

ASX ANNOUNCEMENT
3 January 2006

DRAKE FINDS ZINC WITH THE GOLD AT STRAUSS DEPOSIT

Drake Resources Ltd has encountered high zinc grades in association with gold during recent drilling at its Strauss deposit.

The company recently reported high grade gold mineralisation from drilling at and below the Strauss ore body at its Mt Carrington property in north-eastern NSW.

Drake is exploring the Mt Carrington gold and silver resources which comprise JORC-compliant inferred resources of 146,000 ounces of gold and 4.6 million ounces of silver.

Much of the early drilling at Mt Carrington had not been assayed for base metals. It has therefore been difficult to obtain a grade for the copper and zinc in the Mt Carrington resources and to estimate the potential value of these metals as by-products to any gold or silver production.

The recently completed drilling programme has emphasised the potentially valuable levels of zinc in the resources. The previously reported gold intersections on Drill Section 10230N contain the following levels of zinc:

- DP19: 20m @ 6.2 g/t Au and 2.03% Zn from 17m depth, including 2m @ 9.1% Zn
- DP20: 11m @ 3.8 g/t Au and 3.93% Zn from 6m depth

These intersections are contained within broader zones of zinc mineralisation in these two drill holes, namely:

- DP19: 25m @ 1.9% Zn from 12m depth
- DP20: 24m @ 2.4% Zn from 6m depth

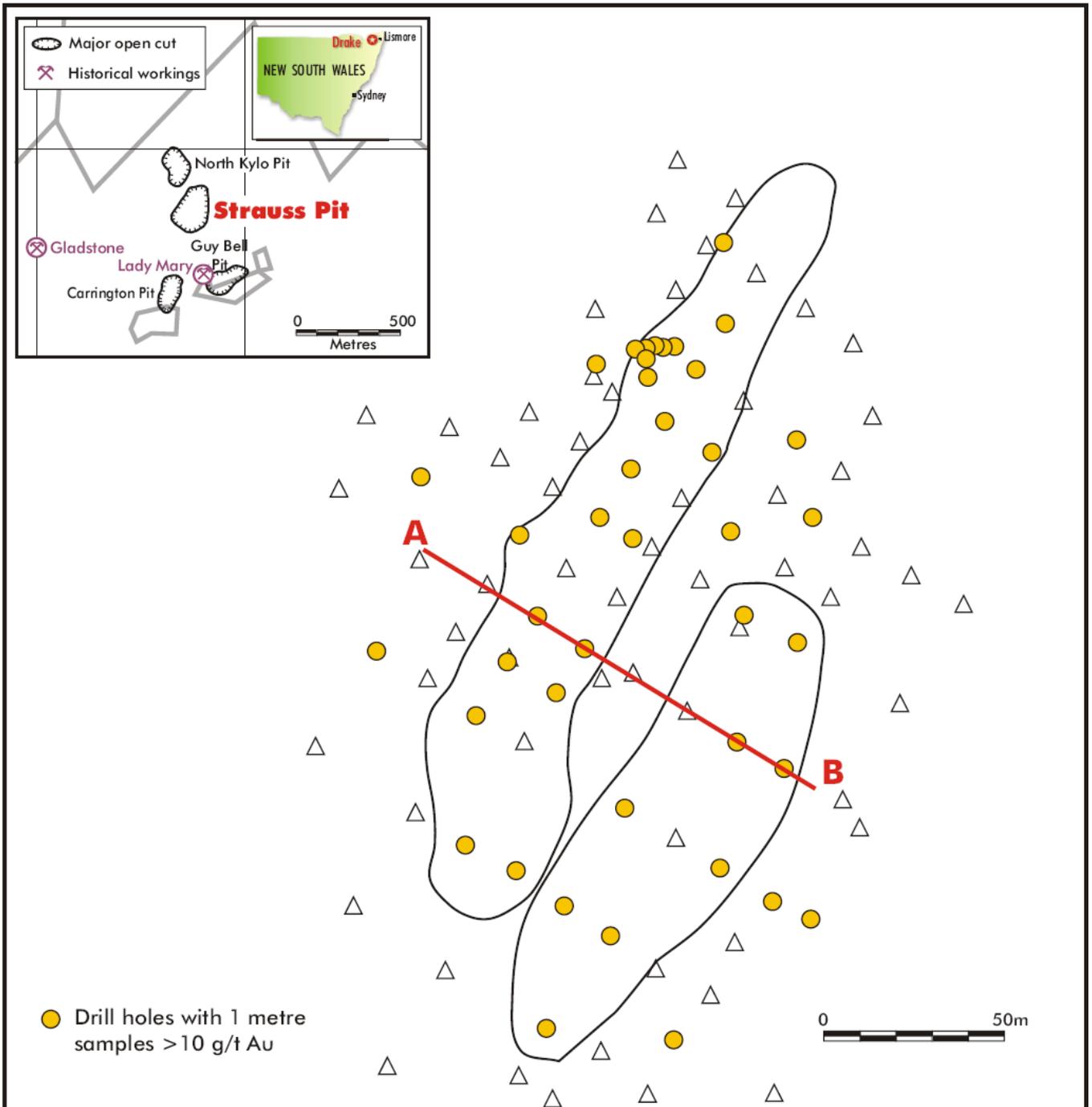
Several other drill intersections substantiate the presence of zinc in this part of the Mt Carrington epithermal gold-silver system, including on Section 10230N:

- DP18: 13m @ 1.3% Zn
- MCP233: 13m @ 1.8% Zn
- MCP356: 37m @ 1.0% Zn

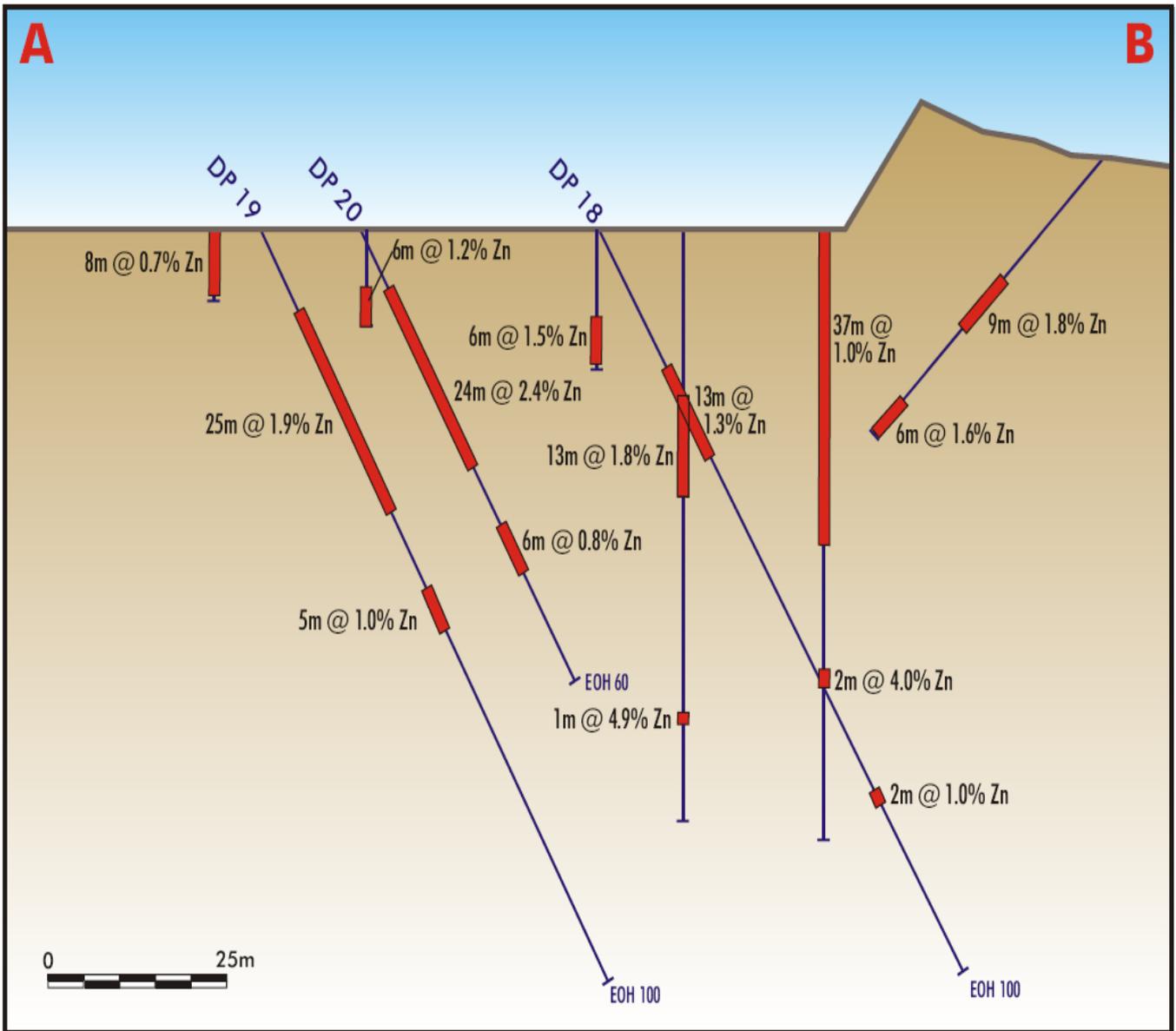
While these grades are too low for a stand-alone zinc project, by-product zinc could add value to potential ore processing options for a project at Mt Carrington.

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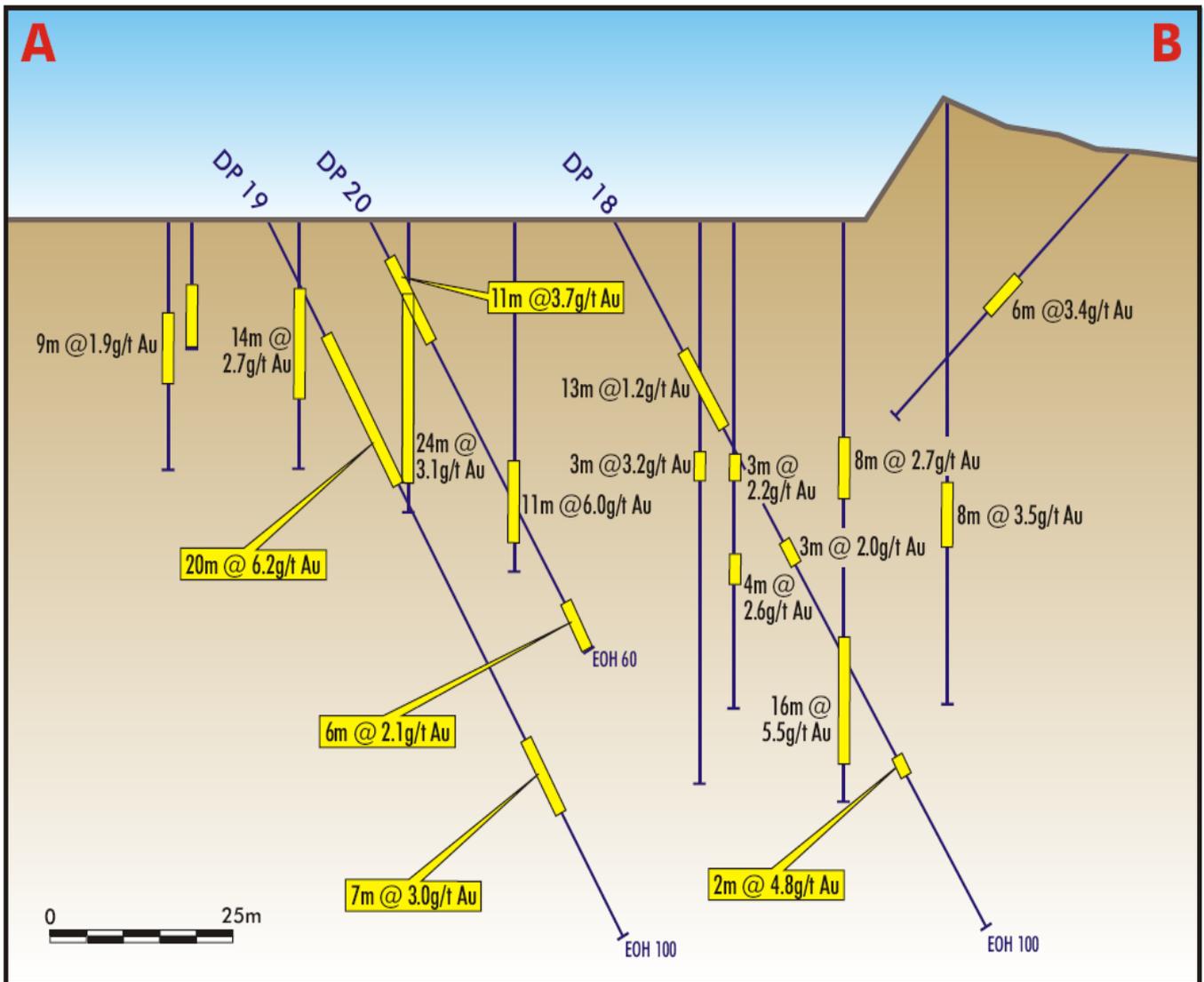
The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify 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.



Mt Carrington Project
Gold sampling, Strauss Pit



**Mt Carrington Project
 Zinc Intersections on Section 10230N. Strauss Deposit**



Mt Carrington Project
New Gold Intersections on Section 10230N. Strauss Deposit