

Elsmore Resources Ltd

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15 June 2016

Dear Shareholder

NOTICE REGARDING NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE

On 30 May 2016, Elsmore Resources Ltd (the “**Company**”) announced the launch of a 1 for 1 Non-Renounceable Pro-Rata Rights Issue (the “**Rights Issue**”) at an issue price of \$0.02 per share (the ‘**New Shares**’) to raise up to \$1,979,372.60 (before transaction costs). The Company has lodged a Prospectus for the Offer with ASIC and ASX today.

The Directors are pleased to provide this advance notice to Eligible Shareholders of the opportunity to participate in the Rights Issue, which they unanimously support.

Rights Issue

If you are an Eligible Shareholder, you will be able to subscribe for one (1) fully paid ordinary share for every one (1) share held on 21 June 2016 (the “**Record Date**”) at a price of \$0.02 per New Share. Fractional entitlements will be rounded up to the nearest whole number of shares.

The Rights Issue will also include a Shortfall Facility that will provide Eligible Shareholders the opportunity to request additional shares in excess of their pro-rata entitlement to New Shares (the “**Shortfall Facility**”).

New Shares issued under the Rights Issue (including under the Shortfall Facility) will rank equally with all ordinary shares of the Company.

The net proceeds of the Rights Issue will be used primarily for exploration costs (including, among other things, tenement holding costs), for general working capital, overhead and operating costs, and for expenses associated with this Rights Issue.

Eligible Shareholders

Eligible Shareholders are persons who are registered as shareholders of the Company on the Record Date and have a registered address in Australia.

The Rights Issue is open for acceptance by Eligible Shareholders from 24 June 2016 until 21 July 2016, subject to a variation of the Indicative Timetable (see below) in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

Indicative Timetable

As announced to the Market on 8 June 2016, the Rights Issue is proposed to be conducted in accordance with the following Indicative Timetable:

Event	Date
Announcement of Rights Issue	31.5.2016
Lodgment of Documents associated with Rights Issue with ASX and ASIC	15.6.2016
Notice of Rights Issue sent to all Shareholders	15.6.2016
Rights Issue 'Ex' date (date from which securities commence trading without the entitlement to participate in the Rights Issue)	20.6.2016
Date for determining Shareholder entitlements (5:00pm AEST) (Record Date)	21.6.2016
Dispatch of Prospectus and Entitlement and Acceptance Form to Shareholders (Opening Date)	24.6.2016
Late day to extend the Closing Date	18.7.2016
Final date and time for receipt of Acceptance Forms and payments (5:00pm AEST) (Closing Date)	21.7.2016
Shortfall Shares notification to ASX	22.7.2016
New Shares quoted on a Deferred Settlement Basis	22.7.2016
Allotment of New Shares. Deferred Settlement Trading ends	26.7.2016
Expected commencement of trading of New Shares	27.7.2016
Dispatch of holding statements for New Shares	29.7.2016

Note: dates and times are indicative only and subject to change. Subject to compliance with the ASX Listing Rules, the Company reserves the right to: (i) not proceed with the rights issue and return any applications moneys received without interest; or (ii) vary the dates and times above including closing the offer earlier or later. This may have a consequential effect on the other dates.

Offer Document

Please note that this letter is not an offer document and, as such, Eligible Shareholders do not need to take action at this time.

Further details about the Rights Issue will be set out in a Prospectus which will be dispatched to Eligible Shareholders on or about 24 June 2016, together with a personalized Entitlement and Acceptance Form. The Prospectus will also be available on the Company's website and the ASX website.

Eligible Shareholders wishing to participate in the Rights Issue should carefully read and consider the Prospectus. Taking up an entitlement may have taxation, financial and other implications. If you are in any doubt as to how to deal with your rights, you should contact your stockbroker or other professional adviser.

Further Information

For further information of your likely entitlements in the Rights Issue and how to deal with them, please refer to the Prospectus or contact the Company:

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Yours sincerely



Mr Richard Hill
Director