



30 January 2015

Quarterly Report December 2014

Leyshon Resources Limited (AIM/ASX: LRL) ("Leyshon" or the "Company") activities during the quarter primarily focused on the proposed transaction with International Tungsten Services Limited.

International Tungsten Services Transaction

On the 20 November 2014, the Company signed a Heads of Agreement for a proposed transaction to acquire a 50.1% interest in International Tungsten Services Limited ("ITS"), a private Korean company. In return for its 50.1% interest in ITS, Leyshon Resources would provide management and corporate expertise, arrange funding of US\$13.5 million for the on-going development of the project, and provide an initial unsecured loan of US\$500,000 to ITS. The loan was to provide working capital and on an interest free basis and be and repayable in 12 months.

Subsequent to the end of the quarter, the Company wishes to advise that it is no longer pursuing the transaction with ITS due to a number of factors including declining tungsten prices and the expanding project timetable, which has resulted in the proposed transaction ceasing to meet the Company's financial return objectives.

As previously announced, the Company provided an initial unsecured working capital facility to ITS of US\$500,000. This facility was subsequently increased by US\$120,000 and the aggregate loan of US\$620,000 is due for repayment in accordance with its terms by 26 December 2015.

New Project Opportunities

The Company will continue to actively pursue investment opportunities in the resources sector which are in line with the Company's stated investing policy. The Company's strategic objective is to identify projects that have a clear pathway to production or monetization and can generate high returns to shareholders. This will be achieved by leveraging the in-house expertise and track-record in identifying, acquiring, financing, developing and operating resource projects, and un-locking value. The Company's plan is to identify advanced or brown-field assets which have a high probability of being re-rated in the listed market.

Whilst the overall investment climate in the resources sector continues to be very difficult, asset valuations are currently substantially discounted, which we believe provides an attractive investing opportunity at the bottom of the investment cycle. A number of opportunities are currently being studied and the Company retains a strong cash position with working capital of A\$1.5 million.

ASX/AIM Suspension Update

The shares of Leyshon Resources have been suspended from trading on the Australian Securities Exchange ("ASX") since 14 July 2014 and will remain suspended. ASX policy, in accordance with Chapter 12 of the Listing Rules, is to allow companies that have disposed of their main undertakings a six-month



period within which to satisfy ASX that the company has a sufficient level of operations to justify continued quotation of the Company's securities on the ASX. The Company was not able to satisfy the ASX that it was in compliance with Chapter 12 and was suspended from trading on 14 July 2014.

On 20 November 2014, the shares of Leyshon Resources were also suspended from trading on the AIM Market on the announcement of the proposed transaction with ITS (which constituted a possible reverse takeover). As the Company is an investing company subject to AIM Rule 15, and it has not implemented its investing policy or completed an acquisition which constitutes a reverse takeover under the AIM Rules for Companies within 12 months of becoming an investing company, trading of the Company's shares on the AIM Market will remain suspended pending implementation of its investing policy or completion of an acquisition which constitutes a reverse takeover.

The Company envisages the shares will remain suspended on the ASX and the AIM Market until such time as the Company completes a transaction and seeks re-compliance for listing on the ASX and re-admission to the AIM Market.

With our available cash reserves, Leyshon is well positioned to pursue quality projects in accordance with its investment strategy. Every effort will be made to ensure we secure assets that are most likely to achieve the corporate objectives and strategic aims of the Company.

In the interim, the Company will continue to evaluate suitable investment opportunities and will keep the market informed of any material developments as they occur.

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Tenement Interests

Leyshon Resources Limited held the following interests in exploration tenements at the end of the quarter. There were no tenements acquired or disposed of during the quarter and no changes in the beneficial interests held by the Company.

<i>PROJECT</i>	<i>BENEFICIAL INTEREST</i>	<i>TENEMENT</i>	<i>NAME</i>
MOUNT LEYSHON	100%	ML 1546	Golden Star
	100%	ML 10144	Mt Leyshon
	100%	ML 10148	Puddler Creek
	100%	ML 10149	Water Dam Gap Creek
	100%	ML 10172	Eastern Star
	100%	ML 10173	Southern Star