

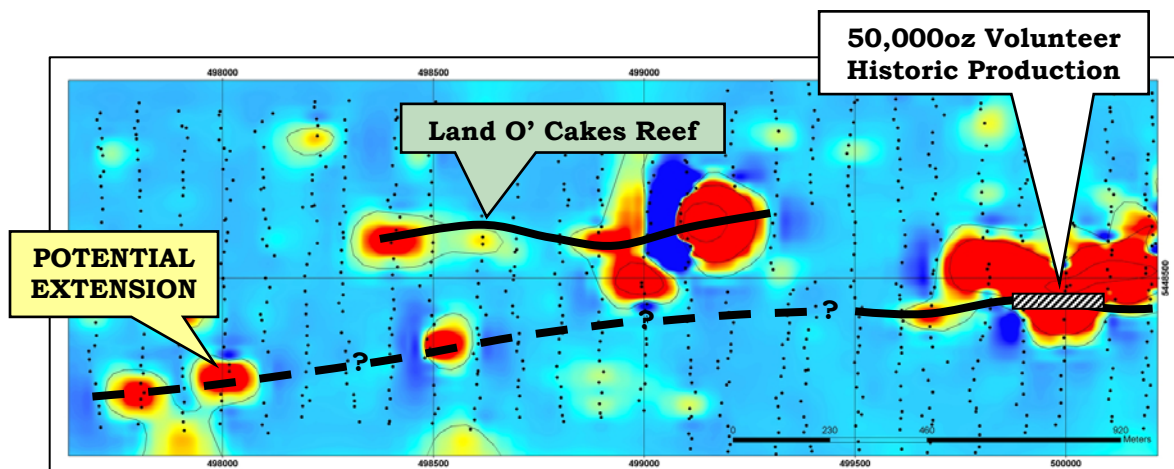
ANNOUNCEMENT
December 20th 2005

**New Gold-in-soil Anomaly Identified,
Volunteer Reef, Lefroy Goldfield**

Lefroy Resources Ltd is pleased to report several anomalous gold-in-soil results from geochemical sampling of the Volunteer Reef within the Lefroy Goldfield, 40km north of Launceston, Tasmania.

HIGHLIGHTS

- Soil geochemistry has defined potential extensions of the Volunteer Reef, approximately 2,000 metres west of the historic Volunteer Lode, which is the single largest historically mined reef in the Goldfield.
- The gold-in-soil anomaly is oriented east-west, similar to the Volunteer Reef and immediately along strike of the projected western extension of the Reef.
- Recent historical gold production data compilation for Volunteer Reef shows that gold was mined prior to 1900 at spectacular grades, to a depth of approximately 150 metres.
- The Volunteer gold-in-soil anomaly will be followed up with infill geochemical testing to further pinpoint the source of the anomaly.
- Drilling commenced at the Lefroy Goldfield in November, targeting extensions to the Pinafore Resource and Native Youth Reefs. Orientation drilling is then planned at the Volunteer Reef early next year.



Gridded gold-in-soil data, anomalous Au zones >0.1g/t Au (red) and sample points (.) .

PROGRAM SUMMARY

Grid-based soil geochemical sampling has successfully tested the potential long-strike extension of the Volunteer Reef, located at the southern end of the Company's 100% owned Lefroy Goldfield, NE Tasmania. This detailed program targets the shear structure hosting the known Volunteer Reef ore-zone and its potential extensions, which have historically produced approximately 50,000oz.

Results from the 5 kilometre square sample area has defined an exciting new target located approximately 2,000 metres west of the Volunteer Reef. This east-west trending gold-in-soil anomaly strikes for approximately 400 metres using a cut off of >0.1/t Au. The anomaly contains assay results up to 0.6 g/t Au. The size and multi-element characteristics of the anomaly is very similar to that of the nearby Land O' Cakes and Volunteer Lodes.

The Volunteer Reef is the single largest historically mined reef in the Goldfield, with extensive workings extending to approximately 150 metres vertically. Average recovered grades were spectacular, ranging around 60g/t from ore zones consistently wider than elsewhere in the Goldfield.

The potential for economic mineralisation beneath this anomaly is planned to be assessed with further infill soil testing scheduled to be completed in Q1 2006.

DRILLING COMMENCED

The 2005/2006 drilling season at the Lefroy Goldfield has commenced. The program will initially consist of approximately 3,500 metres (RC and DD) on at least 4 key target areas which include;

- Extensions to the Pinafore Reef 225,000oz Inferred Resource
- Orientation drilling the Native Youth Reef (26,000oz recorded production)
- Orientation drilling the Volunteer Reef (50,000oz recorded production)
- Scout drilling newly define soil anomaly north of the Pinafore Resource

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Canaris who is a Member of the Australian Institute of Geoscientists. John Canaris is a full-time employee of the Company. John Canaris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". John Canaris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears