

LEYSHON RESOURCES LIMITED

ABN 75 010 482 274

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2016

CORPORATE DIRECTORY

Directors

Paul Atherley– Non-Executive Chairman
Corey Nolan – Non-Executive Director
Richard Seville – Non-Executive Director

Company Secretary

Murray Wylie

Principal and Registered Office

Australia

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1292 Hay Street
West Perth WA 6005
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Auditor

RSM Australia Partners

Bankers

National Australia Bank

Share Register

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000
Australia
Telephone: 1300 557 010
International: +618 9323 2000
Facsimile: +618 9323 2033

Solicitors

Hopgood Ganim Lawyers - Brisbane
DLA Piper - Perth

Stock Exchange Listing

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

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") and the entities it controlled at the end of, or during, the half-year ended 30 June 2016. All amounts presented in the annual report including the Directors' Report are presented in United States Dollars (US\$) unless otherwise indicated.

DIRECTORS

The following persons were directors of Leyshon Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Paul C Atherley
Corey Nolan
Richard P Seville

PRINCIPAL ACTIVITY

During the financial half-year the principal continuing activity of the consolidated entity consisted of mineral exploration.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

The loss for the consolidated entity after providing for income tax, for the financial half year, amounted to US\$152,620 (30 June 2015: US\$489,366).

Review of operations

Following the demerger of Leyshon Energy Limited in January 2014, the primary activities of the Company have been the identification and evaluation of suitable investment opportunities and concentrating on a strategic review and restructure of its legacy Mt Leyshon gold project in Queensland, Australia. The Company has also maintained its focus on minimising expenditure.

Shares of the Company remain listed on the Australian Securities Exchange ("ASX"). However in accordance with ASX policy, the securities of the Company were suspended from quotation on the ASX on 14 July 2014 following the disposal of its main undertaking through the demerger of Leyshon Energy Limited. The Company envisages that its shares will remain suspended on the ASX until such time as the Company completes a transaction and seeks re-compliance for listing on the ASX.

Mt Leyshon Settlement with Newmont

Over the last two years, Leyshon has been engaging with the key stakeholders in the Mt Leyshon mine site as part of a strategic review to reduce the long-term costs of holding this legacy asset. The Directors resolved that a restructure of the Mt Leyshon asset was a priority focus for Leyshon to be a viable entity able to undergo a recapitalisation and stock exchange listing process. At Mt Leyshon, the Company holds five Mining Licenses ("ML's"), an Environmental Authority ("EA") and land covering the historical mining operations which are now subject to long-term rehabilitation. Newmont Australia Pty Ltd ("Newmont") performed management services related to the site closure (including rehabilitation) in 2002-2003. Leyshon and Newmont have been in dispute since 2006 as to the validity and status of the ongoing obligations with respect to management of the site.

The Company has been incurring significant and growing costs associated with holding Mt Leyshon including, ML and EA fees, council rates, land taxes and other administration costs, totalling more than A\$300,000 per year. The ML's and EA cannot be relinquished until the rehabilitation is completed and the ML's are cancelled by the Queensland Department of Mines and Natural Resources, and the EA by the Queensland Department of Environment and Heritage Protection.

On 6 May 2016, the Company announced that it had entered a Deed of Settlement with Newmont whereby the parties agreed to:

- Resolve the dispute with respect of the management agreement;
- Transfer the Mt Leyshon ML's and EA, and Leyshon's land holdings at Mt Leyshon to Newmont;

- Newmont to pay Leyshon A\$220,000 for expenses incurred on the tenements in 2015; and
- Leyshon will provide Newmont with cash and/or shares in Leyshon as additional compensation. The payments to Newmont include A\$220,000 when Leyshon re-lists on the ASX, A\$170,000 in December 2016 (Leyshon's election payable as cash or shares), A\$200,000 in December 2017 (Newmont's election payable as cash or shares), and A\$275,000 each year between December 2018 and 2025 (Newmont's election payable as cash or shares).

The Deed of Settlements is subject to certain approvals including Queensland Government Ministerial consent for transfer the ML's, and Newmont securing Foreign Investment Review Board ("FIRB") approval for the acquisition of the land and ML's. Settlement is progressing well. Indicative approval has been received for the transfer of the ML's and Newmont has received approval from the FIRB. Subsequent to the end of the reporting period, on 13 July 2016 the Company received payment of A\$220,000 from Newmont for reimbursement of 2015 tenement expenditure.

New Project Opportunities

During the reporting period, the Company has continued to pursue investment opportunities in the resources sector which are in line with the Company's stated investing policy. The Company's strategic objective is to identify projects that have a clear pathway to production or monetization and can generate high returns to shareholders. This will be achieved by leveraging the in-house expertise and track-record in identifying, acquiring, financing, developing and operating resource projects, and un-locking value. The Company's plan is to identify advanced or brown-field assets which have a high probability of being re-rated in the listed market.

Whilst the overall investment climate in the resources sector continues to be very difficult, asset valuations are currently substantially discounted, which we believe will provide an attractive investing opportunity at the bottom of the investment cycle. However structuring a transaction, at these low commodity prices, that meets the Company's requirements for return to shareholders has proved to be difficult. A number of opportunities are currently being studied, although none are at an advanced stage.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 6 May 2016, the Company entered into a settlement with Newmont as detailed earlier in this report. There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

SUBSEQUENT EVENTS

On 13 July 2016, in accordance with the terms of the settlement with Newmont, the Company received payment of A\$220,000 from Newmont for reimbursement of 2015 tenement expenditure. These funds are to be repaid to Newmont when Leyshon resumes trading on the ASX.

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

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

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

Corey Nolan
Director

13 September 2016

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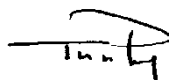
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Leyshon Resources Limited for the half-year ended 30 June 2016, 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.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 September 2016

LEYSHON RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Note	Half-Year Ended 30 June 2016 US\$	Half-Year Ended 30 June 2015 US\$
Revenue	2	226	495
Expenses			
Project evaluation		(23,434)	(140,932)
Administration expenses		(98,962)	(283,521)
Mt Leyshon holding costs		(27,595)	(86,860)
Share-based payments		-	(20,844)
Foreign exchange (losses)/ gains		(2,855)	42,296
Loss before income tax expense		(152,620)	(489,366)
Income tax expense		-	-
Loss after income tax expense for the half-year		(152,620)	(489,366)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign operations		(2,410)	8,900
Exchange differences on translating into presentation currency		4,861	(67,634)
Other comprehensive income/ (loss) for the half-year, net of tax		2,451	(58,734)
Total comprehensive loss for the half-year		(150,169)	(548,100)
Loss attributable to members of Leyshon Resources Limited		(152,620)	(489,366)
Total comprehensive loss attributable to members of Leyshon Resources Limited		(150,169)	(548,100)
Loss Per Share		Cents	Cents
Basic (cents per share)		(0.06)	(0.20)
Diluted (cents per share)		(0.06)	(0.20)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LEYSHON RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	30 June 2016 US\$	31 Dec 2015 US\$
ASSETS			
Current Assets			
Cash and cash equivalents *		236,275	411,835
Trade and other receivables	3	-	142
Other assets		14,630	14,821
Total Current Assets		<u>250,905</u>	<u>426,798</u>
Non-Current Assets			
Other financial assets		11,139	10,950
Total Non-Current Assets		<u>11,139</u>	<u>10,950</u>
TOTAL ASSETS		<u>262,044</u>	<u>437,748</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	4	22,265	47,800
Total Current Liabilities		<u>22,265</u>	<u>47,800</u>
TOTAL LIABILITIES		<u>22,265</u>	<u>47,800</u>
NET ASSETS		<u>239,779</u>	<u>389,948</u>
EQUITY			
Issued capital	5	16,910,852	16,910,852
Reserves	6	(481,669)	(484,320)
Accumulated losses		(16,189,204)	(16,036,584)
TOTAL EQUITY		<u>239,779</u>	<u>389,948</u>

* Please refer to disclosure in the statement of cash flows with regards to the cash balances of USD\$103,861 which are currently unavailable for use.

The above statement of financial position should be read in conjunction with the accompanying notes

LEYSHON RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Issued Capital	Equity- settled employee benefits reserve	Foreign exchange reserve	Accumulated losses	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2015	16,910,852	5,190	(414,802)	(15,238,488)	1,262,752
Loss after income tax expense for the half-year	-	-	-	(489,366)	(489,366)
Other comprehensive loss for the half-year, net of tax	-	-	(58,734)	-	(58,734)
Total comprehensive income for the half-year	-	-	(58,734)	(489,366)	(548,100)
Recognition of share-based payments	-	20,844	-	-	20,844
Balance at 30 June 2015	16,910,852	26,034	(473,536)	(15,727,854)	735,496
Balance at 1 January 2016	16,910,852	25,232	(509,552)	(16,036,584)	389,948
Loss after income tax expense for the half-year	-	-	-	(152,620)	(152,620)
Other comprehensive loss for the half-year, net of tax	-	-	2,451	-	2,451
Total comprehensive income for the half-year	-	-	2,451	(152,620)	(150,169)
Balance at 30 June 2016	16,910,852	25,232	(507,101)	(16,189,204)	239,779

The above statement of changes in equity should be read in conjunction with the accompanying notes.

LEYSHON RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Half-year ended 30 June 2016 US\$	Half-year ended 30 June 2015 US\$
Cash flows from operating activities		
Interest received	226	563
Payments to suppliers and employees (inclusive of GST)	(120,929)	(522,903)
Mt Leyshon holding costs	(45,419)	(49,042)
Income tax (paid)/refunded	(2,935)	37,367
	<hr/>	<hr/>
Net cash used in operating activities	<u>(169,057)</u>	<u>(534,015)</u>
Cash flows from investing activities		
Loans to other entities	(5,763)	(15,848)
Loans repaid by other entities	-	24,958
	<hr/>	<hr/>
Net cash (used in)/provided by investing activities	<u>(5,763)</u>	<u>9,110</u>
Net decrease in cash and cash equivalents	(174,820)	(524,905)
Cash and cash equivalents at the beginning of the financial half-year	411,835	1,342,668
Effects of exchange rate changes on cash and cash equivalents	(740)	(15,208)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year*	<u><u>236,275</u></u>	<u><u>802,555</u></u>

* At 30 June 2016, cash and cash equivalents at the end of the financial half-year included an amount of US\$103,861 that is not currently available for use by the consolidated entity. The funds are held in an inactive bank account in Mongolia of \$US103,037 and \$824 held in an inactive bank account in Hong Kong. Management has been advised that US\$103,037 funds will be available for use following the winding up of its wholly owned subsidiary Ikh Zuchi Resources Limited, which the directors expect to complete within the next 6 months and \$824 will be available when Chang Xing Limited is operational.

The above statement of cash flows should be read in conjunction with the accompanying notes.

**LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 have 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*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report of Leyshon Resources Limited for the year ended 31 December 2015 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

These 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 United States dollars (US\$).

The principal accounting policies and methods of computation adopted in the preparation of these half-year financial statements are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$152,620 and had net cash outflows from operating activities of \$169,057 and investing activities of \$5,763 for the half-year ended 30 June 2016.

The consolidated entity's ability to continue as a going concern is dependent on a combination of factors, the most significant of which is the ability of the company to re-capitalise and obtain additional capital funding. These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the above, the directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- On 6 May 2016, the company announced that it had entered a Deed of Settlement with Newmont Australia Pty Ltd (refer to Note 8). The company plans to complete the Deed of Settlement, re-capitalise and seek re-listing of the company's securities on the Australian Securities Exchange; and
- The company has the ability to scale back its operations in order to curtail expenditure, in the event the above re-capitalisation is delayed, or insufficient cash is available to meet projected expenditure.

LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

	Half-Year Ended 30 June 2016 US\$	Half-Year Ended 30 June 2015 US\$
2. REVENUE		
Revenue consisted of the following items:		
Interest	226	495
Total revenue	<u>226</u>	<u>495</u>

	30 June 2016 US\$	31 Dec 2015 US\$
3. TRADE AND OTHER RECEIVABLES		
Current		
Amounts relating to:		
- Loan to external party ⁽¹⁾	620,000	620,000
- Provision for non-recovery of loan to external party	(620,000)	(620,000)
- Other ⁽²⁾	-	142
	<u>-</u>	<u>142</u>

⁽¹⁾ Unsecured loan to ITS

⁽²⁾ Other receivables comprise office rent security deposits and staff expense advances.

	30 June 2015 US\$	31 Dec 2015 US\$
4. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	6,701	20,401
Accruals	15,564	27,399
	<u>22,265</u>	<u>47,800</u>

5. ISSUED CAPITAL

249,457,212 (31 Dec 2015: 249,457,212) fully paid ordinary shares	<u>16,910,852</u>	<u>16,910,852</u>
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Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016

6. RESERVES

Share-based payment reserve	25,232	25,232
Foreign currency translation reserve	(507,101)	(509,552)
	<u>(481,869)</u>	<u>(484,320)</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

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of services provided to the company in return for the issue of equity-based payments in the company.

Foreign currency translation reserve

The foreign currency translation reserve recognises exchange differences that arise from translation of foreign controlled entities into the consolidated entities' functional currency and from translation from the functional currency to the presentation currency for reporting. Exchange differences arising from translation of foreign controlled entities into the functional currency are taken to the foreign currency translation reserve. The accumulated exchange difference is recognised in profit or loss when the net investment is disposed of.

Foreign exchange translation reserve relating to translation of foreign operations	126,702	140,575
Foreign exchange translation reserve relating to translation into presentation currency	(633,803)	(650,127)
	<u>(507,101)</u>	<u>(509,552)</u>

7. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the half-year (June 2015: nil).

8. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

Under the terms of the settlement with Newmont, the Company is obliged to make a payment to Newmont in December 2016 of A\$170,000 (payable as cash or shares at Leyshon's election). There were no other commitments for expenditure as at 30 June 2016 (31 December 2015: nil).

Mount Leyshon Assets

As part of the restructure of the Company in November 2001 that saw the Company cease to be a subsidiary of Newmont Limited (then Normandy Mining Limited) ('Newmont'), the Company and Newmont entered into a Management Agreement on 30 November 2001 in respect of the closure of the Mt Leyshon mine ('Management Agreement'). It was intended and agreed that Newmont would implement a mine closure plan and be responsible for all ongoing environmental obligations associated with the Mt Leyshon assets.

**LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016**

8. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES (Cont'd)

Pursuant to the terms of the Management Agreement, Newmont agreed to be responsible in perpetuity for the Company's rehabilitation obligations arising out of the Mt Leyshon Mine site and has agreed to indemnify the Company in respect of all environmental obligations in relation to or as a result of mining activities at Mt Leyshon. The Company was to be responsible for its share of ongoing management costs in relation to the Mount Leyshon assets.

At Mt Leyshon, the Company holds five Mining Licenses ("ML's"), an Environmental Authority ("EA") and land covering the historical mining operations which are now subject to long-term rehabilitation. Newmont performed management services related to the site closure (including rehabilitation) in 2002-2003. Leyshon and Newmont have been in dispute since 2006 as to the validity and status of the ongoing obligations with respect to management of the site.

The Company has been incurring significant and growing costs associated with holding Mt Leyshon including, ML and EA fees, council rates, land taxes and other administration costs, totalling more than A\$300,000 per year. The ML's and EA cannot be relinquished until the rehabilitation is completed and the ML's are cancelled by the Queensland Department of Mines and Natural Resources, and the EA by the Queensland Department of Environment and Heritage Protection.

On 6 May 2016, the Company announced that it had entered a Deed of Settlement with Newmont whereby the parties agreed to:

- Resolve the dispute with respect of the management agreement;
- Transfer the Mt Leyshon ML's and EA, and Leyshon's land holdings at Mt Leyshon to Newmont;
- Newmont to pay Leyshon A\$220,000 for expenses incurred on the tenements in 2015; and
- Leyshon will provide Newmont with cash and/or shares in Leyshon as additional compensation. The payments to Newmont include A\$220,000 when Leyshon re-lists on the ASX, A\$170,000 in December 2016 (Leyshon's election payable as cash or shares), A\$200,000 in December 2017 (Newmont's election payable as cash or shares), and A\$275,000 each year between December 2018 and 2025 (Newmont's election payable as cash or shares).

The Deed of Settlements is subject to certain approvals including Queensland Government Ministerial consent for transfer the ML's, and Newmont securing Foreign Investment Review Board ("FIRB") approval for the acquisition of the land and ML's. Settlement is progressing well. Indicative approval has been received for the transfer of the ML's and Newmont has received approval from the FIRB. Subsequent to the end of the reporting period, on 13 July 2016 the Company received payment of A\$220,000 from Newmont for reimbursement of 2015 tenement expenditure.

The Company is not considered to carry any risk of any substantive liability for anything done or omitted to be done, at the Mt Leyshon mine site, prior to 2001.

There were no other contingent liabilities as at 30 June 2016.

LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016

9. LEASE COMMITMENTS

Operating lease

Leasing arrangements

The operating lease relates to the lease of an office in Perth, Australia. The current lease in Perth is on a month to month basis commencing 1 July 2015. The consolidated entity does not have an option to acquire the leased assets at the expiry of the lease period.

	30 June 2015 US\$	31 Dec 2015 US\$
<i>Non-cancellable operating leases</i>		
Not longer than 1 year	371	365
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>371</u>	<u>365</u>

10. SEGMENT INFORMATION

At 30 June 2016, the consolidated entity has only one operating segment being continuing minerals exploration.

11. SUBSEQUENT EVENTS AFTER REPORTING DATE

On 13 July 2016, in accordance with the terms of the settlement with Newmont, the Company received payment of A\$220,000 from Newmont for reimbursement of 2015 tenement expenditure. These funds are to be repaid to Newmont when Leyshon resumes trading on the ASX.

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

**LEYSHON RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2016**

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Corey Nolan
Director

13 September 2016
Perth



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**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 statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 2016 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

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:

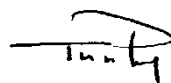
- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements, which indicates that the consolidated entity incurred a net loss of \$152,620 and had net cash outflows from operating activities of \$169,057 and investing activities of \$5,763 for the half-year ended 30 June 2016. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 September 2016