

5 August 2019

Mr Dale Allen
ASX Listing Compliance
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
Sent by email to: dale.allen@asx.com.au; listingscomplianceperth@asx.com.au

Dear Dale,

Response to ASX query – Appendix 5B

We refer to your letter to Lefroy Exploration Limited (**Lefroy**) dated 1 August 2019 in relation to Lefroy's Appendix 5B quarterly report for the period ended 30 June 2019. We set out below our response to each of the questions using the same numbering as used in your letter.

1. Yes. As a mining exploration and development company which does not currently have a project in production generating cashflow, Lefroy expects that it will continue to have negative operating cashflows for the time being.
2. As noted in Lefroy's June 2019 Quarterly Activities Report, Lefroy is currently pursuing appropriate working capital funding for the next 12 months with a view to accelerating exploration. Lefroy is evaluating funding options, but no agreements have been entered into at this point in time. Lefroy notes that it currently retains placement capacity in accordance with ASX Listing Rules 7.1 and 7.1A and believes it has the ability to secure funding through a placement of shares if and when required.
3. Yes. Based on the information discussed above, Lefroy believes it will be able to continue its operations and meet its business objectives.
4. Lefroy confirms it is in compliance with Listing Rule 3.1 and there is no further information about its financial condition that has not already been released to the market.
5. Lefroy confirms the responses provided above have been approved by the board of directors.

Please contact me if you would like to discuss any of the above matters.

Yours sincerely,



Susan Hunter
Company Secretary

Lefroy Exploration Limited

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1 August 2019

Reference: 04614

Ms Susan Hunter
Lefroy Exploration Limited

By email:

Dear Ms Hunter

Lefroy Exploration Limited ('LEX'): Appendix 5B Query

ASX refers to LEX's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 30 July 2019 (the 'Appendix 5B').

ASX notes that LEX has reported:

- negative net operating cash flows for the quarter of \$519,000;
- cash at the end of the quarter of \$368,000; and
- estimated cash outflows for the next quarter of \$330,000.

It is possible to conclude, based on the information in the Appendix 5B that if LEX were to continue to expend cash at the rate indicated by the Appendix 5B, LEX may not have sufficient cash to continue funding its operations.

In view of that, ASX asks LEX to respond separately to each of the following questions and requests for information:

1. Does LEX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LEX taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does LEX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LEX is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that LEX's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LEX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 6 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in LEX's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LEX's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to LEX’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LEX’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LEX’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)