

Leyshon  
Resources  
Limited

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## DECEMBER 2003 QUARTERLY REPORT TO THE AUSTRALIAN STOCK EXCHANGE

*The Directors are pleased to present the quarterly report for the Company for the period ending December 31, 2003. The activities of the Carpentaria JV have been maintained and the Company has continued its assessment of the Kidston Joint Venture tenements. It is anticipated that the first quarter for the year will see further assessment of the Carpentaria JV licences by Xstrata and the commencement of a 3950m, RC/diamond drill program on several targets within the Fenian JV by Newcrest. In addition, further discussions have been held with potential JV partners on the Company's other tenements.*

*The Company announced yesterday that it intends to acquire China Metals Limited subject to shareholder approval. China Metals has copper and gold exploration and development projects in China through a province wide agreement with the northeastern province of Heilongjiang. Further details of the acquisition were contained in the announcement. This acquisition forms part of the Company's stated strategy to use its cash position to leverage into resource projects and other opportunities to build its business.*

### **1.0 Carpentaria Joint Venture Agreement ('JV' – Leyshon Diluting to 49%)**

The momentum of the exploration campaign continued during the quarter with expenditure for the quarter of \$276,162. The principal activities completed include assessment of the RC/diamond drill program results on the Landsborough Anomaly (Tributary Creek EPM9462), and completion of an IP survey over part of the Middle Creek tenement and RC/diamond drilling on defined targets.

#### **Levuka Trend - Landsborough Anomaly (EPM 9462 - Tributary Creek Figures 1 & 2)**

The Tributary Creek licence covers the southern section of the Levuka Trend that commences four kilometres south along strike of the Eloise Mine.

#### ***RC/Diamond-Drilling Assay Results***

This limited three hole program for 838.3m of drilling aimed to test two IP chargeability anomalies with coincident basement copper anomalism (*LV007D* and *Balthasar*) was completed in September 2003. The basement copper anomalism was defined in an aircore drill program completed in the previous quarter. The collar information for these holes is provided below:

## Landsborough Anomaly – Drill Hole Collar Details of RC/Diamond-Drilling

| Hole ID       | AMG E  | AMG N   | Mag Az | Dip | From  | To    | Metres Drilled |
|---------------|--------|---------|--------|-----|-------|-------|----------------|
| LV006D<br>Ext | 496598 | 7675123 | 084    | -75 | 252.3 | 432.3 | 180            |
| LV059D        | 496603 | 7673500 | 264    | -60 | 0     | 357.1 | 357.1          |
| LV060D        | 496604 | 7675300 | 084    | -60 | 0     | 301.2 | 301.2          |
| <b>TOTAL</b>  |        |         |        |     |       |       | <b>838.3</b>   |

The results of the drilling explain the chargeability anomalies with the pyrrhotite±pyrite alteration (to 5% total sulphide), however only limited copper/gold mineralisation was encountered. Rock types and alteration intersected comprised of amphibolite, metasediment and biotite-schist, with carbonate ± lesser albite alteration. Additionally, some volcaniclastic or tuffaceous horizons were identified in the sequence.

The best intercepts recorded from the program are as follows:

- LV006D Ext: 969 ppm Cu and 105ppb Au maximum individual assays.
- LV059D: 892 ppm Cu and 124 ppb Au maximum individual assays.
- LV060D: 4m @ 0.42% Cu, 0.23 g/t Au from 266-270m (incl. 1m @ 1.1% Cu, 0.70 g/t Au)
- LV060D: 2m @ 1.48 g/t Au and 168 ppm Cu from 234-236m

The principal targets within the EPM have now been tested, Xstrata are currently assessing the project for any other targets of significance.

### **Middle Creek Prospect (EPM 12807 - Middle Creek, Figures 1 and 3)**

The Middle Creek tenement is approximately 80 kilometres north-northwest of Cloncurry and approximately 50 kilometres northwest of Ernest Henry. A study by MIM Exploration in 2002 highlighted a magnetic target in the southern portion of the tenement as prospective for Ernest Henry-style iron oxide copper-gold mineralisation. The magnetic target is approximately 1km in length and is adjacent to the regional scale Quamby Fault Zone.

An IP survey covering the aeromagnetic target and broader surrounds was completed in early October. The data has been processed and defined a 600m long chargeability anomaly. Drill testing of this anomaly was completed in the December quarter.

### ***IP-Resistivity Survey***

An IP-resistivity survey covering the main aeromagnetic target and adjacent area was completed and comprised eight initial lines of 100 metre dipole-dipole IP-resistivity along 400 metre spaced 120°-300° oriented traverses. In addition, three in-fill lines were completed over the main aeromagnetic anomaly itself, with the total survey comprising 19.6 line km. The survey outlined a consistent but discrete, north-northeast trending IP anomaly zone, broadly coincident with the magnetic target, and 600 metres long. One discrete low-resistivity target was also delineated from the survey.

## ***RC/Diamond Drilling***

Four diamond holes with RC pre-collars (MC001D-MC004D) were drilled on three adjacent IP-resistivity traverses covering 400m of strike length of the IP/aeromagnetic anomaly. The program comprised a total of 1002.9m, with the details of each hole tabulated below.

### **Middle Creek Prospect: Drill Hole Collar Details**

| <b>Hole ID</b> | <b>East Local</b> | <b>Nth Local</b> | <b>East AMG</b> | <b>Nth AMG</b> | <b>Azimuth (mag°)</b> | <b>Dip</b> | <b>RC (m)</b> | <b>Diamond (m)</b> | <b>Final Depth</b> |
|----------------|-------------------|------------------|-----------------|----------------|-----------------------|------------|---------------|--------------------|--------------------|
| MC001D         | 9865              | 10200            | 434684          | 7766041        | 114                   | -60        | 99.7          | 149.7              | 249.4              |
| MC002D         | 9920              | 9800             | 434531          | 7765667        | 114                   | -60        | 96.1          | 150                | 246.1              |
| MC003D         | 9850              | 10000            | 434570          | 7765875        | 114                   | -60        | 96.1          | 152.4              | 248.5              |
| MC004D         | 10050             | 10000            | 434743          | 7765775        | 114                   | -60        | 95.3          | 163.6              | 258.9              |
| <b>Totals:</b> |                   |                  |                 |                |                       |            | <b>387.2</b>  | <b>615.7</b>       | <b>1002.9</b>      |

The drilling encountered a series of highly altered and variably foliated amphibolites and calc-silicates under 0-10m of soil, sand and gravel. The alteration comprised strong magnetite-amphibole±pyroxene±pyrite alteration, with local 'red-rock' (albite?) alteration, and local calcite-magnetite-amphibole-pyrite veining. Additionally, thin (<1m) zones of semi-massive pyrrhotite+amphibole were intersected in two holes. Copper mineralisation consisted of local disseminations or blebs of chalcopyrite, typically associated with amphibole or pyrrhotite-rich zones.

## **Results**

All assay data has now been received, with the best intercept for each hole summarised as follows:

- MC001D - 10m @ 450ppm Cu from 200m
- MC002D - 3m @ 0.19% ppm Cu from 98m, 7m @ 0.35ppm Cu from 168m
- MC003D - 7m @ 668 ppm Cu from 215m
- MC004D - 6m @ 0.35% Cu from 12m

The maximum individual copper assay was 1m @ 0.85% in MC002D from 171m and although the gold values were low (<50 ppb), they did correlate well with the copper mineralisation.

The occurrence of disseminated pyrite and the thin semi-massive pyrrhotite zones adequately explain the chargeability-resistivity anomalies. The magnetic anomaly has also been adequately explained by the strong magnetite alteration. Further assessment and target generation will be completed on the EPM in the coming months.

## **Turf Club Shear - (EPM8588 - Mt Avarice, Figures 1 and 4)**

The south-western extensions of five dipole-dipole lines extending from EPM8329 onto EPM8588. The survey started in mid-December and is incomplete due to the onset of the 'Wet' season. The survey aimed to test for extensions to known mineralisation within the Jasper Block of EPM8329 (not a CJV property) and to the south of the Archer Prospect within EPM8588.

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## *Expenditure*

Expenditure for the quarter was \$276,162 bringing the total JV expenditure to the end of December 2003 to \$1,843,270.

### **2.0 Fenian Joint Venture (Leyshon diluting to 30% - Fenian EPM 10203 – Figure 5)**

The JV comprises the Fenian exploration permit for minerals ('EPM') 10203, which covers ninety six square kilometres of the Ravenswood-Lolworth block some twenty nine kilometres south of Charters Towers in Queensland. The EPM wholly encloses the historic Mount Leyshon mining operation, which produced over three million ounces of gold. The Charters Towers region has a considerable gold mining history, yielding over 10 million ounces.

An access agreement with the native title claimants (the Birri and Kudjula peoples) was successfully negotiated in November 2003. Cultural heritage clearance of the drill sites for the proposed drilling program under conditions outlined within the access agreement was completed in December 2004.

An eight hole (A-H) drill program totalling 3,950m is proposed to test the gold mineralisation potential of a number of targets within the Fenian Joint Venture area. The program is envisaged to be drilled in two phases (5 holes in phase-1, and 3 holes in phase-2) with the implementation of phase-2 dependent upon the results of phase-1 drilling. The concept of the drilling program is to assess open pitable or underground bulk mineable gold resource potential associated with intrusive related brecciation as quartz or sulphide vein/breccia infill.

Holes A – C at Seventy Mile Mount are designed to test below the level of previous drilling:

- Hole A, located 250m NNE of 70 Mile Mount, will test the high Au grades originally intersected in holes LSD-001 (16m @ 3.25g/t Au) and LSD002 (8m @ 9.21g/t Au) between 140 – 160mRL (or 225 – 270m downhole) and to confirm the structural orientation of mineralised veins and dykes.
- Hole B, located 210m SSE of 70 Mile Mount, will be drilled to test a dipole-dipole IP target between 145 – 220mRL (or 140 – 290m downhole).
- Hole C, located 320m NW of 70 Mile Mount, will be drilled to test 340m below the IP target to test for depth extensions to the dipole-dipole IP anomaly and any sulphide mineralisation associated with it from -150 to -250mRL (or 550 – 700m downhole).

Holes D & E, which lie over a remnant reduced to pole (RTP) magnetic low 450m NW of Middle Mount, are designed to test the depth potential of subvertical, auriferous, gossanous magnetite-bearing quartz veins and felsic dykes which maybe related to an intrusive source represented by the magnetic low. Several 1-5g/t assays were returned from previous rock chip sampling of the vein and dyke structures, and recent sampling returned 0.4 to 3.82g/t Au assays. A >20ppb Au in soil anomaly (peaking at 590ppb Au) partially covers the magnetic low anomaly and is possibly related to the vein and dyke structures cross - cutting it. Hole D is expected to intersect a vein/dyke structure between 110 – 130mRL (or 215 – 240m downhole), and Hole E should intersect two vein/dyke structures between 255 - 270mRL (or 215 – 240m downhole) and -10 to -30mRL (or 390 – 415m downhole).

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Holes F & G are designed to test the depth and gold-bearing potential of the ferruginous Black Knight breccia located 650m SSE of Mathews Pinnacles within a well-defined RTP magnetic low. It is anticipated that both holes will intersect an altered and mineralised hydrothermal breccia system for most of their length.

Hole H is designed to test the gold potential of the Mo-bearing breccia at Breccia Knob located 800m NE of Mathews Pinnacles within a weakly developed RTP magnetic low (which is better defined in a 1VD magnetic image). It is anticipated that this hole will intersect an altered and mineralised hydrothermal breccia system from 250m downhole.

### **3.0 BHP-Billiton Joint Venture (Leyshon diluting to 49%)**

The JV comprises the Selwyn Central exploration permit for minerals application ('EPM') 12499, approximately one hundred kilometres south of Cloncurry in the highly prospective Mount Isa region of northwest Queensland. Under the terms of the agreement, BHP Billiton has agreed to expend up to \$3,000,000 to earn 80% equity in the EPM.

The Selwyn Central EPM is favourably located, covering 234 square kilometres in the southern portion of the Eastern Succession in the Mount Isa region. The tenement has four base metal mines – Cannington, Selwyn, Osborne and Mount Elliot within a fifty kilometre radius. BHP Billiton has continued desktop studies, refining the target areas and also progressing the tenement toward grant.

### **4.0 The Kidston Joint Venture (Leyshon 70%)**

The Robertson-Lochaber, Tate River and Mt Atlas projects collectively comprise the Kidston Joint Venture. 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%.

#### **Kidston Project Area (Figure 6)**

A detailed review of previous exploration conducted within the *Gilberton*, *Pannikin Creek* and *Bernecker Creek EPMA's* of the Kidston Project Area has largely been completed. This work has refined the targets identified previously and led to the identification of four further high priority targets in addition to the fifteen discussed in the previous quarter.

#### ***Gilberton EPMA 11880***

The *Christmas Hill Prospect* appears to be associated with a series of northwest-trending structures that cut a felsic intrusive body with subordinate breccia of probable Permian-Carboniferous age. Quartz vein Au mineralisation hosted by these structures were exploited by a series of shafts and workings developed between the 1880's and 1915, extending over a strike length of about 1,000m. Previous work conducted in the area has resulted in highly anomalous stream, soil and rock sampling results (up to 370 ppb Au, 1170 ppb Au and 51 ppm Au, respectively). Relatively shallow drilling largely targeted the line of historic workings, commonly with single drillholes spaced between 25m and 200m apart over an area of 1.5 x 1.5km. Of the 51 known drillholes, a best intercept of 26m @ 7.1 g/t Au (including

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2m @ 79.2 g/t Au) was recorded. Drillholes located about 12m along strike either side of this hole, and a single scissor hole drilled to test the continuity of this mineralisation recorded mainly narrow, high-grade intersections of up to 2m @ 16.8 g/t Au. The majority of the mineralisation defined in the drilling remains untested down-dip, despite anomalous or low-grade intersections in many of the 51 drillholes.

The majority of work conducted on this prospect has been largely fragmented and that the geological controls to the mineralisation and regolith were poorly understood. In addition, ground geophysical techniques such as IP were little utilised in the area in the past and that the application of such methods offers considerable potential to the delineation of drill targets.

The *Styx Island* target is characterised by a zone of widespread quartz veining (up to 50m wide) and silica-, carbonate- and sericite alteration and local polymictic sub-volcanic breccia that records anomalous stream and rock sampling results (up to 4.91 ppb Au and 0.63 ppm Au, respectively). Gradient array and dipole-dipole IP surveys completed over area identified chargeability anomalies corresponding with the known vein distribution. Grid-based soil sampling completed by a previous explorer revealed an extensive multi-element soil anomaly extending over a strike length of greater than 1,000m (maxima 172 ppb Au). This target remains untested by drilling.

The *Hanns North* anomaly (maxima 220 ppb Au) has also been identified during the period and appears to be associated with mapped or interpretable Permo-Carboniferous igneous complexes and intrusive rocks.

#### ***Pannikin Creek EPMA 11879***

A large region of strongly sericitised granite intruded by pyritic, quartz-veined sub-volcanic rhyolitic intrusive extending over an area of at least 5km x 2km is located at *Butler's Knob*. This area is approximately 25 kilometres southwest of Kidston and is coincident with a zone of low magnetic relief considered to be magnetite-destructive alteration associated with an interpreted intrusive complex with outcropping breccia. Previous exploration conducted recorded anomalous rock and soil sampling results (up to 0.89 ppm Au, 23 ppm Ag, 2350 ppm As, and 98 ppb Au, 450 ppm As, respectively). Minor drilling completed in the area largely did not target the anomalous geochemistry and appears untested.

The *Styx River* anomaly (maxima 18.8 ppb Au) has also been identified by the data compilation and is considered to be associated with Permo-Carboniferous igneous complexes and intrusive rocks with the project area.

#### ***Bernecker Creek EPMA 12194***

The *Bernecker Creek Prospect* is associated with a number of epithermal quartz veins extending over a strike length of up to 1,200m associated with a high-level Permo-Carboniferous intrusive body. Highly anomalous stream sediment results (up to 1,200 ppb Au) and channel rock chip sampling of quartz veins (up to 1m @ 21.12 ppm Au and 4m @ 7.11 ppm Au) were recorded by previous explorers. Limited drilling conducted previously did not adequately test this mineralisation. No ground-based geophysical techniques have been utilised to identify drill targets in this area.

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A series of siliceous, shear zone-hosted breccias up to 150m wide and extending discontinuously over a strike length of up to 1,000m characterises the **Split Rock** area. Previous work in this region recorded rock chip samples up to 5.3 ppm Au and As to 2.45%. The generally shallow drilling completed recorded a best intersection of 6m @ 29.39 g/t Au (including 3m @ 58.51 g/t Au). Follow-up drilling failed to repeat such values, however it is questionable that later drillholes effectively tested the breccia zones. No ground-based geophysical techniques have been utilised to identify drill targets in this area.

#### ***Orotona EPMA 12475***

A series of additional regional bulk cyanide leach (BCL) stream, soil and rock anomalies have been recognised within the *Orotona EPMA*. To the west of the **Percy River** anomaly (maxima 10.2 ppb Au), regional soil sampling has identified a Au anomaly extending over a strike of >1,800m, attaining a peak of 230 ppb Au. At the **Dead Mule** anomaly, regional BCL Au sampling generated values up to 321 ppb Au, whilst reconnaissance rock chip sampling returned assays up to 6.4 ppm Au. Due to the base-metal focus of the most recent previous explorer in the area, Au was not routinely assayed and furthermore, limited or no follow-up sampling was completed.

Research within this EPMA has also revealed the **Upper Percy** anomaly (maxima 5.4 ppb Au), associated with an area of structural complexity and the **South Agate** anomaly (maxima 220 ppb Au). The latter appears to be associated with a Permo-Carboniferous igneous complex.

#### ***Other Licences***

A number of high-priority Au +/- base metal anomalies appear to be associated with mapped or interpretable Permo-Carboniferous igneous complexes and intrusive rocks with the project area. These include **Dismal Creek** (maxima 14.5 ppb Au), **Stockyard Creek East** (maxima 15 ppb Au), **Mount Clark Flats** (maxima 10.2 ppb Au),

In addition to these anomalies, other Au +/- base metal anomalous target areas located in zones of structural complexity include **Goldfind Creek** (maxima 11.2 ppb), **Talavera** (maxima 93 ppb Au), **Malcolm Creek** (maxima 252 ppb Au), and **Malacura** (maxima 4.15 ppb Au).

#### **Tate River Project (Figure 7)**

The Tate River project area is dominated by the Scardons Igneous Complex (SIC), a circular volcano-plutonic complex of Permo-Carboniferous age. The SIC encompasses an area of over 300 km<sup>2</sup>. It is interpreted that the emplacement of the SIC, which lies largely under Cretaceous-age cover, was controlled by the intersection of series of regional-scale structures. The SIC is probably composed of a number of co-genetic, subordinate intrusive bodies and breccia units. Felsic volcanic rocks exposed along the southern flanks of the complex contain widespread and pervasive quartz-sericite alteration.

Given the high prospectivity of the region, a further EPM Application (*Sugarbag EPMA 14349*) was made covering most of this large-scale feature. It is interpreted that the SIC has many similarities to igneous complexes that host Au mineralisation at Mt Leyshon and

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Kidston. The project now comprises two granted EPM's and the *Sugarbag EPMA* increases the ground holding in the project area to approximately 800km<sup>2</sup>.

### **Piccaninny EPM 11866**

The *Golden Myall* prospect forms the most advanced target from the previous work completed within the project area. Previous exploration undertaken included stream, soil and rock sampling and geological mapping, in addition to an IP survey and the acquisition of helicopter-borne aeromagnetic data.

Rock sampling undertaken at the Golden Myall Prospect recorded results of up to 8.15 g/t Au. Soil sampling outlined an Au anomaly extending over a strike length of greater than 700m (5 ppb Au threshold), peaking at 110 ppb Au, 540 ppm Cu, and 10.7 ppm Bi. The soil anomaly is coincident with composite rock chip samples of brecciated vein quartz that recorded up to 7.1 ppm Au over a 6m interval. The soil anomalism outlined correlates with two chargeability anomalies identified from the IP survey undertaken. No drill testing of the prospect has been undertaken. Outside the area of anomalous geochemistry delineated within the Golden Myall grid, anomalous rock chip samples extend over a strike length of six kilometres. Interpretation of regional and detailed airborne magnetic data has revealed that the zone of anomalous rock and soil geochemistry appears to be related to a series of curvate northwest-trending faults associated with the SIC.

### **Saturday Creek EPM 12120 and Sugarbag EPMA 14349**

Further Au anomalism related to the margins of the SIC is evident at the *Boar Water, Nicosia, Lefkosia, Piccaninny East* and *Three Horse* anomalies. The Boar Water anomaly comprises a series of stream sediment anomalies (maxima 241 ppb Au) associated with a mapped breccia body. Two large, low-tenor regional soil anomalies (maxima 16 ppb Au) are evident at Nicosia and Lefkosia, extending over a strike length of 6km and attaining widths of up to 2km. The Three Horse and Piccaninny East targets are associated with anomalous stream samples (maxima 4.88 ppb Au and 1.59 ppb Au, respectively) related to the structurally controlled margin of the SIC.

Other stream sediment anomalies located within areas of interpreted prospective geology and structure *Upper Saturday Creek* (maxima 1.95 ppb Au), *Holden* (maxima 26.8 ppb Au) and *Lynd River* (maxima 48.1 ppb Au).

### **Mt Atlas Project**

From the compilation of the geochemical data available, sixty four anomalies have been identified, with sixteen of these considered high priority targets. Work associated with this project and anomalism identified to date will continue during the year.

### **5.0 Mount Leyshon Project (Leyshon 100%)**

The Mt Leyshon Project comprises five mining leases, centered some twenty nine kilometres south of Charters Towers in Queensland. Newmont Australia Limited are completing further rehabilitation and monitoring works.



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## **6.0 Musgraves Project (Leyshon Earning 70%)**

The Musgrave Project comprises five exploration licences 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 is earning a 70% interest in the project by expending \$3,000,000 over four years. No work has been completed pending the commencement of negotiations with the Ngaanyatjarra Land Council (NJLC).

## **7.0 Agate Creek Project (Leyshon Earning 65%)**

The Company withdrew from the Agate Creek Joint Venture during the quarter.

## **8.0 Other Issues**

The Company continues to assess other resource opportunities both domestically and overseas and will make announcements to the ASX when appropriate.

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Technical – Matthew Yates

# LEYSHON RESOURCES LIMITED

## CARPENTARIA JOINT VENTURE

### TENEMENT LOCATIONS WITH PAST AND EXISTING MINES

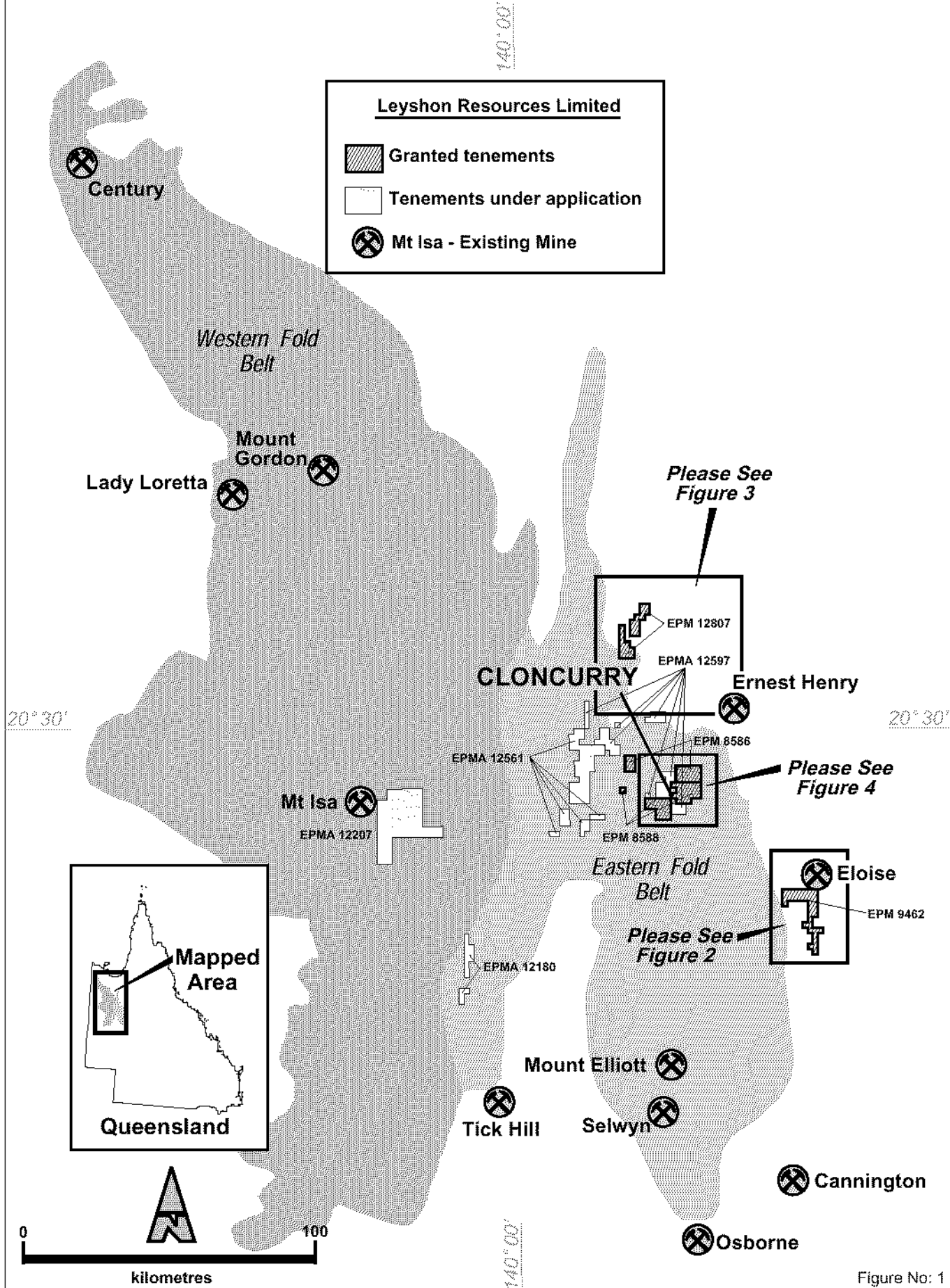
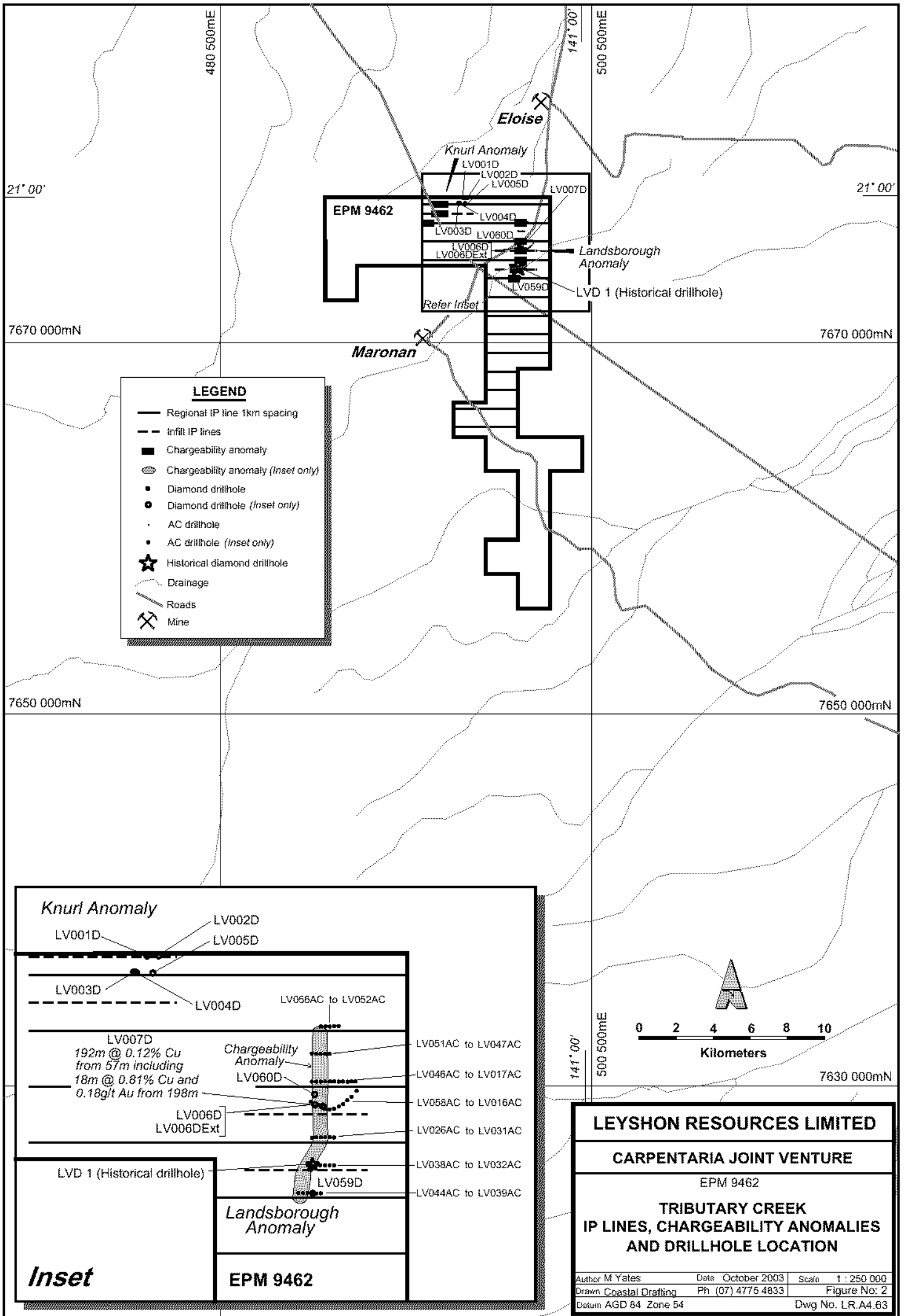


Figure No: 1



**LEGEND**

- Regional IP line 1km spacing
- - - Infill IP lines
- Chargeability anomaly
- ◉ Chargeability anomaly (*Inset only*)
- Diamond drillhole
- ◉ Diamond drillhole (*Inset only*)
- AC drillhole
- ◉ AC drillhole (*Inset only*)
- ★ Historical diamond drillhole
- ~ Drainage
- Roads
- ⚒ Mine

**Knurl Anomaly**

LV001D, LV002D, LV005D, LV003D, LV004D, LV056AC to LV052AC, LV007D, LV006D, LV006DExt, LVD 1 (Historical drillhole), LV059D

192m @ 0.12% Cu from 57m including 18m @ 0.81% Cu and 0.18g/t Au from 198m

**Chargeability Anomaly**

LV051AC to LV047AC, LV046AC to LV017AC, LV058AC to LV016AC, LV026AC to LV031AC, LV038AC to LV032AC, LV044AC to LV039AC

**Landsborough Anomaly**

**Inset**

**EPM 9462**

141° 00'

500 500mE

0 2 4 6 8 10 Kilometers

7630 000mN

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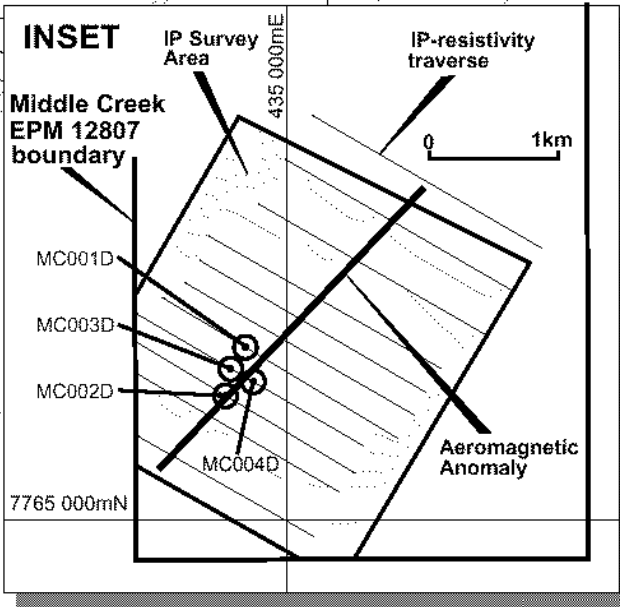
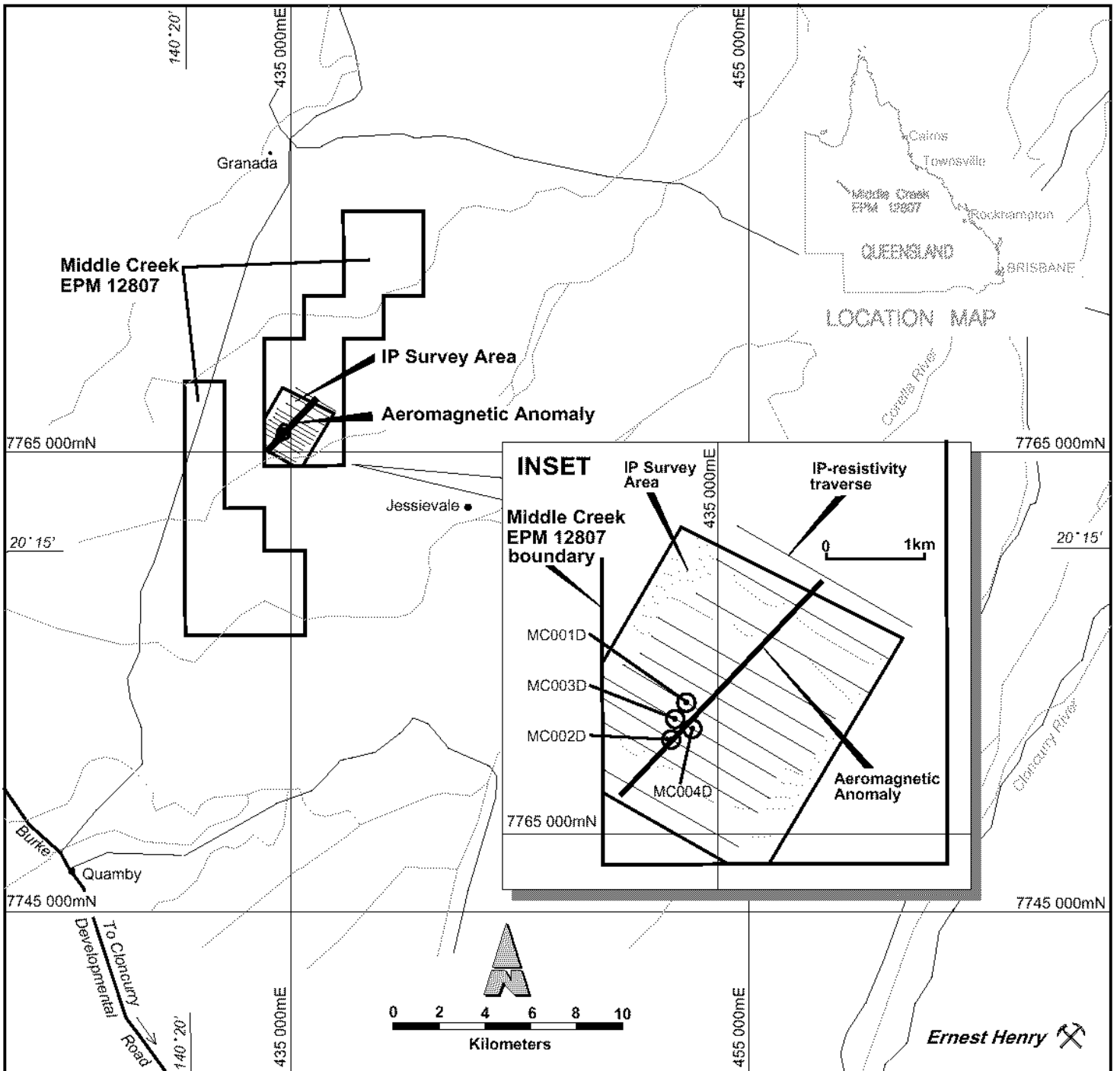
**CARPENTARIA JOINT VENTURE**

EPM 9462

**TRIBUTARY CREEK**

**IP LINES, CHARGEABILITY ANOMALIES AND DRILLHOLE LOCATION**

Author M Yates Date October 2003 Scale 1 : 250 000  
 Drawn Coastal Drafting Ph (07) 4775 4833 Figure No: 2  
 Datum AGD 84 Zone 54 Dwg No. LR.A4.63



**LEGEND**

- Drainage
- Roads
- Mine
- Diamond drillhole

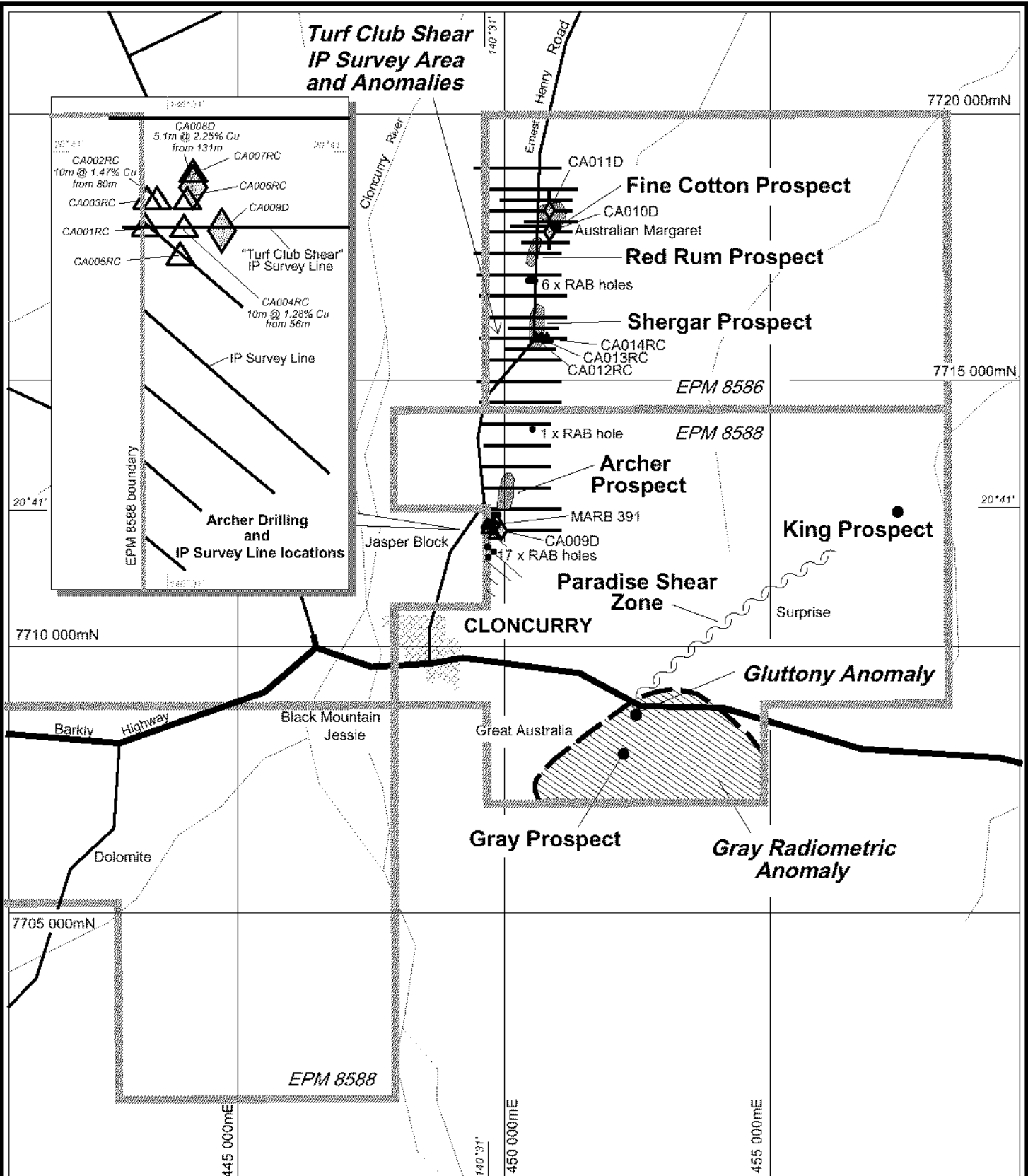
**MAP SHEETS**

CLONCURRY 1 : 1 000 000 BLOCK ID








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| <p>CLONCURRY<br/>SF54-02<br/>1 : 250 000</p> |

|   |                       |                   |
|---|-----------------------|-------------------|
| <b>LEYSHON RESOURCES LIMITED</b>  |                       |                   |
| <b>CARPENTARIA JOINT VENTURE</b>  |                       |                   |
| EPM 12807   |                       |                   |
| <b>MIDDLE CREEK<br/>IP SURVEY, AEROMAGNETIC ANOMALY<br/>AND DRILLHOLE LOCATIONS</b> |                       |                   |
| Author M Yates  | Date November 2003    | Scale 1 : 250 000 |
| Drawn Coastal Drafting  | Ph (07) 4775 4833     | Figure No: 3      |
| Datum AGD 84 Zone 54  | Date revised Jan 2004 | Dwg No. LR.A4.76  |

**Turf Club Shear  
IP Survey Area  
and Anomalies**



**LEGEND**

-  "Turf Club Shear" IP Survey Lines
-  IP Survey Lines
-  IP Anomalies
-  "Gray" Radiometric Anomaly
-  RAB drillhole with > 1000ppm Cu
-  RC Drilling
-  Diamond Drilling

**LEYSHON RESOURCES LIMITED**

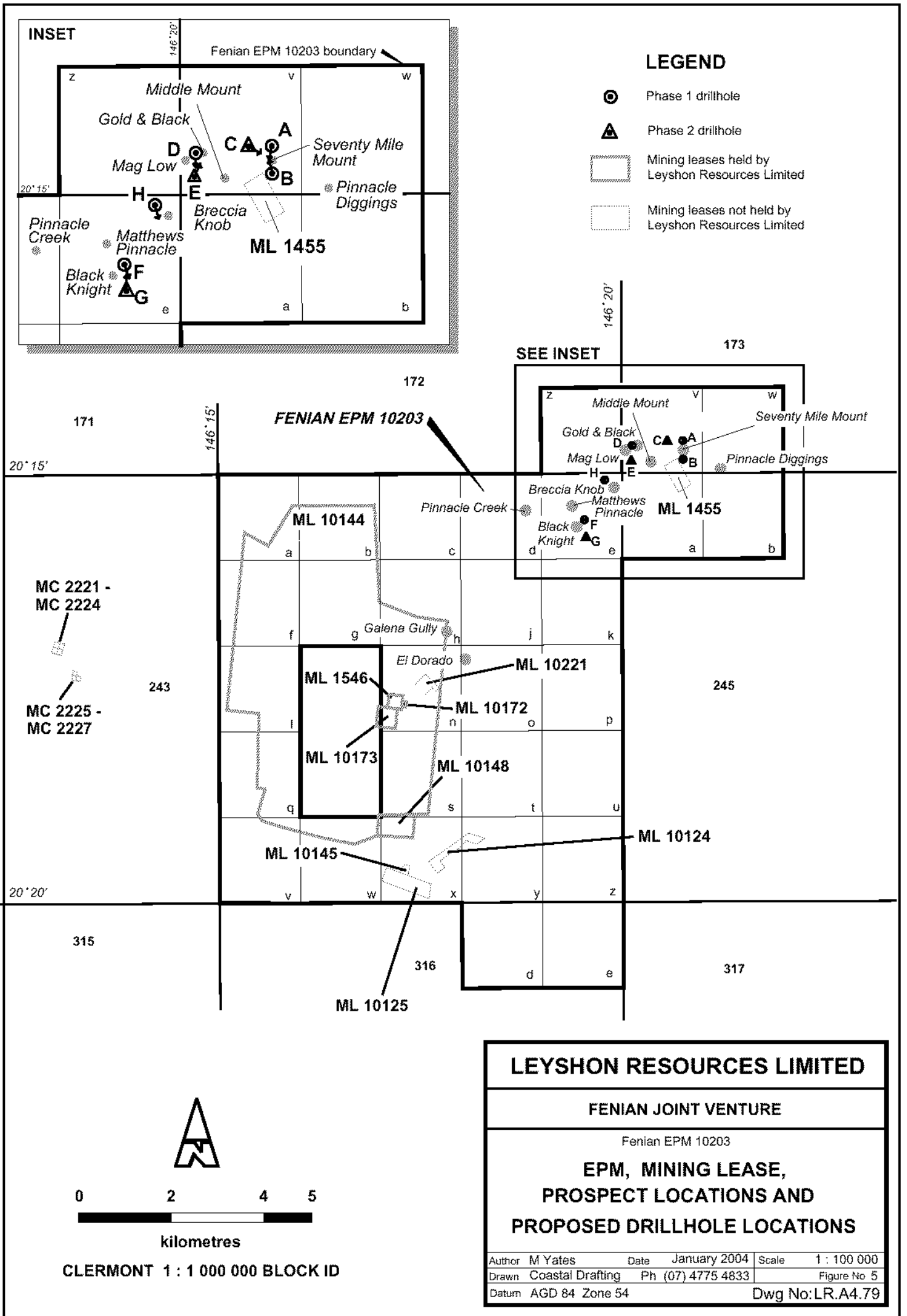
**CARPENTARIA JOINT VENTURE**

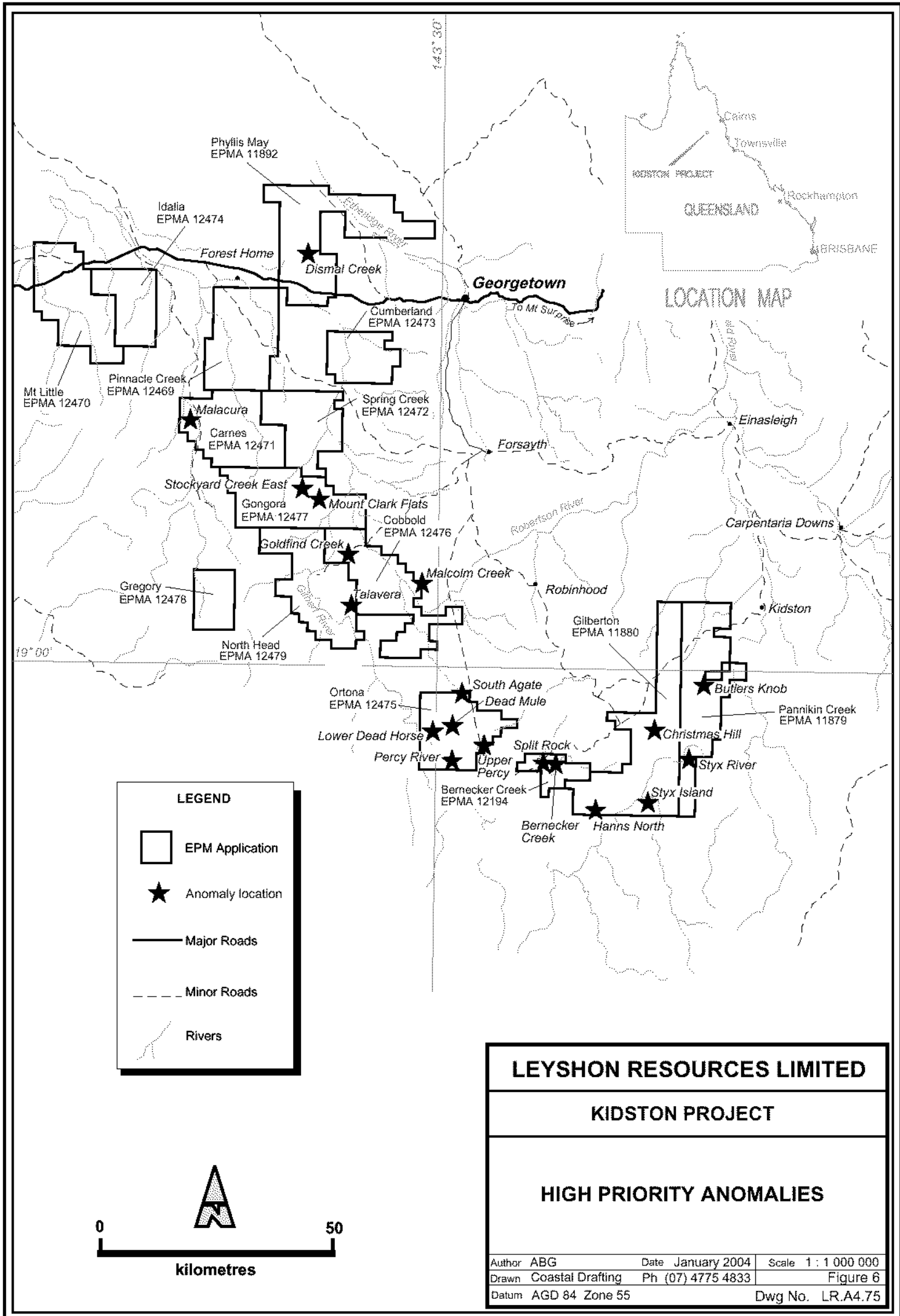
Mt Marathon EPM 8586 & Mt Avarice EPM 8588

**TURF CLUB SHEAR  
AND PROSPECTS**

|                           |                     |                   |
|---------------------------|---------------------|-------------------|
| Author D Wilson / M Yates | Date January 2004   | Scale 1 : 100 000 |
| Drawn Coastal Drafting    | Ph (07) 4775 4833   | Figure No: 4      |
| Datum AGD 84 Zone 54      | Date revised Jan 04 | Dwg No. LR.A4.30  |

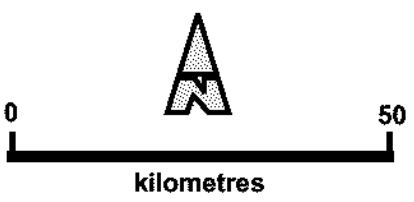
Diagram courtesy of MIM Exploration Pty Ltd





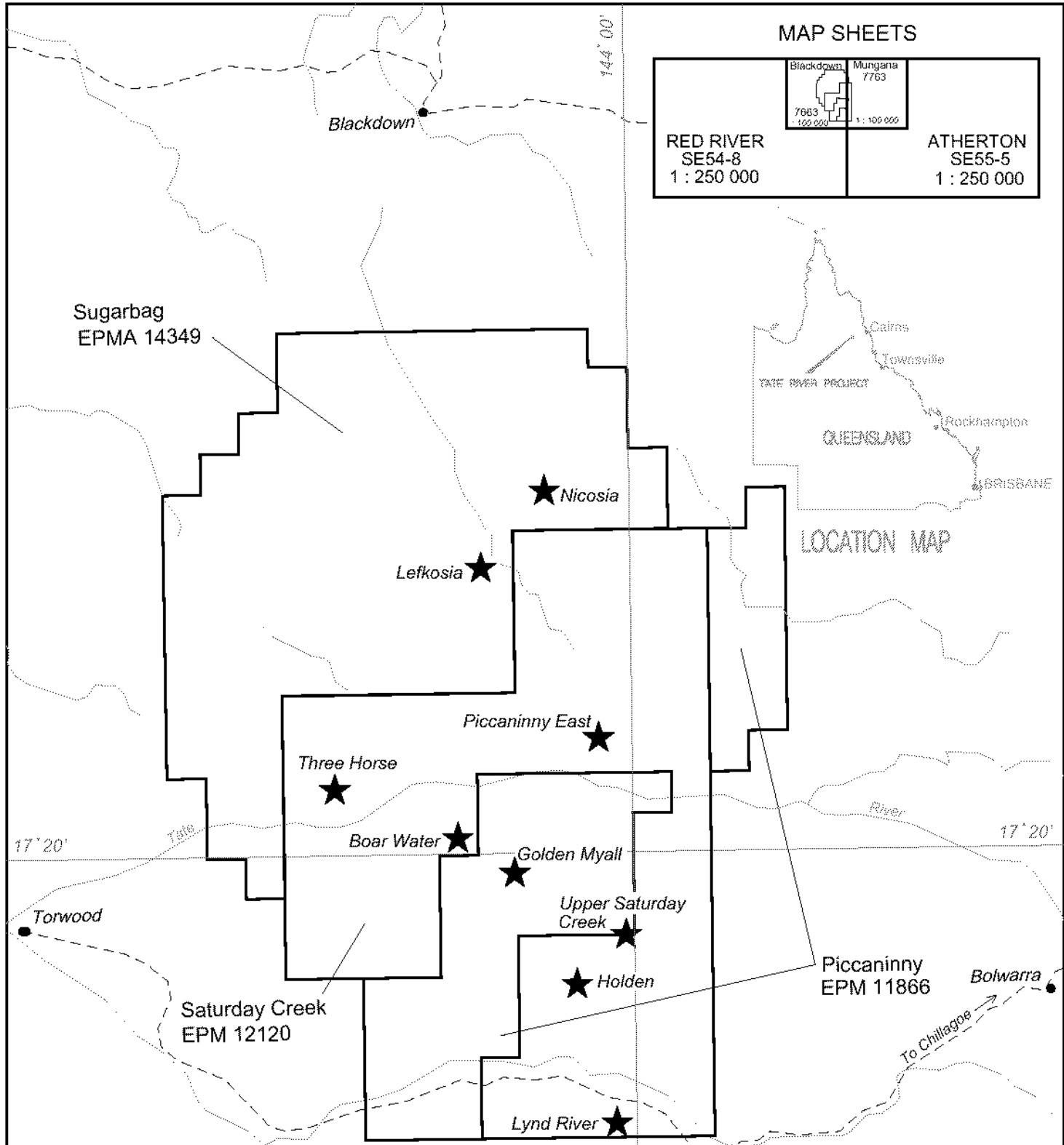
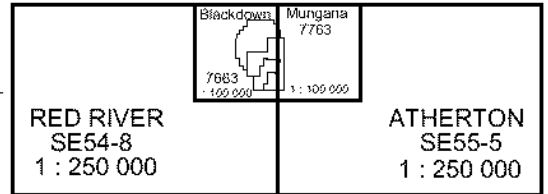
**LEGEND**

- EPM Application
- Anomaly location
- Major Roads
- Minor Roads
- Rivers







|                                  |                   |                     |
|----------------------------------|-------------------|---------------------|
| <b>LEYSHON RESOURCES LIMITED</b> |                   |                     |
| <b>KIDSTON PROJECT</b>           |                   |                     |
| <b>HIGH PRIORITY ANOMALIES</b>   |                   |                     |
| Author ABG                       | Date January 2004 | Scale 1 : 1 000 000 |
| Drawn Coastal Drafting           | Ph (07) 4775 4833 | Figure 6            |
| Datum AGD 84 Zone 55             | Dwg No. LR.A4.75  |                     |

MAP SHEETS



**LEGEND**

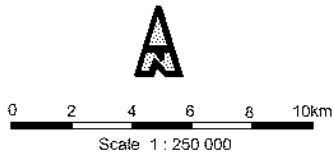
-  EPM Application
-  Anomaly location
-  Minor Roads
-  River / Creek

**LEYSHON RESOURCES LIMITED**

**TATE RIVER PROJECT**

**HIGH PRIORITY ANOMALIES**

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Author ABG                | Date January 2004 | Scale 1 : 250 000 |
| Drawn Coastal Drafting    | Ph (07) 4775 4833 | Figure 7          |
| Datum AGD 84 Zone 54 / 55 |                   | Dwg No. LR.A4.78  |





# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**LEYSHON RESOURCES LIMITED**

ABN

75 010 482 274

Quarter ended ("current quarter")

31 December 2003

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             | -                          | -                                     |
| 1.2 Payments for (a) exploration and evaluation                 | (138)                      | (175)                                 |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) administration  | (56)                       | (121)                                 |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 109                        | 279                                   |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                     |
| 1.6 Income taxes paid   | -                          | -                                     |
| 1.7 Other   | -                          | -                                     |
| <b>Net Operating Cash Flows</b>                                 | <b>(85)</b>                | <b>(17)</b>                           |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of:                                   |                            |                                       |
| (a)prospects  | -                          | -                                     |
| (b)equity investments   | -                          | -                                     |
| (c) other fixed assets  | (3)                        | (3)                                   |
| 1.9 Proceeds from sale of:                                      |                            |                                       |
| (a)prospects  | -                          | -                                     |
| (b)equity investments   | -                          | -                                     |
| (c)other fixed assets   | -                          | -                                     |
| 1.10 Loans to other entities                                    | (118)                      | (158)                                 |
| 1.11 Loans repaid by other entities                             | -                          | -                                     |
| 1.12 Other  | (9)                        | (9)                                   |
| <b>Net investing cash flows</b>                                 | <b>(130)</b>               | <b>(170)</b>                          |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(215)</b>               | <b>(187)</b>                          |

+ See chapter 19 for defined terms.

|      |  |       |       |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (215) | (187) |
|      | <b>Cash flows related to financing activities</b>          |       |       |
| 1.14 | Proceeds from issues of shares, options, etc.              | -     | -     |
| 1.15 | Proceeds from sale of forfeited shares                     | -     | -     |
| 1.16 | Proceeds from borrowings                                   | -     | -     |
| 1.17 | Repayment of borrowings                                    | -     | -     |
| 1.18 | Dividends paid   | -     | -     |
| 1.19 | Other (provide details if material)                        | -     | -     |
|      | <b>Net financing cash flows</b>                            | -     | -     |
|      | <b>Net increase (decrease) in cash held</b>                | (215) | (187) |
| 1.20 | Cash at beginning of quarter/year to date                  | 8,691 | 8,663 |
| 1.21 | Exchange rate adjustments to item 1.20                     | -     | -     |
| 1.22 | <b>Cash at end of quarter</b>                              | 8,476 | 8,476 |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 31                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

Payments include director's fees, company secretarial services and provision of a fully serviced office.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 350        |
| 4.2 Development                | -          |
| <b>Total</b>                   | <b>350</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 110                        | 158                         |
| 5.2 Deposits at call                             | 8,366                      | 8,533                       |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>8,476</b>               | <b>8,691</b>                |

### Changes in interests in mining tenements

|   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning of<br>quarter | Interest at<br>end of<br>quarter |
|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | EPM 9632              | Withdrawal from JV               | Earning 65%                            | -                                |
|   | EPM 10719             | Withdrawal from JV               | Earning 65%                            | -                                |
|   | EPM 11237             | Withdrawal from JV               | Earning 65%                            | -                                |
|   | EPM 11238             | Withdrawal from JV               | Earning 65%                            | -                                |
| 6.2 Interests in mining tenements acquired or increased           | EPM 11866             | Application granted              | -                                      | 70%                              |
|   | EPM 12120             | Application granted              | -                                      | 70%                              |

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 <b>Preference +securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 91,467,398   | 91,467,398    | Not Applicable                                | Not Applicable                                   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   |              |               | <i>Exercise price</i>                         | <i>Expiry date</i>                               |
| 7.8 Issued during quarter  |              |               |   |  |
| 7.9 Exercised during quarter   |              |               |   |  |
| 7.10 Expired during quarter  |              |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |              |               |   |  |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   |              |               |   |  |

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 January 2004  
(~~Director~~/Company secretary)

Print name: **MARK PEARCE**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.