



Highlights

- **17,000 m of air core drilling completed at Tasiast South Project in Mauritania**
- **Reverse circulation drilling programme at Hendrix Gold Project, Mauritania**
- **New, highly mineralised gold project acquired in Guinea**
- **High gold values established at Oued el Ma permit, Mauritania**
- **Strong electromagnetic conductors identified at Løkken & Nordgruva Prospects, Norway**
- **Greenfields copper-nickel discovery at Granmuren, Sweden**

Drake Resources (DRK) is an Australian gold and base metals resources company with advanced and highly prospective projects in West Africa, Sweden, Norway and Finland. In West Africa the focus is gold in the underexplored provinces of Mauritania and Senegal, including in the highly mineralised Tasiast greenstone belt. Projects in Scandinavia include holding a premier position in the historic world class Falun Mine area in Sweden where high grade gold-copper mineralisation is the focus. In Norway and Finland Drake is seeking copper-zinc mineralisation with its joint venture partner. Drake's aim is to be a successful and profitable mining company delivering strong shareholder value.

Market cap:	A\$18m (22c)
Cash position:	\$6.2 million (31 March)
Shares:	82 million
Options:	10.9 million

MAIN SHAREHOLDERS

Board & Management	23%
National Nominees	9.4%
Citicorp Nominees	5.6%

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West Africa Gold

Drake Resources Limited (Drake, ASX-DRK) currently holds 11,800 square kilometres under granted and pending exploration permits in the Reguibat Craton in Mauritania, giving the company a substantial landholding in this highly prospective region of the West African gold province. In addition Drake has option agreements over one permit in Senegal, and a new project in Northern Guinea.

MAURITANIA

Drake's permits target gold mineralisation associated with Birrimian and Archaean age rocks of the Reguibat Craton. Birrimian rocks host much of the known gold mineralisation in this prolific West African province. The nearby Tasiast gold deposit is hosted within Archaean age rocks.

Drake's two main project areas are:

1. **Tasiast Region** comprising of permits covering interpreted extensions of the Aouéouat greenstone belt that hosts the 21 million ounce Tasiast gold mine.
2. **Hendrix Shear Project** covering a 150 kilometre long shear zone with extensive gold anomalism. It includes the **Conchita Prospect** with high to very high gold values in poorly outcropping and sub-outcropping quartz veins.

Tasiast South

The Tasiast South Project includes the southern extensions of the Tasiast Greenstone Belt, host to the Tasiast gold mine, and the southern part of the Tijirit Greenstone Belt, the northern part being held by Gryphon Minerals.

Drake is the first company to explore this area for gold. In early 2011 Drake flew a detailed airborne geophysical survey which provided comprehensive data for the project area. This programme identified priority targets for follow up.

The data also confirmed the Tasiast and Tijirit Greenstone Belts extend into the Drake permits, covering almost 100 kilometres of greenstone.

An air core drilling programme of 17,000 metre tested targets defined from the airborne magnetic survey and structural interpretation. Results are expected in May.

A reverse circulation drilling programme (minimum 5,000 metres) is about to commence.

Hendrix Shear Zone Project

In the Hendrix Shear Zone Project Drake's focus is on the Conchita Prospect where surface rock sampling has previously returned high to very high gold values in quartz over a strike length of four kilometres. This had been followed up with widely spaced RC drilling in 2011 where the average of all one metre intersections greater than 2.0g/t gold was 5.0 g/t (4.96 g/t gold).

Results from 2,500 rock and 752 soil samples undertaken in the last quarter of 2011 provided new targets for a 5,000 metre reverse circulation drilling programme, which is now completed. Results from the programme are expected to be released to the market prior to the end of the financial year.

Other Permits

Drake holds a number of other permits for gold in Mauritania. The 100 per cent owned Oued el Ma permit covers 981 square kilometres and was acquired by Drake in 2011 to evaluate the source of extensive gold anomalism in stream samples.

In March 2012, high grade gold values were established at the Oued el Ma permit following a quartz veining and mylonite zone mapping and sampling programme.

The programme determined high gold values in both rock and soil, with positive grades of +1 g/t associated with quartz veining identified in several areas within the permit.

The mapping and sampling programme was followed by soil sampling around the main gold zones to define the extent of the mineralisation. A reverse circulation drilling programme has been completed and the company is currently waiting on assays.

SENEGAL

The Samekouta permit covers 325 square kilometres of Birrimian-age rocks within a geological province known as the Kenieba Inlier.

The Kenieba Inlier is a prolifically endowed gold mineralised province straddling the Senegal–Mali border. There are a number of world-class gold deposits located within 120 kilometres of the Samekouta permit including Loulo (11.5 Moz), Sadiola (4.5 Moz), Sabadala (3.3 Moz) and Goukoto (2.9 Moz @ 6.9 g/t gold).

A number of promising indicators of the presence of gold mineralisation occur within and adjacent to the permit such as the occurrences of mafic and intermediate rocks, quartz veining and tourmaline alteration.

No historical exploration is known of in the Samekouta permit area prior to Drake.

A programme of systematic geochemical sampling over the permit has been completed with over 2,000 termite mound soil samples collected.

Final analytical results are expected in this quarter and follow up of new targets will include pitting on anomalies and RC drill testing if warranted.



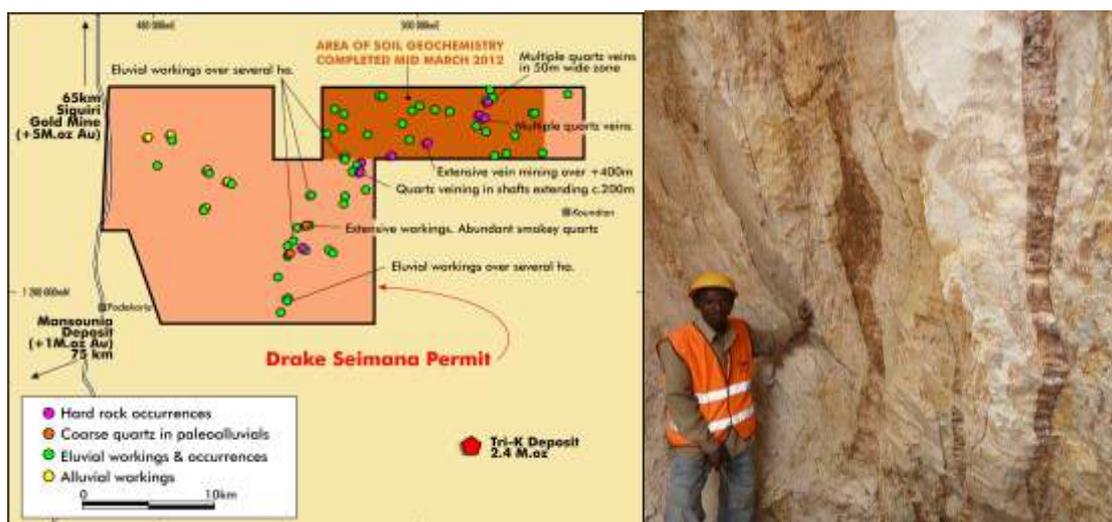
Termite mound sampling on Drake's Samekouta Project

GUINEA

Drake holds a package of permits covering Birrimian-aged rocks in eastern Guinea, where extensive artisanal workings and outcrop indicators support the presence of an extensive gold mineralised system.

These permits are adjacent to Avocet's rapidly emerging Tri-K project on which resources of 2.24 million ounces of gold have recently been announced.

Field work commenced early in the quarter and results from this work will be used to design follow up drilling and pitting programs later in the field season.

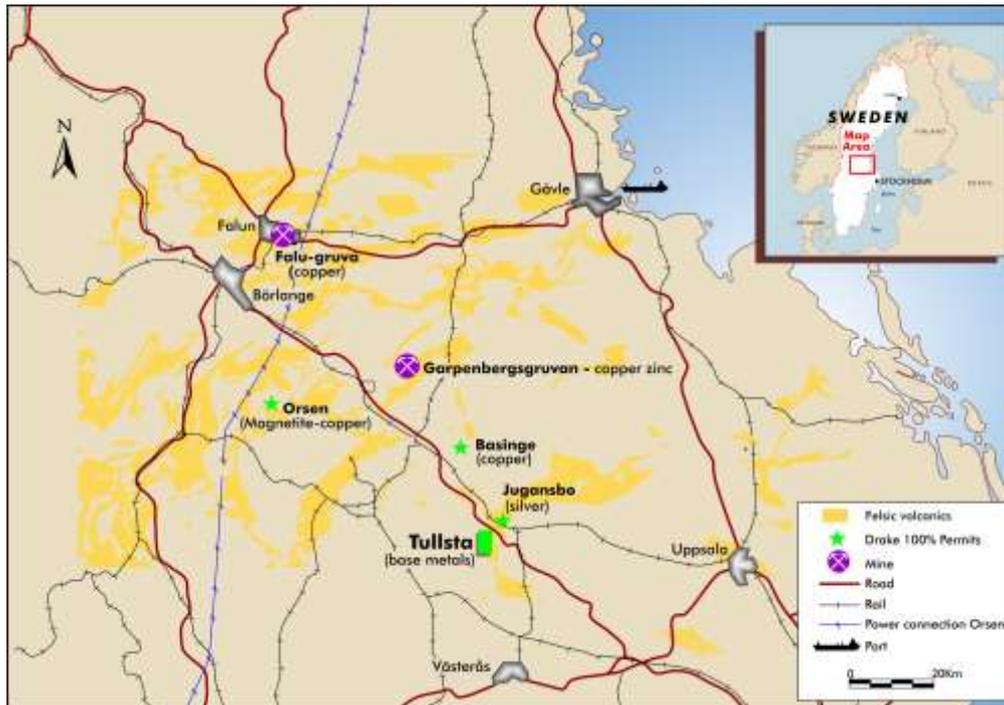


Seimana permits area showing gold occurrences and workings & Sheeted gold bearing quartz veins in artisanal workings at Seimana

Scandinavia

SWEDEN

Drake completed detailed electromagnetic surveys for its Orsen (magnetite iron ore, IOCG), Bäsinge (IOCG), Jugansbo and Tullsta (Sala Project) permits in 2011. The survey identified a number of high priority targets for follow up testing by ground EM and drilling.



Drake's Swedish permits

Sala Project

Since the March quarter, widespread nickel-copper mineralisation was intersected on the 100% owned greenfields Granmuren Prospect in Drake's Tullsta permit in the Bergslagen district. This permit lies immediately west of the historic Sala silver mine.

The discovery validates Drake's strategy of applying 21st century technologies to historic mining belts. Mineralisation begins at 10 metres below surface, immediately below the glacial cover material, showing the opportunity for future low cost mining.

The area has exceptional infrastructure in place, with direct rail links to smelters in Sweden, Finland and Norway, and power, road and rail nearby.

An extension to the gravity survey is planned for late April to target potential for plunging mineralisation, as well as support the calculation of a conceptual exploration target.



Drilling at 12DDTS003, March 2012

Orsen

The Orsen permit contains a strong magnetic feature, and the area has been mined for iron in the past. In addition parts of the system contain copper mineralisation associated with iron with grades of up to 0.85% copper.

A hole drilled by Drake in 2011 intersected 60 metres of moderate grade magnetite mineralisation. This magnetite appears to be in the form of a plunging shoot of mineralisation approximately 150 metres in length, and consequently size potential is limited.

Despite this, the magnetite is coarse grained and preliminary Davis Tube Recovery (DTR) testwork at ALS in Perth has confirmed that a very high quality concentrate can be produced at relatively coarse grind sizes.

A further five holes have been completed at Orsen in 2012 with assays expected soon.

Bergslagen Joint Venture

Drilling at the Western Copper-Gold Zone at Falun identified very substantial intersections of copper-gold mineralisation including an intercept of 175.5 m at @ 0.4 g/t copper and 0.4% gold (59.3 m to 234.8 m).

During the quarter, Royal Falcon Mining advised the company that it had decided to divest its interest in the Swedish joint venture project.

NORWAY

Norway has a long history of copper mining dating back to the seventeenth century with mining commencing in the Røros (includes Nordgruva) area in 1644 and Løkken District in 1652. Both fields closed down in the 1980s as did most of Norway's copper production with declining metal prices and increased costs at the time.

In January 2010, prompted by the envisaged future decline of the oil and gas sector and a need to generate wealth and employment, a new Norwegian Mineral Act came into force, merging five old and difficult mining and related acts, and making exploration and mining in Norway significantly easier and more effective. This is part of an overall strategy by the Norwegian Government to promote the minerals industry in the country.

Drake has three joint ventures with its alliance partner, Panoramic Resources (ASX: PAN) in historic mining districts at Løkken, Nordgruva and Sulitjelma. All are prospective for massive sulphide copper deposits.



Løkken, Nordgruva and Sulitjelma Joint Ventures

VTEM surveys were completed over the Løkken and Nordgruva JVs in September 2011 and final data was received during the December quarter.

Drake received positive results from the interpretation and prioritisation of targets at both Løkken and Nordgruva during the quarter, with a number of conductors identified within the survey areas which may be caused by massive sulphide mineralisation.

Ground EM and gravity surveying is currently underway in the Løkken and Nordgruva claims. It is anticipated that drilling of high priority targets will be carried out this northern summer.

A VTEM survey is planned at Sulitjelma this coming northern summer.

FINLAND

Kangasjärvi and Savia Joint Ventures

Two joint ventures with Panoramic Resources Ltd commenced in 2010 to explore for Paleoproterozoic volcanic-hosted massive sulphide (VMS) style Cu-Zn mineralisation in Finland. The Kangasjärvi and Savia JV areas are located in the Pyhäsalmi-Vihanti region of the Fennoscandian Shield of Finland.

The Fennoscandian Shield is one of the most intensely and varied mineralised Paleoproterozoic terrains in the world, including VMS, iron oxide Cu-Au, orogenic gold and layered intrusions.

During last quarter down hole electromagnetic (DHEM) surveys were completed on four targets. The DHEM data is being modelled to define any off-hole conductors and possible targets for follow up drilling.

Ground gravity surveys were completed over 12 airborne electromagnetic (VTEM) anomalies to define dense bodies potentially representing massive sulphides associated with conductive stratigraphy. This data is being modelled to define targets for follow up drilling.

Four combined VTEM-gravity targets will be drill tested in the second quarter.

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 a member of the Australian Institute of Geoscientists.