

## LEFROY EXPLORATION LTD

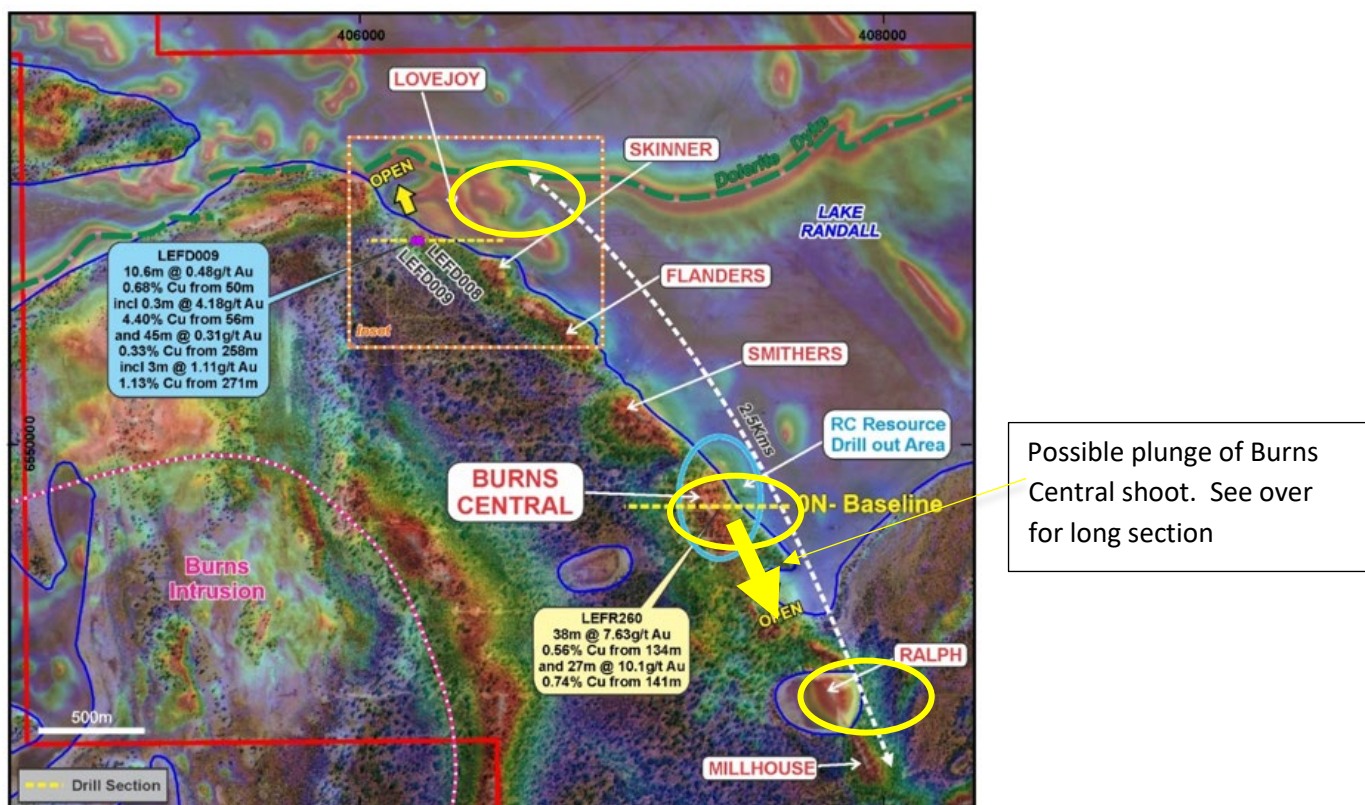
**LEX:AU, \$0.28. Market cap A\$40.8m**  
**Further drill intercepts at Burns Central**

LEX has started to release results from the drill-out of the Burns copper gold discovery and associated anomalies. Burns mineralisation is believed to be an intrusion-related Au-Cu-Mo-Ag system, hosted by multiple alkalic diorite-porphyry intrusives and high-magnesium basalt, all of Archaean-age. LEX considers this style of intrusion-related mineralisation to be entirely new and unique to the Eastern Goldfields of WA.

We continue to be intrigued with how extensive the copper/gold mineralisation has become. The so-called Burns Corridor now extends from the Lovejoy anomaly to the north to the southern extent of the Burns discovery through to the yet-to-be-drilled Ralph magnetic anomaly, a strike length of 2.5 to 3km.

LEX has released the first series of over 80 drill results mainly from the resource drill-out of the Burns discovery. The best thus far from the recent programme is 38m at 3.8g/t, 48m at 1.1g/t and 38m at 2g/t (all within a lower grade envelopes, with copper assays still awaited). LEX has also reported initial assay results from initial drilling of the Lovejoy anomaly. We look forward to further results from this programme.

In our view LEX remains an inexpensively priced gold/copper/nickel WA exploration play with the potential for a Tier 1 gold/copper discovery in an unusual geological environment.



Source: Modified from LEX release 5 December 2022

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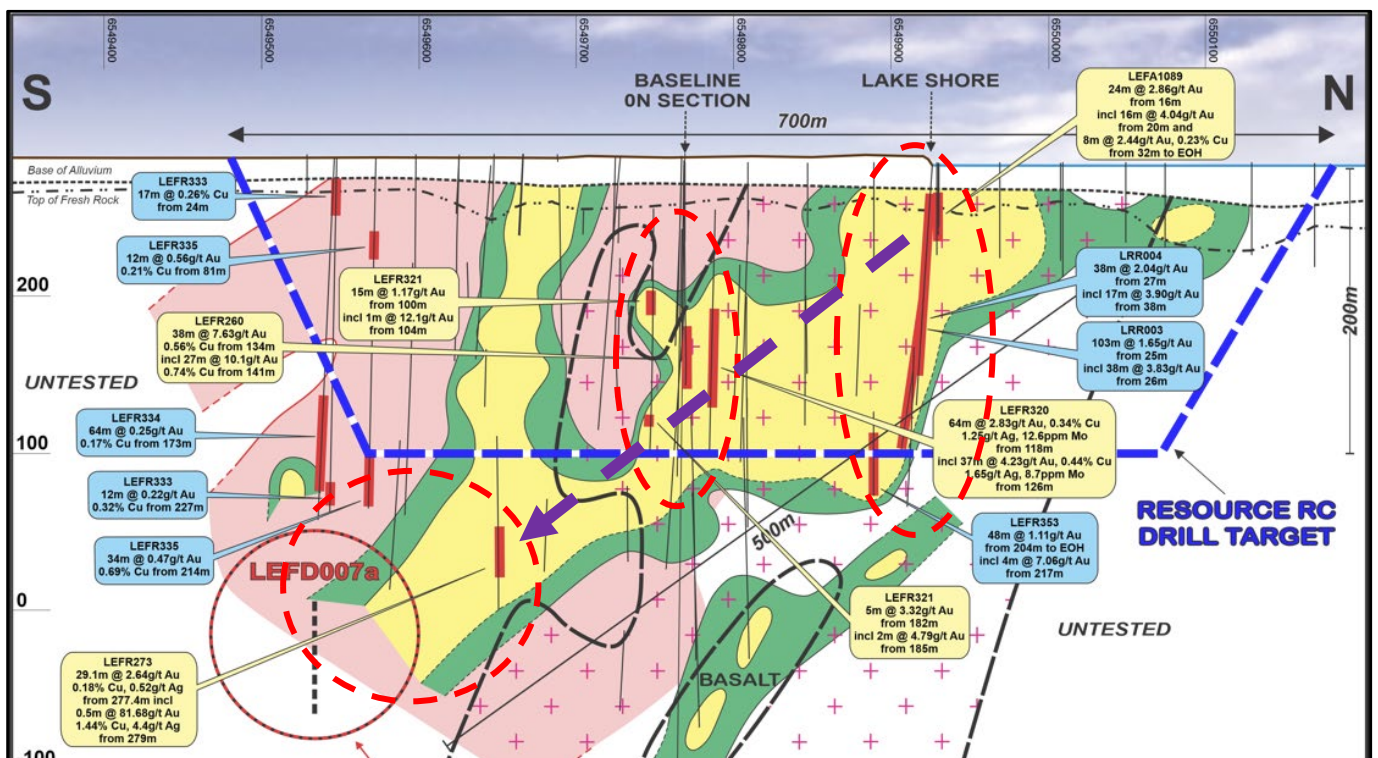
## Recent drill results from Burns Central

In our view, the most significant result released by LEX from the current drill programme has defined an extension to what has been thought to be a southerly plunging ore shoot.

The possible presence of a southerly plunging shoot (“Burns Central”) has now been defined by six intercepts over a down-plunge interval of some 400m. These include:

- **38m at 3.8g/t gold** from hole LRR003 (with no copper assays available as yet) within a mineralised hydrothermal breccia of 103m at 1.65g/t. This is effectively from just below the base of surficial sediments. The upper intervals are partially oxidised so we would expect there to have been supergene enrichment within the near surface mineralisation.
- **48m at 1.1g/t** from hole LEFFR353 (copper assays still awaited).
- **38m at 2.0g/t** from hole LRR004 (copper assays still awaited).
- **64m at 2.8g/t gold and 0.3% copper** in hole LEFR320.
- **29m at 2.6g/t gold and 0.2% copper** in hole LEFR273.
- **36m at 7.6g/t gold and 0.6% copper** in hole LEFR260 (the discovery hole).

While still too early to provide a resource estimate – there are still wide gaps yet to be infilled - these intercepts are impressive. In the company’s recent release (23 November) Lefroy states that 51 of an 80-hole resource drill-out have been completed and that the program should finish in December. A resource estimate for Burns is forecast to be completed during 1Q23.



Source: Modified from LEX release 5 December 2022

Drilling thus far has identified two and possibly three zones of significant mineralisation outlined in red dashes above: “Lake Shore”, “Baseline” and possibly a deeper zone supported by a single intercept

(hole LEFR273, 29m at 2.6g/t gold and 0.2% copper). Recent hole LEFD007a which intersected two intervals (149.2 to 184.0m, for around 35m and 205.6-230.8m, for around 25m contains copper nuggets hosted within altered basalt. Assays are awaited, but it does suggest that the copper/?gold mineralisation does continue to plunge to depth.

The suggested plunge of the Burns Central shoot is highlighted with the arrow in purple, above. However, there are gaps in this structure which need to be tested with further drilling, before this interpretation can be confirmed.

LEX has also reported several additional results, with three holes hosted in altered basalt to the west of the Central Zone with significant widths (29 to 64m in aggregate width) with gold grades of 0.2-0.5g/t and copper at 0.2-0.7%.

## Other exploration results/targets from Burns Corridor

### Lovejoy

In September LEX reported results from a 364m diamond hole (LEFD008) which appeared to have intersected significant copper mineralisation. The hole included 42m of hydrothermal breccia with native copper and copper sulphides (from 233m to 275m). So intense was the native copper that drill rods were actually coated in metallic copper. The photographs of the rods were spectacular, to say the least.

A follow up hole (LEFD009) was drilled 10m to west to a depth of 467m.

First assay results have just been reported. These include:

- 19m @ 0.57% Cu & 0.11 g/t Au from 255.5m in hole LEFD008; and
- 2m @ 2.12% Cu & 0.18 g/t Au from 272m in hole LEFD008
- 15m @ 0.40% Cu from 223.1 m in hole LEFD008
- 11m @ 0.68% Cu & 0.4 g/t Au from 50m in hole LEFD009
- 40m @ 0.20% Cu from 208m in hole LEFD009
- 45m @ 0.33% Cu & 0.3 g/t Au from 258m in hole LEFD009

(Note the 2m at 2.2% copper is included in the previous 19m intercept in LEFD008)

While not yet what we would consider ore grade intercepts – in fact we were quite surprised the tenor of these holes was not higher – the Lovejoy anomaly certainly warrants follow-up drilling, and represents an enticing continuation of the Burn Corridor mineralisation.

### Ralph and Skinner

Promising results from Lovejoy has prompted the company to commence drilling of the Ralph magnetic anomaly (500m south of Burns Central) and to undertake additional drilling at Skinner (just south of Lovejoy) where two RC hole intersected anomalous copper within prospective rock types (again, brecciated diorite porphyry).

## Other exploration/value-add opportunities for LEX

There is never a dull moment for LEX which continues to enhance its extensive exploration portfolio and other opportunities. The following opportunities are worth commenting on:

### Western Lefroy Joint Venture (WLJV)

- The WLJV covers some 237km<sup>2</sup> adjoining Gold Fields' ca. 10Moz St Ives gold mining operation. Gold Fields (GFI) can earn up to a 70% interest in the LEX tenements by spending up to a total of \$25 million on exploration activities by mid-2024.
- GFI is continuing its 'full field air core programme' prospecting much of the WLJV tenement in the search for repetitions of the Tier 1 St Ives mineralisation.
- We were surprised to learn in LEX's September quarterly that no gold-anomalous intercepts were encountered by GFI during the quarter. Nonetheless, exploration continues. GFI appears fully committed to earning its full 70% in the JV and as we continue to say: "it only takes one drill hole...".
- The WLJV is an excellent 'free option' for LEX.

### Eastern Lefroy exploration activities outside Burns Corridor

LEX divides these projects into two hubs

- Lucky Strike Exploration Hub (Havelock, Lucky Strike)
- Hang Glider Hill Exploration Hub (Hang Glider, Coogee South)

Not surprisingly, Burns Corridor is absorbing much of LEX's attention (and funds) currently, so little further work has been completed at these projects. All remain valid targets for the future.

We have received no recent updates on the 105koz, 1.7g/t resources at Lucky Strike/Red Dale. We believe these had been offered for sale/JV/toll treatment, and we can only assume all approaches have thus far been unsuccessful. With the proximity of 4 (or more) mills, we believe a deal will be done at some point and these resources represent real assets.

### Spin-out of Lake Johnson Nickel Ltd (ASX:JLN)

The Lake Johnston Nickel Project, located 120km west of Norseman in WA, comprises four granted exploration licences. These holdings form a cohesive package of 180km<sup>2</sup> over the Lake Johnston Greenstone Belt which has demonstrated prospectivity for nickel (and gold).

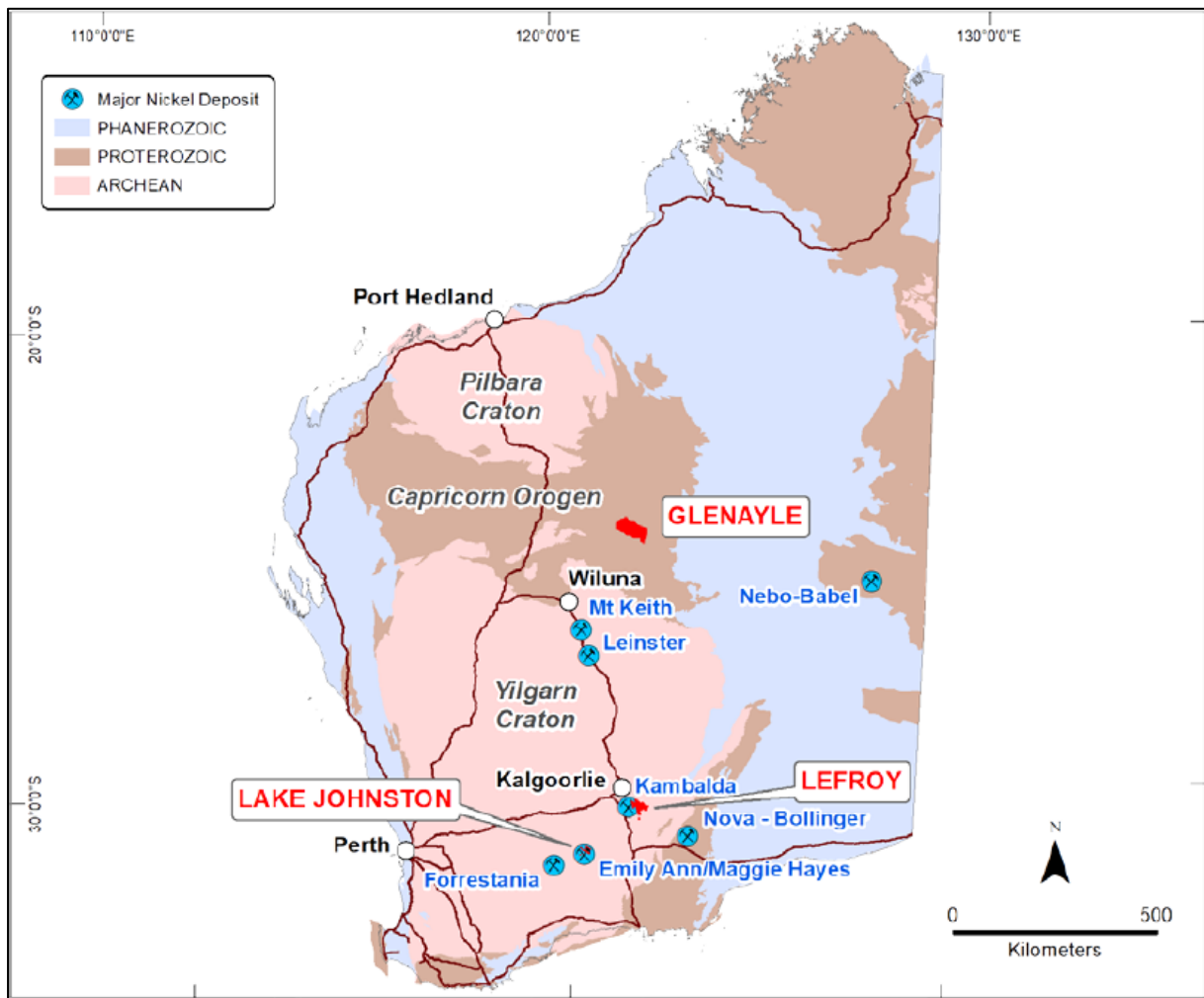
As well, Lake Johnson has the nickel rights to the under-explored Carnilya tenements (adjacent to the old Carnilya nickel mine near Kambalda) and the large Glenayle exploration project 220km north-east of Wiluna. The Glenayle tenements comprise rocks of the Salvation Basin which adjoins and is north of the Earahedy Basin where there has been renewed exploration activity since the announcement by Rumble Resources Ltd (ASX:RTR) of a major zinc-lead discovery. LEX considers rocks of the Salvation Basin to be prospective for nickel-copper and PGM deposits. See location plan on the following page.

As recently reported, LEX is progressing the opportunity to accelerate nickel exploration on the project and is actively pursuing methods to advance this strategy without compromising the exploration effort

at Burns. In October LEX announced that it is progressing a ‘spin-out’ IPO, planned to be completed in the first half of CY2023, subject to receipt of Shareholder and ASX approvals.

An experienced Board and Management team has been secured to accelerate the listing of JLN and advancing exploration on the prospective nickel portfolio. The JLN board will be led by Dave Kelly as Non-Executive Chair. JLN’s new Managing Director, Graeme Gribbin, commenced with JLN on 31 October 2022.

**Location of JLN’s tenements in relation to the gold/copper exploration at and around Lake Lefroy.**



Source: LEX

**Cash position:** LEX’s cash position at the end of the September quarter was around A\$1.9m.

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Dr Chris Baker, an authorised representative of BSCP, certifies that the advice in this report reflects his honest view of the company. He has over 30 years investment experience in wholesale capital markets. He worked as a mining analyst for brokers BZW and UBS for 11 years and has a further 16 years' experience as a mining analyst and portfolio manager with Colonial First State and Caledonia Investments. He now provides independent financial advice on a part time basis. He may own securities in companies he recommends but will declare this when providing advice. He currently owns shares in LEX. He is remunerated by BSCP but is not paid a specific fee for providing this report.

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