

Lefroy Resources Limited

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Via electronic lodgement

SHARE PLACEMENT AND INCENTIVE OPTIONS

Share Placement

The Directors of Lefroy Resources Limited ("the Company") are please to announce the placement of 5,300,000 new fully paid ordinary shares at 25 cents per share to raise \$1,325,000 ("Placement").

Funds raised under the Placement will be applied to further advance the Lefroy Goldfields Project and for general working capital purposes.

The Placement shares will rank pari passu in all respects with the existing ordinary shares of the Company from the date of allotment. After completion of the Placement, the Company's issued share capital will be 41,175,001 fully paid ordinary shares.

The shares are being placed with sophisticated investor clients of Montagu Stockbrokers Pty Ltd.

A notice under Section 708A of the Corporations Act 2001 and an Appendix 3B New Issue Announcement and application for quotation will be released upon allotment and issue of the Placement Shares.

Incentive Options

The Board has resolved to grant incentive options to the Company's Chairman, Mr Malcolm James, subject to shareholder approval. This approval will be sought at the next meeting of the Company. Mr James will be granted 500,000 options, with an exercise price of 25 cents per option, exercisable within 3 years from the date of issue.

Mr James currently has a beneficial interest in 241,500 ordinary shares in the Company and 120,750 options due to expire on the 31 March 2006.

Yours sincerely

CRAIG BROMLEY
DIRECTOR