



ASX Announcement

21 January 2015

VTEM assessment reveals 6 priority, potential copper/zinc massive sulphide targets – Sulitjelma Project, Norway

- **Drake and JV partner, Panoramic Resources' VTEM assessment confirms 6 high priority anomalies prospective for copper /zinc massive sulphide mineralisation**
- **Long and substantial regional copper / zinc mining history**
- **Drake Portfolio Update – Drake to remain focused on core assets and relinquish non-core assets**

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Drake and its JV partner on the Sulitjelma Copper / Zinc project, Panoramic Resources¹, completed a VTEM electromagnetic and magnetic survey over approximately 70km² of this highly prospective region of Norway in late 2014. Processing and interpretation of the survey results in the context of regional geology and historic exploration and production from this brownfields area has now been completed.

The recent VTEM program and subsequent prioritisation exercise has selected 6 priority targets from a number of identified targets.

The survey covers areas of historic mining activity which ceased operation in the late 1980s with a total of more than 25.5 million tonnes of copper / zinc ore extracted from the Nordgruvefeltet (Northern Mining Field) and Sydgruvefeltet (Southern Mining Field) (fig 1).

Four targets of interest lie within the western thrust or Sydgruvefeltet ore field which is an area of known massive sulphide mineralisation mapped over a ~10km north / south direction and hosts the Sagmo (1.9Mt mined of 1.6% Cu and 0.23% Zn. Source Norwegian Geological Survey) and the Jakobsbakken (4.47Mt mined of 1.55% Cu and 2.42% Zn. Source Norwegian Geological Survey) historic orebodies. There is also a significant amount of historic exploration data to assist in selecting priority targets.

In the eastern Nordgruvefeltet region, an extensive conductive horizon with a strike length in excess of 5kms coincident with a copper / zinc bearing sulphide horizon is mapped. Two anomalies have been selected from this region.

Anomaly 1 is of particular interest given its extensive conductive horizon and potential to be analogous to the near-by Sagmo mine. Massive sulphide outcrops have been recorded to the north and north east and appear to dip shallowly towards the plate. The Aylon Stoll (fig 2) underground workings run some 100m beneath the modelled plate. Drake's CEO, Jason Stirbinskis added "The VTEM survey has defined a new conductive target only 100 metres

above historic workings, perhaps unsuspected by previous miners, this potentially provides excellent access and transport options if a production scenario was to eventuate. The Sulitjelma region has numerous old underground access points such as Avilon Stoll and these might prove very useful in potential future operations”.

Anomalies 8, 12 and 13 also present encouraging similarities with the near-by historic mines of Sagmo and Jakobsbakken. **Anomaly 8** is a shallow west dipping plate with modelled attributes resembling Jakobsbakken (fig 3) and therefore the possibility for a repeat of the Jakobsbakken orebody. Similarly, **Anomaly 12** shares the same geometry as the near-by mines. **Anomaly 6** is a smaller target adjacent to the Furuhaugen mine.

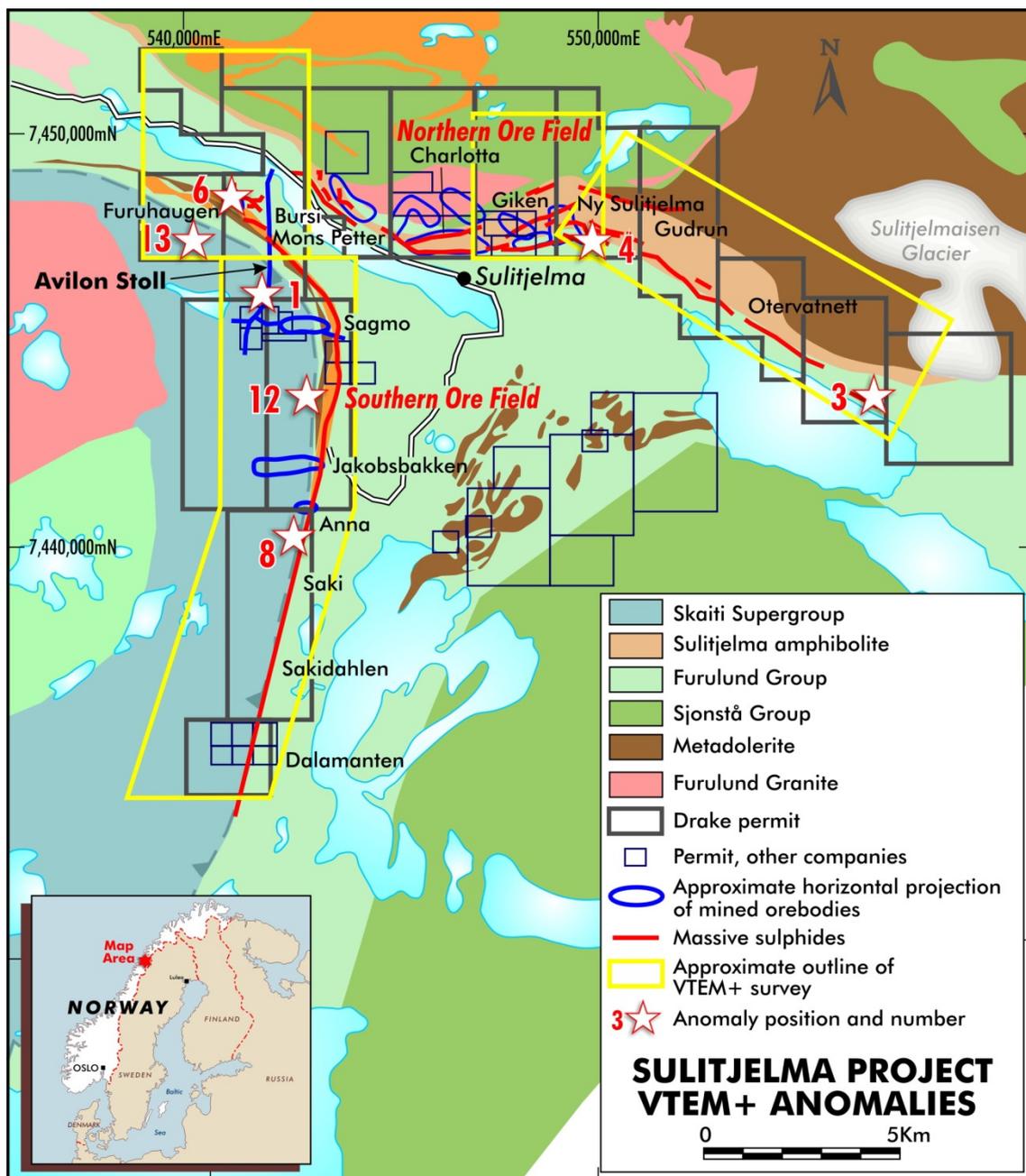


Figure One: Plan showing area flown with VTEM, Drake claims, priority targets and outcropping massive sulphides. As can be seen by the number of mined ore bodies, a large number of underground access paths exist and might be a considerable help during both exploration and potential operations stages.

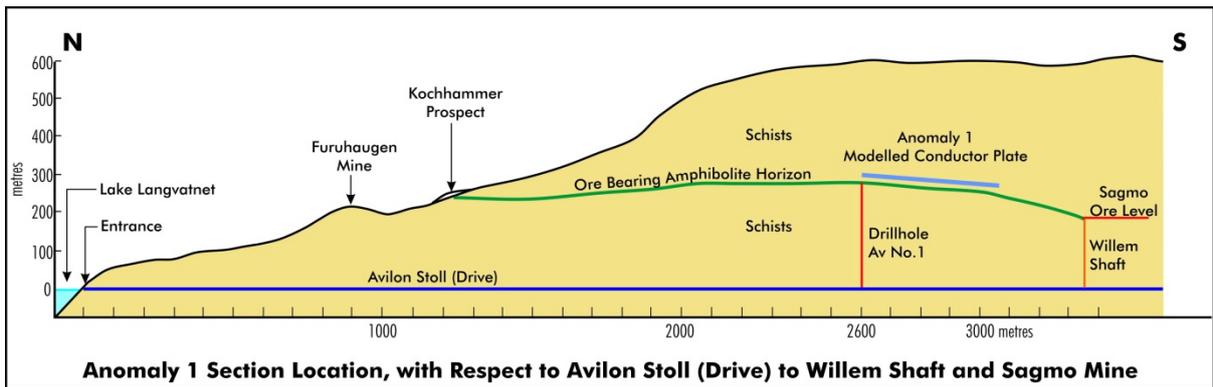


Figure Two: An historic section showing the Avilon Stoll (N-S) with anomaly 1 modelled plate superimposed and sitting on or slightly above the amphibolite horizon in the plane of the Kochhammer Mine and Sagmo ore level. The historic drill hole Av No 1 ended in amphibolite but there appears to be no assays collected of this final portion of the drill core.

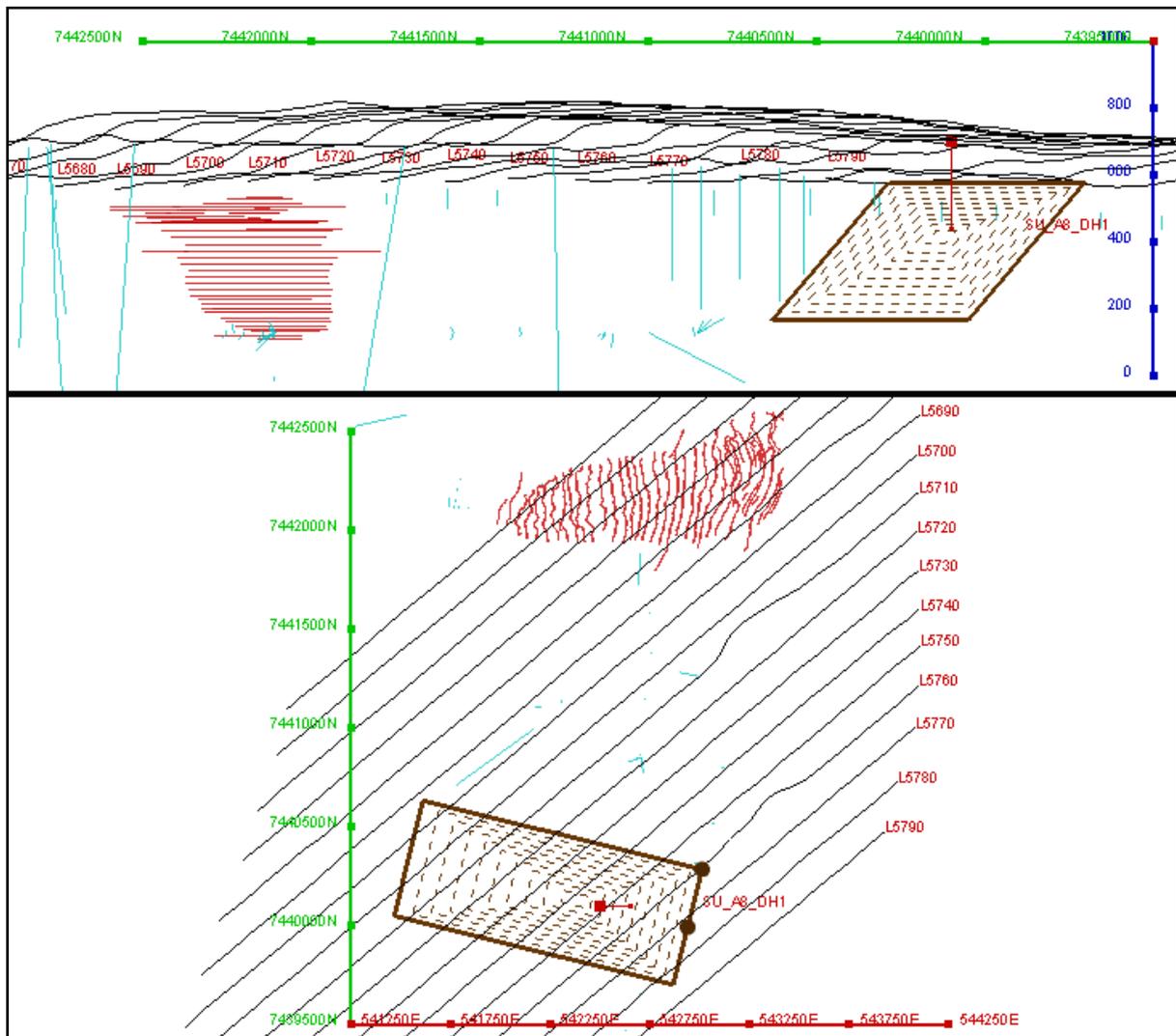


Figure Three: Anomaly 8 modelling viewed from the west and in plan to illustrate the historic hole positions (blue) and Jakobsbakken mine workings (red).

Anomaly 3 (fig 4) occurs in an undrilled south-eastern extension near Otervatnet. Field mapping immediately following the VTEM program but to the north west confirmed the presence of outcropping massive sulphides and dump samples from old workings and composite chip samples of local outcrop returned encouraging results of up to 10.7% copper and 15.1% zinc².

Anomaly 4 occurs immediately adjacent to the north east of the historic Ny Sulitjelma mine which produced 2.59Mt of 1.99% Cu and 0.55% Zn (Source Norwegian Geological Survey) and is interpreted as potential offset or folded continuation of the historic body.

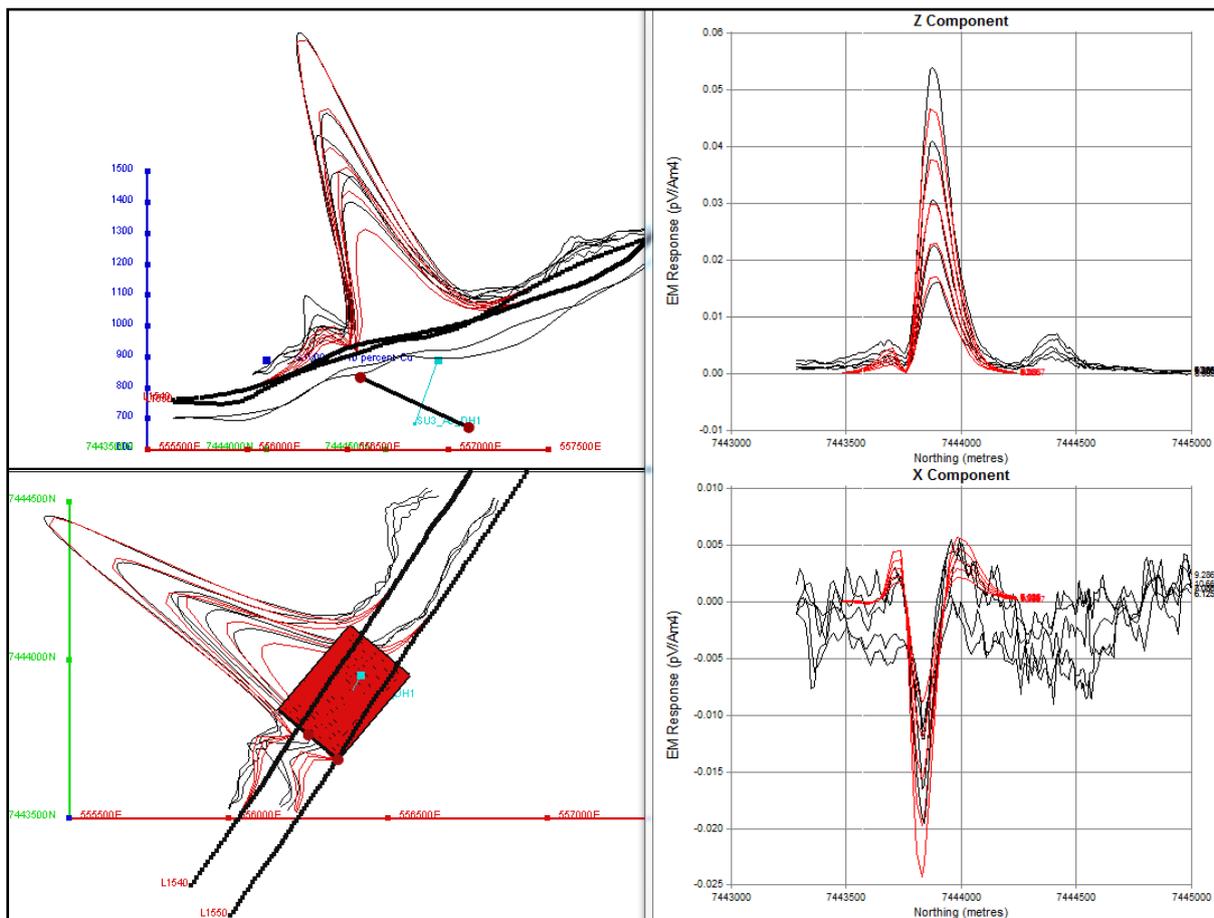


Figure Four: Anomaly 3 simultaneous modelling of lines 1540 and 1550 in plan and section view, channels 41 to 45 (1.5 – 10ms) Black and red profiles of line 1540 in right panel show field and modelled responses respectively. The two lines show a very clear isolated response which generated a well constrained model plate dipping 25 degrees north into the hill with a depth extent of 380m.

Sulitjelma Next Steps

The next field program for the Sulitjelma region is yet to be defined, however the program could entail progressing directly to drilling of some/all priority targets or conducting a preliminary ground EM program to assist in better defining drill locations and priorities. The company is currently investigation the logistics, optimal timing and costs for both options.

Portfolio Rationalising

In recent years Drake's focus has been on four projects distilled from its large portfolio.

1. Seimana Gold Project – Guinea
2. Granmuren Nickel Sulphide Project - Sweden
3. Joma Copper Zinc Project – Norway
4. Tasiast South Gold Project – Mauritania

As part of Drake's ongoing focus on these most prospective permits and Drake's cost minimisation strategies, the company intends to reduce its holdings in non-core assets during January.

Note 1: Under the JV terms Panoramic has the right to sole-fund exploration to earn a 70% interest in the project. Drake can participate in the projects at 30% or 10% or revert to a 2% Net Smelter Return royalty

Note 2: See announcement 5/11/14 for details.

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Competent Persons Statement

The information related to Sulitjelma exploration results is extracted from the report entitled "Surface samples reveal high grade copper and zinc - Sulitjelma" created on 5/11/14 and is available to view on www.drakeresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Drake. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Drake's beliefs, opinions and estimates of Drake as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.