



16 March 2016

Dear Shareholder

Drake Resources Limited – pro-rata non-renounceable rights issue

As announced on 11 March 2016 Drake Resources Limited (ACN 108 560 069) (**Company**) is undertaking a 10:32 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 223,961,205 fully paid ordinary shares (**New Share**) to raise approximately \$447,922. The price of New Shares under the Offer is \$0.002 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 11 March 2016.

The Offer is fully underwritten by 708 Capital Pty Ltd (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 6% of the total amount raised pursuant to the Offer.

As announced on 11 March 2016, the Company has entered into a binding, conditional agreement to acquire 100% of the issued capital of Genome Limited on certain terms and conditions (**Proposed Genome Acquisition**). The purpose of the Offer is to raise up to \$447,922, some of which is intended to be allocated towards costs associated with the Proposed Genome Acquisition.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

	A\$
Due Diligence on potential transactions, including the Proposed Genome Acquisition	165,000
Repayment of creditors	85,000
Costs of maintaining existing tenements	75,000
Expenses of the Offer ¹	50,000
Working capital	72,922
Total funds available after completion of the Placement and the Offer	447,922

Notes:

1. The Company announced details of the Proposed Genome Acquisition to ASX on 11 March 2016. If the Proposed Genome Acquisition does not proceed, the Company intends to apply these funds towards working capital and the review of alternative investment and divestment opportunities.
2. The above is a statement of current intentions as of the date of the 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.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 21 March 2016, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 223,961,206 New Shares resulting in total Shares on issue of approximately 940,637,063.

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 22 March 2016. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Any Entitlement not taken up pursuant to the Offer will form part of the shortfall, to be dealt with by the Underwriter pursuant to the underwriting agreement.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all of your Entitlement you will need to ensure your application money for your Entitlement is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on 4 April 2016, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the part of your Entitlement you wish to take up is received by the Share Registry by no later than 5:00pm (WST) on 4 April 2016, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies or by making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.002 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Lodgement of Prospectus with the ASIC	11 March 2016
Announcement & Lodgement of Appendix 3B with ASX	11 March 2016
Letters sent to Optionholders	11 March 2016
Letters sent to Shareholders	16 March 2016
Ex date	18 March 2016
Record Date for determining Entitlements	21 March 2016
Prospectus sent out to Shareholders & Company announces this has been completed	22 March 2016
Closing Date*	4 April 2016
Shares quoted on a deferred settlement basis	5 April 2016
ASX notified of under subscriptions (if any)	5 April 2016
Issue date/Shares entered into Shareholders' security holdings	8 April 2016
Quotation of Shares issued under the Offer*	11 April 2016



*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Jay Stephenson, Company Secretary, on +61 (08) 6141 3585.

Yours sincerely

Brett Fraser
Non-Executive Chairman
Drake Resources Limited



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Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Jay Stephenson, Company Secretary, on +61 (08) 6141 3585.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B Fraser'.

Brett Fraser
Non-Executive Chairman
Drake Resources Limited