



11 April 2014

Dear Optionholder

Drake Resources Limited - pro-rata non-renounceable entitlement issue

As announced on 4 April 2014, Drake Resources Limited (ACN (108 560 069)) (**Drake** or the **Company**) is undertaking a one (1) for three (3) pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) of approximately 52,020,294 fully paid ordinary shares (**New Share**) to raise approximately \$1,300,507 (based on the number of Shares on issue at the date of the Prospectus). The price of New Shares under the Offer is \$ 0.025 each (**Issue Price**). The Offer will include one (1) free attaching option to acquire a Share (**New Options**) for every three (3) New Shares subscribed for and issued. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 11 April 2014.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	(\$)
Exploration on the Company's existing projects	\$950,000
Expenses of the Offer	\$40,000
General Working Capital	\$310,507
Total	\$1,300,507

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 22 April 2014, whose registered address is in Australia or New Zealand.

The New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue. The New Options will be exercisable at \$0.05 each on or before 1 August 2015.

Following completion of the Offer, the Company will have issued approximately 52,020,294 New Shares and 17,340,098 New Options resulting in total Shares on issue of approximately 208,081,176 and total options on issue of approximately 44,895,251.



Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Entitlement Issue unless you exercise your options in time for new shares to be allotted and to be entered on the Company's register of members on or before 5:00pm (WST) on 22 April 2014 (**Record Date**).

To exercise your options and thereby participate in the Entitlement Issue, you will need to deliver the following to the Company at Level 4, 66 Kings Park Road, West Perth, WA 6005:

1. a notice of exercise of options (attached to this letter);
2. an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
3. payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Drake Resources Limited Share Issue A/C".

To ensure that your Shares are issued prior to the Record Date, the above must be received by Drake Resources Limited **no later than** 5:00pm (WST) on 22 April 2014. If received after this date, issue of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Entitlement Issue, please contact your financial adviser or Mr Jay Stephenson, Drake's Company Secretary on +61 (08) 6141 3585.

Yours sincerely

Brett Fraser
Chairman

drake resources

