BRIDGE STREET
CAPITAL PARTNERS

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LEFROY EXPLORATION LTD

LEX:AU, $0.16/sh. Market cap A$39.8m

Further positive news from Lucky Strike
Drilling to commence at Burns Central

An encouraging release from LEX, mainly focussed on the progress of the "Stage 1" profit share project at Lucky Strike (LS), but also with an update on LS Stage 2 drilling and on the gold-rich section of the Burns Central project.

Lucky Strike Stage 1

- Permitting is on track for pre-stripping to start early in the December quarter.
- Previously reported grade control drilling has delivered some very encouraging results near surface, with best intercepts quoted with widths of 2 to 22m and grades of 1.3 to 65g/t. As we know, LS is structurally quite complex, but it seems as though gold associated with these structures has been enriched near surface.
- No more news regarding additional toll milling capacity beyond the 80-90kt locked in at the Greenfields plant in Coolgardie. No doubt discussions between profit share partner BML and the toll millers in the area are ongoing.
- The start of milling is planned for late January-early February so the start of mining in the December quarter could fit in well with this schedule.
- The economics of a modest initial pit at LS, recovering we assume a little under 20koz gold is greatly enhanced by the current A$ gold price (around A$5500/oz). See below for our thoughts regarding a 'conservative cashflow case' for Stage 1.

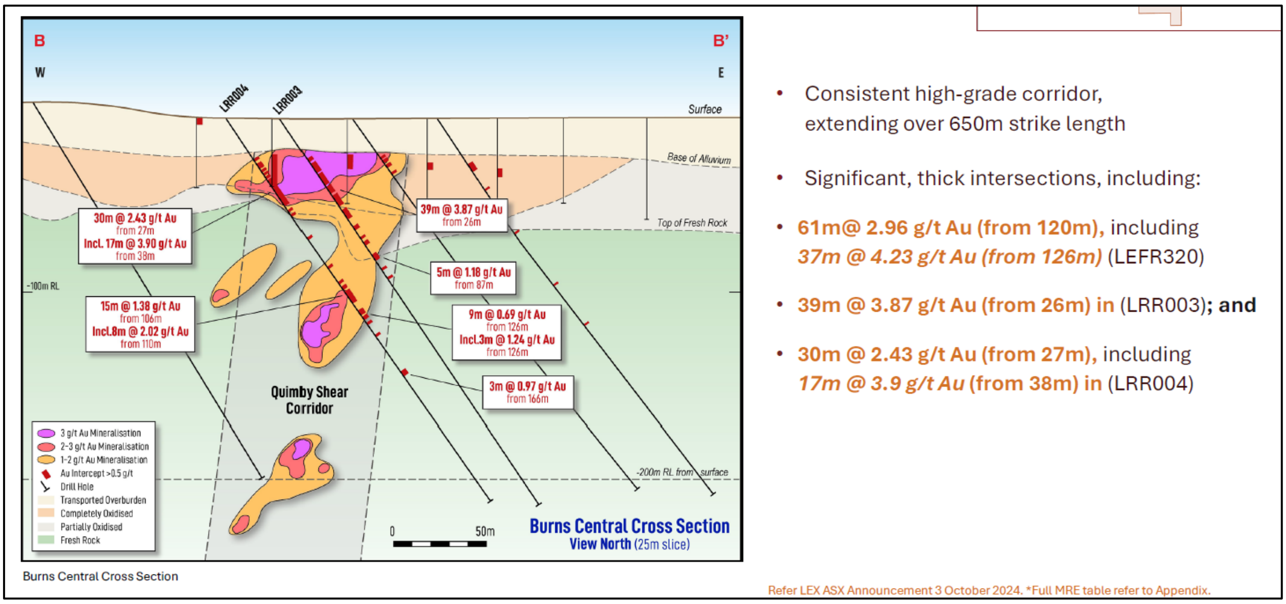
Lucky Strike Stage 2

- As previously reported the LS partners are considering a deeper Stage 2 pit, which could see the conversion of additional resource ounces into reserves.
- LEX has competed a series of RC holes and two diamond holes into the deeper resource. Assays are awaited (and are due this month).

Burns Central

- LEX has previously reported a high-grade, structurally controlled gold zone at Burns Central and states that there is excellent exploration potential particularly to the north where the deposit appears to be becoming shallower.
- The Burns high grade section comprises some 159koz gold at sub 1.5g/t gold and low copper levels. As shown in the section below, there is clearly a near-surface zone which appears to be much higher grade, and which could be amenable to an open cut/ profit sharing deal such as has been done at LS.

- LEX is now able to access some $2.5m from a Profit Cash Advance Facility Agreement with BML and will advance exploration at Burns by completing a series shallow RC drill holes targeting the high-grade extension of Burns Central.
- As well 1-2 shallow diamond drill holes are likely to be completed to undertake detailed metallurgical testing.



Source: LEX presentation, July 2025

- In 2024 LEX announced the breakdown of the Burns high gold resource, as follows:

Table 1: Mineral Resource Statement for Burns Central, including Gold (Au), Copper (Cu) and Silver (Ag), applying a cut-off above 0.5 g/t Au and maximum 200m depth from surface. Small discrepancies may occur due to the effect of rounding

			Average Value			Material Content		
Mineralisation	**Category**	**Mass** Mt	**Au** g/t	**Cu** %	**Ag** g/t	**Au** oz	**Cu** t	**Ag** oz
Oxide	Indicated	1.06	1.35	0.21	0.56	46,122	2,219	19,280
	Inferred	0.02	0.70	0.32	0.77	416	59	462
	Total	**1.08**	**1.34**	**0.21**	**0.57**	**46,538**	**2,279**	**19,741**
Transitional	Indicated	0.27	0.93	0.56	1.29	8,152	1,532	11,269
	Inferred	0.00	0.57	0.08	0.08	2	0	0
	Total	**0.27**	**0.93**	**0.56**	**1.29**	**8,154**	**1,532**	**11,269**
Fresh Rock	Indicated	2.78	1.15	0.19	0.57	102,941	5,368	51,104
	Inferred	0.08	0.62	0.15	0.29	1,652	124	769
	Total	**2.86**	**1.14**	**0.19**	**0.56**	**104,593**	**5,492**	**51,873**
Total	**Indicated**	**4.11**	**1.19**	**0.22**	**0.62**	**157,215**	**9,119**	**81,653**
	Inferred	**0.10**	**0.63**	**0.18**	**0.38**	**2,070**	**184**	**1,231**
	Total	**4.22**	**1.18**	**0.22**	**0.61**	**159,285**	**9,303**	**82,883**

Source: LEX October 2025

- It's possible that the oxide and transitional resources will be amenable to conventional cyanidation, but we note that low copper levels are present. (Higher copper levels can result in excessive cyanide consumption). Total contained ounce here are around 55koz, not large enough for a stand-alone plant, but possibly attractive to the likes of BML for a profit share agreement.

- As with the current LS deal, this would not require any capital contributions from LEX.

- Burns Central could be quite an exciting opportunity, but much depends on the outcome of metallurgical tests. Early work suggested some 40% of the gold could be extracted by gravity means, and good overall gold recoveries were obtained using "intense cyanidation". Met results from the current program are key to the future for Burns.

What could Lucky Strike be worth?

- In our February note we speculated that the project could yield upwards of 35koz gold which could generate significant free cashflow for LEX. This would require negligible capital commitment for LEX under the profit-sharing agreement with BML.

- LEX has chosen not to undertake a scoping/feasibility study for LS so detailed forecasts cannot be made publicly. No doubt project managers BML have their own internal estimates, but these are not in the public domain. We are therefore left to draw on data from LEX releases and from comparable profit-sharing projects in WA. Please see our February 2025 report for further details.

- In the following table we present what we consider to be a conservative case for LS Stage 1, extracting gold from two separate pits and converting just 25% of the current resource to reserves.

Lucky Strike Stage 1 (conceptual)			
Resource			
Tonnes	Mt	1.27	
Grade	g/t	1.95	
Conversion rate		**25%**	Stage 1 only
Mining inventory	Mt	1.46	Diluted
Grade	g/t	1.7	Diluted
Strip ratio, t:t		15	
Ore mined	Mt	0.36	
Ore milled	Mt	0.36	
Grade	g/t	1.7	
Met recovery	%	92%	
Recovered gold	Koz	18.3	
Costs			
Mining	$/t	5.80	$11/BCM
Milling	$/t	60.00	
Trucking distance	km	100	Average
Trucking rate	$/t/km	0.12	
Mining	A$m	33.8	
Milling	A$m	21.9	
Trucking	A$m	4.4	
Subtotal		60.0	
Capital	A$m	2.0	Assumed
Total costs	A$m	62.0	
All in costs	A$/oz	3386	
Gold price	A$/oz	5500.0	
Gold price after WA Govt royalty	A$/oz	5362.5	
Free cashflow	A$m	36.2	

- LEX's share of Stage 1 cashflow would then be around $18m. With plenty of tax losses this effectively would be 'cash in the tin' for the company. (Note that offsetting this would be any advance cash payments made by BML).

- We have made a few adjustments to this model, bumping up the diluted grade from 1.5g/t to 1.7g/t (in part reflecting the encouraging grade control drilling) but with an increase in the strip ratio from 10:1 to 15:1 (eye-balling from several of the sections).

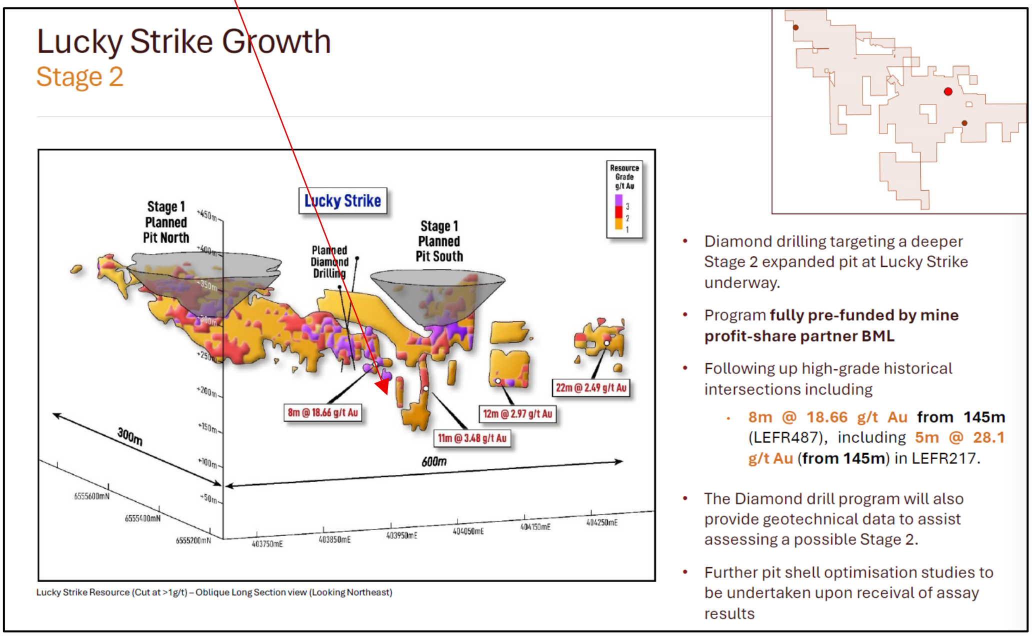
- We have also increased an average ore trucking distance from 40km to 100km.

- These negatives are more than offset with an increase in the domestic gold price which is now hovering around A$5500/oz. This is a great environment in which to bring LS into production.

- It must be stressed that these are our internal assumptions. We look forward to greater clarity from LEX going forward.

Additional value in LEX

- **LS Stage 2**. Depending on success of the recent deeper drilling at LS, the two pits may be joined with the pit depth roughly doubling to create a Stage 2 open cut. The viability of this option will depend on the strip ratio balanced by the likelihood of increasing grade with depth. Several of the deeper holes are highly encouraging and may serve to 'drag down' an open cut pit shell. As with Stage 1 of the project, LEX's capital exposure here would be negligible.



Source: LEX presentation, July 2025

- **Burns Central**. As discussed above, the forthcoming drill programme will provide important information as to the viability of this option. Could this be another LS-type profit sharing project in the making?

- **Mt Martin**. Further drilling is planned targeting shallow high-grade shear hosted mineralisation along strike and east of existing resource.

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Appendix 1

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