

Form 603

Corporations Act 2001 Section 671B

Notice of initial substantial holder

To Company Name/Scheme Lefroy Exploration Limited (LEX)

ACN/ARSN/ARBN 052 123 930

1. Details of substantial holder (1)

Name St Ives Gold Mining Company Pty Ltd (SIGMC) and each of the companies listed in Annexure A (together, the **Gold Fields Group**)

ACN/ARSN (if applicable) 098 386 273 (see also Annexure A)

The holder became a substantial holder on 13 July 2018

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	8,014,535	8,014,535	10%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
SIGMC	St Ives Gold Mining Company Pty Ltd has a relevant interest in the securities referred to in Section 2 by virtue of section 608(1)(a) of the <i>Corporations Act</i> . See also Annexure B.	8,014,535 ordinary shares
Each member of the Gold Fields Group	Have a relevant interest in the in the securities referred to in Section 2 because through the application of section 608(3) of the <i>Corporations Act</i> as they are associates of SIGMC by virtue of section 11 of the <i>Corporations Act</i> .	8,014,535 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interests	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
SIGMC	SIGMC	SIGMC	8,014,535 ordinary shares
Each member of the Gold Fields Group	See above	See above	8,014,535 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)	Class and number of securities
SIGMC	13 July 2018	\$0.16 per share	8,014,535

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Each member of the Gold Fields Group	See section 3 of this Form 603.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
SIGMC	Level 5, 50 Colin Street West Perth WA 6005
Each member of the Gold Fields Group	c/o – Gold Fields Australia Pty Ltd, Level 5, 50 Colin Street West Perth WA 6005

Signature

print name Alex Munt

capacity Director

sign here



Date 13 July 2018

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 4 pages (including this page) referred to in Form 603, Notice of Initial Substantial Holder, given by Gold Fields Group.

Dated: 13 July 2018

Signed:

A handwritten signature in black ink, appearing to read 'Alex Munt', written in a cursive style.

Name: Alex Munt
Director
St Ives Gold Mining Company Pty Ltd

Company	ACN/ABN/ARSN/Company number
Gold Fields Limited	N/A
GFL Mining Services Ltd	N/A
Gold Fields Holdings Company (BVI) Limited	N/A
Gold Fields Australia Pty Ltd	098 385 285
Gold Fields Australasia Pty Ltd	087 624 600
Corporate International Holdings BV	N/A
St Ives Holding Company Pty Ltd	165 234 515
St Ives Gold Mining Company Pty Ltd	098 386 273
Agnew Holding Company Pty Ltd	165 234 659
Agnew Gold Mining Company Pty Ltd	098 385 883
Agnew Heritage Pty Ltd	155 888 949
Gold Fields DHC Pty Ltd	165 234 300
GSM Holding Company Pty Ltd	165 234 051
GSM Mining Company Pty Ltd	165 235 030
Gruyere Mining Company Pty Ltd	615 729 005
Gruyere Management Pty Ltd	615 728 795
Gold Fields Orogen Holding (BVI) Limited	N/A
Gold Fields Australasia (BVI) Limited	N/A
Gold Fields Corona (BVI) Limited	N/A
Gold Fields Peru Holdings (BVI) Limited	N/A
Gold Fields Latin America (BVI) Limited	N/A
Gold Fields Guinea (BVI) Limited	N/A
Gold Fields Fujian (BVI) Limited	N/A
Gold Fields Essakane (BVI) Ltd	N/A
Gold Fields Salares Norte Holdings (BVI) Ltd	N/A
Transmisora Norperuana Holdings (BVI) Ltd	N/A
Gold Fields Pircas (BVI) Ltd	N/A
Gold Fields Central Ashanti Holdings Limited.	N/A
Gold Fields PDN Holdings Limited.	N/A
Gold Fields Ghana Holdings (BVI) Ltd	N/A
FSE Services Limited	N/A
Gold Fields Netherlands Cooperatief U.A.	N/A
Gold Fields Netherlands Services BV	N/A
Gold Fields Metals BV	N/A
Gold Fields Exploration BV	N/A
Gold Fields Canada Exploration BV	N/A

Company	ACN/ABN/ARSN/Company number
Gold Fields Philippines Holdings BV	N/A
Gold Fields La Cima S.A	N/A
Gold Fields Peru Exploraciones S.A.	N/A
Minera Gold Fields Peru S.A.	N/A
Compania Transmisora Norperuana SRL	N/A
Gold Fields Central Ashanti Venture Limited	N/A
Abosso Goldfields Ltd	N/A
Gold Fields Ghana Ltd	N/A
Gold Fields Exploration Ghana Ltd	N/A
Repadre Ventures (BVI) Inc	N/A
Repadre Finance (BVI) Inc	N/A
Orogen Investment SA	N/A
Gold Fields International Services Limited	N/A
Gold Fields Exploration Inc.	N/A
Toodoggone Exploration Corporation	N/A
Gold Fields Selwyn Exploration Corp	N/A
Gold Fields Abitibi Exploration Corp	N/A
Gold Fields Sudbury Exploration Corp	N/A
GFE Exploration Corp	N/A
Gold Fields Canada Exploration Holdings Inc.	N/A
38978 Yukon Inc.	N/A
Gold Fields Pircas Ltda	N/A
Minera Gold Fields Salares Norte Limitada	N/A
Gold Fields Chile S.A.	N/A
Gold Fields Pedernales Ltda	N/A
Gold Fields Finland OY	N/A
Gold Fields Arctic Platinum OY	N/A
Gold Fields Finland Holding OY	N/A
Gold Fields Do Brasil Mineracao	N/A
Gold Fields Switzerland Holdings A.G.	N/A
Far Southeast Gold Resources Inc. (40%)	N/A
Bolivar Gold Corporation	N/A
Hualgayoc Holdings S.A.C	N/A
Consolidada de Hualgayoc S.A.	N/A
Gold Fields Argentina Holdings BV	N/A
Gold Fields Argentina SA	N/A
GRF Corp BV	N/A

Company	ACN/ABN/ARSN/Company number
Gold Fields Dominicana Exploraciones SA	N/A
Gold Fields Guinea SARL	N/A
Minera Gold Fields S.A	N/A
Gold Fields KR Limited Liability Company	N/A
Gold Fields Philippines Corporation	N/A
Gold Fields Philippines Exploration Corporation	N/A

Annexure B

This is Annexure B of 24 pages (including this page) referred to in Form 603, Notice of Initial Substantial Holder, given by Gold Fields Group.

Dated: 13 July 2018

Signed:

A handwritten signature in black ink, appearing to read 'Alex Munt', written in a cursive style.

Name: Alex Munt
Director
St Ives Gold Mining Company Pty Ltd

Option Agreement

Dated 7 June 2018

St Ives Gold Mining Company Pty Limited (ABN 44 098 386 273) (**St Ives**)
Lefroy Exploration Limited (ARBN 052 123 930) (**LEX**)

King & Wood Mallesons
Level 30
QV1 Building
250 St Georges Terrace
Perth WA 6000
Australia
T +61 8 9269 7000
F +61 8 9269 7999
DX 210 Perth
www.kwm.com

Option Agreement

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Option Agreement

Details

Parties	St Ives and LEX	
St Ives	Name	St Ives Gold Mining Company Pty Limited
	ABN	44 098 386 273
	Incorporated in	Commonwealth of Australia
	Address	Level 5, 50 Colin Street West Perth WA 6005
	Email	GFA.CompanySecretary@goldfields.com
	Attention	Company Secretary
	LEX	Name
ARBN		052 123 930
Incorporated in		British Virgin Islands
Address		Level 2, 11 Ventnor Avenue West Perth WA 6005 Australia
Email		wjohnson@lefroyex.com
Attention		Wade Johnson
Recital		LEX has agreed to grant St Ives an option to subscribe for up to 8,014,535 Shares.
Governing law	Western Australia	
Date of agreement	See signing page	

Option Agreement

General terms

1 Interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the securities exchange operated by it (as the context requires).

ASX Listing Rules means the official listing rules of the ASX.

Business Day means a day other than a Saturday, Sunday or public or bank holiday in Perth, Western Australia.

Cleansing Notice has the meaning given in clause 4.1(c).

Communications has the meaning given in clause 12.1.

Completion means completion of the issue and allotment of Option Shares in accordance with this agreement.

Completion Date means date on which Completion occurs.

Constitution means the constitution of LEX from time to time.

Controller has the meaning given in the Corporations Act.

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

Details means the section of this agreement headed "Details".

Encumbrance means:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or flawed deposit arrangement;
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) third party right or interest or any right arising as consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

Exercise Date means the day on which St Ives issues LEX with the Option Exercise Notice.

Farm-In and Joint Venture Agreement means the Farm-In and Joint Venture Agreement between Hogans Resources Pty Ltd (ABN 52 606 338 907), Lefroy Exploration Limited (ARBN 052 123 930) and St Ives Gold Mining Company Pty Limited (ABN 44 098 386 273) dated on or about the date of this agreement.

Government Agency means any government, governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Mining Venture has the meaning given in the Farm-In and Joint Venture Agreement.

Official Quotation means quotation by ASX.

Option has the meaning given in clause 2.1.

Option Exercise Notice means the written notice given by St Ives to LEX under clause 2.2(d).

Option Price means the Reference Price multiplied by the number of Option Shares.

Option Shares means the number of Shares specified in the Option Exercise Notice and issued to St Ives at Completion.

Participating Interest has the meaning given in the Farm-In and Joint Venture Agreement.

Reference Price means the issue price under the Relevant Equity Raising as determined by LEX.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Equity Raising means the first offer or issue of Shares by LEX following the date of this agreement as part of a capital raising where the number of Shares issued pursuant to such raising comprises at least 5% of LEX's total issued Shares at the time, but excluding Shares issued:

- (a) in accordance with incentive plans and share / option schemes;
- (b) pursuant to the exercise of options or other securities convertible into Shares;
- (c) as described in ASX Listing Rule 7.2 exception 5; and
- (d) as consideration for the acquisition of an asset by LEX.

Representative of a person means an officer, director, employee or adviser of that person.

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

Warranties means the warranties and representations set out in schedule 1, and **Warranty** has a corresponding meaning.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** except in the definitions of "Related Body Corporate", a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association or any Government Agency;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (i) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

- (j) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (k) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (l) **(time of day)** to time is a reference to Perth, Western Australia time; and
- (m) **(dollars)** Australian dollars, dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2 Option

2.1 Option

In consideration of the payment by St Ives to LEX of \$10.00 (receipt of which is acknowledged), LEX hereby grants to St Ives an option to acquire up to 8,014,535 Shares at the Option Price (**Option**).

2.2 Exercise of the Option

- (a) If LEX proposes to issue Shares, where such issue may constitute a Relevant Equity Raising, LEX must first deliver to St Ives a written notice (**Advance Notice**) at least 2 Business Days prior to the proposed date of such issuance, stating:
 - (i) LEX's bona fide current intention to issue Shares;
 - (ii) to the extent possible at the time of giving the Advance Notice:
 - (A) the approximate number of Shares to be issued;
 - (B) the approximate price and terms upon which LEX proposes to issue the Shares;
 - (iii) the types of persons to whom LEX proposes to issue the Shares, and any material information not provided to St Ives in the Advance Notice because it is not then known shall be provided to St Ives as soon possible upon becoming known to LEX.

- (b) Once details of the Relevant Equity Raising are known, LEX must give St Ives written notice (**RER Notice**) specifying the details of the Shares to be issued as part of the Relevant Equity Raising at the Reference Price specified in the RER Notice.
- (c) Within 48 hours of LEX giving St Ives the RER Notice (which LEX must do not later than the time at which it makes an announcement to the ASX of the Relevant Equity Raising, or requests a trading halt from ASX), St Ives shall be entitled, but not obliged, to exercise the Option by giving an Option Exercise Notice to LEX.
- (d) An Option Exercise Notice shall:
 - (i) be in writing;
 - (ii) specify the number of Shares which St Ives wishes to acquire, being a number not more than 8,014,535;
 - (iii) specify the Option Price; and
 - (iv) be executed by a duly authorised officer of St Ives.
- (e) An Option Exercise Notice shall, once given, be irrevocable and binding upon St Ives, and requires the parties to Complete in accordance with clause 3.
- (f) The Option may only be exercised once.

2.3 Lapse

The Option will lapse if:

- (a) an Option Exercise Notice complying with clause 2.2(d) is not given within the time period contemplated in clause 2.2(a); or
- (b) no Relevant Equity Raising is announced by the date that is 6 months after the date of this agreement.

2.4 Transferability of Option

St Ives may not transfer or otherwise assign the Option (other than to a Related Body Corporate), without the prior written consent of LEX. If the Option is assigned to a Related Body Corporate of St Ives and that person subsequently ceases to be a Related Body Corporate of St Ives, that person must, prior to ceasing to be a Related Body Corporate of St Ives, assign the Option back to St Ives.

3 Completion

3.1 Time and place of Completion

Completion will take place at 10:00am on the same date as the issue of Shares under the Relevant Equity Raising, at the offices of LEX or any other time and place agreed by the parties.

3.2 St Ives' obligations at Completion

At Completion, St Ives will pay the Option Price in immediately available funds to such bank account as LEX may direct.

3.3 LEX's obligations at Completion

At Completion, LEX will:

- (a) issue the Option Shares to St Ives, free from all Encumbrances; and
- (b) register St Ives as the holder of the Option Shares.

3.4 Simultaneous actions at Completion

The obligations of the parties under clauses 3.2 and 3.3 are interdependent and all actions required to be performed in respect of Completion will be taken to have occurred simultaneously on the Completion Date.

4 Option Shares

4.1 Post-Completion obligations

As soon as practicable after Completion, and in any event within 5 Business Days of Completion, LEX must:

- (a) **(quotation)** apply for and use reasonable endeavours to obtain Official Quotation of the Option Shares by ASX;
- (b) **(holding statement)** deliver to St Ives a holding statement evidencing St Ives' ownership of the Option Shares; and
- (c) **(re-sale notice)** subject to clause 4.2, provide ASX with a notice in relation to the Option Shares in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act (**Cleansing Notice**).

4.2 Inability to issue a Cleansing Notice

- (a) Despite anything else in this agreement, if LEX:
 - (i) cannot, in respect of the issue of the Option Shares, satisfy the requirement in section 708A(5)(b) of the Corporations Act; or
 - (ii) reasonably determines (following good faith consultation with St Ives) before the issue of the Option Shares that it cannot issue a Cleansing Notice without disclosure of confidential information which is reasonably expected by LEX to be materially prejudicial to LEX,then:
 - (iii) LEX must nevertheless proceed to issue the Option Shares in accordance with this agreement and at the time of issue must provide St Ives with notice of its inability to issue a Cleansing Notice and in the case of clause 4.2(a)(ii), the information which is to be withheld from disclosure on a confidential basis (**Notice**);
 - (iv) LEX is not required to issue a Cleansing Notice in respect to the issue of the Option Shares at that time; and
 - (v) except to the extent a sale offer without disclosure is otherwise permitted by section 708 of the Corporations Act, St Ives will not dispose of, or enter into an agreement to dispose of, the Option

Shares or an interest in them until the date that LEX issues a disclosure document in respect of those Option Shares as is contemplated under Chapter 6D of the Corporations Act (subject to any applicable ASIC modifications or exemptions) (**Cleansing Document**).

- (b) At any time after the issue of Option Shares, St Ives may request in writing that LEX issue a Cleansing Document to ensure that an offer for sale of the Option Shares does not require disclosure to investors, and LEX must issue a Cleansing Document within 40 Business Days of any such request which applies to all Option Shares held, or which will be held, by St Ives at that time.

4.3 Ranking

The Option Shares will rank equally in all respects with the Shares already on issue as from their issue date.

4.4 Acknowledgements

- (a) By agreeing to the issue of the Option Shares in accordance with this agreement, St Ives agrees to be bound by the Constitution.
- (b) St Ives acknowledges and agrees that:
 - (i) subject to clause 4.2, no disclosure document of any kind will be lodged in connection with the offer or issue of the Option Shares;
 - (ii) this agreement does not constitute financial product advice and that LEX has not had regard to St Ives' particular objectives, financial situation and needs;
 - (iii) holding Shares involves a degree of risk and that the Option Shares are, therefore, a speculative investment;
 - (iv) except for any liability which cannot by law be excluded, none of LEX nor any Representative of LEX accepts any responsibility in relation to the grant of the Option or issue of the Option Shares;
 - (v) it has made and relied upon its own due diligence assessment of an investment in Shares;
 - (vi) it has not relied on any forecasts, projections, opinions of future performance or other statements relating to LEX; and
 - (vii) it has not relied upon any representation made by any member of the LEX Group or any of their Representatives, except the Warranties.
- (c) LEX and St Ives each acknowledge and agree that as at the date of issue of the Option Shares, Option Shares are not being issued with the purpose of St Ives selling or transferring, or otherwise issuing or transferring interests in or options over, the Option Shares.

5 Participation rights

5.1 Condition precedent

Clauses 5.2 to 5.5 only take effect if not less than 6,010,901 Shares are issued to St Ives pursuant to the exercise of the Option. In any other case, including where the Option is not exercised and lapses under clause 2.3, clauses 5.2 to 5.5 will be of no force or effect.

5.2 Definitions

In this clause 5:

Equity Security has the meaning given to the term 'equity security' as defined in chapter 19 of the ASX Listing Rules.

New Issue means an issue by LEX of New Securities.

New Securities has the meaning given to that term in clause 5.3.

Ownership Percentage means St Ives' percentage Voting Power in LEX immediately prior to the relevant New Issue.

Permitted Issue means Equity Securities issued by LEX:

- (a) in accordance with incentive plans and share / option schemes;
- (b) as a result of a pro rata issue (as defined in ASX Listing Rule 19.12), including any related underwriting or shortfall placement arrangement;
- (c) as a result of a security purchase plan (as defined in ASX Listing Rule 19.12);
- (d) as described in ASX Listing Rule 7.2 exception 5;
- (e) as consideration for the acquisition of an asset by LEX, where that issue otherwise complies with the Corporations Act and the ASX Listing Rules;
- (f) the issue of which has been announced to ASX prior to the date of this agreement; or
- (g) pursuant to the conversion of Equity Securities into Shares in circumstances where the issue of the relevant Equity Securities came within one of the preceding paragraphs (a) to (f).

Voting Power has the meaning given to it in the Corporations Act.

5.3 Participation in issue of New Securities

As consideration for entering into this agreement and subject to clause 5.4(b), if LEX issues any Equity Securities at any time after Completion (**New Securities**), other than under a Permitted Issue, it will offer St Ives the opportunity to participate in the New Issue for at least such additional number of New Securities as would be sufficient to enable St Ives to maintain its Ownership Percentage. Any opportunity to participate in a New Issue must be given to St Ives at an offer price for each New Security that is no more than the offer price for each New Security offered to other participants in that New Issue and otherwise on substantially the same terms as offered to other participants in that New Issue.

5.4 Acknowledgements

- (a) The parties acknowledge and agree that LEX has granted the right in clause 5.3 in favour of St Ives to reflect the strategic relationship arising as a result of St Ives acquiring a significant shareholding in LEX, and the provision of technical expertise and advice in relation to mineral exploration and mining under the Farm-In and Joint Venture Agreement.
- (b) The right in clause 5.3:
 - (i) immediately terminates and ceases to have any force and effect if at any time after Completion:
 - (A) St Ives fails to satisfy the Stage 1 Farm-In Requirement (as that term is defined in the Farm-In and Joint Venture Agreement);
 - (B) St Ives or its Related Body Corporate (as the case may be):
 - (aa) withdraws from, or ceases to hold any Participating Interest in, the Farm-In and Joint Venture Agreement;
 - (ab) ceases to hold a participating interest in any Mining Venture formed pursuant to the Farm-In and Joint Venture Agreement; or
 - (ac) ceases to be a party to, the Farm-In and Joint Venture Agreement; or
 - (C) St Ives or its Related Bodies Corporate hold less than 5% of all issued Shares for more than 10 consecutive days on which the ASX is open for trading; and
 - (ii) is of no effect to the extent that it is contrary to the ASX Listing Rules, in which case the parties will negotiate in good faith to seek to agree an amendment to this clause which complies with the ASX Listing Rules and gives effect (to the maximum extent permitted under the ASX Listing Rules) to the intention of clause 5.3 or alternatively use their reasonable endeavours to seek a waiver of the relevant ASX Listing Rule to enable the parties to give effect to clause 5.3.
- (c) St Ives' rights in this clause 5 are non-transferrable.

5.5 Participation Rights transfer with Option

Notwithstanding clause 5.4(c), should St Ives transfer or assign the Option in accordance with clause 2.4, then the party to whom the Option is transferred or assigned will acquire the rights of St Ives under this clause 5.

6 St Ives Warranties

6.1 St Ives warranties

St Ives represents and warrants to LEX that:

- (a) it has full and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (b) this agreement constitutes a full and binding legal obligation upon it;
- (c) this agreement does not conflict with or result in the breach of or default under any provision of its constituent documents or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which it is a party or is subject or by which it is bound;
- (d) it has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this agreement subject to its terms; and
- (e) the execution, delivery and performance of this agreement:
 - (i) complies with its constituent documents; and
 - (ii) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or encumbrance, by which it is bound that would prevent it from entering into and performing its obligations under this agreement.

7 LEX Warranties

7.1 Accuracy

LEX represents and warrants to St Ives that each Warranty is correct and not misleading on the date of this agreement and will be correct and not misleading on the Completion Date.

7.2 Separate Warranties

Each Warranty is to be treated as a separate representation and warranty. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

7.3 Matters disclosed

Each Warranty is to be read down and qualified by any information:

- (a) which was fairly disclosed to St Ives by LEX before the date of this agreement;
- (b) contained in material on LEX's ASX platform before the date of this agreement; or
- (c) which is otherwise within the actual knowledge of St Ives or its Representatives; or

which is or may be inconsistent with that Warranty and, to the extent that any Warranty is incorrect or misleading having regard to any such information, that Warranty is deemed not to have been given. No amount will be recoverable by St Ives in respect of any breach of Warranty to the extent that the breach arises by reason of or in relation to any such information.

7.4 Inducement

LEX acknowledges that:

- (a) it has made and given the Warranties with the intention of inducing St Ives to enter into this agreement; and
- (b) St Ives have entered into this agreement in full reliance on the Warranties.

7.5 Reduction in Subscription Price

If payment is made for a breach of any Warranty, the payment is to be treated as an equal reduction in the price of each Option Share.

7.6 Warranty cap

LEX's total liability for loss or damage of any kind however caused, in contract, tort (including negligence), under any statute or otherwise from or relating in any way to this agreement or its subject matter is limited to the higher of \$1 million or the Option Price.

7.7 Exclusion of consequential liability

Neither party will be liable to the other party for any indirect and consequential loss or damage (including for loss of profit (whether direct, indirect, anticipated or otherwise), loss of expected savings, opportunity costs, loss of business (including loss or reduction of goodwill), damage to reputation and loss or corruption of data regardless of whether any or all of these things are considered to be indirect or consequential losses or damage) in contract, tort (including negligence), under any statute or otherwise arising from or related in any way to this agreement or its subject matter.

7.8 Time limit on claims

A party may not make any claim for breach of Warranty (in the case of LEX) or a breach of clause 6 (in the case of St Ives) by the other party unless full details of the claim have been notified to the other party within one year from the date of this agreement.

8 Confidentiality

8.1 Confidentiality obligations

Subject to clause 8.2:

- (a) no party may disclose the provisions of this agreement, the terms on which the Option Shares are issued or any information received as part of or in relation to this agreement without the prior written consent of the other party; and
- (b) each party must ensure that its Representatives (and, in the case of St Ives, the Representatives of its Related Bodies Corporate), comply in all respects with this clause 8.1.

8.2 Exceptions

A party and any Related Body Corporate of a party may disclose anything in respect of this agreement:

- (a) to its directors, officers, employees, agents, advisers and financiers and to the legal advisers to its advisers or financiers;
- (b) to the extent necessary to obtain any other consent, approval or agreement contemplated by this agreement;
- (c) in the case of LEX, to a bona fide potential purchaser seeking to purchase or otherwise acquire the whole or part of LEX, or any of its assets, and any Representative of such potential purchaser;
- (d) as required by:
 - (i) applicable law or order of any court;
 - (ii) any recognised stock exchange on which its shares or the shares of any related corporation are listed; or
 - (iii) any applicable accounting standards,

but to the extent practicable, must consult with the other party before making the disclosure and use reasonable endeavours to agree on the form and content of the disclosure.

9 Announcements

9.1 Public announcements

Neither party may, before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this agreement unless it has first provided the other party with a draft of the announcement, communication or circular and obtained the written consent of the other party, which consent is not to be unreasonably withheld or delayed.

9.2 Public announcements required by law

Clause 9.1 does not apply to a public announcement, communication or circular required by law or a regulation of a stock exchange on which the relevant party's securities are admitted to trading, if the party required to make or send it has:

- (a) to the extent practicable, provided the other party with sufficient notice to enable it to seek a protective order or other remedy; and
- (b) provided all assistance and co-operation that the other party considers necessary (acting reasonably) to prevent or minimise that disclosure.

10 Costs and duty

10.1 Costs and expenses

Each party agrees to bear its own costs in relation to the preparation, execution, and delivery of this agreement.

10.2 Duty

St Ives agrees to pay all duty (including fines and penalties) chargeable, payable or assessed in relation to this agreement and the issue of the Option Shares to St Ives.

11 GST

11.1 Construction

In this clause 11:

- (a) subject to paragraph (b), words and expressions which are not defined in this agreement but which have a defined meaning in GST Law have the same meaning as in the GST Law;
- (b) **GST** has the meaning given to it in GST Law and in addition includes amounts payable by way of interest and penalties on the primary GST liability;
- (c) **GST Law** has the same meaning given to that expression in the *A New Tax System (Goods and Services Tax) Act 1999*; and
- (d) references to GST payable and input tax credit entitlement include GST payable by, and the input tax credit entitlement of, the representative member for a GST group of which the entity is a member.

11.2 Consideration GST exclusive

Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided under this agreement are exclusive of GST.

11.3 Payment of GST

If GST is payable on any supply made by a party (or any entity through which that party acts) (**Supplier**) under or in connection with this agreement, the recipient will pay to the Supplier an amount equal to the GST payable on the supply.

11.4 Timing of GST payment

The recipient will pay the amount referred to in clause 11.3 in addition to and at the same time that the consideration for the supply is to be provided under this agreement.

11.5 Tax invoice

The Supplier must deliver a tax invoice or an adjustment note to the recipient before the Supplier is entitled to payment of an amount under clause 11.3. The recipient can withhold payment of the amount until the Supplier provides a tax invoice or an adjustment note, as appropriate.

11.6 Adjustment event

If an adjustment event arises in respect of a taxable supply made by a Supplier under this agreement, the amount payable by the recipient under clause 11.3 will be recalculated to reflect the adjustment event and a payment will be made by the recipient to the Supplier or by the Supplier to the recipient as the case requires.

11.7 Reimbursements

Where a party is required under this agreement to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:

- (a) the amount of the expense or outgoing less any input tax credits in respect of the expense or outgoing to which the other party is entitled; and
- (b) if the payment or reimbursement is subject to GST, an amount equal to that GST.

11.8 No merger

This clause 11 does not merge on the completion or termination of this agreement or on the transfer of the property supplied under this agreement.

12 Notices and other communications

12.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement (**Communications**) must be:

- (a) in writing;
- (b) in English or accompanied by a certified translation into English;
- (c) signed by the sender (if an individual) or an authorised officer of the sender; and
- (d) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

12.2 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details; or
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details; or
- (c) sent by email to the email address set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, or email address, then communications must be to that address, or email address.

12.3 When effective

Communications take effect from the time they are received or taken to be received under clause 12.4 (whichever happens first) unless a later time is specified.

12.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or

- (b) if sent by email, at the time the email is successfully transmitted (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered.

12.5 Receipt outside business hours

Despite clauses 12.3 and 12.4, if communications are received or taken to be received under clause 12.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

13 Miscellaneous

13.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

13.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

13.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

13.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

13.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

13.6 Remedies cumulative

The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

13.7 Rights and obligations are unaffected

Rights given to the parties under this agreement and the parties' liabilities under it are not affected by anything which might otherwise affect them by law.

13.8 Variation and waiver

Save as expressly provided in this agreement, a provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

13.9 No merger

The warranties, undertakings and indemnities in this agreement do not merge and are not extinguished on Completion.

13.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it.

13.11 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

13.12 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

13.13 Knowledge and awareness

Any reference in this agreement (including the Warranties) to the knowledge or awareness of LEX is a reference to the actual awareness of each LEX director, and the awareness those persons would have had if they had carried out reasonable investigations and enquiries.

14 Governing law

This agreement is governed by the law in force in the place specified in the Details.

15 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If there are a number of signed copies they are treated as making up the one document and the date on which the last counterpart is executed will be the date of the agreement.

EXECUTED as an agreement

Option Agreement

Schedule 1 – LEX Warranties

1 Authority

- (a) LEX has full and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement.
- (b) This agreement constitutes a full and binding legal obligation upon LEX.
- (c) This agreement does not conflict with or result in the breach of or default under any provision of its constituent documents or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which LEX is a party or is subject or by which LEX is bound.
- (d) LEX has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this agreement subject to its terms.
- (e) The execution, delivery and performance of this agreement by LEX:
 - (i) complies with the Constitution; and
 - (ii) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or encumbrance, by which it is bound that would prevent it from entering into and performing its obligations under this agreement.

2 Disclosure and information

2.1 ASX Listing Rule 3.1

LEX has at all times been, and continues to be, in compliance with ASX Listing Rule 3.1 and as at the date of this agreement no information is being excluded from disclosure under ASX Listing Rule 3.1A, other than any information that has not previously been disclosed in respect of the transactions contemplated by this agreement and the Farm-In and Joint Venture Agreement and which will be included in an ASX announcement immediately following execution of this agreement.

2.2 Information

No information provided to St Ives or its Representatives by LEX or its Representatives is false or misleading in any material respect.

3 Solvency

3.1 Solvency

No member of the LEX Group is Insolvent.

4 Subscription Shares and share capital

4.1 Proportion of capital

The Option Shares will be issued fully paid.

4.2 Ranking

The Option Shares will rank equally in all respects with existing issued fully paid ordinary shares in LEX, including the payment of any distributions following allotment.

4.3 No Encumbrances

The Option Shares will be free from all Encumbrances.

4.4 No restriction

There is no restriction on issue of the Option Shares to St Ives.

4.5 No restriction of sale

Following compliance by LEX with clause 4.1(c) but subject to clause 4.2, an offer of the Option Shares for sale or transfer (or an assignment of a right in respect of an interest in the Option Shares) after the Completion Date may be made without a disclosure document.

4.6 No breach

The offer, issue and Official Quotation of the Option Shares comply with:

- (a) the Corporations Act and the ASX Listing Rules; and
- (b) all other obligations and agreements binding on LEX or its members.

5 Corporate actions

Between the date of this agreement and Completion, LEX will not, and will ensure that each other member of the LEX Group does not:

- (a) make or declare any distribution whether by way of dividend or capital reduction or otherwise and whether in cash or in specie;
- (b) convert all or any Shares into a larger or smaller number of Shares; or
- (c) reduce its share capital in any way or enter into or resolve to enter into a buy-back agreement.

Option Agreement

Signing page

Dated: 7 June 2018.

EXECUTED by LEFROY
EXPLORATION LIMITED (ARBN 052
123 930) by authority of its directors in
accordance with its constituent
documents:

Waide Johnson.
Signature of director

WAIDE JOHNSON.
Name of director (block letters)

SIGNED by ST IVES GOLD MINING
COMPANY PTY LIMITED (ABN 44
098 386 273) in accordance with
section 127(1) of the *Corporations Act*
2001 (Cwlth) by authority of its
directors:

[Signature]
Signature of director

Stuart Mathews

.....
Name of director (block letters)

[Signature]
Signature of director

Geoffrey Franks Picott
Name of director (block letters)

[Signature]
Signature of director/company
secretary*

*delete whichever is not applicable

Kelly M Carter
Name of director/company secretary*
(block letters)

*delete whichever is not applicable