



LEFROY EXPLORATION LIMITED

FINANCIAL REPORT

For the half year ended 31 December 2023

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Incorporated in the British Virgin Islands IBC No 29457

Australian Registered Body Number 052 123 930

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LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
ARBN 052 123 930

CORPORATE DIRECTORY

Directors

Gordon Galt (Non-executive Chairman)
Michael Davies (Non-executive Director)
Tara French (Non-executive Director)
David Kelly (Non-executive Director) – Appointed 1 January 2024
Wade Johnson (Managing Director) – Resigned 6 February 2024

Company Secretary

Susan Park

Registered Office

Level 3, 7 Rheola Street
WEST PERTH WA 6005
Telephone: +618 9321 0984

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P.O Box 3093
Road Town,
Tortola, VG1110
British Virgin Islands

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 17, 221 St George's Terrace
PERTH WA 6000
Telephone: +618 9323 2000

Rodus Building
PO Box 3093
Road Town,
Tortola, VG1110
British Virgin Islands

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

Email

info@lestroyex.com

Internet Address

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LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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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 2023 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)

Tara French (Non-executive Director)

David Kelly (Non-executive Director) – Appointed 1 January 2024

Wade Johnson (Managing Director) – Resigned 6 February 2024

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 2023, the Group recorded a loss (after providing for income tax) amounting to \$1,270,000 (Dec 2022: loss \$1,196,000).

During the 6 months ended 31 December 2023, the Company shifted its focus towards planning and exploration efforts on its Mt Martin gold project at the Location 45 freehold project, with a secondary key focus relating to resource definition and extension drilling at the Goodyear Nickel deposit. Title for this property is held by Franco-Nevada Australia Pty Ltd ("Franco Nevada"). Location 45 is within Lefroy's 635km² greater Lefroy Gold Project (LGP). The LGP is strategically positioned in the highly endowed Kalgoorlie Terrane, surrounded by the infrastructure and haul roads of multiple other operating gold mines within the prolific Kalgoorlie-Kambalda mining district.

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

- Undertaking of a technical review of the drilling database and resource model for the Mt Martin deposit, validating the half million-ounce gold resource and identifying the opportunity for considerable growth potential (refer ASX release 5 September 2023).
- Completion of a maiden 29-hole Reverse Circulation (RC) drill program at Mt Martin in December 2023, targeting for repeats to mineralisation both to the east and north-west of the existing open pit.
- Return of significant gold results from this program, including
 - 35m @ 1.78g/t Au from 209m, including 10m @ 4.32g/t Au from 222m (LEFR379); and
 - 8m @ 3.98g/t Au from 38m, including 4m @ 7.16g/t Au from 41m (LEFR395)
- Commencement of the Company's maiden diamond drilling program targeting resource extensional and definition works at the Goodyear Nickel Deposit.

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DIRECTORS' REPORT

At the Western Lefroy JV project, in September 2023, Lefroy was appointed Manager of the Western Lefroy Joint Venture Agreement (JVA) between Gold Fields (51%) and Lefroy (49%) in accordance with the terms of 2018 Farm-in and JV Agreement (refer ASX announcement 20 September 2023). The Western Lefroy Farm-In and Joint Venture Agreement (the 'Principal Agreement') commenced on 7 June 2018 (ASX release 7 June 2018) between Gold Fields' subsidiary St Ives Gold Mining Company Pty Ltd (St Ives) and Lefroy's wholly-owned subsidiary Hogans Resources Pty Ltd (Hogans).

The Company also advised in August 2023 that in the best interest of its shareholders, it had deferred its plans to undertake a demerger and IPO (Initial Public Offering) of its nickel subsidiary Hampton Metals Ltd.

This will allow the Company to thoroughly evaluate its nickel portfolio, including Goodyear and enhance its value through exploration (refer ASX announcement 23 August 2023).

Exploration Overview

Lefroy Gold Project

The Lefroy Gold Project (LGP) is wholly owned by the Company, located approximately 50km to the southeast of Kalgoorlie in the Eastern Goldfields Province of Western Australia. The commanding, semi-contiguous, granted land package covers 635km² immediately east of and adjoining the world class +10Moz St Ives Gold camp, operated by 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, which provide commercial options for processing any gold resources discovered.

LGP is referenced in three packages, i.e.

- **Location 45** held within the Company's wholly owned subsidiary Monger Exploration, incorporating all minerals (excluding nickel, Lithium and Rare earth elements (REE's)) including the Mt Martin Gold deposit. Lefroy's other wholly owned subsidiary, Hampton Metals Ltd, also holds the nickel, lithium and REE's mineral rights on Location 45.
- **Eastern Lefroy Gold Project** covering a contiguous package of wholly owned tenements including Lucky Strike, Coogee South, Hang Glider Hill, Havelock, Burns and other sub-projects along or near the regional scale Mt Monger fault, and
- **Western Lefroy Joint Venture** ("WLJV") tenements covering 253.7 km² 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 \$25 million on exploration activities within 6 years of the commencement date of 7 June 2018.

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DIRECTORS' REPORT

Location 45

The key focus of exploration by the Company in the Lefroy Gold Project during the six months to December 2023 was planning for and execution of the Company's maiden resource extension drilling program at the Mt Martin gold mine.

A maiden 29-hole Reverse Circulation (RC) drill program was completed at Mt Martin in December 2023, targeting for repeats to mineralisation both to the east and north-west of the existing open pit.

Drilling commenced in November 2023, incorporating 29 RC holes for 5,712m. These holes were targeted as nominal 40m step-outs from existing zones of mineralisation to evaluate multiple shallow gold-bearing structures and their depth extensions over a strike length of 1,000m. Significant results were achieved from this program, including:

- 35m @ 1.78g/t Au from 209m, including 10m @ 4.32g/t Au from 222m (LEFR379); and
- 8m @ 3.98g/t Au from 38m, including 4m @ 7.16g/t Au from 41m (LEFR395)

A secondary focus for the Company through its wholly owned subsidiary Hampton Metals Limited involved a maiden diamond drilling program at the Goodyear Nickel deposit.

This nickel centric program commenced at Goodyear in late November 2023. This represented the first diamond drilling program conducted on the Goodyear resource since 2008. The program aimed to increase confidence and expand the existing Mineral Resource within the significantly under-explored Carnilya Nickel Belt.

Results were not returned inside the 6-month period ending 31 December 2023, however the Company reported strong visual encouragement, including 1.2m of massive to semi-massive pyrrhotite and pentlandite bearing sulphides within drillhole GYD040.

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 structurally analogous to other major regional faults in the Kalgoorlie terrain (e.g., Boulder-Lefroy, Zuleika, Randall) which host a number of major gold deposits (e.g. Gold Fields' St Ives). The Company considers the Mt Monger Fault to be comparable in prospectivity, limited only by the lack of significant exploration.

The Mt Monger Fault trend hosts the Company's three priority centres or "hubs" for greenfields gold exploration. These hubs are ranked according to the level of prior exploration activity, gold and copper anomalies identified (as noted below) and their structural settings.

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 six months to 31 December 2023, the Company continued to focus research and development efforts towards the Burns project in collaboration with the Centre for Exploration targeting (CET) at the University of Western Australia (UWA).

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DIRECTORS' REPORT

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

The Western Lefroy tenement package covers Lake Lefroy and the surrounding area. The package comprises 253.7km² of tenure and is adjacent to Gold Fields' +10 million-ounce St Ives Gold operation. This Farm-In agreement commenced on 7 June 2018.

Lefroy was appointed Manager of Western Lefroy Joint Venture Agreement (JVA) between Gold Fields (51%) and LEX (49%) in accordance with the terms of 2018 Farm-in and JV Agreement (refer ASX announcement 20 September 2023).

St Ives notified Hogans and Lefroy in July 2023 that it would not satisfy the Stage 2 Farm-In requirement triggering the Stage 1 vesting date forming a Joint Venture with the respective Participating Interest of the Joint Venturers being as follows:

- Hogans 49%
- St Ives 51%

In accordance with the Principal Agreement, Lefroy's wholly owned subsidiary, Hogans elected to be manager of the Joint Venture Agreement following the resignation of St Ives' on 12 September 2023.

St Ives and Hogans have initiated all the required next steps for the commencement of the next phase of operation of the JV, including establishment of the Management Committee, transfers of the 51% interest in the Tenements and other assets, provision of final geological data and the orderly transition of management (refer ASX announcement 20 September 2023).

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

The Lake Johnston Project is located 120km west of Norseman in Western Australia and comprises four granted exploration licenses held under title by Hampton Metals Ltd. These holdings form a cohesive package of 180km² over the Lake Johnston Greenstone Belt. The lithium rights for three of the tenements are held by Charger Metals NL (ASX CHR) and Lithium Australia NL (ASX LIT).

In December 2023 Lefroy lodged applications for three Exploration Licenses (ELs) covering a 350km² land package near existing tenements in the Lake Johnston area. The tenure is almost entirely unexplored but is considered prospective for lithium pegmatite mineralisation based on emerging discoveries in the Lake Johnston greenstone belt.

Corporate

The key Corporate activities for the Company for the Half Year to 31 December 2023 were:

- The Company received approximately \$910,000 from the Australian Tax Office as a result of its Research and Development Tax Incentive claim for the year ended 30 June 2022.
- On 20 September 2023, the Company was appointed as the Joint Venture Manager of the Western Lefroy Farm-In and Joint Venture with St Ives Gold Mining Company Pty Ltd, a wholly owned subsidiary of Gold Fields Limited.
- The Company announced on 22 September 2023 that it had raised \$6,200,000 (before costs) from an oversubscribed share placement to institutional and sophisticated investors, including \$465,000 from the Directors subject to shareholder approval, which was received at the Annual General Meeting (AGM) on 5 December 2023.

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DIRECTORS' REPORT

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.

After balance date events

The following events have occurred subsequent to the period ended 31 December 2023:

- On 1 January 2024, Mr David Kelly was appointed as Non-Executive Director of the Group.

Mr Kelly is a highly qualified geologist and mining executive with extensive gold and nickel experience across the entire value chain from exploration to development. Mr Kelly has served in various senior executive roles in the resources sector for the last 30 years including as an investment banker and corporate advisor. In addition, Mr Kelly has previously served as a director of ASX-listed companies Turaco Gold Limited, Predictive Discovery Limited, Ridge Resources Limited, Renaissance Minerals Limited and Pacific Ore Limited and is currently a Non-executive Director of Westgold Resources Ltd (ASX:WGX).

- On 6 February 2024, Mr Wade Johnson resigned as Managing Director of the Group. Mr Graeme Gribbin was appointed as Chief Executive Officer with effect from this same date.

Mr Graeme Gribbin is an experienced geologist with over 25 years' experience in the resources sector, with global expertise in nickel and base metals, including 8 years' as General Manager Exploration at Western Areas Limited (recently acquired by IGO Limited) where he oversaw the discovery of significant nickel sulphides at the Sahara prospect in Western Gawler, South Australia, and 6 years' base metals experience at Vale as Exploration Manager where his Brownfields team contributed to the significant growth and extensions of the nickel mineral resource inventories of the T1 and T3 mining completions in the Thompson Nickel Belt of Manitoba, Canada.

Mr Gribbin holds a BSc in Geology and is a current member of the Australian Institute of Geoscientists (AIG).

No 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.

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DIRECTORS' REPORT

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.



GORDON GALT

Non-Executive Chairman

Dated this 14th day of March 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Consolidated	Consolidated
	31-Dec-23	31-Dec-22
	\$000	\$000
Income		
Interest income	53	9
Other income	-	-
Total income	53	9
Expenses		
Accommodation expenses	33	3
Legal, professional and consulting expenses	402	316
Directors fees	113	102
Travel expenses	48	18
Interest expense	4	5
Depreciation expense	50	11
Salaries and wages expenses	432	326
Share based payment expense	48	238
Other expenses	193	186
Total expenses	1,323	1,205
Loss for the period before income tax	(1,270)	(1,196)
Income tax expense	-	-
Loss after income tax	(1,270)	(1,196)
Other comprehensive income	-	-
Total comprehensive loss for the period	(1,270)	(1,196)
Loss per share		
Basic loss per share attributable to ordinary equity holders in cents	(0.78)	(0.86)
Diluted loss profit per share attributable to ordinary equity holders in cents	(0.78)	(0.86)

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 2023

	NOTE	Consolidated 31-Dec-23 \$000	Consolidated 30-Jun-23 \$000
ASSETS			
Cash and cash equivalents		4,204	442
Trade and other receivables		96	1,026
Other current assets		133	133
Total current assets		<u>4,433</u>	<u>1,601</u>
Property, plant and equipment		47	56
Right of use assets		192	226
Exploration and evaluation assets	3	21,843	19,491
Total non-current assets		<u>22,082</u>	<u>19,773</u>
TOTAL ASSETS		<u>26,515</u>	<u>21,374</u>
LIABILITIES			
Trade and other payables		1,145	608
Lease liabilities		62	62
Provisions		84	180
Total current liabilities		<u>1,291</u>	<u>850</u>
Provisions		272	223
Lease liability		144	174
Total non-current liabilities		<u>416</u>	<u>397</u>
TOTAL LIABILITIES		<u>1,707</u>	<u>1,247</u>
NET ASSETS		<u>24,808</u>	<u>20,127</u>
EQUITY			
Issued capital	4	51,816	45,913
Foreign currency translation reserve		(111)	(111)
Share based payment reserve	5	2,205	2,157
Accumulated losses		(29,102)	(27,832)
TOTAL EQUITY		<u>24,808</u>	<u>20,127</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 2023

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 2022		42,590	(24,830)	1,349	(111)	18,998
Loss for the period		-	(1,196)	-	-	(1,196)
Other comprehensive income, net of income tax		-	-	-	-	-
Total comprehensive loss		-	(1,196)	-	-	(1,196)
Issue of ordinary shares (net of costs)		2,995	-	-	-	2,995
Share based payments		-	-	238	-	238
At 31 December 2022		45,585	(26,026)	1,587	(111)	21,035
At 1 July 2023		45,913	(27,832)	2,157	(111)	20,127
Loss for the period		-	(1,270)	-	-	(1,270)
Other comprehensive income, net of income tax		-	-	-	-	-
Total comprehensive loss		-	(1,270)	-	-	(1,270)
Issue of ordinary shares (net of costs)		5,903	-	-	-	5,903
Share based payments		-	-	48	-	48
At 31 December 2023		51,816	(29,102)	2,205	(111)	24,808

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Consolidated 31-Dec-23 \$000	Consolidated 31-Dec-22 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(1,400)	(1,077)
Interest paid	(4)	-
Interest and dividends received	53	9
Net cash flows used in operating activities	(1,351)	(1,068)
Cash flows from investing activities		
Payments for exploration and evaluation	(1,694)	(2,970)
Payments for plant and equipment	(7)	(14)
Proceeds from exploration incentive scheme	-	96
Proceeds from research and development tax incentive claim	941	-
Net cash flows used in investing activities	(760)	(2,888)
Cash flows from financing activities		
Proceeds from issue of shares	6,284	3,160
Payments of share issue costs	(381)	(165)
Principal payment of lease liabilities	(30)	(29)
Net cash flows generated from financing activities	5,873	2,966
Net increase in cash and cash equivalents held	3,762	(990)
Cash and cash equivalents at the beginning of the financial period	442	4,248
Cash and cash equivalents at the end of the financial period	4,204	3,258

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 2023

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 2023: 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: MATERIAL 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 2023.

(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 2023, 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 2023.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 has incurred a net loss after tax for the half year ended 31 December 2023 of \$1,270,000 (31 December 2022: net loss of \$1,196,000) and had a net cash outflow from operating and investing activities of \$2,111,000 (31 December 2022: \$3,956,000). The net assets of the Group as at 31 December 2023 were \$24,808,000 (30 June 2023: \$20,127,000) which included cash of \$4,204,000 (30 June 2023: \$442,000).

The Group's cash flow forecast through to 31 March 2025, reflects that the Group has sufficient working capital to enable it to meet its working capital commitments. It is likely that the Group will be required to raise additional working capital within this timeframe to enable it to pursue its ongoing exploration and evaluation objectives and meet exploration and operational expenditure commitments over this period.

The Directors are satisfied that the Group will be able to secure additional funding as required via one or a combination of a placement of shares, options conversions, rights issues, or joint venture arrangements or sale of certain assets. Accordingly, the Directors considers it appropriate to prepare the financial reports on a going concern. In the event the Group is unable to raise additional working capital to meet the Group's ongoing operational and exploration commitments as and when required, there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial reports do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(g) New and amended standards and interpretations

A number of new and amended accounting standards are effective for the current reporting period, however, the change to the Group's accounting policies arising from these standards has not required the Group to make retrospective adjustments as a result of adopting these standards. The adoption of the new and amended accounting standards has therefore had no material impact on the Group for the half year ended 31 December 2023.

NOTE 3: EXPLORATION AND EVALUATION ASSETS	Consolidated	
	31-Dec-23	30-Jun-23
	\$000	\$000
<i>Exploration and evaluation assets</i>		
Carrying amount at the beginning of the period	19,491	15,619
Exploration costs incurred during the period	2,352	5,398
Exploration incentive scheme grant received	-	(124)
Change in rehabilitation provision	-	(461)
Research and development tax incentive received	-	(941)
Carrying amount at the end of the period	21,843	19,491

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

NOTE 4: ISSUED CAPITAL

Issued Capital	31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23
	Nos.	Nos.	\$000	\$000
(a) Share capital				
Fully Paid Ordinary Shares	192,079,798	152,800,501	51,816	45,913

(b) Movements in issued capital	Consolidated	
	No.	\$000
Fully Paid Ordinary Shares		
Balance at 1 July 2022	138,109,667	42,590
12 December 2022 - Share Placement at \$0.24 per share	13,166,666	3,149
3 February 2023 - vesting of employee shares under the Lefroy Exploration Share Plan	107,500	-
8 February 2023 - Director participation in Share Placement at \$0.24 per share	1,416,668	339
Share issue costs	-	(165)
Balance at 30 June 2023	152,800,501	45,913

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

2 October 2023 - Share Placement at \$0.016 per share	35,843,750	5,735
28 December 2023 – Director participation in Share Placement \$0.16 per share (i)	2,906,250	465
28 December 2023 - Shares issued in lieu of consulting fees owing (ii)	529,297	84
Share issue costs	-	(381)
Balance at 31 December 2023	192,079,798	51,816

(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 5 December 2023.

(ii) On 28 December 2023, the Group issued 529,297 fully paid ordinary shares to Messrs David Kelly and Timothy Netscher in lieu of fees owing for director services provided to the Group's wholly owned subsidiary, Hampton Metals Limited. \$46,875 and \$37,812 owing to Messrs David Kelly and Timothy Netscher through the issue of 292,969 and 236,328 fully paid ordinary shares to the respective individuals.

NOTE 5: RESERVES

	Consolidated	
	31-Dec-23	30-Jun-23
	\$000	\$000
Reserves		
Foreign currency translation reserve	(111)	(111)
Share based payments reserve (i)	2,205	2,157

(i) Share Plan Shares

As at 31 December 2023 there were 7,657,500 ordinary shares (30 June 2023: 7,657,500 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.

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

Director	1-Jul-23	Grants	Vested	31-Dec-23
Gordon Galt	1,200,000	-	-	1,200,000
Michael Davies	1,200,000	-	-	1,200,000
Wade Johnson	2,400,000	-	-	2,400,000
Other employees	2,857,500	-	-	2,857,500
Total	<u>7,657,500</u>	<u>-</u>	<u>-</u>	<u>7,657,500</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 5: RESERVES (CONTINUED)

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:

- (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.

The total amount expensed during the half year ended 31 December 2023 in relation to the Share Plan Trust shares was \$218,478 (31 December 2022 half year: \$223,521).

(ii) Incentive Plan Options

As at 31 December 2023 there were 5.6 million incentive options (30 June 2023: 5.6million options) held by the Lefroy Exploration Incentive Awards Plan (the 'Incentive Plan'), on behalf of Directors.

No other options were issued during the half-year ended 31 December 2023.

A reconciliation of Incentive Plan options is as follows:

Director	1-Jul-22	Grants	Other	31-Dec-23
Gordon Galt	1,200,000	-	-	1,200,000
Wade Johnson	2,000,000	-	-	2,000,000
Michael Davies	1,200,000	-	-	1,200,000
Tara French	1,200,000	-	-	1,200,000
Total	<u>5,600,000</u>	<u>-</u>	<u>-</u>	<u>5,600,000</u>

The total amount expensed during the half year ended 31 December 2023 in relation to the Incentive Plan Trust shares was \$91,382 (31 December 2022 half year: \$14,403).

(iii) Sign-on Options

During the financial year 2023, the following individuals were appointed as Directors of the Group's subsidiary, Hampton Metals Limited, ahead of its initial public offering ("IPO"):

- Graeme Gribbin - Managing Director (Appointed 31 October 2022)
- David Kelly - Non-Executive Director (Appointed 22 July 2022)
- Timothy Netscher - Non-Executive Director (Appointed 1 August 2022)

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As part of their appointment, Messrs Gribbin, Kelly and Netscher were granted the following equity instruments, subject to the planned IPO and shareholder approval:

- Mr Gribbin will be granted, upon completion of the IPO, 3,500,000 Options with an exercise price of \$0.30 per Option, a 50% premium to the expected IPO price, expiring 48 months after listing of the Company's fully paid ordinary shares on the Australian Securities Exchange ("ASX"). 50% of the Options ("Tranche 1") issued to Mr Gribbin will vest after 12 months, with the remaining 50% ("Tranche 2") vesting 24 months after being granted (collectively, the "Vesting Periods").
- Mr Kelly will be offered 1,750,000 Options with an exercise price of \$0.30 per Option, a 50% premium to the expected IPO price, expiring 36 months from the date of Mr Kelly's appointment.
- Mr Netscher will be offered 1,250,000 Options with an exercise price of \$0.30 per Option, a 50% premium to the expected IPO price, expiring 36 months from the date of Mr Netscher's appointment.

The Options issued to the above individuals were valued using a Black-Scholes Option Pricing Model, utilising the following inputs:

	Graeme Gribbin		David	Timothy
	Tranche 1	Tranche 2	Kelly	Netscher
Measurement date	31/12/2023	31/12/2023	31/12/2023	31/12/2023
Expected Share price at IPO	0.2	0.2	0.2	0.2
Exercise (strike) price	0.3	0.3	0.3	0.3
Expected term	4 years	4 years	3 years	3 years
Volatility	70%	70%	70%	70%
Expected annual dividend yield	0%	0%	0%	0%
Risk-free rate	3.50%	3.50%	3.16%	3.16%
Fair value at grant date	0.0898	0.0898	0.0806	0.0800

Mr Gribbin's Tranche 1 and Tranche 2 Options are expensed over the Vesting Periods as noted above.

Options issued to Mr Kelly and Mr Netscher are subject to the Hampton Metals Limited's completion of an IPO. As such, they are expensed over the period from the commencement of their employment to the anticipated date of the Hampton Metals Limited's admission to the official list of the Australian Securities Exchange ("ASX").

During the period ended 31 December 2023, the Group decided it would postpone the IPO of Hampton Metals Limited until such time as the market for Nickel sees an improvement in trading conditions. Mr Kelly and Mr Netscher therefore resigned from their respective positions as Directors of Hampton Metals Limited.

In light of the above, given the uncertainty with regards to an IPO, the primary condition for granting the awards, the Group has recognised a reversal of \$262,142 previously expensed in the Statement of Profit or Loss and Other Comprehensive Income in relation to these Sign-on Options.

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NOTE 6: RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the half year ended 31 December 2023:

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. Pursuant to this engagement, New Holland Capital received \$41,650 (exc. GST) in monthly retainer fees for corporate advisory services including preparatory work for the listing of Hampton Metals Limited, a wholly owned subsidiary of the Company.

On 28 December 2023 the Group issued shares to Directors and their related parties who participated in the Share Placement, as approved at the General Meeting of Shareholders held on 5 December 2023. Refer to Note 4 for further information.

The Group issued 529,297 fully paid ordinary shares to Messrs David Kelly and Timothy Netscher in lieu of fees owing for director services provided to the Group's wholly owned subsidiary, Hampton Metals Limited. Hampton Metals Limited. \$46,875 and \$37,812 owing to Messrs David Kelly and Timothy Netscher through the issue of 292,969 and 236,328 fully paid ordinary shares to the respective individuals.

The Group is party to a deed of sub-lease for leasehold premises occupied in West Perth. As at 31 December 2023, \$72,547 (exc. GST) has been paid to Taurus Funds Management Pty Ltd in relation to rent and variable outgoings in accordance with the terms and conditions of the deed of sub-lease.

As at 31 December 2023, \$Nil amount (inc. GST) remains due and payable to New Holland Capital in respect of services rendered (31 December 2022: \$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. Share-based payments with key-management personnel have been outlined within Note 5 of this report.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Exploration Commitments

	31-Dec-23	30-Jun-23
	\$000	\$000
Within 1 year	1,775	750
Later than 1 year but not later than 5 years	5,489	1,916
	7,264	2,666

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.

In addition to the above, the Group will also need to meet certain minimum requirements associated with the Western Lefroy Project which is subject to a Farm in and Joint Venture agreement with Gold Fields. Gold Fields is expected to cover the \$475,000 of required minimum commitment within the next year. A further \$945,200 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

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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 interest that are in good standing with Department of Mines & Petroleum (subject to receipt of approval), such amounts that are committed will also change.

Mineral Rights Agreement

On 22 May 2023, the Group acquired 100% of the mineral rights freehold property "East Location 45" ("LOC45"). Under the terms of the acquisition the Group has granted the vendor a perpetual net-smelter return ("NSR") royalty of 4% per annum. Commencing 1 July 2026, the Group is required to pay an aggregate royalty of at least \$100,000 per annum from gold production. Should the NSR royalty be less than \$100,000, the Group is required to pay an amount equal to \$100,000 to the vendor, less any NSR royalty already paid. The Group can terminate the arrangement at any time by giving notice to the vendor and will only be required to remove all the fixtures from the land and make good any damage caused by such removal and complete all remediation and rehabilitation required as a result of exploration, development, mining operations and any other activities that it has undertaken.

As at 30 June 2023, management has determined that any payments greater than \$100,000 per annum under the NSR arrangement is contingent on successful exploration and development (i.e., when reserves has been proven to exist or production commence).

NOTE 8: DIVIDENDS PAID

No dividends were paid or provided for during the half year ended 31 December 2023 (31 December 2022: \$Nil).

NOTE 9: FAIR VALUES

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

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to the period ended 31 December 2023:

- On 1 January 2024, Mr David Kelly was appointed as Non-Executive Director of the Group.

Mr Kelly is a highly qualified geologist and mining executive with extensive gold and nickel experience across the entire value chain from exploration to development. Mr Kelly has served in various senior executive roles in the resources sector for the last 30 years including as an investment banker and corporate advisor. In addition, Mr Kelly has previously served as a director of ASX-listed companies Turaco Gold Limited, Predictive Discovery Limited, Ridge Resources Limited, Renaissance Minerals Limited and Pacific Ore Limited and is currently a Non-executive Director of Westgold Resources Ltd (ASX:WGX).

- On 6 February 2024, Mr Wade Johnson resigned as Managing Director of the Group. Mr Graeme Gribbin was appointed as Chief Executive Officer with effect from this same date.

Mr Graeme Gribbin is an experienced geologist with over 25 years' experience in the resources sector, with global expertise in nickel and base metals, including 8 years' as General Manager Exploration at Western Areas Limited (recently acquired by IGO Limited) where he oversaw

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**NOTES TO THE FINANCIAL STATEMENTS
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the discovery of significant nickel sulphides at the Sahara prospect in Western Gawler, South Australia, and 6 years' base metals experience at Vale as Exploration Manager where his Brownfields team contributed to the significant growth and extensions of the nickel mineral resource inventories of the T1 and T3 mining completions, in the Thompson Nickel Belt of Manitoba, Canada.

Mr Gribbin holds a BSc in Geology and is a current member of the Australian Institute of Geoscientists (AIG).

Other than as outlined above there have been no matters or circumstance, which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2023, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2023, of the Group.

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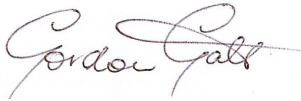
**LEFROY EXPLORATION LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

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 2023.
- b) the accompanying consolidated statement of financial position drawn up presents fairly the state of affairs of the Group as at 31 December 2023.
- c) Subject to Note 2(d) to the financial statements, 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.



Gordon Galt

Non-executive Chairman

Dated this 14th day of March 2024

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**Building a better
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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 2023, 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 2023 and its financial performance and its 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.

Material uncertainty related to going concern

We draw attention to Note 2(d) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of 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 2023 and its financial performance and its 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

Jared Jaworski
Partner
Perth
14 March 2024