

2 September 2016

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

NOTICE OF GENERAL MEETING
12 SEPTEMBER 2016

On 26 July 2016 U.S. Masters Holdings Ltd advised the ASX of it transforming to become a mineral exploration company.

The Company has been advised by the British Virgin Islands Registrar of Corporate Affairs that the name change for US Masters Holdings Limited to be renamed Lefroy Exploration Limited has been registered in accordance with the BVI Business Companies Act.

Attached is a Notice of General Meeting for Lefroy Exploration Limited, formerly US Masters Holdings Limited, for a Meeting to be held on 12 September, 2016 to effect the Company's transformation.

As part of the registration process the Company is currently awaiting advice as to its new International Security Identification Number (ISIN). Until the new ISIN is received the ASX code for the Company's remains as USH.

James Beecher
Company Secretary

Lefroy Exploration Limited

ARBN 052 123 930

Phone +612 8314 5580

Fax +612 8314 5555

Email info@lestroyex.com

Australian Registered Office
Suite 4101, Level 41, Gateway
1 Macquarie Place
Sydney NSW 2000 Australia

Head Office:
Palm Grove House
Roadtown Tortola British Virgin Islands



Lefroy Exploration

LEFROY EXPLORATION LIMITED

(ASX:LEX)

(FORMERLY U.S. MASTERS HOLDINGS LIMITED)

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 10:00am AEST

DATE: Monday, 12 September 2016

PLACE: Suite 4101, Level 41, Gateway, 1 Macquarie Place
Sydney NSW 2000
Australia

This Notice of General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 2 8314 5580.

CONTENTS PAGE

NOTICE OF GENERAL MEETING	4
EXPLANATORY STATEMENT	10
GLOSSARY	55
SCHEDULE 1 – TERMS OF ADVISORY OPTIONS	59
SCHEDULE 2 – SUMMARY OF TERMS OF SHARE PLAN	60
SCHEDULE 3 – LIST OF HRPL SHAREHOLDERS	63
SCHEDULE 4 – INDEPENDENT GEOLOGIST’S REPORT	64

CRITICAL DATES FOR SHAREHOLDERS

Event	Date
Suspension of LEX’s securities from trading on ASX at opening of trading	20 June 2016
Announce Proposed Transaction	26 July 2016
Dispatch Notice of General Meeting to Shareholders	2 September 2016
Cut off for lodging proxy form for General Meeting	9 September 2016
Snapshot date for eligibility to vote at General Meeting	9 September 2016
Hold General Meeting	12 September 2016

Notes:

1. The above timetable is indicative only, assumes that all conditions to the Share Sale Deed, Tenement Sale Agreement and Rights Acquisition Agreement can be satisfied without delay and may be varied by the Company in consultation with the ASX. Any changes will be released to the ASX.
2. Trading in securities will only be reinstated by ASX after the Company has completed the Proposed Transactions and the Company has complied with Chapters 1 and 2 of the Listing Rules. The Company will continue to endeavour to minimise the period of suspension.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am AEST on Monday, 12 September 2016 at Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your Shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- In person at: Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia
- By post to: Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia
- By facsimile to: +61 2 8314 5555
- By scan and email to: info@ushmasters.com

Note that the Proxy Form must be received by the Company not later than 10:00am AEST on Friday, 9 September 2016.

Proxy Forms received later than this time will be invalid.

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time prior to the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 10:00am AEST on Friday, 9 September 2016 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

CHAIRMAN'S LETTER

Dear Shareholders

I have the pleasure in presenting to you a set of proposals (**Proposed Transactions**) which your Board of Directors believes represents an exciting opportunity for our Company (**LEX** or the **Company**). The Company's objective on successful completion of the Proposed Transactions is to explore and establish resources on a highly prospective package of tenements in the Western Australian Goldfields. LEX will transform to become a direct mineral exploration company with a focus on gold and nickel – a significant change from the passive investment focus which the Company has pursued to date. The Company has applied for and been granted exploration tenements in areas in Western Australia, which, together with the Proposed Transactions, will result in a change to the nature and scale of the Company's operations. As part of the transformation, the Company has changed its name from U.S. Masters Holdings Limited to Lefroy Exploration Limited (ASX code: LEX).

The Company is proposing to undertake three transactions as follows:

- acquisition of all of the issued capital in Hogans Resources Pty Ltd (ACN 606 338 907) (**HRPL**) under the Share Sale Deed;
- acquisition of E15/1447 from Montezuma Mining Company Ltd (ABN 46 119 711 929) (**MZM**) under the Tenement Sale Agreement; and
- transfer of the Lithium Rights for LEX's exploration licences E63/1723 and E63/1722 to Lithium Australia NL (ACN 126 129 413) (**LIT**) and acquisition of the Gold and Nickel Rights to exploration licence E63/1777, upon granting, from LIT under the Rights Acquisition Agreement.

The Proposed Transactions, together with the exploration tenements that the Company has applied for and been granted in Western Australia:

- (a) significantly increase the exploration area available for LEX at Lake Lefroy via the HRPL and MZM transactions, and at Lake Johnston via the LIT transaction; and
- (b) provide LEX with liquid securities (being the shares in LIT issued to the Company) which can be converted to cash over time to assist in funding the exploration of LEX's tenements.

The purpose of the Resolutions you are asked to consider is to obtain Shareholder approval to enable the Company to proceed with the Proposed Transactions and to enable the Company to be re-instated to trading on the ASX following re-compliance with Chapters 1 and 2 of the Listing Rules in satisfaction of the conditions for each of the relevant Proposed Transactions.

Further details in respect of the Proposed Transactions are set out in Sections 1.2 to 1.7 of the Explanatory Statement of the attached Notice of Meeting. Further details in respect of the Company's tenements and the tenements and rights that will be acquired by the Company under the HRPL Transaction, the MZM Transaction and the LIT Transaction are contained in the included Independent Geologist's Report in Schedule 4.

The Proposed Transactions are subject to the satisfaction of a number of conditions, including approval from Shareholders as to the matters being sought at this General Meeting. Upon satisfaction of all conditions and successful completion of the capital raising and re-listing, the Company will:

- acquire 100% of HRPL and transfer to the HRPL Shareholders 7,600,000 Shares;
- acquire 100% of E15/1447 from MZM and issue to MZM 4,200,000 Shares;
- acquire 100% of the gold and nickel rights to E63/1777, upon grant, from LIT and issue to LIT 3,000,000 Shares;
- transfer 100% of the lithium rights to E63/1723 and E63/1722 to LIT and receive 9,000,000 shares from LIT;

- raise \$4.0 million under the Equity Raising and issue 20,000,000 Shares;
- capitalise the Finance Facility from Michael Davies to LEX by transferring to Michael Davies 4,375,000 Shares;
- appoint Wade Johnson as the new Managing Director;
- amend the Directors and Executives Share Plan to vary the vesting conditions of the Shares issued under the Share Plan; and
- increase the number of Shares available to be issued under the Share Plan and transfer into and issue to the Share Plan an aggregate of 600,000 Shares.

The Directors believe that these transactions provide existing and new shareholders with a highly prospective tenement package within a well-funded company with no debt.

I ask that you read the Notice of General Meeting and attached Explanatory Statement carefully, and trust that you will agree with the Board that this represents an outstanding opportunity for the Company.

Yours sincerely

Gordon Galt
Chairman

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Lefroy Exploration Limited (formerly U.S. Masters Holdings Limited) (**LEX** or the **Company**) will be held at Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia on Monday, 12 September 2016 commencing at 10:00am AEST to consider and, if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rules 11.1.2 and 11.1.3 and all other purposes, approval be and is hereby given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

2. RESOLUTION 2 – APPROVAL OF TRANSFER OF HRPL CONSIDERATION SHARES TO HRPL SHAREHOLDERS

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the transfer out of Treasury Shares of 7,600,000 Shares in accordance with the terms of the Share Sale Deed to the HRPL Shareholders (or their nominees) in consideration for the acquisition by the Company of 100% of the issued capital in HRPL on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

3. RESOLUTION 3 – APPROVAL OF ISSUE OF MZM CONSIDERATION SHARES TO MZM

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 4,200,000 Shares in accordance with the terms of the Tenement Sale Agreement to MZM (or its nominee) in consideration for the acquisition by the Company of 100% of E15/1447 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

4. RESOLUTION 4 – APPROVAL OF ISSUE OF SHARES FOR EQUITY RAISING

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 20,000,000 Shares under the Equity Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

5. RESOLUTION 5 – APPROVAL OF TRANSFER OF MD CONVERSION SHARES TO MICHAEL DAVIES TO REPAY FINANCE FACILITY

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

That, subject to the passing of the other Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the transfer out of Treasury Shares of 4,375,000 Shares to Michael Davies (or his nominee) in full and final repayment of the Finance Facility Amount provided to the Company by Michael Davies under the Finance Facility on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

6. RESOLUTION 6 – APPROVAL OF TRANSFER OF LITHIUM RIGHTS TO LIT

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

That, subject to the passing of the other Resolutions, for the purpose of re-compliance with Chapters 1 and 2 of the Listing Rules and for all other purposes, Shareholders approve the transfer to LIT of 100% of the lithium rights for each of E63/1723 and E63/1722 in consideration of LIT issuing to LEX 9,000,000 shares in LIT, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

7. RESOLUTION 7 – APPROVAL OF ISSUE OF LIT CONSIDERATION SHARES TO LIT

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 3,000,000 Shares to LIT (or its nominee) in consideration for the acquisition by the Company of 100% of the gold and nickel rights for E63/1777 following its grant, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

8. RESOLUTION 8 – ELECTION OF WADE JOHNSON AS MANAGING DIRECTOR

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

That, subject to the passing of the other Resolutions, in accordance with Article 8.1 of the Articles of Association of the Company, Wade Johnson be appointed as a Director and as Managing Director with effect upon completion of the Proposed Transactions.

9. RESOLUTION 9 – APPROVAL OF ISSUE OF ADVISORY OPTIONS TO NHC

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to NHC (or its nominees) of 1,000,000 Advisory Options for the corporate advisory services to the Company in relation to the Proposed Transactions on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

10. RESOLUTION 10 – PARTICIPATION IN EQUITY RAISING BY GORDON GALT

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

That, subject to the passing of the other Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares under the Equity Raising to be subscribed for by Gordon Galt (or his nominee) at \$0.20 per Offer Share to a value of \$20,000 for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

11. RESOLUTION 11 – PARTICIPATION IN EQUITY RAISING BY MICHAEL DAVIES

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

That, subject to the passing of the other Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares under the Equity Raising to be subscribed for by Michael Davies (or his nominee) at \$0.20 per Offer Share to a value of \$100,000 for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

12. RESOLUTION 12 – PARTICIPATION IN EQUITY RAISING BY JAMES BEECHER

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

That, subject to the passing of the other Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares under the Equity Raising to be subscribed for by James Beecher (or his nominee) at \$0.20 per Offer Share to a value of \$20,000 for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

13. RESOLUTION 13 – PARTICIPATION IN EQUITY RAISING BY GEOFFREY PIGOTT

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

That, subject to the passing of the other Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares under the Equity Raising to be subscribed for by Geoffrey Pigott (or his nominee) at \$0.20 per Offer Share to a value of \$50,000 for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

14. RESOLUTION 14 – REAPPROVAL OF SHARE PLAN

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders reapprove the employee incentive scheme known as the Lefroy Exploration Limited "Directors and Executives Share Plan", a summary of which is set out in the Explanatory Statement accompanying this Notice of General Meeting.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

Voting Prohibition Statement

The Company will disregard any votes cast on Resolution 14 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 14. However, the Company will not disregard any votes cast on Resolution 14 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 14 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

15. RESOLUTION 15 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO WADE JOHNSON

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

That, subject to the passing of the other Resolutions, for the purpose of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 1,500,000 Shares under the Share Plan to Wade Johnson (or his nominee), on the terms and conditions set out in the Explanatory Statement.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

16. RESOLUTION 16 – APPROVAL OF CHANGE OF VESTING CONDITIONS OF ESP SHARES ISSUED UNDER THE SHARE PLAN TO GORDON GALT, MICHAEL DAVIES, GEOFFREY PIGOTT AND JAMES BEECHER

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

That, subject to the passing of the other Resolutions, for the purpose of Listing 10.14 and for all other purposes, Shareholders approve the amendment of the Vesting Conditions of 4,000,000 Shares issued under the Share Plan to Gordon Galt, Michael Davies, Geoffrey Pigott and James Beecher, on the terms and conditions set out in the Explanatory Statement.

Refer to the Voting Exclusion Statement that applies to each of Resolutions 1 to 5, 7 and 9 to 16

Voting Exclusion Statement for Resolutions 1 to 5, 7 and 9 to 16

The Company will disregard any votes cast on Resolutions 1 to 5, 7 and 9 to 16 by or on behalf of:

- (a) each of the HRPL Shareholders (and/or their nominees);
- (b) MZM (and/or its nominee);
- (c) LIT (and/or its nominee);
- (d) NHC (and/or its nominee);
- (e) Michael Davies (and/or his nominee);
- (f) Gordon Galt (and/or his nominee);
- (g) James Beecher (and/or his nominee);
- (h) Geoffrey Pigott (and/or his nominee);
- (i) Wade Johnson (and/or his nominee);
- (j) the directors of the Company;
- (k) any person who may participate in the Equity Raising;
- (l) any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if these Resolutions are passed; and
- (m) any associates of those persons.

However, the Company will not disregard a vote if:

- (n) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (o) it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXY VOTES

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of corporate representative form is available, if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, James Beecher, on +61 2 8314 5580 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS

James Beecher

Company Secretary

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at 10:00am AEST on Monday, 12 September 2016 at Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of General Meeting, please contact the Company Secretary, your stockbroker, your accountant, or other professional advisor before making any investment decision.

1. BACKGROUND TO RESOLUTIONS

1.1 Purpose of the Resolutions

The purpose of the Resolutions is to obtain Shareholder approval to enable Lefroy Exploration Limited (formerly U.S. Masters Holdings Limited) (**LEX** or the **Company**) to proceed with the Proposed Transactions and to enable the Company to be re-instated to trading on the ASX following re-compliance with Chapters 1 and 2 of the Listing Rules in satisfaction of the conditions for each of the relevant Proposed Transactions.

This document details the Proposed Transactions and relevant conditions.

1.2 Background on the Company

The Company is an Australian public company listed on the official list of the ASX (ASX code: LEX).

LEX's business activities are as an investment entity primarily involved in the identification and evaluation of listed and unlisted mineral exploration and mining companies for investment. LEX currently holds interests in the following ASX-listed companies:

- TRL 112,000 shares
- MIZ 88,000 shares
- CGN 12,500 shares

These securities have an aggregate current market value of approximately \$10,000.

The Company has been considering other investment opportunities and types of investments. Given the background and expertise of the current Directors of LEX and the availability of potential assets or businesses, LEX investigated greenfield investment opportunities in the mineral exploration area, with the aim of acquiring exploration tenements for investment purposes and potentially acquiring exploration tenements to undertake exploration activities.

As part of this strategy, the Company applied for a number of exploration tenements prospective in Gold and/or Nickel in the past year. As at the date of this notice, 3 exploration tenements have been granted to LEX, all in Western Australia.

LEX also has a number of exploration licence applications for other areas within Western Australia that have not yet been granted.

LEX's tenement schedule (granted and under application) is presently as follows:

Project	Tenement ID	Registered Holder	Area	Area Unit	Status	End Date
Lefroy	E 26/182	U.S. Masters Holdings Limited	13	BL	Granted	10/11/2020
Lefroy	E 26/193	U.S. Masters Holdings Limited	7	BL	Application	-
Lefroy	E 15/1497	U.S. Masters Holdings Limited	29	BL	Application	-
Lefroy	E 15/1498	U.S. Masters Holdings Limited	4	BL	Application	-
Lake Johnston	E 63/1722	U.S. Masters Holdings Limited	65	BL	Granted	31/03/2021
Lake Johnston	E 63/1723	U.S. Masters Holdings Limited	36	BL	Granted	27/07/2020
Murchison	E 21/192	U.S. Masters Holdings Limited	15	BL	Application	-
Murchison	E 21/193	U.S. Masters Holdings Limited	18	BL	Application	-
Murchison	P 20/2256	U.S. Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2257	U.S. Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2258	U.S. Masters Holdings Limited	199	Ha	Application	-
Murchison	P 20/2259	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2260	U.S. Masters Holdings Limited	196	Ha	Application	-
Murchison	P 20/2261	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2262	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2263	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2264	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2265	U.S. Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2266	U.S. Masters Holdings Limited	198	Ha	Application	-
Murchison	P 20/2267	U.S. Masters Holdings Limited	123	Ha	Application	-
Murchison	P 20/2268	U.S. Masters Holdings Limited	108	Ha	Application	-
Murchison	P 20/2269	U.S. Masters Holdings Limited	180	Ha	Application	-
Murchison	P 20/2272	U.S. Masters Holdings Limited	198	Ha	Application	-
Murchison	P 20/2273	U.S. Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2274	U.S. Masters Holdings Limited	188	Ha	Application	-
Murchison	P 20/2275	U.S. Masters Holdings Limited	198	Ha	Application	-

LEX believes, based on its initial data compilation and analysis, that the Lefroy and Murchison tenements are prospective for Gold with the Lake Johnston tenements prospective for Gold and Nickel.

1.3 Background to the HRPL Transaction

(a) HRPL Transaction

Hogans Resources Pty Ltd (**HRPL**) is a company incorporated in Australia. HRPL currently has a total of 11,100,000 ordinary shares on issue and 11 shareholders.

As announced to the ASX on 26 July 2016, LEX and HRPL have entered into the binding Share Sale Deed under which LEX has agreed to acquire, subject to the satisfaction of certain conditions precedent, 100% of the issued share capital of HRPL in consideration for LEX issuing 7,600,000 Shares to the HRPL Shareholders.

(b) Share Sale Deed

The terms and conditions of the Share Sale Deed are set out in Section 1.9.

(c) HRPL Tenements

HRPL was established in 2015 as a special purpose vehicle to secure exploration and prospecting licences. On 23 July 2015, HRPL entered into an agreement with Mr. Frederick Saunders and Rocky Reef Mining Pty Ltd (ACN: 083 729 828) to acquire a semi-contiguous land package in excess of 200 km² comprising the exploration and prospecting licences in the table below. This agreement was replaced by an agreement dated 4 April 2016 (as further amended on 12 July 2016).

Tenement	Holder	Grant Date	Status of Transfer to HRPL	End Date
E26/131	Frederick Charles Saunders	10.8.09	Transferred to HRPL 20 July 2016	09/08/2019
E26/134	Frederick Charles Saunders	29.3.10	Transferred to HRPL 20 July 2016	28/03/2020
E26/150	Frederick Charles Saunders	15.3.11	Transferred to HRPL 20 July 2016	14/03/2021
E26/183	Frederick Charles Saunders	30.5.16	Granted. Ministerial approval for transfer to HRPL currently being sought.	29/05/2021
E26/184	Frederick Charles Saunders	30.5.16	Granted. Ministerial approval for transfer to HRPL currently being sought.	29/05/2021
P26/3689	Frederick Charles Saunders	13.11.09	Transferred to HRPL 20 July 2016	12/11/2017
P26/3690	Frederick Charles Saunders	24.8.09	Transferred to HRPL 20 July 2016	23/08/2017
P26/3691	Frederick Charles Saunders	24.8.09	Transferred to HRPL 20 July 2016	23/08/2017
P26/3764	Frederick Charles Saunders	15.3.11	Transferred to HRPL 20 July 2016	14/03/2019
P36/3765	Frederick Charles Saunders	15.3.11	Transferred to HRPL 20 July 2016	14/03/2019
P26/3889	Rocky Reef Mining Pty Ltd	11.6.13	Transferred to HRPL 20 July 2016	10/06/2017
P26/3890	Rocky Reef Mining Pty Ltd	11.6.13	Transferred to HRPL 20 July 2016	10/06/2017
P26/3891	Rocky Reef Mining Pty Ltd	11.6.13	Transferred to HRPL 20 July 2016	10/06/2017
E25/517	Frederick Charles Saunders	29.5.15	Transferred to HRPL 20 July 2016	28/05/2020
P25/2059	Frederick Charles Saunders	21.9.09	Transferred to HRPL 20 July 2016	20/09/2017

The HRPL Tenements are located adjacent to the LEX Tenements at Lake Lefroy. The Lefroy Project is located in the heart of a highly endowed gold district in the Eastern Goldfields of Western Australia, being some 15km east of the St Ives camp (~12 Moz Gold produced since 1980)¹ operated by Goldfields and 5km from Daisy Milano underground gold mine (707 Koz Gold produced over mine life² with a June 30, 2015 total Measured, Indicated and Inferred resource of 861.5 Koz Gold³) currently owned by Silver Lake Resources.

The HRPL Tenements surround and cover the strike extensions of the Coogee Open pit which was operated by Ramelius Resources during 2014 and are considered prospective for the discovery of new Gold systems that could yield future Gold resources and be rapidly developed given the proximity to services of Kalgoorlie and nearby operating Gold mills.

The HRPL Tenements have been the subject of exploration primarily for Gold by prior explorers since the early 1990's, the main parties being North Limited, WMC, Cyprus, Sovereign Resources and, more recently, Newmont and Octagonal Resources. Until now, the entire area has never come under one umbrella to be explored as one major package, placing Gold drill anomalies in the context of the major regional structures and a cohesive geological model.

The compilation of historical exploration data (drilling, surface geochemistry, geology and geophysics) has already identified several key prospects and priority exploration targets.

LEX's compilation of results generated by previous exploration activity on the LEX Tenements led to the recognition of new targets for Gold mineralisation that extend across the tenement boundaries onto the adjoining ground, being the HRPL Tenements held by HRPL. Amalgamation of the LEX Tenements LEX and the HRPL Tenements into one project area will allow for the comprehensive drill evaluation of these targets.

1.4 Background to the MZM Transaction

(a) MZM Transaction

Montezuma Mining Company Limited (**MZM**) is a company incorporated in Australia and listed on the ASX. MZM holds a number of tenements across Australia and has exploration licence applications in progress in Australia and France.

As announced to the ASX on 26 July 2016, LEX and MZM have entered the binding Tenement Sale Agreement under which LEX has agreed to acquire, subject to the satisfaction of certain conditions precedent, 100% of E15/1447 in consideration of LEX issuing 4,200,000 Shares to MZM. E15/1447 was granted on the 2 August 2016 and has an end date of 1 August 2021.

(b) Tenement Sale Agreement

The terms and conditions of the Tenement Sale Agreement are set out in Section 1.10.

¹ Refer to Goldfields presentation "BoAML 2016 Global Metals, Mining and Steel Conference" by Nick Holland, dated 11 May, 2016, slide 16, a copy of which is available at <https://www.goldfields.com/>

² Refer to Silver Lake Resources announcement "Melbourne Mining Club Presentation" dated 15 March 2016, slide 9, a copy of which is available at <http://www.silverlakeresources.com.au/>

³ Refer to Silver Lake Resources announcement "Mineral Resources – Ore Reserves – August 2015" dated 28 August, 2015, page 2, a copy of which is available at <http://www.silverlakeresources.com.au/>

(c) **MZM Tenement**

MZM owns 100% of the MZM Tenement. The MZM Tenement is also contiguous with the western boundary of the HRPL Tenements.

From research conducted by LEX, LEX recognised that the acquisition of the MZM Tenement would further enhance the prospectivity of the land package under the control of LEX (following the acquisition of the HRPL Tenements) and bring the total of the Lefroy Project area to over 500km².

1.5 Background to the LIT Transaction

(a) **LIT Transaction**

Lithium Australia NL (**LIT**) is a lithium exploration company incorporated in Australia and listed on the ASX. LIT holds a number of tenements and has applied for other tenements across Western Australia (including application E63/1777). LIT also owns its proprietary SileachTM process for producing lithium carbonate from lithium bearing silicates.

As announced to the ASX on 20 June 2016, LEX and LIT entered into a Letter Agreement. On 17 August 2016, LIT and LEX executed the Rights Acquisition Agreement to supersede and replace the Letter Agreement under which LEX and LIT agreed to two transactions:

- (i) LIT acquiring from LEX, subject to the satisfaction of certain conditions precedent, 100% of the Lithium Rights in relation to E63/1723 and E63/1722 and, as consideration, LIT issuing to LEX the LEX Consideration Shares. LEX has agreed that 50% of the LEX Consideration Shares it receives will be subject to a three month voluntary escrow; and
- (ii) LEX acquiring from LIT, subject to the satisfaction of certain conditions precedent (including the granting of the tenement), 100% of the Gold and Nickel Rights in relation to E63/1777, following its grant and, as consideration, LEX issuing to LIT the LIT Consideration Shares.

If the Lithium Rights Acquisition completes, LEX will hold the LEX Consideration Shares as liquid securities which can be readily converted to cash (subject to a 3 month voluntary escrow restriction) over time to assist in funding its exploration of LEX's tenements.

(b) **Rights Acquisition Agreement**

The terms and conditions under the Rights Acquisition Agreement are set out in Section 1.11.

(c) **LIT Tenement**

One of the tenements applied for by LIT is geographically located adjacent to tenements at Lake Johnston held by both LEX and Poseidon Nickel Limited (ABN 60 060 525 206) (**Poseidon**). Poseidon has undertaken work that indicates that its tenements are prospective for Lithium⁴.

LIT intends to undertake exploration on E63/1777 (following its grant) for Lithium prospectivity. LIT identified an opportunity to expand the scope of its own Lithium exploration activities by securing the rights to explore for Lithium on E63/1723 and E63/1722 owned by LEX.

⁴ Refer to Poseidon Nickel announcement "High Grade Lithium Bearing Pegmatites Located at Lake Johnston" dated 23 May, 2016, a copy of which is available at <http://poseidon-nickel.com.au/>

Accordingly, LIT approached LEX on an unsolicited basis to seek to acquire the Lithium Rights to those tenements from LEX. LIT offered to acquire the Lithium Rights in consideration of LIT issuing to LEX the LEX Consideration Shares.

LEX has only ever intended to undertake exploration on E63/1723 and E63/1722 for Gold and Nickel prospectivity. LEX was previously not aware of the Lithium prospectivity in the LEX Tenements and had not attributed any value to the LEX Tenements.

LEX believes that E63/1777 will be prospective for Gold and/or Nickel. Accordingly, and consistent with LEX's strategy of focusing on Gold and Nickel exploration, LEX and LIT agreed that LIT would transfer the Gold and Nickel Rights to LEX when E63/1777 is granted.

LEX reasonably believes that the LIT Tenement may be granted in early October 2016 which is after the native title objection period ends on 1 October 2016. If no objections have been received, the DMP can commence the tenement grant process. However, any objections to the grant of the tenement may significantly delay the grant (if at all).

1.6 Project overviews

The focus of LEX is to explore for new Gold and Nickel deposits in the premier terranes of the Yilgarn Craton of WA. The Yilgarn is one of the most well-endowed mineral provinces in the world, having produced in excess of 300 Moz of Gold, and continues to deliver significant new gold discoveries.

Following completion of the Proposed Transactions, LEX will have three core project areas in the Yilgarn:

- the Lefroy Project near Kalgoorlie, which is comprised of the HRPL Tenements, MZM Tenement, and LEX's Lefroy Tenements as detailed in Section 1.2 (together **Lefroy Project Tenements**);
- the Lake Johnston Project which is adjacent to the Emily Anne and Maggie Hayes Nickel deposits and comprises LEX's Lake Johnston tenements as detailed in Section 1.2, and the Gold and Nickel Rights acquired for the LIT Tenement; and
- the Murchison Project being to the west of Cue. All projects are 100% owned, easily accessible, and encumbrance free.

The Company's core focus for exploration is the Lefroy Project where, following completion of the Proposed Transactions, the Company will hold a tenement package in excess of 500km² in the highly endowed Kalgoorlie Terrane.

LEX will utilise its knowledge of the project areas, together with modern analysis of historic data in the project areas, to identify drill-ready targets. The Company sees the opportunity to generate new exploration targets by reinterpreting historical results and recognising Gold anomalies that have been overlooked. This approach to exploration by other companies in the district has led to the recent discoveries of the Invincible and Millennium Gold deposits, both near Kalgoorlie.

Further information on the Company's proposed projects is included in the Independent Geologist's Report in Schedule 4.

1.7 Company's intentions

If the Resolutions are approved and the Company successfully completes the Proposed Transactions including:

- acquisition of all of the issued capital in HRPL;
- acquisition of the MZM Tenement from MZM;

- acquisition of the Gold and Nickel Rights to the LIT Tenement (upon grant) from LIT; and
- transfer of Lithium Rights to the LEX Tenements to LIT,

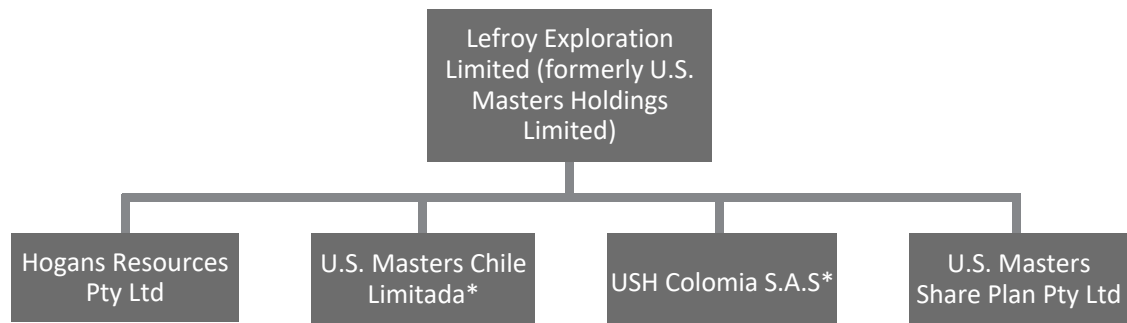
the Company will become a mineral exploration and mining company with a primary focus on early-stage Gold exploration. Its main objective is to provide a return to Shareholders through the successful exploration for and development of high value Gold resources.

In seeking to achieve its objective, the Company's business model will be to:

- analyse and interrogate previous exploration data to determine high priority targets within the current tenement package for future exploration;
- undertake drilling and geophysical work programmes on priority targets within the current tenement package with the aim of identifying and delineating mineral systems and establishing resources;
- expand and upgrade resources, upon discovery, through infill and extension drilling, and assess the economic viability of development;
- develop economically viable and high value Gold deposits into stand-alone mining operations;
- commercialise smaller scale deposits via divestment or through the provision of satellite feed to nearby Gold processing facilities; and
- identify and investigate other value accretive mineral exploration and mining opportunities.

1.8 Post-transaction ownership structure

If the Resolutions are approved and the Proposed Transactions complete, the overall ownership structure of the Company will be as follows:



* Dormant subsidiaries.

1.9 Key terms of Share Sale Deed

The key terms of the Share Sale Deed are as follows:

- (Conditions Precedent):** completion of the acquisition of the HRPL shares is subject to and conditional upon a number of conditions precedent, including:
 - LEX holding a meeting of LEX shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the HRPL Transaction and the MZM Transaction;
 - LEX receiving conditional approval by ASX to reinstate its securities on the official list of the ASX and those conditions being satisfied to the reasonable satisfaction of LEX and HRPL; and
 - LEX completing the Equity Raising;

- (b) **(Consideration)**: subject to satisfaction of the conditions precedent, at completion, LEX will transfer to the HRPL Shareholders the HRPL Consideration Shares. The current agreed value of the HRPL Consideration Shares of \$1,520,000 is based upon broker support to the Equity Raising supporting a value of the Lefroy Project Tenements of \$4,000,000 and the HRPL Tenements representing 38% of this value; and
- (c) **(Exclusivity)**: until the earlier of termination of the Share Sale Deed or completion of the Proposed Transactions occurring, none of HRPL, the HRPL Shareholders, LEX or any of their officers or directors will solicit, offer, encourage or respond to any proposals from any third party regarding any acquisition of their issued share capital or a competing transaction or alternative investment.

The Share Sale Deed otherwise contains clauses typical for agreements of this nature.

1.10 Key terms of the Tenement Sale Agreement

The key terms of the Tenement Sale Agreement are as follows:

- (a) **(Conditions Precedent)**: completion of the acquisition of the MZM Tenement is subject to and conditional upon a number of conditions precedent, including:
 - (i) LEX holding a meeting of LEX shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the HRPL Transaction and the MZM Transaction;
 - (ii) LEX receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of LEX and MZM;
 - (iii) LEX completing the Equity Raising;
 - (iv) completion of the HRPL Transaction; and
 - (v) granting of the MZM Tenement ⁵;
- (b) **(Consideration)**: subject to satisfaction of the conditions precedent, at completion, LEX will issue to MZM the MZM Consideration Shares. The current agreed value of the MZM Consideration Shares of \$840,000 is based upon broker support to the Equity Raising supporting a value of the Lefroy Project Tenements of \$4,000,000 and the MZM Tenements representing 21% of this value; and
- (c) **(Exclusivity)**: until the earlier of termination of the Tenement Sale Agreement or completion of the Proposed Transactions occurring, none of MZM, LEX or any of their officers or directors will solicit, offer, encourage or respond to any proposals from any third party regarding any acquisition of their issued share capital or a competing transaction or alternative investment.

The Tenement Sale Agreement otherwise contains clauses typical for agreements of this nature.

1.11 Key terms of the Rights Acquisition Agreement

The key terms of the Rights Acquisition Agreement are as follows:

- (a) **(Lithium Rights Conditions Precedent)**: completion of the acquisition by LIT of the Lithium Rights is subject to and conditional upon a number of conditions precedent, including:

⁵ The MZM Tenement was granted on the 2nd August 2016

- (i) LEX holding a meeting of LEX shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the Proposed Transactions; and
 - (ii) LEX receiving conditional approval by ASX to reinstate its securities on the official list of the ASX and those conditions being satisfied to the reasonable satisfaction of LEX and LIT;
- (b) **(Consideration Paid)**: subject to satisfaction of the Lithium Rights Acquisition conditions precedent, at completion:
 - (i) LEX will transfer the Lithium Rights to LIT; and
 - (ii) LIT will issue to LEX the LEX Consideration Shares as consideration for the Lithium Rights Acquisition;
- (c) **(Gold and Nickel Rights Conditions Precedent)**: completion of the acquisition by LEX of the Gold and Nickel Rights is subject to and conditional upon a number of conditions precedent, including:
 - (i) LEX being admitted to the official list of the ASX; and
 - (ii) granting of E63/1777;
- (d) **(Consideration Received)**: subject to satisfaction of the Gold and Nickel Rights Acquisition conditions precedent:
 - (i) LIT will transfer the Gold and Nickel Rights to LEX; and
 - (ii) LEX will transfer to LIT the LIT Consideration Shares as consideration for the Gold and Nickel Rights Acquisition; and
- (e) **(Exclusivity)**: until the earlier of termination of the Rights Acquisition Agreement or completion of the Proposed Transactions occurring, none of LIT, LEX or any of their officers or directors will solicit, offer, encourage or respond to any proposals from any third party regarding any acquisition of their issued share capital or a competing transaction or alternative investment.

The Rights Acquisition Agreement otherwise contains clauses typical for agreements of this nature.

1.12 Equity Raising

The Company is seeking to raise \$4.0 million (**Equity Raising**), at an issue price of \$0.20 per Share, in order to complete the Proposed Transactions, fund the Company's future activities, pay for the costs of re-complying with Chapters 1 and 2 of the Listing Rules and fund the working capital requirements of the Company.

The Equity Raising is to be in the form of an offer to eligible overseas and Australian investors under the Prospectus.

The Company will satisfy its obligations to provide Shares to investors under the Equity Raising by issuing new Shares.

The Participating Directors will be able to participate in the Equity Raising in the event that each of Resolutions 10 to 13 is passed by the Shareholders.

Approval for the issue of the Shares under the Equity Raising is the subject of Resolution 4.

1.13 Use of funds

On the basis that \$4.0 million is raised under the Equity Raising, following re-admission of the Company to the official list of the ASX, LEX will hold the funds raised from the Equity Raising together with existing cash reserves of HRPL and the existing cash reserves of the Company.

The Company intends to apply available funds to a substantive exploration programme over a two-year period as outlined below.

Description	\$4.0 million raised
Source of funds	
Existing cash reserves (LEX and HRPL) ¹	\$0
Net funds raised under the Equity Raising ²	\$3,780,000
TOTAL	\$3,780,000
Allocation of funds	
Drilling of priority targets	\$1,200,000
Geophysical work	\$125,000
Geological interpretation	\$111,600
Other exploration costs	\$828,000
Corporate costs	\$852,000
Directors Fees	\$310,000
Stamp Duty	\$69,000
Re-listing Costs paid from proceeds of the Equity Raising	\$100,000
Financial Advisor Fee	\$184,400
TOTAL	\$3,780,000

¹ The only cash in LEX at any point in time is money drawn under the Finance Facility and the amount actually available as cash will vary as a timing difference. Accordingly, it is assumed that there will be nil cash.

² Anticipated total costs of \$220,000 associated with the \$4.0 million equity raising

All planned exploration expenditure will be on the granted tenement(s) of LEX, HRPL and MZM.

LEX will also hold 9,000,000 LIT shares following completion of the LIT Transaction which it may liquidate over time to fund further exploration activities. 50% of the LIT shares issued to LEX will be subject to a voluntary 3 month escrow. Any funds raised from the sale of the LIT shares will be applied by the Company towards exploration and for general working capital purposes.

1.14 Transfer of MD Conversion Shares to repay Finance Facility

Michael Davies, a Director, has provided the Finance Facility to the Company to provide it with working capital. The Company wishes to repay the drawn down amount under Finance Facility by transferring Shares out of Treasury Shares so as to allow proceeds from the Equity Raising to be applied in accordance with Section 1.12. At the time of conversion, the Finance Facility will be drawn down to an amount of \$700,000.

Under the terms of the Finance Facility, if the outstanding amount under the Finance Facility is repaid by the transfer of Shares to Michael Davies (or his nominee), the Finance Facility Amount for the purposes of determining the number of Shares to be issued converts at a 25% premium to the outstanding balance in lieu of the receipt of interest. That is, the balance of the Finance Facility Amount for the purposes of the conversion rises from \$700,000 to \$875,000.

To satisfy this, the Company will transfer 4,375,000 MD Conversion Shares to Michael Davies (or his nominee) in full and final satisfaction of repayment of the Finance Facility.

Under Resolution 5, the Company is seeking Shareholder approval for the conversion of the Finance Facility Amount to MD Conversion Shares.

1.15 Re-compliance with Chapters 1 and 2 of the Listing Rules

The Company has applied for and been granted exploration tenements in areas in Western Australia, which, together with the Proposed Transactions, will result in a change to the nature and scale of the Company's operations. Accordingly, subject to Shareholders approving Resolution 1, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules to obtain re-quotation of its Shares on ASX.

The Company will not transfer or issue any of the Shares or Options under Resolutions 2 to 5, 7, 9 to 13 and 15 until the Company has conditional confirmation from ASX that, subject to compliance with the conditions imposed by ASX, the Company will re-comply with Chapters 1 and 2 of the Listing Rules.

Among other things, the provision of Chapters 1 and 2 of the Listing Rules require the Company to:

- (a) ensure that any new Share issues must be made at a minimum price of \$0.20 per Share in order to raise additional working capital and any Options must have an exercise price of no less than \$0.20 per Option;
- (b) obtain the requisite Shareholder spread;
- (c) prepare a prospectus in accordance with the provisions of the Corporations Act;
- (d) have an appropriate structure and operations; and
- (e) satisfy either of the tests required in the Listing Rules in relation to the Company's asset value at the date of listing.

1.16 Impact of the Proposed Transactions on the Company's capital structure

The effect of the Proposed Transactions (on an undiluted basis) on the capital structure of the Company (based on \$4.0 million being raised at an issue price of \$0.20 per Offer Share under the Equity Raising) can be summarised as follows:

	\$4.0 million raised ¹	% interest (\$4.0 million raised)
Shares		
Shares currently on issue	24,388,920 ²	37.83%
HRPL Consideration Shares to be transferred to HRPL Shareholders	7,600,000	11.79%
MZM Consideration Shares to be issued to MZM	4,200,000	6.52%
MD Conversion Shares to be transferred to Michael Davies	4,375,000	6.79%
LIT Consideration Shares to be issued to LIT	3,000,000 ³	4.65%
Additional Share Plan Shares	900,000	1.40%
Shares to be issued under the Equity Raising	20,000,000	31.03%
Total	64,463,920	100.00%
Options		
Options currently on issue	Nil	0.00%
Advisory Options to be issued to NHC	1,000,000	100.00%
Total	1,000,000	100.00%

Notes:

1. The above figures are based on \$4.0 million being raised under the Equity Raising at an issue price of \$0.20 per Offer Share.
2. Includes 4,600,000 ESP Shares currently issued under the Share Plan. Not contained in this number are 12,194,460 Treasury Shares held by LEX.
3. The 3,000,000 LIT Consideration Shares may not be issued until the after LIT Tenement is granted. Grant of the LIT tenement may not occur for many months and the issue of the LIT Consideration Shares may occur after reinstatement. LEX reasonably believes that the LIT Tenement may be granted in early October 2016 which is after the native title objection period ends on 1 October 2016. If no objections have been received, the DMP can commence the tenement grant process. However, any objections to the grant of the tenement may significantly delay the grant (if at all).

1.17 Pro forma Balance Sheet

An unaudited pro forma balance sheet of the Company following completion of the Proposed Transactions is set out below

<i>In thousands of Australian dollars</i>	Note	Historical as at 30 June 2016	Pro Forma Adjustments	Pro Forma Historical as at 30 June 2016
CURRENT ASSETS				
Cash at bank	1.17.1	52	3,274	3,326
Receivables	1.17.5(b),(f)	-	67	67
Prepayments		11	-	11
Investments	1.17.5(d)	10	2,295	2,305
Total Current Assets		73	5,636	5,709
NON-CURRENT ASSETS				
Exploration asset	1.17.2	-	3,125	3,125
Total Non-Current Assets		-	3,125	3,125
TOTAL ASSETS		73	8,761	8,834
CURRENT LIABILITIES				
Accrued expenses	1.17.5(b),(f)	45	59	104
Employee accruals	1.17.5(b),(f)	11	2	13
Tax payable	1.17.5(d)	-	307	307
Total Current Liabilities		56	368	424
NON-CURRENT LIABILITIES				
Other financial liabilities	1.17.5(h)	656	(656)	-
Total Non-Current Liabilities		656	(656)	-
TOTAL LIABILITIES		712	(288)	424
NET ASSETS / (LIABILITIES)		(639)	9,049	8,410
EQUITY				
Share capital	1.17.3	11,794	7,008	18,802
Share premium reserve		7,115	-	7,115
Share based payment reserve		39	-	39
Option reserve	1.17.5(c)	-	85	85
Foreign currency translation reserve		(111)	-	(111)
Accumulated losses	1.17.4	(19,476)	1,956	(17,520)
TOTAL EQUITY		(639)	9,049	8,410

1.17.1 Cash at bank

	Note	\$'000
Historical cash at bank as at 30 June 2016		52
Proceeds from shares issued to investors	1.17.5(a)	4,000
Offer costs	1.17.5(b)	(636)
Stamp duty - acquisition of E63/1777 from LIT	1.17.5(e)	(30)
Acquisition of HRPL	1.17.5(f)	72
Acquisition fee - HRPL	1.17.5(f)	(61)
Acquisition fee & stamp duty - E15/1447 from MZM	1.17.5(g)	(71)
Pro forma historical cash at bank as at 30 June 2016		<u>3,326</u>

1.17.2 Exploration asset

	Note	\$'000
Historical exploration asset as at 30 June 2016		-
Acquisition of E63/1777 from LIT	1.17.5(e)	630
Acquisition of exploration assets included in HRPL	1.17.5(f)	1,584
Acquisition of E15/1447 from MZM	1.17.5(g)	840
Acquisition fee & stamp duty - E15/1447 from MZM	1.17.5(g)	71
Pro forma historical exploration asset as at 30 June 2016		<u>3,125</u>

1.17.3 Share capital

	Note	\$'000
Historical share capital as at 30 June 2016		11,794
Shares issued to investors	1.17.5(a)	4,000
Offering costs	1.17.5(b)	(554)
Issuance of options	1.17.5(c)	(85)
Acquisition of E63/1777 from LIT	1.17.5(e)	600
Issuance of shares to acquire HRPL	1.17.5(f)	1,520
Issuance of shares to acquire E15/1447 from MZM	1.17.5(g)	840
Conversion of finance facility to equity	1.17.5(h)	687
Pro forma historical share capital as at 30 June 2016		<u>18,802</u>

1.17.4 Accumulated losses

	Note	\$'000
Historical accumulated losses as at 30 June 2016		(19,476)
Sale of Lithium Rights within LEX's E63/1723	1.17.5(d)	1,988
Interest on finance facility	1.17.5(h)	(32)
Pro forma historical accumulated losses as at 30 June 2016		<u>(17,520)</u>

1.17.5 Pro Forma Transactions

The pro forma transactions reflected in Section 1.17 comprise the following:

- (a) The issue of 20,000,000 Offer Shares at \$0.20 per Share totalling \$4,000,000 to investors participating in the Equity Raising. This transaction has been reflected as an increase in cash, with a corresponding increase in share capital.
- (b) Share issue costs of \$616,000, in addition to costs accrued at 30 June 2016 of \$20,000, being settled and GST receivable of \$61,000, relating to the Equity Raising in (a) above. This transaction has been reflected as a decrease of cash of \$636,000, an increase in GST receivable of \$61,000, a decrease in accrued expenses of \$20,000 and a reduction in the share capital raised of \$554,000.
- (c) The issue of 1,000,000 Advisory Options granted at the time of the offering for services provided by NHC in connection with preparing the offering. Each option entitles the holder to acquire one Share of LEX at an exercise price of \$0.40. The Advisory Options vest immediately and have a term of 5 years. The fair value of these Advisory Options, estimated to be \$85,000, has been reflected as an increase in the options reserve, with a corresponding decrease to share capital because the issuance is considered a cost of issuing additional equity.
- (d) Sale of the Lithium Rights within LEX's E63/1723 and E63/1722 tenements in exchange for 9,000,000 shares in LIT. Based on the quoted price of LIT shares per the ASX on 30 June 2016 of \$0.255, this equates to \$2,295,000 in consideration. Receipt of the 9,000,000 shares in LIT has been reflected as an increase in investments, with a corresponding amount being realised as a gain in earnings on the basis that LEX had nil book value recorded in relation to the rights sold.

The gain is taxable for Australian income tax purposes. The tax liability arising on the sale of \$654,000 has been recognised as a current tax payable. The current tax liability has been reduced by the estimated available prior period and current year tax losses totalling \$347,000. This results in a net tax payable of \$307,000 being recognised, with an offsetting amount recorded through accumulated losses.

- (e) Subject to the Western Australia Department of Mines and Petroleum granting of an exploration licence for exploration application E63/1777, LEX has agreed to acquire the Gold and Nickel rights within E63/1777 from LIT in exchange for the issue of 3,000,000 LIT Consideration Shares. Based on the price assumed in the offering of \$0.20 per Share, the consideration due equates to \$600,000. This transaction has been reflected as if E63/1777 had been granted prior to 30 June 2016. The acquisition has been treated as an asset acquisition for accounting purposes and accordingly and has been reflected as an increase in the exploration and evaluation asset, with a corresponding increase in share capital. Stamp duty of \$30,000 is payable upon completion of the acquisition and has also been reflected as part of the cost of acquiring the exploration and evaluation asset.
- (f) The acquisition of 100% of the issued and outstanding shares of HRPL in exchange for consideration of \$1,520,000, payable in HRPL Consideration Shares. Based on the offering price of \$0.20 per Share, the consideration due to the HRPL Shareholders equates to 7,600,000 Shares in LEX. In addition, LEX's mandate with NHC requires payment to NHC of a fee equal to 4% of the acquisition value. This equates to \$61,000 and has been included in the cost of acquiring HRPL.

The acquisition has been treated as an asset acquisition for accounting purposes as HRPL does not meet the definition of a business under AASB 3 Business Combinations. As a result, the cost of \$1,580,800 has been allocated to the identifiable assets acquired and liabilities assumed on the basis of their relative fair values. Consequently, \$1,581,000 has been allocated to cash at bank (\$71,000), receivables (\$7,000), exploration asset (\$1,581,000), accrued expenses (\$67,000) and employee accruals (\$11,000).

- (g) Subject to the Western Australia Department of Mines and Petroleum granting of an exploration licence for exploration application E15/1447, LEX has agreed to acquire E15/1447 from MZM in exchange for consideration of \$840,000, payable in MZM Consideration Shares. Based on the offering price of \$0.20 per share, the consideration due equates to 4,200,000 Shares in LEX. This transaction has been reflected as if E15/1447 had been granted prior to 30 June 2016. The acquisition has been treated as an asset acquisition for accounting purposes and accordingly has been reflected as an increase in the exploration and evaluation asset with a corresponding increase in share capital.

In addition to the above, LEX's mandate with NHC requires payment to NHC of a fee equal to 4% of the acquisition value. This equates to \$33,600 and has been reflected as part of the acquisition cost of the exploration and evaluation asset. Stamp duty of \$37,000 is also payable upon completion of the acquisition and has also been reflected as part of the cost of acquiring the exploration and evaluation asset.

- (h) The Finance Facility from Michael Davies, a director and shareholder of LEX, can be repaid in cash or equity. If repaid in equity, the Finance Facility is subject to a 25% uplift on the principal drawn at the time of conversion.

LEX had drawn \$550,000 of principal on the Finance Facility and had accrued interest of \$106,000 as at 30 June 2016. As the Directors have determined the Finance Facility will be repaid in equity, subject to being approved as part of this Equity Raising, the total liability upon conversion becomes \$687,500.

The additional interest and the conversion of the Finance Facility into 3,437,500 MD Conversion Shares (based on the offering price of \$0.20 per Share) as if conversion occurred as at 30 June 2016 has been reflected as follows:

- (i) interest expense of \$31,500, representing the amount required to increase the liability from \$656,000 recorded as at 30 June 2016 to \$687,500;
- (ii) reduction of the facility liability to nil; and
- (iii) an increase in share capital of \$687,500.

Note that LEX drew down a further \$150,000 of principal under the Finance Facility subsequent to 30 June 2016. This additional draw down has not been reflected within the pro forma transactions on the basis that it is a subsequent event. In respect of this additional amount drawn post 30 June 2016, when the facility is ultimately settled via conversion into MD Conversion Shares, LEX will subsequently recognise interest expense of \$37,500 and will issue 937,500 new shares, thereby resulting in an increase of \$187,500 in share capital.

1.18 Treasury Shares

In accordance with Article 3.1 of the Articles of Association of the Company, LEX can purchase, redeem or otherwise hold its own Shares but must then either cancel those Shares or hold those Shares as Treasury Shares. All rights and obligations attaching to Treasury Shares are suspended and cannot be exercised.

LEX currently holds Treasury Shares following buy-backs of issued Shares. In accordance with the Articles of Association, the maximum number of Treasury Shares that LEX can have at any time is a number equal to 50% of the issued capital of LEX. As at the date of this Explanatory Statement, LEX has on issue 24,388,920 Shares and, accordingly, the number of Treasury Shares available for re-allocation is therefore 12,194,460 Shares.

LEX can at any time dispose of Treasury Shares as the Directors determine, including by allocating and transferring them to new or existing shareholders as Shares, at which time all of the rights and obligations attaching to Shares are re-enlivened.

If all of the Resolutions are passed, the Company will be required to issue 40,075,000 Shares in aggregate. The Directors have resolved to satisfy LEX's obligations to provide Shares to each of the HRPL Shareholder and Michael Davies by allocating and transferring 11,975,000 Shares out of these Treasury Shares. The Directors have also resolved to transfer the remaining 219,460 Treasury Shares into the Share Plan.

Treasury Shares transferred will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

1.19 Board of Directors

The Board of Directors currently comprises:

- (a) Gordon Galt (Non-executive Chairman);
- (b) Michael Davies (Non-executive Director);
- (c) James Beecher (Non-executive Director and Company Secretary); and
- (d) Geoffrey Pigott (Non-executive Director).

Upon completion of the Proposed Transaction, subject to the passing of the Resolutions, it is intended that Wade Johnson will also be appointed as a Director of the Company in the capacity of Managing Director (**Proposed Director**). The profile of Wade Johnson is outlined in Section 14.

1.20 Indicative Timetable

Event	Date
Execution of Letter Agreement with LIT	Friday, 17 June 2016
Announcement of Letter Agreement with LIT	Monday, 20 June 2016
Execution of Share Sale Deed with HRPL	Tuesday, 26 July 2016
Execution of Tenement Sale Agreement with MZM	Tuesday, 26 July 2016
Announcement of Proposed Transactions	Tuesday, 26 July 2016
Execution of Rights Acquisition Agreement with LIT	Wednesday, 17 August 2016
Dispatch of Notice of Meeting	Friday, 2 September 2016
General Meeting to approve the Resolutions	Monday, 12 September 2016
Offer opens	Monday, 5 September 2016
Offer closes	Friday, 23 September 2016
Completion of Proposed Transactions (to the extent that relevant conditions precedent has been satisfied in relevant transaction documents), including transferring and issuing of Shares as required	Friday, 30 September 2016
Equity Raising Shares issued	Friday, 30 September 2016
Re-listing on ASX	Wednesday, 5 October 2016

The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders.

2. ADVANTAGES AND DISADVANTAGES OF THE PROPOSED TRANSACTIONS

2.1 Advantages of the Proposed Transactions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) the Company will be exposed to a tenement package prospective for Gold and Nickel and Shareholders have the ability to gain exposure to future opportunities;
- (b) the appointment of the Proposed Director will add relevant experience, skills and networks to the Board to assist with the growth of the Company;
- (c) the Company's ability to raise funds and attract strategic investors may be improved;
- (d) the Proposed Transactions may encourage new investors in the Company which may lead to increased liquidity of Shares and greater trading depth than currently experienced by Shareholders; and
- (e) Shareholders may be exposed to further debt and equity opportunities that they did not have prior to the Proposed Transactions.

2.2 Disadvantages of the Proposed Transactions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) the Company will be changing the nature and scale of its activities to become a company focussed on mineral exploration, which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Transactions will result in the transfer and/or issue of Shares to the HRPL Shareholders, MZM, LIT, Michael Davies, the Share Plan, Gordon Galt, Geoffrey Pigott, James Beecher, Wade Johnson and new investors, and the issue of the Advisory Options to NHC, which will have a combined significant dilutionary effect on the holdings of existing Shareholders; and
- (c) mineral exploration and mining activities have a different risk and reward profile than the securities investment activities that the Company has historically had. This new risk profile for the Company may not suit all Shareholders. A non-exhaustive summary of this risk profile is set out in Section 3.

2.3 Plans for the Company if the Resolutions are not passed

If the Resolutions are not passed and the Proposed Transactions do not complete, the Company will continue to assess new project opportunities that the Board believes will add Shareholder value. However, the Company will have limited funds to pursue these opportunities and, therefore, may not continue any significant operations without additional funding.

3. KEY RISKS

Shareholders should be aware that if the Proposed Transactions proceed, the Company will be changing the nature and scale of its activities to a mineral exploration and mining company operating in the mining industry. As a result, the Company will become subject to various risk factors which do not necessarily apply to the Company as present.

Based on the information available as at the date of this Notice of General Meeting, a non-exhaustive list of risk factors associated with the Proposed Transactions are set out in this Section 3.

3.1 Risks relating to the change in nature and scale of activities

(a) **Re-Quotation of Shares on ASX**

The Proposed Transactions constitute a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) **Dilution Risk**

The Company currently has 24,388,920 Shares on issue including 4,600,000 unvested Shares issued as part of the Company's Share Plan. In addition, the Company has 12,194,460 available Treasury Shares which are not counted as issued Shares for this purpose (see Section 1.18).

On completion of the Proposed Transactions, the Company will be required to issue a maximum of 20,075,000 Shares for the HRPL Consideration Shares, the LIT Consideration Shares, the MZM Consideration Shares, the MD Conversion Shares, the ESP Shares, and to issue the Advisory Options in connection with the Proposed Transactions and services provided to the Company in connection with the Proposed Transactions, as well as issue 20,000,000 Shares to raise \$4.0 million at an issue price of \$0.20 per Share under the Equity Raising.

The Company intends to satisfy its obligations to issue the HRPL Consideration Shares, the MD Conversion Shares and some of the ESP Shares by allocating and transferring 12,194,460 Shares out of Treasury Shares to the HRPL Shareholders, Michael Davies and the Share Plan.

The Company intends to satisfy its obligations to issue the MZM Consideration Shares, the LIT Consideration Shares, the balance of the ESP Shares and the Offer Shares under the Equity Raising by issuing 27,880,540 Shares.

On the basis of \$4.0 million being raised at an issue price of \$0.20 per Offer Share under the Equity Raising (and assuming no exercise of the Advisory Options), the existing Shareholders will retain approximately 37.83% of the issued capital of the Company, with the HRPL Shareholders holding a total of 11.79%, MZM holding a total of 6.52%, LIT holding a total of 4.65%, Michael Davies holding an additional 6.79% from repayment of the Finance Facility and 0.78% from participation in the Equity Raising, the Share Plan increasing its Shares by 1.40%, Gordon Galt holding an additional 0.16% from participation in the Equity Raising, James Beecher holding an additional 0.16% from participation in the Equity Raising, Geoffrey Pigott holding an additional 0.39% from participation in the Equity Raising, and the other investors under the Equity Raising holding in aggregate 29.55% of the issued capital of the Company respectively.

There is also a risk that the interests of Shareholders will be further diluted as a result of future raisings required in order to fund the development of the business.

(c) **Liquidity Risk**

On completion of the Proposed Transactions, the Company proposes to transfer out of Treasury Shares 7,600,000 HRPL Consideration Shares to the HRPL Shareholders, 4,375,000 MD Conversion Shares to Michael Davies and 219,460 ESP Shares to the Share Plan and to issue 4,200,000 MZM Consideration Shares to MZM, 3,000,000 LIT Consideration Shares to LIT, 660,540 ESP Shares to the Share Plan, 1,000,000 Advisory Options to NHC and 20,000,000 Shares under the Equity Raising. Although subject to determination by ASX, it is likely that a portion of these securities will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

Based on the post-offer capital structure (and assuming no further Shares are issued or the Advisory Options exercised and that all of the above Shares, save for the Shares issued under the Equity Raising, are escrowed), these Shares will equate to approximately 31.14% of the post-Offer issued Share capital (on the basis \$4.0 million is raised under the Equity Raising).

This could be considered an increased liquidity risk as a portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Under the Share Sale Deed (summarised in Section 1.9), the Company has agreed to acquire 100% of HRPL from the HRPL Shareholders, subject to the fulfilment of certain conditions precedent.

Under the Tenement Sale Agreement (summarised in Section 1.10), the Company has agreed to acquire 100% of E15/1447 from MZM, subject to the fulfilment of certain conditions precedent.

Under the Rights Acquisition Agreement (summarised in Section 1.11), the Company has agreed to transfer 100% of the Lithium Rights to LIT in consideration of LIT issuing to LEX the LEX Consideration Shares and to acquire from LIT 100% of the Gold and Nickel Rights in consideration of LEX issuing to LIT the LIT Consideration Shares, subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the aforementioned agreements. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

3.2 Risks relating to the Company's operations

(a) **Risk of adverse publicity**

Subject to completion of the Proposed Transactions, the Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, LEX's activities. The nature of LEX's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity, LEX's reputation may be harmed.

(b) **Exploration and Evaluation Risks**

The mineral tenements that LEX will own or have the rights to exploit at the conclusion of the Proposed Transactions are at various stages of exploration. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of LEX may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of LEX will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the tenements, a reduction in the mineral reserves of the Company and possible relinquishment of the tenements.

The exploration costs of LEX are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Ability to exploit successful discoveries**

It may not always be possible for LEX to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

(d) **Development risks and costs**

Possible future development of mining operations at any of LEX's projects is dependent on a number of factors and avoiding various risks, including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.

(e) **Operating risks**

LEX may be subject to the risks involved in the establishment of a new mining operation if the Company decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Company's operations may achieve. Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.

Further, the operations of the Company (if production commences) may have to be shut down or may otherwise be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, weather conditions, fire, explosions and other accidents at the mine, processing plant or related facilities beyond the control of the Company. The occurrence of any of the risks and hazards could also result in damage to, or destruction of, amongst other things, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. The Company intends to apply for insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all, or that any coverage it obtains will be adequate and available to cover any such claims).

(f) **Gold and Nickel – Operating and Development Risks**

LEX's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of Gold and Nickel exploration and mining involves many risks and may be impacted by factors including ore tonnes, mining and process recovery, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if, for any reason, its production and processing of Gold and Nickel or mine development is unexpectedly interrupted or slowed. Examples of events which could have such an impact include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions.

The risks outlined above also mean that there can be no assurances as to the future development of a mining operation in relation to any of the Company's projects described in this Notice of Meeting or which the Company may acquire in the future.

(g) **Environmental Risks and Regulations**

The operations and proposed activities of LEX are subject to Western Australian and Federal environmental laws and regulations. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(h) **Title Risks**

Under the terms of the granted mining tenements and other contractual agreements to which LEX is, or may in the future become, a party, the Company is, or may become, subject to payment and other obligations. In particular, the Company has an obligation to meet the prescribed expenditure conditions on the granted mining tenements. Failure to meet these expenditure commitments will

render the relevant tenement liable to be forfeited unless a total or partial exemption is granted in accordance with the provisions of the Mining Act.

The Company is also subject to a risk that, where the Company itself is not required to meet expenditure conditions of a mining tenement in which it holds an interest, the relevant third party holder of the particular mining tenement may not comply with the minimum expenditure conditions. This includes LIT will have an obligation to meet the prescribed expenditure conditions on E63/1777 when granted. Should this occur, the Company may lose its rights in respect of the tenement in the event that the relevant tenement is forfeited.

In addition, the Company cannot guarantee that those mining tenements that are applications will ultimately be granted (in whole or in part).

(i) **Licences and Permits**

LEX's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(j) **Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(k) **Future capital requirements**

LEX's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Equity Raising will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Equity Raising, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(l) **Potential Acquisitions**

As part of its business strategy, LEX may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(m) **Reliance on Key Personnel**

LEX's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately

qualified personnel could have a material adverse effect on the Company's business.

(n) **Insurance and Uninsured Risks**

LEX, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(o) **Government regulation**

The mining, processing, development and mineral exploration activities of LEX are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

(p) **Government adverse legislation**

LEX has no control over the actions of State or Federal governments and the legislation they pass. Legislation may be passed that has an adverse effect on the ability of the Company to operate in all or part of its business or on the ability of the Company to continue to own its tenements or other assets, including legislation that may result in tenements being revoked and the Company being unable to recover the value of the tenements, including the expected profits from the exploitation of the tenements, or the costs expended by the Company in exploring and mining those tenements.

(q) **Fluctuations in Gold and Nickel Prices**

The prices of Gold and Nickel and other minerals fluctuate widely and are affected by numerous factors beyond the control of LEX, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. Future serious price declines in the market values of Gold and Nickel could cause the continued development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic. Depending on the prices of Gold and Nickel, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of Gold and/or Nickel are produced, a profitable market will exist for it.

In addition to adversely affecting any reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(r) **Inherent Mining Risks**

LEX's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

(s) **Commodity Price and Exchange Rate Risks**

To the extent LEX is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

In addition to adversely affecting any reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(t) **LEX Does Not Have Any Production Revenues**

At present, LEX is not generating any revenues from its projects nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as additional consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's projects are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which are beyond the Company's control.

The Company expects to continue to incur losses unless and until such time as its projects enter into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's projects will require the commitment of substantial resources to conduct the time-consuming exploration and development activities. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

(u) **Native Title Risks**

It is possible that, in relation to tenements which LEX has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Indigenous Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations, may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(v) **Investment Risks**

LEX currently has exposure to investment risk arising from its shareholdings in other companies and will gain further exposure to this risk if the Resolutions are approved by Shareholders. The Company may continue to hold, increase, decrease or eliminate its exposure to this risk in future. Investee companies likely are exposed to many of the same risks as the Company, however they may also be exposed to greater and more wide ranging risks than the Company is exposed to. In addition, these risks may change in future. This indirectly provides the Company with exposure to these risks. The performance of investee companies will impact the Company in many ways. A loss of value of an investee company will reduce the assets of the Company and will result in a reduced cash inflow to the Company if a holding is sold. This may impact the Company's ability to fund its future work programme.

3.3 **General Risks**

(a) **Management of Risk**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Proposed Transactions. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(b) **Market Risk**

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities

(c) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

4. CONDITIONALITY OF RESOLUTIONS

Each of the Resolutions are conditional on each other, meaning that in order for any Resolution to have effect, each of the other Resolutions must also be passed by Shareholders.

Accordingly, if any Resolution is not passed, none of the other Resolutions will be able to take effect.

5. DIRECTORS RECOMMENDATION

The Directors of the Company unanimously recommend the Proposed Transactions (and the change in nature and scale of the Company's activities) and that Shareholders vote in favour of each of the Resolutions.

Gordon Galt has a material personal interest in the outcome of Resolutions 9, 10, 14 and 16 and, accordingly, does not make a voting recommendation to Shareholders on those Resolutions.

Michael Davies has a material personal interest in the outcome of Resolutions 5, 9, 11, 14 and 16 and, accordingly, does not make a voting recommendation to Shareholders on those Resolutions.

James Beecher has a material personal interest in the outcome of Resolutions 12, 14 and 16 and, accordingly, does not make a voting recommendation to Shareholders on those Resolutions.

Geoffrey Pigott has a material personal interest in the outcome of Resolutions 13, 14 and 16 and, accordingly, does not make a voting recommendation to Shareholders on those Resolutions.

6. WAIVER UNDER LISTING RULE 10.13.3

ASX has granted the Company a waiver from Listing Rule 10.13.3 to permit the Notice of Meeting with Resolutions 5 and 9 to 13 to approve the issue of securities to state that the Shares and Advisory Options will be issued to (as applicable) the Directors and NHC at the same time as securities issued under the Equity Raising and, in any event, no later than 3 months after the date of the General Meeting.

The condition for the waiver are as follows:

- (a) Shareholders approve the issue or transfer of the Related Party Securities at the meeting;
- (b) the Related Party Securities are issued or transferred at the same time as securities to be issued to non-related parties under the Equity Raising, and in any event no later than 3 months after the date of the meeting;
- (c) The Related Party Securities are issued or transferred on the terms and conditions set out in this Notice of Meeting; and
- (d) the terms of this waiver are immediately disclosed to the market, and are clearly disclosed in the Notice and the prospectus for the Equity Raising.

7. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

Resolution 1 seeks approval for the Company to change the scale of its business if it completes the Proposed Transactions. Refer to Sections 1.1 to 1.7 for a summary of the Company's current operations and the operations which are proposed to be undertaken upon completion of the Proposed Transactions.

Assuming Shareholders approve Resolution 1, the Company must comply with Chapters 1 and 2 of the Listing Rules.

7.1 Regulatory Requirements

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

ASX has advised the Company that it must seek Shareholder approval for the change in nature of its activities that will result upon completion of HRPL Transaction, the LIT Transaction and the MZM Transaction. ASX has further advised the Company that the change in the nature of the Company's activities will require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2.

If Resolution 1 is passed, subject to each of the other Resolutions being approved, the Company will be able to proceed with the Proposed Transactions.

Shareholders should note that the passing of Resolution 1 is conditional upon, and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 1, you should also vote in favour of the other Resolutions.

If Resolution 1 is not passed, the Company will not be permitted to change the nature and scale of its activities and the Proposed Transactions will not proceed.

8. RESOLUTION 2 – APPROVAL OF TRANSFER OF HRPL CONSIDERATION SHARES TO HRPL SHAREHOLDERS

8.1 Background

As set out in Section 1.9, in accordance with the terms of the Share Sale Deed, the Company has agreed to transfer the HRPL Consideration Shares out of Treasury Shares pro rata to the HRPL Shareholders.

Resolution 2 seeks Shareholder approval under Listing Rule 7.1 for the transfer of the HRPL Consideration Shares to the HRPL Shareholders (or their nominees) in consideration for the acquisition by the Company of 100% of the issued capital of HRPL.

If Resolution 2 is passed, subject to each of the other Resolutions being approved, the Company will be able to proceed with the HRPL Transaction.

Shareholders should note that the passing of Resolution 2 is conditional upon, and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 2, you should also vote in favour of the other Resolutions.

If Resolution 2 is not passed, the Company will not be permitted to transfer the HRPL Consideration Shares to the HRPL Shareholders (or their nominees) and the Proposed Transactions will not proceed.

8.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The transfer of the HRPL Consideration Shares out of Treasury Shares under Resolution 2 will exceed the 15% limit and, therefore, requires the approval of Shareholders. The HRPL Consideration Shares proposed to be transferred, for which approval is sought under Resolution 2, comprise 31.16% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information in relation to the HRPL Consideration Shares:

(a) **Maximum number of securities to be transferred**

The Company will not issue any Shares to satisfy its obligation to provide the HRPL Consideration Shares to the HRPL Shareholders (or their nominees), but instead will transfer 7,600,000 Shares to the HRPL Shareholders (or their nominees) out of Treasury Shares (see Section 1.18).

The current agreed value of the HRPL Consideration Shares of \$1,520,000 is based upon broker support to the Equity Raising supporting a value of the Lefroy Project Tenements of \$4,000,000 and the HRPL Tenements representing 38% of this value.

(b) **Date of transfer**

The HRPL Consideration Shares will be transferred on the completion date under the Share Sale Deed and, in any event, not later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

(c) **Transfer price**

The HRPL Consideration Shares will be transferred at \$0.20 per Share.

(d) **The names of the persons to whom the entity will transfer the securities or the basis on which those persons will be determined**

The Shares will be transferred to the HRPL Shareholders (or their nominees). A list of HRPL Shareholders is included in Schedule 3. Wade Johnson, a Proposed Director of LEX, is a HRPL Shareholder and related party of the Company.

None of the HRPL Shareholders will hold an interest of 20% or greater in the capital of the Company as a result.

(e) **Terms of the securities**

The HRPL Consideration Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(f) **Intended use of the funds raised**

The HRPL Consideration Shares will be transferred as consideration for the HRPL Transaction. Accordingly, no funds will be raised by the Company from the transfer of the Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 2 is included in the Notice of General Meeting.

8.3 Escrow restrictions

ASX may apply trading restrictions to some of the HRPL Consideration Shares. As at the date of this Notice of Meeting, ASX has not made a final determination in this regard, but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

9. RESOLUTION 3 – APPROVAL OF ISSUE OF MZM CONSIDERATION SHARES TO MZM

9.1 Background

As set out in Section 1.10, in accordance with the terms of the Tenement Sale Agreement, in consideration of the acquisition by LEX from MZM of 100% of E15/1447 the Company has agreed to issue to MZM (or its nominees) the MZM Consideration Shares.

Resolution 3 seeks Shareholder approval under Listing Rule 7.1 for the issue of the MZM Consideration Shares to MZM (or its nominees).

If Resolution 3 is passed, subject to each of the other Resolutions being approved, the Company will be able to proceed with the MZM Transaction.

Shareholders should note that the passing of Resolution 3 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 3, you should also vote in favour of the other Resolutions.

If Resolution 3 is not passed, the Company will not be permitted to issue to MZM (or its nominees) the MZM Consideration Shares and the Proposed Transactions will not proceed.

9.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2.

The MZM Consideration Shares proposed to be issued, for which approval is sought under Resolution 3, comprise 17.22% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting). Accordingly, the issue of the MZM Consideration Shares under Resolution 3 will exceed the 15% limit and, therefore, requires the approval of Shareholders.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information in relation to the MZM Consideration Shares:

(a) **Maximum number of securities to be issued**

The Company will issue 4,200,000 Shares to MZM (or its nominees).

The current agreed value of the MZM Consideration Shares of \$840,000 is based upon broker support to the Equity Raising supporting a value of the Lefroy Project Tenements of \$4,000,000 and the MZM Tenements representing 21% of this value.

(b) **Date of issue**

The MZM Consideration Shares will be issued on the completion date under the Tenement Acquisition Agreement and, in any event, not later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price**

The MZM Consideration Shares will be issued at \$0.20 per Share.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Shares will be issued to MZM (or its nominees).

(e) **Terms of the securities**

The MZM Consideration Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(f) **Intended use of the funds raised**

The MZM Consideration Shares will be issued in consideration for the MZM Transaction. Accordingly, no funds will be raised by the Company from the issue of the Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice of General Meeting.

9.3 Escrow restrictions

ASX may apply trading restrictions to the MZM Consideration Shares. As at the date of this Notice of Meeting, ASX has not made a final determination in this regard, but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

10. RESOLUTION 4 – APPROVAL OF ISSUE OF SHARES FOR THE EQUITY RAISING

10.1 Background

Resolution 4 seeks Shareholder approval for the issue of 20,000,000 Offer Shares under the Equity Raising at an issue price of \$0.20 per Offer Share.

The Company intends to conduct the Equity Raising through the issue of the Prospectus, to be prepared by the Company, as part of its re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company considers that it requires \$4.0 million in order to complete the Proposed Transactions, fund the Company's future activities, pay for the costs of re-complying with Chapters 1 and 2 of the Listing Rules and fund the working capital requirements of the Company.

Shareholders should note that the passing of Resolution 4 is conditional upon, and subject to, the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 4, you should also vote in favour of the other Resolutions.

10.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2.

On the basis that the Offer Shares are issued at an issue price of \$0.20 and that \$4.0 million is raised under the Equity Raising, the Equity Securities proposed to be issued under Resolution 4 comprise 82.00% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting). The issue of Offer Shares under Resolution 4 will exceed the 15% limit and, therefore, requires the approval of Shareholders.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information in relation to the Equity Raising:

(a) **Maximum number of securities to be issued**

The maximum number of Offer Shares to be issued under the Equity Raising is 20,000,000 Shares.

See Section 1.12 for details of the sources of the Offer Shares.

- (b) **Date of issue**
- The Offer Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is anticipated that, to the extent required for an issue only, the allotment will occur on the same date.
- (c) **Issue price**
- The Offer Shares will be issued at an issue price of \$0.20 per Offer Share.
- (d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**
- Subject to the approval of Resolutions 10 to 13, the Company will issue Offer Shares to each of Gordon Galt, Michael Davies, James Beecher, and Geoffrey Pigott under the Prospectus.
- The identity of the other persons to whom the Company will issue Offer Shares is not yet known. However, the Directors will issue Offer Shares to eligible overseas and Australian investors under the Prospectus.
- No subscriber will hold an interest of 20% or greater in the capital of the Company as a result of the issues under the Equity Raising.
- (e) **Terms of the securities**
- The Offer Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (f) **Intended use of the funds raised**
- The Company intends to use the amounts raised from the Equity Raising as set out in Section 1.13.
- (g) **Voting exclusion statement**
- A voting exclusion statement for Resolution 4 is included in the Notice of General Meeting.

11. RESOLUTION 5 – APPROVAL OF TRANSFER OF MD CONVERSION SHARES TO MICHAEL DAVIES TO REPAY FINANCE FACILITY

11.1 Background

Michael Davies, a Director, has provided the Finance Facility to the Company to provide it with working capital. The Company wishes to repay the drawn down amount under Finance Facility by transferring Shares out of Treasury Shares so as to allow proceeds from the Equity Raising to be applied in accordance with Section 1.13. At the time of conversion, the Finance Facility will be drawn down to an amount of \$700,000.

The Company is seeking Shareholder approval for the conversion of the Finance Facility Amount to MD Conversion Shares.

Under the terms of the Finance Facility, if the outstanding amount under the Finance Facility is repaid by the transfer of Shares to Michael Davies (or his nominee), the Finance Facility Amount for the purposes of determining the number of Shares to be transferred converts at a 25% premium to the outstanding balance in lieu of the receipt of interest. That is, the balance of the Finance Facility Amount for the purposes of the conversion rises from \$700,000 to \$875,000.

To satisfy this, the Company will transfer 4,375,000 Shares out of Treasury Shares to Michael Davies (or his nominee) in full and final satisfaction of repayment of the Finance Facility.

Resolution 5 seeks approval under Listing Rule 10.11 to transfer the MD Conversion Shares to Michael Davies (or his nominee).

Shareholders should note that the passing of Resolution 5 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 5, you should also vote in favour of the other Resolutions.

11.2 Key Terms of the Finance Facility

On 21 August 2014, a Finance Facility was put in place (amended on 15 February 2016) whereby the Company can draw down up to \$800,000. The Finance Facility was provided by Michael Davies, a Director of the Company.

The Finance Facility is repayable at the Company's option by either repayment of the amount drawn with an uplift of 10% per annum from the draw down date to the repayment date on amounts drawn, or by issue of shares in the Company. The number of ordinary shares to be issued is calculated by dividing the total amount drawn down by the issue price of the last issue of fully paid ordinary shares to non related parties in the Company after the date of the agreement, uplifted by 25%.

11.3 Regulatory Requirements: Listing Rules

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolution 5 proposes the transfer of the MD Conversion Shares to Michael Davies (or his nominee). Michael Davies is a related party of the Company by virtue of his directorship. To the extent that any part of the transfer of the MD Conversion Shares is made to the related party, this will constitute the number of the MD Conversion Shares approved by Shareholders under Resolution 5.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

11.4 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information in relation to the MD Conversion Shares:

(a) Name of person to receive securities

The MD Conversion Shares will be transferred to Michael Davies (or his nominee).

(b) Maximum number of securities to be transferred

On the basis of the Finance Facility Amount of \$875,000 (based on a drawn down amount of \$700,000 for the purposes of the conversion calculation) and an issue price of \$0.20, the maximum number of Shares to be transferred to Michael Davies (or his nominee) will be 4,375,000.

The Company will not issue any Shares to satisfy its obligation to provide the MD Conversion Shares to Michael Davies (or his nominee), but instead will transfer Shares to Michael Davies (or his nominee) out of Treasury Shares (see Section 1.18).

(c) Date of transfer

The Company anticipates that the MD Conversion Shares will be transferred at the same time as securities to be issued under the Equity Raising but in any event on a date that is no later than 3 months after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(d) Relationship with the Company

The MD Conversion Shares will be transferred to a Director, Michael Davies (or his nominee), who is a related party of the Company.

- (e) **Transfer price**
The MD Conversion Shares will be transferred at \$0.20 per Share.
- (f) **Terms of transfer**
The MD Conversion Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (g) **Intended use of the funds raised**
There will be no funds raised by the transfer of the MD Conversion Shares to repay the drawn down amount of the Finance Facility.
- (h) **Voting exclusion statement**
A voting exclusion statement for Resolution 5 is included in the Notice of General Meeting.

11.5 Escrow restrictions

ASX may apply trading restrictions to some or all of the MD Conversion Shares. As at the date of this Notice of Meeting, ASX has not made a determination in this regard, but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

11.6 Board recommendation

Michael Davies has a material personal interest in the outcome of Resolution 5 and, accordingly, does not make a voting recommendation to Shareholders.

12. RESOLUTION 6 – APPROVAL OF TRANSFER OF LITHIUM RIGHTS TO LIT

12.1 BACKGROUND

As set out in Section 1.11, in accordance with the terms of the Rights Acquisition Agreement, the Company has agreed to transfer to LIT 100% of the Lithium Rights in consideration of LIT issuing to LEX the LEX Consideration Shares.

Resolution 6 seeks Shareholder approval for the transfer of the Lithium Rights Acquisition.

If Resolution 6 is passed, subject to each of the other Resolutions being approved, the Company will be able to proceed with the transfer of the Lithium Rights.

Shareholders should note that the passing of Resolution 6 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 6, you should also vote in favour of the other Resolutions.

If Resolution 6 is not passed, the Company will not be permitted to transfer the Lithium Rights to LIT and the Proposed Transactions will not proceed.

12.2 Regulatory Requirements

This approval is not formally required under the Listing Rules, but is being sought from Shareholders for good governance. In addition, ASX has required the transaction be put to a Shareholder vote as part of the approval process for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

13. RESOLUTION 7 – APPROVAL OF ISSUE OF LIT CONSIDERATION SHARES TO LIT

13.1 Background

As set out in Section 1.11, in accordance with the terms of the Rights Acquisition Agreement, LIT has agreed to transfer 100% of the Gold and Nickel Rights to LEX in consideration of LEX issuing to LIT (or its nominees) the LIT Consideration Shares.

Resolution 7 seeks Shareholder approval under Listing Rule 7.1 for the issue of the LIT Consideration Shares to LIT (or its nominees) as consideration of the Gold and Nickel Rights Acquisition.

If Resolution 7 is passed, subject to each of the other Resolutions being approved, the Company will be able to proceed with the issue of the LIT Consideration Shares.

Shareholders should note that the passing of Resolution 7 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 7, you should also vote in favour of the other Resolutions.

If Resolution 7 is not passed, the Company will not be permitted to issue the LIT Consideration Shares to LIT and the Proposed Transactions will not proceed.

13.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2.

The Equity Securities proposed to be issued under the approval sought under Resolution 7 comprise 12.30% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting). However, when combined with the Equity Securities to be transferred and issued under each of Resolutions 2, 3, 4, 5 and 9, the aggregate number of Equity Securities will exceed 15% and, therefore, requires the approval of Shareholders.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information in relation to the LIT Consideration Shares:

(a) **Maximum number of securities to be issued**

The Company will issue 3,000,000 Shares to LIT (or its nominees).

(b) **Date of issue**

The LIT Consideration Shares will be issued on the completion date of the LIT Transaction. Completion of the LIT Transaction is contingent upon the grant of the LIT Tenement which may not occur for some months (see Section 1.5). If completion occurs later than 3 months after the date of the Meeting, LEX will seek an ASX waiver or modification of the Listing Rules in order to issue the LIT Consideration Shares at such later date as permitted.

(c) **Issue price**

The LIT Consideration Shares will be issued at \$0.20 per Share.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The LIT Consideration Shares will be issued to LIT (or its nominees).

None of LIT or any of the LIT shareholders will hold an interest of 20% or greater in the capital of the Company as a result.

(e) **Terms of the securities**

The LIT Consideration Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(f) **Intended use of the funds raised**

The LIT Consideration Shares will be issued in consideration for the acquisition by the Company of the Gold and Nickel Rights from LIT. Accordingly, no funds will be raised by the Company from the issue of the LIT Consideration Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 7 is included in the Notice of General Meeting.

13.3 Escrow restrictions

ASX may apply trading restrictions to the LIT Consideration Shares. As at the date of this Notice of Meeting, ASX has not made a final determination in this regard, but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

14. RESOLUTION 8 – ELECTION OF WADE JOHNSON AS MANAGING DIRECTOR

14.1 Background

Upon completion of the Proposed Transactions, it is intended that Wade Johnson (**Proposed Director**) will be appointed as a Director of the Company with effect on and from the date of completion of the Proposed Transactions.

Under Article 8.1 of the Company's Articles of Association, the Company may elect a person as a Director by resolution passed in general meeting.

Resolution 8 seeks approval for the Company to elect the Proposed Director to the Board as Managing Director with effect upon completion of the Proposed Transactions. A profile of the Proposed Director is outlined below.

Shareholders should note that the passing of Resolution 8 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 8, you should also vote in favour of the other Resolutions.

14.2 Background and qualifications

Mr Johnson 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 the exploration and development of the company's gold tenements over a period of five years. Prior to this, he was with Newmont Mining Corp. 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.

14.3 Directors' recommendation

The current Directors of the Company support the election of Wade Johnson and unanimously recommend Shareholders vote in favour of Resolution 8.

15. RESOLUTION 9 – APPROVAL OF THE ISSUE OF ADVISORY OPTIONS TO NHC

15.1 Background

This resolution seeks Shareholder approval for the issue of 1,000,000 Advisory Options to NHC in part consideration for the provision of corporate advisory services to the Company in respect to the Proposed Transactions.

Under the Mandate Agreement, the fees payable by the Company to NHC as consideration for the provision of the corporate advisory services to the Company in connection with the Proposed Transactions include:

- (a) the issue to NHC (or its nominees) of the Advisory Options;
- (b) a monthly financial advisory fee of \$15,000 per calendar month from April 2016 to September 2016;
- (c) a transaction success fee payable on completion of the Proposed Transactions of \$94,400; and
- (d) a capital raising fee equal to 6% of all funds raised by investors introduced by NHC under the Equity Raising, plus a 1% management fee on all other funds (excluding any broker-raised funds) raised under the Equity Raising.

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders.

Shareholders should note that the passing of Resolution 9 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 9, you should also vote in favour of the other Resolutions.

15.2 Regulatory Requirements: Listing Rule 10.11

A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act and, relevantly, includes under section 228(6) of the Corporations Act an entity (including an individual) to whom the Company has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.

Michael Davies and Gordon Galt are Directors of each of NHC and LEX. As such, NHC, by virtue of the common Directors, is considered to be a related party of the Company.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

15.3 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information in relation to the issue of the Advisory Options:

- (a) **Name of person to receive securities**
The Advisory Options the subject of Resolution 9 will be issued to NHC (or its nominees).
- (b) **Maximum number of securities to be issued**
The maximum number of Advisory Options that may be issued to NHC (or its nominees) under Resolution 9 is 1,000,000.
- (c) **Date of issue**
The Company anticipates that the Advisory Options the subject of Resolution 9 will be issued at the same time as securities to be issued under the Equity Raising but in any event on a date that is no later than 3 months after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).
- (d) **Issue Price**
The issue price for the NHC Advisory Options is nil.
- (e) **Relationship with the Company**
The Advisory Options that are the subject of Resolution 9 are proposed to be issued to NHC (or its nominees), which is a related party of the Company.

(f) **Terms of issue**

The Advisory Options will be issued on the terms and conditions set out in Schedule 1.

(g) **Intended use of the funds raised**

No funds will be raised from the issue of the Advisory Options as the Advisory Options are being issued in consideration for corporate advisory services in relation to the Proposed Transactions.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 9 is included in the Notice of General Meeting.

15.4 Escrow restrictions

ASX may apply trading restrictions to some or all of the Shares issued on exercise of the Advisory Options. As at the date of this Notice of Meeting, ASX has not made a final determination in this regard, but is expected to do so prior to any final approval for the reinstatement of the Company's securities on the ASX.

15.5 Board recommendation

Michael Davies and Gordon Galt have a material personal interest in the outcome of Resolution 9 and, accordingly, do not make a voting recommendation to Shareholders.

16. RESOLUTIONS 10 TO 13 – PARTICIPATION IN EQUITY RAISING BY DIRECTORS

16.1 Background

The following Directors wish to participate in the Equity Raising (**Participating Directors**):

- (a) Gordon Galt;
- (b) Michael Davies;
- (c) James Beecher; and
- (d) Geoffrey Pigott.

Resolutions 10 to 13 seek approval under Listing Rule 10.11 to issue Shares to each Participating Director should they elect to subscribe for Offer Shares under the Equity Raising.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

Shareholders should note that the passing of Resolutions 10 to 13 are conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolutions 10 to 13, you should also vote in favour of the other Resolutions.

16.2 Regulatory Requirements: Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 15.2.

Shareholder approval is sought under Listing Rule 10.11 as Resolutions 10 to 13 propose the issue Shares to each Participating Director when they subscribe for Offer Shares under the Equity Raising, as each Participating Director is a related party of the Company by virtue of their directorships.

To the extent that any part of the issue of Offer Shares is made to the related parties, this will constitute the number of the Offer Shares approved by Shareholders under Resolutions 10 to 13.

16.3 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) **Name of person to receive securities**

The Offer Shares the subject of Resolutions 10 to 13 will be issued to Gordon Galt, Michael Davies, James Beecher, and Geoffrey Pigott (or their respective nominees).

(b) **Maximum number of securities to be issued**

The maximum number of Offer Shares to be issued to the Participating Directors under Resolutions 10 to 13 is 950,000 Shares. The aggregate maximum amount the Participating Directors will subscribe for is \$190,000 and, based on an issue price of \$0.20, the number of Offer Shares each Participating Director will subscribe for and that will therefore be issued (see Section 1.18) is as follows:

Related Party	Amount	Number of Offer Shares ¹
Gordon Galt	\$20,000	100,000
Michael Davies	\$100,000	500,000
James Beecher	\$20,000	100,000
Geoffrey Pigott	\$50,000	250,000

¹ The above figures are based on the Offer Shares being issued at \$0.20 per Share.

(c) **Date of issue**

The Company anticipates that the Offer Shares the subject of Resolutions 10 to 13 will be issued at the same time as securities to be issued under the Equity Raising but in any event on a date that is no later than 3 months after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(d) **Relationship with the Company**

The Offer Shares that are the subject of Resolutions 10 to 13 are proposed to be issued to the Participating Directors, each of whom is a related party of the Company.

(e) **Issue price**

The Offer Shares will be issued at \$0.20 per Share.

(f) **Terms of issue**

The Offer Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for each of Resolutions 9 to 12 is included in the Notice of General Meeting.

(h) **Intended use of the funds raised**

The Company intends to use the amounts raised from the Equity Raising as set out in Section 1.13.

16.4 Board recommendation

Each of Gordon Galt, Michael Davies, James Beecher and Geoffrey Pigott has a material personal interest in the outcome of Resolutions 10 to 13 and, accordingly, does not make a voting recommendation to Shareholders.

17. RESOLUTION 14 – REAPPROVAL OF SHARE PLAN

17.1 Background

Listing Rule 7.2 (Exception 9(b)) provides an exemption from the Listing Rule 7.1 15% annual limit on securities issued under an employee share incentive scheme provided that, within three years before the date of issue, Shareholders have approved the issue of ESP Shares under the Share Plan.

In December 2012, Shareholders approved the terms of the Directors and Executives Share Plan (**Share Plan**) and the offer of ESP Shares under the Share Plan. The purpose of the Share Plan was to:

- (a) reward employees of the Company;
- (b) assist in the retention and motivation of employees and consultants of the Company; and
- (c) provide an incentive to employees and consultants of the Company to grow Shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

The three year limit on the Share Plan has now expired. Directors consider that it is desirable to renew Shareholder approval of the Share Plan so that Directors may be offered the opportunity to be allocated ESP Shares.

Accordingly, subject to the Proposed Transactions completing, the Directors propose to readopt the Share Plan as amended.

17.2 Unallocated Shares available under the Share Plan

The following ESP Shares were offered under the Share Plan following its initial approval by Shareholders:

- (a) 600,000 ESP Shares to two employees;
- (b) 1,000,000 ESP Shares to Gordon Galt, Director and Chairman, (or his nominee);
- (c) 1,000,000 ESP Shares to Michael Davies, Director, (or his nominee);
- (d) 1,000,000 ESP Shares to Geoffrey Pigott, Director, (or his nominee); and
- (e) 1,000,000 ESP Shares to James Beecher, Director, (or his nominee).

Since their allocation, the two employees allocated the 600,000 ESP Shares have since left the Company. In accordance with the terms of the Share Plan, these 600,000 Shares were classified as Forfeited Shares and returned to the Share Plan as unallocated Shares.

None of the ESP Shares allocated have vested.

17.3 Amendment to the number of available Shares under the Share Plan

In seeking renewal of the Share Plan, the Directors propose to seek approval to amend the Share Plan by increasing the number of ESP Shares available to be offered under the Share Plan by 900,000 Shares. The 900,000 Shares will be sourced, firstly, by transferring 219,460 Shares to the Share Plan out of Treasury Shares and, then, by issuing 680,540 Shares to the Share Plan.

Accordingly, subject to approval of Resolution 14, the number of unallocated ESP Shares in the Share Plan following the amendment of the Share Plan, but before the offer of 1,500,000 ESP Shares to Wade Johnson under Resolution 15, will be 1,500,000 Shares.

17.4 Approvals sought

The Board is seeking Shareholder approval for the adoption of to the Share Plan, as amended in the manner set out in Section 17.3, in accordance with the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition).

In addition, approval is sought under Listing Rule 7.2 (Exception 9(b)) which provides an exemption from the Listing Rule 7.1 15% annual limit on securities issued under an employee share incentive scheme provided that, within three years before the date of issue, Shareholders have approved the issue of ESP Shares under the Share Plan. In the absence of such approval, the issue of ESP Shares can still occur under the Share Plan, but each issue will be counted as part of the Listing Rule 7.1 15% limit which would otherwise apply during a 12 month period.

Shareholders should note that the passing of Resolution 14 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 14, you should also vote in favour of the other Resolutions.

17.5 Regulatory Requirements – Listing Rules

The following information is provided to Shareholders for the purpose of Listing Rule 7.2, Exception 9(b):

- (a) a summary of the terms of the Share Plan (as amended) is set out in Schedule 2;
- (b) 4,600,000 ESP Shares have previously been allocated under the Share Plan since its last approval; and
- (c) a voting exclusion statement for Resolution 14 is included in the Notice of General Meeting preceding this Explanatory Statement.

18. RESOLUTION 15 – APPROVAL OF ISSUE OF ESP SHARES UNDER THE SHARE PLAN TO WADE JOHNSON

18.1 Background

Shareholders are being asked to approve Resolution 15 to allow ESP Shares that may vest under the Share Plan to be offered to Wade Johnson as set out below.

The Board has determined that the grant of ESP Shares under the Share Plan to Directors is an appropriate form of long term incentive for the Company's Key Management Personnel. The Board considers that Directors are essential to the operation of Company's ongoing business.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to offer 1,500,000 ESP Shares under the Share Plan to Wade Johnson, Managing Director, (or his nominee) under the Share Plan. The Vesting Conditions for ESP Shares issued to Wade Johnson will be that each tranche of ESP Shares will not be able to be released from the Share Plan unless and until the following performance hurdles have been achieved:

- (a) tranche one (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.30 per Share;
- (b) tranche two (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.40 per Share; and
- (c) tranche three (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.50 per Share.

The Share Plan currently has 600,000 ESP Shares that are available to be allocated under the Share Plan. The remaining 900,000 ESP Shares required to enable the issue to Wade Johnson will be transferred to the Share Plan out of Treasury Shares and issued to the Share Plan (see Section 17.3).

In determining Directors' remuneration packages, including this proposed offer of ESP Shares under the Share Plan, the Board considered the scope of Wade Johnson's role, the business challenges facing the Company and market practice for the remuneration of executive officers in positions of similar responsibility. Accordingly, they determined that this proposed grant of ESP Shares is appropriate.

Resolution 15 seeks Shareholder approval in order to comply with the requirements of Listing Rule 10.14.

Shareholders should note that the passing of Resolution 15 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 15, you should also vote in favour of the other Resolutions.

18.2 Regulatory Requirements – Listing Rules

Listing Rule 10.11 provides a general restriction against issuing securities to related parties without shareholder approval.

Listing Rule 10.14 provides that a company must not issue Equity Securities to a director of the company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities. If approval is given by Shareholders under Listing Rule 10.14, separate Shareholder approval is not required under Listing Rule 10.11.

Under Resolution 15, the Company seeks approval from Shareholders to offer ESP Shares to Wade Johnson who, by virtue of his position as Director of the Company, will be a related party of the Company.

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

(a) **Nature of relationship between person to receive securities and the Company**

The ESP Shares are proposed to be offered under the Share Plan to Wade Johnson who will, subject to the approval of the Resolutions, be a Director of the Company and is, as such, a related party of the Company.

(b) **Maximum number of securities that may be acquired under Resolution 15**

The maximum number of securities that may be acquired by Wade Johnson under the Share Plan under Resolution 15 is 1,500,000 ESP Shares.

(c) **Issue price**

The price per ESP Share acquired under the Share Plan is nil.

(d) **Previous issues under the Share Plan**

The following persons referred to in Listing Rule 10.14 were offered ESP Shares under the Share Plan since its last approval:

Name	Number of Shares Offered	Issue Price	ESP Shares Vested	Forfeited
Gordon Galt	1,000,000	\$0.00	0	0
Michael Davies	1,000,000	\$0.00	0	0
James Beecher	1,000,000	\$0.00	0	0
Geoffrey Pigott	1,000,000	\$0.00	0	0
Prue Leeming	500,000	\$0.00	0	500,000
Kamila Stefanowicz (nee Czupajlo)	100,000	\$0.00	0	100,000

(e) **Eligible participants under the Share Plan**

Each of the following persons referred to in Listing Rule 10.14 are entitled to participate in the Share Plan:

- Gordon Galt;

- Michael Davies;
- James Beecher;
- Geoffrey Pigott; and
- Wade Johnson.

(f) **Voting exclusion statement**

A voting exclusion statement for Resolution 15 is included in the Notice of Meeting.

(g) **Terms of any loan**

There is no loan associated with the acquisition of the ESP Shares by Wade Johnson under the Share Plan.

(h) **Transfer date**

The latest date that the Company will transfer ESP Shares under Resolution 15 will be no later than 12 months after the date of the Meeting.

18.3 **Escrow restrictions**

ASX may apply trading restrictions to the ESP Shares offered to Wade Johnson under the Share Plan. As at the date of this Notice of Meeting, ASX has not made a final determination in this regard, but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

18.4 **Board Recommendation**

The Directors do not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in offering the ESP Shares to Wade Johnson under the Share Plan under this Resolution 15.

Each of the Directors has a material personal interest in the outcome of Resolution 15 and, accordingly, do not make a voting recommendation to Shareholders.

19. **RESOLUTION 16 – APPROVAL OF CHANGE OF VESTING CONDITIONS OF ESP SHARES ISSUED UNDER THE SHARE PLAN TO GORDON GALT, MICHAEL DAVIES, GEOFFREY PIGOTT AND JAMES BEECHER**

19.1 **Background**

Shareholders are being asked to approve Resolution 16 to approve the changes to the Vesting Conditions of the ESP Shares issued to each of Gordon Galt, Michael Davies, Geoffrey Pigott and James Beecher under the Share Plan.

19.2 **Vesting Conditions of ESP Share issued under the Share Plan**

In 3 January 2013, Shareholders approved the terms of the Share Plan and the offer of ESP Shares under the Share Plan under listing rule 10.14. The Share Plan Shares were subsequently issued to the Share Plan Trustee for holding on behalf of the Key Management Personnel listed in Section 18.2(d).

Offers of ESP Shares under the Share Plan are made by determinations of the Plan Committee, which sets the relevant vesting conditions at the time they allocate the ESP Shares.

Under the original Share Plan, the Board allocated the following ESP Shares to Directors under the Share Plan as an appropriate form of long term incentive for the Company's Key Management Personnel:

- (a) 1,000,000 ESP Shares to Gordon Galt, Director and Chairman, (or his nominee);
- (b) 1,000,000 ESP Shares to Michael Davies, Director, (or his nominee);
- (c) 1,000,000 ESP Shares to Geoffrey Pigott, Director, (or his nominee); and

- (d) 1,000,000 ESP Shares to James Beecher, Director, (or his nominee).

The Board considered that each Director was essential to the operation of Company's ongoing business.

Following a determination of the Plan Committee under the terms of the Share Plan, the Vesting Conditions for the initial offer of ESP Shares were that each tranche of ESP Shares would not be able to be released from the Share Plan unless and until the following performance hurdles have been achieved:

- (a) tranche one (one quarter) = when LEX's Share price (as traded on the ASX) has exceeded \$0.40 per Share;
- (b) tranche two (one quarter) = when LEX's Share price (as traded on the ASX) has exceeded \$0.60 per Share;
- (c) tranche three (one quarter) = when LEX's Share price (as traded on the ASX) has exceeded \$0.80 per Share; and
- (d) tranche four (one quarter) = when LEX's Share price (as traded on the ASX) has exceeded \$1.00 per Share.

In seeking renewal of the Share Plan, the Directors and the Plan Committee propose to seek approval to amend the Vesting Conditions for ESP Shares previously allocated under the Share Plan so that each tranche of ESP Shares will not be able to be released from the Share Plan unless and until the following performance hurdles have been achieved:

- (e) tranche one (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.30 per Share;
- (f) tranche two (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.40 per Share; and
- (g) tranche three (one third) = when LEX's Share price (as traded on the ASX) has exceeded \$0.50 per Share.

The Company wishes to amend the Vesting Conditions for ESP Shares in order to better incentivise the Company's Key Management Personal. The original ESP was approved in 2012 and vesting conditions were set at that time based on the Company's then activities. The vesting conditions now proposed are relevant to a Company that will be a direct mineral exploration company active in exploring and establishing resources on a package of mining tenements.

ESP Shares allocated under the Share Plan do not lapse but may be forfeited by Share Plan participants in certain circumstances. Further details in regards to the Share Plan can be found in Schedule 2.

19.3 Approval sought

Resolution 16 seeks Shareholder approval of the new Vesting Conditions for the ESP Shares already allocated to each of Gordon Galt, Michael Davies, Geoffrey Pigott and James Beecher, given the Company is now seeking to amend the terms of the ESP Shares from what was previously disclosed to Shareholders.

Shareholders should note that the passing of Resolution 16 is conditional upon and subject to the other Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 16, you should also vote in favour of the other Resolutions.

19.4 Board Recommendation

The Directors do not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in approving the new Vesting Conditions for the ESP Shares allocated to each of Gordon Galt, Michael Davies, Geoffrey Pigott and James Beecher under this Resolution 16.

Each of the Directors has a material personal interest in the outcome of Resolution 16 and, accordingly, do not make a voting recommendation to Shareholders.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Advisory Options	Options granted to NHC for corporate advisory services to the Company in relation to the Proposed Transactions
AEST	Australian Eastern Standard Time
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the securities market operated by ASX Limited, as the context requires
Letter Agreement	the Letter Agreement between the Company and LIT dated 17 June 2016, which was superseded by the Rights Acquisition Agreement
Board	Board of Directors
Chair	Chairman of the General Meeting
Company or LEX	Lefroy Exploration Limited (formerly U.S. Masters Holdings Ltd) (ARBN 052 123 930) incorporated in the British Virgin Islands, IBC No. 29457
Constitution	constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	a director of the Company
DMP	Department of Mines and Petroleum
E	mineral exploration licence issued in Western Australia
Equity Raising	a capital raising to raise \$4.0 million at an issue price of \$0.20 per Offer Share
Equity Securities	has the meaning given to that term in the Listing Rules
ESP Shares	Shares granted under the Share Plan
Explanatory Statement	the explanatory statement that accompanies this Notice of General Meeting
Finance Facility	the facility of up to \$800,000 provided by Michael Davies to the Company dated 21 August 2014, as amended on 15 February 2016
Finance Facility Amount	\$700,000 drawn down under the Finance Facility
Gold	means the chemical element gold with the symbol “Au”
Gold and Nickel Rights	the right to explore for and exploit Gold, Nickel and all other precious and base metals not associated with pegmatites on the LIT Tenement
Gold and Nickel Rights Acquisition	the acquisition by LEX of the Gold and Nickel Rights from LIT

HRPL	Hogans Resources Pty Ltd (ACN 606 338 907)
HRPL Consideration Shares	7,600,000 Shares, as determined under the terms of the Share Sale Deed, to be transferred to the HRPL Shareholders on a pro rata basis under the HRPL Transaction as detailed in Section 8.2(a)
HRPL Shareholder	the holders of shares in the capital of HRPL
HRPL Tenements	the tenements listed in Section 1.3(c) held by HRPL
HRPL Transaction	the acquisition of 100% of the shares in HRPL from the HRPL Shareholders
JORC	the Australasian Joint Ore Reserves Committee
Key Management Personnel	key management personnel of the Company (as defined in section 9 of the Corporations Act)
Lefroy Project Tenements	the tenements described in Section 1.6
LEX Consideration Shares	9,000,000 LIT Shares to be issued by LIT to LEX as consideration for the Lithium Rights Acquisition
LEX Tenements	granted mineral exploration licences E63/1723 and E63/1722 held by LEX
Listing Rules	the official listing rules and requirements of the ASX
Lithium	the chemical element lithium with the symbol “Li”
Lithium Rights	the right to explore for and exploit Lithium and other mineralisation associated with pegmatites on the LEX Tenements
Lithium Rights Acquisition	the acquisition by LIT of the Lithium Rights from LEX
LIT	Lithium Australia NL (ABN 29 126 129 413)
LIT Consideration Shares	3,000,000 Shares to be issued by LEX to LIT as consideration for the Gold and Nickel Rights Acquisition as detailed in Section 13.2(a)
LIT Tenement	exploration licence application for E63/1777 held by LIT
LIT Transaction	each of: - the Gold and Nickel Rights Acquisition; and - the Lithium Rights Acquisition
LIT Shares	fully paid ordinary shares in the capital of LIT
Mandate Agreement	the mandate agreement between LEX and NHC dated 27 July 2016 for the provision of corporate advisory services for the Proposed Transactions
Meeting or General Meeting	the general meeting convened by this Notice of General Meeting
MD Conversion Shares	4,375,000 Shares to be transferred to Michael Davies under the Finance Facility as detailed in Section 11.4(b)

Moz / Koz	million ounces / thousand ounces
MZM	Montezuma Mining Company Ltd (ACN 119 711 929)
MZM Consideration Shares	4,200,000 Shares, as determined under the terms of the Tenement Sale Agreement, to be issued to MZM under the MZM Transaction as detailed in Section 9.2(a)
MZM Tenement	mineral exploration licence for E15/1447 held by MZM
MZM Transaction	the acquisition by LEX of the MZM Tenement from MZM
NHC	New Holland Capital Pty Limited (ACN 124 626 295)
Nickel	the chemical element nickel with the symbol “Ni”
Notice of General Meeting or Notice of Meeting	this notice of General Meeting
NSW	New South Wales
Offer Shares	Shares issued under the Equity Raising
Option	an option to subscribe for a Share on the terms and conditions set out in Schedule 1
OSR	Office of State Revenue Western Australia
P	mineral prospecting licence issued in Western Australia
Participating Director	the meaning given to that term in Section 16.1
Proposed Director	the meaning given to that term in Section 14
Proposed Transactions	includes the following: • the LIT Transaction; • the HRPL Transaction; • the MZM Transaction; • the Equity Raising; and • the repayment of the Finance Facility Agreement
Prospectus	the prospectus to be prepared by the Company in respect of the Equity Raising
Proxy Form	the proxy form enclosed with this Notice of General Meeting
Related Party Securities	the MD Conversion Shares, the Advisory Options and the aggregate of 950,000 Offer Shares to be subscribed for by Gordon Galt, Michael Davies, James Beecher and Geoff Piggott under the Equity Raising
Resolutions	Resolutions 1 to 16 (inclusive) contained in this Notice of General Meeting

Rights Acquisition Agreement	the Rights Acquisition Agreement between the Company and LIT dated 17 August 2016 for the LIT Transaction, the key terms of which are summarised in Section 1.11
Schedule	schedule to this Notice of General Meeting
Section	a section of the Explanatory Statement
Share	fully paid ordinary share in the capital of the Company
Shareholder	holder of a Share in the Company
Share Plan	the Directors and Executive Share Plan the subject of Resolution 13, a summary of which is set out in Schedule 2
Share Sale Deed	the share sale deed between the Company and the HRPL Shareholders dated 26 July 2016 for the HRPL Transaction, the key terms of which are summarised in Section 1.9
Tenement Sale Agreement	the tenement sale agreement between the Company and MZM dated 26 July 2016 for the MZM Transaction, the key terms of which are summarised in Section 1.10
Treasury Shares	in accordance with the Articles of Association of the Company, the Company currently holds 12,194,460 Shares in treasury which it purchased back
USH	U.S. Masters Holdings Limited – the name by which Lefroy Exploration Limited was previously known

SCHEDULE 1 – TERMS OF ADVISORY OPTIONS

The terms and conditions of the Options are as follows:

- (a) Each Option gives the holder the right to subscribe for one (1) Share.
- (b) The Options are exercisable at any time on a date that is within 5 years from the date of grant.
- (c) The exercise price of each Option is \$0.40 (**Exercise Price**).
- (d) The Options are freely transferable.
- (e) Subject to the condition in paragraph (b) being satisfied, the Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- (f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
- (g) The Options are not to be quoted on ASX and the Company is under no obligation to apply for quotation of the Options on ASX.
- (h) The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- (i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the Company will give each Option holder prior notice as required by the Listing Rules of the Record Date (as defined in the Listing Rules) of any proposed issue of Shares or other securities or entitlements made available to the holders of Shares generally to enable the Option holder to exercise its Options and participate in the new issue.
- (j) There is no right to change the Exercise Price of an Option or the number of Shares over which the Option can be exercised, if the Company completes a pro rata issue of Shares which is not a bonus issue.
- (k) If there is a bonus issue of Shares, the number of Shares over which an Option can be exercised increases by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (l) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date, all rights of the Option holder will be varied in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

SCHEDULE 2 – SUMMARY OF TERMS OF SHARE PLAN

1. ELIGIBILITY CRITERIA

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

2. STRUCTURE AND ADMINISTRATION OF THE SHARE PLAN

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

3. ACQUISITION OF SHARES

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

4. SHARES TO BE HELD BY PLAN TRUSTEE

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

5. VESTING CONDITIONS

- (a) The Share Plan Committee may in its absolute discretion make Offers which are subject to Vesting Conditions.
- (b) The purpose of the Vesting Conditions is to provide for performance hurdles to achieve the objective of aligning employee and director rewards to Company performance and the interests of Shareholders.

- (c) Subject to the Listing Rules, the Share Plan Committee may reduce or waive the Vesting Conditions in whole or in part. If the Company makes a discounted share issue, an issue of bonus shares or reconstructs its share capital the Share Plan Committee will adjust any Vesting Condition to take account of that issue or reconstruction so that a Participant is not disadvantaged.

6. RELEASE OF SHARES FROM SHARE PLAN

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

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

7. FORFEITURE

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

8. RIGHTS OF PARTICIPANTS

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

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

will be held in the Share Plan by the Share Plan Trustee in the same manner as, Shares that they received under the Share Plan).

9. DEALINGS IN SHARES

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

10. TERMINATION AND AMENDMENT

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

SCHEDULE 3 – LIST OF HRPL SHAREHOLDERS

Name OF HRPL Shareholder	Shares Held	%
1. Wade Steven Johnson	2,500,000	22.52%
2. Craig Andrew Nelmes	2,500,000	22.52%
3. Ron Norbert Gajewski	2,500,000	22.52%
4. Frederick Charles Saunders	2,400,000	21.62%
5. Rocky Reef Mining Pty Ltd (ACN 083 729 828)	100,000	0.90%
6. James Roxburgh Dawson and Linda Vanessa Dawson	200,000	1.80%
7. Karalia Pty Ltd (ACN 080 599 828) ATF Karalia Investment Trust	200,000	1.80%
8. Simon Richard Lill	300,000	2.70%
9. Mejority Securities Pty Ltd (ACN 608 667 778)	100,000	0.90%
10. Raglan Drilling Pty Ltd (ACN 118 348 388)	200,000	1.80%
11. HCG Pty Ltd (ACN 145 216 100) ATF CSR Family Trust	100,000	0.90%

SCHEDULE 4 – INDEPENDENT GEOLOGIST’S REPORT

The Independent Geologist’s Report is enclosed with this Notice of Meeting.

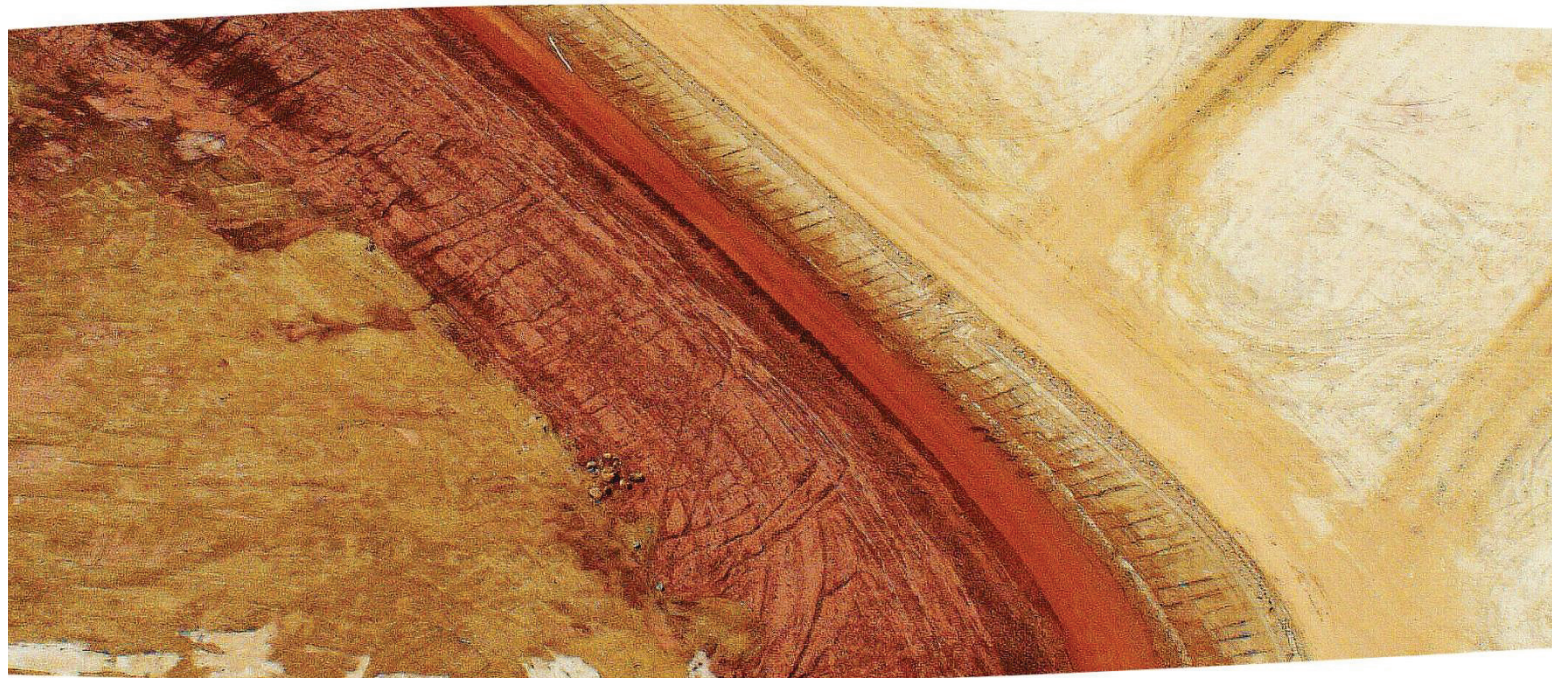


INDEPENDENT GEOLOGIST'S REPORT

ON THE MINERAL ASSETS OF

LEFROY EXPLORATION LIMITED

22 AUGUST 2016



RESOURCEFUL

TECHNICAL

PARTNERS

22 August 2016

The Directors
Lefroy Exploration Limited
Suite 2 Level 40
88 Phillip Street
Sydney NSW 2000
Australia

Dear Sirs

Independent Geologist's Report on the Mineral Assets of Lefroy Exploration Limited

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Lefroy Exploration Limited (LEX) to provide an Independent Geologist's Report on their mineral assets. Lefroy Exploration Limited is a company incorporated in the British Virgin Islands with its registered office in Roadtown the capital of the BVI. The company listed on the Australian Securities Exchange on the 5th September 1991 as an investment fund and remained a recognised foreign Corporation (ARBN 052 123 930), with an ASX trading code of 'USH' until August 2016 when it changed its name to Lefroy Exploration Limited, with a trading code of 'LEX'. Ravensgate understands that LEX is seeking re-quotations on the ASX via a capital raising and shareholders or potential investors may rely upon this report. This report is to be included in a prospectus (Prospectus) to be lodged by LEX with the Australian Securities and Investments Commission (ASIC). The funds raised together with existing cash resources will be used for the purpose of acquisition, exploration, development and evaluation of LEX's mineral assets.

The Lefroy, Lake Johnston and Murchison projects in Western Australia comprise the mineral assets of LEX. A list of the tenements which comprise these mineral assets is detailed in Table 1 of this report.

Ravensgate has completed a desktop review of the projects which involved compiling and reviewing the project's technical aspects, including previous work, regional geological setting, local geology, mineralisation, exploration potential and planned exploration. The objectives of this report are to provide a geological overview of each exploration project covering pertinent aspects in detail appropriate to the strategic importance of the project assigned by LEX. The Lefroy project is the cornerstone asset and has received the most detailed review including description of nine specific gold prospects. The Murchison project is comprised of tenements that are under application and is currently rated as a lower priority by LEX, therefore only a succinct description has been provided.

This report is based on information provided by LEX, which includes technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the project areas. A listing of the principal sources of information is included in this report. Ravensgate did not carry out a site visit to the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project areas given their location and stage of development. Ravensgate has endeavoured, by making reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. LEX have been given a final draft of this report and thereby given an opportunity to identify any material errors or omissions in it. Ravensgate has not verified the status of tenements or reviewed any issues regarding ownership, agreements or access pertaining to the tenements, which are being addressed elsewhere in the Prospectus.



PERTH

PO Box 1923, West Perth, 6872 Australia T +61 8 9226 3606 F +61 8 9226 3607
Ravensgate International Pty Ltd ATF Ravensgate Unit Trust ABN 16 891 075 503

ravensgate.com.au

This report was prepared by Mr Neal Leggo (Principal Geologist) and was reviewed by Mr Alan Hawkins of Ravensgate in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (VALMIN Code 2015 Edition). The report has also been prepared in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). Mr Leggo is a Member of The Australian Institute of Geoscientists, is a full-time employee of Ravensgate, has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition.

The information in this report that relates to Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Leggo. Mr Leggo has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the VALMIN Code 2015 Edition. Mr Leggo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Consent has been sought from LEX's representatives to include technical information and opinions expressed by them. No other entities referred to in this report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.

Ravensgate and its employees are not, nor intend to be, directors, officers or employees of LEX and have no material interest in any of the projects or LEX. The relationship with LEX is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

In consideration of the definition provided in the VALMIN Code, the mineral assets of LEX are classified as Exploration Area Mineral Assets, which are inherently speculative in nature. The mineral properties are considered prospective, although subject to varying degrees of risk, to warrant further exploration and development of their economic potential consistent with the programs proposed by LEX.

Yours faithfully



Neal Leggo

For and on behalf of:

RAVENSGATE



INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL ASSETS OF LEFROY EXPLORATION LIMITED

Prepared by RAVENSGATE on behalf of:

Lefroy Exploration Limited

Author(s):	Neal Leggo	Principal Geologist	BSc (Hons) Geology, MAIG, MSEG
Reviewer:	Alan Hawkins	Principal Consultant	BSc (Hons) Geology, MSc (Ore Deposit Geology), MAIG RPGeo, FSEG
Date:	22 August 2016		
Copies:	Lefroy Exploration Limited	(2)	
	Ravensgate	(1)	
Project No:	USM001		
File Name:	USM001_IGR_2016_08_22_FINAL.DOCX		



Neal Leggo
For and on behalf of:
RAVENSGATE

This report has been commissioned from and prepared by Ravensgate for the exclusive use of Lefroy Exploration Limited. Each statement or opinion in this report is provided in response to a specific request by Lefroy Exploration Limited to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading. Each statement or opinion contained within this report is based on information and data supplied by Lefroy Exploration Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.



TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	5
1.1 Lefroy Project	5
1.2 Lake Johnston Project	6
1.2.1 Murchison Project	7
1.3 Planned Expenditure	7
2. INTRODUCTION	8
2.1 Terms of Reference	8
2.3 Disclaimer	8
2.4 Specialist Declarations and Consent	8
2.5 Qualifications, Experience and Independence	9
2.6 Principal Sources of Information	9
2.6.1 Background Information	10
3. LEFROY PROJECT	13
3.1 Location	13
3.2 Tenure	14
3.3 Regional Geology	14
3.3.1 Yilgarn Craton	14
3.4 Local Geology and Mineralisation	15
3.4.1 Nearby Gold Deposits	17
3.4.2 Nearby Nickel Deposits	18
3.5 Mining History	18
3.6 Exploration History	19
3.7 Current Exploration	24
3.8 Mineral Resources	25
3.9 Exploration Potential and Targets	25
3.9.1 Coogee South Prospect	26
3.9.2 Hogans Find Prospect	28
3.9.3 Zanex Prospect	28
3.9.4 Anomaly F	30
3.9.5 Neon Prospect	30
3.9.6 Lucky Strike and Sideshow Prospects	33
3.9.7 Red Dale Prospect	33
3.9.8 Homer's Inlet - Lake Randall	35
3.9.9 Marloo Dam ELA15/1498	36
3.10 Exploration Strategy	36
4. LAKE JOHNSTON PROJECT	38
4.1 Location	38
4.2 Tenure	38
4.3 Regional Geology	38
4.4 Local Geology and Mineralisation	39



4.4.1	Nearby Nickel Deposits.....	39
4.5	Exploration History	39
4.5.1	Regional Geophysical Surveys.....	41
4.6	Current Exploration.....	42
4.7	Mineral Resources.....	42
4.8	Exploration Potential and Targets	42
4.8.1	Lithium Potential.....	42
4.8.2	Gold Potential	42
4.8.3	Nickel Potential	44
4.9	Exploration Strategy.....	44
5.	MURCHISON PROJECT	45
5.1	Location and Tenure	45
5.2	Geology and Exploration History	45
5.2.1	Big Bell South	46
5.2.2	Fleece Pool.....	46
5.2.3	Austin	46
5.3	Exploration Potential and Strategy	47
5.3.1	Big Bell South	47
5.3.2	Fleece Pool.....	47
5.3.3	Austin	47
5.4	Exploration Strategy.....	48
6.	PLANNED EXPLORATION EXPENDITURE	49
7.	REFERENCES	50
7.1	WAMEX Open File Reports	52
8.	LIST OF ABBREVIATIONS	54
9.	GLOSSARY	55



LIST OF TABLES

Table 1	Tenement Schedule.....	11
Table 2	Exploration Budget for Lefroy and Lake Johnston Projects.....	49

LIST OF FIGURES

Figure 1	Locality Map of LEX Projects	10
Figure 2	Lefroy Project Tenements.....	13
Figure 3	Evolving Understanding of the Yilgarn Craton	14
Figure 4	Interpretive Geology Plan of the Lefroy Project.....	16
Figure 5	Lefroy Project: Prospect Locations	24
Figure 6	Photograph of Gold Nuggets Prospected from Mums Patch on E26/ 124.....	25
Figure 7	Map Illustrating the Proximity of Coogee Gold Deposit to Coogee South Drill Hole Intersections	26
Figure 8	Coogee South Prospect Plans showing: A) Drilling and Satellite Image; B) Drilling and TMI Magnetic Image.....	27
Figure 9	Zanex Prospect Map showing Aircore Drilling over 1VD Magnetic Image	29
Figure 10	Zanex Prospect Cross-Section.....	30
Figure 11	Neon Prospect showing Drill Hole Locations and; A) Satellite Image and Zone Untested with Drilling B) TMI Image and Interpreted Lineaments	32
Figure 12	Lucky Strike Prospect Showing Drill Hole Locations over TMI Image	33
Figure 13	Red Dale Prospect Showing Drill Hole Locations over TMI Image	34
Figure 14	Five Gold Mineralised Trends Recognised at the Lefroy Project	37
Figure 15	Lake Johnston Project Regional Geology and Tenements	38
Figure 16	TMI Image of the Lake Johnston Project	41
Figure 17	Frodo Gold Prospect Plan showing Geochemistry and Drilling	43
Figure 18	Murchison Project Tenement Plan and Geology	45



1. EXECUTIVE SUMMARY

Ravensgate International ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Lefroy Exploration Limited (LEX) to provide an Independent Geologist's Report on the mineral assets of LEX. LEX is a company incorporated in the British Virgin Islands with its registered office in Roadtown the capital of the BVI. The company listed on the Australian Securities Exchange (ASX) on the 5th September 1991 as an investment fund and remained a recognised foreign Corporation (ARBN 052 123 930), with an ASX trading code of 'USH', until August 2016 when it changed its name to Lefroy Exploration Limited, with a trading code of 'LEX'. Ravensgate understands that this report is to be included in a prospectus (Prospectus) to be lodged by LEX with the Australian Securities and Investments Commission (ASIC) and may be relied upon by shareholders and potential investors.

The Lefroy, Lake Johnston and Murchison projects in Western Australia comprise the mineral assets of LEX. A map showing the location of the projects is presented in Figure 1, and a list of the tenements which comprise the mineral assets is detailed in Table 1 of this report. The three projects are all located in the Archaean age Yilgarn Craton - a highly mineralised granite-greenstone terrane with world class deposits of gold and nickel, and significant iron and volcanic hosted massive sulphide deposits.

1.1 Lefroy Project

The Lefroy project is centred 60km southeast of Kalgoorlie and consists of six granted exploration licences, nine granted prospecting licences and four exploration licence applications with a total area of 542.53km². Access across significant areas of the tenements is restricted by two large salt lakes in which water levels vary seasonally from 0 to 1m deep. Access across these lakes is difficult when dry and when water covered specialised craft are required. This logistical difficulty provides an exploration opportunity now that drilling rigs capable of operating successfully in the lake environment are readily available, because historic exploration has been significantly hindered by access and drilling problems leaving many targets poorly tested.

Although the Lefroy project is a greenfields exploration project, a moderate amount of infrastructure exists in the area and the proximity to Kalgoorlie provides ready access for all exploration, development and mining supplies and services. Three gold processing plants are situated close to the project tenements. Any future gold deposit discoveries made at Lefroy would therefore have heightened prospects of eventual economic development with lower capital costs compared to remotely located deposits.

Geologically the Lefroy Project straddles the triple junction of three crustal units: the Parker and Boorara Domains of the Kalgoorlie Terrane and the Bulong Domain of the Kurnalpi Terrane, each of which is bounded by regionally persistent faults with long histories of reactivation. The underlying Archaean rocks are mostly covered by alluvial, colluvial and lacustrine material with very little outcrop. The regolith profile throughout the area is very thin due to extensive erosion prior to the Cainozoic era. This restricts the effectiveness of geochemical exploration, as it reduces the lateral geochemical dispersion of metals from concealed orebodies within the stripped regolith profile, requiring tighter sample spacing to detect anomalies.

The Lefroy project is situated in a highly fertile greenstone belt with numerous gold deposits and abundant gold occurrences nearby. The location of the major gold mines, deposits and prospects in their geological context and relation to the project tenements is provided. The Coogee, Salt Creek, Daisy-Milano and Lucky Bay gold deposits, plus the major St Ives gold camp are specifically relevant to exploration of the Lefroy project and have been described in this report.

The project area has seen a long and extensive exploration and mining history which is highly relevant to the current geological understanding and prospectivity of LEX's tenements and has therefore been described in some detail. Prospecting began soon after the discovery of gold at Kalgoorlie in 1893 with early production at Mt Monger and Hogans Find. During the nickel boom which followed the discovery of nickel sulphides at Kambalda in the 1960s, significant nickel exploration occurred through the region seeing the discovery and mining of the Carnilya and Carnilya Hill nickel deposits immediately north of the Lefroy tenement package. Ever since the 1980s, the area has seen continuous gold exploration activity with



intermittent nickel exploration resulting in the location of numerous prospects and the discovery and mining of the Coogee, Lucky Bay and Salt Creek gold deposits, which are all located within the Lefroy project area, but not part of LEX's tenure.

The Lefroy project is the cornerstone asset of LEX. It is positioned in a prospective location in terms of a regional geological and mineralisation setting, hosted within the Eastern Goldfields which is in the top 5% of established global gold provinces. The project is located 70km southeast of the 70Moz Au Kalgoorlie Super Pit and 30km east of the 12Moz Au St Ives gold camp at Kambalda. Ravensgate consider the areas prospective for structurally controlled orogenic lode gold deposits of which there are many examples in the surrounding greenstone belt. Section 3.4.1 describes five of the significant gold deposits in the immediate area.

The position of the Mount Monger Fault is now better defined from analysis of drill data. It lies some 1km further east than that is shown on previous interpretations and swings around to almost due east-west passing between the Lucky Bay and Salt Creek deposits on Silver Lake's ground. This interpretation has ramifications for the improved prospectivity of E15/1497 to the east.

LEX have identified nine specific gold prospects within its Lefroy tenements: Coogee South, Hogans Find, Zanex, Anomaly F, Neon/Sideshow, Lucky Strike, Red Dale, Homer's Inlet and Marloo Dam.

Much of the historic exploration has been undertaken in a piecemeal fashion in small tenement packages. LEX have assembled a large and coherent tenement package across a prospective and underexplored greenstone terrane, which LEX plans to undertake a systematic, staged exploration approach utilising a comprehensive database and a focused understanding of the regional geological setting, as evidenced by their recognition of five mineralised structural belts.

1.2 Lake Johnston Project

The Lake Johnston project is located 120km west of Norseman and consists of two granted exploration licences and one exploration licence applications with a total area of 300.3km². The project can be accessed via the unpaved Hyden-Norseman road. Some infrastructure exists in the area and reasonable proximity to Kalgoorlie provides ready access for all exploration services. Poseidon Nickel owns a nickel ore processing facility immediately south of the project area.

The project tenements cover a portion of the Lake Johnston greenstone belt, a north-northwest trending sequence comprising the Maggie Hays Formation at the base, overlain by the Honman Formation and capped by the Glasse Formation. The central ultramafic unit of the Honman Formation hosts nickel sulphide deposits at Maggie Hays and Emily Ann which have been mined. E63/1722 covers an 800m wide section of the prospective Lake Johnston greenstone belt with an eastern mafic complex and a western ultramafic complex separated by a 75-150m band of psammitic sedimentary units. Most of E63/1723 is underlain by gneissic granite which is generally considered unprospective; however segments of a highly magnetic ultramafic-amphibolite-BIF sequence occur as isolated remnants of greenstone and present some prospectivity. The project area has been subject to a significant amount of historic nickel exploration but only modest gold exploration activity. The area is considered prospective for structurally controlled orogenic lode gold deposits of which there are many examples in the wider region. The Frodo prospect has been identified as a priority drill target by LEX based on re-interpreting results generated by previous exploration. A well-defined trend of gold anomalies in soil and RAB can be traced for 1,100m. The previous RAB drilling has been too shallow, incorrectly angled and too widely spaced to be fully effective. Follow-up drilling with angled aircore and RC is warranted.

A review of the historic exploration has revealed three targets for potential nickel mineralisation. While nickel is not currently the primary focus for LEX, these targets are certainly of exploration merit.

Potential exists to develop new gold and nickel targets within the Lake Johnston project through undertaking regional geophysical surveys over areas where coverage by previous explorers has been poor.



The tenements also hold potential for the discovery of lithium bearing pegmatites. Previous mapping and sampling have identified outcropping pegmatites in a number of localities throughout the tenements.

1.2.1 Murchison Project

The Murchison project is located 620km north-northeast of Perth near the town of Cue and consists of two exploration licence applications and 18 prospecting licence applications with a total area of 134.9km². No tenements have been granted to date. The tenements are grouped in three separate clusters: Fleece Pool, Austin and Big Bell South. The Murchison project is located in the Murchison Domain of the Youanmi Terrane of the Archaean Yilgarn Craton and covers greenstone separated by granite and granitic gneiss. Big Bell South covers a narrow portion of the Big Bell greenstone belt on the Chunderloo-Big Bell Fault, 20km south of the Big Bell gold mine.

Preliminary review of historic exploration has revealed several areas where follow-up of modest anomalies has not been adequate. Potential exists to develop new gold targets within the Murchison project through undertaking mapping, geochemical surveys and scout drilling over areas where coverage by previous explorers has been poor.

1.3 Planned Expenditure

LEX have provided to Ravensgate their proposed exploration expenditure for the two year period following the capital raising with \$2,264,600 of direct exploration expenditure and \$1,162,000 for corporate costs, which is detailed in Table 2 of Section 6. LEX is intending to focus their expenditure on aircore and RC drilling.

Ravensgate considers that the proposed exploration budget is consistent with the mineral potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed and to meet statutory tenement expenditure requirements.



2. INTRODUCTION

2.1 Terms of Reference

Ravensgate has been commissioned by LEX to provide an Independent Geologist's Report on LEX's mineral assets.

This report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (VALMIN Code 2015 Edition). The report has also been prepared in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts).

2.2 Tenement Status Verification

The Client has commissioned independent legal advice regarding the status of the tenements that are referred to in this report (as set out in the Tenement Schedule) underlying the mineral assets. Ravensgate has not reviewed the material contracts relating to the mineral assets of LEX and is not qualified to make legal representations in this regard.

2.3 Disclaimer

The authors of this report and Ravensgate are independent of LEX, its directors, senior management and advisors and have no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are listed elsewhere in the Prospectus.

The relationship with LEX is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of LEX or any group, holding or associated companies of LEX.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This Independent Geologist's Report has been compiled based on information available up to and including the date of this report, any statements and opinions are based on this date and could alter over time depending on exploration results, commodity prices and other relevant market factors.

2.4 Specialist Declarations and Consent

The information in this report that relates to Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Neal Leggo, who is a Member of the Australian Institute of Geoscientists. Mr Leggo is not an employee of LEX. Mr Leggo has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Mr Leggo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Consent has been sought from LEX's representatives to include technical information and opinions expressed by them. No other entities referred to in this report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.



2.5 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 with its services that include valuations, independent technical reporting, exploration management and Resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types.

Author: Neal Leggo, Principal Consultant BSc (Hons) Geology, MAIG, MSEG.

Neal Leggo has over 30 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities across numerous geological terrains within the Asia-Pacific region. Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold where he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments included scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this, Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines. Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code.

Peer Reviewer: Alan Hawkins, Principal Consultant BSc (Hons) Geology, MSc (Ore Deposit Geology), MAIG RPGeo, FSEG.

Alan Hawkins is a geologist with over 20 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate, Alan worked for Newmont Mining Corporation as a Principal Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams. Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz Au Westside deposit, where he also worked as a resource modelling geologist before joining Newmont's regional exploration team. Alan holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101 and is a Registered Professional Geoscientist in the field of Mineral Exploration with the Australian Institute of Geoscientists.

2.6 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by LEX and their partners or consultants, publically available information such as ASX releases, government reports and discussions with LEX technical and corporate management personnel. A listing of the principal sources of information is included in the references attached to this report.

Figures used in this report have been prepared by LEX with appropriate direction, input and review from Ravensgate.



Ravensgate did not carry out a site visit to the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. The author, Mr Neal Leggo, has had extensive West Australian gold experience and has visited the Lefroy project area in 2012 and the Lake Johnston area in 2013. The Peer Reviewer, Mr Alan Hawkins, has also visited the Lefroy project area numerous times. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project given their location and early stage of development.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to LEX, prior to finalisation by Ravensgate, requesting that LEX identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.6.1 Background Information

The projects discussed in this report are located in Western Australia. A locality map of the projects is presented in Figure 1 below. A summary of the tenement details are listed in Table 1 below. References, a glossary of terms and a list of abbreviations are included at the end of this report.

Figure 1 Locality Map of LEX Projects

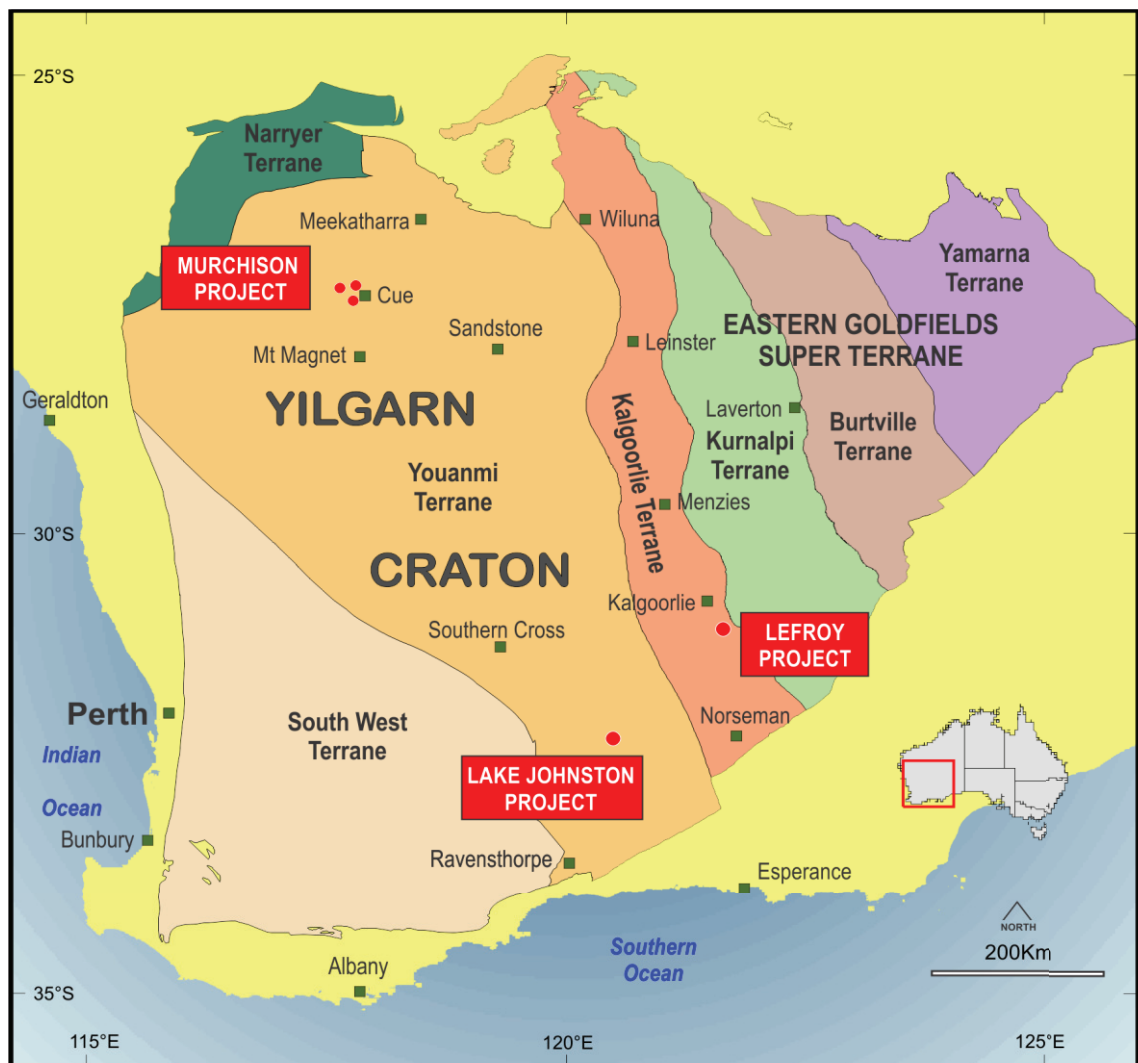


Table 1 Tenement Schedule

Project	Tenement ID	Registered Holder	Area	Area Unit	Status	End Date
Lefroy	E 25/517 #	Saunders, Frederick Charles	2	BL	Granted	28/05/2020
Lefroy	E 26/131 #	Saunders, Frederick Charles	8	BL	Granted	09/08/2019
Lefroy	E 26/134 #	Saunders, Frederick Charles	6	BL	Granted	28/03/2020
Lefroy	E 26/150 #	Saunders, Frederick Charles	1	BL	Granted	14/03/2021
Lefroy	E 26/182	US Masters Holdings Limited	13	BL	Granted	10/11/2020
Lefroy	P 25/2059 #	Saunders, Frederick Charles	199.1	Ha	Granted	20/09/2017
Lefroy	P 26/3689 #	Saunders, Frederick Charles	170	Ha	Granted	12/11/2017
Lefroy	P 26/3690 #	Saunders, Frederick Charles	116.5	Ha	Granted	23/08/2017
Lefroy	P 26/3691 #	Saunders, Frederick Charles	116.3	Ha	Granted	23/08/2017
Lefroy	P 26/3764 #	Saunders, Frederick Charles	71.8	Ha	Granted	14/03/2019
Lefroy	P 26/3765 #	Saunders, Frederick Charles	133	Ha	Granted	14/03/2019
Lefroy	P 26/3889 #	Rocky Reef Mining Pty Ltd	199	Ha	Granted	10/06/2017
Lefroy	P 26/3890 #	Rocky Reef Mining Pty Ltd	200	Ha	Granted	10/06/2017
Lefroy	P 26/3891 #	Rocky Reef Mining Pty Ltd	195	Ha	Granted	10/06/2017
Lefroy	E 15/1447 @	Montezuma Mining Company Ltd	49	BL	Granted	01/08/2021
Lefroy	E 15/1497	US Masters Holdings Limited	29	BL	Application	-
Lefroy	E 15/1498	US Masters Holdings Limited	4	BL	Application	-
Lefroy	E 26/183 #	Saunders, Frederick Charles	18	BL	Granted	29/05/2021
Lefroy	E 26/184 #	Saunders, Frederick Charles	50	BL	Granted	29/05/2021
Lefroy	E 26/193	US Masters Holdings Limited	7	BL	Application	-
Lake Johnston	E 63/1722 ^	US Masters Holdings Limited	65	BL	Granted	31/03/2021
Lake Johnston	E 63/1723 ^	US Masters Holdings Limited	36	BL	Granted	27/07/2020
Lake Johnston	E 63/1777 *	Lithium Australia NL	3	BL	Application	-
Murchison	E 21/192	US Masters Holdings Limited	15	BL	Application	-
Murchison	E 21/193	US Masters Holdings Limited	18	BL	Application	-
Murchison	P 20/2256	US Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2257	US Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2258	US Masters Holdings Limited	199	Ha	Application	-
Murchison	P 20/2259	US Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2260	US Masters Holdings Limited	196	Ha	Application	-
Murchison	P 20/2261	US Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2262	US Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2263	US Masters Holdings Limited	197	Ha	Application	-



Project	Tenement ID	Registered Holder	Area	Area Unit	Status	End Date
Murchison	P 20/2264	US Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2265	US Masters Holdings Limited	197	Ha	Application	-
Murchison	P 20/2266	US Masters Holdings Limited	198	Ha	Application	-
Murchison	P 20/2267	US Masters Holdings Limited	123	Ha	Application	-
Murchison	P 20/2268	US Masters Holdings Limited	108	Ha	Application	-
Murchison	P 20/2269	US Masters Holdings Limited	180	Ha	Application	-
Murchison	P 20/2272	US Masters Holdings Limited	198	Ha	Application	-
Murchison	P 20/2273	US Masters Holdings Limited	200	Ha	Application	-
Murchison	P 20/2274	US Masters Holdings Limited	188	Ha	Application	-
Murchison	P 20/2275	US Masters Holdings Limited	198	Ha	Application	-

Notes:

LEX was formerly named US Masters Holdings Limited. All tenements are currently in the process of having the name of the registered holder changed to Lefroy Exploration Limited.

These tenements are held, either registered or beneficially, 100% by Hogans Resources Pty Ltd;

LEX is acquiring 100% of Hogans Resources Pty Ltd through a share sale agreement.

@ E15/1447 is subject to a tenement sale agreement to LEX.

^ E63/1722 & E63/1723 exclude lithium rights.

** E63/1777 - gold and nickel rights only.*

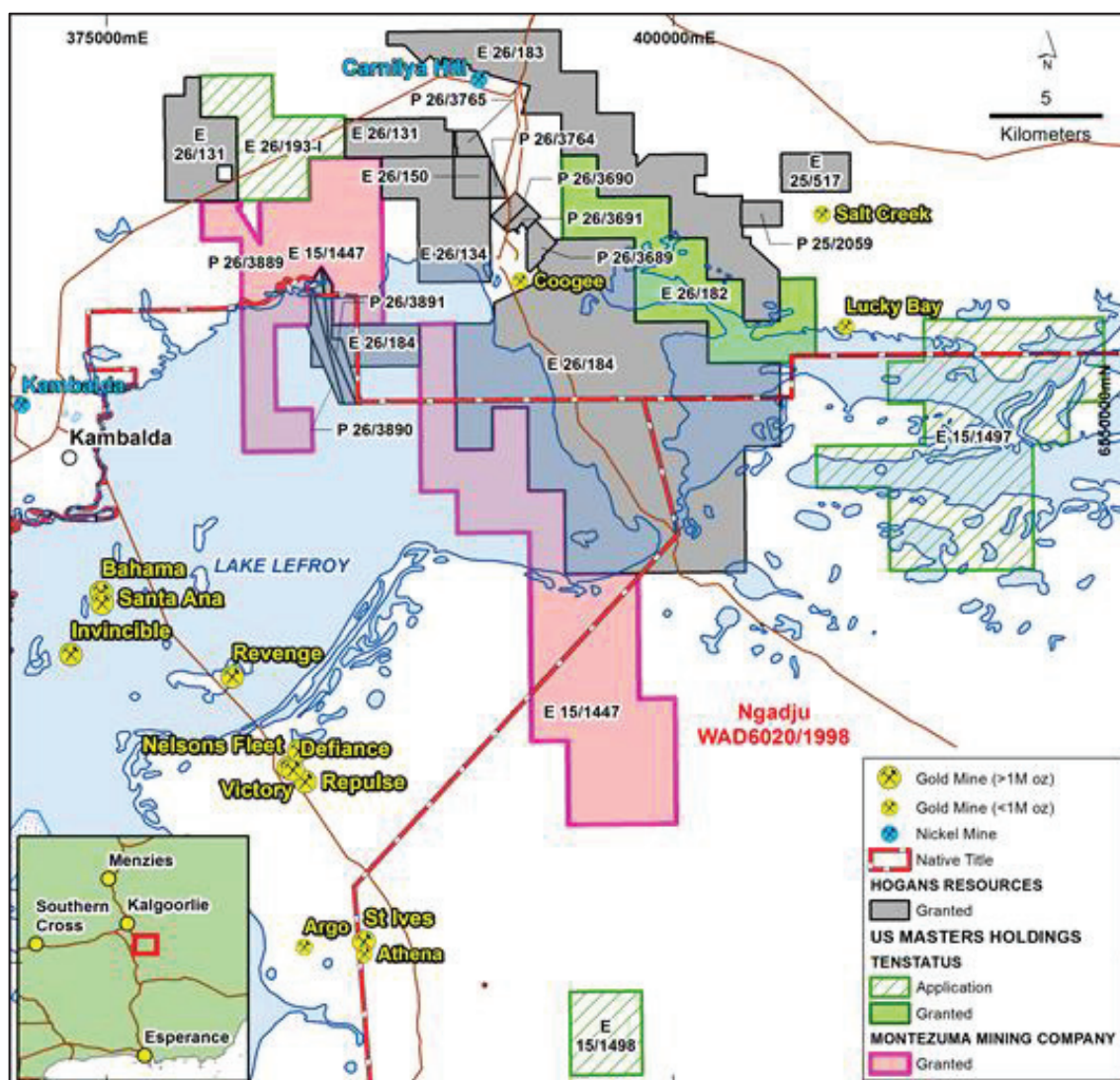


3. LEFROY PROJECT

3.1 Location

The Lefroy project is centred 60km southeast of Kalgoorlie and 25km east of Kambalda (Figure 1). The northern parts of the project can be accessed from Kalgoorlie either via the Goldfields Highway then the Woolibar-Hogan Road or via the Mount Monger Road. The central and southern parts of the project can be reached by travelling approximately 22km east-northeast from the historic Victory gold mine along station tracks. The main land uses are cattle grazing and mining. Access within the northern portions of the project area is straightforward through relatively flat terrain and open vegetation using shire roads, numerous station tracks and exploration tracks. Access across significant areas of the tenements is restricted by two salt lakes, Lake Lefroy, an extensive salt playa with a surface area of 554km² (59km x 16km) and Lake Randall to the east (Figure 2). Water levels vary seasonally from 0 to 1m deep. Access across these lakes is difficult when dry and restricted when water covered.

Figure 2 Lefroy Project Tenements



Although the Lefroy project is a greenfields exploration project a moderate amount of infrastructure exists in the area and the proximity to Kalgoorlie provides ready access for all exploration, development and mining supplies and services. Telstra mobile phone coverage is available over most of the project area. Importantly, three gold processing plants are



situated close to the project tenements: St Ives Lefroy mill (4.7Mtpa - GoldFields), Randalls mill (1.2Mtpa - Silver Lake Resources) and the Jubilee mill (1.2Mtpa - Metals X). Any future gold deposit discoveries made at Lefroy would therefore have heightened prospects of eventual economic development with lower capital costs compared to remotely located deposits.

3.2 Tenure

The project consists of six granted exploration licences, nine granted prospecting licences and four exploration licence applications with a total area of 542.53km². The licence details are listed in Table 1 and their location is shown in Figure 2.

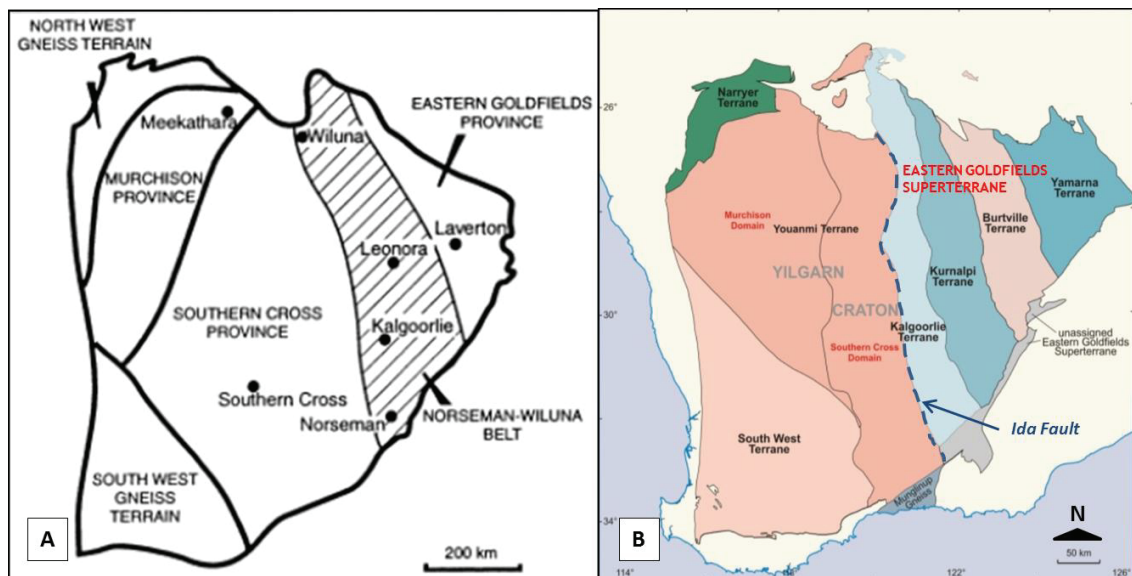
3.3 Regional Geology

3.3.1 Yilgarn Craton

The project is located in the Paleo- to Neoproterozoic Yilgarn Craton (Block) of Western Australia Figure 3 - a highly mineralised granite-greenstone terrane with world-class deposits of gold and nickel, and significant iron and volcanic hosted massive sulphide (VHMS) base-metal deposits (Wyche *et al.*, 2012). The earliest widely used subdivision of the Yilgarn Craton (Gee *et al.*, 1981) contained four components - the Eastern Goldfields (containing the Norseman - Wiluna Belt), Southern Cross and Murchison Provinces; and the Western Gneiss Terrane (subdivided into Northwest and Southwest). According to Wyche (2007), the relationships between these regions were enigmatic, with the boundaries not strictly based on observed geological features (Figure 3 A).

Cassidy *et al.*, (2006) divided the Yilgarn Craton into terranes defined on the basis of distinct sedimentary and magmatic associations, geochemistry and ages of volcanism. The Narryer (formerly the Northwest Gneiss) and South West terranes in the west are dominated by granite and granitic gneiss with minor supracrustal greenstone inliers, whereas the Youanmi Terrane and the Eastern Goldfields Superterrane contain substantial greenstone belts separated by granite and granitic gneiss (Wyche *et al.*, 2012). Subsequent revision has further subdivided the Eastern Goldfields Superterrane into the Kalgoorlie, Kurnalpi, Burtville and Yamarna terranes (Figure 3 B; Pawley *et al.*, 2012).

Figure 3 Evolving Understanding of the Yilgarn Craton



(Modified from (A) Gee *et al.*, 1981 and (B) Pawley *et al.*, 2012)



The Ida Fault (Figure 3 B), which marks the boundary between the western Yilgarn Craton and the Eastern Goldfields Superterrane, is a major structure that extends to the base of the crust (Drummond *et al.*, 2000). Greenstone stratigraphies in the western Yilgarn differ from those in the Eastern Goldfields Superterrane in such things as the relative abundance of lithologies (especially komatiite and banded iron-formation) suggesting a substantially different depositional regime. According to Wyche (2007), the greenstones in much of the western Yilgarn are typically older than those in the Eastern Goldfields Superterrane. The major mafic dominated successions in the western Yilgarn, date back to 3.0 Ga (e.g. Pidgeon and Wilde, 1990; Geological Survey of Western Australia (GSWA), 2007), whereas the mafic and felsic successions of the Eastern Goldfields Superterrane were largely deposited after 2.8 Ga (e.g. Barley *et al.*, 2003; GSWA, 2007).

3.3.2 Regional Geology - Greater Lefroy Area

The Lefroy project is located near the northern edge of the Widgiemooltha (SG 51-14) 1:250,000 map sheet (Griffin and Hickman, 1988b) and cuts across the Lake Lefroy (3235) 1:100,000 map sheet (Griffin and Hickman, 1988a) and Mount Belches (3335) 1:100,000 map sheet (Painter, 2000). The geology of the Widgiemooltha 1:250,000 scale map sheet is described by Griffin (1989), whereas the geology of the Mount Belches 1:100,000 scale map sheet is described by Painter and Groenewald (2001).

The Lefroy project is located in the southern part of the Norseman - Wiluna Greenstone Belt and straddles the triple junction of three crustal units: the Parker and Boorara Domains of the Kalgoorlie Terrane and the Bulong Domain of the Kurnalpi Terrane, each of which is bounded by regionally persistent faults with long histories of reactivation.

To the west of the north-northeast trending Randalls Fault and the northwest trending Mount Monger Fault lies a sequence of greenstones belonging to the Parker Domain of the Kalgoorlie Terrane. This sequence is up to 7,000m thick and was deposited ~2,700Ma ago. It is largely composed of mafic and ultramafic komatiitic lavas overlain by high-magnesian and tholeiitic basalts. Thin shales and chert beds are common throughout the sequence. Overlying the dominantly mafic sequence are felsic volcanic rocks comprising lavas, tuffs and agglomerates with associated extrusive and intrusive felsic porphyries. Metasedimentary rocks of felsic composition overlie the dominantly volcanic sequence and are in turn capped by metamorphosed pebbly sandstones.

To the north and northeast of the Mount Monger Fault is a similar sequence to that of the Parker Domain although metamorphism has been less intense. These rocks belong to the Boorara Domain of the Kalgoorlie Terrane and occur on the northern edge of the project area.

East of the Randalls and Mt Monger faults is the Bulong Domain of the Kurnalpi Terrane. In the Lefroy area these rocks are overlain by younger (less than 2,666Ma) sedimentary units of the Mount Belches Basin. This growth fault-bounded extensional basin is filled with turbiditic sedimentary units that mainly comprise graded polymictic conglomerates and wackes with siltstones and mudstones. Near the top of the sequence several banded chert-magnetite iron formations occur, the uppermost of which is known as the Santa Claus Member.

Subsequently, the basin underwent a period of major compression accompanied by complex folding and dome development with associated granite intrusion to form the Randall Dome. Significant gold mineralisation occurs associated with the Santa Claus Member at the Randalls Mining Centre.

3.4 Local Geology and Mineralisation

The Lefroy project tenements are mostly covered by alluvial, colluvial and lacustrine material with very little outcrop. Outcrop is largely restricted to isolated areas in the northern portion, with intervening areas covered by transported alluvium of the drainage systems flowing into Lake Lefroy and Lake Randall. Large portions of the tenements are covered by these lakes, beneath which, accumulations of Cainozoic sedimentary units cover Archaean basement. Lake sediments generally vary from 5 to 30m thick but can be up to 80m thick in palaeochannels.

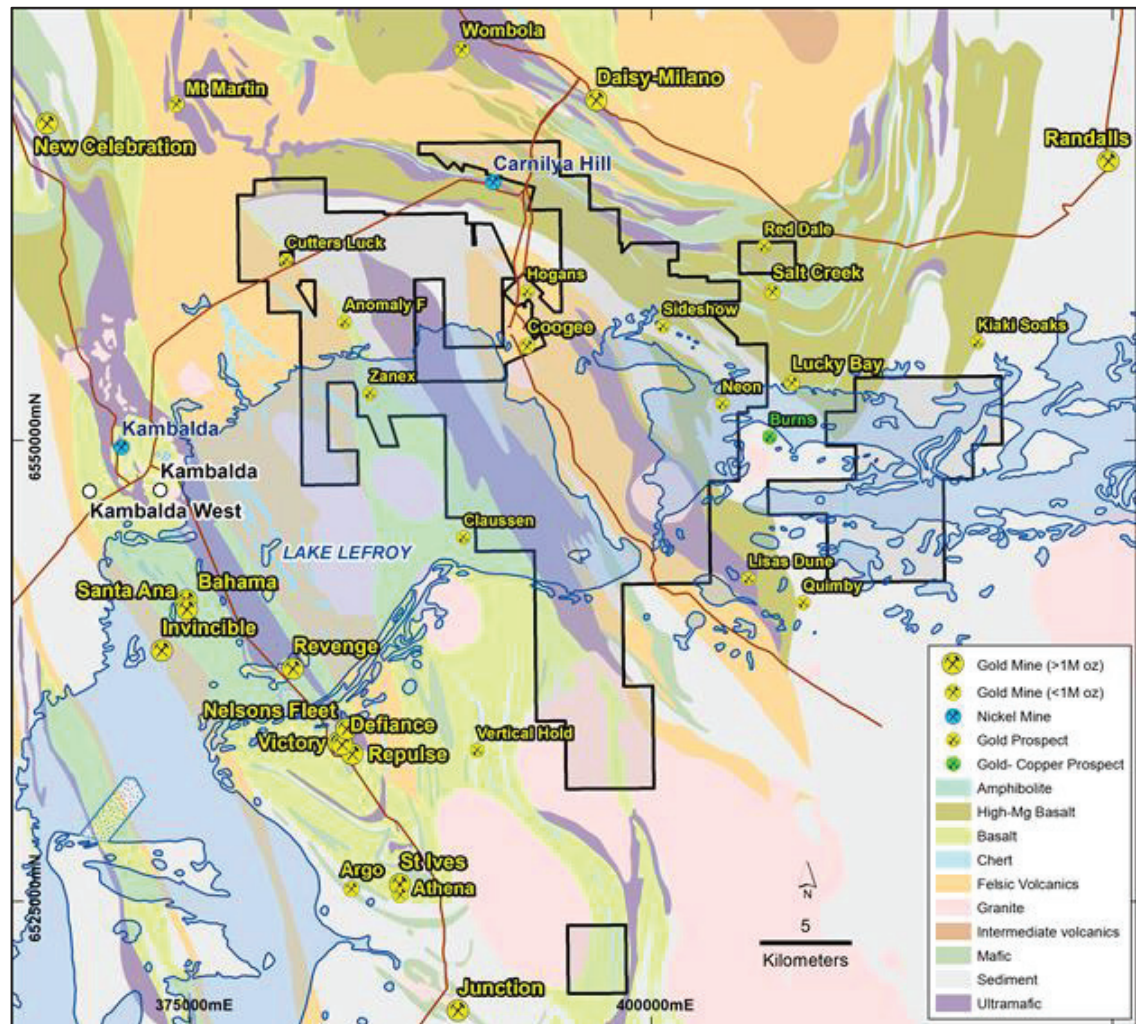
Archaean rocks immediately below the Cainozoic unconformity are weathered; however the thick regolith profile typical of the Goldfields has generally been eroded off, leaving a thin regolith profile. This restricts the effectiveness of geochemical exploration, as it reduces the



lateral geochemical dispersion of metals from concealed orebodies within the stripped regolith profile, requiring tighter sample spacing to detect anomalies.

An interpretive Archaean geology plan of the Lefroy Project is presented in Figure 4.

Figure 4 *Interpretive Geology Plan of the Lefroy Project*



The northwestern part of the project is underlain by Archaean felsic volcaniclastic sedimentary units, felsic volcanics, mafic volcanics and ultramafic volcanics on the southern limb of the Carnilya Anticline. The core of the anticline is mostly comprised of mafic rocks, predominantly metabasalt. Ultramafics, including spinifex-textured peridotites similar to those at Kambalda, flank the mafic rocks.

The Carnilya Hill Block to the northwest is a succession of komatiite, high magnesium basalt, chert and shale, forming an east-west south dipping overturned anticline. It hosts the Carnilya Hill East nickel-copper deposit and lies within the Boorara Domain. Nickel sulphide mineralisation, hosted by komatiites, is present at Carnilya Hill at the eastern end of the Carnilya Anticline.

Access across the salt lakes is difficult when dry and restricted when water covered. This logistical difficulty provides an exploration opportunity now that drilling rigs capable of operating successfully in the lake environment are readily available. Historically exploration has been significantly hindered by access and drilling problems, leaving many targets poorly tested.



3.4.1 Nearby Gold Deposits

The Lefroy project is situated in a highly fertile greenstone belt with numerous gold deposits and abundant gold occurrences nearby. Figure 4 provides a map highlighting the location of the major gold mines, deposits and prospects in their geological context and relation to the project tenements. Five of the deposits and the major St Ives gold camp are specifically relevant to exploration of the Lefroy project and have been briefly described below.

Coogee Gold Mine

Ramelius Resources operated the Coogee open pit in 2013/2014. Coogee is a shear hosted orogenic lode gold deposit hosted by metasomatically altered calc-silicate sedimentary units within a sequence dominated by intermediate volcanics and subvolcanics. Hydrothermal fluids are interpreted to have travelled up fracture systems associated with a proximal granitoid pluton.

The deposit was discovered in 1995 by Sovereign Resources. No gold appears in the top 25m owing to depleted oxidised saprolite and transported cover. A reported Mineral Resource of 231,000 tonnes grading 4.3g/t Au, for 32,000oz Au, converted to a Probable Ore Reserve of 109,000t at 5.1g/t, for 18,000oz Au, for a 75m deep pit. A six month mining campaign was successfully completed in February 2014 mining 147,401 tonnes at a grade of 4.32g/t. Ore haulage to Ramelius' Burbanks mill was completed on 30 June 2014. By this date, Burbanks had milled 121,248t at 5.25 g/t for 20,469oz (19,789oz recovered), with a further 31,528t at 3.09 g/t for 2,971oz recovered in the following quarter (Ramelius 2014a & b).

Salt Creek Gold Mine

Integra discovered the Salt Creek deposit in 2005 through geochemical exploration and quickly delineated the deposit, bringing it into production which commenced through an on-site mill (which was purchased and re-located from New Celebration) in 2010. Feasibility was based on Indicated and Inferred Mineral Resources of 4.6Mt at 2.7g/t Au for 400,000oz (Integra, 2008). Open pit mining concluded in 2011 but ore processing continued for several years, after which the site was rehabilitated. Gold mineralisation at the Salt Creek deposit is hosted by the granophyric phase of a differentiated gabbro unit where it is transected by a north-south oriented structure in the hinge of the Bulong Anticline. Mineralisation is associated with multiple phases of quartz/ sulphide, and quartz carbonate veining with silica-sericite-carbonate alteration haloes. In 2009, Integra reported *numerous high grade intersections, including a result of 7.2m at 11.6g/t Au from a structure interpreted to be the feeder structure*, however no further reports were made public about the high-grade potential of Salt Creek and no underground mining was undertaken.

Daisy-Milano Gold Mine

The Daisy-Milano mine has been in operation since 1990 as an underground mine. Since 2007 it has been operated by Silver Lake Resources, with ore being processed through the Lakewood mill in Kalgoorlie. The mine is accessed from a decline to a depth of about 900m. The Daisy Complex includes five lode trends: Daisy, Milano, Rosemary, Haoma and Haoma West. The lodes are zones of brittle-ductile shearing in which quartz veins (3-5cm) are common. Veins are commonly conformable with shear zones and are variably deformed. Host rocks are intermediate to felsic volcanic rocks with mineralisation occurring as a swarm of thin quartz veins in lodes typically less than 2m in width. These veins dip ~80° to the east with a southerly (southwest) plunge (40° - 45°) beneath an overlying north-northwest trending ultramafic unit of ~250m thickness. The entire ore host sequence is intruded by quartz-feldspar porphyritic units. There are also several east-west trending Proterozoic age, mafic dolerite, intrusive dykes ranging from a few centimetres to several metres thick, distributed throughout the deposit area.

St Ives Gold Camp

To the west of the Lefroy project, the St Ives gold camp comprises a string of 25 separate orebodies distributed over a 30km long, north-northwest oriented trend parallel to the Boulder-Lefroy Shear Zone, to the south of Kambalda. The camp is currently producing 450,000oz of gold per annum and has seen more than 12Moz of gold produced through the life of the field from deposits including Revenge, Victory, Repulse, Defiance, Nelsons Fleet, Santa Anna and Bahama (Figure 4). The recent Invincible discovery (8.9Mt at 4.6g/t Au) provides evidence that focused, highly technical exploration programs continue to uncover new



deposits beneath Lake Lefroy (Woodcock, 2015). The geology and ore genesis of many of the St Ives deposits have been well described in a variety of scientific publications.

Lucky Bay Gold Mine

The Lucky Bay deposit is located on the north shore of Lake Randall approximately 5km south of the Randalls mill. Gold production commenced at Lucky Bay in August 2015 based on a Resource of 125,600t at 5.4 g/t Au, for 21,600oz and Ore Reserves of 123,000t at 4.85g/t Au, for 19,180oz Au (Silver Lake, 2012). The mineralisation is hosted dominantly within BIF - pervasively silica-albite altered and pyrite-pyrrhotite mineralised fine-grained sedimentary units with quartz carbonate sulphide veining. The highest grades are associated with siderite-ankerite alteration proximal to quartz-carbonate veins within the BIF and the adjacent siltstone or shales. There is also a high grade oxidised supergene zone. Several bands of carbonaceous shale are present in the hangingwall of the BIF (Silver Lake, 2014).

Burns Prospect

In close proximity to LEX tenements, Octagonal Resources (now Gandel Metals Pty Ltd) explored the Burns gold-copper prospect (Figure 4 and Figure 11). At Burns, significant gold and copper mineralisation has been intersected by diamond drilling in an interpreted massive magnetite-chalcopyrite potential feeder structure (0.9m at 4.5g/t Au and 2.6% Cu from 256.4m depth). This followed the discovery of shallower mineralisation defined by 33 RC holes drilled on four 40m spaced traverses. The geological setting is strongly fractured high-magnesian pillow basalt intruded by feldspar-porphyrific intermediate rocks. Other zones of mineralisation intersected by diamond drilling include 38.5m at 0.5g/t Au and 0.2% Cu from 184.5m depth and 55.95m at 0.5g/t Au and 0.2% Cu from 229.85m depth (Octagonal 2014). The mineralisation style is thought to be unique in the Eastern Goldfields of Western Australia as it is not associated with significant quartz veining or shearing, it is carbonate-poor, it is associated with magnetite-biotite alteration, and it is not associated with any typical pathfinder elements for Archaean greenstone hosted orogenic lode-gold deposits.

3.4.2 Nearby Nickel Deposits

Carnilya Hill Nickel Mine

The Carnilya Hill nickel deposit was discovered in 1974 and mined between 1980 and 1999, initially as a Joint Venture (JV) between WMC and BHP. It was closed in 1999 on exhaustion of the then known ore reserves, having produced 1.4Mt at 3.37% Ni, for 47,290t of nickel metal. Limited remnant mining was carried out by View Resources (2003 - 2005), before entering into an exploration JV with Mincor Resources in late 2005. Mincor sole funded \$2.5M to earn a 70% interest in the project. Initial Ore Reserves of 483,500t at 2.9% Ni were proved by mid-2007 with underground production commencing in late 2008, mining 15,000t per month until closure in 2012. Current Mineral Resources are 73,000t at 2.8% Ni.

3.5 Mining History

Following major gold discoveries at Kalgoorlie in 1893, prospectors found gold near Mount Monger in 1896. Hogans Find produced 304.6t of ore at a grade of 29.2g/t Au for a total of 8.89kg of gold during the period 1900 to 1904. The Mount Monger goldfield was mined intermittently on a small scale from 1916 till the 1960s with mine development and prospecting activities driven by the gold price. The field consisted of numerous prospectors and small companies each with their own piece of tenure exploited by either shallow open pit or small scale underground mining to depths of 50m. Larger historic mines included the Caledonian, Daisy, Big Bull, Leslie, Pauline, Milano, Haoma and Maranoa. During this period records show that the average production grade for the field was in excess of one ounce per tonne.

From 2013 to 2014, Ramelius mined 147,401t at 4.32g/t Au from the Coogee deposit, which is located centrally within the project area but not part of LEX tenure.

Prospecting and superficial mining operations conducted in the Hogans Find area has recovered significant gold over the past decade. Utilising a bulldozer for ripping the surface to a depth of approximately 1.0m and a metal detector, payable coarse gold has been recovered over a wide area. These areas are interpreted geologically as broad strong geochemical gold anomalies. The largest gold nugget found by these prospectors weighed 1,009 grams (~32 ounces).



3.6 Exploration History

Modern exploration began in 1966 by BHP during the nickel boom. BHP explored a broad area for nickel from 1966 to 1973 undertaking IP, aeromagnetic and ground magnetic surveys, mapping, rock chip sampling and soil sampling. The resulting exploration targets were followed up with auger, percussion and diamond drilling. Their program resulted in the discovery of the Carnilya and Carnilya Hill nickel deposits. A gold target associated with a structurally deformed BIF was tested by two RAB traverses. Five holes showed low level gold anomalies and there is no record of any re-sampling or follow up.

Between 1985 and 1989 CRA Exploration conducted exploration for gold on E26/6 northwest of Hogans Find. Their work comprised an airborne magnetic survey, geological mapping, soil sampling, auger and RAB drilling. The RAB drilling returned only a few moderately anomalous values with a peak value of 104ppb Au.

Croesus Mining explored for gold between 1987 and 1993 in the vicinity of Hogans Find. Their program included mapping with acquisition and interpretation of aeromagnetic data. Four targets were selected and tested with soil geochemistry. Croesus drilled ten aircore holes in a traverse testing for alluvial gold at Hogans Lagoon.

Geopeko/North explored EL26/40 over Mt Hogan between 1989 and 1993. Exploration was concentrated on gold and copper potential of the felsic volcanic dominated sequences.

Orion Resources explored for gold in the Cutters Luck area between 1992 and 1994. Orion carried out a regional soil sampling program on a 400m x 25m grid. Two target areas were followed up with a detailed infill soil sampling program on a 100m x 25m grid in selected areas. A gold anomaly with a peak value of 36ppb Au was delineated 2km southwest of Paddies Dam on the margin of a Proterozoic dolerite dyke. Orion never followed up the anomaly. The soil anomaly in the northwest of Orion's licence area was associated with siliceous cap rock over ultramafics and returned a peak value of 64ppb Au. The only follow-up was five barren rock chip samples.

Sovereign Resources (Sovereign) carried out extensive exploration for gold and nickel on their Hogans Project from 1991 to 2001. The project covered a raft of tenements including: E26/37 E26/49 GML26/7618 GML26/7619 M26/279 M26/397 M26/435 P26/1935 P26/1936 and P26/2303 across the northern shore of Lake Lefroy. Sovereign conducted numerous exploration programs from 1994 to 1999 after which they were renamed Hitech Energy and undertook little further effective exploration. An initial target generation exercise based on an aeromagnetic interpretation by David Isles generated 30 targets. Sovereign divided the project up into three domains: Coogee, Aztec and East Kambalda. Reconnaissance RAB drilling was undertaken on 31 of these targets which identified six main anomalies for detailed follow-up labelled Anomaly A through to Anomaly F. In subsequent years further anomalies were followed up and they were labelled Anomaly G through to Anomaly J. Anomaly A developed into the Coogee gold deposit and ultimately the Coogee mine. Anomalies B, C, D and E are located in the Mt Monger trend area while F, G, H and I are located in the Woolibar Trend area. Sovereign defined 30 RAB drilling targets of which two are within the current project area, anomaly D and Anomaly E. At anomaly D, 38 holes were drilled for 1,570m with only one result greater than 1g/t Au: (AD46) 2m from 58m to 60m (EOH) at 1.4g/t Au. At Anomaly E, ten holes were drilled for 539m with no anomalous results reported. A further 16 RAB holes for 446m were drilled at Anomaly D. Nineteen angled RAB holes were drilled to test beneath the old workings at Hogans Find.

Sovereign's Anomaly F, located north of the Zanex prospect on LEX tenure, continues to hold promise for both gold and nickel mineralisation. In 1994 a reconnaissance RAB traverse was immediately followed up with an infill RAB program of 30 holes for 1,066m and 64 holes for 2,400m yielding fifteen 3m composite intersections of anomalous gold grading over 0.1 g/t Au up to 0.9g/t. In 1995 a further 75 RAB holes were drilled for 2,226m. Anomaly G (located northeast of anomaly F) was a low amplitude magnetic feature which mapping revealed as a porphyry intrusive andesite into sedimentary units and tuff, with no anomalous gold in a single RAB line. Anomaly H (located northwest of Anomaly F) was a high amplitude magnetic feature which again mapped as a porphyry intrusive andesite with no anomalous gold in a single RAB line. Anomaly I (located north of anomaly F) was following up a favourable RAB intersection obtained by Aztec in 1991 of 12m at 0.5g/t Au. It was tested with nine RAB holes at 50m spacings with an intersection of 8m at 1.3g/t, from 36m in association with a contact



between a sedimentary unit and a quartz feldspar porphyry. Follow-up was recommended, but subsequent reports did not mention Anomaly I, which now warrants detailed follow-up by LEX.

In 1997 significant work was undertaken on Anomaly F as Sovereign's focus turned to nickel. Significant further RAB drilling was undertaken as a geochemical technique searching for komatiite lava flows and also gold. Six RC holes were drilled to check if the ultramafics were of komatiitic composition with detailed geochemical and petrographic work undertaken. No komatiite was identified, although six further samples submitted for petrography the following year reported possible ex-komatiite altered ultramafics. In 1998 Sovereign turned to geophysics to explore Anomaly F. A small TEM survey was undertaken which defined two conductors. Further geophysics was recommended but not undertaken. This is worthy of detailed follow-up by LEX. The Aztec nickel prospect was tested with a single diamond drill hole (ASD1) located near the shore of Lake Lefroy, 4km west of Hogans Lagoon.

Zanex Resources pegged E15/211 in 1990 over the northern part of Lake Lefroy and explored with aeromagnetics, ground magnetics and aircore drilling. In 1994 LAC 002 intersected 1m at 969ppb Au with elevated gold in nearby holes (LAC015, 018, 021, 023). Cyprus Gold explored for gold in JV with Zanex from 1995 to 1998 undertaking ground magnetics, 17 aircore holes and six petrology samples. LFA182 produced a good intersection on cross-section 6555180N AMG, with other holes intersecting anomalous gold in both lake sediments and in Archaean basement. LEX have targeted this area labelling it the Zanex anomaly (refer Section 3.9.3).

Cyprus explored three prospecting licences for gold in 1997. The area covers ground south of the Zanex prospect which is not currently held by LEX. Sixteen aircore holes (LFA099 - 114) were drilled on 400m traverses at 320m spacings but experienced difficulty penetrating lake sediments on the eastern side where eight holes failed to reach basement. Interpreted basement lithologies included mafics, ultramafics and intermediate porphyries. No gold was intersected in the basement, but seven intervals greater than 25ppb Au were returned in lake sediments.

Cyprus explored E15/65, E15/326, E15/365 and three prospecting licences from 1997 to 1998 south of the Zanex prospect. Thirty six aircore holes (LFA095 - 193) were drilled for 1,683m on 800m and 400m traverses with 320m hole spacing. Interpreted basement lithologies included mafics, ultramafics and intermediate porphyries. No gold was intersected in the basement, but 24 intervals of anomalous gold were returned in the lake sediments greater than 25ppb Au.

Genesis Resources explored for gold between 1997 and 1998. Genesis carried out rock chip and soil sampling south of Top Dam over a magnetic feature. Ten samples contained +10ppb Au with the maximum gold result being 15ppb Au. Follow-up drilling was recommended but not carried out.

The Saint Alvano JV (SAJV) between WMC and Kanowna Consolidated Gold Mines was formed in 1996 to explore a significant tenement package over the Lake Lefroy area for gold and nickel. The SAJV at times comprised tenements covering an area of more than 800km² as tenements were added to the project area. Most of the tenements were to the southeast of LEX's current tenure. WMC identified eleven gold and nickel targets mainly through an insightful new basement geology interpretation by consultants Etheridge-Henley-Williams. They recognised a number of major regional structures as having prolonged histories of reactivation and playing key roles in controlling the channelling and concentrating gold mineralisation, these include the Randall and Mt Monger Faults.

In 2001 WMC sold the St. Ives Gold Mining Company to Goldfields who continued operating the SAJV until the final surrender in 2013. During that period they continued the exploration of nine of the gold targets previously investigated by WMC: SA7, SA10, SA11, SA13, SA20, SA22, Flanders, Homers Inlet and Neon. In 1997 M26/756 was explored by auger sampling with 72 holes at 400 x 100m spacings producing some gold and weaker base metal anomalies. Exploration over all the tenements included gravity surveying on a 1 x 1km grid and detailed aeromagnetics. Investigation of prospect areas was thorough and included mapping, soil sampling RAB drilling, TEM and SIROTEM surveys, aircore drilling and RC drilling. At the Neon prospect 15 aircore holes drilled to test a magnetic anomaly found weak gold anomalies in mafic saprock below 10 to 20m of lake sediment and a regolith profile stripped to the saprock. Follow-up work included 94 aircore holes drilled in north-south traverses which



returned only four narrow intersections of anomalous gold. East-west orientated aircore traverses were planned but never executed.

WMC and subsequently Goldfields explored tenement E15/369 (Claypan project) for gold from the 1990s to 2002 covering the southern part of LEX's Woolibar trend area. Only the partial surrender report (A65747) is available in WAMEX for this tenement. During 1995 a detailed aeromagnetic survey was flown by WMC across Lake Lefroy which encompassed this tenement. WMC drilled nine diamond drill holes for 1,625m into nickel targets (LD9053 - LD9061) focusing on the contact between ultramafics and the Claypan Dome as an analogy to the Kambalda Dome. Ultramafic lithologies were intersected but the facing was not defined, no contacts were identified and no anomalous nickel results were returned. WMC were reported to have drilled 38 aircore holes for 2,180m searching for gold (LD9001 - LD9037A). No anomalies were identified. Goldfields drilled 66 aircore holes for 2,640m searching for gold (LD9062 - LD9127). There were a few anomalous gold intersections in the aircore.

Hampton Hill Mining explored around the Red Dale prospect during the period 1995 to 2003 conducting regional geochemical RAB drilling on lines 400m apart and with 100m sample spacing. Seven anomalous intersections over 100ppb Au were encountered with a best intersection of 5m at 1,960ppb from 45m.

Voyager Gold explored for gold and base metals from 1997 to 2001. Their exploration program was comprised of geological and regolith mapping, hydrogeochemical sampling, partial digest soil sampling (659 samples) vacuum drilling (633 samples), RAB drilling programs (HFB90-212, 123 holes for 2,683m and HB01-44, 44 holes for 808m) and limited RC drilling. The Grass Dam prospect was defined by a soil anomaly of approximately 1km². A total of 301 samples were collected on a grid of 80 x 40m, the minimum result returned was 2.9ppb Au from 213 samples with gold results ranging from 10ppb to 191ppb. Follow up RAB drilling (40 holes for 641m) was undertaken which was reported to have intersected two low level anomalous zones of gold. Spivey (1999) concluded that the anomalous zone was associated with mafic-ultramafic contacts, sedimentary interbedding and porphyry dykes. Voyager also defined the North East and Eastern Shear prospects with gold-in-soil.

Mt Monger Gold / Integra Mining / Silver Lake have continuously explored E25/162 since 1998. A portion of the tenement package was surrendered in 2014 which is now LEX tenure. Exploration on this portion has included pedogenic carbonate sampling, detailed gravity surveying, aircore drilling. The best aircore intersection reported as 22m at 1.78g/t Au from 112-134m (SCAC794) is logged as basal transported sediment overlying carbonaceous shale bedrock.

Goldfields explored E15/1010 on Lake Lefroy for gold from 2008 to 2014. Partial surrender report for 2014 (a103965) provided basic data for extensive aircore drilling completed across the surrendered portion of the tenement. Goldfields drilled 110 holes for 5,927m.

Delta Gold explored a small exploration licence (E26/88) situated on Lake Lefroy in 2000. Delta drilled 52 aircore holes (LLA001 - 052) for 2,987m over six lines on a 100 x 100m pattern. Gold and arsenic were assayed on 5m composites of 1m samples. Delta reported truncated regolith profiles beneath thick lake sediments. Delta surrendered the tenement soon after receiving the analytical results. There were, however, some anomalous values which are of interest. The highest intersection was 5m at 250ppb Au from 20m in LLA027 located at 6552000N, 382800E just to the east of LEX tenure.

Gladiator Resources explored for gold between 2005 and 2007 on E26/107, E26/108, E15/774 and E15/803. Their exploration focused on targets which are not on current LEX tenure. Gladiator undertook extensive soil sampling including mobile metal ion soil sampling targeting linear aeromagnetic features. Earthscan Pty Ltd was contracted to produce a structural and mineral alteration report over the project area using multi-client data from Fugro Airborne Services.

Newmont, in alliance with Sipa Resources, entered into a JV with Gladiator and three other companies (Velvet Strike, West River and Gold Attire) to put together the package of land covering the potential southern extension of the Mt Monger Fault, specifically the Salt Creek / Lucky Bay trend. Independence Group had the nickel rights to the tenements owned by Gladiator, with all parties operating under a Deed of Cooperation. In 2009 Newmont completed a ground gravity survey which successfully mapped a major fault trending south from the Salt Creek and Lucky Bay deposits across Lake Randall, which was tested with



aircore drilling (5,290m) focused on this Salt Creek - Lucky Bay corridor. A divestment process for Newmont's earn-in equity of the Hogan's Project was carried out by Newmont in mid-2010 with Octagonal being the successful purchasers in 2010, including the project in their IPO to list on the ASX in 2011.

Octagonal Resources (Octagonal) continued to explore these tenements (E15/774, 803, 1044, E26/108) through to 2015. These tenements are now held by Gandel Metals Pty Ltd, a private company which took control of Octagonal after the company delisted from the ASX. Octagonal undertook gravity surveys over the entire area on an 800 x 400m grid, Octagonal incorporated WMC's SA13, SA20 and SA22 prospects, as the Sideshow Prospect, focusing on the sulphidisation of BIF model for gold mineralisation. They amalgamated the results from previous exploration drilling and reinterpreted the gold anomalies as saprolite, following a west-northwest structural trend, while interpreting gold concentrated at the base of the Cainozoic cover as having an east-west trend. 120 aircore holes were drilled on an initial spacing of 640 x 160m closing up to 320 x 80m selected areas. Bedrock in most drill holes was identified as metasedimentary units with rare mafics identified from a Hychip study. Three drill holes showed gold anomalies in the saprolite/saprock, while three drill holes recorded gold anomalies at the base of the Cainozoic. No coherent pattern of gold anomalies was recognised and none of the anomalous aircore intercepts were followed up.

Aragon Resources explored E26/157 for gold and nickel between 2005 and 2007. Their program included the purchase and processing of an aeromagnetic survey, field inspection to determine surface sampling applicability, regional geological assessment and target definition. The results defined a priority target area. Aragon Resources explored for nickel on two tenements which covered Lake Lefroy from 2009-2013 undertaking electromagnetic geophysical surveys and diamond drilling. Westgold Resources Limited and subsequently Metals X acquired the tenements through company takeovers. Diamond drill holes LFDD 001 and 002 were drilled to test several conductors detected by electromagnetic (Crone PEM and Squid Moving Loop) surveys. No positive results were reported from the drilling except for ultramafics being intersected at depth. Best intersection was 0.318 g/t Au at 144m depth.

Independence Group explored for nickel and PGEs between 2006 and 2008. Exploration of E26/149 included a 35.7 line/km SQUID MLTEM survey over interpreted ultramafic stratigraphy resulting in the delineation of a conductor at the south-eastern corner of the tenement, named Nessie. Two RC holes with diamond tails were drilled at Nessie for a total of 651.3m. There were no significant assays for gold or nickel, which was their focus, from the two holes drilled.

Terrain Minerals explored for gold and nickel between 2005 and 2014 across the northern shore of Lake Lefroy - which had been explored by Sovereign during the previous decades. The tenement package was purchased from View Resources in 2005 and comprised E26/97, M26/477, M26/478 and M26/485. Terrain reported that View Resources' exploration work consisted of approximately 1,000 auger holes on a 200 x 50m grid to 2m depth assayed for gold and base metals located around the Coogee mine area. Terrain floated in 2006 with significant drilling on the Coogee mining leases occurring in 2007, comprising nine RC holes for 748 (ADRC001-006, HFRC018-020) which returned a limited number of assays greater than 1.0g/t Au. In 2006, Terrain undertook TEM over Sovereign's Anomaly F target. Three anomalies were identified and only one of these, the weakest, correlated with those identified by Sovereign's TEM survey. RC drill testing of the stronger Terrain anomalies, A & B, was carried out later in 2006. Drill hole LFRC001 tested Anomaly A intersecting several graphitic sulphidic black shales and no anomalous nickel results. Two RC holes did not reach target depth due to drilling conditions. Drill hole LFRC004 tested Anomaly B intersecting a sequence of intermediate tuffs and sedimentary units, serpentinised peridotite and high magnesium basalts but failed to reach target depth because of drilling conditions.

In 2008, a partial surrender of E26/97 saw Terrain release blocks to the west, south and east of the Aztec dome which included Anomaly F. Aztec undertook significant exploration on the Aztec dome, conducting detailed geological mapping at 1:5,000 scale, gravity, EM and IP surveys. In 2009 Terrain drilled nine RC holes into IP anomaly A (ASD001 - 009) which reported hitting sheared ultramafics with anomalous nickel-chromium geochemistry in magnesium basalts and komatiitic pyroxenite with strong carbonate alteration. A comprehensive deep drilling program was conducted by Terrain during 2012. Nine holes were drilled including two holes drilled to nearly 1,000m. This drilling was co-funded by the DMP, therefore core is



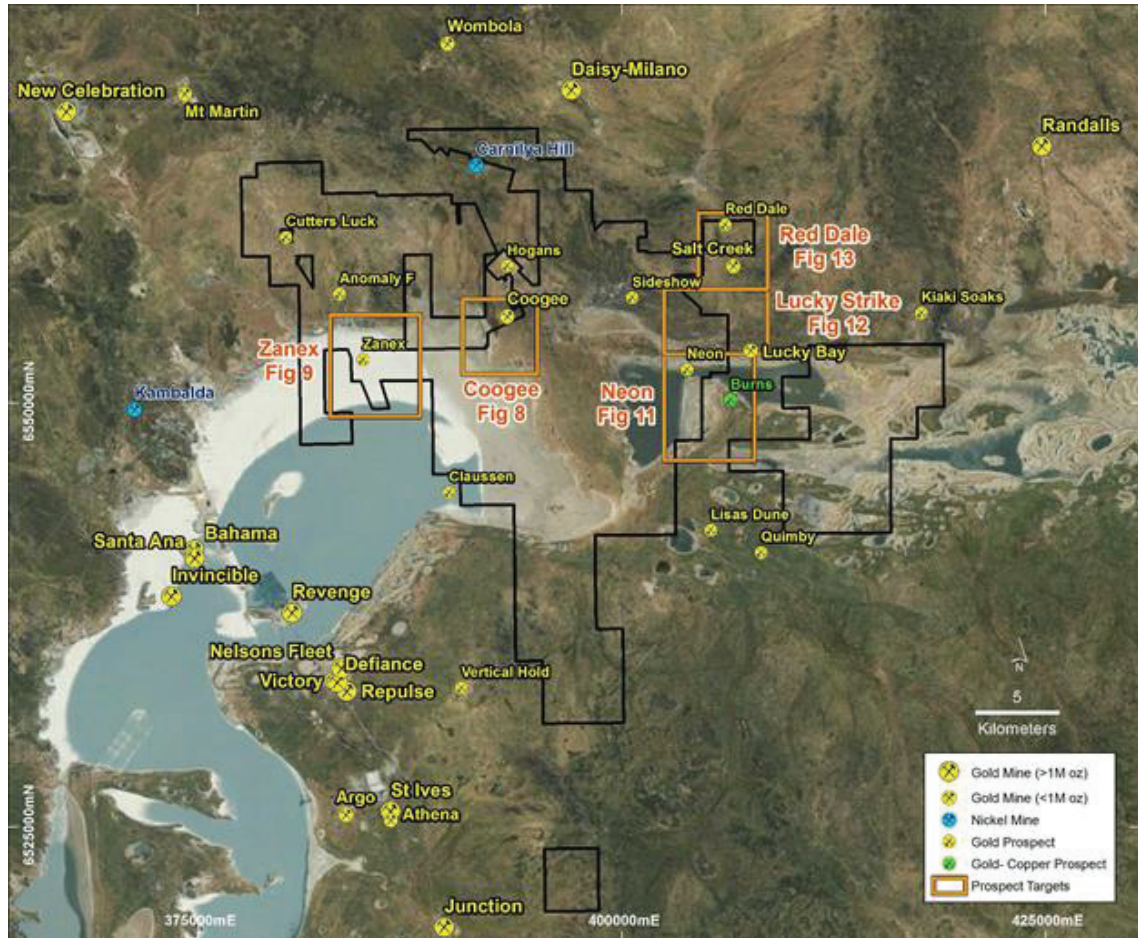
available for inspection in the Joe Lord core library in Kalgoorlie. The associated RC drill holes were water bores and pre-collars, some of which were not used for diamond tails. AZRCDD001 and 012 were designed as stratigraphic holes - deep diamond drill holes through the entire volcanic sequence, while AZRCDD013 and 015 tested electromagnetic conductive targets and were ~300m deep. Downhole EM geophysical surveys were conducted for all of the diamond holes. Results were disappointing with no nickel mineralisation discovered and no suitable host rocks for nickel mineralisation encountered however, the holes cast significant doubt on the previous structural interpretation of the area as a dome. Major faults dipping to the west were intersected and the structure is possibly a syncline rather than an anticline.

Integra Mining (Silver Lake Resources) explored the Red Dale project (E25/280) from 2008 to 2014 following purchase from Red Dale Exploration. The project is located approximately 70km southeast of Kalgoorlie, 9km east-southeast of Mt Monger and 2.5km along strike from the Salt Creek gold prospect which Integra had recently discovered. Integra focused on seven anomalous RAB intersections from Hampton Hill's 1995 program which had not been followed up. Exploration conducted on E25/280 included a geophysical review, data compilation, aircore, RC, diamond drilling, project review, gravity survey, mapping, spectral analysis, multi-element sampling and interpretation, soil sampling, 3D modelling, geophysical reprocessing and geophysical summary. Between 2007 and 2010 Integra drilled 487 aircore holes for 24,618m in four programs, initially on 160m x 80m, subsequently on 80m x 40m drill hole spacings. The aircore identified a significant gold anomaly with assay results of up to 5m at 1.96g/t Au from 48m in drill hole RDAC162. The gold anomaly displays dimensions of approximately 1.2km in length and up to 1km in width. Between 2007 and 2010 Integra drilled a RC program of 36 drill holes for 5,525m, 14 diamond core drill holes for 3,009m in three programs. They undertook significant spectral analysis of drill samples with 4,237 spectrometer analyses plus 202 multi-element geochemical analyses in an effort to map alteration trends at Red Dale. Between 2011 and 2014 drilling was limited to 24 RAB holes for 742m as exploration focused on conceptual modelling and regional targeting activities. The ground was surrendered in 2014.

A number of other exploration companies have held exploration tenements over the area of LEX's Lefroy tenements through the last 30 years without undertaking any effective work; these include Kilkenny Gold, Mincor, North Ltd and South Boulder Mines.



Figure 5 Lefroy Project: Prospect Locations



3.7 Current Exploration

During 2016, LEX have undertaken compilation of past exploration data, construction of a database of historic drill data, GIS development, geophysical data aggregation and desktop studies, primarily over the Lefroy project and to a lesser extent, the Lake Johnston project.

Rocky Reef have explored the Hogans area for course surficial gold since 2006 and have undertaken extensive prospecting, metal detecting and data research. Recent discoveries have included Mums Patch in 2014 on E26/124 (location 6560169N 388594E) and Hogans Patch in 2015 in Patch P26/3690 (location 6557893N 392322E).

The Mums Patch gold occurrence covers an area of 400 x 200m of alluvium to a depth of 1 m. The nuggets were won via metal detecting and using a loader to move the alluvium. The nuggets were lying at or near the top of the bedrock or base of alluvium in a gravel rich horizon and represent a major geochemical anomaly. Figure 6 shows a selection of the largest gold nuggets won from Mums Patch. Many have a flat habit, some with striations-lineations which indicate originating from a shear hosted lode. They are interpreted to be primary in origin. The nuggets have few rounded/smooth edges indicating they have not travelled far and pointing to a local source area. Two angled RC holes were drilled at the patch in early 2015 in an area thought to be the source, however no primary mineralisation was intersected.



Figure 6 *Photograph of Gold Nuggets Prospected from Mums Patch on E26/124*



Note: Photograph courtesy of Fred Saunders

The Hogans Patch gold occurrence covers an area of 250 x 250m of alluvium to a depth of 5m; the area that had previously been worked over by other prospectors. The discovery was made by using a large loader to excavate below a 2-3m thick silcrete horizon, beneath which an alluvial channel was found bearing gold. The channel base was up to 5m from surface and was followed some 250m along its length. The gold won was reported to be free and specimen which suggests a local origin. The residue from the detecting was subsequently put through a dryblower in 2016 with additional fine gold recovered.

3.8 Mineral Resources

No Mineral Resources have been defined within the project tenements.

3.9 Exploration Potential and Targets

The Lefroy project is positioned in a prospective location in terms of a regional geological and mineralisation setting, occurring within the Eastern Goldfields which is in the top 5% of established global gold provinces. The project is located 70km southeast of the 70Moz Au Kalgoorlie Super Pit and ~30km east (at the project centre) from the 12Moz Au St Ives gold camp at Kambalda. Ravensgate consider the areas prospective for structurally controlled orogenic lode gold deposits of which there are many examples in the surrounding greenstone belt. Section 3.4.1 described five of the significant gold deposits in the immediate area.

The position of the Mount Monger Fault is now better defined from analysis of drill data. It lies some 1km further east than that is shown on previous interpretations and swings around to almost due east-west, passing between the Lucky Bay and Salt Creek deposits on Silver Lake's ground. This interpretation has ramifications for the improved prospectivity of E15/1497 to the east.

The most effective geochemical exploration in this environment has been aircore drilling, which can penetrate the alluvium and sample the saprolite, reaching refusal in saprock. Surface geochemical sampling has generally proved ineffective.

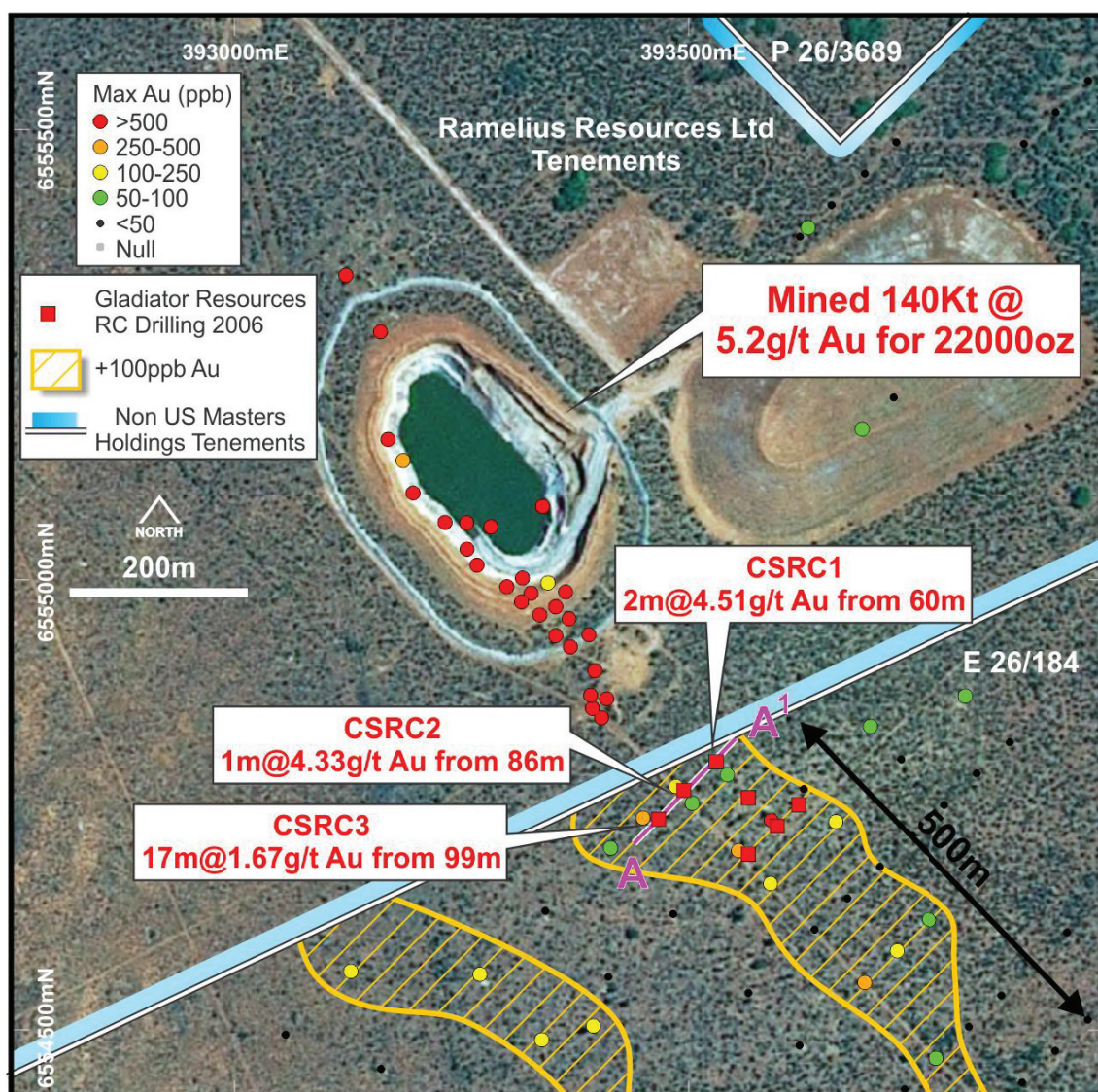
LEX have identified nine specific gold prospects within its Lefroy tenements. Each of these is described in some detail in the following nine sub-sections.



3.9.1 Coogee South Prospect

The Coogee South prospect lies along strike of the Coogee gold mine (Figure 7) and has been the subject of historic gold and base metal exploration work including field mapping, stream sediment sampling, whole rock analysis, petrology, regional and local gravity, air/ground magnetics, EM surveys, RAB, aircore, RC and diamond drilling (refer Section 3.4.1). The prospect lies adjacent to Lake Lefroy and Cainozoic cover ranges from 1 to 64m deep. Sandy soil and colluvium is generally underlain by brown lacustrine clay. The clay regolith horizon is underlain by relatively fresh to slightly weathered Archaean basement. Spivey (1996) concluded the area is structurally complex and occupied by a series of upright folds with north-northwest trending axes. The folds are partially dismembered by strike parallel and northeast trending faults. Granitoid stocks and dykes occupy favourable areas within the axial plane zones of folds.

Figure 7 Map Illustrating the Proximity of Coogee Gold Deposit to Coogee South Drill Hole Intersections

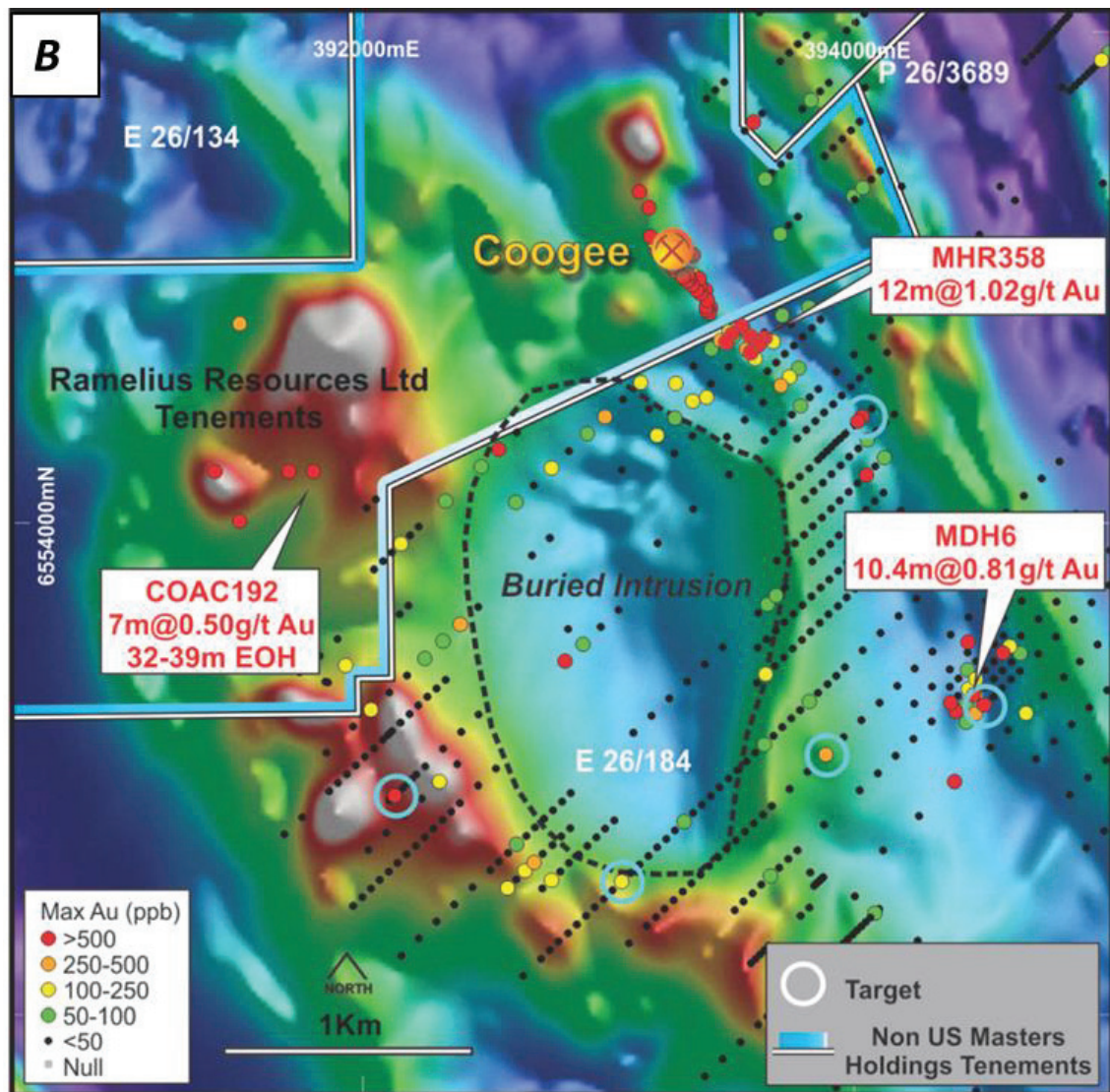


The target is a repetition of structurally controlled, porphyry intrusion related mineralisation at the Coogee deposit which is comprised of a moderately westerly-dipping lode system of between 2-8m in thickness lying under about 10-15m of overburden and up to 30m of an apparently very low grade weathered zone. High grade shoots often contain bonanza gold grades including 1m at 235g/t Au, from 45m; 1m at 145g/t Au from 50m and 1m at 87g/t Au, from 53m (Stocklmayer, 2005).



Figure 8 Coogee South Prospect Plans showing: A) Drilling and Satellite Image; B) Drilling and TMI Magnetic Image





3.9.2 Hogans Find Prospect

The Hogans Find prospect is defined by historic workings, RAB collars and modern prospecting activity. The dominant lithology is altered metavolcanics and quartz eye porphyry, cut by two sets of quartz veins: a shallow northeast dipping buck quartz vein cut by a set of vertical narrow quartz veins with a sugary quartz texture. There is some outcrop of quartz veined metabasalt and float of veined and altered volcanics in the mullock around historic shafts and trenching. The Hogans Find area has been extensively worked by prospectors over the last decade yielding significant amounts of nugget gold.

Witt (1993) reported that the Hogans Find mineralisation is located on the Hogan Shear, which he correlated as the south continuation of the Boorara-Menzies shear zone. The mineralisation is hosted in shear zones trending 145° , sub-parallel to the regional strike of the host felsic and mafic units. Gold was deposited on the mafic/felsic contacts within 1-2m wide shear zones. Mineralisation occurs over a strike length of 200-400m (Dare, 1998a). Croesus drilled ten aircore holes in a traverse testing for alluvial gold at Hogans Lagoon.

3.9.3 Zanex Prospect

The Zanex prospect is located in the northern part of Lake Lefroy on P26/3889 (Figure 9). It was identified by an aircore hole drilled by Zanex in 1994 which penetrated 50m of Cainozoic sedimentary units before intersecting gold in Archaean regolith (refer Section 3.6). Follow-up aircore drilling intersected a wide zone of gold mineralisation over a 12m interval in LFA182 in basal gravels, saprolite and bedrock, which was logged as a biotite-chlorite altered



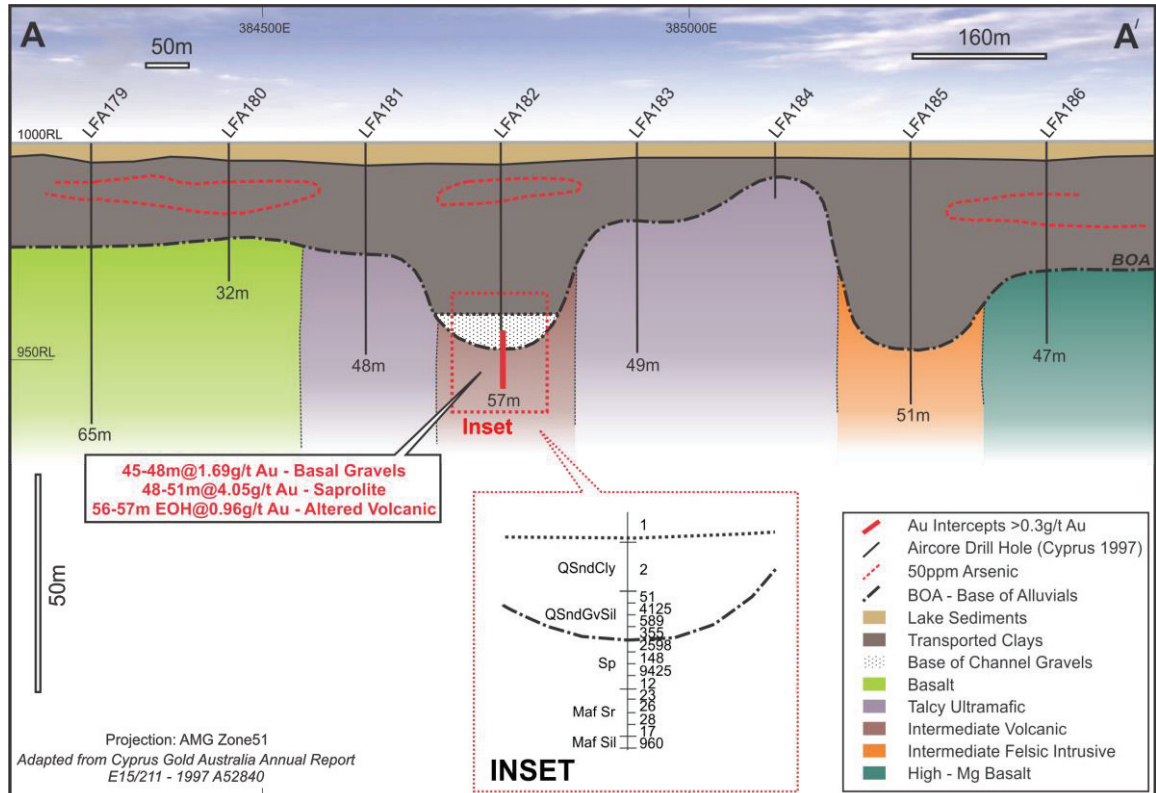
Due to the thick cover, the geology of the area can only be interpreted from aeromagnetic data, gravity data and very sparse drill intercepts. A porphyry intrusion has been interpreted immediately south of the tenement from magnetic data, with a set of north-northeasterly trending magnetic features traversing through the prospect. Given the regional geological setting, the interesting structural situation and encouraging geochemistry in a stripped regolith profile, LEX intend to further explore the Zanex prospect.

The map displays the Zanex area with various geological and mineralogical features. Key elements include:

- Geological Features:**
 - Altered Ultramafic:** Indicated by yellow hatched areas in the upper right.
 - Goldfields Tenements:** Outlined in blue in the lower left.
 - Buried Intrusion:** Indicated by a yellow dotted line in the lower right.
- Mineral Potential:**
 - +100ppb Au:** Shaded yellow areas.
 - Non US Masters Holdings Tenements:** Outlined in blue.
- Specific Locations and Data:**
 - Zanex:** Marked with an orange 'X' and a green dot.
 - LF182:** A specific point of interest with a red dot, labeled "6m@2.87g/t Au".
 - P 46/3889:** A point in the upper left.
 - E 19/1447:** A point in the upper right.
 - P 26/3890:** A point near Zanex.
 - P 26/3891:** A point near Zanex.
 - E 26/184:** A point in the lower left.
 - E 26/184:** A point in the lower right.
- Legend:**
 - Max Au (ppb):**
 - Red dot: >500
 - Orange dot: 250-500
 - Yellow dot: 100-250
 - Green dot: 50-100
 - Black dot: <50
 - White dot: Null
- Orientation and Scale:**
 - North:** Indicated by a blue arrow in the top left.
 - Coordinates:** 385000mE, 387500mE, 6555000mN.



Figure 10 Zanex Prospect Cross-Section



Note: This cross section has vertical exaggeration - refer scale bars

3.9.4 Anomaly F

In 1994 Sovereign Resources identified Anomaly F from aeromagnetic interpretation. It occurs just north of Lake Lefroy in the Woolibar trend between the Zanex prospect and Cutters Luck and is covered with Cainozoic sediments. At Cutters Luck, gold mineralisation occurs in a fault-bounded lens of dolerite (or gabbro) and has seen small scale historic mining. Sovereign investigated Anomaly F with geophysics, drilling, petrology and geochemical analysis (refer Section 3.6). Results showed the target lies over prospective komatiitic lithologies and assay results have returned anomalous nickel and gold results. In 2006 Terrain Minerals undertook TEM and tested two conductors with RC drilling (refer Section 3.6), however drilling conditions did not allow target depths to be attained. Terrain considered that not all of their ground TEM anomalies were fully tested, however they surrendered the area. A review of previous exploration results has concluded that the area has potential for both gold and nickel and further work is required to define the structural and lithological controls on mineralisation.

3.9.5 Neon Prospect

The Neon Prospect lies 4km northwest of the Burns Prospect (Figure 11), which has a similar geological setting, geophysical setting and geochemistry. Both are characterised by being on the margin of a discrete granitoid intrusive, having low magnetic and low gravity signatures, and a strong copper association with the gold mineralisation. The intrusion has created dilational jogs associated with northwest trending structures and localised structural complexity that forms potential sites for gold deposition. Neon is characterised by a high magnetic alteration halo that surrounds the intrusive. There has been no deeper drilling done to test below the aircore anomalies outlined by previous explorers (refer Section 3.6).

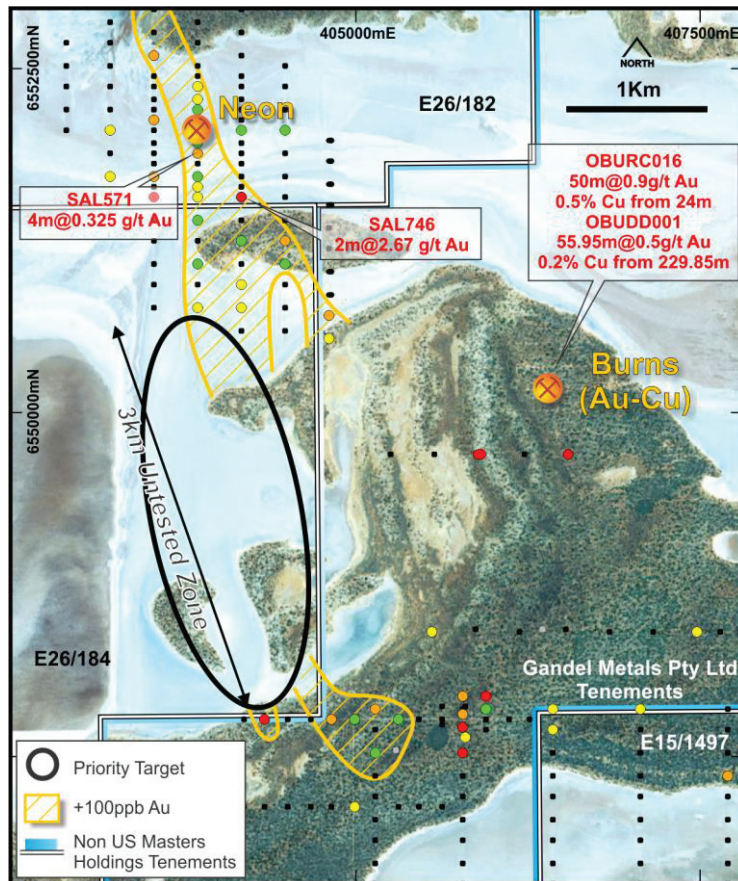
Cover of lacustrine sediments progressively deepens from 2m in the northwest to 30m in the south. The lake sediments overlie a partially stripped regolith of lower saprolite on saprock. The upper saprolite is seldom present. This means that gold dispersion in the regolith is subdued. Bedrock lithologies comprise intermediate-felsic intrusives, mafic volcanics and



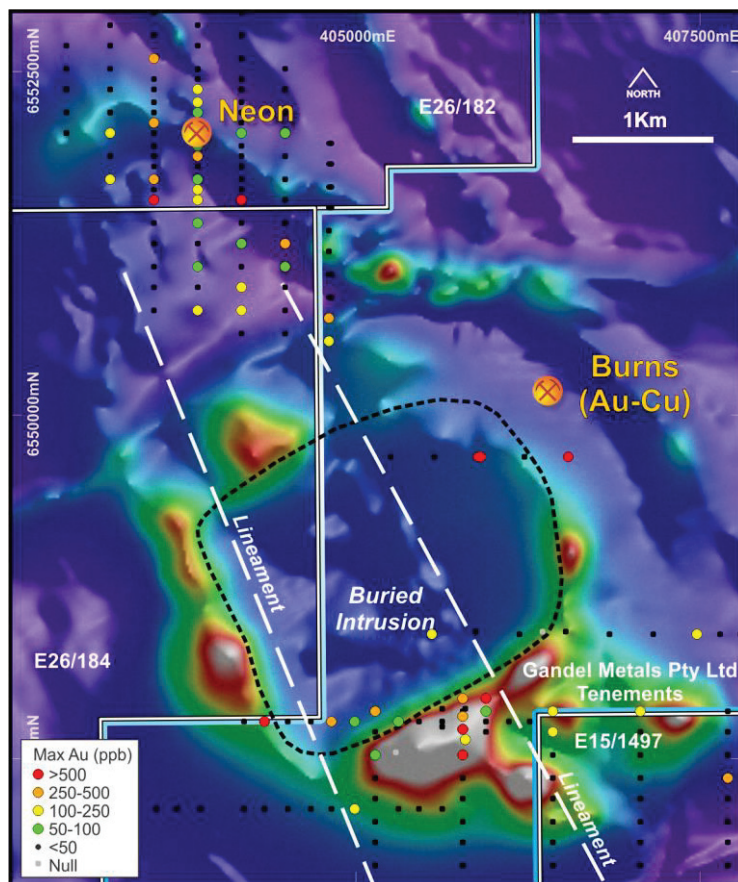
sedimentary units. The intrusive body in the south is of hornblende diorite composition and forms the north-western apex of the Burns Intrusive. Throughout Neon, the intrusives form dyke-like bodies, variably silica and haematite altered, intruding a package of mafic and epiclastic sedimentary units. Bedrock gold anomalies occurs in all lithologies, with the strongest anomalies occurring in the original WMC drilling, with weaker indications to the northwest. Aircore samples of palaeochannel sediments from southeast of Neon show a broad dispersion pattern of weak gold anomalies ($>0.1\text{g/t Au}$) that corresponds with the bedrock gold anomalies of Neon. There is therefore a north-northwest trend to the anomalies that suggests a structural control in that orientation. The follow up aircore lines are parallel to that trend, therefore given the stripped regolith profile with the wide spacing and strike parallel orientation of the drill lines, further testing with a series of east-west aircore traverses is warranted.



Figure 11 Neon Prospect showing Drill Hole Locations and; A) Satellite Image and Zone Untested with Drilling B) TMI Image and Interpreted Lineaments



A



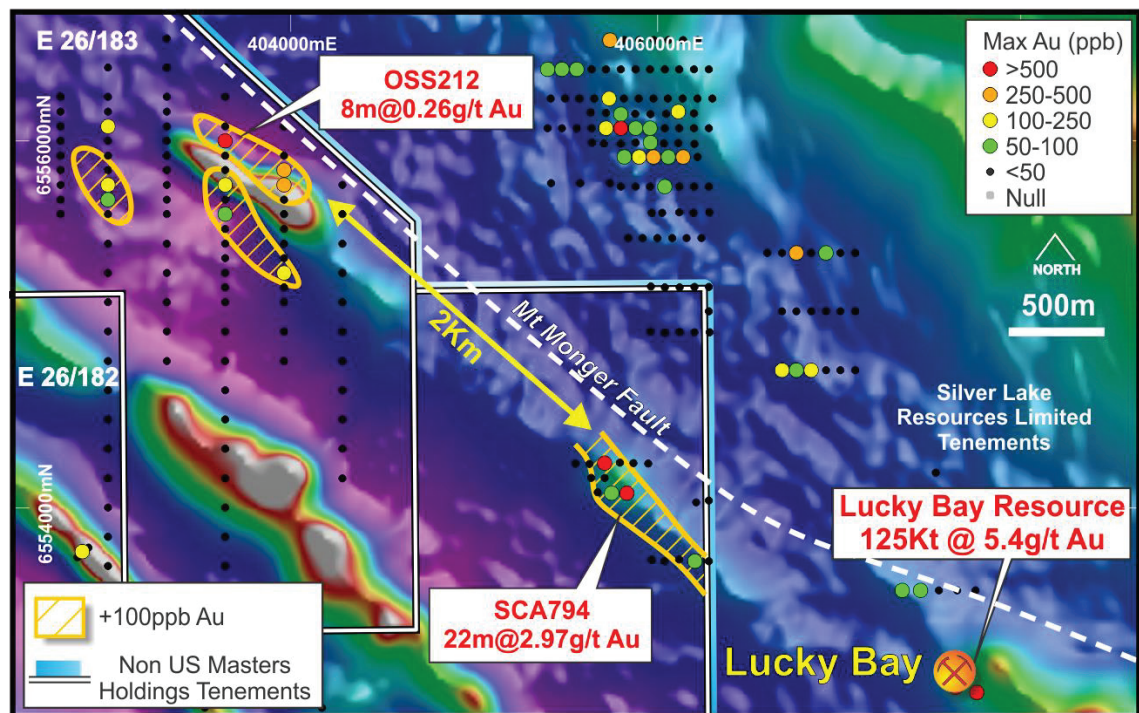
B



3.9.6 Lucky Strike and Sideshow Prospects

The Lucky Strike prospect is located in E26/182 some 2km northwest of the Lucky Bay gold deposit. The geological setting appears to be that of a palaeochannel cutting across a northwest trending sequence of carbonaceous shale and quartz porphyries bracketed by dolerite. No bedrock has been identified in historic drilling that can account for the magnetic anomaly. The setting is not dissimilar to that which is host to the Lucky Bay deposit, where mineralisation occurs within a sequence of BIF and carbonaceous shales, sandwiched by dolerites. There is a potential 2km strike trend of favourable structure and lithologies traversing E26/182 that presents a well-defined target for drill testing. That trend appears to continue along the northern edge of E26/183 for at least a further 2km to the northwest of Lucky Strike where anomalous gold intercepts are recorded in historic aircore holes hosted by BIF, argillite and dolerite (Pigott, 2016a).

Figure 12 Lucky Strike Prospect Showing Drill Hole Locations over TMI Image



Note: The interpreted position of the Mt Monger Fault is shown as a white dash line

The Sideshow Prospect is located ~5km to the northwest of Neon and ~7km west-southwest from the Salt Creek mine. It was initially delineated by WMC with more recent work undertaken by Octagonal Resources (refer Section 3.6). LEX draw similarities between Sideshow and Lucky Strike and plan to follow up gold anomalies in the aircore drilling with further drill testing.

3.9.7 Red Dale Prospect

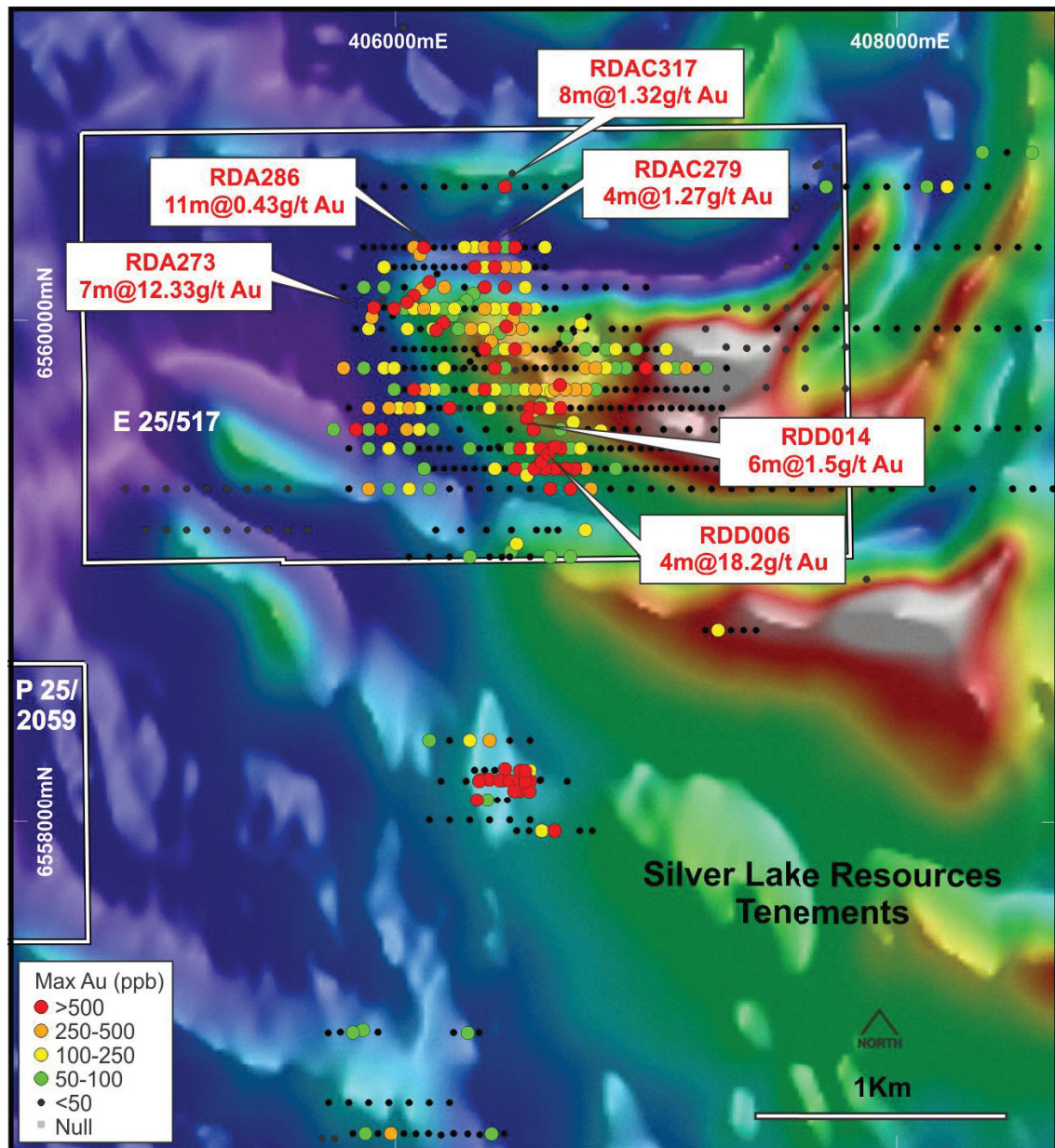
The Red Dale prospect is located 70km southeast of Kalgoorlie and lies in tenement E25/517, ~2.5km north of the Salt Creek gold mine, described in Section 3.6. Gold mineralisation was identified in 2007 by Integra following their discovery of Salt Creek.

Red Dale is located over the hinge of the Bulong Anticline, within the Gindalbie Domain of the Kurnalpi Terrane. Geological mapping (1:2500 scale) by Jigsaw Geoscience identified variably outcropping units of gabbro, dolerite and basalt with interflow sedimentary units cut by various tonalitic to granitic dykes. Structural information is limited due to the poorly exposed outcrop. The dominant structural trend of the various lithologies and structures in the area was found to be to the northeast. Overprinting this trend is a series of northwest trending faults, joints and tonalitic dykes. For much of the project area the land form is erosional with little or no residual regolith profile. The fluvial and lake sediments are recent deposits.



Aeromagnetics (Figure 13) show a magnetic high is centralised on the area, which forms part of a larger north-south trending magnetic high with probable northwest trending faults and lineations.

Figure 13 Red Dale Prospect Showing Drill Hole Locations over TMI Image



Integra's aircore drill program at the Red Dale prospect has identified a gold anomaly of approximately 1.2km in length by up to 1km in width with best intersections including 5m at 1.96g/t Au, from 48m (RDAC162) and 7m at 12.34 g/t Au, from 44m (RDAC273). The anomaly was interpreted to be associated with a redox boundary within the weathered profile reflecting chemical dispersion from a primary gold mineralised source in the area (Murphy, 2008).

RC drilling at Red Dale encountered some difficulties associated with a quartz gravel layer at the base of transported cover. This layer is very porous and contains abundant water. Significant drill hole intersections from the RC drilling included 1m at 1.22ppm, from 165m in hole IRDCO23 and 1m at 1.21ppm, from 107m in hole IRDCO25.

Two diamond drill holes (RDD001 – RDD002) for 301m were drilled at the Red Dale prospect in January 2008. The diamond drilling program was completed to gain a better geological and



structural understanding of the mineralisation system as well as to confirm assay results received from the RC drilling. Peak intercepts from the two diamond drill holes were 1m at 0.33ppm Au, from 121m in drill hole RDD001 and 1m at 0.32ppm Au, from 55m in drill hole RDD002.

RC drilling at the Red Dale prospect failed to identify gold mineralisation in bedrock below the spatially very large reconnaissance aircore gold anomalies. It was considered that these anomalies are reflecting gold anomalous transported basal gravels derived from a nearby bedrock source.

A gravity survey was conducted over the entire area of tenement E25/280 by Haines Surveys in early 2008. Jigsaw Geoscience was contracted by Integra Mining to undertake 1:2,500 scale geological mapping.

Six diamond drill holes (RDD003-RDD008) were drilled by Ausdrill for a total of 1,267.5m on tenement E25/280. The first drill hole was targeted at 225° magnetic to potentially intercept NE dipping structures, however the majority of structures were orientated parallel to the drill core. Subsequently, the remaining five drill holes were drilled at an azimuth of 045° magnetic. Results were promising and included intercepts of 4m at 18.29g/t Au from 54m in basal gravels, 3m at 8.62 g/t, from 46m in a perched layer in transported clayey sands and 0.5m at 9.22g/t Au, from 53m in basal gravels.

It is now thought that these anomalies are reflecting gold anomalous transported basal gravels derived from a nearby bedrock source. It is considered that the material is unlikely to have been transported a significant distance, possibly in the order of a few hundred metres. Current activities are focused on mapping out the palaeo-drainage and palaeo-topographic surfaces to prospect into the source region for gold anomalies.

3.9.8 Homer's Inlet - Lake Randall

The Lake Randall tenement application (ELA15/1497) is targeting three significant structural trends interpreted to be prospective corridors for orogenic lode gold mineralisation concealed under Cainozoic sedimentary units and a salt lake. These structural trends: the Bare Hills Shear Zone, the axial zone of the Bulong Anticline and the Mt Monger Fault, are primarily interpreted from regional geophysical data and regional mapping.

Review of previous exploration results reveals that a number of gold anomalous responses in historic aircore drilling have not been followed up by closer spaced drilling and none have been tested by RC or diamond drilling.

Most prominent among the Lake Randall targets is the Homer's Inlet prospect identified by the St Alvano JV in 1996. WMC commissioned a conceptual target generation study by Etheridge-Henley-Williams with the emphasis of the study to establish a structural frame work to guide gold exploration and to identify prospective fault structures. They recognised the Randall and Mt Monger Faults as having prolonged histories of reactivation and playing key roles in controlling, channelling and concentrating gold mineralisation. They identified an area at the nose of the southeast plunging Bulong anticline where there is a major flexure of the Mt Monger fault system. The target was named Homer's Inlet.

The area consists of extensive Cainozoic cover beneath the salt lake. WMC conducted a programme of aircore drilling at a hole spacing of 640 x 320m identifying a broad area of weak gold anomalies, but lake conditions meant that critical portions of the target could not be tested. Depth of cover was shown to vary between 4 and 5m with up to 70m in palaeochannels. Lithologies were dominated by epiclastic sedimentary units with minor mafic units. A stripped regolith profile of 2 to 10m of saprolite/saprock was preserved below the Cainozoic cover. WMC considered that a large deposit would have a stronger signature than that which had been detected. No results were reported above 0.2g/t Au. The best intercept was 6m at 0.18g/t Au in SAL360. Goldfields followed up with 26 infill aircore holes, but 43 planned holes were not drilled, thus missing the integral part of the target area. There were no significant results in the drilling.

Goldfields identified a new target named S11 based on interpreted magnetite enrichment at the southeast apex of a granitoid intrusive defined by a gravity survey. Aircore drilling produced a best intersection of 2.0m at 0.48 g/t Au in SAL1120. Newmont also investigated the S11 target area with aircore and diamond drilling.



The Bare Hill Shear Zone is a component of the Randall Fault interpreted to pass through the eastern part of ELA15/1497 for 11km. There is no evidence that it has been drill tested for gold mineralisation. The Bare Hill Shear Zone has been intensely explored on tenements to the north and is noted as being gold anomalous for at least 8km. The 2km section bordering ELA 15/1497 has been RAB drilled on 100m spaced sections and is continually gold anomalous over a 1.7km strike.

The southeastern quadrant of the Burns magnetic halo extends into the Lake Randall tenement. This play has been previously described in Section 3.9.5 above. Several bottom of hole aircore anomalies have been recorded in the most western section of the tenement and will be a target for follow-up exploration.

3.9.9 Marloo Dam ELA15/1498

ELA15/1498 is located within 8km east of the Junction gold mine. The ground was relinquished by St Ives gold mine in 2014. Previous explorers of the area include Aztec, Goldearth Enterprises, Consolidated Gold, Acacia Resources, Heron Resources and Goldfields. Statutory exploration reports describe considerable exploration programs in the area but most were not on the area of ELA15/1498. Significant gold anomalies have been identified on or near the tenement, initially by Aztec in the late 1980s with subsequent exploration only partially testing the area's potential for gold mineralisation. A northerly striking structural trend was delineated over 4.5km by shearing, quartz veining and porphyry intrusion. Detailed exploration has concentrated on those parts of the trend where gold anomalies were indicated by soil sampling. This area is targeted for deeper drill testing by LEX.

3.10 Exploration Strategy

Significant previous exploration has been undertaken across the project area and LEX have undertaken thorough research in compiling and analysing the available data, developing an exploration database. This work has yielded nine advanced exploration targets which have been described in Section 3.9. Further investigation of the database may lead to potential anomalous results where historic follow-up has been incomplete.

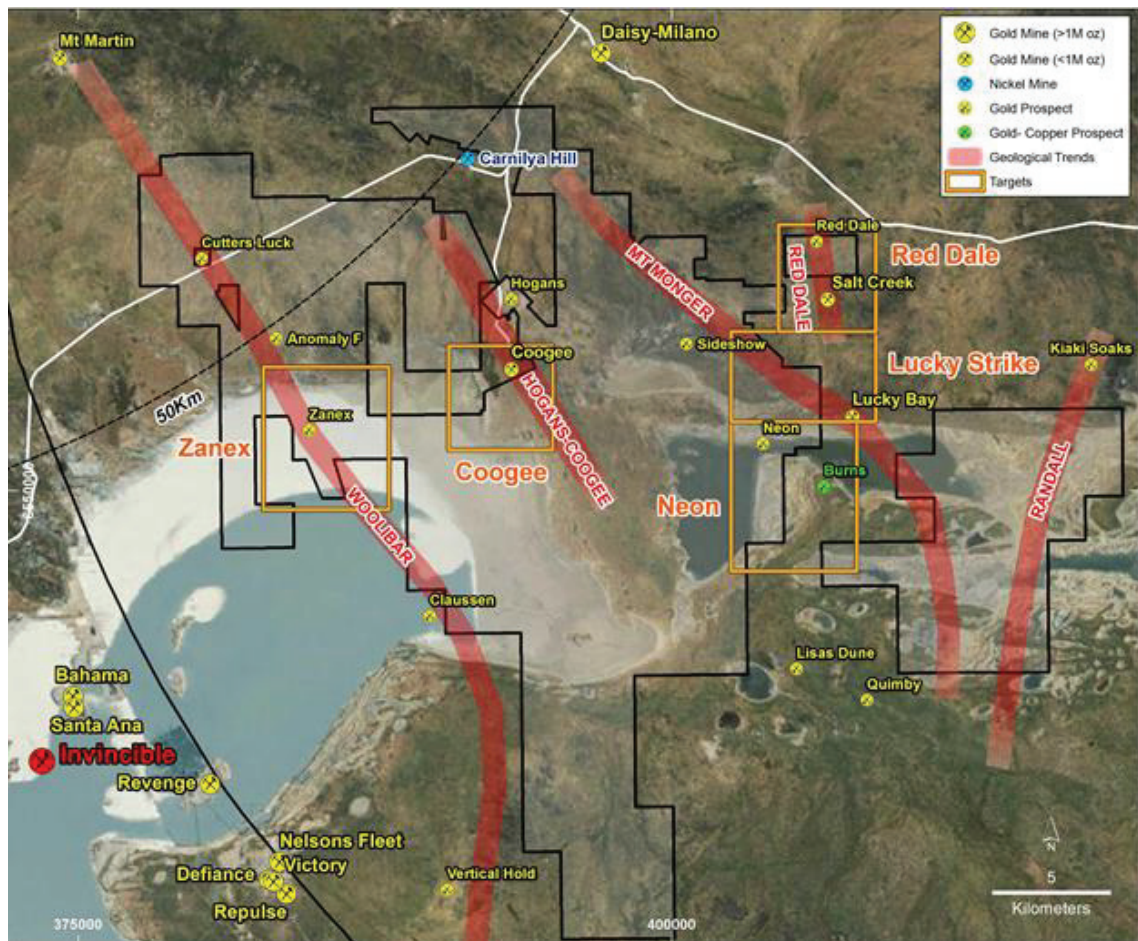
Much historic exploration has been undertaken in a piecemeal fashion in modest sized tenement packages. Having assembled a large and coherent tenement package across a prospective and underexplored greenstone terrane, LEX plan to undertake a systematic, staged exploration approach utilising a comprehensive database and a focused understanding of the regional geological setting as evidenced by their recognition of five major gold mineralised trends (Figure 14) which will be a core focus for target evaluation and generation: Woolibar, Hogans-Coogee, Mt Monger, Red Dale and Randall.

Five of the nine advanced gold targets have been recognised for immediate drill testing and LEX propose to focus their initial exploration on these targets.

In the past, exploration has been significantly hindered by extensive and deep cover masking the Archaean basement and particularly by the logistical difficulties of drilling on Lake Lefroy. Many previous explorers have cited the problems of exploring through playa lake sediments in surrender reports for tenements being relinquished. LEX plan to utilise the current availability of drilling rigs capable of routinely operating on the difficult lake environment including undertaking RC drilling.



Figure 14 Five Gold Mineralised Trends Recognised at the Lefroy Project



Low level gold anomalies yielded by previous explorers drilling programs have often not been appreciated for their significance resulting in restricted follow-up exploration.

Gold mineralisation is known to occur in all rock types in the Lefroy district with dolerite, basalt and interflow sedimentary units being the more favourable host rocks. Some previous explorers have been overly focused on a particular host lithology, while the LEX exploration strategy is to regard all Archaean lithologies as potential host rocks.

Since the 1980s, interpretation of aeromagnetic data has consistently yielded exploration targets which have been associated with anomalous gold and more than occasionally gold deposits. With the recent availability of very high resolution aeromagnetic data and gravity data across the tenement package, there exists opportunities to define structural gold targets by interpreting subtle magnetic features.

The project area is characterised by stripped regolith profiles (Section 3.4) which restrict the effectiveness of geochemical exploration, as it reduces the lateral geochemical dispersion of metals from concealed orebodies, requiring tighter sample spacing to detect anomalous areas. LEX consider the drill hole density of many previous aircore drilling programs through cover to be too sparse given this restricted geochemical dispersion. Adding to the opportunity is the high number of historic aircore holes that failed to penetrate lake sediments due to difficult drilling conditions (Section 3.6).

Ravensgate considers that the exploration strategy proposed by LEX is consistent with the mineral potential and status of the Lefroy project.



4. LAKE JOHNSTON PROJECT

4.1 Location

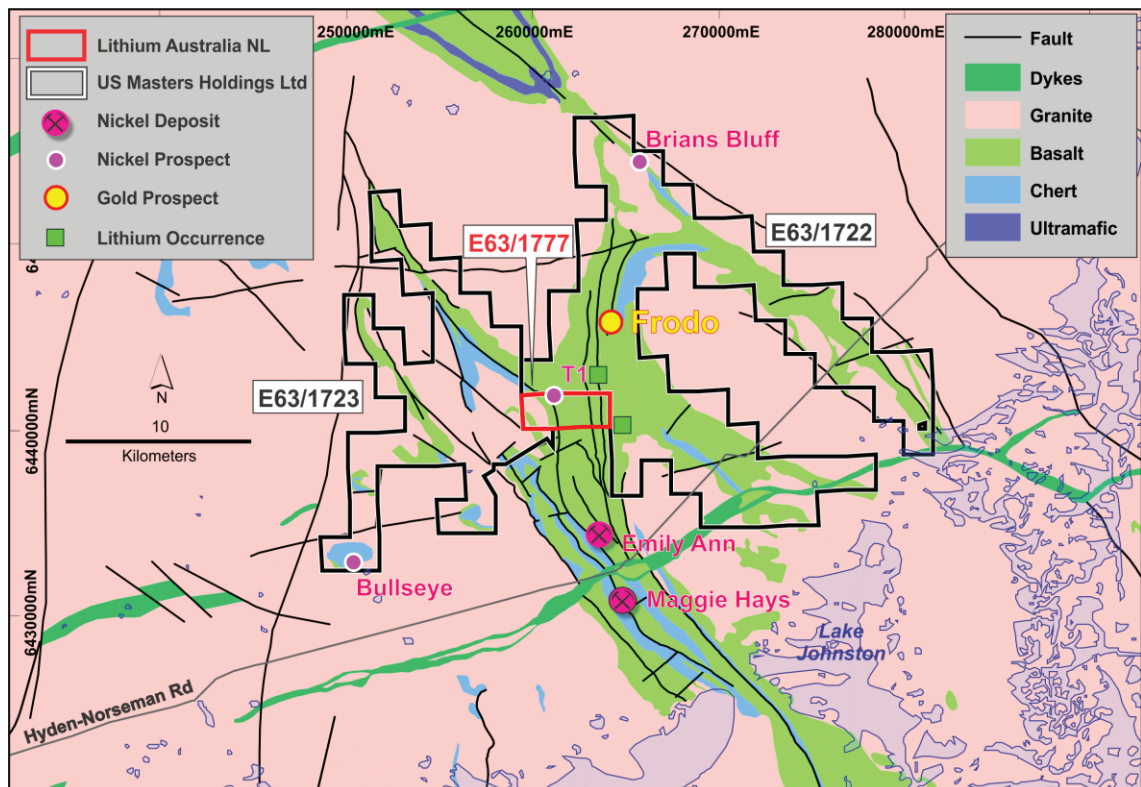
The Lake Johnston project is located approximately 450km east of Perth and 120km west of Norseman. It covers an area of vacant Crown land situated within the Dundas Mineral Field on the Lake Johnston 1:250,000 and the Johnston 1:100,000 map sheets. The project can be accessed from the nearest towns along the unpaved Hyden-Norseman road. Access within the tenements is straightforward through relatively flat terrain using mining and exploration tracks.

Although the Lefroy project is a greenfields exploration project some infrastructure exists in the area and reasonable proximity to Kalgoorlie provides ready access for all exploration, development and mining supplies and services. Poseidon Nickel owns a nickel ore processing facility immediately south of the project area, although it is currently on care and maintenance.

4.2 Tenure

The Lake Johnston project consists of two granted exploration licences and one application. The license details are listed in Table 1 and shown in Figure 15.

Figure 15 Lake Johnston Project Regional Geology and Tenements



4.3 Regional Geology

Geologically, the Lake Johnston project is located in the Archaean Lake Johnston greenstone belt, a tectonic unit of the Southern Cross Domain of the Youanmi Terrane within the Yilgarn Craton, which is described in Section 3.3.1 of this report. The Lake Johnston greenstone belt is a north-northwest trending belt approximately 110km long and 30km wide. The Koolyanobbing shear zone defines the eastern limit of the belt while it is bound by granite and gneiss to the west. The Geological Survey of Western Australia established a stratigraphic succession for the belt, with the Maggie Hays Formation at the base overlain by the Honman Formation, and capped by the Glasse Formation. The Maggie Hays Formation comprises a



thick package of submarine mafic volcanic rocks with thin interflow sedimentary units increasing up the succession. Sill-like ultramafic intrusions occur in the upper levels of the unit. The Honman Formation comprises felsic volcanic, clastic volcanoclastic and BIF intruded by komatiitic ultramafic rocks, with extrusive komatiite at the top of the unit. The central ultramafic unit in the sequence hosts nickel sulphide deposits at Maggie Hays and Emily Ann. The Glasse Formation consists of submarine mafic volcanic succession with minor ultramafic sills. The volcanics and sedimentary units are flanked and intruded by granitic rocks, which disrupt continuity of the greenstone belt. Pegmatite and dolerite dykes are common. The sequence is extensively faulted inclined and north- and south-plunging folds are recognised. The significance of early thrust faulting has complicated the relationships between rock units.

4.4 Local Geology and Mineralisation

Bedrock geology in the project area is heavily masked by lateritic duricrust, deep oxidation and transported material. Exploration within the belt is hindered by lack of outcrop, dense vegetation, deep weathering and widespread transported cover which can be up to 80m thick.

E63/1722 covers an 800m wide section of the prospective Lake Johnston greenstone belt with an eastern mafic complex and a western ultramafic complex separated by a 75-150m band of psammitic sedimentary units. The ultramafic complex was originally described as a layered magmatic feature with two weathered variants including a chrome-rich talc rock (98% talc) and a tremolite-anthophyllite-actinolite rock. Selected lithologies are characterised geochemically as serpentine-rich peridotite (average 2,000ppm Ni), chlorite-rich meta-pyroxenite (average 500-1,000ppm Ni), foliated chlorite-feldspar-phlogopite porphyry (low Ni). The mafic complex comprises metabasalt, gabbro, dolerite and several narrow ultramafic horizons with nickel between 200-300ppm. Granite found in the footwall of the ultramafic is dated at 2,612Ma. At Brian's Bluff the contact between the ultramafic and granite is variously interrupted by an irregular zoned pegmatite, where a raft of talc rock is preserved. The nickel prospect Brian's Bluff located in the north of E63/1722 is marked by a subtle magnetic signature trending northwest towards to the Boorabbin and Lake Percy nickel prospects.

Most of E63/1723 is underlain by gneissic granite which is generally not considered prospective however segments of a highly magnetic ultramafic-amphibolite-BIF sequence occur as isolated remnants of greenstone in the southern part of the tenement. A narrow strip of greenstone in the northeast may represent a sliver of the Lake Johnston belt along a northwest trending structure.

4.4.1 Nearby Nickel Deposits

The Maggie Hays disseminated nickel deposit took 20 years from initial indications of mineralisation to discovery. Early exploration comprised geochemical sampling, magnetic surveys, shallow RAB and RC drilling. With the top of the deposit 200m below the surface, discovery only occurred when later explorers used deeper diamond drilling to investigate below the anomalies of earlier explorers. The Emily Ann massive nickel sulphide deposit was a blind discovery made beneath 60m of transported overburden. It was found by diamond drill testing of an EM geophysical target. Folding and thrusting created multiple ore lenses with remobilised massive sulphide in an ultramafic host intercalated with felsic volcanic rocks and BIF. Of the two, Emily Ann is the higher grade deposit (4% nickel) and it was developed first which allowed for the subsequent development of Maggie Hays which although larger, was of lower grade. These mines are now in care and maintenance but do have remaining Mineral Resources of 3.5Mt at 1.49% Ni (Poseidon Nickel, 2016).

4.5 Exploration History

Prior to the nickel boom that followed the discovery of massive nickel sulphides at Kambalda in 1966, there had been little interest shown in exploring the Lake Johnston greenstone belt. Gold prospecting had occurred in the 1880-1900's and again in the 1930's but no production was ever reported.

Laporte Titanium took up tenure over the belt in 1966 and in JV with Union Minere systematically explored during the early 1970s by geological mapping, soil sampling, airborne and ground magnetics. Three ultramafic units were recognised and anomalies were delineated in the central ultramafic body. Diamond drilling to the south of the LEX project



area, tested these anomalies recording two significant intersections of 6.1m at 0.98% Ni and 2.4m at 1.0% Ni, indicating massive nickel sulphide mineralisation at the basal contact of the unit. Follow-up exploration included 17 diamond and 55 percussion holes, but results were regarded as disappointing.

Central Pacific Minerals were one of the initial explorers of the current project area from 1969 to 1974. The exploration located ultramafic sequences and found anomalous nickel-copper-chromium intersections in a RAB drill program east of Round Top Hill.

Hawkestone Minerals explored around Brian's Bluff for base metals in 1974 undertaking gossan search, trenching, vacuum and auger geochemistry, ground magnetic surveying and drilling four percussion holes.

In 1974, Amoco took up the ground formally held by Union Minere and Central Pacific Minerals covering the northern 30km strike of the Lake Johnston greenstone belt. No work was undertaken until 1978 when drilling intersected anomalous nickel and copper in the weathered zone along the basal contact of the ultramafic units. Diamond drilling in 1981 intersected 4.15m at 5.8% Ni, which was an up-dip segment of the Maggie Hays deposit. Budget restrictions curtailed further work and their tenure expired in 1987.

Samantha Exploration prospected granite-migmatite for gold and base metals in 1987, locating more extensive ultramafic stratigraphy than previously thought.

Cyprus Gold explored the area just to the south of the project area for gold from 1987 with Arimco involved from 1989. Arimco took over from Cyprus as manager and relinquished the two northerly tenements.

In 1990, Capricorn Resources defined a soil anomaly and undertook RAB drilling on four traverses yielding anomalous nickel-copper-chrome but depleted platinum-palladium values, which discouraged further work. Forrestania Gold entered in JV in 1991 but quickly focused on Maggie Hays to the south of the current project area.

Both Australasian Gold in 1991 and Bullion Gold in 1993 took up the area for gold exploration with Renison Goldfields exploring in JV. They reported strong nickel values over ultramafic rocks but low values over amphibolite in the northeast. Follow up RAB drilling returned 6m at 1.01% Ni at Area 1 and 27m at 0.42% Ni at Area 2 in an area just south of the Bullseye anomaly.

In 1995, Maggie Hays Nickel undertook ground magnetics, regolith mapping, gossan, trench and rock chip sampling in the Brian's Bluff area.

The Lake Johnston JV explored a similar area from 1997 to 1998 for base metals flying an aeromagnetic survey (50m line spacing 40m flying height), undertaking line clearing, geological mapping at 1:5,000 and drilling five RC drill holes for 528m.

In 1988, Billiton Australia explored for gold taking 5kg BLEG soil samples on 1km x 400m grid.

In 1991, Battle Mountain explored the Chatterleys gold prospect with BLEG on 40m centres and RAB drilling.

Australasian Gold Mines explored for gold from 1990 to 1995 with BLEG, auger and soil geochemistry, followed up with a 14 hole RC drilling program.

Bullion Gold / Renison JV explored for gold from 1994 to 1997 work included an aeromagnetic survey, pedogenic soil survey, RAB drilling numerous prospects including Bilbo and Frodo.

Bullion Minerals continued exploring but switched to nickel undertaking TEM surveys and drill testing the T1 anomaly.

Monarch Resources explored for gold and nickel from 2002 to 2007. They contracted exploration to SRK who recommended ground EM surveys over both Area 1 and Area 2 (renamed T2 and T3). No conductors were delineated and 200m and 100m infill loops were conducted on five 500m traverses at T2 and four 500m traverses at T3. BLEG geochemistry was used at gold prospects.

LionOre explored around Brian's Bluff for nickel from 1999 to 2001 undertaking gridding, a 1.5km TEM survey, regolith mapping at 1:10,000 scale, 29km MLEM geophysical survey (Tesla 10) and 433 soil samples over 38 traverses 100-200m apart 40m spaced samples.

A Newmont/LionOre JV explored around Brian's Bluff in 2002 with an orientation soil and auger program.



LionOre explored an area further west for nickel from 2005, with Norilsk subsequently acquiring the project. Exploration work included a MLEM survey using 200m spaced lines over Cats Eye (Round Top West) prospect with no conductors found. This survey was followed by two aircore drill traverses to infill to 400 x 50m. High magnesium cumulate ultramafic rocks were intersected but contacts were not well defined due to intruding granite. The highest value was in LJPA694 with 11m at 1.67% Ni with 235ppm Cu between 18-29m. In 2013, a fixed loop EM survey followed up on the Bullseye target identified by a regional scale aeromagnetic interpretation. Norilsk undertook aircore drilling (800m spaced lines 158 holes for 3,817m), Niton soil survey of 979 samples, multi-element soil survey of 501 samples.

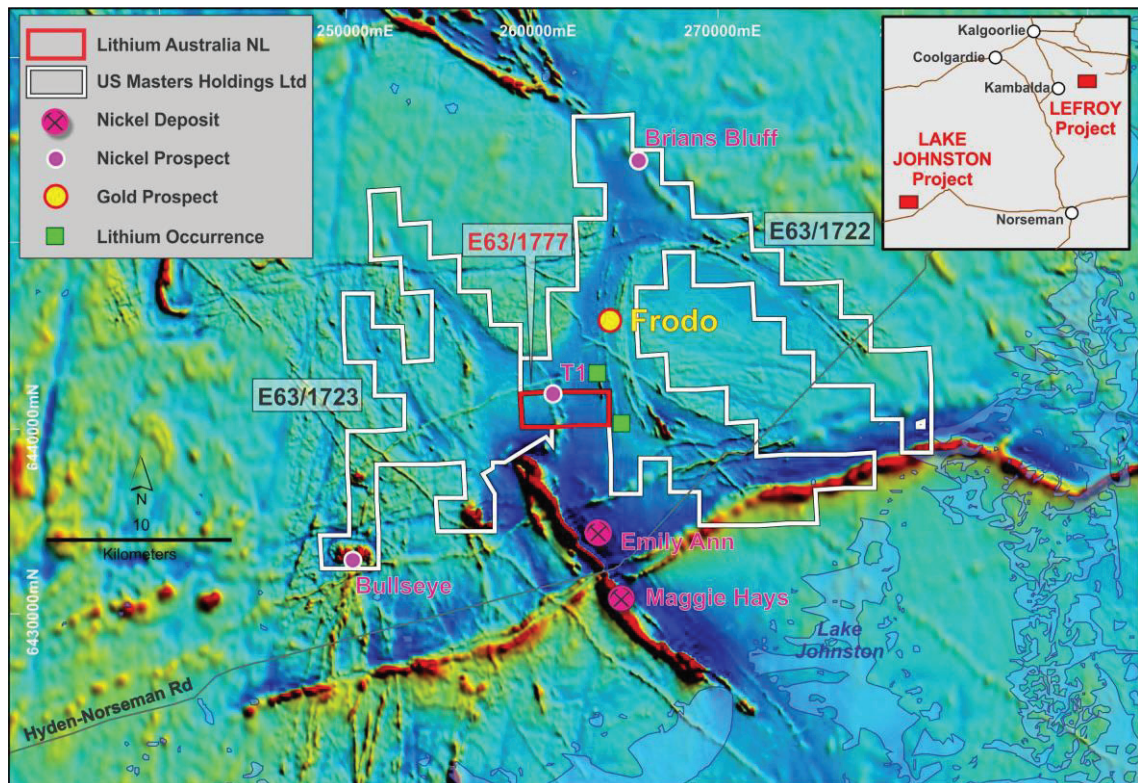
Yilgarn Mining held ground in 2006 but no exploration was carried out.

4.5.1 Regional Geophysical Surveys

The only gravity data available for the tenements are from government surveys. The 12mgal gravity high within E63/1722 and E63/1777 indicates there is a substantial volume of mafic/ultramafic rocks present within these tenements. The lack of a strong gravity signature within E63/1723 may indicate this area is dominated by granite and gneiss with smaller isolated remnants of mafic rocks (Webb, 2016).

The tenements have extensive high quality aeromagnetic coverage accessible through the GSWA open file system via a survey flown for Monarch Resources in 2003. This survey had 50m flight line spacing and was flown with a 20m terrain clearance. Poorer quality surveys (mostly 400m spaced government survey data) cover the remaining portions of the tenements. Figure 16 provides a total magnetic intensity (TMI) image of the Lake Johnston region which combines the Monarch data with the government data, also showing the tenement boundaries, main prospects and the nearby nickel deposits.

Figure 16 TMI Image of the Lake Johnston Project



4.6 Current Exploration

LEX's exploration licences have only recently been granted (E63/1723 on 27 July 2015 and E63/1722 on 1 April 2016) and exploration has been limited to desktop studies. LEX commissioned Newexco to conduct a geophysical data compilation, review of previous geophysical exploration of the project area and recommend further exploration work. Data reviewed and processed included airborne magnetics, government gravity data, ground electromagnetic survey data, down hole EM survey data and IP surveys (Webb, 2016). Drill hole locations and depth data were also reviewed. Recommendations of the review are discussed in Section 4.8 below.

4.7 Mineral Resources

No Mineral Resources have been reported for the Lake Johnston project.

4.8 Exploration Potential and Targets

4.8.1 Lithium Potential

The tenements hold potential for the discovery of lithium bearing pegmatites. Previous mapping and sampling have identified outcropping pegmatites in a number of localities throughout the tenements. LEX have elected to pursue the lithium potential of its Lake Johnston project by divesting the lithium rights for E63/1722 and E63/1723 to Lithium Australia NL and in exchange will be granted rights to gold and nickel for exploration licence application E63/1777 (Lithium Australia, 2016). Details of the arrangement are discussed elsewhere in the Independent Expert's Report.

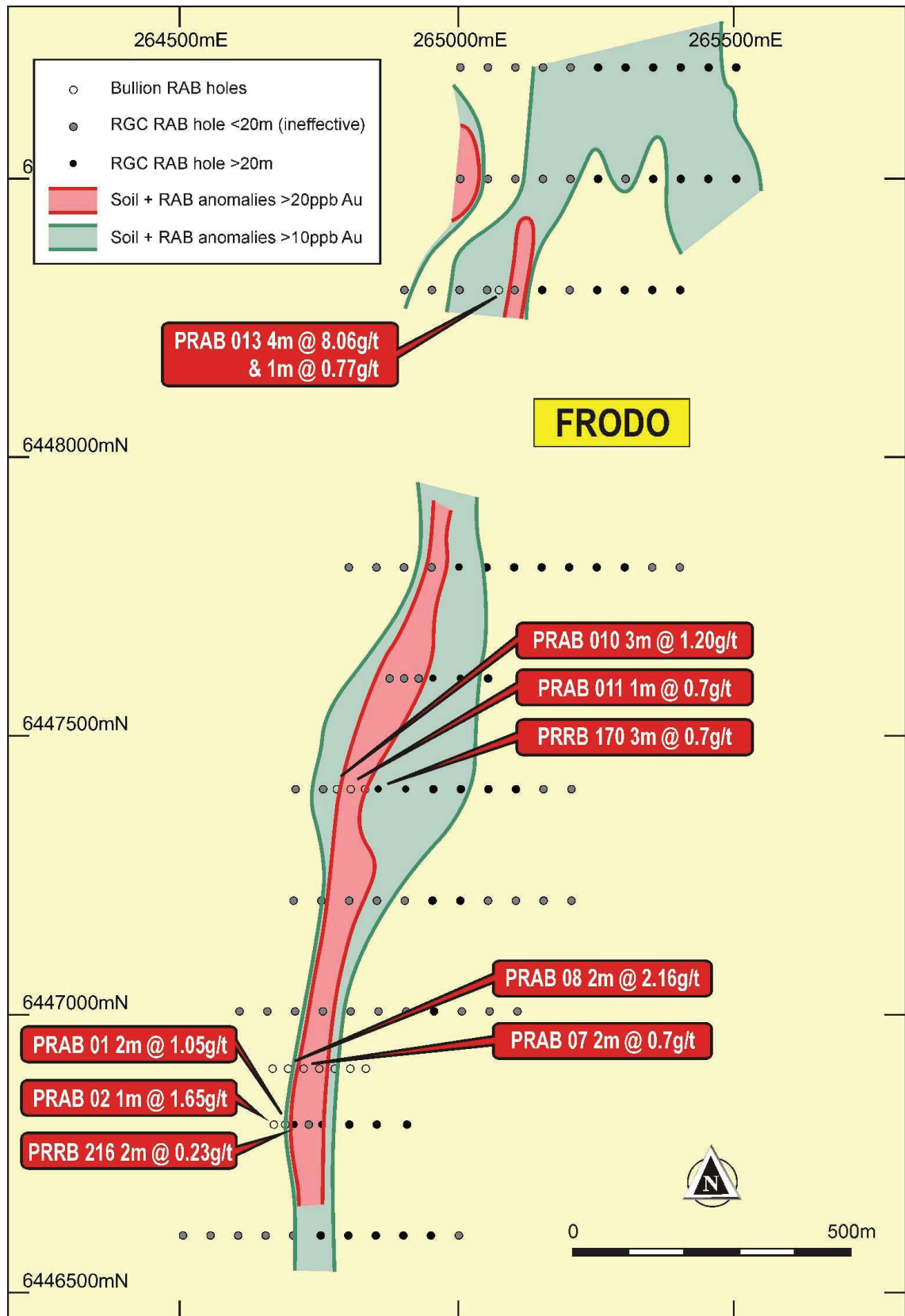
4.8.2 Gold Potential

The Lake Johnston project lies in the Yilgarn Craton, one of the most well-endowed gold and nickel provinces in the world. It covers part of a greenstone belt which hosts two economic nickel deposits to the immediate south of the tenements. Additionally, the area is considered prospective for structurally controlled orogenic lode gold deposits of which there are many examples in the region.

The Frodo prospect has been identified as a priority drill target by LEX based on re-interpreting results generated by previous exploration. A well-defined trend of gold anomalies in soil and RAB can be traced on a 020° orientation for 1,100m (Figure 17). Some 500m along this orientation to the north, there is a RAB intersection of 4m at 8.06g/t Au, from 8-12m logged as vein quartz within altered amphibolites, which has not been followed up with further drilling. There is a 500m gap between this intercept and the next RAB line to the south (Figure 17). Quartz veins observed in costeans have a similar orientation to the geochemical anomaly. These gold anomalies coincide with a magnetic high that may indicate an alteration zone or a structure with a concentration of mineralised veins. The previous RAB drilling has been too shallow, incorrectly angled and too widely spaced to be fully effective. Follow-up drilling with angled aircore and RC is warranted to further investigate this gold anomaly.



Figure 17 Frodo Gold Prospect Plan showing Geochemistry and Drilling



Geophysical interpretation of aeromagnetic data (Webb, 2016) has highlighted a new structural gold target located in E63/1722 4km south-southwest of the Frodo prospect (Figure 16). This area is mapped as felsic schist which appears to have had limited previous exploration and a potential association with a probable BIF and shearing interpreted from the magnetics, warranting geochemical testing for gold.

4.8.3 Nickel Potential

Review of historic exploration has revealed three targets for potential nickel mineralisation. While nickel is not currently the primary focus for LEX, these targets are certainly of exploration merit.

The Brian's Bluff target is located in the north of E63/1722 in a prospective high magnesium ultramafic sequence. Deep weathering, surficial silica zones and aeolian sand cover have reduced the effectiveness of historic geochemical exploration. More recent aircore drilling on 800m traverses has provided useful multi-element geochemistry with down hole geology over several kilometres of strike. A narrow zone over 5km long has been defined for detailed investigation.

The Bulls Eye nickel target (named T2 by previous explorers) located in the southeast corner of E63/1723 is defined by a high amplitude magnetic anomaly (Figure 16). A single traverse of shallow RAB drilling south of the anomaly intersected ultramafic rocks in most holes with several anomalous nickel intercepts including 18m at 0.46% Ni, 27m at 0.42% Ni & 6m at 1.01% Ni. No deeper drilling has been completed to test for primary mineralisation. Newexco (Webb, 2016) have concluded that historic TEM surveys did not definitively test the prospect for conductors and recommended resurvey with high quality TEM on tighter spacings.

The T1 nickel target was initially tested with a TEM survey by Bullion Minerals in 2001. Monarch Resources subsequently infilled and extended this survey. The drilling aimed at the T1-North anomaly intersected sulphides in what has been interpreted as channel facies ultramafic rocks. The intersected sulphides probably explain the EM anomaly however there has been no definitive confirmation of this using downhole EM. Furthermore the surface EM anomaly was defined using outdated coil sensor technology. Newexco recommended that the T1-North anomaly area be resurveyed with high quality TEM using a B field sensor, which would determine whether the existing drilling is likely to have tested the best of the anomalous area (Webb, 2016).

The Cats Eye area, located between the Bulls Eye and T1 area, has a prominent bullseye magnetic anomaly which RAB and aircore drilling showed to be sourced from komatiite and BIF with anomalous nickel values. An intercept of 11m at 1.67% Ni and 235ppm Cu (LJPA0694) is interpreted as lateritic, being from 18m depth. The primary source of mineralisation was not determined by previous explorers. Newexco concluded, however, that previous EM surveys have effectively tested the prospect for conductors to 200m depth (Webb, 2016).

Potential exists to develop new gold and nickel targets within the Lake Johnston project through undertaking regional geophysical surveys over areas where coverage by previous explorers has been poor. Newexco recommended acquiring good quality airborne magnetic data over the southern portions of the project and also commissioning modern helicopter airborne EM over specific areas of the project to detect bedrock conductors beneath thin cover. Remote surveys have the advantage of not needing expensive and time consuming environmental permitting required due to the protected flora common in this area.

In Ravensgate's opinion, further exploration of the Lake Johnston area is warranted. Viable exploration targets include orogenic lode gold mineralisation at Frodo and nickel sulphide targets at Brian's Bluff, Bullseye and T1.

4.9 Exploration Strategy

LEX has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program focusing primarily on gold. Currently planned gold exploration programs for the Lake Johnston project include RAB and RC drilling. Newexco have recommended a number of geophysical exploration activities predominantly focused on nickel exploration (Webb, 2016). These have been outlined in Section 4.8.3

Ravensgate considers that the exploration strategy proposed by LEX is consistent with the mineral potential and status of the Lake Johnston project.



5. MURCHISON PROJECT

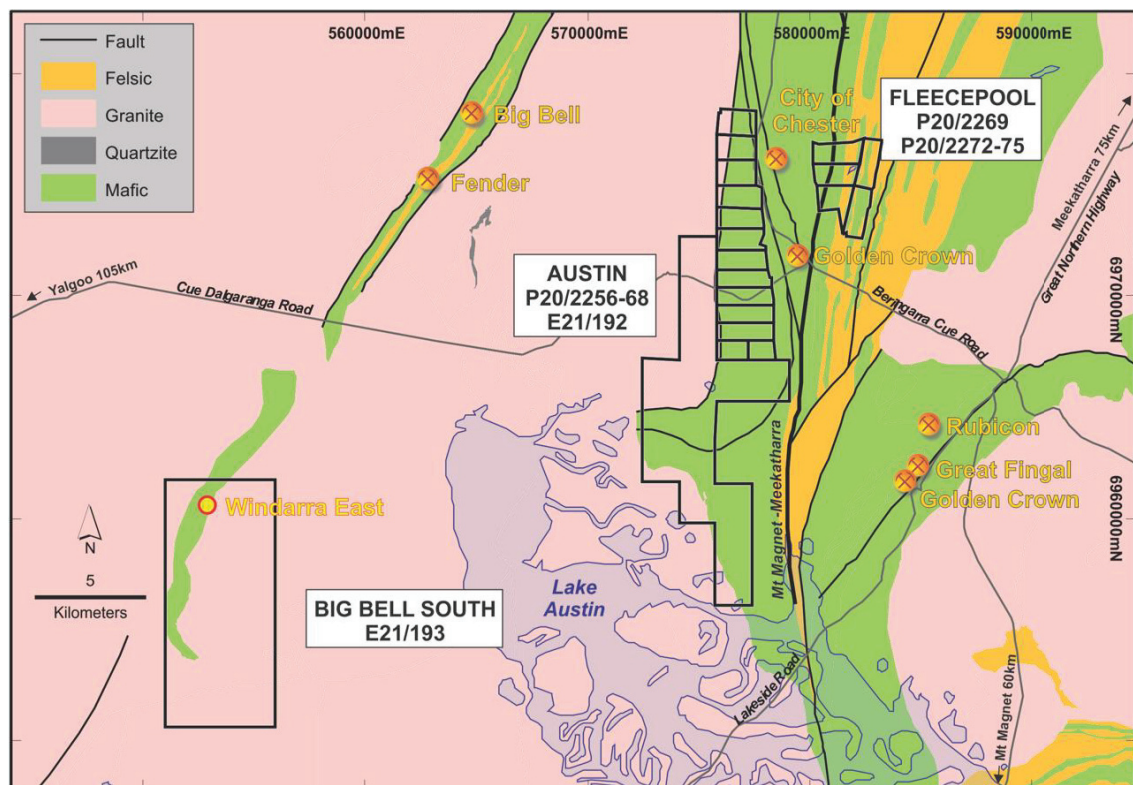
The Murchison project comprises only tenement applications and is rated as a lower category exploration priority by LEX has therefore a succinct description has been provided.

5.1 Location and Tenure

The Murchison project is located 620km north-northeast of Perth near the town of Cue in Western Australia. The project can be accessed from the Great Northern Highway via shire roads, station tracks and exploration tracks.

The Murchison project consists of two exploration licence applications and 18 prospecting licence applications with a total area of 134km². The license details are listed in Table 1 and Figure 18. The tenements are grouped in three separate clusters which are treated as sub-projects by LEX: Fleece Pool (P20/2269, P20/2272-5) is located about 12km northwest of Cue, Austin (P20/2256-68 and E21/192) is located 12km west of Cue and Big Bell South (E21/193) is located 37km west-southwest of Cue. Fleece Pool and Austin are located within the Cue Mineral District.

Figure 18 Murchison Project Tenement Plan and Geology



5.2 Geology and Exploration History

The Murchison project is located in the Murchison domain of the Youanmi Terrane of the Archaean Yilgarn Craton (Wyche *et al.*, 2012) the classification of which is further described in Section 3.3.1 and illustrated in Figure 3. The Murchison Domain contains substantial greenstone belts separated by granite and granitic gneiss.

All three of the Murchison sub-projects cover structures close and marginal to dextral shear zones associated with the Meekatharra-Mt Magnet Fault and the Chunderloo-Big Bell Fault, both of which are significant crustal scale structures regionally associated with gold mineralisation.



5.2.1 Big Bell South

Big Bell South has an area of 54.7km² and is located 20km south of the Big Bell gold mine. It covers the Big Bell greenstone belt as it narrows to the south including the continuation of the Chunderloo-Big Bell Fault, a major structure extending 80km from Meekatharra to the Dalgaranga Fault.

ACM, Getty Oil, Little River, CRA, Normandy and Poseidon conducted previous work on the area including wide spaced soil surveys, RAB drill traverses, rock chip sampling, ground and airborne magnetics and aircore. Reconnaissance drilling indicated anomalous gold in drill holes close to Windarra East and Cavanagh Bore, which were never followed up. Most drill holes intersected granitic lithologies and it seems greenstone rocks are confined to thin slivers and segments.

Detailed geological mapping is lacking from previous exploration campaigns and may represent an effective targeting method.

5.2.2 Fleece Pool

Fleece Pool covers an area of 9.6km² dominated by drainage cover with localised outcrop of differentiated dolerite. Geologically, the area lies between the prominent Cuddingwarra gold lodes to the west and the Emily Well copper-zinc-gold lode to the west. With outcrop comprising approximately 20% of the area, the remainder is covered by alluvium and calcrete deposits associated with the Nallan Creek system and Cainozoic deposits. Three formations occur; the rhyolitic breccia and sandstone of the Greensleeves Formation; komatiite, high magnesium mafics and sedimentary units of the Wattagee Formation; and komatiite of the Meekatharra Formation. The Meekatharra-Mt Magnet Fault, a major terrain boundary, passes through the project area where it divides into two splays, with the Cuddingwarra Shear splaying west and the Chieftain Shear splaying to the north-northeast (Leeming, 2016).

The area has been heavily prospected by metal detectors for nuggets with occasional small prospecting pits, but no significant historic mining.

A review of previous exploration over the area by LEX was compiled into an exploration index and reviewed on a regional scale together with geology and aeromagnetic data. Previous explorers included Peregrine, Central Bore, Hillcrest, Harmony and Metals X. Soil sampling, RAB drilling and one line of RC drilling with some isolated follow up holes were the main activities carried out – soil sampling was duplicated and produced ambiguous results.

Gold anomalies have been traced from south to north through reconnaissance wide-spaced drilling along this structure while some higher grades and substantial widths of gold have been intercepted in aircore drilling immediately south of LEX ground. This area was drilled twice by Harmony in 2002 but never followed up.

Prospects which offer targets for drilling include the Chieftain Shear and Lillian's anomalies to the north and west. Geological mapping, compilation of drill sections with geology and interpretation are recommended, followed by a preliminary aircore program with a drill spacing of 400m and hole spacing of 40m.

The Fleece Pool-Chieftain structure provides potential gold target areas which remain untested through cover.

5.2.3 Austin

The Austin sub-project covers an area of 69.7km² providing 20km of prospective greenstone belt stratigraphy due west and parallel to the Cuddingwarra Shear, centred on ultramafic-mafic stratigraphy intruded by local porphyries. The tenements are adjacent (2km) to abandoned open pit gold mines at Cuddingwarra, including Black Swan, Rheingold, Golden Gate, City of Chester and an old underground mine at Victory United. Big Bell Operations (Metals X) hold tenure over these historic mines.

Thrust repeat stratigraphy west of Cuddingwarra was tested by soil geochemistry by Harmony over residual terrain. Soils returned gold, copper, lead and tellurium anomalies. Strongly anomalous rock chip geochemistry associated with quartz veining also resulted and were recommended for drilling, however no testing of these anomalies is recorded. Tenements were relinquished in 2015 by Metals X without any recent work undertaken.



Low detection multi-element soil geochemistry and limited rock chip sampling in outcropping areas by Harmony, in 2008, detected gold-in-soil anomalies which are detailed in Section 5.3.3. RAB drilling by Harmony focussed on magnetic and sub-audio magnetic (SAM) anomalies outside the LEX tenement block returned no gold values.

Very little exploration has been focussed west of Cuddingwarra on the thrust fault repeated mafic and ultramafic stratigraphy and reactivated shear zones.

5.3 Exploration Potential and Strategy

Currently there are no granted tenements in the Murchison project, thus no exploration has been undertaken. Doubt will remain associated with the project until tenements are granted. Ravensgate consider the areas have a limited degree of prospectivity for structurally controlled orogenic lode gold deposits. LEX have undertaken some reviews of previous exploration which has led to certain conclusions and recommendations being made and these have been summarised for each of the three sub-project areas.

In Ravensgate's opinion exploration of the area is warranted once the tenements are granted. Viable exploration targets include orogenic lode gold mineralisation within greenstone lithologies. Geochemical gold anomalies at Austin and Fleece Pool require further exploration and drill testing to assess their potential.

LEX has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program, and will be carefully monitoring, assessing and refocussing their exploration programs as necessary. Ravensgate considers that the proposed exploration program is consistent with the mineral potential and status of the project. Ravensgate considers that the exploration strategy proposed by LEX is consistent with the mineral potential and status of the Murchison project.

5.3.1 Big Bell South

Most previous explorers have reported a dramatic thinning of the greenstone belt and a commensurate diminishing prospectivity for gold; however detailed geological mapping is lacking from previous exploration campaigns and may represent an effective targeting method.

5.3.2 Fleece Pool

The area has been heavily prospected by metal detectors for nuggets with occasional small prospecting pits, but no significant historic mining.

Prospects which offer targets for drilling include the Chieftain Shear and Lillian's anomalies to the north and west. Geological mapping, compilation of drill sections with geology and interpretation are recommended, followed by a preliminary aircore program with a drill spacing of 400m and hole spacing of 40m.

The Fleece Pool-Chieftain structure provides potential gold target areas which remain untested through cover.

5.3.3 Austin

The Austin area covers 20km of prospective greenstone belt stratigraphy due west and parallel to the Cuddingwarra Shear centred on ultramafic-mafic stratigraphy intruded by local porphyries.

Exploration potential identified from literature research undertaken by LEX to date includes gold-in-soil anomalies, mapped zones of quartz veining and shearing. Low detection multi-element soil geochemistry and limited rock chip sampling in outcropping areas by Harmony, in 2008, detected gold-in-soil anomalies (>20ppb) extending up to 3km with associated arsenic and copper anomalies. It appears there was no follow-up undertaken. Prominent en-echelon quartz veining over 100m in strike and up to 5m wide returned 0.12g/t Au and 0.28g/t Au with highly anomalous silver, tellurium, bismuth, arsenic and lead, which although recommended for drill testing, never proceeded.

Systematic prospecting along inferred shear zones under cover does not appear to have been undertaken and represents an exploration opportunity.



5.4 Exploration Strategy

LEX has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program on the Murchison project, with prudent monitoring, assessing and refocussing of the exploration programs as necessary. Ravensgate considers that the exploration strategy proposed by LEX is consistent with the mineral potential and status of the Murchison project.



6. PLANNED EXPLORATION EXPENDITURE

LEX have provided to Ravensgate their proposed exploration expenditure for the two year period following the capital raising, which is summarised in Table 2.

LEX is intending to focus their expenditure on drilling. During the first year exploration is expected to primarily involve aircore drilling of targets defined through interpretation of existing data from previous explorers. In the second year, aircore and RC drilling will be focused on areas where year one drilling produced positive results, plus any new target areas stemming from continued analysis of historic exploration data and regional synthesis activities.

Currently there are no granted tenements in the Murchison project, thus no exploration budget has been allocated.

Table 2 *Exploration Budget for Lefroy and Lake Johnston Projects*

Activity	Project/Prospect	Year 1 \$	Year 2 \$	Total Budget \$
Drilling	Lefroy - Coogee South	190,000	110,000	300,000
Drilling	Lefroy - Lucky Strike	85,000	125,000	210,000
Geophysics	Lefroy - Zanex	60,000	0	60,000
Drilling	Lefroy - Zanex	120,000	150,000	270,000
Drilling	Lefroy - Red Dale	50,000	110,000	160,000
Drilling	Lefroy - Neon	70,000	60,000	130,000
Drilling	Lake Johnston - Frodo	40,000	20,000	60,000
Geological interpretation	Lefroy & Lake Johnston	86,600	25,000	111,600
Geophysics	Lefroy & Lake Johnston	45,000	20,000	65,000
Drilling	Lefroy & Lake Johnston	0	70,000	70,000
Land Management	Lefroy & Lake Johnston	100,000	120,000	220,000
Exploration Salaries	Lefroy & Lake Johnston	304,000	304,000	608,000
Total Exploration		1,150,600	1,114,000	2,264,600
Corporate		581,000	581,000	1,162,000
Total Budget		1,731,600	1,695,000	3,426,600

Ravensgate considers that the proposed exploration budget is consistent with the mineral potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed and to meet statutory tenement expenditure requirements.



7. REFERENCES

- ASIC, 2007. Australian Securities and Investments Commission, Regulatory Guide 111, Content of Expert Reports.
- Barley, M. E., Brown, S. J. A., Cas, R. A. F., Cassidy, K. F., Champion, D. C., Gardoll, S. J. & Krapez, B., 2003. An integrated geological and metallogenic framework for the eastern Yilgarn Craton: developing geodynamic models of highly mineralised Archaean granite-greenstone terranes. Australian Minerals Industry Research Association Report 624.
- Cassidy, K.F., Champion, D.C., Krapez, B., Barley, M.E., Brown, S.J.A., Blewett, R.S., Groenewald, P.B. and Tyler, I.M., 2006. A revised geological framework for the Yilgarn Craton, Western Australia: Geological Survey of Western Australia, Record 2006/8, 8 pp.
- Drummond, B.J., Goleby, B.R. and Swager, C.P., 2000. Crustal signature of Late Archaean tectonic episodes in the Yilgarn Craton, Western Australia: evidence from deep seismic sounding: *Tectonophysics* v. 329, pp. 193-221.
- Fitzpatrick, M., 2016. Tenure Due Diligence, Tenure Review and Report, By Fitzpatrick & Co. Pty. Ltd, Dated 30 June 2006.
- Gee R.D., Baxter J.L., Wilde S.A. & Williams I.R., 1981. Crustal development in the Archaean Yilgarn Block, Western Australia, *Geol. Soc. Aust.*, Spec. Publ., 7, 43-56.
- Griffin T.J., 1989. Widgiemooltha, Western Australia. 1:250,000 Geological Series Explanatory Notes. Geological Survey of Western Australia.
- Griffin T.J., and Hickman A.H., 1988a. Lake Lefroy 1:100 000 Geological Map - First Edition, Geological Survey of Western Australia.
- Griffin T.J. and Hickman A.H., 1988b. Widgiemooltha, Western Australia, 1:250 000 geological series - sheet SH 51-14. Geological Survey of Western Australia.
- Groenewald, P.B., Painter, M.G.M., Robert, F.I., McCabe, M., and Fox, A., 2000, East Yilgarn geoscience database, 1:100 000 geology Menzies to Norseman – An explanatory note: Western Australia Geological Survey, Report 78, 53p.
- Hickman, A.H., 1986. Stratigraphy, structure and economic geology of the Mount Monger area, Eastern Goldfields Province: Western Australia Geological Survey, Report 16, 21p.
- Hawkins, A.J., 2010. Information Memorandum. Hogan's Project Divestment, Eastern Goldfields, Western Australia. Newmont Asia Pacific. July 2010.
- HiTec Energy NL, 2000. Information Memorandum, Kambalda Projects, June 2000.
- Integra Mining Limited, 2008, 75% of 400,000oz Salt Creek Deposit Reclassified as Indicated Resources. ASX release dated 21 July 2008.
- JORC, 2012. Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code) prepared and jointly published by: The Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (JORC) The JORC Code 2012 Edition - Effective 20 December 2012 and mandatory from 1 December 2013 (Published December 2012).
- Leeming, P.M., 2016. Technical Report on Fleece Pool. Internal USMHL report dated March 2016.
- Leggo, N.L., 2016. Exploration Data Compilation of the Woolibar Trend, Lefroy Project. Memorandum prepared by Ravensgate International Pty Ltd to US Masters Holdings Limited, dated 28 June 2016.
- Lithium Australia, 2016. Lithium Australia NL and US Masters Holdings Complete Strategic Consolidation of Lake Johnson Lithium Pegmatite Field. ASX announcement dated 24 June 2016.
- McCuaig, T.C., Beresford, S. and Hronsky, J., 2010. Translating the mineral systems approach into an effective exploration targeting system: *Ore Geology Reviews*, v. 38, pp. 128-138.
- Octagonal Resources Limited, 2014. Diamond drilling intersects 'feeder' structure with massive copper-gold-magnetite mineralisation at the Burns Prospect, Hogan's Project, Western Australia. ASX Announcement 29 August 2014.



Painter M.G.M., 2000. Mount Belches W.A. 1:100 000 Sheet 3335 - First edition. 1:100 000 Geological Series, Geological Survey of Western Australia.

Painter M.G.M and Groenewald P.B., 2001. Geology of the Mount Belches 1:100,000 sheet. Geological Survey of Western Australia.

Pawley, M.J., Wingate, M.T.D., Kirkland, C.L., Wyche, S., Hall, C.E., Romano, S.S. and Doublier, M.P., 2012. Adding pieces to the puzzle: episodic crustal growth and a new terrane in the northeast Yilgarn Craton, Western Australia: Australian Journal of Earth Sciences: An International Geoscience Journal of the Geological Society of Australia, 59:5, 603-623, DOI: 10.1080/08120099.2012.696555.

Pigott, G., 2015a. E63/1723 - West Mount Day, Lake Johnston Greenstone Belt, Western Australia. Internal USMHL document dated 10/04/2015.

Pigott, G., 2015b. Report on Plover Rock and West Mount Day Nickel and Gold Projects. Internal USMHL document dated 15 May 2015.

Pigott, G., 2015c. Plover Rock ELA 63/1722, South-Central blocks - Gold Exploration 1979 to 2014. Internal USMHL document dated 22/05/2015.

Pigott, G., 2015d. Brian's Bluff Report For Period 20 August 2015. Internal USMHL document dated 20 August 2015.

Pigott, G., 2016a. Review of Previous Exploration over E26/182. Internal USMHL document.

Pigott, G., 2016b. Review of Previous Exploration over Lake Randall ELA15/1497. Internal USMHL document.

Pigott, G., 2016c. Review of Previous Exploration over Marloo Dam ELA15/1498. Internal USMHL document.

Pigott, G., 2016d. Review of Previous Exploration over Marloo Dam ELA15/1498. Internal USMHL document.

Poseidon Nickel, 2016. <http://poseidon-nickel.com.au/lake-johnston/lake-johnston-facts-figures/>

Ramelius, 2014a. Ramelius Resources Limited Annual Report 2014.

Ramelius, 2014b. Ramelius Resources Limited Quarterly Report for the Period Ending 30 September 2014.

Sigg, B.D., 2016. Targeting and Prospectivity Review US Masters Holdings Ltd Hogans Project Coogee South Prospect Eastern Goldfields Western Australia, Reefus Geological Services.

Silver Lake Resources, 2012. Diggers and Dealers Presentation. ASX Release dated August 2012.

Silver Lake Resources, 2014. Quarterly Activities Report for the Quarter Ended 31 December 2014. ASX Release dated August 2014.

Silver Lake Resources, 2016. <http://www.silverlakeresources.com.au/projects/mount-monger-goldfield-daisy-milano>

Summons, T.G., 2010. Independent Expert (Geological) Report Part of Initial Public Offering by Octagonal Resources Ltd. Mining One Proprietary Limited, November 2010.

USMHL, 2016a. Report on Big Bell South. Internal company document, US Masters Holdings Limited, dated 16 February 2016.

USMHL, 2016b. Western Australia Nickel Exploration Opportunity. Internal company document, US Masters Holdings Limited, dated March 2016.

USMHL, 2016c. US Masters Holdings Limited Presentation. Internal company document, Dated June 2016.

VALMIN, 2005. Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports - The VALMIN Code, 2005 Edition.

Webb, M., 2016. Geophysical Data Compilation, Imaging and Review for Mt Johnston. Memorandum from Newexco to US Masters dated 10 June 2016.

Witt, W.K., 1993. Gold deposits of the Kalgoorlie-Kambalda-St. Ives areas, Western Australia: part 3 of a systematic study of the gold mines of the Menzies-Kambalda region.



Woodcock, J. 2015. St Ives gold mine; Invincible: From discovery to development. *in NewGenGold 2015 Case Histories of Discovery. Paydirt Media Pty Ltd.*

7.1 WAMEX Open File Reports

Boum, R., 1998. Annual Report for the period to 31 December 1997 on E26/37, 49:GML 26/7618, 7619; M26/279, 397, 435; P261935, 1936, 2303 MLA 477, 478, 485 ,593,672 678 GSWA ref: M7153. Kambalda Project (ref: a53558).

Bourn, R., 2000. Annual Report for the period to 31 December 1999 on E26/37, 49:GML 26/7618, 7619; M26/279, 397, 435; P261935, 1936, 2303 MLA 477, 478, 485 ,593,672 678 GSWA ref: M7153. Kambalda Projects (ref: a59708).

Bunting, JA, 1992. Annual Report on Exploration at Mt. Hogan (E 26/40) For year ending 7 November 1992. Report No WA94/03S. Geopeko. A38924.

Collins, J.E, 2010, Combined Annual Report on Red Dale Project, Integra Mining Ltd, C201/2006 for period 3 October 2009 to 2 October 2010. Unpublished report for the Department of Mines and Petroleum (ref: a88483).

Dare, P., 1998a, WMC Resources Limited, Annual Technical Report for E26/40, 8 September 1996 to 7 September 1997, June 1998. (ref: a55129)

Dare, P., 1998b, WMC Resources Limited, Annual Technical Report for E26/425, E15/304, E15/341, E15/390, M15/756, E15/478, November 1998.

Deutschman, A., 2002. Annual Technical Report for the St Alvano Joint Venture (SAJV) Exploration Licences E15/251, E15/304, E15/341, E15/390, E15/463, E15/478, E15/479, E15/524, E26/38, E26/40, E26/56, E26/63 and E26/78; Mining Leases M15/756 and M26/425 and Prospecting Licence P15/4071 for the period 1st January 2001 to 31st December 2001 (Widgiemooltha 1:250,000 Sheet SH 51-14); Goldfields Australia, March 2002. (ref: a64617).

Etheridge Henley Williams, 1997. Aeromagnetic interpretation of the St Alvano region by Etheridge Henley Williams consultants to Western Mining Corporation - St Ives, June, 1997 in Dare, P., 1998a, Report a55129.

Hansen, M.C., 1995. Annual Report for the period to 31 December 1994 on E26/37, 49: GML 26/7618, 7619; M26/279, 397, 435; P261935, 1936, 2303 GSWA Ref: M7153 The Hogans Project. (ref: a43335).

Hansen, M.C., 1996. Annual Report for the period to 31 December 1995 on E26/37, 49: GML 26/7618, 7619; M26/279, 397, 435; P261935, 1936, 2303 MLA 477, 478, 485 GSWA Ref: M7153 The Hogans Project. (ref: a46800).

Hawkins, A.J. and Eisenlohr, M., 2010. C119/2005: Hogan's Gold JV Project Annual report for the period 22nd March 2009 to 21st March 2010.

Jeffery, R.G., 2008. Coogee Project Partial Surrender Report for E26/97 13/4/2005 - 12/4/2008 (ref: a078559).

Jones, R. & Cooper, R., 2014. Final report on Roundtop West E63/1137 for the period 9 January 2009 to 5 June 2014 Dundas Mineral Field WA. (ref: a102759).

LeBas, G.R., 1997. Annual Report for the period to 31 December 1996 on E26/37, 49: GML 26/7618, 7619; M26/279, 397, 435; P261935, 1936, 2303 MLA 477, 478, 485 GSWA Ref: M7153 The Hogans Project. (ref: a49789).

Murphy, J.E, 2008, Combined Annual Report on Red Dale Project, Integra Mining Ltd, C201/2006 for period 3 October 2007 to 2 October 2008. Unpublished report for the Department of Industry and Resources. (ref: a80006).

Spivey, MR, 1996. Annual Report Hogans Project P 26/2670-2683 For the year ending 09.03.96. Mining Corporation of Australia Limited. A47762.

Stocklmayer, V, 2005. Hogans Project. Annual Report for tenements E 26/107, E 26/108, E 15/803 and E 15/774 for the period 22/03/2006 to 21/03/2007. This Resources Pty Ltd. (ref: a75045).



Styles, G.R., & Hansen, M.C., 1993. Annual Report on M26/7618, 7619, 279, 397, 425, P26/1935, 1936, 2044, 2303 E26/37, 38, 49, 56 Combined report. The Hogans-Lefroy Project for the period 1 October 1992 to 30 September 1993. (ref: a39666).

Williams, K.M., 2014, Surrender Report on Red Dale Project E25/280 and E25/281 for period 3 October 2005 to 1 October 2014, Silver Lake Resources. (ref: a104012).



8. LIST OF ABBREVIATIONS

<i>AC</i>	Aircore (drill hole)
<i>Ag</i>	Silver
<i>ASX</i>	Australian Securities Exchange
<i>Au</i>	Gold
<i>BIF</i>	Banded iron formation
<i>Cu</i>	Copper
<i>DMP</i>	Department of Mines and Petroleum (Western Australia)
<i>EM</i>	Electromagnetic geophysical survey
<i>EOH</i>	End of hole
<i>Ga</i>	Gigaannum - 1 billion years ago
<i>g/t</i>	Grams per tonne
<i>ICP-OES</i>	Inductively coupled plasma - optical emission spectrometry
<i>IP</i>	Induced polarisation
<i>JORC</i>	Joint Ore Reserves Committee
<i>JORC Code</i>	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
<i>JV</i>	Joint Venture
<i>K</i>	Thousand(s)
<i>km</i>	Kilometre(s)
<i>km²</i>	Square kilometre(s)
<i>LEX</i>	Lefroy Exploration Limited
<i>m</i>	Metre(s)
<i>M</i>	Million(s)
<i>MAIG</i>	Member of the Australian Institute of Geoscientists
<i>MAusIMM</i>	Member of the Australasian Institute of Mining and Metallurgy
<i>MLEM</i>	Moving loop electromagnetic geophysical survey
<i>Mt</i>	Million Tonnes
<i>Ni</i>	Nickel
<i>oz</i>	Ounce (Troy ounce - measure of weight)
<i>PGE</i>	Platinum Group Element
<i>ppb</i>	Parts per billion; a measure of concentration
<i>ppm</i>	Parts per million; a measure of concentration
<i>RAB</i>	Rotary air blast (drill hole)
<i>RC</i>	Reverse circulation (drill hole)
<i>SEM</i>	Scanning electron microscopy
<i>t</i>	Tonne(s)
<i>TEM</i>	Transient electromagnetic geophysical survey
<i>TMI</i>	Total magnetic intensity
<i>USMHL</i>	US Masters Holdings Limited (former name of LEX)
<i>VALMIN</i>	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
<i>WAMEX</i>	Western Australian Mineral Exploration Reports database
<i>1VD</i>	First vertical derivative



9. GLOSSARY

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
aircore drilling	A relatively inexpensive drilling technique similar to RC drilling, in which the drill cuttings are returned to surface inside the rods.
amphibolite	A mafic metamorphic rock consisting mainly of amphibole minerals, especially hornblende and actinolite.
anomaly	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest geologic time period, pertaining to rocks older than about 2,500 million years.
assay	The testing and quantification metals of interest within a sample.
auger	Geochemical sampling technique involving the use of either a hand auger or a small drilling rig with an auger bit.
carbonate	Rock or mineral dominated by the carbonate ion (CO_3^{2-}), of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and carbon and oxygen. Essential component of limestones and marbles.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral common in metamorphic rocks.
complex	An intricate assemblage of geological units, typically in metamorphic or igneous terranes.
Craton	An old and stable part of the continental lithosphere.
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
diorite	A coarse-grained intrusive igneous rock that contains a mixture of feldspar pyroxene hornblende and sometimes quartz.
Domain	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
fault	A wide zone of structural dislocation and faulting.
felsic	Igneous rocks with a large percentage of light-colored minerals such as quartz, feldspar, and muscovite. It is contrasted with mafic rocks, which are relatively richer in magnesium and iron.
gabbro	A black coarse-grained intrusive igneous rock that is the compositional equivalent of basalt.
geochemical	Pertains to the concentration of an element.
geochronology	The science of determining the absolute age of rocks. Dating methods involve measuring the amount of radioactive decay of a radioactive isotope with a known half-life.
geophysical	Pertains to the physical properties of a rock mass.
gneiss	A common metamorphic rock formed at high temperatures and pressures from igneous or sedimentary rocks, having characteristic foliations (gneissic banding) of alternating dark/light colored bands.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granitoid	A broad category of coarse-grained acid igneous rock including granite, quartz monzonite, quartz diorite, syenite and granodiorite.
gravity survey	Measurements of gravitational acceleration and gravitational potential at the Earth's surface searching for mineral deposits.
greenstone	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.



greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
ground magnetic	Geophysical survey method using a hand-held magnetometer to record the strength of the earth's magnetic field usually along a grid.
induced polarisation	Geophysical survey technique used to identify the electrical chargeability of subsurface materials.
intrusive	Any igneous rock formed by intrusion and cooling of hot liquid rock below the earth's surface.
lithology	The description of a rock unit's physical characteristics visible in hand or core samples, such as colour texture grain-size and composition.
lode	A deposit of metalliferous ore formed in a fissure or vein.
mafic	Igneous rock composed dominantly of dark coloured minerals such as amphibole pyroxene and olivine, generally rich in magnesium and iron.
magmatic	Derived from or associated with magma. Magma is a complex high-temperature fluid substance present within the earth, which on cooling forms igneous rocks.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by metamorphism from a pre-existing igneous or sedimentary rock type.
metamorphism	Alteration of the minerals, textures and composition of a rock caused by exposure to severe heat, pressure and chemical actions.
metavolcanic	Volcanic rock which has been altered by metamorphism.
Mineral Resource	Concentration of mineralisation in the earth for which there are reasonable prospects for eventual economic extraction.
mobile metal ion	MMI is a geochemical exploration method whereby mobile metal ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
Ore Reserve	The economically mineable part of a Mineral Resource.
outcrop	A visible exposure of bedrock or ancient superficial deposits on the surface of the Earth.
overprinting	The superposition of a new set of structural geological features on an older set.
pegmatite	An exceptionally coarse-grained igneous rock with interlocking crystals, usually found as irregular dykes lenses or veins around the margins of batholiths.
petrography	Detailed descriptions of rocks typically using a microscope to study thin sections of rock specimens.
plunge	The vertical angle between a horizontal plane and the line of maximum elongation (of an orebody for example).
pluton	Body of intrusive igneous rock, typically several kilometres in dimension
porphyritic	Textural term for igneous rocks in which large crystals (phenocrysts) are set in finer groundmass, which may be crystalline or glass.
pyroxenite	Ultramafic igneous rock consisting essentially of minerals of the pyroxene group.
quartz	Common mineral composed of crystalline silica, with chemical formula SiO_2 .
RAB drilling	Rotary Air Blast. A relatively inexpensive but less accurate percussion drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation. A percussion drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.



resource	In situ mineral occurrence from which valuable or useful minerals may be recovered.
saprock	Weakly weathered rock with weathering restricted to fracture margins
saprolite	Soft clayey porous rock formed by in-place chemical weathering of rocks
Schist	A metamorphic rock dominated by fibrous or platy minerals, with a strongly foliated fabric (schistose cleavage).
sedimentary	A term describing a rock formed from sediment.
shear	A deformation resulting from stresses that cause rock bodies to slide relatively to each other in a direction parallel to their plane of contact.
shoot	Part of an orebody of elongated shape where higher grades are concentrated.
sill	A concordant sheet of igneous rock lying nearly horizontal.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stratigraphic	Pertaining to the composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological strata or structure.
structural	Pertaining to rock deformation or to features that result from it.
succession	Group of rock strata that succeed one another in chronological order.
superterrane	Composite terranes that comprise groups of individual terranes and other assemblages that share a distinctive tectonic history.
terrane	Any rock formation or series of formations or the area in which a particular formation or group of rocks is predominant.
ultramafic	Igneous and meta-igneous rocks composed of greater than 90% mafic minerals with very high magnesium and iron content, very low silica and potassium content.
volcanics	Rocks formed or derived from volcanic activity.



Lefroy Exploration Limited

ARBN: 052 123 930

(formerly U.S. Masters Holdings Limited)

Lodge your vote:

By Mail:

Lefroy Exploration Limited
Suite 4101, Level 41,
Gateway, 1 Macquarie Place,
Sydney NSW 2000, Australia

By Fax:

+61 2 8314 5555

By Email:

info@ushmasters.com

For all enquiries call:

+61 2 8314 5580

Proxy Form

Meeting Time: 10:00am AEST

Meeting Date: Monday, 12 September 2016

Meeting Place: Suite 4101, Level 41, Gateway, 1 Macquarie Place
Sydney NSW 2000 Australia

 **For your vote to be effective it must be received no later than 10.00am (AEST) on Friday, 9 September 2016**

How to Vote on the Item of Business

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

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on the item your vote will be invalid.

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

Proxy Form

Please mark  to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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

☐ the Chairman of the Meeting **OR**

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

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as my/our proxy sees fit) at the Meeting of Lefroy Exploration Limited (**Company**) to be held in Sydney, Australia on Monday, 12 September 2016 at Suite 4101, Level 41, Gateway, 1 Macquarie Place, Sydney NSW 2000 Australia commencing at 10:00am AEST, including to vote or abstain as my/our proxy thinks fit in respect of any procedural resolution, and at any postponement or adjournment of that Meeting.

Important for Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intentions below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 even though the Items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate boxes opposite those items below (directing the Chair to vote for, against, or to abstain from voting).

STEP 2 Items of Business

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

		For	Against	Abstain			For	Against	Abstain
1	Change to nature and scale of activities	☐	☐	☐	10	Participation in Equity Raising by Gordon Galt	☐	☐	☐
2	Approval of transfer of HRPL Consideration Shares to HRPL Shareholders	☐	☐	☐	11	Participation in Equity Raising by Michael Davies	☐	☐	☐
3	Approval of issue of MZM Consideration Shares to MZM	☐	☐	☐	12	Participation in Equity Raising by James Beecher	☐	☐	☐
4	Approval of issue of Shares for Equity Raising	☐	☐	☐	13	Participation in Equity Raising by Geoffrey Pigott	☐	☐	☐
5	Approval of transfer of MD Conversion Shares to Michael Davies to Repay Finance Facility	☐	☐	☐	14	Reapproval of Share Plan	☐	☐	☐
6	Approval of transfer of Lithium Rights to LIT	☐	☐	☐	15	Approval of issue of ESP Shares under the Share Plan to Wade Johnson	☐	☐	☐
7	Approval of issue of LIT Consideration Shares to LIT	☐	☐	☐	16	Approval of change of Vesting Conditions of ESP Shares issued under the Share Plan to Gordon Galt, Michael Davies, Geoffrey Pigott and James Beecher	☐	☐	☐
8	Election of Wade Johnson as Managing Director	☐	☐	☐					
9	Approval of Issue of Advisory Options to NHC	☐	☐	☐					

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

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date