



LEFROY EXPLORATION LIMITED

FINANCIAL REPORT

For the half year ended 31 December 2017

Incorporated in the British Virgin Islands IBC No 29457

Australian Registered Body Number 052 123 930

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
ARBN 052 123 930

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ARBN 052 123 930

CORPORATE DIRECTORY

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)

Company Secretary

Susan Hunter

Registered Office

Level 2, 11 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +618 9321 0984

Equity Trust (BVI) Limited (Registered Agent)
PO Box 438
Palm Grove House
Road Town, Tortola
British Virgin Islands

Auditors

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Share Registry

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

Equity Trust (BVI) Limited
PO Box 438
Palm Grove House
Road Town, Tortola
British Virgin Islands

Stock Exchange Listing

Australian Securities Exchange

ASX Code-LEX

Australian Company Number and Australian Business Number

ARBN: 052 123 930

ABN: 71 052 123 930

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
ARBN 052 123 930

DIRECTORS' REPORT

The Directors present their report together with the financial report of Lefroy Exploration Limited (the "Company") and its controlled entities (the "Group"), for the half-year ended 31 December 2017 and independent review report thereon. This financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Directors names

The names of the directors in office at any time during or since the end of the half year are:

Gordon Galt (Non-executive Chairman)

Michael Davies (Non- executive Director)

James Beecher (Non-executive Director)

Geoffrey Pigott (Non-executive Director)

Wade Johnson (Managing Director)

The directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Results and Review of operations

During the 6 months ended 31 December 2017, the Company continued its gold exploration focus at the Lefroy Gold Project to the south east of Kalgoorlie.

The key exploration highlights during the six months were: -

- Drilling was focussed at the Red Dale and Lucky Strike prospects both within 4km's of Silver Lake Resource's Randalls processing plant, with a total of 5505 metres of drilling completed
- At Lucky Strike a combination of diamond and reverse circulation drilling has supported the discovery of a new gold system within Banded Iron Formation (BIF) host rocks
- Significant multiple shallow oxide gold intersections were returned from the Lucky Strike drilling program including: -

8m at 2.49g/t Au from 23m in LEFR043

8m at 2.69g/t Au from 58m in LEFR043

1.7m at 63g/t Au from 44.7m in LSRD006

- Fourteen reverse circulation drill holes at Red Dale confirmed continuity of a gold system within a palaeochannel over a 500 metre strike length which remains open to the north

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- Significant shallow oxide gold intersections from Red Dale include: -

6m at 1.86 g/t Au from 45m in LEFR027

3m at 7.58 g/t Au from 48m in LEFR033

- Auger surface sampling was initiated at the newly identified and untested surface gold anomaly at Capstan, located adjacent and parallel to Lucky Strike
- Diamond drill program at Zanex, located along the Woolibar Trend in Lake Lefroy awarded co-funding by WA State Government Exploration Incentive Scheme (EIS) grant

The loss of the Group for the half year after providing for income tax amounted to \$344 thousand (Dec 2016: profit \$483 thousand).

Exploration Overview

Lefroy Gold Project

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

The LGP is a commanding contiguous land package covering more than 540 square kilometres 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, located in the western part of Lake Lefroy and where further exploration has defined the Invincible Deepes, South and Far South discoveries. The LGP is also immediately south of the Mount Monger Gold Operation and adjoins the site of the Randalls Processing Facility - both operated by Silver Lake Resources (ASX: SLR).

Exploration drilling during the half year to 31 December 2017 was focused on two priority targets, Lucky Strike and Red Dale, located within 5kms of the Randalls processing plant. Data compilation and prospect appraisal at the Zanex Prospect located along the Woolibar trend in Lake Lefroy resulted in an early stage diamond drill program being awarded co-funding with the WA State Government's Exploration Incentive Scheme (EIS).

At the *Lucky Strike Prospect*, located 2km NW of the Lucky Bay open pit gold mine (Silver Lake Resources), an early stage diamond drill and RC program was completed to investigate and validate positive air core drill intersections returned from earlier LEX programs. In August 2017 a precollared diamond drilling program, consisting of 6 holes for a total of 362.5 metres of core drilling, was completed to determine the geometry of the host rock and gold mineralisation along the 3000 metre trend defined from air core drilling.

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Drill hole LSRD006 returned significant, multiple, narrow high-grade oxide gold intersections. The mineralised intervals correspond to a wide zone (approximately 25 metre down hole length) of highly oxidised Banded Iron Formation (BIF) and siltstone. Significant intersections from LSRD006 include 1.7m at 63g/t Au from 44.7m (Inc. 0.9m at 107g/t Au) and 0.3m at 10.3g/t Au from 46.6m.

A seven hole RC drill hole program further evaluated the intersection in LSRD006 and delivered strong broad gold intersections from the three sections drilled and that demonstrate strike continuity to the defined system hosted by BIF.

Better results from the RC drill program include: -

15m at 0.54g/t Au from 24m in hole LEFR041;

8m at 2.49g/t Au from 23m in hole LEFR 043;

8m at 2.69g/t Au from 58m in hole LEFR043;

5m at 2.97g/t Au from 58m in hole LEFR044; and

28m at 1.13g/t Au from 26m in hole LEFR046.

The discovery of gold mineralisation on three consecutive sections, which define a gold system at the northern end of the Lucky Strike Trend, is a significant achievement. The system, hosted by multiple BIF units remains open along strike and at depth.

At *Red Dale* programs of air core (AC) and reverse circulation (RC) were completed to further evaluate the gold mineralisation located at or near the base of the palaeochannel sediments (transported overburden), in quartz gravel horizons. The Company believes that the broad gold anomaly which has been defined reflects gold anomalous transported basal gravels and sands derived from a nearby bedrock source (primary bedrock), and that the coarse material in the channels is unlikely to have been transported a significant distance.

In August 2017, a 62 hole vertical aircore drill program totalling 3,419 metres was completed to focus on the northernmost extension of the palaeochannel system ("the channel") and to follow up a smaller tributary channel system to the west. The drilling program was successful in providing important information to advance the geological model aiming to provide vectors to the primary source of the gold in channel. The southern part of the channel has demonstrated high tenor and broader intersections of gold mineralisation at approximately the same vertical depth and this reinforces the Company's view that a primary source is nearby.

In November 2017, thirteen vertical RC holes evaluated the higher tenor gold mineralised part of a northerly trending palaeochannel system, with eleven step out holes and two infill holes. The step out drilling has succeeded in extending the higher tenor gold-in-palaeochannel system a further 180 metres in length. Total defined strike is now 500 metres and is open to the north and south. Significantly the highest grade intersection in LEFR033 comes from the northern most section drilled which provides scope to further extend this mineralisation.

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Better gold intersections from the program include: -

6m at 1.86g/t Au from 45m in LEFR027;

7m at 1.23g/t Au from 41m in LEFR029;

3m at 7.58g/t Au from 48m in LEFR033;

2m at 1.07g/t Au from 45m in LEFR036

The results from the second round of RC drilling at Red Dale are a significant development and further strengthen the opportunity for the discovery of a primary gold system. In addition, the palaeochannel gold system has been extended to 500 metres of strike. Both opportunities support the Company's early application for a Mining Lease that is expected to be granted in the June quarter of 2018.

Compilation and assessment of the multiple surface sample techniques by various previous exploration companies near Lucky Strike generated a large robust gold anomaly (plus 20ppb Au contour) approximately 500m to the north of the Lucky Strike Trend and extending over a 3500 metre strike (Figure 8). The anomaly, named **Capstan**, lies subparallel to the Lucky Strike Trend. Most of the anomaly is untested by drilling. Given the proximity of the anomaly to the Lucky Strike Trend the Company considers Capstan a high priority target in its Lefroy Project portfolio.

Lake Johnston Project

The Lake Johnston Project is located 120kms 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 of more than 300 square kilometres over the Lake Johnston Greenstone Belt. Lefroy has acquired the gold and nickel rights to E63/1777 under a Tenement Rights Agreement.

The area is considered prospective for gold and nickel, with the tenement package covering the northern strike extension to the Maggie Hayes and Emily Anne nickel mines. The T1 nickel prospect, where previous drilling of geophysical (Ground EM) anomalies intersected sulphides in ultramafic rocks, lies along strike to the north of Emily Anne.

Activities during the half year consisted of data appraisal and review by third parties who have expressed interest in the project.

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Murchison Gold Project

The Murchison Gold Project comprises a portfolio of two Exploration Licences (ELs) and eighteen Prospecting Licences (PLs) covering 134 square kilometres to the west of Cue. This package includes one EL located to the south and along strike from the Big Bell gold mine, and the other tenements form a contiguous package near to and adjoining the Cuddingwarra Mining Centre.

During the half year the Company executed Heritage Access Agreements with Native Title claimants that resulted in the grant of 15 tenements. The Company continued to advance alternative options to conduct exploration on the large prospective tenement holding given the focus and exploration success at the LGP. Discussions progressed during the half year with a party interested in acquiring the tenement package.

Corporate

The key Corporate activities for the Company for the Half Year to 31 December 2017 were

- The Company released its 2017 Annual Report on 22 September 2017; and
- The Company held its AGM on 4 December 2017, with all resolutions passed on a show of hands.

Significant changes in state of affairs

There were no significant changes in the Group's state of affairs that occurred during the half year ended, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Group during the half year was exploration and evaluation of mineral assets within the state of Western Australia.

No significant change in the nature of these activities occurred during the half year.

After balance date events

On 29 January 2018, the Group issued 300,000 fully paid ordinary shares for \$nil consideration. The issue was pursuant to the Director and Executive Share Plan, as approved by shareholders on 12 September 2016.

No other matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The Group expects to maintain the present status and level of operations.

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DIRECTORS' REPORT

Rounding of amounts

The financial statements are expressed in Australian Dollars and have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors.

A handwritten signature in cursive script, reading "Wade Johnson", is written over a horizontal line.

WADE JOHNSON
Managing Director

Dated this 12th day of March 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	NOTE	Consolidated 31-Dec-17 \$000	Consolidated 31-Dec-16 \$000
Income			
Interest Income		21	7
Profit on sale of Lithium Rights	3	-	1,710
Net gain on financial assets held at fair value through profit or loss		2	-
Other Income		1	47
Total Income		24	1,764
Expenses			
Accommodation expenses		18	9
Legal, professional and consulting expenses		71	30
Directors fees		78	65
Travel expenses		9	8
Interest expense		-	70
Net loss on financial assets held at fair value through profit or loss		-	416
Depreciation expense		9	-
Salaries and wages expenses		49	138
Share based payment expense		68	180
Other expenses		66	81
Total Expenses		368	997
(Loss) / Profit for the period before income tax		(344)	767
Income tax expense		-	284
(Loss) / Profit after income tax		(344)	483
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the period		(344)	483
(Loss) / Profit per share			
Basic (loss) / profit per share attributable to ordinary equity holders in cents		(0.58)	1.11
Diluted (loss) / profit per share attributable to ordinary equity holders in cents		(0.58)	1.11

The accompanying notes form part of these financial statements.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	NOTE	Consolidated 31-Dec-17 \$000	Consolidated 30-Jun-17 \$000
ASSETS			
Cash and cash equivalents		1,731	3,071
Financial assets at fair value through profit and loss		5	3
GST receivable		34	55
Other current assets		30	22
Total current assets		<u>1,800</u>	<u>3,151</u>
Property, plant and equipment		36	42
Exploration and evaluation assets	4	<u>5,248</u>	<u>4,386</u>
Total non-current assets		<u>5,284</u>	<u>4,428</u>
TOTAL ASSETS		<u>7,084</u>	<u>7,579</u>
LIABILITIES			
Trade and other payables		104	335
Other finance liabilities		-	2
Provisions		34	20
Total current liabilities		<u>138</u>	<u>357</u>
TOTAL LIABILITIES		<u>138</u>	<u>357</u>
NET ASSETS		<u>6,946</u>	<u>7,222</u>
EQUITY			
Issued Capital	5	18,980	18,980
Share Premium Reserve		7,115	7,115
Foreign currency translation reserve		(111)	(111)
Share based payment reserve		273	205
Accumulated losses		<u>(19,311)</u>	<u>(18,967)</u>
TOTAL EQUITY		<u>6,946</u>	<u>7,222</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Consolidated	NOTE	Contributed equity \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Share premium reserve \$'000	Foreign currency translation reserve \$'000	Total equity / (shareholders' deficit) \$'000
At 1 July 2016		11,795	(19,476)	39	7,115	(111)	(638)
Profit / (Loss) for the period		-	483	-	-	-	483
Total comprehensive profit/ (loss)		-	483	-	-	-	483
Acquisition of Hogans Resources Pty Ltd	5(b)	1,520					1,520
Acquisition of other exploration assets	5(b)	1,440					1,440
Conversion of borrowings	5(b)	875					875
Capital raising	5(b)	4,000					4,000
Capital raising costs	5(b)	(650)					(650)
Share based payments		-	-	70	-	-	70
At 31 December 2016		18,980	(18,993)	109	7,115	(111)	7,100
At 1 July 2017		18,980	(18,967)	205	7,115	(111)	7,222
Loss for the period		-	(344)	-	-	-	(344)
Other comprehensive income, net of income tax		-	-	-	-	-	-
Total comprehensive loss		-	(344)	-	-	-	(344)
Share based payments		-	-	68	-	-	68
At 31 December 2017		18,980	(19,311)	273	7,115	(111)	6,946

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	NOTE	Consolidated 31-Dec-17 \$000	Consolidated 31-Dec-16 \$000
Cash flows from operating activities			
Payments to suppliers and employees		(313)	(255)
Interest paid		-	(1)
Interest received		21	7
Net cash flows used in operating activities		(292)	(249)
Cash flows from investing activities			
Payments for exploration and evaluation		(1,045)	(399)
Payments for plant and equipment		(3)	(10)
Proceeds from disposal of financial assets		-	332
Net cash flows used in investing activities		(1,048)	(77)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,000
Payments of share issue costs		-	(622)
Draw down on finance facility		-	150
Net cash flows generated from financing activities		-	3,528
Net (decrease)/increase in cash and cash equivalents held		(1,340)	3,202
Cash and cash equivalents at the beginning of the financial period		3,071	52
Cash and cash equivalents at the end of the financial period		1,731	3,254

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: GENERAL INFORMATION

Lefroy Exploration Limited was incorporated under the laws of the British Virgin Islands on 14 May 1990 under the International Business Companies Act (Cap. 291). The liability of the members is limited by shares. The Company maintains its Registered Office in the British Virgin Islands.

These financial statements are presented in thousands of Australian Dollars and comprises the Company and its controlled entities (the 'Group'). The Group has determined that its function currency is Australian dollars (June 2017: Australian dollars).

The consolidated financial statements were approved and authorised for issue by the directors as at the date of the directors' report.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group in the preparation and presentation of the consolidated financial report are in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by the Group during the half-year.

(b) Accounting estimates and judgements

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

(c) Historical Cost Convention

The financial report has been prepared under the historical cost convention, except for certain classes of assets and liabilities for which the fair value basis of accounting has been applied.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

(d) Going concern

The interim consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2017 of \$343,618 (31 December 2016: profit \$482,932), and had a net cash outflow from operating and investing activities of \$1,340,387 (31 December 2016: \$326,000). The net assets of the Group as at 31 December 2017 were \$6,946,460 (30 June 2017: \$7,222,000). The Group's cash flow forecasts through to 31 March 2019 reflect that the Group has sufficient working capital to enable it to meet its committed administration, exploration and operational expenditure over this period. The Group will however need to raise additional working capital to meet its ongoing committed expenditure requirements beyond 31 March 2019.

The Directors are satisfied that the Group will be able to secure additional working capital as required via one or a combination of , placement of shares, option conversions, rights issues, or joint venture arrangements or sale of certain assets. Accordingly, directors consider it appropriate to prepare the financial statements on a going concern basis.

(e) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current half year disclosures.

(f) Operating segments

IFRS 8 requires that operating segments be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group engages in one business segment, being exploration activities within Western Australia. Consequently the results of the Group are analysed as a whole by the chief operating decision maker.

NOTE 3: PROFIT ON SALE OF LITHIUM RIGHTS

On 16 October 2016, the Group sold its Lithium Rights with tenements E63/1723 and E63/1722 in exchange for 9 million ordinary shares in Lithium Australia NL. Based on the market quoted price of Lithium Australia NL shares on the date of sale (\$0.19) a profit of \$1,710,000 had been recorded, as the book value of the assets sold was \$NIL. These shares were subsequently sold.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Consolidated	Consolidated
31-Dec-17	30-Jun-17
\$000	\$000

NOTE 4: EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets

Carrying amount at beginning of the period	4,386	-
Acquisition of exploration assets held by Hogan Resources Pty Ltd (i)	-	1,520
Acquisition of gold and nickel rights with E63/1777 from Lithium Australia NL (Note 5)	-	600
Acquisition of EL15/447 from Montezuma Mining Limited (Note 5)	-	840
Expenditure incurred during the year	862	1,426
Carrying amount end of year	5,248	4,386

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation.

(i) Acquisition of Hogans Resources Pty Ltd

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

The acquisition of Hogans 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 Hogans Resources Pty Ltd was not considered to meet the definition of a 'business' under IAS 3 *Business Combinations*.

	Consolidated
Consideration for the acquisition:	\$000
Fair value of ordinary shares (Note 5)	1,520
 Total fair value of net assets acquired at the date of acquisition:	
Cash	2
Exploration assets (Note 4)	1,520
Other payables	(2)
	1,520

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 5: ISSUED CAPITAL

Issued Capital	31-Dec-17 Nos.	30-Jun-17 Nos.	31-Dec-17 \$000	30-Jun-17 \$000
(a) Share capital				
Fully Paid Ordinary Shares	58,963,920	58,963,920	18,980	18,980
Treasury Shares	-	-	-	-

	Consolidated	
	Nos.	\$000
(b) Movements in issued capital		
<i>Fully Paid Ordinary Shares</i>		
Balance at 1 July 2016	19,788,920	11,795
Issued shares - Public offering	20,000,000	4,000
Conversion of treasury shares to acquire Hogans Resources Pty Ltd (Note 4)	7,600,000	1,520
Issue of shares to acquire E63/1777 (Note 4)	3,000,000	600
Issue of shares to acquire E15/447 (Note 4)	4,200,000	840
Conversion of treasury shares to settle borrowings	4,375,000	875
Share issue costs	-	(650)
Balance at 30 June 2017	58,963,920	18,980
Balance at 1 July 2017	58,963,920	18,980
Balance at 31 December 2017	58,963,920	18,980

<i>Treasury Shares</i>		
Balance at 1 July 2016	12,194,460	28,716
Transfer of treasury shares (i)	(12,194,460)	(28,716)
Balance at 31 December 2016	-	-
Balance at 1 July 2017	-	-
Balance at 31 December 2017	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 6: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

Key management personnel compensation is consistent with those disclosure in the Group 2017 annual financial statements for the financial year ended 30 June 2017.

In October 2017, the Group signed a retainer for corporate advice with New Holland Capital, a subsidiary of Taurus Funds Management Pty Ltd. Messrs Michael Davies and Gordon Galt are principals of Taurus Funds Management Pty Ltd. During the half year a total of \$5,000 was paid in respect of services provided.

NOTE 7: COMMITMENTS AND CONTINGENCIES

(i) Exploration Commitments

	31-Dec-17	30-Jun-17
	\$000	\$000
Up to 1 year	727	529
Between 2 and 5 years	1,839	1,202
	2,566	1,731

The expenditure commitment of the Group for later than 1 year but not later than 5 years is uncertain. It is not possible to accurately forecast the nature or amount of future tenement expenditure commitments required to maintain areas of interest, although it will be necessary to incur expenditure.

The amount included is considered by management to be a conservative estimate of future costs in order to maintain the Group's interest in present tenement areas. If the Group decides to relinquish, farm out, vary, convert or otherwise change its areas of interests that are in good standing with the Department of Mines & Petroleum (subject to receipt of approval), such amounts that are committed will also change.

(ii) Lease commitments: Group as lessee

Up to 1 year	24	18
Between 2 and 5 years	-	-
	12	18

The directors are not aware of any contingent liabilities of the Group for the half year ended 31 December 2017.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 8: DIVIDENDS PAID

No dividends were paid or provided for during the half year ended 31 December 2017 (2016: \$NIL)

NOTE 9: FAIR VALUES

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

On 29 January 2018, the Group issued 300,000 fully paid ordinary shares for \$nil consideration. The issue was pursuant to the Director and Executive Share Plan, as approved by shareholders on 12 September 2016.

There has been no other matters or circumstance, which has arisen since 31 December 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2017, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2017, of the Group.

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DIRECTORS' DECLARATION

The Board of Directors of Lefroy Exploration Limited state that the accompanying financial statements have been prepared in accordance with International Financial Reporting Standards and that in their opinion:

- a) the consolidated statement of profit or loss and other comprehensive income drawn up present fairly results of the Group for the 6 months ended 31 December 2017.
- b) the accompanying consolidated statement of financial position drawn up present fairly state of affairs of the Group at 31 December 2017.
- c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Dated this 12th day of March 2018

Signed in accordance with a resolution of directors.

A handwritten signature in cursive script, reading "Wade Johnson", is written over a horizontal line.

WADE JOHNSON

Managing Director

Dated this 12th day of March 2018

To the members of Lefroy Exploration Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report, which comprises the consolidated statement of financial position as at 31 December 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not presented fairly, in all material respects, in accordance with IAS 134 Interim Financial reporting. As the auditor of Lefroy Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

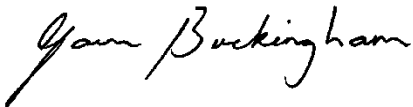
In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lefroy Exploration Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2017 and its financial performance and its cash flows for the half ended on that date, in accordance with IAS-134 Interim Financial Reporting.



Ernst & Young



Gavin Buckingham
Partner
Perth
12 March 2018