



15 April 2014

Dear Shareholder,

DRAKE RESOURCES LIMITED – PRO RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 4 April 2014, Drake Resources Limited (the **Company**) announced to the Australian Securities Exchange (**ASX**) the details of a pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) on the basis of 1 new fully paid ordinary share (**New Share**) for every 3 existing shares held in the Company as at 5:00pm (WST) on the Record Date at an issue price of \$0.025 per New Share together with 1 free attaching option to acquire a share (**New Option**) for every 3 New Shares subscribed for and issued, to raise up to approximately \$1,300,507.

The Entitlement Issue is not underwritten.

The Entitlement Issue is being made to 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 and New Zealand (**Eligible Shareholders**). Overseas Shareholders should contact the Company's Share Registry, Computershare Investor Services Pty Ltd on +61 8 9323 2000.

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

The Company lodged a prospectus relating to the Entitlement Issue (**Prospectus**) with ASIC and ASX on 11 April 2014. A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be sent a copy of the Prospectus together with a personalised Entitlement and Acceptance Form no later than 24 April 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

In calculating entitlements under the Entitlement Issue fractions of entitlements will be rounded up to the nearest whole number.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlement you will need to ensure your application money for the Entitlement you wish to take up is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on 9 May 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or making a payment by BPAY* in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (WST) on 9 May 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies or making a payment by BPAY* in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.025 per New Share).

- You may wish to apply for New Shares in addition to your Entitlement. To apply for New Shares in addition to your Entitlement, you will need to ensure that your application money for all of your Entitlement and the additional New Shares you wish to apply for is received by the Share Registry by no later than 5:00pm (WST) on 9 May 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of additional New Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies or making a payment by BPAY* in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.025 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlement, 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.

*Please note that payments by BPAY will need to be received by the Share Registry by no later than 1:00pm (WST) on 9 May 2014, and your financial institution may have earlier cut off times with regard to electronic payments.

Key dates of the Entitlement Issue

EVENT	DATE
Prospectus and Appendix 3B lodged to ASX	11 April 2014
Notice sent to Optionholders	11 April 2014
Notice sent to Shareholders	15 April 2014
Ex Date <i>(date from which securities commence trading without the Entitlement to participate in the Offer)</i>	16 April 2014
Record Date 5pm (WST) <i>(date for determining Entitlements of eligible Shareholders to participate in the Entitlement Issue)</i>	22 April 2014
Prospectus sent out to Shareholders <i>(expected date of dispatch of Prospectus, Entitlement and Acceptance Forms)</i>	24 April 2014
Last day to extend the Closing Date	6 May 2014
Offer Closing Date* 5pm (WST)	9 May 2014
Securities quoted on a deferred settlement basis	12 May 2014
ASX notified of under subscriptions	13 May 2014
Issue Date/Securities entered into Shareholders' security holdings	16 May 2014
Quotation of Securities issued under the Offer*	19 May 2014

* Subject to the Listing Rules, the Directors reserve the right to extend the closing date of the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares and New Options.

Use of Funds

The Company intends to apply the funds raised from the Offer to:

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

It is important to recognise that the use of funds may be subject to change in line with results, circumstances and other opportunities. The Board reserves the right to alter the way funds are applied on this basis.

Capital Structure

The capital structure of the Company on completion of the Entitlement Issue will be as follows:

● Shares

SHARES	NUMBER
Shares currently on issue	156,060,882
Shares offered pursuant to the Offer	52,020,294
Total Shares on issue after completion of the Offer	208,081,176

● Options

OPTIONS	NUMBER
Quoted Options (exercise price \$0.07, expiry date 01/08/2014)	26,010,153
Unquoted Options (exercise price \$0.30, expiry date 23/12/2014)	150,000
Unquoted Options (exercise price \$0.40, expiry date 31/12/2014)	500,000
Unquoted Options (exercise price \$0.60, expiry date 31/03/2015)	500,000
Unquoted Options (exercise price \$0.72, expiry date 31/03/2016)	395,000
New Options offered pursuant to the Offer (exercise price \$0.05, expiry date 01/08/2015)	17,340,098
Total Options on issue after completion of the Offer	44,895,251

Further information

Full detail of the Entitlement Issue will be contained in the Prospectus that will be mailed to all Eligible Shareholders who are registered on the Record Date. Shareholders eligible to participate should read the Prospectus carefully.

If you have any questions in relation to any of the above matters, please contact the Company's Share Registry, Computershare Investor Services Pty Ltd on +61 8 9323 2000. For other questions, you should contract your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

Yours Sincerely,



BRETT FRASER

Chairman