



30 April 2015

## Quarterly Activities Report March 2015

- Sulitjelma VTEM assessment reveals 6 priority, copper/zinc massive sulphide targets – Immediate follow up program commissioned
- Round two drilling at Seimana commissioned and commenced April
- Fully underwritten entitlement issue to raise ~\$1.8M

### Overview

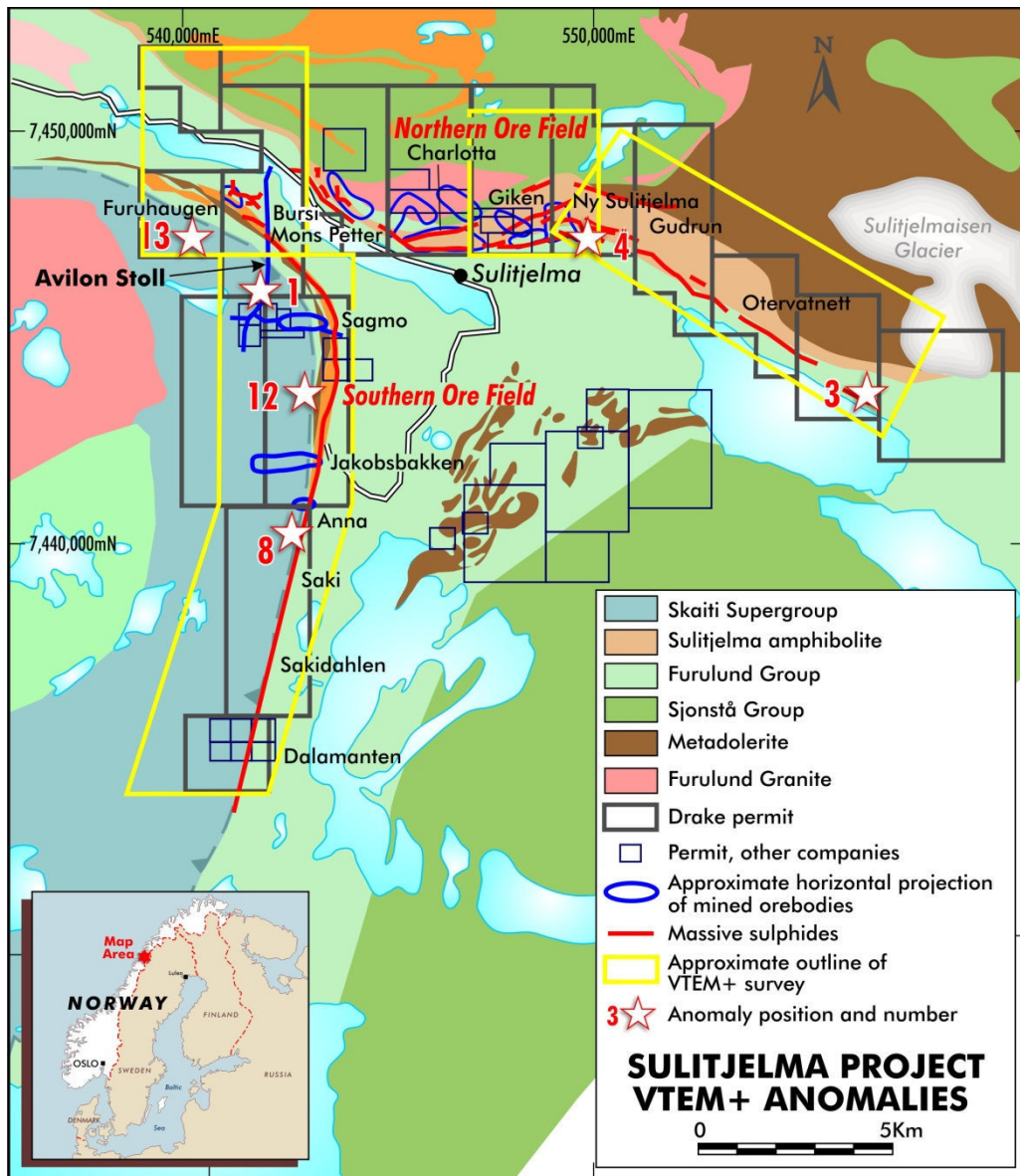
With the injection of funds from an entitlement issue and shortfall allocation during the quarter and with new and enthusiastic major shareholders, Drake is positioned to re-energise exploration. In the immediate term the Company has commissioned two exploration programs, both of which commenced in April 2015:

1. 1250m drilling program pursuing extensions to gold mineralisation at the Seimana permits - Guinea.
2. A ground EM survey of 6 copper/zinc targets at the Sulitjelma project – Norway.

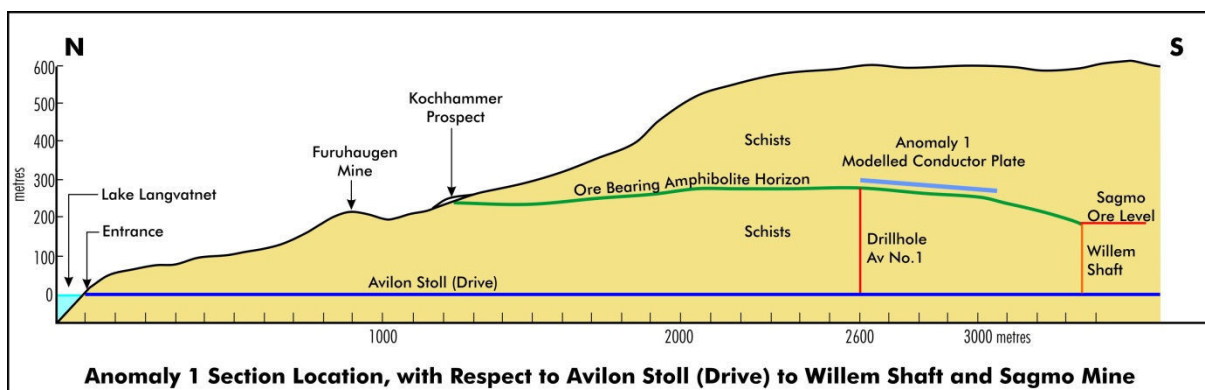
### **Sulitjelma Copper / Zinc Prospect – Norway**

A VTEM survey at the Sulitjelma Joint Venture<sup>1</sup> in Norway was conducted during the previous quarter with final interpretation released in January confirming six high priority targets. Four targets of interest lie within the western thrust or Sydgruvefeltet ore field (Fig 1) 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% Zn<sup>2</sup>) and the Jakobsbakken (4.47Mt mined of 1.55% Cu and 2.42% Zn<sup>2</sup>) 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 anomalies have been selected from this region. Dump samples from old workings and composite chip samples of local outcrop near one of these anomalies returned encouraging results of up to 10.7% copper and 15.1% zinc.

**A follow up ground EM program was scoped immediately following the VTEM interpretation and commenced early April 2015. The EM program will help define subsequent drill targets.**



**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.



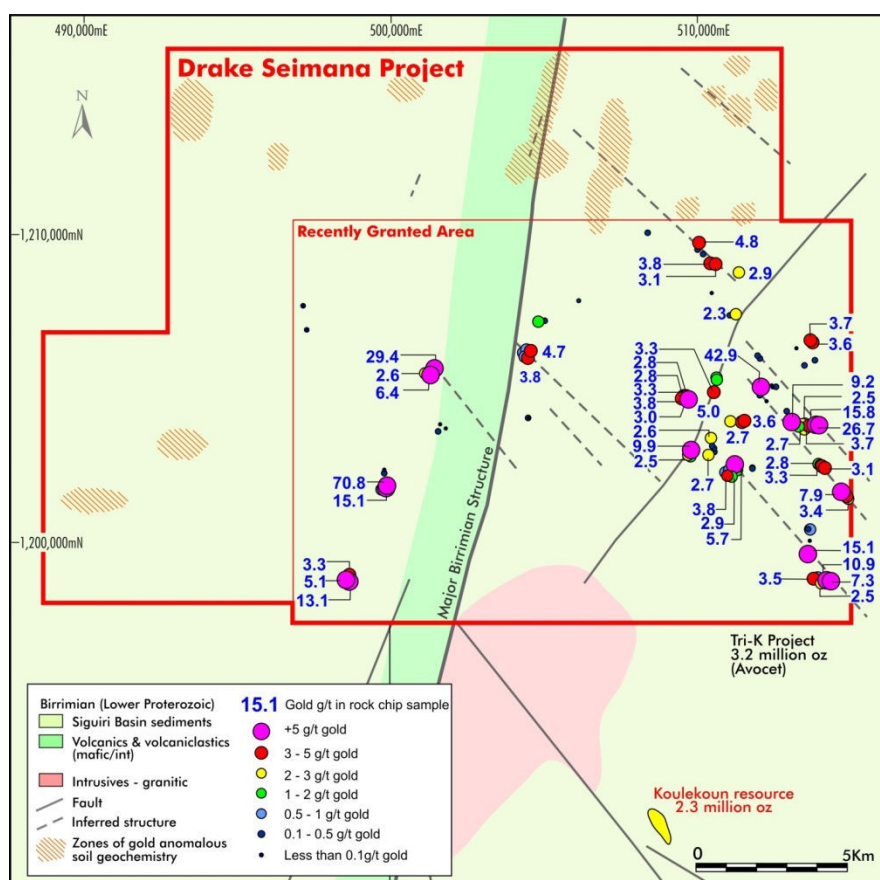
**Figure Two:** An historic section showing the Avilon Stoll (N-S) with anomaly 1 modelled plate superimposed and sitting on or slightly above the amphibolite horizon in the plane of the Kochhammer Mine and Sagmo ore level. The historic drill hole Av No 1 ended in amphibolite but there appears to be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

## Seimana Gold Prospect - Guinea

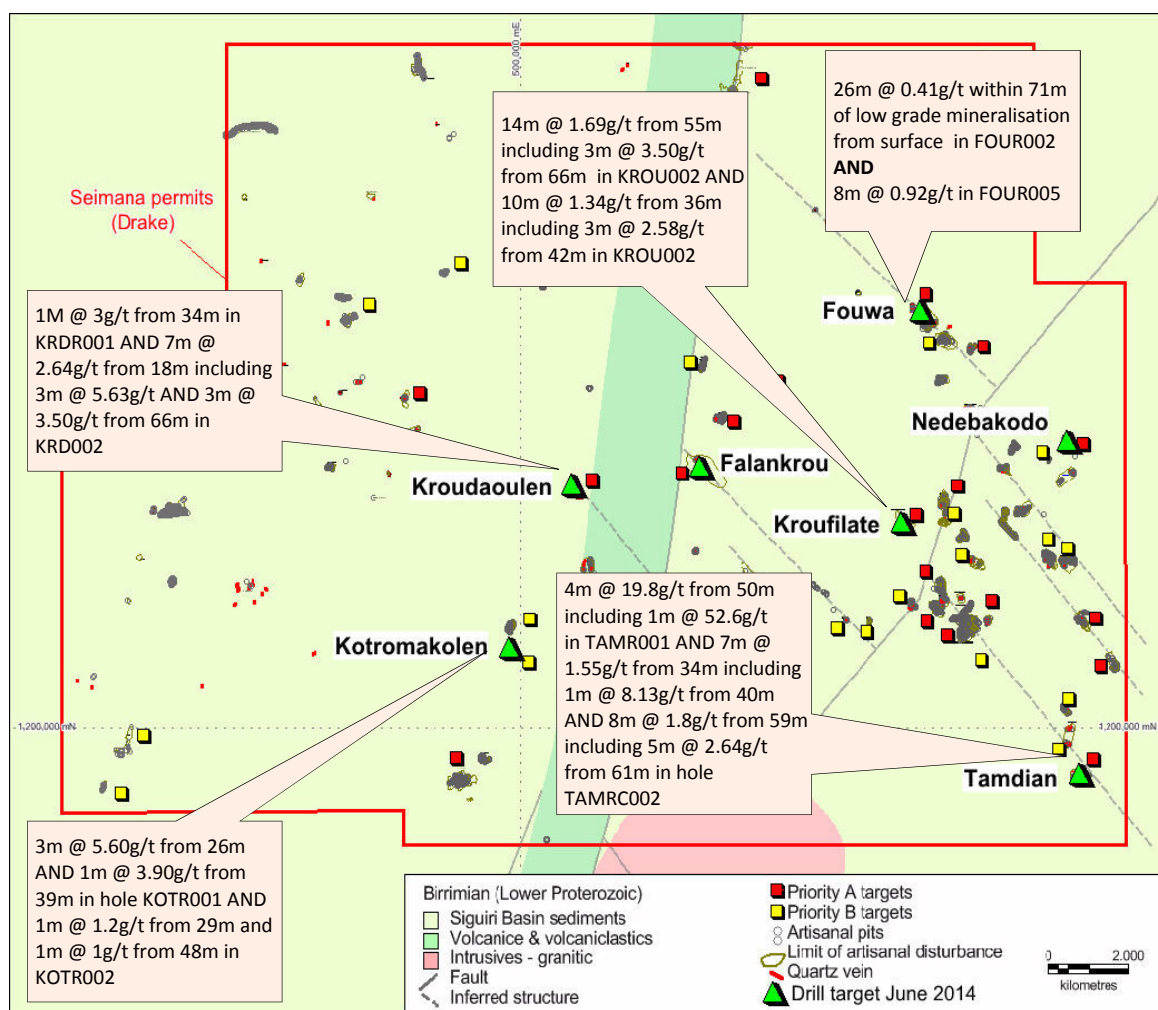
The first ground exploration program ever conducted over the Southern section of Drake's Seimana prospect was conducted in 2014 and revealed potential for an emerging and significant gold discovery. The field program delivered individually spectacular grab sample results up to 70g/t gold (Fig 3) and, more importantly, a remarkable number of potential drill targets across the entire E-W 18kms of the recently acquired land (Fig 4).

Four of seven targets subsequently drilled revealed strong results (Fig 4) 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.

A 1250m RC drill program was scoped during this quarter and commenced in late April 2015.



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



**Figure Four:** During the quarter Drake drilled 7 of the 40 targets identified across the Seimana permit area with 5 targets generating noteworthy results.

## Corporate Activity

During the quarter, Drake conducted a fully underwritten renounceable pro rata rights entitlement 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 together with one free attaching new option for every share subscribed for and issued to raise ~\$1.8M before the costs of the offer. The injection of new capital as a result of this offer places Drake in a relatively strong position amongst its peers in the current difficult capital market.

## Footnotes

<sup>1</sup>: 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.

<sup>2</sup>: 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 "VTEM results reveals 6 targets at Sulitjelma Project, Norway" created on 21/01/15 and is available to view on [www.drakeresources.com.au](http://www.drakeresources.com.au). The information related to Seimana exploration results is extracted from the report entitled "Seimana Gold Project - Final drill results" created on 30/07/14 and is available to view on [www.drakeresources.com.au](http://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.*

*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")

**31 March 2015**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(203)	(906) <sup>1</sup>
(b) development	-	-
(c) production	-	-
(d) administration	(275)	(545) <sup>1</sup>
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Payments for alliance exploration, net of contributions	11	24 <sup>1</sup>
<b>Net Operating Cash Flows</b>	<b>(462)</b>	<b>(1,416)</b>
<b>Cash flows related to investing activities</b>		
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	-	-
<b>Net Investing Cash Flows</b>	-	-
1.13 Total operating and investing cash flows (carried forward)	<b>(462)</b>	<b>(1,416)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(462)	(1,416)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. net of costs	985 <sup>2</sup>	1,055
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)	-	-
	<b>Net financing cash flows</b>	<b>985</b>	<b>1,055</b>
	<b>Net increase (decrease) in cash held</b>	<b>523</b>	<b>(361)</b>
1.20	Cash at beginning of quarter/year to date	473	1,350
1.21	Exchange rate adjustments to item 1.20	(9)	(2)
1.22	<b>Cash at end of quarter</b>	<b>987</b>	<b>987</b>

<sup>1</sup> **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.

<sup>2</sup> **Note:** Item 1.14 excludes approximately \$799,000 which is receivable by Drake Resources Limited under the terms of the underwriting agreement pertaining to the fully underwritten entitlement issue conducted during the period. This amount is anticipated to be received during the June 2015 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	60
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. Accrued Directors Fees partially settled.

**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	737*
4.2 Development	-
4.3 Production	-
4.4 Administration	228
<b>Total</b>	<b>964</b>

\*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	987	473
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>987</b>	<b>473</b>

### 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 <b>Preference *securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	448,253,496	448,253,496		
7.4 Changes during quarter				
(a) Increases through issues	205,397,614	205,397,614	\$0.005	\$0.005
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	395,000 17,340,162 205,397,614	Employee Entitlement Issue Entitlement Issue	<u>Exercise price</u> \$0.72 \$0.05 \$0.03	<u>Expiry date</u> 31 Mar 2016 1 Aug 2015 1 Aug 2017
7.8 Issued during quarter	205,397,614	Entitlement Issue	\$0.03	1 Aug 2017
7.9 Exercised during quarter	-			
7.10 Expired during quarter	500,000	KMP	\$0.60	31 Mar 2015
7.11 <b>Debentures</b> <i>(totals only)</i>	-			
7.12 <b>Unsecured notes</b> <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
<b>Granmuren Project:</b>				
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%
<b>Other Swedish Tenements:</b>				
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%
Prästhytan 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%
<b>Espedalen Project:</b>				
Espe 1-12	Norway	0%	0%	100%
<b>Joma/Gjersvik Project:</b>				
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.

### Interests in Mining Tenements (Continued)

<b>Seimana Project:</b> Permis I (Option to Purchase 100%)	Guinea	0%	0%	0%
Permis II (Option to Purchase 100%)	Guinea	0%	0%	0%
<b>Tasiast South Project:</b> Touerig Taieuh 1163B2 Hadeibet Belaa 1164B2	Mauritania Mauritania	100% 100%	0% 0%	0% 0%

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

<b>Farm-out Agreements / Tenements</b>	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
<b>Royal Falcon Joint Venture:</b> 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 Haghed 2009/140 Kron diket 2009/141	Sweden Sweden Sweden Sweden Sweden Sweden Sweden	100% 100% 100% 100% 100% 100% 100%	51% 51% 51% 51% 51% 51% 51%	0% 0% 0% 0% 0% 0% 0%
<b>Panoramic Alliance:</b> Lokken 1-26 Roros 1-13 Sulitjelma 1-17	Norway Norway Norway	0% 0% 100%	0% 0% 0%	100% 100% 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: 30 April 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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