

LEYSHON RESOURCES
LIMITED

ABN 75 010 482 274

2003

ANNUAL
REPORT

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CORPORATE DIRECTORY

Directors

Ian P Middlemas
Gary R Pearce
Mark L Pearce

Secretary

Mark L Pearce

Registered and Principal Office

Level 9, BGC Centre
28 The Esplanade
Perth WA 6000
Australia

Telephone: (61 8) 9322 6322
Facsimile: (61 8) 9322 6558

Share Register

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

GPO Box D182
Perth WA 6840

Telephone: 1300 557 010
International: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

Stock Exchange Listing

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

ASX Code

LRL

Solicitors

Blakiston & Crabb
Hardy Bowen, Lawyers

Auditor

Deloitte Touche Tohmatsu

Bankers

Australia and New Zealand Banking Group Ltd

REVIEW OF OPERATIONS

Net operating profit after tax for the year ended 30 June 2003 was \$2,378,099 (2002: Operating loss after tax of \$9,305,963).

The profit was primarily from the gain on transfer of environmental obligations to the Newmont Australia Group, in relation to the Mt Leyshon mine (see below).

1.0 CORPORATE ACTIVITIES

1.1 Transfer of Environmental Obligations

During the year ended 30 June 2003, a net gain of \$2,382,624 arose upon the transfer of the environmental restoration obligations and several assets associated with the Mt Leyshon mine to the Newmont Australia Group. The transfer occurred pursuant to the Restructure Agreement approved by shareholders in November 2001.

1.2 Refund of Acquisition Costs of MIM Tenements

In accordance with the Restructure Agreement between Leyshon Resources and the Newmont Australia Group, Leyshon paid \$299,100 for exploration tenements in November 2001. A number of these exploration tenements were to be incorporated in to a joint venture with MIM Limited. Pursuant to the terms of the joint venture, MIM Limited rejected several tenements.

The Restructure Agreement provided that the acquisition cost of tenements not taken up MIM Ltd under a joint venture agreement were to be refunded by the Newmont Australia Group.

Accordingly, an amount of \$186,047 was received from the Newmont Australia Group during the year in relation to a refund of a portion of the original tenement acquisition costs.

2.0 EXPLORATION ACTIVITIES

2.1 Carpentaria Joint Venture Agreement ('CJV' – Leyshon Resources Diluting to 49%) and Cloncurry Project (Leyshon Resources 100%)

The Company has a significant tenement holding in the Mt Isa region in northwest Queensland. Three granted Exploration Permits (EPM's) and six Exploration Permit Applications (EPMA's) covering 287 and 1,051 square kilometres respectively comprise the Carpentaria Joint Venture (CJV) with Mt Isa Mines Limited (MIM), now Xstrata Plc.

Under the CJV, MIM must expend a minimum of \$600,000 over two years and the option of an additional \$2,400,000 over five years inclusive to earn 51% of the properties. MIM can then earn a further 19% by expending \$3,000,000 over three years to advance to 70%. The Company holds a further three EPM's and thirty two EPMA's covering 191 and 6,486 square kilometres respectively in its own right, collectively termed the Cloncurry Project.

The region is recognised as one of the world's most significant mineralised provinces for base metal occurrences that include strata bound lead-zinc-silver deposits (Mount Isa, Century) and intrusion related iron oxide copper gold (IOCG) deposits (eg. Ernest Henry). Other operating mines in the region include Cannington, Selwyn and Osborne.

The CJV has been maintained by MIM after the takeover of MIM by Xstrata Plc, underpinning the significance of the project. The principal activities recently completed include an aircore drill program (51 holes for 2,962m), a downhole EM survey over the Landsborough Anomaly on the Tributary Creek EPM and assessment of drilling results from the previous quarter over the Fine Cotton and Shergar Anomalies. A ground magnetic survey is currently in progress and further drilling is scheduled for the September 2003 quarter on the Landsborough Anomaly. A considerable exploration program was conducted on the Mount Avarice and Mount Marathon EPM's adjacent to the Cloncurry townsite. These activities included mapping, soil and rock chip sampling, geophysical surveys and RC and diamond drilling.

REVIEW OF OPERATIONS (continued)

The recent drilling has focused on the Landsborough Anomaly with a view to identifying geochemical anomalism at the base of the Mesozoic cover along the four kilometre IP anomaly and along strike from the anomalous drill hole LVD007 reported in May 2003.

Assay results from the drilling of the Shergar and Fine Cotton prospects on the Mt Marathon EPM adjacent to the Cloncurry townsite have revealed low order copper and coincident gold anomalism. Further work on this tenement and the Mt Avarice EPM will include a detailed review by James Cook University over the next six months, with a view to refining the mineralisation controls within the tenements and defining further targets.

Levuka Trend - Landsborough Anomaly (EPM 9462 - Tributary Creek)

The Tributary Creek licence covers the southern section of the Levuka Trend that commences four kilometres south along strike of the Eloise Mine. Drill testing of two IP chargeability anomalies (Knurl & Landsborough) was completed in the March quarter and encouragement was gained from diamond drill hole LVD007, which intersected 18m @ 0.81% Cu, 0.18 g/t Au (from 162 - 180m) which occurs within a broad low-level copper halo of 192.4m @ 0.12% Cu, 0.043 g/t Au (57 - 249.4mEOH). This 192.4m interval represents the entire thickness of the basement intersected in LV007D. The downhole EM survey of this hole did not generate any meaningful data due to hole blockage.

Aircore Drilling Program

As a follow-up to the mineralised intercept in LVD007, an aircore drill program comprising 51 vertical drill holes along seven east-west oriented traverses 51 holes was completed for 2,962m of drilling. The traverses were spaced approximately 500m apart and covered a three kilometre strike length of the chargeability anomaly.

The drill program aimed to test the basement beneath the Mesozoic cover rocks, with a view to identify anomalous copper/gold values proximal to the chargeability anomaly and therefore refine the target prior to any further diamond drilling. This method was generally successful, with 43 of the drill holes returning a basement sample. The average hole depth was 58m, with the basement depth ranging from 31-73m. In general the cover sequence comprises 15m of Tertiary sands and gravels and 35-55m of Mesozoic (Wallumbilla Formation) black mudstone.

The basement lithologies intersected consist of variably altered and deformed amphibolite and biotite schist. The dominant alteration styles include pervasive carbonate or albite alteration, with minor quartz veining present, and sulphide pyrite recorded in two holes. Final assay results are expected in the September 2003 quarter.

Turf Club Shear - (EPM8586 & EPM8588- Mt Marathon and Mt Avarice)

Shallow RC/diamond drilling was undertaken on two IP chargeability targets in the central-northern area of the Turf Club Shear (Fine Cotton & Shergah Prospects) in the previous quarter. Although weak alteration and some sulphide mineralisation was observed at both prospects, only weak, low order copper/gold anomalism was recorded.

The JV partners have been approached by James Cook University to complete a study of the mineralisation styles within the Mt Marathon and Avarice EPM's, with a view to identifying regional and local controls on mineralisation in the area and to define further targets within the EPM's. Agreement has been reached in principal and it is anticipated that this work will commence in the September 2003 quarter.

REVIEW OF OPERATIONS (continued)

Future Work

A ground magnetic survey has commenced over the Landsborough Anomaly and further drilling is proposed once the aircore results have been evaluated in conjunction with the geophysical data.

An IP survey is planned to test a magnetic target within the southern portion of the Middle Creek EPM12807. This target is located within the Quamby Fault zone under shallow alluvial cover. This target was delineated as part of a MIMEX study of untested magnetic targets within the Mount Isa Inlier. The timing of this work is dependent on the grant of the tenement and IP crew availability.

Other Issues

It is anticipated that several of the applications that remain within the JV will be granted within the next few months, allowing access to further targets within the portfolio. Expenditure for the June quarter was \$271,791, bringing the total JV expenditure to the end of June 2003 to \$1,329,285.

2.2 The Kidston Joint Venture (Leyshon Resources 70%)

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

Data compilation, integration and interpretation of the KJV data has now commenced. Work to date has revealed a large number of anomalous features within the information available collated from previous exploration reports, Geoscience Australia stream sediment sampling and from geological interpretation of the aeromagnetics. A brief summary of anomalies identified to date is discussed below. Due to the volume of data, this work is at a preliminary stage only and future work will rank and prioritise these anomalous features, with a view to focusing the exploration initiative once the licences are granted. Due to the size and geographical extent of the project, the discussion below divides the KJV in to three principal project areas.

Kidston Project Area

A total of 42 predominantly gold only stream sediment anomalies have been identified from an extensive geochemical database from previous exploration data and Geoscience Australia sampling. These range from low order, point anomalism to areally-extensive anomalism is associated with known prospects such as Christmas Hill (maxima 98 ppb Au). Further anomalism of a similar tenor has also been highlighted at Castleton (maxima 100 ppb Au), Malacura (maxima 4.5 ppb Au), Talavera (maxima 94 ppb Au) and to the south of Christmas Hill (maxima 130 ppb Au).

In general terms, it appears indicative that tenements located in the southern part of the project area record higher gold anomalous responses than in the north. The significance of such an extensive suite anomalous areas is to be quantified by the integration of the litho-structural framework for the region that is being developed concurrently from aeromagnetics and the geological database.

REVIEW OF OPERATIONS (continued)**Tate River Project**

The review of this area has identified nine gold/bismuth/copper anomalies from the Geoscience Australia stream sampling program. Follow-up work was completed on the Golden Myall Prospect – which was originally identified through peak gold and bismuth anomalism of 11.7 ppb and 5.54 ppm respectively. Previous work in this area has included mapping, soil and rock chip and an IP survey. This work defined coherent soil geochemical anomalism up to 110 ppb Au, 540 ppm Cu, and 10.7 ppm Bi. The rock chip sampling generated eighteen samples with values in excess of 0.1 g/t Au, with maxima of 8.15 g/t Au and the IP survey also generated a notable coherent anomaly.

A further eight gold +/- Cu +/- Bi anomalies defined in the available stream geochemistry are relatively low order, with maxima of 4.88 ppb Au and will require follow-up work. Bi anomalous stream samples drain from large parts of the project area and a preliminary review of the aeromagnetic data indicates that this anomalism maybe associated with a large volcanic complex.

Mt Atlas Project

To date a total of twenty five multi-element stream sediment anomalies have been identified within the Mt Mulgrave and Jestah EPM's. The extent and significance of the anomalism remains unclear due to the significant overlap in sampling by both previous explorers and Geoscience Australia. Nine of the anomalies are Zn-Cu-Au dominated, with a further ten recording Zn anomalism in addition to either Au, Cu and Bi.

These results highlight the prospectivity of the Chillagoe Formation, which dominates the tenements as a potential host to Zn-Cu-Au mineralisation of the type identified by Kagara Zinc at the King Vol and Montevideo prospects along strike to the south. A number of Au-only stream anomalies are also evident within the data.

2.3 Mt Leyshon Project (Leyshon Resources 100%)

The Project comprises one EPM and five Mining Leases (ML's) and is located some 29 kilometres south of Charters Towers in the east-west trending Lolworth-Ravenswood Block. During its recent history, over 3,000,000 ounces of gold have been extracted from the Mt Leyshon operation. Mining and milling ceased in June 2001 and February 2002 respectively.

This Lolworth-Ravenswood Block is composed of Cambrian to Permian granitoid rocks, with remnant metamorphic complexes and meta-volcano-sedimentary sequences into which Permo-Carboniferous emplacement of porphyry style base metal mineralisation and auriferous hydrothermal breccias have occurred. The Mt Leyshon breccia complex is a type example of this style of mineralisation.

Desktop geological studies have been conducted reviewing historic exploration on the Fenian EPM 10203 and within the vicinity of the mine. Due to the mine centric exploration completed over the past ten years, there does not appear to have been a systematic, integrated exploration approach over the EPM. Potential now exists to assess exploration targets such as Seventy Mile Mount, Matthews Pinnacle, Middle Mount, Galena Gully and the Pinnacle Diggings prospects through the integrated use of the geophysical (gravity, helimagnetics and IP), geochemical and mapping data that exists for large tracts of the EPM.

Significant geological targets exist within the environ of the Mt Leyshon mine and these will ultimately require further assessment and it is anticipated that this will be completed under a suitable joint venture arrangement in the future.

2.4 Musgraves Project (Leyshon Resources Earning 70%)

The Musgrave Project comprises five granted exploration licences and one exploration licence application covering 1165 square kilometres in two non-contiguous blocks in the Western Musgraves of WA. The licences are held by a wholly owned subsidiary of Newmont Gold Australia Ltd and Leyshon will be able to earn a 70% interest in the project by expending \$3,000,000 over four years. The project was acquired with a view to defining and testing geological targets for iron-oxide-copper-gold and epigenetic gold deposits.

REVIEW OF OPERATIONS (continued)

The Musgrave Block comprises an area of approximately 160,000 square kilometres of Mesoproterozoic craton straddling the borders of South Australia (SA), Western Australia (WA) and Northern Territory (NT) in the centre of the Australian continent. This vast area represents one of the least explored Mesoproterozoic terrain's in Australia and is an untapped and under explored area of mineral potential. The Musgrave comprises a crystalline basement of metamorphic rocks of granulite and amphibolite facies, intruded by granitic plutons of the Kulgera suite and by the mafic and ultramafic rocks of the Giles Complex and subordinate mafic dyke swarms. These intrusive suits and a complex tectonic history auger well for the genesis of significant, multi element ore deposits.

Recent work has identified areas of what are interpreted to be Giles Complex lithologies and the Company has applied for another exploration licence through its wholly owned subsidiary Oremont Limited to secure this area with a view to test it for magnetic nickel-copper mineralisation.

Access to the project area has not yet been secured and dialogue with the Ngaanyatjarra Council has continued with a view to obtaining a satisfactory access arrangement between the Company and the local indigenous groups. The Council have advised that they will be unable to commence negotiations until the end of September 2003.

2.5 Agate Creek Project (Leyshon Resources Earning 65%)

The Agate Creek Project comprises four EPM's (9632, 10719, 11237, 11238) and covers 455 square kilometres of the Proterozoic metamorphics of the Georgetown Province and the Silurian Robin Hood Granodiorite. The project is under a farmin and Joint Venture Agreement (JVA) between a subsidiary of Barrick Gold Limited and a subsidiary of Newmont Gold Australia Limited. The JVA was assigned to the Company under the restructure agreement with Newmont and the Company is required to spend \$4,000,000 over four years to earn 65%. The minimum expenditure before withdrawal of \$700,000 was met in June of 2002.

A number of options for the project are currently under consideration. The Company expects to finalise a course of action for the Agate Creek project during the September 2003 quarter.

CORPORATE GOVERNANCE

The Board of Directors of Leyshon Resources Limited is responsible for the corporate governance of the Company and the entities it controls ("Consolidated Entity"). This statement outlines the main corporate governance practices that have been applied by the Board.

BOARD OF DIRECTORS AND ITS COMMITTEES

Role of the Board

The Board is responsible for directing and monitoring the Company in order to optimise Company performance and to increase shareholder value by:

- Reviewing strategic direction;
- Adopting corporate strategy;
- Adopting corporate policy;
- Monitoring performance of the Company;
- Monitoring performance of senior management;
- Monitoring performance of external service providers, in particular the Newmont Group (formerly Normandy Group);
- Monitoring communications with shareholders;
- Monitoring the effectiveness of internal controls in managing risks;
- Monitoring compliance with key policies, laws and regulations; and
- Monitoring occupational health and safety issues.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Board Processes

To assist in the execution of its responsibilities, the Board had established a number of Board Committees including an Audit and Compliance Committee. These committees had written mandates and operating procedures, which were reviewed on a regular basis.

On 25 September 2002, the Board disbanded all existing committees as the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Consolidated Entity including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

Composition of the Board

At the date of this report the Board comprises three directors. The names, qualifications and relative experience of each director are included in this Annual Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of directors required to supervise adequately the Company's Constitution will be determined within the limitations imposed by the Constitution and as circumstances demand.

CORPORATE GOVERNANCE (continued)

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Ethical Standards

The Board seeks to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Directors, officers and employees must:

- Comply with the law;
- Act in the best interests of the company;
- Be responsible and accountable for their actions; and
- Operate ethically at all times, which will include disclosure of potential conflicts of interest.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Consolidated Entity's expense. However, prior approval of the Chair (or if no Chair has been appointed, an executive director) is required, which must not be unreasonably withheld. A copy of advice received by the Director must be made available to all other members of the Board.

Continuous Disclosure

The Company is a "Disclosing Entity" within the meaning of section 111AC of the Corporations Act. As such, regular reporting and disclosure obligations will require the Company to disclose to ASX information of which it is, or becomes, aware which concerns the Company which a reasonable person would expect to have a material effect on the price or value of the Company unless certain exceptions from the obligation to disclose apply.

Communication to Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Consolidated Entity's state of affairs. In addition, to comply with the continuous disclosure rules of the ASX, information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly financial statements lodged with the ASX; and
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

DIRECTORS' REPORT

The Directors of Leyshon Resources Limited present their report on the consolidated entity consisting of Leyshon Resources Limited ("the Company" or "Leyshon Resources") and the entities it controlled at the end of, or during, the year ended 30 June 2003 ("Consolidated Entity").

DIRECTORS

The Directors of the Company during or since the end of the financial year are:

Current Directors

Ian P Middlemas

Executive Director

Qualifications – B.Com, CA, ASIA

Mr Middlemas has been in the resources sector for over 20 years and has held senior executive positions and directorships in a number of resource companies. He originally worked for a large international Chartered Accounting firm before joining the Normandy Group where he was a Senior Group Executive for approximately 10 years. Mr Middlemas then founded Tanganyika Gold in 1996 where he was an executive director for approximately 5 years.

Mr Middlemas has developed considerable corporate, financial and management expertise. He is a Chartered Accountant and an Associate of the Securities Institute of Australia.

Mr Middlemas was appointed a director of Leyshon Resources on 21 November 2001.

Gary R Pearce

Non-Executive Director

Mr G Pearce was formerly the Chief Executive Officer of the Allied Capital Group Pty Ltd, a finance and insurance group. He is also a Director of Oakvale Capital Ltd.

Mr G Pearce has been a director of Leyshon Resources since 3 March 1993.

Mark L Pearce

Director and Company Secretary

Qualifications - B.Bus, CA, FCIS

Mr M Pearce is a Chartered Accountant and is a Fellow of the Institute of Chartered Secretaries who currently holds the position of Chief Financial Officer and Company Secretary for a number of publicly listed companies. Mr M Pearce is also a director of several publicly listed companies that operate in the resources and/or industrial sector. Prior to this he was the CFO and Company Secretary for a publicly listed national manufacturer and has worked for several large international Chartered Accounting firms.

Mr M Pearce has gained experience in business analysis, business acquisitions and disposals, capital raising, debt financing and Corporations Act and ASX compliance matters during his career.

Mr M Pearce was appointed a director of Leyshon Resources on 21 November 2001.

Messrs Mark Pearce and Gary Pearce are not related.

DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of gold mining and exploration. There was no significant change in the nature of those activities.

DIVIDENDS

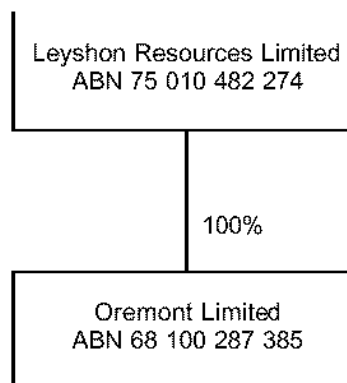
No interim or final dividend has been declared in respect to the year ended 30 June 2003.

REVIEW OF OPERATIONS

A review of the operations of the Consolidated Entity during the year and the results of those operations is disclosed in the Review of Operations section of this Annual Report.

CORPORATE STRUCTURE

Leyshon Resources Limited is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entity that it controlled during the financial year, which is outlined in the following illustration of the Consolidated Entity's corporate structure:



STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise disclosed in this report or the consolidated financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the consolidated financial report that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent years.

LIKELY DEVELOPMENTS

Due to the inherent uncertainty of the Consolidated Entity's business activities, namely exploration and mining activities, the Directors are not able to state:

- a) likely developments in the entities' operations; or
- b) the expected results of these operations,

as to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

DIRECTORS' REPORT (continued)**ENVIRONMENTAL REGULATIONS**

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

During the year, a potential breach of environmental regulations occurred at the Mt Leyshon mine site. Any liability arising from the Mt Leyshon mine is the responsibility of the Newmont Australia Group as outlined in Notes 22 and 23 in the notes to the financial statements for the year ended 30 June 2003. The Environmental Protection Authority has acknowledged that the Company has no liability in relation to the incident and as such there is no material risk to the Company.

OPTIONS

The Company did not grant any options over unissued shares during the financial year and has not granted any options since the end of the financial year.

INSURANCE OF DIRECTORS AND OFFICERS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF LEYSHON RESOURCES

Director	Interest in Securities at the date of this Report	
	Shares ⁽¹⁾ Held Directly	Shares ⁽¹⁾ Held Indirectly
Ian P Middlemas	4,500,000	37,791,611
Mark L Pearce	-	200,000
Gary R Pearce	-	1,000,000

(1) "Shares" means fully paid ordinary shares in the capital of the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2003, and the number of meetings attended by each director.

	Board Meetings	
	No. eligible to attend	No. attended
Current Directors		
Ian P Middlemas	3	3
Mark L Pearce	3	3
Gary R Pearce	3	3

DIRECTORS' REPORT (continued)

Due to the size and nature of the Consolidated Entity's operations, all committees of the Board were disbanded effective from 25 September 2002, in favour of the full Board undertaking these functions.

DIRECTORS' AND OTHER OFFICERS' REMUNERATION

The Board of Leyshon Resources is responsible for determining and reviewing remuneration arrangements for the Directors and senior management. The Board's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities. Remuneration is aimed at being competitive in attracting, motivating and retaining people of the highest quality.

The emoluments of each Director for the year ended 30 June 2003 are as follows:

Name	Salary	Directors Fees	Superannuation Contributions	Total
	\$	\$	\$	\$
Current Directors				
Ian P Middlemas	90,000	-	-	90,000
Mark L Pearce	26,750	-	-	26,750
Gary R Pearce	11,250	3,750	2,046	17,046

Notes:

- (1) Other than Executive Directors, there were no Executive Officers employed by the Consolidated Entity during the year.
- (2) The elements of emoluments have been determined on the basis of the cost to the Company and the Consolidated Entity.
- (3) "Salary" includes consulting fees.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

IAN P MIDDLEMAS

Director

Perth, Western Australia
24 September 2003

**STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Leyshon Resources	
		2003	2002	2003	2002
		\$	\$	\$	\$
Sales revenue	2	-	36,330,971	-	36,330,971
Cost of production		-	(41,987,000)	-	(41,987,000)
Gross profit/(loss)		-	(5,656,029)	-	(5,656,029)
Other revenue from ordinary activities	2	2,770,270	6,150,911	2,770,270	6,150,911
Exploration expenses		(119,869)	(260,352)	(119,869)	(260,352)
Administration expenses		(242,407)	(2,362,851)	(242,407)	(2,362,851)
Borrowing costs		-	(180,718)	-	(180,718)
Write down of exploration assets		-	(1,194,000)	-	(1,194,000)
Management performance bonus		-	(2,480,000)	-	(2,480,000)
Cost of non current assets sold	3(b)	-	(3,260,000)	-	(3,260,000)
Gain on deregistration of controlled entity		-	-	-	272,963
Other expenses from ordinary activities		(29,895)	(47,955)	(29,895)	(47,658)
Profit/(loss) from ordinary activities before income tax expense		2,378,099	(9,290,994)	2,378,099	(9,017,734)
Income tax expense relating to ordinary activities	4	-	(14,969)	-	(14,969)
Net profit/(loss)		2,378,099	(9,305,963)	2,378,099	(9,032,430)
Total changes in equity other than those resulting from transactions with owners as owners	14	2,378,099	(9,305,963)	2,378,099	(9,032,430)
Basic earnings per share (cents)	5	2.6	(10.8)		
Diluted earnings per share (cents)	5	2.6	(10.8)		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

	Note	Consolidated		Leyshon Resources	
		2003	2002	2003	2002
		\$	\$	\$	\$
Current assets					
Cash assets	17(a)	8,663,152	11,754,311	8,663,152	11,754,311
Receivables	6	-	103,730	-	103,730
Property, plant and equipment	7	-	904,724	-	904,724
Tax assets	8	-	2,081,135	-	2,081,135
Other assets	9	22,525	277,458	22,525	277,458
Total current assets		8,685,677	15,121,358	8,685,677	15,121,358
Non-current assets					
Exploration and evaluation expenditure	10	294,053	480,100	294,053	480,100
Other financial assets	9	132,000	132,000	132,000	132,000
Total non-current assets		426,053	612,100	426,053	612,100
TOTAL ASSETS		9,111,730	15,733,458	9,111,730	15,733,458
Current liabilities					
Payables	11	101,302	5,487,659	101,302	5,487,659
Provisions	12	-	3,613,470	-	3,613,470
Total current liabilities		101,302	9,101,129	101,302	9,101,129
TOTAL LIABILITIES		101,302	9,101,129	101,302	9,101,129
NET ASSETS		9,010,428	6,632,329	9,010,428	6,632,329
EQUITY					
Contributed equity	13	15,456,759	15,456,759	15,456,759	15,456,759
Accumulated losses	14	(6,446,331)	(8,824,430)	(6,446,331)	(8,824,430)
TOTAL EQUITY		9,010,428	6,632,329	9,010,428	6,632,329

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Leyshon Resources	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from sales		-	43,527,601	-	43,527,601
Payments to suppliers and employees	(3,678,268)	(44,990,635)	(3,678,268)	(44,990,635)	
Interest received		401,062	1,226,004	401,062	1,226,004
Interest paid		-	(180,718)	-	(180,718)
Income tax paid		-	(2,081,000)	-	(2,081,000)
Income tax refund		-	4,932,900	-	4,932,900
Net cash from/(used by) operating activities	17(b)	(3,277,206)	2,434,152	(3,277,206)	2,434,152
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	4,253,500	-	4,253,500
Proceeds from sale of equity investments		-	657,990	-	657,990
Payments for exploration tenements		-	(299,100)	-	(299,100)
Security bonds		-	(132,000)	-	(132,000)
Refund of payments for exploration tenements previously made		186,047	-	186,047	-
Net cash from investing activities		186,047	4,480,390	186,047	4,480,390
Cash flows from financing activities					
Repayment of borrowings		-	(4,364,643)	-	(4,364,643)
Return of capital		-	(26,059,241)	-	(26,059,241)
Net cash used by financing activities		-	(30,423,884)	-	(30,423,884)
Net decrease in cash held		(3,091,159)	(23,509,342)	(3,091,159)	(23,509,342)
Cash at the beginning of the financial year		11,754,311	35,263,653	11,754,311	35,263,653
Cash at the end of the financial year	17(a)	8,663,152	11,754,311	8,663,152	11,754,311

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Sales

Gold bullion is taken up as a sale in the period during which it is shipped from the mine, provided it is either sold or delivered to a gold refinery within the normal time span and provided it is intended to be sold in the normal course of business. Bullion delivered against forward sales contracts is accounted for at the contract rate. Other sales are taken up when invoiced.

(b) Receivables

Receivables are recorded at amounts due less any provision for doubtful debts.

(c) Derivatives

The Consolidated Entity employs derivative financial instruments, including forward sales, option contracts, swaps and forward rate agreements to manage risk emanating from actual exposures to commodity price risk, foreign exchange risk and interest rate risk. The Consolidated Entity does not trade derivative financial instruments.

Derivative financial instruments are not recognised in the financial statements on inception. The costs associated with entering hedge transactions in respect of commodity sales together with gains or losses to the date of sale are deferred and included in the measurement of the final sale price.

(d) Investments

Shares - the Consolidated Entity's interests in companies is carried at the lower of cost and recoverable amount. Dividend revenue is recognised in income when received.

(e) Recoverable amount of non-current assets

Each reporting period, the recoverable amount of all non-current assets is assessed. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, such as at a mining operation, the recoverable amount is determined on the basis of the relevant group of assets.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate. The effect of capital gains tax has not been taken into account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by the Consolidated Entity is accumulated for each area of interest and recorded as an asset, if either:

- (i) it is expected to be recouped through successful development of and production from the area, or by its sale; or
- (ii) significant exploration or evaluation of the area is continuing.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the Statement of Financial Performance. The expenditure incurred in areas of interest located around existing milling facilities is provided for over the life of the milling facilities. Expenditure on all other areas of interest is fully provided for as the expenditure is incurred other than for exploration assets acquired, which are initially recorded at cost.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest which are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit.

(g) Mine properties and development

Where it has been established to the satisfaction of Directors that economically recoverable reserves exist, costs incurred on development properties are capitalised and amortised once production has commenced. The amortisation rate is calculated on a units of production basis using the mine life based on economically recoverable reserves.

h) Property, plant and equipment

Property, plant and equipment is depreciated using a units of production basis or a straight line basis over the useful life of the asset.

(i) Employee entitlements

Provision is made for all known obligations in respect of employees. Annual leave, long service leave and vested sick leave are provided for at their nominal values using the remuneration rate expected to apply at the time of settlement. Provision for long service leave commences at the anniversary of three years of service, with further amounts being provided as the entitlement grows beyond three years. It is expected that the resultant provision for long service leave will approximate the present value of the estimated future cash outflows associated with long service leave. Additional information in respect of employee entitlements including ownership based remuneration schemes is provided in Note 19 to the financial statements.

(j) Accounts payable

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

2. REVENUE

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Revenue from operating activities				
Precious metals	-	36,330,971	-	36,330,971
Revenue from non-operating activities				
Interest revenue – other persons	387,646	1,239,421	387,646	1,239,421
Proceeds on sale of property, plant and equipment	-	4,253,500	-	4,253,500
Proceeds on sale of equity investments	-	657,990	-	657,990
Gain on transfer of environmental obligations	2,382,624	-	2,382,624	-
	<u>2,770,270</u>	<u>6,150,911</u>	<u>2,770,270</u>	<u>6,150,911</u>
Total revenues from ordinary activities	<u>2,770,270</u>	<u>42,481,882</u>	<u>2,770,270</u>	<u>42,481,882</u>

3. EXPENSES AND LOSSES (GAINS) FROM ORDINARY ACTIVITIES

Profit (loss) from ordinary activities before income tax expense includes the following specific gains and expenses:

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) Net Gains				
Net gain on disposals				
- property, plant and equipment	-	(1,769,367)	-	(1,769,367)
(b) Expenses				
Depreciation and amortisation				
- mine properties & development at cost	-	1,503,000	-	1,503,000
- leased plant and equipment	-	1,670,000	-	1,670,000
- property, plant and equipment	-	445,000	-	445,000
Total depreciation and amortisation	-	<u>3,618,000</u>	-	<u>3,618,000</u>
Cost of non-current assets sold				
- property, plant and equipment	-	2,595,000	-	2,595,000
- equity investments	-	665,000	-	665,000
	-	<u>3,260,000</u>	-	<u>3,260,000</u>
Net movement in provisions for				
- employee entitlements	-	(1,033,150)	-	(1,033,150)
- mine completion and rehabilitation costs	-	4,093,000	-	4,093,000
Net loss on disposal				
- equity investments – other entities	-	7,000	-	7,000
(c) Auditor's Remuneration				
Audit Services				
- Auditors of the Company	14,500	27,000	14,500	27,000
Other Services				
- Auditors of the Company	-	-	-	-
	<u>14,500</u>	<u>27,000</u>	<u>14,500</u>	<u>27,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

4. INCOME TAX EXPENSE

(a) The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit/(loss) from ordinary activities before tax. The differences are reconciled as follows:

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Profit/(loss) from ordinary activities before tax	2,378,099	(9,290,994)	2,378,099	(9,017,734)
Income tax calculated at 30% (2002: 30%)	713,430	(2,787,898)	713,430	(2,705,238)
Tax effect of permanent differences:				
Overprovision in prior year	-	(1,488,000)	-	(1,488,000)
Non-assessable income	(714,787)	-	(714,787)	-
Non-deductible expenditure	-	357,867	-	275,207
Reversal of timing differences	-	1,495,000	-	1,495,000
Tax losses not brought to account	1,357	2,438,000	1,357	2,438,000
Income tax expense	-	14,969	-	14,969

(b) Future income tax benefits arising from tax losses of controlled entities not brought to account at balance date as realisation of the benefit is not regarded as virtually certain:

Tax losses – calculated at 30%	6,544,952	6,543,595	6,544,952	6,543,595
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This future income tax benefit will only be obtained if: -

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

At the date of this report the directors have not assessed the financial effect, if any, the legislation may have on the Company and the Consolidated Entity and, accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the Consolidated Entity has not been recognised in the financial statements.

5. EARNINGS PER SHARE

The following reflects the earnings and share data used in the calculations of basic and diluted earnings per share.

	Consolidated Entity	
	2003	2002
	\$	\$
Net profit/(loss)	2,378,099	(9,305,963)
Adjustments	-	-
Earnings used in calculating basic and diluted earnings per share	<u>2,378,099</u>	<u>(9,305,963)</u>
	Number of shares	Number of shares
	2003	2002
Weighted average number of ordinary shares used in calculating basic earnings per share	91,467,398	86,570,138
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>91,467,398</u>	<u>86,570,138</u>

Conversions, calls, subscriptions or issues after 30 June 2003

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

6. RECEIVABLES

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Current				
Amounts owing by				
- controlled entities	-	-	45,674	48,569
- other persons	-	103,730	-	103,730
	-	<u>103,730</u>	<u>45,674</u>	<u>152,299</u>
Provision for doubtful debts				
- controlled entities	-	-	(45,674)	(48,569)
	-	<u>103,730</u>	<u>-</u>	<u>103,730</u>

7. PROPERTY, PLANT & EQUIPMENT

	Property, Plant & Equipment at Cost
	\$
Gross Carrying Amount	
Balance at start of year	904,724
Additions	-
Disposals	(904,724)
Balance at end of year	<u>-</u>
Net Book Value	
As at 30 June 2002	<u>904,724</u>
As at 30 June 2003	<u>-</u>

The controlled entity does not have any property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

8. TAX ASSETS

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Current				
Tax refund receivable	-	2,081,135	-	2,081,135

9. OTHER ASSETS

Current				
Prepaid expenses	-	116,680	-	116,680
GST receivable	22,525	160,778	22,525	160,778
	<u>22,525</u>	<u>277,458</u>	<u>22,525</u>	<u>277,458</u>
Non-current financial assets				
Security deposits	132,000	132,000	132,000	132,000

10. EXPLORATION & EVALUATION EXPENDITURE

Balance brought forward	480,100	-	480,100	-
Exploration interest acquired/(refund of purchase price previously paid)	(186,047)	1,674,100	(186,047)	1,674,100
Expenditure incurred during the year	-	260,352	-	260,352
Expenditure written-off during the year	-	(1,454,352)	-	(1,454,352)
Closing balance (i)	<u>294,053</u>	<u>480,100</u>	<u>294,053</u>	<u>480,100</u>

- (i) The value of the mining tenements is dependent upon the discovery of commercially viable reserves and the successful development or alternatively sale, of the respective tenements. The Consolidated Entity's exploration properties may at some future time be subject to claims under native title or contain sacred sites or sites of significance to Aboriginal people. In the event of any such claim being made and the National Native Title Tribunal ratifying such claim, the Consolidated Entity's exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions or compensations. This may impact on the commercial viability and/or carrying value of the respective tenements.

11. PAYABLES

Current				
Trade creditors and accruals	101,302	5,487,659	101,302	5,487,659

12. PROVISIONS

Current				
Employee entitlements (Note 12(a))	-	76,770	-	76,770
Mine completion costs (Note 12(a))	-	3,491,700	-	3,491,700
Directors' retirement allowance (Note 12(a))	-	45,000	-	45,000
	<u>-</u>	<u>3,613,470</u>	<u>-</u>	<u>3,613,470</u>

(a) Reconciliation of Provisions

	Consolidated Entity		
	Employee Entitlement	Mine Completion Costs	Retirement Allowance
Balance as at 30 June 2002	76,770	3,491,700	45,000
Balance transferred upon settlement with the Newmont Australia Group (See Note 22)	(76,770)	(3,491,700)	(45,000)
Closing Balance	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

12. PROVISIONS (continued)

(a) Reconciliation of Provisions (continued)

	Employee Entitlement	Leyshon Resources Mine Completion Costs	Retirement Allowance
Balance as at 30 June 2002	76,770	3,491,700	45,000
Balance transferred upon settlement with the Newmont Australia Group (See Note 22)	(76,770)	(3,491,700)	(45,000)
Closing Balance	-	-	-

13. CONTRIBUTED EQUITY

	Consolidated 2003	2002	Leyshon Resources 2003	2002
	\$	\$	\$	\$
(a) Issued and paid up capital				
91,467,398 (2002: 91,467,398) fully paid ordinary shares	15,456,759	15,456,759	15,456,759	15,456,759

(b) Movements in ordinary share capital during the past two years were as follows:-

Date	Details	Notes	Number of Shares	Amount per Share	\$
1 July 2001	Balance		78,967,398		40,141,000
21 November 2001	Share Placement	(i)	12,500,000	\$0.11	1,375,000
26 November 2001	Capital reduction	(ii)	-	\$0.33	(26,059,241)
30 June 2002	Balance		<u>91,467,398</u>		<u>15,456,759</u>
30 June 2003	Closing Balance		<u>91,467,398</u>		<u>15,456,759</u>

(i) 12,500,000 fully paid ordinary shares were issued to companies associated with the Newmont Group. The shares were issued in consideration of the Newmont Group transferring mining tenements to Leyshon.

The issue of shares to the Newmont Group and the acquisition of the mining tenements were approved by shareholders in general meeting on 7 November 2001.

(ii) A capital reduction of \$0.33 per share was approved by shareholders at a general meeting on 7 November 2001.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

(c) Rights attaching to Shares

The rights attaching to fully paid ordinary shares ("Shares") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act or Listing Rules):

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Transfer of Shares

The Company participates in the electronic share registration and transfer system known as CHES operated by ASX under the Security Clearing House ("SCH") Business Rules. Accordingly, the Company will issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares, or request SCH to apply a holding lock to prevent a proper SCH transfer, in the circumstances identified in the Constitution or as otherwise permitted or required under the Corporations Act or Listing Rules.

(iii) Meetings of members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A quorum for a meeting of members is 3 natural persons, each of whom is or represents different Shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act and the Listing Rules.

(iv) Voting

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

(c) Rights attaching to Shares (continued)**(v) Dividends**

Subject to any rights attaching to shares that may in the future be issued with special or preferred rights, the Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to shares (such as preference shares), dividends will be paid proportionately to the number of shares held by each member. The Company is not required to pay any interest on dividends.

(vi) Winding up

If on a winding up of the Company there remains a surplus, then under the Constitution and subject to any rights attaching to shares which may in the future be issued with special or preferred rights, all assets representing the surplus that may be legally distributed among Shareholders shall be so distributed in proportion to the number of shares held by each Shareholder.

(vii) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(viii) Share buy-backs

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(ix) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

14. ACCUMULATED LOSSES

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Balance at the beginning of the financial year	(8,824,430)	481,533	(8,824,430)	208,000
Net profit (loss)	2,378,099	(9,305,963)	2,378,099	(9,032,430)
Dividends provided for or paid	-	-	-	-
Balance at the end of the financial year	<u>(6,446,331)</u>	<u>(8,824,430)</u>	<u>(6,446,331)</u>	<u>(8,824,430)</u>
Adjusted franking account balance	<u>16,132,118</u>	<u>18,938,000</u>	<u>16,132,118</u>	<u>18,938,000</u>

15. SEGMENT INFORMATION

The Consolidated Entity operates in one business segment, being the mining and exploration of gold and other minerals in Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

16. CONTROLLED ENTITIES

	Country of Incorporation	Leyshon Resources Interest	
		2003 %	2002 %
Parent entity:			
Leyshon Resources Limited			
Controlled entities:			
Oremont Limited (i)	Australia	100%	100%

(i) Oremont Limited was incorporated on 14 May 2002.

17. NOTES TO THE STATEMENTS OF CASHFLOWS

(a) Reconciliation of cash at the end of the financial year

	Consolidated		Leyshon Resources	
	2003 \$	2002 \$	2003 \$	2002 \$
Cash on hand	8,663,152	11,754,311	8,663,152	11,754,311

(b) Reconciliation of net cash provided by operating activities to operating profit (loss) after income tax

Operating profit after income tax	2,378,099	(9,305,963)	2,378,099	(9,032,430)
Depreciation and amortisation	-	3,618,000	-	3,618,000
Profit on transfer of environmental obligations	(2,382,624)	-	(2,382,624)	-
Exploration expenses written off/provided	-	1,454,000	-	1,454,000
Gain on deregistration of controlled entity	-	-	-	(272,963)
Profit on sale of plant and equipment	-	(1,769,367)	-	(1,769,367)
Loss on sale of equity investments	-	7,000	-	7,000
Cash relinquished in relation to transfer of environmental obligations	(2,469,308)	-	(2,469,308)	-
Net movement in other assets/liabilities in relation to transfer of environmental obligations	(107,376)	-	(107,376)	-
Decrease in receivables	-	7,196,630	-	7,196,630
Decrease in inventories	-	3,561,834	-	3,561,834
Decrease in other assets	138,253	5,757,000	138,253	5,757,000
Decrease in future income tax benefit	-	4,048,011	-	4,048,011
Decrease in deferred tax payable	-	(2,552,732)	-	(2,552,732)
Decrease in current provisions	-	(7,364,253)	-	(7,364,253)
Decrease in payables	(896,626)	(2,216,008)	(896,626)	(2,215,438)
Other	62,376	-	62,376	-
Net cash provided (used) by operating activities	(3,277,206)	2,434,152	(3,277,206)	2,434,152

(c) Non cash transactions

30 June 2003

No non cash transactions were undertaken by the Company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

18. FINANCIAL INSTRUMENTS

(a) Credit risk

The Consolidated Entity is exposed to credit related losses in the event of non-performance by counter parties (banks) with respect to the financial instruments, however exposures to individual counter parties are limited in accordance with policy set by the Board.

The credit risk on financial assets which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount of the asset.

(b) Interest rate risk

The Consolidated Entity is exposed to floating interest rates on the cash balance. The effective weighted average interest rate for each class of financial assets and liabilities is set out below.

	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Interest rate risk as at 30 June 2003			
Financial assets			
- Cash	8,663,152	-	8,663,152
- Other	-	22,525	22,525
- Security deposits	132,000	-	132,000
Weighted average interest rate 4.75%			
Financial liabilities			
- Payables	-	(101,302)	(101,302)
Net financial assets	8,795,152	(78,777)	8,716,375
Interest rate risk as at 30 June 2002			
Financial assets			
- Cash	11,754,311	-	11,754,311
- Receivables	-	264,508	264,508
- Tax assets	-	2,081,135	2,081,135
- Security deposits	132,000	-	132,000
Weighted average interest rate 4.5%			
Financial liabilities			
- Payables	-	(5,487,659)	(5,487,659)
Net financial assets	11,886,311	(3,142,016)	8,744,295

Note: Amounts are disclosed net of provisions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

18. FINANCIAL INSTRUMENTS (continued)

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Consolidated Entity approximates their carrying value.

19. EMPLOYEE ENTITLEMENTS AND SHARE OWNERSHIP PLANS

Employee entitlement liabilities

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
Provision for employee entitlements – current	-	76,770	-	76,770
Aggregate employee entitlement liability	-	76,770	-	76,770
Average number of full time equivalent employees during the financial year	1	45		
Number of full time equivalent employees at the end of the financial year	1	2		

20. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Directors of Entities in the Consolidated Entity		Directors of Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
(a) Directors				
Income paid or payable, or otherwise made available, to directors by entities in the Consolidated Entity and related parties in connection with the management affairs of Leyshon Resources or its controlled entities	133,796	126,450	133,796	126,450

The number of Leyshon Resources directors whose income from Leyshon Resources or related parties was within the specified bands are as follows:

			2003	2002
	\$	\$	Number	Number
	0	- 9,999	-	3
	10,000	- 19,999	1	2
	20,000	- 29,999	1	-
	90,000	- 99,999	1	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

20. REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)

(b) Executives

During the year there were no Executive Officers of the Consolidated Entity whose remuneration (received or receivable) was at least \$100,000.

21. OTHER RELATED ENTITY INFORMATION

Information in respect of related entities of the Consolidated Entity not disclosed elsewhere in this financial report is as follows:

(a) Directors

(i) The Directors of Leyshon Resources Limited during the year were:

Ian P Middlemas
Mark L Pearce
Gary R Pearce

(ii) Remuneration paid or payable, or otherwise made available to the Directors of Leyshon Resources Limited and its controlled entity is disclosed in Note 20 to the financial statements.

(b) Parent entity

The ultimate parent entity in the wholly owned group is Leyshon Resources Limited.

(c) Amounts receivable from or payable to related entities

Details of amounts receivable from or payable to related entities are set out in Note 6 to the financial statements. There were no amounts payable to related entities.

(d) Transactions with related entities

All transactions with related entities are made on normal commercial terms and conditions.

	Consolidated		Leyshon Resources	
	2003	2002	2003	2002
	\$	\$	\$	\$
<p>Leyshon Resources Limited received management, technical and financial services from other companies in the Newmont Consolidated Entity. The Newmont Consolidated Entity employs a core of executives who specialise in the areas of exploration, mining, metallurgy, finance, corporate, environment, safety, information technology and treasury. The objective is to provide individual member entities with access to these skills. All payments for such services are reviewed and approved by the Audit and Compliance Committee, comprising Non-executive Directors of both the ultimate parent entity and the paying entity Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a Director and beneficial shareholder, provided serviced office facilities and administration Services for Leyshon during the year.</p>	-	1,706,000	-	1,706,000
	66,000	33,750	66,000	33,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

21. OTHER RELATED ENTITY INFORMATION (continued)

(e) Transactions within the wholly owned group

Transactions between Leyshon Resources Limited and its wholly owned entity during the years ended 30 June 2003 and 30 June 2002 consisted of interest free loans advanced by and from Leyshon Resources Limited. There were no other related party transactions conducted by the wholly owned entity.

(f) Share and share options

There were no share and share option transactions between Directors of Leyshon Resources Limited and any entity in the Consolidated Entity.

There were no shares issued to Directors during the year.

There were no buy-backs of shares or share options issued during the financial year.

(g) Directors' holdings of securities

Aggregate numbers of securities of Leyshon Resources Limited held directly, indirectly or beneficially by directors of the Company or the Consolidated Entity or their director-related entities at balance date:

	2003 Number	2002 Number
Ordinary shares	43,491,611	43,491,611

22. SIGNIFICANT TRANSACTIONS

Transfer of Environmental Obligations

A net gain of \$2,382,624 arose upon the transfer of the environmental obligations and several assets associated with the Mt Leyshon mine to the Newmont Australia Group. The transfer occurred pursuant to the Restructure Agreement approved by shareholders in November 2001.

A reconciliation of the assets and liabilities transferred is as follows:

	2003 \$	2002 \$
Liabilities		
- Payables	4,444,731	-
- Provisions	3,613,470	-
Assets		
- Cash	(2,469,308)	-
- Receivables	(103,730)	-
- Plant and equipment	(904,724)	-
- Tax assets	(2,081,135)	-
- Other	(116,680)	-
Gain on transfer of environmental obligations	<u>2,382,624</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

23. DISCONTINUING OPERATION

Discontinuance of the Mt Leyshon Mine Site

The Mt Leyshon mine site ceased production in March 2002, with a gold recovery and clean up program commencing in April 2002.

In accordance with a mine site closure plan, plant and equipment located at the site has been progressively sold. Final disposal of all plant and equipment was completed in the September 2002 quarter.

The Newmont Group is responsible for all environmental obligations or liabilities in respect of the Mt Leyshon mine site.

DIRECTORS' DECLARATION

The directors declare that:

- (a) the attached financial statements and notes thereto comply with accounting standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the Consolidated Entity;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) 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.

Signed in accordance with a resolution of the directors as required by section 295(5) of the Corporations Act 2001.

On behalf of the Directors

IAN P MIDDLEMAS
Director

Perth, 24 September 2003

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060
Central Park Level 16
152-158 St Georges Terrace
Perth WA 6000
Australia

DX 10307SSE
Telephone (08) 9365 7000
Facsimile (08) 9365 7001
www.deloitte.com.au

**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDIT REPORT TO THE MEMBERS

OF LEYSHON RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Leyshon Resources Limited (the company) and the consolidated entity, for the financial year ended 30 June 2003 as set out on pages 13 to 31. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Leyshon Resources is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

P J McIver
Partner
Chartered Accountants

Perth WA, 24 September 2003

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2003.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

(a) Ordinary Shares

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
Arredo Pty Ltd	23,791,611	26.01%
Miniscripts Pty Ltd	14,000,000	15.31%
Newmont NGL Holdings Pty Ltd	7,819,801	8.55%
Newmont Yandal Operations Ltd	4,680,199	5.12%
Mr Ian Peter Middlemas	4,500,000	4.92%
Mrs Jayne Maree Middlemas	4,500,000	4.92%
Mountainside Investments Pty Ltd <Oasis Super A/C>	4,500,000	4.92%
TRG Corporation Pty Ltd	4,500,000	4.92%
Blackmort Nominees Pty Ltd <36997 Account>	4,125,000	4.51%
T C Corporate Pty Ltd	2,000,000	2.19%
Invia Custodian Pty Limited <CMS A/C>	1,717,388	1.88%
Shardee Pty Ltd <Grp A/C>	1,000,000	1.09%
Plaquet Enterprises Ltd	941,750	1.03%
Mr Man Ban Lee	700,000	0.77%
Merrill Lynch (Australia) Nominees Pty Ltd	697,445	0.76%
Mr Terence Edward Morris	400,000	0.44%
Minturn Pty Ltd	371,406	0.41%
Citicorp Nominees Pty Limited	289,003	0.32%
Cantori Pty Ltd <Cantori Super Fund A/C>	262,810	0.29%
Mr Michael Julian Charles Moore	250,000	0.27%
Total Top 20	81,046,413	88.63%
Others	10,420,985	11.37%
Total Ordinary Shares on Issue	91,467,398	100.00%

2. DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of security by size of holding – number of security holders

	Ordinary Shares
1 - 1,000	347
1,001 - 5,000	515
5,001 - 10,000	130
10,001 - 100,000	164
100,001 - and over	34
	1,190

(b) Analysis of security by size of holding – number of securities held

	Ordinary Shares
1 - 1,000	206,196
1,001 - 5,000	1,427,044
5,001 - 10,000	1,020,124
10,001 - 100,000	5,629,601
100,001 - and over	83,184,433
	91,467,398

(c) Number of holders of unmarketable parcels

	Ordinary Shares
	731

3. SUBSTANTIAL SHAREHOLDERS

The following details appear in the Company's register of substantial shareholdings as at 31 August 2003:

Substantial Shareholder	Number of Shares
Arredo Pty Ltd	23,791,611
Miniscraps Pty Ltd	14,000,000
Newmont Mining Corporation	12,500,000

4. VOTING RIGHTS

See Note 13(c) of the Notes to the Financial Statements.

5. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Leyshon Resources Limited's listed securities.

6. EXPLORATION INTERESTS

The Company has an interest in the following tenements:

PROJECT	TENEMENT	NAME
AGATE CREEK LRL Earning 65%	EPM 9632*	CAVE CREEK
	EPM 10719*	LITTLE JOHN
	EPM 11237*	BAR CREEK
	EPM 11238*	MUD SPRING DAM

PROJECT	TENEMENT	NAME
KIDSON JOINT VENTURE LRL 70%	EPMA 11879	PANNIKIN CREEK
	EPMA 11880	GILBERTON
	EPMA 11892	PHYLLIS MAY
	EPMA 12194	BERNECKER CREEK
	EPMA 12469	PINNACLE CREEK
	EPMA 12470	MT LITTLE
	EPMA 12471	CARNES
	EPMA 12472	SPRING CREEK
	EPMA 12473	CUMBERLAND
	EPMA 12474	IDALIA
	EPMA 12475	ORTONA
	EPMA 12476	COBBOLD
	EPMA 12477	GONGORA
	EPMA 12478	GREGORY
	EPMA 12479	NORTH HEAD
	EPMA 11866	PICCANINNY
EPMA 12120	SATURDAY CREEK	
EPMA 12704	JESTAH	
EPMA 12705	MT MULGRAVE	
CARPENTARIA JV LRL Diluting to 49%	EPMA 12561	FOUNTAIN RANGE
	EPMA 12597	CORELLA RIVER
	EPMA 12656	YELLOW WATERHOLE
	EPMA 12807	MIDDLE CREEK
	EPMA 12180	ST ANDREWS EXTENDED
	EPMA 12207	SOUTH EAST ISA (1)
	EPM 8586*	MOUNT MARATHON*
	EPM 8588	MOUNT AVARICE*
EPM 9462*	TRIBUTARY CREEK*	
CLONCURRY PROJECT LRL 100%	EPMA 8344	NICHOLSON RIVER EAST
	EPMA 8345	NICHOLSON RIVER WEST
	EPMA 12061	MARONAN
	EPMA 12560	MARONAN EXTENDED
	EPMA 12408	NINE MILE
	EPMA 12459	WILLIAMS RIVER
	EPMA 12514	UNDINA
	EPMA 12516	GIPSY CREEK
	EPMA 12657	COTSWOLD
	EPMA 12517	CFZ
	EPMA 12530	BOOMERANG
	EPMA 12559	GRANADA
	EPMA 12734	DONALDSON RIVER
	EPMA 12735	BLACK MOUNTAIN
	EPMA 12601	FLINDERS RIVER
	EPMA 12602	WONDOOLA CREEK
EPMA 12873	WONOMO FAULT	
EPMA 12874	CARBINE BASIN	

PROJECT	TENEMENT	NAME
CLONCURRY PROJECT LRL 100%	EPMA 11489	CHATSWORTH NORTH
	EPMA 11490	BULONGA ANTICLINE
	EPMA 11566	ROUND MOUNTAIN
	EPMA 12181	MALBON
	EPMA 12182	SOUTH PYTHON
	EPMA 12193	SAINT ANDREWS DOUTH
	EPMA 12206	BUTRU VALLEY
	EPMA 12208	SOUTH EAST ISA (2)
	EPMA 12209	SOUTH EAST ISA (3)
	EPMA 12210	BALD HILLS
	EPMA 12211	BOB CREEK
	EPMA 12458	UNDINA SOUTH
	EPMA 12499	SELWYN CENTRAL
	EPMA 12572	GREENSTONE CREEK
	EPM 8195*	LIGHTNING CREEK*
EPM 10282*	GYPSUM CREEK	
MOUNT LEYSHON LRL 100%	EPM 10203	FENIAN
	ML 1546	GOLDEN STAR
	ML 10144	MT LEYSHON
	ML 10148	PUDDLER CREEK
	ML 10149	WATER DAM GAP CREEK
	ML 10172	EASTERN STAR
	ML 10173	SOUTHERN STAR
MUSGRAVES LRL Earning 70%	E69/1552	BAGGALEY HILL
	E69/1554	BARROW HILL
	E69/1555	Mt ELVIRE
	E69/1556	Mt WAUGH
	E69/1569	Mt AGNES
	EA69/1837	BAGGALEY HILL SOUTH
BEAUFORT LRL 100%	EPC629	