

DRAKE RESOURCES LIMITED

ACN 108 560 069

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at
283 Rokeby Road, Subiaco, Western Australia
on 5 April 2017 at 10.00am (WST).

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9426 0666.

DRAKE RESOURCES LIMITED

ACN 108 560 069

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Drake Resources Limited (**Company**) will be held at 283 Rokeby Road, Subiaco, Western Australia on 5 April 2017 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 3 April 2017 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the 2016 Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Note: The vote on Resolution 1 will be an advisory vote of Shareholders only, and will not bind the Directors or the Company.

Voting Prohibition: In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
 - (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
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3. Resolution 2 – Re-election of Director – Mr Eddie King

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Eddie King, who was appointed on 10 February 2017, retires in accordance with clause 11.12 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

4. Resolution 3 – Re-election of Director – Dr Robert Beeson

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That Dr Robert Beeson who retires in accordance with clause 11.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

5. Resolution 4 – Consolidation of Capital

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Directors to consolidate the issued capital of the Company on the basis that every 150 Shares be consolidated into one Share and that Options on issue be adjusted in accordance with the Listing Rules on the terms and conditions in the attached Explanatory Memorandum accompanying this Notice."

6. Resolution 5 – Authority to issue Creditor Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 37,000,000 Shares to the Creditors (or their nominees) on the terms and conditions, set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Creditors and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 – Authority to issue Converting Loan Securities

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 127,500,000 Shares and 67,500,000 Lender Options (**Converting Loan Securities**) to the Lenders (or their nominees) on the terms and conditions, set out in the Explanatory Memorandum."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Lenders and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 – Authority to issue Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 175,000,000 Shares (**Placement Shares**) on the terms and conditions, set out in the Explanatory Memorandum."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 8 – Approve Director Participation in Share Placement – Mr Brett Fraser

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 10,000,000 Shares to Mr Brett Fraser (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Fraser (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 9 – Approve Director Participation in Share Placement – Mr Jay Stephenson

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 10,000,000 Shares to Mr Jay Stephenson (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Stephenson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. Resolution 10 – Approve Director Participation in Share Placement – Dr Bob Beeson

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 5,000,000 Shares to Dr Bob Beeson (or his nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Dr Beeson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution 11 – Issue of Director Options - Mr Brett Fraser

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 6,000,000 Director Options to Mr Brett Fraser (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Fraser (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 12 – Issue of Director Options – Mr Jay Stephenson

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 3,500,000 Director Options to Mr Jay Stephenson (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Stephenson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. Resolution 13 – Issue of Director Options - Dr Robert Beeson

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 3,500,000 Director Options to Dr Robert Beeson (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Dr Beeson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. Resolution 14 – Issue of Director Options – Mr Eddie King

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 1,000,000 Director Options to Mr Eddie King (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Eddie King (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decide

16. Resolution 15 – Issue of Advisor Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 30,000,000 Options to advisors and consultants of the Company, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

17. Resolution 16 – Section 195 Approval

To consider, and if thought fit, to pass as an **ordinary resolution** with or without amendment the following:

"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice."

Voting Prohibition for Resolutions 11 to 14

A vote on Resolutions 11 to 14 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated 6 March 2017

BY ORDER OF THE BOARD

Brett Fraser
Director
Drake Resources Limited

DRAKE RESOURCES LIMITED

ACN 108 560 069

EXPLANATORY MEMORANDUM

1. Introduction

1.1 General

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 283 Rokeby Road, Subiaco, Western Australia on 5 April 2017 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.2 Recapitalisation and current activities

The Company proposed during 2016 to acquire Genome Technologies Limited (**Genome**). This was a transaction to which Listing Rule 11.1.3 applied, and the Company had to seek to satisfy the initial listing requirements of Chapters 1 and 2 of the ASX Listing Rules. ASX advised that it had formed the view that the Company, if it acquired Genome, would not have a structure and operations suitable for a listed entity, and accordingly the Company discontinued the Genome transaction as announced on 12 October 2016. The Company's securities were placed in a trading halt on 21 September 2016 and suspended from official quotation on 23 September 2016 and have remained suspended since then.

The Company has been working on a plan to recapitalise by settling outstanding creditors and raising further funds, with the goal of having its securities reinstated to official quotation. The Company while it was pursuing the Genome transaction retained its interests in its mineral exploration assets in Scandinavia and will, subject to the recapitalisation, resume active exploration on those mineral exploration areas.

The Company has three base metal projects in Scandinavia; Sulitjelma in Norway (Copper/zinc); Joma-Gjersvik in Norway and Granmuren, Sweden.

The Company has maintained its interest in the tenements making up these projects in good standing since 2016 and has where necessary applied for renewal of relevant tenements. The Company is awaiting confirmation of the renewal of some of the tenements but expects to receive these confirmations in due course.

A summary of the Company's activities on these projects and its proposed exploration activities in respect of each of them is set out in more detail in its announcement released on 6 March 2017.

The Company's securities will remain suspended from quotation until completion of the Recapitalisation. A post-Recapitalisation pro forma Balance Sheet is annexed to this Explanatory Memorandum at Schedule 4.

1.3 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of

a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

1.4 Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.drakeresources.com.au or by contacting the Company on +61 8 9426 0666.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2016;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

The Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The vote on Resolution 1 is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by

Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

2.2 Proxy voting restrictions

If you elect to appoint as your proxy a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, **you must direct the proxy how they are to vote**. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

If you elect to appoint the Chair as your proxy (where he or she is also a member of the Key Management Personnel whose remuneration details are also included in the Remuneration Report, or a Closely Related Party of such a member), you **do not** need to direct the Chair how you wish them to exercise your vote on Resolution 1. However, if you do not direct the Chair how to vote, you **must mark the acknowledgement on the Proxy form to expressly authorise the Chair to exercise his or her discretion** in exercising your proxy even though the Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

2.3 Voting Consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting within 90 days of the second annual general meeting (**Spill Meeting**).

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.4 Previous Voting Results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. Resolution 2 – Re-election of Director – Mr Eddie King

Clause 11.11 of the Constitution allows the Directors to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Eddie King was appointed as a Director on 10 February 2017. Pursuant to Clause 11.12 of the Constitution, Mr King will retire and seek re-election.

Mr King is a qualified Mining Engineer. Mr King holds a Bachelor of Commerce and Bachelor of Engineering from The University of Western Australia and is currently a Representative for CPS Capital. Mr King's past experience includes being Manager for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects. Mr King also acts as a director of ASX listed companies, Western Mining Network Ltd (ASX: WMN), Cabral Resources Limited (ASX: CBS), Lindian Resources Limited (ASX: LIN) and Axxis Technology Group Ltd (ASX:AYG).

The Board (other than Mr King, who is abstaining because of his interest in this Resolution) recommends that Shareholders vote FOR this Resolution.

4. Resolution 3 – Re-election of Director – Dr Robert Beeson

Clause 11.3 of the Constitution requires that at the Annual General Meeting in every year one third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director) must retire from office. Clause 11.4 of the Constitution provides that a Director who retires under clause 11.3 is eligible for re-election.

Pursuant to clause 11.3 of the Constitution, Dr Robert Beeson will retire and seek re-election.

Dr Robert Beeson is a professional geologist with more than 35 years of global experience in mineral exploration and development. He has held senior management positions with Billiton Australia, Acacia Resources, North Limited, and New Hampton Goldfields, and has extensive experience in leading and managing teams in many regions of the world. Dr Beeson is currently Managing Director of Aura Energy Limited and is a member of the Australian Institute of Geoscientists and other professional geoscience associations

The Board (other than Dr Beeson abstaining because of his interest in this Resolution) recommends that Shareholders vote FOR this Resolution.

5. Resolution 4 – Consolidation of Capital

5.1 General

Resolution 4 seeks Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every 150 Shares held be consolidated into one Share.

5.2 Effect of Consolidation

The result of the Consolidation is that each Security holding will be reduced by 150 times its current level. Each Shareholder's proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation. Any fractional entitlements of Security holders as a consequence of the Consolidation will be rounded down.

The change in capital structure of the Company following the Consolidation, which is subject to adjustments for rounding, is as follows:

Class of Security	Number on Issue (Pre- Consolidation)	Number on Issue (Post-Consolidation)
Shares	1,040,437,062	6,936,247
Options	366,047,882	2,440,319 ex. \$4.50, 1 August 2017

	ex. \$0.03, 1 August 2017	
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The Consolidation will take effect from the second Business Day after Shareholder approval is received pursuant to the Notice of Meeting (**Effective Date**).

As from the day that is the second Business Day after the Effective Date, the Company may not register transfers on a pre-Consolidation basis.

The Company will send a notice to all Security holders not earlier than the second Business Day after the Effective Date and not later than the sixth Business Day after the Effective Date advising of the number of Securities held by each Security holder both before and after the capital Consolidation.

Uncertificated security holding statements for the Securities will be sent to Security holders no later than the sixth Business Day after (but not including) the Effective Date.

The Company will, from the date that is two Business Days after the Effective Date, reject transfers accompanied by a certificate or holding statement that was issued before the Consolidation.

Where a Security holder has sold his or her Securities in the Company prior to the Consolidation of ordinary Shares and the Company receives a valid transfer executed by the Security holder, the Company will send an uncertificated security holding statement for the new Shares to the transferee named in the transfer.

Resolution 4 is an ordinary resolution.

5.3 Capital Structure

On the basis that all Resolutions are passed, and the maximum number of Securities are issued under Resolutions 5 to 14, the Company's capital structure following the Consolidation will be as follows:

Class of Security	Number on Issue (Post-Consolidation)
Shares	6,936,247
Creditor Shares	37,000,000
Converting Loan Shares	127,500,000
Share Placement ¹	175,000,000
TOTAL SHARES	346,436,247
Options (\$4.50, exp. 1 Aug. 2017)	2,440,319
Unlisted Options (\$0.02, 4 years) ²	97,500,000
Unlisted Options (\$0.03, 4 years) ³	14,000,000
TOTAL OPTIONS	113,940,319

Notes:

1. This amount includes the 25,000,000 Shares to be issued to Brett Fraser, Jay Stephenson and Dr Robert Beeson (or their nominees) as part of the Share Placement (and subject to Resolutions 8 - 10).
2. This figure includes the Lender Options and Advisor Options the subject of Resolution 6 and Resolution 15.
3. This figure includes the Director Options the subject of Resolutions 11 to 14.

5.4 Timetable

Based upon the above, an indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
5 April 2017	Following shareholder approval Company announces shareholder approval of capital Consolidation.
6 April 2017	Last day for trading pre-capital Consolidation securities.
7 April 2017	Effective Date.
10 April 2017	Record Date. Last day to register transfers on a pre-capital Consolidation basis.
11 April 2017	First day to register transfers on a post-capital Consolidation basis.
19 April 2017	Latest date for Company to send notice to each security holder of pre and post capital Consolidation holdings.

6. Resolution 5 – Issue of Shares to Creditors**6.1 General**

As part of the Company's recapitalisation proposal the Company proposes to enter into agreements with a majority of existing creditors to convert existing debts into equity, on a post Consolidation basis. The Company seeks the ability to issue up to 37,000,000 Shares (on a post Consolidation basis) for these agreements. Resolution 5 seeks approval for the issue of these Shares (**Creditor Shares**). Issue of the Creditor Shares is subject to Shareholder approval.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Creditor Shares in satisfaction of amounts outstanding to the various creditors pursuant to their debt repayment agreements (**Creditors**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Directors to issue the Creditor Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 5 is an ordinary resolution.

6.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 37,000,000 Shares (on a post Consolidation basis) (**Creditor Shares**).
- (b) The Company will issue the Creditor Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is expected that the Creditor Shares will be issued on one date.
- (c) The Creditor Shares will be issued to the various trade creditors of the Company (or their nominees) (**Creditors**). None of the Creditors are related parties of the Company.
- (d) The Creditor Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (e) The deemed issue price of the Creditor Shares will be \$0.01.
- (f) No additional funds will be raised from the issue of the Creditor Shares as they will be issued to repay amounts owing to the Creditors pursuant to the debt repayment agreements.
- (g) A voting exclusion statement is included in the Notice.

7. Resolution 6 – Authority to issue Converting Loan Securities

7.1 General

As announced by the Company on 18 November 2016, the Company entered into a funding facility agreement with Empire Capital Partners pursuant to which the Company was provided a working capital facility of up to \$1,150,000 from various sophisticated investors introduced by Empire Capital Partners (**Lenders**) (**Converting Loan**). Conversion of the Converting Loan into Shares is subject to Shareholder approval.

As part of its proposed debt restructure, the Company will satisfy the repayment terms of the Converting Loan by issuing up to 127,500,000 Shares (at a deemed conversion price of \$0.01 per Share) and 67,500,000 Lender Options (on a post Consolidation basis) to the Lenders (together, the **Converting Loan Securities**).

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Converting Loan Securities in satisfaction of amounts outstanding pursuant to the Converting Loan.

A summary of Listing Rule 7.1 is provided in Section 6.1.

The effect of Resolution 6 will be to allow the Directors to issue the Converting Loan Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 6 is an ordinary resolution.

7.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 127,500,000 Shares and 67,500,000 Lender Options (on a post Consolidation basis) (**Converting Loan Securities**).
- (b) The Company will issue the Converting Loan Securities no later than three months

after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is expected that the Converting Loan Securities will be issued on one date.

- (c) The Converting Loan Securities be issued to the Lenders. None of the Lenders are related parties of the Company.
- (d) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (e) The deemed issue price of the Shares will be \$0.01. The deemed issue price of the Lender Options will be nil.
- (f) The Lender Options will be exercisable at \$0.02 (on a post Consolidation basis), will expire 4 years after their issue date and will otherwise be on the terms and conditions set out in Schedule 2.
- (g) No additional funds will be raised from the issue of the Converting Loan Securities as they will be issued to repay all amounts owing under the Converting Loan. The funds raised from the Converting Loan will be used by the Company for general operating expenses, payment of existing trade creditors and working capital purposes.
- (h) A voting exclusion statement is included in the Notice.

8. Resolution 7 – Approval of Share Placement

8.1 General

As part of its proposed recapitalisation, the Company seeks Shareholder approval for the issue of up to 175,000,000 Shares (on a post Consolidation basis) at an issue price of \$0.01 per Share to raise up to \$1,750,000 (**Share Placement**). The Company intends to undertake the Share Placement to the general public pursuant to a prospectus issued in accordance with the Corporations Act and to be lodged at ASIC shortly after the Meeting (**Prospectus**).

A summary of Listing Rule 7.1 is provided in Section 6.1.

The effect of Resolution 7 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 7 is an ordinary resolution.

8.2 Specific information required by Listing Rule 7.3

The following information is provided pursuant to and in accordance with Listing Rule 7.3:

- (a) The maximum number of Shares the Company intends to issue is 175,000,000 (on a post Consolidation basis).
- (b) The Company will issue the Placement Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Placement Shares will be issued at an issue price of \$0.01 each.

- (d) The Placement Shares will be issued to the general public and with the exception of up to 25,000,000 of the Placement Shares being issued to the Participating Directors (subject to the passing of Resolutions 8, 9 and 10), none of the Placement Shares will be issued to related parties of the Company. (If the participation of any or all of the Participating Directors in the Share Placement is not approved, then the Shares that would have been offered to the Participating Director(s) will be included in the general offer.)
- (e) The Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The proposed use of funds is as follows:

Use of Funds	
Item	\$
Further exploration expenditure and assessment of Existing Assets	\$500,000
Transaction costs associated with reinstatement, capital raising fees and Share Placement	\$250,000
Corporate administration and overheads	\$250,000
Working capital	\$750,000
Total	\$1,750,000

The Company has budgeted up to \$500,000 for its 2017 exploration and assessment program across the Sulitjelma, Joma and Granmuren projects for geophysical survey, identification of testing targets, and drill testing, subject to satisfactory results being achieved at each stage.

- (g) A voting exclusion statement is included in the Notice.

9. Resolutions 8 to 10 – Authority for the Directors to participate in the Share Placement

9.1 General

Pursuant to Resolution 7 the Company is seeking Shareholder approval for the issue of up to 175,000,000 Shares at an issue price of \$0.01 per Share (on a post Consolidation basis) to raise up to \$1,750,000 (**Share Placement**).

Mr Brett Fraser, Mr Jay Stephenson and Dr Robert Beeson, each a Director, wish to participate in the Share Placement (**Participating Directors**). Resolutions 8 to 10 seek Shareholder approval for the issue of a total of 25,000,000 Shares to the Participating Directors (or their nominees) arising from their participation in the Share Placement.

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

It is the view of the Board that Shareholder approval under Chapter 2E of the Corporations Act is not required for the issue of Shares to the Participating Directors and/or their nominees, as the issue of Shares falls within the exception under section 210 of the Corporations Act.

Section 210 of the Corporations Act provides that shareholder approval is not required for a company to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are on terms that are less favourable to the related party than would be given if the parties were dealing at arm's length.

In forming this view, the Board noted that the price of the Shares to be issued to the Participating Directors is the same as the price of the Shares to be issued under the Share Placement which was set having regard for current market conditions and demand. Accordingly, the terms of the issue of Shares to the Participating Directors were negotiated on an arm's length basis and are reasonable in the circumstances.

9.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the participation of the Participating Directors in the Share Placement involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

9.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 8 to 10:

- (a) The Shares will be issued to Mr Brett Fraser, Mr Jay Stephenson, Dr Robert Beeson and/or his nominees.
- (b) The maximum number of Shares the Company will issue to the Participating Director and/or his nominees under Resolutions 8 to 10 (on a post Consolidation basis) is 25,000,000 Shares.
- (c) The Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Shares will occur on the same date.
- (d) The issue price will be \$0.01 per Share (on a post Consolidation basis), being the same as all other Shares issued under the Share Placement.

- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) The funds raised will be used for the same purposes as all other funds raised under the Share Placement as set out in Section 8.2(f).
- (g) If the participation of any or all of the Participating Directors in the Share Placement is not approved, then the Shares that would have been offered to the Participating Director(s) will be included in the general offer of Shares under the Share Placement.

10. Resolutions 11 to 14 - Issue of Director Options

10.1 Background

Pursuant to Resolutions 11 to 14, the Company proposes to grant a total of 14,000,000 Director Options (on a post Consolidation basis) to Mr Brett Fraser, Mr Jay Stephenson, Dr Robert Beeson and Mr Eddie King, and/or their nominees.

The primary purpose of the grant of the Director Options is to provide a performance linked incentive component in the Directors' remuneration packages to assist the Company in rewarding their performance, and to align their interests with those of Shareholders. The Board considers that the experience of the Directors will greatly assist the development of the Company. As such, the Board believes that the number of Director Options to be granted to the Directors is commensurate with their value to the Company.

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options as approval is being obtained under ASX Listing Rule 10.11.

Each of the directors whom Director Options will be issued is a related party of the Company by virtue of being a Director of the Company.

The Board (other than each Director in relation to the issue of Director Options to them, in which case they decline to make a recommendation) supports the grant of Director Options to each of Brett Fraser, Jay Stephenson, Robert Beeson and Eddie King.

10.2 Related Party Approval

The Company is not seeking Shareholder approval for the financial benefit covered by Resolutions 11 to 14 as the Board has resolved that the financial benefit to be provided to the Directors pursuant to the Director Options comes within the reasonable remuneration exemption to Chapter 2E of the Corporations Act 2001 (Cth).

10.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Options is provided as follows:

- (a) The Director Options will be issued to Mr Brett Fraser, Mr Jay Stephenson, Dr Robert Beeson, and Mr Eddie King and/or their nominees.
- (b) The maximum number of Director Options the Company can issue to each of the Directors and/or their nominees under Resolutions 11 to 14 (on a post Consolidation basis) is as follows:

- (i) Mr Brett Fraser – 6,000,000 Director Options;
 - (ii) Mr Jay Stephenson – 3,500,000 Director Options;
 - (iii) Dr Robert Beeson – 3,500,000 Director Options; and
 - (iv) Mr Eddie King – 1,000,000 Director Options.
- (c) The Company will issue the Director Options to the relevant Directors and/or their nominees no later than one month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Options will be issued on one date.
- (d) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Director Options.
- (e) The Director Options will be exercisable at \$0.03 (on a post Consolidation basis), will expire 4 years after their issue date and will otherwise be on the terms and conditions set out in Schedule 3.
- (f) A voting exclusion statement is included in the Notice.

11. Resolution 15 – Issue of Advisor Options

11.1 General

Resolution 15 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 30,000,000 Options (**Advisor Options**), in aggregate, to advisors and consultants of the Company (**Advisors**).

The Advisor Options are proposed to be issued to various advisors and consultants that will be engaged to assist the Company with its proposed recapitalisation. The Advisor Options are proposed to be issued to the Advisors to retain their services and to provide cost effective remuneration for their ongoing commitment and contribution to the Company.

A summary of Listing Rule 7.1 is provided in Section 6.1.

Resolution 15 is an ordinary resolution.

11.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The Advisor Options will be issued to the Advisors (and/or their nominees). None of the recipients are related parties of the Company.
- (b) The maximum number of securities the Company may 30,000,000 Advisor Options.
- (c) The Company will issue the Advisor Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is expected that the Advisor Options will be issued on one date.
- (d) The Advisor Options will be issued for nil cash consideration as they will be issued to incentivise and reward the Advisors. Accordingly, no funds will be raised from issue of the Advisor Options.

- (e) The Advisor Options will be exercisable at \$0.02 (on a post Consolidation basis), will expire 4 years after their issue date and will otherwise be on the terms and conditions set out in Schedule 2.
- (f) A voting exclusion statement is included in the Notice.

12. Resolution 16 – Section 195 Approval

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

Some of the Directors may have a material personal interest in the outcome of Resolutions 11, 12, 13 and 14. In the absence of this Resolution 16, the Directors may not be able to form a quorum at directors’ meetings necessary to carry out the terms of Resolutions 11 to 14.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Schedule 1 - Definitions

Advisor Option means an Option issued pursuant to Resolution 15, and on the terms and conditions set out in Schedule 2.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2016.

Article means an article of the Constitution.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairman means the chairman of the Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means Drake Resources Limited ACN 108 560 069.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Option means an Option issued pursuant to Resolutions 11 to 14, and on the terms and conditions set out in Schedule 3.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Lender Option means an Option issued pursuant to Resolution 6, and on the terms and conditions set out in Schedule 2.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share (and includes an Advisor Option, Director Option or Lender Option as the context requires).

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Spill Meeting has the meaning set out in Section 2.3.

Spill Resolution has the meaning set out in Section 2.3.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 2 – Terms and Conditions of Options

The general rights and liabilities attaching to the Advisor Options and Lender Options can be summarised as follows:

- (a) Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) Each Option has an exercise price of \$0.02 (**Exercise Price**) (on a post Consolidation basis) and the expiry date is that date that is 4 years from the issue date of the Option (**Expiry Date**).
- (c) The Options are exercisable at any time after grant and on or prior to the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options rank equally with the then Shares of the Company.
- (f) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (g) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (i) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.
- (j) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (k) No application for quotation of the Options will be made by the Company.
- (l) The Options are transferable provided that the transfer of the Options complies with section 707(3) of the Corporations Act.
- (m) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 3 – Terms and Conditions of Director Options

The general rights and liabilities attaching to the Director Options can be summarised as follows:

- (a) Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) Each Option has an exercise price of \$0.03 (Exercise Price) (on a post Consolidation basis) and the expiry date is that date that is 4 years from the issue date of the Option (**Expiry Date**).
- (c) The Options are exercisable at any time after grant and on or prior to the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options rank equally with the then Shares of the Company.
- (f) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (g) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (i) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.
- (j) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (k) No application for quotation of the Options will be made by the Company.
- (l) The Options are transferable provided that the transfer of the Options complies with section 707(3) of the Corporations Act.
- (m) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 4 – Pro Forma Balance Sheet

	Notes	Unaudited 31 Dec 2016 \$	Unaudited Pro Forma \$
Current assets			
Cash and cash equivalents	(1)	154,148	1,878,044
Trade and other receivables		99,127	99,127
Other current assets		6,036	6,036
Total current assets		259,311	1,983,207
Non-current assets			
Exploration and evaluation assets		1,297,725	1,297,725
Total non-current assets		1,297,725	1,297,725
Total assets		1,557,036	3,280,932
Current liabilities			
Trade and other payables	(2)	451,104	-
Borrowings	(3)	325,000	-
Unissued shares		793	793
Liabilities directly associated with assets classified as held for sale		118,566	118,566
Total current liabilities		895,463	119,359
Total liabilities		895,463	119,359
Net assets		661,573	3,161,573
Equity			
Issued capital net of non-controlling interest	(4)	25,669,207	28,344,207
Reserves		493,664	493,664
Accumulated losses	(5)	(25,501,298)	(25,676,298)
Total equity		661,573	3,161,573

(1) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the unaudited pro-forma balance sheet at 31 December 2016 is shown as follows:

	Unaudited Pro Forma \$
Cash and cash equivalents at 31 December 2016 – Actual	154,148
<i>Pro-forma adjustments</i>	
- Add: Remaining proceeds from convertible note	1,000,000
Proceeds from capital raising	1,750,000
- Less: Capital raising costs	(250,000)
Settlement of trade and other payables	(451,104)
Cash settlement of borrowings	(325,000)
	1,878,044

(2) **Trade and other payables**

The movement in trade and other payables as reflected in the unaudited pro-forma balance sheet at 31 December 2016 is shown as follows:

	Unaudited Pro Forma \$
Trade and other payables at 31 December 2016 – Actual	451,104
<i>Pro-forma adjustments</i>	
- Less: Settlement of trade and other payables	(451,104)
	<u>-</u>

(3) **Borrowings**

The movement in borrowings as reflected in the unaudited pro-forma balance sheet at 31 December 2016 is shown as follows:

	Unaudited Pro Forma \$
Borrowings at 31 December 2016 – Actual	325,000
<i>Pro-forma adjustments</i>	
- Add: Remaining convertible notes issued	1,175,000
- Less: Conversion of convertible notes	(1,175,000)
Cash settlement of convertible notes	(325,000)
	<u>-</u>

(4) **Issued capital**

The movement in issued capital as reflected in the unaudited pro-forma balance sheet at 31 December 2016 is shown as follows:

	Unaudited Pro Forma \$
Issued capital at 31 December 2016 – Actual	25,669,207
<i>Pro-forma adjustments</i>	
- Add: Proceeds from capital raising	1,750,000
- Less: Capital raising costs	(250,000)
Conversion of convertible notes	1,175,000
	<u>28,344,207</u>

(5) **Accumulated losses**

The movement in accumulated losses as reflected in the unaudited pro-forma balance sheet at 31 December 2016 is shown as follows:

	Unaudited Pro Forma \$
Accumulated losses at 31 December 2016 – Actual	25,501,298
<i>Pro-forma adjustments</i>	
- Borrowing costs in respect to remaining convertible notes	175,000
	<u>25,676,298</u>

DRAKE RESOURCES LIMITED

ACN 108 560 069

PROXY FORM

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We

(details of registered shareholder)

being member(s) of **DRAKE RESOURCES LIMITED** hereby appoint:

The Chairman of the Meeting (mark box)

OR

If you are **NOT appointing the Chairman of the Meeting** as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of the Company to be held at 283 Rokeby Road, Subiaco, Western Australia on 5 April 2017 at 10.00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 11 to 14 (except where I/we have indicated a different voting intention below) even though Resolution 1 and 11 to 14 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 11 to 14 by marking the appropriate box in step 2 below. **The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 and 11 to 14.** In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 2 – Instructions as to Voting on Resolutions

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Eddie King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Dr Robert Beeson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to issue Creditor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Authority to issue Converting Loan Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Authority to issue Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approve Director Participation in Placement – Mr Brett Fraser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approve Director Participation in Placement – Mr Jay Stephenson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approve Director Participation in Placement – Dr Bob Beeson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Director Options – Mr Brett Fraser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Director Options – Mr Jay Stephenson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Issue of Director Options – Dr Robert Beeson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Issue of Director Options – Mr Eddie King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Issue of Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3 – Sign**Authorised signature/s**

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting.

Lodge your vote:**By hand:**

Company Secretary
Drake Resources Limited
283 Rokeby Road
Subiaco WA 6008
Australia

By post:

Company Secretary
Drake Resources Limited
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