

QUARTERLY ACTIVITIES REPORT 31 December 2017

Drake Resources Limited (Drake or Company) presents this Quarterly Activities Report for the quarter ended 31 December 2017.

On 10 October 2017 the Company announced the results of the General Meeting held that day. All resolutions were passed by the requisite majority of security holders and all resolutions were decided on a show of hands.

The Prospectus dated 30 June 2017 and Supplementary Prospectus dated 7 September 2017 (together the **Prospectus**) closed on 13 October 2017. The Prospectus was fully subscribed, successfully raising a total of \$1,750,000.

Following the successful recapitalisation by the Company, Drake was reinstated to official quotation on 2 November 2017.

On 29 November 2017 the Company announced the results of the Annual General Meeting held that day. The Remuneration Report contained in the Directors' Report in the Annual Report for the year ended 30 June was adopted by ordinary resolution with 90.88% in favour. As a result, resolution 5 relating to a spill meeting was withdrawn. All other resolutions were passed by the requisite majority of security holders and all resolutions were decided on a show of hands.

Board Change

On 4 December 2017 Drake announced the appointment of Mr David Wheeler as a Non-executive Director of the Company.

The Company also announced the resignation of Mr Jay Stephenson as a Non-executive Director.

Existing Projects

Drake continues to hold and assess its exploration assets in Sweden. Drake and its advisors have completed a desktop review of its existing projects and will look to take the next steps of appointing a local technical team to complete the internal review. Following completion of this review, Drake intends to begin the on-ground exploration program this quarter.

TENEMENT SCHEDULE			
Tenement and Name	Interest at beginning of Quarter	Acquired / Disposed	Interest at end of Quarter
NORWAY			
Joma/Gjersvik Area Grong 8-9	100%	N/A	100%
Panoramic Alliance Sulitjelma	100%	N/A	100%

TENEMENT SCHEDULE			
SWEDEN			
Granmuren Project Tullsta nr 2 2012:78 Tullsta nr 5 2017:140 Tullsta nr 6 2017:158	100% 100% 100%	N/A N/A N/A	100% 100% 100%
Other Swedish Exploration Permits Gaddebo nr 3 2014:91 Gamla Jutbo nr 1 2012:104 Korsheden nr 1 2012:135 Prasthyttan nr 1 2012:105	100% 100% 100% 100%	N/A N/A N/A N/A	100% 100% 100% 100%
<i>In Application</i> Berga nr 1	Application	N/A	Application

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

DRAKE RESOURCES LIMITED (DRK)

ABN

12 108 560 069

Quarter ended (Current quarter)

31 December 2017

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:	-	-
(a) exploration and evaluation	(41)	(132)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(155)	(293)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material): Legal	(65)	(95)
1.9 Net cash from / (used in) operating activities	(260)	(518)
2. Cash flows from investing activities		
2.1 Payments to acquire:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 Months) \$A'000
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares		1,750	1,750
3.2 Proceeds from issue of convertible notes		-	-
3.3 Proceeds from exercise of share options		-	-
3.4 Transaction costs related to issues of shares, convertible notes or options		(105)	(105)
3.5 Proceeds from borrowings		-	-
3.6 Repayment of borrowings		-	-
3.7 Transaction costs related to loans and borrowings		-	-
3.8 Dividends paid		-	-
3.9 Other (provide details if material)		(23)	(23)
3.10 Net cash from / (used in) financing activities		1,622	1,622
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of quarter/year to date		266	524
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(260)	(518)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)		1,622	1,622
4.5 Effect of movement in exchange rates on cash held		-	-
4.6 Cash and cash equivalents at end of quarter		1,628	1,628
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances		193	266
5.2 Call deposits		1,435	-
5.3 Bank overdrafts		-	-
5.4 Other (provide details)		-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		1,628	266
6. Payments to directors of the entity and their associates		Current quarter \$A'000	
6.1 Aggregate amount of payments to these parties included in item 1.2		32	
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2			
Directors fees			
7. Payments to related entities of the entity and their associates		Current quarter \$A'000	
7.1 Aggregate amount of payments to these parties included in item 1.2		-	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 Months) \$A'000
8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000	
Add notes as necessary for an understanding of the position			
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	
9.3 Production	
9.4 Due Diligence	
9.5 Administration and corporate costs	125
9.6 Other (provide details if material):	
9.7 Total estimated cash outflows	225

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter %	Interest at end of quarter %
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Tullsta nr 5 2017:140 - Sweden	Direct	0	100
	Tullsta nr 6 2017:158 – Sweden	Direct	0	100
	Berga nr 1 – Sweden	Application	0	100

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Signed: 

Dated: 31 January 2018

Company Secretary

Print name: Julia Beckett

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.