

L1 Gold Fund Limited (ASX:LGF)

September 2026

- The L1 Gold Fund Limited (LGF) returned 28.4%¹ in the September quarter.
- We believe the long-term investment case for quality gold equities remains highly compelling.
- Since IPO in April 2026, LGF has returned 14.4%¹.

The LGF portfolio increased 28.4% in the September quarter, as the U.S. dollar gold price rose 3.7% (see Figure 1).

Conflict in the Middle East, inflation expectations, U.S. interest rates and growing government deficits continue to be the dominant themes driving volatility within the gold market.

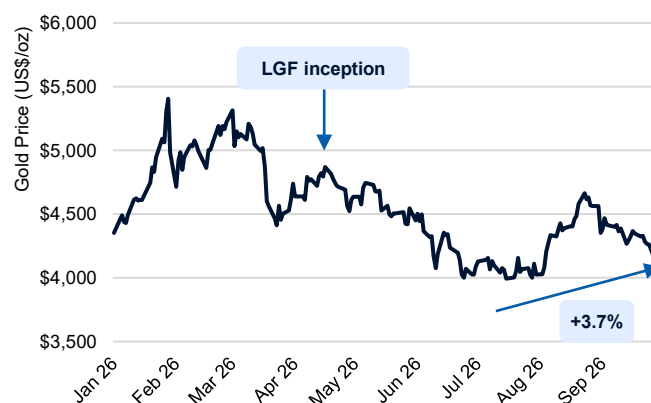
Gold mining equities performed well over the quarter relative to the movement in the underlying gold price, driven partially by a recovery from a weaker June quarter, in addition to the substantial earnings generation demonstrated during the second quarter results. The resulting robust cash flow translated into a significant increase in capital returns contributing to more positive investor sentiment (e.g. buybacks and dividends were up 40% in Q2 versus Q1 for the senior gold producers).

We continue to see compelling valuations, particularly in the mid-cap producers and late-stage developers. The portfolio continues to employ a material physical gold short position to partially hedge the gold price exposure, in addition to short positions in select equities we believe are expensive relative to our long positions.

Returns^{1,2} (Net) (%)

	LGF Portfolio
3 months	28.4
LGF since IPO	14.4
Strategy since inception	224.2

Figure 1: Gold price (year to date)



Source: Factset

The conflict in the Middle East triggered a sharp rise in volatility and a significant pullback in the gold price. With high-quality gold names subsequently trading far below fair value, we used this period to add to our long positions.

More importantly, we believe the long-term drivers of the gold price – central bank buying, persistent fiscal deficits and elevated geopolitical risks – remain supportive, and that gold mining equities are compelling at current levels. We continue to believe the mid-cap gold mining sector offers a range of attractive investment opportunities given their very strong and rising cash flow generation and under geared balance sheets which provide opportunities for organic growth and major capital management initiatives.

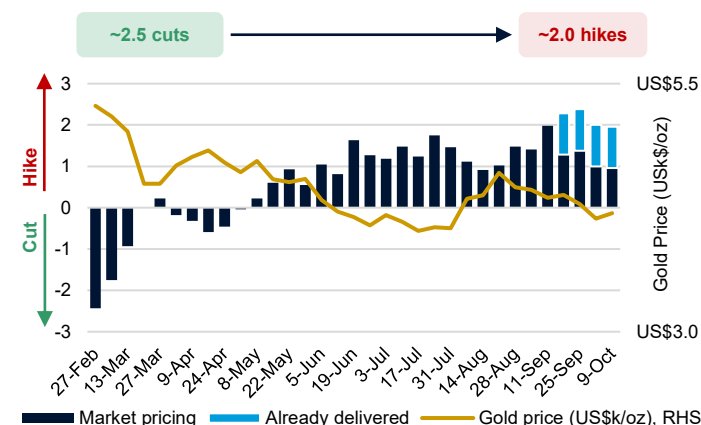
All performance numbers are quoted net of fees. **Past performance is not a reliable indicator of future performance.** 1. L1 Gold Fund Limited (ASX:LGF) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges. 2. Strategy return is based on returns achieved by the L1 Gold Fund Limited (ASX:LGF) since inception on 20 April 2026 and prior to this date on the returns of the L1 Capital Gold Fund since inception (28 February 2025) which was subject to a different fee structure. NOTE: Fund returns and Australian indices are shown in A\$. Gold price returns and U.S. indices are reported in US\$. Index returns are on a total return (accumulation) basis unless otherwise specified.

Market Overview

The September quarter continued to be marked by significant volatility in the gold market. The gold price continued to track short term monetary policy movements (see Figure 2), with a higher expected U.S. federal funds rate translating to weaker gold prices. During the quarter, the Federal Reserve hiked interest rates by 25bps at its September meeting, where Chair Kevin Warsh stated *“Our predominant focus is on the price stability side of our mandate. The plain fact is that inflation is too high and has been for too long”*.

As at the quarter end, markets are pricing a further 25bps hike by the end of the year, consistent with the FOMC survey. The gold price has in turn been well correlated to the persistent conflict in the Middle East (see Figure 3), where higher energy and logistics costs are feeding into greater inflationary pressures and therefore higher expected policy rates.

Figure 2: Fed hikes/(cuts) priced by year end



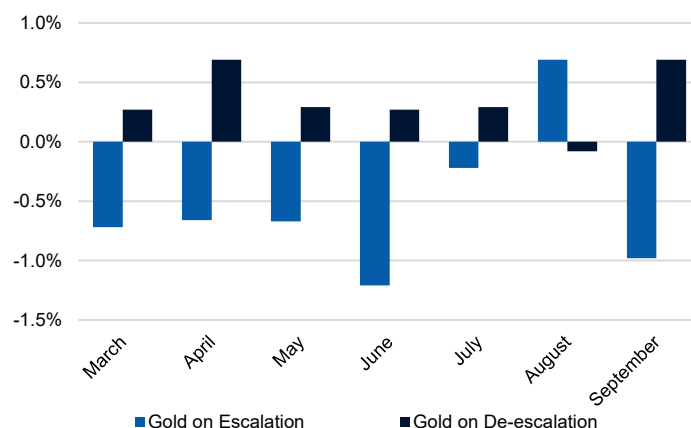
Source: Morgan Stanley, one cut/hike assumes 25bps move

The gold price rallied sharply in August, by more than US\$650/oz (+16.6%) in less than 20 days. This movement coincided with sharp movements in longer dated bond yields and increased U.S. Treasury market intervention. In mid-August the U.S. gross federal debt officially exceeded US\$40 trillion, and the resulting annual interest expense is now >US\$1 trillion (~20% of all tax revenue). In addition, the U.S. debt is increasingly short-term maturity weighted (~US\$7.5 trillion due in 2026) and at risk of being re-financed at significantly higher rates. As a result, in August the U.S. Treasury appeared to be increasingly forced to intervene in the market to manage bond yields, which continue to rise not only in the U.S. but across major developed markets where deficits and spending remain unchecked (Figure 4).

In July, the Treasury acted to support the Japanese Yen, likely to partially avoid the Bank of Japan selling U.S. Treasuries, which would place further pressure on bond yields. This was shortly followed in August by Secretary Scott Bessent announcing the Treasury would more than double the size of its long-duration bond buyback program from US\$2 billion to 'at least' US\$4 billion, and subsequently further increased to US\$6 billion. Despite this, bond yields have continued to rise higher, with the Treasury unable to sufficiently respond, and the market increasingly sceptical that policy makers can address the more fundamental debt and spending problem without difficult trade-offs. The growing unsustainability of government deficits is supportive for gold as it erodes confidence in both the U.S. monetary system and the value of the U.S. dollar.

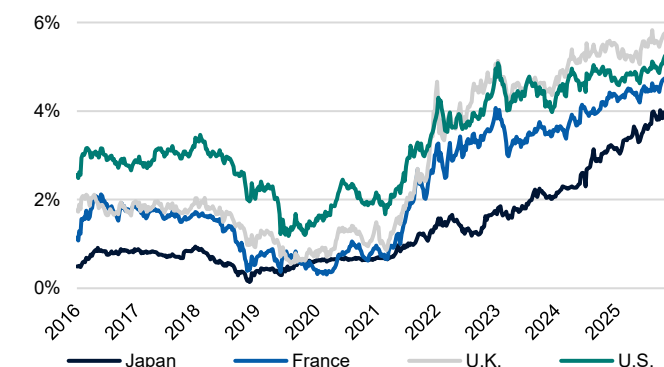
Central bank reserve accumulation continues to be a consistent underlying driver of gold demand, as highlighted in previous quarterlies. Rhetoric from U.S. policy makers continues to support a global shift away from U.S. Dollar reserves, particularly for non-Western aligned emerging markets, in favour of a higher weighting in gold reserves. Scott Bessent's recent commentary referencing the enforcement of Iranian economic sanctions, was reminiscent of the freezing of Russian U.S. dollar and Euro denominated reserves following the invasion of Ukraine in 2022, that resulted in a shift back towards larger gold holdings for central banks.

Figure 3: Gold price on Middle East escalation



Source: Morgan Stanley, shows average daily % change

Figure 4: 30-year government bond yields



Source: Factset

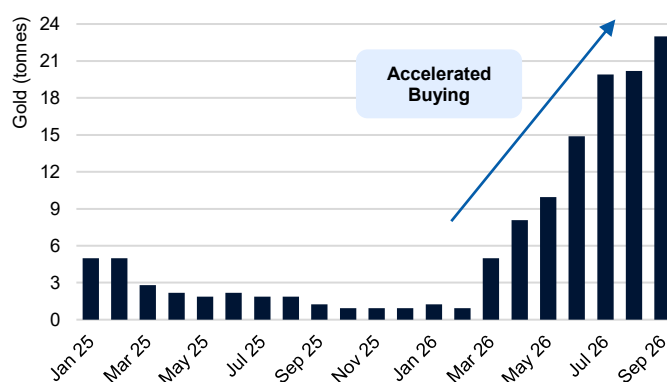
“As I said, every country, every entity should know that they should be prepared to face U.S. sanctions and they know no one is above this. We are going to hold everyone accountable... So, we believe that a warning shot and a level set of expectations is appropriate. And if people do not want to meet our expectations, then we expect and they should expect that they will leave the dollar system”.

Scott Bessent, U.S. Treasury Secretary, 24 August 2026

Within this context, over the course of the September quarter, China continued to be one of the most material buyers, with 'official' gold reserve additions increasing to 23 tonnes in September from 1 tonne in January and February this year (see Figure 5).

More broadly, we expect the geopolitical events of 2026 only to strengthen emerging markets' inclination to continue accumulating gold reserves, which is supported by the latest World Gold Council survey data (89% of central bank respondents expected global gold reserves to increase). In the medium term, we expect that oil prices will normalise from currently elevated levels as disruptions in the Middle East subside. Moderated energy and freight costs, in addition to loosening labour markets, will reduce inflationary pressures and therefore allow Central Banks to reduce policy rates, which should be supportive for gold prices.

Figure 5: China central bank gold buying



Source: World Gold Council

Thematic in Spotlight: Industry Consolidation and Late-Stage Developers

We expect industry consolidation to become an increasingly important theme in the sector, creating opportunities for accelerated returns in the LGF portfolio. Despite the significant cash generation from gold miners, M&A activity had remained moderate last year. More recently we have seen activity accelerate and, looking forward, we believe activity could continue to increase driven by:

1. Senior producers lacking growth with a depleting reserve base, and
2. The fragmented mid-cap producers looking to increase scale and relevance either through bolt-ons or mergers.

Particularly notable for the gold sector was Gold Fields acquisition offer for Northern Star at a 22% premium to last close, with 73% of the consideration offered in Gold Fields shares. While Northern Star's Board rejected the offer and no revised proposal has subsequently been disclosed, any future transaction would represent a change of control for Australia's largest gold producer and a landmark >A\$30 billion transaction. If a deal can be agreed, we would expect it to have flow-on impacts to the broader Australian mid-cap space because of the anticipated asset sales out of Northern Star's Western Australian portfolio. This follows on from Genesis' ~A\$12.6 billion merger with Vault announced in July, which will likely also see Western Australian asset sales ensue.

Within the LGF portfolio, we are primarily positioned in the mid-cap gold producer space and in late-stage developers, which are better situated to benefit from consolidation versus the senior producers. Two LGF long positions, Ausgold and Roxmore, have recently received takeover offers and one, Artemis Gold, has announced what we believe could be a highly accretive acquisition of Vista Gold:

- **Ausgold (ASX:AUC):** Australian listed company seeking to develop the Katanning gold project in Western Australia with the potential to produce 150koz per annum. On 17 August, Ausgold received a takeover offer from OceanaGold at a 44% premium to the 20-day VWAP at A\$1.36/sh. L1 first accumulated a stake in Ausgold in their July 2025 capital raise at A\$0.57/sh.
- **Roxmore (TSX:RM):** Canadian listed company seeking to develop the Converse project in Nevada with the potential to produce >200koz per annum. On 13 October, Roxmore received a takeover offer from SSR at a 47% premium to the 20-day VWAP at C\$7.25/sh. L1 first accumulated a stake in their February 2026 capital raise at C\$2.40/sh.
- **Vista Gold (TSX:VGZ):** Canadian/U.S. listed company with the Mt Todd project in Northern Territory, Australia, that has the potential to produce 500koz per annum. On 21 September, Artemis announced an all-share acquisition at a 29% premium to the 20-day VWAP. L1 is a shareholder of Artemis and had prior awareness of the Mt Todd asset.

Two key observations hold for each of the above transactions:

- **The potential for highly accretive transactions:** We see these deals as genuine win-win transactions, where developers can accelerate shareholder returns while the underlying assets can be developed better by the current producers that have less dilutive financing options and larger technical teams to de-risk build execution. Fundamentally there remains an ongoing gap between a prospective ~120-150koz developer with a typical A\$200-500m market cap and a similar scale producer that could be valued at A\$1.5 to A\$2.0 billion. For those that can execute these projects successfully, either via a standalone build or through an asset sale, the re-rating potential remains substantial.
- **Underappreciated legacy assets:** All three transactions involve underappreciated assets due to historical technical challenges. We believe that all of them have substantially de-risked through additional technical work (drilling, metallurgy, advancement in processing technology), in addition to a higher gold price more than compensating for higher costs associated with the remaining legacy challenges (e.g. lower recoveries, harder ore).

Strategy returns (Net)³ (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025			17.0	1.5	18.1	(1.7)	(0.6)	21.5	16.9	(4.0)	20.1	15.6	159.3
2026	9.0	7.9	(15.4)	(3.5)	5.2	(3.6)	0.3	32.1	(3.1)				25.0

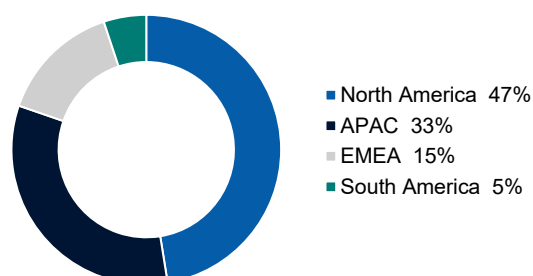
Portfolio position and exposure

Number of long positions	26
Number of short positions	10
Gross long exposure	137%
Gross short exposure	(67%)
Net exposure	71%

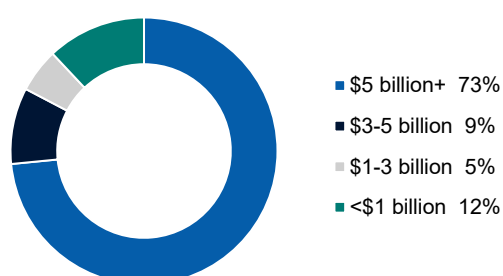
Fund information as at 30 September 2026⁴

Share Price	\$2.33
NTA before tax	\$2.19
NTA after tax	\$2.19
Shares on issue	641,838,746
Company market cap	\$1,495m

Gross geographic exposure of assets



Gross market capitalisation exposure (in A\$)



All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance is not a reliable indicator of future performance.** 3. Strategy return is based on returns achieved by the L1 Gold Fund Limited (ASX:LGF) since inception on 20 April 2026 and prior to this date on the returns of the L1 Capital Gold Fund since inception (28 February 2025) which was subject to a different fee structure. 4. The NTA before tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

Key personnel

Andrew Larke	Independent Chair
David Gray	Independent Director
Douglas Farrell	Independent Director
Julian Russell	Non-Independent Director
Jane Stewart	Non-Independent Director
Registry	MUFG Corporate Markets
Company website	L1Gold.com.au

Company information – LGF

Name	L1 Gold Fund Limited
Structure	Listed Investment Company (ASX:LGF)
Inception	20 April 2026
Management fee*	1.0% p.a.
Performance fee**	20% (plus GST)
High watermark	Yes
ISIN	AU0000460305

L1 Capital (Investment Manager) overview

L1 Capital is a global investment manager with offices in Melbourne, Sydney, Miami and London. The business was established by Raphael Lamm and Mark Landau in 2007 and continues to be majority owned by its founders and staff. The team is committed to offering clients best of breed investment products through strategies that include long-short equities, international equities, activist equities, global convertible debt and U.K. residential property funds. The firm has built a reputation for investment excellence, with all L1 Capital strategies delivering strong returns since inception. In October 2025, L1 Capital merged with Platinum Asset Management to create L1 Group (ASX: L1G), one of Australia's leading investment managers. The L1 Capital team remains dedicated to delivering on that strong reputation by providing market-leading performance via differentiated investment strategies with outstanding client service, transparency and integrity. L1 Capital's clients include large superannuation funds, pension funds, asset consultants, private wealth firms, financial planning groups, family offices, high net worth and retail investors.



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* Fees are quoted inclusive of GST and net of RITC. ** The performance fee is equal to the stated percentage of any increase in the NAV over any Performance Period.

Information contained in this publication: L1 Gold Fund Limited, managed by L1 Capital Pty Ltd, has been established to invest in gold and precious metals related Securities. The Company has the ability to both buy and short-sell securities, which provides a flexible strategy to deal with changing stock market conditions. The objective is to deliver positive, absolute returns over the medium to long term (being a period of more than 3 years).

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