



2 July 2019

Dear Shareholder,

Small Shareholding Sale Facility of Shares in Dreadnought Resources Ltd.

Dreadnought is implementing a Small Shareholding Sale Facility (Facility). The ASX Listing Rules define a small shareholding of shares as one with a market value of less than \$500 ("**Unmarketable Parcel**").

The Small Shareholding Sale Facility will apply to parcels of shares in the Company with a market value of less than \$500 as at close of trade on 21 June 2019 ("**Record Date**"). Shareholders with an Unmarketable Parcel are not obliged to sell their shares. However, those who wish to retain their shares will need to opt out of the Facility otherwise the parcel will be sold and the relevant proceeds sent to the shareholder (see details below).

Our records indicate that you held an Unmarketable Parcel of shares based on the last closing price (\$0.004) on the ASX prior to Record Date on 21 June 2019. Shareholders whose shares are sold under the Facility, which is offered in accordance with the ASX Listing Rules and the Company's Constitution, will not have to act through a broker or pay brokerage or handling fees. The Company will pay all costs associated with the sale and transfer (excluding any tax, which will be the Shareholder's responsibility).

By facilitating the sale of Unmarketable Parcels, Dreadnought will reduce the administrative costs associated with maintaining a large number of small holdings. However, if on the Closing Date for the Facility the value of your shares has increased such that you no longer hold an Unmarketable Parcel (eg due to an increase in the Company's share price or participation in the SPP by eligible shareholders), your shares will NOT be sold.

Key Dates

EVENT DATE	DATE
Unmarketable Parcels Record Date	21 June 2019
Unmarketable Parcels ASX announcement	24 June 2019
Letters sent to shareholders holding Unmarketable Parcels	2 July 2019
Closing Date for receipt of Notice of Retention forms	13 August 2019

Please also note that the Company will not sell your shares in the event that a third party announces a takeover offer for the Company. In accordance with its continuous disclosure obligations, the Company may release information to the ASX which may affect your decision as to whether you wish to sell or retain your shares. If such information is released, it will be published on the ASX website (www.asx.com.au, ASX:DRE) and on the Company's website (www.dreadnoughtresources.com.au).



WHAT DO I NEED TO DO?

As a holder of an Unmarketable Parcel, your alternatives are described below:

1. Participate in the Share Purchase Plan

Eligible shareholders are provided with the opportunity to participate in a share purchase plan to subscribe for ordinary, fully paid shares in the Company at the same price as professional and sophisticated investors being \$0.003. The right to participate in the Offer under the Share Purchase Plan is optional and is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the issued capital of DRE at 5.00pm (WST) on the **Record Date of 21 June 2019**.

The SPP enables holders of small shareholdings to increase their shareholding to a marketable parcel without incurring brokerage costs and at the same price as professional and sophisticated investors being \$0.003 per Share.

If you wish to increase to holding to be a marketable parcel, please complete the SPP application and return together with funds under the instructions provided on the form.

2. Sell your Unmarketable Parcel

If you wish to sell your shares through the Facility, you do NOT need to take any action. By refraining from taking any action, you will be deemed to have irrevocably appointed the Company as your agent:

(a) to sell all of your shares at a price to be determined by when and how the shares are sold, without any costs being incurred by you; and

(b) to deal with the proceeds of the sale as set out in this letter.

If you have more than one holding on the Company's share register, you may wish to consider contacting the share registry to amalgamate your holdings by the Closing Date of the Facility. This may result in your holding no longer being classified as an Unmarketable Parcel.

The Company has appointed EL& C Baillieu Limited to sell the unmarketable parcels. Payment will be forwarded to you as soon as practicable, following settlement of the last sale under the Facility. The price you receive for the shares will be the volume weighted average price of all shares sold under the Facility. If your shares are sold, the relevant cheque and transaction confirmation statement will be sent to your registered address by the Company's share registrar. Please note that the Company will not sell your shares in the event a third party announces a takeover offer of the Company.



3. Retain your Unmarketable Parcel

If you do not wish to sell your Unmarketable Parcel, you must opt out of the Facility by completing and returning the enclosed Notice of Retention form to the address on the form so that it is received before the Closing Date or increase your holding such that you no longer hold an Unmarketable Parcel.

If our share registry has not received your Notice of Retention form by the Closing Date and the value of your shareholding remains an unmarketable parcel, your shareholding will be sold under the Facility.

The Company does not provide any recommendation or advice on whether you should sell or retain your shares. If you are unsure, you should seek independent financial, legal or taxation advice prior to making a decision as to whether you wish to participate in the Facility.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Chapman', with a stylized, cursive script.

Paul Chapman
CHAIRMAN