
**QUARTERLY ACTIVITY REPORT
FOR THE PERIOD ENDED 31 MARCH 2005**

Highlights

- **The first phase of the orientation drilling identified high-grade mineralisation under historic workings at the Pinafore Reef, being one of approximately thirty known reefs in the Lefroy Goldfield, NE Tasmania, over which the Company has granted tenure.**
- **Continued orientation drilling this Quarter has intersected a second high-grade gold “lode” below old workings at the Native Youth Reef, demonstrating the great potential for the Lefroy Goldfield to produce multiple targets.**
- **Step-out RC drilling at the Pinafore Reef extended the zone of mineralisation for at least 170 metres beneath historic workings, which extend over 400 metres. The Pinafore Reef remains open along strike and at depth.**
- **These results have led the Company to step up its efforts, scheduling an additional 3,000 metres of drilling below high-grade gold bearing quartz-sulphide veining discovered during the initial orientation phase.**
- **The Company has increased its land package with the acquisition of the EL 12/2005, containing the Denison Goldfield. The Denison Goldfield was historically mined for gold, and contains high-grade and large lower-grade disseminated targets.**



Diamond Drilling the Pinafore Reef



Mineralised Shear Intersected

Extended Drilling Program Commenced

Since the commencement of drilling in November 2004, the Company has successfully completed its first phase of the orientation drilling. The program targeted 11 prospective areas with 29 RC drill holes for 4,570 metres, within a mineralised corridor striking approximately 3 kilometres, through the old gold-rush town of Lefroy, NE Tasmania. The results from the initial drilling determined that significant mineralisation exists below at least three high-grade reef targets. Best results include (previously reported):

Pinafore Reef

LFC018: 6 metres @ 5.38g/t
including 1 metre @ 20.58g/t

LFC018: 7 metres @ 2.66g/t
including 1 metre @ 8.39g/t

LFC023A: 4 metres @ 12.0g/t
including 1 metre @ 42.36g/t

LFC025: 10 metres @ 1.72g/t
including 1 metre @ 2.83g/t

Native Youth Reef

LFC021: 10 metres @ 3.03g/t
including 3 metres @ 4.99g/t

LFC022: 14 metres @ 3.38g/t
including 3 metres @ 8.13g/t

In light of these positive results the Company has stepped up the drilling program, extending the 2004 budgeted program by 2,000 metres of RC drilling (including diamond pre-collars) and a further 1,000 metres of diamond drilling. The Pinafore Reef has been a primary target for the extended program, with drilling aiming to test the zone of mineralisation along the strike and at depth. The down dip extensions of the reef will be drilled by approximately 4 diamond holes from RC pre-collars. The Native Youth Reef is also an important target and will see approximately 3 holes drilled and 1 diamond tailing extension undertaken in the current quarter.

Interpretation of Results

The Pinafore and Native Youth Reefs are located approximately 1,000 metres apart, and are two of the largest historically mined reefs in the Lefroy Goldfield. They were mined prior to 1900 for approximately 55,000 and 25,000oz of gold respectively, to around 130 metres. Average recovered grades range around 30-60g/t, with some spectacular crushings yielding ore at over 70oz (2100g/t) at the Native Youth.

Drilling beneath the old workings in the March Quarter marks a fundamental step forward in the exploration of the Lefroy Goldfield, establishing for the first time that historic mining at Lefroy ceased in good grade with mineralisation continuing below the old workings.

Furthermore, the relative size of the reef structures is highly encouraging; prior to 1900 high-grade gold bearing quartz-sulphide ore was mined from structures striking over 400 metres. These mineralised zones have many similarities to the 1.8 million ounce Tasmania Reef (Beaconsfield Gold Mine), located 20 kilometres from Lefroy. Beaconsfield strikes for approximately 350 to 450 metres, and has grades and ore-zone thicknesses that are highly comparable with Lefroy. The Beaconsfield ore is very similar to Lefroy and mineralisation is thought to be of the same age.

Conceptually, the mineralised structure hosting the Pinafore Reef is of sufficient magnitude to host a million-plus ounce resource, and the potential for the Native Youth Reef to host a second deposit demonstrates the possibility for the Lefroy Goldfield to produce multiple economic deposits that could be exploited in a single mining campaign. Further work is clearly needed to establish a JORC compliant resource.

Program Summary

The Lefroy Goldfield, located in north east Tasmania, was mined for approximately 200,000 ounces of gold at spectacular grades (30-60g/t) in the late 19th century. Both the Pinafore and Native Youth Reefs form the northern part of the Lefroy Goldfield which is characterised by around 30 close spaced gold-bearing reefs. Orientation drilling, commenced in November 2004, has been highly successful in delineating significant mineralisation at three high-grade reef targets, below historically mined gold "lodes", confirming that high-grade gold continues beneath the old workings at the Lefroy Goldfields.

The extended drilling program now committed to, comprised of approximately 2,000 metres of RC (including diamond pre-collar drilling) and a further 1,000 metres of diamond drilling, aims to continue on with planned orientation work and follow up on significant results at the Pinafore and Native Youth Reefs. Drilling will be followed by detailed soil geochemistry and down-hole geophysical survey work. Metallurgical ore characterisation work has commenced with samples from LEF018 at the Pinafore Reef and structural interpretation of diamond core has also commenced. The southern section of the Lefroy Goldfield, containing the single biggest historic reef (the Volunteer Reef), remains largely untested and is a high priority target for the next field season.

Denison Goldfield Acquisition

During the March Quarter the Company was granted EL12/2005, containing the historic Denison Goldfield. The Denison Goldfield was mined from 1870 to 1911 with the most successful operation producing approximately 350 ounces of gold at an average grade of 48g/t. Anglo Australian Resources commenced exploring the Denison Goldfield in 1996 and defined a 1,200 metre long soil gold geochemical anomaly at the eastern end of the Goldfield workings. It was subsequently tested by RC drilling with best results including 6m @ 6.38 g/t Au; 20m @1.0g/t Au including 7m @ 2.4g/t Au; 2.17g/t Au; and 9m @ 1.81g/t Au.

The East Denison gold mineralisation is not associated with quartz-sulphide veining at the Lefroy Goldfield but rather is disseminated within the sandstone units of an interbedded sandstone and siltstone turbidite sequence. Early miners did not have the benefit of modern exploration and mining techniques to exploit the mineralisation. Disseminated gold hosted in sandstone also occurs in Victoria in a geologically similar environment. The most significant occurrence is at Fosterville where a +1,000,000oz deposit is currently being mined.

Tenement Summary

The Company's total landholding is over 770 square kilometres, positioning Lefroy Resources as the second largest single landholder in the area. Recent negotiations with Mineral Resources Tasmania have lead to the consolidation of the tenement areas for the purposes of expenditure and reporting.

A summary of tenements held is given below:

Tenement ID	Area (Km2)	Prospect Area Name	Status
ML16M/91	0.31	Lefroy Mining Lease	Granted (to Nov 2005)
EL35/2001	42	Lefroy Project Area	Granted (to Oct 2008)
EL2/2002	55	Pipers River Project Area	Granted (to Oct 2008)
EL43/2003	139	Den Ranges Project Area	Granted (to Oct 2009)
EL44/2003	239	Lebrina Project Area	Granted (to Oct 2009)
EL45/2003	186	Nabowla Project Area	Granted (to Oct 2009)
EL39/2004	52	Ferny Hill Project Area	Granted (to Sep 2009)
EL12/2005	8	Denison Project Area	Approved (expected 2010)
EL28/2003	58	Bangor Project Area	Application

Regional Summary

The NE Gold Province of Tasmania has produced more than 600 gold deposits and occurrences from which there has been historical production in excess of 1.7Moz of gold. The Company's exploration land package consolidates at least three separate mineralised structures. The Lefroy Goldfield, located 20 kilometres from Beaconsfield, occupies the western most mineralised structure and remains the Company's most important Prospect by way of historic production (approximately 200,000oz). The Company's extensive land package extends east to cover the Denison Goldfield and potential northern strike extensions from the Lisle/Golconda Goldfield, and follows the long-strike continuation of prospective geology south-east into the Bangor Prospect (EL Application 28/2003).

Corporate

Financial Position

At the end of the Quarter the Company had a cash balance of \$4.35 million.

Issued Capital

Lefroy Resources Limited has 35,875,001 ordinary shares on issue, including 24,410,501 quoted on the Australia Stock Exchange. In addition, the company has issued 17,937,500 quoted options expiring 31 March 2006 exercisable at 25 cents.

For further details contact,

John Canaris
 Chief Executive Officer
 Lefroy Resources Limited
 Suite 5, 589 Stirling Hwy
 Cottesloe 6011, WA

Ph: (08) 9286 1622
 Fax: (08) 9286 1633
john@lefroyresources.com.au