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**LEYSHON RESOURCES LIMITED**  
**A B N 7 5 0 1 0 4 8 2 2 7 4**

**NOTICE OF ANNUAL GENERAL MEETING**

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**The annual general meeting of the Company will be held at 36 Outram Street,  
West Perth, Western Australia on Monday, 30 November 2009 at 11.30am (WST).**

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*This notice of annual general meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9321 0077.***

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**LEYSHON RESOURCES LIMITED**  
**A B N 7 5 0 1 0 4 8 2 2 7 4**

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of Shareholders of Leyshon Resources Limited ("**Company**") will be held at 36 Outram Street, West Perth, Western Australia on 30 November, 2009 at 11.30am (WST) ("**Annual General Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered as Shareholders on 27 November 2009 at 5pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

## **AGENDA**

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### **Annual Report**

To receive the Annual Report of the Company and its controlled entities for the year ended 30 June 2009 together with a Directors' report in relation to that financial year and the auditor's report on the financial report.

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#### **1. Resolution 1 – Remuneration Report**

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

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#### **2. Resolution 2 – Re-election of Mr Richard Seville as Director**

To consider and, if thought fit, to pass as an ordinary resolution with or without amendment the following:

*"That Mr Seville, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### **3. Resolution 3 – Authorisation for disposal of the Company's 70% Interest in Black Dragon Mining Company Limited**

To consider, and if it thought fit, pass as an ordinary resolution with or without amendment the following:

*"That in accordance with ASX Listing Rule 11.2, AIM Rule 15 and for all other purposes, Shareholders approve and authorise the Company to dispose of the Company's 70% Interest in Black Dragon Mining Company, the Company's main undertaking, pursuant to the Equity Transfer Agreement between the Company and Heilongjiang Heilong Mining Company Limited on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and an associate of that person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **4. Resolution 4 – Approval of the Company's Investing Policy**

To consider, and if it thought fit, pass as an ordinary resolution with or without amendment the following:

*"That the Investing Policy described in the Explanatory Memorandum be adopted by the Company."*

Dated 19<sup>th</sup> October 2009  
By Order of the Board



Stacey Apostolou  
Company Secretary

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## **EXPLANATORY MEMORANDUM**

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### **Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 36 Outram Street, West Perth, Western Australia on 30 November 2009 at 11.30am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### **1. Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Annual General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Annual General Meeting in person.

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### **2. Annual Report**

The Corporations Act requires the Annual Report to be laid before the Company's Annual General Meeting. There is no requirement in either in the Corporations Act or the Constitution for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Financial Report (which includes the financial statements and Directors declaration), the Directors' report and auditor's report for the financial year ended 30 June 2009;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman of the Annual General Meeting about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

maybe submitted no later than 5 business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

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### **3. Resolution 1- Remuneration Report**

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 30 June 2009 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report, however the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

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### **4. Resolution 2 – Re-election of Mr Richard Seville as a Director**

Article 6.3(c) of the Constitution provides that where the Company has at least three Directors, one third of the Directors must retire at each annual general meeting of the Company. Such Directors are eligible for re-election.

Pursuant to these articles Mr Seville will retire at the Annual General Meeting and seek re-election.

Information on Mr Seville is contained in the Company's Annual Report.

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## **5. Resolution 3 – Authorisation for disposal of the Company's 70% Interest in Black Dragon Mining Company Limited**

### **5.1 General**

Leyshon became one of the first foreign mining companies to establish a formal presence in the mineral rich province of Heilongjiang, China, in 2004 when it established the Sino-foreign Joint Venture Company, Black Dragon Mining Company Limited (Black Dragon), with the Heilongjiang Bureau of Geology and Mineral Resources (HLJ-BGMR).

Following a decision in December 2004 to focus on China, the Company de-merged its Australian exploration assets through the spin-off company Echelon Resources Limited ("Echelon"). Leyshon's shareholding in Echelon was distributed in specie on a pro rata basis to Leyshon shareholders on a 1 for 13 basis.

The objective of the Chinese joint venture was to fund the exploration and potential development of the recently discovered Zheng Guang gold project. The Company successfully progressed the project through successive rounds of drilling, testwork and feasibility studies to a point in November 2006 when a decision to mine was made.

Final design studies were completed, orders for major long lead time items such as ball mills, crushers and a high voltage power line were placed and water resources and road access established and following the receipt of environmental and construction and other approvals a ground breaking ceremony signalling the commencement of construction was held in August 2008.

In the immediate aftermath of the commencement of the global financial crisis, the Company halted construction, deferred all major expenditure and commenced a detailed review of the Project with a view to substantially reducing the capital costs of bringing the project into cash flow.

In total over 300 people were demobilised from the mine site and the joint venture offices in Qiqiha'er, Beijing and Changchun. In addition eight major contracts were successfully terminated with all claims settled. One contract with the major civil engineering contractor went to the Beijing arbitration court and was recently settled in the Company's favour. There are no outstanding employee claims.

The planned recommencement of site based activities in April 2009 was subject to the completion of the necessary approvals and funding arrangements. The Company also deferred its plans to obtain a secondary listing on the Main Board of the Stock Exchange of Hong Kong Limited during this period of financial uncertainty.

In September of this year, as detailed elsewhere in this information memorandum, the company entered a conditional agreement to sell its interest in the Zheng Guang Project following a competitive divestment process involving a number of Chinese and international companies.

The Company completed three raisings since its involvement in China, one on ASX in December 2004 for A\$7 million and two on AIM in 2006 for £2.65 million (A\$6.6 million) and £8.3 million (A\$16.25 million) for a total of A\$29.6 million.

Following the sale and repayment of shareholder loans as detailed in Section 5.2 the Company will have no liabilities and cash of approximately A\$52 million after taxes and fees. In addition the Company will have a receivable in the form of a tax credit equal to the holding tax withheld of A\$3.4 million for a total of A\$55.3 million.

It is estimated that at the time of completion, the Company will have a cash backing per share of 13 pence (A\$0.23) per share at current exchange rates.

Based on the most recent resource estimate the sale achieved a valuation of approximately A\$100 per ounce of gold excluding the value of the zinc and silver content which accounts for around 10-20% of the gross value.

The Company is of the view that, despite the relative complexity of the project, it was able to achieve a sale price per ounce at the higher end of the range for domestic gold project sales due in part that it is based in China and was able to bring in Australian metallurgical and geological expertise to work side by side with the Chinese engineers inside the Changchun Gold Design Institute.

The project design met all the relevant Chinese standards whilst at the same time incorporating the latest Australian thinking on process route and geological interpretation. The Chinese buyers were able to rely on a Chinese design (in Mandarin) prepared by a highly reputable Chinese design institute with which they were familiar.

The Company has at all times made every effort to minimize costs and has significantly reduced overheads. It now has four full time employees based in Beijing, two of whom are executives including Managing Director Paul Atherley, the other two are administrative employees. In addition the Company has one part time employee based in Perth, Western Australia who is responsible for handling accounts.

The Company has a network of independent consultants in Beijing, Australia and London that it is able to draw on for project evaluation and other corporate matters.

Leyshon seeks Shareholder approval under ASX Listing Rule 11.2, AIM Rule 15 and for all other purposes, for the disposal of its 70% interest in the Chinese joint venture company, Black Dragon Mining Company Limited (**Black Dragon**), the Company's main undertaking, to Heilongjiang Heilong Mining Company Limited (**Heilong**).

- a. The sale of Leyshon's interest in the Zheng Guang Project follows a competitive divestment process involving a number of Chinese and international companies.
- b. Heilong is an emerging local mining company that in recent years has acquired interests in the nearby Duobaoshan and Tong Shan Copper Projects and holds large exploration holdings surrounding the Zheng Guang Project.
- c. Following the sale and repayment of shareholder loans as detailed in Section 5.2 the Company will have no liabilities and cash of approximately A\$52 million after taxes and fees. In addition the Company will have a receivable in the form of a tax credit equal to the holding tax withheld of A\$3.4 million based on current exchange rates.
- d. It is estimated that at the time of completion in early 2010 the Company will have a cash backing per share of 13 pence (A\$0.23) per share based on current exchange rates.

## 5.2 Equity Transfer Agreement

On 16 September 2009 Leyshon, through its wholly owned subsidiary China Metals Pty Ltd (**China Metals**), entered into an Equity Transfer Agreement (**ETA**) to sell to Heilong its 70% interest in Black Dragon. The consideration for the sale and purchase of the entire share capital of Black Dragon is a total cash consideration of RMB340 million (~US\$50 million) plus the assumption of existing liabilities totalling approximately RMB9.5 million. Accordingly, Leyshon will receive a total cash consideration of RMB230 million (~US\$34 million) for its 70% interest (**Sale Proceeds**)

Heilong has provided Black Dragon with RMB75 million (~US\$11 million) to enable it to repay funds which previously had been advanced by the Company's wholly owned subsidiary China Metals (**Shareholder Loan**). These funds will be repaid to China Metals following receipt of the necessary foreign exchange approvals.

Of the Sale Proceeds, RMB115 million will be placed in a jointly controlled escrow account with Citibank within 30 days of signing the ETA. The remaining RMB115 million will be paid into the escrow account within five business days after approval by the relevant authorities of the ETA. These escrowed funds will be released once final transaction related approvals have been received. Transfer of ownership by Leyshon of its 70% interest in Black Dragon will only take place once all funds have been received. All liabilities between Leyshon, BGMR and related entities have been settled as part of the transaction. There will be 10% withholding tax of ~RMB23 million and other liabilities, fees and expenses totalling approximately RMB6 million deducted from the Sale Proceeds.

The transaction is conditional upon:

- (a) receipt of the relevant approvals by Heilong relating to the acquisition of Leyshon's and BGMR's shareholding in Black Dragon;
- (b) transfer of the relevant business licences by the provincial authorities; and
- (c) foreign exchange approvals.

The transaction is not conditional on any project related approvals. It is estimated that the final approvals could take up to 6 months to complete.

In the event that the ETA does not complete within 6 months, the Shareholder Loan is repaid Heilong.

In the event that there are significant delays, the parties would negotiate to extend the term or otherwise finalise the ETA.

Leyshon has given warranties that:

- (a) it has contributed its respective share of the registered capital of Black Dragon in accordance with its joint venture contract with BGMR;
- (b) it is the legal owner of its 70% shareholding in Black Dragon and that its Black Dragon shares are not encumbered;
- (c) all exploration rights held by Black Dragon are legal and valid;
- (d) all expired exploration rights are under a renew process and that the expired exploration rights can be legally renewed; and

- (e) all exploration rights held by Black Dragon are free of all and any lien, pledge, mortgage or encumbrances.

The transaction is subject to Leyshon shareholder approval.

The Directors consider that the completion of the transaction is subject to the following risks:

- a) Delays in obtain the necessary approvals.
- b) The consideration amount being subject to the variability of exchange rates.
- c) Changes in regulation or other policy changes at a State or Provincial level.
- d) Default by the purchaser resulting in the failure to complete.

### **5.3 Advantages and disadvantages of the transaction**

The advantages and disadvantages of the transaction are as follows:

(a) Advantages:

- (i) The Board has considered the value of this transaction compared with the continued development of the project and has concluded that due to the very significant impact of dilution when equity funding the project, even when allowing for a proportion of debt, the proposed divestment represents a better return to shareholders on a per share basis.
- (ii) Following completion of the transaction, the Company will have no liabilities, while it will have cash and receivables totalling A\$55.4 million.
- (iii) The Company will not be required to raise approximately A\$60 million in capital and working capital costs for the development of the project.
- (iv) The Company will not be exposed to the construction and commissioning risks associated with the development of a medium sized project in a remote location which experiences extended periods of harsh weather conditions.
- (v) The Company will realise a valuation of approximately A\$100 per ounce of attributable gold for a gold project which is at a pre development stage.

(b) Disadvantages

The Company will not participate in the development of a gold project at a time when gold prices a high and some forecasters are predicting stronger prices to come.

The Company will not participate in the value of potential new discoveries on the large exploration licences established around the project.

## 5.4 Pro-Forma consolidated balance sheet

	Audited at 30 June 2009 \$	Pro-forma Adjustments \$	Pro-forma Balance Sheet \$
<b>Current Assets</b>			
Cash and cash equivalents (i)	3,918,963	46,600,000	50,518,963
Trade and other receivables (ii)	76,010	3,400,000	3,476,010
Other	14,078	-	14,078
	<u>4,009,051</u>	<u>50,000,000</u>	<u>54,009,051</u>
Non-current Assets held for sale (iii)	24,328,083	(24,328,083)	-
<b>Total Current Assets</b>	<u>28,337,134</u>	<u>25,671,917</u>	<u>54,009,051</u>
<b>Non-Current Assets</b>			
Other financial assets at fair value	1	-	1
Other financial assets	14,999	-	14,999
Property, plant & equipment	2,771	-	2,771
<b>Total Non-Current Assets</b>	<u>17,771</u>	<u>-</u>	<u>17,771</u>
<b>TOTAL ASSETS</b>	<u>28,354,905</u>	<u>25,671,917</u>	<u>54,026,822</u>
<b>Current Liabilities</b>			
Trade and other payables (iii)	1,567,699	(1,396,461)	171,238
Provisions	45,452	-	45,452
	<u>1,613,151</u>	<u>(1,396,461)</u>	<u>216,690</u>
Non-current liabilities held for sale (iii)	5,363,607	(5,363,607)	-
<b>Total Current Liabilities</b>	<u>6,976,758</u>	<u>(6,760,068)</u>	<u>216,690</u>
<b>TOTAL LIABILITIES</b>	<u>6,976,758</u>	<u>(6,760,068)</u>	<u>216,690</u>
<b>NET ASSETS</b>	<u><b>21,378,147</b></u>	<u><b>32,431,985</b></u>	<u><b>53,810,132</b></u>
<b>EQUITY</b>			
Issued equity	64,552,218	-	64,552,218
Reserves	2,430,810	-	2,430,810
Accumulated losses	(45,604,881)	32,431,985	(13,172,896)
<b>TOTAL EQUITY</b>	<u><b>21,378,147</b></u>	<u><b>32,431,985</b></u>	<u><b>53,810,132</b></u>

### ***Basis of Preparation***

The pro-forma consolidated balance sheet has been prepared in accordance with the draft ASIC Guide to Disclosing Pro-Forma Financial Information (issued July 2005). The pro-forma balance sheet is based on the audited balance sheet at 30 June 2009 that has then been adjusted to reflect the following material transactions:

***Assumptions on the sale of the Company's interest in Black Dragon:***

- i) Being the receipt of A\$12.7 million pursuant to repayment of the Shareholder Loan and a net Sales Proceeds of A\$46.6 million received pursuant to completion under the ETA. The Australian dollar amounts have been calculated by reference to the exchange rate prevailing at the time of entering into the transaction. Therefore, these amounts could change depending upon the exchange rate prevailing at Completion.
- ii) Represents the withholding tax deducted from the Sales Proceeds which maybe refunded to the Company.
- iii) Assumes sale of the Company's 70% interest in Black Dragon and the associated reduction in payables.

**5.5 Reason for Resolution 3**

Resolution 3 seeks Shareholders' approval pursuant to ASX Listing Rule 11.2, AIM Rule 15 and for all other purposes, for the Company to complete the Equity Transfer Agreement, under which it will dispose of the its 70% interest in Black Dragon.

ASX Listing Rule 11.2 and AIM Rule 15 restrict the Company's ability to dispose of its main undertaking without Shareholder approval.

The effect of passing Resolution 3 will be to allow the Company to dispose of its main undertaking to Heilong by completing the Equity Transfer Agreement without breaching ASX Listing Rule 11.2 or AIM Rule 15.

**5.6 Specific Information Required by ASX Listing Rule 11.2 and AIM Rule 15**

For the purposes of ASX Listing Rule 11.2 and AIM Rule 15, information regarding the Equity Transfer Agreement is provided as follows:

- (a) This Explanatory Memorandum sets out:
  - (i) the effect of the Equity Transfer Agreement on the Company; and
  - (ii) whether the Equity Transfer Agreement is fair and reasonable to Shareholders.
- (b) A voting exclusion statement is included in the Notice.

**5.7 Future of the Company**

Upon completion of the transaction, ASX will afford the Company 6 months to establish it is in compliance with ASX Listing Rule 12.3, and that not more than 50% of the Company's total assets are in cash or a form readily convertible to cash.

Any new opportunity or acquisition entered into, will be conducted in compliance with ASX Listing Rules and may require that the Company comply with the provisions of Chapters 1 and 2.

**5.8 Directors' Recommendation**

The Directors consider that the terms of the Equity Transfer Agreement are fair and reasonable and unanimously recommend that Shareholders vote in favour of the sale of its 70% interest in Black Dragon to Heilong by voting in favour of Resolution 3.

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## **6. Resolution 4 – Approval of the Company’s Investing Policy**

### **6.1 Proposed Investing Policy**

AIM Rule 15 states that where the effect of a proposed disposal is to divest an AIM company of all, or substantially all, of its trading business, activities or assets, that company will be treated as an investing company and must therefore provide shareholders with details of its investing policy and obtain shareholder consent for that policy.

The Company’s Investing Policy, to be implemented following the Disposal, is set out below and will require the approval of Shareholders at the General Meeting.

As described above, the Company will have no liabilities and cash of approximately A\$52 million.

The Company’s proposed Investing Policy is as follows:

- a. Pending the investment of the Company’s available cash pursuant to the policy described below, the Company may embark on an on-market share buyback programme on AIM and ASX if the Company’s shares trade at a discount to net tangible assets.

In the view of the Directors and the Company’s advisors this will provide the liquidity necessary to enable those Shareholders who otherwise may not be able to do so, to sell their shares at or around cash backing per share.

- b. The Company is of the view that the urbanisation of 400 million people over the next decade will drive China’s growing demand for minerals and energy and that increasingly Chinese companies will wish to acquire and develop resource projects in their own right to meet this demand.
- c. The Company proposes to draw on its six years experience in China and focus on acquiring and developing mineral and energy projects in those commodities and located in those countries which it believes will be of interest to Chinese mining and other groups for either offtake, partnership or sale.
- d. In the Company’s view, based on its experience dealing with private and state owned resource groups, China’s rapid growth metal and mineral production has to a large extent been based on known discoveries. The Directors believe that the challenge is going to be to fill the demand pipeline with new projects, which does not appear to be taking place now that state funding has been redirected away from the provincial Bureau of Geology and Minerals Resources. As a result Chinese companies are seeking to acquire and develop known resources elsewhere in the world.
- e. The Company’s primary strategy is to continue to operate from Beijing, taking advantage of the strong technical base it has established with the local design institutes, and apply its technical, financial and development skills to invest in early to late stage projects that can be advanced through a combination of Australian and Chinese technical expertise to a point where, based on the Company’s experience, the project meets the investment criteria for Chinese groups.

- f. The initial focus will be those countries and regions which rank highly for Chinese minerals and energy investment such as Africa, South America, Australia, Canada, China and those countries close to or bordering China.
- g. The commodities and types of projects will be those which in the Company's view will be of strong interest to Chinese groups over the expected investment horizon and are typically expected to be high value minerals and energy with good development potential.
- h. A key part of the strategy will be to bring the Chinese group(s) into the project at the financing and development stage. The Company will not be looking invest in the construction and operation of projects itself and, accordingly, the Company expects the return to Shareholders to be generated by the capital growth in its projects.
- i. The Company will be looking to make one or two project investments at any one time with an expected investment horizon of 2-3 years.
- j. The Company does not anticipate that it will require any significant debt funding as part of the propose investment strategy.
- k. The Directors are experienced in evaluating acquisition and investment opportunities and realising value in the countries, commodities and types of project targeted and are able to call on an extensive network of contacts and consultants with independent expertise in the sector.
- l. Since announcement of the proposed sale of its interest in the Zheng Guang project the company has receiving a number of investment proposals in projects which have the potential to meet the Company's investment criteria. At the time of writing the Company is currently evaluating a number of the projects which meet these criteria.
- m. As the Company is disposing of its main undertaking it will consider the application of ASX Listing Rule 11.1.2 (shareholder approval of the disposal) and ASX Listing Rule 11.1.3 (application of chapter 1 and 2 of the ASX Listing Rules to the disposal) at the time of any future acquisition. Depending on the size and the nature of any acquisition these ASX Listing Rules may apply to the transaction.
- n. The Company will be mindful at all times of minimising expenditure and preserving the Company's cash balance and evaluating investment opportunities against the alternative of returning cash to Shareholders.
- o. Any major investment will be put to Shareholders for approval.

## Schedule 1 Definitions

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In this Explanatory Memorandum and Notice of Annual General Meeting:

**AIM** means the AIM Market of London Stock Exchange plc.

**AIM Rules** means the AIM Rules for companies as published by AIM.

**Annual General Meeting** has the meaning given in the introductory paragraph.

**Annual Report** means the Directors' report, the Company's financial report, and auditor's report therein, for the financial year ended 30 June 2009.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**BGMR** means Qiqiha'er Brigade of the Heilongjiang BGMR the Company's joint venture partner in the Zheng Guang Project through its interest in Black Dragon.

**Black Dragon** means Black Dragon Mining Company Limited a Sino-foreign cooperative joint venture company duly incorporated and existing in accordance with the laws of the PRC and has its principal office at East Side, Hailan travel agency, Aihui District, Heihe City, Heilongjiang Province.

**Board** means Directors of the Company.

**Business Day** means a day on which the ASX is open for trading.

**Chairman** means the person appointed to chair the Annual General Meeting of the Company convened by this Notice.

**China Metals** means China Metals Pty Ltd, ACN 105 958 245, a wholly owned subsidiary of the Company.

**Company** or **Leyshon** means Leyshon Resources Limited ABN 75 010 482 274.

**Constitution** means the Constitution of the Company as at the date of the Annual General Meeting.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Equity Transfer Agreement** has the meaning in the Explanatory Memorandum Section 5 relating to Resolution 3.

**Explanatory Memorandum** means the explanatory memorandum to the Notice.

**Heilong** means Heilongjiang Heilong Mining Company Limited a company duly incorporated and existing in accordance with the laws of the PRC having its principal office at Business Building NO.2, Wanda Plaza, NO.10, Hua Shan Road, Xiang Fang District, Harbin City, Heilongjiang Province.

**Notice** means this Notice of Annual General Meeting.

**PRC** means the People's Republic of China.

**Proxy Form** means the proxy form attached to this Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Annual Report.

**Resolution** means a resolution referred to in this Notice.

**RMB** means the renminbi the official currency of the PRC.

**Sale Proceeds** has the meaning in the Explanatory Memorandum Section 5 relating to Resolution 3.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Shareholder Loan** has the meaning in the Explanatory Memorandum Section 5 relating to Resolution 3.

**WSDT** means the Western Daylight Standard Time, being the time in Perth, Western Australia.

**Zheng Guang Project or Project** has the meaning in the Explanatory Memorandum Section 5 relating to Resolution 3.

In this Notice, words importing the singular include the plural and vice versa.

**LEYSHON RESOURCES LIMITED**  
ACN 0 1 0 4 8 2 2 7 4

**PROXY FORM**

The Company Secretary  
Leyshon Resources Limited

**By delivery:**  
36 Outram Street  
WEST PERTH WA 6005

**By post:**  
PO Box 2870  
PERTH WA 6872

**By facsimile:**  
+61 8 9322 4073

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 36 Outram Street, West Perth, Western Australia, on 30 November 2009 at 11.30am (WDST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Authorisation for disposal of the Company's 70% interest in Black Dragon Mining Company Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Company's Investing Policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of the Resolutions.

**Authorised signature/s** This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup>Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Annual General Meeting. If the Shareholder is entitled to cast 2 or more votes at the Annual General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Annual General Meeting, the representative of the body corporate to attend the Annual General Meeting must produce the "Certificate of Appointment of Representative" prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:                      Where the holding is in more than one name all of the holders must sign.

Power of Attorney:                If signed under a power of attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

Companies:                         A director can sign jointly with another director or a company secretary. A sole director who is also a sole company secretary can also sign. Please indicate the office held by signing in the appropriate space.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (36 Outram Street, West Perth, WA, 6005, or by post to PO Box 2870, Perth, WA, 6872 or Facsimile (08) 9322 4073 if faxed from within Australia or +618 9322 4073 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Annual General Meeting (WDST).