



## Quarterly Activity Report September 2012

# Highlights

- **Exceptionally busy quarter**
- **Gold mineralisation discovered in all West African targets**
  - Broad gold zones in excess of 70m width defined at Tasiast South, Mauritania
  - Gold mineralisation confirmed - Hendrix Shear Prospect, Mauritania
  - Strong gold anomalies reported - Seimana Gold Project, Guinea
- **Scandinavian nickel & copper portfolio grows & new drill targets identified**
  - Large copper-nickel geophysical target identified at Granmuren, Sweden
  - Acquired 12 exploration claims containing 2 nickel resources at Espedalen, Norway
  - Secured rights over 2 significant copper-zinc mines in Norway
  - Exceptional copper-zinc drill targets generated at Norway permits

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Market cap:	A\$7.3m (9c)
Cash position:	\$1.45 million (30 September)
Shares:	82 million
Options:	10.1 million

<b>MAIN SHAREHOLDERS</b>	
Board & Management	23%
HSBC Custody Nominees	5.63%
National Nominees	5.38%
Citicorp Nominees	5.26%

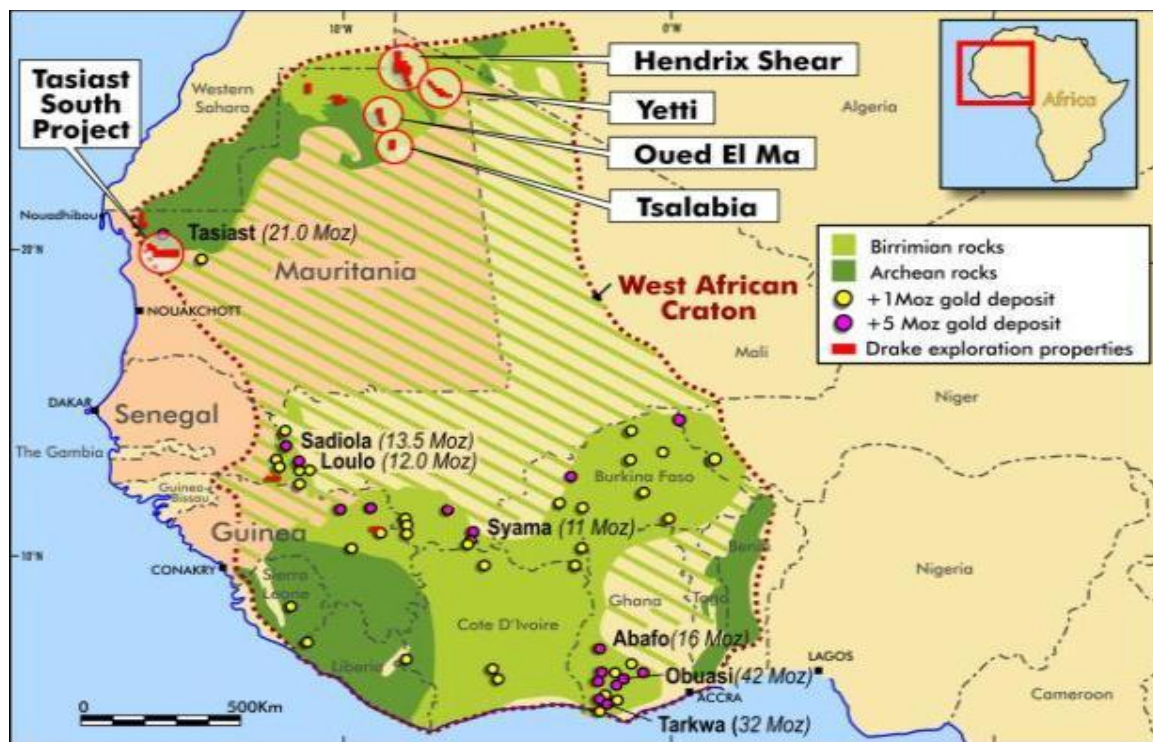
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# West Africa Gold

**Drake Resources Limited (Drake, ASX: DRK)** is very active in the highly prospective gold region of West Africa and holds 11,800 square kilometres under granted and pending exploration permits in the Reguibat Craton of Mauritania. Drake also has a significant landholding in the major Siguiri gold belt in Northern Guinea, and option agreements over one permit in Senegal.

Drake's strategy in the underexplored province of West Africa is to build a large portfolio of highly valuable gold projects.



West African project locations

## MAURITANIA

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

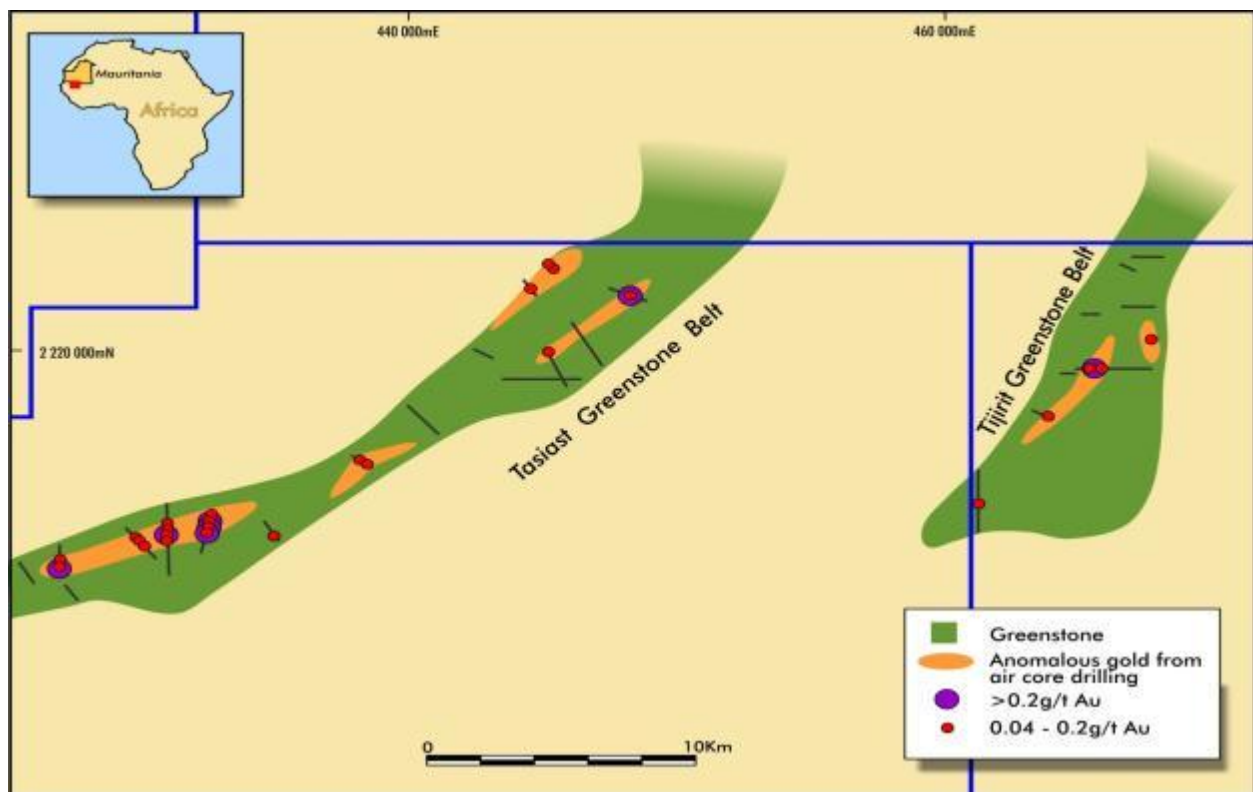
Drake's two main project areas are:

1. **Tasiast Region** comprising of permits covering interpreted extensions of the Aouéouat greenstone belt that hosts the 20 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

Drake is the first company to explore this area for gold. In early 2011 the company flew a detailed airborne geophysical survey which provided comprehensive data for the project area. The data also confirmed the Tasiast and Tijirit Greenstone Belts extend into the Drake permits, covering almost 100 kilometres of greenstone.

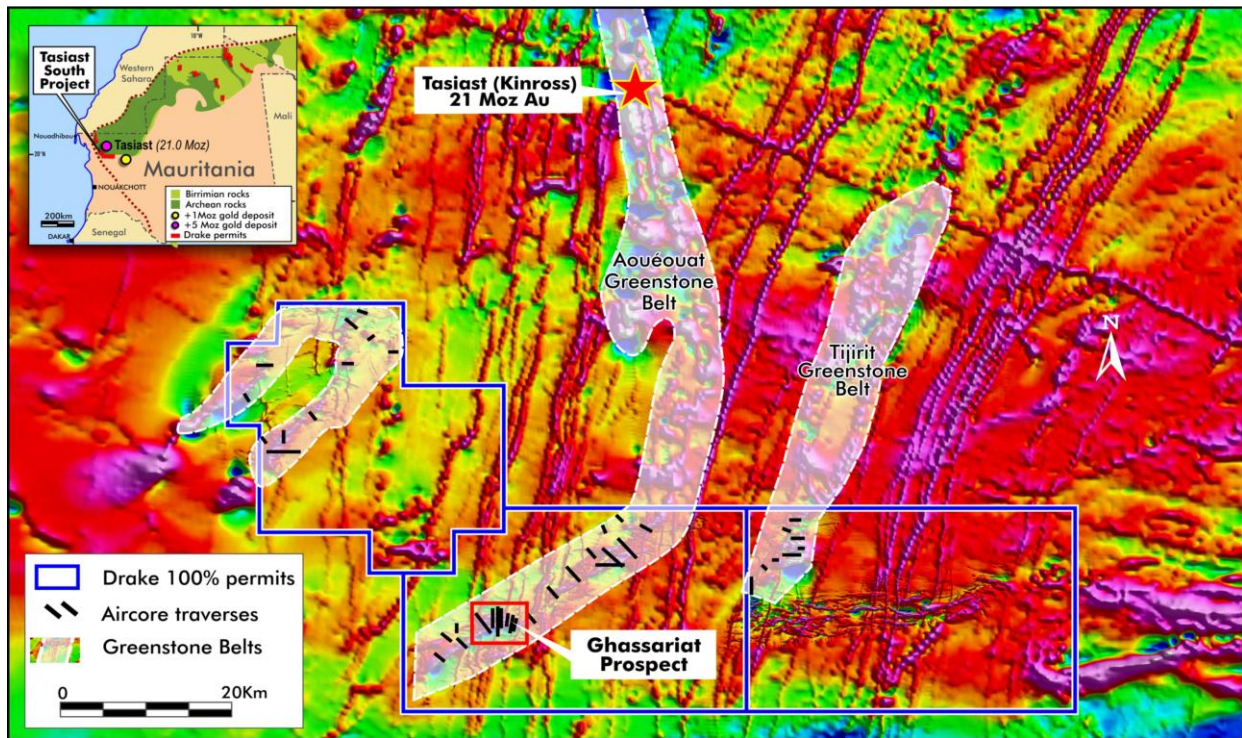
In early 2012 a 20,000 metre air core drilling programme tested targets from the airborne magnetic survey and structural interpretation. Results were announced in May 2012 and confirmed the presence of extensive gold mineralisation in the top of bedrock under the shallow cover. Several anomalous gold zones of up to eight kilometres in length were identified from these wide-spaced traverses.



Zones of anomalous gold in air core drilling

Results of a follow-up reverse circulation (RC) drilling programme were announced during the quarter and confirmed the presence of broad zones of gold mineralisation in the Tasiast Greenstone Belt. A key target of the programme was the newly-defined Ghassariat Prospect, a 10 square kilometre zone defined by earlier air core drilling where the mineralisation and alteration was found to be analogous to Tasiast ore zones.

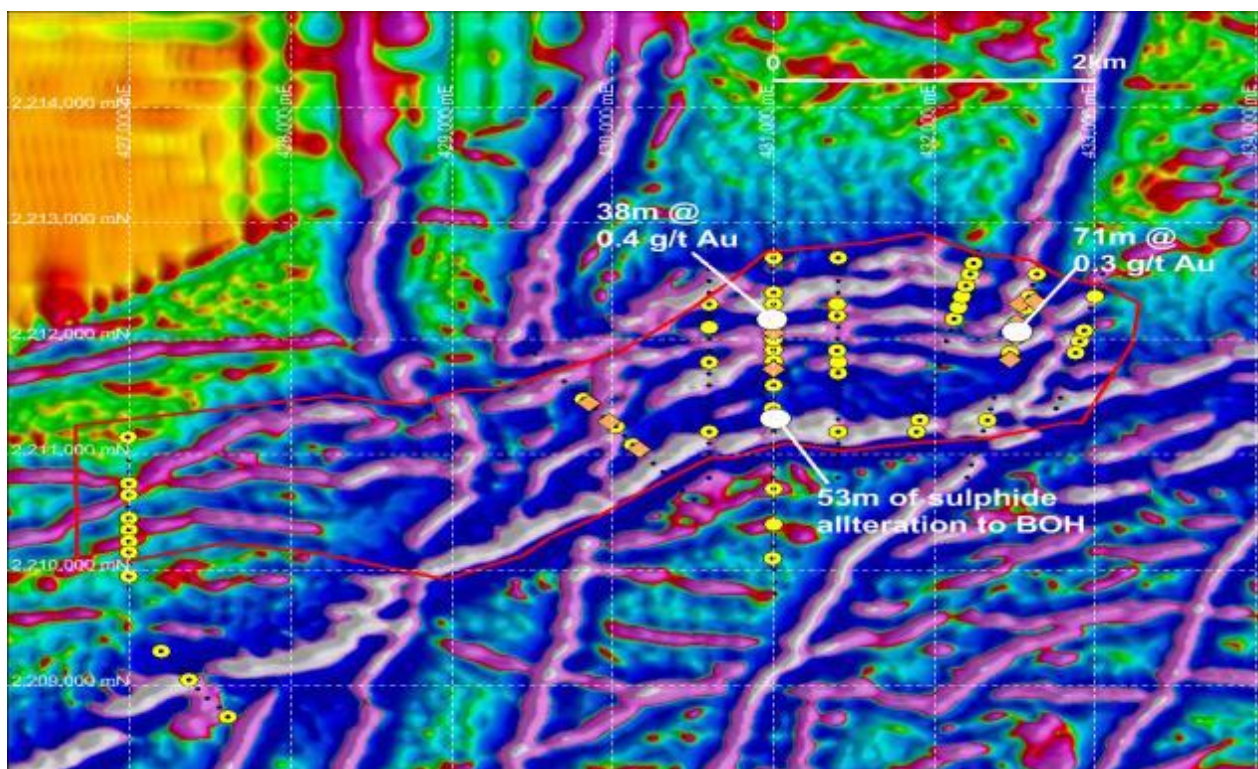




Air core traverses in Ghassariat Prospect

Three thick zones of sulphide alteration and low grade mineralisation were identified. Five of the 13 RC holes drilled in the prospect intersected these zones; two of the main zones remain open and are a minimum of 50 metres in width, accompanied by pyrite-quartz alteration.

Drake is targeting the Ghassariat Prospect as a priority for future drilling activity.



Zones of gold-mineralised sulphide alteration at Drake's Ghassariat Prospect

## **Hendrix Shear Zone Project**

The Hendrix Project covers a 140 kilometre-long crustal scale shear zone, with evidence of gold mineralisation along its length.

Drake commenced field work at the Hendrix Shear Zone in October 2011 focussing on the southern section of the Hendrix Shear Zone, including reconnaissance mapping and sampling of veining and mylonite zones.

During the quarter, following a four-hole drill programme in the southern section of the zone, Drake announced that it had intersected broad areas of low grade gold mineralisation. Drake has only tested a small 13 kilometre portion of this large 140 kilometre zone.

The reverse circulation holes were drilled with the southernmost hole intersecting a broad zone of continuous gold mineralisation of 72 metres containing 0.16 grams per tonne of gold, including eight metres at 0.42 grams, two metres at one gram, one metre at 1.25 grams and one metre at one gram per tonne of gold.

Drake plans to carry out a reverse circulation drilling programme along the length of the geochemical anomaly at the Hendrix Prospect, as well as further drilling around the northwest of the prospect.

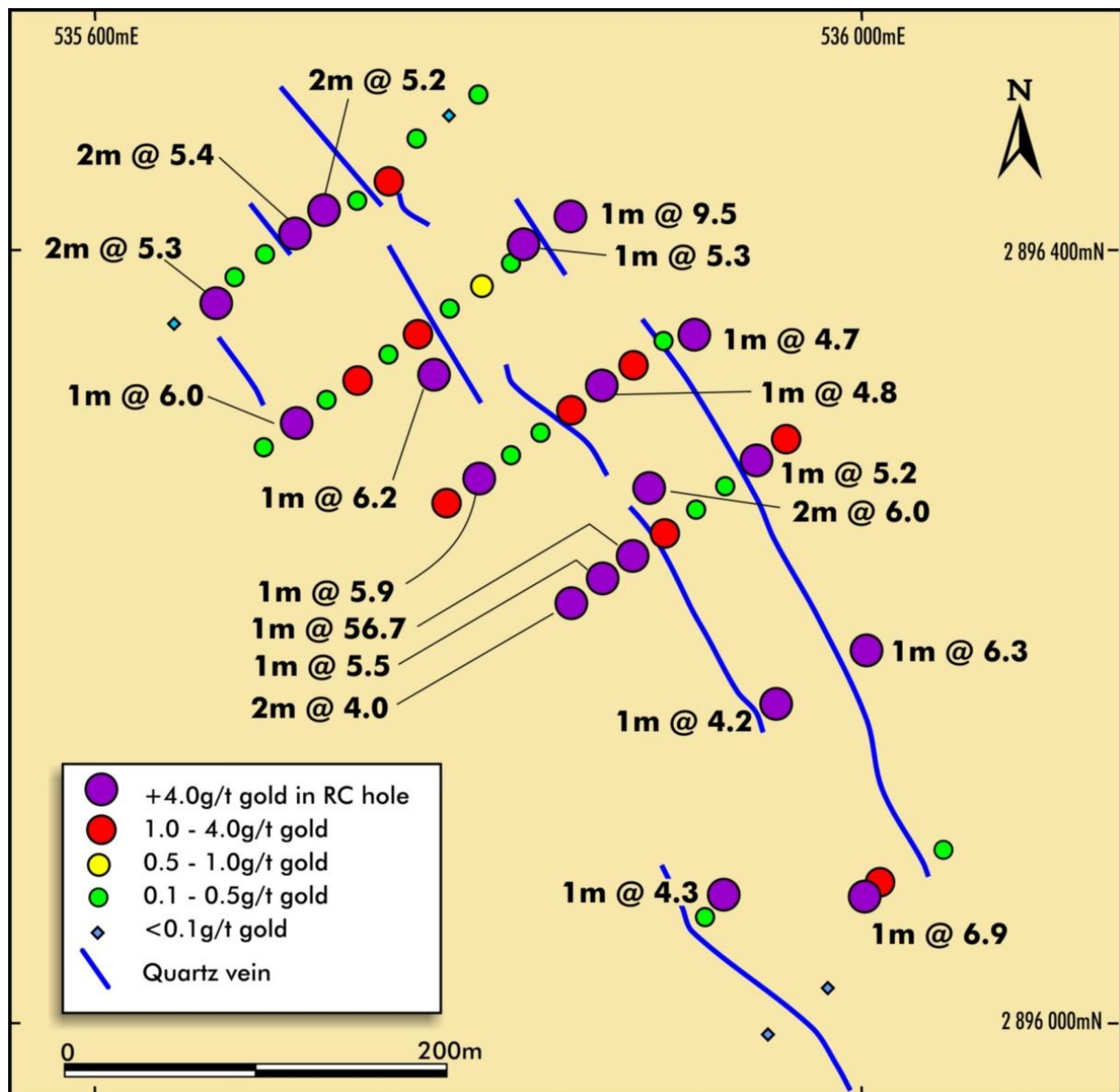
## **Conchita Prospect**

Drake's other focus at the Hendrix Shear Zone Project is 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 was followed up with widely spaced reverse circulation drilling in 2011 where the average of all one metre intersections greater than two grams per tonne of gold was five grams per tonne (4.96 grams per tonne gold).

The 2012 reverse circulation drilling programme involved 5,538 metres of drilling in 58 holes. There were 20 intersections greater than one gram per tonne of gold featured in the latest results.

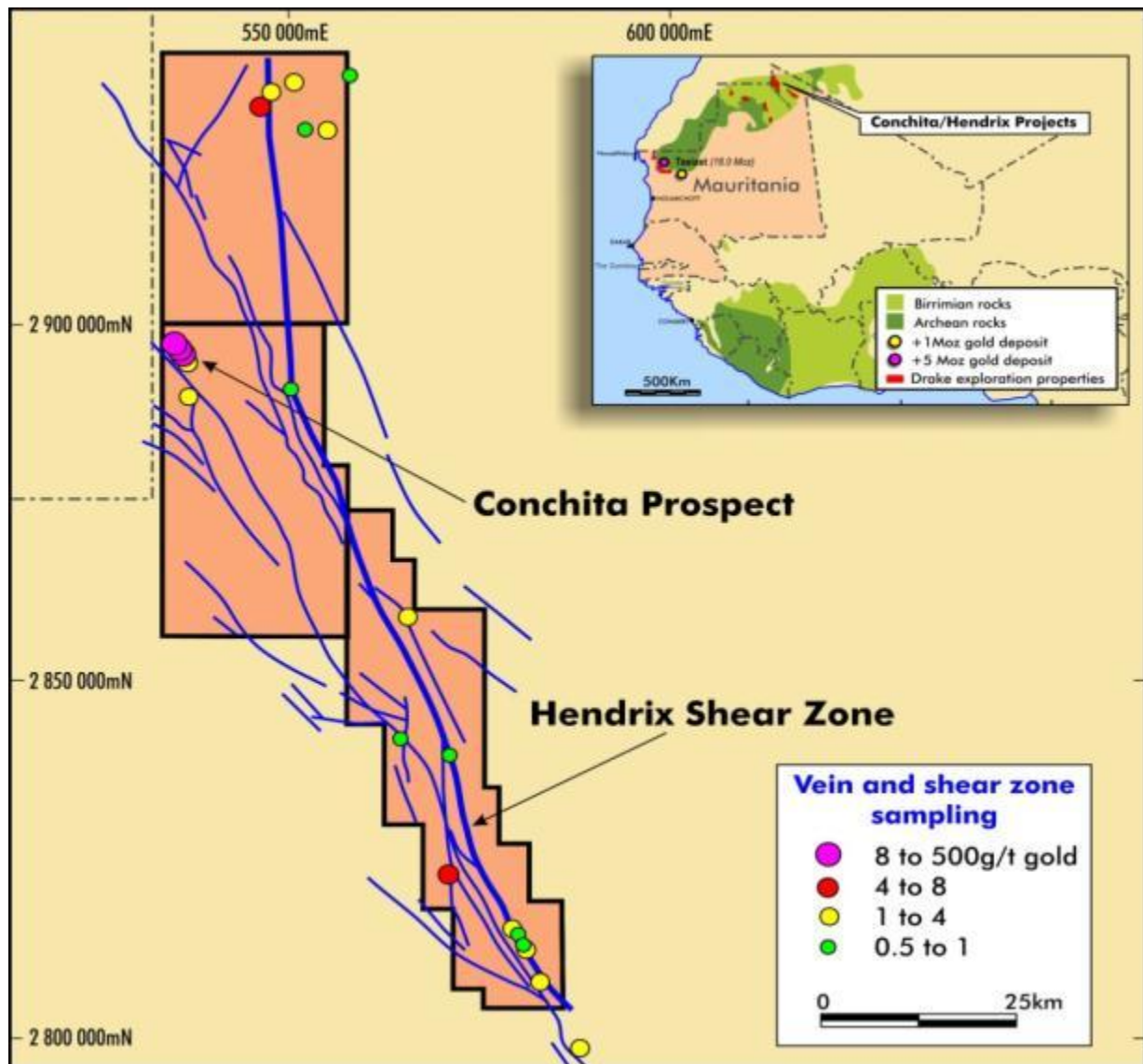
Gold mineralisation is contained within a suite of sub-parallel, steeply dipping quartz veins. In the southern portion of the Conchita Prospect 62 per cent of RC holes drilled to date have recorded an intercept of at least one gram per tonne over one metre. While individual veins are rarely more than one to two metres in thickness, numerous veins occur when the system extends for more than seven kilometres along strike. This clearly has the potential to contain a major accumulation of gold.





Southern portion of Conchita Prospect showing location of high gold grades

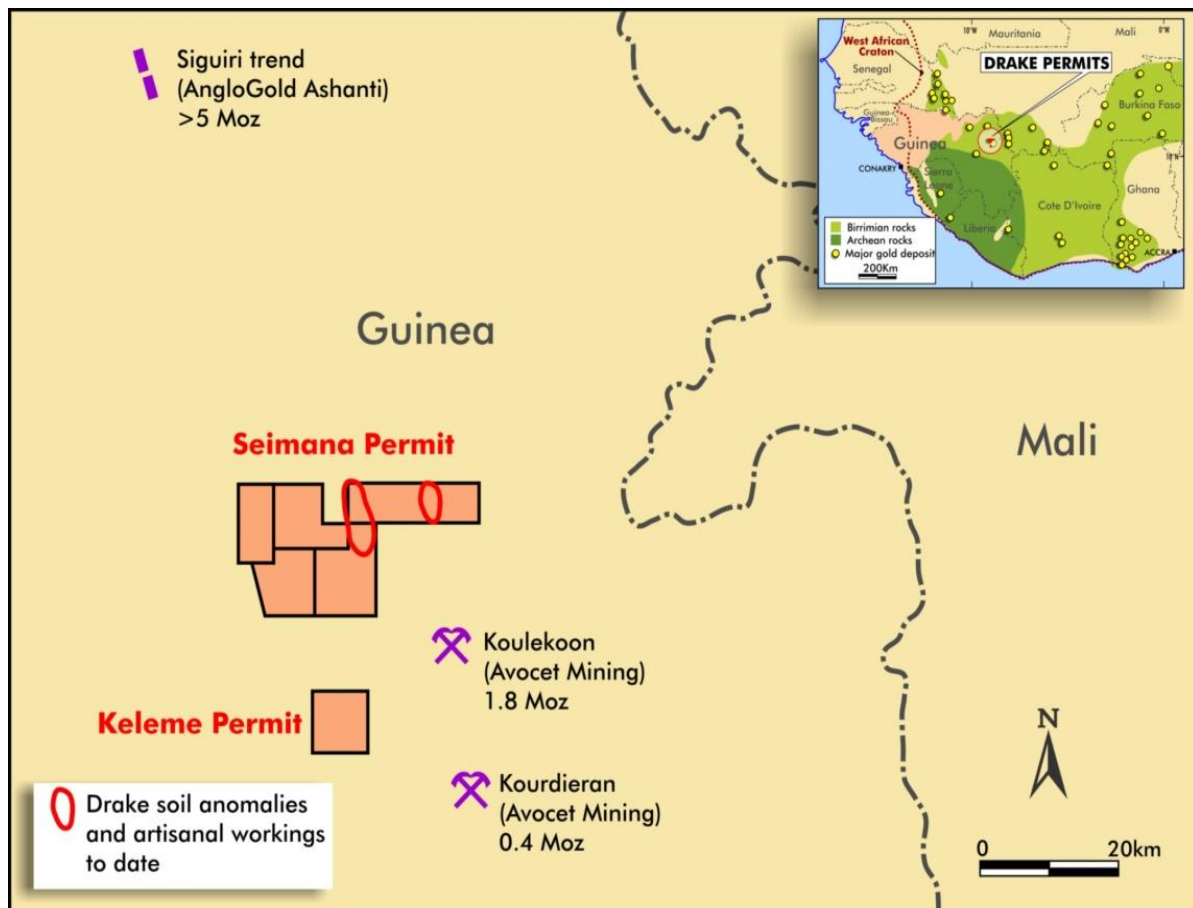
RC drilling of the prospect has only tested less than five per cent of the prospective area and given the widespread nature of the anomaly, Drake believes that the mineralised quartz veins are much more extensive.



Drake's 100 per cent owned Hendrix Shear Project

## GUINEA

Drake holds a package of permits covering Birrimian-aged rocks which lies within the Siguiri province of Northern Guinea containing more than 15 million ounces of gold. Recent discoveries include Avocet's rapidly emerging Tri-K project on which resources of 3.0 million ounces of gold have recently been announced. Extensive artisanal workings and outcrop indicators support the presence of an extensive gold mineralised system.



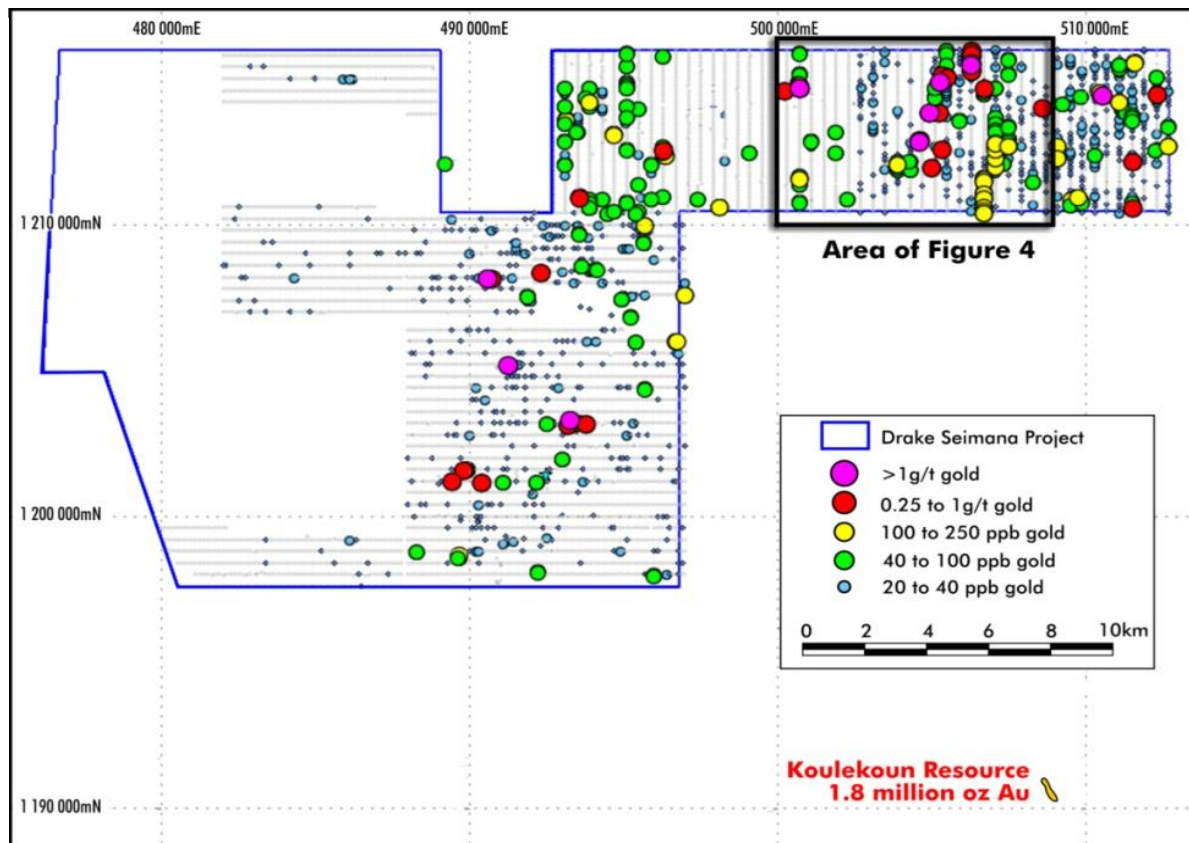
Drake's Guinea permits

During the quarter, Drake completed a surface sampling programme involving over 11,200 soil/termite mound and rock samples covering 86 per cent of the area. Seventy-five per cent of the semi-regional soil samples have been reported and analytical results are still being received.

Twenty of the soil/termite mound samples returned values greater than 0.25 grams per tonne of gold, ranging up to 2.87, within 14 different geochemically anomalous clusters throughout the area. Such gold levels are strongly anomalous in soil/termite mound samples and point to the likely existence of high gold values in the rock beneath.

Elevated gold values were most concentrated in the northeast segment of the project area with a sample line of eight consecutive samples covering an interval of 1,400 metres averaging 0.68 grams per tonne of gold.





A programme to locate and map all artisanal gold mines on the project area was also completed.

At the conclusion of the rainy season in West Africa, Drake plans to carry out the first programme of RC drilling to test the grade and extent of the many gold mineralised systems identified by the sampling and mapping programmes.

Analysis on work completed in the Keleme Permit, located to the south of the Seimana Project, including systematic soil sampling coverage and mapping and sampling of artisanal workings, is still in progress. Once results of this work have been analysed, the next phase of activity will be decided.

## SENEGAL

The Samekouta permit covers 325 square kilometres of Birrimian-age rocks within the 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 million ounces), Sadiola (4.5 million ounces), Sabadala (3.3 million ounces) and Goukoto (2.9 million ounces at 6.9 grams per tonne of 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 and regional termite mound sampling has been completed over the entire permit (5,170 samples). Final analytical results are expected before the end of 2012 and follow up of new targets will include pitting on anomalies and reverse circulation drill testing if necessary.

## Scandinavia

Drake's Scandinavian nickel and copper portfolio has continued to grow and exceptional new geophysical drill targets have been identified at several of the company's copper massive sulphide and copper-nickel belts.

Drake's strategy in the region is to bring 21<sup>st</sup> century technologies to explore old mining districts. The company has recently made a very promising copper-nickel discovery in the Bergslagen district and acquired several copper-nickel resources.



Drake's Scandinavian Projects

# NORWAY

Norway has a long history of copper mining dating back to the 17<sup>th</sup> century with mining commencing in the Røros (including 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. Five former and difficult mining and related acts were merged, making exploration and mining in Norway significantly easier and more effective. This became part of an overall strategy by the Norwegian Government to promote the country's minerals industry.

Drake also 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.

## Espedalen Project

During the quarter, Drake secured 100 per cent interest in 12 exploration claims containing two nickel resources in the highly prospective copper-nickel mining district of Espedalen in central Norway.

The claims cover the Dalen and Stormya deposits and the Megrund Prospect with geology similar to that at Canada's large Voisey's Bay deposit. All the deposits are shallow drilling with the potential for open-pit mining.

- Dalen: a potentially open-pitable 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;
- Megrund: partially tested target, including drill intersections such as 51m @ 0.74% Ni and 117m @ 0.31% Ni.

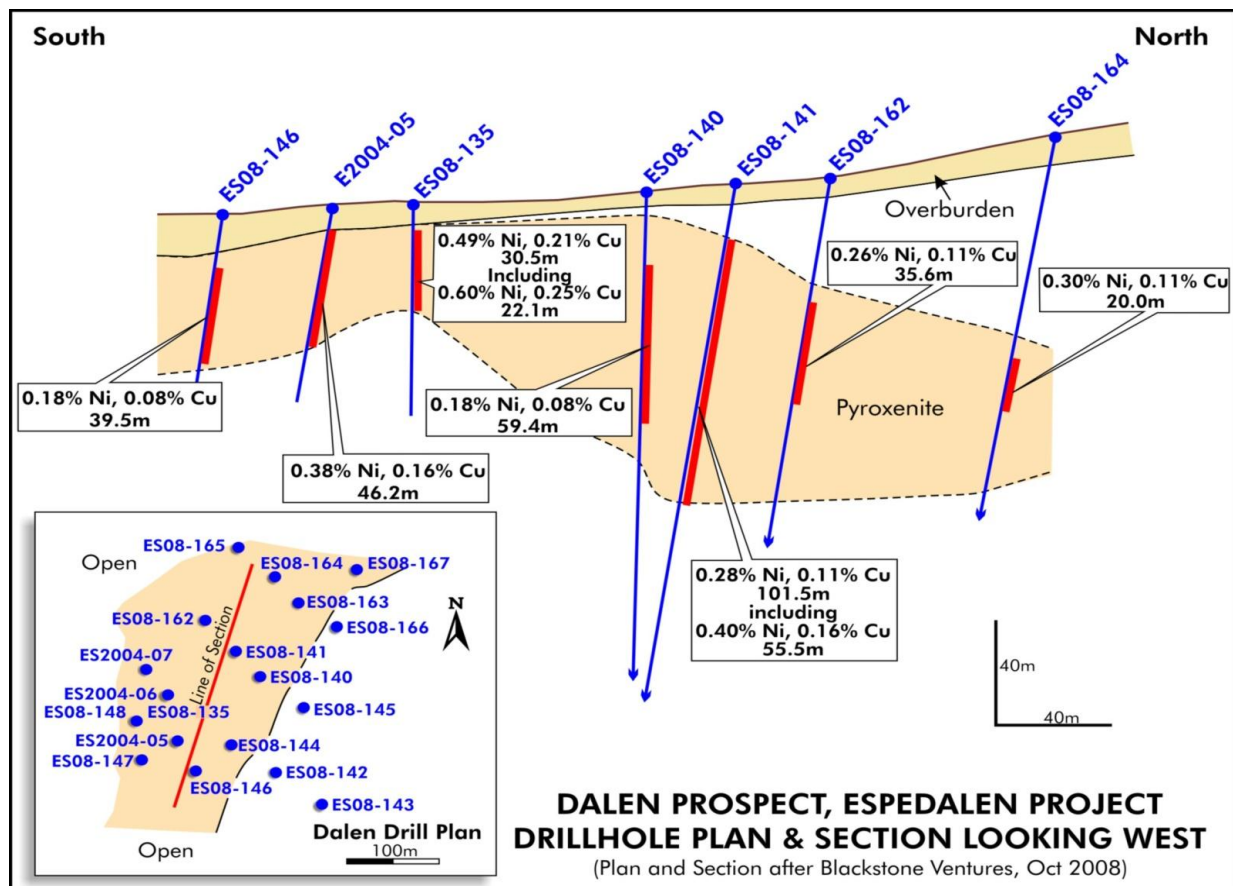
*\*NI 43-101 compliant resources; waiver by the Australian Stock Exchange to use foreign, compliant resources described in Drake's release to the ASX on 31 August, 2012.*



### Metallurgical testwork

Limited testwork by Lakefield in Canada was completed in the 1970s on only two samples. Concentrate grades and recoveries from this initial work indicate that Espedalen could provide high quality concentrates.

The best result was a concentrate assaying 15 per cent nickel and 5.3 per cent copper, and Lakefield suggests overall nickel recovery in the range 75 - 79 per cent. This figure is expected to improve with further testwork.

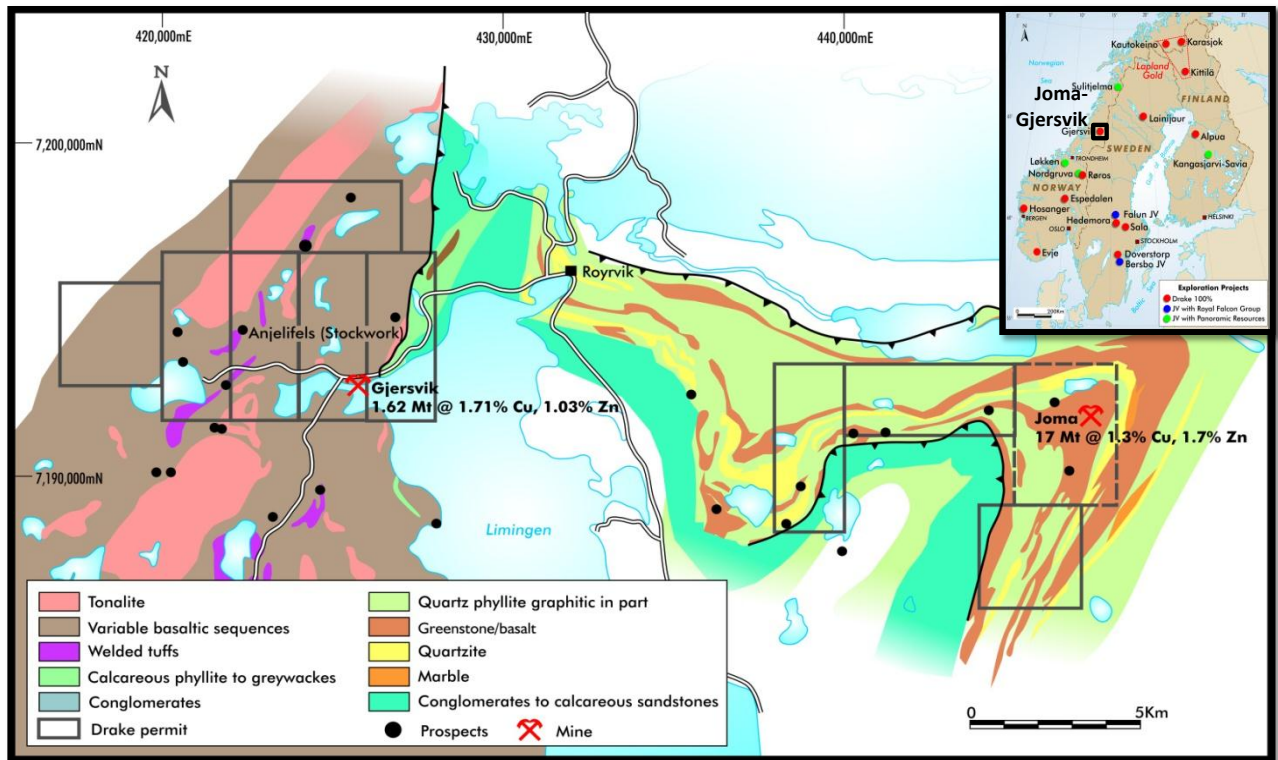


Drake believes the potential is high for significantly increasing the resources. There are several prospects including Megrund which possess ore grade intersections, but are not yet within the resources. In addition, the great majority of the drilling to date has been shallow, generally to less than 100 metres depth, and depth extension have not been properly tested.

Drake also accelerated its review of historical data during the quarter and the company anticipates a programme of drilling to extend the resources, commencing in the next northern hemisphere winter.

## Joma Project

In July 2012, Drake acquired important exploration rights to some 100 square kilometres of highly prospective copper and zinc ground in the Grong District of Nord Trondelag in Norway, known as the Gjersvik Project.



Drake claims relative to geology and mine locations Joma Naeringspark claims outlined with dashed line

The Joma Naeringspark claims encompass the Joma mine and its prospective westerly and southerly strike extensions. A total of 11.5 million tonnes was mined at Joma from 1972 to 1998 at a grade of 1.49 per cent copper and 1.45 per cent zinc (*Source: Grong Gruber/Geological Survey of Norway, NGU*). Considerable copper-zinc mineralisation remains at the mine.

The 100 per cent Drake claims include the Gjersvik deposit where 450,000 tonnes of ore grading 2.15 per cent copper and 0.6 per cent zinc was mined from 1994 to 1998 (*Source: Grong Gruber/Geological Survey of Norway, NGU*). The rights include:

- Nine 100% Drake claims, including the historic Gjersvik mine
- Exploration & Exploitation (Mining) Agreement over the Joma mine, closed in the 1990s

The agreement with Joma Naeringspark is exercisable by December 2015 with total option payments of A\$36,000 and a total expenditure commitment of A\$410,000 over a four-year term with a one per cent NSR royalty payable on production.

Key terms of the agreement include the ability to obtain 100 per cent interest from Joma Naeringspark commercial arm of Røyrvik Commune. The claims also cover the highly prospective strike extensions of Joma mineralisation as well as the Gjersvik copper-zinc mine.

During the quarter, exploration commenced with an airborne magnetic survey over the Joma mine and extensions. The project is particularly attractive as the rights are located in a proven and significant mining area, are close to infrastructure and have not had the benefit of modern exploration technologies.



**Aeromagnetic survey at Joma, Norway**

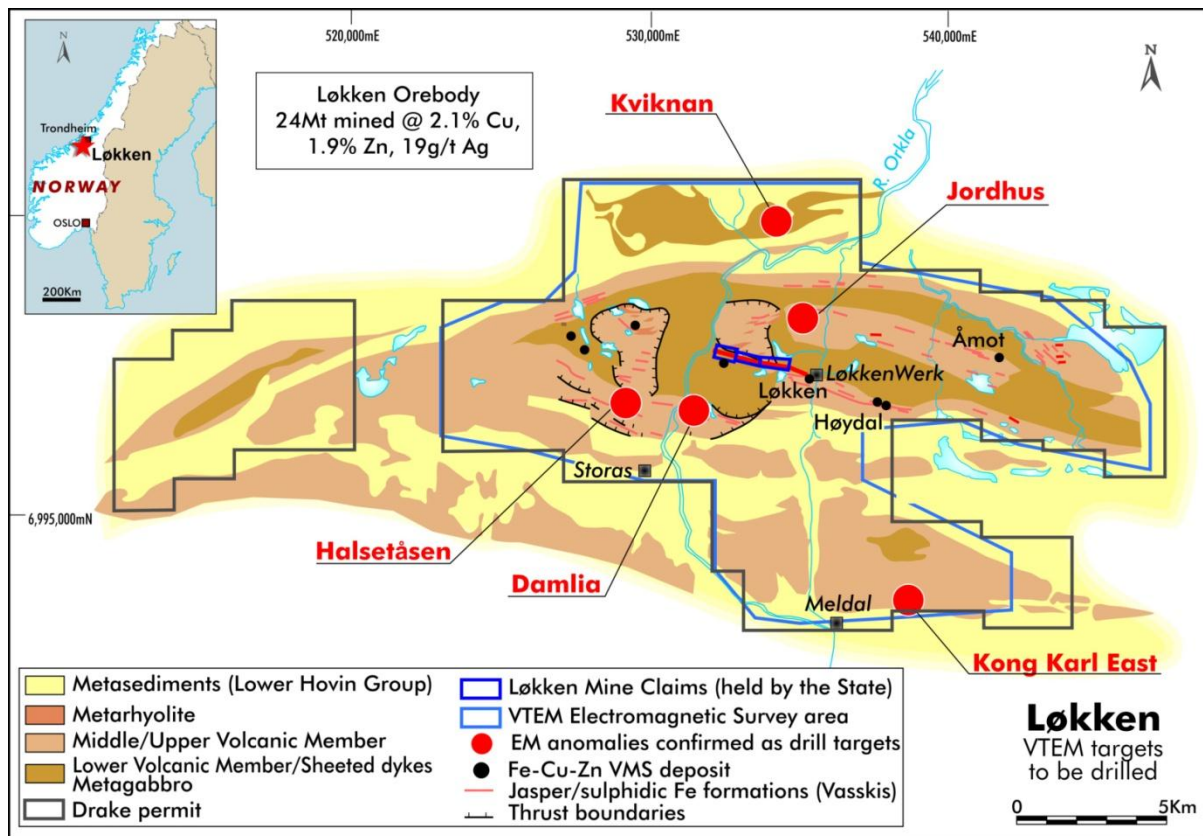
### **Løkken, Nordgruva and Sulitjelma Joint Ventures**

Drake received positive results from the interpretation of VTEM surveys and prioritised targets at both Løkken and Nordgruva in first quarter 2012, with a number of conductors identified within the survey areas which may be caused by massive sulphide mineralisation.

During the quarter, results from the ground surveys identified five drill targets for potential copper and zinc mineralisation in the Løkken district as well as five excellent targets within the Nordgruva project.

The 3D modelling and analysis have also been completed and a drilling programme has been set out. If successful, the targets will present an opportunity to provide an extension to the 333-year history of copper mining in the district.





Plan of Drake claims outline on geology plan showing fixed loop ground EM conductors on which drilling is planned.

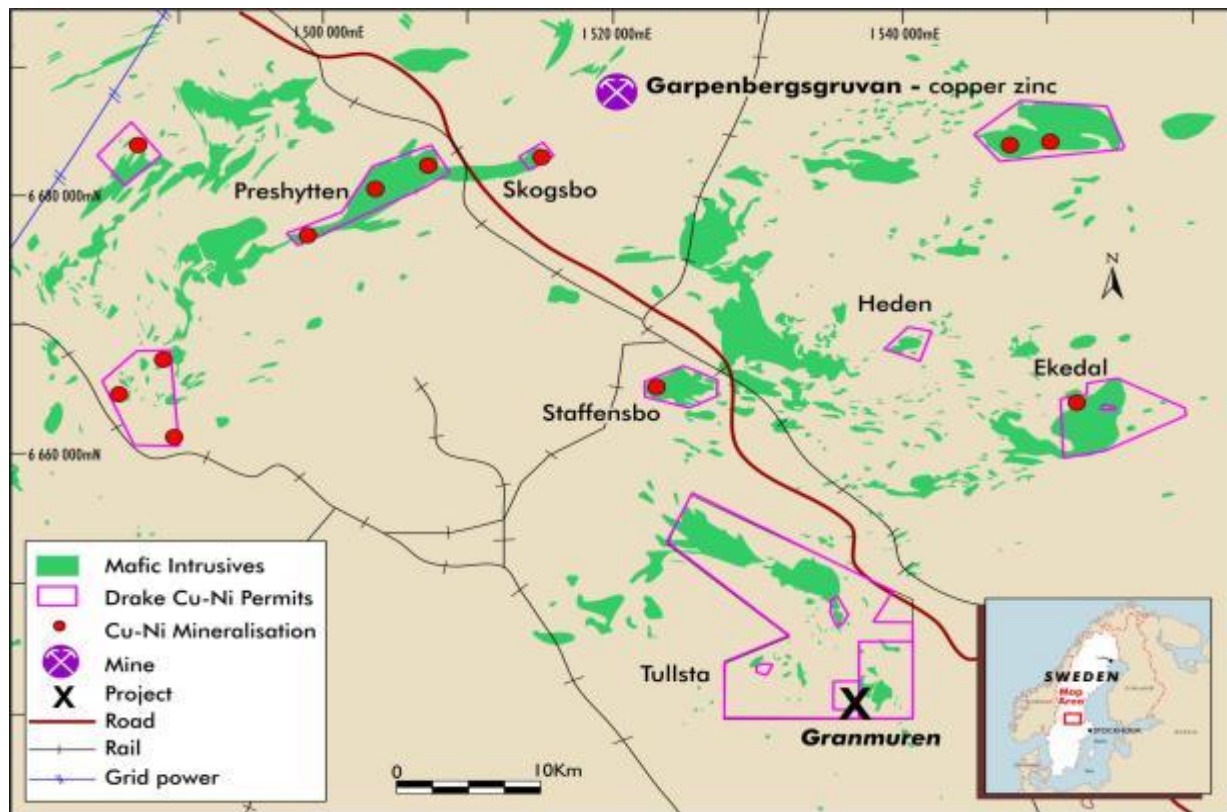
## SWEDEN

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

### Granmuren Prospect

Widespread nickel-copper mineralisation was intersected on the 100 per cent owned greenfields Granmuren Prospect in Drake's Tullsta permit in the Bergslagen district, which lies immediately west of the historic Sala silver mine.

The discovery validates Drake's strategy of applying 21<sup>st</sup> century technologies to historic mining belts. Mineralisation begins at 10 metres below the glacial cover material, showing the opportunity for future low cost mining. The area also has exceptional infrastructure in place, with direct rail links to smelters in Sweden, Finland and Norway, and power, road and rail nearby.



Drake's Swedish permits

In October 2012, Drake identified a large-sized geophysical target at the discovery following the completion of an initial ground gravity survey. Drake has processed and interpreted the gravity data and modelled the airborne magnetics data available for the area.

The 556-metre drilling programme confirmed near-surface mineralisation and that the prospect is open along strike. It included intersections of:

- 16m @ 0.32% Ni, 0.50% Cu & 0.03% Co in 12DDTS001
- 11.6m @ 0.40% nickel, 0.51% copper & 0.04% cobalt in 12DDTS003 within overall intersection of 97m @ 0.17% Ni & 0.17 Cu from near surface

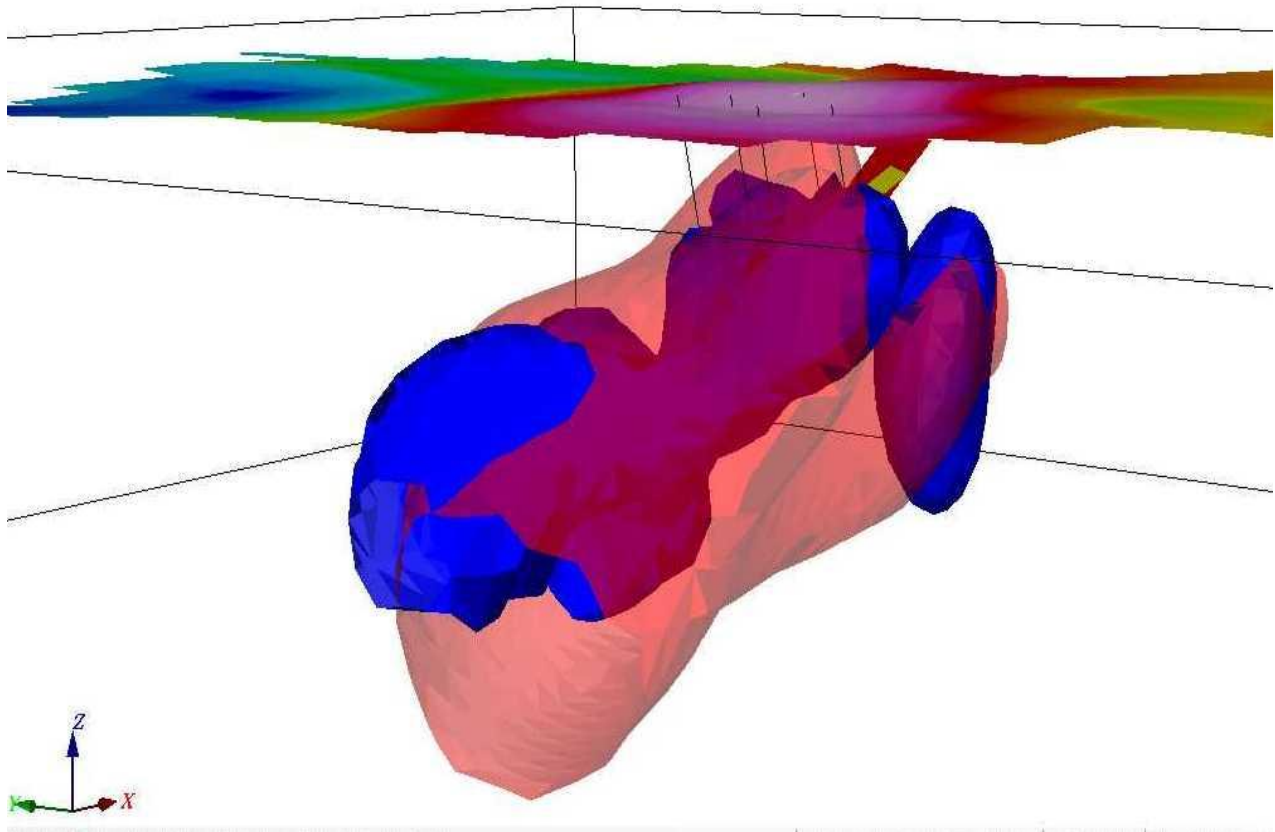
### Results of the geophysical modelling

The gravity and magnetics data indicate the presence of a substantial body of dense, magnetic material below the depth of the current drilling.

Drake's geophysical consultant has used magnetic and density thresholds that are estimated to separate known nickel mineralised rock from non-mineralised rocks. The mineralisation comprises massive to disseminated sulphide mineralisation hosted by rocks classified as gabbros or norites. The sulphides are primarily pyrrhotite, with variable amounts of pentlandite (nickel-iron sulphide) and chalcopyrite (copper-iron sulphide).

Pyrrhotite is generally magnetic, and therefore rocks containing abundant pyrrhotite have a distinctive magnetic signature. The pyrrhotite gabbro is also dense (4.2 grams per cubic

centimetre) which contrasts with the non-mineralised host rocks, which have a density of 3.0 to 3.3 grams per cubic centimetre. Hence magnetic and gravity measurements can provide useful data to model the distributions of rocks which are anomalously magnetic and dense.

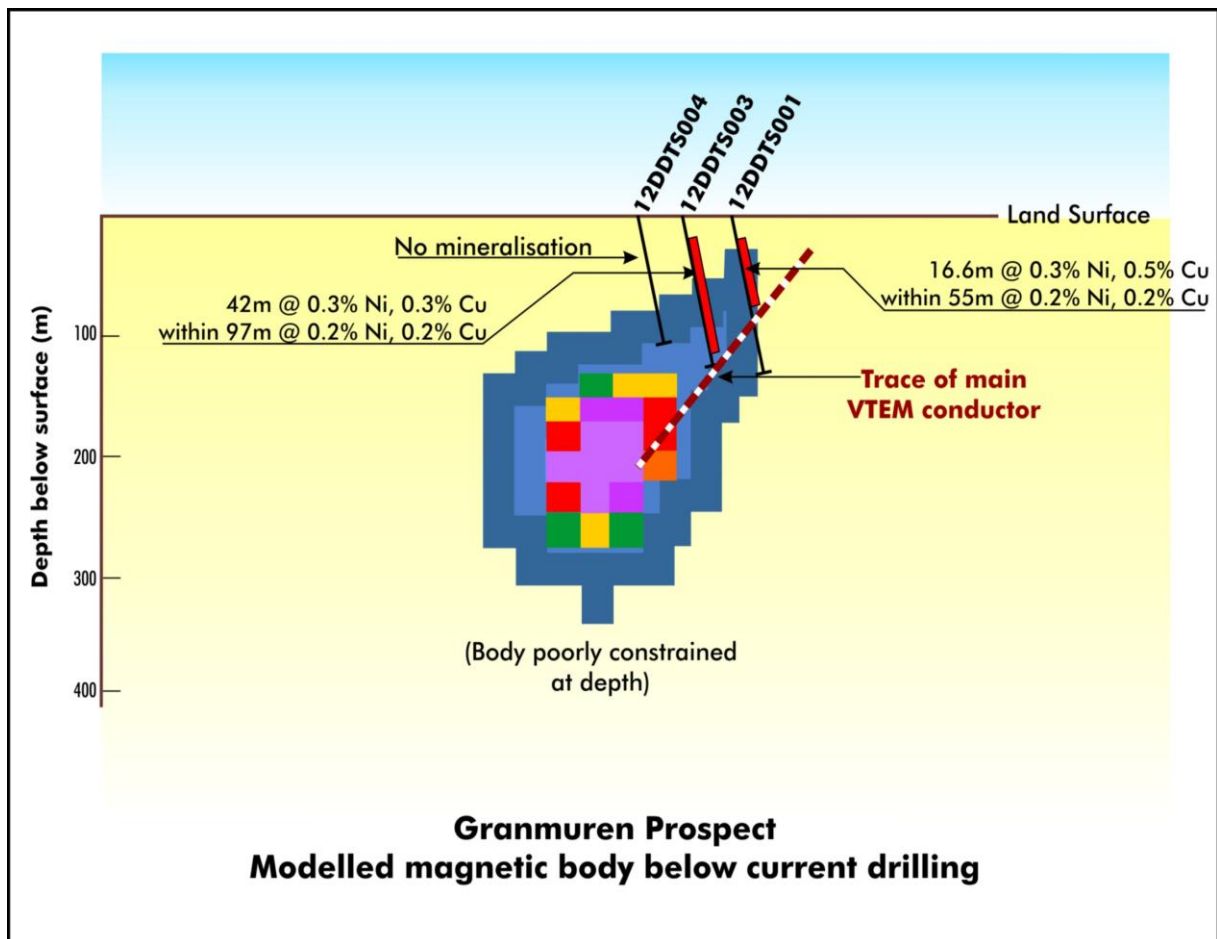


3D model of the magnetics body (blue and claret) and gravity body (pink) for the Granmuren nickel-copper prospect; the body is approximately 400 metres in length

The 3D magnetic and gravity models suggest the presence of coincident, substantial bodies of rock that have the characteristics of additional nickel-copper mineralisation at depth.

A downhole electromagnetic survey is underway.





Section through the Granmuren nickel-copper prospect showing the positions of drill holes 12DDTS001, 003 and 004 relative to the magnetic body; the mineralised sections of the holes (in red) is approximately coincident with the modelled magnetic body

## Orsen

The Orsen permit contains a strong magnetic feature and the area has been mined for iron-ore in the past. In addition, parts of the system contain copper mineralisation associated with iron including grades of up to 0.85 per cent 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 - 200 metres in length. A second drill hole intersected a similar thickness of magnetite mineralisation.

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. No work was done on this permit during the quarter.

## Bergslagen

Drilling at the Western Copper-Gold Zone at Falun identified very substantial intersections of copper-gold mineralisation including an intercept of 175.5 metres at 0.4 grams per tonne of copper and 0.4 per cent gold (59.3 - 234.8 metres).

In the first quarter of 2012, Royal Falcon Mining advised the company that it had decided to divest its interest in the Swedish joint venture project.

## 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 copper-zinc 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, copper-gold, orogenic gold and layered intrusions.

During the fourth quarter of 2011, 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 was modelled to define targets for follow up drilling.

Four combined VTEM-gravity targets were drill tested in May and June 2012. These holes failed to intersect massive sulphides. Consequently these joint ventures have been terminated.

## About Drake Resources Limited

**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 nickel and copper. They include nickel resources at Espedalen in Norway, a new nickel-copper discovery at Granmuren in Sweden, and significant remaining mineralisation in the Joma copper-zinc mine. 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.

## 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.*