



DRAKE RESOURCES LIMITED
ABN 12 108 560 069

Interim Financial Report
for the half year ended 31 December 2009

Note:

The information contained herein should be read in conjunction with the most recent annual report.

Drake Resources Limited
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**DRAKE RESOURCES LIMITED
AND CONTROLLED ENTITIES**
ABN 12 108 560 069
INTERIM FINANCIAL REPORT DECEMBER 2009

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year:

Brett Fraser
Robert Beeson
Jay Stephenson

REVIEW OF OPERATIONS

CORPORATE

- On 8 September 2009 placed 5,535,445 shares at 18c raising \$996,380
- On 22 October 2009 Drake completed the sale of it's Mt Carrington project to Rex Minerals Ltd (ASX : RXM). Total consideration was;
 - \$735,000 in cash
 - 2,000,000 RXM shares (valued at \$3.6M at 31 December 2009 (\$1.80ea))
- On 6 November 2009 Drake completed the sale of it's Lake Rebecca gold project to AC Minerals P/L for a total consideration of \$50,000.
- By 31 December 2009 DRKO optionholders had exercised 10,191,898 options at 20c raising \$2,038,380

EXPLORATION

HIGHLIGHTS

Continuing drilling at Falun, Sweden, has extended the zone of high grade gold reported previously to 230 metres depth. Selected intercepts for the quarter include:

- 32.0 m @ 3.42 g/t gold, 0.7% copper and 0.04% bismuth (Hole 02-09); including 1.0 m @ 32.4 g/t gold, 1.4% copper and 0.15% bismuth
- 18.6 m @ 3.2 g/t gold, 0.9% copper and 0.03% bismuth (Hole 08-09)
- 13.0 m @ 2.2 g/t gold, 0.4% copper and 0.02% bismuth from 205.5 m (Hole 09-09)
- 10.1 m @ 4.9 g/t gold and 1.2% copper from 9.8 m (Hole 12-09)
- 5.5 m @ 3.9 g/t gold and 0.6% copper from 101.6 m, including 0.5 m @ 34.1 g/t gold and 0.6% copper (Hole 12-09)
- 10.6 metres at 8.6 g/t gold, 0.5% copper and 0.2% bismuth including 2.2 metres at 36.6 g/t gold and 0.7% bismuth (Hole 13-09)

Drake is now testing for continuity of mineralisation from surface to the 350 metres level

Drilling for the current quarter includes completion of the first phase of gold-copper drilling at Falun, and drilling of regional targets at Rogsån, Bersbo and Domängruvan

Drake has acquired the Vigelsbo gold and massive sulphide property near the historic Sala silver mine in Sweden; the permit includes:

- High grade copper and silver in silica breccia outcrop
- Boulders with up to 10.2 g/t gold, 343 g/t silver, 1.5% copper, 17.8% lead and 12.0% zinc

**SWEDEN PROPERTIES: ROYAL FALCON MINING JOINT VENTURE
(DRAKE CURRENTLY 100%)**

Drake Resources has continued the management of exploration of the Falun and Bersbo Projects in Sweden.

The Joint Venture's first drilling campaign (twenty diamond holes, 3600m) commenced in August 2009.

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The Falun copper-zinc mine

The gold-copper target

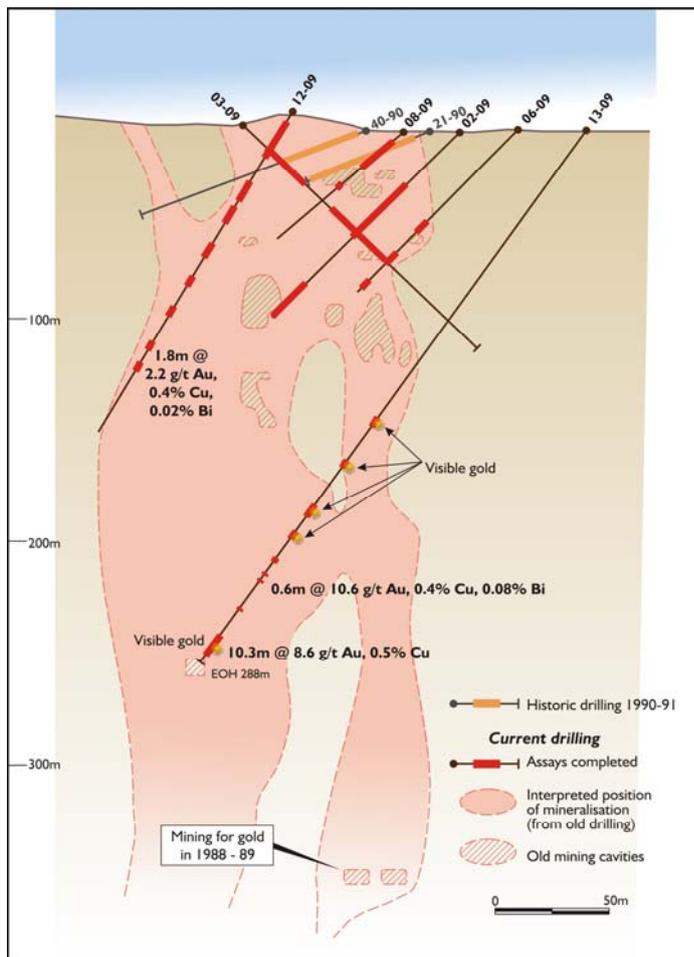
Drake is drill testing a semi-vertical gold-copper shoot linking high grade gold near-surface with past gold workings at 350 metres depth. The initial drilling had three main objectives:

1. Validating the high grade gold-copper mineralisation reported in drilling just prior to mine closure in 1992.
2. Testing its continuity and extent in the upper part of the old mine.
3. Determining whether this high grade gold near surface in continuous with an area where the previous mining operation extracted a small quantity of gold mineralisation at the 350 metre level.



Sweden - Falun Location Map

The first two objectives have been successfully achieved. Drake reported an intersection of 11.6 m at 61.2 g/t gold, 1.2% copper and 0.09% bismuth last October in Hole 06-09 at 40 metres below surface, confirming the presence of high grade gold in this area. Drilling underneath this mineralisation has confirmed the presence of mineralisation under this intersection.



Falun - Johannes Lucas Western Section 075

Drake is now testing the depth extent of this gold mineralisation, particularly whether this near-surface mineralisation links directly with some past mining for gold at the 350 metre level. Hole 13-09 has demonstrated that strong gold-copper mineralisation exists in the Eastern Gold-Copper Zone to at least 230 metres below surface.

The planned target depth for Hole 13-09 was 320 m, however the hole was terminated short of this target depth after it intersected an old mining cavity at 288 m. Gold and copper assays in old underground drilling in this area would suggest that additional mineralisation would have been intersected in Hole 13-09 if the target depth had been reached.

On drilling Section 075, Hole 12-09 was drilled to determine the western margin of the zone of gold – copper mineralisation. The hole was completed at a depth of 166 m and assays have now been received to 120 m depth. These new intercepts have extended the known zone of gold – copper mineralisation by around a further 20 m to the west. Mineralisation has now been defined on this section with a horizontal width of more than 100 m (see section below).

Higher grade copper mineralisation was intercepted in Hole 12-09, compared to previous holes. completed by the Bergslagen Joint Venture. This copper mineralisation, grading up to 5.89%, occurs between 68 and 75 metres down hole.

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The results confirm the presence of mineralisation from surface to 121 metres down hole in Hole 12-09 and that the copper-gold mineralisation is over 110 m wide on this drill section through the Eastern Gold-Copper Zone.

The current drilling is testing the 350 metre level, where gold was mined in 1987-88 prior to mine closure (gold price at the time approximately US\$350/oz).

Two holes remain to be completed in this programme in the Eastern Copper-Gold Zone, including the deep hole described above, plus three further holes into the Western Copper-Gold Zone.

The intersections with visible gold in Hole 13-09 are now being re-sampled using the other half of the core, to obtain second assays of these intervals for confirmation and verification.

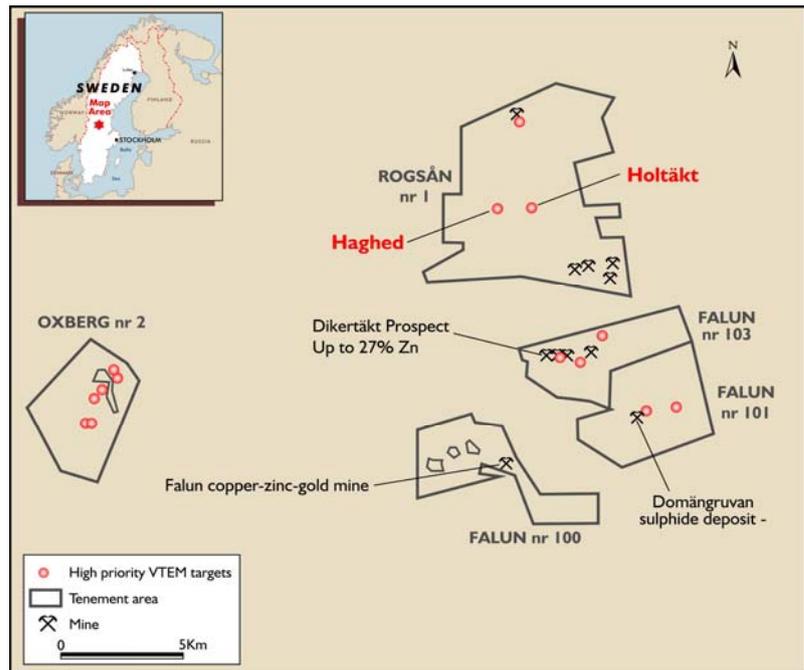
The Falun District Project

The Falun District Project comprises four permits within 20 kilometres of the city of Falun: Rogsån, Falun 101, Falun 103 and Oxberg.

Drake has defined high ranking geophysical targets from the VTEM survey completed in 2008.

There are two strong conductor targets in the Rogsån permit, approximately 10 kms north of the large Falun copper-zinc-gold deposit where Drake has its operations base.

There two main targets at Falun East, at Domängruvan and Kvictjärn in the Falun 101 permit. This permit contains the Domängruvan massive sulphide occurrence (a historic mine, closed in 1917) and has been occupied by the Swedish military since the First World War, with no exploration has been permitted since then.



The Falun Project exploration licences and immediate targets

Drilling of geophysical and geological targets at Holtåkt and Haghed in the Rogsån permit, and the Domängruvan target in Permit Falun 101, is planned for the current quarter.

Bersbo

Drake's evaluation of airborne VTEM (helicopter EM) survey flown in 2008 over the Bersbo Project Area has identified a number of targets. These targets have been refined by a process of careful processing of the VTEM data, ground checking and geophysical modelling.

Hersatter and Hersatter West targets

The Hersatter targets occur along an extensive magnetic horizon in the northwest of the Project Area. The Hersatter magnetic feature is of particular interest since it occurs in a fold nose, and bears a strong structural resemblance to the magnetic signature of the nearby Bersbo mine. The data interpretation indicates the presence of a flat lying conductor at relatively shallow depths. The target has high conductivity and has a moderate magnetic response. The top has been modelled at 60metres.

Bersbo West

The Bersbo West VTEM target is 1600m west of the old Bersbo copper-zinc-gold mine. It is a strong conductor with a moderately strong magnetic response. It has a minimum length of 200 metres and the interpreted target depth is 100m. The anomaly location occurs in an area of mixed standing and cleared forest.

Kungshagen

The geophysical target at Kungshagen is moderately to strongly conductive and moderately magnetic. It is approximately 150m in strike length. The modelling indicates a relatively deep target with a dip to the north. It is in an area of thick forest covering very large glacial boulders.

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Drill programme

The Bersbo VTEM targets are scheduled for drilling in early 2010.

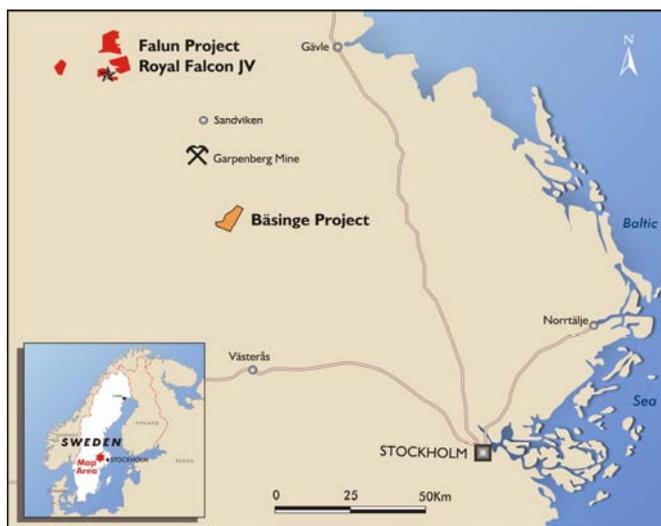
SWEDEN PROPERTIES: NON-JOINT VENTURE PERMITS

Drake holds ten permits in Sweden that are not within the Bergslagen Joint Venture with Royal Falcon Mining. Work recommenced on these properties in the second half of 2009.

Bäsinge Copper-Cobalt Project

Field reconnaissance has upgraded the potential of its 100%-owned Bäsinge Copper-Cobalt Project in Sweden. The Bäsinge Project is located 60 kilometres southeast of Drake's Falun copper-gold project, and 125 kilometres northwest of Stockholm.

Drake commenced a programme of till sampling to identify and rank other mineralised trends in the last quarter. However, poor weather and the limited daylight caused the programme to be deferred to this coming spring.

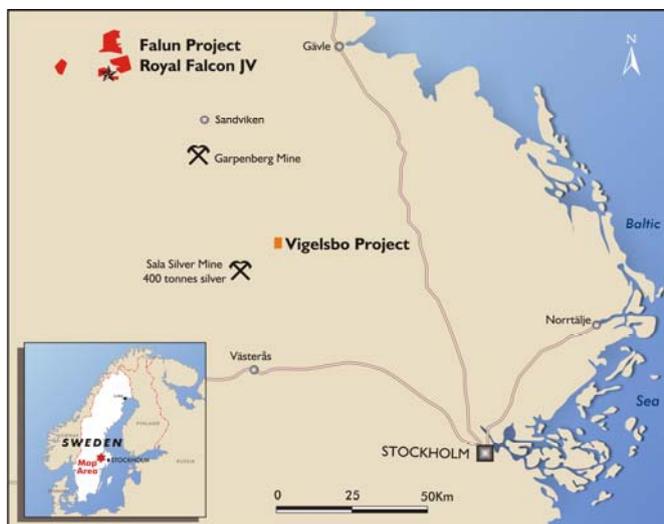


Bäsinge Location Map

Vigelsbo

Drake acquired a 100% interest in an exploration permit application at Vigelsbo, southeast of Falun, Sweden. The chief interest at Vigelsbo is the presence of a small silica breccia outcrop in the along strike position of known mineralisation drilled by past explorers to the west of the Drake permit. Historic sampling of this outcrop (not by Drake) gave 5.3% copper, 247g/t silver and 0.6 g/t gold. Furthermore, 1000-1600 metres down-ice from this outcrop, are mineralised glacial boulders containing two styles of mineralisation:

- Gold-copper mineralisation with 7.2-10.2 g/t gold and 1.4-1.5% copper (two boulders)
- Massive sulphide style mineralisation with 52-343 g/t silver, 0.5-4.1 g/t gold, 6.3-17.8% lead and 1.2-12.0% zinc (10 boulders)



Vigelsbo Location Map

The Drake programme for Vigelsbo in 2010 will commence with detailed reconnaissance, glacial till sampling and boulder tracing. This will probably be followed by electrical geophysics, and drilling.

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 is a member of the Australian Institute of Geoscientists, and 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.

**DRAKE RESOURCES LIMITED
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DIRECTORS' REPORT

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'B Fraser'.

**Brett Fraser
Director**

Dated this 11th Day of March 2010

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of Drake Resources Limited And Controlled Entities for the half year ended 31 December 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH this 11th day of March 2010

**DRAKE RESOURCES LIMITED
AND CONTROLLED ENTITIES**
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Economic Entity	
		31/12/2009	31/12/2008
		\$	\$
Revenue		91,054	23,264
Gain on Sale of Shares		-	30,000
Unrealised Gain on Shares		2,593,250	12,500
		2,684,304	65,764
Loss on Sale of Tenements		(32,554)	-
Registry and ASX Fees		(29,110)	(16,250)
Audit and Accounting		(10,250)	(14,605)
Depreciation		(3,643)	(6,995)
Public Relations and Advertising		(7,313)	(19,818)
Rent and Utilities		(15,644)	(12,881)
Legal Costs		(5,188)	(5,957)
Insurance		(7,010)	(13,801)
Employee Benefits Expenses		(240,388)	(192,896)
Share Based Payments Expense		(446,950)	-
Contractors and Consultants		(4,633)	(36,930)
Computers and Software		(7,035)	(1,160)
Travel & Accommodation		(17,329)	(14,778)
Other expenses		(32,540)	(22,205)
Profit/(Loss) before income tax		1,824,717	(292,512)
Income tax expense		-	-
Profit/(Loss) from continuing operations	2	1,824,717	(292,512)
Other Comprehensive Income			
Foreign Exchange movement		1,360	-
Other Comprehensive Income for the period:		1,360	-
<hr/>			
Net Loss and Total comprehensive income attributable to members of the parent entity		1,826,077	(292,512)
Overall Operations:			
Basic earnings per share (cents per share)		4.52	(0.79)
Diluted earnings per share (cents per share)		2.56	

The accompanying notes form part of these financial statements.

**DRAKE RESOURCES LIMITED
AND CONTROLLED ENTITIES**
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Economic Entity	
	31/12/2009	30/6/2009
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,619,525	830,904
Trade and other receivables	157,961	68,913
Non-current assets held for sale	-	1,330,705
TOTAL CURRENT ASSETS	3,777,486	2,230,522
NON-CURRENT ASSETS		
Property, plant and equipment	18,185	11,201
Financial Assets	4,062,700	408,250
Other non-current assets	711,299	675,708
TOTAL NON-CURRENT ASSETS	4,792,184	1,095,159
TOTAL ASSETS	8,569,670	3,325,681
CURRENT LIABILITIES		
Trade and other payables	498,600	521,383
Short-term provisions	8,805	-
TOTAL CURRENT LIABILITIES	507,405	521,383
TOTAL LIABILITIES	507,405	521,383
NET ASSETS	8,062,265	2,804,298
EQUITY		
Issued capital	8,464,361	4,891,238
Reserves	550,088	689,961
Accumulated Losses	(952,184)	(2,776,901)
TOTAL EQUITY	8,062,265	2,804,298

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Share Capital Ordinary	Option Premium Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1/7/2008	4,924,505	692,225	(1,932,963)	3,683,767
Capital Raising Costs	(33,267)			(33,267)
Total Comprehensive Income for the period			(292,512)	(292,512)
Balance at 31/12/2008	<u>4,891,238</u>	<u>692,225</u>	<u>(2,225,475)</u>	<u>3,357,988</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Share Capital Ordinary	Option Premium Reserve	Foreign Exchange Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1/7/2009	4,891,238	692,225	(2,264)	(2,776,901)	2,804,298
Shares issued during the period	996,380				996,380
Options exercised	2,038,379				2,038,379
Options expired	588,183	(588,183)			-
Capital Raising Costs	(49,819)				(49,819)
Options issued during the period		446,950			446,950
Total Comprehensive Income for the period			1,360	1,824,717	1,826,077
Balance at 31/12/2009	<u>8,464,361</u>	<u>550,992</u>	<u>(904)</u>	<u>(952,184)</u>	<u>8,062,265</u>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Economic Entity	
	31/12/2009	31/12/2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	87,077	63,534
Interest received	11,893	10,455
Payments to suppliers and employees	(486,022)	(375,752)
Net cash provided by (used in) operating activities	(387,052)	(301,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,628)	-
Purchase of exploration assets, net of funding	(98,640)	26,507
Proceeds from Tenement Sales	300,000	-
Proceeds of Investments	-	230,000
Net cash provided by (used in) investing activities	190,732	256,507
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,034,760	-
Cost of share issues	(49,819)	(33,267)
Net cash provided by (used in) financing activities	2,984,941	(33,267)
Net increase in cash held	2,788,621	(78,523)
Cash at 1 July	830,904	442,141
Cash at 31 December	3,619,525	363,618

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

NOTE 1: BASIS OF PREPARATION FOR INTERIM

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Drake Resources Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Drake Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

NOTE 1: BASIS OF PREPARATION FOR INTERIM

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

NOTE 2: PROFIT FROM ORDINARY ACTIVITIES

	Economic Entity	
	31/12/2009	31/12/2008
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Proceeds on Sale of Tenements	1,360,000	-
Costs of Tenements sold	(1,392,554)	-
	(32,554)	-
Provision for Employee Leave	(7,376)	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

NOTE 3: OPERATING SEGMENTS

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of gold, silver and base metals projects. Inter-segment transactions are priced at cost to the consolidated entity.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects - Australia and Sweden. The UK subsidiary had no operations for the period ended 31 December 2009. Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements.

	Australian Exploration \$	Sweden Exploration \$	Treasury \$	Total \$
For the Half Year to 31 December 2009				
Segment Revenue	-	79,161	2,605,143	2,684,304
Segment Results	(32,554)	79,161	2,604,616	2,651,223
Corporate Expenses				(826,506)
Profit/(Loss) before Income Tax				1,824,717
As at 31 December 2009				
Segment Assets	654,152	87,147	7,681,025	8,422,324
Unallocated Assets:				
Trade and other receivables				127,961
Property, plant and equipment				18,185
Other non-current assets				1,200
Total Assets				8,569,670
Segment Liabilities	6,526	220,194	-	226,720
Unallocated Liabilities:				
Trade and other payables				271,880
Short-term provisions				8,805
Total Liabilities				507,405

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

NOTE 3: OPERATING SEGMENTS (cont.)

	Australian Exploration \$	Sweden Exploration \$	Treasury \$	Total \$
For the Half Year to 31 December 2008				
Segment Revenue	2,650	9,783	53,331	65,764
Segment Results	2,650	9,783	53,238	65,671
Corporate Expenses				(358,183)
Profit/(Loss) before Income Tax				(292,512)
As at 30 June 2009				
Segment Assets	2,024,993	10,220	1,239,154	3,274,367
Unallocated Assets:				
Trade and other receivables				38,913
Property, plant and equipment				11,201
Other non-current assets				1,200
Total Assets				3,325,681
Segment Liabilities	-	391,128	-	391,128
Unallocated Liabilities:				
Trade and other payables				130,255
Total Liabilities				521,383

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

The results for the half year to 31 December 2009 include an unrealised gain on shares of \$2,593,250. At the date of this report, the market value of these shares has decreased by \$182,250.

There are no other subsequent events at reporting date.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7-14:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated group's financial position as at 31 December 2009 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Brett Fraser
Director

Dated this 11th Day of March 2010

Independent Auditor's Review Report

To the Members of Drake Resources Limited

We have reviewed the accompanying half-year financial report of Drake Resources Limited ("the Company") and Controlled Entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**Bentleys Audit
& Corporate (WA) Pty Ltd**
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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Drake Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of Drake Resources Limited for the half-year ended 31 December 2009 included on the website of Drake Resources Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

Independent Auditor's Review Report

To the Members of Drake Resources Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Drake Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Ranko Matić".

RANKO MATIĆ
Director

DATED at PERTH this 11th day of March 2010