



Lefroy Exploration

Lefroy Exploration Limited

IBC No.29457

ARBN 052 123 930

2020 Notice of Annual General Meeting and Explanatory Statement

**Annual General Meeting to be held at
Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia
on Wednesday, 9 December 2020 commencing at 11.00am (WST)**

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

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Lefroy Exploration Limited, incorporated in the British Virgin Islands, IBC No.29457, Australian Registered Business Number 052 123 930 ("Company") will be held at Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Wednesday, 9 December 2020 commencing at 11.00am (WST).

The purpose of the Meeting is to consider, and if thought fit, pass the following resolutions:

FINANCIAL STATEMENTS AND REPORTS

To receive the annual financial report of the Company and its controlled entities for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report and the auditors' report.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MICHAEL DAVIES

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

"That, for the purpose of ASX Listing Rule 14.4 and for all other purposes, Mr Michael Davies, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

RESOLUTION 3 – RATIFICATION OF 15,073,012 PLACEMENT SHARES

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,073,012 Shares at an issue price of \$0.24 per Share issued on 30 October 2020, on the terms and conditions set out in the Explanatory Memorandum."

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

- a) St Ives Gold Mining Company Pty Ltd and any person who participated in the issue or is a counterparty to the agreement being approved; or
- b) an associate of that person or those persons.

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

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

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

RESOLUTION 4 – RATIFICATION OF 2,968,659 PLACEMENT SHARES

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,968,659 Shares at an issue price of \$0.24 per Share issued on 30 October 2020, on the terms and conditions set out in the Explanatory Memorandum.”

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

- a) St Ives Gold Mining Company Pty Ltd and any person who participated in the issue or is a counterparty to the agreement being approved; or
- b) an associate of that person or those persons.

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

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

RESOLUTION 5 - APPROVAL OF ISSUE OF SHARES VIA PLACEMENT TO MR MICHAEL DAVIES (OR HIS NOMINEE)

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

“That pursuant to ASX Listing Rule 10.11 and for all other purposes, approval be given to issue 708,334 Shares at an issue price of \$0.24 per Share to Mr Michael Davies (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

- a) Mr Davies (or nominee) or any of his associates; and
- b) any person who will obtain a material benefit as a result of the issue of the Shares and attaching Options (except a benefit solely by reason of being a holder of Shares).

However, a vote will not be disregarded if the vote is cast in favour of the Resolution by:

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

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

RESOLUTION 6 – AMENDMENTS TO THE COMPANY’S ARTICLES OF ASSOCIATION TO INSERT TAKEOVER PROVISIONS

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

“That, having received a waiver of ASX Listing Rule 15.15, approval is given for the Company to amend its Articles of Association in the manner set out in Annexure A and referred to in section 6 of the Explanatory Statement to this Notice of Meeting.”

Members are referred to the Explanatory Statement accompanying this Notice of Meeting.

Copies of the Annual Report are available at the Company's website at: <https://leeroyex.com/reports/>

For the purpose of the meeting, securities will be taken to be held by the persons who are registered holders at 5.00pm (WST) on Monday, 7 December 2020. Transactions registered after that time will be disregarded in determining entitlements to attend and to vote at the meeting.

BY ORDER OF THE BOARD



Susan Hunter
Company Secretary
17 November 2020

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held the Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Wednesday, 9 December 2020 commencing at 11.00am (WST).

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company and its controlled entities for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' Report and the auditor's Report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTORS

2.1 General

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Mr Michael Davies, who has served as Directors since last re-elected on 3 December 2018 retires by rotation and seeks re-election.

2.2 Qualifications and Other Material Directorships

Michael Davies, (Non-Executive Director) - appointed 1 July 2010

Qualifications - BA (Hons); MBA

Mr Davies is a specialist in resource financing, with over 30 years' experience in investment banking (Barclays, BZW and ABN AMRO), originating, structuring and arranging debt and providing corporate advice to natural resources companies internationally. Mr Davies also has had extensive commercial experience more broadly in the mining industry, having been involved in the negotiation of joint venture agreements, participating on joint venture committees and negotiating the acquisition and sale of mining tenements. Mr Davies is also a founding Principal and Director of Taurus Funds Management Pty Ltd.

Mr Davies is currently a Non-executive Director of NuCoal Resources Ltd (appointed 5 February 2010) (ASX:NCR) and unlisted QMETCO Ltd (appointed 20 October 2011).

2.3 Independence

If elected, the Board considers Mr Davies will not be an independent Director as he has an interest in a substantial shareholding in the Company.

2.4 Board recommendation

The Board (excluding Mr. Davies who has an interest in the Resolution) supports the re-election of Mr Michael Davies and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 Background

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval, by way of a special resolution passed at an annual general meeting, to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- a) is not included in the S&P/ASX 300 Index; and
- b) has a maximum market capitalisation equal to or less than \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$28 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 9 November 2020).

An Equity Security includes a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or any security that ASX decides to classify as an equity security. Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being Shares (ASX code: LEX).

If Shareholders approve Resolution 2, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and the Company's total placement capacity will increase to 25% of its issued capital pursuant to ASX Listing Rule 7.1 and 7.1A.

Resolution 2 is proposed as a special resolution. For the purpose of these resolutions, this means that at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed. If Resolution 2 is not passed, the Company will not have approval to issue Equity Securities under its 10% Placement Capacity.

3.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

a) Minimum Price

The minimum price at which the Equity Securities may be issued under the 10% Placement Capacity is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within 10 ASX trading days of the date specified in paragraph (a) above, the date on which the Equity Securities are issued.

b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- i. 12 months after the date of the Meeting;
- ii. the date of the Company's next annual general meeting; and
- iii. the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

(10% Placement Capacity Period).

c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below. The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the market price of Shares and the number of Equity Securities on issue as at 9 November 2020. The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	\$0.12 50% decrease in Issue Price	\$0.24 Issue Price	\$0.36 50% increase in Issue Price
118,528,416 (Current Variable A)	Shares issued - 10% voting dilution	11,852,842 Shares	11,852,842 Shares	11,852,842 Shares
	Funds raised	\$1,422,341	\$2,844,682	\$4,267,023
177,792,624 (50% increase in Variable A)	Shares issued - 10% voting dilution	17,779,262 Shares	17,779,262 Shares	17,779,262 Shares
	Funds raised	\$2,133,511	\$4,267,023	\$6,400,534
237,056,832 (100% increase in Variable A)	Shares issued - 10% voting dilution	23,705,683 Shares	23,705,683 Shares	23,705,683 Shares
	Funds raised	\$2,844,682	\$5,689,364	\$8,534,046

Note - The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 118,528,416 existing Shares on issue as at the date of this Explanatory Memorandum.
2. The issue price set out above is the closing price of the Shares on the ASX on 9 November 2020.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or without approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals obtained under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- a) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- b) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

d) Purpose of Issue under 10% Placement Capacity

The Company may only issue Equity Securities under the 10% Placement Capacity for cash consideration. The Company intends to use any funds raised primarily towards the costs associated with exploration on the Company's tenement package and/or for general working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 upon the issue of any Equity Securities.

e) Allocation policy under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- i. the purpose of the issue;
- ii. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

- iii. the effect of the issue of the Equity Securities on the control of the Company;
- iv. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- v. prevailing market conditions; and
- vi. advice from corporate, financial and broking advisers (if applicable).

f) Previous issues under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 2 December 2019 (Previous Approval).

During the 12-month period preceding the date of the Meeting, the Company has issued 2,968,659 Shares under the Previous Approval on 30 October 2020 to a professional and sophisticated investor, as determined by New Holland Capital in consultation with the Board. The issue price of the Shares of \$0.24 per Share was at a 2% discount to the closing Share price on ASX on the date of issue of \$0.235 per Share. The funds raised from this issue (\$712,478.16 before costs) will be used to accelerate exploration at the Company's 100% owned Eastern Lefroy Gold Project and for general working capital purposes. This issue of 2,968,659 Shares on 30 October 2020 represents approximately 3% of the total number of Equity Securities on issue at the commencement of that 12-month period.

g) Voting Exclusion

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

4. RESOLUTIONS 3 AND 4 – RATIFICATION OF PLACEMENT SHARES

4.1 General

On 22 October 2020, the Company announced a \$4.5 million placement comprising the issue of 18,750,005 Shares at an issue price of \$0.24 per Share (**Placement**). Lefroy Non-executive Director Mr Michael Davies committed to subscribe for 708,334 Shares at the Placement issue price of \$0.24 per Share to raise \$170,000.16. This issue of Shares to Mr Davies (or nominee) is subject to Shareholder approval in Resolution 5 below. The Company's largest shareholder, St Ives Gold Mining Company Pty Ltd, a wholly owned subsidiary of Gold Fields Ltd (NYSE/JSE: GFI), participated in the placement by taking a pro rata allocation, equal to 3.40 million shares to maintain its holding. The balance of the Placement was taken up by new institutions and sophisticated investors as well as existing Shareholders. New Holland Capital acted as Sole Lead Manager and Bookrunner of the Placement.

The funds raised from the Placement will be used to accelerate exploration at the Company's 100% owned Eastern Lefroy Gold Project and for general working capital purposes.

The Placement was to be conducted in two tranches, with an initial tranche of 18,041,671 Shares (**Tranche 1**) being issued utilising the Company's existing Listing Rule 7.1 placement capacity (15,073,012 Shares) and Listing Rule 7.1A placement capacity (2,968,659 Shares). The remaining 708,334 Shares to be issued to Mr Davies (or nominee) are to be issued subject to Shareholder approval being obtained for the purposes of Listing Rule 10.11 as Mr Davies is a Director of the

Company.

The Company issued the Tranche 1 18,041,671 Placement Shares on 30 October 2020. Resolution 3 seeks Shareholder approval to the ratification for the purposes of Listing Rule 7.4 for the issue of 15,073,012 Tranche 1 Shares issued pursuant to the Company's existing Listing Rule 7.1 placement capacity and Resolution 4 seeks Shareholder approval to the ratification for the purposes of Listing Rule 7.4 for the issue of 2,968,659 Tranche 1 Shares issued pursuant to the Company's existing Listing Rule 7.1A placement capacity.

4.2 Resolution 3 – Background to Listing Rule 7.1

The Company issued 15,073,012 Tranche 1 Shares utilising the Company's existing Listing Rule 7.1 placement capacity. Listing Rule 7.1 places a general limitation on the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period. The 15,073,012 Tranche 1 Shares were issued within the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made, provided the Company complied with Listing Rule 7.1 at the time of issuing the relevant equity securities. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under that rule.

If Resolution 3 is approved, the Tranche 1 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following their issue.

If Resolution 3 is not approved by the requisite majority, the Tranche 1 Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following their issue.

4.3 Resolution 4 – Background to Listing Rule 7.1A

The Company issued the remaining 2,968,659 Tranche 1 Shares utilising the Company's existing Listing Rule 7.1A placement capacity. ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did

not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue 2,968,659 Tranche 1 Shares in Resolution 4, the base figure (ie variable “A”) in which the Company’s 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

If the ratification of the issue of Placement Shares the subject of Resolution 4 is not passed by Shareholders, it will reduce the Company’s capacity to issue equity securities without shareholder approval for the 12 months following the issue of the Shares.

4.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3 and the ratification of the issue of the 15,073,012 Tranche 1 Shares issued pursuant to the Company’s existing Listing Rule 7.1 placement capacity:

- The 15,073,012 Shares were issued to new and existing professional and sophisticated investors determined by New Holland Capital in consultation with the Board including the Company’s major shareholder St Ives Gold Mining Company Pty Ltd. The subscribers were not related parties of the Company at the time of the issue of the Shares.
- The 15,073,012 Shares were issued on 30 October 2020.
- The 15,073,012 Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares. The Shares will rank equally in all respects with the existing Shares on issue.
- The issue price of the Shares was \$0.24 per Share.
- Funds raised from the issue will be used to accelerate exploration at the Company’s 100% owned Eastern Lefroy Gold Project and for general working capital purposes.
- A voting exclusion statement is included in Resolution 3 of the Notice.

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4 and the ratification of the issue of the 2,968,659 Tranche 1 Shares issued pursuant to the Company’s existing Listing Rule 7.1A placement capacity:

- The 2,968,659 Shares were issued to the Company’s major shareholder St Ives Gold Mining Company Pty Ltd. The subscriber was not a related party of the Company at the time of the issue of the Shares.
- The 2,968,659 Shares were issued on 30 October 2020.
- The 2,968,659 Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares. The Shares will rank equally in all respects with the existing Shares on issue.
- The issue price of the Shares was \$0.24 per Share. The issue price was at a 6.4% discount to the 15-day VWAP of Lefroy Shares on 22 October 2020, the date the Shares were agreed to be issued.
- Funds raised from the issue will be used to accelerate exploration at the Company’s 100% owned

- Eastern Lefroy Gold Project and for general working capital purposes.
- A voting exclusion statement is included in Resolution 4 of the Notice.

4.5 Directors' recommendation

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and Listing Rule 7.1A. Therefore, the Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4.

5. RESOLUTION 5 - APPROVAL OF ISSUE OF SHARES VIA PLACEMENT TO MR MICHAEL DAVIES (OR HIS NOMINEE)

5.1 General

As noted in Section 4.1 above, on 22 October 2020, the Company announced a \$4.5 million Placement comprising the issue of 18,750,005 Shares at an issue price of \$0.24 per Share. Lefroy Non-executive Director Mr Michael Davies committed to subscribe for 708,334 Shares at the Placement issue price of \$0.24 per Share to raise \$170,000.16. This issue of Shares to Mr Davies (or nominee) is subject to Shareholder approval. The funds raised from the Placement will be used to accelerate exploration at the Company's 100% owned Eastern Lefroy Gold Project and for general working capital purposes.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 10.11 to approve the issue of a total of 708,334 Shares at an issue price of \$0.24 per Share to Mr Michael Davies (or his nominee).

5.2 Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a Related Party without the approval of shareholders. Pursuant to Listing Rule 7.2 exception 14, where approval under Listing Rule 10.11 is obtained, approval is not required under Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% limit.

If Resolution 5 is not approved, the 708,334 Shares at an issue price of \$0.24 per Share under the placement to Mr Davies will not be issued and the Company will not receive the additional \$170,000.16 in Placement proceeds.

5.3 Technical information required by ASX Listing Rule 10.13

In accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 5:

- The maximum number of securities to be issued is 708,334 Shares.
- The 708,334 Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Shares will rank equally in all respects with the existing Shares on issue.
- The issue price of the Shares will be \$0.24 per Share.
- The 708,334 Shares will be issued to Mr Michael Davies (or his nominee).
- Mr Michael Davies falls within the category set out in Listing Rule 10.11.1 by virtue of being a

Director of Lefroy and is a Related Party of the Company.

- The issue will occur on a single date no later than one (1) month after the date of the Annual General Meeting or such later date to the extent permitted by an ASX waiver of the Listing Rules.
- Funds raised from the issue will be to accelerate exploration at the Company's 100% owned Eastern Lefroy Gold Project and for general working capital purposes.
- A voting exclusion statement is included in Resolution 5 of the Notice.

5.4 Directors' recommendation

The Directors (other than Mr Michael Davies who has an interest in the Resolution) recommend that the Shareholders vote in favour of Resolution 5.

6. RESOLUTION 6 – AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION TO INSERT TAKEOVER PROVISIONS

6.1 Background

The Company is incorporated in the British Virgin Islands (**BVI**) and listed on the ASX.

As a company incorporated in the BVI, the takeover protection mechanisms available to shareholders in companies incorporated in Australia in Chapter 6 of the Corporations Act do not apply to the Company. Furthermore, under the laws of the BVI, there is limited legislation or code which applies to takeovers of BVI incorporated companies.

The Board has recently assessed the takeover protection afforded to Shareholders under the existing Articles of Association and the laws of the BVI and has determined that it would be prudent to adopt a comprehensive takeover regime to ensure, as far as is possible, fair treatment to all Shareholders in the event of takeover or a change in control of the Company.

In the absence of a specific regime which regulates takeovers, in certain situations, a person may gain control of the Company without making an offer to all Shareholders. Shareholders may not be given the opportunity to participate in any offer or the benefits of any such offer, either on equal terms or at all save in a limited number of circumstances. Shareholders may not even be aware of any attempt by a person to acquire control of the Company.

Resolution 6 proposes amendments to the Company's Articles of Association to, amongst other things, provide that Chapters 6 (takeovers), 6A (post-takeover bid compulsory acquisitions and buy-outs, but excluding Part 6A.2) and 6C (information about ownership) of the Corporations Act (as amended, modified or exempted, including by legislative instrument) (**Adopted Takeover Provisions**) will apply as if the Company were an ASX listed company incorporated in Australia, and for so long as the Company remains listed on ASX.

Broadly speaking:

- Chapter 6 of the Corporations Act contemplates a regime, reliant on a prohibition on holding a "relevant interest" in 20% or more of a company's shares, which prescribes all facets of the manner and circumstances in which a shareholding of more than 20% can be acquired, including through a takeover bid;
- Chapter 6A of the Corporations Act (excluding Part 6A.2) contemplates a regime whereby a

person that has acquired a “relevant interest” in more than 90% of the shares in a company following a Takeover Bid can proceed to compulsorily acquire the balance of the outstanding shares; and

- Chapter 6C of the Corporations Act contemplates a regime whereby a person is required to disclose to the company and to ASX when it acquires (and ceases to hold) a “substantial interest” (being 5%) or more in a company, and also when there is a change of 1% or more in a disclosed holding.

The proposed amendments seek to ensure that the Adopted Takeover Provisions must be complied with if a person seeks to acquire a substantial interest in, or control of, the Company. The provisions to be inserted in the Company’s Articles of Association are set out in Annexure A to this Explanatory Statement (**Proposed Takeover Amendments**).

6.2 Approval requirements

Neither the Articles of Association nor the laws of the BVI require Shareholder approval to amend the Articles of Association. However, the Board is firmly of the view that good corporate governance dictates that a proposal to amend the Articles of Association to incorporate the Adopted Takeover Provisions should be put to Shareholders for approval by ordinary resolution.

The approval of the Proposed Takeover Amendments will result in the Adopted Takeover Provisions being incorporated into and becoming part of the Articles of Association.

The Company has obtained a waiver from ASX to permit the inclusion of the Adopted Takeover Provisions in the Articles of Association.

The new Articles of Association, once adopted, will only become effective once they are registered by the Registrar of Corporate Affairs in the British Virgin Islands.

6.3 Board recommendation

The Board considers that the Adopted Takeover Provisions are required to protect Shareholders’ interests in the event of a takeover bid being made for the Company with a view to maximising value for all Shareholders. Accordingly, the Board considers the Adopted Takeover Provisions and the adoption of the new Articles of Association is in the best interests of Shareholders as a whole and the Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

6.4 Key advantages and disadvantages of the Adopted Takeover Provisions

The potential advantages and disadvantages of incorporating the takeover regime comprised in the Adopted Takeover Provisions are as follows:

Key advantages

- (a) The Adopted Takeover Provisions provide a regulated environment within which changes of control of the Company can occur**

The Adopted Takeover Provisions will require acquisitions of Substantial Holdings in or control of the Company to be conducted in accordance with the principles applicable to takeovers regulated by the

Corporations Act, namely that:

- (i) the acquisition of control over the Company takes place in an efficient, competitive and informed market;
- (ii) Shareholders, the Company and the Board:
 - (A) know the identity of any person who proposes to acquire a substantial interest in the Company;
 - (B) have a reasonable time to consider a proposal to acquire a substantial interest in the Company; and
 - (C) are given sufficient information to enable them to assess the merits of a proposal to acquire a substantial interest in the Company; and
- (iii) as far as practicable, Shareholders have a reasonable and equal opportunity to participate in any benefits accruing to Shareholders through any proposal under which a person would acquire a substantial interest in the Company.

(b) The Adopted Takeover Provisions aim to ensure that all Shareholders can participate in any transaction which involves a change of control of the Company

The absence of provisions regulating the acquisition of Shares in the Company in the Company's existing Articles of Association or otherwise applying to the Company means that a person could anonymously seek "creeping" control, execute a "dawn raid" by acquiring a substantial block of shares or target a few major Shareholders and gain effective or actual control of the Company.

In the absence of adequate takeover protection provisions, many Shareholders could be excluded from participating in the benefits of a person obtaining control of the Company.

The main safeguard provided for shareholders under the takeovers regime in Chapter 6 of the Corporations Act is to ensure, as far as is practicable, that all shareholders have a reasonable and equal opportunity to participate in any benefits accruing through any proposal to acquire control of a company. Chapter 6 provides this protection by ensuring that an acquisition of an interest in 20% or more of the Company's issued capital proceeds only in accordance with permitted acquisition methods (e.g. through a compulsory offer for all Shares).

(c) The Adopted Takeover Provisions aim to ensure that all Shareholders can share in any control premium payable by a person acquiring control

The control of a company usually confers certain benefits on a person having that control. The nature and extent of the benefit depends on the level of control the person holds. By obtaining effective control, a person may have significant influence over the financial and operating decisions of the Company and may be in a position to replace the Board.

Accordingly, the consideration payable to acquire control will usually be more than the market value of a parcel of shares which does not provide control. The difference between the fair value for a share

which does not provide control and the price an acquirer will pay to obtain control is the "control premium".

By adopting Chapter 6 of the Corporations Act, the provisions of which prescribe the circumstances and manner in which a person can acquire control in the Company, the Adopted Takeover Provisions aim to ensure, so far as is practicable, that all Shareholders share in any premium for control which is to be paid.

(d) The Adopted Takeover Provisions adopt a regime which is familiar to investors in Australian companies

The Adopted Takeover Provisions include Chapter 6 of the Australian Corporations Act, with necessary amendments. As the Company's sole listing is on ASX, Shareholders are expected to be broadly familiar with the regulatory environment in Australia and so are likely to be generally familiar with the takeover regime under the Corporations Act.

Accordingly, the Adopted Takeover Provisions should provide greater certainty for Shareholders and potential bidders as to the manner in which control can pass and the process and role of all participants in the process, including the Company, the bidder, Shareholders and ASX.

(e) The Adopted Takeover Provisions facilitate the maintenance of an informed market

The provisions of Chapter 6 are designed to ensure that Shareholders and market participants are given all information by a bidder that is material to the making of a decision by a Shareholder regarding whether or not to accept an offer for their Shares.

In addition, the substantial shareholder notification obligations in Chapter 6C of the Corporations Act (which are also part of the Adopted Takeover Provisions) require Shareholders to notify ASX and the Company of the acquisition of relevant interests in Shares of 5% or more so that Shareholders are informed about persons who hold or are acquiring (potentially in advance of or as part of a takeover proposal) Substantial Holdings in the Company.

(f) Opportunity for competing bids / competitive tension

The regulated procedures for a person to acquire a controlling interest in the Company under Chapter 6 of the Corporations Act allow a period of time for potential competing bidders to assess the proposed offer and, if appropriate, make a competing offer for the Company.

In the absence of an appropriate takeover regime, control in the Company can pass before a potential competing bidder is aware that there is an opportunity to make a competing offer. Competitive tension between bidders may result in Shareholders receiving a higher offer for their Shares.

(g) The Board has flexibility to facilitate transactions in the interests of all Shareholders

The discretions provided to the Board under the Adopted Takeover Provisions enable a transaction supported by the Board to be implemented in a streamlined manner. In addition, the Adopted Takeover Provisions provide the flexibility for a bid which is not supported by the Board to still proceed so that Shareholders ultimately decide whether a change of control in the Company is desirable.

(h) Continued Shareholder Protections under BVI Laws

Notwithstanding the approval of the Proposed Takeover Amendments and the inclusion of the Adopted Takeover Provisions in the new Articles of Association, Shareholders shall also continue to have the benefit of certain protections as a matter of BVI law. For instance, a Shareholder may still be entitled under BVI law to payment of the fair value of its shares upon dissenting from certain proposed transactions e.g. consolidation, merger (unless the company is the surviving company and the member continues to hold the same or similar shares), or disposal of a significant asset (being any sale, transfer, lease, exchange or other disposition of more than 50 per cent in value of the assets or business of the company) not made in the ordinary course of business.

Key disadvantages

(a) No external regulator to apply and exercise discretions

Although the Company proposes to adopt Chapter 6 of the Corporations Act, because the Company is registered in BVI, the operation of the Adopted Takeover Provisions will not be regulated or overseen by ASIC or the Takeovers Panel.

The Adopted Takeover Provisions instead provide that the Board has certain discretions to vary the application of the relevant rules (provided that the underlying principles on which the Adopted Takeover Provisions are based are complied with). In addition, before any remedies can be exercised by the Company against a bidder, they must be approved by a court of competent jurisdiction.

These matters are considered by the Board to be an acceptable consequence of ensuring the protections and advantages of the Adopted Takeover Provisions are available to all Shareholders.

(b) Impediment to acquisition of control for individual Shareholders

The Adopted Takeover Provisions will make it more difficult for a person to acquire control of the Company without making an offer to all Shareholders and paying an appropriate control premium. This may result in discouraging a person or Shareholder from seeking control, or from extending an offer to all Shareholders. While this may be a disadvantage of the proposal for any Shareholders that may have aspirations for control, the Board considers that it is in the best interests of all Shareholders as a whole.

(c) Increase in compliance costs

The Adopted Takeover Provisions will impose additional compliance costs on the Company and Shareholders seeking to acquire a Substantial Holding in or control of the Company. In addition, the requirement for external approval before any remedies can be exercised by the Board for failure to comply with the Adopted Takeover Provisions will impose an additional cost burden on the Company.

These costs are considered by the Board to be an acceptable consequence of ensuring the protections and advantages of the Adopted Takeover Provisions are available to all Shareholders.

6.5 Effects of the Adopted Takeover Provisions

The following is a summary of the effects of the Adopted Takeover Provisions. This summary is not exhaustive. For a comprehensive understanding of the Adopted Takeover Provisions, Shareholders

should refer to Annexure A which sets out the Proposed Takeover Amendments in full, and potentially seek independent advice.

(a) Prohibition on acquiring more than 20%

The Adopted Takeover Provisions provide that no person may hold a Share if it resulted from the acquisition of a Relevant Interest which would be prohibited under section 606 of the Corporations Act if the Company was a company incorporated in Australia and listed on the ASX.

Subject to certain exceptions (as set out in section 611 of the Corporations Act), section 606 of the Corporations Act provides that a person is prohibited from acquiring a Relevant Interest if, because of the acquisition, the person's or someone else's Voting Power in the Company either increases

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90% (**Prohibition**).

If Resolution 6 is approved, the Prohibition will have effect from the date of registration of the revised Articles of Association (including the Proposed Takeover Amendments as set out in Annexure A) by the Registrar of Corporate Affairs in the British Virgin Islands and will apply to any acquisition of a Relevant Interest after that date. As at the date of this Notice, no single Shareholder holds 20% or more of the Company's Shares and the Company is not aware of a person having a Relevant Interest in in 20% or more of the Company's Shares.

Acquisitions which breach this Prohibition are not invalidated and do not cause the resulting holding to be invalid.

Chapter 6 provides that, subject to certain exclusions as set out in section 609 of the Corporations Act, a person has a Relevant Interest if the person has any interest in Shares that causes or permits the person to:

- (i) exercise or control the exercise of voting rights on Shares; or
- (ii) dispose of or control the disposal of Shares,

including inter alia, the legal or beneficial ownership of a Share and an interest under an option agreement to acquire a Share and irrespective of whether that power or influence is direct or indirect.

Section 610 of the Corporations Act provides that a person's Voting Power in the Company is calculated as follows:

$$\frac{\text{Person's and associates' votes}}{\text{Total votes in the Company}} \times 100$$

where:

"Person's and associates' votes" is defined as the total number of votes attached to all the Shares (if any) in which that person or an Associate directly or indirectly has a Relevant Interest.

"Total votes in the Company" is the total number of votes attached to all Shares.

A person holding or acquiring a Relevant Interest shall, together with their Associates, be considered as one person in respect of such a Relevant Interest and will be jointly and severally liable for each other's obligations under the Adopted Takeover Provisions.

(b) Relevant Interest exclusions

The Adopted Takeover Provisions specify that the Prohibition does not apply if:

- (i) any of the exceptions in section 611 of the Corporations Act would have applied to the acquisition of the Relevant Interest if the Company were incorporated in Australia and listed on the ASX; or
- (ii) the Board, applying the Corporations Act and relevant policy, exempts the person from the Prohibition or modifies the application of the Prohibition to that person.

Under section 609 of the Corporations Act, a person does not have a Relevant Interest, if the Relevant Interest arises merely because:

- (i) of a security interest taken for the purpose of a transaction entered into by the person if:
 - (A) the security interest is taken or acquired in the ordinary course of the person's business and on ordinary commercial terms; and
 - (B) the person whose property is subject to the security interest is not an associate of the person;
- (ii) that person acquires a Relevant Interest solely as a nominee or trustee for a person who may direct the nominee or trustee as to the exercise of any power relating to the Relevant Interest;
- (iii) that person is a person licensed to conduct a financial services business and holds Shares on behalf of someone else in the ordinary course of that financial services business;
- (iv) the Company has entered into an agreement to buy back the person's Shares;
- (v) the person has been appointed to vote as a proxy or representative on Shares if:
 - (A) the appointment is for one meeting of the Company only; and
 - (B) neither the person nor any associate gives valuable consideration for such appointment;
- (vi) the person holds:

- (A) a market traded option (as that term is defined in the Corporations Act) over the Shares; or
- (B) a right to acquire a Relevant Interest given by a derivative,

(this paragraph (vi) stops applying to any Relevant Interest when the obligation to make or take delivery of the Shares arises);
- (vii) an agreement exists if the agreement:
 - (A) is conditional on a resolution under section 611, Item 7 being passed or the Board exempting the acquisition under the agreement from the provisions of Chapter 6 of the Corporations Act; and
 - (B) does not confer any control over, or power to substantially influence, the exercise of Voting Power attached to the Shares; and
 - (C) does not restrict the disposal of the Shares for more than 3 months from the date when the agreement was entered into;
- (viii) the Company's Articles of Association or other applicable law gives all Shareholders pre-emptive rights on the transfer of Shares provided that all Shareholders of the Company have pre-emptive rights on the same terms;
- (ix) the person is a director of a body corporate and the body corporate has a Relevant Interest in the Shares; or
- (x) the person holds Shares as a custodian or depository in order to enable the Shares of the Company to be traded on a stock market of a securities exchange.

(c) Exceptions to the Prohibition

Various exceptions to the Prohibition are set out in section 611 of Chapter 6 of the Corporations Act which will operate as part of the Adopted Takeover Provisions.

In particular, the acquisition of a Relevant Interest in the Company's Shares which results in a Shareholder having Voting Power in more than 20% of the Company (or any increase in Voting Power from a starting position of more than 20% and less than 90%) will not contravene the Prohibition where:

- (i) the holding or acquisition results from acceptances of offers under a takeover bid (**Takeover Bid**);
- (ii) the holding or acquisition occurs on-market during the currency of a Takeover Bid if:
 - (A) the acquisition is by or on behalf of a bidder under a Takeover Bid;

- (B) the acquisition occurs during the bid period in respect of the Takeover Bid;
 - (C) the bid is for all of the Shares or a specified proportion of the Shares; and
 - (D) the bid is unconditional or conditional only on the happening of an event referred to in section 652C(1) or (2) of the Corporations Act;
- (iii) the acquisition results from the acceptance of an offer under a Takeover Bid if the Shares are included in the consideration for offers under the bid;
- (iv) the holding or acquisition results from the exercise of a power, or appointment as a receiver or receiver and manager under an agreement creating or giving rise to a security interest if:
- (A) the person's ordinary business includes the provision of financial accommodation by any means; and
 - (B) the person took or acquired the security interest in the ordinary course of business of the provision of financial accommodation by any means and on ordinary commercial terms;
- (v) the holding or acquisition is approved by a resolution at a general meeting of the Company in which the acquisition is made, if:
- (A) no votes are cast in favour of the resolution by the person proposing to make the acquisition or from whom the acquisition is to be made and their Associates; and
 - (B) the Shareholders are given all information known to the person proposing to make the acquisition or its Associates, or known to the Company, that was material to the decision on how to vote on the resolution.
- ASIC policy in respect to the proposals made under this provision is that the independent directors either commission an independent expert's report or undertake a detailed examination of the proposal themselves to prepare a report containing information of no lesser quality than shareholders would have received from an independent expert. Although the Company may decide that to satisfy the requirements of this exception, it may commission an independent expert's report, it is not expressly obliged to do so under the Adopted Takeover Provisions;
- (vi) the holding or acquisition arises in the following circumstances:
- (A) throughout the six months before the acquisition, a person has had Voting Power in the Company of at least 19%; and
 - (B) the acquisition results in a person's Voting Power increasing by no more than 3% in a 6 month period;

- (vii) the holding or acquisition is the result of a pro-rata offer of Shares to Shareholders which includes the holding or acquisition by a person as an underwriter or a sub-underwriter to the pro-rata offer.
- (viii) the holding or acquisition results from an issue of shares in the Company to existing holders of Shares under a dividend reinvestment plan or bonus share plan, if the plan is available to all Shareholders;
- (ix) the holding or acquisition results from an issue under a prospectus to a person as underwriter or sub-underwriter to the issue where the prospectus discloses the effect or range of possible effects that the issue would have on the number of Shares in which that person would have a Relevant Interest or on the voting rights of the person;
- (x) the holding or acquisition results from the acceptance of offers by the Company for the securities of another body corporate listed on the stock market of a securities exchange; or
- (xi) the holding or acquisition results from an acquisition by operation of law including by way of a compromise, arrangement or amalgamation.

(d) Takeover Bid principles

Parts 6.4 to 6.6 of Chapter 6 of the Corporations Act, which are to be adopted as part of the Adopted Takeover Provisions, sets out the terms on which any takeover bid must be made, including:

- (i) an offer must be an offer to acquire all the securities in the same class or a specified proportion of the securities (which proportion must be the same for all holders of securities) (section 618(1));
- (ii) a person who holds one or more parcels of securities as trustee or nominee for, or otherwise on account of, another person may accept the offer as if a separate offer had been made in relation to:
 - (A) each of those parcels; and
 - (B) any parcel they hold in its own right, (section 653B);
- (iii) all of the offers must be the same, although certain exceptions are allowed, for example, for different accrued dividends, the fact that some securities may remain partly paid or any additional cash amount offered in satisfaction of fractions of securities that would otherwise be offered (section 619);
- (iv) the consideration offered for securities must be at least equal to consideration directly or indirectly provided, or agreed to be provided, by the bidder during the 4 months prior to the first day of the period of the offer (section 621(3));
- (v) the person making a Takeover Bid must not, directly or indirectly during the period of the offer, give or agree to give a benefit to a Shareholder if the benefit is likely to induce the Shareholder to accept the offer or dispose of securities and the benefit is not offered to all Shareholders (section 623);

- (vi) the offer must start on the date the first offer is made and must last for at least 1 month and not more than 12 months. If, within the last 7 days of the period of the offer, the offers are varied to improve the consideration offered (including by offering an alternative form of consideration) or the bidder's Relevant Interest (whether held directly or indirectly) increases to more than 50% of the issued and outstanding Share capital of the Company, the offer period must be extended for a further 14 days from the happening of that event (section 624);
- (vii) the offers must not contain certain conditions which include:
 - (A) maximum acceptance conditions (section 626);
 - (B) conditions which discriminate between Shareholders (section 627); and
 - (C) conditions in respect of which their fulfilment depends on the opinion, belief or other state of mind of the bidder or the happening of an event that is in the sole control of the bidder or a person associated with the bidder (section 629).
- (viii) the offers may only be varied by improving the consideration offered or extending the period of offer. The terms of the unaccepted offers must be varied in the same way. Any person who has already accepted an offer must be entitled to the improved consideration and, in the case of an addition of a new form of consideration, be entitled to make a fresh election (sections 650A and 650B);
- (ix) a bidder making an unconditional off-market offer may extend the period of the offer at any time before the end of the offer. A bidder making an off-market offer that is still subject to conditions may only extend the offer period at least 7 days before the end of the period of the offer unless during that 7 day period, another person announces a bid for securities or improves the consideration offered under another bid for securities (section 650C);
- (x) every offer must be in writing and have the same date which is the day the first offer is made (section 620);
- (xi) the bidder must, at the same time as it gives its offer to holders of securities, also give a document to those holders setting out all information required by section 636, including all information known to the bidder that is material to the making of a decision by a holder of securities whether or not to accept the offer. This document must also be given to the Company and ASX at least 14 days before it is given to these holders (Section 633(1)); and
- (xii) the bidder must also update or correct this document by a supplementary document if, for example, the bidder becomes aware that a statement in the document is misleading or deceptive or a new circumstance has arisen which needs to be disclosed (section 643). The bidder must give the supplementary document to the Company and give a copy to ASX which must be dated the date that the supplementary document is given to ASX (section 647).

(e) Notification of Substantial Holdings

Under section 671B of the Corporations Act, which is to be adopted as part of the Adopted Takeover Provisions, a person is required to notify the Company and ASX of the information set out below within

2 business days of them being aware of the following circumstances:

- (i) the person (together with its Associates) begins, or ceases to have, a Substantial Holding; or
- (ii) a movement of at least 1% in the person's Substantial Holding.

If a person makes a takeover bid, the person must also notify the Company and ASX (of the information set out below) by 9:30 am on the next trading day after they become aware of these circumstances.

The following information is required to be provided:

- (i) the person's name and address;
- (ii) details of their Relevant Interest;
- (iii) details of any relevant agreement through which they would have a Relevant Interest;
- (iv) the name of each Associate who has a Relevant Interest in the Shares in the Company together with details of:
 - (A) the nature of their association with the Associate;
 - (B) the Relevant Interest of the Associate; and
 - (C) any relevant agreement through which the Associate has the Relevant Interest;
- (v) if the information is given because of a movement in the shareholding - the size and date of that movement; and
- (vi) any other information that the person or the Company may deem relevant.

For those Shareholders who currently have a Substantial Holding and have not previously made a notification to ASX or the Company, the first notice should be lodged within 2 business days after the Adopted Takeover Provisions are approved.

(f) Tracing beneficial ownership of Shares

Under sections 672A and 672B of the Corporations Act, adopted as part of the Adopted Takeover Provisions, the Company has the power to give a notice to a Shareholder requiring the Shareholder to disclose:

- (i) full details of the Shareholder's Relevant Interest and the circumstances that give rise to that Relevant Interest;
- (ii) the name and address of each other person who has a Relevant Interest in any of the Shares together with full details of:
 - (A) the nature and extent of that Relevant Interest; and
 - (B) the circumstances that give rise to that Relevant Interest; and

- (iii) the name and address of each person who has given the holder or the persons referred to in paragraph (ii) above instructions about:
 - (A) the acquisition or disposal of the Shares or Relevant Interest;
 - (B) the exercise of any voting or other rights attached to the Shares or Relevant Interest; or
 - (C) any other matter relating to, the Shares or Relevant Interest together with full details of those instructions.

A matter referred to in paragraph (ii) or (iii) above need only to be disclosed to the extent to which it is known to the person required to make that disclosure. The Company may require a Shareholder to give to the Company or to procure that any persons referred to in paragraph (ii) or (iii) above disclose, within two business days of receiving such notice, a statement setting out details in paragraphs (i) to (iii) above.

(g) Compulsory acquisition

Chapter 6A of the Corporations Act (with the exclusion of Part 6A.2), to be incorporated as part of the Adopted Takeover Provisions, provides for the compulsory acquisition of securities in the Company upon the satisfaction of certain conditions.

The offeror under the Takeover Bid can compulsorily acquire the remaining securities of the Company following the Takeover Bid if the Takeover Bid results in the offeror and its Associates having a Relevant Interest in:

- (i) 90% of the shares in the bid class; and
- (ii) 75% of the shares offered to be acquired under the takeover.

To compulsorily acquire securities, a person must prepare a prescribed notice that sets out details of the compulsory acquisition procedure and any other material information.

Holders of securities also have the ability to apply to the court to stop the compulsory acquisition.

(h) Enforcement and Remedies

Under the Adopted Takeover Provisions, the Board will be empowered to cause the Company to exercise any one or more of the following remedies if the Prohibition, the Substantial Holding provisions, the provisions regarding the disclosure of beneficial interests and/or the compulsory acquisition provisions have been breached and the breach is continuing:

- (i) (in the case of a breach of the Prohibition only) require, by notice in writing, the person to make a takeover bid in accordance with the provisions of Chapter 6 as they apply to the Company pursuant to the Adopted Takeover Provisions;
- (ii) (in the case of a breach of the Prohibition only) require, by notice in writing, the Shareholder to dispose of all or part of the Shares held in breach of the Prohibition within the time specified in the notice;
- (iii) disregard the exercise by such person of all or part of their voting rights; or

- (iv) suspend the person from the right to receive all or part of the dividends or other distributions.

A Shareholder will not have a claim against the Company and the Board arising from the exercise of these remedies if the action was taken in good faith.

Judgment from court

The Company may exercise the remedies set out above if it first obtains a judgment from a court of competent jurisdiction to the effect that a breach of the relevant Regulation(s) has occurred and is continuing.

If the Company has obtained the requisite judgment from a court of competent jurisdiction and has given a Shareholder a notice requiring them to dispose of all or part of the Shares held in breach of the Prohibition, then the Company may cause the Shares referred to in the notice to be sold on the ASX.

Upon delivery to the Company of relevant Share certificates (if any) for cancellation, the net proceeds of sale of the relevant Shares (after deducting the expenses of the sale) must be paid to the Shareholder whose Shares were sold.

If the Shareholder does not deliver the relevant Share certificates (if any), the Company may bring an action against the Defaulting Shareholder for recovery of such share certificates, and the Defaulting Shareholder is not entitled to deny or dispute the Company's ownership and right to possession of any share certificate in any legal action.

The Company may require any Shareholder to provide the Company any information or evidence as the Company may consider likely to be of assistance in determining whether that person is eligible to remain a Shareholder with respect to all their Shares.

6.6 Other material information

ASX Listing Rules

The Company has sought and obtained from ASX a conditional waiver from ASX Listing Rule 15.15 pursuant to which the Company is permitted by ASX to adopt the Adopted Takeover Provisions.

ASX's waiver of ASX Listing Rule 15.15 permits the Articles of Association of the Company to include provisions which are modelled on the takeover, substantial shareholder and compulsory acquisition provisions of the Corporations Act and sanctions or penalties (**Sanctions**) which entitle the Company or any other party to enforce the Adopted Takeover Provisions, conditional upon:

- the Company not exercising the Sanctions other than in accordance with the ruling of a competent court;
- if the Company becomes subject to a law of any jurisdiction which applies so as to regulate the acquisition of control, and the conduct of any takeover of the Company, the Company shall consult promptly with ASX. If ASX considers that amendment to the Adopted Takeover Provisions or the Sanctions is required, and such amendment is not made to the satisfaction of ASX, the waiver shall cease to apply; and

- the Company must outline in its annual report, the takeover framework which it has adopted into its Articles of Association.

Existing Substantial Shareholders

So far as is known to the Company, the beneficial shareholders of the Company with Substantial Holdings as of the latest date practicable before finalising this Notice of Meeting are as follows:

Beneficial Holders*	Shareholding	Relevant Interest (%)
St Ives Gold Mining Company Pty Ltd	14,764,535	18.24
Michael Davies	13,982,654	11.80
Noontide Investments Ltd	9,331,080	9.2

* Based on notices lodged with the Company. Holdings may have changed since the date the information was received by the Company.

7. GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 3.1.

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

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

ASIC means the Australian Securities and Investments Commission.

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

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Company means Lefroy Exploration Limited, incorporated in the British Virgin Islands. IBC No.29457, Australian Registered Business Number 052 123 930.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

WST means Eastern Daylight Savings Time as observed in Sydney, New South Wales.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

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

Proxy Form means the proxy form accompanying the Notice.

Regulation means a regulation of the Articles of Association.

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

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

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

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

Takeovers Panel means the Australian Takeovers Panel established under the *Australian and Securities Investment Commission Act 2001* (Cth) or any successor or replacement entity.

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

Voting Power has the meaning given in section 610 of the Corporations Act.

ANNEXURE A

26. TAKEOVERS

26.1. Conditional application

This Regulation 26 (the "**Takeovers Articles**") will only apply to the Company upon the satisfaction of the following conditions:

- (a) ASX granting the Company a waiver of ASX Listing Rule 15.15 to the extent necessary to permit the Company to include the Takeovers Articles in these Articles; and
- (b) for so long as the Company remains Listed and retains the benefit of the waiver referred to in Regulation 26.1(a).

26.2. Definitions applying to Article 26

For the purposes of the **Takeovers Articles**, the following additional definitions shall apply:

- (a) "**ASIC**" means the Australian Securities and Investments Commission;
- (b) "**Approving Resolution**" means a resolution to approve a Proportional Takeover Bid in accordance with Regulation 26.8;
- (c) "**Associate**" has the meaning given in sections 12, 15 and 16 of the Corporations Act as if the reference to an Associate in these Articles occurred in a provision of Chapter 6 of the Corporations Act;
- (d) "**Australian Policy**" means policy or guidance issued by ASIC or the Panel in relation to Chapter 6, Chapter 6A and Chapter 6C of the Corporations Act;
- (e) "**Corporations Act**" means the *Corporations Act 2001* (Cth) and includes every replacement and re-enactment thereof for the time being in force, and any regulations made under that statute and exemption from or modification to that statute (including those made by ASIC under section 655A of that statute) which would apply to the Company if it were a Listed Company incorporated in Australia;
- (f) "**Deadline**" means the 14th day before the last day of the bid period of the Proportional Takeover Bid;
- (g) "**Listed Company**" has the same meaning as "listed company" when used in section 606 of the Corporations Act;
- (h) "**Panel**" means the Australian Takeovers Panel established under the *Australian Securities and Investment Commission Act 2001* (Cth) or any successor or replacement entity;
- (i) "**Proportional Takeover Bid**" means a Takeover Bid for a specified portion of all shares;
- (j) "**Relevant Interest**" has the meaning given in sections 608 and 609 of the Corporations Act;
- (k) "**Takeover Bid**" has the meaning given in the Corporations Act as if the Company was a Listed Company incorporated in Australia;

- (l) “**Voter**” means a person (other than the person making the offer under a Proportional Takeover Bid or an Associate of that person) who, as at the end of the day on which the first offer under that Proportional Takeover Bid was made, held Voting Shares;
- (m) “**Voting Power**” has the meaning given in section 610 of the Corporations Act; and
- (n) “**Voting Share**” means an issued Share in the Company that carries any voting rights beyond the following:
 - (i) a right to vote while a dividend (or part of a dividend) in respect of the share is unpaid;
 - (ii) a right to vote on a proposal to reduce the Company’s share capital;
 - (iii) a right to vote on a resolution to approve the terms of a buy-back agreement;
 - (iv) a right to vote on a proposal that affects the rights attached to the Share;
 - (v) a right to vote on a proposal to wind the Company up or place the Company into liquidation;
 - (vi) a right to vote on a proposal for the disposal of the whole of the Company’s property, business and undertaking;
 - (vii) a right to vote during the Company’s winding up or liquidation.

26.3. Purpose and interpretation of the Takeovers Articles

- (a) The purposes of the Takeovers Articles are to ensure that:
 - (i) the acquisition of control over Voting Shares takes place in an efficient, competitive and informed market; and
 - (ii) each Shareholder as well as the Board:
 - (A) knows the identity of any person who proposes to acquire a substantial interest in the Company; and
 - (B) is given reasonable time to consider a proposal to acquire a substantial interest in the Company; and
 - (C) is given enough information to assess the merits of a proposal to acquire a substantial interest in the Company; and
 - (iii) as far as practicable, Shareholders holding the relevant class of Voting Shares all have a reasonable and equal opportunity to participate in any benefits accruing through a proposal to acquire a substantial interest in the Company.
- (b) In the interpretation of the Takeovers Articles, a construction that would promote the purposes underlying the Takeovers Articles is to be preferred to a construction that would not promote these purposes.
- (c) Shareholders acknowledge and recognise that the exercise of the powers given to the Board pursuant to the Takeovers Articles may cause individual Shareholders disadvantage, but Shareholders acknowledge that such a result may be necessary to enable the enforcement of the prohibitions referred to in the Takeovers Articles.

26.4. Limitations on the right to hold Voting Shares

- (a) No person may hold a Voting Share if it resulted from or was preceded by the acquisition of a Relevant Interest in that Voting Share which occurred after the Company was Listed and which would be prohibited under section 606 of the Corporations Act if the Company was a Listed Company incorporated in Australia.
- (b) The prohibition in paragraph (a) above does not apply:
 - (i) if any of the exceptions in section 611 of the Corporations Act would have applied to the acquisition of the Relevant Interest referred to in Regulation 26.4(a) if the Company were a Listed Company incorporated in Australia, having taken into account sections 612 to 615 of the Corporations Act; or
 - (ii) if the Board, applying the Corporations Act and Australian Policy, exempt the person who will hold or holds the Voting Share or who acquires or will acquire the Relevant Interest from the prohibition in Regulation 26.4(a) or modify the application of Regulation 26.4(a) to any such person.

For the purposes of this Regulation 26.4, Chapter 6 of the Corporations Act applies to the Company as if it were a Listed Company incorporated in Australia and was the target where referred to in that Chapter, subject to the following:

- (iii) any requirement for a document to be lodged with ASIC will be taken to be satisfied if the document is given to ASX instead;
 - (iv) any references to ASIC other than those relating to lodgement of documents will be taken to be references to the Board;
 - (v) references to the Panel will be taken to be references to the Supreme Court of Western Australia and any courts of appeal therefrom; and
 - (vi) any Takeover Bid must be made in compliance with the provisions of Chapter 6 of the Corporations Act and Australian Policy as they apply to the Company pursuant to the Takeovers Articles, except to the extent any non-compliance is approved in writing by the Board.
- (c) In the interpretation of Chapter 6 of the Corporations Act for the purposes of this Regulation 26.4, a construction that would promote the purposes underlying the Takeovers Articles and principles of relevant Australian policy or guidance (including that issued by ASIC or the Panel in relation to Chapter 6 of the Corporations Act) is to be preferred to a construction that would not promote that purpose or those principles.

(d) For the purpose of Regulation 26.4(a), a person holding or acquiring a Relevant Interest shall together with his Associates be considered as one person in respect of such Relevant Interest and each of them, to the extent he holds one or more Voting Shares, shall be jointly and severally liable for each other's obligations under the Takeovers Articles. In addition, there may be imposed on each of them the other remedies referred to in Regulation 26.4(g) below.

(e) For the purpose of Regulation 26.4(a), if one or more persons pursuant to an agreement, arrangement or understanding or a nominee or trustee arrangement act together for the purpose of:

- (i) holding or acquiring a Relevant Interest; or
- (ii) circumventing the prohibition as referred to in Regulation 26.4(a),

all of them shall be considered as one person in respect of such Relevant Interest, or circumvention of the prohibition. Each of them, to the extent they hold one or more Voting Shares, shall be jointly and severally liable for each other's obligations under these Takeovers Articles. In addition, there may be imposed on each of them the other remedies referred to in Regulation 26.4(g) below.

(f) If a breach by a person (**Defaulting Shareholder**) of the provisions of Regulation 26.4(a) has occurred and is continuing, then, subject to Regulation 26.4(h) below, the Board, an officer of the Company or any other interested person aggrieved by a breach of the provisions of Regulation 26.4(a) may cause the Company to exercise any one or more of the following remedies, by notice in writing to the Defaulting Shareholder:

- (i) require the Defaulting Shareholder to dispose of all or part of the shares so held in breach of Regulation 26.4(a) within the time specified in the notice;
- (ii) suspend and disregard the exercise by such Defaulting Shareholder of all or part of the voting rights arising from the shares; or
- (iii) suspend such Defaulting Shareholder from the right to receive all or part of the dividends or other distributions arising from the shares held in breach of Regulation 26.4(a).

(g) The Company may only exercise the remedies referred to in Regulation 26.4(g) against a Defaulting Shareholder if a judgment has been obtained from a court of competent jurisdiction that a breach of the prohibition in Regulation 26.4(a) by the Defaulting Shareholder has occurred and is continuing. The Company must act in accordance with such judgment including with respect to the remedies (if any) which the court requires or allows the Company to exercise.

(h) If the requirements of any notice pursuant to Regulation 26.4(g) are not complied with by the Defaulting Shareholder within the time specified in the notice, the Company must, as an irrevocable proxy of the Defaulting Shareholder, without any further instrument, cause the shares referred to in the notice to be sold on

the ASX or, if they are not so quoted, in accordance with these Articles and the Corporations Act.

- (i) The Company:
- (i) may appoint a person as transferor to affect a transfer in respect of any shares sold in accordance with this Regulation 26 and to receive and give good discharge of the purchase money for such shares;
 - (ii) may register the transfer despite the fact that the share certificates (if any) may not have been delivered to the Company;
 - (iii) may issue a new share certificate (if any) in which event the previous certificate(s) is (are) deemed to have been cancelled;
 - (iv) if the Defaulting Shareholder delivers the relevant share certificates (if any) to the Company for cancellation, must pay the purchase money less the expenses of any sale made in accordance with Regulation 26.4(j)(i) to the Defaulting Shareholder whose shares were sold; and
 - (v) if the Defaulting Shareholder does not deliver the relevant share certificates (if any) to the Company, may bring an action against the Defaulting Shareholder for recovery of such share certificates, and the Defaulting Shareholder is not entitled to deny or dispute the Company's ownership and right to possession of any share certificate in any legal action.
- (j) The Company may, by notice in writing, at any time require any Shareholder to provide to the Company any information or evidence (on oath or otherwise verified if the Company reasonably requires) as the Company may consider likely to be of assistance in determining whether or not a person is in breach of Regulation 26.4(a) with respect to any of his shares in the Company.
- (k) Where the Board exercises any power given to ASIC in Chapter 6 of the Corporations Act to consent to any matter, grant an exemption from or modification to any provision of Chapter 6 of the Corporations Act as it applies to the Company pursuant to the Takeovers Articles, the directors must act reasonably and in a timely manner in respect of any request for such consent, modifications or exemptions having regard to the purposes in Regulation 26.3, the Corporations Act and Australian Policy.
- (l) Notwithstanding any other provision in these Articles, the Company has no liability arising from any person holding Shares in circumstances which would result in or have the effect of causing an infringement or contravention of Regulation 26.4(a). The Company and the directors have no liability to any person arising from any action taken by the Company or the Board under Regulation 26.4(g), provided that such action was taken in good faith. Shareholders acknowledge that they have no right of action against the directors or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the directors exercising their powers pursuant to the provisions of Regulation 26.4.

26.5. Relevant Interest in Shares

- (a) Part 6C.2 of the Corporations Act applies to the Company, and is binding on and must be complied with by the Company and all Shareholders, as if the Company were a Listed Company and incorporated in Australia, subject to all references to “ASIC” being read as references to “the Board”.
- (b) Part 6C.1 of the Corporations Act applies to the Company and is binding on and must be complied with by all Shareholders as if the Company were a Listed Company and incorporated in Australia.
- (c) Each Shareholder must ensure that any person who the Shareholder is aware has a Relevant Interest or Voting Power in any of the Voting Shares held by that Shareholder also complies with Part 6C.1 of the Corporations Act as if the Company were a Listed Company and incorporated in Australia.
- (d) If the requirements of Regulations 26.5(a), (b) or (c) are not complied with by a Shareholder, the Company may:
 - (i) suspend and disregard the exercise by such Shareholder of all or part of the voting rights arising from the relevant shares; or
 - (ii) suspend such Shareholder from the right to receive all or part of the dividends or other distributions arising from the relevant shares,provided that the Company may only take the steps referred to in paragraphs (i) and (ii) above for non-compliance with Regulation 26.5(c) in respect of the Shares in which persons other than the Shareholder have a Relevant Interest or Voting Power if any of those persons did not comply with Part 6C.1 of the Corporations Act as it applies to the Company pursuant to Regulation 26.5(c) and not in respect of other Shares held by the Shareholder.
- (e) The Company may, by notice in writing, at any time require any Shareholder to provide to the Company any information or evidence (on oath or otherwise verified if the Company reasonably requires) as the Company may consider likely to be of assistance in determining whether or not that person is in breach of Regulation 26.5(a), (b) or (c) with respect to any of its shares.
- (f) The Company and the directors have no liability to any person arising from any action taken by the Company or the directors under this Regulation 26.5 provided that such action was taken in good faith. Shareholders acknowledge that they have no right of action against the directors or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the directors exercising their powers pursuant to the provisions of this Regulation 26.5.

26.6. Compulsory acquisition

- (a) Chapter 6A of the Corporations Act (excluding Part 6A.2) applies to the Company, and is binding on and must be complied with by the Company and all Shareholders, as if the Company were a Listed Company and incorporated in

Australia, subject to all references to “ASIC” being read as references to “the Board” and all references to “the Court” being read as references to “a court of competent jurisdiction”. This Regulation 26.6 is without prejudice to, and operates in conjunction with, section 179 of the Act.

- (b) If Regulation 26.6(a) is not complied with by a Shareholder, the Company may:
 - (i) suspend and disregard the exercise by such Shareholder of all or part of the voting rights arising from the relevant shares; or
 - (ii) suspend such Shareholder from the right to receive all or part of the dividends or other distributions arising from the relevant shares.
- (c) Where the Board exercises any power given to ASIC in Chapter 6A of the Corporations Act to consent to any matter, grant an exemption from or modification to any provision of Chapter 6A of the Corporations Act as it applies to the Company pursuant to the Takeovers Articles, the directors must act reasonably and in a timely manner in respect of any request for such consent, modifications or exemptions having regard to the purposes in Regulation 26.3, the Corporations Act and Australian Policy.
- (d) The Company and the directors have no liability to any person arising from any action taken by the Company or the directors under this Regulation 26.6 provided that such action was taken in good faith. Shareholders acknowledge that they have no right of action against the directors or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the directors exercising their powers pursuant to the provisions of this Regulation 26.6.
- (e) Section 176 (Redemption of Minority Shares) of the Act shall not apply to the Company. The Company may exercise its powers to compulsorily acquire or purchase shares, without the consent of the relevant Shareholder whose shares are to be purchased or otherwise acquired, provided that the same is permitted in accordance with Chapter 6A of the Corporations Act (excluding Part 6A.2).

26.7. Consultation with ASX

For so long as Shares are Listed, if the Company becomes subject to the law of any jurisdiction which applies so as to regulate the acquisition of control, and the conduct of any takeover, of the Company:

- (a) the Company shall consult promptly with ASX to determine whether, in the light of the application of such law:
 - (i) ASX requires any amendment of the Takeovers Articles in order for these Articles to comply with the Listing Rules as then in force; or
 - (ii) any waiver of the Listing Rules permitting the inclusion of all or part of the Takeovers Articles has ceased to have effect; and
- (b) where:

- (i) the Listing Rules require these Articles to contain a provision and it does not contain such a provision;
 - (ii) the Listing Rules require these Articles not to contain a provision and it contains such a provision; or
 - (iii) any provision of these Articles otherwise is or becomes inconsistent with the Listing Rules,
- the directors shall amend these Articles or put to a general meeting a proposal to amend these Articles so as to make them, to the fullest extent permitted by all applicable law, consistent with the Listing Rules.

26.8. Proportional Takeover Bid approval

- (a) Where offers are made under a Proportional Takeover Bid, the Board must call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline. Notwithstanding anything to the contrary in these Articles, for the purposes of this Regulation 26.7, the meeting of Voters may be called upon not less than 10 days' notice.
- (b) If an Approving Resolution in relation to a Proportional Takeover Bid is voted on in accordance with this Regulation 26.7 before the Deadline, the Company must, on or before the Deadline, give the person making the offer and ASX a written notice stating that an Approving Resolution has been voted on and whether such resolution was passed or rejected.
- (c) Notwithstanding any other provision of these Articles, the Board must refuse to register a transfer of Shares giving effect to a takeover contract for a Proportional Takeover Bid unless and until an Approving Resolution is passed in accordance with this Regulation 26.7.

26.9. Voting on an Approving Resolution

- (a) Subject to Regulation 26.7, the provisions of these Articles concerning meetings of Shareholders (with the necessary changes) apply to a meeting held pursuant to Regulation 26.7.
- (b) Subject to these Articles, every Voter present at the meeting held under Regulation 26.7 is entitled to one vote for each Voting Share that the Voter holds.
- (c) To be effective, an Approving Resolution must be passed before the Deadline.
- (d) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than fifty percent (50%), and otherwise is taken to have been rejected.
- (e) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Regulation 26.8, to have been passed in accordance with this Regulation 26.8.



Lefroy Exploration

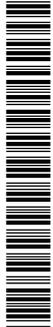
- (f) This Regulation 26.8 ceases to apply on the third anniversary of the adoption of these Articles or, if the Shareholders resolve to extend the term of this Regulation 26.8, the third anniversary of such resolution.



Lefroy Exploration

Lefroy Exploration Limited
ABN 71 052 123 930

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



Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 AM (AWST) on Monday, 7 December 2020.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

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

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

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

By Mail:

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

By Fax:

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



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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lefroy Exploration Limited to be held at Quest Kings Park Road, 54 Kings Park Road, West Perth, Western Australia on Wednesday, 9 December 2020 at 11:00 AM (AWST) and at any adjournment or postponement of that meeting

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
1 Re-election of Director – Michael Davies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of 15,073,012 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of 2,968,659 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of issue of Shares via Placement to Mr Michael Davies (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Amendments to the Company's Articles of Association to insert Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

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

Update your communication details (Optional)

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

