

## EXPLORATION LICENCE SURROUNDING THE HISTORIC FALUN COPPER MINE GRANTED

- **The Drake-Zinifex Alliance application for an exploration licence that covers the historic Falun copper mine in Sweden has been granted**
- **The licence now becomes a joint venture between Drake and Zinifex, with Drake holding an initial 50% interest, and with Zinifex to sole fund exploration to increase its interest in the property**
- **Falun was one of the largest historic base metals mines in Europe**
- **Known mineralisation in the licence area includes massive and disseminated copper-zinc-gold mineralisation, and for gold vein mineralisation**
- **The Alliance's exploration programme to evaluate the mineral potential and identify drill targets is underway:**
  - **A detailed airborne magnetics survey has been completed**
  - **Detailed geological and structural mapping has commenced**
  - **Review and analysis of past mine plans has commenced**

Drake Resources is pleased to announce that the application for an exploration licence that covers the historic Falun Copper Mine in Sweden has been granted. The licence (Falun Nr 100) is part of the Zinifex (ASX Code: ZFX) -Drake Resources (ASX Code: DRK) Alliance, and now becomes a joint venture between the two companies.

Falun 100 covers the historic, world-class Falun copper mine which operated for over 1300 years until its recent closure in 1992. During the 17<sup>th</sup> and 18<sup>th</sup> centuries Falun was the world's largest copper mine, producing two-thirds of the world's copper. This mine generated the wealth that made Sweden a powerful nation in northern Europe at that time.

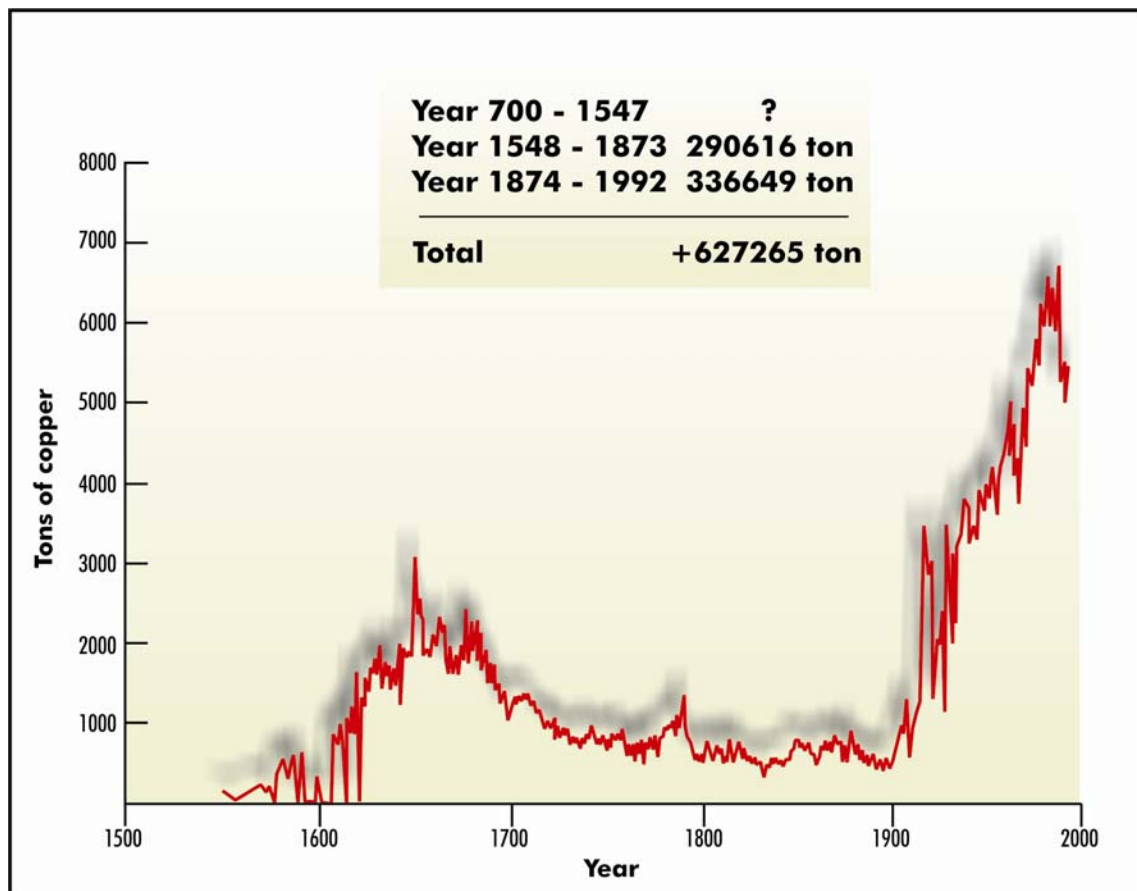
Whilst best known as a major copper producer, Falun was also Sweden's largest gold mine and the second largest silver mine. During the 1980s annual production from the mine was approximately 200,000t of ore at an average grade of 6% Zn, 2%Pb and 0.5% Cu.



Sweden - Falun Location Map

Drake and Zinifex are very encouraged by the potential of this exploration licence:

- The historic production testifies to the rich metal endowment of the area
- There has been little exploration beyond the immediate vicinity of the mine, virtually none using modern exploration methods or technology
- Geological insight and understanding of the styles of mineralisation has advanced since mine closure



**Historic copper production at Falun (source Sveriges Geologiska Undersökning)**

The massive sulphide mineralisation at Falun is hosted within a 5-7km wide belt of felsic volcanic rocks with intercalated marbles, dolomites and sediments. Around the mineralised zone the volcanic rocks are altered to siliceous quartz-biotite-cordierite-anthophyllite rocks, and the carbonate rocks are altered to skarns.

Three main styles of mineralisation are present at Falun:

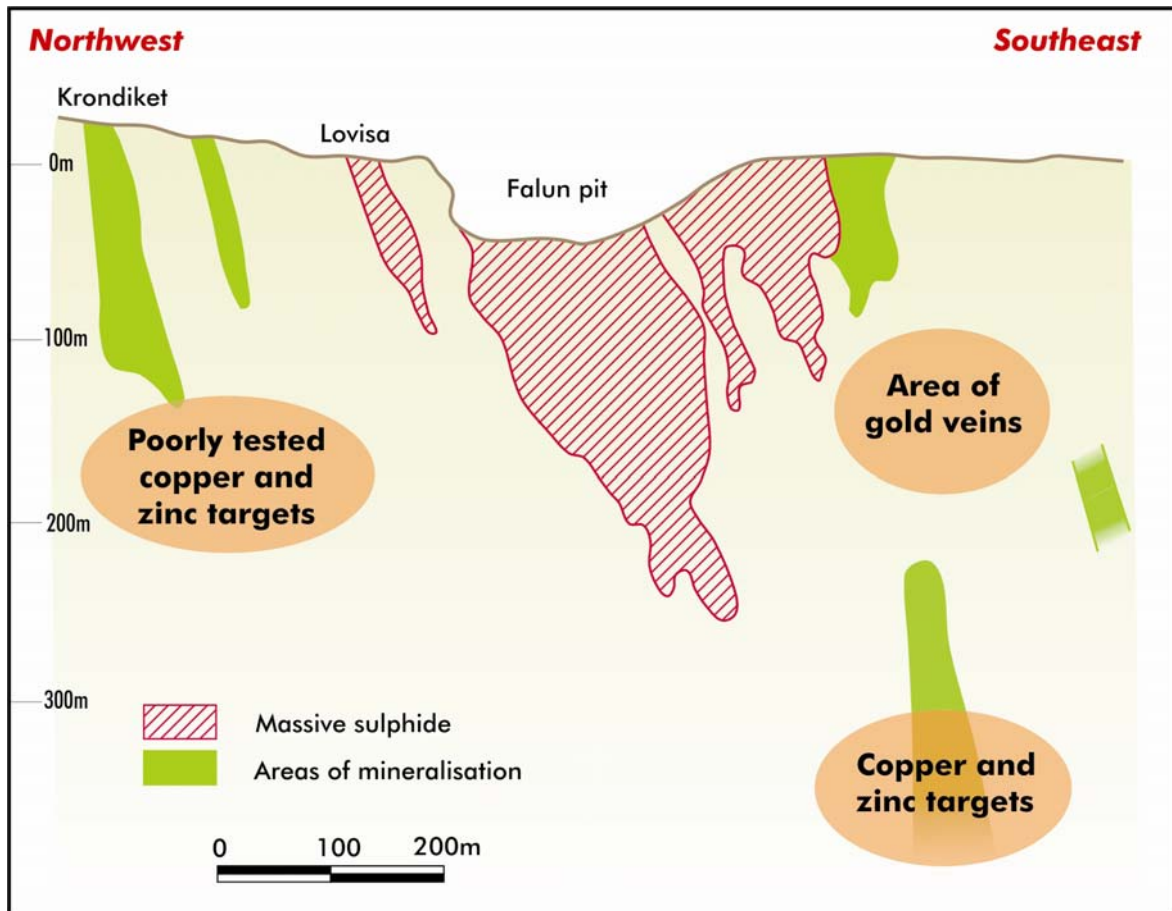
1. **Massive sulphide** ore is the dominant style of mineralisation and it is estimated that approximately 30Mt of massive sulphide ore has been mined at Falun. The main ore minerals in the massive sulphide are sphalerite, galena and chalcopyrite. The three main lenses that made up the original massive sulphide mineralisation: Storgruvekisen, Kallortskisen and Drottningkisen coalesced near the surface to form a 200m x 200m massive sulphide body. All three lenses dip steeply to the south-southeast, and were mined from surface to a depths of between 330-360m.

Several smaller massive sulphide lenses occur down-dip of the main orebody to a depth of 500m below surface. The mine owner and operator, Stora Kopparberg, quote the following grades for the massive sulphide ore:

Western section: 6% Zn, 2% Pb, 0.5% Cu, 50g/t Ag and 0.4g/t Au

Eastern section: 9.8% Zn, 4.2% Pb, 1.3% Cu and 50g/t Ag (upper part) and 6.3% Zn, 2.4% Pb, 0.3% Cu and 40g/t Ag (lower part).

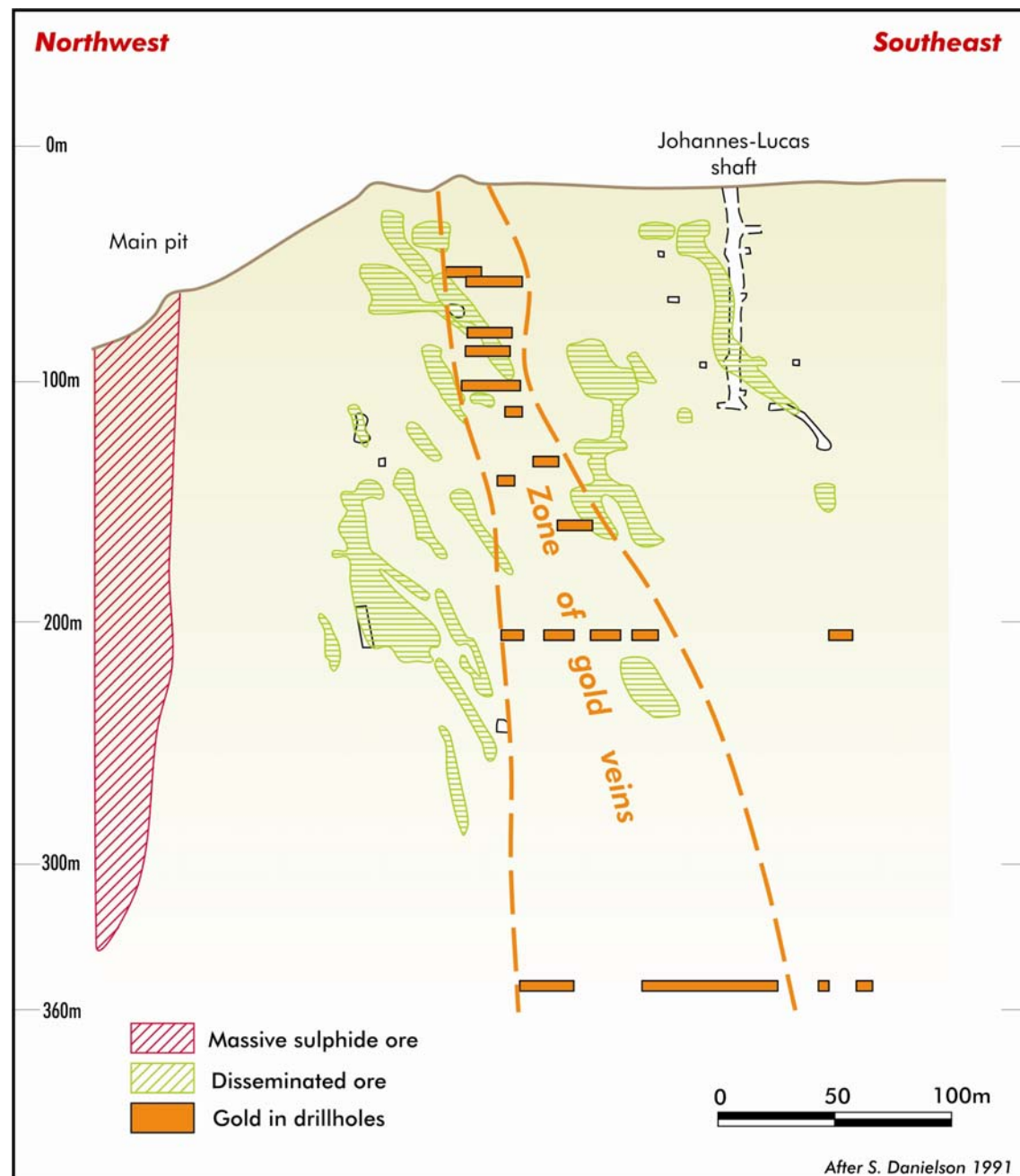
2. **Disseminated sulphide** ore occurs to the east and west of the massive sulphide bodies in a number of much smaller lenses that also dip steeply to the south-southeast. The mineralisation comprises disseminated chalcopyrite and minor sphalerite and galena within strongly silica altered rocks. Records show that the eastern disseminated ore averaged 2.4% Cu, 1.5g/t Au and 30g/t Ag. Gold grades in the disseminated ore range from 1g/t to 4g/t. Most mining of the disseminated ore occurred above the 200m level. The amount of disseminated ore remaining in the mine will be estimated as part of the Alliance exploration programme.



**Section through the massive sulphide body**

3. **Gold-bearing quartz veins** occur within and around the eastern disseminated ore and post-date the sulphide mineralisation. The quartz veins are generally less than 10cm wide and carry native gold, electrum and several bismuth-selenium minerals. The veins occur in a 150m wide zone and can be traced over a strike length of 400m and to a depth of 1100m. Mining of high-grade Au-Bi veins was mostly from the topmost 200m, although some minor development was undertaken on the 350m level during the 1980s. Much of this gold vein system is believed to remain.

The Johannes Lucas workings exploited the veins. Grades in this area were reported to be 7g/t Au, 0.06% Bi and 0.9% Cu.



**Northwest-Southeast section through the upper part of the gold vein system at Falun**

Falun 100 covers highly prospective stratigraphy up to 3km west and 4km east of the mine. The alteration developed at the mine can be traced intermittently over most of this strike length. Several prospects, including Krondiket and Pilbo, occur along the trend.

Preliminary investigations by Drake/Zinifex indicate that there has been little systematic modern exploration outside of the mine area and main prospects, and that there is still significant potential for new discoveries. For example, a new road to the south of the old Falun pit (constructed since mining ceased) revealed massive sulphide mineralisation in the road base, and stringers of copper sulphide mineralisation in the exposed cutting.



***Copper sulphide stringers in the road cut at Falun***

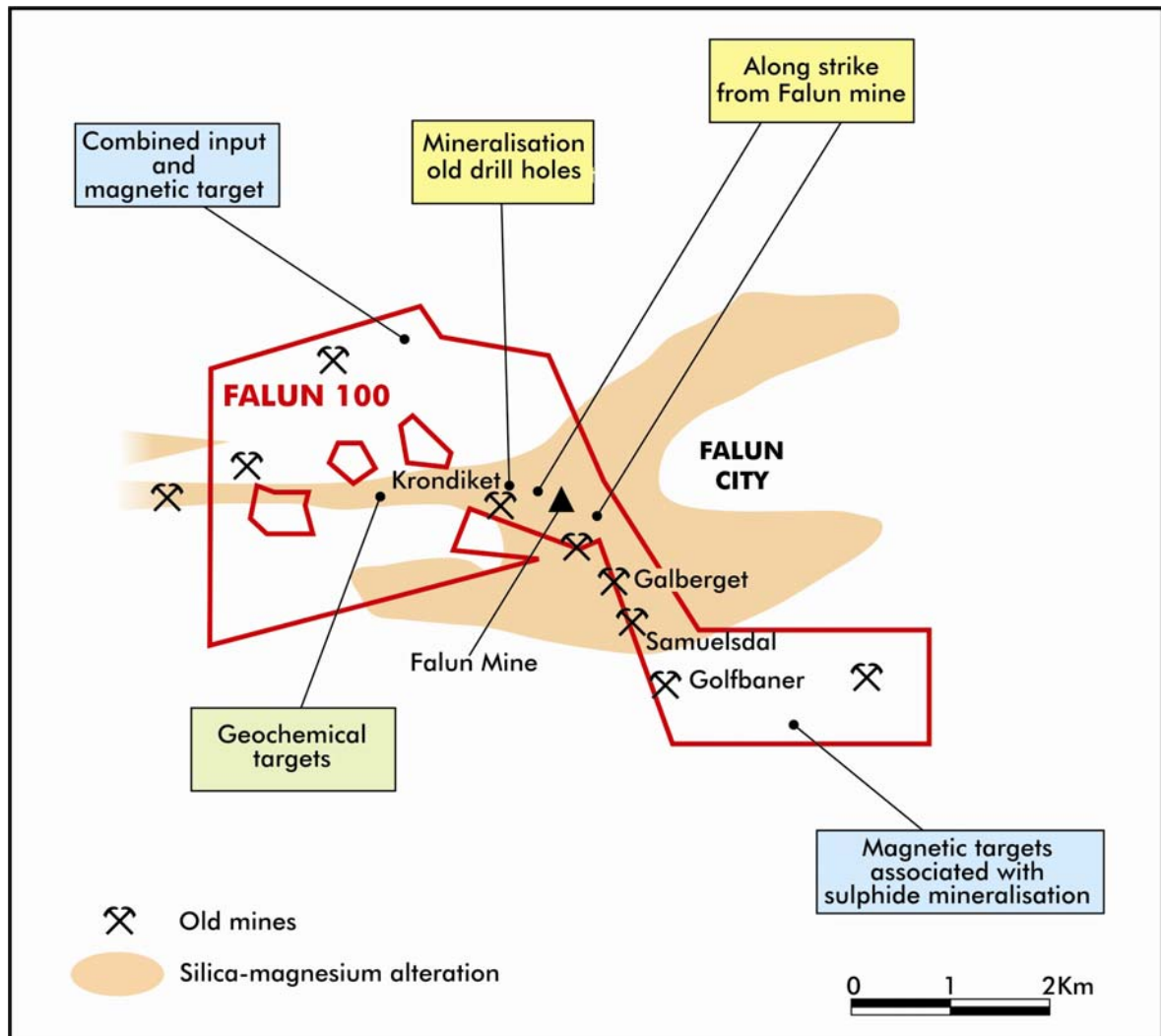
The Krondiket prospect is located 500m west of the mine and previous drilling by Stora Kopparberg intersected sulphide mineralisation in skarn from surface to depths of 200m. Drilling at Pilbo to the south of the pit intersected copper-zinc mineralisation in limestone and skarn. The Pilbo Prospect underlies the road section described above.

## **The Joint Venture Exploration Programme**

The Alliance has developed a prioritised list of targets for testing, including:

- Deep mineralisation below the existing mine workings
- Previously identified mineralised zones immediately along strike of Falun (e.g. Krondiket)
- The gold-bismuth-bearing quartz veins in the eastern part of the mine workings
- The under-explored strike extension of the host stratigraphy where geological mapping has identified similar alteration to that observed at the mine

The initial programmes will include a detailed review of the past mining and exploration records, re-logging of the drill core held in the Swedish Geological Survey core library, airborne geophysical surveys and geological mapping.



### **Targets currently identified at Falun**

Drake has established an exploration base at Falun, and its Sweden Project Manager has relocated to Falun.

The Falun 100 licence has been flown with a detailed airborne magnetics survey. Final data are awaited from the contractor, the Swedish Geological Survey.

Copies of mine level plans and sections have been scanned and registered for analysis. This work had previously been initiated by the Swedish Geological Survey, and Drake and Zinifex have been able to build on the excellent data set established by SGU.

Global Discovery Pty Ltd has been engaged to carry out detailed geological and structural mapping of the licence area.

## The Falun World Heritage Site

Parts of the exploration licence fall within the Falun UNESCO World Heritage Site, which is in place to care for and maintain the historic industrial sites in and around Falun. The World Heritage Site covers the historic city of Falun, and areas where mining and smelting of copper have been carried out over the past millennium. The latter include the Falun Mine, its buildings, and particularly areas close to water where smelting took place.

Exploration and mining are permitted within the World Heritage area under specific guidelines. The Alliance will be working with the authorities to ensure that all safeguards are in place to protect the integrity of the site. Many of the original mine buildings remain around the mine. A tourist mine operates at the site. In addition, the mine is within the present-day suburbs of the town of Falun. The exploration programmes that will be implemented by Drake and Zinifex in the area are being designed with these sensitive areas in mind.



*The snow-covered Falun pit in February*

## The Drake Resources-Zinifex Alliance

Drake Resources Ltd and Zinifex Australia Ltd have an alliance to seek out zinc exploration and development opportunities in several of the most prospective areas around the world. Drake is the Manager of the Alliance. The purpose of the Alliance is to bring together Drake's technical project generation skills in base and precious metals exploration and Zinifex's operational capabilities in advanced project exploration, mineral project development and mining.

The Alliance is focusing its search on the known prospective mineral provinces in Australia, Scandinavia, North America and southern Africa.

Under the terms of the Heads of Agreement, the Alliance is funded jointly with cash and in-kind contributions. Drake is identifying and presenting opportunities to the Alliance for consideration. Any project identified by the Alliance, but not accepted by Zinifex, can be taken up by Drake. Each of these areas of interest accepted by the Alliance will become a Drake – Zinifex exploration Joint Venture, initially sole-funded by Zinifex. Drake has the right to participate in each Joint Venture at the level of 30% or 10%, or to dilute its interest to a royalty.

## ENDS

For further information contact:

Bob Beeson  
Managing Director,  
Drake Resources Limited.  
Tel.: (03) 9890 0292

### Corporate Information

#### Directors

B Fraser	Non-Executive Chairman
Dr B Beeson	Managing Director
J Stephenson	Non- Executive Director & Company Secretary

#### Issued Capital

As at the date of this report the issued capital of the Company is comprised of:

33,250,000 fully paid ordinary shares  
15,550,000 listed options

*The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson 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. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*