



ASX Announcement
24 January 2013

Multiple nickel-copper drill targets identified at Espedalen - a Voisey's Bay analogue in Norway

- Comprehensive review of 12 exploration licences complete
- Extensive work programme including multiple drill targets identified
- Project part of Voisey's Bay Nickel Province (140 Mt @ 1.5% Ni) with analogous rock types & geological age
- Large nickel deposits reported to ASX on 31 August 2012
- Substantial potential to increase deposit size:
 - Untested extensions
 - 10 further prospects with intersections of >5m% Ni
 - Drill intercepts at additional deposits include:
 - 56m @ 0.72% Ni from 12m
 - 117m @ 0.31% Ni & 0.12% Cu from 35.5m
 - 11m @ 1.1% Ni from 37m
 - Includes large targets (1.0km² & 0.4km²) each confirmed with a single mineralised hole
 - Several prospects with airborne EM anomalies & rock chip values of 0.4 to 0.7% Ni values, yet to be drill tested
- Building substantial nickel-copper portfolio in Scandinavia following Drake's Granmuren discovery in nearby Sweden

Drake Resources (DRK) is an Australian gold and base metals explorer with advanced and highly prospective projects in resource-rich West Africa and Scandinavia. Projects in Scandinavia focus on nickel and copper. They include a new nickel-copper discovery at Granmuren in Sweden, nickel deposits at Espedalen in Norway, and significant remaining mineralisation in the Joma copper-zinc mine. In the underexplored West African provinces of Mauritania, Senegal and Guinea, Drake's focus is gold, including projects on the highly mineralised Tasiast greenstone belt. Drake's aim is to be a successful and profitable mining company delivering strong shareholder value by taking robust projects through to mining. The company is headquartered in Melbourne and listed on the ASX.

Drake Resources (ASX: DRK, “Drake”), has completed a comprehensive review of available reports on its 12 exploration licences over the Espedalen nickel district in central Norway and defined a substantial work programme including a number of drill ready targets.

This project along with the significant Granmuren discovery in Sweden has greatly enhanced Drake’s nickel portfolio in Scandinavia. The Espedalen Project can be expected to see a similar growth profile through the next drilling programme.

The Espedalen permits currently have substantial deposits of nickel-copper reported to the ASX on 31 August 2012 and also have the potential for substantial increases in those deposits.

Drake’s main target at Espedalen is high grade, Voisey’s Bay-type nickel-copper (Canada). The Espedalen geology and mineralisation is of similar type and age as found at Voisey’s Bay and forms part of this exceptional nickel-copper province stretching from Canada through to Scandinavia. The deposits at Espedalen may represent the second largest deposit (behind Voisey’s Bay) of this type in the province (Figure 1). In addition, the extensive, lower grade nickel-copper mineralisation already identified may constitute a target in its own right.

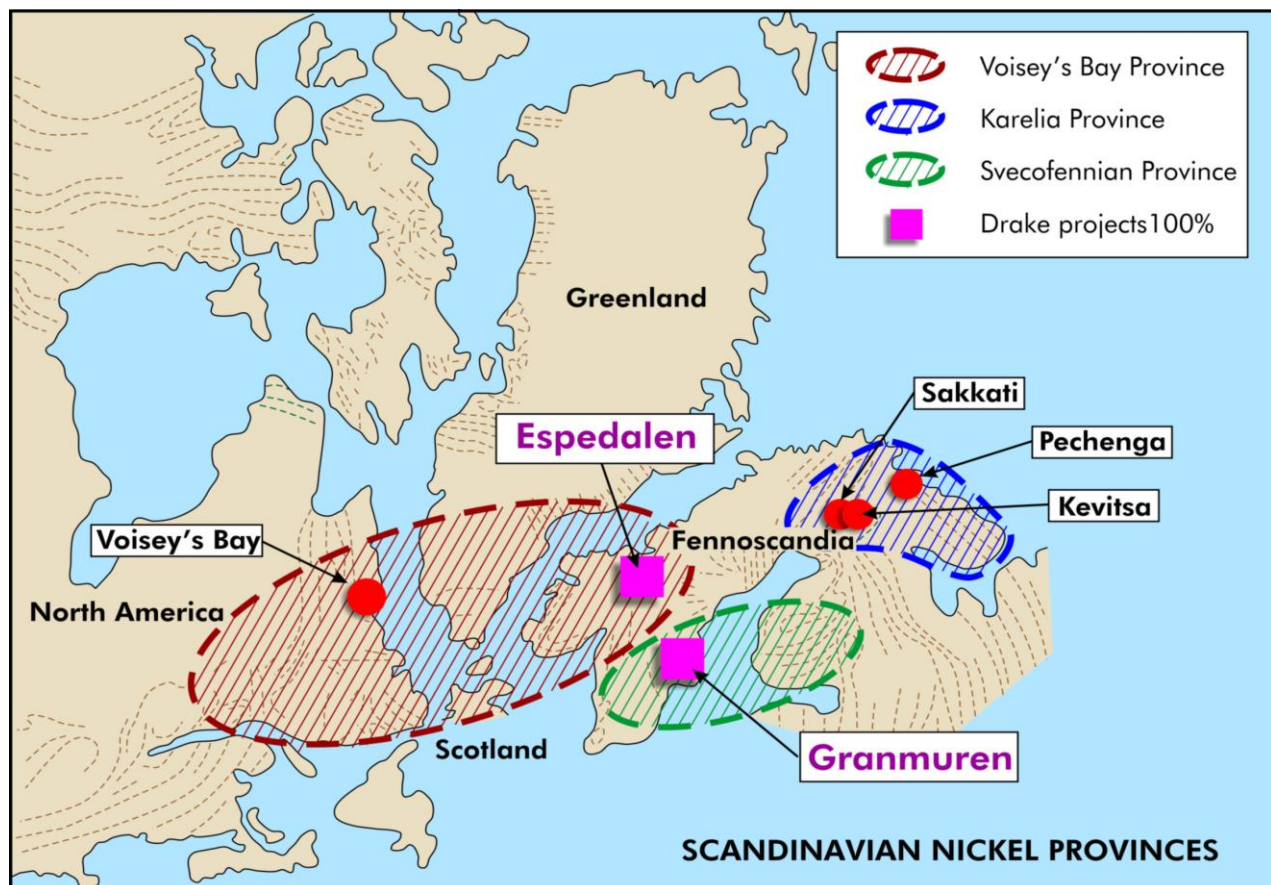


Figure 1: Key Drake projects in major nickel-copper provinces

Key Outcomes of Drake’s Review

The review has established that there are 10 additional prospects in which there are drill intercepts of greater than five metres per cent nickel using a 0.1 per cent nickel cut off (for example five metres at one per cent nickel or 10 metres at 0.5 per cent nickel, in addition to the two deposits at Dalen and Stormyra).

- Four prospects at Stormyra, Dalen, Megrundtjern and Trona have significant ongoing exploration potential and programmes and budgets are proposed.
- Appraisal of data on other prospects evaluated by Falconbridge in the 1970s and Falconbridge/Blackstone in the early 2000s has resolved that the Melgard, Melgard West, and Lauvaa prospects appear to have significant untested potential and warrant drilling.
- The Grasgarli, Stubberud, Nordgardsaeter AEM anomalies remain untested with drilling and warrant Fixed Loop EM (FLEM) and follow up drilling.
- Five old mine prospects at Andreasberg, Storgruva, Jorstad, Stang Niccoline and Vesle while having localised significant mineralisation have limited potential, most of which resides in depth. Jorstad is probably the most significant of these. At this stage no further work is proposed.

Background – Nickel-Copper Provinces

There are three key provinces extending from North America through to northwest Russia that are considered the major nickel-copper mining regions of the world (Figure 1). Aside from Voisey's Bay, another is the Karelian Province found in northern Scandinavia through to far northwest Russia which hosts the giant Pechenga deposit and the major new Anglo-American discovery at Sakkati in Finland, and the third province, the Svecofennian Province, is host to Drake's exciting new Granmuren discovery in Sweden. Although these provinces differ in age (early to mid-Proterozoic) they are all equally highly renowned for nickel-copper mineralisation.

Background – Espedalen Project

Espedalen is located approximately 50 kilometres north-west of Lillehammer in southern Norway. The project is close to rail links to ports, the Norilsk nickel smelter in Finland and is approximately 350 kilometres north of Xstrata's Kristiansand nickel refinery.

Nickel-copper mining was carried out in the Espedalen district in the 1800s. Systematic exploration commenced in the 1970s, when Falconbridge (later Xstrata) carried out a major programme over several field seasons. The district was revisited by Falconbridge in the early 2000s, and then was the subject of a joint venture/purchase agreement with the TSX-listed company Blackstone Ventures.

Exploration ceased during the Global Financial Crisis, and ultimately Blackstone relinquished their permits. Drake acquired the permits with new exploration applications in 2012.

On 31 August 2012 Drake announced NI 43-101 compliant mineral resource estimates for its Espedalen nickel project in Norway. Drake obtained a once off ASX waiver to report the estimates in that announcement because they do not comply with the JORC Code. At this stage, Drake has not sought additional waivers to include the estimates in subsequent announcements. Investors should refer to the 31 August 2012 announcement for details of the estimates.

Previous Exploration

The primary exploration tool used by previous explorers was electrical geophysics, with the intention of detecting massive pyrrhotite, pentlandite, and chalcopyrite nickel-copper sulphides. Many anomalies were followed up with drilling, leading to the deposits and targets indicated in Figure 2.

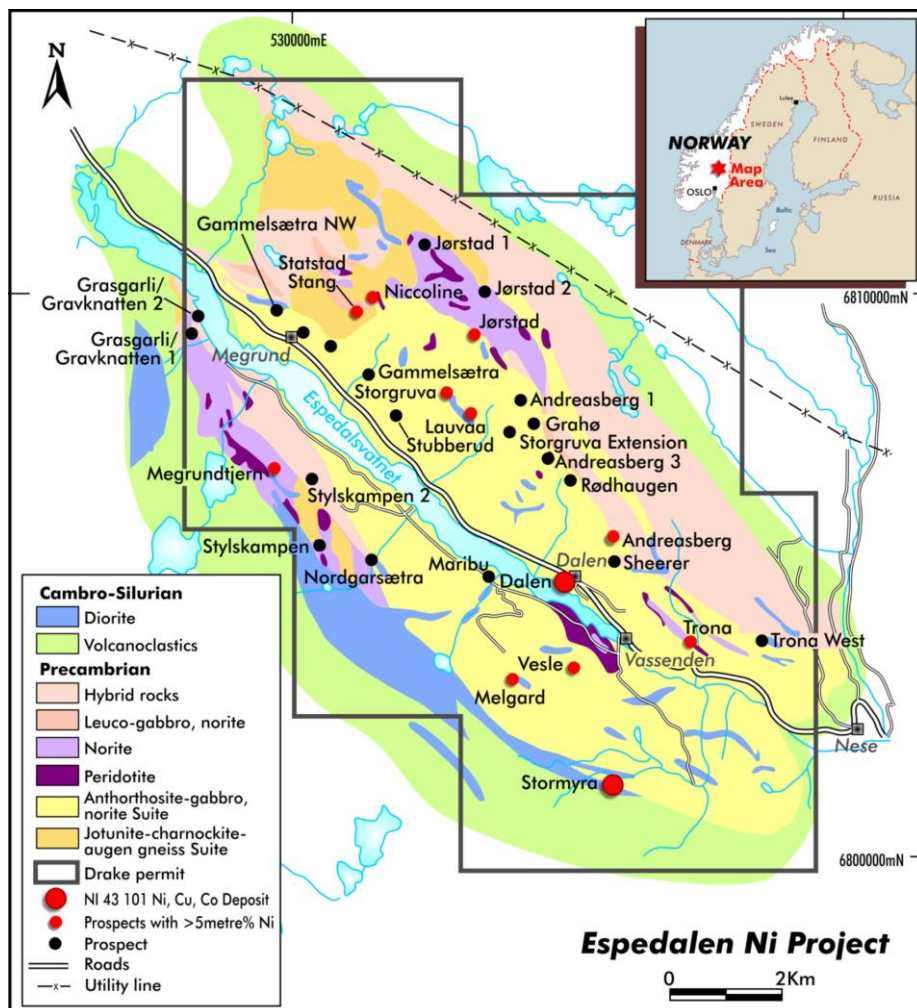
It is apparent that some significant airborne anomalism was not followed up with either ground UTEM surveying or drilling and that some weak UTEM anomalism actually relates to lower grade disseminated nickel-copper mineralisation of some considerable thickness.

At Megrundtjern, for example:

- Hole ES 07 101 intersected 117.39m @ 0.31% Ni and 0.12% Cu,
- Hole 17 with 56m @ 0.72% Ni and 0.22% Cu,
- Hole 25 with 54m @ 0.36% Ni and 0.14% Cu,
- Hole 6 with 36m @ 0.57% Ni and 0.24% Cu.

At Trona:

- Hole ES 07 105 85.3m @ 0.17% Ni and 0.09% Cu.

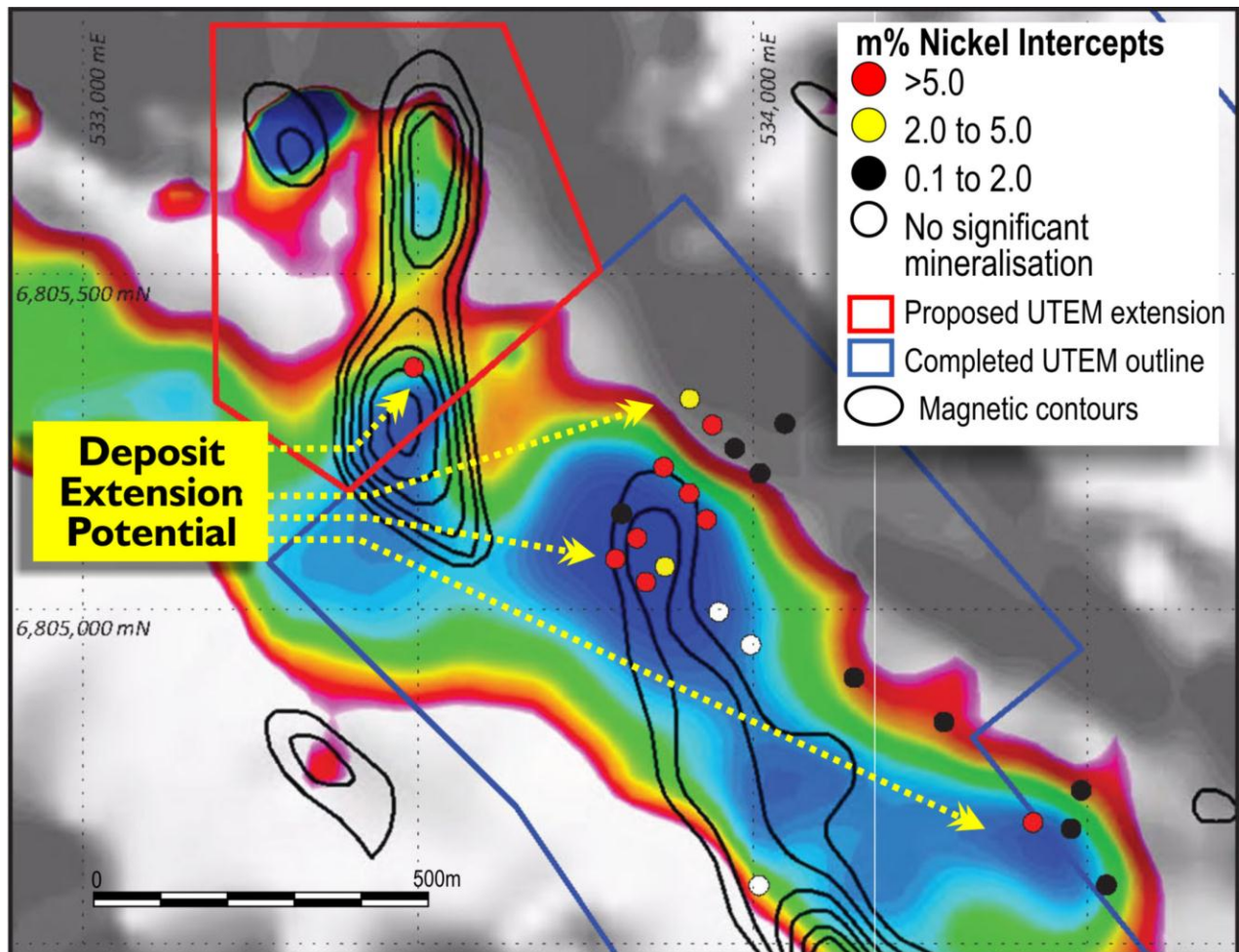


Prospects with Considerable Upside

At **Dalen**, a plot of all drill holes and high nickel (greater than five metre per cent) and moderate nickel (two to five metre per cent) intercepts relative to airborne EM, magnetic responses and ground EM coverage (blue lines) reveals the exceptional exploration potential at the prospect. Note the linear northwest-southeast conductive response is caused by the Espedalen Lake.

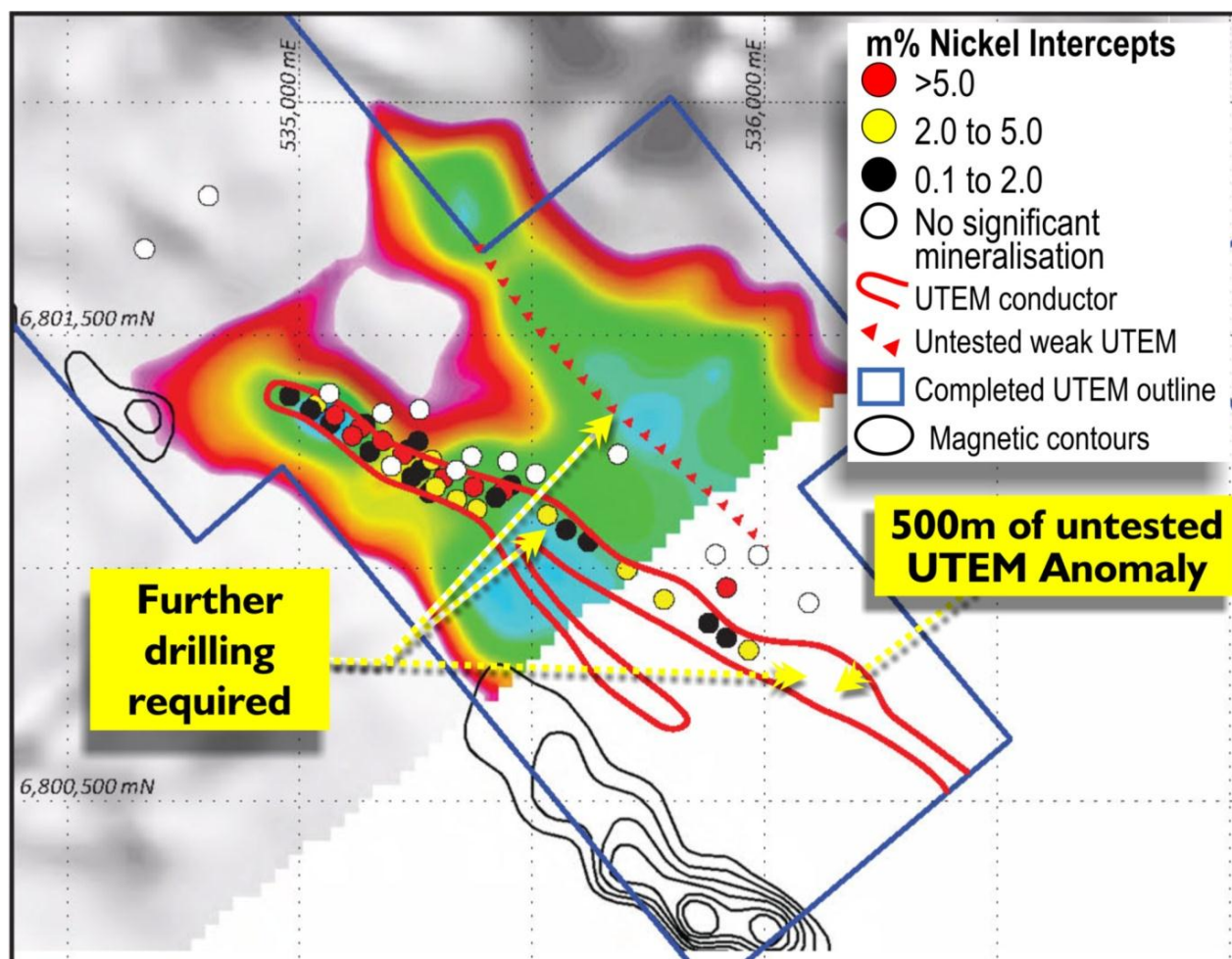
In particular there is untested potential indicated northwest of the main area of previous drilling where there is a strong magnetic anomaly coincident with a substantial heliborne electromagnetic (EM) anomaly. In addition, the existing deposit is open in several directions, including northwest and south of the Dalen deposit where most red dots are concentrated.

Additional Fixed Loop EM surveying is required over the largely untested northwest anomaly. A single drill hole in this area, ES08 149, intersected 16.9 metres at 0.29 per cent nickel from 26.1 metres.



DALEN TARGETS - Drillhole Nickel intercepts, magnetic high contours and UTEM survey outlines on heliborne electromagnetic resistivity image

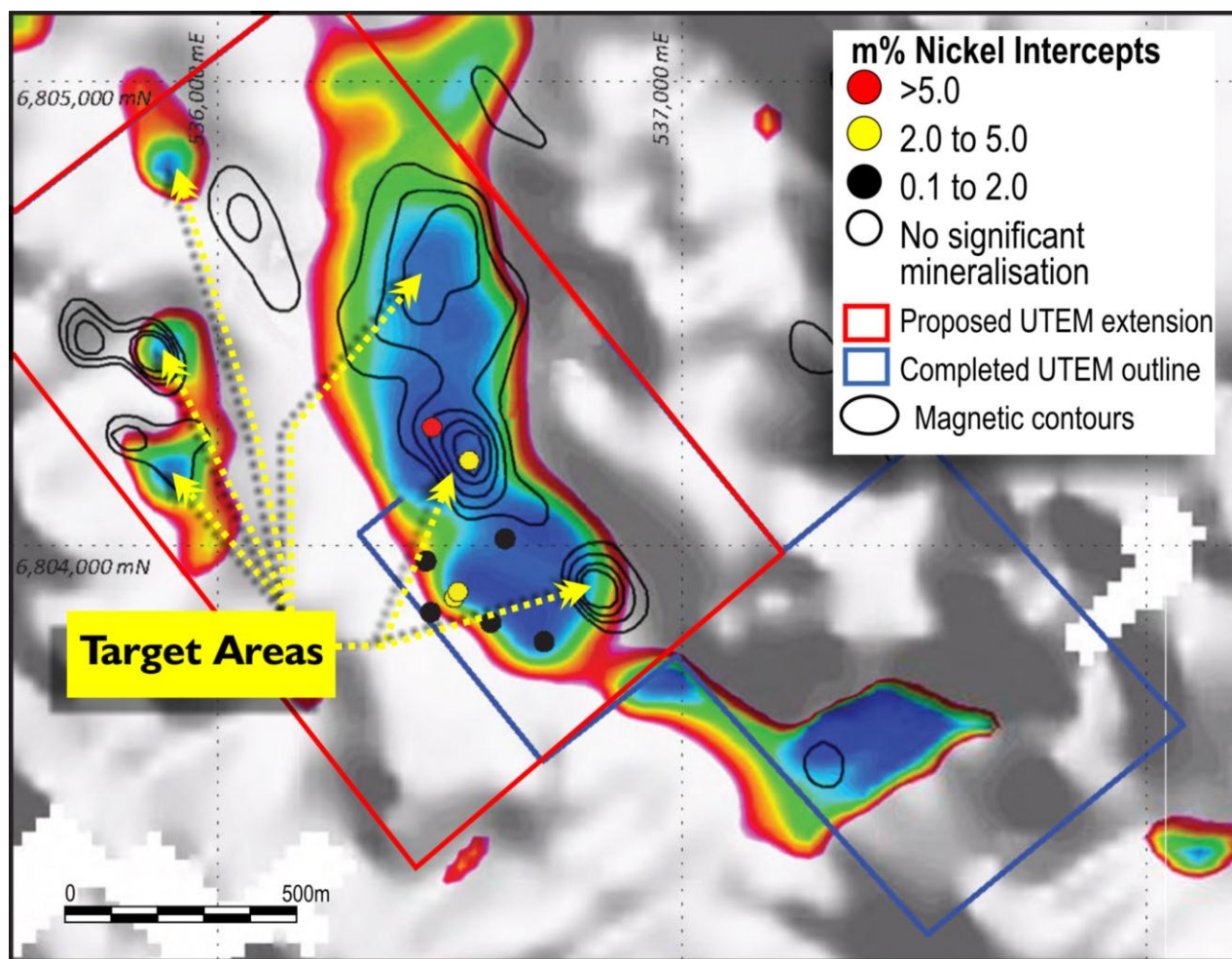
At **Stormyra**, a plot of all drill intercepts reveals that the high grade rod of mineralisation high nickel intercepts (red dots) may continue to the southeast where, logically, more detailed drilling is required.



STORMYRA TARGETS - Drillhole Nickel intercepts, magnetic high contours and UTEM survey outlines on heliborne electromagnetic resistivity image

A plot of drillholes on UTEM anomalism also reveals that 500 metres of the anomaly to the south east of the southernmost hole, ES 2005-30 remains untested and warrants further drilling.

The **Trona** prospect, a large magnetic and airborne Hummingbird EM resistivity anomaly has been only partially tested with ground UTEM surveying, and only drilled within the area of the UTEM anomaly. Additional Fixed Loop EM surveying is warranted to the northwest of previous drilling. The two holes in the area include ES07 105, with 85.3 metres at 0.17 per cent nickel and 0.09 per cent copper, including 1.03 metres at 3.75 per cent nickel, 0.25 per cent copper from 155 metres, and Hole ES08 106 with 15.1 metres of 0.235 per cent nickel and 0.09 per cent copper from 159.14 metres, suggests excellent potential for further mineralisation.

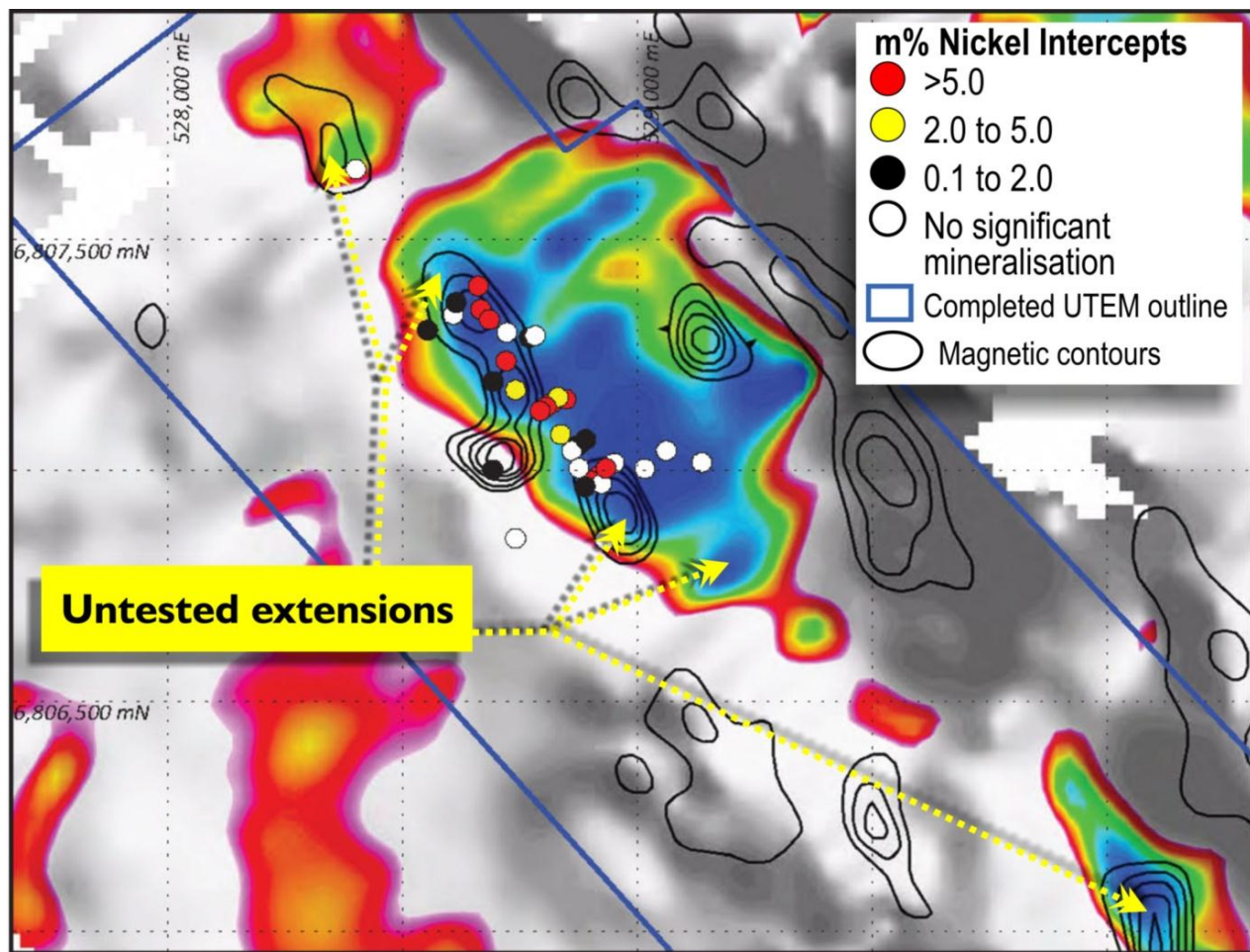


TRONA TARGETS - Drillhole Nickel intercepts, magnetic high contours and UTEM survey outlines on heliborne electromagnetic resistivity image

The **Meggrundtjern** prospect was discovered and assessed extensively in the 1970s by Falconbridge, and only very limited drilling following the airborne survey and ground UTEM surveying was conducted by Blackstone.

No resources have been estimated at Meggrundtjern, despite substantial nickel-copper intersections. These include Hole ES07 101 intersected 117.39 metres at 0.31 per cent nickel and 0.12 per cent copper from 35.5 metres, while Hole 17, 220 metres to the northwest and drilled some 30 years earlier, intersected 56 metres at 0.72 per cent nickel from 12 metres.

Most drill holes tested only for shallow mineralisation, and therefore deeper holes to test depth extension of the known mineralisation needs reappraisal along strike.



MEGRUNDTJERN TARGETS - Drillhole Nickel intercepts, magnetic high contours and UTEM survey outlines on heliborne electromagnetic resistivity image

Other Prospects

At **Melgard**, two drill holes were drilled approximately 80 metres apart in the early 1970s to test a VLF EM anomaly. Hole 1 intersected 15.25 metres at 0.42 per cent nickel and 0.19 per cent copper, while Hole 2 intersected 4.63 metres at 0.31 per cent nickel and 0.07 per cent copper. The grades at the time were considered low, and no further work was conducted.

Blackstone completed UTEM in 2004, and identified a 500 metre-long anomaly extending north and south of the earlier drilling. Hole 2004 10 was drilled 300 metres northwest of the earlier holes to test this new target. It intersected 16 metres at 0.32 per cent nickel and 0.19 per cent copper, 300 metres northwest of Hole 1. The prospect is open in depth and along strike.

At **Melgard West** a prominent airborne EM conductor 1,300 metres in length is partly coincident with a magnetic anomaly. Its southernmost extent was tested by Blackstone with Hole 2004 45, which intersected 8.73 metres at 0.23 per cent nickel. Drilling north of hole 45 appears warranted, to test the UTEM conductor and extensions to the north.

At **Lauvaa** two small conductors were identified from the UTEM surveying. The eastern anomaly gave 52 metres at 0.26 per cent nickel. While the UTEM anomaly is small and may therefore suggest limited strike, this moderately significant intersection warrants further drilling.

At the western anomaly a drill intercept of six metres at 0.95 per cent nickel in hole 36 requires further testing. The UTEM anomaly is 200 metres long.

Metallurgical Testwork

From available data it would appear that only limited testwork has been completed to date on two samples. This was carried out by Lakefield in Canada in the 1970s.

Lakefield indicated that “concentrate grades and recoveries are good”. The best results obtained in this work provided a concentrate assaying 15 per cent nickel and 5.3 per cent copper.

Lakefield suggest overall nickel recovery in the range 75-79 per cent, but these can be expected to improve with further testwork.

Future Programme

The Espedalen Project area requires significant additional exploration to test for further high grade mineralisation, and define the extent and limits of the lower grade mineralisation.

The review has recommended a comprehensive programme for the multiple targets, including:

- A major drilling campaign
- Fixed Loop EM surveying
- Metallurgical testwork to determine the quality of the nickel concentrates
- A preliminary scoping study to obtain a preliminary view of the size and grade of deposits to form the basis of an economic project
- Further mapping and sampling
- Further data acquisition
- Core sampling for nickel-copper tenor

It is anticipated that this programme will take at least one year to conduct.

Drake is building an exceptional portfolio of nickel-copper projects in Scandinavia and has the foundation of a potential nickel business in Scandinavia. The key projects include the TSX-compliant Espedalen and Drake’s recently announced discovery at Granmuren in Sweden.

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Competent Persons Statement

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 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 an employee of the company and a member of the Australian Institute of Geoscientists.

** Mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005. These do not comply with the JORC Code. ASX has granted the Company a waiver to allow the reporting of these mineral resources estimate for a release issued on 31 August 2012. The quantity and grade of mineral resource estimate in this announcement are conceptual in nature and there has been insufficient exploration to define a mineral resource in accordance with the JORC Code and it is uncertain if further exploration will result in a determination of such a mineral resource.*