



ASX AND MEDIA RELEASE

MARCH 2005 QUARTERLY REPORT

Leyshon Resources Limited (“Leyshon”) (ASX : LRL) today reports on a quarter during which it prepared for a 10,000 metre diamond drilling programme at the Zheng Guang gold project in Heilongjiang, northeast China and made significant progress in advancing joint ventures in the Province and elsewhere in China.

Leyshon’s strategy is to target underexplored gold projects in Heilongjiang and elsewhere in China with a view to building an inventory of high grade gold resources through the application of the latest exploration techniques designed to fully test the potential of each project.

At the Zheng Guang project, the first to be tested under a Province wide agreement with the Heilongjiang Bureau of Geology and Mineral Resources (HLJ-BGMR), previous drilling has generated significant high grade gold results including bonanza grade intervals from a newly identified hydrothermal breccia unit. A 10,000 metre diamond drilling programme has been designed for the 2005 field season to delineate the known mineralization allowing the calculation of a JORC compliant resource estimate.

This resources estimate will be used as the basis for mine feasibility studies which are planned to commence towards the end of the drilling programme later in the year. In addition a number of additional resource targets have been identified on the exploration licence area which will be followed up during the programme.

Discussions have commenced with the HLJ-BGMR for the inclusion of additional exploration licences on strike from Zheng Guang Licence to test for epithermal and mesothermal targets in this highly mineralised structural corridor.

Leyshon now operates from its office in Beijing and uses this base to review opportunities for exploration and potential project development elsewhere in China and neighbouring Mongolia.

A placement of 20 million shares to London and Australian institutional investors raising A\$7 million was completed during the quarter. Shareholders approved the divestment of Leyshon’s Australian assets to Echelon Resources Limited, which is expected to list early May 2005.

For further information contact:

Paul Atherley - Managing Director

Tel: +86 10 8528 9256

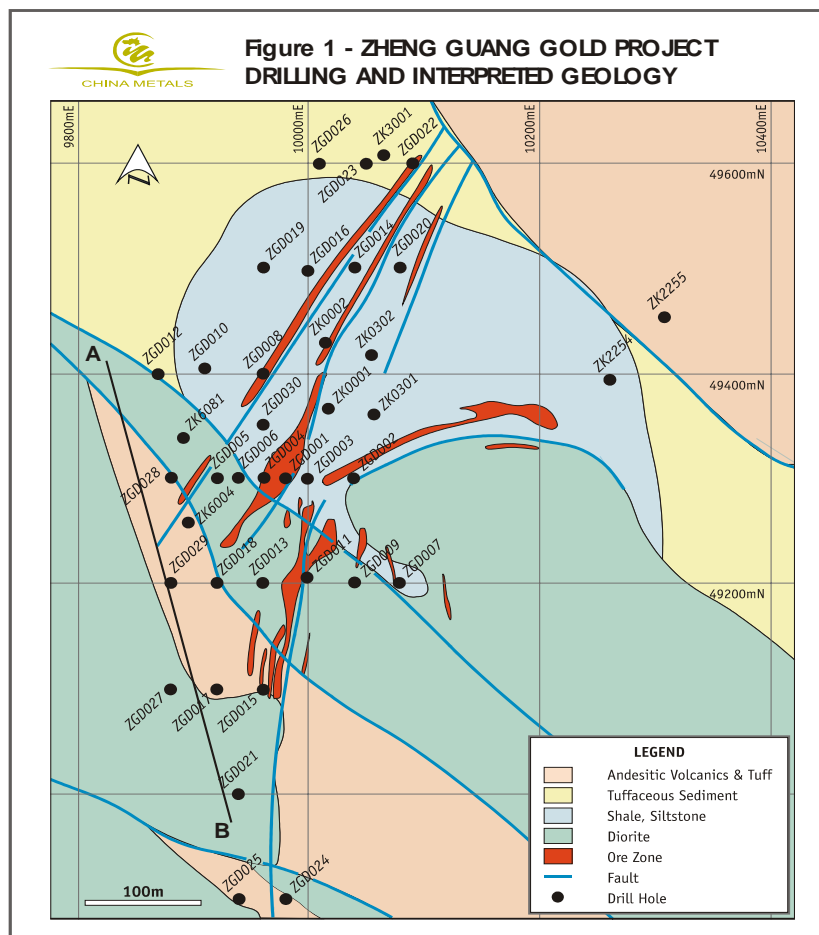
Mob: +86 137 1824 3763

Zheng Guang

Leyshon became one of the first foreign mining companies to establish a formal presence in the mineral rich province of Heilongjiang when it established the Sino foreign Joint Venture Company Black Dragon Mining Company Limited (Black Dragon) with the Heilongjiang Bureau of Geology and Mineral Resources (HLJ-BGMR). Leyshon is earning 70% of Black Dragon and has the right to increase its equity to 90%.

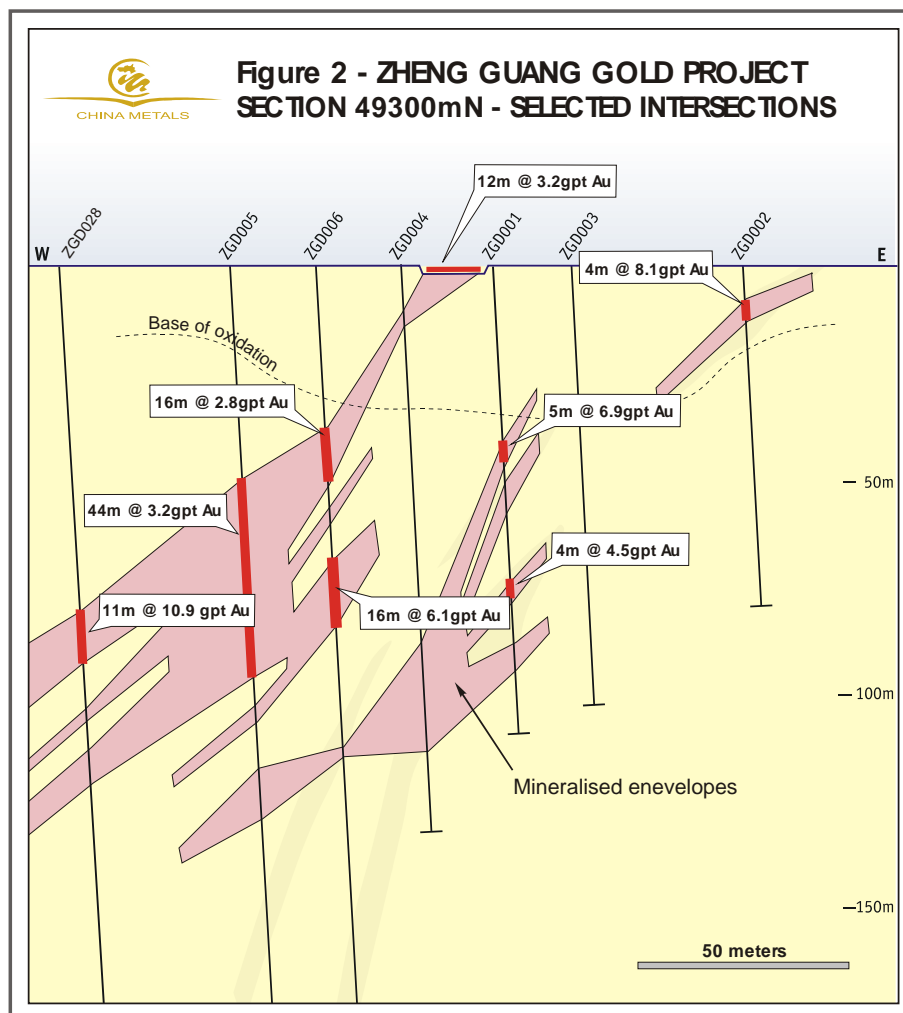
Work during the quarter focussed on the planning and preparation for the recommencement of exploration at Zheng Guang during 2005. An extensive programme consisting of 10,000m of diamond drilling is planned to follow-up the excellent intersections recorded in the main deposit during last year's exploration programme.

As previously reported, a number of strong gold results were generated throughout 2004 from diamond drilling completed within the central mineralized area including ZGD028 (11 metres @ 10.9 g/t Au), ZGD005 (44 metres @ 3.2 g/t Au) (Figures 1 and 2) and ZGD006 (16m @ 6.09gpt Au). The results are very encouraging and indicate that mineralisation is higher-grade than first anticipated, with excellent potential to extend along strike and at depth.



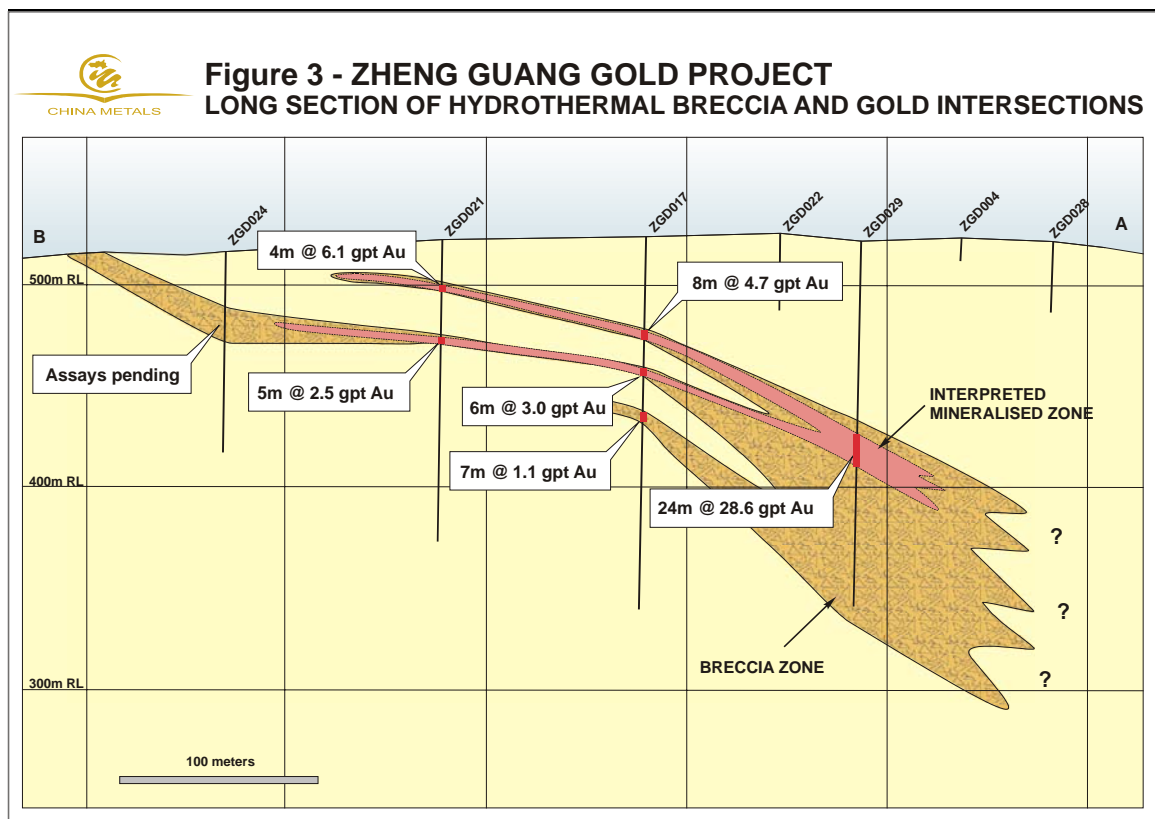
In addition, drilling in the west of the deposit also intersected a thick zone of intense hydrothermal brecciation containing abundant pyrite and base metal sulphides and reporting by far the highest grades seen to date.

Hole ZGD029 recorded an exceptional 24 metres @ 28.6 g/t Au, including 6 metres @ 93.0 g/t Au towards the hanging-wall of the breccia unit at about 90 metres below the surface. The intersection is down-dip from thinner breccia hosted intercepts including 2 metres @ 18.4 g/t Au, indicating that the breccia unit is rapidly thickening to the north and at depth.



The breccia unit has been traced for over 300 metres and appears to form an irregular pipe-like to sheeted structure that plunges shallowly north. Drill hole ZGD018 (Figure 1), located 40 metres east of ZGD029 recorded a previously reported intercept of 2 metres @ 18.4 g/t Au from 73 metres depth in similarly altered breccias, and is now believed to be the up-dip extent of the high grade zone.

It appears that the breccia unit and mineralisation is thickening down plunge and that, even over short strike lengths, it has the potential to add substantial high-grade ounces to the deposit with further drilling.



At the Zheng Guang North prospect, 1 kilometre north of the main deposit, highly encouraging results have been received from recent shallow trenching including 6 metres @ 6.2 g/t Au from three newly discovered zones of strongly altered material. The new zones are un-drilled and remain open and untested along strike.

The Zheng Guang deposit has been tested over a strike length of 700 metres with results to date confirming the higher than expected tenor of the gold system and, with the recently defined breccia mineralisation, confirmed the potential to significantly increase high-grade mineralisation in the area and the overall grade of the deposit.

Drilling is planned to recommence by June 2005, with the initial focus on testing the dip and plunge potential of the breccia zone and the higher grade vein mineralization, to expand known mineralization and allow the calculation of a JORC compliant resource as a precursor to mine feasibility studies planned to commence later this year.

In addition a number of resource targets have been identified on the Zheng Guang licence area and these will be followed up in the proposed programme. Discussions have commenced with the HLJ-BGMR for the inclusion of additional exploration licences on strike from Zheng Guang Licence to test for epithermal and mesothermal targets in this highly mineralised structural corridor.

Duobaoshan

Discussions continue with both the joint venture partner Heilongjiang Bureau of Geology and Mineral Resources and the Heilongjiang Department of Land and Resources on the appropriate development strategy for this large undeveloped copper project. Leyshon has completed extensive database compilation on data from over 167 kilometres of diamond

drilling and is now seeking agreement on the strategic direction for the project before embarking on extensive testwork programmes which will form the basis of feasibility studies.

Other Joint Ventures and New Business Opportunities

Leyshon continues to make significant progress in advancing its interests in the high grade gold projects identified in its review of Heilongjiang.

Following a positive response to the establishment of the Beijing office and relocation of the Managing Director to China, new business opportunities and deal flow have increased. Leyshon is now able to assess and act on new projects in a timely manner.

This was evident during the March 2005 quarter, where due to seasonal factors there has been limited field activity in Heilongjiang, the Company has taken the opportunity of evaluating various advanced high grade gold projects presented to it in China and neighbouring Mongolia.

A number of these projects remain of interest to Leyshon, and discussions are continuing with the relevant parties.

Establishment of Office in Beijing

As discussed above, Leyshon has established an executive office in Beijing from where it now manages all its operations and the majority of its administrative functions. Managing Director Paul Atherley has relocated to Beijing. The intention is for the Company to build a local profile allowing it to rapidly respond to investment opportunities and to take full advantage of low Chinese operating costs in the majority of its activities.

Australian Exploration Assets

Due to seasonal factors, exploration work undertaken during the March quarter on the Australian projects was limited to desktop reviews and planning for future drilling programmes.

Shareholder approval for the divestment of Leyshon's Australian exploration interests into Echelon Resources Limited was received on 24 January and has now been completed. The divestment allows Leyshon to focus exclusively on the development of its interests in China. Echelon is expected to list on the ASX in early May 2005.

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 2005

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		18
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(391)	(1,074)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	163	331
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Business development	(142)	(181)
Net Operating Cash Flows	(853)	(1,742)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		(8)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Performance deposit / security bonds		(406)
Net investing cash flows	-	(414)
1.13 Total operating and investing cash flows (carried forward)	(853)	(2,156)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(853)	(2,156)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,400	7,203
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 – capital raising costs	(171)	(171)
	Net financing cash flows	1,229	7,032
	Net increase (decrease) in cash held	376	4,876
1.20	Cash at beginning of quarter/year to date	11,463	6,963
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	11,839	11,839

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	163
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 executive remuneration, 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	750
4.2 Development	-
Total	750

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	2,546	6,082
5.2 Deposits at call	9,293	5,381
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	11,839	11,463

+ See chapter 19 for defined terms.

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	Kidston Project*	Joint Venture	Earn in up to 70%	Nil
		Carpentaria Project*	Joint Venture	Earn in up to 70%	Nil
		Eastern Succession*	Joint Venture	Diluting to 49%	Nil
		Granite Corner*	Joint Venture	Diluting to 49%	Nil
		Exco Joint Venture*	Joint Venture	Diluting to 49%	Nil
		Fenian Project*	Joint Venture	Diluting to 30%	Nil
		Cloncurry Project*	Applications	100%#	Nil
	<i>*Projects sold to Echelon Resources Ltd pursuant to a demerger plan approved by shareholders in January 2005</i>		<i>#Held on trust pending grant</i>		
6.2	Interests in mining tenements acquired or increased	None	-	-	

+ 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>	1,000	-	Not Applicable	Not Applicable
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	131,466,558	131,466,558	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,000,000	4,000,000	\$0.35	
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>	10,000,000	-	<i>Exercise price</i> \$0.20 each	<i>Expiry date</i> 30 June 2007
	8,500,000	-	\$0.30 each	30 June 2007
	2,700,000		\$0.35 each	31 Dec 2007
7.8 Issued during quarter	2,700,000	-	\$0.35 each	31 Dec 2007
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: 29 April 2005
(~~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.

== == == == ==

+ See chapter 19 for defined terms.