



Lefroy Exploration

Lefroy Exploration Limited

IBC No.29457

ARBN 052 123 930

2021 Notice of Annual General Meeting and Explanatory Statement

**Annual General Meeting to be held at
Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia
on Thursday, 2 December 2021 commencing at 11.00am (WST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. A proxy form is enclosed. If you are unable to attend the Annual General Meeting please complete and return the enclosed proxy form in accordance with the specified directions. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

If COVID-19 social distancing restrictions change prior to the Meeting, the Company will advise via an ASX announcement as to any changes to the manner in which the Meeting will be held and as to whether shareholders will still be able to attend in person and participate in the usual way.

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 Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Thursday, 2 December 2021 commencing at 11.00am (WST).

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 2021 together with the declaration of the directors, the directors’ report and the auditors’ report.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – GORDON GALT

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 Gordon Galt, 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, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of ASX 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.”

RESOLUTION 3 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO GORDON GALT

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

“That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,200,000 Shares under the Share Plan to Gordon Galt (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

RESOLUTION 4 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO WADE JOHNSON

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,400,000 Shares under the Share Plan to Wade Johnson (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

RESOLUTION 5 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO GEOFFREY PIGOTT

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,500,000 Shares under the Share Plan to Geoffrey Pigott (or his nominee), on the terms

and conditions set out in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

RESOLUTION 6 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO MICHAEL DAVIES

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,200,000 Shares under the Share Plan to Michael Davies (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated



above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

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: <https://lestroyex.com/reports/>

For the purpose of the meeting, securities will be taken to be held by the persons who are registered holders at 4.00pm (WST) on Tuesday, 30 November 2021. Transactions registered after that time will be disregarded in determining entitlements to attend and to vote at the meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "SPK", is positioned above the typed name of the Company Secretary.

Susan Park
Company Secretary
1 November 2021

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 the Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Friday, 3 December 2021 commencing at 11.00am (WST).

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 2021 together with the declaration of the Directors, the Directors' Report and the auditor's Report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTORS

2.1 General

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.

Mr Gordon Galt, who has served as a Director since last re-elected on 2 December 2019 retires by rotation and seeks re-election.

2.2 Qualifications and Other Material Directorships

Gordon Galt (Non-Executive Chairman) - appointed 1 July 2010

Qualifications - BA (Hons); MBA

Mr Galt is a mining engineer with extensive experience in operations, project development, senior management and directorship across a range of commodities, especially gold, copper and coal. He was General Manager at Ulan Coal in NSW's Hunter Valley then Managing Director at Cumnock Coal in 1996. Mr Galt then was Managing Director with Newcrest Mining where he oversaw development of the Cadia and Ridgeway Copper/Gold mines in NSW, the Gosowong Gold Mine in Indonesia and the redevelopment of the Telfer Copper/Gold mine in WA.

Mr Galt entered investment banking in 1999 as Managing Director for Energy, Chemicals and Pharma at ABN AMRO and was a founding Principal at Taurus Funds Management Pty Ltd in 2007.

Mr Galt is currently the Chairman of the Company.

Mr Galt is currently a Non-executive Director of NuCoal Resources Ltd (appointed 5 February 2010) (ASX:NCR) and unlisted QMETCO Ltd (appointed 30 August 2016).

2.3 Independence

If elected, the Board considers Mr Galt will be an independent Director.

2.4 Board recommendation

The Board (excluding Mr. Galt who has an interest in the Resolution) considers that Mr Galt's qualifications, skills and experience will continue to enhance the Board's ability to perform its role.

Accordingly, the Board supports the re-election of Mr Galt and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 Background

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of Equity Securities (as defined below) that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval, by way of a 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 equal to or less than \$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 \$53 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 28 October 2021 of \$0.44).

An Equity Security is defined to include 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 one class of quoted Equity Securities on issue, being 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 and the Company's total placement capacity will increase to 25% of its issued capital pursuant to ASX Listing Rule 7.1 and 7.1A.

Resolution 2 is proposed as a special resolution. For the purpose of these resolutions, this means that 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.

If Resolution 2 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

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 under the 10% Placement Capacity 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:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within 10 ASX trading days of the date specified in paragraph (a) above, 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 the Meeting;
- ii. the date of the Company's next annual general meeting; and
- iii. 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),

(10% Placement Capacity Period).

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 market price of Shares and the number of Equity Securities on issue as at 28 October 2021. 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' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	\$0.22 50% decrease in Issue Price	\$0.44 Issue Price	\$0.66 50% increase in Issue Price
120,224,667 (Current Variable A)	Shares issued - 10% voting dilution	12,022,467 Shares	12,022,467 Shares	12,022,467 Shares
	Funds raised	\$2,644,943	\$5,289,886	\$7,934,828
180,337,000 (50% increase in Variable A)	Shares issued - 10% voting dilution	18,033,700 Shares	18,033,700 Shares	18,033,700 Shares
	Funds raised	\$3,967,414	\$7,934,828	\$11,902,242

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	\$0.22 50% decrease in Issue Price	\$0.44 Issue Price	\$0.66 50% increase in Issue Price
240,449,334 (100% increase in Variable A)	Shares issued - 10% voting dilution	24,044,933 Shares	24,044,933 Shares	24,044,933 Shares
	Funds raised	\$5,289,885	\$10,579,770	\$15,869,656

Note - The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do 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. There are currently 120,224,667 existing Shares on issue as at the date of this Explanatory Memorandum.
2. The issue price set out above is the closing price of the Shares on the ASX on 28 October 2021.
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 without 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 are exercised 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 obtained 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:

- a) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- b) 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 only issue Equity Securities under the 10% Placement Capacity for cash consideration. The Company intends to use any funds raised primarily towards the costs associated with exploration on the Company's tenement package and/or for general working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 upon the 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).

f) Previous issues under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 8 December 2020 (**Previous Approval**). During the 12-month period preceding the date of the Meeting, the Company did not issue any Equity Securities under the Previous Approval.

g) Voting Exclusion

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

4. RESOLUTIONS 3 TO 6 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO GORDON GALT, WADE JOHNSON, GEOFF PIGOTT AND MICHAEL DAVIES

4.1 Background

Shareholders are being asked to approve Resolutions 3 to 6 in accordance with ASX Listing Rule 10.14 to allow ESP Shares that may vest under the Share Plan to be offered to Gordon Galt (or his nominee), Wade Johnson (or his nominee), Geoffrey Pigott (or his nominee) and Michael Davies (or his nominee), in each case on the terms and conditions set out below.

The purpose of the proposed issue of ESP Shares under the Share Plan is for the Company to incentivise the Directors. The Board considers the issue of ESP Shares pursuant to Resolutions 3 to 6 to be reasonable in the circumstances given the Company's size, stage of development and the need to attract and retain directors of high calibre, whilst maintaining cash reserves.

Accordingly, the Board has determined that the grant of ESP Shares under the Share Plan to these Directors is an appropriate form of long-term incentive for the Company's Non-executive Chair, Mr Gordon Galt, Managing Director, Mr Wade Johnson and each of Mr Geoffrey Pigott and Mr Michael

Davies, Non-executive Directors. The Company is proposing, subject to obtaining Shareholder approval (and in the case of Resolution 3, subject to the approval of Resolution 1), to offer ESP Shares under the Share Plan as follows:

- 1,200,000 ESP Shares to Gordon Galt (or his nominee);
- 2,400,000 ESP Shares to Wade Johnson (or his nominee);
- 1,500,000 ESP Shares to Geoffrey Pigott (or his nominee); and
- 1,200,000 ESP Shares to Michael Davis (or his nominee).

Each tranche of the ESP Shares proposed to be issued or transferred to the Directors (as detailed above) will only be released from the Share Plan to the Director upon the following vesting conditions being satisfied:

- (a) tranche one (being one third of the ESP Shares) will vest automatically upon the closing price of the Company's Shares (as traded on the ASX) being above \$0.60 per Share for five (5) consecutive ASX trading days;
- (b) tranche two (one third of the ESP Shares) will vest automatically upon the closing price of the Company's Shares (as traded on the ASX) being above \$0.70 per Share for five (5) consecutive ASX trading days; and
- (c) tranche three (one third of the ESP Shares) will vest automatically upon the closing price of the Company's Shares (as traded on the ASX) being above \$0.80 per Share for five (5) consecutive trading days,

(collectively, the **Vesting Conditions**).

If a particular Vesting Condition is not achieved (or is otherwise waived by the Board) by the Expiry Date, any unvested ESP Shares represented by the corresponding tranche will not vest and will be forfeited in accordance with the terms of the Share Plan.

If at any time prior to the Expiry Date there is a Capital Reorganisation, the Vesting Conditions attaching to any unvested ESP Shares will be equitably adjusted so as to ensure that no relative benefit or detriment occurs to, or is conferred upon, the Director as a result of the Capital Reorganisation and otherwise so as to comply with applicable ASX Listing Rules (if any) at the time of the Capital Reorganisation.

The Share Plan currently has no ESP Shares available to be allocated under the Share Plan. As a result, 6,300,000 New Shares will be issued to the Share Plan.

In determining the remuneration package for each Director, including the proposed offer of ESP Shares under the Share Plan, the Board (with the exclusion, in each case, of the Director whose remuneration package was under consideration at the time) considered the scope of the Director's role, the business challenges facing the Company and market practice for the remuneration of officers in positions of similar responsibility. Accordingly, they determined that the proposed issue of ESP Shares to each Director (as detailed above) is appropriate.

4.2 Reason approval required – ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company;
- (b) an associate of a director of the company; or
- (c) a person whose relationship with the company or person referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders, unless it obtains the approval of its shareholders.

The proposed issue of ESP Shares under the Share Plan to each Director (or his nominee) as detailed in Section 4.1 falls within ASX Listing Rule 10.14 above and therefore requires the approval of the Shareholders under ASX Listing Rule 10.14.

If:

- Resolution 3 is passed, the Company will be able to proceed with the issue of 1,200,000 ESP Shares to Gordon Galt (or his nominee);
- Resolution 4 is passed, the Company will be able to proceed with the issue of 2,400,000 ESP Shares to Wade Johnson (or his nominee);
- Resolution 5 is passed, the Company will be able to proceed with the issue of 1,500,000 ESP Shares to Geoffrey Pigott (or his nominee); and
- Resolution 6 is passed, the Company will be able to proceed with the issue of 1,200,000 ESP Shares to Michael Davies (or his nominee).

Additionally, the issuance of the ESP Shares to each Director (or his nominee) will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1 as those securities, once issued, will be excluded from calculating the 15% limit under ASX Listing Rule 7.1 as a result of the application of exception 14 in ASX Listing Rule 7.2 which states that approval pursuant to ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.14.

If any of Resolutions 3 to 6 are not passed, the Company will not be able to proceed with the issue of the ESP Shares to the Director (or his nominee) to which the Resolution relates, and the Board will have to consider alternative arrangements to appropriately remunerate and incentivise any such Director.

4.3 Information required by ASX Listing Rule 10.15

Pursuant to, and in accordance with, ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 3 to 6:

- (a) for the purposes of ASX Listing Rule 10.14.1, each of Gordon Galt, Wade Johnson, Geoffrey Pigott and Michael Davies is a director of the Company;
- (b) the maximum number of ESP Shares proposed to be issued to the Directors is 6,300,000 ESP Shares as follows:

Director	ESP Shares proposed to be issued
Gordon Galt	1,200,000
Wade Johnson	2,400,000
Geoffrey Pigott	1,500,000
Michael Davies	1,200,000

- (c) the total current remuneration package (per annum) for each Director is as follows:

Director	Total current annual remuneration package ¹
Gordon Galt	\$70,000
Wade Johnson	\$275,000
Geoffrey Pigott	\$50,000
Michael Davies	\$50,000

¹ Inclusive of superannuation.

- (d) the number of ESP Shares that have previously been issued to the Directors under the Share Plan is as follows. No ESP Shares have been previously issued under the Share Plan to Messrs Galt and Davis:

Director	ESP Shares offered	ESP Shares vested ¹	Forfeited
Wade Johnson	500,000	500,000	0
Geoffrey Pigott	250,000	250,000	0

¹ One third vested when Lefroy's Share price (as traded on the ASX) exceeded \$0.30 per Share, once third vested when Lefroy's Share price (as traded on the ASX) exceeded \$0.40 per Share and the final third vested when Lefroy's Share price (as traded on the ASX) exceeded \$0.50 per Share.

- (e) the issue of the ESP Shares to each Director is contingent upon the approval of the Resolution relevant to that Director. The issue of ESP Shares to the Directors will be made as soon as reasonably practicable following Shareholder approval and no later than 3 years after the date of this Meeting;
- (f) in each case, the ESP Shares will be issued for nil consideration;
- (g) a summary of the material terms of the Share Plan is set out in Schedule 1;
- (h) there are no loans associated with the acquisition of the ESP Shares by any of the Directors under the Share Plan;
- (i) details of any ESP Shares issued under the Share Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14;
- (j) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of ESP Shares under the Share Plan after this resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under that rule; and
- (k) a voting exclusion statement in respect of each of Resolutions 3 to 6 is included in this Notice.

4.4 Directors' recommendations

Resolution 3

Other than the minor dilution of Shareholders, the Board (other than Gordon Galt) does not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in offering the ESP Shares to Gordon Galt under the Share Plan under Resolution 3.

The Board (excluding Gordon Galt, who declines to give a recommendation due to his material personal interest in the outcome of Resolution 3) recommends that Shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

Resolution 4

Other than the minor dilution of Shareholders, the Board (other than Wade Johnson) does not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in offering the ESP Shares to Wade Johnson under the Share Plan under Resolution 4.

The Board (excluding Wade Johnson, who declines to give a recommendation due to his material personal interest in the outcome of Resolution 4) recommends that Shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Resolution 5

Other than the minor dilution of Shareholders, the Board (other than Geoffrey Pigott) does not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in offering the ESP Shares to Geoffrey Pigott under the Share Plan under Resolution 5.

The Board (excluding Geoffrey Pigott, who declines to give a recommendation due to his material personal interest in the outcome of Resolution 5) recommends that Shareholders vote in favour of Resolution 5. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

Resolution 6

Other than the minor dilution of Shareholders, the Board (other than Michael Davies) does not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in offering the ESP Shares to Michael Davies under the Share Plan under Resolution 6.

The Board (excluding Michael Davies, who declines to give a recommendation due to his material personal interest in the outcome of Resolution 6) recommends that Shareholders vote in favour of Resolution 6. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 6.

5. 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.

Associate has the meaning given in sections 12, 15 and 16 of the Corporations Act as if the reference to an Associate in this Notice occurred in a provision of Chapter 6 of the Corporations Act.

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.

Capital Reorganisation means a reorganisation, reconstruction, consolidation, sub-division, bonus issue or some other analogous action in respect of the ordinary share capital 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.

WST means time as observed in Perth, Western Australia.

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.

ESP Share means a Share issued under the Share Plan.

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.

Expiry Date means the date that is 5 years from the date of issue of the ESP Shares approved pursuant to Resolutions 3 to 6.

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.

Ordinary resolution means for the purposes of these resolutions, that more than 50% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour for the resolution to be passed.

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.

Share Plan means the employee incentive scheme known as the Lefroy Exploration Limited “Directors and Executives Share Plan” adopted by shareholders on 1 October 2019.

Shareholder means a registered holder of a Share.

Special resolution means for the purposes of these resolutions, that at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour for the resolution to be passed.

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

Vesting Condition has the meaning given in Section 4.1.

SCHEDULE 1
SUMMARY OF TERMS OF SHARE PLAN

1. ELIGIBILITY CRITERIA

The Share Plan is open to participation by employees and consultants of group companies, directors of the Company and associates of any of those persons (**Eligible Employees**).

2. STRUCTURE AND ADMINISTRATION OF THE SHARE PLAN

- (a) The Share Plan provides for Shares to be acquired by the Share Plan Trustee either:
- (i) to be held on behalf of Eligible Employees who have accepted offers to acquire Shares under the Share Plan (**Offers**); or
 - (ii) for later allocation to other Eligible Employees who may accept Offers in the future.
- (b) The terms, conditions and rules governing the regulation and administration of the Share Plan are set out in the Share Plan Rules. There is also a Trust Deed between the Company and the Share Plan Trustee which provides for the Share Plan Trustee to administer the Share Plan in accordance with those Plan Rules.

3. ACQUISITION OF SHARES

- (a) All Shares are offered to Eligible Employees for no consideration.
- (b) The Share Plan Committee may make Offers from time to time under the Share Plan to any or all Eligible Employees, which will specify, amongst other things:
- (i) the eligibility criteria for the purpose of the Offer, or the Eligible Employees or category of Eligible Employees to whom the Offer is to be made;
 - (ii) the existence and nature of any applicable vesting condition(s);
 - (iii) the number of Shares (or means of determining the number of Shares) the subject of the Offer; and
 - (iv) any other terms or conditions of the Offer (including the last date for acceptance and how acceptance is to occur).

4. SHARES TO BE HELD BY PLAN TRUSTEE

- (a) Upon acceptance of an Offer by an Eligible Employee (**Participant**), the Company will direct the Share Plan Trustee to acquire sufficient Shares (either through on or off-market trades or by subscribing for new Shares or by transfer of Treasury Shares held by the Company) and allocate those Shares to the Participant.

- (b) The Share Plan Trustee will hold those Shares on trust for the Participant until the Shares are either released from the Share Plan or forfeited.

5. VESTING CONDITIONS

- (a) The Share Plan Committee may in its absolute discretion make Offers which are subject to vesting conditions.
- (b) The purpose of the vesting conditions is to provide for performance hurdles to achieve the objective of aligning employee and director rewards to Company performance and the interests of Shareholders.
- (c) Subject to the ASX Listing Rules, the Share Plan Committee may reduce or waive the vesting conditions in whole or in part. If the Company makes a discounted share issue, an issue of bonus shares or reconstructs its share capital the Share Plan Committee will adjust any vesting condition to take account of that issue or reconstruction so that a Participant is not disadvantaged.

6. RELEASE OF SHARES FROM SHARE PLAN

Shares held by the Share Plan Trustee on behalf of particular Participants may be released from the Share Plan in any of the following circumstances (Release Event):

- (a) the Vesting Conditions have been satisfied;
- (b) the Share Plan Committee has determined that Vesting Conditions are not required to be satisfied or that they have been waived;
- (c) a Participant ceases to be employed by a Group Company due to the existence of special circumstances (such as death, disablement or other circumstances considered to be special by the Share Plan Committee); or
- (d) subject to the Listing Rules, automatically, where either of the following “Accelerated Vesting Events” occurs:
 - (i) the Company is subject to an unconditional takeover bid (for the acquisition of at least 50% of the Company’s issued share capital and the bidder has received acceptances for at least 33% of the Company’s issued share capital); or
 - (ii) a scheme of arrangement for the acquisition of at least 50% of the Company’s issued share capital has been approved by Shareholders and the relevant Court.

7. FORFEITURE

- (a) Shares held by the Share Plan Trustee on behalf of particular Participants may be forfeited in any of the following circumstances:

- (i) the Participant ceases to be employed by a Group Company (or has given or received a notice for the termination of such employment) and a Release Event has not occurred;
 - (ii) a court declares that a Participant has contravened his or her duties as an Eligible Employee; or
 - (iii) the Share Plan Committee determines that a Participant has acted inappropriately with respect to the Company (including gross misconduct, acts of fraud or bringing the Company into disrepute).
- (b) Forfeited Shares may be sold, cancelled or transferred, or may continue to be held by the Share Plan Trustee for the benefit of Eligible Employees in future.

8. RIGHTS OF PARTICIPANTS

Participants have the following rights during the period in which their Shares are held by the Share Plan Trustee:

- (a) to direct the Share Plan Trustee on how to vote their Shares;
- (b) to receive dividends paid on their Shares;
- (c) to participate in any pro rata share issue and sell any renounceable rights acquired; and
- (d) to participate in the issue of any bonus shares or other securities in relation to their Shares (which will be subject to the same terms and vesting conditions as, and will be held in the Share Plan by the Share Plan Trustee in the same manner as, Shares that they received under the Share Plan).


9. DEALINGS IN SHARES


Participants are prohibited from disposing of, or granting any security interests over, Shares (or interests in them) which are held on their behalf by the Share Plan Trustee.

10. TERMINATION AND AMENDMENT

The Company retains the right to modify, alter, add to or repeal all or any provision of the Share Plan and the Directors retain the right to waive any provision of the Share Plan or obligations of Participants under them.

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (WST) on Tuesday, 30 November 2021**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 186270

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Lefroy Exploration Limited hereby appoint

the Chairman of the Meeting **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 individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lefroy Exploration Limited to be held at Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Thursday, 2 December 2021 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 to 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 3 to 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 to 6 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of Director – Gordon Galt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of ESP Shares under the Share Plan to Gordon Galt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of ESP Shares under the Share Plan to Wade Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of ESP Shares under the Share Plan to Geoffrey Pigott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of ESP Shares under the Share Plan to Michael Davies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

