



ASX AND MEDIA RELEASE SEPTEMBER 2005 QUARTERLY REPORT

Leyshon Resources Limited (“Leyshon” or “the Company”) (ASX : LRL) is pleased to present its Quarterly Report for the period ending 30 September 2005.

During the quarter an expanded diamond drilling programme was completed at the Zheng Guang gold project in Heilongjiang, northeast China and assay results are expected within the next few weeks.

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

Following last year’s highly successful 4,500 metre diamond drilling programme at Zheng Guang, a 10,000 metre follow up programme commenced in August designed to delineate the project’s immediate resource potential. The overall programme, which is now complete, increased to around 12,100 metres.

Two additional rigs with shallow angle drilling and larger core capacity were mobilised to test a large proportion of the higher grade mineralization comprised in steeply east-dipping veins within the west dipping faults. These angled holes, drilled both across and down the dip of the primary west dipping faults, have confirmed the presence of zones, dense vein networks and intersected new east-west striking mineralized veins not recognized in previous work. Assay results on this drilling are expected within the next few weeks.

The drilling has confirmed the overall size of the Zheng Guang system and highlighted areas for potential expansion, particularly to the north-west. The results will be used as the basis for Feasibility Studies due to commence shortly.

The Company lodged the necessary documentation for its admission onto the London Stock Exchange’s AIM market and trading in the Company’s securities commenced on 26 October.

Leyshon has its main operational office in Beijing and uses this base to review opportunities for exploration and potential project development elsewhere in China and neighbouring Mongolia.

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Zheng Guang Gold Project

Diamond drilling of the Zheng Guang gold project commenced in early August. The programme was designed to infill drill mineralized blocks defined in the 2004 drill programme, test for extensions at depth and along strike and to gain a better understanding of the complex geometry of the mineralized system.

An initial programme of 10,000 metres of diamond drilling was planned and by the end of the quarter 8,270 metres of drilling in 52 holes has been completed by 6 rigs from the Heilongjiang Bureau of Geology and Mineral Resources ("HLJBGMR"). Productivity from these rigs has been substantially better than planned with good core recoveries and no safety issues recorded.

During the early part of the programme it was recognised that a large proportion of high-grade zones were associated with north-south striking, steeply dipping quartz-sulphide veins, generally confined by shallowly west dipping faults. As the HLJBGMR rigs are limited to drilling near vertical holes, they cannot adequately define either the geometry or the density of the steeply dipping veins. This resulted in holes often drilling almost parallel to high-grade veins which may skew the interpreted grade and thickness of the predicted mineralized blocks. The HLJBGMR holes may have also drilled between the high-grade veins thereby potentially underestimating the block grades and size.

To investigate this, two additional rigs with shallow-angle drilling capacity were mobilized late in the quarter from a Beijing based group, Sinorex Resources and Environmental Engineering to drill approximately 2,000 metres of oriented diamond core into key areas.

The angled holes have been drilled down and across the dip of the primary west dipping faults into zones where steeply dipping veins have been previously recorded. Preliminary logging and core orientations have confirmed a high density of generally thin veins in some areas (at times almost stockwork in nature), confirmed the complexity and significant pinching and swelling of high grade blocks, particularly to the west, at depth, and defined a new, previously unrecognised set of high-grade, steeply dipping, east-west oriented veins that appear associated with the previously announced high-grade breccia intersection in ZGD0029 (24m @ 28.6 gpt Au).

This expanded programme totaling in excess of 12,100 metres has been completed subsequent to quarter end. Whilst assay results are yet to be received from the angled drilling, it is clear that the newly intersected east-west veins may form an important new style of mineralization that has not yet been tested and may repeat in other parts of the Zheng Guang mineralized system.

Assays have been received for 637 samples, or less than one quarter of that expected from the programme. A summary of results received to date are provided in Table 1. High grade intersections have been recorded, but it is too early in the programme to define the significance of these.



Figure 1 – Sinorex rig (yellow) with HLJBGMR rigs in the background

Table 1. Selected drilling results from Zheng Guang

Hole Number	Co-ordinate (northing)	Co-ordinate (easting)	From (m)	To (m)	Interval (m)	Gold Grade (gpt Au)
ZGD032	9,900	49,200	46.0	49.0	3.0	2.6
ZGD034	9,840	49,300	147.0	149.0	2.0	3.8
			164.0	166.0	2.0	9.1
ZGD035	9,860	49,200	62.0	70.0	8.0	1.6
ZGD036	9,855	49,250	54.0	58.0	4.0	2.9
			62.0	64.0	2.0	6.9
			135.0	141.0	6.0	1.7
ZGD037	9,900	49,150	107.0	110.0	3.0	4.1
ZGD038	9,800	49,300	107.0	118.0	11.0	3.7
			121.0	127.0	6.0	1.8
			158.0	167.0	9.0	3.7
ZGD039	9,840	49,200	56.0	68.0	12.0	9.1
ZGD040	9,815	49,250	121.0	126.0	5.0	2.9
			160.0	165.0	5.0	6.4
ZGD045	9,695	49,250	253.0	257.0	4.0	4.0
			413.0	415.0	2.0	4.3
ZGD047	9,840	49,100	147.0	149.0	2.0	10.1

Note – These are preliminary results.

Cutting and assaying the large amount of mineralized core now currently being logged is continuing. Commencement of 3D geological modeling, completion of metallurgical domaining and sampling in preparation for metallurgical test work is currently underway.

Feasibility Studies will commence once the final assays and the metallurgical testwork results are received.

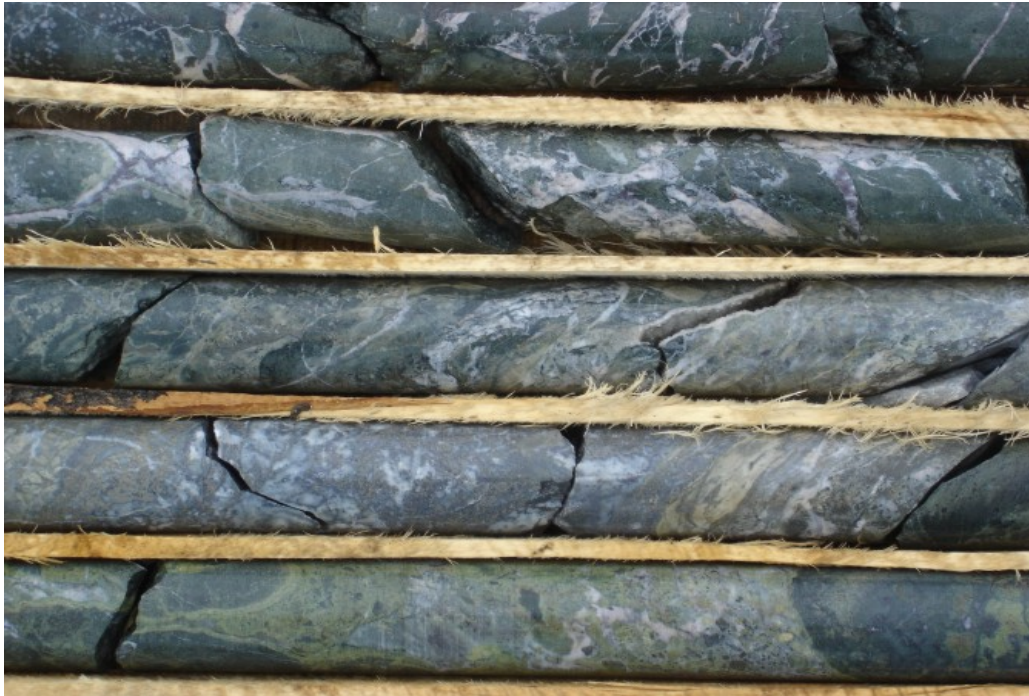


Figure 2 – High-grade vein mineralization

Background to the Zheng Guang Gold Project

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 HLJBGMR. Leyshon is earning 70% of Black Dragon and has the right to increase its equity to 90%.

Duobaoshan Copper Project

The Company has a joint venture agreement with the HLJBGMR for the development of Duobaoshan. The Company is aware that during this period of strong copper prices and demand for copper concentrates in China, two Chinese companies have also made a development proposal for the project.

It is the Company's view that the work it has undertaken on the project over the past two years and its relationship with the HLJBGMR (the same partner it has for the Zheng Guang gold project) puts the Company in a strong position for it to be considered to participate in the development of the project, preferably as a member of a consortium made up of the Chinese companies, the HLJBGMR and Leyshon. The Company has commissioned Ausenco to undertake a scoping study on the project to enable it to determine whether to proceed with a development proposal.

New Business Opportunities

The Company continues to evaluate a number of acquisition and development opportunities both within China and its neighbouring countries taking advantage of its operating base in Beijing and knowledge gained operating in the country over the past two years.

Corporate

The Company lodged the necessary documentation for its admission onto the London Stock Exchange's AIM market and trading in the Company's securities commenced on 26 October.

Leyshon has the majority of its institutional shareholders based in London and expects that its future capital requirements will be met from this market. This provides a further competitive advantage for attracting and completing new business opportunities in China, which are often seeking access to European capital markets.

Future changes to the Board are expected which will reflect the orientation of the Company to London and China. In line with this, Non Executive Director Mr Gary Pearce resigned during the quarter and his contribution to the Company's recent achievements is noted and appreciated.

The Company has appointed Seymour Pierce as its nominated advisor and broker, a leading provider of corporate broking and corporate finance to listed companies.

Geological Information

The information in this report relating to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Greg Jones, a full time employee of the Company, who is a member of the Australasian Institute of Mining and Metallurgy.

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

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")

30 September 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,411)	(1,411)
(b) development	-	-
(c) production	-	-
(d) administration	(387)	(387)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	112	112
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Business development	(69)	(69)
Net Operating Cash Flows	(1,755)	(1,755)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
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		
- Security bonds	2	2
Net investing cash flows	(1)	(1)
1.13 Total operating and investing cash flows (carried forward)	(1,756)	(1,756)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,756)	(1,756)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,756)	(1,756)
1.20	Cash at beginning of quarter/year to date	9,489	9,489
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,733	7,733

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	102
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	1,209	1,571
5.2 Deposits at call	6,524	7,918
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,733	9,489

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	None	-	-	-
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				
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				
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: 31 October 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.

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