

DRAKE RESOURCES LIMITED
ACN 108 560 069
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 20 June 2017 (**Prospectus**), issued by Drake Resources Limited (ACN 108 560 069) (**Company**).

This Supplementary Prospectus is dated 7 September 2017 and was lodged with ASIC on that date. The ASIC, the ASX, and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus is a **refresh document** as defined in section 724(3H) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**LI 2016/70**).

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.drakeresources.com.au.

The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. REASONS FOR SUPPLEMENTARY PROSPECTUS

The purpose of this Supplementary Prospectus is to:

- (a) vary the details of the Offer in Section 5 of the Prospectus to confirm that the issue of Shares offered under the Prospectus is now conditional upon shareholder approval being obtained;
- (b) provide additional disclosure in relation to the Company's operations in relation to the Company's Scandinavian projects, given the non-renewal of the Tullsta licence and the Company's application for reinstatement of the Tullsta licence (as announced to the ASX on 14 July 2017);
- (c) confirm the details of a Lead Manager Mandate that the Company has entered, subsequent to the lodgement of the Prospectus, with CPS Capital Group Pty Ltd;
- (d) provide additional disclosure of relevant risks of investment in the Company;
- (e) provide updated disclosure in relation to the use of funds raised from the Offer in Section 6.1 of the Prospectus;
- (f) provide an updated unaudited pro-forma balance sheet to demonstrate the Company's financial position as at 31 July 2017;
- (g) provide updated information in relation to the interests of directors and experts and advisors in Sections 9.5 and 9.6 of the Prospectus;
- (h) provide updated disclosure in relation to the Expenses of the Offer in Section 9.8 of the Prospectus.

In addition, and pursuant to LI 2016/70, this Supplementary Prospectus has been prepared to:

- (i) refresh the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of this Supplementary Prospectus (**Quotation Condition**); and
- (j) refresh the period for the minimum subscription to the Offer under the Prospectus being achieved from the date four months after the date of the Prospectus to four months from the date of this Supplementary Prospectus (**Minimum Subscription Condition**).

The amendments to the Prospectus set out in this Supplementary Prospectus should be read in conjunction with the Prospectus.

2. SPECIFIC DISCLOSURES REQUIRED BY LEGISLATIVE INSTRUMENT 2016/70

2.1 Background

In accordance with the Corporations Act, if a person offers securities under a disclosure document such as a prospectus and the disclosure document states or implies that the securities are to be quoted on a financial market such as the ASX and the securities are not then admitted to quotation within three months after the date of the disclosure document, then the issue of securities would be void and any subscription amounts would have to be returned to the applicants.

Additionally, also in accordance with the Corporations Act, if a person offers securities under a disclosure document, such as a prospectus, and the disclosure document states a minimum subscription amount must be raised before any securities will be issued, then the minimum subscription must be received within four months after the date of the disclosure document, otherwise any subscription amounts must be returned to the applicants or otherwise the applicants must be given a supplementary disclosure document and the opportunity to withdraw their application (see Section 2.5 below for details).

By the issue of the legislative instrument LI 2016/70, ASIC has varied the Corporations Act to allow companies to refresh the timing of the minimum subscription and quotation conditions, so that they commence from the date of a refresh document (such as this Supplementary Prospectus) such that the respective 3 and 4 month periods commence from the date that the refresh document is lodged with ASIC. LI 2016/70 implements a variety of conditions that must apply to the refresh document and the actions of the company which seeks to rely upon it. This Supplementary Prospectus addresses those requirements.

2.2 Applications received

The Company advises that as at the date of this Supplementary Prospectus it has received 68 applications for a total of 14,875,275 Shares totalling \$148,752.75, however no applications have been processed.

2.3 Minimum Subscription

The Company makes the following statements regarding the Minimum Subscription Condition in accordance with LI 2016/70:

- (a) As at the date of this Supplementary Prospectus, the number of Shares for which applications have been received is detailed in Section 2.2 above;
- (b) The Minimum Subscription Condition is being amended to extend the period for the minimum subscription being achieved from the date four months from the date of the Prospectus to four months from the date of this Supplementary Prospectus; and
- (c) The Minimum Subscription Condition must be satisfied by 7 January 2018, being the date that is four months from the date of this Supplementary Prospectus.

2.4 Quotation Condition

The Company makes the following statements regarding the Quotation Condition in accordance with LI 2016/70:

- (a) An application was made for admission to quotation of Shares offered under the Prospectus within seven days after the date of the Prospectus;
- (b) As at the date of this Supplementary Prospectus, the Shares offered under the Prospectus have not been admitted to quotation on the ASX;
- (c) ASX has not given an indication that the Shares will not be admitted to quotation, however ASX has stated that the Shares offered pursuant to the Prospectus (as supplemented by this Supplementary Prospectus) will be admitted to quotation and the suspension on the trading of the Company's existing securities will be lifted subject to certain conditions set out in listing decision letters dated 10 July 2017, and 30 August 2017 respectively, being satisfied (**Reinstatement Conditions**). As at the date of this Supplementary Prospectus, the Reinstatement Conditions that have not yet been satisfied are:
 - (i) Confirmation that the Offer under the Prospectus has closed raising a minimum of \$1,000,000 up to \$1,750,000 and that the issues of Shares under the Offer have completed;
 - (ii) Confirmation to the ASX that the Company retains its 100% interest in the Company's tenements set out below and that each tenement is in good standing:
 - (A) Grong 8-9 in the Joma/Gjersvik Area in Norway;
 - (B) Sulitjelma in Norway; and
 - (C) The Bergslagen area tenements;
 - (iii) ASX being satisfied that the Company demonstrates compliance with Listing Rules 12.1 to 12.4 inclusive as follows:
 - (A) The Company satisfies the requirements of Listing Rule 12.1;
 - (B) Confirmation of completion of the Company's capital raising under the Prospectus, and that after payment of the costs of the Offer (if any) the Company can demonstrate to ASX that it will have a minimum of \$1,000,000 in cash, net of all liabilities, at the date of reinstatement, to satisfy Listing Rule 12.2;
 - (C) The Company has an appropriate spread of Shareholders;
 - (iv) The Company demonstrating free float at the time of admission of at least 20%;
 - (v) Confirmation of the Company's receipt of cleared funds for the complete amount of the issue price of every Share issued to every Applicant under the Prospectus;
 - (vi) Confirmation that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus;
 - (vii) Despatch of holding statements or refund moneys to Applicants;
 - (viii) The release of a consolidated activities report setting out the proposed business strategy of the Company which includes an update on the Company's assets;

- (ix) Provision in a form suitable for release to the market of various information, including statements on the distribution of the number of Shares held by each Shareholder, a statement setting out the names of the top 20 largest holders of each class of securities, the Company's capital structure, the Company's pro forma balance sheet based on actual funds raised, the Company's updated statement of commitments based on actual funds raised, the full terms and conditions of all options on issue, the full terms and conditions of any employee incentive scheme, and a statement disclosing the extent to which the Company will follow as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council;
- (x) The Company confirming to market that it is in compliance with the Listing Rules and in particular Listing Rule 3.1 and the responsible person for the purposes of Listing Rule 1.1 condition 13;
- (xi) The Company paying any outstanding fees applicable; and
- (xii) The provision of any other information required or requested by ASX.

Following the issue of Shares under the Prospectus, the Company considers it will be in a position to satisfy the outstanding Reinstatement Conditions.

- (d) Upon lodgement of this Supplementary Prospectus, subject only to the lodgement of any future refresh document, the Quotation Condition must now be satisfied by 7 December 2017, being the date that is three months from the date of this Supplementary Prospectus; and
- (e) As at the date of this Supplementary Prospectus, the number of Shares for which applications have been received is detailed in Section 2.2 above.

2.5 Withdrawal of previous Applications

In accordance with sections 724(2) and 724(3G) of the Corporations Act, if you applied for Shares under the Prospectus (**Existing Applicant**) before the date of this Supplementary Prospectus, you may withdraw your application and be repaid your application money, provided you give the Company written notice of your wish to do so within 1 month of the date of this Supplementary Prospectus.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request clearly stating that they wish to withdraw their application, to the Company's share registry at the address set out below so that it is received within 1 month of the date of this Supplementary Prospectus (that is **by close of business on 9 October 2017**). The written request should be signed by the Existing Applicant (and in the case of joint applicants both applicants need to sign the request) and include the Existing Applicant's email address and phone number.

Drake Resources Limited
 C/- Computershare Investor Services Pty Limited
 GPO Box 52
 Melbourne VIC 3000

The applicant's details, including full registered name and address and payment details, set out in the written request for withdrawal must correspond to the details contained in the Application Form lodged by that applicant. Refund cheques will be sent as soon as practicable after the close of the Offer.

If you do not wish to withdraw your application, you do not need to take any action. However, if you wish to apply for additional Shares you may do so in accordance with the instructions set out in Section 2.6 below.

2.6 New Applications

All new applications for Shares under the Offers after the date of this Supplementary Prospectus must be made using the Priority Offer Application Form, Top Up Offer Application Form and/or the Public Offer Application Form (as the case may be) attached to or accompanying this Supplementary Prospectus (**Supplementary Application Form**) and otherwise on the terms set out in the Prospectus.

Applications made after the date of this Supplementary Prospectus must NOT be made on an application form attached to or accompanying the Prospectus.

The Supplementary Application Form contains detailed instructions on how it is to be completed.

3. AMENDED INDICATIVE TIMETABLE

The Closing Date for the Offers has been extended to 5:00pm (WST) on **13 October 2017**. The remaining dates in the indicative timetable set out in the Timetable¹ in Section 2 of the Prospectus are amended as follows:

Lodgement of Supplementary Prospectus with ASIC	7 September 2017
Last day for Existing Applicant to notify the Company of their election to withdraw their application	9 October 2017
Proposed date for General meeting of the Company	10 October 2017
Closing Date ¹	13 October 2017
Shares issued under Prospectus	19 October 2017
Despatch of Holding Statements	20 October 2017
Quotation Date	23 October 2017

¹ The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

4. DETAILS OF THE OFFER

The Prospectus is amended by adding a new Section 5.5A Shareholder Approval as follows:

“5.5A Shareholder Approval

As a result of the issue of this Supplementary Prospectus and the extension of the Closing Date for the Offers, it is proposed that the issue of Shares under the Prospectus will take place on 19 October 2017.

*The Company previously obtained shareholder approval for the issue of Shares under the Offers under ASX Listing Rules 7.1 and 10.11, on 5 April 2017 (**Previous Shareholder Approval**). The Company was required under ASX Listing Rule 14.7 to issue the Shares pursuant to the Prospectus by 5 July 2017 and was granted one waiver of this requirement extending the date for the issue of the Shares offered under the Prospectus to 5 August 2017. The Company did not issue the Shares by this date and is now seeking to renew shareholder approval for the issue. The Company has prepared a draft Notice of General Meeting which it intends to issue on or around the date of this Supplementary Prospectus calling a meeting of the Company to be held on 10 October 2017 to approve the issue of the Shares under the Offers (**New Shareholder Approval**).*

If the New Shareholder Approval is not obtained by the Company, the Company will be unable to proceed to issue the Shares under the Offers, and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The Company confirms that if the New Shareholder Approval is obtained, the proposed issue date of Shares will remain 19 October 2017, subject to the Quotation Condition and Minimum Subscription Condition being satisfied and any changes in accordance with Section 3 of this Supplementary Prospectus.”

5. ADDITIONAL DISCLOSURE – STATUS OF COMPANY OPERATIONS

The Prospectus is amended by adding a new Section 6.1A (before Section 6.1 in the Prospectus) as follows:

“6.1A Status of Company Operations

As announced on 14 July 2017, the application for the grant of renewal of the Tullsta tenement (**Tullsta licence**) which comprises part of the Granmuren project in Sweden was not granted due to the Company’s failure to pay the renewal fee within the required period.

The Company made an application to re-instate the Tullsta licence (**Tullsta Reinstatement Application**). The Company has applied for areas including several additional areas of interest surrounding the Tullsta licence area (**Tullsta New Ground Application**).

As announced on 24 August 2017, the Tullsta Reinstatement Application was not successful. As a result, the ground included in the Tullsta licence is in moratorium until 1 January 2018. The Board may in its discretion consider applying for that ground in a new application once the ground is released from the moratorium and depending on the results of the Company’s fourth quarter exploration activities.

Notwithstanding that the Tullsta Reinstatement Application was not granted, the Tullsta New Ground Application continues to be on foot. The Board considers that it is too uncertain to provide detailed information about the Tullsta New Ground Application, as there is no certainty that the Tullsta New Ground Application will be granted, or if it is granted whether the grant would include the whole, or only part of the area applied for.

The Company will retain its existing interests in the Scandinavian projects. The Company is continuing its review and evaluation of the Scandinavian projects, and has provided a market update on the progress of its review on 24 August 2017 “Swedish Exploration Portfolio Update”. The Company will continue to update the market as a disclosing entity in relation to the results of its evaluation of the Scandinavian projects.”

6. PURPOSE OF THE OFFER

The Prospectus is amended by deleting the “Proceeds of the Offer” table and notes in Section 6.1 of the Prospectus and replacing it with the following table and notes:

Proceeds of the Offer	Minimum Subscription (\$) (\$1,000,000)	Percentage of Funds (%)	Maximum Subscription (\$) (\$1,750,000)	Percentage of Funds %
Expenditure (including exploration expenditure) on European projects and assessment of new opportunities ¹	\$280,000	28%	\$500,000	29%
Corporate administration and overheads	\$170,000	17%	\$320,000	18%
Expenses of the Offer	\$130,000	13%	\$180,000	10%

Working Capital	\$420,000	42%	\$750,000	43%
Total	\$1,000,000	100%	\$1,750,000	100%

Notes:

1. Funds will be allocated to projects based on exploration and development results as they arise, as well as the review and acquisition of new projects.
2. Refer to Section 15 of this Supplementary Prospectus for further details relating to the estimated expenses of the Offer.

7. ADDITIONAL DISCLOSURE – EFFECT OF THE OFFER

Section 6.2 of the Prospects is amended by replacing paragraph (a) with the following paragraph:

“The principal effect of the Offer will be (assuming that the maximum number of Shares are issued) to:

- (a) *increase the cash reserves by \$1,570,000 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;”*

8. ADDITIONAL DISCLOSURE – PRO-FORMA BALANCE SHEET

Section 6.3 of the Prospectus is amended by replacing the section in its entirety with the following updated information:

“The unaudited balance sheet as at 31 July 2017 (based on the audited balance sheet at 31 December 2016) and the unaudited pro-forma balance sheet as at 31 July 2017 shown below assume completion of the Offer and have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Statement of Financial
Position**

		Minimum Subscription		Maximum Subscription	
		Unaudited	Adjustments	Unaudited	Adjustments
	Note	31 July		31 July	
		2017		2017	
		\$		\$	
CURRENT ASSETS					
Cash and cash equivalents	(1)	350,462	870,000	1,220,462	(2) 1,570,000
Financial assets		-		-	-
Trade and other receivables		67,869		67,869	67,869
TOTAL CURRENT ASSETS		418,332		1,288,332	1,988,332
NON-CURRENT ASSETS					
Plant and equipment		-		-	-
Exploration and evaluation assets		521,074		521,074	521,074
TOTAL NON-CURRENT ASSETS		521,074		521,074	521,074
TOTAL ASSETS		939,405		1,809,405	2,509,405
CURRENT LIABILITIES					
Trade and other payables		156,894		156,894	156,894
Financial liabilities		-		-	-
TOTAL CURRENT LIABILITIES		156,894		156,894	156,894
TOTAL LIABILITIES		156,894		156,894	156,894
NET ASSETS		782,511		1,652,511	2,352,511
EQUITY					
Issued capital	(1)	26,983,373	870,000	27,853,373	(2) 1,570,000 28,553,373
Reserves		576,022		576,022	576,022
Accumulated losses		(26,776,884)		(26,776,884)	(26,776,884)
TOTAL EQUITY		782,511		1,652,511	2,352,511

Notes:

1

\$870,000 = Minimum prospectus offer of \$1,000,000 less \$130,000 expenses of the offer.

2

\$1,570,000 = Maximum prospectus offer of \$1,750,000 less \$180,000 expenses of the offer.

9. ADDITIONAL DISCLOSURE – RISK FACTORS

Section 8.2 of the Prospectus is amended by:

- (a) Inserting a new risk paragraph (h) as follows:

“(h) Going concern risk

In order to continue to review and evaluate the Company’s Scandinavian projects and new opportunities, capital raising is required. If the Company is unable to raise capital through future capital raisings or alternative means, there is uncertainty as to whether the Company will continue as a going concern. This would be likely to have a material adverse effect on the Company’s activities.”

10. CONTINUOUS DISCLOSURE OBLIGATIONS

The Prospectus is amended by adding the following to the list of documents appearing in Section 9.2:

Date	Description of Announcement
07/09/2017	Notice of General Meeting
31/08/2017	Capital Raising Update
24/08/2017	Capital Raising Update
24/08/2017	Swedish Exploration Portfolio Update
31/07/2017	Quarterly Activities Report and Quarterly Cashflow Report
14/07/2017	Operations Update & Application Renewal of Tullsta Licence
30/06/2017	Prospectus - Extension of Closing Date
30/06/2017	Grant of Waiver to ASX Listing Rule 14.7
26/06/2017	Appendix 3B
20/06/2017	Prospectus

11. ADDITIONAL INFORMATION – MATERIAL CONTRACTS

The Prospectus is amended by deleting Section 9.4 and replacing it with the following paragraph:

“9.4 Material Contracts – Lead Manager Mandate

*The Company has entered into a lead manager mandate (**CPS or Lead Manager Mandate**) with CPS Capital Group Pty Ltd (AFSL: 294848) (**Lead Manager**) whereby it has engaged the Lead Manager to act as lead manager to the Public Offer. Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager:*

- (a) *management fee of 2% plus GST of the amount raised pursuant to the Public Offer; and*
- (b) *a placing fee of 4% plus GST of the amount raised pursuant to the Public Offer.*

CPS may terminate its obligations under the Lead Manager Mandate:

- (a) *by 14 days written notice, if the Company commits a material breach of the Lead Manager Mandate or if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; and*
- (b) *immediately by notice in writing, if the Company becomes insolvent, enters into receivership or administration, or the court makes an administration order with respect to the Company or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of the Company.*

The Lead Manager Mandate may be terminated by the Company with 7 days' written notice at or prior to the expiration of the mandate period, upon which any outstanding expenses will be immediately payable.

The Lead Manager Mandate also contains a number of indemnities, representations and warranties from the Company to CPS that are considered standard for an agreement of this type."

12. ADDITIONAL INFORMATION – INTERESTS OF DIRECTORS

Section 9.5 of the Prospectus is varied in respect of the disclosure relating to the remuneration of Directors by replacing Note 4 to the table of annual remuneration of Directors with the following Note 4:

"4. Ms Kelly is a Partner at Edwards Mac Scovell. Edwards Mac Scovell will receive \$50,000 (plus GST) for costs associated with the Offers."

13. ADDITIONAL INFORMATION – INTERESTS OF EXPERTS AND ADVISERS

(a) The second sentence in the final paragraph in Section 9.6 of the Prospectus is varied by replacing it with the following sentence:

"The Company estimates it will pay Edwards Mac Scovell \$50,000 (excluding GST and disbursements) for the provision of legal services in relation to the Offer."

(b) The Prospectus is amended by inserting a new paragraph in Section 9.6, after the final paragraph in that section, as follows:

"CPS Capital Group Pty Ltd has acted as Lead Manager of the Public Offer. In respect of this work, CPS Capital Group Pty Ltd will be paid a fee of 6% of the total amounts raised under this Public Offer as detailed in Section 10 of this Supplementary Prospectus. During the 24 months preceding lodgement of this Supplementary Prospectus, CPS Capital Group Pty Ltd has received fees totalling \$8,250 (including GST and disbursements) ."

14. ADDITIONAL INFORMATION – CONSENTS

The Prospectus is amended by deletion of the final paragraph in that section and inserting the following new paragraphs in Section 9.7 of the Prospectus in its place, as follows:

"Edwards Mac Scovell has given its written consent to being named as the solicitors to the Company in this Supplementary Prospectus. Edwards Mac Scovell has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC."

CPS Capital Group Pty Ltd has given its written consent to being named as Lead Manager of the Public Offer. CPS Capital Group Pty Ltd has not withdrawn its consent prior to lodgement of this Supplementary Prospectus with the ASIC."

15. ADDITIONAL INFORMATION – EXPENSES OF THE OFFER

Section 9.8 of the Prospectus is replaced with the table and statements below:

"The total expenses of the Offers (excluding GST) are estimated to be approximately \$180,000 (assuming full subscription to raise \$1,750,000) and are expected to be applied towards the items set out in the table below:

Costs of the Offer	Minimum Subscription \$	Full Subscription \$
ASIC fees	2,350	2,350
ASX fees	5,447	7,711
Legal fees	50,000	50,000
Computershare fees	10,000	10,000
Printing, distribution and miscellaneous	2,203	4,939
Lead Manager Fees	60,000	105,000
Total	130,000	180,000

16. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Jay Stephenson
For and on behalf of
Drake Resources Limited