

**20 March 2020**

Australian Securities Exchange Announcement

**Leaf issues unsecured Loan Notes to Fund Working Capital**

Leaf is pleased to advise that it has executed a Note Subscription Agreement with an entity associated with the Chairman of the Company – Mr Douglas Rathbone for the issue of 750 unsecured notes with a face value of \$100 each (**Loan Notes**) totaling \$75,000 (**Face Value**), to fund the Company's immediate needs for additional working capital. The Notes are expected to be issued on 20 March 2020.

The Loan Notes have a term of three years, with a simple interest rate of 10% per annum payable at the end of the term, unless the Company exercises its rights to repay the capital and accrued interest earlier or is required to do so under the Note terms.

The terms of the Notes have been determined to be on an arm's length basis and have been approved by the non-interested directors of the Company.

The Company and the Noteholder has agreed that, subject to, conditional upon, and with effect from, the Company obtaining the necessary Shareholder approval for the purposes of Listing Rule 10.11, the Loan Note Terms will be amended to provide that the Company must convert the Loan Notes into Shares. The number of Shares to be issued will be calculated by dividing the face value of all the Loan Notes plus any interest which has accrued but not been paid on them on Redemption Date by a Conversion Price of \$0.02 per Share (which is the same price as the recent Placement announced on 29 February 2020). The Redemption Date will also be amended to be the date which is 2 Business Days after the date on which that Member approval is obtained.

A General Meeting of Shareholders will be called shortly to consider the necessary Shareholder approval resolutions.

**ENDS**

**About Leaf Resources Ltd (ASX: LER)**

Leaf Resources is one of the world's leading companies in converting plant biomass into industrial sugars. Our proprietary process for converting biomass-to-functional industrial sugars enable a myriad of downstream technologies for the production of renewable chemicals that will substitute petrochemicals used in manufacturing today. With our project development and continued technical innovation we are building a robust global business centered on renewable carbon containing products to deliver environmental and economic benefits to our shareholders and our planet. More on [www.leafresources.com.au](http://www.leafresources.com.au)

**Contacts:**

Alex Baker (Managing Director)  
Douglas J Rathbone (Chairman)

M: +61 419 028 372  
M: +61 411 258 987

## Loan Notes - Key terms

Term	Details
Tranches	The Loan Notes will comprise 1 tranche of 750 Loan Notes with an aggregate Face Value of \$75,000.
Face Value	\$100 per Loan Note.
Interest rate	10% per annum simple interest, payable upon redemption or conversion.
Term	Subject to early redemption, the term is 3 years from the date of issue of the Loan Notes.
Security	The Loan Notes are unsecured.
Quotation	The Loan Notes will not be quoted on ASX or any other market.
Redemption	<p>The Company:</p> <ul style="list-style-type: none"> <li>• must redeem the Loan Notes at any time, subject to majority agreement of the Board;</li> <li>• must redeem the Loan Notes early if there is an Event of Default (see below) and the Noteholders give notice requiring redemption;</li> <li>• must redeem the Loan Notes early if there is a Capital Raising Event or a Control Event (see below);</li> <li>• must redeem the Loan Notes on the last day of the Term; and</li> <li>• may redeem the Loan Notes early in any other circumstances determined by the Board in its absolute discretion.</li> </ul>
Capital Raising Event	The Company raising gross proceeds of \$100,000 or more (in aggregate) from one or more issues of Shares and/or convertible securities at substantially the same time, or in any other circumstances which the Board in its absolute discretion considers to be a Capital Raising Event.
Control Event	<p>(a) either:</p> <p>(i) an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the Shares in the Company, or</p> <p>(ii) any person proposes a scheme of arrangement with regard to such acquisition,</p> <p>and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of Company has or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect; or</p> <p>(b) the Company Group consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person.</p>
Redemption Amount	The Face Value plus any interest which has accrued but not been paid on that Loan Note on Redemption Date. If the Company is in liquidation, or being dissolved or wound up and has insufficient assets to permit payment of the Redemption Amount in full to the Noteholder, then the Company will distribute the amount it has available rateably to the Noteholder in proportion to the amount the Noteholder would have been entitled to receive in full and final discharge of its obligations under the Loan Notes.
No conversion right	Neither the Noteholders nor the Company have a right to convert the Loan Notes to Shares.
Proposed Amendment to allow for conversion	However, the Company and the Noteholders have agreed that, subject to, conditional upon, and with effect from, the Company obtaining the necessary Member approval for the purposes of Listing Rule 10.11, the Loan Note Terms will be amended to provide that the Company must convert the Loan Notes into Shares at a Conversion Price of \$0.02 per Share (rounded down to the nearest Share). The Redemption Date will also be amended to be the date which is 2 Business Days after the date on which that Member approval is obtained.

	Each Share issued on conversion of any Loan Notes will rank equally in all respects and forms one class with the Shares on issue at the relevant Redemption date, provided that where the Redemption date occurs after the record date for a dividend or other distribution determined by the Board to be payable to holders of Shares, that Share will not participate in the relevant dividend or other distribution.
Negative Undertakings	The Company has agreed not to do certain things without the prior written consent of the Noteholders (acting reasonably).
Events of Default	<p>The following events are Events of Default:</p> <ul style="list-style-type: none"> <li>the Company fails to repay any amount due in respect of a Loan Note, or any other monies due to the Noteholder, when due and payable;</li> <li>the Company commits a material breach of the Loan Note Terms and the Company receives a notice of breach from a Noteholder and does not remedy that breach within 20 Business Days of receiving that notice;</li> <li>an Insolvency Event occurs in relation to the Company;</li> <li>an order for payment or a judgement in excess of \$2,000,000 is made in respect of the Company and the amount is not paid within 7 days;</li> <li>ASIC or any government agency issues any proceedings against the Company or its directors alleging material breach of the Corporations Act;</li> <li>the Company ceases to carry on the business or the majority part thereof;</li> <li>an appointment or removal of the Chairman of the Company, or of any director of the Company or an appointment or removal of any senior manager of the Company, including the Chief Executive Officer or the Chief Financial Officer, without the prior approval of the Noteholders; or</li> <li>make any capital return or buy-back in respect of the securities of the Company (other than under these Loan Note Terms) .</li> </ul> <p>If the default is not remedied, the Noteholders may require the Company to redeem the Loan Notes (including accrued interest).</p>
Ranking of Loan Notes	Each Loan Note ranks equally with all other Loan Notes in all respects
No participation right	The Loan Notes carry no right to participate in any offering of securities by the Company.
No voting rights	Except as required by the Corporations Act, the Noteholder will not have any right to vote at general meetings of the Company.
Transfer of Loan Notes	The Loan Notes may be transferred with the prior written consent of the Board (which consent must not be unreasonably withheld).