



ASX Announcement
8 October, 2012

Large nickel-copper target at Granmuren, Sweden

- Geophysical modelling at Granmuren nickel-copper deposit indicates presence of large, dense, magnetic body
- Granmuren mineralisation in drill core more magnetic than host rocks allowing target to be modelled
- Higher density of sulphide mineralisation utilised to detect co-incident gravity anomaly
- Body coincident with interpreted extensions of the VTEM conductor at depth
- Target is below previously reported mineralised intersections up to 97m wide, which include:
 - 16.6m @ 0.47% Cu, 0.30% Ni & 0.03% Co from 48.7m
 - 42.3m @ 0.26% Cu, 0.26% Ni & 0.02% Co from 34.6m
- Mineralisation starts from 10m from surface
- Next step - confirm presence of mineralisation with downhole electromagnetic survey

***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.*

Drake Resources (ASX: DRK, Drake) has identified a large-sized geophysical target at its Granmuren nickel-copper discovery in central Sweden following the completion of a ground gravity survey. Drake has processed and interpreted the gravity data, and also modelled the airborne magnetics data available for the area.

The Granmuren target was generated from an airborne electromagnetic survey (VTEM) flown over Drake's 100 per cent Tullsta licence in August 2011. It is situated in an area that has been mapped as gabbro by the Swedish Geological Survey (SGU) but is largely covered with transported glacial sediments.

The winter 2012 drilling campaign of 556 metres at Granmuren confirmed near surface mineralisation and that it 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

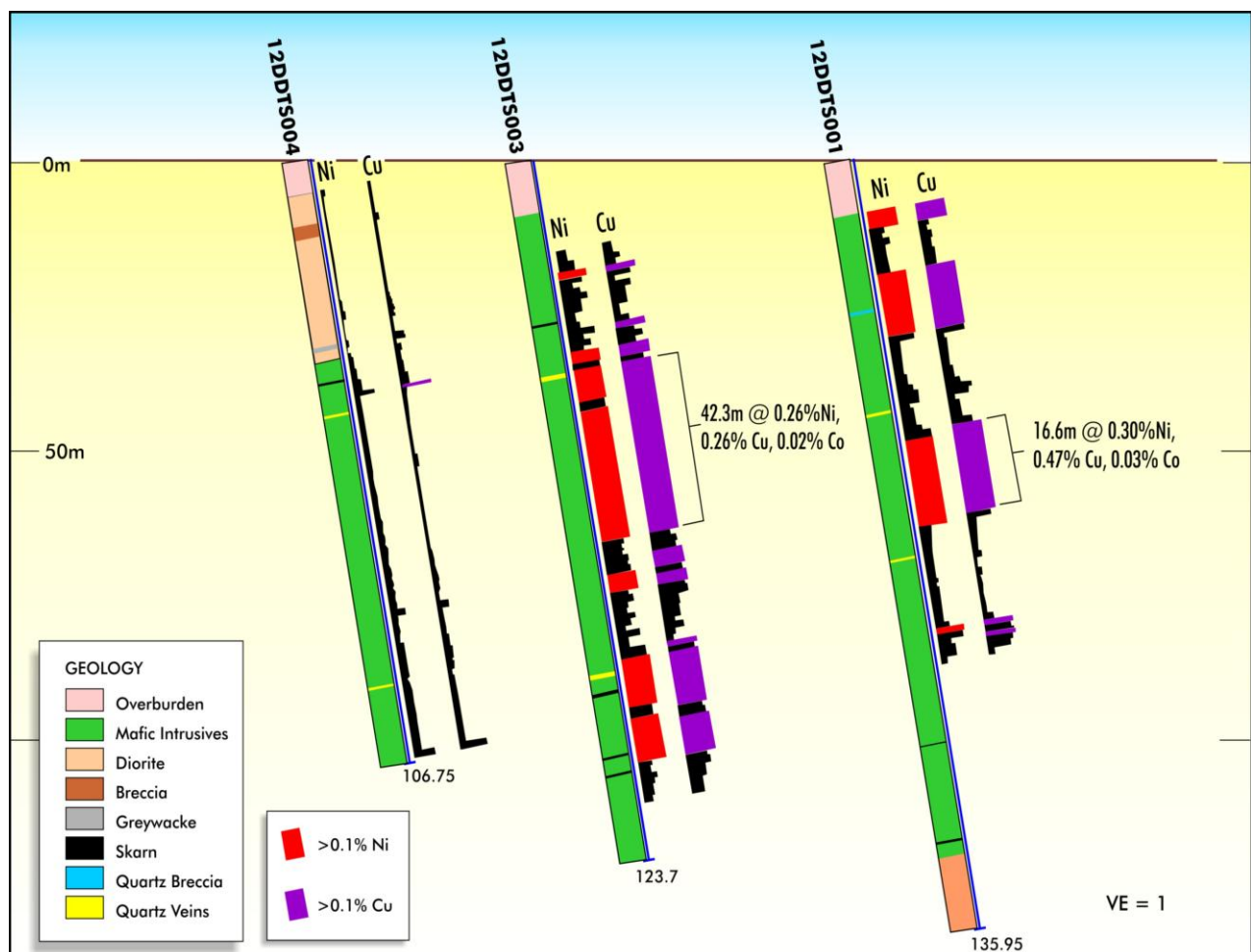


Figure 1: Section illustrating thick zones of mineralisation present in holes 12DDTS001 and 12DDTS003

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.

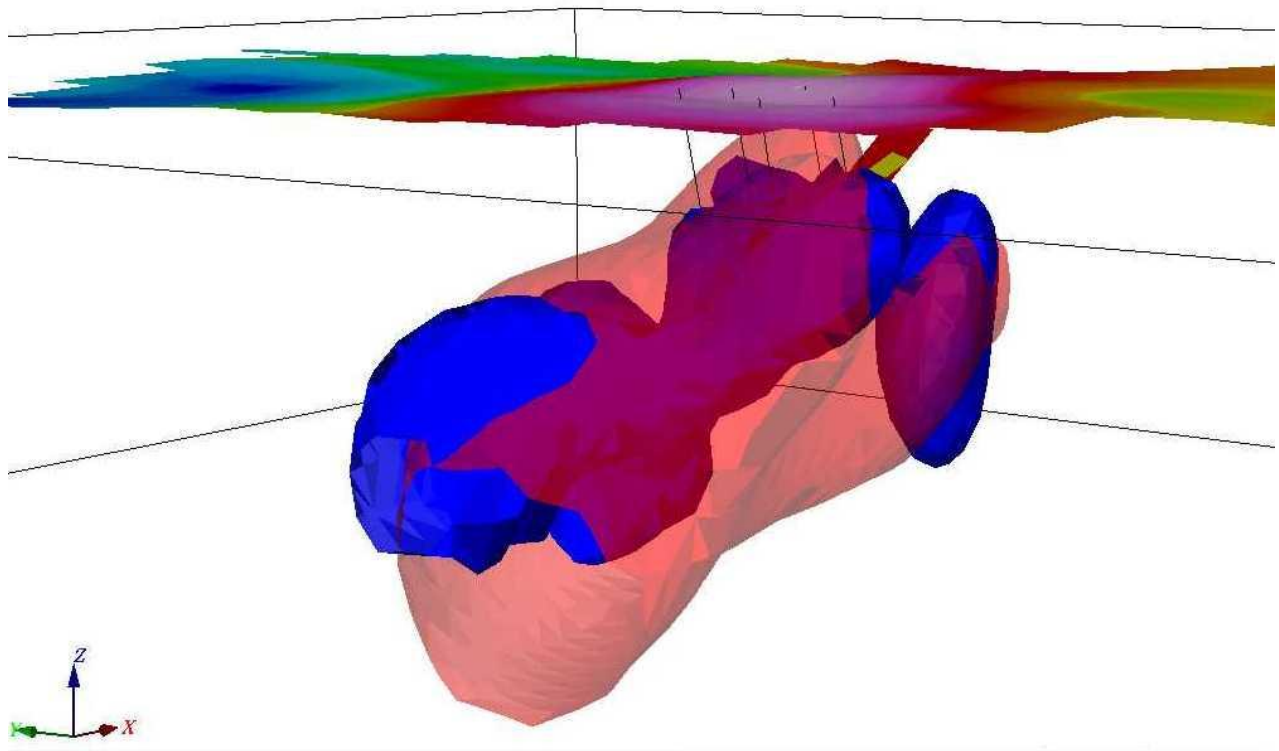


Figure 2: 3D model of the magnetics body (blue and claret) and gravity body (pink) for the Granmuren nickel-copper prospect; the body is approximately 400 metres in length

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.

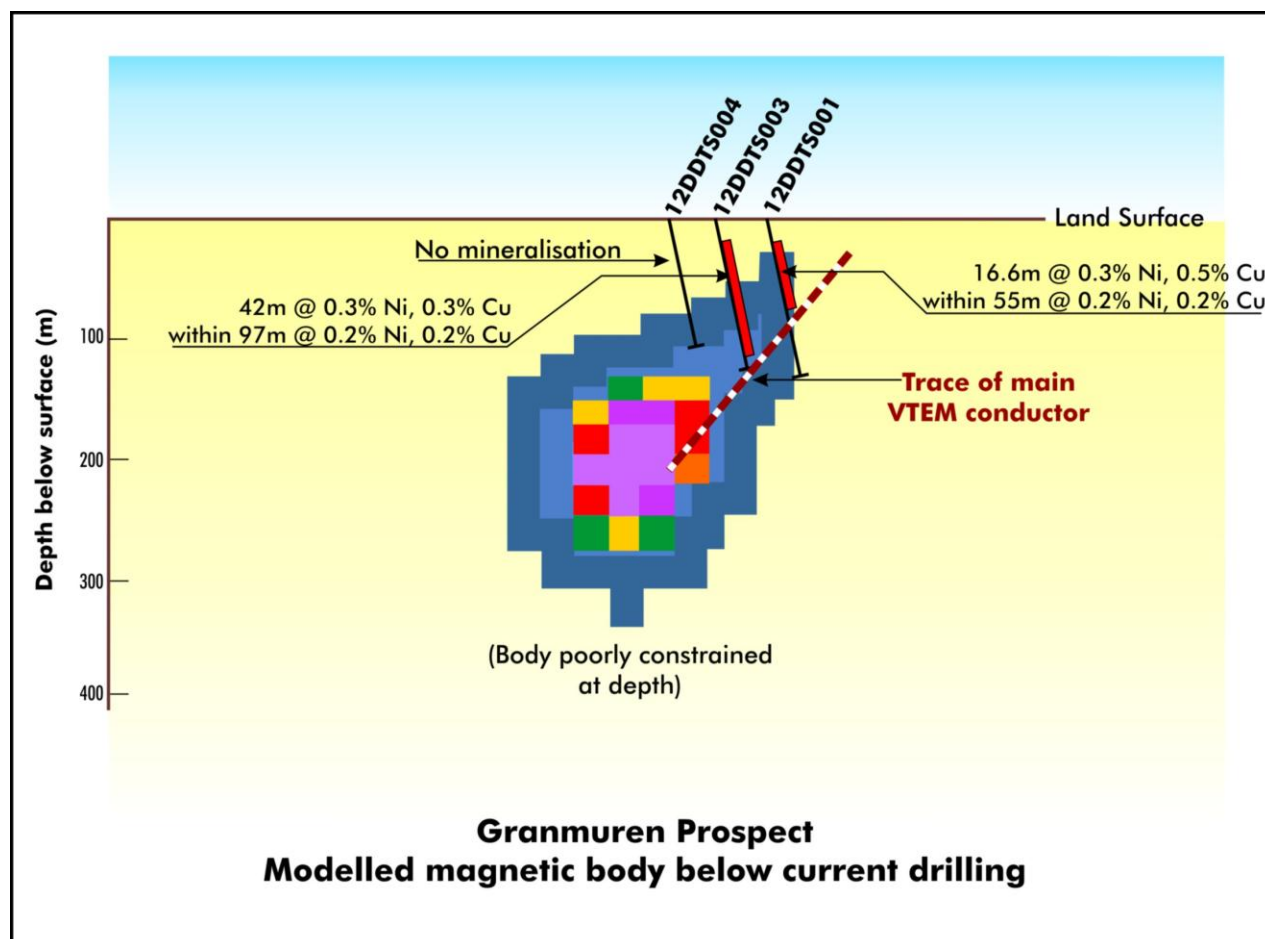


Figure 3: Section through the Granmuren nickel-copper prospect showing the positions of drill holes 12DDTS001, 003 and 004 relative to the magnetic body; the mineralised sections of the holes (in red) is approximately coincident with the modelled magnetic body

Next steps

Drake believes that downhole electromagnetics will provide a clearer picture of the size of any large mineralised body at depth. Electromagnetic surveys measure the conductivity of rocks through applied electromagnetic fields and resulting anomalies may represent the presence of conductive metal sulphides.

This survey will be completed when a crew is available.

Drake in Scandinavia

Drake is focussed on exploring its suite of 100 per cent owned gold properties in West Africa, however Drake has continued to operate four joint ventures in Scandinavia funded by its partners, Panoramic Resources Ltd and Royal Falcon Mining. Drake has taken advantage of its presence in Scandinavia to opportunistically acquire further quality assets. These include:

- Espedalen Nickel-Copper Project, Norway: 40,000 tonnes of nickel metal in compliant resources (see Drake's release to the ASX on 31 August, 2012 with regard to a waiver to use foreign resource statements);

- Bergslagen Nickel Project, Sweden, including Drake's Granmuren nickel-copper discovery (release to the ASX on 12 April, 2012);
- Joma copper zinc mine, with remaining resources in the ground (release to the ASX on 31 July, 2012); and
- Lapland (Norway and Finland) gold portfolio.

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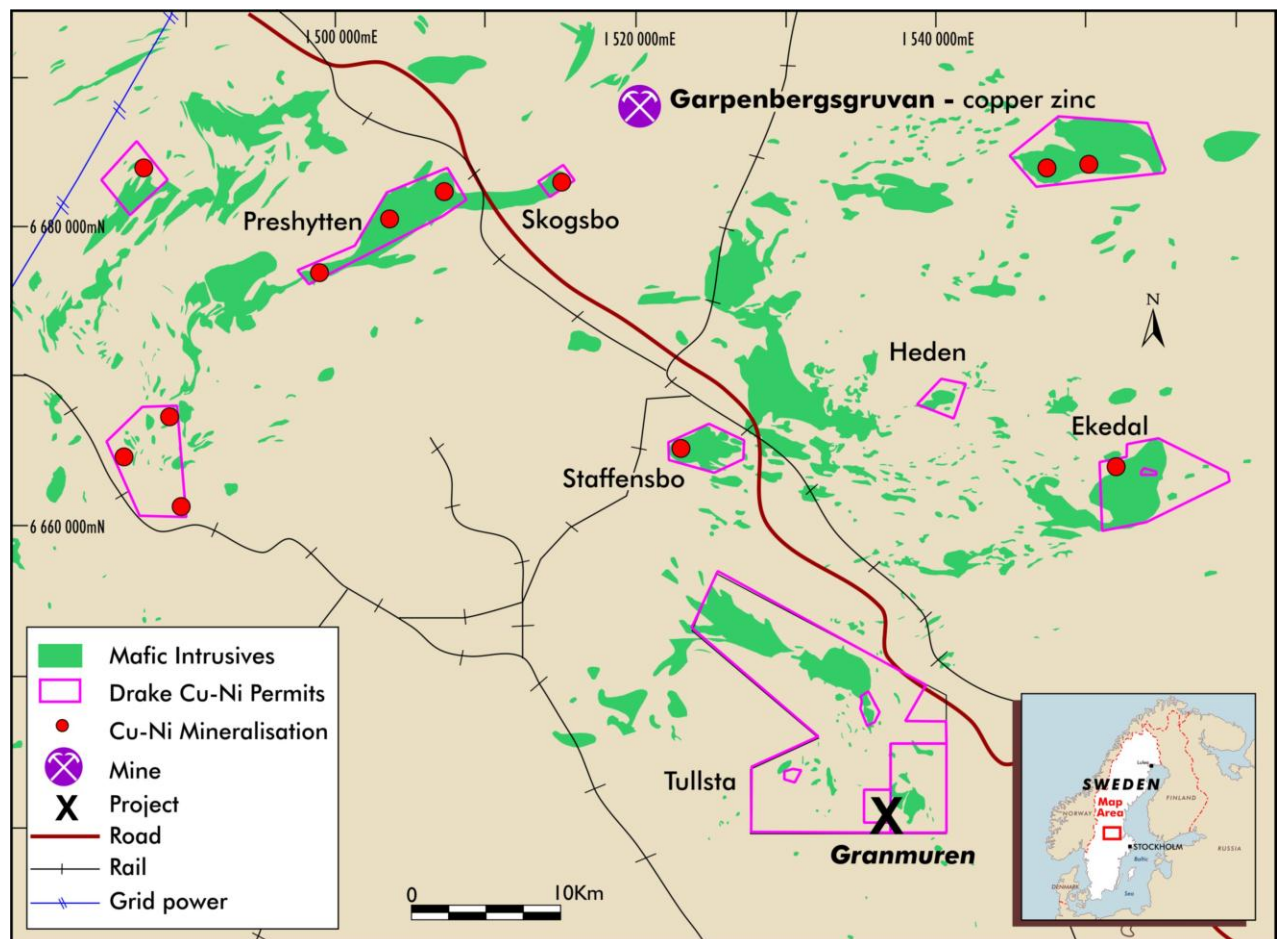
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Competent Persons Statement

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, 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.



The modelling process

The 3D models are generated by a process termed inversion. This process creates iso-surfaces, which are taken from the inversion outputs.

The magnetics surface is defined by a magnetics susceptibility value of 0.02 SI units, which corresponds approximately with the threshold value of magnetic susceptibility above which mineralisation occurs in the Drake drill holes.

The gravity iso-surface is at a density value of 0.43 grams per cubic centimetre. The density threshold is estimated to approximately 3.4 grams per cubic centimetre. This density level is greater than the gabbro or norite host rocks to the mineralisation.