

Lefroy Resources Limited

ACN 107 118 673

Consolidated Interim Financial Report For the Half Year Ended 31 December 2009

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CORPORATE DIRECTORY

Directors
Craig Bromley (Non-Executive Director)
Thomas Kelly (Non-Executive Director)
Carl Swensson (Non-Executive Director)

Company Secretary Jade Styants

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West Perth, WA 6005

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Computershare Investor Services Pty Ltd
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Auditors
Somes & Cooke
1304 Hay Street
West Perth WA 6005

Solicitors
Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

DIRECTORS REPORT

The Directors present their report together with the consolidated financial report for the half year ended 31 December 2009 and the auditor's review report thereon.

DIRECTORS

The names and details of the Directors of the Company in office during the half year are set out below.

Craig Bromley - Non-Executive Director

Thomas Kelly - Non-Executive Director

Carl Swensson - Non-Executive Director

Directors have been in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

Exploration Summary

- Second phase drilling completed on Pampas project. Encouraging assays returned with further assay results awaited.
- Research completed on investigations into the mineralogy of lithium mineralisation at Llamara and Cerro Soledad.
- Review of all exploration results to date.

Pampas

A reverse circulation drilling programme comprising 37 drill holes for a total of 1,000m commenced at the Pampas project during the quarter. The programme was designed to follow up the encouraging uranium intersections returned from the first drilling programme identifying the unclosed uranium anomaly.

In order to reduce the number of low grade or barren samples submitted to the laboratory, the samples were screened using a cut-off of 20evUppm level as determined by taking a differential spectrometer reading of the sample bag. This resulted in only a small number of samples being submitted to the laboratory. However on receipt of these results it has become apparent that the disequilibrium shown by the uranium in all of Lefroy's projects has resulted in potentially high grade samples being excluded. This is evident by the fact that 50% of the holes assayed have ended in significant uranium grades (>50ppm U).

Additional samples have now been submitted for assay and results are awaited. Results to date have returned some excellent intersections, with the best intersection to date showing 6m@ 257ppm U from hole PSRC68 (20-26m) including 2m @ 488ppm U from 21-23m. Significantly these partial results have confirmed the continuance of the anomalous trend to the north which remains unclosed.

The significant intersections from the results received to date are summarised in the table below:

Pampas 2nd Phase Drilling - Significant Results to Date

Drill Hole	From (m)	To (m)	Interval (m)	U ppm
PSRC61	9	11	2	36.15
PSRC67	27	29	1	50.20
PSRC68	20	26	6	257.00
PSRC68	21	23	2	488.00
PSRC74	29	30	1	20.70
PSRC76	1	2	1	85.30
PSRC79	8	9	1	10.75
PSRC81	5	8	3	56.00
PSRC82	5	6	1	12.55
PSRC85	15	16	1	188.50
PSRC85	15	19	4	82.30
PSRC89	15	17	2	77.50

Lithium Metallurgical Research

Detailed particle size separation and XRD analysis has confirmed that the lithium identified at Llamara and Cerro Soledad is in the form of hectorite, a smectite clay in which lithium replaces magnesium in the clay lattice. Assays on different size fractions of material subjected to investigation have shown that the lithium grade can be substantially upgraded from 1800ppm Li to 2400ppm Li in the fine fractions and hence some beneficiation appears possible.

However the metallurgical treatment of hectorite remains to be shown to be commercially viable, although Western Lithium Corporation's Kings Valley hectorite project in Nevada is at a feasibility stage. In considering the potential risks associated with pursuing new processes and considering that Lefroy's primary focus is uranium, no further work is anticipated on the potential lithium resource at Llamara and Cerro Soledad.

Project Review

A complete review of exploration results to date has been undertaken during the quarter. In summary:

- Potentially economic grades of uranium from soil, rock and drill samples have been returned from Llamara, Cerro Soledad and Pampas projects.
- Only a small area (<10%) of the potential host sequence in these three projects has received any exploration and hence the potential for further mineralisation is considerable. Anomalies remain unclosed on all three projects.
- Despite high grade surface mineralisation being identified for over 14km of strike within the Salar Grande project, the mineralisation has not been effectively drill tested and considerable potential remains.

DIRECTORS REPORT

- While three areas of carnotite mineralisation have been recognized at Cardones, only preliminary reconnaissance has been undertaken at this project and the potential remains untested.

Lefroy considers that the potential of its uranium projects is considerable and warrants further work. However the next stage of exploration requires escalated expenditure to allow aerial geophysical surveys to prioritise areas for exploration and further drilling. To share the risk Lefroy considers it prudent to seek a suitable joint venture partner to share future exploration expenditure.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 7 for the half year ended 31 December 2009.

Signed in accordance with a resolution of the Board of Directors



Thomas Kelly
Director

Dated this day of 16 March 2010

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Carl Swensson who is a Member of the AUSIMM. Mr. Swensson is a Director of the Company. Mr. Swensson 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. Swensson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Auditors Independence Declaration

As lead auditor for the review of Lefroy Resources Limited and its controlled entities for the half year ended 31 December 2009, I declare under Section 307C of the *Corporations Act 2001*, that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lefroy Resources Limited and the entities it controlled during the period.

Somes and Cooke

Somes and Cooke

J Talbot

Jennifer Talbot
Engagement Partner

1304 Hay Street
West Perth WA 6005
Date: 16 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

		Consolidated	
		31 December	31 December
		2009	2008
	Notes	\$	\$
Revenue		77,749	220,018
Employee benefits expense		(58,320)	(62,361)
Employee share based payments		(50,902)	-
Lapsed share based payments		27,516	-
Consultants share based payments		-	(53,917)
Depreciation and amortisation expense		(5,986)	(11,357)
Exploration expenditure write off		(1,368,579)	-
Other expenses from ordinary activities		(115,464)	(189,496)
Loss before income tax		(1,493,986)	(97,113)
Income tax expense		-	-
NET LOSS FOR THE PERIOD		(1,493,986)	(97,113)
Other Comprehensive Loss			
Changes in fair value of available for sale assets		133,345	(522,178)
Changes in foreign operations translation		(260,442)	-
		(127,097)	(522,178)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,621,083)	(619,291)
Basic loss per share (cents per share)	8	2.07	0.14

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		Consolidated	
		31 December	30 June
		2009	2009
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,505,107	4,089,335
Prepayments		51,145	32,769
Trade and other receivables		168,224	207,067
TOTAL CURRENT ASSETS		3,724,476	4,329,171
NON-CURRENT ASSETS			
Trade and other receivables		1,761	1,851
Property, plant and equipment		54,905	60,980
Investment and financial Assets		2,485,040	2,351,695
Exploration and evaluation expenditure	3	2,036,774	3,159,539
TOTAL NON-CURRENT ASSETS		4,578,480	5,574,065
TOTAL ASSETS		8,302,956	9,903,236
CURRENT LIABILITIES			
Trade and other payables		19,477	22,061
TOTAL CURRENT LIABILITIES		19,477	22,061
TOTAL LIABILITIES		19,477	22,061
NET ASSETS		8,283,479	9,881,175
EQUITY			
Issued capital	7	13,686,885	13,686,885
Reserves		484,369	588,079
Retained earnings		(5,887,775)	(4,393,789)
TOTAL EQUITY		8,283,479	9,881,175

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Financial Assets Reserve \$	Foreign Currency Reserve \$	Total \$
BALANCE AT 1 JULY 2009	13,686,885	(4,393,789)	183,443	490,227	(85,591)	9,881,175
Net loss for the period	-	(1,493,986)	-	-	-	(1,493,986)
Cost of share-based payment	-	-	50,903	-	-	50,903
Share based payments lapsed	-	-	(27,516)	-	-	(27,516)
Changes in fair value of available for sale financial assets	-	-	-	133,345	-	133,345
Foreign exchange movement	-	-	-	-	(260,442)	(260,442)
BALANCE AT 31 DECEMBER 2009	13,686,885	(5,887,775)	206,830	623,572	(346,033)	8,283,479
BALANCE AT 1 JULY 2008	13,566,885	(3,857,165)	478,235	755,530	-	10,943,485
Net loss for the period	-	(97,113)	-	-	-	(97,113)
Cost of share-based payment	-	-	116,277	-	-	116,277
Changes in fair value of available for sale financial assets	-	-	-	(522,178)	-	(522,178)
BALANCE AT 31 DECEMBER 2008	13,566,885	(3,954,278)	594,512	233,352	-	10,440,471

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 December	31 December
	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(219,123)	(204,545)
Interest received	54,382	220,018
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(164,741)	15,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,910)	-
Interest generated from bank guarantees	-	(6,223)
Tenement bonds refunded	84,168	-
Purchase of investments	-	(786,468)
Payments for exploration and evaluation	(487,101)	(872,562)
NET CASH USED IN INVESTING ACTIVITIES	(404,843)	(1,665,253)
NET DECREASE IN CASH HELD	(569,584)	(1,649,780)
Cash and cash equivalents at beginning of period	4,089,334	6,460,185
Effect of exchange rates on cash holdings in foreign currencies	(14,643)	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,505,107	4,810,405

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION

The interim financial statements are a general purpose financial report prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its subsidiaries (Consolidated Entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2009, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the June 2009 financial report except for the adoption of the following new and revised Accounting Standards.

Intra-Company Receivables

The Company has inter-company receivables with its wholly owned subsidiaries. The directors have assessed the treatment of the receivable in relation to changes in foreign exchange movements (AASB 121) and believe that the subsidiary plans to repay the receivable in the foreseeable future by way of successful exploration or alternatively by sale of the asset.

Accounting Standards not Previously Applied

The consolidated entity has adopted the following new and revised Australian Accounting Standards issued by AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the consolidated entity's chief

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

operating decision maker which, for the Consolidated Entity, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Consolidated Entity, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit and loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit and loss.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of components of the consolidated entity that are regularly reviewed by the chief operating decision makers in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach. As a result, following the adoption of AASB8, the identification of the consolidated entity's reportable segments has changed. The consolidated entity has identified the following segments:

Exploration (South America) – consists of the exploration expenditure involved in the search and discovery of minerals

Investment (Australia) – consists of financial investments made in Australia

Corporate (Australia) – includes corporate and other costs incurred by the parent entity

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The consolidated entity's principal activities continue to be in mineral exploration and projects are managed on a project-by-project basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

(i) Segment Performance

Six months ended 31 December 2009

	Exploration (South America)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
External revenues	-	77,749	-	77,749
Inter-segment revenue	-	-	-	-
Share based payments	-	-	(23,386)	(23,386)
Depreciation and amortisation expense	(5,605)	-	(381)	(5,986)
Exploration expenditure write off	(1,368,579)	-	-	(1,368,579)
Other expenses	(18,423)	-	(155,361)	(1,542,363)
Reportable segment profit before income tax	(1,392,607)	77,749	(179,128)	(1,493,986)

Six months ended 31 December 2008

	Exploration (South America)	Investment (Australia)	Corporate (Australia)	Total Company
External revenues	-	220,018	-	220,018
Inter-segment revenue	-	-	-	-
Share based payments	-	-	(53,917)	(53,917)
Depreciation and amortisation expense	(10,956)	-	(401)	(11,357)
Other expenses	-	-	(251,857)	(251,857)
Reportable segment profit before income tax	(10,956)	220,018	(306,175)	(97,113)

(ii) Segment Assets and Liabilities

Six months ended 31 December 2009

	Exploration (South America)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
Assets				
Current assets	192,196	3,497,084	35,196	3,724,476
Property, plant and equipment	45,443	-	9,462	54,905
Investment and financial assets	-	2,485,040	-	2,485,040
Exploration and evaluation expenditure	2,036,774	-	-	2,036,774
Other non-current assets	1,761	-	-	1,761
Total Segment Assets	2,276,174	5,982,124	44,658	8,302,956
Total Segment Liabilities	(11,245)	-	(8,232)	(19,477)
Net Assets Employed	2,264,929	5,982,124	36,426	8,283,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Year ended 30 June 2009

	Exploration (South America)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
Assets				
Current assets	274,686	3,962,015	92,470	4,329,171
Property, plant and equipment	51,805	-	9,175	60,980
Investment and financial assets	-	2,351,695	-	2,351,695
Exploration and evaluation expenditure	3,159,539	-	-	3,159,539
Other non-current assets	1,851	-	-	1,851
Total Segment Assets	3,487,881	6,313,710	101,645	9,903,236
Total Segment Liabilities	(11,336)	-	(10,725)	(22,061)
Net Assets Employed	3,476,545	6,313,710	90,920	9,881,175

(iii) Major Customers

The consolidated entity continues to carry out exploration activities in South America and at this time does not provide product or services.

3. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2009 \$	30 June 2009 \$
Opening balance	3,159,539	-
Exchange movement	(205,976)	-
Exploration expenditure capitalised	451,790	45,047
Exploration expenditure written off	-	(99,315)
Fair value at acquisition (a)	-	1,845,228
Goodwill on acquisition(a)	-	1,368,579
Exploration expenditure write off (Chile)	(1,368,579)	-
Exploration and evaluation expenditure	2,036,774	3,159,539

(a) The calculation of goodwill relates to the value placed on the mineral tenements purchased when the Company acquired King Energy Pty Ltd, a private company that owns mineral exploration tenements in South America.

4. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2009.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

5. DIVIDENDS

The Company has not paid or provided for dividends during this period.

6. SHARE BASED PAYMENTS

As approved by shareholders at the Annual General Meeting held on 26 November 2009, the Company allotted and issued 3,500,000 unlisted options to Directors, of which 1,500,000 were issued to Mr Thomas Kelly, 1,500,000 to Mr Carl Swensson and 500,000 to Mr Craig Bromley at an exercise price of 10 cents each (Director Options). The Director Options are exercisable on or before 30 November 2012.

The primary purpose of the Director Options is to provide incentive to the participating directors to drive the Company's assets forward and also as a reward for their ongoing commitment and efforts over the previous 12 months. The full terms and conditions of the Director Options are detailed in the Notice of Meeting as announced to the ASX on 23 October 2009.

In addition to the Director Options above, the Company allotted and issued 500,000 unlisted options to the Company Secretary under the Lefroy Resources share option incentive plan. The options are exercisable at 10 cents on or before 30 November 2012.

All options granted to key management personnel are over ordinary shares in Lefroy Resources Limited, which confer a right of one ordinary share for every option held.

7. ISSUED CAPITAL

Ordinary Shares

A reconciliation of the movement in capital and reserves for the Company can be found in the Statement of Changes in Equity

	Consolidated	
	31 December	30 June
	2009	2009
	\$	\$
72,198,501 (June 09: 72,198,501) fully paid ordinary shares	13,686,885	13,686,885

Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price	Options issued during period	Number Exercised	Balance
30/06/2010	\$0.25	2,650,000	-	2,650,000
31/10/2011	\$0.10	5,500,000	-	5,500,000
30/11/2012	\$0.10	4,000,000(i)	-	4,000,000(i)
		12,150,000	-	12,150,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

(i) On 21 October 2009, 500,000 options over unissued ordinary shares of Lefroy Resources Limited were issued to the Company Secretary and on 26 November 2009 a further 3,500,000 options over unissued ordinary shares of Lefroy Resources Limited were issued to Directors. Please refer to Note 6 for further details.

8. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic loss per share:

	Consolidated 31 December 2009	31 December 2008
	\$	\$
a) Reconciliation of earnings to profit or loss		
Net loss used in calculating basic loss per share	(1,493,986)	(97,113)

	Consolidated 31 December 2009	31 December 2008
b) Weighted average number of ordinary shares outstanding during the half year		
Weighted average number of ordinary shares used in calculating basic loss per share	72,198,501	69,198,501

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

9. EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors, other than the matters discussed above, there were no significant events occurring after the balance date.

DIRECTORS DECLARATION

In the opinion of the Directors of Lefroy Resources Limited ("the Company"):

1. The financial statements and notes set out on pages 8 to 17, are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board



Thomas Kelly
Director

Dated at Perth, Western Australia, this 16 day of March 2010



Independent Auditor's Review Report

To the members of Lefroy Resources Limited

Report on the Half-Year Consolidated Financial Report

We have reviewed the accompanying half-year financial report of Lefroy Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lefroy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001* and we can confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Lefroy Resources Limited on the date of this report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lefroy Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.



Somes & Cooke
Chartered Accountants



Jennifer Talbot
Engagement Partner

16 March 2010