



## **ASX, AIM AND MEDIA RELEASE MARCH 2006 QUARTERLY REPORT**

Leyshon Resources Limited (“Leyshon” or “the Company”) (ASX and AIM: LRL) is today pleased to present its Quarterly Report for the period ending 31 March 2006.

Final results were received from the 12,100 metre diamond drilling programme at the Zheng Guang gold project, and included further high grade gold intersections and extremely encouraging results for zinc and silver. Significant base metal (zinc, lead and copper) and silver associations have been encountered, highlighting a positive association with the strongly gold mineralized northwest- trending structures,

The Company is currently awaiting resource and grade estimation results on Zheng Guang from independent resource consultants Hellman and Schofield.

The 2006 exploration program for Zheng Guang is currently being finalised to focus on oxide and transition mineralization, high grade gold-zinc-silver mineralization associated with the NW corridor, gaining a greater understanding of the structural controls, and regional exploration aimed at locating additional drill targets.

Leyshon has firmly established its presence in China over the past two years and is pioneering the opening up of the mineral rich province of Heilongjiang to modern exploration techniques and foreign investment. Leyshon has its main operational office in Beijing and uses this base to review opportunities for acquisition and development elsewhere in China and its neighbouring countries.

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## MARCH 2006 QUARTERLY REPORT

### Zheng Guang Gold Project

The final assays from the 2005 diamond drilling program were received in early January and were reported to shareholders on January 17, 2006. Significant results are summarised in the following table.

Hole ID	Sample Interval		Width (m)	Au ppm	Ag ppm	Pb %	Zn %
	From (m)	To (m)					
ZGD039	56	68	12	9.11	15	0.74	1.95
ZGD049	231	251	20	3.52	22	0.09	3.20
ZGD064	112	126	14	4.32	22	0.13	2.69
	137	145	8	7.84	45	0.61	4.25
	164	173	9	5.78	36	0.05	3.84
ZGD074	72	90	18	3.74	19	0.60	1.15
	103	120	17	4.45	13	0.31	0.66
ZGD079	71	77	6	14.62	30	0.03	1.13
	134	141	7	5.71	41	0.06	2.76
ZGD085	42	51	9	4.28	21	1.08	1.55
	80	90	10	4.74	19	0.43	0.69
ZGD086	103	111	8	5.41	10	0.33	0.62
ZGD090	156	178	22	2.58	9	0.14	1.27
ZGD100	66	72	6	23.76	33	0.63	1.56
	84	88	4	33.87	42	1.47	1.98

Notes:

- (1) This is a summary of results only. Refer to ASX announcement dated 17 January 2006 for a full copy of the full release including high-grade intercepts.
- (2) Assays of Au analysis by Aqua-Regia digest and AAS determination on 50gm charge at Qiqihar BGMR Laboratories. Maximum 2m of internal dilution, 0.5g/t cut-off grade; and no top-cut value applied.

### Quality Control

As part of the Company's continual aim to meet or exceed international best practices, internal and external reviews of sampling procedures were carried out in 2005. The external field audit was carried out by Maxwell GeoServices ("Maxwell"), WA. The audit looked at sample handling procedures as well as inspection visits to both the Qiqihar and SGS laboratories.

All core samples were split using a diamond saw. One half was dispatched for analysis and one half kept as reference. For the 183 samples selected for metallurgical testing, the core was halved and one half was quarter cored. The half core was sent for metallurgical testing and of the other half, one part of the quarter core was sent for analysis and the remainder kept as a reference.

During 2005, a total of 3337 samples sent to the Qiqihar laboratory for Au, Ag, Cu, Pb, Zn and As assaying.

One in ten samples sent to Qiqihar laboratory was either standard or blank pulp, or blank core.

One in three samples were sent to SGS in Tanjian, China for check assaying. The selection criteria for the samples to be sent to SGS was:

- All Qiqihar samples that assayed equal to or above 1ppm gold.
- All samples that had high base metal assays (based on the strong basemetal/gold association)
- Between 1 in 10 and 1 in 5 of the remaining samples.

The final check assays were received during the quarter. The results showed good reproducibility with SGS gold assays being slightly higher than that achieved by the Qiqihar laboratory. This is believed to be due to Qiqihar using aqua regia digest versus fire assay by SGS.

## **Resource Modelling**

With field activities curtailed because of winter, a review was undertaken of the data generated during the 2005 and 2004 exploration programs. The aim was to better understand mineralisation controls as well as to generate a geological model in preparation for resource modelling and grade estimation calculations.

Maxwell's conducted an audit of the database which was then provided to independent resource consultants Hellman and Schofield Pty Ltd. Results of Hellman and Schofield's modeling and grade estimation are expected shortly.

## **2006 Exploration Program**

Given the current increased pace of development plans, the 2006 exploration program will be focussing on the following:

- Oxide and transition mineralisation. Given that this material will be mined during the first few years of planned mining operations, drilling activities will be aimed at achieving greater certainty with regard to grade, tonnage and metallurgical recovery. A close-spaced drilling program is being planned, possibly using a RAB drill.
- High-grade gold-silver-zinc mineralisation associated with the NW corridor. This was discovered during the 2005 exploration program and further drilling is needed to define the extent and grade of the mineralisation.

- Veins were intersected on the 49,400N and 49,450N lines that appear to be shallowing. These form part of the NW mineralised corridor and may contain higher-grade oxide mineralisation.
- Greater understanding of the structural controls on mineralisation is required both for upgrading resource confidence and for delineating new areas of mineralisation.
- Regional exploration aimed at locating additional drill targets.

### **Duobaoshan Copper Project**

The Company is awaiting the outcome of a scoping study being undertaken by Ausenco to enable it to determine whether it wishes to proceed with a development proposal for this project.

### **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 from working in the country over the past two years.

### ***Geological Information***

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

*Mr Wilson 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 Wilson 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")

31 March 2006

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(215)	(2,661)
(b) development	-	-
(c) production	-	-
(d) administration	(390)	(1,304)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	74	278
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Business development	(80)	(304)
<b>Net Operating Cash Flows</b>	<b>(611)</b>	<b>(3,991)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(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	10	12
<b>Net investing cash flows</b>	<b>10</b>	<b>9</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(601)</b>	<b>(3,982)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(601)	(3,982)
	<b>Cash flows related to financing activities</b>		
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(601)	(3,982)
1.20	Cash at beginning of quarter/year to date	6,126	9,489
1.21	Exchange rate adjustments to item 1.20	(6)	12
1.22	<b>Cash at end of quarter</b>	5,519	5,519

**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	126
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	500
4.2 Development	-
<b>Total</b>	<b>500</b>

### 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	941	618
5.2 Deposits at call	4,578	5,508
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,519</b>	<b>6,126</b>

### 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 <b>Preference +securities</b> <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 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 28 April 2006  
(~~Director~~/Company secretary)

Print name: STACEY APOSTOLOU

## 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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