



DRAKE RESOURCES LIMITED
ABN 12 108 560 069

Interim Financial Report
for the period ended 31 December 2007

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 2007

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2007.

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

Exploration

Drake Zinifex Alliance

Drake Resources Ltd and Zinifex Ltd have agreed to extend the successful base metal exploration Alliance until December 2008.

The Zinifex – Drake Alliance was established to identify high-quality zinc-lead-silver-copper targets within selected regions of Australia, Scandinavia, North America and southern Africa. Drake has a generative team with a unique understanding of target characteristics and wide-ranging knowledge and practical experience in the type terrains where the known deposits occur. Zinifex has the project evaluation, financing and mining skills to progress the projects generated by the Alliance.

The Alliance started in September 2006 with an initial budget of \$640,000 including a cash budget of \$400,000. With this funding, Drake, as Manager of the Alliance, has successfully generated fourteen projects as Drake-Zinifex exploration joint ventures to date.

To facilitate a continuation of this productive arrangement, the parties have approved a new budget of a further \$1.0 million for the period from September 2007 to 30 June 2008. This new budget is in addition to the initial budget, and is funded by cash and in kind contributions from each company in the same proportions as the initial budget.

The two companies have also agreed in principle to extend the term of the Alliance agreement for a further six-month period until the end of December 2008.

The seventeen specific target proposals put forward by Drake have all been accepted by Zinifex. These will become 50:50 exploration joint ventures within the Alliance, initially sole-funded by Zinifex. Field programmes on four (4) of these commenced in the previous northern summer.

Zinifex is now sole-fund the seventeen target-specific exploration joint ventures to a level of \$400,000 per target to earn a majority participating interest before Drake has to commit funds.

Several further targets are under consideration in Australia, Sweden and Canada.

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Alliance-funded properties – Skommer and Ruda

Preliminary exploration of the Skommer and Ruda base metal property in northern Sweden is funded by the Alliance. If this work is successful Skommer will be considered by the Alliance to become a Drake-Zinifex Joint Venture.

Programmes of glacial till sampling have been completed to facilitate the assessment of the properties. The initial assay data of the till samples is encouraging and further programmes of sampling is planned for this year's summer field season.

DRAKE-ZINIFEX BASE METAL JOINT VENTURES - SWEDEN

Drake has been acting as Manager of the exploration joint ventures on behalf of the Alliance while Zinifex has established its support base in Sweden. From its exploration base in Falun, Drake is coordinating a comprehensive program of geological test work, structural geological mapping and geophysical surveys.

The Alliance's joint ventures in Sweden occur in the major Bergslagen base metal province of central Sweden. The province contains two of the largest base metal mines in Europe, Zinkgruvan and Garpenberg. The province also contains the Falun copper-zinc-gold mine, which closed in 1992, and is now held by the Drake-Zinifex Joint Venture.

Falun 100

Falun 100 covers the historic, world-class Falun copper mine which operated for over 1300 years until its recent closure in 1992. During the 17th and 18th centuries Falun was the world's largest copper mine, producing two-thirds of the world's copper.

Whilst best known as a major copper producer, Falun was also Sweden's largest gold mine and the second largest silver mine. During the 1980s annual production from the mine was approximately 200,000t of ore at an average grade of 6% Zn, 2%Pb and 0.5% Cu.



Sweden - Falun Location Map

Drake and Zinifex are very encouraged by the potential of this exploration licence:

- The historic production testifies to the rich metal endowment of the area
- There has been little exploration beyond the immediate vicinity of the mine, virtually none using modern exploration methods or technology
- Geological insight and understanding of the styles of mineralisation has advanced since mine closure

Detailed geological mapping of the licence and surrounding area was completed in the 2007 northern summer. This fieldwork is now being integrated with an overall interpretation of the area by the Drake/Zinifex specialist consultants. The results of this work have recently been received.

A detailed airborne electromagnetics survey is planned for the northern spring. This survey will cover the Falun 100 and Falun 101 licences, and the adjacent licences in the Falun Project Area.

It is anticipated that the new geology and geophysics will lead to drill targets for testing in the coming northern summer.

The Falun copper-zinc mine

Drake and Zinifex consider that copper, zinc and gold ores remain within and around the historic Falun Mine. The

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companies have put in place a programme to assess the economic potential of remaining ore and new orebodies that have yet to be identified.

The main elements of this programme include:

1. The acquisition of all level plans and sections through the existing mine workings; many of these plans and sections have been previously scanned and registered for use in Geographic Information Systems by the Swedish Geological Survey
2. Scanning the drill hole logs held by the Bergsstaten (Sweden Mines Inspectorate) in their Falun office
3. Locating, logging and sampling the existing drill core held by the Swedish Geological Survey in their Malå core facility
4. Building a three-dimensional model for the mine and its immediate vicinity based on the plans and drill logs

This work programme is well underway.

Falun 101 Exploration Licence

Application Falun 101 covers the area immediately east of the Falun township. This application contains the Domängruvan massive sulphide occurrence, which is a historic mine that closed in 1917.

Domängruvan was mined primarily for pyrite during the First World War. Development and drilling at the time reached depths of only 20 metres. The records of this mining, retained by the Mines Inspector's office in Falun, indicate that the material mined contained massive and disseminated sulphides.

The distribution of chalcopyrite- and sphalerite/galena-bearing quartz-pyrite rock are associated with quartz pyrite rocks within felsic volcanic host rocks. The quartz-pyrite-chalcopyrite-sphalerite rocks appear to be increasing in strike and width between the surface and 20 metres depth. There has been no drilling below this depth.

This area has been occupied by the Swedish military since the First World War, and no exploration has been permitted since then. This highly prospective zone has therefore not been subject to any recent exploration technologies, including geophysical surveys to detect mineralisation at depth.

An airborne magnetics survey and detailed geological mapping were completed in the 2007 field season. The integrated geological map for the Falun Project Area, and the detailed airborne electromagnetic survey, are scheduled for the early part of the 2008 field season.

Bersbo

The Drake-Zinifex Alliance has increased its licence and application holdings in the Bersbo massive sulphide Belt in Sweden to nine, which now cover 240 square kilometres of the belt. The Alliance has now secured what it considers to be the most prospective parts of belt containing the historic Bersbo copper mine in Sweden. Despite Bersbo being the second largest historic copper mine in the Bergslagen Province, the belt has not attracted any modern exploration, and remains effectively unexplored.

The last government mapping programme in the Bersbo area was in 1895. Mining there ceased in 1902. Since then only minor reconnaissance work has been completed.

Past mining focussed on the copper, and there was little interest in the zinc. Mine records suggest that the amount of zinc was increasing with depth and along strike, and that a parcel of ore grading 20% Zn and 2% Cu remains at the bottom of the old mine. Three grab samples taken by Drake from the surface dumps give values in the range 0.02 – 0.38% Cu and 0.31 – 7.09% Zn.

Drake and Zinifex believe that there is potential for ore discovery both in the vicinity of the previous mining operations, and throughout the poorly explored district.

The main focus of the Alliance exploration programme at Bersbo in 2008 will be to evaluate all nine licences and applications. A detailed airborne magnetics survey, and ground mapping and sampling, were completed in the

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2007 field season. The programme will continue in 2008 with the completion of an airborne electromagnetic survey in the first half of the year, and further mapping and sampling.

These new data will be integrated with existing data. The Alliance anticipates that a number of drill targets will be generated from this work for testing in the northern summer.

Doverstorp

The Alliance has been granted an exploration licence that contains the historic Doverstorp Mineral Field in the Bergslagen district of Sweden. The licence is 23 square kilometres in area.

Doverstorp is located 45 kilometres southeast of Lundin Mining Corporation's Zinkgruvan zinc-lead-silver mine near Askersund, southern Sweden. Zinkgruvan has been in production continuously since 1857. It is the largest underground zinc mine in Sweden, and is amongst world's the lowest cost producers.

The mineralisation at Doverstorp occurs within metamorphosed volcanic and sedimentary rocks in a geological setting similar to that at Zinkgruvan. Both Mineral Fields contain pyrrhotite horizons, numerous oxide iron deposits, potassium-rich volcanics, and thin calc-silicate layers. These similarities are interpreted as indications that the Doverstorp Mineral Field has high zinc prospectivity.

The exploration program at Doverstorp has commenced with airborne magnetics and detailed geological mapping by Drake's specialist structural geology consultants.

DRAKE-ZINIFEX BASE METAL JOINT VENTURES - AUSTRALIA

Oak Park, Queensland

The Zinifex - Drake Resources Alliance has signed a joint venture agreement with Queensland Gold and Minerals Ltd (QGM) to explore the Oak Park area in Queensland.

The main Oak Park target area contains the Friday, Lauries, West Fence and Bloodwood base metal prospects. Only limited exploration has been completed in the area with the following results:

- Single drill holes testing the gossans locating sulphides with low percentage copper, zinc and barium values.
- The area has been explored for base metals in the mid seventies and early nineties without any systematic geophysical surveying or drill testing
- Detailed review of previous exploration has indicated that several prospective untested targets exist along strike and up sequence from the known prospects.

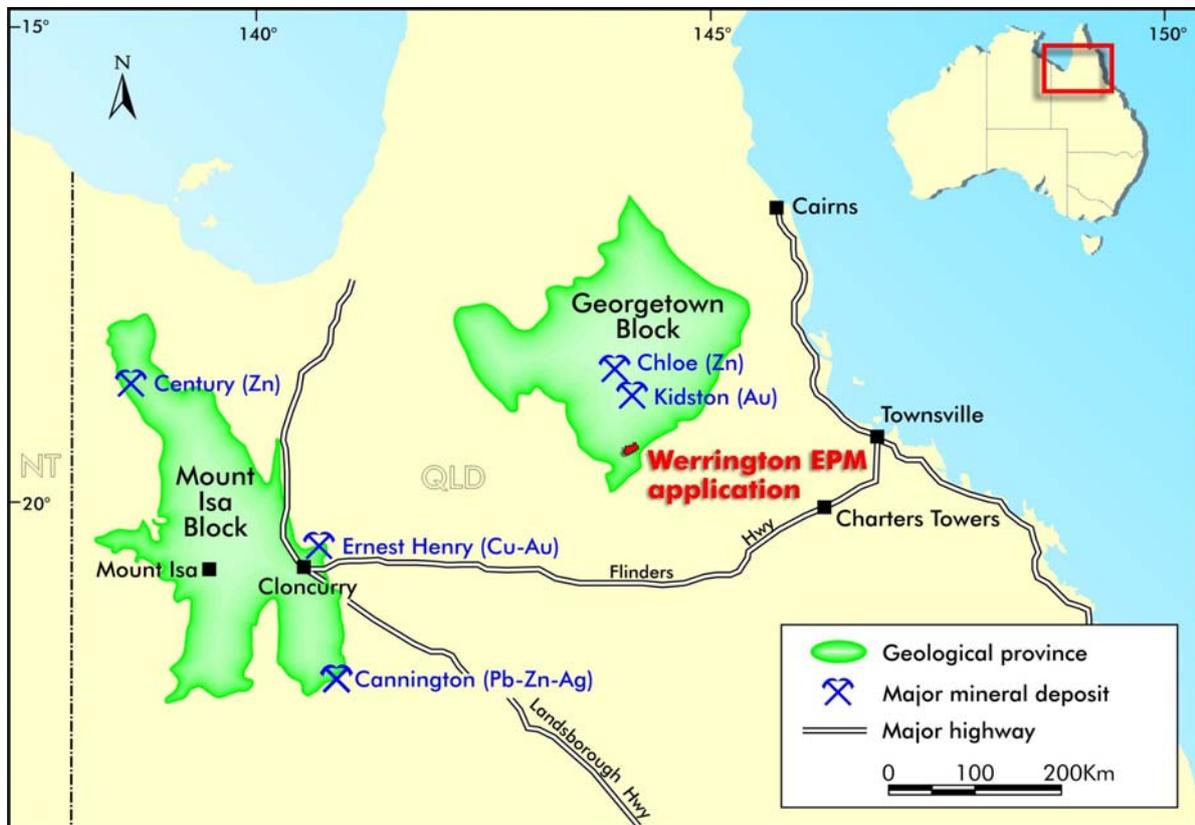
The Alliance considers that the Oak Park target provides an excellent opportunity to explore one of a few and most prospective areas in the Georgetown block with extensive gossan development, with the prospective zone extending under cover. Previous exploration has focussed dominantly on gossan search and patchy ground geophysics. An integrated approach using systematic electromagnetics and detailed surface sampling will quickly lead to a selection of drill targets prospective for Broken Hill type deposits.

Under the agreement with QGM, the Alliance would have the sole right to explore and develop any Cu, Pb, Zn, Ag mineralisation within EPM 14128. The Alliance would commit to a minimum annual expenditure of \$50,000 until the completion of a Bankable Feasibility Study (BFS). The joint venture will be terminated after 5 years if a JORC defined base metal resource has not been established. At the completion of a BFS, Drake/Zinifex shall hold an 80% interest and QGM shall hold a 20% interest in the potential Mining Area which includes the resource(s) and the required processing and infrastructure areas.

Werrington, Queensland

The Zinifex - Drake Resources Alliance has applied for the 100 % owned Werrington exploration permit, EPM 16647. The Werrington exploration permit application is located immediately south of the JV area with Queensland Gold & Minerals Ltd, 50km south of Kidston in north Queensland

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Location Plan - Werrington EPM Application

The 100 square km Werrington application permit contains three untested stream sediment zinc anomalies with values over 200ppm zinc. The largest anomaly extends over 6km strike length.

The eastern half of the Emu Swamp prospect area extends for more than two kilometres in the permit application area, and has only been partly sampled and drill tested.

MT CARRINGTON NEW SOUTH WALES

MT CARRINGTON MINING LEASES (Drake option to purchase 90%)

Drake is actively seeking a Joint Venture partner for Mt Carrington, including the Mining Leases and Exploration Licences at Mt Carrington.

MT CARRINGTON EXPLORATION LICENCES :

EL6273 (DRK 90%), EL 6452 & EL 6453 (DRK 100%)

Drake is continuing its evaluation of the Mt Carrington Project Area for Phoenix style gold breccia systems similar to that discovered by Malachite in its tenements adjoining the Drake Resources Mt Carrington Project.

HERON WELL WESTERN AUSTRALIA (DRK 100%)

The data from the detailed airborne magnetics survey of the Heron Well prospecting leases has now been processed by Drake's geophysicist.

A re-interpretation of the mineralisation geology and structure of the Heron Well leases is now underway.

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LAKE REBECCA, WESTERN AUSTRALIA (DRK 80%)

The Lake Rebecca Project comprises a single exploration licence in the Pinjin Region in the Eastern Goldfields Province of the Archaean Yilgarn Craton of Western Australia. Gold mineralisation is thought to be spatially associated with the Pinjin Fault System.

Drilling by previous explorers indicates that mineralisation occurs over an area of at least 2km x 0.4km with intercepts of ten to thirty metres true width grading up to 1.5g/t Au down to a depth of approximately 250m in two zones, Redskin in the south west and Round Hill in the north.

An ultra-detailed airborne magnetics survey has been completed by UTS Geophysics to aid the interpretation of geology and mineralisation for the Lake Rebecca licence. These new data are being interpreted in conjunction with a re-assessment of the past exploration data.

Data from previous drilling at Lake Rebecca is being put into a format for analysis and interpretation.

MT PALMER, WESTERN AUSTRALIA (DRK 70%)

The Palmer's Find group of workings has a recorded production of 156,000 ounces of gold from 310,000 tonnes of ore mined during the period 1935 to 1949. The ore was mined predominantly from the Main and East Lodes, with limited production recorded from other veins. The lodes are tabular bodies, plunging to the north and south respectively.

Exploration at Mt Palmer has focused on two main areas:

- Improving the understanding of the vein systems at surface
- Assessing the potential for redeveloping a mining operations at Mt Palmer

The mineralised lodes have been folded and boudinaged, resulting in a complex and irregular geometry. Dilational zones around changes in strike of the lodes/foliation and in fold hinges represent the best targets.

Gold was said to be associated with pyrite, arsenopyrite, chalcopyrite and pyrrhotite.

One sample of material on the surface from quartz veins intersected in a drill hole in the south of the property gave a value of 15.7 g/t Au. This gives confidence that material similar that mined historically remains in the area.

Numerous quartz veins can be seen on surface particularly to the west of the lodes. These quartz veins are milky white to translucent and do not appear to be mineralised. Some of the barren quartz veins occupy the same structures as the mineralised quartz veins.

The area to the south of Main pit is covered by tailings; these areas may not have been adequately tested.

In the future program, particular emphasis will be placed on drill testing the identified targets, and examining the potential to re-develop a mining operation.

Drake is actively seeking a JV with companies interested in the Mt Palmer Project.

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 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.

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Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 for the half year ended 31 December 2008.

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', with a small flourish at the end.

Brett Fraser

Dated this 13

Day of March

2008

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 2007 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 13th day of March 2008

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CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Economic Entity	
		31.12.2007	31.12.2006
		\$	\$
Revenue		18,528	38,075
ASX and Registry Fees		(32,180)	(5,947)
Audit and Accounting		(8,400)	(5,435)
Depreciation and amortisation expense		(8,256)	(4,762)
Shareholder relations		(10,182)	(21,444)
Rent		(11,542)	(3,688)
Legal		(5,218)	(16,484)
Director Fees		(47,218)	(44,218)
Insurance		(19,591)	(17,462)
Salary and Wages Expenses		(136,008)	(114,500)
Contractors and Consultants		(285,407)	(55,271)
Computers and Software		(5,136)	(4,906)
Travel & Accommodation		(31,606)	(18,631)
Other expenses		(27,481)	(13,945)
Profit/(Loss) before income tax		(609,697)	(288,618)
Income tax expense		-	-
Profit/(Loss) from continuing operations	2	(609,697)	(288,618)
Profit/(Loss) for the period	2	(609,697)	(288,618)
Profit/(Loss) attributable to members of the parent entity	2	(609,697)	(288,618)
Overall Operations:			
Basic earnings per share (cents per share)		(1.8)	(0.92)

The accompanying notes form part of these financial statements.

**DRAKE RESOURCES LIMITED
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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Economic Entity	
	31.12.07	30.06.07
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	485,217	356,666
Trade and other receivables	80,783	75,103
TOTAL CURRENT ASSETS	566,000	431,769
NON-CURRENT ASSETS		
Property, plant and equipment	26,091	32,105
Financial Assets	822,500	822,500
Other non-current assets	2,539,241	2,335,964
TOTAL NON-CURRENT ASSETS	3,387,832	3,190,569
TOTAL ASSETS	3,953,832	3,622,338
CURRENT LIABILITIES		
Trade and other payables	88,297	121,624
Short-term provisions	31,330	-
TOTAL CURRENT LIABILITIES	119,627	121,624
TOTAL LIABILITIES	119,627	121,624
NET ASSETS	3,834,205	3,500,714
EQUITY		
Issued capital	4,924,505	4,252,650
Option Premium Reserve	665,335	394,002
Accumulated Losses	(1,755,635)	(1,145,938)
TOTAL EQUITY	3,834,205	3,500,714

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2007

	\$		\$		\$
	Share Capital Ordinary	Option Premium Reserve	Accumulated Losses	Total	
Balance at 1.7.2006	4,022,460	126,352	(340,140)	3,808,672	
Capital Raising Costs	(2,810)			(2,810)	
Profit/(Loss) attributable to members of parent entity			(288,618)	(288,618)	
Balance at 31.12.2006	4,019,650	126,352	(628,758)	3,517,244	
Balance at 1.7.2007	4,252,650	394,002	(1,145,938)	3,500,714	
Shares issued during period	696,630			696,630	
Options issued - net of exercise		203,720		203,720	
Capital Raising Costs	(24,775)			(24,775)	
Options issued to Consultants		67,613		67,613	
Profit attributable to members of parent entity			(609,697)	(609,697)	
Balance at 31.12.2007	4,924,505	665,335	(1,755,635)	3,834,205	

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CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31.12.2007	31.12.2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(410,033)	(387,043)
Interest received	(134,095)	19,525
Payments for exploration and evaluation	18,528	(43,829)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(525,600)	(411,347)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,242)	-
Purchase of exploration assets	(18,182)	(27,013)
(Purchase) of/Proceeds of Investments	-	(22,500)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(20,423)	(49,513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	674,575	(2,810)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	674,575	(2,810)
	<hr/>	<hr/>
Net increase in cash held	128,551	(463,670)
Cash at 1 July 2007	356,666	975,243
	<hr/>	<hr/>
Cash at 31 December 2007	485,217	511,573
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2007**

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, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 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 accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2007 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

NOTE 2: PROFIT FROM ORDINARY ACTIVITIES

Economic Entity

	31.12.2007	31.12.2006
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Consultant Option Expense	67,613	-
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NOTE 3: SEGMENT REPORTING

The Companies' principal activities are exploration of its tenements in Australia and work related to the Zinifex Alliance in Sweden and Australia. The UK Subsidiary and Swedish subsidiary have no operations for the period ended 31 December 2007. The costs associated with Sweden have been capitalised.

The results of all unallocated operations are a loss of (\$609,697).

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

There were no events subsequent to reporting date.

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 and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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Directors Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 consolidated entity's financial position as at 31 December 2007 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 and Controlled Entities, 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Drake Resources Limited and Controlled Entities on 13th March 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report

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Independent Auditor's Review Report

To the Members of Drake Resources Limited (Continued)



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 consolidated entity's financial position as at 31 December 2007 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 13th day of March 2008