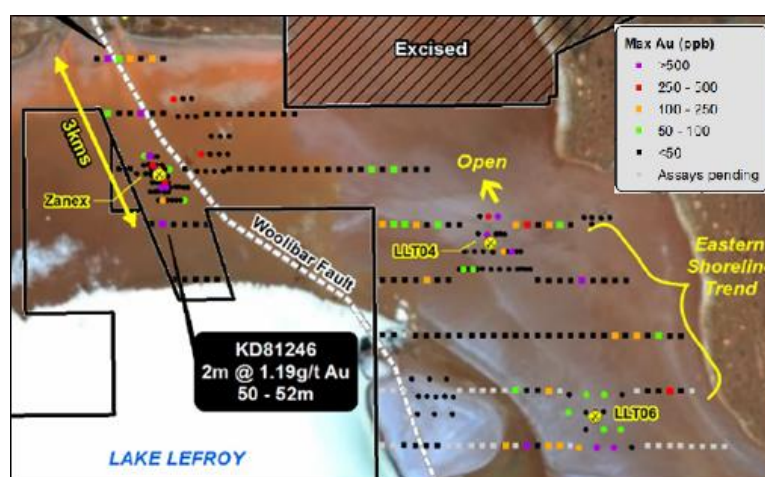


LEFROY EXPLORATION LTD

LEX:AU, \$0.20. Market cap A\$16.2 m

Air core results confirm two gold trends under Lake Lefroy Recent site visit confirms prospectivity of other LEX targets

- Gold Fields has released its first tranche of drill results from air core drilling on the LEX-JV, east of the world class St Ives gold project.
- Results confirm the existence of two gold-anomalous trends beneath Lake Lefroy.
- The immediate target is a 3km zone along the inferred Woolibar Fault centred on the Zanex prospect.
- The Eastern Shoreline Trend has identified a +3km zone of gold anomalism.
- Both trends are worthy of follow-up with RC or diamond drilling, likely to happen in 2H19
- LEX will continue to focus on Lucky Strike and other 100%-owned projects to the east of Lake Lefroy. A 2000m RC/diamond programme is currently underway.
- LEX is a very inexpensive WA exploration play strongly leveraged to GFI's aggressive exploration programme on Lake Lefroy, and to exploration within its 100%-owned tenements in the Mt Monger area. Expect plenty of exploration news over the rest of the year.



Warm colours (red/purple) signify higher gold grades. Source: From ASX release 15 April 2019

FIRST EXPLORATION RESULTS FROM THE GOLD FIELDS JOINT VENTURE

LEX holds tenements covering nearly 600km² to the east of and adjoining Gold Fields's 100%-owned St Ives gold mine and were recently joint ventured with Gold Fields (GFI). As discussed in more detail below, GFI can earn up to 70% of LEX's western Lake Lefroy tenements with the expenditure of A\$25m. There is a minimum spend of \$4m prior to June 2020.

St Ives is host to a significant gold camp located in the Eastern Goldfields of Western Australia, which has delivered over 13 million ounces of production since the late 1980's. St Ives is forecast to produce some 360koz gold this year at a cash cost of around US\$1000/oz. This is around 17% of Gold Fields' production world-wide.

In 2012 GFI geologists discovered the now 1.4moz Invincible orebody, which has become a key source of ore for the 4.5mtpa St Ives mill. This was a totally blind discovery, with the orebody hidden by the sediments of Lake Lefroy. GFI has become particularly adept at exploring in this environment using geophysical surveys and low cost, quite widely spaced air core drilling as a prospecting tool to direct future, deeper drilling. GFI is now applying this successful exploration strategy to LEX's tenements.

The following plan from LEX's recent release summarises results from some 132 shallow air core holes completed on the eastern side of Lake Lefroy. These supplement air core work completed by LEX in 2017

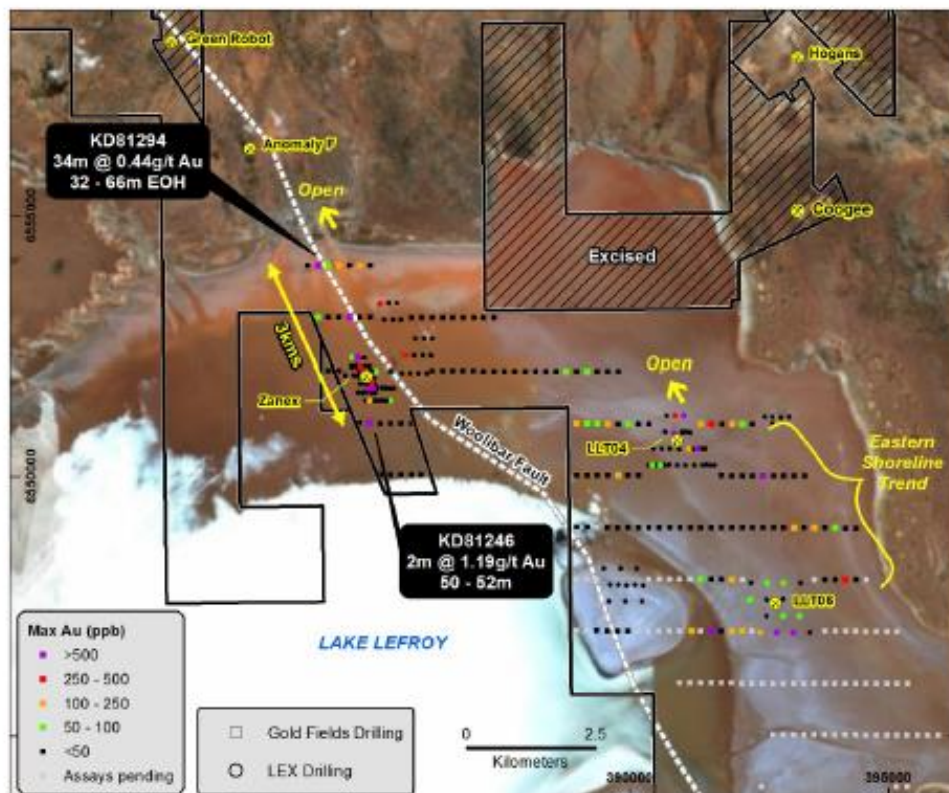


Figure 2 Inset Map highlighting drill holes completed in Lake Lefroy coloured by maximum gold value and the location of the Zanex and Eastern Shoreline trends

Source: LEX ASX release 15 April 2019

Two trends of gold mineralisation emerge from the recent (and previous) exploration:

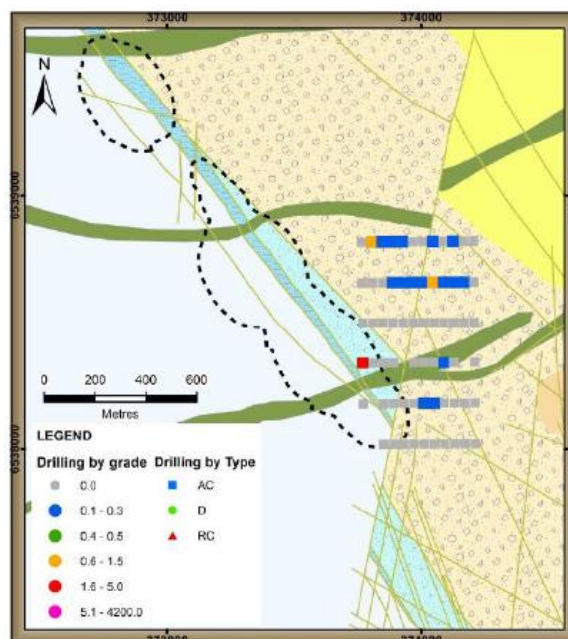
The **Zanex trend** is now some 3km in strike length, with intercepts such as 2m at 1.19gpt in the south to 34m at 0.44gpt in the north. The Zanex discovery itself (mentioned in the LEX prospectus) encountered 6m at 2.9gpt in a single RC hole drilled in the 1980's. It is believed that this trend coincides with the Woolibar fault, which might extent to the north to Anomaly F and Green Robot (the latter not held in LEX's tenements).

A second area of interest is the **Eastern Shoreline trend** with several >250ppb bottom of hole assays from recent air core drilling. Again, there is a broad zone of anomalous gold around 3km in length running NW-SE, and will provide the basis (together with geophysical and geochemical surveys) to site future deep drill holes to test these anomalies.

Note that several of the holes a logged as "gravel" are likely to represent paleochannels which may cross under the salt lake. Paleochannels have been the source of shallow gold resources elsewhere in the goldfields (including St Ives).

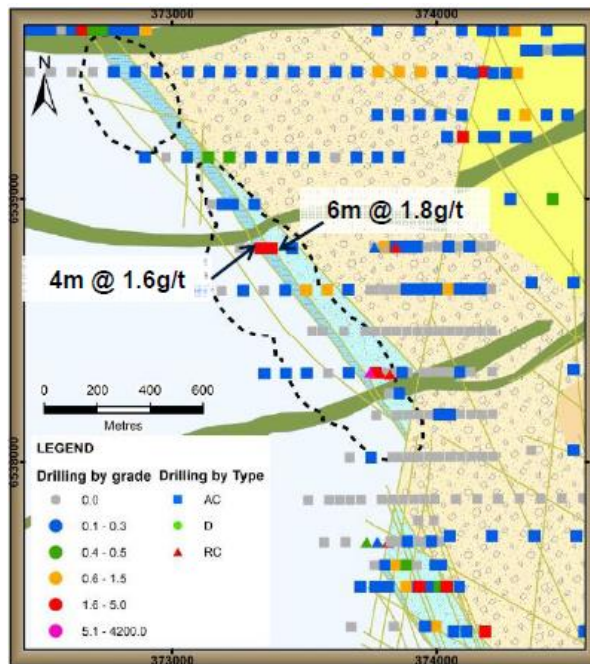
To put these results into context it is well to understand the history and significance of GFI's Invincible discovery. GFI's motivation to extend its exploration footprint is clearly driven by this discovery. Again, as a reminder, the air core drilling is simply a prospecting tool, helping to focus the geologists on the optimal areas to drill using deep RC and diamond drill holes.

Air core drilling commenced in 1994 (under previous owner WMC). A single hit was obtained in the south (the red dot below was 1m at 1.6gpt) and in 1998 additional holes were drilled near the first and yielded under 1gpt. A shallow RC drill hole intersected 1m at 9.7gpt but missed the orebody by 15m.



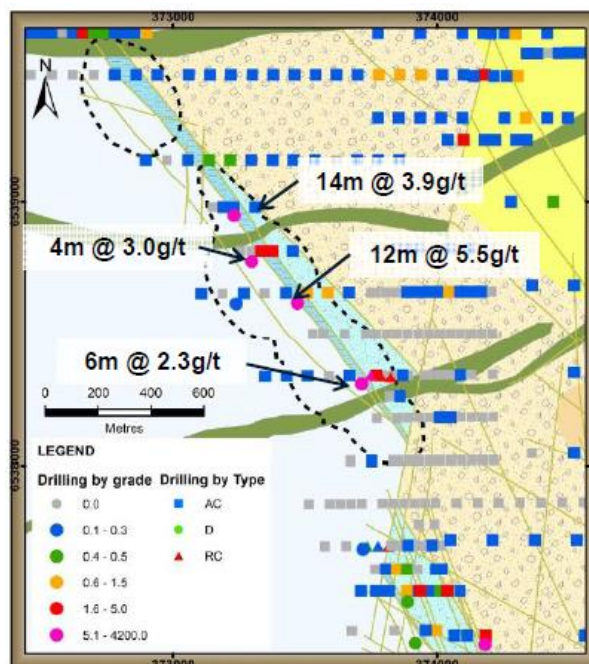
Exploration of Invincible as it was in 1994. Dashed line is the current outline of the open pit. Source: J Woodcock, Invincible – Discovery to Development, NewGengold, 2015

In 2011, 17 years later, there was follow up air core...with some encouragement



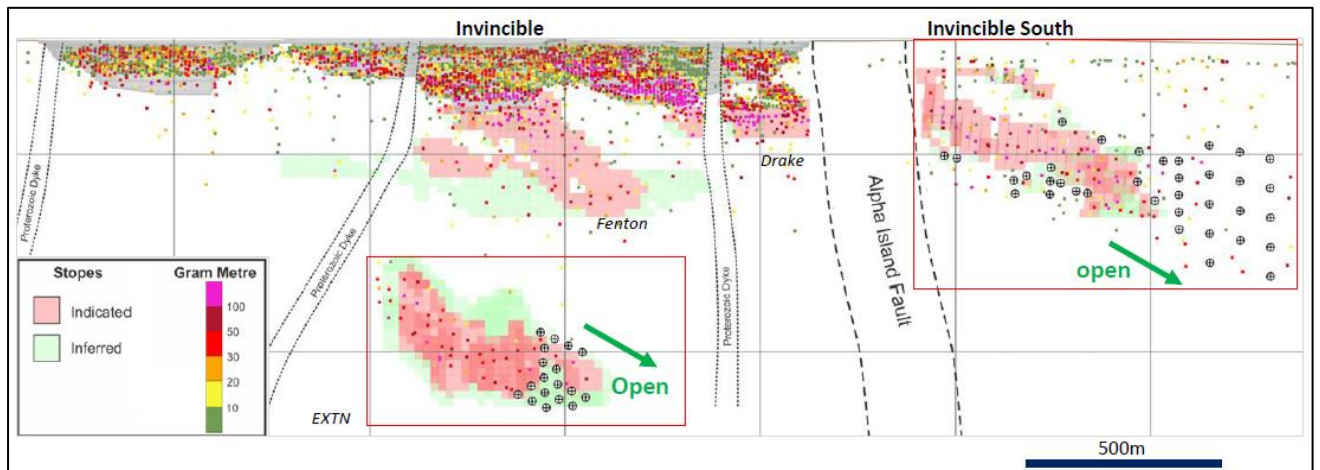
Status of drilling at Invincible in 2011. Dashed line is the current outline of the open pit.
 Source: J Woodcock, Invincible – Discovery to Development, NewGengold, 2015

Then in 1Q12, Invincible was discovered: 4 out of 5 RC holes hit ore grades.



Source: J Woodcock, Invincible – Discovery to Development, NewGengold, 2015

Below is the long section of Invincible with the resource base now at 1.4moz and likely to move past 2moz with the discovery of Invincible South Deeps (not shown on this section).



This is clearly what GFI are looking for within the LEX tenements: blind deposits beneath the sediments of the eastern part of Lake Lefroy. Perhaps not exactly another Invincible; here mineralisation is hosted in sediments, analogous to the famous Black Flag Beds seen in the Kalgoorlie area and often host to Kalgoorlie/Superpit mineralisation.

However, we got the sense during a recent visit that results from early air core drilling has been quite encouraging for the GFI geologists.

So, where to from here? GFI's air core programme will continue into 2Q19 and the next batch of data is due in late April.

We would expect deeper RC and diamond drilling to commence during the second half of 2019.

PROGRESS ON LEX'S 100% OWNED TENEMENTS

LEX will continue to focus on its Lucky Strike Trend and other prospects, located to the east of the newly joint ventured ground. LEX has been enjoying success here, especially at Lucky Strike. LEX has been undertaking a methodical approach to exploration in these tenements, all of which are located within close trucking distances of Silver Lakes Resources Limited (ASX:SLR) Randalls mill and the Northern Star Limited (ASX: NST) South Kalgoorlie mill. In the event a resource base here cannot justify a stand-alone mill there appears to be ample options for toll treating.

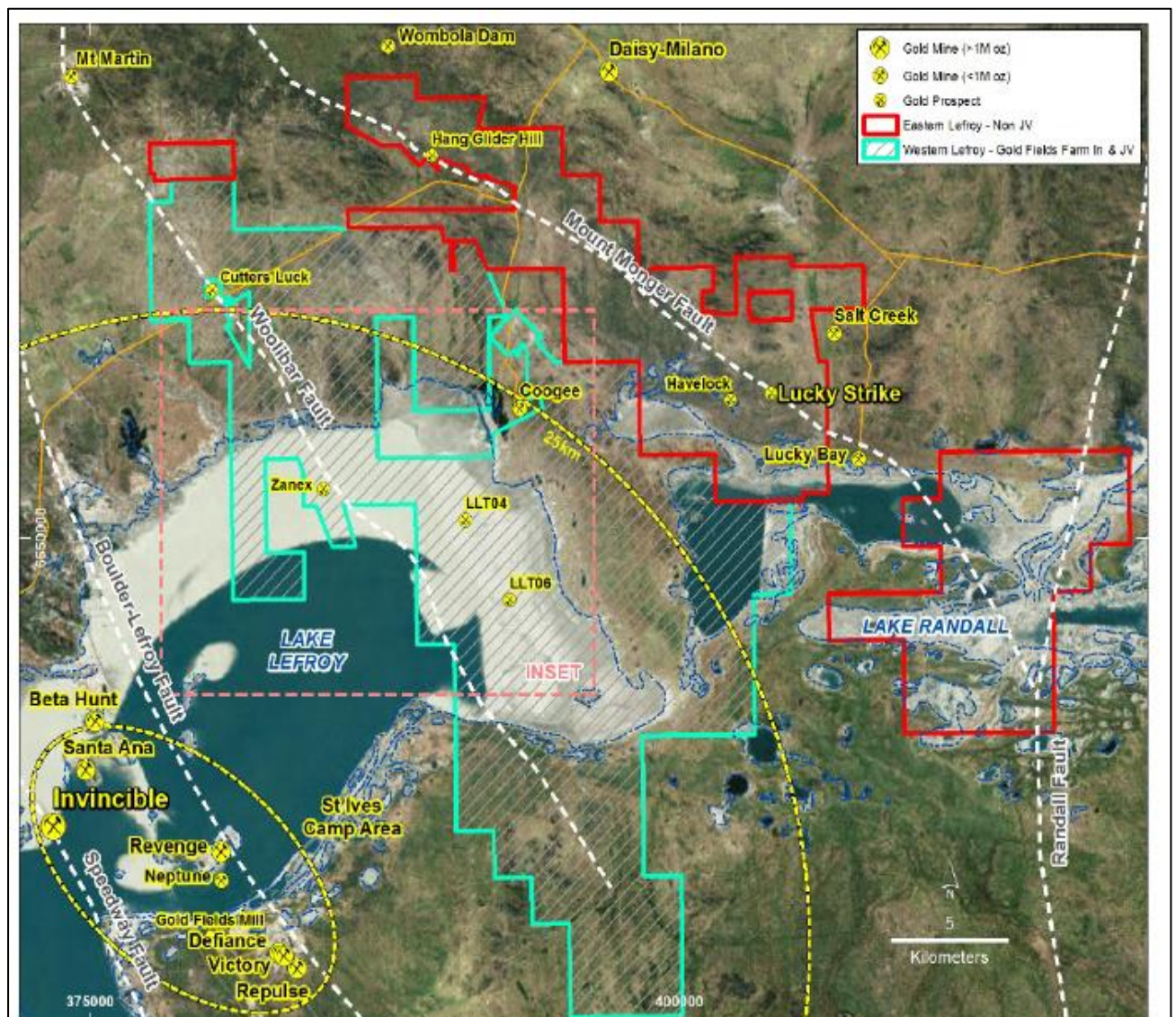


Figure 1 Lefroy Gold Project tenement package highlighting the Gold Fields Farm in & JV Western Lefroy package, proximity to Gold Fields St Ives and the non-JV eastern Lefroy Project. Refer to inset for drill program

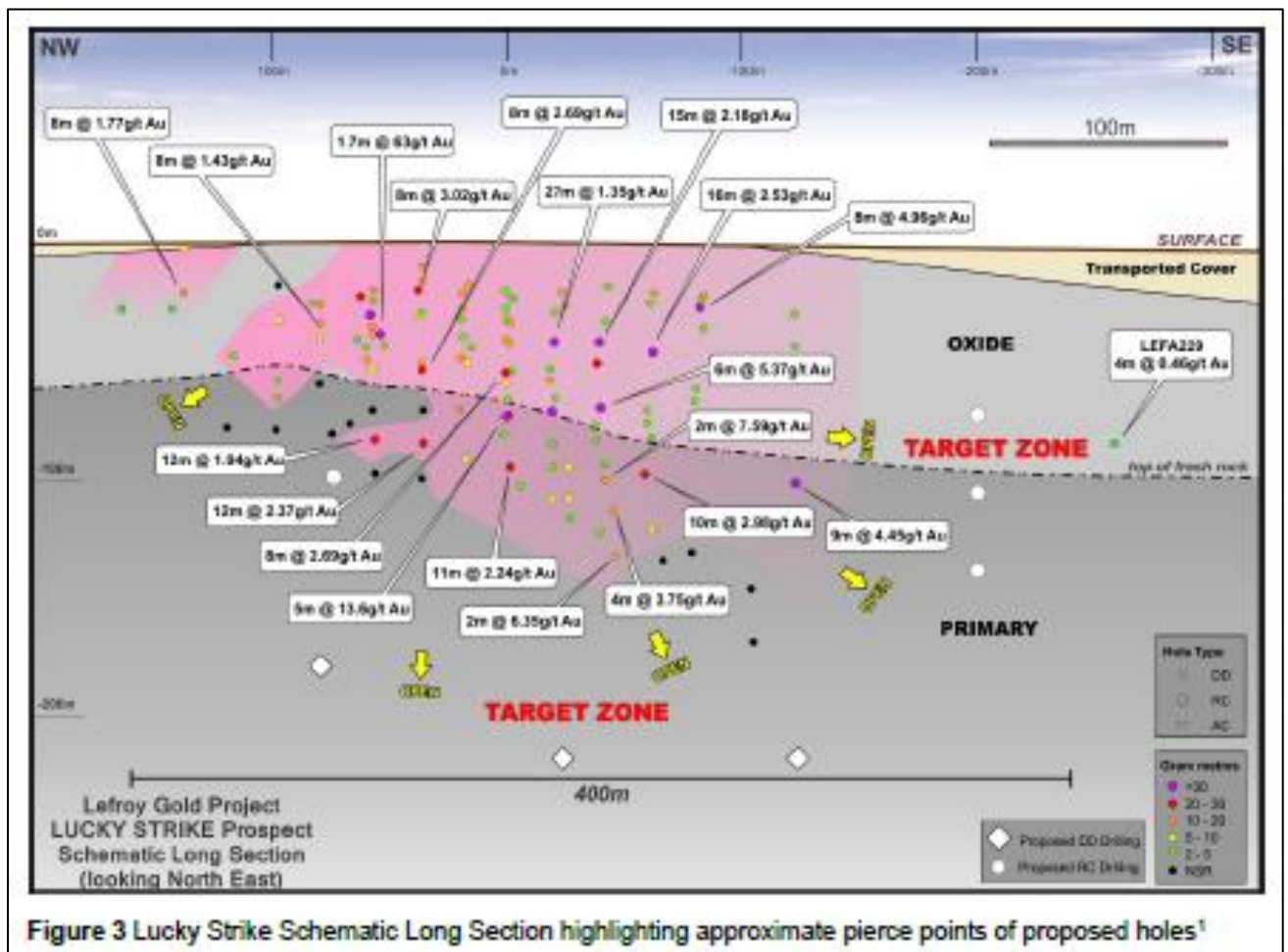
Source: Modified from LEX ASX release 15 April 2019

We had the opportunity of undertaking a site visit to these projects during March 2019. Within its 100%-owned tenements, LEX has three exploration hubs:

1. Lucky Strike, including the Lucky Strike prospect itself, Red Dale, Havelock, Neon and others, all within a short trucking distance of Silver Lake Resources' Randall mill.
2. Hang Glider Hill some 17km to the NW of Lucky Strike and possibly located on the Mt Monger Fault.
3. Lake Randall, a salt lake to the east of Lake Lefroy.

Lucky Strike.

LEX have commenced a 2 part drilling programme comprised of 10 angled RC holes and 3 deeper diamond holes to test the continuity of mineralisation within the BIF units. On our recent trip highlighted the success LEX has already had at Lucky Strike with the SE-most hole delivering 9m at 4.45g/t, a hole which finished in mineralisation. This hole will be deepened as part of the current programme. The geologists also highlighted the air core hole over 100m to the SE which reported anomalous gold within the oxide zone.



Source: LEX ASX release 4 April 2015

Hopefully this round of drilling will be able to push Luck Strike towards a resource. Thus far, correlating the higher-grade zones has been challenging, but the long section above is starting to deliver some continuity, both within the oxide and sulphide zones

The Lucky Strike trend is now 3km long with other targets including three zones along subparallel structures, Havelock (with gold-bearing air core results), Erinmore (gold anomalism in augering) and Neon (an old WMC target).

Hang Glider Hill

For the first time in a research report we present images of a selection of nuggets collected from an exploration tenement. (As an aside, we were never believers in the “Pilbara watermelon seed gold nugget” boom. The presence of nuggets is seldom a direct indicator of economic gold beneath)



Figure 2 Selection of gold nuggets found along the Hang Glider Hill trend highlighting variable shape and size

Source: LEX ASX release 27 September 2018

Hang Glider Hill is a topographic feature some 17km to the NW of Lucky Strike. Associated with a regional geological survey of the region, LEX provided access to a local prospector who identified a large number of gold nuggets (10% of which were delivered to LEX the tenement holder, under agreement). It is not for a moment suggested that coarse gold is of commercial resource potential, simply a geological oddity which deserves following up.

LEX has completed a soil geochemical survey which has identified a >1.5km long +20ppb gold anomaly.

In all, Hang Glider Hill represents an intriguing exploration opportunity within a little known part of the Eastern Goldfields. It deserves a more comprehensive exploration approach.

SUMMARY OF THE GOLD FIELDS DEAL

Gold Fields Australia Limited (100% owned by Gold Fields Ltd, JSE: GFI) has the right to earn up to a 70% joint venture interest in the Western portion of LEX's Lefroy Gold Project by spending a total of \$25 million within 6 years. Gold Fields will manage all exploration activities during the farm-in period, farming into a number of LEX's EL's and PL's which cover much of the ground to immediately east of their Tier 1 St Ives Goldfield. The farm-in will happen under the following terms:

Stage 1: Minimum expenditure of \$4m within 2 years before elective withdrawal from the agreement. Gold Fields to sole fund \$10m of expenditure within 3 years to earn a 51% joint venture interest.

Stage 2: If Gold Fields satisfies the Stage 1 farm-in requirements, it will have an elective option to sole fund a further \$15m within a total of 6 years from commencement of the agreement to earn an additional 19% interest (taking its interest to 70%).

LEX will retain 100% ownership of the eastern tenements of the Lefroy Gold Project.

Gold Fields was granted an option to subscribe for around 9% of issued capital (8,014,535 shares) in LEX, exercisable when LEX next conducts a material equity raising, the price to be paid being the same as the issue price under the equity raising. GFI now holds 18.2% of LEX.

BACKGROUND

- LEX re-established itself as a WA gold explorer in 2016 after acquiring tenements through two separate agreements in a project in the Yilgarn Craton of WA late that year. The cornerstone asset and tenement acquisition was the Lefroy Gold Project located to the south east of Kalgoorlie and to the east of and adjoining the world class St Ives gold mine camp of Gold Fields Australia.
- As well, the company holds exploration acreage in the Lake Johnston area, adjacent to the Emily Ann nickel project-
- LEX raised A\$4m in 2016 and \$2.6m in July 2018.
- LEX is run by Wade Johnson, a well-qualified explorationist, formally Exploration Manager with Newmont Australia, with over 25 years' experience in gold exploration primarily in the Eastern and Murchison Goldfields of WA and throughout Australia.

Lefroy Exploration Ltd (LEX AU)		
Share price	A\$	\$0.20
Number of shares (fpo)	m	81.20
Market capitalisation	A\$m	\$16.24
Share options	m	1.0
Cash (at 4/18)	A\$m	\$1.39
Debt	A\$m	\$0.00
Top 20 shareholders, appr.		73%
Board ownership, appr.		34%

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Disclosures

Dr Chris Baker, an authorised representative of BCP, certifies that the advice in this report reflects his honest view of the company. He has 29 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 does not own shares in LEX. He is remunerated from corporate finance fees.

BCP acted as Joint Lead Manager of the IPO of LEX in October 2016 and received corporate finance fees for this role. BCP acted as Joint Lead Manager of a placement of shares for LEX in July 2018 and received corporate finance fees for this role. BCP is currently earning corporate advisory fees from LEX.