

28 December 2016

Initial Tranche of Funding Facility Completed

Drake Resources Limited (ASX:DRK) (**Drake** or the **Company**) is pleased to announce the receipt of the first tranche of funding pursuant to the funding facility agreed with Empire Capital Partners Pty Ltd (**Empire**).

As set out in the ASX announcement of 18 November 2016, the Company entered into a funding agreement pursuant to which Empire will provide or facilitate a three tranche funding facility, as follows:

- a) the first tranche of \$150,000 (**Tranche 1**);
- b) the second tranche of \$500,000 (**Tranche 2**) available immediately following the Company's 2016 Annual General Meeting (unless otherwise agreed with Empire); and
- c) the third tranche of \$500,000 (**Tranche 3**) available prior to 31 March 2016.

The total amount repayable under the facility is \$1,350,000 million (\$175,000 for Tranche 1, \$575,000 for Tranche 2 and \$575,000 for Tranche 3). Each tranche is repayable over a 24 month period from date of drawdown.

Subject to any necessary shareholder approvals, the lender has the option to convert any amounts outstanding under the facility into ordinary shares (**Repayment Shares**) at a price equal to the Company's next capital raising or 85% of the average of three daily volume weighted average prices (**VWAP**), to be chosen by the lender, during the 20 trading days prior to each issuance of shares.

As part of the financing package, the Company will also issue 1 attaching option for every two Repayment Shares issued. The options will be exercisable for up to 36 months after the date of issue. The exercise price of any options issued under the facility will be equal to 130% of the deemed conversion price of the Repayment Shares.

The obligations of Drake under the funding facility are secured by a general security interest over the Company and 99,800,000 fully paid ordinary shares (**Collateral Shares**) which have been issued.

The initial tranche of funding is provided as an interim bridge loan facility to allow the Company to enter into discussions with creditors and other stakeholders of the Company as part of the overall recapitalisation of the Company. As set out in the Company's previous announcement, the current intention of the Company is to continue to meet expenditure requirements on the Company's existing assets in the Nordic region.

The Company expects to hold its Annual General Meeting to seek shareholder approval for the issue of any Repayment Shares and attaching options, and other resolutions required for the recapitalisation of the Company, on or about 8 February 2017.

As the first tranche of funding has completed, the Company intends to approach ASX in relation to the Company's reinstatement to trading and will update the market in due course.

Jay Stephenson
Company Secretary