



31 October 2014

Quarterly Activities Report September 2014

- **Strong results first round drilling at Seimana Gold including**
 - 4m @ 19.8g/t including 1m @ 52.6g/t gold
 - 10m @ 2.58g/t
 - 3m @ 5.6g/t
- **Activity at three Copper / Zinc Projects - Norway**
- **Capital raising via SPP launched**

Overview

The third quarter of the Calendar year saw exploration activity at four projects, making Drake one of the most active junior explorers during the quarter. The Seimana Gold project delivered very encouraging first round drilling results. Two drilling programs over Norwegian assets held in JV with Panoramic Resources did not generate exciting intercepts however VTEM of the Sulitjelma copper/zinc program revealed numerous anomalies worthy of further investigation. A Share Purchase Plan was launched near the end of the quarter to raise up to ~\$758,000.

In the immediate future Drake intends to progress its Joma copper / zinc project and its Granmuren greenfield nickel discovery in Sweden – subject to funding.

Operations

Seimana gold prospect – Guinea

Drake's initial field programs conducted over the first half of the calendar year revealed potential for an emerging and significant gold discovery (fig 1) at Seimana. The field program delivered individually spectacular grab sample results up to 70g/t gold and, more importantly, a remarkable number of potential drill targets across the entire E-W 18kms of the recently acquired land (fig 2). The surface results provided the catalyst for an immediate scout drilling campaign of 17 holes across 7 of 40 targets in the area, which was completed during Q3.

Four of the seven targets drilled revealed strong results (Table 1) including six holes returning intersections of >5g/t with a hole at Tamdian below surface results of 15.1, 10.9 and 7.3 g/t gold generating 4m @ 19.8g/t gold from 50m and a deeper hole intercepting the same mineralised zone with 5m @ 2.64g/t.

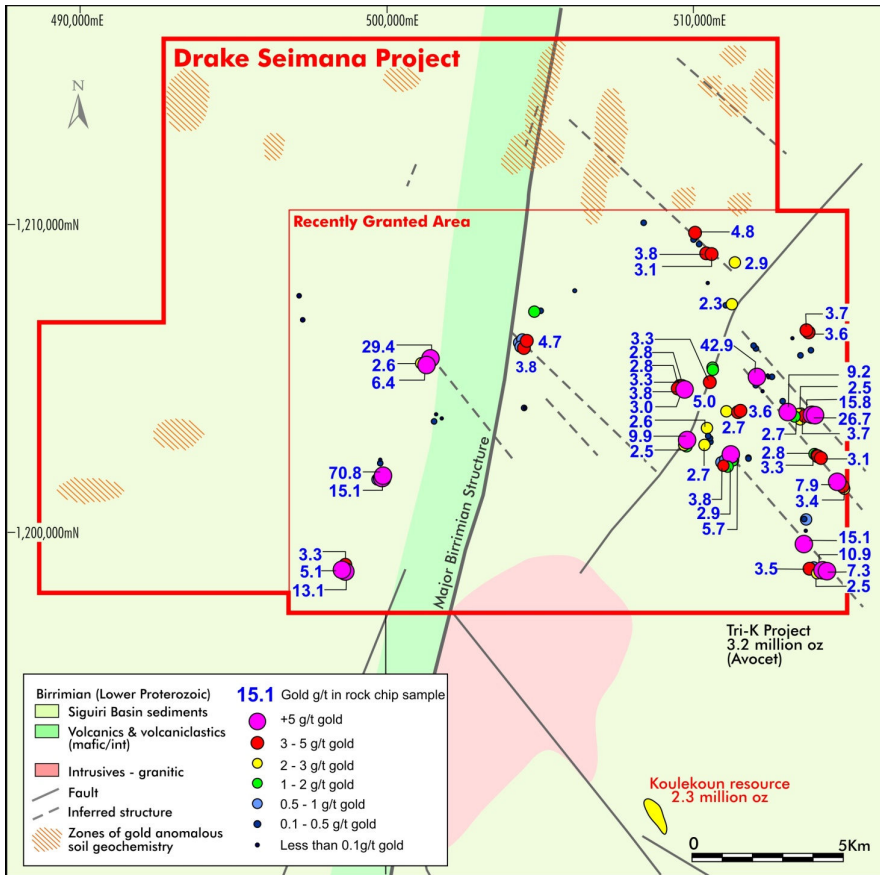


Figure 1: Significant gold assay results (>2.5g/t Au) from rock chip sampling

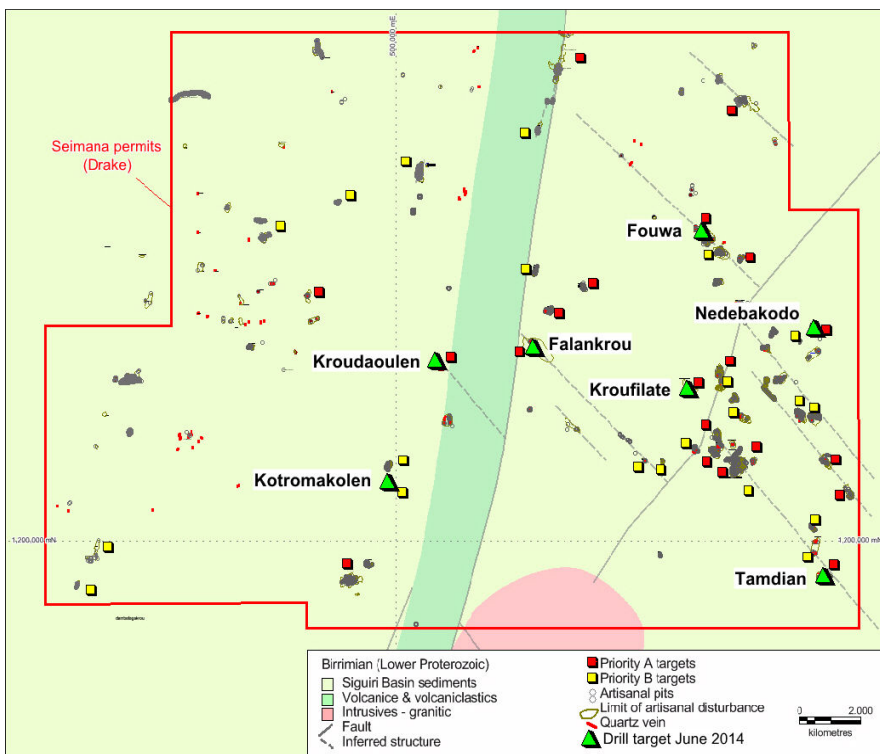


Figure 2: During the quarter Drake drilled 7 of the 40 targets identified across the Seimana permit area.

Target	Hole	Depth from	Depth to	Width	Grade
		m	m	m	g/t
Tamdian	TAMRC001	50	54	4	19.80
	<i>including</i>	51	52	1	52.60
Tamdian	TAMRC002	34	41	7	1.55
	<i>including</i>	40	41	1	8.13
		59	67	8	1.80
	<i>including</i>	61	66	5	2.64
Kroufilate	KROUFR001	36	46	10	2.58
	KROUFR002	55	69	14	1.69
	<i>including</i>	55	60	5	2.02
		66	69	3	3.50
Kotromakolen	KOTRC001	26	29	3	5.60
	<i>including</i>	29	30	1	16.00
		39	40	1	3.90
	KOTRC002	29	30	1	1.20
		48	49	1	1.00
Kroudaoulen	KRDRC 001	34	35	1	3.00
	KRDRC 002	18	25	7	2.60
	<i>including</i>	22	25	3	5.06
		66	69	3	3.50
Fouwa	FOURC002	14	40	26	0.41
	FOURC005	30	38	8	0.90
	<i>including</i>	30	32	2	2.00

Table One: Significant results from recent RC drilling at Seimana.

Despite the regional Birrimian gold bearing units hosting many 1+M oz gold projects, Seimana has not been previously explored using modern Western techniques or drilling. With this in mind and with much of the Seimana permit area blanketed by lateritic ferricrete obscuring the underlying geology, Drake is encouraged by the first round of scout drilling. Follow up programs are likely to include extension drilling around higher grade zones defined from the first round scout drilling and more discovery drilling of the remaining 33 targets that have not been drilled to date.

Panoramic JV Assets - Norway

Drake has Joint Venture arrangements with Panoramic Resources covering three regions in Norway: Sulitjelma, Løkken and Nordgruva. Under the JV terms, Panoramic has the right to sole-fund exploration to earn a 70% interest in each of the three projects.

A VTEM survey at Sulitjelma, was conducted during the quarter. Preliminary assessment released in early October identified seven anomalies that potentially lie within the fertile ore levels well understood from regional past production and exploration.

Five targets of interest lie within the western thrust which is an area of known massive sulphide mineralisation mapped over a ~10km north / south direction (fig 3). Two targets of interest occur to the east along strike from the main Sulitjelma Mines such as Ny Sulitjelma (2.59Mt @ 1.99%Cu & 0.55%Zn) and Giken mine. Of particular interest is a target in an undrilled southern extension of the



eastern zone near Otervatnett. Subsequent field mapping confirmed the presence of outcropping massive sulphides and historic surface sampling spread over a strike length of 8kms recorded zones of zinc rich bands of massive sulphides overlying broader zones of disseminated copper/zinc sulphide. The Sulitjelma area has had significant historical copper production of 25 million tonnes of ore containing 1.8% copper, 0.86% zinc, 10 g/t silver and 0.25 g/t gold between 1887 and 1991 when mining ceased.

Final Sulitjelma VTEM appraisal, recommendations and commentary are expected in November.

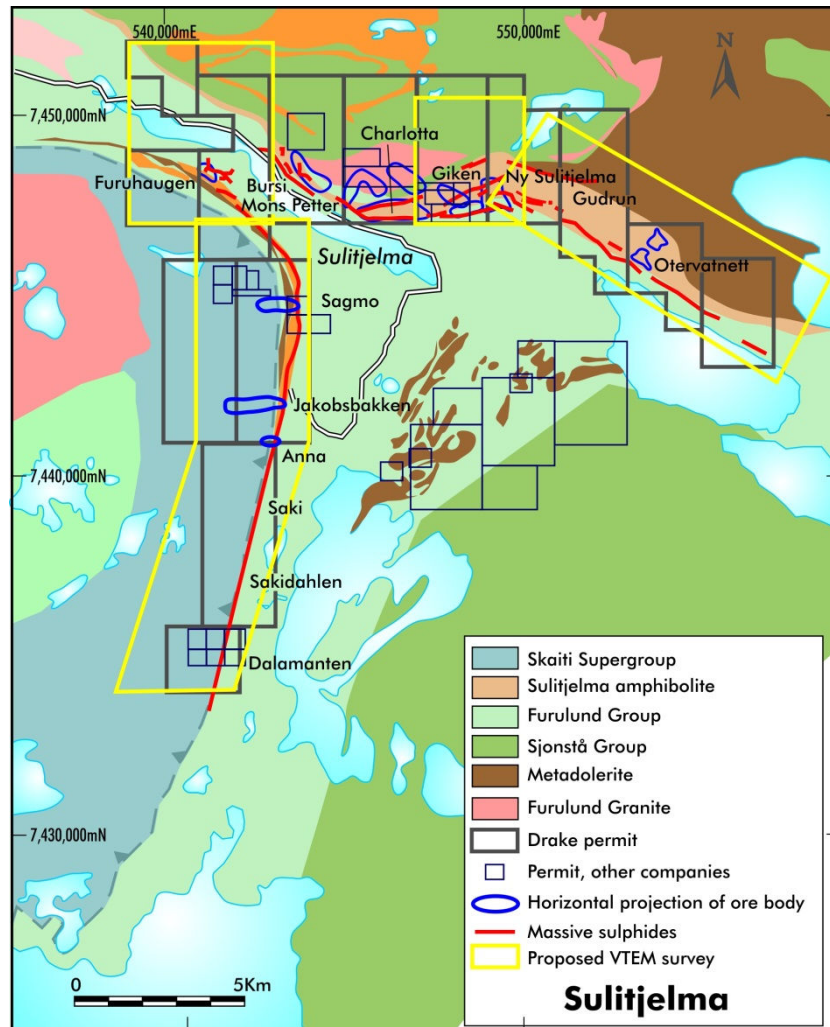


Figure 3: Sulitjelma licence area and locations for VTEM surveying completed in August 2014.



A single diamond drill hole drilled at Nordgruva in September 2013 identified off-hole EM conductors of interest, however a follow up drill hole completed during the quarter suggested the conductors are attributable to iron sulphides. Nordgruva is part of the Røros mining district in central Norway which has a copper/zinc mining history extending back over 300 years from multiple sites including the Kongens mine. Drake has identified a number of conductors in the region yet to be drill tested. The Drake/Panoramic alliance also completed a preliminary small drilling program at the Løkken copper/zinc project during the quarter with a similar outcome.

Capital Raising via Share Purchase Plan

Near the end of the quarter Drake commissioned a capital raising via a Shareholder Share Purchase Plan (SPP) consisting of ~63M shares to be issued at 1.2c to raise up to ~\$758,000. Capital raised from the Share Purchase Plan / Shortfall Placements will be used to fund exploration at some of Drake's sites, such as Seimana (gold) in Guinea, Granmuren (nickel / copper) in Sweden and Joma (copper / zinc) in Norway and to increase working capital.

For further information, please contact:

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Competent Persons Statement

The information related to Seimana exploration results is extracted from the report entitled "Program Reveals Abundant Gold – Seimana - Guinea" created on 21 May 2014 and is available to view on www.drakeresources.com.au. The information related to Nordgruva exploration results is extracted from the report entitled "Nordgruva Final Assays" created on 3 January 2014 and is 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 Resources Limited. 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 Resources Limited's beliefs, opinions and estimates of Drake Resources Limited 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 developments.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

DRAKE RESOURCES LIMITED

ABN

12 108 560 069

Quarter ended ("current quarter")

30 September 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	(584)	(584)
(b) development	-	-
(c) production	-	-
(d) administration	(252)	(252)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Payments for alliance exploration, net of contributions	(195)	(195)
Net Operating Cash Flows	(1,027)	(1,027)
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)	(1,027)	(1,027)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,027)	(1,027)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. net of costs	(4)	(4)
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		(4)	(4)
Net increase (decrease) in cash held		(1,031)	(1,031)
1.20	Cash at beginning of quarter/year to date	1,350	1,350
1.21	Exchange rate adjustments to item 1.20	7	7
1.22	Cash at end of quarter	326*	326*

* **Note:** Does not include \$322,139 outstanding from joint operations partners, of which \$280,265 has been received subsequent to reporting date. Please refer item 4, below, for estimated cash flows for the next quarter.

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	(153)*
4.2 Development	-
4.3 Production	-
4.4 Administration	228
Total	75

*Note: Exploration and evaluation is net of amounts expected from joint operations partners of \$322,139, of which \$280,265 has been received subsequent to the reporting date.

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	326	155
5.2 Deposits at call	-	1,195
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	326*	1,350

* Note: Does not include \$322,139 outstanding from joint operations partners, of which \$280,265 has been received subsequent to reporting date. Please refer item 4, above, for estimated cash flows for the next quarter.

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) (cents)	Amount paid up per security (see note 3) (cents)
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	210,580,733	210,580,733		
7.4 Changes during quarter				
(a) Increases through issues	966,593 1,092,141 126,144 103,680 90,284 99	966,593 1,092,141 126,144 103,680 90,284 99	3.0 3.1 2.4 2.9 3.3 5.0	3.0 3.1 2.4 2.9 3.3 5.0
(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>	150,000 395,000 500,000 500,000 26,010,153 17,340,162	Employee Employee KMP KMP Entitlement Issue Entitlement Issue	<u>Exercise price</u> \$0.30 \$0.72 \$0.40 \$0.60 \$0.07 \$0.05	<u>Expiry date</u> 23 Dec 2014 31 Mar 2016 31 Dec 2014 31 Mar 2015 1 Aug 2014 1 Aug 2015
7.8 Issued during quarter	17,340,162	Entitlement Issue	\$0.05	1 Aug 2015
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:				
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	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 Falun nr 101 2007/62 Falun nr 102 2007/254 Falun nr 104 2007/254 Falun nr 105 2007/384 Oxberg nr 2 2008/4 Haghed 2009/140 Kron diket 2009/141	Sweden Sweden Sweden Sweden Sweden Sweden Sweden Sweden	49% 49% 49% 49% 49% 0% 49% 49%	0% 0% 0% 0% 0% 0% 0% 0%	0% 0% 0% 0% 0% 49% 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: 31 October 2014

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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