

DRAKE RESOURCES LIMITED

ACN 108 560 069

CLEANSING PROSPECTUS

For the offer of 7,000 Shares at an issue price of \$0.015 per Share to raise \$105 (before the costs of the Offer).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus 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 Shares offered by this Prospectus should be considered speculative.

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1. Corporate Directory

Directors

Mr Ariel (Eddie) King
Non-Executive Director

Ms Sara Kelly
Non-Executive Director

Mr David Wheeler
Non-Executive Director

Mr James Scovell
Non-Executive Director

Company Secretary

Ms Julia Beckett

ASX Code: DRK

Share Registry*

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000

Registered Office

283 Rokeby Road
Subiaco WA 6008

Phone: +61 8 6141 3500

Fax: +61 8 6141 3599

Website: www.drakeresources.com.au

Solicitors

Edwards Mac Scovell
Level 7
140 St Georges Terrace
Perth WA 6000

Auditor*

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3, 216 St Georges Terrace
Perth WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. Important Notes

About this Prospectus

This Prospectus is for the offer of 7,000 Shares at an issue price of \$0.015 per Share to raise \$105 (before the costs of the Offer) (the **Offer**), by Drake Resources Limited ACN 108 560 069 (**Drake Resources** or **Company**).

This Prospectus is dated 22 January 2018 (**Lodgement Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same date pursuant to section 718 of the Corporations Act.

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(1) of the Corporations Act and as such it should be read in conjunction with the Company's other periodic and continuous disclosure announcements given to ASX Limited (**ASX**) which are available at www.asx.com.au. The Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representation 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.

This Prospectus expires on the date which is 13 months after the Lodgement Date, being 22 February 2019 (**Expiry Date**), and no Shares will be issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an Application Form which accompanies this Prospectus.

ASIC and ASX disclaimer

A copy of this Prospectus has been lodged with ASIC and ASX. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

Defined terms

A number of defined terms are used in this Prospectus. These terms are defined in Section 10 of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Perth, Western Australia.

Risk Factors

Investors should note that there are a number of risks attached to their investment in the Company. Please refer to Section 7 of this Prospectus (**Risk Factors**) for further information on those risks.

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.

No account of personal information

This Prospectus and the recommendations and other information contained in it do not constitute financial product advice. This Prospectus does not take into account the individual investment objectives, financial situation and particular needs of each investor and it does not contain personal advice.

It is important that you read this Prospectus in its entirety before making any investment decision and any decision relating to the Shares issued under the Offer. Before deciding on whether to invest in Shares, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains various forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Statements other than statements of historical fact may be forward looking statements. The Company believes that it has reasonable grounds for making all statements relating to future matters attributed to it in this Prospectus.

Investors should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of the Company.

Investors should note that any reference to past performance is not intended to be, nor should it be relied upon as, a guide to any future performance.

The forward-looking statements in this Prospectus only reflect views held as at the date of this Prospectus. Subject to any continuing obligations under law or the Listing Rules, the Company and its Directors disclaim any obligation to revise or update after the date of this Prospectus any forward-looking statements to reflect any change in the views, expectations or assumptions on which those statements are made. Any forward-looking statement in this Prospectus is qualified by this cautionary statement.

These forward-looking statements are subject to the Risk Factors, which could cause actual results to differ materially from the results expressed or anticipated in these statements. The Risk Factors are set out in Section 7 of this Prospectus.

Foreign jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify the Shares under the Offer or to otherwise permit a public offering of Shares outside of Australia.

This Prospectus (including electronic copies) may not be distributed or released, in whole or in part, in the United States. The Shares under the Offer have not been or will not be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. Such securities are being offered and sold solely outside the United States pursuant to Regulation S under the US Securities Act.

Currency

Unless otherwise stated, the currency referred to in this Prospectus is Australian dollars.

No representations other than in this Prospectus

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

Enquiries

Any questions concerning the Offer should be directed to Ms Julia Beckett, Company Secretary, on +61 8 6245 2057.

Website

A copy of this Prospectus can be downloaded from the website of the Company at www.drakeresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

To view annual reports, shareholder information and company information about the Company's announcements, background information on the Company's operations and historical information, visit the Company's website at www.drakeresources.com.au.

3. Key dates for the Offer

Event	Date
Lodgement of Prospectus with the ASIC and ASX	22 January 2018
Opening Date	22 January 2018
Closing Date	5:00 pm WST on 23 January 2018

Dates and times in this Prospectus are indicative only and subject to change.

The Company reserves the right, subject to the Corporations Act, Listing Rules and other applicable laws, to vary any or all of the dates and times of the Offer without prior notice, including extending the Offer or accepting late applications, either generally or in particular cases, or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of Shares under the Offer.

4. Details of the Offer

4.1 Overview of the Offer

Under this Prospectus, the Company is offering the opportunity to subscribe for 7,000 Shares at an issue price of \$0.015 per Share to raise \$105 (before the costs of the Offer).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided to these parties.

All of the Shares under the Offer will rank equally in all respects with existing Shares on issue at the date of this Prospectus.

4.2 Objective and legal regime

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to any Shares issued by the Company before the Closing Date (including before the date of this Prospectus).

If securities are issued to an investor without a disclosure document then the on-sale of those securities is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act).

Since Shares have been suspended from trading on ASX for more than 5 days during the 12 months preceding the date of this Prospectus, the Company is precluded from relying on a cleansing notice under section 708A(5) of the Corporations Act to remove any such trading restrictions, which would otherwise apply in respect of any Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure (and therefore would be exempt from the on-sale provisions) if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

5. Purpose and effect of the Offer

5.1 Purpose and use of proceeds

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Shares issued by the Company before the Closing Date (including Shares issued before the date of this Prospectus).

The Company is seeking to raise only a nominal amount of \$105 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital. All of the funds raised from the Offer will be applied towards expenses of the Offer.

5.2 Capital structure as at the date of this Prospectus and immediately after the Offer

The effect of the Offer on the capital structure of the Company is set out below.

Type of securities	Date of Prospectus	Completion of the Offer
Shares ¹	315,052,490	315,059,490
Unquoted Options	68,500,001 ²	No change

Notes:

1. The rights and liabilities attaching to Shares are summarised in Section 6 of this Prospectus.
2. Consists of 14,000,000 unquoted Options exercisable at 3 cents each on or before 5 May 2021, 35,000,001 unquoted Options exercisable at 2 cents each on or before 8 June 2021, 2,000,000 unquoted Options exercisable at 3 cents each on or before 8 June 2021 and 17,500,000 unquoted Options exercisable at 2 cents each on or before 13 June 2021.

There are no convertible notes or performance rights on issue as at the date of this Prospectus.

5.3 Financial effect of the Offer

After paying the expenses of the Offer of approximately \$9,238 (excluding any GST), there will be no net proceeds from the Offer. The expenses of the Offer (exceeding \$105) will be met from the Company's existing cash reserves.

The effect of the Offer on the Company's financial position will be a net decrease in cash held of approximately \$9,133 (excluding any GST).

6. Rights and liabilities attaching to Shares

The rights attaching to Shares (including to Shares offered under this Prospectus) are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law. The following is a summary of certain rights attaching to Shares (including to Shares offered under this Prospectus).

(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 fully paid Share held by him or her, or in respect of which he or she 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**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which 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.

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 increase 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.

This summary does not provide an exhaustive statement of rights and liabilities attaching to the Shares and does not constitute a definitive statement of the rights and liabilities of Shareholders. 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.

7. Risk Factors

There are a number of risks, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of the Company and the resources industry in which it operates, and the value of Shares under the Offer.

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous Risk Factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, however many risks that may affect the Company are outside the control of the Company and cannot be mitigated.

Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of investors. The Company does not give any assurances or guarantees of the future performance or profitability of the Company or the value of Shares. Additionally, the Company does not give any assurances or guarantees that the risks set out in this Prospectus will not change. The future dividends, the value of the Company's assets and the market value or price of Shares quoted on ASX may be influenced by these and other Risk Factors.

Every investor should:

- (a) rely on their own knowledge of Drake Resources;
- (b) refer to disclosures made by Drake Resources on ASX; and
- (c) consult their professional advisers before deciding whether to apply for Shares under the Offer.

7.1 Company specific risks

(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) **Potential transactions with third parties**

The Company is continually evaluating opportunities to add value for Shareholders. Any future strategic investment or acquisition may be subject to various risks depending on the nature and size of the transaction.

(d) **Sovereign risk**

The Company's key existing projects are located in 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 Norway or Sweden or any other country in which the Company may, in the future, have an interest.

7.2 Industry specific risks

(a) **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.

(b) **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.

(c) **Operational risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the

successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

7.3 General risks

(a) Additional requirements for capital

Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. The Company is exposed to risks associated with its financial instruments, cash, receivables, accounts payable and accrued liabilities due to third parties from time to time. This includes the risk that a third party to a financial instrument fails to meet its contractual obligations, the risk that the Company will not be able to meet its financial obligations as they fall due and the risk that market prices may vary which will affect the Company's financial position and prospects.

Additional funding will be required in the event costs exceed the Company's estimates and also to effectively implement business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required. The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Forecasts

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or whether any revenues or profitability will eventuate. The business of the Company is dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently, the Company, and the Directors do not make any forecast or representation in relation to the Company's future financial position or performance.

(c) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential development programmes, as well as on their ability to fund those activities.

(d) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) 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:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;

- (v) the demand for, and supply of, capital; and
- (vi) 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 technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the Offer or any other event or occurrence.

(f) **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.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on 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 or if one or more of the Directors leaves the Board.

7.4 Opening and closing dates of the Offer

The Opening Date of the Offer will be on 22 January 2018 and the Closing Date will be on 23 January 2018. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

7.5 Application for Shares under the Offer

Applications for Shares under the Offer must be made by investors at the direction of the Company and must be made using the relevant Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.015 per Share.

If you apply and pay for Shares before the close of the Offer, it is expected that you will be issued your Shares as soon as possible following the Closing Date and in any event, no later than the time specified in Section 7.10.

7.6 Number of Shares issued under the Offer

Drake Resources also reserves the right (in its absolute discretion) to reduce the number of Shares allocated to investors if Drake Resources believes their claims to be incorrect or overstated or if they, or their nominees, fail to provide information to substantiate their claims to Drake Resources' satisfaction.

7.7 Payment

It is your responsibility to ensure that your payment is received by the Company by no later than 5:00 pm WST on the Closing Date. Cash payments will not be accepted. Receipts for payment will not be issued.

Please ensure that you make arrangements so that your cheque, money order or bank draft is received at the below address no later than 5:00 pm WST on the Closing Date:

Drake Resources Limited
283 Rokeby Road
Subiaco WA 6008

7.8 Minimum subscription

There is no minimum subscription for the Offer.

7.9 Issue of Shares

This Prospectus has primarily been issued to cleanse the issue of Shares on or before the Closing Date.

The issue of Shares under this Prospectus will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the allottees of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

7.10 ASX quotation

Application for official quotation by ASX of the Shares offered under this Prospectus will be made as soon as possible and in any event within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

8. Important Information

8.1 Currency of information

The information in this Prospectus is dated 22 January 2018. There may be additional announcements made by the Company after the date of this Prospectus and through the Offer that may be relevant to your consideration of whether to exercise or do nothing in respect of the Offer. Therefore, you are encouraged to check whether any further announcements have been made by the Company before submitting your application. Refer to ASX's website (ticker: DRK).

No party other than Drake Resources has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

8.2 Investors

The information in this Prospectus contains an offer of Shares to investors and has been prepared in accordance with section 713 of the Corporations Act.

Drake Resources, in its absolute discretion, reserves the right to determine whether an investor is able to participate in the Offer. Drake Resources disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether an investor is eligible to participate in the Offer.

By making a payment of your Application Monies or returning an Acceptance Form and a cheque, bank draft or money order for your Application Monies, you will be taken to have represented and warranted that you, and each person on whose account you are acting, satisfy each of the criteria listed above. Investors who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not subscribe for any Shares on behalf of, or send any documents related to the Offer to, any person in the United States.

8.3 Not investment advice or financial product advice

The information in this Prospectus is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. Drake Resources is not licensed to (and does not) provide financial product advice in respect of the Shares under the Offer.

8.4 Taxation

The taxation consequences of any investment in the Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

8.5 Directors' interests

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 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 or proposed 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

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Ariel (Eddie) King	1,500,000	700,000 ²
Sara Kelly	2,541,580 ¹	3,000,000 ³
David Wheeler	-	-
James Scovell	-	3,000,000 ³

Notes:

1. 2,541,580 Shares are held by TYF Holdings Pty Ltd <TYF Investments A/C>, a company which Ms Kelly is sole director.
2. Unquoted Options are exercisable at \$0.03 on or before 5 May 2021 (refer to the Company's ASX announcement dated 30 October 2017 for the terms and conditions of these Options)

3. 2,000,000 unquoted Options are exercisable at \$0.02 on or before 8 June 2021 and 1,000,000 unquoted Options are exercisable at \$0.03 on or before 8 June 2021 (refer to the Company's ASX announcement dated 30 October 2017 for the terms and conditions of these Options).

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 Board 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.

The following table shows the total annual remuneration paid to Directors for the past 2 financial years and the proposed remuneration for the financial year ended 30 June 2018.

Director	Financial year ended 30 June 2016	Financial year ended 30 June 2017	Financial year ended 30 June 2018
Ariel (Eddie) King ¹	Nil	\$2,500	\$36,000 ⁵
Sara Kelly ²	Nil	\$2,500	\$36,000 ⁵
David Wheeler ³	Nil	Nil	\$36,000 ⁵
James Scovell ⁴	Nil	\$2,500	\$36,000 ⁵

Notes:

1. Mr King was appointed as a Director on 10 February 2017. From 1 June 2017, Mr King has received a director's fee of \$2,500 (plus GST) per month and he agreed to write off all director fees owed to him prior to this date.
2. Ms Kelly was appointed as a Director on 1 June 2017. Ms Kelly is a Partner at Edwards Mac Scovell, Edwards Mac Scovell will receive \$5,000 (plus GST) for costs associated with the Offer.
3. Mr Wheeler was appointed as a Director on 4 December 2017.
4. Mr Scovell was appointed as a Director on 1 June 2017.
5. \$3,000 (plus GST) payable per month.

8.6 Transaction specific prospectus and 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 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.

8.7 Documents lodged with ASX

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal business 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
12/01/2018	Appendix 3B
05/12/2017	Final Director's Interest Notice
05/12/2017	Initial Director's Interest Notice
05/12/2017	Director Appointment/Resignation
29/11/2017	Results of Meeting
01/11/2017	Becoming a substantial holder
31/10/2017	Pre-reinstatement confirmations
31/10/2017	Securities Trading Policy
31/10/2017	Corporate Governance Statement
31/10/2017	Option Terms
31/10/2017	Activities Report
31/10/2017	Statement of Commitments

31/10/2017	Pro forma balance sheet
31/10/2017	Capital Structure
31/10/2017	Distribution Schedule
31/10/2017	Top 20 Holders
31/10/2017	Pre-reinstatement disclosure
31/10/2017	ASX Notice
31/10/2017	Reinstatement to Official Quotation - 2 November 2017
27/10/2017	Quarterly Activities Report and Quarterly Cashflow Report
27/10/2017	Notice of Annual General Meeting/Proxy Form
18/10/2017	Change of Director's Interest Notice x 3
18/10/2017	Capital Raising Closure / Appendix 3B
10/10/2017	Results of Meeting
29/09/2017	Appendix 4G

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.

8.8 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 months immediately preceding the date of lodgement of this Prospectus with ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.022	18 January 2018
Lowest	\$0.012	7 November 2017
Last	\$0.020	14 December 2017

* Following a period of suspension from trading (the Shares were suspended from trading on ASX since 23 September 2016), the Company's Shares were reinstated to official quotation as from 10am (AEDT) on Thursday, 2 November 2017 following the completion by the Company of a recapitalisation.

8.9 Details of substantial holders

Based on publicly available information as at 22 January 2018, those persons which (together with their associates) has a relevant interest in 5% or more of the Shares on issue are set out below.

Shareholder	Shares	%
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	20,619,691	6.54

In the event that the Offer is fully subscribed, there will be no material change to the interest held by substantial holders as a result of the Offer.

8.10 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.

Edwards Mac Scovell has given its written consent to being named as the solicitors to the Company in this Prospectus. Edwards Mac Scovell has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 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;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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

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

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Edwards Mac Scovell has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Edwards Mac Scovell \$5,000 (exclusive of GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Edwards Mac Scovell has received approximately \$71,500 (excluding GST) in fees for legal services provided to the Company.

8.12 Estimated expenses of Offer

The total expenses of the Offer are estimated to be as follows:

Expense	(\$) exclusive of GST
ASIC Fees	\$2,400
ASX Fees	\$1,838

Legal Fees	\$5,000
Total	\$9,238

8.13 Electronic Prospectus

Subject to compliance with certain specified conditions, 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 compliant prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company Secretary on +61 8 6245 2057 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

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 Prospectus or any of those documents were incomplete or altered.

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

The Company will not be issuing share certificates in respect of Shares issued pursuant to this Prospectus. The Company is a participant in CHES for those investors who 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 separate statements (similar to a bank account statement) that set out the number of Shares allotted to them under the Offer. 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 CHES 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.

8.15 Privacy statement

Drake Resources and the Share Registry collect, hold and use certain personal information to assess your application, service your needs and provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of Drake Resources. You can request access to your personal information or obtain further information about the Company's management practices by contacting the Share Registry or the Company. If the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Company or the Share Registry so that records can be corrected.

8.16 Governing law

The information in this Prospectus, the Offer, and the contracts formed on acceptance of the Offer pursuant to the Acceptance Forms are governed by the law applicable in Western Australia. Each investor who applies for Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

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, and has not withdrawn that consent.

Signed for and on behalf of the Company on 22 January 2018.

A handwritten signature in black ink, appearing to be 'Sara Kelly', is written over a horizontal line.

Sara Kelly
Director
For and on behalf of
Drake Resources Limited

10. Definitions

In this Prospectus, unless the context otherwise requires:

A\$, \$, or AUD means the currency of Australia.

Acceptance Form means the acceptance form which accompanies this Prospectus.

Applicant means an investor who applies for Shares under the Offer.

Application Form means the application form attached to this Prospectus for Shares.

Application Monies means the amount payable by each Applicant under this Offer, being the amount equal to \$0.015 multiplied by the number of Shares that the Applicant applies for.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691, and where the context requires, the Australian Securities Exchange.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the administration of CHES.

Board means the board of Directors of Drake Resources.

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

CHES means the Clearing House Electronic Subregister System of ASX.

Closing Date means the closing date of the Offer as set out in the timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Constitution means the constitution of the Company.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Offer means the offer of 7,000 Shares at a price of \$0.015 per Share to raise \$105 (before the costs of the Offer).

Listing Rules means the official listing rules of ASX as amended, varied, modified or waived from time to time.

Lodgement Date means 22 January 2018 being the date this Prospectus was lodged with ASIC.

Offer Period means the period during which the Offer will remain open for acceptance being from 9:00 am WST on the Lodgement Date until 5:00 pm WST on the Closing Date (unless extended).

Officer has the same meaning given to it in section 9 of the Corporations Act.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 3 of this Prospectus (unless varied).

Option means an option to subscribe for a Share at a prescribed exercise price.

Prospectus means this cleansing prospectus dated 22 January 2018 prepared in accordance with section 708A(11) of the Corporations Act and lodged with ASIC on that date.

Share means a fully paid ordinary share in Drake Resources, including a Share offered under this Prospectus.

Shareholder means a person registered in the register of members of Drake Resources as a holder of one or more Shares.

Share Registry means Computershare Investor Services Pty Limited of Level 11, 172 St Georges Terrace, Perth WA 6000

WST means Australian Western Standard Time.