

**ASX ANNOUNCEMENT**  
**20 December 2006**

**ZINIFEX-DRAKE ZINC-SILVER ALLIANCE UPDATE**

Drake Resources Ltd ("Drake") (ASX Code – DRK) and Zinifex Australia Ltd ("Zinifex") (ASX Code – ZFX) have formed 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, and will run initially until the end of June 2008.

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.

The Alliance has commenced its generative exploration operations. The primary focus of the work to date has been in Queensland and Sweden, and the programme has also commenced in Canada.

Work completed has included:

1. Evaluation of opportunities brought to the Alliance
2. Acquisition and interpretation of data sets
3. Definition of targets areas
4. Evaluation of targets on the ground

The programme to date has already identified a number of areas of interest. The Alliance has commenced its acquisition of these areas, while continuing the identification of further opportunities. 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 NSR royalty.

The Alliance aims to acquire the tenement holdings over a range of base metal properties in 2007 which will form the basis of the Zinifex – Drake Joint Venture exploration portfolio.

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