Lefroy Resources Limited

ACN 107 118 673

QUARTERLY ACTIVITY REPORT
FOR THE PERIOD ENDED 30 JUNE 2007

Highlights

NEW PROJECTS

- **Lefroy announced during the current Quarter that it had entered into an agreement which, upon completion, will give it full ownership of a package of uranium projects situated in Chile and Peru.**

LEFROY GOLDFIELD

- **Metallurgical and gold characterisation test work using larger sample sizes indicates a substantial increase in grade**

DENISON PROJECT AREA

- **Trench sampling returned promising results from the East Denison Project.**
- **Regional mapping and soil geochemical sampling continuing within the Denison area. The area is an extensive, highly anomalous area with potential to host significant gold mineralisation analogous to the +1Moz Fosterville Mine in Victoria.**
- **Successful application for an Exploration Lease located to the south of Denison. The tenure overlies the historically significant Golden Crest and Enterprise Mines. Cradle Creek is also north-west of the Lisle goldfield, which historically produced approximately 200,000 ounces of gold.**

CORPORATE

- **At the end of the Quarter the Company had a cash balance of $7.4 million.**

NEW PROJECTS – CHILE AND PERU

As announced to the market on 21 May 2007, Lefroy Resources Limited ("Lefroy" or "Company") entered into an agreement that, upon completion, will give it full ownership of a package of uranium exploration projects situated in Chile and Peru.

Granted title has been secured over seven project areas totaling in excess of 12,000 hectares. Six of the projects are located in the Atacama region of northern Chile with the seventh project located in the Macusani district of south eastern Peru.

As noted in the May announcement, the Chilean projects have all demonstrated uranium mineralisation whereas the Peruvian project is less advanced. Mineralisation in the Chilean projects generally conforms to the "sandstone hosted uranium" and "calcrete uranium" classes. Previous preliminary exploration identified radiometric anomalies that have some initial follow up exploration, including trenching and sampling of mineralisation at three of the projects. The mineralisation previously discovered is shallow with simple mineralogy (dominantly carnotite) in locations with generally good logistics which would allow for a low capital cost, short lead time operation if an economic deposit is discovered. Some high grade assays recorded in the late 70's into the early 80's from limited sampling of three of the projects included spectacular grades up to 9kg per tonne. The sampling methodology and process is not known and although these reported assays are encouraging, they are from limited historical data which needs to be confirmed by Lefroy with a modern exploration program.

A exploration program is being planned to further delineate the anomalies with trenching, sampling and drilling to follow with a view to establishing resource estimates as soon as practicable.

Agreement Terms

Lefroy has entered a two stage agreement to acquire 100% of King Energy Pty Ltd ("King"), the parent company with rights to 100% of the projects.

The agreement was also subject to a due diligence period which commenced after a initial payment of $50,000 to King and is expected to be completed early in Quarter 3.

Stage 1 involves Lefroy funding an exploration program up to A$1,000,000 and issuing 7,000,000 ordinary shares in Lefroy to King shareholders and 4,800,000 listed options in Lefroy to parties nominated by King. The options will be on the same terms as those already listed. Lefroy is deemed to have earned 51% in the projects through stage 1.

Stage 2 involves Lefroy issuing a further 14,000,000 ordinary shares in Lefroy to King shareholders for 100% of their shares in King such that King would become a 100% owned subsidiary of Lefroy. In addition Lefroy must pay to King the sum of $200,000 if it elects to proceed to stage 2.

The opportunity to acquire King has been introduced to Lefroy by Mandevilla Pty Ltd who will be paid a fee of 700,000 options in Lefroy at stage 1 and 1,300,000 options if Lefroy elects to proceed to stage 2. These options will have the same terms as the presently listed Lefroy options. Upon the completion of due diligence, the directors of Lefroy will proceed to convene a meeting of shareholders to approve the transaction. It is also planned that Mr Carl Swensson, a director of King with over 30 years of experience in mineral exploration will be appointed to the board of Lefroy. Mr Swensson was formerly Chief Exploration Geologist for Normandy Mining Limited/ Newmont and has held senior exploration positions with Bendigo Gold Associates and CRA. His experience covers a

wide range of countries and commodities including Uranium, Gold, Nickel, Copper, Zinc, Lead, Tin, Tungsten and Diamonds.

LEFROY GOLDFIELD

METALLURGICAL BULK SAMPLING

As previously announced, in November 2006 a drill derived bulk sample was collected from the Pinafore lode to allow metallurgical testing to be undertaken. A series of closely spaced RC drill holes were completed up and down dip of LFC087 (27m @ 4.27 including 2m @ 28.21 g/t Au) to provide information in respect to lode geometry, tenure and to gain a better understanding of the gold deportment at Lefroy.

The primary purpose of the test work was to a assess the amenability of gravity separation and cyanide leaching to the ore and also to assess the calculated head grade of the ore, obtained by differing assay and treatment methods. A 2,295kg sample was submitted from the Pinafore ore from which a composite sample weighing 183.5kg was generated. This sample was then used for the test work

Test work using larger sample sizes returned an average grade of **2.50 ppm Au** compared to **2.04 Au ppm** assayed using similar techniques to routine exploration analytical work**,** representing a **23% increase in grade**.

The test work has also shown that a 5kg sample produces a more representative assay result. (exploration samples are typically 1kg screen fires). The Gravity Recoverable gold (GRG) test work produced a highest grade of **2.89 ppm Au** but this is mitigated by higher potential analysis error due to the number of samples required during the multiply leaches.

The GRG test work also concluded that a significant portion of the gold can be recovered by either a conventional jig or centrifuge concentrator.

DENISON PROJECT AREA

As part of Lefroy's Exploration Strategy, a requirement for developing a regional exploration program outside of the Lefroy Goldfield was identified. This work aims at reducing the investment risk and exploiting any opportunities which exist over the Company's large tenement package.

Geological evidence and literature reviews suggest north-east Tasmania is highly prospective for orogenic sediment-hosted disseminated gold deposits, similar to those being exploited at Fosterville in central Victoria. Fosterville, with a total gold endowment of over 3,000,000 ounces is now a major gold producer in Victoria. Previous explorers in the area and information sourced from historical records show that this style of mineralisation is present in Denison area. Despite the potential for the Denison to host large sediment-hosted disseminated gold deposits only limited exploration has been conducted to date. However a compilation of all legacy exploration conducted in the Denison area has identified several areas that are considered prospective.

Refer to Figure 1 below:

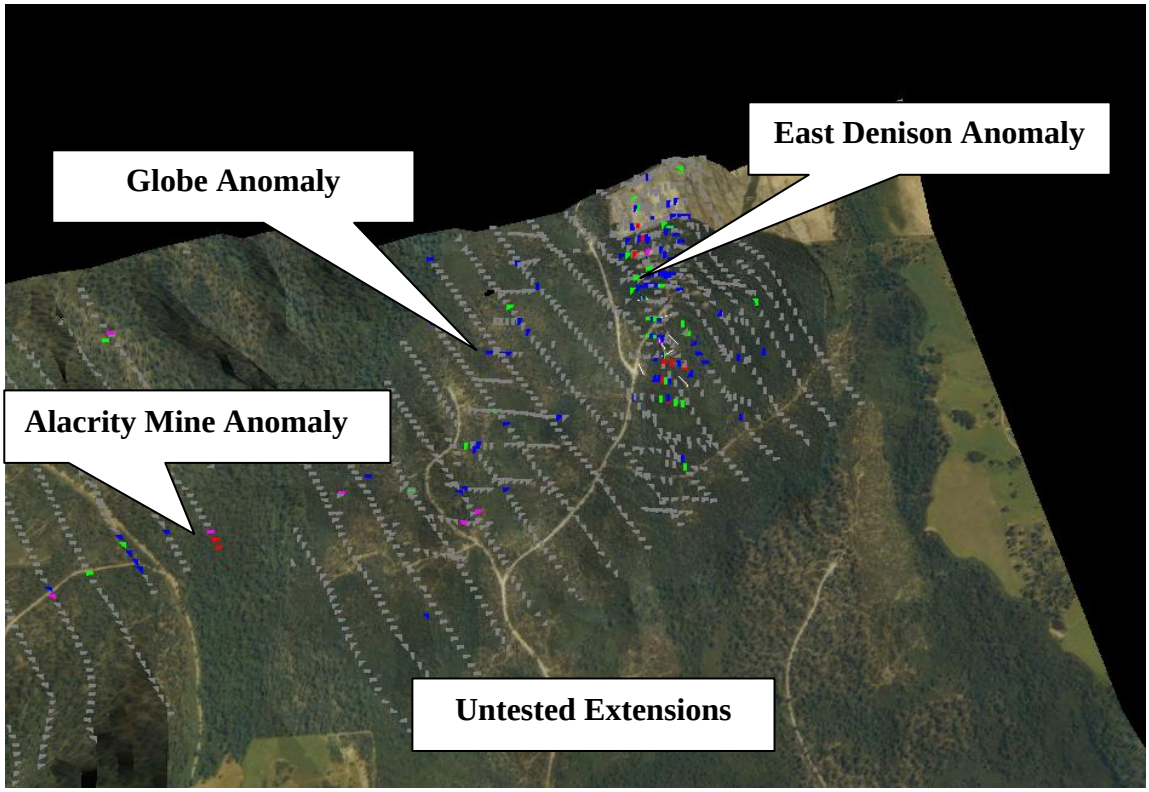

Figure 1 : Denison Project Area geochemical results displayed using hot colours to represent high Au values. Results shown over aerial photography draped on a digital terrain model.

The **East Denison Prospect** is a coherent geochemical anomaly that is approximately **800m long by 120m wide (25ppb Au cut off).**

Limited drilling by previous explorers returned promising results as detailed below:

Hole ID	From	To	Interval	Au g/t**
EDRC12	6	12	**6**	**2.65**
EDRC16	8	14	**6**	**6.38**
EDRC27	12	20	**8**	**2.04**

Interpretation of this drilling data proved inconclusive in determining the prospectivity of the East Denison prospect. Therefore in order to obtain a better understanding of the controls of mineralisation in the area a program of trench sampling was undertaken over the central portion of the East Denison anomaly.

Assay results from this trenching program have returned promising results including (see overleaf):

Trench Sampling – East Denison							
Hole ID	**East**	**North**	**Dip/Azm**	**From**	**To**	**Interval**	**Au g/t**
DTR001	526553	5445917	0/121	30	36	**6**	**2.13**
DTR004	526570	5446221	5/113	78	120	**42**	**2.10**
DTR005	526581	5446156	7/111	36	38	**2**	**1.48**
				48	49	**1**	**1.47**
				63	69	**6**	**1.34**
DTR006	526581	5446156	4/1.67	62	108	**46**	**1.36**

*Coordinates in GDA 94, UTM Zone 55 grid system
**Cut off grade 1.00g/t, max 3m consecutive internal dilution
**Analysis by repeat fire assay

Mineralisation is associated with a steep dipping quartz stock-work system exhibiting strong silicification around the vein sets within a sericite carbonate altered bleached sandstone. Follow-up trenching and drilling is currently being considered by the Company to advance the project.

Regional geological mapping and historical data assessment has also identified several untested extensions of the East Denison anomaly including a second parallel trending geochemical anomaly present 500m west of the East Denison prospect remain untested.

A soil geochemical sampling program is currently in progress over an area where high grade rock chip samples have been taken at the Little Ballroom prospect located north of the East Denison prospect.

Lefroy has also been successful in our application for Exploration Lease 30/2006 to the south of Denison. The tenure covers four separate areas totalling 17 square kilometres including the historically significant Golden Crest and Enterprise Mines. Cradle Creek is also north-west of the Lisle goldfield, which historically produced around 200,000 ounces of gold. The four areas obtained are also within the mineralized corridor which hosts the Panama, Lone Star and Denison Goldfields.

In 2006, Mineral Resources Tasmania announced "TasExplore" – a four year Tasmanian government initiative. Part of this initiative was to acquire 200m spaced aeromagnetic and radiometric data over the north east of Tasmania. Lefroy was then able to infill this survey to 100m spaced data providing a much better dataset. An airborne geophysical survey was completed over the Denison and Back Creek goldfield with processing and interpretation continuing in quarter 3.

CORPORATE

FINANCIAL POSITION

At the end of the Quarter the Company had a cash balance of $7.4 million.

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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 Colwin Lloyd who is a Member of the AUSIMM. Mr. Colwin Lloyd is a full-time employee of the Company. Mr. Lloyd 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". Mr. Lloyd consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.