LEFROY EXPLORATION LIMITED

ANNUAL REPORT

30 June 2017

Incorporated in the British Virgin Islands IBC No 29457

Australian Registered Body Number 052 123 930

Corporate Information

Directors

Gordon Galt	(Non – executive Chairman)
Michael Davies	(Non -executive Director)
James Beecher	(Non -executive Director)
Geoffrey Pigott	(Non -executive Director)
Wade Johnson	(Managing Director –Appointed 19 October 2016)

Company Secretary
Susan Hunter

Registered Offices
11 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +618 9321 0984

Equity Trust (BVI) Limited (Registered Agent)
P.O. Box 438
Palm Grove House
Road Town, Tortola
British Virgin Islands
Telephone: (284) 494-2616

Principal Place of Business
Level 1, 11 Ventnor Avenue
WEST PERTH WA 6005

Bankers
Australia & New Zealand Banking Corporation
West Perth Business Centre
Hay Street
West Perth WA 6005

Share Registries
Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000
Telephone: +618 9323 2000

Equity Trust (BVI) Limited
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Road Town, Tortola
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Auditors
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200 George Street
Sydney NSW 2000

Email
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Stock Exchange Listing
Lefroy Exploration Limited shares are listed on the Australian Securities Exchange (ASX code: LEX)

CHAIRMANS' LETTER

Dear Shareholder

The 2017 financial year has been one of significant transformational change for the Company, to become a new gold focused explorer, in the heart of the Western Australian Goldfields. Immediately post requotation of the Company's shares in October 2016 the exploration team commenced exploration on the Company's wholly owned Lefroy Gold Project located 50km to the south East of Kalgoorlie, where two new and emerging gold mineralised trends have been identified from early stage drilling.

The Lefroy Gold Project is a large contiguous land holding located between the world class St Ives Gold Camp operated by Goldfields to the west and the Mt Monger gold operation, that hosts the high grade Daisy Milano underground mine and Randalls Processing Plant held by Silver Lake Resources Limited to the east and north. Importantly the Lefroy Gold Project is located in a highly endowed gold district in the Eastern Goldfields of Western Australia, easily accessible from Kalgoorlie and located within 50km of four operating gold processing plants.

The Company's exploration team has been busy with several successful early stage drilling programs totaling around 17,000m at the Lefroy Gold Project since November 2016, that have defined the Woolibar Trend within Lake Lefroy, the Lucky Strike Trend 4km to the south west of the Randalls Processing Plant, and advanced the Red Dale Prospect that lies 1km north of the Randalls Plant.

The Woolibar Trend is a 13km long structural corridor recognised from geophysical data, that is subparallel to the Boulder, Lefroy and Speedway Faults to the west, the latter hosts the multimillion ounce Invincible Gold Deposit, located within Lake Lefroy. Intensive exploration by our neighbors at St Ives and particularly on Lake Lefroy has demonstrated that large new gold deposits can be discovered, hidden beneath the lake sediments. Your Company has applied key learnings of the discovery history at Invincible and completed several phases of early stage aircore drilling along the Woolibar Trend. This has identified three new gold prospects beneath the lake sediments, the most advanced being Zanex, where gold mineralisation has been identified over 1000m from wide spaced drilling.

At the Lucky Strike Trend, again wide spaced early stage air core drilling has identified a new and emerging gold mineralisation system over a 3000m strike length, with a best intersection of 10m at 4.60 g/t Au from 24m associated with iron rich sedimentary host rocks. We are excited about this new and evolving geological trend that is only 4km south west of the Randalls Processing Plant, and where diamond drilling is currently in progress.

The focus on the upcoming year will be both on building upon the new defined areas along the Woolibar and Lucky Strike Trends, and initial testing of multiple other targets in the Lefroy Gold Project with the objective being to define a significant gold system that has the key attributes to develop into a major gold resource

In closing I would like to thank all of the board members, and to the new but dedicated and committed exploration team, including contractors and suppliers. The Board thanks shareholders for your support as we commence an exciting year ahead.

Yours Sincerely

Gordon Galt

Gordon Galt

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) which consists of Lefroy Exploration Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report follow. Each Director was in the office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Gordon Galt, (Non-Executive Chairman) - Appointed 1 July 2010 B.Eng (Hons) (Qld Uni); B.Comm (Qld Uni); Grad Dip in Applied Finance (Finsia); MAusIMM; MAICD

Gordon 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. Gordon was General Manager at Ulan Coal in NSW's Hunter Valley then Managing Director at Cumnock Coal in 1996. He 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. Gordon entered investment banking in 1999 as Managing Director for Energy, Chemicals and Pharma at ABN AMRO and later was a founding Principal at Taurus Funds Management Pty Ltd. Gordon is currently Chairman of NuCoal Resources Ltd and is a Non-Executive Director of Finders Resources Ltd and Realm Resources Limited. Gordon was a director was Delta SBD Ltd to 30 June 2016.

Wade Johnson, (Managing Director) - Appointed 19 October 2016 BSc. (Hons) MAIG

Wade is a geologist with over 25 years' experience in mineral exploration with a focus on gold in Western Australia. He was most recently exploration manager for Kalnorth Gold Mines Limited where he oversaw exploration of the company's gold tenements near Kalgoorlie over a period of five years. Prior to this Wade was with Newmont for 10 years where he held senior roles as Exploration Manager for Australia and then as Exploration Manager for Asia Pacific. During this time he was responsible for the management of green-fields exploration programs and project generation across the Yilgarn, Tanami, North Queensland and the Lachlan Belt (NSW) with a significant amount of activity in Western Australia. He has also has had extensive exploration project management and field experience throughout the Northern Goldfields and Murchison with Wiluna Mines Limited, ASARCO, and St Barbara Mines Ltd. Wade has not had any other directorships in the past three years.

Michael Davies, (Non-Executive Director) – Appointed 1 July 2010 BA (Hons); MBA

Michael is a specialist in resource financing, with over 20 years' experience in investment banking (Barclays, BZW and ABN AMRO) originating, structuring and arranging debt and providing corporate advice to natural resources companies internationally. Michael also has had extensive commercial experience in the mining industry having been involved in the negotiation of joint venture agreements, participating on joint venture committees and negotiating the acquisition and sale of mining tenements. Michael is also a founding Principal and Director of Taurus Funds Management Pty Ltd and a Director of NuCoal Resources Ltd and Realm Resources Ltd.

James Beecher, (Non-Executive Director) – Appointed 1 July 2010 B Com; MBA; FCPA; FAICD

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

Geoffrey Pigott, (Non-executive Director) – Appointed 1 July 2010 M.A., B.A. (Hons); MAIG

Geoff has worked as a professional geologist in a career that encompasses mineral exploration, resource development and mining. His experience has been mainly in gold and base metals with major mining companies including Rio Tinto, Anglo-American, Freeport-McMoran and Newcrest. More recently as Head of Exploration with Aquila Resources, he played a lead role in assembling its extensive portfolio of iron ore, coal and manganese projects.

COMPANY SECRETARY

The following persons held the position of Company Secretary during the year and at the date of this report:

- Mr James Beecher (Resigned 6 December 2016) B Com; MBA; FCPA; FAICD
- Susan Hunter (Appointed 6 December 2016) BCom; ACA; F Fin; GAICD; AGIA

Interests in the shares and options of the Company and related bodies

As at the date of this report, the relevant interests of the directors in the shares and Share Plan Shares of Lefroy Exploration Limited were:

	Ordinary Shares	Share Plan shares
Gordon Galt	1,673,154	1,000,000
Michael Davies	9,882,654	1,000,000
James Beecher	1,550,413	1,000,000
Geoffrey Pigott	2,316,487	1,000,000
Wade Johnson	1,711,712	1,500,000

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were:

- Exploration and evaluation of the Lefroy Gold Project, 50km south east of Kalgoorlie
- Focussed exploration along the Lucky Strike and Woolibar Trends and the Red Dale Prospect
- Investment of cash assets in interest bearing bank accounts;
- Sale of Lithium Rights within tenements E63/1723 and E63/1722 in exchange for 9 million ordinary shares in Lithium Australia NL, which were subsequently sold by the Group during the year; and
- The general administration of the Group

OPERATING AND FINANCIAL REVIEW

The 12 months ended 30 June 2017 was a transformational and productive period for the Company. The first half of the year saw the issue of a prospectus and execution of several transactions, to become an exploration company to undertake gold and nickel exploration on three 100% owned projects in Western Australia. This was followed by an intensive and rewarding period of focussed exploration on the Lefroy Gold Project resulting in the definition of two new emerging mineralised trends at Lucky Strike and Woolibar and the initial evaluation of the Red Dale prospect.

The key events in the Company's transformational year were:

- Acquisition by the Company of all the issued capital in Hogans Resources Pty Ltd, and tenement E15/1447 from Montezuma Mining Company Ltd to form a large contiguous land package known as the Lefroy Gold Project near Kalgoorlie, Western Australia
- The transfer of the Lithium Rights in the Company's tenements E63/1722 and E62/1723 to Lithium Australia NL (ASX: LIT), and the acquisition by the Company of the gold and nickel rights to LIT's E63/1777
- Issuing a Prospectus dated 8 September 2016 and successfully completing a Public Offering of equity that raised $4.0 Million in gross proceeds

Change of the Company name from U.S. Masters Holdings Limited to Lefroy Exploration Limited (ASX: LEX) to reflect the change of the nature of the business

- Reinstatement to official quotation on the ASX on 19 October 2016
- Commencement of exploration at the Lefroy Gold Project, near Kalgoorlie on 24 October 2016 with the following achievements:-
    - Completion of 16936m of drilling and collection of 5411 ground gravity points
    - Encouraging gold intersections from three key targets along the Woolibar Trend in Lake Lefroy
    - Significant oxide gold intersections from air core drilling along the emerging Lucky Strike Trend
    - Multiple shallow gold intersections from RC drilling at Red Dale that confirmed and reinforced the tenor of mineralisation at the base of a palaeochannel.

Exploration Overview

Lefroy Gold Project

The Lefroy Gold Project ("LGP"), located some 50km to the South East of Kalgoorlie, is the Company's flagship project, with five advanced gold target areas recognised from appraisal of previous exploration completed by others over the past 25 years.

The LGP is a commanding contiguous land package covering in excess of 547km2 in the heart of the world class gold production area between Kalgoorlie and Norseman. The LGP adjoins the Gold Fields owned St Ives gold camp and mining centre, which contains the Invincible gold deposit, currently in production, and located in the western part of Lake Lefroy. The LGP is also immediately south of the Mount Monger Gold Operation and adjoins the site of the Randalls Processing Facility ("Randalls Mill) - both operated by Silver Lake Resources (ASX: SLR). Three other operating gold processing operations are located within 50km's of the project and provide optionality for the Company in its pursuit for the discovery and development of a large gold system.

The LGP covers a large belt of Archaean aged rocks that are transected by major structural trends interpreted by the Geological Survey of Western Australia (GSWA), previous explorers and researchers. The Company is the first to amalgamate the tenement area under one ownership, compile historical exploration data and conduct methodical systematic exploration over the land package.

Initial compilation of previous geochemical, geophysical and drilling data over the LGP, and ongoing interpretation, identified five priority areas of interest for early stage drilling testing. Exploration during the year was initiated and continued on three of these areas yielding results that have helped to advance the geological model and generate targets for follow up exploration. The three key areas of exploration focus during the year were the Woolibar Trend within Lake Lefroy, the Lucky Strike Trend 4km south west of the Randalls Mill, and the Red Dale Prospect located immediately north of the Randalls Mill.

Woolibar Trend

The Woolibar Trend covers a 13km north westerly trending sequence of rocks within the eastern part of Lake Lefroy, and along or subparallel to an informally defined Woolibar Fault. The Company completed an early stage aircore drill program in February 2017 to evaluate seven priority target areas located within the eastern part of Lake Lefroy in its wholly owned tenement package. The seven targets evaluated comprised six conceptual targets defined from geophysical datasets and one geochemical target known as the Zanex Prospect, where previous drilling by Cyprus Gold Australia Limited in 1997 intersected 6m at 2.97g/t Au from wide spaced aircore drilling (refer to LEX Prospectus dated 8 September 2016).

The results from the February 2017 early stage drill program reaffirmed the tenor of gold at the Zanex Prospect and highlighted two new and emerging targets at LTT04 and LTT06 that are based upon a subtle geochemical gold (plus 40ppb Au) signature, a favourable geological environment and trends defined from ground magnetic data.

DIRECTORS' REPORT (CONTINUED)

A follow up drill program in May 2017 consisted of 42 vertical aircore drill holes totalling 2225m that evaluated the Zanex and LLT04 target areas. At Zanex 23 holes (LEFA182-203) were drilled to both infill around the existing holes to 40m or 80m centres and 80m-160m line spacing and to evaluate the northern strike extent of the system a further 160m. The results from composite samples defined a trend over a 1000m strike length, and open along strike based upon maximum gold value in hole. The best result from the program was 12m at 0.60g/t Au from 44m in LEFA193 within an infill drill line with holes spaced at 80m centres.

At the LLT04 gold anomaly, 18 vertical air core holes evaluated the broad subtle gold anomaly (plus 40ppb Au) generated from the February drill program but also to focus evaluation along the contact of a northwest trending magnetic-gravity unit. Four 320m spaced east west lines were completed with holes at either 80m or 160m centres. The results reinforced and enhanced the existing gold anomaly, extending it a further 320m to the north with a best intersection of 4m at 1.73g/t Au from 48m in hole LEFA 204.

The results received from the Zanex and LLT04 prospects are considered significant given the early stage wide spaced nature of the program and when placed in the context of the stripped regolith profile, where the magnitude of an anomaly can be subdued and the discovery history of the Invincible Gold Deposit (13km to the south west in Lake Lefroy).

Lucky Strike Trend

At the Lucky Strike Trend, located approximately 2km to the northwest of the high grade Lucky Bay open pit mined by Silver Lake Resources (ASX:SLR) during 2015 and 4km to the south west of the Randalls Mill operated by SLR three phases of air core drilling totalling 13 holes for 7590 metres were completed. The drill program was initiated to investigate and validate a drill intersection of 22m at 2.97g/t Au in hole SCA294 drilled in 2010. The Company has interpreted from geophysical and geological data that the Lucky Strike Trend shares a similar geological and structural setting to Lucky Bay, being adjacent to the regional Mt Monger Fault that separates mafic units of the Bulong Antiform to the north and metasedimentary rocks to the south.

The drilling has successfully demonstrated the emergence of a 3000m long gold trend within sedimentary rocks adjacent to the regional Mt Monger Fault and returned promising intersections including 11m at 3.53g/t Au from 60m to End of Hole (EoH) in LEFA136, and 10m at 4.60g/t from 24m to EoH in LEFA171. The 2017 drill programs have provided a greater understanding of the geological framework along the 3000m trend defined in the LEX tenure. Gold mineralisation is constrained to one or two near vertical dipping banded iron formation (BIF) units within a sequence of black shale and this sequence is in contact to the east with a package of mafic rocks consisting of high Mg basalt and dolerite, being part of the Bulong Antiform.

The Lucky Strike Trend geological sequence and the mineralisation intersected is considered similar to the Lucky Bay gold deposit located approximately 2km along strike to the south east. There, gold mineralisation is hosted by a highly oxidised BIF within a sequence of black shale.

Red Dale Prospect

The Red Dale Prospect adjoins, and is immediately north of the Randalls Mill and Salt Creek Open pit held by Silver Lake Resources (ASX: SLR). Gold mineralisation was identified in 2007 by Integra Mines Limited ("Integra") following on from their discovery of the Salt Creek deposit located 2.5km to the south of Red Dale. Integra's aircore drilling at Red Dale during the period 2007-2010 identified a large regolith hosted gold anomaly of approximately 1.2km in length by up to 1km in width. Numerous gold intersections were reported at or near the base of the palaeochannel sediments (transported overburden), in gravel horizons overlying a similar package of rocks as at Salt Creek.

The Company considered that this broad anomaly and intersections are likely to be reflecting gold anomalous transported basal gravels derived from a nearby bedrock source, and that the material in the channels is unlikely to have been transported a significant distance. In April 2017, the Company completed a twenty six (26) hole vertical reverse circulation (RC) drilling program totalling 2197m primarily aimed at exploring for primary mineralisation that could be the source of the gold mineralisation identified in the basal transported gravels and sands by previous drilling.

DIRECTORS' REPORT (CONTINUED)

The results from the RC drill holes confirmed a gold mineralised palaeochannel system over 320m of strike and open to the north and south. Better gold intersections from the basal channel gravels include: -

- 6m at 1.75g/t Au from 42m in LEFR013
- 9m at 1.69g/t Au from 41m in LEFR006
- 7m at 1.44g/t Au from 47m in LEFR002
- 7m at 1.16g/t Au from 49m in LEFR018

Importantly the thickness of the gold mineralised basal gravels-sands varies from 1m to a maximum of 9m, but in the core of the channel is a consistent 5-7m thick over a width of 40-60m. The gravels at the base of the channel contain coarse angular clasts of quartz within a sand rich matrix and the Company interprets this as being derived from a proximal primary bedrock source

In addition to the channel hosted gold intersections an encouraging gold intersection was returned from the bedrock beneath the transported palaeochannel cover. The primary aim of the RC program was to identify primary mineralisation or vectors to primary mineralisation that could be the source for the gold in the transported gravels and sands at the base of the channel. An encouraging intersection of 1m at 4.85g/t Au from 66m in LEFR017 in an altered high Mg Basalt was returned, and located at the end of the drill traverse. Low level (0.10-0.50g/t Au) gold mineralisation in bedrock was returned from a further seven holes, with hole LEFR002 returning multiple intervals.

These bedrock results are considered positive from an early stage drill program, and when placed in the context of the altered high Mg basalt host rock. The combination of these results and detailed appraisal of the characteristics of the mineralised channel gravels and sands will provide additional vectors to be used to explore for a primary source. The focus of exploration at Red Dale remains on the discovery of a primary source to the broad gold in palaeochannel anomaly, in conjunction with the opportunity to delineate one or more channel hosted gold systems.

Tenure

To further compliment the LGP the Company entered into an agreement with a private prospector to acquire 100% interest in three contiguous granted tenements covering 6.4 square kilometres that adjoin the Lefroy Project. The three tenements resulted in the Company forming a contiguous landholding from the Lucky Strike Trend to the Red Dale Prospect, a package that adjoins Silver Lake Resources Limited's (ASX:SLR) Randalls gold operating facility. The commercial terms of the agreement were a modest cash payment with no retained royalties.

Lake Johnston Project

The Lake Johnston Project is located 120km west of Norseman and comprises two exploration licences (E63/1722 & 1723) held under title by Lefroy and one exploration licence (E63/1777) held by Lithium Australia NL (ASX: LIT). These holdings form a cohesive package in excess of 300km^2 over the Lake Johnston Greenstone Belt. Lefroy has acquired the gold and nickel rights to E63/1777 under a Tenement Rights Agreement.

The Company initiated exploration to improve and advance targeting for nickel sulphide mineralisation during the year. A 50m line spaced aeromagnetic survey was completed in December 2016 to cover areas interpreted to host ultramafic rocks that may be prospective for nickel sulphides, and to complement the existing detailed aeromagnetic data. Processing of the survey data with the existing dataset was completed and will provide the basis for follow up interpretation to advance the nickel exploration program.

Murchison Gold Project

The Murchison Gold Project comprises two pending exploration licences and eighteen pending prospecting licences covering 134km^2 to the west of Cue. One exploration licence lies to the south and along strike from Big Bell, and the other tenements form a contiguous package near to and adjoining the Cuddingwarra Mining Centre. During the period the Company continued to progress negotiations with the Native Title Corporation for a Heritage Access agreement and by June 30 2017 had near finalised an agreement. The Company is also considering alternative options to conduct exploration on the large tenement holding once granted given the focus and success at the LGP.

DIRECTORS' REPORT (CONTINUED)

Corporate

The year to 30 June 2017 was a period of significant transformation for the Company.

On 19 October 2016, the Company's securities were reinstated to official quotation on the ASX, after completion of all the Transactions as presented in the Prospectus released to the ASX on 8 September 2016 and approval being granted by the ASX to allot the Shares under the public offer. The allotment of 20,000,000 shares at $0.20 per share, to raise $4 million under the public offer was completed on 14 October 2016. Following the reinstatement, Lefroy had 64,463,920 fully paid ordinary shares on issue.

The key acquisitions and corporate transactions undertaken during the year are noted in detail in the announcement dated 17 October 2016 and summarised as follows: -

- Acquisition by Lefroy of all the issued capital in Hogans Resources Pty Ltd (HRPL) for consideration of 7,600,000 Lefroy shares.
- Acquisition by Lefroy of granted tenement E15/1447 from Montezuma Mining Company Ltd (ASX: MZM) and the issue of 4,200,000 Lefroy Shares to MZM as consideration.
- The transfer of the Lithium Rights in Lefroy's tenements E63/1722 and E62/1723 to Lithium Australia NL (ASX: LIT), and the acquisition by Lefroy of the gold and nickel rights to LIT's E63/1777. Under this transaction Lefroy received 9,000,000 LIT shares and LIT received 3,000,000 Lefroy shares as consideration. The LIT shares were fully divested by 30 June 2017.

Mr. Wade Johnson was appointed Managing Director of the Company on 19 October 2016. Mr Johnson is a geologist with over 25 years of experience in the mineral exploration industry with a strong focus on gold in Western Australia.

On 6 December 2016, Mr James Beecher resigned as the Company Secretary and Ms Susan Hunter was appointed to that role.

During the year, the Company changed its Australian Registered Office to Level 1, 11 Ventnor Avenue, West Perth, WA, 6005, Australia and postal address to PO Box 821 West Perth WA 6872.

478,158 shares were released from Escrow on 30 June 2017.

Operating Results for the Year

	2017 $000	2016 $000
Other income	1,801	-
Profit / (Loss)	509	(417)

Shareholder Returns	2017	2016
Basic profit/(loss) loss per share (cents)	**1.07**	(2.11)
Diluted profit/(loss) per share (cents)	**0.96**	(2.11)

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board. Risk Management is a recurring item on the agenda of Board meetings. The Board is responsible for

- Monitoring and assessing the risk exposure of the Group
- Conducting comprehensive reviews and making recommendations to the Board on the risk of fraud and the Groups internal controls
- Reviewing the adequacy of the Groups insurance programs

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in the Operating and Financial Review above, no significant changes in the state of affairs of the Group occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year end, Sociedad Minera U.S. Chile Limitada and USH Colombia S.A.S were liquidated. The former subsidiaries were dormant.

The directors are not aware of any other significant subsequent events since the end of the reporting period.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Comments on expected likely developments and expected results are disclosed in the Operating and Financial review above.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Policy

The remuneration policy of Lefroy Exploration Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives when considered appropriate. The Board of Lefroy Exploration Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain suitable key management personnel to run and manage the Group.

The remuneration policy, setting the terms and conditions for the Managing Director, was developed by the Board. The Managing Director receives a base salary (which is based on factors such as experience), and superannuation. The board will review executive packages as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and shares under the Company's Share Plan Trust from time to time. The policy is designed to reward executives for performance that results in long-term growth in shareholder wealth.

The Managing Director receives a superannuation guarantee contribution required by the government of Australia, which was 9.5% for the 2017 financial year, but is not entitled to receive any other retirement benefits.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought as and when required. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Share Plan when considered appropriate by the Board.

Performance based remuneration

The Group utilises performance based remuneration to attract and motivate directors and employees and has the Lefroy Exploration Ltd Share Plan which was approved by shareholders on 12 September 2016. Where utilised, shares issued under the Plan do not vest until certain hurdles have been met. The hurdles are based around future events that will advance the Company towards its objectives.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2017.

DIRECTORS' REPORT (CONTINUED)

DETAILS OF REMUNERATION

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Share Plan shares	
Directors	$	$	$	$	$	$
Gordon Galt						
2017	**37,500**	**-**	**-**	**-**	**10,285**	**47,785**
2016	-	-	-	-	-	-
Wade Johnson (i)						
2017	**198,844**	**-**	**19,163**	**-**	**54,726**	**272,733**
2016	-	-	-	-	-	-
Michael Davies						
2017	**35,000**	**-**	**-**	**-**	**10,285**	**45,285**
2016	-	-	-	-	-	-
James Beecher						
2017	**35,000**	**-**	**-**	**-**	**10,285**	**45,285**
2016	-	-	-	-	-	-
Geoffrey Pigott						
2017	**35,000**	**-**	**-**	**-**	**10,285**	**45,285**
2016	-	-	-	-	-	-
Total key management personnel compensation						
2017	**341,344**	**-**	**19,163**	**-**	**95,866**	**456,373**
2016	-	-	-	-	-	-

(i) Appointed 19 October 2016

SHARE PLAN SHARES

As at 30 June 2016 there were 4 million ordinary shares held by the U.S. Masters Executive Plan Trust (since renamed the Lefroy Exploration Limited Share Plan on behalf of directors, held in conformity with the Share Plan Rules.

During the year ended 30 June 2017:

- 900,000 shares were issued and converted from treasury shares, under the Share Plan, to be held on behalf of Managing Director Wade Johnson; and
- 600,000 shares that had previously been forfeited by former employees were reassigned to be held on behalf of Managing Director Wade Johnson

A reconciliation of Share Plan Trust ordinary shares held on behalf of directors is as follows:

Director	1 July 2016	Grants	30 June 2017
Gordon Galt	1,000,000	-	1,000,000
Michael Davies	1,000,000	-	1,000,000
James Beecher	1,000,000	-	1,000,000
Geoffrey Pigott	1,000,000	-	1,000,000
Wade Johnson	-	1,500,000	1,500,000
Total	4,000,000	1,500,000	5,500,000

DIRECTORS' REPORT (CONTINUED)

Non-executive directors and executive directors are not entitled to the shares held by the Share Plan Trust until the relevant vesting conditions are met.

On 12 September 2016, the Company's shareholders approved a change in the vesting conditions of the 4 million unvested Share Plan shares orginally issued to Directors in December 2012. The previous vesting conditions were:

(i) Tranche one (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $0.40 per share;

(ii) Tranche two (25% / 1 milion shares) – When the Company's share price (as traded on the ASX) exceeded $0.60 per share;

(iii) Tranche three (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $0.80 per share;

(iv) Tranche four (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $1.00 per share

The vesting conditions were changed to:

(i) Tranche one (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.30 per share;

(ii) Tranche two (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.40 per share;

(iii) Tranche three (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.50 per share

The Share Plan shares allcoated to Wade Johnson on 18 October 2016 have the following vesting conditions:

(i) Tranche one (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.30 per share;

(ii) Tranche two (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.40 per share;

(iii) Tranche three (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.50 per share

The modified Share Plan shares issued to the Directors and the 1.5 million new Share Plan shares issued to Wade Johnson were valued using an option pricing model with the following inputs:

Measurement date (date of shareholder approval)	12 September 2016
Volatility	70%
Expected term	3 years
Expected vesting period	3 years
Share price at grant date	$0.20
Expected dividends	$Nil
Risk-free rate	2%
Exercise price	$Nil
Expected director exit rate per year	Nil%
Market based vesting conditions	As outlined above

In accordance with IFRS 2, the share plan shares orginally issued in December 2012 were also fair valued as at the date the vesting conditions were modified. This valuation was done using the same inputs as those described above. The excess of the fair value of the modified share plan shares over the fair value of the original grant of $156,667, is being expensed over the estimated three year vesting period of the modified share plan shares.

The fair value of the 1.5 million share plan shares issued to Wade Johnson was estimated at $235,000 at the measurement date. This amount is being expensed over the estimated three year vesting period.

The total amount expensed during the year ended 30 June 2017 in relation to the Share Plan shares was $95,866.

DIRECTORS' REPORT (CONTINUED)

Service agreements

Gordon Galt, Non-Executive Chairman

- Term of agreement – Commenced on 1 July 2010, fee of $50,000 pa, no notice period of termination is required, and no monies are payable on termination. Gordon Galt waived his fee for the period July to September 2016.

Wade Johnson, Managing Director:

- Term of agreement – Commenced 19 October 2016
- Annual salary of $220,000 excluding superannuation
- The agreement may be terminated by the Company giving 3 months' notice in writing, or by Mr Johnson giving 3 month's written notice, or applicable shorter periods upon breach of contract by either party. No benefits are payable on termination other than entitlements accrued to the date of termination.

Michael Davies, Non-Executive Director:

- Term of agreement – Commenced on 1 July 2010, fee of $35,000 pa, no notice period for termination, and no monies are payable on termination.

James Beecher Non-Executive Director:

- Term of agreement – Commenced 1 July 2010, fee of $35,000 pa, no notice period of termination is required, and no monies are payable on termination.

Geoffrey Pigott, Non-Executive Director:

- Term of agreement – Commenced 1 July 2010, fee of $35,000 pa, no notice period of termination is required and no monies are payable on termination.

Equity instruments held by key management personnel

Gordon Galt	(Non – executive Chairman)
Michael Davies	(Non -executive Director)
James Beecher	(Non -executive Director)
Geoffrey Pigott	(Non -executive Director)
Wade Johnson	(Managing Director)

Options and Share Plan share holdings

The numbers of options over ordinary shares in the Company and Share Plan shares held during the financial year by each director of Lefroy Exploration Limited and other key management personnel of the Group, including their personally related parties, is set out below:

	Balance at start of the year or date of appointment	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Gordon Galt	**1,000,000**	-	-	-	**1,000,000**	-	**1,000,000**
Michael Davies	**1,000,000**	-	-	-	**1,000,000**	-	**1,000,000**
James Beecher	**1,000,000**	-	-	-	**1,000,000**	-	**1,000,000**
Geoffrey Pigott	**1,000,000**	-	-	-	**1,000,000**	-	**1,000,000**
Wade Johnson	-	**1,500,000**	-	-	**1,500,000**	-	**1,500,000**
New Holland Capital Pty Ltd (i)	-	**1,000,000**	-	**(1,000,000)**	-	-	-

(i) Gordon Galt and Michael Davies are directors of New Holland Capital Pty Ltd. During the year New Holland Capital Pty Ltd received 1 million options (Refer to Note 15 of the finanical statements for details), which they passed to their nominees. All other figures above refer to Share Plan shares.

Shareholdings

The numbers of shares in the Company held during the financial year by each director of Lefroy Exploration Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares personally granted during the reporting period as compensation.

	Balance at start of year or date of appointment	Conversion of borrowings to equity	Other changes during the year	Balance at end of the year
Directors of Lefroy Exploration Limited				
Ordinary shares				
Gordon Galt	1,573,154	-	100,000	1,673,154
Michael Davies	5,007,654	4,375,000	500,000	9,882,654
James Beecher	1,450,413	-	100,000	1,550,413
Geoffrey Pigott	1,406,666	-	909,821	2,316,487
Wade Johnson	1,711,712	-	-	1,711,712

Loans to key management personnel

There were no loans to key management personnel during the year.

DIRECTORS' MEETINGS

During the year, the Company held 7 meetings of directors. The attendance of directors at meetings of the board and committees were:

	Directors Meetings	
	A	B
Gordon Galt	7	7
Michael Davies	7	7
James Beecher	7	7
Geoffrey Pigott	7	7
Wade Johnson (Appointed October 2016)	6	6

A – Number of meetings attended.
B – Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

Unissued ordinary shares of Lefroy Exploration Limited under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
14 October 2016	14 October 2021	$0.40	1,000,000
Total number of options outstanding at the date of this report			1,000,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, in accordance with each director's Deed of Indemnity, Insurance and Access with Lefroy Exploration Limited, the Group has paid premiums insuring all the directors of Lefroy Exploration Limited against all liabilities incurred by the director acting directly or indirectly as a director of the Company to the extent permitted by law, including legal costs incurred by the director in defending proceedings, provided that the liabilities for which the director is to be insured do not arise out of conduct involving a wilful breach of the director's duty to the Company.

The total amount of insurance contract premiums paid is $11,025.

NON-AUDIT SERVICES

The following details any non-audit services provided by the entity's auditor, Ernst & Young or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of professional pronouncements and standards for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general standard of independence for auditors.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	2017 $	2016 $
Taxation compliance services	**22,150**	4,675
	22,150	4,675

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst&Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for unspecified amounts). No payment has been made to indemnify Ernst&Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court.

Wade Johnson
Managing Director
Perth, 21 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $000	Consolidated 2016 $000
INCOME			
Interest income		**42**	-
Profit on sale of Lithium Rights	4	**1,710**	-
Other income	5	**49**	7
		1,801	7
EXPENDITURE			
Accomodation expenses		**(30)**	(21)
Legal, professional and consulting expenses		**(139)**	(203)
Directors fees		**(143)**	-
Travel expenses		**(17)**	(4)
Tender expenses		**-**	(25)
Interest expense		**(70)**	(94)
Depreciation expense		**(5)**	-
Net loss on financial assets held at fair value through profit or loss	9	**(359)**	-
Salaries and wages expenses		**(277)**	(11)
Share based payment expense		**(96)**	-
Foreign exchange loss		**-**	1
Other expenses		**(156)**	(67)
PROFIT/(LOSS) FOR THE YEAR BEFORE INCOME TAX		**509**	(417)
INCOME TAX BENEFIT/(EXPENSE)		**-**	-
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF LEFROY EXPLORATION LIMITED		**509**	(417)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF LEFROY EXPLORATION LIMITED		**509**	(417)
Basic profit/(loss) per share attributable to the ordinary equity holders (cents per share)	24	1.07	(2.11)
Diluted profit/(loss) per share attributable to the ordinary equity holders (cents per share)	24	0.96	(2.11)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Consolidated	
		2017	2016
	Notes	$000	$000
CURRENT ASSETS			
Cash and cash equivalents	8	3,071	52
Financial assets at fair value through profit or loss	9	3	10
Other receivables	10	55	-
Other current assets		22	12
TOTAL CURRENT ASSETS		3,151	74
NON-CURRENT ASSETS			
Plant and equipment		42	-
Exploration and evaluation assets	11	4,386	-
TOTAL NON-CURRENT ASSSETS		4,428	-
TOTAL ASSETS		7,579	74
CURRENT LIABILITIES			
Trade and other payables	12	355	56
Other finance liabilities		2	-
TOTAL CURRENT LIABILITIES		357	56
NON- CURRENT LIABILITIES			
Borrowings	13	-	656
TOTAL NON-CURRENT LIABILITIES		-	656
TOTAL LIABILITIES		357	712
NET ASSETS		7,222	(638)
EQUITY			
Issued capital	14	18,980	11,795
Share premium reserve	15	7,115	7,115
Foreign currency translation reserve	15	(111)	(111)
Share based payment reserve	15	205	39
Accumulated losses		(18,967)	(19,476)
TOTAL EQUITY		7,222	(638)

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2017

	Notes	Share Capital	Share Premium Reserve	Share Based Payments Reserve	Foreign Curreny Translation Reserve	Accumulated Losses	Total
		$000	$000	$000	$000	$000	$000
BALANCE AT 1 JULY 2015		11,795	7,115	39	(111)	(19,059)	(221)
Loss for the year		-	-	-	-	(417)	(417)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	-	-	-	(417)	(417)
BALANCE AT 30 JUNE 2016		11,795	7,115	39	(111)	(19,476)	(638)
Profit for the year		-	-	-	-	509	509
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	509	509
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Acquisition of Hogan Resources Pty Ltd	**14**	1,520	-	-	-	-	1,520
Acquisition of other exploration assets	**14**	1,440	-	-	-	-	1,440
Conversion of borrowings	**14**	875	-	-	-	-	875
Capital raising	**14**	4,000	-	-	-	-	4,000
Capital raising costs	**14**	(650)	-	70	-	-	(580)
Issue of shares under Share Plan	**15**		-	96	-	-	96
BALANCE AT 30 JUNE 2017		**18,980**	**7,115**	**205**	**(111)**	**(18,967)**	**7,222**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $000	2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(479)**	(301)
Interest paid		**(1)**	-
Interest received		**42**	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**23**	**(438)**	(301)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation	**11**	**(1,426)**	-
Payements for plant and equipment		**(45)**	-
Proceeds from disposal of financial assets	**9**	**1,358**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(113)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares	**14**	**4,000**	-
Payments of share issue costs	**14**	**(580)**	-
Draw down on finance facility	**13**	**150**	300
NET CASH INFLOW FROM FINANCING ACTIVITIES		**3,570**	300
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,019**	(1)
Cash and cash equivalents at the beginning of the financial year		**52**	53
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**8**	**3,071**	52

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Lefroy Exploration Limited and its subsidiaries ("the Group" or "consolidated entity"). The financial statements are presented in Australian dollars. Lefroy Exploration Limited is a company limited by shares, incorporated in and under the laws of the British Virgin Islands on 14 May 1990 under the International Business Act (Cap. 291). The Company maintains registered offices in Western Australian and the British Virgin Islands. The financial statements were authorised for issue by the directors on 21 September 2017. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Frinancial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). Lefroy Exploration Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the IASB that are relevant to their operations and effective for the current annual reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(ii) Early adoption of standards

The Group did not elect to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lefroy Exploration Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Lefroy Exploration Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Lefroy Exploration Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Investments and other financial assets

Classification

The Group classifies all of its financial assets as trade and other receivables and financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading or for the purpose of short-term profit taking. Such assets are measured at fair value with changes in carrying amount being included in profit or loss. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

(i) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 25% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(j) Exploration and evaluation costs

Exploration and evaluation costs incurred are accumulated in respect of each identifiable area of interest. Exploration and evaluation costs related to each identifiable area of interest are recognised as exploration and evaluation assets in the year in which they are incurred and carried forward to the extent that the following conditions are satisfied:

- rights to tenure of the identifiable area of interest are current; and
- at least one of the following conditions is also met:
    - the expenditure is expected to be recouped through the successful development of the identifiable are of interest, or alternatively, by its sale; or
    - where activities in the identifiable area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and activities in, or in relation to, the area of interest.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full in the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist. If the test indicates that the carrying value might not be recoverable, the asset is written down to its recoverable amount. Any such impairment arising is recognised in the statement of profit or loss and other comprehensive income for the year.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(l) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(m) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of share-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions in the case of employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined in accordance with International Accounting Standards by an internal valuation using a Black-Scholes (or other industry accepted) option pricing model for options and Share Plan shares and by reference to market price for ordinary shares. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as a modification of the original option.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis.

p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year

q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment is that the impact of these new standards and interpretations will not be material to the Group.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation costs

The accounting policy for exploration expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares and Share Plan shares, are valued using the Black-Scholes or Binomial pricing models. This model uses assumptions and estimates as inputs.

Impairments

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the directors' best estimate of the asset's fair value, which can incorporate various key assumptions.

Any amounts in excess of the fair value are impaired, in line with accounting policy disclosures in parts 1.f) and 1.j

2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process.

(a) Market risk

(i) Foreign exchange risk

The Group operates entirely in Australia and thus is not significantly exposed to foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations, the Group's financial statements for the year ended 30 June 2017 are not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $3,071,000 (2016: $52,000) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 1.98% (2016: Nil%).

Sensitivity analysis

At 30 June 2017, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax profit for the Group would have been $30,720 lower/higher (2016: $Nil lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

All surplus cash holdings within the Group are currently invested with AA- rated financial institutions.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value (not market value) of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

3: SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment, being exploration activities undertaken in Western Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

4: PROFIT ON SALE OF LITHIUM RIGHTS

On 16 October 2016, the Company sold its Lithium Rights within tenements E63/1723 and E63/1722 in exchange for 9 million ordinary shares in Lithium Australia NL. Based on the ASX market quoted Lithium Australia 12 month VWAP to 19 October 2016 of $0.19 per share, a profit of $1,710,000 has been recorded, as the book value of the assets sold was $Nil. These shares were subsequently sold (refer to Note 9).

	Consolidated	
	2017	2016
	$000	$000
5: OTHER INCOME		
From continuing operations		
Other revenue		
- Prior year GST (i)	**47**	-
- Other revenue	**2**	7
	49	7

(i) During the year ended 30 June 2017, the Company registered for GST and claimed all GST paid over the past four years.

6: EXPENSES

Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**19**	1
Minimum lease payments relating to operating leases	**30**	21

7: INCOME TAX

(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	**509**	(417)
Prima facie tax benefit at the Australian tax rate of 30% (2016: 30%)	**153**	(125)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**29**	-
Adjustments in respect of temporary differences for the prior year	**(73)**	125
Recognition of tax losses not previously brought to account	**(109)**	-
Income tax expense	**-**	-

(c) Unrecognised deferred tax assets

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. Unrecognised deferred tax assets were $271,691 as at 30 June 2017, of which $175,566 are attributable to the year ended 30 June 2017.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7: INCOME TAX (CONTINUED)

(d) Deferred tax assets and liabilities

Deferred tax assets and (liabilities) are as follows:

	Consolidated 2017 $000
Investments	107
Trade and other payables	14
Business related costs	7
Exploration costs	(364)
Tax losses	236
	-

8: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated 2017 $000	2016 $000
Cash at bank and in hand	**571**	52
Short-term deposits	**2,500**	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**3,071**	52

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

9. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated $000
Beginning of the financial year	10
Acquisition of Lithium Australia (LIT) shares (Note 4)	1,710
Fair value of shares sold during the year	(1,358)
Net loss of financial assets at fair value through profit or loss	(359)
End of the financial year	**3**

During the year ended 30 June 2017, the Company disposed all of the LIT shares.

The Group has available to it various methods in estimating the fair value of listed investments. The methods comprised:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quotes prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of financial assets at fair value through profit or loss listed above were calculated using the level 1 method.

10: CURRENT ASSETS – OTHER RECEIVABLES

	Consolidated 2017 $000	Consolidated 2016 $000
Other – GST receivable	**55**	-
	55	-

11: NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

	Consolidated $000
Beginning of the financial year	-
Acquisition of exploration assets held by Hogan Resources Pty Ltd (Note 21)	1,520
Acquisition of gold and nickel rights within E63/1777 from Lithium Australia NL (Note 14)	600
Acquisition of EL 15/447 from Montezuma Mining Limited (note 14)	840
Other exploration costs incurred during the year	1,426
End of the financial year	**4,386**

12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated 2017 $000	Consolidated 2016 $000
Trade payables	**245**	-
Other payables and accruals	**110**	56
	355	56

13. BORROWINGS

	Consolidated $000
Beginning of the financial year (i)	656
Drawdown	150
Interest accrued (i)	69
Conversion of facility into shares (Note 14) (i)	(875)
End of the financial year	-

(i) Finance facility from Michael Davies (director of the Company). Under the terms of the finance facility, as the amount owing was settled in equity, the fair value of shares issued to settle the facility equated to the principle owing of $700,000 plus, in lieu of interest, a premium of 25% of the principle.

14: ISSUED CAPITAL

(a) Share capital

	Notes	2017 Number of shares	2017 Consolidated $000	2016 Number of shares	2016 Consolidated $000
Ordinary shares fully paid					
Total issued capital		**58,963,920**	**18,980**	19,788,920	11,795
Beginning of the financial year		19,788,920	11,795	19,788,920	11,795
Issue shares – Public offering		20,000,000	4,000	-	-
Share issue costs (i)		-	(650)	-	-
Issue of shares to acquire Hogans Resources Pty Ltd (Note 21)		7,600,000	1,520	-	-
Issue of shares to acquire EL 63/1777 (Note 11)		3,000,000	600	-	-
Issue of shares to acquire EL 15/447 (Note 11)		4,200,000	840	-	-
Issue of shares to settle borrowings (Note 13)		4,375,000	875	-	-
End of the financial year		**58,963,920**	**18,980**	19,788,920	11,795

(i) Includes $294,000 to New Holland Capital Pty Ltd, a company which directors Gordon Galt and Michael Davies are directors of, and a share based payment (Note 15).

(b) Ordinary shares

Ordinary fully paid shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held.

On a show of hands every holder of ordinary fully paid shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll is entitled to one vote for each share held.

(c) Treasury shares

	Notes	2017 Number of shares	2017 Consolidated $000	2016 Number of shares	2016 Consolidated $000
Beginning of the financial year		**12,194,460**	**28,716**	12,194,460	28,716
Transfer of treasury shares (i)		**(12,194,460)**	**(28,716)**	-	-
End of the financial year		**-**	**-**	12,194,460	28,716

(i) During the period all the treasury shares held by the Company were used to satisfy the issue of shares under the transactions completed in October 2016

14: ISSUED CAPITAL (CONTINUED)

(d) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may strive to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2017 and 30 June 2016 are as follows:

	Consolidated	
	2017 $000	2016 $000
Cash and cash equivalents	**3,071**	52
Other receivables	**55**	-
Trade and other payables	**(355)**	(36)
Working capital position	**2,771**	16

15: RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2017 $000	2016 $000
(a) Reserves		
Foreign currency translation reserve	**(111)**	(111)
Share-based payments reserve	**205**	39
	94	72

(b) Nature and purpose of reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve is used to record historical exchange differences arising from the translation of the financial statements in the functional currency to the reporting currency for the periods when the functional and presentation currencies were different.

(ii) Share premium reserve

The share premium reserve represents the difference between the par value of the shares issued and the issue price.

(iii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and shares issued under employee Share Plan.

(c) Movements in options on issue

	Number of options	
	2017	2016
Beginning of the financial year	**-**	-
Options to New Holland Capital Pty Ltd for services in relation to public offer	**1,000,000**	-
End of the financial year	**1,000,000**	-

15: RESERVES AND ACCUMULATED LOSSES (CONTINUED)

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights. Set out below are summaries of the options granted:

	2017		2016	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	-	-	-	-
Granted (i)	**1,000,000**	**40**	-	-
Forfeited/cancelled	-	-	-	-
Exercised	-	-	-	-
Expired/lapsed	-	-	-	-
Outstanding at year-end	**1,000,000**	**40**	-	-
Exercisable at year-end	**1,000,000**	**40**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 4.25 years, and the exercise price 40 cents.

i) 1,000,000 options were issued to New Holland Capital Pty Ltd as part consideration for services in relation to the public offer to raise $4 million (Note 8). Directors Gordon Galt and Michael Davies are directors of New Holland Capital Pty Ltd. Each option entitles the holder to purchase one ordinary share for $0.40. The options expire on 14 October 2021. A value of $70,000 has been ascribed to the options. The options were valued using a Black-Scholes Option pricing model, with the following inputs:

Measurement date	18 October 2016
Volatility	60%
Expected term	5 years
Expected vesting period	5 years
Share price at grant date	$0.20
Expected dividends	$Nil
Risk-free rate	1.84%
Exercise price	$0.40

(d) Share Plan Shares

As at 30 June 2016 there were 4 million ordinary shares held by the U.S. Masters Executive Plan Trust (since renamed Lefroy Exploration Limited Share Plan Pty Ltd) on behalf of directors, held in conformity with the Share Plan Rules.

During the year ended 30 June 2017:

- 900,000 shares were issued and converted from treasury shares, under the Share Plan, to be held on behalf of Managing Director Wade Johnson; and
- 600,000 shares that had previously been forfeited by former employees were reassigned to be held on behalf of Managing Director Wade Johnson

A reconciliation of Share Plan ordinary shares held on behalf of directors is as follows:

Director	1 July 2016	Grants	30 June 2017
Gordon Galt	1,000,000	-	1,000,000
Michael Davies	1,000,000	-	1,000,000
James Beecher	1,000,000	-	1,000,000
Geoffrey Pigott	1,000,000	-	1,000,000
Wade Johnson	-	1,500,000	1,500,000
Total	4,000,000	1,500,000	5,500,000

15: RESERVES AND ACCUMULATED LOSSES (CONTINUED)

Non-executive directors and executive directors are not entitled to the shares held by the Share Plan Trust until the relevant vesting conditions are met.

On 12 September 2016, the Company's shareholders approved a change in the vesting conditions of the 4 million unvested Share Plan shares orginally issued to Directors in December 2012. The previous vesting conditions were:

(v) Tranche one (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $0.40 per share;

(vi) Tranche two (25% / 1 milion shares) – When the Company's share price (as traded on the ASX) exceeded $0.60 per share;

(vii) Tranche three (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $0.80 per share;

(viii) Tranche four (25% / 1 million shares) – When the Company's share price (as traded on the ASX) exceeded $1.00 per share

The vesting conditions were changed to:

(iv) Tranche one (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.30 per share;

(v) Tranche two (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.40 per share;

(vi) Tranche three (33% / 1.33 million shares) – When the Company's share price (as traded on the ASX) exceeds $0.50 per share

The Share Plan shares allcoated to Wade Johnson on 18 October 2016 have the following vesting conditions:

(iv) Tranche one (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.30 per share;

(v) Tranche two (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.40 per share;

(vi) Tranche three (33% / 500,000 shares) – When the Company's share price (as traded on the ASX) exceeds $0.50 per share

The modified Share Plan shares issued to the Directors and the 1.5 million new Share Plan shares issued to Wade Johnson were valued on grant date using an option pricing model with the following inputs:

Measurement date (date of shareholder approval)	12 September 2016
Volatility	70%
Expected term	3 years
Expected vesting period	3 years
Share price at grant date	$0.20
Expected dividends	$Nil
Risk-free rate	2%
Exercise price	$Nil
Expected director exit rate per year	Nil%
Market based vesting conditions	As outlined above

In accordance with IFRS 2, the share plan shares orginally issued in December 2012 were also fair valued as at the date the vesting conditions were modified. This valuation was done using the same inputs as those described above.

The excess of the fair value of the modified share plan shares over the fair value of the original grant of $156,667, is being expensed over the estimated three year vesting period of the modified share plan shares.

15: RESERVES AND ACCUMULATED LOSSES (CONTINUED)

The fair value of the 1.5 million share plan shares issued to Wade Johnson was estimated at $235,000 at the grant date. This amount is being expensed over the estimated three year vesting period.

The total amount expensed during the year ended 30 June 2017 in relation to the Share Plan shares was $95,866.

16: DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

17: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	Consolidated	
	2017	2016
(a) Audit services	$000	$000
Ernst & Young Australia – audit and review of financial reports	**40**	16
Total remuneration for audit services	**40**	16
(b) Non-audit services		
Ernst & Young Australia – taxation compliance services	**22**	5
Total remuneration for other services	**22**	5

18: CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

19: COMMITMENTS

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	Consolidated	
	2017	2016
	$000	$000
within one year	**529**	-
later than one year but not later than five years	**1,202**	-
	1,731	-

(b) Lease commitments: Group as lessee

Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**18**	18
later than one year but not later than five years	**-**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**18**	18

20: RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Lefroy Exploration Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21.

(c) Key management personnel compensation

	Consolidated	
	2017	2016
	$000	$000
Short-term benefits	**341,344**	-
Post-employment benefits	**19,163**	-
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**95,866**	-
	456,373	-

(d) Transactions and balances with other related parties

Other than the related party transactions described in Notes 13, 14 and 15, the following related party transactions occurred during the year ended 30 June 2017:

- Rent and administration expenses of $21,459 paid and payable to Taurus Funds Management Pty Ltd; and
- Rent and administration expenses of $15,697 paid and payable to Taurus SM Holdings Pty Ltd.

Gordon Galt and Michael Davies are directors of these companies.

21: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding[(1)]	
			2017 %	2016 %
Hogans Resources Pty Limited	Australia	Ord	**100**	-
U.S. Masters Share Plan Pty Ltd (i)	Australia	Ord	**100**	100
USH Colombia S.A.S (i)	Columbia	Ord	**100**	100
U.S. Masters Chile Limitada (i)	Chile	Ord	**100**	100

i) Subsequent to year end, U.S. Masters Chile Limitada and USH Colombia S.A.S were liquidated. The former subsidiaries were dormant. Also, subsequent to year end U.S. Masters Share Plan Pty Ltd changed its name to Lefroy Exploration Share Plan Pty Ltd.

ACQUISITION OF HOGANS RESOURCES PTY LTD

In October 2016, the Company acquired a 100% interest in Hogans Resources Pty Ltd.

The acquisition of Hogan Resources Pty Ltd was assessed by the Board and it was determined that the acquisition was an asset acquisition rather than a business combination as Hogan Resources Pty Ltd was not considered to meet the definition of a “business” under IFRS 3 Business Combinations.

Consideration for the acquisition.	$000
Fair value of ordinary shares (Note 14)	1,520
	1,520

The fair value of net assets acquired at the date of acquisition:	$000
Cash	2
Exploration assets (Note 11)	1,520
Other payables	(2)
	1,520

22: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to year end, U.S. Masters Chile Limitada and USH Colombia S.A.S were liquidated. The former subsidiaries were dormant.

The directors are not aware of any other significant subsequent events since the end of the reporting period.

	Consolidated 2017 $	Consolidated 2016 $
23: STATEMENT OF CASH FLOWS		
Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities		
Net profit/(loss) for the year	**509**	(417)
Non-cash, non-operating activities		
Depreciation expense	**5**	-
Share based payment expenses	**96**	-
Sale of Lithium Rights	**(1,710)**	-
Net loss on financial assets held at fair value through profit and loss	**359**	-
Interest expense on borrowings	**69**	94
Change in operating assets and liabilities		
(Increase)/decrease in financial assets at fair value through profit and loss	**-**	(7)
(Increase)/decrease in other assets	**(10)**	
(Increase)/decrease in other receivables	**(55)**	9
Increase/(decrease) in trade and other payables	**299**	20
Net cash outflow from operating activities	**(438)**	(301)

Non-cash investing and financing activities:

Non-cash investing and financing activities are listed in Notes 11 and 14.

24: PROFIT/LOSS PER SHARE

	2017 $	2016 $
(a) Reconciliation of earnings used in calculating loss per share		
Profit/(loss) attributable to the owners of the Company used in calculating basic and diluted loss per share	**509**	(417)

	Number of shares 2017	Number of shares 2016
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	**47,376,934**	19,788,920
Weighted average number of ordinary shares used as the denominator in calculating diluted profit/(loss) per share	**53,123,509**	19,788,920

(c) Information on the dilutive options

For the year ended 30 June 2017, the 1 million options and Share Plan shares (Note 15) are dilutive and have been included in the calculation of diluted earnings per share. There were no options on issue during the year ended 30 June 2016. The 4.6 million Share Plan shares on issue during the year ended 30 June 2016 were anti-dilutive during the year and have thus not been reflected in the calculation of diluted loss per share for the year ended 30 June 2016.

25: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Lefroy Exploration Limited, at 30 June 2017. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2017 $	2016 $
Current assets	**3,151**	74
Investment in Hogans Resources Pty Limited	**1,520**	-
Other non-current assets	**2,908**	-
Total assets	**7,579**	74
Current liabilities	**356**	56
Non-current liabilities	**-**	656
Total liabilities	**356**	712
Issued capital	**18,980**	11,795
Share premium reserve	**7,115**	7,115
Foreign currency translation reserve	**(111)**	(111)
Share-based payments reserve	**205**	39
Accumulated losses	**(18,966)**	(19,476)
Total equity	**7,222**	(638)
Profit/(loss) for the year	**510**	(417)
Total comprehensive income for the year	**510**	(417)

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lefroy Exploration Limited:

In the opinion of the directors:

a) The financial statements and notes of the Group are in accordance with the International Financial Reporting Standards, including:

   (i) Giving a true and fair view of the financial position as at 30 June 2017 and its performance, for the year ended on that date of the Group; and

   (ii) Complying with IAS 1; and

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This statement has been made in accordance with a resolution of directors.

Wade Johnson
Managing Director
Perth, 21 September 2017

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Independent Auditor's Report to the Members of Lefroy Exploration Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lefroy Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report presents fairly, in all material respects, the financial position of Lefroy Exploration Limited as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. **Carrying Value of Exploration and Evaluation Assets**

Why significant	How our audit addressed the key audit matter
Capitalised exploration and evaluation assets represent 58% of the Group's total assets. The ability to recognise these assets is impacted by the Group's ability and intention, to continue to explore the tenements and its ability to realise the value of the asset through development or sale. Due to the significance of exploration and evaluation assets and the subjectivity involved in assessing the ability to continue to recognise these assets, this was a key audit matter. Refer to Note 11 – Exploration and evaluation assets to the financial statements for the amounts held on the Balance sheet by the Group as at 30 June 2017 and related disclosure.	Our procedures included the following: ‣ Consideration of the Company's right to explore in the relevant exploration areas which included obtaining and assessing relevant documentation such as license agreements; ‣ Considered the Group's intention to continue to carry out exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast and discussions with senior management and Directors as to the intentions and strategy of the Group; ‣ Assessed the Group's consideration of the existence of any indicators of impairment; and ‣ Considered the adequacy of disclosures included within Note 11 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
21 September 2017

ASX ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 13 September 2017.

(a) Distribution schedule and number of holders of equity securities as at 13 September 2017

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares	30	82	157	179	66	514
Unlisted Options – 40c 14.10.2021	-	-	-	-	3	3

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 13 September 2017 is 44.

(b) 20 Largest holders of quoted equity securities as at 13 September 2017

The names of the twenty largest holders of fully paid ordinary shares (ASX code: LEX) as at 13 September 2017 are:

Rank	Name	Shares	% of Total Shares
1	MR MICHAEL DAVIES	9,882,654	15.33
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,840,000	10.61
3	LEFROY EXPLORATION SHARE PLAN PTY LTD	5,500,000	8.53
4	MONTEZUMA MINING COMPANY LTD	4,200,000	6.52
5	LITHIUM AUSTRALIA NL	3,000,000	4.65
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,216,439	3.44
7	RON NORBERT GAJEWSKI	1,711,712	2.66
8	WADE STEVEN JOHNSON	1,711,707	2.66
9	CRAIG ANDREW NELMES	1,711,707	2.66
10	MR GEOFFREY FRANCIS PIGOTT	1,656,666	2.57
11	FREDERICK CHARLES SAUNDERS	1,643,244	2.55
12	MR JAMES DAVID BEECHER + MRS CAROL BEECHER <THE BEECHER SUPER FUND A/C>	1,550,413	2.41
13	CLARKSON'S BOATHOUSE PTY LTD <CLARKSON SUPER FUND A/C>	1,054,000	1.64
14	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	1,000,000	1.55
15	MR DAVID ADAM BEAMOND	805,299	1.25
16	BNP PARIBAS NOMINEES PTY LTD <JARVIS A/C NON TREATY DRP>	700,000	1.09
17	MRS MICHELE PIGOTT	659,821	1.02
18	ALCARDO INVESTMENTS LTD	630,000	0.98
19	MR ROHAN KRISHNA MENON	559,824	0.87
20	ST BARNABAS INVESTMENTS PTY LTD <THE MELVISTA FAMILY A/C>	350,000	0.54
	TOTAL	47,383,486	73.53

Stock Exchange Listing – Listing has been granted for 40,542,087 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 13 September 2017 are detailed below in part (d).

(c) Substantial shareholders

Substantial shareholders in Lefroy Exploration Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Name	Shares	% of Total Shares
Michael Davies & Associated Entities	10,882,654	16.88%
Resource Capital Fund VI LP	6,750,000	10.47%
Montezuma Mining Company Limited	4,200,000	6.52%

(d) Unquoted Securities

The number of unquoted securities, which are escrowed (detailed in part f below), on issue as at 13 September 2017:

Unquoted Security	Number on Issue
Fully Paid Ordinary Shares	23,921,833
Unlisted Options – exercisable at 40c on or before 14.10.2021	1,000,000

(e) Holder Details of Unquoted Securities

Optionholders that hold more than 20% of a given class of unquoted securities as at 13 September 2017 other than options issued under an employee incentive scheme:

Security	Name	Number of Securities
Unlisted Options – exercisable at 40c on or before 14.10.2021	IONIKOS PTY LTD <WELD A/C>	425,000
Unlisted Options – exercisable at 40c on or before 14.10.2021	MRS RACHEL READER MILTON	425,000

(f) Restricted Securities as at 13 September 2017

The Company had the following restricted securities as at 13 September 2017 –

Security	Escrow Period
1,000,000 Unlisted Options – exercisable at 40c on or before 14.10.2021	Under escrow until 19 October 2018.
16,721,833 Fully Paid Ordinary Shares	Under escrow until 19 October 2018.
3,000,000 Fully Paid Ordinary Shares	Under escrow until 19 October 2017.
4,200,000 Fully Paid Ordinary Shares	Under escrow until 14 October 2017.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options have no voting rights.

(h) On-Market Buy-Back

The Company is not currently undertaking an on-market buy-back.

(i) Corporate Governance

The Board of Lefroy Exploration Limited is committed to Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate with Shareholders. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at http://lefroyex.com/corporate-governance/ .

(j) Application of Funds

During the financial year, Lefroy Exploration Limited confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.

(k) Schedule of Mining Tenements

The schedule of interest in mining tenements both as at 30 June 2017 and as at 13 September 2017 is as follows:

Tenement ID	Area ha/bl	Grant Date	Exp Date	Holder
E 25/0517	2	29/05/2015	28/05/2020	HOGANS RESOURCES PTY LTD
E 26/0131	8	10/08/2009	09/08/2019	HOGANS RESOURCES PTY LTD
E 26/0134	6	29/03/2010	28/03/2020	HOGANS RESOURCES PTY LTD
E 26/0150	1	15/03/2011	14/03/2021	HOGANS RESOURCES PTY LTD
E15/1447	49	02/08/2016	01/08/2021	LEFROY EXPLORATION LTD
E15/1497	29	13/06/2017	12/06/2022	LEFROY EXPLORATION LTD
E15/1498	4	08/03/2017	07/03/2022	LEFROY EXPLORATION LTD
E15/1615	7	Pending		LEFROY EXPLORATION LTD
E21/0192	15	Pending		LEFROY EXPLORATION LTD
E21/0193	18	08/09/2017	07/09/2022	LEFROY EXPLORATION LTD
E25/0518	1	29/05/2015	28/05/2020	LEFROY EXPLORATION LTD
E26/0182	13	11/11/2015	10/11/2020	LEFROY EXPLORATION LTD
E26/0183	18	30/05/2016	29/05/2021	HOGANS RESOURCES PTY LTD
E26/0184	50	30/05/2016	29/05/2021	HOGANS RESOURCES PTY LTD
E26/0193	7	18/08/2017	17/08/2022	LEFROY EXPLORATION LTD
E63/1722[1]	65	01/04/2016	31/03/2021	LEFROY EXPLORATION LTD
E63/1723[1]	36	28/07/2015	27/07/2020	LEFROY EXPLORATION LTD

E63/1777[2]	3	07/10/2016	06/10/2021	LITHIUM AUSTRALIA NL
M25/0362	342	Pending		HOGANS RESOURCES PTY LTD
M26/0842	378	Pending		HOGANS RESOURCES PTY LTD
P 25/2059	199.1433	21/09/2009	20/09/2017	HOGANS RESOURCES PTY LTD
P 26/3764	71.8	15/03/2011	14/03/2019	HOGANS RESOURCES PTY LTD
P 26/3765	133	15/03/2011	14/03/2019	HOGANS RESOURCES PTY LTD
P20/2256	200	Pending		LEFROY EXPLORATION LTD
P20/2257	200	Pending		LEFROY EXPLORATION LTD
P20/2258	199	Pending		LEFROY EXPLORATION LTD
P20/2259	197	Pending		LEFROY EXPLORATION LTD
P20/2260	196	Pending		LEFROY EXPLORATION LTD
P20/2261	197	Pending		LEFROY EXPLORATION LTD
P20/2262	197	Pending		LEFROY EXPLORATION LTD
P20/2263	197	Pending		LEFROY EXPLORATION LTD
P20/2264	197	Pending		LEFROY EXPLORATION LTD
P20/2265	197	Pending		LEFROY EXPLORATION LTD
P20/2266	198	Pending		LEFROY EXPLORATION LTD
P20/2267	123	Pending		LEFROY EXPLORATION LTD
P20/2268	108	Pending		LEFROY EXPLORATION LTD
P20/2269	180	Pending		LEFROY EXPLORATION LTD
P20/2272	198	Pending		LEFROY EXPLORATION LTD
P20/2273	200	Pending		LEFROY EXPLORATION LTD
P20/2274	188	Pending		LEFROY EXPLORATION LTD
P20/2275	198	Pending		LEFROY EXPLORATION LTD
P25/2316	199	25/08/2015	24/08/2019	LEFROY EXPLORATION LTD
P25/2317	178	10/08/2015	09/08/2019	LEFROY EXPLORATION LTD
P25/2421	12	03/07/2017	02/07/2021	LEFROY EXPLORATION LTD
P25/2451	185	Pending		LEFROY EXPLORATION LTD
P26/3689	170	13/11/2009	12/11/2017	HOGANS RESOURCES PTY LTD
P26/3690	116.5531	24/08/2009	23/08/2017	HOGANS RESOURCES PTY LTD
P26/3691	116.3248	24/08/2009	23/08/2017	HOGANS RESOURCES PTY LTD
P26/3889	199	11/06/2013	10/06/2017	HOGANS RESOURCES PTY LTD
P26/3890	200	11/06/2013	10/06/2017	HOGANS RESOURCES PTY LTD
P26/3891	195	11/06/2013	10/06/2017	HOGANS RESOURCES PTY LTD
P26/4287	187	Pending		LEFROY EXPLORATION LTD

Note 1 Lithium Australia Limited holds Lithium rights
2 Lefroy Exploration Limited holds Gold and Nickel rights only