

16 January 2012

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NEW HIGHLY PROSPECTIVE GOLD PROJECT IN GUINEA, WEST AFRICA SECURED AND EXPLORATION COMMENCED

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HIGHLIGHTS

Drake Resources extends its project portfolio by securing five adjoining gold exploration permits (Seimana Project) covering 424 km² in the highly prospective gold mineralised belt of West Africa's Northern Guinea.

- **Significant gold operations and resources in the region**
 - **Abundant small scale artisanal gold workings on permits**
 - **No evidence of previous systematic exploration**
 - **Exploration by Drake has already commenced**
 - **Anticipated to progress rapidly to target drilling**
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Drake Resources (DRK) is an Australian base metals and gold/silver explorer with advanced and highly prospective projects in Scandinavia and West Africa. Scandinavian projects include a premier position in Sweden's historic world class Falun Mine area where high grade gold-copper mineralisation is the focus, in Finland Drake is seeking copper-zinc mineralisation with its joint venture partner and in Norway, the copper rich area of Løkken is being explored. In West Africa the focus is gold in the underexplored provinces of Mauritania, Senegal and Guinea. Drake's aim is to be a successful and profitable mining company delivering strong shareholder value.

Drake Resources Limited (ASX: DRK) has extended its portfolio of projects and entered into an option to purchase a block of five exploration permits in Guinea, termed the Seimana Project. The Seimana Project covers 424 kilometres squared in the highly prospective gold belt of northern Guinea.

The area lies within the prolifically mineralised West African gold province that has yielded a steady stream of gold discoveries over the past decade.

Located within 150 kilometres of Drake’s project are major deposits of more than five million ounces gold, Siguiri (AngloGold) and Lero. Other substantial deposits (more than one million ounces gold) in the area are Kouroussa, Kiniero, Mansounia and Tri-K. The location of the Seimana Project in relation to known gold deposits is shown in Figure 1.

Drake's permits are also adjacent to Avocet's rapidly emerging Tri-K deposit on which resources of 2.4 million ounces of gold have recently been announced.

Drake's Managing Director, Dr Bob Beeson said "Drake's entry into Guinea is in line with our strategy to focus our gold discovery experience in areas where it can be most effective. As a result Drake is active in the western parts of the West African Gold Province, in Mauritania, Senegal, and now Guinea.

“These areas are underexplored compared to other countries in the region, despite the abundant small scale artisanal mining activity as is in our Seimana Project.

“We believe the project has the potential to move quickly from initial exploration to target drilling with the aim of delineating a resource, similar to the recent rapid advance of Tri-K.”

Work has already commenced on the Seimana project and it is Drake’s aim to advance rapidly to target exploration drilling.

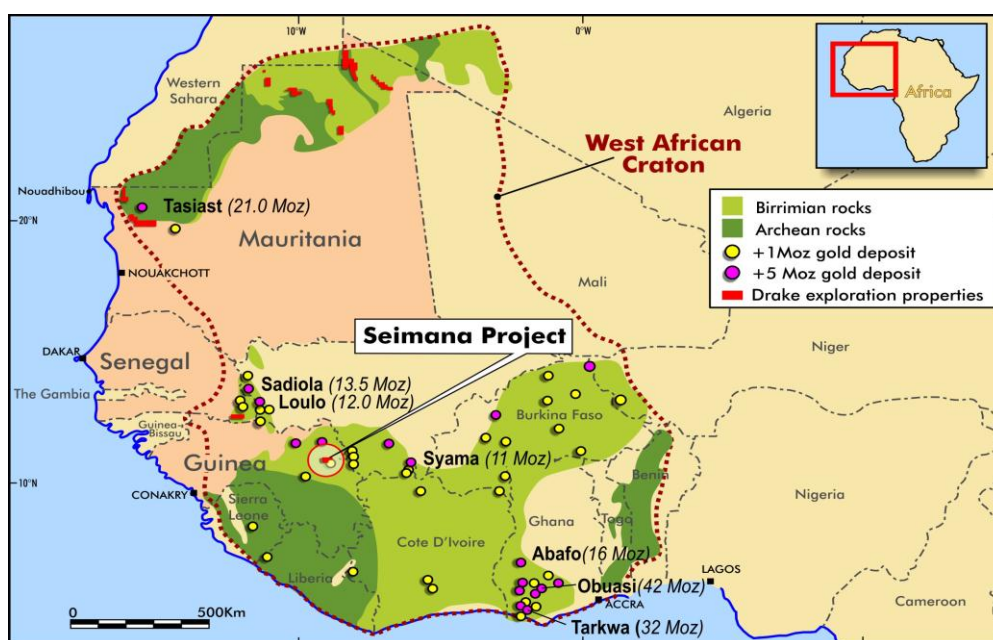


Figure 1: Location of Seimana Project in relation to major gold occurrences

The Seimana Project

The permits contain multiple artisanal workings as highlighted in Figure 2. These are predominantly eluvial, where gold shedding down slopes is extracted at very shallow depths, but there are also several areas of hard rock workings where gold is extracted from quartz veins. The Birrimian age West African gold province area is largely covered by lateritic ferricrete, suggesting that it is likely there are occurrences which the artisanal miners have not been able to locate.

Despite the abundance of artisanal workings, the area has not, as far as Drake is aware, been subject to modern systematic exploration.

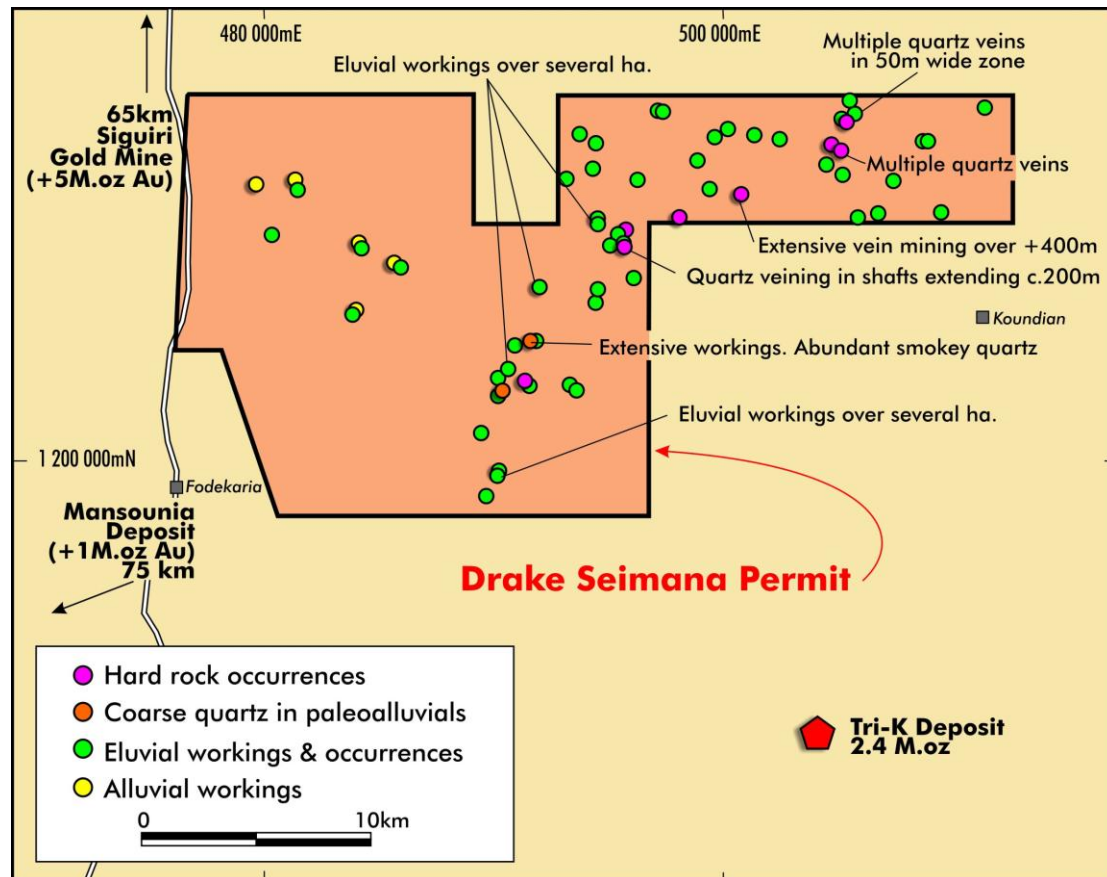


Figure 2: Seimana permits area showing gold occurrences and workings

Planned programme

An evaluation programme is in progress and involves:

- geochemical sampling over the entire project
- mapping and sampling of artisanal workings

The aim of this current work is to rapidly define drilling targets.



Artisanal mining on eluvial gold occurrence



Extensive artisanal mining on quartz vein system

Guinea and Mining

Guinea has a long history of mining and currently a number of major companies, including Rio Tinto, Vale, BHP-Billiton, and AngloGold are involved in major resource developments or mining projects.

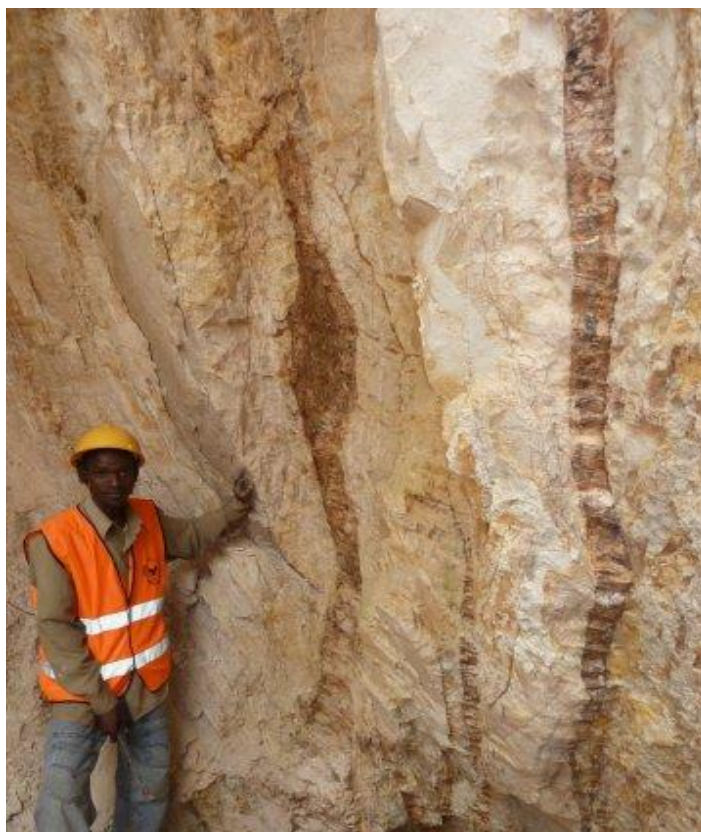
Option to purchase terms

The key elements of the deal that Drake has entered into at Seimana are:

- option payments on each permit of:
 - Commencement US\$10,000
 - 1st Anniversary US\$20,000
 - 2nd Anniversary US\$25,000
 - 3rd Anniversary US\$30,000
- At any time Drake can elect to purchase 100% of each permit for \$150,000 less any option payments made
- Royalty of US\$10.00 for each ounce of gold mined from the permits

Drake Resources' project team includes resident and expatriate professionals with strong local knowledge and operational experience in West Africa.

Drake Resources' management has an exceptional track record of exploration success, and includes key members of the team that built the Acacia Resources/AngloGold portfolio in Australia.



Sheeted gold bearing quartz veins in artisanal workings at Seimana

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Competent Persons

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.