

drake resources



ACN 108 560 069

RENOUNCEABLE ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of one and one half (1.5) New Shares for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.005 per Share to raise up to \$1,821,419 (based on the number of Shares on issue as at the date of this Prospectus) (together with one (1) free attaching New Option for every one (1) New Share subscribed for and issued) (**Offer**).

The Offer is fully underwritten by T & R Mining Investment Pty Ltd (**Underwriter**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety.

If you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Brett Fraser (Non-Executive Chairman)
Dr Robert Beeson (Non-Executive Director)
Mr Jay Stephenson (Non-Executive Director)

Company Secretary

Mr Jay Stephenson

Chief Executive Officer

Mr Jason Stirbinskis

Share Registry*

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
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PERTH WA 6000

Telephone: +61 8 9323 2000

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Lead Manager and Consultant

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SUBIACO WA 6008

Auditor*

Bentleys

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WEST PERTH WA 6005

Telephone: +61 8 9226 4500

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Level 4
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WEST PERTH WA 6005

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Level 4, The Read Buildings
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PERTH WA 6000

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Underwriter

T & R Mining Investment Pty Ltd
Suite 22, 33 Belmore Street
Burwood NSW 2134

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

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
Securities quoted on a deferred settlement basis	24 February 2015
Last day to extend the Closing Date	25 February 2015
Closing Date (5:00 pm WST)*	2 March 2015
ASX notified of under subscriptions	5 March 2015
Issue date/ Securities 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 three (3) Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.**

3. IMPORTANT NOTES

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 9 February 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk Factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Forward Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 Offer

The Offer is being made as a renounceable entitlement issue of one and one half (1.5) New Shares for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.005 per New Share together with one (1) free attaching New Option for every one (1) New Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 364,283,823 New Shares and 364,283,823 New Options will be issued pursuant to this Offer to raise approximately \$1,821,419 (before expenses). No funds will be raised from the issue of the New Options.

The Offer is fully underwritten (refer to Section 8.4 for further details regarding the Underwriting Agreement).

As at the date of this Prospectus, the Company has 18,235,063 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. The terms and conditions of the New Options offered under this Prospectus are set out in Section 6.2 of this Prospectus. The Company will be applying for quotation of the New Options.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the New Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5 of this Prospectus.

(a) What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (i) take up all of their Entitlement (refer to Section 4.1(b));
- (ii) sell all of their Entitlement on ASX (refer to Section 4.1(c));
- (iii) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 4.1(d));
- (iv) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.1(e));
- (v) sell all or a proportion of their Entitlement other than on ASX (refer to Section 4.1(f));
- (vi) apply for Securities in addition to their Entitlement (refer to Section 4.1(f)); or
- (vii) allow all or part of their Entitlement lapse (refer to Section 4.1(g)).

(b) **Taking up all of your Entitlement**

Should you wish to accept all of your Entitlement, then Applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque, please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed “**Not Negotiable**” and made payable to “**Drake Resources Limited — Subscription Account**” and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry at the address below:

By Post

Drake Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 4.1(h). If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

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 your responsibility to ensure that funds submitted through BPAY® are received by 3:00pm (WST) on the Closing Date.

The Company shall not be responsible for any postal delays or delay in the receipt of the BPAY® payment.

(c) **Selling all your Entitlement on ASX**

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Securities under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 12 February 2015 and will cease on 23 February 2015.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

(d) Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Securities you wish to take up and follow the steps in Section 4.1(b), or make a payment by BPAY in accordance with Section 4.4.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

(e) Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Securities you wish to take up and follow the steps in Section 4.1(b). If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

(f) Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Securities they wish to subscribe for payable to **"Drake Resources Limited - Subscription Account"** and crossed **"Not Negotiable"** to the Share Registry (by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By Post

Drake Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Securities the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 4.1(b).

Refer to Section 4.7 for further details of the Shortfall Offer. The allocation and issue of Shortfall Securities will be determined by the Directors in their absolute discretion. All

valid Applications received by the Company will be deemed to have been accepted in full by the Company and will go in relief of the obligations (if any) of the Underwriter under the Underwriting Agreement.

(g) Allowing all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

(h) Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (i) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (ii) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Payment by cheque/bank draft

Eligible Shareholders wishing to pay by cheque, bank draft or money order must follow the instructions on the Entitlement and Acceptance Form, provide a cheque or bank draft made payable to “**Drake Resources Limited - Subscription Account**” and return your completed form and payment to:

By Post

Drake Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

Your completed Entitlement and Acceptance Form and cheque must be received by the Share Registry no later than 5:00pm (WST) on the Closing Date.

4.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have

made the declarations on that Entitlement and Acceptance Form; and

- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 3:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

4.5 Underwriting

The Company has entered into an Underwriting Agreement with the Underwriter to fully underwrite the Offer. The terms of the Underwriting Agreement are summarised in Section 8.4.

The Underwriter will only take up Securities not subscribed for by Shareholders under the Offer.

4.6 Effect on control of the Company

The Underwriter is not presently a Shareholder of the Company. However, the extent to which Securities are issued to the Underwriter pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full entitlement of New Shares under each scenario.

Event	Shares held by Underwriter	Voting power of Underwriter on completion of Offer ¹
Date of Prospectus	Nil	0%
Completion of Offer		
Fully subscribed	Nil	0%
75% subscribed	91,070,956	14.95%
50% subscribed	182,141,912	29.90%
25% subscribed	273,212,867	44.85%
0% subscribed	364,283,823	59.80%

Notes:

1. The indicative voting power percentages of the Underwriter on completion of the Offer assumes that an additional 2,000,000 Shares are to be issued by the Company to the Lead Manager and Consultant on completion of the Offer pursuant to the Lead Manager Mandate. Refer to Section 8.5 for further details regarding the Lead Manager Mandate.

The number of Shares held by the Underwriter and its voting power in the table above show the

potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by the Shareholders.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 60% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% as at Record Date	Entitlements under the Offer	Holding if Entitlement not taken up	% post Offer if Entitlement not taken up
Shareholder 1	20,000,000	8.24%	30,000,000	20,000,000	3.29%
Shareholder 2	10,000,000	4.12%	15,000,000	10,000,000	1.65%
Shareholder 3	5,000,000	2.06%	7,500,000	5,000,000	0.82%
Shareholder 4	2,000,000	0.82%	3,000,000	2,000,000	0.33%
Shareholder 5	1,000,000	0.41%	1,500,000	1,000,000	0.16%
Total	242,855,882		364,283,823		609,139,705³

Notes:

1. The above table assumes that no Options are exercised prior to the Record Date and that the Offer is fully subscribed.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.
3. The total Shares on issue on completion of the Offer include 2,000,000 Shares to be issued to the Lead Manager and Consultant pursuant to the Lead Manager Mandate. Refer to Section 8.5 for further details regarding the Lead Manager Mandate.

4.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer or sold by the Nominee on behalf of Ineligible Shareholders (as described in Section 4.11) will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 (**Shortfall Share**), being the price at which New Shares are offered under the Offer. Consistent with the Offer, for every one (1) Shortfall Share issued, the Company will also issue one (1) free attaching Option on the same terms and conditions as the New Options (**Shortfall Option**).

Shareholders who wish to subscribe for Shortfall Securities are invited by the Company to complete the relevant section of the Entitlement and Acceptance Form and return it, together with a cheque for the value of those Shortfall Securities to the Company.

Persons who wish to participate in the Shortfall who are not Shareholders must complete a

Shortfall Application Form provided by the Company and return it, together with application monies for the value of those Shortfall Securities to the Company.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion.

It is the intention of the Directors to allocate the Shortfall Securities firstly to Shareholders who are not related parties or associates of the Underwriter. The Company will not issue any Shortfall Securities to the Directors or any associates of the Directors.

If the number of Shortfall Securities applied for exceeds the actual number of Shortfall Securities, applications will be scaled back at the absolute discretion of the Directors.

A Shareholder or non-Shareholder will not be entitled to any Shortfall Securities if the issue of those Shortfall Securities will:

- (a) result in their voting power in the Company exceeding 20%; or
- (b) result in an adverse control effect on the Company (in the opinion of the Directors).

The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies for, or to reject an application, or to not proceed with placing the Shortfall.

4.8 ASX listing

Application for Official Quotation of Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of three (3) months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.9 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis at the discretion of the Board of Directors of the Company. Where the number of Shortfall Securities issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer. Refer to Section 4.7 for further information in regard to the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for

Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.10 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares and New Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee to sell the Entitlements to which Ineligible Shareholders are entitled (refer to Section 4.11 below for further details regarding the Nominee). 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 the relevant Ineligible Shareholders as described below.

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.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Securities not taken up will either form part of the Shortfall Offer or the Securities to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.11 Nominee for Foreign Holders

Patersons Securities Limited has been appointed as the Company's nominee for the purposes of

ASX Listing Rule 7.7 in regard to foreign Shareholders who have been deemed ineligible to participate under the Offer (**Nominee**).

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to the foreign holders who either accept the Offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company (or its Share Registry). The Company will then distribute to each of those foreign holders their proportion of the proceeds of the sale net of expenses.

The Company will pay the Nominee a brokerage fee of 1.5% on the total gross dollar value of all Securities sold or \$1,500 plus applicable GST, whichever is the greater. The Company will be responsible for the payment of all ASX and share registry costs undertaken by the Nominee in order to satisfy ASX Listing Rule 7.7.

4.12 Enquiries

Any questions concerning the Offer should be directed to Jay Stephenson, Company Secretary, on +61 8 6141 3500.

If you have any queries about your Entitlement or how to participate in the Offer, contact the Drake Resources Limited Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5:00pm (AEDT), Monday to Friday.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,821,419 (before expenses).

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 ¹	\$175,232	9.6%
Sustaining core assets:		
- Joma	\$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%

Notes:

1. Refer to Section 8.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,821,419 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 242,855,882 as at the date of this Prospectus to 609,139,705 Shares (which figure includes 2,000,000 Shares to be issued to the Lead Manager and Consultant pursuant to the Lead Manager Mandate) following completion of the Offer; and
- (c) Increase the number of Options on issue from 18,235,063 as at the date of this Prospectus to 384,518,886 Options (which figure includes 2,000,000 Options to be issued to the Lead Manager and Consultant pursuant to the Lead Manager Mandate) following completion of the Offer.

5.3 Pro-forma balance sheet

The un-audited balance sheet as at 31 October 2014 and the un-audited pro-forma balance sheet as at 31 October 2014 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	(Unaudited) 31 October 2014 \$	Pro-Forma 31 October 2014 \$
CURRENT ASSETS		
Cash and cash equivalents	603,554	2,249,741
Trade and other receivables	300,079	300,079
TOTAL CURRENT ASSETS	903,633	2,549,820
NON-CURRENT ASSETS		
Plant and equipment	48,328	48,328
Exploration and evaluation expenditure	8,195,927	8,195,927
Investments	171,893	171,893
Other financial assets	100,005	100,005
TOTAL NON-CURRENT ASSETS	8,516,153	8,516,153
TOTAL ASSETS	9,419,786	11,065,973
CURRENT LIABILITIES		
Trade and other payables	328,938	328,938
Short term provisions	48,741	48,741
TOTAL CURRENT LIABILITIES	377,679	377,679
TOTAL LIABILITIES	377,679	377,679
NET ASSETS	9,042,107	10,688,294
EQUITY		
Contributed equity	23,062,170	24,708,357
Reserves	143,933	143,933
Accumulated Losses	(14,163,996)	(14,163,996)
TOTAL EQUITY	9,042,107	10,688,294

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming no Options are exercised prior to the Record Date, is set out below.

Shares	Number
Shares currently on issue	242,855,882
New Shares offered pursuant to the Offer	364,283,823
New Shares to be issued to the Lead Manager and Consultant	2,000,000
Total Shares on issue after completion of the Offer	609,139,705

Options	Number
Listed Options (exercise price \$0.05, expiry date 01/08/15)	17,340,063
Unlisted Options (exercise price \$0.60, expiry date 31/03/15)	500,000
Unlisted Options (exercise price \$0.72, expiry date 31/03/16)	395,000
New Options offered pursuant to the Offer	364,283,823
New Options to be issued to the Lead Manager and Consultant	2,000,000
Total Options on issue after completion of the Offer	384,518,886

The capital structure on a fully diluted basis as at the date of this Prospectus would be 261,090,945 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 993,658,591 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 14 January 2015, those persons which (together with their associates) have (or appear to have) a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Acorn Capital Limited ¹	18,231,282	7.51

Notes:

1. Acorn Capital Limited holds 8,764,616 Shares through National Nominees Limited and 9,466,666 through HSBC Custody Nominees (Australia) Limited.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6.1 Rights and Liabilities of New Shares

The following is a summary of the more significant rights and liabilities attaching to the New Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of holders of those New Shares. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increases in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of

that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Rights and Liabilities of New Options

The New Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the Optionholder the right to subscribe for one Share upon exercise of the New Option.
- (b) Each New Option will expire at 5:00pm (WST) on 1 August 2017 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each New Option will be \$0.03 (**Exercise Price**).
- (d) The New Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price in Australian currency for the number of New Options being exercised,**(Exercise Notice)**.
- (f) An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).
- (g) Within ten (10) Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) The Company will apply for quotation of the New Options on ASX and all New Options are freely transferable.
- (i) All Shares issued upon the exercise of New Options will rank pari passu in all respects with the then issued shares of the Company.

- (j) If admitted to the official list of ASX at the time, the Company will apply for quotation of the Shares issued upon exercise of the New Options.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participation rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.
- (m) A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

7. RISK FACTORS

7.1 Introduction

- (a) The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.
- (b) There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Exploration success

The Company's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(c) Operations in West Africa

A number of the Company's projects are located in West Africa and the Company is subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include but are not limited to, terrorism, the risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits or contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from a particular jurisdiction.

Changes, if any, in mining or investment policies, or shifts in political attitude, in West Africa may adversely affect the operations or profitability of the Company. Operations may

be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decision based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in West Africa, the Directors may reassess investment decisions and commitments to assets in West Africa.

(d) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 242,855,882 Shares currently on issue to 607,139,705 Shares (which figure does not take into account 2,000,000 Shares to be issued to the Lead Manager and Consultant in payment of corporate services). This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.007 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

(e) Sovereign Risk

The Company's key projects are located in Guinea, Mauritania, Norway and Sweden. Possible sovereign risks associated with operating in those countries include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its securities. No assurance can be given regarding future stability in Guinea, Mauritania, Norway or Sweden or any other country in which the Company may, in the future, have an interest.

(f) Agreements with third parties

The Company has signed various agreements with a number of third parties. There is a risk of financial failure or default by the third party to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, our interest in the relevant subject matter (tenement, for example) may be jeopardised.

7.3 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) Speculative Investments

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful

exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(g) Commodity Price and Exchange Rate Risks

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in US dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the exchange rate between the US dollar and the Australian dollar as determined in international markets.

(h) Environmental Risks

The operations and proposed activities of the Company are subject to the laws and regulation of all jurisdictions in which the Company is operating concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(i) Title Risks

Interests in tenements are governed by the respective legislation in the jurisdiction in which the Company's tenements are located, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

(j) Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no assurances that the Company will have sufficient capital resources, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the

Company's business strategy and could have a material adverse effect on the Company's activities.

(k) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products or resource projects.

(l) Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

7.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with

the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
29/01/2015	Quarterly Activities Report and Quarterly Cashflow Report
22/01/2015	Reinstatement
22/01/2015	Proposed Renounceable Entitlement Issue
21/01/2015	Suspension from Official Quotation
21/01/2015	VTEM results reveals 6 targets at Sulitjelma Project, Norway
19/01/2015	Trading Halt
14/01/2015	Change in substantial holding
23/12/2014	Appendix 3B / Change of Director's Interest Notice x 3
28/11/2014	Results of Annual General Meeting
11/11/2014	Appendix 3B and Cleansing Statement
05/11/2014	Surface samples return high grade copper and zinc-Sulitjelma
04/11/2014	Results of Share Purchase Plan
31/10/2014	Quarterly Activities Report and Quarterly Cashflow Report
29/10/2014	Notice of Annual General Meeting /Proxy Form
13/10/2014	Extension of Share Purchase Plan
08/10/2014	Preliminary VTEM results – Sulitjelma copper/zinc

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.drakeresources.com.au.

8.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three (3) months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.01	10 November 2014 and 14 November 2014
Lowest	\$0.005	19 December 2014, 22 January 2015 and 29 January 2015
Last	\$0.005	29 January 2015

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 364,283,823 New Shares and 364,283,823 free attaching New Options (**Underwritten Securities**). The Underwritten Securities are to be subscribed by the Underwriter to the maximum amount allowable after the existing Shareholders have subscribed for Securities pursuant to the Offer.

The Underwritten Securities taken up by the Underwriter pursuant to the Underwriting Agreement will be on the same terms as those issued under the Offer.

In accordance with the terms of the Underwriting Agreement, if the Underwriter subscribes for (and is issued) Underwritten Securities to the value of \$1,000,000 or more, the Underwriter may reserve its right to nominate up to two (2) directors to the Board of the Company, replacing one (1) existing Director (to be determined by the existing Board). The right of the Underwriter to nominate up to two (2) directors to the Board in these circumstances expires 18 months after the Offer closes.

The Underwriting Agreement also contains other terms and conditions, and representations and warranties that are considered standard for an agreement of this type.

Within five (5) Business Days after the Closing Date, the Underwriter must lodge, or cause to be lodged, with the Company a valid Shortfall Application Form for the Shortfall together with Application Monies.

The potential control effect of the Underwriting Agreement on the Company is disclosed in Section 4.6 of this Prospectus.

8.5 Lead Manager Mandate

The Company has entered into a mandate with Gloucester & Portman Capital Pty Ltd (**Lead Manager and Consultant**) pursuant to which the Lead Manager and Consultant has agreed to be the lead manager of the Offer and consultant to the Company during the Offer period (**Lead Manager Mandate**).

In the course of its appointment, the Lead Manager and Consultant will assist the Company with managing and marketing the Offer (particularly in regard to the underwriting) and providing strategic corporate advice to the Company in relation to the Offer (**Lead Manager Services**).

Pursuant to the terms of the Lead Manager Mandate, and in consideration for the Lead Manager Services, the Company has agreed to pay the Lead Manager and Consultant:

- (a) an AFSL underwriting fee of \$20,000 on the successful completion of the Offer;
- (b) a promotional fee of 2,000,000 New Shares and 2,000,000 New Options on the successful completion of the Offer; and

- (c) a corporate advisory fee of 6% of the total underwritten amount (or \$109,285, assuming the Underwriter takes up its full entitlement under the Underwriting Agreement) on the successful completion of the underwriting of the Offer.

8.6 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options ¹	New Shares	New Options	\$
Mr Brett Fraser ²	7,533,564	334,444	11,300,346	11,300,346	\$56,501.73
Mr Jay Stephenson ³	4,075,730	133,333	6,113,595	6,113,595	\$30,567.98
Dr Robert Beeson ⁴	6,648,231	Nil	9,972,347	9,972,347	\$49,861.73

Notes:

- Listed Options exercisable at \$0.05 Expiry 1 August 2015.
- 60,000 Shares and 5,000 Options are held by Mr Fraser directly. 4,906,480 Shares and 133,333 Options are held indirectly by Pinewood Asset Pty Ltd, a Company controlled by Mr Fraser. 2,353,334 Shares and 196,111 Options are held indirectly by Tyler Street Holdings Pty Ltd, a company controlled by Mr Fraser. 213,750 Shares are held indirectly by WSG Capital Pty Ltd, a company Mr Fraser is a director of.
- 10,000 Shares held by Mr Stephenson directly. 2,736,980 Shares and 133,333 Options are held indirectly by Almamater Pty Ltd, a Company controlled by Mr Stephenson. 1,010,000 Shares are held indirectly by Pazzia Pty Ltd, a company controlled by Mr Stephenson. 213,750 Shares are held indirectly by WSG Capital Pty Ltd, a company Mr Stephenson is a director of. 105,000 Shares are held by Mr Stephenson's spouse.
- 20,000 Shares held by Dr Beeson directly. 6,613,297 held indirectly by Beeson Superannuation Fund, an entity Dr Beeson is a beneficiary of. 14,934 Shares held by Mr Dr Beeson's spouse.

The Board recommends all Shareholders take up their Entitlements and advises that Directors intend to take up a portion of their Entitlement. The exact amount of the portion of their Entitlement Directors will take up is not known at the date of this Prospectus.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial year ending 30 June 2014, the Company paid by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$232,249.

The annual remuneration of the Directors (inclusive of superannuation) for the financial years ending 30 June 2013, 30 June 2014 and the proposed remuneration for the year ended 30 June 2015 are set out in the table below.

Director	Financial Year Ending 30 June 2013	Financial Year Ending 30 June 2014	Financial Year Ending 30 June 2015 ¹
Mr Brett Fraser	\$66,600	\$66,750	\$60,000
Mr Jay Stephenson	\$61,150	\$61,288	\$55,000
Dr Robert Beeson	\$131,005	\$104,211	\$55,000
Total	\$258,755	\$232,249	\$170,000

Notes:

1. Fees are currently being accrued by the Directors for the current (2015) financial year to assist the Company's cash flow position. The Directors recognise the need to preserve the Company's capital and, as such, Directors remuneration will be re-evaluated in mid-2015.

8.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

T & R Mining Investment Pty Ltd will not be paid a fee in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, T & R Mining Investment Pty Ltd has not been paid fees by the Company.

Gloucester & Portman Capital Pty Ltd will be paid the fees set out in Section 8.5 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Gloucester & Portman Capital Pty Ltd has not been paid fees by the Company.

Patersons Securities Limited has been appointed by the Company as the nominee under ASX Listing Rule 7.7. Patersons Securities Limited will be paid for this service on standard industry terms and conditions, as set out in Section 4.11.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$50,942 (excluding GST and disbursements) for legal services provided to the Company.

8.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

T & R Mining Investment Pty Ltd has given its written consent to being named as Underwriter to the Offer in this Prospectus, in the form and context in which it is named. T & R Mining Investment Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Gloucester & Portman Capital Pty Ltd has given its written consent to being named as Lead Manager to the Offer in this Prospectus, in the form and context in which it is named. Gloucester & Portman Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Patersons Securities Limited has given its consent to be named as the Company's nominee under ASX Listing Rule 7.7, in the form and context in which it is named. Patersons Securities

Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus, in the form and context in which it is named. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$175,232 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,290
ASX fees	21,222
Lead Manager and Consultant Fees	129,285
Nominee Fees	1,500
Legal Fees	15,000
Printing and distribution and other	5,935
Total	<u>175,232</u>

8.10 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6141 3500 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.drakeresources.com.au

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.13 Privacy Act

If you complete an Application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Securities, the Company may not be able to accept or process your Application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Brett Fraser
CHAIRMAN

For and on behalf of
DRAKE RESOURCES LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Drake Resources Limited (ACN 108 560 069).

Computershare means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement is the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Lead Manager and Consultant means Gloucester & Portman Capital Pty Ltd (ACN 158 365 989).

Lead Manager Mandate the lead manager mandate between the Lead Manager and Consultant and the Company, as described in Section 8.5 of this Prospectus.

New Option means a free attaching Option offered under this Prospectus.

New Share means a Share offered under this Prospectus.

Nominee means Patersons Securities Limited (ACN 008 896 311) (AFSL 239 052).

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means the New Shares and New Options offered pursuant to the Offer.

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

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.7 of this Prospectus.

Shortfall Securities means those Securities under the Offer not applied for by Shareholders under their Entitlement.

Underwriter means T & R Mining Investment Pty Ltd (ACN 162 758 536).

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company, as described in Section 8.4 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.