

THE FALUN PROJECT

Falun 100 covers the historic, world-class Falun copper mine which operated for over 1300 years until its closure in 1992. During the 17th and 18th centuries, Falun was the world's largest copper mine, producing two-thirds of the world's copper. Whilst best known as a major copper producer, Falun was also Sweden's largest gold mine and the second largest silver mine.

Detailed geological mapping of the licence and surrounding area was completed in the 2007 northern summer. This fieldwork has been integrated with an overall interpretation of the area by specialist consultants. The results of this work helped to form the programme for the Northern Hemisphere summer.

The Falun copper-zinc mine

Drake and Royal Falcon consider that copper, zinc, and gold ores still remain within the very large mineralised system that has been exploited at the historic Falun Mine. The companies have a programme to identify and assess the economic potential of any orebodies remaining within the mineralised system.

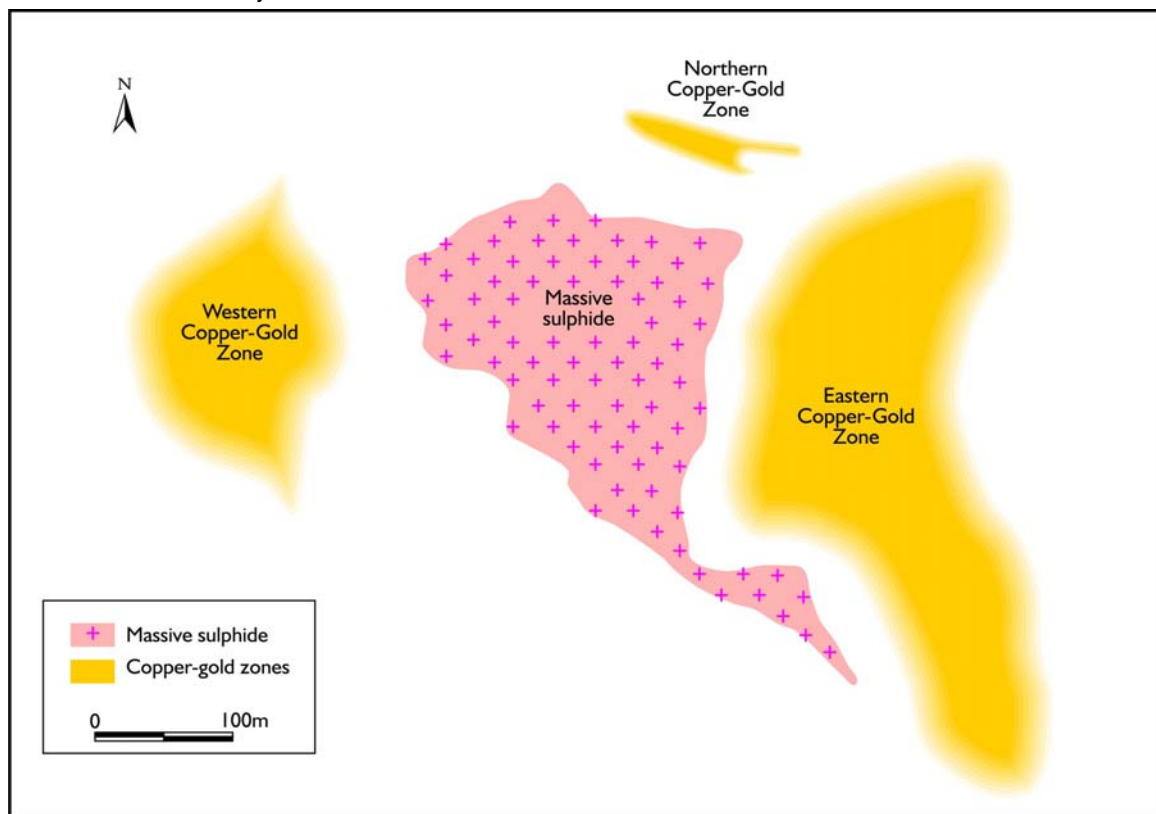
The main steps in this programme include:

1. The acquisition of all level plans and sections through the existing mine workings;
2. Digitising the drill hole logs and establishing a drill hole database for use in section plotting;
3. Locating, logging and sampling the existing drill core for the Falun mine area;
4. Building a 3D model of the mine and its immediate vicinity based on the plans and drill logs.

All of these data have now been incorporated into the 3D model, including all level plans and sections, the main mineralisation types, the key geological units, and the 1445 drill holes together with all their available assay data. The joint venture now has the capability to plot the drill holes as sections and in levels through the mine area, for the first time using a 3D model and digital drill hole database. The Joint Venture has applied this technology to assist in designing a drill programme to test the potential of the Falun mineralised system.



Sweden - Falun Location Map



Falun Copper-Zinc Mine, 145m Level

This work adds weight to Drake's previous interpretation that a large area of mineralisation exists immediately east of the previously mined Falun massive sulphide, copper-zinc-gold deposit. This mineralisation is interpreted to extend from surface to at least 550 metres depth. High grade, siliceous copper-gold mineralisation and gold veins have been mined within this area, but the extent and continuity of this mineralisation has yet to be determined.

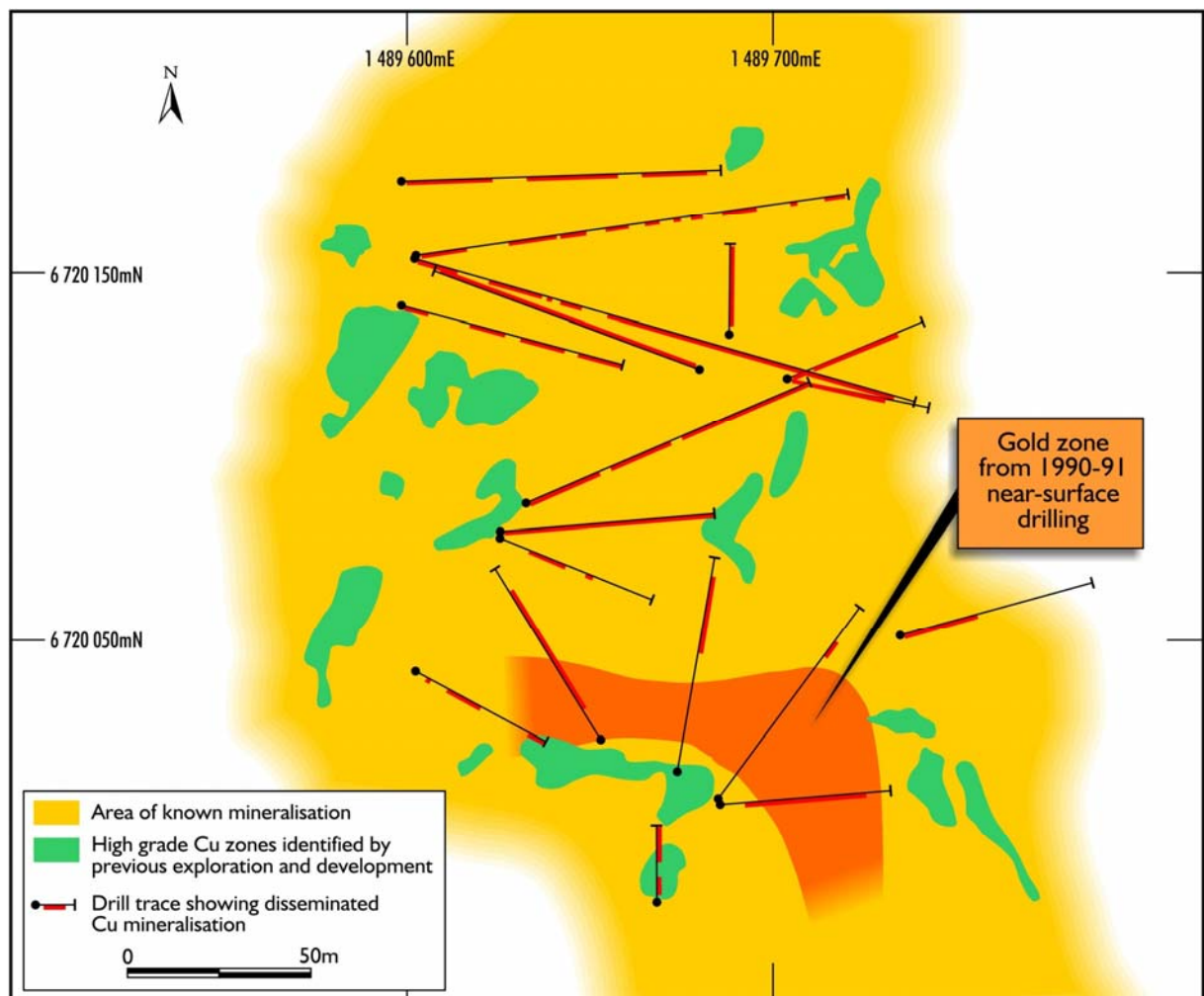
The Eastern Copper-Gold Zone

This zone is located on the eastern side of the main pit. It was partly mined between 100 and 300 years ago. Drake considers that mining practices at that time would only have extracted copper ores with in excess of 2-3% copper. It is likely that most significant sized bodies of lower-grade mineralisation still remain in the ground although the database does contain narrow drill intersections of up to 7% copper.

There is little information or assay data for gold in the Eastern Zone, but Drake's ongoing work demonstrates that it does contain gold with grades of 3-6 g/t in places, and locally grades higher than 1.0 oz per tonne over short intervals.

The extent of the Eastern Zone is partly defined by past mining and by drilling. It extends for at least 500 metres in a north-south direction. It is open to the south, and may link up with more mineralisation further to the north. Drilling shows that the Zone extends to a depth of 550 metres below surface, but old mine reports suggest that it may extend to 1100 metres depth. Declines and shafts at the mine are still open and offer potential access, extending down to a depth of 600 metres below surface.

The plan at the 145 metre level (see below) indicates the extent of the lenses of high-grade copper ores in green (partly mined), and the presence of chalcopyrite along drill holes in red. These indicate that much of the Zone is mineralised, although the limited assaying of the historic drill holes does not provide information on the grade.

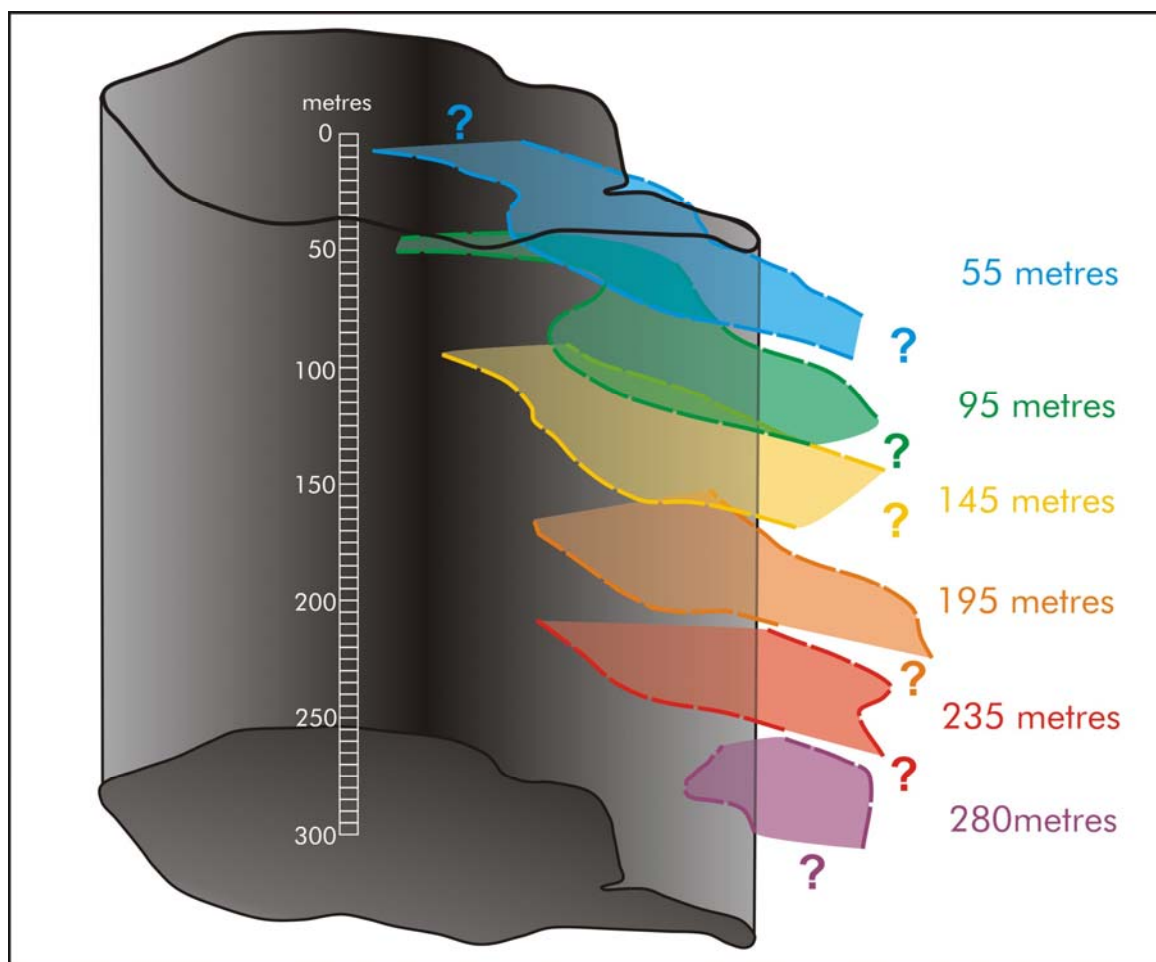


Falun Copper-Zinc Mine, Eastern Copper-Gold Zone, 145m Level

Prior to 1990, the second last year of exploration before the mine closed, there was no systematic assaying of drill holes in the Eastern Zone. Based upon the 1990 assay data, examples of drill hole intersections through the upper part of Eastern Copper-Gold Zone are:

- 55 metres level: Hole 10/1961 at the N end of this zone 8.7m @ 3.7% Cu, 18 g/t Ag and 0.5 g/t Au,
- 95 metres level: Hole 25/1961 at the N end of this zone contains an intersection of 4.0m @ 2.84% Cu,
- 145 metre level: Hole 3/1966, through the centre-north of the zone, has disseminated chalcopyrite mineralisation over much of its 143.9m length.

There is no drill testing of the northern half of the Zone; nor is there any drill testing of the Zone below the 145 metre level, as is shown in the figure below.



Extent of copper-gold zone at decreasing levels at the Falun mine; the surface extent of the pit at Falun is projected to depth in grey for location purposes.

The form of the mineralisation is poorly understood because of the paucity of drill core. The historic drill logs indicate that the mineralisation comprises disseminated chalcopyrite and thin quartz veins containing gold, copper and bismuth.

The copper and gold mineralisation is hosted by the silica alteration zone that envelopes the Falun massive sulphide body. The alteration zone contains varying amounts of biotite, anthophyllite and sulphides. Chalcopyrite is the dominant sulphide mineral. The Swedish mine geologists regarded the Copper-Gold Zone as a "stockwork" or "stringer zone" relating to the compact massive sulphide ores.

The quartz veins have two different forms:

- 1) Milky quartz weakly impregnated with chalcopyrite

- 2) Au-bearing quartz veins, in places showing some zoning with milky quartz at the edges, and coarser quartz towards its centre. These veins include electrum, chalcopyrite, pyrrhotite and laitarite.



Old workings, Eastern Copper-Gold Zone

The Near-surface Gold-Copper Mineralisation

In 1990 and 1991, some of the last drilling before mine closure in 1992, was completed in a part of the mine known as the Johannes-Lucas zone. The core from this drilling was assayed for gold. The results from this work are very encouraging in that the drilling indicates the presence of significant copper-gold mineralisation but has not defined its full extent.

This mineralisation was drilled from surface, and at shallow angles to the southwest. Drill hole locations are indicated on the map (see below). Typically the first ten metres of each hole was drilled through mine waste, and not sampled.

Table 1: Gold and copper intersections in the Johannes-Lucas area of the Falun mine

	From	To	Intersect (m)	Gold (uncut)	Gold (cut, Note 2)	Copper (% , Note 1)
10/1990	9.5	23.9	14.4	8.2	7.7	1.0
20/1990	29.2	44.35	15.2	9.3	7.0	1.4
incl.	33	41.5	8.5	14.9	10.8	1.2
21/1990	11.2	62	50.8	3.4	2.9	0.5
incl.	36.6	44.8	8.2	13.8	10.2	0.7

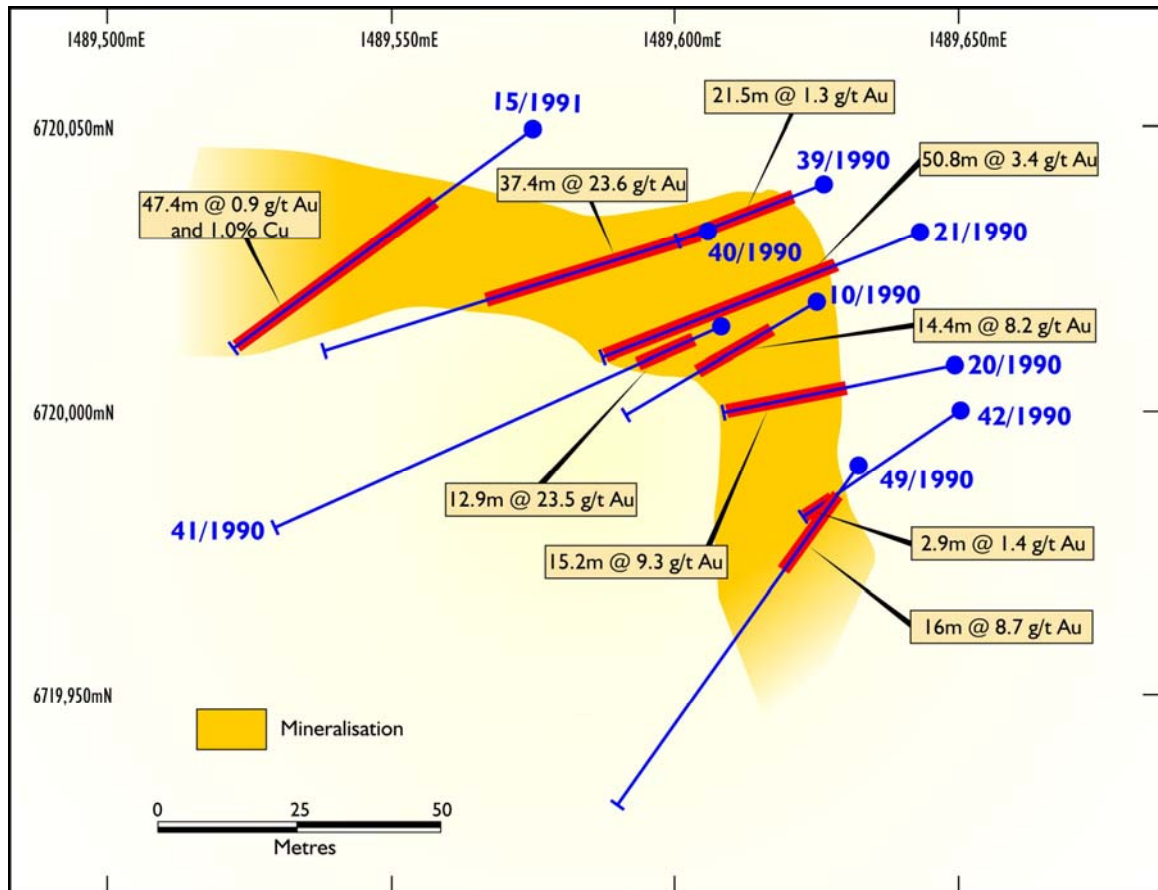
39/1990	7.6	29.1	21.5	1.3	1.3	0.2
40/1990	3.5	40.9	37.4	23.6	3.5	0.5
incl.	15.3	35	19.7	43.8	5.7	0.6
41/1990	5.4	18.3	12.9	23.5	3.9	0.5
and	86.1	86.5	0.4	2.8	2.8	6.4
42/1990	29.5	32.4	2.9	1.5	1.5	0.5
49/1990	7.6	23.6	16.0	8.7	6.2	0.8
15/1991	23.1	70.4	47.3	0.9	0.9	1.0
incl.	23.1	44.8	21.7	1.4	1.4	2.0

1. Majority of samples not assayed for copper; copper averages are therefore understated
2. Gold grades cut to 30 g/t

Several holes either start or end in mineralisation, as indicated by the table below.

Table 2: Drill holes starting or finishing in gold-copper mineralisation

Hole ID	Comments
10/1990	Started in mineralisation
20/1990	Stopped in mineralisation
21/1990	Stopped in mineralisation
39/1990	Stopped in mineralisation
40/1990	
41/1990	Started in mineralisation
42/1990	
49/1990	Started in mineralisation
15/1991	Started and stopped in mineralisation



Falun - Drilling Surface Plan

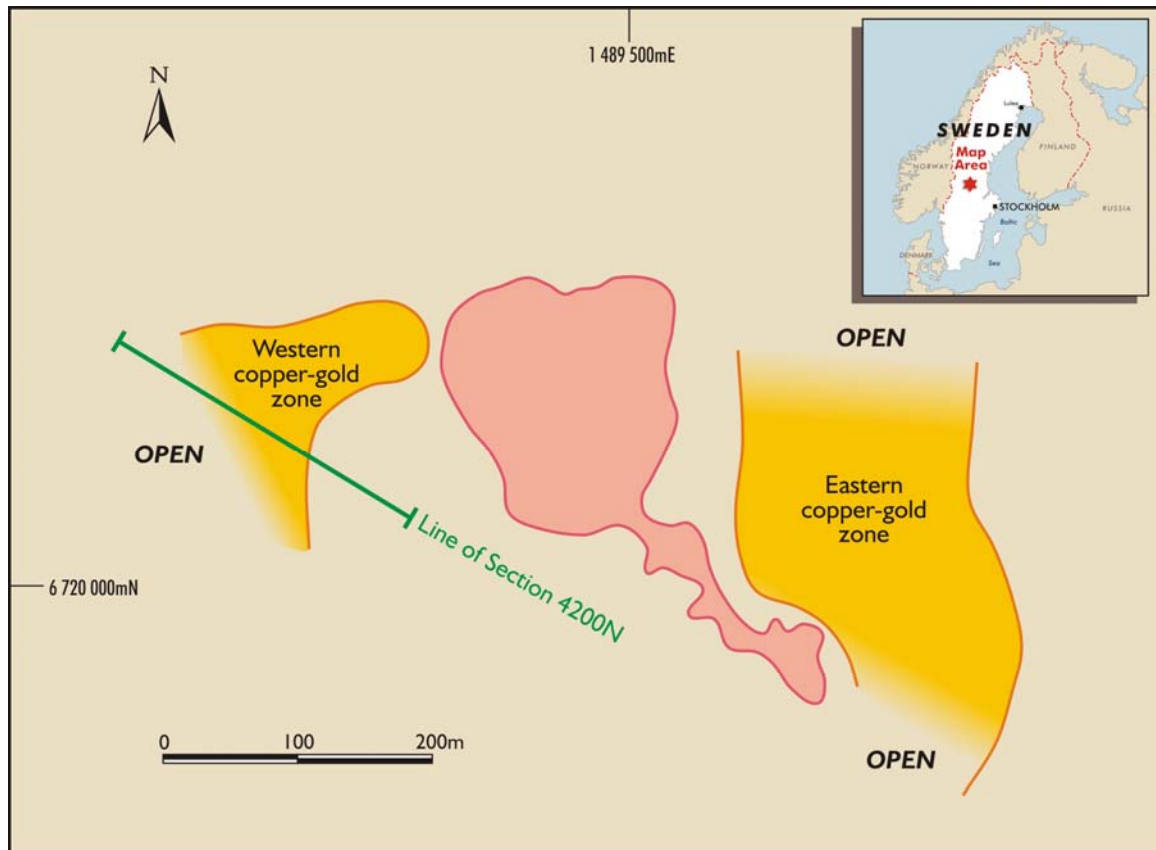
Uncut gold intersections in the near-surface part of the Johannes-Lucas section of the Falun mine

It is not known whether the mineralisation has been affected by near-surface processes that might have enriched or depleted the grades of gold and copper. There is no evidence of such processes generally in Sweden, and fresh sulphide mineralisation commonly crops out at surface.

The Western Copper-Gold Zone

The Western Zone is also poorly defined below 100 metres depth. At the 195 metre level, it appears to have a minimum extent of 380 metres east-west and 160 metres north-south. It may well link up with mineralisation intersected in drilling at the 500-530 metres levels.

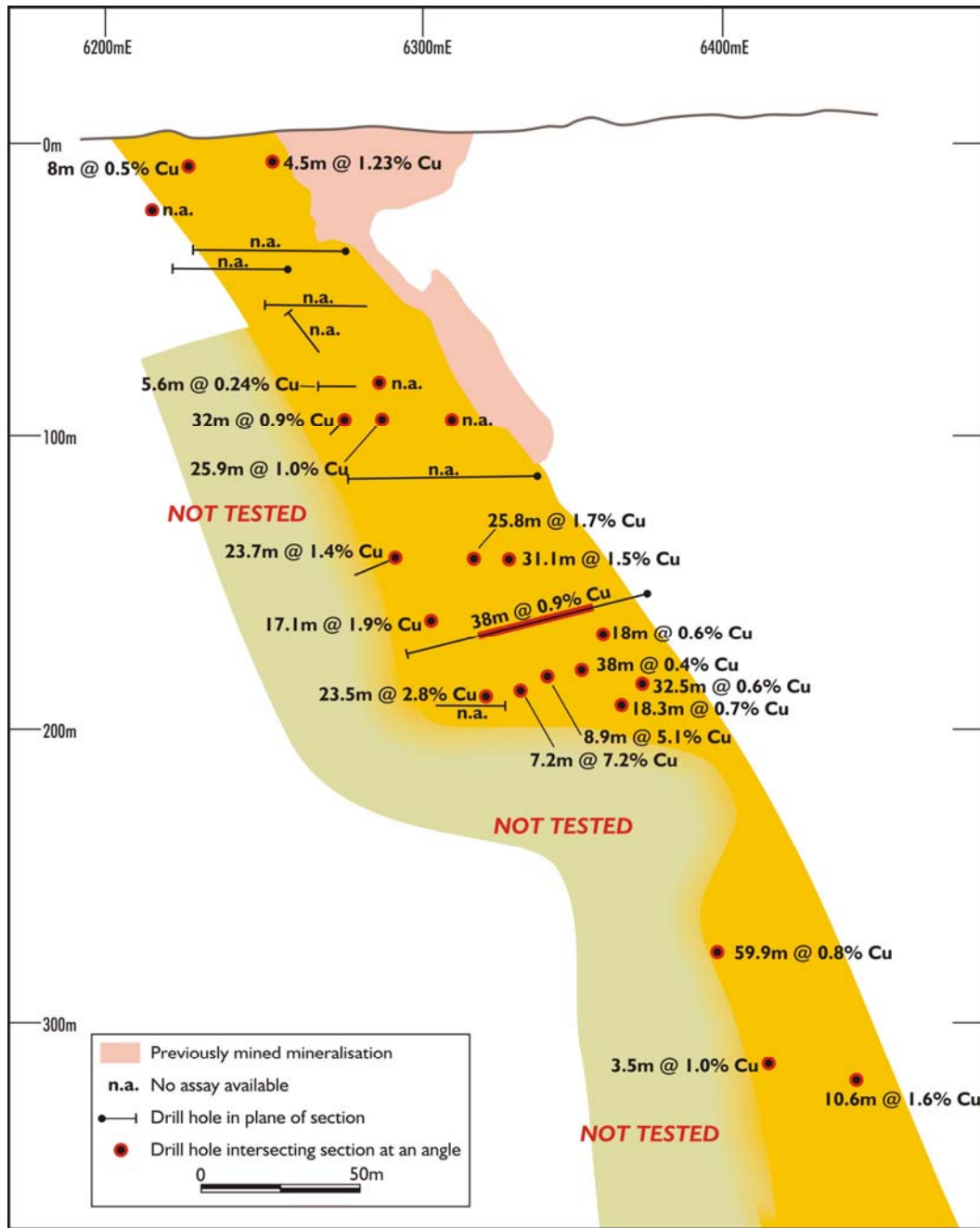
The mineralisation on the eastern side of the Western Zone has been partly mined adjoining the section where the massive sulphide body was extracted. There has also been mining of small lenses of massive sulphide that were located within the Western Copper-Gold Zone.



Falun - Western Copper-Gold Zone - 195m Level

The mineralisation style is similar to that previously reported in the Eastern Zone, namely chalcopyrite within siliceous altered volcanic rocks. Drill intersections, such as 8.9 metres at 5.1% copper, define locally plunging lenses of higher-grade mineralisation.

The section below indicates that the mineralisation is continuous down to at least 350 metres depth. The Zone is less well developed in the top 100 metres, but grade and thicknesses increase below this level. At 500-530 metres depth, two drill intersections (9.4 metres at 3.3% Cu and 10.9 metres at 2.1% Cu) occur approximately 80 metres southeast of a 60 metre intersection in Hole 4/1969, and 100 metre south of 6.6 metres at 2.8% Cu in Hole 7/1945, suggesting that the Western Zone persists at depth. Existing mine infrastructure gives access down to 600 metres depth.

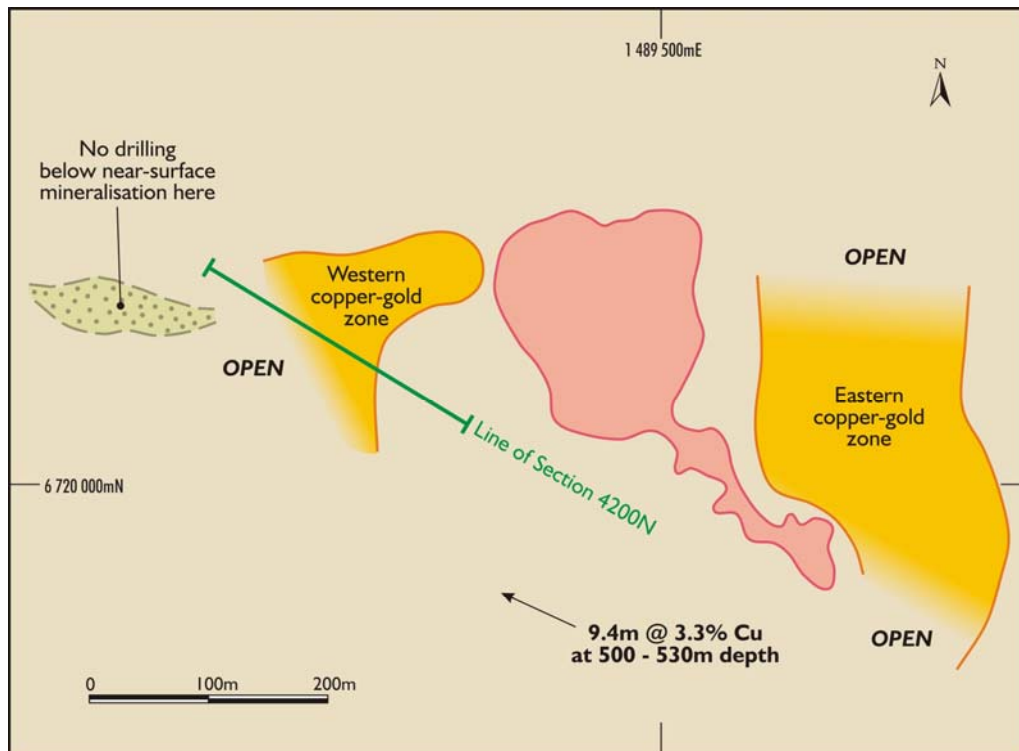


Falun Western Copper-Gold Zone - Section 4200N

Table 3: Representative assays for the Western Copper-Gold Zone on Section 4200N

Hole ID	Level (metres)	Intersection (m)	Copper grade (%)
9/1948	80	4.8	3.2
5/1955	95	25.9	1.0
3/1954	100	32.0	0.9
37/1968	130	19.0	0.9
14/1967	150	31.1	1.5
11/1969	160	23.7	1.4

8/1969	170	34.9	0.9
3/1970	180	17.1	1.9
38/1967	190	23.5	2.8
26/1972	195	7.2	7.2
4/1969	280	59.9	0.8
27/1983	320	10.6	1.6
28/1983	360	3.7	2.3
7/1945	440	6.6	2.8



Falun - Western Copper-Gold Zone

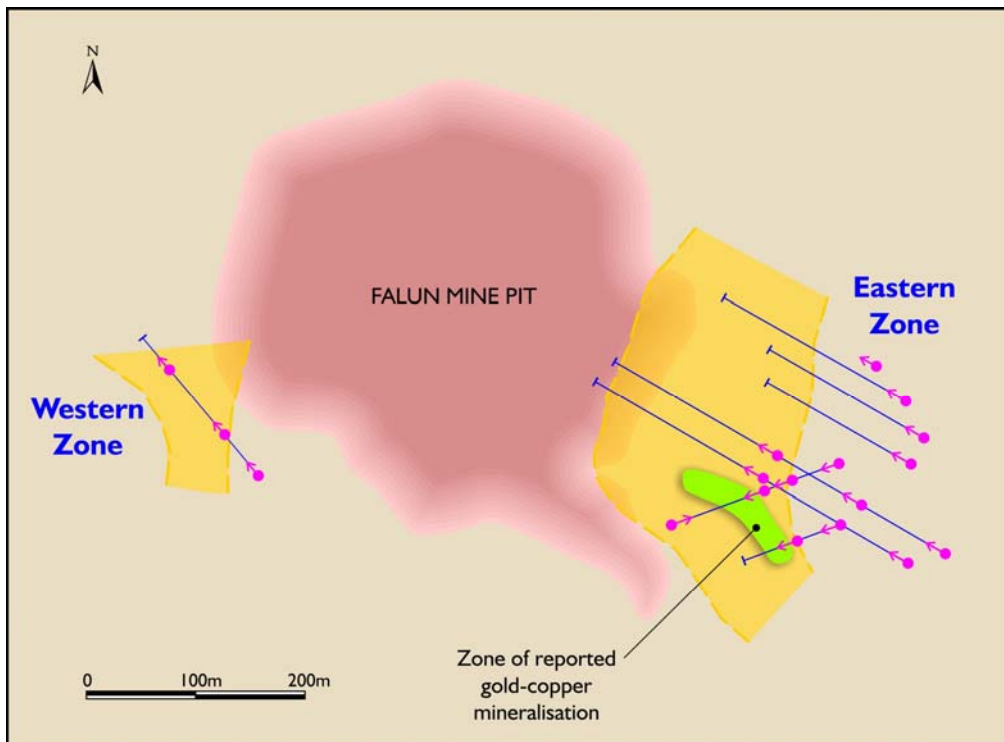
Summary

In summary, Drake considers that there is the potential to define a copper-gold resource at Falun within the remaining mineralised system. Most of the drilling into the Eastern and Western Gold zones was completed before 1972 but few were assayed for gold. Drake has a programme in place to identify and to assess the economic potential of any remnant orebodies within the Falun mineralised system.

As Manager of the Royal Falcon Joint Venture, Drake has commenced a major diamond drilling campaign of seventeen diamond holes for a total of 3,600 metres. The drilling will test large volumes of both the Eastern and Western copper-gold Zones at Falun for remnant orebodies. The drill plan, illustrated in the diagrams below, will give controlled geological information and assay data on key sections of the peripheral copper-gold zones, including the higher-grade parts, such as the Johannes Lucas section in the southern part of the Eastern Zone.

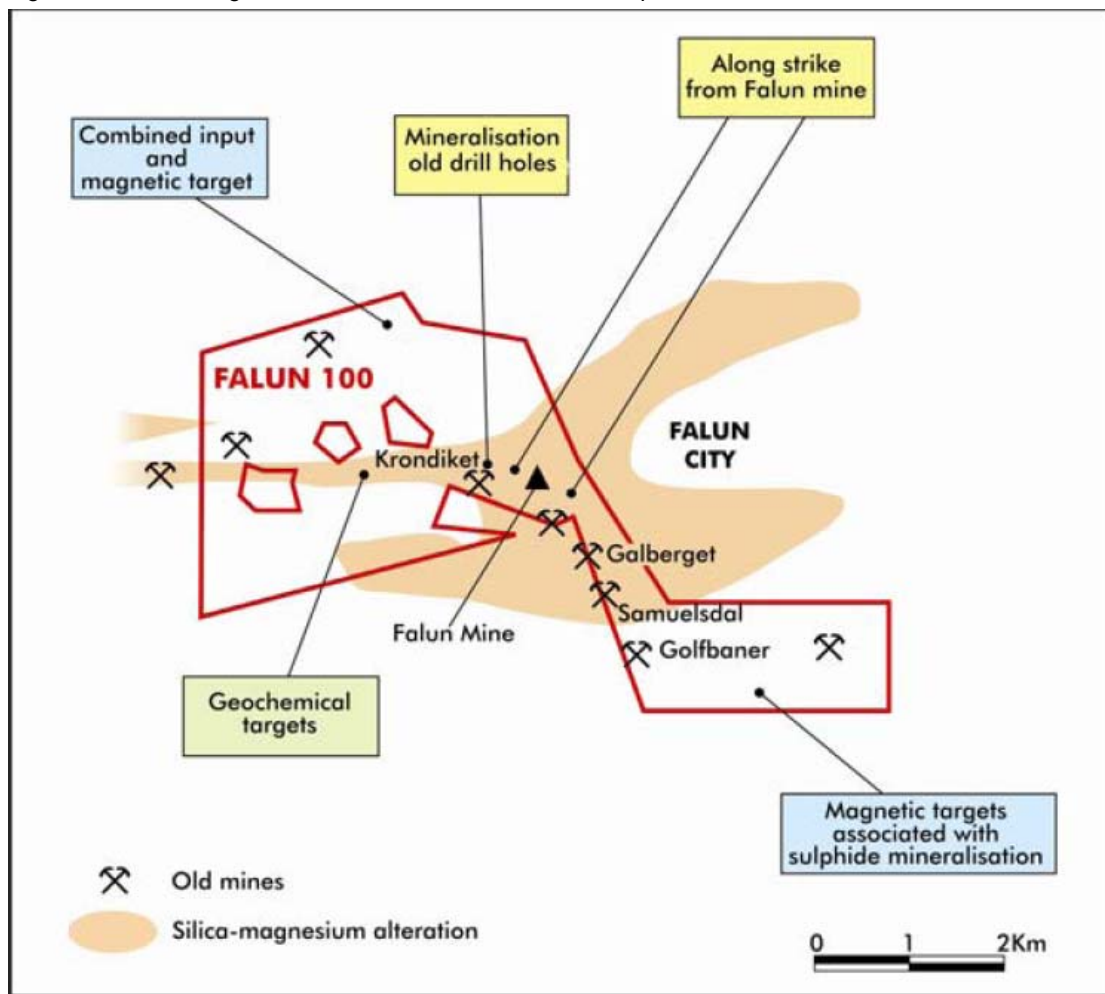


Past drill core from the Eastern Copper-Gold Zone, showing copper mineralisation



Falun - Planned Drilling Program

Beyond the immediate mineralised system at Falun, the prospective horizon extends for approximately eight kilometres along strike within the Falun tenement, the potential of which also remains to be tested.



Falun 100 showing the location of the Falun Mine and the extension of the prospective stratigraphy