

29 April 2016

Quarterly Activities Report March 2016

- **Offer to acquire Cyber Security company GENOME**
 - **Successful completion of Shareholder Non-Renounceable Rights Issue**
 - **Continued support for incumbent board, results of 249D General Meeting**
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OFFER TO ACQUIRE GENOME

On the 11 March 2016 Drake Resources Limited ('Drake' or 'the Company') announced signing a Term Sheet to acquire 100% of the issued shares in Genome Technologies Ltd ('Genome') for \$11,000,000.

Genome is an Israeli company in the cyber security sector adopting a practical approach to mitigate cyber threats in organisations related to the human factor (the employee). The human factor is considered the weakest point in an organisations security. Genomes proprietary technology and algorithm analyses profiles each employee's risk level providing customised mitigation, intelligence and training solutions.

The technology is based on Predictive Identity Engine (PIE) comprising multiple software and service modules. PIE analyses the various ways a cyber attack can potentially enter IT systems and references the behaviour or actions of an employee that could result in a successful infection of the organisations IT systems

Genome Founder & CEO Amir Rasilevski said:

"We are delighted to have this opportunity with Drake Resources Limited which will better position our company internationally.

Cyber-attacks are having and will continue to pose a major threat to the global economy and are costing businesses between US\$400 billion and US\$500 billion a year.

Current cyber security solutions have proven ineffective and therefore there is a need to adopt new approach.

There is significant research highlighting the lack of human-related factors in the existing market for solutions to cyber-attacks, Genome's advantage over other solutions is that it focuses more on human weaknesses. This is widely acknowledged by the market, governments and the professional services community as one of the biggest and emerging problems of cyber threats."

According to market research conducted by Gartner, global spending in IT security will reach US\$101 billion in 2018, while the cybersecurity market is expected to grow from US\$77 billion in 2015 to US\$170 billion by 2020 at a Compound Annual Growth Rate (CAGR) of 9.8% from 2015 to 2020 according to a report from Markets and Markets.

Drake Resources non-executive Chairman Brett Fraser said:

“The cybersecurity market is massive and continues to grow with cyber-attacks having a major impact from financial institutions through to government departments.

Prime Minister, Malcolm Turnbull, announced this month the blueprint to spend \$230 million on a cyber security strategy for Australia.

There is pressure on company boards and organisations generally to consider cyber-attacks in their governance review since it is emerging as a significant, growing risk becoming more difficult to contain, quantify and insure against. Every organisation is IT enabled and every employee is a potential entry point for a cyber attack, this is the reality of business today and the focus of Genome..

Therefore, this Genome transaction will provide our shareholders with a fantastic opportunity to participate in the exciting cybersecurity market offering strong prospects for growth.”

Genome has received significant interest internationally with a number of Letters of Intent (LoI) from organisations in the telecommunication, accounting and insurance sectors to adopt the Genome platform

Once the Acquisition is finalised, Drake plans to replace all but one of the existing board and seek to appoint new Australian board members, together with board members from Genome. Drake’s CEO Jason Stirbinskis will also exit the Company as part of the Acquisition. Drake has no immediate plan or requirement to appoint a new CEO. Mr Fraser added:

“Jason’s dedication to Drake and uncompromising advocacy for what’s in the best interest of Drake’s shareholders has been exemplary over the last 3 years including his current proactive support for Drake’s proposed strategic re-positioning.”

Genome’s research and development arm will remain in Israel post-Acquisition.

As part of the Acquisition and Drake’s proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules, Drake will be required to consolidate its issued capital to facilitate a share price of at least \$0.02.

Company details on Genome and key conditions relating to the acquisition is fully disclosed in the announcement. Please refer to the Company’s website or the ASX platform to read the full announcement.

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

Genome video clip <http://www.genomecyber.tech/genome-marketing-video>

NON-RENOUNCEABLE RIGHT ISSUE

Drake issued a prospectus on the 11 March 2016 for a fully underwritten non-renounceable rights issue to shareholders of the Company on 21 March 2016 (Record Date). The entitlement was 10 shares for every 32 shares held by shareholders on Record Date at a price of \$0.002 for each new share.

708 Capital Pty Ltd fully underwrote the rights issue. The shortfall of \$311,143 was fulfilled by the underwriters and Drake successfully concluded the raising of \$447,922.

249D REQUISITION

A Notice of Meeting was despatched to all shareholders on the 4 March 2016, pursuant to a 249D notice received from 2 dissident shareholders. The meeting was convened to remove all incumbent directors and replace with 3 new nominees.

All resolutions were convincingly defeated at the meeting.

Each board member thank every shareholder for their continuing support.

EXISTING DRAKE ACTIVITIES

The Acquisition of Genome will result in a significant change to the nature and scale of the Company's main activity which Drake's board considers to be positive and in the best interests of Drake's shareholders.

Whilst Drake intends to continue funding certain current obligations, if Drake shareholders approve the Acquisition of Genome, then post-Acquisition, the new board of Drake will undertake a review of the Company's assets to investigate opportunities to divest or relinquish existing assets and projects.

For further information, please contact:

Mr Brett Fraser

Chairman, Drake Resources

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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 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(87)	(514)
(b) development	-	
(c) production	-	
(d) compliance costs	(22)	(102)
(e) due diligence	(81)	(121)
(f) administration	(86)	(229)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	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	(275)	(1,110)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments ¹	(69)	(69)
(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	(69)	(69)
1.13 Total operating and investing cash flows (carried forward)	(344)	(1,179)

¹ Non-refundable deposit for the acquisition of the equity in Genome Technologies Ltd (USD 50,000)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(344)	(1,179)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. net of costs	(2)	128
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings – convertible notes	150	150
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	148	278
	Net increase (decrease) in cash held	(196)	(901)
1.20	Cash at beginning of quarter/year to date	404	1,101
1.21	Exchange rate adjustments to item 1.20	-	8
1.22	Cash at end of quarter	206	206

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	25
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	
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	50
4.2 Development	250
4.3 Production	-
4.4 Administration	60
Total	360

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	206	404
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	206	404

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	716,675,857	716,675,857		
7.4 Changes during quarter				
(a) Increases through issues	35,870,203	35,870,203	\$0.002	\$0.002
(b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>	100,000,000	-		\$0.0015
7.6 Changes during quarter	100,000,000	-		\$0.0015
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	366,047,882	Listed Options	<u>Exercise price</u> \$0.03	<u>Expiry date</u> 1 Aug 2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	395,000		\$0.72	
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%
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%
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.

Interests in Mining Tenements (Continued)

Seimana Project:				
Permis I	Guinea	0%	0%	0%
(Option to Purchase 100%)				
Permis II	Guinea	0%	0%	0%
(Option to Purchase 100%)				
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%	0%	0%
Falun nr 101 2007/62	Sweden	100%	0%	0%
Falun nr 102 2007/254	Sweden	100%	0%	0%
Falun nr 104 2007/254	Sweden	100%	0%	0%
Falun nr 105 2007/384	Sweden	100%	0%	0%
Haghed 2009/140	Sweden	100%	0%	0%
Krondiket 2009/141	Sweden	100%	0%	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 March 2016

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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