



29 April 2011

MARCH 2011 QUARTERLY REPORT

Leyshon Resources Limited (AIM/ASX: LRL) (Company) announces that during the quarter it continued to review, and is continuing to undertake due diligence on a number of project investment opportunities, some of which have the potential to meet the Company's investment criteria.

The Company has completed a preliminary technical and legal due diligence review on an entity that holds an exploration licence over a thermal coal project in the western Chinese province of Xinjiang. Technical data collated during the review is currently being compiled and assessed by the Company's independent technical experts in Australia.

The preliminary review has indicated that the asset has the potential to meet the Company's investment criteria and the Company has commenced commercial discussions with the vendor.

As previously announced, the Company has applied for five licences in South West Mongolia. The Mongolian government tender process, which involves a large number of licences and applications by other companies, did not commence in December 2010 as planned. The Company continues to monitor developments.

The Company has completed a detailed due diligence exploration programme on a gold project located in a historic mining district in north-west Xinjiang and has declined to progress its interest in this asset.

The Company continues to generate investment proposals from many locations around the world and it actively considers each one in light of its competitive advantage of being located in Beijing and able to access the Chinese end user market.

The Company remains diligent in its assessment of assets at all times and is therefore prepared to commit significant expenditure on due diligence and other studies before committing to a transaction. The Company can give no assurance that these due diligence investigations and/or discussions will successfully conclude in an acquisition.

At quarter end, the Company had A\$53.1 million in cash, and is due A\$1.3 million in term deposit interest for a total of A\$54.4 million. This is equivalent to 22 A\$ cents per share and 14 pence per share.

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Background

Leyshon was on the ground in 2003 when China opened its mining sector to foreign investment. It has been fully engaged in China since then and has its main operating office located in Beijing.

China's latest Five Year Plan emphasizes Inclusive Growth which entails the planned urbanization of a large number of Western China's rural population into second and third tier cities. This will result in significant increases in power consumption and infrastructure spending.

The Company is planning to invest in high quality coal assets in Xinjiang which will sell into the escalating demand for thermal and metallurgical coal across China over the next ten years.