

27 October 2017

## Quarterly Activities Report September 2017

Drake Resources Limited (ASX code: DRK) (**Drake** or the **Company**) presents this Quarterly Activity Report for the quarter ended 30 September 2017.

### MINING INTERESTS

The Company has three base metal projects in Scandinavia: Sulitjelma in Norway (Copper/zinc); Joma-Gjersvik in Norway, and Bergslagen, in Sweden.

During the Quarter, the Company continued its strategic review of its Scandinavian asset portfolio, with an initial focus on its Swedish mineral asset portfolio. On the basis of the review undertaken, it has been determined that multiple targets within the mineral asset portfolio justify further exploration in order to determine their mineralisation potential. Evaluation of the historical exploration and Drake's recent activities identified several previously overlooked opportunities.

The Company released an announcement on 24 August 2017 setting out its proposed exploration activities in respect of its tenements in the Bergslagen area.

The Company has previously announced that one of its tenements in the Bergslagen area, Tullsta nr 1, had lapsed because of non-payment of renewal fees. The area of Tullsta nr 1 is under moratorium until 1 January 2018.

As noted in the quarterly activities report for the quarter ended June 2017, the Company has been progressing applications for exploration permits over much larger areas of interest near the former Tullsta nr 1 tenement. The Company expects to provide an update to the market on the status of these new applications in the next month.

As at 30 September 2017, Drake's Swedish mineral assets portfolio consists of the following granted licenses: Gamla Jutbo nr 1; Prasthyttan nr 1; Korsheden nr 1; Tullsta nr 2 and Gaddebo nr 3.

### CAPITAL RAISING UPDATE

On 10 October 2017, the Company held a General Meeting of its shareholders. The purpose of this General Meeting was to seek renewed shareholder approval for the capital raising of up to \$1,750,000 by the issue of up to 175,000,000 Shares at an issue price of 1 cent each (post consolidation) (**Placement**). In addition, the Company sought shareholder approval for each of its current directors to participate in the Placement to the extent of 10,000,000 Shares each. All resolutions put to shareholders at the General Meeting were passed.

On 13 October 2017, the Prospectus dated 30 June 2017 and Supplementary Prosects dated 7 September 2017 (together, the **Prospectus**), closed fully subscribed, raising a total of \$1,750,000.

As set out in the Company's recent ASX announcements, the Board of Drake has been finalising its recapitalisation of the Company for the purpose of paying existing creditors, funding the evaluation of its current base mineral exploration assets in Scandinavia and funding administrative and working capital purposes in order to reinstate quotation of the Company's securities on ASX.

ASX has indicated the conditions that the Company must satisfy in order to have its securities reinstated to official quotation. The Company is confident of being able to satisfy the conditions for reinstatement and looks forward to updating the market shortly.

Following reinstatement to trading, the Company intends to continue its assessment of its current Scandinavian asset portfolio and consider additional project opportunities to create value for shareholders.

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

**DRAKE RESOURCES LIMITED (DRK)**

ABN

**12 108 560 069**

Quarter ended (Current quarter)

**30 September 2017**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for:	-	-
(a) exploration and evaluation	(91)	(91)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(138)	(138)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material): Legal	(30)	(30)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(258)</b>	<b>(258)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 Months) \$A'000</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares <sup>1</sup>	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	-
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	524	524
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(258)	(258)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	266	266
<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	266	524
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter</b> (should equal item 4.6 above)	266	524
<b>6. Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2		30
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	Directors fees	
<b>7. Payments to related entities of the entity and their associates</b>		<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2		-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		

<b>Consolidated statement of cash flows</b>		Current quarter \$A'000	Year to date (3 Months) \$A'000
<b>8. Financing facilities available</b> Add notes as necessary for an understanding of the position	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>	
8.1 Loan facilities	-	-	
8.2 Credit standby arrangements	-	-	
8.3 Other (please specify)	-	-	
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.			

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation <sup>1</sup>	125
9.2 Development	
9.3 Production	
9.4 Due Diligence	
9.5 Administration and corporate costs	125
9.6 Other (provide details if material):	
<b>9.7 Total estimated cash outflows</b>	<b>250</b>

<b>10. Changes in tenements</b> (items 2.1(b) and 2.2(b) above)	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter %</b>	<b>Interest at end of quarter %</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Signed:

Dated: 27 October 2017

Company Secretary

Print name: Julia Beckett

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.