



30 April 2015

Quarterly Report March 2015

Leyshon Resources Limited (AIM/ASX: LRL) ("Leyshon" or the "Company") activities during the quarter focused on identifying a new project opportunity for the Company following the termination of the International Tungsten Services Limited ("ITS") transaction. The board has also determined it prudent to continue simplifying the Company's corporate structure and reducing costs.

Termination of International Tungsten Services Transaction

On 20 November 2014, the Company signed a Heads of Agreement for a proposed transaction to acquire a 50.1% interest in a private Korean company, ITS. During the quarter, the Company advised that it was no longer pursuing the transaction with ITS due to a number of factors including declining tungsten prices since entering the Heads of Agreement and the expanding project timetable, which had resulted in the proposed transaction ceasing to meet the Company's financial return objectives.

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 by ITS in accordance with its terms by 26 December 2015.

New Project Opportunities

The Company continues to 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 will provide an attractive investing opportunity at the bottom of the investment cycle. However structuring a transaction, at these low commodity prices, that meets the Company's requirements for return to shareholders has proved to be difficult. This was the case with ITS, leading to termination of discussion. A number of opportunities are currently being studied, although none are at an advanced stage and management do not currently have an expectation of completing a transaction in the next few months.

Financial

The Company retains a strong cash position with working capital of AUD\$1.3 million. Management is looking at managing the level of corporate overheads to preserve cash during this protracted period while the Company identifies a new opportunity, including the proposal to cancel admission to trading on AIM which would reduce ongoing administrative overheads as well as reducing the costs of implementing a new transaction when one is eventually identified and transacted upon.



Furthermore, management continue to review any strategies or opportunities which would further reduce the Company's operating costs and/or make the Company more attractive to potential new projects.

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). Following the termination of the proposed transaction with ITS on 23 January 2015, as the Company is an investing company subject to AIM Rule 15 and it had 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 remained suspended. The Company has 6 months following termination of the proposed transaction with ITS to implement its investing policy or complete an acquisition which constitutes a reverse takeover otherwise the AIM listing will be cancelled. As stated above, management do not currently have an expectation of completing a transaction and meeting the requirements for re-compliance, including obtaining shareholder approval, within the next few months.

In order to reduce ongoing costs to preserve cash while the Company pursues new opportunities, the Company has announced its intention to seek shareholder approval to cancel its AIM admission at the AGM to be held on 29 May 2015. If approved, the expected date of cancellation of admission to trading on AIM would be 8 June 2015.

Cancellation of the AIM admission would not affect the ASX listing. The Company envisages that its shares will remain suspended on the ASX until such time as the Company completes a transaction and seeks re-compliance for listing on the ASX.

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.

PROJECT	BENEFICIAL INTEREST	TENEMENT	NAME
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