

LEYSHON RESOURCES LIMITED

ABN 75 010 482 274

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To:	Australian Stock Exchange
Attention:	Company Announcements Office
Facsimile No:	1300 300 021
From:	Mark Pearce
Date:	23 January 2003
Subject:	December 2002 Quarterly Reports
Total Number of Pages:	15 (including this one)

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December 2002 Activities Report**December 2002 Appendix 5B**

AUSTRALIAN STOCK EXCHANGE



LRLO00018



Leyshon
Resources
Limited

23 January 2003

Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bond Street
SYDNEY NSW 2000

By facsimile number 1300 300 021

Dear Sirs

December 2002 Quarterly Report

Leyshon Resources Limited ("Leyshon" or "Company") provides the following report on its activities for the December 2002 quarter.

1.0 Carpentaria Joint Venture Agreement ('JV' – Leyshon Diluting to 49%)

The Directors are pleased to announce that the Carpentaria Joint Venture Managers, MIM Limited have completed the first drilling program on the Company's tenements around Cloncurry. The drilling has generated significant copper with subordinate gold mineralisation at the Archer Prospect adjacent to the Cloncurry townsite. The key intercepts include 8m @ 1.28% copper and 0.2 g/t gold within a broad halo of mineralisation – 64m @ 0.43% Cu in from 46m in reverse circulation hole CA004RC. In diamond drill hole CA008D an intercept of 5.1m @ 2.25% Cu and 0.20 g/t Au from 131m within a broader halo of 98m @ 0.36% Cu from 64m was returned.

This is the first of four prospects in the Turf Club Shear to be tested and these initial drill results indicate that the grade is increasing with depth. Follow-up drilling is scheduled to commence shortly to test for depth extensions to this mineralisation. The other three prospects will also be tested in this campaign, subject to the availability of drill rigs and the weather.

Additional work in the Tributary Creek EPM 9462 on the Levuka shear zone has identified two significant IP anomalies, in weakly magnetic units named the Landsborough and Knurl anomalies. Both are located within eight kilometres of the Eloise Mine and are scheduled for drill testing in the March quarter of 2003. The Eloise Mine is currently operated by Amalg Resources NL and commenced production with 3.1 million tonnes grading 5.5% copper, 1.4 g/t gold and 16 g/t silver. Recent figures available for the mine quote global reserves and resources of 865,800 tonnes grading 2.45% copper. The Eloise mine also has a weak magnetic response due to the presence of pyrrhotite instead of magnetite, making the Landsborough and Knurl anomalies obvious targets for drill testing and drilling is scheduled to commence in the March 2003 quarter.

The Company is pleased with the results to date as the region is recognised as one of the world's most significant mineralised provinces for base metal occurrences. The proximity of these drill results and geophysical anomalies to other operating mines in the region, namely Ernest Henry and Eloise provide encouragement that these results could lead to early cash flow for the JV.

The Turf Club Shear (Figure 2)

Exploration on the Mt Marathon and Mt Avarice EPMs (EPM8586 and EPM8588 respectively), situated immediately east and north of Cloncurry (Figures 1 and 2) has again been directed on the Turf Club Shear (TCS). This is a major north south oriented shear zone and defines the contact between the Naraku granite an assorted lithological suite that are largely covered by black soils.

An IP survey completed by MIM generated four broad anomalies – Archer, Fine Cotton, Red Rum and Shergar Prospects. The Archer Prospect has been the focus of an eight-hole RC and diamond-drilling program to test both IP and existing down-hole anomalism.

MIM completed seven RC and one RC/diamond drill hole for 1064m of drilling on four east west oriented traverses to a maximum depth of 168m. The drill traverses cover a strike length of over 300m and are immediately to the east of the historic Jasper Block workings (not within the JV licences).

Completion of the program and subsequent analysis and interpretation of the results have revealed significant copper mineralisation in three of the eight holes drilled. The better intercepts include CA002RC with 10m @ 1.47% Cu and 0.16 g/t Au from 80m, CA004RC 10m @ 1.28% Cu, 0.19 g/t Au from 56m and 8m @ 1.28% Cu, 0.20 g/t Au from 80m and CA008D 5.1m @ 2.25% Cu, 0.20 g/t Au from 131m.

Two styles of mineralisation were identified, with one primarily within carbonate pods close to the contact with the calc-silicates and the other as fracture fill, with up to 10% pyrite, minor chalcopyrite and associated magnetite and red-rock alteration. The drill intercepts with > 1 % copper occur within red-rock and magnetite altered volcanics and lie within broad, low-grade mineralised zones. This is demonstrated well in CA004RC, with 64m @ 0.43% Cu from 46m and in CA008D with 98m @ 0.36% Cu from 64m.

A detailed down-hole TEM survey of drill-hole CA008D was completed in early December to provide structural geological information to refine the depth extension drilling at Archer. Furthermore, the grade of the mineralisation encountered down hole indicates that the copper grades are increasing with depth.

These results are a very encouraging start to the drilling campaign within the JV tenements. MIM propose additional drilling at Archer to test for depth extensions to the known mineralisation and on the other three prospects of Shergar, Red Rum and Fine Cotton that are defined by strongly chargeable IP anomalies further north along the TCS. The proximal location of Ernest Henry, some 25 kilometres to the northeast of these prospects and could represent an opportunity to process any ore defined within the Company tenements should these target areas develop.

Tributary Creek EPM 9462 – The Levuka Trend (Figure 3)

Work on the Tributary Creek EPM has focused on a north-south shear zone that is over twenty kilometres in strike length and is referred to as the Levuka Trend. This zone is reported to host the Eloise Mine and extends south in to the Tributary Creek EPM some four kilometres to the south.

During October an IP/resistivity survey comprising 49.1 line kilometres of systematic coverage along thirteen one-kilometre spaced lines and 7.1 line kilometres of intermediate line follow-up over the Levuka Trend within the Tributary Creek EPM. This program has identified two IP-anomalous zones - the "Knurl" and "Landsborough" anomalies.

The Knurl anomaly lies to the west of the main Levuka Trend, is northeast/southwest in orientation, can be traced over 1.5 kilometres in strike length and is open to the north. The anomaly is coincident with a localised thickening of a subtle magnetic signature and this may be reflecting an area of structural complexity. No known previous work has been completed over this feature and similar-style magnetic trends in the area are not IP-anomalous.

The Landsborough anomaly is defined by a series of strong IP anomalies, that occur in a north-south orientation over a strike length of four kilometres within the Levuka Trend itself. Only one drill hole has been completed in this area (LVD001) by Billiton. Drilling has also been proposed for both the Landsborough and Knurl IP anomalies.

Both anomalies lie within only weakly magnetic units that have a signature consistent to that encountered at Eloise. At Eloise pyrrhotite is present instead of magnetite, generating a more subtle magnetic response and this may also be occurring at Landsborough and Knurl. Drill testing of these anomalies will commence in the March 2003 quarter, subject to the availability of drill rigs and the weather.

Other Issues

No other work was completed on the JV tenements and MIM have advised that they have returned the Gypsum Creek EPM 10282 to Leyshon. Since the inception of the JV, MIM has spent \$669,872 on exploration within the JV licences to 31 December 2002 and has now met its minimum expenditure requirements under the terms of the JV.

2.0 Mt Leyshon Project (Leyshon 100%)

The Mt Leyshon Project comprises one EPM and five mining leases, centred some 28 kilometres south of Charters Towers in Queensland. The Company is in discussions on a possible joint venture agreement on the Fenian EPM with a major Australian gold producer. It is anticipated that this will be completed early in the March 2003 quarter.

3.0 Musgraves Project (Leyshon Earning 70% - Figure 3)

The Musgrave Project comprises five exploration licences in two non-contiguous blocks in the western Musgraves of WA. The licences are held by a wholly owned subsidiary of Newmont Gold Australia Ltd and Leyshon is earning a 70% interest in the project by expending \$3,000,000 over four years.

Dialogue with the Ngaanyatjarra Land Council (NJLC) continued with a view to defining a satisfactory access arrangement between the Company and the local indigenous groups. The NJLC has indicated that it will commence preliminary works in an attempt to bring Leyshon and the local indigenous groups together to advance dialogue on the Western Licence Area of the project. It is anticipated that this dialogue will commence in the next quarter and that access on the Western Licence area will be satisfactorily arranged within the 2003 calendar year.

4.0 Agate Creek Project (Leyshon Earning 65%)

The Agate Creek Project comprises four EPM's (9632, 10719, 11237, 11238) and covers 455 square kilometres of the Proterozoic metamorphics of the Georgetown Province and the Silurian Robin Hood Granodiorite. The project is under a farm-in and Joint Venture Agreement (JVA) between a subsidiary of Barrick Gold Limited and a subsidiary of Newmont Gold Australia Limited. The JVA was assigned to the Company under the restructure agreement with Newmont and the Company is required to spend \$4,000,000 over four years to earn 65%. The minimum expenditure before withdrawal of \$700,000 was met in June of 2002.

Options for the project are still under consideration.

5.0 Other Projects

The Robertson-Lochaber, Tate River and Mt Atlas projects collectively comprise the Kidston Joint Venture. These projects comprise nineteen EPMA's and cover 5526 square kilometres and were identified as being prospective for gold and copper gold mineralisation. The Company acquired 70% equity in the licence applications in the restructure agreement with Normandy and may then earn up 100%. Due to unresolved Native Title issues, the licences have not been granted and therefore other than reviews of previous exploration no work has been completed.

The Beaufort coal permit to the west of Charters Towers has still not been approved for grant and no work has been completed.

Yours sincerely



MARK PEARCE
Company Secretary

LEYSHON RESOURCES LIMITED

CARPENTARIA JOINT VENTURE

TENEMENT LOCATIONS WITH PAST AND EXISTING MINES

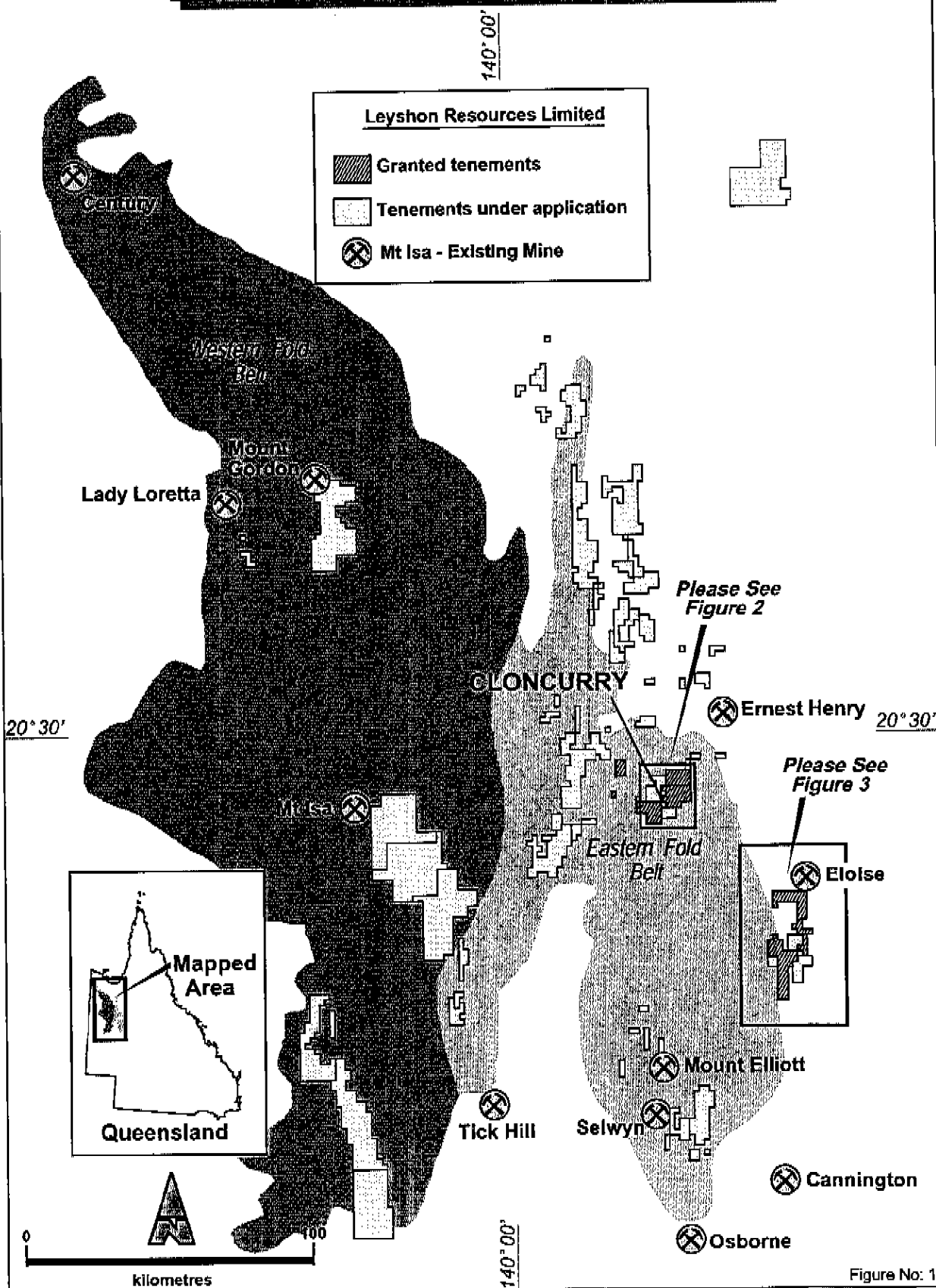
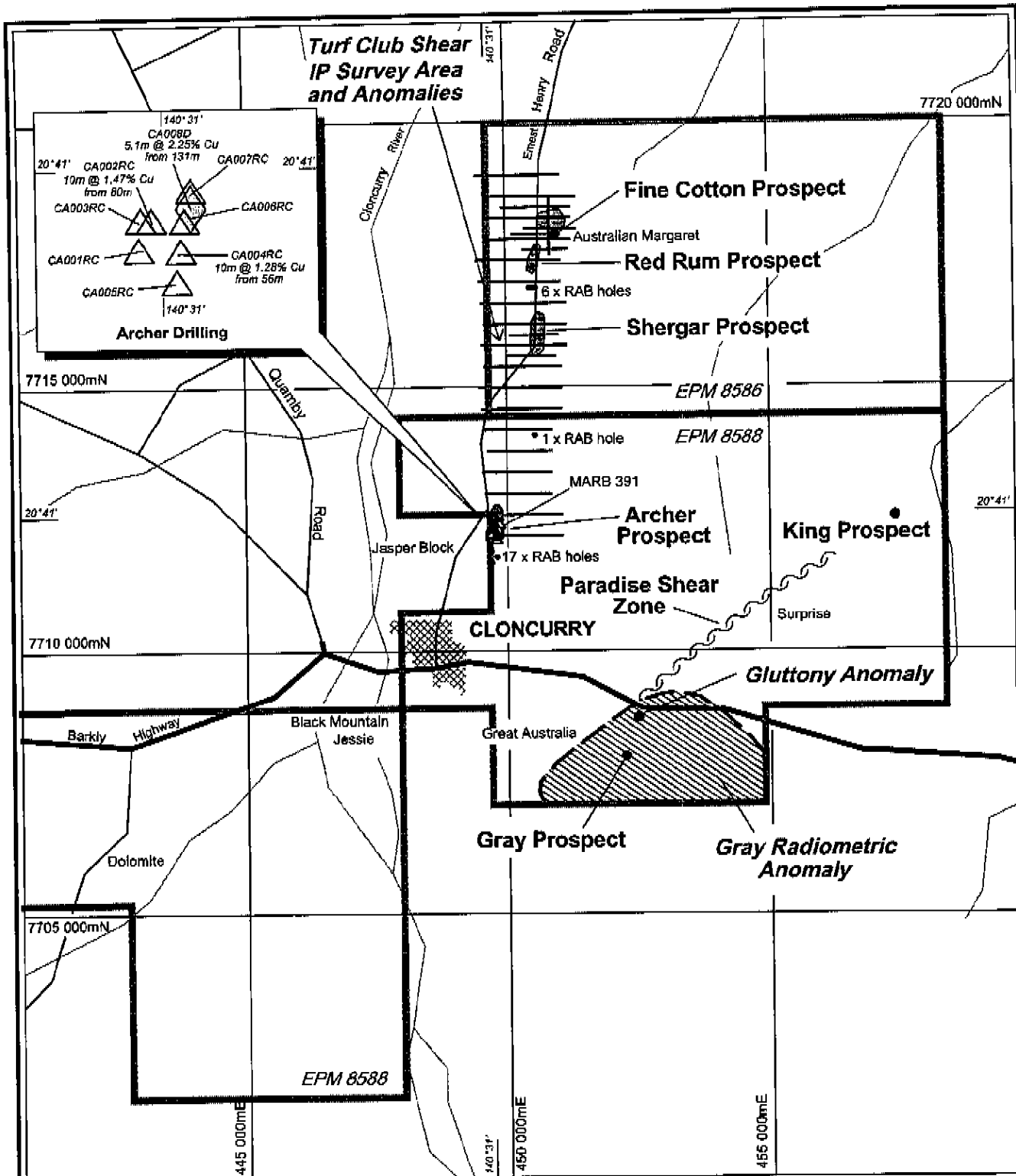


Figure No: 1



LEGEND

- "Turf Club Shear" IP Survey Lines
- IP Anomalies
- "Gray" Radiometric Anomaly
- RAB drillhole with > 1000ppm Cu
- RC Drilling
- Diamond Drilling

CA001RC
CA008D

Diagram courtesy of MIM Exploration Pty Ltd

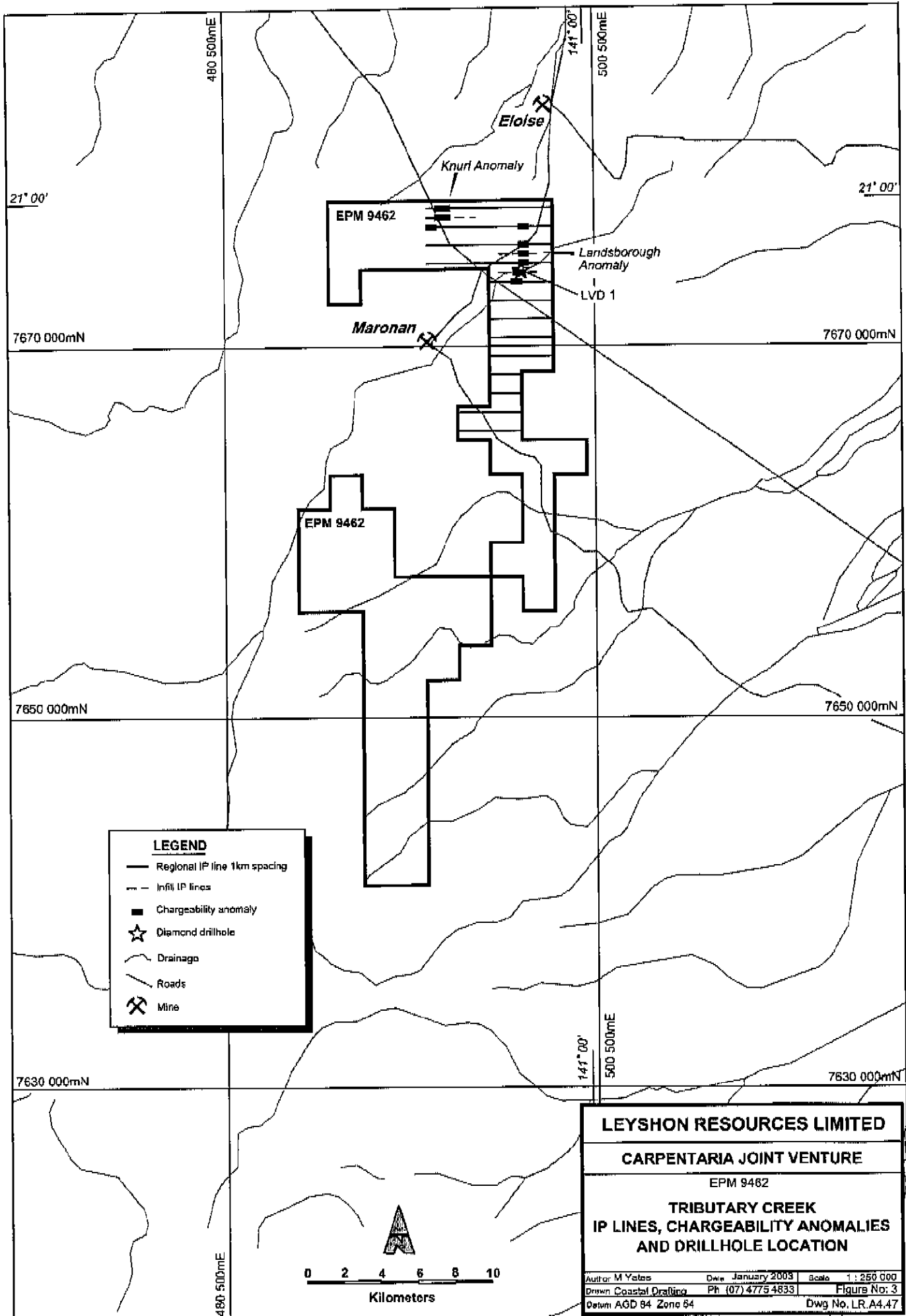
LEYSHON RESOURCES LIMITED

CARPENTARIA JOINT VENTURE

Mt Marathon EPM 8586 & Mt Avarice EPM 8588

TURF CLUB SHEAR AND PROSPECTS

Author D Wilson / M Yates	Date January 2003	Scale 1 : 100 000
Drawn Coastal Drafting	Ph (07) 4775 4833	Figure No: 2
Datum AGD 84 Zone 54		Dwg No. LR.A4.30



LEGEND

- Regional IP line 1km spacing
- - - Infill IP lines
- Chargeability anomaly
- ☆ Diamond drillhole
- ~ Drainage
- Roads
- ⚒ Mine

LEYSHON RESOURCES LIMITED

CARPENTARIA JOINT VENTURE

EPM 9462

TRIBUTARY CREEK

IP LINES, CHARGEABILITY ANOMALIES

AND DRILLHOLE LOCATION

Author: M Yates Date: January 2003 Scale: 1 : 250 000

Drawn: Coastal Drafting PH (07) 4775 4833 Figure No: 3

Datum: AGD 84 Zone 54 Dwg No. LR.A4.47

Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LEYSHON RESOURCES LIMITED

ABN

75 010 482 274

Quarter ended ("current quarter")

31 December 2002

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(67)	(202)
(b) development	-	-
(c) production	-	-
(d) administration	(95)	(161)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	111	196
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Refer Annexure "A"	(11)	(3,144)
Net Operating Cash Flows	(62)	(3,311)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Refer Annexure "A"	186	186
Net investing cash flows	186	186
1.13 Total operating and investing cash flows (carried forward)	124	(3,125)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	124	(3,125)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows		
	Net increase (decrease) in cash held	124	(3,125)
1.20	Cash at beginning of quarter/year to date	8,505	11,754
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,629	8,629

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	59
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors fees, company secretarial services and rental of serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	-
Total	75

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	276	5,748
5.2 Deposits at call	8,353	2,757
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8,629	8,505

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	91,467,398	91,467,398	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				


+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


..... Date: 23 January 2003
(~~Director~~/Company secretary)

Print name: **MARK PEARCE**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

ANNEXURE "A"

"Annexure A" of Leyshon Resources Limited
Mineral Exploration Quarterly Report for
31 December 2002
(Appendix 5B)

Item 1.7 Other

	<i>Consolidated Entity</i>	
	<i>Current Quarter</i>	<i>Year to Date</i>
	<i>\$'000</i>	<i>\$'000</i>
GST Paid	(11)	(88)
Management fees paid to Newmont Australia	-	(587)
Payments on transfer of environmental obligations	-	(2,469)
TOTAL	(11)	(3,144)

Item 1.12 – Other

	<i>Consolidated Entity</i>	
	<i>Current Quarter</i>	<i>Year to Date</i>
	<i>\$'000</i>	<i>\$'000</i>
Proceeds from refund of tenement acquisition costs	186	186