



## LEYSHON

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21 January 2010

### DECEMBER 2009 QUARTERLY REPORT

Leyshon Resources Limited (AIM/ASX: LRL) (Company) is pleased to report that during the quarter it completed the sale of its interest in the Zheng Guang project.

The sale was achieved with minimal associated costs and represents a gain of US\$20.2 million based on a total of US\$22.5 million invested into Zheng Guang since inception of the project. There were no advisory fees paid and legal and accountancy fees totalled US\$40,000.

As a result the Company now has approximately A\$48 million in cash and on term deposit in Australia and RMB1.98 million in Beijing. At current exchange rates this equates to approximately 12 pence per share (A\$0.22 per share).

Subsequent to quarter end, the Company announced its intention to commence an on market share buy-back of up to 21,800,000 fully paid ordinary shares. This equates to approximately 10% of the fully paid issued capital. Seymour Pierce in London and Blackswan Equities in Australia are handling the buy-back on the Company's behalf.

#### Investing Policy

At the Annual General Meeting held in November, the Company received overwhelming support for the divestment of Zheng Guang and the proposed Investing Policy with approximately 25% of the issued capital being voted and of this 97% voting in favour of all resolutions.

The main thrust of the policy was that:

*The Company proposes to draw on its six years experience in China and focus on acquiring and developing mineral and energy projects in those commodities and located in those countries which it believes will be of interest to Chinese mining and other groups for either offtake, partnership or sale.*

The Company has received over 50 projects for review and is actively reviewing those that are considered to have the potential to meet the Company's investment criteria.

Whilst the Company remains alive to a wide range of opportunities that meet the investment guidelines both within China and elsewhere, the current focus is on a broad region encompassing Northern China and Southern Mongolia and specifically targeting primarily Coking Coal and Iron Ore.

There is currently a strong focus on expanding Chinese domestic production of both Coking Coal and Iron Ore. The rate of development of regional infrastructure to facilitate this expansion is astonishing.

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The Company has quickly established excellent deal flow in these areas, building on existing long term relationships in some cases and in others creating the relationships and profile through introductions.

### **QHD Iron Mountain Project**

The Company has entered into a 51%:49% exploration and production joint venture with Qiqiha'r Tai Fu Trading Company Ltd on the QHD Iron Mountain project in the Tang Shan district of Hebei East China.

The Tang Shan district is one of the main iron mining districts in the East China Iron Belt. The industry is characterized by a large number of smaller operations mining magnetite from near surface Banded Iron Formation style deposits and processing through simple magnetic separation plants to produce smelter grade concentrate for sale at the mine gate.

Qiqiha'r Tai Fu Trading Company Ltd is a coal mining group from Heilongjiang that was one of the bidders for the Zheng Guang project and has been known to the Company for some time.

The Company is currently undertaking a 1500 metre drill programme following up coincident ground magnetics and surface rock chip and geological mapping it generated during December.

The programme has been hampered by freezing conditions (-25°C), but will continue through Chinese New Year and is expected to confirm the size of the potential resources, that the mineralogy is magnetite not hematite and provide samples for metallurgical testwork.

Completion of the programme and test work is expected to be in mid April.

### **Other Potential Joint Ventures**

The Company is actively working on a number of other joint venture opportunities in Coking Coal and Iron Ore that have the potential to fit the criteria set out in the proposed investing policy.

Managing Director Paul Atherley commented: *"Following the strong shareholder support for the Investing Policy, the Company will continue to be located in Beijing and will draw on its six years' experience in China to identify projects located in those countries and commodities which are of interest to Chinese groups."*

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