

Data resource offers rich vein

A new approach to an old mining project is showing positive signs for newly listed junior explorer Drake Resources. **By Noel Dyson**



Drake Resources managing director Bob Beeson: "We think we will come up with targets that weren't available to previous explorers".

Drake has reopened the book on the old Mt Carrington gold and silver project in northern New South Wales. It has built a strong technical team with particular experience of the geology and types of mineral deposits around Mt Carrington, and is bringing new technology and thinking to bear on the project.

While the NSW land is its main play, the company also has two gold projects in Western Australia near Kalgoorlie, Mt Palmer and Lake Rebecca.

The Mt Carrington ground is at the end of a 1500km Permian gold belt that includes major deposits such as Cracow, Mt Leyshon and Kidston. It has remained untouched by explorers for more than a decade.

The 800 square kilometres of ground Drake has secured there hosts the Mt Carrington Mine — operated by Mt Carrington Mines from 1988-90. That mine only yielded about 25,000 ounces of gold and half a million ounces of silver.

However, Drake managing director Bob Beeson said the old mining operation had left Drake with handy infrastructure such as a site office and a rich vein of historical data to mine.

It was a case of walk in and switch the lights on.

Beeson said the old site office had "every report written on Mt Carrington".

"There was an enormous resource of information sitting there," he said.

"You don't want to have to redo what other people have already done."

Beeson said there was also good signs of significant mineralisation beneath and between the five Mt Carrington mine pits.

At its March listing on the Australian Stock Exchange, Drake took over the option Cazaly Resources held over Mt Carrington leases. The leases are held by Virotec, a miner turned environmental technology company.

The ground covered by those leases holds a JORC-compliant resource of

146,000 ounces of gold and 4.6 million ounces of silver.

As Beeson says, Cazaly has a penchant for picking up projects.

In this case, Cazaly's focus is primarily in WA, and Cazaly vended this NSW project into Drake for a fairly modest cash and scrip deal that left it with a 15% stake in Drake.

Drake has subsequently gone on to expand its 200sq.km Mt Carrington holding by a factor of four. Mt Carrington sits within the Drake Volcanics belt, around the township of Drake, which hosts similar epithermal mineralisation to parts of the Andes in South America and also gives Drake Resources its name.

The company holds virtually all of that volcanics' belt within its NSW tenements.

What the Drake team brings to Mt Carrington is new technology and a fresh approach.

An exploration program has already begun to unravel the mysteries of that data left by Mt Carrington's previous inhabitants. These previous explorers have included Aberfoyle, CRA (now Rio Tinto) and Getty. Data generated by these companies includes 2200 drill holes, extensive stream sediment and soil geochemistry, and airborne magnetic and electromagnetic (EM) surveys. CRA were the last explorers in the district in the period 1990-94, but its target was a large, Rio-sized, polymetallic system rather than a gold-silver project that would be of interest to a smaller company.

"We've just been reprocessing the data, plotting good drill sections and looking at the data in three dimensions. We now have access to computer technologies for presenting and interrogating data that certainly weren't available to Mt Carrington Mines," Beeson said.

"We have spent a considerable amount of time and money just getting drill sections.

"In addition we have reprocessed the EM data from surveys CRA flew over the



Making life easier for Drake its Mt Carrington project comes complete with a site office stuffed with every exploration report done on the area.



Some of Mt Carrington's original mining operations.

Drake Volcanics. Our geophysicist has now identified new targets from this survey.”

While Rio might not have been looking for silver, it was that very metal that added the lustre for Drake.

Beeson said when he recently visited North America, those audiences were more interested in Drake's silver than its gold.

“Certainly our emphasis on Mt Carrington is equally on silver and gold,” Beeson said.

Silver has become tarnished in the public's imagination, largely due to the advent of digital technology and the impact this is having on the demand for photographic film. However, according to international lobby group The Silver Institute, silver demand from 2000-04 is above that of the 1990s, and the demand for silver in photography only decreased 4% in 2004. The price of silver has strengthened since 2001, and is now around \$US6.90 an ounce.

Beeson said he was confident the new technologies Drake could bring to bear, and the experience he and other members of the team had with Mt Carrington-type deposits, would allow the company to generate new drilling targets.

The company is waiting for a drill rig to become available — Drake is certainly no orphan in that regard — before it can start working those targets. That rig is due to be in its hands within the next two months.

Beeson said the resources already identified at Mt Carrington were insufficient to consider setting up a mining operation at present.

“We have people who have ideas on how we can increase these resources,” he said.

“We have already identified targets from the existing data that were not recognised by previous explorers..

“We hope to start drilling as soon as we can. We want to test our ideas.”

Beeson and Drake geologist Rod Hammond both have experience in hunting for epithermal deposits such as Drake in South America.

In Beeson's case, he first worked in South America for Billiton in the 1980s and recently spent a year in Bolivia and Argentina looking for epithermal deposits.

Hammond was the regional exploration manager for South America for MIM and then its new owner Xstrata, hunting for Mt Carrington-esque deposits in South America.

“He's very familiar with this type of deposit,” Beeson said, “and has a track record of finding ore.”

Adding to that team is technical adviser Chris Blain, who previously held Australian and global management positions with BHP. Blain was involved with several of that company's base and precious metal discoveries, including Cannington — currently the largest silver mine in the world. He is also a lecturer at Melbourne's RMIT.

Coordinating Drake's exploration at Mt Carrington is Dave Borton, who had very extensive experience in eastern Australia with Billiton and Acacia Resources. “Dave's experience of working in areas such as north-east NSW has been very important to the project.”

Beeson said Drake was concentrating on understanding the geological structure of the Mt Carrington deposits and its

control on the distribution of ore, and using alteration mapping to find the focus of the mineralised systems.

“That (geological structure) approach has not been applied at Mt Carrington previously,” Beeson said.

“Over the period since exploration was last conducted here, knowledge of this deposit type has improved considerably.

“And we've a very good structural geologist in Rob Hammond. “What we're trying to do isn't new but it hasn't been tried before at Mt Carrington.

Similarly, alteration mapping is commonplace in exploration in the Andes, but has not been applied systematically at Mt Carrington.

While Mt Carrington holds Drake's primary focus, Beeson said the next cab off the rank would probably be Lake Rebecca.

“Past exploration has certainly indicated some tantalising drill results, some long intercepts of moderate grade,” he said.

“We want to apply structural geology at Lake Rebecca to better understand the controls on mineralisation, and define new targets to be tested.”

Drake's Mt Palmer ground has a golden history. About 150,000 oz of gold has been mined from the area at grades of about 16gpt.

Beeson said the company would, once again, apply structural geological techniques to the project.

Mt Carrington, however, currently remains the main peak for Drake to scale. RS

drake resources
... at a glance

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MARKET CAPITALISATION
\$4.6 million (at press time)

MAJOR SHAREHOLDERS
Cazaly Resources (15%)
Aimamater Pty Ltd (6.5%)