



Lefroy Exploration

Lefroy Exploration Limited

IBC No.29457

ARBN 052 123 930

2022 Notice of Annual General Meeting and Explanatory Statement

**Annual General Meeting to be held at
the offices of Taurus Funds, Level 41, Gateway, 1 Macquarie Place, Sydney NSW Australia
on Tuesday, 6 December 2022 commencing at 10.00am (AEDT)**

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.



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 the offices of Taurus Funds, Level 41, Gateway, 1 Macquarie Place, Sydney NSW Australia on Tuesday, 6 December 2022 commencing at 10.00am (AEDT).

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 2022 together with the declaration of the directors, the directors’ report and the auditors’ report.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – TARA FRENCH

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, Ms Tara French, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

RESOLUTION 2 – ADOPTION OF INCENTIVE PLAN

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 Rules 7.2 (Exception 13(b)), and for all other purposes, Shareholders approve the Company’s employee incentive scheme titled “Lefroy Exploration Incentive Awards Plan” (Incentive Plan) and for the issue of Equity Securities under the Incentive Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, a person who is eligible to participate in the Incentive Plan or an Associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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; or
- (c) it is cast by 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 the directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 3 – APPROVAL OF POTENTIAL TERMINATION BENEFITS IN RELATION TO EQUITY SECURITIES ISSUED PURSUANT TO THE INCENTIVE PLAN

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 10.19 and for all other purposes, approval is given for the giving of termination benefits (if any) during the period of 3 years following the approval of this Resolution to the Directors in respect of the Incentive Options (in each case the subject of Resolutions 4 to 7) as a result of the terms of the Incentive Plan as set out in the Explanatory Memorandum.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, an officer of the Company or any of its child entities (as defined in the ASX Listing Rules) who is entitled to participate in a termination benefit or an Associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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; or
- (c) it is cast by 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 the directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (iii) a member of the Key Management Personnel; or
 - (iv) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 4 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS UNDER THE INCENTIVE PLAN TO GORDON GALT

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 Incentive Options to Gordon Galt (or his nominee) under the Incentive Plan, 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 ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Incentive Plan; 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.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 5 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS UNDER THE INCENTIVE 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 2,000,000 Incentive Options to Wade Johnson (or his nominee) under the Incentive Plan, 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 ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Incentive Plan 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.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 6 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS UNDER THE INCENTIVE 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 Incentive Options to Michael Davies (or his nominee) under the Incentive Plan, 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 ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Incentive Plan; 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.

holder to vote in that way.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 7 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS UNDER THE INCENTIVE PLAN TO TARA FRENCH

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 1,200,000 Incentive Options to Tara French (or her nominee) under the Incentive Plan, 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 ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Incentive Plan; 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.

Voting prohibition statement:

A person appointed as a proxy must not vote, under that appointment, as a proxy on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 8 – 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.”

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://www.lefroyex.com/reports>

For the purpose of the meeting, securities will be taken to be held by the persons who are registered holders at 10.00am (AEDT) on Sunday, 4 December 2022. 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 Park
Company Secretary
4 November 2022

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 office of Taurus Funds, Level 41, Gateway, 1 Macquarie Place, Sydney NSW Australia on Tuesday, 6 December 2022 commencing at 10.00am (AEDT).

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 2022 together with the declaration of the Directors, the Directors' Report and the auditor's Report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR

2.1 General

ASX Listing Rule 14.4 provides that a director of an entity appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Ms Tara French, who has served as a Director since her appointment to the Board as a casual vacancy on 1 July 2022 retires and seeks re-election.

2.2 Qualifications and Other Material Directorships

Tara French (Non-Executive Director) - appointed 1 July 2022

Qualifications - BSc(Hons) MAIG

Ms Tara French is a geologist with 24 years mining and exploration experience. She has previously held the position of General Manager of Exploration for Regis Resources Limited, where she had been employed for 14 years and where she played a key role in the transition and growth of Regis over that time. Ms French has also held positions with Nickel Australia Ltd (now Azure Minerals Limited), WMC (Central Norseman Gold Mines) and Placer Dome Inc. and has multiple commodity experience including gold, nickel and copper, in project evaluation, resource estimation, open cut and underground mining.

Ms French holds a Bachelor of Science (Honours) in Economic Metalliferous Geology from James Cook University and is a Member of the Australian Institute of Geoscientists.

Ms French is currently a non-executive director of the Company.

Ms French is currently the Managing Director of Cazaly Resources Limited (appointed 19 April 2021) (ASX: CAZ).

2.3 Independence

If elected, the Board considers Ms French will be an independent Director.

2.4 Board recommendation

The Company conducted appropriate checks into Ms French's background and experience prior to her

appointment and has satisfied itself that she is an appropriate candidate to put forward for election as a Director.

The Board (excluding Ms French who has an interest in the Resolution) considers that Ms French'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 Ms French and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – ADOPTION OF INCENTIVE PLAN

3.1 Background

The Company considers it is desirable to maintain its employee incentive arrangements. To that end, the Board adopted the "Lefroy Exploration Incentive Awards Plan" (**Incentive Plan**) under which the Company can issue Equity Securities in the form of Shares, Options and performance rights (together, **Awards**).

The objective of the Incentive Plan is to attract, motivate and retain key officers, employees and consultants of the Company by providing them with the opportunity to acquire Equity Securities that allow them to participate in the future growth of the Company.

3.2 ASX Listing Rule 7.2 (exception 13(b))

Resolution 2 seeks Shareholder approval for the issue of Equity Securities under the Incentive Plan, as an exception to ASX Listing Rule 7.1, in accordance with ASX Listing Rule 7.2 (Exception 13(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 13(b)) provides that issue of Equity Securities under an employee incentive scheme within the period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme is an exception to ASX Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to issue Equity Securities under the Incentive Plan to eligible participants over a period of 3 years without impacting on the Company's ability under ASX Listing Rule 7.1 to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

If Resolution 2 is not passed, the Company's 15% placement capacity under ASX Listing Rule 7.1 will be reduced each time it issues Equity Securities under the Incentive Plan to eligible participants unless issued under another exception under ASX Listing Rule 7.2 (for example with Shareholder approval under ASX Listing Rules 10.11 or 10.14 where issued to a related party).

In accordance with the requirements ASX Listing Rule 7.2 (Exception 13(b)), the following information is provided in relation to the proposed approval of the Incentive Plan and the issue of Equity Securities under it:

- (a) a summary of the terms of the Incentive Plan is provided in Schedule 1;

- (b) no Equity Securities have previously been issued under the Incentive Plan; and
- (c) the maximum number of Equity Securities proposed to be issued under the Incentive Plan over the three years following Shareholder approval is 10,940,600. This maximum is approximately 7.5% of the Shares currently on issue; and
- (d) a voting exclusion statement is included in the Notice.

Any future issue of Awards under the Incentive Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

3.3 Additional information

Resolution 2 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 2 due to the potential personal interests of Directors in the outcome of the Resolution.

4. RESOLUTION 3 – APPROVAL OF POTENTIAL TERMINATION BENEFITS IN RELATION TO EQUITY SECURITIES ISSUED PURSUANT TO THE INCENTIVE PLAN

4.1 Background

Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 10.19 to approve the potential giving of benefits under the Incentive Plan to the Directors in connection with the Incentive Options the subject of Resolutions 4 to 7 (**Director Incentive Options**) and on the terms and conditions in this Explanatory Memorandum.

The term "benefit" has a wide operation and would include any automatic and accelerated vesting of convertible securities upon termination or cessation of employment or engagement in accordance with their terms, or the exercise of any Board discretion regarding the same.

The Incentive Plan terms allow for Board discretion to waive any of the vesting conditions applying to convertible securities issued under the Incentive Plan, which may include a waiver of the Vesting Conditions of any Director Incentive Options on the termination or cessation of a Director's employment or engagement.

The exercise of the Board's discretion under the Incentive Plan in respect of Director Incentive Options may constitute a "benefit" for the purposes of ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the potential exercise of the Board's discretion in respect of any Director Incentive Options the Directors of the Company may hold at the time of the termination of their engagement.

The value of the termination benefits that the Board may give under the Incentive Plan in relation to the Director Incentive Options issued to the Directors pursuant to Resolutions 4 to 7 below cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of convertible securities that will vest or remain on foot. The

following additional factors may also affect the benefit's value:

- (a) the Director's length of service and the status of the vesting conditions attaching to the relevant Director Incentive Options at the time the employee's employment or office ceases; and
- (b) the number of unvested Director Incentive Options that the participant holds at the time they cease employment or office.

4.2 ASX Listing Rule 10.19

ASX Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules (**5% Threshold**). Accordingly, Shareholder approval is being sought on the basis that, if Resolution 3 is passed, a Director (subject to the approval of the relevant Resolution 4 to 7) may become entitled to a termination benefit under the Incentive Plan which exceeds the 5% Threshold in connection with the Director Incentive Options issued to that Director.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if the giving of the benefits would exceed the 5% Threshold. Shareholder approval is being sought under ASX Listing Rule 10.19 in order to give the Company flexibility, in case the value of any termination benefits exceeds the 5% Threshold. In the event of such termination benefits crystallising and Shareholder approval having been obtained, the Company will be assured of compliance with ASX Listing Rule 10.19.

If this Resolution is passed, the Company will be able to give termination benefits in connection with the Director Incentive Options which exceed the 5% Threshold to the current Directors in accordance with the rules of the Incentive Plan in connection with any Director ceasing to hold their managerial or executive office. If Resolution 3 is passed, it will be effective for a period of three years from the date on which the Resolution is passed. This means that the approval will be effective if the Board exercises its discretion under the Incentive Plan and a Director's employment or office ceases during the period of three years after the approval of the Resolution. If considered appropriate, the Board may seek new approval from Shareholders at the expiry of this three year period.

If the Resolution is not passed, the Company will not be able to give termination benefits to any Directors of the Company in respect of the Director Incentive Options where those termination benefits exceed the 5% Threshold.

4.3 Additional information

Resolution 3 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 3 due to the potential personal interests of Directors in the outcome of the Resolution.

5. RESOLUTIONS 4 TO 7 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS UNDER THE INCENTIVE PLAN TO GORDON GALT, WADE JOHNSON, MICHAEL DAVIES AND TARA FRENCH

5.1 Background

Shareholders are being asked to approve Resolutions 4 to 7 in accordance with ASX Listing Rule 10.14 to allow Incentive Options to be offered to Gordon Galt, Wade Johnson, Tara French and Michael Davies (or in each case, their respective nominee), in each case on the terms and conditions set out below.

The purpose of the proposed issue of Incentive Options under the Incentive Plan is for the Company to incentivise the Directors. The Board considers the issue of Incentive Options pursuant to Resolutions 4 to 7 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 Incentive Options pursuant to the terms and conditions of the Incentive 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 Ms Tara French and Mr Michael Davies, Non-executive Directors. The Company is proposing to offer Incentive Options pursuant to the terms and conditions of the Incentive Plan as follows:

- 1,200,000 Incentive Options to Gordon Galt;
- 2,000,000 Incentive Options to Wade Johnson;
- 1,200,000 Incentive Options to Michael Davis; and
- subject to the approval of Resolution 1, 1,200,000 Incentive Options to Tara French.

The Incentive Options proposed to be issued to each Director (as detailed above) will have an exercise price of \$0.45 per Incentive Option (**Exercise Price**) and be issued in 3 tranches with the following vesting conditions:

- (a) tranche one (being one third of the Incentive Options) will vest automatically upon the closing price of the Company's Shares (as traded on the ASX) being above \$0.50 per Share for five (5) consecutive ASX trading days;
- (b) tranche two (one third of the Incentive Options) will vest automatically upon the closing price of the Company's Incentive Options (as traded on the ASX) being above \$0.60 per Share for five (5) consecutive ASX trading days; and
- (c) tranche three (one third of the Incentive Options) will vest automatically upon the closing price of the Company's Incentive Options (as traded on the ASX) being above \$0.70 per Share for five (5) consecutive trading days,

(collectively, the **Vesting Conditions**). The terms of the Incentive Options are set out in Schedule 2.

If a particular Vesting Condition is not achieved (or otherwise waived by the Board) by the date that is 3 years from the date of issue (**Expiry Date**), the unvested Incentive Options will lapse.

If at any time prior to the Expiry Date there is a Capital Reorganisation, the Vesting Conditions attaching to any unvested Incentive Options 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.

In determining the remuneration package for each Director, including the proposed offer of Incentive Options under the Incentive 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 Incentive Options to each Director (as detailed above) is appropriate.

5.2 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 Incentive Options under the Incentive Plan to each Director (or their nominee) as detailed in Section 5.1 will fall within ASX Listing Rule 10.14 and therefore requires the approval of the Shareholders under ASX Listing Rule 10.14.

If:

- Resolution 4 is passed, the Company will be authorised to issue 1,200,000 Incentive Options to Gordon Galt (or their nominee);
- Resolution 5 is passed, the Company will be authorised to issue 2,000,000 Incentive Options to Wade Johnson (or their nominee);
- Resolution 6 is passed, the Company will be authorised to issue 1,200,000 Incentive Options to Michael Davies (or their nominee); and
- Resolution 7 is passed, the Company will be authorised to issue 1,200,000 Incentive Options to Tara French (or their nominee).

Additionally, the issuance of the Incentive Options (and subsequent issue of Shares on exercise of the Incentive Options) to each Director (or their 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 4 to 7 are not passed, the Company will not be able to proceed with the issue of the Incentive Options to the Director (or their nominee) to which the Resolution relates, and the Board will have to consider alternative arrangements to appropriately remunerate and incentivise any such Director.

5.3 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 4 to 7:

- (a) the Incentive Options will be issued to Gordon Galt, Wade Johnson, Michael Davies and Tara French (or, in each case, their respective nominees);
- (b) for the purposes of ASX Listing Rule 10.14.1, each of Gordon Galt, Wade Johnson, Michael Davies and Tara French is a director of the Company;
- (c) the number of Incentive Options proposed to be issued to the Directors is as follows:

Director	Incentive Options proposed to be issued
Gordon Galt	1,200,000
Wade Johnson	2,000,000
Michael Davies	1,200,000
Tara French	1,200,000

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

Director	Total current remuneration package ¹
Gordon Galt	\$70,000
Wade Johnson	\$250,000
Michael Davies	\$50,000
Tara French	\$50,000

¹ Total salary and fees, excluding statutory superannuation.

- (e) no Equity Securities, including Incentive Options, have previously been issued under the Incentive Plan;
- (f) the terms of the Incentive Options are set out in Schedule 2;
- (g) the Incentive Options are unquoted Options. The Company has chosen to issue Incentive Options to the Directors for the following reasons:
 - (i) the issue of the Incentive Options has no immediate dilutionary impact on Shareholders; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;
- (h) the number of Incentive Options to be issued to each of the Directors has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Directors; and
 - (iii) incentives to attract and ensure continuity of service of the Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves;

- (i) the value of the Incentive Options and the pricing methodology is set out in Schedule 3;
- (j) the issue of the Incentive Options to each Director is contingent upon the approval of the Resolution relevant to that Director. The issue of Incentive Options 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;
- (k) in each case, the Incentive Options will be issued for nil consideration and have an exercise price of \$0.45 per Option;
- (l) a summary of the material terms of the Incentive Plan is set out in Schedule 1;
- (m) there are no loans associated with the acquisition of the Incentive Options by any of the Directors;
- (n) details of the Incentive Options 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;
- (o) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Incentive Options under the Incentive 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
- (p) a voting exclusion statement in respect of each of Resolutions 4 to 7 is included in this Notice.

5.4 Directors' recommendations

Resolution 4

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 Incentive Options to Gordon Galt under the Incentive Plan under Resolution 4.

The Board (excluding Gordon Galt, 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 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 Incentive Options to Wade Johnson under the Incentive Plan under Resolution 5.

The Board (excluding Wade Johnson, 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 Incentive Options to Michael Davies under the Incentive 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.

Resolution 7

Other than the minor dilution of Shareholders, the Board (other than Tara French) 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 Incentive Options to Tara French under the Incentive Plan under Resolution 7.

The Board (excluding Tara French, who declines to give a recommendation due to his material personal interest in the outcome of Resolution 7) recommends that Shareholders vote in favour of Resolution 7. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 7.

6. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 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 \$42 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 2 November 2022).

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 8, 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 8 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 8 for it to be passed.

If Resolution 8 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.

6.2 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 8:

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:

- a) 12 months after the date of the Meeting;
- b) the date of the Company's next annual general meeting; and
- c) 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 8 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 2 November

2022. 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)	\$0.14 50% decrease in Issue Price	\$0.285 Issue Price	\$0.43 50% increase in Issue Price
145,874,668 (Current Variable A)	Shares issued - 10% voting dilution	14,587,466 Shares	14,587,466 Shares	14,587,466 Shares
	Funds raised	\$2,042,245	\$4,157,428	\$6,272,610
218,812,002 (50% increase in Variable A)	Shares issued - 10% voting dilution	21,881,200 Shares	21,881,200 Shares	21,881,200 Shares
	Funds raised	\$3,063,368	\$6,236,142	\$9,408,916
291,749,336 (100% increase in Variable A)	Shares issued - 10% voting dilution	29,174,934 Shares	29,174,934 Shares	29,174,934 Shares
	Funds raised	\$4,084,491	\$8,314,856	\$12,545,222

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 ASX Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 145,874,668 Shares on issue as at the date of this Explanatory Memorandum.
- The issue price set out above is the closing price of the Shares on the ASX on 2 November 2022.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- 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.
- 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.
- 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.
- This table does not set out any dilution pursuant to approvals obtained under ASX Listing Rule 7.1.
- 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%.
- 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:

- 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 ASX 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:

- a) the purpose of the issue;
- b) 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;
- c) the effect of the issue of the Equity Securities on the control of the Company;
- d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- e) prevailing market conditions; and
- f) 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 ASX Listing Rule 7.1A at its annual general meeting held on 3 December 2021 (**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 ASX Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

7. GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 6.1.

AEDT means Australian Eastern Daylight Savings Time.

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

Articles of Association means the memorandum and articles of association of the Company as amended from time to time.

ASIC means the Australian Securities and Investments Commission.

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.

BVI Companies Act means the BVI Business Companies Act (No. 16 of 2004) as amended from time to time.

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.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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.

Director Incentive Options means any Incentive Options that are the subject of Resolutions 4, 5, 6 and 7 and issued to a Director (or their nominee).

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.

Exercise Price means \$0.45 per Incentive Option.

Exercise Date has the meaning as set out in Schedule 2.

Expiry Date has the meaning as set out in Schedule 2.

Explanatory Statement means the explanatory statement accompanying the Notice.

Incentive Option means an Option issued under the Incentive Plan and having the terms detailed in Schedule 2.

Incentive Plan means the employee incentive scheme known as the “Lefroy Exploration Incentive Awards Plan” the subject of Resolution 2 as summarized in Schedule 1.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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.

Regulation means a regulation of the Articles of Association.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

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.

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.

Substantial Holding has the meaning given to that term in the Corporations Act.

Variable A means “A” as set out in the calculation in Section 6.2.

Vesting Conditions has the meaning given in Section 5.1.

SCHEDULE 1
SUMMARY OF TERMS OF INCENTIVE PLAN

Capitalised terms have the same meaning as in the Incentive Plan.

(a) **Nature of Incentive Plan**

An incentive awards plan providing for the issue of Shares, Options and performance rights (**Awards**) as incentives to Eligible Participants.

(b) **Eligibility**

Eligible Participants are current or proposed:

(a) Directors (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a “Group Company”); or

(b) full, part time or casual employees or contractors of any Group Company;

who are declared by the Board to be eligible to receive grants of Awards under the Incentive Awards Plan.

(c) **Invitation and Application Form**

The Board may, in its absolute discretion, make a written invitation to any Eligible Participant to apply for Awards upon the terms set out in the Incentive Plan and upon such additional terms and conditions as the Board determines. On receipt of an Invitation, an Eligible Participant (or their permitted nominee) may apply for the Awards the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in its discretion.

(d) **Invitation Limits**

Where an Invitation is proposed to be made, without prospectus disclosure, of Awards and the Invitation is intended to rely on ASIC Class Order 14/1000 (**ASIC Relief**) or the new employee share scheme (**ESS**) provisions of the Corporations Act (**ESS Provisions**), the Company must have reasonable grounds to believe, when making such an Invitation, that the Invitation will not result in the Company breaching the cap imposed by ASIC Class Order relief or, where an Invitation is to be made that involves an Applicant or the Participant paying monies to the Company on the issue or exercise of Awards offered under the Invitation, the ESS Provisions, as applicable.

In general terms:

(a) if relying on ASIC Relief, the cap applies to Invitations for any Awards. If relying on the ESS Provisions, the cap only applies to Invitations that require the applicant or holder to pay the Company monies on issue or exercise of the Award (eg Options with an exercise price);

(b) in determining if an Invitation will exceed the cap, the Company must count the Shares that may be issued under the Invitation together with Shares that have been issued, or that could

be issued, under invitations made under the Incentive Plan and other employee share schemes over the 3 years prior to the Invitation; and

- (c) the cap is 5% of Shares on issue at the time of the Invitation, or if the ESS Provisions are being relied on, such other percentage as specified in the Company's constitution (which does not currently specify a cap).

(e) **Conditions to acquisition of Awards**

The issue of Awards is conditional on any necessary shareholder, constitutional and regulatory approval being obtained.

(f) **Terms of Convertible Securities**

- (i) Each Option or Performance Right (each a **Convertible Security**) will entitle its holder to subscribe for and be issued or transferred, one Share (upon vesting and exercise of that Convertible Security) unless the Incentive Plan or an applicable Invitation otherwise provides.
- (ii) There are no participating rights or entitlements inherent in Convertible Securities and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company without exercising the Convertible Securities.
- (iii) There is no right to a change in the exercise price of an Option, except in the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) after the date of issue of the Options, the exercise price of the Options will be reduced in accordance with the formula in respect of Options set out in the applicable stock exchange rules.
- (iv) There is no right to a change in the number of underlying Shares over which a Convertible Security can be exercised, except in the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Convertible Security will include the number of bonus Shares that would have been issued if the Convertible Security had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of an Option.
- (v) A Convertible Security does not entitle a participant to vote except as otherwise required by law.
- (vi) A Convertible Security does not confer any right to a return of capital, whether in a winding up, or upon a return of capital or otherwise, or a right to participate in surplus profit or assets of the Company upon a winding up.
- (vii) A Convertible Security does not confer an entitlement to participate in or receive any dividend (whether fixed or at the discretion of the Board) until the Convertible Security has vested and been exercised and Shares have been allocated as a result of the exercise of the Convertible Security.

(g) **Vesting and exercise of Convertible Securities**

Convertible Securities will not vest and be exercisable unless the vesting conditions (if any) attaching to that Convertible Security have been satisfied and the Board has notified the Eligible Participant of that fact. The Board may, in its absolute discretion, by written notice to a Participant, resolve to waive

any of the vesting conditions applying to Convertible Securities.

There is no automatic vesting on a change of control but it can be provided for in specific Invitations for specific Convertible Securities.

(h) Cashless Exercise Facility

The Board may, in its discretion, where the 7 day VWAP price of Shares (**Market Value**) is higher than the exercise price of vested Options, permit a Participant not pay the exercise price for exercised Options and instead be issued that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share) (**Cashless Exercise Facility**).

(i) Lapsing of Convertible Securities

A Convertible Security will lapse upon the earlier of:

- (i) the Board, in its discretion, resolving a Convertible Security lapses as a result of an unauthorised disposal of, or hedging of, the Convertible Security;
- (ii) a Vesting Condition not being satisfied or becoming incapable of satisfaction (and not being waived by the Board in its discretion);
- (iii) in respect of an unvested Convertible Security, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Convertible Security or allow it to remain unvested;
- (iv) in respect of a vested Convertible Security, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Convertible Security must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Convertible Security is not exercised within that period and the Board resolves, at its discretion, that the Convertible Security lapses as a result;
- (v) upon payment of a Cash Payment in respect of the vested Convertible Security;
- (vi) the Board deems that a Convertible Security lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Plan;
- (vii) in respect of an unvested Convertible Security, a winding up resolution or order is made, and the Convertible Security does not vest in accordance with rules of the Incentive Plan;
- (viii) the Participant and the Company agreeing that the Convertible Security is voluntarily forfeited or cancelled; and
- (ix) the Expiry Date of the Option or Performance Right.

(j) Disposal Restriction on Convertible Securities

Except as otherwise provided for by the Incentive Plan, an Invitation, the ASX Listing Rules or required

by law, a Convertible Security may only be disposed:

- (i) with the consent of the Board (which may be withheld in its discretion) in Special Circumstances, being:
 - (A) ceasing to be an Eligible Participant due to death or total or permanent disability, or retirement or redundancy;
 - (B) severe financial hardship; or
 - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Invitation; or
- (ii) by force of law upon death to the Participant’s legal personal representative or upon bankruptcy to the Participant’s trustee in bankruptcy.

(k) Disposal Restrictions on Shares

- (i) Shares can be made subject to a Restriction Condition and/or a Restriction Period, either of which prohibit disposal until satisfied or waived at the Board’s discretion (unless an Invitation otherwise provides).
- (ii) Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.
- (iii) If a Restriction Condition is not met (and is not waived), the Company may, amongst other remedies, buyback and cancel the Shares for nil consideration, sell the Shares for at least 80% of Market Value and retain the sale proceeds, or declare the Shares to be forfeited and, where held by a trustee, for the Shares to return to the unallocated pool or to be allocated to a different Participant.
- (iv) A Share that is subject to a Restriction Period is not at risk of buyback/forfeiture, it is just unable to be disposed during the Restriction Period.
- (v) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Shares for as long as those Shares are subject to a Restriction Period.
- (vi) The Participant agrees to execute a restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Incentive Plan or any escrow imposed by the ASX Listing Rules.

(l) Other Key Terms

- (i) All Shares issued under the Incentive Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.
- (ii) In the event of a reorganisation of the capital of the Company, all rights of the holder of an Award will be amended to the extent necessary to comply with the Corporations Act and the ASX Listing Rules applying to reorganisations at the time of the reorganisation.
- (iii) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Awards except to the extent an Invitation provides otherwise.



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- (iv) No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

SCHEDULE 2
TERMS OF INCENTIVE OPTIONS

(a) **Entitlement**

Each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Incentive Option will be \$0.45 per Incentive Option (**Exercise Price**).

(c) **Expiry Date**

Each Incentive Option will have an expiry date that is 3 years from the date of grant (**Expiry Date**). An Incentive Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Incentive Options are exercisable at any time on or prior to the Expiry Date.

(e) **Vesting Conditions**

The Incentive Options are subject to the vesting conditions as set out in the Explanatory Memorandum.

(f) **Notice of Exercise**

The Incentive Options may be exercised in whole or in part in parcels. The Incentive Options are exercisable on delivery to the registered office of the Company of a notice in writing specifying the number of Incentive Options being exercised and accompanied by the option certificate for those Incentive Options for cancellation by the Company (**Notice of Exercise**), and payment of the Exercise Price for each Incentive Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will allot and issue the resultant Shares and deliver the holding statements.

(i) **Shares issued on exercise**

Shares issued on exercise of the Incentive Options rank equally with the then issued shares of the

Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an holder are to be changed in a manner consistent with the ASX Listing Rules at the time of the reconstruction and the Vesting Conditions attaching to any unvested Incentive Options will be equitably adjusted so as to ensure that no relative benefit or detriment occurs to, or is conferred upon, the holder as a result of the reconstruction and otherwise so as to comply with applicable ASX Listing Rules (if any) at the time of the reconstruction.

(k) **Bonus issues**

If there is a bonus Share issue, the number of Shares over which an Incentive Option is exercisable will be increased by the number of Shares which the Incentive Option holder would have received if the Incentive Option had been exercised prior to the record date for the bonus issue.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options without exercising the Incentive Options.

(m) **Change in exercise price**

An Incentive Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Incentive Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Incentive Options on ASX.

(o) **Transferability**

The Incentive Options are transferable with Board approval and may be exercised into Shares to be held in the name of a nominee of the holder.

SCHEDULE 3 VALUATION OF INCENTIVE OPTIONS

The Company has calculated the total indicative value of the Incentive Options as follows:

	Total Incentive Options	Valuation	Total Value
TRANCHE 1			
Gordon Galt	400,000	0.1910	76,400
Wade Johnson	666,667	0.1910	127,333
Michael Davies	400,000	0.1910	76,400
Tara French	400,000	0.1910	76,400
			280,133
TRANCHE 2			
Gordon Galt	400,000	0.1909	76,360
Wade Johnson	666,667	0.1909	127,267
Michael Davies	400,000	0.1909	76,360
Tara French	400,000	0.1909	76,360
			279,987
TRANCHE 3			
Gordon Galt	400,000	0.1908	76,320
Wade Johnson	666,668	0.1908	127,200
Michael Davies	400,000	0.1908	76,320
Tara French	400,000	0.1908	76,320
			279,840
TOTAL	5,600,000		1,069,040

These indicative values were calculated using a Trinomial Barrier Option model on the basis of the following assumptions and variables:

Parameters	Tranche 1 Incentive Options	Tranche 2 Incentive Options	Tranche 3 Incentive Options
Share Price	0.29	0.29	0.29
Exercise (Strike) Price	0.45	0.45	0.45
Barrier Price	0.50	0.60	0.70
Time to Maturity (in years)	3	3	3
Annual Risk Free Rate	3.41%	3.41%	3.41%
Annualized Volatility	122%	122%	122%
Value per Incentive Option	0.1910	0.1909	0.1908



The Company notes that the indicative values of the Incentive Options, as set out above, are considered to represent the theoretical value of the Incentive Options as at the date of this Notice of Meeting. Given the inherent limitations of a Trinomial Barrier Option model, any change in the assumptions or variables applied in the Trinomial Barrier Option model, including change in the Company's share price prior to receiving Shareholder approval to grant the Incentive Options, may have a material impact on the value of the Incentive Options.



Lefroy Exploration

Lefroy Exploration Limited
ABN 71 052 123 930

LEX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



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 **10:00am (AEDT) on Sunday, 4 December 2022.**

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:

XX

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: 999999
SRN/HIN: I9999999999
PIN: 99999

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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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 the offices of Taurus Funds, Level 41, Gateway, 1 Macquarie Place, Sydney, NSW on Tuesday, 6 December 2022 at 10:00am (AEDT) 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 2, 3, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 2, 3, 4, 5, 6 and 7 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 2, 3, 4, 5, 6 and 7 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 – Tara French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of potential termination benefits in relation to Equity Securities issued pursuant to the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Incentive Options under the Incentive Plan to Gordon Galt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of Incentive Options under the Incentive Plan to Wade Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Incentive Options under the Incentive Plan to Michael Davies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue of Incentive Options under the Incentive Plan to Tara French	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of 10% Placement Capacity	<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

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Computershare

