

Sale of Murchison Project to Golden State Mining

Highlights

- Lefroy Exploration Limited (ASX:LEX) (“**LEX**” or “**the Company**”) has entered into a binding Asset Sale Agreement under which it will sell its 100% interest in the Company’s Murchison Project to Golden State Mining Ltd (ASX:GSM) (“**GSM**”) for a combination of cash, GSM shares and GSM options
- The consideration mix provides LEX with ongoing exposure to any exploration success by GSM at the Murchison Project as well as GSM’s existing projects
- The agreement is subject to standard conditions precedent being met which are expected to be completed within 60 days

Murchison Project Sale Overview

LEX is pleased to advise that it has entered into a binding Asset Sale Agreement to sell its 100% interest in the tenements it holds in the Murchison region of Western Australia (“**the Murchison Project**”) to GSM. Having listed in the ASX in November 2018 GSM is already into its first drilling campaign at its Cue Project, which is located near to the Murchison Project (refer to Figure 1).

As consideration for the sale LEX will receive:

- \$25,000 cash consideration;
- 1,700,000 ordinary fully paid GSM shares; and
- 800,000 options in GSM.

In addition, GSM will reimburse LEX for certain agreed expenses associated with the Murchison Project which the Company has already pre-paid for the period that covers the post-transaction completion.

The consideration mix provides exposure to exploration success by GSM at the Murchison Project (as well as GSM’s existing projects), while allowing LEX to continue to focus on its 100% owned Lefroy Project East, where it continues to have exploration success at several prospects including Lucky Strike (see LEX’s ASX Release on 3 December 2018).

Shares and options issued to LEX under the Asset Sale Agreement will be subject to a one-year voluntary escrow period from their date of issue. Each GSM option issued to LEX will carry the right to subscribe for one GSM share at an exercise price of \$0.25, with the options expiry date being 26th October 2022.

The Asset Sale Agreement is binding and subject only to standard conditions precedent which are expected to be completed within 60 days.

New Holland Capital was the corporate advisor and Hewett and Lovitt Pty Ltd was the legal advisor to LEX in relation to the transaction.

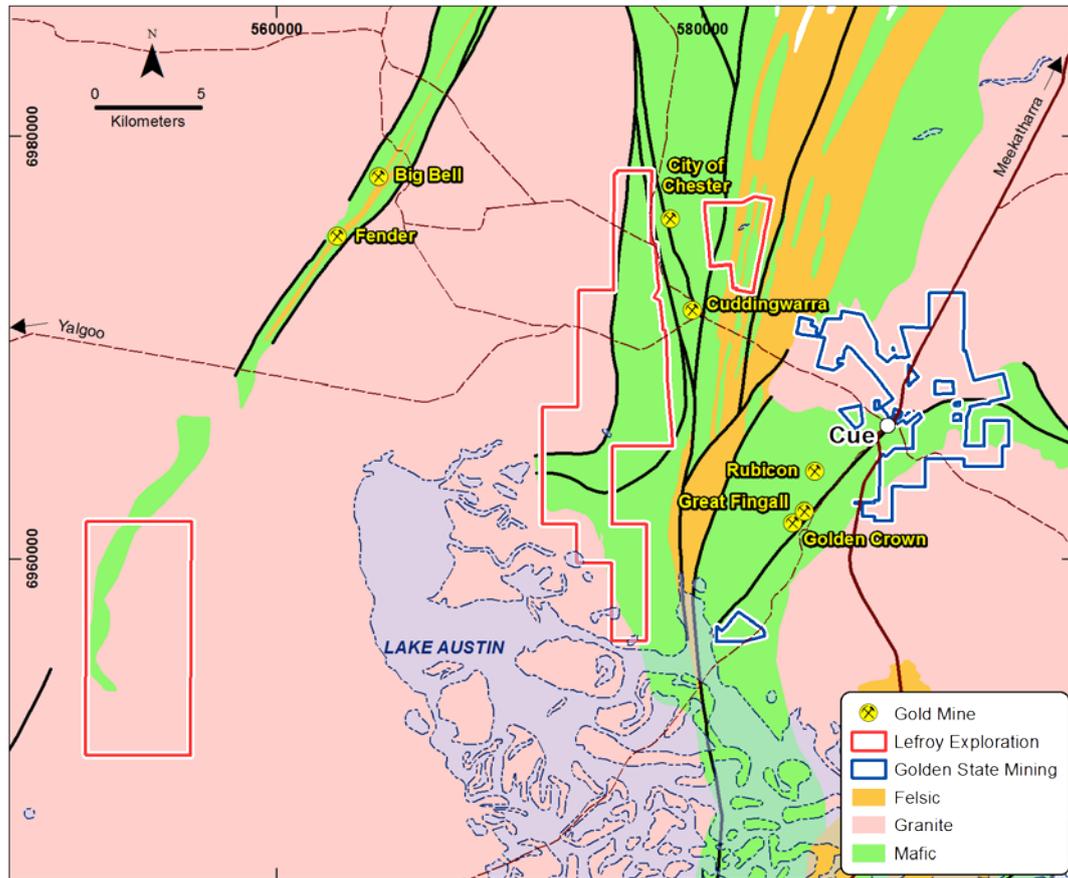


Figure 1: LEX Murchison Project and GSM Cue Project locations

About Lefroy Exploration Limited and the Lefroy Gold Project

Lefroy Exploration Limited is a WA based and focused explorer taking a disciplined methodical and conceptual approach in the search for high value gold deposits in the Yilgarn Block of Western Australia. Key projects include the Lefroy Gold Project to the south east of Kalgoorlie and the Lake Johnston Project 120km to the west of Norseman.

The 100% owned Lefroy Gold Project contains mainly granted tenure covering 598km² in the heart of the world class gold production area between Kalgoorlie and Norseman. The Project is in close proximity to Gold Fields' St Ives gold camp, which contains the Invincible gold mine located in Lake Lefroy and is also immediately south of Silver Lake Resources' (ASX: SLR) Daisy Milano gold mining operation. The Project is divided into the Western Lefroy package, subject to a Farm-in Agreement with Gold Fields and the Eastern Lefroy package (100% LEX owned). The Farm-in Agreement with Gold Fields over the Western Lefroy package commenced on 7 June 2018. Gold Fields can earn up to a 70% interest in the package by spending up to a total of \$25 million on exploration activities within 6 years of commencement.

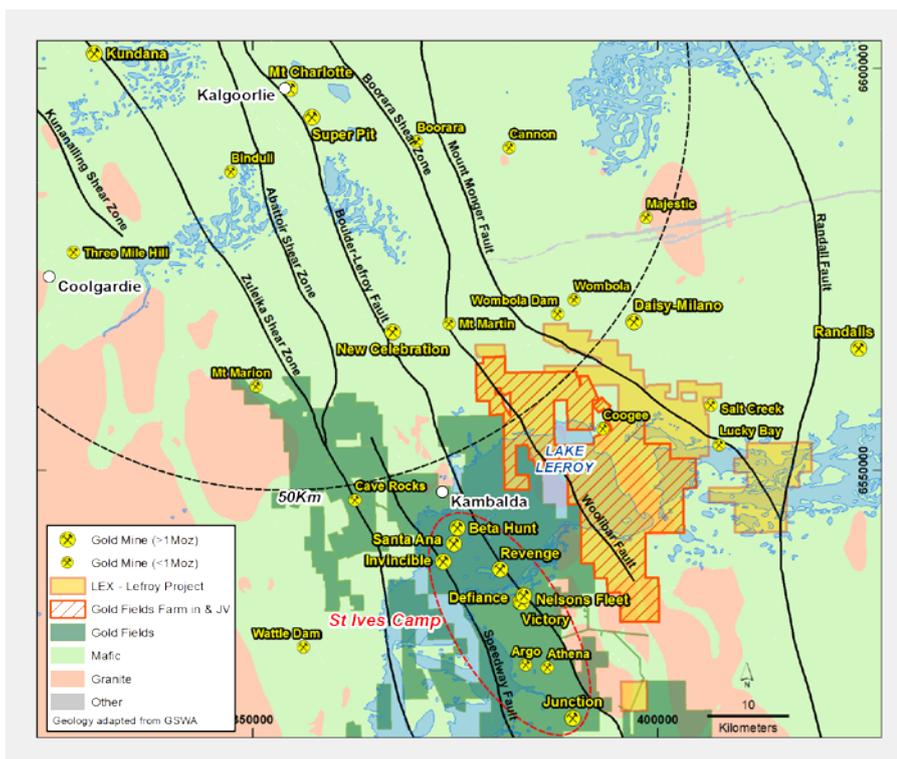


Figure 2: Location of the Lefroy Gold Project relative to Kalgoorlie, major gold deposits in the district and the land holdings of Gold Fields, Northern Star, and Silver Lake Resources.

For further information please contact:

Wade Johnson

Managing Director

Telephone: +61 8 9321 0984

Email: wjohnson@lestroyex.com