



LEFROY EXPLORATION LIMITED

FINANCIAL REPORT

For the half year ended 31 December 2021

Incorporated in the British Virgin Islands IBC No 29457

Australian Registered Body Number 052 123 930

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
ARBN 052 123 930

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CORPORATE DIRECTORY

Directors

Gordon Galt	(Non-executive Chairman)
Michael Davies	(Non-executive Director)
Wade Johnson	(Managing Director)

Company Secretary

Susan Hunter

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Auditors

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Stock Exchange Listing

Lefroy Exploration Limited shares are listed on the Australian Securities Exchange (ASX code: LEX)

Australian Company Number and Australian Business Number

ARBN: 052 123 930
ABN: 71 052 123 930

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Lefroy Exploration Limited (the "Company") and its controlled entities (the "Group"), for the half-year ended 31 December 2021 and independent review report thereon. This financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Director's names

The names of the Directors in office at any time during or since the end of the half year are:

Gordon Galt (Non-executive Chairman)

Michael Davies (Non- executive Director)

Geoffrey Pigott (Non-executive Director) – Retired 31 January 2022

Wade Johnson (Managing Director)

The Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Results and Review of operations

For the half year ended 31 December 2021, the Group recorded a loss (after providing for income tax) amounting to \$912,000 (Dec 2020: loss \$504,000).

During the 6 months ended 31 December 2021, the Company maintained its gold exploration focus on the Lefroy Gold Project (LGP) 50km to the south-east of Kalgoorlie. Exploration activities here continue to be progressed in two tenement packages, with work being continued by Gold Fields Limited (Gold Fields) at the Western Lefroy JV area and by the Company at the wholly owned Eastern Lefroy tenements.

At Eastern Lefroy the primary focus was at the Burns copper gold prospect where multiple RC drilling programs were completed. These were designed to expand the footprint of the system guided by the results from a detailed aeromagnetic survey. This was followed thereafter by a broad aircore drilling program, evaluating the limits of the Burns system and corridor beneath Lake Randall. A maiden aircore drill program was also completed at Coogee South subsequent to the excision of that prospect from the Western Lefroy JV.

The key exploration results and progress made by the Company during the six months were: -

- Final assay results were received and compiled for the 9 diamond holes completed on the zero north baseline and 40 north sections drilled in the June 2021 Quarter. Better results include:
 - **12.7m @ 2.53g/t Au & 0.08% Cu from 141.3m in LEFD004**
 - **15m @ 1.61 g/t Au & 0.33% Cu from 218m in OBURCD025**
 - **5m @ 2.90 g/t Au & 0.66% Cu from 228m in OBURCD025**
 - **15.4m @ 1.02g/t Au & 0.19% Cu from 154.6m in LEFRD261**
 - **27.4m @ 1.93g/t Au & 0.22% Cu from 219.8m in LEFRD262**
 - **25.4m @ 2.13g/t Au & 0.13% Cu from 152.4m in LEFRD283**

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- A detailed aeromagnetic survey over the wider Burns Intrusive complex identified six new magnetic anomalies with signatures similar to Burns over a 3000m corridor and coincident with a +200ppm drill hole copper anomaly
- A 17-hole RC drill program that evaluated multiple targets generated from the aeromagnetic survey at Burns enhanced the Intrusion related mineral system and identified new areas that include the Lovejoy target:
 - At Lovejoy, hole LEFR297 intersected and ended in strongly altered diorite porphyry similar to that observed at Burns which is some 2000m to the southeast. Assay results were:
 - **10m @ 0.21g/t Au & 0.60% Cu & 2.5g/t Ag from 218m Including 2m @ 0.41g/t Au & 1.56% Cu & 5.5g/t Ag from 225m**
 - **8m @ 0.22g/t Au & 0.51% Cu & 1.75g/t Ag from 250m to EOH and Including 2m @ 0.67g/t Au & 1.53% Cu & 5.0g/t Ag from 256m to EOH**
 - Hole LEFR307 located 1600m to the west of the established Burns system intersected a new palaeochannel hosted intercept of **17m @ 1.70g/t Au from 75m including 7m @ 3.58g/t Au from 80m** that remains open.
- A maiden 136-hole AC drilling program evaluating a 1500m corridor commencing 250m south of the high grade Coogee open pit successfully generated two new broad gold anomalies known as Catalina and Bronte which are both open
- At the Western Lefroy JV project Gold Fields satisfied the Stage 1 Farm-In requirement for the WLFI & JV and elected to increase its interest in the WLFI to 70% by sole funding a further \$15 million of exploration over the next three years
- Subsequent to the JV election, Gold Fields commenced a large 46,000m land based Full Field Aircore (FFAC) drilling program, with 1318 holes planned.
- The Company registered a wholly owned subsidiary company, Johnston Lakes Nickel Pty Ltd (JLN) and formed to hold the nickel assets of the Company. To add to this portfolio five large exploration licenses were applied for to form the Glenayle project, north of Wiluna in Western Australia in September 2021

Subsequent to year end the Company announced (21 February 2022) significant high-grade results from two vertical AC holes that are approximately 180m to the north of the Burns discovery hole LEFR260 (LEX ASX release 23 February 2021) located on the baseline section (0N). The holes are 40m apart on the same drill section, both intersecting altered Eastern Porphyry, the key host to Au Cu mineralisation at Burns.

Significant results from this program include:

- **16m @ 3.79g/t Au from 20m in LEFA1088 Including 8m at 7.31g/t Au from 20m**
- **24m @ 2.86g/t Au from 16m to EoH in LEFA1089 Including 16m @ 4.04g/t Au from 20m**
- **20m @ 0.47g/t Au from 20m in LEFA1091 Including 4m @ 1.05g/t Au from 24m**

Importantly, hole LEFA1089 ended in gold (Au) and copper (Cu) mineralisation, that included 8m at 1.91g/t Au & 0.31% Cu from 32m to EoH. The results to date from these three and other holes immediately northeast of the discovery section demonstrate the expanding footprint of the Burns system.

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The drilling intersected the Eastern Porphyry on wider spaced (160m) drill traverses to the north to demonstrate the continuity to this intrusive body. The porphyry here is covered by up to 70m of palaeochannel sediments that are part of the Lefroy Palaeodrainage. Further results are pending.

Exploration Overview

Lefroy Gold Project

The Lefroy Gold Project (LGP) is wholly owned by the Company and located approximately 50km to the southeast of Kalgoorlie in the Eastern Goldfields Province of Western Australia. The commanding, semi-contiguous, granted land package covers 637.6km² immediately east of and adjoining the world class +10Moz St Ives Gold camp, operated by Gold Fields Limited (NYSE: GFI) ("Gold Fields"), and is immediately south of the high-grade Mt Monger gold centre operated by Silver Lake Resources Limited (ASX:SLR) ("Silver Lake"). Four gold processing operations are strategically located within 50km of the project and provide commercial options for processing any gold resources discovered.

LGP is referenced in two packages, i.e.

- **Eastern Lefroy** covering 265.6km² of wholly owned tenements (Figure 1) including Lucky Strike, Red Dale, Hang Glider Hill, Havelock, Burns and other sub-projects along or near the regional scale Mt Monger fault, now also including Coogee South and;
- **Western Lefroy Joint Venture ("WLJV")** tenements (Figure 1) covering 372km² adjoining the Gold Fields tenements that make up the St Ives mining operation. Gold Fields can earn up to a 70% interest in the LEX tenements by spending up to a total of \$25million on exploration activities within 6 years of the commencement date, 7 June 2018.

The key focus of exploration by the Company in Eastern Lefroy during the six months to December 2021 was at the priority Burns Copper-Gold Prospect ("Burns Cu-Au Prospect") located within the Non-JV Eastern Lefroy sub project. The Burns prospect is situated on the eastern margin of a large interpreted felsic intrusion, termed the Burns Intrusion.

A maiden 22-hole RC drill program completed in Jan-Feb 2021 intersected a spectacular gold and copper interval in hole LEFR260 containing 38m @ 7.63g/t Au & 0.56% Cu from 134m. The results from that RC program provided the geological and geochemical data that highlighted the unique geological characteristics of Burns and the stepping block to continued exploration activity. Exploration at Burns involved the completion of multiple drilling programs to evaluate the broader geological and geochemical footprint of the system with:

1. a 17-hole RC drill program testing multiple targets within and external to the established Burns Cu Au system
2. an early stage aircore drilling program on Lake Randall adjacent to Burns and the RC targets, that recommenced in January 2022.

A secondary exploration focus by the company was at Coogee South with the assessment and reporting of results for the maiden aircore drilling program undertaken in the prior quarter.

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At Western Lefroy, JV partner Gold Fields elected in July 2021 to earn the Stage 2 Participating Interest. The Stage 2 earn-in allows Gold Fields to sole fund a further \$15 million of expenditure over 3 years (by June 2024) to earn an additional 19% interest in the Joint Venture to bring its total interest to 70%. In the December 2021 quarter the quarter Gold Fields commenced a massive land based Full Field Aircore (FFAC) drilling program. This program was suspended over the Christmas New year period and recommenced subsequent to 31 December 2021.

Eastern Lefroy Gold Project (LEX 100%)

The Eastern Lefroy project is a semi contiguous package of wholly owned tenements that cover approximately 37km of strike along and straddling the regional scale Mt Monger Fault. The Mt Monger Fault is considered to be structurally analogous to other major regional faults in the Kalgoorlie terrain (e.g., Boulder-Lefroy, Zuleika, Randall) that are likely a primary control to gold mineralisation. The Company considers the Mt Monger Fault to be similarly prospective to host large gold deposits adjacent to its interpreted position, however the area lacks a significant degree of exploration.

The Company identified three priority centres, or hubs along the Mt Monger Fault trend where greenfields exploration for gold is being focused. These hubs are ranked according to the level of prior exploration activity, gold anomalies identified as noted below, and the structural setting.

P1- Lake Randall Exploration Hub: -Generative Exploration (Burns)

P2- Lucky Strike Exploration Hub: -Advanced Exploration (Havelock, Lucky Strike)

P3- Hang Glider Hill Exploration Hub: -Early-Stage Exploration (Hang Glider, Coogee South)

During the December 2021 Quarter the Company continued to focus field activities on the Lake Randall Exploration Hub subsequent to the strong gold copper discovery intersection recorded in hole LEFR260 at the Burns Cu-Au Prospect in February 2021. A maiden aircore drill program was also completed at Coogee South after this was excised from the Western Lefroy JV. Coogee South now falls within the Hang Glider Hill Hub.

Burns Cu-Au Prospect

The Burns Cu-Au Prospect lies within the Lake Randall Exploration (LRE) Hub that is immediately southeast of the linear trending Lucky Strike-Havelock-Erinmore banded iron formation (BIF) trends. The LRE hub contains tenement E15/1715 that covers an area of approximately 20km² containing the Burns prospect that was discovered by Octagonal Resources Limited in 2011, following earlier generative exploration work initiated by Newmont Australia in 2008.

The Burns prospect is situated on the eastern margin of a large interpreted felsic intrusion, termed the Burns Intrusion. The intrusion does not outcrop and is represented by a distinctive annular aeromagnetic and gravity geophysical signature (refer LEX ASX release 16 September 2020). A maiden 22-hole RC drill program completed in Jan-Feb 2021 intersected a spectacular gold and copper interval in hole LEFR260 containing 38m @ 7.63g/t Au & 0.56% Cu from 134m. The results from that RC program provided the geological and geochemical data that highlighted the unique characteristics of Burns and the stepping block to continued drilling activity in 2021.

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The broad high-grade gold mineralisation is hosted within a newly discovered hematite-pyrite-chalcopyrite-magnetite altered diorite porphyry (refer LEX ASX release 23 February 2021) that intrudes high Mg basalt. This porphyry, termed the Eastern Porphyry, is open to the north and south. Diamond drilling on the zero north (baseline) and 40N sections has defined the eastern extent of the Eastern Porphyry marked by foliated basalt that may indicate a major structure beneath Lake Randall. The alteration and mineralisation are open at depth.

During the six months to 31 December 2021, assay results were received from an earlier diamond drilling program, completion of an aeromagnetic survey and multiple RC programs, and commencement of a large footprint aircore drilling program outboard of Burns and in Lake Randall.

Diamond Drill Program

A nine-hole diamond drill program commenced on 20 April 2021 to evaluate the Eastern Porphyry over a 200m strike length on three 40m spaced drill sections. The first hole of the program (LEFD004) was completed on 3 May 2020. That hole was designed to twin and extend past the high-grade interval found in LEFR260 to find any further mineralisation and determine the width of the Eastern Porphyry on the zero north drill section (ON). Geological details of that drill hole were reported to the ASX on 3 May 2020.

That hole was drilled primarily to understand the geological and structural controls of the system but also provide the guidance for the subsequent diamond holes on the ON, 40N and 40s drill sections. The host Eastern Porphyry was intersected in LEFD004 from 117m to 304.5m, a down hole interval of 187.5m. The porphyry is interpreted to have a near vertical dip and an estimated true width of approximately 110m bounded by basalt to the west and east. That hole confirmed three distinct variations of the host diorite porphyry formally known as BP1, BP2 and BP3 which are interpreted as multi-phase intrusive events. Multiple zones of visually identified unusual alteration and mineralisation were intersected in the porphyry in LEFD004 (refer LEX ASX release 3 May 2021).

This indicated and continues to support the Company's initial interpretation of the Burns copper gold model being a multi-phase intrusive and alteration event (diorite porphyries), with a final magnetite sulphide event mineralising both the porphyry and the basalt host rocks. A research study was initiated during the September 2021 quarter with the Centre of Exploration Targeting (CET) at the University of Western Australia. The study is ongoing and will date the age of the intrusions and the mineralisation to provide further support to genesis of the Burns mineral system that will provide guidance to exploration targeting in the area.

Details of four further diamond holes on the zero-north section, OBURCD025, LEFRD267, LEFRD268 and LEFRD282 were reported to the ASX on 13 May, 25 May and 18 June 2021 respectively. Those holes confirmed the extension to, and the geometry of, the altered Eastern Porphyry at depth.

The five diamond holes on the zero north section established at least 180m of vertical depth continuity of visually altered and mineralised porphyry below the 37m zone of Au/Cu mineralisation in LEFR 260 (38m @ 7.63g/t Au & 0.56% Cu from 134m). The drill data has also defined the boundaries to the Eastern Porphyry body which has approximate 120m true width. The eastern boundary is considered to be a major structural zone, located beneath Lake Randall, that has an interpreted northwest trend. The geology

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also revealed a unique mineral assemblage, in particular the gypsum-magnesite-sulphide veins and magnetite sulphide (chalcopyrite) veins.

Assessment of the gold, copper and silver results from the five holes highlight multiple zones of gold and or copper mineralisation in the intervals noted from inspection of the core and highlighted in text above. Initial review of the data highlight two steeply dipping mineralised zones that are approximately 20m in width with a vertical continuity of 150m. Significant gold and copper results from the four holes are as follows:

- **6.60m @ 1.14g/t Au & 1.18% Cu from 102m in LEFD004**
- **12.7m @ 2.53g/t Au & 0.08% Cu from 141.3m in LEFD004**
- **6.20m @ 1.28g/t Au & 0.29% Cu from 160m in LEFD004**
- **10m @ 0.25 g/t Au & 0.95% Cu from 77m in OBURCD025**
- **15m @ 1.61 g/t Au & 0.33% Cu from 218m in OBURCD025**
- **5m @ 2.90 g/t Au & 0.66% Cu from 228m in OBURCD025**
- **13m @ 0.90 g/t Au & 0.28% Cu from 263m in LEFRD267**
- **12.3m @ 0.94g/t Au from 406m in LEFR268**
- **10m @ 1.19 g/t Au from 265m in OBURCD025**

The western zone is a gold copper (and silver) system and includes the high-grade mineralisation in LEFR260. The other (eastern) is gold only, with a much lower copper and silver content. This eastern zone appears to relate to the more pyrite altered intervals of the porphyry and the Company considers this a new style of mineralisation at Burns and provides another style of target. The relationship between the two zones is unclear but may represent separate but related mineralisation events, one being gold-copper-silver, the other gold only.

The down dip continuity of both zones is limited by hole LEFR268. However, a new interval of gold only mineralisation (12.3m @ 0.94g/t Au from 406m) was intersected at a deeper interval that represents a new and/or developing zone.

The results from the twin hole LEFD004 did not replicate the strong mineralisation in LEFR260. The Company considered this lack of reproducibility to be the bias (difference) in the sample size selected between the RC drilling and the half core HQ diamond core, and the internal variability of the mineral system noting that in particular the chalcopyrite is blebby/fracture filled as opposed to an evenly disseminated style. Further details are provided in the ASX release dated 2 August 2021 by the Company.

The 40N section was drilled with five RC holes by the company earlier in the year.

Three holes (LEFRD261, LEFRD262 and LEFRD283) were completed and reported in the June 2021 quarter. Hole LEFRD261 was completed as the first step out diamond hole and reported to the ASX on 18 June 2021. That hole intersected a broad 110m downhole interval of hematite-magnetite-pyrite altered Eastern Porphyry, followed by foliated altered basalt to EOH at 393.8m. The entire interval of porphyry is altered and or mineralised, demonstrating the northern continuity of mineralisation within the altered Eastern Porphyry 40m to the north of the zero-north section.

Assay results from the zero north and 40 north sections were received and reported to the ASX during the September 2021 quarter (refer LEX ASX releases 21 September & 2 August 2021).

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Significant gold, copper, and silver results from the three 40N diamond holes are as follows:

- **15.4m @ 1.02g/t Au & 0.19%Cu & 1.05g/t Ag from 154.6m in LEFRD261**
Including 0.4m @ 33g/t Au & 1.83% Cu & 9g/t Ag
- **4.55m @ 2.12g/t Au & 0.10%Cu & 0.89g/t Ag from 209m in LEFRD261**
- **6.8m @ 1.18g/t Au & 1.00% Cu & 7.57g/t Ag from 45m in LEFRD262**
Including 0.63m @ 2.13g/t Au & 1.45% Cu & 52.5g/t Ag from 51.2m
- **27.4m @ 1.93g/t Au & 0.22% Cu & 0.92g/t Ag from 219.8m in LEFRD262**
Including 1m @ 33.7g/t Au & 0.93% Cu & 6.0g/t Ag from 226.8m
- **4.4m @ 2.16g/t Au & 0.25g/t Ag from 154.6m in LEFRD261**
- **25.4m @ 2.13 g/t Au & 0.13% Cu & 0.53g/t Ag from 152.4m in LEFRD283**
Including 1m @14.8g/t Au & 0.08%Cu & 2.50g/t Ag from159m

The results delivered multiple broad gold copper intersections, mainly hosted by porphyry, that has established continuity 40m along strike of the discovery or baseline (0N) section. The mineralisation dips steeply to the west and is open at depth and along strike. Narrow higher-grade Au-Cu-Ag intervals are hosted by magnetite breccia veins within porphyry.

However, hole LEFRD262 intersected a magnetite breccia veined zone from 45m that included a 0.63m interval containing 52.5g/t Ag in basalt. The new results support a common developing theme that the Au-Cu-Ag mineralisation in either the basalt or porphyry host is related to the magnetite veining. The surface magnetic anomalies provide a first order vector to search for additional Burns-style mineralisation external to the current focused drill area.

Hole LEFRD261 was completed as the first step out diamond hole on the 40N section and was reported to the ASX on 18 June 2021. The hole intersected a broad 110m downhole interval of hematite-magnetite-pyrite altered Eastern Porphyry, followed by foliated altered basalt to EOH at 393.8m.

LEFRD261 was the only hole that penetrated well into the lower or footwall basalt, where a 35.45m downhole interval of strongly foliated basalt containing massive pink calcite veins was intersected (refer pages 5 & 7 LEX ASX release 18 June 2021). The results from this interval intersected 24m @ 0.22g/t Au from 334m within a carbonate veined sheared basalt that demonstrates the potential of the footwall basalt located beneath Lake Randall to host gold mineralisation.

Burns Aeromagnetic Survey

The Company completed a detailed 25m line spaced aeromagnetic survey covering 54km² which was centered on and included the entire extent of the Burns Intrusion (Figure 4) in August 2021 (refer LEX ASX release 18 August 2021). The results from the survey were reported to the ASX on 28 September 2021

The results from the survey defined multiple Burns look alike magnetic anomalies over a 3000m trend known as the Burns Corridor. The Company interpreted the anomalies to represent magnetite alteration zones within and surrounding porphyry dioritic intrusions that are additional to and similar in style to Burns. The largest and northernmost magnetic anomaly, now designated Lovejoy, lies beneath Lake Randall. Lovejoy has a coincident, positive gravity anomaly (refer Figure 4 LEX ASX release 28 July 2021) of similar character to Burns

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RC Drill program

The magnetic anomalies defining the Burns Corridor triggered the Company to commence a staged drilling program to assess the broader limits of the Burns mineral system and surrounding geology. Stage 1 of the program involved drilling land-based targets using an RC rig, with stage 2 requiring a specialised lake aircore (AC) rig to evaluate targets (e.g., Lovejoy) in Lake Randall with an initial phase completed in December 2021. The expanded stage 2 AC program is currently underway in Lake Randall.

In October 2021 the stage 1 “onshore” RC drilling program was completed. A total of 16 angled holes for 3336m evaluated 6 magnetic anomalies, including six holes at Burns. Hole depths ranged from 120m to 258m, with an average depth of 200m. This program included one vertical hole (LEFR307) located 1600m west of Burns drilled to target the main Burns Intrusion.

The nine RC holes evaluating the Smithers, Flanders, Skinner and Lovejoy magnetic anomalies up to 2000m north of Burns all intersected altered diorite and basalt similar to that observed at Burns. The strongest alteration in dioritic porphyry was intersected in holes at Lovejoy and Skinnner. Holes LEFR296 and 297 are on the western margin of Lovejoy magnetic anomaly that was evaluated In December 2021 with aircore drilling on Lake Randall.

Importantly hole LEFR297 intersected significant intervals of hematite silica altered porphyry and associated Cu-Au-Ag-Mo mineralisation. A fault zone with angular diorite clasts in an intense hematite altered silica matrix including strong fine disseminated magnetite and sulphides was intersected from 228m to 250m. The last 2m of the hole ended in strong copper mineralisation hosted by altered diorite porphyry and basalt with associated gold and silver credits.

Significant results from hole LEFR297 include:

- **10m @ 0.21g/t Au & 0.60% Cu & 2.5g/t Ag from 218m, Including 2m @ 0.41g/t Au & 1.56% Cu & 5.5g/t Ag from 225m**
- **8m @ 0.22g/t Au & 0.51% Cu & 1.75g/t Ag from 250m to EOH Including 2m @ 0.67g/t Au & 1.53% Cu & 5.0g/t Ag from 256m to EOH**

Additional to the bedrock exploration a new gold zone and opportunity has been discovered approximately 1600m to the west of the established Burns system. Two holes (LEFR306 & 307) were drilled to evaluate the untested core and margin to the large Burns Intrusion. The target area had only been tested by historical (2007-2012 era) wide spaced (320m line 160m centres) aircore drilling, most of which was considered by the Company as ineffective.

Vertical hole LEFR307 was designed to evaluate the intrusion but also follow up a prior subtle gold anomaly hosted in transported cover in an historical aircore hole. The single RC hole intersected a broad gold interval at the base of the transported cover and established gold mineralisation in the monzodiorite basement. The results include: -

- **A new palaeochannel hosted intercept of 17m @ 1.70g/t Au from 75m including 7m @ 3.68g/t Au from 80m that is open**
- **The first intersection within the monzodiorite basement of 11m @ 0.42g/t Au from 100m, that supports this as a new host rock and is also open**

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This single hole has now established that the basal sediments in the palaeochannel at Burns can host gold significant mineralisation and that the monzodiorite basement beneath is also a host to primary gold mineralisation. The intersections are open in all directions.

The Burns palaeochannel (channel) is part of the larger Lefroy drainage that extends east from the St Ives gold camp. At Burns the Company has established the extent of the channel based on interpretation of the historical AC drilling. The broad channel extends from LEFR307 in the southwest and trends to the northeast and beneath Lake Randall for approximately 2500m. The channel and basal gravels were intersected in the December 2021 aircore drilling in Lake Randall, with results pending.

The broad gold intercept in LEFR307 demonstrates that the basal gravels in the channel can host significant gold mineralisation and are considered by the Company to be a priority target to follow up, in addition to pursuing the Cu Au mineralisation at Burns.

Aircore Drill program

The second stage of the broader exploration program used a specialised lake aircore rig to evaluate aeromagnetic targets (e.g., Lovejoy, Kenny's Dream) in Lake Randall (offshore) immediately adjacent to and along the Burns corridor. That work was completed in December 2021, with a total of 7989m of drilling in 199 holes completed on a nominal broad 160m by 80m hole centre pattern. The drill density was increased where favorable geology was encountered. Assay results have been received for the 128 holes from that campaign and reported on 21 February 2022.

Ongoing Greater Burns Program

The significant results to date validate the targeting criteria used by the Company for the methodical staged drilling approach in this unique Cu Au intrusion related mineral system. The new results at Lovejoy demonstrate the larger footprint of the gold mineralised diorite porphyry and suggest this is part of a larger Burns Igneous Complex (BIC) that comprises multiple porphyry and associated comagmatic intrusions each with potential to host Cu Au mineralisation.

The AC drilling is ongoing in Lake Randall and will focus on the Burns area (LEFA1088 & 1089) and other targets in Lake Randall while results are pending. As at 21 February 2022, the Company is awaiting results from a further 301 AC holes that consist of 3,313 samples that evaluated a portfolio of targets further outboard of Burns (e.g., Neon).

Compilation of the gold and multi-element data and from this large program is ongoing and will provide the baseline geochemical framework to provide vectors to higher priority targets. This will include positioning for a deep (+1km) EIS funded diamond drill hole at Burns.

In addition, planning for a program of wide spaced RC drilling to evaluate the dimensions of the palaeochannel mineralisation is underway. This drilling is scheduled to be commenced in the March 2022 quarter.

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Coogee South Prospect

The Coogee South Prospect is located immediately along strike to the south of the high-grade (+5g/t Au) Coogee open pit, which was successfully mined by Ramelius Resources Limited ("Ramelius" and ASX: RMS) during 2014. Coogee South was excised from the Western Lefroy Farm-in (WLF) and JV and returned as a 100% owned project to the Company on 18 June 2021 (refer LEX ASX release 2 August 2021).

A 136-hole first pass AC program for a total of 4056m was completed by the Company in September 2021 at Coogee South and results reported in November 2021 (LEX ASX release 4 November 2021).

This early-stage drill program evaluated a priority target area immediately along strike to the south of the Coogee open pit. The 136-hole air core drilling program evaluated the 1500m corridor defined by historical shallow rotary air blast drilling (RAB) with close spaced (80m line & 40m centres) drilling. The holes are effectively a geochemical sampling program designed to outline and generate regolith (oxide rock) gold anomalies for follow up deeper RC drill.

Drilling successfully generated two new broad gold anomalies known as Catalina and Bronte. Significant results from the program include:

- **3m @ 0.99g/t Au from 24m to EOH in LEFA967**
- **6m @ 0.38g/t Au from 12m to EOH in LEFA984**
- **2m @ 0.84g/t Au from 24m to EOH in LEFA1004**
- **4m @ 1.48g/t Au from 36m to EOH in LEFA1020**
- **1m @ 1.40g/t Au from 29m to EOH in LEFA1022**

The Catalina gold anomaly is 800m in strike and located immediately south of the tenement boundary. The anomaly has a northwest trend that is coincident with a magnetite altered rock unit. Catalina has a coincident gold copper anomaly and is considered to be similar to the mineralisation at Coogee with the strongest anomalism coincident with the interpreted continuation of the flat dipping Coogee structure.

In contrast, the Bronte gold anomaly is approximately 400m in strike and has a more northerly trending aspect. The key rock type at Bronte is a diorite porphyry and there is no associated copper anomalism. The Bronte anomaly is open to the south with some of the higher tenor gold intercepts being from the southernmost drill traverse.

Planning of the next phase of exploration at Coogee South is complete. The program will include RC drilling to test down dip of the recent intersections and additional AC drilling to extend the limits of the new anomalies at Catalina and Bronte. Initial diamond drilling is also planned to evaluate the key geological and structural characteristics of the Coogee South Prospect. Drilling is scheduled to commence in the March Quarter 2022 depending on drill rig availability.

Western Lefroy Gold Project (Farm-In and Joint Venture Agreement: Gold Fields right to earn 70%)

The Western Lefroy tenement package being farmed into by Gold Fields covers Lake Lefroy and the surrounding area. The package comprises 372km² of the total 637.6km² of the LGP and is adjacent to Gold Fields' +10 million-ounce St Ives Gold operation.

During the June 2021 Quarter, Hogans Resources Pty Ltd ("Hogans"), a wholly owned subsidiary of the Company and St Ives Gold Mining Company Pty Ltd, a wholly owned subsidiary of Gold Fields Limited (NYSE: GFI) ("Gold Fields") executed a Side Deed to satisfy the expenditure shortfall in the Stage 1 earn commitment of \$10million required by 7 June 2021 (refer LEX ASX release 21 & 25 June 2021).

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DIRECTORS' REPORT

The shortfall was satisfied on 25 June 2021 with a cash payment to Lefroy of \$1.38million and the excision of the Coogee prospect from the WLFI land package.

On 30 July 2021 St Ives provided Hogans with the Stage 1 Satisfaction Notice to confirm that:

1. St Ives had satisfied the Stage 1 Farm In requirement by:
 - a. Payment of one half of the shortfall amount (plus GST), being \$1,518,797.50 paid by funds transfer to Hogans on 24 June 2021, and
 - b. Excising the Excluded Area from the Principal Agreement from the effective date of the Side Deed, being 18 June 2021.
2. St Ives has provided Hogans with an itemised breakdown of Direct Expenditure incurred by St Ives during the Stage 1 Farm in Period
3. St Ives elects to earn the Stage 2 Participating Interest.

The Stage 2 earn-in allows St Ives to sole fund a further \$15 million of expenditure over 3 years to earn an additional 19% interest to bring its total interest to 70%.

During the December Quarter it was announced (LEX ASX release 12 October 2021) that a massive Full Field Aircore (FFAC) drill program had been planned and was underway. The program involved completing approximately 1318 vertical holes spaced 400m apart on traverses 400m apart to cover most of the land area of the Western Lefroy tenement package. This program will yield foundation geological and geochemical information that will be interrogated in conjunction with the geophysical data to deliver specific targets for AC, RC and diamond drilling.

During the December quarter, 442 holes for 8690m were completed. This included a focused, close spaced drill program at Paddy's Secret, the site of an alluvial gold find in 2013-2014, where several large (plus 10oz) gold nuggets were discovered in a 400m by 200m area (LEX:ASX release 12 October 2017).

The FFAC program will be ongoing subject to Land access clearances in advance of the drilling.

Lake Johnston Project (Gold and Nickel), Lefroy 100% of Gold and Nickel Rights

The Lake Johnston Project is located 120km west of Norseman in Western Australia and comprises two granted exploration licenses (E63/1722 & 1723) held under title by Lefroy, and one recently acquired exploration license (E63/1777) held under title by Lefroy with lithium rights held by Lithium Australia NL (ASX:LIT) ("Lithium Australia"). These holdings form a cohesive package of 197km² over the Lake Johnston Greenstone Belt.

The Company continues to progress the opportunity to accelerate nickel and gold exploration on the project and is actively pursuing tasks to assist this strategy. The Company is mindful of the exploration prospectivity for nickel and gold mineralisation on the cohesive land package, but with the full focus being at Eastern Lefroy there is limited opportunity to run parallel exploration programs. The Company also recognises the appreciation in the nickel price and future demand by the EV industry and the opportunity to develop a dedicated Ni exploration Company

During the October 2021 quarter the Company registered a wholly owned subsidiary company, Johnston Lakes Nickel Pty Ltd (JLN). The internal transfer of the Lake Johnston tenements held by LEX and Ni rights on five tenements at Carnilya south held by Monger Exploration Pty Ltd, also a subsidiary of the Company into JLN was initiated.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

Subsequent to the end of the December 2021 Quarter Transfer documents had been lodged with the Department of Mines, Industry Regulation and Safety (DMIRS). The Company continues to focus on a separate listing of the nickel assets held by JLN as a dedicated greenfield nickel explorer (refer LEX ASX release 25 October 2021).

Glenayle Project (Lefroy 100%)

The new JLN entity also applied for five large exploration licenses to form the Glenayle project, 210km north-east of Wiluna in Western Australia in September 2021 (Refer ASX announcement of 26 October 2021 for further information).

The Glenayle Project covers a massive contiguous 2735km² of the Proterozoic age Salvation Basin that is intruded by multiple dolerite sills that extend over the entire land package. The dolerite sills are part of the Warakurna Large Igneous Province (LIP) that extends west to the Bangemall Basin and east to include the Giles layered intrusive complex. The sills are considered prospective for magmatic Ni-Cu and PGE mineral systems.

The Company has commenced compilation and assessment of previous surface geochemistry, geophysical and drilling data from WAMEX at Glenayle. The location of drill core from the only three diamond holes drilled at Glenayle is being traced, with two of the three holes already being located.

The Company has also commenced land access negotiations with the determined Native Title group. The tenements are expected to be granted in Q4 FY 2022.

Corporate

The key Corporate activities for the Company for the Half Year to 31 December 2021 were:

- The Company received firm commitment to raise A\$6 million (before issue costs) via an oversubscribed share placement to institutional and sophisticated investors and a share purchase plan to existing shareholders as new domestic and overseas institutional investors (LEX ASX release 11 November 2021).
- The Company released its 2021 Annual Report on 30 September 2021: and
- The Company held its 2021 Annual General Meeting (AGM) on 2 December 2021. All resolutions were carried by a poll.

Significant changes in state of affairs

There were no significant changes in the Group's state of affairs that occurred during the half year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Group during the half year was exploration and evaluation of mineral assets within the state of Western Australia.

No significant change in the nature of these activities occurred during the half year.

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DIRECTORS' REPORT

After balance date events

The following events have occurred subsequent to the period ended 31 December 2021:

- On 6 January 2022, the Group issued 1,350,000 ordinary shares under its employee incentive scheme known as the Lefroy Exploration Limited Directors and Executives Share Plan. 600,000 ordinary shares were offered to an employee and 750,000 ordinary shares to a key consultant of the Group. The issue of ordinary shares was pursuant to the same terms and conditions as those included for Directors at the Groups most recent Annual General Meeting ("AGM"), being in three equal tranches and subject to the following vesting conditions:

- (i) Tranche one (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.60 per share for 5 consecutive days;
- (ii) Tranche two (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.70 per share for 5 consecutive days; and
- (iii) Tranche three (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.80 per share for 5 consecutive days.

- On 31 January 2022, Mr Geoffrey Piggott advised of his intention to retire and formally resigned as a Director of the Group. Mr Piggott was instrumental in gaining title to a number of the Group's prospective exploration assets. Mr Piggott remains keen to continue to assist the Group and is available for geological assessments as required by the Board of Directors

- On 9 February 2022, the Group entered into a binding farm-in and joint venture agreement with SensOre Ltd ("SensOre") in relation to its 100% interests in the Marloo Dam Tenement, under which SensOre can earn up to 70% joint venture interest by spending up to \$0.8mil on exploration activities within 4 years from the commencement of the agreement.

No other matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The Group expects to maintain the present status and level of operations.

Rounding of amounts

The financial statements are expressed in Australian Dollars and have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.



WADE JOHNSON

Managing Director

Dated this 15th day of March 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated 31-Dec-21 \$000	Consolidated 31-Dec-20 \$000
Income		
Interest Income	1	2
Other Income	5	67
Total Income	<u>6</u>	<u>69</u>
Expenses		
Exploration expense	-	-
Accommodation expenses	20	15
Legal, professional and consulting expenses	367	148
Directors fees	83	149
Travel expenses	1	5
Depreciation expense	22	-
Net loss on financial assets held at fair value through profit or loss	-	32
Salaries and wages expenses	169	47
Share based payment expense	75	58
Other expenses	181	119
Total Expenses	<u>918</u>	<u>573</u>
Loss for the period before income tax	<u>(912)</u>	<u>(504)</u>
Income tax expense	-	-
Loss after income tax	<u>(912)</u>	<u>(504)</u>
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(912)</u>	<u>(504)</u>
Loss per share		
Basic loss per share attributable to ordinary equity holders in cents	(0.73)	(0.50)
Diluted loss profit per share attributable to ordinary equity holders in cents	(0.73)	(0.50)

The accompanying notes form part of these financial statements.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	NOTE	Consolidated 31-Dec-21 \$000	Consolidated 30-Jun-21 \$000
ASSETS			
Cash and cash equivalents		6,365	3,354
Trade and other receivables		124	81
Other current assets		4	4
Total current assets		<u>6,493</u>	<u>3,439</u>
Property, plant and equipment		42	62
Exploration and evaluation assets	3	<u>13,823</u>	<u>11,784</u>
Total non-current assets		<u>13,865</u>	<u>11,846</u>
TOTAL ASSETS		<u>20,358</u>	<u>15,285</u>
LIABILITIES			
Trade and other payables		197	340
Provisions	4	<u>66</u>	<u>45</u>
Total current liabilities		<u>263</u>	<u>385</u>
Provisions	4	<u>254</u>	<u>216</u>
Total non-current liabilities		<u>254</u>	<u>216</u>
TOTAL LIABILITIES		<u>517</u>	<u>601</u>
NET ASSETS		<u>19,841</u>	<u>14,684</u>
EQUITY			
Issued Capital	5	42,603	36,609
Foreign currency translation reserve		(111)	(111)
Share based payment reserve	6	706	631
Accumulated losses		<u>(23,357)</u>	<u>(22,445)</u>
TOTAL EQUITY		<u>19,841</u>	<u>14,684</u>

The accompanying notes form part of these financial statements.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Consolidated	NOTE	Contributed equity \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Total equity / (shareholders' deficit) \$'000
At 1 July 2020		32,126	(21,312)	530	(111)	11,233
Loss for the period		-	(504)	-	-	(504)
Other comprehensive income, net of income tax		-	-	-	-	-
Total comprehensive loss		-	(504)	-	-	(504)
Issue of ordinary shares (net of costs)		4,407	-	-	-	4,407
Share based payments		-	-	57	-	57
At 31 December 2020		36,533	(21,816)	587	(111)	15,193
At 1 July 2021		36,609	(22,445)	631	(111)	14,684
Loss for the period		-	(912)	-	-	(912)
Other comprehensive income, net of income tax		-	-	-	-	-
Total comprehensive loss		-	(912)	-	-	(912)
Issue of ordinary shares (net of costs)		5,994	-	-	-	5,994
Share based payments	6	-	-	75	-	75
At 31 December 2021		42,603	(23,357)	706	(111)	19,841

The accompanying notes form part of these financial statements.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated 31-Dec-21 \$000	Consolidated 31-Dec-20 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(787)	(587)
Receipts of ATO tax refund and cash flow boost	-	100
Interest received	1	2
Net cash flows used in operating activities	(786)	(485)
Cash flows from investing activities		
Payments for exploration and evaluation	(2,195)	(1,142)
Payments for plant and equipment	(2)	(5)
Proceeds from share sale	-	420
Net cash flows used in investing activities	(2,197)	(727)
Cash flows from financing activities		
Proceeds from issue of shares	6,300	4,686
Payments of share issue costs	(306)	(279)
Net cash flows generated from financing activities	5,994	4,407
Net increase in cash and cash equivalents held	3,011	3,195
Cash and cash equivalents at the beginning of the financial period	3,354	907
Cash and cash equivalents at the end of the financial period	6,365	4,102

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1: GENERAL INFORMATION

Lefroy Exploration Limited was incorporated under the laws of the British Virgin Islands on 14 May 1990 under the International Business Companies Act (Cap. 291). The liability of the members is limited by shares. The Company maintains its Registered Office in the British Virgin Islands.

These financial statements are presented in thousands of Australian Dollars and comprises the Company and its controlled entities (the "Group"). The Group has determined that its functional currency is Australian dollars (June 2021: Australian dollars).

The consolidated financial statements were approved and authorised for issue by the Directors as at the date of the Directors' report.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group in the preparation and presentation of the consolidated financial report are in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021, except for the impact of new and amended Standards and Interpretations adopted on 1 July 2021 as described below.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by the Group during the half-year.

(b) Accounting estimates and judgements

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

All judgements, estimates and assumptions applied in the consolidated financial statements for the half year ended 31 December 2021, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Historical Cost Convention

The financial report has been prepared under the historical cost convention, except for certain classes of assets and liabilities for which the fair value basis of accounting has been applied.

(d) Going concern

The interim consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group's cash flow forecasts through to 31 March 2023, reflect that the Group has sufficient working capital to enable it to meet its committed administration, exploration and operational expenditure over this period.

Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

(e) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current half year disclosures.

(f) Operating segments

IFRS 8 requires that operating segments be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group engages in one business segment, being exploration activities within Western Australia. Consequently, the results of the Group are analysed as a whole by the chief operating decision maker.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) New and amended standards and interpretations

The Group applied all new and amended Accounting Standards and Interpretations that are effective from 1 July 2021, including the following:

Amendments on IFRS 3 – Definition of a Business

Amendments to IFRS 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of IFRS 3 has not materially impacted the financial statements of the Group.

Amendments on IAS 1 and IAS 8 – Definition of Material

This standard principally amends IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in IAS 1. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across IFRS Standards and other publications. The amendment also includes some supporting requirements in IAS 1 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

The application of this amendments has not materially impacted the financial statements of the Group.

The Group did not elect to apply any pronouncements before their operative date in the reporting period beginning 1 July 2021.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 3: EXPLORATION AND EVALUATION ASSETS	Consolidated	
	31-Dec-21	30-Jun-21
	\$000	\$000
<i>Exploration and evaluation assets</i>		
Carrying amount at the beginning of the period	11,784	10,210
Other exploration costs incurred during the period	2,039	2,955
Goldfield payment for the shortfall spend	-	(1,381)
Carrying amount at the end of the period	<u>13,823</u>	<u>11,784</u>

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent upon successful development and commercial exploitation.

NOTE 4: PROVISIONS	Consolidated	
	31-Dec-21	30-Jun-21
	\$000	\$000
Current		
Employee benefits	66	45
	<u>66</u>	<u>45</u>
Non-current		
Employee benefits	38	-
Rehabilitation	216	216
	<u>254</u>	<u>216</u>

NOTE 5: ISSUED CAPITAL

Issued Capital	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21
	Nos.	Nos.	\$000	\$000
(a) Share capital				
Fully Paid Ordinary Shares	<u>137,969,876</u>	<u>119,908,000</u>	<u>42,603</u>	<u>36,609</u>

	Consolidated	
(b) Movements in issued capital	No.	\$000
Fully Paid Ordinary Shares		
Balance at 1 July 2020	94,686,745	32,126
9 September 2020 -vesting of Tranche one Share Plan Shares	1,933,333	-
30 October 2020 - Share Placement	18,041,671	4,330
25 November 2020 - Share Purchase Plan	772,917	186
17 December 2020 - Share Placement	708,334	170
Share issue costs	-	(289)
20 February 2021 – vesting of employee shares under the Executive share plan	50,000	-
11 March 2021 -vesting of Tranche two and three Share Plan Shares	3,500,000	-
24 June 2021 - Exercise of 215,000 \$0.40 options into 215,000 fully paid ordinary shares	215,000	86

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Balance at 30 June 2021	119,908,000	36,609
20 August 2021 – Share Plan Shares granted to employees and vested during the period (Note 6)	61,875	-
17 November 2021 - Share placement \$0.35	17,142,857	6,000
14 December 2021 - Director placement \$0.35 (i)	857,144	300
Share issue costs	-	(306)
Balance at 31 December 2021	137,969,876	42,603

(i) Shares issued to Directors and their related parties who participated in the Share Placement, as approved at the General Meeting of Shareholders held on 2 December 2021.

NOTE 6: RESERVES

	Consolidated	
	31-Dec-21	30-Jun-21
	\$000	\$000
Reserves		
Foreign currency translation reserve	(111)	(111)
Share based payments reserve (i)	706	631

(i) Share Plan Shares

As at 31 December 2021 there were 6.55 million ordinary shares (30 June 2021: 0.3 million ordinary shares) held by the Lefroy Exploration Share Plan (the 'Share Plan Trust'), previously named the U.S. Masters Executive Plan Trust, on behalf of Directors and employees, held in conformity with the Share Plan Trust rules.

During the half year ended 31 December 2021:

In December 2021, 6,300,000 fully paid ordinary shares were approved for issue to the Directors under the Employee share plan.

A reconciliation of Share Plan Trust ordinary shares is as follows:

Director	1-Jul-21	Grants	Vested	31-Dec-21
Gordon Galt	-	1,200,000	-	1,200,000
Michael Davies	-	1,200,000	-	1,200,000
Geoffrey Pigott	-	1,500,000	-	1,500,000
Wade Johnson	-	2,400,000	-	2,400,000
Other employees	175,000	78,125	(61,875)	191,250
Unassigned	141,667	(78,125)		63,542
Total	316,667	6,300,000	(61,875)	6,554,792

Directors and employees are not entitled to the shares held by the Share Plan Trust until the relevant vesting conditions are met. All ordinary shares held on behalf of Directors by the Share Plan Trust are issued in three equal tranches and subject to the same vesting conditions, outlined below and as approved by the Company's shareholders on 2 December 2021:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 6: RESERVES (CONTINUED)

- (iv) Tranche one (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.60 per share for 5 consecutive days;
- (v) Tranche two (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.70 per share for 5 consecutive days; and
- (vi) Tranche three (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.80 per share for 5 consecutive days.

Ordinary shares held on behalf of employees are subject to vesting periods of 1-2 years where the individuals must remain employed by the Group in order to receive their entitlement.

In August 2021, 61,875 ordinary shares were issued under the Share Plan Trust to two eligible employees, one in recognition of their long term commitment to the Group, the other after their commencement with the Group. A total of \$23,513 was expensed during the half year ended 31 December 2021 in relation to these ordinary shares.

Share Plan Trust shares issued to the Directors were valued using an option pricing model with the following inputs:

	31-Dec-2021	30-June-2021
Measurement date	2-Dec-21	11-Oct-19
Volatility	109%	136%
Expected term	5 years	3 years
Expected vesting period	5 years	3 years
Share price at grant date	\$0.36	\$0.22
Expected dividends	\$Nil	\$Nil
Risk-free rate	1.32%	0.77%
Exercise price	\$0.60 \$0.70 \$0.80	\$0.30 \$0.40 \$0.50
Expected director exit rate per year	Nil%	Nil%
Market based vesting conditions	As outlined above	As outlined above
	\$0.291	\$0.160
Fair value at grant date	\$0.282	\$0.151
	\$0.275	\$0.144

The total amount expensed during the half year ended 31 December 2021 in relation to the Share Plan Trust shares issued to Directors and employees of the Group was \$74,973 (2020: \$57,599).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 7: RELATED PARTY TRANSACTIONS

Transactions with key management personnel of the entity or its parent and their personally related entities are set out below. All other Key management personnel compensation is consistent with the disclosures of the Groups 2021 annual financial statements for the financial year ended 30 June 2021.

- Messrs Gordon Galt and Michael Davies are directors of New Holland Capital Pty Ltd ('New Holland Capital'), a subsidiary of Taurus Funds Management Pty Ltd. During the period, the Group engaged New Holland Capital to act as Lead Advisor in relation to a farm-in or vend-in over the Lefroy Project. Pursuant to this engagement, New Holland Capital received \$166,962 (exc. GST) in success fees in relation to the agreement farm-in and joint venture agreement signed for the Group's Western Lefroy Joint Venture are of interest. \$45,822 in retainer fees were also paid the New Holland Capital as corporate advisor for the sale/commercialisation of the Groups Lake Johnston assets and Lucky Strike-Red Dale gold resources in the Lefroy gold project.
- As at 31 December 2021, \$Nil amount (inc. GST) remains due and payable to New Holland Capital in respect of services rendered (31 December 2020: \$Nil)
- Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Exploration Commitments

	31-Dec-21	30-Jun-21
	\$000	\$000
Up to 1 year	706	691
Between 2 and 5 years	2,703	2,658
	3,409	3,349

The expenditure commitment of the Group for later than 1 year but not later than 5 years is uncertain. It is not possible to accurately forecast the nature or amount of future tenement expenditure commitments required to maintain areas of interest, although it will be necessary to incur expenditure.

A further \$459,000 of exploration expenditure is required for the Western Lefroy Project's exploration commitments within the next year. A further \$1,688,000 of exploration expenditure is required for the Western Lefroy Project's exploration commitments later than one year but not later than five years.

The amount included is considered by management to be a conservative estimate of future costs in order to maintain the Group's interest in present tenement areas. If the Group decides to relinquish, farm out, vary, convert or otherwise change its areas of interests that are in good standing with the DMIRS (subject to receipt of approval), such amounts that are committed will also change.

The Directors are not aware of any contingent liabilities of the Group for the half year ended 31 December 2021.

LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 9: DIVIDENDS PAID

No dividends were paid or provided for during the half year ended 31 December 2021 (31 December 2020: \$NIL).

NOTE 10: FAIR VALUES

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to the period ended 31 December 2021:

- On 6 January 2022, the Group issued 1,350,000 ordinary shares under its employee incentive scheme known as the Lefroy Exploration Limited Directors and Executives Share Plan. 600,000 ordinary shares were offered to an employee and 750,000 ordinary shares to a key consultant of the Group. The issue of ordinary shares was pursuant to the same terms and conditions as those included for Directors at the Groups most recent Annual General Meeting ("AGM"), being in three equal tranches and subject to the following vesting conditions:

- (i) Tranche one (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.60 per share for 5 consecutive days;
- (ii) Tranche two (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.70 per share for 5 consecutive days; and
- (iii) Tranche three (33.33%) – When the Company's share price (as traded on the ASX) exceeds \$0.80 per share for 5 consecutive days.

- On 31 January 2022, Mr Geoffrey Piggott advised of his intention to retire and formally resigned as a Director of the Group.

- On 9 February 2022, the Group entered into a binding farm-in and joint venture agreement with SensOre Ltd ("SensOre") in relation to the Group's 100% interests in the Marloo Dam Tenement. SensOre can earn up to 70% joint venture interest by spending up to \$0.8mil on exploration activities within 4 years from the commencement of the agreement.

There has been no other matters or circumstance, which has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2021, of the Group.

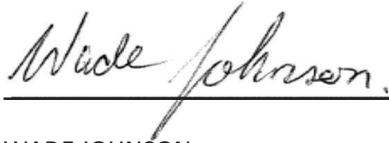
LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
ARBN 052 123 930

DIRECTORS' DECLARATION

The Board of Directors of Lefroy Exploration Limited state that the accompanying financial statements have been prepared in accordance with International Financial Reporting Standards and that in their opinion:

- a) the consolidated statement of profit or loss and other comprehensive income drawn up presents fairly the results of the Group for the 6 months ended 31 December 2021.
- b) the accompanying consolidated statement of financial position drawn up presents fairly the state of affairs of the Group as at 31 December 2021.
- c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, reading "Wade Johnson", is written over a horizontal line.

WADE JOHNSON

Managing Director

Dated this 15th day of March 2022.

Independent auditor's review report to the members of Lefroy Exploration Limited

Conclusion

We have reviewed the accompanying half-year financial report of Lefroy Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report does not present fairly, in all material respects, the Group's financial position as at 31 December 2021 and its financial performance and cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

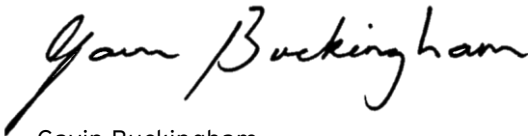
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the Group's financial position as at 31 December 2021 and its financial performance and cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Gavin Buckingham
Partner
Perth
15 March 2022