

Leyshon
Resources
Limited

ABN 75 010 482 274

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MARCH 2004 QUARTERLY REPORT TO THE AUSTRALIAN STOCK EXCHANGE

The Company announced in late January that it intends to acquire China Metals Limited, which has now been approved by shareholders. 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 China Metals projects are outlined below and settlement of this transaction is expected shortly.

Newcrest have completed an RC/diamond drill program on several targets within the Fenian JV. Six holes for a total of 2555m of drilling were completed at various orientations to a maximum down-hole depth of 653m. Anomalous Cu and Zn mineralisation has been encountered at the Black Knight prospect (FEN005) with associated brecciation and alteration which maybe indicative of Mount Leyshon style mineralisation at depth. The momentum of the Carpentaria JV has been maintained with the assessment of key licences by Xstrata and program planning for the next quarter.

1.0 China Metals Projects

Upon completion of the acquisition, the initial focus for China Metals will be the recently discovered Zheng Guang gold project and the Duobaoshan copper project – one of China's largest underdeveloped copper deposits.

The Zheng Guang gold project, located approximately 8km south east of Duobaoshan, was discovered by the HLJ-BGMR in 2000 through a stream sediment sampling programme. A programme of trenching, shaft and adits undertaken during 2002 has generated a large number of high grade channel samples and intersections over a strike length of 2km. Deep vertical drilling has confirmed the depth extent of the mineralisation to over 350 metres.

A major drill programme at Zheng Guang is expected to commence immediately upon completion of the acquisition.

Duobaoshan is a large polymetallic porphyry copper, molybdenum, gold, silver project discovered in 1958. Drilled in various campaigns during the 1960's and 1970's, a resource has been delineated through 168 kilometres of diamond drilling, 250 metres of adits and 205 metres of exploration shafts.

Feasibility studies in 1987 undertaken by the Beijing Non Ferrous Metallurgical Design General Institute concluded that additional work was required to bring the project to full

feasibility status but that with the benefit of the excellent local infrastructure the project was economically feasible and capable of producing a clean, high grade, copper concentrate over a 32 year life operation.

Database compilation has commenced and once this is complete confirmatory infill drilling can be undertaken to upgrade the existing Soviet style resource calculations to JORC Code standard prior to commencing full feasibility studies on the project. Of particular interest will be the gold grade, which in light of the reported analytical techniques of the day has the potential to have been understated.

2.0 Fenian Joint Venture (Leyshon diluting to 30% - Fenian EPM 10203 – Figure 1)

The Fenian JV was established in 2003 between Newcrest Operations Limited (Newcrest) and Leyshon and comprises the Fenian Exploration Permit for Minerals ('EPM') 10203. Under the terms of the JV agreement, Newcrest has agreed to expend up to \$2,500,000 to earn 70% equity in EPM10203.

Anomalous Cu and Zn mineralisation has been encountered at the Black Knight prospect with associated brecciation and alteration which maybe indicative of Mount Leyshon style mineralisation at depth (Table 1). Considerable alteration and brecciation has also been encountered at Seventy Mile Mount and Middle Mount, indicating the presence of large mineralizing systems.

FEN005 drilled on the Black Knight prospect was designed to test surface outcrops of breccia which are anomalous in Cu, Pb, Zn, Ag, and Mo. Silica - pyrite altered quartz-porphphyry rhyolite was intersected from 97 to 248m. Two zones of infill cavity breccia occur from 248 to 306m, and from 526 to 653m. The best gold assay returned in FEN005 was 0.8m @ 14 g/t Au from 352-352.8m, with no other gold assays from the drill hole returning values greater than 0.4g/t Au. The infill breccia and alteration zones have visual similarities to the Mt Leyshon breccia and have recorded anomalous levels of copper and zinc. These include 90m @ 0.13% Cu and 0.16% Zn from 98m, and 118.4m @ 0.15% Cu from 535m. Newcrest have indicated that FEN005 is likely to be extended in the near future.

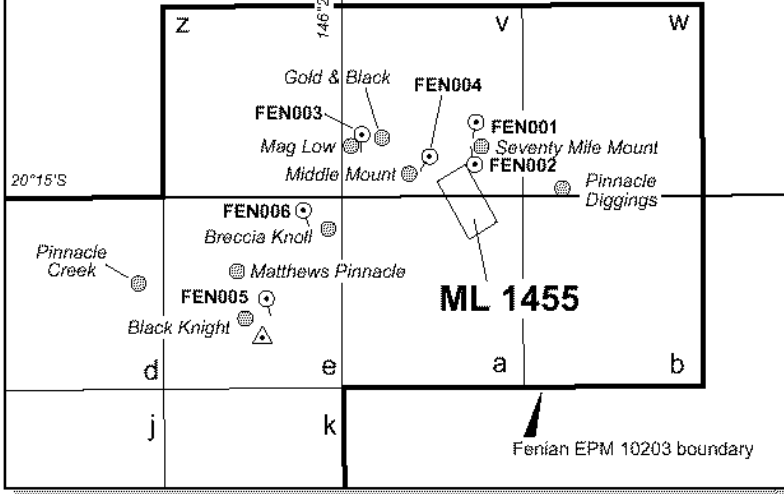
Two (FEN001 and FEN002) holes were completed and were drilled to test below previous shallow drilling which had recorded significant intercepts of 4m @ 12g/t Au, 6m @ 12g/t Au, and 12m @ 4.2g/t Au. The assay results returned for FEN001 are disappointing, with no assays greater than 2g/t Au (max 1m @ 1.1g/t Au from 296m). The best gold assays returned in FEN002 were 0.4m @ 5.5 g/t Au from 97.8-98.2m and 1m @ 1.6 g/t Au from 402-403m. The remaining three holes drilled on three other targets failed to generate any anomalous intercepts.

3.0 Carpentaria Joint Venture Agreement ('JV' – Leyshon Diluting to 49%)

The momentum of the exploration campaign continued during the quarter with expenditure for the JV now totaling \$1,864,228. The principal activities during the quarter have included a soil sampling survey, data interpretation and drill program planning. Work in the next quarter will focus on IP anomalies on the Turf Club shear (Mount Avarice EPM8588) and the Edgarda Prospect on the St Andrews Extended EPM12180.

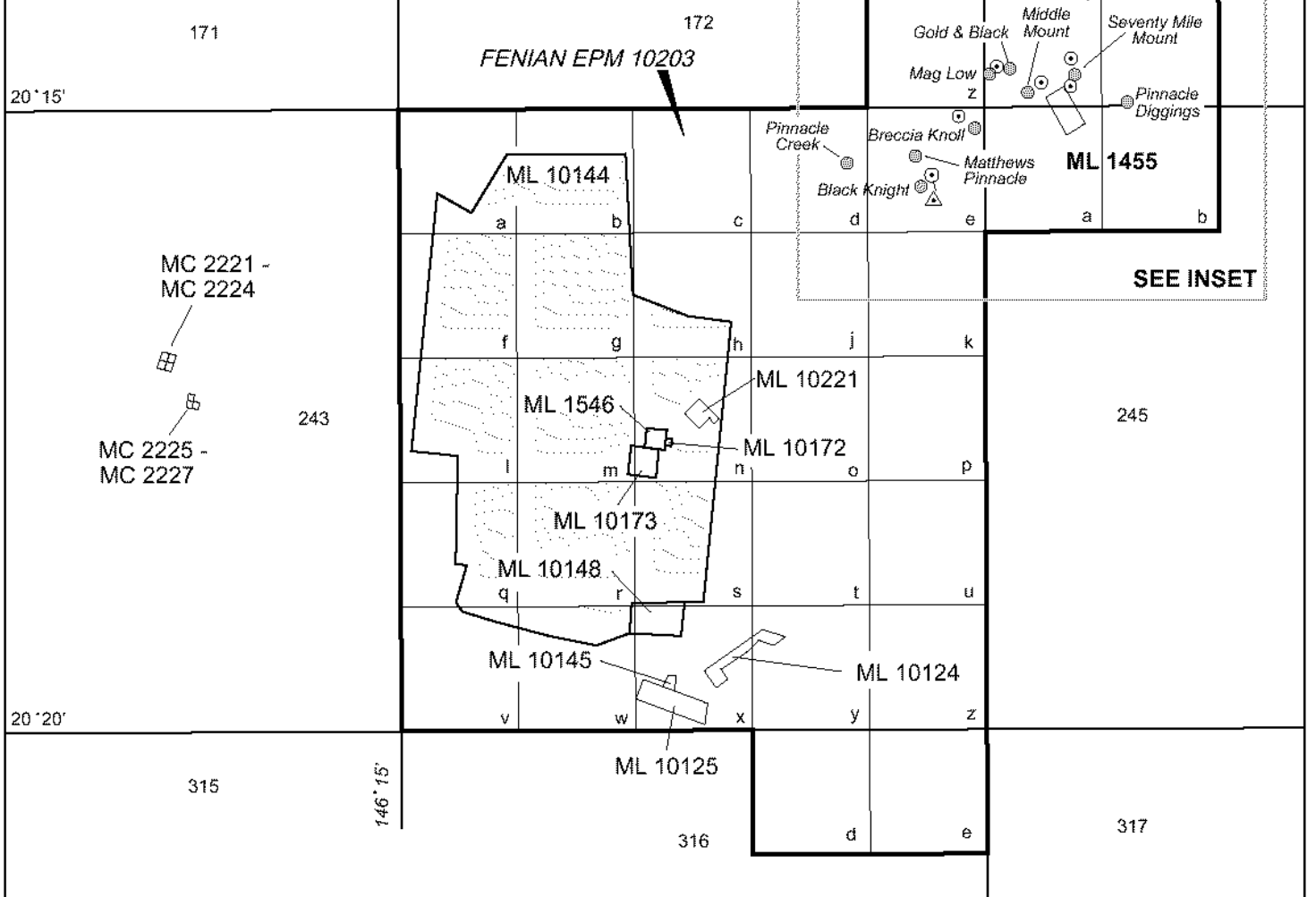
Enquiries +618 9322 6322: Corporate – Ian Middlemas
Technical – Matthew Yates

INSET



LEGEND

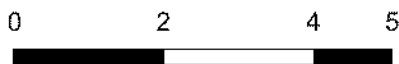
- Phase 1 drillhole (Completed)
- △ Phase 2 drillhole (Pending)
- ▭ Mining leases held by Leyshon Resources Limited
- ▭ Mining leases not held by Leyshon Resources Limited



MC 2221 -
MC 2224

MC 2225 -
MC 2227

SEE INSET



kilometres

CLERMONT 1 : 1 000 000 BLOCK ID

LEYSHON RESOURCES LIMITED

FENIAN JOINT VENTURE

Fenian EPM 10203

**EPM, MINING LEASE,
PROSPECT LOCATIONS AND
DRILLHOLE LOCATIONS**

Author M Yates	Date April 2004	Scale 1 : 100 000
Drawn Coastal Drafting	Ph (07) 4775 4833	Figure No: 1
Datum AGD 84 Zone 55		Dwg No:LR.A4.79

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 March 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(371)	(546)
(b) development	-	-
(c) production	-	-
(d) administration	(78)	(199)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	111	390
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(338)	(355)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(3)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	(423)	(581)
1.11 Loans repaid by other entities	-	-
1.12 Other	44	35
Net investing cash flows	(379)	(549)
1.13 Total operating and investing cash flows (carried forward)	(717)	(904)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(717)	(904)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(717)	(904)
1.20	Cash at beginning of quarter/year to date	8,476	8,663
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,759	7,759

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	58
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 consulting fees, 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 \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
Total	300

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	524	110
5.2 Deposits at call	7,235	8,366
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,759	8,476

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPMA 12469	Joint Venture	70%	-
	EPMA 12470	Joint Venture	70%	-
	EPMA 12471	Joint Venture	70%	-
	EPMA 12473	Joint Venture	70%	-
	EPMA 12474	Joint Venture	70%	-
	EPMA 12478	Joint Venture	70%	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ 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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	91,467,398	91,467,398	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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 April 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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