

Lefroy Resources Limited

ACN 107 118 678

NOTICE OF ANNUAL GENERAL MEETING

**For the Annual General Meeting to be held on
Wednesday 23rd November 2005
at The Celtic Club, 48 Ord Street, West Perth WA 6005
commencing at 8.30am (WST)**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand the matters set out in this document, please consult your
professional adviser.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM) of the shareholders of Lefroy Resources Limited (Company) will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on Wednesday 23 November at 8.30am (WST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the Company's Financial Statements and the related Directors' Reports, Directors' Declarations and Auditors' Report for the year ended 30 June 2005.

Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution:

“To approve the Remuneration Report as set out in the 2005 Annual Report”

Resolution 2 - Re-election of Thomas Kelly as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Thomas Kelly, being a Director who retires by rotation in accordance with clause 79(1) of the Company's Constitution, and being eligible for re-election, be reappointed as a Director of the Company”

SPECIAL BUSINESS

Resolution 3 – Non-executive Directors Remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the maximum yearly aggregate sum payable to Non-executive Directors by the Company must not exceed \$150,000 per annum, pursuant to clause 82(1) of the Company's Constitution and approved for the purposes of ASX Listing Rule 10.17”

Note: Voting Exclusion Statement

The Company will disregard any votes cast in respect of Resolution 3 by any Director of the Company, or any of their associates.

However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on proxy form to vote as the proxy decides.

Resolution 4 – Adoption of Option Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of and in accordance with ASX Listing Rule 7.2 (Exception 9), and for all other purposes, approval is given for the adoption of the Lefroy Resources Limited 2005 Incentive Share Option Scheme (“Share Option Scheme”), as per the terms and conditions detailed in the Explanatory Memorandum which accompanies and forms part of the notice of meeting.”

Note: Voting Exclusion Statement

The Company will disregard any votes cast in respect of Resolution 4 by any Director of the Company, or any of their associates.

However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on proxy form to vote as the proxy decides.

Resolution 5 – Ratification of Options Issue to Mr John Canaris

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue and allotment of 500,000 incentive options exercisable at 25 cents per share, to Mr John Canaris (Chief Executive Officer) on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of the notice of meeting.”

Note: Voting Exclusion Statement

The Company will disregard any votes cast in respect of Resolution 5 by Mr John Canaris, or any of his associates.

However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on proxy form to vote as the proxy decides.

Resolution 6 – Proposed Issue of Options to Mr John Canaris

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.1, and for all other purposes, the Company approves the grant of 1,500,000 options to Mr John Canaris (Chief Executive Officer) on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of the notice of meeting.”

Note: Voting Exclusion Statement

The Company will disregard any votes cast in respect of Resolution 6 by Mr John Canaris, or any of his associates.

However, the Company need not disregard a vote if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company’s Constitution and the Corporations Act 2001.

VOTING ENTITLEMENT

For the purpose of determining voting entitlements at the AGM, all shares in the Company will be taken to be held by those members who are registered shareholders at the close of business on the 21st November 2005.

PROXIES

Members may vote by attending the AGM in person, by Proxy or authorised representative.

A member who is entitled to vote at the AGM is entitled to appoint not more than two proxies, to vote on their behalf. An appointed proxy need not be a member of the Company.

Where more than one proxy is appointed, the member needs to specify the proportion of votes appointed to each proxy. If voting proportions are not specified, then each proxy may exercise half of the members voting rights.

A proxy form accompanies this notice. To be effective, the duly completed proxy form, together with any relevant power of attorney, must be received by the Company by no later than 8.30am (WST) on Monday 21st November 2005.

The proxy form must be signed by the member, or their duly authorised attorney, in writing or, if the member is a corporation, in a manner permitted by the Corporations Act.

Please direct proxy forms and any relevant power of attorney to the Company's office at:

The Company Secretary
Lefroy Resources Limited
PO Box 1417
Subiaco WA 6904

Alternatively, completed proxy forms and any relevant power of attorney can be lodged by facsimile on: (08) 9382 8722.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Malcolm James', with a large, stylized flourish extending from the end of the signature.

Malcolm James
Chairman
Dated this 21st October 2005

EXPLANATORY MEMORANDUM

The Explanatory Memorandum has been prepared for the information of members of Lefroy Resources Limited in connection with the business to be conducted at the AGM of members, to be held on Wednesday 23 November 2005 at 8.30am (WST).

The purpose of the Explanatory Memorandum is to provide members with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice of Annual General Meeting.

Financial Statements and Reports

The Financial Statements and the related Directors' Report, Directors' Declaration and Auditors' Report for the year ended 30 June 2005 will be laid before the meeting in accordance with the Corporations Act. Members will be given the opportunity to ask questions of the Board of Directors and the Auditors in relation to the Annual Report at the AGM.

Resolution 1 - Remuneration Report

Recent amendments to the Corporations Act have expanded the disclosure requirements for publicly listed company's in relation to the remuneration of Directors and executives.

The Company's Remuneration Report is submitted to shareholders for consideration and adoption under a non-binding vote. The Directors' Report for the 30 June 2005 contains the Remuneration Report, which sets out the policy for remuneration of the Directors and senior executives of Lefroy Resources Limited.

The Corporations Act requires that a listed company must propose a resolution that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company.

Shareholders attending the AGM will be given a reasonable opportunity to ask questions regarding the remuneration report.

Resolution 2 - Re-election of Thomas Kelly as a Director

Clause 79(1) of the Company's Constitution requires that at each AGM one-third of the Directors must retire from office.

In accordance with the constitution, Mr Thomas Kelly retires from office and offers himself for re-election as a Director.

A profile of Mr Thomas Kelly is contained in the Company's Annual Report for the year ended 30 June 2005.

Resolution 3 – Non-executive Directors Remuneration

In accordance with ASX Listing Rule 10.17 and clause 82(1) of the Company's Constitution, the annual aggregated sum payable to Non-executive Directors requires shareholder approval.

Resolution 3 proposes that the maximum yearly aggregated sum payable to Non-executive Directors be set at \$150,000 per annum. The maximum yearly aggregated sum payable to Non-executive Directors has not been previously set by the Company in general meeting.

It is not presently proposed that the full remuneration set will be paid to Non-executive Directors or that Non-executive Directors current remuneration levels will vary. As detailed in the Annual Report, remuneration structures are designed to ensure that the Company can continue to appoint and retain Directors with the necessary qualification and experience to ensure the continued growth of the Company.

Resolution 4 – Adoption of Option Incentive Plan

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue new securities representing more than 15% of its ordinary shares during a 12 month period without shareholder approval. Exception 9 of ASX Listing Rule 7.2 provides an exemption in relation to options issued under an employee incentive scheme, provided that within three years before the date of issue, the employee incentive scheme has been approved by shareholders in a general meeting.

The Company seeks to have Options issued under the Company's Share Option Scheme excluded from the 15% under ASX Listing Rule 7.1. This exemption allows the Company flexibility to issue further ordinary shares (or options) up to the full 15% limit, without regards to the Options issued under the Share Option Scheme.

The exemption will not apply to Options issued to Directors under the Share Option Scheme, which pursuant to ASX Listing Rule 10.14, will require further specific approval from shareholders at a general meeting.

The Board seeks shareholder approval for the introduction of a Share Option Scheme under which Directors, senior management, employees and consultants may be entitled to participate, although at this stage it is proposed for senior management only. The Share Option Scheme is intended to recognise the ongoing ability of key personnel of the Company and their effort and contribution to the long term performance and success of the Company. The Share Option Scheme also provides a way of attracting and retaining high calibre persons.

A summary of the terms and conditions of the Scheme is set out below:

Introduction

The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives for eligible participants to increase profitability and returns to Shareholders.

The summary of the Scheme is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Scheme may be obtained free of charge by contacting the Company.

General

The Board may from time to time, in its absolute discretion, offer to grant options to eligible participants under the Scheme.

Each option will be issued for no consideration and will carry the right in favour of the option holder to subscribe for one (1) Share in the capital of the Company.

The Board may determine the exercise price of the options in its absolute discretion. Subject to the Listing Rules, the exercise price may be nil but to the extent the Listing Rules specify or require a minimum price, the exercise price in respect of an offer made following the day on which Shares are first quoted on the Official List must not be less than any minimum price specified in the Listing Rules.

Eligible Participants

Full time employees, part time employees, Directors and consultants of the Company or an associated body corporate (the **Group**) are eligible to participate in the Scheme.

Lapse of Options

Unless the Board in its absolute discretion determines otherwise, options shall lapse immediately if:

- (a) the eligible participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever and the conditions of exercise of the options (**Exercise Conditions**) have not been met;
- (b) the Exercise Conditions of the options are unable to be met;
- (c) the date which is 2 years after the date of the grant of the options, or such other expiry date as the Board determines in its discretion at the time of grant of the option (**Lapsing Date**) has passed; or
- (d) the expiry of 30 days after the eligible participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever prior to the Lapsing Date where the Exercise Conditions have been met,

whichever is earlier.

Participation in Future Issues

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of the options shall be reduced in accordance with the formula in the Listing Rules.

In the event of a bonus issue of Shares being made pro-rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued on exercise of each option will include the number of bonus Shares that would have been issued if the option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the option.

Reorganisation

The terms upon which options will be granted will not prevent them being reorganised as required by the Listing Rules on the reorganisation of the capital of the Company.

Trigger Events

Upon the occurrence of certain trigger events (for example the receipt by the Company of a bidder's statement in respect of the Company), the Directors may determine:

- (a) that the options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a trigger event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of options on like terms (having regard to the nature and value of the options) to the terms proposed under the trigger event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

The Company has not previously issued options or sought approval for issues of Options under the Share Options Scheme. A copy of the full terms and conditions of the Share Option Scheme is available on request.

Resolution 5 – Ratification of Option Issue to Mr John Canaris

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue new securities representing more than 15% of its ordinary shares during a 12 month period without shareholder approval. ASX Listing Rule 7.4 sets out an exemption to ASX Listing Rule 7.1. The exemption allows the Company to seek shareholder approval to ratify an issue of securities after the issue has been made without approval under ASX Listing Rule 7.1, provided that issue did not breach ASX Listing Rule 7.1 and the holders of ordinary shares in the Company subsequently approve the issue.

As the option issue was not in breach of ASX Listing Rule 7.1, the Company seeks to have the 500,000 options (detailed below) ratified by shareholders pursuant to ASX Listing Rule 7.4. This exemption allows the Company flexibility to issue further ordinary shares (or options) up to the full 15% limit, in the next 12 months.

On 31 December 2004 the Company issued 500,000 incentive options to Mr John Canaris (Chief Executive Officer), as part of his remuneration package. These options are exercisable at 25 cents per share and expire on 31 December 2007. For the purposes of ASX Listing Rule 7.4, the following information is provided in relation to Resolution 5:

- (a) the total number of options granted was 500,000;

- (b) the options were granted for nil consideration and no funds were raised from the grant of the options;
- (c) the terms and conditions of the options are as set out below; and
- (d) the options were granted to Mr John Canaris.

The terms and conditions of the options are as follows:

- (a) Each option has the right to subscribe for one ordinary share;
- (b) The exercise price of each option is as set out in the table below;
- (c) The hurdle price for each option is as set out in the table below;
- (d) Options can only be exercised if the daily volume weighted average sale price of shares on the ASX exceeds the hurdle price for not less five consecutive trading days;
- (e) Options may be exercised at any time before 5:00pm WST on 31 December 2007. Any option not exercised on or before that date will expire and cease to carry any rights or benefits;
- (f) If the holder ceases to be an employee of the Company as a result of a breach or contravention of the Corporations Act 2001 (Cth), all unexercised options will automatically expire;
- (g) Options can be exercised by an option holder delivering to the Company's share registry a notice (in a form prescribed by the Company from time to time) stating the number of options to be exercised and accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the exercise price multiplied by the number of options being exercised;
- (h) Within five business days of receipt of a properly executed exercise notice and application monies in respect of the exercise of any options, the Company will issue the resultant ordinary shares and deliver notification of shareholdings;
- (i) The options will not be listed on ASX;
- (j) The options are non-transferable;
- (k) The Company shall make application to have the ordinary shares (issued pursuant to an exercise of options) listed for quotation by ASX within seven days of the date of issue;
- (l) Ordinary shares issued pursuant to an exercise of options shall rank, from the date of allotment, *pari passu* with existing ordinary shares of the Company in all respects;
- (m) The options have no right to participate in pro rata issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant pro rata issue;
- (n) Each option holder will be notified by the Company of any proposed pro rata issue of securities to shareholders at least nine business days before the record date and, if the option is exercised before the record date, the option holder can participate in that pro rata issue;

- (o) In the event of a reorganisation (including restructure, consolidation, subdivision, reduction or return) of the capital of the Company, the terms of the options will be changed to the extent necessary to comply with the requirements of ASX Listing Rules (in force at the time of the reorganisation) for the reorganisation of capital.

Hurdle Price	\$0.30	\$0.40	\$0.50	\$0.60
Exercise Price	\$0.25	\$0.25	\$0.25	\$0.25
Options	125,000	125,000	125,000	125,000

NOTE:

- i) No funds will be raised from the issue of these options, unless they are exercised.

Resolution 6 – Proposed Issue of Options to Mr John Canaris

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue new securities representing more than 15% of its ordinary shares during a 12 month period without shareholder approval. Although the issue of Options will not cause the Company to exceed the 15% limit under ASX Listing Rule 7.1, seeking the approval to issue the options will refresh the Company's ability to issue further securities during the next 12 month period.

The Company has entered into a service agreement (CEO Agreement) with Mr John Canaris on 21 October 2005 pursuant to which Mr John Canaris has agreed to continue his role as Chief Executive Officer of the Company for a period of 12 months (unless the service agreement is terminated earlier). Details of the CEO Agreement were announced to the ASX on 24 October 2005.

Under the CEO Agreement, Mr John Canaris is entitled to the issue of 1,500,000 options at various exercise prices (detailed below), as part of his remuneration package, subject to shareholder approval. Accordingly, the Company is seeking shareholder approval for the issue of options under the CEO Agreement.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of options to be issued is 1,500,000;
- (b) the options will be issued to Mr John Canaris for no consideration (as part of his CEO Agreement discussed above);
- (c) the terms and conditions of the options are as set out below;
- (d) the options will be issued no later than 3 months from the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules); and
- (e) it is intended that allotment of the options will occur on one date.

The options are issued upon and subject to the following terms and conditions:

- (a) Each option has the right to subscribe for one ordinary share;
- (b) The exercise price of each option is as set out in the table below;
- (c) Options may be exercised at any time before 5:00pm WST on 30 June 2008. Any option not exercised on or before that date will expire and cease to carry any rights or benefits;

- (d) On termination of the CEO Agreement, subject to Board approval, options may be exercised up to three months from termination;
- (e) All unexercised options will automatically expire if the holder ceases to be an executive of the Company as a result of;
- (f) serious misconduct as detailed in the CEO Agreement;
- (g) Options can be exercised by an option holder delivering to the Company's share registry a notice (in a form prescribed by the Company from time to time) stating the number of options to be exercised and accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the exercise price multiplied by the number of options being exercised.
- (h) Within five business days of receipt of a properly executed exercise notice and application monies in respect of the exercise of any options, the Company will issue the resultant ordinary shares and deliver notification of shareholdings.
- (i) The options will not be listed on the ASX;
- (j) The Company shall make application to have the ordinary shares (issued pursuant to an exercise of options) listed for quotation by ASX within seven days of the date of issue;
- (k) Ordinary shares issued pursuant to an exercise of options shall rank, from the date of allotment, pari passu with existing ordinary shares of the Company in all respects;
- (l) The options have no right to participate in pro rata issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant pro rata issue;
- (m) Each option holder will be notified by the Company of any proposed pro rata issue of securities to shareholders at least nine business days before the record date and, if the option is exercised before the record date, the option holder can participate in that pro rata issue;
- (n) In the event of a reorganisation (including restructure, consolidation, subdivision, reduction or return) of the capital of the Company, the terms of the options will be changed to the extent necessary to comply with the requirements of ASX Listing Rules (in force at the time of the reorganisation) for the reorganisation of capital.

Exercise Price	\$0.15	\$0.20	\$0.25
Options	500,000	500,000	500,000

NOTE:

- i) No funds will be raised from the issue of these options, unless they are exercised.

**ANNUAL GENERAL MEETING
PROXY FORM**

The Company Secretary
Lefroy Resources Limited
PO Box 1417
Subiaco WA 6904

Facsimile: (08) 9382 8722

I/We

Of

Being a member of Lefroy Resources Limited hereby appoint:

Appoint

Name of Proxy

or failing the person so named or if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Meeting to be held at The Celtic Club on 23 November 2005 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of each resolution.

If you do not wish to direct your proxy how to vote, please mark in the box

By marking this box, you acknowledge that the Chairman may exercise your proxy, even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder, will be disregarded because of that interest.

ORDINARY RESOLUTIONS

	For	Against	Abstain
1 Remuneration Report	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>
2 Re-election of Thomas Kelly as a Director	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>
3 Non-executive Directors Remuneration	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>
4 Adoption of Option Incentive Plan	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>
5 Ratification of Options Issue to Mr John Canaris	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>
6 Proposed Issue of Options to Mr John Canaris	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>	<input style="width: 60px; height: 35px;" type="checkbox"/>

Please mark the box with an to indicate your direction

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If you would like to appoint a second proxy, please state the percentage of your voting rights for this Proxy Form.

%

PLEASE SIGN HERE

Signed this day of 2005

Shareholder 1 (Individual)

Sole Director and Sole Secretary

Joint Shareholder 2 (Individual)

Director

Joint Shareholder 3 (Individual)

Director / Company Secretary

INSTRUCTIONS:

(i) To be valid this proxy must be signed and both pages returned to the Company as set out below:

By Mail: Lefroy Resources Limited, PO Box 1417, Subiaco WA 6904

Facsimile: (08) 9382 8722

By Hand: Lefroy Resources Limited, 278 Barker Street, Subiaco WA 6008

(ii) All proxies must be received by no later than 8.30am (WST) on Monday 21st November 2005. Any proxies received after that time will not be valid for the scheduled meeting.