P R O S P E C T U S

For a non-renounceable Rights Issue of
1 Option for every 2 Shares held by Shareholders
at an issue price of 1 cent per Option.

The Options are exercisable at 25 cents
on or before 31 March 2006.

Important Notice

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to another document the information of which is deemed to be incorporated in this Prospectus.

Lefroy Resources Limited

ACN 107 118 678

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IMPORTANT INFORMATION

This Prospectus is dated 7 October 2004 and was lodged with the ASIC on that date.

The ASIC takes no responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Options offered by this Prospectus to be listed for Quotation.

Applicants should read this document in its entirety and if in any doubt, consult with their professional advisors before deciding whether to apply for Options. There are risks associated with an investment in Lefroy Resources and the Options offered under this Prospectus must be regarded as a speculative investment. The Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Options.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in Section 13 of this Prospectus.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates by reference information contained in a document that has been lodged with the ASIC.

This Prospectus refers to the disclosure document lodged by the Company with the ASIC on 30 March 2004 for the offer of 16,000,000 Shares at an issue price of 25 cents each to raise $4,000,000 (**March 2004 Prospectus**) and to the financial statements of the Company for the year ending 30 June 2004 lodged with the ASIC on 30 September 2004 (**2004 Financial Statements**). In referring to the March 2004 Prospectus and the 2004 Financial Statements, the Company:

(a) identifies the March 2004 Prospectus and the 2004 Financial Statements as being relevant to the offer of Options under this Prospectus and containing information that will provide Shareholders and their professional advisers to assist them in making an informed assessment of:

   (i) the rights and liabilities attaching to:

      A) the Options; and

      B) the underlying Shares,

   (ii) the capacity of the Company to issue the underlying Shares; and

   (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of Lefroy Resources;

(b) refers Shareholders and their professional advisers to Section 5 of this Prospectus which summarises the information in the March 2004 Prospectus and the 2004 Financial Statements deemed to be incorporated in this Prospectus;

(c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the March 2004 Prospectus and the 2004 Financial Statements by contacting the Company at its registered office during normal business hours during the Offer Period; and

(d) advises that the information in the March 2004 Prospectus and the 2004 Financial Statements will be primarily of interest to Shareholders and their professional advisers or analysts.

Electronic Prospectus

This Prospectus will be issued as an electronic prospectus. The offer of Options pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person an Entitlement and Acceptance Form and/or a Shortfall Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus.

During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at: admin@lefroyresources.com.au

The Prospectus may be viewed online at: www.lefroyresources.com.au

SECTION 1
CORPORATE DIRECTORY

DIRECTORS	Malcolm James (Chairman) Tom Kelly Craig Bromley
JOINT COMPANY SECRETARIES	Anthony Samaha Jade Styants
REGISTERED OFFICE	1304 Hay Street West Perth WA 6005 Email: admin@lefroyresources.com.au Website: www.lefroyresources.com.au
PRINCIPAL PLACE OF BUSINESS	Suite 5 Cottesloe Corporate Centre 589 Stirling Highway Cottesloe WA 6011 Telephone: (08) 9286 1622 Facsimile: (08) 9286 1633
INVESTIGATING ACCOUNTANT AND AUDITORS	Somes & Cooke Chartered Accountants 1304 Hay Street West Perth WA 6005
INDEPENDENT CONSULTING GEOLOGIST	Continental Resource Management Pty Ltd 10 Hehir Street Belmont WA 6104
SOLICITORS	Steinepreis Paganin Lawyers & Consultants Level 14, Citibank House, 37 St Georges Terrace Perth WA 6000
SHARE REGISTRY	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: (08) 9323 2000 Facsimile: (08) 9323 2033

SECTION 2
CHAIRMANS LETTER

7 October 2004

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a pro-rata non-renouncable rights issue of Options.

All Shareholders registered as at 5.00pm (WST) on 18 October 2004 are entitled to participate in the rights issue of Options, on the basis of one (1) Option for every two (2) Shares held.

The Closing Date for acceptances is 5.00pm (WST) on 5 November 2004 (unless the Offer is extended).

The Company will apply to ASX for Official Quotation of the Options.

The Board takes this opportunity to thank Shareholders for your support since listing and looks forward to your continued support in the future.

Yours sincerely

Malcolm James
Director

SECTION 3
INDICATIVE TIMETABLE

Prospectus lodged with the ASIC and ASX	7 October 2004
Notice in relation to the Rights Issue dispatched to Shareholders	11 October 2004
Securities Quoted 'Ex' Rights	12 October 2004
Record Date for determining entitlements	18 October 2004
Despatch Prospectus/Opening Date	21 October 2004
Closing Date (excluding participating organisations of ASX)*	5 November 2004
Deferred settlement trading commences	8 November 2004
ASX notified of any under subscriptions	10 November 2004
Despatch date of holding statements, deferred settlement trading ends and normal trading commences	15 November 2004

*The Directors reserve the right to extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Options are expected to commence trading on ASX may vary.

SECTION 4
PURPOSE OF THE OFFER AND USE OF PROCEEDS

4.1 The Rights Issue

The Company is making a pro-rata non-renounceable rights issue to Shareholders who are registered at 5.00pm (WST) on 18 October 2004 (**Record Date**) of approximately 17,937,500 Options at an issue price of 1 cent each to raise approximately $179,375.

The Options will be offered on the basis of one (1) Option for every two (2) Shares held at the Record Date.

The Options are exercisable at 25 cents each on or before 31 March 2006 and on the terms and conditions outlined in Section 8 of this Prospectus.

The fractional entitlements to Options will be rounded up to the nearest whole number.

4.2 Purpose of the Rights Issue

The funds raised by the Offer of approximately $179,375 will be applied to working capital and also to meet the expenses of the Offer of approximately $19,598.

The Company intends to use the funds raised in the Offer as follows (assuming the maximum amount is raised):

Activity	**Budgeted Amount**
Working Capital	$ 159,777
Expenses of the Offer	$ 19,598
Total	$ 179,375

If less than the maximum is raised, the funds raised will be applied towards expenses of the Offer with the balance going towards working capital, as noted above. If no funds are raised as a result of this Offer, the Company has sufficient capital to meet its obligations as set out in the March 2004 Prospectus.

Funds received from the Rights Issue, less associated expenses, will result in an increase in the Company's cash at bank by $159,777. As outlined above, these funds will form part of the Company's working capital.

4.3 Entitlement

The number of Options to which each Shareholder is entitled (**Entitlement**) is shown on the Entitlement and Acceptance Form accompanying this Prospectus.

Shareholders may accept their Entitlement in full or part by returning a completed Entitlement and Acceptance Form to the Company's share registry by 5.00pm (WST) on 5 November 2004.

Shareholders wishing to take up all or part of their Entitlement under the Offer can only do so by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus.

It is important that Shareholders consider the Offer carefully. If Shareholders are in doubt as to the course of action they should follow, they should consult their professional adviser.

4.4 Minimum Subscription

There is no minimum level of subscription for the Rights Issue.

4.5 Oversubscription

Oversubscriptions will not be accepted.

4.6 Issue Price

The issue price of the Options is 1 cent each, payable in full upon the acceptance of the Offer.

4.7 Acceptance

The Offer may be accepted in whole or in part. Acceptance and payment in full of 1 cent per Option must be received before 5.00pm (WST) on 5 November 2004. Instructions for completion and lodgement of acceptances are set out on the back of the Entitlement and Acceptance Form.

4.8 Action Required

If you wish to take up all of your Entitlement, complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out and lodge the form together with your cheque for the amount shown on the form so that it reaches the Company's share registry at:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

by no later than 5.00pm (WST) on 5 November 2004.

Cheques and drafts should be made payable to "Lefroy Resources Limited" and crossed "Not Negotiable".

If you wish to take up part of your Entitlement, complete the enclosed Entitlement and Acceptance Form in respect of the Options you wish to take up in accordance with the instructions set out in the form and lodge the form together with your cheque for the relevant amount (being the number of Options you wish to take up multiplied by 1 cent per Option) so that it reaches the Company's share registry by no later than 5.00pm (WST) on 5 November 2004.

If you do not wish to take up any of your Entitlement, you do not need to take any action and your entitlement to the Options will lapse.

Those people applying for Shortfall Options should complete the Shortfall Application Form.

4.9 Underwriting

This Offer is not underwritten.

4.10 Shortfall Options

Any Entitlement not accepted will form the Shortfall. The Directors reserve the right to grant or not to grant any Options not taken up by the Shareholders pursuant to this Prospectus under the Shortfall Offer at their absolute discretion within 3 months of the Closing Date, on the same terms as are being offered to Shareholders pursuant to this Prospectus. The Shortfall Offer under this Prospectus for the Shortfall remains open until 3 months after the Closing Date (unless the Directors resolve to close the Shortfall Offer earlier).

4.11 Closing Date

The Closing Date for the Rights Issue is 5.00pm (WST) on 5 November 2004.

4.12 Offer Period

The Prospectus will be dispatched to Shareholders on 21 October 2004. The Rights Issue closes on 5 November 2004.

4.13 Allotment

The Options will be allotted and issued as soon as practicable after the Closing Date. Statements of holding for the Options will be mailed as soon as possible after the Closing Date.

No Options will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

4.14 Stock Exchange Quotation

Application for official Quotation of the Options by ASX will be made by the Company within seven (7) days of the date of this Prospectus. Application for official Quotation of Shares allotted and issued as a result of the exercise of Options issued under this Prospectus will be made within three (3) Business Days of allotment and issue.

If the Options are not admitted to official Quotation within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Options offered by this Prospectus will be granted. In that circumstance, all applications will be dealt with in accordance with Section 724 of the Corporations Act.

4.15 Overseas Shareholders

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In accordance with the requirements of the ASX Listing Rules, the Company has decided that it would be unreasonable to extend the Offer to Shareholders with registered addresses outside of Australia and New Zealand having regard to:

(a) the numbers of Shareholders with registered addresses outside of Australia and New Zealand;

(b) the number and value of the Shares the Shareholders with registered addresses outside of Australia and New Zealand would otherwise be offered; and

(c) the cost of complying with legal requirements and requirements of the regulatory authorities in countries outside of Australia and New Zealand.

Copies of this Prospectus, without an Entitlement and Acceptance Form, will be sent to these Shareholders, together with an explanatory statement.

4.16 Enquiries

If you have any questions concerning your entitlement, please feel free to contact our office by telephone on (08) 9286 1622 or by facsimile on (08) 9286 1633 or contact your professional advisor.

SECTION 5
INFORMATION DEEMED INCORPORATED IN THIS PROSPECTUS

5.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act.

This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference certain information contained in a document that has been lodged with the ASIC.

The information to be incorporated by reference into this Prospectus is summarised below in sub-section 5.2 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Company informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the March 2004 Prospectus and the 2004 Financial Statements by contacting the Company at its registered office during normal business hours during the Offer Period. The March 2004 Prospectus and the 2004 Financial Statements will also be available on the Company's website at www.lefroyresources.com.au or by searching the records of ASX.

5.2 Summary of Information Deemed to be Incorporated – March 2004 Prospectus

Set out below is a summary of the information contained in the March 2004 Prospectus that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the Options, they should obtain a copy of the March 2004 Prospectus.

The Sections referred to below are a reference to sections in the March 2004 Prospectus.

Section 7 – Company & Project Overview

This section outlines the projects currently being undertaken by Lefroy Resources. Details on exploration strategies that have been developed and implemented are provided, detailing work that is currently being conducted including remote mapping, desktop targeting, field-work and drilling. This section is further expounded upon in Sections 9 and 11 of the March 2004 Prospectus.

Section 8 – Directors and Management Team

Information relating to the three Directors of the Company, the Chief Executive Officer and Company Secretary is contained in this section.

Section 9 - Independent Geologist's Report

The Independent Geologist's Report was prepared on 25 March 2004 by the Independent Geologist Consulting Company, Continental Resource Management Pty Ltd. The report describes in detail the geological setting, historical mining, mineralisation and current exploration programs for the mining tenements of Lefroy Resources. The report also sets out the proposed exploration and budget for these tenements.

Section 10 – Independent Accountant's Report

This comprises the Independent Accountant's Report prepared by Somes & Cooke, dated 23 December 2003. The report contains reviewed statements of financial position of the Company as at 15 March 2004 and a pro forma statement of financial position as at 15 March 2004 reflecting the position of the Company on the basis that various transactions occur, including the issue of all the Shares offered under the March 2004 Prospectus.

Based on the review of Somes & Cooke, which was not an audit, the Independent Accountant stated that nothing had come to their attention which caused them to believe that the financial information of Lefroy Resources as set out in Appendices 1, 2 and 3 of their report did not present fairly:

(a) actual statements of financial performance for the period 20 November 2003 to 15 March 2004;

(b) actual statements of financial position as at 15 March 2004;

(c) pro forma statement of financial position as at 15 March 2004; and

(d) notes to the actual and pro forma financial information.

in accordance with the recognised and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Lefroy Resources as described in Note 1 of Appendix 3 and on the basis of the assumptions and transactions set out in Note 2 of Appendix 3.

Section 11 - Solicitor's Report on Tenements

Section 11 consists of a report prepared by Steinepreis Paganin, Lawyers & Consultants, confirming the ownership, status and validity of the mining tenements acquired or entitled to be acquired by Lefroy Resources. The report provides details on the exploration licenses and mining leases which the Company has an interest in and the material terms of the agreements relating to these tenements.

Section 12 - Risk Factors

An investment in Lefroy Resources is not risk free and potential investors should understand that mineral exploration and development are high risk undertakings. This section details a number of factors that may impact on the success and future profitability of Lefroy Resources including commodity price volatility and exchange rate risks, exploration success, operating risks, resource estimates, environmental risks, title risks and native title, share market conditions and general investment risks.

Section 13 - Additional Information

Section 13 sets out additional information required to be disclosed in the Prospectus including:

- Disclosure of Interests, detailing each Director's share holdings in Lefroy Resources.
- Remuneration details of Directors.
- Disclosure of professional advisor's fees and benefits for services rendered in connection with the March 2004 Prospectus.
- Consent details of persons named in the March 2004 Prospectus.
- Rights, privileges and restrictions attaching to Shares.
- A statement that the Directors have formally adopted a corporate governance policy.

- A statement that certain existing security holders may be required by ASX to enter into agreements which restrict dealings in securities held by them.
- The estimated expenses of the Offer.
- A statement that the Company is not involved in any legal proceedings, nor are any proceedings pending or threatened.
- A statement that an electronic version of the March 2004 Prospectus is available.
- A statement that the acquisition and disposal of securities in the Company will have tax consequences.
- A statement that due to the nature of the Company, the Directors believe that reliable forecasts can not be made and accordingly have not been included in the March 2004 Prospectus.

5.3 Summary of Information Deemed to be Incorporated – 2004 Financial Statements

Set out below is a summary of the information contained in the 2004 Financial Statements that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the Options, they should obtain a copy of the 2004 Financial Statements.

The 2004 Financial Statements comprise the statement of financial position, statement of financial performance and statement of cash flows for the year ending 30 June 2004. Each of the above financial statements has been audited by Somes & Cooke Chartered Accountants.

SECTION 6
COMPANY OVERVIEW

6.1 Overview and Reference to March 2004 Prospectus

A comprehensive overview of the Company is set out in the March 2004 Prospectus that was lodged with the ASIC on 30 March 2004 for the initial public offering of approximately 16,000,000 Shares. The initial public offering was successfully completed, closing oversubscribed in May 2004.

Persons considering subscribing for Options under this Prospectus should refer to Section 5 of this Prospectus for a summary of the information contained in the March 2004 Prospectus deemed to be incorporated in this Prospectus.

As disclosed to the market on 7 May 2004, Lefroy Resources has proposed an exploration budget of $2.3 million over the next 2 years for its tenements in north eastern Tasmania. This budget is indicative and subject to change depending on the results of the proposed programmes and new opportunities that may be identified elsewhere. To date approximately $280,000 has been expended on exploration.

The Company currently has 35,875,001 Shares on issue.

Lefroy Resources was admitted to the Official List on 11 May 2004 with official quotation of its Shares commencing on 12 May 2004.

Under ASX Listing Rules escrowed restricted securities are summarised below:

Number	Securities	Escrow Period
9,552,000	Ordinary Fully Paid Shares	12 May 2006
592,500	Ordinary Fully Paid Shares	7 January 2005
2,443,000	Ordinary Fully Paid Shares	9 March 2005
1,912,500	Ordinary Fully Paid Shares	5 May 2005

The balance of the issued capital of the Company, being 21,375,001 Shares, are quoted on ASX.

6.2 Circumstances or Matters subsequent to the March 2004 Prospectus.

Other than as stated in this Prospectus, the Company is not aware of any material matter or circumstance that would impact on the contents of the March 2004 Prospectus or the activities and prospects of the Company and be relevant to assist Shareholders or their professional advisers making an informed assessment of relevant matters.

SECTION 7
EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

Under the Offer, approximately 17,937,500 Options are available for issue and will be issued if the Offer is fully subscribed (either by Shareholders accepting the offer under this Prospectus or pursuant to the Shortfall Offer referred to in Section 4.10 of this Prospectus).

Upon completion of the Offer, assuming the Offer is fully subscribed, the issued capital of the Company will comprise 35,875,001 Shares and 17,937,500 Options.

Accordingly, the proceeds from the issue of Options will be approximately $179,375. After expenses of the Offer, net proceeds are expected to be approximately $159,777. These funds will be applied in the manner set out in Section 4.2.

SECTION 8
TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

8.1 Terms and Conditions of Options

The terms and conditions of the Options are as follows:

(a) Each Option entitles the holder to subscribe for one fully paid ordinary Share in the capital of Lefroy Resources at an exercise price of 25 cents.

(b) The Options are exercisable at any time on or before on 31 March 2006 by completing a notice of exercise and delivering it to Lefroy Resources share registry together with the payment for the number of Shares in respect of which the Options are exercised.

(c) Subject to the Corporations Act, the Listing Rules and the Constitution of Lefroy Resources, the Options are freely transferable.

(d) Lefroy Resources will apply to ASX for official quotation of all Options within seven Business Days after allotment of the Options.

(e) All Shares issued pursuant to the exercise of Options will be allotted within 15 Business Days after the receipt of a properly executed notice of exercise and the application monies in respect of the exercise and will rank *pari passu* in all respects with then existing fully paid ordinary Shares. Subject to the Listing Rules, Lefroy Resources will apply to ASX for official quotation of all Shares issued upon exercise of the Options within three Business Days after the allotment of the Shares.

(f) There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, Lefroy Resources will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. Lefroy Resources will also notify holders of any proposed issue at least seven Business Days before the record date. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(g) If there is a pro-rata issue of Shares to holders of Shares for which no consideration is payable by them (bonus issue), the number of Shares over which the Option is exercisable must be increased by the number of Shares which the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue.

(h) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of Lefroy Resources, the Options will be reorganised in a manner required by the Listing Rules on a reorganisation of capital at the time of the reorganisation.

(i) Lefroy Resources will, at least 20 Business Days before the expiry date of the Options, send notices to the Option holders stating the name of the Option holder, the number of Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.

8.2 Rights attaching to Shares upon Conversion of Options

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

There is only one class of share on issue in the Company being fully paid ordinary shares. The rights attaching to Shares are:

(a) set out in the constitution of the Company; and
(b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

Subject to any restriction on voting imposed due to a breach of the Listing Rules relating to restricted shares or any escrow agreement entered into by the Company and Shareholders, every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, but, in respect of partly paid shares, shall have a fraction of a vote for each partly paid share.

A poll may be demanded before a vote is taken, or before or immediately after the declaration of the result of the show of hands by the chairperson of the meeting, by at least five Shareholders present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than five percent of the total voting rights of all those Shareholders having the right to vote on the resolution.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will (subject to the rights of any preference Shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividend) be payable on the Shares in accordance with the Corporations Act.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a market transfer, where permitted by the Listing Rules or the ASTC Settlement Rules. The Company must comply with such obligations as may be imposed on it by the ASX Listing Rules and where appropriate the ASTC Settlement Rules in connection with any market transfer and may not prevent, delay or in any way interfere with the registration of a market transfer where to do so would be contrary to the provisions of any of the ASX Listing Rules or the ASTC Settlement Rules.

Meetings and Notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the ASX Listing Rules.

Winding Up

The Company has only issued one class of shares, which all rank equally in the event of liquidation. A liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to carried out as between the Shareholders. The liquidator can with the sanction of a special resolution of the Company's Shareholders vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other shares in respect of which there is any liability.

Shareholder Liability

As the Shares on issue are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

Notwithstanding anything in the Constitution of the Company, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

SECTION 9
ADDITIONAL INFORMATION

9.1 Market Prices of Ordinary Shares

Official Quotation of the Company's Shares commenced on 12 May 2004 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period. The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the period from commencement of official Quotation to the date of this Prospectus was 16.5 cents on 19 May 2004 and 22 cents on 5 July 2004 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these Shares prior to the date of this Prospectus was 19 cents on 6 October 2004.

The Company has no options over Shares currently quoted on ASX.

9.2 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither Lefroy Resources nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Options in Lefroy Resources or dealing with an entitlement in this Rights Issue.

9.3 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

9.4 Continuous Disclosure and Documents Available for inspection.

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at, an office of the ASIC. This includes the March 2004 Prospectus referred to in Section 5 of this Prospectus.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the ASX Listing Rules since official Quotation on 12 May 2004. As at the time of lodging this Prospectus the only such documents were:

DATE	ANNOUNCEMENT
13/5/04	Initial Director's Interest Notice
13/5/04	Initial Director's Interest Notice

13/5/04	Initial Director's Interest Notice
13/5/04	Becoming a substantial holder
13/5/04	Becoming a substantial holder
13/5/04	Becoming a substantial holder
13/5/04	Becoming a substantial holder
28/7/04	Fourth Quarter Activities Report
28/7/04	Fourth Quarter Cashflow Report
30/09/04	Full Year Accounts
06/10/04	2004 Annual Report
06/10/04	First Quarter Activities Report
06/10/04	First Quarter Cashflow Report
06/10/04	Non-Renounceable Issue

9.5 Interests of Directors and Experts

A full disclosure of the interests of Directors, Experts and Promoters of and to the Company for the period commencing on incorporation of the Company and to the date of issue of the March 2004 Prospectus are set out in Section 13 of the March 2004 Prospectus and other than as set out below or elsewhere in this Prospectus, that information and disclosure remains current.

Set out below are details of Directors' relevant interests, and entitlement to, Shares of the Company:

Director	Shareholding at the date of this Prospectus
Malcolm James	241,500 *
Thomas Kelly	2,957,501 **
Craig Bromley	2,945,000 ***
TOTAL	**6,144,001**

* These shares are held by Malcolm James' wife, Jennie James.

** 10,000 of these shares are held by Thomas Kelly's son Finnegan, 2,500,001 shares are held by Apnea Holdings Pty Ltd and 447,500 shares are held by Syzygy Holding Pty Ltd. Both companies are controlled by Thomas Kelly.

*** 2,000,000 of these shares are held by Craig Bromley's wife, Susan Bromley, and 945,000 are held by Flue Holdings Pty Ltd, a company controlled by Craig Bromley.

9.6 Expenses of the Offer

The total expenses of the Offer are estimated to be $19,598 comprising the following:

Expenses	
Legal & Due Diligence Expenses	$4,000
ASX Quotation Fee	$7,588
ASIC Lodgement Fee	$2,010
Printing Costs and other administrative costs	$6,000
TOTAL	**$19,598**

SECTION 10
MATERIAL CONTRACTS

Part 2 of the Solicitor's Report on Tenements included in Section 11 of the March 2004 Prospectus, which is referred to in Section 5.2 of this Prospectus, sets out contracts to which the Company is a party which were considered by the Directors as being material to enable Shareholders to make an informed assessment of the Shares being offered under the March 2004 Prospectus. Shareholders and their professional advisers are referred to that section of the March 2004 Prospectus in relation to material contracts.

SECTION 11
CONSENTS

Persons who make statements in this Prospectus or who made statements in the March 2004 Prospectus which are being incorporated by reference into this Prospectus need to provide their written consent for such use.

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this or the March 2004 Prospectus with the consent of that party as specified in this Section.

Continental Resources Management Pty Ltd has given its written consent to be named as Independent Geologist and to the incorporation by reference in this Prospectus of its Independent Geologist's Report in Section 9 of the March 2004 Prospectus and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Somes & Cooke have given their written consent to be named as auditors and investigating accountants to the Company and to the incorporation by reference in this Prospectus of its Independent Accountant's Report in Section 10 of the March 2004 Prospectus and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Steinepreis Paganin have given their written consent to be named as Solicitors to the Company and to the incorporation by reference into this Prospectus of their Solicitors' Report on Tenements in Section 11 of the March 2004 Prospectus and all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

SECTION 12
AUTHORITY OF DIRECTORS

Each of the Directors of Lefroy Resources has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act.

Dated the 7th day of October 2004

Signed for and on behalf of
LEFROY RESOURCES LIMITED
by Thomas Kelly (Director)

SECTION 13
DEFINITIONS

$	Australian dollars. All amounts in this Prospectus are in Australian currency unless otherwise stated.
2004 Financial Statements	The Financial Statements of the company for the year ending 30 June 2004 lodged with the ASIC on 30 September 2004.
Applicant	a person who submits an Entitlement and Acceptance Form and/or Shortfall Application Form.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited (ACN 008 624 691).
ASX Listing Rules	the official listing rules of ASX.
ASTC Settlement Rules	the ASX Settlement and Transfer Corporation Pty Limited (**ASTC**) operating rules for ASX's settlement processing facility.
Auditors	Somes & Cooke of 1304 Hay Street, West Perth WA 6005.
Board	the board of Directors.
Business Day	a day other than a Saturday, Sunday or public holiday, on which banks are open for business in Perth, Western Australia.
CHESS	ASX Clearing House Electronic Subregistry System.
Closing Date	the last date for receipt of completed Entitlement and Acceptance Forms, being 5.00pm (WST) 5 November 2004 or such other date as the Directors may determine.
Company or Lefroy Resources	Lefroy Resources Limited (ACN 107 118 678).
Corporations Act	Corporations Act 2001 (Commonwealth).
Directors	the directors of the Company.
Entitlement	the right of a Shareholder to subscribe for Options under the Offer.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying every paper copy of this Prospectus sent to Shareholders.
GIS	Geographic Information System, allowing for the compilation of various data source to allow spatial interrogation and drill target selection.
Independent Accountant	Somes & Cooke of 1304 Hay Street, West Perth WA 6005.
Independent Accountant's Report	the report contained in Section 10 of the March 2004 Prospectus.
Independent Consulting Geologist	Continental Resource Management Pty Ltd of 10 Hehir Street, Belmont WA 6104.
Independent Consulting Geologist's Report	the report contained in Section 9 of the March 2004 Prospectus.
March 2004 Prospectus	the prospectus lodged by the Company with the ASIC and dated 30 March 2004.
Offer or Rights Issue	the non-renounceable pro rata issue of Options at an issue price of $0.01 each pursuant to this Prospectus.

Offer Period	the period commencing on the Opening Date and ending on the Closing Date.
Official List	the official list of ASX.
Option	an option to subscribe for one Share in Lefroy Resources exercisable at 25 cents each on or before 5.00pm (WST) on 31 March 2006 and issued on the terms and conditions set out in this Prospectus.
Opening Date	the first date for receipt of completed Entitlement and Acceptance Forms, being 21 October 2004.
Quotation	Quotation of the Shares or Options (as the case may be) on ASX.
Prospectus	this prospectus dated 7 October 2004 for the issue of approximately 17,937,500 Options.
Record Date	5.00pm (WST) on 18 October 2004.
Share	an ordinary share in the capital of the Company.
Shareholders	holders of Shares in the Company on the Record Date.
Shortfall	means the Options forming Entitlements, or parts of Entitlements, not accepted by Shareholders.
Shortfall Offer	The offer of any Options at an issue price of $0.01 pursuant to this Prospectus that are not taken up by Shareholders as per their Entitlement that reverts to the Directors.
Shortfall Application Form	The application form accompanying every paper copy of this Prospectus sent to Shareholders to be used by applicants to take up Options under the Shortfall Offer.
WST	Western Standard Time.

Lefroy Resources Limited

ACN 107 118 678

SHORTFALL APPLICATION FORM
(FOR SHORTFALL OFFER ONLY)

Shareholders wishing to accept their Entitlement to Options under the Offer cannot use this Shortfall Application Form. They must use the personalised Entitlement and Acceptance Form which accompanied their copy of the Prospectus. This application will only be considered after the Closing Date of 5 November 2004. Applicants should read this Prospectus in its entirety before deciding to apply under the Shortfall Offer. Shortfall Application Forms should be completed and posted to the following address along with application monies:

Lefroy Resources Limited
PO Box 275
Cottesloe WA 6011

I/We apply for .... Options (number of options applied for) in Lefroy Resources Limited at 1 cent each, or such lesser number of Options as may be allocated by the Directors.

I/We lodge full application monies of $____________________.00 (amount of your cheque)

Full Name: *Mr/Mrs/Ms*____
Surname, Given Name or Company Name

(Joint Applicant) *Mr/Mrs/Ms*____
Surname, Given Name or Company Name

Address Details: ____
Number and Street

____
Suburb or City *State* *Postcode*

Telephone Details: (____)____________________ (____)____________________
Home *Business (contact name)*

Email Address: ____

Broker Sponsored Applicants Only:

SBN / IPN ____________________________ HIN: ____________________________

Please Enter Cheque Details	Drawer	Bank	Branch	Amount

This Shortfall Application Form does not need to be signed. By lodging this Shortfall Application Form and a cheque for the application monies, the applicant hereby:

1. *applies for the number of Options specified in the Shortfall Application Form or such lesser number as may be allocated by the Directors as instructed by the Directors;*
2. *agrees to be bound by the terms and conditions set out in the Prospectus and the Constitution of the Company; and*
3. *authorises the Directors to complete or amend this Shortfall Application Form where necessary to correct any errors or omissions.*

SHORTFALL APPLICATION FORM AND INSTRUCTIONS TO APPLICANTS

Please complete all relevant sections of the Shortfall Application Form using BLOCK LETTERS. If you have questions on how to complete this Shortfall Application Form please telephone (08) 9286 1622.

Please post or deliver the completed Shortfall Application Form together with your cheque to the address listed below:

Lefroy Resources Limited
PO Box 275
Cottesloe WA 6011

Please write your name in full. This must be either your own name or the name of a company. You should refer to the examples noted for the correct forms of name which can be registered. Applications using the incorrect form of name may be rejected. If your Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not, however, be treated as having offered to subscribe for more Options than is indicated by the amount of the accompanying cheque for the application monies referred to.

Your address should be your preferred postal address for all correspondence. All communications to you from the Company's Registry (shareholding statements, annual/interim reports, correspondence, etc) will be mailed to the person(s) and address as shown.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Options. The application must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Lefroy Resources Limited. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith	John Smith (Deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith	Smith Investment Club
Superannuation Funds	John Smith Pty Ltd	John Smith Superannuation Fund

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Lefroy Resources Limited

ACN

107 118 678

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Options
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	17,937,500 Options
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	The Options are exercisable at 25 cents on or before 31 March 2006.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	New Class
5	Issue price or consideration	$0.01
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The funds raised will be used as additional working capital and to meet the costs of the issue.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	15 November 2004

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	21,375,001 17,937,500	Ordinary Fully Paid Shares Options Exercisable at 25c on or before the 31/03/06

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	14,500,000	Ordinary Fully Paid Shares (held in escrow)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One (1) Option for every Two (2) Shares Held
14	+Class of +securities to which the offer relates	Options Exercisable at 25c on or before the 31/03/06
15	+Record date to determine entitlements	18 October 2004
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Rounded up to the nearest whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Only issued to Australian and New Zealand shareholders
19	Closing date for receipt of acceptances or renunciations	5 November 2004

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	21 October 2004
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements *in full* through a broker?	N/A
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	15 November 2004

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A
39	Class of +securities for which quotation is sought	N/A
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)	N/A	N/A

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Thomas Kelly
Director

Date: 7 October 2004

+ See chapter 19 for defined terms.