



Dear Shareholder

## Drake Resources Limited – pro-rata renounceable entitlement issue

As announced on 22 January 2015, Drake Resources Limited (ACN 108 560 069) (**Company** or **Drake**) is undertaking a 1.5:1 pro rata renounceable entitlement issue (**Entitlement Issue** or **Offer**) of approximately 364,283,823 fully paid ordinary shares (**New Share**) to raise approximately \$1,821,419 (together with one (1) free attaching option (**New Option**) for every one (1) New Share issued, exercisable at \$0.03 per New Option on or before 1 August 2017). The price of New Shares under the Offer is \$0.005 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 9 February 2015.

The Offer is fully/conditionally underwritten by T & R Mining Investment Pty Ltd (ACN 162 758 536) (**Underwriter**).

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

Proceeds of the Offer	Full Subscription	%
Expenses of the Offer	\$175,232	9.6%
Sustaining core assets:		
- Jorma	\$280,000	15.4%
- Granmuren	\$180,000	9.9%
- Mauritania	\$50,000	2.7%
- Guinea	\$211,000	11.6%
Corporate overheads	\$250,000	13.7%
General working capital and new initiatives	\$675,187	37.1%
<b>Total</b>	<b>\$1,821,419</b>	<b>100.00%</b>

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 4:00pm on 16 February 2015, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 364,283,823 New Shares and 364,283,823 New Options resulting in total Shares on issue of approximately 609,139,705 (which includes 2,000,000 New Shares to be issued to Gloucester & Portman Capital Pty Ltd for corporate services provided to the Company as lead manager of the Entitlement Issue).

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 19 February 2015. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

- You may take up all or some of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlements**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on 2 March 2015, by either completing and returning your Entitlement and Acceptance Form together with your application money or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form. BPAY payments must be received by the Share Registry by no later than 3:00pm (WST) on 2 March 2015.
- You may seek to sell all or some of your Entitlements on ASX. You can seek to sell your Entitlements on ASX from 12 February 2015 until the close of market on 23 February 2015. To sell any of your Entitlements you need to contact your broker as soon as possible.
- You may transfer all or some of your Entitlements to another person other than on ASX. To transfer all or some of your Entitlements you will either need to contact your CHESS Controlling Participant (usually your broker) and follow their instructions or complete a renunciation and transfer form (which can be obtained from Share Registry) and return it, together with the purchaser's cheque for the Entitlements they wish to take up so that it is received by the Share Registry by no later than 5:00pm (WST) on 2 March 2015.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

### **Key dates for the Offer**

<b>Event</b>	<b>Proposed Date</b>
Lodgement of Prospectus with the ASIC	9 February 2015
Lodgement of Prospectus and Appendix 3B with ASX	9 February 2015
Notice sent to Optionholders	9 February 2015
Notice sent to Shareholders	11 February 2015
Ex date	12 February 2015
Rights start trading	12 February 2015
Record Date for determining Entitlements	16 February 2015
Prospectus despatched to Shareholders and Company announces despatch has been completed	19 February 2015

Rights trading ends	23 February 2015
New Shares and New Options quoted on a deferred settlement basis	24 February 2015
Last day to extend the closing date	25 February 2015
Closing Date (5:00pm WST)*	2 March 2015
ASX notified of under subscriptions	5 March 2015
Issue date/ New Shares and New Options entered into Shareholders' security holdings	10 March 2015
Normal trading of Securities commences*	11 March 2015

\* The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date. As such the date the New Shares are expected to commence trading on ASX may vary.

If you have any queries concerning the Entitlement Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Mr Jay Stephenson, Drake's Company Secretary, on +61 8 6141 3500.

Yours sincerely



**Jay Stephenson**  
**COMPANY SECRETARY**



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### **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

The Company has appointed Patersons Securities Limited (**Nominee**) as nominee to sell the rights to subscribe for New Shares and New Options pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Entitlement Issue, please contact your financial adviser or Mr Jay Stephenson, Drake's Company Secretary, on +61 8 6141 3500.

Yours sincerely



**Jay Stephenson**  
**COMPANY SECRETARY**