

**LEYSHON RESOURCES LIMITED**

**ABN 75 010 482 274**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2010**

# CORPORATE DIRECTORY

## Directors

John Fletcher – Non-Executive Chairman  
Paul Atherley – Managing Director  
Richard Seville – Non-Executive Director  
Andrew Berry III – Non-Executive Director

## Company Secretary

Stacey Apostolou

## Principal and Registered Offices

### China

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The Beijing Exchange Tower  
B-118 Jianguo Avenue  
Chaoyang District  
Beijing 100022  
Telephone: (86 10) 6566 9977  
Facsimile: (86 10) 6566 9978

### Australia

36 Outram Street  
West Perth WA 6005  
Telephone: (61 8) 9321 0077  
Facsimile: (61 8) 9322 4073

### Auditor

Deloitte Touche Tohmatsu

### Bankers

Bank of China – Beijing  
National Australia Bank

## Share Register

### UK

Computershare Investor Services plc  
2nd Floor, Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ  
United Kingdom

### Australia

Computershare Investor Services Pty  
Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Australia  
Telephone: 1300 557 010  
International: (61 8) 9323 2000  
Facsimile: (61 8) 9323 2033

### Solicitors

Jun He Law Offices – Beijing  
Hardy Bowen – Australia

### Stock Exchange Listing

Alternative Investment Market  
London Stock Exchange  
10 Paternoster Square  
London EC4M 7LS

Australian Stock Exchange  
Home Branch – Perth  
2 The Esplanade  
Perth WA 6000

AIM and ASX Code – LRL

## **DIRECTORS' REPORT**

The Board of Directors of Leyshon Resources Limited present their report on the consolidated entity of Leyshon Resources Limited ("the Company" or "Leyshon Resources") and its subsidiaries during the half-year ended 31 December 2010 ("Consolidated Entity").

### **DIRECTORS**

The names of the Directors of Leyshon Resources in office during the half-year and until the date of this report are:

John Fletcher  
Paul C Atherley  
Richard Seville  
Andrew Berry

### **REVIEW AND RESULTS OF OPERATIONS**

#### **Operating Results**

Net operating loss after tax attributable to members of the Consolidated Entity for the half-year ended 31 December 2010 was \$550,925 (2009: Net operating profit after tax of \$27,202,335).

#### **Operations**

Leyshon Resources Limited (AIM/ASX: LRL) (Company) is pleased to report that during the half year it continued to review, and is continuing to undertake due diligence on, a number of project investment opportunities, some of which have the potential to meet the Company's investment criteria.

The Company remains alive to possibilities both internationally and within China. It is currently focusing on thermal and coking coal and gold opportunities in the north western Chinese Provinces of Inner Mongolia, Xinjiang and Southern Mongolia.

The Company is in active discussions for the acquisition of a large thermal coal project in eastern Xinjiang and in addition it is reviewing a number of thermal coal projects in Inner Mongolia. It is continuing the process of applying for exploration licences in south west Mongolia that have the potential to host coking coal.

In addition to the thermal and coking coal projects, the Company is actively reviewing epithermal gold and copper targets particularly in the major metallogenic Tien Shan belt in northern Xinjiang and also elsewhere in China.

The Company remains diligent in its assessment of assets at all times and is therefore prepared to commit significant expenditure on due diligence and other studies before committing to a transaction. The Company can give no assurance that these due diligence investigations and/or discussions will successfully conclude in an acquisition.

In December 2010, the Company successfully completed its readmission to AIM and as part of the readmission placed 30,435,130 new ordinary fully paid ordinary shares at A\$0.23, raising approximately A\$7 million before costs.

The shares were placed with a number of high profile institutional investors who are supportive of the Company's business plans. The placees include IDG-Accel China Growth Fund II L.P. and its affiliated entity (collectively, "IDG-Accel Funds"), as managed by IDG Capital Partners, which now becomes a major shareholder holding approximately 8% of the Company.

The Company has also now achieved Wholly Owned Foreign Investor (WOFE) status for its activities and investments in China. This is an important step as it allows the Company to make investments and undertake its business activities in China within a regulatory framework that is much closer to that which governs local companies than was previously the case. Several new wholly owned subsidiaries were established to facilitate this and in preparation for potential project acquisitions.

Subsequent to the half year end, the Company announced that it has created and appointed four members to a Beijing based Advisory Board to provide guidance in relation to the Company's investments in China. The Advisory Board members will provide specific advice in relation to investments within China, provide introductions to relevant government bodies and where appropriate represent the Company at various levels of government.

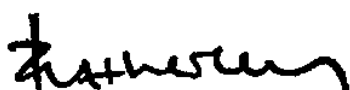
Subsequent to the half year end, the Company announced the end of the share buyback programme. In total the Company purchased 2,165,098 shares at an average of 17.4 A\$ cents and 10.8 pence per share.

#### **Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the directors of Leyshon Resources Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is on page 17 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



**PAUL ATHERLEY**

**Director**  
**Perth, 3 March 2011**

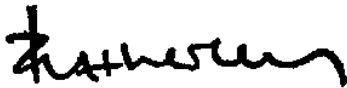
## DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



**PAUL ATHERLEY**  
Director

**Perth, 3 March 2011**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
<b>Continuing operations</b>			
<b>Revenue</b>	2	<b>1,414,244</b>	106,847
Exploration expenses		(203,771)	(146,218)
Project evaluation		(553,565)	-
Administration expenses		(751,633)	(881,391)
AIM readmission expenses		(319,054)	-
Foreign exchange losses		(13,730)	(276,762)
<b>Loss before tax</b>		<b>(427,509)</b>	(1,197,524)
Income tax expense		(123,416)	-
Loss for the period from continuing operations		<b>(550,925)</b>	(1,197,524)
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	3	-	28,399,859
<b>(Loss)/Profit attributable to members of Leyshon Resources Limited</b>		<b>(550,925)</b>	27,202,335
<b>(Loss)/Earnings Per Share</b>			
From continuing and discontinued operations			
Basic (cents per share)		(0.25)	12.45
Diluted (cents per share)		(0.25)	12.13
From continuing operations			
Basic earnings per share (cents per share)		(0.25)	(0.55)
Diluted earnings per share (cents per share)		(0.25)	(0.55)

The above Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
(Loss)/Profit for the period		(550,925)	27,202,335
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		(18,616)	(488,917)
Other comprehensive income for the period net of tax		(18,616)	(488,917)
<b>Total comprehensive income attributable to members of Leyshon Resources Limited</b>		<b>(569,541)</b>	<b>26,713,418</b>

The above Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION  
AS AT 31 DECEMBER 2010**

	Note	31 Dec 2010 \$	30 June 2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	52,865,020	46,193,725
Trade and other receivables	5	1,231,200	1,145,616
Other		40,089	13,260
<b>Total Current Assets</b>		<b>54,136,309</b>	47,352,601
<b>Non-Current Assets</b>			
Other financial assets at fair value through profit and loss		1	1
Other financial assets		14,999	14,999
Property, plant and equipment		25,418	28,938
<b>Total Non-Current Assets</b>		<b>40,418</b>	43,938
<b>TOTAL ASSETS</b>		<b>54,176,727</b>	47,396,539
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		526,560	158,455
Current tax liabilities		215,234	158,261
Provisions		57,918	64,112
<b>Total Current Liabilities</b>		<b>799,712</b>	380,828
<b>TOTAL LIABILITIES</b>		<b>799,712</b>	380,828
<b>NET ASSETS</b>		<b>53,377,015</b>	47,015,711
<b>EQUITY</b>			
Issued capital		71,106,573	64,175,728
Reserves		140,693	1,379,309
Accumulated losses		(17,870,251)	(18,539,326)
<b>TOTAL EQUITY</b>		<b>53,377,015</b>	47,015,711

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
<b><u>Issued Capital</u></b>		
<b>Issued and paid up capital – at the beginning of the half-year</b>	<b>64,175,728</b>	64,552,218
Transactions with equity holders in their capacity as equity holders:		
Issue of ordinary shares	7,000,080	-
Less share issue costs	(69,235)	-
	<b>6,930,845</b>	-
<b>Issued and paid up capital – at the end of the half-year</b>	<b>71,106,573</b>	64,552,218
<b><u>Employee Benefit Reserve</u></b>		
<b>Balance at the beginning of the half-year</b>	<b>1,373,173</b>	1,941,893
Transactions with equity holders in their capacity as equity holders:		
Expiry of options	(1,220,000)	(568,720)
<b>Employee benefit reserve at the end of the half-year</b>	<b>153,173</b>	1,373,173
<b><u>Foreign Exchange Reserve</u></b>		
<b>Foreign exchange reserve at the beginning of the half-year</b>	<b>6,136</b>	488,917
Exchange differences on translation of foreign operations attributable to members of Leyshon Resources Limited	(18,616)	(488,917)
Total comprehensive income for the period	(18,616)	(488,917)
<b>Foreign exchange reserve at the end of the half-year</b>	<b>(12,480)</b>	-
<b>Total reserves at the end of the half-year</b>	<b>140,693</b>	1,373,173

**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010 (CONTINUED)**

	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
<b><u>Accumulated Losses</u></b>		
<b>Accumulated losses at the beginning of the half-year</b>	<b>(18,539,326)</b>	(45,604,881)
(Loss)/Profit for the half-year attributable to members of Leyshon Resources Limited	<b>(550,925)</b>	27,202,335
Total comprehensive income for the period	<b>(550,925)</b>	27,202,335
Transactions with equity holders in their capacity as equity holders:		
Transfer from employee benefit reserve	<b>1,220,000</b>	568,720
<b>Accumulated losses at the end of the half-year</b>	<b>(17,870,251)</b>	(17,833,826)

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Half-year ended 31 Dec 2010 \$	Half-year ended 31 Dec 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,603,026)	(882,145)
Interest received	1,334,593	57,886
	<hr/>	<hr/>
<b>Net cash flows used in operating activities</b>	<b>(268,433)</b>	<b>(824,259)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(4,023)	(1,200)
Proceeds from sale of interest in jointly controlled entity	-	46,039,933
Loans to other entities	-	(50,276)
Development expenditure	-	(505,906)
	<hr/>	<hr/>
<b>Net cash flows (used in)/generated by investing activities</b>	<b>(4,023)</b>	<b>45,482,551</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	6,950,040	-
	<hr/>	<hr/>
<b>Net cash flows provided by financing activities</b>	<b>6,950,040</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,677,584</b>	<b>44,658,292</b>
Cash and cash equivalents at the beginning of the half-year	46,193,725	3,918,963
Effects of exchange rate changes on cash and cash equivalents	(6,289)	(276,762)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>52,865,020</b>	<b>48,300,493</b>
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The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Leyshon Resources Limited for the year ended 30 June 2010 and any public announcements made by Leyshon Resources Limited and its subsidiaries during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### **(a) Basis of preparation of half-year financial report**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2010 annual financial report for the year ended 30 June 2010, unless otherwise indicated.

#### **(b) Adoption of new and revised Accounting Standards**

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010. The standards adopted are:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms or eliminating unintended consequences.

The adoption of these amendments has not resulted in any changes to the Consolidated Entity's accounting policies and have no effect on the amounts reported for the current or prior periods.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### 2. REVENUE

	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
Interest received/receivable	<u>1,414,244</u>	<u>106,847</u>

#### 3. GAIN ON DISPOSAL OF INTEREST IN JOINTLY CONTROLLED ENTITY

On 2 December 2009 the Company disposed of its 70% interest in the Sino Foreign Joint Venture company Black Dragon Mining Company Limited (Black Dragon), which owns the Zheng Guang Gold Project.

	Half-year Ended 31 Dec 2010 \$	Half-year Ended 31 Dec 2009 \$
Exploration loss for the period	-	(156,714)
Gain on disposal of interest in Black Dragon	-	28,556,573
	<u>-</u>	<u>28,399,859</u>

The following were the results for the Consolidated Entity's interest in Black Dragon for the period:

Revenue	-	-
Operating expenses	-	(156,714)
Loss before income tax	-	(156,714)
Income tax expense	-	-
Loss after income tax	<u>-</u>	<u>(156,714)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### 3. GAIN ON DISPOSAL OF INTEREST IN JOINTLY CONTROLLED ENTITY (Continued)

The Consolidated Entity's interest in the net assets of Black Dragon at the date of disposal was as follows:

	<b>2 December 2009</b>
	<b>\$</b>
<b>Book value of net assets sold</b>	
<u>Current assets</u>	
Cash and cash equivalents	5,699
Trade and other receivables	852,471
<u>Non-current assets</u>	
Development properties	23,918,553
Other financial assets	3,560,518
Exchange differences transferred from foreign exchange reserve	393,389
<u>Current liabilities</u>	
Trade and other payables	(827,495)
<u>Non-current liabilities</u>	
Deferred tax liabilities	<u>(3,604,688)</u>
Net assets disposed	24,298,447
Less withholding tax for equity transfer	<u>(3,077,876)</u>
	21,220,571
Gain on disposal	<u>28,556,573</u>
Total consideration	<u><b>49,777,144</b></u>
<b>Consideration</b>	
Cash and cash equivalents	46,039,933
Liabilities assumed by purchaser	<u>3,737,211</u>
	<u><b>49,777,144</b></u>

A gain of \$28,556,573 was recognised at 31 December 2009 for the disposal of the Consolidated Entity's interest in Black Dragon. This amount was revised to \$28,601,273 at 30 June 2010 due to lower than expected settlement costs.

People's Republic of China withholding tax of \$3,077,876 was withheld from the sale proceeds. No other tax charge or credit arose on the transaction.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### 4. CASH AND CASH EQUIVALENTS

	31 Dec 2010	30 June 2010
	\$	\$
Cash at bank	52,865,020	46,193,725
	<b>52,865,020</b>	<b>46,193,725</b>

At 31 December 2010, share subscription funds of \$4,949,960 were being held on behalf of the Company in the Trust Account of Hardy Bowen Lawyers. These funds were available to the Company at 31 December 2010 and were transferred into the Company's account on 5 January 2011.

#### 5. TRADE AND OTHER RECEIVABLES

Interest Receivable	1,169,416	1,089,765
Other Debtors	61,784	55,851
	<b>1,231,200</b>	<b>1,145,616</b>

#### 6. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the half-year.

#### 7. SEGMENT INFORMATION

The Consolidated Entity has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Consolidated Entity's reportable segments has changed.

In previous years, segment information reported externally was analysed on the basis of the geographical areas in which it operated its business of exploration of gold and other minerals. However, information reported to the Consolidated Entity's Managing Director for the purposes of resource allocation and assessment of performance is more specifically focused on one operating segment, being the exploration of gold and other minerals.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

### 7. SEGMENT INFORMATION (continued)

As the Consolidated Entity has only one operating segment, all the necessary reporting disclosures are disclosed elsewhere in the notes to the financial statements.

### 8. SUBSEQUENT EVENTS AFTER BALANCE DATE

On 28 January 2011 the Company announced the end of its share buyback programme. In total the Company purchased 2,165,098 shares at an average of A\$0.174 and 10.8 pence per share. All share buybacks under the programme were completed prior to 30 June 2010.

There were no other significant events occurring after balance date requiring disclosure in the financial statements.

### 9. COMMITMENTS AND CONTINGENCIES

#### *Commitments*

#### **Operating leases**

##### *Leasing arrangements*

The operating leases relate to the lease of an office in China. The current lease in China is for a period of two years commencing 15 May 2010. The Consolidated Entity does not have an option to acquire the leased assets at the expiry of the lease period.

<b>COMMITMENTS FOR EXPENDITURE</b>	<b>Half-year Ended 31 Dec 2010 \$</b>	<b>Half-year Ended 31 Dec 2009 \$</b>
<b>Non-cancellable operating leases</b>		
Not longer than 1 year	77,114	-
Longer than 1 year and not longer than 5 years	28,918	-
Longer than 5 years	-	-
	<hr/>	<hr/>
<b>Total Commitments</b>	<b>106,032</b>	<b>-</b>

During the half-year reporting period the initial operating lease period for an office in Mongolia expired and the lease has continued on a monthly basis.

#### *Contingencies*

There has been no material change in the contingent assets or liabilities of the Consolidated Entity during the half-year.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### 10. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

The Company issued 30,435,130 ordinary shares at \$0.23 per share for a total value before issue costs of \$7,000,080 during the current half-year reporting period (2009: no movements in issued share capital of the Company).

During the half-year reporting period, 4,000,000 options over ordinary shares expired (2009: 1,250,000 options over ordinary shares expired).

#### 11. ESTABLISHMENT OF NEW SUBSIDIARIES

During the half year the Company established the following new wholly owned subsidiaries in preparation for potential project acquisitions and for the establishment of a Wholly Owned Foreign Entity (WOFE) in China.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 31 Dec 2010 %
Xinjiang Exploration & Development Ltd	British Virgin Islands	Ordinary	100
Chang Xing Ltd	British Virgin Islands	Ordinary	100
Trident Investment Ltd	Hong Kong	Ordinary	100
Beijing North Asia Mining Management and Consulting Co. Ltd (WOFE)	China	N/A	100

The Board of Directors  
Leyshon Resources Limited  
36 Outram Street  
West Perth WA 6005

3 March 2011

Dear Board Members

### **Leyshon Resources Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Leyshon Resources Limited.

As lead audit partner for the review of the financial statements of Leyshon Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Leanne Karamfiles**  
Partner  
Chartered Accountants

## **Independent Auditor's Review Report to the members of Leyshon Resources Limited**

We have reviewed the accompanying half-year financial report of Leyshon Resources Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 16.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Leyshon Resources Limited's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Leyshon Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Leyshon Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*  
**DELOITTE TOUCHE TOHMATSU**



**Leanne Karamfiles**  
Partner  
Chartered Accountants  
Perth, 3 March 2011