



30 April 2012

MARCH 2012 QUARTERLY REPORT

Leyshon Resources Limited (AIM/ASX: LRL) (the "Company") announces that during the quarter it has continued to progress its interest in a thermal coal project in Xinjiang, commenced due diligence on another energy asset in China and has completed a review of the rehabilitation and potential redevelopment of its wholly owned Mt Leyshon Gold Project in Queensland.

China Energy Assets

The Company has previously advised that it has completed a preliminary technical and legal due diligence review on a PRC entity that holds an exploration licence over a thermal coal project in the Western Chinese province of Xinjiang.

Management, together with its advisors, has completed the extensive regulatory and other consents which form the preconditions for the proposed transaction and is now engaged in commercial negotiations which it is aiming to bring to a conclusion in the near future.

Discussions and negotiations on joint venture arrangements have continued with a large state owned enterprise which, in the event of successful completion of the transaction, would become the Company's joint venture partner on the project.

Whilst the Company believes that the asset is attractive, in that it has the potential to meet its demanding internal investment criteria, it can give no assurance that these due diligence investigations, approval processes and/or commercial discussions will lead to the successful completion of the transaction.

In the course of the due diligence and extensive consultation and negotiations with various regulatory authorities and other influential organisations management has formed a very positive view on the country's growing energy demands, particularly from Central China.

The revised GDP growth target of 7% for the world's second biggest economy is best viewed in the context of the once in a decade leadership change scheduled for later in the year.

Management has had the benefit of discussions with senior economists, including one of the country's most prominent economists and a member of the People's Bank of China's Monetary Policy Committee, who regard this as a target which has been set to be exceeded. China has a recent history of this. It exceeded its GDP growth targets for the last two Five Year Plans and also for each year during this ten year period.

Whilst the rate of growth in the major centres of the coastal provinces has slowed since they topped US\$10,000 GDP per capita, the major urban centres of the provinces which make up Central China typically have a GDP per capita a fraction of this and are now experiencing the double digit growth rates their coastal counterparts previously enjoyed.

Chongqing, a metropolis of over 70 million people, experienced over 17% GDP growth in 2011 and is among a large number of fast emerging cities in Central China that are home to 500 million people that make up the world's fastest growing major economy.

The Company remains firmly of the view that in light of the expanding demand for all types of energy within Central China over the next ten years, high quality energy assets located close to infrastructure and within transport distance to this market will become increasingly valuable over time.

In light of this, management has expanded its search for energy assets in China and has commenced due diligence on an emerging energy asset which it believes has potentially significant merit in its own right but has the ability to complement the Company's potential coal acquisition in Xinjiang.

The Board is well aware that the process to complete an energy acquisition in China is taking time to reach a conclusion. Management has advised the Board that, based on its eight years of experience operating in the country, acquisitions of this nature are sensitive and that a conservative and patient approach is best advised until all aspects of the potential transaction have been materially finalized. It has also advised that in the current competitive environment the acquisition of high quality assets can be expected to take time to complete.

Mt Leyshon Gold Project

During the quarter management completed a detailed review of its wholly owned Mt Leyshon Gold Project. The project operated between 1987 and 2002 as an open pit gold mine producing over 2.5 million ounces of gold and 2.3 million ounces of silver and paid over \$300 million in dividends to its shareholders.

The site has been significantly rehabilitated. A Closure and Rehabilitation Plan was submitted during the quarter to the Department of Environment and Resource Management (DERM). Newmont is performing the rehabilitation on behalf of the company.

Newmont is one of the Company's largest shareholders and has a world class reputation for social responsibility. It became the first gold company to be admitted to the Dow Jones Sustainability World Index in 2007 and has remained there for the past four years.

The Mt Leyshon site has a stockpile of approximately 12-15 million tonnes of highly mineralised ball mill scats which as part of the closure plan are able to be reprocessed. A study in 2007 by consultants to Newmont concluded that treatment of the scats could produce over 100,000 ounces of gold and at a gold price of US\$780 per ounce would generate an operating surplus of \$25 million before capital.

Management has commissioned a review of the scats retreatment in light of current gold prices and conducted a review of the status of exploration of the 25 km² mining licence at the time of the mine's closure in 2002. The results show that although extensive work was done there was no follow up on some very interesting results due to the prevailing gold price of around US\$300 per ounce.

As a possible complement to the scats retreatment, management has identified three targets based on previous results that are worthy of follow up and one potentially large untested cross cutting structure. The targets include:

1. Mine Porphyry North: based largely on previous drilling which intersected 72 metres at 2.44 g/t Au.
2. Mine Porphyry South: which has a previously articulated Exploration Target¹ of 7 million tonnes at 2.4 g/t and a nine hole drill programme designed to test steeply dipping high grade shoots located due south of existing high grade shoots.
3. Golden Star: Previous drilling intersected gold mineralisation in veins and vein sets over intervals 30-100 metres with grades averaging around 1.1 g/t Au.
4. Mount Mawe East: A large untested cross-cutting structure with coincident geology, geochemistry and Induced Polarisation anomaly.

The Company has received a number of approaches from parties wishing to further test these targets with a view to developing additional economic resources at the project.

Management is mindful that any redevelopment will need take into account the Closure and Rehabilitation Plan and the requirements of DERM.

Cash Reserves

Whilst ensuring that adequate resources are applied at all times to the evaluation of every opportunity management is mindful of preserving cash reserves. At quarter end the Company had A\$52.0 million in cash, and is due A\$0.4 million in term deposit interest for a total of A\$52.4 million (GPB 33.6 million). This is equivalent to A\$ 21 cents per share (14 pence per share).

The Company has not purchased any shares under the previously announced on- market share buy-back.

For further information contact:

Leyshon Resources Limited

Paul Atherley - Managing Director

Tel: +86 137 1800 1914

patherley@leyshonresources.com

Seymour Pierce

Jonathan Wright (Nominated adviser)

Richard Redmayne (Corporate broking)

Tel: +44 (0)207 107 8000

<http://www.leyshonresources.com>

Background

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's latest Five Year Plan emphasizes the planned urbanisation of a large number of Central China's rural population into second and third tier cities lifting the urbanization rate by 4% to 51.5% of the overall population.

This will result in significant increases in infrastructure spending and power consumption. The Company is planning to invest in high quality energy assets in China to meet this growing demand.

Managing Director Paul Atherley is an Executive Committee member of the China Britain Business Council and serves on a number of European Union Chamber Working Groups including Energy, Environment, Carbon and Government Affairs.

COMPETENT PERSON'S STATEMENT

Comments relating to the exploration results and targets have been compiled by Mr Henry Tebar who is a member of the Australian Institute of Geoscientists. Mr Tebar was engaged as Exploration Manager at Leyshon Resources Limited at the time of compilation of this work and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

Mr Tebar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note 1: Exploration Target refers to a target for which the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration or test work will result in the determination of a Mineral Resource.