



29 January 2016

Quarterly Activities Report December 2015

- **Drake becomes 100% owner of Sulitjelma Cu/Zn permits – Norway**
 - **Small strategic placement raises \$200,000**
 - **Further cost reduction strategies preserves cash**
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Drake Resources Limited ('The Company') received notice from Panoramic Resources that it will withdraw from the Sulitjelma JV to focus on their Australian operations; Drake is now 100% owner of this copper/zinc project in Norway. 2014/15 field work at Sulitjelma has identified a great number of EM anomalies with six of these anomalies of particular interest. Four targets lie within the western thrust ore field (fig 1) which is an area of known massive sulphide mineralisation mapped over ~10kms. The western ore field 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. There is also a significant amount of historic exploration and mine data available for this region. Two targets of interest lie within the eastern region. The Eastern ore field hosts the mines of Gudrun and Ny Sulitjelma, the latter producing 2.59Mt @ 1.99% Cu and 0.55% Zn¹. Field mapping near the most southern priority anomaly of the eastern arm confirmed the presence of outcropping massive sulphides and dump samples from old workings and composite chip samples generated results including 10.7% copper and 15.1% zinc.

The Company continued to maintain its Granmuren, Joma and Seimana projects during the quarter after all three projects produced encouraging exploration results in the previous quarter. In addition to maintaining its priority assets, Drake continues to investigate opportunities that supplement its current portfolio.

The Company announced to the market on the 25th November 2015 the successful placement of \$200,000 at \$0.0024 per share together with 1 free attaching option for every 4 shares placed.

Drake continues to reduce costs while commodity prices and investor sentiment towards exploration juniors remains low. Drake's mid-year office relocation has dramatically reduced its head office spend and Directors continue to take fees, at comparable market rate, in DRK shares.

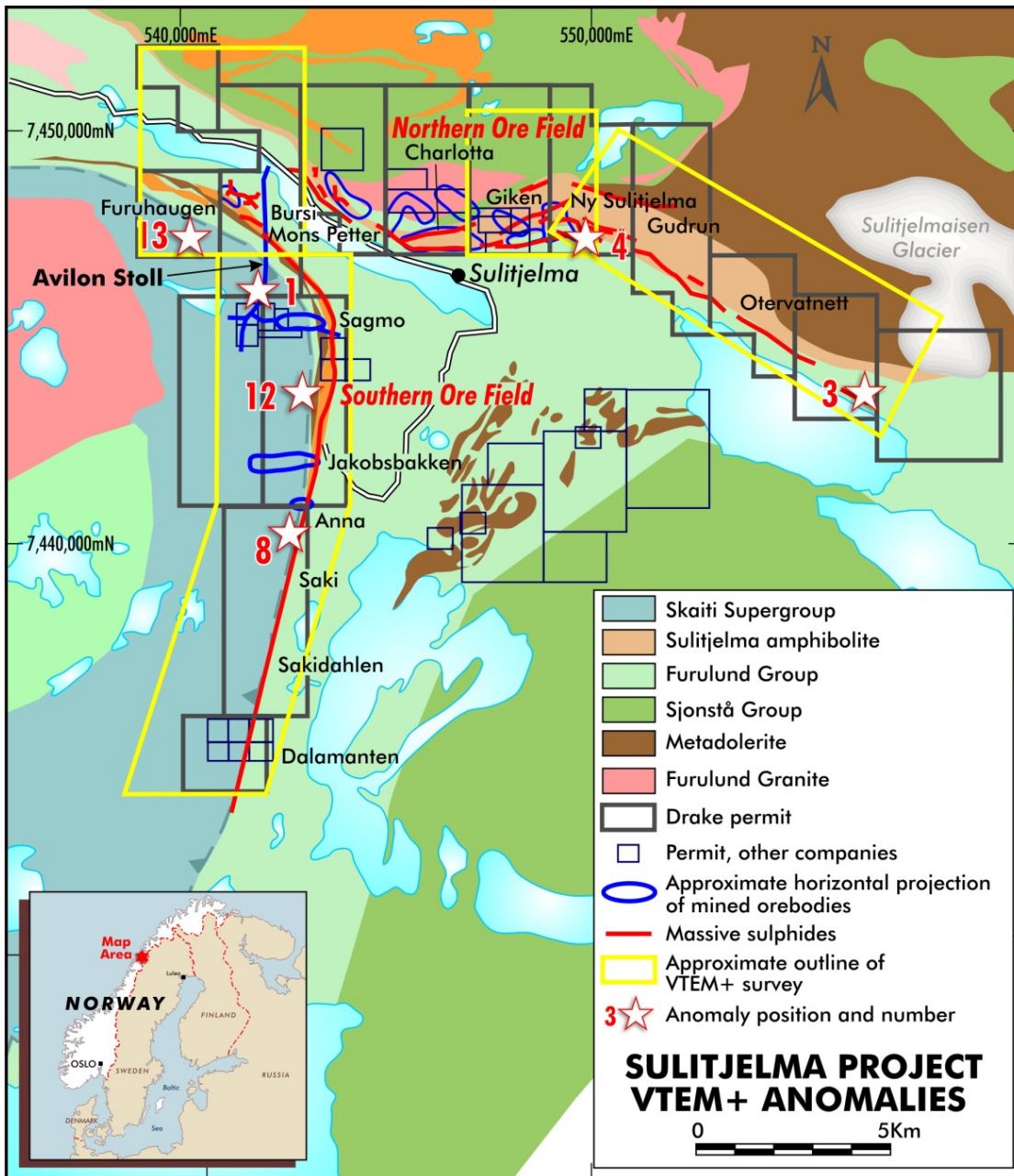


Figure One: Plan showing area flown with VTEM in 2014 and 6 targets explored via ground EM in 2015. As can be seen by the number of mined ore bodies, a large number of underground access paths exist and might be a considerable help during both exploration and potential operations stages.

Note 1: Source Norwegian Geological Survey

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 “Exploration Update – Nordic Copper Zinc” created on 10/9/15 and “Surface Samples return high grade copper and zinc” created on 5/11/14. 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 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(123)	(428)
(b) development	-	-
(c) production	-	-
(d) compliance costs	(43)	(81)
(e) due diligence	(40)	(40)
(f) administration	(72)	(142)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other: Payment for release from commercial tenancy agreement	-	(140)
Other non-recurring payments	-	(7)
Net Operating Cash Flows	(276)	(835)
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)	(276)	(845)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(276)	(835)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	130	130
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	130	130
	Net increase (decrease) in cash held	(146)	(705)
1.20	Cash at beginning of quarter/year to date	549	1,101
1.21	Exchange rate adjustments to item 1.20	2	9
1.22	Cash at end of quarter	405	405

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

Company secretarial and corporate 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

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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

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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	191
4.2 Development	-
4.3 Production	-
4.4 Administration	157
Total	348

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	405	549
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	405	549

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>			

Appendix 5B
Mining exploration entity quarterly report

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	680,805,654	680,805,654		
7.4 Changes during quarter				
(a) Increases through issues	55,555,556 15,741,736	55,555,556 15,741,736	\$0.0024 \$0.004	\$0.0024 \$0.004
(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>	395,000 366,047,882	Employee Options Listed Options	<u>Exercise price</u> \$0.72 \$0.03	<u>Expiry date</u> 31 Mar 2016 1 Aug 2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
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:				
Ekdal 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%
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	Mauritania	100%	0%	0%
Hadeibet Belaa 1164B2	Mauritania	100%	0%	0%

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	Sweden	100%	51%	0%
Falun nr 101 2007/62	Sweden	100%	51%	0%
Falun nr 102 2007/254	Sweden	100%	51%	0%
Falun nr 104 2007/254	Sweden	100%	51%	0%
Falun nr 105 2007/384	Sweden	100%	51%	0%
Haghed 2009/140	Sweden	100%	51%	0%
Krondiket 2009/141	Sweden	100%	51%	0%
Panoramic Alliance:				
Sulitjelma 1-17	Norway	100%	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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