



11 March 2016

Dear Optionholder

## 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 <sup>1</sup>	50,000
Working capital	72,922
<b>Total funds available after completion of the Placement and the Offer</b>	<b>447,922</b>

### 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.

