

ASX Announcement  
31 August 2012

## Significant nickel, copper, cobalt deposits acquired – Espedalen, Norway

- Drake applied for & has been granted 12 exploration claims covering the Espedalen nickel-copper district
- The granted claims provide Drake with a 100% interest over two recently discovered nickel-copper deposits in the Espedalen Project
  - Dalen deposit - potentially open-pitiable with non JORC compliant indicated mineral resource estimate\* of 4.6 Mt @ 0.29% Ni, 0.12% Cu & 0.02% Co & non JORC compliant inferred mineral resource estimate\* of 5.4 Mt @ 0.25% Ni, 0.11% Cu & 0.02% Co
  - Stormyra – non JORC compliant inferred mineral resource estimate\* of 1 Mt @ 1.09% Ni, 0.48% Cu, 0.04% Co
  - Megrund - partially tested EM target with intersections including 51m @ 0.74% Ni and 117m @ 0.31% Ni, open pit potential
- Similar geology to Canada's large Voisey's Bay deposit
- In line with strategy to build Scandinavian nickel & copper portfolio
- Historic mining district with substantial exploration prospects & upside
- Reviewing historical data to determine next steps in exploration program

\* 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 resource estimates. 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. Further information is outlined in Annexure A.

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*Drake Resources (DRK) is an Australian gold and base metals explorer with advanced and highly prospective projects in resource-rich West Africa and Scandinavia. 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. Projects in Scandinavia focus on copper. They include a premier position in the historic Falun Mine in Sweden and joint venture projects in Norway and Finland. 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 been granted 12 exploration claims (119.28 square kilometres) which contain two nickel resources in the highly prospective nickel-copper mining district of Espedalen in central Norway. There were no mining and exploration titles over this area at the time of Drake’s applications.

Located approximately 170 kilometres north of Oslo and 320 kilometres north of the Kristiansand nickel smelter, the claims also contain numerous other nickel copper prospects.

Dr Bob Beeson, Managing Director of Drake, stated: “Our efforts in Scandinavia have been focussed in identifying projects to add to our copper and nickel portfolio. Espedalen has given Drake the opportunity to obtain established deposits, and we are very pleased to have secured this project.

“There is substantial historical exploration data that we have yet to compile and thoroughly review. This will be our first step, we will then be better placed to identify and plan our exploration programme.”



**FIGURE 1: Drake Scandinavian Properties, showing Espedalen located north of Oslo.**

## Previous Exploration

Between 2003 and December 2008, Blackstone Ventures and its previous joint venture partner Sulfidmalm (Xstrata’s Norwegian Subsidiary), completed 1,398 line kilometres of airborne magnetics and EM, 229 line kilometres of surface UTEM geophysics. These companies also undertook drilling programmes of 167 holes totalling 23,400 metres on the Espedalen project, a total of 54 drill holes totalling 8,600 metres were targeted at the Stormyra deposit and 33 drill holes totalling 4,900 metres at the Dalen deposit.

Prior to 2003 and mainly in the 1970’s Falconbridge conducted extensive regional exploration with more detailed work on the old nickel mines in the area and prospects such as Megrund.

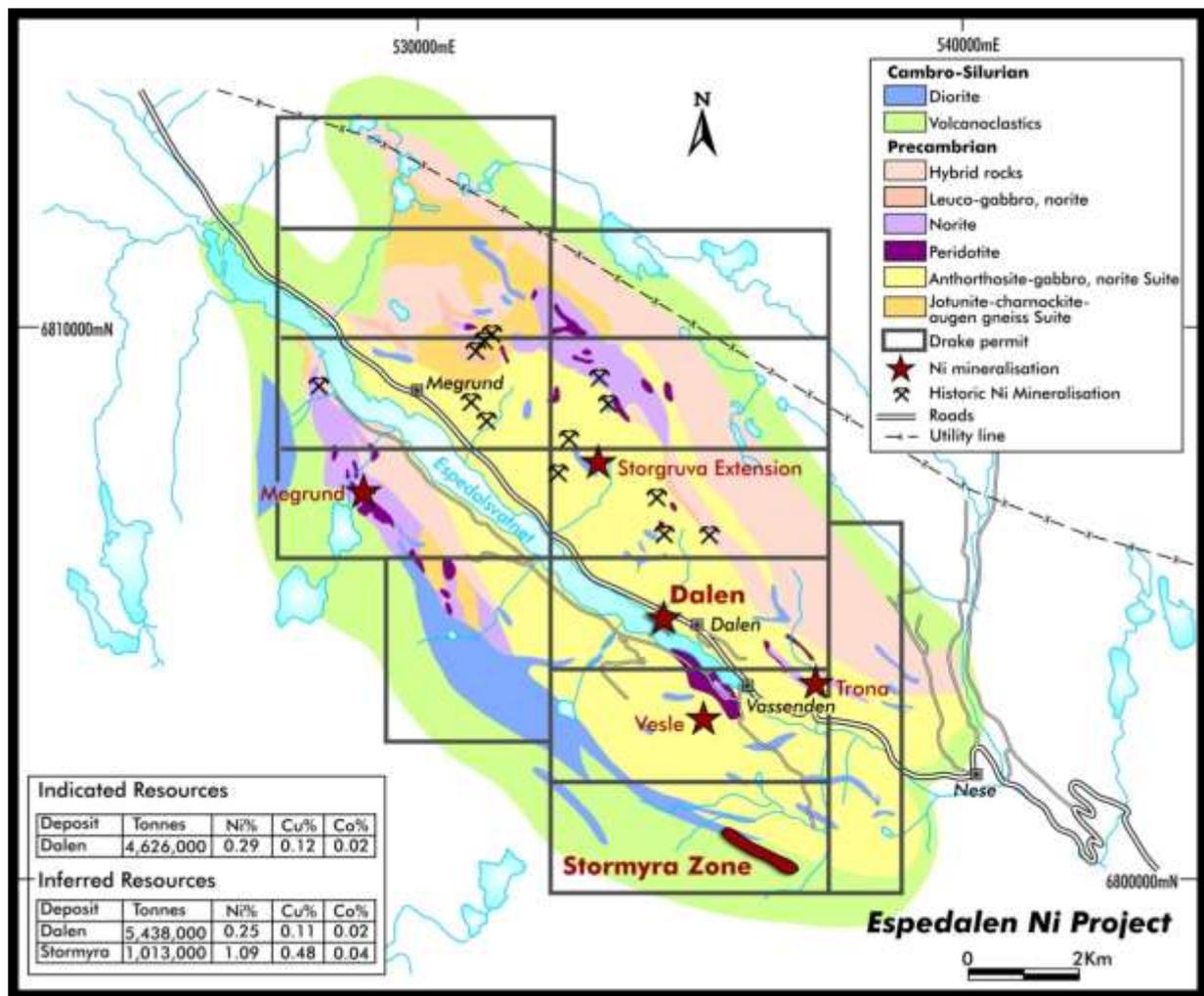


FIGURE 2: Plan showing the Drake claims, relative to geology and mine /prospect locations.

This latter work resulted in the defining of two deposits:

- **Dalen:** a potentially open-pitiable non JORC compliant indicated mineral resource estimate of 4.6 Mt @ 0.29% Ni, 0.12% Cu & 0.02% Co and non JORC compliant inferred resource estimate of 5.4 Mt @ 0.25% Ni, 0.11% Cu & 0.02% Co;
- **Stormyra:** non JORC compliant inferred mineral resource estimate\* of 1 Mt @ 1.09% Ni, 0.48% Cu, 0.04% Co using US\$ 100/t cut off.

It also further established the Megrund Prospect as a significant mineralised zone. Mineral Resource statements are listed at the end of this announcement.

The **Dalen** deposit occurs within a pyroxenite in a suite of ultramafic rocks as disseminated nickel sulphides and may have similarities to Mt Keith in Western Australia. It is a relatively shallow dipping body of mineralisation which is potentially open-pitiable. It was discovered in 2004 as a result of a weak conductor being identified by a UTEM survey.

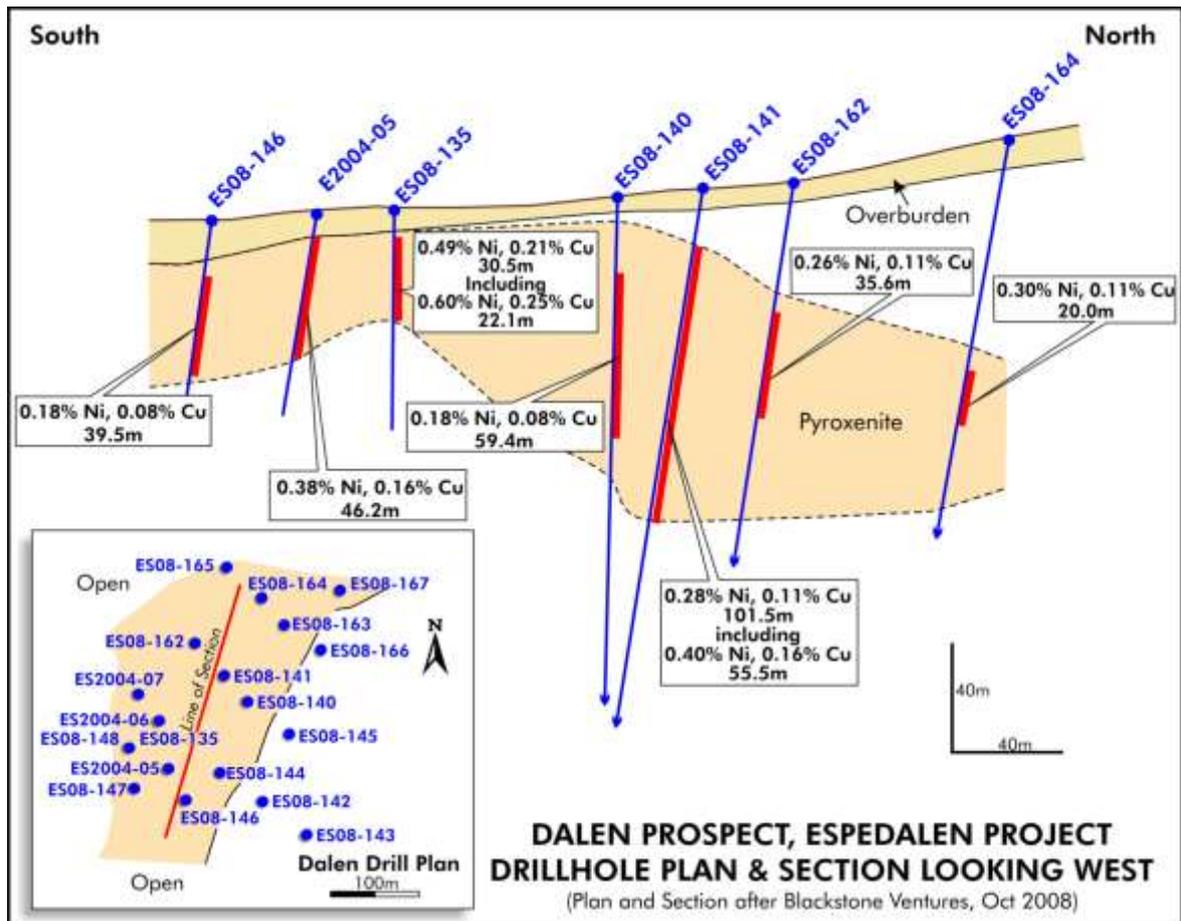


FIGURE 3: Drill plan and Section for Dalen Prospect.

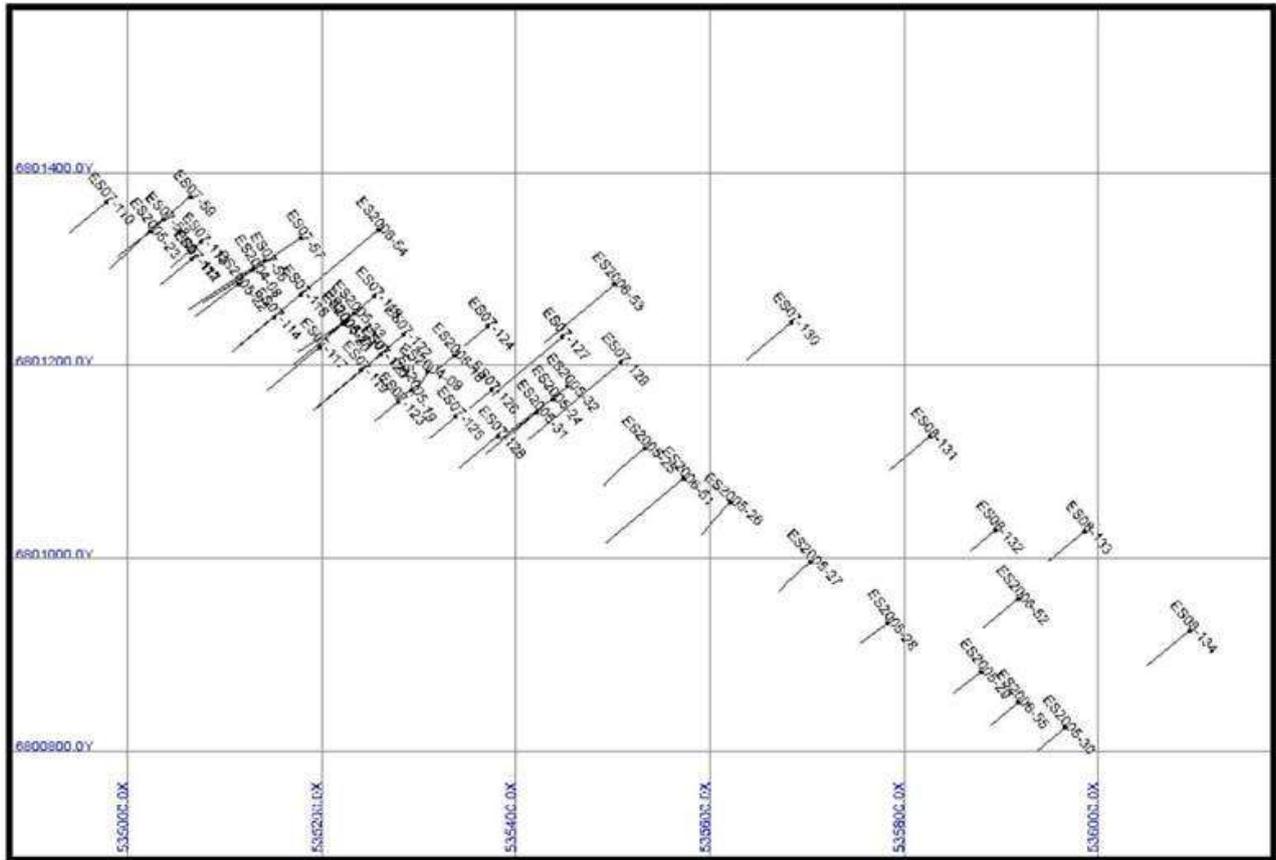
A 2004 drill program to follow up UTEM anomalies also resulted in the discovery of the **Stormyra** - nickel sulphide zone. Two holes intersected the zone with the following best intercepts:

Hole ID	Intersected Width (m)	Ni%	Cu%	Co%
ES2004-08	2.70	2.07	1.20	0.07
ES2004-09	14.60	1.73	0.77	0.06
including	1.90	6.91	2.05	0.214

Further drilling was done in the period between 2004 and 2008 when the mineral resource estimate was compiled. The mineralisation is rodiform, may comprise up to 80 per cent sulphides and extends from near surface to some 200 metres depth over approximately 1.4 kilometres of strike.

Some of the better intercepts released at that time are tabulated below:

Hole ID	From	To	Intersected Width (m)	Ni%	Cu%	Co%
ES2005-19	65.1	67.27	2.17	1.15	0.7	0.03
ES2005-20	64	85.06	21.06	1.75	0.66	0.06
ES2005-22	29.35	36.5	7.15	2.68	1.27	0.08
ES2006-52	80.41	84.98	4.57	1.46	0.38	0.06
ES07-113	58.25	60.65	2.4	2.86	1.18	



**FIGURE 4: Plan of drillholes used in the mineral resource estimation.**

In the **Megrund** area Falconbridge drilled geophysical anomalies generated between 1974 and 1978 and located a zone of disseminated mineralisation and intersections including:

Hole ID	Intersected Width (m)	From (m)	Ni%	Cu%
<b>6/75</b>	36	25	0.57	0.24
<b>including</b>	11.1	37	1.09	0.41
<b>17/76</b>	51	18	0.74	0.23
<b>including</b>	29	29	1.01	0.23

Blackstone joint ventured into the ground, and ground UTEM surveying in the mid 2000's followed heliborne Frequency Domain EM and magnetics which identified a broad conductor at the NW margin of which was the mineralisation intersected by the above drilling. Modelling of the UTEM results then suggested that the mineralisation may be more extensive to the southeast (over an additional 200 metres) than previously recognised.

In May 2008, Blackstone announced a broad intersection of mineralisation in ES07/101 at Megrund tabled below. While they indicated they would conduct follow up drilling, it was never conducted.

Hole ID	Intersected Width (m)	From	Ni%	Cu%	Co%
<b>ES07/101</b>	117.4	35.5	0.31	0.12	0.01
<b>including</b>	63.9	89	0.36	0.14	0.02

## Exploration Next Steps

Once Drake has completed a review of all the work conducted by Blackstone, Drake will make a judgement on whether to further evaluate the resources with a view to development. If this is the case, Drake will conduct a full-scale review overseen by a competent person to meet JORC compliancy. If the resources appear to require additional work to become feasible then Drake would conduct such work and, if warranted, conduct a new JORC compliant resource estimation.

Drake envisions that funding would be provided by a routine capital raising or by joint venture with a partner who has demonstrated mining and marketing expertise. The work programmes proposed would be slotted in on a priority list with other funding requirements following review of all the data and assessment with other Drake projects at the time.

Drake is in the process of securing all reports for the project by previous explorers from the Mining Directorate in Norway. In addition Drake has commenced its due diligence programme on the ground.

Drake has the Reddick Consulting NI 43 101 technical report which provides the resources tabled above.

Drake believes that the area would be an excellent location for the flying of Transient Domain airborne EM such as VTEM, which elsewhere in Norway has been demonstrated to penetrate significantly deeper than the Frequency Domain EM flown by the NGU for Falconbridge and Blackstone.

The survey would be followed up using ground Fixed Loop EM surveying to define drill targets.

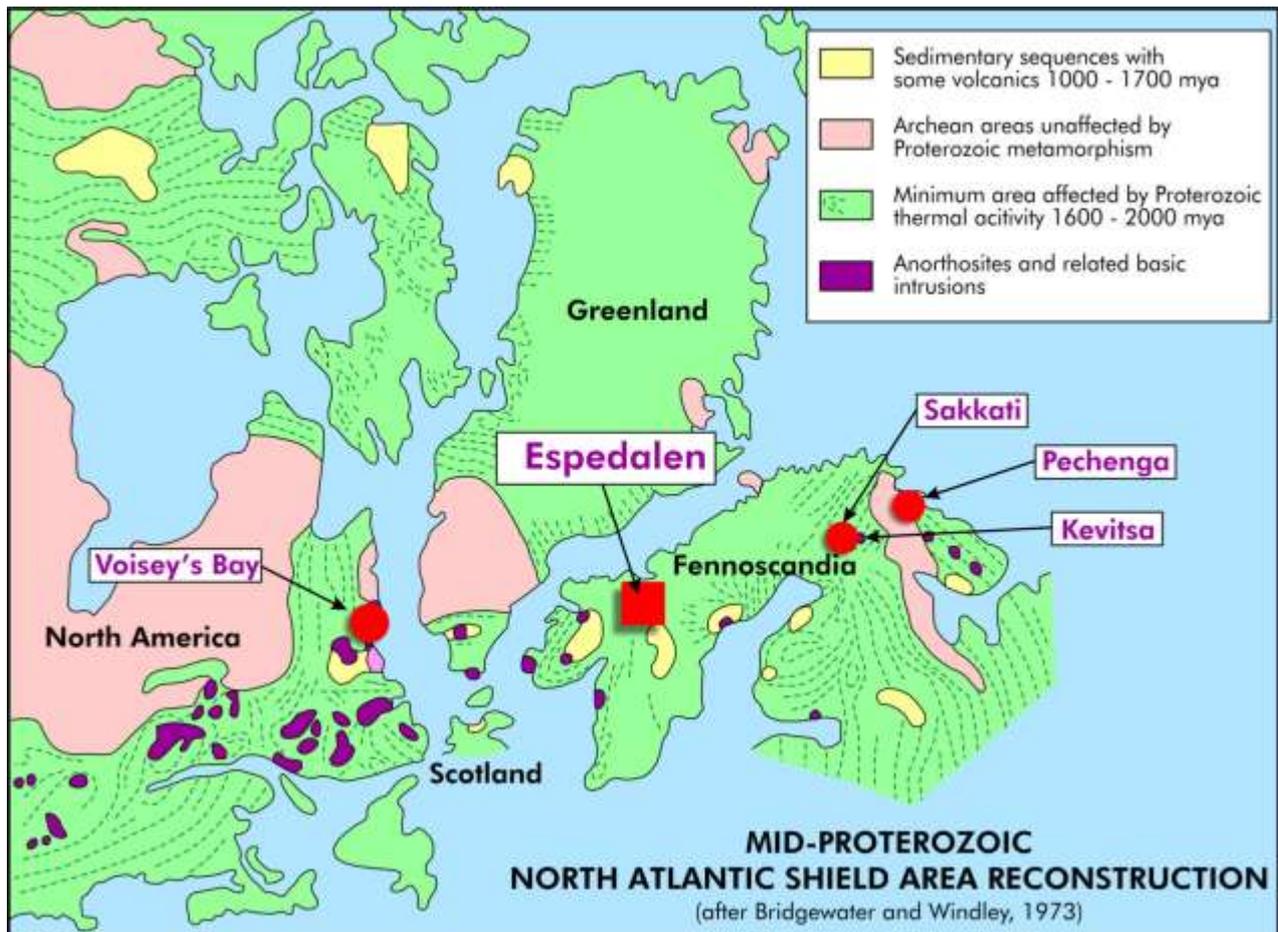
At the significant prospects further work would include that recommended by Reddick Consulting within the NI 43-101 report, and include additional QA QC work on the resources.

- Continue deposit definition and step out exploration drilling;
- Continue metallurgical test work on the mineralisation;
- Undertake a survey to obtain baseline environmental data.
- Carry out an update of the mineral resource estimates to incorporate data from the most recent drilling program;

## Geology

Numerous nickel workings dating from the 18<sup>th</sup> and early 19<sup>th</sup> centuries are hosted within differentiated mafic and ultramafic bodies which have intruded anorthositic country rocks. This magmatic terrain is collectively referred to as the “Espedalen Complex” and forms the basement to the Gråho subnappe within the larger Caledonian Jotun Nappe.

These rocks are of the same type and age as the world class Voisey’s Bay deposit in Labrador, Canada. A geological reconstruction of the region with the Atlantic Ocean removed is given in Figure 4, and suggests that Espedalen may have been much closer to Voisey’s bay when that deposit formed.



## Mineralisation

The nickel-copper mineralised zones are found in a wide variety of host rocks including gabbro, norite, pyroxenite and peridotite which commonly have a significantly greater extent.

Mineralisation (pyrrhotite, pentlandite, and chalcopyrite  $\pm$  pyrite) is found as massive to network textured and disseminated sulphide zones. Nickel sulphide mineralisation in the project areas is typically exposed in trenches, pits and old mine workings over distances ranging from a few tens of metres to in excess of 300 metres.

The Stormyra and Dalen nickel sulphide deposits are all magmatic sulphide accumulations with tectonic, structural, and geological similarities to documented nickel-copper mines elsewhere. The nickel-copper mineralised zones are found in a wide variety of host rocks including gabbro, norite, pyroxenite and peridotite.

The mineralisation in the **Dalen deposit** occurs as disseminated sulphides in a suite of ultramafic rocks. The Prospect occurs close to surface in a tabular body up to 100 metres in thickness, 250 metres in length and 150 metres in width. The mineralisation remains open to the north, south and west.

## Mineral Resource Estimates

The detail for mineral resource estimates for the Espedalen deposits are outlined in the tables below and were compiled by Reddick Consulting Inc.

### Espedalen Projects – Inferred Mineral Resources Estimates

Deposit	Tonnes	Ni%	Cu%	Co%
(i) Stormyra	1,013,000	1.09	0.48	0.04
(ii) Dalen	5,438,000	0.25	0.11	0.02

### Espedalen Projects – Indicated Mineral Resources Estimates

Deposit	Tonnes	Ni%	Cu%	Co%
(i) Dalen	4,625,000	0.29	0.12	0.02

(i) Estimated using a US\$100 gross metal value (GMV) cut off using metal prices of US\$8.00 for nickel, US\$2.00 for copper, US\$8.00 for cobalt.

(ii) Estimated using a US\$40 gross metal value (GMV) cut off using metal prices of US\$8.00 for nickel, US\$2.00 for copper, US\$8.00 for cobalt.

(ii) Weighted average grades for nickel, copper and cobalt.

### Espedalen Projects – Contained Metal in Inferred Mineral Resources Estimates

Deposit	Ni (kg)	Cu (kg)	Co (kg)	Ni (lbs)	Cu (lbs)	Co (lbs)
Stormyra	11.0 m	4.9 m	0.4 m	24.3 m	10.8 m	0.9 m
Dalen	13.5 m	6.2 m	1.0 m	29.7 m	13.6 m	2.3 m

### Espedalen Projects – Contained Metal in Indicated Mineral Resources Estimates

Deposit	Ni (kg)	Cu (kg)	Co (kg)	Ni (lbs)	Cu (lbs)	Co (lbs)
Dalen	13.6 m	5.5 m	1.1 m	30.0 m	12.1 m	2.5 m

(1) Mineral resources estimates which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues.

- (2) The quantity and grade of mineral resources in this estimation are conceptual in nature and there has been insufficient exploration to define measured mineral resource in accordance with the JORC Code and it is uncertain if further exploration will result in such a mineral resource being determined.
- (3) The mineral resources estimates in this press release 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.

## Nickel Mining and Smelting History in Norway

Nickel mining began in Norway in 1848 at Espedalen, but serious production commenced in 1872 mainly from the Flåt Mine at Evje to the south west. In the period 1874 to 1876 when production peaked Norway was the world's leading producer of nickel. Nickel mining ceased in 1945 due to a lack of reserves at Evje.

The Kristiansund Ni smelter in southern Norway, owned by Xstrata was established in 1910 to treat ore from the Flåt Mine at Evje. Today it produces 92000t Ni, 39000t Cu and 5200t Co annually from Sudbury and Raglan ores from Canada. The Kristiansund smelter is approximately 320 kilometres from Espedalen.

Mining in the Espedalen area dates from at least the 17th century. Nickel mining in the area was intermittently active during the period 1848 to 1918 with approximately 100,000 tonnes of nickel ore produced @ 1.0% Ni, 0.4% Cu and 0.6% Co. Records of work prior to 1960 are incomplete.

### \* Reference

Reddick, J. Armstrong, T 2009. **TECHNICAL REPORT on RESOURCE ESTIMATES for the ERTELIEN, STORMYRA and DALEN DEPOSITS, SOUTHERN NORWAY PREPARED FOR BLACKSTONE VENTURES INC. NI 43-101 Report By Reddick Consulting Inc.**  
Available at [www.sedar.com](http://www.sedar.com)

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### For further information, please contact:

#### Mr Jay Stephenson

Company Secretary, Drake Resources  
+61 (0)8 6141 3585  
[info@drakeresources.com.au](mailto:info@drakeresources.com.au)

#### Ms Barbara Pesel

Media & Investor, Pesel & Carr  
+61 (0)3 9663 0886  
[barbara.pesel@peselandcarr.com.au](mailto:barbara.pesel@peselandcarr.com.au)

### Competent Persons Statement

*Mr Robert Beeson accepts responsibility for the accuracy of the statements of exploration results and foreign resource estimates currently not reported in accordance with the JORC Code, reported in this announcement based on previously prepared reports and the accuracy of the information disclosed in this announcement to address the Requirements for Non-JORC Code Compliant Historical and Foreign Reporting in the Joint Statement of ASX and JORC reported in the ASX Companies Update No: 11/07 dated 5 December 2007.*

*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 is a director of Drake and consents to the inclusion in the Announcement 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.*

*This announcement is consistent with the guidance contained in ASX Companies Update No. 11/07 (Historical estimates and foreign resource and reserve estimates, currently not reported in accordance with the JORC Code) dated 5 December 2007 and Companies Update No. 05/04 (JORC Code Compliance, Chapter 5 of ASX Listing Rules) dated 25 March 2004.*

*The Company has obtained a waiver from the ASX Listing Rule 5.6 for the purposes of reporting statements of estimates and foreign resource estimates currently not reported in accordance with the JORC Code, in this announcement.*

## Annexure A

### Inclusion of Foreign Estimates

Drake includes the following statements in relation to the Foreign Estimates:

- a. the Directors note that the Foreign Estimates are not reported in accordance with the JORC Code and that it is uncertain that following evaluation and/or further exploration that the Foreign Estimates will ever be reported in accordance with the JORC Code;
- b. the information provided in relation to foreign resource estimates is sourced from a report entitled: "Technical Report on Resource Estimates for the Ertelien, Stormyra and Dalen Deposits, Southern Norway Prepared for Blackstone Ventures Inc." (**Report**), which was disclosed to the TSX on 13 January 2009;
- c. the Directors of Drake believe that the Foreign Estimates are relevant to shareholders as they provide a very thorough assessment of the quality and veracity of drill and assay data collected by Blackstone Venture / Sulfidmalm AS;
- d. the Directors of Drake believe that the Foreign Estimates are reliable because the data presented in the Report is compliant with NI 43-101. Additionally, as the Report is NI 43-101 compliant, the Report appears to meet the checklist criteria listed in Table 1 of the JORC Code;
- e. the Directors consider the Foreign Estimates to be material to the Company because they demonstrate resources which – while not demonstrated to be feasible or economic – provide a solid base to build on with further exploration and evaluation of the metallurgical qualities of the ore;
- f. the resource statements in the NI 43-101 are classified as measured, indicated and inferred, and as such are broadly similar to the same categories as the JORC Code;
- g. the Foreign Estimates were carried out in compliance with NI 43-101 standards and verified by John Reddick. The Directors are unaware of any further recent estimates or material data that can be included in the Announcement;
- h. Drake will make a judgment on whether to further evaluate the deposits with a view to development once it has completed a review of all work conducted by Blackstone. If Drake chooses to pursue development of the deposits, it will conduct a full scale review overseen by a competent person to enable the reporting of any mineral resources estimates under the JORC Code;
- i. the Directors of Drake believe the Announcement is consistent with the guidance contained in Companies Updates 11/07 and 05/04;
- j. Dr Robert Beeson accepts responsibility for the accuracy of the statements of exploration results and foreign resource estimates currently not reported in accordance with the JORC Code., 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 is a director of Drake and consents to the inclusion in the Announcement 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; and
- k. ASX has granted a waiver to listing rule 5.6 allowing the Company to report the Historical Foreign Estimates.