



ASX Announcement

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Drake signs LOI targeting near term production

- Drake signs LOI with Vilhelmina Mineral AB to explore near –term copper production scenario
- Both groups have substantial residual mineralisation and infrastructure at decommissioned mines 55km apart in central Norway/Sweden
- Potential for facility to become processing hub for regional deposits and tailings

Drake is excited to announce that it has signed a Letter of Intent (**LOI**) with Vilhelmina Mineral AB (**Vilhelmina**), a private, Swedish registered explorer, to investigate the potential of combining assets to achieve a possible near term production scenario.

The LOI concerns the possible synergies between Drake's Joma and Gjersvik tenements and Vilhelmina's Stekenjokk and Levimalmen tenements 55kms to the North East of Joma and the potential for the combination to create an appealing economic basis to commence near term production.

Drake's regional portfolio contains the decommissioned Joma mine¹ and smaller Gjersvik mine. Vilhelmina's portfolio contains the Stekenjokk mine and the Levimalmen deposit. There are numerous compelling reasons to consider a partnership with Vilhelmina including:

- potentially significant and strategic enhancement to the value of Drake's existing regional portfolio;
- advanced knowledge of the residual mineralisation at the sites and the potential to generate a Reserve quickly. - 100km of drilling data at Stekenjokk/Levi; 3000 drill holes with 24,000 assay samples in the Joma database;
- established access drives at the mines;
- both sites previously operated conventional two-stage copper/zinc flotation circuits and many of the mine buildings are in good condition (fig 1), although most plant items have been removed;
- 40kms apart, 55kms via an established sealed road;
- potentially smoother path to licencing given past production;
- local support and skills base (some with direct experience at the sites); and
- both countries have very strong favourable legislation and deep mining experience.

The Joma mine has past production of 11.5Mt grading 1.49% copper and 1.45% zinc and a total of 0.5Mt of ore from Gjersvik was also treated at the Joma processing facility. Previous production at Stekenjokk totalled 7Mt grading 1.5% copper, 3.5% zinc and 0.4g/t gold. All

four established deposits that form part of the LOI scope potentially contain significant in-ground mineralisation. A preliminary exercise of the current investigations is assessment of the possibility of upgrading all deposits to JORC 2012 standards based on existing data.



Figure One: The Joma mine has workshops, offices, warehouses and main processing building in good order. Pictures taken 2013.

As described in the LOI, both Drake and Vilhelmina have 90 days to complete due diligence and first pass assessment of the economics of a production scenario based on a single processing site. Drake's CEO Jason Stirbinskis added "We have not committed to a corporate structure and strategy for the partnership at this stage but the best interests of our current shareholders will be a priority.

Whilst the focus is on near term production, it is tempting to consider the additional prospectivity of the tenements and the potential for considerably greater tonnages. Drake alone holds 100km² of licences around Joma and two very appealing anomalies² within 2km of the old Joma mine".

Joma and Stekenjokk are part of the Koli Thrust Complex. The complex hosts an additional 23 copper/zinc deposits and various tailings sites from previous production (fig 2). There is no operating processing facility servicing the mineralised province currently and therefore offering a potential toll processing and growth opportunity outside the immediate production focus.

Drake also has the Nordgruva, Lokken and Sulitjelma copper/zinc prospects in Norway³ and is a 49% Shareholder in the Bergslagen copper/gold prospects and decommissioned mine in central Sweden – although it is unlikely any of these prospects would be within economic transportation limits of a Joma/Stekenjokk facility.

1: Drake has an Exploration and Exploitation Agreement with Joma Naeringspark (JN), the commercial branch of the Røyrvik Commune and the owners of two claims (12km²) which contain the Joma mine/project. Under the agreement Drake has the ability to obtain a 100% interest upon meeting option payment and milestone obligations. See announcement 31/7/12 for agreement detail. Drake has an additional ~90km² at Joma and Gjersvik which are 100% owned by Drake.

2: See announcement "Joma EM results confirm prospective targets" 5/9/13

3: Nordgruva, Lokken and Sulitjelma copper zinc prospects are held within Drake/Panoramic Resources JVs. Under the terms of the agreements Panoramic Resources can earn up to 70% ownership by reaching expenditure targets



Figure Two: Drake's Joma/Gjersvik tenements are 55km SW by road from Vilhelmina's Tenements. See note 1 for details of agreement with Joma Naeringspark including the Joma mine.

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Bob Beeson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Beeson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Drake. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Drake's beliefs, opinions and estimates of Drake as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments