not tested by deep Newcrest core hole NCG001.
- Untested chargeability anomaly "G" (Hay Shed) is coincident with a large bedrock geochemical anomaly open to the west. Further work is warranted.

1.0 INTRODUCTION

Exploration Licence 5238 (Cargo) surrounds the township of Cargo which is situated 35 km southwest of the City of Orange on the Central Tablelands of New South Wales. It comprises freehold and minor crown land that is serviced by good sealed roads between Orange, Canowindra and Cowra, Fig 1.

Following the Falcon Minerals Ltd-Golden Cross Operations Pty Ltd Farm-in Agreement, Fugro Ground Geophysics (Sydney) completed an "Offset pole-dipole" Induced Polarisation survey in November 2002 over the Cargo Complex. This data with that of a previous survey (by Renison Gold Fields) was combined by Arctan Services Pty Ltd (Steve Collins) to generated 3-dimensional inversion models.

Several chargeability and resistor anomalies were delineated which were considered to have potential for concealed Cadia-Ridgeway style gold-copper deposits, fig 2 & 3. These were tested with 12 percussion holes, fig 4.

The exploration program was managed by Ray Muskett (Falcon Minerals Limited) and logging of drill hole cuttings was completed by N Swingler (N and K Swingler and Associates).

1.1 Statistics

Soil (-80#) samples	43
Rock samples assayed	37
Petrologic descriptions	6
Percussion Holes (FC001-012)	2488m
3m-drill chip samples assayed	834
1m drill chip samples assayed	645
Total drill rig working days	38
Geochemical sample accuracy standards	10

2.0 TENURE

Exploration Licence 5238 was granted to Golden Cross Resources NL and Imperial Mining NL for a two year period expiring 18 February 1999. The Licence was later transferred to Golden Cross Operations Pty Ltd. It comprises 21 graticular units and has been renewed several times without reduction;

1:1,000,000	Block	Units
Canberra	1210	n, r, s, t, w, x, y, z.
Canberra	1282	b, c, d, e, g, h, j, k, m, n, o, p, t.

The expenditure requirement is $51,000 per annum.

In August 2002 a Farm-in Agreement for EL5238 and EL5796 was completed between Golden Cross Operations Pty Ltd and Yardarino Limited (now Falcon Minerals Ltd). Terms require an expenditure of $3.0 million over 4 years to earn 70% equity, with a minimum commitment of $200,000 including 1000m of drilling within the first 12 months. Golden Cross may contribute at 30% or dilute to a 20% free carried interest to completion of a bankable feasibility study. A portion of the farm-in area is subject to a 20% buy back option by Newcrest Mine Limited in the event that more than 500,000 ounces of gold is identified or produced.

3.0 GEOLOGICAL SETTING

The Cargo Licence area occurs within the Molong belt of Ordovician andesitic volcanics of the eastern Lachlan Fold Belt. Some Intrusive Complexes within this and similar belts to the west have developed porphyry copper-gold and high sulphidation gold deposits. Ie Cadia, Ridgeway, Goonumbla (North Parkes Mine), Gidginbung, Lake Cowal.

The Cadia deposit consists of a 100-200m wide northwest trending zone of sheeted quartz veining with chalcopyrite, bornite and native gold. This cuts a multi-phased alkali intrusive complex and country rock of andesitic volcanics, volcaniclastics and carbonates.

At Cargo P D White (1997) describes the geology as follows;
"The Licence is largely underlain by lower Ordovician Cargo Andesite Formation (andesite, trachyandesite, trachytic lava, pyroclastics and epiclastic sediments). These are overlain by mid to upper Ordovician limestone

and early Silurian volcanogenic sediments", which crop out to the east and west. "At Cargo these rocks are intruded by the Cargo Intrusive Complex (informal name) comprising calc-alkaline diorite, quartz diorite and dacite porphyries. Dacite porphyries predominate as both quartz- and feldspar rich varieties. These have been re-intruded by alkalic intrusives to form a zoned complex of monzodiorite, quartz monzonite and monzonite with which porphyry style mineralisation is associated". The central portion is a breccia comprising clasts of the aforementioned intrusives in a matrix of quartz monzonite. See Plan 1 White (1997).

The intrusive complex outcrop is semicircular in shape (approximate 800m radius) with a northwest trending spur in the southeast. It is truncated by the north trending Gum Flat fault, the western half presumably down thrusted and overlain by younger sediments and alluvium. It is characterised by subdued magnetic susceptibility with a broad (500m) rim of strong high activity attributed to hornfelsed biotite-magnetite andesitic country rock. A magnetic low is associated with the central breccia.

Mapping and structural interpretation of aeromagnetics (Corbett 1997, White 1997, Collins 1997) has delineated four strongly developed structural zones. Ie Carys---NNE, Homeward and Ironclad---NE and the "ESSEX"—NW. See Fig 3 A. The NW (ESSEX) Corridor cuts through the central brecciated complex which contains east, northwest and north trending subvertical and flat lying sheeted and stockwork quartz veins.

Mineralisation is structurally controlled. It comprises fracture-controlled porphyry Cu-Mo +/-Au associated with the intrusives and quartz-sulphide Au +/- Cu veining hosted by peripheral andesitic country rock. The quartz vein reefs are radial to the intrusive complex. Jasper zones are probably silica-hematite replacement of carbonate beds.

Soil geochemical surveys delineated copper –molybdenum anomalism generally associated with the intrusive centre and gold with quartz veining in the andesites to the northwest and south.

"PIMA" analysis of 697 samples and mapping delineated a zoned pattern of alteration {Albitic (albite-sericite), Potassic (K-feldspar +/- biotite +/- magnetite) Phyllic (sericite+/- chlorite +/- illite +/- quartz +/- pyrite) and Propylitic (chlorite+/- calcite+/-epidote)}. A zone of strong potassic alteration is centred on the quartz-monzonite breccia.

A study by Corbett and Leach (1997) concluded that mineralisation at Cargo represented the upper portion of a gold-copper system related to a large quartz monzonite intrusion at depth. The best setting for significant copper-gold mineralisation was considered to be with "sheeted quartz veins at the contact between host rocks and the buried quartz monzonite intrusion, which is capped by the quartz monzonite breccia. Prospective areas would be characterized by demagnetization and increased pyrite ie Magnetic lows within elevated magnetism with coincident IP chargeability anomalies.

4.0 WORK COMPLETED.

4.1 Induced Polarization Survey.

Fugro Ground Geophysics (Sydney) completed an "Offset pole-dipole" Induced Polarisation survey in November 2002 over an area of 2500x3500m centred on the Cargo Intrusive Complex. Specifications were 100m dipole on 200m spaced east-west lines with a 200m transmitter offset. This data with that of a previous survey (by Renison Gold Fields with Dipole-dipole on north-south lines) was then combined by Arctan Services Pty Ltd (Steve Collins) to generated 3-dimensional inversion models. The IP grid was pegged with a differential GPS.

4.2 Drill Program.

During the period 5 March to 17 April, twelve (12) percussion holes (FC001-012) totaling 2488m were drilled by Anderson Drilling (Orange). A track mounted UDR 650 rig was operated with compressors and an auxiliary booster delivering up to 750psi 1800cfm.Each hole was spudded with a 155mm-diameter hammer and collared with 150mm diameter PVC; length ranging from 3.5 to 18m. Initial reverse circulation face hammer (RCFH) drilling was slow due to hard rock and equipment malfunctions. To improve this some holes were completed with a conventional percussion hammer with or without a crossover sub. However this was generally to the detriment of sample recovery. Subsequently drilling reverted to RCFH. For some holes inner tube blow-outs and hammer malfunctions resulted in pulverised or small chip size, making logging difficult. Drill cuttings were collected via a rig-mounted cyclone and sacked over 1m intervals. Over 90% of samples were dry.

A 3m composite sample (weighing 3.5 to 8.0kg) and a 1m sample (up to 3kg) were speared from each sack for geochemical analysis. Concurrently the magnetic susceptiblity of each 1m sample was measured with a Exploranium G S Limited "KT-5 Magnetic Susceptibility Meter. Washed cuttings were also collected over 1metre intervals for geological logging and storage in chip trays. Logs for each hole are presented on Excel spreadsheets in appendix 1.

Drill samples were prepared and analysed by ALS Chemex (Orange). Most 3m composites were larger than 3kg and therefore they were crushed to a nominal 2mm before a riffle split of 2.5-3kg was pulverised to minus 75 microns (nominal 85%). Splitting was not required for 1m samples. All 3m composites were analysed for gold with Fire assay and Atomic Absorption Spectroscopy method AA26 (50g-sample weight) and for copper, molybdenum and/or silver with Atomic Absorption Spectroscopy-Aqua Regia digestion method AA47. Ranges for these analyses were 0.01-100 ppm Au, 1-100ppm Ag, 2-10,000ppm Cu and 5-10,000ppm Mo. Anomalous gold-copper intersections were detailed with analysis of 1m samples for gold +/- copper using the same methods. Mineralised and anomalous gold-copper intersections are shown in Table 1.

"Amdel" standards (AMD-2, 3 and 5PE-0518) were included with some sample batches in order to monitor assay accuracy.

Batch	Sample	Standard	Au	ALS Au(ppm)
OR27699	A	AMD-2	1.32ppm(+/-10%)	1.39
OR27699	B	AMD-2	1.32ppm(+/-10%)	1.36
OR27730	C	AMD-3	5.50ppm(+/-10%)	2.83
OR27824	D	5PE-0518	485ppb(+/-10%)	0.37
OR27824	E	AMD-3	5.50ppm(+/-10%)	6.18
OR27882	F	AMD2	1.32ppm(+/-10%)	1.24
OR27882	G	AMD3	5.50ppm(+/-10%)	6.10
OR27948	F	5PE-0518	485ppb(+/-10%)	0.42
OR27948	G	5PE-0518	485ppb(+/-10%)	0.39
OR27972	H	ST73(Gannet)	1.49ppm	1.45
OR27972	I	5PE-0518	485ppb(+/-10%)	0.46

ALS Chemex "Certificate of Analysis" are included in appendix 3 and sample identifications are tabulated with results in appendices 7 and 8.

Drill sites were located with hip chain and compass from the IP grid (AMG). After de-mobilisation the site was re-determined with a Garmin Emap GPS. A single shot Eastman was used for in-hole surveys.

4.3 Soil and rock chip sampling.

Several reconnaissance traverses of 25m spaced soil sampling (20cm depth) was completed over chargeability and magnetic anomalies centred at 666250/6300850 (target B-NW anomaly) and resistor and magnetic anomalies at 666200/6300300 ("G"-Hay Shed). Minus 80mesh soil samples together with rock chip samples NS1-5 were analysed for gold-copper and molybdenum. See Fig 17 and Appendix 10. Both areas occur on a moderate slope with some sub crop and extensive transported cover of soil and float shedding from the east. Creek-gully exposures indicate that the colluvium is up to 2m thick. Soil sampling of the "NW" target was probably a suitable exploration technique, however this may not be the case for the Hay Shed target. RAB or aircore bedrock sampling would be more appropriate.

Rock chip samples (NS6-15) were also collected from "Dump" creek where previous sampling by R Muskett returned 9.9g/t gold from sample FIR 8.

5.0 DISCUSION OF RESULTS.

5.1 Induced Polarisation Survey

Three-dimensional modeling of the combined Falcon-RGC data delineated an arcuate zone (approx. 2.8x 0.5km) of chargeability over andesitic volcanics surrounding the Cargo Intrusive Complex. It approximately coincides with a rim of high magnetic susceptibility attributed to contact metamorphism. Within the chargeability zone 14 discrete intense responses were considered to be due to significant accumulations of disseminated sulphide at

depth. Of particular interest for concealed Cadia-Ridgeway style gold-copper mineralisation were chargeability anomaly "I" south of the central breccia zone of the Cargo Intrusive Complex and anomalies "J and K" encompassed by a fork shaped resistivity anomaly; potential porphyry intrusive, fig 2 & 3. Reef prospects Spur, Dalcoath and Thistle were visualized as a gold halo to the porphyry and past drilling was considered too shallow to have tested the chargeability anomalies.

In the northern end of the IP survey a second priority chargeability anomaly ("A") with peripheral spot high soil geochemical gold anomalism was also considered to have potential for significant concealed mineralisation.

5.2 Drill hole results

Target A Drill holes FC001, 002 and 012.

Drill holes FC001, 002 and 12 were sited to test a chargeability anomaly with peripheral anomalous soil gold geochemistry near Gazzards Prospect at the northern end of the IP survey, fig16. At drill site FC001 and 012 there is a small discrete magnet anomaly, which flanks the main magnetic complex, attributed to contact metamorphism.

FC001was collared in andesitic volcaniclastic sandstone and passed into a tentatively identified altered quartz diorite with disseminated and veined pyrite and magnetite, fig 5. Petrological examination (Mason Geoscience) identified the unit as an andesitic lava with strong pervasive propylitic alteration. In the upper half of the hole a broad zone of anomalous gold with several sections of 1ppm plus was intersected.

33m @ 0.76ppm Au from 9m (0.1ppm cut off)
Including 3m @ 2.68ppm Au from 15m
1m @ 1.13ppm Au from 26m
3m @ 1.75ppm Au from 32m

This hole was prematurely terminated, as drilling was slow. Subsequent follow up holes **FC002 and FC012** were collared 200m to the north and 25m to the west respectively to further test the target and possible quartz diorite association. Both holes intersected andesitic lava and pyroclastics (lapilli-crystal-lithic Tuffs) with narrow intrusions of tentatively identified quartz diorite and feldspar porphyry in FC012, fig 6. Propylitic alteration was weak to moderate pervasive chlorite-hematite-carbonate-silica with traces of disseminated magnetite and pyrite. Both holes were disappointing with only two narrow intersections of up to 1.42ppm Au being returned from the upper portion of FC002.

Spur Target K Holes FC003 and 005

These holes were sited to test chargeability anomaly "K" enclosed by the Spur resistor. **FC003** was collared on the eastern margin of the Spur Prospect. It intersected an andesitic sequence of flows some feldsphyric, crystal tuff and lapilli tuff, fig 7. Propylitic alteration comprised silica-chlorite-carbonate +/_ epidote with widespread traces of disseminated pyrite. The hole was drilled with a conventional percussion hammer and crossover sub. Sample recovery was poor generally less than 40%. Two broad zones of anomalous gold were intersected at the top of the hole which may be down dip of mineralisation in hole JG104.

27m @ 0.30ppm gold from 0m
15m @ 0.29ppm gold from 42m

These included several 1m sections of 1ppm plus; the bottom zone was hosted by silica-carbonate altered rock tentatively identified as andesite.

1m @ 2.75ppm gold from 13m
1m @ 1.70ppm gold from 21m
1m @ 1.65ppm gold from 35m
1m @ 2.74ppm gold from 48m

FC005 intersected an andesitic sequence of amygdaloidal flows, lapilli tuff and crystal-lapilli tuff with several sections of dacite porphyry in the lower half, fig 9. Widespread propylitic alteration comprised chlorite-carbonate +/- epidote +/- hematite with traces of disseminated pyrite. Most of the hole was barren. It was terminated in an 18m zone of weak gold mineralisation which included

3m @ 3.56ppm gold from 327m (1ppm cut off).

Spur Target I Holes FC 004 and 010

Drill holes FC004 and 010 were sited to test a large deep chargeability zone between the quartz-monzonite breccia of the Cargo Intrusive Complex and the Spur gold prospect. This area is on the southern margin of the intrusive complex and partially coincides with a magnetic low and north-northwest trending linear.

FC004 was collared adjacent to shallow pits on the northern end of the Spur prospect. It intersected a sequence of andesitic feldsphyric lava, volcaniclastic sandstone and crystal tuff with widespread weak silica-chlorite-carbonate+/-hematite alteration plus disseminated, aggregates and veinlets of pyrite (trace to 5% by volume), fig 8. From 11 to 30m strong to moderately silicified rock hosted sulphides of up to 10% by volume with minor malachite and manganese.

The upper half of FC004 intersected a 126m thick discontinuous zone of anomalous gold (0.1ppm plus) from 9m. This is associated with a 90m thick zone of weak copper mineralisation of up to 1500ppm. The hole was terminated in a lower zone of anomalous gold (0.1ppm plus) that was 55m thick. No copper mineralisation occurs in this zone. Analysis of 1m samples were disappointing as they show the zones contain only a few narrow sections of between 1.17 and 6.38ppm gold (1.0ppm cut off). The best intersections were

1m @ 6.38ppm Au from 10m (cut off 1.0ppm)
1m @ 3.14ppm Au from 219m
3m @ 1.36ppm Au from 239m

FC010 was sited adjacent to shallow pits approximately 155m north of FC004. It intersected monzo-quartz diorite, crowded dacite porphyry and quartz porphyry intruding andesitic lava and volcaniclastic sandstone, fig 14. Alteration comprised silica-sericite-chlorite-carbonate-hematite-epidote with significantly higher pyrite contents than previous holes. Two broad zones of anomalous copper and molybdenum were intersected.

129m @ 0.094% copper from 0m (500ppm cut off)
27m @ 0.0696% copper from 141m

Andesitic crystal-lithic tuff between dacite porphyry and diorite in the upper zone returned
13m @ 0.23% copper from 14m

Target J Hole FC006

FC006 was sited to test chargeability anomaly "J" which is encompassed by the Spur resistor. It intersected andesitic lava and pyroclastics (lithic-crystal tuff) with several narrow sections of tentatively identified porphyritic diorite, fig 10. Weak chlorite-carbonate +/- hematite +/- epidote alteration occurred throughout the hole together with occasional traces of disseminated pyrite and magnetite. Gold –copper analysis were all within background ranges. To the south, creek exposures comprise fine to coarse pyroclastics with an intermediate sill or dyke of tentatively identified grabbroic dolerite).

Gum Flat Hole FC007

Drill hole **FC007** was sited to test a resistor anomaly beneath transported cover just west of the Gum Flat alluvial workings. This target together with several others were postulated to be caused by dislocations ("jogs") with potential for sulphide and low temperature silica vein mineralisation along the north trending Gum Flat Fault. The hole was planned to intersect the resistor at 200m but failed to penetrate alluvium and saprolite, fig 11. It was terminated at 127m. Two narrow zones of alluvial gold were intersected.

9m @ 0.16ppm gold from 9m
9m @ 0.1ppm gold from 24m (0.1ppm cut off)

They are hosted by mottle and pallid clay with andesitic and quartz vein float below a red brown? lateritic clay considered to be a paleao-surface. Beneath the clays there is a thick (75m) sequence of quartz sand with ferruginised quartz pebble gravel, silcrete (consolidated sand) and white to purple clay. This is barren. A gritty light gray clay with a partially ferruginised coarse quartz-jasper sand marks the transition into saprolite.

Spur Resistor Holes FC008 and 009

These holes were sited to "scissor" the Spur resistor zone that is immediately south of chargeability target "I" and on the eastern flank of the Spur gold prospect.

FC008 was collared just south of the Thistle gold workings and drilled on an azimuth of 194 (mag) to 241metres. It intersected an andesitic sequence of feldsphyric lava with autobreccia margins, crystal-lithic tuff and volcaniclastic sandstone with widespread traces of disseminated and/or veined pyrite, Fig 12. The lower half is intruded by a crowded feldsphyric rock with coarse aggregates of magnetite and strong hematite and/or K feldspar alteration. This was tentatively identified as dacite porphyry. The upper half of the hole intersected several narrow (1 to 3m) zones of up to 4.17ppm gold with weak copper mineralisation (max 4600ppm).

1m @ 4.17ppm gold from 23m (1ppm cut off)
1m @ 3.69ppm gold from 51m
3m @ 1.57ppm gold from 64m
3m @ 2.96ppm gold from 78m
1m @ 1.79ppm gold from 89m
1m @ 3.05ppm gold from 94m

The lower half also intersected anomalous gold zones but without copper mineralisation. These are hosted by the dacite porphyry and juxtaposed andesite. The hole was terminated in 3m @ 1.2ppm gold, which included 1m @ 2.07ppm. Sample recovery was less than 50% from 6 to 60m but returned to 100% with RCFH drilling.

FC009 was collared on the eastern margin of the Spur Prospect and from 26 to 146m sample recovery was poor, down to 10% in places. It intersected an andesitic sequence of feldsphyric lava, lapilli-crystal and/or lithic tuff, and volcaniclastic sandstone with several narrow sections of strongly altered andesite or intermediate intrusives, fig 13. Significant gold with weak copper mineralisation was intersected just below the collar.

14m @ 1.63ppm gold from 4m (0.5ppm cut off)

A broad zone of almost continuous anomalous gold was intersected from 102m to the bottom of the hole at 265m. Values generally ranged from 0.2 to 0.5ppm gold with four 1m intersections of greater than 1ppm.

1m @ 1.93ppm gold from 144m
1m @ 3.22ppm gold from 187m
1m @ 1.10ppm gold from 242m
1m @ 3.21ppm gold from 258m

Target D Alpine Reefs Hole FC011.

Drill hole FC011 was sited on the southern margin of two relatively small chargeability anomalies (Target "D") and just north of a prospect known as "Alpine Reefs". This prospect and the Homeward Line occur in a prominent NE trending structural zone. The hole was designed to test for structurally controlled high-grade gold that may occur above a deep-seated porphyry intrusive system.

FC011 intersected andesitic volcaniclastic sandstone with coarse feldspar porphyritic andesite and narrow altered intrusives, fig 15. This sequence hosted weak silica-chlorite-carbonate-heamatite alteration with wide spread disseminated, aggregates and veinlets of pyrite ranging from trace to 2% by volume. Relative to previous holes there was widespread traces of quartz veining. Significant mineralisation was intersected in a 2m thick quartz vein underlain by altered silicified rock and porphyritic intrusive. Ie

1m @ 16.00ppm Au from 67m

Below this gold-copper values were within background ranges except for a 9m section of 0.197% Cu at the bottom of the hole. Past geochemical soil sampling on 50x100m centres has delineated a 500m northeast trending discontinuous gold anomaly with spot highs of up to 1.16ppm, fig 16. Values to the north may be caused by downslope transportation or indicate a northwest line of mineralisation. This may be resolved with in-fill sampling.

5.3 Geochemical Soil Survey and rock samples.

Hay Shed and NW Anomalies

The northern target area consists of scattered subcrop and float of quartz feldspar porphyry of the dacite porphyry suite with a raft of andesite that is glomerophyric in places. A small fractured mafic outcrop on line 6300900mN may be dolerite. To the south colluvial loam cover increases. Geochemical results for gold and trace elements were all low and did not delineate any strong anomaly.

At the Hay Shed area the eastern half comprises scattered float of quartz vein, porphyritic andesite and jasper with red brown loam. The colluvial cover increases to the southwest. Centrally there is a small area of quartz veined quartz feldspar porphyry with malachite coating fractures. This may be subcrop or exotic. Soil sampling 100m to either side only returned a weakly anomalous value of 541ppm copper in a zone of elevated molybdenum. Several gold values of up to 75ppb occur in the east half of the area.

The Hay Shed area was previously tested by Renison Goldfields with aircore drilling on 100m centres. This tested ground as far as the northern fence line. There appears to have been no bedrock sampling of the NW area. Bottom of hole values (>500ppm) delineated a fork shaped copper anomaly coincident with the NW structural zone. Peak value was 1486ppm copper and the anomaly is open to the west. On line 666000E the anomaly is 400m wide and the northern half flanks the Hay Shed chargeability anomaly "G".

Dump Creek

Follow-up rock chip sampling (NS6-15) of the 9.9ppm gold sample (FIR 7) at Dump Creek failed to repeat the high-grade value. The best value was 0.31ppm gold from sample NS13. Past exploration rock chip sampling (GCR etc) of the creek and environs yielded similar weak gold and copper values.

The creek drains the southern margin of the Cargo Igneous Complex and consists of intercalated quartz eye porphyry, quartz feldspar porphyry and diorite with rafts of pyritic silicified andesite. In places the porphyry and diorite host narrow sheeted quartz veining and malachite coated fractures. A limonitic pyritic highly silicified unit at confluence NS12 may be altered andesite or an intrusive margin.

The area has been tested for copper with geochemical soil sampling on 30m centres and for gold on 40x100m centres by past explorers. A ragged northeast trending copper anomaly (1000ppm plus) was delineated over the quartz monzonite breccia. Gold values of up to 0.2ppm are associated with this anomaly. To the south at Dump creek some gold and copper values were above threshold but no significant anomaly was delineated.

6.0 Drill site rehabilitation.

Holes 001, 003-006, 008,and 012 were back filled with drill cutting. The top section of PVC collar was removed and the hole sealed with concrete at a depth of approximately 35cm. This was capped with topsoil. At the request of the landowner J Brown hole FC002 was sealed with a PVC cap to allow possible future use for water. Holes FC007 and 009-011 were also capped to allow possible extensions with core drilling.

7 Expenditure

Annual Report 2004 Cargo EL 5238

Expenditure Statements EL 5238

Expenditure for Cargo EL 5238 Falcon Minerals Ltd

Period February 20th 2003 to August 19th 2003

Geological Staff/Consultants	$	59,378.00
Management	$	16,100.00
Geophysics	$	4,056.00
Surveying	$	9,960.00
Drilling	$	99,144.00
Travel/Accommodation/Meals	$	16,198.00
Assays	$	10,620.00
Vehicle Hire	$	1,553.00
Printing/Stationery/Drafting	$	552.00
Sub Total	**$**	**217,561.00**
Administration 15%	$	32,634.00
TOTAL	**$**	**250,195.00**

Period August 20th 2003 to February 19th 2004

Geological Staff/Consultants	$	28,425.00
Management	$	3,875.00
Assays	$	11,015.00
Travel/Accommodation/Meals	$	276.00
Land Rehabilitation	$	1,000.00
Field Supplies	$	3,143.00
Sub Total	**$**	**47,734.00**
Administration 15%	$	7,160.00
TOTAL	**$**	**54,894.00**

GRAND TOTAL - EL 5238	**$**	**305,089.00**

8 REFERENCES.

S Collins (1997) Interpretation of Helicopter Magnetic and Radiometric Data, Cargo Prospect NSW Arcan Services Pty Ltd. Report for GCR

G J Corbett (1997) Comments on the Geology of the Cargo Gold-Copper Prospect and Proposed further work

Corbett Geological Services Pty Ltd Report for (GCR)

Terry Leach & Co (1997) PIMA and Petrological Evaluation of Drill core and surface samples from the Cargo Prospect, NSW Australia. Report 97062 for GCR.

R L Turner (1997) Progress Report Exploration Licence 5238 Oct 1997
Golden Cross Recourses NL (GCR)

PD White (1997) Report on Geological and Alteration Mapping of the Cargo Gold-Copper Prospect NSW Golden Cross Resources NL internal report.

APPENDIX 1.

Geological Logs for Drill Holes FC001-12

EL5238-2004-22-Appx1.pdf

Lithology Codes

ROCK TYPE

Regolith

L	Loam	Col	Colluvial clay
Cy	Clay	Ss	Silcrete
Sd	Sand	Sap	Saprolite
Gr	Gravel	Sar	Saprock
Grq	Quartz pebble gravel		
B1-3m	B-horizon mottled		
B1-3p	B-horizon pallid		

Intrusives

Gb	Gabbro	Dol	Dolerite
Dr	Diorite	Gd	Granodiorite
Drq	Quartz Diorite	Gt	Granite
Drqp	Quartz Diorite Porphyry	IVM	Mafic Intrusive
Mzd	Monzodiorite	IVF	Felsic Intrusive
Mzdq	Quartz Monzodiorite	IVI	Intermediate Intrusive
Ivip	Porphyritic intermediate Intrusive Porphyry	IV	Undifferentiated Intrusive

Volcanics

An	Andesite	Dc	Dacite
Ang	Glomerophyric Andesite	Tr	Trachyte
Anp	Porphyritic Andesite		
Any	Amygdaloidal Andesite		
Anvc	Andesitic fragmental		
Rh	Rhyolite		
Rhd	Rhyodacite		
Bs	Basalt		
V	Undifferentiated Volcanic		
Vf	Felsic Volcanic		
VI	Intermediate Volcanic		
VM	Mafic Volcanic		

Porphyries

Pp	Porphyry	Pq	Quartz Porphyry
Pf	Feldspar Porphyry	Phn	Hornblende Porphyry
Ppx	Pyroxene Porphyry		

Pyroclastics-Volcaniclastics

Vc	Volcaniclastic	Vcst	Volcaniclastic siltstone
Vccog	Volcaniclastic Conglomerate	Vcbx	Volcaniclastic breccia
Vcss	Volcaniclastic sandstone		

Tf	Tuff	Tfl	Lithic Tuff	Tfx	Crystal Tuff	Tfp	Lapilli Tuff

Sediments

Sdst	Sandstone	Stst	Siltstone	Mdst	Mudstone	Sh	Shale
Cong	Conglomerate	Br	Breccia	Lmst	Limestone	J	Jasper

Colour

Shade

L	Light	M	Medium	D	Dark	X	Mixed	P	Pale

Colours

B	Brown	U	Blue	F	Buff	N	Black	C	Cream
G	Green	A	Gray	K	Khaki	M	Maroon	R	Red
O	Orange	L	Olive	P	Pink	Pr	Purple	W	White
Y	Yellow	I	Ivory						

Oxidation

T	Total	P	Partial	U	Unoxidised	F	Fracture

Descriptors

Amy	Amygdaloidal glomerophyric	crw	crowded	cl	clot	c	coating	glom			
flt	float selvage	ag	aggregate	v	vein	qv	quartz vein		s		
d	disseminated	fe	ferruginised	sil	silicified	fel	felsic		flt	float	
ch	chlorite	fg	fine grained	mg	medium grained	cg	coarse grained				
equ	equigranular	frc	fractured	gla	glassy	mas	massive				
mat	matrix supported	mot	mottled	py	pyritic	cpy	chalcopyrite				
ves	vesicular										

APPENDIX 2
DRILL HOLE SUMMARIES FC001-012
EL5238-2004-23-Appx2.pdf

APPENDIX 3
Certificate of Analysis (ALS Chemex (Orange)).
Soil, rock, and drill hole cuttings
EL5238-2004-24-Appx3.pdf

APPENDIX 4
DRILL HOLE FC001-012 “COLLAR FILE”
EL5238-2004-25-Appx4.txt

APPENDIX 5
Drill Hole FC001-12 “Survey file”
EL5238-2004-26-Appx5.txt

APPENDIX 6

Drill hole FC001-12 “Geology file”

EL5238-2004-27-Appx6.txt

APPENDIX 7
Drill hole FC001-12 “Assay file for 3m samples”
EL5238-2004-28-Appx7.txt

APPENDIX 8

Drill hole FC001-12 “Assay file for 1m samples”

EL5238-2004-29-Appx8.txt

APPENDIX 9
Soil geochemistry
EL5238-2004-30-Appx9.txt

APPENDIX 10
Rock Chip Geochemistry
EL5238-2004-31-Appx10.txt

APPENDIX 11

Petrographic Descriptions for six drill chip samples-Mason Geoscience Pty Ltd

EL5238-2004-32-Appx11.pdf