

8 January 2010

Exercise of Options

The Company wishes to advise that 10,290,786 Options have been exercised prior to the 31 December 2009 expiry date. The total raised from the exercise of Options was \$2,058,157.

The appendix 3b is attached to this announcement.

Jay Stephenson
Company Secretary

About Drake Resources

Drake Resources (ASX: DRK, “Drake”) is a base metals and gold/silver explorer with advanced projects in Sweden and Australia.

In the four years since listing on the ASX, Drake has established a robust portfolio of projects. Drake’s competitive advantages include a premier position in the world-class Falun copper-zinc belt in Sweden, an experienced technical team with a successful track record, and a pipeline of projects and opportunities.

Drake’s objective is to become a successful and profitable exploration and mining company. The Company aims to achieve this goal by pursuing exploration and mining opportunities and exploring high quality projects in a technical, cost-effective manner.

Currently, Drake is focused on advancing its Scandinavian projects. Drake considers that copper, zinc and gold ores remain within the historic Falun Mine area and have put in place a program to assess the economic potential of remaining ore and new ore bodies. Recent rock chip samples at Digertäkt indicated exceptional zinc grades (up to 27%) and drill testing is underway to locate additional areas of interest.

Drake is in joint venture with Royal Falcon Mining LLC at its Falun and Bersbo Projects, Royal Falcon Mining is a jointly owned company between Golden Rim Resources Ltd and the PAL Group, a subsidiary of Royal Group, based in the United Arab Emirates. Royal Falcon has to spend US\$3 million to earn 51% of the projects; the projects remain 100% Drake prior to Royal Falcon earning this interest.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Drake Resources Limited

ABN

12 108 560 069

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 10,290,786 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes				
5	Issue price or consideration	20c				
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Exercise of Options				
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	4-7 January 2009				
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"><thead><tr><th>Number</th><th>⁺Class</th></tr></thead><tbody><tr><td>52,729,231</td><td>Ordinary Shares</td></tr></tbody></table>	Number	⁺ Class	52,729,231	Ordinary Shares
Number	⁺ Class					
52,729,231	Ordinary Shares					

⁺ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,500,000	34 cent Options to acquire one (1) share in the Company exercisable on or before 1 September 2011.
	540,000	25 cent Options to acquire one (1) share in the Company exercisable on or before 31 March 2011
	800,000	25 cent Options to acquire one (1) share in the Company exercisable on or before 31 March 2012
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if | |

+ See chapter 19 for defined terms.

applicable)	
29 Date rights trading will end (if applicable)	
30 How do +security holders sell their entitlements <i>in full</i> through a broker?	
31 How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32 How do +security holders dispose of their entitlements (except by sale through a broker)?	
33 +Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which
+quotation is sought
- | |
|--|
| |
|--|

- 39 Class of +securities for which
quotation is sought
- | |
|--|
| |
|--|

- 40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?
- If the additional securities do not
rank equally, please state:
- the date from which they do
 - the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
 - the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment
- | |
|--|
| |
|--|

- 41 Reason for request for quotation
now
- Example: In the case of restricted securities, end of
restriction period
- (if issued upon conversion of
another security, clearly identify
that other security)
- | |
|--|
| |
|--|

- 42 Number and +class of all +securities
quoted on ASX (*including* the
securities in clause 38)
- | Number | +Class |
|--------|--------|
| | |

+ See chapter 19 for defined terms.

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

JAY STEPHENSON
COMPANY SECRETARY

+ See chapter 19 for defined terms.