

## Quarterly Activity Report March 2009

### Highlights

#### **Drake Resources has signed an agreement with Royal Falcon Mining LLC for the exploration of Falun and Bersbo Projects in Sweden.**

The main elements of the agreement include:

- Royal Falcon must spend US\$3 million to earn a 51% interest in the Falun and Bersbo Projects. Royal Falcon can withdraw from the agreement after spending a minimum of US\$1.0 million; Drake retains a 100% interest in the Projects until the US\$3 million is expended.
- Royal Falcon can elect to spend a further US\$3 million to earn an additional 24% interest in the Falun and Bersbo Projects.
- If Drake's project interest falls below 5% then its interest will revert to a 2% Net Smelter Royalty ("NSR") on production from the Projects.

#### **The drill hole database for the Falun copper-zinc-gold mine continues to reveal remaining potential at the mine site**

#### **The Eastern Copper-Gold Zone has a length of 500 metres, is up to 200 metres wide, and extends to at least 550 metres depth**

- High grade parts of the Zone were selectively mined for copper 100-300 years ago
  - The past mining did not take into account the gold content of the ores
- The Zone includes near-surface high-grade gold-copper mineralisation with intersections including 24m @ 5.8 g/t Au and 0.5% Cu, 42m @ 3.4 g/t Au and 0.5% Cu, and 16m @ 7.1 g/t Au and 0.7% Cu

#### **The western zone contains intersections of potentially economic grades, including 23.5 metres at 2.8% copper**

- The zone has been only partly tested by past drilling
- The mineralisation is interpreted to extend from surface to at least 530 metres depth
- Most intersections were not assayed for gold and silver

#### **Rex Minerals Ltd has advised Drake that it will be exercising the option to purchase 100% of the Mt Carrington Project**

### About Drake

**Drake Resources** (ASX: DRK, "Drake") is a base metals and gold/silver explorer with advanced projects in Sweden and Australia.

In the three years since listing on the ASX, Drake has established a robust portfolio of projects. Drake's competitive advantages include a premier position in the world-class Falun copper-zinc belt in Sweden, an experienced technical team with a successful track record, and a pipeline of projects and opportunities.

Drake's objective is to become a successful and profitable exploration and mining company. The Company aims to achieve this goal by pursuing exploration and mining opportunities and exploring high quality projects in a technical, cost-effective manner.

Currently, Drake is focused on advancing its Scandinavian projects. Drake considers that copper, zinc and gold ores remain within the historic Falun Mine area and have put in place a program to assess the economic potential of remaining ore and new ore bodies.

Initial interest at Falun, Sweden is concentrated on two un-mined copper-gold systems. These have only been partly tested by past exploration, but some of the last exploration before the mine closed identified strong gold-copper mineralisation close to surface.

The majority of the permits in Sweden are a joint venture with Royal Falcon Mining.



*Drake exploration regions*

## **CORPORATE**

Drake currently holds the following assets, following the recent developments with the Mt Carrington Project in New South Wales:

- Its portfolio of properties in Western Australia (Drake 70-100% interest), and Sweden (Drake 100% interest)
- 3.5 million shares in Aura Energy Ltd
- 2 million shares in Rex Minerals Ltd\*

(\* subject to the NSW government granting the Mt Carrington Mining Leases to Rex)

The process of transferring the titles of the properties in Sweden to Drake Resources is nearing completion, and consequently Drake is now close to 100% ownership of the portfolio of 21 permits that it has developed since 2006.

The main activity in the past quarter is the securing of a favourable agreement with Royal Falcon Mining to fund the ongoing exploration in 15 of these properties. In addition Drake has continued to validate, interrogate and interpret the major drill hole database that it acquired for the Falun mine area late in 2008.

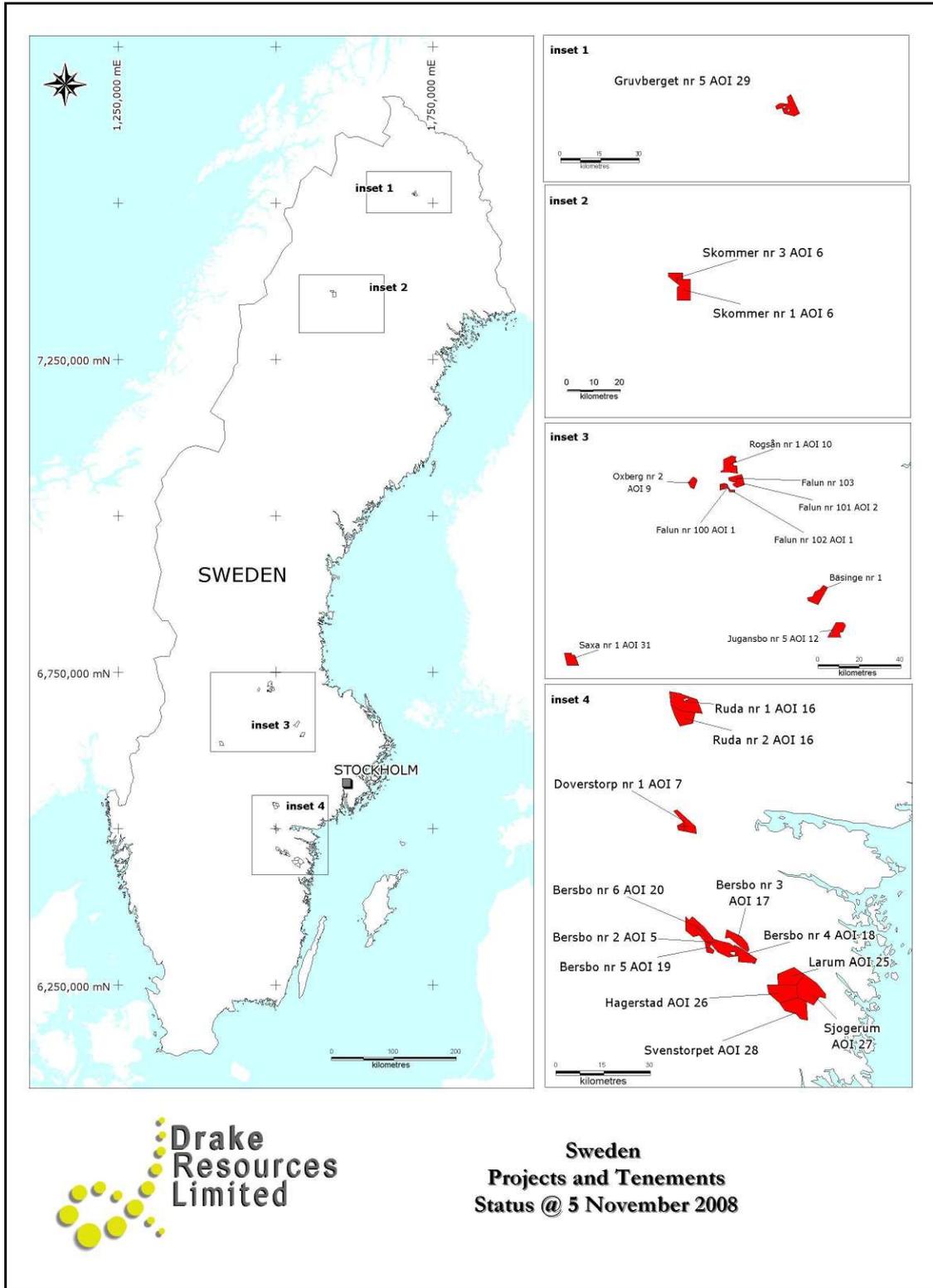
## **OPERATIONS**

### **SWEDEN PROPERTIES**

Drake Resources has signed an agreement with Royal Falcon Mining LLC for the exploration of Falun and Bersbo Projects in Sweden. The Projects comprise 15 separate exploration permits in the Bergslagen Province west of Stockholm.

Royal Falcon Mining LLC (Royal Falcon) is a strategic alliance company established to acquire, explore, develop and manage mineral projects. The alliance partners are Golden Rim Resources Ltd and PAL Technology Services LLC, a member of the Royal Group of Companies of Abu Dhabi, United Arab Emirates.

- 1) Royal Falcon must spend US\$3 million to earn a 51% interest in the Falun and Bersbo Projects. Royal Falcon can withdraw from the agreement after spending a minimum of US\$1.0 million; Drake retains a 100% interest in the Projects until the US\$3 million is expended.
- 2) Royal Falcon can elect to spend a further US\$3 million to earn an additional 24% interest in the Falun and Bersbo Projects.
- 3) Drake will have the right to fund their respective share (49% or 25%) of project exploration, feasibility, mine development, or mine development costs when these funding requirements have been met
- 4) If Drake's project interest falls below 5% then their interest will revert to a 2% Net Smelter Royalty ("NSR") on production from the Falun or Bersbo Projects.
- 5) Drake will, initially, continue to manage all exploration on the Falun and Bersbo Projects

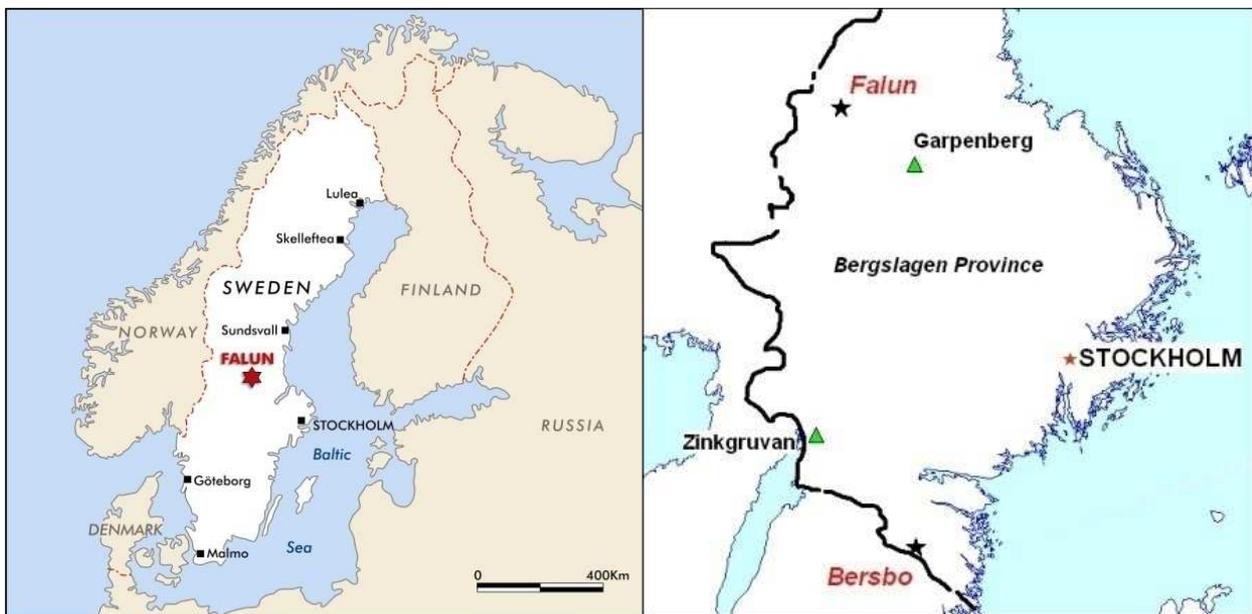


Current Drake exploration permits in Sweden

## COPPER-GOLD-ZINC PROJECTS, SWEDEN (DRAKE 100%)

### The Falun copper-zinc mine

Falun was first mined around 700AD, and was the largest copper producer in Europe during the 17<sup>th</sup> and 18<sup>th</sup> centuries. Mining finally ceased there in 1992. Records show that more than 35 million tonnes of high-grade ore were mined containing on average 1-3% Cu, 2-6% Zn and 1-7 g/t Au. Falun is regarded as one of the World's great, massive sulphide mineralising systems.



Sweden - Falun Location Map

At Falun, there are two main ore types. The bulk of the mined orebody was made up by pyritic copper-zinc-gold massive sulphide ores. In addition high-grade pods of siliceous copper-gold ore occur in what is interpreted to be the footwall alteration zone.

There has been no exploration at the Falun mine for almost two decades. A review of the last exploration work undertaken at the mine shows that the approach was primarily limited to *ad hoc* drilling around the edges of the orebody for extensions of the massive sulphides.

Drake has recently recovered the assays for 985 historic drill holes that were completed when Falun was in operation. The company is continuing to evaluate this extensive database, but already it has highlighted the potential for gold and copper at the old mine site.

Only drilling undertaken in the last few years of operation was assayed for gold, and consequently Drake has a limited picture of the potential for gold across this extensive ore system.

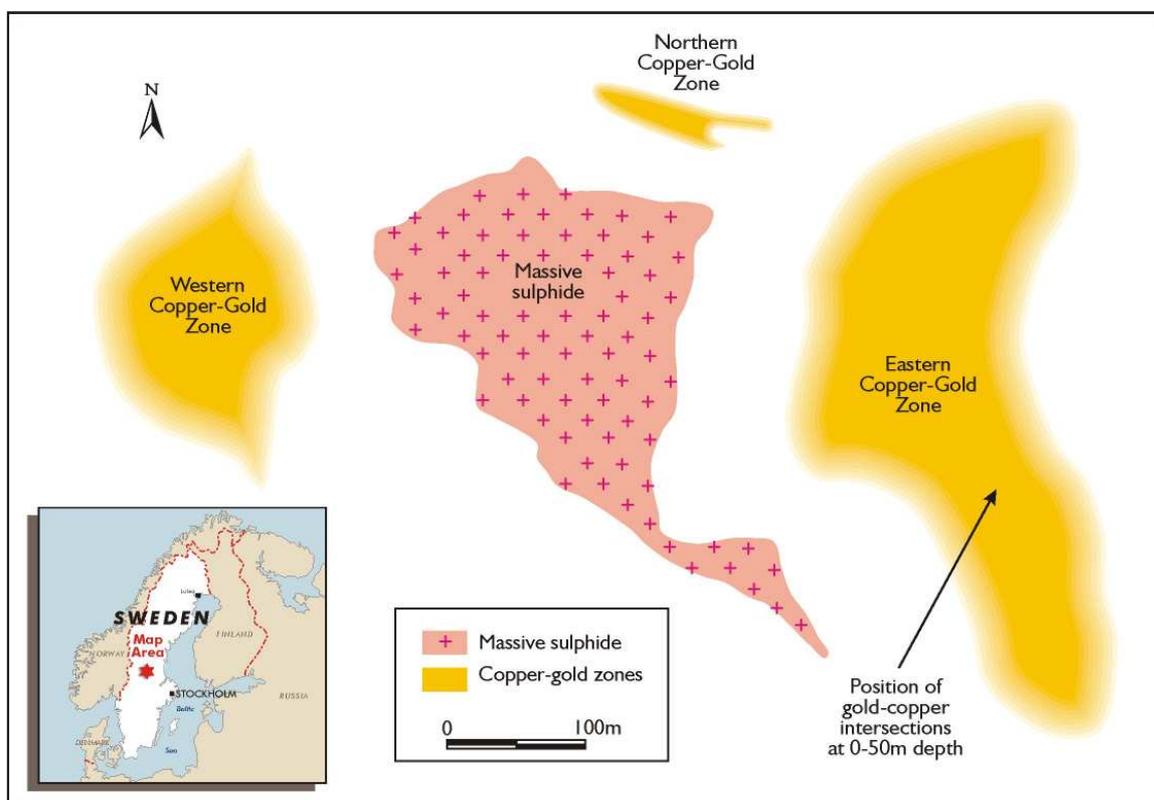
As well as compiling past assays of the drill core, Drake has added sulphide mineralogy

logging data for the mine drilling into its database. This is an important set of data that helps to outline the distribution of mineralisation in the vicinity of the Falun orebodies. Drake is now extending this work, and adding the alteration minerals which are association with the different ore types. These include garnet, anthophyllite, cordierite, magnetite and pyrrhotite.

This is an important set of data for the mine, as there was no consistent pattern for assaying of the drill core. As much of the drill core is lost, the combination of mineralogy and assays provide useful information in defining the distribution of mineralised zones in the mine.

Drake has presented the three dimensional model to authorities in Falun. It has been determined that the mine, when it was operating, used a paper system for presenting drill sections and level plans. This is the first time that data for the mine is available in digital form, providing Drake and its partner with new opportunities for finding ore in the mine area.

Drake has continued to focus on the largely un-mined copper-gold orebodies at Falun. These have considerable volume both east and west of the main massive sulphide body. They received only limited testing by the miners who were mainly interested in the massive sulphide ores.



**Falun Copper-Zinc Mine, 145m Level**

### The Eastern Copper-Gold Zone

The Eastern Zone is an area that adjoins the main pit in the massive sulphide deposit. It was partly mined between 100 and 300 years ago. It is anticipated that mining practices at that

time would have only extracted copper ores with in excess of 2-3% copper. Most lower-grade mineralisation probably still remains in the ground. Local drill intersections exceed 7% copper.

There is little information and assays for gold in this zone, but Drake's ongoing work demonstrates that parts of the zone contain grades of 3-6 g/t gold.

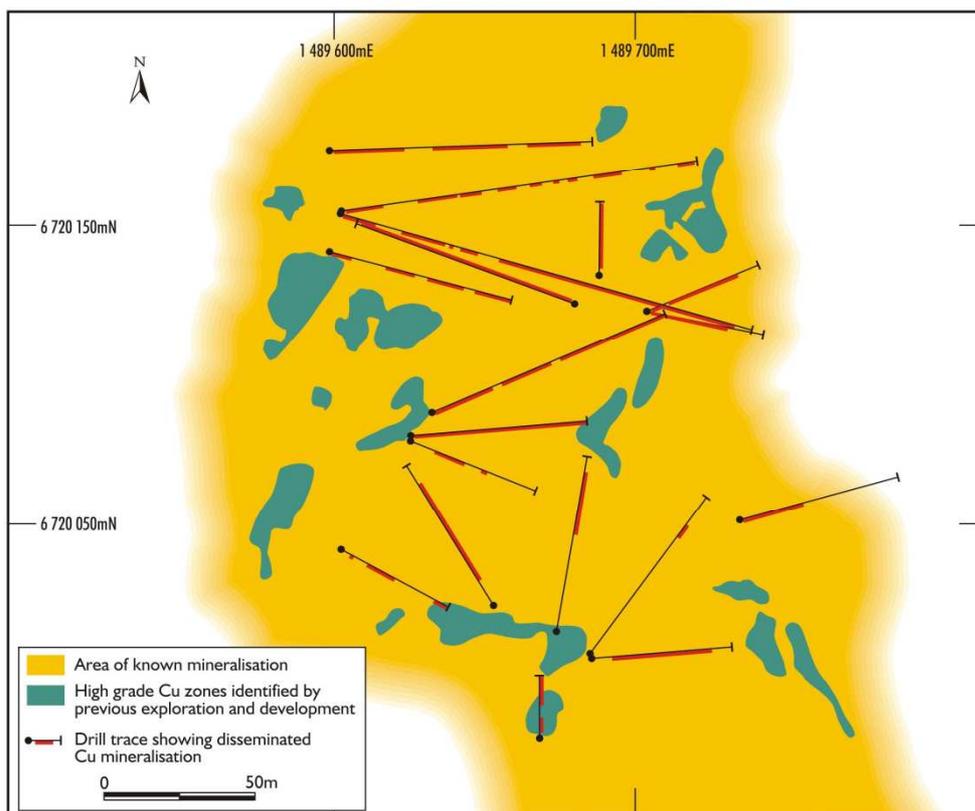
The extent of the Zone has been partly defined by past mining and drilling. It extends for at least 500 metres in a north south direction. It is open to the south, and may link up with more mineralisation further to the north.



The Zone has been detected to 550 metres depth, and old mine reports suggest that it may extend to 1100 metres depth. Declines and shafts at the mine, which are still open and offer potential access, extend down to 600 metres depth.

*Looking up into one of the high grade copper workings in the Eastern Copper-Gold Zone*

The plan at the 145 metre level 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 of the material.



**Falun Copper-Zinc Mine, Eastern Copper-Gold Zone**

There has been no systematic assaying of drill holes through this Zone prior to 1990, the second last year of exploration.

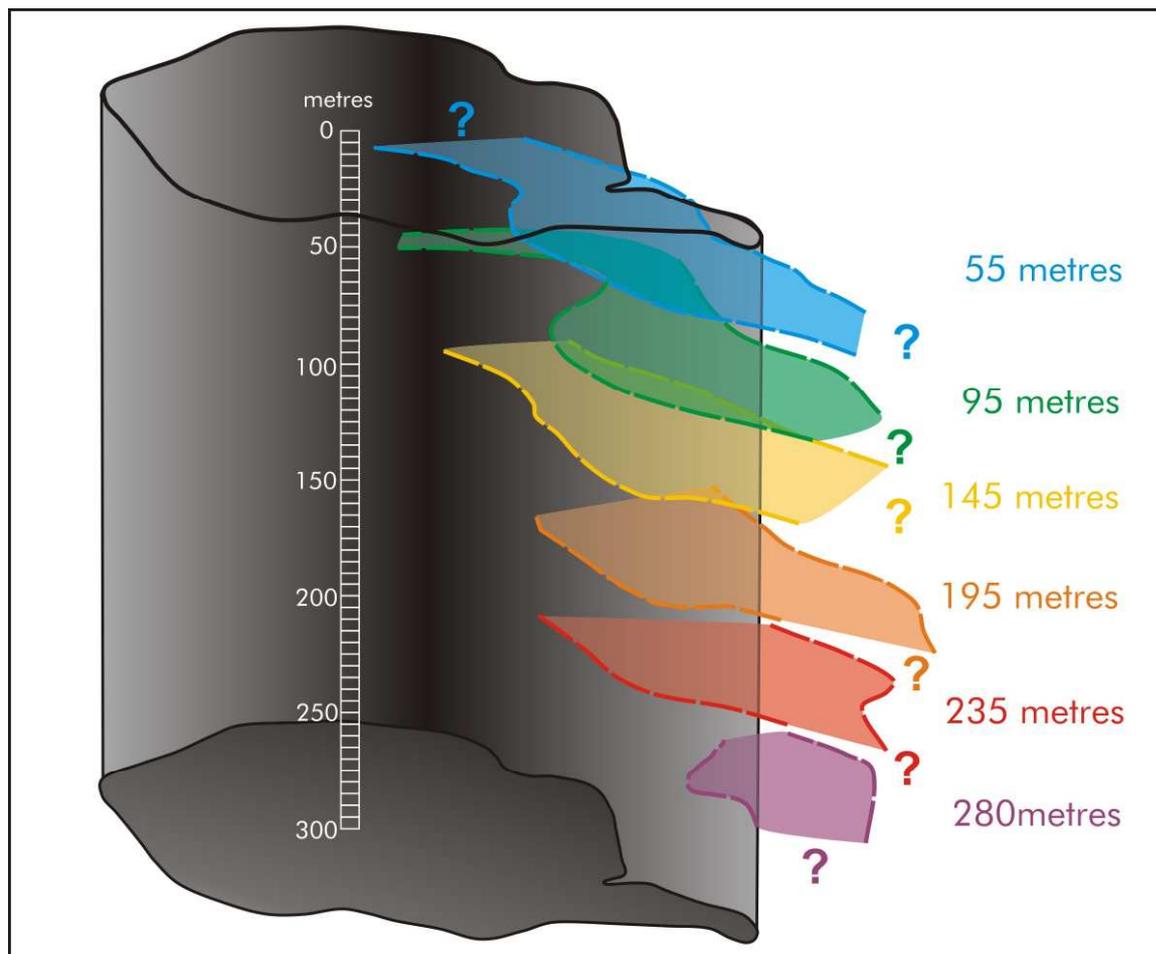
Examples of drill hole intersections through the upper part of Eastern Copper-Gold Zone include:

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 Zone below this level in its northern half, 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 envelops the Falun massive sulphide body. The alteration zone contains varying amounts of biotite, anthophyllite and sulphides. Chalcopyrite is the dominant sulphide present. The Swedish mine geologists regarded the Copper-Gold Zone as a “stockwork” or “stringer zone” 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, sometimes showing some zoning with milky quartz at the edges, and a coarser quartz towards its centre. These veins include electrum, chalcopyrite, pyrrhotite and laitakarite



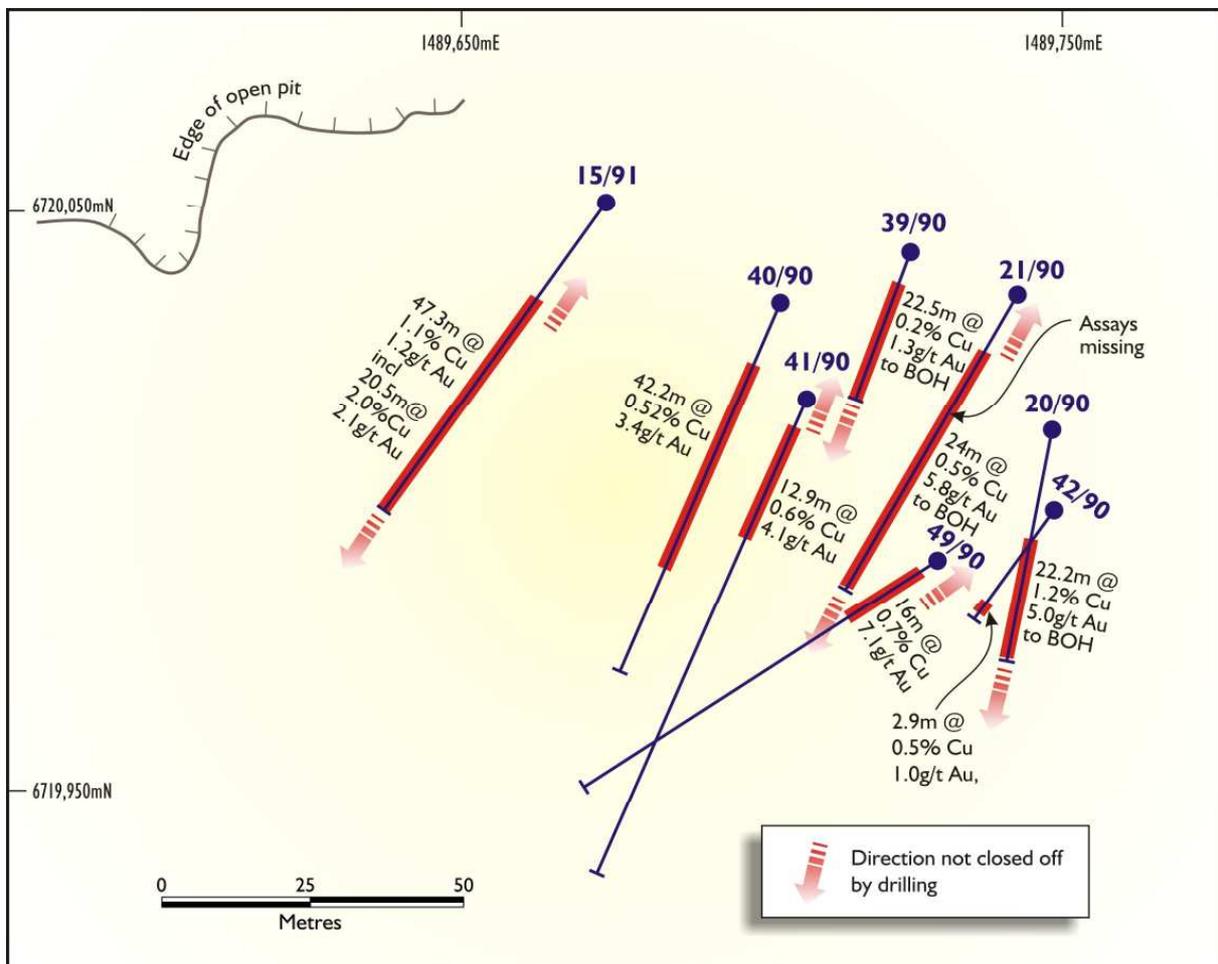
*Old workings, Eastern Copper-Gold Zone*

#### The near surface gold-copper mineralisation

Some of the last drilling completed in the Johannes-Lucas area of the mine, in 1990 and 1991, was systematically assayed for gold. The results from this work are very encouraging.

Hole ID	From (m)	Intersect (m)	Grade Au (g/t)	Grade Cu (%)	Comments
20/1990	22.5	22.2	5.0	1.2	Stopped in mineralisation
21/1990	38.0	24.0	5.8	0.5	Stopped in mineralisation; upper assays missing
39/1990	9.0	22.5	1.3	0.2	Stopped in mineralisation
40/1990	13.8	42.2	3.4	0.5	
41/1990	5.4	12.9	4.1	0.6	Started in mineralisation
42/1990	29.5	2.9	1.0	0.5	
49/1990	7.6	16.0	7.1	0.7	Started in mineralisation
15/1991	23.1	47.3	1.2	1.1	Started and stopped in mineralisation
Incl.		20.5	2.1	2.0	

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



**Falun - Surface Plan**

Gold and copper intersections in the near-surface part of the Johannes-Lucas section of the Falun mine

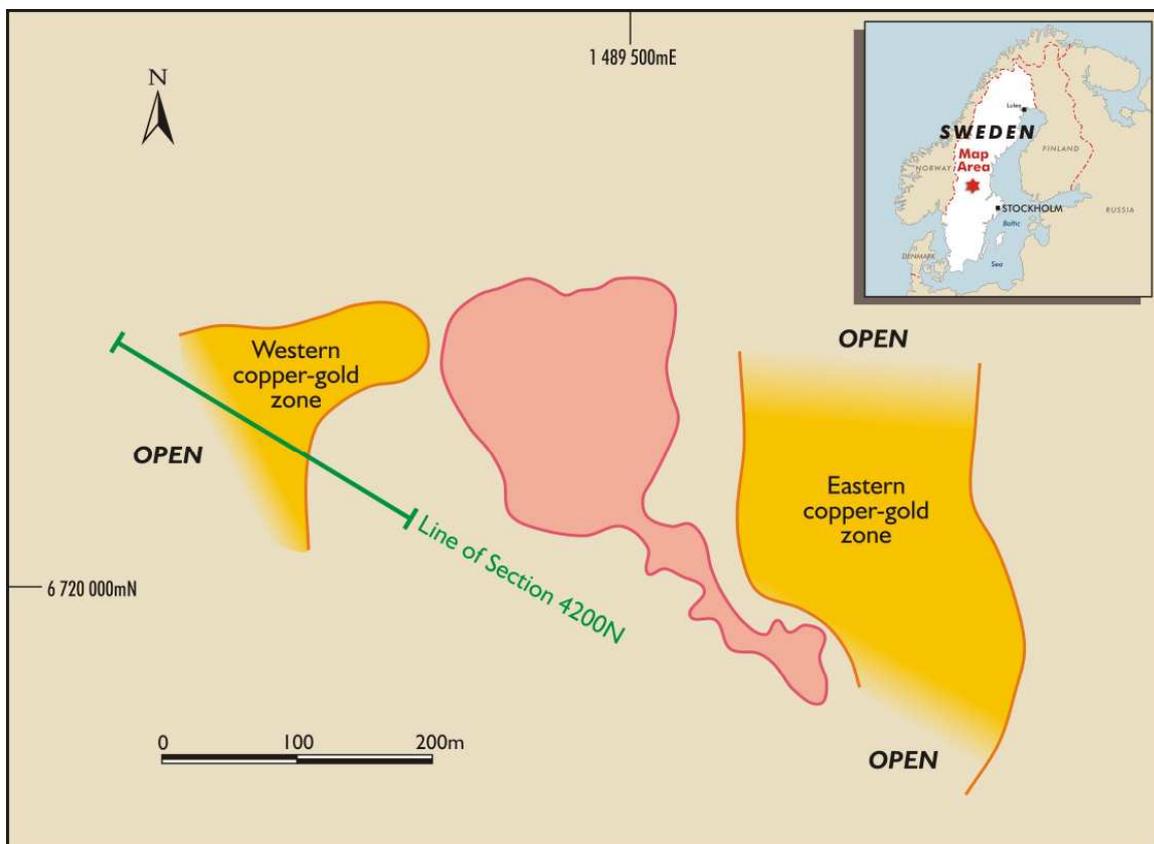
It is not known whether the mineralisation has been affected by near surface processes that might have enriched or depleted the grades of gold and copper. There is no evidence of such processes generally in Sweden, and fresh sulphide mineralisation commonly outcrops at the surface.

### The Western Copper-Gold Zone

The Western Zone is a poorly defined area of mineralisation that has a minimum extent at the 195 metre level of 380 metres east-west and 160 metres north-south. Mineralisation intersected in drilling at the 500-530 metres levels may form part of the system.

The western and southern margins of the mineralisation are poorly defined below 100 metres depth.

The zone has been partly mined on its eastern side, where the mineralisation abuts the massive sulphide body that was the main target of the historic mining. There has also been mining of small lenses of massive sulphide that were located within the Western Copper-Gold Zone.



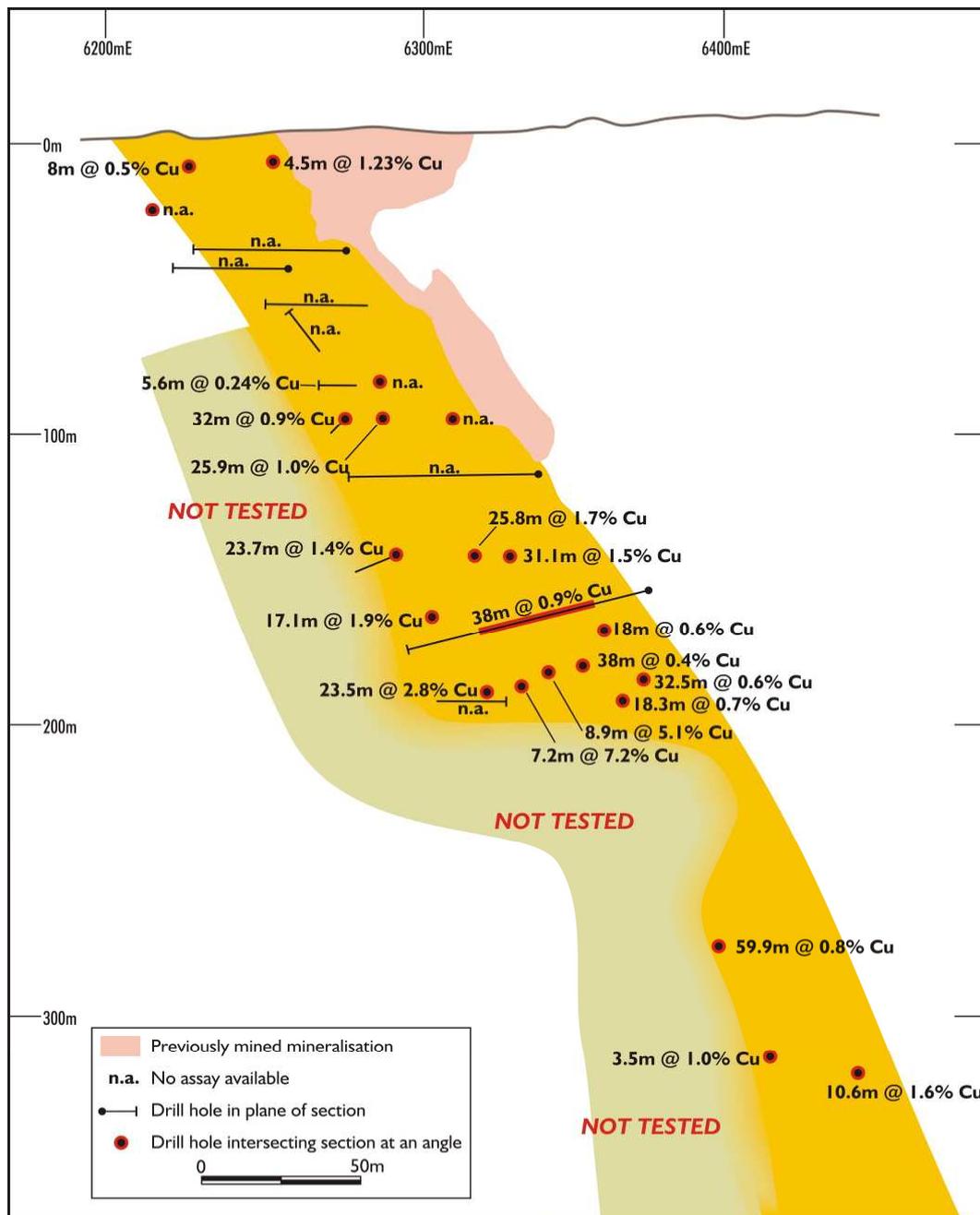
**Falun - Western Copper-Gold Zone - 195m Level**

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

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.

Two intersections at 500-530 metres depth, of 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, and may be a part of this Zone.

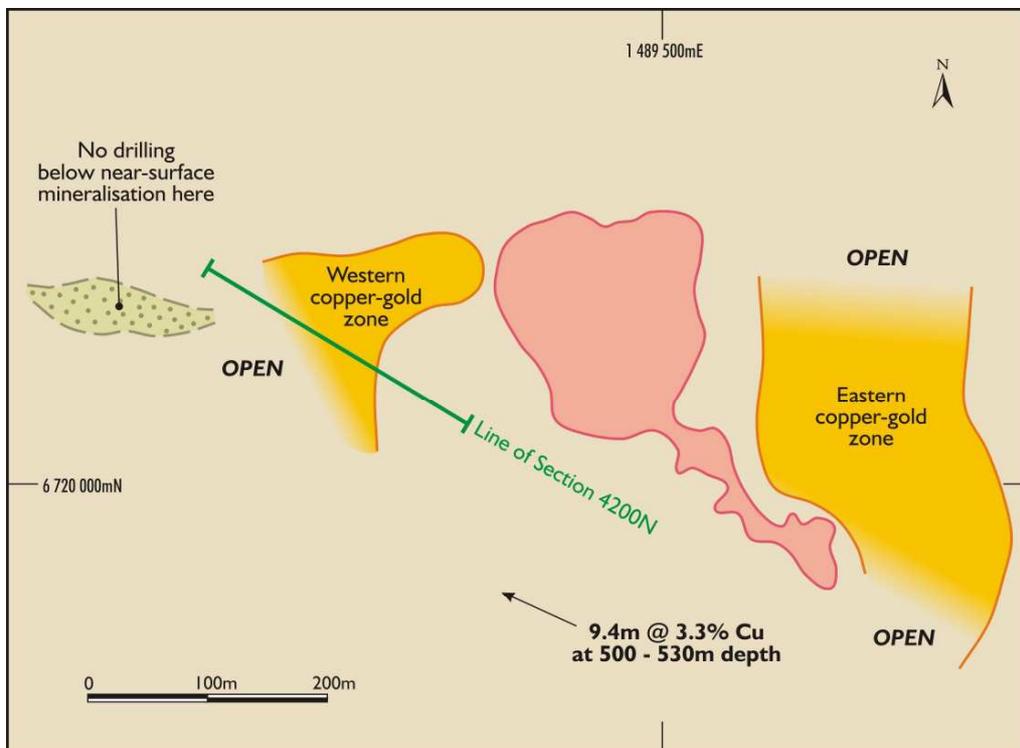
Existing mine infrastructure gives access down to 600 metres depth.



**Falun Western Copper-Gold Zone - Section 4200N**

**Table 1: 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**

Drake considers that potential exists to define a copper-gold resource in the area. As can be seen from the hole numbers in the table above the majority were drilled prior to 1972, and few were assayed for gold.

The ongoing work by Drake at Falun has confirmed that extensive mineralisation remains in

the immediate vicinity of the mine. Drake has put in place a programme to assess the economic potential of remaining ore and new orebodies that have yet to be identified.

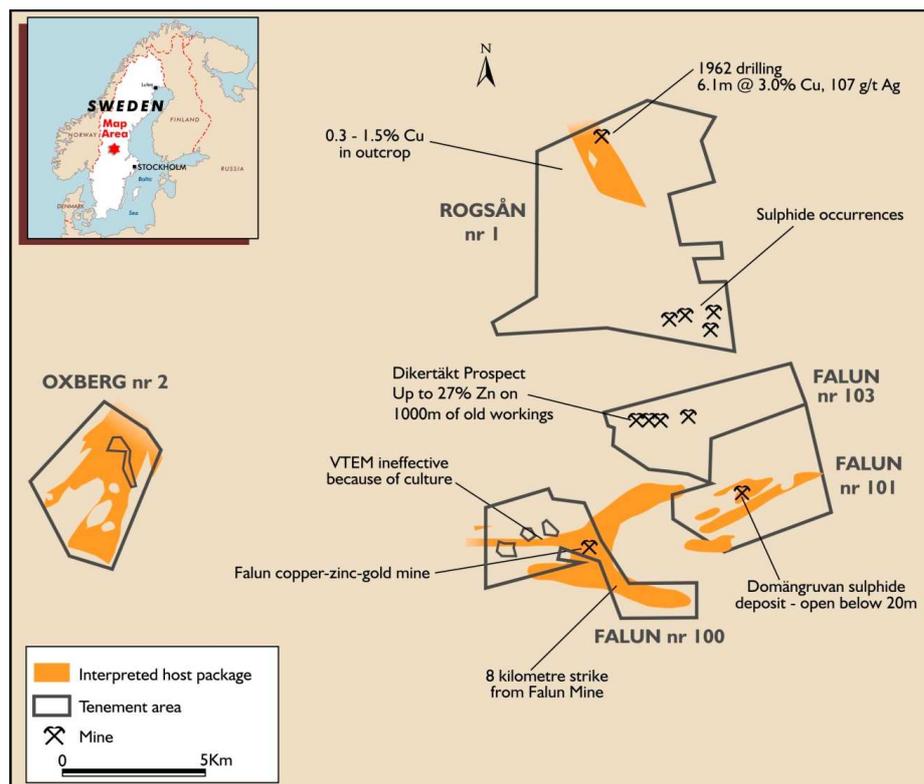
The main elements of this programme include:

1. The acquisition of all level plans and sections through the existing mine workings; many of these plans and sections have been previously scanned and registered for use in Geographic Information Systems by the Swedish Geological Survey
2. Digitising the drill hole logs and assays, 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. Continuing to build a three-dimensional model for the mine and its immediate vicinity based on the plans and drill logs
5. Modelling of the distribution of known mineralisation and assays to better target drill holes to effectively test the copper-gold deposits

Initial work has focussed on the largely un-mined copper-gold orebodies at Falun. These have considerable volume both east and west of the main massive sulphide body. They received only limited testing by the miners, because they were focussed on massive sulphide ores.

### The Falun District Project

The Falun District Project comprises four permits within 20 kilometres of the city of Falun: Rogsån, Falun 101, Falun 103 and Oxberg.



**Falun District**

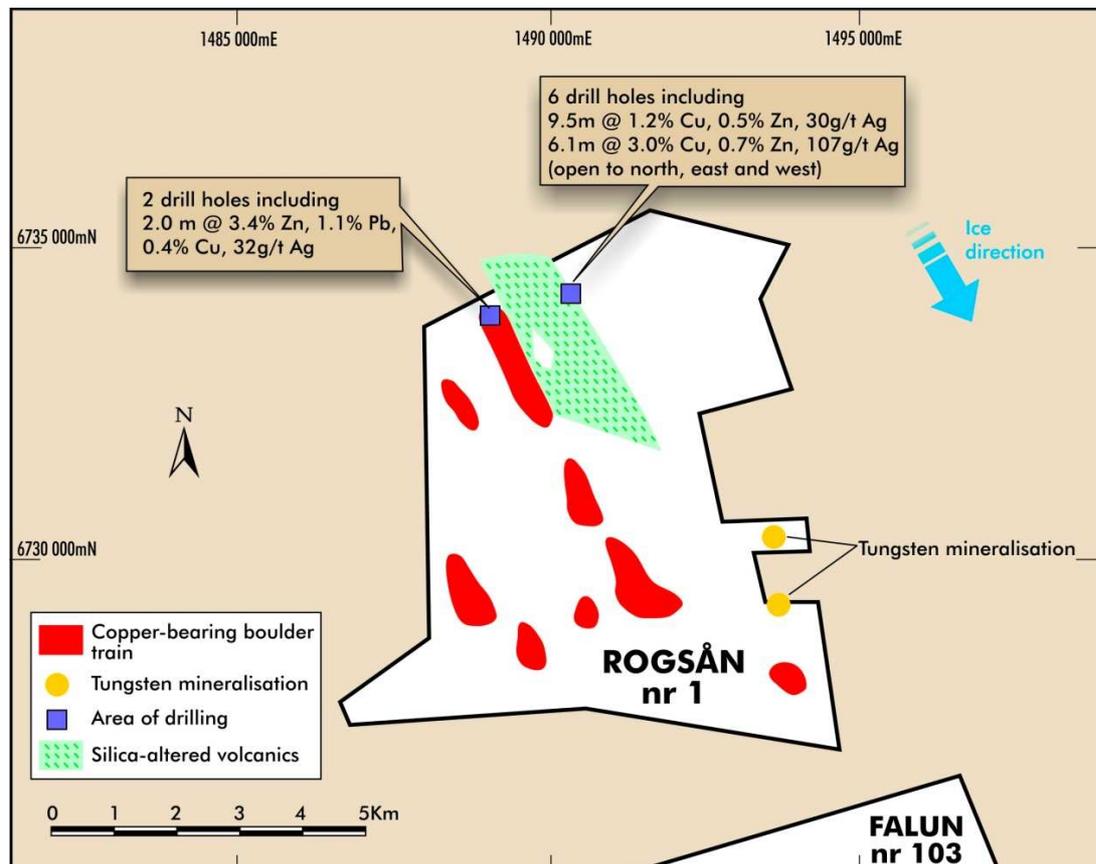
## *The Falun Project exploration licences and immediate targets*

### Rogsån Exploration Licence

Rogsån is part of Drake's portfolio of properties around the mining centre of Falun. The licence is characterised by:

- the same prospective host-rock package as that at the nearby Falun copper mine
- several mineral occurrences, including six historic, small copper and zinc mines
- widespread silica-magnesia alteration of the type found at Falun
- a large district-wide copper-zinc geochemical anomaly around Falun
- an extensive series of copper boulder trains which indicate significant mineralisation in the bedrock scoured out and dispersed by glaciation.

The mineralised glacial boulder trains in the area demonstrate the potential of the area. Boulders containing between 0.5% and 3.8% copper have been found on the surface over a distance of 5 kilometres. Often referred to as a boulder train, the boulders have been transported by glacial action, and the source area is interpreted to lie within the northern part of the licence area. At this stage, it is not known whether the boulder trains are derived from a single bedrock source or multiple sources as they have only been tested by the two drill holes.



### *Detail of the Rogsån permit*

Drake is now reviewing the known mineralisation, the distribution of the mineralised boulder trains and till geochemistry, the results of Drake's re-assaying of past drill core, and anomalies highlighted by the VTEM survey to rank the known targets in the area, and to develop the summer 2009 exploration programme.

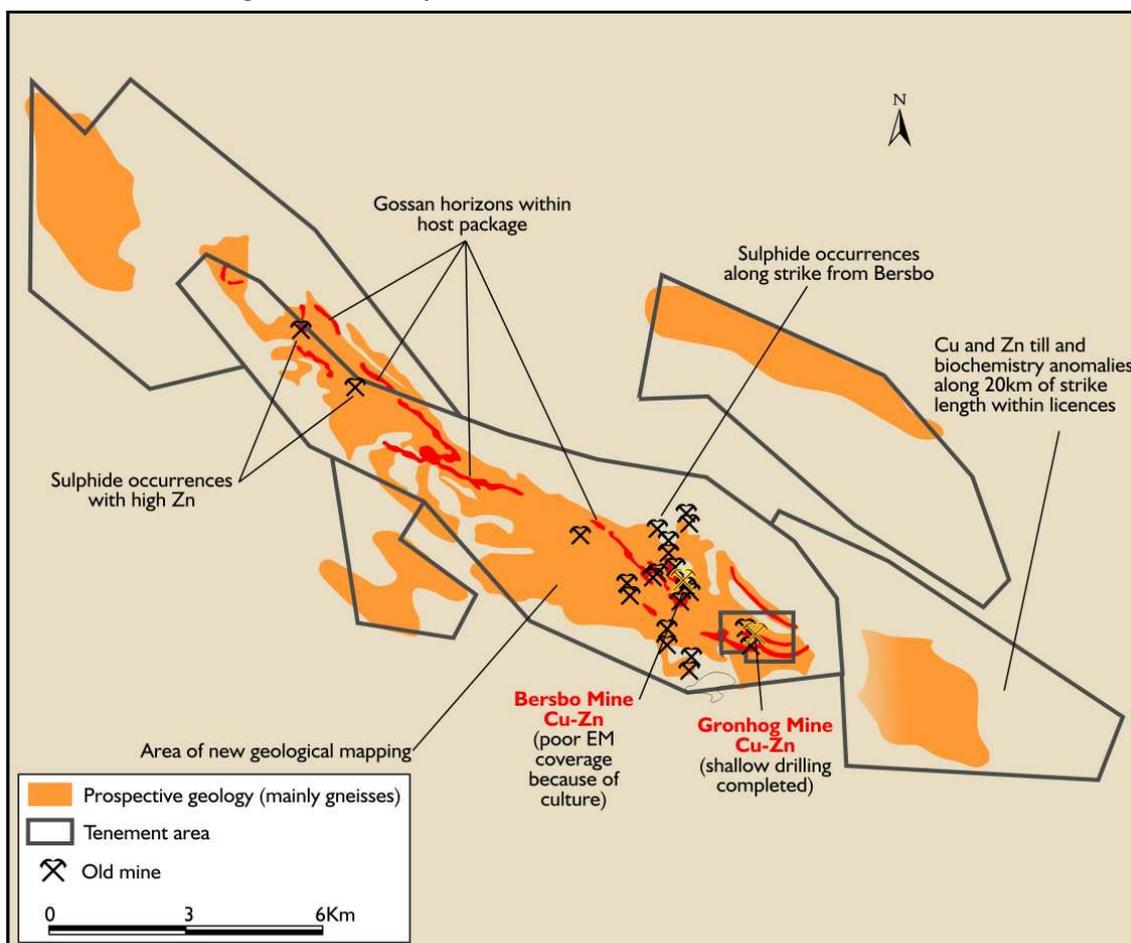
### **Bersbo**

Drake now holds 240 square kilometres of the Bersbo massive sulphide belt.

Drake has now secured what it considers to be the most prospective parts of the belt containing the historic Bersbo copper mine in Sweden. Despite Bersbo being the second largest historic copper mine in the Bergslagen Province, the belt has not attracted any modern exploration, and remains effectively unexplored.

A detailed airborne magnetics survey, and ground mapping and sampling, were completed in the 2007 field season. The programme has continued in 2008 with the completion of an airborne electromagnetic survey in the first half of the year, further mapping and sampling, and shallow drilling to sample bedrock beneath the glacial till.

Drill targets are emerging from this work programme, including the drill testing of the Hersatter electromagnetic anomaly.



**Bersbo Location**

Drake considers that the high values of copper and zinc determined from old working that stretch for some ten kilometres is extremely encouraging and, coupled with the ongoing interpretation of the electromagnetics, will lead to the definition of future drill targets in the area.

### **MT CARRINGTON SILVER-GOLD, NEW SOUTH WALES**

Rex Minerals Ltd (“Rex”) has exercised its right to purchase 100% of the Mt Carrington Project.

The Mt Carrington project comprises 3 Exploration Licences currently held by Drake and 22 Mining Leases currently held by Mt Carrington Mines.

Under the revised terms of the Option Agreement total consideration for the sale of the Mt Carrington Project is as follows:

- Total cash consideration of \$735,000; \$135,000 was paid on the granting of the option, \$350,000 is now to be paid with the exercise of the option and the balance is payable on transfer of the tenements to Rex
- 2.0 million Rex Shares, payable on transfer of the tenements to Rex
- Rex is to assume the bond and liabilities associated with the mining leases and exploration licences.

Drake is pleased that the option agreement for Mt Carrington has been concluded, and that the company will gain a significant equity position in Rex. Rex has recently announced very positive copper-gold results from its exploration at its Hillside Prospect in South Australia.

*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 is a member of the Australian Institute of Geoscientists, and 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.*