



18 July 2014

Quarterly Activities Report June 2014

- **Seimana prospect reveals spectacular gold results, drilling commissioned**
 - **Drilling at Nordgruva copper/zinc project - Norway**
 - **Planning for Q3 exploration activity at Løkken and Sulitjelma**
 - **Capital Raising secures 100% of \$1.3M target.**
-

Overview

The first quarter of the Calendar year focussed on strategic planning and logistics in preparation for significant activities across a number of Drake's assets. Drake commenced a number of those major initiatives in the second quarter, including:

- Commencement of drilling at Seimana on the back of spectacular Q1 field results
- Commencement of drilling at Nordgruva copper/zinc project in Norway
- Successful completion of a capital raising to boost Drake's cash by \$1.3M
- Finalising logistics for Q3 drilling at Løkken copper/zinc project
- Commencement of planning for VTEM over Sulitjelma copper/zinc prospects.

The September quarter will be a very exciting and intensive period of news flow for Drake as results from its many exploration initiatives mentioned above become available.

Like to know more? The following link offers a fully narrated summary of Drake's activity and plans:

<http://www.drakeresources.com.au/videos.html>

Operations

Seimana Gold prospect – Guinea

Drake's initial field programs conducted over the first 2 quarters on its recently granted area extension of its Seimana Project concluded in May revealing potential for an emerging and significant gold discovery (fig 1). Key observations from the field programmes include:

- **The abundance of ancient and modern artisanal gold mine workings:** Thousands of individual pits have been mapped, occurring in some 55 clusters. Of these, 42 artisanal mine clusters have clearly mined quartz veins, the remainder being alluvial (streams) or eluvial (soils).

- **The extent of many of the artisanal sites:** Seventeen of the clusters have been classified as Priority A sites (having workings over a strike length of at least 100 metres and width of 10 metres) with a further 19 clusters rated Priority B (having many shafts but less extensive than Priority A).
- **The strength and extent of gold values in soils:** Four sites were selected for preliminary soil sampling to test its effectiveness in defining mineralisation. At the largest site, Fouwa, almost 20% of the area returned +0.1 g/t gold – unusually high for soil values (Fig 2).
- **No prior exploration:** There is no evidence of prior exploration and certainly no previous drilling within the permit area.
- **Potential for further discoveries:** The area is one of very poor outcrop suggesting that other occurrences remain undetected.
- **Exceptional multi-million ounce gold belt:** including the Siguiri and Tri-K deposits (7kms south of Seimana) (Fig 4).

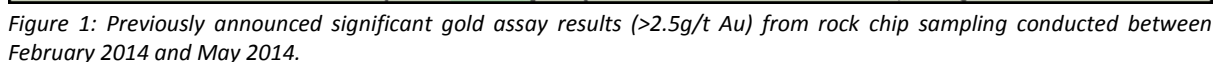
Vein sampling conducted as part of the programs (Fig 1) identified 12 separate mineralised clusters with values of +5g/t gold and a considerable amount of individually spectacular gold assays including:

70.8g/t	42.9g/t	29.4g/t	26.7g/t	15.8g/t	15.1g/t
15.1g/t	13.1g/t	10.9g/t	9.9g/t	9.2g/t	7.9g/t

Mineralisation is observed across the entire 18km length of the prospect and some individual priority targets are over 500m long as defined by current and historic workings. In addition, the extensive areas of high gold in soil values suggest potential for additional large areas of near surface low grade gold that may be amenable to heap leaching.

Drake's 1500m (minimum) RC drilling program at Seimana Gold Prospects commenced on 23 June 2014. The program will investigate seven near surface high priority targets with between 2 and 5 holes in each target and will focus on zones where work to date has located the strongest gold grades associated with the most intensely developed veining. The drill holes will test gold mineralisation in both oxide and primary zones.

Option Agreements with Martineau Mining concerning Drake's Seimana project and Tasiast South project expired during the quarter. Under the terms of the agreement Drake required Martineau to secure 100% of all funding required to fast track Seimana given its spectacular performance to date and considerable potential. The period expired with the target amount not reached and therefore Drake elected not to proceed with the arrangement, opting instead to retain 100% of the assets.



“Program Reveals Abundant Gold – Seimana Guinea”

“Seimana Gold Project – Drilling Commenced”

<http://drk.live.irmau.com/IRM/Company/ShowPage.aspx/PDFs/1452-93093894/SeimanaGoldProjectdrillingcommenced>

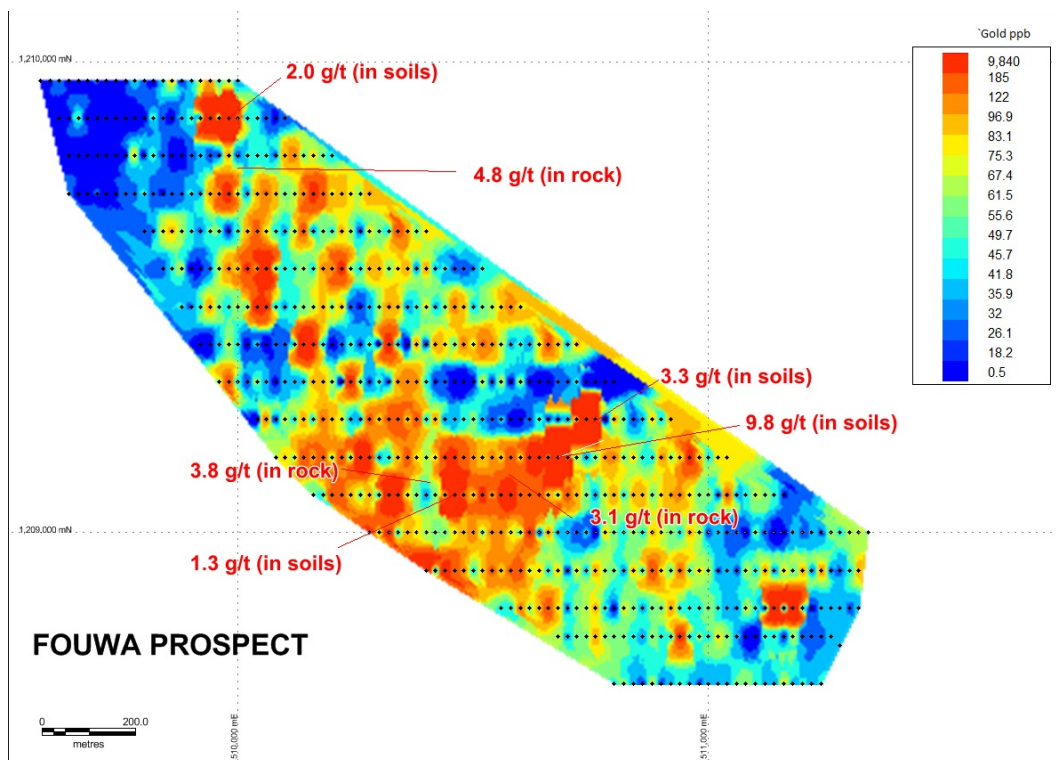


Figure 2: Fouwa Prospect Gold in Soil. Note extensive areas of +0.1 g/t (+100 ppb). Fouwa is just one of the Category A targets identified within Drake's Seimana Prospects.

Nordgruva, Løkken and Sulitjelma Copper Zinc Projects - Norway

Drake and its JV partner, Panoramic Resources¹, began drilling a single diamond drill hole at Nordgruva on 13 June 2014. The hole is targeting two off-hole conductors identified in diamond drill hole NKSD001 drilled late in 2013 (Fig 3). The stratigraphic position of the conductors in or in close proximity to gabbro amphibolite units, conductor characteristics and strength suggest that they could both represent massive sulphides of potentially substantial thickness.

The June drilling concluded at the end of the quarter. A visual log has identified lenses of disseminated sulphide mineralisation ranging from a few centimetres up to 2m wide at several locations throughout the 50m wide target zone. A down hole EM survey will be timed to coincide with completion of the Løkken drilling program. Core assays are expected late July.

A 900m drilling program at Løkken followed immediately on from the Nordgruva program. Geophysics investigations in 2011 and 2012 identified significant conductors north, south and west of the Løkken Mine and five sites were identified as priority drilling targets for massive copper sulphides (Fig 4). All five targets will be drilled in the diamond drilling program that commenced in early July. Results are expected in August.

During the quarter Drake also announced budget approval for a helicopter borne VTEM electromagnetic and magnetic survey over 767 line kms, or approximately 70km², of this highly prospective Sulitjelma copper zinc project in Norway. The 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. The EM survey is targeting potential locations for zones of thickened or repeating laterally extensive copper sulphides. In-country approvals for the geophysical program have begun and it is expected that the survey will be completed in August 2014.

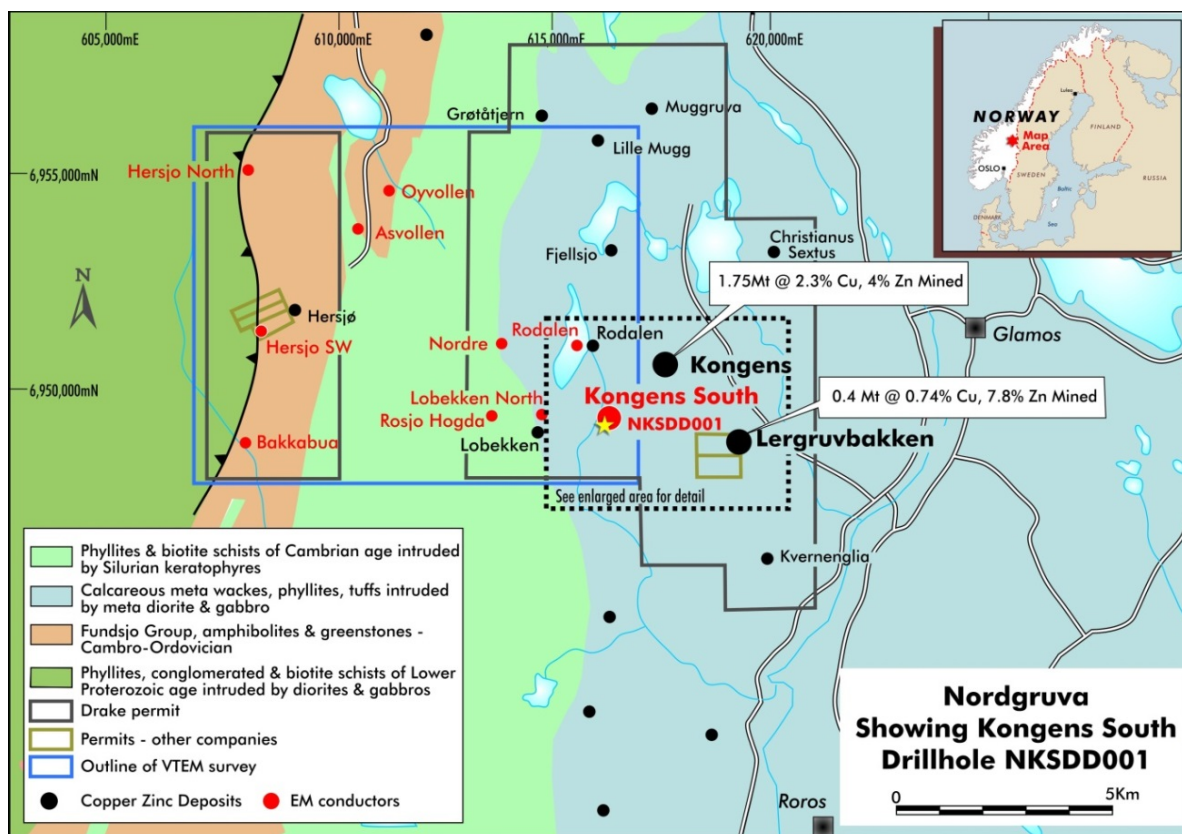


Figure Three: Nordgruva JV permit area contains historical mines and numerous targets generated from modern geophysics techniques.

Like to know more?

“Drill testing of 6 exceptional EM copper zinc targets - Norway”

<http://drk.live.irmau.com/IRM/Company/ShowPage.aspx/PDFs/142063519574/Drilltestingof6exceptionalEMcopperzinctargetsNorway>

“Sulitjelma copper project, Norway heliborne VTEM survey planned and approved”.

<http://drk.live.irmau.com/IRM/Company/ShowPage.aspx/PDFs/1444-17116716/VTEmplannedandapprovedSulitjelmaCopperProject>

Note 1: Under the JV terms for each project, Panoramic has the right to sole-fund exploration to earn a 70% interest in the projects. Drake can participate in the projects at 30% or 10% or revert to a 2% Net Smelter Return royalty.

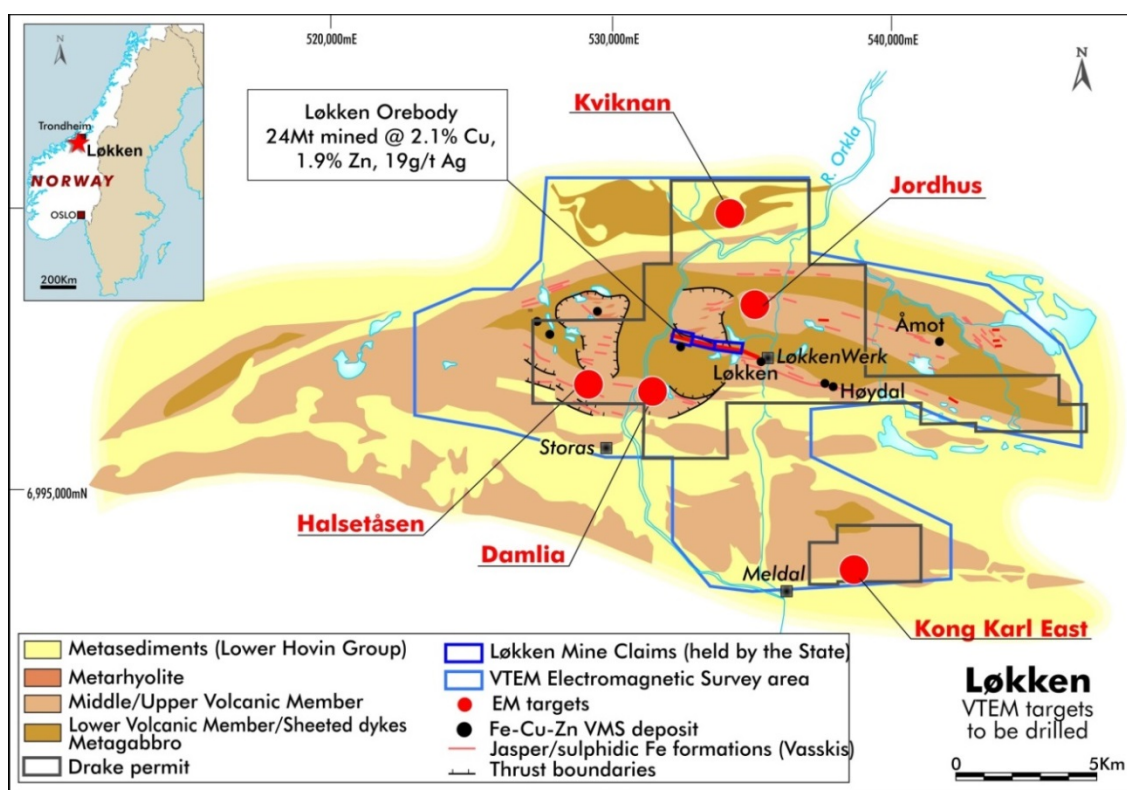


Figure Four: Plan of Drake claims outlined on geology plan showing fixed loop ground EM conductors on which drilling is planned.

Joma Copper/Zinc Project - Norway

In March this year Drake announced a Letter of Intent (“LOI”) defining a 90 day period to formally explore the potential for near term production by combining Drake’s Joma assets and Vilhelmina Mineral AB which holds similar assets nearby. The 90 day Due Diligence period with Vilhelmina concluded without a formal agreement being reached. Both parties see potential economic merit and synergies in the union and are open to further dialogue. In the interim both groups continue to develop their respective projects which, in Drake’s case, potentially includes exploration of its very large and prospective footprint around Joma and Gjersvik.

Capital Raising Over-Subscribed

Drake commissioned a capital raising via Rights Issue and Shortfall Offer in April². Drake successfully concluded the placement by raising the entire ~\$1.3M with the final placement of shortfall shares being oversubscribed. The Company is encouraged by the result and appreciates the support of its existing and new shareholders. Consistent with Drake’s strategy, the bulk of funds will be dedicated to ongoing exploration of its high priority assets across the Nordic region and West Africa.

Note 2: A non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.025 per Share to raise up to \$1,300,507 (based on the number of Shares on issue as at the date of the Prospectus) (together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued). Please refer to the Prospectus lodged on 11 April 2014 for full details of the offer.

The Plan Ahead

The approaching quarter will see significant activity at many of Drake's priority sites:

1. Drilling at Seimana concluded in July with assay results due later in July or in early August
2. Assay results from Nordgruva drilling are expected in late July
3. Drilling at Løkken will commence in July with results expected in August
4. Drake is planning to fly VTEM over the Sulitjelma project in August with results expected in September.

Drake is also contemplating a regional VTEM survey over its Greenfield Granmuren nickel sulphide project in Sweden and drilling at Joma later in the year.

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.

The information related to Lokken exploration results is extracted from the report entitled "Strong Electromagnetic Conductors Identified at Lokken" created on 9 January 2012 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 announcement. 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 announcement. This information was prepared and first disclosed under the JORC code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported.

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Name of entity

DRAKE RESOURCES LIMITED

ABN

12 108 560 069

Quarter ended ("current quarter")

30 June 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	3	45
1.2 Payments for: (a) exploration & evaluation	(283)	(1,117)
(b) development	-	-
(c) production	-	-
(d) administration	(347)	(1,135)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Payments for alliance exploration, net of contributions	(32)	(5)
Net Operating Cash Flows	(655)	(2,184)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2)	(2)
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	-	-
1.12 Other – Reclassification of Cash to Financial Assets	-	-
Net Investing Cash Flows	(2)	(2)
1.13 Total operating and investing cash flows (carried forward)	(657)	(2,186)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(657)	(2,186)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	1,227	2,717
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	1,227	2,717
	Net increase (decrease) in cash held	570	531
1.20	Cash at beginning of quarter/year to date	786	813
1.21	Exchange rate adjustments to item 1.20	(5)	7
1.22	Cash at end of quarter	1,351	1,351

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	662
4.2 Development	-
4.3 Production	-
4.4 Administration	221
Total	883

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	155	266
5.2 Deposits at call	1,196	520
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,351	786

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 (description)	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	208,201,792	208,201,792		
7.4 Changes during quarter				
(a) Increases through issues	52,140,910	52,140,910	2.5	2.5
(b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)	-	-		
7.6 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	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 (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

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:				
Doverstorp nr 1 2007:140	Sweden	0%	0%	100%
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%
Öjaren nr 1 2012:64	Sweden	0%	0%	100%
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%
Tallbotten nr 1 2012:33	Sweden	0%	0%	100%
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%
Finnmark Gold Project:				
Karasjok 4, 9, 10, 13-14	Norway	0%	0%	100%
Kautokeino 9, 20	Norway	0%	0%	100%

* 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.

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 Haghd 2009/140 Kron diket 2009/141	Sweden Sweden Sweden Sweden Sweden Sweden Sweden Sweden	49% 49% 49% 49% 49% 49% 49% 49%	0% 0% 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: 18 July 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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