



29 January 2015

Quarterly Activities Report December 2014

- **Sulitjelma VTEM assessment reveals 6 priority, potential copper/zinc massive sulphide targets**
- **Fully underwritten entitlement issue launched January 2015**

Overview

The final quarter of the Calendar year saw encouraging results released from the Sulitjelma copper / zinc prospect VTEM program and targeted field mapping exercise. In January 2015 Drake launched a fully underwritten rights issue to raise up to ~\$1,8M. The injection of new capital will give Drake capacity to sustain its highly prospective core assets and to pursue additional opportunities that complement Drake's corporate strategy. The Company is also pleased to see indications that the Ebola crisis is waning through West Africa.

Operations

Sulitjelma Copper / Zinc Prospect – Norway

Drake has a Joint Venture arrangement with Panoramic Resources covering the Sulitjelma area. Under the JV terms, Panoramic has the right to sole-fund exploration to earn a 70% interest in the project.

A VTEM survey at Sulitjelma was conducted during the previous quarter with preliminary assessment released in early October identifying seven anomalies of interest. Detailed evaluation and assessment progressed during the quarter with final interpretation released in January confirming 6 high priority targets.

Four targets of interest lie within the western thrust or Sydgruvefeltet ore field (fig1) which is an area of known massive sulphide mineralisation mapped over a ~10km north / south direction and hosts the Sagmo (1.9Mt mined of 1.6% Cu and 0.23% Zn¹) and the Jakobsbakken (4.47Mt mined of 1.55% Cu and 2.42% Zn¹) historic orebodies. In the eastern Nordgruvefeltet region, an extensive conductive horizon with a strike length in excess of 5kms coincident with a copper / zinc bearing sulphide horizon is mapped. Two high priority anomalies have been identified from the data within this area of previous historic mining.

Anomaly one is of particular interest given its extensive conductive horizon and potential to be analogous to the nearby Sagmo mine. Massive sulphide outcrops have been recorded to the north and north east and appear to dip shallowly towards the geophysical plate. The Aylon Stoll (fig 2) underground adit was excavated during previous mining to access nearby mining, run some 100m beneath the modelled plate.

Anomalies 8, 12 and 13 also present encouraging similarities with the near-by historic mines of Sagmo and Jakobsbakken.

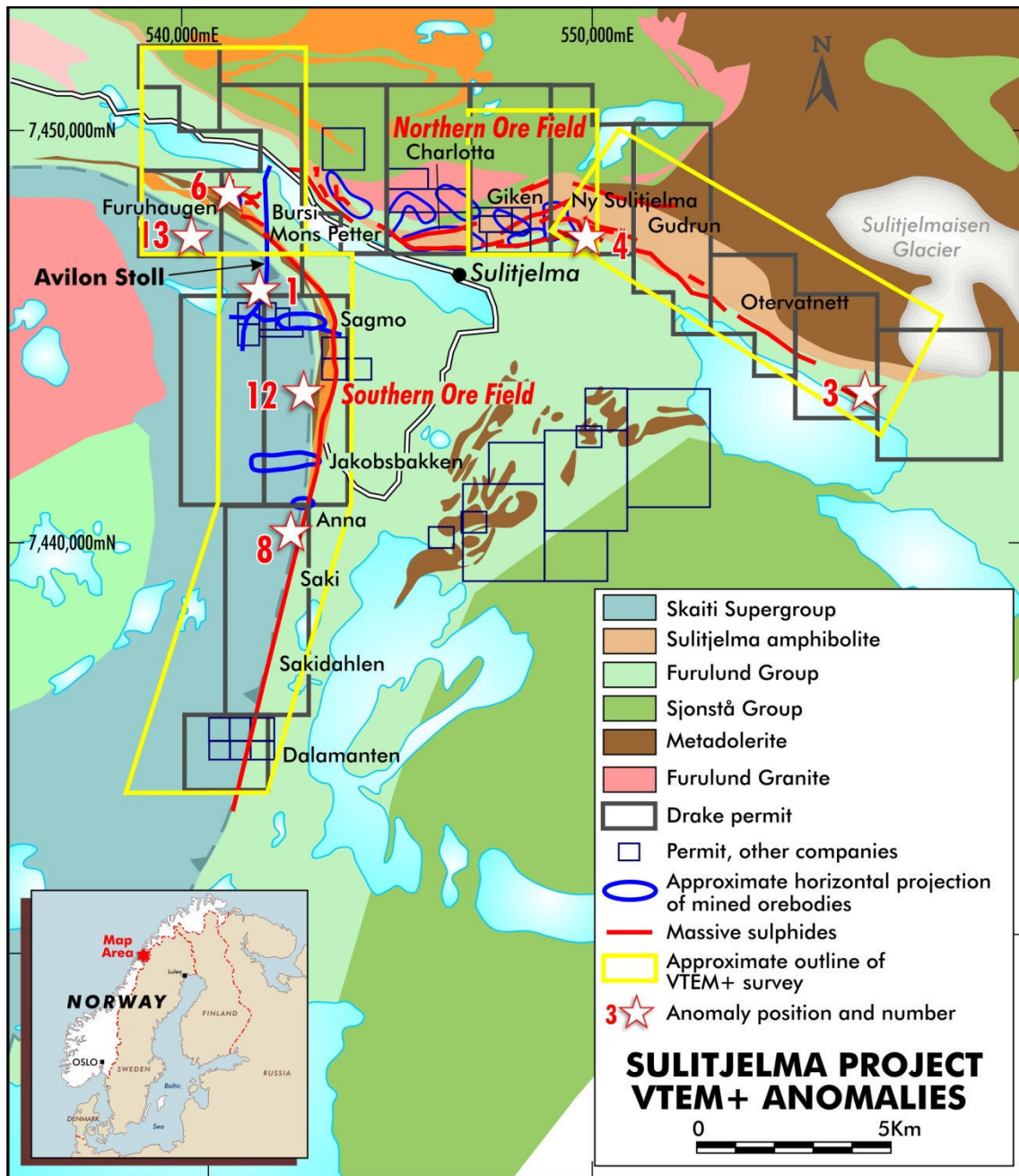


Figure One: Plan showing area flown with VTEM, Drake claims, priority targets and outcropping massive sulphides. As can be seen by the number of mined ore bodies, a large number of underground access paths exist and might be a considerable help during both exploration and potential operations stages.

Anomaly 3 (fig 3) occurs in an undrilled south-eastern extension near Otervatnet. Field mapping immediately following the VTEM program but to the north west confirmed the presence of outcropping massive sulphides and dump samples from old workings and composite chip samples of local outcrop returned encouraging results of up to 10.7% copper and 15.1% zinc². Anomaly 4 occurs immediately adjacent to the north east of the historic Ny Sulitjelma mine which produced 2.59Mt of 1.99% Cu and 0.55% Zn¹ and is interpreted as potential offset or folded continuation of the historic body.

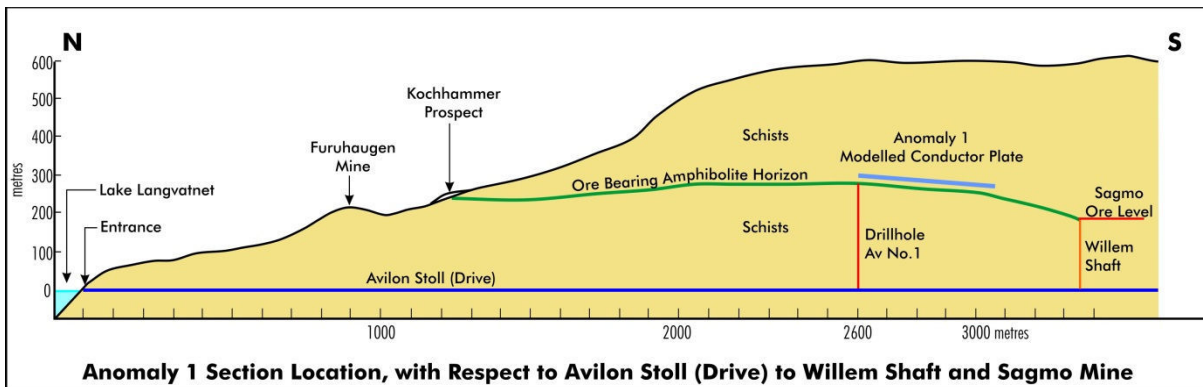


Figure Two: An historic section showing the Avilon Stoll (N-S) with anomaly 1 modelled plate superimposed and sitting on or slightly above the amphibolite horizon in the plane of the Kochhammer Mine and Sagmo ore level. The historic drill hole Av No 1 ended in amphibolite but there appears to be no assays collected of this final portion of the drill core.

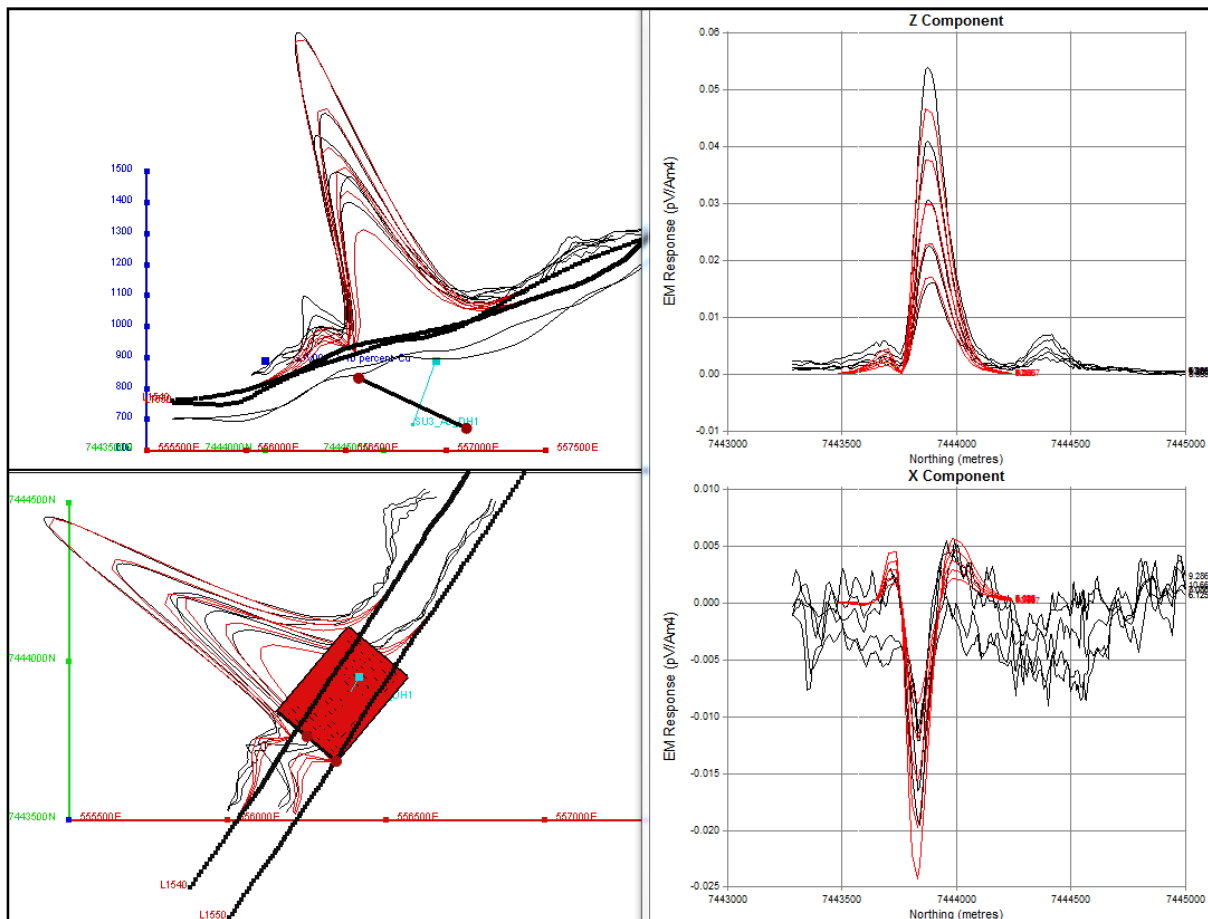


Figure Three: Anomaly 3 simultaneous modelling of lines 1540 and 1550 in plan and section view, channels 41 to 45 (1.5 – 10ms) Black and red profiles of line 1540 in right panel show field and modelled responses respectively. The two lines show a very clear isolated response which generated a well constrained model plate dipping 25 degrees north into the hill with a depth extent of 380m.

In recent years Drake’s focus has been on four projects distilled from its large portfolio.

1. Seimana Gold Project – Guinea
2. Granmuren Nickel Sulphide Project - Sweden
3. Joma Copper Zinc Project – Norway
4. Tasiast South Gold Project – Mauritania

As part of Drake's ongoing focus on these most prospective permits and Drake's cost minimisation strategies, the company intends to reduce its holdings in non-core assets during January.

Note

1: Source: Norwegian Geological Survey

2: See announcement 5/11/14 for details

Corporate Activity

In January 2015 Drake launched a fully underwritten renounceable pro rata Rights Issue of 364,283,823 new shares at an issue price of \$0.005 per share on the basis of 1.5 new shares for every share held to raise up to ~\$1,8M together with one free attaching new option for every share subscribed for and issued. The injection of new capital, expected in February, will give Drake capacity to sustain its highly prospective core assets and potentially place Drake in a strong position amongst Junior Explorers to pursue additional opportunities that complement Drake's corporate strategy.

For further information, please contact:

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Competent Persons Statement

The information related to Sulitjelma exploration results is extracted from the report entitled "Surface samples reveal high grade copper and zinc - Sulitjelma" created on 5/11/14 and "VTEM results reveals 6 targets at Sulitjelma Project – Norway" both reports are available to view on www.drakeresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Drake. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Drake's beliefs, opinions and estimates of Drake as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

DRAKE RESOURCES LIMITED

ABN

12 108 560 069

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(86)	(576)*
(b) development	-	-
(c) production	-	-
(d) administration	(153)	(397)*
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Payments for alliance exploration, net of contributions	311	13*
Net Operating Cash Flows	74	(954)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
Net Investing Cash Flows	-	-
1.13 Total operating and investing cash flows (carried forward)	74	(954)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	74	(954)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	74	70
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	74	70
	Net increase (decrease) in cash held	148	(884)
1.20	Cash at beginning of quarter/year to date	326	1,350
1.21	Exchange rate adjustments to item 1.20	(1)	7
1.22	Cash at end of quarter	473	473

* **Note:** A number of transactions from the September 2014 Quarter were reallocated to better reflect their substance. The reallocation has not affected the net cash flow movement for the period or any cash balances previously reported.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	29
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Management Fees paid to associated company.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	48*
4.2 Development	-
4.3 Production	-
4.4 Administration	311
Total	359

*Note: Exploration and evaluation is net of amounts expected to be received from joint operations partners.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	473	326
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	473	326*

* Note: Please refer Appendix 5B announced 31 October 2014 for further detail.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	<i>Please refer "Interests in Mining Tenements" on pages 5-6.</i>			
6.2 Interests in mining tenements acquired or increased	<i>Please refer "Interests in Mining Tenements" on pages 5-6.</i>			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	242,855,882	242,855,882		
7.4 Changes during quarter				
(a) Increases through issues	163,393 231,264 286,327 6,843,329 18,188,524 319,833 6,242,479	163,393 231,264 286,327 6,843,329 18,188,524 319,833 6,242,479	\$0.0184 \$0.0130 \$0.0105 \$0.0120 \$0.0070 \$0.0094 \$0.0110	\$0.0184 \$0.0130 \$0.0105 \$0.0120 \$0.0070 \$0.0094 \$0.0110
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	395,000 500,000 17,340,162	Employee KMP Entitlement Issue	<u>Exercise price</u> \$0.72 \$0.60 \$0.05	<u>Expiry date</u> 31 Mar 2016 31 Mar 2015 1 Aug 2015
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	150,000 500,000	Employee KMP	\$0.30 \$0.40	23 Dec 2014 31 Dec 2014
7.11 Debentures <i>(totals only)</i>	-			
7.12 Unsecured notes <i>(totals only)</i>	-			

Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Granmuren Project:				
Tullsta 2010:171	Sweden	100%	0%	0%
Tullsta nr 2 2012:78	Sweden	100%	0%	0%
Tullsta nr 3 2012:158	Sweden	100%	0%	0%
Other Swedish Tenements:				
Ekedal nr 3 2012:101	Sweden	100%	0%	0%
Erlandsbo nr 1 2013:42	Sweden	100%	0%	0%
Gamla Jutbo nr 1 2012:104	Sweden	100%	0%	0%
Grällsta nr 1 2013:43	Sweden	100%	0%	0%
Gruvsjön nr 2 2010:116	Sweden	100%	0%	0%
Heden nr 1 2012:102	Sweden	100%	0%	0%
Hedsåsen nr 1 2012:58	Sweden	100%	0%	0%
Jugansbo nr 5 2007:265	Sweden	100%	0%	0%
Jugansbo nr 6 2011:1	Sweden	100%	0%	0%
Kältorp nr 1 2013:49	Sweden	100%	0%	0%
Korsheden nr 1 2012:135	Sweden	100%	0%	0%
Kuså nr 2 2013:44	Sweden	100%	0%	0%
Lainejaur nr 1 2012:141	Sweden	100%	0%	0%
Lainejaur nr 2 2013:40	Sweden	100%	0%	0%
Lainejaur nr 3 2013:90	Sweden	100%	0%	0%
Ljusberget nr 1 2013:50	Sweden	100%	0%	0%
Orsen 2010:117	Sweden	100%	0%	0%
Prästhyttan nr 1 2012:105	Sweden	100%	0%	0%
Skillberg nr 1 2013:51	Sweden	100%	0%	0%
Skogsbo nr 1 2012:85	Sweden	100%	0%	0%
Staffansbo nr 1 2012:134	Sweden	100%	0%	0%
Stripa nr 2 2012:103	Sweden	100%	0%	0%
Vigelsbo nr 1 2010:8	Sweden	100%	0%	0%
Vitmyran nr 1 2012:146	Sweden	100%	0%	0%
Espedalen Project:				
Espe 1-12	Norway	100%	0%	0%
Joma/Gjersvik Project:				
Grong 1-9	Norway	100%	0%	0%
Orvatnet 1-2	Norway	100%*	0%	0%

* Note: Orvatnet 1 & 2 are held under an exclusive exploration and exploitation agreement with permit holder Joma Naeringspark AS which provides that the exploration permits will be transferred to Drake Resources Limited in the event that it decides to apply for an Extraction Permit.

Appendix 5B
Mining exploration entity quarterly report

Interests in Mining Tenements (Continued)

Seimana Project: Permis I (Option to Purchase 100%)	Guinea	0%	0%	0%
Permis II (Option to Purchase 100%)	Guinea	0%	0%	0%
Tasiast South Project: Touerig Taieuh 1163B2 Hadeibet Belaa 1164B2	Mauritania Mauritania	100% 100%	0% 0%	0% 0%
Mt Palmer Project Mt Palmer ML77/406	Australia	0%	0%	100%

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
None				

Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Royal Falcon Joint Venture: Falun nr 100 2007/61 Falun nr 101 2007/62 Falun nr 102 2007/254 Falun nr 104 2007/254 Falun nr 105 2007/384 Haghd 2009/140 Kron diket 2009/141	Sweden Sweden Sweden Sweden Sweden Sweden Sweden	49% 49% 49% 49% 49% 49% 49%	0% 0% 0% 0% 0% 0% 0%	0% 0% 0% 0% 0% 0% 0%
Panoramic Alliance: Lokken 1-26 Roros 1-13 Sulitjelma 1-17	Norway Norway Norway	100% 100% 100%	0% 0% 0%	0% 0% 0%

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Signed:

Director and Company Secretary

Dated: 29 January 2015

Print name:

Jay Stephenson

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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