



**DRAKE RESOURCES LIMITED
ABN 12 108 560 069**

**Interim Financial Report
for the half year ended 31 December 2011**

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**
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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2011.

Directors

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

Brett Fraser
Robert Beeson
Jay Stephenson
John Hoon
James Merrillees

REVIEW OF OPERATIONS

Drake Resources focused on its gold and copper projects in West Africa and Scandinavia during the half year under review.

Drake Resources expanded its footprint in West Africa by securing five adjoining gold exploration permits at the Seimana Project, covering 424 square kilometres in the highly prospective gold mineralised belt of Northern Guinea. The company also acquired the Samekouta exploration permit in southeast Senegal and commenced systematic geochemical sampling.

Structural geophysical interpretation by external consultants of the Tasiast South Gold Project in Mauritania based on a detailed air-magnetic survey flown in second quarter 2011 confirmed the Tasiast and Tijirit Greenstone Belts extend into the Drake permits. The company initiated a 17,000 metre air core drilling programme in January this year.

Drake Resources also resumed field work at the Hendrix Shear Gold Project which led to defining a number of new gold mineralised zones and extending the strike length of the Conchita Prospect to more than seven kilometres in length.

An initial maiden gold-copper resource was established for the Eastern Zone of the Falun Project in Sweden of 58,000 tonnes at 2.4 grams per tonne of gold and 0.6 per cent copper for 44,000 ounces of gold and 3,500 tonnes of copper and was completed by Drake Resources' Bergslagen joint venture partners. Broad copper-gold intersections were also found in the Western zone of the project.

In Norway, Drake Resources secured two new joint ventures with Panoramic Resources Ltd and completed airborne electromagnetic VTEM surveys on the Løkken and Nordgruva permits, with analysis and interpretation nearing completion.

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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 3 for the half year ended 31 December 2011.

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 15th Day of March 2012

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 2011 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



RICHARD JOUGHIN CA
Director

DATED at PERTH this 15th day of March 2012

**DRAKE RESOURCES LIMITED
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Note	31/12/2011 \$	31/12/2010 \$
Revenue		191,296	160,478
Unrealised Gain/(Loss) on Shares	2	(192,171)	1,321,181
		(875)	1,481,659
Audit and Accounting		(29,524)	(29,074)
Computers and Software		(10,049)	(20,173)
Contractors and Consultants		(49,998)	(570)
Depreciation		(29,343)	(7,154)
Directors Fees		(85,364)	(51,250)
Share Based Payments Expense	7	(689,875)	(185,833)
Employee Benefits Expenses		(206,337)	(266,056)
Insurance		(19,492)	(7,866)
Legal Costs		(4,487)	(15,547)
Public Relations and Advertising		(21,329)	(10,462)
Registry and ASX Fees		(68,581)	(33,346)
Rent and Utilities		(48,711)	(15,770)
Travel and Accommodation		(111,616)	(84,852)
Exploration and Evaluation		(337,421)	(150,471)
Other expenses		(48,454)	(39,344)
Profit/(Loss) before income tax		(1,761,456)	563,891
Income tax expense		-	-
Profit/(Loss) from continuing operations		(1,761,456)	563,891
Other Comprehensive Income			
Foreign Exchange movement		(11,310)	(3,574)
Other Comprehensive Income for the period		(11,310)	(3,574)
Total comprehensive income attributable to members of the parent entity		(1,772,766)	560,317
Earnings per share:			
Basic earnings per share (cents per share)		(2.33)	1.07
Diluted earnings per share (cents per share)		N/A	0.96

The accompanying notes form part of these financial statements.

**DRAKE RESOURCES LIMITED
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	31/12/2011 \$	30/6/2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		8,975,558	4,350,274
Trade and other receivables		835,190	901,131
TOTAL CURRENT ASSETS		9,810,748	5,251,405
NON-CURRENT ASSETS			
Property, plant and equipment		195,358	79,987
Financial assets		1,024,910	1,217,081
Exploration and evaluation assets		4,811,229	2,881,257
TOTAL NON-CURRENT ASSETS		6,031,497	4,178,325
TOTAL ASSETS		15,842,245	9,429,730
CURRENT LIABILITIES			
Trade and other payables		477,567	820,081
Short-term provisions		28,325	36,935
TOTAL CURRENT LIABILITIES		505,892	857,016
TOTAL LIABILITIES		505,892	857,016
NET ASSETS		15,336,353	8,572,714
EQUITY			
Issued capital	6	18,863,303	10,569,823
Reserves		988,890	757,275
Accumulated losses		(4,515,840)	(2,754,384)
TOTAL EQUITY		15,336,353	8,572,714

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 2011**

	Issued Capital	Options Reserve	Foreign Exchange Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2010	8,235,723	433,809	(7,173)	(1,300,063)	7,362,296
Profit for the period	-	-	-	563,891	563,891
Other comprehensive income	-	-	(3,574)	-	(3,574)
Total Comprehensive Income for the period	-	-	(3,574)	563,891	560,317
Transaction with owners, directly in equity					
Shares issued during the period	2,184,000	-	-	-	2,184,000
Options issued during the period	-	185,833	-	-	185,833
Balance at 31 December 2010	10,419,723	619,642	(10,747)	(736,172)	10,292,446

	Issued Capital	Options Reserve	Foreign Exchange Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	10,569,823	762,712	(5,437)	(2,754,384)	8,572,714
Loss for the period	-	-	-	(1,761,456)	(1,761,456)
Other comprehensive income	-	-	(11,310)	-	(11,310)
Total Comprehensive Income for the period	-	-	(11,310)	(1,761,456)	(1,772,766)
Transaction with owners, directly in equity					
Shares issued during the period	7,004,700	-	-	-	7,004,700
Transaction costs	(348,170)	-	-	-	(348,170)
Options exercised during the period	1,636,950	(446,950)	-	-	1,190,000
Options issued during the period	-	689,875	-	-	689,875
Balance at 31 December 2011	18,863,303	1,005,637	(16,747)	(4,515,840)	15,336,353

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 2011**

	31/12/2011	31/12/2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	121,101	117,505
Interest received	81,204	53,473
Payments to suppliers and employees	(1,114,995)	(1,578,756)
Payments for exploration expenditure	(2,304,766)	(523,985)
Net cash used in operating activities	<u>(3,217,456)</u>	<u>(1,931,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(144,714)	(70,645)
Payments for alliance exploration, net of funding	140,925	-
Purchase of investments	-	(430,754)
Net cash used in investing activities	<u>(3,789)</u>	<u>(501,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	8,194,699	2,184,000
Cost of share issues	(348,170)	-
Net cash provided by financing activities	<u>7,846,529</u>	<u>2,184,000</u>
Net increase / (decrease) in cash held	4,625,284	(249,162)
Cash at the beginning of the period	4,350,274	7,014,354
Cash at the end of the period	<u>8,975,558</u>	<u>6,765,192</u>

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 2011**

NOTE 1: BASIS OF PREPARATION FOR INTERIM

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including 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. 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 statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2011, except for the adoption of Improvements to AASBs 2010 (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Amendment to AASB 101 Presentation of Financial Statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has elected to retain reconciliations within the Consolidated Statement of Changes in Equity as previously disclosed.

Amendments to AASB 134 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements. The Group's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

NOTE 2: LOSS FOR PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:	31/12/2011	31/12/2010
	\$	\$
Unrealised Gain / (Loss) on listed shares	(192,171)	1,321,181
Decrease / (Increase) in Provision for Employee Leave	12,924	(10,013)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

NOTE 3: OPERATING SEGMENTS

	Australian Exploration \$	Scandinavian Exploration \$	African Exploration \$	Treasury \$	Total \$
(i) Segment performance					
For the Half Year to 31 December 2011					
Segment Revenue	-	110,092	-	(110,967)	(875)
Segment Results	(1,941)	48,514	(273,902)	(110,967)	(338,296)
Corporate expenses					(703,942)
Depreciation					(29,343)
Share-based payments expense					(689,875)
Loss before Income Tax					(1,761,456)
For the Half Year to 31 December 2010					
Segment Revenue	2,000	105,005	-	1,374,654	1,481,659
Segment Results	(14,431)	(18,287)	(10,749)	1,374,644	1,331,177
Corporate Expenses					(574,299)
Depreciation					(7,154)
Share-based payments expense					(185,833)
Profit before Income Tax					563,891
(ii) Segment assets					
Opening balance 30 June 2011	357,227	710,625	1,842,205	5,567,355	8,477,412
Additions	17,829	1,041,805	1,454,112	-	2,513,746
Other movements in segment assets	(4,198)	-	(198,846)	4,433,113	4,230,069
Closing balance 31 December 2011	370,858	1,752,430	3,097,471	10,000,468	15,221,227
Unallocated Assets:					
Trade and other receivables					424,459
Property, plant and equipment					195,359
Other non-current assets					1,200
Total Assets					15,842,245

**DRAKE RESOURCES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

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

Since 31 December 2011, the value of the financial assets held by the Company have increased by \$128,114 as a result of the increase in the share price of Aura Energy Limited from 16 cents to 18 cents.

There are no other subsequent events at reporting date.

	31/12/2011	31/12/2010
	\$	\$
NOTE 6: ISSUED CAPITAL		
82,500,000 Fully paid ordinary shares at no par value (2010: 60,429,231)	18,863,303	10,419,723

(a) Ordinary shares

At the beginning of the reporting period	10,569,823	8,235,723
Shares issued during the period:		
7,800,000 shares issued on 24 December 2010 at 28 cents	-	2,184,000
9,155,000 shares issued on 10 August 2011 at 39 cents	3,570,450	-
3,500,000 options exercised on 1 September 2011 at 34 cents	1,190,000	-
8,805,769 shares issued on 14 September 2011 at 39 cents	3,434,250	-
Exercised options transferred from options reserve	446,950	-
Transaction costs relating to share issues	(348,170)	-
At reporting date	18,863,303	10,419,723

	No.	No.
At the beginning of the reporting period	61,039,231	52,629,231
Shares issued during the period:		
7,800,000 shares issued on 24 December 2010	-	7,800,000
9,155,000 shares issued on 10 August 2011 at 39 cents	9,155,000	-
3,500,000 options exercised on 1 September 2011 at 34 cents	3,500,000	-
8,805,769 shares issued on 14 September 2011 at 39 cents	8,805,769	-
At reporting date	82,500,000	60,429,231

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

NOTE 7: SHARE BASED PAYMENTS

On the 1 July 2011 the following unlisted share options were issued following shareholder approval:

- 7,000,000 unlisted share options issued to Directors at an exercise price of 58.5 cents each,
- 1,000,000 unlisted share options issued to consultants at an exercise price of 70 cents each,
- 500,000 unlisted share options issued to consultants at an exercise price of \$1.20 each.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4-10:
 - 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 2011 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 15th Day of March 2012

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 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 2011 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.

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 Consolidated Entity's financial position as at 31 December 2011 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, appearing to be "Richard Joughin".

RICHARD JOUGHIN CA
Director

DATED at PERTH this 15th day of March 2012