



17 September 2013

ZJS7 Well Drilling Completed

Leyshon Resources Limited (AIM/ASX:LRL) ("Leyshon" or the "Company") is pleased to announce that its wholly owned subsidiary Pacific Asia Petroleum Limited (PAPL) has completed the drilling and electric logging of well ZJS7, the Company's third well on its Zijinshan Gas Project on the eastern fringe of the prolific Ordos Gas Basin in Central China.

Well ZJS7 is located approximately three kilometres to the northeast of well ZJS5, in the central part of the 380 square kilometre central depression area. The well was drilled without safety incident to a total depth of 2,266 metres.

The analysis of logs and samples is ongoing, however initial results have indicated that multiple potential pay zones have been encountered, a number of which have exhibited relatively high porosity measurements. The potential pay zones intersected include deeper zones which are the main production horizons elsewhere in the Ordos Basin. A few of the zones have exhibited relatively low resistivity suggesting that water may be present.

Side core samples have been taken and a decision will be taken on which zones will be flow tested once the laboratory results and the final logging interpretation results have been received and analysed.

Overall the initial results have so far calibrated well with the recently acquired seismic data. The interpretation of the central depression area has been confirmed as relatively flat, bounded between the outline of a large magmatic intrusion in the west and regional scale faulting in the east, and rising slightly to the north.

Overall the programme remains at a relatively early stage in the exploration and appraisal phase of de-risking the project and accordingly each well will be fully evaluated before proceeding with the subsequent well which is likely to result in slower progress in the overall programme than originally planned.

Managing Director Paul Atherley commented:

"The intersection of further potential pay zones in Well ZJS7 is encouraging and once the laboratory results are received we will compare them with those from nearby well ZJS5 to determine the next step in the programme."

An assessment of the rate of progress of the ongoing programme will be undertaken once we have the full results from the latest well and we will advise as soon as it has been finalized and agreed with our partner.”

The Company is well placed to carry out its 2013 exploration and appraisal programme with a strong cash position of US\$38 million (unaudited) held mainly in US dollars. With 249 million ordinary shares in issue this represents approximately US\$ 15 cents per share, A\$17 cents per share and 10 pence per share. The cash position does not take into account interest due nor all of the current liabilities.

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Background

<http://www.leyshonresources.com>

Leyshon was on the ground in 2003 when China opened its mining sector to foreign investment. It has been fully engaged in China since then and has its main operating office located in Beijing.

China overtook the United States as the world's largest energy consumer in 2010, however on a per capita basis it still only consumes about 25% of the energy of the most developed nations. The government has recently described the country's increasing dependence on foreign energy sources as one of the "Grave challenges to energy security".

Its main policy response to this challenge is the rapid development of domestic unconventional gas resources, with a particularly focus on the Eastern Flank of the Ordos Basin. The aim is to rapidly increase the output of unconventional gas from the currently very low levels to an annual production of 6.5 billion cubic metres by 2015.

Leyshon, along with its partner China National Petroleum Corporation, is one of small number of companies exploring for and looking to develop unconventional gas production in the Eastern Flank of the Ordos Basin.

The qualified person, Frank Fu, who has reviewed this update, has 21 years' experience in the oil & gas industry and is a member of the Society of Petroleum Engineers.

Frank is currently the Chief Operations Officer for the Company based in the Beijing office. He holds a BS Geology and Exploration in Shanxi Mining College in Taiyuan, Shanxi. He joined the Company in 2012, having spent the majority of his career at Conocophillips in China and on its overseas gas and oil projects.