



29 July 2016

Quarterly Report June 2016

Leyshon Resources Limited (AIM/ASX: LRL) ("Leyshon" or the "Company") activities during the quarter focused on finalising a settlement with Newmont to divest the legacy Mt Leyshon mine assets in order to simplify the Company's corporate structure and position the Company to pursue an investment transaction, and seek re-listing on the Australian Securities Exchange ("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, totaling 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 quarter, on 13 July 2016 the Company received payment of A\$220,000 from Newmont for reimbursement of 2015 tenement expenditure.

ASX Suspension Update

The shares of Leyshon have been suspended from trading on the ASX since 14 July 2014. ASX policy, in accordance with Chapter 12 of the Listing Rules, is to allow companies that have disposed of their main undertakings a six-month period within which to satisfy ASX that the company has a sufficient level of operations to justify continued quotation of the Company's securities on the ASX. The Company was not able to satisfy the ASX that it was in compliance with Chapter 12 and was suspended from trading on 14 July 2014.

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.

New Project Opportunities

The Company continues to review investment opportunities as it finalises its corporate restructuring initiatives. There has been a steady flow of opportunities in resources and other sectors for consideration by the Company, although none are at an advanced stage.

For further information please contact:

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Tenement Interests

Leyshon Resources Limited held the following interests in exploration tenements at the end of the quarter. There were no tenements acquired or disposed of during the quarter and no changes in the beneficial interests held by the Company, although it is anticipated these tenements will be transferred to Newmont under the Deed of Settlement during the current quarter.

PROJECT	BENEFICIAL INTEREST	TENEMENT	NAME
MOUNT LEYSHON	100%	ML 1546	Golden Star
	100%	ML 10144	Mt Leyshon
	100%	ML 10148	Puddler Creek
	100%	ML 10172	Eastern Star
	100%	ML 10173	Southern Star