

LEYSHON RESOURCES LIMITED

ABN 75 010 482 274

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2013

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

Murray Wylie

Principal and Registered Offices

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Auditor

Deloitte Touche Tohmatsu

Bankers

Bank of China - Beijing
National Australia Bank

Share Register

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Solicitors

Jun He Law Offices - Beijing
Hardy Bowen Solicitors - Perth

Stock Exchange Listings

Alternative Investment Market
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London EC4M 7LS

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

AIM and ASX Code

LRL

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DIRECTORS' REPORT

The Directors of Leyshon Resources Limited present their report on the Group consisting of Leyshon Resources Limited ("the Company" or "Leyshon Resources") and the entities it controlled at the end of, or during, the half-year ended 30 June 2013 ("Group").

DIRECTORS

The following persons were Directors of the Company during the half-year ended 30 June 2013 and up to the date of this report:

John W S Fletcher
Paul C Atherley
Richard P Seville
Andrew Berry III

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax attributable to members of the Consolidated Entity for the half-year ended 30 June 2013 was US\$4,782,043 (2012: US\$333,356).

Operations

During the half-year, the Company, through its wholly owned subsidiary Pacific Asia Petroleum Limited (PAPL), announced an accelerated exploration and appraisal programme for its Zijinshan Gas Project on the eastern fringe of the prolific Ordos Gas Basin in Central China.

The main objective of the 2013 work programme is to define a resource sufficient to delineate a third party independently estimated resource by the end of 2013 and to submit a Chinese Reserve Report (CRR) by mid 2014.

The major components of the programme comprise drilling up to six wells, conducting eight flow tests and acquiring 300 kilometres of 2D seismic data. Three of the wells have now been drilled and the additional three are subject to obtaining favourable results from both the testing and seismic programmes and PSC partner agreement.

The programme remains at an early stage in the exploration and appraisal phase of de-risking the project and accordingly each well will be fully evaluated before proceeding with the subsequent well.

During the reporting period, the Company acquired 318 kilometres of 2D seismic data and undertook flow testing of wells ZJS5 and ZJS6, which the Company completed drilling in 2012..

Following the hydraulic fracture stimulation of one of the target zones in well ZJS5 a free gas flow rate of 160,000 scf/day was recorded over eight hours of stable flow at a tubing head pressure of 200psi. The initial flow rate recorded on the single zone exceeded management's internal estimate for commercial production of 125,000 scf/day.

Analysis of the results to date suggests that further flow may be possible from untested potential pay zones. Following a three week shut-in period a formation pressure test on a single zone recorded 16.5MPa/2425psi, significantly higher than that recorded in nearby wells in the same strata.

Testing of well ZJS6 was suspended due to technical issues. The well has a total depth of 2,320 metres with 80 metres of cumulative potential pay interval intersected across 15 potential pay zones. Several of the zones tested, which elsewhere in the field are dry, produced water. It has not been possible to isolate or to accurately define the source of the water nor to determine whether these are issues specific to well ZJS6 or more general to this area of the licence. Accordingly the decision has been made to discontinue testing on the well for the time being and to focus exploration and appraisal efforts on the upcoming programme.

It is possible that the ZJS6 well may be revisited at later date to attempt to isolate the water and to test different zones. However very useful information on the target zones has been gathered which will be valuable for testing future wells.

DIRECTORS' REPORT (continued)

The drilling of well ZJS7, at a location approximately three kilometres to the northeast of well ZJS5, has been completed and it is now undergoing testing. The well has a design depth of approximately 2,100 metres and is targeting the same potential pay zones as those intersected in well ZJS5.

Interpretation of the recently acquired 318 kilometres of 2D seismic data has been completed. Initially the results will be used to assist in locating future wells and later to assist in resource assessment. The results are also required as supporting data for the CRR submission.

The Company is now actively looking at acquisition and investment opportunities in the oil and gas sector in locations and projects where it can bring its China advantages to bear.

It is also exploring the merit of whether to separate its energy and gold businesses and will make appropriate notifications in due course.

Effective 1 January 2013, the Company changed its presentation currency from Australian dollars (AUD\$) to United States dollars (US\$).

SUBSEQUENT EVENTS

On 13 September 2013, the Company announced that it would seek shareholder and regulatory approvals to undertake a corporate restructure to effect the separation of its energy and mineral businesses.

The restructure would involve demerger of the Company's energy assets, including the Company's interests in the Zijinshan Gas Project along with cash reserves of US\$35 million, into an energy focussed vehicle, Leyshon Energy Limited (Leyshon Energy). The demerger will be effected via a pro-rata in-specie distribution of 100% of shares in Leyshon Energy to the Company's shareholders

Immediately following implementation of the energy separation, Leyshon Energy intends to apply for listing on the ASX and has appointed Cantor Fitzgerald Limited as its Nominated Adviser to assist with an application for admission to trading on AIM.

The overall financial impact on the Group should the demerger proceed is to:

- reduce cash and cash equivalents by \$36.0 million,
- reduce other current and non-current assets by \$5.2 million, and
- reduce current and non-current liabilities by \$7.2 million.

The loss after tax for the half-year ending 30 June 2013 for the energy assets was \$5.4m, which was primarily exploration expense.

The financial impact of the proposed demerger and distribution to owners has not been incorporated into these financial statements.

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

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the directors of Leyshon Resources with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is on page 6 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

A handwritten signature in black ink, appearing to read 'Paul Atherley', written in a cursive style.

Paul Atherley
Managing Director

Beijing, China
13 September 2013

The Board of Directors
Leyshon Resources Limited
Suite 3, Level 3
1292 Hay Street
West Perth WA 6005

13 September 2013

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 30 June 2013, 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



David Newman
Partner
Chartered Accountant

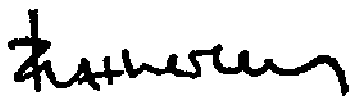
DIRECTORS' DECLARATION

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 s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Paul Atherley
Managing Director

Beijing, China
13 September 2013

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Note	Half-Year Ended 30 June 2013 \$	Half-Year Ended 30 June 2012 \$
Revenue	2	743,138	1,530,008
Exploration expenses		(5,503,328)	(18,690)
Project evaluation		(856,589)	(581,739)
Administration expenses		(901,283)	(944,353)
Foreign exchange gains		1,792,826	839
Mt Leyshon holding costs		(46,204)	(122,672)
Loss before tax		(4,771,440)	(136,607)
Income tax expense		(10,603)	(196,749)
Loss for the period		(4,782,043)	(333,356)
Other comprehensive income, net of income tax <i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign operations		(5,348,272)	(34,626)
Other comprehensive income for the period net of tax		(5,348,272)	(34,626)
Total comprehensive income for the period		(10,130,315)	(367,982)
Loss attributable to members of Leyshon Resources Limited		(4,782,043)	(333,356)
Total comprehensive income attributable to members of Leyshon Resources Limited		(10,130,315)	(367,982)
Loss Per Share			
Basic (cents per share)		(1.9)	(0.1)
Diluted (cents per share)		(1.9)	(0.1)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. All amounts presented in respect of prior periods have been restated to reflect the change in presentation currency as set out in the accounting policies.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	30 June 2013 \$	31 Dec 2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents		40,062,039	47,253,874
Trade and other receivables	3	187,473	674,828
Other assets		61,120	67,188
Total Current Assets		40,310,632	47,995,890
Non-Current Assets			
Other financial assets		13,699	15,557
Property, plant and equipment		241,840	229,983
Exploration & evaluation assets		4,860,025	5,519,320
Total Non-Current Assets		5,115,564	5,764,860
TOTAL ASSETS		45,426,196	53,760,750
LIABILITIES			
Current Liabilities			
Trade and other payables	4	6,501,069	3,266,105
Current tax liabilities		19,384	188,765
Provisions		92,933	104,261
Total Current Liabilities		6,613,386	3,559,131
Non-Current Liabilities			
Trade and other payables	4	-	1,106,349
Deferred tax liability		1,121,544	1,273,689
Total Non-Current Liabilities		1,121,544	2,380,038
TOTAL LIABILITIES		7,734,930	5,939,169
NET ASSETS		37,691,266	47,821,581
EQUITY			
Issued capital	5	57,071,050	57,071,050
Reserves	6	3,285,967	8,634,239
Accumulated losses		(22,665,751)	(17,883,708)
TOTAL EQUITY		37,691,266	47,821,581

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. All amounts presented in respect of prior periods have been restated to reflect the change in presentation currency as set out in the accounting policies.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Issued Capital	Foreign exchange reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 January 2012	56,608,151	7,469,667	(13,168,843)	50,908,975
Loss for the period	-	-	(333,356)	(333,356)
Exchange differences on translation of foreign operations	-	(34,626)	-	(34,626)
Total comprehensive income for the period	-	(34,626)	(333,356)	(367,982)
Buy back of shares	(440,938)	-	-	(440,938)
Balance at 30 June 2012	56,167,213	7,435,041	(13,502,199)	50,100,055
Balance at 1 January 2013	57,071,050	8,634,239	(17,883,708)	47,821,581
Loss for the period	-	-	(4,782,043)	(4,782,043)
Exchange differences on translation of foreign operations	-	(5,348,272)	-	(5,348,272)
Total comprehensive income for the period	-	(5,348,272)	(4,782,043)	(10,130,315)
Balance at 30 June 2013	57,071,050	3,285,967	(22,665,751)	37,691,266

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. All amounts presented in respect of prior periods have been restated to reflect the change in presentation currency as set out in the accounting policies.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Half-year ended 30 June 2013 \$	Half-year ended 30 June 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,246,541)	(1,448,955)
Mt Leyshon holding costs	(534,952)	(255,492)
Income tax paid	(173,557)	(329,187)
Interest received	1,246,417	1,301,832
	<hr/>	<hr/>
Net cash flows used in operating activities	(2,708,633)	(731,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(109,377)	(2,728)
	<hr/>	<hr/>
Net cash flows used in investing activities	(109,377)	(2,728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for buy-back of shares	-	(436,244)
Share transaction costs	-	(4,694)
	<hr/>	<hr/>
Net cash flows used in investing activities	-	(440,938)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(2,818,010)	(1,175,468)
Cash and cash equivalents at the beginning of the period	47,253,874	53,258,342
Effects of exchange rate changes on cash and cash equivalents	(4,373,825)	(246,698)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	40,062,039	51,836,176
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The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. All amounts presented in respect of prior periods have been restated to reflect the change in presentation currency as set out in the accounting policies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 30 June 2013 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 six months ended 31 December 2012 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 December 2012 financial report for the six months ended 31 December 2012, other than as discussed below.

Adoption of new and revised Accounting Standards

In the current period, the Group 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 reporting periods beginning on 1 January 2013.

The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 10 'Consolidated Financial Statements'
- AASB 11 'Joint Arrangements'
- AASB 12 'Disclosure of Interests in Other Entities'
- AASB 127 'Separate Financial Statements' (2011)
- AASB 128 'Investments in Associates and Joint Ventures' (2011)
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'

The adoption of these standards and interpretations has resulted in a change to the Group's presentation of, or disclosure in, the financial statements but did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in reporting currency

Effective 1 January 2013, the Company changed its presentation currency from Australian dollars (AUD\$) to United States dollars (US\$). The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the industry. Prior to 1 January 2013, the Company reported its financial statements in AUD\$. A change in presentation currency is a change in accounting policy which is accounted for retrospectively. In making this change in presentation currency, the Company followed the recommendations set out in AASB 121 "The Effects of Change in Foreign Exchange Rates" ("AASB 121"). In accordance with AASB 121, the financial statements for all periods presented have been translated into the new presentation currency using the current rate method. Under this method, the consolidated statement of Profit or Loss and other comprehensive income and the consolidated statement of cash flows for each period have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the consolidated balance sheets dates. Shareholders' equity transactions have been translated using the rates of exchange in effect as of the dates of the various capital transactions, while shareholders' equity balances from the translation are included as a separate component of other comprehensive income. All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in US\$ and the effect on the consolidated financial statements resulted in an accumulated other comprehensive income adjustment which increased the Foreign exchange reserve to \$7.5 million at 1 January 2012.

Half-Year Ended 30 June 2013 \$	Half-Year Ended 30 June 2012 \$
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2. REVENUE

Revenue consisted of the following items:

Interest received/receivable	743,138	1,530,008
Total revenue	<u>743,138</u>	<u>1,530,008</u>

3. TRADE AND OTHER RECEIVABLES

Current

Amounts relating to:

- interest receivable	-	515,007
- other ⁽¹⁾	187,473	159,821
	<u>187,473</u>	<u>674,828</u>

⁽¹⁾ Other receivables comprise office rent security deposits and staff expense advances.

4. TRADE AND OTHER PAYABLES	30 June 2013 \$	31 Dec 2012 \$
Current		
Trade creditors	1,094,066	250,754
Accruals	4,416,922	2,497,169
Mt Leyshon Compensation Agreements	990,081	518,182
	<u>6,501,069</u>	<u>3,266,105</u>
Non-Current		
Mt Leyshon Compensation Agreements	-	1,106,349
	<u>-</u>	<u>1,106,349</u>

Trade creditors represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and non-interest bearing with average payment terms of 30 days.

Amounts due in relation to the Mt Leyshon compensation agreements are held as amortised cost.

5. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

There were no movements in ordinary share capital or other issued share capital of the Company during the current half-year reporting period (2012: The Company bought and subsequently cancelled, 2,214,341 ordinary shares in an on-market share buyback at an average price of \$0.193 per share).

During the half-year reporting period, there were no movements in options over ordinary shares (2012: nil).

6. RESERVES	30 June 2013 \$	31 Dec 2012 \$
Foreign currency translation reserve	3,285,967	8,634,239
	<u>3,285,967</u>	<u>8,634,239</u>

Movement in reserves

The movement in each of the reserves has been set out in the Statement of Changes in Equity.

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The accumulated exchange difference is recognised in profit and loss when the net investment is disposed of.

7. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the half-year (June 2012: nil).

8. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

The Group had commitments for expenditure of approximately \$1,110,000 at 30 June 2013 (31 December 2012: nil) in relation to drilling and testing of well ZJS7 under its exploration and appraisal programme announced in January 2013 for its Zijinshan Gas Project.

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

9. LEASE COMMITMENTS

Operating leases

Leasing arrangements

The operating leases relate to the lease of an office in Beijing, China and an office in Perth, Australia. The current lease in Beijing is for a period of two years commencing 1 November 2012 and the lease in Perth is for a period of 1 year commencing 1 September 2013. The Group does not have an option to acquire the leased assets at the expiry of the lease period.

	30 June 2013	31 Dec 2012
	\$	\$
<i>Non-cancellable operating leases</i>		
Not longer than 1 year	379,236	355,046
Longer than 1 year and not longer than 5 years	63,206	261,215
Longer than 5 years	-	-
	<u>442,442</u>	<u>616,261</u>

10. SEGMENT INFORMATION

The Group currently has only one operating segment, being the exploration for unconventional gas in China. The Group has non-current exploration and evaluation assets of \$4,860,025 (31 December 2012: \$5,519,320) and property, plant and equipment of \$241,840 (31 December 2012: \$229,983) located in China. All other non-current assets are located in Australia.

11. SUBSEQUENT EVENTS AFTER BALANCE DATE

On 13 September 2013, the Company announced that it would seek shareholder and regulatory approvals to undertake a corporate restructure to effect the separation of its energy and mineral businesses.

The restructure would involve demerger of the Company's energy assets, including the Company's interests in the Zijinshan Gas Project along with cash reserves of US\$35 million, into an energy focussed vehicle, Leyshon Energy Limited (Leyshon Energy). The demerger will be effected via a pro-rata in-specie distribution of 100% of shares in Leyshon Energy to the Company's shareholders.

11. SUBSEQUENT EVENTS AFTER BALANCE DATE (Continued)

Immediately following implementation of the energy separation, Leyshon Energy intends to apply for listing on the ASX and has appointed Cantor Fitzgerald Limited as its Nominated Adviser to assist with an application for admission to trading on AIM.

The overall financial impact on the Group should the demerger proceed is to:

- reduce cash and cash equivalents by \$36.0 million,
- reduce other current and non-current assets by \$5.2 million, and
- reduce current and non-current liabilities by \$7.2 million.

The loss after tax for the half-year ending 30 June 2013 for the energy assets was \$5.4m, which was primarily exploration expense.

The financial impact of the proposed demerger and distribution to owners has not been incorporated into these financial statements.

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

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 30 June 2013, the condensed statement of profit or loss and other 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 company and 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 7 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 consolidated entity's financial position as at 30 June 2013 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.

Deloitte

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 30 June 2013 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

David Newman

David Newman

Partner

Chartered Accountants

Perth, 13 September 2013