

Lefroy Exploration Limited

BVI Company Number 29457

(the "**Company**")

Statement of Disclosure

As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**") or by the Australian Securities and Investments Commission but instead are regulated by the BVI Business Companies Act (no.16 of 2004), as amended (the "**BC Act**") and the British Virgin Islands Registry of Corporate Affairs.

Under the BC Act, subject to the provisions of the memorandum and articles of association of the Company (the "**M&A**"), the following types of transactions require shareholder approval:

- any amendment to, or restatement of, the M&A;
- the purchase, redemption or other acquisition by the Company of its own shares;
- changing the location of the Company's registered office or appointing or changing the Company's registered agent in the British Virgin Islands;
- the appointment of directors of the Company;
- the removal of directors of the Company;
- a merger or consolidation of the Company;
- the sale, transfer, lease, exchange or other disposition (other than a mortgage, charge or other encumbrance or enforcement thereof) of more than 50 per cent. in value of the assets of the Company not made in the usual or regular course of the business carried on by the Company;
- a scheme of arrangement, including a reorganisation or reconstruction of the Company; or
- the appointment of a voluntary liquidator, or an additional voluntary liquidator, in respect of the Company.

Under the BC Act, the Court may, on the application of a shareholder of the Company, grant leave to that shareholder to bring legal proceedings in the name and on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of continuing, defending or discontinuing the proceedings on behalf of the Company.

There is no equivalent legislative regime in the British Virgin Islands to the "two strikes" rule in relation to remuneration reports in Part 2G.2 Division 9 of the Corporations Act. Subject to the M&A, the directors of the Company may fix the emoluments of directors in respect of services to be rendered in any capacity to the Company.

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