



*ASX Announcement
24 May 2016*

COMPLETION OF GENOME DUE DILIGENCE AND MARKET UPDATE

Highlights

- **Drake Resources successfully completes Due Diligence into Genome Technologies Ltd, an Israel-based human cyber-risk governance security solution company,**
- **Due Diligence by Israeli-based consultants has been thorough and took longer than expected but is now successfully completed,**
- **International and Australian cyber security sector is rapidly expanding, with strong interest at all levels of government and associated agencies,**
- **Commonwealth Government \$210 million Innovation strategy is driving interest in enhanced cyber security solutions for Australian companies.**
- **Leading Commercial Governance and Risk consultancy to multinational organisations expressed interest to market and distribute the solution.**

Drake Resources (ASX: DRK) (“Drake” or “the Company”) is pleased to provide an update to the market on the reverse takeover of Genome Technologies Ltd (“Genome”), an Israel-based human cyber-risk governance security solution company (refer ASX 11 April 2016 for full details).

Both Drake and Genome have now successfully completed a very detailed and comprehensive Due Diligence process. It is now complete and all parties are satisfied that the process has been successfully concluded.

Drake and Genome recently held discussions with representatives of an Australian State government, and agencies supporting these governments, with regard to the commercial development of Genome’s human cyber-risk governance solution. These discussions confirmed that the Genome cyber-risk solution satisfies an unresolved need to monitor, report and mitigate the human risk factor in organisations relating to innocent employees

A leading Australian Risk Management consultancy that designs the processes and systems to integrate risk into an organisation’s specific and tactical objectives, has expressed interest to market and distribute the Genome solution. The conversation with the consultancy, which works with in 20 multinational companies employing multiple million employees, is at an early stage.



Genome has already signed a Letter of Intent (LoI) with a number of leading global organisations in the insurance, accounting and telecommunications industries, including Howden Broking Group and BDO South Africa.

In addition to traditional financing, the Company will seek access to different sources of funding and grants available to technology companies under Governments' innovation strategy. If successful, the Company intends to utilise these funds to advance the development and commercialisation of cyber security technology solutions throughout Australia.

About Genome

Genome is an Israeli human risk governance company adopting a practical approach to mitigate cyber threats in organisations at one of the most targeted and vulnerable assets, employees.

The human factor is considered the weakest point of an organisations security. So Genome's proprietary technology and unique flexible engine algorithm analyses and maps each employee's risk level and provides customised mitigation, intelligence and training solutions to reduce these risks.

The process profiles each employee and provides the organisation with the insights to determine where possible cyber-attacks targeting specific employees, may occur, and build corresponding controls to mitigate the risk. The solution is Genome's proprietary technology, which comprises multiple software and service modules based on a process known as Predictive Identity Engine (PIE). PIE analyses multiple attack vectors and the weaknesses of each employee.

Human behavior is one of the greatest vulnerabilities in an organization's cybersecurity governance. Genome believes its PIE technology provides a solution to this problem.

Current technologies do not provide a solution for today's targeted attack methods as they do not incorporate the human factor (employees); these are considered the weakest link of an organizations security.

According to Genome, each employee creates a different risk level to an organisation. Threat vectors and surface have significantly widened as organisations today permit employees to Bring your own Device (BYOD), access vast social networks, Internet of things (IOT), have remote access from anywhere anytime, wearables and other connected devices. Most organizations are ill-equipped to handle this situation, believing that outdated defense software and outmoded strategies are adequate for the sophisticated and well organised hacker of today. New technology has to be adopted that is current, customisable, scalable and ahead of the tactics against the 'passive threat' (the employee).

Genomes platform measures the organization exposure using a proprietary methodology which encompasses real life "human oriented" attack methods against non-malicious employees. The platform maps, analyses and provides actionable measures to individually mitigate the risks for each employee or risk group, using a variety of mitigation solutions, threat intelligence, forensics and customized employee training.



Genome's solution entails the ability to forge distinctive alliance and distribution channels with security consulting firms and insurance companies providing cyber insurance services to customers around the world.

The Company's vision and solution is to offer cyber security officers and C-level decision makers a new approach to their existing cyber governance that is not presently met by existing solutions. The outcome will allow them to better protect their corporate assets, achieve broader compliance coverage, maximise the use of their existing security controls and most importantly reduce potential financial and reputation damage.

The Process

Drake has agreed to acquire Genome for A\$11 million.

Prior to completion of the acquisition, Drake intends to raise a minimum of \$9.365 million and up to A\$10 million through the issue of shares at an issue price to be no less than AUD\$0.02 (on a post-Consolidation basis) per share and lodging a prospectus with ASIC and ASX in respect of the capital raising.

The capital raised will be used to fund the development, implementation and sale of the technology platform worldwide.

Drake has provided Genome a US\$50,000 non-refundable deposit and will pay, this week, another deposit of US\$50,000.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Acquisition will constitute a change in the nature and scale of Drake's activities. Drake will be required, pursuant to ASX Listing Rule 11.1.2, to obtain approval from Drake's shareholders at a general meeting. Drake will also be required, pursuant to ASX Listing Rule 11.1.3, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from the ASX to have its securities readmitted to trading. Drake will dispatch a notice of meeting (**NOM**) to its shareholders seeking the relevant approvals to undertake this process with such NOM to contain detailed information relating to the Acquisition.

Consolidation of Share Capital

As part of the Acquisition and Drake's proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules, Drake will be required to consolidate its issued capital to facilitate a share price of at least \$0.02.



Loan to Genome arranged by Trinity Corporate Pty Ltd

Separately, Trinity Corporate Pty Ltd is arranging for third party lenders to loan AU\$420,000 to Genome by way of convertible loans. These loans will convert into Drake shares at 50% discount per Drake share (post-Consolidation) on completion of the Acquisition, subject to shareholder approval. If the Acquisition does not proceed, the loans will convert into equity in Genome, unless Genome elects to repay such loans in cash, and Drake will have the right to require the lenders to transfer the equity holdings in Genome to Drake subject to compliance with all regulatory requirements, which would include the obtaining of any requisite shareholder approvals. In this circumstance, the lenders would be compensated for their investment into Genome by the issue of shares in Drake.

Revenue will commence within 12 to 15 months of receiving funds coinciding with the finalisation of development.

Existing Drake Activities Update

The Acquisition of Genome will result in a significant change to the nature and scale of the Company's main activity which Drake's board considers to be positive and in the best interests of Drake's shareholders.

Since the announcement on 11th March 2016 of the Genome acquisition, the Company has received approaches from third parties who have expressed interest in acquiring Drake's mineral exploration projects. Drake intends to continue funding certain current obligations, if Drake shareholders approve the Acquisition of Genome, then post-Acquisition, the new board of Drake will undertake a review of the Company's assets to investigate opportunities to divest or relinquish existing assets and projects.

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