



Dear Optionholder

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%
Total	\$1,821,419	100.00%

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).

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 4:00pm on 16 February 2015 (**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:

- (a) A notice of exercise of options (attached to this letter);
- (b) 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
- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Drake Resources Limited".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by Drake Resources Limited **no later than 13 February 2015**. If received after this date, allotment 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 8 6141 3500.

Yours sincerely



Jay Stephenson
COMPANY SECRETARY