



SEPTEMBER 2006 QUARTERLY REPORT

Rapidly Advancing Zheng Guang Gold Project To Development Status

Leyshon Resources Limited (ASX/AIM: LRL) is pleased to report that further progress has been made during the quarter in advancing the Zheng Guang project as the first ever Sino Foreign owned gold mine in the mineral rich province of Heilongjiang, northeast China.

Leyshon is pioneering the exploration and development of a major unexplored mesothermal gold belt bordering Russia's Amur Province, which has produced over 20 million ounces of gold mainly from alluvial sources.

This year's drill programme is Heilongjiang's largest in recent years and comprises over 10,000 metres of diamond drilling and 20,000 metres of reverse circulation drilling and is following up the highly successful 21,000 metres of drilling undertaken in 2004 and 2005.

The diamond drill programme is expected to be completed late October 2006 and to date assay results from 19 of the 50 holes drilled have been released. The results so far have reported extensions of the Main Ore Zone to the North West and to the South and a thickening of the mineralisation as it extends down dip.

Together with these broad zones of mineralisation a number of high grade gold and zinc intersections and have been reported including the intersection of a bonanza grade epithermal gold vein in hole ZGD113 located 200 metres to the north west of the Main Ore Zone grading 600.75 g/t gold, 445 g/t silver and 5.34% zinc which equates to approximately 19 ounces gold, 14 ounces silver and over 5% zinc per tonne.

A 20,000 metre reverse circulation programme is underway testing the economically significant shallow oxide resources which occur in the top 30 metres over much of the Main Ore Zone and elsewhere on the licence. The programme is expected to be completed during November.

This year's programmes are expected to significantly increase the initial JORC compliant inferred resource estimate of 930,000 ounces gold, 64,000 tonnes zinc and 2.6 million ounces silver (equivalent to 1.2 million ounces of gold based on 1 g/t gold = 1% zinc).

Mine Development Studies by Australian and Chinese consultants are well underway. Hydrological, geotechnical and environmental drilling and field work programmes have also been commissioned and are underway.

Leyshon's partner, the Qiqiha'er Brigade of the Heilongjiang Bureau of Geology and Mineral Resources, one of the largest organizations of its kind in China, is providing a range of services to the joint venture from its complement of 4,000 technical staff, drill rigs, laboratory and other technical facilities. This valuable support is enabling the project to rapidly move ahead on an extremely cost effective basis.

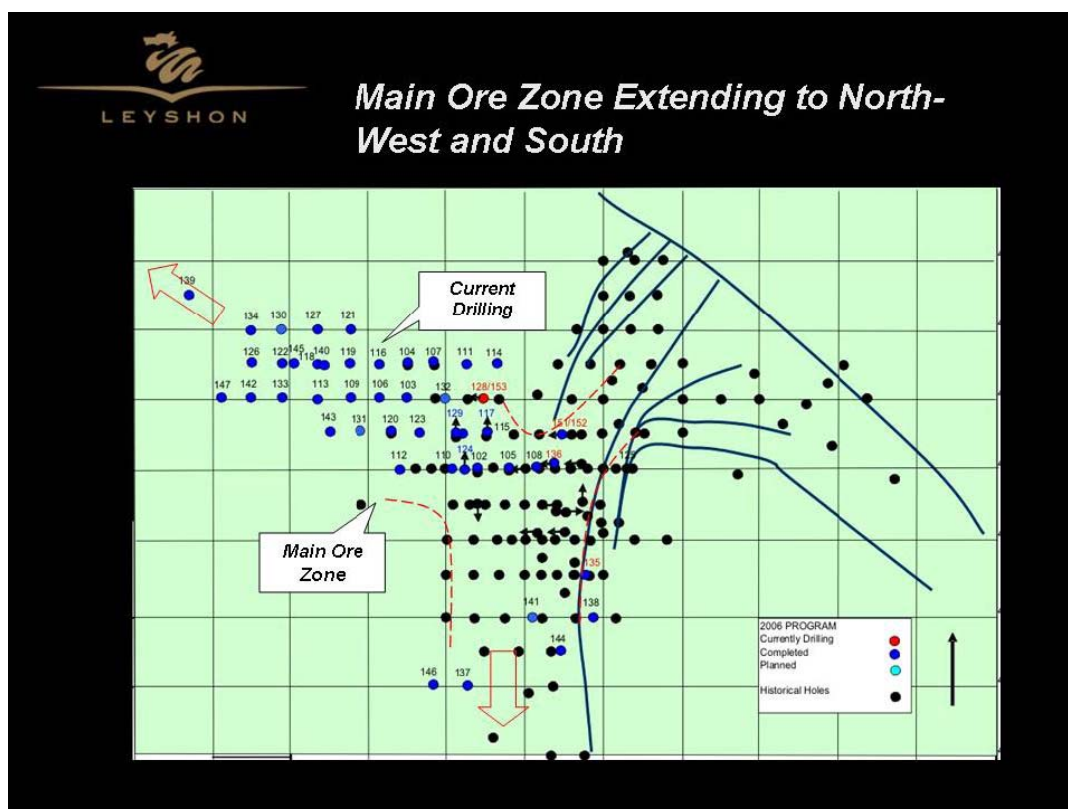
Leyshon created the province's first Sino Foreign Mining Joint Venture in January 2004 and has earned a 70% interest in the project which was a greenfields discovery in 2000. In April, a 20 year agreement was entered into with Qiqiha'er Brigade which sets out the terms under which the joint venture company will explore, finance and develop the project.

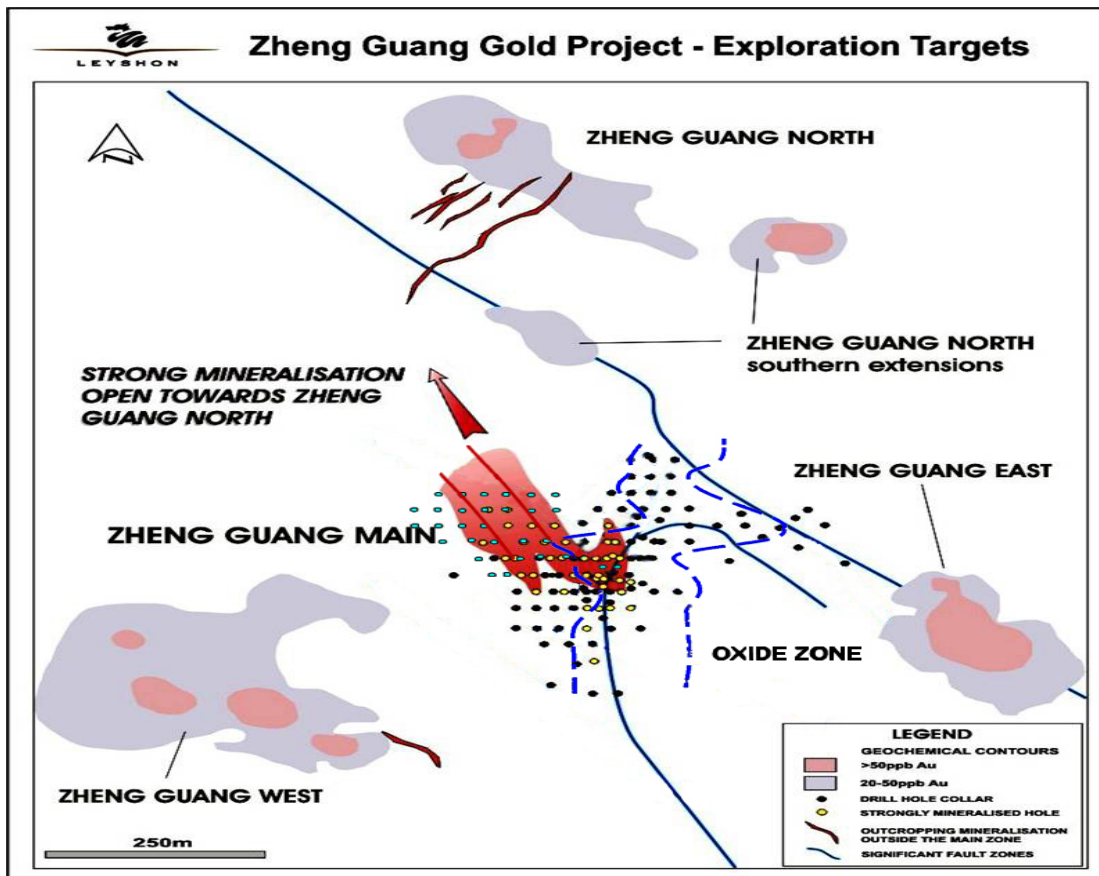
Leyshon is continuing to evaluate gold project acquisition opportunities elsewhere in China and its neighbouring countries. It has its main operating office in Beijing and remains one of the very few foreign mining companies with its Chairman, Managing Director and Chief Operating Officer all based in China .

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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.