LEFROY EXPLORATION (ASX:LEX)

Research Note – 1 June 2026

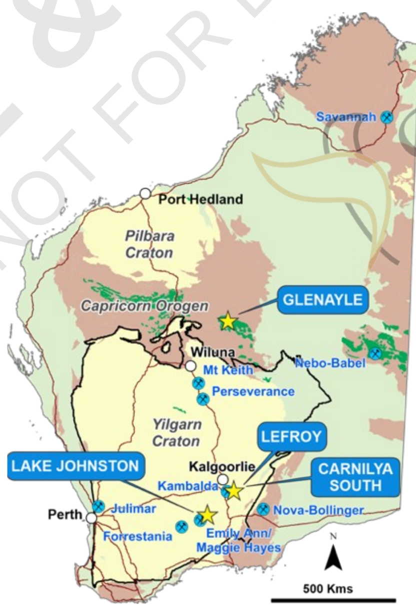
COMPANY OVERVIEW

Lefroy Exploration Limited (ASX:LEX) is a mineral exploration company incorporated in the British Virgin Islands in 1990, with its preceding entity, US Masters Holding Limited, being first listed on the ASX in September 1991. Headquartered in Perth, the company primarily focuses on the exploration and development of gold, copper and nickel assets in Western Australia. Its flagship asset, the Lefroy Project, is a contiguous land package spanning 635 km^2 located approximately 60 km south of Kalgoorlie in the Eastern Goldfields region, hosting a JORC-compliant mineral resource inventory of approximately 1.06 million ounces of gold, 58,000 tonnes of contained copper and 14,780 tonnes of nickel.

PROJECTS

Overview

Lefroy Exploration holds a portfolio of exploration and development projects located entirely in Western Australia. The flagship Lefroy project covers 635 km^2 of contiguous land located in the Kalgoorlie Terrane, approximately 60 km south of Kalgoorlie and 20 km north of Kambalda, prospective for gold, copper and nickel. The project comprises 3 key prospects which are Lucky Strike Gold Deposit, the Burns Gold-Copper Project, Mt Martin Gold Mine and two (other) prospects which are Red Dale and Goodyear Nickel Deposit. A 246 km^2 portion of the land is known as the Western Lefroy which is subject to a farm-in and joint venture agreement with Gold Fields Limited. Beyond the core project, LEX also holds additional nickel exploration assets through its wholly owned subsidiary Hampton Metals Pty Ltd. This includes the Carnilya South prospect, the Lake Johnston Project (~120 km west of Norseman), and the Glenayle Project (~210 km north of Wiluna), though the Glenayle tenement was impaired to nil in H1 FY25 following a review of the exploration assets.



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Lucky Strike Gold Deposit

Prospect Overview. The Lucky Strike Deposit is located on a granted mining lease (M25/366), located 5 km west of the Mt Monger haulage corridor within the Lefroy Project tenure. High-grade gold mineralisation is focused on the hinge of a tight fold within a banded iron formation unit and demonstrates a southward plunge. In December 2024, LEX executed a Profit-Sharing Agreement with BML Ventures Pty Ltd, under which BML acts as statutory mine operator, funding and managing all mining activities, with net profits split 50:50 between BML and LEX. Mining commenced in December 2025 and Lucky Strike poured first gold in February 2026, processing 31,768 dry tonnes at a head grade of 1.42 g/t Au for 1,392 recovered ounces at a gold recovery of 96.2%. LEX and BML are targeting a total of 250,000 toll milling ore tonnes for Stage 1.

JORC. On 20 May 2020 LEX announced it hosted a MRE of 1.27 Mt at 1.95g/t Au for 79,600 ounces, reported at a 0.5 g/t Au cut-off.

Cut-off Grade: 0.5 g/t	Tonnes (Mt)	Grade (g/t)	Contained Au (oz)
Indicated	0.70	1.93	43,400
Inferred	0.57	1.97	36,200
Total	1.27	1.95	79,600
Adjusted			44,860

Recent Exploration Activities. Two drilling programs were completed at Lucky Strike during FY25 which included a 71-hole, 3,244-metre RC resource infill program and a subsequent 421-hole, 16,467-metre grade control program funded by BML Ventures. More recently, on 9 April 2026, LEX reported results from a Phase 2 grade control program targeting the proposed stage 2 South Pit. The drilling validated the existing resource model whilst returning several intersections that are located well outside the current resource wireframe, revealing the exploration upside of the deposit. Significant assay results from the program are summarised in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram-Metres
LEFR1043	127	143	16	3.39	54.24
LEFR1058	41	52	11	2.92	32.12
LEFR1047	49	60	11	2.85	31.35
LEFR1068	32	41	9	2.66	23.94
LEFR1075	43	51	8	1.64	13.12

Planned Exploration Activities. With Stage 1 mining commenced, LEX has focused on securing additional mining capabilities to reach its 250,000-tonne Stage 1 target whilst also assessing the viability of a larger Stage 2 pit. Two diamond drill holes alongside a series of RC drilling were conducted in mid-2025 in order to test high-grade continuity below the planned Stage 1 Northern Pit and inform the design of a Stage 2 pit shell.

Mt Martin

Prospect Overview. The Mt Martin Gold Mine lies within Location 45, a 76 km² freehold parcel held by LEX under a 21-year Mineral Rights Agreement with Franco Nevada Pty Ltd, executed in May 2023. Under the terms of the agreement, LEX is required to incur a minimum of $100,000 per annum in exploration expenditure and has granted Franco Nevada a 4% net smelter return royalty. The gold deposit is positioned approximately 30 km south of Kalgoorlie and has had a history of gold production that spans over a century, with around 200,000 ounces produced at a 2.8 g/t Au.

JORC. LEX announced an updated MRE on 5 May 2026. There were no new drillings in the revision however the update focuses primarily on a change of methodology reflecting the replacement of the prior 200 m depth with an a $7,000/ounce optimised pit shell and renewed RPEEE and economic parameters. The removal of the depth cap allows for deeper inferred material to be included in the resources reportable, effectively increasing the inferred tonnes by 36%. As such, the 5% increase in contained ounces can be attributed to the revised reporting assumptions rather than new mineralisation.

Cut-off Grade: 0.5 g/t	Tonnes (Mt)	Grade (g/t)	Contained Au (oz)
Indicated	3.89	1.6	200,500
Inferred	5.21	1.6	259,500
Total	9.10	1.6	460,000
Adjusted			244,150

Recent Exploration Activities. LEX executed a 29-hole RC drilling program in early 2024 that targeted shallow extensions across the Main, East, and Adelaide Shear Zones, which contributed to the October 2024 MRE update. Significant assay results from the program are summarised in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram-Metres
LEFR379	209	244	35	1.78	62.3
LEFR395	38	46	8	3.98	31.8

Planned Exploration Activities. A 4,000 m RC drilling program commenced in April 2026 that aimed to target shallow and high-grade resource growth and down plunge extensions that spanned along Main, East and Adelaide Shear corridors where mineralisation remains open. Following the completion of the program, LEX has announced that it will provide a Scoping Study at Mt Martin during the June 2026 quarter. This study would be supported by $3.6m placement completed in May 2026, with the proceeds aimed to expedite Mt Martin evaluation and study activities.

Burns Central

Prospect Overview. Burns Central is located within the Lefroy Project tenure, approximately 70 km southeast of Kalgoorlie. The deposit is an alkalic, intrusion-related mineral system that contains gold, copper and other by-product metals hosted within Archaean-age high magnesium basalt and intermediate igneous rocks, characterised by a distinct aeromagnetic signature considered by LEX to represent an entirely new style of mineralisation within the Eastern Goldfields province. Burns Central is the most advanced of the seven potentially interconnected porphyry-related prospects forming the 4.5 km 'Burns Corridor', with the first pass exploration having already returned indications of gold and copper mineralisation.

JORC. LEX delivered a maiden MRE for Burns Central in May 2023 of 42.96 Mt at 0.36 g/t Au and 0.14% Cu, containing 497koz gold and 58.3kt copper. Moreover, in October 2024 a high-grade zone within 200 metres of the surface, reporting 4.22 Mt at 1.18 g/t Au for 159 koz, classified at over 98% indicated. This zone is structurally associated with the north-south trending Quimby Fault, representing 32% of the total gold ounces within 10% of the total defined tonnes, underlining a more concentrated development target within the broader Burns resource.

	Gold			Copper		
	Tonnes (Mt)	Grade (g/t)	Contained (Oz)	Tonnes (Mt)	Grade (%)	Contained (t)
Indicated	32.31	0.38	394,000	32.31	0.16	50,253
Inferred	10.65	0.30	103,000	10.65	0.08	8,047
Total	42.96	0.36	497,000	42.96	0.14	58,300
Adjusted			317,000			36,277

Recent Exploration Activities. In January 2026, LEX reported results from a combined diamond and RC metallurgical drilling program that aimed to target the high-grade core of Burns Central. The program returned the highest-grade intersection in the deposit's history and validated the continuity and characteristics within the high-grade zone. Significant assay results from the program are summarised in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram-Metres
LRR026	24	54	30	5.76	172.8
LEFD010	131.13	152	20.87	2.69	56.14
LEFD010	191	197.4	6.40	1.59	10.18
LRR026	71	78	7	1.15	8.05
LRR029	79	84	5	1.60	8.00

Preliminary metallurgical test work completed in late 2023 confirmed gravity-recoverable gold averaging 41% and total leach recoveries of approximately 97% indicating that the high-grade material is free-milling and amenable to conventional CIL processing.

Planned Exploration Activities. LEX has planned resource extension drilling and estimation work during 2026 funded partly by the May 2026 $3.6m placement, with the goal of upgrading the existing high-grade core. Full metallurgical work results from the December 2025 diamond hole drilling program remains pending in the January 2026 quarterly and are expected to guide potential development pathway studies at Burns.

Red Dale

Prospect Overview. The Red Dale Gold Deposit is located within the Lefroy Project tenure and contributes towards the project's gold inventory alongside Lucky Strike and Mt Martin. However, the deposit does not appear to be a current exploration priority, with no recent drilling or resource update publicly disclosed.

JORC. It was announced on 20 May 2020 that Red Dale hosts a MRE of 0.67 Mt at 1.18 g/t Au for 25,230 oz, reported at 0.5g/t cut-off.

Cut-off Grade: 0.5 g/t	Tonnes (Mt)	Grade (g/t)	Contained Au (oz)
Indicated	0.64	1.21	24,660
Inferred	0.03	0.60	570
Total	0.67	1.18	25,230
Adjusted			17,490

Recent and Planned Exploration Activities. No drilling has been undertaken at Red Dale over the past 24 months, and no future exploration programs at the project had been publicly announced at the time of writing.

Goodyear Nickel Deposit

Prospect Overview. The Goodyear Nickel Deposit is held through LEX's wholly owned subsidiary Hampton Metals Pty Ltd and is located within Location 45, approximately 30 km south of Kalgoorlie. Goodyear is a Kambalda-type komatiitic nickel sulphide system sharing the same prospective basal ultramafic contact as the Carnilya Hill mine, located 6 km to the east, which historically has produced 1.7 Mt at 3.3% Ni. The deposit has never been mined with at least 30 km of highly prospective basal ultramafic contact remaining largely untested for nickel sulphide mineralisation.

JORC. The contained resources of Goodyear were re-reported by CSA Global in 2023 at a 1% Ni cut-off, consistent with the original estimate. The identified mineralisation occurs across three defined domains and remains open along strike and down-plunge.

Cut-off Grade: 1.0% Ni	Tonnes	Grade (% Ni)	Contained Ni (t)
Inferred	392,000	3.78	14,780
Total	392,000	3.78	14,780
Adjusted			5,912

Recent Exploration Activities. No drilling activities have been conducted at Goodyear within the past 24 months, reflecting LEX's current prioritisation of its gold assets amidst subdued nickel market conditions.

Planned Exploration Activities. Although there is no current exploration program at Goodyear that has been publicly announced by LEX, their geological interpretation suggests meaningful resource extension along the strike which may be revisited when nickel market conditions warrant focus.

Other Projects

Western Lefroy Joint Venture. A 246 km^2 portion of the broader Lefroy Project tenure is subject to a farm-in agreement with Gold Fields Limited which grants Gold Fields the capacity to earn up to a 70% interest by funding $25 million in exploration. However, Gold Fields did not satisfy the Stage 2 requirement to reach 70% and the JV is currently held 51% by Gold Fields' subsidiary St Ives Gold Mining and 49% by Lefroy's subsidiary Hogans Resources, with Lefroy appointed JV Manager.

Hampton Metals Pty Ltd. Through it's wholly owned subsidiary, Hampton Metals Pty Ltd, LEX holds a range of early-stage nickel exploration assets. These include the Carnilya South prospect, located 6 km east of Goodyear along the Carnilya Nickel Belt, the Lake Johnston Project, approximately 120 km west of Norseman and the Glenayle Project, a 2,872 km^2 greenfield nickel tenement approximately 210 km north of Wiluna. These assets are currently not a priority for active exploration with LEX focusing on its core gold assets.

FINANCIALS

Cash Position and Debt Owed

In its most recent quarter (Q3 FY26), LEX has a reported cash balance of $1.42m. While the company has no bank debt, the BML Profit Cash Advance Facility was fully drawn at $2.5m which is a debt-like obligation bearing a fixed interest of 8% per annum, maturing 31 December 2026 and repayable from LEX's 50% entitlement under the Lucky Strike profit-sharing agreement. Including lease liabilities of ~114k, total debt obligations stand at approximately $2.61m, meaning a net debt position of approximately $1.19m as of 31 March 2026. Subsequently, on 22 May 2026, LEX announced a $3.6m placement, implying ~$3.38m of net proceeds after estimated placement costs. On a pro forma basis, after incorporating the placement proceeds, LEX's estimated net cash position increases to approximately $2.19m.

Cash Burn and Runway

In Q3 FY2026, LEX recorded a total cash burn of $864k made up of $507k in operating outflows and $357k in capitalised exploration and evaluation expenditure. The four-quarter average cash burn across Q4 FY25 to Q3 FY26 was $848k. It should be noted that BML Ventures funds all mining, grading, and toll milling costs at Lucky Strike, as such these costs do not appear in LEX's cash burn. With 1.65 quarters of funding available as disclosed in March 2026, LEX's near term liquidity is dependent on the commencement of profit-share distributions from Lucky Strike or further capital management. The May 2026 placement of $3.6m effectively extends the available funds, adding approximately 4.0 quarters of incremental runway at the recent average burn rate.

Exploration Expenditure

Exploration and evaluation expenditure rose materially in Q1 FY26 to $684k, reflecting increased drilling and evaluation activity across LEX's gold portfolio before moderating to $539k in Q2 FY26 and $357k in Q3 FY26. The Q2 spend coincided with the Burns Central resource extension and metallurgical drilling programs, while the Q3 figure reflects the follow-up Burns work, assay and metallurgical activities, and broader geological evaluation. Mt Martin drilling commenced after quarter end, with LEX announcing a 4,000-metre RC drilling program in April 2026.

In '000s of AUD	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Exploration and Evaluation Expenditure	312	684	539	357

Capital Structure

LEX has approximately 274.7 million ordinary shares on issue following the May 2026 placement. As of 1 June 2026, LEX has 5.7 million unlisted options exercisable at $0.30 expiring 30 November 2027, and 3,404,069 performance rights expiring 31 December 2026. The previous $0.45 option tranche, comprising 5.6 million options, expired on 20 January 2026 and is no longer included in diluted capital. Hence, on a fully diluted basis, LEX has approximately 283.8 million shares outstanding with options and performance rights representing approximately 3.2% of diluted capital.

Share Price	$0.115
Ordinary Shares Outstanding	274,679,578
Market Capitalisation	$31.59m
Debt	$2.61m
Cash	~$4.81m
Enterprise Value	~$29.39m
Options and Performance Rights Outstanding	9,104,069
Diluted Shares Outstanding	283,783,647

Capital Raise

On 22 May 2026, LEX announced a $3.6m placement of 28.8 million fully paid ordinary shares at $0.125 per share to institutional and sophisticated investors, with Bridge Street Capital Partners acting as sole lead manager. The placement is made up of 26,259,440 shares issued under LEX's existing placement capacity with settlement on 29 May 2026 and a further 2,540,560 director participation shares subject to shareholder approval. Proceeds aimed to be directed at Scoping Study activities, targeted shallow resource definition drilling, and resource-related work, at Mt Martin, with additional funds available to support Burns Central exploration.

Shareholder Analysis

	Percentage Ownership
JP Morgan Nominees Australia Pty Ltd	17.09%
St Ives Gold Mining Company Pty Ltd	8.70%
Mr Michael Davies (Board Member)	8.25%
Clarkson's Boathouse Pty Ltd	4.51%
HSBC Custody Nominees (Australia) Ltd	4.19%
Equity Trustees Ltd (Lowell Resources Fund)	3.95%
Mr Colin Petroulas	3.24%
Lefroy Exploration Share Plan Pty Ltd	3.08%
Mr Gordon Thomas Galt + Mrs Maria Galt	1.89%
Super Seed Pty Ltd	1.48%
Total	56.38%

Insider Ownership

Insider ownership at LEX remains quite moderate, with the board collectively holding ~9.07% of post placement shares on issue, with non-executive director Michael Davies accounting for the majority at 8.25%. The CEO Graeme Gribbin has no disclosed ordinary shareholding with his equity exposure comprising 3.5 million unlisted options exercisable at $0.30 and expiring 30 November 2027, and 1,598,837 performance rights expiring 31 December 2026.

	Position Held	Percentage Ownership
Michael Davies	Non-Executive Director	8.25%
David Kelly	Non-Executive Chairman	0.43%
Tara French	Non-Executive Director	0.39%
Total		~9.07%

Relative Valuation

Given its adjusted ounce gold resource of 623,500 and a gold price of $6,000/oz, we estimate the market value of LEX's resources to be approximately $3.74bn. On an EV/oz basis, the market is currently valuing LEX's resources at $47.13/oz which represents a significant discount to the peer median of $222.81/oz, approximately 79% discount to peers and highlighting substantial re-rating potential as LEX advances toward study-stage milestones and the production of cash flows.

	Metric

Adjusted Ounces	~623,500
Adjusted Grade (g/t)	0.74
Market Value of Adjusted Ounces (at $6,000/oz)	~$3.74bn
LEX EV/Ounce ($)	47.13
Peer Median EV/Ounce ($)	222.81

MANAGEMENT

Management Biographies

David Kelly - Non-Executive Chairman (Since June 2024). David Kelly is a geologist and mining executive with over 30 years of experience across the resources sector, across exploration to development and corporate advisory. He has previously served as a director of Turaco Gold Limited, Predictive Discovery Limited, Ridge Resources Limited, Renaissance Minerals Limited, and Pacific Ore Limited, and currently serves as a Non-Executive Director of Westgold Resources Ltd (ASX:WGX). In FY25, David received $130,964 in total compensation (FY24 - $154,597).

Michael Davies - Non-Executive Director (Since July 2010). Michael Davies is a specialist in resource financing with over 20 years of investment banking experience at Barclays and ABN AMRO, where he structured and arranged debt and provided corporate advice to natural resources companies internationally. He has extensive commercial experience in the mining industry across joint venture transactions, and is a founding Principal and Director of Taurus Funds Management Pty Ltd. In FY25, Michael received $155,475 in total compensation (FY24 - $178,128).

Tara French - Non-Executive Director (Since July 2022). Tara French is a geologist with over 25 years of mining and exploration experience and is currently the Managing Director of Cazaly Resources Limited (ASX:CAZ). She previously served as General Manager of Exploration at Regis Resources Limited for 14 years, playing a central role in the company's growth. Tara has multi-commodity experience across project evaluation, resource estimation, and open cut and underground mining, and is a member of the Australian Institute of Geoscientists and a Graduate Member of the Australian Institute of Company Directors. In FY25, Tara received $94,595 in total compensation (FY24 - $94,451).

Graeme Gribbin - Chief Executive Officer (Since February 2024). Graeme Gribbin is a geologist with extensive experience in exploration, resource definition, and project development across gold and base metals in Western Australia. He is the Competent Person for LEX's exploration results and resource estimates and has been the primary architect of the company's zero-cost development strategy at Lucky Strike and the commercialisation pathway at Mt Martin and Burns Central. In FY25, Graeme received $403,288 in total compensation (FY24 - $261,329).

Management Compensation

Total KMP compensation declined materially in FY25 relative to FY24, primarily reflecting the departure of former CEO Wade Johnson (FY24 - $897,092) and former Non-Executive Chairman Gordon Galt (FY24 - $329,607). The current four KMPs' aggregate compensation is lean and consistent with LEX's capital preservation focus. The elevated share-based compensation in FY24 reflects option grants to incoming directors David Kelly and CEO Graeme Gribbin.

In AUD	Salary and Benefits	Superannuation	Cash Bonus	Share-Based Compensation	Total Compensation

FY25	$431,200	$51,175	-	$301,947	$784,322
FY24	$624,037	$49,545	-	$1,241,622	$1,915,204

Related Party Transactions

Michael Davies is a director of New Holland Capital Pty Ltd which is a subsidiary of Taurus Funds Management Pty Ltd. LEX entered a deed of sub-lease for its West-Perth office premises with Taurus Funds Management on 1 January 2022, with $140,085 paid in FY25. LEX discloses that related-party transactions are made on normal commercial terms and conditions and at market rates. On this basis, no material governance concern is identified.

INVESTMENT ANALYSIS

Investment Thesis

Significant Undervaluation. At $47.13/oz of adjusted ounces, LEX trades at an approximately 79% discount to the sector median of $222.81/oz. This discount reflects the market's view of LEX as a pre-cash-flow micro-cap, but it overlooks the fact that the company has already commenced production at one deposit, has a 460,000 oz near-surface resource at Mt Martin under a funded Scoping Study, and controls a half-million-ounce porphyry system at Burns Central with exceptional near-surface grade characteristics. Hence, as LEX progresses, a re-rating towards the peer median EV/oz levels may represent substantial upside for investors.

Zero-Cost Path to Production with Near-Term Cash-Flow. LEX has constructed a unique development pathway at Lucky Strike through its 50:50 profit-sharing agreement with BML Ventures, eliminating the need for LEX to fund mine development through dilutive equity raisings. First gold was poured in February 2026, which validated the resource model alongside BML's operational execution. Profit-share distributions to LEX are anticipated in the near term, with management noting that revenues from the first toll milling parcel are being applied to repay mining costs, after which surplus cash will be shared equally. This model is explicitly flagged by management as replicable at Mt Martin and Burns Central, providing a credible path to multiple production-stage assets without shareholder dilution.

Expansive Deposit Resource Base. LEX's Lefroy Project hosts a total JORC-compliant gold inventory of 1.06 Moz across four deposits. The Mt Martin MRE was updated in May 2026 to 460,000 oz at 1.60 g/t Au, and a funded Scoping Study is underway with results expected in the June 2026 quarter. At Burns Central, the January 2026 drilling program returned the strongest intersection in the deposit's history (30 m at 5.76 g/t Au from LRR026), with resource extension drilling and full metallurgical test work results pending. Together, these provide a concentrated period of high-impact news flow that could materially re-rate the stock.

Investment Risks

Limited Study Visibility. Although LEX holds over 1 Moz of JORC-compliant gold resources, they have no completed scoping study across any of their deposits. Though Mt Martin Scoping Study is funded and underway, it has not been completed and other deposits have no studies planned. Until study outputs are available, the investment is reliant on EV/oz relative valuation rather than project economics analysis, meaning key assumptions around mine design, processing costs, capital requirements, and production timelines remain unquantified.

CEO Equity Position. Insider ownership at LEX is limited at a moderate 9.07% of total shares on issue, across the board. However, CEO Graeme Gribbin holds no disclosed ordinary shareholding, with his equity exposure purely limited to 3.5 million unlisted options exercisable at $0.30 and 1,598,837 performance rights tied to production and cash flow milestones at Lucky Strike. While the performance rights structure provides some alignment on a production-based outcome, the absence of direct share ownership by the CEO may be seen as having inadequate skin in the game.

INVESTMENT RECOMMENDATION

Despite LEX's portfolio of resource deposits and a significant discount to peer median EV/oz, the investment case is contingent on several material catalysts that remain largely unresolved at the current time. The timing and size of Lucky Strike's profit-sharing distributions remain uncertain. This uncertainty is compounded by the fact that results from the 2026 Mt Martin RC drilling program, the Mt Martin Scoping Study, and the Burns Central resource estimation work are still pending, with no confirmed timeline. Until additional visibility is established across these pipelines, the investment case is reliant on the potential of the outcome rather than the established results. Accordingly, we recommend LEX as a **Watch**.

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