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**DRAKE RESOURCES LIMITED**

**ABN 12 108 560 069**

**NOTICE OF GENERAL MEETING**

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**TIME:** 11:00am (WST)  
**DATE:** 15 May 2006  
**PLACE:** The Celtic Club  
48 Ord Street  
WEST PERTH WA 6005

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9228 0703.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The General Meeting of the Shareholders of Drake Resources Limited which this Notice of Meeting relates to will be held at 11:00am (WST) on 15 May 2006 at:

The Celtic Club  
48 Ord Street  
WEST PERTH WA 6005

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting on the date and at the place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the proxy form enclosed:

- (a) send the proxy form by post to Drake Resources Limited, Unit 6, 34 York Street, North Perth, Western Australia, 6006; or
- (b) by facsimile to the Company on facsimile number (08) 9228 0704,

so that it is received not later than 11:00am (WST) on 13 May 2006.

**Proxy forms received later than this time will be invalid.**

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## CHAIRMAN'S LETTER

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Dear Shareholder

On behalf of the Board, I invite you to the Extraordinary General Meeting of the Shareholders of Drake Resources Limited (ASX Code: DRK) (**Drake** or **Company**).

The purpose of the meeting, which will be held on 15 May 2006 at the Celtic Club, 48 Ord Street, West Perth, Western Australia from 11:00am to 11.30am, is for Shareholders to discuss the proposed sale of the Company's uranium tenements to Aura Energy Limited (**Aura**), as announced on 4 April 2006, and Shareholders will be asked to vote on the proposal.

The agreement entered into between Drake and Aura proposes the following:

- Drake, through the sale of its uranium interests, acquiring a substantial equity interest in Aura; and
- Drake Shareholders receiving a priority issue of shares in the proposed IPO of Aura.

The agreement will allow Drake to concentrate on developing the Mt Carrington silver-zinc-gold project in New South Wales and its other mineral exploration projects in Western Australia while continuing to expand its portfolio through strategic acquisitions.

By acquiring a substantial equity interest in Aura, Drake retains its exposure to the very strong uranium market while ensuring its primary focus remains on developing the Mt Carrington project.

I strongly recommend you carefully read the Explanatory Statement in relation to the proposed transaction and the relevant Shareholder resolution, in particular, the report by the Independent Expert, Pendragon Capital, who have concluded that the transaction is **fair and reasonable** to the non-associated shareholders in the Company.

We look forward to your attendance at the meeting.

Yours sincerely

**BRETT FRASER**  
Chairman

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders of Drake Resources Limited will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 15 May 2006 at 11:00am (WST).

The Explanatory Statement to this Notice Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on 13 May 2006.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

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## AGENDA

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### Resolution 1 – Disposal of Substantial Asset

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 Rules 10.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to dispose of a substantial asset to Aura Energy Limited on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** Approval is also required under ASX Listing Rule 10.1 in order for the Company to dispose of a substantial asset to an entity associated with Mr Brett Fraser, Mr Jay Stephenson and Dr Bob Beeson (Directors of the Company). Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a party to the transaction and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons.

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**DATED: 11 APRIL 2006**

**BY ORDER OF THE BOARD**

**MR JAY STEPHENSON  
DIRECTOR**

### Voting Exclusion Note:

Where a voting exclusion applies, 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.

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 15 May 2006 at 11:00am (WST).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

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### 1. RESOLUTION 1 – DISPOSAL OF SUBSTANTIAL ASSET

#### 1.1 Background

On 4 April 2006, the Directors advised ASX that the Company had entered into a conditional agreement to transfer certain mining tenements to Aura Energy Limited (**Aura**). The material terms of the agreement are set out below:

- (a) **(Conditions Precedent)**: the agreement is conditional upon:
- (i) the parties obtaining all necessary shareholder approvals required to complete the transactions contemplated by the agreement;
  - (ii) Aura preparing a prospectus to raise a minimum of \$3,000,000 through the issue of Aura Shares at an issue price of \$0.20 each (**Capital Raising**) and completing the Capital Raising; and
  - (iii) Aura obtaining conditional approval to list on ASX (on terms satisfactory to Aura);
- (b) **(Consideration)**: the consideration payable by Aura to Drake for the mining tenements is to be satisfied by the allotment and issue of 3,500,000 Aura Shares and a payment of \$100,000 cash. The consideration is to be paid within 5 business days of satisfaction of the above conditions precedent;
- (c) **(Tenements)**: the tenements to be transferred to Aura are:

Number	Name
ELA E36/557	Altona
ELA E36/558	Altona
ELA E38/1874	Neale
ELA E39/1200	Kirgella Rocks
ELA E39/1201	Lake Minigwal

- (d) **(Warranties)**: the agreement contains standard representations and warranties from Drake relating to the ownership and status of the mining tenements.

Further details in respect of the transaction are set out in the Independent Expert's Report. The Directors recommend you read the Independent Expert's Report in full.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in relation to the sale of the mining tenements to Aura. These are summarised below.

## **1.2 ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a related party.

A substantial asset is an asset valued at greater than 5% of the equity interests of the company. For the purposes of ASX Listing Rule 10.1, Aura is a related party of the Company due to the fact that it is an associated entity of Mr Brett Fraser, Dr Beeson and Mr Jay Stephenson (Directors of the Company).

The deemed acquisition price payable by Aura to Drake for the mining tenements is greater than 5% of Drake's equity interests as set out in the latest accounts given to ASX by the Company. Accordingly, the Company is seeking shareholder approval for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed disposal from an independent expert. Accompanying this Explanatory Statement is an Independent Expert's Report prepared by Pendragon Capital concluding that the proposed disposal of a substantial asset from Drake to Aura is fair and reasonable to the non associated Shareholders.

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## GLOSSARY

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**ASIC** means the Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Aura** means Aura Energy Limited (ACN 115 927 681).

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

**Company** and **Drake** means Drake Resources Limited (ABN 12 108 560 069).

**Directors** mean the current directors of the Company.

**Explanatory Statement** means the explanatory statement to the Memorandum.

**General Meeting** means the meeting convened by the Notice.

**Independent Expert's Report** means the independent expert's report prepared by Pendragon Capital which forms part of this Memorandum.

**Memorandum** means this information memorandum.

**Notice** means the notice of meeting which forms part of this Memorandum.

**WST** means Western Standard Time.

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11 April 2006

The Directors  
Drake Resources Limited  
PO Box 35  
NORTH PERTH WA 6906

**Independent Expert's Report to Shareholders in Drake Resources Limited**

You have requested Pendragon Capital Limited ("Pendragon") to prepare an Independent Expert's Report ("Our Report") relating to the proposed sale of mining tenements to Aura Energy Limited ("Aura"), the terms of which are set out below.

Terms and phrases used in this report have the same meaning given to them in the Notice of Meeting and Explanatory Statement, unless separately defined.

***1. Proposed Transaction***

The Directors of Drake Resources Limited ("Drake" or "Company") have entered into an agreement to dispose of certain mining tenements to Aura. As consideration for the transfer Drake, will receive shares in Aura and cash.

The agreement can be summarised as:

- The issue of 3,500,000 ordinary fully paid shares at \$0.20 each in Aura and payment of \$100,000 cash to Drake as the final payment in relation to the acquisition of the following tenements:

<b>Tenement Number</b>	<b>Name</b>	<b>Acquired by Drake</b>
ELA E36/557	Altona	August 2005
ELA E36/558	Altona	August 2005
ELA E38/1874	Neale	March 2006
ELA E39/1200	Kirgella Rocks	March 2006
ELA E39/1201	Lake Minigwal	March 2006

- The transaction is conditional on the listing of Aura on the Australian Stock Exchange ("ASX").
- Shares acquired by Drake will be subject to an escrow period of a minimum of 12 months or such longer period imposed by the ASX.
- The abovementioned transaction is to be undertaken after Drake shareholders have approved the disposal of the tenements at a general meeting in accordance with ASX Listing Rule 10.1

Pendragon has been requested to prepare this Independent Expert's Report in accordance with ASX Listing Rule 10.1 to advise whether the disposal of the substantial assets of Drake, being the tenements, is fair and/or reasonable to the non associated shareholders of Drake.

Pendragon Capital Ltd

## **2. Summary and Opinion**

Based on our analysis and the terms of the proposal as outlined further in this report, we have concluded that the issue of shares and payment of cash to Drake as consideration for the purchase of various mining tenements is both fair and reasonable to non associated shareholders of Drake.

## **3. Purpose of the Report**

### *Australian Stock Exchange Rules*

ASX Listing Rule 10.1 requires that a listed entity must obtain Shareholders' approval before it disposes of a substantial asset, when the consideration to be paid for the disposed asset(s) constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts.

Listing Rule 10.1.1 applies where the purchaser of the relevant assets is a related party of the listed entity.

Listing Rule 10.10.2 requires the Notice of Meeting for the Shareholders' approval to be accompanied by a report by an Independent Expert expressing their opinion as to whether the transaction is fair and/or reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction.

Accordingly the Directors of Drake believe that it is appropriate to provide an Independent Expert's Report to shareholders and to seek shareholder approval for "Resolution 1 – Disposal of Substantial Asset", of the general meeting to be held on 15 May 2006.

### *Regulatory Guidance*

This report is prepared by Pendragon in its capacity as an Independent Expert to provide an opinion as to whether or not the sale of mining tenements to Aura is fair and reasonable to shareholders in Drake. This report should not be used for any other purpose.

In determining whether the transaction is "fair and/or reasonable", we have considered The Australian Securities and Investments Commission ("ASIC") Policy Statements 74 and 75 as well as Practice Note 42 which sets out matters to be considered in Independent Experts' reports to non-associated shareholders.

### *Fairness*

An offer is "fair" if the value of the consideration is equal to or greater than the value of the assets that are subject to the offer.

### *Reasonableness*

By definition, an offer is reasonable if it is fair. However, where an offer is not fair, it can be reasonable if, after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

#### 4. Background on Aura

##### *Company History - Aura*

Aura was incorporated in 24 August 2005 for the purpose of acquiring several uranium exploration projects within Australia and Africa.

To date Aura has raised working capital of \$104,400.

Aura intends to acquire a group of tenements located in the Yilgarn Craton, including five from Drake. Once acquired, Aura will lodge a prospectus with the ASX with the view of raising capital through an initial public offering to fund exploration of the tenements. Our report has assumed a fully subscribed IPO issuing 20,000,000 shares at \$0.20 to raise \$4,000,000.

##### *Capital Structure - Aura*

The expected capital structure of Aura following listing is as follows:

Details	Number	\$
Shares issued to assist with promotion of company (\$0.001 each)	4,400,000	4,400
Shares issued to raise seed capital (\$0.10 each)	1,000,000	100,000
Shares issued pursuant to the Prospectus (\$0.20 each)	20,000,000	4,000,000
Shares issued to acquire Drake tenements (\$0.20 each)	3,500,000	700,000
Shares issued to acquire Dale and Scott Tenements (\$0.20 each)	1,200,000	240,000
Shares issued to acquire Askins tenements (Fair value \$0.20 each)	900,000	180,000
Issue costs of the offer	-	(422,500)
	<u>31,000,000</u>	<u>4,801,900</u>
Options exercisable at 25 cents on or before 30 June 2010	3,500,000	-

*Financial Statements*

**AURA ENERGY LIMITED  
STATEMENT OF FINANCIAL PERFORMANCE**

**Unaudited  
Period ended  
31 March 2006  
\$**

Other revenue	-
<b>Expenses from ordinary activities</b>	
Consulting expenses	
Administrative expenses	<u>2,000</u>
Loss from ordinary activities before related income tax	<u>2,000</u>
Income tax expenses relating to ordinary activities	-
Net loss attributable to owners	<u>2,000</u>

**AURA ENERGY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited 31 Mar 2006 \$</b>	<b>Unaudited Pro forma at date of listing \$</b>
<b>Current Assets</b>		
Cash assets	0	3,406,666
Receivables	107,421	21,022
Total Current Assets	<u>107,421</u>	<u>3,427,688</u>
<b>Non – Current Assets</b>		
Plant Equipment and Other	1,212	1,212
Exploration and evaluation expenditure	29,000	1,369,000
Total Non-Current Assets	<u>30,212</u>	<u>1,370,212</u>
<b>TOTAL ASSETS</b>	<u>137,634</u>	<u>4,799,900</u>
<b>Current Liabilities</b>		
Payables	35,234	0
Total Current Liabilities	<u>35,234</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>35,234</u>	<u>0</u>
<b>NET ASSETS</b>	<u>102,400</u>	<u>4,799,900</u>
<b>Equity</b>		
Contributed equity	104,400	4,801,900
Accumulated losses	(2,000)	(2,000)
Total equity	<u>102,400</u>	<u>4,799,900</u>

**AURA ENERGY LIMITED**  
**STATEMENT OF CASH FLOW**

	<b>Unaudited 31 Mar 2006 \$</b>	<b>Unaudited Pro forma at date of listing \$</b>
<b>Cash flows from operating activities</b>		
Interest received	-	-
Cash payments in the course of operation	-	-
Net cash used in operating activities	-	-
<b>Cash flows from investigating activities</b>		
Payments for exploration and evaluation expenditure	-	(271,900)
Net cash used in investigating activities	-	<u>(271,900)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of issue costs)	-	3,681,900
Repayment of Loans	-	(3,334)
Net cash provided by financing activities	-	<u>3,678,566</u>
Net increase / (decrease) in cash held	-	<u>3,406,666</u>
Cash at the beginning of the period	-	<u>-</u>
<b>Cash at the end of the period</b>	-	<u><b>3,406,666</b></u>

## 5. Valuation Methodologies

In determining whether the issue of shares in Aura as part of the consideration for mining tenements is fair and reasonable, we must consider:

- i) The valuation of shares in Aura
- ii) The valuation of tenements supplied by Drake

In accordance with our adopted basis of evaluation we have considered the fairness of the transaction by comparing the value of the tenements, to the value of Aura Shares and cash consideration offered.

Valuation methodologies that are commonly used are:

### *Discounted Cash Flow Method*

This method values a business by discounting the future net cash flows to their present day value using an appropriate discount rate. The discount rate is representative of the opportunity cost of capital being the expected rate of return that could be obtained by investing in equivalent risk investments.

### *Market Based Methods*

- Capitalisation of Maintainable Earnings
  - This method places a value on the business by estimating the likely Future Maintainable Earnings capitalised at a rate which reflects business outlook, business risk, investor expectations, future growth prospects and other factors specific to the entity. Use of this method relies on the availability and analysis of comparable market data.
- Industry Specific Methods
  - Uses industry specific assumptions and comparisons to form a valuation.
- Availability of alternative offers
  - Where there are other similar offers, a comparison between offers can be used to determine the market value of the company.
- Quoted Market Price Basis
  - Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value of a security. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a share displays regular high volume trading, creating a “deep” market in that share.

### *Asset Based Methods*

- Liquidation of Assets Method
  - This method values a company based on the net value of its assets should they be sold today as if in a “fire sale” on liquidation of the company.
- Orderly Realisation of Assets Methods
  - This method values a company based on the net value of its assets should the assets be put to market and held out for a fair value sale price given the market and condition of the assets.

- Net Tangible Asset Value on a Going Concern Value (“NTA”)
  - NTA is appropriate where the majority of assets consist of cash or passive investments. The combined market value of the entity’s assets and liabilities is used to value the entity.

## **6. Basis of Valuation of Consideration**

### *Cash Consideration*

The cash portion of the consideration will be valued at its face value of \$100,000.

### *Share Consideration*

Aura is a “start up” exploration company. Future cash flow is extremely difficult to predict before any exploration has been undertaken. Additionally valuing Aura using an asset based method is problematic as the only assets will be mining tenements for which the values are difficult to quantify until exploration has confirmed mineral deposits exist in commercial quantities. Further to this, due to regulatory issues regarding the production and sale of Uranium, even with ore rich tenements there are no guarantees that the ore could be sold.

Even though Aura has no trading history, we understand that there is a sponsoring broker agreement for the Initial Public Offering (“IPO”) where the broker has expressed interest in up to 12,500,000 shares at \$0.20 each. Our primary method of valuing the share consideration will be the Quoted Market Price Basis.

## **7. Basis of Valuation of Tenements**

In the absence of any definitive knowledge of whether the tenements contain commercial quantities of uranium ore, the orderly realisation of assets method should be used.

## **8. Evaluation of Sale of Tenement Transactions**

In order to provide shareholders of Drake with a view on whether the sale of tenements is fair and reasonable, we undertook the following approach:

- Considered the value of the shares to be acquired under the proposed transaction and the value of the consideration to be paid, to determine if the transaction is fair;
- Compared the likely advantages and disadvantages to non-associated shareholders of Drake if the transaction is agreed to, with the advantages and disadvantages to non-associated shareholders if the transaction is not agreed to.

### Assessment as to Fairness

#### *a) Valuation of Consideration*

##### *i) Cash Consideration*

Cash of \$100,000 received by Drake is valued at face value



ii) Share Consideration

The ultimate price that Drake will be able to receive for its shares on the market will depend on, amongst other things, the share price at the end of the escrow period which could be more or less than \$0.20 cents.

Using the Quoted Price Methodology (in the absence of the availability of superior valuation methods), at listing, it is appropriate to conclude that the value of the company's shares should be no less than the cash backing of the company divided by the number of shares. According to the pro forma statement of financial position of Aura this will be \$0.11 per share and a value to Drake of \$385,000.

Third parties will be participating in the IPO purchasing shares at 20 cents. This gives an indication of market value. Such a price would allow a value of \$750,000 to be ascribed to Drake's shares in Aura.

Based on the above, consideration is worth between \$485,000 and \$850,000 to Drake.

*b) Valuation of Tenements*

As previously noted it is difficult to value unexplored mining tenements of any sort due to the fact that there has been no confirmation of the existence of ore on the tenement and if ore exists whether there are commercial quantities available for extraction. This is further complicated when considering uranium tenements given the existing policies of the Western Australian and Federal Governments in relation to the mining of uranium.

The acquisition dates of the tenements is summarised above. The acquisition was in the form of pegging the ground, rather than an acquisition from a third party. The acquisition costs of \$100,000 include the costs of pegging and other analysis by Drake.

With no conclusive proof of commercial quantities of uranium existing in any of the tenements, a valuation equalling the cost incurred of bringing the tenements to their present state and acquiring the intellectual property is considered appropriate.

This would give the tenements a value of less than or equal to the consideration to be received.

The value of the consideration is therefore fair to shareholders in Drake.

*Assessment to reasonableness*

In assessing the reasonableness of the transaction, the following should be considered

*Likely Advantages to non associated share holders of Drake if the transaction is agreed to*

If the transaction is agreed to and the uranium tenements currently held by Drake are sold to Aura the following advantages will be realised by the non associated shareholders of Drake:

- Drake will receive \$100,000 cash. This covers the cost of acquiring the tenements.
- Drake will have a shareholding in Aura of 3.5 million shares. This percentage in Aura effectively gives Drake an ownership interest in an additional 7 uranium tenements to be held by Aura.

- Drake will not be required to incur what could be considerable exploration and associated costs to determine whether the tenements they are selling contain commercial quantities of uranium yet still are able to participate in any potential benefit from the discovery of uranium on these tenements through holding shares in Aura.
- Drake can continue to focus on its main project in Northern, New South Wales and core activities of gold, silver and other base metals exploration.
- Following the expiry of the escrow period, Drake will own a relatively liquid asset (shares) which may be partly or wholly realised.

*Likely disadvantages to non associated shareholders of Drake if the transaction is agreed to*

- If the Drake tenements that are subject to the agreement do contain significant commercial quantities of uranium, Drake will only be able to receive benefit of this to the extent of the shareholding in Aura.

*Likely Advantages to non associated share holders of Drake if the transaction is not agreed to*

- If the Drake tenements that are subject to the agreement do contain significant commercial quantities of uranium Drake will be able to receive the full commercial benefit of these, assuming it has the capital to fund exploration.

*Likely disadvantages to non associated shareholders of Drake if the transaction is not agreed to*

- To realise any benefit from the tenements Drake would have to incur exploration expenditure, with no guarantee of return.
- The assets (tenements) are relatively illiquid.

*Directors Interests*

Brett Fraser, Jay Stephenson & Bob Beeson are directors of both Drake and Aura. The interests of these directors in both companies are as follows:

Director	Drake No. Shares	% of Drake held	Drake No. Options	% of Drake held if all options exercised	Aura No. Shares	% of Aura held	Aura No. Options	% of Aura held if all options exercised
Brett Fraser	2,714,000	9.05%	2,500,000	14.90%	800,000	2.58%	750,000	4.49%
Jay Stephenson	1,965,000	6.55%	1,250,000	9.19%	800,000	2.58%	750,000	4.49%
Bob Beeson	500,000	1.67%	1,250,000	5%	1,000,000	3.23%	1,500,000	7.25%
<b>Total</b>	<b>5,179,000</b>	<b>17.27%</b>	<b>5,000,000</b>	<b>29.09%</b>	<b>2,600,000</b>	<b>8.39%</b>	<b>3,000,000</b>	<b>16.23%</b>

Directors of Drake are entitled to subscribe for shares in Aura under a priority offer on the same conditions as other Drake shareholders. As at the date of this report, the related directors have indicated they do not intend to take up this offer, but would take up shares pursuant to the public offer. The selling of the tenements in Drake to Aura does not provide any increased interest in the tenements to the directors of Drake.

*Other Offers*

As at the date of this report we are unaware of any other offers for the tenements.

The value of the consideration is therefore reasonable to shareholders in Drake.

## **9. Conclusion**

- Drake will be receiving \$100,000 as consideration for the tenements it is selling to Aura, which will cover all costs that Drake has incurred on these tenements.
- Drake will continue to benefit from any commercial benefit that the tenements may hold through its interest in Aura.
- Drake will receive 3,500,000 shares in Aura as consideration for the sale of the tenements being
- 11.11% of Aura based on a fully subscribed IPO at listing.
- This allows Drake to receive a portion of any upside from an appreciation in Aura's share price in the future or any dividends resulting from profitability.
- In addition to the agreement for sale of mining tenements with Drake, Aura will also enter into agreements for the acquisition of an additional seven tenements from third parties. Drake's shareholding in Aura will also allow it to participate in any benefit from the discovery of commercial quantities of uranium ore in any of Aura's other tenements, as it effectively becomes 11.11% owner of these.

Based on the above factors we consider the transaction is fair and reasonable to non-associated shareholders of Drake.

## **10. Sources of Information**

This report has been based on the following information:

- Unaudited financial statements of Aura for the period ended 31 March 2006
- Unaudited pro forma financial statements of Aura to date of listing on ASX
- Agreement for sale of mining tenements between Drake and Aura
- Draft notice of general meeting to shareholders of Drake
- Draft prospectus for Aura
- Enquiry of the directors of Drake and Aura, including geologist Bob Beeson
- Geologists' notes on the tenements subject to the agreement.

We have relied upon information provided by directors of Drake and Aura. We have not independently verified the information supplied to us, nor have we conducted anything similar to an audit.

## **11. Disclosure of Interests**

Pendragon is entitled to receive a fee in accordance with their normal professional charges for preparing this report. Except for this fee, Pendragon, and their directors, employees and associates, have not received and will not receive any other benefit whether direct or indirect in connection with the preparation of this report.

## **12. Indemnity**

Pendragon has been provided with an indemnity from Drake in the following form:

"Drake indemnifies Pendragon and any employees or associates from any claims arising out of omission or any mis-statement in relation to any material provided (or which, being relevant is not provided) by Drake".

## **13. Qualifications**

Pendragon holds an Australian Financial Services licence (number 237549) issued by the ASIC. Pendragon has experience in the provision of corporate finance advice. Mr Rick Hopkins, the director responsible for and signing this report, has many years experience in company valuations and reports.

**14. Disclaimers and Consents**

This report has been prepared at the request of Drake for inclusion in its Notice of General Meeting for shareholders to be forwarded to shareholders in relation to its sale of certain mining tenements to Aura.

Pendragon hereby consents to this report accompanying the Notice of General Meeting for Drake shareholders. Pendragon takes no responsibility for the contents of the Notice of General Meeting other than this report. This report has been prepared for the directors of Drake to forward to shareholders and apart from such use, neither whole nor any part of this report may be used for any other purpose.

In providing our opinion, we have relied on information provided by directors of Drake and Aura. Where financial forecasts have been provided, it should be noted that there are likely to be differences to actual results due to various and unpredictable commercial and external factors.

Pendragon has not independently verified the information supplied to us and it has not conducted anything in the nature of an audit of Drake or Aura. Pendragon has no reason to believe that any information relied on by us is incorrect or incomplete. The opinions and statements in this report are given in good faith and in the reasonable belief they are not false, misleading or incomplete.

Yours faithfully

A handwritten signature in black ink, appearing to read "Rick Hopkins", with a horizontal line extending to the right.

**RICK HOPKINS  
DIRECTOR**

# PROXY FORM

**APPOINTMENT OF PROXY  
DRAKE RESOURCES LIMITED  
ABN 12 108 560 069**

## GENERAL MEETING

I/We

being a Member of Drake Resources Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 15 May 2006 at 11:00am (WST) and at any adjournment thereof.

### Voting on Business of the General Meeting

**FOR      AGAINST      ABSTAIN**

Resolution 1      Disposal of Substantial Asset

**OR**

In relation to the Resolution, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on this Resolution, please place a mark in this box

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on the Resolution and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman intends to vote in favour of this Resolution.

**IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTION YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO THE RESOLUTION WILL BE DISREGARDED.**

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

Signed this

day of

2006

\_\_\_\_\_%

**By:**

#### Individuals and joint holders

#### Companies (affix common seal if appropriate)

**DRAKE RESOURCES LIMITED**  
**ABN 12 108 560 069**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.