

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Lefroy Exploration Limited, incorporated in the British Virgin Islands, IBC No.29457, Australian Registered Business Number 052 123 930 ("**Company**") will be held at Level 41, Gateway, 1 Macquarie Place, Sydney NSW Australia on Monday, 4 December 2017 at 12.00pm (EDST).

The purpose of the Meeting is to consider, and if thought fit, pass the following resolutions:

FINANCIAL STATEMENTS AND REPORTS

To receive the annual financial report of the Company and its controlled entities for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report and the auditors' report.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – JAMES BEECHER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 14.4 and for all other purposes, Mr James Beecher, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Ordinary Securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Members are referred to the Explanatory Statement accompanying this Notice of Meeting.

Copies of the Annual Report are available at the Company's website at:
<http://www.lefroyex.com/announcements>

For the purpose of the meeting, securities will be taken to be held by the persons who are registered holders at 12.00pm (EDST) on 2 December 2017. Transactions registered after that time will be disregarded in determining entitlements to attend and to vote at the meeting.

BY ORDER OF THE BOARD



Susan Hunter

Company Secretary

1 November 2017

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Level 41, Gateway, 1 Macquarie Place, Sydney NSW Australia on Monday, 4 December 2017 at 12.00pm (EDST).

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company and its controlled entities for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' Report and the Auditors' Report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

James Beecher, who has served as a Director since last re-elected on 4 December 2014, retires by rotation and seeks re-election.

2.1 Qualifications and Other Material Directorships

James Beecher B Com; MBA; FCPA; FAICD

Non-executive Director

Appointed 1 July 2010. Last re-elected 4 December 2014.

Mr. Beecher has over 30 years' experience in senior finance, accounting and secretarial positions in resources, financial services and services companies. James has been Chief Financial Officer or Finance Director of NRMA Limited, Savage Resources Limited and Austen & Butta Limited. He held senior accounting positions with the Commonwealth Bank including Group Financial Controller and Group Chief Accountant. He is currently a Director of ASX listed companies NuCoal Resources Ltd, Realm Resources Limited and CBG Capital Limited and has been Company Secretary of Gloucester Coal Limited. He is Deputy Chair of the Australian Institute of Company Directors Reporting Committee.

If elected the Board considers Mr. Beecher will not be an independent director of the Company because he was acting in an executive capacity for the Company during the last 3 years.

2.2 Board recommendation

The Board supports the re-election of Mr. James Beecher and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$9.7 million (based on the number of Shares on issue and the closing price on the ASX of the Company's Shares on 27 October 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: LEX).

If Shareholders approve Resolution 2, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

3.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below

is provided in relation to this Resolution 2:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the closing price on the ASX of the Company's Shares and the number of Equity Securities on issue as at 27 October 2017.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' *)	Dilution			
	Issue Price (per Share)	\$0.075 50% decrease in Issue Price	\$0.15 Issue Price	\$0.225 50% increase in Issue Price
64,463,920 (Current Variable A)	Shares issued - 10% voting dilution	6,446,392 Shares	6,446,392 Shares	6,446,392 Shares
	Funds raised	\$483,479.40	\$966,958.80	\$1,450,438.20
96,695,880 (50% increase in Variable A)	Shares issued - 10% voting dilution	9,669,588 Shares	9,669,588 Shares	9,669,588 Shares
	Funds raised	\$725,219.10	\$1,450,438.20	\$2,175,657.30
128,927,840 (100% increase in Variable A)	Shares issued - 10% voting dilution	12,892,784 Shares	12,892,784 Shares	12,892,784 Shares
	Funds raised	\$966,958.80	\$1,933,917.60	\$2,900,876.40

* Variable A in the formula could increase as a result of the issue of Shares that does not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. As at 27 October 2017, the Company's current Variable A is 64,463,920.
2. The issue price set out above is the closing price on the ASX of the Company's Shares on 27 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no options or other convertible securities are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case, the Company intends to use funds raised for costs associated with exploration including exploration on the Company's prospective package of tenements on its key projects at Lake Lefroy, near Kalgoorlie and Lake Johnston to the west of Norseman and/or for general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and/or investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its last annual general meeting held on 5 December 2016. The Company has not issued any Equity Securities issued in the 12 months preceding the date of this Annual General Meeting.

- (g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**
When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:
- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
 - (ii) the information required by Listing Rule 3.10.5A for release to the market.

3.3 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholders to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

4. GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 3.1.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company means Lefroy Exploration Limited, incorporated in the British Virgin Islands. IBC No.29457, Australian Registered Business Number 052 123 930.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

EDST means Eastern Daylight Savings Time as observed in Sydney, New South Wales.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the calculation in Section 3.2.

LEFROY EXPLORATION LIMITED
INCORPORATED IN THE BRITISH VIRGIN ISLANDS. IBC NO.29457
ARBN 052 123 930
PROXY FORM - ANNUAL GENERAL MEETING

Name:

Address:

SRN / HIN:

Appointment of Proxy

I/We being a member/s of Lefroy Exploration Limited and entitled to attend and vote hereby appoint

the Chairman of
the Meeting
(mark with an
'X')

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, as my/our proxy and to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 12.00pm (EDST) on Monday, 4 December 2017 at Level 41, Gateway, 1 Macquarie Place, Sydney NSW and at any postponement or adjournment thereof.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each of the items of business.

Voting directions to your proxy – please mark ☒ to indicate your directions

Resolution 1 – Re-election of Director – James Beecher

FOR AGAINST ABSTAIN*

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Resolution 2 – Approval of 10% Placement Capacity

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**If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.*

Signed this _____ day of _____ 2017

Authorised signature(s) *This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.*

INDIVIDUAL/SECURITY HOLDER 1

Individual/Sole Director and
Sole Company Secretary

SECURITY HOLDER 2

Director

SECURITY HOLDER 3

Director/Company Secretary

Contact Details

Contact Email address

Contact Telephone Number

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Instructions for completing Proxy Form

1. **(Name, Address, SRN/HIN):** Please complete your name, address and your SRN or HIN as it appears on the share register of Lefroy Exploration Limited.
2. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
3. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
4. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) deliver to Lefroy Exploration Limited at Level 1, 11 Ventnor Avenue, West Perth WA 6005; or
 - (b) post to Lefroy Exploration Limited, Level 1, 11 Ventnor Avenue, West Perth WA 6005; or
 - (c) facsimile to the Company on facsimile number +61 8 9226 2636.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.