
QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30 JUNE 2010

- **Lefroy executed agreement to acquire the Rio Pardo Iron Ore Project in Brazil, located in multibillion tonne iron ore province**
- **The search for a suitable joint venture partner to accelerate uranium exploration in Chile was initiated**
- **Cash at bank at the end of the quarter was \$3.1 million.**

Rio Pardo Project

Project

As announced on 5 July 2010, Lefroy Resources Limited (Company) has entered into a Heads of Agreement (Agreement) to acquire a 100% interest in the Rio Pardo Iron Ore Project located in Brazil, which provides the Company with entry into an emerging world class iron ore province via a project that has excellent potential for short term valuation uplift from early drilling.

The Project is located in the North Minas Gerais Iron Province in Brazil, close to the town of Rio Pardo de Minas. The Project is situated within an emerging world class iron ore province that rivals Brazil's Iron Quadrangle in potential. This province contains a number of multibillion tonne iron ore deposits owned by Mineração Minas Bahia S.A. (MIBA), Honbridge Ltd (Salinas) and Vale do Rio Doce (Vale).

The Rio Pardo block of tenements covers 338.5km² just north and adjacent to ground held by MIBA and Salinas. Aeromagnetic surveys and ground traverses indicate that the MIBA ore zones continue into the Project ground. Initial work on the Project indicates a potential resource equivalent to that contained within the MIBA ground with the opportunity to add additional resources along a parallel trend. The magnetite-haematite diamictite ores in this area beneficiate easily to product grades in excess of 65% Fe with low impurities suitable for high grade pellet feed.

The Project is 380kms from the port of Ilhéus and 160km from the town of Caetité. A major east west railway is currently being constructed by the Brazilian Federal Government between the port of Ilhéus and Figueirópolis with the section from Ilhéus to Caetité due for completion in mid 2011. A rail spur of 160km will need to be completed to connect this iron ore province to the major railroad being built at Caetité.

Exploration Program

A program is planned to quickly define a JORC compliant resource and quickly determine the size and scope of the Project. Upon completion of the acquisition Lefroy plans an immediate aeromagnetic and drilling programme to demonstrate the continuity of the deposit and define an initial JORC compliant resource.

Following on from this further drilling will be completed to determine the size of the deposit together with additional metallurgical test work and capital and operating cost estimates and other studies to complete a scoping study designed to determine comparisons to those achieved on nearby projects.

Please refer to the Company's announcement on 5 July 2010 for further details.

Chile Uranium Exploration Tenements

Project Review

An information memorandum was prepared to provide an overview of results achieved to date from Lefroy's Chilean exploration programme and sent to companies considered to be suitable joint venture partners. Initial expressions of interest have been received from a number of companies to date with a view to reviewing Lefroy's data in detail.

Corporate

Financial Position

At the end of the quarter Lefroy had a cash balance of \$3.1 million.

For further details contact:

Tom Kelly
Lefroy Resources Limited
1/64 Thomas Street, West Perth WA 6005
Ph: (08) 9321 6988, Fax: (08) 9321 4022