

## Maiden Resource and Broad Copper-Gold Intersections at Falun in Sweden

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- An Inferred Resource of 0.58 Mt at 2.4 g/t gold and 0.6 % copper (0.7 g/t gold cut-off) for 44,000 oz gold and 3,500 t copper has been estimated for the upper part of the Eastern Zone
  - An Exploration Target of 1.9 Mt – 2.8 Mt at 0.4 – 0.8 % copper (0.3 % copper cut-off) was delineated for parts of the Western Zone and the Eastern Zone. Gold grades could not be estimated due to the lack of assays in historical holes.
  - Large areas of the exploration target are expected to be converted to resources with additional drilling
  - The exploration target areas remain open at depth, and may be expanded laterally
  - Recent drilling in the Exploration Target area in the Western Zone has produced wide intersections of copper and gold
  - The entire mineralised portion of hole 11DDFN037 (without internal dilution and cut-off grade constraints) provides an intercept of 175.5 m at @ 0.42 % copper and 0.42 g/t gold
  - Local intercepts include:
    - 15.7 m at 1.1 % copper, 0.65 g/t gold and 19 g/t silver
    - 44 m at 0.7 % copper and 0.4 g/t gold
    - 26.4 m at 0.8 % copper and 1.5 g/t gold
    - 39.4 m at 0.6 % copper and 0.52 g/t gold
    - 15.7 m at 1.2 % copper and 0.33 g/t gold

All Inferred Resources and exploration targets quoted in this release are reported in accordance with the JORC Code (2004).

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**Drake Resources Limited (ASX: DRK)**, is pleased to announce a maiden resource and broad new copper-gold intercepts for the Falun Project in Sweden.

Drake's Managing Director, Dr Bob Beeson, said that the completion of block modelling and the estimation of an initial Inferred Resource for Falun, along with the long new intersections of copper-gold mineralisation that confirm the validity of the block model in the Western Zone are significant steps forward for the project.

"The western part of the Falun deposit has proved difficult to drill because of old mining cavities near-surface. Our persistence has been rewarded by demonstrating that an extensive zone of disseminated mineralisation occurs in this area".

He said "Considerable areas of additional mineralisation in the Eastern and Western Zones defined mainly by historical drilling could only be classified under the JORC Code as exploration target areas due to the lack of QA/QC information associated with the historical drilling assays."

"The exploration target in the Western Zone will be upgraded to resource status by an extensive underground drilling program, and these resources added to those defined for the upper part of the Eastern Zone."

#### **Resource Estimates and Exploration Targets**

Dr Chris Gee, an independent mining consultant, was contracted to prepare resource block models and to estimate the resources at Falun.

The 39 diamond drill holes (6027m) completed by the Bergslagen JV partners at Falun, along with the available historical drill holes, were used to construct the resource blocks. With such a large database with drill holes completed over a long time period, the block modelling exercise was complex and has taken considerable time to complete.

The calculation of tonnages and grades has been split into three zones; the upper Eastern Zone (0 m to -150 m RL) where a JORC Inferred Resource was determined; and the lower Eastern Zone (-150 m to -280 m RL) and the Western Zone (0 m to -220 m RL) where JORC Exploration Targets were calculated (Figure 1).

The upper portion of the Eastern Zone at a cut-off grade of 0.7 g/t gold has an **Inferred Resource of 580,000 tonnes at 2.4 g/t gold and 0.6 % copper for 44,000 oz of gold and 3,500 t copper**. In addition, these blocks contain 63,000 oz silver at an average grade of 3.4 g/t silver, 270,000lbs of bismuth at an average grade of 210 g/t bismuth and 54,000 lbs of selenium at an average grade of 40 g/t selenium.

Resource estimates based on a range of gold and copper cut-offs are provided in Tables 1 and 2. Dr Chris Gee's preferred estimate is highlighted in blue.

Table 1. Upper Eastern Zone Inferred Resource estimation results based on gold cut-off.

<b>Cut-off grade Gold g/t</b>	<b>Cumulative tonnes</b>	<b>Gold g/t</b>	<b>Gold ounces</b>	<b>Copper %</b>	<b>Copper tonnes</b>
> 0	1,264,966	1.23	49,917	0.37	4,718
> 0.5	681,668	2.11	46,260	0.56	3,802
> 0.6	640,120	2.21	45,519	0.57	3,670
> 0.7	577,903	2.38	44,211	0.6	3,489
> 0.8	544,394	2.48	43,417	0.62	3,361
> 0.9	504,238	2.61	42,315	0.64	3,226
> 1.0	444,065	2.84	40,497	0.68	3,014
> 1.25	360,682	3.23	37,438	0.76	2,731
> 1.5	306,637	3.55	35,002	0.81	2,498
> 2.0	209,838	4.4	29,671	0.96	2,008
> 2.5	156,652	5.15	25,933	1.06	1,667

Table 2. Upper Eastern Zone Inferred Resource estimation results based on copper cut-off.

<b>Cut-off grade Copper %</b>	<b>Cumulative tonnes</b>	<b>Copper %</b>	<b>Copper tonnes</b>	<b>Gold g/t</b>	<b>Gold ounces</b>
> 0	1,273,184	0.38	4,783	1.23	50,401
> 0.3	573,649	0.65	3,734	2.24	41,247
> 0.4	424,751	0.76	3,214	2.73	37,341
> 0.5	315,807	0.87	2,734	3.3	33,555
> 0.6	221,940	1	2,217	3.64	25,974
> 0.7	80,759	1.11	898	4.24	22,808
> 0.8	127,336	1.22	1,559	4.32	17,693
> 0.9	86,594	1.4	1,216	4.35	12,103
> 1.0	67,703	1.53	1,036	4.88	10,615
> 1.5	28,290	1.99	563	5.82	5,291
> 2.0	11,264	2.25	253	5.97	2,163

In addition to the Inferred Resource two other areas (lower Eastern Zone and Western Zone) were also examined for their potential to produce further resources. Due to the paucity of recent drilling and the lack of QA/QC information associated with the historical drilling only exploration targets could be defined for these areas, i.e.:

- 1) Between **500,000 and 800,000 tonnes of copper ore with a grade of between 0.4 and 0.6 % copper and between 0.2 and 0.3 g/t gold** at a cut-off grade of 0.3% copper\* for the lower Eastern Zone;

- 2) Between **1.4 and 2 million tonnes of copper ore with a grade of between 0.5 and 0.8% copper** at a cut-off grade of 0.3% copper\*\* for the Western Zone.

It is expected that most of the exploration target areas will be upgraded to resource status by systematic additional drilling. No gold grade ranges could be quoted for Exploration Target areas due to the lack of gold assays in the historical drill holes.

The exploration target areas in the Eastern and Western Zones remain open at depth (below -280m and -220mRL respectively) and there is considerable scope to expand the areas considerably with deeper drilling.

In the Eastern Zone the re-sampling of historical drill core by the Bergslagen JV at -335m RL returned intercepts up to 6.5 m at 7.3 g/t gold, 0.1 % copper and 0.32 % bismuth; and 10.3 m at 3.3 g/t gold, 0.3 % copper and 0.14 % bismuth. At -350m RL a trial gold mining campaign was conducted in the late 1980's, just before the mine closure, in ore that is reported to have averaged 8 g/t gold.

*\* These results were obtained by numerical modelling of all available data for this zone and using the same parameters as for the upper Eastern Zone and applying +/- 20% to the results at a 0.3% Cu cut-off grade. These blocks occur above an RL of -280m.*

*\*\* These results were obtained by numerical modelling of all available data for this zone and using the same parameters as for the upper Eastern Zone and applying approximately +/- 20% to the results at a 0.3% Cu cut-off grade. Most of these blocks occur above an RL of -220m.*

### **Recent Drilling in the Western Zone**

Three diamond drill holes (11DDFN035 – 11DDFN037) for a total of 580 m were drilled into two disseminated copper-gold zones outlined by historic drilling within the Western Zone (Figures 1 and 3). A previous drilling programme in 2010 was unable to intersect these zones due to broken ground and cavities. This recent programme has proved successful in reaching both target areas.

All significant intercepts (0.5 g/t gold equivalent cut-off and maximum of 3m waste dilution) for holes 11DDFN035 – 11DDFN037 are listed in Appendix 1 and are depicted on Figure 3. It should be noted that due to the difficulty in drilling these targets from surface that the intersections do not represent true widths.

Holes 11DDFN035 and 11DDFN036 were targeting an area at -145m RL which showed significant copper intersections in historic drill holes.

Hole 11DDFN035 intersected **15.7 m at 1.1% copper and 0.7 g/t gold** (94.5 to 110.2m), including **0.65 m at 7.3 % copper and 4.4 g/t gold**. The drill hole was abandoned at 110.2m in mineralisation after drill rods became bogged.

Hole 11DDFN036 was drilled parallel to 11DDFN035 and intersected **44 m at 0.71 % copper and 0.40 g/t gold** (116.7 m to 161.7 m) and **13 m at 0.42 % copper and 0.19 g/t gold** (182.7 m to 195.7 m). Assays are still awaited from 195.7 m to the end of hole at 229 m. The hole also ended in mineralisation as the drill rods were lost.

The target for Hole 11DDFN037 was copper mineralisation identified in historic drilling at -195 m RL. This hole had disseminated copper sulphide mineralisation throughout much of its length, including local higher grade massive copper sulphide intersections (Photograph 1). The best intersections in Hole 11DDFN037 include:

- **26.4 m at 0.8 % copper and 1.5 g/t gold** (109.5 m to 135.9 m), including **3.3 m at 3.1 % copper and 10.1 g/t gold**;
- **39.4 m at 0.6 % copper and 0.5 g/t gold** (139.9 m to 179.3 m);
- **15.7 m at 1.2 % copper and 0.3 g/t gold** (211.1 m to 226.8 m), including **1.5 m at 7.3 % copper and 1.9 g/t gold**.

Again the hole ended in mineralisation. Bulking out the assays for the entire mineralised portion of Hole 11DDFN037 without internal dilution and cut-off grade constraints provides an intercept of **175.5 m at @ 0.4 % copper and 0.4 g/t gold** (59.3 m to 234.8 m).

The long copper-gold intercepts in holes 11DDFN035 – 11DDFN037 demonstrate the continuity of mineralisation in the Western Zone. They confirm that significant gold mineralisation does exist with the copper mineralisation in the Western Zone within the 1.4 – 2 million tonne Exploration Target area and support the copper intercepts in the historical drill holes.

Previously the Bergslagen JV partners have reported the intersection of an un-mined lens of copper-bearing massive sulphide mineralisation in the Western Zone, which included an intersection of 17.2 m @ 2.3 g/t gold, 1.9% copper, 3.8% zinc, 0.8% lead, and 56.4 g/t silver at the bottom of Hole 10DDFN020. No further drilling of this mineralisation was conducted in the recent program.

### **Underground Drilling in the Western Zone**

To avoid the old mine cavities and broken ground that have impacted on the success of surface drilling at Falun, the Bergslagen JV partners are currently investigating the feasibility of conducting a major underground drilling program to enable a resource to be calculated for the Western Zone.

The underground drilling would initially be conducted on 2 levels (-95 m and -145 m RL) within drives that were established in the 1960's for drilling. The existing decline in the base of the Falun open pit can be used to access these drives.

An underground inspection was recently conducted on both levels with a mining engineer and mining contractors. The decline and drives are in excellent condition and only minor refurbishment work is required to regain access for drilling.

During the underground inspection wide zones of disseminated copper sulphide mineralisation were noted in the drive walls at -145 m RL (Photograph 3).

-ENDS-

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**Corporate Information**

**Directors**

B Fraser	Non-Executive Chairman
Dr R Beeson	Managing Director
J Stephenson	Non- Executive Director and Company Secretary
J Hoon	Non-Executive Director
James Merrillees	Executive Director

**Issued Capital**

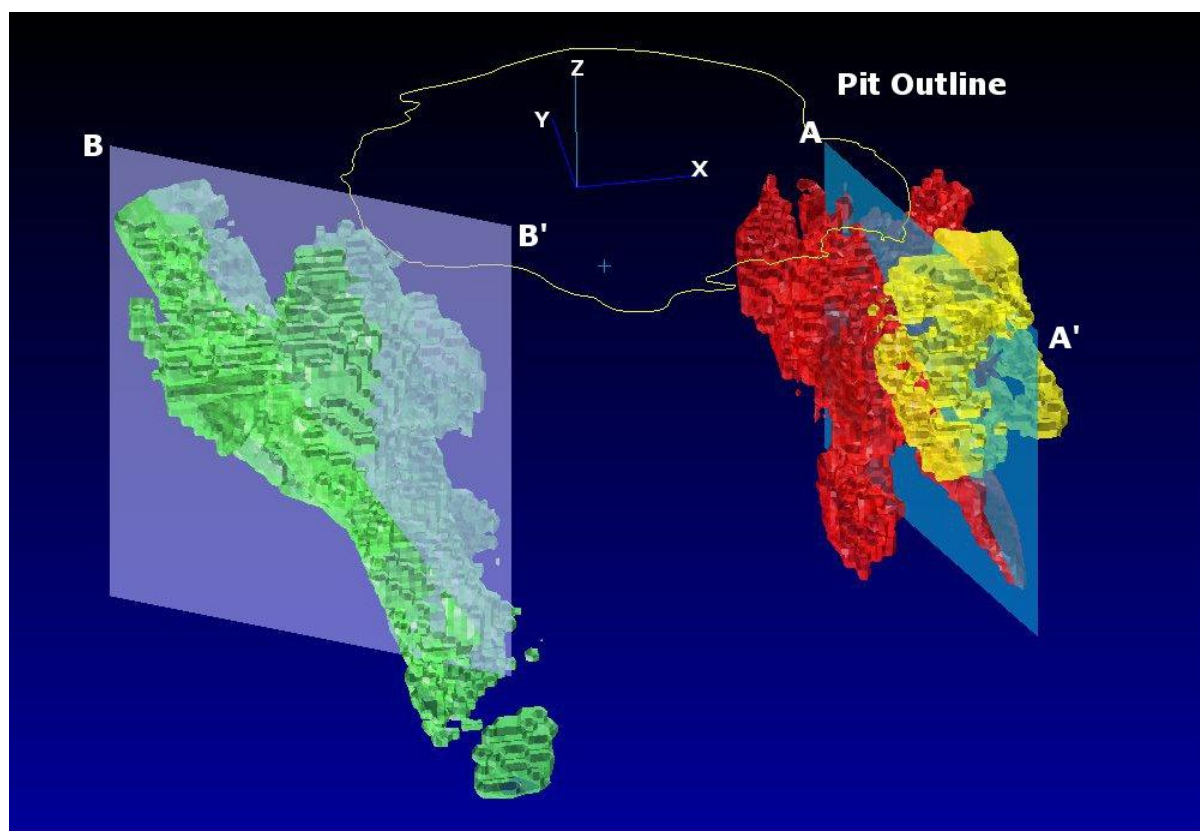
As at the date of this report the issued capital of the Company is comprised of:  
76,587,831 fully paid ordinary shares

**Competent Persons**

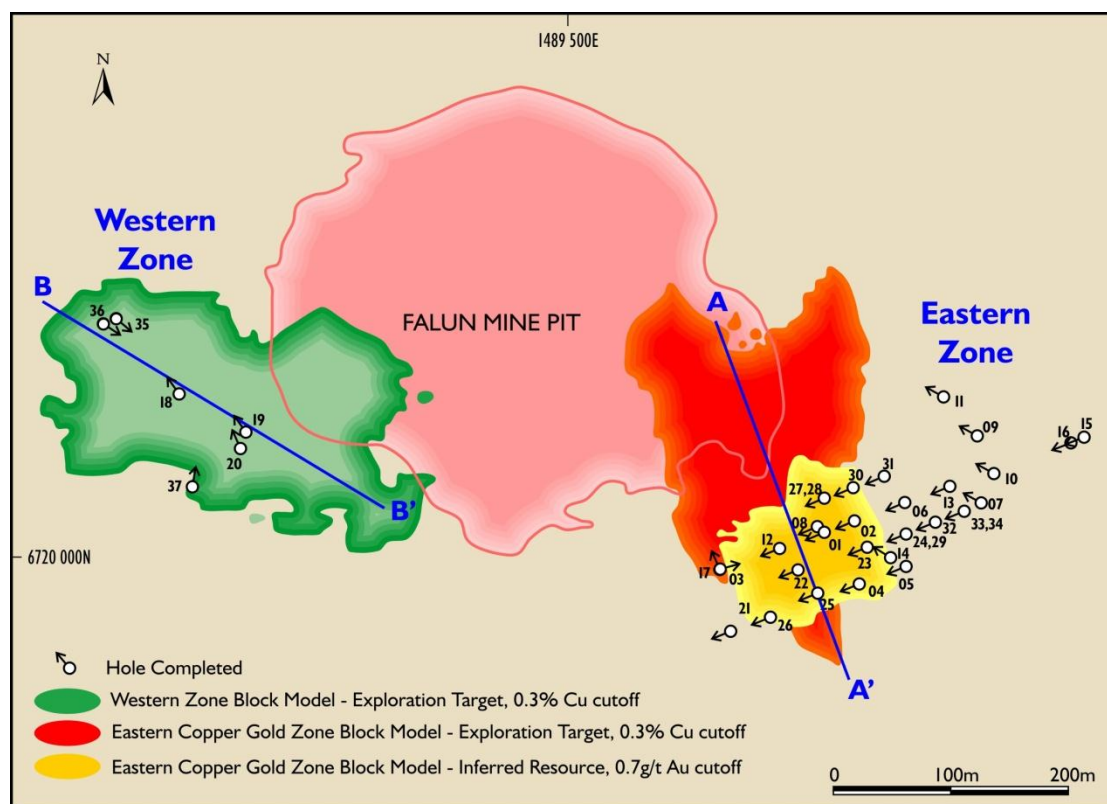
*Dr Chris Gee takes responsibility for estimation of copper and associated metals in the Falun Resource. Dr Gee is a competent person in the meaning of JORC having had a minimum of five years relevant experience in exploration and estimation of uranium and other metal resources in many parts of the world. Dr Gee consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*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. Dr Beeson is a member of the Australian Institute of Geoscientists.*





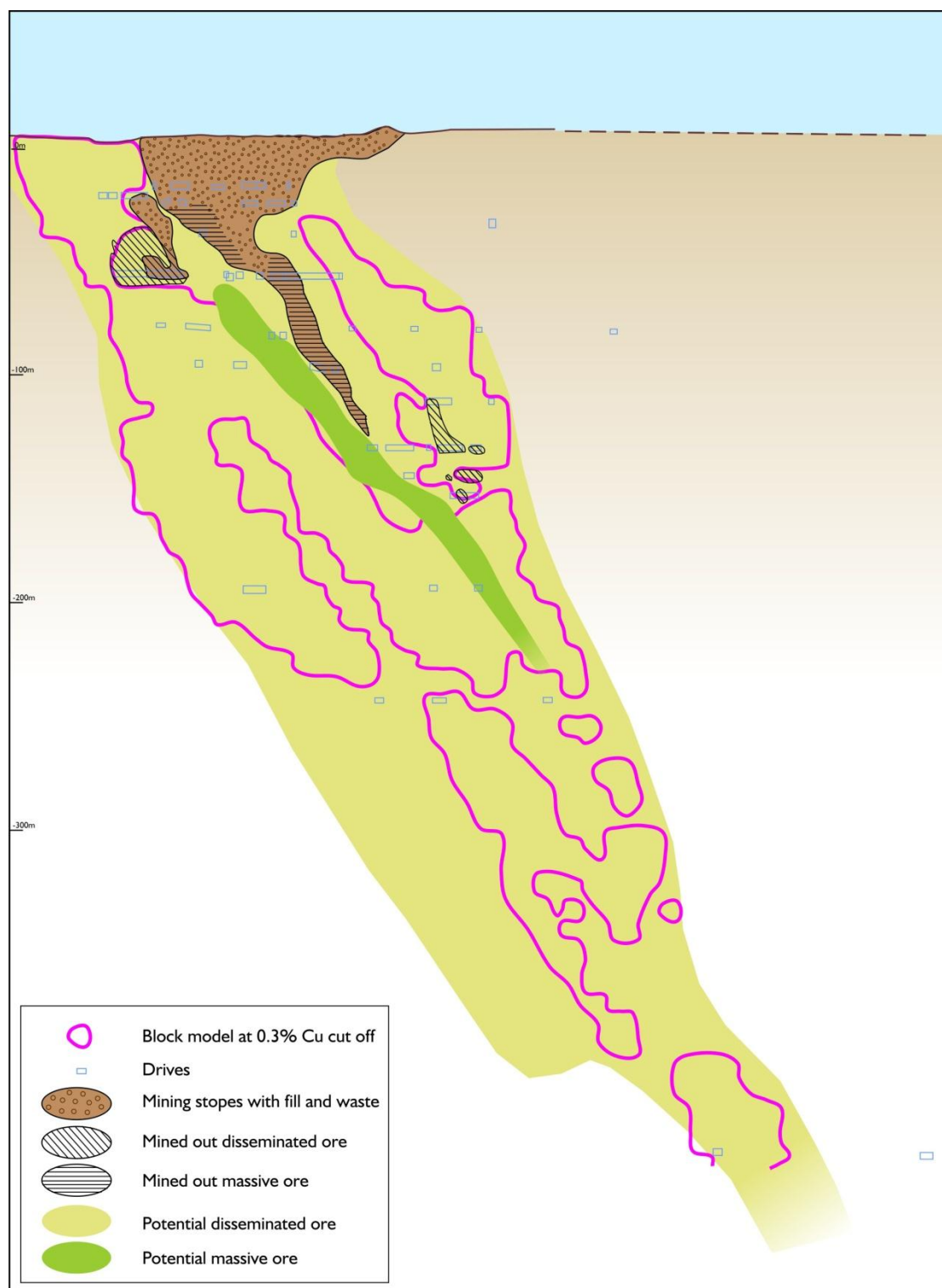
**Figure 1.** Oblique section of the three block models. Positions of both sections displayed as A-A' and B-B' (XYZ shows 100m in each direction)



**Figure 2.** Location of the new diamond drill holes in the Western Zone at Falun in Sweden

Zone – Green). Section lines A-A' and B-B' also shown.





**Figure 3.** Interpreted mineralised zones and block model outline in the Western Zone at Falun

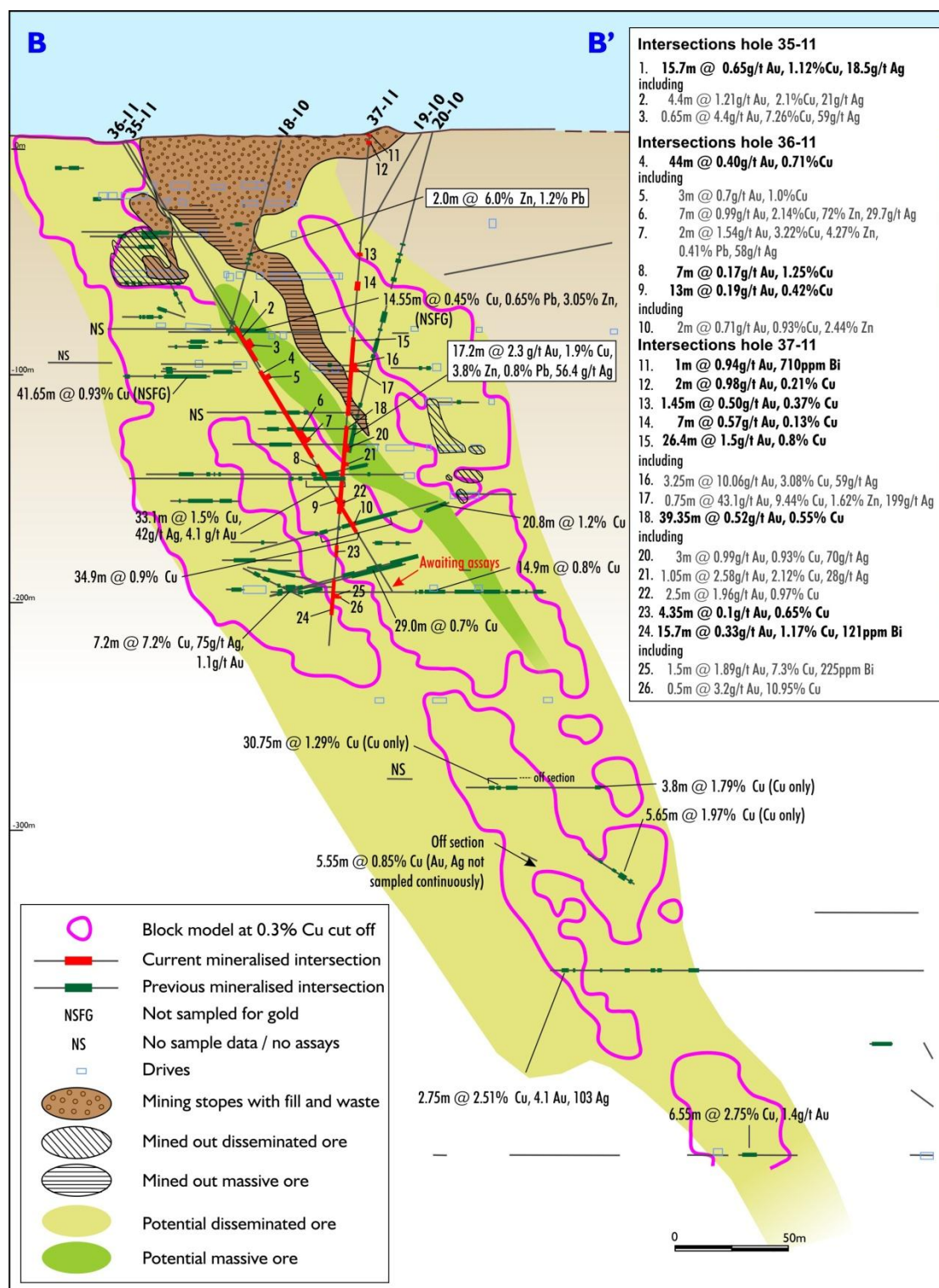


Figure 4. Cross section through the Western Zone.



**Photograph 1.** Copper sulphide and gold mineralisation in hole 11DDFN037 in the Western Zone.





**Photo 2:** Portal for underground access, Falun



**Photograph 3.** Broad zones of oxidised copper sulphide mineralisation (rust colour) are visible in the walls of -145m RL drives in the Western Zone.

## Appendix 1. Summary of new drilling intersections in the Western Zone.

HOLE #	FROM (m)	TO (m)	Width (m)	Au (g/t)	Cu (%)	Zn (%)	Ag (g/t)	Bi (ppm)	Se (ppm)
<b>11DDFN035</b>									
	94.5	110.2	15.7	0.65	1.12	0.34	18.5	35	33
<i>Incl.</i>	103.5	107.9	4.4	1.21	2.10	0.34	20.8	19	24
<i>Incl.</i>	106.25	106.9	0.65	4.42	7.26	0.55	59.3	19	30
<b>11DDFN036</b>									
	117.7	161.7	44	0.40	0.71	0.36	8.6	21	26
<i>Incl.</i>	119.7	122.7	3	0.70	1.00	0.27	11.1	7	17
<i>Incl.</i>	147.7	154.7	7	0.99	2.14	1.72	29.7	70	61
<i>Incl.</i>	152.7	154.7	2	1.54	3.22	4.27	58.4	158	110
and	165.7	172.7	7	0.17	0.25	0.12	1.9	4	10
and	182.7	195.7	13	0.19	0.42	0.78	2.9	3	6
<i>Incl.</i>	193.7	195.7	2	0.71	0.93	2.44	6.7	7	10
<b>11DDFN037</b>									
	6.5	7.5	1	0.94	0.09	0.03	3.4	710	40
and	8.5	10.5	2	0.98	0.21	0.02	2.4	89	15
and	60.3	61.75	1.45	0.50	0.37	0.03	4.7	40	10
and	73.75	80.75	7	0.57	0.13	0.02	1.5	11	4
and	109.5	135.9	26.4	1.50	0.80	0.28	13.6	22	10
<i>Incl.</i>	110.9	114.15	3.25	10.06	3.08	0.63	59.0	24	9
<i>Incl.</i>	112.4	113.15	0.75	43.10	9.44	1.62	199.0	47	20
and	139.9	179.25	39.35	0.52	0.55	0.29	6.0	30	15
<i>Incl.</i>	148.9	151.9	3	0.49	0.93	0.12	9.7	70	23
<i>Incl.</i>	157	158.05	1.05	2.58	2.12	0.22	27.7	88	60
<i>Incl.</i>	173.75	176.25	2.5	1.96	0.97	0.80	12.7	39	18
and	194.75	199.1	4.35	0.10	0.65	0.07	3.4	23	0
and	211.1	226.8	15.7	0.33	1.17	0.16	9.0	121	46
<i>Incl.</i>	216.3	217.8	1.5	1.89	7.30	0.26	46.8	41	80
<i>Incl.</i>	217.3	217.8	0.5	3.20	10.95	0.42	67.1	32	120

All intercepts are defined by using a 0.5 g/t Au equivalent cut-off and maximum of 3m waste dilution. Au equivalents based on a London Fix COMEX Au price (taken August 22<sup>nd</sup>) of US 1877.5 /oz, Ag price of US 43.49 /oz, LME Cash Buyer Cu price of US 8811 /t, Zn price of US 2140 /t, prices for Se (US 60 /lb) and Bi (US 11.80 /lb) sourced from The Mining Journal 31<sup>st</sup> July 2011.