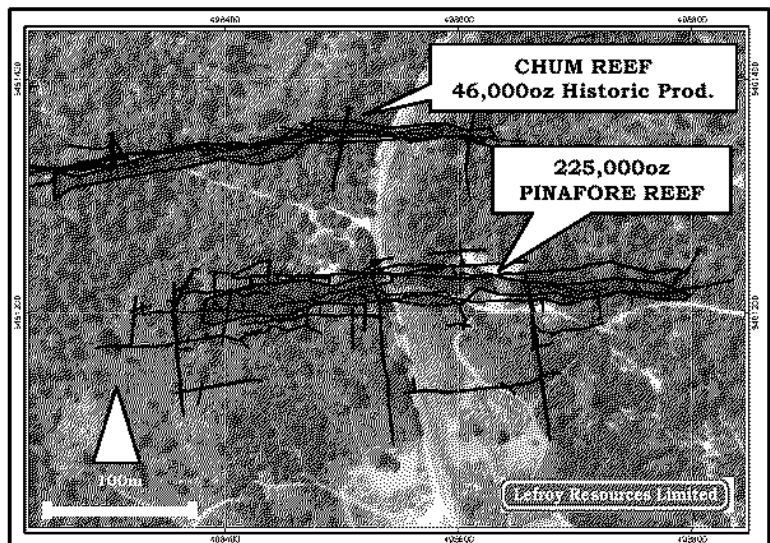
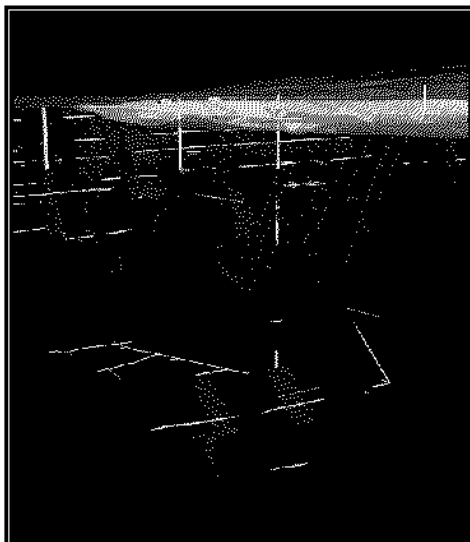


QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

Highlights

- An initial JORC Inferred Resource of 225,000oz Au and Exploration Potential of 1,300,00oz Au was estimated for the 100% owned Lefroy Goldfield Project Area, north east Tasmania. This result represents the first significant new gold resource reported in Tasmania for 20 years.
- Soil geochemical sampling has defined a potential new gold lode 260 metres north of the 225,000oz Pinafore Reef Inferred Resource. The gold-in-soil anomaly is oriented east-west and strikes for approximately 350 metres. Historical drive development provides evidence that it continues at depth.
- A second gold in soil anomaly defined a potential extension of the Volunteer Reef, approximately 2,000 metres west of the historic Volunteer Lode. This east-west trending gold-in-soil anomaly strikes for approximately 400 metres and has multi-element characteristics similar to that of the nearby Land O' Cakes and Volunteer Lodes.
- Drilling commenced at the Lefroy Goldfield during the Quarter, initially targeting extensions to the Pinafore Inferred Resource and the Native Youth Reef. Initial drilling has returned spectacular grades, with the program continuing.
- Several exciting new targets including the Volunteer Reef, which is the largest and highest-grade historically mined reef in the Goldfield, remain largely untested and are high priority target for the 2006 drill season.
- At the end of the Quarter the Company had a cash balance of \$3.327 million.



A three dimensional block of the Pinafore Reef (left) showing interpolated mineralisation, generated using MICROMINE software. Pinafore and nearby Chum Reefs superimposed onto aerial photomicrography (right).

Resource Estimation Work Completed

The Lefroy Goldfield, which consists of approximately 30 known close-spaced high-grade lode-style reefs, has a total recorded production of 184,000 tons of ore for approximately 200,000oz of gold to an average mined depth of approximately 80 metres.

The Pinafore Reef is one of the largest historically mined reefs in the Lefroy Goldfield. It was mined prior to 1900 for approximately 60,000oz of gold at grades averaging approximately 25g/t. Resource estimation work immediately followed the Company's first exploration season, which focused on the development of high-grade lode-style gold-bearing reef targets below historic workings within the historic Lefroy Goldfield.

During the 2005 field season approximately 6,000 metres of RC and 1,000 metres of Diamond Drilling were completed at selected reef targets within the 4 kilometre mineralised corridor which makes up the Lefroy Goldfield. Drilling returned spectacular grades below historically mined stopes at the Pinafore and Native Youth Reefs.

During the Quarter the Company completed stope reconstruction of the Pinafore and other selected historic mines within the Goldfield which assisted defining ore shoot dimensions. A total of approximately 10,000 metres of shafts and drives were digitised into 3D space to assist determining parameters used to calculate the volume of a potential resource. A detailed analysis of historic production statistics was also completed enabling the Company to allocate tons and grade, in combination with modern drill data, to a wire-frame and block model (front cover) to calculate an Inferred Resource for the Pinafore Reef and Exploration Potential for the Lefroy Goldfield (ASX Announcement November 2005).

JORC Inferred Resource - Pinafore Reef

Prospect Area	Ore	Grade/Ore Zone	Resource
Pinafore	304,000 t	22.9g/t over 2m	225,000oz Au

Exploration Potential – Lefroy Goldfield

Prospect Area	Confidence	Range (to 1,000m Depth)
Lefroy Goldfield	90-50%	1,100,000 to 2,200,000oz Au

Soil Geochemistry Completed

An auger-drill soil geochemical sampling program, for approximately 2,500 points, was completed during the Quarter. Two prospective survey areas were selected, sampling B horizon material on a 20 x 100 metre grid.

Perpetual Geochemical Survey

An east-west trending gold-in-soil anomaly was defined striking for approximately 350 metres x 100 metres, using a cut off of >0.5g/t Au. The anomaly contains assay results up to 1.4g/t Au. The size and multi-element characteristics of the anomaly is very similar to that of the nearby Pinafore and Chum Lodes.

In addition recent compilation of historical mine data for the Pinafore and Chum mines has shown mine development extending from the Pinafore shaft, at the 360 metre level, north to the postulated down-dip projection of this anomaly. A total of 130 metres of drive development along this structure has been identified from old plans and sections, recovered from archives. Reports detailing “encouraging results” and “traces of gold” from within a “mullocky lode” have been extracted, providing evidence that the surface expression of this potential new reef continues to depth.

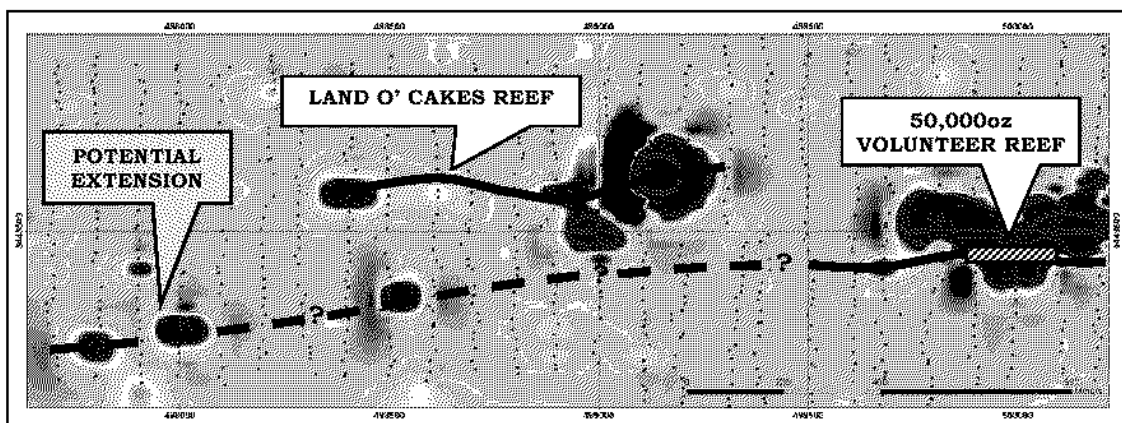
The potential for economic mineralisation beneath this anomaly is currently being assessed with RC drilling, expected to be completed during the current Quarter.

Volley Geochemical Survey

Soil geochemical sampling also successfully tested the potential long-strike extension of the Volunteer Reef, located at the southern end of the Lefroy Goldfield. This detailed program targeted the shear structure hosting the known Volunteer Reef ore-zone and its potential extensions, which historically recorded 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. The potential for economic mineralisation beneath this anomaly will be assessed with further infill soil testing scheduled to be completed in Q1 2006.



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

Drilling Commenced

The 2006 drill program commenced this Quarter and 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

RC drill hole LFC050, the first hole to be completed as part of the current field season, reported spectacular grades (ASX Announcement Jan 2006). Best results from this hole include:

- **10 metres** @ **10.26g/t Au including 1 metre** @ **73 & 11.96 g/t Au**
- **3 metres** @ **8.22g/t Au including 1 metre** @ **22.44g/t Au**
- **9 metres** @ **4.39g/t Au including 2 metres** @ **11.49g/t Au**
- **17 metres** @ **5.75g/t Au including 1 metre** @ **18.88g/t & 23.29g/t Au**

Dennison Goldfield Work Commenced

The Company's extensive landholding in the northeast of Tasmania takes in several mineralised structures including the historic Denison Goldfield. Modern RC drilling by previous explorers has returned significant near surface mineralisation, interpreted as a disseminated gold hosted in sandstone deposit. Disseminated sandstone hosted gold also occurs at the +1,000,000oz Fosterville Mine in Victoria in a geologically similar environment.

Work commenced during the Quarter at the Dennison Goldfield comprising of initial data collection and desktop GIS (Geographic Information System) compilation of the Denison Project Area. The data collated from previous exploration conducted by Anglo Australian Resources has been compiled. This includes regional and structural geology, remote sensing, drilling and costeaning and soil, rock chip and stream sediment surveys. Information has been catalogued and incorporated into a 3D environment for further investigation by the Company. Work has now begun on identifying significant anomalies and potential exploration target areas in the Denison Goldfield area.

Program 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. 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 28/2003).

The Lefroy Goldfield recorded approximately 200,000 ounces of gold at spectacular grades (30-60g/t) in the late 19th century. As the Goldfield was in production for some time before any gold was recorded actual production is thought to be higher. The Company's initial orientation drilling program, commenced in 2005, 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.

Pinafore Reef Target Area

Resource estimation work completed at the Pinafore Reef during the Quarter marks the successful testing of only one of approximately thirty individual reefs that are known within the Lefroy Goldfield, demonstrating the potential for the Goldfield to yield multiple reefs that could be shifted into a resource category with limited drilling. Furthermore, the Pinafore Reef remains open along strike and at depth, indicating that further targeted drilling could increase the Inferred Resources. The previously mentioned RC drill hole LFC050 confirmed high grade material up-dip of intersections included in the

current Inferred Resource estimate and is expected to therefore add to the current resource estimate for the Reef.

Native Youth Reef Target Area

Located near the centre of the Lefroy township, the Native Youth Reef was historically mined for 25,000oz from 2.4 metre wide "lode-splay", striking over 400 metres with grades ranging around 30g/t. The Native Youth is located approximately 1,000 metres south of the Pinafore Reef and has returned the spectacular grades (LFC044 - 17 metres @ 4.49g/t Au including 1 metres @ 19.00g/t Au and 2 metres @ 9.28 Au) from approximately 100 metres vertical depth. Despite this more drilling is required to define a resource, and the Native Youth Reef remains a primary drill target for the current drill program.

Chum Reef Target Area

In addition the historic Chum Reef, located less than 150 metres north of the Pinafore Reef (front cover), represents an important target having produced approximately 46,000 ounces of gold at similar grades to the Pinafore Reef. The close proximity of the Chum to the Pinafore Reef suggest there is potential for the Company to produce multiple economic deposits that could be exploited in a single mining campaign.

Volunteer Reef Target Area

The Volunteer Reef, located at the southern end of the Lefroy Goldfield, is the single largest historically mined reef in the Goldfield having produced approximately 50,000 ounces of gold at an astounding 100g/t from stopes consistently much wider than elsewhere in the Goldfield. Despite this the Volunteer Reef remains largely untested and is a high priority target for the 2006 drill season. A detailed geochemical sampling program is in progress which returned promising results during the Quarter.

The Company's second exploration field season commenced during the Quarter and is continuing into 2006, with RC and diamond drilling planned at selected target areas within the Lefroy Goldfield. Drilling aims to continue on with planned orientation work and follow up on significant results at the Pinafore and Native Youth Reefs.

Corporate

Financial Position

At the end of the Quarter the Company had a cash balance of \$3.327 million.

For further details contact

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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.