



Annual General Meeting

30 November 2012

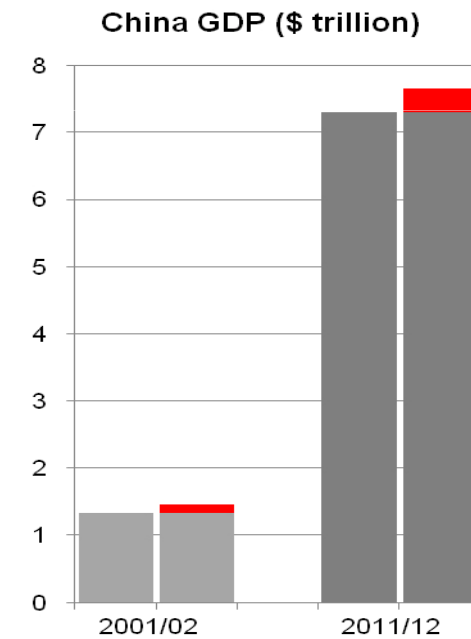
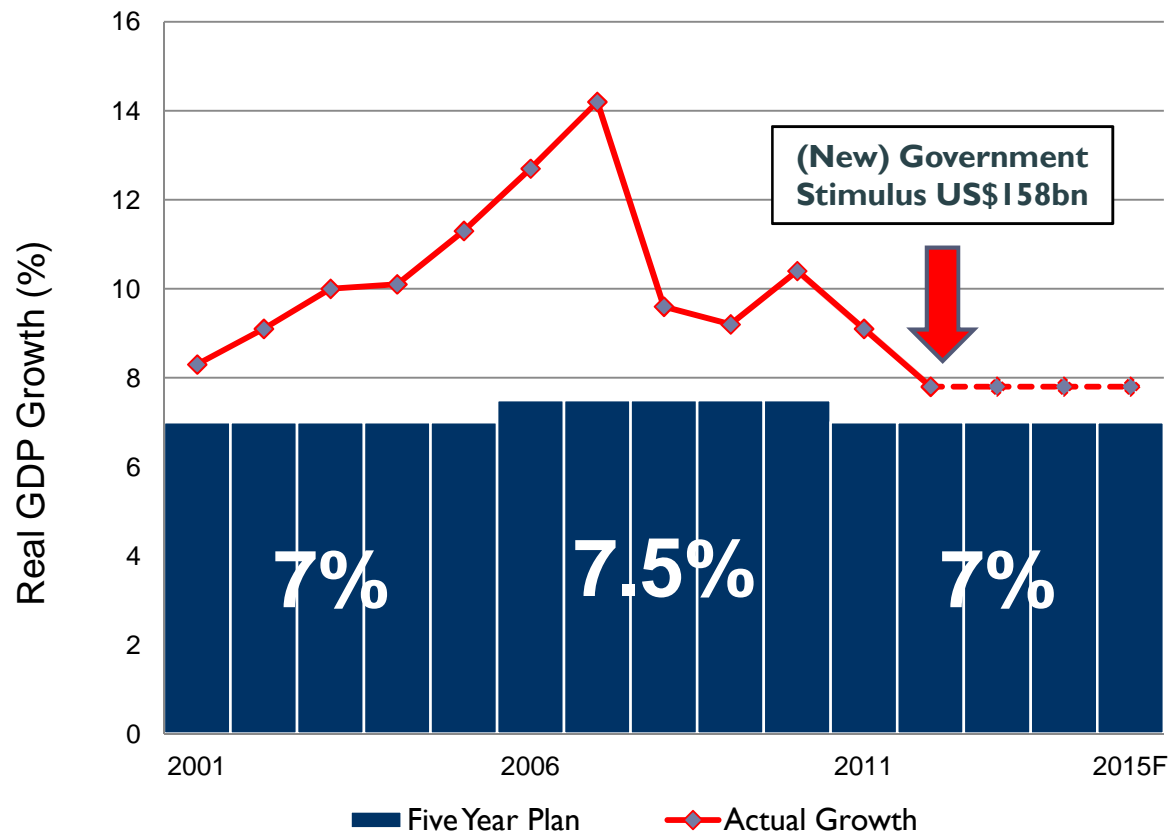
Perth, Australia

By the time Mei Qi graduates from University her country will have been the World's Biggest Economy for nearly a decade.

China is Growing..

“China’s GDP to grow at 8% for the next 20 years”

Professor Yi Fu Lin (ex Chief Economist World Bank)



Growth is in Central China..

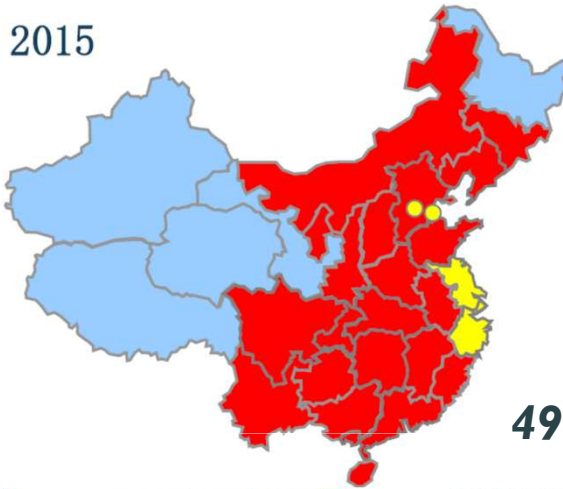
The world's fastest growing major economy.



2010



2015

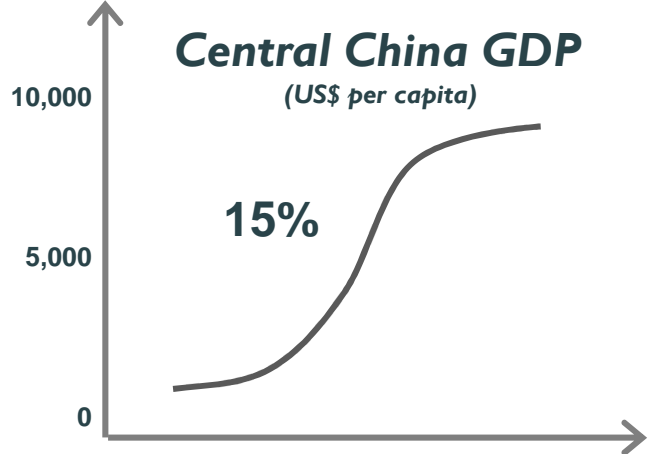


625 million

49% v 2% US Rural

Regions with annual urban disposable income over Rmb25,000 (US\$3,693)

Income over Rmb25,000 (US\$4,308) Income over Rmb40,000 (US\$6,893)



Year

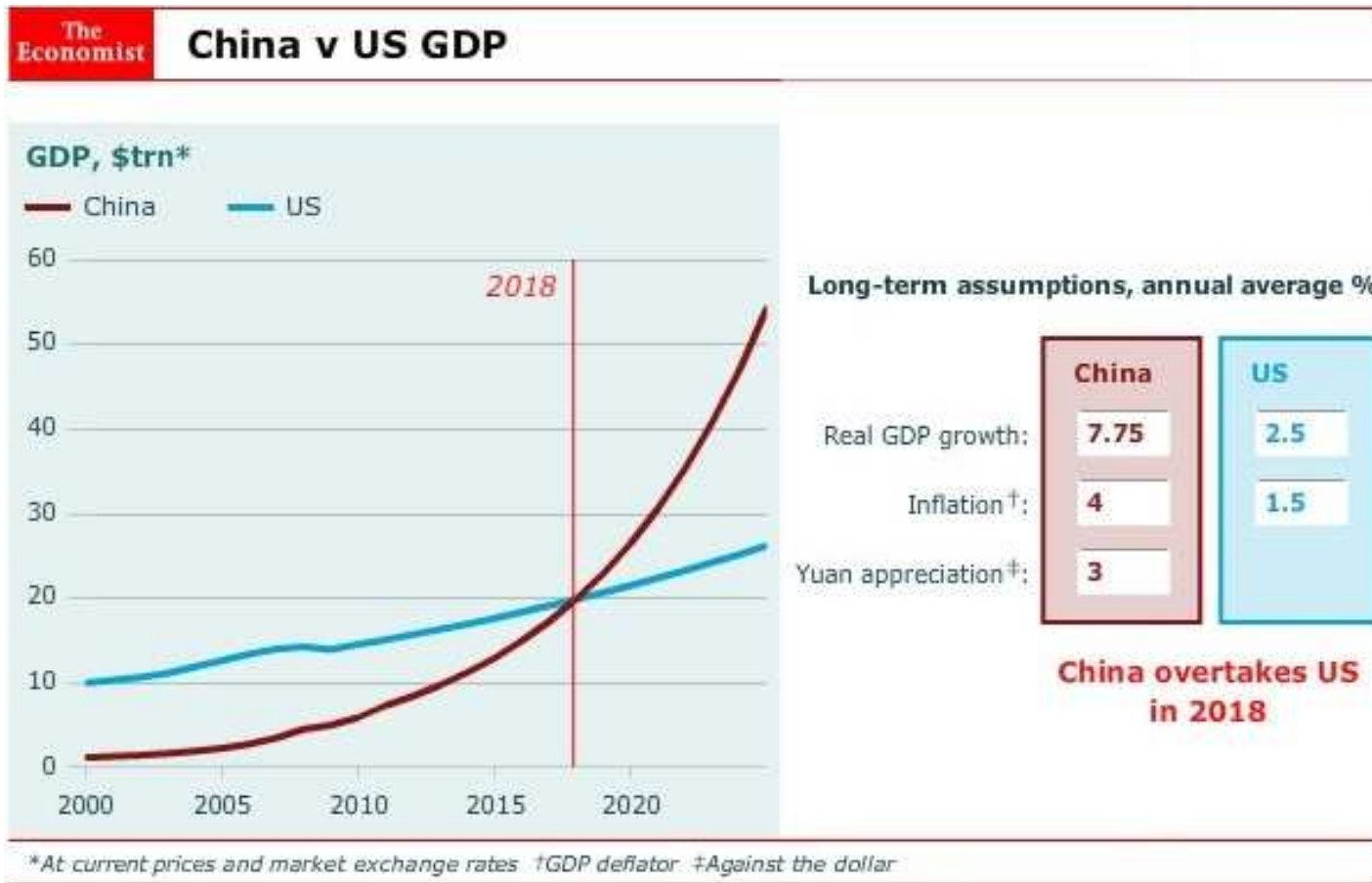
Urban Disposable Income > US\$5,000

- Shanghai **2010**
- Beijing **2011**
- Tianjin **2012**

China will overtake US in 2018..

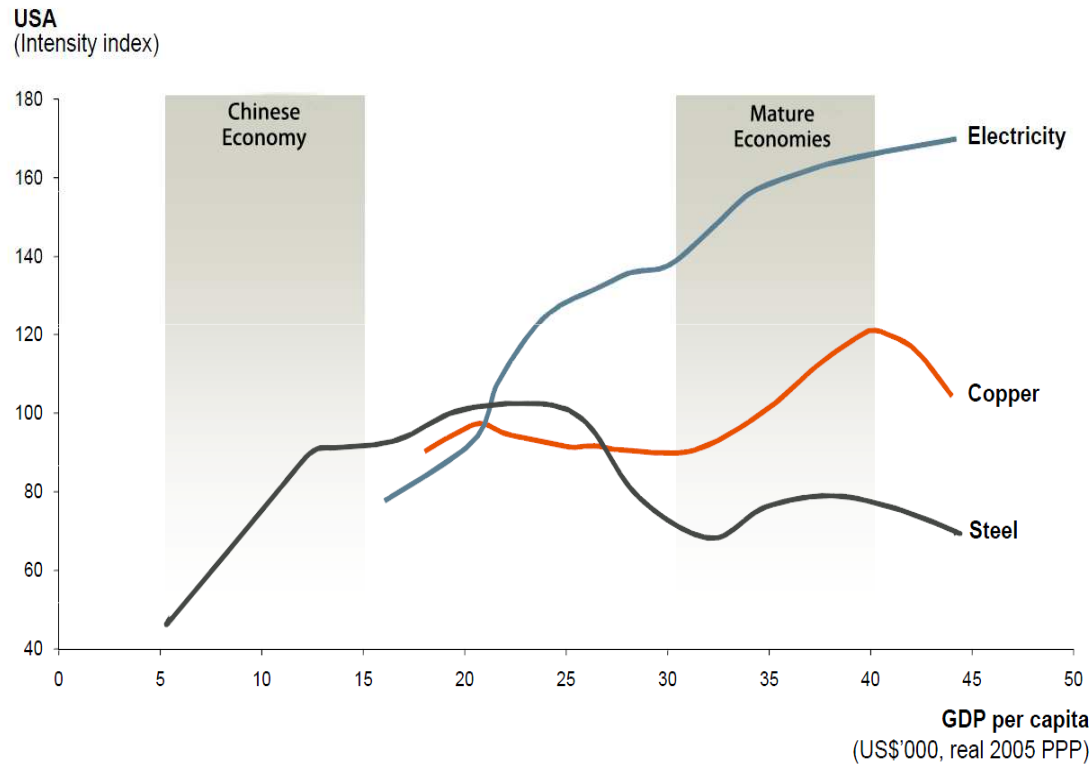
“China’s GDP will be twice the US GDP by 2030”

Professor Yi Fu Lin (ex Chief Economist World Bank)



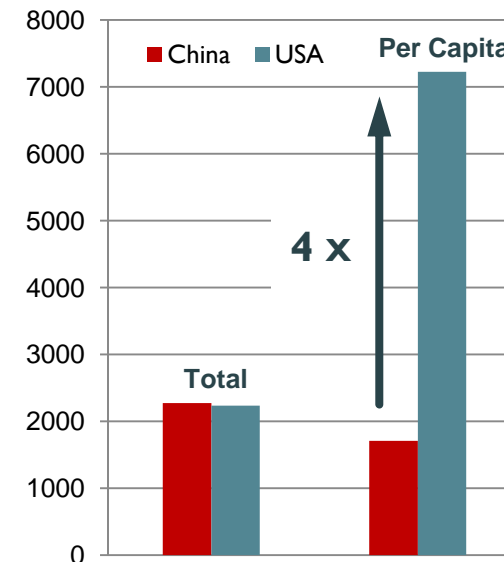
Entering Energy Intensive Phase..

China has already overtaken the US in total energy consumption.



Source: World Bank; Brook Hunt; CRU; IISI; Global Insight; CISA; worldsteel; JBS; IEA; BHP Billiton analysis.

Energy Use (m/kg toe)

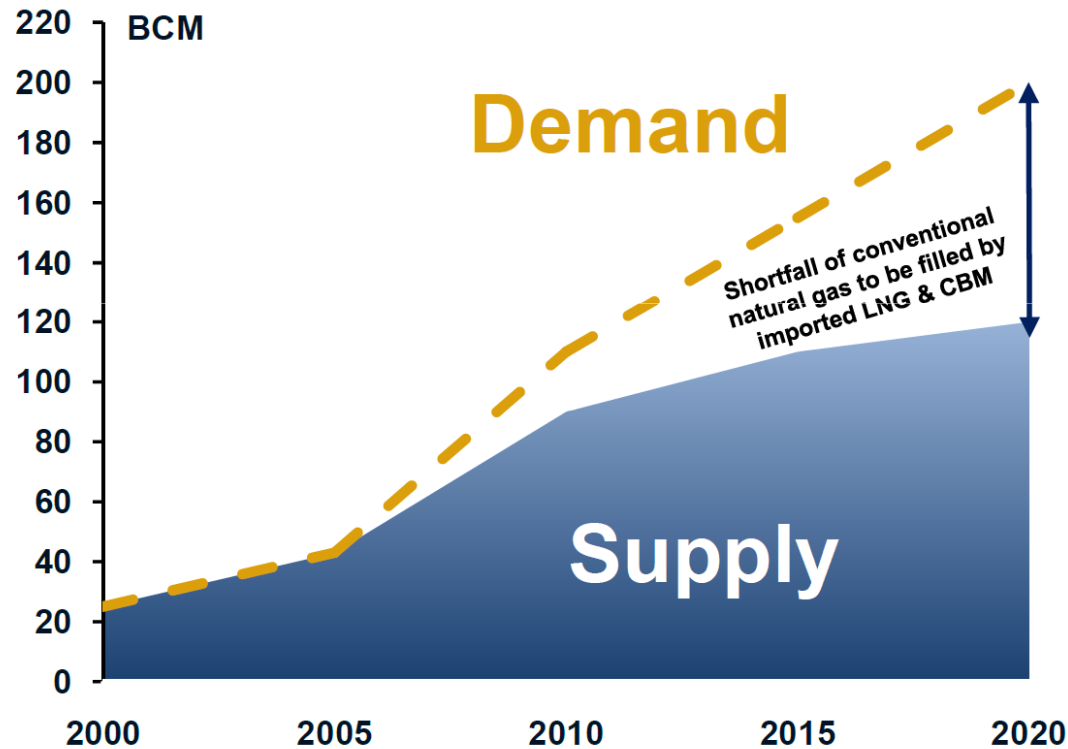


Source: World Bank Year 2010

Gas to meet Growing Supply Shortfall..

“Grave challenges to energy security”

China’s Energy Policy 2012 , Information Office of the State Council, October 2012



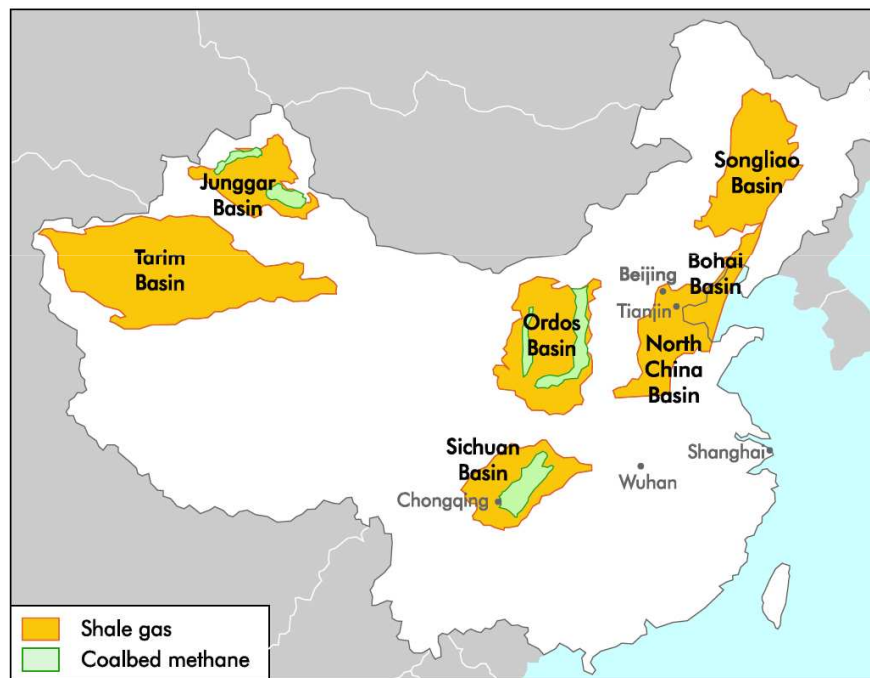
Reduce coal consumption to meet 2015 carbon targets.

Reduce growing import dependency on oil (Middle East) and gas (Russia).

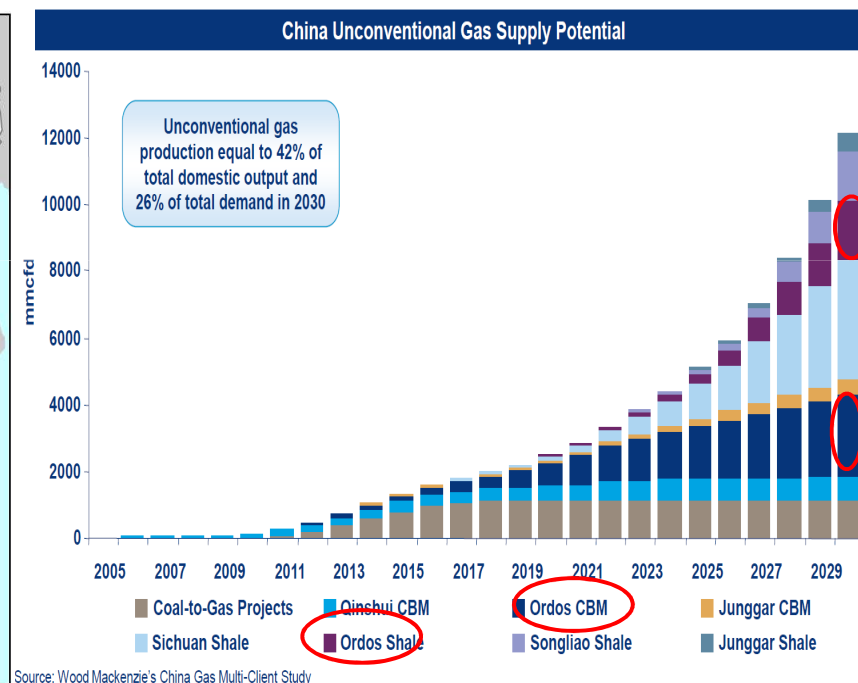
Source: NDRC, Broker Research

Unconventional Gas to the rescue..

Shell to invest US\$1 billion annually in China..



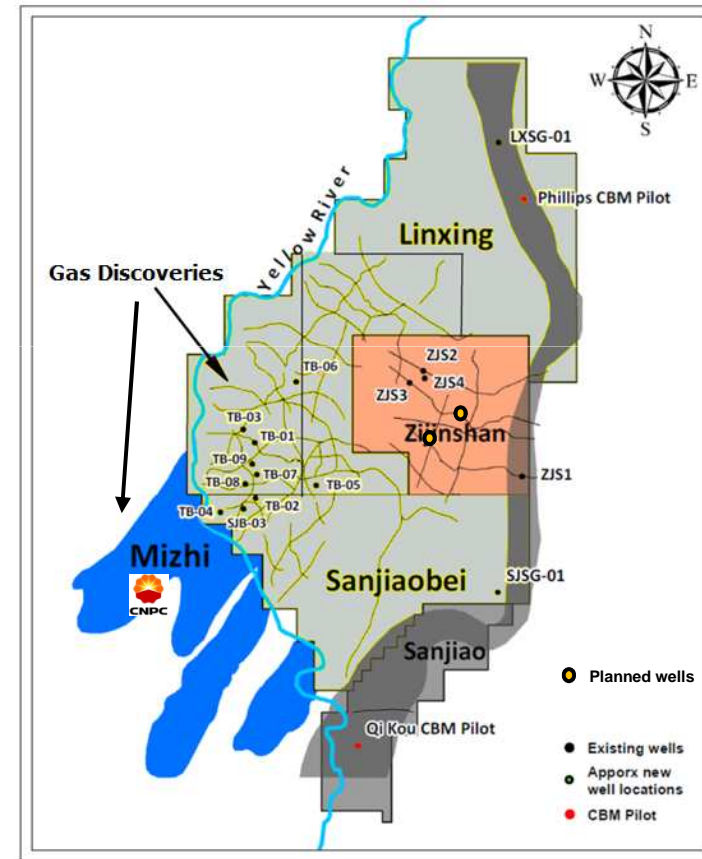
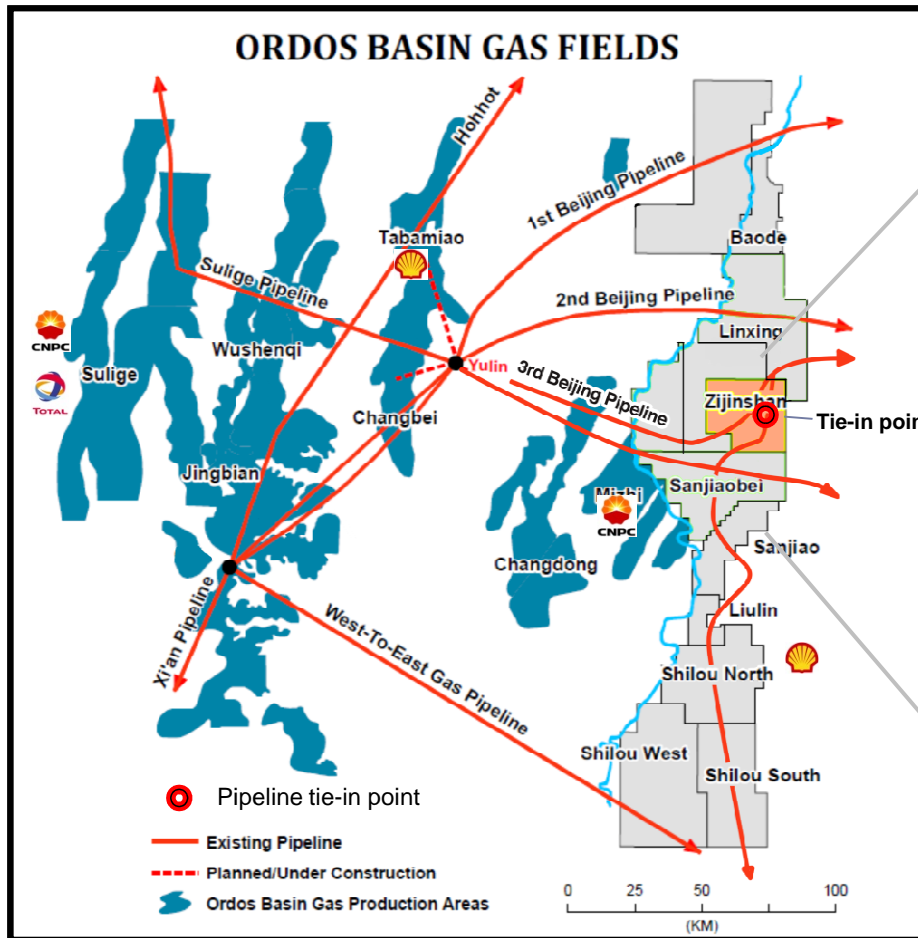
Source: IEA



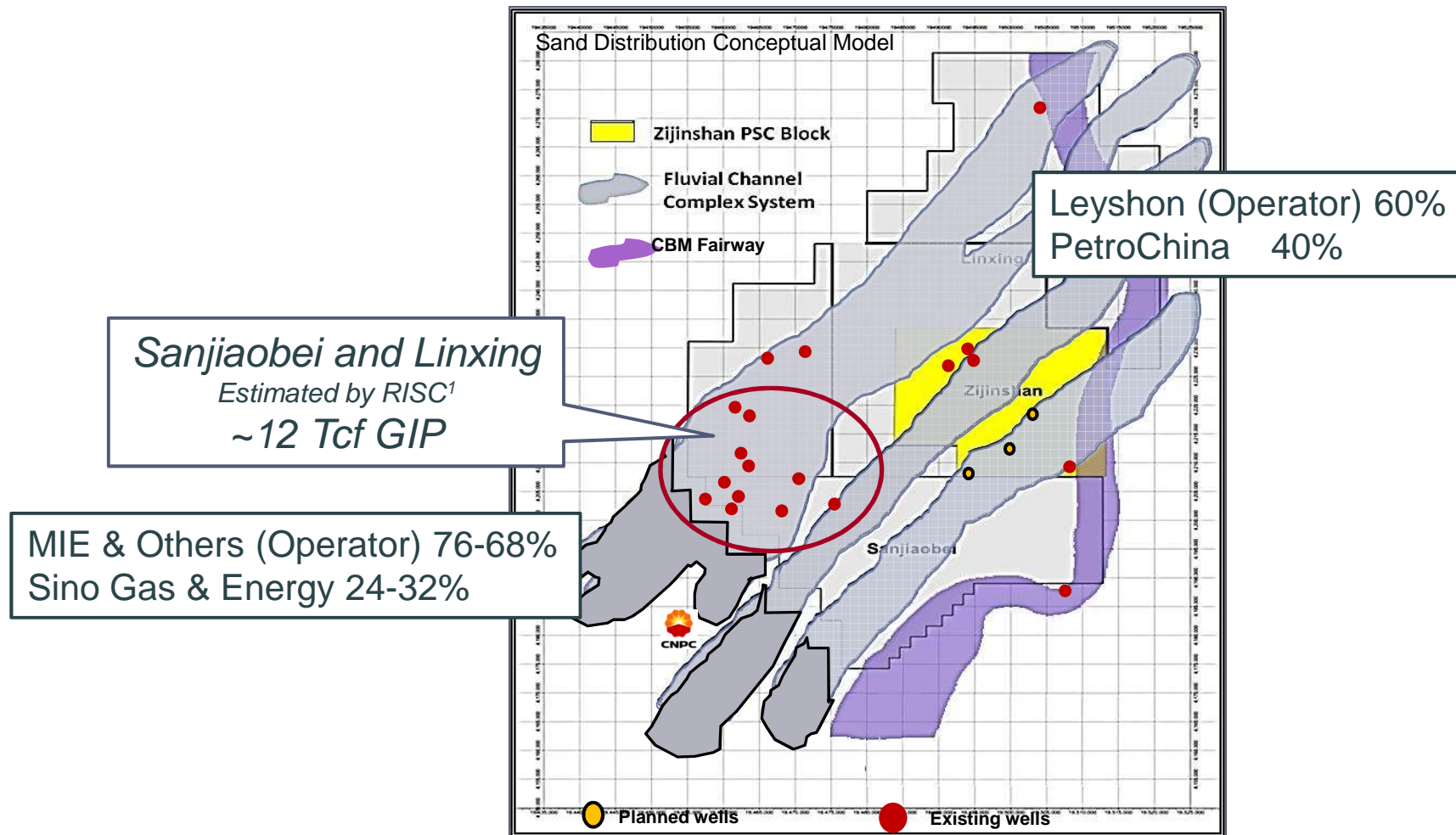
Source: Wood Mackenzie's China Gas Multi-Client Study

Ordos Basin is a Major Producer.

ZJS is brownfield PSC on Eastern Flank close to Tie-In points



ZJS adjacent to multi-Tcf discoveries..



1. The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC Operations Pty Ltd and NSAI.

Beijing based Management Team

Successfully drilled and appraised the multi-Tcf SJB and LX discoveries.



New COO Frank Fu and his team have 20 years experience in China with ConocoPhillips.

Managing Director established Leyshon in Beijing in 2003.

Member of CBBC Exco and EU-China Energy Working Group.

Advisory Board includes Senior Chinese Government and Military Officials.

World Class PSC Partner



China's biggest Oil and Gas producer

PetroChina



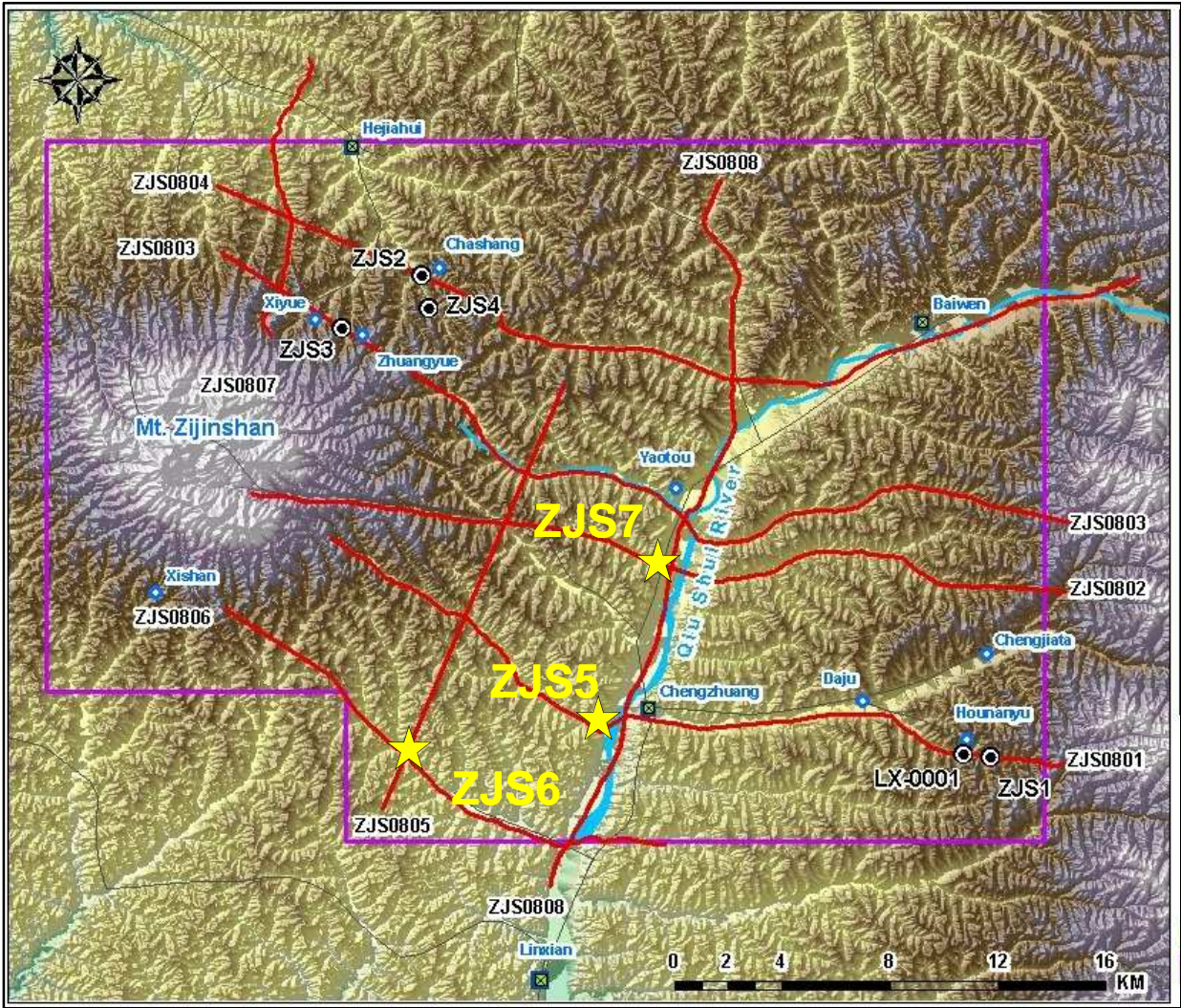
PetroChina has right to buyback 40% of PSC at development stage (ODP).

Great Wall Drilling is subsidiary of PetroChina and has 430 rigs in 28 countries.

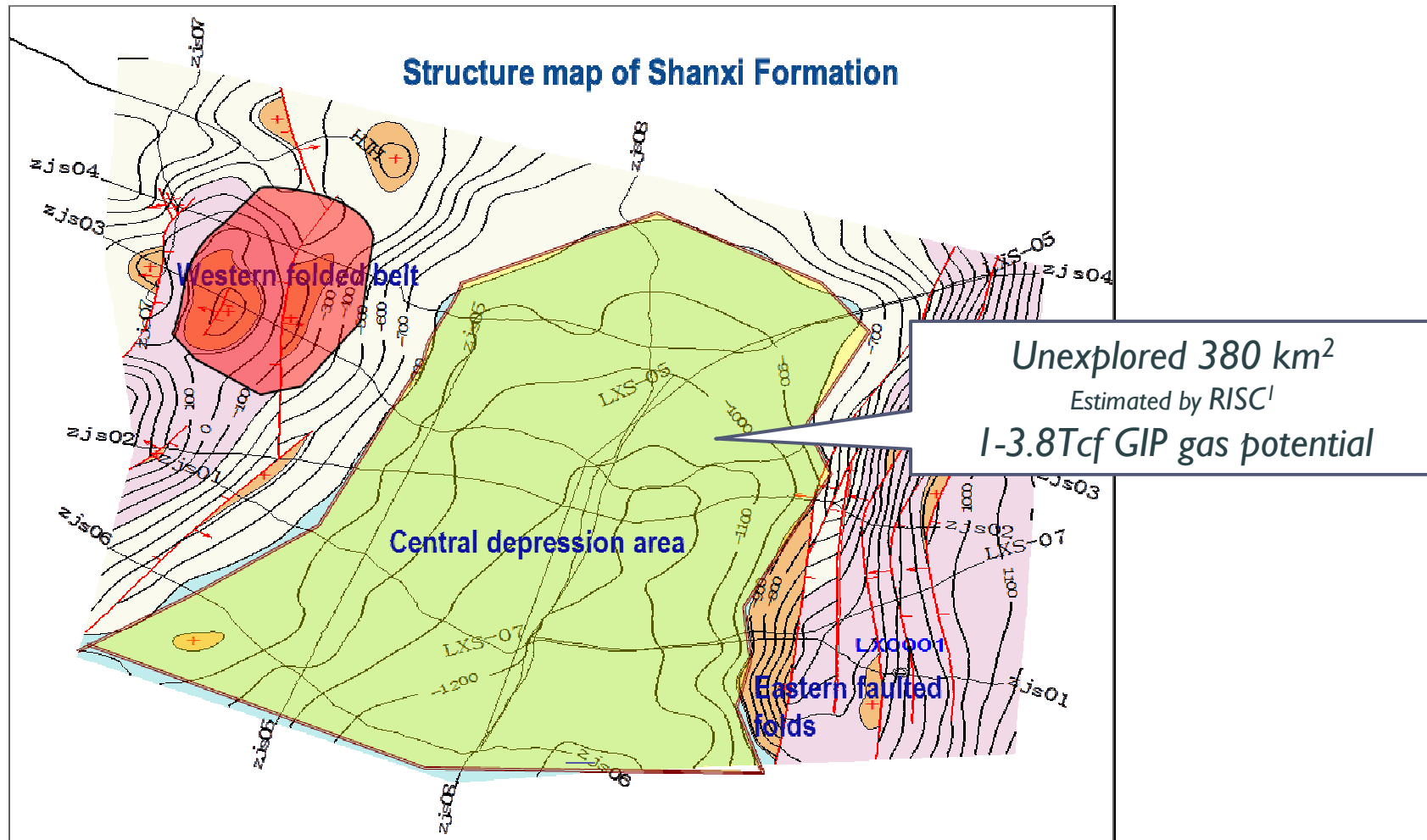
China Oilfield Services is the leading integrated oilfield services provider in the China market.

CCDC Downhole Services is also a subsidiary of PetroChina with 55,000 employees and 31 fracking crews.

Commenced drilling ZJS5..

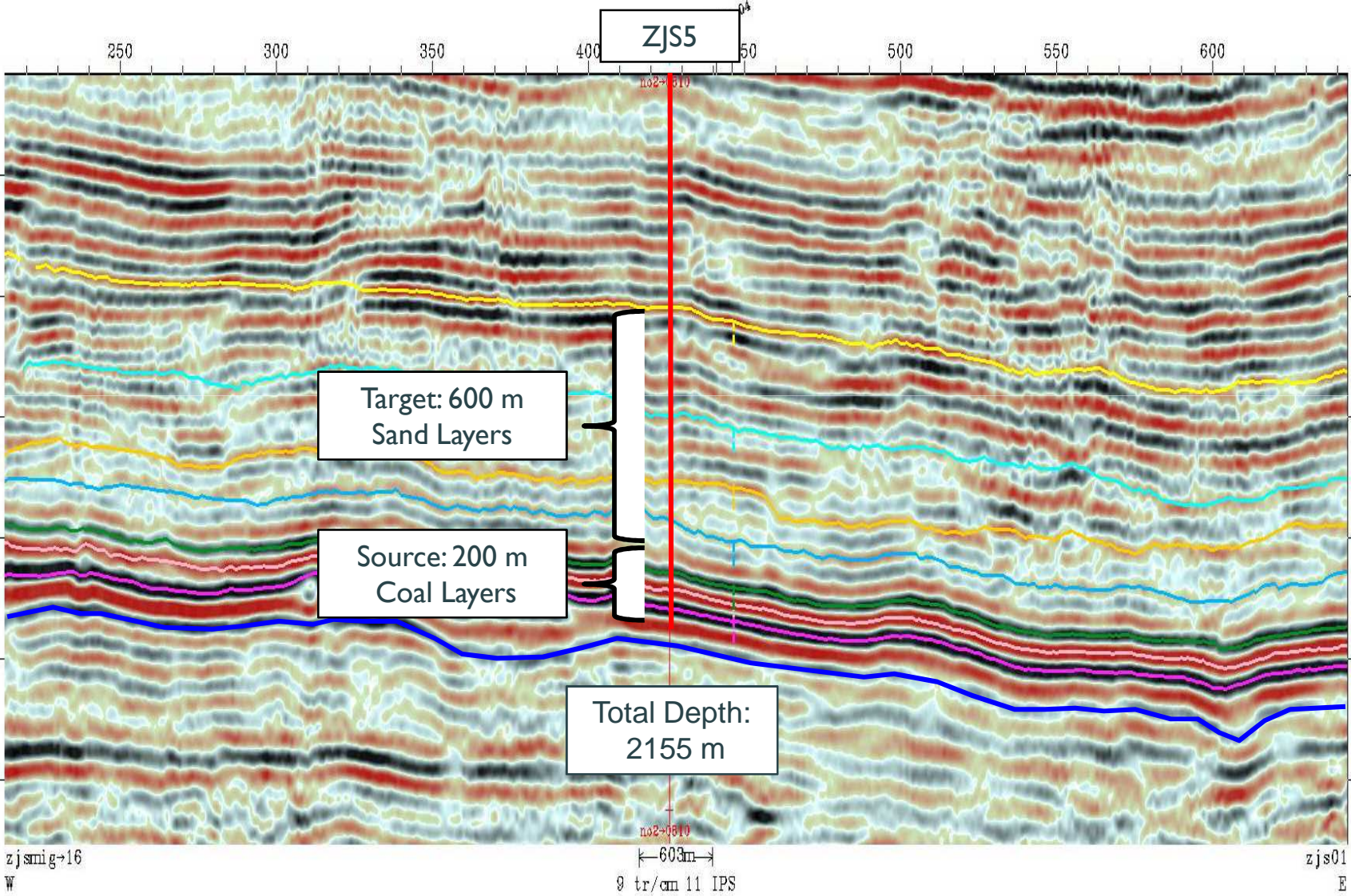


Target Zone 3.8 Tcf GIP ..



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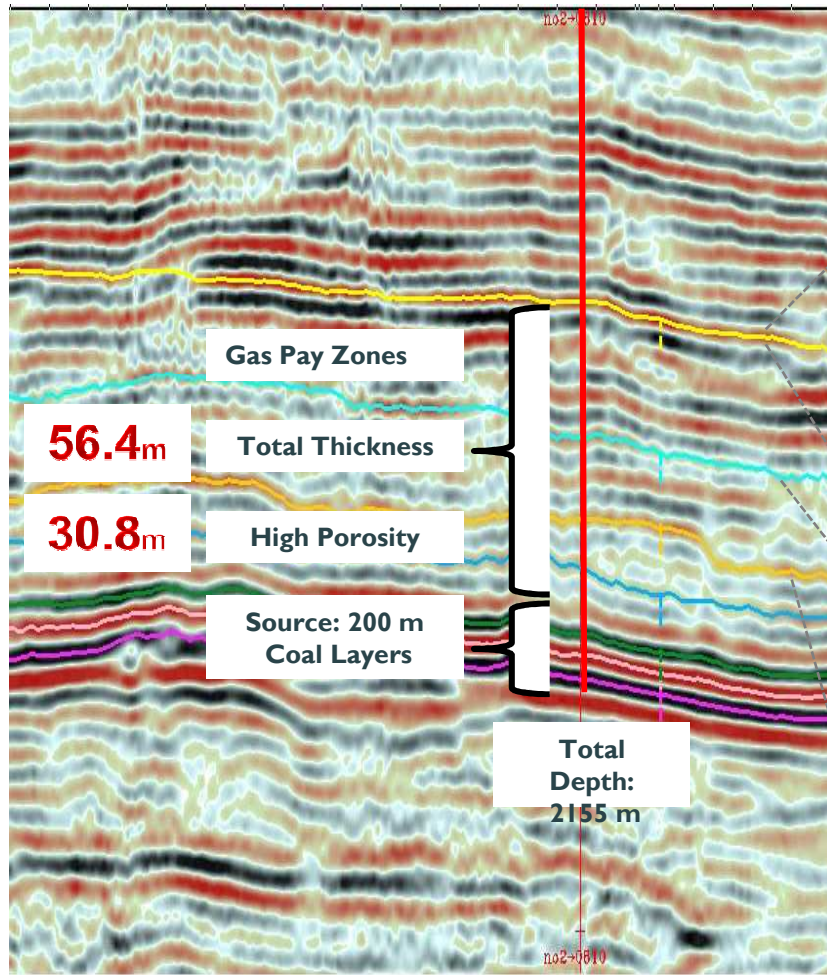
Drill Target 600 metre interval..



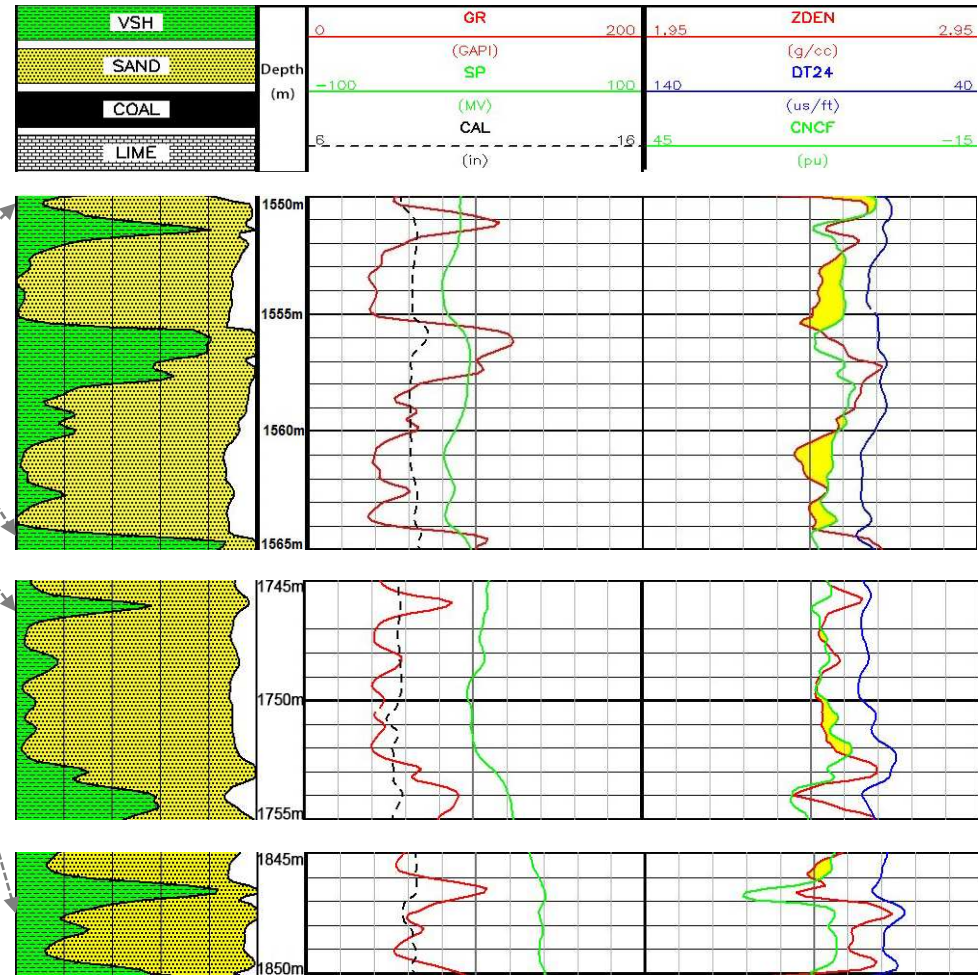
First well hits multiple Gas Pay Zones..



2D Seismic Profile

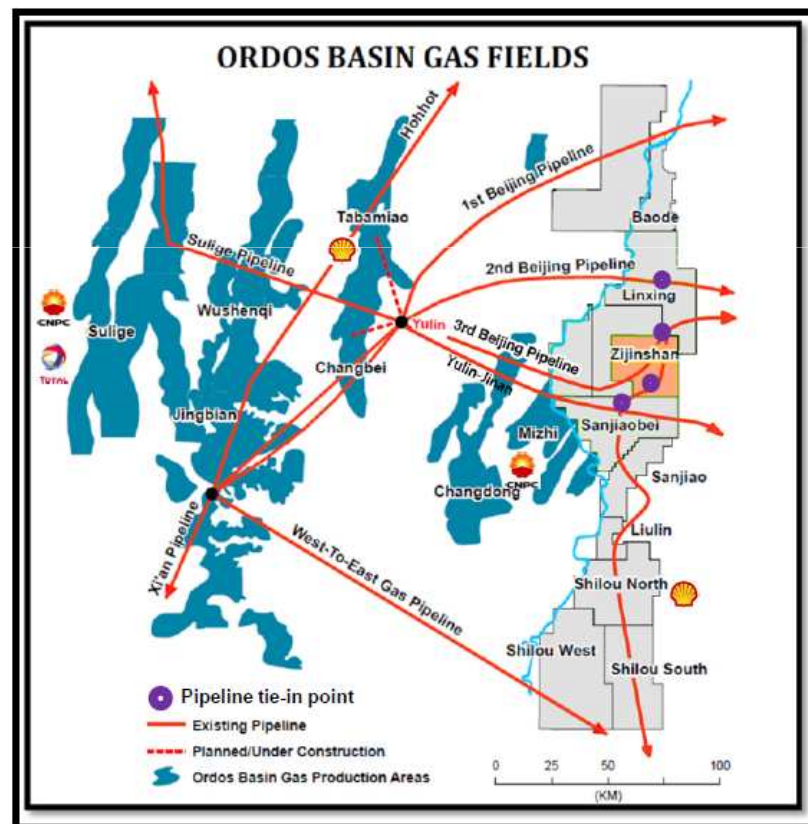


Wire Logging Graphs



Connect into Shanxi Network..

Shanxi Twelfth Five Year Plan: Major City Gasification Programme will increase demand by 2.5 times.



Local SOE's are the offtake customers:
Shanxi International Electricity Group and
Shanxi Guoxin Energy Development Group

Pipeline	Annual Capacity	Pressure	Diameter	Adjacent Tie-in Points	Owner
Shaanxi-BJ 1	3.3 bcm	6.3MPa	660mm	Ying County	CNPC
Shaanxi-BJ 2	17 bcm	10MPa	1016mm	Xing County	
Shaanxi-BJ 3	17 bcm	10MPa	1016mm	Lin County	
West-East	17 bcm	10MPa	1016mm	Pu County	SINOPEC
Yulin-Jinan	3 bcm	10MPa	711mm	Lin County, Lishi	
Lin-Lin	0.5 bcm	6.3MPa	508mm	Lin County	Shanxi Gas

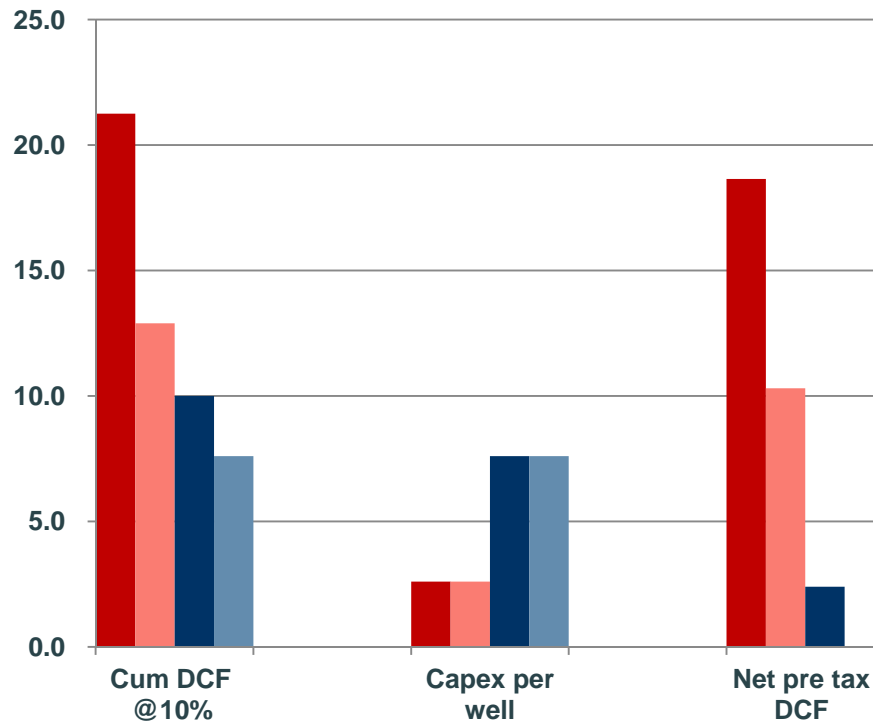
Higher Gas Prices and lower Lifting Costs..

“Ordos basin generally offers one of the highest potential IRR’s in China.”

RISC

Ordos v Eagle Ford (Per Well)

(US\$ Million)

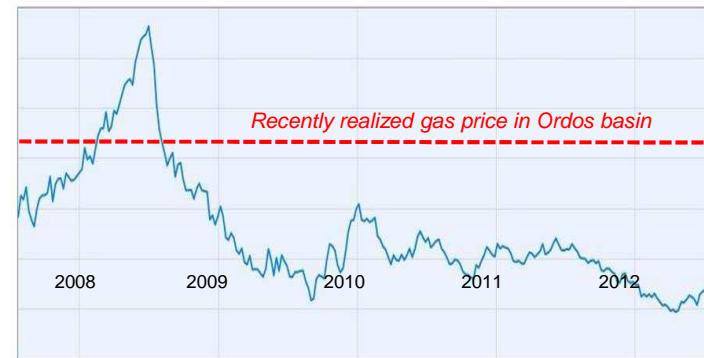


SEH.AX Patersons November 2012 :

- Av cost per well US\$2.1m (drill, frac & tie-in).
- Production 30+ years @ 2 bcf per well.
- Gas prices US\$7 mcf v Lifting costs US\$2 mcf.
- IRR per well of >49%.

Gas Price

(USD/mscf)



7.2

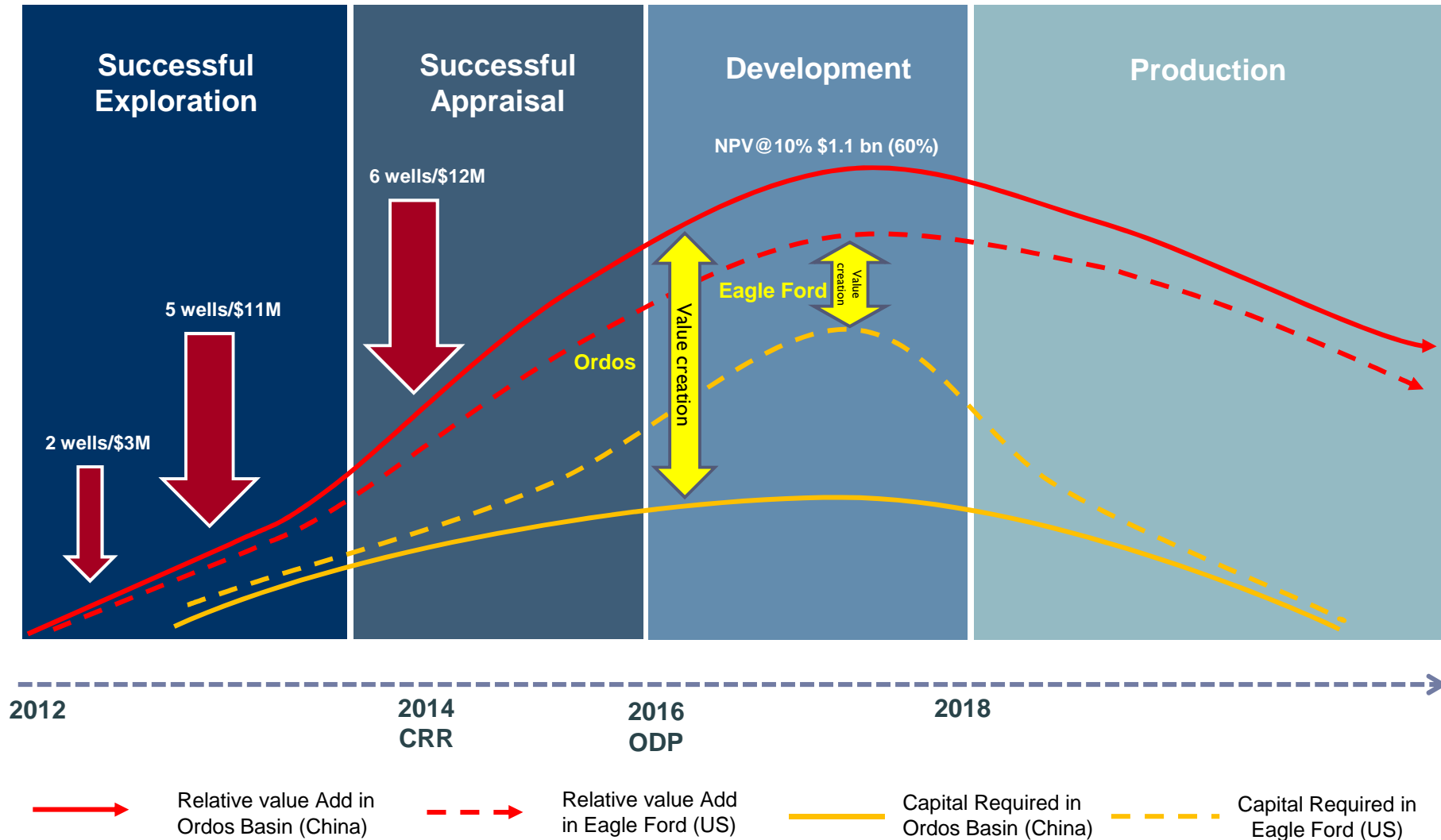
2.7

Henry Hub Ordos Basin



Fully Funded to Development..

CDB, StanChart, HSBC and SocGen all offer Reserve Based Finance at CRR



Supportive, Successful Shareholders

Major Shareholders have strong track record in successful investments.



“One of the earliest and most successful foreign funds to enter the Chinese market since 1992”

Management & Directors	15%
IDG	8%
Ian Middlemas	5%
W H Ireland	5%
Newmont Capital	5%
Other funds	~25%

Top 20 Shareholders own 67%.

Top 100 Shareholders own 82%.

Trading close to Cash Backing..

US\$50 Million Cash (retained profit from sale of China gold project).

LEYSHONRES FPO
 ■ LRLAX

23 Nov, 2012





Proven Beijing based management team investing US\$50 m (in retained profits)..

..to fully fund exploration and development of brownfields project in prolific Ordos Basin.

.. a major gas basin which has seen some spectacular recent discoveries.

.. connected to the world's fastest growing market for gas.

Enterprise Value of ~US\$15 million targeting NPV US\$ 1.1 billion asset value.

Tight, supportive ownership structure with very strong London backing.

Substantive Share Buy Back in place.



Inclusive Growth



LEYSHON

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Disclaimer

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