

23 September 2014

Dear Shareholder

## INVITATION TO PARTICIPATE IN SHAREHOLDER SHARE PURCHASE PLAN AND SHORTFALL PLACEMENTS

Drake is a diversified explorer with a highly prospective portfolio of gold, nickel and copper/zinc assets across Norway, Sweden, Guinea and Mauritania

The Board of Directors has approved a Shareholder Share Purchase Plan (**Plan**) consisting of 63,174,219 shares to be issued at 1.2 cents (A\$0.012) each, to raise up to \$758,090. The offer is open for two weeks.

**Capital raised from the Share Purchase Plan / Shortfall Placements will be used to fund exploration at some of Drake's sites, specifically Seimana (Gold) in Guinea, Granmuren (Nickel / Copper) in Sweden and Joma (Copper / Zinc) in Norway and to increase working capital.**

### 1. SHAREHOLDERS ELIGIBLE TO PARTICIPATE IN THE PLAN

The right to participate in the Offer under the Plan is optional, but available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of Drake (**Shares**) at 5.00 pm (AEST) on the Record Date of 19 September 2014 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

### 2. SHARE PURCHASE PLAN

The Board is pleased to offer an opportunity to all Eligible Shareholders to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Application Form. The Plan entitles Eligible Shareholders in Drake, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares, free of any brokerage and commission, at 1.2 cents (A\$0.012) per Share (**Offer**). This price is equal to a 6.63% discount to the volume weighted average trading price of the Company's Shares on ASX during the 15 trading days immediately prior to the date of this offer. The average trading price of the Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of this Offer was 1.4 cents (A\$0.014) and closing price on 22 September 2014 was 1.2 cents (A\$0.012).

### 3. CURRENT PROJECTS

Details of Drake's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX or the company's website at [www.drakeresources.com.au](http://www.drakeresources.com.au).

### 4. SUBSCRIPTION AND APPLICATION PROCEDURE

The issue price of 1.2 cents (A\$0.012) per Drake Share is payable in full on application.

#### a. Payment by cheque or bank draft

If you are paying for your Drake Shares by cheque, bank draft, or money order, complete and return your Application Form with payment, so that it is received by no later than 5.00pm (AEST) on 14 October 2014, to:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001

Cheques must be made payable in Australian dollars to "Drake Resources Limited" and crossed "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted. Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account, as cheques received may not be re-presented and may result in your Application being rejected.

#### b. Payment by Bpay<sup>®</sup>

If you are paying for your Drake Shares by Bpay, refer to the instructions on your Application Form. Do not return the Application Form if you are paying by Bpay. Payment must be received by no later than 5.00pm (AEST) on 14 October 2014.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through Bpay are received by 5.00pm (AEST) on 14 October 2014. If you have more than one shareholding of Drake Shares and consequently receive more than one Application Form, when applying for Shares in respect of one of those shareholdings you must only use the Customer Reference Number specific to that shareholding as set out in the relevant Application Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your application in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid)

**Please note the maximum investment per shareholder is \$15,000 and the minimum investment is \$100.**

The number of Shares you receive will be calculated by dividing the subscription price/ amount you have elected to purchase by the noted price per Share. The maximum investment any one 'shareholder' may apply for will remain \$15,000. It is possible to have shares in several entities (personal names, superfund, trust, company etc) and these can each exercise their own subscription of shares to the maximum \$15,000 allowable.

## 5. ADDITIONAL INFORMATION AND IMPORTANT DATES

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application which does not comply with the conditions. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer is 63,174,219 raising up to \$758,090. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, either accept applications in order of receipt or scale-back all applications on a pro-rata basis. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

## 6. ACCEPTANCE OF RISK FACTORS

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 1.2 cents. The market price of the Shares in the Company may rise/fall between the date of the Offer and the date that any Shares are allotted. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the market price, Shares are a speculative investment. The price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer so that the price and/or value and/or number of the Shares received under the Plan may rise or fall accordingly. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

## 7. SHORTFALL PLACEMENT

If less than 63,174,219 Shares are applied for in this Offer, the shortfall may be placed at the discretion of Directors.

## 8. INDICATIVE TIMETABLE

EVENT	DATE
Record Date (5.00 pm AEST)	19 September 2104
Announcement Date of Plan	23 September 2014
Opening Date of Offer	30 September 2014
Closing Date of Offer	14 October 2014
Issue of Shares under the Plan	21 October 2014
Dispatch date for holding statements	23 October 2014
Quotation of Shares on ASX	24 October 2014

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Jay Stephenson, Company Secretary on +61 8 6141 3585.

Sincerely,

**DRAKE RESOURCES LTD**



## SHAREHOLDER SHARE PURCHASE PLAN – TERMS AND CONDITIONS

### ● Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Drake Resources Limited (**Drake** or **Company**) the opportunity to acquire additional fully paid ordinary Shares in the Company (**Drake Shares**) up to a maximum of A\$15,000 in any 12 month period. The share offer is at a discount to the market price of Drake Shares on the financial market operated by ASX Limited (**ASX**) at the date of this offer and there is no need to pay brokerage costs or commissions. The shares are offered upon such terms and conditions as the board of Directors of Drake, in its absolute discretion, sees fit and without the need for Drake to issue a Prospectus.

### ● Custodians, Trustees and Nominees

Eligible Shareholders that hold Drake Shares as a custodian (as defined in ASIC Class Order CO 09/425 - refer below - (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian. You must annex to your Application Form a certificate to the Company (**Custodian Certificate**) with the following information:

- ▶ that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5.00pm (AEST) on 19 September 2014 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- ▶ the number of Participating Beneficiaries and their names and addresses;
- ▶ the number of Shares that you hold on behalf of each Participating Beneficiary;
- ▶ the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- ▶ that the application amount tendered for Shares applied under this Offer for each Participating Beneficiary for whom you act, plus the application amount for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- ▶ that a copy of the written offer document was given to each beneficiary; and
- ▶ where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian/s.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- ▶ holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- ▶ is exempt from holding an Australian financial services licence by virtue of Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the *Corporations Regulations 2001*;
- ▶ is a trustee of a self-managed superannuation fund;
- ▶ is a trustee of superannuation master trusts;
- ▶ is a responsible entity of IDPS like schemes;
- ▶ is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services Pty Limited at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

#### ● **Shareholders Eligible to Participate**

Eligible Shareholders of Drake Shares that are registered with an Australian or New Zealand address at the relevant Record Date may participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Drake Shares offered under the Plan).

An offer may, at the discretion of the Directors of Drake, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$15,000. The Directors of Drake may also determine in their discretion the minimum amount for participation, the multiple of Drake Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

#### ● **Price of Drake Shares**

The price of Drake Shares to be issued under the Plan will be 1.2 cents (A\$0.012) per Share.

#### ● **Applications and Notices**

At the discretion of the Directors of the Company, Drake will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Drake Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to the offer will be refunded without interest.

Notices and statements made by Drake to participants may be given in any manner prescribed by its Constitution.

#### ● **Issue of Drake Shares**

Drake Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Drake in the relevant offer.

Drake Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Drake from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Drake Shares issued under the Plan. The Company will, promptly after the issue of Drake Shares under the Plan, make application for those Drake Shares to be listed for quotation on the official list of ASX.

#### ● **Modification and Termination of the Plan**

Drake may modify or terminate the Plan at any time.

Drake will notify ASX of any material modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Drake may issue to any person fewer Drake Shares than the person applied for under the Plan if the issue of the Drake Shares applied for would contravene any applicable law or the Listing Rules of ASX.

#### ● **Dispute Resolution**

Drake may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Drake Shares. The decision of Drake in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Drake reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Drake under these conditions may be exercised by the Directors of Drake or any delegate of the Directors of Drake.

#### ● **Questions and Contact Details**

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Company Secretary, Jay Stephenson on +61 8 6141 3585.