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## MARCH 2003 QUARTERLY REPORT TO THE AUSTRALIAN STOCK EXCHANGE

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

The Carpentaria Joint Venture Managers ("JV"), MIM Limited have continued their exploration campaign on three of the Company's tenements adjacent to and in the Cloncurry Region of Queensland (**Figure 1**). The work completed in the quarter has included RC and diamond drilling and down hole EM. Expenditure by MIM has now exceeded one million dollars and further drilling is planned for the June Quarter.

The drilling has focussed on three prospects on the Turf Club Shear immediately north the Cloncurry townsite within the Mount Avarice and Mount Avarice EPM's and on the Tributary Creek EPM, some 60 kilometres southeast of Cloncurry.

A deeper diamond drill hole (CA009D – total depth 402.1m) was completed under the Archer Prospect to test for depth extensions to the mineralisation encountered in the previous quarter, where significant copper with subordinate gold mineralisation was intersected. The key intercepts included 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 and 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. CA009D has intersected broad, low-grade intercepts that include 98m @ 0.25% Cu, 0.039 g/t Au from 0-98 m and 180.1m @ 0.24% Cu, 0.053 g/t Au from 222-402.1m (EOH).

Additional work in the Tributary Creek EPM 9462 on the Levuka shear zone focused on 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 were the subject of a limited seven rotary mud/RC/diamond drill program during the quarter.

Drilling at the Landsborough anomaly intersected considerable zones of alteration that included chalcopyrite mineralisation in two of the holes drilled. Although the chalcopyrite content is only 2-3%, intersection of this style of mineralisation within a considerable large strike length of approximately of IP chargeability anomalism is considered encouraging. Further drilling is planned by MIM at this target during the next quarter, pending rig availability.

The Company is encouraged 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 nature of the geophysical anomalies to other operating mines in the region, namely Ernest Henry and Eloise in particular provide encouragement.

#### 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 to three anomalies 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 is largely covered by black soils.

An IP survey completed by MIM generated four broad anomalies — Archer, Fine Cotton, Red Rum and Shergar Prospects. Work during this quarter has focused on three of these prospects as a follow-up to the drilling completed at Archer in the previous quarter and to test the IP anomalies identified at Fine Cotton and Shergar.

#### **Archer Prospect**

The completion of an eight-hole program in the December Quarter and subsequent analysis and interpretation of the results revealed significant copper mineralisation in three of the eight holes drilled. The better intercepts in the program included 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.

The copper mineralisation is primarily within altered volcanics close to a faulted contact with calc-silicate rocks. Sodic-calcic, "red-rock", and magnetite alteration is present within both the volcanics and calc-silicates. MIM elected to test for depth extensions to this mineralisation and completed a diamond drill hole CA009D to a depth of 402.1m under the intercept in CA008D. Although no high grade intersections were returned, broad, low-grade Cu mineralisation was encountered that included: 98m @ 0.25% Cu, 0.039 g/t Au from 0-98 m and 180.1m @ 0.24% Cu, 0.053 g/t Au from 222-402.1m to EOH, which included 4m @ 1.2% Cu, 0.39 g/t Au from 359-363m.

A detailed down-hole TEM survey of DA009D was completed and although the presence of minor conductors was recorded, there was no indication of large off-hole conductive bodies. MIM will complete an assessment of the Prospect, prior to the completion of any further work.

#### **Turf Club Shear - Fine Cotton & Shergar Prospects**

Shallow RC/diamond drilling was undertaken on these two IP chargeability targets in the central-northern area of the TCS.

Drilling at Fine Cotton comprised two holes (CA010-11D) for 250.3m of drilling and intersected variably to highly sheared and altered dolerite and diorite. The alteration comprised pyrite-actinolite-K-feldspar-epidote-biotite-magnetite, and chlorite-hematite. Only trace amounts of chalcopyrite was present with low-level disseminated and/or vein pyrite. The final assays are currently awaiting compilation.

Three drill holes (CA012-14RC) for 298m of drilling were completed at Shergar and intersected metabasalt/metadolerite with local zones of silica with "red rock" alteration. Weak pyrite and rare chalcopyrite was observed down-hole and the assays results are pending.

#### 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 in to the Tributary Creek EPM some four kilometres to the south. 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.

During October an IP/resistivity survey identified two anomalous zones - the "Knurl" and "Landsborough" anomalies. As a follow-up to this work, MIM have recently completed a seven hole (LV001D-007D) rotary mud/RC/diamond drill program, totalling 1,578.9m of drilling.

Drilling at Landsborough intersected carbonate+pyrrhotite±chalcopyrite veins and alteration (LV006D) and also intersected intensely silicified amphibolite schist and strongly biotite±chlorite±actinolite altered schist (LV007D). These siliceous zones contain minor chalcopyrite mineralisation as fine veinlets, small blebs and disseminated grains between 205-231m. Whilst the chalcopyrite content is only 2-3%, this style of mineralisation intersected within the considerable three-kilometre strike length of IP chargeability anomalism is considered encouraging. Landsborough lies within 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 further drilling is planned during the next quarter, pending rig availability.

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. The drilling intersected amphibolite, fine-medium grained arkose, carbonaceous siltstone, and biotite schist. Significant development of a carbonate+pyrrhotite±chalcopyrite assemblage occurs in veins and breccias, however the chalcopyrite is typically only present as trace amounts and no further work is planned on this anomaly.

#### Other Issues

No other work was completed on the JV tenements and MIM have advised Leyshon that several EPM applications have been returned from the JV. Since the inception of the JV, MIM has now spent \$1,057,494 on exploration within the JV licences to 31 March 2003.

#### 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 has advanced discussions on a joint venture agreement on the Fenian EPM with a major Australian gold producer. It is anticipated that this will be completed in the June 2003 Quarter.

#### 3.0 Musgraves Project (Leyshon Earning 70%)

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. The NJLC have now advised that dialogue between Leyshon and the groups represented by the NJLC will not commence until September, due to other commitments.

#### 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 farmin 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.

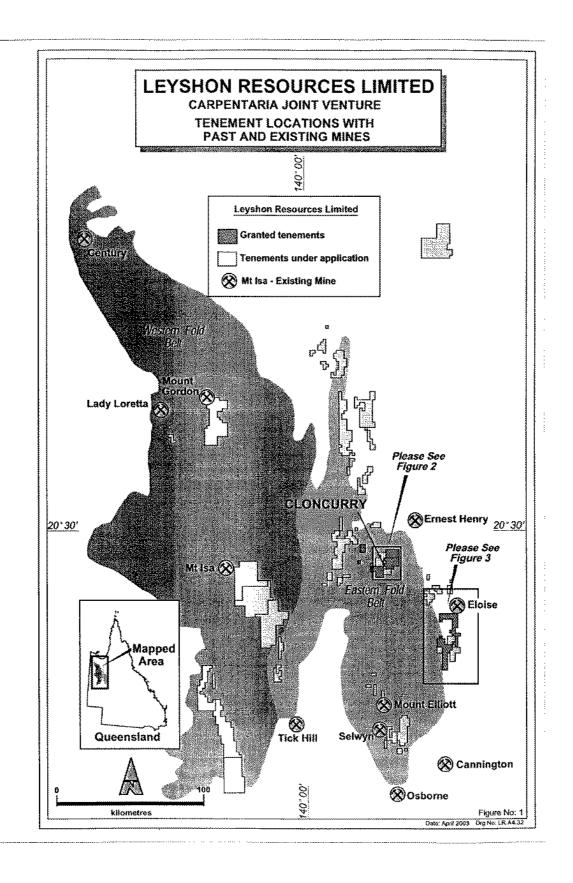
#### 5.0 Other Projects

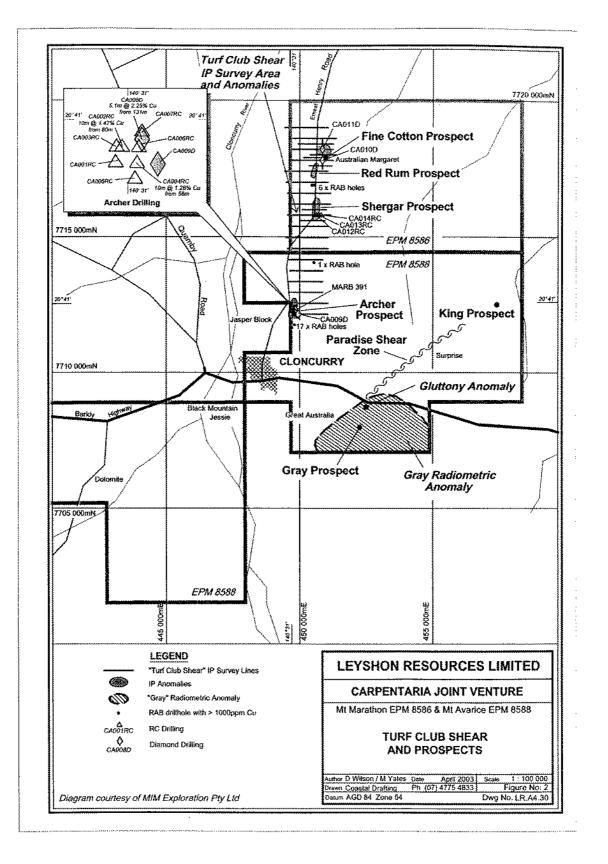
The Robertson-Lochaber, Tate River and Mt Atlas projects collectively comprise the Kidston Joint Venture. These projects comprise nineteen EPMA's and cover 5526 square kilometres and were identified as being prospective for gold and copper gold mineralisation. The Company acquired 70% equity in the licence applications pursuant to the restructure agreement with Newmont Australia Limited and may then earn up 100%.

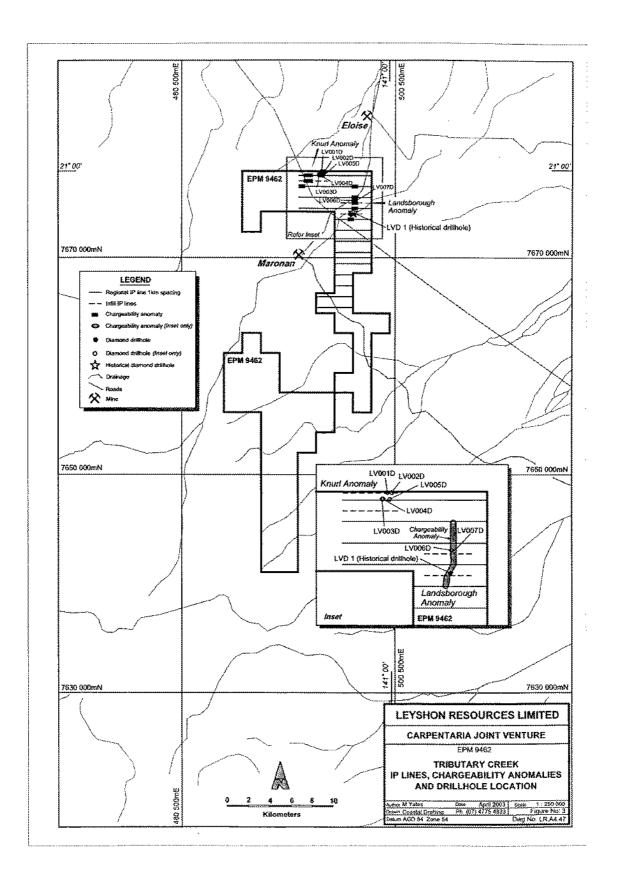
During the quarter, the Department of Natural Resources and Mines has moved to attempt to clear the backlog of licences generated from Native Title issues. Several of the licences will be offered for grant in the next quarter. Subject to the signing of an Indigenous Land Use Agreement (ILUA) with the appropriate indigenous groups under Queensland Government Alternate State Provisions, the licences will then be granted. The remainder of the licences will be the subject of the "Right to Negotiate" under the Federal Government system. Subject to satisfactory access agreements being negotiated, the licences maybe granted over the next twelve months.

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

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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.

LEYSHON RESOURCES LIMITED

Name of entity

ABN	Quarter ended ("current quarter")
75 010 482 274	31 March 2003

#### Consolidated statement of cash flows

~		Current quarter	Year to date
Cash f	lows related to operating activities	\$A'000	(9 months)
	_ , , , , , , , , , , , , , , , , , , ,		\$A'000
1.1	Receipts from product sales and related debtors	aar	<u></u>
1.2	Payments for (a) exploration and evaluation	(5)	(207)
2	(b) development	(S)	(
	(c) production	<u></u>	<u></u>
	(d) administration	(71)	(232)
1.3	Dividends received		` <u>.</u>
1.4	Interest and other items of a similar nature received	102	298
1.5	Interest and other costs of finance paid	1124	<u>~</u> /0
1.6	Income taxes paid		w
1.7	Other – Refer Annexure "A"	4	(3,140)
			, ,
	Net Operating Cash Flows	30	(3,281)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects		<u></u>
	(b)equity investments		w
1.9	(c) other fixed assets Proceeds from sale of:		•
1.9			
	(a)prospects (b)equity investments		<u> </u>
	(c)other fixed assets		
1.10	Loans to other entities		_ [
1.11	Loans repaid by other entities		_
1.12	Other – Refer Annexure "A"		186
1.11	Switch Transfer II		1.70
	Net investing cash flows	<b></b>	186
1.13	Total operating and investing cash flows		
	(carried forward)	30	(3,095)

<sup>+</sup> See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	30	(3,095)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares	<b>.</b>	-
1.16	Proceeds from borrowings	w	<b></b>
1.17	Repayment of borrowings		w
1.18	Dividends paid		<u></u>
1.19	Other (provide details if material)		u .
	Net financing eash flows		
	Net increase (decrease) in cash held	30	(3,095)
1.20	Cash at beginning of quarter/year to date	8,629	11,754
1.21	Exchange rate adjustments to item 1.20	 	, w
1.22	Cash at end of quarter	8,659	8,659

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	55
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25	Explanation ne	cessary for an	understanding	of the	transactions

Payments include director's 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.			

<sup>+</sup> See chapter 19 for defined terms.

#### Financing facilities available

Add notes as necessary for an understanding of the position.

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

#### Estimated cash outflows for next quarter

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

#### Reconciliation of cash

show	nciliation of cash at the end of the quarter (as in the consolidated statement of cash flows) to clated items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	208	276
5.2	Deposits at call	8,451	8,353
5.3	Bank overdraft	1	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	8,659	8,629

#### Changes in interests in mining tenements

6.1	Interests in mining
	tenements relinquished,
	reduced or lapsed

6.2	Interests in mining		
	tenements acquired or		
	increased		

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
**	*	••	
	•	w	••

<sup>+</sup> See chapter 19 for defined terms.

**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			5) (cens)	(Verto)
7.2	(description) Changes during quarter (a) Increases through issues (b) Decreases				
	through returns of capital, buy- backs, redemptions				
7.3	<sup>†</sup> 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, buybacks				
7.5	+Convertible				
7.6	debt securities (description) Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				Engine Jan
7.7	Options (description and conversion factor)			Exercise price	Expiry date
7.8	Issued during				
7.9	quarter Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

<sup>+</sup> See chapter 19 for defined terms.

#### Compliance statement

- 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).
- This statement does /does not\* (delete one) give a true and fair view of the matters disclosed.

Sign here:	***************************************	Date:	30 April 2003
	( <del>Director</del> /Company secretary)		

Print name: MARK PEARCE

#### Notes

- 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.
- 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.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 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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<sup>+</sup> See chapter 19 for defined terms.

#### ANNEXURE "A"

### "Annexure A" of Leyshon Resources Limited Mineral Exploration Quarterly Report for 31 March 2003 (Appendix 5B)

#### Item 1.7 Other

	Consolidated Entity	
	Current Quarter	Year to Date
	\$'000	\$'000
GST Paid	(4)	(92)
Management fees paid to Newmont Australia	-	(587)
Payments on transfer of environmental obligations	-	(2,469)
Proceeds from refund of tenement holding costs	8	8
TOTAL	4	(3,140)
<u>Item 1.12 – Other</u>		
	Consolidated Entity	
	Current Quarter	Year to Date
	\$'000	\$'000
Proceeds from refund of tenement acquisition costs	_	186

<sup>+</sup> See chapter 19 for defined terms.